GSP INTERNATIONAL AIRPORT

ROGER MILLIKEN FIELD

SOUTH CAROLINA

Boy Aviator *Dennis Smith*

2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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GREENVILLE-SPARTANBURG AIRPORT DISTRICT

(A political subdivision of the State of South Carolina)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended June 30, 2020 and 2019

Prepared by: District's Finance Department

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Weaving the World detail *Daniel Goldstein*

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INTRODUCTORY SECTION

This section contains the following subsections:

Letter of Transmittal
Certificate of Achievement for Excellence in Financial Reporting
Airport Commission and Executive Staff
Organizational Chart

Snow Geese
Jim Dolan

October 26, 2020

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 years ended June 30, 2020 and 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 executed an act to create the Greenville-Spartanburg Airport 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 Commission, or the District's 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 1.5 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 the initial eight months of fiscal year 2020 with 1.8 million passengers served and approximately 0.9 million enplanements. However, due to the impact of the COVID-19 pandemic, the Airport enplaned passenger decreased 21.2% to approximately 1.0 million for fiscal year 2020 as compared to 1.3 million, an increase of 12.8% for fiscal year 2019. The cargo operation experienced a decrease of 5.2% in fiscal year 2020 with 111.5 million pounds as compared to 118.3 million pounds, an increase of 5.2% in fiscal year 2019. Cargo activity generates various 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 23.3% of the landed weight in fiscal year 2020, which is a slight decrease from the 24.4% in fiscal year 2019.

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 District's 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 downturns. 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.

On August 21, 2020, the District's Commission approved a $35 million, 20-year term note with a fixed finance rate of 1.61% for ten years. The $35 million term note was established with TD Bank on August 31, 2020 with a maturity date of August 31, 2030. The purpose of the new term loan is to refinance the existing term loan and reimburse the District for the cost of the Surface Parking Project and the local share of the Aircraft Rescue and Firefighting Station Construction Project at a reduced interest rate.

PFC Collection

On March 18, 2020, the U.S. Department of Transportation's Federal Aviation Administration (FAA) acknowledged the District's notice of intent to impose and use a passenger facility charge (PFC). The FAA acknowledged that GSP could begin collecting a PFC at a $4.50 PFC level on May 1, 2020 and complete collections on July 1, 2023. Furthermore, the FAA acknowledged that GSP could collect a total of $16,505,571 in PFC revenue and use $16,238,071 in PFC revenue for noted projects.

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 of the Airport Improvement Program (AIP). On January 1, 2020, the District went live with and replaced the old accounting system, Sage, with a new accounting system, Sage Intacct. The new system is robust and will integrate with other operational solutions that the District is currently considering for use in the future.

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.

Weaving the World detail *Daniel Goldstein*

Independent Audit

The financial statements for fiscal years 2020 and 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 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, 2019. 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

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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, 2019

Christopher P. Morrill

Executive Director/CEO

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GREENVILLE-SPARTANBURG AIRPORT COMMISSION

Minor Shaw
Chair

Hank Ramella
Vice Chair

Leland Burch
Commissioner

Valerie Miller
Commissioner

Doug Smith
Commissioner

Jay Beeson
Commissioner

EXECUTIVE STAFF

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

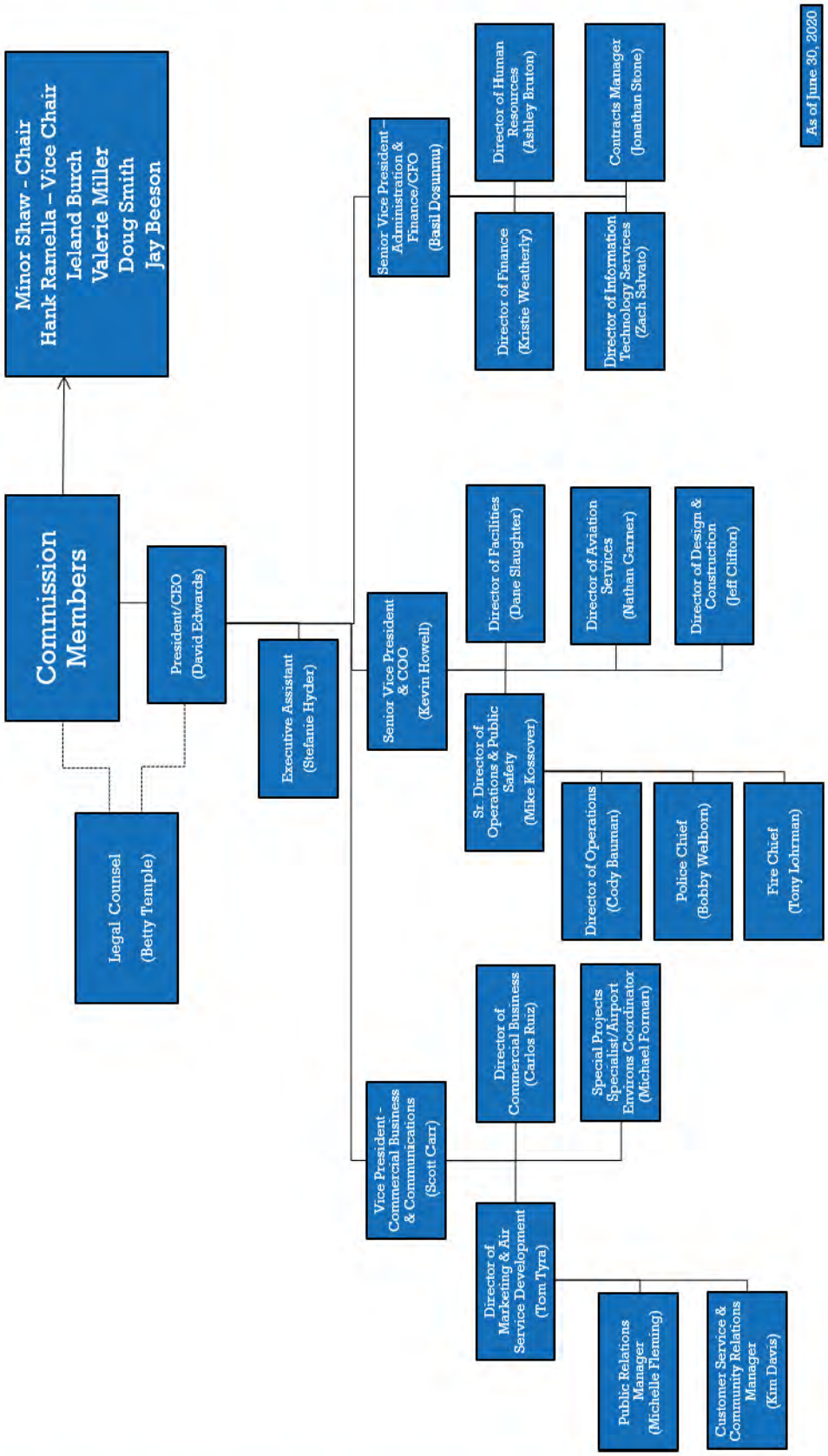
Kevin Howell
Senior Vice President/Chief Operating Officer (COO)

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)

Weaving the World detail *Daniel Goldstein*



As of June 30, 2020

FINANCIAL SECTION

This section contains the following subsections:

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

Souvenir of a Mountain Garden detail
Michael Krondal

BKD
CPAs & Advisors

201 N. Illinois Street, Suite 700 | P.O. Box 44998 | Indianapolis, IN 46244-0998
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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 years ended June 30, 2020 and 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PRAXITY

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 October 26, 2020, 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
October 26, 2020

Weaving the World detail *Daniel Goldstein*

The following Management Discussion and Analysis (MD&A) of the Airport's activities and financial performance for the fiscal years ended June 30, 2020 and 2019, 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, 2020 AND 2019

	June 30			
	2020	2019	Change	% Change
Assets:				
Cash and investments	$ 31,451,929	$ 32,281,152	$ (829,223)	-2.6%
Funds held by trustee	450,534	432,831	17,703	4.1%
Receivables	18,801,596	8,764,615	10,036,981	114.5%
Capital assets - net	286,631,729	273,372,387	13,259,342	4.9%
Other	528,158	652,402	(124,244)	-19.0%
Total assets	337,863,946	315,503,387	22,360,559	7.1%
Deferred outflows of resources	6,339,480	5,883,488	455,992	7.8%
Liabilities:				
Current liabilities	11,832,510	12,267,814	(435,304)	-3.5%
Long-term liabilities	37,048,907	34,757,321	2,291,586	6.6%
Total liabilities	48,881,417	47,025,135	1,856,282	3.9%
Deferred inflows of resources	184,892	130,460	54,432	41.7%
Net position:				
Net investment in capital assets	264,077,715	249,913,754	14,163,961	5.7%
Restricted	9,375,981	6,006,413	3,369,568	56.1%
Unrestricted	21,683,421	18,311,113	3,372,308	18.4%
Total net position	$ 295,137,117	$ 274,231,280	$ 20,905,837	7.6%

- 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 $295,137,117, of which $21,683,421 is unrestricted.
- Total assets at June 30, 2020 were $337,863,946, which included $30,941,049 in cash and receivables, $19,312,476 in investments, $450,534 in investments held by US Bank (GSP's Revenue Bond Trustee), and 286,631,729 in net capital assets. Total liabilities were $48,881,417, which included $21,026,615 in the unfunded portion of the pension plans and $14,445,886 in term notes payable. The difference between the $337,863,946 in assets plus the $6,339,480 in deferred outflows of resources and the $48,881,417 in liabilities plus the $184,892 in deferred inflows of resources is categorized as Net Position ($295,137,117). Net Position is composed of $264,077,715 of net investment in capital assets, $9,375,981 restricted for capital projects, and $21,683,421 unrestricted.

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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION, JUNE 30, 2020 AND 2019

	June 30			
	2020	2019	Change	% Change
Operating revenues:				
Landing and other airside fees	$ 3,048,682	$ 3,512,871	$ (464,189)	-13.2%
Space and ground rental fees	12,856,267	11,394,810	1,461,457	12.8%
Concessions revenue	16,050,117	20,723,593	(4,673,476)	-22.6%
Expense reimbursements	1,893,625	2,048,399	(154,774)	-7.6%
Other revenue	2,820,201	4,161,974	(1,341,773)	-32.2%
Net profit on fuel sales	3,960,865	5,067,823	(1,106,958)	-21.8%
Total operating revenues	40,629,757	46,909,470	(6,279,713)	-13.4%
Operating expenses:				
Direct operating expenses	24,989,031	25,949,904	(960,873)	-3.7%
Pension	4,338,482	3,154,414	1,184,068	37.5%
Depreciation	12,240,483	12,032,401	208,082	1.7%
Total operating expenses	41,567,996	41,136,719	431,277	1.0%
Operating income	(938,239)	5,772,751	(6,710,990)	-116.3%
Nonoperating income	1,745,687	1,220,764	524,923	43.0%
Income before capital contributions	807,448	6,993,515	(6,186,067)	-88.5%
Capital contributions	9,228,652	13,126,247	(3,897,595)	-29.7%
CARES Act contributions	10,869,737	-	10,869,737	100.0%
Change in net position	20,905,837	20,119,762	786,075	3.9%
Net position - beginning of year	274,231,280	254,111,518	20,119,762	7.9%
Net position - end of year	$ 295,137,117	$ 274,231,280	$ 20,905,837	7.6%

- Total operating revenues were $40,629,757 for the fiscal year ended June 30, 2020, down 13.4% from $46,909,470 as compared to the prior year. Due to the impact of the COVID-19 pandemic, there were decreases in parking and rental car concessions; cargo and charter operations; and sales from FBO (Fixed Base Operations).
- Total direct operating expenses were $24,989,031 for the fiscal year ended June 30, 2020, down 3.7% from $25,949,904 as compared to the prior year. This decrease was largely due to the cessation of all non-essential expenditures.
- Pension expense was $4,338,482 for the fiscal year ended June 30, 2020, up 37.5% from $3,154,414 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 $1,745,687 for the fiscal year ended June 30, 2020, up 43.0% from $1,220,764 as compared to the prior year. This increase is due to the implementation of Passenger Facility Charges (PFCs) and an increase in rental car Contract Facility Charges (CFCs).
- Depreciation expense was $12,240,483 for the fiscal year ended June 30, 2020, as compared to $12,032,401 in the fiscal year ended June 30, 2019.
- The debt service coverage ratio was 846%, which exceeded the 125% required by the debt covenants of GSP's various bond issues.
- The combined result of decreased operating revenues, increased operating expenses and increased non-operating income, as discussed above, resulted in income before capital contributions of $807,448 and $6,993,515 for fiscal year ended June 30, 2020 and fiscal year ended June 30, 2019, respectively.
- Total capital and CARES Act contributions were $20,098,389 for the fiscal year ended June 30, 2020, up 53.1% from $13,126,247 as compared to the prior year. This was due to a partial draw-down of the CARES Act grant in the amount of $10,869,737.
- In summary, while operating revenues declined as a result of the COVID-19 pandemic during fiscal year 2020, total cash and receivables balances increased resulting in an overall improvement in the financial position of the Airport with a $20.9 million increase in total net position.

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 1,081%, 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.

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 June 30, 2020, drawdowns from the LOC totaled $2,100,000. Debt service is interest-only. Interest is variable at 1 Month LIBOR plus 75 basis points. At June 30, 2020, the 1 Month LIBOR was 0.17%. Adding 0.75% gives us an interest rate of 0.92%. 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.

On August 21, 2020, the District's Commission approved a $35 million, 20-year term note with a fixed finance rate of 1.61% for ten years. The $35 million term note was established with TD Bank on August 31, 2020 with a maturity date of August 31, 2030. The purpose of the new term loan is to refinance the existing term loan and reimburse the District for the cost of the Surface Parking Project and the local share of the Aircraft Rescue and Firefighting Station Construction Project at a reduced interest rate.

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, 2020 or June 30, 2019.

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.

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.

An 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

GSP COVID-19 Updates

In December 2019, a novel strain of Coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization declared and constituted COVID-19 as a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. In response, the U.S. government implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. In March 2020, with the rapid spread of the virus, the State issued government-imposed shutdowns of businesses, causing business disruption to and having a negative impact on the District. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on future developments and the overall demand for the District's services, all of which are highly uncertain and unpredictable at this time.

On March 13, 2020, the President of United States issued a Proclamation on Declaring a National Emergency concerning the Novel Coronavirus Disease Outbreak, and Governor McMaster declared a state of emergency in South Carolina.

At Greenville-Spartanburg International Airport, the health and safety of our passengers is our top priority. We are committed, as always, to providing a safe and clean airport. GSP is continuously monitoring COVID-19 developments and is working closely with our employees, tenants and airline partners to proactively reduce the risk of COVID-19. We are staying in contact with federal, state, and industry experts to make sure that we have the latest updates on the spread of the virus and impacts to our region.

What We're Doing

We have increased cleaning and sanitation efforts, on top of our normal 24/7 cleaning procedures. We have added additional hand sanitizers throughout the terminal as well as extensive signage reminding travelers how to avoid the spread of germs. Social distancing markers have been placed throughout the terminal. We continue to monitor cleanliness and the availability of supplies for proper handwashing and sanitizing public areas. We have added plexiglass dividers to all counters and registers and GSP staff are required to wear face masks in public areas of the terminal. We have medic and fire units on site who are trained as first responders and who can initiate appropriate medical and infectious disease protocols.

TSA has made some updates to their procedures and officers continue to conduct thorough, standard screening for departing passengers, with no additional screening or temperature checks in place at this time.

The coronavirus is a fluid situation. We are constantly reviewing our emergency plans and are prepared to initiate additional protocols as needed. Please continue to check our website and social media for updates.

Parking

Due to the nationwide decrease in demand for air travel including at GSP, we are also making changes to our parking to serve our customers as efficiently as possible. Valet parking services and shuttle services are temporarily suspended. Parking is available in Parking Garage B at a rate of $10 per day.

Concessions and Retail

A variety of concessions before and after security checkpoint are open. Restaurants include Flatwood Grill, Dunkin Donuts, and Baskin Robbins. Retails stores Hudson News, Tech on the Go, and the Upstate Marketplace are available for all pre-flight needs.

Flight Information

According to the Centers for Disease Control (CDC), most viruses and other germs do not spread easily in airplanes and the risk of infection while traveling by air is low because of how air circulates and is filtered on airplanes. Travelers are encouraged to check with their airline for the latest information and flight status updates.

Face Masks and Facial Coverings

Airlines at GSP require face masks for all passengers on board all flights. GSP recommends face masks for all passengers and visitors in the terminal and encourages passengers to follow guidelines from the Center for Disease Control. Rideshare companies including Uber and Lyft may also require drivers and riders to wear face masks. We encourage travelers to check with their airline and ground transportation provider for the latest requirements.

CARES Act Grant Offer

On May 1, 2020, the United States of America acting through the U.S. Department of Transportation Federal Aviation Administration (FAA) approved the District's Grant Application for Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Grant is provided to help offset a decline in revenues arising from diminished airport operations and activities as a result of the COVID-19 Public Health Emergency.

The purpose of the Grant is to maintain safe and efficient airport operations. Funds provided under the Grant Agreement must only be used for purposes directly related to the airport. Such purposes can include the reimbursement of an airport's operational and maintenance expenses or debt service payments. CARES Act Airport Grants may also be used to reimburse airport operational and maintenance expenses directly related to the Airport incurred no earlier than January 20, 2020 and may be used to reimburse payment of debt service where such payments occurred on or after April 14, 2020. New airport development projects may not be funded with the Grant, unless the Grant Agreement is amended or superseded by a subsequent agreement that addresses and authorizes the use of the funds for airport development projects. The maximum obligation of the United States payable to GSP is $25,826,371.

Financial Standpoint

Due to the District not knowing what the actual fiscal year revenue impact will be, certain financial measures were implemented to eliminate non-essential expenditures, explore cost saving opportunities, and be good stewards of the Airport's funds. All departments were required to evaluate their remaining budgets for FY2020 and to reconsider expenses for the next fiscal year to ensure that the District remains positioned to capitalize on opportunities as they are presented. The District is currently planning on a four-year recovery to pre-COVID-19 operational levels.

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.

Requests for Information

This financial report is designed to provide a general overview of the Airport's finances and to demonstrate the Airport's accountability for the funds it receives and expends. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Finance Department, 2000 GSP Drive, Suite 1, Greer, South Carolina 29651-9202.

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
STATEMENTS OF NET POSITION

JUNE 30, 2020 AND 2019

Weaving the World detail *Daniel Goldstein*

	2020	2019
ASSETS		
Current assets:		
Unrestricted assets		
Cash	$ 3,479,478	$ 10,261,185
Receivables, net of Allowance for Doubtful Accounts	18,449,096	8,480,295
Inventories and prepaid insurance	528,158	652,402
Investments	19,312,476	16,687,915
Total unrestricted current assets	41,769,208	36,081,797
Restricted assets:		
Cash	8,659,975	5,332,052
Receivables	352,500	284,320
Cash equivalents - held by Trustee	450,534	432,831
Total restricted current assets	9,463,009	6,049,203
Total current assets	51,232,217	42,131,000
Noncurrent assets:		
Capital assets - at cost	458,473,417	432,973,592
Less accumulated depreciation	(171,841,688)	(159,601,205)
Capital assets - net	286,631,729	273,372,387
Total Assets	337,863,946	315,503,387
Deferred Outflows of Resources:		
Deferred Outflow Related to State Pension Plans	6,153,912	5,661,827
Deferred Outflow Related to OPEB	185,568	221,661
Total deferred outflows	6,339,480	5,883,488

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

STATEMENTS OF NET POSITION

JUNE 30, 2020 AND 2019

Weaving the World detail *Daniel Goldstein*

	2020	2019
LIABILITIES		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	$ 7,111,825	$ 9,552,089
Accrued employee benefits	1,329,265	1,498,543
Line of credit	2,100,000	-
Term notes payable - current portion	784,392	784,392
Total payable from unrestricted assets	11,325,482	11,835,024
Payable from restricted assets:		
Accrued interest payable	87,028	42,790
Revenue bonds - current portion	420,000	390,000
Total payable from restricted assets	507,028	432,790
Total current liabilities	11,832,510	12,267,814
Noncurrent Liabilities:		
Long-term employee benefits	1,134,189	802,797
Net pension liability	21,026,615	17,931,187
Total OPEB liability	781,609	712,451
Revenue bonds payable - net of current portion	445,000	865,000
Term notes payable - net of current portion	13,661,494	14,445,886
Total noncurrent liabilities	37,048,907	34,757,321
Total Liabilities	48,881,417	47,025,135
Deferred Inflows of Resources:		
Deferred Inflow Related to State Pension Plans	151,789	89,204
Deferred Inflow Related to OPEB	33,103	41,256
Total deferred inflows	184,892	130,460
NET POSITION		
Net investment in capital assets	264,077,715	249,913,754
Restricted:		
Held by Trustee	363,506	390,041
Contract facility charges	8,699,543	5,616,372
Passenger facility charges	312,932	-
Total restricted	9,375,981	6,006,413
Unrestricted	21,683,421	18,311,113
Total Net Position	$ 295,137,117	$ 274,231,280

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, 2020 AND 2019

Weaving the World detail *Daniel Goldstein*

	2020	2019
Operating revenues:		
Airside	$ 3,048,682	$ 3,512,871
Space and ground rental	12,856,267	11,394,810
Concessions	16,050,117	20,723,593
Other	4,713,826	6,210,373
Operating revenues before fuel sales	36,668,892	41,841,647
Gross profit on fuel sales:		
Fuel sales	5,974,437	7,449,321
Cost of goods sold	(2,013,572)	(2,381,498)
Fuel sales - net	3,960,865	5,067,823
Total operating revenues	40,629,757	46,909,470
Operating expenses before pension and depreciation expense:		
Airfield	405,504	458,446
Terminal building	3,517,364	3,662,645
Administrative	6,800,078	7,412,146
Maintenance and operations	4,500,750	4,292,406
Fire and crash department	1,417,528	1,298,165
Security	1,415,737	1,360,984
Other direct expenses	6,932,070	7,465,112
Total operating expenses before pension and depreciation expense	24,989,031	25,949,904
Operating income before pension and depreciation expense	15,640,726	20,959,566
Pension expense	4,338,482	3,154,414
Depreciation	12,240,483	12,032,401
Operating income (loss)	(938,239)	5,772,751
Nonoperating revenues (expenses):		
Contract facility charges	1,686,421	1,263,289
Passenger facility charges	312,932	-
Interest earned on accounts	535,630	401,213
Change in fair value of investments	5,570	96,725
Gain on proceeds from insurance settlement	109,445	-
Interest expense and other financing costs	(904,311)	(540,463)
Nonoperating revenues - net	1,745,687	1,220,764
Income before capital contributions	807,448	6,993,515
Capital contributions	9,228,652	13,126,247
CARES Act contributions	10,869,737	-
Increase in net position	20,905,837	20,119,762
Net position:		
Beginning of year	274,231,280	254,111,518
End of year	$ 295,137,117	$ 274,231,280

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

Weaving the World detail *Daniel Goldstein*

	2020	2019
Cash flows from operating activities:		
Cash received from providing services	$ 42,815,178	$ 49,234,359
Cash payments to suppliers for goods and services	(13,833,555)	(14,504,635)
Cash payments to employees for services	(15,068,183)	(13,736,334)
Net cash provided by operating activities	13,913,440	20,993,390
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(27,330,052)	(29,422,549)
Proceeds from issuance of term note payable	-	15,687,840
Principal payments on bond and note payable	(1,174,392)	(822,562)
Interest payment on bond and note payable	(860,073)	(552,909)
Borrowings on line of credit	2,100,000	8,493,471
Payments on line of credit	-	(15,687,840)
Proceeds from insurance settlement	109,445	-
Capital contributions	9,920,165	7,342,203
Contract facility charges	1,789,950	1,271,325
Passenger facility charges	141,223	-
Net cash used in capital and related financing activities	(15,303,734)	(13,691,021)
Cash flows from investing activities:		
Maturities of investment securities	5,412,616	12,796,078
Purchases of investment securities	(8,031,607)	(19,391,190)
Investment income	573,204	299,003
Net cash used in investing activities	(2,045,787)	(6,296,109)
Net increase (decrease) in cash and cash equivalents	(3,436,081)	1,006,260
Cash and cash equivalents, beginning of year	16,026,068	15,019,808
Cash and cash equivalents, end of year	$ 12,589,987	$ 16,026,068
Reconciliation to balance sheet		
Unrestricted cash and cash equivalents	$ 3,479,478	$ 10,261,185
Restricted cash and cash equivalents	9,110,509	5,764,883
Cash and cash equivalents, end of year	$ 12,589,987	$ 16,026,068

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

YEARS ENDED JUNE 30, 2020 AND 2019

Weaving the World detail *Daniel Goldstein*

	2020	2019
Noncash Transactions from Capital and Related Financing Activities		
Capital asset acquisitions included in accounts payable	$ 5,143,128	$ 6,973,355
Noncash Transactions from NonCapital and Related Financing Activities		
CARES Act grant revenue included in accounts receivable	$ 10,869,737	$ -
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	$ (938,239)	$ 5,772,751
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	12,240,483	12,032,401
Change in assets and liabilities:		
Receivables	171,849	(56,609)
Inventory and prepaid insurance	124,244	(86,417)
Deferred outflows related to state pension plans	(492,085)	(1,126,913)
Deferred outflows related to OPEB	36,093	37,517
Accounts payable	(610,037)	1,163,099
Net pension liability	3,095,428	2,687,393
Total OPEB liability	69,158	52,113
Accrued employee benefits	162,114	402,771
Deferred inflows related to state pension plans	62,585	74,028
Deferred inflows related to OPEB	(8,153)	41,256
Total adjustments	14,851,679	15,220,639
Net cash provided by operating activities	$ 13,913,440	$ 20,993,390

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, 2020 and 2019 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 cost.

Investments – The Airport's investments, consisting of U.S. ttreasury bills and U.S. government securities at June 30, 2020 and 2019, 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. The investments mature at various dates from less than a year up to five years. At maturity, the U.S. treasury bills and U.S. government securities 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 2020 and 2019 are as follows:

	Capital Assets Acquired by FAA Grants	Other Capital Assets	Total Capital Assets
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
Fiscal year 2020 depreciation	3,405,706	8,834,777	12,240,483
Less - 2020 capital asset write-offs	-	-	-
Accumulated depreciation - June 30, 2020	$ 87,417,432	$ 84,424,256	$ 171,841,688

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, 2020 and 2019. 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, 2020 and 2019, the Airport has recorded CFCs related to space and ground rental as operating revenue of $1,905,799 and $1,874,229, respectively, in addition to non-operating revenue consisting of the following:

	2020	2019
Funding of Series 2001 Bonds	$ 462,292	$ 463,038
Reimbursement of Airport-funded construction costs	329,460	329,460
CFC surplus receipts	894,669	470,791
	$ 1,686,421	$ 1,263,289

Additionally, as of June 30, 2020 and 2019, the Airport had received but not yet spent CFCs totaling $8,518,752 and $5,332,052, respectively, which are reported as restricted in the accompanying statements of net position until expended. The assets are included in cash at June 30, 2020 and 2019.

Passenger Facility Charges (PFCs) – On March 18, 2020, the U.S. Department of Transportation's Federal Aviation Administration (FAA) acknowledged the District's notice of intent to impose and use a PFC. The airlines began collecting PFCs on qualifying enplaning passengers at the Airport for the current maximum rate of $4.50 beginning May 1, 2020 through July 1, 2023. PFCs are fees imposed on enplaning passengers by airports to finance eligible airport-related projects that preserve or enhance safety, capacity, or security of the national air transportation system; fund noise mitigation at the airport; or furnish opportunities for enhanced competition between or among air carriers. Regulations have been promulged by the Federal Aviation Administration ("FAA") that enhance the eligibility of PFC usage to include, among other things, capital projects and debt service payments. Both the fee imposed and the intended uses must be reviewed and approved by the FAA. The Airport was approved to expend their PFC collections on various capital projects. As of June 30, 2020, the Airport has not expended any funds on these projects.

PFC revenues are classified as nonoperating in the statements of revenues, expenses and changes in net position and are restricted for the uses approved by the FAA.

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 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.

CARES Act contributions – During 2020, the United States of America acting through the FAA released additional funding under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") to all eligible airports. The CARES Act funding is to be used for reimbursement of an airport's operational and maintenance expenses starting January 20, 2020 or debt service payments starting April 14, 2020. The total approved grant is for $25,826,371, which the Airport plans to use for allowable costs.

As of June 30, 2020, the Airport recognized $10,869,737 in the accompanying statements of revenues, expenses, and changes in net position, after non-operating revenues (expenses), as CARES Act contributions. All of this was also recorded within accounts receivable as of June 30, 2020.

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 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, 2020 and 2019 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.

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

GASB Statement No. 84, *Fiduciary Activities*, effective for periods beginning after December 15, 2019, clarifies whether a state or local government – including a government engaged in standalone, business-type activities (BTA's) – has a fiduciary responsibility. Criteria for identifying activities a government should report as fiduciary focus on whether the government is controlling the assets and nature of the asset's beneficiaries. These activities would be reported in the government's financial statements in a fiduciary statement. The impact to the Airport upon adoption of this statement is currently being evaluated by management.

GASB Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021, requires lessees to recognize certain lease assets and lease liabilities for leases that previously were classified as operating leases. It also requires lessors to recognize a lease receivable and related deferred inflow of resources. The statement requires recognition of expense for lessees or revenue for the lessors over the term of the lease along with additional note disclosures about the leases. The impact to the Airport upon adoption of this statement is currently being evaluated by management.

Subsequent Events – As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Airport. Give the various shelter-in-place orders and other measures around public gatherings and business operations in all states, the volume of air traffic took a significant hit at the beginning. Airlines significantly reduced the number of flights offered, while some concessionaires and rental car facilities completely closed for a period of time. Subsequent to year end, operations have picked back up, but have not returned to their pre-COVID-19 levels. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 3—Cash, Cash Equivalents and Investment Securities

As of June 30, 2020 and 2019, the Airport had the following cash deposits and investments:

	2020	2019
Deposits	$ 12,139,453	$ 15,593,237
Investments	19,763,010	17,120,746
	$ 31,902,463	$ 32,713,983

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, 2020 and 2019 follow:

	2020			
		Maturities (in Years)		Moody's
	Fair Value	Less than 1	1 - 5	Credit Rating
Money market mutual funds	$ 450,534	$ 450,534	$ -	Aaa-mf
U.S. government bonds	2,203,033	-	2,203,033	Aaa
U.S. treasury securities	17,109,443	15,583,898	1,525,545	Aaa
Total investments	$ 19,763,010	$ 16,034,432	$ 3,728,578	

	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	

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, 2020 and 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
June 30, 2020		
Investments at fair value		
Money market mutual funds	$ 450,534	$ 450,534
U.S. government bonds	2,203,033	2,203,033
U.S. treasury securities	17,109,443	17,109,443
Total investments by fair value	$ 19,763,010	$ 19,763,010
June 30, 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

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, 2020 and 2019, there was an allowance for uncollectible accounts of $149,500.

Receivables (including restricted assets) consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Trade	$ 1,318,964	$ 1,532,402
Contract and passenger facility charges	352,500	284,320
FAA and other grants	16,810,556	6,632,332
Interest and other	319,576	315,561
	$ 18,801,596	$ 8,764,615

Note 6—Capital Assets

Capital assets activity for the year ended June 30, 2020 is as follows:

	June 30, 2019	Transfers/ Additions	Transfers/ Disposals	June 30, 2020
Capital assets not being depreciated:				
Land	$ 39,593,155	$ -	$ -	$ 39,593,155
Construction-in-process	32,042,043	25,505,353	(15,241,898)	42,305,498
Total capital assets not being depreciated	71,635,198	25,505,353	(15,241,898)	81,898,653
Capital assets being depreciated:				
Buildings and improvements	262,477,789	14,382,707	-	276,860,496
Equipment	8,895,033	597,011	-	9,492,044
Roadways	11,160,469	212,254	-	11,372,723
Runways	78,805,103	44,398	-	78,849,501
Total capital assets being depreciated	361,338,394	15,236,370	-	376,574,764
Less accumulated depreciation				
Buildings and equipment	(87,186,071)	(9,279,702)	-	(96,465,773)
Equipment	(6,560,400)	(484,753)	-	(7,045,153)
Roadways	(8,617,853)	(587,145)	-	(9,204,998)
Runways	(57,236,881)	(1,888,883)	-	(59,125,764)
Total accumulated depreciation	(159,601,205)	(12,240,483)	-	(171,841,688)
Net capital assets	$ 273,372,387	$ 28,501,240	$ (15,241,898)	$ 286,631,729

Capital assets activity for the year ended June 30, 2019 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 equipment	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

Note 7—Changes in Long-Term Liabilities

Long-term obligation activity for the Airport for the years ended June 30, 2020 and 2019, is as follows:

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bond	$ 1,255,000	$ -	$ (390,000)	$ 865,000	$ 420,000
Term note payable	15,230,278	-	(784,392)	14,445,886	784,392
Net pension liability	17,931,187	4,767,981	(1,672,553)	21,026,615	-
Total OPEB liability	712,451	120,819	(51,661)	781,609	-
Employee benefits	2,301,340	-	162,114	2,463,454	1,329,265
Total long-term liabilities	$ 37,430,256	$ 4,888,800	$ (2,736,492)	$ 39,582,564	$ 2,533,657

	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

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, 2020 and 2019, 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, 2020:

	Principal	Interest	Total
2021	420,000	30,349	450,349
2022	445,000	-	445,000
Total	$ 865,000	$ 30,349	$ 895,349

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%. On August 21, 2020, the District's Commission approved a $35 million, 20-year term note with a fixed finance rate of 1.61% for ten years. The $35 million term note was established with TD Bank on August 31, 2020 with a maturity date of August 31, 2030. The purpose of the new term loan is to refinance the existing term loan and reimburse the District for the cost of the Surface Parking Project and the local share of the Aircraft Rescue and Firefighting Station Construction Project at a reduced interest rate.

The future maturities of the note payable are as follows:

	Principal	Interest	Total
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	784,392	530,652	1,315,044
2026-2028	10,523,926	1,528,312	12,052,238
Total	$ 14,445,886	$ 4,563,255	$ 19,009,141

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, 2020 and 2019, the applicable interest rate was 0.92% and 3.19.%, respectively. For the year ended June 30, 2020, there was $2,100,000 in borrowings outstanding against this line of credit, which were repaid subsequent to year end on September 4, 2020. 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, 2020 and 2019, the Airport recognized capital contributions primarily from the FAA totaling $9,228,652 and $13,126,247, 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, 2020:

2021	$	1,125,263
2022		992,820
2023		900,518
2024		909,848
2025		906,029
2026-2030		3,516,375
2031-2035		2,947,576
2036-2040		2,865,241
2041-2045		2,813,288
2046-2050		1,509,093
	$	18,486,051

The value of the leased property is as follows:

Buildings	$	9,202,997
Less accumulated depreciation		(1,062,016)
	$	8,140,981

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, 2020 and 2019. The Airport was required to contribute 15.41% and 14.41% for June 30, 2020 and 2019, respectively, plus an additional 0.15% for employer incidental death benefits. For the years ended June 30, 2020 and 2019, the Airports contributions to the plan were $1,298,801 and $1,172,121, respectively, and equaled the required contributions for those years.

Pension Liability – The SCRS plan reported a liability of $17,461,652 and $14,516,992 for its proportionate share of the net pension liability as of June 30, 2020 and 2019, respectively. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2018 and 2017 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, 2019, the Airport's proportion was 0.076472% of the total SCRS pension liability, which was an increase of 0.011684% from its proportion of 0.064788% measured as of June 30, 2018.

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, 2020 and 2019. The Airport was required to contribute 17.84% and 16.84% for June 30, 2020 and 2019, respectively, plus an additional 0.20% for both employer incidental death benefits and the accidental death program. For the years ended June 30, 2020 and 2019, the Airports contributions to the plan were $339,337 and $309,805, respectively, and equaled the required contributions for those years.

Pension Liability – The PORS plan reported a liability of $3,564,963 and $3,414,195 for its proportionate share of the net pension liability as of June 30, 2020 and 2019, respectively. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2018 and 2017 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, 2019, the Airport's proportion was 0.124391% of the total PORS pension liability, which was an increase of 0.003899 % from its proportion of 0.120492% as of June 30, 2018.

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			
	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 12,003	$ 125,441	$ 26,205	$ 85,428
Changes of assumptions	351,878	-	575,953	-
Net difference between projected and actual earnings on pension plan investments	154,594	-	230,602	-
Changes in proportion and differences between the Airport's contributions and proportionate share of contributions	3,581,831	-	2,829,672	-
Contributions subsequent to the measurement date	1,333,216	-	1,213,737	-
	$ 5,433,522	$ 125,441	$ 4,876,169	$ 85,428

	Police Officers Retirement System			
	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 73,303	$ 26,348	$ 105,197	$ -
Changes of assumptions	141,369	-	225,115	-
Net difference between projected and actual earnings on pension plan investments	45,201	-	68,275	-
Changes in proportion and differences between the Airport's contributions and proportionate share of contributions	121,180	-	80,902	3,776
Contributions subsequent to the measurement date	339,337	-	306,169	-
	$ 720,390	$ 26,348	$ 785,658	$ 3,776

The Airport's contributions of $1,672,553 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, 2020 and 2019 was $3,722,549 and $2,551,841, respectively, for SCRS and $582,827 and $475,202, 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, 2020:

	SCRS	PORS
2021	$ 2,149,483	$ 215,387
2022	1,075,386	79,145
2023	674,635	40,439
2024	75,361	19,734
Total	$ 3,974,865	$ 354,705

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, 2018. 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 20-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, 2019 and 2018, 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	35%	7.29%	2.55%
Private Equity	9%	7.67%	0.69%
Equity Options Strategies	7%	5.23%	0.37%
Real Estate (Private)	8%	5.59%	0.45%
Real Estate (REITs)	1%	8.16%	0.08%
Infrastructure (Private)	2%	5.03%	0.10%
Infrastructure (Public)	1%	6.12%	0.06%
GTAA/Risk Parity	7%	3.09%	0.22%
Other Opportunistic Strategies	1%	3.82%	0.04%
High Yield Bonds/Bank Loans	4%	3.14%	0.13%
Emerging Markets Debt	4%	3.31%	0.13%
Private Debt	7%	5.49%	0.38%
Core Fixed Income	13%	1.62%	0.21%
Cash and Short Duration (Net)	1%	0.31%	0.00%
Total Expected Return	100%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

Discount Rate – The discount rate used to measure the total pension liability was 7.25% in the June 30, 2019 and 2018 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, 2020		
	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase Rate (8.25%)
SCRS	$ 21,988,028	$ 17,461,652	$ 13,675,784
PORS	$ 4,831,371	$ 3,564,963	$ 2,527,456

	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

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:

	2020	2019
Inactive employees or beneficiaries currently receiving benefit payments	7	7
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	145	145
Total participants covered by the OPEB Plan	152	152

The Airport's total OPEB Plan liability at June 30, 2020 and 2019 was measured as of December 31, 2019 and 2018, respectively, and was determined by an actuarial valuation as of December 31, 2018.

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:

	2020	2019
Discount Rate	3.50%	4.10%
Inflation Rate	5.00%	5.00%
Salary Increases	2.00%	2.00%
Healthcare Cost Trend Rates:	9.50%	7.40%

2020 – 9.50% for 2020, 9.00% for 2021 and decreasing 0.50% per year to an ultimate rate of 5.00% in 2028.

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

For June 30, 2020 and 2019, 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. Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006) for June 30, 2020 and 2019.

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

	2020	2019
OPEB Plan liability, beginning of year	$ 712,451	$ 660,338
Changes for the year:		
Service cost	56,084	53,875
Interest	30,156	26,915
Differences between expected and actual experience	-	62,205
Change of assumptions or other inputs	34,579	(41,256)
Benefit payments	(51,661)	(49,626)
OPEB Plan Liability, end of year	$ 781,609	$ 712,451

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 3.50% at June 30, 2020, as compared to a 4.10% rate applied for the Plan's liability at June 30, 2019. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	Discount Rate		
		Current: 3.50% (2020)	
	1.00% Decrease	4.10% (2019)	1.00% Increase
2020	$ 841,594	$ 781,609	$ 726,100
2019	$ 801,128	$ 712,451	$ 693,731

The total OPEB Plan's liability of the Airport has been calculated using a health care cost trend rate of 9.50% at June 30, 2020, as compared to a 7.40% rate applied for the Plan's liability at June 30, 2019. 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		
		Current: 9.50% (2020)	
	1.00% Decrease	7.40% (2019)	1.00% Increase
2020	$ 688,720	$ 781,609	$ 890,569
2019	$ 665,279	$ 712,451	$ 838,586

For the years ended June 30, 2020 and 2019, the Airport recognized OPEB Plan expense of $148,758 and $134,791, respectively. At June 30, 2020 and 2019, the Airport reported deferred outflows and inflows of resources related to the OPEB Plan from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 136,818	$ -	$ 180,033	$ -
Changes of assumptions	48,750	33,103	41,628	41,256
	$ 185,568	$ 33,103	$ 221,661	$ 41,256

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:

2021	$ 62,518
2022	47,328
2023	37,719
2024	4,651
2025	249
	$ 152,465

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, 2020 and 2019 was $216,579 and $154,872, 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 PFC and 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 passenger facility charges or contract facility charges that have either been received or earned by the Airport but not yet spent as of June 30, 2020 and 2019. The CFC funds are to be used by the Airport to either pay their 2001 revenue bonds or to fund additional improvements to the rental car facilities at the Airport, while the PFC funds are to be used for various eligible airport related capital projects.

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.

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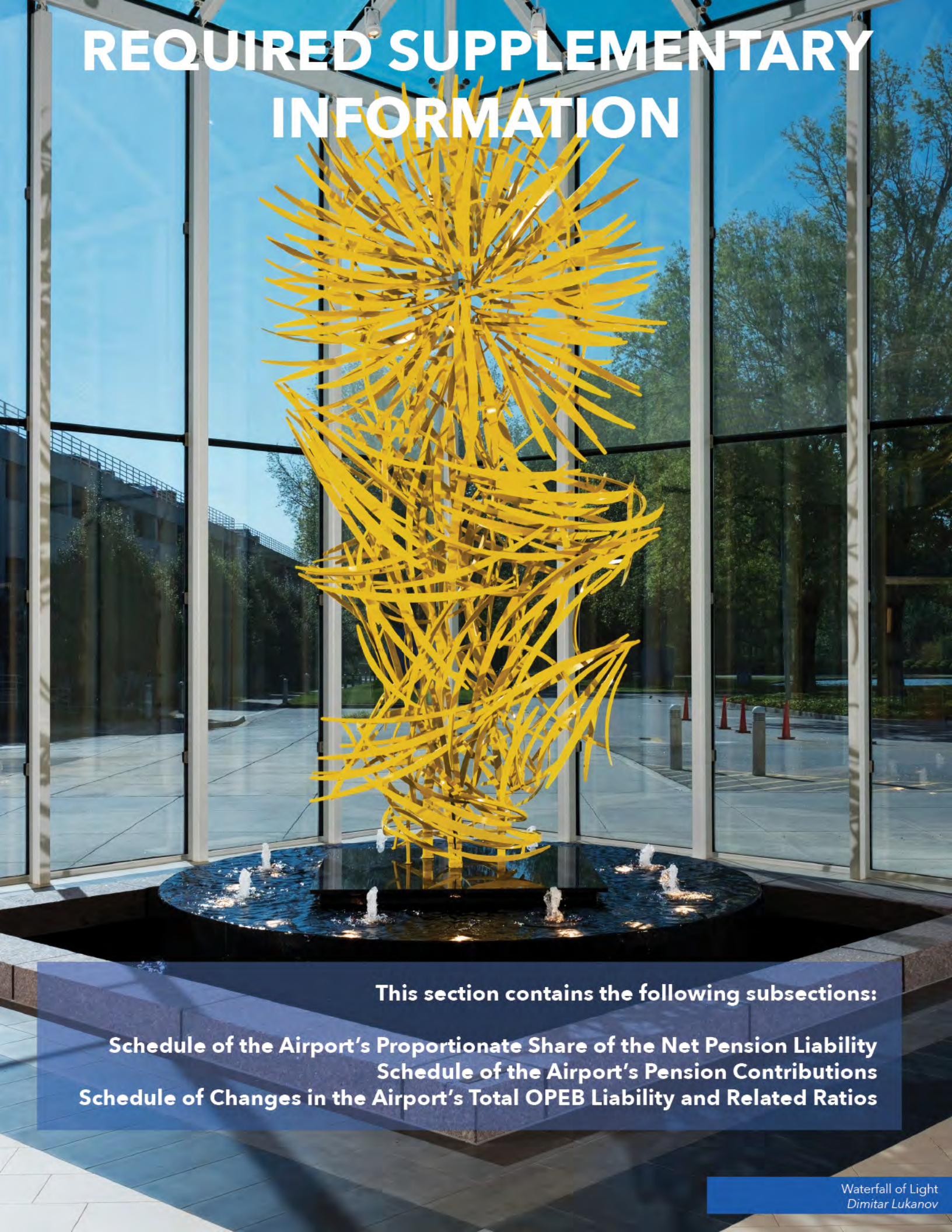
REQUIRED SUPPLEMENTARY INFORMATION



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

Waterfall of Light
Dimitar Lukanov

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					
2020	0.076472%	$ 17,461,652	$ 8,050,283	216.9%	54.4%
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					
2020	0.124391%	$ 3,564,963	$ 1,818,106	196.1%	62.7%
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 30th 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

SCHEDULE OF THE AIRPORT'S PENSION CONTRIBUTIONS

JUNE 30, 2020

Weaving the World detail *Daniel Goldstein*

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					
2020	$ 1,298,801	$ 1,298,801	$ -	$ 8,347,053	15.6%
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					
2020	$ 339,337	$ 339,337	$ -	$ 1,881,027	18.0%
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.

SCHEDULE OF CHANGES IN THE AIRPORT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2020

Weaving the World detail *Daniel Goldstein*

	2020	2019	2018	2017
Service cost	$ 56,084	$ 53,875	$ 53,468	$ 22,432
Interest	30,156	26,915	19,455	10,488
Differences between expected and actual experie	-	62,205	19,464	259,178
Change of assumptions or other inputs	34,579	(41,256)	-	64,269
Benefit payments	(51,661)	(49,626)	(39,619)	(21,994)
Net change in total OPEB Plan liability	69,158	52,113	52,768	334,373
Total OPEB Plan liability, beginning of year	712,451	660,338	607,570	273,197
Total OPEB Plan liability, end of year	$ 781,609	$ 712,451	$ 660,338	$ 607,570
Covered payroll	$ 5,618,353	$ 5,508,190	$ 6,908,993	$ 6,773,523
Total OPEB Plan liability as a % of covered payro	13.91%	12.93%	9.56%	8.97%

The amounts presented for each fiscal year were determined as of December 31st (measurement date) of the prior 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 2019 to 2020.

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 4.10% in 2019 to 3.50% in 2020.

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:

Airport Specific Statistics
Upstate Area Local Economy Statistics

Upstate in Motion
Nancy Hilliard Joyce

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

JUNE 30, 2020

Weaving the World detail *Daniel Goldstein*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating revenues:										
Airside	$ 3,049	$ 3,513	$ 3,299	$ 3,222	$ 2,957	$ 2,919	$ 2,994	$ 2,241	$ 2,423	$ 2,610
Space & Ground Rental	12,856	11,395	10,525	8,812	8,710	8,053	8,012	6,527	5,932	6,112
Auto Parking Concession	11,792	15,044	12,262	11,799	9,773	9,176	8,684	8,468	8,482	7,132
Other Concessions	4,259	5,680	5,255	4,515	4,405	4,167	3,913	3,915	3,719	3,449
Commercial Ground Transportation	397	441	123	147	151	150	171	190	178	30
Expense Reimbursement	1,894	2,048	1,590	1,268	1,273	1,112	1,024	668	531	558
Other Income	2,423	3,720	3,100	1,776	1,096	1,108	887	928	1,004	351
Net Fuel Sales	3,960	5,068	4,301	1,907						
Total operating revenues	$ 40,630	$ 46,909	$ 40,455	$ 33,446	$ 28,365	$ 26,685	$ 25,685	$ 22,937	$ 22,269	$ 20,242
Total enplanements	986	1,251	1,108	1,031	1,002	951	949	942	948	763
Operating revenues per enplaned passenger	41.21	37.50	36.51	32.44	28.31	28.06	27.07	24.35	23.49	26.53
Concessions revenues per enplaned passenger	16.28	16.57	15.81	15.82	14.15	14.03	13.27	13.15	12.87	13.87
Parking revenue per space	$ 2,547	$ 3,249	$ 2,648	$ 2,548	$ 2,111	$ 1,982	$ 1,876	$ 1,829	$ 1,832	$ 1,540

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.

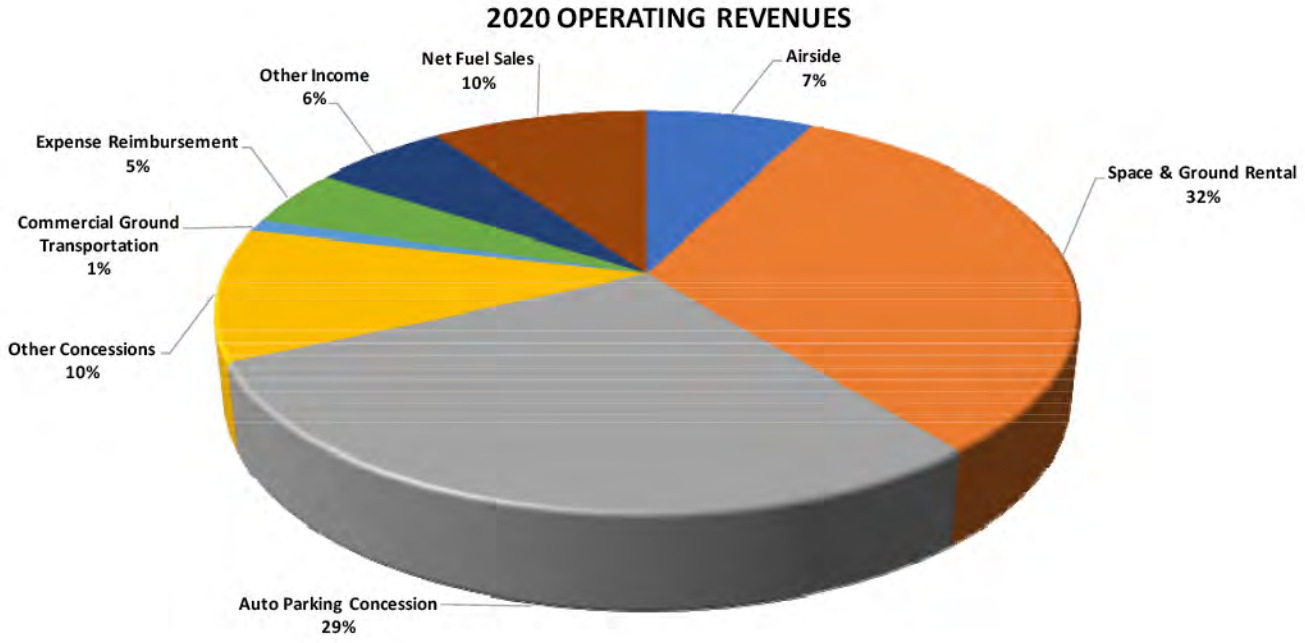
In fiscal year 2020, due to the impact of COVID-19, the District experienced approximately 21% reduction in enplaned passengers which resulted in reductions to various operating revenues to include airside, space and ground rentals, auto parking concessions, other concessions, commercial ground transportation, etc.

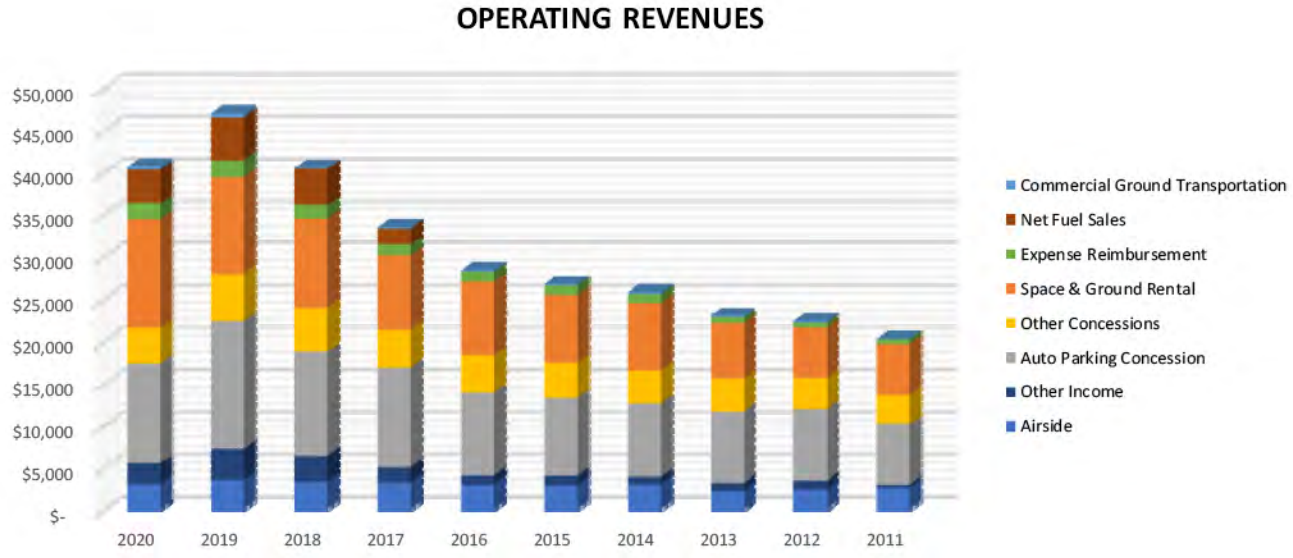
Source: Greenville-Spartanburg Airport District Records

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

JUNE 30, 2020

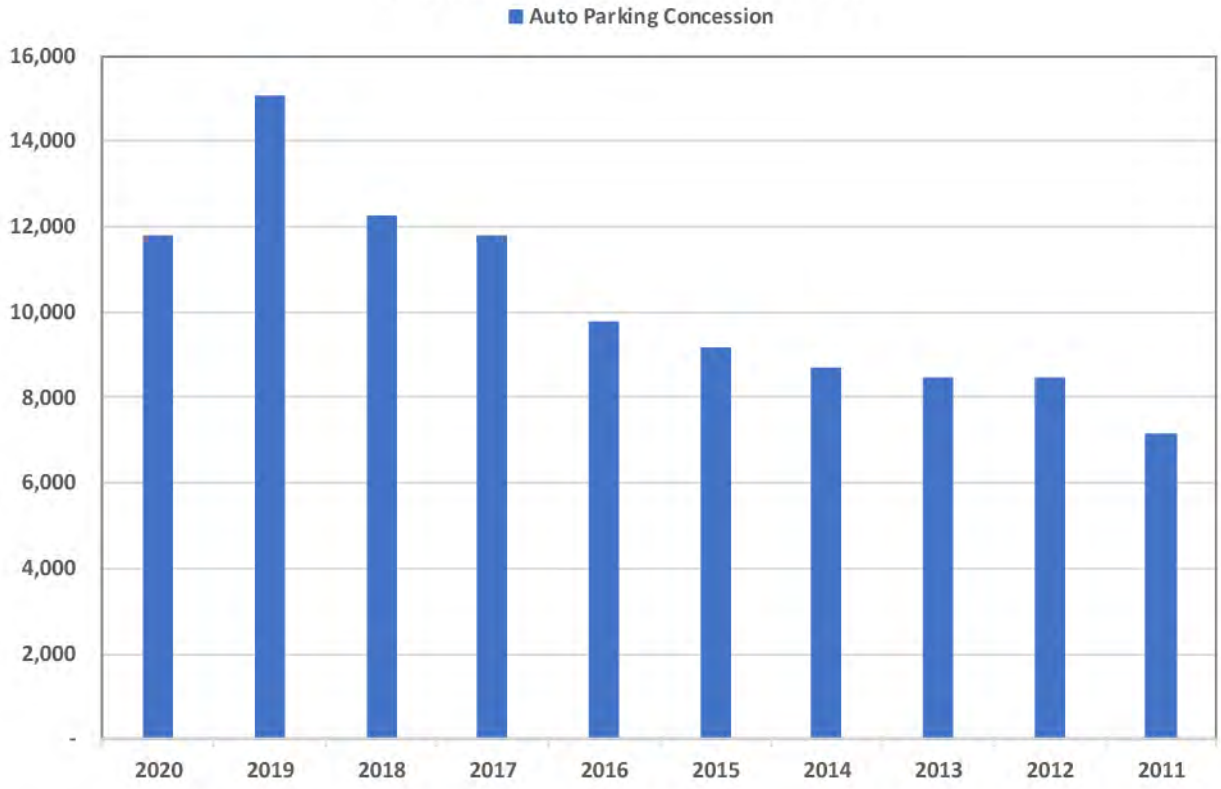
Weaving the World detail *Daniel Goldstein*





Source: Greenville-Spartanburg Airport District Records

PUBLIC PARKING ANALYSIS



Operating revenues have increased 100.7% since 2011. Enplanements increased 29.2% to 985,664 compared to 763,268 ten years ago. Parking revenue increased $4,659,808 since 2011. The parking spaces are broken into Garage A: 1,072; Garage B: 1,497; Daily Lot: 117; Economy A: 1,536; Economy B: 443; and Valet: 301. Parking continues to be the District's highest individual revenue source.

Source: Greenville-Spartanburg Airport District Records

OPERATING EXPENSES ANALYSIS (000s)

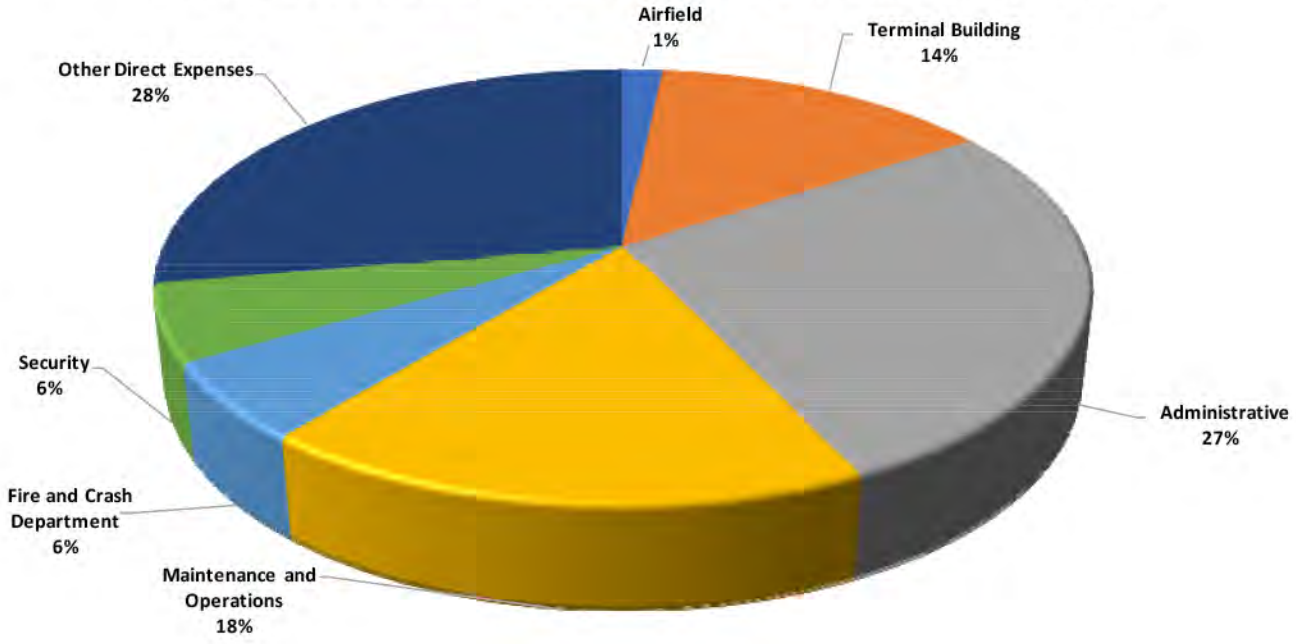
JUNE 30, 2020

Weaving the World detail *Daniel Goldstein*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating expenses before loss on disposal of assets and depreciation:										
Airfield	$ 406	$ 458	$ 308	$ 260	$ 293	$ 223	$ 274	$ 27	$ 260	$ 289
Terminal Building	3,517	3,663	3,244	2,371	2,305	2,219	1,726	1,782	1,845	2,025
Administrative	6,800	7,412	5,612	6,646	5,035	4,787	4,120	3,817	3,425	3,671
Maintenance and Operations	4,501	4,292	3,941	3,328	3,081	3,178	3,105	2,974	2,676	2,376
Fire and Crash Department	1,418	1,298	1,220	1,155	1,045	1,106	1,041	1,007	951	1,057
Security	1,416	1,361	1,233	1,216	1,126	1,242	1,160	1,022	931	972
Other Direct Expenses	6,932	7,466	5,335	4,061	1,958	1,871	1,653	1,660	1,671	1,691
Total operating expenses before loss on disposal of assets, depreciation, and pension expense	$ 24,990	$ 25,950	$ 20,893	$ 19,037	$ 14,843	$ 14,626	$ 13,079	$ 12,289	$ 11,759	$ 12,081

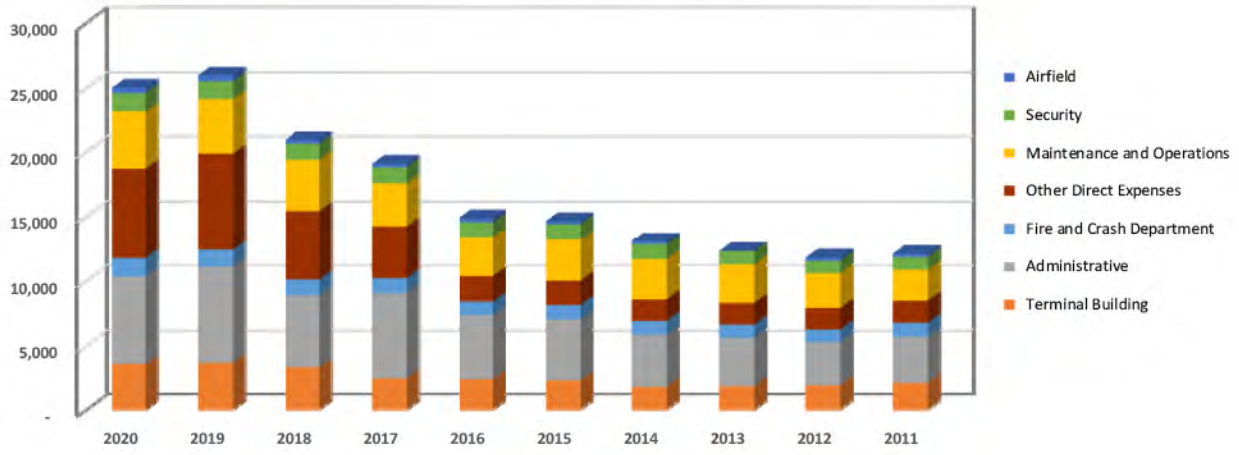
Operating expenses have increased 106.9% since 2011. As noted in early 2017, GSP opened Cerulean Aviation to run their own fixed base operators (FBOs), which has resulted in increased operating expenses. Furthermore, in fiscal year 2020, due to the impact of COVID-19, operating expenses were reduced to by approximately 8% compared to the approved Budget in order to mitigate the loss of operating revenues.

2020 OPERATING EXPENSES BEFORE DEPRECIATION AND PENSION EXPENSE



Source: Greenville-Spartanburg Airport District Records

OPERATING EXPENSES BEFORE DEPRECIATION AND PENSION EXPENSE



Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION ANALYSIS (000s)
JUNE 30, 2020

Weaving the World detail Daniel Goldstein

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating revenues:										
Airside	$ 3,049	$ 3,513	$ 3,299	$ 3,222	$ 2,957	$ 2,919	$ 2,994	$ 2,241	$ 2,423	$ 2,610
Space and ground rental	12,856	11,395	10,525	8,812	8,710	8,053	8,012	6,527	5,932	6,112
Auto parking concessions	11,792	15,044	12,262	11,799	9,773	9,176	8,684	8,468	8,482	7,132
Other concessions	4,259	5,680	5,255	4,515	4,405	4,167	3,913	3,915	3,719	3,449
Commercial ground transportation	397	441	123	147	151	150	171	190	178	30
Expense reimbursement	1,894	2,048	1,590	1,268	1,273	1,112	1,024	668	531	558
Other income	2,423	3,720	3,100	1,776	1,096	1,108	887	928	1,004	351
Operating revenues before fuel sales	36,670	41,841	36,154	31,539	28,365	26,685	25,685	22,937	22,269	20,242
Gross profit on fuel sales:										
Fuel sales	5,974	7,449	5,898	2,318	-	-	-	-	-	-
Cost of goods sold	(2,014)	(2,381)	(1,597)	(411)	-	-	-	-	-	-
Fuel sales - net	3,960	5,068	4,301	1,907	-	-	-	-	-	-
Total operating revenues	40,630	46,909	40,455	33,446	28,365	26,685	25,685	22,937	22,269	20,242
Operating expenses before loss on disposal of assets and depreciation:										
Airfield	406	458	308	260	293	223	274	27	260	289
Terminal building	3,517	3,663	3,244	2,371	2,305	2,219	1,726	1,782	1,845	2,025
Administrative	6,800	7,412	5,612	6,646	5,035	4,787	4,120	3,817	3,425	3,671
Maintenance and operations	4,501	4,292	3,941	3,328	3,081	3,178	3,105	2,974	2,676	2,376
Fire and crash department	1,418	1,298	1,220	1,155	1,045	1,106	1,041	1,007	951	1,057
Security	1,416	1,361	1,233	1,216	1,126	1,242	1,160	1,022	931	972
Other direct expenses	6,932	7,466	5,335	4,061	1,958	1,871	1,653	1,660	1,671	1,691
Total operating expenses before loss on disposal of assets and depreciation	24,990	25,950	20,893	19,037	14,843	14,626	13,079	12,289	11,759	12,081
Operating income before loss on disposal of assets, pension and depreciation expenses	15,640	20,959	19,562	14,409	13,522	12,059	12,606	10,648	10,510	8,161
Net Loss on disposal of assets	-	-	-	4	196	490	2,027	60	182	145
Pension	4,338	3,154	2,125	1,178	834	-	-	-	-	-
Depreciation	12,240	12,032	11,804	10,846	10,129	9,726	10,051	9,658	9,240	8,809
Operating income	(938)	5,773	5,633	2,381	2,363	1,843	528	930	1,088	(793)
Nonoperating revenues (expenses):										
Contract facility charges	1,686	1,263	986	1,154	1,027	857	318	1,514	1,523	1,066
Passenger facility charges	313									
Interest earned on accounts	536	401	134	53	43	23	56	111	83	480
Change in fair value of investments	5	96	10	2	2	8	(1)	9	(43)	(423)
Gain on proceeds from insurance settlement	109	-	536	-	-	-	-	-	-	-
Interest and other financing costs- net	(904)	(540)	(197)	(155)	(155)	(176)	(195)	(277)	(301)	(617)
Nonoperating revenues - net	1,745	1,220	1,469	1,054	917	712	178	1,357	1,262	506
Income before capital contributions	807	6,993	7,102	3,435	3,280	2,555	706	2,287	2,350	(287)
Capital contributions	9,229	13,126	5,854	11,936	3,341	6,524	8,191	4,631	2,707	4,187
Capital contributions - CARES Act	10,870									
Increase in net position	20,906	20,119	12,956	15,371	6,621	9,079	8,897	6,918	5,057	3,900
Cumulative effect of change in accounting principle	-	-	-	-	-	-	-	-	-	-
Change in net position	20,906	20,119	12,956	15,371	6,621	9,079	8,897	6,918	5,057	3,900
Net position:										
Beginning of year	274,231	254,112	241,156	225,935	219,314	219,451	210,554	203,636	198,579	194,679
Cumulative effect of change in accounting principle (A)	-	-	-	(150)	-	(9,216)	-	-	-	-
Beginning of year, restated	274,231	254,112	241,156	225,785	219,314	210,235	210,554	203,636	198,579	194,679
End of year	$ 295,137	$ 274,231	$ 254,112	$ 241,156	$ 225,935	$ 219,314	$ 219,451	$ 210,554	$ 203,636	$ 198,579

(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, 2020

Weaving the World detail *Daniel Goldstein*

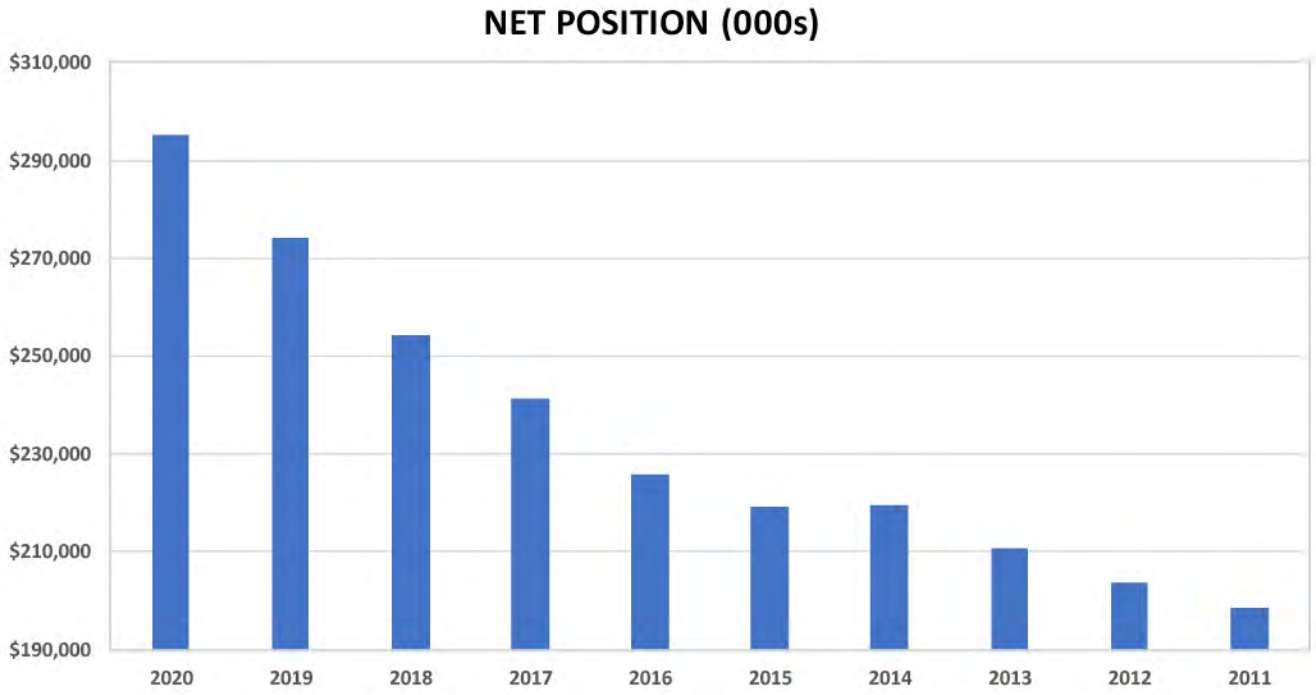
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
ASSETS										
Current unrestricted assets:										
Cash	$ 3,479	$ 10,261	$ 11,854	$ 6,291	$ 2,805	$ 9,621	$ 14,518	$ 5,809	$ 4,969	$ 6,043
Receivables	18,449	8,480	2,537	3,339	3,851	624	583	3,089	465	733
Inventories and prepaid insurance	528	652	566	479	1,056	439	512	308	429	354
Investments	19,312	16,688	9,996	9,996	16,864	36,262	46,517	73,383	82,471	81,997
Total current unrestricted assets	41,768	36,081	24,953	20,105	24,576	46,946	62,130	82,589	88,334	89,127
Current restricted assets:										
Cash	8,660	5,332	2,744	1,865	-	598	-	-	403	182
Receivables	353	284	292	280	246	239	226	215	220	208
Investments - held by Trustee	451	433	422	407	398	383	377	366	354	1,116
Total current restricted assets	9,464	6,049	3,458	2,552	644	1,220	603	581	977	1,506
Noncurrent assets:										
Deferred bond financing costs-net	-	-	-	-	-	-	-	-	64	116
Capital assets - at cost	458,473	432,974	398,422	373,496	342,531	304,815	279,147	267,995	244,682	237,311
Less accumulated depreciation	(171,842)	(159,601)	(147,569)	(135,809)	(125,933)	(116,071)	(114,066)	(131,307)	(122,897)	(119,893)
Capital Assets - net	286,632	273,373	250,853	237,687	216,598	188,744	165,081	136,688	121,785	117,418
Total noncurrent assets	286,632	273,373	250,853	237,687	216,598	188,744	165,081	136,688	121,849	117,534
Total Assets	337,864	315,503	279,264	260,344	241,818	236,910	227,814	219,858	211,160	208,167
Deferred Outflows of Resources:										
Deferred outflow related to State Pension Plans	6,154	5,662	4,535	2,330	972	887	-	-	-	-
Deferred outflow related to OPEB	186	222	259	-	-	-	-	-	-	-
Total deferred outflows	6,340	5,884	4,794	2,330	972	887	-	-	-	-
LIABILITIES										
Payable from unrestricted assets:										
Accounts payable and accrued liabilities	7,112	9,553	3,259	4,059	3,192	4,852	4,609	5,314	3,317	1,624
Accrued employee benefits	1,329	1,499	1,224	-	-	-	-	-	-	-
LOC draw down	2,100	-	7,194	2,164	-	-	-	-	-	-
Term notes payable - current portion	784	784	-	-	-	-	-	-	-	-
Total payable from unrestricted assets	11,325	11,836	11,677	6,223	3,192	4,852	4,609	5,314	3,317	1,624
Payable from restricted assets:										
Accrued interest payable	87	43	55	67	78	88	97	106	114	204
Revenue bonds - current portion	420	390	365	340	320	295	280	260	240	475
Total payable from restricted assets	507	433	420	407	398	383	377	366	354	679
Total current liabilities	11,832	12,269	12,097	6,630	3,590	5,235	4,986	5,680	3,671	2,303
Noncurrent liabilities:										
Long term employee benefits	1,134	803	675	423	827	803	802	769	738	725
Net pension liability	21,027	17,931	15,244	12,214	10,446	9,311	-	-	-	-
Total OPEB liability	782	712	660	608	-	-	-	-	-	-
Term notes payable	13,661	14,446	-	-	-	-	-	-	-	-
Revenue bonds payable - net of current portion	445	865	1,255	1,620	1,960	2,280	2,575	2,855	3,115	6,560
Total noncurrent liabilities	37,049	34,757	17,834	14,865	13,233	12,394	3,377	3,624	3,853	7,285
Total Liabilities	48,881	47,026	29,931	21,495	16,823	17,629	8,363	9,304	7,524	9,588
Deferred Inflows of Resources:										
Deferred inflow related to State Pension Plans	152	89	15	23	32	854	-	-	-	-
Deferred inflow related to OPEB	33	41	-	-	-	-	-	-	-	-
Total deferred inflows	185	130	15	23	32	854	-	-	-	-
NET POSITION										
Net investment in capital assets	264,078	249,914	240,693	231,976	212,500	185,952	162,020	133,378	115,873	106,976
Restricted:										
Held by trustee	364	390	367	340	320	295	280	259	240	912
Contract facility charges	8,700	5,617	2,158	2,146	2,111	2,100	1,651	1,477	623	390
Passenger facility charges	313									
Total restricted	9,377	6,007	2,525	2,486	2,431	2,395	1,931	1,736	863	1,302
Unrestricted	21,682	18,310	10,894	6,694	11,004	30,967	55,500	75,440	86,900	90,301
Total Net Position	$ 295,137	$ 274,231	$ 254,112	$ 241,156	$ 225,935	$ 219,314	$ 219,451	$ 210,554	$ 203,636	$ 198,579

Source: Greenville-Spartanburg Airport District Records

STATEMENTS OF NET POSITION ANALYSIS (000s)

JUNE 30, 2020

Weaving the World detail *Daniel Goldstein*



Source: Greenville-Spartanburg Airport District Records

GROSS MARGIN ANALYSIS (000s)

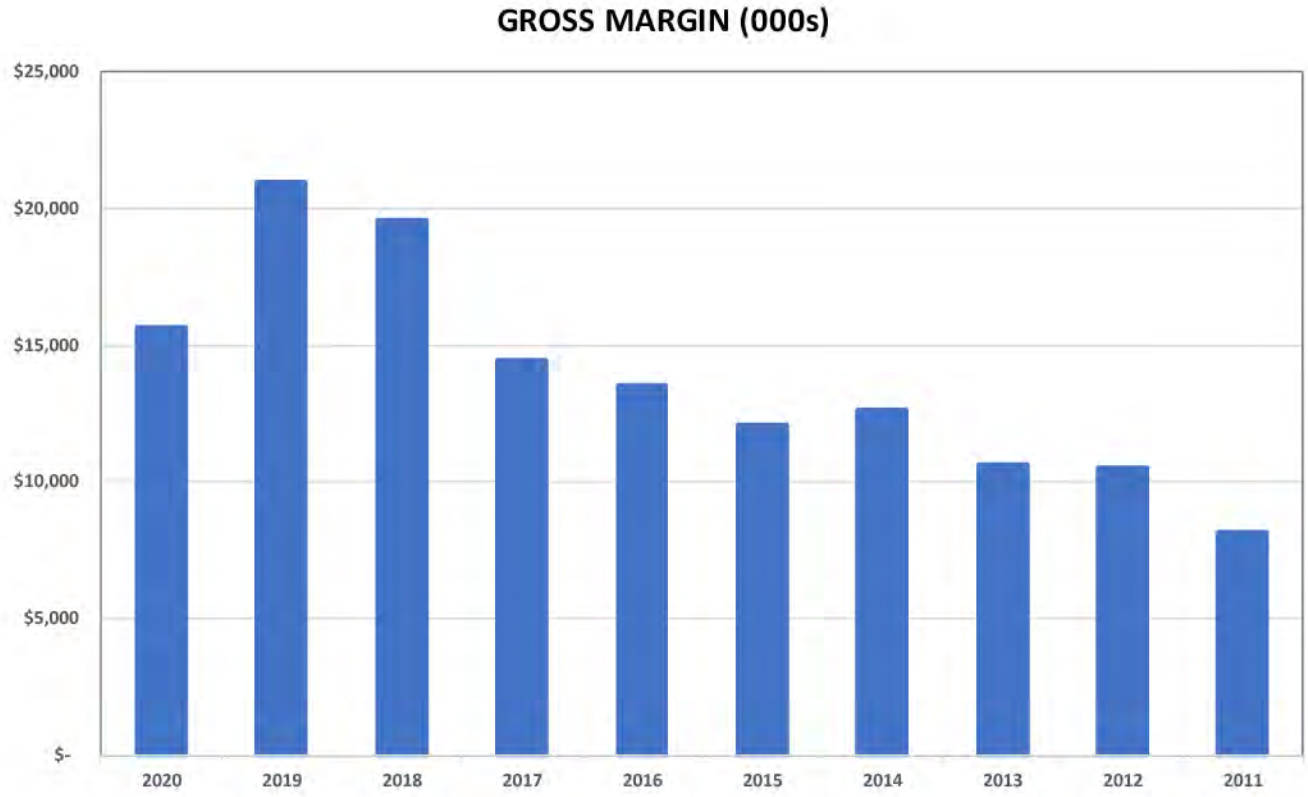
JUNE 30, 2020

Weaving the World detail *Daniel Goldstein*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating revenues	$ 40,630	$ 46,909	$ 40,455	$ 33,446	$ 28,365	$ 26,685	$ 25,685	$ 22,937	$ 22,269	$ 20,242
Operating expenses	$ 24,990	$ 25,950	$ 20,893	$ 19,037	$ 14,843	$ 14,626	$ 13,079	$ 12,289	$ 11,759	$ 12,081
Gross margin ($)	$ 15,640	$ 20,959	$ 19,562	$ 14,409	$ 13,522	$ 12,059	$ 12,606	$ 10,648	$ 10,510	$ 8,161
Gross margin (%) *	**38.5%**	**44.7%**	**48.4%**	**43.1%**	**47.7%**	**45.2%**	**49.1%**	**46.4%**	**47.2%**	**40.3%**

*Excludes Depreciation and Pension Expense

In fiscal year 2020, due to the impact of COVID-19, the District experienced approximately 21% reduction in enplaned passengers which resulted in reductions to various operating revenues to include airside, auto parking concessions, other concessions, commercial ground transportation, etc. Accordingly, operating expenses were reduced by approximately 8% compared to the approved Budget in order to mitigate the loss of operating revenues. The cargo operation also experienced reduction in fiscal year 2020; however, with improved demand, cargo operations is returning faster than passenger traffic.



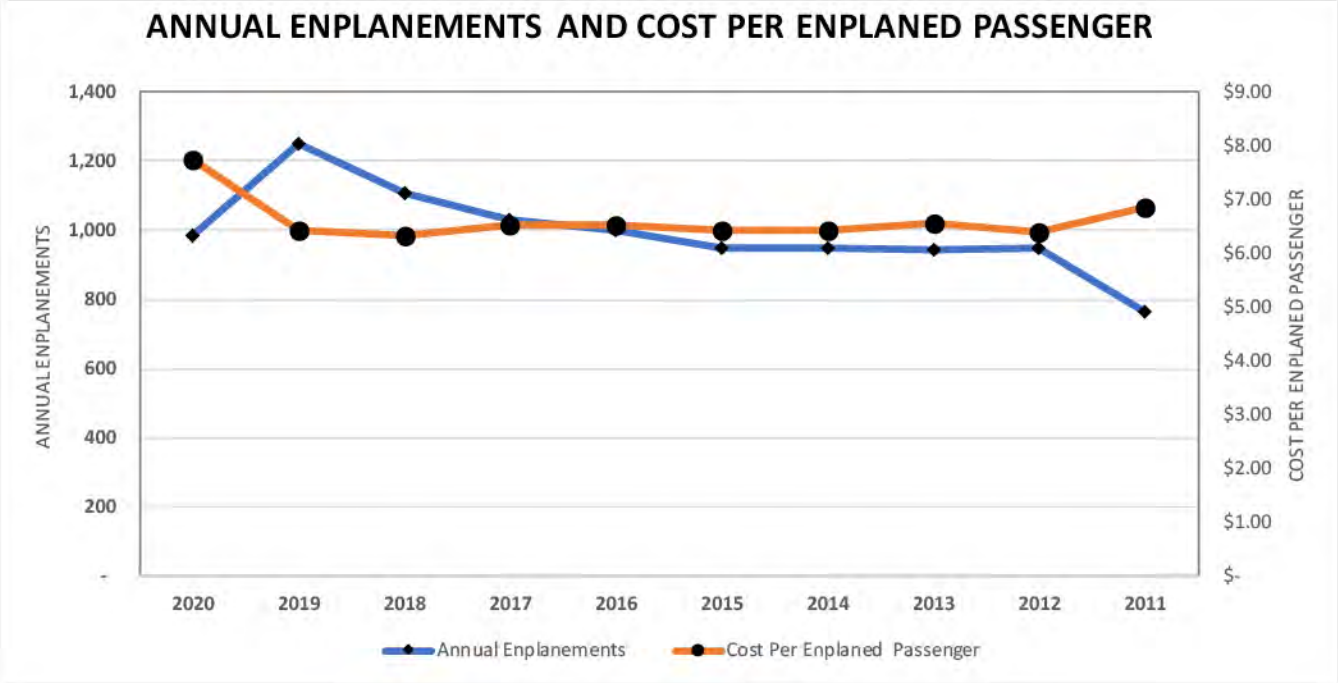
Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
COST PER ENPLANEMENT (CPE) ANALYSIS (000s)

JUNE 30, 2020

Weaving the World detail *Daniel Goldstein*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Annual Enplanements	986	1,251	1,108	1,031	1,002	951	949	942	948	763
Landing Fees	$ 2,023	$ 2,211	$ 2,086	$ 2,127	$ 2,031	$ 1,956	$ 2,070	$ 1,842	$ 2,235	$ 1,815
Terminal Rent	1,364	1,277	1,241	3,692	3,747	3,432	3,346	3,653	3,419	3,034
Apron Fees & Aircraft Parking	65	66	62	236	197	207	180	147	157	112
Passenger Boarding Bridge	-	-	-	317	316	280	332	332	113	85
Shared Tenant Services	71	56	48	63	46	46	36	2	-	-
Security Fees	133	279	230	-	-	-	-	-	-	-
Refuse	-	-	-	3	4	4	4	4	4	4
Triturator	-	-	7	6	6	6	6	10	4	3
Per Turn Fees	3,915	4,070	3,271	271	205	169	130	174	141	183
CUSS Ticketing Stock	57	58	48	-	-	-	-	-	-	-
Share Use Equipment	20	20	20	-	-	-	-	-	-	-
Utility Reimbursement	-	-	-	-	-	-	-	-	-	-
Total Airline Cost	$ 7,646	$ 8,037	$ 7,013	$ 6,715	$ 6,552	$ 6,100	$ 6,104	$ 6,164	$ 6,073	$ 5,236
Cost Per Enplaned Passenger	**$ 7.75**	**$ 6.42**	**$ 6.33**	**$ 6.51**	**$ 6.54**	**$ 6.41**	**$ 6.43**	**$ 6.54**	**$ 6.41**	**$ 6.86**



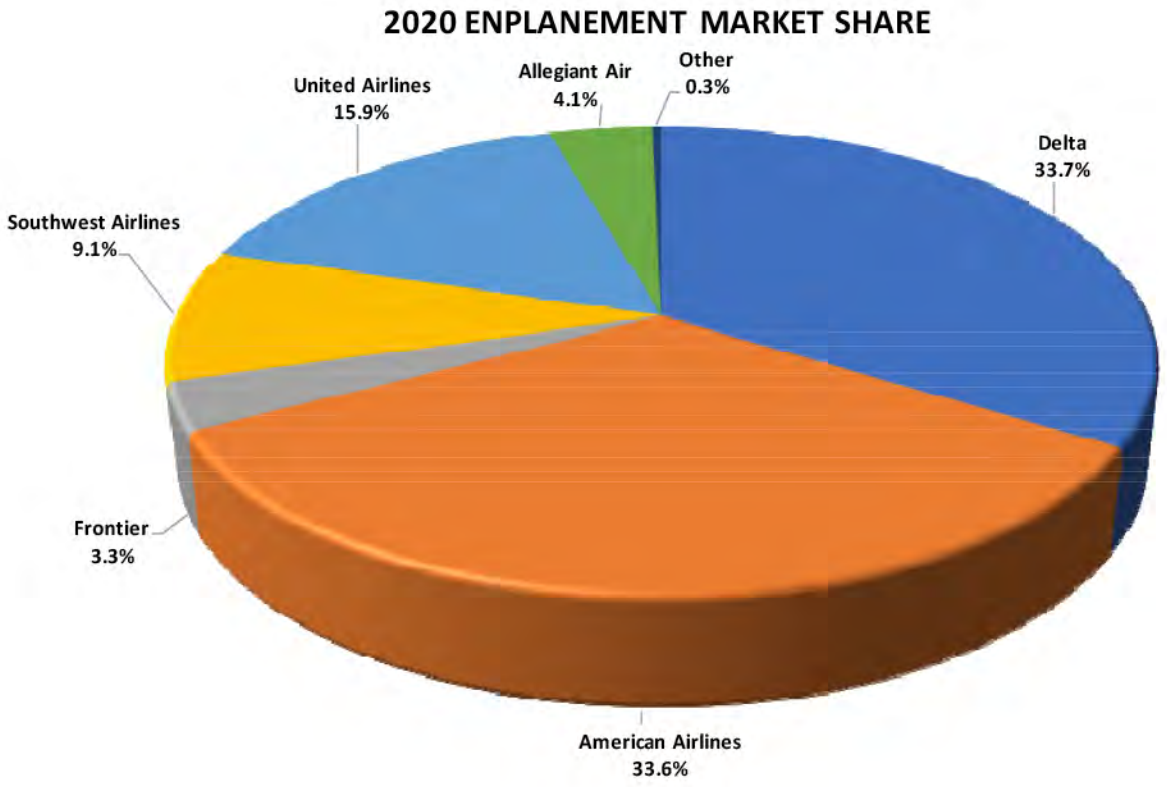
Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
OPERATING REVENUES, EXPENSES, AND GROSS MARGIN PER ENPLANEMENT ANALYSIS (000s)
JUNE 30, 2020

Weaving the World detail *Daniel Goldstein*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues Per Enplaned Passenger	$ 41.21	$ 37.50	$ 36.51	$ 32.44	$ 28.31	$ 28.06	$ 27.07	$ 24.35	$ 23.49	$ 26.53
Operating Expenses Per Enplaned Passenger *	42.16	32.88	31.43	30.13	25.95	26.12	26.51	23.36	22.34	27.57
Gross Margin per Enplaned Passenger	$ (0.95)	$ 4.61	$ 5.08	$ 2.31	$ 2.36	$ 1.94	$ 0.56	$ 0.99	$ 1.15	$ (1.04)

* Operating Expenses above includes pension and depreciation expenses

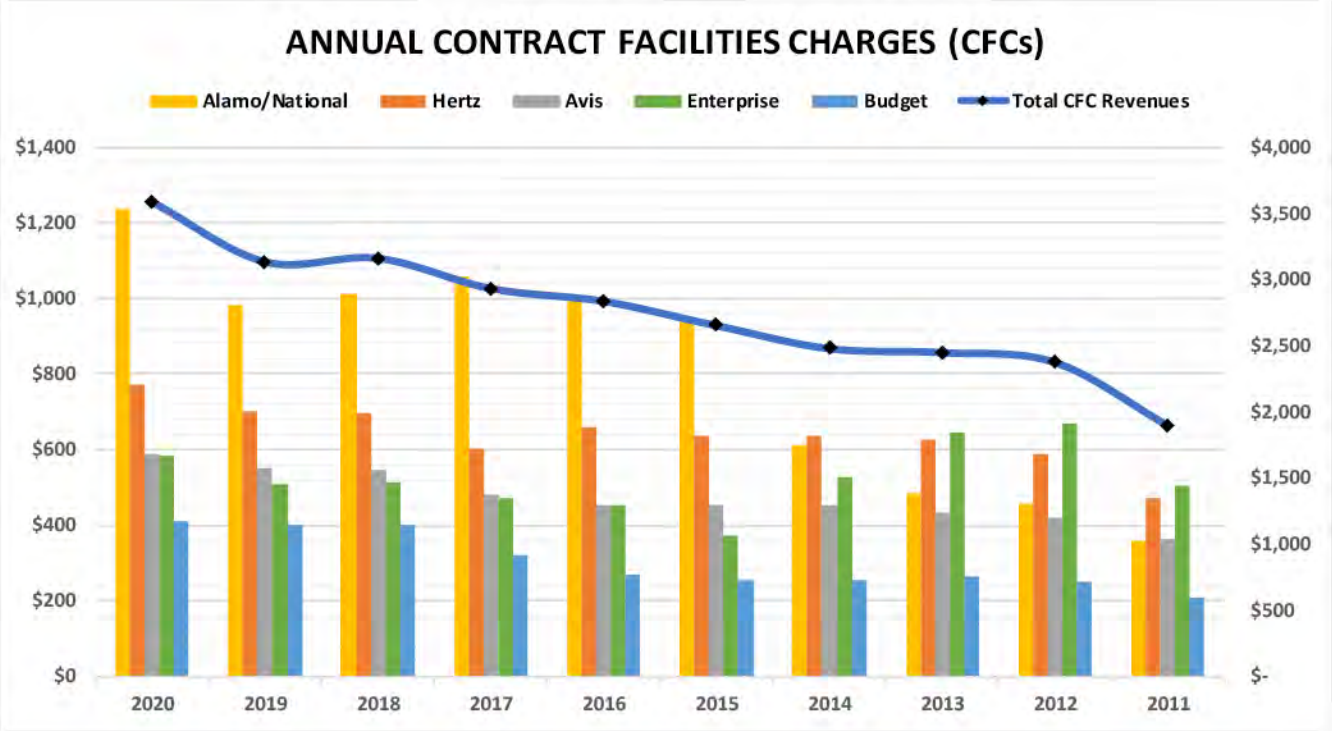


Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
CONTRACT FACILITY CHARGES (CFC) AND PASSENGER FACILITY CHARGES (PFC) ANALYSIS (000s)
JUNE 30, 2020

Contract Facility Charges

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Hertz	$ 773	$ 700	$ 698	$ 603	$ 658	$ 637	$ 637	$ 624	$ 588	$ 469
Avis	587	549	544	482	451	450	450	434	417	363
Alamo/National	1,235	981	1,009	1,056	1,008	942	614	487	458	357
Budget	412	400	401	321	267	255	253	263	248	206
Enterprise	583	507	511	473	454	371	527	643	666	506
Total CFC Revenues	$ 3,590	$ 3,137	$ 3,163	$ 2,935	$ 2,838	$ 2,655	$ 2,481	$ 2,451	$ 2,377	$ 1,901



Passenger Facility Charges

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Allegiant	$ 26	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
American	145	-	-	-	-	-	-	-	-	-
Delta	59	-	-	-	-	-	-	-	-	-
Southwest	39	-	-	-	-	-	-	-	-	-
United	43	-	-	-	-	-	-	-	-	-
Other	1	-	-	-	-	-	-	-	-	-
Total PFC Revenues	$ 313	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

On March 18, 2020, the U.S. Department of Transportation's FAA acknowledged the District's notice of intent to impose and use a PFC. The FAA acknowledged that GSP could begin collecting a PFC at a $4.50 PFC level on May 1, 2020 and complete collections on July 1, 2023.

Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
OUTSTANDING DEBT BY TYPE AND DEBT SERVICE COVERAGE ANALYSIS (000s)
JUNE 30, 2020

Weaving the World detail *Daniel Goldstein*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Outstanding Debt										
Revenue bonds	$ 865	$ 1,255	$ 1,620	$ 1,960	$ 2,280	$ 2,575	$ 2,855	$ 3,115	$ 3,355	$ 7,035
Term note payable	14,445	15,230	-	-	-	-	-	-	-	-
Line of credit	2,100	-	7,194	2,164	-	-	-	-	-	-
	$ 17,410	$ 16,485	$ 8,814	$ 4,124	$ 2,280	$ 2,575	$ 2,855	$ 3,115	$ 3,355	$ 7,035
Upstate Region Population	1,512	1,494	1,479	1,460	1,441	1,424	1,408	1,393	1,383	1,373
Outstanding Debt per Capita	$ 12	$ 11	$ 6	$ 3	$ 2	$ 2	$ 2	$ 2	$ 2	$ 5
Total Enplaned Passengers	986	1,251	1,108	1,031	1,002	951	949	942	948	763
Outstanding Debt / Enplaned Passengers	$ 18	$ 13	$ 8	$ 4	$ 2	$ 3	$ 3	$ 3	$ 4	$ 9
Debt Service Coverage										
Operating revenue	$ 40,630	$ 46,909	$ 40,455	$ 33,446	$ 28,365	$ 26,685	$ 25,685	$ 22,937	$ 22,269	$ 20,242
Less operating expenses	24,990	25,950	20,893	19,037	14,843	14,626	13,079	12,289	11,759	12,081
Less pension contributions	1,638	1,482	1,169	837	732	-	-	-	-	-
Income from CFC	1,686	1,263	986	1,154	1,027	857	318	1,514	1,523	1,066
Investment income	536	401	134	53	43	23	56	111	83	480
Coverage cash flow	$ 16,224	$ 21,141	$ 19,513	$ 14,779	$ 13,860	$ 12,939	$ 12,980	$ 12,273	$ 12,116	$ 9,707
Total debt service	$ 1,917	$ 1,956	$ 876	$ 450	$ 454	$ 450	$ 456	$ 455	$ 452	$ 704
Debt service coverage	846.30%	1081.01%	2226.89%	3280.69%	3055.07%	2872.17%	2848.90%	2699.08%	2677.91%	1379.21%

For calculation of debt service coverage, actual contributions into the Airport sponsored pension plans during the year are utilized instead of actuarially determined pension expense as reported in the statement of revenues, expenses and changes in net position.

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

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
CASH FLOW SUMMARY ACTIVITIES ANALYSIS (000s)

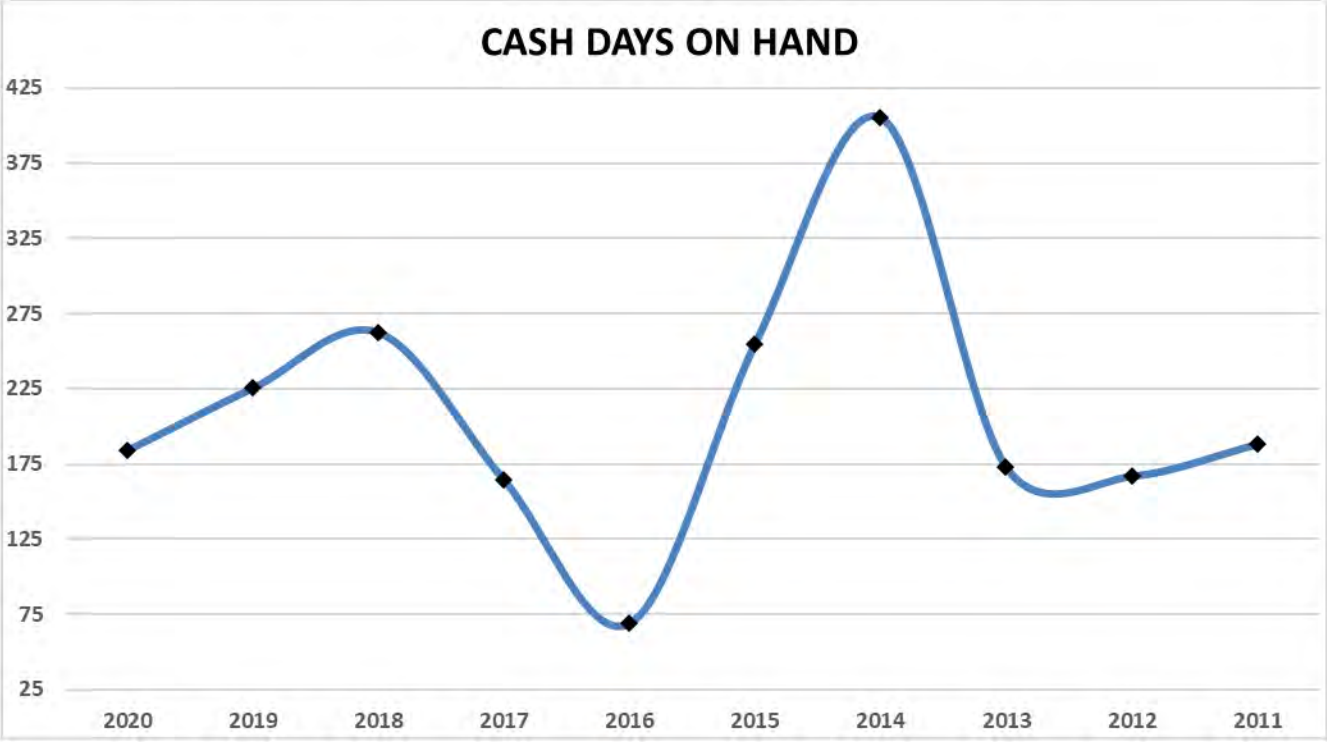
JUNE 30, 2020

Weaving the World detail *Daniel Goldstein*

Cash flows provided by (used) in:

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating activities	$ 13,913	$ 20,993	$ 19,438	$ 15,643	$ 7,436	$ 12,398	$ 16,281	$ 10,230	$ 12,417	$ 8,283
Capital and related financing activities	$ (15,304)	$ (13,691)	$ (13,125)	$ (17,215)	$ (34,292)	$ (26,982)	$ (34,494)	$ (19,002)	$ (12,836)	$ (7,515)
Investing activities	$ (2,046)	$ (6,296)	$ 143	$ 7,331	$ 19,442	$ 10,285	$ 26,921	$ 9,209	$ (433)	$ 2,630
Net increase (decrease) in cash:	$ (3,436)	$ 1,006	$ 6,456	$ 5,759	$ (7,414)	$ (4,299)	$ 8,708	$ 437	$ (852)	$ 3,398
Beginning 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
End of Year Cash and Cash Equivalents	$ 12,590	$ 16,026	$ 15,020	$ 8,564	$ 2,805	$ 10,219	$ 14,518	$ 5,810	$ 5,373	$ 6,225
Cash Days on Hand	184	225	262	164	69	255	405	173	167	188

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.



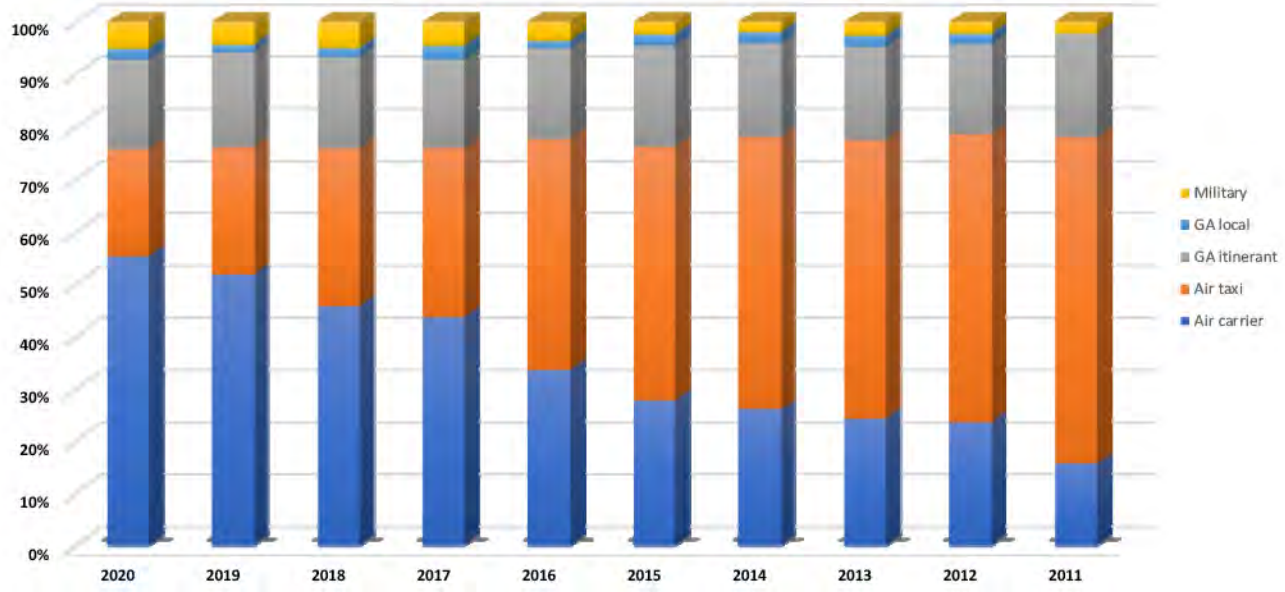
Source: Greenville-Spartanburg Airport District Records

Weaving the World detail *Daniel Goldstein*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Aircraft Operations										
Air carrier	25,603	27,020	21,801	19,370	14,875	12,440	11,802	11,704	11,754	7,278
Air taxi	9,512	12,654	14,425	14,343	19,510	21,592	23,618	25,751	27,561	29,097
GA itinerant	8,005	9,521	8,334	7,547	7,764	8,674	8,168	8,692	8,628	9,232
Military	2,354	2,286	2,377	2,012	1,601	1,078	893	1,289	1,147	1,050
GA local	1,380	943	674	787	1,135	597	903	932	972	966
Aircraft Operations	46,854	52,424	47,611	44,059	44,885	44,381	45,384	48,368	50,062	47,623
Cargo (000s Pounds)	111,537	118,329	112,449	81,867	61,657	60,532	59,349	58,071	58,008	53,498

Over the last ten years, air carrier operations have steadily increased at GSP thanks to the introduction of more flights and new non-stop destinations. To meet demand, airlines have replaced many smaller regional aircraft with larger, more efficient aircraft. From fiscal year 2011 to fiscal year 2019, aircraft operations at GSP increased by 10%. However, in fiscal year 2020, travel restrictions associated with the COVID-19 pandemic negatively impacted operations at airports across the nation, including GSP. Recovery of airline operations is anticipated to occur in fiscal year 2024.

AIRPORT OPERATIONS

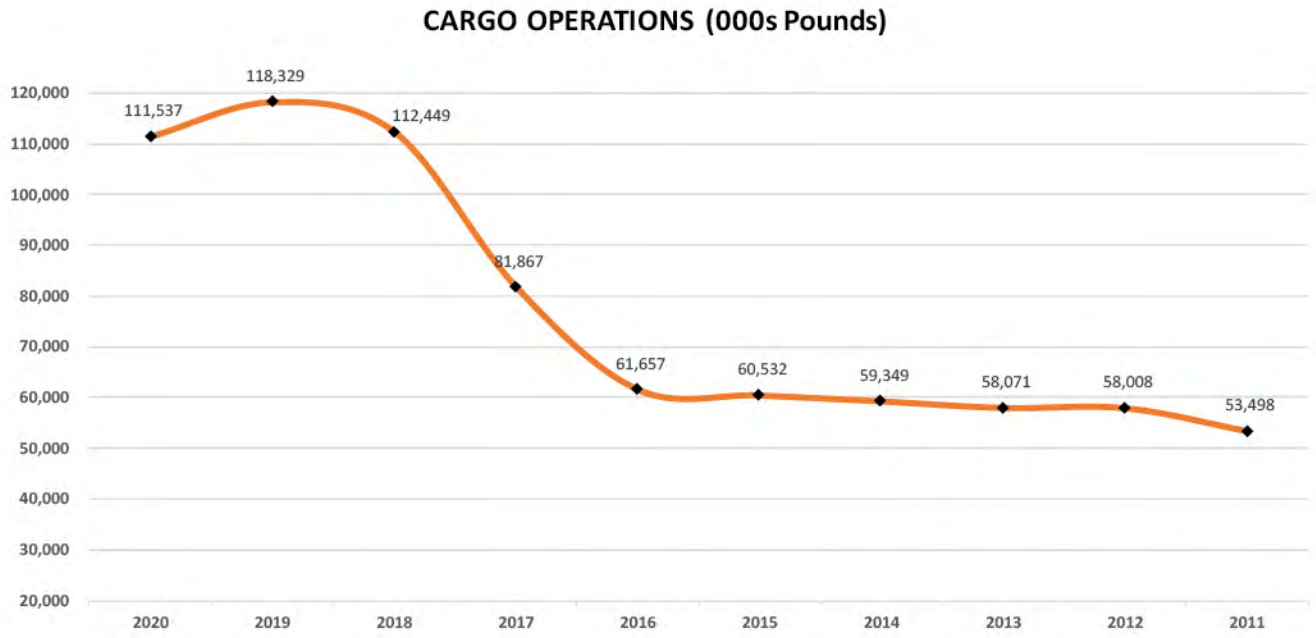


Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT

CARGO OPERATIONS ANALYSIS (000s)

JUNE 30, 2020



Source: Greenville-Spartanburg Airport District Records

Employee Analysis

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Full time	178.0	177.0	174.0	149.0	103.0	102.0	103.0	96.0	92.0	82.0
Part time[1]	21.0	24.0	31.0	34.7	34.5	31.1	31.0	31.0	31.0	31.0
Total Employees	199.0	201.0	205.0	183.7	137.5	133.1	134.0	127.0	123.0	113.0

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

Other Terminal Tenants:
Fuel Rod
Good Vibrations
Hudson Group
Innovative Vending Solutions
MAG-Escape Lounge
OHM Concessions Group
Paradies Lagardère
Prepango
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

Title	Source
Life	
#10 Top 100 Best Places to Live (2019)	Livability.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
10 Cities to Watch (2019)	Worth.com
10 of the Most Underrated Romantic Destinations in the US (2019)	Insider
14 Thoughtfully Designed Cities (2019)	GREENPAL
17 Best Running Routes in America (2020)	Shermans Travel
America's Coolest Southern Towns (Greenville #2) (2019)	JetSetter.com
America's Least Costly Mid-Sized City for Business	KPMG
#36 Best Places to Live 2019 (Greenville) (2019)	Money Magazine
#9 Best Small Cities in the U.S. 2019 (Greenville, SC) (2019)	Condé Nast Traveler Readers' Choice Awards
#11 South's Best Cities 2020 (Greenville) (2020)	Southern Living
South's Best Farmers' Markets (2020)	Southern Living
#33 The 50 Best U.S. Cities for Starting a Business in 2020 (Greenville) (2019)	Inc.com
#7 Top 10 Cities with the Most Craft Breweries Per Capita (Greenville) (2019)	C + R Research
Top Places to Retire (2019)	Where to Retire
Eats	
#13 Best Cities for Chefs in the U.S. (2020)	AdvisorSmith.com
Best Chef Southeast Semifinalist: Adam Cooke, Topsoil Kitchen and Market (2020)	James Beard Foundation
Best Chef, Southeast Semifinalist: Jon Buck, Husk Greenville (2019)	James Beard Award Foundation
Best New Restaurant Semifinalist: Oak Hill Café (2020)	James Beard Foundation
Finalist: 2019 Food & Wine Best Restroom Contest (Jianna top 4) (2019)	Food & Wine
Our Favorite Food Cities of the Past Decade (2019)	Matador Network
The 18 best restaurants in the world where you don't need a reservation (The Anchorage, Greenville, SC) (2019)	Insider
The Best Coffee in Every State 2019 (Methodical Coffee - SC) (2019)	Food & Wine
The South's Most Tasteful Small Towns (2020)	Forbes

Source: Visit Greenville SC www.visitgreenvillesc.com

Title	Source
Travel	
#2 Best Airport Sitdown Dining - Wolfgang Puck at GSP Airport (2019)	USA Today Reader Choice Awards
#2 Top Trending Destination: South Carolina (Greenville County) (2019)	Blue Ridge Country
10 Best Family Vacation Spots to Go With a Baby in the U.S. (2019)	What To Expect.com
10 Great Places to Go Leaf Peeping Down South (2019)	Travel Channel
10 nearby weekend getaways ideal for Atlanta families (2019)	Atlanta Journal Constitution
10 of the Best Romantic Getaways in the United States (Greenville #1) (2019)	TODAY online
10 Ridiculously Cheap Summer Family Vacations (2019)	Family Vacation Critic
10 Wedding Venues that Embrace the Hues of Fall (Pretty Place) (2019)	TLC Me
12 Best U.S. Family Vacations (2019)	Family Vacation Critic
12 Last-Minute Spring Break Trips to Book Right Now (2019)	Southern Living
12 Small-Town Getaways Your Kids Will Actually Enjoy (2019)	Family Vacation Critic
13 U.S. Destinations That Are Secretly Hiding Incredible Beer Scenes ("Best Under-the-Radar Beer Destinations around the U.S.") (2020)	Thrillist
15 of the most underrated travel destinations (2019)	Insider
2020 Traveler's Choice Awards: Top 25 Trending Destinations in the U.S. (2020)	TripAdvisor
3 Best U.S. Small-Town Summer Vacation Ideas For A Couple's Getaway (Greenville #1) (2019)	Your Tango
50 Weekend Trip Ideas for an Unforgettable Summer Vacation (2019)	Men's Journal
55 Best Christmas Towns That You Need to Visit This Holiday Season (Greenville is #21) (2019)	Country Living
6 Budget-Friendly Romantic Destinations in America (2019)	Shermans Travel
7 Best U.S. Cities to Visit During Christmas (2019)	ReadyMadeTravelPlans.com
7th Most User-Friendly Small Airports in the Nation	Conde Nast Traveler
8 Underappreciated American Cities You Need to Check Out This Year (2019)	Thrillist
9 Vacation Spots You Can Actually Afford (2019)	CNBC.com
#18 America's Best Small Cities (Greenville) (2020)	BestCities.Org
#21 Best Trips 2019 (Greenville) (2019)	Outside Magazine
Drive-Worthy Destinations (2019)	Convention South
North America's 10 Most Romantic Cities (2019)	DatingAdvice.com
The Absolute Best Ice Cream Shops in America (Molly & Myles) (2019)	TODAY online
The Best Places to Spend Christmas in the U.S. (2019)	Condé Nast Traveler
The Best Places to Travel in September (2019)	Travel + Leisure
The best roadside scenic viewpoint in every state (Wildcat Falls - SC) (2019)	Matador Network
#3 The Best Up-and-Coming Travel Destinations of 2020 (Greenville) (2019)	Men's Journal
The Most Luxurious (and Delicious) Road Trips to Take This Season (2019)	Bloomberg News
Top 19 Must-See Destinations (2019)	Expedia
Top 20 Places to Visit in the US (2019)	TripAdvisor
US Travel: 25 Best Places To Visit In 2020 (2019)	Forbes
Where to Go (2019)	Boston Globe
2019 Champions of Economic Impact in Sports Tourism: Southeastern Conference Women's Basketball Tournament (2019)	Sports Destination Management

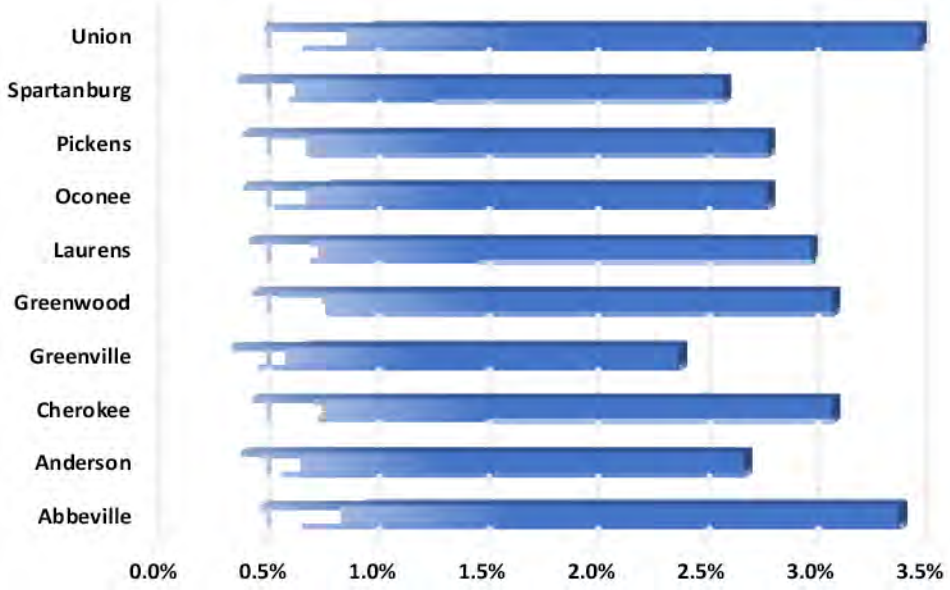
Source: Visit Greenville SC www.visitgreenvillesc.com

UpstateSCAlliance
Business moves here.

Annual Average Unemployment Rate, 2011-2019
Upstate SC Counties / Upstate SC Region / US

COUNTY/REGION	2019	2018	2017	2016	2015	2014	2013	2012	2011
Abbeville	3.4%	4.0%	4.6%	5.5%	6.9%	7.7%	9.5%	10.6%	12.5%
Anderson	2.7%	3.4%	3.9%	4.6%	5.4%	6.0%	7.1%	8.9%	10.3%
Cherokee	3.1%	4.0%	4.9%	5.9%	7.1%	8.3%	10.5%	12.8%	14.7%
Greenville	2.4%	3.1%	3.7%	4.2%	4.9%	5.3%	6.1%	7.4%	8.6%
Greenwood	3.1%	3.6%	4.5%	5.2%	6.3%	6.9%	8.6%	10.1%	11.3%
Laurens	3.0%	3.6%	4.4%	5.2%	6.6%	7.1%	8.6%	10.3%	11.6%
Oconee	2.8%	3.5%	4.4%	5.1%	5.8%	6.3%	7.7%	8.8%	10.0%
Pickens	2.8%	3.5%	4.1%	5.0%	5.8%	6.3%	7.4%	9.0%	9.9%
Spartanburg	2.6%	3.3%	4.0%	4.7%	5.7%	6.3%	7.7%	9.4%	10.9%
Union	3.5%	4.1%	5.4%	6.2%	7.9%	8.6%	11.3%	13.6%	16.0%
Upstate Region	2.6%	3.3%	4.0%	4.7%	5.6%	6.1%	7.3%	8.9%	10.2%
South Carolina	2.9%	3.8%	4.3%	5.0%	6.0%	6.5%	7.6%	9.2%	10.6%
United States	3.7%	3.9%	4.3%	4.9%	5.3%	6.2%	7.5%	8.1%	8.9%

2019 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 - 2019 Data), and US Bureau of Labor Statistics (all US figures)
(1) Upstate Region - Area served by t he Upstate Alliance, consisting of the individual counties listed.

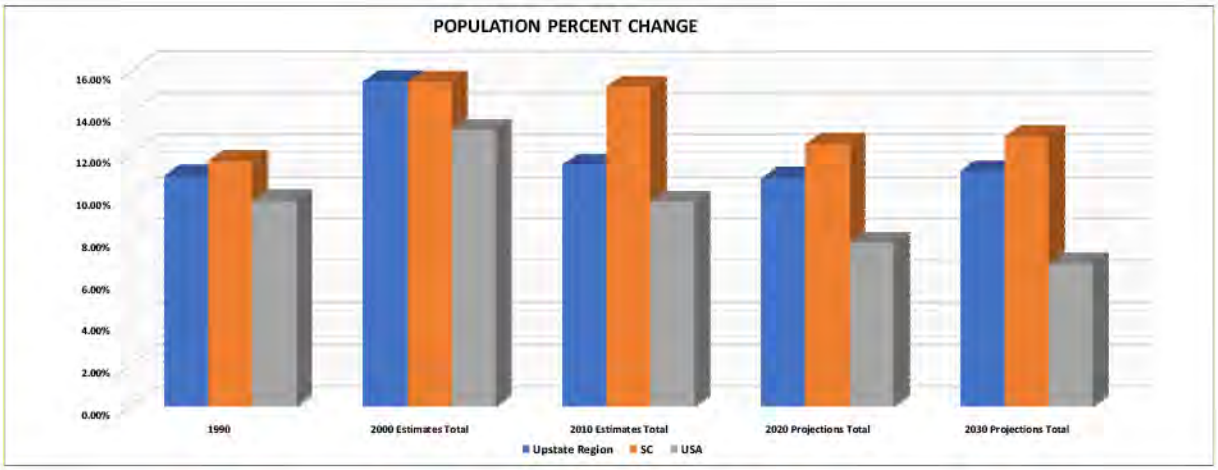
Compiled By: InfoMentum - A Decision Support System for Upstate South Carolina

Weaving the World detail *Daniel Goldstein*

UpstateSCAlliance
Business moves here.

Census Population Trends and Projections, 1980-2035
County / Upstate Region / State / US

COUNTY/REGION	*1980*	*1990*	*2000 Estimates Total*	*2005 Estimates Total*	*2010 Estimates Total*	*2015 Estimates Total*	*2020 Projections Total*	*2025 Projections Total*	*2030 Projections Total*	*2035 Projections Total*
Abbeville	22,627	23,862	26,229	25,995	25,310	24,775	24,300	23,710	23,025	22,195
Anderson	133,235	145,196	166,304	175,467	187,109	193,743	204,570	214,715	224,750	234,420
Cherokee	40,983	44,506	52,649	53,772	55,535	56,511	57,360	57,960	58,315	58,350
Greenville	287,913	320,167	380,949	405,608	452,672	490,860	530,905	573,060	616,105	659,270
Greenwood	57,847	59,567	66,303	67,630	69,788	70,010	70,960	71,385	71,575	71,430
Laurens	52,214	58,092	69,428	67,629	66,526	66,474	67,135	67,415	67,420	67,055
Oconee	48,611	57,494	66,434	70,581	74,341	75,888	79,595	82,490	84,940	86,830
Pickens	79,292	93,894	111,062	114,344	119,322	121,521	126,595	131,255	135,865	139,525
Spartanburg	201,861	226,800	254,443	264,481	284,748	296,580	323,555	348,085	373,465	399,415
Union	30,751	30,337	29,971	29,241	28,929	27,736	27,115	26,370	25,605	24,705
Upstate Region	955,334	1,059,915	1,223,772	1,274,748	1,364,280	1,424,098	1,512,090	1,596,445	1,681,065	1,763,195
South Carolina	3,121,820	3,486,703	4,024,223	4,270,150	4,635,656	4,892,253	5,213,370	5,542,140	5,881,710	6,223,085
United States	226,545,805	248,709,873	281,421,906	295,516,599	308,745,538	320,742,673	332,639,000	344,234,000	355,101,000	364,862,000



Source: For years prior to 2000, Decennial Census Population; Population estimates for 2000 and 2018 were calculated using the Bridged-race Intercensal Population Estimates for July 1, 2000 – July 1, 2009 and the Vintage 2018 Bridged-Race Postcensal Estimates for July 1, 2010 – July 1, 2018. These estimates were produced by the Population Estimates Program of the U.S. Census Bureau in collaboration with National Center for Health Statistics. Estimates for 2000 through 2018 from previous or future releases of the postcensal estimates will vary slightly from the 2000 through 2018 data in this table. For all years, the population is estimated for July 1st of that year. Estimates for 2000 and 2010 will not be equivalent to the April 1st decennial census count from Census 2000 and Census 2010. Population Projections for 2019 through 2035 were calculated by the S.C. Revenue and Fiscal Affairs Health and Demographics Section. Births and deaths data used in the population projections calculations was supplied by the SC DHEC Division of Biostatistics. Note: The projections included in this report were calculated using the cohort-component model of demographic change. This model uses a base population at a beginning date, applies assumed survival rates, fertility rates, and net migration to calculate population projections.

Top 20 Employers

2020	Employer	Employees*	Product or Service	U.S. Headquarters
1	Prisma Health - Upstate	16,000	Healthcare System	Greenville, SC
2	State of South Carolina	12,657	State Government	Columbia, SC
3	BMW Manufacturing Co. LLC	11,000	Automobile Manufacturer	Greer, SC
4	Greenville County Schools	10,000	Public Education School District	Greenville, SC
5	Spartanburg Regional Healthcare System	9,439	Healthcare System	Spartanburg, SC
6	Michelin North America, Inc.	7,445	Tire Manufacturing Facility	Greenville, SC
7	Wal-Mart Stores, Inc.	7,044	Retail Stores & Distribution Facilities	Bentonville, AR
8	Clemson University	5,564	Public Research University	Clemson, SC
9	Bon Secours St. Francis Health System	4,451	General Medical & Surgical Hospitals	Greenville, SC
10	United States Government	4,034	Federal Government	Washington, DC
11	Milliken & Company	4,007	Textiles Manufacturing, Floor Covering, and Specialty Chemicals	Spartanburg, SC
12	AnMed Health Medical Center	3,777	General Medical & Surgical Hospitals	Anderson, SC
13	GE Power	3,650	Power Generation, Energy Delivery, & Water Process Technologies	Boston, MA
14	World Acceptance Corp.	3,624	Consumer Loans	Greenville, SC
15	Duke Energy Corp.	3,418	Utility Provider	Charlotte, NC
16	Bi-Lo LLC	3,016	Retail Stores	Jacksonville, FL
17	ZF Transmissions Gray Court LLC	3,000	Manufactures Automatic Transmissions	Gray Court, SC
18	Self Regional Healthcare	2,633	General Medical & Surgical Hospitals	Greenwood, SC
19	Ingles Markets	2,633	Grocery Stores	Black Mountain, NC
20	Greenville County	2,341	County Government & Administration	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
ScanSource	$	3,047,734	Greenville, SC
AVX Corp.	$	1,791,790	Fountain Inn, SC
World Acceptance Corp.	$	590,029	Greenville, SC
Delta Apparel	$	431,730	Greenville, SC
Denny's Corp.	$	541,389	Spartanburg, SC
Regional Management Corp.	$	355,713	Greer, SC
Southern First Bancshares Inc.	$	107,635	Greenville, SC
Oconee Federal Financial Corp.	$	20,539	Seneca, SC

Source: Upstate SC Alliance research; SEC.gov from most recently available Annual Report

JUNE 30, 2020

Weaving the World detail *Daniel Goldstein*

Institution	Enrollment
Four Year	
Anderson University	3,543
Bob Jones University	3,008
Clemson University	25,822
Converse College	1,528
Erskine College	784
Furman University	2,828
Lander University	3,226
Limestone College	2,199
North Greenville University	2,426
Presbyterian College	1,353
Sherman College of Straight Chiropractic	432
Southern Wesleyan University	1,430
USC - Upstate	6,308
Wofford College	1,720
Two Year	
Greenville Technical College	11,123
Piedmont Technical College	4,747
Spartanburg Community College	4,633
Spartanburg Methodist College	934
Tri-County Technical College	6,181
University of South Carolina - Union	1,153
Total Enrollment	85,378

Source: SC Commission on Higher Education, Fall 2020 Enrollment

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

Upcountry Vistas
Melissa Anderson

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 Greenville-Spartanburg Airport District (Airport), which comprise the statement of net position as of June 30, 2020, 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 October 26, 2020.

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) as a basis for designing 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.

PRAXITY

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Indianapolis, Indiana
October 26, 2020

BKD
CPAs & Advisors

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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 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, 2020. 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 program.

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, 2020.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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
October 26, 2020

Project Number and Description (Notes 1 and 2)	CFDA Number	Total Project Costs Incurred July 1, 2019 to June 30, 2020	Total Project Costs Incurred Cumulative to June 30, 2020	Total Federal Expenditures July 1, 2019 to June 30, 2020	Grant Status - Grant Funds Received from FAA July 1, 2019 to June 30, 2020	Grant Status - Grant Funds Received from FAA Cumulative to June 30, 2020	Grant Status - Grant Funds Received from FAA Maximum Federal Participation
Department of Transportation - Federal Aviation Administration							
Grant No. 3-45-0028-53 Cargo Apron Expansion Design, Update Airport Master Plan, Rehabilitate Apron (5.6K SY-Phase4), ARFF Building Design, & Snow Removal Equipment	20.106	-	4,343,904	-	-	3,365,133	4,138,888
Grant No. 3-45-0028-54 Cargo Apron Expansion	20.106	-	12,438,221	-	5,833,766	11,194,334	11,194,334
Grant No. 3-45-0028-55 Cargo Apron Expansion Phase II	20.106	5,847,131	6,773,716	5,262,418	5,004,387	5,004,387	6,337,551
Grant No. 3-45-0028-56 Acquire ARFF Vehicle & Construct ARFF Building	20.106	5,880,701	5,880,701	3,704,842	3,322,449	3,322,449	7,812,647
Grant No. 3-45-0028-58 CARES Act	20.106	10,869,737	10,869,737	10,869,737	-	-	25,826,371
Total Federal Awards		$ 22,597,569	$ 40,306,279	$ 19,836,997	$ 14,160,602	$ 22,886,303	$ 55,309,791

Note 1—Summary of significant accounting policies

Basis of Presentation – The accompanying schedule of expenditures of federal awards for the year ended June 30, 2020, for projects in effect from June 30, 2018 through June 30, 2020, 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 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.

b. 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.

c. 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.

d. Grant agreement dated September 20, 2019, (Project #3-45-0028-56) provides funds to acquire an aircraft rescue and fire fighting vehicle as well as constructing an aircraft rescue and fire fighting building. Under the provisions of the grant agreement, the FAA is to reimburse the Airport for 90% of the allowable costs not to exceed $7,812,647.

e. Grant agreement dated May 1, 2020 (Project #3-45-0028-58) provides funds for operational or maintenance expenses or debt service payments due to decreased operations from COVID-19. Under the provisions of the grant agreement, the FAA is to reimburse the Airport for 100% of the allowable costs not to exceed $25,826,371.

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, 2020, the following projects were open:

- Project #3-45-0028-53
- Project #3-45-0028-54
- Project #3-45-0028-55
- Project #3-45-0028-56
- Project #3-45-0028-58

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, 2020.

* * * * * *

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

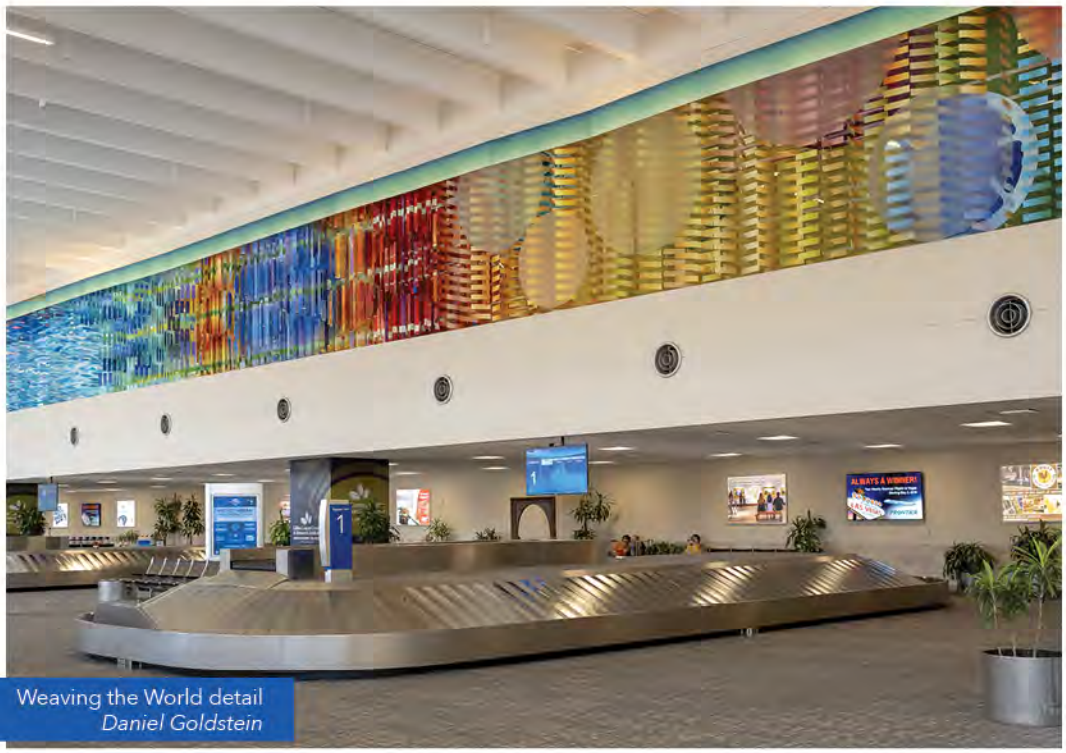
Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

Reference Number	Summary of Finding	Status
2019-001	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.	Resolved



Weaving the World detail
Daniel Goldstein

To the Sky – A Collection of Art

In 2014, The Greenville-Spartanburg Airport District initiated a program for the selection, commissioning and installation of art to complement the renovations and improvements recently completed at Greenville-Spartanburg International Airport (GSP). Through this program GSP commissioned 19 unique pieces of art created by 13 different artists featuring two-dimensional artwork, three-dimensional sculptures, multimedia and digital installations highlighting our beautiful community. The art has been incorporated into the architectural design of the facility and takes our airport to the next level – beyond simply a functional hub of transportation.

Through this program, GSP has created a venue for the exhibition of art that authentically identifies with the region and the community through three defined themes.

- Where We've Come From - celebrates the region's history as the textile capital of the world.
- Where We Live - incorporates the distinctive water and landscape of the region.
- Where We're Going – highlights our future as a center of technological innovation.

The final phase of the five-year project was completed during Fiscal Year 2020 with the installation of "Weaving the World," a moving mural by artist Daniel Goldstein. The capstone piece located in baggage claim uses forward motion to interweave the region's rich textile history and abundant resources with technology and mobility to represent where we're from, where we live and where we're going.

Throughout this financial report we have inserted images detailing some of the commissioned art on display at the airport. Enjoy.

Children at Play *Dennis Smith*

GSP INTERNATIONAL AIRPORT
ROGER MILLIKEN FIELD

gspairport.com