

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2013
WITH
INDEPENDENT AUDITOR'S REPORT

Issued by:
Finance Department

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2013

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INTRODUCTORY SECTION



COLUMBIA METROPOLITAN AIRPORT

Fly with ease.

Letter of Transmittal

May 19, 2014

To the Members of Richland-Lexington Airport District Commission

We are pleased to submit the "Comprehensive Annual Financial Report" of the Richland Lexington Airport District, South Carolina (the "District") for the Fiscal Year Ended December 31, 2013 (FY 2013). This report contains a comprehensive analysis of the District's financial position and activities for the period and is presented in four sections: 1) Introductory Section, consisting of this transmittal letter along with a listing of District officials and its organizational structure; 2) Financial Section, consisting of the independent auditor's report, management's discussion and analysis, basic financial statements, notes to the financial statements, and required supplementary information; 3) Statistical Section, consisting of pertinent financial, non-financial, and general information indicating trends for comparative fiscal periods; and 4) Single Audit Section, which contains reports on internal controls and compliance with applicable laws and regulations. Since the District is not funded by *ad valorem* property taxes, schedules of property tax data are not included in the Statistical Section of the report.

Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. We believe the enclosed information is accurate in all material aspects, and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District in accordance with generally accepted accounting principles (GAAP) in the United States of America; and that all disclosures necessary to enable the reader to gain an understanding of the District's financial activity have been included. Management has established and maintains a system of internal control to provide for this assurance.

The District's annual financial statements have been audited by the independent certified public accounting firm of Scott and Company LLC, of Columbia, South Carolina. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has rendered an unmodified opinion on the District's financial statements for the year ended December 31, 2013.

The independent auditor also conducted an audit on the District's Major Federally-funded program and awards mandated by the Single Audit Act of 1996 and the OMB Circular A-133, designed to meet the special needs of Federal grantor agencies. The standards governing the "Single Audit" engagement require the auditor to report not only on the fair presentation of the District's annual financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal control and legal requirements involving the administration of Federal awards. These reports are included in the Supplementary Federal Financial Assistance Reports Section of this report.

Profile of the Government

The District was created in 1962 as a political subdivision of the state of South Carolina and operates the Columbia Metropolitan Airport (the "Airport") in the unincorporated area of Lexington County, South Carolina. The District operates as a special-purpose entity under the laws of the state of South Carolina and is governed by an appointed commission.

Policy making and legislative authority are vested with the District's Commission which consists of twelve members - five members are nominated by the Lexington County Legislative Delegation, five members are nominated by the Richland County Legislative Delegation, and two members are nominated by the City of Columbia Council. Following nomination, the Governor of the state of South Carolina appoints the members to serve a term of four years.

The District's Commission is responsible, among other things, for hiring the executive director and selecting the independent auditor to audit the annual financial statements. The Airport's Executive Director is responsible for carrying out the policies and ordinances of the District's Commission and to oversee the day-to-day operations of the Airport through the appointment of staff to head various divisions – Human Resources, Marketing, Planning / Facilities, Public Safety and Finance / Administration. The District has approximately 66 employees.

A listing of the Commission members and an organizational chart immediately follows this letter.

Factors Affecting Financial Condition

Accounting standards require management of the District to prepare a narrative introduction, overview, and analysis to accompany the basic financial statements. Management's Discussion and Analysis (the "MD&A") is part of the Financial Section of this report. It contains a discussion of the District's current financial statements and activities for the year ended December 31, 2013, and can be found immediately following the Independent Auditor's Report. However, the information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the District operates as outlined below.

The Airport

The Airport is comprised of approximately 2,600 acres and is located within the greater metropolitan area of Columbia, South Carolina. The Airport's facilities include two runways (11/29 and 5/23) with lengths of 8,602 and 8,000 feet, respectively; a passenger terminal with 13 aircraft parking positions; parking facilities for 3,505 automobiles; a 108-acre parcel designated as a Foreign Trade Zone with multi-purpose commercial buildings totaling 86,926 square feet; a 448-acre parcel designated for industrial development (CAE Park); two fixed based operators (FBO's) which provide general aviation services; maintenance facilities; and other related facilities and equipment to support public airway travel.

Local Economy and Air Service Area

The air service area consists of an eleven (11) county area of central South Carolina - Richland, Lexington, Calhoun, Clarendon, Fairfield, Kershaw, Lee, Newberry, Orangeburg, Saluda, and Sumter. The City of Columbia is the center of the air service area. The estimated population of the area in Fiscal Year 2013 was approximately 1,109,060. The economy of the air service area is diverse with approximately 54% of total employment being with healthcare, education, and government, with the remainder of employment distributed among manufacturing, insurance, wholesale and retail trade, logistics, and food processing.

Airlines

As of December 31, 2013 the following air carriers presently serve the Airport through a variety of operators that change periodically:

Passenger Airlines:

Delta Airlines, Inc.; American Airlines; US Airways; and United Airlines.

Cargo Airlines:

Federal Express, Inc.; Mountain Air Cargo; United Parcel Service Co. and affiliated carriers.

Delta Air Lines and its 'code-sharing' affiliated airlines continue to account for the majority of passengers at approximately 43.29% of total 2013 enplaned passengers at the Airport. In 1996, United Parcel Service opened a regional package sorting and distribution facility adjacent to the Airport and currently accounts for approximately 15.36% of the airline operations (UPS and feeder carriers) at the Airport.

Airline Agreements

Airline use agreements were completed in October 2009, and were effective January 1, 2010 and terminate December 31, 2014. The agreements are a hybrid of both residual and compensatory rate-setting methodologies. They provide for the allocation of costs into different cost centers to determine the airline's rates and charges. The airfield is a fully residual cost center, while the terminal is compensatory. The new agreements include an airline security reimbursement fee in addition to the landing fee and terminal rents paid by the airlines. The agreement also contains provisions for revenue sharing (50% to airlines and airport) and deficit responsibilities (100% to the airlines) based on the results of each year. Management is in negotiations with the current signatory airlines to produce a successor agreement.

Additionally, and pursuant to certain awards by the Federal Aviation Administration (FAA) of the U.S. Department of Transportation, the District has been given the authority to collect and use a \$4.50 per passenger facility charge (PFC's) for a total of \$70,528,884 during the duration of the program. PFC's are collected by the air carriers serving the Airport and are remitted monthly, less a prescribed airline administrative cost. The FAA maintains rules and regulations governing the collection and use of the PFC's.

Internal Control

The District's management appreciates the necessity for a comprehensive framework of internal control as defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). To that end, we endeavor to maintain a control environment that supports continuous risk assessment, the proper control activities, reliable and secure information and communication, and appropriate monitoring to ensure the effectiveness and efficiency of our operations, the reliability of our financial reporting, and our compliance with applicable laws and regulations.

Parking Management Agreement

During 2002, the District entered into a contract with Republic Parking System, Inc. to manage the operations of the Airport's public parking facilities. The agreement expired on May 31, 2012 and the District exercised the option per the contract to extend the agreement for an additional five years, terminating on May 31, 2017.

Rental Car Concession Agreements

The District has entered into substantially similar concession agreements with "on-Airport" rental car companies - Avis, Hertz, Budget, National, Thrifty, Dollar, and Enterprise effective February 1, 2010, and terminating January 31, 2015.

The rental car companies pay rent to the District for "on-Airport" counter and ready-return parking spaces, and sales commissions. Additionally, pursuant to certain amendments to the Rental Car Concession Agreements, a \$6.00 per customer per day contract facility charge (CFC's) is collected by the rental concessionaires and remitted to the District monthly. The daily CFC provides for the debt service, rent, and annual operations and maintenance expenses associated with the consolidated service facility.

Other Terminal Concession Agreements

The District maintains several space and sales concession-based lease agreements with concessionaires for food, beverage, retail services and a United Service Organizations ("USO") station in the terminal building.

Budgetary and Accounting Procedures

The District operates under a January 1 to December 31 fiscal year. During the summer of each year, the District begins preparation of its annual budget. The Director of Finance and Administration, with input from the department heads, prepares a draft of the budget in report form which is submitted to the Commission's Finance Committee for initial review.

During the budget process, the Executive Director and Director of Finance and Administration make the proposed budget and proposed rates available to the signatory airlines for comment and consultation. A final budget is approved by the Commission prior to the beginning of the new fiscal year.

All financial activities of the District are accounted for within a single proprietary (enterprise) fund, which reflects the District's net position, revenues, expenses, and changes in net position using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis concept, revenues are recognized when earned, and expenses are recognized when incurred. Detailed descriptions of the budgetary process and the significant accounting policies of the District are included in the Notes to Financial Statements.

Acknowledgements

The preparation of this report could not be accomplished without the dedicated endeavors of the Finance and Administration Department.

Respectfully submitted,

/S/ Gregory K. Hornsby, CPA

Director of Finance and Administration

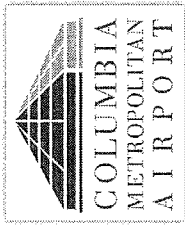
RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2013

Members of the Commission

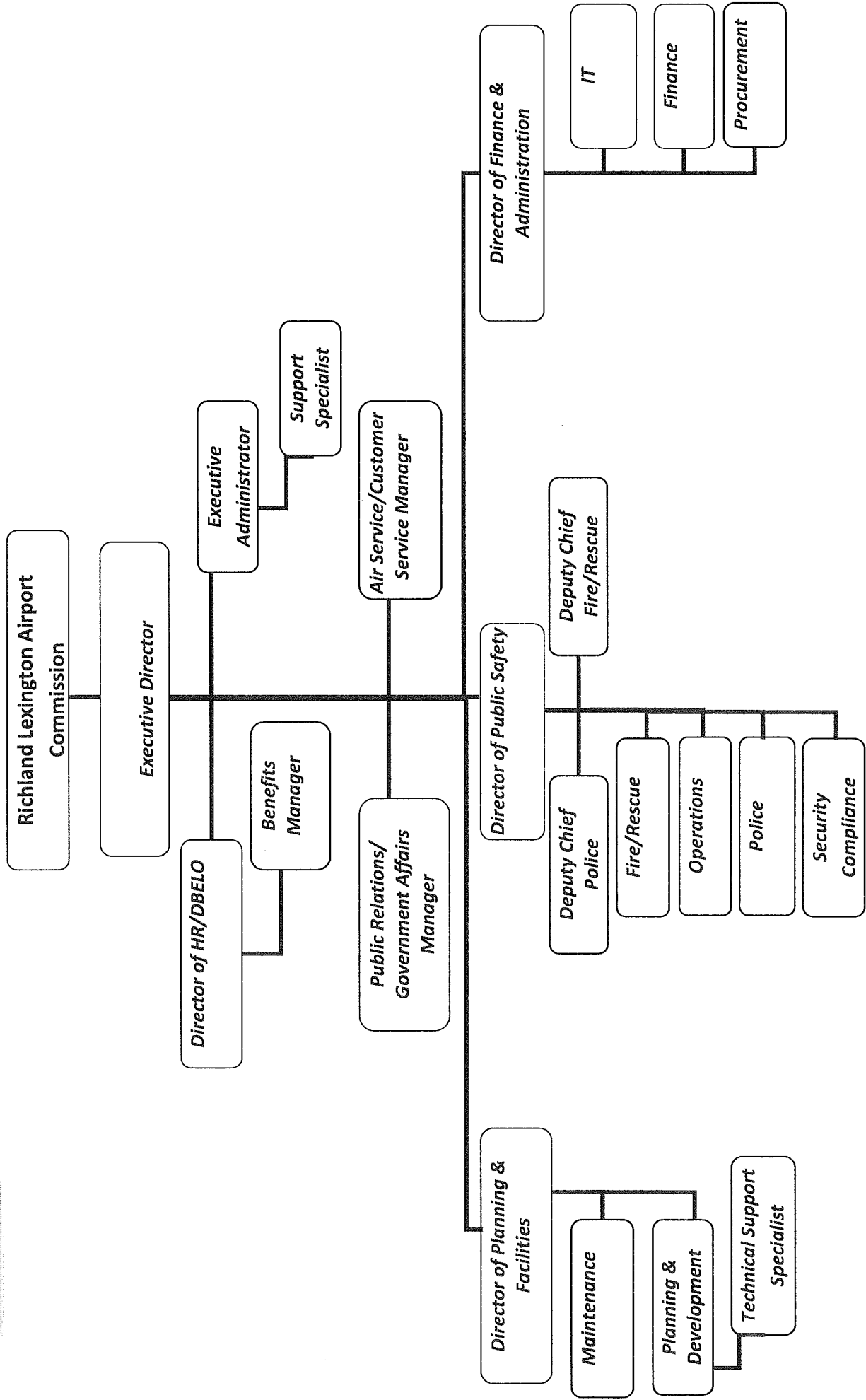
Anne M. Sinclair, Chairman
David N. Jordan, Vice Chairman
Hazel L. Bennett
James A. Compton
Duane E. Cooper
Jerrod F. Howard
Larry L. Koester
Richard M. McIntyre
Robert W. Price, Jr.
F. Xavier Starks
James L. Whitmire
Roxanne Wilson

Administrative Officials

Dan E. Mann, A.A.E., Executive Director
Randy M. Blackmon, Director of Public Safety
Chappelle Broome, Director of Human Resources / DBE Liaison Officer
Lynne W. Douglas, Air Service / Customer Service Manager
Kaela Harmon, Public Relations / Government Affairs Manager
Gregory K. Hornsby, C.P.A., Director of Finance & Administration



COLUMBIA METROPOLITAN AIRPORT ORGANIZATIONAL CHART



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Members of the Commission
Richland-Lexington Airport District, South Carolina

Report on Financial Statements

We have audited the accompanying financial statements of Richland-Lexington Airport District (the "District") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year total comparative financial information presented has been derived from the District's 2012 audited financial statements. Those financial statements were audited by us and our report dated May 13, 2013 expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits conducted 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 respective financial position of Richland-Lexington Airport District, as of December 31, 2013, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the District implemented a new accounting standard in 2013 that resulted in the restatement of beginning net position for the year ended December 31, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-16 and Schedule of Funding Progress – Other Postemployment Benefits and Annual Other Postemployment Benefit Costs on pages 39 and 40 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 Richland-Lexington Airport District's basic financial statements. The introductory, other financial information, and statistical sections 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, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the Schedule of Passenger Facility Charges (PFC's) and Expenses as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, are also not required parts of the financial statements.

The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the Schedule of Passenger Facility Charges (PFC's) and Expenses as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 of expenditures of federal awards and Schedule of Passenger Facility Charges (PFC's) and Expenses are fairly stated in all material respects in relation to the 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 have also issued our report dated May 19, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Scott and Company LLC

May 19, 2014
Columbia, South Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2013

Introduction

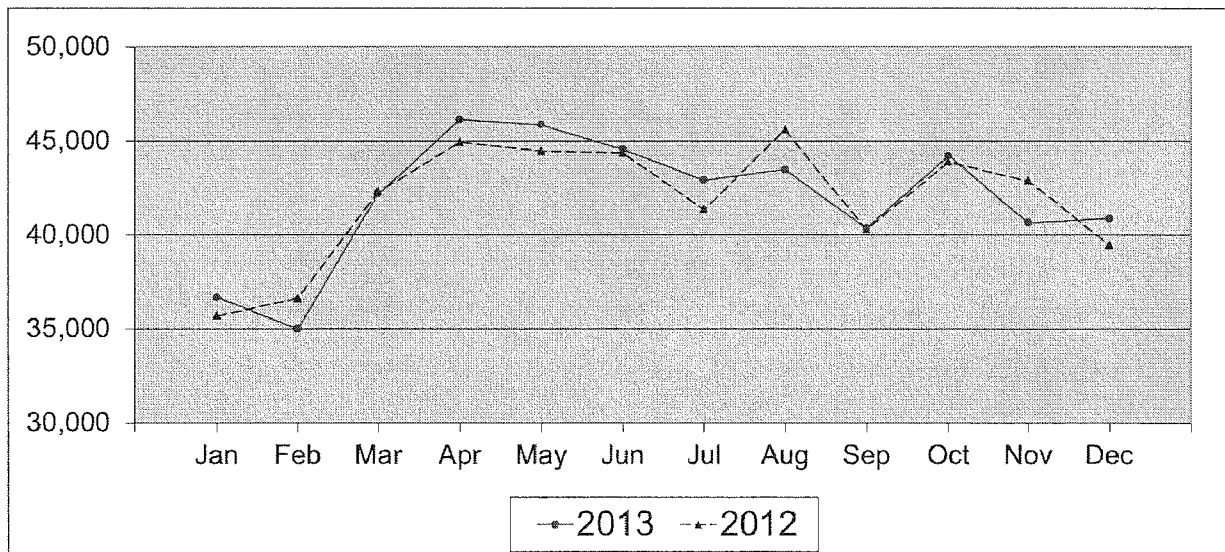
The Richland Lexington Airport District, South Carolina, is pleased to present its Comprehensive Annual Financial Report in accordance with Statement of Governmental Accounting Standards No. 34, entitled *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments* (GASB 34). Below is management's required discussion and analysis.

Operating and Financial Highlights

The District's year ending December 31, 2013 continued the positive trend of increased enplanements started in 2012. The number of flights and seats both had slight declines at 0.32% and 0.68%, respectively. However, due to increased passenger counts, the load factor (percentage of passengers to seats) increased from 73.46% to 74.13%.

The following are key operational and financial highlights:

- 502,924 passengers were enplaned in fiscal year 2013, which was a .22% increase over the 501,806 passengers enplaned in fiscal year 2012. Air service averaged 36 daily flights each month. Enplanements by month are shown in the following chart.



Operating and Financial Highlights (continued)

- Operating revenues were \$15.5 million.
- Operating expenses before depreciation were \$11.1 million, which was a 2.78% increase from fiscal year 2012.
- Net change in net position as a ratio to the total of net operating revenue, non-operating revenues, and capital contributions was 24.34% in fiscal year 2013, an increase over the 8.06% achieved in fiscal year 2012.
- Debt service coverage ratio on the annual debt service requirement was 162%, which exceeded the required Revenue Bond covenants.
- The total of current, unrestricted cash and cash equivalents and temporary investments decreased by \$3.1 million in fiscal year 2013 primarily due to the funding of \$3.9 million in asset acquisitions.
- Total assets and deferred outflows at December 31, 2013 were \$177.9 million and were in excess of liabilities by approximately \$105.8 million (i.e. net position). The net position is comprised of \$80.5 million invested in capital assets (net of related debt), \$12.6 million in net position that is restricted for debt service, projects, and other purposes, and \$12.7 million that is unrestricted.
- The District capitalized \$11.6 million as a transfer from construction in progress to capital assets for airfield and building projects.
- The District purchased multi-use commercial rental property comprised of three buildings totaling 86,926 square feet for \$4.5 million.
- Long-term debt activity was comprised of the scheduled annual payments of \$2.6 million in bond principal, \$11.3 million of refunding in May 2013, and issuance of \$2.3 million of new debt in August 2013.
- The District's net position improved from 2012, despite a decline in liquidity. Total assets increased from 2012 balances and the long-term debt to equity ratios improved. The increase in net position is largely attributable to FAA grant revenue received during 2013.

Overview of Annual Financial Report

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

The District's financial statements include Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and Notes to Financial Statements. The statements of net position present the financial position of the District on a full accrual historical cost basis. While the statements of net position provide information about the nature and amount of resources and obligations at the end of a year, the statements of revenues, expenses and changes in net position present the

Overview of Annual Financial Report (continued)

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. These statements also provide certain information about the District's recovery of its costs.

The Statements of Cash Flows present changes in cash and cash equivalents, resulting from operating, financing, and investing activities. These statements present cash receipts and cash disbursement information, without consideration of the earnings event, when obligations arise, or depreciation of capital assets.

The Notes to 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 District's accounting policies, significant account balances, activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

The financial statements were prepared by the District's staff from the detailed books and records of the District. The financial statements were audited during the independent external audit process performed by Scott and Company LLC of Columbia, South Carolina.

Summary of Organization and Business

The District is described in *Note 1* of the Notes to Financial Statements.

Pursuant to Act 292 of 1985 of the General Assembly of the State of South Carolina (the "Act"), the District was authorized to issue not more than \$20 million dollars of general obligation bonds of the District to provide funds for the refinancing of existing debt of the District and the construction, enlargement, improvement, extension, renovation of, or land acquisition for, suitable airport facilities within the District.

The District issued \$10 million of its General Obligation bonds, Series 1985, dated as of December 1, 1985, leaving an equal amount of remaining authorization. The balance of the Series 1985 G.O. bonds was refinanced in 1996, and satisfied in fiscal year 1999. The remaining \$10 million of general obligation bond authorization provided by Act 292 has been utilized in a Series 2013 G.O. bond transaction to refund a portion of Series 2001A general aviation revenue bonds in April 2013.

Airport operations are otherwise funded from airline and non-airline customer and tenant revenues.

The District has entered into substantially similar Airport Use and Lease Agreements (the "Airline Agreements") with Delta Air Lines, Inc., US Airways, United Airlines, United Parcel Service and Federal Express (the "Signatory Airlines"), containing substantially similar provisions. Each Airline Agreement expires on December 31, 2014. Management and the Signatory Airlines are negotiating a successor agreement effective January 1, 2015.

Summary of Organization and Business (continued)

Revenues generated from landing fees, terminal rentals, and airline security reimbursement fees are derived primarily from the Signatory Airlines under the Airline Agreements. In general, the current Airline Agreements are a hybrid of both “residual” and “compensatory” ratemaking methodologies for the airfield and terminal cost centers, respectively. The non-airline cost centers are: Parking & Roadways, Cargo, Rental Cars, Other Leased, and Indirect. The airport’s cost of operation and maintenance (“O&M”) and capital expense are allocated to the seven cost centers based upon management’s estimate of time and resources spent on each cost center. Capital expense is also allocated to the different cost centers based upon the benefit derived by each cost center from the airport’s assets and any debt associated with its acquisition.

The airfield cost center is residual, meaning that the airlines completely underwrite the cost of operating the airfield with no profit opportunity or risk for the District. The terminal cost center is compensatory, meaning that the airlines pay only for the cost of operating the airline areas. The airlines lease preferential space from the District (ex: ticket counters, offices, etc) and the airlines are allocated common space (ex: terminal and concourse) used by their passengers.

Airlines are either signatory parties to the agreement, or non-signatories. Signatory airlines participate in a defined distribution of net revenues or revenue deficits, depending on the annual results of the District’s operations each year. Non-signatory airlines do not have the risks or potential rewards associated with the agreement and are granted a permit to operate, which may be terminated with 30-days notice. Additionally, the rates applied to non-signatory airlines include a twenty-five percent (25%) premium over signatory rates.

Passenger air carriers include operators for Delta Airlines, American Airlines, US Airways, and United Airlines. Cargo air carrier service is provided by United Parcel Service and affiliated “feeder” airlines carriers, Federal Express, and Mountain Air Cargo. Of these carriers, American Airlines, Mountain Air Cargo, and the UPS “feeder” airlines are non-signatory airlines.

Non-airline customers and tenants include a retail concessionaire, a food concessionaire, a travel agency, rental car agencies, a military support service, federal and state government agencies, corporate aviation, fixed-based operators and an aircraft maintenance organization.

In July 2013, the District purchased commercial rental property located near the airport to enhance the diversity of its revenue sources. These buildings had been owned by a separate entity previously party to a long-term ground lease with the District. The property is a combination of office, warehouse, and flexible-use spaces with tenants whose lease terms vary from 3 – 12 years.

The District also owns an industrial park adjacent to the Airport. The park is 439 acres, with 153 acres sold by the District to Lexington County in 1999 and 2000, which are occupied by Flextronics (computers), Akebono (automotive), Allied Air (construction), and Beverage South. Other tenants include CEE-US (utilities), and L & L Products (automotive). A portion of the park is reserved for future aviation-related development, and the remainder is available for sale.

Financial Analysis

The following condensed financial statements and other selected information serve as the key financial data and indicators for management, monitoring, and planning. Comments regarding year-to-year variances are included in each section by the name of the statement or account.

CONDENSED STATEMENTS OF NET POSITION

	December 31, 2013	December 31, 2012
Assets and Deferred Outflows:		
Current assets	\$ 9,614,667	\$ 13,047,021
Restricted assets	14,665,212	11,911,218
Capital assets, net	149,068,839	140,610,198
Other long-term assets	4,139,204	4,342,154
Deferred outflows	461,006	172,956
Total Assets and Deferred Outflows	\$ 177,948,928	\$ 170,083,547
Liabilities:		
Current liabilities	\$ 7,826,141	\$ 6,092,054
Long-term liabilities	64,309,894	65,806,186
Total Liabilities	72,136,035	71,898,240
Net Position:		
Invested in capital assets, net	80,513,916	72,278,326
Restricted	12,568,578	10,990,249
Unrestricted	12,730,399	14,916,732
Total Net Position	105,812,893	98,185,307
Total Liabilities and Net Position	\$ 177,948,928	\$ 170,083,547

Statements of Net Position

The District's liquidity declined in 2013. The current ratio (current unrestricted assets divided by current unrestricted liabilities) declined to 13.34 from 19.66 in 2012, due largely to the decrease in unrestricted cash.

Unrestricted cash decreased by \$3.06 million, primarily due to the funding of \$3.9 million in asset acquisitions. The District had 189.25 days cash on hand to meet operating and debt service funding needs, as compared to 239.44 days in 2012.

Receivables, net decreased by \$48,151. Trade receivables from airlines, tenants, and concessionaires decreased, as did the land sale receivable. The number of days operating revenue in receivables (excluding the year end signatory airline surcharge or rebate in both revenue and receivables) decreased to 30.76 from 30.81 in 2012.

The amounts due from signatory airlines decreased by the 2013 rebate of \$330,058. Management and the airlines have agreed to "net" the receivable with the 2014 reconciliation result.

Statements of Net Position (continued)

The balances for accrued interest receivable, inventory, and prepaid expenses (in total) are materially consistent with the 2012 balances.

Restricted cash and cash equivalents includes a \$2.0 million reclassification of "Other Funds Available" from current "unrestricted" cash and cash equivalents to the restricted asset of the same name for the purpose of computing debt service coverage, as shown in the "Schedule of Debt Service Coverage."

In 2012, restricted temporary investments represent those investments held in trust as the Series 2001A Debt Service Reserve fund which have maturities within one year of the statement of net position date. The remainder of this fund with investment maturities exceeding one year of the statement of net position date is reported on the Statement of Net Position as a non-current restricted investment. These investments are discussed in Note 3. The District did not have any temporary investments at December 31, 2013.

Grant funds receivable increased over the prior year by approximately \$1.3 million. The increase is mostly due to reimbursement receivables associated with the public use circulation road rehabilitation project.

Capital assets net of accumulated depreciation increased by approximately \$8.5 million. Additions and construction projects included new airfield signage, Taxiway "U" widening and lighting, the object free area (clearing), security system upgrade, TSA office upfit, terminal roof rehabilitation, and parking garage lighting upgrades. As mentioned above, the District purchased commercial real estate previously under ground lease. These and other minor projects and additions totaled approximately \$17.5 million, but were offset by \$9.0 million of depreciation expense. A reconciliation of all changes to capital assets is provided in Note 5.

Other assets includes airline contract development costs net of accumulated amortization. It also includes intangible assets associated with the FAA Noise Program improvements to nearby homes affected by air traffic noise, net of accumulated amortization. The intangible assets are aviation easements which ensure building compliance with FAA-mandated building height restrictions in controlled air space. The District implemented GASB 65, which liquidated the book value of bond issuance costs previously reported in 2012. Further discussion and details of the restatement are provided in Note 1.

Deferred outflows consists of losses on debt refunding. The District refunded debt in 2013 and incurred an approximate \$0.3 million loss in accordance with GASB 65. Further details regarding this refunding can be found in Note 6 of the financial statements.

Current "unrestricted" liabilities increased by approximately \$57,000, due primarily to timing of payables.

Current liabilities payable from restricted assets is comprised of construction project payables at year end. The increase of \$1 million is related to the public use circulation road rehabilitation project.

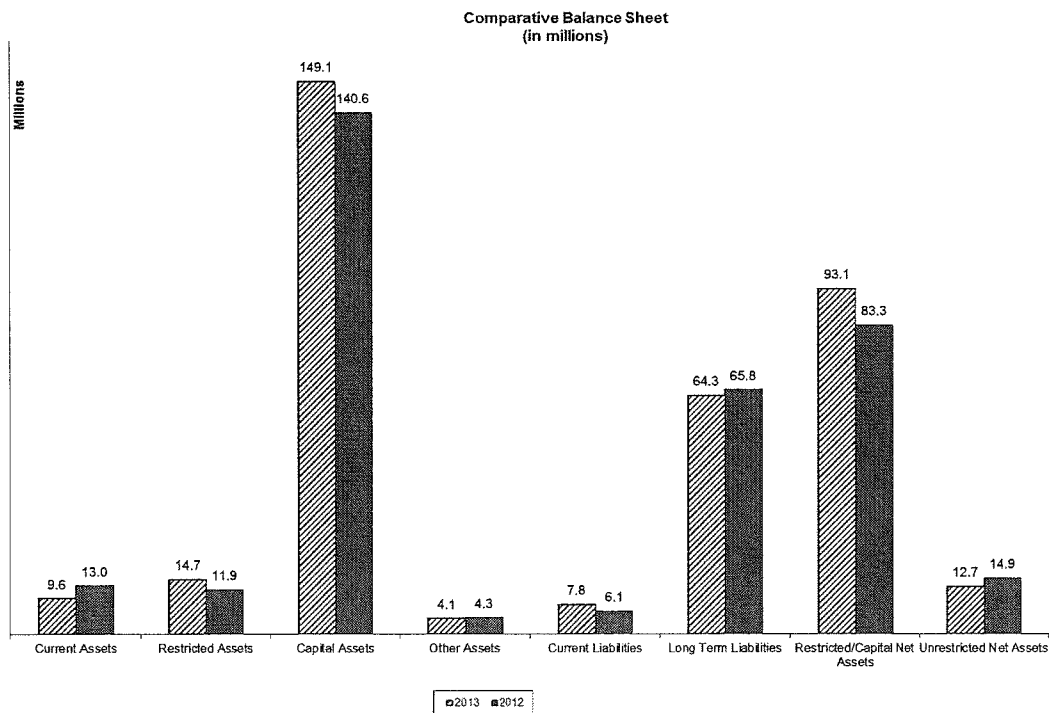
As previously mentioned in the Operating and Financial Highlights section, revenue bonds payable decreased by \$1.6 million. This was the result of \$2.6 million in scheduled

Statements of Net Position (continued)

payments, \$11.3 million redemption of Series 2001A bonds with the issuance of \$10 million of Series 2013 General Obligation bonds, and the issuance of \$2.3 million of Special Facility bonds. Bond activity is detailed in Note 6 of the financial statements.

No changes to the retiree health benefit were made in 2013, and the liability at December 31, 2013 increased \$0.2 million from 2012. Further discussion of this subject is presented in Note 11.

Total net position increased by \$7.6 million, primarily due to increased investment in capital assets net of related debt and the increase in the "Other Purposes" section of net position related to accumulated rental car Contract Facility Fees.



CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended December 31,	
	2013	2012
Operating revenues (before Signatory Airline (rebate) surcharge)	\$ 15,817,009	\$ 16,286,910
Signatory Airline (rebate) surcharge	(330,058)	919,238
Total Operating Revenues	15,486,951	17,206,148
Operating expenses (before depreciation)	11,102,338	10,823,394
Depreciation	8,997,818	8,591,418
Total Operating Expenses	20,100,156	19,414,812
Loss from operations	(4,613,205)	(2,208,664)
Net non-operating revenues	1,644,621	914,456
Grant revenues	10,596,170	3,325,400
Net Change in Net Position	\$ 7,627,586	\$ 2,031,192

CONDENSED STATEMENT OF REVENUES

	Years Ended December 31,	
	2013	2012
Landing fees	\$ 2,784,743	\$ 3,268,845
Leased sites	6,782,216	6,702,583
Terminal rent	5,918,191	6,054,710
Passenger Facility Charges (PFC's)	1,965,937	1,939,983
Contract Facility Charges (CFC's)	2,560,602	2,659,044
Grant revenue	10,596,170	3,325,400
Non-grant reimbursement	639,976	—
Interest income	84,390	70,841
Other (Operating & Non-Operating)	331,859	260,772
Signatory Airline (rebate) surcharge	(330,058)	919,238
Total Revenues	\$ 31,334,026	\$ 25,201,416

Operating Revenues

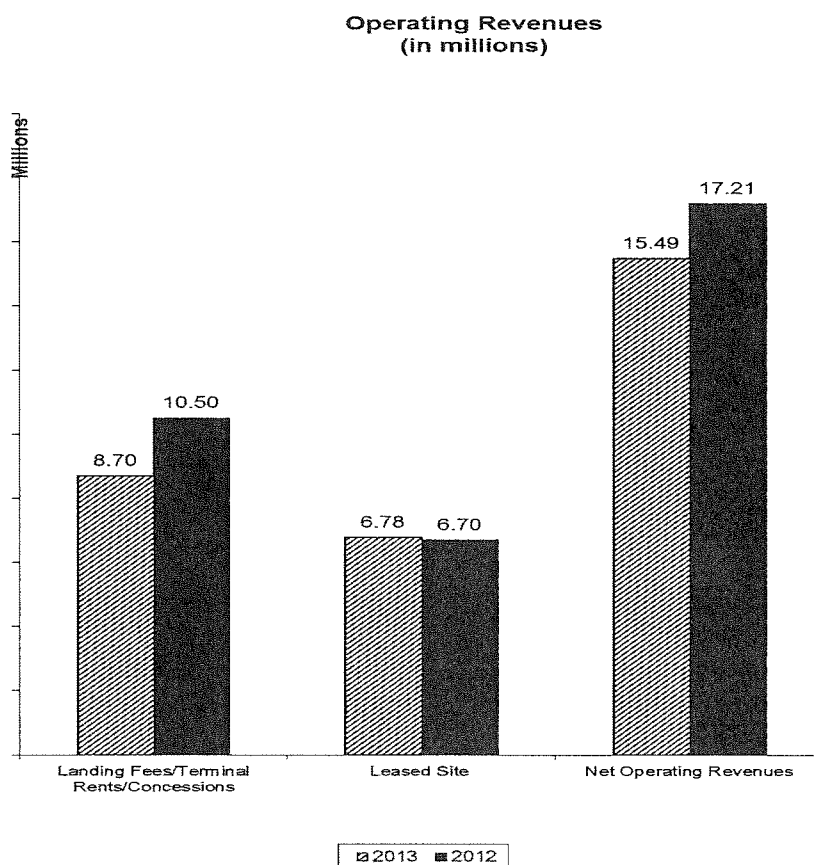
Revenue from operations is comprised of airfield landing fees, rental fees from tenants (on the airport campus and in the terminal), airline security reimbursement fee, parking (included in Leased Sites), concessions, and a small amount of other revenue. Net operating revenue of approximately \$15.5 million is a \$1.7 million decrease from the 2012 net operating revenue.

Operating Revenues (continued)

The decrease in net operating revenue was primarily due to the \$1.2 million difference between the signatory airline rebate of \$0.3 million in 2013 and the surcharge of \$0.9 million in 2012.

The 2013 airline rates were: landing fees of \$2.66 per 1,000 lbs of certificated landed weight, terminal rental rates of \$30.91 per square foot, and security fee reimbursement of \$1.55 per enplaned passenger.

Parking rates remained a maximum of \$8.00 per day for surface parking, \$12.00 per day for the garage, and \$14.00 per day for valet parking services.



CONDENSED STATEMENT OF EXPENSES

	Years Ended December 31,	
	2013	2012
Operating expenses	\$ 20,100,156	\$ 19,414,812
Non-operating expenses	3,606,284	3,755,412
Total Expenses	<u>\$ 23,706,440</u>	<u>\$ 23,170,224</u>

Operating Expenses

The District's expenses are comprised of the following: salaries and benefits, supplies, airport operations, travel and education, outside professional services, bad debt expense, marketing, and depreciation. Operating expenses before depreciation were \$11.1 million, an increase of \$.3 million from the 2012 amount.

Airport Operations increased \$.2 million, while Outside Professional and Marketing expense combined for an increase of \$.1 million over 2012. Airport Operations included higher maintenance cost for the jet bridges, outsourced custodial services (weekends), and outsourced information desk services, and the recently purchased commercial rental property. The higher Outside Professional and Marketing expense is a result of consulting fees and a continued campaign to enhance community relations in an attempt to reduce passenger losses to competing airports. Depreciation expense of \$9.0 million was an increase of \$0.4 million from 2012, related to several construction projects which were placed in service, and the commercial rental property purchase.

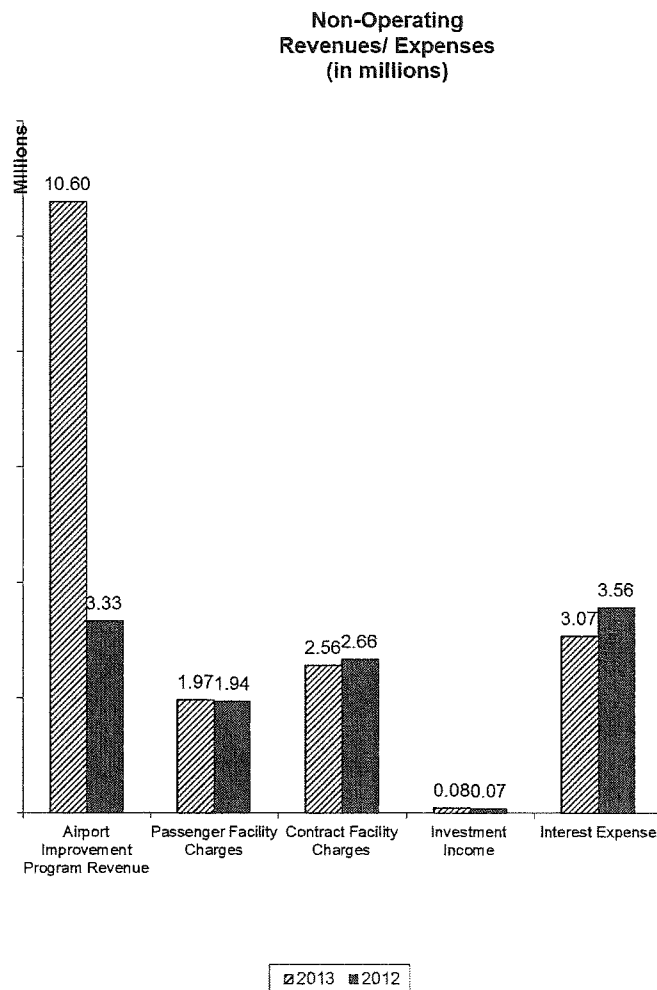
Non-Operating Revenues and Expenses

Non-operating revenues and expenses is comprised of Passenger and Contract Facility Charges (PFC's and CFC's, respectively), investment income, interest expense, and other income and expense items.

PFC revenue of \$2.0 million was a slight increase from 2012, which is consistent with the comparison of enplanements between 2013 and 2012. CFC revenue of \$2.6 million was \$.1 million less than 2012 collections.

Investment income of \$84,000 was approximately 19% more than 2012 income, reflecting improved investment opportunities. Interest expense was \$0.5 million less than 2012. A portion of this decrease is attributed to the \$11.3 million redemption of Series 2001A bonds in April 2013, and \$.3 million which is related to the increase in deferred loss on bond refunding.

Airport Improvement Program (AIP) grant revenue from the Federal Aviation Administration (FAA) was \$10.6 million. These funds are reimbursement for projects discussed previously. The District also received a TSA construction reimbursement of \$.7 million.

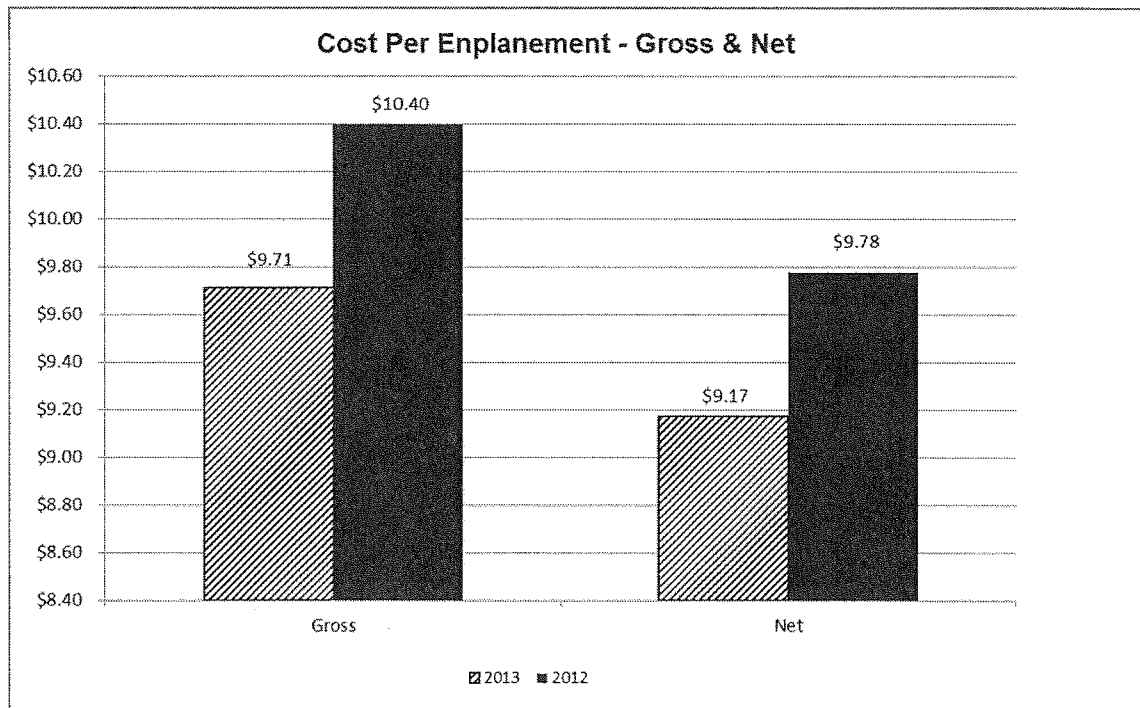


General Trends and Significant Events

Enplaned passenger traffic for 2013 was .22% higher than 2012. While this is positive, it is part of a consistent trend of materially flat growth since 2010.

Operating expense has stabilized as management continues to focus on expense control. Management has started a moderate level of outsourcing, offset in part by savings in salaries and benefits expense. However, the age of the terminal does require increased maintenance resources. Despite the unfavorable expense comparison to 2012, the 2013 operating expenses before depreciation is still lower than each year during the period 2006 – 2010.

The signatory airline rebate experienced a significant change in 2013 from 2012 due largely to the previously discussed 2012 bond redemption transaction. The net cost per enplanement is more similar to 2011 (\$9.07), and demonstrates consistency in the operating cost per enplanement.



Final Comments

The District's liquidity measurement of days cash on hand diminished from 2012 in an effort to diversify revenue opportunities, which, in the long-term is a favorable trait of successful airports. Additionally, management has experienced success with operating and capital expense control. These financial results afford the District the opportunity to provide high quality service to the passengers, airlines, and tenants at Columbia Metropolitan Airport.

AUDITED BASIC FINANCIAL STATEMENTS

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENTS OF NET POSITION

DECEMBER 31, 2013

(With comparative amounts at December 31, 2012)

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,884,639	\$ 9,946,484
Receivables, net	1,543,135	1,591,286
Amount due from signatory airlines - surcharge	589,180	919,238
Accrued interest receivable	738	1,346
Inventory	222,593	252,782
Prepaid expenses	374,382	335,885
	<u>9,614,667</u>	<u>13,047,021</u>
Restricted assets:		
Cash and cash equivalents	12,982,324	9,543,318
Temporary investments	-	507,623
Grant funds receivable	1,682,888	425,140
	<u>14,665,212</u>	<u>10,476,081</u>
Total current assets	<u>24,279,879</u>	<u>23,523,102</u>
Non-Current assets:		
Capital assets:		
Capital assets, net of depreciation	131,647,490	123,989,716
Capital assets not subject to depreciation	17,421,349	16,620,482
Total capital assets, net	<u>149,068,839</u>	<u>140,610,198</u>
Non-Current restricted assets:		
Investments	-	1,435,137
Other assets:		
Other assets, net (2012, as restated)	4,139,204	4,342,154
Total other assets	<u>4,139,204</u>	<u>4,342,154</u>
Total non-current assets	<u>153,208,043</u>	<u>146,387,489</u>
Deferred outflows:		
Deferred loss on bond refundings, net	461,006	172,956
Total assets and deferred outflows	<u>\$ 177,948,928</u>	<u>\$ 170,083,547</u>

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RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENTS OF NET POSITION

-CONTINUED-

	2013	2012
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 368,038	\$ 268,502
Accrued payroll and withholdings	232,401	353,924
Unearned revenue	100,942	41,114
Amount due to others	19,562	-
	<u>720,943</u>	<u>663,540</u>
Current liabilities payable from restricted assets:		
Construction project payable	2,073,019	1,064,539
Bonds payable and accrued interest - current portion	5,032,179	4,363,975
	<u>7,105,198</u>	<u>5,428,514</u>
Total current liabilities	<u>7,826,141</u>	<u>6,092,054</u>
Non-current liabilities:		
Bonds payable	63,015,241	64,682,333
OPEB obligation	1,294,653	1,123,853
Total non-current liabilities	<u>64,309,894</u>	<u>65,806,186</u>
Total liabilities	<u>72,136,035</u>	<u>71,898,240</u>
Net Position:		
Net investment in capital assets	80,513,916	72,278,326
Restricted for:		
Capital projects	1,682,888	425,140
Debt service	6,118,980	6,482,668
Other purposes	4,766,710	4,082,441
Unrestricted (2012, as restated)	12,730,399	14,916,732
Total net position (2012, as restated)	<u>105,812,893</u>	<u>98,185,307</u>
Total liabilities and net position	<u>\$ 177,948,928</u>	<u>\$ 170,083,547</u>

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

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2013

(With comparative amounts year ended December 31, 2012)

	2013	2012
Operating Revenues		
Airfield landing fees	\$ 2,784,743	\$ 3,268,845
Leased sites	6,782,216	6,702,583
Terminal rents and commissions	5,918,191	6,054,710
Other	331,859	260,772
Total operating revenue before Signatory Airline (rebate) surcharge	15,817,009	16,286,910
Signatory Airline (rebate) surcharge	(330,058)	919,238
Net operating revenue	15,486,951	17,206,148
Operating Expenses		
Salaries and employee benefits	6,062,306	6,113,141
Supplies	127,657	92,062
Airport operations	3,867,696	3,670,286
Travel and education	259,710	275,935
Outside professional services	186,975	128,362
Marketing	597,994	543,608
Depreciation	8,997,818	8,591,418
Total operating expenses	20,100,156	19,414,812
Loss from operations	(4,613,205)	(2,208,664)
Non-operating Revenue (Expenses)		
Passenger Facility Charges (PFC's)	1,965,937	1,939,983
Contract Facility Charges (CFC's)	2,560,602	2,659,044
Interest income	84,390	70,841
Interest expense	(3,070,260)	(3,558,086)
Amortization expense (2012, as restated)	(238,051)	(197,326)
Bond issuance costs	(297,973)	-
Non-grant reimbursement	639,976	-
Net non-operating revenues	1,644,621	914,456
Loss from operations and net non-operating revenues before capital contributions	(2,968,584)	(1,294,208)
Capital Contributions		
Grant revenue	10,596,170	3,325,400
Net change in net position (2012, as restated)	7,627,586	2,031,192
Beginning of year, net position (2012, as restated)	98,185,307	96,154,115
End of year, net position (2012, as restated)	\$ 105,812,893	\$ 98,185,307

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

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

(With comparative amounts year ended December 31, 2012)

	<u>2013</u>	<u>2012</u>
Cash Flow from Operating Activities		
Cash received from customers	\$ 15,924,988	\$ 15,448,626
Cash paid to employees for services	(5,891,506)	(5,965,610)
Cash paid to suppliers	(5,050,765)	(4,540,226)
Net cash provided by operating activities	<u>4,982,717</u>	<u>4,942,790</u>
Cash Flow from Capital and Related Financing Activities		
Proceeds from bond issuances and related premium	13,055,919	-
Federal and state grants received	9,978,398	3,364,763
Acquisition and construction of capital assets	(16,447,979)	(4,648,366)
Refunding of long term debt	(11,255,000)	-
Principal paid on long term debt	(2,634,331)	(4,660,000)
Interest paid	(3,558,886)	(3,720,754)
Bond issuance costs	(297,973)	-
Contract Facility Charges collected	2,560,602	2,659,044
Passenger Facility Charges collected	1,965,937	1,939,983
Net cash used in capital and related financing activities	<u>(6,633,313)</u>	<u>(5,065,330)</u>
Cash Flow from Investing Activities		
Purchases of investments	-	(1,942,760)
Proceeds from sales of investments	1,942,760	2,757,200
Investment income	84,997	70,506
Net cash provided by investing activities	<u>2,027,757</u>	<u>884,946</u>
Net increase in cash and cash equivalents	377,161	762,406
Cash and cash equivalents at beginning of year	<u>19,489,802</u>	<u>18,727,396</u>
Cash and cash equivalents at end of year	<u>\$ 19,866,963</u>	<u>\$ 19,489,802</u>

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RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS

-CONTINUED-

	2013	2012
Reconciliation of operating loss to net cash provided by operating activities		
Loss from operations	\$ (4,613,205)	\$ (2,208,664)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	8,997,818	8,591,418
Signatory rebate (surcharge)	330,058	(2,001,172)
Changes in other assets and liabilities:		
Decrease (increase) in accounts receivable	48,151	255,961
Decrease in inventory	30,189	38,929
Increase in prepaid expenses	(38,497)	(31,060)
Increase in accounts payable	99,536	162,156
(Decrease) increase in accrued expenses	(121,523)	21,538
Increase (decrease) in deferred revenue	79,390	(12,313)
Increase in OPEB obligation	170,800	125,997
Net cash provided by operating activities	<u>4,982,717</u>	<u>4,942,790</u>
Reconciliation of cash and cash equivalents		
Cash and cash equivalents - unrestricted	6,884,639	9,946,484
Cash and cash equivalents - restricted	12,982,324	9,543,318
Total cash and cash equivalents	<u>\$ 19,866,963</u>	<u>\$ 19,489,802</u>
Supplemental disclosure of non-cash investing activities		
Net depreciation of investments reported at fair value	<u>\$ -</u>	<u>\$ (22,687)</u>

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

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

By State Statute in 1962, the Richland-Lexington Airport District, South Carolina (the "District") was created as a political subdivision of the State of South Carolina. Accordingly, the District operates as a special purpose entity under the laws of the State of South Carolina and is governed by an appointed commission. The District operates the Columbia Metropolitan Airport (the "Airport") in Lexington County, South Carolina.

The District's Commission consists of twelve members. Five members are nominated by the Richland County Delegation, five members are nominated by the Lexington County Legislative Delegation, and two members are nominated by the Columbia City Council. Following nomination, these persons are appointed by the Governor of the State of South Carolina to serve a term of four years.

Basis of Presentation and Accounting - The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

These financial statements are presented in accordance with GASB Statement No.34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments.

Proprietary Fund - All activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

In 2012, the District implemented GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. Therefore, proprietary fund statements now reflect net assets as net position. Net position and revenues, expenses, and changes in net position are now reflected using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis concept, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating expenses.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

The District's significant accounting policies are described below:

Cash and Cash Equivalents - Cash includes amounts in demand deposits. The District considers all highly liquid investments (including restricted assets) with a maturity of three months or less, when purchased, to be cash equivalents.

Investments and Temporary Investments - At December 31, 2013 the District had no outstanding investments. Temporary investments at December 31, 2012 represent certificates of deposit and repurchase agreements with maturities greater than three months but less than one year. The District's investments with maturities of greater than one year are included in non-current assets. The carrying value of the District's investments approximated fair value at December 31, 2012.

Accounts Receivable - The District's accounts receivable are stated at realizable values net of allowances for uncollectible accounts. Management analyzes its accounts receivable balances on a periodic basis and establishes an allowance for uncollectible accounts when collectability is uncertain.

Inventory - Inventories, consisting primarily of supplies and parts held for consumption, are stated at lower of cost, determined using the first-in first-out (FIFO) method, or market. Accordingly, the cost is recorded as an asset at the time individual inventory items are purchased and then expended as the supplies and parts are consumed ("consumption method").

Restricted Assets - Restricted assets represent monies or other resources, the use of which is either externally imposed or restricted by legal or contractual requirements. At December 31, 2013, the District's restricted asset accounts were derived from certain grants, bonds, and contract ordinances.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets and Depreciation - Capital assets, which include land, construction-in-progress, airfield, buildings, and equipment are valued at historical cost if purchased or constructed, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. The construction-in-progress account consists of costs to date associated with construction projects.

Capital assets are defined by the District as those assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of three years.

Public domain (infrastructure) capital assets (e.g., original airfield – related runway and taxiways and navigational rights, roads, bridges, sidewalks, and other assets that are immovable and of value only to the District) have been capitalized using actual and estimated historical costs.

Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets, using the straight-line method with service lives as follows:

Airfield – 20 to 30 years
Buildings – 15 to 40 years
Equipment – 3 to 8 years

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Capitalization of Interest - Interest costs incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Other Assets - Certain costs incurred are deferred and amortized over the life of the related contract, and are included in other assets. See Note 7 for further details of the components of other assets.

Deferred Outflows - The District implemented GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* (“GASB 65”) in 2013. GASB 65 requires that for current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt be reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. The District has recognized approximately \$461,000 and \$173,000 as deferred outflows of resources related to losses on bond refundings at December 31, 2013 and 2012, respectively.

Long-term Obligations - Long-term debt represents unmatured principal of revenue, general obligation and special purpose bonds. The Other Postemployment Benefits liability is also recorded as a long-term obligation (*See Note 11*).

Compensated Absences (Accrued Vacation) - The District maintains a policy that allows employees to carryover an amount not to exceed the maximum annual accrued leave to the subsequent year. The District considers this amount to be a current liability since it does not restrict the amount of leave used by an employee, subject to management approval. Accrued vacation is treated as a terminal benefit and is paid to the extent of the accumulated balance upon an employee’s termination. Accumulated sick leave is not paid when the employee terminates their employment, and therefore, an accrual is not made for unpaid sick time.

Net Position - Net position comprises the various net earnings from operations, non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets, which consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Unspent proceeds or other restricted cash and investments are added back to this balance. Assets restricted for capital projects and debt service consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation. Unrestricted assets consist of all other net position not included in the above categories.

Lease Accounting - Revenue from terminal building space rentals and other leased sites is accounted for under the operating lease method. Base monthly rentals are computed on the square footage occupied by the tenant times the rent per square foot which varies with options to renew; however, lease terms provide for early termination by either party with a 30-day notification. Annual rent increases are primarily based on annual increases in the Consumers Price Index, where applicable.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

In addition, lease revenues from airlines for the year ended December 31, 2013 were based on certain "signatory" and "non-signatory" airline lease and use agreements. Beginning January 1, 2010, \$332,858 of contract development costs are being amortized over the five year term of the airline-airport use agreement. At December 31, 2013, the District had \$66,571 of unamortized contract development costs.

Grant Revenue and Non-exchange Transactions - Pursuant to GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transaction*, non-operating grants, Passenger and Contract Facility Charges and other contributed capital have been recognized as non-operating revenue. The District is a recipient of certain Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants. These cost-reimbursed grants have been recognized as capital contributions.

Passenger Facility Charges - Passenger Facility Charges ("PFC's") collected pursuant to Federal Aviation Administration (FAA) regulations from enplaned passengers via airlines' remittances are restricted for future construction, capitalization, and related debt service of the Airport as approved by the FAA. On November 1, 1993, the FAA approved the District to impose a \$3.00 PFC fee. Effective December 1, 2001, the FAA approved a \$1.50 fee increase for a total \$4.50 per enplaned passenger, less a prescribed airline administrative cost. These amounts have been recognized when receipted as non-operating revenue.

Contract Facility Charges - Contract Facility Charges ("CFC's"), collected pursuant to certain agreements on automobile rentals, are restricted for debt service, ground use charges, and operations and maintenance expense related to automobile rental tenants. These amounts have been recognized when receipted as non-operating revenue. In the event of a CFC shortfall the District establishes an accounts receivable for the difference between CFC collections and above mentioned expenses.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts receivable, bad debt expense, Signatory Airline rebate or surcharge (as applicable for the year ended December 31, 2013), and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

Comparative Data - The 2012 financial statements include certain prior year comparative and summarized information. Such information does not include sufficient detail in the Notes to the Financial Statements to constitute a complete financial statement presentation in conformity with generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2012, from which the summarized information was derived.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Prior Period Restatement - The 2012 financial statements have been restated to report the effects of GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* (“GASB 65”). GASB 65 has been implemented retroactively, and therefore, any previously capitalized bond issuance costs are now being presented as having been expensed in the period incurred. Below is a summary of previously reported balances along with the applicable restatement adjustments:

	<u>2012 Balance</u>	<u>GASB 65 Restatement</u>	<u>2012 Balance, as restated</u>
Other assets, net	\$ 7,424,242	\$(3,082,088)	\$ 4,342,154
Unrestricted net position	17,998,820	(3,082,088)	14,916,732
Total net position	\$101,267,395	\$(3,082,088)	\$ 98,185,307

Note 2. Legal Compliance – Budgets

The District follows the procedures noted below in establishing its annual budget:

During the fourth quarter of each year, the Executive Director submits to the Commission a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenses and the means of financing them. Prior to January 1, the budget is adopted by the Commission.

Formal budgetary integration is employed as a management control device during the year. The budget is adopted on a basis consistent with GAAP except for purchases of capital assets and payments of debt principal and interest, which are treated as expenditures for budgeting purposes.

For the year ended December 31, 2013, the District operated under a \$17,876,443 budget, of which \$6,141,723 was related to the District’s long-term debt service, \$10,769,414 was related to the District’s operations before depreciation and \$900,000 was related to capital expenditures funded by the District, net of FAA Airport Improvement Program reimbursement.

Note 3. Deposits and Investments

The District has no formal policy addressing risks (credit risk, custodial credit risk, interest rate risk, and/or concentration of credit risk) associated with its deposits and investments other than the provisions of South Carolina Law for public funds as summarized below.

Deposits

Custodial credit risk of deposits is the risk that, in the event of bank failure, the District’s deposits may not be returned to it. At December 31, 2013, the carrying amount of the District’s cash deposits with financial institutions was \$19,866,588 and the financial institution’s balances totaled \$20,029,947. Of the balance, approximately \$932,049 was covered by Federal Depository Insurance and the remaining balance was covered by collateral held by the financial institutions’ trust departments in the District’s name.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (continued)

Deposits include demand deposits, repurchase agreements, and money market funds at December 31, 2013 as follows:

		Bank Balances		
	Carrying Amounts	Demand Deposits	Money Market Funds	Totals
Funds with financial institutions	\$ 6,884,264	\$ 3,001,933	\$ 4,041,418	\$ 7,043,351
Funds on hand	375	—	—	—
Unrestricted cash and equivalents	<u>\$ 6,884,639</u>	<u>\$ 3,001,933</u>	<u>\$ 4,041,418</u>	<u>\$ 7,043,351</u>
Restricted cash and cash equivalents	<u>\$ 12,982,324</u>	<u>\$ 4,867,616</u>	<u>\$ 8,118,980</u>	<u>\$12,986,596</u>

Investments

State statute authorizes the District to invest in obligations of the United States and agencies thereof; general obligations of the state of South Carolina or any of its political units provided such obligations are rated as an "A" or better by Moody's Investors Service, Inc. and Standard and Poor's Corporation or their respective successors; interest bearing accounts in savings and loan associations to the extent that the same are insured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government; or deposit accounts with banking institutions insured and secured in the same manner.

The District's investments are carried at fair value. At December 31, 2013 the District had no outstanding investments.

Note 4. Receivables

Receivables include amounts due the District for landing fees, leases of sites and terminal spaces, parking fees, and for the signatory airlines surcharge. At December 31, receivables consisted of the following:

Accounts:	2013	2012
Airfield landing fees	\$ 405,734	\$ 376,161
Leased sites	65,761	25,583
Terminal building	462,626	613,091
Parking and other fees	375,168	353,238
Other	233,846	223,213
Net receivables	<u>\$ 1,543,135</u>	<u>\$ 1,591,286</u>

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 4. Receivables (continued)

Accounts:	2013	2012
Amount due from signatory airlines	\$ 589,180	\$ 919,238

Management considers the allowance for uncollectible accounts at December 31, 2013 to be immaterial.

Restricted grant funds receivable at December 31, 2013 include receivables of \$1,682,888 from the Federal Aviation Administration (FAA) Airport Improvement Grant Program and have been recognized as part of restricted assets.

Note 5. Capital Assets

A summary of changes in capital assets during the year ended December 31, 2013 is as follows:

	Balance 12/31/2012	Additions	Retirements	Transfers	Balance 12/31/2013
Capital Assets					
<u>Not subject to depreciation:</u>					
Land	\$ 13,524,981	\$ -	\$ -	\$ -	\$ 13,524,981
Construction- in- progress	3,095,501	12,392,829	(3,500)	(11,588,462)	3,896,368
Total capital assets not depreciated	16,620,482	12,392,829	(3,500)	(11,588,462)	17,421,349
<u>Subject to depreciation:</u>					
Airfield	111,771,955	-	-	7,446,231	119,218,186
Buildings	120,311,417	4,546,589	-	3,374,212	128,232,218
Furniture, Vehicles, Equipment	9,042,469	520,541	(410,091)	768,019	9,920,938
Total capital assets subject to depreciation	241,125,841	5,067,130	(410,091)	11,588,462	257,371,342
<u>Less, accumulated depreciation</u>					
Airfield	(50,690,191)	(4,344,579)	-	-	(55,034,770)
Buildings	(59,084,157)	(4,142,844)	-	-	(63,227,001)
Furniture, Vehicles, Equipment	(7,361,777)	(497,141)	396,837	-	(7,462,081)
Total accumulated depreciation	(117,136,125)	(8,984,564)	396,837	-	(125,723,852)
Net capital assets subject to depreciation	123,989,716	(3,917,434)	(13,254)	11,588,462	131,647,490
Net capital assets	\$ 140,610,198	\$ 8,475,395	\$ (16,754)	\$ -	\$ 149,068,839

Total depreciation expenses for the year ended December 31, 2013 equaled \$8,997,818.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (continued)

Funded by Airport Improvement Program grants (AIP#'s 33, 34, 36, 40, 41 & 42), the District added \$11.8 million of assets to the airfield and terminal consisting of taxiway rehabilitation and lighting, airfield signage and safety improvements, an airport rescue vehicle, and terminal roof security system upgrades. Projects funded by other sources added \$.6 million of assets to the terminal and parking garage consisting of rehabilitated offices for the Transportation Security Administration (TSA) and upgraded lighting in the parking garage.

The District also purchased office buildings located in its Foreign Trade Zone for approximately \$4.5 million.

Note 6. Long-Term Debt

Bonds Payable

The District had the following outstanding bond issues at December 31, 2013:

Airport Revenue Bonds, Series 2001A

\$31,590,000 Bonds of 2001A are due in annual installments of \$580,000 to \$2,000,000 beginning January 1, 2004 through January 1, 2031 with interest at 3.35% to 5.00%

\$ 6,160,000

Taxable Airport Revenue Bonds, Series 2001B

\$16,790,000 Bonds of 2001B are due in annual installments of \$230,000 to \$1,255,000 beginning January 1, 2006 through January 1, 2031 with interest at 5.33% to 6.74%

13,750,000

Airport Refunding Revenue Bonds, Series 2004

\$24,390,000 Bonds of 2004 are due in annual installments of \$595,000 to \$1,985,000 through January 1, 2025 with interest at 4.00% to 5.13%

17,985,000

Airport Refunding Revenue Bonds, Series 2005

\$19,645,000 Bonds of 2005 are due in annual installments of \$590,000 to \$1,530,000 through January 1, 2026 with interest at 4.00% to 5.00%

15,045,000

Total revenue bonds payable

\$ 52,940,000

Airport General Obligation Refunding Bonds, Series 2013

\$10,000,000 Bonds of 2013 due in annual installments of \$500,000 to \$1,450,000 through March 1, 2027 with interest at 2.75% to 4.00%

\$ 10,000,000

Airport Special Facility Bond, 2013

\$2,300,000 Bond of 2013 due in quarterly installments of \$49,331 to \$66,341 through August 1, 2023 with interest at 2.98%

\$ 2,250,670

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

Changes in bonds payable for the year ended December 31, 2013 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bonds payable	\$ 66,780,000	\$12,300,000	\$(13,889,330)	\$ 65,190,670
Plus, net amounts for original issuance premiums and discounts				1,291,233
Less, current portion due within one year				<u>(3,466,662)</u>
Net long-term bonds payable				<u>\$ 63,015,241</u>

The future annual requirements of bonded debt at December 31, 2013 are as follows:

<u>Years Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,466,662	\$ 3,230,934	\$ 6,697,596
2015	3,272,825	3,069,295	6,342,120
2016	3,409,025	2,904,280	6,313,305
2017	3,575,716	2,731,059	6,306,775
2018	3,752,460	2,548,787	6,301,247
2019-2023	21,728,982	9,648,018	31,377,000
2024-2028	19,670,000	4,090,685	23,760,685
2029-2031	6,315,000	533,499	6,848,499
	<u>\$ 65,190,670</u>	<u>\$ 28,756,557</u>	<u>\$ 93,947,227</u>

Reconciliation of "current portions" of long-term debt at December 31, 2013 follows:

	<u>Current Liabilities Payable From Restricted Assets</u>
Bonds payable	\$ 3,466,662
Accrued interest	1,565,517
	<u>\$ 5,032,179</u>

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

Pledged Revenue

Pursuant to Bond Indenture of Trusts, substantially all of the District's operating revenues, net of expenses, are pledged for bonds repayment. The District is required by debt covenants to maintain the sum of Net Revenues and Series Security of 125% of the Adjusted Debt Service Requirement for such fiscal year. Additionally, the District collects Passenger Facilities Charges (PFC's) from airlines at a rate of \$4.50 per enplaned passenger, net of allowable administrative costs of \$0.11, which is pledged as Series Security for the Airport Refunding Revenue Bond Series 2004 and 2005. Proceeds from the bonds were used to refund the outstanding Series 1995 and 1996A Bonds, respectively, which were used to construct certain terminal building improvements and other projects. Approximately 82% of the Series 2004 and 34% of the Series 2005 annual debt service are eligible for funding with PFC's, which produces an average annual maximum Series Security of approximately \$1.8 million. Annual principal and interest payments on those bonds required 91% of the Series Security. The remaining principal and interest requirement on the Series 2004 bonds is \$24.1 million payable through January 1, 2025. The remaining principal and interest requirement on the Series 2005 bonds is \$20.2 million payable through January 1, 2026.

The following table depicts the other obligations for which the District has pledged future revenue net of specified operating expenses. Annual principal and interest requirements on those obligations are expected to require 45% of net revenues.

<u>Series</u>	<u>Purpose</u>	<u>Remaining Principal and Interest</u>	<u>Principal and Interest paid during 2012</u>
Airport Revenue Bonds Series 2001A	Parking improvements	\$10,779,000	\$12,885,568
Taxable Airport Revenue Bonds Series 2001 B	Rental car facility improvements	\$23,663,146	\$ 1,326,826
Airport General Obligation Bonds Series 2013	Partial refunding of Series 2001A	\$12,511,319	\$ 130,620
Airport Special Facility Bonds 2013	Airport Commerce Center Buildings	\$ 2,607,005	\$ 66,846

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

Principal and interest paid during the current year and total net revenues (before Passenger Facilities Charges) were \$17,448,217 (which includes \$11,255,000 of Series 2001A refunding by General Obligation Series 2013) and \$7,066,405, respectively.

In April of 2013 the District refunded \$11,255,000 of Series 2001A Airport Revenue Bonds with \$10,000,000 of Series 2013 General Obligation Bonds and available Series 2001A debt service and debt service reserve funds. The Series 2013 Bonds are secured by the full faith, credit, resources, and taxing power of the District. There shall be levied on all taxable property in the District by the Comptroller General of South Carolina and collected by the county treasurers of Richland and Lexington Counties, at the same time and in the same manner as county taxes, an annual ad valorem tax sufficient to pay the principal and interest on the bonds as they respectively become due; provided that such levy may be omitted in any year when adequate assurance is given of payment through deposits of revenues of the District with the State Treasurer.

The bonds were issued with a premium of approximately \$750,000. Bond issuance costs of approximately \$300,000 have been expensed in the Statement of Revenues, Expenses, and Changes in Net Position in accordance with GASB 65. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt which resulted in an accounting loss of approximately \$309,000. This difference is reported in the accompanying financial statements as a deferred outflow of resources and is being amortized on a straight line basis over the life of the bonds, with the annual expense being recorded to interest expense. The Airport made escrow payments of approximately \$11.4 million in conjunction with the refunding. The refunding was completed to reduce the overall debt service by \$3.5 million with a net present value, or economic gain, of \$1.8 million.

In August of 2013 the District issued \$2,300,000 in a Special Facility Bond to partially fund the purchase of the Airport Commerce Center buildings located in the District's Foreign Trade Zone 127.

Note 7. Restricted and Other Assets

Restricted Assets

Certain resources set aside for revenue bond repayment or to satisfy certain restrictive covenants of the bond agreements are classified as restricted assets. The restricted cash and cash equivalents of \$12,982,324 represent the District's funds restricted for such purposes, and are reported as both current and non-current assets, based on investment maturity dates.

The \$1,682,888 grant funds receivable represents resources for use in the FAA's Airport Improvement Program.

Other Assets

The District's other assets totaling \$4,139,204 consists of improvements to the investment in the CAE Enterprise Park (\$1,872,017), held for future aviation-related use and sale; signatory airline agreement costs net of accumulated amortization (\$66,571); intangible aviation easements net of accumulated amortization (\$2,186,297); and other assets (\$14,319).

Note 8. Employee Retirement Systems

As of July 1, 2012, South Carolina retirement benefits are under the authority of the South Carolina Public Employee Benefit Authority ("PEBA"). The South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) are cost-sharing multi-employer defined benefit pension plans administered by the SCRS, a Division of the State Budget and Control Board.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 8. Employee Retirement Systems (continued)

Both the SCRS and PORS 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 SC Code of Laws.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, SC 29211-1960.

Both employees and employers are required to contribute to the Plans under authority of Title 9 of SC Code of Laws.

Employee required contributions to the Plans are as follows:

SCRS Class II	7.5% of salary
PORS Class II	7.84% of salary

Employers are required to contribute at the following actuarially determined rates:

SCRS	
State Agencies and Public Schools	10.45%
PORS	
Class II	12.44%

In addition to the above rates, participating employers of the SCRS contribute 0.15% of payroll (\$3,763) to provide a group life insurance benefit for their participants. Participating employers under the PORS also contribute 0.2% of payroll (\$2,515) to provide a group life insurance benefit for their participants.

The District's total covered payroll for the year ended December 31, 2013 was \$3,766,257, of which \$2,508,952 was for all employees covered by SCRS, and \$1,257,306 was for PORS covered employees.

The District remitted 100% of the required employee and employer contributions for each of the years ended December 31, 2013, 2012, and 2011. The District's remittances to the SCRS for the years ended December 31, 2013, 2012, and 2011 were \$447,049, \$451,018, and \$425,476 respectively. The District's remittances to the PORS for the years ended December 31, 2013, 2012, and 2011 were \$248,706, \$228,717, and \$217,063, respectively.

On June 26, 2012, South Carolina Governor Nikki Haley signed the Retirement Free Conference Report on H.4967, the retirement reform legislation, into law. Plan modifications associated with this law became effective July 1, 2012 and include annual SCRS and PORS retirement allowance increases through July 1, 2014 with certain cap provisions and other changes to retirement benefit calculation factors.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 9. Net Position

Net position represents the difference between total assets and liabilities. Under terms of the Rental Car Concession Agreement, Contract Facility Charges ("CFC") receivables or collections in excess of contract requirements are restricted to use in future periods.

Reconciliations of the restricted components of net position amounts are as follows:

	2013	2012
Net Investment in Capital Assets		
Net property, plant, and equipment in service	\$ 145,172,470	\$ 137,514,696
Construction in progress	3,896,369	3,095,503
Less:		
Revenue bonds payable, net	(66,481,904)	(67,267,334)
Construction project payable	(2,073,019)	(1,064,539)
Net investment in capital assets	<u>\$ 80,513,916</u>	<u>\$ 72,278,326</u>
Restricted for Capital Projects		
Grant funds receivable	\$ 1,682,888	\$ 425,140
Restricted for Debt Service	\$ 6,118,980	\$ 6,482,668
Restricted for Other Purposes:		
Law enforcement activities	\$ 132,024	\$ 133,806
Passenger Facility Charges and PFC Receivable	2,170,472	2,015,396
Victims-Rights assistance programs	53,185	50,788
CFCs	2,403,355	1,875,768
Other purposes	7,674	6,683
Total restricted for other purposes	<u>\$ 4,766,710</u>	<u>\$ 4,082,441</u>

Note 10. Commitments and Contingencies

Litigation

The District is party to legal proceedings that normally occur in governmental operations. District officials believe the legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

Federal and State Assisted Programs

In the normal course of operations, the District receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Such audits could result in the refund of grant monies to the grantor agencies. However, management believes that any required refunds would be immaterial and no provision has been made in the accompanying financial statements for the refund of grant monies.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Commitments and Contingencies (continued)

Commitments

At December 31, 2013, the District had outstanding contractual commitments approximating \$.4 million for the completion of several construction projects.

Debt Service Coverage

The District has a rate covenant associated with its outstanding revenue bonds which requires the District to establish rates and charges that generate "net revenues" as defined by the Indenture of Trust that are at least equal to 125% of the "Adjusted Debt Service Requirement" as defined by the same indenture. For the year ended December 31, 2013, the District is in compliance with the coverage test.

Note 11. Post-Employment Benefits Other Than Pension

Plan Description

In addition to the pension benefits described in Note 8, the District maintains a policy whereby an employee with a minimum of fifteen (15) years of service with the District and who qualifies for Regular Service retirement under any SCRS plan will have the opportunity to participate in the employee group health insurance plan (including dental).

The District's post-employment benefit plan covers the retired employee until Medicare eligibility. The district currently administers the program and the Commissioners maintain the authority for establishing and amending benefits and funding policy. The program does not issue separate stand alone financial statements and is not included in the financial statements of another entity.

Funding Policy

The District's contributions are financed on a pay-as-you-go basis and therefore, no trust fund has been established which would maintain plan net assets. At December 31, 2013, the District had 6 retired employees with an average age of 57 years covered by the program with monthly premium costs averaging \$1,316.80 per participant. Total expenses incurred by the District for the year ended December 31, 2013 were \$157,400 or 48.45% of the annual required contribution.

Annual OPEB Cost

The Annual Required Contribution ("ARC") represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's annual OPEB cost for the years ended December 31, 2013 and December 31, 2012 and the related information for the program is as follows:

	2013	2012
Employer normal costs	\$ 181,900	\$ 142,000
Amortization of UAL	143,000	101,700
Annual required contribution (ARC)	324,900	243,700
Interest on net OPEB obligation	45,000	44,904
Adjustment to ARC	(41,700)	(35,657)
Annual OPEB cost	328,200	252,947
Contributions made	(157,400)	(126,950)
Increase in net OPEB obligation	170,800	125,997
Net OPEB obligation – beginning of year	1,123,853	997,856
NET OPEB obligation – end of year	\$ 1,294,653	\$ 1,123,853

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 11. Post-Employment Benefits Other Than Pension (continued)

A summary of the annual OPEB cost, percentage of the annual OPEB cost contributed, and the year end net OPEB obligation for the year ended December 31, 2013 and the two preceding years is as follows:

Trend Information			
Year ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	251,770	48.43%	997,856
2012	252,947	50.18%	1,123,853
2013	328,200	47.96%	1,294,653

Funded Status and Funding Progress

The actuarial accrued liability for benefits was \$4,005,200, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,329,100, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 120.3 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the OPEB and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multi-year trend information that shows whether the actuarial value of OPEB assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive program (the program as understood by the District and participants) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the participants to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in the actuarial accrued value of OPEB liabilities and the actuarial value of OPEB assets.

In the actuarial valuation at December 31, 2013, the Projected Unit Credit cost method and the Level Percentage Payroll Amount, Open amortization method were used. The Unfunded Actuarial Accrued Liability ("UAAL") amortization payment is the level percent of payroll required to fully amortize the UAAL over a 30 year period. The actuarial assumptions included an estimated investment rate of return of 4.00% (which is the annual return net of both administrative and investment related expenses) and a healthcare inflation rate of 6.40% graded to 4.40% over 83 years.

Note 12. Insurance Fund

The District is a participant in the Insurance Reserve Fund of South Carolina, which is a self-insuring fund. The fund is available for all qualifying municipalities and instrumentalities of government in the State. The limit of the tort insurance is \$1,000,000 per occurrence while the limits for casualty insurance vary depending on the value of the property.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 13. Operating Leases – Lessor Agreements

The District, as lessor, leases land, buildings, and terminal space to air carriers, aeronautical schools, and concessionaires on a fixed fee as well as a contingent fee basis. All leases of the District are treated as operating leases for accounting purposes. The portions of the District's capital assets subject to these leases cost \$128 million with a carrying value of \$65 million. Depreciation expense for 2013 totaled \$4.1 million.

The following is a schedule of estimated future minimum rentals receivable on non-cancelable operating leases as of December 31, 2013:

Year Ended December 31,	Total
2014	\$ 1,393,402
2015	1,267,618
2016	903,066
2017	875,051
2018	396,498
2019-2034	2,172,065
	\$ 7,007,700

Note 14. Major Customers and Economic Conditions

The District derives a substantial portion of its revenue from charges to air carriers, fixed base operators, concessionaires, rental car companies, and the operation of parking facilities. These revenues are shown by function in the following table.

	2013		2012	
	Revenue	%	Revenue	%
Air carriers	\$ 6,086,976	40	\$ 7,854,321	45
Parking	4,837,350	31	4,838,633	28
Rental car operations	2,071,861	13	2,170,433	13
Other tenant and concessionaires	2,158,905	14	2,081,989	12
Other operating revenue	331,859	2	260,772	2
Net operating revenue	\$ 15,486,951	100%	\$ 17,206,148	100%

The current Signatory Airline Use Agreement became effective January 1, 2010 and expires December 31, 2014. Management is negotiating a substantially similar successor agreement to be effective January 1, 2015, with a term between three and five years. At December 31, 2013, Signatory Airlines consisted of Delta Airlines, US Airways, United Airlines, United Parcel Service, and Federal Express.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 14. Major Customers and Economic Conditions (continued)

At December 31, 2013, air carrier revenues, which include leased sites and terminal rental, are concentrated among air carriers as follows:

	2013		2012	
	Revenue	%	Revenue	%
Delta Airlines	\$ 1,861,321	31	\$ 2,509,740	32
US Airways	1,288,376	21	1,742,901	22
United Parcel Service	690,543	11	1,004,211	13
United Airlines	899,665	15	882,122	11
American Airlines	547,935	9	535,402	7
Federal Express	408,729	7	475,790	6
Continental	-	-	281,826	4
All Other Carriers	390,407	6	422,329	5
Total air carriers	\$ 6,086,976	100%	\$ 7,854,321	100%

The decreased airline revenue is directly related to lower airline rates (landing fee, terminal rent, and security fee reimbursement) charged in 2013 and a \$.3 million signatory airline rebate for the same year. The airline revenue from 2012 included a \$.9 million signatory airline surcharge. The optional redemption of \$2.2 million of Series 2001A Revenue Bonds in 2012 was the main factor in the 2012 signatory airline surcharge.

Note 15. Subsequent Events

Management has evaluated all events subsequent to the statement of financial position date of December 31, 2013 through the date these financial statements were available to be issued, May 19, 2014. Management has determined that there are no subsequent events that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS

YEAR ENDED DECEMBER 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ —	\$ 4,005,200	\$ 4,005,200	0%	\$ 3,329,100	120.3%
12/31/2012	\$ —	\$ 3,365,800	\$ 3,365,800	0%	\$ 3,910,102	86.1%
12/31/2011	\$ —	\$ 3,365,800	\$ 3,365,800	0%	\$ 3,874,969	86.9%
12/31/2010	\$ —	\$ 2,407,100	\$ 2,407,100	0%	\$ 4,923,366	48.9%
12/31/2009	\$ —	\$ 2,407,100	\$ 2,407,100	0%	\$ 5,295,300	45.5%

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

ANNUAL OTHER POST-EMPLOYMENT BENEFIT COSTS

YEAR ENDED DECEMBER 31, 2013

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Contribution	Percentage of Annual OPEB Cost Contributed	Net Unfunded OPEB Obligation
12/31/2013	\$ 328,200	\$ 157,400	47.96%	\$ 1,294,653
12/31/2012	\$ 252,947	\$ 126,950	50.18%	\$ 1,123,985
12/31/2011	\$ 251,770	\$ 121,938	48.43%	\$ 997,856
12/31/2010	\$ 255,771	\$ 73,767	28.84%	\$ 868,024
12/31/2009	\$ 253,700	\$ 18,800	7.41%	\$ 686,020

OTHER FINANCIAL INFORMATION

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING REVENUES

YEAR ENDED DECEMBER 31, 2013

(With comparative amount year ended December 31, 2012)

	2013	2012
Airfield Landing Fees		
United Parcel Service	\$ 696,550	\$ 829,778
Delta Airlines	697,961	872,054
United Airlines	262,670	312,884
Allegiant Air	1,394	10,723
Federal Express	256,659	270,558
American	173,346	172,649
Continental	52,723	54,617
Ameriflight	-	2,058
Vision Airlines	5,781	7,969
Mountain Air Cargo	31,817	36,477
US Airways	517,311	626,990
Martinaire	20,405	20,440
Air Cargo Carriers	50,945	45,290
Wiggins	-	6,358
Swift Air	806	-
Non-Scheduled Flights	844	-
Republic	15,531	-
Total airfield landing fees	<u>2,784,743</u>	<u>3,268,845</u>
Leased Sites		
Bell Aviation / Aviation Assoc	20,470	19,866
Eagle Aviation	273,870	294,767
Columbia Aviation	71,610	73,074
United Parcel Service	37,814	40,965
FAA Sector Office	89,072	107,752
Weather Bureau	76,071	76,071
GADO	73,491	66,317
FAA New FSDO	167,240	165,995
Foth	463	-
Delta Airlines	26,207	26,207
Berry's Expediting - Cargo	19,031	21,451
Federal Express Cargo	168,217	161,713
United Parcel Service COD Facility	-	176,261

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING REVENUES

-CONTINUED-

	2013	2012
Leased Sites (continued)		
S.C. Department of Commerce - Division of Aeronautics	57,441	57,441
Parking	4,837,350	4,838,633
Outdoor Advertising	5,250	7,650
SCANA	8,357	8,357
Kingston Metal	24,604	25,195
Lexington County School District 2	8,595	17,190
FTZ - INDUCON Joint Ventures	28,758	59,766
FTZ Fees	6,000	6,000
Doolittle Hangar	244,180	244,180
West Star Aviation - Land Lease	80,708	68,502
Avis	49,770	55,020
Hertz	35,700	35,700
National	38,010	35,490
Thrifty	13,020	13,020
Airport Commerce Center	319,925	-
Other	992	-
Total Leased Sites	6,782,216	6,702,583
Terminal Rents and Commissions		
Delta Airlines	1,260,352	1,267,359
US Airways / Piedmont	857,559	874,413
American Airlines	374,589	362,753
Continental Airlines	167,536	192,804
Air Wisconsin	36,091	36,091
Vision Airlines	5,419	6,989
Allegiant	627	5,754
Republic Airlines	11,515	-
Swift Air	150	-
TSA	157,822	220,219
United Airlines / DGS	477,134	447,011
Restaurant rental	229,124	208,657
Gift shop rental	230,507	217,934
Taxi and Limousine service	63,767	66,003
Bank rental	10,320	11,180
Display Advertising	50,197	59,298
Travel Service	18,666	18,666
Miscellaneous concessions and office space	15,055	15,732

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING REVENUES

-CONTINUED-

	2013	2012
Terminal Rents and Commissions (continued)		
Avis	256,246	274,059
Hertz	523,784	553,258
National	478,559	493,447
Budget	100,970	104,101
Thrifty	153,786	139,943
Enterprise / Dollar	422,016	466,396
Tenant Phone Service	16,400	12,643
Total terminal rents and commissions	5,918,191	6,054,710
Other		
Telephone commissions	7,172	11,877
Police fines	2,294	1,345
TSA Grant	129,838	158,153
Miscellaneous	127,557	72,638
Golf / Race Event	23,015	16,759
Surplus Equipment Sales	41,983	-
Total other	331,859	260,772
Total operating revenues before Signatory Airline surcharge	\$ 15,817,009	\$ 16,286,910

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING EXPENSES

YEAR ENDED DECEMBER 31, 2013

(With comparative amount year ended December 31, 2012)

	2013	2012
Salaries and Employee benefits		
Salaries	\$ 3,978,522	\$ 4,015,764
Overtime	156,561	151,641
Payroll taxes	306,502	294,969
Retirement	421,588	415,641
Group insurance	1,153,491	1,205,818
Uniforms and other benefits	45,642	29,308
Total salaries and employee benefits	<u>6,062,306</u>	<u>6,113,141</u>
Supplies		
Office supplies	39,497	30,195
Cleaning supplies	75,601	61,867
Fire fighting and first aid supplies	12,559	-
Total supplies	<u>127,657</u>	<u>92,062</u>
Airport Operations		
Utilities	1,442,815	1,397,453
Repairs and maintenance	803,200	826,065
Parking management fee	548,145	548,145
Service contracts	586,534	451,357
Insurance	315,864	305,650
Fuel	88,673	75,939
Miscellaneous	82,465	65,677
Total airport operations	<u>3,867,696</u>	<u>3,670,286</u>
Travel and Education		
Dues and subscriptions	23,788	26,282
Training	106,212	120,705
Travel	129,710	128,948
Total travel and education	<u>259,710</u>	<u>275,936</u>

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING EXPENSES

-CONTINUED-

	<u>2013</u>	<u>2012</u>
Outside Professional Services		
Legal and other professional fees	78,854	79,604
Planning and development	70,129	9,850
Consulting	33,671	32,553
Outside printing	4,319	6,355
Total outside professional services	<u>186,975</u>	<u>128,362</u>
Marketing		
Marketing and public relations	220,032	237,344
Advertising	373,857	301,839
Postage and mailing	4,105	4,425
Total marketing	<u>597,994</u>	<u>543,608</u>
Depreciation	<u>8,997,818</u>	<u>8,591,418</u>
Total operating expenses	<u>\$ 20,100,156</u>	<u>\$ 19,414,812</u>

VICTIM'S RIGHTS ASSISTANCE

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
VICTIM'S RIGHTS ASSISTANCE
SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES

YEAR ENDED DECEMBER 31, 2013

Court Fines and Assessments

Court fines and assessments collected	\$ 2,773
Court fines and assessments remitted to State Treasurer	(376)
Total court fines and assessments retained	<u>\$ 2,397</u>

Funds Allocated to Victims Services

Carryover funds from prior Year	\$ 50,788
Charges and assessments retained	2,396
Expenditures for victims service	-
Total Unexpended Victims Rights Assistance Funds	<u>\$ 53,184</u>

STATISTICAL SECTION

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NET POSITION BY COMPONENT
(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net Investment in Capital Assets	\$ 80,513,916	\$ 72,278,326	\$ 71,515,684	\$ 74,948,911	\$ 71,069,607	\$ 72,431,212	\$ 67,413,810	\$ 66,821,307	\$ 60,516,521	\$ 59,005,269
Restricted for:										
Capital projects	1,682,888	425,140	464,503	43,990	451,474	625,240	1,241,798	896,972	349,065	426,964
Debt service	6,118,980	6,482,668	6,491,491	6,602,047	6,586,507	7,464,277	7,310,851	7,188,414	7,008,886	8,191,416
Other purposes	4,766,710	4,082,441	3,092,965	2,494,217	2,253,020	1,802,644	1,887,440	1,654,120	951,786	322,140
Unrestricted	12,730,399	14,916,732	17,919,396	16,126,224	12,690,971	13,440,972	11,881,669	10,827,835	14,695,368	13,014,241
Total net position	\$ 105,812,893	\$ 98,185,307	\$ 99,484,039	\$ 100,215,389	\$ 93,051,579	\$ 95,764,345	\$ 89,735,568	\$ 87,388,648	\$ 83,521,626	\$ 80,960,030

Note: Certain amounts of the 2012 net assets have been restated upon implementation of GASB 65.

Note: Certain amounts of the 2010 and 2008 net position have been reclassified in order to be consistent with the current year's presentation and to conform with government accounting standards.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating Revenue										
Airfield landing fees	\$ 2,784,743	\$ 3,268,845	\$ 3,370,969	\$ 3,642,910	\$ 2,167,511	\$ 2,612,124	\$ 2,531,524	\$ 2,116,514	\$ 2,240,932	\$ 2,161,684
Leased sites	6,782,216	6,702,583	6,464,225	6,469,045	6,673,715	7,369,583	8,199,709	8,119,345	9,042,371	7,900,860
Terminal rents and commissions	5,918,191	6,054,710	5,909,693	6,302,656	5,722,960	5,824,151	6,558,619	5,751,191	5,774,283	5,211,555
Other	331,859	260,772	368,904	561,233	318,949	258,641	162,531	180,815	94,475	110,974
Total operating revenue before										
Signatory Airline surcharge (rebate)	15,817,009	16,286,910	16,113,791	16,975,844	14,883,135	16,064,499	17,452,383	16,167,865	17,152,061	15,385,073
Signatory Airline surcharge (rebate)	(330,058)	919,238	(1,081,934)	79,729	-	272,239	123,760	(20,840)	(1,684,355)	(457,437)
Change in allowance for doubtful accounts and collection on past due accounts	-	-	-	-	-	760,539	65,587	-	(614,132)	-
Net operating revenue	15,486,951	17,206,148	15,031,857	17,055,573	14,883,135	17,097,277	17,641,730	16,147,025	14,853,574	14,927,636
Operating Expenses										
Salaries and employee benefits	6,062,306	6,113,141	5,775,757	7,673,292	7,598,559	7,877,990	7,337,687	6,931,997	6,576,262	6,291,465
Supplies	127,657	92,062	94,541	94,548	108,195	126,599	137,313	113,838	147,622	101,466
Airport operations	3,867,696	3,670,286	3,420,416	3,536,842	3,510,081	3,673,853	3,616,886	3,328,759	3,102,026	2,744,288
Travel and education	259,710	275,935	279,510	264,354	352,013	405,203	461,903	383,939	321,837	391,546
Outside professional services	186,975	128,362	169,976	144,482	172,705	124,216	125,028	158,648	78,538	84,554
Marketing	597,994	543,608	429,129	207,943	187,370	387,346	318,880	401,121	467,864	395,018
Bad Debt Expense	-	-	46,719	147,490	-	-	-	-	-	-
Depreciation	8,997,818	8,591,418	8,698,300	8,562,304	8,532,885	8,152,567	7,774,984	7,788,237	7,140,091	7,533,824
Total operating expenses	20,100,156	19,414,812	18,914,348	20,631,255	20,461,808	20,747,774	19,772,681	19,106,539	17,834,240	17,542,161
Loss from operations	(4,613,205)	(2,208,664)	(3,882,491)	(3,575,682)	(5,578,673)	(3,650,497)	(2,130,951)	(2,959,514)	(2,980,666)	(2,614,525)

(CONTINUED)

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

(CONTINUED)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Non-operating Revenue (Expenses)										
Passenger Facility Charges (PFC's)	1,965,937	1,939,983	1,905,561	1,915,574	2,065,765	2,285,543	2,491,711	2,596,863	3,020,908	2,380,287
Contract Facility Charges (CFC's)	2,560,602	2,659,044	2,516,880	1,787,847	1,613,904	1,568,153	1,590,219	1,281,300	1,354,093	1,383,786
Investment income	84,390	70,841	48,018	95,809	84,903	606,301	1,122,087	993,269	734,618	400,556
Interest expense-net of capitalization	(3,070,260)	(3,558,086)	(3,750,660)	(4,090,938)	(4,204,442)	(4,339,560)	(4,455,635)	(4,616,787)	(5,068,766)	(5,401,246)
Amortization expense-bond issuance costs	(238,051)	(197,326)	(445,162)	(420,920)	(238,227)	(238,227)	(242,123)	(280,152)	(198,883)	(146,967)
Natural resources revenue (timber sales)	-	-	-	-	48,000	-	-	-	-	33,854
Capital assets transferred to City of Cayce	(297,973)	-	-	(1,511,460)	-	(744,087)	(1,077,466)	517,219	-	(441,443)
Gain (loss) on sale / retirement of assets	639,976	-	-	-	-	-	-	-	-	-
Non-grant reimbursement	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	56,485	-	-	-	-	-	-	647
Net non-operating revenue (expenses)	1,644,621	914,456	452,476	(2,224,088)	(630,097)	(861,877)	(571,207)	493,712	(158,030)	(1,790,526)
Loss from operations and net non-operating revenue (expenses) before capital contributions	(2,968,584)	(1,294,208)	(3,430,015)	(5,799,770)	(6,208,770)	(4,512,374)	(2,702,158)	(2,465,802)	(3,138,696)	(4,405,051)
Capital Contributions										
Grant revenue	10,596,170	3,325,400	2,698,665	12,963,580	3,496,004	10,541,151	5,049,078	6,332,824	5,700,292	3,669,794
Changes in net position	7,627,586	2,031,192	(731,350)	7,163,810	(2,712,766)	6,028,777	2,346,920	3,867,022	2,561,596	(735,257)
Net change in net position	7,627,586	2,031,192	(731,350)	7,163,810	(2,712,766)	6,028,777	2,346,920	3,867,022	2,561,596	(591,053)
Beginning of year, net position	98,185,307	96,154,115	100,215,389	93,051,579	95,764,345	89,735,568	87,388,648	83,521,626	80,960,030	81,551,083
End of year, net position	\$ 105,812,893	\$ 98,185,307	\$ 99,484,039	\$ 100,215,389	\$ 93,051,579	\$ 95,764,345	\$ 89,735,568	\$ 87,388,648	\$ 83,521,626	\$ 80,960,030

Note: Certain amounts of the 2012 net position have been restated upon implementation of GASB 65.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

REVENUE BY SOURCE

LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating Revenue										
Airfield landing fees	\$ 2,784,743	\$ 3,268,845	\$ 3,370,969	\$ 3,642,910	\$ 2,167,511	\$ 2,612,124	\$ 2,531,524	\$ 2,116,514	\$ 2,240,932	\$ 2,161,684
Leased sites	6,782,216	6,702,583	6,464,225	6,469,045	6,673,715	7,369,583	8,199,709	8,119,345	9,217,485	7,900,860
Terminal rents and commissions	5,918,191	6,054,710	5,909,693	6,302,656	5,722,960	5,824,151	6,558,619	5,751,191	5,774,283	5,211,555
Other	331,859	260,772	368,904	561,233	318,949	258,641	162,531	180,815	94,475	110,974
Signatory Airline surcharge (rebate)	(330,058)	919,238	(1,081,934)	79,729	-	272,239	123,760	(20,840)	(1,684,355)	(457,437)
Change in allowance for doubtful accounts and collection on past due accounts	-	-	-	-	-	760,539	65,587	-	(614,132)	-
Total operating revenue	15,486,951	17,206,148	15,031,857	17,055,573	14,883,135	17,097,277	17,641,730	16,147,025	15,028,688	14,927,636
Non-Operating Revenue										
Passenger Facility Charges	1,965,937	1,939,983	1,905,561	1,915,574	2,065,765	2,285,543	2,491,711	2,596,863	3,020,908	2,380,287
Contract Facility Charges	2,560,602	2,659,044	2,516,880	1,787,847	1,613,904	1,568,153	1,590,219	1,281,300	1,178,979	1,383,786
Investment income	84,390	70,841	48,018	95,809	84,903	606,301	1,122,087	995,269	734,618	400,556
Gain (loss) on sale/retirement of assets	-	-	121,354	(1,511,460)	-	-	-	-	-	-
Non-grant reimbursement	639,976	-	-	-	-	-	-	-	-	-
Gain on sale of land	-	-	-	-	48,000	-	-	517,219	-	-
Timber sales	-	-	-	-	-	-	-	-	-	33,854
Other revenues	-	-	56,485	-	-	-	-	-	-	647
Grant revenue	10,596,170	3,325,400	2,698,665	12,963,580	3,496,004	10,541,151	5,049,078	6,332,824	5,700,292	3,669,794
Arbitrage rebate refund	-	-	-	-	-	-	-	-	-	144,204
Total revenue	\$ 31,334,026	\$ 25,201,416	\$ 22,378,820	\$ 32,306,923	\$ 22,191,711	\$ 32,098,425	\$ 27,894,825	\$ 27,870,500	\$ 25,663,485	\$ 22,940,764

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

EXPENSES BY TYPE

LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating Expenses										
Salaries and employee benefits	\$ 6,062,306	\$ 6,113,141	\$ 5,775,757	\$ 7,673,292	\$ 7,598,559	\$ 7,877,990	\$ 7,337,687	\$ 6,931,997	\$ 6,576,262	\$ 6,291,465
Supplies	127,657	92,062	94,541	94,548	108,195	126,599	137,313	113,838	147,622	101,466
Airport operations	3,867,696	3,670,286	3,420,416	3,536,842	3,510,081	3,673,853	3,563,102	3,413,442	3,202,979	2,744,288
Travel and education	259,710	275,935	279,510	264,354	352,013	405,203	461,903	383,939	321,837	391,546
Outside professional services	186,975	128,362	169,976	144,482	172,705	124,216	125,028	158,648	78,538	84,554
Marketing	597,994	543,608	429,129	207,943	187,370	387,346	318,880	401,121	467,864	395,018
Change in inventory valuation	-	-	-	-	-	-	53,784	(84,683)	(100,953)	-
Bad Debt Expense	-	-	46,719	147,490	-	-	-	-	-	-
Depreciation	8,997,818	8,591,418	8,698,300	8,562,304	8,532,885	8,152,567	7,774,984	7,788,237	7,140,091	7,533,824
Total operating expenses	20,100,156	19,414,812	18,914,348	20,631,255	20,461,808	20,747,774	19,772,681	19,106,539	17,834,240	17,542,161
Non-operating Expenses										
Interest expense-net of capitalization	3,070,260	3,538,086	3,750,660	4,090,938	4,204,442	4,339,560	4,455,635	4,616,787	5,068,766	5,401,246
Amortization expense	238,051	197,326	445,162	420,920	238,227	238,227	242,123	280,152	198,883	146,967
Bond issuance costs	297,973	-	-	-	-	-	-	-	-	-
Loss on sale of capital assets	-	-	-	-	-	744,087	1,077,466	-	-	-
Capital assets transferred to City of Cayce	-	-	-	-	-	-	-	-	-	441,443
Total non-operating expenses	3,606,284	3,755,412	4,195,822	4,511,858	4,442,669	5,321,874	5,775,224	4,896,939	5,267,649	5,989,656
Total expenses by type	\$ 23,706,440	\$ 23,170,224	\$ 23,110,170	\$ 25,143,113	\$ 24,904,477	\$ 26,069,648	\$ 25,547,905	\$ 24,003,478	\$ 23,101,889	\$ 23,531,817

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

PASSENGER ENPLANEMENTS BY AIRLINE

LAST TEN FISCAL YEARS

Airline	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Delta & Affiliates:										
Delta Airlines	87,421	89,882	62,906	27,169	14,091	44,422	63,292	79,563	98,256	93,201
Atlantic Coast Airlines	-	-	-	-	-	-	-	-	-	25,324
Atlantic Southeast	99,484	93,227	126,052	142,941	147,752	124,637	130,291	127,623	108,954	96,520
Chautauqua	20,823	17,374	10,825	8,315	1,618	1,740	9,848	10,746	7,220	9,816
Comair	-	86	2,190	10,198	5,333	7,747	6,508	9,213	100,503	73,685
Shuttle America	-	43	-	64	396	3,354	-	-	-	-
Mesa / Freedom	-	-	-	3,485	10,161	7,188	-	-	-	-
Pinnacle	10,022	21,168	10,388	9,943	1,167	-	-	-	-	-
Total Delta Affiliates	217,750	221,780	212,361	202,115	180,518	189,088	209,939	227,145	314,933	298,546
US Airways & Affiliates:										
US Airways	-	-	-	-	-	-	-	28,320	4,251	-
Piedmont	20,266	12,794	11,154	13,408	27,730	28,304	22,991	15,072	14,478	25,780
Chautauqua	5,754	28,010	43,625	32,114	9,416	9,517	-	-	-	-
PSA	16,046	12,444	18,320	18,924	46,027	50,623	77,467	58,735	-	3,843
Mesa	-	-	-	-	-	-	-	-	126,913	96,587
Mesa / Freedom	-	70	-	-	-	-	19,805	-	2,976	-
Air Wisconsin	105,919	97,131	68,489	80,456	54,280	43,485	35,974	50,770	-	-
Republic	372	741	848	331	-	-	-	-	-	-
Total US Airways & Affiliates	148,357	151,190	142,436	145,233	137,453	131,929	156,237	152,897	148,618	126,210
United Airlines & Affiliates										
United Airlines & Affiliates	-	-	61,228	54,428	-	-	-	-	-	-
Atlantic Southeast Airlines	-	-	-	-	-	-	-	-	-	92,067
Atlantic Coast Airlines	-	-	-	15,860	83,141	91,444	106,661	114,838	102,924	-
Mesa	-	-	-	8,907	-	-	-	-	-	-
Express Jet	68,762	73,045	11,111	-	-	-	-	-	-	-
Total United Airlines & Affiliates	68,762	73,045	72,339	79,195	83,141	91,444	106,661	114,838	102,924	92,067
Continental Airlines & Affiliates										
Continental	-	-	-	475	36,452	39,154	42,702	-	-	-
Express Jet	22,464	13,584	21,017	-	-	-	-	-	-	-
Atlantic Southeast Airlines	-	-	-	-	-	-	-	-	-	-
Chautauqua	-	-	-	-	2,423	13,456	7,067	-	-	-
Continental Express	-	-	-	22,779	-	-	-	60,117	49,427	41,317
Total Continental Airlines & Affiliates	22,464	13,584	21,017	23,254	38,875	52,610	49,769	60,117	49,427	41,317
American Eagle										
Independence Air	42,329	39,847	40,476	40,713	40,570	38,808	40,627	42,480	6,992	-
Northwest	-	-	-	2,088	27,500	49,194	48,912	578	72,248	46,547
Allegiant Air	106	1,127	1,032	-	10,045	-	1,088	44,004	37,483	29,418
Spirit Airlines	-	-	-	-	2,260	15,447	-	789	-	-
Vision	940	1,233	2,260	-	-	-	-	-	-	-
Swift	27	-	-	-	-	-	-	-	-	-
Republic Airlines	2,189	-	-	-	-	-	-	-	-	-
Total passenger enplanements	502,924	501,806	491,921	492,598	520,362	568,520	613,233	642,848	732,625	634,105

Source: Richland-Lexington Airport District

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

AIRLINE REVENUE PER ENPLANED PASSENGER

LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Airfield landing fees	\$ 2,784,743	\$ 3,268,845	\$ 3,370,969	\$ 3,642,910	\$ 2,167,511	\$ 2,612,124	\$ 2,531,524	\$ 2,116,514	\$ 2,240,932	\$ 2,161,684
Less: Cargo landing fees	(1,056,376)	(1,210,960)	(1,265,591)	(1,388,546)	(954,498)	(1,301,172)	(1,208,494)	(991,571)	(973,581)	(949,336)
Passenger airline landing	1,728,367	2,057,885	2,105,378	2,254,364	1,213,013	1,310,952	1,323,030	1,124,943	1,267,351	1,212,348
Terminal rentals	3,154,881	3,193,173	3,224,603	3,646,964	3,021,039	2,888,848	3,597,581	2,864,561	2,979,561	2,709,191
Signatory passenger airline (rebate) / surcharge	(270,091)	742,251	(870,260)	(19,104)	-	113,834	60,889	(12,350)	(1,064,459)	(285,731)
Total	\$ 4,613,157	\$ 5,993,309	\$ 4,459,721	\$ 5,882,224	\$ 4,234,052	\$ 4,313,634	\$ 4,981,500	\$ 3,977,154	\$ 3,182,453	\$ 3,635,808
Enplaned passengers	502,924	501,806	491,921	492,598	519,374	568,520	613,233	642,848	732,625	634,105
Airline revenue per enplaned passenger	\$ 9.17	\$ 11.94	\$ 9.07	\$ 11.94	\$ 8.15	\$ 7.59	\$ 8.12	\$ 6.19	\$ 4.34	\$ 5.73

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

CONCESSION REVENUES PER ENPLANED PASSENGER

LAST TEN FISCAL YEARS

Category	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Rental Car Counter Rentals										
and Concessions	\$ 1,951,762	\$ 2,031,203	\$ 2,001,403	\$ 1,970,132	\$ 1,986,126	\$ 2,168,693	\$ 2,222,915	\$ 2,225,201	\$ 2,106,598	\$ 1,903,511
Restaurant and Gift Shop	459,631	426,591	397,831	402,447	430,993	483,815	482,244	439,995	466,738	412,854
Other	78,822	81,735	80,969	83,703	81,841	72,838	71,933	73,754	74,287	61,894
Total	2,490,215	2,539,529	2,480,203	2,456,282	2,498,960	2,725,346	2,777,092	2,738,950	2,647,623	2,378,259
Enplaned Passengers	502,924	501,806	491,921	492,598	520,362	568,520	613,233	642,848	732,625	634,105
Concession Revenue per Enplaned Passenger	\$ 4.95	\$ 5.06	\$ 5.04	\$ 4.99	\$ 4.80	\$ 4.79	\$ 4.53	\$ 4.26	\$ 3.61	\$ 3.75

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

OPERATING EXPENSES (BEFORE DEPRECIATION) PER ENPLANED PASSENGER

LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total operating expenses	\$ 20,100,156	\$ 19,414,812	\$ 18,914,348	\$ 20,631,255	\$ 20,480,774	\$ 20,747,774	\$ 19,772,681	\$ 19,106,539	\$ 17,834,240	\$ 17,542,161
Less, depreciation	(8,997,818)	(8,591,418)	(8,698,300)	(8,562,304)	(8,532,884)	(8,152,567)	(7,774,984)	(7,788,237)	(7,140,091)	(7,533,824)
Total operating expenses before depreciation	11,102,338	10,823,394	10,216,048	12,068,951	11,947,890	\$12,595,207	\$11,997,697	\$11,318,302	\$10,694,149	\$10,008,337
Enplaned passengers	502,924	501,806	491,921	492,598	519,374	568,520	613,233	642,848	732,625	634,105
Operating expense (before depreciation) per enplaned passengers	\$ 22.08	\$ 21.57	\$ 20.77	\$ 24.50	\$ 23.00	\$ 22.15	\$ 19.56	\$ 17.61	\$ 14.60	\$ 15.78

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF DEBT SERVICE COVERAGE

LAST TEN FISCAL YEARS

Year	Gross Revenue	Net Revenue	Other Available Funds	Series Security	Net Revenue Available For Debt Service	Annual Debt Service Requirement	Coverage
2013	\$ 31,653,950	\$ 5,744,890	\$ 2,000,000	\$ 1,965,937	\$ 9,710,827	\$ 6,011,933	1.62
2012	25,201,416	7,464,402	1,000,000	1,939,983	10,404,385	6,180,754	1.68
2011	22,378,820	6,560,834	2,000,000	1,905,561	10,466,395	6,204,210	1.69
2010	32,306,923	4,940,086	3,000,000	1,915,574	9,855,660	6,446,065	1.53
2009	22,191,711	4,528,262	4,000,000	2,065,765	10,594,027	7,220,756	1.47
2008	32,098,425	5,141,685	3,000,000	2,285,543	10,427,228	7,287,914	1.43
2007	27,894,825	6,532,548	3,000,000	2,491,711	12,024,259	7,372,872	1.63
2006	27,870,500	5,545,013	3,000,000	2,238,970	10,783,983	6,480,922	1.66
2005	25,663,485	5,100,973	2,000,000	2,096,362	9,197,335	6,185,682	1.49
2004	22,940,764	5,845,677	2,000,000	2,131,132	9,976,809	7,149,187	1.40

Note: The District is required by debt covenants to maintain the sum of Net Revenues and Series Security of 125% of the Adjusted Debt Service Requirement for such fiscal year. The District has pledged future revenue net of specified operating expenses.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

AIRLINE OPERATION DATA (LANDING & TAKEOFFS)

LAST TEN FISCAL YEARS

	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
	Market Share		Market Share		Market Share		Market Share		Market Share		Market Share		Market Share		Market Share		Market Share		Market Share	
Passenger Airlines																				
Delta Air Lines & Affiliates																				
Delta Air Lines	933	6.19%	1,011	6.76%	653	4.15%	325	2.13%	231	1.35%	539	2.65%	669	3.28%	910	4.25%	1,046	4.30%	1,376	5.52%
Atlantic Coast Airlines	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,246	4.99%
Atlantic Southeast Airlines	2,280	15.14%	2,087	13.94%	2,932	18.64%	3,554	23.27%	3,707	21.63%	3,232	15.89%	3,248	15.91%	3,210	15.01%	3,131	12.86%	2,957	11.85%
Chautauqua	601	3.99%	522	3.49%	362	2.30%	245	1.60%	55	0.32%	47	0.23%	-	0.00%	321	1.50%	273	1.12%	453	1.82%
Comair	-	0.00%	3	0.02%	55	0.35%	287	1.88%	172	1.00%	257	1.26%	166	0.81%	254	1.19%	3,018	12.39%	2,663	10.67%
Shuttle America	-	0.00%	1	0.01%	-	0.00%	1	0.01%	14	0.08%	78	0.38%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Mesa /Freedom	-	0.00%	-	0.00%	-	0.00%	94	0.62%	262	1.53%	233	1.15%	618	3.03%	-	0.00%	-	0.00%	-	0.00%
Pinnacle	284	1.89%	414	2.77%	256	1.63%	269	1.76%	22	0.13%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Delta Air Lines & Affiliates	4,098	27.21%	4,038	26.98%	4,258	27.07%	4,775	31.26%	4,463	26.04%	4,386	21.56%	4,701	23.02%	4,695	21.95%	7,468	30.67%	8,695	34.85%
US Airways & Affiliates																				
Piedmont	617	4.10%	435	2.91%	357	2.27%	340	2.23%	860	5.02%	1,147	5.64%	742	3.63%	497	2.32%	429	1.76%	762	3.05%
Chautauqua	162	1.08%	843	5.63%	1,432	9.10%	1,005	6.58%	319	1.86%	342	1.68%	305	1.49%	-	0.00%	-	0.00%	-	0.00%
PSA	441	2.93%	360	2.41%	602	3.83%	558	3.65%	1,422	8.30%	1,897	9.32%	2,379	11.65%	1,952	9.13%	-	0.00%	194	0.78%
Mesa	-	0.00%	3	0.02%	6	0.04%	8	0.05%	4	0.02%	11	0.05%	3	0.01%	986	4.61%	3,940	16.18%	3,607	14.46%
Air Wisconsin	3,007	19.97%	2,739	18.30%	2,064	13.12%	2,415	15.81%	1,781	10.39%	1,378	6.77%	1,062	5.20%	820	3.83%	161	0.66%	-	0.00%
Republic	6	0.04%	12	0.08%	14	0.09%	6	0.04%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total US Airways & Affiliates	4,233	28.11%	4,392	29.35%	4,475	28.45%	4,332	28.36%	4,386	25.59%	4,775	23.47%	4,491	21.99%	4,255	19.89%	4,530	18.60%	4,563	18.29%
United Airlines & Affiliates																				
United	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	2,939	13.74%	2,508	10.30%	2,635	10.56%
Atlantic Coast Airlines	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Atlantic Southeast Airlines	-	0.00%	-	0.00%	1,897	12.06%	1,705	11.16%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Mesa	-	0.00%	-	0.00%	4	0.03%	506	3.31%	2,708	15.80%	2,919	14.35%	2,988	14.63%	493	2.30%	-	0.00%	-	0.00%
Express Jet	2,573	17.08%	2,136	14.27%	306	1.95%	238	1.56%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total United Airlines & Affiliates	2,573	17.08%	2,136	14.27%	2,207	14.03%	2,449	16.03%	2,708	15.80%	2,919	14.35%	2,988	14.63%	3,432	16.04%	2,508	10.30%	2,635	10.56%
Continental																				
Continental	-	0.00%	-	0.00%	-	0.00%	5	0.03%	950	5.54%	798	3.92%	934	4.58%	1,731	8.09%	1,456	5.98%	1,306	5.23%
Express Jet	-	0.00%	399	2.67%	402	2.56%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Atlantic Southeast Airlines	-	0.00%	-	0.00%	95	0.60%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Chautauqua	-	0.00%	-	0.00%	-	0.00%	-	0.00%	173	1.01%	752	3.69%	424	2.07%	-	0.00%	-	0.00%	-	0.00%
Continental Express	-	0.00%	-	0.00%	55	0.35%	657	4.30%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Continental	-	0.00%	399	2.67%	552	3.51%	662	4.33%	1,123	6.55%	1,550	7.62%	1,358	6.63%	1,731	8.09%	1,456	5.98%	1,306	5.23%
American Eagle	1,033	6.86%	1,041	6.96%	1,056	6.71%	1,083	7.09%	1,084	6.33%	1,148	5.64%	1,076	5.27%	1,177	5.50%	186	0.76%	-	0.00%
Northwest	-	0.00%	-	0.00%	-	0.00%	91	0.60%	896	5.23%	1,390	6.83%	1,374	6.73%	1,396	6.53%	1,132	4.65%	958	3.84%
Allegiant Air	4	0.03%	21	0.14%	4	0.03%	-	0.00%	110	0.64%	-	0.00%	18	0.09%	8	0.04%	-	0.00%	-	0.00%
Independence Air	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	2,282	9.37%	1,589	6.37%
Republic Airlines	48	0.32%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Spirit	-	0.00%	-	0.00%	-	0.00%	-	0.00%	25	0.15%	158	0.78%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Vision Air	14	0.09%	16	0.11%	36	0.23%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Swift Air	2	0.01%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
CC Air (3)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Subtotal	12,005	79.71%	12,043	80.47%	12,588	80.03%	13,392	87.68%	14,795	86.33%	16,326	80.24%	16,006	78.38%	16,694	78.05%	19,562	80.33%	19,746	79.14%

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

AIRLINE OPERATION DATA (LANDING & TAKEOFFS)

LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	Market Share	Market Share	Market Share	Share	Share	Share	Share	Share	Share	Market Share	Market Share
Cargo Airlines											
Airborne Express	-	-	-	-	11	511	507	509	420	521	2,099%
Air Cargo Carriers	803	602	477	-	-	-	-	-	-	-	0.00%
Ameriflight	-	34	-	-	-	-	-	-	-	-	0.00%
Bankair	-	-	-	-	-	8	77	246	396	565	2,263%
Emery Worldwide	-	-	-	-	-	-	-	-	-	-	0.00%
Federal Express	477	372	477	460	433	362	471	473	480	305	1,222%
Martinair	583	584	722	-	-	-	-	-	-	-	0.00%
Mid-Atlantic Freight	-	-	-	-	-	-	-	-	-	-	0.00%
Mountain Air	265	258	262	328	287	459	766	873	883	844	3,383%
Northeast Air Cargo	-	-	-	-	-	-	-	-	-	-	0.00%
United Parcel Service	928	948	957	1,094	1,611	2,680	2,594	2,595	2,611	2,969	11,909%
Wiggins Airways	-	125	246	-	-	-	-	-	-	-	0.00%
Subtotal	3,056	2,923	3,141	1,882	2,342	4,020	4,415	4,696	4,790	5,204	20,864%
Totals	15,061	14,966	15,729	15,274	17,137	20,346	20,421	21,390	24,352	24,950	100.00%

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF INSURANCE IN FORCE

Type of Coverage	Insurer	Coverage Amount	Expiration Date
Worker's Compensation	South Carolina Accident Fund	Actual	2/17/14
Auto Comprehensive and Collision	South Carolina Insurance Reserve Fund	\$ 1,000,000	2/17/14
Data Processing	South Carolina Insurance Reserve Fund	\$ 500,000	2/17/14
Building and Personal Property	South Carolina Insurance Reserve Fund	\$ 94,328,780	2/17/14
Auto Liability	South Carolina Insurance Reserve Fund	\$ 1,000,000	2/17/14
Inland Marine	South Carolina Insurance Reserve Fund	\$ 872,060	2/17/14
General Tort Liability	South Carolina Insurance Reserve Fund	\$ 1,000,000	2/17/14
Medical Professional Liability	SC Insurance Reserve Fund	\$300K/\$600K Per Occurrence No Aggregate	2/17/14
Director/Officer	Illinois National Insurance Company	\$ 1,000,000	8/1/14
Employee Dishonesty	Travelers Insurance Company	\$ 500,000	7/14/14
Airport Liability Insurance	Global Aerospace, Inc.	\$ 150,000,000 (General Limit)	8/16/14

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

MAJOR EMPLOYERS IN THE AIR SERVICE AREA

DECEMBER 31, 2013

<u>Employer</u>	<u>Number of Employees</u>	<u>Major Product/Service</u>
State and Other Government Agencies	36,103	Government
Palmetto Health Alliance	9,000	Healthcare
Blue Cross & Blue Shield of S.C.	6,459	Insurance
University of South Carolina.	5,997	Education
Husqvarna Outdoor Products	1,750	Manufacturing
Kraft Foods	2,800	Manufacturing
Lexington Medical Center	4,736	Healthcare
SCANA	1,973	Utilities
AT&T	2,400	Communication
Providence Hospitals	2,075	Healthcare
Amick Farms	<u>1,700</u>	Poultry
Totals	<u>38,890</u>	

Source: Central SC (www.centralsc.org)

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

DEMOGRAPHIC STATISTICS

DECEMBER 31, 2013

	<u>Air Service Area</u>	<u>South Carolina</u>	<u>United States</u>
Population	1,012,517	4,774,839	316,128,839
Annual Compound Growth Rate (2013-2018)	1.84%	0.63%	.79%
Projected Population (2018) (7/1/12 reporting)	1,109,060	4,926,170	328,857,000
Unemployment Rate	6.76%	6.6%	6.7%
Per Capita Income	\$ 34,031	\$ 33,388	\$ 42,693

Source: US Census Bureau
 South Carolina Budget and Control Board, Office of Research and Statistics
 US Bureau of Labor Statistics
 SC Association of Counties

SUPPLEMENTARY FEDERAL FINANCIAL ASSISTANCE REPORTS

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2013

<u>FEDERAL GRANTOR</u>	<u>Federal CFDA</u>	<u>Program / Contract</u>	<u>Total Expenditures</u>
U.S. Department of Transportation			
Airport Improvement Programs	20.106	3-45-0018-33	\$ 2,657
Airport Improvement Programs	20.106	3-45-0018-36	88,057
Airport Improvement Programs	20.106	3-45-0018-40	114,210
Airport Improvement Programs	20.106	3-45-0018-41	7,112,559
Airport Improvement Programs	20.106	3-45-0018-42	3,278,687
			<u>10,596,170</u>
U.S. Department of Homeland Security			
Law Enforcement Officer Reimbursement Agreement Program	97.09	HSTS0208HSLR302	<u>129,838</u>
Total Expenditures of federal awards			<u>\$ 10,726,008</u>

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
SCHEDULE OF PASSENGER FACILITY CHARGE (PFC'S) AND EXPENSES
YEAR ENDED DECEMBER 31, 2013

Description	Award Number	Beginning Balance	Receipts and Interest	Expenses	Ending Balance
U.S. Department of Transportation					
Federal Aviation Administration:					
Passenger Facility Charge Program	93-01-C-02- CAE	\$2,015,396	\$1,965,996	(\$1,810,920)	\$2,170,472

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
NOTES TO FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting and is being reported upon in accordance with OMB Circular A-133 *Audits of State and Local Governments and Non-Profit Organizations* (as amended).

The financial activity shown in the Schedule of Expenditure of Federal Awards reflects amounts recorded by the District during its fiscal year January 1, 2013 through December 31, 2013.

2. Passenger Facility Charge (PFC) Program

The accompanying Schedule of Passenger Facility Charges (PFC's) and Expenses has been prepared pursuant to the *Passenger Facility Charge Audit Guide for Public Agencies* Issued by the Federal Aviation Administration. Specific provisions of OMB Circular A-133 and related documents such as OMB Compliance Supplement and Data Collection Form are not applicable to the PFC program.

The financial activity shown in the Schedule of Passenger Facility Charges (PFC's) and Expenses reflects amounts recorded by the District during its fiscal year January 1, 2013 through December 31, 2013.

**INDEPENDENT AUDITOR'S 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**

To the Members of the Commission
Richland-Lexington Airport District, South Carolina

We have audited in accordance with the 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 Richland-Lexington Airport District, South Carolina (the "District"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Scott and Company LLC

Columbia, South Carolina
May 19, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

To the Members of the Commission
Richland-Lexington Airport District, South Carolina

Report on Compliance for The Major Federal Program

We have audited Richland-Lexington Airport District, South Carolina, (the "District")'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2013. The District'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 the requirements of laws, regulations, contracts and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District'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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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 December 31, 2013.

Report on Internal Control Over Compliance

Management of the District 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 District's internal control over compliance with types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 a material weakness. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Scott and Company LLC

Columbia, South Carolina
May 19, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE PASSENGER FACILITIES CHARGE PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE**

To the Members of the Commission
Richland-Lexington Airport District, South Carolina

Report on Compliance for the Passenger Facilities Charge Program

We have audited Richland-Lexington Airport District, South Carolina (the "District")'s compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"), for its passenger facility charge program for the year ended December 31, 2013.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's passenger facility charge 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 Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the District'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. However, our audit does not provide a legal determination on the District's compliance with those requirements.

Opinion on Compliance with Passenger Facilities Charge Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to its passenger facilities charge program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the District 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 District's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 District's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. *A material weakness in internal control over compliance* is a deficiency in internal control over compliance, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge 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 the passenger facility charge 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 a material weakness. 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 *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

Scott and Company LLC

Columbia, South Carolina
May 19, 2014

Richland-Lexington Airport District,
South Carolina
Schedule of Findings and Questioned Costs
Year ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements:

We have issued an unmodified opinion dated May 19, 2014 on the financial statements of the District.

Internal control over financial reporting:

- Material weaknesses identified? NO
- Significant deficiencies identified that are not considered
to be material weaknesses? NO
- Non-compliance material to financial statements noted? NO

Federal Awards:

We have issued an unmodified opinion dated May 19, 2014 on the District's compliance for its major program.

Internal control over major program:

- Material weaknesses identified? NO
- Significant deficiencies identified that are not considered to be
material weaknesses? NO
- Any audit findings disclosed that are required to be reported in
accordance with section 510(a) of Circular A-133? NO

Identification of Major Program:

CFDA Number
20.106

Program
Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$386,894

Auditee qualified as low-risk auditee? YES

Section II—Financial Statement Findings

None Noted

Section III—Federal Award Findings and Questioned Costs

None Noted

Prior Year Audit Comments

There were no findings in the prior year audit.