

YEARS ENDED DECEMBER 31, 2015 AND 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**SAVANNAH
HILTON HEAD**
INTERNATIONAL

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SAVANNAH AIRPORT COMMISSION

Comprehensive Annual Financial Report Years Ended December 31, 2015 and 2014

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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- Letter of Transmittal
- Air Service Map 2015
- Air Service Map 2014
- Principal Officials
- Organization Chart
- Certificate of Achievement for Excellence in Financial Reporting



SAVANNAH HILTON HEAD INTERNATIONAL



TO: Savannah Airport Commissioners
Airport Attorney

DATE: June 27, 2016

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, 2015. 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 has to 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.

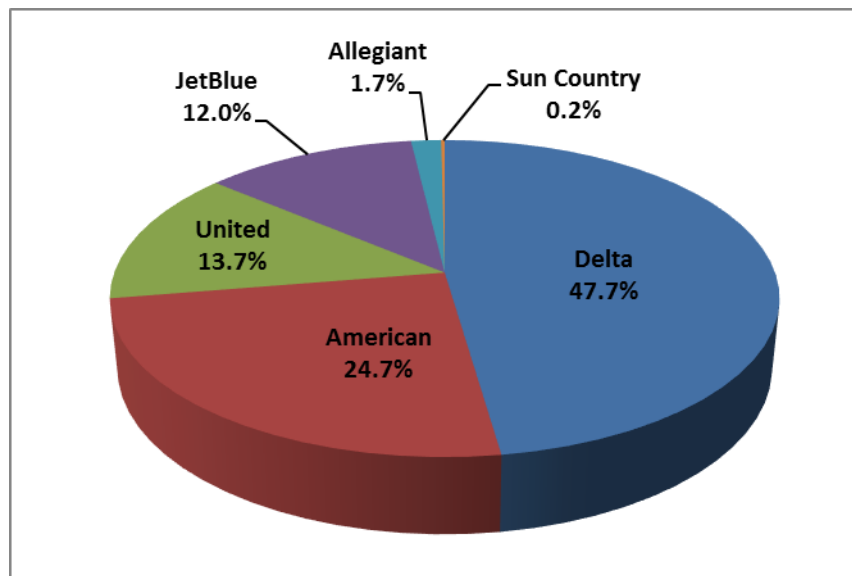
Description of Airport / Reporting Entity

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

2015 was another favorable year for the airline industry. A 6.5% increase in demand for global passenger traffic was seen in 2015 over 2014, which is most likely the result of lower airfares, more routes being offered, and a recovering economy. When looking at U.S. domestic traffic alone, there was a significant increase of 4.9% in air travel in 2015 over 2014. The U.S. domestic traffic load factor for 2015 was 85.4%, which is a record high. The Savannah/Hilton Head International Airport saw another significant increase in available seats, total passengers and enplanements for 2015 vs. 2014. The airlines offered 1,214,269 seats in 2015 vs. the 1,172,334 offered in 2014, an increase of 3.6%. The load factor also increased to 84% in 2015 compared to a load factor of 82% in 2014. Total enplanements for 2015 were 1,017,065 vs. 963,385 for 2014, a significant increase of 5.6%. Total passengers for 2015 were 2,027,262 vs. 1,916,561 for 2014, also a significant increase of 5.8% compared to last year. The number of daily departures remained flat at 41 in 2015 compared to 2014. However, several new seasonal, weekly, and weekend departures were added in 2015. The airlines serving the Savannah/Hilton Head International Airport in 2015 included Delta, American, United, JetBlue, Allegiant, and Sun Country.

The market share for the airlines serving the Airport in 2015 follows:



Delta Air Lines (Delta, Endeavor, Express Jet, Go Jet, and Shuttle America) had a market share of 47.7% for the year, followed by **American Airlines** (American, Air Wisconsin, Envoy, Express Jet, Mesa, Piedmont, PSA, and Republic) with 24.7%; **United** (Express Jet, Mesa, Sky West, and Trans States) captured 13.7%; **JetBlue** took 12% of the market share; **Allegiant** held 1.7%; **Sun Country** had the fewest enplanements with a market share of 0.2%.

Throughout 2015, the Savannah/Hilton Head International Airport and other regional airports across the United States were experiencing the effects of the global economy still working to recover from the recession. In addition, airline mergers and consolidations are continually causing issues for airport growth. However, the Savannah/Hilton Head International Airport has been diligently working to attract new airlines and lower fares to increase passenger traffic and grow the airport. As of December 31, 2015, enplanements were well above 2014, with a significant increase of 5.6% and available seats were up with an increase of 3.6% over 2014. Our budgeted 2016 enplanements show an increase of 2.4% compared to 2015. Our first quarter 2016 enplanements results have already increased by 7.0% compared to 2015. This is most likely a result of additional air carriers serving the airport, additional routes being offered, and lower airfares. Based on our first quarter 2016 load factor of 78.3% and our first quarter enplanements already ending on target, we hope to see yet another large increase in enplanements over the previous year and even possibly surpassing the 2016 budgeted enplanement number of 1,041,000 enplanements.

Airport Highlights

In January of 2015, SAV expanded parking options and opened the Value Park lot.

The Airport Master Plan Document was completed in January of 2015.

The Savannah Airport Commission approved an Intergovernmental Agreement with Chatham County in January of 2015 to receive funding provided by the Georgia Department of Transportation for interim improvements to the access ramps of I-95 at Airways Avenue.

In February of 2015, Allegiant Airlines announced new nonstop, seasonal service to Savannah from three Ohio cities: Akron, Cincinnati and Columbus.

Sun Country Airlines began nonstop, seasonal service to Savannah from Minneapolis/St. Paul in March of 2015.

The Savannah Hilton/Head International Airport hosted the 18th Annual AAAE GIS Conference and Exhibition in March of 2015.

In May of 2015, the Savannah Airport Commission executed the Coastal Regional Metropolitan Planning Organization Memorandum of Understanding with the Metropolitan Planning Commission.

Allegiant Airlines began new nonstop service from Cincinnati/Northern Kentucky International and Akron-Canton to Savannah in May of 2015.

Also during the second quarter of 2015, SAV hosted its first multi-agency active shooter drill with TSA and the U.S. Marines from Parris Island.

The Savannah Hilton/Head International Airport removed and repainted runway hold position markings in June of 2015.

Also in June of 2015, Allegiant Airlines began new low-cost, nonstop, seasonal service between Columbus and Savannah.

In July of 2015, SAC held its first Employee Health and Wellness Fair.

SAV hosted the 4th Annual Chatham County Youth Commission Aviation Day Tour in July of 2015.

In August of 2015, the Savannah Airport Commission executed an operating agreement with Uber Technologies, Inc.

Also in the third quarter of 2015, the Savannah Hilton/Head International Airport hosted the SEADOG/WESTDOG Conference.

The Savannah Airport Commission accepted the Airport Improvement Program (AIP) Grant Offer from the Federal Aviation Administration in the amount of \$3,767,889 for airport development in September of 2015.

Also in September of 2015, SAV hosted the F. Russell Hoyt National Airports Conference (NAC).

In October of 2015, Sun Country Airlines announced plans to continue nonstop seasonal service to SAV in 2016.

The Savannah/Hilton Head International Airport passed the annual FAA Part 139 Inspection during the fourth quarter of 2015.

SAC introduced their second Bomb Detection K-9 Officer, Apollo, in November of 2015.

Also in November of 2015, SAC signed a Sister Airport Agreement with Hartsfield-Jackson Atlanta International Airport.

In December of 2015, SAV hosted the 2nd annual Home for the Holidays contest.

Also in the fourth quarter of 2015, SAV completed the roadway rehabilitation project for Airways Avenue and airport thoroughfares and also the Seal and Coat Runway 10-28 Asphalt Sections and Apron Shoulders Project.

Major Initiatives

The **AIP-54 Entitlement Grant** was awarded on September 16, 2013 in the amount of \$4,450,826. This total is comprised of \$3,750,826 of Entitlement Funds and \$700,000 of Discretionary Funds. The entitlement portion of the AIP-54 grant will provide reimbursement for three projects associated with the North Aviation Development project. These projects include the Extension of Taxiway A, Taxiway H, and the Relighting of Runway 10-28. The discretionary portion of AIP-54 will be used to construct Runway 1 Perimeter Road, Add Two AOA Access Gates, and Perform Runway Safety Area Improvements, all of which have a total project cost of \$1,637,660. This project will be funded through AIP-54, GADOT funds, PFC funds, and also AIP funds from a future application. Project closeout documentation for the AIP-54 grant was submitted to the FAA in November of 2015.

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 expenses incurred from several projects. These projects include Relocate 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. Project closeout documentation is expected to be submitted to the FAA for the AIP-56 grant sometime in 2016.

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

	PROJECTED COST	FAA GRANTS SHARE	PFC SHARE	STATE SHARE	AIRPORT SHARE
<u>FAA AIP-56 (9/3/15 Awarded)</u>					
<u>2015 Entitlement & Discretionary Funds</u>					
Relocate Airfield Maint Road/Pipemaker's Canal	\$ 429,728	\$ 386,750	\$ 42,978	\$ 0	\$ 0
Taxiway C Light Replacement	\$ 327,158	\$ 294,440	\$ 32,718	\$ 0	\$ 0
RW 28 RSA Improvements	\$ 3,020,051	\$ 2,718,045	\$ 170,956	\$ 131,050	\$ 0
Runway 1 Perimeter Road/Add 2 AOA Access Gates/Runway Safety Area Improvements	<u>\$ 1,637,660</u>	<u>\$ 1,442,850</u>	<u>\$ 122,942</u>	<u>\$ 71,868</u>	<u>\$ 0</u>
Total Cost	\$ 5,414,597	\$ 4,842,085	\$ 369,594	\$ 202,918	\$ 0

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, 2015.

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 5-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 5-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 Farm 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 2016 – 2020 totaling \$130 million. The plan consists of \$68 million for airside projects, \$38 million for terminal improvements, and \$24 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 2015, or scheduled for completion in 2016, have their projected additional operating costs and related revenues incorporated into the Commission's 2016 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 2016 budget, our enplanements are projected to increase from 2015 by 2.4%. Rent A Car, Gift Shop, Food & Beverage, Auto Parking, and Ground Transportation revenues are all expected to increase in 2016 as a result of the projected increase in passenger traffic from the anticipated additional enplanements. Our projected operating expenses are expected to increase by 8.0%. The above average increase in operating expenses is mainly due to Marketing & Air Service Initiatives used to attract new airlines and also to entice current airlines to offer new routes, rising medical insurance costs, 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 2016.

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 twice 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.**

Government Financial Policies

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 which replaces the previous Statement No. 27 and No. 50 concerning how state and governmental employers must account for pension plans that are administered through trusts or equivalent arrangements. GASB Statement No. 68 set policies regarding how liabilities, deferred outflows and inflows of resources, and expenses/expenditures should be measured and recognized. This statement applied to all fiscal years beginning after June 15, 2014.

GASB also issued Statement No. 71 which was an amendment of GASB No. 68. While following the provisions already stated in Statement No. 68, this statement also requires governments to recognize a beginning deferred outflow of resources for its pension contributions that were made subsequent to the measurement date of the beginning net pension liability. Statement No. 71 also applied to all fiscal years beginning after June 15, 2014.

Other Information

Technological Advances:

In 2012, design for technical improvements began which included a six-phase Airport IT major upgrade project. This project consists of enhancements to the Airport's network infrastructure and the public Wi-Fi service. In addition, the Airport will install a new Distributed Antenna System (DAS), which will allow us to have 4G connectivity throughout the Airport and a new IP-based telephone system will be installed. The Wi-Fi portion of the upgrade was completed in 2015.

In 2015, a video wall in the concourse was added to provide a larger and more impressive way to display information, pictures, and important messages to passengers visiting the Savannah/Hilton Head International Airport.

Also in 2015, several iPad Kiosks were placed throughout the terminal to enhance the ability of the Savannah Airport Commission to receive instant feedback from customers about their visit to the Savannah/Hilton Head International Airport and also gather data about passenger demographics and travel preferences.

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 Employer Support of the Guard and Reserve (ESGR) presented SAC with the Patriot Award for recognizing, honoring and enforcing the Uniformed Services Employment and Reemployment Rights Act (USERRA) and for continually recognizing and supporting our country's service members and their families in peace, crisis and war. SAC was also named a Patriotic Employer by the ESGR.

In the 5th Annual US ANNIE Airport Awards, SAV received the Fastest Growing Airport With Between 0.5m and 2m Passengers award in April 2015 for colossal growth of 16.7% in 2014. Each year, anna.aero examines OAG scheduled data across over 630 U.S. airports and presents the US ANNIE Awards to winners in seven airport categories based on science, statistics and evidence.

The 2015 MarCom Awards, an international competition recognizing creative work in various categories, awarded SAV with a Gold award for its 2015 RBC Heritage Television Commercial in the TV: Single Spot category. SAV was also honored with a Gold award for its 2014 Annual Reports in the Uncategorized Annual Report category, and an Honorable Mention for the Have a Scoop on Us with a Sip of Southern project in the Communications/Public Relations: Special Event category.

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, 2014. This was the seventeenth 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 operate in accordance with the 2011 Bond covenants and resolution 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.

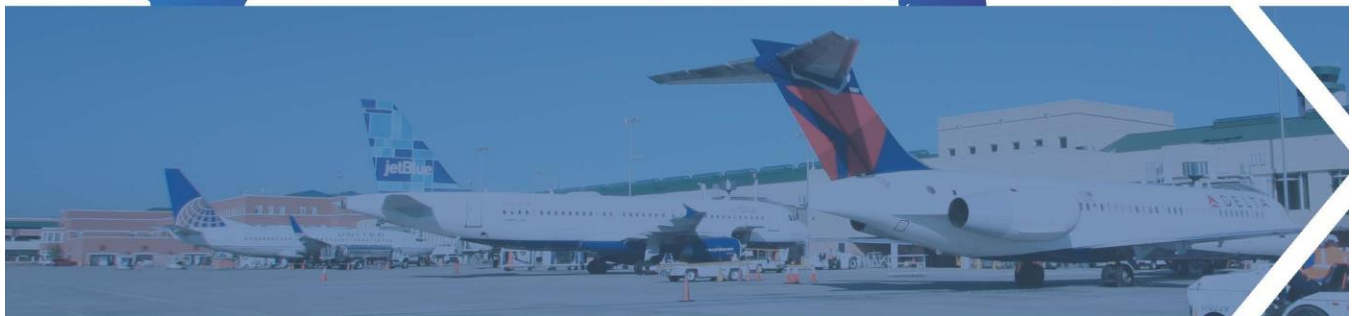
Respectfully submitted,



Gregory B. Kelly
Executive Director

AIRLINES

SERVING SAVANNAH IN 2015





*Weekly nonstop departures to
CINCINNATI
Daily Number of Seats: **177**

*Weekly nonstop departures to
AKRON CANTON
Daily Number of Seats: **166**

*Weekly nonstop departures to
COLUMBUS
Daily Number of Seats: **166**



8 daily nonstop departures to
CHARLOTTE
Daily Number of Seats: **507**

2 daily nonstop departures to
DALLAS/FORT WORTH
Daily Number of Seats: **158**

1 daily Mon - Fri nonstop departure to
PHILADELPHIA
Daily Number of Seats: **74**

2 Saturday and **2** Sunday departures to
PHILADELPHIA
Daily Number of Seats: **296**

1 Saturday and **1** Sunday departure to
WASHINGTON REAGAN
Total Number of Seats: **100**



11 daily nonstop departures to
ATLANTA
Daily Number of Seats: **1,419**

3 daily nonstop departures to
NEW YORK LGA
Daily Number of Seats: **207**

2 daily nonstop departures to
NEW YORK JFK
Daily Number of Seats: **132**

1 daily nonstop departure to
DETROIT
Daily Number of Seats: **66**

***1** Saturday nonstop departure to
MINNEAPOLIS/ST. PAUL
Daily Number of Seats: **76**



2 daily nonstop departures to
NEW YORK JFK
Daily Number of Seats: **300**

1 daily nonstop departure to
BOSTON
Daily Number of Seats: **100**



*Weekly nonstop departures to
MINNEAPOLIS/ST. PAUL
Daily Number of Seats: **162**



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

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

3 daily nonstop departures to
WASHINGTON IAD
Daily Number of Seats: **150**

3 daily nonstop departures to
CHICAGO O'HARE
Daily Number of Seats: **150**

*Indicates Seasonal Service.



AIRLINES

SERVING SAVANNAH IN 2014



American Airlines

3 daily nonstop departures to
DALLAS/FORT WORTH
Daily Number of Seats: **150**

DELTA

9 daily nonstop departures to
ATLANTA
Daily Number of Seats: **1,195**

3 daily nonstop departures to
NEW YORK LGA
Daily Number of Seats: **195**

2 daily nonstop departures to
NEW YORK JFK
Daily Number of Seats: **141**

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

jetBlue

2 daily nonstop departures to
NEW YORK JFK
Daily Number of Seats: **300**

1 daily nonstop departure to
BOSTON
Daily Number of Seats: **100**

UNITED

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

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

4 daily nonstop departures to
WASHINGTON IAD
Daily Number of Seats: **150**

3 daily nonstop departures to
CHICAGO O'HARE
Daily Number of Seats: **150**

U·S AIRWAYS

9 daily nonstop departures to
CHARLOTTE
Daily Number of Seats: **641**

1 daily nonstop departure to
PHILADELPHIA
Daily Number of Seats: **80**

4 Saturday and **2** Sunday departures to
PHILADELPHIA
Total Number of Seats: **410**

2 Saturday and **1** Sunday departure to
WASHINGTON REAGAN
Total Number of Seats: **150**

Principal Officials 2015

Appointed Officials

Commissioners

Sylvester C. Formey, Chairman
Stephen S. Green, Vice Chairman
Shirley B. James
Sheldon Tenenbaum
Lois Wooten

Other Officials

Executive Director

Gregory B. Kelly, AAE

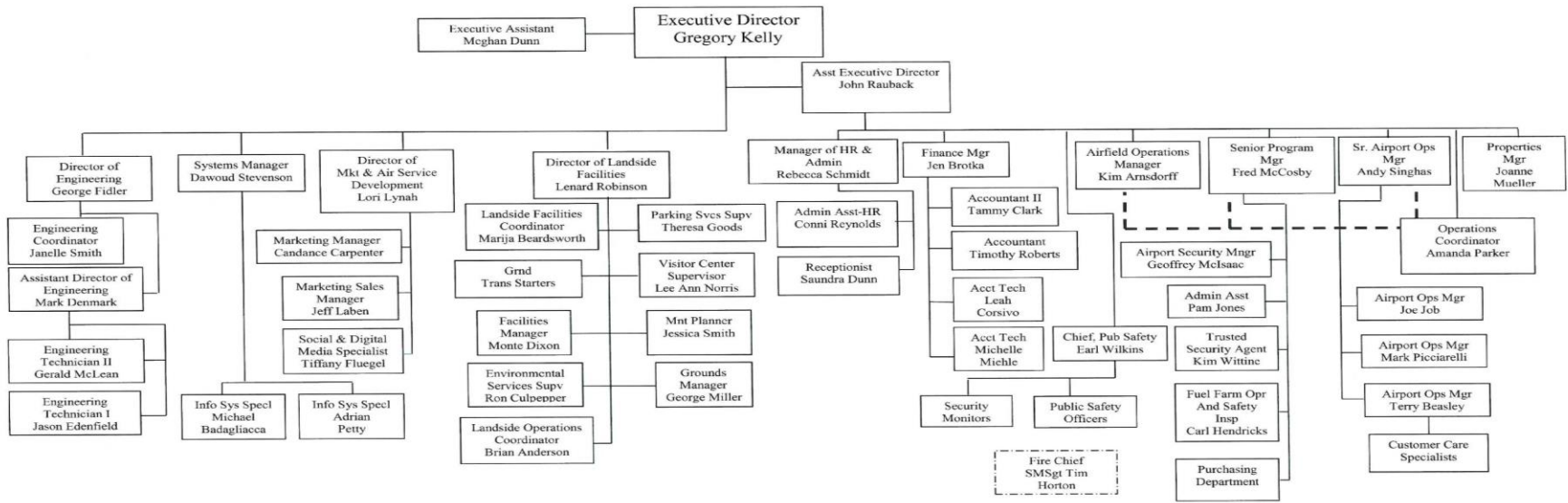
Assistant Executive Director

John F. Rauback, MBA, AAE

Commission Attorney

James B. Blackburn – Airport Attorney

SAVANNAH AIRPORT COMMISSION ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
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**Savannah Airport Commission
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

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





Independent Auditor's Report

The Commissioners
Savannah Airport Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the Savannah Airport Commission (the Commission), as of and for the year ended December 31, 2015 and 2014, 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.

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

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, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10, the City implemented Governmental Accounting Standards Board (GASB) statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. This standard significantly changed the accounting for the City's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

The management's discussion and analysis on pages C1 through C16 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information, statistical section, and 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016 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,

Hancock Asken & Co., LLP

Savannah, Georgia
June 27, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2015. 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 a current bond, issued in 1992, as well as federal and state grants, Passenger Facility Charges ("PFC"), Customer Facility Charges ("CFC"), and net remaining revenues after O&M and debt service.

AIRPORT ACTIVITIES & HIGHLIGHTS

The Savannah/Hilton Head International Airport entered 2015 with economic aviation conditions continuing to increase in several areas compared to 2014. Total airline activities during the past three years are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Enplanements - Scheduled and Non-Scheduled	1,017,065	963,385	823,494
% increase / decrease	5.6%	17.0%	1.1%
Aircraft Operations - All Types	88,691	85,090	84,958
% increase / decrease	4.2%	0.2%	-5.9%
Landed Weight - Scheduled and Non-Scheduled	1,236,432	1,184,497	1,043,824
% increase / decrease	4.4%	13.5%	0.9%
Mail / Express / Freight Cargo (Tons)	7,668	7,891	7,915
% increase / decrease	-2.8%	-0.3%	4.2%
Airline Available Seats	1,214,269	1,172,334	1,041,740
% increase / decrease	3.6%	12.5%	0.7%

Two major factors affect airport revenues: operations, which generate landed weight fee revenues plus usage charges for apron; and enplanements, which generate concessions, parking and rental car revenues. While aircraft operations increased by 4.2% from 2014, there were several other factors that also contributed to the increase in activities during 2015. Total enplanements were up 5.6% and airline available seats were up 3.6%. The number of daily departures remained constant in 2015 when compared to 2014, however, several new seasonal, weekly, and weekend departures were added in 2015. Landing weights increased by 4.4%, however, total cargo decreased by 2.8% from 2014.

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 position at December 31, 2015, 2014 and 2013 follows:

	2015	2014	2013*
Current assets			
Current assets	\$ 26,880,591	\$ 22,220,893	\$ 25,032,841
Current restricted assets	11,058,622	9,715,727	10,193,462
Non-current assets			
Capital assets, net	162,171,493	167,074,656	172,125,913
Other non-current assets	891,979	1,166,361	1,433,622
Long-term investments	24,293,000	22,667,000	9,445,000
Deferred outflows of resources	1,386,744	101,048	250,981
Total assets and deferred outflows	\$ 226,682,429	\$ 222,945,685	\$ 218,481,819
Liabilities			
Current liabilities	\$ 3,318,161	\$ 2,876,706	\$ 2,766,380
Non-current liabilities			
Long-term debt outstanding	6,925,790	9,839,166	12,596,763
Net pension liability	8,226,511	-	-
Deferred inflows of resources	602,935	-	-
Total liabilities and deferred inflows	\$ 19,073,397	\$ 12,715,872	\$ 15,363,143
Net position			
Net investment in capital assets	\$ 159,240,637	\$ 161,352,944	\$ 163,915,951
Restricted	11,058,622	9,715,727	10,193,462
Unrestricted	37,309,773	39,161,142	29,009,263
Total net position	\$ 207,609,032	\$ 210,229,813	\$ 203,118,676

* 2013 has been restated to comply with GASB 65

The Commission's financial position remained strong through December 31, 2015 with total assets and deferred outflows of resources of \$226.7 million and total liabilities and deferred inflows of resources of \$19.1 million. Current assets increased by \$6.0 million while total assets and deferred outflows of resources increased by \$3.8 million.

Total net position, which represents the residual interest in the Commission's assets after liabilities are deducted, is \$207.6 million at December 31, 2015, a decrease of \$2.6 million from 2014. As reflected in the above chart, the net investment in capital assets decreased by \$2.1 million to \$159.2 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 2015 restricted assets of \$11.1 million are subject to external restrictions on how they may be used under the 2011 airport revenue bond resolution. The remaining unrestricted current assets of \$26.9 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>2015</u>	<u>2014</u>	<u>2013*</u>
Operating revenues			
Airfield	\$ 3,430,523	\$ 3,257,492	\$ 3,104,566
Terminal One	12,378,721	11,965,612	11,449,988
Airport Business Center	146,878	212,094	228,817
Commercial Aviation	2,229,309	2,216,288	2,103,115
Apron	60,231	54,381	55,048
Parking	6,508,913	6,018,305	5,260,004
Non- Aviation	3,106,677	2,713,210	2,472,968
Total operating revenues	<u>27,861,252</u>	<u>26,437,382</u>	<u>24,674,506</u>
Operating expenses			
Airfield	(2,146,532)	(1,905,637)	(1,631,526)
Terminal One	(9,449,322)	(9,094,306)	(8,499,325)
Airport Business Center	(85,877)	(140,603)	(274,554)
Commercial Aviation	(158,716)	(261,441)	(237,942)
Apron	(26,691)	(24,547)	(27,066)
Parking	(1,337,464)	(1,369,561)	(1,452,052)
Non-Aviation	(1,028,223)	(1,110,988)	(689,325)
Administration	(7,664,600)	(5,751,582)	(4,827,543)
Total operating expenses	<u>(21,897,425)</u>	<u>(19,658,665)</u>	<u>(17,639,333)</u>
Excess before depreciation and other non-operating income and expenses	5,963,827	6,778,717	7,035,173
Depreciation	<u>(11,202,854)</u>	<u>(9,969,695)</u>	<u>(10,306,897)</u>
Loss before other non-operating income and expenses	(5,239,027)	(3,190,978)	(3,271,724)
Other non-operating income net	<u>4,910,668</u>	<u>4,369,258</u>	<u>3,815,079</u>
Income (loss) before Capital contributions	(328,359)	1,178,280	543,355
Capital contributions	<u>4,021,586</u>	<u>5,932,857</u>	<u>5,580,020</u>
Increase in net position	3,693,227	7,111,137	6,123,375
Total net position, beginning of year	210,229,813	203,118,676	196,995,301
Prior period adjustment	<u>(6,314,008)</u>	<u>-</u>	<u>-</u>
Total net position, end of year	<u>\$ 207,609,032</u>	<u>\$ 210,229,813</u>	<u>\$ 203,118,676</u>

*2013 has been restated to comply with GASB 65

SUMMARY OF OPERATIONS HIGHLIGHTS

Total passenger traffic (enplaned + deplaned) increased significantly in 2015. In 2015, a total of 2.0 million passengers passed through the Airport, versus 1.9 million passengers in 2014 and 1.6 million passengers in 2013. Financially, the year was very favorable as well. The Airport was able to end the year 2015 with an increase in net position of \$4.9 million, versus an increase of \$7.1 million in 2014. Capital Contributions increased from \$5.6 million in 2013 to \$5.9 million in 2014, but decreased in 2015 to \$4.0 million.

Significant items affecting the Summary of Revenue, Expenses and Changes in Net Position for 2015 follows:

- Following an increase from 2013 to 2014 of \$1.8 million, operating revenues increased 5.4%, or \$1.4 million, from \$26.4 million in 2014 to \$27.9 million in 2015 primarily due to the following:
 - In the Airfield cost center, revenues increased by \$173,031 or 5.3% over 2014, which is slightly higher than the growth from 2013 to 2014 of \$152,926 or 4.9%. This revenue growth is mainly attributable to the landing fee rate increase. Landing fees increased from \$2.60 per 1,000 pounds to \$2.70 per 1,000 pounds, which equates to a 3.8% increase.
 - The Terminal cost center experienced an increase in revenues of \$413,109 or 3.5% over 2014. This revenue growth is slightly lower than the growth from 2013 to 2014 of \$515,624 or 4.5%. About 2% of this growth is a result of the airline SF rates increasing from \$52.50 per SF to \$53.50 per SF. The remaining growth is most likely due to the rise in enplanements which boosts up the revenues for the concessions and ground transportation.
 - In the Parking cost center, revenues increased by \$490,608 or 8.2% over 2014, which is slightly less than the increase we saw in 2014 which had an increase of \$758,301 or 14.4% over 2013. We believe that the significant increase in parking revenues is directly correlated to the increase in enplanements.
 - In the Non-Aviation cost center, revenues increased by \$393,467 or 14.5% over 2014. This increase is higher than the growth we saw from 2013 to 2014 of \$240,242 or 9.7%. This was due to hotel & restaurant revenues increasing, stimulated by the increase in enplanements and the rapid economic growth occurring within minutes of the airport and the hotels and restaurants located on airport property.

- Very similar to the 11.4% increase of \$2.0 million from 2013 to 2014, operating expenses (less depreciation) increased by 11.4%, or \$2.2 million, from \$19.7 million in 2014 to \$21.9 million in 2015 due primarily to the following:
 - In the Administration cost center, expenses increased by \$1,913,018 or 33.3% from 2014 which is higher than the increase experienced from 2013 to 2014 of 19.1% or \$924,039. A major factor contributing to this increase was the implementation of GASB 68. Another large factor contributing to this increase is the air service and marketing program. The Savannah/Hilton Head International Airport is investing in efforts to attract new airlines and also entice current airlines to add new routes to the airport, along with reaching out to passengers in hopes of making them loyal customers of the Savannah Airport. In addition to these costs, the Savannah Airport Commission has also taken a hit from the rising cost of medical insurance and other employee benefits.
 - In the Airfield cost center, expenses increased by \$240,895 or 12.6% due to rising labor, maintenance, and security costs resulting from increased activity.
 - In the Terminal cost center, expenses increased by \$355,016 or 3.9% due to increased operating costs and also the rise in labor costs and security costs due to the increase in enplanements.
- The net result of the above was an operating gain before depreciation decreased by \$0.8 million for 2015 as compared to 2014 which is slightly less favorable than 2014 vs 2013 in which the Savannah Airport Commission saw an operating gain before depreciation decrease of \$0.3 million.
- Non-Operating Income increased 12.4% or \$0.5 million from a total of \$4.4 million in 2014 to \$4.9 million in 2015 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.
- In 2015, the Airport's capital contributions received were in the form of grants from the Federal and State governments totaling \$4.0 million. This was a decrease of \$1.9 million from the capital contributions received in 2014. This decrease resulted from previous grants being closed in 2014 and previous years, therefore, the only capital contributions received in 2015 were mostly from one grant that was awarded in 2015.

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:

	2015		2014		2013
Airline Landing Fees	\$ 2,905,624		\$ 2,768,721		\$ 2,607,140
Airline Terminal Rentals	5,279,353		5,357,609		5,745,304
Airline Apron Fees	60,229		54,381		55,048
Total Airline Revenues	\$ 8,245,206		\$ 8,180,711		\$ 8,407,492
Total Enplanements	1,017,065		963,385		823,494
Cost per Enplanement (rev. ÷ enp.)	\$ 8.11		\$ 8.49		\$ 10.21
% Increase/Decrease	-4.5%		-16.8%		1.8%

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

Cost Per Enplanement

	Savannah Hilton Head International	Columbia Metropolitan	Des Moines International	Charleston International *
2015	\$8.11	\$9.26	\$8.67	\$4.61
2014	\$8.49	\$9.24	\$9.02	\$4.28
2013	\$10.21	\$9.17	\$8.30	\$4.48

* Terminal cost only, Airfield operated by the U.S. Air Force.

AIRLINE SIGNATORY 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.

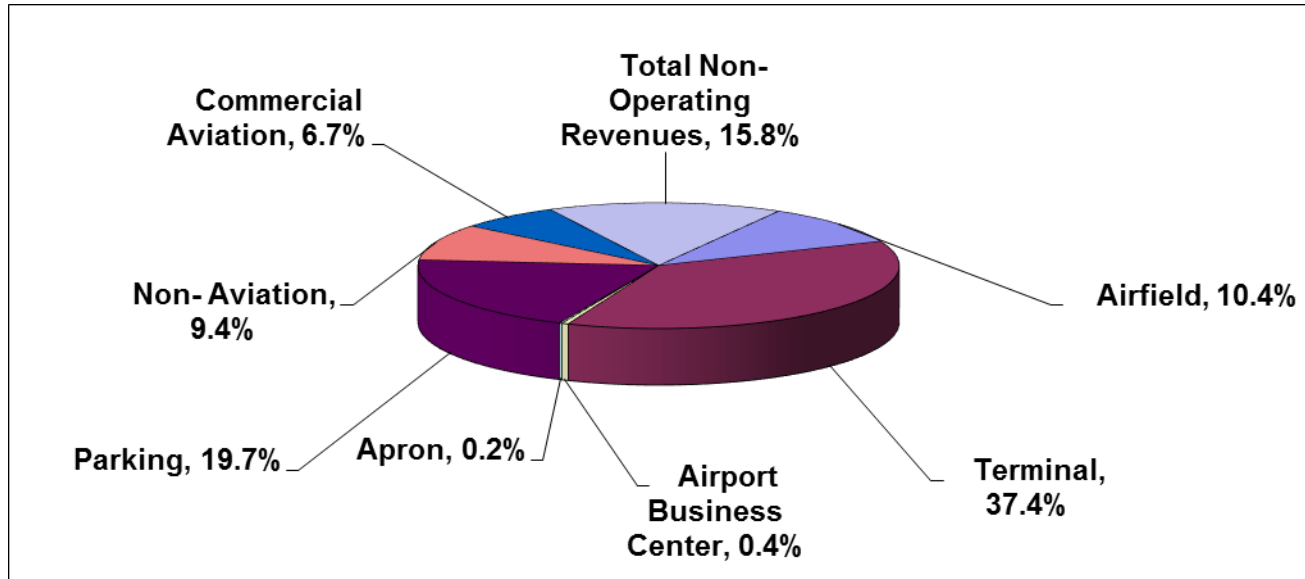
In addition, with the enplanements of fiscal year 2009 as the base, if the total annual enplanements at any time during contract term increase or decrease by twenty-five (25%) percent or more, either the Airlines or the Airport may request a renegotiation of the rates. This new agreement was renewed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

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

	2015		2014		2013	
Landing Fees	\$2.70	Jan-Dec	\$2.60	Jan-Dec	\$2.50	Jan - Dec
(Per 1,000 lbs. Maximum Gross Landing Weight)						
Terminal Rental Rates	\$53.50	Jan-Dec	\$52.50	Jan-Dec	\$51.50	Jan - Dec
(Per square foot)						
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, 2015:

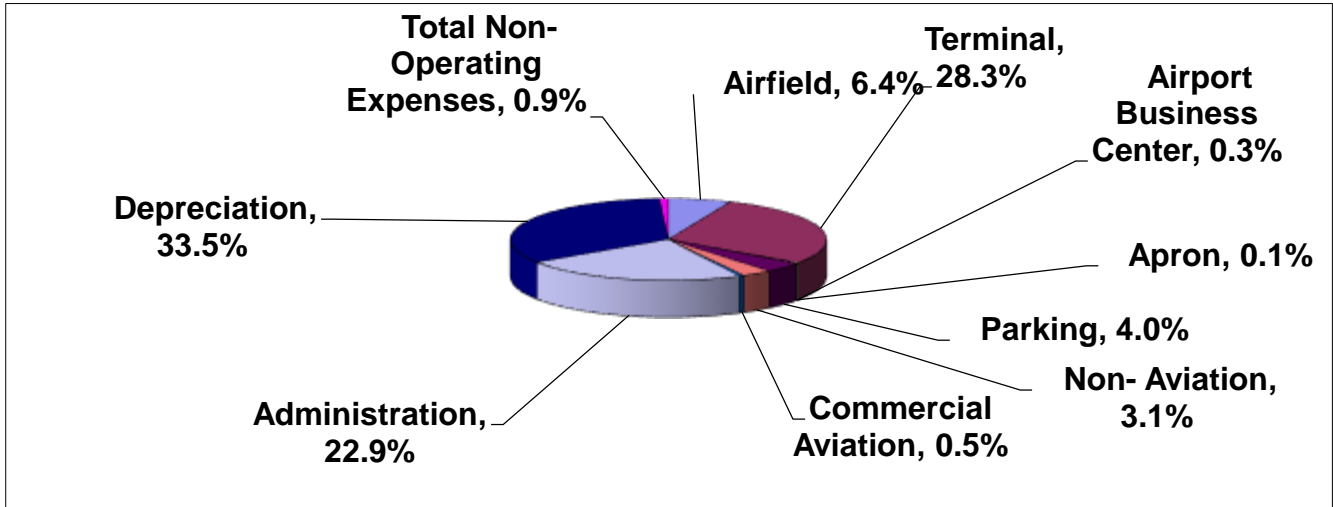


A summary of revenues for the year ended December 31, 2015, and the amounts and percentage of total in relation to prior year's amounts follow:

	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>	<u>2013</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	\$ 3,430,523	10.4%	\$ 3,257,492	10.4%	\$ 3,104,566	10.6%
Terminal	\$ 12,378,721	37.4%	\$ 11,965,612	38.2%	\$ 11,449,988	39.2%
Airport Business Center	\$ 146,878	0.4%	\$ 212,094	0.7%	\$ 228,817	0.8%
Apron	\$ 60,231	0.2%	\$ 54,381	0.2%	\$ 55,048	0.2%
Parking	\$ 6,508,913	19.7%	\$ 6,018,305	19.2%	\$ 5,260,004	18.0%
Non-Aviation	\$ 3,106,677	9.4%	\$ 2,713,210	8.7%	\$ 2,472,968	8.5%
Commercial Aviation	\$ 2,229,309	6.7%	\$ 2,216,288	7.1%	\$ 2,103,115	7.2%
Total Operating Revenues	\$ 27,861,252	84.2%	\$ 26,437,382	84.3%	\$ 24,674,506	84.6%
Non-Operating Revenue:						
Passenger Facility Charges	\$ 3,902,443	11.8%	\$ 3,640,888	11.6%	\$ 3,073,621	10.5%
Customer Facility Charges	\$ 658,964	2.0%	\$ 611,273	1.9%	\$ 548,616	1.9%
General Aviation Fund Charges	\$ 87,267	0.3%	\$ 79,130	0.3%	\$ 77,196	0.3%
Savannah Aviation Village Charges	\$ -	0.0%	\$ -	0.0%	\$ 10,500	0.0%
Interest Revenue	\$ 404,423	1.2%	\$ 319,351	1.0%	\$ 487,125	1.7%
Bond Premium Amortization	\$ 136,380	0.4%	\$ 248,182	0.8%	\$ 248,182	0.8%
Gain on Disposal of Assets	\$ 8,664	0.0%	\$ 11,297	0.0%	\$ 84,596	0.3%
Increase in the Fair Value Investment	\$ 23,651	0.1%	\$ -	0.0%	\$ -	0.0%
Total Non-Operating Revenues	\$ 5,221,792	15.8%	\$ 4,910,121	15.7%	\$ 4,529,836	15.4%
TOTAL REVENUES:	\$ 33,083,044	100.0%	\$ 31,347,503	100.0%	\$ 29,204,342	100.0%

EXPENSES

The following chart shows the major cost centers and the percentage of total expenses for the year ended December 31, 2015:



A summary of expenses for the year ended December 31, 2015, and the amounts and percentage of total in relation to prior year's amounts follow:

	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>	<u>2013*</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 Expenses:						
Airfield	\$ 2,146,532	6.4%	\$ 1,905,637	6.3%	\$ 1,631,526	5.7%
Terminal	\$ 9,449,322	28.3%	\$ 9,094,306	30.2%	\$ 8,499,325	29.8%
Airport Business Center	\$ 85,877	0.3%	\$ 140,603	0.5%	\$ 274,554	1.0%
Apron	\$ 26,691	0.1%	\$ 24,547	0.1%	\$ 27,066	0.1%
Parking	\$ 1,337,464	4.0%	\$ 1,369,561	4.5%	\$ 1,452,052	5.1%
Non-Aviation	\$ 1,028,223	3.1%	\$ 1,110,988	3.7%	\$ 689,325	2.4%
Commercial Aviation	\$ 158,716	0.5%	\$ 261,441	0.9%	\$ 237,942	0.8%
Administration	\$ 7,664,600	22.9%	\$ 5,751,582	19.2%	\$ 4,827,543	16.8%
Total Operating Expenses	\$ 21,897,425	65.5%	\$ 19,658,665	65.2%	\$ 17,639,333	61.5%
Depreciation:						
Depreciation	\$ 11,202,854	33.5%	\$ 9,969,695	33.0%	\$ 10,306,897	36.0%
Non-Operating Expenses:						
Interest Expense	\$ 260,600	0.8%	\$ 345,038	1.1%	\$ 442,838	1.5%
Loss on Bond Refunding	\$ 50,524	0.2%	\$ 149,932	0.5%	\$ 149,932	0.5%
Dec. in the Fair Value Investments	\$ -	0.0%	\$ 45,893	0.2%	\$ 121,987	0.4%
Total Non-Operating Expenses	\$ 311,124	1.0%	\$ 540,863	1.8%	\$ 714,757	2.5%
TOTAL EXPENSES:	\$ 33,411,403	100.0%	\$ 30,169,223	100.0%	\$ 28,660,987	100.0%

*2013 has been restated to comply with GASB 65

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>2015</u>	<u>2014</u>	<u>2013</u>
Cash flows from:			
Operating activities	\$ 6,985,540	\$ 6,550,380	\$ 5,129,287
Investing activities	(5,190,007)	(27,251,617)	1,230,869
Capital & related financing activities	(908,833)	2,505,622	(1,066,740)
Net increase (decrease) in cash and cash equivalents	886,700	(18,195,615)	5,293,416
Cash and cash equivalents:			
Beginning of year	8,703,519	26,899,134	21,605,718
End of year	\$ 9,590,219	\$ 8,703,519	\$ 26,899,134

The Savannah Airport Commission's available cash and cash equivalents increased from \$8.7 million at the end of 2014 to \$9.6 million, a \$0.9 million increase at the end of 2015. Overall, increases were primarily due to more funds being invested in CDs with maturities less than 12 months.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Funds from various sources (AIP, PFC, CFC, State and Airport revenues) totaling \$3.5 million were expended during 2015 on capital activities which have not been closed out of construction-in-progress as follows:

RW 28 RSA Improvements	\$1.97	million
Mill & Overlay Airways Ave	\$0.38	million
Seal Coat RW 10-28	\$0.29	million
In-Line Baggage System	\$0.27	million
Groove RW 1-19	\$0.21	million
Reconstruct TW E-1/Airfield Lighting & Signage Upgrades	\$0.11	million
IT Upgrade	\$0.09	million
SE Quadrant Planning	\$0.07	million
Landscape Entrance Feature	\$0.04	million
PFC 10 Application	\$0.02	million
Design Terminal Exp/Checkpoint/FIS	\$0.02	million
SEQ Drainage Study	\$0.01	million
Total	\$3.48	million

During 2015, funds were expended in the amount of \$1.4 million on projects that were closed from construction-in-progress to their respective capital accounts throughout the year while another \$1.7 million in maintenance and administration equipment was capitalized.

Relocate Airfield Maintenance Road	\$0.06	million
Perimeter Road RW 1 / 2 AOA Gates	\$0.39	million
eCISTM Upgrade	\$0.15	million
Repair Arresting Barriers 10-28	(\$0.08)	million
Taxiway C Light Replacement	\$0.30	million
I-95 Interchange Improvements	(\$0.28)	million
Carpeting in Ticket Lobby	\$0.23	million
SAV Sidewalks Phase II	\$0.15	million
SAPS Prepwork	\$0.12	million
Holdroom Carpet	\$0.22	million
Restroom Wall Tile Replacement	\$0.13	million
Remove & Repaint Holdbars	\$0.05	million
Total	\$1.44	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 decreased 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.

Outstanding debt at December 31, 2015, December 31, 2014, and December 31, 2013 consists of one Revenue Bond issue as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenue Bonds:			
Series 2011 A	\$ 2,845,000	\$ 5,550,000	\$ 6,665,000
Series 2011 B	-	-	1,275,000
Total	<u>\$ 2,845,000</u>	<u>\$ 5,550,000</u>	<u>\$ 7,940,000</u>

Computation for debt coverage ratio follows:

	<u>2015</u>	<u>2014</u>	<u>2013*</u>
Total Revenues	\$ 37,104,630	\$ 37,280,360	\$ 34,784,362
Less: PFC	(3,902,443)	(3,640,888)	(3,073,621)
Less: Capital Contribution	<u>(4,021,586)</u>	<u>(5,932,857)</u>	<u>(5,580,020)</u>
Total Gross Revenues	29,180,601	27,706,615	26,130,721
Less:			
Total Expenses	33,411,403	30,169,224	28,660,988
Less: Depreciation	(11,202,854)	(9,969,695)	(10,306,897)
Less: Interest Expenses	<u>(260,600)</u>	<u>(345,038)</u>	<u>(442,838)</u>
Total Net Expenses	<u>21,947,949</u>	<u>19,854,491</u>	<u>17,911,253</u>
Total Net Revenues Available for Debt Service	<u>\$ 7,232,652</u>	<u>\$ 7,852,124</u>	<u>\$ 8,219,468</u>
Total Revenue Bond Debt Service (Principal & Interest)	\$ 2,965,600	\$ 2,735,038	\$ 2,886,838
Bond Debt Service Coverage (Net Revenues ÷ Debt Service)	2.44	2.87	2.85

*2013 has been restated to comply with GASB 65

The 2015 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. Further details on debt can be found in Note 9 of the Financial Statements.

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

Throughout 2015, the Savannah/Hilton Head International Airport experienced a significant increase in passenger traffic and outperformed most other small airports in enplanement growth from 2014 to 2015. Our budgeted 2016 passenger traffic also shows an additional increase in enplanements of 2.4% compared to 2015.

Our first quarter 2016 passenger traffic results have increased by 7.0% compared to the first quarter of 2015. This is most likely a result of additional air carriers serving the airport, additional routes being offered, and lower fares. Based on our first quarter 2016 load factor of 78.3%, we hope to see yet another large increase in enplanements over the previous year and even possibly surpassing the 2016 budgeted enplanement number of 1,041,000 enplanements.

Although economic indicators are continuing to 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 2015 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
HILTON HEAD**
INTERNATIONAL 

Savannah Airport Commission

Statements of Net Position

<i>December 31,</i>	2015	2014
ASSETS		
Current assets		
Unrestricted assets		
Cash and cash equivalents	\$ 7,233,667	\$ 6,404,226
Short-term investments	16,293,056	13,171,470
Accounts receivable	2,153,775	1,823,869
Inventories	306,733	259,102
Prepaid expenses and other	631,656	290,965
Leases receivable - current portion	257,704	267,261
Deposits	4,000	4,000
Total current unrestricted assets	26,880,591	22,220,893
Restricted assets		
Revenue bond renewal and replacement fund	2,000,000	2,000,000
Cash and cash equivalents	8,600,114	7,391,289
Accounts receivable	458,508	324,438
Total current restricted assets	11,058,622	9,715,727
Total current assets	37,939,213	31,936,620
Non-current assets		
Capital assets		
Land	10,669,398	10,669,398
Construction in progress	4,930,309	6,681,003
Buildings and improvements	164,254,539	160,548,683
Runways, taxiways and lights	103,535,502	103,162,604
Equipment	18,537,867	17,283,412
Access roads	23,143,633	20,831,917
	325,071,248	319,177,017
Less accumulated depreciation	162,899,755	152,102,361
Total capital assets	162,171,493	167,074,656
Leases receivable, net of current portion	891,979	1,166,361
Investments	24,293,000	22,667,000
Total non-current assets	187,356,472	190,908,017
Deferred outflows of resources		
Deferred amounts from refunding of debt	50,524	101,048
Net difference between projected and actual earnings on pension	1,336,220	-
Total deferred outflows of resources	1,386,744	101,048
Total assets and deferred outflows of resources	\$ 226,682,429	\$ 222,945,685

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

Savannah Airport Commission

Statements of Net Position (cont.)

<i>December 31,</i>	2015	2014
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,534,875	\$ 962,513
Security deposits	77,460	68,143
Salaries and wages payable	77,917	217,835
Contracts payable - retainage	95,715	177,946
Deferred revenue	217,953	244,235
Accrued vacation liability	1,314,241	1,206,034
Total current liabilities	3,318,161	2,876,706
Non-current liabilities		
Employee benefit obligations	3,944,410	4,016,406
Net pension liability	8,226,511	-
Revenue bonds, includes an unamortized premium of \$136,380 and \$272,760 as of December 31, 2015 and 2014, respectively	2,981,380	5,822,760
Total non-current liabilities	15,152,301	9,839,166
Total liabilities	18,470,462	12,715,872
Deferred inflows of resources		
Pension differences between expected and actual experience	602,935	-
Total deferred inflows of resources	602,935	-
NET POSITION		
Net investment in capital assets	159,240,637	161,352,944
Restricted		
Renewal and replacement fund	2,000,000	2,000,000
Operation and maintenance fund	5,179,524	4,938,306
Bond debt service reserve	1,501,000	1,501,000
Passenger facility charges	1,310,591	884,646
Customer facility charges	790,315	186,320
General aviation fund charges	265,525	193,120
Savannah aviation village fund charges	10,147	10,147
Other restricted assets	1,520	2,188
Total restricted	11,058,622	9,715,727
Unrestricted	37,309,773	39,161,142
Total net position	207,609,032	210,229,813
Total liabilities, deferred inflows of resources, and net position	\$ 226,682,429	\$ 222,945,685

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>	2015	2014
Operating revenues		
Airfield	\$ 3,430,523	\$ 3,257,492
Terminal one	12,378,721	11,965,612
Airport business center	146,878	212,094
Commercial aviation	2,229,309	2,216,288
Apron	60,231	54,381
Parking	6,508,913	6,018,305
Non-aviation	3,106,677	2,713,210
Total operating revenues	27,861,252	26,437,382
Operating expenses		
Airfield	2,146,532	1,905,637
Terminal one	9,449,322	9,094,306
Airport business center	85,877	140,603
Commercial aviation	158,716	261,441
Apron	26,691	24,547
Parking	1,337,464	1,369,561
Non-aviation	1,028,223	1,110,988
Administrative expenses	7,664,600	5,751,582
Depreciation	11,202,854	9,969,695
Total operating expenses	33,100,279	29,628,360
Operating loss	(5,239,027)	(3,190,978)
Non-operating revenues (expenses)		
Passenger facility charges	3,902,443	3,640,888
Customer facility charges	658,964	611,273
General aviation fund charges	87,267	79,130
Interest revenue	404,423	319,351
Interest expense	(260,600)	(345,038)
Bond premium amortization	136,380	248,182
Loss on bond refunding	(50,524)	(149,932)
Net (decrease) in the fair value of investments	23,651	(45,893)
Gain on disposal of capital assets	8,664	11,297
Total non-operating revenues	4,910,668	4,369,258
Income before capital contributions	(328,359)	1,178,280
Capital contributions	4,021,586	5,932,857
Increase in net position	3,693,227	7,111,137
Total net position, beginning of year, as previously reported	210,229,813	203,118,676
Prior period adjustment – implementation of GASB 68	(6,314,008)	-
Total net position, end of year	\$ 207,609,032	\$ 210,229,813

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

Savannah Airport Commission

Statements of Cash Flows

<i>Years ended December 31,</i>	2015	2014
Cash flows from operating activities		
Cash received from providing services	\$ 27,373,863	\$ 26,426,472
Cash paid to suppliers	(7,551,617)	(7,974,924)
Cash paid to employees	(12,836,706)	(11,901,168)
Net cash provided by operating activities	6,985,540	6,550,380
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(6,622,157)	(5,034,785)
Principal paid on Revenue Bonds	(2,705,000)	(2,390,000)
Interest paid on Revenue Bonds	(260,600)	(345,038)
Receipts from capital grants	4,021,586	5,932,857
Proceeds from sale of capital assets	8,664	11,297
Receipts and interest from		
Passenger facility charges	3,902,443	3,640,888
Customer facility and other charges	746,231	690,403
Net cash (used in) provided by capital and financing activities	(908,833)	2,505,622
Cash flows from investing activities		
Interest received	401,554	372,980
Sale of investments	19,181,500	5,322,500
Purchase of investments	(25,057,000)	(33,198,000)
Change in lease receivables	283,939	250,903
Net cash (used in) investing activities	(5,190,007)	(27,251,617)
Net increase (decrease) in cash and cash equivalents	886,700	(18,195,615)
Net cash and cash equivalents, beginning	8,703,519	26,899,134
Cash and cash equivalents, ending	\$ 9,590,219	\$ 8,703,519

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>	2015	2014
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (5,239,027)	\$ (3,190,979)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	11,202,854	9,969,695
Provision for OPEB obligation	(71,996)	(119,414)
Net pension liability	1,179,218	-
Changes in operating assets and liabilities		
(Increase) decrease in assets		
Accounts receivable	(461,107)	(195,403)
Inventories	(47,631)	(33,826)
Prepaid expenses	(15,273)	13,346
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	429,491	(391,939)
Security deposits	9,317	4,214
Contracts payable - retainage	(82,231)	98,959
Deferred revenue	(26,282)	184,494
Accrued vacation liability	108,207	211,233
Net cash provided by operating activities	\$ 6,985,540	\$ 6,550,380

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>	2015	2014
Reconciliation of cash and cash equivalents to the statements of net position		
Cash	\$ 7,233,667	\$ 6,404,226
Cash equivalents included in investments	(8,243,562)	(7,091,996)
Total restricted assets, less receivables	10,600,114	9,391,289
Cash and cash equivalents, ending	\$ 9,590,219	\$ 8,703,519
Schedule of non-cash investing and capital and related financing activities		
Bond premium amortization	\$ 136,380	\$ 248,182
Loss on bond refunding	\$ (50,524)	\$ (149,932)
Change in fair value of investments	\$ 23,651	\$ (45,894)

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. The Commission has implemented accounting standards as set forth through GASB statement number 71.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

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.

Restatement of Beginning Net Position

For fiscal year 2015, the Commission made a prior period adjustment due to the adoption of GASB Statement No. 68. The fiscal year 2014 ending net position has been restated to reflect retroactive applications of this change in accounting principle.

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.

The 2015 budget was approved by the Commission members on December 15, 2014. 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.

1. Summary of Significant Accounting Policies (cont.)

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.

Deferred Outflows/Inflows of Resources

In addition to liabilities, the financial statements will sometimes 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 will sometimes report 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 an item that qualifies for reporting in this category which is the deferred amounts from refunding of debt.

The Commission also 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 or 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.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

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).

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.

1. Summary of Significant Accounting Policies (cont.)

Capital Assets (cont.)

Net interest costs are capitalized when incurred on debt where the proceeds were used to finance the construction of capital assets.

Construction in progress is the total actual cost incurred to date on uncompleted construction projects. Depreciation expense is based on the following estimated useful lives:

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.

1. Summary of Significant Accounting Policies (cont.)

Post-Employment Benefits (cont.)

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.

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 invested capital assets, net of related debt. 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 “Invested in capital assets, net of related debt” 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.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

Operating and Non-Operating Revenues and Expenses (cont.)

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 advance 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 2015 and 2014 was \$3,902,443 and \$3,640,888, respectively. PFC reports to the FAA are based on actual collections and do not include accounts receivable. Such amounts collected in 2015 and 2014 are \$3,768,373 and \$3,688,025, respectively; and remaining collections unspent as of December 31, 2015 and 2014 are \$852,092 and \$560,208, respectively.

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 2015 and 2014 was \$658,964 and \$611,273, respectively.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

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 2015 and 2014 was \$87,267 and \$79,130, 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 2015 and 2014, was \$4,021,586 and \$5,932,857, respectively.

Concentrations

For the year ended December 31, 2015, the Commission's revenues from one customer, Delta Airlines with revenues of approximately \$4.4 million or 18% of total operating revenues, represented a concentration of risk.

Savannah Airport Commission

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

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, 2015 and 2014 were \$1,937,894 and \$1,740,425, respectively.

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, 2015, 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	\$ 49,619,175	\$ 25,326,175	\$ 24,293,000	\$ -	\$ -
Georgia Fund 1 Cash	AAA	1,691	1,691	-	-	-
investments at financial institution	NR	259	259	-	-	-
		\$ 49,621,125	\$ 25,328,125	\$ 24,293,000	\$ -	\$ -

Savannah Airport Commission

Notes to Financial Statements

2. **Deposits and Investments (cont.)** *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.

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 Pools, as weekly reports are submitted to maintain the Pool's AAA rating.

Reconciliation to statements of net position at December 31, 2015:

Investments as reported above	\$ 49,621,125
Less amount included in the financial institution, but reported on the statements of net position in the following account:	
Operations and maintenance reserve	(5,179,524)
Revenue bond renewal and replacement fund	(2,000,000)
Other restricted funds (CFC, GAF, SAV)	(1,065,988)
Investments shown on statements of net position	\$ 41,375,613
Investments shown on statements of net position	
Investments - included in cash equivalents	\$ 789,557
Short-term investments	16,293,056
Non-current investments	24,293,000
Investments shown on statements of net position	\$ 41,375,613

Savannah Airport Commission

Notes to Financial Statements

- 3. Restricted Cash and Investments** The Commission is required under a bond resolution, dated June 29, 2011, to maintain: (1) an operating and maintenance reserve account for the payment of operating and maintenance expenses in the event that insufficient funds are available to pay the same when due, and (2) a renewal and replacement fund to be used solely for non-recurring capital costs. At December 31, 2015 and 2014, \$7,179,524 and \$6,938,306, respectively, were invested by the Commission in short-term investments to satisfy these reserve requirements. Such short-term investments include CD's and cash accounts insured with appropriate pledge of securities and by the Federal Deposit Insurance Corporation, and as of December 31, 2015 and 2014, were \$5,179,524 and \$4,938,306, respectively. Such short-term investments required to satisfy the reserve were held funds required by bond resolution to be held as an operating and maintenance reserve. The remaining \$2,000,000 represents the renewal and replacement fund.

Restricted cash consists of the following at December 31:

	2015	2014
Operating and maintenance reserve account	\$ 5,179,524	\$ 4,938,306
Revenue bond renewal and replacement fund	2,000,000	2,000,000
Passenger facility charge fund	852,083	560,208
Customer facility charge fund	790,315	186,320
Savannah aviation village fund	10,147	10,147
General aviation fund	265,525	193,120
Other restricted funds	1,502,520	1,503,188
	\$ 10,600,114	\$ 9,391,289

- 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, 2015 and 2014, as management, after evaluation of such accounts based upon historical collections and evaluation of individual customer credit, determined all accounts were considered collectible.

Savannah Airport Commission

Notes to Financial Statements

5. Direct Financing Leases

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

Federal Express

The Commission entered into a lease agreement with Federal Express in which the Commission agreed to finance the construction of a package distribution center at an original cost of \$2,136,390. The direct financing lease has a term of 20 years and an interest rate of 9.00% and expires in 2016.

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.

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 \$212,509. The direct financing lease has a term of 20 years and an interest rate of 8.00% and expires in 2022.

Savannah Airport Commission

Notes to Financial Statements

5. Direct Financing Leases (cont.)

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.

The Commission entered into a lease agreement with Savannah Aviation in which the Commission agreed to finance the construction of a Plane Port Improvement, at a cost of \$72,493. The direct financing lease has a term of 15 years and an interest rate of 8.00% and expires in 2019.

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 2029.

Minimum lease payments to be received under direct financing leases as of December 31, 2015, for each of the next five years and thereafter are:

Years ended December 31,

2016	\$	370,086
2017		273,975
2018		139,426
2019		136,928
2020		88,125
Thereafter		626,892
Total minimum lease payments		1,635,432
Less interest		495,386
Present value of minimum lease payments		\$ 1,140,046

Savannah Airport Commission

Notes to Financial Statements

6. Capital Assets

Capital assets consist of the following at December 31, 2015:

	Total 2014	Increases/ Additions	Deletions/ Transfers	Total 2015
Capital assets, not being depreciated				
Land	\$ 10,669,398	\$ -	\$ -	\$ 10,669,398
Construction in progress	6,681,003	4,967,217	(6,717,911)	4,930,309
Total capital assets not being depreciated	17,350,401	4,967,217	(6,717,911)	15,599,707
Capital assets being depreciated				
Buildings and improvements	160,548,683	3,705,856	-	164,254,539
Runways, taxiways, and lights	103,162,604	372,898	-	103,535,502
Equipment	17,283,412	1,688,069	(433,614)	18,537,867
Access roads	20,831,917	2,311,716	-	23,143,633
Total capital assets being depreciated	301,826,616	8,078,539	(433,614)	309,471,541
Less accumulated depreciation for				
Buildings and improvements	79,546,215	5,933,794	-	85,480,009
Runways, taxiways, and lights	46,219,902	3,649,022	-	49,868,924
Equipment	11,506,752	1,037,211	(405,460)	12,138,503
Access roads	14,829,492	582,827	-	15,412,319
Total accumulated depreciation	152,102,361	11,202,854	(405,460)	162,899,755
Net capital assets	\$ 167,074,656	\$ 1,842,902	\$ (6,746,065)	\$ 162,171,493

Savannah Airport Commission

Notes to Financial Statements

6. Capital Assets (cont.)

Capital assets consist of the following at December 31, 2014:

	Total 2013	Increases/ Additions	Deletions/ Transfers	Total 2014
Capital assets not being depreciated				
Land	\$ 10,669,398	\$ -	\$ -	\$ 10,669,398
Construction in progress	28,732,281	5,519,163	(27,570,441)	6,681,003
Total capital assets not being depreciated	39,401,679	5,519,163	(27,570,441)	17,350,401
Capital assets being depreciated				
Buildings and improvements	159,907,954	640,729	-	160,548,683
Runways, taxiways, and lights	80,093,331	23,069,273	-	103,162,604
Equipment	16,138,270	1,172,228	(27,086)	17,283,412
Access roads	18,745,431	2,086,486	-	20,831,917
Total capital assets being depreciated	274,884,986	26,968,716	(27,086)	301,826,616
Less accumulated depreciation for				
Buildings and improvements	73,719,474	5,826,741	-	79,546,215
Runways, taxiways, and lights	43,556,708	2,663,194	-	46,219,902
Equipment	10,647,468	886,370	(27,086)	11,506,752
Access roads	14,237,102	592,390	-	14,829,492
Total accumulated depreciation	142,160,752	9,968,695	(27,086)	152,102,361
Net capital assets	\$ 172,125,913	\$ 22,519,184	\$ (27,570,441)	\$ 167,074,656

Savannah Airport Commission

Notes to Financial Statements

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 2015 and 2014, received through these leases was approximately \$7.3 million and \$7 million, respectively.

As of December 31, 2015, estimated cost of leased land and buildings was \$62.5 million net of accumulated depreciation of \$40.8 million for a carrying value of \$21.7 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 2015 and 2014, received through these leases was approximately \$6.0 million and \$5.4 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.

Minimum lease payments to be received under operating leases as of December 31, 2015, for each of the next five years and thereafter are:

<i>Year ended December 31,</i>	
2016	\$ 7,507,876
2017	7,682,208
2018	7,860,588
2019	8,043,110
2020	8,332,662
Thereafter	34,104,583
Total minimum lease payments	\$ 73,531,027

Savannah Airport Commission

Notes to Financial Statements

8. **Construction Contract Commitments** The Commission has entered into contracts for construction. Status of such contracts as of December 31, 2015 are as follows:

	Project Authorization	Expended to Date	Balance on Contract	Required Further Financing
Upgrade Access Controls	\$ 159,731	\$ 153,168	\$ 6,563	None
Taxiway C Light Replacement	288,984	288,984	-	None
Sealcoat RW 10/28 Asphalt / Shoulders	249,336	236,869	12,467	None
SAV Sidewalks Phase II	144,810	144,810	-	None
SAPS Prepwork	142,571	142,571	-	None
RW 28 RSA Improvements and Road Relocations	2,541,036	1,811,611	729,425	None
Re-Tile Restroom Terminal	168,959	168,959	-	None
Restroom Wall Tile Replacement	132,057	132,057	-	None
Replace Oil/Water Separator @ Bldg 130	5,985	5,985	-	None
Replace Cooling Tower Valves	23,998	23,998	-	None
Replace Chill Water Pump Motors	8,700	8,700	-	None
Repair Arresting Barriers	1,276,155	1,276,155	-	None
Rental Car Facility Upgrades	1,875,170	1,875,170	-	None
Remove / Repaint Holdbars	43,929	43,929	-	None
Relocate Airfield Maintenance Road	343,578	343,578	-	None
Overlay Patrick S Graham Drive	66,043	66,043	-	None
Mill & Overlay Airways Avenue	632,266	331,169	301,097	None
I-95 Interchange Improvements	71,819	71,819	-	None
I-95 Billboard Tree Clearing	13,175	13,175	-	None
Holdroom Carpet	211,985	211,985	-	None
Groove RW 1-19	358,400	173,760	184,640	None
Engineering Office Remodel	24,839	24,839	-	None
eCISTM Upgrade (IET System)	150,000	150,000	-	None
Construct Perimeter Service Road 1 and 2 AOA Access Gates	1,460,302	1,460,302	-	None
Connect Parking Elevator to FACP	15,745	15,745	-	None
Chiller VSD Drives	240,410	240,410	-	None
Carpeting In Ticket Lobby	230,969	230,969	-	None
BAS Alerton Controls	122,325	122,325	-	None
Airport IT Upgrade	708,037	708,037	-	None
	\$ 11,711,314	\$ 10,477,122	\$ 1,234,192	

9. **City of Savannah Airport Revenue Bonds** On June 29, 2011, the Commission issued \$15,010,000, in Revenue Bonds, Series 2011 A and 2011 B with an average interest rate of 3.72% to advance refund \$15,630,000 of outstanding Series 2001 A and 2001 B Bonds with an average interest rate of 4.94%.

Savannah Airport Commission

Notes to Financial Statements

9. City of Savannah Airport Revenue Bonds (cont.)

A summary of the long-term indebtedness changes during 2015 and 2014 is as follows at December 31:

	Beginning Balance January 1, 2015	Additions	Decreases	Ending Balance December 31, 2015	Amounts Due Within One Year
Revenue bonds					
Series 2011 A	\$ 5,550,000	\$ -	\$ (2,705,000)	\$ 2,845,000	\$ -
Total revenue bonds	\$ 5,550,000	\$ -	\$ (2,705,000)	\$ 2,845,000	\$ -
	Beginning Balance January 1, 2014	Additions	Decreases	Ending Balance December 31, 2014	Amounts Due Within One Year
Revenue bonds					
Series 2011 A	\$ 6,665,000	\$ -	\$ (1,115,000)	\$ 5,550,000	\$ -
Series 2011 B	1,275,000	-	(1,275,000)	-	-
Total revenue bonds	\$ 7,940,000	\$ -	\$ (2,390,000)	\$ 5,550,000	\$ -

Annual requirements to amortize all bonded debt outstanding as of December 31, 2015 are as follows:

Revenue Bonds, Series 2011 A

Year	Principal	Interest	Total
2017	\$ 2,845,000	\$ 125,350	\$ 2,970,350
	\$ 2,845,000	\$ 125,350	\$ 2,970,350

In December 2015, the Commission prepared the Series 2011 A Revenue Bond principal and interest due on January 1, 2016. In December 2014, the Commission prepaid the Series 2011 A Revenue Bond principal and interest due on January 1, 2015. Accordingly, no portion of the Revenue Bonds outstanding at the end of 2015 and 2014 was classified as current.

10. 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 2015 and 2014, the Commission's required contribution was \$872,004 and \$872,640, respectively. The contribution requirements of Plan members and the employers are established and may be amended by the Pension Board.

Annual Pension Cost

For 2015, 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, 2015, actuarial valuation using the projected unit credit actuarial method. The actuarial assumptions included a 7.75% invested rate of return (net of investment and administrative expenses). The actuarial assumptions also include future salary increases ranging from 3.92% to 5.6% depending on age. These salary increases include an allowance for inflation of 3.75% 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 December 31, 2015 was 28 years.

Savannah Airport Commission

Notes to Financial Statements

10. Pension Plans (cont.)

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
12/31/2013	\$ 748,920	100%	\$ -
12/31/2014	\$ 872,640	100%	\$ -
12/31/2015	\$ 872,004	100%	\$ -

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)
1/1/2013	\$ 10,317	\$ 17,971	\$ 7,654	57.41%	\$ 6,759	113%
1/1/2014	\$ 11,503	\$ 19,271	\$ 7,768	59.69%	\$ 7,108	109%
1/1/2015	\$ 12,824	\$ 20,809	\$ 7,985	61.63%	\$ 7,748	103%

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 new standard.

Savannah Airport Commission

Notes to Financial Statements

10. Pension Plans (cont.)

Net Pension Liability (cont.)

The Commission is allocated a proportional share of 7.66% of the net pension liability of the Plan based on an allocation proportional to employer contributions made for fiscal 2015. 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 \$8,226,511.

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, 2015, calculated using the discount rate of 7.75%, 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 (6.75%) or 1-percentage higher (8.75%) than the current rate:

	1% Decrease (6.75%)	7.75%	1% Increase (8.75%)
Proportional share of net pension liability as of December 31, 2015	\$ 12,061,353	\$ 8,226,511	\$ 4,973,698

For the year ended December 31, 2015, the recognized pension expense is \$1,179,218. At December 31, 2015, 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	\$ -	\$ (602,935)
Net difference between projected and actual earnings on pension plan investments	1,336,220	-
Total	\$ 1,336,220	\$ (602,935)

Savannah Airport Commission

Notes to Financial Statements

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

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)
2016	\$ 213,468
2017	213,468
2018	213,468
2019	213,468
2020	(120,587)
Total	\$ 733,285

11. 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.

12. 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.

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.

Savannah Airport Commission

Notes to Financial Statements

- 12. Fair Value of Financial Instruments (cont.)** The estimated fair values of the Commission's financial instruments are as follows:

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and short-term investments	\$ 23,526,723	\$ 23,526,723	\$ 19,575,696	\$ 19,575,696
Accounts receivable	\$ 2,109,098	\$ 2,109,098	\$ 1,779,517	\$ 1,779,517
Long-term investments	\$ 24,293,000	\$ 24,293,000	\$ 22,667,000	\$ 22,667,000
Leases receivable	\$ 1,149,683	\$ 1,370,356	\$ 1,433,622	\$ 1,698,369
Accounts payable and accrued expenses	\$ 1,490,318	\$ 1,490,318	\$ 920,909	\$ 920,909
Revenue bonds payable	\$ 2,981,380	\$ 3,675,692	\$ 5,822,760	\$ 6,123,437

- 13. 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, 2015, for the next year are \$4,664.

- 14. 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, 2015, employee membership data related to the City of Savannah OPEB Plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,317
Terminated participants entitled to, but not yet receiving benefits	115
Active Plan participants	2,440
Total	3,872

Savannah Airport Commission

Notes to Financial Statements

14. Post-Employment Benefits Other Than Pensions (OPEB) (cont.)

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 cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 8.32% of annual covered payroll.

OPEB Cost

For the fiscal year ended December 31, 2015, the Savannah Airport Commission's annual OPEB cost was \$74,679, which was made up of the annual required contribution (ARC) of \$101,237, the interest on the Net OPEB of \$160,656, and the ARC adjustment of (\$187,214). The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, the net obligation for 2015 and the two preceding years were as follows:

Plan Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 620,466	41.60%	\$ 4,135,820
12/31/2014	\$ 121,243	198.49%	\$ 4,016,406
12/31/2015	\$ 74,679	196.41%	\$ 3,944,410

Funded Status and Funding Process

The funded status of the Plan as of December 31, 2015, was as follows:

Actuarial Accrued Liability (AAL)	\$ 2,126,364
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,126,364
Funded Ratio (Actuarial Value of Plan Assets/AAL)	-%
Covered payroll (active plan members)	\$ 7,748,488
UAAL as a percentage of coverage payroll	27.44%

Savannah Airport Commission

Notes to Financial Statements

14. Post-Employment Benefits Other Than Pensions (OPEB) (cont.)

OPEB Cost (cont.)

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, 2014 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 8% initially, reduced by decrements to an ultimate rate of 5% after six years. Both rates include a 3.75% 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 January 1, 2015, was 22 years.

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)
12/31/2012	\$ 1,507	\$ 5,037	\$ 3,530	29.9%	\$ 6,759	52.20%
12/31/2013	\$ -	\$ 1,274	\$ 1,274	-	\$ 7,108	17.92%
12/31/2014	\$ -	\$ 2,126	\$ 2,126	-	\$ 7,748	27.44%

- 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>	2015	2014
Airfield income		
Landing fees	\$ 2,905,623	\$ 2,768,718
Usage charge	144,172	182,336
Fuel farm fees	204,939	172,252
Fuel flow	175,789	134,186
	3,430,523	3,257,492
Airfield expenses		
General	1,258,515	1,038,132
Maintenance		
Buildings	10,254	1,274
Grounds	433,500	400,048
Equipment	130,444	150,538
Runway	90,438	125,150
Fuel farm expenses	138,702	106,434
Utilities	84,679	84,061
Total expense excluding depreciation	2,146,532	1,905,637
Depreciation	3,693,732	2,437,734
Total expenses	5,840,264	4,343,371
Net airfield loss	\$ (2,409,741)	\$ (1,085,879)

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Terminal Operations

<i>Years ended December 31,</i>	2015	2014
Terminal income		
Car rentals	\$ 4,130,416	\$ 3,900,867
Airlines	5,279,353	5,357,610
Ground transportation	237,397	230,135
Gift shop	649,579	587,841
Restaurant	607,429	512,051
Space rental	363,009	355,357
Advertising	475,862	438,821
Telephone	12,454	12,454
Vending	39,520	43,636
Mini mall	10,157	9,429
Business center	33,000	33,000
Miscellaneous	75,026	734
Common charge/ticket checkers	465,519	483,677
	12,378,721	11,965,612
Terminal expenses		
General	1,971,951	2,249,090
Maintenance		
Buildings	2,065,769	1,885,494
Grounds	59,758	48,352
Janitorial	893,218	843,338
Equipment	267,086	283,086
Security	2,045,920	1,778,704
Utilities	832,979	800,475
Advertising	68,523	70,442
Passport club	78,429	67,927
Visitors center	322,772	292,657
Ticket checkers/shuttle driver	693,469	635,485
Ground trans starters	149,448	139,256
	9,449,322	9,094,306
Total expense excluding depreciation	9,449,322	9,094,306
Depreciation	4,030,478	3,920,128
Total expenses	13,479,800	13,014,434
Net terminal loss	\$ (1,101,079)	\$ (1,048,822)

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Airport Business Center Operations

<i>Years ended December 31,</i>	2015	2014
Airport business center income		
Space rental	\$ 145,678	\$ 210,894
Telephone	1,200	1,200
	146,878	212,094
Airport business center expenses		
General	16,353	53,252
Maintenance		
Buildings	2,570	2,360
Grounds	-	5,628
Utilities	66,954	79,363
Total expense excluding depreciation	85,877	140,603
Depreciation	9,608	10,746
Total expense	95,485	151,349
Net airport business center income	\$ 51,393	\$ 60,745

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Commercial Aviation Operations

<i>Years ended December 31,</i>	2015	2014
Commercial aviation income		
Fixed base operators	\$ 548,680	\$ 545,519
Air cargo building	180,838	167,059
Land lease	1,263,081	1,215,928
Airline freight facility	140,500	140,500
Miscellaneous	25	-
AvGas	96,185	147,282
	2,229,309	2,216,288
Commercial aviation expenses		
General	33,673	53,043
Maintenance		
Buildings	1,726	15,984
Utilities	45,185	49,483
Ground support	4,625	857
Apron	-	5,636
Fuel farm	73,507	136,438
Total expense excluding depreciation	158,716	261,441
Depreciation	345,765	229,620
Total expense	504,481	491,061
Net commercial aviation income	\$ 1,724,828	\$ 1,725,227

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Apron and Parking Operations

<i>Years ended December 31,</i>	2015	2014
Apron income		
Airline fixed payments	\$ 60,231	\$ 54,381
Apron expenses		
General	12	57
Maintenance	1,839	1,720
Utilities	24,840	22,770
Total expense excluding depreciation	26,691	24,547
Depreciation	420,150	417,619
Total expense	446,841	442,166
Net apron loss	\$ (386,610)	\$ (387,785)
Parking income		
Parking	\$ 6,508,913	\$ 6,018,305
Parking expenses		
General	1,106,326	1,111,236
Maintenance		
Buildings	38,526	43,349
Equipment	325	1,262
Grounds	13,812	16,599
Utilities	178,475	197,115
Total expense excluding depreciation	1,337,464	1,369,561
Depreciation	1,690,436	1,773,902
Total expense	3,027,900	3,143,463
Net parking income	\$ 3,481,013	\$ 2,874,842

See independent auditor's report.

Savannah Airport Commission

Schedules of Net Non-Aviation Operations

<i>Years ended December 31,</i>	2015	2014
Non-aviation income		
Land leases	\$ 1,004,194	\$ 911,483
Space rental	372,266	363,398
Motel	1,684,787	1,400,322
Industrial park	8,400	8,500
Food and beverage	35,431	27,109
Miscellaneous	1,599	2,398
	3,106,677	2,713,210
Non-aviation expenses		
General	263,440	402,973
Maintenance		
Buildings	14,453	5,716
Grounds	550,211	514,348
Equipment	96,870	74,553
Utilities	103,249	113,398
Total expense excluding depreciation	1,028,223	1,110,988
Depreciation	903,790	1,108,069
Total expense	1,932,013	2,219,057
Net non-aviation income	\$ 1,174,664	\$ 494,153

See independent auditor's report.

Savannah Airport Commission

Schedules of Administrative Expenses

<i>Years ended December 31,</i>	2015	2014
Salaries	\$ 2,190,484	\$ 2,017,772
Employee benefits	2,087,570	818,668
Contract labor	36,467	29,528
Marketing	1,710,463	1,632,116
Professional fees	289,227	286,551
Miscellaneous	220,846	138,772
Dues, travel, and meetings	549,694	416,205
Office supplies and postage	232,248	162,454
Telephone	47,273	25,739
Insurance	144,297	88,656
Equipment rental and service contracts	140,145	131,272
Printing and advertising	15,886	3,849
Total expense excluding depreciation	7,664,600	5,751,582
Depreciation	108,896	71,876
Total expense	\$ 7,773,496	\$ 5,823,458

See independent auditor's report.

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.

<i>Years ended December 31,</i>	2006	2007	2008	2009
Operating revenues				
Airfield	\$ 2,259,931	\$ 2,768,868	\$ 2,771,892	\$ 2,903,967
Terminal one	9,091,507	10,175,024	10,716,291	10,511,017
Airport business center	587,187	602,030	538,080	304,387
Commercial aviation	881,942	1,142,107	1,796,019	1,521,800
Apron	90,726	63,000	91,338	44,947
Parking	4,876,777	5,390,209	6,249,602	5,104,720
Non-aviation	1,342,969	1,601,366	1,845,216	1,908,538
Foreign trade zone	260,174	358,571	302,080	300,606
Total operating revenues	19,391,213	22,101,175	24,310,518	22,599,982
Operating expenses				
Airfield	1,034,422	1,137,787	1,409,678	1,381,902
Terminal one	5,506,419	6,495,956	7,102,240	7,125,571
Airport business center	214,219	198,642	256,319	212,080
Commercial aviation	119,130	653,935	902,736	372,715
Apron	56,620	60,522	50,594	37,239
Parking	1,656,356	2,557,176	1,698,719	1,626,661
Non-aviation	579,969	682,054	978,005	999,068
Foreign trade zone	264,117	263,515	285,211	308,761
Administrative expenses	3,170,683	3,430,871	3,770,729	3,678,603
Depreciation	6,176,867	5,893,481	8,139,215	9,496,476
Total operating expenses	18,778,802	21,373,939	24,593,446	25,239,076
Operating income (loss)	612,411	727,236	(282,928)	(2,639,094)
Non-operating revenues (expenses)				
Passenger facility charges	4,051,496	4,005,853	3,696,856	3,088,060
Customer facility charges	-	-	-	-
General aviation charges	-	-	-	-
Savannah aviation village fund charge	-	-	-	-
Interest revenue	2,263,045	1,275,478	781,817	890,682
Interest expense	(1,276,841)	(1,188,766)	(1,097,623)	(1,005,643)
Bond issuance cost amortization	(83,194)	(83,194)	(83,194)	(83,194)
Bond premium amortization	76,139	76,139	76,139	76,139
Loss on bond refunding	(114,711)	(114,711)	(114,711)	(114,711)
Net increase (decrease) in the fair value investments	68,712	152,389	111,400	(65,848)
Recovery of bad debt	-	148,455	5,401	13,557
Gain on disposal of capital assets	21,987	(2,699)	5,610	82,598
	5,006,633	4,268,944	3,381,695	2,881,640
Income before capital contributions	5,619,044	4,996,180	3,098,767	242,546
Capital contributions	8,238,803	5,093,541	5,351,676	4,988,367
Net position adjustment	-	-	-	-
Increase in net position	\$ 13,857,847	\$ 10,089,721	\$ 8,450,443	\$ 5,230,913
Net position at year-end composed of				
Net investment in capital assets	\$ 109,720,286	\$ 143,893,975	\$ 143,208,779	\$ 141,662,886
Restricted	5,867,757	6,053,431	6,006,576	6,243,580
Unrestricted	30,771,554	6,519,912	15,684,406	22,224,208
Total net position	\$ 146,359,597	\$ 156,467,318	\$ 164,899,761	\$ 170,130,674

Savannah Airport Commission

Total Annual Revenues, Expenses, and Changes in Net Position

2010	2011	2012	2013*	2014	2015
\$ 2,878,057	\$ 2,960,483	\$ 2,979,410	\$ 3,104,566	\$ 3,257,492	\$ 3,430,523
10,442,756	10,651,583	11,022,200	11,449,988	11,965,612	12,378,721
190,912	237,774	251,498	228,817	212,094	146,878
1,337,406	1,384,381	1,540,736	2,103,115	2,216,288	2,229,309
58,804	59,049	55,080	55,048	54,381	60,231
5,021,958	5,069,763	5,090,084	5,260,004	6,018,305	6,508,913
1,949,889	2,210,156	2,357,093	2,472,968	2,713,210	3,106,677
308,402	41,880	46,637	-	-	-
22,188,184	22,615,069	23,342,738	24,674,506	26,437,382	27,861,252
1,410,421	1,518,448	1,560,643	1,631,526	1,905,637	2,146,532
7,382,021	7,388,517	8,525,450	8,499,325	9,094,306	9,449,322
272,540	278,190	234,919	274,554	140,603	85,877
211,397	201,895	175,258	237,942	261,441	158,716
29,406	28,374	27,931	27,066	24,547	26,691
1,516,103	1,367,486	1,382,186	1,452,052	1,369,561	1,337,464
1,058,883	1,018,677	770,901	689,325	1,110,988	1,028,223
309,242	217,008	112,931	-	-	-
3,967,748	4,266,647	4,614,001	4,827,543	5,751,582	7,664,600
9,768,006	9,833,916	9,812,599	10,306,897	9,969,695	11,202,854
25,925,767	26,119,158	27,216,819	27,946,230	29,628,360	33,100,279
(3,737,583)	(3,504,089)	(3,874,081)	(3,271,724)	(3,190,978)	(5,239,027)
2,717,454	3,047,826	3,115,125	3,073,621	3,640,888	3,902,443
510,033	510,213	530,901	548,616	611,273	658,964
77,291	60,288	69,395	77,196	79,130	87,267
59,250	60,600	22,000	10,500	-	-
866,356	685,564	553,716	487,125	319,351	404,423
(903,999)	(687,586)	(536,837)	(442,838)	(345,038)	(260,600)
(83,194)	(123,210)	(163,225)	-	-	-
76,139	162,160	248,182	248,182	248,182	136,380
(114,711)	(132,322)	(149,932)	(149,932)	(149,932)	(50,524)
185,027	(40,831)	(23,667)	(121,987)	(45,893)	23,651
9,822	-	1,294	-	-	-
85,647	39,708	(10,251)	84,596	11,297	8,664
3,485,115	3,582,410	3,656,701	3,815,079	4,369,258	4,910,668
(252,468)	78,321	(217,380)	543,355	1,178,280	(328,359)
4,842,933	5,167,328	10,478,528	5,580,020	5,932,857	4,021,586
7,208,040	-	-	-	-	-
\$ 11,798,505	\$ 5,245,649	\$ 10,261,148	\$ 6,123,375	\$ 7,111,137	\$ 3,693,227
\$ 147,826,432	\$ 150,510,150	\$ 164,079,072	\$ 163,915,951	\$ 161,352,944	\$ 159,240,637
8,465,063	9,286,594	9,181,408	10,193,462	9,715,727	11,058,622
25,637,684	27,378,084	24,175,496	29,009,263	39,161,142	37,309,773
\$ 181,929,179	\$ 187,174,828	\$ 197,435,976	\$ 203,118,676	\$ 210,229,813	\$ 207,609,032

*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	2015	2006
	Employees	Employees
Gulfstream Aerospace Corporation	10,126	5,000
Memorial Health University Medical Center	5,000	5,351
Savannah-Chatham Board of Education	4,808	*
Ft. Stewart/Hunter Army Airfield	3,891	*
St. Joseph's/Candler	3,617	3,300
City of Savannah	2,795	*
Chatham County	1,600	*
Savannah College of Art and Design	1,590	*
Georgia Port Authority	1,100	*
Publix	983	*
Walmart	*	2,182
Georgia-Pacific Corporation	*	1,420
Kroger	*	1,200
International Paper	*	970
The Home Depot	*	776
Momentum Resources II, Inc.	*	1,438
Eastern Personnel Services	*	1,000

Source: Savannah Area Chamber of Commerce

*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		
2006	\$ 21,752	\$ 12,731	\$ 9,021	\$ 1,780	\$ 1,277	\$ 3,057	2.95	
2007	\$ 23,601	\$ 15,529	\$ 8,072	\$ 1,865	\$ 1,189	\$ 3,054	2.64	
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	\$ 4,535	\$ 688	\$ 5,223	1.45	
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	

*2013 has been restated to comply with GASB 65.

Gross revenue excludes passenger facility charges included in non-operating revenue and capital contributions of \$7,924,029 in 2015 and \$9,573,745 in 2014.

<i>Years ended December 31,</i>	2006	2007	2008	2009
Ratio of authority issued Revenue Bond debt service to total expenses				
Principal	\$ 1,780,000	\$ 1,865,000	\$ 1,955,000	\$ 2,050,000
Interest	1,276,841	1,188,766	1,097,623	1,005,643
Total debt service	\$ 3,056,841	\$ 3,053,766	\$ 3,052,623	\$ 3,055,643
Total expenses	\$ 20,184,836	\$ 22,608,221	\$ 25,777,574	\$ 26,508,472
Ratio of debt service to total expenses	15%	14%	12%	12%
Debt service per enplaned passenger				
Net debt service	\$ 3,056,841	\$ 3,053,766	\$ 3,052,623	\$ 3,055,643
Enplaned passengers	967,210	1,011,815	988,929	821,216
Debt service per enplaned passenger	\$ 3.16	\$ 3.02	\$ 3.09	\$ 3.72
Debt limit per enplaned passenger				
Debt limit	No limit	No limit	No limit	No limit
Enplaned passengers	967,210	1,011,815	988,929	821,216
Debt limit per enplaned passenger	N/A	N/A	N/A	N/A
Outstanding debt per enplaned passenger				
Revenue bonds	\$ 24,291,074	\$ 22,349,935	\$ 20,318,797	\$ 18,192,658
Notes payable	44,549	100,093	-	-
Total outstanding debt	\$ 24,335,623	\$ 22,450,028	\$ 20,318,797	\$ 18,192,658
Outstanding debt per enplaned passenger	\$ 25	\$ 22	\$ 21	\$ 22

Savannah Airport Commission

Ratios of Outstanding Debt

2010		2011		2012		2013*		2014		2015	
\$	2,155,000	\$	2,275,000	\$	2,350,000	\$	2,445,000	\$	2,390,000	\$	2,705,000
	903,999		687,586		536,838		442,838		345,038		260,600
\$	3,058,999	\$	2,962,586	\$	2,886,838	\$	2,887,838	\$	2,735,038	\$	2,965,600
\$	27,027,671	\$	27,103,107	\$	28,100,731	\$	28,660,987	\$	30,169,223	\$	33,411,403
	11%		11%		10%		10%		9%		9%
\$	3,058,999	\$	2,962,586	\$	2,886,838	\$	2,887,838	\$	2,735,038	\$	2,965,600
	835,728		817,631		814,496		823,494		963,385		1,017,065
\$	3.66	\$	3.62	\$	3.54	\$	3.51	\$	2.84	\$	2.92
	No limit		No limit		No limit		No limit		No limit		No limit
	835,728		817,631		814,496		823,494		963,385		1,017,065
	N/A		N/A		N/A		N/A		N/A		N/A
\$	15,961,519	\$	13,752,306	\$	11,154,124	\$	8,460,942	\$	5,822,760	\$	2,981,380
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	15,961,519	\$	13,752,306	\$	11,154,124	\$	8,460,942	\$	5,822,760	\$	2,981,380
\$	19	\$	17	\$	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 (2)	Personal Income (000's) (2)	School Enrollment (3)	Unemployment Rate (4)
2006	131,510	\$ 36,790	\$ 10,998,000	33,962	3.90
2007	131,510	\$ 36,790	\$ 11,272,950	33,962	4.50
2008	130,331	\$ 37,850	\$ 9,407,040	33,962	8.10
2009	127,889	\$ 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

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

Savannah Airport Commission

Industry Specific Trend Data Last Ten Calendar Years

Year	Enplanements	Deplanements	Total Passengers	Available Seats	Load Factor
2006	967,210	965,383	1,932,593	1,224,943	79%
2007	1,011,815	1,017,634	2,029,449	1,333,908	76%
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	1,653,301	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	1,214,269	84%

Source: Savannah Airport Commission, Finance Department

	2015	Percent of Total 2015	2014	Percent of Total 2014
Airline				
Delta Airlines	437,487	35.38%	409,511	34.57%
PSA (American)	213,920	17.30%	85,836	7.25%
JetBlue	137,908	11.15%	119,116	10.06%
Express Jet (United)	97,412	7.88%	134,643	11.37%
Endeavor (Delta)	48,590	3.93%	42,732	3.61%
Express Jet (Delta)	42,596	3.45%	55,660	4.70%
GoJet (Delta)	41,760	3.38%	30,485	2.57%
Envoy Air (American)	25,242	2.04%	45,709	3.86%
Mesa (United)	24,522	1.98%	11,725	0.99%
Trans States (United)	20,781	1.68%	-	-
Mesa (American)	19,831	1.60%	114,541	9.67%
Air Wisconsin (American)	18,894	1.53%	35,908	3.03%
Allegiant Airlines	17,665	1.43%	-	-
Express Jet (American)	6,157	0.50%	-	-
Sun Country	5,180	0.42%	-	-
Republic (American)	3,551	0.29%	19,480	1.64%
Sky West (United)	2,641	0.21%	-	-
Piedmont (American)	993	0.08%	888	0.07%
Shuttle America (Delta)	819	0.07%	1,023	0.09%
American Airlines	260	0.02%	-	-
Compass (Delta)	-	-	7,171	0.61%
Chautauqua (American)	-	-	-	-
Pinnacle (Delta)	-	-	-	-
Continental	-	-	-	-
Comair (Delta)	-	-	-	-
US Airways Express	-	-	-	-
Chautauqua (Delta)	-	-	-	-
United Airlines	-	-	-	-
Vision Airlines	-	-	-	-
Sky West (Delta)	-	-	-	-
Pinnacle Airlines	-	-	-	-
AirTran Airlines	-	-	-	-
Northwest Airlines	-	-	-	-
Independence Air	-	-	-	-
Total scheduled	1,166,209	94.32%	1,114,428	94.08%
Total non-scheduled	5,367	0.43%	5,654	0.48%
Cargo carriers				
Federal Express	54,648	4.42%	54,252	4.58%
Air Cargo Carriers	6,198	0.50%	6,426	0.54%
Suburban Air Freight	3,667	0.30%	3,548	0.30%
Wiggins Airways	263	0.02%	76	0.01%
Martinaire, Inc.	80	0.01%	113	0.01%
Ram Air Freight	-	-	-	-
Air Now	-	-	-	-
DHL Express	-	-	-	-
Total cargo	64,856	5.25%	64,415	5.44%
Grand total	1,236,432	100.00%	1,184,497	100.00%

Source: PASSUR, passive radar software

Savannah Airport Commission

Airline Landed Weights (1,000 lbs.) 2006 - 2015

2013	2012	2011	2010	2009	2008	2007	2006
414,153	415,927	395,480	314,574	309,843	457,462	448,204	434,229
86,597	88,326	58,031	52,395	54,451	55,836	46,334	20,445
-	-	-	-	-	-	-	-
131,057	110,595	41,991	58,092	-	-	-	-
-	-	-	-	-	-	-	-
28,034	26,794	27,793	69,302	69,199	5,953	23,680	21,912
18,425	9,581	-	-	-	-	-	-
46,596	48,425	56,540	58,273	66,683	51,826	38,162	33,800
8,943	12,596	6,432	25,256	59,232	87,773	103,186	82,076
-	4,469	7,892	16,255	34,252	10,084	-	-
124,798	87,675	70,635	79,894	88,198	51,232	74,825	67,733
35,767	28,576	15,933	17,625	5,217	8,648	21,620	25,286
-	-	8,648	2,083	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
32,429	47,239	99,827	86,301	80,587	58,622	25,924	3,326
67	-	-	-	1,206	35,229	38,418	60,428
420	204	684	305	926	2,475	1,147	341
20,462	19,759	292	8,755	1,181	3,090	2,115	-
-	-	-	-	-	-	-	-
28,251	11,557	-	6,147	-	-	-	-
3,277	8,032	255	-	213	2,510	10,807	5,148
769	5,276	48,317	45,477	12,300	750	-	-
-	36,107	79,312	82,057	80,720	99,977	84,523	82,971
-	8,910	4,430	13,323	61,572	83,289	101,872	102,632
-	753	898	7,926	19,788	74,513	76,090	66,284
-	298	28,635	36,252	11,914	6,345	8,789	-
-	-	44,997	17,304	20,069	2,255	-	-
-	-	1,554	-	-	-	-	-
-	-	-	300	1,051	-	-	-
-	-	-	-	24,742	60,583	19,834	35,612
-	-	-	-	-	71,432	117,568	103,064
-	-	-	-	-	99	14,578	5,738
-	-	-	-	-	-	-	658
980,045	971,099	998,576	997,896	1,003,344	1,229,983	1,257,676	1,151,683
2,195	4,812	4,139	5000	4,439	937	916	567
51,440	42,563	49,068	44,578	45,978	44,800	42,166	42,008
6,606	4,238	6,094	6,232	4,046	-	-	-
3,487	2,450	2,773	4,294	4,233	-	-	-
-	988	-	-	-	-	-	-
51	8,876	2,146	2,408	896	-	-	-
-	-	-	77	276	-	-	-
-	-	-	-	1,326	3,574	12,339	28,699
-	-	-	-	510	26,274	26,072	26,288
61,584	59,115	60,081	57,589	57,265	74,648	80,577	96,995
1,043,824	1,035,026	1,062,796	1,060,485	1,065,048	1,305,568	1,339,169	1,249,245

	2015	Percent of Total 2015	2014	Percent of Total 2014
<u>Airline</u>				
Delta Airlines	386,595	38.01%	367,560	38.15%
PSA (American)	183,150	18.01%	74,807	7.77%
JetBlue	121,577	11.95%	104,402	10.84%
Express Jet (United)	96,384	9.48%	126,028	13.08%
Endeavor (Delta)	36,185	3.56%	27,980	2.90%
Express Jet (Delta)	31,480	3.10%	36,152	3.75%
GoJet (Delta)	29,355	2.89%	22,510	2.34%
Envoy Air (American)	25,127	2.47%	44,151	3.64%
Mesa (United)	20,545	2.02%	7,902	0.82%
Trans States (United)	20,203	1.99%	-	-
Allegiant Airlines	17,568	1.73%	-	3.40%
Air Wisconsin (American)	17,468	1.72%	30,351	3.15%
Mesa (American)	16,612	1.63%	98,421	10.22%
Express Jet (American)	5,304	0.52%	-	-
Republic (American)	3,107	0.31%	17,260	1.79%
Sun Country	2,274	0.22%	-	-
Sky West (United)	2,267	0.22%	-	-
Shuttle America (Delta)	671	0.07%	818	0.08%
Piedmont (American)	52	0.01%	134	0.01%
American Airlines	28	0.00%	-	-
Compass (Delta)	-	-	4,089	.42%
Chautauqua (American)	-	-	-	-
Pinnacle (Delta)	-	-	-	-
Continental	-	-	-	-
Comair (Delta)	-	-	-	-
Chautauqua (Delta)	-	-	-	-
United Airlines	-	-	-	-
Vision Airlines	-	-	-	-
US Airways Express	-	-	-	-
Sky West (Delta)	-	-	-	-
Pinnacle Airlines	-	-	-	-
AirTran Airlines	-	-	-	-
Northwest Airlines	-	-	-	-
Independence Air	-	-	-	-
Total	1,015,952	99.89%	962,565	99.91%
Non-scheduled	1,113	0.11%	820	0.09%
Grand total	1,017,065	100.00%	963,385	100.00%

Source: Individual Airlines

Savannah Airport Commission

Enplaned Passengers 2006 - 2015

2013	2012	2011	2010	2009	2008	2007	2006
346,474	346,857	301,000	241,441	247,429	356,262	343,265	348,371
73,237	73,303	51,289	47,225	45,702	44,766	38,928	15,574
-	-	-	-	-	-	-	-
119,552	95,592	34,094	48,920	-	-	-	-
-	-	-	-	-	-	-	-
23,438	21,896	25,611	62,067	59,165	4,885	19,164	20,064
13,488	7,122	-	-	-	-	-	-
45,769	46,386	50,470	49,445	52,665	45,401	35,185	32,754
7,629	8,593	5,410	19,821	48,467	71,374	87,669	68,273
-	3,528	6,527	14,917	29,236	9,438	-	-
-	-	6,578	1,122	-	-	-	-
29,982	26,740	14,017	14,576	4,375	7,354	18,978	21,873
96,914	72,159	58,704	69,174	68,842	38,758	56,750	66,070
-	-	-	-	-	-	-	-
28,020	40,099	77,188	64,578	61,406	50,036	19,933	2,986
-	-	-	-	-	-	-	-
-	-	-	-	1,131	25,877	28,757	48,897
14,549	13,891	285	7,596	1,155	3,070	1,859	-
100	-	302	8	590	957	430	-
-	-	-	-	-	-	-	-
20,866	8,823	-	5,749	-	-	-	-
1,921	5,819	257	-	149	1,859	9,591	5,169
644	4,151	44,441	45,211	11,323	660	-	-
-	30,573	66,084	71,114	74,225	87,758	77,869	77,456
-	7,263	4,167	11,012	48,627	69,102	81,431	80,663
-	258	27,882	40,263	11,459	3,893	6,585	-
-	-	40,953	16,196	18,762	2,351	-	-
-	-	928	-	-	-	-	-
-	-	-	3,141	11,448	49,370	58,636	51,849
-	-	-	255	790	-	-	-
-	-	-	-	23,480	52,925	18,172	30,559
-	-	-	-	-	62,450	94,940	89,839
-	-	-	-	-	-	13,307	5,889
-	-	-	-	-	-	-	603
822,583	813,053	816,187	833,831	820,426	988,546	1,011,449	966,889
911	1,443	1,444	1,897	790	383	366	321
823,494	814,496	817,631	835,728	821,216	988,929	1,011,815	967,210

Savannah Airport Commission

Aircraft Operations 2006 – 2015

Year	Airlines	Cargo	General Aviation	Military	Total
2006	16,353	23,399	55,332	7,844	102,928
2007	18,458	24,267	51,242	6,042	100,009
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
Annual Compounded Growth					
2006 - 2015	2.29%	-2.23%	-3.41%	1.62%	-1.64%

Source: FAA

Savannah Airport Commission

Airlines Serving the Savannah/Hilton Head International Airport

PRIMARY CARRIERS

Allegiant
American
Delta
JetBlue
Sun Country
United

AFFILIATE CARRIERS

Air Wisconsin d/b/a American
Endeavor d/b/a Delta
Envoy d/b/a American
Express Jet d/b/a American
Express Jet d/b/a Delta
Express Jet d/b/a United
Go Jet d/b/a Delta
Mesa d/b/a American
Mesa d/b/a/ United
Piedmont d/b/a American
PSA d/b/a American
Republic d/b/a American
Shuttle America d/b/a Delta
Sky West d/b/a United
Trans States d/b/a United

ALL CARGO CARRIERS

Air Cargo Carriers
Federal Express
Martinaire Aviation
Suburban Air Freight
Wiggins Airways

Customer Name	Revenue From Customers 2015	Percentage of Total Revenue 2015	Revenue From Customers 2014	Percent of Total Revenue 2014	2013
DELTA AIRLINES	\$ 4,409,800	18.45%	\$ 4,269,161	18.11%	\$ 4,321,510
GULFSTREAM	\$ 1,558,964	6.52%	\$ 1,603,327	6.80%	\$ 1,333,438
AMERICAN AIRLINES	\$ 1,396,281	5.84%	\$ 1,444,405	6.13%	\$ -
VANGUARD/(ANC CAR	\$ 1,272,924	5.33%	\$ 969,881	4.11%	\$ 767,753
HERTZ RENT A CAR	\$ 1,170,657	4.90%	\$ 1,205,561	5.11%	\$ 1,071,008
UNITED AIRLINES	\$ 985,201	4.12%	\$ 1,090,830	4.63%	\$ 1,208,256
HOST, INC	\$ 707,620	2.96%	\$ 611,152	2.59%	\$ 511,211
ENTERPRISE	\$ 706,456	2.96%	\$ 648,022	2.75%	\$ 633,847
PARADIES	\$ 663,623	2.78%	\$ 679,311	2.88%	\$ 547,145
AVIS RENT A CAR	\$ 611,229	2.56%	\$ 621,366	2.64%	\$ 556,467
PSA AIRLINES	\$ 577,580	2.42%	\$ 223,369	0.95%	\$ 217,013
BUDGET CAR RENTAL	\$ 574,587	2.40%	\$ 650,412	2.76%	\$ 534,221
SIGNATURE FLIGHT SUPPORT	\$ 552,978	2.31%	\$ 497,662	2.11%	\$ 668,386
US AIRWAYS	\$ 510,020	2.13%	\$ 710,666	3.01%	\$ 1,738,024
CHATHAM CO. MOSQ	\$ 388,696	1.63%	\$ 386,004	1.64%	\$ 383,312
THRIFTY	\$ 327,884	1.37%	\$ 363,853	1.54%	\$ 289,152
ASA - UNITED	\$ 263,020	1.10%	\$ 349,290	1.48%	\$ -
TSA	\$ 255,975	1.07%	\$ 245,247	1.04%	\$ 245,674
FEDERAL EXPRESS	\$ 249,259	1.04%	\$ 256,063	1.09%	\$ 462,028
DOLLAR RENT A CAR	\$ 209,125	0.88%	\$ 223,342	0.95%	\$ -
MESA-US AIRWAYS	\$ -	-	\$ 297,798	1.26%	\$ 311,991
GOODWILL INDUSTRIES	\$ -	-	\$ 211,446	0.90%	\$ 214,926
AMERICAN EAGLE	\$ -	-	\$ -	-	\$ 749,316
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

	2012	2011	2010	2009	2008	2007	2006
\$	4,137,592	\$ 3,901,914	\$ 3,265,473	\$ 2,738,673	\$ 2,491,672	\$ 2,100,166	\$ 1,842,519
\$	809,977	\$ 458,043	\$ 523,246	\$ 841,326	\$ 774,954	\$ 652,344	\$ 512,047
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	803,237	\$ 817,442	\$ 906,650	\$ 766,853	\$ 745,783	\$ 805,604	\$ 761,032
\$	1,019,274	\$ 984,063	\$ 1,063,263	\$ 809,929	\$ 961,052	\$ 1,085,563	\$ 1,117,707
\$	537,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	483,713	\$ 481,628	\$ 451,941	\$ 436,546	\$ 554,488	\$ 512,734	\$ 476,812
\$	576,510	\$ 522,201	\$ 523,937	\$ 372,726	\$ 318,859	\$ 283,800	\$ -
\$	566,346	\$ 559,506	\$ 527,667	\$ 503,995	\$ 623,988	\$ 531,282	\$ 471,828
\$	579,394	\$ 594,835	\$ 640,891	\$ 539,353	\$ 625,343	\$ 684,938	\$ 664,571
\$	212,482	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	533,998	\$ 511,930	\$ 565,758	\$ 457,249	\$ 562,422	\$ 507,984	\$ 513,434
\$	698,769	\$ 674,465	\$ 706,978	\$ 656,222	\$ 595,720	\$ 552,708	\$ 584,616
\$	1,594,722	\$ 1,471,922	\$ 1,128,906	\$ 669,034	\$ 641,262	\$ 541,167	\$ 440,194
\$	380,620	\$ 378,467	\$ 376,313	\$ 374,259	\$ 372,006	\$ 369,852	\$ 369,852
\$	274,995	\$ 240,731	\$ 354,420	\$ -	\$ 300,477	\$ -	\$ 234,132
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	231,165	\$ 246,121	\$ 322,992	\$ -	\$ -	\$ -	\$ -
\$	431,745	\$ 439,845	\$ 420,431	\$ 420,864	\$ -	\$ 278,024	\$ 274,565
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	210,414	\$ 162,457	\$ 284,567	\$ 490,780	\$ -	\$ -	\$ -
\$	234,534	\$ 234,534	\$ -	\$ -	\$ -	\$ -	\$ -
\$	721,951	\$ 780,517	\$ 639,325	\$ 664,881	\$ 370,834	\$ -	\$ -
\$	337,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	434,778	\$ 838,507	\$ 798,798	\$ 711,378	\$ 633,977	\$ 477,213	\$ 414,703
\$	398,304	\$ 694,558	\$ 600,664	\$ 580,607	\$ 521,219	\$ 505,220	\$ 379,163
\$	-	\$ 229,601	\$ 282,057	\$ 452,333	\$ -	\$ -	\$ -
\$	-	\$ -	\$ 262,115	\$ 439,794	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ 469,323	\$ 613,014	\$ 544,032
\$	-	\$ -	\$ -	\$ -	\$ 320,252	\$ 348,653	\$ 292,933

Savannah Airport Commission

Miscellaneous Statistical Information

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Date of incorporation - 1952										
Employees										
Number of employees	148	163	170	182	173	171	175	172	184	196
Terminal building	299,195 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	652,641 SF
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	9,351 ft x	9,351 feet	-	-	-	-	-	-	-
Runway 18/36	7,001 ft x	7,002 ft x	7,001 feet	-	-	-	-	-	-	-
Runway 10/28	-	-	-	9,351 ft x	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	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
Terminal gates in use	10	9	10	8	8	8	8	8	9	10
Number of airlines serviced	17	19	20	21	22	22	21	17	16	21
Number of rental car agencies on property	7	7	7	7	7	7	7	7	8	8
Number of taxi/limousine companies servicing airport	48	49	79	66	63	65	72	79	80	76
Number of concessionaires in terminal building	14	15	16	16	16	18	17	17	17	17
Number of public parking spaces	2,594	3,914	3,954	3,954	3,954	3,954	3,954	3,954	3,914	3,924

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Source: Savannah Airport Commission, Finance Department

Savannah Airport Commission

Compliance Section

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

Independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

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.

Report on passenger facility charge program compliance and on internal control compliance.





**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

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 business-type activities of Savannah Airport Commission (the Commission) as of and for the year ended December 31, 2015, 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 27, 2016. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 27, 2016



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

The Commissioners
Savannah Airport Commission

Compliance

We have audited the compliance of Savannah Airport Commission (the Commission) with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. 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

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the Commission's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our compliance audit 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the compliance 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. A compliance 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 compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination on the Commission's compliance with those requirements.

Opinion

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, 2015.

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 Circular A-133, 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.

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.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Savannah Airport Commission as of and for the year ended December 31, 2015, and have issued our report thereon dated June 27, 2016. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Savannah Airport Commission's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Savannah Airport Commission. The supplementary information and the schedules of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion or provide any assurance on them.

Restricted Use

This report is intended solely for the information and use of management, the Commissioners of the Savannah Airport Commission, others within the entity, the United States Department of Transportation, the Federal Aviation Administration and Georgia Department of Labor. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Savannah, Georgia
June 27, 2016



**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, 2015, and have issued our report thereon dated June 27, 2016.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133.

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,

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

Savannah, Georgia
June 27, 2016

SAVANNAH HILTON HEAD

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



Savannah Airport Commission

Schedule of Expenditures of Federal Awards

December 31, 2015

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	\$ 3,900,343
			\$ 3,900,343

*Major program as defined by United States Office of Management and Budget Circular A-133.

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 follows:

<hr/>	
Federal construction grants	\$ 3,900,343
<hr/>	

 - 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, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unqualified

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 Circular A-133, Section .510(a)? _____ yes X no

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
20.106	Federal Aviation Administration - Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Guide. Those standards and OMB Circular A-133 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, 2015.

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 27, 2016

Savannah Airport Commission

Schedule of Passenger Facility Charges

	For the year ended December 31, 2015	Cumulative as of December 31, 2015
PFC income		
PFC revenue	\$ 3,767,924	\$ 66,521,874
Interest	449	835,762
Total PFC income	3,768,373	67,357,636
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.	1,853,500	42,170,800
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, 2015	Cumulative as of December 31, 2015
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, 2015	Cumulative as of December 31, 2015
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, 2015	Cumulative as of December 31, 2015
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	-	73,543
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	-	105,752
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)	-	231,034
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	55,070	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, 2015	Cumulative as of December 31, 2015
Terminal Walkways - reimb SAC- appl. (#8)	-	26,820
Terminal Walkways - Miller - App (#8)	-	6,485
GA Taxiway 4 & 5 - reimb SAC (appl.#8)	-	23,299
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)	-	138,901
CCTV System Replacement - Coastal Digital	-	34
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	-	46,620
PA System Replacement - Alltel System GRP, INC.	-	278,002
Two Valet Bag Belts Systems - R.J. Design	-	61,000
AOA Survey - URS	-	62,500
Tree Removal R/W 10 Approach - reimb SAC	-	161,432
T/W A-NAD - McLendon/URS Constr	-	453,739
T/W A Extension North – Constr – reimb SAC	1,500,000	1,500,000
T/W H-NAD - McLendon/URS Constr	-	607,925
Gulfstream - McLendon/URS Constr	-	3,262
Elect Vault - McLendon/URS Constr	-	4,049
Electrical Valut – reimb SAC	16,150	16,150
Site Mitigations (NAD)	-	60,000
Realign & Construct Gulfstream Rd - Construction - reimb SAC	55,033	55,033
Realign & Construct Gulfstream Rd - Design - reimb PFC	(3,263)	(3,263)
PFC Implementation and Admin.- SAC reimb (appl. #8 & 9)	-	41,118
Lighting 10/28 Runway	-	41,257
Terminal Curbside Canopy Expansion	-	1,407,899
Total expenditure	3,476,490	66,505,545
Excess income	291,883	852,091
Beginning balance	560,208	-
Balance at December 31, 2015	\$ 852,091	\$ 852,091

Note - PFC reports to FAA are based on actual collections and do not include accounts receivable, such amounts collected in 2015 are \$3,768,373 and remaining collections unspent as of December 31, 2015 are \$852,091. The excess income reported to FAA as of December 31, 2015 is \$291,883.

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