

Richland-Lexington Airport District,
South Carolina



Comprehensive Annual
Financial Report
Year Ended December 31, 2020

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2020
WITH
INDEPENDENT AUDITOR'S REPORT

Prepared by:
Finance Department

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2020

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INTRODUCTORY SECTION

RICHLAND-LEXINGTON AIRPORT DISTRICT

Letter of Transmittal

May 13, 2021

To the Members of Richland-Lexington Airport District Commission

We are pleased to submit the "Comprehensive Annual Financial Report" (CAFR) of the Richland-Lexington Airport District, South Carolina (the "District") for the Fiscal Year Ended December 31, 2020 (FY 2020). 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, required supplementary information, detailed revenue and expense schedules, and victim's rights assistance schedule; 3) Statistical Section, consisting of pertinent financial, non-financial, and general information indicating trends for comparative fiscal periods; and 4) Supplementary Federal Financial Assistance 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, 2020.

The independent auditor also conducted an audit on the District's Major Federally-funded programs and awards mandated by the Code of Federal Regulations and Subpart F of the OMB Uniform Grant Guidance, 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 to serve a term of four years.

The District's Commission is responsible, among other things, for hiring the airport executive director and selecting the independent auditor to audit the annual financial statements. The 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 departments – Human Resources, Air and Customer Service/Public Relations, Operations, Planning/Facilities, Public Safety and Finance/Administration. The District has approximately 64 employees.

A listing of the Commission members and an organizational chart immediately follow 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, 2020, 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 2,500 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 8,601 and 8,001 feet, respectively; a passenger terminal with 13 aircraft parking positions; parking facilities for 3,180 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

counties in the air service area for Fiscal Year 2020 has not been published by the U.S. Census Bureau as of this writing. The 2019 population of the same was approximately 1,120,342.

Economic Conditions and Outlook

The aviation industry has experienced recent improvements as demand increases and pandemic concerns decline. The number and rate of COVID-19 immunizations and lower positive test rates have contributed significantly to the passenger traffic improvements, which will positively influence the District's financial performance.

In addition to improved traffic, the District has received grant awards funded by the 2020 Coronavirus Aid, Relief, and Economic Security Act ("CARES") and the 2021 Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA Act), for \$8,850,557 and \$3,944,750, respectively. Both are reimbursable grants administered by the Federal Aviation Authority and must be used within four years of the issuance date. The grants may be used to fund operating capital, and debt service expenditures, which greatly reduces the demands on the District's operating cash. The expected results are improved liquidity and ultimately a reduced airline cost per enplaned passenger.

Airlines

As of December 31, 2020 the following air carriers presently serve the Airport through a variety of operators that change periodically:

Passenger Airlines:

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

Cargo Airlines:

Federal Express Corporation; Mountain Air Cargo; United Parcel Service Co. and contracted carriers.

American Airlines and its 'code-sharing' affiliated airlines continue to claim the majority of passengers at approximately 51.20% of total 2020 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 20.83% of the airline operations (UPS and feeder carriers) at the Airport.

Airline Agreements

Airline use agreements were renegotiated in 2014 to produce successor agreements with a three-year term effective January 1, 2015 and terminated December 31, 2017. These agreements are materially similar to the previous ones, with the material difference of eliminating annual reconciliation payments in favor of a final settlement of the "Amounts due from/to Signatory Airlines" (accounts receivable or accounts payable, respectively) at the agreement termination.

A five-year successor agreement has been negotiated with the Signatory Airlines, effective January 1, 2018 and terminating December 31, 2022. The ratemaking methodology is consistent with the previous two agreements (effective January 1, 2010 and 2015, respectively) and authorizes the District to execute advance principal payments on airline-related debt in an amount sufficient to produce a zero balance in the "Amounts due from/to Signatory Airlines" accounts.

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 an internal 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. This agreement and the extension option terminated on May 31, 2018. The District entered into a substantially similar five-year agreement with Republic Parking System effective June 1, 2018 which terminates May 31, 2022.

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. These agreements were amended in 2014 with changes to the term, ready return facility, and project debt service element. The agreements will terminate January 1, 2024, the date on which the District's Series 2014 A&B bond refinancing of the Series 2001A bonds are satisfied.

The rental car agencies pay rent to the District for "on-Airport" terminal counter and office space 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 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 report which is submitted to the Commission's Finance Committee for initial review.

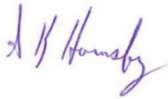
During the budget process, the Executive Director provides the proposed budget and rates available to the signatory airlines for comment and consultation. A final budget is approved by the Commission prior to the beginning of the new fiscal year.

All financial activities of the District are accounted for within a single proprietary (enterprise) fund, which reflects the District's net position, revenue, expenses, and changes in net position using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis concept, revenue is 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,

A handwritten signature in purple ink, appearing to read "G. K. Hornsby".

Gregory K. Hornsby, CPA
Director of Finance and Administration

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
AT DECEMBER 31, 2020

Members of the Commission

Dan P. Bell, Chairman
Carol Fowler, Vice Chairman

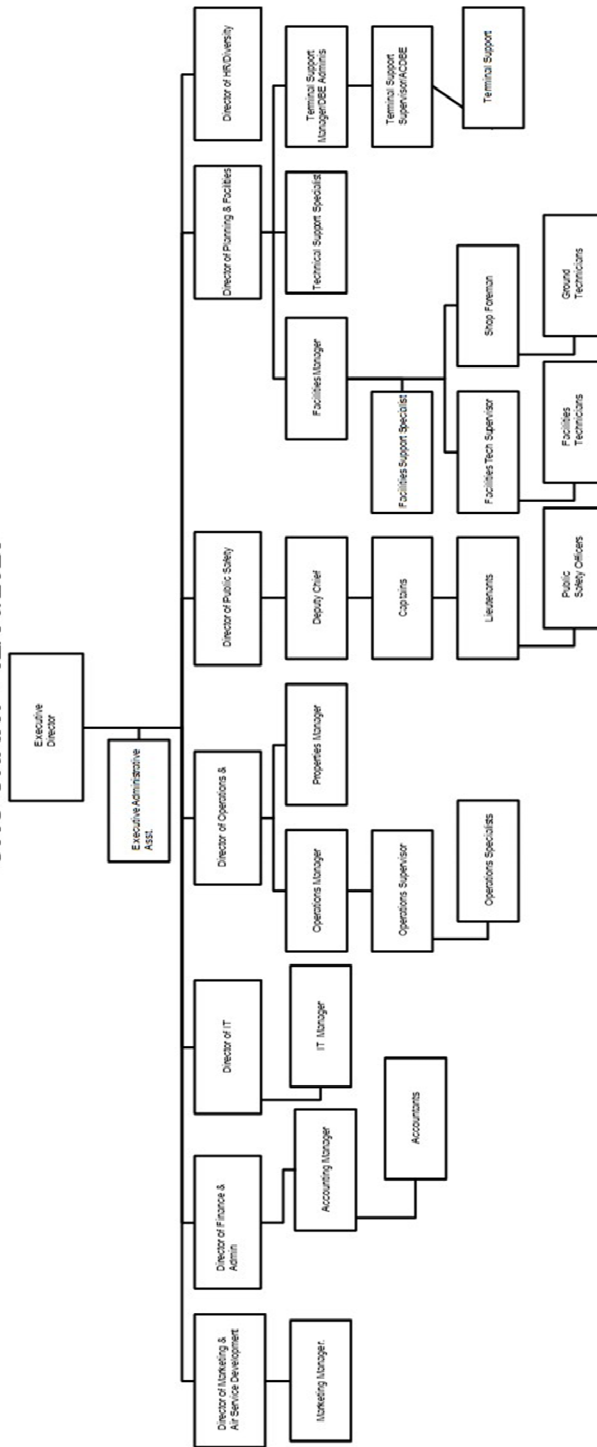
Hazel L. Bennett
D.J. Carson, Esq.
Duane Cooper
William Dukes
Henry J. Jibaja
David N. Jordan
Pat G. Smith
Breon Walker, Esq.
James C. Wellman
James L. Whitmire

Administrative Officials

Michael Gula, A.A.E., Executive Director
Chappelle Broome, SHRM-CP, PHR, MHRM, MHRD, Director of Human Resources and Diversity
Lynne Douglas, Richland-Lexington Airport Commission Secretary
Gregory K. Hornsby, C.P.A., Director of Finance & Administration
Kim Jamieson, Director of Marketing
Joel Livingston, Director of Information Technology
Eddie Martin, Director of Public Safety
Frank Murray, Director of Planning & Facilities

COLUMBIA METROPOLITAN AIRPORT

ORG CHART - 12/31/2020



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and Members of the Airport 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, 2020, 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 2020 financial statements include certain prior year comparative and summarized financial 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

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 financial position of Richland-Lexington Airport District, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

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

Supplementary 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 information identified in the table of contents as the supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents as Supplementary Federal Financial Assistance Reports, including the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the Schedule of Passenger Facility Charges ("PFC") and Expenses as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Collectively, the supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is 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 13, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 13, 2021
Columbia, South Carolina

RICHLAND-LEXINGTON AIRPORT DISTRICT

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2020

Introduction

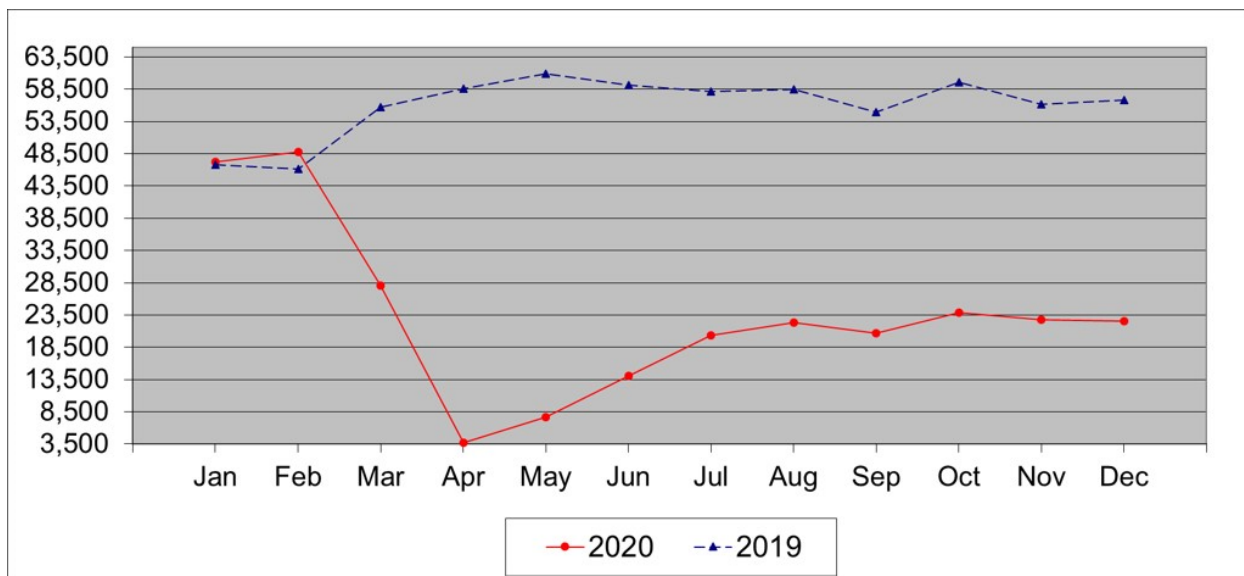
The Richland Lexington Airport District, South Carolina, is pleased to present its Comprehensive Annual Financial Report (CAFR) in accordance with Governmental Accounting Standards Board Statement 34, entitled *Basic Financial Statement – Management’s Discussion and Analysis – For State and Local Governments* (GASB 34). Below is management’s required discussion and analysis.

Operating and Financial Highlights

The District’s enplanements during fiscal year 2020 were decimated by the COVID-19 pandemic that negatively affected the entire aviation industry. Almost every operational and financial comparison to 2019’s performance is negative and must be considered in the context of the pandemic’s global impact.

Seat capacity decreased by 38.49%, and average fares decreased by 23.85% to \$188.88. However, the decrease in fares was overshadowed by travel safety concerns, and load factors (number of passengers compared to seats) declined significantly from 82.14% in 2019 to 56.09% in 2020. The following are key operational and financial highlights:

- 282,324 passengers were enplaned in fiscal year 2020, which was a 57.94% decrease from the 671,414 passengers enplaned in fiscal year 2019. Enplanements by month are shown in the following chart.



Operating and Financial Highlights (continued)

- Net operating revenue was \$17.3 million.
- Operating expenses before depreciation were \$13.3 million, which was a .89% increase over fiscal year 2019.
- Net change in net position as a percentage of total revenue and contributions was 6.44% in fiscal year 2020, a decrease from 8.99% in fiscal year 2019.
- Debt service coverage ratio on the annual debt service requirement as computed per the District's Indenture of Trust was 215:1, which exceeded the required Airport Revenue Bond Indenture of Trust covenants.
- The total of cash and cash equivalents and temporary investments (not including restricted assets of the same description) decreased \$2.3 million in fiscal year 2020 due to the decline in operating revenue.
- Total assets and deferred outflows of resources at December 31, 2020 were \$172.3 million and were in excess of liabilities and deferred inflows by approximately \$132.5 million (i.e. net position). The net position is comprised of \$117.1 million invested in capital assets (net of related debt), \$10.3 million in net position that is restricted for projects, debt service, pensions, and other purposes, other post-employment benefits, and \$5.1 million that is unrestricted.
- The District capitalized \$6.2 million as a transfer from construction in progress to capital assets for airfield and building projects.
- Long-term debt activity was comprised of the scheduled annual payments of \$4.7 million in bond principal.
- Retirement expense associated with GASB 68 was \$.5 million, and when combined with the \$.9 million net increase in related Deferred Outflows of Resources and related Deferred Inflows of Resources, produced a \$1.4 million increase in Net Pension Liabilities.
- OPEB expense (net of post-measurement benefit payments) computed per GASB 75 was approximately \$130,000. When combined with the approximate \$320,000 increase in the Deferred Outflows of Resources and the related Deferred Inflows of Resources, the OPEB obligation increased by approximately \$450,000.
- The District's 2020 net position improved by \$1.8 million from 2019. The sum of total assets and deferred outflows of resources decreased \$4.0 million, and the total liabilities and deferred inflows of resources also decreased by \$5.8 million.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and required 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 the Statement of Net Position; the Statement of Revenue, Expenses, and Changes in Net Position; the Statement of Cash Flows; and Notes to Financial Statements. The Statement of Net Position presents the financial position of the District on a full accrual basis. While the Statement of Net Position provides information about the nature and amount of resources and obligations at the end of a year, the Statement of Revenue, Expenses, and Changes in Net Position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year.

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. These statements also provide certain information about the District's recovery of its costs.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operating, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the timing 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.

The District's Airport Use and Lease Agreements (the "Airline Agreements") with Delta Air Lines, Inc.(Delta), American Airlines, Inc.(American), United Airlines Inc. (United), United Parcel Service Co. (UPS) and Federal Express Corporation (FedEx), (the "Signatory Airlines") terminated December 31, 2017. A successor agreement has been negotiated effective January 1, 2018 and expires on December 31, 2022 and is discussed in *Note 5*.

Revenue 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 District's cost of operation and maintenance ("O&M") and capital expense are allocated to the seven cost centers based upon their purpose and management's estimate of time and resources spent on each cost center.

Summary of Organization and Business (continued)

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 Signatory 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 (i.e.: ticket counters, offices, etc.) and are allocated common space (i.e.: terminal and concourse) used by their passengers.

Airlines are either signatory parties to the agreement, or non-signatories. Signatory Airlines participate in a defined allocation of net revenue or revenue deficits, depending on the annual results of the District's operations through December 31, 2020. 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, American, United and Silver. Cargo air carrier services are provided by UPS and contracted "feeder" airline carriers, FedEx, and Mountain Air Cargo. Of these carriers, Mountain Air Cargo, and the UPS "feeder" airlines were non-signatory airlines in 2018.

Non-airline tenants include a retail concessionaire, food concessionaires, rental car agencies, a military support service, federal and state government agencies, corporate aviation, fixed-based operators and an aircraft maintenance organization. The District owns commercial rental property that is a combination of office, warehouse, and flexible-use spaces with tenants whose lease terms vary from 3-8 years.

The District owns an industrial park adjacent to the Airport. The park is occupied by Flextronics (computers), Akebono (automotive), Allied Air (construction), Beverage South (distribution), CEE-US (utilities), L & L Products (automotive), Harsco Rail (transportation), 100 Enterprise, LLC (commercial real estate) and 375 Metropolitan, LLC (commercial real estate). The remainder of the park is available for future development and sale.

The District serves as Grantee for Foreign Trade Zone ("FTZ") 127 which is organized under the Alternate Site Framework. FTZ 127 has a service area encompassing Aiken, Allendale, Bamberg, Barnwell, Calhoun, Clarendon, Edgefield, Fairfield, Kershaw, Lee, Lexington, McCormick, Newberry, Richland, Saluda and Sumter counties. Komatsu America Corporation (Newberry County), BGM America (Marion County), and Constantia Blythewood LLC (Richland County) operate as usage-driven sites. Additionally, JBE Incorporated (Darlington County) is an authorized sub-zone of FTZ-127 operating a warehouse. Revenues are generated in the form of annual fees from all FTZ board-approved operating sites.

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 STATEMENT OF NET POSITION

	December 31, 2020	December 31, 2019
Assets and Deferred Outflows of Resources:		
Current assets (unrestricted)	\$ 15,654,388	\$ 15,348,714
Current assets (restricted)	10,132,553	12,183,530
Capital assets, net	141,711,208	144,920,946
Other assets, net	1,908,419	1,872,016
Deferred outflows of resources	2,888,747	1,971,316
Total Assets and Deferred Outflows of Resources	\$ 172,295,315	\$ 176,296,522
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities (unrestricted)	\$ 629,373	\$ 2,260,389
Current liabilities (payable from restricted assets)	5,896,420	6,777,246
Non-current liabilities	32,926,465	35,949,179
Deferred inflows of resources	375,363	609,285
Total Liabilities and Deferred Inflows	39,827,621	45,596,099
Net Position:		
Net investment in capital assets	117,060,037	114,568,678
Restricted	10,314,236	12,661,738
Unrestricted	5,093,421	3,470,007
Total Net Position	132,467,694	130,700,423
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 172,295,315	\$ 176,296,522

Statement of Net Position

The District's "total" liquidity increased significantly in 2020. The current ratio (current unrestricted assets divided by current unrestricted liabilities) increased to 24.87:1 from 6.79:1 in 2019. The primary reason for the ratio increase is the amounts due from/to airlines recorded as a result of the airline reconciliation, which is discussed in *Note 5*.

Statement of Net Position (continued)

The total of cash and temporary investments (current assets, unrestricted) decreased by \$2.3 million. The District had 214.83 days cash on hand to meet operating and debt service funding needs, as compared to 254.85 days in 2019. See *Note 3* for a detailed discussion of deposits and temporary investments.

Accounts receivable, net, comprised of trade receivables from airlines, tenants, parking and concessionaires decreased by \$.6 million. The number of days of operating revenue in receivables (excluding the effects of the year end signatory airline reconciliation from both revenue and receivables), increased to 35.66 from 32.56 in 2019. Daily operating revenue declined by \$22,002 (-38.97%) due to the pandemic, and contributed to the majority of the increased days over the prior year. A summary of receivables is presented in *Note 4*.

The balances for the total of inventory and prepaid expenses increased by a total of \$11,310 from the 2019 balances.

Restricted cash increased by \$.6 million. A Contract Facility Charge net decrease of \$.8 million was offset by increases in Passenger Facility Charges (PFCs) of \$1.1million and \$.3 million in other restricted cash accounts. CFC activity included a \$2.0 million transfer in March 2020 to restricted temporary investments intended for annual bond principal payments in January 2021.

Restricted temporary investments decreased by approximately \$2.4 million. Funds deposited into the Series 2015 A & Series 2015 B accounts during 2019 intended for advance bond principal payments were instead used to fund 2020 annual principal and interest requirements. This allowed management to significantly reduce the monthly transfers of operational and restricted cash into these accounts.

Grant funds receivable of \$.4 million is a decrease of \$.2 million from the 2019 balance, as projects related to the terminal mechanical improvement and escalator projects materially conclude.

Capital assets net of accumulated depreciation decreased by approximately \$3.2 million. Asset increases of \$8.1 million were offset by depreciation expense of \$11.3 million. A reconciliation of all changes to capital assets is provided in *Note 6*, and a brief description of the capital asset activities is provided below.

Funded by Airport Improvement Program grants (AIP#s 47-51) and the Checked Baggage Inspection System grant, the District added \$6.1 million of assets to the terminal building consisting of mechanical equipment, elevator/escalator improvements, upgrades in ticketing and baggage projects (existing in-bound system and new in-line baggage project), and various airfield projects. Self-funded projects of \$2.0 million included equipment and miscellaneous small rehabilitation projects, as well as grading in the west cargo area for potential aviation needs.

Other Assets include the improvements to the investment in CAE Enterprise Park, which is held for future use and sale. The Enterprise Park improvements are not depreciated and are addressed in *Note 8*.

Deferred losses on bond refunding, net, were affected by normal amortization and accretion of individual Series' losses and gains on refunding. No additional bond transactions were executed in 2020.

Statement of Net Position (continued)

Deferred outflows of resources related to pensions and other post-employment benefits are discussed in *Notes 9 & 12*.

Current unrestricted liabilities decreased by \$1.6 million, due primarily to “netting” the 2019 Amount due airlines with the 2020 Signatory Airline surcharge and related Amounts due from airlines. Further discussion is found in *Note 5*.

Current liabilities payable from restricted assets decreased by \$.9 million, which is largely attributable to the reduction in construction project payables associated with the terminal improvement, West Cargo site development, and escalator projects.

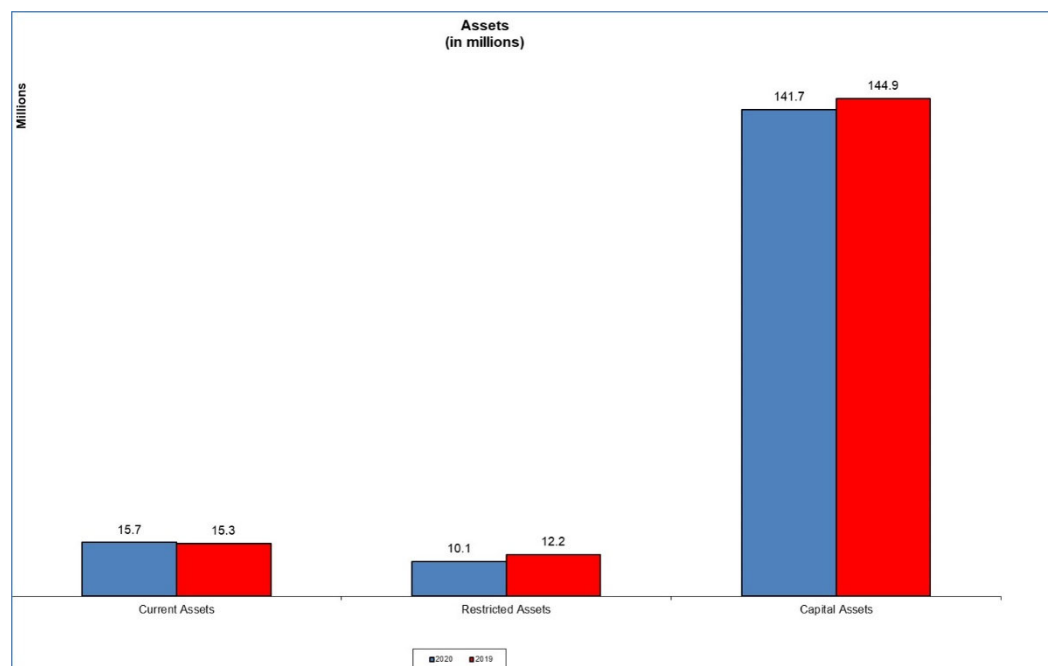
The compensated absences balance decreased by \$3,305 from 2019.

Bonds payable (current and non-current) decreased by \$4.7 million as a result of scheduled principal payments previously discussed. Bond activity is detailed in *Note 7*.

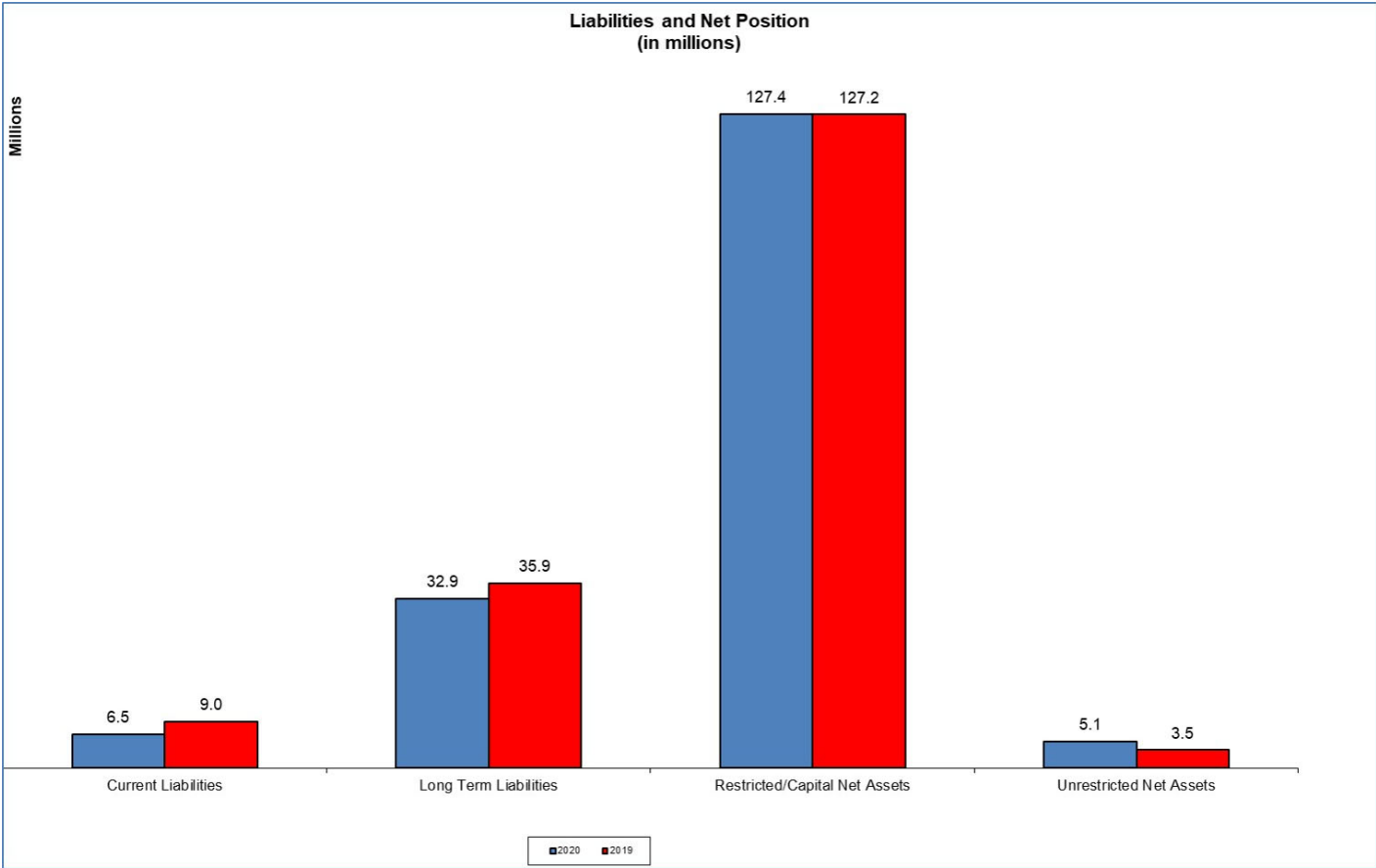
No changes to the retiree health benefit were made in 2020. The liability and deferred inflows of resources at December 31, 2020 increased by approximately \$.4 million from 2019. Further discussion of Other Post Employment Benefits and management’s implementation of GASB 75 is presented in *Note 12*.

Net pension liabilities and deferred inflows of resources increased by \$1.2 million, and is discussed in detail in *Note 9*.

Total net position increased by \$1.8 million. The total of capital and restricted net position components increased by \$.2 million and includes an amount for other post-employment benefits. Unrestricted net position increased by \$1.6 million over the 2019 balance. See *Note 10* for a comparative summary of net position components.



Statement of Net Position (continued)



**CONDENSED STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION**

	Years Ended December 31,	
	<u>2020</u>	<u>2019</u>
Total operating revenue		
before Signatory Airline surcharge (rebate)	\$ 12,574,541	\$ 20,605,298
Signatory Airline surcharge (rebate)	<u>4,684,880</u>	<u>(1,526,350)</u>
Net operating revenue	<u>17,259,421</u>	<u>19,078,948</u>
Operating expenses (before depreciation)	13,326,316	13,208,819
Depreciation	<u>11,281,294</u>	<u>11,374,727</u>
Total operating expenses	<u>24,607,610</u>	<u>24,583,546</u>
Loss from operations	(7,348,189)	(5,504,598)
Net non-operating revenue	3,644,696	5,279,746
Capital contributions	<u>5,470,764</u>	<u>2,772,628</u>
Net change in net position	<u>\$ 1,767,271</u>	<u>\$ 2,547,776</u>

CONDENSED STATEMENT OF REVENUE AND CONTRIBUTIONS

	Years Ended December 31,	
	<u>2020</u>	<u>2019</u>
Landing fees	\$ 1,985,922	\$ 3,760,294
Leased sites	4,960,332	8,828,242
Terminal rent	5,251,187	7,590,074
Passenger Facility Charges (PFCs)	1,410,341	2,628,083
Contract Facility Charges (CFCs)	2,122,008	3,337,448
Capital contributions	5,470,764	2,772,628
Interest income	115,348	323,185
Other	377,100	426,688
Gain (loss) on sale of assets, net and other	97,677	64,785
Signatory airline surcharge (rebate)	4,684,880	(1,526,350)
Federal grants	<u>947,636</u>	<u>135,947</u>
Total revenue and contributions	<u>\$ 27,423,195</u>	<u>\$ 28,341,024</u>

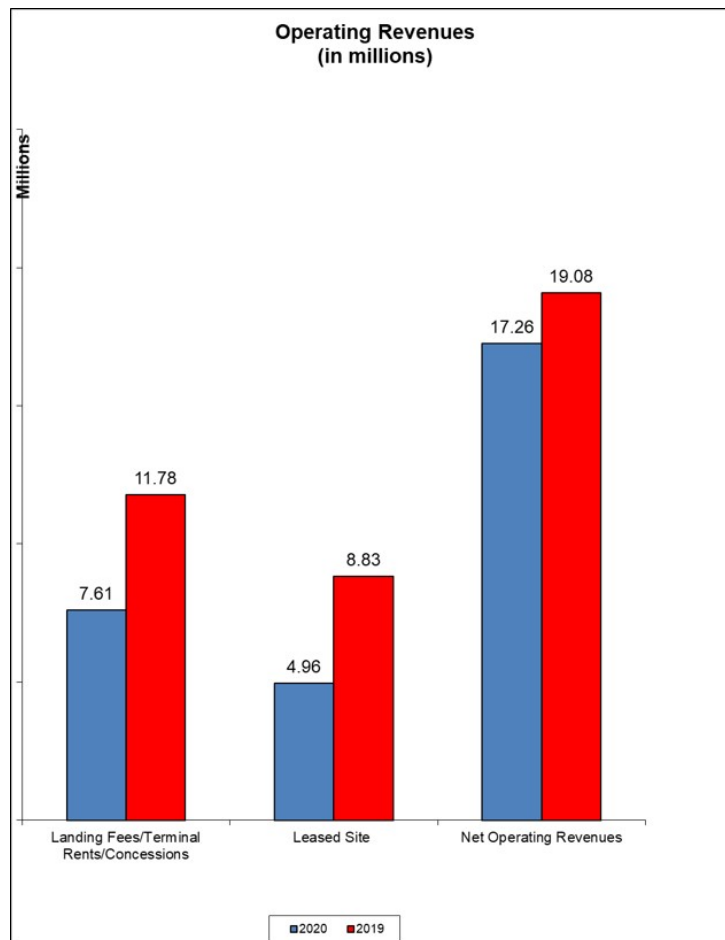
Operating Revenue

Revenue from operations is comprised of airfield landing fees, tenant rents, and airline security revenue. Total operating revenue before Signatory Airline rebate of \$12.6 million is a \$8.0 million decrease from 2019. Previously discussed COVID-19 pandemic impacts on airline traffic negatively affected every variable revenue – notably airline fees (-\$2.5 million), parking (-\$4.0 million), rental car (-\$1.1 million), retail (-\$.2 million), and food concessions (-\$.2 million).

The result of the current year airline reconciliation is a \$4.7 million Signatory Airline surcharge at December 31, 2020. Per the Agreement, final settlement of the net Signatory Airline rebate or surcharge occurs at its termination on December 31, 2022.

The 2020 signatory airline rates were landing fees of \$2.10 per 1,000 lbs. of certificated landed weight, terminal rental rates of \$35.00 per square foot, and security fee reimbursement of \$1.29 per enplaned passenger.

Parking rates remained a maximum of \$8.00 per day for surface parking and \$12.00 per day for the garage. The “Fast Lane” service for \$6.00 per day in the surface parking continued throughout 2020.



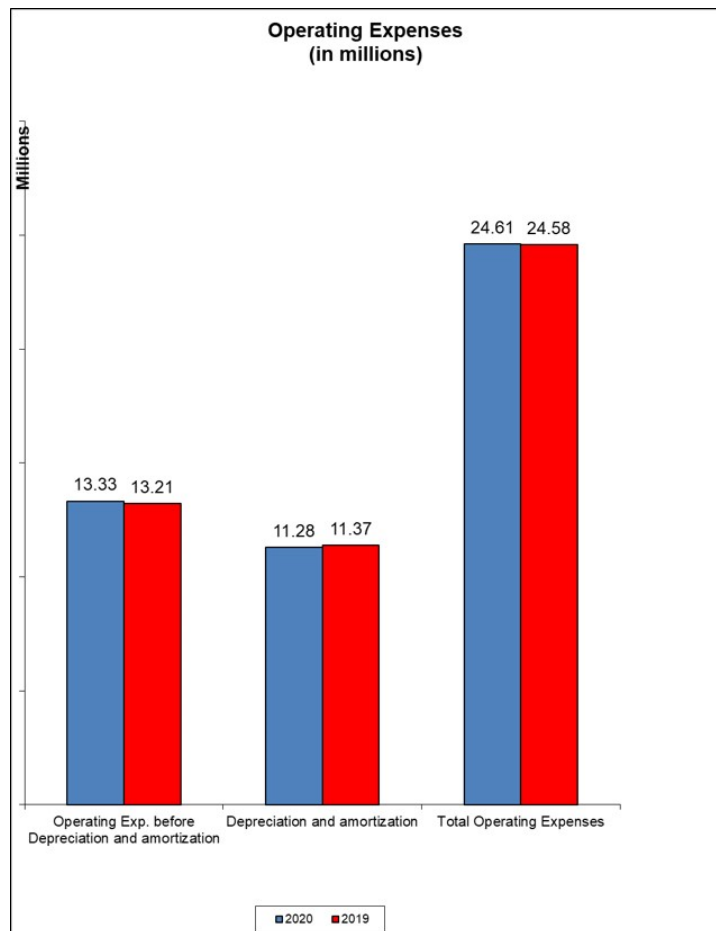
CONDENSED STATEMENT OF EXPENSES

Years Ended December 31,

	2020	2019
Operating expenses	\$ 24,607,610	\$ 24,583,546
Interest expense	1,048,314	1,209,702
Total Expenses	\$ 25,655,924	\$ 25,793,248

Operating Expenses

The District's expenses are comprised of the following: salaries and employee benefits, supplies, airport operations, travel and education, outside professional services, marketing, and depreciation. Operating expenses before depreciation were \$13.33 million, an increase of \$.12 million from 2019. The increase in salaries and benefits expense are attributable to higher retirement expense (GASBs 68 & 75), and payments associated with a voluntary retirement package accepted by several employees who currently met eligibility requirements. These increases were largely mitigated by decreased non-salary expense. Depreciation expense decreased by \$.08 million to \$11.3 million.



Non-Operating Revenue and Expenses

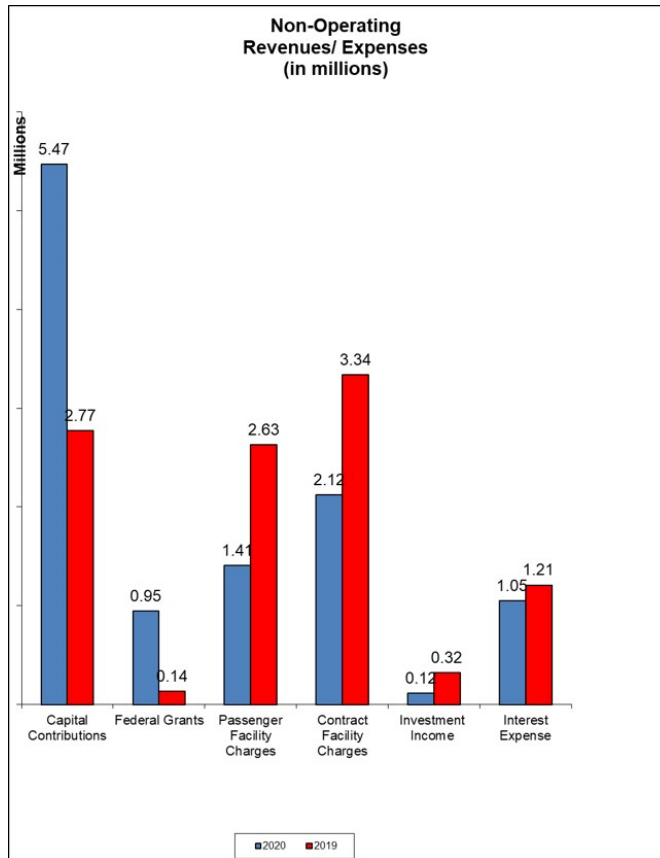
Non-operating Revenue and expenses is comprised of Passenger Facility Charges and Contract Facility Charges (PFC's and CFC's, respectively), investment income, interest expense, federal grants (2020 CARES), and other income and expense items.

PFC revenue of \$1.4 million was a \$1.2 million decrease from 2019, and CFC revenue of \$2.1 million was \$1.2 million decrease from the 2019 collections. The changes in both revenues are consistent with the previously discussed enplanement decline due to the pandemic.

Investment income of approximately \$.12 million was a \$.2 million decrease from the 2019 income. Interest expense was \$0.16 million less than the previous year. This decrease is due to previous advanced principal payments on the Series 2015A & 2015B bonds. Additional details of the 2019 bond payable activity are provided in *Note 7*.

Airport Improvement Program (AIP) grant revenue from the Federal Aviation Administration (FAA) and the Checked Baggage Inspection System grant from the Transportation Security Administration (TSA) totaled \$5.5 million. The detailed amounts for each grant are presented in the *Schedule of Expenditures of Federal Awards*. These funds are reimbursement for projects previously discussed.

Federal grants includes the Transportation Security Administration grant for law enforcement officer reimbursement of security checkpoint expense. In addition, the CARES-grant draws are also included in this line. To date, management has reimbursed itself for a portion of salary and benefit cost with CARES funds and has approximately \$8.0 million of a remaining balance at December 31, 2020 available for future reimbursements.

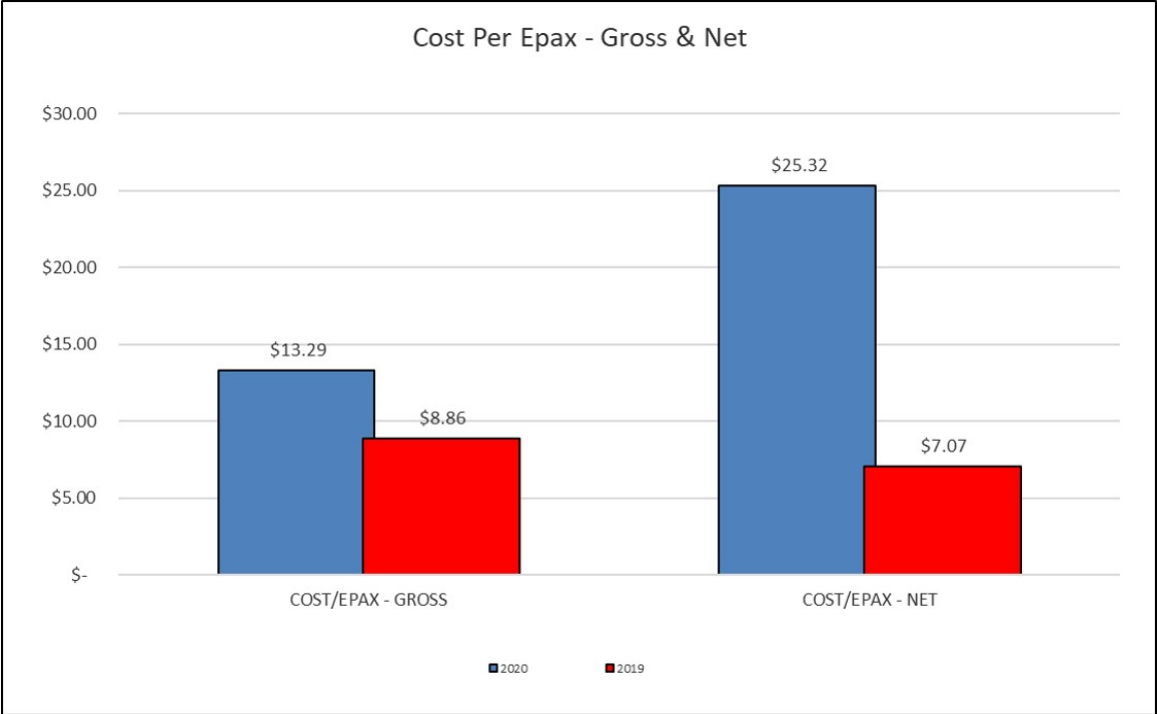


General Trends and Significant Events

Enplaned passenger traffic decreased from 2019 levels by 57.95% in 2020 as the commercial aviation industry nearly came to a halt at the beginning of the COVID-19 pandemic. Along with the significant decline in seats, load factors reached a low of 10.3% in April before improving to 56.1% at the end of the year. Management fully expects a 2-3 year period of recovery before reaching 2019 levels. This outlook is consistent with airport industry expectations among individual airports.

2020 operating expense levels (excluding depreciation) were consistent with 2019, and will require continued control in 2021 to help manage liquidity and airline costs.

The gross cost per enplanement is significantly higher than 2019, which reflects decreased enplanements and commercial air carrier revenue. The net cost per enplanement reflects the \$4.7 million Signatory Airline surcharge recorded for 2020.



Final Comments

The year ended December 31, 2020 forced management to analyze and forecast cash, revenues, and expenses more closely than in recent memory. The District’s goals in 2021 to restore liquidity, achieve debt covenants and significantly reduce the Signatory Airline receivable while improving airline cost per enplaned passenger.

AUDITED BASIC FINANCIAL STATEMENTS

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
STATEMENT OF NET POSITION
DECEMBER 31, 2020
(With comparative amounts at December 31, 2019)

	2020	2019
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	\$ 1,650,577	\$ 3,980,822
Temporary investments	9,213,577	9,137,556
Accounts receivable, net	1,228,382	1,838,324
Amounts due from airlines	3,158,530	-
Inventory	137,713	137,445
Prepaid expenses	265,609	254,567
	15,654,388	15,348,714
Restricted assets:		
Cash and cash equivalents	2,889,395	2,311,934
Temporary investments	6,869,023	9,228,909
Grant funds receivable	374,135	642,687
	10,132,553	12,183,530
Total current assets	25,786,941	27,532,244
Non-current assets:		
Capital assets:		
Capital assets, net of depreciation	121,129,217	126,245,424
Capital assets not subject to depreciation	20,581,991	18,675,522
Total capital assets, net	141,711,208	144,920,946
Other assets:		
Other assets, net	1,908,419	1,872,016
Total other assets	1,908,419	1,872,016
Total non-current assets	143,619,627	146,792,962
Total assets	169,406,568	174,325,206
Deferred Outflows of Resources		
Deferred losses on bond refundings, net	175,776	228,743
Deferred outflows of resources related to pensions	1,846,380	1,170,440
Deferred outflows of resources related to OPEB	866,591	572,133
Total deferred outflows of resources	2,888,747	1,971,316
Total assets and deferred outflows of resources	\$ 172,295,315	\$ 176,296,522

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
STATEMENT OF NET POSITION
-CONTINUED-

	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable	\$ 301,321	\$ 262,244
Accrued payroll and withholdings	176,130	144,010
Unearned revenue	151,922	327,785
Amounts due to airlines - signatory rebate	-	1,526,350
	629,373	2,260,389
Current liabilities payable from restricted assets:		
Construction project payable	568,436	1,480,068
Bonds payable - current portion	4,835,739	4,740,692
Accrued interest payable	492,245	556,486
	5,896,420	6,777,246
Total current liabilities	6,525,793	9,037,635
Non-current liabilities:		
Compensated absences	377,969	381,275
Bonds payable	19,246,996	24,131,508
OPEB obligation	3,746,015	3,292,286
Net pension liabilities	9,555,485	8,144,110
Total non-current liabilities	32,926,465	35,949,179
Total liabilities	39,452,258	44,986,814
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	221,619	431,137
Deferred inflows of resources related to OPEB	153,744	178,148
Total deferred inflows of resources	375,363	609,285
Net Position:		
Net investment in capital assets	117,060,037	114,568,678
Restricted for:		
Capital projects	374,135	642,687
Debt service	6,869,023	9,228,909
Pensions	356,593	341,911
Other post-employment benefits	174,679	202,975
Other purposes	2,539,806	2,245,256
Unrestricted	5,093,421	3,470,007
Total net position	132,467,694	130,700,423
Total liabilities, deferred inflows of resources and net position	\$ 172,295,315	\$ 176,296,522

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

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020
(With comparative amounts year ended December 31, 2019)

	2020	2019
Operating Revenue		
Airfield landing fees	\$ 1,985,922	\$ 3,760,294
Leased sites	4,960,332	8,828,242
Terminal rents and commissions	5,251,187	7,590,074
Other	377,100	426,688
Total operating revenue before Signatory Airline rebate	12,574,541	20,605,298
Signatory Airline surcharge (rebate)	4,684,880	(1,526,350)
Net operating revenue	17,259,421	19,078,948
Operating Expenses		
Salaries and employee benefits	8,197,607	7,226,028
Supplies	89,202	97,631
Airport operations	4,065,600	4,277,589
Travel and education	161,790	407,143
Outside professional services	256,940	501,575
Marketing	554,453	698,853
Bad debt expense	724	-
Depreciation	11,281,294	11,374,727
Total operating expenses	24,607,610	24,583,546
Loss from operations	(7,348,189)	(5,504,598)
Non-operating Revenue (Expenses)		
Passenger Facility Charges (PFC's)	1,410,341	2,628,083
Contract Facility Charges (CFC's)	2,122,008	3,337,448
Interest income	115,348	323,185
Interest expense	(1,048,314)	(1,209,702)
Gain on sale of assets, net and other	97,677	64,785
Federal grants and assistance (non-capital)	947,636	135,947
Net non-operating revenue	3,644,696	5,279,746
Loss from operations and net non-operating revenue before capital contributions	(3,703,493)	(224,852)
Capital Contributions		
Federal grants	5,368,873	2,770,415
Other capital grants	101,891	2,213
Total capital contributions	5,470,764	2,772,628
Net change in net position	1,767,271	2,547,776
Beginning of year, net position	130,700,423	128,152,647
End of year, net position	\$ 132,467,694	\$ 130,700,423

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

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(With comparative amounts year ended December 31, 2019)

	2020	2019
Cash Flow from Operating Activities		
Cash received from customers	\$ 13,919,853	\$ 20,606,489
Cash paid to employees for services	(7,508,009)	(6,831,845)
Cash paid to suppliers	(5,100,942)	(6,055,389)
Net cash provided by operating activities	1,310,902	7,719,255
Cash Flow from Capital and Related Financing Activities		
Capital contributions received	5,739,316	2,772,134
Acquisition and construction of capital assets	(8,985,267)	(6,374,503)
Redemption of long term debt	-	(2,675,000)
Principal paid on long term debt	(4,740,692)	(4,598,144)
Interest paid	(1,108,362)	(1,302,776)
Proceeds from sale of capital assets	99,756	64,785
Passenger Facility Charges (PFCs) collected	1,410,341	2,628,083
Contract Facility Charges (CFCs) collected	2,122,008	3,337,448
Net cash used in capital and related financing activities	(5,462,900)	(6,147,973)
Cash Flow from Investing Activities		
Purchases of investments	(3,540,302)	(8,789,431)
Proceeds from sales of investments	5,824,168	8,308,534
Investment income	115,348	323,185
Net cash provided by (used in) provided by investing activities	2,399,214	(157,712)
Net (decrease) increase in cash and cash equivalents	(1,752,784)	1,413,570
Cash and cash equivalents at beginning of year	6,292,756	4,879,186
Cash and cash equivalents at end of year	\$ 4,539,972	\$ 6,292,756

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
-CONTINUED-

	2020	2019
Reconciliation of operating loss to net cash provided by operating activities		
Loss from operations	\$ (7,348,189)	\$ (5,504,598)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	11,281,294	11,374,727
Federal grant reimbursement of operating expenses	947,636	135,947
Changes in other assets and liabilities:		
Decrease (increase) in accounts receivable	609,942	(301,291)
Increase in amounts due from/to signatory airlines	(4,684,880)	1,526,350
(Increase) decrease in inventory	(268)	16,512
(Increase) in prepaid expenses	(11,042)	(6,502)
(Increase) in other assets	(36,403)	-
Increase (decrease) in accounts payable	39,077	(82,608)
Increase in accrued expenses and compensated absences	28,814	89,262
(Decrease) Increase in unearned revenue and amounts due to others	(175,863)	166,535
Increase in OPEB obligation	453,729	186,824
Increase in net pension liability	1,411,375	535,900
(Increase) in deferred outflows related to pensions	(675,940)	(29,310)
(Increase) in deferred outflows related to other post-employment benefits	(294,458)	(334,688)
(Decrease) in deferred inflows related to pensions	(209,518)	(231,953)
(Decrease) increase in deferred inflows related to OPEB	(24,404)	178,148
Net cash provided by operating activities	\$ 1,310,902	\$ 7,719,255
Reconciliation of cash and cash equivalents		
Cash and cash equivalents - unrestricted	\$ 1,650,577	\$ 3,980,822
Cash and cash equivalents - restricted	2,889,395	2,311,934
Total cash and cash equivalents	\$ 4,539,972	\$ 6,292,756

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

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 appointed by the Richland County Delegation, five members are appointed by the Lexington County Legislative Delegation, and two members are appointed by the Columbia City Council. The members of the commission shall serve for terms of four years and until their successors are appointed.

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.

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 revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Net position and revenue, expenses, and changes in net position are reflected using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis concept, revenue is recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue 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 revenue and expenses not meeting this definition are reported as non-operating expenses.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

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.

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

Inventory and Prepaid Expenses - 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"). Prepaid expenses represent cost for services applicable to future periods.

Restricted Assets - Restricted assets represent monies or other resources, the use of which is restricted by either externally imposed legal or contractual requirements. At December 31, 2020, 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, aviation easements, 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 \$5,000 and an estimated useful life in excess of five 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 – 5 to 8 years

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 1. Summary of Significant Accounting Policies (continued)

The aviation easement, which is capitalized at historical cost as an intangible asset, provides the District the right to operate various aviation activities, including flight air space, and is deemed to have a perpetual life. Consequently, no amortization is recognized in the accompanying financial statements. Projects in progress are reported at historical cost. Gifts or contributions of property received are recorded at their estimated fair value on the date received by the District.

Other Assets - Certain costs associated with land held for future use and sale. See *Note 8* for further details of the components of other assets.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement Plan (SCRS) and South Carolina Police Officers Retirement Plan (PORS), and additions to/deductions from these plans’ fiduciary net position have been determined on the same basis as they are reported by the related plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows/Outflows of Resources – Pursuant to GASB Concepts Statement No. 4, “deferred outflow of resources” is a consumption of net position (assets minus liabilities) by the government that is applicable to a future period, while an ‘asset’ is a resource with present service capacity that the government presently controls. A “deferred inflow of resources” is an acquisition of net position (assets minus liabilities) by the government that is applicable to a future reporting period, while a ‘liability’ is a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred outflows and inflows of resources are reported separate from assets and liabilities, respectively, in the Statement of Net Position.

Long-term Obligations - Long-term debt represents un-matured principal of revenue and general obligation bonds and special facility bond (issued for a partial financing of a commercial real estate purchase). The Other Postemployment Benefits liability is also recorded as a long-term obligation (*See Note 12*).

Compensated Absences (Accrued Vacation) - The District maintains a policy that allows employees to carryover an amount not to exceed 45 days. The District considers this amount to be a non-current liability in accordance with GASB Statement No.16 – *Accounting for Compensated Absences*. Accrued vacation is treated as a terminal benefit and is paid to the extent of the accumulated balance upon an employee’s termination.

Net Position - Net position comprises the various net earnings from operations, non-operating revenue, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets, net of related debt, 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. Net position restricted for capital projects, debt service, pensions, and other purpose consist of net position for which constraints are placed thereon by external parties, such as

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 1. Summary of Significant Accounting Policies (continued)

Net Position (continued) - lenders, grantors, contributors, laws, regulations and enabling legislation. Unrestricted net position consists of all other net position not included in the above categories. See *Notes 9, 10 and 12* for further details.

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, several lease terms provide for early termination by either party within a contractually specified notification period. Annual rent increases are primarily based on either amounts stated in the agreements, or periodic increases in the Consumer Price Index, where applicable. Management has considered the reporting requirements of GASB 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* as it relates to accounting and reporting by lessors. For those operating leases with scheduled rent increases, the difference between actual rent payments and revenue recorded from operating lease transactions measured on a straight-line basis over the lease term are immaterial.

In addition, lease revenue from airlines for the year ended December 31, 2020 was based on certain “signatory” and “non-signatory” airline lease and use agreements.

Grant Revenue and Non-exchange Transactions - Pursuant to GASB Statement 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. In response to the financial impact of the COVID-19 virus on the aviation industry, an additional AIP grant was awarded pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES) to reimburse lawful expenditures funded by airport revenues. The grant revenue that reimbursed non-capital expenditures is reported separate from those cost-reimbursement grants that 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 received 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 received 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.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 1. Summary of Significant Accounting Policies (continued)

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 revenue 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, pension and related assumptions, and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

Comparative Data and Reclassifications – The 2020 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, 2019, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform with current year presentation. There was no impact to change in net position as a result of this reclassification.

Accounting Pronouncements Recently Adopted – In June of 2018, the Governmental Accounting Standards Board (“GASB”) issued GASB 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The District implemented the new pronouncement for 2020. Prior to implementation, interest costs incurred during the construction phase of capital assets was reflected in the capitalized value of the asset constructed, when determined material. Going forward, all such interest will be expensed as the standard is required to be implemented prospectively.

Accounting Pronouncements Not Yet Adopted - The GASB issued GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District will implement the new guidance with the 2022 financial statements. Management has not yet determined the impact implementation of these standards will have on the District’s financial statements.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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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, 2020, the District operated under a \$22,621,221 budget, of which \$6,006,286 was related to the District's long-term debt service, \$13,760,882 was related to the District's operations before depreciation and \$2,854,053 was related to capital expenditures funded by the District, net of FAA Airport Improvement Program reimbursement.

Note 3. Deposits and Temporary 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, 2020, the carrying amount of the District's cash deposits with financial institutions was \$4,539,972 and the financial institution's balances totaled \$5,047,323. Of the balance, approximately \$500,000 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

—CONTINUED—

Note 3. Deposits and Temporary Investments (continued)

Deposits (continued)

Deposits include demand deposits at December 31, 2020 as follows:

		Bank Balances		
	Carrying Amounts	Demand Deposits	Money Market Funds	Totals
Funds with financial institutions	\$ 1,650,027	\$ 2,142,390	\$ —	\$ 2,142,390
Funds on hand	550	—	—	—
Unrestricted cash and equivalents	\$ 1,650,577	\$ 2,142,390	\$ —	\$ 2,142,390
Restricted cash and cash equivalents	\$ 2,889,395	\$ 2,904,934	\$ —	\$ 2,904,934

Temporary Investments

The District's investments are carried at fair value. At December 31, 2020 the District had the following investments subject to interest rate risk:

	Fair Value	Maturity
Unrestricted State Treasurer's Investment Pool	\$ 9,213,577	60 days weighted average of portfolios
Restricted Money Market Funds	\$ 6,869,023	8 days weighted average of portfolios

The South Carolina Treasurer's Office established the South Carolina Local Government Investment Pool ("the Pool") pursuant to Section 6-6-10 of the South Carolina Code of Law. The Pool is an investment trust fund, in which monies in excess of current needs which are under the custody of any county treasurer or any governing body political subdivision of the State may be deposited. The Pool is a Rule 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. Investment shares with the Pool are subject to redemption upon demand by the District. The fair value of the District's investment in the Pool is the same as the value of the Pool shares.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 3. Deposits and Temporary Investments (continued)

Credit Risk - 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 Services, 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 statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. Statutes also allow the State Treasurer to assist local governments in investing funds. The District has no investment policy that would limit its investment choices other than its compliance with State Law. The Pool limits its investments to the same State Law requirements.

Custodial credit risk - Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment balances were covered by collateral held by the financial institution’s trust department in the District’s name. As of December 31, 2020, the District was not exposed to custodial credit risk.

Concentration of credit risk - The District places no limit on the amount it may invest in any one issuer. More than 5% of the District’s investments are in money market funds, which comprise 42.7% of the District’s total investments.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 4. Receivables

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

Accounts	2020
Airfield landing fees	\$ 280,439
Leased sites	87,988
Terminal building	645,859
Parking	150,090
Other	64,006
Net accounts receivable	\$ 1,228,382
AIP	\$ 244,284
TSA - Inline Baggage	129,851
Grant funds receivable	\$ 374,135

Management considers the allowance for uncollectible accounts at December 31, 2020 to be immaterial.

Restricted grant funds receivable at December 31, 2020 consists of \$244,284 from the Federal Aviation Administration (FAA) for the Airport Improvement Grant Program, and \$129,851 from the Transportation Security Administration for Inline Baggage Capital Improvement. These receivables have been recognized as part of restricted assets.

Note 5. Signatory Airline Contracts

The District entered into substantially similar Airport Use and Lease Agreements (the “Airline Agreements”) with Delta Airlines, Inc., American Airlines, United Airlines Inc., United Parcel Service Co., and Federal Express Corporation (the “Signatory Airlines”), containing substantially similar provisions. Each Airline Agreement is effective January 1, 2018, and expires on December 31, 2022.

Pursuant to the Airline Agreement, the Signatory Airlines are charged an aircraft landing fee, and as applicable, terminal rent and a security reimbursement fee. The methodology for computing these fees are set forth in the Airline Agreement, and is also used to perform an annual reconciliation of billed airline charges to actual airline cost and a determination of an airline surcharge (accounts receivable) or rebate (accounts payable) at the end of each year. The results of the annual reconciliations affecting the Statement of Revenue, Expenses, and Changes in Net Position for the years ended December 31, 2018 through December 31, 2022 will be combined (“netted”) into one balance recorded on the Statement of Net Position for the same years.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 5. Signatory Airline Contracts (continued)

As discussed in the 2019 *Note 5*, the District did not make advance defeasance payments on outstanding long-term debt, which resulted in a Signatory Airline Rebate and Amounts due airlines. The results of the 2020 reconciliation are significantly different due to the previously discussed impacts of the COVID-19 virus on the aviation industry. A Signatory Airline surcharge and Amounts due from airlines are recorded, with the combination (“net”) of the 2019 Amounts due to airlines and the 2020 Signatory Airline surcharge are presented as the 2020 Amounts due from airlines.

Note 6. Capital Assets

A summary of changes in capital assets during the year ended December 31, 2020 is as follows:

Capital Assets Not subject to depreciation:	Balance 12/31/2019	Additions	Retirements	Transfers	Balance 12/31/2020
Land	\$ 13,438,324	\$ -	\$ -	\$ -	\$ 13,438,324
Construction-in-progress	2,427,671	8,073,635	-	(6,167,166)	4,334,140
Avigation Easement	2,809,527	-	-	-	2,809,527
Total capital assets not depreciated	18,675,522	8,073,635	-	(6,167,166)	20,581,991
<u>Subject to depreciation:</u>					
Airfield	135,668,179	-	-	1,740,067	137,408,246
Buildings	160,530,110	-	(712,515)	3,016,896	162,834,491
Furniture, Vehicles, Equipment	12,089,298	-	(14,126)	1,410,203	13,485,375
Total capital assets subject to depreciation	308,287,587	-	(726,641)	6,167,166	313,728,112
<u>Less: accumulated depreciation</u>					
Airfield	(81,929,417)	(4,584,398)	-	-	(86,513,815)
Buildings	(89,801,947)	(6,024,805)	710,436	-	(95,116,316)
Furniture, Vehicles, Equipment	(10,310,799)	(672,091)	14,126	-	(10,968,764)
Total accumulated depreciation	(182,042,163)	(11,281,294)	724,562	-	(192,598,895)
Net capital assets subject to depreciation	126,245,424	(11,281,294)	(2,079)	6,167,166	121,129,217
Net capital assets	\$ 144,920,946	\$ (3,207,659)	\$ (2,079)	\$ -	\$ 141,711,208

Total depreciation expense for the year ended December 31, 2020 equaled \$11,281,294.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 7. Long-Term Debt

The District had the following outstanding long-term debt (excluding compensated absences, net pension liabilities and other post-employment benefits) at December 31, 2020:

Bonds Payable

Outstanding Debt	12/31/2020
Taxable Airport Revenue Bonds, Series 2001B	\$ 10,175,000
<p>\$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%. Issued to fund rental car facility improvements.</p>	
Airport Refunding Revenue Bonds, Series 2014A	2,015,000
<p>\$3,820,000 Bonds of 2014 due in annual installments of \$75,000 to \$630,000 through January 1, 2024 with interest at 2.25%. Issued to refund a portion of Series 2001A Airport Revenue Bonds.</p>	
Airport Refunding Revenue Bonds, Series 2015A	4,340,000
<p>\$15,930,000 Bonds of 2015 due in annual installments of \$1,240,000 to \$1,775,000 through January 1, 2025 (original date) with interest at 2.16%. Issued to refund Series 2004 Airport Revenue Bonds. Revised final payment date of January 1, 2023 due to advance redemption principal payments.</p>	
Airport Refunding Revenue Bonds, Series 2015B	3,240,000
<p>\$11,970,000 Bonds of 2015 due in annual installments of \$600,000 to \$1,245,000 through January 1, 2026 (original date) with interest at 2.02%. Issued to refund Series 2005 Airport Revenue Bonds. Revised final payment date of January 1, 2025 due to advance redemption principal payments.</p>	
Total revenue bonds payable	19,770,000
Airport General Obligation Refunding Bonds, Series 2013	3,835,000
<p>\$10,000,000 Bonds of 2013 due in annual installments of \$500,000 to \$1,450,000 through March 1, 2027 (original date) with interest at 2.75% to 4.00%. Issued to refund a portion of Series 2001A Airport Revenue Bonds. Revised final payment date of March 1, 2026 due to in-substance defeasance.</p>	
Airport Special Facility Bond, 2013	225,736
<p>\$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%. Issued to finance the purchase of commercial real estate.</p>	
Total Bonds Payable	\$ 23,830,736

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 7. Long-Term Debt (continued)

The District’s aviation revenue bonds are not secured with a pledge of assets, but rather by a pledge of the Trust Estate under the Indenture of Trust dated as of February 1, 1995. The Trust Estate and Series Security are discussed below in the Pledged Revenue section. Bonds secured by the Indenture are not subject to acceleration upon the occurrence of an event of default. The Series 2014A, Series 2015A, and Series 2015B Bonds were sold to single bank purchasers in direct placement transactions. The rights of these holders of these bonds are governed solely by the Indenture, with no additional covenants or default provisions, and no termination events with finance-related consequences.

The District’s general obligation bond is not secured by a pledge of assets. The full faith, credit, resources, and taxing power of the District is irrevocably pledged for the payment of principal and interest on the Series 2013 Bonds. There are no stated events of default under the Indenture, nor are the Series 2013 Bonds subject to acceleration upon the occurrence of an event of default. There are no termination events with finance-related consequences applicable to the Series 2013 Bonds.

The District’s airport special facility bond is secured by a pledge of mixed-use commercial real estate located in the Airport Commerce Center at 101-103 Trade Zone Drive, West Columbia SC 29170, as well as an assignment of all revenues generated from the operations of the assets. In the event of default, unpaid principal and interest become due and payable without notice, and a default interest rate of four (4%) percent will be added to the stated rate of 2.98%. Additional discussion can be found below in the Pledged Revenue section.

Changes in bonds payable for the year ended December 31, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bonds payable:				
Airport Revenue Bonds	\$ 23,665,000	\$ -	\$ (3,895,000)	\$ 19,770,000
General Obligation Bonds	4,425,000	-	(590,000)	3,835,000
Airport Special Facility Bond	481,430	-	(255,694)	225,736
Plus, net amounts for original issuance premiums	300,770	-	(48,771)	251,999
Less, current portion due within one year	<u>(4,740,692)</u>	<u>(4,835,739)</u>	<u>4,740,692</u>	<u>(4,835,739)</u>
Net long-term bonds payable	<u>\$ 24,131,508</u>	<u>\$ (4,835,739)</u>	<u>\$ (48,773)</u>	<u>\$ 19,246,996</u>

Principal reductions were comprised of scheduled payments of \$4,740,692. Interest paid during the current year was \$1,108,362. Total “Net Revenues” as defined by the District’s Indenture of Trust (before Series Security) was \$3,989,126.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 7. Long-Term Debt (continued)

The future annual requirements of bonded debt at December 31, 2020 are as follows:

Airport Revenue Bonds			
Years Ended			
December 31,	Principal	Interest	Total
2021	\$ 4,005,000	\$ 832,589	\$ 4,837,589
2022	4,125,000	714,797	4,839,797
2023	3,395,000	601,411	3,996,411
2024	965,000	519,376	1,484,376
2025	845,000	462,196	1,307,196
2026 - 2031	6,435,000	1,383,891	7,818,891
	<u>\$ 19,770,000</u>	<u>\$ 4,514,260</u>	<u>\$ 24,284,260</u>

General Obligation Bonds			
Years Ended			
December 31,	Principal	Interest	Total
2021	\$ 605,000	\$ 126,913	\$ 731,913
2022	630,000	102,213	732,213
2023	655,000	76,513	731,513
2024	685,000	49,713	734,713
2025	715,000	26,181	741,181
2026	545,000	8,175	553,175
	<u>\$ 3,835,000</u>	<u>\$ 389,708</u>	<u>\$ 4,224,708</u>

Airport Special Facility Bond			
Years Ended			
December 31,	Principal	Interest	Total
2021	\$ 225,736	\$ 3,845	\$ 229,581
	<u>\$ 225,736</u>	<u>\$ 3,845</u>	<u>\$ 229,581</u>
Total All Bonds	<u>\$ 23,830,736</u>	<u>\$ 4,907,813</u>	<u>\$ 28,738,549</u>

Differences in totals may exist due to rounding

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 7. Long-Term Debt (continued)

Pledged Revenue

Pursuant to Bond Indenture of Trusts, the Trust Estate is comprised of substantially all of the District's operating revenue, net of expenses, is pledged for bonds repayment. The District is required by its Indenture of Trust debt covenants to produce a sum of Net Revenue and Series Security of at least 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 2015A and 2015B. Proceeds from the bonds were used to refund the outstanding Series 2004 and 2005 Bonds, respectively, which were used to refund the Series 1995 and 1996A Bonds, which financed construction of certain terminal building improvements and other projects. Approximately 82% of the debt service payments for the Series 2015A and 34% of the debt service payments for the Series 2015B annual debt service are eligible for funding with PFC's, which produced a computed Series Security of approximately \$1.8 million. Since the 2020 PFC collections are approximately \$.4 million less than the computed Series Security, 100% of the collections are recognized as Series Security in the computation of Net Revenue Available for Debt Service in the *Schedule of Debt Service Coverage*. The remaining principal and interest requirement on the Series 2015A bonds is \$4.5 million payable through January 1, 2023. The remaining principal and interest requirement on the Series 2015B bonds is \$3.3 million payable through January 1, 2023.

Other obligations for which the District has pledged future revenue net of specified operating expenses include the Series 2001B Taxable Airport Revenue Bonds, Series 2013 General Obligation Bonds, and the Series 2014 A & B Airport Refunding Bonds. Annual principal and interest requirements on those obligations required 48% of net revenue.

The Series 2013 Special Facility Bonds are payable solely from revenue derived from the operation of the aforesaid Special Facility ("Airport Commerce Center").

The District executed a Promissory Note, and other such documents on August 22, 2013 with First Citizens Bank and Trust Company, Inc. to defray a portion of the acquisition cost of commercial real estate ("Special Facility") in May 2013. Pursuant to the Indenture of Trust dated February 1, 1995 as amended and supplemented, the District has identified this Promissory Note as a "Special Facilities Bond" under the Indenture. The Promissory Note, and all costs and expenses related to the Special Facility.

Debt Service Coverage

The District has a rate covenant associated with its outstanding general airport revenue bonds which requires the District to establish rates and charges that generate "Net Revenue" 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. The revenue and expense associated with the Airport Commerce Center are excluded from the general airport revenue bonds "Net Revenue" in the computation of the debt service coverage. For the year ended December 31, 2020, the District is in compliance with the rate covenant.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 7. Long-Term Debt (continued)

Bond Premium and Amortization

The net amount for original issue premiums is associated with the Series 2013 G.O. Bond issued in April 2013. The original premium was \$755,919 and has been reduced by an accumulated amortization of \$503,920 through December 31, 2020 for a net amount of \$251,999. The annual amortization is \$48,771, which will remain in effect until the Bond's final payment on March 1, 2026.

Note 8. 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 \$2,889,395 and temporary investments of \$6,869,023 represent the District's funds restricted for such purposes.

The \$374,135 grant funds receivable is comprised of \$559,543 from the FAA's Airport Improvement Program and \$244,284 from the Transportation Security Administration and for capital projects. Additionally, \$129,851 is receivable from the Transportation Security Administration for partial reimbursement of law enforcement officer cost.

Other Assets

The District's other assets totaling \$1,908,419 consist primarily of \$1,872,016 of improvements to the investment in the CAE Enterprise Park held for future aviation-related use and sale.

Note 9. Employee Retirement

The South Carolina Public Employee Benefit Authority ("PEBA"), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles ("GAAP"). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 9. Employee Retirement (continued)

through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

- The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The State Optional Retirement Program ("State ORP") is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.
- The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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Note 9. Employee Retirement (continued)

Membership (continued)

- State ORP - As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below.

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

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

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 9. Employee Retirement (continued)

Benefits (continued)

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

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 9. Employee Retirement (continued)

Contributions (continued)

Required <u>employee</u> contribution rates ¹ are as follows:		
	Fiscal Year 2020	Fiscal Year 2019
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%
Required <u>employer</u> contribution rates ¹ are as follows:		
SCRS		
Employer Class Two	15.41%	14.41%
Employer Class Three	15.41%	14.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	17.84%	16.84%
Employer Class Three	17.84%	16.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019 for first use in the July 1, 2021 actuarial valuation.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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Note 9. Employee Retirement (continued)

Actuarial Assumptions and Methods (continued)

The June 30, 2020, total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by PEBA’s consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2020, using generally accepted actuarial principles.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020 and 2019:

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

¹ Includes inflation at 2.25%

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

Assumptions used in the determination of the June 30, 2020 and 2019 TPL are as follows:

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

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 9. Employee Retirement (continued)

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2020, for SCRS and PORS are presented below.

System	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers’ Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</u>
SCRS	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%
PORS	\$ 8,046,386,629	\$ 4,730,174,642	\$ 3,316,211,987	58.8%

NPL totals, as of June 30, 2019, for SCRS and PORS are presented below.

System	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers’ Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</u>
SCRS	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.4%
PORS	\$ 7,681,749,768	\$ 4,815,808,554	\$ 2,865,941,214	62.7%

The TPL is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans’ funding requirements. The District’s net pension liability at December 31, 2020 and 2019 was \$9,555,485 and \$8,144,110, respectively.

The District’s proportionate share of the net pension liability for SCRS is as follows for the years ended December 31, 2020 and 2019:

System	December 31, 2020	December 31, 2019	Change
SCRS	0.026619%	0.025515%	0.001104%
PORS	0.083040%	0.080881%	0.002159%

The District’s change in proportionate share of the net pension liability and related deferred inflows and outflows of the resources will be amortized into pension expense over the respective average remaining service lives of the system.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 9. Employee Retirement (continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Long-term Expected Rate of Return (continued)

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic	8.0%		
GTAA/Risk Parity	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	<u>100.0%</u>		<u>5.80%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>8.05%</u>

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 9. Employee Retirement (continued)

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the District’s proportional share of the collective NPL of the participating employers calculated using the discount rate of 7.25 percent, as well as what the District’s proportional share of the employers’ NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Proportional Share of Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 8,429,861	\$ 6,801,690	\$ 5,442,148
PORS	\$ 3,645,561	\$ 2,753,795	\$ 2,037,764

Deferred Outflows (Inflows) of Resources

For the year ended December 31, 2020, the District recognized pension expense of approximately \$1,209,000. At December 31, 2020, the District reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 356,593	\$ —
Differences between actual and expected retirement plan experience	137,006	(37,842)
Change in proportionate share of net pension liability	420,279	(75,516)
Change in actuarial assumptions	41,938	—
Difference between projected and actual investment earnings	890,564	(108,261)
	<u>\$ 1,846,380</u>	<u>\$ (221,619)</u>

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 9. Employee Retirement (continued)

Deferred Outflows (Inflows) of Resources

For the year ended December 31, 2019, the District recognized pension expense of approximately \$927,000. At December 31, 2019, the District reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 341,911	\$ —
Differences between actual and expected retirement plan experience	51,668	(58,986)
Change in proportionate share of net pension liability	290,244	(175,829)
Change in actuarial assumptions	209,325	—
Difference between projected and actual investment earnings	277,292	(196,322)
	\$ 1,170,440	\$ (431,137)

The District reported \$356,593 and \$341,911 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ended December 31, 2020 and 2019, respectively. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the District's proportional share of the net balance of remaining deferred outflows (inflows) of resources at December 31, 2020. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2020 was 3.984 years for SCRS and 4.176 for PORS.

Measurement Period Ending June 30,	Fiscal Year Ending December 31,	SCRS	PORS
2021	2021	\$ 207,897	\$ 101,313
2022	2022	309,485	104,307
2023	2023	237,391	104,839
2024	2024	127,669	75,267
		\$ 882,442	\$ 385,726

The District's contributions to SCRS and PORS for the fiscal years ended December 31, 2020 and 2019 were \$1,208,620 and \$927,069, respectively.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 10. Net Position

Net position represents the difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources.

A summary of the components of net position amounts is as follows:

	2020	2019
Net investment in capital assets		
Net property, plant and equipment in service	\$ 137,377,070	\$ 142,493,276
Construction in progress	4,334,140	2,427,671
Less:		
Bonds payable, net	(24,082,735)	(28,872,201)
Construction project payable	(568,438)	(1,480,068)
Net investment in capital assets	\$ 117,060,037	\$ 114,568,678
Restricted for Capital Projects		
Grant funds receivable	\$ 374,135	\$ 642,687
Restricted for Debt Service	\$ 6,869,023	\$ 9,228,909
Restricted for Pensions	\$ 356,593	\$ 341,911
Restricted for OPEB	\$ 174,679	\$ 202,975
Restricted for Other Purposes		
Law enforcement activities	\$ 80,922	\$ 72,959
Passenger Facility Charges	1,177,894	85,696
Contract Facility Charges	1,273,051	2,081,620
Other purposes	7,939	4,981
Total restricted for other purposes	\$ 2,539,806	\$ 2,245,256
Unrestricted	\$ 5,093,421	\$ 3,470,007
Total net Position	\$ 132,467,694	\$ 130,700,423

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 11. 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. As discussed in *Note 1 Grant Revenue and Non-Exchange Transactions*, the District was awarded a CARES grant that was utilized to reimburse certain operating expenses and is reported separate from those AIP grants which reimburse capital expenditures. 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 recorded in the accompanying financial statements for the refund of grant monies.

Commitments

At December 31, 2020, the District had outstanding contractual commitments approximating \$20.5 million for the completion of several construction projects.

Note 12. Post-Employment Benefits Other Than Pension

Plan Description

In addition to the pension benefits described in *Note 9*, the District maintains a policy whereby an employee who qualifies under the South Carolina Retirement System's Regular Service retirement and who has met years of service requirements with the District will have the opportunity to participate in the District's single employer defined benefit other post-employment benefit (OPEB) plan, hereafter referred to as the "Health OPEB" offers retired employees' to elect post-retirement coverage in the employee group health insurance plan (including dental). The Health OPEB assumed the District's policy premium rates will be \$771.23 for the retiree, \$1,543.62 for the retiree and spouse, \$1,457.95 for the retiree and child(ren), and \$2,196.84 for the retiree's family for the year ended December 31, 2020. The retiree pays a percentage of the premium based upon years of service.

The Health OPEB covers the retired employee and the spouse until the earlier of (1) either the spouse or the retiree attain Medicare eligibility, (2) the retired employee death or (3) the retired employee declines coverage. The District (through the Authority) currently administers the Health OPEB and maintains the authority for establishing benefits and funding policy. The Health OPEB does not issue separate stand-alone financial statements and is not included in the financial statements of another entity.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 12. Post-Employment Benefits Other Than Pension (continued)

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 assets. Total contributions by the District for the Health OPEB measurement years ended December 31, 2020, 2019 and 2018 were \$174,679, \$202,975 and \$223,002, respectively.

Expected Future Cash Flows are highlighted as follows:

Fiscal Year Ended <u>December 31,</u>	Projected Benefit Payments
2021	\$ 188,946
2022	194,887
2023	198,957
2024	174,386
2025	<u>162,388</u>
Thereafter	<u>\$ 682,364</u>

The projection of future cash flows is based on a closed group valuation. It does not take into account the impact of future new hires. It also includes the Implicit Rate Subsidy.

Employees Covered by Benefit Terms

At December 31, 2020, the District had thirteen (13) retired employees and seventeen (17) spouses, or beneficiaries covered by the Health OPEB. There were no inactive employees at December 31, 2020. At the valuation date of December 31, 2018, the following employees were covered by the benefit terms:

	<u># Participants</u>
Inactive employees, spouses or beneficiaries currently receiving benefit payments	16
Inactive employees, spouses or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	<u>58</u>
Total participants	<u><u>74</u></u>

Total OPEB Liability

At December 31, 2020, the District's total OPEB liability of \$3,746,015 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2018. The Health OPEB has not had a formal actuarial experience study performed since the 2018 valuation. Because plan-specific information on annual salary increases was not available, merit salary scale assumptions were made consistent with the assumption used in the July 1, 2017, valuations of the South Carolina Retirement System (SCRS and PORS). In addition, the assumed rates of retirement, mortality, withdrawal and disability were based on the assumptions used for the South Carolina Retirement System (SCRS and PORS).

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

—CONTINUED—

Note 12. Post-Employment Benefits Other than Pensions (OPEB) (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation, measured as of December 31, 2019, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Cost method	Entry Age Normal
Inflation	2.30%
Total GDP Growth Rate	1.50%
Projected salary increases	For SCRS employees: 3.0% plus a merit component ranging from 4.0% to 0.0% based on years of service. For PORS employees; 3.0%, plus a merit component ranging from 6.0% to 0.0% based on years of service
Discount rate	2.74% Based on Bond Buyer General Obligation 20 year – Bond Municipal Index
Health care trend – medical	Declining from 5.2% to 3.9% over 64 years – Getzen Trend Model
Retiree contribution	Same as Health Care trend: 25 years of service – 20%; 20 years of service – 50%; 15 years or less 100%
Investment rate of return	Not applicable
Mortality, morbidity (disability), retirement, and withdrawal rates	Based on assumptions used in the South Carolina Retirement System (SCRS and PORS) July 1, 2018 actuarial valuations.
Election at retirement	25 years of service – 85%; 20 years of service – 60%; 15 years of service – 30%, 50% of active employees elect spousal coverage at retirement

The District does not have a dedicated Trust to pay retiree healthcare benefits.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

Note 12. Post-Employment Benefits Other than Pensions (OPEB) (continued)

Actuarial Assumptions and Other Inputs (continued)

Projections of benefits are based on the substantive program (the Health OPEB 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. Assumptions may be made about participant data or other factors. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in total other post-employment benefit (OPEB) liabilities and the actuarial value of other post-employment benefit (OPEB) assets.

Changes in actuarial assumptions and methods since December 31, 2017 actuarial valuation: For the December 31, 2019 measurement date, the amortization was changed to a discount rate of 2.74% to comply with GASB Statement No.75. Age-specific costs have been updated to estimate the true underlying cost of coverage for pre-65 retirees. The healthcare trend assumption for medical benefits has been changed from 3.40% in 2018, 8.00% in 2019, then grading to an ultimate rate of 3.90% in 2095 to 8.00% in 2019, 5.20% in 2020, then grading to an ultimate rate of 3.90% in 2084. These trend rates are consistent with information from the Getzen Trend Model, Milliman’s *Health Cost Guidelines*. As required by GASB 75, the actuarial cost method has been changed from projected unit credit to entry age normal (level percentage of pay). The assumptions for rates of withdrawal, disability, retirement, and preretirement mortality have been updated to be consistent with those used in the actuarial valuations of the South Carolina Retirement System as of July 1, 2018. The postretirement mortality assumption has been updated.

Changes in the Total OPEB Liability

The changes in the District’s Total OPEB Liability for the current year and the related information for the program are as follows:

Total other post-employment benefit (OPEB) obligation - beginning of year	\$	3,292,286
Service Cost		89,282
Interest on total OPEB liability		134,526
Effect of plan changes		-
Effect of economic/demographic gains or losses		-
Effect of assumptions changes or inputs		432,896
Benefit payments		(202,975)
Net Changes		453,729
Net other post employment benefit (OPEB) obligation - end of year	\$	3,746,015

There were no changes of benefit terms during the period.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

Note 12. Post-Employment Benefits Other than Pensions (OPEB) (continued)

OPEB Expense

For the measurement year ended December 31, 2020, the District recognized OPEB expense of \$309,546 as follows:

Service cost	\$	89,282
Interest on OPEB liability		134,526
Effect of plan changes		-
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses		48,862
Recognition of assumption changes or inputs		36,876
		<hr/>
Total OPEB expense	\$	<u>309,546</u>

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

Note 12. Post-Employment Benefits Other than Pensions (OPEB) (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB Related	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 307,832	\$ -
Changes of assumptions	384,080	(153,744)
Employer contributions	174,679	-
Total	\$ 866,591	\$ (153,744)

The \$174,679 reported as deferred outflows related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the fiscal year ended December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year Ending December 31,	
2021	\$ 85,738
2022	85,738
2023	85,738
2024	85,738
2025	85,738
Therafter	\$ 109,478

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

Note 12. Post-Employment Benefits Other than Pensions (OPEB) (continued)

Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents District's Total OPEB Liability calculated using the discount rate of 2.74%, as well as what District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (1.74%) or one percentage point higher (3.74%) than the current discount rate:

District's Total OPEB Liability sensitivity to changes in the discount rate			
	1% Decrease (1.74%)	Valuation Rate (2.74%)	1% Increase (3.74%)
Total OPEB Liability	\$ 4,101,690	\$ 3,746,015	\$ 3,422,111

Sensitivity of the total OPEB liability to changes in the health care trend rates. The following presents the District's Total OPEB Liability calculated using the health care trend rate of 5.2% decreasing to 3.9%, as well as what the District's Total OPEB Liability would be if it were calculated using a health care trend rate that is one percentage point lower (4.2% decreasing to 2.9%) or one percentage point higher (6.2% decreasing to 4.9%) than the current discount rate:

District's Health Care Trend sensitivity to changes in the discount rate			
	1% Decrease (4.2 - 2.9%)	Valuation Rate (5.2 - 3.9%)	1% Increase (6.2% - 4.9%)
Total OPEB Liability	\$ 3,311,293	\$ 3,746,015	\$ 4,261,739

The District's total other post-employment benefit (OPEB) liability was \$3,746,015 and \$3,292,286, for the fiscal years 2020 and 2019, respectively.

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 other post-employment benefit (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 multiyear trend information that shows whether the actuarial value of other post-employment benefit (OPEB) assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

Note 13. Risk Management

The District is a participant in the Insurance Reserve Fund of South Carolina which is an office of the South Carolina Department of Administration. The South Carolina Department of Administration is authorized and required to provide insurance to governmental entities by state statute. The Insurance Reserve Fund is a self-insurance pool. The District participates in the Insurance Reserve Fund for business interruption; automobile comp, collision, and liability; data processing; buildings and personal property; inland marine; professional liability and general tort liability policies. 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.

The District's workers' compensation insurance is provided through the South Carolina State Accident Fund. The State Accident Fund is a separate agency of the state of South Carolina which provides workers' compensation insurance for state agencies, other government entities, and if required by the legislature, small businesses in the private sector.

Commercial General Liability insurance is provided for the District through Global Aerospace. This policy covers catastrophic air-side incidents. The policy is currently under a three year renewal and is managed by Hope Aviation.

The District holds a Public Officials and Employment Practices liability policy through the Stratford Insurance Company. This policy is for the protection of the District from any wrongful act during the performance of duties for the District. This policy is managed by Russell-Massey and Company.

The District has an Employee Dishonesty Bond through Travelers Casualty and Surety Company of America protecting the District against employee theft and fraud. This policy is managed by Russell-Massey and Company. The District holds a Cyber Liability policy through Travelers Casualty and Surety Company of America that is managed by Russell-Massey and Company. This policy protects the District against computer fraud and breach.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

Note 14. 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 total \$163 million with a carrying value of \$68 million at December 31, 2020. Depreciation expense for 2020 totaled \$6.0 million.

The following is a schedule of future minimum rentals receivable on non-cancelable operating leases as of December 31, 2020:

Years Ended December 31,	Total
2021	\$ 1,961,559
2022	1,829,453
2023	1,524,633
2024	1,470,636
2025	1,327,504
2026-2037	7,274,229
	<u>\$ 15,388,014</u>

Revenue associated with the above leases was approximately \$2,352,000 for the year ended December 31, 2020. Escalation of lease revenue is deemed not to be materially different from lease revenue recognized by the District annually.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

Note 15. 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. The revenues for the year ended December 31, 2020 are shown by function in the following table:

	2020	
	Revenue	%
Air Carriers (Net)	\$ 10,032,193	58%
Other tenant and concessions	2,527,153	15%
Parking	2,493,688	14%
Rental Car Operations	1,829,287	11%
Other operating revenue	377,100	2%
Net operating revenue	\$ 17,259,421	100%

The Signatory Airline Use Agreements were effective January 1, 2018, and is discussed in *Note 5*.

At December 31, 2020, Signatory Airlines consisted of Delta Airlines, American Airlines, United Airlines Inc., United Parcel Service Co., and Federal Express Corporation.

At December 31, 2020, air carrier revenue, which includes landing fees, leased sites and terminal rental are concentrated among several carriers as follows:

	2020	
	Revenue	%
American Airlines	\$ 3,512,058	35%
Delta Airlines	2,721,301	27%
United Parcel Service	1,527,024	15%
United Airlines	1,197,665	12%
Federal Express	761,592	8%
All Other Carriers	312,553	3%
Total air carriers	\$ 10,032,193	100%

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

Note 16. Subsequent Events

The financial statements and accompanying notes include evaluation of events through May 13, 2021, which is the date the financial statements were available to be issued.

On January 28, 2021, the District executed a \$12,250,000 Tax-Exempt Revenue Note (AMT), Series 2021. This Note is a credit facility with Ameris Bank to fund a portion of the construction and equipping of a new checked baggage inspection system (CBIS). The CBIS project totals approximately \$20,000,000, and is also funded by grants from the Transportation Security Administration and the Federal Aviation Authority.

The Note allows for a 36-month draw period not to exceed \$12.25M, with a tax-exempt fixed rate of 2.46%. Semi-annual interest payments are required the first two years, followed by an eight-year period of annual principal payments based on a fifteen-year amortization schedule. The Note will be subject to mandatory purchase, at the option of the Bank, on January 1 next preceding the tenth anniversary of the issuance thereof.

On March 17, 2021, the District was awarded and executed an Airport Coronavirus Response Grant Program (ACRGP) grant in the amount of \$3,944,750. It is provided in accordance with the Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA Act), Division M of Public Law 116-260. Like the 2020 “CARES” grant, it is a reimbursable grant administered by the Federal Aviation Administration to provide funding for costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments.

Also included in the above ACRGP grant is an additional allocation of \$137,506 to fund concessionaire relief from the payment of rent and minimum annual guarantee amounts (MAG) to the District. By accepting this grant, the District must provide relief from rent and MAG to in-terminal airport concessions (as defined in 49 CFR part 23). CRSSA requires the District to provide relief on a proportional basis until it has provided relief equaling the total allocation amount for rent and MAG due to the District after December 27, 2020.

No impairments have been recorded as of the Statement of Net Position date, as no triggering events or changes in circumstances occurred as of December 31, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
 LAST TEN FISCAL YEARS*(1)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability	0.026619%	0.025515%	0.023743%	0.024722%	0.024639%	0.025159%	0.026789%	N/A	N/A	N/A
District's proportionate share of the net pension liability	\$ 6,801,690	\$ 5,826,122	\$ 5,320,029	\$ 5,565,320	\$ 5,262,854	\$ 4,771,526	\$ 4,612,006	\$ 4,804,812	N/A	N/A
District's covered-employee payroll	\$ 3,084,956	\$ 2,872,339	\$ 2,509,420	\$ 2,492,197	\$ 2,370,974	\$ 2,296,106	\$ 2,432,309	\$ 2,508,952	N/A	N/A
District's proportion of the net pension liability as a percentage of its covered-employee payroll	220.5%	202.8%	212.0%	223.3%	222.0%	207.8%	189.6%	191.5%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	50.7%	54.4%	53.3%	52.9%	57.0%	59.9%	56.4%	N/A	N/A	N/A

* The amounts presented for each fiscal year determined as of measurement period that occurred within the calendar year.

(1) Because prior year data is unavailable, the District has elected to present information prospectively.

N/A Not available

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
 LAST TEN FISCAL YEARS⁽¹⁾

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 475,392	\$ 429,893	\$ 324,843	\$ 312,454	\$ 264,773	\$ 248,807	\$ 268,283	\$ 262,185	N/A	N/A
Contributions in relation to the contractually required contribution	\$ 475,392	\$ 429,893	\$ 324,843	\$ 312,454	\$ 264,773	\$ 248,807	\$ 268,283	\$ 262,185	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
District's covered-employee payroll	\$ 3,084,956	\$ 2,872,339	\$ 2,509,420	\$ 2,492,197	\$ 2,370,974	\$ 2,296,106	\$ 2,432,309	\$ 2,508,952	N/A	N/A
Contributions as a percentage of covered-employee wages	15.4%	15.0%	12.9%	12.5%	11.2%	10.8%	11.0%	10.4%	N/A	N/A

(1) Because prior year data is unavailable, the District has elected to present information prospectively.

N/A Not available

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

POLICE OFFICERS RETIREMENT SYSTEM (PORS)

LAST TEN FISCAL YEARS*(1)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability	0.083040%	0.080881%	0.080753%	0.080660%	0.089004%	0.091620%	0.101810%	N/A	N/A	N/A
District's proportionate share of the net pension liability	\$ 2,753,795	\$ 2,317,988	\$ 2,288,181	\$ 2,209,785	\$ 2,257,564	\$ 1,996,855	\$ 1,949,117	\$ 2,110,535	N/A	N/A
District's covered-employee payroll	\$ 1,250,360	\$ 1,242,766	\$ 1,157,090	\$ 1,081,751	\$ 1,126,724	\$ 1,129,465	\$ 1,243,692	\$ 1,257,306	N/A	N/A
District's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	220.2%	186.5%	197.8%	204.3%	200.4%	176.8%	156.7%	167.9%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	58.8%	62.7%	60.9%	60.4%	64.6%	67.5%	63.0%	N/A	N/A	N/A

* The amounts presented for each fiscal year determined as of measurement period that occurred within the calendar year.

(1) Because prior year data is unavailable, the District has elected to present information prospectively.

N/A Not available

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

POLICE OFFICERS RETIREMENT SYSTEM (PORS)

	LAST TEN FISCAL YEARS ⁽¹⁾									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 223,064	\$ 215,686	\$ 177,291	\$ 163,062	\$ 153,201	\$ 148,936	\$ 155,507	\$ 153,125	N/A	N/A
Contributions in relation to the contractually required contribution	\$ 223,064	\$ 215,686	\$ 177,291	\$ 163,062	\$ 153,201	\$ 148,936	\$ 155,507	\$ 153,125	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
District's covered-employee payroll	\$ 1,250,360	\$ 1,242,766	\$ 1,157,090	\$ 1,081,751	\$ 1,126,724	\$ 1,129,465	\$ 1,243,692	\$ 1,257,306	N/A	N/A
Contributions as a percentage of covered-employee wages	17.8%	17.4%	15.3%	15.1%	13.6%	13.2%	12.5%	12.2%	N/A	N/A

(1) Because prior year data is unavailable, the District has elected to present information prospectively.

N/A Not available

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

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

LAST TEN FISCAL YEARS*(1)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Service Cost	\$ 89,282	\$ 100,345	\$ 83,209	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	134,526	106,477	108,081	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of changes in benefit terms	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of differences between expected and actual experience	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of changes of assumptions or other inputs	432,896	203,004	16,422	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions - employer	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions - active & inactive employees	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments (2)	(202,975)	(223,002)	(212,293)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other changes	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net changes in total OPEB liability	453,729	186,824	(4,581)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	3,292,286	3,105,462	3,110,043	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$3,746,015</u>	<u>\$3,292,286</u>	<u>\$3,105,462</u>	<u>\$3,110,043</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Coverd-employee payroll (3)	<u>\$3,672,726</u>	<u>\$3,493,986</u>	<u>\$3,493,986</u>	<u>\$3,483,071</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total OPEB liability as a percentage of covered-employee payroll	102.00%	94.23%	88.88%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) The District has elected to present information prospectively since prior year data is unavailable.

(2) Includes Implicit Rate Subsidy

(3) Valuations required by GASB 75 wer not obtained for dates prior to December 31, 2017

N/A Not Available

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
 SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS

YEAR ENDED DECEMBER 31, 2020

Actuarial Valuation Date	Applicable GASB Statement	GASB 45 Actuarial Valuation of Assets (a)	GASB 75 Total OPEB Liability	GASB 45 Actuarial Accrued Liability (AAL - Entry Age)(b))	GASB 45 Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	GASB 45 UAAL as a percentage of Covered Payroll (b/c)
12/31/2018	75	N/A	\$ 3,292,286	N/A	N/A	0%	\$ 3,493,986	N/A
12/31/2017	75	N/A	\$ 3,105,462	N/A	N/A	0%	\$ 3,493,986	N/A
12/31/2016	75	N/A	\$ 3,110,043	N/A	N/A	0%	\$ 3,483,071	N/A
12/31/2015	45	-	N/A	\$ 3,168,500	\$ 3,168,500	0%	\$ 3,218,100	98.5%
12/31/2013	45	-	N/A	\$ 4,005,200	\$ 4,005,200	0%	\$ 3,329,100	120.3%
12/31/2011	45	-	N/A	\$ 3,365,800	\$ 3,365,800	0%	\$ 3,874,969	86.9%
12/31/2009	45	-	N/A	\$ 2,407,100	\$ 2,407,100	0%	\$ 5,295,300	45.5%

Actuarial valuations for fiscal years prior to 12/31/2018 used the GASB 45 actuarial requirements and were obtained triennially. Effective with the 12/31/2016 actuarial valuation, the District obtained actuarial valuations in accordance with GASB 75.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO SCHEDULE OF CHANGES IN DISTRICT 'S NET PENSION LIABILITIES,
TOTAL OPEB LIABILITY AND RELATED CONTRIBUTIONS AND RATIOS

DECEMBER 31, 2020

A. Pensions

Changes of benefit terms: None

Changes to assumptions: The assumed investment return was changed from 7.5% to 7.25% effective July 1, 2017.

B. Other Post-employment Benefit Liability

Changes of assumptions:

Actuarial cost method – As required by GASB Statement #75, the actuarial cost method has been changed from projected unit credit to entry age normal (level percentage of pay).

Post-retirement mortality – updated.

Discount rate – Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Changes to comply with GASB #75

2020	2.74%
2019	4.10%
2018	3.44%
2017	3.50%
2016	N/A
2015	N/A
2014	N/A
2013	N/A
2012	N/A
2011	N/A

The Health care trend assumptions for medical benefits has been changed from 3.40% in 2018, 8.00% in 2019, the grading to an ultimate rate of 3.90% in 2095 to 8.00% in 2019, 5.20% in 2020, then grading to an ultimate rate of 3.90% in 2084. These trend rates are consistent with information from the Getzen Trend Model, Milliman's *Health Cost Guidelines*, and actuarial judgement.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO SCHEDULE OF CHANGES IN DISTRICT 'S NET PENSION LIABILITIES,
TOTAL OPEB LIABILITY AND RELATED CONTRIBUTIONS AND RATIOS

— CONTINUED —

B. Other Post-employment Benefit Liability (continued)

Changes of assumptions: (continued)

Cost assumptions – Age-specific costs have been updated to estimate the true underlying cost of coverage for pre-65 retirees.

Withdrawal, morbidity (disability), retirement and preretirement mortality – The assumptions for rates of withdrawal, disability, retirement, and preretirement mortality have been updated to be consistent with those used in the actuarial valuations of the South Carolina Retirement System as of July 1, 2017. The postretirement mortality assumption has been updated.

OTHER FINANCIAL INFORMATION

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING REVENUES

YEAR ENDED DECEMBER 31, 2020

(With comparative amounts year ended December 31, 2019)

	2020	2019
Airfield Landing Fees		
United Parcel Service	\$ 750,190	\$ 1,024,281
Delta Airlines	372,022	929,885
United Airlines	133,668	319,415
Federal Express	169,502	253,538
American	472,286	1,109,819
Mountain Air Cargo	38,954	59,741
Martinaire	8,960	8,785
Air Cargo Carriers	40,340	54,722
Ameriflight	-	108
Total airfield landing fees	1,985,922	3,760,294
Leased Sites		
Stemme A.G.	14,593	14,321
Eagle Aviation	301,447	351,649
Columbia Aviation	69,195	73,851
United Parcel Service	40,806	40,806
FAA Summer Lake	325,312	322,170
Amazon	12,821	-
Weather Bureau	91,292	91,292
Delta Airlines	12,084	26,207
Federal Express Cargo	225,002	232,948
S.C. Department of Commerce - Division of Aeronautics	75,798	75,798
Parking (Public and Premier)	2,493,689	6,537,205
Outdoor Advertising	3,300	4,400
Kennedy Campus	8,512	9,286
West Cargo Hangar	-	754
Delta Global Systems	17,202	17,202
Kingston Metal	26,146	26,146
Lexington County School District 2	24,430	4,835

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING REVENUES

-CONTINUED-

	<u>2020</u>	<u>2019</u>
Leased Sites (continued)		
FTZ Fees	25,500	19,500
Doolittle Hangar	156,991	165,441
Celebrate Freedom Foundation	8,400	9,600
Jetstar Aviation	16,284	16,284
Avis	28,140	28,140
Hertz	44,940	44,940
National	57,540	57,540
Thrifty	14,280	14,280
Airport Commerce Center	866,628	643,647
Total leased sites	<u>4,960,332</u>	<u>8,828,242</u>
Terminal Rents and Commissions		
Delta Airlines	1,025,522	1,459,025
American Airlines	1,346,955	1,530,480
Air Wisconsin	67,309	59,349
United Airlines	486,721	599,067
TSA	165,272	165,272
Food concession	98,758	287,887
Retail concession	135,089	298,255
TNC, taxi and limousine service	84,747	201,742
ATM rental	12,600	10,800
Display advertising	109,957	163,836
Miscellaneous concessions and office space	16,646	36,616
Executive Delivery	2,000	1,250
Avis	192,323	285,072
Hertz	341,263	668,527
National	522,500	890,924
Budget	35,992	63,645
Thrifty / Dollar	160,924	281,918
Enterprise	431,386	571,018
Tenant phone service	15,223	15,391
Total terminal rents and commissions	<u>5,251,187</u>	<u>7,590,074</u>

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING REVENUES

-CONTINUED-

	<u>2020</u>	<u>2019</u>
Other		
Telephone commissions	4,813	8,250
Fines	1,469	2,109
Miscellaneous	99,070	121,083
Solar farm credits	258,149	290,455
Surplus equipment sales	13,599	4,791
Total other	<u>377,100</u>	<u>426,688</u>
 Signatory Airline surcharge (rebate)	 4,684,880	 (1,526,350)
 Total net operating revenues	 <u><u>\$ 17,259,421</u></u>	 <u><u>\$ 19,078,948</u></u>

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING EXPENSES

YEAR ENDED DECEMBER 31, 2020

(With comparative amounts year ended December 31, 2019)

	2020	2019
Salaries and Employee Benefits		
Salaries	\$ 4,871,030	\$ 4,351,594
Overtime	154,086	163,020
Payroll taxes	351,888	315,622
Retirement	1,370,570	1,072,647
Group insurance	1,419,552	1,298,711
Uniforms and other benefits	30,481	24,434
Total salaries and employee benefits	8,197,607	7,226,028
Supplies		
Office supplies	30,083	21,924
Cleaning supplies	58,586	70,948
Fire fighting and first aid supplies	533	4,759
Total supplies	89,202	97,631
Airport Operations		
Utilities	1,029,292	1,008,935
Repairs and maintenance	1,054,280	1,066,601
Airport Commerce Center	308,923	382,463
Parking management fee	461,045	578,352
Service contracts	810,041	873,389
Insurance	355,464	314,180
Fuel	45,201	50,484
Miscellaneous	1,354	3,185
Total airport operations	4,065,600	4,277,589
Travel and Education		
Dues and subscriptions	22,797	36,893
Training	79,249	145,907
Travel	59,744	224,343
Total travel and education	161,790	407,143

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING EXPENSES

-CONTINUED-

	2020	2019
Outside Professional Services		
Legal and other professional fees	113,520	141,015
Consulting	138,015	354,439
Outside printing	5,405	6,121
Total outside professional services	256,940	501,575
Marketing		
Marketing and public relations	240,463	281,703
Advertising	310,929	416,119
Postage and mailing	3,061	1,031
Total marketing	554,453	698,853
Bad Debt Expense	724	-
Depreciation	11,281,294	11,374,727
Total operating expenses	\$ 24,607,610	\$ 24,583,546

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, 2020

Court Fines and Assessments

Court fines and assessments collected	\$ 1,747
Court fines and assessments retained by Lexington County	<u>(1,463)</u>
Total court fines and assessments retained	<u><u>\$ 284</u></u>

Funds Allocated to Victim's Services

Carryover funds from prior year	\$ -
Court fines and assessments collected	34
Retained by Lexington County	<u>(34)</u>
Total unexpended victim's rights assistance funds	<u><u>\$ -</u></u>

STATISTICAL SECTION

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NET POSITION BY COMPONENT
(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net invested in capital assets	\$ 117,060,037	\$ 114,568,678	\$ 112,211,009	\$ 108,482,680	\$ 101,187,940	\$ 94,229,761	\$ 86,716,006	\$ 83,323,443	\$ 72,278,326	\$ 71,515,684
Restricted for:										
Capital projects	374,135	642,687	642,193	1,906,043	986,749	210,192	162,772	1,682,888	425,140	464,503
Debt service	6,869,023	9,228,909	9,019,578	7,538,739	9,748,244	4,771,920	5,174,291	6,118,980	6,482,668	6,491,491
Pensions	356,593	341,911	287,073	254,830	219,352	819,852	206,131	-	-	-
Other post-employment benefits	174,679	202,975	223,002	212,293	-	-	-	-	-	-
Other purposes	2,539,806	2,245,256	1,395,570	696,478	991,600	3,005,075	3,323,573	4,766,710	4,082,441	3,092,965
Unrestricted	5,093,421	3,470,007	4,374,222	3,693,106	5,192,607	5,732,000	4,607,911	10,544,102	14,916,732	17,919,396
Total net position	\$ 132,467,694	\$ 130,700,423	\$ 128,152,647	\$ 122,784,169	\$ 118,326,492	\$ 108,768,800	\$ 100,190,684	\$ 106,436,123	\$ 98,185,307	\$ 99,484,039

Note: Certain amounts of the 2017 net position have been restated upon implementation of GASB 75. GASB 75 was implemented for fiscal year 2017 and later.

Note: Certain amounts of the 2014 net position have been restated upon implementation of GASB 68. GASB 68 was implemented for fiscal year 2014 and later.

Note: Certain amounts of the 2013 net position have been restated upon implementation of GASB 51.

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

Note: Certain amounts of the 2010 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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenue										
Airfield landing fees	\$ 1,985,922	\$ 3,760,294	\$ 3,461,453	\$ 3,095,425	\$ 3,058,465	\$ 3,023,126	\$ 3,009,351	\$ 2,784,743	\$ 3,268,845	\$ 3,370,969
Leased sites	4,960,332	8,828,242	8,058,954	7,547,572	8,292,628	8,149,427	7,800,949	6,782,216	6,702,583	6,464,225
Terminal rents and commissions	5,251,187	7,590,074	6,931,146	6,379,122	6,437,252	6,286,408	6,419,463	5,918,191	6,054,710	5,909,693
Other	377,100	426,688	502,890	302,141	155,866	173,725	175,394	202,021	102,670	206,820
Total operating revenue before Signatory Airline surcharge (rebate)	12,574,541	20,605,298	18,954,443	17,324,260	17,944,211	17,632,686	17,405,157	15,687,171	16,128,808	15,951,707
Signatory Airline surcharge (rebate)	4,684,880	(1,526,350)	-	33,762	(17,180)	(16,582)	(629,067)	(330,058)	919,238	(1,081,934)
Net operating revenue	17,259,421	19,078,948	18,954,443	17,358,022	17,927,031	17,616,104	16,776,090	15,357,113	17,048,046	14,869,773
Operating Expenses										
Salaries and employee benefits	8,197,607	7,226,028	5,939,352	5,945,931	5,689,811	5,529,378	6,006,904	6,062,306	6,113,141	5,775,757
Supplies	89,202	97,631	99,399	109,402	108,891	88,262	126,183	127,657	92,062	94,541
Airport operations	4,065,600	4,277,589	4,376,636	4,393,485	4,100,578	4,463,873	3,971,416	3,810,784	3,670,286	3,420,416
Travel and education	161,790	407,143	486,025	369,980	350,968	283,126	295,669	259,710	275,935	279,510
Outside professional services	256,940	501,575	309,472	231,222	215,244	181,611	216,232	218,604	128,362	169,976
Marketing	554,453	698,853	739,665	678,548	645,927	541,328	559,932	623,277	543,608	429,129
Bad debt expense	724	-	-	-	-	-	-	-	-	46,719
Depreciation	11,281,294	11,374,727	11,411,712	10,896,977	10,357,465	9,629,268	9,510,939	8,997,818	8,591,418	8,698,300
Total operating expenses	24,607,610	24,583,546	23,362,261	22,625,545	21,468,884	20,716,846	20,687,275	20,100,156	19,414,812	18,914,348
Loss from operations	(7,348,189)	(5,504,598)	(4,407,818)	(5,267,523)	(3,541,853)	(3,100,742)	(3,911,185)	(4,743,043)	(2,366,766)	(4,044,575)

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

-(CONTINUED)-

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Non-operating Revenue (Expenses)										
Passenger Facility Charges (PFC's)	1,410,341	2,628,083	2,284,929	2,068,248	2,266,345	2,166,112	1,998,621	1,965,937	1,939,983	1,905,561
Contract Facility Charges (CFC's)	2,122,008	3,337,448	3,104,430	2,989,103	3,258,051	2,810,362	2,648,727	2,560,602	2,659,044	2,516,880
Investment income	115,348	323,185	264,835	119,796	91,366	63,592	61,590	84,390	70,841	48,018
Interest expense-net of capitalization	(1,048,314)	(1,209,702)	(1,333,032)	(1,451,144)	(1,680,899)	(1,852,170)	(2,882,309)	(3,070,260)	(3,558,086)	(3,750,660)
Amortization expense-bond issuance cost:										
Bond issuance costs	-	-	-	-	-	(153,381)	(102,696)	(297,973)	-	-
Gain(loss) on sale of assets, net and other	97,677	64,785	214,082	475,500	(353,900)	580,873	30,000	-	-	121,354
Federal grants	947,636	135,947	97,280	165,600	86,907	126,533	116,800	129,838	158,102	162,084
Other revenue	-	-	-	-	-	-	-	-	-	56,485
Net non-operating revenue (expenses)	3,644,696	5,279,746	4,632,524	4,367,103	3,667,870	3,741,921	1,794,553	1,274,959	1,072,558	614,560
Income (Loss) from operations and net non-operating revenue (expenses) before capital contributions	(3,703,493)	(224,852)	224,706	(900,420)	126,017	641,179	(2,116,632)	(3,468,084)	(1,294,208)	(3,430,015)
Capital Contributions										
Grant revenue	5,368,873	2,770,415	5,135,752	6,570,478	9,407,091	7,900,853	2,571,987	10,596,170	3,325,400	2,698,665
Other grants	101,891	2,213	8,020	40,444	24,584	36,084	8,422	639,976	-	-
Net change in net position	1,767,271	2,547,776	5,368,478	5,710,502	9,557,692	8,578,116	463,777	7,768,062	2,031,192	(731,350)
Beginning of year, net position	130,700,423	128,152,647	122,784,169	118,326,492	108,768,800	100,190,684	106,436,123	98,185,307	99,484,039	100,215,389
Cumulative effect of restatements	-	-	-	(1,252,825)	-	-	(6,709,216)	482,754	(3,329,924)	-
End of year, net position	\$ 132,467,694	\$ 130,700,423	\$ 128,152,647	\$ 122,784,169	\$ 118,326,492	\$ 108,768,800	\$ 100,190,684	\$ 106,436,123	\$ 98,185,307	\$ 99,484,039

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Note: Certain amounts of the 2017 net position have been restated upon implementation of GASB 75. GASB 75 was implemented for fiscal year 2017 and later.

Note: Certain amounts of the 2014 net position have been restated upon implementation of GASB 68. GASB 68 was implemented for fiscal year 2014 and later.

Note: Certain amounts of the 2013 net position have been restated upon implementation of GASB 51.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenue										
Airfield landing fees	\$ 1,985,922	\$ 3,760,294	\$ 3,461,453	\$ 3,095,425	\$ 3,058,465	\$ 3,023,126	\$ 3,009,351	\$ 2,784,743	\$ 3,268,845	\$ 3,370,969
Leased sites	4,960,332	8,828,242	8,058,954	7,547,572	8,292,628	8,149,427	7,800,949	6,782,216	6,702,583	6,464,225
Terminal rents and commissions	5,251,187	7,590,074	6,931,146	6,379,122	6,437,252	6,286,408	6,419,463	5,918,191	6,054,710	5,909,693
Other	377,100	426,688	502,890	302,141	155,866	173,725	175,394	202,021	102,670	206,820
Signatory Airline surcharge (rebate)	4,684,880	(1,526,350)	-	33,762	(17,180)	(16,582)	(629,067)	(330,058)	919,238	(1,081,934)
Total operating revenue	17,259,421	19,078,948	18,954,443	17,358,022	17,927,031	17,616,104	16,776,090	15,357,113	17,048,046	14,869,773
Non-Operating Revenue										
Passenger Facility Charges (PFCs)	1,410,341	2,628,083	2,284,929	2,068,248	2,266,345	2,166,112	1,998,621	1,965,937	1,939,983	1,905,561
Contract Facility Charges (CFCs)	2,122,008	3,337,448	3,104,430	2,989,103	3,258,051	2,810,362	2,648,727	2,560,602	2,659,044	2,516,880
Investment income	115,348	323,185	264,835	119,796	91,366	63,592	61,590	84,390	70,841	48,018
Gain on sale of assets, net and other	97,677	64,785	214,082	475,500	-	580,873	30,000	-	-	121,354
Federal grants	947,636	135,947	97,280	165,600	86,907	126,533	116,800	129,838	158,102	162,084
Other revenues				-	-	-	-	-	-	56,485
Capital Contributions	5,470,764	2,772,628	5,143,772	6,610,922	9,431,675	7,936,937	2,580,409	11,236,146	3,325,400	2,698,665
Total revenue	\$ 27,423,195	\$ 28,341,024	\$ 30,063,771	\$ 29,787,191	\$ 33,061,375	\$ 31,300,513	\$ 24,212,237	\$ 31,334,026	\$ 25,201,416	\$ 22,378,820

Note: Certain amounts of the 2017 net position have been restated upon implementation of GASB 75. GASB 75 was implemented for fiscal year 2017 and later.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

EXPENSES BY TYPE

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Expenses										
Salaries and employee benefits	8,197,607	7,226,028	5,939,352	5,945,931	5,689,811	\$ 5,529,378	\$ 6,006,904	\$ 6,062,306	\$ 6,113,141	\$ 5,775,757
Supplies	89,202	97,631	99,399	109,402	108,891	88,262	126,183	127,657	92,062	94,541
Airport operations	4,065,600	4,277,589	4,376,636	4,393,485	4,100,578	4,463,873	3,971,416	3,810,784	3,670,286	3,420,416
Travel and education	161,790	407,143	486,025	369,980	350,968	283,126	295,669	259,710	275,935	279,510
Outside professional services	256,940	501,575	309,472	231,222	215,244	181,611	216,232	218,604	128,362	169,976
Marketing	554,453	698,853	739,665	678,548	645,927	541,328	559,932	623,277	543,608	429,129
Bad debt expense	724	-	-	-	-	-	-	-	-	46,719
Depreciation	11,281,294	11,374,727	11,411,712	10,896,977	10,357,465	9,629,268	9,510,939	8,997,818	8,591,418	8,698,300
Total operating expenses	24,607,610	24,583,546	23,362,261	22,625,545	21,468,884	20,716,846	20,687,275	20,100,156	19,414,812	18,914,348
Non-operating Expenses										
Interest expense-net of capitalization	1,048,314	1,209,702	1,333,032	1,451,144	1,680,899	1,852,170	2,882,309	3,070,260	3,558,086	3,750,660
Amortization expense	-	-	-	-	-	-	76,180	97,575	197,326	445,162
Bond issuance costs*	-	-	-	-	-	153,381	102,696	297,973	-	-
Loss on sale of capital assets	-	-	-	-	353,900	-	-	-	-	-
Total non-operating expenses	1,048,314	1,209,702	1,333,032	1,451,144	2,034,799	2,005,551	3,061,185	3,465,808	3,755,412	4,195,822
Total expenses by type	\$ 25,655,924	\$ 25,793,248	\$ 24,695,293	\$ 24,076,689	\$ 23,503,683	\$ 22,722,397	\$ 23,748,460	\$ 23,565,964	\$ 23,170,224	\$ 23,110,170

Note: Certain amounts of the 2017 net position have been restated upon implementation of GASB 75. GASB 75 was implemented for fiscal year 2017 and later.

Note: Certain amounts of the 2014 operating expenses have been restated upon implementation of GASB 68. GASB 68 was implemented for fiscal year 2014 and later.

*Note: Bond issuance costs recognized as a current period expense upon implementation of GASB 65 in 2013. Previously, such costs were capitalized and amortized to expense over the life of the bonds.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
PASSENGER ENPLANEMENTS BY AIRLINE
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Delta & Affiliates:										
Delta Airlines	100,487	270,807	257,131	228,559	190,636	125,841	104,369	87,421	89,882	62,906
Atlantic Southeast	-	-	-	-	47,604	111,371	108,456	99,484	93,227	126,052
Chautauqua	-	-	-	-	-	461	1,596	20,823	17,374	10,825
Comair	-	-	-	-	-	-	-	-	86	2,190
Shuttle America	-	-	-	-	1,258	-	-	-	43	-
Pinnacle	-	-	-	-	96	117	1,503	10,022	21,168	10,388
Total Delta Affiliates	100,487	270,807	257,131	228,559	239,594	237,790	215,924	217,750	221,780	212,361
American & Affiliates:										
American Eagle	10,677	74,572	44,999	5,098	224,488	43,807	41,681	42,329	39,847	40,476
Piedmont	33,828	67,836	49,308	4,232	-	16,077	-	-	-	-
PSA	64,246	127,027	109,190	35,486	-	14,862	-	-	-	-
Air Wisconsin	-	0	4,446	129,700	-	140,909	-	-	-	-
Envoy	33,797	21,473	20,023	44,149	-	-	-	-	-	-
Trans States	-	984	11,687	7,687	-	-	-	-	-	-
Republic	1,988	17,667	13,407	297	-	456	-	-	-	-
Total American & Affiliates	144,536	309,559	253,060	226,649	224,488	216,111	41,681	42,329	39,847	40,476
US Airways & Affiliates:										
US Airways & Affiliates	-	-	-	-	-	-	159,958	148,357	151,190	142,436
Piedmont	-	-	-	-	-	-	16,307	20,266	12,794	11,154
Chautauqua	-	-	-	-	-	-	-	5,754	28,010	43,625
PSA	-	-	-	-	-	-	17,097	16,046	12,444	18,320
Mesa / Freedom	-	-	-	-	-	-	-	-	70	-
Air Wisconsin	-	-	-	-	-	-	126,216	105,919	97,131	68,489
Republic	-	-	-	-	-	-	338	372	741	848
Total US Airways & Affiliates	-	-	-	-	-	-	159,958	148,357	151,190	142,436
United Airlines & Affiliates	36,987	90,935								
United Airlines & Affiliates	-	-	-	-	-	-	-	-	-	61,228
Atlantic Southeast Airlines	-	-	-	-	-	-	-	-	-	-
Express Jet	-	-	84,246	79,676	95,441	91,149	70,348	68,762	73,045	11,111
Total United Airlines & Affiliates	36,987	90,935	84,246	79,676	95,441	91,149	70,348	68,762	73,045	72,339
Continental Airlines & Affiliates										
Continental Airlines & Affiliates	-	-	-	-	-	-	23,435	22,464	13,584	21,017
Express Jet	-	-	-	-	-	-	-	-	-	-
Total Continental Airlines & Affiliates	-	-	-	-	-	-	23,435	22,464	13,584	21,017
Other Airlines										
Other Airlines	-	-	-	-	-	-	157	106	1,127	1,032
Allegiant Air	-	-	-	-	-	-	118	940	1,233	2,260
Vision	-	-	-	-	-	-	-	27	-	-
Swift	-	-	-	-	-	-	-	-	-	-
Silver Air	314	-	-	-	-	-	-	-	-	-
Via	-	113	52	-	-	-	-	-	-	-
Republic Airlines	-	-	-	-	-	1,335	2,148	2,189	-	-
Total passenger enplanements	282,324	671,414	594,489	534,884	559,523	546,385	513,769	502,924	501,806	491,921

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

AIRLINE REVENUE PER ENPLANED PASSENGER

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Airfield landing fees	\$ 1,985,922	\$ 3,760,294	\$ 3,461,453	\$ 3,095,425	\$ 3,058,465	\$ 3,023,126	\$ 3,009,351	\$ 2,784,743	\$ 3,268,845	\$ 3,370,969
Less: Cargo landing fees	(1,007,945)	(1,401,067)	(1,312,589)	(1,180,610)	(1,202,339)	(1,188,204)	(1,167,173)	(1,056,376)	(1,210,960)	(1,265,591)
Passenger airline landing	977,977	2,359,227	2,148,864	1,914,815	1,856,126	1,834,922	1,842,178	1,728,367	2,057,885	2,105,378
Terminal rentals	2,859,198	3,587,971	3,315,188	3,150,251	3,228,318	3,231,973	3,507,459	3,154,881	3,193,173	3,224,603
Signatory passenger airline (rebate) / surcharge	3,310,261	(1,201,409)	-	19,290	(6,772)	(8,987)	(565,376)	(219,650)	742,251	(870,260)
Total	\$ 7,147,436	\$ 4,745,789	\$ 5,464,052	\$ 5,084,356	\$ 5,077,672	\$ 5,057,908	\$ 4,784,261	\$ 4,663,598	\$ 5,993,309	\$ 4,459,721
Enplaned passengers	282,324	671,414	594,489	534,884	559,523	546,385	513,769	502,924	501,806	491,921
Airline revenue per enplaned passenger	\$ 25.32	\$ 7.07	\$ 9.19	\$ 9.51	\$ 9.08	\$ 9.26	\$ 9.31	\$ 9.27	\$ 11.94	\$ 9.07

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

CONCESSION REVENUES PER ENPLANED PASSENGER

LAST TEN FISCAL YEARS

Category	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Rental Car Counter Rentals and Concessions	\$ 1,684,388	\$ 2,761,105	\$ 2,555,431	\$ 2,231,507	\$ 2,235,736	\$2,160,353	\$2,045,677	\$1,935,361	\$2,031,203	\$2,001,403
Restaurant and Gift Shop	233,847	586,142	530,256	504,812	505,568	484,152	459,175	459,631	426,591	397,831
Other	101,294	238,358	184,009	137,396	103,810	70,725	63,316	78,822	81,735	80,969
Total	2,019,529	3,585,605	3,269,696	2,873,715	2,845,113	2,715,230	2,568,168	2,473,814	2,539,529	2,480,203
Enplaned Passengers	282,324	671,414	594,489	534,884	559,523	546,385	513,769	502,924	501,806	491,921
Concession Revenue per Enplaned Passenger	\$ 7.15	\$ 5.34	\$ 5.50	\$ 5.37	\$ 5.08	\$ 4.97	\$ 5.00	\$ 4.92	\$ 5.06	\$ 5.04

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

OPERATING EXPENSES (BEFORE DEPRECIATION) PER ENPLANED PASSENGER

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total operating expenses	\$24,607,610	\$24,583,546	\$23,362,261	\$22,625,545	\$21,468,884	\$20,716,846	\$20,687,275	\$20,100,156	\$19,414,812	\$18,914,348
Less, depreciation	(11,281,294)	(11,374,727)	(11,411,712)	(10,896,977)	(10,357,465)	(9,629,268)	(9,510,939)	(8,997,818)	(8,591,418)	(8,698,300)
Total operating expenses before depreciation	13,326,316	13,208,819	11,950,549	11,728,568	11,111,419	11,087,578	11,176,336	11,102,338	10,823,394	10,216,048
Enplaned passengers	282,324	671,414	594,489	534,884	559,523	546,385	513,769	502,924	501,806	491,921
Operating expense (before depreciation) per enplaned passengers	\$ 47.20	\$ 19.67	\$ 20.10	\$ 21.93	\$ 19.86	\$ 20.29	\$ 21.75	\$ 22.08	\$ 21.57	\$ 20.77

Note: Certain amounts of the 2017 net position have been restated upon implementation of GASB 75. GASB 75 was implemented for fiscal year 2017 and later.

Note: Certain amounts of the 2014 operating expenses have been restated upon implementation of GASB 68. GASB 68 was implemented for fiscal year 2014 and later.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF DEBT SERVICE COVERAGE
PER INDENTURE OF TRUST

LAST TEN FISCAL YEARS

Year	Gross Revenues	Net Revenues	Other Available Funds	Series Security	Net Revenue	Annual Debt	Coverage
					Available For Debt Service	Service Requirement	
2020	\$ 26,458,890	3,989,126	5,000,000	1,410,341	10,399,467	4,840,856	2.15
2019	27,632,592	6,038,198	1,000,000	1,810,436	8,848,634	4,894,623	1.81
2018	29,316,220	5,821,570	1,000,000	1,828,635	8,650,205	4,933,889	1.75
2017	28,753,392	4,487,036	1,000,000	1,859,751	7,346,787	4,976,997	1.48
2016	32,361,109	5,524,916	1,000,000	1,541,944	8,066,860	4,308,003	1.87
2015	30,086,736	4,474,644	1,000,000	2,166,112	7,640,756	4,757,186	1.61
2014	23,381,126	5,976,473	1,000,000	1,998,621	8,975,094	4,658,550	1.93
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

Note: Certain amounts of the 2017 net position have been restated upon implementation of GASB 75. GASB 75 was implemented for fiscal year 2017 and later.

Note: Certain amounts of the 2014 net revenue have been restated upon implementation of GASB Statement No. 68, which was implemented for fiscal year 2014 and later.

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

	2020		2019		2018		2017		2016		2015		2014		2013		2012		2011	
	2020	Share	2019	Market Share	2018	Market Share	2017	Market Share	2016	Market Share	2015	Market Share	2014	Market Share	2013	Market Share	2012	Market Share	2011	Market Share
Passenger Airlines																				
Delta Air Lines & Affiliates																				
Delta Air Lines	2,071	21.80%	3,282	22.95%	2,975	22.64%	3,101	23.83%	2,278	18.21%	1,190	8.71%	987	6.98%	933	6.19%	1,011	6.76%	653	4.15%
Atlantic Southeast Airlines	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,075	8.59%	2,280	16.68%	2,463	17.42%	2,280	15.14%	2,087	13.94%	2,932	18.64%
Chautauqua	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	14	0.10%	49	0.35%	601	3.99%	522	3.49%	362	2.30%
Comair	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	3	0.02%	55	0.35%
Shuttle America	-	0.00%	-	0.00%	-	0.00%	-	0.00%	27	0.22%	-	0.00%	-	0.00%	-	0.00%	1	0.01%	-	0.00%
Pinnacle	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1	0.01%	4	0.03%	51	0.36%	284	1.89%	414	2.77%	256	1.63%
Total Delta Air Lines &	2,071	21.80%	3,282	22.95%	2,975	22.64%	3,101	23.83%	3,381	27.02%	3,488	25.52%	3,550	25.11%	4,098	27.21%	4,038	26.98%	4,258	27.07%
US Airways & Affiliates																				
Piedmont	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	419	3.07%	407	2.88%	617	4.10%	435	2.91%	357	2.27%
Chautauqua	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	162	1.08%	843	5.63%	1,432	9.10%
PSA	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	394	2.88%	454	3.21%	441	2.93%	360	2.41%	602	3.83%
Mesa	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	3	0.02%	6	0.04%
Air Wisconsin	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	3,263	23.87%	3,213	22.72%	3,007	19.97%	2,739	18.30%	2,064	13.12%
Republic	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	7	0.05%	5	0.04%	6	0.04%	12	0.08%	14	0.09%
Total US Airways & Affiliates	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	4,083	29.87%	4,079	28.85%	4,233	28.11%	4,392	29.35%	4,475	28.45%
United Airlines & Affiliates																				
Atlantic Southeast Airlines	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,897	12.06%
Mesa	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	4	0.03%
Express Jet	1,360	14.32%	2,370	16.57%	2,229	16.96%	1,845	14.18%	2,095	16.75%	2,048	14.98%	2,506	17.72%	2,573	17.08%	2,136	14.27%	306	1.95%
Total United Airlines &	1,360	14.32%	2,370	16.57%	2,229	16.96%	1,845	14.18%	2,095	16.75%	2,048	14.98%	2,506	17.72%	2,573	17.08%	2,136	14.27%	2,207	14.03%
Continental Airlines & Affiliates																				
Express Jet	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	399	2.67%	402	2.56%
Atlantic Southeast Airline	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	95	0.60%
Continental Express	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	55	0.35%
Total Continental	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	399	2.67%	552	3.51%
American & Affiliates																				
Silver Airways	15	0.16%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Allegiant Air	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	2	0.01%	4	0.03%	21	0.14%	4	0.03%
Republic Airlines	-	0.00%	282	1.97%	-	0.00%	-	0.00%	-	0.00%	30	0.22%	48	0.34%	48	0.32%	-	0.00%	-	0.00%
Vision Air	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	2	0.01%	14	0.09%	16	0.11%	36	0.23%
Swift Air	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	2	0.01%	-	0.00%	-	0.00%
Via Air	-	0.00%	10	0.07%	5	0.04%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Subtotal	6,848	72.09%	11,482	80.28%	10,284	78.25%	10,276	78.96%	10,485	83.81%	10,692	78.22%	11,212	79.29%	12,005	79.71%	12,043	80.47%	12,588	80.03%

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
 AIRLINE OPERATION DATA (LANDING & TAKEOFFS)
 LAST TEN FISCAL YEARS

	2020		2019		2018		2017		2016		2015		2014		2013		2012		2011	
	2020	Share	2019	Share	2018	Share	2017	Share	2016	Share	2015	Share	2014	Share	2013	Share	2012	Share	2011	Share
Cargo Airlines																				
Air Cargo Carriers	738	7.77%	728	5.09%	755	5.74%	748	5.75%	-	0.00%	759	5.55%	743	5.25%	803	5.33%	602	4.02%	477	3.03%
Ameriflight	-	-	-	-	-	0.00%	-	0.00%	-	0.00%		0.00%	-	0.00%	-	0.00%	34	0.23%	-	0.00%
Federal Express	263	2.77%	372	2.60%	468	3.56%	473	3.63%	468	3.74%	467	3.42%	473	3.35%	477	3.17%	372	2.49%	477	3.03%
Martinaire	256	2.70%	251	1.75%	245	1.86%	250	1.92%	255	2.04%	281	2.06%	312	2.21%	583	3.87%	584	3.90%	722	4.59%
Mountain Air	409	4.31%	464	3.24%	327	2.49%	260	2.00%	256	2.05%	261	1.91%	258	1.82%	265	1.76%	258	1.72%	262	1.67%
United Parcel Service	985	10.37%	1006	7.03%	1,063	8.09%	1,007	7.74%	1,018	8.14%	971	7.10%	930	6.58%	928	6.16%	948	6.33%	957	6.08%
Wiggins Airways	-	-	-	-	-	0.00%	-	0.00%	29	0.23%	238	1.74%	212	1.50%	-	0.00%	125	0.84%	246	1.56%
Subtotal	2,651	27.91%	2,821	19.72%	2,858	21.75%	2,738	21.04%	2,026	16.19%	2,977	21.78%	2,928	20.71%	3,056	20.29%	2,923	19.53%	3,141	19.97%
Totals	9,499	100.00%	14,303	100.00%	13,142	100.00%	13,014	100.00%	12,511	100.00%	13,669	100.00%	14,140	100.00%	15,061	100.00%	14,966	100.00%	15,729	100.00%

- (1) d/b/a United Express
- (2) d/b/a Delta Connection
- (3) d/b/a US Airways Express

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF INSURANCE IN FORCE

DECEMBER 31, 2020

<u>Type of Coverage</u>	<u>Insurer</u>	<u>Coverage Amount</u>	<u>Expiration Date</u>
Worker's Compensation	South Carolina Accident Fund	Actual	2/17/21
Auto Comprehensive and Collision	South Carolina Insurance Reserve Fund	\$ 2,553,585	2/17/21
Data Processing	South Carolina Insurance Reserve Fund	\$ 500,000	2/17/21
Business Interruption	South Carolina Insurance Reserve Fund	\$ 2,856,383	2/17/21
Building and Personal Property	South Carolina Insurance Reserve Fund	\$ 128,686,864	2/17/21
Auto Liability	South Carolina Insurance Reserve Fund	\$ 1,000,000	2/17/21
Inland Marine	South Carolina Insurance Reserve Fund	\$ 440,917	2/17/21
General Tort Liability	South Carolina Insurance Reserve Fund	\$ 1,000,000	2/17/21
Medical Professional Liability	South Carolina Insurance Reserve Fund	\$300,000 / \$600,000 Per Occurrence No Aggregate	2/17/21
Director/Officer	Stratford Insurance Co	\$ 1,000,000.00	8/1/21
Employee Dishonesty	Travelers Casualty & Surety	\$ 500,000.00	7/14/21
Airport Liability Insurance	Global Aerospace, Inc.	\$ 150,000,000.00 (General Limit)	8/16/21
Cyber Liability	Travelers Casualty & Surety	\$ 1,000,000.00	10/30/21

SUPPLEMENTARY FEDERAL FINANCIAL ASSISTANCE REPORTS

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ASSISTANCE

YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR	Federal CFDA	Program / Contract	Total Expenditures
U.S. Department of Transportation			
Airport Improvement Program	20.106	3-45-0018-47	\$ 60,636
Airport Improvement Program	20.106	3-45-0018-49	521,431
Airport Improvement Program	20.106	3-45-0018-50	2,829,534
Airport Improvement Program	20.106	3-45-0018-51	1,733,593
Airport Improvement Program - CARES	20.106	3-45-0018-52	841,756
Total U.S. Department of Transportation			<u>5,986,950</u>
U.S. Department of Homeland Security			
Law Enforcement Officer			
Reimbursement Agreement Program	97.090	HSTS0208HSLR302	88,000
TSA - Checked Baggage Inspection System	97.117	70T04018T9CAP1039	223,678
Total U.S. Department of Homeland Security			<u>311,678</u>
Total Federal Awards			<u>\$ 6,298,628</u>

See accompanying independent auditor's report and notes to schedules of federal financial assistance.

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

YEAR ENDED DECEMBER 31, 2020

	Quarter Ending 3/31/2020	Quarter Ending 6/30/2020	Quarter Ending 9/30/2020	Quarter Ending 12/31/2020	Total
PFC Account					
Beginning Balance					\$ 85,696
Revenue:					
Collections	843,469	115,213	119,883	331,776	1,410,341
Total Revenue	843,469	115,213	119,883	331,776	1,410,341
Disbursements:					
Apron Construction	72,501	-	-	-	72,501
Terminal Facility Improve	242,939	-	-	-	242,939
PFC Administration Costs	2,703	-	-	-	2,703
Total Disbursements	318,143	-	-	-	318,143
PFC Account					
Ending Balance					<u>\$ 1,177,894</u>

See accompanying independent auditor's report and notes to schedules of federal financial assistance.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
NOTES TO SCHEDULES OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2020

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Richland-Lexington Airport District, South Carolina (the “District”) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements. For purposes of the Schedule, federal programs include all federal awards and procurement relationships entered into directly between the District and the federal government. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note B - Summary of Significant Accounting Policies

1 – The financial information shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by District during its fiscal year January 1, 2020 through December 31, 2020. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

2 – The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Note C - Federal Assistance

The District received new forms of federal assistance in 2020 to reimburse certain operating expenditures as described below:

As discussed in the 2019 CAFR *Note 16*, the District was awarded a Coronavirus Aid, Relief, and Economic Security Act (“CARES”) (P.L. 116-136) grant in the amount of \$8,850,557. This is a reimbursable grant administered through the Federal Aviation Administration (the “FAA”) that may be used to reimburse any expenditure for which airport revenues may be lawfully used, pursuant to the FAA’s Policies and Procedures Concerning the Use of Airport Revenues. The District has a four-year timeframe to utilize these funds.

The Families First Coronavirus Response Act (“FFCRA”)(P.L. 116-127, March 18, 2020) generally requires public employers and private employers with fewer than 500 employees to provide specified sick and family leave to employees affected by COVID-19, and provides covered employers with a corresponding tax credit. The District utilized these credits for several employees who qualified for the specific benefits provided by the FFCRA. The amounts for 2020 are as follows:

**RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
NOTES TO SCHEDULES OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2020**

Note C - Federal Assistance (continued)

FEDERAL ASSISTANCE	Amount
Family First FMLA Salary Credits	\$ 4,642
Family First Employer Credits	256
Family First Employee Salary Credits	12,983
Total Federal Assistance	\$ 17,881

Note D – Passenger facility Charge (PFC) Program

The accompanying Schedule of Passenger Facility Charges (PFC’s) has been prepared pursuant to the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration. Specific provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) 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, 2020 through December 31, 2020.

Note E - Matching Costs

Matching costs, i.e. the non-federal share of certain program costs, are not included in the accompanying schedule.

Note F - Contingencies

The District receives funds under various federal grant programs, and such awards are to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.

**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 Honorable Chairman and Members of the Airport 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 the Richland-Lexington Airport District, South Carolina, (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and issued our report thereon dated May 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 13, 2021

Independent Auditor’s Report on Compliance for the Major Program and on Internal Control over Compliance on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

We have audited the Richland-Lexington Airport South Carolina, (the “District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District’s major federal program for the year ended December 31, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the 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 audit requirements of Title 2 U.S. *Code of Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the 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, 2020.

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 the 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 an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Scott and Company LLC

Columbia, South Carolina
May 13, 2021

Independent Auditor's Report on Compliance for the Passenger Facilities Charge (PFC) Program and on Internal Control over Compliance

To Honorable Chairman and Members of the Airport 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") 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"), that could have a direct and material effect on the District's Passenger Facility Charge Program for the year ended December 31, 2020.

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 on compliance for the Passenger Facility Charge Program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

Opinion on Compliance for the Passenger Facility Charges 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 Passenger Facility Charges program for the year ended December 31, 2020.

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 an 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 the Guide. Accordingly, this report is not suitable for any other purpose.

Scott and Company LLC

Columbia, South Carolina
May 13, 2021

**RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020**

Section I—Summary of Auditor’s Results

Financial Statements:

We have issued an unmodified opinion dated May 13, 2021 on the financial statements of Richland-Lexington Airport District, South Carolina.

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? None Reported
- Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major program:

- Material weaknesses identified? No
- Significant deficiencies identified? None Reported

We have issued an unmodified opinion dated May 13, 2021 on Richland-Lexington Airport District, South Carolina’s compliance for its major program.

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs

CFDA Number
20.106

Name of Federal Program
Airport Improvement Program

Dollar threshold used to be distinguished between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings:

None Reported.

Section III - Federal Award Findings and Questioned Costs:

None Reported.

Summary Schedule of Prior Audit Findings:

None