GSP INTERNATIONAL AIRPORT
ROGER MILLIKEN FIELD

2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

REACHING NEW HEIGHTS

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GREENVILLE-SPARTANBURG AIRPORT DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended June 30, 2019 and 2018

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
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INTRODUCTORY SECTION

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November 6, 2019

To the Commissioners of
Greenville-Spartanburg Airport District
Greer, South Carolina

The Comprehensive Annual Financial Report of the Greenville-Spartanburg Airport District ("GSP", the "District", or the "Airport") for the fiscal year ended June 30, 2019, is hereby submitted. The Finance Department prepared this report. The responsibility for both the accuracy of the data and completeness and fairness of presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, this report fairly presents and fully discloses the District's financial position, changes in financial position, and cash flows in accordance with accounting principles generally accepted in the United States of America. Please refer to the Management Discussion and Analysis (MD&A) for additional information of the financial positions of the District.

Reporting Entity and Its Services

In March 1959, the General Assembly of the State of South Carolina enacted an act to create the Greenville-Spartanburg Airport District (the "District"), a political subdivision of the State of South Carolina. The corporate powers and duties of the District are to be exercised and performed by the Greenville-Spartanburg Airport Commission.

The membership of the Commission consists of three (3) members who are residents of Spartanburg County and who are appointed upon the recommendation of a majority of the members of the Spartanburg County Legislative Delegation, AND three (3) members who are residents of Greenville County and who are appointed upon the recommendation of a majority of the members of the Greenville County Legislative Delegation. Thus, a total of six (6) members exist. Upon election by a majority of the Greenville or the Spartanburg Delegation, as the case may be, the secretary or acting secretary of the respective county delegation shall certify the approval to the Governor who shall Commission the nominee for a term of six (6) years.

The Commission supervises the process by which the financial statements are annually audited through an established Audit Committee. The Committee consists of three members of the Commission whose responsibilities include supervising the processes by which the annual financial statements are audited, thereby providing independent oversight. The Committee meets with both Airport staff and external auditors to insure objectivity and full disclosure of any concerns impacting financial reporting.

Economic Condition and Outlook

Situated in the upstate region of South Carolina, the Airport has experienced strong profitability levels. As such, management remains committed to providing increased levels of air service for the surrounding population, which consists of ten counties. The Upstate Metropolitan Statistical Area (MSA) consists of Abbeville, Anderson, Cherokee, Greenville, Greenwood, Laurens, Oconee, Pickens, Spartanburg and Union Counties. With a MSA population of over 1.4 million people, the Upstate is a hub of services and industries that include cutting edge technologies in automotive, aerospace, advanced materials, biosciences and engineering. The community enjoys a natural location for distribution and warehousing activities. Quality of life, labor force, culture, education, and medical facilities are considered key resources in the market's ability to sustain future growth.

The Airport experienced significant growth in fiscal year 2019 with 2.5 million passengers served and approximately 1.3 million enplanements. The airport continued a trend of solid enplanement growth, with percentage increases of 12.8% and 7.5% for fiscal year 2019 and 2018. The cargo operation also experienced solid growth in fiscal year 2019 with 118.3 million pounds, an increase of 5.2%. Cargo activity generates different types of revenue for the District including landing fees, cargo warehouse rentals, aircraft apron rentals, ground service equipment leasing, and ground handling fees. Cargo carriers represented 24.4% of the landed weight in fiscal year 2019, which is a slight increase from the 22.1% in fiscal year 2018.

The strength of the Upstate economy lies in its uniquely diversified industry structure. A key economic driver for the Upstate centers around the Inland Port's location in Greer, SC. The automotive industry serves a prominent economic role in the Upstate thanks to the BMW plant in Spartanburg County, which has generated a total annual economic impact of approximately $16.6 billion for the state through 30,000 jobs since it started production in 1995. Today, for every single direct job created at BMW, three other support jobs are created elsewhere.

The region is not dependent upon any single industry to continue increasing economic output and attracting top talent. Adidas, also located in Spartanburg County, controls a distribution facility that ships 65 million units of apparel each year representing 80% of North America's output and 20% of the company's global output. The Upstate is home to one-third of the over 400 aviation and aerospace companies located in South Carolina. In 2017, these companies generated an economic impact of over $6 billion for the Upstate. In keeping with the aviation industry and directly related to GSP, the airport completed a $128 million terminal renovation project in 2017 that had a total economic impact of $164 million during construction.

The latest economic impact analysis for GSP released in late September 2018 revealed that the Airport continues to deliver a major punch to the local economy. When comparing the most recent analysis with the analysis completed in October 2009, the results were impressive. The number of jobs associated with GSP in 2009 was 3,692. In 2018 that number had quadrupled to 14,817 representing a 301.3% increase. Income related to GSP rose from $112.0 million in 2009 to $649.0 million in 2018 for an increase of 479.4%. The overall Economic Output was eight times greater than 2009's from $377.5 million in 2019 to $2.9 billion in 2018.

A total of 8,658 jobs are directly supported by GSP, another 3,086 indirectly and 3,073 induced. For every direct job, the Airport supports another 0.7 jobs locally. GSP adds a total of $648.9 million dollars of income locally; $364.3 million directly, another $162.2 million indirectly and $122.4 million induced. For every dollar of output produced by activities generated from the Greenville-Spartanburg International Airport, another $0.43 of output is generated in the Greenville-Spartanburg area economy.

Long-Term Financial Planning

The District prepares an annual operating and capital improvement budget which is submitted for approval to the Commission. A five-year capital improvement program, including modifications and reasons thereof, is also prepared.

The District maintains excess operating cash on hand to guard against significant economic downturn. In an effort to provide revenue diversification, the District continues to pursue various options in real estate development and sources of non-aviation revenue.

On September 10, 2018, the District's Commission approved establishment of a $16 million, 20-year term note with a fixed finance rate of 4.78% for ten years. The $15,687,840 term note was established with TD Bank on November 6, 2018 with a maturity date of November 1, 2028.

Accounting Systems

The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are safeguarded. In addition, as a recipient of federal financial assistance, the District is responsible for ensuring that adequate internal controls are in place to ensure compliance with laws and regulations to the Airport Improvement Program (AIP).

The objectives of internal controls are to provide management with reasonable assurance that the resources are safeguarded against waste, loss and misuse, and reliable data is recorded, maintained and fairly disclosed in reports. The current internal controls provide the District with a solid base of reliable financial records from which financial statements are prepared. These accounting controls provide reasonable assurance that accounting data is reliable and available to facilitate the preparation of financial statements on a timely basis. Inherent limitations should be recognized in considering the potential effectiveness of any system on internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal controls should not exceed the benefits derived, and that the evaluation of those factors requires judgement by management.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, using the accrual basis of accounting. The District is a local government proprietary fund. Therefore, the activities are reported in conformity with governmental accounting and financial reporting principles issued by the Governmental Accounting Standards Board (GASB).

Budgetary Control

The District's annual budget is a financial planning tool outlining the estimated revenues and expenses for the District. Prior to July 1 of each year, the District prepares and submits its budget to the Commission for the ensuing fiscal year. Budgetary control and evaluation are affected by comparing actual unaudited and annual results with budget. The District conducts periodic reviews to ensure compliance with the provisions of the annual operating budget approved by the Commission. Operating statements comparing actual financial results to budgets are reported periodically by the Chief Financial Officer and distributed to executive staff, Commission, and key partners. Certain assumptions are made in determining the annual budget and subsequent results could differ substantially from those projected. In keeping with the requirements of a proprietary fund, budgetary comparisons have not been included in the financial section of this report.

Independent Audit

The financial statements for fiscal year 2019 were audited by BKD, LLP, and the opinion resulting from their examination is included in this Comprehensive Annual Financial Report. Their audit was made 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*. Each year, the independent certified public accountants meet with the Audit Committee of the Commission to review the results of the audit.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the first Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparations of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government 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. The CAFR is judged by an impartial panel to determine if it meets the high standards of the program, and if it demonstrates a constructive "spirit of full disclosure" to clearly communicate its financial story and to motivate users to read the CAFR.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report conforms to the Certificate of Achievement Program's requirements and will be submitting it to GFOA for consideration.

Acknowledgements

The publication of this annual financial report is the culmination of a year of hard work by the District's Finance Department. We appreciate the commitment, efforts, and perseverance of the Finance Department staff in the preparation of this report.

We also thank the Management Team and the Commission for their leadership and support in planning and conducting the financial operations of the District in a responsible and progressive manner. Lastly, we appreciate BKD, LLP's dedication to completing the audit in a timely manner.

Respectfully submitted,

David N. Edwards, Jr.
President/CEO

Basil O. Dosunmu
Senior Vice President – Administration and Finance/Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Greenville-Spartanburg Airport District

South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
AIRPORT COMMISSION AND EXECUTIVE STAFF

GREENVILLE-SPARTANBURG AIRPORT COMMISSION

Minor Shaw
Chair

Hank Ramella
Vice Chair

Leland Burch
Commissioner

Valerie Miller
Commissioner

Bill Barnet
Commissioner

Doug Smith
Commissioner

EXECUTIVE STAFF

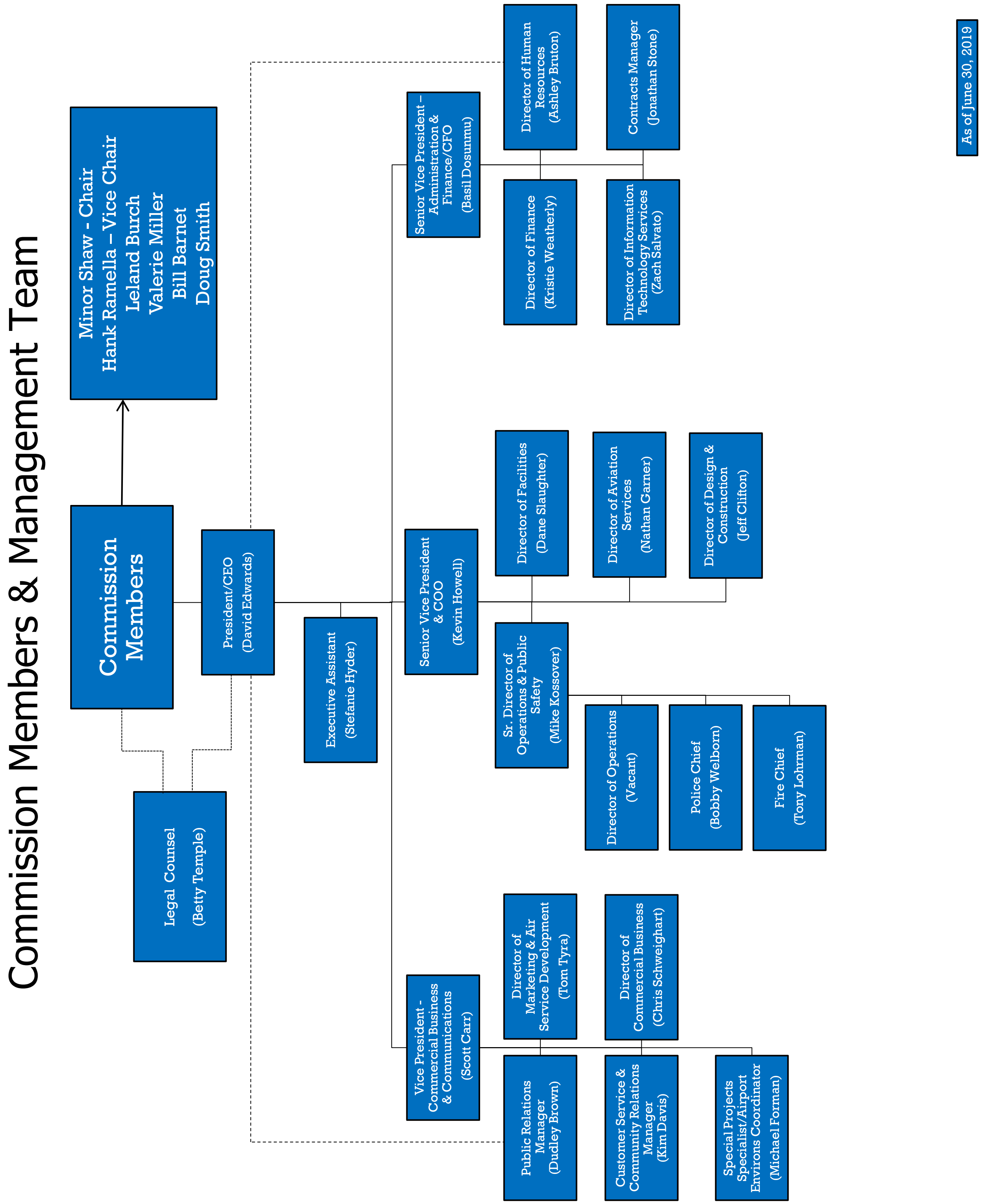
David N. Edwards, Jr.
President/Chief Executive Officer (CEO)

Kevin Howell
Senior Vice President/Chief Operating Officer (COO)

Basil O. Dosunmu
Senior Vice President - Administration and Finance/Chief Financial Officer (CFO)

Scott C. Carr
Vice President - Commercial Business and Communications

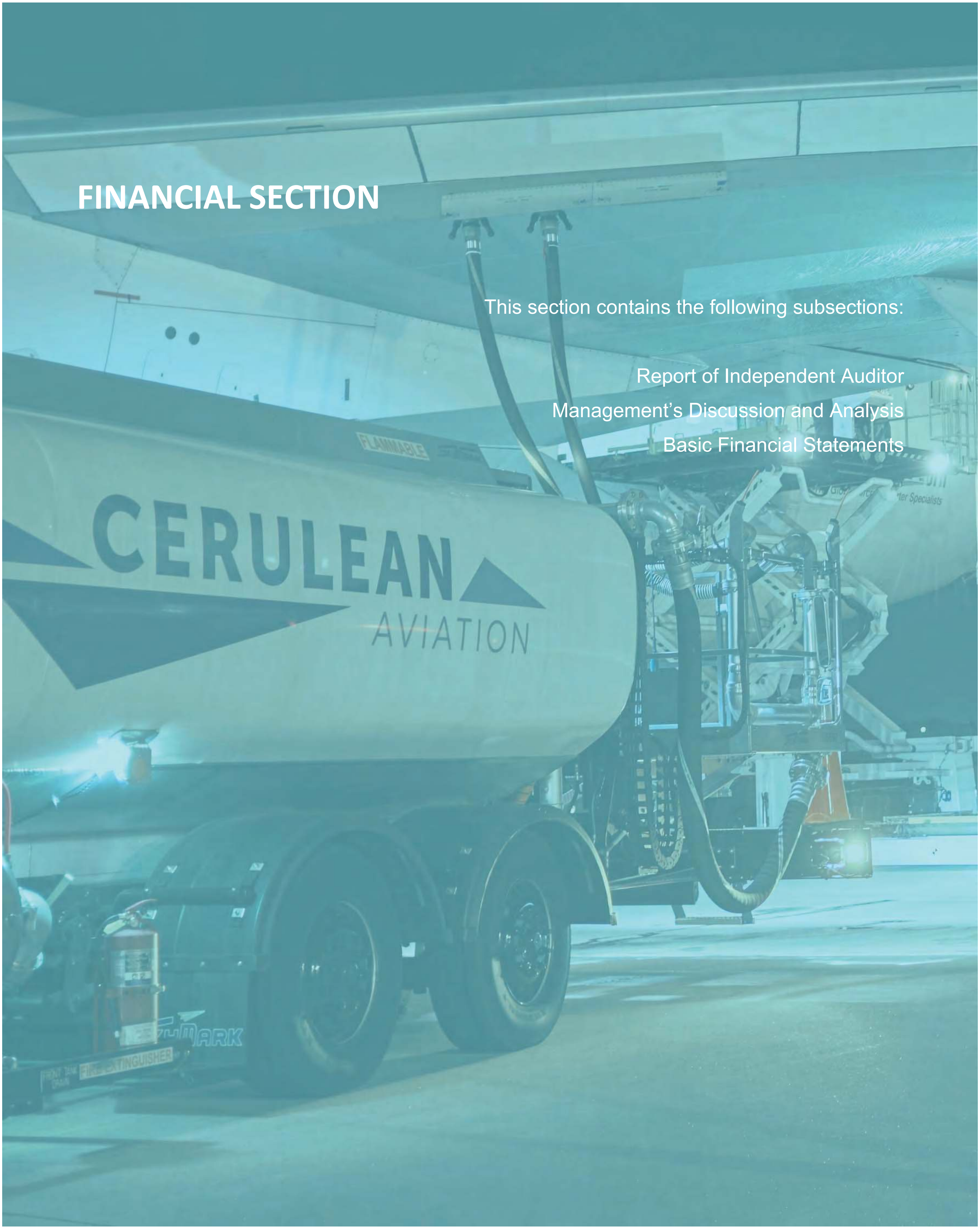
GREENVILLE-SPARTANBURG AIRPORT DISTRICT
ORGANIZATIONAL CHART
(COMMISSION MEMBERS AND MANAGEMENT TEAM)



FINANCIAL SECTION

This section contains the following subsections:

Report of Independent Auditor
Management’s Discussion and Analysis
Basic Financial Statements



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CPAs & Advisors

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Independent Auditor's Report

To the Commissioners of
Greenville-Spartanburg Airport District
Greer, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the Greenville-Spartanburg Airport District (Airport), a political subdivision of the State of South Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Airport'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 an opinion on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport, as of June 30, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Audited by Other Auditors

The 2018 financial statements were audited by other auditors, and their report thereon, dated October 31, 2018, expressed an unmodified opinion.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Introductory and Statistical Sections, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards (the schedule) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 6, 2019, on our consideration of the Airport'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 solely 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 effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
November 6, 2019

The following Management Discussion and Analysis ("MD&A") of the Airport's activities and financial performance for the fiscal years ended June 30, 2019 and 2018, is presented in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements — Management's Discussion and Analysis — For State and Local Governments*. The intent of the MD&A is to provide the reader with an introduction and overview to the financial statement package.

Following this MD&A are the basic financial statements of the Airport together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements. In addition to the basic financial statements and accompanying notes, this section also presents certain required supplementary information.

Overview of Annual Financial Report

Management's Discussion and Analysis serves as an introduction to the basic financial statements. The MD&A represents management's examination and analysis of the Airport's financial condition and performance. Summary financial statement data, key financial, and operational indicators used in the Airport's budgeting and other management tools were used for this analysis.

The Airport's financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements. The statement of net position presents the financial position of the Airport on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at the end of a year.

The statement of revenues, expenses, and changes in net position present the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Airport's recovery of its costs. The Airport's rates and charges are based on a cost recovery methodology provided in its airline use agreements. The primary objective of the rates and charges model is to determine the costs not covered by non-airline sources and to annually compute landing fees and terminal rents which will provide sufficient funding to reimburse the Airport.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when obligations arise, or depreciation of capital assets.

The notes to the financial statements provide disclosures and other information that is essential to a full understanding of material data provided in the statements. The notes present information about the Airport's accounting policies, significant account balances, activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

The financial statements were prepared by the Airport's staff from the detailed books and records of the Airport.

FINANCIAL HIGHLIGHTS

STATEMENTS OF NET POSITION, JUNE 30, 2019 AND 2018

	June 30			
	2019	**2018**	**Change**	**% Change**
Assets:				
Cash and investments	$ 32,281,152	$ 24,593,906	$ 7,687,246	31.3%
Funds held by trustee	432,831	421,980	10,851	2.6%
Receivables	8,764,615	2,829,788	5,934,827	209.7%
Capital assets - net	273,372,387	250,852,809	22,519,578	9.0%
Other	652,402	565,985	86,417	15.3%
Total assets	$ 315,503,387	$ 279,264,468	$ 36,238,919	13.0%
Deferred outflows of resources	$ 5,883,488	$ 4,794,092	$ 1,089,396	22.7%
Liabilities:				
Current liabilities	$ 12,267,814	$ 12,098,217	$ 169,597	1.4%
Long-term liabilities	34,757,321	17,833,649	16,923,672	94.9%
Total liabilities	$ 47,025,135	$ 29,931,866	$ 17,093,269	57.1%
Deferred inflows of resources	$ 130,460	$ 15,176	$ 115,284	759.6%
Net position:				
Net investment in capital assets	$ 249,913,754	$ 240,693,314	$ 9,220,440	3.8%
Restricted	6,006,413	2,524,577	3,481,836	137.9%
Unrestricted	18,311,113	10,893,627	7,417,486	68.1%
Total net position	$ 274,231,280	$ 254,111,518	$ 20,119,762	7.9%

- As can be seen from the above, the Airport has a very strong Statement of Net Position. Liquidity continues to be very strong. Total net position is $274,231,280, of which $18,311,113 is unrestricted.
- Total assets at June 30, 2019 were $315,503,387, which included $24,357,852 in cash and receivables, $16,687,915 in investments, $432,832 in investments held by US Bank (GSP's Revenue Bond Trustee), and $273,372,387 in net capital assets. Total liabilities were $47,025,135, which included $17,931,187 in the unfunded portion of the pension plans and $15,230,278 in term note payable. The difference between the $315,503,387 in assets plus the $5,883,488 in deferred outflows of resources and the $47,025,135 in liabilities plus the $130,460 in deferred inflows of resources is categorized as Net Position ($274,231,280). Net Position is composed of $249,913,754 of net investment in capital assets, $6,006,413 restricted for capital projects, and $18,311,113 unrestricted.

FINANCIAL HIGHLIGHTS

STATEMENTS OF NET POSITION, JUNE 30, 2018 AND 2017

	June 30			
	2018	**2017**	**Change**	**% Change**
Assets:				
Cash and investments	$ 24,593,906	$ 18,152,402	$ 6,441,504	35.5%
Funds held by trustee	421,980	406,836	15,144	3.7%
Receivables	2,829,788	3,619,010	(789,222)	-21.8%
Capital assets - net	250,852,809	237,687,569	13,165,240	5.5%
Other	565,985	478,742	87,243	18.2%
Total assets	$ 279,264,468	$ 260,344,559	$ 18,919,909	7.3%
Deferred outflows of resources	$ 4,794,092	$ 2,329,682	$ 2,464,410	105.8%
Liabilities:				
Current liabilities	$ 12,098,217	$ 6,630,208	$ 5,468,009	82.5%
Long-term liabilities	17,833,649	14,865,012	2,968,637	20.0%
Total liabilities	$ 29,931,866	$ 21,495,220	$ 8,436,646	39.2%
Deferred inflows of resources	$ 15,176	$ 23,293	$ (8,117)	-34.8%
Net position:				
Net investment in capital assets	$ 240,693,314	$ 231,975,926	$ 8,717,388	3.8%
Restricted	2,524,577	2,485,584	38,993	1.6%
Unrestricted	10,893,627	6,694,218	4,199,409	62.7%
Total net position	$ 254,111,518	$ 241,155,728	$ 12,955,790	5.4%

- As can be seen from the above, the Airport has a very strong Statement of Net Position. Liquidity continues to be very strong. Total net position is $254,111,518, of which $10,893,627 is unrestricted.
- Total assets at June 30, 2018 were $279,264,468, which included $17,427,616 in cash and receivables, $9,996,078 in investments, $421,980 in investments held by US Bank (GSP's Revenue Bond Trustee), and $250,852,809 in net capital assets. Total liabilities were $29,931,866, $15,243,794 of which related to the unfunded portion of the pension plans and $1,620,000 of which related to GSP's 2001 rental car facility bond issue outstanding at year end. The difference between the $279,264,468 in assets plus the $4,794,092 in deferred outflows of resources and the $29,931,866 in liabilities plus the $15,176 in deferred inflows of resources is categorized as Net Position ($254,111,518). Net Position is composed of $240,693,314 of net investment in capital assets, $2,524,577 restricted for capital projects, and $10,893,627 unrestricted.

FINANCIAL HIGHLIGHTS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, JUNE 30, 2019 AND 2018

	June 30			
	2019	**2018**	**Change**	**% Change**
Operating revenues:				
Landing and other airside fees	$ 3,512,871	$ 3,299,368	$ 213,503	6.5%
Space and ground rental fees	11,394,810	10,524,537	870,273	8.3%
Concessions revenue	20,723,593	17,516,524	3,207,069	18.3%
Expense reimbursements	2,048,399	1,590,176	458,223	28.8%
Other revenue	4,161,974	3,222,842	939,132	29.1%
Net profit on fuel sales	5,067,823	4,300,776	767,047	17.8%
Total operating revenues	46,909,470	40,454,223	6,455,247	16.0%
Operating expenses:				
Direct operating expenses	25,949,904	20,891,897	5,058,007	24.2%
Pension	3,154,414	2,124,770	1,029,644	48.5%
Depreciation	12,032,401	11,804,257	228,144	1.9%
Total operating expenses	41,136,719	34,820,924	6,315,795	18.1%
Operating income	5,772,751	5,633,299	139,452	2.5%
Nonoperating income	1,220,764	1,468,424	(247,660)	-16.9%
Income before capital contributions	6,993,515	7,101,723	(108,208)	-1.5%
Capital contributions	13,126,247	5,854,067	7,272,180	124.2%
Change in net position	20,119,762	12,955,790	7,163,972	55.3%
Net position - beginning of year	254,111,518	241,155,728	12,955,790	5.4%
Net position - end of year	$ 274,231,280	$ 254,111,518	$ 20,119,762	7.9%

- Total operating revenues were $46,909,470 for the fiscal year ended June 30, 2019, up 16.0% from $40,454,223 as compared to the prior year. The increase was the result of increases in parking concessions; cargo and charter operations; and sales from FBO ("Fixed Base Operations"). The increases are due to several factors such as increased traffic, increased parking rates, and growth in FBO and Cargo operations.
- Total direct operating expenses were $25,949,904 for the fiscal year ended June 30, 2019, up 24.2% from $20,891,897 as compared to the prior year. This increase was largely due to an increase in the number of employees and an increase in contractual services, such as janitorial services and parking management services, etc.

- Pension expense was $3,154,414 for the fiscal year ended June 30, 2019, up 48.5% from $2,124,770 as compared to the prior year. This is due to an increase in the actuarially determined Pension Plan's expenses pushed down to each participating entity by the state.
- Total non-operating income was $1,220,764 for the fiscal year ended June 30, 2019, down 16.9% from $1,468,424 as compared to the prior year. In fiscal year 2018, the airport experienced extreme amounts of hail damage that resulted in the receipt of insurance proceeds to help repair the damage.
- Depreciation expense was $12,032,401 for the fiscal year ended June 30, 2019, as compared to $11,804,257 in the fiscal year ended June 30, 2018.
- The debt service coverage ratio was 1,859%, which exceeded the 125% required by the debt covenants of GSP's various bond issues.
- The combined result of increased operating revenues offset by increased operating expenses and decreased non-operating income, as discussed above, resulted in income before capital contributions of $6,993,515 and $7,101,723 for fiscal year ended June 30, 2019 and fiscal year ended June 30, 2018, respectively.
- Total capital contributions were $13,126,247 for the fiscal year ended June 30, 2019, up 124.2% from $5,854,067 as compared to the prior year. This is due to one large federal grant project that was started and substantially completed during the current year. This grant made up 86.0% of the total capital contributions revenue for the year.

FINANCIAL HIGHLIGHTS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, JUNE 30, 2018 AND 2017

	June 30			
	2018	**2017**	**Change**	**% Change**
Operating revenues:				
Landing and other airside fees	$ 3,299,368	$ 3,222,021	$ 77,347	2.4%
Space and ground rental fees	10,524,537	8,811,883	1,712,654	19.4%
Concessions revenue	17,516,524	16,314,117	1,202,407	7.4%
Expense reimbursements	1,590,176	1,268,283	321,893	25.4%
Other revenue	3,222,842	1,922,952	1,299,890	67.6%
Net profit on fuel sales	4,300,776	1,906,452	2,394,324	125.6%
Total operating revenues	40,454,223	33,445,708	7,008,515	21.0%
Operating expenses:				
Direct operating expenses	20,891,897	19,038,116	1,853,781	9.7%
Loss on disposal	-	3,581	(3,581)	-100.0%
Pension	2,124,770	1,177,925	946,845	80.4%
Depreciation	11,804,257	10,846,378	957,879	8.8%
Total operating expenses	34,820,924	31,066,000	3,754,924	12.1%
Operating income	5,633,299	2,379,708	3,253,591	136.7%
Nonoperating income	1,468,424	1,053,597	414,827	39.4%
Income before capital contributions	7,101,723	3,433,305	3,668,418	106.8%
Capital contributions	5,854,067	11,936,179	(6,082,112)	-51.0%
Change in net position	12,955,790	15,369,484	(2,413,694)	-15.7%
Net position - beginning of year	241,155,728	225,786,244	15,369,484	6.8%
Net position - end of year	$ 254,111,518	$ 241,155,728	$ 12,955,790	5.4%

- Total operating revenues were $40,454,223 for the fiscal year ended June 30, 2018, up 21.0% from $33,445,708 as compared to the prior year. The increase was the result of increases in sales from FBO ("Fixed Base Operations") (brought in-house in early 2017); cargo operations, concessions (parking, rental car, and food/beverage); and space rental revenues. The increases are due to several factors such as growth in FBO operations, increased traffic, increased rented space, new space rentals, etc.
- Total direct operating expenses were $20,891,897 for the fiscal year ended June 30, 2018, up 9.7% from $19,038,116 as compared to the prior year. This increase was largely due to an increase in the number of employees and mid-year salary adjustments based on the salary survey.
- Pension expense was $2,124,770 for the fiscal year ended June 30, 2018, up 80.4% from $1,177,925 as compared to the prior year. This is due to an increase annually in Pension Plan's expenses pushed down to each participating entity by the state.

- Total non-operating income was $1,468,424 for the fiscal year ended June 30, 2018, up 39.4% from $1,053,597 as compared to the prior year. This is due to the receipt of insurance proceeds related to hail damage.
- Depreciation expense was $11,804,257 for the fiscal year ended June 30, 2018, as compared to $10,846,378 in the fiscal year ended June 30, 2017.
- The debt service coverage ratio was 4,921%, which exceeded the 125% required by the debt covenants of GSP's various bond issues.
- The blended result of increased operating revenues and non-operating income, only partially offset by an increase in direct operating expense and depreciation expense, as discussed above, resulted in GSP's income before capital contributions of $7,101,723 and $3,433,305 for fiscal year ended June 30, 2018 and fiscal year ended June 30, 2017, respectively.

Description of Significant Capital Expenditures

In September 2019, the Airport District opened a $33 million air cargo facility which significantly increases the Airport's ability to handle domestic and international freight. The 110,000 square-foot cargo facility and its 17-acre apron allow the airport to accommodate up to three Boeing 747-800 freighter aircraft simultaneously; tripling the airport's previous handling capacity. Further detailed information on the Authority's capital assets can be found in Note 6 to the financial statements.

Description of Significant Debt Expenditures

On May 9, 2016, the District's Commission approved the opening of a $25 million revolving Line of Credit ("LOC") with TD Bank for special project use. Through November 2018, drawdowns from the LOC totaled $15,687,840. Debt service is interest-only. Interest is variable at 1 month LIBOR plus 75 basis points. At June 30, 2019 and 2018, the 1 month LIBOR was 2.40% and 2.09%, respectively. Adding 0.75% gives us an interest rate of 3.19% and 2.84%, respectively. The term of the LOC is 1 year and is automatically renewed for an additional 1 year term. The $15,687,840 was "termed out" (removed from the LOC and replaced with a fixed permanent loan) in November 2018.

On September 10, 2018, the District's Commission approved establishment of a $16 million, 20-year term note with a fixed finance rate of 4.78% for ten years. The $15,687,840 term note was established with TD Bank on November 6, 2018 with a maturity date of November 1, 2028. Further information on the Airport District's debt obligations can be found in Notes 8, 9, and 10 of the financial statements.

Changes in Credit Ratings and Debt Limitations

The Airport District has an A2 credit rating with a stable outlook from Moody's. There were no changes in our credit ratings or associated debt limitations in either the fiscal years ended June 30, 2019 or June 30, 2018.

All foreseeable normal operational capital projects within a ten-year horizon are projected to be funded internally with Airport District reserve funds and/or with FAA grant funds. For new "special projects" outside the normal operational scope, management has the option to utilize the aforementioned LOC for funding purposes. As special projects are completed, they can be "termed out," at management's discretion.

Aviation Industry Overview

The airline industry is particularly susceptible and sensitive to many variables we find in our world today:

- Oil prices
- Terrorist events, like 9/11
- Domestic and global economic conditions
- Pandemics and other health concerns
- Aircraft accidents
- Fleet & maintenance issues / aircraft orders and delays
- Customer service issues / failures & resultant negative press
- Volatility of fuel prices
- Debt restructuring
- Volcanic activity
- Merger, acquisitions, bankruptcies of airlines
- Changing regional, national, and international trends
- Federal funding mandates, restrictions, and uncertainties
- Pilot shortages
- Emerging issues in the aviation industry, such as unmanned aerial vehicles (UAVs) or the emergence of sharing economy platforms such as Uber and Lyft, and others

Any one of these can impact airline traffic dramatically, as experience has proven time and again. And yet, when you combine these factors in an ever-changing world, you can expect very volatile results. Airlines have attempted to minimize financial losses thru these periods of extreme volatility by lowering operating costs, merging, canceling unprofitable routes, charging for baggage/food/etc., and grounding older, less fuel-efficient aircraft. Domestic airlines have reaped record-setting profits throughout 2015, 2016, 2017, and 2018 as the price of oil has dropped and as a result of the aforementioned factors. This represents a stunning turnaround after a decade of losses, cutbacks, reorganizations and bankruptcies.

Overall, it appears that many aviation industry prognosticators continue to believe that:

- Air fares are likely to stay high most of this decade.
- Passenger travel will continue to grow at reduced rates, but airline capacity will continue to shrink, albeit slowly. This combination will cause planes to get more crowded, and is likely to remain that way.
- Over the next two decades, U.S. airline travel is expected to nearly double.
- Airlines are recording historically high profitability levels, which are expected to continue for the foreseeable future.

The most recent Federal Aviation Administration ("FAA's") Aerospace Forecast currently published (2019-2039) contains the following "Forecast Highlights":

"Since its deregulation in 1978, the U.S. commercial air carrier industry has been characterized by boom-to-bust cycles. The volatility that was associated with these cycles was thought by many to be a structural feature of an industry that was capital intensive but cash poor. However, the great recession of 2007-2009 marked a fundamental change in the operations and finances of U.S Airlines. Since the end of the recession in 2009, U.S. airlines revamped their business models to minimize losses by lowering operating costs, eliminating unprofitable routes, and grounding older, less fuel-efficient aircraft. To increase operating revenues, carriers initiated new services that customers were willing to purchase and started charging separately for services that were historically bundled in the price of a ticket. The industry experienced an unprecedented period of consolidation with three major mergers in five years. The results of these efforts have been impressive: 2018 marks the tenth consecutive year of profitability for the U.S. airline industry. Looking forward, there is confidence that U.S. airlines have finally transformed from a capital intensive, highly cyclical industry to an industry that generates solid returns on capital and sustained profits.

Fundamentally, over the medium and long term, aviation demand is driven by economic activity, and a growing U.S. and world economy provides the basis for aviation to grow over the long run. The 2019 FAA forecast calls for U.S. carrier domestic passenger growth over the next 20 years to average 1.8 percent per year. The uptick in passenger growth since 2014 will continue into 2019 driven by generally positive economic conditions in the U.S. and the world. Oil prices averaged $64 per barrel in 2018 edging down to $61 in 2019, and our forecast assumes they will increase beginning in the early 2020s to reach $98 by the end of the forecast period. After a year of solid economic growth in 2018 for the U.S. and generally around the world, conditions are beginning to gradually ease. Some headwinds that have been present over the past few years remain, such as the uncertainty surrounding "Brexit" and the difficulty China faces in managing the slowdown of its economy. Meanwhile, new headwinds have developed, including a broad slowdown in global trade, political tensions in several countries, and economic slumps in Italy and Germany. The U.S. economy is showing signs of moderating from the above trend pace in 2018 as the expansion is poised to become the longest on record. Growth is expected to ease back towards trend with domestic demand supported by positive financial conditions, a strong labor market, and continuing effects of the 2017 Tax Cuts and Jobs Act.

System traffic in revenue passenger miles (RPMs) is projected to increase by 2.2 percent a year between 2019 and 2039. Domestic RPMs are forecast to grow 1.9 percent a year while International RPMs are forecast to grow significantly faster at 3.0 percent a year. System capacity as measured by available seat miles (ASMs) is forecast to grow in line with the increases in demand. The number of seats per aircraft is growing, especially in the regional jet market, where we expect the number of 50 seat regional jets to fall to just a handful by 2030, replaced by 70-90 seat aircraft.

Although the U.S. and global economies saw solid growth in 2018, a combination of higher energy prices and labor cost increases resulted in profits for U.S. airlines falling further from 2016's record levels. The FAA expects U.S. carrier profitability to remain steady or increase as solid demand fed by a stable economy offsets rising energy and labor costs. Over the long term, we see a competitive and profitable aviation industry characterized by increasing demand for air travel and airfares growing more slowly than inflation, reflecting over the long-term, a growing U.S. and global economy.

The long-term outlook for general aviation is stable to optimistic, as growth at the high-end offsets continuing retirements at the traditional low end of the segment. The active general aviation fleet is forecast to remain relatively level between 2019 and 2039. While steady growth in both GDP and corporate profits results in continued growth of the turbine and rotorcraft fleets, the largest segment of the fleet – fixed wing piston aircraft continues to shrink over the forecast. Against the stable fleet, the number of general aviation hours flown is projected to increase an average of 0.8 percent per year through 2039, as growth in turbine, rotorcraft, and experimental hours more than offset a decline in fixed wing piston hours.

With increasing numbers of regional and business jets in the nation's skies, fleet mix changes, and carriers consolidating operations in their large hubs, we expect increased activity growth that has the potential to increase controller workload. Operations at FAA and contract towers are forecast to grow 0.9 percent a year over the forecast period with commercial activity growing at five times the rate of non-commercial (general aviation and military) activity. The growth in U.S. airline and business aviation activity is the primary driver. Large and medium hubs will see much faster increases than small and non-hub airports, largely due to the commercial nature of their operations."

Source: FAA Forecast Highlights 2019-2039

Moody's Investor Service Airport Industry Outlook

Moody's has once again assigned a **positive** outlook for the short-term (12-18 months) U.S. Airport industry sector as economic growth brings more travelers, which generally translates into higher parking and terminal concession revenue. This outlook is summarized in the following press release on December 6, 2018:

2019 Outlook – Moody's: 2019 Outlook remains positive but enplanement growth will slow

Our outlook for the US airport industry is positive. This outlook reflects our expectations for the fundamental business conditions in the industry over the next 12 to 18 months.

Continued growth in the US economy, combined with more seat capacity on US airlines, will push enplanement growth above our threshold for a positive outlook. Growth in enplanements, or the number of passengers using an airport to depart on a flight, generally translates into higher parking and terminal concession revenue. Our outlook has been positive since December 2014.

- **US economy will expand 2.3%, supporting enplanement growth of 3.2% in 2019.** GDP growth of 2.3% as forecast by Moody's will be below the 2.9% growth year to date in 2018, but will be strong enough to support enplanement growth above the airport industry's long-term growth rate of 2.5%.
- **Airlines will add seats at a slower rate than in 2018.** We expect that seat capacity will rise between 3.5% and 4.7% overall in 2019, down from between 4.5% and 5.7% expected in 2018. Enplanement growth has historically demonstrated a high positive correlation with the average of GDP and seat growth.
- **Financial performance to remain strong, but improvement in key metrics unlikely.** Our expected enplanement growth will exceed airports' median budgeted enplanement growth (2.5%) by the lowest margin in five years, slowing the recent improvement in revenue. Lower revenue growth will limit improvement in financial metrics like debt service coverage ratio (DSCR) and liquidity.
- **Airports have largely addressed the disruptive revenue impacts of Uber and Lyft.** Increased use of transportation network companies (TNCs) has negatively impacted parking and other traditional ground transportation revenue at airports. Airports have had varying success implementing fees on TNCs to replace lost revenue, but we expect best practices to spread. Airports will need to make capital improvements to roadways to accommodate the increased curbside traffic from TNCs.
- **Airports in the South and West will continue to benefit from population trends.** The South and West regions of the U.S. are expected to outperform the Northeast and upper Midwest in population growth and tend to skew younger in median age which results in a higher propensity to travel, supporting enplanement growth.
- **What could change our outlook** We would likely shift to a stable outlook if we expect enplanement growth to slip below 3.0%, which could happen if the US economy weakens or if airlines restrict capacity growth to the low end of our expected range. We would likely shift to a negative outlook if enplanement levels were to contract.

US economy will expand 2.3%, supporting enplanement growth of 3.2% in 2019. For 2019, the most likely scenario is that aggregate enplanement growth for the U.S. airport sector, comprising all airports with commercial airline service, will slow to 3.2% from the 5.4% year-to-date growth in 2018. This is based on our expectations that growth in seat capacity will come in at the midpoint of our range, or 4.1%, and that GDP growth will be 2.3%. Enplanement growth has historically demonstrated a high positive correlation, of 0.91%, with the average of GDP and seat growth.

Source: Moody's Investor Service: "2019 outlook remains positive but enplanement growth will slow" December 6, 2018

Greenville-Spartanburg International Airport (GSP) Outlook

Although profitability levels have been and continue to be very strong, management is focused on and remains committed to providing increased levels of air service for the surrounding population base. We continue to work diligently towards attracting greater levels of air service for the Upstate region and are ever mindful about posturing ourselves from a competitive standpoint in the face of increased competition from Charlotte and Atlanta.

Management agrees with the FAA forecasts and continues to plan for long-term growth in accordance with local initiatives/demands, and various planning forecasts. A major Airport Master Plan was completed in late 2018. On November 19, 2018, the Commission adopted the final Greenville-Spartanburg International Airport Master Plan presented by McFarland Johnson. The Master Plan addresses, among other things, the following variables which will impact the Airport's future:

- The financial and operational impact of the air cargo route to Germany via Senator, and associated airfield changes (e.g., Taxiway L extension) to support cargo growth
- Projected availability of continued federal funding
- Our assumption of FBO and fueling responsibilities
- A thorough airport pavement evaluation
- Sustainability issues
- An analysis of GSP360 for land use compatibility, highest and best use, and linkage to GSP International Industrial Logistics Park
- Future development of aeronautical and non-aeronautical land owned by the District in concert with our GSP360 plan
- The proposed PRT system and associated impacts on parking, roadway circulation, curbside and other
- Expansion of rental car parking capacities
- Staged parking lot expansions for customers
- Potential capacity constraints for ground transportation along the terminal curb-front and options to reduce congestion along public roadways
- Long-term development planning for future needs of key airport tenants
- Optimal location for new Air Traffic Control tower
- Updated airport layout plan (ALP) to meet FAA SOPs
- Updated GIS database to meet FAA requirements to include infrastructure capacities, environmental information, and areas for future development

Management is committed to providing our customers with the highest level of service possible in these challenging and exciting times and look forward to the future. Fiscal year 2019 witnessed many service-focused improvements and new business opportunities at the Airport including, but not limited to:

- Expansion of the parking operations to include additional economy lot, other spaces and provision of shuttle services
- Opening of the MAG Escape Lounge to help enhance the airport's appeal to business and leisure travelers
- Addition of a new airline with Frontier Airlines
- Announcement of six new nonstop routes to five new destinations
- Significant growth in cargo activity
- Growth of our FBO service, Cerulean Aviation
- Construction of new cargo apron and facilities
- New international cargo service from GSP to Queretarao, Mexico and strong service to Frankfurt, Germany

Management's assessment of our long-term forecast continues to be favorable largely due to our lack of significant debt, competitive airline rates and charges, aggressive air service development efforts, regional economic trends, healthy catchment area/size, and many other factors. We attempt to look forward via a long-term 20-year forecast at various intervals with known factors and educated "guesses".

GREENVILLE-SPARTANBURG AIRPORT DISTRICT

STATEMENTS OF NET POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current assets:		
Unrestricted assets		
Cash	$ 10,261,185	$ 11,854,070
Receivables, net of Allowance for Doubtful Accounts	8,480,295	2,537,432
Inventories and prepaid insurance	652,402	565,985
Investments	16,687,915	9,996,078
Total unrestricted current assets	36,081,797	24,953,565
Restricted assets:		
Cash	5,332,052	2,743,758
Receivables	284,320	292,356
Cash equivalents - held by Trustee	432,831	421,980
Total restricted current assets	6,049,203	3,458,094
Total current assets	42,131,000	28,411,659
Noncurrent assets:		
Capital assets - at cost	432,973,592	398,421,613
Less accumulated depreciation	(159,601,205)	(147,568,804)
Capital assets - net	273,372,387	250,852,809
Total Assets	$ 315,503,387	$ 279,264,468
Deferred Outflows of Resources:		
Deferred Outflow Related to State Pension Plans	$ 5,661,827	$ 4,534,914
Deferred Outflow Related to OPEB	221,661	259,178
Total deferred outflows	$ 5,883,488	$ 4,794,092

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

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
STATEMENTS OF NET POSITION

JUNE 30, 2019 AND 2018

	2019	2018
LIABILITIES		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	$ 9,552,089	$ 3,259,560
Accrued employee benefits	1,498,543	1,224,052
Line of credit	-	7,194,369
Term notes payable - current portion	784,392	-
Total payable from unrestricted assets	11,835,024	11,677,981
Payable from restricted assets:		
Accrued interest payable	42,790	55,236
Revenue bonds - current portion	390,000	365,000
Total payable from restricted assets	432,790	420,236
Total current liabilities	12,267,814	12,098,217
Noncurrent Liabilities:		
Long-term employee benefits	802,797	674,517
Net pension liability	17,931,187	15,243,794
Total OPEB liability	712,451	660,338
Revenue bonds payable - net of current portion	865,000	1,255,000
Term notes payable - net of current portion	14,445,886	-
Total noncurrent liabilities	34,757,321	17,833,649
Total Liabilities	$ 47,025,135	$ 29,931,866
Deferred Inflows of Resources:		
Deferred Inflow Related to State Pension Plans	$ 89,204	$ 15,176
Deferred Inflow Related to OPEB	41,256	-
Total deferred inflows	$ 130,460	$ 15,176
NET POSITION		
Net investment in capital assets	$ 249,913,754	$ 240,693,314
Restricted:		
Held by Trustee	390,041	366,744
Contract facility charges	5,616,372	2,157,833
Total restricted	6,006,413	2,524,577
Unrestricted	18,311,113	10,893,627
Total Net Position	$ 274,231,280	$ 254,111,518

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

GREENVILLE-SPARTANBURG AIRPORT DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Operating revenues:		
Airside	$ 3,512,871	$ 3,299,368
Space and ground rental	11,394,810	10,524,537
Concessions	20,723,593	17,516,524
Other	6,210,373	4,813,018
Operating revenues before fuel sales	41,841,647	36,153,447
Gross profit on fuel sales:		
Fuel sales	7,449,321	5,897,971
Cost of goods sold	(2,381,498)	(1,597,195)
Fuel sales - net	5,067,823	4,300,776
Total operating revenues	46,909,470	40,454,223
Operating expenses before loss on disposal of assets, pension and depreciation:		
Airfield	458,446	308,049
Terminal building	3,662,645	3,243,723
Administrative	7,412,146	5,612,044
Maintenance and operations	4,292,406	3,940,995
Fire and crash department	1,298,165	1,220,051
Security	1,360,984	1,233,027
Other direct expenses	7,465,112	5,334,008
Total operating expenses before pension and depreciation expense	25,949,904	20,891,897
Operating income before pension and depreciation expense	20,959,566	19,562,326
Pension	3,154,414	2,124,770
Depreciation	12,032,401	11,804,257
Operating income	5,772,751	5,633,299
Nonoperating revenues (expenses):		
Contract facility charges	1,263,289	985,757
Interest earned on accounts	401,213	133,503
Change in fair value of investments	96,725	10,429
Gain on proceeds from insurance settlement	-	535,558
Interest expense and other financing costs	(540,463)	(196,823)
Nonoperating revenues - net	1,220,764	1,468,424
Income before capital contributions	6,993,515	7,101,723
Capital contributions	13,126,247	5,854,067
Increase in net position	20,119,762	12,955,790
Net position:		
Beginning of year	254,111,518	241,155,728
End of year	$ 274,231,280	$ 254,111,518

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

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Cash received from providing services	$ 49,234,359	$ 42,852,892
Cash payments to suppliers for goods and services	(14,504,635)	(11,163,769)
Cash payments to employees for services	(13,736,334)	(12,251,631)
Net cash provided by operating activities	20,993,390	19,437,492
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(29,422,549)	(24,969,497)
Proceeds from issuance of term note payable	15,687,840	-
Principal payments on bond and note payable	(822,562)	(340,000)
Interest payment on bond and note payable	(552,909)	(208,420)
Borrowings on line of credit	8,493,471	5,030,011
Payments on line of credit	(15,687,840)	-
Proceeds from insurance settlement	-	535,558
Capital contributions	7,342,203	5,854,067
Contract facility charges	1,271,325	973,505
Net cash used in capital and related financing activities	(13,691,021)	(13,124,776)
Cash flows from investing activities:		
Maturities of investment securities	12,796,078	9,877
Purchases of investment securities	(19,391,190)	-
Investment income	299,003	133,503
Net cash provided by (used in) investing activities	(6,296,109)	143,380
Net increase in cash and cash equivalents	1,006,260	6,456,096
Cash and cash equivalents, beginning of year	15,019,808	8,563,712
Cash and cash equivalents, end of year	$ 16,026,068	$ 15,019,808
Reconciliation to balance sheet		
Unrestricted cash and cash equivalents	$ 10,261,185	$ 11,854,070
Restricted cash and cash equivalents	5,764,883	3,165,738
Cash and cash equivalents, end of year	$ 16,026,068	$ 15,019,808

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

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Noncash Transactions from Capital and Related Financing Activities		
Capital asset acquisitions included in accounts payable	$ 6,973,355	$ 1,843,925
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 5,772,751	$ 5,633,299
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	12,032,401	11,804,257
Change in assets and liabilities:		
Receivables	(56,609)	801,474
Inventory and prepaid insurance	(86,417)	(87,243)
Deferred outflows related to state pension plans	(1,126,913)	(2,205,232)
Deferred outflows related to OPEB	37,517	(259,178)
Accounts payable	1,163,099	351,382
Net pension liability	2,687,393	3,029,500
Total OPEB liability	52,113	52,768
Employee benefits	402,771	324,582
Deferred inflows related to state pension plans	74,028	(8,117)
Deferred inflows related to OPEB	41,256	-
Total adjustments	15,220,639	13,804,193
Net cash provided by operating activities	$ 20,993,390	$ 19,437,492

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

Note 1—Organization

The Greenville-Spartanburg Airport District (the “Airport”) is a political subdivision of the State of South Carolina (the “State”). Commissioners of the Airport are recommended for appointment by a majority of the Greenville and Spartanburg County Delegations and appointed by the governor of the State.

Note 2—Summary of Significant Accounting and Reporting Policies

Basis of Presentation – The Airport is accounted for as a single-purpose, business-type entity since its operations are financed and operated in a manner similar to a private business. The Airport’s financial statements are presented on the accrual basis of accounting using the economic resources measurement focus. Revenues are recognized when earned or when services are provided, and expenses are recognized when the related obligations are incurred.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflow of resources, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the accompanying statements of cash flows, the Airport considers all cash on hand and highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. Cash equivalents at June 30, 2019 and 2018 consist of money market mutual funds.

The cash equivalents held by the Trustee represent funds held by a trustee under bond indenture agreements as required by provisions of the Series 2001 Bonds. Such trusteed funds include debt service reserve and principal and interest accounts. These cash equivalents consist primary of money market mutual funds.

Inventories – Inventories are stated at the lower of cost (first-in, first-out method) or market.

Investments – The Airport’s investments, consisting of U.S. Treasury bills at June 30, 2019 and 2018, are carried at fair value, based on quoted market prices, and changes in the fair value of investments are reported as nonoperating revenues in the statements of revenues, expenses and changes in net position. All investments are carried in the Airport’s name and held by the dealer/safekeeping agent. Investment maturities are currently set for four weeks. At maturity, the U.S. Treasury bills are either reinvested or included in current assets until used for construction in progress.

Capital Assets – Capital assets are stated at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from 3 to 40 years. The Airport's threshold for capitalization is $10,000. Repair and maintenance costs are expensed when incurred. Changes in accumulated depreciation during 2019 and 2018 are as follows:

	Capital Assets Acquired by FAA Grants	Other Capital Assets	Total Capital Assets
Accumulated depreciation - June 30, 2017	$ 74,955,778	$ 60,852,835	$ 135,808,613
Fiscal year 2018 depreciation	4,885,943	6,918,314	11,804,257
Less - 2018 capital asset write-offs	-	(44,066)	(44,066)
Accumulated depreciation - June 30, 2018	79,841,721	67,727,083	147,568,804
Fiscal year 2019 depreciation	4,170,005	7,862,396	12,032,401
Less - 2019 capital asset write-offs	-	-	-
Accumulated depreciation - June 30, 2019	$ 84,011,726	$ 75,589,479	$ 159,601,205

Contract Facility Charge – Contract Facility Charges ("CFCs") are levied by the Airport pursuant to a Memorandum of Understanding signed with the rental car companies serving the Airport. This rate is adjusted from time to time as deemed necessary by airport management in order to cover the related annual expenses. The CFC rate was $4.00 per contract rental day as of June 30, 2019 and 2018. Up to the date of beneficial occupancy, April 1, 2003, the amounts received were recorded as non-operating revenues when earned and were to be used for construction of the rental car facility, in addition to funding the debt service requirements of the associated Series 2001 Bonds. Subsequent to April 1, 2003, CFCs received are recorded as space and ground rental operating revenue, in addition to non-operating revenue related to the continued funding of the related Series 2001 Bonds. The Airport is to receive the CFCs for the term of the related bonds (through fiscal 2020).

For the years ended June 30, 2019 and 2018, the Airport has recorded CFCs related to space and ground rental as operating revenue of $1,874,229 and $2,176,787, respectively, in addition to non-operating revenue consisting of the following:

	2019	2018
Funding of Series 2001 Bonds	$ 463,038	$ 462,078
Reimbursement of Airport-funded construction costs	329,460	329,460
CFC surplus receipts/(deficit)	470,791	194,219
	$ 1,263,289	$ 985,757

Additionally, as of June 30, 2019 and 2018, the Airport had received but not yet spent CFCs totaling $5,332,052 and $2,743,758, respectively, which are reported as restricted in the accompanying statements of net position until expended. The assets are included in cash at June 30, 2019 and 2018.

Net Position – Net position is classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law.

Capital Contributions – Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program ("AIP") of the Federal Aviation Administration ("FAA") or from various State allocations or grant programs. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for capital asset acquisition and facility development and rehabilitation are reported in the accompanying statements of revenues, expenses, and changes in net position, after non-operating revenues (expenses), as capital contributions.

Operating Revenues and Expenses – All of the Airport's activities relate to the operation of the Airport except for the investment of residual cash and investments and financing-related activities. Accordingly, all of the Airport's revenues and expenses, except for investment income, financing-related costs and charges, and insurance proceeds, are classified as operating in the accompanying statements of revenues, expenses, and changes in net position.

Revenue Recognition – Airside and space and ground rental revenues consist of amounts received under Airline Operating Agreements with the major airlines serving the Airport, certain fixed fees for nonscheduled airlines and private users of the Airport, and certain fixed fees for other ancillary services provided. The Airline Operating Agreements stipulate that landing fees and space rental revenues will be based on maintenance and operations costs, as defined in the agreements. Additionally, the Series 2000 and 2001 Bonds contain a restrictive covenant which provides that the aggregate of airline fees and charges together with other revenues, including non-airline revenues, for each fiscal year should be sufficient to pay the operating expenses and to make all deposits and payments under bond ordinances. Airside and space and ground rental fees are recognized as revenue when the related services are provided and facilities utilized.

Concessions and other revenue consist primarily of rental car, parking, and other ancillary services revenue. Such revenue is generally based on a fixed percentage of tenant revenues subject to certain minimum monthly fees or a fixed fee schedule. Concessions and other revenue are recognized when earned.

Other Direct Expenses – Other direct expenses consist primarily of the upkeep of the cargo, rental car, and parking lot facilities. Other direct expenses are recognized when incurred.

Post-Employment Benefits (OPEB) – During the 2010 fiscal year, the Airport implemented a new personnel policy in which it will pay for a portion of an eligible retiree's health insurance premiums between ages 60 to 65 who also have at least 10 years of service with the Airport. The liability related to this benefit is included in the long-term employee benefits in the statements of net position.

Compensated Absences – Employees earn vacation leave at a rate of 80 to 160 hours per year dependent upon length of service. Unused vacation hours can be carried over from year to year up to a maximum of 480 hours and are payable upon termination, resignation, retirement, or death in accordance with the Airport's personnel policy. The noncurrent portion of the accrued liability related to vacation hours is included in long-term employee benefits and the current portion in accrued liabilities in the statements of net position.

Regular full-time employees accumulate sick leave at the rate of 96 hours per year and can accrue up to 720 hours. All employees who properly resign, are laid off, or otherwise separated from the Airport in good standing are entitled to be paid 33% of any unused sick balance not to exceed 240 hours. An accrual for sick leave has been made as of June 30, 2019 and 2018 and has been categorized into a short-term and long-term portion. Sick leave can be taken for medical appointments, personal illness or illness of a member of the immediate family. Sick leave may be used in the determination of length of service for retirement benefit purposes. The noncurrent portion of the accrued liability related to sick leave is included in long-term employee benefits and the current portion in accrued liabilities in the statements of net position.

Reclassifications – Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on the change in net position.

Revisions – Certain immaterial revisions have been made to the 2018 financial statements to remove a notes receivable balance and the related unearned credits associated with it. These revisions did not have a significant impact on the financial statement line items impacted.

New Pronouncements – The GASB has issued several statements which have not yet been implemented by the Airport. The statement which may have a significant future impact on the Airport is as follows:

GASB Statement No. 87, *Leases*, effective for periods beginning after December 15, 2019, requires lessees to recognize certain lease assets and lease liabilities for leases that previously were classified as operating leases. The statement requires the recognition of amortization expense for using the leased asset over the shorter of the term of the lease or the useful life of the underlying asset, interest expense on the lease liability, and note disclosures about the lease. The impact to Airport upon adoption of this statement is currently being evaluated by management.

Note 3—Cash, Cash Equivalents and Investment Securities

As of June 30, 2019 and 2018, the Airport had the following cash deposits and investments:

	2019	2018
Deposits	$ 15,593,237	$ 14,597,828
Investments	17,120,746	10,418,058
	$ 32,713,983	$ 25,015,886

Deposits – All the cash deposits of the Airport are in a single financial institution. The carrying amount of cash deposits is separately reported as cash in the accompanying statements of net position. The Airport's cash deposits are insured up to $250,000 at financial institutions insured by the FDIC. Any cash deposits in excess of the $250,000 FDIC limit are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits are collateralized with securities held by the Airport. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

Investments – In accordance with the South Carolina State Statutes and the Airport's approved investment policy, the following investments are permitted:

1. Checking accounts in U.S. federally insured banks and savings and loans not to exceed federally insured amounts;

2. Money market funds that invest in U.S. Government-backed securities;

3. U.S. Treasury Obligations to include U.S. Treasury bills and notes, or any other obligation or security issued by or backed by the full faith and credit of the U.S. Treasury;

4. Federal Agency Obligations including bonds, notes, debentures, or other obligations or securities issued by, or backed by, full faith and credit of any U.S. Government agency or sponsored enterprise.

5. South Carolina Local Government Investment Pool ("SCLGIP") limited to 25% of investment portfolio.

The maturity ranges and credit ratings for the Airport's investment securities at June 30, 2019 and 2018 follow:

2019

		Maturities (in Years)		Moody's
	Fair Value	Less than 1	1 - 5	Credit Rating
Money market mutual funds	$ 432,831	$ 432,831	$ -	Aaa-mf
U.S. treasury securities	16,687,915	12,644,246	4,043,669	Aaa
Total investments	$ 17,120,746	$ 13,077,077	$ 4,043,669	

2018

		Maturities (in Years)		Moody's
	Fair Value	Less than 1	1 - 5	Credit Rating
Money market mutual funds	$ 421,980	$ 421,980	$ -	Aaa-mf
U.S. treasury securities	9,996,078	9,996,078	-	Aaa
Total investments	$ 10,418,058	$ 10,418,058	$ -	

Interest Rate Risk: The risk that changes in interest rates of debt securities will adversely affect the value of an investment. The Airport generally limits a portion of its investment portfolio to maturities of less than 12 months. Also, the Airport's purchases of securities are laddered with staggered maturity dates.

Credit Risk: The risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Airport has no written policy regarding credit risk. However, a conservative investment strategy is maintained. Currently, most investments are in low risk securities or deposits, which fall within the Federal Deposit Insurance Corporation limits.

Custodial Credit Risk: The risk that, in the event of the failure of the counterparty, the Airport will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Since a large majority of the Airport's investments are with the U.S. Treasury Department in the form of T-bills, or other securities backed by the U.S. Treasury, management views custodial credit risk as minimal, and consequently, has no written policy on this particular form of risk.

Concentration of Credit Risk: The Airport places no limit on the amount that the Airport may invest in any one issuer, with the exception of the 25% limitation on the SCLGIP. All of the Airport's investments are in, or backed by, U.S. Treasury bills and the SCLGIP.

Foreign Currency Risk: The risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Airport's investment policy prohibits investment in foreign securities.

Note 4—Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements – The following table presents the fair value measurements of assets recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2019 **and 2018**:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
June 31, 2019		
Investments at fair value		
Money market mutual funds	$ 432,831	$ 432,831
U.S. treasury securities	16,687,915	16,687,915
Total investments by fair value	$ 17,120,746	$ 17,120,746
June 31, 2018		
Investments at fair value		
Money market mutual funds	$ 421,980	$ 421,980
U.S. treasury securities	9,996,078	9,996,078
Total investments by fair value	$ 10,418,058	$ 10,418,058

Investments – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 and Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 5—Receivables

Receivables are recorded at their gross value when earned and are reduced, if applicable, by the estimated portion that is expected to be uncollectible. The allowance for uncollectible amounts, when applicable, is based on collection history, aviation industry trends, and current information regarding the creditworthiness of the tenants and others doing business with the Airport. As of June 30, 2019, there was an allowance for uncollectible accounts of $149,500. There was no allowance as of June 30, 2018.

Receivables (including restricted assets) consisted of the following as of June 30, 2019 and 2018:

	2019	2018
Trade and contract facility charge	$ 1,816,722	$ 1,415,271
FAA and other grants	6,632,332	848,288
Interest and other	315,561	566,229
	$ 8,764,615	$ 2,829,788

Note 6—Capital Assets

Capital assets activity for the years ended June 30, 2019 and 2018 is as follows:

	June 30, 2018	Transfers/ Additions	Transfers/ Disposals	June 30, 2019
Capital assets not being depreciated:				
Land	$ 39,593,155	$ -	$ -	$ 39,593,155
Construction-in-process	19,820,006	28,648,163	(16,426,126)	32,042,043
Total capital assets not being depreciated	59,413,161	28,648,163	(16,426,126)	71,635,198
Capital assets being depreciated:				
Buildings and improvements	241,284,340	21,193,449	-	262,477,789
Equipment	7,975,785	919,248	-	8,895,033
Roadways	10,991,342	169,127	-	11,160,469
Runways	78,756,985	48,118	-	78,805,103
Total capital assets being depreciated	339,008,452	22,329,942	-	361,338,394
Less accumulated depreciation				
Buildings and equipment	(78,816,234)	(8,369,837)	-	(87,186,071)
Equipment	(6,117,287)	(443,113)	-	(6,560,400)
Roadways	(8,042,207)	(575,646)	-	(8,617,853)
Runways	(54,593,076)	(2,643,805)	-	(57,236,881)
Total accumulated depreciation	(147,568,804)	(12,032,401)	-	(159,601,205)
Net capital assets	$ 250,852,809	$ 38,945,704	$ (16,426,126)	$ 273,372,387

Capital assets activity for the years ended June 30, 2019 and 2018 is as follows:

	June 30, 2017	Transfers/ Additions	Transfers/ Disposals	June 30, 2018
Capital assets not being depreciated:				
Land	$ 39,593,155	$ -	$ -	$ 39,593,155
Construction-in-process	12,172,706	16,441,503	(8,794,203)	19,820,006
Total capital assets not being depreciated	51,765,861	16,441,503	(8,794,203)	59,413,161
Capital assets being depreciated:				
Buildings and equipment	231,370,943	9,913,397	-	241,284,340
Equipment	7,628,630	391,161	(44,006)	7,975,785
Roadways	10,919,613	71,729	-	10,991,342
Runways	71,811,075	6,945,910	-	78,756,985
Total capital assets being depreciated	321,730,261	17,322,197	(44,006)	339,008,452
Less accumulated depreciation				
Buildings and equipment	(71,244,309)	(7,571,925)	-	(78,816,234)
Equipment	(5,729,449)	(431,844)	44,006	(6,117,287)
Roadways	(7,472,505)	(569,702)	-	(8,042,207)
Runways	(51,362,290)	(3,230,786)	-	(54,593,076)
Total accumulated depreciation	(135,808,553)	(11,804,257)	44,006	(147,568,804)
Net capital assets	$ 237,687,569	$ 21,959,443	$ (8,794,203)	$ 250,852,809

Note 7—Changes in Long-Term Liabilities

Long-term obligation activity for the Airport for the years ended June 30, 2019 **and 2018**, is as follows:

2019

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bond	$ 1,620,000	$ -	$ (365,000)	$ 1,255,000	$ 390,000
Term note payable	-	15,687,840	(457,562)	15,230,278	784,392
Net pension liability	15,243,794	3,996,012	(1,308,619)	17,931,187	-
Total OPEB liability	660,338	101,739	(49,626)	712,451	-
Employee benefits	1,898,569	402,771	-	2,301,340	1,498,543
Total long-term liabilities	$ 19,422,701	$ 20,188,362	$ (2,180,807)	$ 37,430,256	$ 2,672,935

2018

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bond	$ 1,960,000	$ -	$ (340,000)	$ 1,620,000	$ 365,000
Net pension liability	12,214,294	3,805,751	(776,251)	15,243,794	-
Total OPEB liability	607,570	92,387	(39,619)	660,338	-
Employee benefits	1,573,987	324,582	-	1,898,569	1,224,052
Total long-term liabilities	$ 16,355,851	$ 4,222,720	$ (1,155,870)	$ 19,422,701	$ 1,589,052

Note 8—Revenue Bonds

Series 2001 Bonds – In August 2001, the Airport issued $4,990,000 of taxable revenue bonds (“Series 2001B Bonds”). Proceeds of the issuances were used to construct a new rental car facility and related improvements. Interest is payable semiannually on July 1 and January 1. Annual principal installments are due on July 1 and commenced on July 1, 2003. The Series 2001B Bonds are composed of serial bonds which bear interest at 6.82% annually.

Under the terms of the Series 2001 Bonds, the Airport is subject to certain covenants including, but not limited to, limitations on the transfer or sale of assets, limitations on the incurrence of additional indebtedness, maintenance of adequate insurance coverage on property, and maintenance of a minimum level of net revenues, as defined, to aggregate annual debt service. As of June 30, 2019 and 2018, Airport management believes the Airport is in compliance with these restrictive covenants.

The future debt service requirements of the Series 2001 Bonds are as follows as of June 30, 2019:

	Principal	Interest	Total
2020	$ 390,000	$ 85,591	$ 475,591
2021	420,000	58,993	478,993
2022	445,000	30,349	475,349
Total	$ 1,255,000	$ 174,933	$ 1,429,933

Note 9—Term Note Payable

In November 2018, the Airport received a term note payable for $15,687,840 with a maturity date of November 1, 2028. Principal of $65,366 is payable monthly plus interest expense, which is charged at a rate of 4.78%.

The future maturities of the note payable are as follows:

	Principal	Interest	Total
2020	$ 784,392	$ 722,678	$ 1,507,070
2021	784,392	682,711	1,467,103
2022	784,392	644,696	1,429,088
2023	784,392	606,681	1,391,073
2024	784,392	570,203	1,354,595
2025-2028	11,308,318	2,058,964	13,367,282
Total	$ 15,230,278	$ 5,285,933	$ 20,516,211

Note 10—Line of Credit

In September 2016, the Airport entered into a $25,000,000 revolving line of credit agreement. On November 6, 2018, the Airport renewed its revolving line of credit with a maturity date of September 7, 2021. The line of credit bears an interest rate of 1-month LIBOR rate plus 0.75%. At June 30, 2019 and 2018, the applicable interest rate was 3.19% and 2.84.%, respectively. For the year ended June 30, 2018, there was $7,194,369 in borrowings outstanding against this line of credit. There were no outstanding borrowings on the line of credit as of June 30, 2019.

Note 11—Capital Contributions

For the years ended June 30, 2019 and 2018, the Airport recognized capital contributions primarily from the FAA totaling $13,126,247 and $5,854,067, respectively, in its statements of revenues, expenses, and changes in net position.

Note 12—Operating Leases (Lessor)

The Airport leases space to tenants via non-cancelable operating leases with terms of 5 to 30 years. The following is a schedule by year of future minimum rentals under these lease agreements, excluding any airline agreements, as of June 30, 2019:

2020	$	1,189,017
2021		991,596
2022		904,753
2023		810,021
2024		564,793
2025-2029		2,277,776
2030-2034		1,630,262
2035-2039		1,564,394
2040-2044		1,547,927
2045-2049		816,984
	$	12,297,523

The value of the leased property is as follows:

Buildings	$	9,202,997
Less accumulated depreciation		(594,837)
	$	8,608,160

Note 13—Commitments and contingencies

The Airport is party to various legal actions in the ordinary course of business from time to time. Management believes that such matters will not have a material adverse effect on the Airport's financial condition, results of operations or cash flows.

The Airport's ability to derive net revenues from operations depends upon various factors, many of which are not within the control of the Airport. The primary sources of net revenues are parking revenues and the Airline Operating Agreements between the Airport and the airlines. The Airline Operating Agreements provide for the landing fees, terminal rentals, and ramp fees to be charged to the airlines. Should an airline default under the terms of the Airline Operating Agreement, management believes it can take certain actions to mitigate any potential adverse impact.

At any point in time, the U.S. economy, excess airline capacity, and industry-wide competition through airfare discounting may create significant constraints on the operations of the airlines. Due to these factors, the financial results of the Airport are largely dependent upon conditions in the national economy and the U.S. airline industry.

The scheduled debt service requirements on the 2001 Bonds are guaranteed by third-party insurers. Debt service on the Series 2001 Bonds is insured by Financial Security Assurance, Inc. The ultimate ability of such insurers to meet their obligations with respect to the debt service requirements will be predicated on their future financial condition.

Additionally, the Airport receives significant financial assistance from federal governmental agencies in the form of grants and other awards. The disbursement of resources received under such programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by grantor agencies. Management believes the Airport is in compliance with all such terms and conditions.

Note 14—Pension Plan and Post-retirement Benefits

Pension Plan – All Airport permanent employees are members of either the South Carolina Retirement System ("SCRS") or the Police Officers Retirement System ("PORS"), collectively the "Plans", cost-sharing multiple-employer defined benefit pension plans administered by the Retirement Division of the State Budget and Control Board. The Plans offer retirement and disability benefits, cost of living adjustments on an ad hoc basis, life insurance benefits, and survivor benefits. The Plans' provisions are established under Title 9 of the South Carolina Code of Laws.

South Carolina Retirement System

Plan Description – All employees of the Airport are required to participate in and contribute to the SCRS plan as a condition of employment unless they are eligible for the PORS plan. Employee members of the system with an effective membership prior to July 1, 2012 are Class Two members. Any employees with a membership date on or after July 1, 2012 are Class Three members.

Benefits – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employees who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lessor of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Contributions – Plan members were required to contribute 9.0% of their annual covered salary to the Plan for both June 30, 2019 and 2018. The Airport was required to contribute 14.41% and 13.41% for June 30, 2019 and 2018, respectively, plus an additional 0.15% for employer incidental death benefits. For the years ended June 30, 2019 and 2018, the Airports contributions to the plan were $1,172,121 and $901,877, respectively, and equaled the required contributions for those years.

Pension Liability – The SCRS plan reported a liability of $14,516,992 and $12,008,619 for its proportionate share of the net pension liability as of June 30, 2019 and 2018, respectively. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2017 and 2016 rolled forward to the measure date. The Airport's proportion of the net pension liability was based on its long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date of June 30, 2018, the Airport's proportion was 0.064788% of the total SCRS pension liability, which was an increase of 0.011444% from its proportion of 0.053344% measured as of June 30, 2017.

Police Officers Retirement System

Plan Description – The PORS plan provides retirement and other benefits to police officers and firefighters employed by the Airport. Employee members of the system with an effective membership prior to July 1, 2012 are Class Two members. Any employees with a membership date on or after July 1, 2012 are Class Three members.

Benefits – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees of their surviving annuitants is increased by the lessor of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions – Plan members were required to contribute 9.75% of their annual covered salary to the Plan for both June 30, 2019 and 2018. The Airport was required to contribute 16.84% and 15.54% for June 30, 2019 and 2018, respectively, plus an additional 0.20% for both employer incidental death benefits and the accidental death program. For the years ended June 30, 2019 and 2018, the Airports contributions to the plan were $309,805 and $267,445, respectively, and equaled the required contributions for those years.

Pension Liability – The PORS plan reported a liability of $3,414,195 and $3,235,175 for its proportionate share of the net pension liability as of June 30, 2019 and 2018, respectively. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2017 and 2016 rolled forward to the measure date. The Airport's proportion of the net pension liability was based on its long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date of June 30, 2018, the Airport's proportion was 0.120492% of the total PORS pension liability, which was an increase of 0.002402 % from its proportion of 0.118090% as of June 30, 2017.

The Airport reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS retirement plans from the following sources as of June 30:

South Carolina Retirement System

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 26,205	$ 85,428	$ 53,534	$ 6,656
Changes of assumptions	575,953	-	702,974	-
Net difference between projected and actual earnings on pension plan investments	230,602	-	335,223	-
Changes in proportion and differences between the Airport's contributions and proportionate share of contributions	2,829,672	-	1,624,970	-
Contributions subsequent to the measurement date	1,213,737	-	1,056,800	-
	$ 4,876,169	$ 85,428	$ 3,773,501	$ 6,656

Police Officers Retirement System

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 105,197	$ -	$ 28,849	$ -
Changes of assumptions	225,115	-	307,051	-
Net difference between projected and actual earnings on pension plan investments	68,275	-	115,284	-
Changes in proportion and differences between the Airport's contributions and proportionate share of contributions	80,902	3,776	58,410	8,520
Contributions subsequent to the measurement date	306,169	-	251,819	-
	$ 785,658	$ 3,776	$ 761,413	$ 8,520

The Airport's contributions of $1,519,906 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Total pension expense for the years ended June 30, 2019 and 2018 was $2,551,841 and $1,709,073, respectively, for SCRS and $475,202 and $415,697, respectively, for PORS.

The following schedule reflects the Airport's proportion of the amortization of the net balance of remaining deferred outflows / (inflows) of resources of the SCRS and PORS at the measurement date of June 30, 2019:

	SCRS	PORS
2020	$ 1,681,065	$ 240,973
2021	1,426,509	179,109
2022	447,520	46,719
2023	21,910	8,912
Total	$ 3,577,004	$ 475,713

Actuarial Assumptions – Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2015, and the next experience study is scheduled to be conducted after the June 30, 2020 annual valuation is complete.

The most recent annual actuarial valuation reports adopted by the Public Employee Benefit Authority Board and the SC Budget and Control Board are as of July 1, 2013. The total pension liability in that report was determined using the following actuarial assumptions, applied to all periods included in the measurement.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return*	7.25%	7.25%
Projected salary increases (varies by service)*	3.0% to 12.5%	3.5% to 9.5%
Benefit adjustment (annually)	Lesser of 1% or $500	Lesser of 1% or $500

*includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC) was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market assumptions. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building-block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the SCRS, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation. For actuarial purposes for the measurement years ended June 30, 2018 and 2017, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component. The target asset allocations and the long-term expected real rates of return are as follows:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Public Equity	33%	6.99%	2.31%
Private Equity	9%	8.73%	0.79%
Equity Options Strategies	5%	5.52%	0.28%
Real Estate (Private)	6%	3.54%	0.21%
Real Estate (REITs)	2%	5.46%	0.11%
Infrastructure	2%	5.09%	0.10%
GTAA/Risk Parity	8%	3.75%	0.30%
Hedge Funds (non-PA)	2%	3.45%	0.07%
Other Opportunistic Strategies	3%	3.75%	0.11%
Mixed Credit	6%	3.05%	0.18%
Emerging Markets Debt	5%	3.94%	0.20%
Private Debt	7%	3.89%	0.27%
Core Fixed Income	10%	0.94%	0.09%
Cash and Short Duration (Net)	2%	0.34%	0.01%
Total Expected Return	100%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

Discount Rate – The discount rate used to measure the total pension liability was 7.25% in the June 30, 2018 and 2017 valuations. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the fiduciary net position of SCRS and PORS was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Airport's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the net pension liability the Airport calculated using the discount rate of 7.25%, as well as what the Airport's net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.25%) or 1.00% higher (8.25%) than the current rate.

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

	June 30, 2019		
	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase Rate (8.25%)
SCRS	$ 18,550,019	$ 14,516,992	$ 11,633,763
PORS	$ 4,602,762	$ 3,414,195	$ 2,440,659

	June 30, 2018		
	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase Rate (8.25%)
SCRS	$ 15,477,426	$ 12,008,619	$ 9,903,825
PORS	$ 4,368,064	$ 3,235,175	$ 2,342,764

Plan Fiduciary Net Position and Required Supplementary Information – The SCRS issues a publicly available Comprehensive Annual Financial Report that includes the fiduciary net position and required supplementary information for the SCRS. The pension plan's fiduciary net position has been determined on the same basis used by the pension plan. The report is publicly available on the South Carolina Public Employee Benefit Authority's ("PEBA") Retirement Benefits' website at http://www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, South Carolina 29211-1960.

Note 15—Postemployment Benefits Other Than Pensions (OPEB)

Medical Postemployment Benefits – The Airport provides medical and dental insurance benefits to its eligible retirees who have reached the age of 60 and have 10 years of service, through a single-employer defined benefit other postemployment benefit plan (the "OPEB Plan"). The benefits are provided through fully insured plans that are sponsored by a regional health insurance consortium. The Airport pays 100% of the retiree's medical and dental insurance premiums until the retiree reaches the age of 65, where the benefits are terminated. Spouses are not permitted to participate in the plan. GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits ("OPEB") on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. The total OPEB liability is recognized on the Statement of Net Position over time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan does not issue separate financial statements.

The employees covered by the benefit terms at the measurement date for each fiscal year are:

	2019	2018
Inactive employees or beneficiaries currently receiving benefit payments	7	4
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	145	133
Total participants covered by the OPEB Plan	152	137

The Airport's total OPEB Plan liability at June 30, 2019 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date. The Airport's total OPEB Plan liability at June 30, 2018 was measured as of December 31, 2016, and was determined by an actuarial valuation as of that date.

The total OPEB Plan liability for each year was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement:

	2019	2018
Discount Rate	4.10%	3.31%
Inflation Rate	5.00%	5.00%
Salary Increases	2.00%	2.00%
Healthcare Cost Trend Rates:	7.40%	(6.20%)

2019 – 7.40% for 2019, 9.50% for 2020 and decreasing 0.50% per year to an ultimate rate of 5.00% in 2028.
2018 – 6.20% for 2018, 9.50% for 2019 and decreasing 0.50% per year to an ultimate rate of 5.00% in 2026.

For June 30, 2019 and 2018, the discount rates were based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate as of December 31, 2018 and January 1, 2016, respectively. Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006) for June 30, 2019 and the RP-2000 Combined Healthy Participant Table Projected 10 Years using Projection Scale AA for June 30, 2018.

The changes in the OPEB liability are as follows for the year ended June 30:

	2019	2018
OPEB Plan liability, beginning of year	$ 660,338	$ 607,570
Changes for the year:		
Service cost	53,875	53,468
Interest	26,915	19,455
Differences between expected and actual experience	62,205	19,464
Change of assumptions or other inputs	(41,256)	-
Benefit payments	(49,626)	(39,619)
OPEB Plan Liability, end of year	$ 712,451	$ 660,338

Sensitivity of Total OPEB Liability to Change in Discount Rate and Healthcare Trend Rate – The total OPEB Plan's liability of the Airport has been calculated using a discount rate of 4.10%, as compared to a 3.31% rate applied for the Plan's liability at June 30, 2018. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	Discount Rate		
	1.00% Decrease	Current: 4.10% (2019) 3.31% (2018)	1.00% Increase
2019	$ 801,128	$ 712,451	$ 693,731
2018	$ 712,901	$ 660,338	$ 611,528

The total OPEB Plan's liability of the Airport has been calculated using a health care cost trend rate of 7.40%, as compared to a 6.20% rate applied for the Plan's liability at June 30, 2018. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	Healthcare Cost Trend Rate		
	1.00% Decrease	Current: 7.40% (2019) 6.20% (2018)	1.00% Increase
2019	$ 665,279	$ 712,451	$ 838,586
2018	$ 593,542	$ 660,338	$ 738,573

For the years ended June 30, 2019 and 2018, the Airport recognized OPEB Plan expense of $134,791 and $122,784, respectively. At June 30, 2019 and 2018, the Airport reported deferred outflows and inflows of resources related to the OPEB Plan from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 180,033	$ -	$ 179,673	$ -
Changes of assumptions	41,628	41,256	79,505	-
	$ 221,661	$ 41,256	$ 259,178	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB Plan will be recognized in OPEB expense for the year ended June 30, as follows:

2020	$ 54,001
2021	54,001
2022	38,811
2023	29,202
2024	4,390
	$ 180,405

401(k) and 457 Plans – The Airport matches 100% of employee contributions to the South Carolina Deferred Compensation Program ("SCDCP") 401(k) and/or 457 plans up to 5% of the employee's gross income.

The Airport's SCDCP matching contribution in the fiscal years ended June 30, 2019 **and 2018** was $154,872 and $151,718, respectively.

Note 16—Restricted Assets

Certain proceeds from the Airport's debt service accounts and reserve funds held by their bond trustee, as well as its CFC receipts and receivables not yet spent at year-end, are classified as restricted assets on the statements of net position because their use is limited by applicable bond covenants and concession agreements. The Investments – Held by Trustee account is used to represent resources set aside to subsidize potential deficiencies from the Airport's operations that could adversely affect debt service payments. The Cash and Receivables accounts represent contract facility charges that have either been received or earned by the Airport but not yet spent as of June 30, 2019 and 2018. These funds are to be used by the Airport to either prepay their 2001 revenue bonds or to fund additional improvements to the rental car facilities at the Airport.

Note 17—Risk Management

The Airport, like other business enterprises, is exposed to various risks including, but not limited to, fire, accident, natural disasters, fraud, torts, error and omissions, environmental incidents, cybercrime, damage/destruction of assets, as well as other causal factors. The following policies are carried by the Airport to protect against such risks and are competitively bid out each year with an insurance brokerage firm:

- General liability, war risk, non-owned aircraft liability, and hangarkeepers,
- Commercial Crime (Dishonesty, Forgery, Computer and Funds Transfer Fraud),
- Public officials liability (Directors & Officers ("D&O") liability, Professional Liability Insurance),
- Workers Compensation,
- Auto comprehensive/collision/liability,
- Building and personal property,
- Environmental mitigation,
- Police professional liability, and
- Inland marine.

The Airport has not significantly reduced any of its insurance coverage from the prior year, and settled claims have not exceeded the Airport's insurance coverage in the past five years.

* * * * *

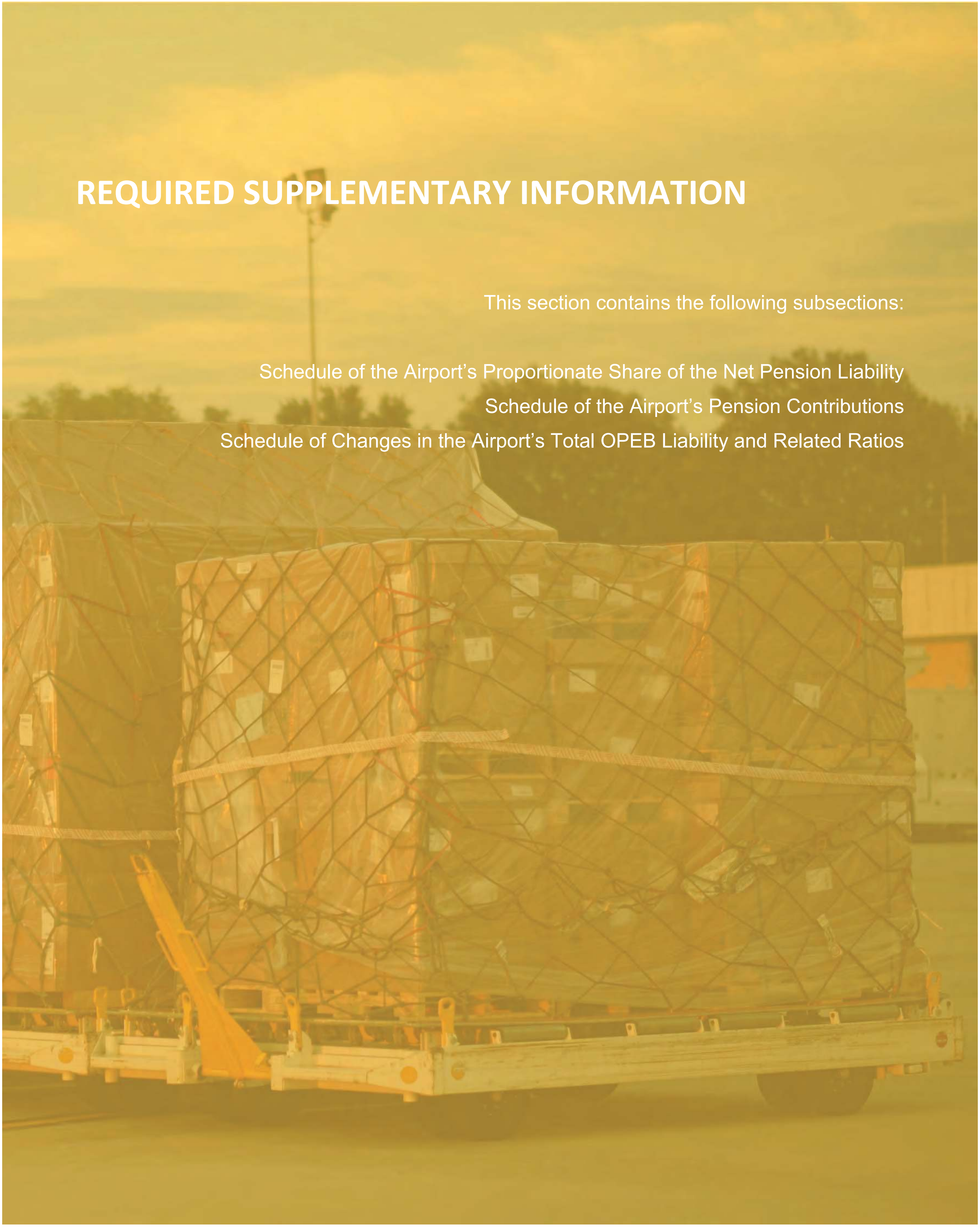
REQUIRED SUPPLEMENTARY INFORMATION

This section contains the following subsections:

Schedule of the Airport's Proportionate Share of the Net Pension Liability

Schedule of the Airport's Pension Contributions

Schedule of Changes in the Airport's Total OPEB Liability and Related Ratios



GREENVILLE-SPARTANBURG AIRPORT DISTRICT
SCHEDULE OF THE AIRPORT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2019

Fiscal Year	Airport's Proportion of Net Pension Liability	Airport's Proportionate Share of the Net Pension Liability	Airport's Covered Payroll	Airport's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
South Carolina Retirement System					
2019	0.064788%	$ 14,516,992	$ 6,725,393	215.9%	54.1%
2018	0.053344%	12,008,619	5,380,687	223.2%	53.3%
2017	0.043232%	9,234,291	4,186,489	220.6%	52.9%
2016	0.042039%	7,972,910	3,941,685	202.3%	57.0%
2015	0.041344%	7,118,066	3,775,657	188.5%	59.9%
2014	0.041344%	7,415,639	3,624,914	204.6%	56.4%
Police Officers Retirement System					
2019	0.120492%	$ 3,414,195	$ 1,688,587	202.2%	61.7%
2018	0.118090%	3,235,174	1,614,548	200.4%	60.9%
2017	0.117490%	2,980,003	1,519,914	196.1%	60.4%
2016	0.113490%	2,473,521	1,427,286	173.3%	64.6%
2015	0.114560%	2,193,168	1,367,390	160.4%	67.5%
2014	0.114560%	2,374,797	1,233,905	192.5%	63.0%

The amounts presented for each fiscal year were determined as of June 30^{th} of the prior year (measurement date). Required supplementary information is presented for those years for which information is available.

Notes to Schedule

Benefit changes: None

Changes in assumptions: None

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
SCHEDULE OF THE AIRPORT'S PENSION CONTRIBUTIONS

JUNE 30, 2019

Fiscal Year	Actuarial Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	Airport's Covered Payroll	Contributions as a Percentage of Covered Payroll
South Carolina Retirement System					
2019	$ 1,172,121	$ 1,172,121	$ -	$ 8,050,283	14.6%
2018	901,877	901,877	-	6,725,393	13.4%
2017	613,609	613,609	-	5,380,687	11.4%
2016	513,824	513,824	-	4,186,489	12.3%
2015	429,644	429,644	-	3,941,685	10.9%
2014	400,220	400,220	-	3,775,657	10.6%
Police Officers Retirement System					
2019	$ 309,805	$ 309,805	$ -	$ 1,818,106	17.0%
2018	267,445	267,445	-	1,688,587	15.8%
2017	223,454	223,454	-	1,614,548	13.8%
2016	213,415	213,415	-	1,519,914	14.0%
2015	188,544	188,544	-	1,427,286	13.2%
2014	172,838	172,838	-	1,367,390	12.6%

The amounts presented for each fiscal year were determined as of June 30th of the current year. Required supplementary information is presented for those years for which information is available.

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
SCHEDULE OF CHANGES IN THE AIRPORT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2019

	2019	2018	2017
Service cost	$ 53,875	$ 53,468	$ 22,432
Interest	26,915	19,455	10,488
Differences between expected and actual experience	62,205	19,464	259,178
Change of assumptions or other inputs	(41,256)	-	64,269
Benefit payments	(49,626)	(39,619)	(21,994)
Net change in total OPEB Plan liability	52,113	52,768	334,373
Total OPEB Plan liability, beginning of year	660,338	607,570	273,197
Total OPEB Plan liability, end of year	$ 712,451	$ 660,338	$ 607,570
Covered payroll	$ 5,508,190	$ 6,908,993	$ 6,773,523
Total OPEB Plan liability as a % of covered payroll	12.93%	9.56%	8.97%

The amounts presented for each fiscal year were determined as of December 31st (measurement date) of the current year. Required supplementary information is presented for those years for which information is available.

Notes to Schedule

Changes of Benefit Terms – No changes occurred to the terms of benefits available to eligible retirees from 2018 to 2019.

Changes of Assumptions – Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate changed from 3.31% in 2018 to 4.10% in 2019.

Plan Assets – The Airport operates the OPEB Plan on a pay-as-you-go basis and as such, no assets are pre-funded for retiree health benefits. Therefore at all times the net position available for plan benefits is zero.

STATISTICAL SECTION

Statistical information differs from financial statements because it usually covers more than one fiscal year and may present non-accounting data.

Available financial trend data is presented to assist the reader in understanding the District's primary business activities and to identify emerging financial trends. Operational data further supports this.

Special attention is placed on operating revenues, operating expenses, and related indicators. Readers may be interested in the District's debt burden as it provides some insight as to the ability of the District to finance major capital projects.

Finally, demographic, economic, and operating information is presented to further explain the interrelationship of key indicators in the Upstate with the activities of the District.

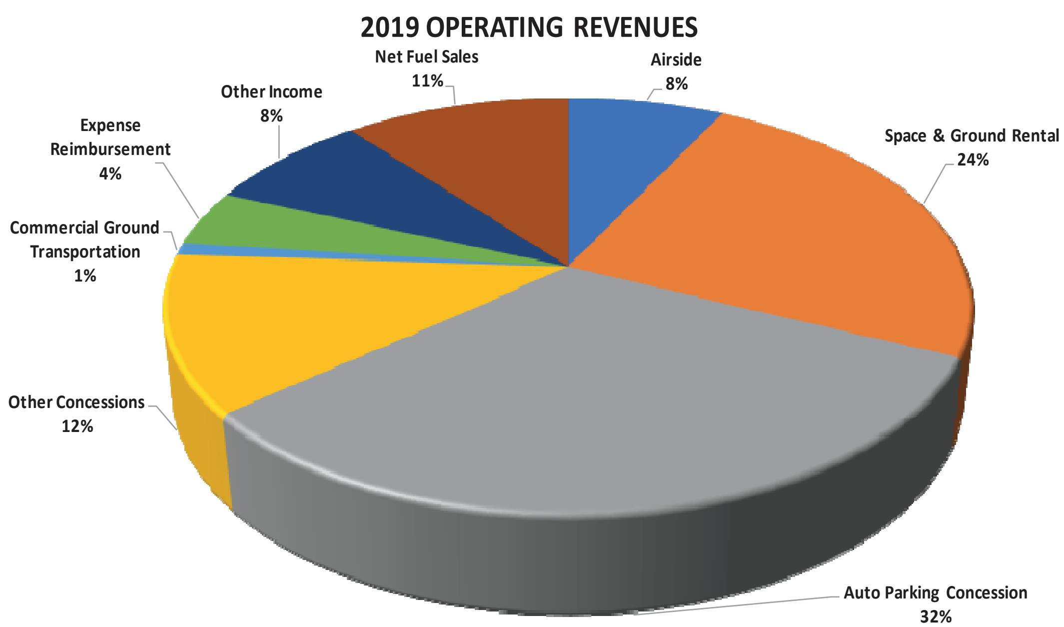
This section contains the following subsections:

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
OPERATING REVENUES ANALYSIS (000s)

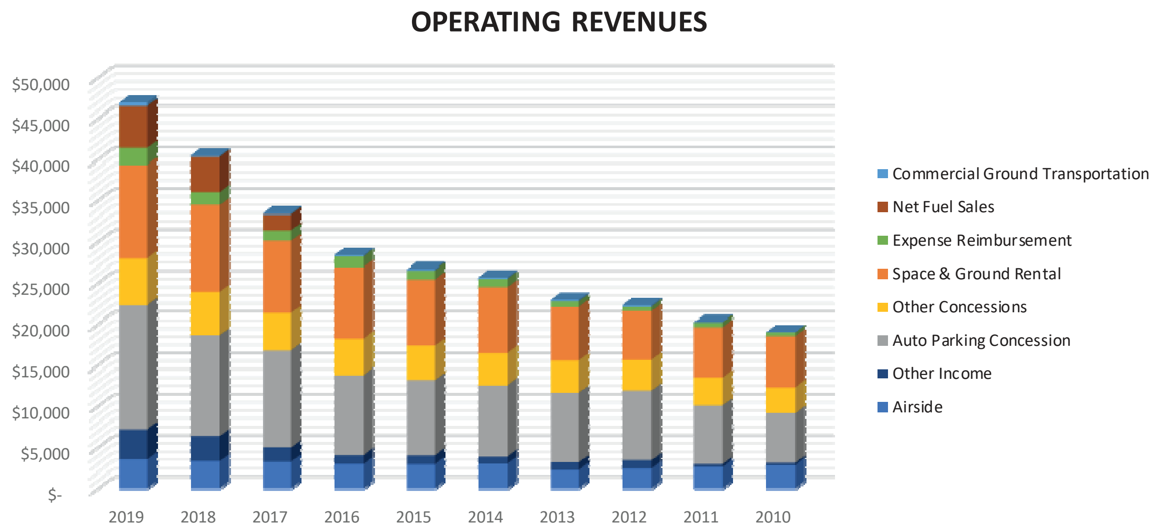
JUNE 30, 2019

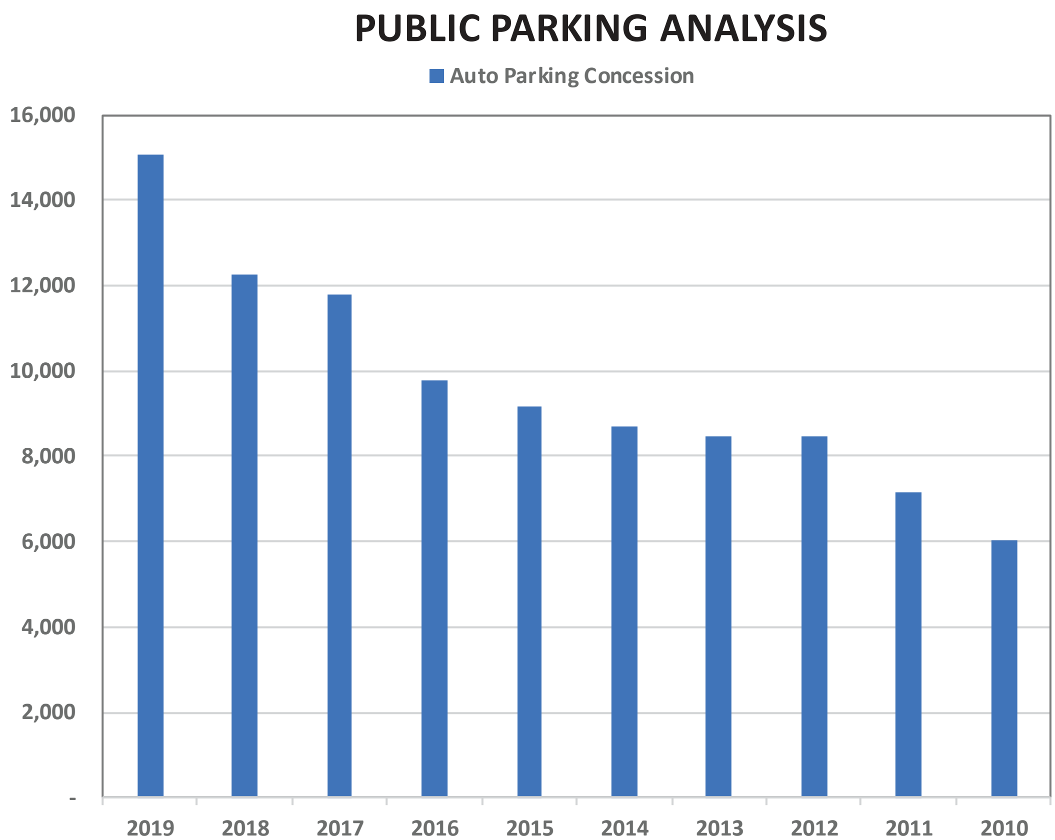
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating revenues:										
Airside	$ 3,513	$ 3,299	$ 3,222	$ 2,957	$ 2,919	$ 2,994	$ 2,241	$ 2,423	$ 2,610	$ 2,820
Space & Ground Rental	11,395	10,525	8,812	8,710	8,053	8,012	6,527	5,932	6,112	6,222
Auto Parking Concession	15,044	12,262	11,799	9,773	9,176	8,684	8,468	8,482	7,132	6,040
Other Concessions	5,680	5,255	4,515	4,405	4,167	3,913	3,915	3,719	3,449	3,178
Commercial Ground Transportation	441	123	147	151	150	171	190	178	30	26
Expense Reimbursement	2,048	1,590	1,268	1,273	1,112	1,024	668	531	558	461
Other Income	3,720	3,100	1,776	1,096	1,108	887	928	1,004	351	282
Net Fuel Sales	5,068	4,301	1,907							
Total operating revenues	$ 46,909	$ 40,455	$ 33,446	$ 28,365	$ 26,685	$ 25,685	$ 22,937	$ 22,269	$ 20,242	$ 19,029
Total enplanements	1,251	1,108	1,031	1,002	951	949	942	948	763	632
Operating revenues per enplaned passenger	37.50	36.51	32.44	28.31	28.06	27.07	24.35	23.49	26.53	30.11
Concessions revenues per enplaned passenger	16.57	15.81	15.82	14.15	14.03	13.27	13.15	12.87	13.87	14.59
Parking revenue per space	$ 3,249	$ 2,648	$ 2,548	$ 2,111	$ 1,982	$ 1,876	$ 1,829	$ 1,832	$ 1,540	$ 1,305

In early 2017, GSP opened Cerulean Aviation and joined the growing ranks of commercial airports that run their own fixed base operators (FBOs). The Airport also opted to provide cargo handling and ground support services for commercial charter flights. Cerulean Aviation continue to enhance customer service, make GSP more competitive, and increase revenue. In addition, beginning in fiscal year 2018, GSP adopted a new space rental methodology whereby the majority of airline space rent is charge on a per turn basis. Previously, airline revenue was received using a per square rate method for leased terminal space. Going forward, airline revenue is received on a per turn basis from airlines based on combination of factors including aircraft class and utilization of ticket counter use. This change in methodology results in changes to operating revenues that mostly affect Space/Ground Rental, Other Concession, and Other Income.



Source: Greenville-Spartanburg Airport District Records





Operating revenues have increased 146.5% since 2010. Enplanements increased 97.9% to 1,250,583 compared to 631,933 ten years ago. Parking revenue increased $9,004,392 since 2010. The parking spaces are broken into Garage A: 1,100; Garage B: 1,532; Daily Lot: 375; Economy: 1,562; and Valet: 160. Parking continues to be the District's highest individual revenue source.

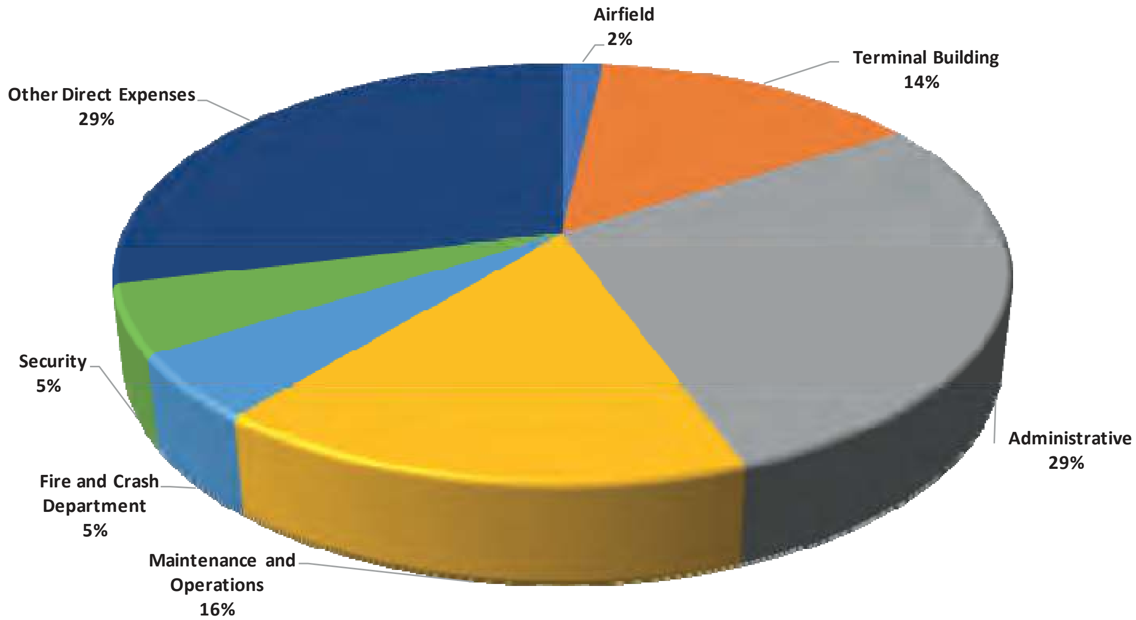
Source: Greenville-Spartanburg Airport District Records

OPERATING EXPENSES ANALYSIS (000s)

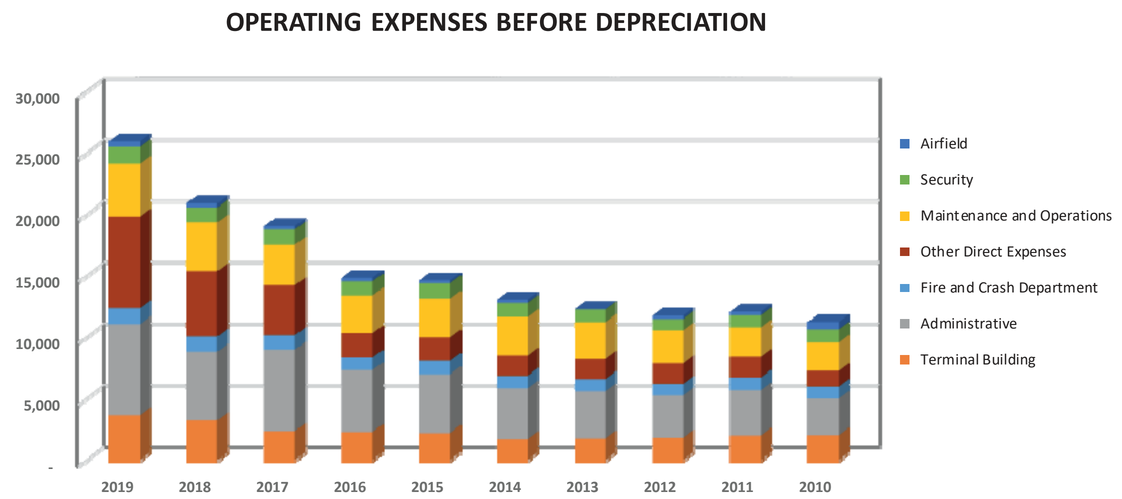
JUNE 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating expenses before loss on disposal of assets and depreciation:										
Airfield	$ 458	$ 308	$ 260	$ 293	$ 223	$ 274	$ 27	$ 260	$ 289	$ 604
Terminal Building	3,663	3,244	2,371	2,305	2,219	1,726	1,782	1,845	2,025	2,048
Administrative	7,412	5,612	6,646	5,035	4,787	4,120	3,817	3,425	3,671	2,960
Maintenance and Operations	4,292	3,941	3,328	3,081	3,178	3,105	2,974	2,676	2,376	2,295
Fire and Crash Department	1,298	1,220	1,155	1,045	1,106	1,041	1,007	951	1,057	992
Security	1,361	1,233	1,216	1,126	1,242	1,160	1,022	931	972	1,074
Other Direct Expenses	7,466	5,335	4,061	1,958	1,871	1,653	1,660	1,671	1,691	1,276
Total operating expenses before loss on disposal of assets and depreciation	$ 25,950	$ 20,893	$ 19,037	$ 14,843	$ 14,626	$ 13,079	$ 12,289	$ 11,759	$ 12,081	$ 11,249

2019 OPERATING EXPENSES BEFORE DEPRECIATION



Source: Greenville-Spartanburg Airport District Records



Operating expenses have increased 128.6% since 2010. As noted earlier in early 2017, GSP opened Cerulean Aviation to run their own fixed base operators (FBOs), which has resulted in increased operating expenses.

Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION ANALYSIS (000s)
JUNE 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating revenues:										
Airside	$ 3,513	$ 3,299	$ 3,222	$ 2,957	$ 2,919	$ 2,994	$ 2,241	$ 2,423	$ 2,610	$ 2,820
Space and ground rental	11,395	10,525	8,812	8,710	8,053	8,012	6,527	5,932	6,112	6,222
Auto parking concessions	15,044	12,262	11,799	9,773	9,176	8,684	8,468	8,482	7,132	6,040
Other concessions	5,680	5,255	4,515	4,405	4,167	3,913	3,915	3,719	3,449	3,178
Commercial ground transportation	441	123	147	151	150	171	190	178	30	26
Expense reimbursement	2,048	1,590	1,268	1,273	1,112	1,024	668	531	558	461
Other income	3,720	3,100	1,776	1,096	1,108	887	928	1,004	351	282
Operating revenues before fuel sales	41,841	36,154	31,539	28,365	26,685	25,685	22,937	22,269	20,242	19,029
Gross profit on fuel sales:										
Fuel sales	7,449	5,898	2,318	-	-	-	-	-	-	-
Cost of goods sold	(2,381)	(1,597)	(411)	-	-	-	-	-	-	-
Fuel sales - net	5,068	4,301	1,907	-	-	-	-	-	-	-
Total operating revenues	46,909	40,455	33,446	28,365	26,685	25,685	22,937	22,269	20,242	19,029
Operating expenses before loss on disposal of assets and depreciation:										
Airfield	458	308	260	293	223	274	27	260	289	604
Terminal building	3,663	3,244	2,371	2,305	2,219	1,726	1,782	1,845	2,025	2,048
Administrative	7,412	5,612	6,646	5,035	4,787	4,120	3,817	3,425	3,671	2,960
Maintenance and operations	4,292	3,941	3,328	3,081	3,178	3,105	2,974	2,676	2,376	2,295
Fire and crash department	1,298	1,220	1,155	1,045	1,106	1,041	1,007	951	1,057	992
Security	1,361	1,233	1,216	1,126	1,242	1,160	1,022	931	972	1,074
Other direct expenses	7,466	5,335	4,061	1,958	1,871	1,653	1,660	1,671	1,691	1,276
Total operating expenses before loss on disposal of assets and depreciation	25,950	20,893	19,037	14,843	14,626	13,079	12,289	11,759	12,081	11,249
Operating income before loss on disposal of assets, pension and depreciation expenses	20,959	19,562	14,409	13,522	12,059	12,606	10,648	10,510	8,161	7,780
Net Loss on disposal of assets	-	-	4	196	490	2,027	60	182	145	1,909
Pension	3,154	2,125	1,178	834	-	-	-	-	-	-
Depreciation	12,032	11,804	10,846	10,129	9,726	10,051	9,658	9,240	8,809	8,579
Operating income	5,773	5,633	2,381	2,363	1,843	528	930	1,088	(793)	(2,708)
Nonoperating revenues (expenses):										
Contract facility charges	1,263	986	1,154	1,027	857	318	1,514	1,523	1,066	831
Interest earned on accounts	401	134	53	43	23	56	111	83	480	1,501
Change in fair value of investments	96	10	2	2	8	(1)	9	(43)	(423)	(1,178)
Gain on proceeds from insurance settlement	-	536	-	-	-	-	-	-	-	-
Interest and other financing costs- net	(540)	(197)	(155)	(155)	(176)	(195)	(277)	(301)	(617)	(848)
Nonoperating revenues - net	1,220	1,469	1,054	917	712	178	1,357	1,262	506	306
Income before capital contributions	6,993	7,102	3,435	3,280	2,555	706	2,287	2,350	(287)	(2,402)
Capital contributions	13,126	5,854	11,936	3,341	6,524	8,191	4,631	2,707	4,187	10,347
Change in net position	20,119	12,956	15,371	6,621	9,079	8,897	6,918	5,057	3,900	7,945
Net position:										
Beginning of year	254,112	241,156	225,935	219,314	219,451	210,554	203,636	198,579	194,679	186,734
Cumulative effect of change in accounting principle (A)	-	-	(150)	-	(9,216)	-	-	-	-	-
Beginning of year, restated	254,112	241,156	225,785	219,314	210,235	210,554	203,636	198,579	194,679	186,734
End of year	$ 274,231	$ 254,112	$ 241,156	$ 225,935	$ 219,314	$ 219,451	$ 210,554	$ 203,636	$ 198,579	$ 194,679

(A) - Net position has been restated for the adoption of GASB 75 and 68 in 2017 and 2015, respectively.

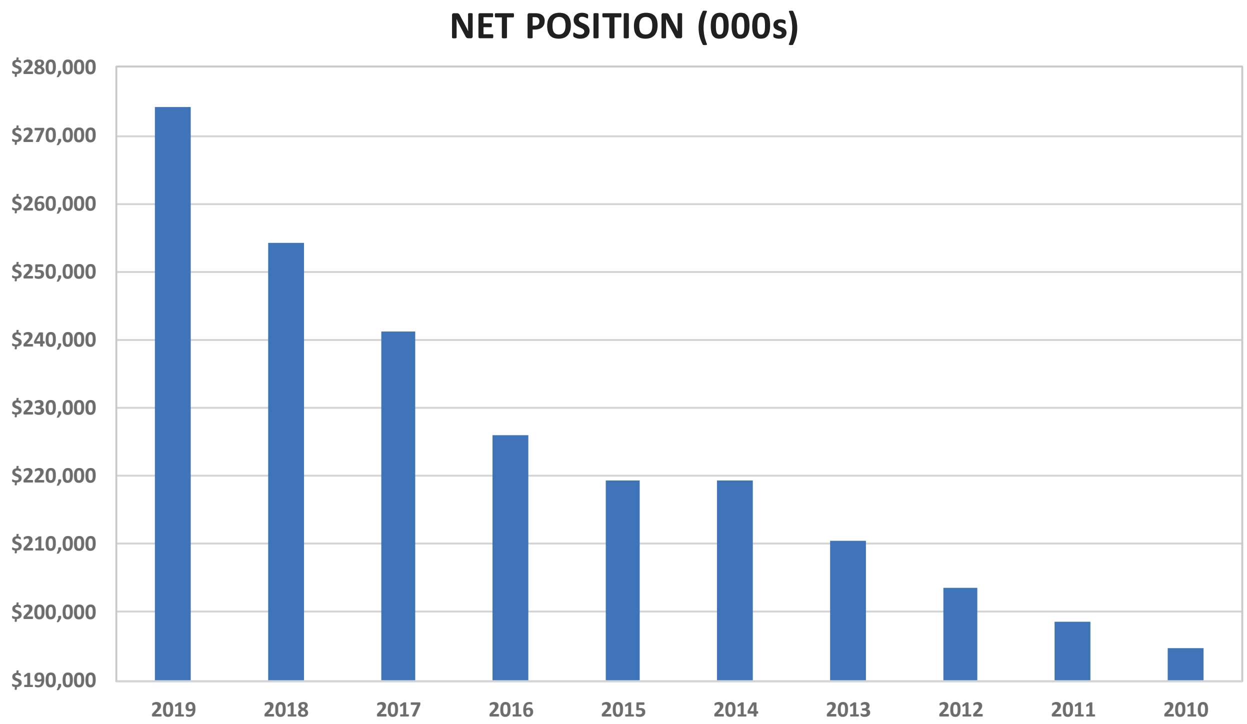
Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
STATEMENTS OF NET POSITION ANALYSIS (000s)

JUNE 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
ASSETS										
Current unrestricted assets:										
Cash	$ 10,261	$ 11,854	$ 6,291	$ 2,805	$ 9,621	$ 14,518	$ 5,809	$ 4,969	$ 6,043	$ 2,631
Receivables	8,480	2,537	3,339	3,851	624	583	3,089	465	733	938
Inventories and prepaid insurance	652	566	479	1,056	439	512	308	429	354	343
Investments	16,688	9,996	9,996	16,864	36,262	46,517	73,383	82,471	81,997	84,202
Total current unrestricted assets	36,081	24,953	20,105	24,576	46,946	62,130	82,589	88,334	89,127	88,114
Current restricted assets:										
Cash	5,332	2,744	1,865	-	598	-	-	403	182	196
Receivables	284	292	280	246	239	226	215	220	208	190
Investments - held by Trustee	433	422	407	398	383	377	366	354	1,116	2,970
Total current restricted assets	6,049	3,458	2,552	644	1,220	603	581	977	1,506	3,356
Noncurrent assets:										
Deferred bond financing costs-net	-	-	-	-	-	-	-	64	116	229
Capital assets - at cost	432,974	398,422	373,496	342,531	304,815	279,147	267,995	244,682	237,311	233,155
Less accumulated depreciation	(159,601)	(147,569)	(135,809)	(125,933)	(116,071)	(114,066)	(131,307)	(122,897)	(119,893)	(112,183)
Capital Assets - net	273,373	250,853	237,687	216,598	188,744	165,081	136,688	121,785	117,418	120,972
Total noncurrent assets	273,373	250,853	237,687	216,598	188,744	165,081	136,688	121,849	117,534	121,201
Total Assets	$ 315,503	$ 279,264	$ 260,344	$ 241,818	$ 236,910	$ 227,814	$ 219,858	$ 211,160	$ 208,167	$ 212,671
Deferred Outflows of Resources:										
Deferred outflow related to State Pension Plans	$ 5,662	$ 4,535	$ 2,330	$ 972	$ 887	$ -	$ -	$ -	$ -	$ -
Deferred outflow related to OPEB	222	259	-	-	-	-	-	-	-	-
Total deferred outflows	$ 5,884	$ 4,794	$ 2,330	$ 972	$ 887	$ -	$ -	$ -	$ -	$ -
LIABILITIES										
Payable from unrestricted assets:										
Accounts payable and accrued liabilities	$ 9,553	$ 3,259	$ 4,059	$ 3,192	$ 4,852	$ 4,609	$ 5,314	$ 3,317	$ 1,624	$ 1,213
Accrued employee benefits	1,499	1,224	-	-	-	-	-	-	-	-
LOC draw down	-	7,194	2,164	-	-	-	-	-	-	-
Term notes payable - current portion	784	-	-	-	-	-	-	-	-	-
Total payable from unrestricted assets	11,836	11,677	6,223	3,192	4,852	4,609	5,314	3,317	1,624	1,213
Payable from restricted assets:										
Accrued interest payable	43	55	67	78	88	97	106	114	204	433
Revenue bonds - current portion	390	365	340	320	295	280	260	240	475	1,025
Total payable from restricted assets	433	420	407	398	383	377	366	354	679	1,458
Total current liabilities	12,269	12,097	6,630	3,590	5,235	4,986	5,680	3,671	2,303	2,671
Noncurrent liabilities:										
Long term employee benefits	803	675	423	827	803	802	769	738	725	717
Net pension liability	17,931	15,244	12,214	10,446	9,311	-	-	-	-	-
Total OPEB liability	712	660	608	-	-	-	-	-	-	-
Term notes payable	14,446	-	-	-	-	-	-	-	-	-
Revenue bonds payable - net of current portion	865	1,255	1,620	1,960	2,280	2,575	2,855	3,115	6,560	14,604
Total noncurrent liabilities	34,757	17,834	14,865	13,233	12,394	3,377	3,624	3,853	7,285	15,321
Total Liabilities	$ 47,026	$ 29,931	$ 21,495	$ 16,823	$ 17,629	$ 8,363	$ 9,304	$ 7,524	$ 9,588	$ 17,992
Deferred Inflows of Resources:										
Deferred inflow related to State Pension Plans	$ 89	$ 15	$ 23	$ 32	$ 854	$ -	$ -	$ -	$ -	$ -
Deferred inflow related to OPEB	41	-	-	-	-	-	-	-	-	-
Total deferred inflows	$ 130	$ 15	$ 23	$ 32	$ 854	$ -	$ -	$ -	$ -	$ -
NET POSITION										
Net investment in capital assets	$ 249,914	$ 240,693	$ 231,976	$ 212,500	$ 185,952	$ 162,020	$ 133,378	$ 115,873	$ 106,976	$ 102,608
Restricted:										
Held by trustee	390	367	340	320	295	280	259	240	912	2,537
Contract facility charges	5,617	2,158	2,146	2,111	2,100	1,651	1,477	623	390	386
Total restricted	6,007	2,525	2,486	2,431	2,395	1,931	1,736	863	1,302	2,923
Unrestricted	18,310	10,894	6,694	11,004	30,967	55,500	75,440	86,900	90,301	89,148
Total Net Position	$ 274,231	$ 254,112	$ 241,156	$ 225,935	$ 219,314	$ 219,451	$ 210,554	$ 203,636	$ 198,579	$ 194,679

Source: Greenville-Spartanburg Airport District Records



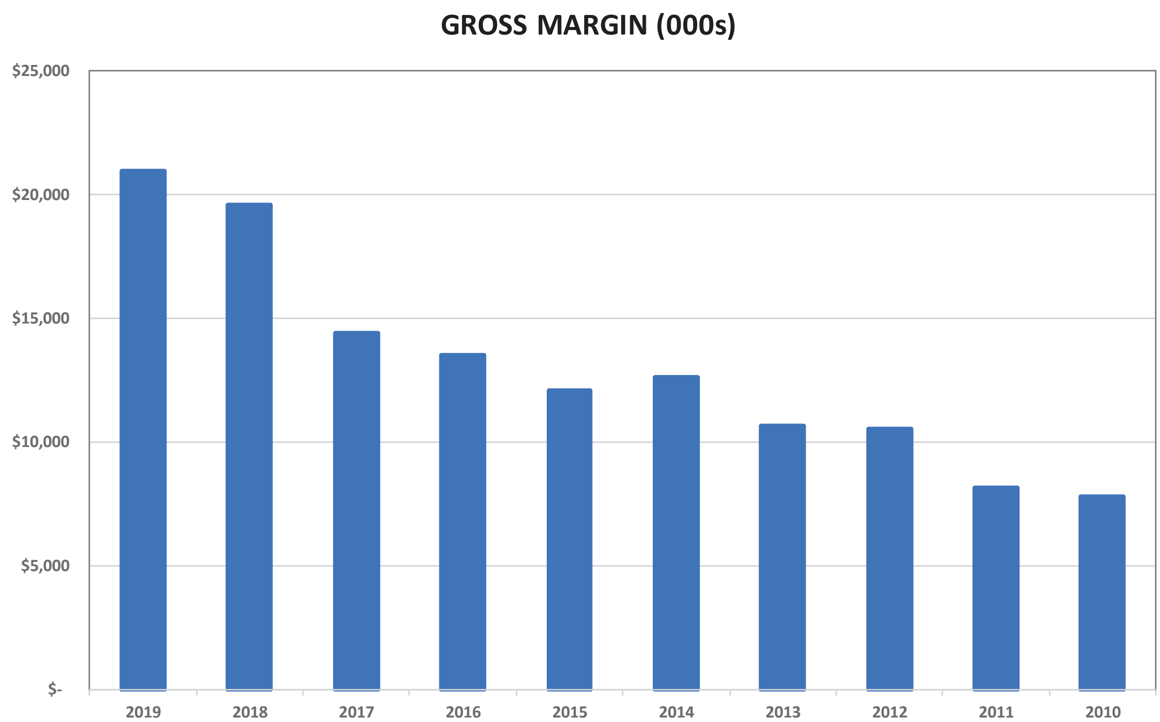
Source: Greenville-Spartanburg Airport District Records

GROSS MARGIN ANALYSIS (000s)

JUNE 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating revenues	$ 46,909	$ 40,455	$ 33,446	$ 28,365	$ 26,685	$ 25,685	$ 22,937	$ 22,269	$ 20,242	$ 19,029
Operating expenses	$ 25,950	$ 20,893	$ 19,037	$ 14,843	$ 14,626	$ 13,079	$ 12,289	$ 11,759	$ 12,081	$ 11,249
Gross margin ($)	$ 20,959	$ 19,562	$ 14,409	$ 13,522	$ 12,059	$ 12,606	$ 10,648	$ 10,510	$ 8,161	$ 7,780
Gross margin (%) *	**44.7%**	**48.4%**	**43.1%**	**47.7%**	**45.2%**	**49.1%**	**46.4%**	**47.2%**	**40.3%**	**40.9%**

*Excludes Depreciation Expense



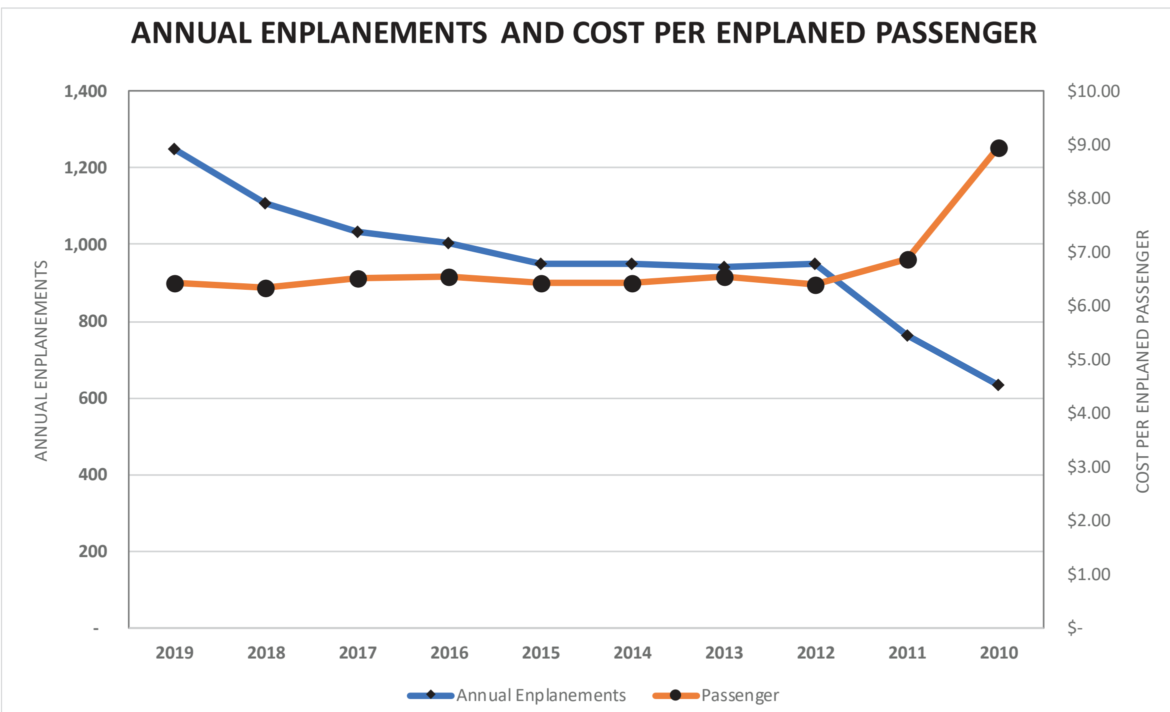
Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT

COST PER ENPLANEMENT (CPE) ANALYSIS (000s)

JUNE 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Annual Enplanements	1,251	1,108	1,031	1,002	951	949	942	948	763	632
Landing Fees	$ 2,211	$ 2,086	$ 2,127	$ 2,031	$ 1,956	$ 2,070	$ 1,842	$ 2,235	$ 1,815	$ 1,972
Terminal Rent	1,277	1,241	3,692	3,747	3,432	3,346	3,653	3,419	3,034	3,333
Apron Fees & Aircraft Parking	66	62	236	197	207	180	147	157	112	127
Passenger Boarding Bridge	-	-	317	316	280	332	332	113	85	126
Shared Tenant Services	56	48	63	46	46	36	2	-	-	-
Security Fees	279	230	-	-	-	-	-	-	-	-
Refuse	-	-	3	4	4	4	4	4	4	3
Triturator	-	7	6	6	6	6	10	4	3	2
Per Turn Fees	4,070	3,271	271	205	169	130	174	141	183	98
CUSS Ticketing Stock	58	48	-	-	-	-	-	-	-	-
Share Use Equipment	20	20	-	-	-	-	-	-	-	-
Utility Reimbursement	-	-	-	-	-	-	-	-	-	-
Total Airline Cost	$ 8,037	$ 7,013	$ 6,715	$ 6,552	$ 6,100	$ 6,104	$ 6,164	$ 6,073	$ 5,236	$ 5,661
Cost Per Enplaned Passenger	**$ 6.42**	**$ 6.33**	**$ 6.51**	**$ 6.54**	**$ 6.41**	**$ 6.43**	**$ 6.54**	**$ 6.41**	**$ 6.86**	**$ 8.96**



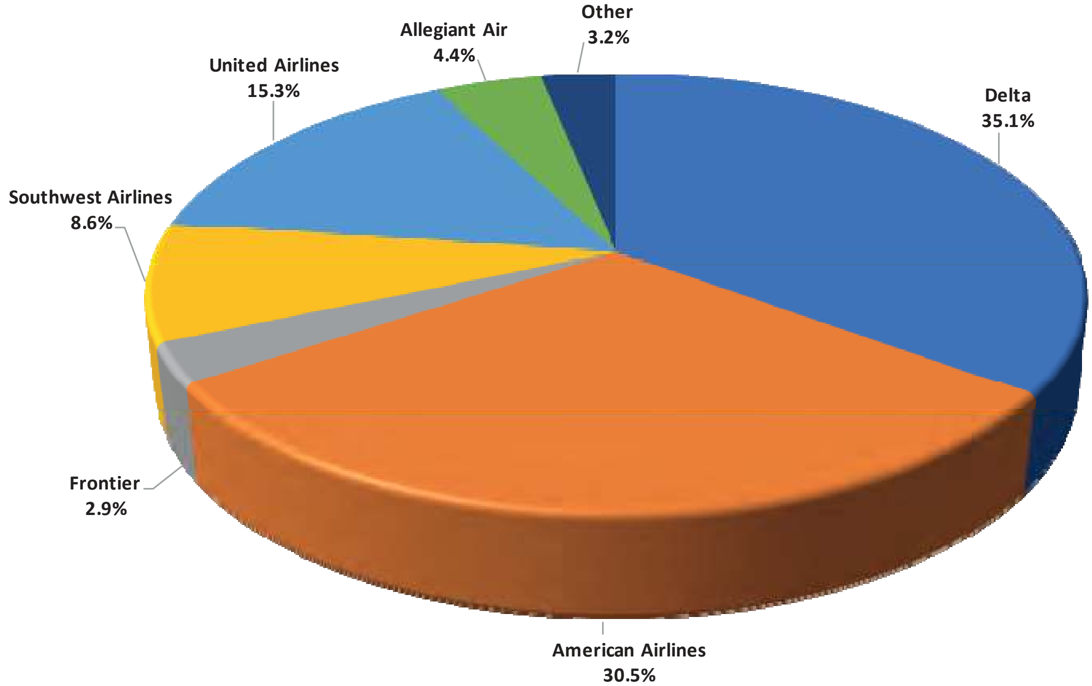
Source: Greenville-Spartanburg Airport District Records

OPERATING REVENUES, EXPENSES, AND GROSS MARGIN PER ENPLANEMENT ANALYSIS (000s)

JUNE 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues Per Enplaned Passenger	$ 37.50	$ 36.51	$ 32.44	$ 28.31	$ 28.06	$ 27.07	$ 24.35	$ 23.49	$ 26.53	$ 30.11
Operating Expenses Per Enplaned Passenger	32.88	31.43	30.13	25.95	26.12	26.51	23.36	22.34	27.57	34.39
Gross Margin per Enplaned Passenger	$ 4.61	$ 5.08	$ 2.31	$ 2.36	$ 1.94	$ 0.56	$ 0.99	$ 1.15	$ (1.04)	$ (4.28)

2019 ENPLANEMENT MARKET SHARE

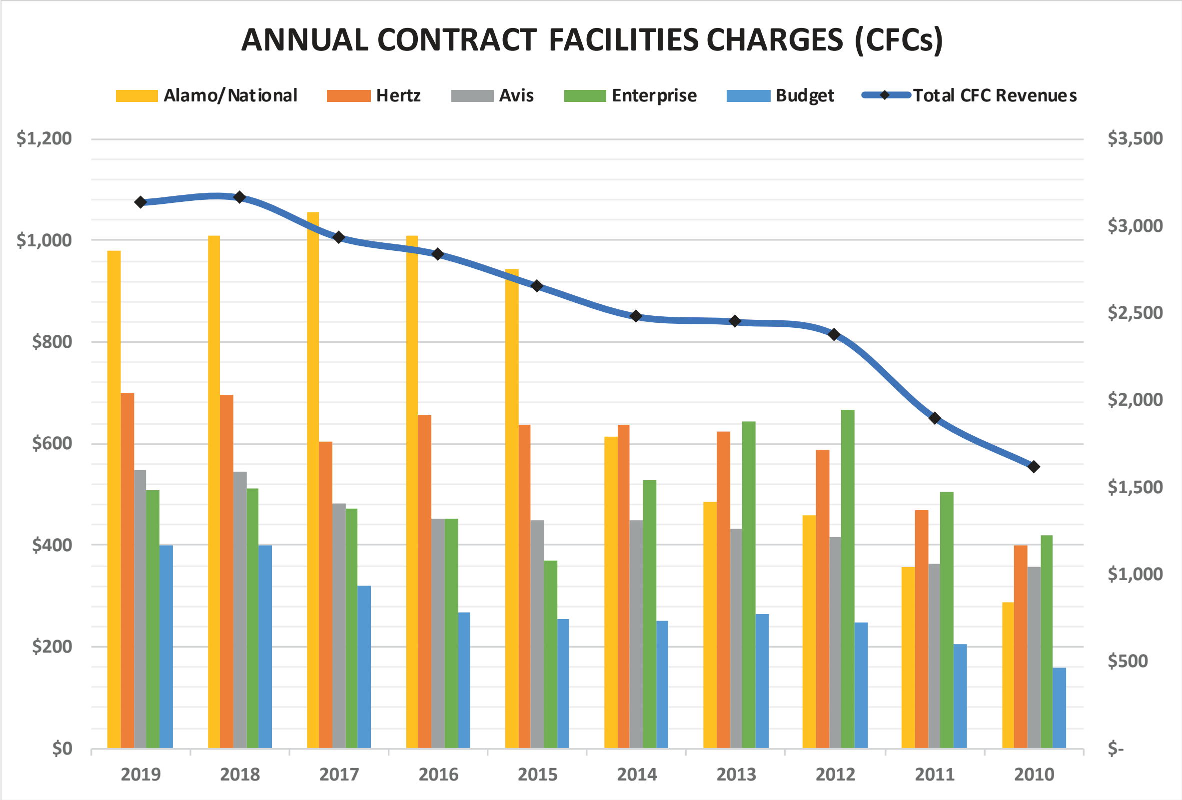


Source: Greenville-Spartanburg Airport District Records

CONTRACT FACILITY CHARGES (CFC) ANALYSIS (000s)

JUNE 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Hertz	$ 700	$ 698	$ 603	$ 658	$ 637	$ 637	$ 624	$ 588	$ 469	$ 401
Avis	549	544	482	451	450	450	434	417	363	356
Alamo/National	981	1,009	1,056	1,008	942	614	487	458	357	288
Budget	400	401	321	267	255	253	263	248	206	159
Enterprise	507	511	473	454	371	527	643	666	506	418
Total CFC Revenues	$ 3,137	$ 3,163	$ 2,935	$ 2,838	$ 2,655	$ 2,481	$ 2,451	$ 2,377	$ 1,901	$ 1,622



Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT

OUTSTANDING DEBT BY TYPE AND DEBT SERVICE COVERAGE ANALYSIS (000s)

JUNE 30, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Outstanding Debt										
Revenue bonds	$ 1,255	$ 1,620	$ 1,960	$ 2,280	$ 2,575	$ 2,855	$ 3,115	$ 3,355	$ 7,035	$ 15,629
Term note payable	15,230	-	-	-	-	-	-	-	-	-
Line of credit	-	7,194	2,164	-	-	-	-	-	-	-
	$ 16,485	$ 8,814	$ 4,124	$ 2,280	$ 2,575	$ 2,855	$ 3,115	$ 3,355	$ 7,035	$ 15,629
Upstate Region Population	1,494	1,479	1,460	1,441	1,424	1,408	1,393	1,383	1,373	1,362
Outstanding Debt per Capita	$ 11	$ 6	$ 3	$ 2	$ 2	$ 2	$ 2	$ 2	$ 5	$ 11
Total Enplaned Passengers	1,251	1,108	1,031	1,002	951	949	942	948	763	632
Outstanding Debt / Enplaned Passengers	$ 13	$ 8	$ 4	$ 2	$ 3	$ 3	$ 3	$ 4	$ 9	$ 25
Debt Service Coverage										
Operating revenue	$ 46,909	$ 40,455	$ 33,446	$ 28,365	$ 26,685	$ 25,685	$ 22,937	$ 22,269	$ 20,242	$ 19,029
Less operating expenses	25,950	20,893	19,037	14,843	14,626	13,079	12,289	11,759	12,081	11,249
Less pension expense	3,154	2,125	1,178	834	-	-	-	-	-	-
Income from CFC	1,263	986	1,154	1,027	857	318	1,514	1,523	1,066	831
Investment income	401	134	53	43	23	56	111	83	480	1,501
Coverage cash flow	$ 22,623	$ 20,682	$ 15,616	$ 14,592	$ 12,939	$ 12,980	$ 12,273	$ 12,116	$ 9,707	$ 10,112
Total debt service	$ 433	$ 420	$ 407	$ 398	$ 383	$ 377	$ 366	$ 354	$ 679	$ 1,458
Debt service coverage	5224.71%	4924.29%	3836.86%	3666.33%	3378.33%	3442.97%	3353.28%	3422.60%	1429.60%	693.55%

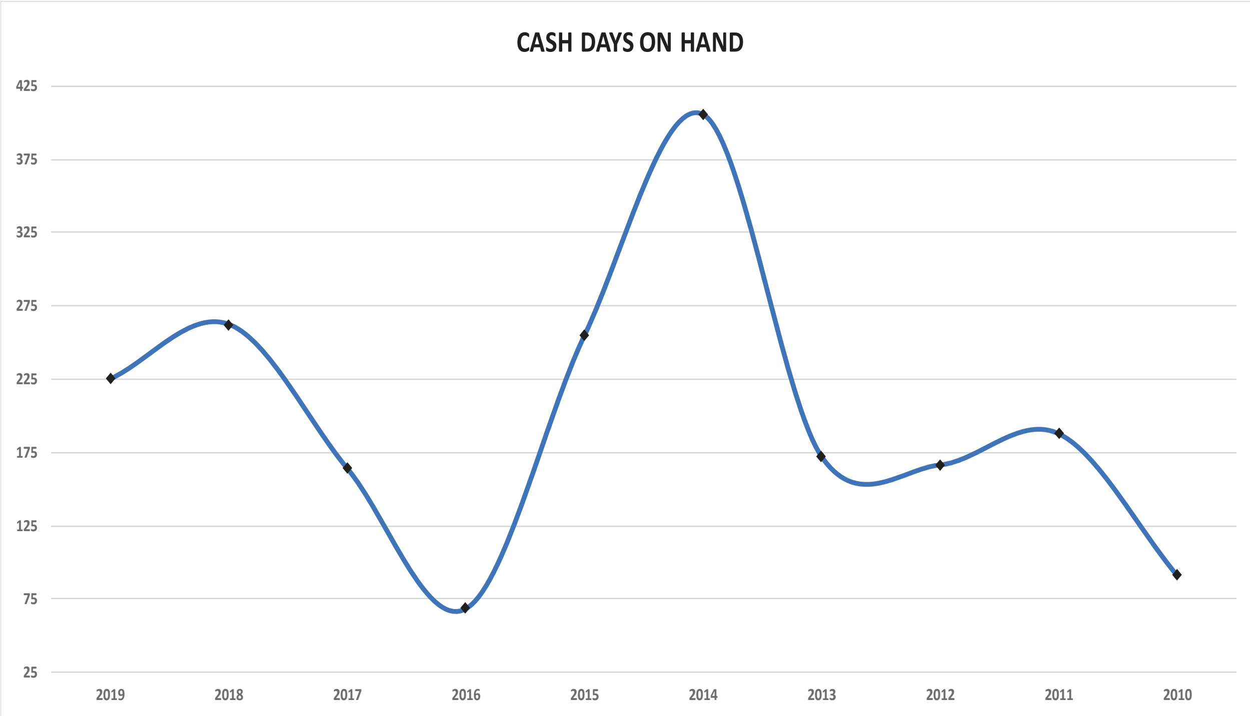
Source: Greenville-Spartanburg Airport District Records and Upstate SC Alliance www.upstatescalliance.com

CASH FLOW SUMMARY ACTIVITIES ANALYSIS (000s)

Cash flows provided by (used) in:

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating activities	$ 20,993	$ 19,438	$ 15,643	$ 7,436	$ 12,398	$ 16,281	$ 10,230	$ 12,417	$ 8,283	$ 9,005
Capital and related financing activities	$ (13,691)	$ (13,125)	$ (17,215)	$ (34,292)	$ (26,982)	$ (34,494)	$ (19,002)	$ (12,836)	$ (7,515)	$ (2,353)
Investing activities	$ (6,296)	$ 143	$ 7,331	$ 19,442	$ 10,285	$ 26,921	$ 9,209	$ (433)	$ 2,630	$ (5,812)
Net increase (decrease) in cash:	$ 1,006	$ 6,456	$ 5,759	$ (7,414)	$ (4,299)	$ 8,708	$ 437	$ (852)	$ 3,398	$ 840
Beginning Year Cash and Cash Equivalents	$ 15,020	$ 8,564	$ 2,805	$ 10,219	$ 14,518	$ 5,810	$ 5,373	$ 6,225	$ 2,827	$ 1,987
End of Year Cash and Cash Equivalents	$ 16,026	$ 15,020	$ 8,564	$ 2,805	$ 10,219	$ 14,518	$ 5,810	$ 5,373	$ 6,225	$ 2,827
Cash Days on Hand	225	262	164	69	255	405	173	167	188	92

The cash days on hand is operating expenses adjusted for non-cash expense divided by 365 days. The ending cash balance does not include investments, which are highly liquid. The inclusion of the investments could significantly impact the cash days on hand.



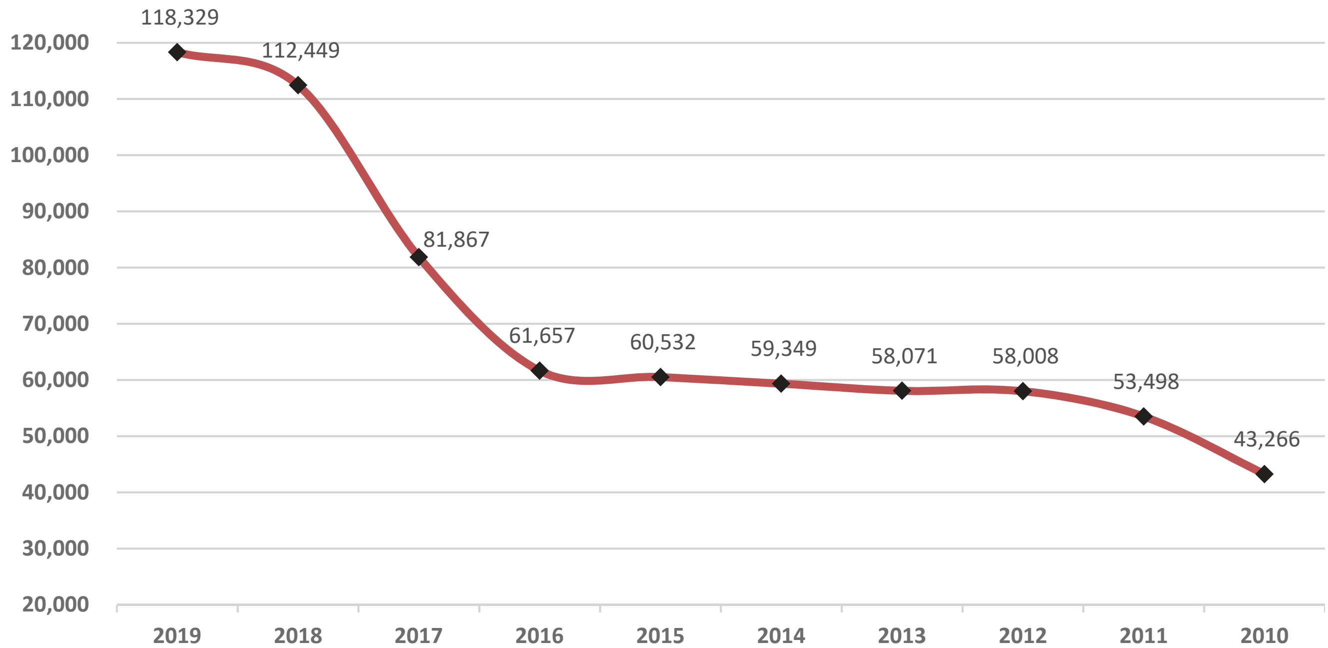
Source: Greenville-Spartanburg Airport District Records

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Aircraft Operations										
Air carrier	27,020	21,801	19,370	14,875	12,440	11,802	11,704	11,754	7,278	4,714
Air taxi	12,654	14,425	14,343	19,510	21,592	23,618	25,751	27,561	29,097	29,869
GA itinerant	9,521	8,334	7,547	7,764	8,674	8,168	8,692	8,628	9,232	9,287
Military	2,286	2,377	2,012	1,601	1,078	893	1,289	1,147	1,050	1,160
GA local	943	674	787	1,135	597	903	932	972	966	1,032
Aircraft Operations	52,424	47,611	44,059	44,885	44,381	45,384	48,368	50,062	47,623	46,062
Cargo (000s Pounds)	118,329	112,449	81,867	61,657	60,532	59,349	58,071	58,008	53,498	43,266

Over the last ten years, airlines have steadily replaced smaller aircraft with larger and more efficient aircraft in the domestic system. During that time, scheduled passenger flights across the United States increased 25% on average with an increase in scheduled operations of 2%. GSP has benefited from this trend leading to a 73% increase in available seats from FY2010 to FY2019 and an increase of 14% in the number of scheduled operations.

Source: Greenville-Spartanburg Airport District Records

CARGO OPERATIONS (000s Pounds)



Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
EMPLOYEE ANALYSIS AND MAJOR AIRPORT TENANTS

JUNE 30, 2019

Employee Analysis

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Full time	177.0	174.0	149.0	103.0	102.0	103.0	96.0	92.0	82.0	86.0
Part time[1]	24.0	31.0	34.7	34.5	31.1	31.0	31.0	31.0	31.0	31.0
Total Employees	201.0	205.0	183.7	137.5	133.1	134.0	127.0	123.0	113.0	117.0

[1]Part time employees include seasonal employees for all years

Major Airport Tenants

Passenger Carriers:
Allegiant Air
American Airlines
Delta Air Lines
Frontier Airlines
Southwest Airlines
United Airlines

Air Cargo Carriers:
Air Atlanta Icelandic
Federal Express
Mountain Air Cargo
United Parcel Service

Charter Services:
SAI Flight Services
Venture Aviation

Private Hangar Partners:
Barker Products
Barnet Vistas
Gibbs International
Michelin
Milliken
PSA Airlines
SAI Flight Services
Venture Aviation

Other Airport Partners:
Aeronautical Radio
Airgate/Sprint
AT&T
Bradford Logistics Group
CenterPoint
Delta Cargo
G2 Secure Staff
Greer CPW
JetStar
Majestic Air Services
Pannatoni
Precision Detailing
Runion Properties
Senator International
US Federal Aviation Administration
US National Weather Service
US Transportation Security Administration

Other Terminal Partners:
Fuel Rod
Good Vibrations
Hudson Group
Innovative Vending Solutions
MAG-Escape Lounge
OHM Concessions Group
TD Bank
Zoom Systems

Rental Car:
Alamo/National
Avis
Budget
Enterprise
Hertz

Ground Transportation:
Eastside Transportation
Hotel Shuttles
Limousine Companies
Taxicab Companies
TNC's (Uber, Lyft)

Ground Handlers:
Delta Global Services
GAT Airline Ground Support
Piedmont Airlines
Trego-Dugan Aviation
United Ground Express

Vehicle Parking:
LAZ Parking LLC

Fixed Base Operator:
Cerulean Aviation

Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
ACCOLADES

JUNE 30, 2019

Title	Source
Life	
15 Cities in the South That Know How to Charm (2018)	CNN Travel
20 Best Places to Live for Weather (2018)	MSN
Top 100 Best Places to Live (2018)	Livability
9 Cities You Should Move to While You Can Still Afford Them (2018)	Matador Network
America's 100 Best Places to Retire (2018)	Where to Retire
10 Best Main Street Towns (2018)	Where to Retire
#13 The 20 Best Places to Retire (2018)	55Places.com
The 25 Coolest Towns in America (2018)	Matador Network
#21 Best Small City to Start a Small Business (2018)	Verizon.com
Trend-Setting Markets that Show the Power Of Retail Mix (2018)	Forbes
The Next Big Small Town (2018)	People Magazine
#5 South's Best Cities (2018)	Southern Living
#6 South's Prettiest Cities (2018)	Southern Living
#5 South's Friendliest Cities (2018)	Southern Living
#29 Best Place to Live in the USA (2018)	US News & World Report
#39 Top 100 Best Places to Live (2018)	Livability.com
#4 Top 10 Cities Primed for Economic Growth (2018)	CardRates.com
#22 Best Place to Live in the USA (2019)	U.S News & World Report
#27 Best Place to Retire in the USA (2019)	U.S News & World Report
Eats	
The Top 6 Foodie Cities in the Country Right Now (2018)	Bravo
6 of our Favorite Food Cities in the U.S. (2018)	TravelZoo
5 Best Southern Food Cities You Haven't Tasted Yet (2018)	Budget Travel
20 American Cities with the Best Food Scenes Right Now (2018)	The Daily Meal
The Top Food Festivals & Foodie Events for Fall (Euphoria & FFG) (2018)	StyleBlueprint
#3 Top New Foodie Cities in America (2018)	People Magazine
10 Unexpected Cities with the Best Coffee in the U.S. (2018)	National Geographic Traveler
Best Chef, Southeast Semifinalist (2019)	James Beard Award Foundation

Source: Visit Greenville SC www.visitgreenvillesc.com

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
ACCOLADES

JUNE 30, 2019

Title	Source
Travel	
9 Affordable U.S. Destinations for 2019 (2018)	AARP
2018 Champions of Economic Impact in Sports Tourism: Innovations in Sports Tourism (Geico Bassmaster Classic) (2018)	Sports Destination Management
Top 10 Emerging Holiday Destinations (2018)	M Booth
#9 Best Small Cities in the U.S. (2018)	Condé Nast Traveler Readers' Choice Awards
49 of the Best Hiking Trails in the U.S. to Try Out This Fall (2018)	Business Insider
10 Affordable, Family-Friendly U.S. Destinations for Thanksgiving (2018)	Shermans Travel
11 Mountain Girlfriend Getaways to Take This Fall (2018)	Southern Living
#5 America's 10 Greenest Cities (2018)	Hertz.com
#4 25 Affordable (And Really Fun!) Spring Break Trip Locations (2018)	Your Tango
The Best Place in SC for a Bachelorette Party or (The Best Places for A Bachelorette Party in All 50 States) (2018)	Orbitz.com
#3 20 Cool Cities You Should Check Out Before Everyone Else Does (2018)	Matador Network
Reader's Choice Awards - Favorite Mid-Market Destinations (2018)	Sports Destination Management
Reader's Choice Awards - Favorite Destinations for Community Engagement (2018)	Sports Destination Management
The South's Next Big Charming Destination (2018)	Travel Channel
20 Summer Weekend Getaways for Travelers on a Budget (2018)	Cheapism.com
Cheap Summer Travel: 23 Places to Go (2018)	Forbes
29 Coolest Small U.S. Cities To Visit in 2018 (Greenville, SC = "meatest") (2018)	National Geographic Traveler
10Best.com Readers' Choice Awards - Best South Carolina Attraction - Greenville County Museum of Art, Falls Park on the Reedy, and BMW Performance Driving School (2018)	USA Today 10Best
Best Small Cities in the U.S. (Also headline "The Best Cities in the United States") (2018)	National Geographic Traveler
Most Romantic Weekend Getaways in America (2018)	MSN
Coolest Small Cities in America (2018)	Alot
7 Fun-Filled Black History Vacations to Take With Your Family (2018)	Essence.com
18 Must-Visit Places (2018)	The Active Times
#8 Top 10 Traveler's Choice Destinations on the Rise (2018)	TripAdvisor
#21 Best Trips (2019)	Outside Magazine
8 Underappreciated American Cities You Need to Check Out This Year (2019)	Thrillist
North America's 10 Most Romantic Cities (2019)	DatingAdvice.com
#2 America's Coolest Southern Towns (2019)	JetSetter.com
10 of the Most Underrated Romantic Destinations in the U.S. (2019)	Insider
Top 19 Must-See Destinations (2019)	Expedia
12 Best U.S. Family Vacations (2019)	Family Vacation Critic
Top 20 Places to Visit in the US (2019)	TripAdvisor
9 Vacation Spots You Can Actually Afford (2019)	CNBC.com

Source: Visit Greenville SC www.visitgreenvillesc.com

AND THE WINNER IS...

In FY2019 Greenville-Spartanburg International Airport was recognized by its peers for excellence in airport concessions, amenities and marketing. These recognitions reflect the care and attention that airport management places on meeting and exceeding the expectations of customers.

Concessions Program

AIRPORTS COUNCIL INTERNATIONAL
2019 Excellence in Airport Concessions
Best Retail Program-Small Airport

AIRPORTS COUNCIL INTERNATIONAL
2019 Excellence in Airport Concessions
Best Airport Concessions Transformation

AIRPORTS COUNCIL INTERNATIONAL
2019 Excellence in Airport Concessions
Best Food and Beverage Program-Small Airport

AMERICAN SOCIETY OF LANDSCAPE ARCHITECTS
2019 Southeast Region Recognition Award
GSP Airside Garden

AIRPORT EXPERIENCE AWARDS
2019 Best Overall Concessions Program

AIRPORT EXPERIENCE AWARDS
2018 Best Overall Concessions Design

Marketing Program

ROUTES NORTH AMERICA
2019 First Place – Airport Marketing –
Under 4 Million Passengers

SERVICE INDUSTRY ASSOCIATION
2019 Gold Winner – Social Media Campaigns

SERVICE INDUSTRY ASSOCIATION
2019 Gold Winner – Television Advertising

MARCOM
2018 Gold Award – Social Media Campaigns

MARCOM
2018 Gold Award – Television Promotions

AMERICAN ADVERTISING FEDERATION
2019 Silver Award – New York Promotions

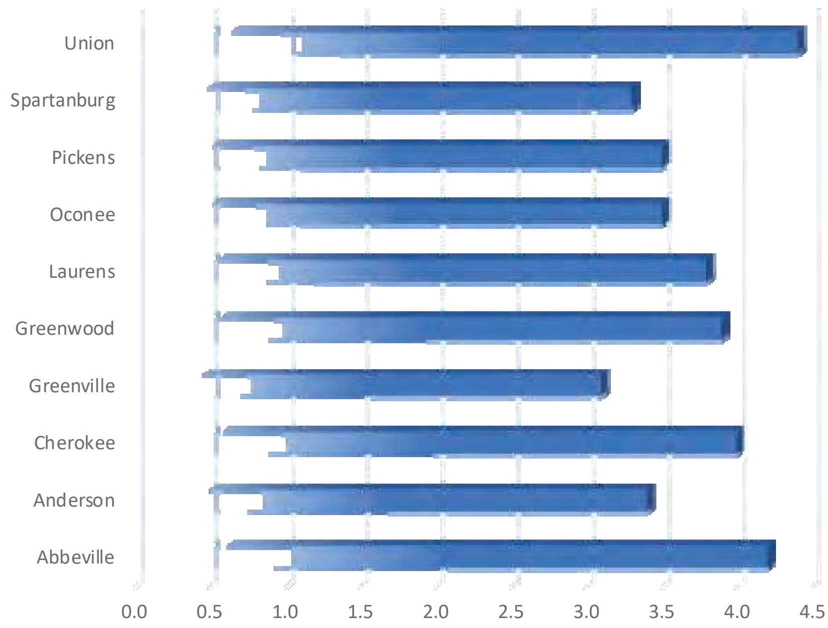
AMERICAN ADVERTISING FEDERATION
2019 Silver Award – Advertising Microsite NYC

GSP INTERNATIONAL AIRPORT
ROGER MILLIKEN FIELD

Annual Average Unemployment Rate, 2010-2018
Upstate SC Counties / Upstate SC Region / US

COUNTY/REGION	2018	2017	2016	2015	2014	2013	2012	2011	2010
Abbeville	4.2	4.4	5.6	6.9	7.7	9.5	10.6	12.5	13.6
Anderson	3.4	3.8	4.7	5.4	5.9	7.1	8.8	10.3	11.6
Cherokee	4.0	4.8	6.0	7.2	8.3	10.5	12.8	14.7	15.7
Greenville	3.1	3.6	4.3	5.0	5.3	6.1	7.4	8.6	9.6
Greenwood	3.9	4.3	5.3	6.3	6.9	8.6	10.1	11.3	11.9
Laurens	3.8	4.3	5.3	6.5	7.1	8.6	10.3	11.6	12.3
Oconee	3.5	4.2	5.1	5.8	6.3	7.6	8.8	10.0	11.4
Pickens	3.5	4.0	5.1	5.8	6.3	7.4	8.9	9.9	10.9
Spartanburg	3.3	4.0	4.8	5.7	6.3	7.7	9.4	10.9	11.8
Union	4.4	5.3	6.3	7.8	8.6	11.3	13.6	16.0	17.7
Upstate Region[(1)]	3.4	3.9	4.8	5.7	5.9	7.3	8.5	9.6	11.0
South Carolina	3.8	4.2	5.1	6.0	6.4	7.6	9.2	10.6	11.2
United States	3.9	4.3	4.9	5.3	6.2	7.4	8.1	8.9	9.6

2018 UPSTATE UNEMPLOYMENT

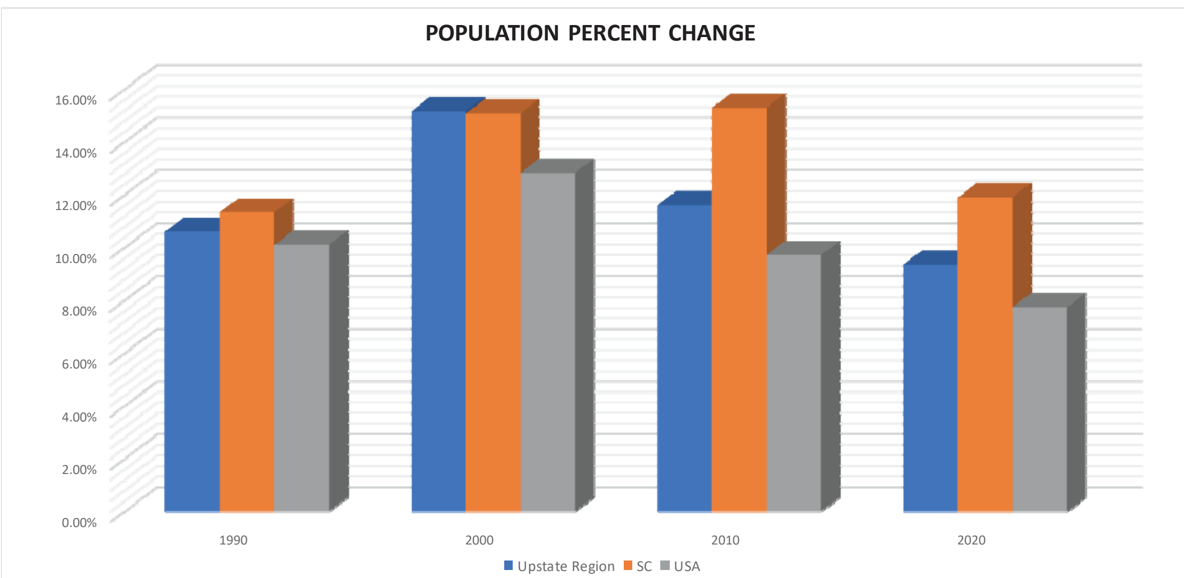


Source: SC's Labor Force & Industry, 1990-1994, 1995-1999, SC Employment Security Commission (1990-1999 Data); SC Dept. of Employment & Workforce, (2000 - 2018 Data), and US Bureau of Labor Statistics (all US figures)
(1) Upstate Region - Area served by the Upstate Alliance, consisting of the individual counties listed.

Compiled By: InfoMentum - A Decision Support System for Upstate South Carolina

Census Population Trends and Projections, 1960-2030
County / Upstate Region / State / US

COUNTY/REGION	2030	2025	2020	2015	2010	2000	1990	1980	1970	1960
Abbeville	22,720	23,620	24,340	24,971	25,417	26,167	23,862	22,700	21,112	21,417
Anderson	214,100	208,330	201,770	194,532	187,126	165,740	145,177	133,800	105,474	98,478
Cherokee	57,170	57,140	56,780	56,493	55,342	52,537	44,506	41,000	36,791	35,205
Greenville	619,280	576,120	533,250	490,661	451,225	379,616	320,127	288,800	240,774	209,776
Greenwood	68,220	69,150	69,710	69,902	69,661	66,271	59,567	57,600	49,686	44,346
Laurens	65,090	65,980	66,480	66,545	66,537	69,567	58,132	52,500	49,713	47,609
Oconee	77,390	77,500	76,870	75,744	74,273	66,215	57,494	48,800	40,728	40,204
Pickens	125,330	124,920	123,590	121,493	119,224	110,757	93,896	79,600	58,956	46,030
Spartanburg	333,210	322,220	310,020	297,088	284,307	253,791	226,793	202,700	173,724	156,830
Union	23,870	25,290	26,610	27,775	28,961	29,881	30,337	30,800	29,230	30,015
Upstate Region[1]	1,606,380	1,550,270	1,489,420	1,425,204	1,362,073	1,220,542	1,059,891	958,300	806,188	729,910
SC	5,730,490	5,457,700	5,175,800	4,894,834	4,625,364	4,012,012	3,486,310	3,131,600	2,590,713	2,382,594
USA[2]	355,234,000	344,234,000	332,639,000	320,742,673	308,745,538	281,421,906	249,439,000	226,546,000	203,302,031	179,323,175



Source: U.S. Census Bureau, U.S. Census Bureau, Census 2000 and Census 2010, and Vintage 2016 Annual Population Estimates. S.C. Department of Health and Environmental Control - Vital Records Department. Population projections calculated by the South Carolina Revenue and Fiscal Affairs Office, Health and Demographics Section

US Projections by US Bureau of the Census, Annual Projections of the Total Resident Population (NP-T1)

(1) Upstate Region = Abbeville, Anderson, Cherokee, Greenville, Greenwood, Laurens, Oconee, Pickens, Spartanburg and Union Counties
(2) Projections for the nation are based on 2000 Census data; projections for all other geographies are based on 2010 Census.

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
TOP 20 EMPLOYERS AND TOP PUBLIC COMPANIES

JUNE 30, 2019

Top 20 Employers

2019	Employer	Employees*	Product or Service	U.S. Headquarters
1	Prisma Health - Upstate	15,941	Health Services	Greenville, SC
2	State of South Carolina	12,476	State Government	Columbia, SC
3	BMW Manufacturing Co. LLC	11,000	Automotive Manufacturer	Greer, SC
4	Greenville County Schools	10,000	Public Education School District	Greenville, SC
5	Spartanburg Regional Healthcare System	8,900	Health Services	Spartanburg, SC
6	Wal-Mart Stores, Inc.	7,638	Retail Stores & Distribution Facilities	Bentonville, AR
7	Michelin North America, Inc.	7,548	Automotive Services	Greenville, SC
8	Clemson University	5392	Public Research University	Clemson, SC
9	Ingles Markets	4,550	Grocery Stores	Black Mountain, NC
10	Bon Secours St. Francis Health System	4,451	Health Services	Greenville, SC
11	Bi-Lo LLC	4,290	Retail Stores & Distribution Facilities	Jacksonville, FL
12	Milliken & Company	4,007	Textile Manufacturing	Spartanburg, SC
13	AnMed Health Medical Center	3,755	Health Services	Anderson, SCV
14	Duke Energy Corp.	3,602	Utility Provider	Charlotte, NC
15	GE Power	3,400	Technology Products/Solutions	Boston, MA
16	United States Government	3,288	Federal Government	Washington, DC
17	Self Regional Healthcare	2,633	Health Services	Greenwood, SC
18	Adidas America, Inc.	2,520	Footwear/Apparel Distribution Center	Portland, OR
19	ZF Transmissions Gray Court LLC	2,500	Automotive Services	Gray Court, SC
20	Greenville County	2,341	County Government	Greenville, SC

* Ranked by Number of Employees in the Upstate area
Source: Upstate SC Alliance www.upstatescalliance.com

Top Public Companies

Company		Revenues (000s)	U.S. Headquarters
Fluor Enterprises Inc.	$	19,166,600	Greenville, SC
ScanSource	$	3,846,260	Greenville, SC
AVX Corp.	$	1,562,474	Fountain Inn, SC
Denny's Corp	$	630,200	Spartanburg, SC
World Acceptance Corp.	$	548,706	Greenville, SC
Regional Management Corp.	$	306,706	Greer, SC
Synalloy Corp.	$	280,841	Spartanburg, SC
Southern First Bancshares Inc.	$	68,145	Greenville, SC
Oconee Federal Financial Corp.	$	18,415	Seneca, SC

Source: GSA Business Reports, Book of Lists 2019

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
HIGHER EDUCATION FALL 2017 ENROLLMENT

JUNE 30, 2019

Institution	Enrollment
Four Year	
Anderson University	3,429
Bob Jones University	3,005
Clemson University	24,951
Converse College	1,371
Erskine College	572
Furman University	2,947
Lander University	3,044
Limestone College	2,410
North Greenville University	2,578
Presbyterian College	1,330
Sherman College of Straight Chiropractic	421
Southern Wesleyan University	1,551
USC - Upstate	6,175
Wofford College	1,666
Two Year	
Greenville Technical College	10,864
Piedmont Technical College	4,491
Spartanburg Community College	4,534
Spartanburg Methodist College	864
Tri-County Technical College	6,082
University of South Carolina - Union	1,093
Total Enrollment	83,378

Source: SC Commission on Higher Education

COMPLIANCE SECTION

This section contains the following subsections:

Report of Independent Auditor 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*

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Schedule of Expenditures of Federal Awards

Notes to the Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

Schedule of Status of Prior Year Findings and Questioned Costs

BKD
CPAs & Advisors

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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

To the Commissioners of
Greenville-Spartanburg Airport District
Greer, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Greenville-Spartanburg Airport District (Airport), which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport'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 Airport'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 Airport's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Indianapolis, Indiana
November 6, 2019

BKD
CPAs & Advisors

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317.383.4000 | Fax 317.383.4200 | bkd.com

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

To the Commissioners of
Greenville-Spartanburg Airport District
Greer, South Carolina

Report on Compliance for the Major Federal Program

We have audited the Greenville-Spartanburg Airport District's (Airport) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Airport's major federal program for the year ended June 30, 2019. The Airport's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Airport's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

BKD, LLP

Indianapolis, Indiana
November 6, 2019

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Project Number and Description (Notes 1 and 2)	CFDA Number	Total Project Costs Incurred: July 1, 2018 to June 30, 2019	Total Project Costs Incurred: Cumulative to June 30, 2019	Total Federal Expenditures: July 1, 2018 to June 30, 2019	Grant Status - Grant Funds Received from FAA: July 1, 2018 to June 30, 2019	Grant Status - Grant Funds Received from FAA: Cumulative to June 30, 2019	Maximum Federal Participation
Department of Transportation - Federal Aviation Administration							
Grant No. 3-45-0028-52 Rehabilitate Terminal Building & Apron Rehabilitation (Construction) Phase III	20.106	-	11,121,007	-	10,000	10,149,762	10,149,762
Grant No. 3-45-0028-53 Cargo Apron Expansion Design, Update Airport Master Plan, Rehabilitate Apron (5.6K SY- Phase 4), ARFF Building Design, & Snow Removal Equipment	20.106	1,101,582	4,343,904	991,424	1,864,749	3,365,133	4,138,888
Grant No. 3-45-0028-54 Cargo Apron Expansion	20.106	13,255,822	13,255,822	11,194,334	5,360,568	5,360,568	11,194,334
Grant No. 3-45-0028-55 Cargo Apron Expansion Phase II	20.106	926,585	926,585	833,926	-	-	6,337,551
Total Federal Awards		$ 15,283,989	$ 29,647,318	$ 13,019,684	$ 7,235,317	$ 18,875,463	$ 31,820,535

Note 1—Summary of significant accounting policies

Basis of Presentation – The accompanying schedule of expenditures of federal awards for the year ended June 30, 2019, for projects in effect from June 30, 2015 through June 30, 2019, was prepared using the accrual basis of accounting, taking into consideration costs incurred and payable at year end.

Grant Descriptions – The Greenville-Spartanburg Airport District (the "Airport") and the Federal Aviation Administration ("FAA") entered into the following agreements:

a. Grant agreement dated September 20, 2016 (Project #3-45-0028-52) provides funds to rehabilitate the Terminal Building and Terminal Apron Phase III (construction). Under the provisions of the grant agreement, the FAA is to reimburse the Airport for 90% of the allowable Terminal Building costs (60%) and Apron costs not to exceed $10,149,762.

b. Grant agreement dated August 1, 2017 (Project #3-45-0028-53) provides funds to expand the Cargo Apron, update Airport Master Plan Study, rehabilitate apron Phase IV, construct aircraft rescue and fire fighting building (design) and acquire snow removal equipment.

c. Grant agreement dated July 23, 2018 (Project #3-45-0028-54) provides funds to complete expansion of the Cargo Apron (design and construction). Under the provisions of the grant agreement, the FAA is to reimburse the Airport 90% of the allowable Cargo Apron costs not to exceed $11,194,334.

d. Grant agreement dated September 21, 2018 (Project #3-45-0028-55) provides funds for phase 2 of the Cargo Apron expansion (design and construction). Under the provisions of the grant agreement, the FAA is to reimburse the Airport for 90% of the allowable Cargo Apron costs not to exceed $6,337,551.

Indirect Cost Rate – Under provision of the Uniform Guidance, the Airport is permitted to use a 10% de minimis indirect cost rate. The Airport elected not to use this rate.

Subrecipients – The Airport did not have grant subrecipients during the fiscal year.

Note 2—Status of projects

As of June 30, 2019, the following projects were open:

- Project #3-45-0028-52
- Project #3-45-0028-53
- Project #3-45-0028-54
- Project #3-45-0028-55

Note 3—Audits performed by other organizations

There were no audits performed by other organizations of the Airport's federal award program for the year ended June 30, 2019.

* * * * * *

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent auditor's report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None Reported

   Material weakness(es)? ☒ Yes ☐ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for the major federal award program disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None Reported

   Material weakness(es)? ☐ Yes ☒ No

5. The opinion expressed in the independent auditor's report on compliance for the major federal award program was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. The Airport's major program was:

Cluster/Program	CFDA Number
Airport Improvement Program	20.106

8. The threshold used to distinguish between Type A and Type B programs was $750,000.

9. The Airport qualified as a low-risk auditee? ☒ Yes ☐ No

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2019-001	**Criteria or Specific Requirement:** Management is responsible for establishing and maintaining effective internal controls over financial reporting.

Condition: The Airport's internal control environment over financial reporting did not detect certain adjustments that were needed to prevent the financial statements from being materially misstated. These adjustments related to cutoff associated with capital assets and accounts payable including retainage on open construction projects at year end. (Material Weakness)

Context: The Airport's Finance Department is primarily responsible for the financial reporting process. To identify additional accounts payable accruals, the Airport manually reviews the subsequent check register to identify checks paid after year end that would need to be accrued. The Airport does not enter the invoice into the system until it has been paid. Since this process is being manually completed outside of using the accounts payable ledger, there is a greater risk of error. In addition, all retainage accruals for construction in progress would not be considered as they would not have been paid until after the time period that the Airport was reviewing the check register so would not be picked up to accrue.

Effect: Misstatements in the financial statements. Audit procedures detected adjustments necessary which increased accounts payable and capital assets by approximately $6 million. Additionally, accounts receivable and nonoperating revenue was increased by approximately $2.7 million for costs incurred that are reimbursable under federal grants.

Cause: The Airport's internal control environment did not identify these adjustments in a timely manner due to the process of identifying accruals at year end along with timely secondary review of the accounts payable detail at year end.

Recommendation: The Airport should establish and maintain an effective secondary review process over financial reporting and continue to improve the processes in place for capturing invoices payable after year end including the retainage payable outstanding for open construction projects.

Views of Responsible Officials and Planned Corrective Action: Effective October 2019, GSP Finance has implemented a new process whereby retainages are accrued with each payment made to contractors and capital projects are reviewed monthly to ensure all amounts due to contractors for work complete is captured and recorded monthly. GSP's director of finance is responsible for ensuring this new control process is operating effectively beginning with October 2019's financial close.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

Reference Number	Summary of Finding	Status
	No matters are reportable.	


GSP INTERNATIONAL AIRPORT
ROGER MILLIKEN FIELD
SENATOR
INTERNATIONAL
magma