




400 AIRWAYS AVENUE
SAVANNAH, GA 31408

912.964.0514

TO: All Bidders

FROM: 
Dawoud Stevenson
Director of Program Management

DATE: September 6, 2022

SUBJ: Savannah Airport Commission RFP 2022-0016
External Financial Auditing Services

Addendum No. 1

Attached please find Addendum No. 1 to the RFP documents. All bidders shall acknowledge the receipt of Addendum No. 1 in the place provided in the bid proposal.

CLD

ENCL: Event No. RFP2022-0016
Addendum No. 1

CC: Purchasing Files

**SAVANNAH AIRPORT
COMMISSION**

Savannah Airport Commission

(RFP2022-0016)

External Financial Auditing Services

ADDENDUM NO. 1

The following amendments, additions, deletions shall be made to the RFP documents. In so far as these documents are at variance with this Addendum No. 1 dated September 6th, 2022 the addendum shall govern:

1. Bidder Questions

1. **Q:** In article 1, Item 1 - When the RFP says "separately", do you need the 1 original and 4 copies in an envelope within the outer envelope, or the original and 4 copies should be in their own separate sealed envelope (5 individual envelopes) within the outer envelope?

A: The original, along with the copies of your bid response can be in the same envelope. There is not a need to mail separate, individual envelopes.

2. **Q:** When will the Commission be ready for the audit to begin? Do you have a preference for when fieldwork is completed? Looking at the RFP, it looks like March, but we wanted to confirm.

A: March 2023. We prefer the fieldwork to be completed during the first two weeks of March each year.

3. **Q:** When does the Commission expect completion of the ACFR and presentation to the Board?

A: The ACFR and applicable responses to the previous year's comments must be completed and ready to submit by the June 30th deadline each year. However, the draft of the ACFR must be complete for the Commission to review by mid-June of each year. The hard copies of the ACFR need to be received by the Commission prior to August 1st of each year.

4. **Q:** Does the Commission prefer onsite audit fieldwork, fully remote field work or a hybrid of the two?

A: No preference.

5. **Q:** How many auditors have been onsite for fieldwork (when fieldwork was performed 100% onsite)?

A: 2 – 4; 2 auditors on site throughout the entire fieldwork process and an additional 1 – 2 auditors intermittently throughout the fieldwork process.

6. **Q:** Please provide the level of each auditor who was onsite for fieldwork and the duration they were onsite for fieldwork.

A: Audit Partner (1-2 weeks); Senior Auditor (2 weeks); Audit Staff Accountant (2 weeks); Audit Intern (1-2 weeks)

7. **Q:** Please provide the audit fee for the Commission for the past three years (separately by year and any fees for the single audit major programs).

A: Fees include audit, ACFR preparation, single audit requirements, and additional out of scope fees.

- FY 2019 = \$32,631
- FY 2020 = \$43,250
- FY 2021 = \$53,739

8. **Q:** Are there any changes to the reporting entity or operations of the Commission anticipated during the five years contemplated by the RFP?

A: There are not any anticipated changes to the reporting entity or operations of the Commission during the five years contemplated by the RFP.

9. **Q:** If there were auditor adjustments in the prior fiscal year, how many were there and can you provide a listing of those?

A: 18 Adjusting Journal Entries. Attached.

10. **Q:** Did the Commission receive any management letter comments from the auditors for the FY2021? If so, please provide those comments.

A: ACR letter is attached.

END OF ADDENDUM NO. 1

AJE01	To record prior year CD Adjustments for unrealized gains and losses to the CD amount.			
00-00-330-00000	Retained Earnings - 7/1/1959	0.00	165,137.00	
00-00-109-21001	WCMA - CD's	165,137.00	0.00	
Total		165,137.00	165,137.00	0.00
AJE02	To record prior year Property, Plant, and Equipment adjustments reversed by SAC.			
00-00-162-00000	Buildings & Improvements	0.00	4,488,953.00	
00-00-163-00000	Runways/Taxiways/Lights	0.00	18,289,485.00	
00-00-164-00000	Capital Equipment	0.00	4,860,851.00	
00-00-166-00000	Access Roads	0.00	422,182.00	
00-00-330-00000	Retained Earnings - 7/1/1959	221,491,869.00	0.00	
00-00-169-00000	Accumulated Depreciation	0.00	193,430,398.00	
Total		221,491,869.00	221,491,869.00	0.00
AJE03	To remove prior year income from PFC from current year revenue and apply it to PFC equity (RE)			
09-39-495-99994	Non Exchange Transaction PFC F	300,533.00	0.00	
00-00-314-00000	PFC Funding	0.00	300,533.00	
Total		300,533.00	300,533.00	(300,533.00)
AJE04	To reclass income for federal, state grants and PFC funding.			
00-00-311-00000	Federal Grants After 9/90	3,256,471.00	0.00	
00-00-312-00000	State Grants After 9/90	0.00	0.00	
00-00-314-00000	PFC Funding	0.00	0.00	
09-39-495-99999	Non Exchange Transaction FAA G	0.00	3,256,471.00	
09-39-495-99997	Non Exchange Transaction State	0.00	0.00	
09-39-495-99994	Non Exchange Transaction PFC F	0.00	0.00	
Total		3,256,471.00	3,256,471.00	3,256,471.00
AJE05	To reclass CFC and GAF funding to revenue accounts.			
00-00-320-00000	CFC Funding	1,417,504.00	0.00	
00-00-321-00000	GAF Funding	51,080.00	0.00	
09-39-495-99991	Non Exchange Transaction CFC	0.00	1,417,504.00	
09-39-495-99992	Non Exchange Transaction GAF	0.00	51,080.00	
Total		1,468,584.00	1,468,584.00	1,468,584.00
AJE06	To record net pension liability not recorded by SAC in the prior year.			
00-00-178-00000	OPEB SAC - Deferred Outflows	2,321,876.00	0.00	
00-00-179-00000	Net difference btwn proj & actual	2,369,855.00	0.00	

00-00-330-00000	Retained Earnings - 7/1/1959	14,350,286.00	0.00
00-00-270-00000	OPEB SAC - Deferred Inflows	0.00	15,039.00
00-00-273-00000	Difference btwn expected and actual	0.00	2,856,255.00
00-00-274-00000	Net Pension Liability	0.00	9,341,643.00
00-00-283-00000	Other Post Emp Benefit-Retiree	2,508,717.00	0.00
00-00-284-00000	OPEB - SAC	0.00	9,337,797.00
Total		21,550,734.00	21,550,734.00
			0.00

AJE07			
To accrue for PFC charges received in 2022 relating to 2021.			
00-00-187-00001	Accounts Receivable for PFC	436,723.00	0.00
09-39-495-99994	Non Exchange Transaction PFC F	0.00	436,723.00
Total		436,723.00	436,723.00

AJE08			
To record current year depreciation expense.			
01-59-895-00000	Depreciation	3,704,758.00	0.00
02-59-895-00000	Depreciation	4,662,303.00	0.00
03-59-895-00000	Depreciation	243.00	0.00
04-59-895-00000	Depreciation	882,937.00	0.00
05-59-895-00000	Depreciation	1,812,376.00	0.00
06-59-895-00000	Depreciation	982,899.00	0.00
07-59-895-00000	Depreciation	377,816.00	0.00
08-60-895-00000	Depreciation	231,266.00	0.00
09-61-895-00000	Depreciation	143,329.00	0.00
10-59-895-00000	Depreciation	502,888.00	0.00
00-00-169-00000	Accumulated Depreciation	0.00	13,300,815.00
Total		13,300,815.00	13,300,815.00

AJE09			
To adjust unrealized gains and losses			
00-00-109-21001	WCMA - CD's	0.00	323,404.00
09-61-877-00000	Fair Mkt Value Investment Gene	323,404.00	0.00
Total		323,404.00	323,404.00
			(13,300,815.00)

AJE10			
To record capitalized interest for the current year.			
02-59-895-00000	Depreciation	48,194.00	0.00
04-59-895-00000	Depreciation	8,175.00	0.00
05-59-895-00000	Depreciation	5,672.00	0.00
06-59-895-00000	Depreciation	11,808.00	0.00
00-00-169-00000	Accumulated Depreciation	0.00	73,849.00
Total		73,849.00	73,849.00
			(73,849.00)

AJE11

To record current portion of direct financing lease.

00-00-180-00000		63,507.00	0.00	
00-00-181-00000		0.00	63,507.00	
Total		63,507.00	63,507.00	0.00

AJE12

To agree PFC funding to the year end report

09-39-495-99994	Non Exchange Transaction PFC F	0.00	5,247,996.00	
00-00-314-00000	PFC Funding	5,247,996.00	0.00	
Total		5,247,996.00	5,247,996.00	5,247,996.00

AJE13

To record GASB 68, Pensions, entry for the current year.

00-00-274-00000	Net Pension Liability	3,626,100.00	0.00	
00-00-179-00000	Net difference btwn proj & actual	0.00	244,132.00	
00-00-273-00000	Difference btwn expected and actual	0.00	2,388,014.00	
01-59-829-00000	Employee Benefits General	0.00	33,695.00	
01-66-829-00000	Employee Benefits General	0.00	15,207.00	
02-59-829-00000	Employee Benefits General	0.00	243,519.00	
05-59-829-00000	Employee Benefits General	0.00	54,667.00	
06-59-829-00000	Employee Benefits General	0.00	41,448.00	
07-59-829-00000	Employee Benefits General	0.00	2,187.00	
08-60-829-00000	Employee Benefits General	0.00	141,042.00	
09-61-829-00000	Employee Benefits General	0.00	361,502.00	
02-63-829-00000	Employee Benefits General	0.00	9,542.00	
02-67-829-00000	Employee Benefits General	0.00	2,783.00	
02-68-829-00000	Employee Benefits General	0.00	21,171.00	
02-70-829-00000	Employee Benefits MS General	0.00	67,191.00	
Total		3,626,100.00	3,626,100.00	993,954.00

AJE14

To record GASB 75, OPEB on SAC allocated portion from the city per Segal Report.

01-59-829-00000	Employee Benefits General	0.00	19,353.00	
01-66-829-00000	Employee Benefits General	0.00	8,734.00	
02-59-829-00000	Employee Benefits General	0.00	139,865.00	
05-59-829-00000	Employee Benefits General	0.00	31,398.00	
06-59-829-00000	Employee Benefits General	0.00	23,806.00	
07-59-829-00000	Employee Benefits General	0.00	1,256.00	
08-60-829-00000	Employee Benefits General	0.00	81,008.00	
09-61-829-00000	Employee Benefits General	0.00	207,628.00	
02-63-829-00000	Employee Benefits General	0.00	5,480.00	
02-67-829-00000	Employee Benefits General	0.00	1,598.00	
02-68-829-00000	Employee Benefits General	0.00	12,160.00	
02-70-829-00000	Employee Benefits MS General	0.00	38,592.00	

00-00-283-00000	Other Post Emp Benefit-Retiree	570,878.00	0.00
Total		570,878.00	570,878.00
AJE15			
To adjust CFC funding to be in agreement with PBC schedule			
00-00-320-00000	CFC Funding	1,392,871.00	0.00
09-39-495-99991	Non Exchange Transaction CFC	0.00	1,392,871.00
Total		1,392,871.00	1,392,871.00
AJE16			
To adjust GAF funding to be in agreement with PBC schedule.			
00-00-321-00000	GAF Funding	34,380.00	0.00
09-39-495-99992	Non Exchange Transaction GAF	0.00	34,380.00
Total		34,380.00	34,380.00
AJE17			
To agree beginning net assets with prior year ending net assets			
00-00-330-00000	Retained Earnings - 7/1/1959	5,315.00	0.00
02-59-816-00000	Miscellaneous General	0.00	5,315.00
Total		5,315.00	5,315.00
AJE18			
To record current period activity for 2021 related to Watkins Ross actuary report.			
00-00-284-00000	OPEB - SAC	0.00	1,767,753.00
00-00-178-00000	OPEB SAC - Deferred Outflows	722,626.00	0.00
00-00-270-00000	OPEB SAC - Deferred Inflows	1,313.00	0.00
01-59-829-00000	Employee Benefits General	35,385.00	0.00
01-66-829-00000	Employee Benefits General	15,970.00	0.00
02-59-829-00000	Employee Benefits General	255,734.00	0.00
05-59-829-00000	Employee Benefits General	57,410.00	0.00
06-59-829-00000	Employee Benefits General	43,527.00	0.00
07-59-829-00000	Employee Benefits General	2,296.00	0.00
08-60-829-00000	Employee Benefits General	148,117.00	0.00
09-61-829-00000	Employee Benefits General	379,635.00	0.00
02-63-829-00000	Employee Benefits General	10,021.00	0.00
02-67-829-00000	Employee Benefits General	2,923.00	0.00
02-68-829-00000	Employee Benefits General	22,233.00	0.00
02-70-829-00000	Employee Benefits MS General	70,563.00	0.00
Total		1,767,753.00	(1,043,814.00)



June 30, 2022

The Commissioners
Savannah Airport Commission
Savannah, GA

We have audited the financial statements of the Savannah Airport Commission (the Commission) for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 5, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Commission's financial statements were the useful lives of property and retirement accruals.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of GASB 68: *Accounting and Financial Reporting for Pensions* in Note 10 to the financial statements references figures and information in reports provided by Segal Consulting.

The disclosure of GASB 75: *Accounting and Financial Reporting for Postemployment benefits, other, and pensions* in Note 13 to the financial statements references figures and information in reports provided by Segal Consulting and Watkins Ross.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 27, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In planning and performing our audit of the financial statements of the Commission as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be significant deficiencies:

- At the present time, fixed asset records are not maintained according to Generally Accepted Accounting Principles (GAAP). Specifically, depreciation expense and accumulated depreciation are not being tracked or recorded. The lack of such a procedure has led to inaccurate reporting of fixed asset cost and depreciation expense in monthly financial statements. To prevent the need for major adjustments to the property accounts at the end of each year, we recommend that The Savannah Airport Commission maintain detailed fixed asset records and reconcile these records to the general ledger on a timely basis to ensure accurate accounting for assets. Specifically, fixed asset records should include the following data: description of the asset, cost, vendor name, date placed in service, estimated useful life, depreciation method, depreciation expense and accumulated depreciation for the year, and date asset is retired (and selling price if applicable).
- We recommend that separate bank accounts are used for maintaining funds related to CFC and GAF restricted cash amounts. The distinction of separate accounts may help to prevent potential misuse of restricted funds.
- The Commission does not make certain of their GAAP basis entries on an annual basis, this requires entries to be made on an annual basis as part of the year end audit, to bring the accounts of the entity in line with GAAP basis reporting requirements, this results in additional effort to reconcile and rollforward certain accounts of the Commission on an annual engagement basis. Common entries include:
 - Recording Federal and State Grants, CFC, GAF, and PFC funds directly to the Commission's equity accounts,
 - Recording Pension and Other Post Employment Benefit adjustments in accordance with actuarially determined amounts,
 - Recording fair market value adjustments related to the Commission's investment accounts, and
 - Recoding adjustments to capitalized interest on an annual basis.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures of Federal Awards and the Schedule of Passenger Facility Charges, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section or the statistical section, which accompany the financial statements but are not RSI. Such information has 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 it.

Restriction on Use

This information is intended solely for the information and use of the Commissioners and management of The Savannah Airport Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Hancock Arthur & Co., LLP