



COMPREHENSIVE
**ANNUAL
FINANCIAL
REPORT**



YEARS ENDED
DECEMBER 31, 2017 & 2016



SAVANNAH AIRPORT COMMISSION

Comprehensive Annual Financial Report
Years Ended December 31, 2017 and 2016

Prepared By: Finance Department
Savannah, Georgia

Airport Website: www.savannahairport.com

Savannah Airport Commission

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Savannah Airport Commission

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Savannah Airport Commission

Introductory Section (Unaudited)

- Letter of Transmittal
- Air Service Map 2017
- Air Service Map 2016
- Principal Officials
- Organization Chart
- Certificate of Achievement for Excellence in Financial Reporting





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TO: Savannah Airport Commissioners
Airport Attorneys
DATE: June 29, 2018
SUBJ: Commission's Comprehensive Annual Financial Report

In accordance with state statutes and local charter provisions, we hereby submit the Comprehensive Annual Financial Report (CAFR) of the Savannah/Hilton Head International Airport for the year ended December 31, 2017. Responsibility for both the accuracy of the information contained in this report and the completeness and fairness of the presentation, including all disclosures, rests with the Savannah Airport Commission (Commission). To the best of our knowledge and belief, and as indicated by the opinion of our independent auditors, the report is accurate in all material aspects and presents the Commission's financial position, the results of operations and cash flows. It also includes disclosures necessary to enable the reader to gain the maximum understanding of the Commission's financial affairs. This report was prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and in conformity with generally accepted accounting principles (U.S. GAAP) promulgated by the Government Accounting Standards Board (GASB).

The independent audit of the financial statements is part of the broader mandated provisions of the Single Audit Act of 1984, as amended in 1996, and the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as it pertains to federal financial awards received from the U.S. Government and in conformity with the provisions of the November 1994 Audit Compliance and Reporting Guide for Public Agencies relative to the collection and use of Passenger Facility Charges. The independent auditor must not only report on the fair presentation of the financial statements but also on the Commission's internal controls and compliance with legal requirements, with special emphasis involving the administration of federal awards. See the independent auditor's reports presented in the compliance section of this report.

GASB requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditor in the Financial Section of this report.

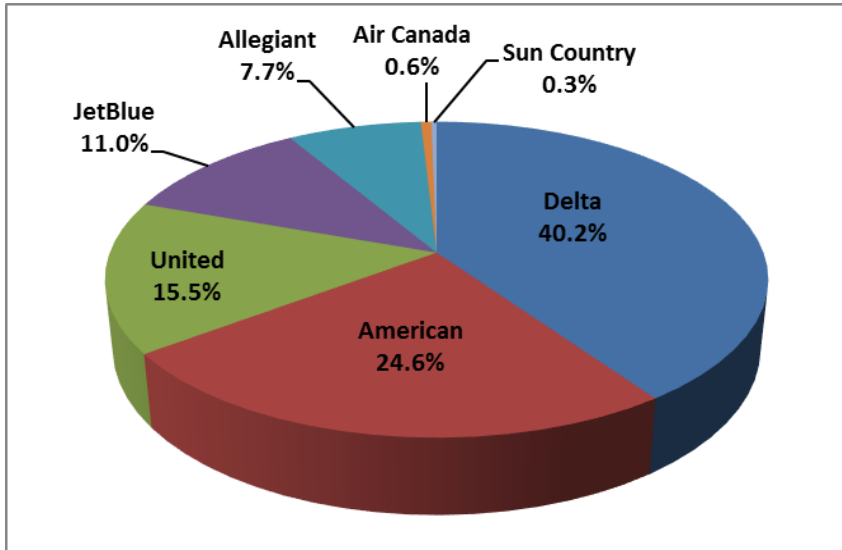
Description of Airport/Reporting Entity

In 1940, the City of Savannah acquired a 600-acre tract to construct an airfield but before it was completed, the United States was drawn into WWII. The U.S. Army Air Corps took over construction and named the airfield Chatham Field. After WWII ended, the airfield was turned over to the Georgia Air National Guard and renamed Travis Field. In 1949, the City of Savannah received a quitclaim deed to Travis Field and that same year the Savannah Airport Commission was enacted by an act of the Georgia State Legislature. The Commission is a corporate body politic, operating as a stand-alone enterprise. The Commission is an agency of the City of Savannah. The Mayor and City Council of the City of Savannah appoint five Commissioners to serve five-year staggered terms. The financial reporting entity of the Commission includes all activities related to the operation and maintenance of the Savannah/Hilton Head International Airport.

Economic Condition/Airline Activity/Enplanements

Following the positive trend from 2016 growth, 2017 was another favorable year for the airline industry with demand continuing to increase. A 7.6% increase in demand for global passenger traffic was seen in 2017 over 2016, which is most likely the result of lower airfares, more routes being offered, and a stronger economy. This increase was slightly stronger than the increase of 6.3% from 2015 to 2016. The load factor for the global market also increased to a strong figure of 81.4%. The Savannah/Hilton Head International Airport once again saw another significant increase in available seats, total passengers and enplanements for 2017 vs. 2016. The airlines offered 1,501,797 seats in 2017 vs. the 1,333,669 offered in 2016, an increase of 12.6%. The load factor was very similar in 2017 compared to 2016, respectively at 81.7% and 81.6%. Total enplanements for 2017 were 1,229,083 vs. 1,089,222 for 2016, a significant increase of 12.8%. Total passengers for 2017 were 2,463,441 vs. 2,190,406 for 2016, also a significant increase of 12.5% compared to last year. On another positive note, the number of non-stop destinations increased to a total of 23 in 2017, which is an additional 2 destinations being offered over 2016. The airlines serving the Savannah/Hilton Head International Airport in 2017 included Delta, American, United, JetBlue, Allegiant, Air Canada, and Sun Country.

The market share for the airlines serving the Airport in 2017 follows:



Delta Air Lines (Delta, Endeavor, Express Jet, GoJet, Republic, and Sky West) had a market share of 40.2% for the year, followed by American Airlines (American, Air Wisconsin, Envoy, Piedmont, PSA, Republic, and Trans States) with 24.6%; United (United, Air Wisconsin, CommutAir, Express Jet, GoJet, Mesa, Republic, Shuttle America, Sky West, and Trans States) captured 15.5%; JetBlue took 11.0% of the market share; Allegiant held 7.7%; Air Canada began service with 0.6%; Sun Country had the fewest enplanements with a market share of 0.3%.

The Savannah/Hilton Head International Airport has been diligently working to attract new airlines, add new destinations and more flights to existing destinations, and also lower fares to increase passenger traffic and continue the growth of the airport. As of December 31, 2017, enplanements were well above 2016, with a significant increase of 12.8% and available seats were up with an increase of 12.6% over 2016. Breaking the record set in 2016, 2017 set a new all-time high for enplanements, with a final total of 1,229,083 enplanements. The previous enplanement record set in 2016 reflected total enplanements ending at 1,089,222. Our budgeted 2018 enplanements project an increase of 3.5% over 2017. Our first quarter 2018 enplanement results already show a substantial increase of 5.8% over the first quarter of 2017. This is most likely a result of the continued effect of additional air carriers serving the airport, additional routes being offered, and lower airfares. Based on our first quarter 2018 load factor of 79.6% and our first quarter enplanements already ending ahead of target, we expect to see another significant increase in enplanements over the previous year and surpass the 2018 budgeted enplanement number of 1,272,714 enplanements.

Airport Highlights

First Quarter:

- **SAV Comfort Dog Sasha receives her airport badge**
- **S&C Robinson Enterprise partners with HMS Host to perform joint venture duties for DBE**
- **SAV Comfort Dog Lizzie receives her airport badge**
- **Starbucks opens in Savannah Square**
- **TSA Checkpoint expanded**
- **Flight Fountain goes green for St. Patrick's Day**

Second Quarter:

- **Savannah Airport Commission goes paperless and begins use of iPads**
- **Savannah Morning News recognizes SAV for its abundant snapdragons**
- **Ford Tri-Motor tour stops at SAV for a step back in time to aviation's golden age**
- **City Attorney Brooks Stillwell is selected as General Counsel for Savannah Airport Commission**
- **Air Canada begins service from Savannah to Toronto**
- **Roadie delivery service begins baggage delivery service for Delta Air Lines**
- **SAV holds Tri-Annual Live Disaster Drill**

Third Quarter:

- **Leopold's Ice Cream Kiosk opens in the concourse near Gate 9**
- **Ticketing lobby flight information display screen upgrades completed**
- **Gulfstream Aerospace celebrates 50th Anniversary in Savannah**
- **Taxiway Edgelines and Thermoplastic Markings upgraded**

Fourth Quarter:

- **Southbound Brewing Company celebrates soft opening of Taphouse in Savannah Square**
- **Airways Avenue repaving project completed**
- **Auntie Anne's, The Stella Bar, and The Great American Bagel Company open in the concourse**
- **Leopold's Ice Cream Ribbon Cutting**

- Georgia Southern hosts Facebook Live at SAV with visit from bald eagle, Freedom
- Team SAV volunteers at Water Station #3 at Rock 'n Roll Marathon
- Apollo wins second place Explosive Detection at K-9 Detection Seminar
- Snowball Express departs from Savannah/Hilton Head International
- SAV sends five service members Home for the Holidays

Major Initiatives

The **AIP-56 Entitlement Grant** was awarded on September 3, 2015 in the amount of \$3,767,889 of entitlement funds. The entitlement funds from the AIP-56 grant have been designated to reimburse the Savannah Airport Commission for the capital expenditures incurred from several projects. These projects include Relocating Airfield Maintenance Road/Pipemaker's Canal, Taxiway C Light Replacement, Runway 1 Perimeter Road/Add 2 AOA Access Gates/RSA improvements, and also RW 28 RSA improvements. The AIP-56 Grant was closed out in August of 2017.

The **AIP-57 Entitlement Grant** was awarded on August 25, 2016 in the amount of \$3,942,141 of entitlement funds. The entitlement funds from the AIP-57 grant have been designated to reimburse the Savannah Airport Commission for the capital expenditures incurred from several projects. These projects include Seal Coat RW 10/28 Asphalt Section & Apron Shoulders, Groove RW 1/19, Reconstruct Taxilane GA-3, and Reconstruct Taxiway E-1/Lighting/Signage Upgrades. The AIP-57 Grant was closed out in October of 2017.

The **AIP-58 Entitlement Grant** was awarded on September 6, 2017 in the amount of \$1,879,555 of entitlement funds. The entitlement funds from the AIP-58 grant have been designated to reimburse the Savannah Airport Commission for the capital expenditures incurred from several projects. These projects include RW 28 RSA Improvements, Reconstruct Taxilane GA-3, and Reconstruct Taxiway E-1/Lighting/Signage Upgrades. The AIP-58 Grant was closed out in October of 2017.

The **AIP-59 Entitlement Grant** was awarded on September 6, 2017 in the amount of \$2,125,135 of entitlement funds. The entitlement funds from the AIP-59 grant have been designated to fund the capital expenditures incurred as a result of the Construction of the Federal Inspection Services Facility. The FIS Facility project is expected to be completed during the fourth quarter of 2018 and grant closeout documentation is expected to be submitted during the first quarter of 2019.

A schedule of the AIP projects that are currently open follows:

	PROJECTED COST	FAA GRANTS	PFC FUNDING	STATE FUNDING	AIRPORT FUNDING
<u>FAA AIP-59 (Awarded 9/6/17)</u>					
<u>2017 Entitlement Funds</u>					
Construct Federal Inspection Services Facility	\$ 14,748,944	\$ 10,724,967	\$ 947,942	\$ 243,720	\$ 2,832,315
Total Cost	\$ 14,748,944	\$ 10,724,967	\$ 947,942	\$ 243,720	\$ 2,832,315

The costs detailed above include total projected costs, and the construction contract commitments (Note 8) in the auditor’s report are authorized contractor project costs through December 31, 2017.

Financial Information

In developing and evaluating the Commission’s accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Airline Primary Rates and Charges

Effective January 1, 2010, a new five-year Airline Use and Lease Agreement was adopted with a major change in the rates and charges. The Airline Use and Lease Agreement with the signatory and non-signatory airlines rates and charges section was simplified and fixed rates were established for the next five years. The fixed rates are based on our past residual rate-making methodology for the airfield (landing fee calculation) and a hybrid residual rental rate methodology for the terminal and apron (rental rate calculation) but with a discount. Airlines and the Airport agreed upon the fixed annual rates and charges for Primary and Affiliated airlines as stated in the table below. Under the new agreement, rates increase annually based on estimated increases in enplanements, with the enplanements of fiscal year 2009 as the base. If the total annual enplanements at any time during the contract period increase or decrease by twenty-five (25%) percent or more, either the Airlines or Airport may request a renegotiation of the rates. This agreement was renewed effective January 1, 2015 for another five-year term.

Airline Rates	2015	2016	2017	2018	2019
Terminal	\$53.50	\$54.50	\$55.50	\$56.50	\$57.50
Landing Fee	\$2.70	\$2.80	\$2.90	\$3.00	\$3.10
Apron Fee	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500
Fuel Flowage Fee	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025

- 1) **Terminal Rental Rate:** This fee is for terminal square footage rental rate each year that will be applied to the space leased by airlines and other tenants who lease Airline space on a square foot basis.
- 2) **Landing Fee:** This fee is charged to each airline based on the airline’s number of landings at the Airport times the maximum certified landing weight of each aircraft (per 1,000 pounds).
- 3) **Apron Fee:** This fee is charged to each airline based on the number of gates assigned to them for the use of parking of aircraft and support vehicles and the loading and unloading of their aircraft. It is based on a per gate/per year fee.
- 4) **Fuel Flowage Fee:** The Savannah/Hilton Head International Airport maintains the fuel farm, which is necessary for fueling commercial jet aircraft at the Airport. The fuel farm is operated by Airport Staff in accordance with state and local regulations and, additionally, in accordance with a standard operating agreement with each airline. The fuel farm flowage fees are established each year based on anticipated expenses divided by volume.

Capital Financial Planning

The Savannah Airport Commission has a five-year Airport Capital Improvement Plan (Strategic Plan) for the years 2018 – 2022 totaling \$137 million. The plan consists of \$83 million for airside projects, \$46 million for terminal improvements, and \$8 million for miscellaneous projects and improvements. Many of the projects included are dependent on their eligibility for available Federal and State funding. Therefore, the projected timing for starting each project is dependent upon the Airport’s growth and ability to obtain adequate funding. The remaining projects, if initiated, will require future Federal and State entitlement and discretionary funds, plus Passenger Facility Charges and Airport funds.

All the projects included in the five-year capital plan are designed to meet the objectives as set forth in the Airport’s Master Plan and Safety Improvement Program. All projects have or will be subject to a Federal Environment Assessment (FEA) pursuant to the National Environmental Policy Act of 1969 (NEPA). Specific airfield-related projects eligible for Federal or State funding support will also be subject to Federal Aviation Administration review and approval.

The total effect any capital plan will have on future operating budgets is evaluated at the time a specific project is authorized by the Commission to be started unless a project is mandated for safety or health purposes. All other projects are undertaken based on a cost-benefit analysis. All capital projects completed in 2017, or scheduled for completion in 2018, have their projected additional operating costs and related revenues incorporated into the Commission's 2018 operating budget.

Operating Financial Planning

As part of preparing its operating budget each year, the Commission prepares a multi-year projection of revenues and expenses covering the next five years. The projections normally include an annual compounded growth rate of 3% to 5% for enplanements and revenues, with operating expense projections ranging from 3% to 5% annually. For our 2018 budget, our enplanements are projected to increase from 2017 by 3.5%. Rent A Car, Gift Shop, Food & Beverage, Auto Parking, and Ground Transportation revenues are all expected to increase in 2018 again as a result of the projected increase in passenger traffic from the anticipated additional enplanements. Our projected operating expenses are expected to increase by 9.5%. The above average increase in operating expenses is mainly due to an increase in expenditures on facilities projects projected for 2018, Marketing & Air Service Initiatives used to attract new airlines and also to entice current airlines to offer new routes, and rising labor resulting from cost of living adjustments, merit increases, promotions, and new positions. While our operating expenses are increasing, we still expect to see an increase in our net income resulting from the additional revenues we expect to see in 2018.

Financial Controls

In 2010, the Commission and Airlines had negotiated and implemented a new Airline Agreement. In past years, the Airport-Airline Operating Agreements executed between the airlines and the Commission included a majority-in-interest (MII) provision, allowing airlines to approve or disapprove certain capital projects. Airline rates and charges were calculated with a residual rate-making methodology for the airfield and a hybrid residual methodology for the terminal and apron. The airport executed new Airline Operating Agreements which replaced "Signatory" airlines with "Primary" airlines. The new agreements eradicated the MII provision and instead structured new, five-year agreements with the Primary Airlines based on a fixed monthly rate and pre-established annual adjustments. In addition, new financial controls were added to the agreements requiring that the Primary airlines be responsible for any and all charges incurred by their respective affiliate airlines.

Debt Administration

The financial reporting structure of the Commission includes the establishment of funds as outlined in the Bond Covenants for the 1992 Airport Revenue Bond Issue and as agreed between the Commission Staff and the Airport Affairs Committee. On October 4, 2001, the Commission concluded an advance refunding of the 1992 Series A & B Revenue Bonds. On June 29, 2011, the

Commission issued \$15,010,000 in revenue bonds, Series 2011 A and Series 2011 B (AMT) to advance refund the \$15,630,000 of outstanding Series 2001 A and 2001 B bonds. By refinancing the Series 2001 A and 2001 B bonds, the Airport was able to condense total expenses by \$1.1 million. The 2011 Revenue Bond Series A & B Issues have somewhat the same covenants as the 2001 Revenue Bond Issues A & B; however, new covenants replace the insurance policy with an additional Debt Service reserve account. A brief explanation of the funds follows:

- **Revenue Fund:** This fund requires a deposit of all gross income into the Revenue Fund. The monies in this fund are to be used for the following purposes and in the following order of priority. After making all the deposits described below, the remaining balance is to be transferred to the General Fund.
- **Operation & Maintenance Fund (O & M Account and O & M Reserve Account):** This fund requires a deposit equal to the anticipated annual expenditures on a periodic basis and an additional amount necessary to maintain three months or 25% reserve for ordinary expenses. Expenditures are made on monthly expenses with the balance maintained being sufficient to meet a three-month reserve requirement.
- **Debt Service Fund (Bond Principal & Interest Account and Debt Service Reserve Account):** This fund requires a deposit in an amount sufficient to pay annual principal and interest on the Airport revenue bonds in an amount equal to debt service as required in the Bond covenants. It also requires a reserve equal to 25% times the yearly Principal & Interest Bond payment due for the year. Payments on the 2011 Bonds are made semi-annually (June and December).
- **In addition, with the refunding of each Series 2001 Bonds, the segment on bond insurance policy secured from Financial Security Assurance, Inc. that was purchased by the Commission to guarantee the payment of principal and interest was deleted. With respect to the Series 2011 Bonds, the Airport had to create and establish a Debt Service Reserve Account 2011 to deposit \$1,501,000, 10% of total principal (\$15,010,000), into a reserve account on the date of issuance of 2011 bonds.**
- **Renewal & Replacement Fund:** As agreed upon by the Staff and the Airport Affairs Committee, the Renewal & Replacement Fund is set at \$2 million each year. Funds are deposited on an annual basis in an account to equal capital needs for the Airport for the period in question with payments for capital expenditures.
- **General Fund:** Deposits are made for all remaining revenues directly from the Revenue Fund and any other miscellaneous sources of revenue not covered in other funds operated by the Airport.

The final bond payment of \$2,907,675 was signed and mailed on December 12, 2016. Since the Commission had fulfilled all of their bond liabilities, the bond covenant fund reserve accounts were able to be cleared out by December 31, 2016.

Government Financial Policies

The Governmental Accounting Standards Board (GASB) issued Statement No. 74 which addresses the financial reporting for postemployment benefit plans other than pension plans. This statement replaces Statements No. 43 and No. 57. The enhanced note disclosures and additional supplementary information required is expected to improve and clarify the information provided in the applicable financial reports. This statement applies to all fiscal years beginning after June 15, 2016.

GASB also issued Statement No. 80, which also applies to all fiscal periods beginning after June 15, 2016. This statement addresses the blending requirements for certain component units, which amends Statement No. 14. Statement No. 80 aims to make the comparison of financial statements from different government entities clearer and more effective.

GASB also issued Statement No. 81 dealing with irrevocable split-interest agreements. This statement provides guidelines that dictate the way in which irrevocable split-interest agreements should be measured and recognized when they beneficiary of the agreement is a government. Going forward, assets, liabilities, and deferred inflows of resources must be recognized by the government entity at the inception of the agreement. Furthermore, the government entity is also required to recognize revenue in the reporting period when the resources become applicable. This statement applies to all fiscal periods beginning after December 15, 2016.

Other Information

Technological Advances:

In 2017, the airport upgraded its ticket counters to enhance the Airline's capabilities to communicate information and provide direction to passengers awaiting check-in for their flights. The project included an upgrade of the head-end controller, and the installation of a new software platform, allowing for the creation of high definition video content. The upgrade also included the installation of (40) 43-inch LCD monitors, (40) Digital Display controllers, and a network switch. The new displays are ceiling mounted and were installed over the existing ticket counters.

In 2017, the airport entered into a Contract with Woolpert, Inc. for the Implementation of City Works Asset Management System. The Asset Management System (AMS) allows multiple departments such as Maintenance, Operations, Airfield, Engineering, and Information Technology, to integrate separate information systems into a single software solution with a common interface. By combining systems and providing a single location for information input and retrieval, City Works enables departments to share and access pertinent information easily and efficiently.

Independent Audit

The Commission and State & Federal Regulations require an annual audit of the financial records of the Commission by an independent certified public accountant selected by the Commission. The accounting firm of Hancock Askew and Co., LLP, was selected to perform the audit. The audit was designed to meet the requirements of the Federal Single Audit Act of 1984, as amended in 1996, and related OMB Circular A-133. The auditor's report on the basic financial statements and schedules is included in the financial section of this report. The auditor's reports on compliance are found in the compliance section of this report.

Awards

The Savannah/Hilton Head International Airport was selected as the 5th Best Domestic Airport by the 2017 Conde Nast Traveler Reader's Choice Awards.

SAV's Now Boarding Campaign was a 2017 MarCom Gold Winner and also a 2017 ACI-NA First Place Marketing Campaign for Small Airports.

The Savannah/Hilton Head International Airport was named one of the Top 10 Best Domestic Airports in the Travel & Leisure World's Best Awards 2017.

SAV's 2016 Annual Report was a 2017 MarCom Platinum Winner.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Savannah Airport Commission for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the nineteenth consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the professional, efficient and dedicated services of the entire staff of the finance department and the marketing department as well as the independent auditors. We express appreciation to all Commission staff members who contributed to its preparation.

In conclusion, the Savannah Airport Commission is in excellent financial condition. The Commission has sufficient funds on hand to provide for its day to day operating expenses and additionally to self-fund the majority of its internal capital needs for the next five-year strategic plan. The Commission is charged by the Federal Aviation Administration to be self-sufficient, and we believe with the current rate structure and the current condition of the economy and airline industry that we will generate sufficient revenue sources to maintain the self-sufficient status of the Savannah/Hilton Head International Airport.

Respectfully submitted,



**Gregory B. Kelly
Executive Director**

Savannah Airport Commission

Airlines Serving the Savannah/Hilton Head International Airport



2017 AIRLINES & NONSTOP DESTINATIONS



AIR CANADA 

TORONTO YYZ
1 daily nonstop departure



BALTIMORE BWI
3-4 weekly nonstop departures

CINCINNATI CVG
3-7 weekly nonstop departures

CLEVELAND CLE
2-4 weekly nonstop departures

COLUMBUS LCK
2-4 weekly nonstop departures

INDIANAPOLIS IND
2-3 weekly nonstop departures

LEXINGTON LEX
2-3 weekly nonstop departures

LOUISVILLE SDF
2-3 weekly nonstop departures

NEWARK EWR
2-3 weekly nonstop departures

PITTSBURGH PIT
2-3 weekly nonstop departures

American Airlines 

CHARLOTTE CLT
9 daily nonstop departures

DALLAS DFW
2 daily nonstop departures

PHILADELPHIA PHL
2 weekday nonstop departures

WASHINGTON/REAGAN DCA
2 daily nonstop departures

 **DELTA**

ATLANTA ATL
10 daily nonstop departures

BOSTON BOS
1 Saturday nonstop departures

DETROIT DTW
1 daily nonstop departure

MINNEAPOLIS MSP
1 weekly nonstop departure

NEW YORK JFK
2 daily nonstop departures

NEW YORK LGA
3 daily nonstop departures

jetBlue[®]

BOSTON BOS
1-2 daily nonstop departures

NEW YORK JFK
2 daily nonstop departures

 **sun country airlines**

MINNEAPOLIS MSP
Weekly nonstop departures

UNITED 

CHICAGO O'HARE ORD
4 daily nonstop departures

HOUSTON IAH
2 daily nonstop departures

NEWARK EWR
3 daily nonstop departures

WASHINGTON IAD
3 daily nonstop departures

*Flight List Dated December 18, 2017.



AIRLINES

SERVING SAVANNAH IN 2016





AKRON-CANTON CAK

*2 weekly nonstop departures
Daily Number of Seats: **177**

BALTIMORE BWI

2 weekly nonstop departures
Daily Number of Seats: **156**

CINCINNATI CVG

2 weekly nonstop departures
Daily Number of Seats: **156**

COLUMBUS LCK

*2 weekly nonstop departures
Daily Number of Seats: **177**

INDIANAPOLIS IND

*2 weekly nonstop departures
Daily Number of Seats: **177**

LEXINGTON LEX

*2 weekly nonstop departures
Daily Number of Seats: **166**

NEWARK EWR

3 weekly nonstop departures
Daily Number of Seats: **156**

PITTSBURGH PIT

*2 weekly nonstop departures
Daily Number of Seats: **166**



CHARLOTTE CLT

9 daily nonstop departures
Daily Number of Seats: **675**



DALLAS DFW

2 daily nonstop departures
Daily Number of Seats: **152**

PHILADELPHIA PHL

2 weekday nonstop departures
Daily Number of Seats: **102**

PHILADELPHIA PHL

4 Saturday and 4 Sunday departures
Daily Number of Seats: **200**

WASHINGTON REAGAN DCA

1 daily nonstop departure
Daily Number of Seats: **50**

WASHINGTON REAGAN DCA

1 Saturday and 1 Sunday departure
Daily Number of Seats: **100**



ATLANTA ATL

10 daily nonstop departures
Daily Number of Seats: **1,320**

NEW YORK LGA

3 daily nonstop departures
Daily Number of Seats: **195**

NEW YORK JFK

2 daily nonstop departures
Daily Number of Seats: **152**

DETROIT DTW

1 daily nonstop departure
Daily Number of Seats: **65**



NEW YORK JFK

2 daily nonstop departures
Daily Number of Seats: **300**

BOSTON BOS

1 daily nonstop departure
Daily Number of Seats: **150**



MINNEAPOLIS MSP

*Weekly nonstop departures
Daily Number of Seats: **162**



NEWARK EWR

2 daily nonstop departures
Daily Number of Seats: **100**

HOUSTON IAH

1 daily nonstop departure
Daily Number of Seats: **50**

WASHINGTON IAD

3 daily nonstop departures
Daily Number of Seats: **170**

CHICAGO O'HARE ORD

3 daily nonstop departures
Daily Number of Seats: **150**

**Indicates Seasonal Service*

Principal Officials 2017

Appointed Officials

Commissioners

Stephen S. Green, Chairman
Shirley B. James, Vice-Chairman
Sheldon Tenenbaum
Lois Wooten
Ted Kleisner

Other Officials

Executive Director

Gregory B. Kelly, AAE

Assistant Executive Director

John F. Rauback, MBA, AAE

Commission Attorney

James B. Blackburn - Airport Attorney

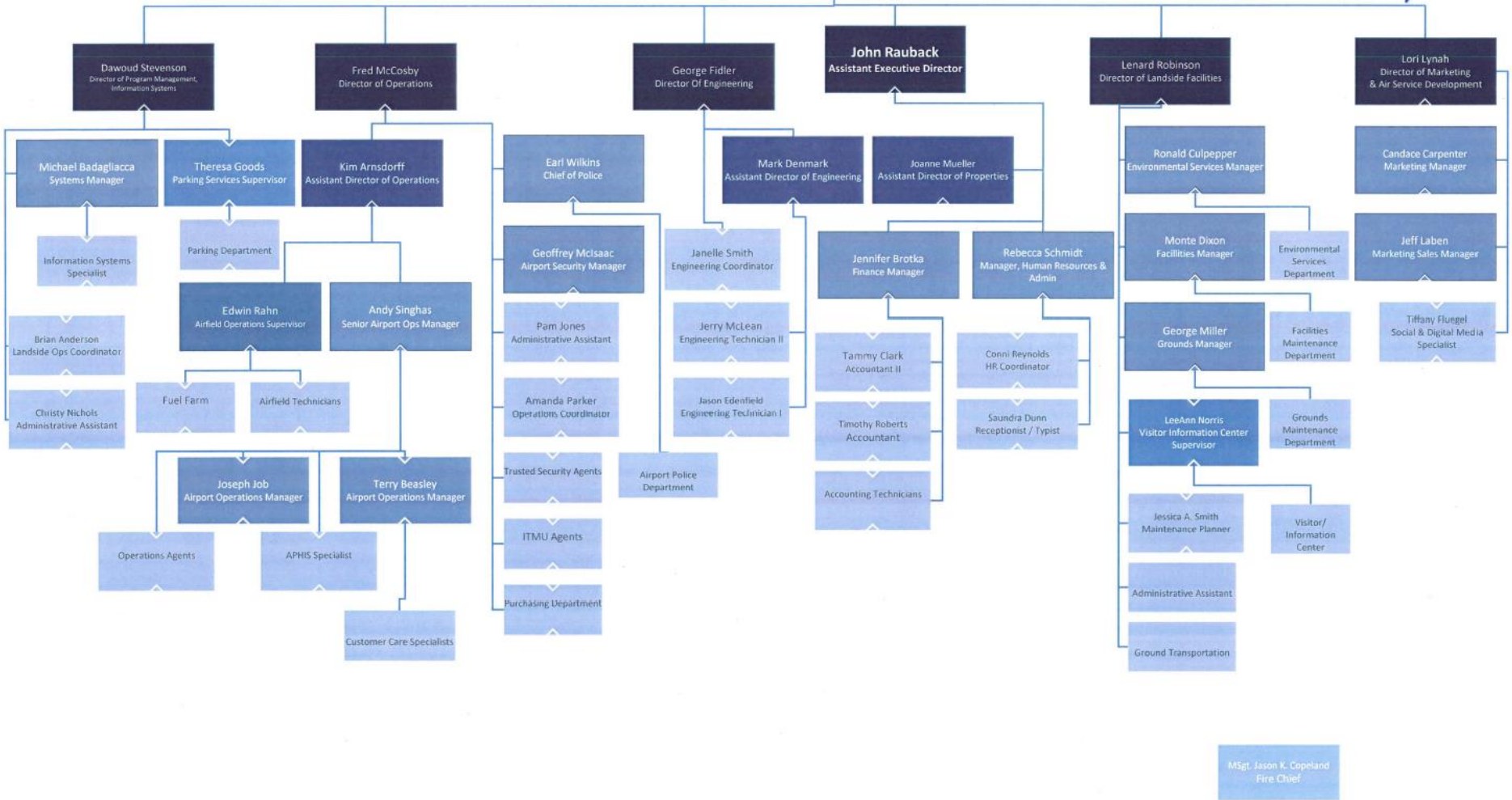
Savannah Airport Commission Organizational Chart

Section 1.08, 12/31/2017
Exhibit A

g
Executive Director

Greg Kelly
Executive Director

Meghan Dunn
Executive Assistant





Government Finance Officers Association

Certificate of
Achievement
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Presented to

**Savannah Airport Commission
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

- **Independent Auditor's Report**
- **Management's Discussion and Analysis of Financial Statements (Unaudited)**
- **Basic Financial Statements**
- **Supplementary Information**





Independent Auditor's Report

The Commissioners
Savannah Airport Commission
Savannah, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the Savannah Airport Commission (the Commission), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise Savannah Airport Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

B-1

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission, as of December 31, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages C1 through C16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Savannah Airport Commission's financial statements. The introductory section, supplementary information, statistical section, and the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018 on our consideration of Savannah Airport Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Hancock Asken & Co., LLP". The signature is written in a cursive, flowing style.

Savannah, Georgia
June 29, 2018

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)**

This Management’s Discussion and Analysis (MD&A) of the Savannah/Hilton Head International Airport provides an introduction to the major activities affecting the operations of the airport and an introduction and overview to the financial performance and financial statements of the Savannah Airport Commission (Commission) for the fiscal year ended December 31, 2017. The information contained in this MD&A prepared by management should be considered in conjunction with the information contained in the Letter of Transmittal included in the Introduction Section and various historic summaries of activities and financial performance included in the Statistical and Compliance Sections of this report. Following this MD&A are the basic financial statements of the Commission together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

The Savannah Airport Commission is self-sufficient using aircraft landing fees, fees from terminal and other rentals as well as revenues from concessions and non-aviation revenues such as hotels, a golf course, service stations/convenience stores, and restaurant establishments to fund daily operating expenses. The capital program is funded by Federal and State grants, Passenger Facility Charges (“PFC”), Customer Facility Charges (“CFC”), and net remaining revenues.

AIRPORT ACTIVITIES & HIGHLIGHTS

The Savannah/Hilton Head International Airport entered 2017 with economic aviation conditions continuing to increase in several areas compared to 2016. Total airline activities during the past three years are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Enplanements - Scheduled and Non-Scheduled	1,229,083	1,089,222	1,017,067
% increase/decrease	12.8%	7.1%	5.6%
Aircraft Operations - All Types	94,827	92,680	88,691
% increase/decrease	2.3%	4.5%	4.2%
Landed Weight - Scheduled and Non-Scheduled	1,513,683	1,348,534	1,236,432
% increase/decrease	12.2%	9.1%	4.4%
Mail/Express/Freight Cargo (Tons)	9,002	8,182	7,668
% increase/decrease	10.0%	6.7%	-2.8%
Airline Available Seats	1,501,797	1,333,669	1,214,145
% increase/decrease	12.6%	9.8%	3.6%

Two major factors affect airport revenues: operations, which generate landed weight fee revenues plus usage charges for apron; and enplanements, which generate concession, parking, rental car, and other ground transportation revenues. While aircraft operations increased by 2.3% from 2016, there were several other factors that also contributed to the increase in activities during 2017. Total enplanements were up 12.8% and airline available seats were up 12.6%. The number of non-stop destinations increased by 2 in 2017 when compared to 2016, providing service to and from 23 non-stop destinations for passengers. Landing weights increased by 12.2%, alongside an increase in total cargo of 10.0% over 2016.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the Commission at the end of the fiscal year. The Statement includes all assets and liabilities of the Commission. Net position is the difference between total assets and total liabilities and is an indicator of the current fiscal health of the Commission. A summarized comparison of the Commission's assets, liabilities and net assets at December 31, 2017, 2016 and 2015 follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current Assets			
Current assets	\$ 42,667,621	\$ 41,461,733	\$ 26,880,591
Current restricted assets	3,406,924	3,349,869	11,058,622
Non-current assets			
Capital assets, net	162,184,973	159,208,931	160,660,118
Other non-current assets	611,323	689,616	891,979
Long-term investments	<u>24,068,000</u>	<u>21,173,000</u>	<u>24,293,000</u>
Total Assets	<u>\$ 232,938,841</u>	<u>\$ 225,883,149</u>	<u>\$ 223,784,310</u>
Deferred outflows of resources	1,036,720	1,293,263	1,386,744
Liabilities			
Current liabilities	\$ 3,785,676	\$ 5,083,087	\$ 3,318,161
Non-current liabilities			
Long-term debt outstanding	-	-	2,981,380
Net pension/OPEB liability	<u>11,300,617</u>	<u>13,442,879</u>	<u>12,170,921</u>
Total Liabilities	<u>\$ 15,086,293</u>	<u>\$ 18,525,966</u>	<u>\$ 18,470,462</u>
Deferred inflows of resources	1,886,086	842,936	602,935
Net position			
Net investment in capital assets	162,184,973	159,208,931	157,729,262
Restricted	3,406,924	3,349,869	11,058,622
Unrestricted	<u>51,411,285</u>	<u>45,248,710</u>	<u>37,309,773</u>
Total net position	<u>\$ 217,003,182</u>	<u>\$ 207,807,510</u>	<u>\$ 206,097,657</u>

The Commission's financial position remained strong through December 31, 2017 with total assets and deferred outflows of resources of \$234.0 million and total liabilities and deferred inflows of resources of \$17.0 million. Current assets increased by \$1.3 million while total assets and deferred outflows of resources increased by \$6.8 million.

Total net position, which represents the residual interest in the Commission's assets after liabilities are deducted, is \$217.0 million at December 31, 2017, an increase of \$9.2 million from 2016. As reflected in the above chart, the net investment in capital assets increased by \$3.0 million to \$162.2 million. The restricted and unrestricted remaining net assets are derived from the Commission's operations, customer facilities charges, general aviation funding, Savannah aviation facility charges, federal and state grants, and passenger facilities charge collections. The 2017 restricted assets of \$3.4 million are subject to internal and external restrictions on how they may be used. The remaining unrestricted current assets of \$42.7 million may be used to meet any of the Commission's ongoing operations, subject to approval by the Commission's Board.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating revenues			
Airfield	\$ 4,741,605	\$ 4,092,314	\$ 3,430,523
Terminal One	14,097,691	13,225,485	12,378,721
Airport Business Center	5,000	4,200	146,878
Commercial Aviation	2,342,588	2,239,342	2,229,309
Apron	70,879	59,651	60,231
Parking	7,704,652	7,023,629	6,508,913
Non-Aviation	3,362,491	3,241,826	3,106,677
Total operating revenues	<u>32,324,906</u>	<u>29,886,447</u>	<u>27,861,252</u>
Operating expenses			
Airfield	(2,219,609)	(2,332,494)	(2,146,532)
Terminal One	(10,654,133)	(10,696,443)	(9,449,322)
Airport Business Center	(74,964)	(63,253)	(85,877)
Commercial Aviation	(149,683)	(258,360)	(158,716)
Apron	(7,121)	(14,664)	(26,691)
Parking	(1,453,209)	(1,535,639)	(1,337,464)
Non-Aviation	(1,079,432)	(1,167,691)	(1,028,223)
Administration	(7,373,924)	(7,221,902)	(7,664,600)
Total operating expenses	<u>(23,012,075)</u>	<u>(23,290,446)</u>	<u>(21,897,425)</u>
Excess before depreciation and other non-operating income and expenses	9,312,831	6,596,001	5,963,827
Depreciation	<u>(12,031,368)</u>	<u>(11,329,228)</u>	<u>(11,202,854)</u>
Loss before other non-operating income and expenses	(2,718,537)	(4,733,227)	(5,239,027)
Other non-operating income net	<u>6,227,384</u>	<u>5,583,905</u>	<u>4,910,668</u>
Income (loss) before Capital contributions	3,508,847	850,678	(328,359)
Capital contributions	<u>5,686,825</u>	<u>859,175</u>	<u>4,021,586</u>
Increase in net position	9,195,672	1,709,853	3,693,227
Total net position, beginning of year	207,807,510	206,097,657	210,229,813
Prior period adjustment	<u>-</u>	<u>-</u>	<u>(7,825,383)</u>
Total net position, end of year	<u>\$ 217,003,182</u>	<u>\$ 207,807,510</u>	<u>\$ 206,097,657</u>

SUMMARY OF OPERATIONS HIGHLIGHTS

Total passenger traffic (enplaned + deplaned) increased significantly in 2017. In 2017, a total of 2.5 million passengers passed through the Airport, versus 2.2 million passengers in 2016 and 2.0 million passengers in 2015. Financially, the year was very favorable once again as well. The Airport was able to end the year 2017 with an increase in net position of \$9.2 million, versus an increase of \$1.7 million in 2016. Capital Contributions decreased from \$4.0 million in 2015 to \$0.9 million in 2016, but increased in 2017 to \$5.7 million. However, the previous decreases do not mean that the Commission was awarded a decrease in funding. Instead, the decreases were caused by the timing of the expenditures on federally funded projects. The Commission expects to show an increase in capital contributions again in 2018.

Significant items affecting the Summary of Revenue, Expenses and Changes in Net Position for 2017 follows:

- Following an increase from 2015 to 2016 of \$2.0 million, operating revenues increased 8.2%, or \$2.4 million, from \$29.9 million in 2016 to \$32.3 million in 2017 primarily due to the following:
 - In the Airfield cost center, revenues increased by \$649,291 or 15.9% over 2016, which is very similar to the growth from 2015 to 2016 of \$661,791 or 19.3%. This revenue growth is mainly attributable to the increase in air traffic at the Savannah Airport, which drives revenues collected from landing fees. An additional, small contributor to the revenue increase was the annual landing fee rate increase. Landing fees increased from \$2.80 per 1,000 pounds to \$2.90 per 1,000 pounds, which equates to a 3.6% increase.
 - The Terminal cost center experienced an increase in revenues of \$872,206 or 6.6% over 2016. This revenue growth is also very similar to the growth from 2015 to 2016 of \$846,764 or 6.8%. About 2% of this growth is a result of the airline SF rates increasing from \$54.50 per SF to \$55.50 per SF. The remaining growth is most likely due to the rise in enplanements which results in increased revenues in concessions and ground transportation.
 - In the Parking cost center, revenues increased by \$681,023 or 9.7% over 2016, which is greater than the increase we saw in 2016 which had an increase of \$514,716 or 7.9% over 2015. We believe that the continuous increase in parking revenues is directly correlated to the increase in enplanements.
 - In the Non-Aviation cost center, revenues increased by \$120,665 or 3.7% over 2016. This increase is very similar to the growth we saw from 2015 to 2016 of \$135,149 or 4.4%. The stable growth over the past two years is a result of the additional passengers traveling through the airport and also the growth of the surrounding area.
- More favorable than the 6.4% increase of \$1.4 million from 2015 to 2016, operating expenses (less depreciation) decreased by 1.2%, or \$0.3 million, from \$23.3 million in 2016 to \$23.0 million in 2017 due primarily to the following:
 - In the Airfield cost center, expenses decreased by \$112,885 or 4.8%
 - In the Commercial Aviation cost center, expenses decreased by \$108,677 or 42.1%

- In the Parking cost center, expenses decreased by \$82,430 or 5.4%
 - In the Non-Aviation cost center, expenses decreased by \$88,259 or 7.6%
- The net result of the above was an operating gain before depreciation increased by \$2.7 million for 2017 as compared to 2016 which is more favorable than 2016 vs 2015 in which the Savannah Airport Commission saw an operating gain before depreciation decrease of \$0.6 million.
- Non-Operating Income increased 11.5% or \$0.6 million from a total of \$5.6 million in 2016 to \$6.2 million in 2017 and therefore experienced a substantial increase. A large factor resulting in the increase in non-operating income was the increase in enplanements, which led to an increase in PFC revenue. Interest revenue also grew as a result of an increase in investments and also more favorable interest rates.
- In 2017, the Airport's capital contributions received were in the form of grants from the Federal and State governments totaling \$5.7 million. This was an increase of \$4.8 million from the capital contributions received in 2016. This increase resulted from the timing of expenditures on capital projects that received funding awards in 2016 and 2017. The capital contributions are expected to show an increase once again in 2018.

COST PER ENPLANEMENT

The Savannah Airport Commission measures its performance in several areas to determine the effectiveness of programs. The most commonly used measurement is cost per enplanement. Increasing costs alert management to potential problems while decreasing costs often reflect the results of marketing activity, cost containment and economic growth. In 2010, with the Airlines' new agreement to fixed rates, the cost per enplanements did not change by much as long as enplanements did not drastically decrease and/or increase. The method the Commission uses to calculate cost per enplanement, as well as a comparison for the last three years follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Airline Landing Fees	\$ 4,097,411	\$ 3,503,681	\$ 2,905,624
Airline Terminal Rentals	5,891,784	5,774,130	5,279,353
Airline Apron Fees	<u>70,879</u>	<u>59,650</u>	<u>60,229</u>
Total Airline Revenues	10,060,074	9,337,461	8,245,206
Total Enplanements	1,229,083	1,089,222	1,017,067
Cost per Enplanement (rev. ÷ enp.)	\$ 8.19	\$ 8.57	\$ 8.11
% Increase / Decrease	-4.5%	5.7%	-4.5%

The following table compares the Commission cost per enplanement with a few other airports of similar size.

Cost Per Enplanement

	<u>Savannah Hilton Head International</u>	<u>Columbia Metropolitan</u>	<u>Des Moines International</u>	<u>Charleston International *</u>
2017	\$8.19	\$9.51	\$8.53	\$8.16
2016	\$8.57	\$9.23	\$8.50	\$6.78
2015	\$8.11	\$9.26	\$8.67	\$4.61

* Terminal cost only, Airfield operated by the US Airforce.

AIRLINE PRIMARY RATES AND CHARGES

Effective January 1, 2010, a five-year Airline Use and Lease Agreement (covering years 2010-2014) was adopted with a few major changes in the rates and charges. In past years, the Airport-Airline Operating Agreements executed between the airlines and the Commission included a majority-in-interest (MII) provision, allowing airlines to approve or disapprove certain capital projects. Airline rates and charges were calculated with a residual rate-making methodology for the airfield and a hybrid residual methodology for the terminal and apron. In 2010, the airport executed new Airline Operating Agreements which replaced “Signatory” airlines with “Primary” airlines. The new agreements eradicated the MII provision and instead structured new, five-year agreements with the Primary Airlines based on a fixed monthly rate and pre-established annual adjustments. In addition, new financial controls were added to the agreements requiring that the Primary airlines be responsible for any and all charges incurred by their respective affiliate airlines.

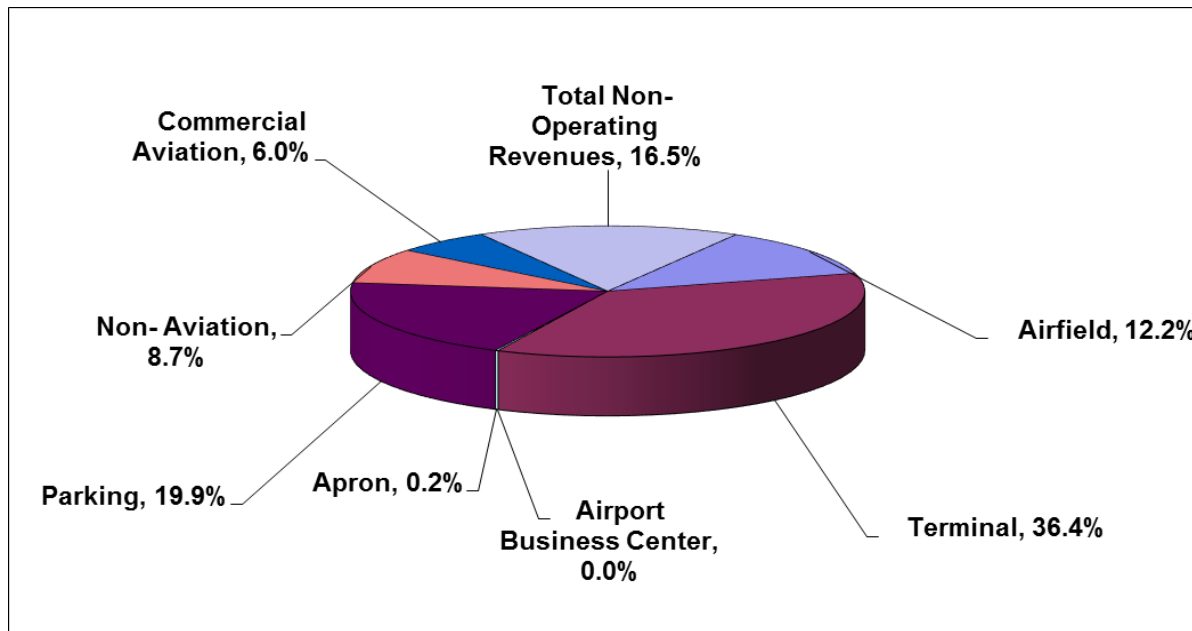
In addition, with the enplanements of fiscal year 2009 as the base, if the total annual enplanements at any time during contract term increase or decrease by twenty-five (25%) percent or more, either the Airlines or the Airport may request a renegotiation of the rates. This new agreement was renewed for another five-year term, effective January 1, 2015.

A comparison of actual rates and charges for primary and affiliated airlines follows:

	2017		2016		2015	
	\$2.90	Jan-Dec	\$2.80	Jan-Dec	\$2.70	Jan-Dec
Landing Fees (Per 1,000 lbs. Maximum Gross Landing Weight)						
Terminal Rental Rates (Per square foot)	\$55.50	Jan-Dec	\$54.50	Jan-Dec	\$53.50	Jan-Dec
Apron Rental Fee	\$6,500	Jan-Dec	\$6,500	Jan-Dec	\$6,500	Jan-Dec
Fuel Flow Fee	\$0.025		\$0.025		\$0.025	

REVENUES

The following chart shows the major cost centers and the percentage of total revenues for the year ended December 31, 2017:

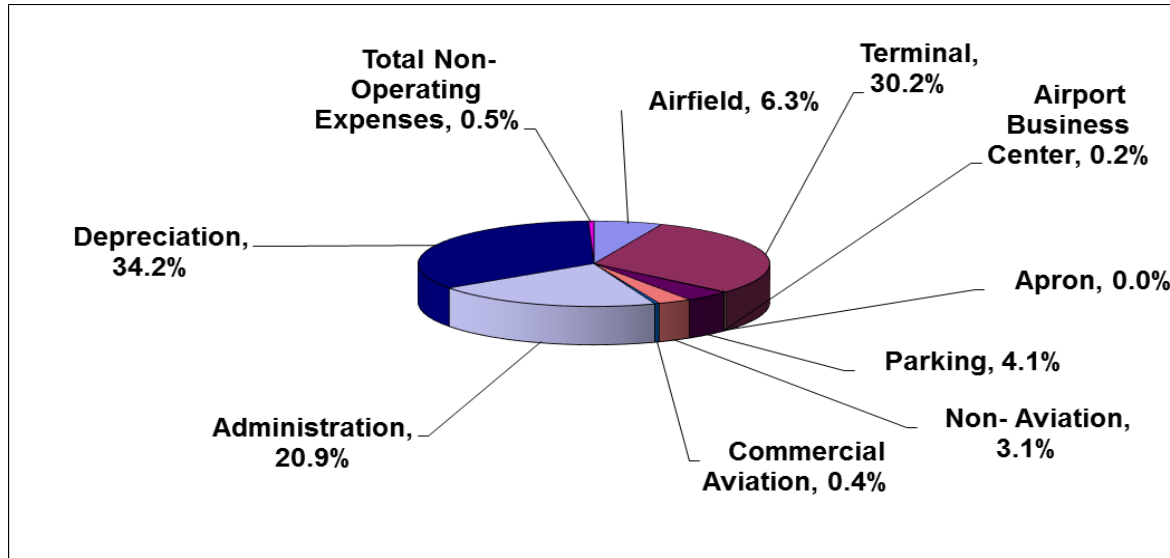


A summary of revenues for the year ended December 31, 2017, and the amounts and percentage of total in relation to prior year's amounts follow:

	<u>2017</u>	<u>%</u>	<u>2016</u>	<u>%</u>	<u>2015</u>	<u>%</u>
	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Total</u>
Operating Revenues:						
Airfield	\$ 4,741,605	12.2%	\$ 4,092,314	11.5%	\$ 3,430,523	10.4%
Terminal	\$14,097,691	36.4%	\$13,225,485	37.1%	\$12,378,721	37.4%
Airport Business Center	\$ 5,000	0.0%	\$ 4,200	0.0%	\$ 146,878	0.4%
Apron	\$ 70,879	0.2%	\$ 59,651	0.2%	\$ 60,231	0.2%
Parking	\$ 7,704,652	19.9%	\$ 7,023,629	19.7%	\$ 6,508,913	19.7%
Non-Aviation	\$ 3,362,491	8.7%	\$ 3,241,826	9.1%	\$ 3,106,677	9.4%
Commercial Aviation	\$ 2,342,588	6.0%	\$ 2,239,342	6.3%	\$ 2,229,309	6.7%
Total Operating Revenues	\$32,324,906	83.5%	\$29,886,447	83.9%	\$27,861,252	84.2%
Non- Operating Revenue:						
Passenger Facility Charges	\$ 4,863,617	12.6%	\$ 4,208,795	11.8%	\$ 3,902,443	11.8%
Customer Facility Charges	\$ 732,738	1.9%	\$ 694,209	1.9%	\$ 658,964	2.0%
General Aviation Fund Charges	\$ 100,030	0.3%	\$ 88,364	0.2%	\$ 87,267	0.3%
Savannah Aviation Village Charges	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Interest Revenue	\$ 703,425	1.8%	\$ 499,415	1.4%	\$ 404,423	1.2%
Bond Premium Amortization	\$ -	0.0%	\$ 136,380	0.4%	\$ 136,380	0.4%
Gain on Disposal of Assets	\$ 6,401	0.0%	\$ 59,481	0.2%	\$ 8,664	0.0%
Increase in the Fair Value Investment	\$ -	0.0%	\$ 51,447	0.1%	\$ 23,651	0.1%
Total Non-Operating Revenues	\$ 6,406,210	16.5%	\$ 5,738,091	16%	\$ 5,221,792	15.8%
TOTAL REVENUES:	\$38,731,116	100.0%	\$35,624,538	100.0%	\$33,083,044	100.0%

EXPENSES

The following chart shows the major cost centers and the percentage of total expenses for the year ended December 31, 2017:



A summary of expenses for the year ended December 31, 2017, and the amounts and percentage of total in relation to prior year's amounts follow:

	<u>2017</u> <u>Amount</u>	<u>%</u> <u>of Total</u>	<u>2016</u> <u>Amount</u>	<u>%</u> <u>of Total</u>	<u>2015</u> <u>Amount</u>	<u>%</u> <u>of Total</u>
Operating Expenses:						
Airfield	\$ 2,219,609	6.3%	\$ 2,332,494	6.7%	\$ 2,146,532	6.4%
Terminal	\$ 10,654,133	30.2%	\$ 10,696,443	30.8%	\$ 9,449,322	28.3%
Airport Business Center	\$ 74,964	0.2%	\$ 63,253	0.2%	\$ 85,877	0.3%
Apron	\$ 7,121	0.0%	\$ 14,664	0.0%	\$ 26,691	0.1%
Parking	\$ 1,453,209	4.1%	\$ 1,535,639	4.4%	\$ 1,337,464	4.0%
Non-Aviation	\$ 1,079,432	3.1%	\$ 1,167,691	3.4%	\$ 1,028,223	3.1%
Commercial Aviation	\$ 149,683	0.4%	\$ 258,360	0.7%	\$ 158,716	0.5%
Administration	\$ 7,373,924	20.9%	\$ 7,221,902	20.8%	\$ 7,664,600	22.9%
Total Operating Expenses	\$ 23,012,075	65.3%	\$ 23,290,446	67.0%	\$ 21,897,425	65.5%
Depreciation:						
Depreciation	\$ 12,031,368	34.2%	\$ 11,329,228	32.6%	\$ 11,202,854	33.5%
Non- Operating Expenses:						
Interest Expense	\$ -	0.0%	\$ 125,349	0.4%	\$ 260,600	0.8%
Loss on Bond Refunding	\$ -	0.0%	\$ 28,837	0.1%	\$ 50,524	0.2%
Dec. in the Fair Value Investments	\$ 178,827	0.5%	\$ -	0.0%	\$ -	0.0%
Total Non-Operating Expenses	\$ 178,827	0.5%	\$ 154,186	0.4%	\$ 311,124	1.0%
TOTAL EXPENSES:	\$ 35,222,270	100.0%	\$ 34,773,860	100.0%	\$ 33,411,403	100.0%

SUMMARY OF CASH FLOW ACTIVITIES

The following shows a summary of the major sources and uses of cash and cash equivalents for the past three years. Cash equivalents are considered cash-on-hand, bank deposits and highly liquid investments with a maturity of twelve months or less.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash flows from:			
Operating activities	\$ 6,857,237	\$ 10,079,802	\$ 6,985,540
Investing activities	(8,170,519)	1,452,950	(5,190,007)
Capital & related financing activities	(3,617,799)	(6,916,678)	(908,833)
Net increase (decrease) in cash and cash equivalents	<u>(4,931,081)</u>	<u>4,616,074</u>	<u>886,700</u>
Cash and cash equivalents:			
Beginning of year	<u>14,206,293</u>	<u>9,590,219</u>	<u>8,703,519</u>
End of year	<u>\$ 9,275,212</u>	<u>\$ 14,206,293</u>	<u>\$ 9,590,219</u>

The Savannah Airport Commission's available cash and cash equivalents decreased from \$14.2 million at the end of 2016 to \$9.3 million, a \$4.9 million decrease at the end of 2017. Overall, the decrease was primarily due to more funds being invested in CDs with maturities greater than 12 months.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Funds from various sources (AIP, PFC, CFC, State and Airport revenues) totaling \$6.8 million were expended during 2017 on capital activities which have not been closed out of construction-in-progress as follows:

In-Line Baggage System	\$5.34	million
Terminal Gate/Security Checkpoint Expansion	\$0.35	million
Jumbo GA FIS Facility	\$0.28	million
FIDS Upgrade	\$0.16	million
Terminal Apron Expansion	\$0.13	million
City Works	\$0.11	million
Refinish Terminal Exterior Panels	\$0.10	million
Baggage Handling System – Phase II	\$0.08	million
Hotel Site Development	\$0.07	million
Taxiway Connectors & Improvements	\$0.07	million
Miscellaneous Projects	\$0.11	million
Total	\$6.80	million

During 2017, funds were expended in the amount of \$7.5 million on projects that were closed from construction-in-progress to their respective capital accounts throughout the year while another \$2.2 million in equipment was capitalized.

Reconstruct Taxiway E-1	\$2.62	million
Mill & Overlay Airways Ave	\$0.84	million
Reconstruct Taxilane GA-3	\$0.83	million
Upgrade Airfield Lighting RW 1-19	\$0.60	million
Lifecycle Replacement of FTU	\$0.56	million
Airfield Signage Upgrades	\$0.52	million
Taxiway Edgeline Removal	\$0.42	million
Upgrade Airfield Lighting RW 10-28	\$0.38	million
Cooling Tower #1 Overhaul	\$0.27	million
Additional Data Storage	\$0.10	million
Miscellaneous Projects	\$0.32	million
Total	\$7.46	million

Capital asset acquisitions, those exceeding \$1,000 are capitalized at cost. Acquisitions are funded using a variety of financing techniques including Federal grants, State grants, CFC, debt issuances and Airport revenues. Additional information on the Commission’s capital assets and commitments can be found in Note 8, Construction Contract Commitments, in the notes to the financial statements.

DEBT ACTIVITY

On October 20, 1992, the Commission issued a total of \$38,910,000 for Airport revenue bonds, Series 1992 A (\$7,140,000), and for Airport revenue bonds, Series 1992 B (\$31,770,000), (collectively the “Series 1992 Bonds”). This bond issue was authorized to help fund the \$68.5 million relocation and construction of a new 299,195 sq. ft. Terminal One and associated infrastructure such as new roads, new aircraft taxiway, parking apron, storm water ponds and a new interchange at I-95 for entry into the Airport (Exit 104). Prior to the issuing of the Series 1992 Bonds, the Commission deceased the balance of the Series 1972 Bonds.

On October 4, 2001, the Commission issued \$32,255,000 in revenue bonds, Series 2001 A and 2001 B to advance refund \$32,125,000 of outstanding Series 1992 A & 1992 B Bonds. This advance refunding was done to take advantage of a reduction in the All-In (TIC) rate from 6.19% to 4.98% or a \$2.4 million reduction in interest expense over the life of the Series 2001 Bonds.

On June 29, 2011, the Commission issued \$15,010,000 in revenue bonds, Series 2011 A and Series 2011 B (AMT) to advance refund the \$15,630,000 of outstanding Series 2001 A and 2001 B bonds, a reduction of \$.6 million. In addition, this was a prime opportunity to take advantage of a reduction in the All-In (TIC) rate of 4.98% to 2.83% or a \$.5 million reduction in interest expense over the remaining life of the bonds. By refinancing the Series 2001 A and 2001 B bonds, the Airport was able to condense total expenses by \$1.1 million.

On December 12, 2016, the final bond payment of \$2,907,675 was signed and mailed. This final payment cleared all remaining liabilities owed by the Commission on their bonds.

Outstanding debt at December 31, 2017, December 31, 2016, and December 31, 2015 consists of one revenue bond issue as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenue Bonds:			
Series 2011 A	\$ -	\$ -	\$ 2,845,000
Series 2011 B	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,845,000</u>

Computation for debt coverage ratio follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Revenues	\$ 44,417,941	\$ 36,483,713	\$ 37,104,630
Less: PFC	(4,863,617)	(4,208,795)	(3,902,443)
Less: Capital Contribution	<u>(5,686,825)</u>	<u>(859,175)</u>	<u>(4,021,586)</u>
Total Gross Revenues	33,867,499	31,415,743	29,180,601
Less:			
Total Expenses	\$ 35,222,270	\$ 34,773,860	\$ 33,411,403
Less: Depreciation	(12,031,368)	(11,329,228)	(11,202,854)
Less: Interest Exp.	<u>-</u>	<u>(125,349)</u>	<u>(260,600)</u>
Total Net Expenses	<u>23,190,902</u>	<u>23,319,283</u>	<u>21,947,949</u>
Total Net Revenues Available for Debt Service	<u>\$ 10,676,597</u>	<u>\$ 8,096,460</u>	<u>\$ 7,232,652</u>
Total Revenue Bond Debt Service (Principal & Interest)	-	\$ 2,970,350	\$ 2,965,600
Bond Debt Service Coverage		2.73	2.44

The 2016 Savannah/Hilton Head International Airport credit ratings by each of the three major rating agencies remained the same: Moody’s Investors Services “A1”, Fitch Ratings “AA” and Standard and Poor’s Rating Group “AA.”

The City of Savannah, Georgia, Airport Revenue Refunding Bonds, Series 2011 Bonds, are payable from and secured by a lien on Net Revenue derived by the operation of the Savannah/Hilton Head International Airport. The Series 2011 Bonds are limited obligations of the City and do not constitute and are not an obligation or indebtedness of the City, Chatham County, the State of Georgia or any political subdivision thereof within the meaning of any constitutional or statutory limitation or provision or a pledge of faith and credit of the City, and the City is not obligated to levy taxes of any nature for the payment thereof. The properties forming a part of the Airport and certain monies as described in the resolution have not been pledged as security for

the Series 2011 Bonds and no mortgage or security interest has been granted or lien created thereon for the benefit of the holders of the Series 2011 Bonds.

In connection with the refunding of each Series 2001 Bonds, the segment on bond insurance policy secured from Financial Security Assurance, Inc. that was purchased by the Commission to guarantee the payment of principal and interest was deleted. With respect to the Series 2011 Bonds, the Airport had to create and establish a Debt Service Reserve Account 2011 to deposit \$1,501,000, 10% of total principle (\$15,010,000) into a reserve account on the date of issuance of 2011 bonds.

Under the Commission's master bond resolution adopted on October 20, 1992 and advance refunded on October 4, 2001 and June 29, 2011, it is required to maintain an operating reserve equal to three months' operating expenses and a repair and replacement reserve of \$2,000,000. The Commission has never had to use funds from either of these two reserves.

After the final bond payment was made on December 12, 2016, the Commission was no longer required to keep any of the reserve funds restricted and so all the funds previously restricted by bond covenants were transferred to unrestricted accounts.

FINANCIAL STATEMENTS SUMMARY

The Commission's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles (GAAP). The Commission is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized (except land) and are depreciated over their useful lives. Amounts are restricted for debt service, operations and maintenance reserves and, where applicable, for construction activities. See Note 1 to the financial statements for a summary of the Commission's significant accounting policies.

FUTURE IMPACTS

The Savannah/Hilton Head International Airport experienced yet another significant increase in passenger traffic and enplanement growth from 2016 to 2017. Our budgeted 2018 passenger traffic also shows an additional increase in enplanements of 3.5% over 2017.

Our first quarter 2018 passenger traffic results have already increased by 5.8% compared to the first quarter of 2017. This is most likely a result of the continued effect of additional air carriers serving the airport, additional routes being offered, and lower airfares. Based on our first quarter 2018 load factor of 79.6% and our first quarter enplanements already ending ahead of budget, we expect to see another significant increase in enplanements over the previous year and surpass the 2018 budgeted enplanement number of 1,272,714 enplanements.

Although external economic influences could always create challenges for the Airport, business and leisure travelers, and other tenants at the airport, the Savannah/Hilton Head International Airport is staying focused on the goal of being "First In Service" with anyone who comes in contact with the Airport and will continue this objective as a driving factor in the growth of our region.

REQUEST FOR INFORMATION

This Comprehensive Annual Financial Report is designed to provide detailed information on the Commission's operations to all those with an interest in the Commission's financial affairs. The Commission's website, www.savannahairport.com is also a valuable source for financial, statistical and other related data. In addition, our link to view the 2017 CAFR is <http://www.savannahairport.com/quicklinks/news/>. Questions concerning any of the information provided in this report or any request for additional information should be addressed to the Executive Director by email: gkelly@savannahairport.com or in writing to Savannah Airport Commission, 400 Airways Avenue, Savannah, Georgia 31408.

Respectfully submitted,



Gregory B. Kelly
Executive Director

Savannah Airport Commission

Statements of Net Position

<i>December 31,</i>	2017	2016
ASSETS		
Current assets		
Unrestricted assets		
Cash and cash equivalents	\$ 8,875,034	\$ 13,023,935
Short-term investments	30,518,224	25,335,636
Accounts receivable	2,620,054	2,232,329
Inventories	348,079	324,452
Prepaid expenses and other	223,937	357,259
Leases receivable - current portion	78,293	184,122
Deposits	4,000	4,000
Total current unrestricted assets	42,667,621	41,461,733
Restricted assets		
Cash and cash equivalents	2,823,191	2,873,786
Accounts receivable	583,733	476,083
Total current restricted assets	3,406,924	3,349,869
Total current assets	46,074,545	44,811,602
Non-current assets		
Capital assets		
Land	10,669,398	10,669,398
Construction in progress	10,183,355	8,101,120
Buildings and improvements	166,851,128	166,692,364
Runways, taxiways and lights	114,108,019	104,639,423
Equipment	23,149,952	20,946,592
Access roads	24,897,325	23,803,424
	349,859,177	334,852,321
Less accumulated depreciation	187,674,204	175,643,390
Total capital assets, net	162,184,973	159,208,931
Leases receivable, net of current portion	611,323	689,616
Long-term investments	24,068,000	21,173,000
Total non-current assets	186,864,296	181,071,547
Deferred outflows of resources		
Net difference between projected and actual earnings on pension	1,036,720	1,293,263
Total deferred outflows of resources	1,036,720	1,293,263
Total assets and deferred outflows of resources	\$ 233,975,561	\$ 227,176,412

The accompanying notes are an integral part of these financial statements.

Savannah Airport Commission

Statements of Net Position (cont.)

<i>December 31,</i>	2017	2016
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	\$ 919,921	\$ 2,656,477
Security deposits	87,125	92,784
Salaries and wages payable	141,625	125,216
Contracts payable - retainage	668,353	381,409
Deferred revenue	219,466	237,041
Accrued vacation liability	1,749,186	1,590,160
Total current liabilities	3,785,676	5,083,087
Non-current liabilities		
Employee benefit obligations	3,805,366	3,886,269
Net pension liability	7,495,251	9,556,610
Total non-current liabilities	11,300,617	13,442,879
Total liabilities	15,086,293	18,525,966
Deferred inflows of resources		
Pension differences between expected and actual experience	1,886,086	842,936
Total deferred inflows of resources	1,886,086	842,936
NET POSITION		
Net investment in capital assets	162,184,973	159,208,931
Restricted		
Passenger facility charges	978,713	1,655,476
Customer facility charges	2,056,535	1,378,740
General aviation fund charges	358,304	304,497
Savannah aviation village fund charges	10,147	10,147
Other restricted assets	3,225	1,009
Total restricted	3,406,924	3,349,869
Unrestricted	51,411,285	45,248,710
Total net position	217,003,182	207,807,510
Total liabilities, deferred inflows of resources, and net position	\$ 233,975,561	\$ 227,176,412

The accompanying notes are an integral part of these financial statements.

Savannah Airport Commission

Statements of Revenues, Expenses, and Changes in Net Position

<i>Years ended December 31,</i>	2017	2016
Operating revenues		
Airfield	\$ 4,741,605	\$ 4,092,314
Terminal one	14,097,691	13,225,485
Airport business center	5,000	4,200
Commercial aviation	2,342,588	2,239,342
Apron	70,879	59,651
Parking	7,704,652	7,023,629
Non-aviation	3,362,491	3,241,826
Total operating revenues	32,324,906	29,886,447
Operating expenses		
Airfield	2,219,609	2,332,494
Terminal one	10,654,133	10,696,443
Airport business center	74,964	63,253
Commercial aviation	149,683	258,360
Apron	7,121	14,664
Parking	1,453,209	1,535,639
Non-aviation	1,079,432	1,167,691
Administrative expenses	7,373,924	7,221,902
Depreciation	12,031,368	11,329,228
Total operating expenses	35,043,443	34,619,674
Operating loss	(2,718,537)	(4,733,227)
Non-operating revenues (expenses)		
Passenger facility charges	4,863,617	4,208,795
Customer facility charges	732,738	694,209
General aviation fund charges	100,030	88,364
Interest revenue	703,425	499,415
Interest expense	-	(125,349)
Bond premium amortization	-	136,380
Gain (loss) on bond refunding	6,401	(28,837)
Net (decrease) increase in the fair value of investments	(178,827)	51,447
Gain on disposal of capital assets	-	59,481
Total non-operating revenues	6,227,384	5,583,905
Income before capital contributions	3,508,847	850,678
Capital contributions	5,686,825	859,175
Increase in net position	9,195,672	1,709,853
Total net position, beginning of year	207,807,510	206,097,657
Total net position, end of year	\$ 217,003,182	\$ 207,807,510

The accompanying notes are an integral part of these financial statements.

Savannah Airport Commission

Statements of Cash Flows

<i>Years ended December 31,</i>	2017	2016
Cash flows from operating activities		
Cash received from providing services	\$ 31,882,022	\$ 29,812,816
Cash paid to suppliers	(9,959,146)	(5,777,739)
Cash paid to employees	(15,065,639)	(13,955,275)
Net cash provided by operating activities	6,857,237	10,079,802
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(15,001,009)	(9,856,353)
Principal paid on revenue bonds	-	(2,845,000)
Interest paid on revenue bonds	-	(125,349)
Receipts from capital grants	5,686,825	859,175
Proceeds from sale of capital assets	-	59,481
Receipts and interest from		
Passenger facility charges	4,863,617	4,208,795
Customer facility and other charges	832,768	782,573
Net cash used in capital and financing activities	(3,617,799)	(6,916,678)
Cash flows from investing activities		
Interest received	633,359	496,005
Sale of investments	27,546,000	28,592,000
Purchase of investments	(36,534,000)	(27,911,000)
Change in lease receivables	184,122	275,945
Net cash (used in) provided by investing activities	(8,170,519)	1,452,950
Net (decrease) increase in cash and cash equivalents	(4,931,081)	4,616,074
Net cash and cash equivalents, beginning	14,206,293	9,590,219
Cash and cash equivalents, ending	\$ 9,275,212	\$ 14,206,293

The accompanying notes are an integral part of these financial statements.

Savannah Airport Commission

Statements of Cash Flows (cont.)

<i>Years ended December 31,</i>	2017	2016
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (2,718,537)	\$ (4,733,227)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	12,031,368	11,329,228
Provision for OPEB obligation	1,299,693	282,958
Net pension liability	(2,142,262)	1,271,958
Changes in operating assets and liabilities		
(Increase) decrease in assets		
Accounts receivable	(425,309)	(92,719)
Inventories	(23,627)	(17,719)
Prepaid expenses	133,322	274,397
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(1,720,147)	1,168,901
Security deposits	(5,659)	15,324
Contracts payable - retainage	286,944	285,694
Deferred revenue	(17,575)	19,088
Accrued vacation liability	159,026	275,919
Net cash provided by operating activities	\$ 6,857,237	\$ 10,079,802

The accompanying notes are an integral part of these financial statements.

Savannah Airport Commission

Statements of Cash Flows (cont.)

<i>Years ended December 31,</i>	2017	2016
Reconciliation of cash and cash equivalents to the statements of net position		
Cash	\$ 8,875,034	\$ 13,023,935
Cash equivalents included in investments	(2,423,013)	(1,691,428)
Total restricted assets, less receivables	2,823,191	2,873,786
<hr/>		
Cash and cash equivalents, ending	\$ 9,275,212	\$ 14,206,293
<hr/>		
Schedule of non-cash investing and capital and related financing activities		
Bond premium amortization	\$ -	\$ 136,380
Loss on bond refunding	\$ -	\$ (28,837)
Change in fair value of investments	\$ (178,827)	\$ 51,447

The accompanying notes are an integral part of these financial statements.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Business

The Savannah Airport Commission (the Commission) provides an airline terminal, runways, and other aeronautical facilities in Savannah, Georgia, for passenger and freight airlines and private aircraft.

Financial Reporting Entity

The Commission is a municipal corporation established by the Savannah City Code and governed by five members who are appointed by the Mayor and Aldermen of the City of Savannah. The Commission is a public corporation created by an act of the general assembly of the state of Georgia as a public agency of the City of Savannah and has no other participation in the operation of the Commission. Therefore, the Commission is not considered a component unit of the City of Savannah, but a related organization.

Criteria for determining if other entities are potential component units which should be reported within the Commission's financial statements are identified and described in the GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provide for identification of any entities for which the Commission is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Commission.

The Commission receives funding from state and federal government sources and must comply with the accompanying requirements of these funding source entities.

The Commission applies all applicable Governmental Accounting Standards Board Statements (GASB) pronouncements.

Basis of Presentation - Fund Accounting

The operations of the Commission are accounted for as using separate funds as required, which are combined for financial reporting purposes into a single enterprise fund. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Commission has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Basis of Accounting and Measurement Focus

The economic measurement focus and the accrual basis of accounting are used by the Commission. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when the liability has been incurred. Under this basis of accounting, all assets and all liabilities associated with the operation of the Commission are included in the statements of net position.

Budgets and Budgetary Accounting

The Executive Director submits an annual budget to the Commission. The budget is prepared on a detailed line item basis, by department. Revenues are budgeted in the year receipt is expected and expenses are budgeted in the year that the applicable purchase orders are expected to be issued and materials are expected to be received. All budget appropriations lapse at year-end.

1. Summary of Significant Accounting Policies (cont.)

Budgets and Budgetary Accounting (cont.)

The 2017 budget was approved by the Commission members on December 12, 2016. Once approved, the Commission may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Encumbrance accounting is not used in proprietary fund types used by the Commission. Budgetary data is not included in the basic financial statements.

Estimates Used in Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Standards

In June 2015, the GASB issued Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement established financial reporting standards for Other Post-Employment Benefit Plans (OPEB) that is administered through trusts or equivalent arrangements which involve contributions from employers and nonemployer contributing entities to the OPEB plan. This Statement is effective for fiscal years beginning after June 15, 2017.

Deferred Outflows/Inflows of Resources

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Commission has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the Commission's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the Commission to the pension plan before year-end but subsequent to the measurement date of the Commission's net pension liability are reported as deferred outflows of resources. This amount will reduce the net pension liability in the next fiscal year.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

Cash and Cash Equivalents

Cash deposits consist of demand deposit accounts held by banks. For purposes of the statements of cash flows, the Commission considers demand deposit accounts, as well as all highly liquid investments (including restricted assets) purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments consist of amounts placed with the Office of Treasury and Fiscal Services for participation in the State Investment Pool and those made locally. Commission monies placed in the State Investment Pool represent an interest in the pool rather than ownership of specific securities. These investments have short-term maturities and are considered cash equivalents. The fair value of the position in this State Investment Pool is the same as the cost of the pool shares.

Other investments are reported at fair value, based on quoted market prices.

The Commission is authorized by Georgia Code 36-83-4 (1993) statutes to invest in the following:

1. Obligations of the State of Georgia or of other states,
2. Obligations issued by the United States government,
3. Obligations fully insured or guaranteed by the United States government or a United States government agency,
4. Obligations of any corporation of the United States government,
5. Prime bankers' acceptances,
6. The local government investment pool established by Georgia Code Section 36-83-8,
7. Repurchase agreements, and
8. Obligations of other political subdivisions of the state of Georgia.

Restricted Assets

Restricted assets consist of cash and cash equivalents, investments and other resources which are restricted by bond indenture, legally or by enabling legislation, or by other authoritative or legal documents as is the case with the collection of funds from Customer Facility Charges, General Aviation Fund Charges and the Savannah Aviation Village Fund Charges. The Commission's policy when appropriately permitted under grant and funding agreements, is to use restricted assets first, then unrestricted assets when both are available for use. Certain restricted funds such as the bond renewal and replacement fund and the operating and maintenance reserve fund are not permitted to be used until after all unrestricted funds are used.

Inventories

Inventories consist of expendable materials and supplies held for consumption in the course of the Commission's operations. Inventories are stated at cost on a first-in, first-out basis (FIFO).

1. Summary of Significant Accounting Policies (cont.)

Capital Assets

Capital assets are stated at cost, or, as in the case of assets donated by federal and local governments, the estimated fair market value at the time of the donation. Tangible assets having a useful life in excess of one year and costs exceeding \$1,000 are capitalized. Expenditures for maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged directly to operations when incurred, while betterments and major renovations are capitalized. The cost of assets retired or otherwise disposed of and the related allowance for depreciation are eliminated from the accounts and any gain or loss is credited or charged to income.

Provision for depreciation is made by charges to income at rates based upon the estimated useful lives of the assets and is computed by the straight-line method.

Assets	Years
Buildings and improvements	10 - 30
Runways, taxiways & lights	10 - 30
Equipment	3 - 20
Access roads	5 - 20

Bond Premiums and Bond Issuance Costs

Bond premiums are deferred and amortized over the term of the bonds using the effective interest method, or the straight-line method when not materially different. Issuance costs associated with refunded bonds are recognized as period expenses and any loss or gain on the refunding of debt is recorded as a deferred outflow of resources and amortized. Bond premiums are presented as an addition to the face amounts of the revenue bonds payable.

Compensated Absences

Compensated absences, (i.e. paid absences for employee vacation leave) are accrued as expenses when leave is earned. The Commission recognizes a liability for vacation leave only if the employee's right to receive benefits are attributable to services already rendered. The Commission classifies the accrued liability as current or non-current depending on when the leave is expected to be used, which is typically a current item in anticipation of leave being paid or used in the upcoming year.

Post-Employment Benefits

For post-employment pension benefits, the Commission follows the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. These standards establish the provisions for recognition and measurement of expense and related assets and liabilities as well as the required disclosures.

For post-employment healthcare benefits other than pensions, the Commission follows the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This standard establishes the provisions for recognition and measurement of expense and related assets and liabilities as well as the required disclosures.

1. Summary of Significant Accounting Policies (cont.)

Net Position

Net position is defined in the following components:

Net investment in capital assets - This component consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component is used when there are limitations imposed on their use either through enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Unrestricted - This component consists of net position that do not meet the definition of “Net investment in capital assets” or “Restricted”.

Operating and Non-Operating Revenues and Expenses

The Commission distinguishes operating revenues and operating expenses from non-operating revenues and non-operating expenses. Operating revenues and expenses generally result from providing services in connection with principal ongoing operations and include such items as space rental, landing fees, parking and other miscellaneous items. Such items are reported in the accompanying statements of revenues, expenses, and changes in net position according to the respective commission cost centers. Transactions that are capital in nature such as passenger facility charges and customer facility charges, which are received for the restricted purpose of investing in future facilities, as well as financing type items such as interest on bonds and earnings or losses on investments, are considered non-operating items. Expenses associated with operating the airport such as employee wages and benefits as well as purchases of services and materials are considered operating expenses and are recorded in or allocated to a cost center for presentation purposes.

The Commission grants unsecured credit to its customers and receives payments from them monthly, in accordance with lease and user fee agreements. Deferred revenue generally represents lease rental payments received in advance and is recognized over the appropriate lease term.

Passenger Facility Charges

The Federal Aviation Administration (the FAA) authorized the Commission to impose a \$4.50 Passenger Facility Charge (PFC) on each enplaning passenger. These funds are restricted cash and must be used for Airport planning and development projects approved by the FAA or for bond-associated debt service and financing costs incurred on that portion of a bond issued to carry-out approved projects. The Commission accounts for passenger facility charges in accordance with GASB Statement No. 33, which requires governments to recognize capital contributions to proprietary funds as revenues. The total amount, which includes the charges and interest earned, reflected as non-operating revenue during 2017 and 2016 was \$4,863,617 and \$4,208,795, respectively. PFC reports to the FAA are based on actual collections and do not include accounts receivable. Such amounts collected in 2017 and 2016 are \$4,755,967 and \$4,191,220, respectively; and remaining collections unspent as of December 31, 2017 and 2016 are \$394,980 and \$1,179,393, respectively.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

Customer Facility Charges

The Commission requires car rental companies to charge a Customer Facility Charge (CFC), currently \$3.00 per rental, to be used to reimburse the Commission for costs, fees and expenses associated with capital improvements to the rental car facilities. These funds are restricted cash and must be used for Airport planning and development projects approved by the rental car companies. In accordance with GASB Statement No. 33, which requires governments to recognize capital contributions to proprietary funds as revenues and not contributed capital, the total amount, which includes the charges and interest earned, reflected as non-operating revenue during 2017 and 2016 was \$732,738 and \$694,209, respectively.

General Aviation Fund Charges

The Commission requires companies that operate general aviation facilities at the airport to charge a General Aviation Fund Charge (GAF) to be used to reimburse the Commission for costs, fees and expenses associated with capital improvements to the general aviation facilities. These funds are restricted cash and must be used for Airport planning and development projects approved by the general aviation companies. In accordance with GASB Statement No. 33, which requires governments to recognize capital contributions to proprietary funds as revenues and not contributed capital, the total amount, which includes the charges and interest earned, reflected as non-operating revenue during 2017 and 2016 was \$100,030 and \$88,364, respectively.

Federal and State Financial Assistance

The Commission receives federal and state financial assistance for various airport planning and development projects. This assistance is generally received based on applications submitted to and approved by the granting agencies, the Federal Aviation Administration and the Georgia Department of Transportation. In accordance with GASB Statement No. 33, which requires governments to recognize capital contributions to proprietary funds as revenues (non-operating revenues noted in the accompanying statements of revenue, expenses and changes in net position as “Capital Contributions”). The total amount, which includes the charges and interest earned, reflected as non-operating revenue during 2017 and 2016, was \$5,686,825 and \$859,175, respectively.

Concentrations

For the year ended December 31, 2017, the Commission’s revenues from one customer, Delta Airlines with revenues of approximately \$4.4 million or 16% of total operating revenues, represented a concentration of risk.

Taxes

The Commission is exempt from payment of federal and state income, property and certain other taxes.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2017 and 2016 were \$2,504,004 and \$1,985,177, respectively.

Subsequent Events

Subsequent events have been evaluated and disclosed through June 29, 2018, the date the financial statements were available to be issued.

Savannah Airport Commission

Notes to Financial Statements

2. Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to the Commission. The Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit, at any time, in any depository for a time longer than ten days, a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to, not less than, 110% of the public funds being secured after the deduction of the amount of depository insurance. The Commission has no custodial credit risk policy that would require additional collateral requirements.

At December 31, 2017, the Commission had the following investments and maturities:

Investment Maturities (in years)

Type of Investment	Average Credit Rating	Fair Value	Less than 1	1-3	4-5	Greater than 5
Primary government						
Certificates of deposit (CD's)	NR	\$ 59,443,165	\$ 35,375,165	\$ 24,068,000	\$ -	\$ -
Georgia Fund 1	AAA	1,713	1,713	-	-	-
Cash investments at financial institution	NR	260	260	-	-	-
		\$ 59,445,138	\$ 35,377,138	\$ 24,068,000	\$ -	\$ -

At December 31, 2016, the Commission had the following investments and maturities:

Investment Maturities (in years)

Type of Investment	Average Credit Rating	Fair Value	Less than 1	1-3	4-5	Greater than 5
Primary government						
Certificates of deposit (CD's)	NR	\$ 49,567,158	\$ 28,394,158	\$ 21,173,000	\$ -	\$ -
Georgia Fund 1	AAA	1,697	1,697	-	-	-
Cash investments at financial institution	NR	260	260	-	-	-
		\$ 49,569,115	\$ 28,396,115	\$ 21,173,000	\$ -	\$ -

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Savannah Airport Commission

Notes to Financial Statements

2. Deposits and Investments (cont.)

Credit risk is the risk that issuer or counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk that a significant portion of investments are concentrated with a single or small number or group of counterparties. Custodial credit risk is the risk that the third party providing safekeeping services for the Commission's investments fails to act properly in its fiduciary capacity. State law governs the investment of retirement funds (OCGA 47-20-84) and limits investments to maximum concentrations by investment category (at cost). The Commission has no formal investment policy that would further limit its investment choices or custodial risk.

Section 36-83-4, Code of Georgia, authorizes the Commission to participate in the Office of Treasury and Fiscal Services State Investment Pool (the State Investment Pool), and Section 36-80-3, Code of Georgia, authorizes the Commission to invest in U.S. Treasury Notes and Certificates of Deposit.

The State Investment Pool complies with all state statutes regarding investment of public funds and has an internal investment policy with portfolio restrictions. In addition, it is monitored by Standard and Poor, as weekly reports are submitted to maintain the Pool's AAA rating.

Reconciliation to statements of net position at December 31, 2017:

Investments as reported above	\$	59,445,138
Less amount included in the financial institution, but reported on the statements of net position in the following account:		
Other restricted funds (CFC, GAF, SAV)		(2,424,986)
<hr/>		
Investments shown on statements of net position	\$	57,020,152
<hr/>		
Investments shown on statements of net position		
Investments - included in cash equivalents	\$	2,433,928
Short-term investments		30,518,224
Non-current investments		24,068,000
<hr/>		
Investments shown on statements of net position	\$	57,020,152

Savannah Airport Commission

Notes to Financial Statements

3. Restricted Cash and Investments

Restricted cash consists of the following at December 31:

	2017	2016
Passenger facility charge fund	\$ 394,980	\$ 1,179,393
Customer facility charge fund	2,056,535	1,378,740
Savannah aviation village fund	10,147	10,147
General aviation fund	358,304	304,497
Other restricted funds	3,225	1,484,528
	<u>\$ 2,823,191</u>	<u>\$ 4,357,305</u>

4. Accounts Receivable

Accounts receivable consists mainly of trade receivables and in the case that certain accounts are deemed doubtful as to collection, would be shown net of allowance for doubtful accounts. There is no allowance for doubtful accounts as of December 31, 2017 and 2016, as management, after evaluation of such accounts based upon historical collections and evaluation of individual customer credit, determined all accounts were considered collectible.

5. Direct Financing Leases

The Commission has financed the construction of certain buildings and improvements for its customers using direct financing leases.

Signature Flight Support

The Commission entered into a lease agreement with Signature in which the Commission agreed to finance the construction of general improvements to facilities leased by Signature, at a cost of \$66,821. The direct financing lease has a term of 30 years and an interest rate of 10.00% and expires in 2027.

The Commission entered into a lease agreement with Signature in which the Commission agreed to finance the construction of an office and lounge, at a cost of \$422,970. The direct financing lease has a term of 30 years and an interest rate of 10.00% and expires in 2027.

The Commission entered into a lease agreement with Signature in which the Commission agreed to finance the construction of a hangar, at a cost of \$284,412. The direct financing lease has a term of 30 years and an interest rate of 10.00% and expires in 2027.

Savannah Aviation

The Commission entered into a lease agreement with Savannah Aviation in which the Commission agreed to finance the construction of a hangar at a cost of \$298,601. The direct financing lease has a term of 20 years and an interest rate of 8.00% and expires in 2019.

Savannah Airport Commission

Notes to Financial Statements

5. Direct Financing Leases (cont.)

The Commission entered into a lease agreement with Savannah Aviation in which the Commission agreed to finance the construction of a hangar, at a cost of \$212,509. The direct financing lease has a term of 20 years and an interest rate of 8.00% and expires in 2022.

The Commission entered into a lease agreement with Savannah Aviation in which the Commission agreed to finance the construction of an apron at a cost of \$87,368. The direct financing lease has a term of 27 years and an interest rate of 6.08% and expires in 2028.

Minimum lease payments to be received under direct financing leases as of December 31, 2017, for each of the next five years and thereafter are:

<i>Years ended December 31,</i>	
2018	\$ 139,426
2019	136,928
2020	109,454
2021	109,454
2022	98,788
Thereafter	418,648
Total minimum lease payments	1,012,698
Less interest	323,082
Present value of minimum lease payments	\$ 689,616

Savannah Airport Commission

Notes to Financial Statements

6. Capital Assets

Capital assets consist of the following at December 31, 2017:

	Total 2016	Increases/ Additions	Deletions/ Transfers	Total 2017
Capital assets, not being depreciated				
Land	\$ 10,669,398	\$ -	\$ -	\$ 10,669,398
Construction in progress	8,101,120	14,266,015	(12,183,780)	10,183,355
Total capital assets not being depreciated	18,770,518	14,266,015	(12,183,780)	20,852,753
Capital assets being depreciated				
Buildings and improvements	166,692,364	158,764	-	166,851,128
Runways, taxiways, and lights	104,639,423	9,468,596	-	114,108,019
Equipment	20,946,592	2,203,360	-	23,149,952
Access roads	23,803,424	1,093,901	-	24,897,325
Total capital assets being depreciated	316,081,803	12,924,621	-	329,006,424
Less accumulated depreciation for				
Buildings and improvements	92,120,459	6,157,458	-	98,277,917
Runways, taxiways, and lights	53,645,839	3,859,678	-	57,505,517
Equipment	13,642,052	1,319,625	-	14,961,677
Access roads	16,235,040	694,053	-	16,929,093
Total accumulated depreciation	175,643,390	12,030,814	-	187,674,204
Net capital assets	\$ 159,208,931	\$ 15,159,822	\$ (12,183,780)	\$ 162,184,973

Savannah Airport Commission

Notes to Financial Statements

6. Capital Assets (cont.)

Capital assets consist of the following at December 31, 2016:

	Total 2015	Increases/ Additions	Deletions/ Transfers	Total 2016
Capital assets not being depreciated				
Land	\$ 10,669,398	\$ -	\$ -	\$ 10,669,398
Construction in progress	4,930,309	8,580,256	(5,409,445)	8,101,120
Total capital assets not being depreciated	15,599,707	8,580,256	(5,409,445)	18,770,518
Capital assets being depreciated				
Buildings and improvements	164,254,539	2,437,825	-	166,692,364
Runways, taxiways, and lights	103,535,502	1,103,921	-	104,639,423
Equipment	18,537,867	2,597,815	(189,090)	20,946,592
Access roads	23,143,633	659,791	-	23,803,424
Total capital assets being depreciated	309,471,541	6,799,352	(189,090)	316,081,803
Less accumulated depreciation for				
Buildings and improvements	86,032,162	6,088,296	-	92,120,458
Runways, taxiways, and lights	49,959,660	3,686,179	-	53,645,839
Equipment	12,813,575	1,014,141	(185,664)	13,642,052
Access roads	15,605,734	629,307	-	16,235,041
Total accumulated depreciation	164,411,131	11,417,923	(185,664)	175,643,390
Net capital assets	\$ 160,660,117	\$ 3,961,685	\$ (5,412,871)	\$ 159,208,931

7. Lease Revenue

The Commission leases its property to commercial airlines, car rental companies, concessionaires, several fixed based operators who service the airline industry, and the Federal Aviation Administration. These leases are cancelable operating leases, with notification requirements ranging from 15 days to six months. Rental income for 2017 and 2016, received through these leases was approximately \$7.8 million and \$7.4 million, respectively.

As of December 31, 2017, estimated cost of leased land and buildings was \$62.5 million net of accumulated depreciation of \$44.8 million for a carrying value of \$17.7 million.

The Commission also has numerous leases that require the lessee to remit a percentage of its revenue as the rental charge. Rental income for 2017 and 2016, received through these leases was approximately \$6.9 million and \$6.2 million, respectively. Although the actual income to be received in future periods cannot be estimated due to the nature of these leases, management does not anticipate a significant decrease in these rental amounts.

Savannah Airport Commission

Notes to Financial Statements

7. Lease Revenue (cont.)

Minimum lease payments to be received under operating leases as of December 31, 2017, for each of the next five years and thereafter are:

<i>Year ended December 31,</i>	
2018	\$ 8,163,730
2019	8,573,039
2020	9,002,870
2021	9,454,251
2022	9,928,264
Thereafter	41,704,172
Total minimum lease payments	\$ 86,826,326

8. Construction Contract Commitments

The Commission has entered into contracts for construction. Status of such contracts as of December 31, 2017 are as follows:

	Project Authorization	Expended to Date	Balance on Contract	Required Further Financing
Runway 28 RSA Improvements & Road Relocations	\$ 2,528,871	\$ 2,528,871	\$ -	None
In-Line Baggage System	6,635,185	5,928,505	706,680	None
Southeast Quadrant Planning	9,200	9,200	-	None
Reconstruct TW E-1	2,556,307	2,556,307	-	None
CAD/Police Software	74,898	74,898	-	None
Remove and Repaint Taxiway	414,410	414,410	-	None
Gulfstream Additional Parking/Sam Snead's Additional Parking	237,702	237,702	-	None
Reconstruct Taxilane GA-3	1,083,783	1,083,783	-	None
Fiber Run - Rental Car Canopies	69,809	69,809	-	None
Airfield Signage Upgrades	534,108	534,108	-	None
Airfield Lighting 10-28	977,503	977,503	-	None
Airfield Lighting 1-19	582,924	582,924	-	None
Cooling Tower No. 1 Upgrade	263,850	263,850	-	None
Lifecycle Replacement of FTU	564,663	564,663	-	None
Fed Ex Tug Ramp	11,800	11,800	-	None
Fuel Farm Paving	2,800	2,800	-	None
Bus Stop	10,250	10,250	-	None
CityWorks	152,714	113,212	39,502	None
Mill and Pave Airways Avenue	832,362	832,362	-	None
Terminal Concourse Exterior	88,402	79,561	8,841	None
Underground Storage Tank Removal	8,365	8,365	-	None
Removal and Installation of Perimeter Security C7	29,333	29,333	-	None
Rebuild Unit 215	25,000	25,000	-	None
TSA Flooring Installation	45,333	45,333	-	None
Replace Morpho Sigma Bio Readers	8,674	8,674	-	None
Replace Can Lights in Terminal	11,277	11,277	-	None
JetBridge Upgrades and Repair	23,807	23,807	-	None
	\$ 17,783,330	\$ 17,028,307	\$ 55,023	

Savannah Airport Commission

Notes to Financial Statements

9. Pension Plans

Plan Description

Permanent employees of the Commission participate in the City of Savannah Employees' Retirement Plan (the Plan). The Plan is an agent multiple-employer defined benefit pension plan, which was established in July 1972, to provide retirement and disability for all full-time general and uniformed personnel of the City of Savannah, the Commission, Metropolitan Planning Commission, and Youth Futures Authority. Membership by all full-time city employees is required by a city ordinance. The Plan is administered by a Pension Board pursuant to the ordinance of the City of Savannah, and is included as a pension trust fund in the financial statements of the City of Savannah. The Mayor and Aldermen of the City of Savannah have the authority to establish and amend pension plan provisions. A stand-alone financial report is not issued for the Plan.

Funding Policy

Plan members are required to contribute 6.65% of their annual covered salary, and the Commission contributes such additional amounts as necessary, based on actuarial valuations, to provide the Plan with assets sufficient to meet future benefits payable to Plan members. For 2017 and 2016, the Commission's required contribution was \$898,930 and \$922,404, respectively. The contribution requirements of Plan members and the employers are established and may be amended by the Pension Board.

Annual Pension Cost

For 2017, the Commission's annual pension costs for the Plan was equal to the Commission's required and actual contributions. The required contribution was determined as part of the January 1, 2017, actuarial valuation using the projected unit credit actuarial method. The actuarial assumptions included a 7.50% invested rate of return (net of investment and administrative expenses). The actuarial assumptions also include future salary increases ranging from 3.16% to 4.84% depending on age. These salary increases include an allowance for inflation of 3.00% per year. Cost of living increases were 5.00% at participant's adjustment date and 1.00% annual thereafter. The Plan's policy is to amortize the unfunded actuarial accrued liability over 30 years as a level percentage of payroll costs on a closed basis. The remaining amortization period at January 1, 2017 was 26 years.

Three-Year Trend Information for the Commission's Participation in the Plan.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC contributed	Net Pension Obligation
12/31/2015	\$ 872,004	100%	\$ -
12/31/2016	\$ 922,404	100%	\$ -
12/31/2017	\$ 898,930	100%	\$ -

Savannah Airport Commission

Notes to Financial Statements

9. Pension Plans (cont.)

Annual Pension Cost (cont.)

City of Savannah Employees' Retirement Plan
Schedule of Funding Progress
(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2015	\$ 12,824	\$ 20,809	\$ 7,985	61.63%	\$ 7,748	103%
1/1/2016	\$ 13,917	\$ 21,692	\$ 7,774	64.16%	\$ 8,601	90.40%
1/1/2017	\$ 15,205	\$ 22,975	\$ 7,770	66.18%	\$ 9,238	84.11%

Net Pension Liability

The Commission has implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* which significantly changed the Airport's accounting for pension amounts. The information disclosed below is presented in accordance with this standard.

The Commission is allocated a proportional share of 8.68% of the net pension liability of the Plan based on an allocation proportional to employer contributions made for fiscal 2017. This basis is intended to measure the proportion of each employer's long-term funding requirements. The Commission's allocated share of the net pension liability is \$7,495,251.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportional share of the net pension liability as of December 31, 2017, calculated using the discount rate of 7.5%, as well as what the proportional share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	7.5%	1% Increase (8.5%)
Proportional share of net pension liability as of December 31, 2017	\$ 12,469,436	\$ 7,495,251	\$ 3,320,753

Savannah Airport Commission

Notes to Financial Statements

9. Pension Plans (cont.)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (cont.)

For the year ended December 31, 2017, the recognized pension expense is \$906,882. At December 31, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 303,045	\$ 452,071
Changes in assumptions	-	300,490
Net difference between projected and actual earnings on pension plan investments	-	1,107,595
Change in proportionate share	733,675	25,930
Total	\$ 1,036,720	\$ 1,886,086

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ending December 31,</i>	Recognition of deferred outflows/(inflows)
2018	\$ (110,995)
2019	(110,995)
2020	(445,050)
2021	(306,324)
2022	123,998
Total	\$ (849,366)

10. Risk Management

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are handled through the purchase of commercial insurance. There have been no reductions in insurance coverage from the prior year. The amount of settlements has not exceeded insurance coverage for any of the past three fiscal years.

11. Fair Value of Financial Instruments

The following methods and assumptions were used by the Commission to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash, cash equivalents, and accounts receivable due in less than one year: The carrying amounts reported in the statements of net position approximate fair values because of the short maturities of these financial instruments.

Savannah Airport Commission

Notes to Financial Statements

11. Fair Value of Financial Instruments (cont.)

Long-term investments: The fair values of these investments are estimated based on quoted market prices for those investments.

Direct financing leases: The fair values of these receivables are estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Accounts payable and accrued expenses: The carrying amounts reported in the statements of net position approximate fair values because of the short maturities of these financial instruments.

Revenue bonds payable: The fair values of these bonds are estimated by discounting the future cash flows using current market rates for bonds with similar maturities and credit quality.

The estimated fair values of the Commission's financial instruments are as follows:

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and short-term investments	\$ 39,393,258	\$ 39,393,258	\$ 36,858,571	\$ 36,858,571
Accounts receivable	\$ 2,503,587	\$ 2,503,587	\$ 2,182,678	\$ 2,182,678
Long-term investments	\$ 24,068,000	\$ 24,068,000	\$ 21,173,000	\$ 21,173,000
Leases receivable	\$ 689,616	\$ 787,584	\$ 873,738	\$ 1,034,241
Accounts payable and accrued expenses	\$ 829,547	\$ 829,547	\$ 2,579,110	\$ 2,579,110

12. Operating Leases

The Commission leases various equipment under operating leases.

Minimum future rental payments under the non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2017, for the next year are \$5,459.

13. Post-Employment Benefits Other than Pensions (OPEB)

Plan Description

The Savannah Airport Commission participates in the City of Savannah's agent multiple-employer defined benefit OPEB Plan (the City of Savannah Employee Benefit Plan) which provides medical and life insurance benefits to its retirees. Membership in the Plan is voluntary. The Plan does not issue a stand-alone financial report.

The Plan covers both general and uniform employees of the participating employers. As of December 31, 2017, employee membership data related to the City of Savannah OPEB Plan was as follows:

Savannah Airport Commission

Notes to Financial Statements

13. Post-Employment Benefits Other than Pensions (OPEB) (cont.)

Plan Description (cont.)

Retirees and beneficiaries currently receiving benefits	1,387
Terminated participants entitled to, but not yet receiving benefits	136
Active Plan participants	2,642
Total	4,165

Funding Policy

As administrator of the Plan, the Mayor and Aldermen of the City of Savannah are the authority under which the obligations of the Plan members and the employers to contribute to the Plan are established and are amended. Members are required to contribute 30% of expected funding target for pre-Medicare retirees and 25% for post-Medicare retirees. The remaining contributions are required contributions by the employers.

The Savannah Airport Commission is required to contribute the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represent a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 3.89% of annual covered payroll.

OPEB Cost

For the fiscal year ended December 31, 2017, the Savannah Airport Commission's annual OPEB cost was \$27,052, which was made up of the annual required contribution (ARC) of \$99,569, the interest on the Net OPEB of \$126,304, and the ARC adjustment of (\$198,821). The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, the net obligation for 2017 and the two preceding years were as follows:

Plan Year Ended	Annual OPEB Cost	Percentage of Annual	
		OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 74,679	196.41%	\$ 3,944,410
12/31/2016	\$ 51,199	213.56%	\$ 3,886,269
12/31/2017	\$ 27,052	399.06%	\$ 3,805,366

13. Post-Employment Benefits Other than Pensions (OPEB) (cont.)

OPEB Cost (cont.)

Funded Status and Funding Process

The funded status of the Plan as of December 31, 2016, was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,912,879
Actuarial Value of Plan Assets	-
<hr/>	
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,912,879
<hr/>	
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-%
Covered payroll (active plan members)	\$ 9,238,292
UAAL as a percentage of coverage payroll	20.71%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2016 actuarial valuation, the actuarial cost method of projected unit credit was used. The actuarial assumptions included a 7% investment rate of return and an annual healthcare cost trend rate of 6.5% initially, reduced by decrements to an ultimate rate of 4.5% after eight years. Both rates include a 3% inflation assumption. The actuarial value of assets was determined using the market value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2016, was 20 years.

Savannah Airport Commission

Notes to Financial Statements

13. Post-Employment Benefits Other than Pensions (OPEB) (cont.)

Actuarial Methods and Assumptions (cont.)

City of Savannah Employees' Benefit Plan
Schedule of Funding Progress
(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2014	\$ -	\$ 2,126	\$ 2,126	-	\$ 7,748	27.44%
12/31/2015	\$ -	\$ 2,326	\$ 2,326	-	\$ 8,601	27.04%
12/31/2016	\$ -	\$ 1,913	\$ 1,913	-	\$ 9,238	20.71%

- **Schedules of Net Airfield Operations**
- **Schedules of Net Terminal Operations**
- **Schedules of Net Airport Business Center Operations**
- **Schedules of Net Commercial Aviation Operations**
- **Schedules of Net Apron and Parking Operations**
- **Schedules of Net Non-Aviation Operations**
- **Schedules of Administrative Expenses**



Savannah Airport Commission

Schedules of Net Airfield Operations

<i>Years ended December 31,</i>	2017	2016
Airfield income		
Landing fees	\$ 4,097,411	\$ 3,503,682
Usage charges	245,824	222,797
Fuel farm fees	244,047	234,802
Fuel flow	154,323	131,033
	4,741,605	4,092,314
Airfield expenses		
General	1,195,586	1,321,077
Maintenance		
Buildings	2,036	2,542
Grounds	444,043	466,302
Equipment	180,955	130,118
Runway	95,498	78,718
Janitorial	171	94
Fuel farm expenses	235,263	262,041
Utilities	66,057	71,602
Total expense excluding depreciation	2,219,609	2,332,494
Depreciation	3,973,520	3,685,386
Total expenses	6,193,129	6,017,879
Net airfield loss	\$ (1,451,524)	\$ (1,925,565)

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Terminal Operations

<i>Years ended December 31,</i>	2017	2016
Terminal income		
Car rentals	\$ 4,691,613	\$ 4,262,878
Airlines	5,891,784	5,774,130
Ground transportation	373,686	320,046
Gift shop	838,777	715,569
Restaurant	727,533	680,414
Space rental	411,172	363,881
Advertising	525,962	486,516
Telephone	22,056	17,560
Vending	44,374	44,567
Mini mall	9,137	8,947
Business center	33,000	33,000
Miscellaneous	1,311	2,057
Common charge/ticket checkers	527,286	515,920
	14,097,691	13,225,485
Terminal expenses		
General	2,318,287	2,430,417
Maintenance		
Buildings	2,284,734	2,161,748
Grounds	41,512	47,492
Janitorial	982,287	932,396
Equipment	316,479	278,208
Security	2,365,074	2,478,658
Utilities	828,358	766,422
Advertising	74,025	92,737
Passport club	75,903	88,944
Visitors center	338,701	382,892
Ticket checkers/shuttle driver	872,725	866,976
Ground trans starters	156,048	169,553
Total expense excluding depreciation	10,654,133	10,696,443
Depreciation	4,521,513	4,113,760
Total expenses	15,175,646	14,810,203
Net terminal loss	\$ (1,077,955)	\$ (1,584,718)

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Airport Business Center Operations

<i>Years ended December 31,</i>	2017	2016
Airport business center income		
Space rental	\$ 5,000	\$ 3,500
Telephone	-	700
	5,000	4,200
Airport business center expenses		
General	1,202	15,629
Maintenance		
Buildings	3,056	1,134
Grounds	-	-
Utilities	70,706	46,490
Total expense excluding depreciation	74,964	63,253
Depreciation	9,608	9,608
Total expense	84,572	72,862
Net airport business center loss	\$ (79,572)	\$ (68,662)

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Commercial Aviation Operations

<i>Years ended December 31,</i>	2017	2016
Commercial aviation income		
Fixed base operators	\$ 520,730	\$ 558,350
Air cargo building	239,324	184,654
Land lease	1,373,880	1,272,265
Airline freight facility	140,500	140,500
AvGas	68,154	83,573
	2,342,588	2,239,342
Commercial aviation expenses		
General	36,385	51,366
Maintenance		
Buildings	(31,276)	67,334
Utilities	89,682	81,342
Ground support	4,121	5,509
Apron	89	19
Grounds	1,044	6,821
Fuel farm	49,638	45,969
Total expense excluding depreciation	149,683	258,360
Depreciation	352,023	350,534
Total expense	501,706	608,894
Net commercial aviation income	\$ 1,840,882	\$ 1,630,448

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Apron and Parking Operations

<i>Years ended December 31,</i>	2017	2016
Apron income		
Airline fixed payments	\$ 70,879	\$ 59,651
Apron expenses		
General	2,996	168
Maintenance	2,055	6,216
Utilities	2,070	8,280
Total expense excluding depreciation	7,121	14,664
Depreciation	420,348	420,150
Total expense	427,469	434,815
Net apron loss	\$ (356,590)	\$ (375,164)
Parking income		
Parking	\$ 7,704,652	\$ 7,023,629
Parking expenses		
General	1,242,120	1,328,247
Maintenance		
Buildings	33,563	24,443
Equipment	3,980	2,804
Grounds	15,220	19,370
Utilities	158,326	160,775
Total expense excluding depreciation	1,453,209	1,535,639
Depreciation	1,644,455	1,696,431
Total expense	3,097,664	3,232,071
Net parking income	\$ 4,606,988	\$ 3,791,558

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Non-Aviation Operations

<i>Years ended December 31,</i>	2017	2016
Non-aviation income		
Land leases	\$ 1,099,284	\$ 1,063,990
Space rental	396,674	392,779
Motel	1,789,857	1,731,614
Industrial park	6,000	7,900
Food and beverage	70,276	44,491
Miscellaneous	400	1,052
	3,362,491	3,241,826
Non-aviation expenses		
General	286,500	355,175
Maintenance		
Buildings	19,357	3,149
Grounds	588,551	619,025
Equipment	79,445	93,431
Utilities	105,579	96,911
Total expense excluding depreciation	1,079,432	1,167,691
Depreciation	976,514	932,681
Total expense	2,055,946	2,100,372
Net non-aviation income	\$ 1,306,545	\$ 1,141,454

See independent auditor's report.

Savannah Airport Commission

Schedules of Administrative Expenses

<i>Years ended December 31,</i>	2017	2016
Salaries	\$ 2,418,407	\$ 2,311,516
Employee benefits	712,128	1,431,070
Contract labor	24,706	7,380
Marketing	2,066,592	1,645,778
Professional fees	503,978	415,129
Miscellaneous	309,151	208,984
Dues, travel, and meetings	530,139	496,258
Office supplies and postage	381,838	311,451
Telephone	62,219	61,121
Insurance	226,234	203,195
Equipment rental and service contracts	134,891	124,655
Printing and advertising	3,641	5,365
Total expense excluding depreciation	7,373,924	7,221,902
Depreciation	133,387	120,678
Total expense	\$ 7,507,311	\$ 7,342,580

See independent auditor's report.

Savannah Airport Commission

Statistical Section (Unaudited)

This part of the Savannah Airport Commission's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the Commission's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

**SAVANNAH
HILTON HEAD**

I N T E R N A T I O N A L



<i>Years ended December 31,</i>	2008	2009	2010	2011
Operating revenues				
Airfield	\$ 2,771,892	\$ 2,903,967	\$ 2,878,057	\$ 2,960,483
Terminal one	10,716,291	10,511,017	10,442,756	10,651,583
Airport business center	538,080	304,387	190,912	237,774
Commercial aviation	1,796,019	1,521,800	1,337,406	1,384,381
Apron	91,338	44,947	58,804	59,049
Parking	6,249,602	5,104,720	5,021,958	5,069,763
Non-aviation	1,845,216	1,908,538	1,949,889	2,210,156
Foreign trade zone	302,080	300,606	308,402	41,880
Total operating revenues	24,310,518	22,599,982	22,188,184	22,615,069
Operating expenses				
Airfield	1,409,678	1,381,902	1,410,421	1,518,448
Terminal one	7,102,240	7,125,571	7,382,021	7,388,517
Airport business center	256,319	212,080	272,540	278,190
Commercial aviation	902,736	372,715	211,397	201,895
Apron	50,594	37,239	29,406	28,374
Parking	1,698,719	1,626,661	1,516,103	1,367,486
Non-aviation	978,005	999,068	1,058,883	1,018,677
Foreign trade zone	285,211	308,761	309,242	217,008
Administrative expenses	3,770,729	3,678,603	3,967,748	4,266,647
Depreciation	8,139,215	9,496,476	9,768,006	9,833,916
Total operating expenses	24,593,446	25,239,076	25,925,767	26,119,158
Operating loss	(282,928)	(2,639,094)	(3,737,583)	(3,504,089)
Non-operating revenues (expenses)				
Passenger facility charges	3,696,856	3,088,060	2,717,454	3,047,826
Customer facility charges	-	-	510,033	510,213
General aviation charges	-	-	77,291	60,288
Savannah aviation village fund charge	-	-	59,250	60,600
Interest revenue	781,817	890,682	866,356	685,564
Interest expense	(1,097,623)	(1,005,643)	(903,999)	(687,586)
Bond issuance cost amortization	(83,194)	(83,194)	(83,194)	(123,210)
Bond premium amortization	76,139	76,139	76,139	162,160
Gain (loss) on bond refunding	(114,711)	(114,711)	(114,711)	(132,322)
Net increase (decrease) in the fair value investments	111,400	(65,848)	185,027	(40,831)
Recovery of bad debt	5,401	13,557	9,822	-
Gain on disposal of capital assets	5,610	82,598	85,647	39,708
Total non-operating revenues	3,381,695	2,881,640	3,485,115	3,582,410
Income before capital contributions	3,098,767	242,546	(252,468)	78,321
Capital contributions	5,351,676	4,988,367	4,842,933	5,167,328
Net position adjustment	-	-	7,208,040	-
Increase in net position	\$ 8,450,443	\$ 5,230,913	\$ 11,798,505	\$ 5,245,649
Net position at year-end composed of				
Net investment in capital assets	\$ 143,208,779	\$ 141,662,886	\$ 147,826,432	\$ 150,510,150
Restricted	6,006,576	6,243,580	8,465,063	9,286,594
Unrestricted	15,684,406	22,224,208	25,637,684	27,378,084
Total net position	\$ 164,899,761	\$ 170,130,674	\$ 181,929,179	\$ 187,174,828

Savannah Airport Commission

Total Annual Revenues, Expenses, and Changes in Net Position

2012	2013*	2014	2015	2016	2017
\$ 2,979,410	\$ 3,104,566	\$ 3,257,492	\$ 3,430,523	\$ 4,092,314	\$ 4,741,605
11,022,200	11,449,988	11,965,612	12,378,721	13,225,485	14,097,691
251,498	228,817	212,094	146,878	4,200	5,000
1,540,736	2,103,115	2,216,288	2,229,309	2,239,342	2,342,588
55,080	55,048	54,381	60,231	59,651	70,879
5,090,084	5,260,004	6,018,305	6,508,913	7,023,629	7,704,652
2,357,093	2,472,968	2,713,210	3,106,677	3,241,826	3,362,491
46,637	-	-	-	-	-
23,342,738	24,674,506	26,437,382	27,861,25	29,886,447	32,324,906
1,560,643	1,631,526	1,905,637	2,146,532	2,332,494	2,219,609
8,525,450	8,499,325	9,094,306	9,449,322	10,696,443	10,654,133
234,919	274,554	140,603	85,877	63,253	74,964
175,258	237,942	261,441	158,716	258,360	149,683
27,931	27,066	24,547	26,691	14,664	7,121
1,382,186	1,452,052	1,369,561	1,337,464	1,535,639	1,453,209
770,901	689,325	1,110,988	1,028,223	1,167,691	1,079,432
112,931	-	-	-	-	-
4,614,001	4,827,543	5,751,582	7,664,600	7,221,902	7,373,924
9,812,599	10,306,897	9,969,695	11,202,854	11,329,228	12,031,368
27,216,819	27,946,230	29,628,360	33,100,279	34,619,674	35,043,443
(3,874,081)	(3,271,724)	(3,190,978)	(5,239,027)	(4,733,227)	(2,718,537)
3,115,125	3,073,621	3,640,888	3,902,443	4,208,795	4,863,617
530,901	548,616	611,273	658,964	694,209	732,738
69,395	77,196	79,130	87,267	88,364	100,030
22,000	10,500	-	-	-	-
553,716	487,125	319,351	404,423	499,415	703,425
(536,837)	(442,838)	(345,038)	(260,600)	(125,349)	-
(163,225)	-	-	-	-	-
248,182	248,182	248,182	136,380	136,380	-
(149,932)	(149,932)	(149,932)	(50,524)	(28,837)	6,401
(23,667)	(121,987)	(45,893)	23,651	51,447	(178,827)
1,294	-	-	-	-	-
(10,251)	84,596	11,297	8,664	59,481	-
3,656,701	3,815,079	4,369,258	4,910,668	5,583,905	6,227,384
(217,380)	543,355	1,178,280	(328,359)	850,678	3,508,847
10,478,528	5,580,020	5,932,857	4,021,586	859,175	5,686,825
-	-	-	-	-	-
\$ 10,261,148	\$ 6,123,375	\$ 7,111,137	\$ 3,693,227	\$ 1,709,853	\$ 9,195,672
\$ 164,079,072	\$ 163,915,951	\$ 161,352,944	\$ 157,729,262	\$ 159,208,931	\$ 162,184,973
9,181,408	10,193,462	9,715,727	11,058,622	3,349,869	3,406,924
24,175,496	29,009,263	39,161,142	37,309,773	45,248,710	51,411,285
\$ 197,435,976	\$ 203,118,676	\$ 210,229,813	\$ 206,097,657	\$ 207,807,510	\$ 217,003,182

*2013 has been restated to comply with GASB 65.

Savannah Airport Commission

Major Employers in Primary Air Trade Area Current Year and Nine Years Ago

Employer	2017	2008
	Employees	Employees
Gulfstream Aerospace Corporation	9,878	5,400
Ft. Stewart/Hunter Army Airfield	5,773	3,942
Savannah-Chatham County Board of Education	5,654	4,750
Memorial Health University Medical Center	4,775	4,989
St. Joseph's/Candler Health System	3,400	3,323
City of Savannah	2,468	2,500
Savannah College of Art & Design	1,886	1,500
Chatham County	1,600	1,400
Georgia Ports Authority	1,080	*
Armstrong State University	886	*
Walmart	*	2,951
Momentum Resources II, Inc.	*	1,437

Source: The Savannah Area Chamber of Commerce and The Savannah Economic Development Authority .

*Employer was not considered top ten major employers in respective year.

Savannah Airport Commission

Revenue Bond Coverage Last Ten Calendar Years (Thousands of Dollars)

Year	Gross Revenue	Total Expenses (Excluding Depreciation & Interest)	Net Revenue Available for Debt Service	Current Revenue Bond Debt Service				Coverage
				Principal	Interest	Total		
2008	\$ 25,179	\$ 16,256	\$ 8,923	\$ 1,955	\$ 1,098	\$ 3,053	2.92	
2009	\$ 23,663	\$ 15,941	\$ 7,722	\$ 2,050	\$ 1,006	\$ 3,056	2.53	
2010	\$ 24,058	\$ 16,356	\$ 7,702	\$ 2,155	\$ 904	\$ 3,059	2.52	
2011	\$ 24,134	\$ 16,541	\$ 7,593	\$ 2,275	\$ 688	\$ 2,963	2.56	
2012	\$ 24,768	\$ 17,728	\$ 7,040	\$ 2,350	\$ 537	\$ 2,887	2.44	
2013*	\$ 26,131	\$ 17,789	\$ 8,342	\$ 2,445	\$ 443	\$ 2,888	2.89	
2014	\$ 27,707	\$ 19,809	\$ 7,898	\$ 2,390	\$ 345	\$ 2,735	2.89	
2015	\$ 29,181	\$ 21,948	\$ 7,233	\$ 2,705	\$ 261	\$ 2,966	2.44	
2016	\$ 31,416	\$ 23,319	\$ 8,097	\$ 2,845	\$ 125	\$ 2,970	2.73	
2017	\$ 33,867	\$ 23,191	\$ 10,676	\$ 0	\$ 0	\$ 0	0.00	

*2013 has been restated to comply with GASB 65.

Gross revenue excludes passenger facility charges included in non-operating revenue and capital contributions of \$10,550,442 in 2017 and \$5,067,970 in 2016.

<i>Years ended December 31,</i>	2008	2009	2010	2011
Ratio of authority issued Revenue Bond debt service to total expenses				
Principal	\$ 1,955,000	\$ 2,050,000	\$ 2,155,000	\$ 2,275,000
Interest	1,097,623	1,005,643	903,999	687,586
Total debt service	\$ 3,052,623	\$ 3,055,643	\$ 3,058,999	\$ 2,962,586
Total expenses	\$ 25,777,574	\$ 26,508,472	\$ 27,027,671	\$ 27,103,107
Ratio of debt service to total expenses	12%	12%	11%	11%
Debt service per enplaned passenger				
Net debt service	\$ 3,052,623	\$ 3,055,643	\$ 3,058,999	\$ 2,962,586
Enplaned passengers	988,929	821,216	835,728	817,631
Debt service per enplaned passenger	\$ 3.09	\$ 3.72	\$ 3.66	\$ 3.62
Debt limit per enplaned passenger				
Debt limit	No limit	No limit	No limit	No limit
Enplaned passengers	988,929	821,216	835,728	817,631
Debt limit per enplaned passenger	N/A	N/A	N/A	N/A
Outstanding debt per enplaned passenger				
Revenue bonds	\$ 20,318,797	\$ 18,192,658	\$ 15,961,519	\$ 13,752,306
Notes payable	-	-	-	-
Total outstanding debt	\$ 20,318,797	\$ 18,192,658	\$ 15,961,519	\$ 13,752,306
Outstanding debt per enplaned passenger	\$ 21	\$ 22	\$ 19	\$ 17

Savannah Airport Commission

Ratios of Outstanding Debt

2012		2013*		2014		2015		2016		2017	
\$	2,350,000	\$	2,445,000	\$	2,390,000	\$	2,705,000	\$	2,845,000	\$	-
	536,838		442,838		345,038		260,600		125,350		-
\$	2,886,838	\$	2,887,838	\$	2,735,038	\$	2,965,600	\$	2,970,350	\$	-
\$	28,100,731	\$	28,660,987	\$	30,169,223	\$	33,411,403	\$	34,773,860	\$	35,222,270
	10%		10%		9%		9%		9%		0%
\$	2,886,838	\$	2,887,838	\$	2,735,038	\$	2,965,600	\$	2,970,350	\$	0
	814,496		823,494		963,385		1,017,065		1,089,222		1,229,083
\$	3.54	\$	3.51	\$	2.84	\$	2.92	\$	2.73	\$	0.00
	No limit 814,496 N/A		No limit 823,494 N/A		No limit 963,385 N/A		No limit 1,017,065 N/A		No limit 1,089,222 N/A		No limit 1,229,083 N/A
\$	11,154,124	\$	8,460,942	\$	5,822,760	\$	2,981,380	\$	-	\$	-
	-		-		-		-		-		-
\$	11,154,124	\$	8,460,942	\$	5,822,760	\$	2,981,380	\$	-	\$	-
\$	14	\$	10	\$	6	\$	3	\$	-	\$	-

* 2013 has been restated to comply with GASB 65.

Savannah Airport Commission

Demographic Statistics Last Ten Calendar Years

Year	Population (1)	Chatham County Per Capita Income (1)	Personal Income (000's) (1)	School Enrollment (2)	Unemployment Rate (3)
2008	255,269	\$ 37,850	\$ 9,407,040	33,962	8.10
2009	262,122	\$ 41,022	\$ 10,303,000	34,500	8.70
2010	265,128	\$ 40,178	\$ 10,325,000	35,362	9.00
2011	271,544	\$ 38,748	\$ 10,295,000	35,355	8.70
2012	276,434	\$ 41,480	\$ 11,263,750	36,794	7.40
2013	280,359	\$ 41,804	\$ 11,556,179	37,487	6.20
2014	278,434	\$ 41,859	\$ 11,655,003	38,375	5.50
2015	283,379	\$ 40,872	\$ 11,582,152	37,059	5.50
2016	286,956	\$ 42,115	\$ 12,085,072	38,033	5.00
2017	289,082	\$ 43,076	\$ 12,452,599	37,335	4.00

Sources: (1) Bureau of Economic Analysis
 (2) Savannah-Chatham County Board of Education
 (3) State Department of Labor

Savannah Airport Commission

Industry Specific Trend Data Last Ten Calendar Years

Year	Enplanements	Deplanements	Total Passengers	Available Seats	Load Factor
2008	988,929	981,036	1,969,965	1,319,254	75%
2009	821,216	829,167	1,650,383	1,093,625	75%
2010	835,723	817,574	1,653,297	1,091,052	77%
2011	817,631	794,808	1,612,439	1,084,319	75%
2012	814,496	797,504	1,612,000	1,034,307	79%
2013	823,494	818,594	1,642,088	1,041,740	79%
2014	963,385	953,176	1,916,561	1,172,334	82%
2015	1,017,065	1,010,197	2,027,262	1,214,145	84%
2016	1,089,222	1,101,184	2,190,406	1,333,669	82%
2017	1,229,083	1,234,358	2,463,441	1,501,797	82%

Source: Savannah Airport Commission, Finance Department.

	2017	Percent of Total 2017	2016	Percent of Total 2016
Airline				
Delta Airlines	449,293	29.68%	437,725	32.46%
PSA (American)	206,144	13.62%	215,003	15.94%
JetBlue	152,751	10.09%	144,815	10.74%
Allegiant Airlines	101,503	6.71%	69,803	5.18%
Endeavor (Delta)	82,856	5.47%	55,621	4.12%
United Airlines	79,087	5.22%	6,926	0.51%
American Airlines	64,716	4.28%	4,877	0.36%
Express Jet (United)	47,792	3.16%	79,769	5.92%
Express Jet (Delta)	44,852	2.96%	40,219	2.98%
Mesa (United)	38,198	2.52%	33,969	2.52%
Envoy Air (American)	37,289	2.46%	47,312	3.51%
Air Wisconsin (American)	19,787	1.31%	22,936	1.70%
Trans States (American)	13,481	0.89%	-	-
CommutAir (United)	13,352	0.88%	13,360	0.99%
GoJet (Delta)	13,282	0.88%	40,063	2.97%
Republic (American)	12,744	0.84%	17,056	1.26%
Sky West (United)	12,336	0.81%	7,033	0.52%
Air Wisconsin (United)	9,259	0.61%	-	-
Piedmont (American)	8,933	0.59%	859	0.06%
Republic (United)	8,742	0.58%	11,963	0.89%
Air Canada	8,436	0.56%	-	0.00%
GoJet (United)	6,432	0.42%	2,077	0.15%
Sun Country	6,091	0.40%	7,987	0.59%
Trans States (United)	4,250	0.28%	6,431	0.48%
Shuttle America (United)	1,808	0.12%	578	0.04%
Republic (Delta)	1,628	0.11%	-	-
SkyWest (Delta)	150	0.01%	-	-
Shuttle America (Delta)	-	-	9,822	0.73%
Mesa (American)	-	-	6,093	0.45%
Express Jet (American)	-	-	-	-
Compass (Delta)	-	-	-	-
Chautauqua (American)	-	-	-	-
Pinnacle (Delta)	-	-	-	-
Continental	-	-	-	-
Comair (Delta)	-	-	-	-
US Airways Express	-	-	-	-
Chautauqua (Delta)	-	-	-	-
Vision Airlines	-	-	-	-
Pinnacle Airlines	-	-	-	-
AirTran Airlines	-	-	-	-
Northwest Airlines	-	-	-	-
Total scheduled	1,445,192	95.48%	1,282,297	95.09%
Total non-scheduled	5,719	0.37%	3,154	0.23%
Cargo carriers				
Federal Express	51,678	3.41%	52,074	3.86%
Air Cargo Carriers	7,009	0.46%	6,369	0.47%
Suburban Air Freight	3,458	0.23%	3,912	0.29%
Sky Way Enterprises	592	0.04%	679	0.05%
Martinaire, Inc.	35	0.00%	36	0.00%
Wiggins Airways	-	-	13	0.00%
Ram Air Freight	-	-	-	-
Air Now	-	-	-	-
DHL Express	-	-	-	-
Total cargo	62,772	4.15%	63,083	4.68%
Grand total	1,513,683	100.00%	1,348,534	100.00%

Source: PASSUR, passive radar software.

Savannah Airport Commission

Airline Landed Weights (1,000 lbs.) 2008 - 2017

2015	2014	2013	2012	2011	2010	2009	2008
437,487	409,511	414,153	415,927	395,480	314,574	309,843	457,462
213,920	85,836	86,597	88,326	58,031	52,395	54,451	55,836
137,908	119,116	-	-	-	-	-	-
17,665	-	-	-	8,648	2,083	-	-
48,590	42,732	-	-	-	-	-	-
-	-	-	-	44,997	17,304	20,069	2,255
260	-	-	-	-	-	-	-
97,412	134,643	131,057	110,595	41,991	58,092	-	-
42,596	55,660	28,034	26,794	27,793	69,302	69,199	5,953
24,522	11,725	8,943	12,596	6,432	25,256	59,232	87,773
25,242	45,709	46,596	48,425	56,540	58,273	66,683	51,826
18,894	35,908	35,767	28,576	15,933	17,625	5,217	8,648
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
41,760	30,485	18,425	9,581	-	-	-	-
3,551	19,480	32,429	47,239	99,827	86,301	80,587	58,622
2,641	-	67	-	-	-	1,206	35,229
-	-	-	-	-	-	-	-
993	888	420	204	684	305	926	2,475
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,180	-	-	-	-	-	-	-
20,781	-	-	4,469	7,892	16,255	34,252	10,084
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	300	1,051	-
819	1,023	20,462	19,759	292	8,755	1,181	3,090
19,831	114,541	124,798	87,675	70,635	79,894	88,198	51,232
6,157	-	-	-	-	-	-	-
-	7,171	28,251	11,557	-	6,147	-	-
-	-	3,277	8,032	255	-	213	2,510
-	-	769	5,276	48,317	45,477	12,300	750
-	-	-	36,107	79,312	82,057	80,720	99,977
-	-	-	8,910	4,430	13,323	61,572	83,289
-	-	-	753	898	7,926	19,788	74,513
-	-	-	298	28,635	36,252	11,914	6,345
-	-	-	-	1,554	-	-	-
-	-	-	-	-	-	24,742	60,583
-	-	-	-	-	-	-	71,432
-	-	-	-	-	-	-	99
1,166,209	1,114,428	980,045	971,099	998,576	997,896	1,003,344	1,229,983
5,367	5,654	2,195	4,812	4,139	5000	4,439	937
54,648	54,252	51,440	42,563	49,068	44,578	45,978	44,800
6,198	6,426	6,606	4,238	6,094	6,232	4,046	-
3,667	3,548	3,487	2,450	2,773	4,294	4,233	-
80	113	51	8,876	2,146	2,408	896	-
263	76	-	988	-	-	-	-
-	-	-	-	-	77	276	-
-	-	-	-	-	-	1,326	3,574
-	-	-	-	-	-	510	26,274
64,856	64,415	61,584	59,115	60,081	57,589	57,265	74,648
1,236,432	1,184,497	1,043,824	1,035,026	1,062,796	1,060,485	1,065,048	1,305,568

	2017	Percent of Total 2017	2016	Percent of Total 2016
<u>Airline</u>				
Delta Airlines	383,335	31.19%	370,076	33.98%
PSA (American)	174,532	14.20%	180,459	16.57%
JetBlue	135,313	11.01%	128,576	11.80%
Allegiant Airlines	94,360	7.68%	63,171	5.80%
Endeavor (Delta)	64,004	5.21%	42,395	3.89%
United Airlines	63,883	5.20%	6,522	0.60%
American Airlines	48,337	3.93%	996	0.09%
Express Jet (United)	46,174	3.76%	78,771	7.23%
Express Jet (Delta)	34,419	2.80%	26,022	2.39%
Envoy Air (American)	32,021	2.61%	42,107	3.87%
Mesa (United)	32,005	2.60%	30,135	2.77%
Air Wisconsin (American)	16,248	1.32%	20,545	1.89%
CommutAir (United)	12,721	1.03%	12,676	1.16%
Trans States (American)	12,523	1.02%	-	-
SkyWest (United)	10,786	0.88%	6,147	0.56%
GoJet (Delta)	10,633	0.87%	29,864	2.74%
Republic (American)	9,855	0.80%	14,318	1.31%
Air Wisconsin (United)	8,732	0.71%	-	-
Piedmont (American)	8,328	0.68%	587	0.05%
Air Canada	7,419	0.60%	-	-
Republic (United)	6,858	0.56%	10,579	0.97%
GoJet (United)	4,783	0.39%	1,586	0.15%
Sun Country	4,053	0.33%	3,431	0.31%
Trans States (United)	3,792	0.31%	6,382	0.59%
Shuttle America (United)	1,142	0.09%	425	0.04%
Republic (Delta)	1,035	0.08%	-	-
Sky West (Delta)	151	0.01%	-	-
Shuttle America (Delta)	-	-	7,883	0.72%
Mesa (American)	-	-	4,880	0.45%
Express Jet (American)	-	-	-	-
Compass (Delta)	-	-	-	-
Chautauqua (American)	-	-	-	-
Pinnacle (Delta)	-	-	-	-
Continental	-	-	-	-
Comair (Delta)	-	-	-	-
Chautauqua (Delta)	-	-	-	-
Vision Airlines	-	-	-	-
US Airways Express	-	-	-	-
Pinnacle Airlines	-	-	-	-
AirTran Airlines	-	-	-	-
Total	1,227,442	99.87%	1,088,533	99.94%
Non-scheduled	1,641	0.13%	689	0.06%
Grand total	1,229,083	100.00%	1,089,222	100.00%

Source: Individual Airlines.

Savannah Airport Commission

Enplaned Passengers 2008 - 2017

2015	2014	2013	2012	2011	2010	2009	2008
386,595	367,560	346,474	346,857	301,000	241,441	247,429	356,262
183,150	74,807	73,237	73,303	51,289	47,225	45,702	44,766
121,577	104,402	-	-	-	-	-	-
17,568	-	-	-	6,578	1,122	-	-
36,185	27,980	-	-	-	-	-	-
-	-	-	-	40,953	16,196	18,762	2,351
28	-	-	-	-	-	-	-
96,384	126,028	119,552	95,592	34,094	48,920	-	-
31,480	36,152	23,438	21,896	25,611	62,067	59,165	4,885
25,127	44,151	45,769	46,386	50,470	49,445	52,665	45,401
20,547	7,902	7,629	8,593	5,410	19,821	48,467	71,374
17,468	30,351	29,982	26,740	14,017	14,576	4,375	7,354
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,267	-	-	-	-	-	1,131	25,877
29,355	22,510	13,488	7,122	-	-	-	-
3,107	17,260	28,020	40,099	77,188	64,578	61,406	50,036
-	-	-	-	-	-	-	-
52	134	100	-	302	8	590	957
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,274	-	-	-	-	-	-	-
20,203	-	-	3,528	6,527	14,917	29,236	9,438
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	255	790	-
671	818	14,549	13,891	285	7,596	1,155	3,070
16,612	98,421	96,914	72,159	58,704	69,174	68,842	38,758
5,304	-	-	-	-	-	-	-
-	4,089	20,866	8,823	-	5,749	-	-
-	-	1,921	5,819	257	-	149	1,859
-	-	644	4,151	44,441	45,211	11,323	660
-	-	-	30,573	66,084	71,114	74,225	87,758
-	-	-	7,263	4,167	11,012	48,627	69,102
-	-	-	258	27,882	40,263	11,459	3,893
-	-	-	-	928	-	-	-
-	-	-	-	-	3,141	11,448	49,370
-	-	-	-	-	-	23,480	52,925
-	-	-	-	-	-	-	62,450
1,015,954	962,565	822,583	813,053	816,187	833,831	820,426	988,546
1,113	820	911	1,443	1,444	1,897	790	383
1,017,067	963,385	823,494	814,496	817,631	835,728	821,216	988,929

Savannah Airport Commission

Aircraft Operations 2008 - 2017

Year	Airlines	Cargo	General Aviation	Military	Total
2008	17,983	23,786	46,173	6,364	94,306
2009	15,572	22,512	50,501	6,621	95,206
2010	14,378	24,173	52,867	8,369	99,787
2011	13,946	24,093	52,746	8,021	98,806
2012	15,150	21,532	45,259	8,385	90,326
2013	15,332	20,554	41,778	7,294	84,958
2014	18,121	20,543	38,648	7,778	85,090
2015	20,042	19,101	40,486	9,062	88,691
2016	23,597	19,405	42,132	7,546	92,680
2017	24,878	20,273	41,503	8,173	94,827

Annual Compounded Growth

2008 - 2017	3.67%	-1.76%	-1.18%	2.82%	0.06%
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Source: FAA

Savannah Airport Commission

Airlines Serving the Savannah/Hilton Head International Airport

PRIMARY CARRIERS

Air Canada
Allegiant
American
Delta
JetBlue
Sun Country
United

AFFILIATE CARRIERS

Air Wisconsin d/b/a American
Air Wisconsin d/b/a United
CommutAir d/b/a United
Endeavor d/b/a Delta
Envoy d/b/a American
Express Jet d/b/a Delta
Express Jet d/b/a United
GoJet d/b/a Delta
GoJet d/b/a United
Mesa d/b/a/United
Piedmont d/b/a American
PSA d/b/a American
Republic d/b/a American
Republic d/b/a Delta
Republic d/b/a United
Shuttle America d/b/a United
SkyWest d/b/a Delta
SkyWest d/b/a United
Trans States d/b/a American
Trans States d/b/a United

ALL CARGO CARRIERS

Air Cargo Carriers
Federal Express
Martinaire Aviation
Suburban Air Freight
Sky Way Enterprises

Customer Name	Revenue From Customers 2017	Percentage of Total Revenue 2017	Revenue From Customers 2016	Percent of Total Revenue 2016	2015
PARKING	\$ 7,704,748	27.56%	\$ 7,024,263	27.41%	\$ 6,508,041
DELTA AIRLINES	\$ 4,357,879	15.59%	\$ 4,366,076	17.03%	\$ 4,409,800
AMERICAN AIRLINES	\$ 1,964,732	7.03%	\$ 1,344,446	5.25%	\$ 1,396,281
GULFSTREAM	\$ 1,617,650	5.79%	\$ 1,636,155	6.38%	\$ 1,558,964
VANGUARD CAR RENTAL	\$ 1,464,041	5.24%	\$ 1,349,645	5.27%	\$ 1,272,924
HERTZ RENT A CAR	\$ 1,323,888	4.74%	\$ 1,197,321	4.67%	\$ 1,170,657
UNITED AIRLINES	\$ 1,292,175	4.62%	\$ 1,009,661	3.94%	\$ 985,201
JETBLUE	\$ 1,250,191	4.47%	\$ 1,062,944	4.15%	\$ -
PARADIES	\$ 895,408	3.20%	\$ 776,391	3.03%	\$ 663,623
ENTERPRISE	\$ 892,747	3.19%	\$ 764,941	2.98%	\$ 706,456
HOST, INC	\$ 824,900	2.95%	\$ 787,693	3.07%	\$ 707,620
TSA	\$ 692,354	2.48%	\$ 252,156	0.98%	\$ 255,975
AVIS RENT A CAR	\$ 672,371	2.41%	\$ 661,366	2.58%	\$ 611,229
BUDGET CAR RENTAL	\$ 611,873	2.19%	\$ 541,795	2.11%	\$ 574,587
PSA AIRLINES	\$ 597,812	2.14%	\$ 602,004	2.35%	\$ 577,580
SIGNATURE FLIGHT SUPPORT	\$ 483,592	1.73%	\$ 513,339	2.00%	\$ 552,978
CHATHAM CO. MOSQ CONTROL	\$ 394,080	1.41%	\$ 391,388	1.53%	\$ 388,696
THRIFTY	\$ 346,053	1.24%	\$ 362,843	1.42%	\$ 327,884
FEDERAL EXPRESS	\$ 319,481	1.14%	\$ 260,810	1.02%	\$ 249,259
ENDEAVOR AIRLINES - DELTA	\$ 248,415	0.89%	\$ -	-	\$ -
US AIRWAYS	\$ -	-	\$ 504,942	1.97%	\$ 510,020
DOLLAR RENT A CAR	\$ -	-	\$ 219,894	0.86%	\$ 209,125
ASA - UNITED	\$ -	-	\$ -	-	\$ 263,020
MESA-US AIRWAYS	\$ -	-	\$ -	-	\$ -
GOODWILL INDUSTRIES	\$ -	-	\$ -	-	\$ -
AMERICAN EAGLE	\$ -	-	\$ -	-	\$ -
EXPRESS JET-UNITED	\$ -	-	\$ -	-	\$ -
CONTINENTAL EXPRESS	\$ -	-	\$ -	-	\$ -
MESA-UNITED	\$ -	-	\$ -	-	\$ -
REPUBLIC AIRLINES	\$ -	-	\$ -	-	\$ -
ASA-DELTA CONNECTION	\$ -	-	\$ -	-	\$ -
AIRTRAN AIRWAYS	\$ -	-	\$ -	-	\$ -
COMAIR	\$ -	-	\$ -	-	\$ -

*Alamo and National merged in 2002 becoming Vanguard, ANC Car Rental.

** During 2009 the contract for Standard Parking expired. The parking garage is managed internally.

Source: Savannah Airport Commission, Finance Department.

Savannah Airport Commission

Principal Customers

	2014	2013	2012	2011	2010	2009	2008
\$	6,017,762	\$ 5,260,004	\$ 5,090,084	\$ 5,069,763	\$ 5,021,958	\$ 5,104,720	\$ 6,290,983
\$	4,269,161	\$ 4,321,510	\$ 4,137,592	\$ 3,901,914	\$ 3,265,473	\$ 2,738,673	\$ 2,491,672
\$	1,444,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	1,603,327	\$ 1,333,438	\$ 809,977	\$ 458,043	\$ 523,246	\$ 841,326	\$ 774,954
\$	969,881	\$ 767,753	\$ 803,237	\$ 817,442	\$ 906,650	\$ 766,853	\$ 745,783
\$	1,205,561	\$ 1,071,008	\$ 1,019,274	\$ 984,063	\$ 1,063,263	\$ 809,929	\$ 961,052
\$	1,090,830	\$ 1,208,256	\$ 537,657	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	679,311	\$ 547,145	\$ 566,346	\$ 559,506	\$ 527,667	\$ 503,995	\$ 623,988
\$	648,022	\$ 633,847	\$ 576,510	\$ 522,201	\$ 523,937	\$ 372,726	\$ 318,859
\$	611,152	\$ 511,211	\$ 483,713	\$ 481,628	\$ 451,941	\$ 436,546	\$ 554,488
\$	245,247	\$ 245,674	\$ 231,165	\$ 246,121	\$ 322,992	\$ -	\$ -
\$	621,366	\$ 556,467	\$ 579,394	\$ 594,835	\$ 640,891	\$ 539,353	\$ 625,343
\$	650,412	\$ 534,221	\$ 533,998	\$ 511,930	\$ 565,758	\$ 457,249	\$ 562,422
\$	223,369	\$ 217,013	\$ 212,482	\$ -	\$ -	\$ -	\$ -
\$	497,662	\$ 668,386	\$ 698,769	\$ 674,465	\$ 706,978	\$ 656,222	\$ 595,720
\$	386,004	\$ 383,312	\$ 380,620	\$ 378,467	\$ 376,313	\$ 374,259	\$ 372,006
\$	363,853	\$ 289,152	\$ 274,995	\$ 240,731	\$ 354,420	\$ -	\$ 300,477
\$	256,063	\$ 462,028	\$ 431,745	\$ 439,845	\$ 420,431	\$ 420,864	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	710,666	\$ 1,738,024	\$ 1,594,722	\$ 1,471,922	\$ 1,128,906	\$ 669,034	\$ 641,262
\$	223,342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	349,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	297,798	\$ 311,991	\$ 210,414	\$ 162,457	\$ 284,567	\$ 490,780	\$ -
\$	211,446	\$ 214,926	\$ 234,534	\$ 234,534	\$ -	\$ -	\$ -
\$	-	\$ 749,316	\$ 721,951	\$ 780,517	\$ 639,325	\$ 664,881	\$ 370,834
\$	-	\$ 328,357	\$ 337,242	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ 434,778	\$ 838,507	\$ 798,798	\$ 711,378	\$ 633,977
\$	-	\$ -	\$ 398,304	\$ 694,558	\$ 600,664	\$ 580,607	\$ 521,219
\$	-	\$ -	\$ -	\$ 229,601	\$ 282,057	\$ 452,333	\$ -
\$	-	\$ -	\$ -	\$ -	\$ 262,115	\$ 439,794	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 469,323
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,252

Savannah Airport Commission

Miscellaneous Statistical Information

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Date of incorporation - 1952										
Employees										
Number of employees	170	182	173	171	175	172	184	196	201	204
Terminal building	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641 SF	352,641
Land owner	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres	3,638 acres
Airport business center	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF	112,000 SF
Runways										
Runway 9/27	9,351 ft x 150 ft	-	-	-	-	-	-	-	-	-
Runway 18/36	7,002 ft x 150 ft	-	-	-	-	-	-	-	-	-
Runway 10/28	-	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft	9,351 ft x 150 ft
Runway 19/1	-	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft	7,002 ft x 150 ft
Total gates	15	15	15	15	15	15	15	15	15	15
Terminal gates in use	10	8	8	8	8	8	9	10	11	12
Number of airlines serviced	20	21	22	22	21	17	16	21	24	27
Number of rental car agencies on property	7	7	7	7	7	7	8	8	8	8
Number of taxi/limousine companies servicing airport	79	66	63	65	72	79	80	76	76	71
Number of concessionaires in terminal building	16	16	16	18	17	17	17	17	18	19
Number of public parking spaces	3,954	3,954	3,954	3,954	3,954	3,954	3,914	3,924	3,924	3,924

Source: Savannah Airport Commission, Finance Department

Compliance Section

Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

Independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

Independent auditor's report on compliance with the revenue use requirements of 49 U.S.C. section 47107(B) and the Federal Aviation Administration's policy and procedures regarding the use of airport revenues.

Independent auditor's report on compliance with requirements applicable to the passenger facility charge program and on internal control over compliance.





**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Commissioners
Savannah Airport Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Savannah Airport Commission (the Commission) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectively submitted,

Hancock Asken + Co., LLP

Savannah, Georgia
June 29, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Commissioners
Savannah Airport Commission

Report on Compliance for Each Major Federal Program

We have audited the compliance of Savannah Airport Commission (the Commission) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, Savannah Airport Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Savannah, Georgia
June 29, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REVENUE USE
REQUIREMENTS OF 49 U.S.C. SECTION 47107(B) AND THE FEDERAL AVIATION
ADMINISTRATION'S POLICY AND PROCEDURES REGARDING THE USE OF
AIRPORT REVENUES**

The Commissioners
Savannah Airport Commission

We have audited the basic financial statements of the Savannah Airport Commission as of and for the year ended December 31, 2017, and have issued our report thereon dated June 29, 2018.

Compliance

We have audited the compliance of the Savannah Airport Commission with the revenue use requirements of 49 U.S.C. Section 47107(B) and the Federal Aviation Administration's Policy and Procedures Regarding the Use of Airport Revenues. Compliance with these requirements is the responsibility of the Savannah Airport Commission's management. Our responsibility is to express an opinion on the Savannah Airport Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Savannah Airport Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Savannah Airport Commission's compliance with those requirements.

In our opinion, the funds paid and property or services transferred from the Savannah Airport Commission were paid or transferred in a manner consistent with 49 U.S.C. Section 47107(B) and the Federal Aviation Administration's Policy and Procedures Regarding the Use of Airport Revenues for the year ended December 31, 2017.

Internal Control over Compliance

The management of the Savannah Airport Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of 49 U.S.C. Section 47107(B) and the Federal Aviation Administration's Policy and Procedures Regarding the Use of Airport Revenues. In planning and performing our audits, we considered the Savannah Airport Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Uniform Guidance.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Restricted Use

This report is intended solely for the information and use of the Commissioners of the Savannah Airport Commission, management, the United States Department of Transportation, the Federal Aviation Administration, and the Georgia Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Hancock Asken & Co., LLP

Savannah, Georgia
June 29, 2018

**SAVANNAH
HILTON HEAD**
INTERNATIONAL 

Savannah Airport Commission

Schedule of Expenditures of Federal Awards

December 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor Numbers	Amount of Federal Expenditures
Capital contributions			
Federal Department of Transportation Federal Aviation Administration Airport Improvement Program	20.106*	N/A	\$ 5,535,263
			\$ 5,535,263

*Major program as defined by United States Office of Management and the Uniform Guidance.

Savannah Airport Commission

Notes to Schedule of Expenditures of Federal Awards

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Commission. The Commission's reporting entity is defined in Note 1 to the Commission's basic financial statements. All federal awards received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Commission's basic financial statements. The Commission accounts for this federal financial assistance as non-operating revenue.

3. Relationship to Financial Statements

Federal program award revenues are reported as non-operating revenue in the Commission's basic financial statements as federal construction grants in the amount of \$5,535,263.

4. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with amounts reported in the related federal financial reports.

Savannah Airport Commission

Schedule of Findings and Questioned Costs

Year ended December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unmodified

Internal control over financial reporting

Material weakness identified? _____ yes X no

Significant deficiency identified not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs

Material weakness identified? _____ yes X no

Significant deficiency identified not considered to be material weakness? _____ yes X none reported

Type of auditor's report issued on compliance for major programs unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section .510(a)? _____ yes X no

Identification of major programs

CFDA Number

Name of Federal Programs

20.106

Federal Aviation Administration - Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings

None reported



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE**

The Commissioners
Savannah Airport Commission

Compliance

We have audited the compliance of the Savannah Airport Commission (the Commission) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), for its Passenger Facility Charge program for the year ended December 31, 2017. Compliance with the requirements of laws and regulations applicable to its Passenger Facility Charge is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, Savannah Airport Commission has complied, in all material respects, with the requirements referred to above that are applicable to its Passenger Facility Charge program for the year ended December 31, 2017.

Internal Control over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the Passenger Facility Charge program. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on the Passenger Facility Charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Restricted Use

This report is intended solely for the information and use of the Commissioners of the Savannah Airport Commission, management, the United States Department of Transportation, the Federal Aviation Administration, and the Georgia Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Hancock Asken & Co., LLP

Savannah, Georgia
June 29, 2018

Savannah Airport Commission

Schedule of Passenger Facility Charges

	For the year ended December 31, 2017	Cumulative as of December 31, 2017
PFC income		
PFC revenue	\$ 4,755,499	\$ 75,467,443
Interest	468	837,381
Total PFC income	4,755,967	76,304,824
Expenditures		
Gilbert Southern - Apron	-	316,549
Dunn Const. inv #3,6,7, 10-17	-	780,771
Palmetto Pile Driving	-	221,395
Montgomery Elevators inv #1-6, 10-11	-	394,000
Consultant/professional fees	-	581,242
Federal Sign inv #1	-	27,995
Higgerson inv #26	-	298,474
Bank of NY - Debt Svc 92 Bonds/2001 Bond Ref.	-	42,939,056
Helipad	-	60,177
HNTB AIP 20	-	34,633
Ballenger AIP 21	-	167,577
Head, Inc. inv #1-11, AIP 24	-	515,235
North/South perimeter fence - AIP 24	-	4,429
North/South perimeter fence - Non AIP	-	195,905
Phoenix Constr (SAC reimb) AIP 26 T/W E	-	244,628
FAA AIP 26 T/W E cables	-	1,735
J.M. Miles AIP 27 fire station inv #1-15	-	92,547
Wilbur Smith AIP 27 fire station	-	2,283
Ricondo & Assoc. PFC application	-	12,849
RC Constr inv #1-3 AIP 29 T/W C	-	47,020
Greiner (SAC reimb) AIP 29 T/W C	-	3,506
SAC reimb labor - AIP 29 T/W C	-	12,631
S & ME AIP29 R/W 18/36	-	181
RC Constr inv #1-7 AIP 29 R/W 18/36	-	102,619
Greiner (SAC reimb) AIP 29 R/W 18/36	-	6,695
AAAE (SAC reimb) AIP R/W 18/36 (ANTN)	-	484
SAC reimb-labor/testing AIP 29 R/W 18/36	-	2,742
Greiner AIP 30 GA TWY #3	-	6,222
S&ME AIP 30 GA TWY #3	-	11
Adel Steel AIP 30 GA TWY #3	-	50,000
R.B. Baker AIP 30 GA TWY #3 inv 1-8	-	49,026
SAC reimb-labor/admin AIP 30 GA TWY #3	-	1,625
TWY A-SAC reimb-labor	-	3,712
TWY A-AIP 30 - Greiner	-	16,777
TWY A-AIP 33 - URS Corp. (Greiner)	-	1,814
TWY A-AIP 33 - Triangle inv #1-13	-	346,833

Savannah Airport Commission

Schedule of Passenger Facility Charges (cont.)

	For the year ended December 31, 2017	Cumulative as of December 31, 2017
TWY A-AIP 33-S & ME	-	2,000
Sweeper	-	100,000
Airfield light control	-	229,540
Terminal Apron - AIP 33 - Triangle inv #4-10	-	144,424
Terminal Apron - AIP 33-URS	-	652
Terminal Apron - AIP 33-S & ME	-	987
Terminal Apron - AIP 33-SAC reimb	-	64,839
Buildout gate 9 & 10-SAC reimb	-	532,393
GA TWY #2 Triangle inv #8-10	-	110,405
GA TWY #2 URS	-	2,390
GA TWY #2 - S&ME	-	1,180
GA TWY #2 - SAC reimb	-	178,382
Loading bridges (purchase 6 FMC)	-	829,960
Loading bridges FMC (reimb SAC)	-	1,003,162
Ricondo & Assoc. - PFC application #4 reimb SAC	-	25,972
T/W "F" AIP 34 - Shamrock	-	158,501
T/W "F" AIP 34 - URS	-	1,786
T/W "F" AIP 34 - S & ME	-	1,188
T/W "F" AIP 34 - reimb SAC	-	7,699
Air cargo apron AIP 34 - Shamrock	-	83,354
Air cargo apron AIP 34 - URS	-	595
Air cargo apron AIP 34 - S & ME	-	396
Air cargo apron AIP 34 - reimb SAC	-	1,905
PAPI AIP 34 - Shamrock	-	8,266
Ricondo & Assoc. - PFC application #5 - reimb SAC	-	16,000
AAAE Interactive Training - reimb SAC (appl. #5)	-	38,000
Fingerprint machine - reimb SAC (appl. #5)	-	2,272
So. Baggage carousel - reimb SAC (appl. #5)	-	245,519
Valet bag lists - reimb SAC (appl. #5)	-	237,714
Ammo bunker AIP 36 - Ogeechee River Mitigation	-	23,920
Ammo bunker AIP 36 - R.B. Baker	-	230,105
Ammo bunker AIP 36 - reimb SAC	-	23,720
Ammo bunker AIP 36 - MACTEC	-	32
SW quad access road AIP 36 R.B. Baker	-	172,117
SW quad access road AIP 36 reimb SAC	-	32,210
SW quad access road AIP 36 - URS	-	990
Escalator #1A (appl. #4)	-	148,818
Escalator #1A (appl. #4) reimb SAC	-	4,227
Purchase/renovate loading bridges (appl. #5)	-	909,988
Purchase/renovate loading bridges reimb SAC	-	26
Flight information display system (appl. #5)	-	764,073
Design & construct GA taxiways (appl. #5)	-	134,240
Relocate airfield lighting controls ATCT AIP 38 SAC reimb	-	10,988

Savannah Airport Commission

Schedule of Passenger Facility Charges (cont.)

	For the year ended December 31, 2017	Cumulative as of December 31, 2017
General aviation connector taxiways (AIP 39+40) R.B. Baker	-	3,938
General aviation connector taxiways (AIP 39+40) URS	-	250
General aviation connector taxiways (AIP 39+40) SAC reimb	-	70,950
Runway safety area impr (AIP 39)-R B Baker (appl. #6)	-	703
Runway safety area impr (AIP 39)-SAC reimb (appl. #6)	-	6,015
Airfield lighting impr - vault (phase 1& 2)-Baker (AIP 39&40)	-	692
Airfield lighting impr - vault (phase 1& 2) Choate (AIP 39 & 40)	-	8,100
Airfield lighting impr - vault (phase 1& 2) SAC reimb PFC Overpd Choate. (AIP 39 & 40)	-	(1,303)
Airfield lighting impr - vault (phase 1& 2) SAC reimb	-	188,180
Terminal expansion (AIP 40) Ruth & Dun.(appl. #6)	-	3,825
Terminal expansion (AIP 40) - SAC reimb. (appl. #6)	-	294,406
Terminal expansion (AIP 40) - Choate (appl. #6)	-	926,095
Terminal expansion (AIP 40) - Griffin (appl. #6)	-	1,037
Terminal expansion (AIP 40) - BMW Archite (appl. #6)	-	718
Terminal expansion (AIP 40) - SAC reimb for BMW Archite (appl. #6)	-	896
Terminal expansion (AIP 40) - URS (appl. #6)	-	25,631
Terminal expansion (AIP 40) - Bldg & Earth (appl. #6)	-	2,728
Terminal expansion (AIP 40) - Alltel System Group (appl. #6)	-	7,355
Terminal expansion (AIP 40) - skinner nurseries (appl. #6)	-	350
Terminal expansion (AIP 40) home depot plants (appl. #6)	-	464
Apron expansion (AIP 40) - SAC reimb (appl. #6)	-	157,087
Apron expansion (AIP 40) - URS (appl. #6)	-	1,619
Apron expansion (AIP 40) - RC constr (appl. #6)	-	486,384
Loading bridges (6) and bag lifts (4) (appl. #6) FMC	-	1,990,247
Loading bridges (6) and bag lifts (4) (appl. #6) REIMB SAC	-	36,562
Replace ARFF bridge (AIP 39) - R.B. Baker (appl. #6)	-	1,671
Replace ARFF bridge (AIP 39) SAC reimb. (appl. #6)	-	14,649
Runway redesignation - URS	-	663
Runway redesignation - RC Construction	-	29,263
Runway redesignation - reimb SAC	-	36,160
Relocate runway 36 localizer - URS	-	543
Relocate runway 36 localizer - Aubrey Silvey	-	6,088
Relocate runway 36 localizer - SAC reimb	-	28,579
Security enhancements SAC reimb (appl. #6)	-	72,915
Security enhancements Johnson (appl. #6)	-	12,746

Savannah Airport Commission

Schedule of Passenger Facility Charges (cont.)

	For the year ended December 31, 2017	Cumulative as of December 31, 2017
Security enhancements URS (appl. #6)	-	204
PFC implementation and admin - SAC reimb (appl. #6)	-	55,834
Taxiway E milling (AIP 40) Eagle Grooving (appl. #6)	-	2,945
Taxiway E milling (AIP 40) URS (appl. #6)	-	248
Taxiway E milling (AIP 40) SAC reimb (appl. #6)	-	3,674
Rehabilitate runway shoulders RC Construction (appl. #7)	-	40
Rehabilitate runway shoulders reimb SAC (appl. #7)	-	21,685
Construct taxiway SW Quad reimb SAC (appl. #7)	-	45,995
ALP update (appl. #7) URS	-	155,419
ALP update (appl. #7) reimb SAC URS	-	5,646
Taxiway B extension (appl. #7) URS	-	3,264
Taxiway B extension (appl. #7) Harbor	-	112,777
Taxiway B extension (appl. #7) SAC ck13511 reimb PFC fund - Harbor & reimb SAC	-	(6,822)
Taxiway B extension (appl. #7) reimb SAC	-	94,670
Taxiway C-2 (appl. #7) Harbor	-	214,356
Harbor & reimb SAC	-	24,370
Update main communication system (appl. #7) Motorola	-	223,703
PFC implementation and admin - SAC reimb (appl. #7)	-	47,520
Pre cool 9 - jet bridges Misc City of SAV advertise	-	497
Pre cool 9 - jet bridges reimb SAC	-	109,722
Bio script 15 board bridges doors Johnson Control	-	144,760
Bio script 15 board bridges doors URS	-	3,154
Bio script 15 board bridges doors - reimb SAC	-	4,742
Runway 18/36 extension reimb. SAC URS Design Cost	-	74,111
NAVAIDS - URS (appl. #7)	-	30,464
NAVAIDS - FAA (appl. #7)	-	201,921
NAVAIDS - reimb SAC (appl. #7)	-	205,392
Airport Master Plan (PFC #7) - URS	-	51,292
Airport Master Plan (PFC #7) - reimb SAC	-	(20,042)
Asphalt Pavement replace - Runway 19/1 - reimb SAC (PFC #8)	-	69,379
Construct Taxiway A - reimb SAC (appl. #8)	-	169,812
Rehabilitate T/W B2, North end of T/W B, T/W C, T/W E1 - reimb SAC (appl. #8)	-	18,476
GA Connector T/W Site Development North of Terminal RK Contracting	-	270,348
GA Connector T/W Site Development North of Terminal reimb SAC	-	217,423
GA Connector T/W Site Development North of Terminal - ECS	-	27

Savannah Airport Commission

Schedule of Passenger Facility Charges (cont.)

	For the year ended December 31, 2017	Cumulative as of December 31, 2017
Terminal Walkways - reimb SAC- appl. (#8)	-	23,589
Terminal Walkways - Miller - App (#8)	-	6,485
GA Taxiway 4 & 5 - reimb SAC (appl.#8)	-	18,639
PFC appl. #8 Implementation & Admin - reimb SAC	-	27,921
EA North Development - appl. #8 - reimb SAC	-	18,982
Surface Painted Holding Position Signs - reimb SAC - appl. #8	-	185,020
CCTV System Replacement - reimb SAC App (#8)	-	61,421
CCTV System Replacement - Coastal Digital	-	33
CCTV System Replacement - URS & I System Corp	-	861,066
PC Air Hose Upgrades - Twist In	-	186,480
PC Air Hose Upgrades - Twist In - reimb SAC	-	23,520
PA System Replacement - Alltel System GRP, INC.	-	278,002
PA System Replacement - reimb SAC	-	(2,122)
Two Valet Bag Belts Systems - R.J. Design	-	61,000
AOA Survey - URS	-	62,500
AOA Survey- reimb SAC	-	(12,500)
Tree Removal R/W 10 Approach - reimb SAC	-	155,862
T/W A-NAD - McLendon/URS Constr	-	453,739
T/W A Extension North - Constr - reimb SAC	-	1,500,000
T/W H-NAD - McLendon/URS Constr	-	607,925
Gulfstream - McLendon/URS Constr	-	3,262
Elect Vault - McLendon/URS Constr	-	4,050
Electrical Vault - reimb SAC	-	16,150
Site Mitigations (NAD)	-	60,000
Realign & Construct Gulfstream Rd - Construction - reimb SAC	-	55,033
Realign & Construct Gulfstream Rd - Design - reimb PFC	-	(3,263)
PFC Implementation and Admin.- SAC reimb (appl. #8 & 9)	-	39,600
Lighting 10/28 Runway	-	41,257
Terminal Curbside Canopy Expansion	-	1,407,899
Relocate airfield maintenance road	-	42,978
Runway 1 perimeter road	-	62,557
Taxiway c light replacement	-	32,718
Sealcoat runway 10-28 asphalt and apron shoulders	-	29,187
Runway 28 RSA improvements and road relocations	-	127,066
In-line baggage system	5,540,380	7,033,391
Grooverunway1-19	-	22,054
PFC 10 application costs	-	23,100
Add2aoagates	-	26,954
Runway 28 safety area improvements	-	33,431
Replacement of Boarding Bridges at Gates 7&11	-	1,333,333

Savannah Airport Commission

Schedule of Passenger Facility Charges (cont.)

	For the year ended December 31, 2017	Cumulative as of December 31, 2017
Total expenditure	5,540,380	75,909,844
(Deficit)/income	(784,413)	394,980
Beginning balance	619,884	852,092
Balance at December 31, 2017	\$ (164,529)	\$ 1,247,072

Note - PFC reports to FAA are based on actual collections and do not include accounts receivable, such amounts collected in 2017 are \$4,755,967 and remaining collections unspent as of December 31, 2017 are \$394,980. The deficit reported to FAA as of December 31, 2017 is (\$784,413).

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