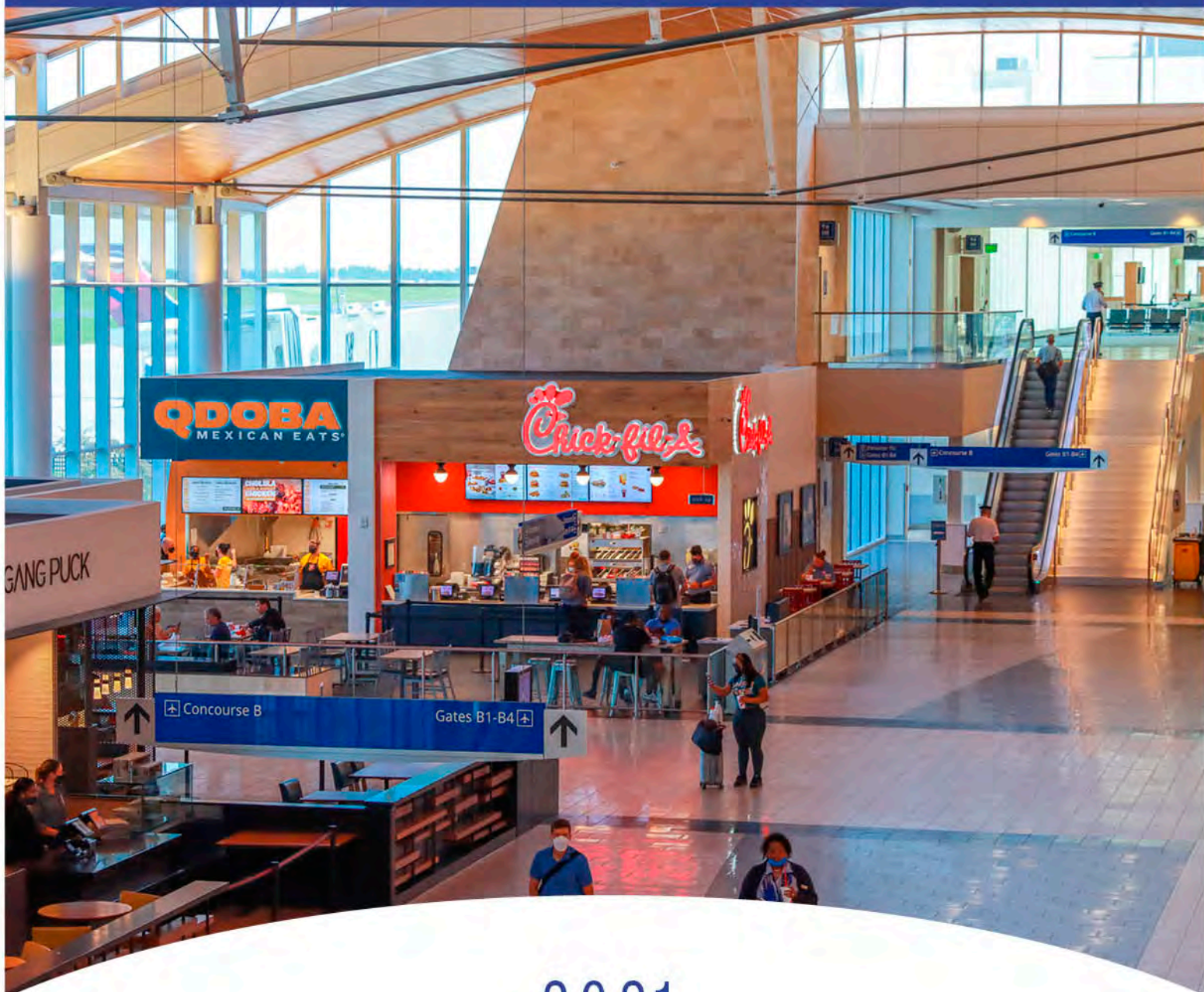




GSP^{INTERNATIONAL} AIRPORT

ROGER MILLIKEN FIELD
SOUTH CAROLINA



2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

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GREENVILLE-SPARTANBURG AIRPORT DISTRICT
(A political subdivision of the State of South Carolina)

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Years Ended June 30, 2021 and 2020

Prepared by: District's Finance Department



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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





November 5, 2021

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

The Annual Comprehensive Financial Report of the Greenville-Spartanburg Airport District (GSP, the District, or the Airport) for the fiscal years ended June 30, 2021 and 2020, 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 passenger activity decreased 40.42% to 1.2 million for fiscal year 2021 as compared to 1.9 million in fiscal year 2020. Unlike passenger traffic that experienced reduction due to the impact of the COVID-19 pandemic, the cargo operation thrived and saw tremendous growth. The cargo operation experienced a significant growth of 56.62% in fiscal year 2021 with 168.1 million pounds as compared to 111.5 million pounds in fiscal year 2020. 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 37.4% of the landed weight in fiscal year 2021, which is a significant increase from the 23.3% in fiscal year 2020.

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 2009 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.



Independent Audit

The financial statements for fiscal years 2021 and 2020 were audited by BKD, LLP, and the opinion resulting from their examination is included in this Annual Comprehensive 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. 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 ACFR 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 ACFR.

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

Acknowledgements

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

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

Respectfully submitted,

David N. Edwards, Jr.
President/CEO

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Greenville-Spartanburg Airport District
South Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



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

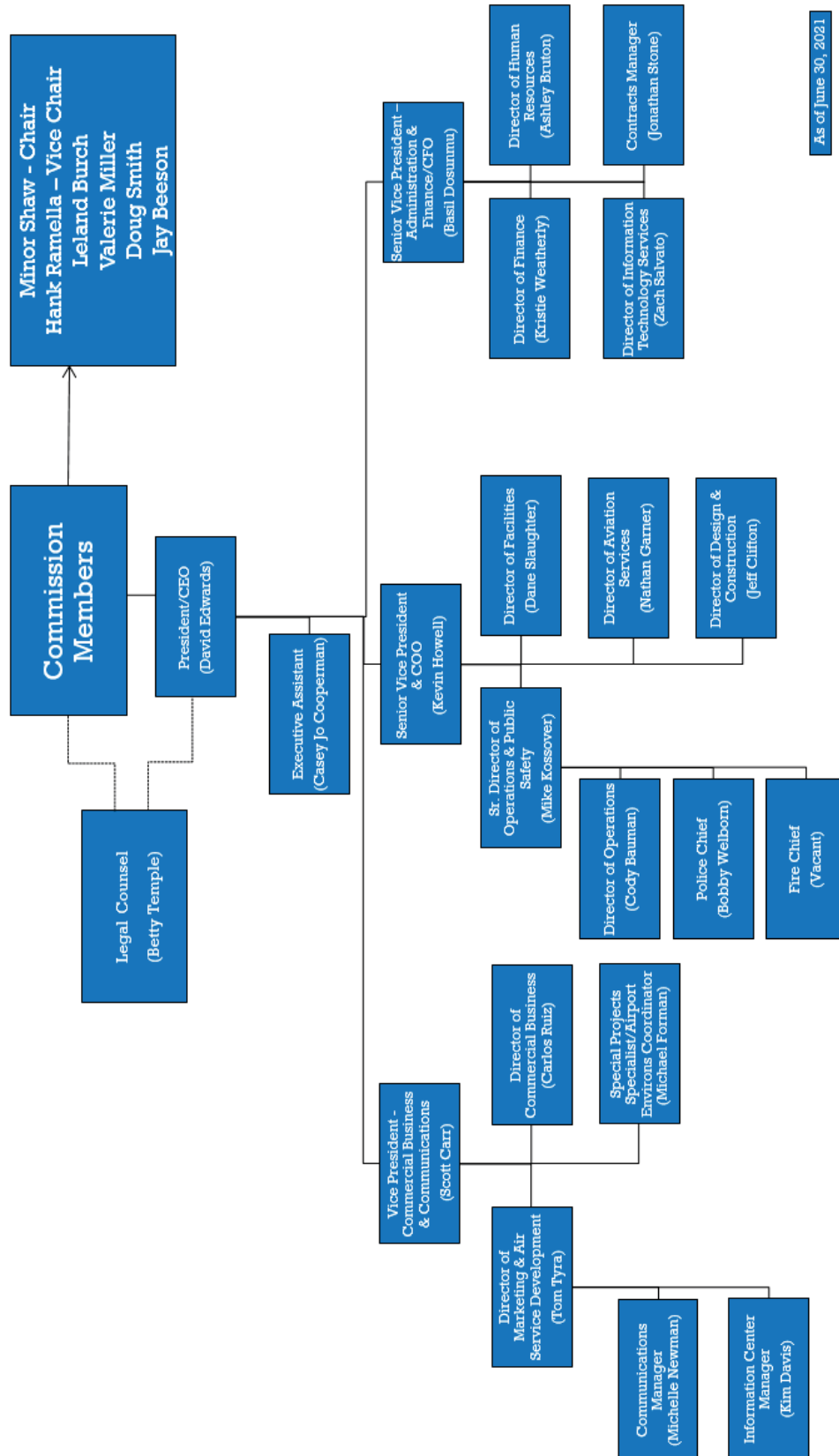
David N. Edwards, Jr.
President/Chief Executive Officer (CEO)

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)



As of June 30, 2021

FINANCIAL SECTION

This section contains the following subsections:

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



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, 2021 and 2020, 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, 2021 and 2020, 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.

Other Matters

Required Supplementary Information.

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated November 5, 2021, on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
November 5, 2021



The following Management Discussion and Analysis (MD&A) of the Airport's activities and financial performance for the fiscal years ended June 30, 2021 and 2020, 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, 2021 AND 2020

| | June 30 | | | |
|---------------------------------------|-----------------------|-----------------------|----------------------|---------------|
| | 2021 | 2020 | Change | % Change |
| Assets: | | | | |
| Cash and investments | \$ 72,144,118 | \$ 31,451,929 | \$ 40,692,189 | 129.4% |
| Funds held by trustee | - | 450,534 | (450,534) | -100.0% |
| Receivables | 8,519,494 | 18,801,596 | (10,282,102) | -54.7% |
| Capital assets - net | 299,598,776 | 286,631,729 | 12,967,047 | 4.5% |
| Other | 596,023 | 528,158 | 67,865 | 12.8% |
| Total assets | 380,858,411 | 337,863,946 | 42,994,465 | 12.7% |
| Deferred outflows of resources | 6,822,099 | 6,339,480 | 482,619 | 7.6% |
| Liabilities: | | | | |
| Current liabilities | 11,122,841 | 11,832,510 | (709,669) | -6.0% |
| Long-term liabilities | 59,164,522 | 37,048,907 | 22,115,615 | 59.7% |
| Total liabilities | 70,287,363 | 48,881,417 | 21,405,946 | 43.8% |
| Deferred inflows of resources | 894,698 | 184,892 | 709,806 | 383.9% |
| Net position: | | | | |
| Net investment in capital assets | 262,010,047 | 264,077,715 | (2,067,668) | -0.8% |
| Restricted | 13,729,426 | 9,375,981 | 4,353,445 | 46.4% |
| Unrestricted | 40,758,976 | 21,683,421 | 19,075,555 | 88.0% |
| Total net position | \$ 316,498,449 | \$ 295,137,117 | \$ 21,361,332 | 7.2% |

- 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 \$316,498,449, of which \$40,758,976 is unrestricted.
- Total assets at June 30, 2021 were \$380,858,411, which included \$42,071,434 in cash, receivables, and other, \$39,188,201 in investments, and \$299,598,776 in net capital assets. Total liabilities were \$70,287,363, which included \$23,186,683 in the unfunded portion of the pension plans and \$33,687,500 in term notes payable. The difference between the \$380,858,411 in assets plus the \$6,822,099 in deferred outflows of resources and the \$70,287,363 in liabilities plus the \$894,698 in deferred inflows of resources is categorized as Net Position (\$316,498,449). Net Position is composed of \$262,010,047 of net investment in capital assets, \$13,729,426 restricted for capital projects, and \$40,758,976 unrestricted.



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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION, JUNE 30, 2021 AND 2020

| | June 30 | | | |
|-------------------------------------|----------------|----------------|---------------|----------|
| | 2021 | 2020 | Change | % Change |
| Operating revenues: | | | | |
| Landing and other airside fees | \$ 2,520,963 | \$ 3,048,682 | \$ (527,719) | -17.3% |
| Space and ground rental fees | 10,356,976 | 12,856,267 | (2,499,291) | -19.4% |
| Concessions revenue | 9,303,434 | 16,050,117 | (6,746,683) | -42.0% |
| Expense reimbursements | 1,846,617 | 1,893,625 | (47,008) | -2.5% |
| Other revenue | 4,755,354 | 2,820,201 | 1,935,153 | 68.6% |
| Net profit on fuel sales | 4,741,137 | 3,960,865 | 780,272 | 19.7% |
| Net profit on food and beverage | 894,654 | - | 894,654 | 100.0% |
| Total operating revenues | 34,419,135 | 40,629,757 | (6,210,622) | -15.3% |
| Operating expenses: | | | | |
| Direct operating expenses | 26,005,569 | 24,989,031 | 1,016,538 | 4.1% |
| Pension | 4,612,922 | 4,338,482 | 274,440 | 6.3% |
| Depreciation | 13,462,619 | 12,240,483 | 1,222,136 | 10.0% |
| Total operating expenses | 44,081,110 | 41,567,996 | 2,513,114 | 6.0% |
| Operating income | (9,661,975) | (938,239) | (8,723,736) | 929.8% |
| Nonoperating income | 23,752,644 | 12,615,424 | 11,137,220 | 88.3% |
| Income before capital contributions | 14,090,669 | 11,677,185 | 2,413,484 | 20.7% |
| Capital contributions | 7,270,663 | 9,228,652 | (1,957,989) | -21.2% |
| Change in net position | 21,361,332 | 20,905,837 | 455,495 | 2.2% |
| Net position - beginning of year | 295,137,117 | 274,231,280 | 20,905,837 | 7.6% |
| Net position - end of year | \$ 316,498,449 | \$ 295,137,117 | \$ 21,361,332 | 7.2% |

- Total operating revenues were \$34,419,135 for the fiscal year ended June 30, 2021, down 15.3% from \$40,629,757 as compared to the prior year. Due to the impact of the COVID-19 pandemic, passenger-centric revenues such as parking and rental car concessions decreased.
- Total direct operating expenses were \$26,005,569 for the fiscal year ended June 30, 2021, up 4.1% from \$24,989,031 as compared to the prior year. This increase is mainly due to the actuarially determined OPEB expenses related to retiree insurance benefits.
- Pension expense was \$4,612,922 for the fiscal year ended June 30, 2021, up 6.3% from \$4,338,482 as compared to the prior year. This is due to an increase in the actuarially determined Pension Plan's expenses pushed down by the state to each participating entity.



GREENVILLE-SPARTANBURG AIRPORT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021 AND 2020 (UNAUDITED)

- Total non-operating income was \$23,752,644 for the fiscal year ended June 30, 2021, up 88.3% from \$12,615,424 as compared to the prior year. This increase is due to the CARES Act and CRRSA Act grant revenues and the full year receipt of Passenger Facility Charges (PFCs).
- Depreciation expense was \$13,462,619 for the fiscal year ended June 30, 2021, as compared to \$12,240,483 in the fiscal year ended June 30, 2020.
- 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 \$14,090,669 and \$11,677,185 for the fiscal years ended June 30, 2021 and 2020, respectively.
- Total capital contributions were \$7,270,663 for the fiscal year ended June 30, 2021, down 21.2% from \$9,228,652 as compared to the prior year.
- In summary, while operating revenues declined as a result of the COVID-19 pandemic during fiscal year 2021, total cash and receivables balances increased resulting in an overall improvement in the financial position of the Airport with a \$21.4 million increase in total net position.



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 | 12,615,424 | 1,220,764 | 11,394,660 | 933.4% |
| Income before capital contributions | 11,677,185 | 6,993,515 | 4,683,670 | 67.0% |
| Capital contributions | 9,228,652 | 13,126,247 | (3,897,595) | -29.7% |
| 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 nonessential 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 by the state to each participating entity.
- Total non-operating income was \$12,615,424 for the fiscal year ended June 30, 2020, up 933.4% from \$1,220,764 as compared to the prior year. This increase is mostly due to the CARES Act contributions of \$10,869,737.

JUNE 30, 2021 AND 2020 (UNAUDITED)



- 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 \$11,677,185 and \$6,993,515 for the fiscal years ended June 30, 2020 and 2019, respectively.
- Total capital contributions were \$9,228,652 for the fiscal year ended June 30, 2020, down 29.7% from \$13,126,247 as compared to the prior year.
- 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.

Description of Significant Capital Expenditures

In November 2020, the District's firefighters moved into a new aircraft rescue and firefighting (ARFF) station. At 24,000 square feet, the facility is triple the size of the previous station, and also includes updated features and comforts for crews and equipment. The station's 9,000-square-foot apparatus bay alone is bigger than the entire old station. It has five drive-through bays for a foam trailer and 10 vehicles from various manufacturers, including two new 1,500-gallon Rosenbauer Panthers that recently replaced an Oshkosh Striker and E-One Titan. A positive-pressure HVAC system keeps contaminants from the apparatus bays out of the living quarters, and Airhawk Air Purification Systems scrub and filter the air in the bays.

The District also completed the construction of a new cargo apron located south of the existing FedEx facility. This allows simultaneous cargo operations with up to two (2) 747-800 aircrafts and includes a taxiway connector to TW L, high-mast LED apron lighting and site preparation for the new air cargo facility being built under separate contract.

Further detailed information on the District'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. Interest is variable at 1 Month LIBOR plus 75 basis points. At June 30, 2021, the 1 Month LIBOR was 0.09%. Adding 0.75% gives us an interest rate of 0.84%. The term of the LOC was renewed for a period of 24 months and shall mature on September 7, 2023.

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, 2021 or June 30, 2020.

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

JUNE 30, 2021 AND 2020 (UNAUDITED)

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.

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.

CRRSA Act Grant Offer

On April 2, 2021, the United States of America acting through the U.S. Department of Transportation Federal Aviation Administration (FAA) approved the District's Grant Application for Airport Coronavirus Response Grant Program (ACRGP). The Grant is provided in accordance with the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) to provide eligible Sponsors with funding for costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments.

The purpose of the Grant is to prevent, prepare for, and respond to the coronavirus. 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 in accordance with the limitations prescribed in the Act. The maximum obligation of the United States payable to GSP is \$4,881,228.

In addition, on April 6, 2021, the United States of America acting through the U.S. Department of Transportation Federal Aviation Administration (FAA) approved the District's amendment to Grant Application for Airport Coronavirus Response Grant Program (ACRGP). The amended Grant provided relief from rent and minimum annual guarantees (MAG) obligations to each eligible airport concession at the Airport in accordance with the Coronavirus Response and Relief Appropriations Act (CRRSA Act). The maximum obligation of the United States payable to GSP is \$273,431.

Airport Rescue Grant Offer

On August 13, 2021, the United States of America acting through the U.S. Department of Transportation Federal Aviation Administration (FAA) approved the District's Grant Application for Airport Rescue Grant Application. The Grant is provided in accordance with the American Rescue Plan Act (ARP Act) to provide eligible Sponsors with funding for costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments.

The purpose of the Grant is to prevent, prepare for, and respond to the coronavirus pandemic. 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 in accordance with the limitations prescribed in the Act. The maximum obligation of the United States payable to GSP is \$11,121,484.



Financial Standpoint

Due to the District not knowing what the actual fiscal year revenue impact will be, certain financial measures were implemented to continue to explore cost saving opportunities, and be good stewards of the Airport's funds. All departments were required to evaluate their budgets for FY2021 and to reconsider expenses 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, 2021 AND 2020

KITCHEN BY WOLFGANG PUCK



| | 2021 | 2020 |
|---|---------------|---------------|
| ASSETS | | |
| Current assets: | | |
| Unrestricted assets | | |
| Cash | \$ 20,167,683 | \$ 3,479,478 |
| Receivables, net of Allowance for Doubtful Accounts | 7,578,302 | 18,449,096 |
| Inventories and prepaid insurance | 596,023 | 528,158 |
| Investments | 39,188,201 | 19,312,476 |
| Total unrestricted current assets | 67,530,209 | 41,769,208 |
| Restricted assets: | | |
| Cash | 12,788,234 | 8,659,975 |
| Receivables | 941,192 | 352,500 |
| Cash equivalents - held by Trustee | - | 450,534 |
| Total restricted current assets | 13,729,426 | 9,463,009 |
| Total current assets | 81,259,635 | 51,232,217 |
| Noncurrent assets: | | |
| Capital assets - at cost | 484,903,083 | 458,473,417 |
| Less accumulated depreciation | (185,304,307) | (171,841,688) |
| Capital assets - net | 299,598,776 | 286,631,729 |
| Total Assets | 380,858,411 | 337,863,946 |
| Deferred Outflows of Resources: | | |
| Deferred Outflow Related to State Pension Plans | 5,771,345 | 6,153,912 |
| Deferred Outflow Related to OPEB | 1,050,754 | 185,568 |
| Total deferred outflows | 6,822,099 | 6,339,480 |

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

GREENVILLE-SPARTANBURG AIRPORT DISTRICT STATEMENTS OF NET POSITION

JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|--|----------------|----------------|
| LIABILITIES | | |
| Current liabilities: | | |
| Payable from unrestricted assets: | | |
| Accounts payable | \$ 7,946,882 | \$ 7,111,825 |
| Accrued employee benefits | 1,380,827 | 1,329,265 |
| Accrued interest payable | 45,132 | - |
| Line of credit | - | 2,100,000 |
| Term notes payable - current portion | 1,750,000 | 784,392 |
| Total payable from unrestricted assets | 11,122,841 | 11,325,482 |
| Payable from restricted assets: | | |
| Accrued interest payable | - | 87,028 |
| Revenue bonds - current portion | - | 420,000 |
| Total payable from restricted assets | - | 507,028 |
| Total current liabilities | 11,122,841 | 11,832,510 |
| Noncurrent Liabilities: | | |
| Long-term employee benefits | 1,313,723 | 1,134,189 |
| Net pension liability | 23,186,683 | 21,026,615 |
| Total OPEB liability | 2,726,616 | 781,609 |
| Revenue bonds payable - net of current portion | - | 445,000 |
| Term notes payable - net of current portion | 31,937,500 | 13,661,494 |
| Total noncurrent liabilities | 59,164,522 | 37,048,907 |
| Total Liabilities | 70,287,363 | 48,881,417 |
| Deferred Inflows of Resources: | | |
| Deferred Inflow Related to State Pension Plans | 401,823 | 151,789 |
| Deferred Inflow Related to OPEB | 492,875 | 33,103 |
| Total deferred inflows | 894,698 | 184,892 |
| NET POSITION | | |
| Net investment in capital assets | 262,010,047 | 264,077,715 |
| Restricted: | | |
| Held by Trustee | - | 363,506 |
| Contract facility charges | 10,755,172 | 8,699,543 |
| Passenger facility charges | 2,974,254 | 312,932 |
| Total restricted | 13,729,426 | 9,375,981 |
| Unrestricted | 40,758,976 | 21,683,421 |
| Total Net Position | \$ 316,498,449 | \$ 295,137,117 |

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, 2021 AND 2020

KITCHEN BY WOLFGANG PUCK



| | 2021 | 2020 |
|--|----------------|----------------|
| Operating revenues: | | |
| Airside | \$ 2,520,963 | \$ 3,048,682 |
| Space and ground rental | 10,356,976 | 12,856,267 |
| Concessions | 9,303,434 | 16,050,117 |
| Other | 6,601,971 | 4,713,826 |
| Operating revenues before fuel sales | 28,783,344 | 36,668,892 |
| Gross profit on fuel sales: | | |
| Fuel sales | 6,387,621 | 5,974,437 |
| Cost of goods sold | (1,646,484) | (2,013,572) |
| Fuel sales - net | 4,741,137 | 3,960,865 |
| Gross profit on food and beverage: | | |
| Food and beverage | 1,233,081 | - |
| Cost of goods sold | (338,427) | - |
| Food and beverage - net | 894,654 | - |
| Total operating revenues | 34,419,135 | 40,629,757 |
| Operating expenses before pension and depreciation expense: | | |
| Airfield | 293,029 | 405,504 |
| Terminal building | 2,958,918 | 3,517,364 |
| Administrative | 8,478,476 | 6,800,078 |
| Maintenance and operations | 4,108,078 | 4,500,750 |
| Fire and crash department | 1,236,621 | 1,417,528 |
| Security | 1,226,727 | 1,415,737 |
| Other direct expenses | 7,703,720 | 6,932,070 |
| Total operating expenses before pension and depreciation expense | 26,005,569 | 24,989,031 |
| Operating income before pension and depreciation expense | 8,413,566 | 15,640,726 |
| Pension expense | 4,612,922 | 4,338,482 |
| Depreciation | 13,462,619 | 12,240,483 |
| Operating loss | (9,661,975) | (938,239) |
| Nonoperating revenues (expenses): | | |
| Contract facility charges | 515,374 | 1,686,421 |
| Passenger facility charges | 2,660,679 | 312,932 |
| Interest earned on accounts | 301,748 | 535,630 |
| Change in fair value of investments | (261,842) | 5,570 |
| Insurance proceeds and legal settlement | 1,048,315 | 109,445 |
| Interest expense and other financing costs | (622,923) | (904,311) |
| Federal non-capital grants | 20,111,293 | 10,869,737 |
| Nonoperating revenues - net | 23,752,644 | 12,615,424 |
| Income before capital contributions | 14,090,669 | 11,677,185 |
| Capital contributions and grants | 7,270,663 | 9,228,652 |
| Increase in net position | 21,361,332 | 20,905,837 |
| Net position: | | |
| Beginning of year | 295,137,117 | 274,231,280 |
| End of year | \$ 316,498,449 | \$ 295,137,117 |

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

GREENVILLE-SPARTANBURG AIRPORT DISTRICT

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|---|---------------|---------------|
| Cash flows from operating activities: | | |
| Cash received from providing services | \$ 34,135,046 | \$ 42,815,178 |
| Cash payments to suppliers for goods and services | (10,809,280) | (13,833,555) |
| Cash payments to employees for services | (15,221,673) | (15,068,183) |
| Net cash provided by operating activities | 8,104,093 | 13,913,440 |
| Cash flows from noncapital and related financing activities: | | |
| Federal non-capital grants | 30,702,459 | - |
| Net cash provided by capital and related financing activities | 30,702,459 | - |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (27,671,565) | (27,330,052) |
| Proceeds from issuance of term note payable | 35,000,000 | - |
| Principal payments on bond and note payable | (16,623,386) | (1,174,392) |
| Interest payment on bond and note payable | (664,819) | (860,073) |
| Borrowings on line of credit | 1,000,000 | 2,100,000 |
| Payments on line of credit | (3,100,000) | - |
| Proceeds from insurance settlement | 1,048,315 | 109,445 |
| Capital contributions | 9,891,097 | 9,920,165 |
| Contract facility charges | 424,671 | 1,789,950 |
| Passenger facility charges | 2,162,690 | 141,223 |
| Net cash provided by (used in) capital and related financing activities | 1,467,003 | (15,303,734) |
| Cash flows from investing activities: | | |
| Maturities of investment securities | 18,007,007 | 5,412,616 |
| Purchases of investment securities | (38,144,574) | (8,031,607) |
| Investment income | 229,942 | 573,204 |
| Net cash used in investing activities | (19,907,625) | (2,045,787) |
| Net increase (decrease) in cash and cash equivalents | 20,365,930 | (3,436,081) |
| Cash and cash equivalents, beginning of year | 12,589,987 | 16,026,068 |
| Cash and cash equivalents, end of year | \$ 32,955,917 | \$ 12,589,987 |
| Reconciliation to balance sheet | | |
| Unrestricted cash and cash equivalents | \$ 20,167,683 | \$ 3,479,478 |
| Restricted cash and cash equivalents | 12,788,234 | 9,110,509 |
| Cash and cash equivalents, end of year | \$ 32,955,917 | \$ 12,589,987 |

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

GREENVILLE-SPARTANBURG AIRPORT DISTRICT

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

KITCHEN BY WOLFGANG PUCK



| | 2021 | 2020 |
|---|----------------|---------------|
| Noncash Transactions from NonCapital and Related Financing Activities | | |
| CARES Act grant revenue included in accounts receivable | \$ 273,431 | \$ 10,869,737 |
| Noncash Transactions from Capital and Related Financing Activities | | |
| Capital asset acquisitions included in accounts payable | \$ 3,901,229 | \$ 5,143,128 |
| Reconciliation of operating loss to net cash provided by operating activities: | | |
| Operating loss | \$ (9,661,975) | \$ (938,239) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 13,462,619 | 12,240,483 |
| Change in assets and liabilities: | | |
| Receivables | (2,269,000) | 171,849 |
| Inventory and prepaid insurance | (67,865) | 124,244 |
| Deferred outflows related to state pension plans | 382,567 | (492,085) |
| Deferred outflows related to OPEB | (865,186) | 36,093 |
| Accounts payable | 2,076,956 | (610,037) |
| Net pension liability | 2,160,068 | 3,095,428 |
| Total OPEB liability | 1,945,007 | 69,158 |
| Accrued employee benefits | 231,096 | 162,114 |
| Deferred inflows related to state pension plans | 250,034 | 62,585 |
| Deferred inflows related to OPEB | 459,772 | (8,153) |
| Total adjustments | 17,766,068 | 14,851,679 |
| Net cash provided by operating activities | \$ 8,104,093 | \$ 13,913,440 |

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, 2021 and 2020 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 trustee funds include debt service reserve and principal and interest accounts. These cash equivalents consist primarily of money market mutual funds.

Inventories – Inventories are stated at cost.

Investments – The Airport’s investments, consisting of U.S. treasury bills and U.S. government securities at June 30, 2021 and 2020, 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.

JUNE 30, 2021 AND 2020



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 2021 and 2020 are as follows:

| | Capital Assets Acquired by FAA Grants | Other Capital Assets | Total Capital Assets |
|--|--|---------------------------------|---------------------------------|
| 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 |
| Fiscal year 2021 depreciation | 4,009,990 | 9,452,629 | 13,462,619 |
| Less - 2021 capital asset write-offs | - | - | - |
| Accumulated depreciation - June 30, 2021 | <u>\$ 91,427,422</u> | <u>\$ 93,876,885</u> | <u>\$ 185,304,307</u> |

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, 2021 and 2020. 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, 2021 and 2020, the Airport has recorded CFCs related to space and ground rental as operating revenue of \$1,835,372 and \$1,905,799, respectively, in addition to non-operating revenue consisting of the following:

| | 2021 | 2020 |
|--|-------------------|--------------------|
| Funding of Series 2001 Bonds | \$ 464,671 | \$462,292 |
| Reimbursement of Airport-funded construction costs | 329,460 | 329,460 |
| CFC surplus (deficit) | (278,757) | 894,669 |
| | <u>\$ 515,374</u> | <u>\$1,686,421</u> |

Additionally, as of June 30, 2021 and 2020, the Airport had received but not yet spent CFCs totaling \$10,483,678 and \$8,518,752, respectively, which are reported as restricted in the accompanying statements of net position until expended. The assets are included in cash at June 30, 2021 and 2020.



GREENVILLE-SPARTANBURG AIRPORT DISTRICT NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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 promulgated 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, 2021, 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 and Grants – 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 and grants.

Federal Non-Capital Grants – 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 has used for allowable costs.

CRRSA Act Contributions – During 2021, the FAA released additional funding under the Airport Coronavirus Response Grant Program ("ACRGP"), which is used for reimbursement of an airport's operational and maintenance costs starting January 20, 2020 or debt service payments starting December 27, 2020. In addition, a small portion was eligible to be used to provide relief from rent and minimal annual guarantee obligations for airport concessions. The total approved grant is for \$5,154,659, which the Airport has used for allowable costs.

As of June 30, 2021 and 2020, the Airport recognized \$20,111,293 and \$10,869,737 in the accompanying statements of revenues, expenses, and changes in net position, within nonoperating revenues, as federal non-capital grants.

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. 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, 2021 and 2020 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. 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.

Other Discrete Event – 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 measures around public gatherings and business operations in all states, the volume of air traffic took a significant hit at the beginning of the pandemic. Airlines significantly reduced the number of flights offered, while some concessionaires and rental car facilities completely closed for a period of time. 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.

JUNE 30, 2021 AND 2020

Note 3—Cash, Cash Equivalents and Investment Securities

As of June 30, 2021 and 2020, the Airport had the following cash deposits and investments:

| | 2021 | 2020 |
|-------------|----------------------|----------------------|
| Deposits | \$ 32,955,917 | \$ 12,139,453 |
| Investments | 39,188,201 | 19,763,010 |
| | <u>\$ 72,144,118</u> | <u>\$ 31,902,463</u> |

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, 2021 and 2020 follow:

| | 2021 | | | |
|--------------------------|----------------------|------------------------------|----------------------|----------------------|
| | Fair Value | Maturities (in Years) | | Moody's |
| | | Less than 1 | 1 - 5 | Credit Rating |
| U.S. government bonds | \$ 8,427,667 | \$ 4,805,923 | \$ 3,621,744 | Aaa |
| U.S. treasury securities | 30,760,534 | 10,771,791 | 19,988,743 | Aaa |
| Total investments | <u>\$ 39,188,201</u> | <u>\$ 15,577,714</u> | <u>\$ 23,610,487</u> | |



| | 2020 | | | |
|---------------------------|---------------|-----------------------|--------------|-----------------------|
| | Fair Value | Maturities (in Years) | | Moody's Credit Rating |
| | | Less than 1 | 1 - 5 | |
| 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 | |

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

GREENVILLE-SPARTANBURG AIRPORT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, 2021 and 2020:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
|---------------------------------|----------------------|---|--|
| June 30, 2021 | | | |
| Investments at fair value | | | |
| U.S. government bonds | \$ 8,427,667 | \$ - | \$ 8,427,667 |
| U.S. treasury securities | 30,760,534 | 30,760,534 | - |
| Total investments by fair value | <u>\$ 39,188,201</u> | <u>\$ 30,760,534</u> | <u>\$ 8,427,667</u> |
| 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 | <u>\$ 19,763,010</u> | <u>\$ 17,559,977</u> | <u>\$ 2,203,033</u> |

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, 2021 and 2020, there was an allowance for uncollectible accounts of \$149,500.

JUNE 30, 2021 AND 2020



Receivables (including restricted assets) consisted of the following as of June 30, 2021 and 2020:

| | 2021 | 2020 |
|---|---------------------|----------------------|
| Trade | \$ 2,572,482 | \$ 1,318,964 |
| Contract and passenger facility charges | 941,192 | 352,500 |
| FAA and other grants | 3,598,956 | 16,810,556 |
| Interest and other | 1,406,864 | 319,576 |
| | <u>\$ 8,519,494</u> | <u>\$ 18,801,596</u> |

Note 6—Capital Assets

Capital assets activity for the year ended June 30, 2021 is as follows:

| | June 30, 2020 | Transfers/ Additions | Transfers/ Disposals | June 30, 2021 |
|--|-----------------------|-------------------------|-------------------------|-----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 39,593,155 | \$ - | \$ - | \$ 39,593,155 |
| Construction-in-process | 42,305,498 | 26,429,666 | (36,694,580) | 32,040,584 |
| Total capital assets not being depreciated | <u>81,898,653</u> | <u>26,429,666</u> | <u>(36,694,580)</u> | <u>71,633,739</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 276,860,496 | 11,709,767 | - | 288,570,263 |
| Equipment | 9,492,044 | 4,130,642 | - | 13,622,686 |
| Roadways | 11,372,723 | 23,238 | - | 11,395,961 |
| Runways | 78,849,501 | 20,830,933 | - | 99,680,434 |
| Total capital assets being depreciated | <u>376,574,764</u> | <u>36,694,580</u> | <u>-</u> | <u>413,269,344</u> |
| Less accumulated depreciation | | | | |
| Buildings and equipment | (96,465,773) | (9,722,881) | - | (106,188,654) |
| Equipment | (7,045,153) | (636,685) | - | (7,681,838) |
| Roadways | (9,204,998) | (508,361) | - | (9,713,359) |
| Runways | (59,125,764) | (2,594,692) | - | (61,720,456) |
| Total accumulated depreciation | <u>(171,841,688)</u> | <u>(13,462,619)</u> | <u>-</u> | <u>(185,304,307)</u> |
| Net capital assets | <u>\$ 286,631,729</u> | <u>\$ 49,661,627</u> | <u>\$ (36,694,580)</u> | <u>\$ 299,598,776</u> |

GREENVILLE-SPARTANBURG AIRPORT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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 equipment | 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 |



Note 7—Changes in Long-Term Liabilities

Long-term obligation activity for the Airport for the years ended June 30, 2021 and 2020, is as follows:

| | Beginning Balance | Additions | 2021 | | Current Portion |
|-----------------------------|----------------------|----------------------|------------------------|----------------------|---------------------|
| | | | Reductions | Ending Balance | |
| Revenue bond | \$ 865,000 | \$ - | \$ (865,000) | \$ - | \$ - |
| Term note payable | 14,445,886 | 35,000,000 | (15,758,386) | 33,687,500 | 1,750,000 |
| Net pension liability | 21,026,615 | 3,753,019 | (1,592,951) | 23,186,683 | - |
| Total OPEB liability | 781,609 | 2,542,984 | (597,977) | 2,726,616 | - |
| Employee benefits | 2,463,454 | 231,096 | - | 2,694,550 | 1,380,827 |
| Total long-term liabilities | <u>\$ 39,582,564</u> | <u>\$ 41,527,099</u> | <u>\$ (18,814,314)</u> | <u>\$ 62,295,349</u> | <u>\$ 3,130,827</u> |

| | Beginning Balance | Additions | 2020 | | Current Portion |
|-----------------------------|----------------------|---------------------|-----------------------|----------------------|---------------------|
| | | | Reductions | Ending Balance | |
| 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 | <u>\$ 37,430,256</u> | <u>\$ 5,050,914</u> | <u>\$ (2,898,606)</u> | <u>\$ 39,582,564</u> | <u>\$ 2,533,657</u> |

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 was payable semiannually on July 1 and January 1. Annual principal installments were due on July 1 and commenced on July 1, 2003.

Under the terms of the Series 2001 Bonds, the Airport was 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, 2021 and 2020, Airport management believes the Airport is in compliance with these restrictive covenants.

The Series 2001 Bonds were fully paid off as of June 30, 2021.



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 was 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 was 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 remaining note payable are as follows:

| | Principal | Interest | Total |
|-----------|----------------------|---------------------|----------------------|
| 2022 | \$ 1,750,000 | \$ 536,832 | \$ 2,286,832 |
| 2023 | 1,750,000 | 508,265 | 2,258,265 |
| 2024 | 1,750,000 | 480,997 | 2,230,997 |
| 2025 | 1,750,000 | 451,133 | 2,201,133 |
| 2026 | 1,750,000 | 422,566 | 2,172,566 |
| 2027-2031 | 24,937,500 | 1,477,994 | 26,415,494 |
| Total | <u>\$ 33,687,500</u> | <u>\$ 3,877,787</u> | <u>\$ 37,565,287</u> |

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. Subsequent to year end, the Airport renewed its revolving line of credit to extend the maturity date to September 7, 2023. The line of credit bears an interest rate of 1-month LIBOR rate plus 0.75%. At June 30, 2021 and 2020, the applicable interest rate was 0.84% and 0.92%, respectively. For the year ended June 30, 2021, there was no balance outstanding against this line of credit. For the year ended June 30, 2020, there was \$2,100,000 in borrowings outstanding against this line of credit, which were repaid on September 4, 2020.

Note 11—Capital Contributions and Grants

For the years ended June 30, 2021 and 2020, the Airport recognized capital contributions primarily from the FAA totaling \$7,270,663 and \$9,228,652, 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, 2021:

| | | |
|-----------|----|-------------------|
| 2022 | \$ | 2,240,752 |
| 2023 | | 2,016,925 |
| 2024 | | 1,935,440 |
| 2025 | | 1,261,385 |
| 2026 | | 1,109,187 |
| 2027-2031 | | 4,704,240 |
| 2032-2036 | | 4,040,799 |
| 2037-2041 | | 3,649,921 |
| 2042-2046 | | 2,813,208 |
| 2047-2051 | | 1,077,599 |
| | \$ | <u>24,849,456</u> |

The value of the leased property is as follows:

| | | |
|-------------------------------|----|------------------|
| Buildings | \$ | 9,202,997 |
| Less accumulated depreciation | | (1,529,195) |
| | \$ | <u>7,673,802</u> |

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.

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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, 2021 and 2020. The Airport was required to contribute 15.41% for June 30, 2021 and 2020, plus an additional 0.15% for employer incidental death benefits. For the years ended June 30, 2021 and 2020, the Airport’s contributions to the plan were \$1,278,916 and \$1,298,801, respectively, and equaled the required contributions for those years.

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Pension Liability – The SCRS plan reported a liability of \$19,102,682 and \$17,461,652 for its proportionate share of the net pension liability as of June 30, 2021 and 2020, respectively. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2019 and 2018 rolled forward to the measurement 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, 2020, the Airport's proportion was 0.074761% of the total SCRS pension liability, which was a decrease of 0.001711% from its proportion of 0.076472% measured as of June 30, 2019.

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 or their surviving annuitants is increased by the lesser 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, 2021 and 2020. The Airport was required to contribute 17.84% for June 30, 2021 and 2020, plus an additional 0.20% for both employer incidental death benefits and the accidental death program. For the years ended June 30, 2021 and 2020, the Airport's contributions to the plan were \$314,035 and \$339,337, respectively, and equaled the required contributions for those years.

Pension Liability – The PORS plan reported a liability of \$4,084,001 and \$3,564,963 for its proportionate share of the net pension liability as of June 30, 2021 and 2020, respectively. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2019 and 2018 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, 2020, the Airport's proportion was 0.123153% of the total PORS pension liability, which was a decrease of 0.001238% from its proportion of 0.124391% as of June 30, 2019.

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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 | | | |
|--|----------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 2021 | | 2020 | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 220,420 | \$ 72,235 | \$12,003 | \$125,441 |
| Changes of assumptions | 23,404 | - | 351,878 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,405,162 | - | 154,594 | - |
| Changes in proportion and differences between the Airport's contributions and proportionate share of contributions | 1,904,354 | 286,334 | 3,581,831 | - |
| Contributions subsequent to the measurement date | 1,278,916 | - | 1,333,216 | - |
| | <u>\$ 4,832,256</u> | <u>\$ 358,569</u> | <u>\$ 5,433,522</u> | <u>\$ 125,441</u> |

| | Police Officers Retirement System | | | |
|--|-----------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 2021 | | 2020 | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 86,793 | \$ 17,977 | \$73,303 | \$26,348 |
| Changes of assumptions | 49,838 | - | 141,369 | - |
| Net difference between projected and actual earnings on pension plan investments | 418,192 | - | 45,201 | - |
| Changes in proportion and differences between the Airport's contributions and proportionate share of contributions | 70,231 | 25,277 | 121,180 | - |
| Contributions subsequent to the measurement date | 314,035 | - | 339,337 | - |
| | <u>\$ 939,089</u> | <u>\$ 43,254</u> | <u>\$ 720,390</u> | <u>\$ 26,348</u> |

The Airport's contributions of \$1,592,951 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 31, 2022. Total pension expense for the years ended June 30, 2021 and 2020 was \$3,718,917 and \$3,722,549, respectively, for SCRS and \$631,279 and \$582,827, 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, 2021:

| | SCRS | PORS |
|-------|---------------------|-------------------|
| 2022 | \$ 1,414,986 | \$ 190,917 |
| 2023 | 1,010,595 | 152,497 |
| 2024 | 410,623 | 131,774 |
| 2025 | 358,567 | 106,612 |
| Total | <u>\$ 3,194,771</u> | <u>\$ 581,800</u> |

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. An experience study was recently performed for the period ended June 30, 2019 and will first be used in the July 1, 2021 actuarial valuation.

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, 2019. 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.

| <u>Former Job Class</u> | <u>Males</u> | <u>Females</u> |
|---|------------------------------------|--------------------------------------|
| 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% |

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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, 2020 and 2019, 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% | 7.81% | 2.73% |
| Private Equity | 9% | 8.91% | 0.80% |
| Equity Options Strategies | 7% | 5.09% | 0.36% |
| Real Estate (Private) | 8% | 5.55% | 0.44% |
| Real Estate (REITs) | 1% | 7.78% | 0.08% |
| Infrastructure (Private) | 2% | 4.88% | 0.10% |
| Infrastructure (Public) | 1% | 7.05% | 0.07% |
| Global Tactical Asset Allocation | 7% | 3.56% | 0.25% |
| Other Opportunistic Strategies | 1% | 4.41% | 0.04% |
| High Yield Bonds/Bank Loans | 4% | 4.21% | 0.17% |
| Emerging Markets Debt | 4% | 3.44% | 0.14% |
| Private Debt | 7% | 5.79% | 0.40% |
| Core Fixed Income | 13% | 1.60% | 0.21% |
| Cash and Short Duration (Net) | 1% | 0.56% | 0.01% |
| Total Expected Return | 100% | | 5.80% |
| Inflation for Actuarial Purposes | | | 2.25% |
| Total Expected Nominal Return | | | 8.05% |

Discount Rate – The discount rate used to measure the total pension liability was 7.25% in the June 30, 2020 and 2019 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, 2021 | | | |
|----------------------|-----------------------------------|--|--|
| | 1.00% Decrease (6.25%) | Current Discount Rate (7.25%) | 1.00% Increase Rate (8.25%) |
| SCRS | \$ 23,675,432 | \$ 19,102,682 | \$ 15,284,381 |
| PORS | \$ 5,406,530 | \$ 4,084,001 | \$ 3,022,095 |

| 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 |

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 80% of the retiree's medical and dental insurance premiums until the retiree reaches the age of 65, where the benefits are terminated, and the employee pays the other 20%. Spouses are 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:

| | 2021 | 2020 |
|--|-------------|-------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 7 | 7 |
| Inactive employees entitled to but not yet receiving benefit payments | - | - |
| Active employees | 190 | 145 |
| Total participants covered by the OPEB Plan | 197 | 152 |

GREENVILLE-SPARTANBURG AIRPORT DISTRICT

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JUNE 30, 2021 AND 2020

The Airport's total OPEB Plan liability at June 30, 2021 and 2020 was measured as of December 31, 2020 and 2019, respectively, and was determined by an actuarial valuation as of December 31, 2020 and 2018, respectively.

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:

| | 2021 | 2020 |
|---|-------|-------|
| Discount Rate | 2.12% | 3.50% |
| Inflation Rate | 4.04% | 5.00% |
| Salary Increases | 2.00% | 2.00% |
| Healthcare Cost Trend Rates: | 7.00% | 9.50% |
| 2021 – 7.00% for 2021, 6.50% for 2022 and decreasing 0.50% per year to an ultimate rate of 4.04% in 2089. | | |
| 2020 – 9.50% for 2020, 9.00% for 2021 and decreasing 0.50% per year to an ultimate rate of 5.00% in 2028. | | |

For June 30, 2021 and 2020, 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, 2020 and 2018, respectively. Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006) and SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006) for June 30, 2021 and 2020, respectively.

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

| | 2021 | 2020 |
|--|---------------------|-------------------|
| OPEB Plan liability, beginning of year | \$ 781,609 | \$ 712,451 |
| Changes for the year: | | |
| Service cost | 372,214 | 56,084 |
| Interest | 49,748 | 30,156 |
| Changes of benefit terms | 1,035,506 | - |
| Differences between expected and actual experience | (514,071) | - |
| Change of assumptions or other inputs | 1,085,516 | 34,579 |
| Benefit payments | (83,906) | (51,661) |
| OPEB Plan Liability, end of year | <u>\$ 2,726,616</u> | <u>\$ 781,609</u> |

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 2.12% at June 30, 2021, as compared to a 3.50% rate applied for the Plan's liability at June 30, 2020. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

| | Discount Rate | | |
|------|-----------------------|--------------|----------------|
| | Current: 2.12% (2021) | | |
| | 1.00% Decrease | 3.50% (2020) | 1.00% Increase |
| 2021 | \$ 3,000,860 | \$ 2,726,616 | \$ 2,476,608 |
| 2020 | \$ 841,594 | \$ 781,609 | \$ 726,100 |

GREENVILLE-SPARTANBURG AIRPORT DISTRICT NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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The total OPEB Plan's liability of the Airport has been calculated using a health care cost trend rate of 7.00% at June 30, 2021, as compared to a 9.50% rate applied for the Plan's liability at June 30, 2020. 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: 7.00% (2021) | | |
| | 1.00% Decrease | 9.50% (2020) | 1.00% Increase |
| 2021 | \$ 2,365,206 | \$ 2,726,616 | \$ 3,170,905 |
| 2020 | \$ 688,720 | \$ 781,609 | \$ 890,569 |

For the years ended June 30, 2021 and 2020, the Airport recognized OPEB Plan expense of \$1,547,576 and \$148,758, respectively. At June 30, 2021 and 2020, the Airport reported deferred outflows and inflows of resources related to the OPEB Plan from the following sources:

| | 2021 | | 2020 | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 62,681 | \$ 467,925 | \$ 136,818 | \$ - |
| Changes of assumptions | 988,073 | 24,950 | 48,750 | 33,103 |
| | <u>\$ 1,050,754</u> | <u>\$ 492,875</u> | <u>\$ 185,568</u> | <u>\$ 33,103</u> |

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:

| | |
|------------|-------------------|
| 2022 | \$ 80,499 |
| 2023 | 55,437 |
| 2024 | 55,437 |
| 2025 | 51,546 |
| 2026 | 51,297 |
| Thereafter | 263,663 |
| | <u>\$ 557,879</u> |

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, 2021 and 2020 was \$200,554 and \$216,579, respectively.

JUNE 30, 2021 AND 2020



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, 2021 and 2020. 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

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
SCHEDULE OF THE AIRPORT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
JUNE 30, 2021



| 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 | | | | | |
| 2021 | 0.074761% | \$ 19,102,682 | \$ 8,347,053 | 228.9% | 50.7% |
| 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 | | | | | |
| 2021 | 0.123153% | \$ 4,084,001 | \$ 1,881,027 | 217.1% | 58.8% |
| 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

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

JUNE 30, 2021



| 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 | | | | | |
| 2021 | \$ 1,278,916 | \$ 1,278,916 | \$ - | \$ 8,270,134 | 15.5% |
| 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 | | | | | |
| 2021 | \$ 314,035 | \$ 314,035 | \$ - | \$ 1,740,771 | 18.0% |
| 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.

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
SCHEDULE OF CHANGES IN THE AIRPORT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2021



| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|
| Service cost | \$ 372,214 | \$ 56,084 | \$ 53,875 | \$ 53,468 | \$ 22,432 |
| Interest | 49,748 | 30,156 | 26,915 | 19,455 | 10,488 |
| Changes of benefit terms | 1,035,506 | - | - | - | - |
| Differences between expected and actual experience | (514,071) | - | 62,205 | 19,464 | 259,178 |
| Change of assumptions or other inputs | 1,085,516 | 34,579 | (41,256) | - | 64,269 |
| Benefit payments | (83,906) | (51,661) | (49,626) | (39,619) | (21,994) |
| Net change in total OPEB Plan liability | 1,945,007 | 69,158 | 52,113 | 52,768 | 334,373 |
| Total OPEB Plan liability, beginning of year | 781,609 | 712,451 | 660,338 | 607,570 | 273,197 |
| Total OPEB Plan liability, end of year | <u>\$ 2,726,616</u> | <u>\$ 781,609</u> | <u>\$ 712,451</u> | <u>\$ 660,338</u> | <u>\$ 607,570</u> |
| Covered-employee payroll | \$ 9,340,480 | \$ 5,618,353 | \$ 5,508,190 | \$ 6,908,993 | \$ 6,773,523 |
| Total OPEB Plan liability as a % of covered payroll | 29.19% | 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 – The following changes occurred for benefits: 1) The contribution rate for future retirees increased from 0% to 20%, and 2) Spouses of retiree's are now considered eligible to enroll in this plan.

Changes of Assumptions – The following changes occurred for assumptions: 1) The discount rate changed from 3.50% in 2020 to 2.12% in 2021, 2) Trend rates in subsequent years were based on the Getzen Model as updated through September 2020, 3) Mortality assumptions changed from *SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Year 2006)* to *SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006)*, 4) Morbidity factors were adjusted to reflect rates that better reflect expected underlying costs, 5) The retirement and termination assumption tables were updated based on the SCRS and PORS Actuarial Valuation Reports as of July 1, 2020, and 6) The assumed percentage of future retirees that will be married increased from 50% to 60% based on experience.

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

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

JUNE 30, 2021

escape
Lounges

QDOBA
MEXICAN EATS

Chick-fil-A

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operating revenues: | | | | | | | | | | |
| Airside | \$ 2,521 | \$ 3,049 | \$ 3,513 | \$ 3,299 | \$ 3,222 | \$ 2,957 | \$ 2,919 | \$ 2,994 | \$ 2,241 | \$ 2,423 |
| Space & Ground Rental | 10,357 | 12,856 | 11,395 | 10,525 | 8,812 | 8,710 | 8,053 | 8,012 | 6,527 | 5,932 |
| Auto Parking Concession | 6,023 | 11,792 | 15,044 | 12,262 | 11,799 | 9,773 | 9,176 | 8,684 | 8,468 | 8,482 |
| Other Concessions | 3,281 | 4,259 | 5,680 | 5,255 | 4,515 | 4,405 | 4,167 | 3,913 | 3,915 | 3,719 |
| Commercial Ground | | | | | | | | | | |
| Transportation | 208 | 397 | 441 | 123 | 147 | 151 | 150 | 171 | 190 | 178 |
| Expense Reimbursement | 1,847 | 1,894 | 2,048 | 1,590 | 1,268 | 1,273 | 1,112 | 1,024 | 668 | 531 |
| Other Income | 4,546 | 2,423 | 3,720 | 3,100 | 1,776 | 1,096 | 1,108 | 887 | 928 | 1,004 |
| Net Fuel Sales | 4,742 | 3,960 | 5,068 | 4,301 | 1,907 | - | - | - | - | - |
| Net Food and Beverage | 895 | - | - | - | - | - | - | - | - | - |
| Total operating revenues | \$ 34,420 | \$ 40,630 | \$ 46,909 | \$ 40,455 | \$ 33,446 | \$ 28,365 | \$ 26,685 | \$ 25,685 | \$ 22,937 | \$ 22,269 |
| Total enplanements | 587 | 986 | 1,251 | 1,108 | 1,031 | 1,002 | 951 | 949 | 942 | 948 |
| Operating revenues per enplaned passenger | 34.91 | 41.21 | 37.50 | 36.51 | 32.44 | 28.31 | 28.06 | 27.07 | 24.35 | 23.49 |
| Concessions revenues per enplaned passenger | 9.44 | 16.28 | 16.57 | 15.81 | 15.82 | 14.15 | 14.03 | 13.27 | 13.15 | 12.87 |
| Parking revenue per space | \$ 931 | \$ 2,547 | \$ 3,249 | \$ 2,648 | \$ 2,548 | \$ 2,111 | \$ 1,982 | \$ 1,876 | \$ 1,829 | \$ 1,832 |

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 charged 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, auto parking concessions, other concessions, commercial ground transportation, etc.

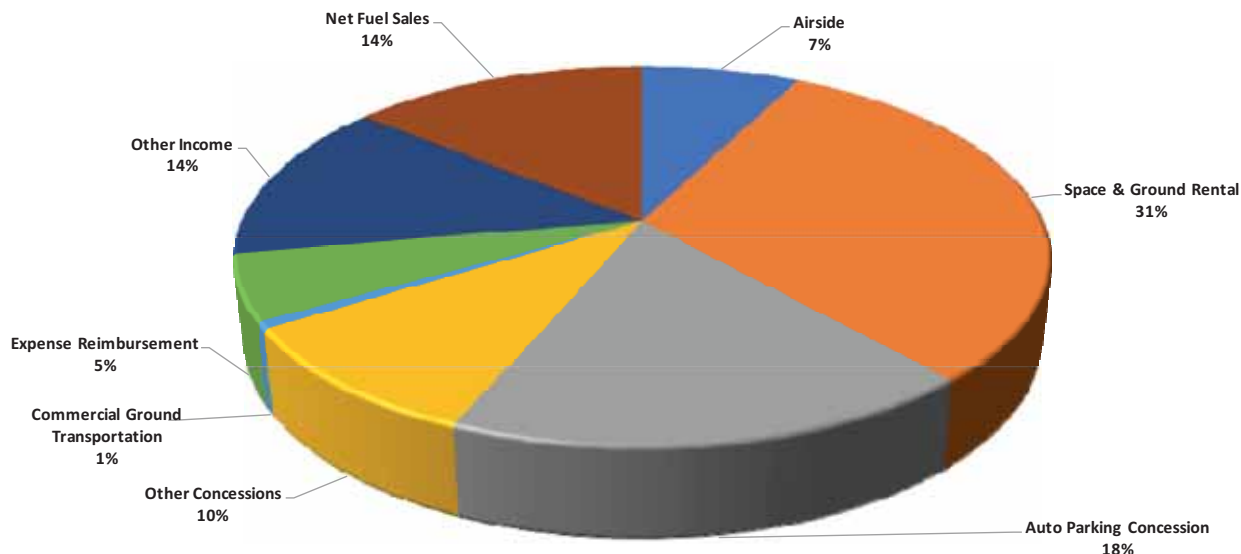
In fiscal year 2021, due to the impact of COVID-19, the District experienced approximately 40% reduction in passengers to 1.2 million which resulted in reductions to various operating revenues to include airside, auto parking concessions, other concessions, commercial ground transportation, etc. Unlike passenger traffic that experienced reduction due to the impact of the COVID-19 pandemic, the cargo operation thrived and saw tremendous growth. The cargo operation experienced a significant growth of 57% in fiscal year 2021 with 168.1 million pounds as compared to 111.5 million pounds in fiscal year 2020. Cargo carriers represented 37% of the landed weight in fiscal year 2021, which is a significant increase from the 23% in fiscal year 2020.

Source: Greenville-Spartanburg Airport District Records

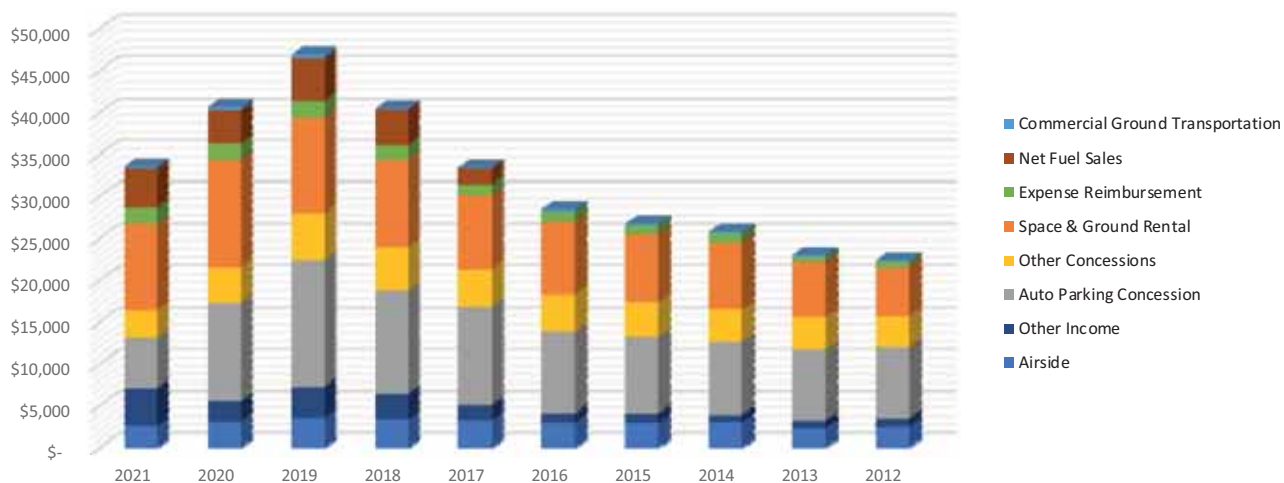
JUNE 30, 2021



2021 OPERATING REVENUES



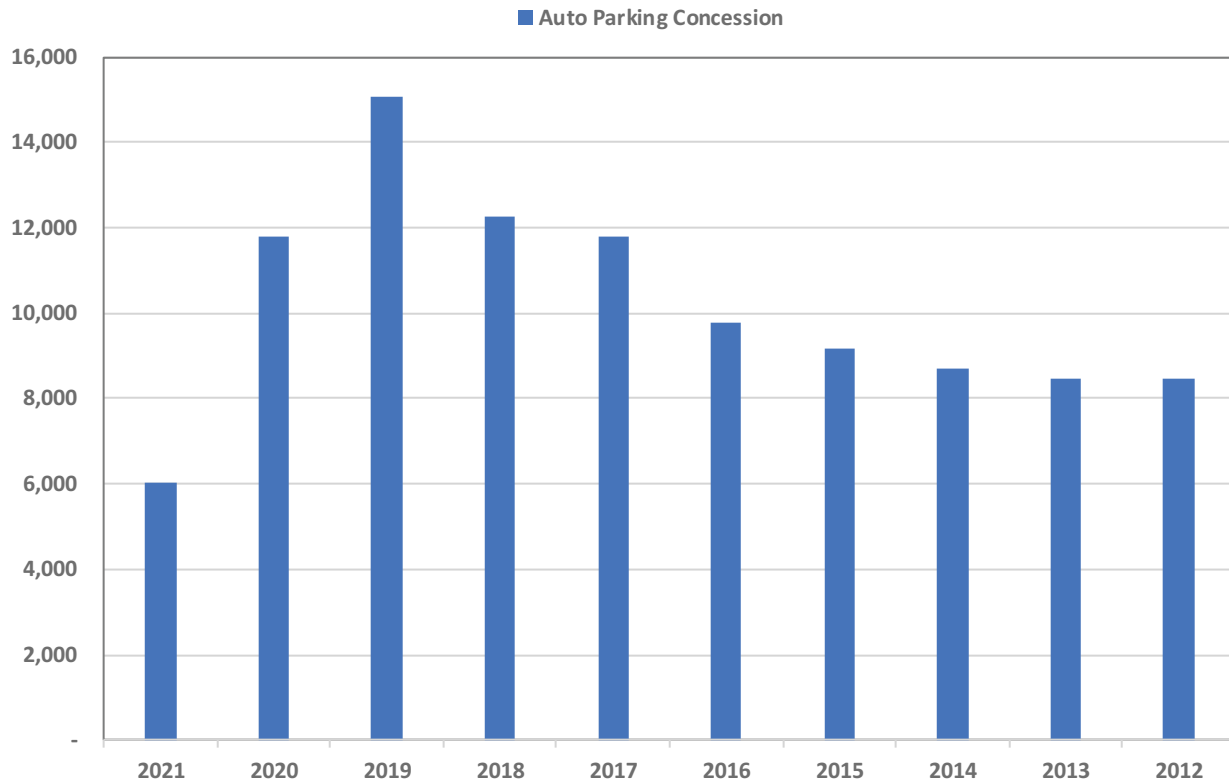
OPERATING REVENUES



Source: Greenville-Spartanburg Airport District Records

JUNE 30, 2021

PUBLIC PARKING ANALYSIS



Operating revenues have increased 54.6% since 2012. Enplanements decreased 38.1% to 586,964 compared to 947,999 ten years ago. Parking revenue decreased 29.0% since 2012. The parking spaces are broken into Garage A: 1,083; Garage B: 1,515; Economy 1: 1,562 (Closed); Economy 2: 1,441; Economy 3: 452 (Closed); and Valet: 418 (Closed). Parking continues to be one of the District's highest individual revenue source.

Source: Greenville-Spartanburg Airport District Records

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

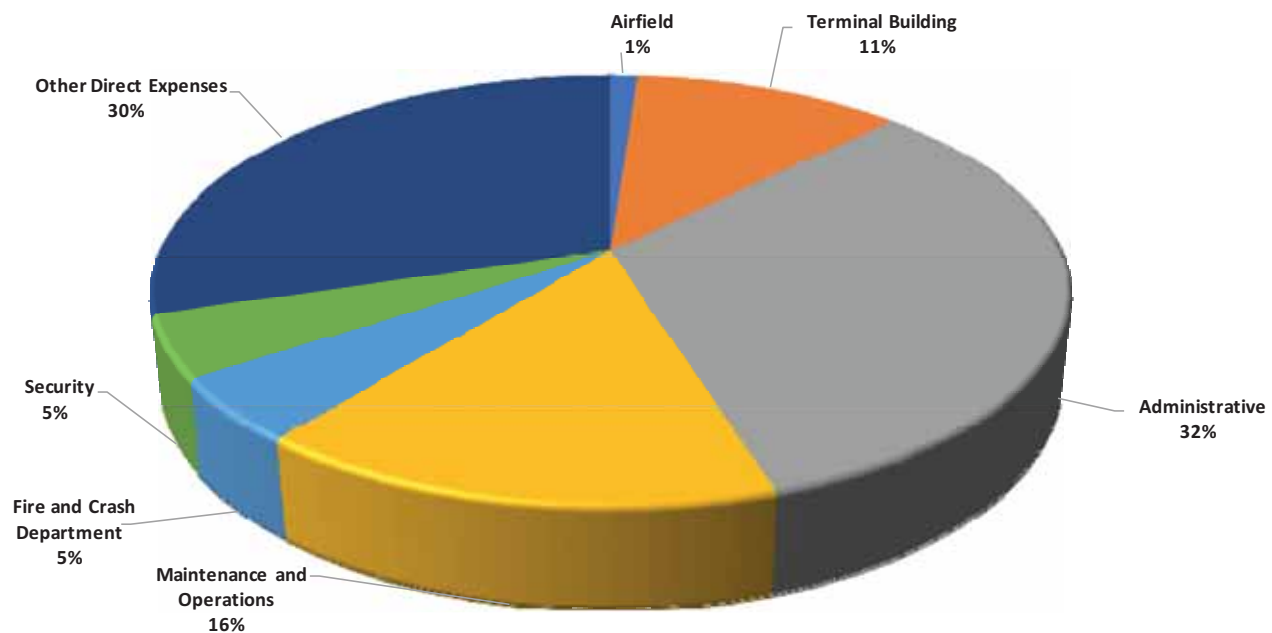
JUNE 30, 2021



| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operating expenses before loss on disposal of assets and depreciation: | | | | | | | | | | |
| Airfield | \$ 293 | \$ 406 | \$ 458 | \$ 308 | \$ 260 | \$ 293 | \$ 223 | \$ 274 | \$ 27 | \$ 260 |
| Terminal Building | 2,959 | 3,517 | 3,663 | 3,244 | 2,371 | 2,305 | 2,219 | 1,726 | 1,782 | 1,845 |
| Administrative | 8,478 | 6,800 | 7,412 | 5,612 | 6,646 | 5,035 | 4,787 | 4,120 | 3,817 | 3,425 |
| Maintenance and Operations | 4,108 | 4,501 | 4,292 | 3,941 | 3,328 | 3,081 | 3,178 | 3,105 | 2,974 | 2,676 |
| Fire and Crash Department | 1,237 | 1,418 | 1,298 | 1,220 | 1,155 | 1,045 | 1,106 | 1,041 | 1,007 | 951 |
| Security | 1,227 | 1,416 | 1,361 | 1,233 | 1,216 | 1,126 | 1,242 | 1,160 | 1,022 | 931 |
| Other Direct Expenses | 7,704 | 6,932 | 7,466 | 5,335 | 4,061 | 1,958 | 1,871 | 1,653 | 1,660 | 1,671 |
| Total operating expenses before loss on disposal of assets, depreciation, and pension expense | \$ 26,006 | \$ 24,990 | \$ 25,950 | \$ 20,893 | \$ 19,037 | \$ 14,843 | \$ 14,626 | \$ 13,079 | \$ 12,289 | \$ 11,759 |

Operating expenses have increased 121.2% since 2012. As noted earlier in early 2017, GSP opened Cerulean Aviation to run their own fixed base operators (FBOs), which has resulted in increased operating expenses. Furthermore, in fiscal year 2020, due to the impact of COVID-19, operating expenses were reduced by approximately 8% compared to the approved Budget in order to mitigate the loss of operating revenues.

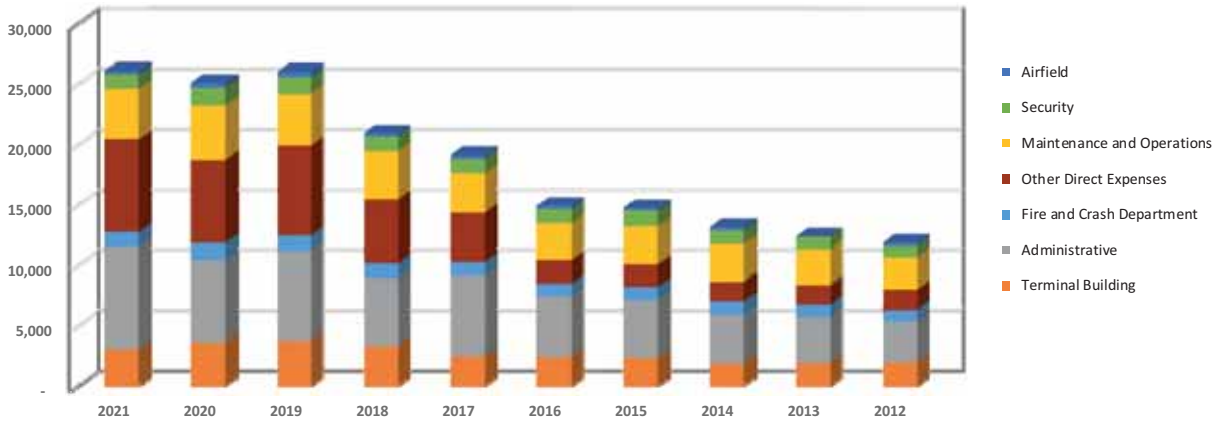
2021 OPERATING EXPENSES BEFORE DEPRECIATION AND PENSION EXPENSE



Source: Greenville-Spartanburg Airport District Records

JUNE 30, 2021

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, 2021



| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Operating revenues: | | | | | | | | | | |
| Airside | \$ 2,521 | \$ 3,049 | \$ 3,513 | \$ 3,299 | \$ 3,222 | \$ 2,957 | \$ 2,919 | \$ 2,994 | \$ 2,241 | \$ 2,423 |
| Space and ground rental | 10,357 | 12,856 | 11,395 | 10,525 | 8,812 | 8,710 | 8,053 | 8,012 | 6,527 | 5,932 |
| Auto parking concessions | 6,023 | 11,792 | 15,044 | 12,262 | 11,799 | 9,773 | 9,176 | 8,684 | 8,468 | 8,482 |
| Other concessions | 3,281 | 4,259 | 5,680 | 5,255 | 4,515 | 4,405 | 4,167 | 3,913 | 3,915 | 3,719 |
| Commercial ground transportation | 208 | 397 | 441 | 123 | 147 | 151 | 150 | 171 | 190 | 178 |
| Expense reimbursement | 1,847 | 1,894 | 2,048 | 1,590 | 1,268 | 1,273 | 1,112 | 1,024 | 668 | 531 |
| Other income | 4,546 | 2,423 | 3,720 | 3,100 | 1,776 | 1,096 | 1,108 | 887 | 928 | 1,004 |
| Operating revenues before fuel sales | 28,783 | 36,670 | 41,841 | 36,154 | 31,539 | 28,365 | 26,685 | 25,685 | 22,937 | 22,269 |
| Gross profit on fuel sales: | | | | | | | | | | |
| Fuel sales | 6,388 | 5,974 | 7,449 | 5,898 | 2,318 | - | - | - | - | - |
| Cost of goods sold | (1,646) | (2,014) | (2,381) | (1,597) | (411) | - | - | - | - | - |
| Fuel sales - net | 4,742 | 3,960 | 5,068 | 4,301 | 1,907 | - | - | - | - | - |
| Gross profit on food and beverage: | | | | | | | | | | |
| Food and beverage | 1,233 | - | - | - | - | - | - | - | - | - |
| Cost of goods sold | (338) | - | - | - | - | - | - | - | - | - |
| Food and beverage - net | 895 | - | - | - | - | - | - | - | - | - |
| Total operating revenues | 34,420 | 40,630 | 46,909 | 40,455 | 33,446 | 28,365 | 26,685 | 25,685 | 22,937 | 22,269 |
| Operating expenses before loss on disposal of assets and depreciation: | | | | | | | | | | |
| Airfield | 293 | 406 | 458 | 308 | 260 | 293 | 223 | 274 | 27 | 260 |
| Terminal building | 2,959 | 3,517 | 3,663 | 3,244 | 2,371 | 2,305 | 2,219 | 1,726 | 1,782 | 1,845 |
| Administrative | 8,478 | 6,800 | 7,412 | 5,612 | 6,646 | 5,035 | 4,787 | 4,120 | 3,817 | 3,425 |
| Maintenance and operations | 4,108 | 4,501 | 4,292 | 3,941 | 3,328 | 3,081 | 3,178 | 3,105 | 2,974 | 2,676 |
| Fire and crash department | 1,237 | 1,418 | 1,298 | 1,220 | 1,155 | 1,045 | 1,106 | 1,041 | 1,007 | 951 |
| Security | 1,227 | 1,416 | 1,361 | 1,233 | 1,216 | 1,126 | 1,242 | 1,160 | 1,022 | 931 |
| Other direct expenses | 7,704 | 6,932 | 7,466 | 5,335 | 4,061 | 1,958 | 1,871 | 1,653 | 1,660 | 1,671 |
| Total operating expenses before loss on disposal of assets and depreciation | 26,006 | 24,990 | 25,950 | 20,893 | 19,037 | 14,843 | 14,626 | 13,079 | 12,289 | 11,759 |
| Operating income before loss on disposal of assets, pension and depreciation expenses | 8,415 | 15,640 | 20,959 | 19,562 | 14,409 | 13,522 | 12,059 | 12,606 | 10,648 | 10,510 |
| Net Loss on disposal of assets | - | - | - | - | 4 | 196 | 490 | 2,027 | 60 | 182 |
| Pension | 4,613 | 4,338 | 3,154 | 2,125 | 1,178 | 834 | - | - | - | - |
| Depreciation | 13,463 | 12,240 | 12,032 | 11,804 | 10,846 | 10,129 | 9,726 | 10,051 | 9,658 | 9,240 |
| Operating income (loss) | (9,661) | (938) | 5,773 | 5,633 | 2,381 | 2,363 | 1,843 | 528 | 930 | 1,088 |
| Nonoperating revenues (expenses): | | | | | | | | | | |
| Contract facility charges | 515 | 1,686 | 1,263 | 986 | 1,154 | 1,027 | 857 | 318 | 1,514 | 1,523 |
| Passenger facility charges | 2,661 | 313 | - | - | - | - | - | - | - | - |
| Interest earned on accounts | 302 | 536 | 401 | 134 | 53 | 43 | 23 | 56 | 111 | 83 |
| Change in fair value of investments | (263) | 5 | 96 | 10 | 2 | 2 | 8 | (1) | 9 | (43) |
| Insurance proceeds and legal settlement | 1,048 | 109 | - | 536 | - | - | - | - | - | - |
| Interest and other financing costs- net | (623) | (904) | (540) | (197) | (155) | (155) | (176) | (195) | (277) | (301) |
| Nonoperating revenues - net | 3,640 | 1,745 | 1,220 | 1,469 | 1,054 | 917 | 712 | 178 | 1,357 | 1,262 |
| Income before capital contributions | (6,021) | 807 | 6,993 | 7,102 | 3,435 | 3,280 | 2,555 | 706 | 2,287 | 2,350 |
| Capital contributions | 7,271 | 9,229 | 13,126 | 5,854 | 11,936 | 3,341 | 6,524 | 8,191 | 4,631 | 2,707 |
| Capital contributions - CARES Act | 20,111 | 10,870 | - | - | - | - | - | - | - | - |
| Increase in net position | 21,361 | 20,906 | 20,119 | 12,956 | 15,371 | 6,621 | 9,079 | 8,897 | 6,918 | 5,057 |
| Cumulative effect of change in accounting principle | - | - | - | - | - | - | - | - | - | - |
| Change in net position | 21,361 | 20,906 | 20,119 | 12,956 | 15,371 | 6,621 | 9,079 | 8,897 | 6,918 | 5,057 |
| Net position: | | | | | | | | | | |
| Beginning of year | 295,137 | 274,231 | 254,112 | 241,156 | 225,935 | 219,314 | 219,451 | 210,554 | 203,636 | 198,579 |
| Cumulative effect of change in accounting principle (A) | - | - | - | - | (150) | - | (9,216) | - | - | - |
| Beginning of year, restated | 295,137 | 274,231 | 254,112 | 241,156 | 225,785 | 219,314 | 210,235 | 210,554 | 203,636 | 198,579 |
| End of year | \$ 316,498 | \$ 295,137 | \$ 274,231 | \$ 254,112 | \$ 241,156 | \$ 225,935 | \$ 219,314 | \$ 219,451 | \$ 210,554 | \$ 203,636 |

(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, 2021

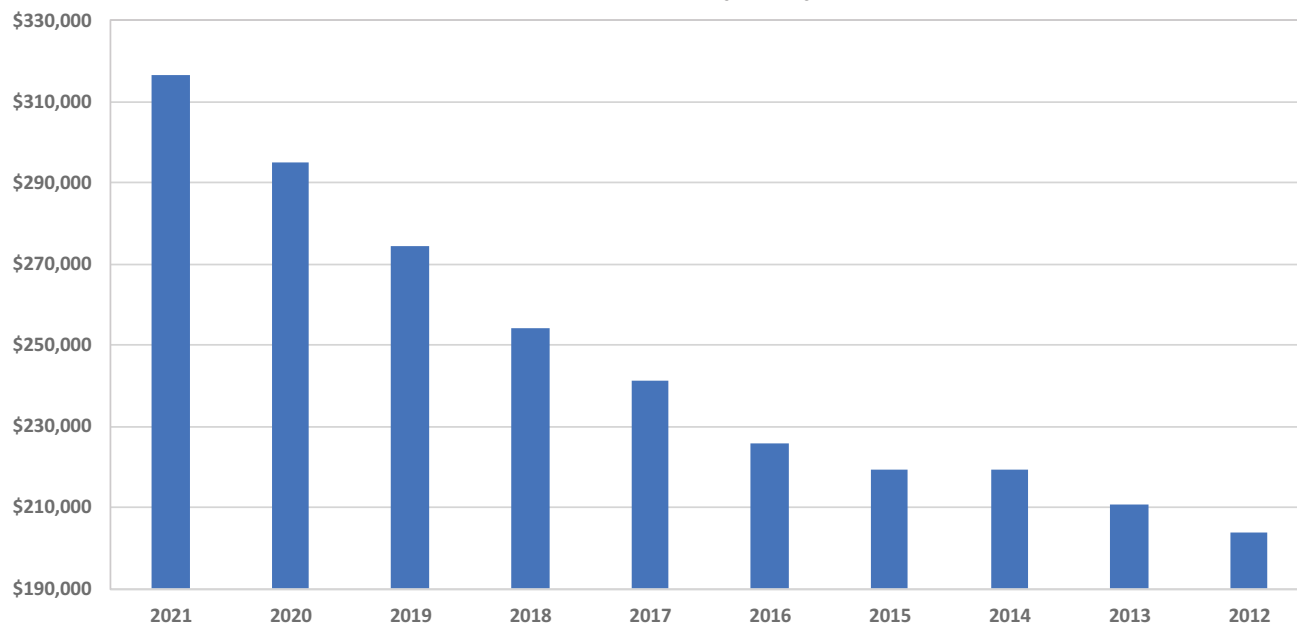
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| ASSETS | | | | | | | | | | |
| Current unrestricted assets: | | | | | | | | | | |
| Cash | \$ 20,168 | \$ 3,479 | \$ 10,261 | \$ 11,854 | \$ 6,291 | \$ 2,805 | \$ 9,621 | \$ 14,518 | \$ 5,809 | \$ 4,969 |
| Receivables | 7,578 | 18,449 | 8,480 | 2,537 | 3,339 | 3,851 | 624 | 583 | 3,089 | 465 |
| Inventories and prepaid insurance | 596 | 528 | 652 | 566 | 479 | 1,056 | 439 | 512 | 308 | 429 |
| Investments | 39,188 | 19,312 | 16,688 | 9,996 | 9,996 | 16,864 | 36,262 | 46,517 | 73,383 | 82,471 |
| Total current unrestricted assets | 67,530 | 41,768 | 36,081 | 24,953 | 20,105 | 24,576 | 46,946 | 62,130 | 82,589 | 88,334 |
| Current restricted assets: | | | | | | | | | | |
| Cash | 12,788 | 8,660 | 5,332 | 2,744 | 1,865 | - | 598 | - | - | 403 |
| Receivables | 941 | 353 | 284 | 292 | 280 | 246 | 239 | 226 | 215 | 220 |
| Investments - held by Trustee | - | 451 | 433 | 422 | 407 | 398 | 383 | 377 | 366 | 354 |
| Total current restricted assets | 13,729 | 9,464 | 6,049 | 3,458 | 2,552 | 644 | 1,220 | 603 | 581 | 977 |
| Noncurrent assets: | | | | | | | | | | |
| Deferred bond financing costs-net | - | - | - | - | - | - | - | - | - | 64 |
| Capital assets - at cost | 484,903 | 458,473 | 432,974 | 398,422 | 373,496 | 342,531 | 304,815 | 279,147 | 267,995 | 244,682 |
| Less accumulated depreciation | (185,304) | (171,842) | (159,601) | (147,569) | (135,809) | (125,933) | (116,071) | (114,066) | (131,307) | (122,897) |
| Capital Assets - net | 299,600 | 286,632 | 273,373 | 250,853 | 237,687 | 216,598 | 188,744 | 165,081 | 136,688 | 121,785 |
| Total noncurrent assets | 299,600 | 286,632 | 273,373 | 250,853 | 237,687 | 216,598 | 188,744 | 165,081 | 136,688 | 121,849 |
| Total Assets | 380,859 | 337,864 | 315,503 | 279,264 | 260,344 | 241,818 | 236,910 | 227,814 | 219,858 | 211,160 |
| Deferred Outflows of Resources: | | | | | | | | | | |
| Deferred outflow related to State Pension Plans | 5,177 | 6,154 | 5,662 | 4,535 | 2,330 | 972 | 887 | - | - | - |
| Deferred outflow related to OPEB | 1,051 | 186 | 222 | 259 | - | - | - | - | - | - |
| Total deferred outflows | 6,228 | 6,340 | 5,884 | 4,794 | 2,330 | 972 | 887 | - | - | - |
| LIABILITIES | | | | | | | | | | |
| Payable from unrestricted assets: | | | | | | | | | | |
| Accounts payable | 7,947 | 7,112 | 9,553 | 3,259 | 4,059 | 3,192 | 4,852 | 4,609 | 5,314 | 3,317 |
| Accrued employee benefits | 1,381 | 1,329 | 1,499 | 1,224 | - | - | - | - | - | - |
| Accrued interest payable | 45 | - | - | - | - | - | - | - | - | - |
| Line of credit | - | 2,100 | - | 7,194 | 2,164 | - | - | - | - | - |
| Term notes payable - current portion | 1,750 | 784 | 784 | - | - | - | - | - | - | - |
| Total payable from unrestricted assets | 11,123 | 11,325 | 11,836 | 11,677 | 6,223 | 3,192 | 4,852 | 4,609 | 5,314 | 3,317 |
| Payable from restricted assets: | | | | | | | | | | |
| Accrued interest payable | - | 87 | 43 | 55 | 67 | 78 | 88 | 97 | 106 | 114 |
| Revenue bonds - current portion | - | 420 | 390 | 365 | 340 | 320 | 295 | 280 | 260 | 240 |
| Total payable from restricted assets | - | 507 | 433 | 420 | 407 | 398 | 383 | 377 | 366 | 354 |
| Total current liabilities | 11,123 | 11,832 | 12,269 | 12,097 | 6,630 | 3,590 | 5,235 | 4,986 | 5,680 | 3,671 |
| Noncurrent liabilities: | | | | | | | | | | |
| Long-term employee benefits | 1,314 | 1,134 | 803 | 675 | 423 | 827 | 803 | 802 | 769 | 738 |
| Net pension liability | 23,187 | 21,027 | 17,931 | 15,244 | 12,214 | 10,446 | 9,311 | - | - | - |
| Total OPEB liability | 2,727 | 782 | 712 | 660 | 608 | - | - | - | - | - |
| Term notes payable - net of current portion | 31,938 | 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 |
| Total noncurrent liabilities | 59,166 | 37,049 | 34,757 | 17,834 | 14,865 | 13,233 | 12,394 | 3,377 | 3,624 | 3,853 |
| Total Liabilities | 70,288 | 48,881 | 47,026 | 29,931 | 21,495 | 16,823 | 17,629 | 8,363 | 9,304 | 7,524 |
| Deferred Inflows of Resources: | | | | | | | | | | |
| Deferred inflow related to State Pension Plans | 402 | 152 | 89 | 15 | 23 | 32 | 854 | - | - | - |
| Deferred inflow related to OPEB | 493 | 33 | 41 | - | - | - | - | - | - | - |
| Total deferred inflows | 895 | 185 | 130 | 15 | 23 | 32 | 854 | - | - | - |
| NET POSITION | | | | | | | | | | |
| Net investment in capital assets | 262,010 | 264,078 | 249,914 | 240,693 | 231,976 | 212,500 | 185,952 | 162,020 | 133,378 | 115,873 |
| Restricted: | | | | | | | | | | |
| Held by trustee | - | 364 | 390 | 367 | 340 | 320 | 295 | 280 | 259 | 240 |
| Contract facility charges | 10,755 | 8,700 | 5,617 | 2,158 | 2,146 | 2,111 | 2,100 | 1,651 | 1,477 | 623 |
| Passenger facility charges | 2,974 | 313 | - | - | - | - | - | - | - | - |
| Total restricted | 13,729 | 9,377 | 6,007 | 2,525 | 2,486 | 2,431 | 2,395 | 1,931 | 1,736 | 863 |
| Unrestricted | 40,759 | 21,682 | 18,310 | 10,894 | 6,694 | 11,004 | 30,967 | 55,500 | 75,440 | 86,900 |
| Total Net Position | \$ 316,498 | \$ 295,137 | \$ 274,231 | \$ 254,112 | \$ 241,156 | \$ 225,935 | \$ 219,314 | \$ 219,451 | \$ 210,554 | \$ 203,636 |

Source: Greenville-Spartanburg Airport District Records

JUNE 30, 2021



NET POSITION (000s)



Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT GROSS MARGIN ANALYSIS (000s)

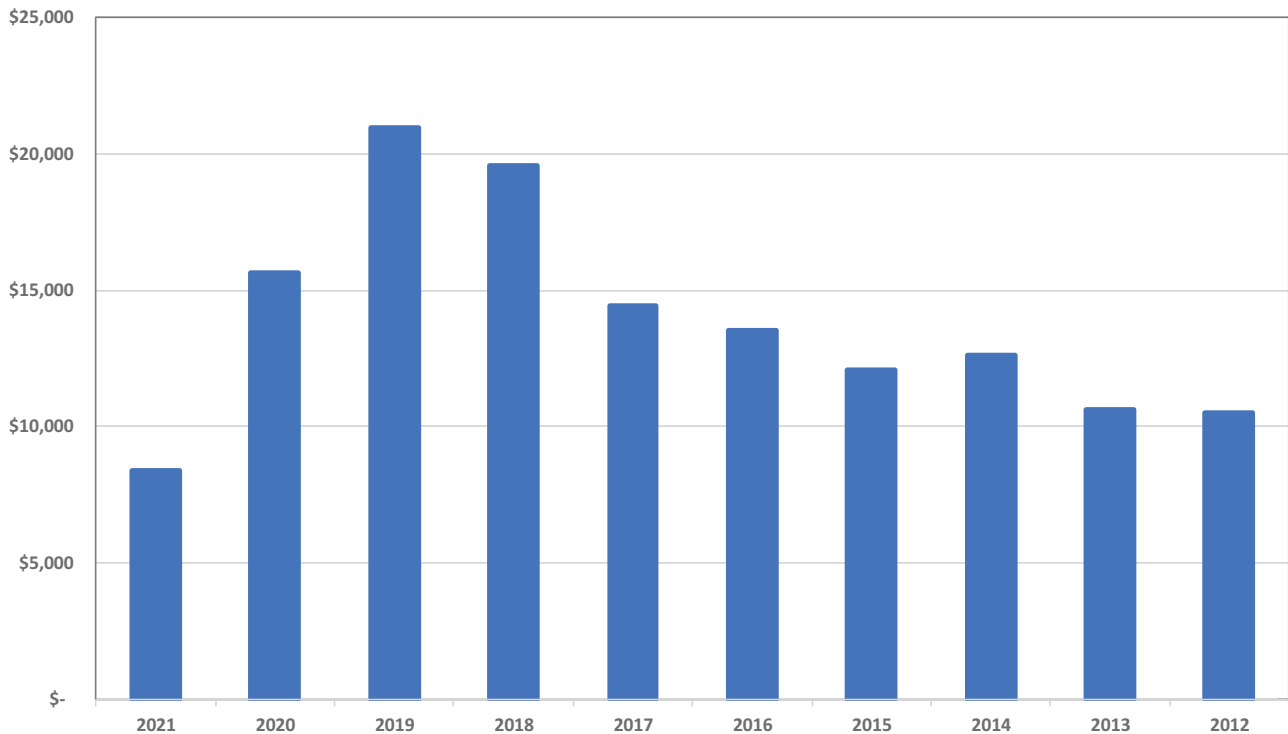
JUNE 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Operating revenues | \$ 34,420 | \$ 40,630 | \$ 46,909 | \$ 40,455 | \$ 33,446 | \$ 28,365 | \$ 26,685 | \$ 25,685 | \$ 22,937 | \$ 22,269 |
| Operating expenses | \$ 26,006 | \$ 24,990 | \$ 25,950 | \$ 20,893 | \$ 19,037 | \$ 14,843 | \$ 14,626 | \$ 13,079 | \$ 12,289 | \$ 11,759 |
| Gross margin (\$) | \$ 8,414 | \$ 15,640 | \$ 20,959 | \$ 19,562 | \$ 14,409 | \$ 13,522 | \$ 12,059 | \$ 12,606 | \$ 10,648 | \$ 10,510 |
| Gross margin (%) * | 24.4% | 38.5% | 44.7% | 48.4% | 43.1% | 47.7% | 45.2% | 49.1% | 46.4% | 47.2% |

*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. In fiscal year 2021, due to the impact of COVID-19, the District experienced approximately 40% reduction in passengers which resulted in reductions to various operating revenues to include airside, auto parking concessions, other concessions, commercial ground transportation, etc. Unlike passenger traffic that experienced reduction due to the impact of the COVID-19 pandemic, the cargo operation thrived and saw tremendous growth. The cargo operation experienced a significant growth of 57% in fiscal year 2021 with 168.1 million pounds as compared to 111.5 million pounds in fiscal year 2020.

GROSS MARGIN (000s)



Source: Greenville-Spartanburg Airport District Records

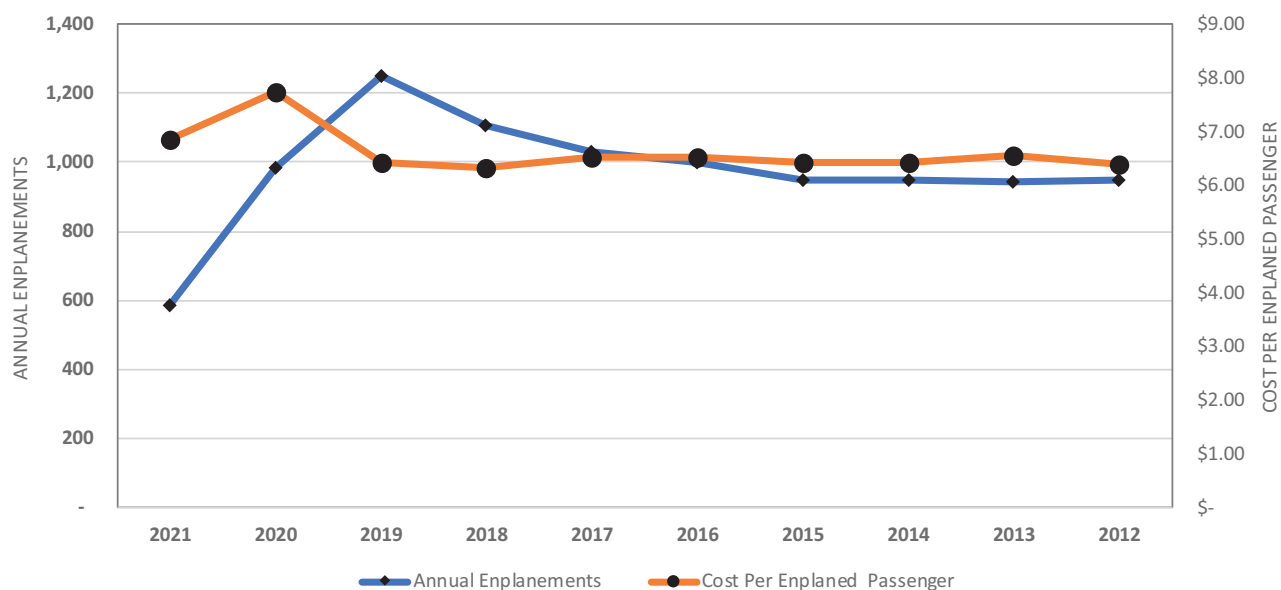
GREENVILLE-SPARTANBURG AIRPORT DISTRICT COST PER ENPLANEMENT (CPE) ANALYSIS (000s)

JUNE 30, 2021



| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Annual Enplanements | 587 | 986 | 1,251 | 1,108 | 1,031 | 1,002 | 951 | 949 | 942 | 948 |
| Landing Fees | \$ 1,319 | \$ 2,023 | \$ 2,211 | \$ 2,086 | \$ 2,127 | \$ 2,031 | \$ 1,956 | \$ 2,070 | \$ 1,842 | \$ 2,235 |
| Terminal Rent | 422 | 1,364 | 1,277 | 1,241 | 3,692 | 3,747 | 3,432 | 3,346 | 3,653 | 3,419 |
| Apron Fees & Aircraft Parking | - | 65 | 66 | 62 | 236 | 197 | 207 | 180 | 147 | 157 |
| Passenger Boarding Bridge | - | - | - | - | 317 | 316 | 280 | 332 | 332 | 113 |
| Shared Tenant Services | 84 | 71 | 56 | 48 | 63 | 46 | 46 | 36 | 2 | - |
| Security Fees | 126 | 133 | 279 | 230 | - | - | - | - | - | - |
| Refuse | - | - | - | - | 3 | 4 | 4 | 4 | 4 | 4 |
| Triturator | - | - | - | 7 | 6 | 6 | 6 | 6 | 10 | 4 |
| Per Turn Fees | 2,017 | 3,915 | 4,070 | 3,271 | 271 | 205 | 169 | 130 | 174 | 141 |
| CUSS Ticketing Stock | 29 | 57 | 58 | 48 | - | - | - | - | - | - |
| Share Use Equipment | 20 | 20 | 20 | 20 | - | - | - | - | - | - |
| Utility Reimbursement | - | - | - | - | - | - | - | - | - | - |
| Total Airline Cost | \$ 4,017 | \$ 7,646 | \$ 8,037 | \$ 7,013 | \$ 6,715 | \$ 6,552 | \$ 6,100 | \$ 6,104 | \$ 6,164 | \$ 6,073 |
| Cost Per Enplaned Passenger | \$ 6.84 | \$ 7.75 | \$ 6.42 | \$ 6.33 | \$ 6.51 | \$ 6.54 | \$ 6.41 | \$ 6.43 | \$ 6.54 | \$ 6.41 |

ANNUAL ENPLANEMENTS AND COST PER ENPLANED PASSENGER



Source: Greenville-Spartanburg Airport District Records

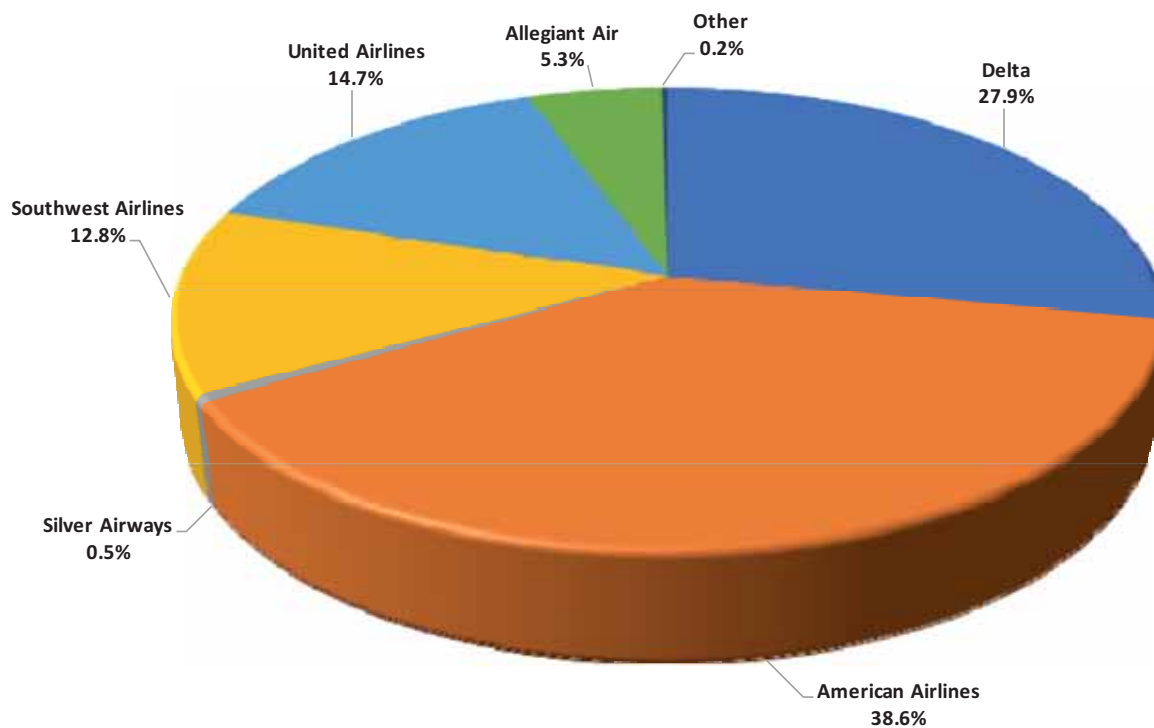
GREENVILLE-SPARTANBURG AIRPORT DISTRICT OPERATING REVENUES, EXPENSES, AND GROSS MARGIN PER ENPLANEMENT ANALYSIS (000s) JUNE 30, 2021



| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Operating Revenues Per Enplaned Passenger | \$ 34.91 | \$ 41.21 | \$ 37.50 | \$ 36.51 | \$ 32.44 | \$ 28.31 | \$ 28.06 | \$ 27.07 | \$ 24.35 | \$ 23.49 |
| Operating Expenses Per Enplaned Passenger * | 44.71 | 42.16 | 32.88 | 31.43 | 30.13 | 25.95 | 26.12 | 26.51 | 23.36 | 22.34 |
| Gross Margin per Enplaned Passenger | \$ (9.80) | \$ (0.95) | \$ 4.61 | \$ 5.08 | \$ 2.31 | \$ 2.36 | \$ 1.94 | \$ 0.56 | \$ 0.99 | \$ 1.15 |

* Operating Expenses above includes pension and depreciation expenses

2021 ENPLANEMENT MARKET SHARE



Source: Greenville-Spartanburg Airport District Records

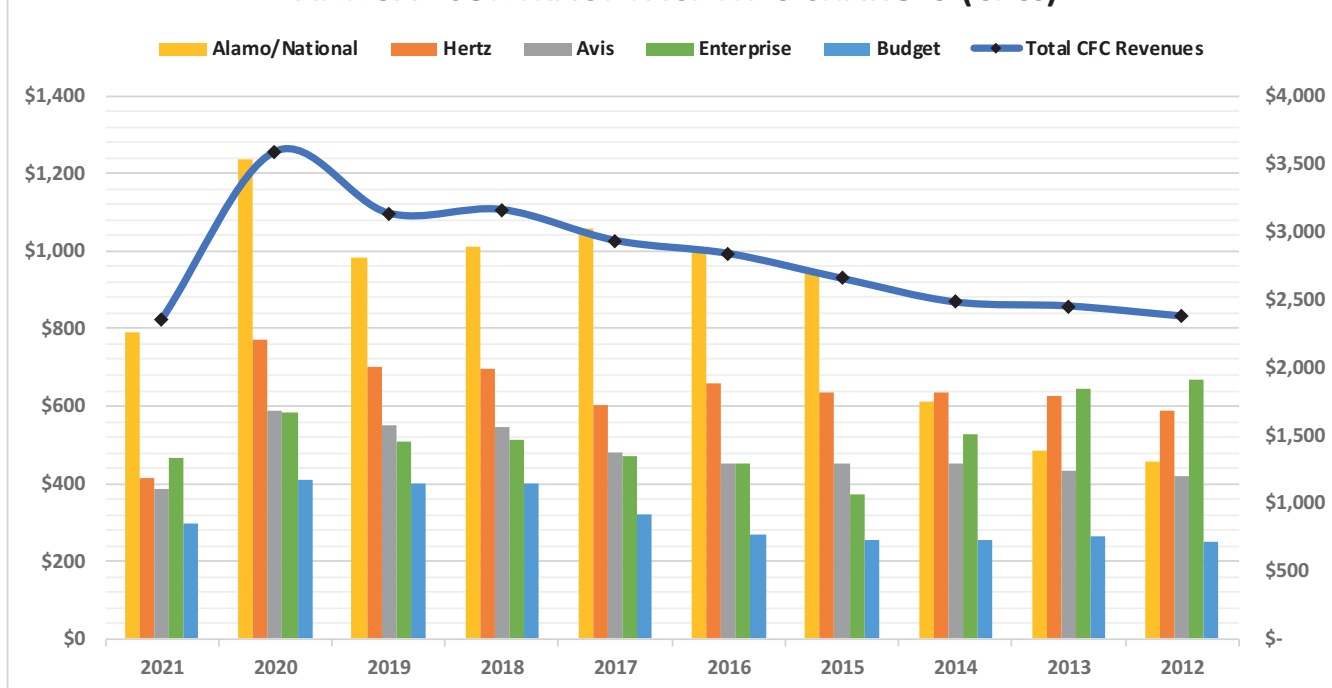
GREENVILLE-SPARTANBURG AIRPORT DISTRICT
CONTRACT FACILITY CHARGES (CFC) AND PASSENGER
FACILITY CHARGES (PFC) ANALYSIS (000s)
JUNE 30, 2021



Customer Facility Charges

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Hertz | \$ 413 | \$ 773 | \$ 700 | \$ 698 | \$ 603 | \$ 658 | \$ 637 | \$ 637 | \$ 624 | \$ 588 |
| Avis | 388 | 587 | 549 | 544 | 482 | 451 | 450 | 450 | 434 | 417 |
| Alamo/National | 790 | 1,235 | 981 | 1,009 | 1,056 | 1,008 | 942 | 614 | 487 | 458 |
| Budget | 295 | 412 | 400 | 401 | 321 | 267 | 255 | 253 | 263 | 248 |
| Enterprise | 464 | 583 | 507 | 511 | 473 | 454 | 371 | 527 | 643 | 666 |
| Total CFC Revenues | \$ 2,350 | \$ 3,590 | \$ 3,137 | \$ 3,163 | \$ 2,935 | \$ 2,838 | \$ 2,655 | \$ 2,481 | \$ 2,451 | \$ 2,377 |

ANNUAL CONTRACT FACILITIES CHARGES (CFCs)



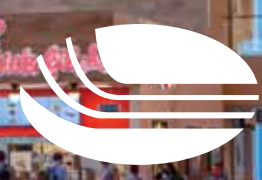
Passenger Facility Charges

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--------------------|----------|--------|------|------|------|------|------|------|------|------|
| Allegiant Air | \$ 151 | \$ 26 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| American Airlines | 1,042 | 145 | - | - | - | - | - | - | - | - |
| Delta | 725 | 59 | - | - | - | - | - | - | - | - |
| Silver Airways | 18 | - | - | - | - | - | - | - | - | - |
| Southwest Airlines | 300 | 39 | - | - | - | - | - | - | - | - |
| United Airlines | 414 | 43 | - | - | - | - | - | - | - | - |
| Other | 11 | 1 | - | - | - | - | - | - | - | - |
| Total PFC Revenues | \$ 2,661 | \$ 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, 2021



| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total Outstanding Debt | | | | | | | | | | |
| Revenue bonds | \$ - | \$ 865 | \$ 1,255 | \$ 1,620 | \$ 1,960 | \$ 2,280 | \$ 2,575 | \$ 2,855 | \$ 3,115 | \$ 3,355 |
| Term note payable | 1,782 | 14,445 | 15,230 | - | - | - | - | - | - | - |
| Line of credit | - | 2,100 | - | 7,194 | 2,164 | - | - | - | - | - |
| | <u>\$ 1,782</u> | <u>\$ 17,410</u> | <u>\$ 16,485</u> | <u>\$ 8,814</u> | <u>\$ 4,124</u> | <u>\$ 2,280</u> | <u>\$ 2,575</u> | <u>\$ 2,855</u> | <u>\$ 3,115</u> | <u>\$ 3,355</u> |
| Upstate Region Population | 1,512 | 1,512 | 1,494 | 1,479 | 1,460 | 1,441 | 1,424 | 1,408 | 1,393 | 1,383 |
| Outstanding Debt per Capita | \$ 1 | \$ 12 | \$ 11 | \$ 6 | \$ 3 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 |
| Total Enplaned Passengers | 587 | 986 | 1,251 | 1,108 | 1,031 | 1,002 | 951 | 949 | 942 | 948 |
| Outstanding Debt / Enplaned Passengers | \$ 3 | \$ 18 | \$ 13 | \$ 8 | \$ 4 | \$ 2 | \$ 3 | \$ 3 | \$ 3 | \$ 4 |
| Debt Service Coverage | | | | | | | | | | |
| Operating revenue | \$ 34,420 | \$ 40,630 | \$ 46,909 | \$ 40,455 | \$ 33,446 | \$ 28,365 | \$ 26,685 | \$ 25,685 | \$ 22,937 | \$ 22,269 |
| Less operating expenses | 26,006 | 24,990 | 25,950 | 20,893 | 19,037 | 14,843 | 14,626 | 13,079 | 12,289 | 11,759 |
| Less pension contributions | 1,593 | 1,638 | 1,482 | 1,169 | 837 | 732 | - | - | - | - |
| Income from CFC | 515 | 1,686 | 1,263 | 986 | 1,154 | 1,027 | 857 | 318 | 1,514 | 1,523 |
| Investment income | 302 | 536 | 401 | 134 | 53 | 43 | 23 | 56 | 111 | 83 |
| Coverage cash flow | <u>\$ 7,638</u> | <u>\$ 16,224</u> | <u>\$ 21,141</u> | <u>\$ 19,513</u> | <u>\$ 14,779</u> | <u>\$ 13,860</u> | <u>\$ 12,939</u> | <u>\$ 12,980</u> | <u>\$ 12,273</u> | <u>\$ 12,116</u> |
| Total debt service | <u>\$ 2,317</u> | <u>\$ 1,917</u> | <u>\$ 1,956</u> | <u>\$ 876</u> | <u>\$ 450</u> | <u>\$ 454</u> | <u>\$ 450</u> | <u>\$ 456</u> | <u>\$ 455</u> | <u>\$ 452</u> |
| Debt service coverage | 329.65% | 846.30% | 1081.01% | 2226.89% | 3280.69% | 3055.07% | 2872.17% | 2848.90% | 2699.08% | 2677.91% |

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 statements of revenues, expenses and changes in net position.

Source: Greenville-Spartanburg Airport District Records

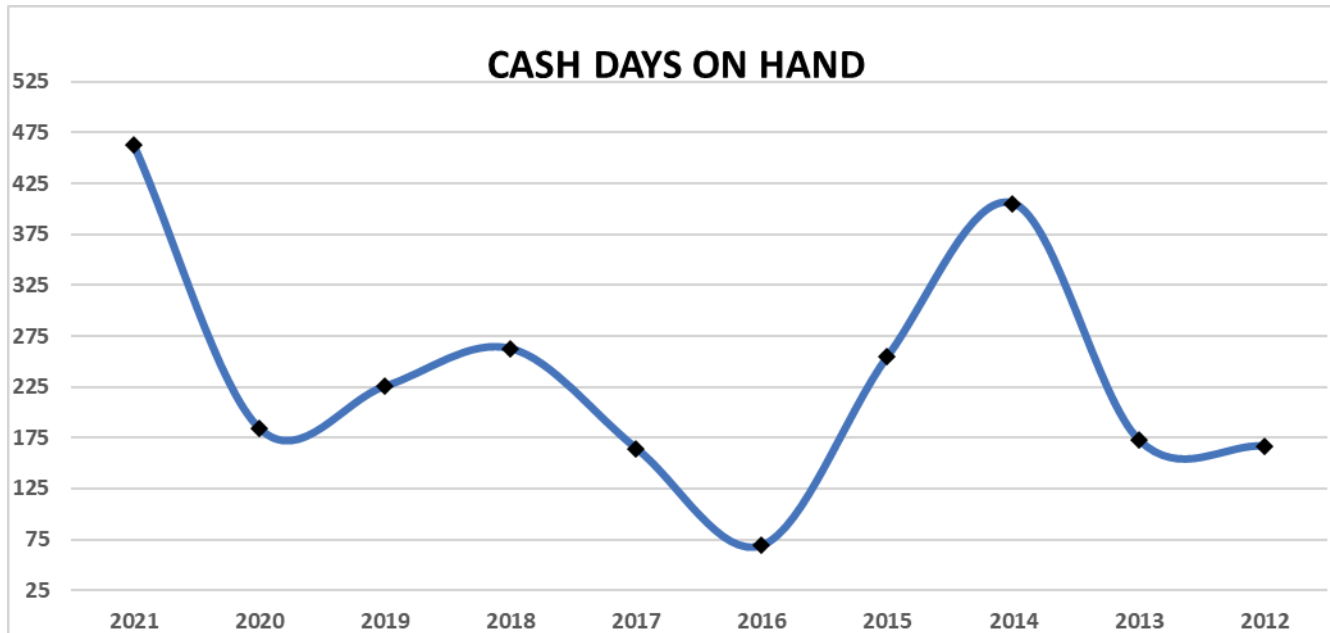
GREENVILLE-SPARTANBURG AIRPORT DISTRICT CASH FLOW SUMMARY ACTIVITIES ANALYSIS (000)

JUNE 30, 2021

Cash flows provided by (used) in:

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|------------------|-------------------|-----------------|-----------------|-----------------|-------------------|-------------------|-----------------|---------------|-----------------|
| Operating activities | \$ 8,104 | \$ 13,913 | \$ 20,993 | \$ 19,438 | \$ 15,643 | \$ 7,436 | \$ 12,398 | \$ 16,281 | \$ 10,230 | \$ 12,417 |
| Noncapital and related financing activities | \$ 30,702 | - | - | - | - | - | - | - | - | - |
| Capital and related financing activities | \$ 1,467 | \$ (15,304) | \$ (13,691) | \$ (13,125) | \$ (17,215) | \$ (34,292) | \$ (26,982) | \$ (34,494) | \$ (19,002) | \$ (12,836) |
| Investing activities | \$ (19,907) | \$ (2,046) | \$ (6,296) | \$ 143 | \$ 7,331 | \$ 19,442 | \$ 10,285 | \$ 26,921 | \$ 9,209 | \$ (433) |
| Net increase (decrease) in cash: | \$ 20,366 | \$ (3,436) | \$ 1,006 | \$ 6,456 | \$ 5,759 | \$ (7,414) | \$ (4,299) | \$ 8,708 | \$ 437 | \$ (852) |
| Beginning 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 |
| End of Year Cash and Cash Equivalents | \$ 32,956 | \$ 12,590 | \$ 16,026 | \$ 15,020 | \$ 8,564 | \$ 2,805 | \$ 10,219 | \$ 14,518 | \$ 5,810 | \$ 5,373 |
| Cash Days on Hand | 463 | 184 | 225 | 262 | 164 | 69 | 255 | 405 | 173 | 167 |

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

GREENVILLE-SPARTANBURG AIRPORT DISTRICT AIRCRAFT ACTIVITY AND WEIGHTS ANALYSIS

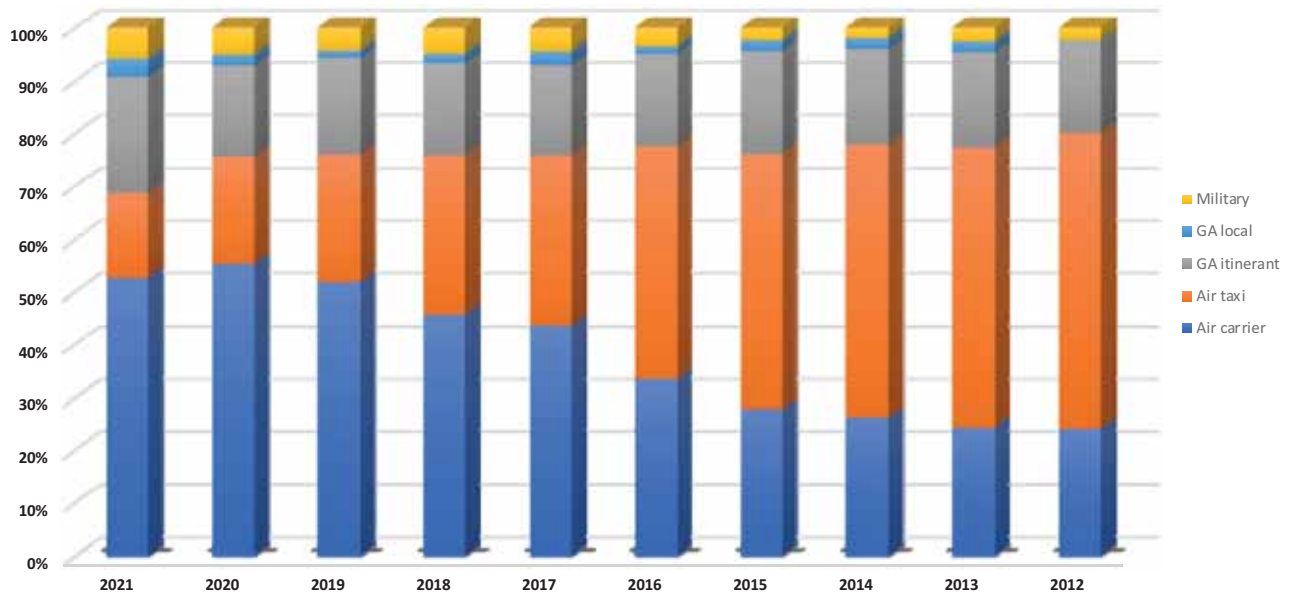
JUNE 30, 2021



| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Aircraft Operations | | | | | | | | | | |
| Air carrier | 21,440 | 25,603 | 27,020 | 21,801 | 19,370 | 14,875 | 12,440 | 11,802 | 11,704 | 11,754 |
| Air taxi | 6,549 | 9,512 | 12,654 | 14,425 | 14,343 | 19,510 | 21,592 | 23,618 | 25,751 | 27,561 |
| GA itinerant | 9,022 | 8,005 | 9,521 | 8,334 | 7,547 | 7,764 | 8,674 | 8,168 | 8,692 | 8,628 |
| Military | 2,385 | 2,354 | 2,286 | 2,377 | 2,012 | 1,601 | 1,078 | 893 | 1,289 | 1,147 |
| GA local | 1,642 | 1,380 | 943 | 674 | 787 | 1,135 | 597 | 903 | 932 | 972 |
| Aircraft Operations | 41,038 | 46,854 | 52,424 | 47,611 | 44,059 | 44,885 | 44,381 | 45,384 | 48,368 | 50,062 |
| Cargo (000s Pounds) | 168,065 | 111,537 | 118,329 | 112,449 | 81,867 | 61,657 | 60,532 | 59,349 | 58,071 | 58,008 |

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. Airlines have introduced larger, more efficient aircraft and passenger activity has increased. However, in fiscal year 2020, travel restrictions associated with the COVID-19 pandemic negatively impacted operations at airports across the nation, including GSP. While full recovery for the aviation industry is not anticipated until fiscal year 2024, the strong economy in the Upstate South Carolina region will aid GSP's efforts to restore, attract and expand service in the future.

AIRPORT OPERATIONS

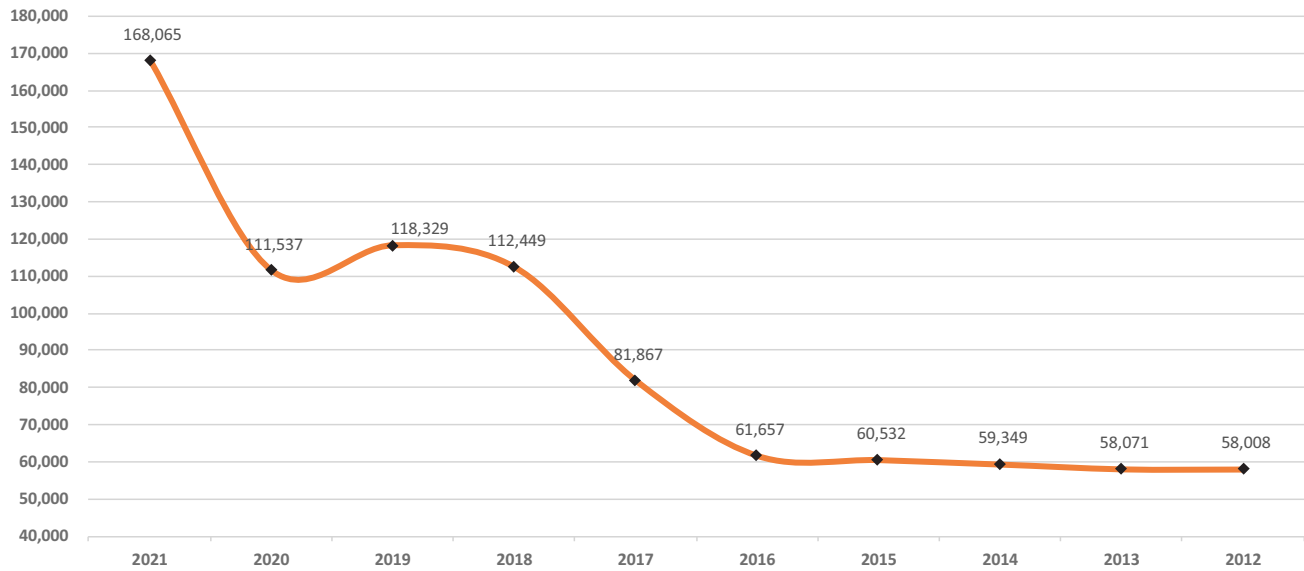


Source: Greenville-Spartanburg Airport District Records

JUNE 30, 2021



CARGO OPERATIONS (000s Pounds)



Source: Greenville-Spartanburg Airport District Records

JUNE 30, 2021



Employee Analysis

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Full time | 176.0 | 178.0 | 177.0 | 174.0 | 149.0 | 103.0 | 102.0 | 103.0 | 96.0 | 92.0 |
| Part time ¹ | 21.0 | 21.0 | 24.0 | 31.0 | 34.7 | 34.5 | 31.1 | 31.0 | 31.0 | 31.0 |
| Total Employees | 197.0 | 199.0 | 201.0 | 205.0 | 183.7 | 137.5 | 133.1 | 134.0 | 127.0 | 123.0 |

¹Part time employees include seasonal employees for all years

Major Airport Tenants

Passenger Carriers:

Allegiant Air
American Airlines
Delta Air Lines
Silver Airways
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
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
Metz Culinary Management
Paradies Lagardère
Prepango
TD Bank

Rental Car:

Alamo/National
Avis
Budget
Enterprise
Hertz

Ground Transportation:

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

Ground Handlers:

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

Vehicle Parking:

LAZ Parking LLC

Fixed Base Operator:

Cerulean Aviation

Source: Greenville-Spartanburg Airport District Records

GREENVILLE-SPARTANBURG AIRPORT DISTRICT ACCOLADES

JUNE 30, 2021



| Title | Source |
|--|---|
| <u>Life</u> | |
| Small Towns in the South For the Best Fall Color (2021) | AAA |
| #6 Best Small City in the U.S. (2021) | Conde Nast Traveler Readers' Choice Awards |
| 15 Best River Walks in the United States (2021) | Fodor's |
| The Breakout Cities on the Forefront of America's Economic Recovery (2021) | Wall Street Journal |
| Best Places to Live for Singles (Greenville #2) (2021) | Money |
| The 10 Coolest Cities with the Lowest Cost of Living in the U.S. (2021) | Yahoo Lifestyle |
| Top 2021 Town & State Park (Greenville & Table Rock) (2021) | Blue Ridge Country "Best of" Reader Poll 2021 |
| South's Best Cities on the Rise (Greenville #3) (2021) | Southern Living |
| #1 Friendliest City in the U.S. (2020) | Conde Nast Traveler Readers' Choice Awards |
| #6 Best Small City in the U.S. (2020) | Conde Nast Traveler Readers' Choice Awards |
| America's Best Small Cities (Greenville is #18) (2020) | BestCities.Org |
| 17 Best Running Routes in America (2020) | Shermans Travel |
| #11 South's Best Cities 2020 (Greenville) (2020) | Southern Living |
| South's Best Farmers' Markets (2020) | Southern Living |
| <u>Eats</u> | |
| #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 New Restaurant Semifinalist: Oak Hill Café (2020) | James Beard Foundation |
| The South's Most Tasteful Small Towns (2020) | Forbes |
| South's Best Farmers' Markets (2020) | Southern Living |
| 13 U.S. Destinations That Are Secretly Hiding Incredible Beer Scenes ("Best Under-the-Radar Beer Destinations around the U.S.") (2020) | Thrillist |
| <u>Travel</u> | |
| 18 Crowd Free Destinations to Take in Fall Foliage (2021) | TravelPulse |
| 7 Best Destinations for Fall Foliage (2021) | Well + Good |
| America's Coolest New Weekend City (2021) | Thrillist |
| Best Places to Travel (2021) | Travel + Leisure |
| Best Places To Travel (2021) | Conde Nast Traveler |
| 13 U.S. Destinations That Are Secretly Hiding Incredible Beer Scenes ("Best Under-the-Radar Beer Destinations around the U.S.") (2020) | Thrillist |
| #18 America's Best Small Cities (Greenville) (2020) | BestCities.Org |
| Best Christmas Towns That You Need To Visit This Holiday Season (GVL #26) (2020) | Country Living |
| 15 Best Christmas Destinations that Look Straight Out of a Holiday Postcard (2020) | PureWow |
| 15 Best Christmas Destinations that Look Straight Out of a Holiday Postcard (2020) | PureWow |
| Traveler's Choice Awards: Top 25 Trending Destinations in the U.S. (2020) | TripAdvisor |

Source: Visit Greenville SC www.visitgreenvillesc.com

GREENVILLE-SPARTANBURG AIRPORT DISTRICT UNEMPLOYMENT ANALYSIS

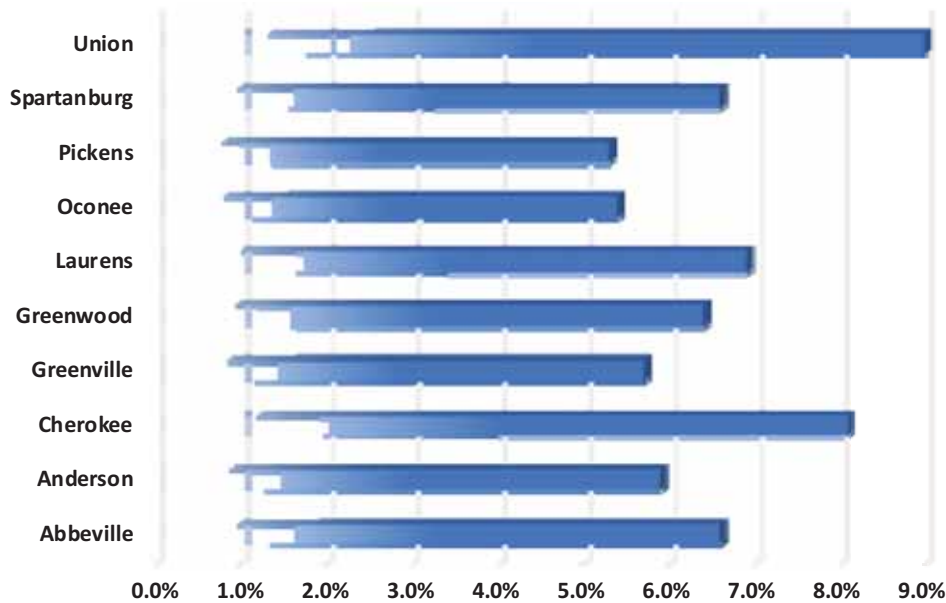
JUNE 30, 2021

Annual Average Unemployment Rate, 2012-2020 Upstate SC Counties / Upstate SC Region / US



| COUNTY/REGION | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Abbeville | 6.6% | 3.4% | 4.0% | 4.6% | 5.5% | 6.9% | 7.7% | 9.5% | 10.6% |
| Anderson | 5.9% | 2.7% | 3.4% | 3.9% | 4.6% | 5.4% | 6.0% | 7.1% | 8.9% |
| Cherokee | 8.1% | 3.1% | 4.0% | 4.9% | 5.9% | 7.1% | 8.3% | 10.5% | 12.8% |
| Greenville | 5.7% | 2.4% | 3.1% | 3.7% | 4.2% | 4.9% | 5.3% | 6.1% | 7.4% |
| Greenwood | 6.4% | 3.1% | 3.6% | 4.5% | 5.2% | 6.3% | 6.9% | 8.6% | 10.1% |
| Laurens | 6.9% | 3.0% | 3.6% | 4.4% | 5.2% | 6.6% | 7.1% | 8.6% | 10.3% |
| Oconee | 5.4% | 2.8% | 3.5% | 4.4% | 5.1% | 5.8% | 6.3% | 7.7% | 8.8% |
| Pickens | 5.3% | 2.8% | 3.5% | 4.1% | 5.0% | 5.8% | 6.3% | 7.4% | 9.0% |
| Spartanburg | 6.6% | 2.6% | 3.3% | 4.0% | 4.7% | 5.7% | 6.3% | 7.7% | 9.4% |
| Union | 9.0% | 3.5% | 4.1% | 5.4% | 6.2% | 7.9% | 8.6% | 11.3% | 13.6% |
| Upstate Region | 6.1% | 2.6% | 3.3% | 4.0% | 4.7% | 5.6% | 6.1% | 7.3% | 8.9% |
| South Carolina | 6.2% | 2.9% | 3.8% | 4.3% | 5.0% | 6.0% | 6.5% | 7.6% | 9.2% |
| United States | 8.1% | 3.7% | 3.9% | 4.3% | 4.9% | 5.3% | 6.2% | 7.5% | 8.1% |

2020 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 – 2020 Data), and US Bureau of Labor Statistics (all US figures)

(1) Upstate Region - Area served by the Upstate Alliance, consisting of the individual counties listed.

Source: Upstate SC Alliance Online Data Center, U.S. Bureau of Labor Statistics

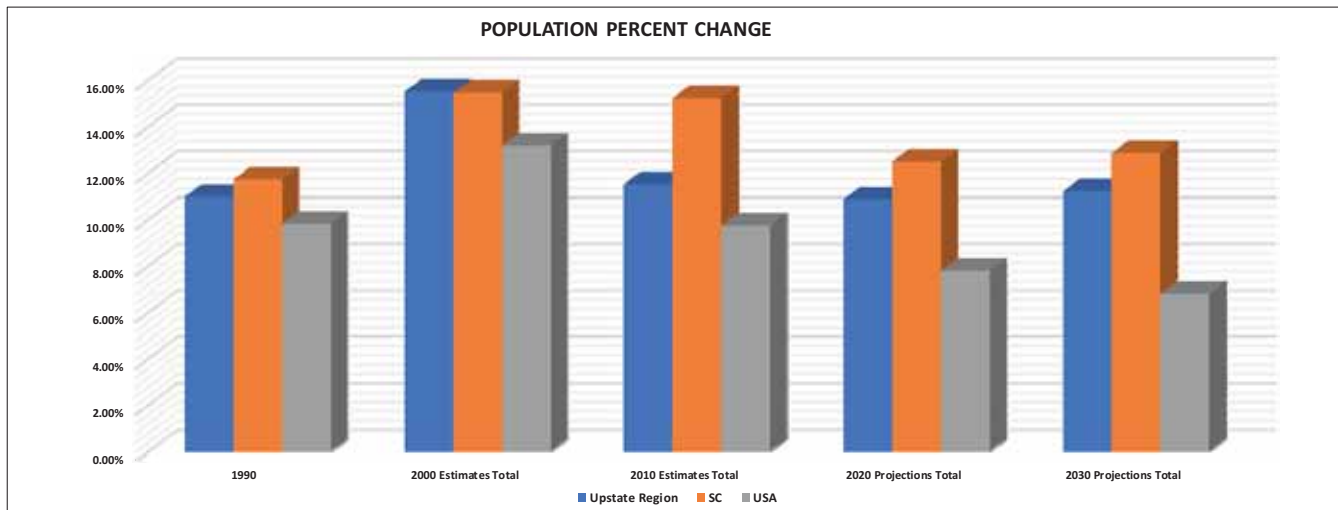
GREENVILLE-SPARTANBURG AIRPORT DISTRICT POPULATION ANALYSIS

JUNE 30, 2021

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 |



Sources: 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.

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

JUNE 30, 2021



Top 20 Employers

| 2021 | Employer | Employees* | Product or Service | U.S. Headquarters |
|------|--|------------|--|----------------------|
| 1 | Prisma Health - Upstate | 16,645 | Healthcare System | Greenville, SC |
| 2 | State of South Carolina | 12,357 | 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 | United States Government | 9,661 | Federal Government | Washington, DC |
| 6 | Spartanburg Regional Healthcare System | 9,500 | Healthcare System | Spartanburg, SC |
| 7 | Wal-Mart Stores, Inc. | 8,268 | Retail Stores & Distribution Facilities | Bentonville, AR |
| 8 | Michelin North America, Inc. | 8,000 | Tire Manufacturing Facility | Greenville, SC |
| 9 | Clemson University | 5,400 | Public Research University | Clemson, SC |
| 10 | Bon Secours St. Francis Health System | 3,985 | General Medical & Surgical Hospitals | Greenville, SC |
| 11 | AnMed Health Medical Center | 3,600 | General Medical & Surgical Hospitals | Anderson, SC |
| 12 | GE Power | 3,400 | Power Generation, Energy Delivery & Water Process Technologies | Boston, MA |
| 13 | Duke Energy Corp. | 3,293 | Utility Provider | Charlotte, NC |
| 14 | Greenville County | 2,750 | County Government & Administration | Greenville, SC |
| 15 | Ingles Markets | 2,625 | Grocery Stores | Black Mountain, NC |
| 16 | ZF Transmissions Gray Court LLC | 2,530 | Manufactures Automatic Transmissions | Gray Court, SC |
| 17 | Milliken & Company | 2,500 | Textiles Manufacturing, Floor Covering, & Specialty Chemicals | Spartanburg, SC |
| 18 | Robert Bosch, LLC | 2,270 | Manufactures Gasoline Systems & Electronic Automotive Components | Farmington Hills, MI |
| 19 | TD Bank - Greenville (#2) | 2,261 | Regional Banking Hub & Contact Center | Cherry Hill, NJ |
| 20 | Publix Super Markets, Inc. | 2,250 | Grocery Stores | Lakeland, FL |

* Ranked by Number of Employees in the Upstate area

Source: Upstate SC Alliance (www.upstatescalliance.com) and Partner Organizations

Top Public Companies

| Company | Revenues (000s) | U.S. Headquarters |
|--------------------------------|-----------------|-------------------|
| ScanSource | \$ 3,150,806 | Greenville, SC |
| World Acceptance Corp. | \$ 525,533 | Greenville, SC |
| Delta Apparel | \$ 381,035 | Greenville, SC |
| Regional Management Corp. | \$ 373,906 | Greer, SC |
| Denny's Corp. | \$ 288,605 | Spartanburg, SC |
| Southern First Bancshares Inc. | \$ 122,171 | Greenville, SC |
| Oconee Federal Financial Corp. | \$ 18,671 | Seneca, SC |

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



GREENVILLE-SPARTANBURG AIRPORT DISTRICT HIGHER EDUCATION FALL ENROLLMENT

JUNE 30, 2021

| Institution | Enrollment |
|--|------------|
| <i>Four Year</i> | |
| Anderson University | 3,848 |
| Bob Jones University | 3,029 |
| Clemson University | 26,406 |
| Converse College | 1,443 |
| Erskine College | 809 |
| Furman University | 2,567 |
| Lander University | 3,513 |
| Limestone College | 1,975 |
| North Greenville University | 2,280 |
| Presbyterian College | 1,309 |
| Sherman College of Straight Chiropractic | 423 |
| Southern Wesleyan University | 1,345 |
| USC - Upstate | 6,038 |
| Wofford College | 1,764 |
| <i>Two Year</i> | |
| Greenville Technical College | 10,536 |
| Piedmont Technical College | 4,712 |
| Spartanburg Community College | 4,108 |
| Spartanburg Methodist College | 1,052 |
| Tri-County Technical College | 5,582 |
| University of South Carolina - Union | 1,071 |
| Total Enrollment | 83,810 |

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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

**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, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2021.

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-001, that we consider to be a significant deficiency.

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*.

Airport's Response to Finding

The Airport's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Airport's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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
November 5, 2021

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, 2021. The Airport's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

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
November 5, 2021

GREENVILLE-SPARTANBURG AIRPORT DISTRICT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021



| Project Number and Description (Notes 1 and 2) | CFDA Number | Total Project Costs Incurred | | Total Federal Expenditures | Grant Status - Grant Funds Received from FAA | | |
|--|----------------|-------------------------------------|-----------------------------------|-------------------------------------|---|-----------------------------------|-------------------------------------|
| | | July 1, 2020 to June 30, 2021 | Cumulative to June 30, 2021 | July 1, 2020 to June 30, 2021 | July 1, 2020 to June 30, 2021 | Cumulative to June 30, 2021 | 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 | \$ 54,008 | \$ 4,397,912 | \$ 48,607 | \$ 13,248 | \$ 3,378,381 | \$ 4,138,888 |
| Grant No. 3-45-0028-54 Cargo Apron Expansion | 20.106 | - | 12,438,221 | - | - | 11,194,334 | 11,194,334 |
| Grant No. 3-45-0028-55 Cargo Apron Expansion Phase II | 20.106 | (41,045) | 6,732,671 | (36,940) | 436,212 | 5,440,599 | 6,337,551 |
| Grant No. 3-45-0028-56 Acquire ARFF Vehicle & Construct ARFF Building | 20.106 | 3,859,014 | 9,739,715 | 2,775,541 | 1,880,142 | 5,202,591 | 7,812,647 |
| Grant No. 3-45-0028-57 Improve Runway & Taxiway, & Expand GA Development | 20.106 | 3,642,687 | 3,642,687 | 3,642,687 | 2,218,898 | 2,218,898 | 4,159,248 |
| COVID-19: Grant No. 3-45-0028-58 CARES Act | 20.106 | 14,956,634 | 25,826,371 | 14,956,634 | 25,826,371 | 25,826,371 | 25,826,371 |
| COVID-19: Grant No. 3-45-0028-60 ACRGP | 20.106 | 4,881,228 | 4,881,228 | 4,881,228 | 4,876,228 | 4,876,228 | 4,881,228 |
| COVID-19: Grant No. 3-45-0028-61 ACRGP Concessions Relief | 20.106 | 273,431 | 273,431 | 273,431 | - | - | 273,431 |
| Total Federal Awards | | \$ 27,625,957 | \$ 67,932,236 | \$ 26,541,188 | \$ 35,251,099 | \$ 58,137,402 | \$ 64,623,698 |



Note 1—Summary of significant accounting policies

Basis of Presentation – The accompanying schedule of expenditures of federal awards for the year ended June 30, 2021, for projects in effect from June 30, 2019 through June 30, 2021, 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 July 8, 2020, (Project 3-45-0028-57) provides funds to improve runway safety areas, expand GA development and rehab the taxiway. Under the provisions of the grant agreement, the FAA is to reimburse the Airport for 100% of the allowable costs not to exceed \$4,159,248.
- f. 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.
- g. Grant agreement dated April 2, 2021 (Project #3-45-0028-60) 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 \$4,881,228.
- h. Grant agreement dated April 5, 2021 (Project #3-45-0028-61) provides relief from rent and minimum annual guarantees (MAG) obligations to each eligible airport concession. Under the provisions of the grant agreement, the FAA is to reimburse the Airport for 100% of the allowable costs not to exceed \$273,431.

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, 2021, 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 #3-45-0028-57
- Project #3-45-0028-58
- Project #3-45-0028-60
- Project #3-45-0028-61

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, 2021.

* * * * *



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)? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> None Reported |
| Material weakness(es)? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> 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)? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None Reported |
| Material weakness(es)? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> 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 |
|---------------------|---|
| 2021-001 | <p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: The Airport's internal control environment over financial reporting did not detect certain adjustments that were needed to prevent the financial statements from being misstated. These adjustments related to recording a contribution for capital received, depreciation adjustment, cutoff associated with accounts payable and a correction to the payroll accrual. (Significant Deficiency)</p> <p>Context: The Airport's Finance Department is primarily responsible for the financial reporting process. Certain adjustments were not identified by management in a timely manner as a result of delays in reviewing reconciliations. In addition, there were unusual transactions relating to termination of a concessionaire arrangement.</p> <p>Effect: Misstatements in the financial statements. Audit procedures detected adjustments necessary which increased capital assets by approximately \$1.1 million and accounts payable and accrued employee benefits by approximately \$515,000.</p> <p>Cause: The Airport's internal control environment did not identify these adjustments in a timely manner due to there not being a timely secondary review at year end.</p> <p>Recommendation: The Airport should establish and maintain an effective secondary review process over financial reporting.</p> <p>Views of Responsible Officials and Planned Corrective Action: Effective immediately, there will be a delineation between the generator and reviewer of journal entries so that there is always an objective review. The recent hire of an additional Finance staff will allow for an efficient and consistent adherence to this practice. GSP's Director of Finance is responsible for ensuring this new practice is operating effectively.</p> |



Findings Required to be Reported by the Uniform Guidance

**Reference
Number**

Finding

No matters are reportable.

GREENVILLE-SPARTANBURG AIRPORT DISTRICT
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS AND
QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021



| Reference Number | Summary of Finding | Status |
|---------------------|--------------------|--------|
|---------------------|--------------------|--------|

No matters are reportable.



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