Richland-Lexington Airport District, South Carolina

COLUMBIA
METROPOLITAN AIRPORT

Annual Comprehensive Financial Report

Year Ended December 31, 2022

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2022
WITH
INDEPENDENT AUDITOR'S REPORT

Prepared by:
Finance Department

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2022

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INTRODUCTORY SECTION

RICHLAND-LEXINGTON AIRPORT DISTRICT

Letter of Transmittal

June 16, 2023

To the Members of Richland-Lexington Airport District Commission

We are pleased to submit the "Annual Comprehensive Financial Report" (ACFR) of the Richland-Lexington Airport District, South Carolina (the "District") for the Fiscal Year Ended December 31, 2022 (FY 2022). 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, 2022.

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 – Marketing and Air Service Development, Information Technology, Public Safety, Operations and Properties, Planning and Facilities, Public Safety, Finance and Administration, and Business Diversity and Terminal Support. The District has approximately 67 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, 2022, 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 2021 population of the same was approximately 1,102,454 from the American Community Survey.

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"), 2021 Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA Act), and the 2021 American Rescue Plan Act (ARPA) for $8,850,557, $3,944,750, and $7,329,976, respectively. All three 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. As of 12/31/22, the District has utilized all of the CARES and CRSSA funds and has all of the ARPA funds available.

Airlines

As of December 31, 2022, the following air carriers presently serve the Airport through a variety of operators that change periodically:

Passenger Airlines:

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

Cargo Airlines:

Federal Express Corporation; Mountain Air Cargo, and United Parcel Service Company.

American Airlines and its 'code-sharing' affiliated airlines continue to claim the majority of passengers at approximately 48.47% of total 2022 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 18.86% of the airline operations (UPS and feeder carriers) at the Airport.

Airline Agreements

The current signatory airline agreement was effective January 1, 2018 and has been extended by one year to December 31, 2023. It is substantially similar to previous agreements first effective January 1, 2010 with adjustments to final settlement of the "Amounts due from/to Signatory Airlines (surcharge/rebate) and execution of advance defeasance payments on outstanding debt in an amount sufficient to eliminate any surcharge or rebate.

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 is extended to May 31, 2023.

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,

Gregory K. Hornsby, CPA
Director of Finance and Administration

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
AT DECEMBER 31, 2022

Members of the Commission

Carol Fowler, Chairman
Hazel L. Bennett, Vice Chairman

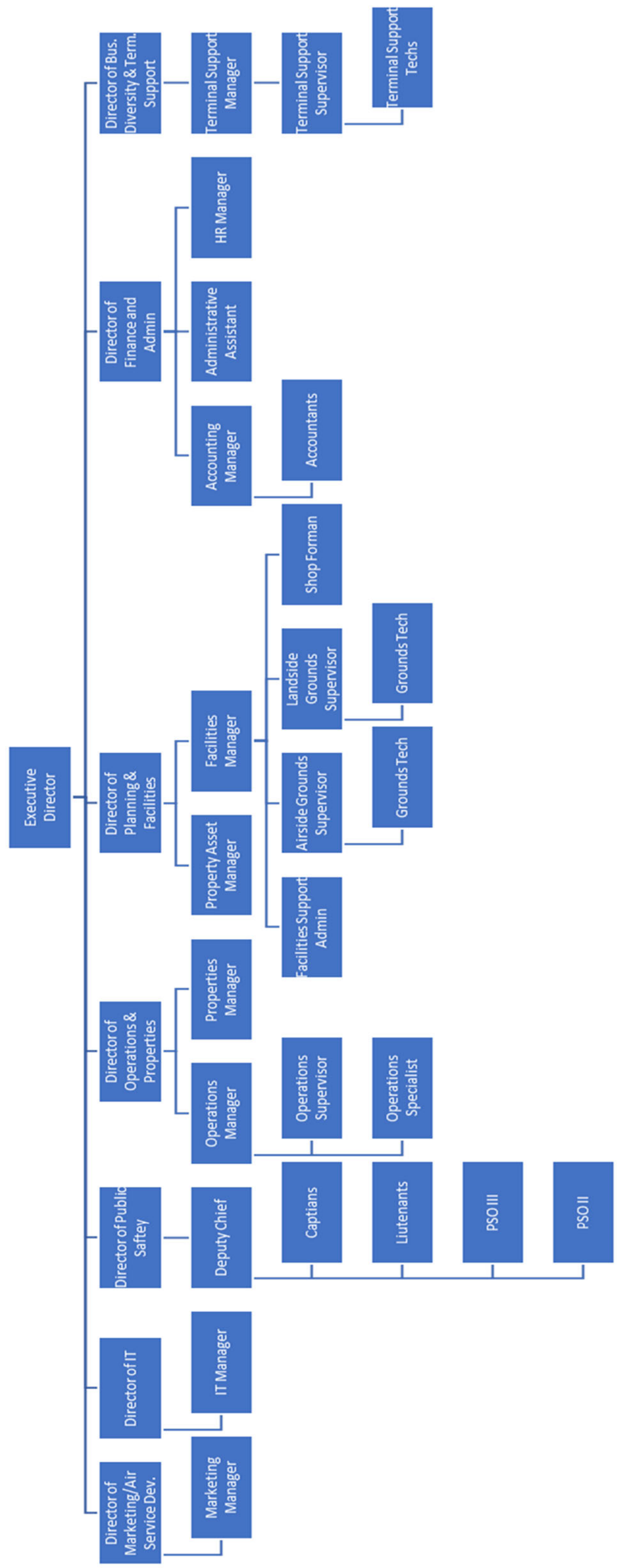
Dan P. Bell
LaJoia Broughton
Duane Cooper
John Folsom
Anton Gunn
Henry J. Jibaja
Sarah Johnson
Pat G. Smith
Breon Walker, Esq.
James C. Wellman

Administrative Officials

Michael Gula, A.A.E., Executive Director
Kim Crafton, Director of Marketing and Air Service Development
Lynne Douglas, Richland-Lexington Airport Commission Secretary
Gregory K. Hornsby, C.P.A., Director of Finance & Administration
Ryan Kreulen, A.A.E., Director of Operations
Joel Livingston, Director of Information Technology
Eddie Martin, Director of Public Safety
Frank Murray, Director of Planning & Facilities

COLUMBIA METROPOLITAN AIRPORT

Org Chart – 12/31/2022



FINANCIAL SECTION

SCOTT + COMPANY = not your average accounting firm

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Richland-Lexington Airport District, South Carolina (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

1441 Main Street, Suite 800
Columbia, South Carolina 29201

PHONE: (803) 256-6021 | **FAX:** (803) 256-8346
www.scottandco.com

Post Office Box 8388
Columbia, South Carolina 29202

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-20, and the pension and OPEB information on pages 63-70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 District's basic financial statements. The schedules of operating revenues and expenses and 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*, and the Schedule of Passenger Facility Charges ("PFC") and expenses as specified in the *Passenger Facility Charge Audit Guide for Public Agencies* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedules of operating revenues and expenses and the schedule of expenditures of federal awards, and passenger facility charges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

Also, as described in Note 1 to the financial statements, the District adopted GASB 87, Leases. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Scott and Company LLC

Columbia, South Carolina

July 7, 2023

RICHLAND-LEXINGTON AIRPORT DISTRICT

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2022

Introduction

The Richland Lexington Airport District, South Carolina, is pleased to present its Annual Comprehensive Financial Report (ACFR) 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.

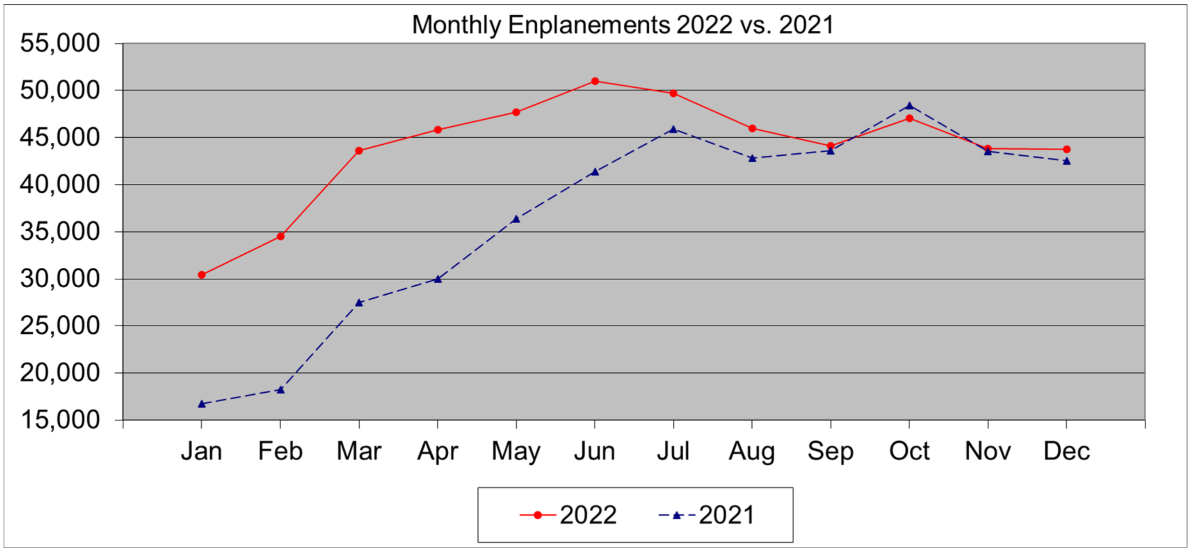
Operating and Financial Highlights

Fiscal Year 2022 enplanements improved significantly over 2021 as the aviation industry continues the return towards 2019 levels. As air travel improved at Columbia Metropolitan Airport, the District's variable revenues responded. This performance and the availability of Covid-19 relief funding (CARES and CRRSA) enabled the District to enjoy a healthy net change in net position.

Seat capacity increased by 9.86%, while average fares increased 34.77% to $277.23. Demand for air travel and increased capacity contributed to the increased enplanements, despite the increase in average fares. The load factors (percent of enplanements to seat capacity) improved from 75.28% in 2021 to 82.68% in 2022.

The following are key operational and financial highlights:

- 527,299 passengers were enplaned in fiscal year 2022, which was a 20.61% increase from the 437,186 passengers enplaned in fiscal year 2021 and are 78.58% of the total 2019 enplanements. The 2022 comparison to 2021 is presented in the following chart.



- Net operating revenue was $19.0 million.

- Operating expenses before depreciation were $14.4 million, which was a 14.77% increase compared to fiscal year 2021.

- Net change in net position as a percentage of total revenue and contributions was 19.23% in fiscal year 2022, down from 19.98% in fiscal year 2021.

- Debt service coverage ratio on the annual debt service requirement as computed per the District's Indenture of Trust was 201:1, 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) increased by $1.3 million in fiscal year 2022 due to the increased passenger traffic-related revenue and the CARES and CRSSA grant funding.

- Total assets and deferred outflows of resources at December 31, 2022 were $207.9 million and were in excess of liabilities and deferred inflows by approximately $145.1 million (i.e. net position). The net position is comprised of $118.0 million invested in capital assets (net of related debt), $16.2 million in net position that is restricted for projects, debt service, pensions, and other purposes, other post-employment benefits, and $10.9 million that is unrestricted.

- The District capitalized $1.7 million in 2022 as a transfer from construction in progress to capital assets for airfield and building projects, and equipment.

- Long-term debt activity was comprised of the scheduled annual payments of $4.7 million in bond principal and $4.3 million additional issuance of the 2021 Note to fund a portion of the new Checked Baggage Inspection System (CBIS). The new debt is discussed further in *Note 7.*

Operating and Financial Highlights (continued)

- Retirement expense associated with GASB 68 was $.03 million, and when combined with the $.81 million net increase in related Deferred Outflows of Resources and Deferred Inflows of Resources, produced a $.84 million increase in Net Pension Liabilities.

- OPEB expense (net of post-measurement benefit payments) computed per GASB 75 was approximately $.2 million. When combined with the approximate $.6 million net decrease in the Deferred Outflows of Resources and the related Deferred Inflows of Resources, the OPEB obligation decreased by approximately $.4 million.

- The District's 2022 net position increased by $6.3 million from 2021. The sum of total assets and deferred outflows of resources increased by $26.3 million, and the total liabilities and deferred inflows of resources increased by $20.0 million. Management implemented GASB 87 for the fiscal year ended December 31, 2022, which is discussed in *Note 9*.

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") have been extended to December 31, 2023. A successor agreement to be effective January 1, 2024, is under negotiation in 2023, 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.

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 the Signatory Airlines completely underwrite the net 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 Airline 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, 2022. 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 at December 31, 2022 include operators for Delta, American and United. Cargo air carrier services are provided by UPS and contracted "feeder" airline carriers, FedEx, and its affiliate Mountain Air Cargo. Of these carriers, the UPS "feeder" airlines were non-signatory airlines in 2022.

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. In 2022, the S.C. Air National Guard made a short-term relocation to the airport as their sole runway was rehabilitated. The District owns commercial rental property that is a combination of office, warehouse, and flexible-use spaces with tenants whose lease terms vary from 3-6 years.

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

Summary of Organization and Business (continued)

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), and Constantia Blythewood LLC (Richland County) operate as usage-driven sites. Additionally, M.G. Suber & Associates (Richland County) and Samsung Electronics Home Appliances America (Newberry County) are an authorized sub-zone of FTZ 127 operating warehouses. 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, 2022		December 31, 2021
Assets and Deferred Outflows of Resources:				
Current assets (unrestricted)	**$**	**23,996,495**	$	20,236,579
Current assets (restricted)		**17,222,913**		12,796,401
Capital assets, net		**143,313,289**		142,583,831
Leases receivable		**17,286,966**		-
Other assets, net		**1,579,269**		1,579,269
Deferred outflows of resources		**4,458,087**		4,389,574
Total Assets and Deferred Outflows of Resources	**$**	**207,857,019**	$	181,585,654
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities (unrestricted)	**$**	**988,017**	$	680,699
Current liabilities (payable from restricted assets)		**5,829,983**		6,537,692
Non-current liabilities		**34,116,427**		33,419,550
Deferred inflows of resources		**21,817,840**		2,183,223
Total Liabilities and Deferred Inflows		**62,752,267**		42,821,164
Net Position:				
Net investment in capital assets		**118,013,264**		116,784,408
Restricted		**16,222,590**		11,830,604
Unrestricted		**10,868,898**		10,149,478
Total Net Position		**145,104,752**		138,764,490
Total Liabilities, Deferred Inflows of Resources and Net Position	**$**	**207,857,019**	$	181,585,654

Statement of Net Position

The current ratio (current unrestricted assets divided by current unrestricted liabilities) decreased to 24.29:1 from 29.73:1 in 2021. The primary reason for the ratio decrease is the change in the settlement amount with the signatory airlines. The cumulative reconciliation results from 2018-2021 was an asset of $819,256 which was eliminated with the 2022 reconciliation result.

The total of cash and temporary investments (current assets, unrestricted) increased by $1.3 million. The District had 350.63 days cash on hand to meet operating and debt service funding needs, as compared to 356.21 days in 2021. See *Note 3* for a detailed discussion of deposits and temporary investments.

Statement of Net Position (continued)

Accounts receivable, net, comprised of trade receivables from airlines, tenants, parking and concessionaires increased by $297,199. The number of days of operating revenue in receivables (excluding the effects of the year end signatory airline reconciliation from both revenue and receivables), decreased to 27.92 from 29.10 in 2021. Daily operating revenue increased by $12,419 (29.63%) as variable revenue based on passenger traffic improved during 2022 in addition to hosting new short-term tenants. A summary of receivables is presented in *Note 4.*

Amounts due from airlines decreased by approximately $.8 million related to the 2022 Signatory Airline rebate. Further discussion is found in *Note 5*.

The combined balances for inventory and prepaid expenses increased by a total of $124,835 from the 2021 balances. Increases in several insurance premium prepayments and a new data storage contract contributed to the increased prepaid expense.

Restricted cash increased by $1.8 million. Passenger Facility Charges (PFCs) and Contract Facility Charge (CFC) balances increased by $.9 million and $.7 million, respectively. The Airport Commerce Center's cash balance and new CAE Park tenant fund increased by a combined $.2 million.

Restricted temporary investments increased by approximately $1.7 million. The 2021 Note debt service account increased $2.5 million in anticipation of a 2023 defeasance payment, and the Series 2015A & 2015B accounts decreased by $.8 million to meet their final 1/1/2023 principal and interest payments.

Grant funds receivable of $2.7 million is an increase of $.9 million from the 2021 balance. The final CRSSA funding of $2.4 million in December 2022 was an increase to the receivable, while the combination of TSA and FAA grants receivable decreased by $1.5M as the Checked Baggage Inspection System project was close to completion.

Total capital assets net of accumulated depreciation increased by approximately $.7 million. Asset increases of $12.0 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 in part by Airport Improvement Program grants (AIP#s 53,56, & 57) and the TSA Checked Baggage Inspection System grant, the District added $12.0 million of assets to several airfield and terminal construction in progress accounts. Assets produced from these project accounts will be placed into service in 2023 and later years. Self-funded projects placed into service in 2022 include a roof for commercial rental buildings, terminal common use equipment, modular housing for the SC Air National Guard, and various other expenditures.

Leases receivable (current and non-current) is a result of GASB 87 implementation that measures the discounted cash flows from the remaining life of the District's lease agreements. Lease revenue, deferred inflows, interest revenue & receivable are also created by the treatment of these transactions. See *Note 9* for further discussion.

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*.

Statement of Net Position (continued)

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 that would have affected these balances were executed in 2021.

Deferred outflows of resources related to leases, pensions and other post-employment benefits are discussed in *Notes 9, 10 & 13.*

Current unrestricted liabilities increased by $.3 million, due primarily to an increase in accounts payable.

Current liabilities payable from restricted assets decreased by $.7 million, which is largely attributable to the decrease in the current portion of long-term debt.

The compensated absences balance increased by $43,675 from 2021.

Bonds payable (current and non-current) decreased by $.5 million. $4.8 million scheduled principal payments and net premium accretion were offset by the issuance of $4.3 million of new debt (Series 2021 Note) associated with the CBIS project. Bond activity is detailed in *Note 7.*

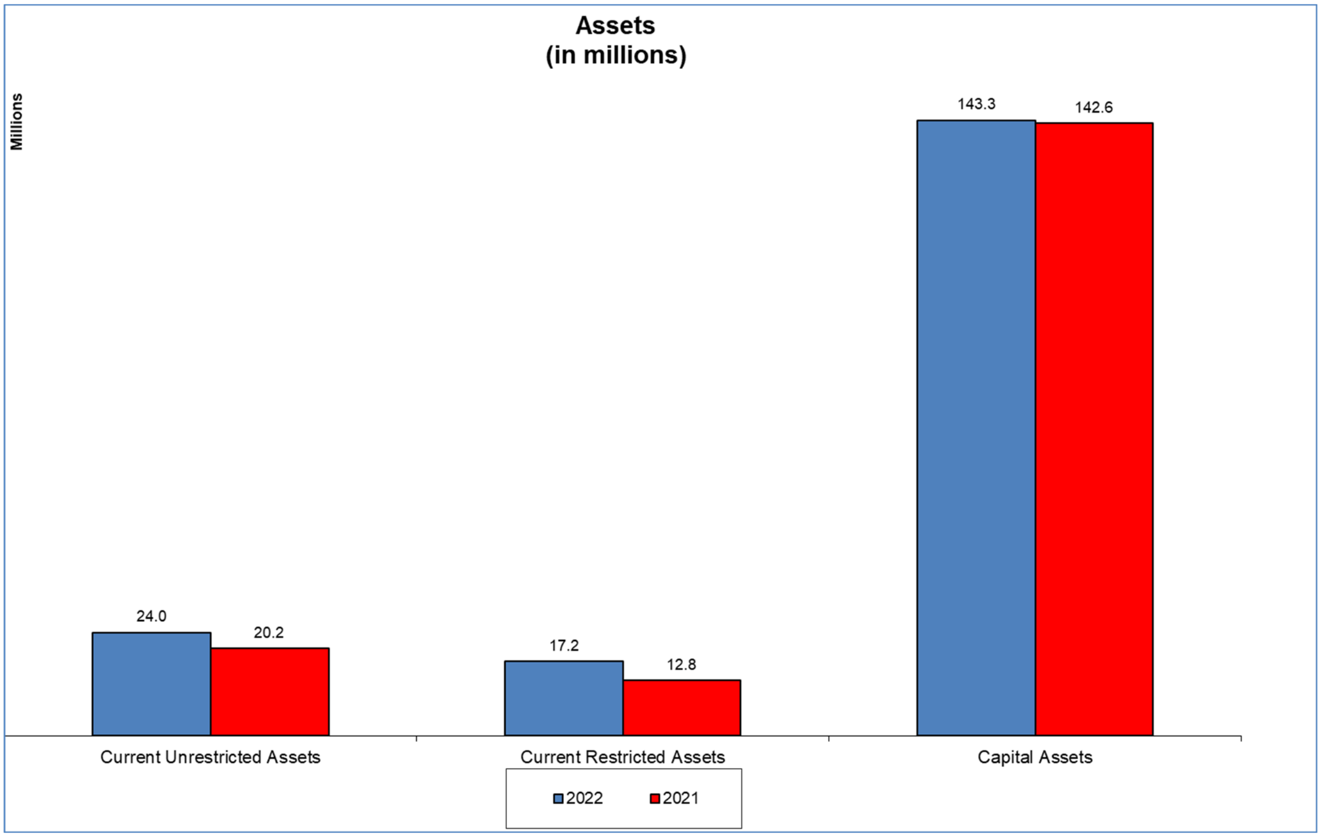
No changes to the retiree health benefit were made in 2022. The liability and deferred inflows of resources at December 31, 2022 decreased by approximately $.1 million from 2021. Further discussion of Other Post Employment Benefits and management's implementation of GASB 75 is presented in *Note 13.*

Net pension liabilities and deferred inflows of resources increased by $.5 million and is discussed in detail in *Note 10.*

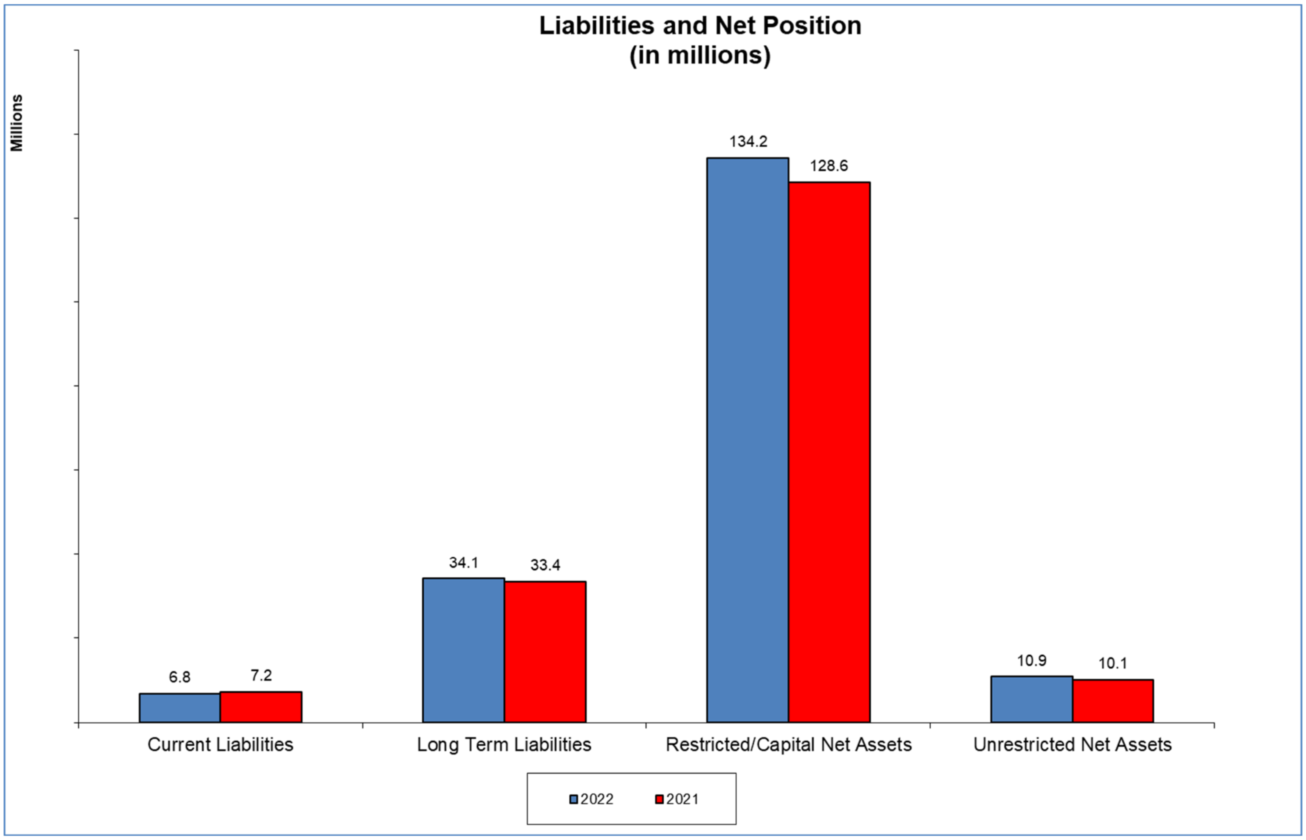
Deferred inflows of resources related to leases were addressed earlier and in *Note 9*.

Total net position increased by $6.3 million. The total of capital and restricted net position components increased $5.6 million and unrestricted net position increased by $.7 million over the 2021 balance. See *Note 10* for a comparative summary of net position components.

Statement of Net Position (continued)



Statement of Net Position (continued)



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

	Years Ended December 31,	
	2022	2021
Total operating revenue before Signatory Airline (rebate) surcharge	**$ 19,829,831**	$ 15,296,966
Signatory Airline (rebate)	**(819,256)**	(2,339,274)
Net operating revenue	**19,010,575**	12,957,692
Operating expenses (before depreciation)	**14,370,189**	12,520,706
Depreciation	**11,327,312**	11,519,111
Total operating expenses	**25,697,501**	24,039,817
Loss from operations	**(6,686,926)**	(11,082,125)
Net non-operating revenue	**9,732,837**	12,006,352
Capital contributions	**3,294,351**	5,372,569
Net change in net position	**$ 6,340,262**	$ 6,296,796

CONDENSED STATEMENT OF REVENUE AND CONTRIBUTIONS

	Years Ended December 31,	
	2022	2021
Landing fees	**$ 2,479,511**	$ 2,336,920
Leased sites	**9,981,747**	6,332,620
Terminal rent	**6,959,829**	6,244,063
Passenger Facility Charges (PFCs)	**2,056,394**	1,607,462
Contract Facility Charges (CFCs)	**2,461,014**	2,275,248
Capital contributions	**3,294,351**	5,372,569
Interest income	**833,911**	29,648
Other	**408,744**	383,363
Gain (loss) on sale of assets, net and other	**1,247,857**	1,144,252
Signatory airline (rebate) surcharge	**(819,256)**	(2,339,274)
Federal and other capital grants	**4,070,239**	8,126,078
Total revenue and contributions	**$ 32,974,341**	$ 31,512,949

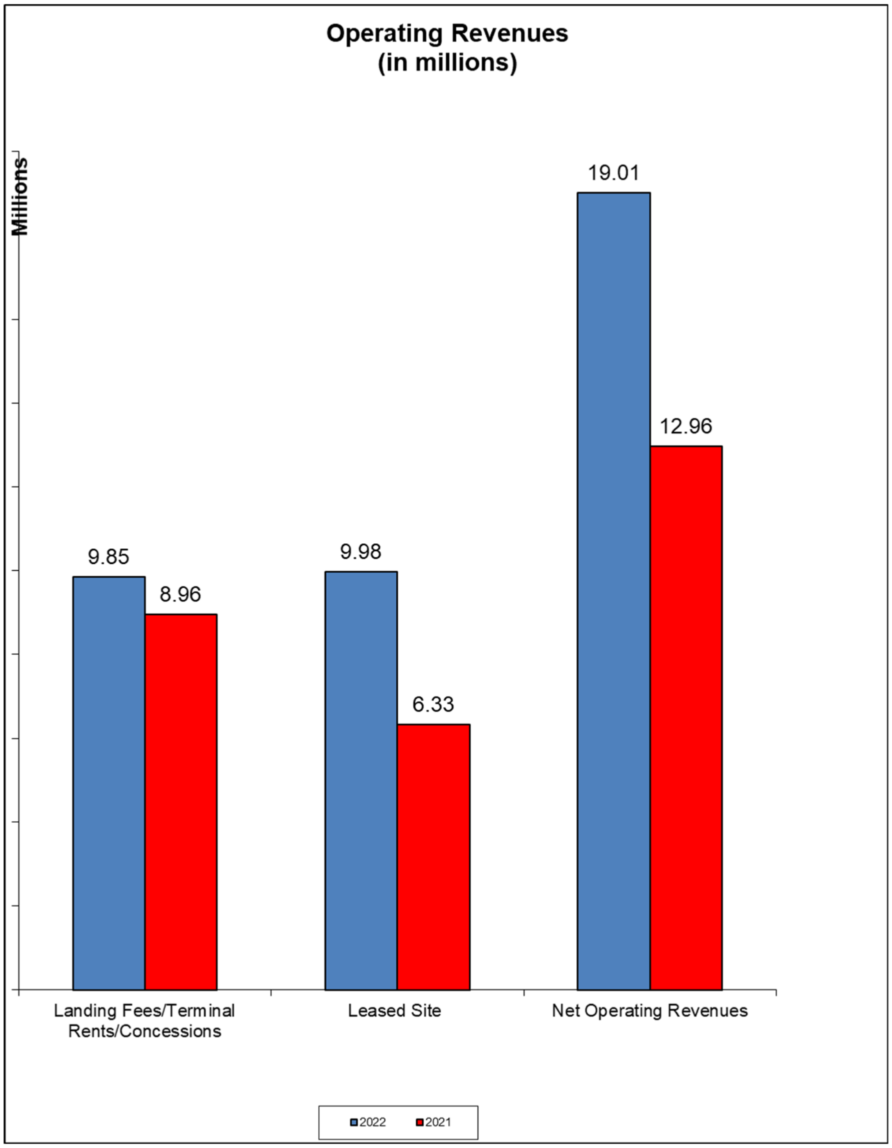
Operating Revenue

Revenue from operations is comprised of airfield landing fees, tenant rents, and airline security revenue. Total operating revenue before Signatory Airline rebate of $19.8 million is a $4.5 million increase over 2021. The passenger traffic recovery mentioned earlier contributed to the increases in the variable revenues, and the SC Air National Guard’s temporary relocation to the airport produced additional non-recurring lease revenue. The following increases occurred in 2022: airline revenues of $.7 million (12.87%), parking/ground transportation of $2.6 million (64.90%), rental cars of $.3 million (9.60%), food and retail by $.1 million (27.64%), and other leased sites and terminal rents and commissions of $.8 million (31.69%).

The result of the current year airline reconciliation is a $.8 million Signatory Airline rebate at December 31, 2022. Per the Agreement, final settlement of the net Signatory Airline rebate or surcharge occurs at its extended termination on December 31, 2023.

The 2022 signatory airline rates were landing fees of $2.05 per 1,000 lbs. of certificated landed weight, terminal rental rates of $36.03 per square foot, and security fee reimbursement of $1.33 per enplaned passenger.

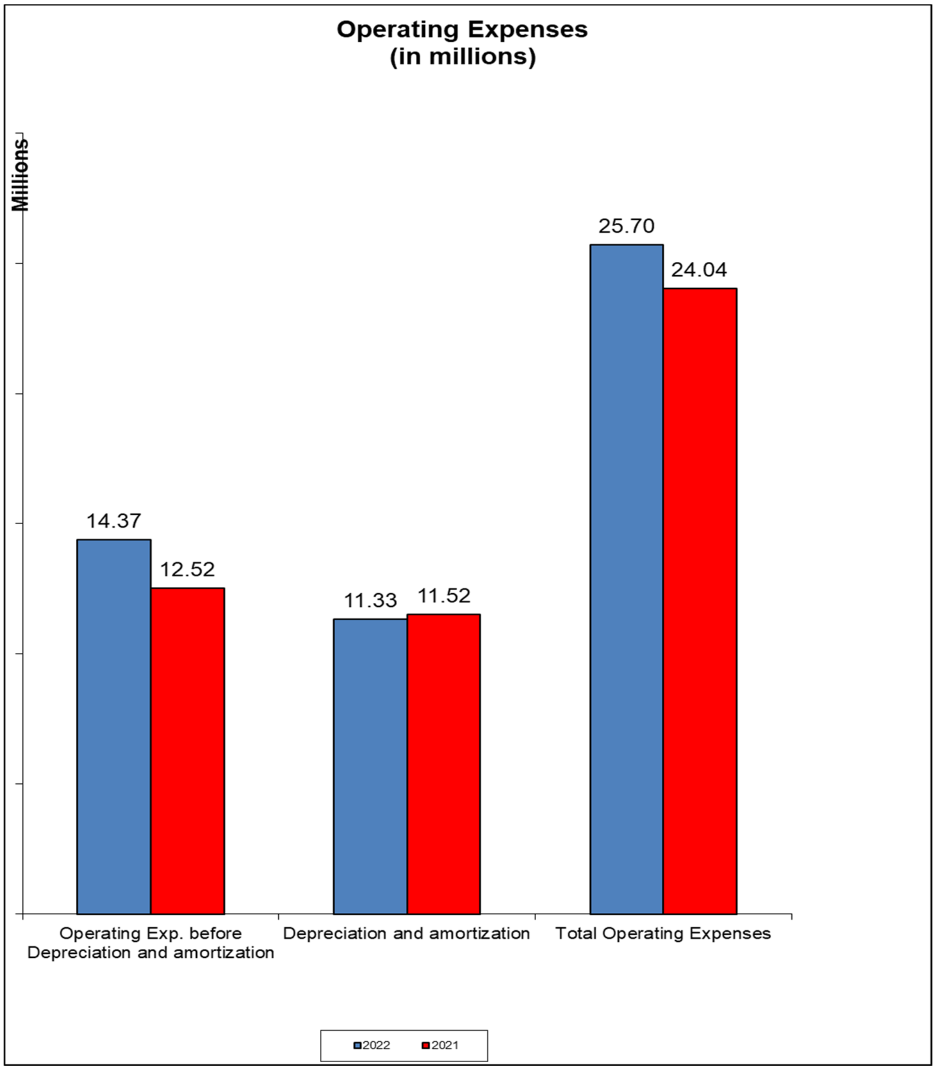
Parking rates were a maximum of $10.00 per day for surface parking and $14.00 per day for the garage. The District added a “pre-book” parking option that provides the opportunity to pay less than the regular rates in both the surface and garage. This new option produced $.53 million of parking revenue. The “Fast Lane” service was eliminated, and free handicapped parking was limited to one day.



CONDENSED STATEMENT OF EXPENSES

	Years Ended December 31,	
	2022	2021
Operating expenses	**$ 25,697,501**	$ 24,039,817
Interest expense	**936,578**	967,270
Bond issuance costs	**-**	209,066
Total Expenses	**$ 26,634,079**	$ 25,216,153

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 $14.37 million, an increase of $1.8 million from 2021. The increased salaries and benefits are largely attributable to the addition of three new positions and increased pension expenses. Non-salary and benefit expenses increased by $1.2 million. Depreciation decreased by $.2 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, gains on sale of assets, federal grants (2020 CRSSA), and other income and expense items.

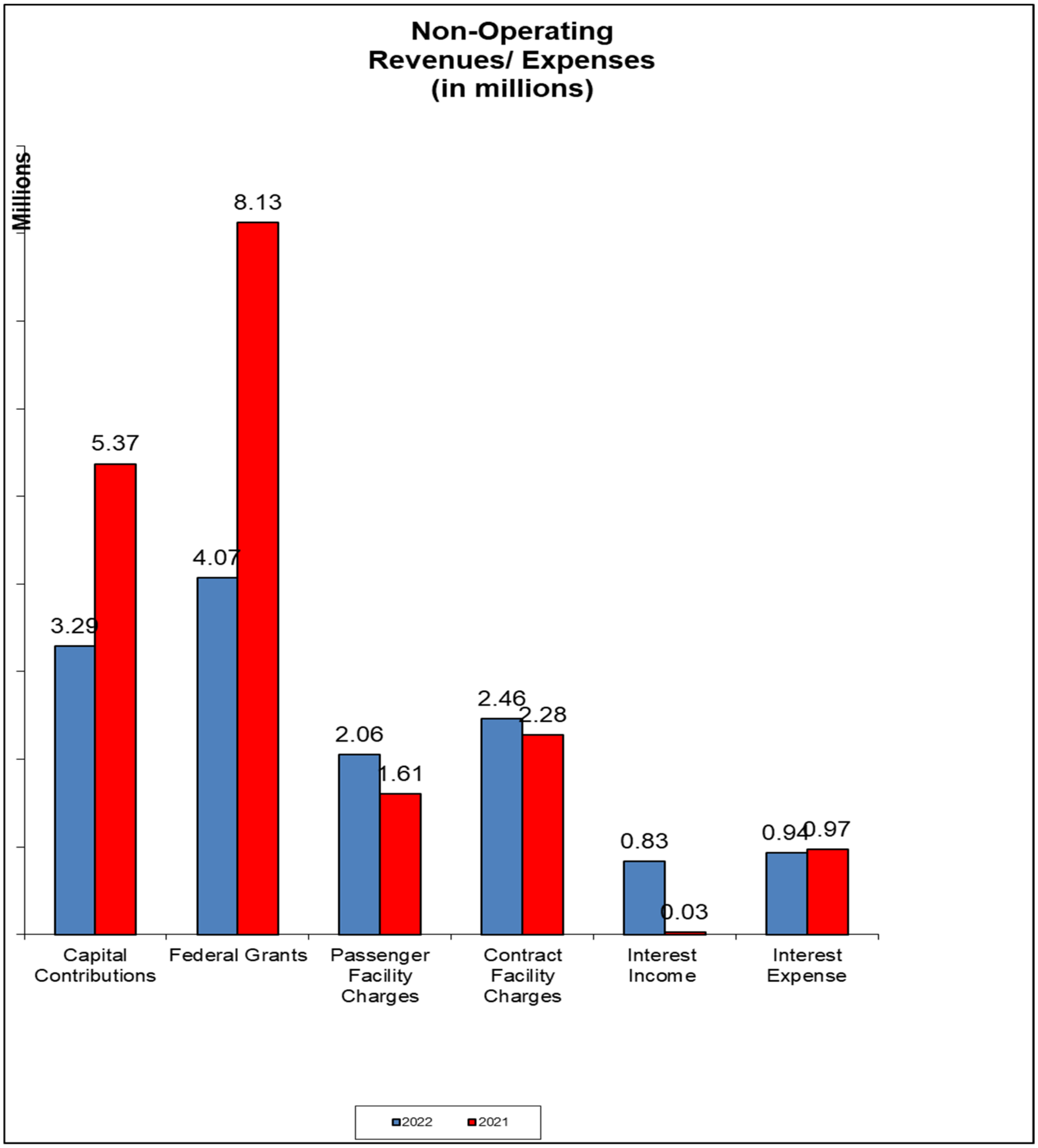
PFC revenue of $2.1 million and CFC revenue of $2.5 million were increases of $.5 million and $.3 million, respectively over the respective 2021 collection amounts. The changes in both revenues are consistent with the previously discussed enplanement recovery.

Interest income on accounts and leases of approximately $.8 million is comprised of interest on investments of $.3 million and computed interest on leases of $.5 million. The interest on investments increases of $.27 million over 2021 is due to increased investments and significantly improved interest rates. The interest on leases arises from the implementation of GASB 87. Interest expense was $.03 million less than the previous year. Additional details of the 2022 debt activity are provided in *Note 7*.

The gain on sale of assets resulted from the sale of one parcel adjacent to the Airport Commerce Center that was transferred to the District via Lexington County from the War Department during World War II. While the sale of land obtained by transfer from the United States government is permitted, the land must be released by the Federal Aviation Administration in a formal request process.

The non-capital Federal grants includes the Transportation Security Administration grant for law enforcement officer reimbursement of security checkpoint expense and the CARES/CRSSA grant draws. Management has reimbursed itself approximately $3.9 million for a portion of salary and benefit cost in 2022.

The Capital Contributions of Federal grants include approximately $1.1 million of Airport Improvement Program (AIP) grant revenue from the Federal Aviation Administration (FAA) and $2.1 million for the Checked Baggage Inspection System grant from the Transportation Security Administration (TSA) totaled $5.4 million. The detailed amounts for each federal non-capital and capital grant are presented in the *Schedule of Expenditures of Federal Awards*.



General Trends and Significant Events

Enplaned passenger traffic increased from 2021 levels by 20.61%, and is 78.58% of the 2019 levels, which is consistent with the general recovery experienced in 2022 by many small hub airports. As previously discussed, variable revenue responded to the increased traffic to assist in making 2022 a profitable year.

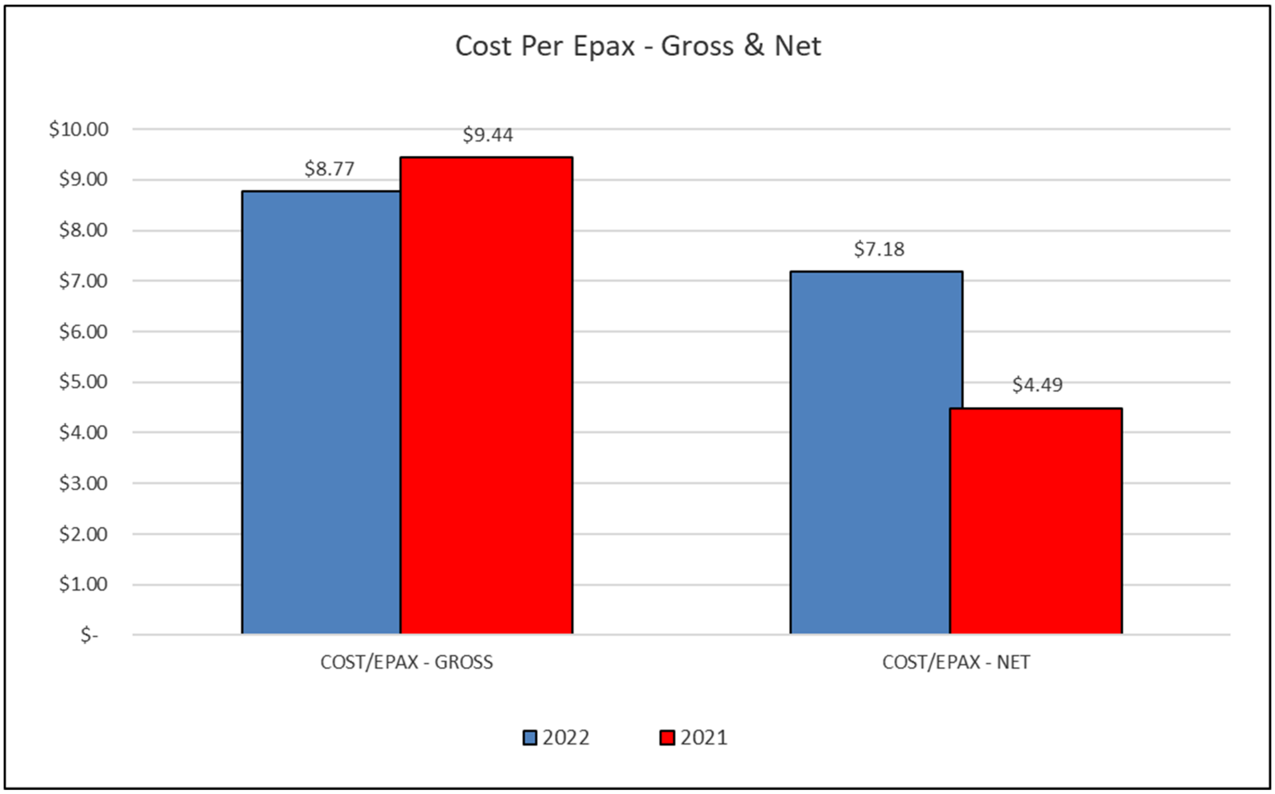
As shown in the above graph, Federal Grants (non-operating) was significantly less than 2021 as the District transitioned from the $8.8 million of CARES funding (2021 grants) to the $3.9 million of CRSSA funding (2022 grants). These funds contributed to the $1.3 million increase in unrestricted temporary investments and $1.7 million increase in restricted temporary investments.

General Trends and Significant Events (continued)

More important than federal funding is the improvement in Passenger Facility Charges and Contract Facility Charges, as both are based on passenger traffic.

Operating expense levels (excluding depreciation) increased by $1.8 million (14.77%) over 2021, which included $.54 million related to new lease and parking revenues in 2022.

The gross cost per enplanement (CPE) is a 7.09% decrease from 2021, which benefited from the higher enplanement number. However, the net cost per enplanement is significantly higher in 2022 because of the much lower signatory airline rebate. A lower gross CPE is the more desirable outcome for both airports and airlines, which is the desired trend when competing for airline resources to increase airport passenger traffic.



Final Comments

The District's financial performance for the year ended December 31, 2022, was much improved over the previous year. As mentioned previously, variable revenue was much stronger than 2021 and passenger projections suggest the trend will continue in 2023.

AUDITED BASIC FINANCIAL STATEMENTS

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

Assets and Deferred Outflows of Resources	
Current assets:	
Cash and cash equivalents	$ 5,594,399
Temporary investments	13,461,641
Accounts receivable, net	1,516,715
Amounts due from airlines	-
Leases receivable	2,814,326
Inventory	172,357
Prepaid expenses	437,057
	23,996,495
Restricted assets:	
Cash and cash equivalents	6,962,383
Temporary investments	7,530,981
Grant funds receivable	2,729,549
	17,222,913
Total current assets	41,219,408
Non-current assets:	
Capital assets:	
Capital assets, net of depreciation	112,645,608
Capital assets not subject to depreciation	30,667,681
Total capital assets, net	143,313,289
Leases receivable	17,286,966
Total non-current assets	160,600,255
Other assets:	
Other assets, net	1,579,269
Total non-current and other assets	162,179,524
Total assets	203,398,932
Deferred Outflows of Resources	
Deferred losses on bond refundings, net	69,840
Deferred outflows of resources related to pensions	2,324,099
Deferred outflows of resources related to OPEB	2,064,148
Total deferred outflows of resources	4,458,087
Total assets and deferred outflows of resources	$ 207,857,019

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RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
STATEMENT OF NET POSITION
DECEMBER 31, 2022
-CONTINUED-

Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable	$	526,791
Accrued payroll and withholdings		220,352
Unearned revenue		240,874
		988,017
Current liabilities payable from restricted assets:		
Construction project payable		1,313,575
Long-term debt - current portion		4,050,000
Accrued interest payable		466,408
		5,829,983
Total current liabilities		6,818,000
Non-current liabilities:		
Compensated absenses		466,348
Long-term debt		19,936,450
OPEB obligation		5,086,050
Net pension liabilities		8,627,579
Total non-current liabilities		34,116,427
Total liabilities		40,934,427
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions		1,677,532
Deferred inflows of resources related to OPEB		404,263
Deferred inflows of resources related to leases		19,736,045
Total deferred inflows of resources		21,817,840
Net Position:		
Net investment in capital assets		118,013,264
Restricted for:		
Capital projects		2,729,549
Debt service		7,530,981
Pensions		427,860
Other post-employment benefits		319,220
Other purposes		5,214,980
Unrestricted		10,868,898
Total net position		145,104,752
Total liabilities, deferred inflows of resources and net position	$	207,857,019

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, 2022

Operating Revenue		
Airfield landing fees	$	2,479,511
Leased sites		9,981,747
Terminal rents and commissions		6,959,829
Other		408,744
Total operating revenue before Signatory Airline rebate		19,829,831
Signatory Airline (rebate) surcharge		(819,256)
Net operating revenue		19,010,575
Operating Expenses		
Salaries and employee benefits		7,986,684
Supplies		128,677
Airport operations		4,996,937
Travel and education		369,972
Outside professional services		305,138
Marketing		582,781
Depreciation		11,327,312
Total operating expenses		25,697,501
Loss from operations		(6,686,926)
Non-operating Revenue (Expenses)		
Passenger Facility Charges (PFC's)		2,056,394
Contract Facility Charges (CFC's)		2,461,014
Interest income on accounts and leases		833,911
Interest expense		(936,578)
Gain on sale of assets, net and other		1,247,857
Federal grants and assistance (non-capital)		4,070,239
Net non-operating revenue		9,732,837
Income from operations and net non-operating revenue before capital contributions		3,045,911
Capital Contributions		
Federal grants		3,263,129
Other capital grants		31,222
Total capital contributions		3,294,351
Net change in net position		6,340,262
Beginning of year, net position		138,764,490
End of year, net position	$	145,104,752

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, 2022

Cash Flow from Operating Activities	
Cash received from customers	$ 20,573,713
Cash paid to employees for services	(7,677,848)
Cash paid to suppliers	(6,461,043)
Net cash provided by operating activities	6,434,822
Cash Flow from Capital and Related Financing Activities	
Capital contributions received	2,396,726
Acquisition and construction of capital assets	(12,048,983)
Proceeds from bond issuance	4,296,588
Principal payments received on leases receivable	2,711,855
Interest received on leases receivable	522,632
Principal paid on long term debt	(4,755,000)
Interest paid	(942,878)
Proceeds from sale of capital assets	1,427,250
Passenger Facility Charges (PFCs) collected	2,056,394
Contract Facility Charges (CFCs) collected	2,461,014
Net cash used in capital and related financing activities	(1,874,402)
Cash Flow from Investing Activities	
Purchases of investments	(13,223,094)
Proceeds from sales of investments	6,303,205
Investment income	311,279
Net cash provided by provided by investing activities	(6,608,610)
Net decrease in cash and cash equivalents	(2,048,190)
Cash and cash equivalents at beginning of year	14,604,972
Cash and cash equivalents at end of year	$ 12,556,782

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RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
-CONTINUED-

Reconciliation of operating loss to net cash provided by operating activities	
Loss from operations	$ (6,686,926)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	11,327,312
Federal grant reimbursement of operating expenses	4,070,239
Changes in other assets and liabilities:	
Increase in accounts receivable	(297,199)
Decrease in amounts due from/to signatory airlines	819,256
Increase in inventory	(23,934)
Increase in prepaid expenses	(100,901)
Increase in accounts payable	47,297
Increase in accrued expenses and compensated absences	76,358
Increase in unearned revenue and amounts due to others	47,945
Decrease in OPEB obligation	(389,260)
Increase in net pension liability	844,648
Increase in deferred outflows related to pensions	(436,119)
Decrease in deferred outflows related to other post-employment benefits	314,637
Decrease in deferred inflows related to pensions	(376,351)
Increase in deferred inflows related to OPEB	274,923
Decrease in deferred inflows related to leases	(3,077,103)
Net cash provided by operating activities	$ 6,434,822
Reconciliation of cash and cash equivalents	
Cash and cash equivalents - unrestricted	$ 5,594,399
Cash and cash equivalents - restricted	6,962,383
Total cash and cash equivalents	$ 12,556,782

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

Note 1. Summary of Significant Accounting Policies

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

The District's Commission consists of twelve members. Five members are 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.

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, 2022, 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, avigation 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

Note 1. Summary of Significant Accounting Policies (continued)

The avigation 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 are included in other assets. 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.

Other Post-Employment Benefits -In addition to pension benefits, the District maintains a policy whereby an employee who qualifies under the South Carolina Retirement System's Regular Service retirement and has met years of service requirements with the District may participate in the District's single employer defined benefit other post-employment benefit (OPEB) plan. The retiree pays a percentage of the premium based upon years of service.

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 13).*

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.

Note 1. Summary of Significant Accounting Policies (continued)

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 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 10, 11* and *13* for further details.

Lease Accounting – The District, as lessor, leases land, buildings, and terminal space to aeronautical and non-aeronautical tenants, and concessionaires. Payment provisions in these leases are fixed fee, activity-based, or a combination of the two where a Minimum Annual Guarantee (MAG) represents the fixed-fee portion of the annual lease. These leases were previously treated as operating leases that recognized inflows of resources based on the payment provisions.

The adoption of GASB Statement No. 87- *Leases* for the year ended December 31, 2022, did not result in any change to beginning net position. However, the Statement did result in the recognition of a lease receivable and deferred inflows for leases of approximately $22.8 million based on the facts and circumstances that existed at January 1, 2022.

The District also leases land, buildings, and aeronautical infrastructure (passenger apron, taxiways, and runways, etc.) as well as terminal/concourse space to passenger and cargo air carriers through certain “signatory” and “non-signatory” airline lease and use agreements. These leases meet the definition of a regulated lease as defined in GASB 87 and are only subject to the disclosure requirements.

See *Note 9* for further details and disclosures.

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, additional AIP grants were awarded pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Act (CRRSA), and the American Rescue Plan Act (ARPA) 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.

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and reported amounts of 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.

Newly Adopted Accounting Pronouncements - 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 has implemented the new guidance for the year ended December 31, 2022.

Accounting Pronouncements Not Yet Adopted – GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. It defines a SBITA; the resulting right-to-use subscription asset (an intangible asset), and the associated subscription liability; provides capitalization criteria for outlays other than subscription payments (ex: implementation costs); and requires note disclosures of the SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management has not yet determined the impact implementation of this standard will have on the District's financial statements.

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, 2022, the District operated under a \$22,603,881 budget, of which \$5,003,260 was related to the District's long-term debt service, \$13,404,509 was related to the District's operations before depreciation and District-funded \$4,196,112 for capital expenditures, net of federal grant 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.

<u>Deposits</u>

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, 2022, the carrying amount of the District's cash deposits with financial institutions was \$12,556,783 and the financial institution's balances totaled \$10,554,867. 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.

Note 3. Deposits and Temporary Investments (continued)

Deposits include demand deposits at December 31, 2022, as follows:

		Bank Balances		
	Carrying Amounts	Demand Deposits	Money Market Funds	Totals
Funds with financial institutions	$ 5,593,849	$ 6,030,762	$ –	$ 6,030,762
Funds on hand	550	–	–	–
Unrestricted cash and equivalents	$ 5,594,399	$ 6,030,762	$ –	$ 6,030,762
Restricted cash and cash equivalents	$ 6,962,383	$ 6,924,105	$ –	$ 6,924,105

Temporary Investments
The District's investments are carried at fair value. At December 31, 2022, the District had the following investments subject to interest rate risk:

	Fair Value	Maturity
Unrestricted State Treasurer's Investment Pool	$ 13,461,641	60 days weighted average of portfolios
Restricted Money Market Funds	$ 7,530,981	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.

Note 3. Deposits and Temporary Investments (continued)

Credit Risk - State statute authorizes the District to invest in obligations of the United Sates 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, 2022, 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 35.9% of the District's total investments.

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	2022
Airfield landing fees	$ 301,381
Leased sites	93,732
Terminal building	520,125
Parking	485,483
Other	115,994
Net accounts receivable	$ 1,516,715
AIP	$ 93,409
CRRSA	2,417,201
TSA - Inline Baggage	218,939
Grant funds receivable	$ 2,729,549

Management considers the allowance for uncollectible accounts at December 31, 2022, to be immaterial.

Restricted grant funds receivable at December 31, 2022, consists of $93,409 from the Federal Aviation Administration (FAA) for the Airport Improvement Grant Program, $2,417,201 from Federal Aviation Administration (FAA) for Coronavirus Response and Relief Supplement (CRRSA) and $218,939 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 expired on December 31, 2022. The District and each of the Signatory Airlines entered into a one-year extension of the above Airline Agreement terminating December 31, 2023, to allow the parties to negotiate a new Airline Agreement.

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 is 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.

Note 5. Signatory Airline Contracts (continued)

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, 2023, will be combined ("netted") into one balance recorded on the Statement of Net Position for the same years.

Note 6. Capital Assets

A summary of changes in capital assets during the year ended December 31, 2022, is as follows:

Capital Assets Not subject to depreciation:	Balance 12/31/2021	Additions	Retirements	Transfers	Balance 12/31/2022
Land	$ 13,528,324	$ 5,000	$ -	$ -	$ 13,533,324
Construction-in-progress	3,925,368	12,051,770	-	(1,652,308)	14,324,830
Avigation Easement	2,809,527	-	-	-	2,809,527
Total capital assets not depreciated	20,263,219	12,056,770	-	(1,652,308)	30,667,681
Subject to depreciation:					
Airfield	137,713,070	-	-	65,357	137,778,427
Buildings	175,047,381	-	-	644,826	175,692,207
Furniture, Vehicles, Equipment	13,550,007	-	-	942,125	14,492,132
Total capital assets subject to depreciation	326,310,458	-	-	1,652,308	327,962,766
Less: accumulated depreciation					
Airfield	(90,981,976)	(4,253,957)	-	-	(95,235,933)
Buildings	(101,576,445)	(6,387,406)	-	-	(107,963,851)
Furniture, Vehicles, Equipment	(11,431,425)	(685,949)	-	-	(12,117,374)
Total accumulated depreciation	(203,989,846)	(11,327,312)	-	-	(215,317,158)
Net capital assets subject to depreciation	122,320,612	(11,327,312)	-	1,652,308	112,645,608
Net capital assets	$ 142,583,831	$ 729,458	$ -	$ -	$ 143,313,289

Total depreciation expense for the year ended December 31, 2022, equaled $11,327,312.

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, 2022:

Bonds Payable

Outstanding Debt	12/31/2022
Taxable Airport Revenue Bonds, Series 2001B $16,790,000 Bonds of 2001B are due in annual installments of $230,000 to $1,255,000 beginning January 1, 2006 through January 1, 2031 with interest at 5.33% to 6.74%. Issued to fund rental car facility improvements.	$ 8,820,000
Airport Refunding Revenue Bonds, Series 2014A $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.	800,000
Airport Refunding Revenue Bonds, Series 2015A $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.	1,050,000
Airport Refunding Revenue Bonds, Series 2015B $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.	970,000
Total revenue bonds payable	11,640,000
Airport Revenue Note, Series 2021 $12,250,000 (maximum amount) Note of 2021 due in annual installments of $685,000 to $965,000 through January 1, 2038 with an interest rate of 2.46%. Issued to partially fund passenger baggage equipment and facility improvements.	9,592,000
Airport General Obligation Refunding Bonds, Series 2013 $10,000,000 Bonds of 2013 due in annual installments of $500,000 to $1,450,000 through March 1, 2027 (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.	2,600,000
Total Bonds and Note Payable	$ 23,832,000

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 and the Series 2021 Note were sold to single bank purchasers in direct placement transactions. The rights of the holder 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.

Changes in bonds payable for the year ended December 31, 2022, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and note payable:				
Airport Revenue Bonds	$ 15,765,000	$ -	$ (4,125,000)	$ 11,640,000
Airport Revenue Note	5,295,412	4,296,588	-	9,592,000
General Obligation Bonds	3,230,000	-	(630,000)	2,600,000
Plus, net amounts for original issuance premiums	203,223	-	(48,773)	154,450
Less, current portion due within one year	(4,755,000)	(4,050,000)	4,755,000	(4,050,000)
Net long-term bonds and note payable	$ 19,738,635	$ 246,588	$ (48,773)	$ 19,936,450

Principal reductions were comprised of scheduled payments of $4,755,000. Interest paid during the current year was $942,878. Total "Net Revenues" as defined by the District's Indenture of Trust (before Series Security) was $8,644,854.

Note 7. Long-Term Debt (continued)

The future annual requirements of bonded debt and note payable at December 31, 2022 are as follows:

Airport Revenue Bonds

Years Ended December 31,	Principal	Interest	Total
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	905,000	403,221	1,308,221
2027	965,000	340,202	1,305,202
2028 - 2031	4,565,000	640,469	5,205,469
	$ 11,640,000	$ 2,966,874	$ 14,606,874

General Obligation Bonds

Years Ended December 31,	Principal	Interest	Total
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
	$ 2,600,000	$ 160,582	$ 2,760,582

Airport Revenue Note

Years Ended December 31,	Principal	Interest	Total
2023	$ -	$ 235,963	$ 235,963
2024	685,000	227,538	912,538
2025	700,000	210,502	910,502
2026	720,000	193,036	913,036
2027	735,000	175,140	910,140
2028 - 2031	6,752,000	467,941	7,219,941
	9,592,000	1,510,121	11,102,121
Total All Bonds and Note	$ 23,832,000	$ 4,637,578	$ 28,469,578

Note 7. Long-Term Debt (continued)

Pledged Revenue

Pursuant to Bond Indenture of Trusts, the Trust Estate is comprised of substantially all 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. The 2022 annual principal and interest payments on those bonds required 87% of the series security. The remaining principal and interest requirement on the Series 2015A bonds is $1.1million payable through January 1, 2023. The remaining principal and interest requirement on the Series 2015B bonds is $1.0 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 22% of net revenue.

The Series 2021 Note is a direct placement note issued pursuant to the Eighth Supplemental Indenture of Trust dated January 1, 2021. The District executed a Credit Agreement and other such documents on January 28, 2021, to defray a portion of the construction of a baggage handling facility and related improvements with Ameris Bank. The lender has agreed to establish a credit facility not to exceed the principal sum of $12,250,000, which is evidenced by a $12,250,000 Tax-Exempt Revenue Note (AMT), Series 2021 payable to the order of the Lender. The Note's interest rate is 2.46% per annum, and it has a 10-year term.

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, 2022, the District is in compliance with the rate covenant.

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 $601,469 through December 31, 2022, for a net amount of $154,450. The annual amortization is $48,773, 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 $6,962,383 and temporary investments of $7,530,981 represent the District's funds restricted for such purposes.

The $2,729,549 grant funds receivable is detailed in *Note 4*.

Other Assets
The District's other assets totaling $1,579,269 consist of improvements to the investment in the CAE Enterprise Park totaling held for future aviation-related use and sale.

Note 9. Leases Receivable

The District leases a portion of its land and buildings to various third parties with terms that expire in 2023 through 2037. Lease payments may be fixed for the term or include periodic increases based on specific percent increases or changes in the Consumer Price Index. Additionally, the District leases space to concessionaires with payments based on the greater of a contracted percentage of receipts or a minimum annual guarantee. For the implementation of GASB 87, the computation of the lease receivable is based only on the minimum annual guarantee. The leases held by the District do not contain an implicit rate of return, therefore the District utilizes its incremental borrowing rate of 2.46% to discount the future lease payments for the net present value of the lease receivable. The District did not restate beginning net position as a result of implementation as an potential restatement was not deemed to be significant.

Lease revenue recognized from these agreements for the year ended December 31, 2022, was $3,077,103, along with interest revenue of $522,632. Current leases receivable as presented on the Statement of Net Position consist of the 2023 principal shown below and accrued interest receivable of $21,730. The following schedule presents the net present value of future annual payments to be received from the District's lease agreements included in the measurement of the lease receivables as of December 31, 2022:

Note 9. Leases Receivable (continued)

Years Ended December 31,	Receivable Principal Amounts	Interest Amounts
2023	$ 2,792,596	$ 462,341
2024	2,716,039	394,411
2025	2,567,446	329,496
2026	2,283,503	268,052
2027	2,018,302	216,405
2028-2032	5,855,458	526,554
2033-2037	1,846,218	108,903
Totals	$ 20,079,562	$ 2,306,162

Lease revenue from agreements that are not subjected to GASB 87 total $6,904,644 and are not included in the lease receivable. These leases are either short-term (less than 12 months) or are Regulated leases. Regulated leases are described in paragraphs 42 and 43 of GASB Statement No. 87 as those subject to external laws, regulations, or legal rulings, such as requirements from the U.S. Department of Transportation and the Federal Aviation Administration. All regulated leases between the District and air carriers that provide for preferential use of certain airport infrastructure. Lease revenue from regulated air carriers totaled $5,480,404 for the year ended December 31, 2022.

Note 10. 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 pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets 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 an ACFR containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available 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 ACFR of the state.

Note 10. Employee Retirement (continued)

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.

- 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.

Note 10. Employee Retirement (continued)

- 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.

<u>Benefits</u>
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.

Note 10. Employee Retirement (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. The Retirement Funding and Administration Act of 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. 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. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

Note 10. Employee Retirement (continued)

Required employee contribution rates[1] are as follows:

	Fiscal Year 2022	Fiscal Year 2021
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 employer contribution rates[1] are as follows:

SCRS		
Employer Class Two	**16.41%**	16.41%
Employer Class Three	**16.41%**	16.41%
Employer Incidental Death Benefit	**0.15%**	0.15%
PORS		
Employer Class Two	**18.84%**	18.84%
Employer Class Three	**18.84%**	18.84%
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.

Note 10. Employee Retirement (continued)

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.

The June 30, 2022, 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, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provision for any of the systems. During Fiscal Year 2021, the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022:

	SCRS	PORS
Actuarial cost method	**Entry age normal**	**Entry age normal**
Actuarial assumptions:		
Investment rate of return[1]	**7%**	**7%**
Projected salary increases	**3.0% to 11.0% (varies by service)**[1]	**3.5% to 10.5% (varies by service)**[1]
Benefit adjustments	**lesser of 1% or $500 annually**	**lesser of 1% or $500 annually**

[1] *Includes inflation at 2.25%*

For the year ended June 30, 2022, the post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Note 10. Employee Retirement (continued)

Actuarial Assumptions and Methods Continued

Assumptions used in the determination of the June 30, 2022, TPL are as follows:

Former Job Class	**Males**	**Females**
Educators and Judges	**2020 PRSC Males multiplied by 95%**	**2020 PRSC Females multiplied by 94%**
General Employees and Members of the General Assembly	**2020 PRSC Males multiplied by 97%**	**2020 PRSC Females multiplied by 107%**
Public Safety and Firefighters	**2020 PRSC Males multiplied by 127%**	**2020 PRSC Females multiplied by 107%**

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, 2022, for SCRS and PORS are presented below.

System	**Total Pension Liability**	**Plan Fiduciary Net Position**	**Employers' Net Pension Liability**	**Plan Fiduciary Net Position as a Percentage of Total Pension Liability**
SCRS	**$ 56,454,779,872**	**$ 32,212,626,932**	**$ 24,242,152,940**	**57.1%**
PORS	**$ 8,937,686,946**	**$ 5,938,707,767**	**$ 2,998,979,179**	**66.4%**

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, 2022 was $8,627,579.

The change in the District's proportionate share of the net pension liability for SCRS is as follows between the years ended December 31, 2022 and 2021:

System	**December 31, 2022**	**December 31, 2021**	**Change**
SCRS	0.026370%	0.026606%	(0.000236)%
PORS	0.074522%	0.078704%	(0.004182)%

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.

Note 10. 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 2021 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 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Asset Class	**Target Asset Allocation**	**Expected Arithmetic Real Rate of Return**	**Long Term Expected Portfolio Real Rate of Return**
Public Equity	**46.0%**	6.79%	3.12%
Bonds	**26.0%**	(0.35)%	(0.09)%
Private Equity[1]	**9.0%**	8.75%	0.79%
Private Debt[1]	**7.0%**	6.00%	0.42%
Real Assets:	**12.0%**		
Real Estate[1]	9.0%	4.12%	0.37%
Infrastructure[1]	3.0%	5.88%	0.18%
Total Expected Return[2]	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.04%

[1] Staff and Consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30% of total plan assets.

[2] Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 15% of total assets.

Discount Rate

The discount rate used to measure the TPL was 7.25 percent at June 30, 2022. 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.

Note 10. Employee Retirement (continued)

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 7.00 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 (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Proportional Share of Net Pension Liability to Changes in the Discount Rate			
System	**1.00% Decrease (6.00%)**	**Current Discount Rate (7.00%)**	**1.00% Increase (8.00%)**
SCRS	$ 8,196,195	$ 6,392,672	$ 4,893,278
PORS	$ 3,116,443	$ 2,234,907	$ 1,513,287

Deferred Outflows (Inflows) of Resources

For the year ended December 31, 2022, the District recognized pension expense of approximately $842,000. At December 31, 2022, 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	**$ 427,860**	**$ –**
Differences between actual and expected retirement plan experience	**93,037**	**(72,039)**
Change in proportionate share of net pension liability	**79,701**	**(196,692)**
Change in actuarial assumptions	**298,093**	**–**
Difference between projected and actual investment earnings	**1,425,408**	**(1,408,801)**
	$ 2,324,099	**$ (1,677,532)**

The District reported $427,860 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 year ended December 31, 2022. 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, 2022. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2022 was 3.767 years for SCRS and 3.846 for PORS.

Note 10. Employee Retirement (continued)

Measurement Period Ending June 30,	Fiscal Year Ending December 31,	SCRS	PORS
2023	2023	$ 189,674	$ 2,372
2024	2024	69,403	(25,350)
2025	2025	(162,396)	(108,582)
2026	2026	166,715	86,871
		$ 263,396	$ (44,689)

The District's contributions to SCRS and PORS for the fiscal year ended December 31, 2022 was $842,493.

Note 11. 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 follows at December 31, 2022:

Net investment in capital assets		
Net property, plant and equipment in service	$	128,988,459
Construction in progress		14,324,830
Less:		
Bonds payable, net		(23,986,450)
Construction project payable		(1,313,575)
Net investment in capital assets	$	118,013,264
Restricted for Capital Projects		
Grant funds receivable	$	2,729,549
Restricted for Debt Service	$	7,530,981
Restricted for Pensions	$	427,860
Restricted for OPEB	$	319,220
Restricted for Other Purposes		
Law enforcement activities	$	136,053
Passenger Facility Charges		2,417,281
Contract Facility Charges		2,564,193
Other purposes		97,453
Total restricted for other purposes	$	5,214,980
Unrestricted	$	10,868,898
Total Net Position	$	145,104,752

Note 12. 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 grants through the CARES, CRSSA, and ARPA programs 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, 2022, the District had outstanding contractual commitments approximating $4.2 million for the completion of several construction projects.

Note 13. 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 $1,034.56 for the retiree, $1,950.34 for the retiree and spouse, $2,069.83 for the retiree and child(ren), and $2,936.56 for the retiree's family for the year ended December 31, 2022. 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.

Note 13. 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, 2022 was $334,749.

Expected Future Cash Flows are highlighted as follows:

Fiscal Year Ended December 31,	Projected Benefit Payments
2023	$ 339,868
2024	308,802
2025	293,789
2026	341,831
2027	398,844
Thereafter	1,039,956
Total	$ 2,723,090

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 twelve (12) retired employees and five (5) spouses, or beneficiaries covered by the Health OPEB. There were no inactive employees at December 31, 2020. At the valuation date of December 31, 2020, the following employees were covered by the benefit terms:

	# Participants
Inactive employees, spouses or beneficiaries currently receiving benefit payments	17
Inactive employees, spouses or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	61
Total participants	78

Note 13. Post-Employment Benefits Other than Pensions (OPEB) (continued)

Total OPEB Liability
At December 31, 2022, the District's total OPEB liability of $5,086,050 was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2020. 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, 2020, 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).

Actuarial Assumptions and Other Inputs
The total OPEB liability in the December 31, 2020 actuarial valuation, measured as of December 31, 2021, 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	2.06% Based on Bond Buyer General Obligation 20 year – Bond Municipal Index
Health care trend – medical	Increasing to 6.6% in 2024 then declining to 3.7% over 49 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, 2020 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

Note 13. Post-Employment Benefits Other than Pensions (OPEB) (continued)

Actuarial Assumptions and Other Inputs (continued)
The District does not have a dedicated Trust to pay retiree healthcare benefits.

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, 2020 measurement date, the amortization was changed to a discount rate of 2.06% 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 8.00% in 2019, 5.20% in 2020, then grading to an ultimate rate of 3.90% in 2084 to 6.20% in 2023, 6.60% in 2024, then grading to an ultimate rate of 3.70% in 2073. 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, 2020. 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	$ 5,475,310
Service Cost	166,418
Interest on total OPEB liability	116,148
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(344,003)
Benefit payments	(327,823)
Net Changes	(389,260)
Net other post employment benefit (OPEB) obligation - end of year	$ 5,086,050

There were no changes of benefit terms during the period.

Note 13. Post-Employment Benefits Other than Pensions (OPEB) (continued)

OPEB Expense

For the measurement year ended December 31, 2022, the District recognized OPEB expense of $519,520 as follows:

Service cost	$	166,418
Interest on OPEB liability		116,148
Effect of plan changes		-
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses		143,928
Recognition of assumption changes or inputs		93,026
Total OPEB expense	$	519,520

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

At December 31, 2022, 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	$ 828,038	$ -
Changes of assumptions	916,890	(404,263)
Employer contributions	319,220	-
Total	$ 2,064,148	$ (404,263)
Net Deferrals excluding employer contributions	$ 1,340,665	

Note 13. Post-Employment Benefits Other than Pensions (OPEB) (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

$319,220 is reported in deferred outflows related to OPEB, which result 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, 2023. 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,	
2023	$ 236,954
2024	236,954
2025	236,954
2026	235,565
2026	176,345
Thereafter	217,893
Future OPEB expense from DO & DI	$ 1,340,665

Note 13. 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 2.06%, 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 (1.06%) or one percentage point higher (3.06%) than the current discount rate:

	District's Total OPEB Liability sensitivity to changes in the discount rate		
	1% Decrease (1.06%)	Valuation Rate (2.06%)	1% Increase (3.06%)
Total OPEB Liability	$ 5,516,785	$ 5,086,050	$ 4,690,437

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 6.2% decreasing to 5.2%, 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 (5.2% decreasing to 2.7%) or one percentage point higher (7.2% decreasing to 4.7%) than the current discount rate:

	District's Health Care Trend sensitivity to changes in the discount rate		
	1% Decrease (5.2% - 2.7%)	Valuation Rate (6.2% - 3.7%)	1% Increase (7.2% - 4.7%)
Total OPEB Liability	$ 4,548,733	$ 5,086,050	$ 5,720,675

The District's total other post-employment benefit (OPEB) liability was $5,086,050 and $5,475,310, for the fiscal years 2022 and 2021, 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.

Note 14. Risk Management

The District is a participant in the Insurance Reserve Fund of South Carolina which is an office of the State Fiscal Accountability Authority. The State Fiscal Accountability Authority 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.

Note 15. Major Customers and Economic Conditions

The District derives a substantial portion of its revenue from the operation of parking facilities, charges to air carriers, fixed base operators, concessionaires, rental car companies, and. The revenues for the year ended December 31, 2022, are shown by function in the following table:

		Revenue	%
Parking	$	6,511,933	34%
Air Carriers (Net)		5,480,403	29%
Rental Car Operations		2,970,374	16%
Other tenant and concessions		3,639,121	19%
Other operating revenue		408,744	2%
Net operating revenue	$	19,010,575	100%

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

At December 31, 2022, Signatory Airlines consisted of Delta Airlines, American Airlines, United Airlines Inc., United Parcel Service Co., and Federal Express Corporation.

For the year ended December 31, 2022, air carrier revenue, which includes landing fees, leased sites and terminal rental are concentrated among several carriers as follows:

		Revenue	%
American Airlines	$	1,794,152	33%
Delta Airlines		1,694,217	31%
United Parcel Service		780,146	14%
United Airlines		498,884	9%
Federal Express		388,707	7%
All Other Carriers		324,297	6%
Total air carriers	$	5,480,403	100%

Note 16. Subsequent Events

The District's management has evaluated events and transactions occurring subsequent to the statement of net position date of December 31, 2022, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through July 7, 2023, the date these financials statements were available to be issued, and there were no subsequent events that required disclosure in these financial statements.

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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.0263700%	0.026606%	0.026619%	0.025515%	0.023743%	0.024722%	0.024639%	0.025159%	0.026789%	N/A
District's proportionate share of the net pension liability	$ 6,392,672	$ 5,757,936	$ 6,801,690	$ 5,826,122	$ 5,320,029	$ 5,565,320	$ 5,262,854	$ 4,771,526	$ 4,612,006	$ 4,804,812
District's covered-employee payroll	$ 3,293,248	$ 2,966,356	$ 3,084,956	$ 2,872,339	$ 2,509,420	$ 2,492,197	$ 2,370,974	$ 2,296,106	$ 2,432,309	$ 2,508,952
District's proportion of the net pension liability as a percentage of its covered-employee payroll	194.1%	194.1%	220.5%	202.8%	212.0%	223.3%	222.0%	207.8%	189.6%	191.5%
Plan fiduciary net position as a percentage of the total pension liability	57.1%	60.7%	50.7%	54.4%	53.3%	52.9%	57.0%	59.9%	56.4%	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

See accompanying independent auditor's report.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)

LAST TEN FISCAL YEARS[(1)]

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 519,993	$ 472,406	$ 475,392	$ 429,893	$ 324,843	$ 312,454	$ 264,773	$ 248,807	$ 268,283	$ 262,185
Contributions in relation to the contractually required contribution	$ 519,993	$ 472,406	$ 475,392	$ 429,893	$ 324,843	$ 312,454	$ 264,773	$ 248,807	$ 268,283	$ 262,185
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,293,248	$ 2,966,356	$ 3,084,956	$ 2,872,339	$ 2,509,420	$ 2,492,197	$ 2,370,974	$ 2,296,106	$ 2,432,309	$ 2,508,952
Contributions as a percentage of covered-employee wages	15.8%	15.9%	15.4%	15.0%	12.9%	12.5%	11.2%	10.8%	11.0%	10.4%

See accompanying independent auditor's report.

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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.074522%	0.078704%	0.083040%	0.080881%	0.080753%	0.080660%	0.089004%	0.091620%	0.101810%	N/A
District's proportionate share of the net pension liability	$ 2,234,907	$ 2,024,995	$ 2,753,795	$ 2,317,988	$ 2,288,181	$ 2,209,785	$ 2,257,564	$ 1,996,855	$ 1,949,117	$ 2,110,535
District's covered-employee payroll	$ 1,271,565	$ 1,157,472	$ 1,250,360	$ 1,242,766	$ 1,157,090	$ 1,081,751	$ 1,126,724	$ 1,129,465	$ 1,243,692	$ 1,257,306
District's proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	175.8%	174.9%	220.2%	186.5%	197.8%	204.3%	200.4%	176.8%	156.7%	167.9%
Plan fiduciary net position as a percentage of the total pension liability	66.4%	70.4%	58.8%	62.7%	60.9%	60.4%	64.6%	67.5%	63.0%	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

See accompanying independent auditor's report.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

POLICE OFFICERS RETIREMENT SYSTEM (PORS)

LAST TEN FISCAL YEARS[1]

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 226,914	$ 212,327	$ 223,064	$ 215,686	$ 177,291	$ 163,062	$ 153,201	$ 148,936	$ 155,507	$ 153,125
Contributions in relation to the contractually required contribution	$ 226,914	$ 212,327	$ 223,064	$ 215,686	$ 177,291	$ 163,062	$ 153,201	$ 148,936	$ 155,507	$ 153,125
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,271,565	$ 1,157,472	$ 1,250,360	$ 1,242,766	$ 1,157,090	$ 1,081,751	$ 1,126,724	$ 1,129,465	$ 1,243,692	$ 1,257,306
Contributions as a percentage of covered-employee wages	17.8%	18.3%	17.8%	17.4%	15.3%	15.1%	13.6%	13.2%	12.5%	12.2%

See accompanying independent auditor's report.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

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

LAST TEN FISCAL YEARS*(1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Service Cost	$ 166,418	$ 134,929	$ 89,282	$ 100,345	$ 83,209	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	116,148	103,961	134,526	106,477	108,081	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
Effect of differences between expected and actual experience	-	808,062	-	-	-	N/A	N/A	N/A	N/A	N/A
Effect of changes of assumptions or other inputs	(344,003)	857,022	432,896	203,004	16,422	N/A	N/A	N/A	N/A	N/A
Contributions - employer	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Contributions - active & inactive employees	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Net investment income	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Benefit payments (2)	(327,823)	(174,679)	(202,975)	(223,002)	(212,293)	N/A	N/A	N/A	N/A	N/A
Other changes	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Net changes in total OPEB liability	(389,260)	1,729,295	453,729	186,824	(4,581)	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	5,475,310	3,746,015	3,292,286	3,105,462	3,110,043	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$5,086,050	$5,475,310	$3,746,015	$3,292,286	$ 3,105,462	$3,110,043	N/A	N/A	N/A	N/A
Covered-employee payroll (3)	$3,899,717	$3,899,717	$3,672,726	$3,493,986	$ 3,493,986	$ 3,483,071	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered-employee payroll	130.42%	140.40%	102.00%	94.23%	88.88%	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 were not obtained for dates prior to December 31, 2017

N/A Not Available

See accompanying independent auditor's report.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS

YEAR ENDED DECEMBER 31, 2022

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)
12/31/2020	75	N/A	$ 5,086,050	N/A	N/A	0%	$ 3,899,717	N/A
12/31/2020	75	N/A	$ 5,475,310	N/A	N/A	0%	$ 3,899,717	N/A
12/31/2020	75	N/A	$ 3,746,015	N/A	N/A	0%	$ 3,672,726	N/A
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.

See accompanying independent auditor's report.

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

DECEMBER 31, 2022

A. Pensions

Changes of benefit terms: None

Changes to assumptions: The assumed investment return was changed from 7.25% to 7.00% effective July 1, 2021.

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

2021	2.12%
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 8.00% in 2019, 5.20% in 2020, then grading to an ultimate rate of 3.90% in 2084 to 4.90% in 2021, 4.80% in 2022, then grading to an ultimate rate of 3.80% in 2073. These trend rates are consistent with information from the Getzen Trend Model, Milliman's *Health Cost Guidelines*, and actuarial judgement.

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, 2020. The postretirement mortality assumption has been updated.

SUPPLEMENTARY FINANCIAL INFORMATION

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING REVENUES

YEAR ENDED DECEMBER 31, 2022

	2022
Airfield Landing Fees	
United Parcel Service	$ 796,788
Delta Airlines	593,465
United Airlines	126,236
Federal Express	243,133
American	623,288
Mountain Air Cargo	48,270
Martinaire	8,821
Air Cargo Carriers	39,112
Silver Airlines	247
Ameriflight	151
Total airfield landing fees	2,479,511
Leased Sites	
City Connect	19,859
Eagle Aviation	369,296
Columbia Aviation	104,179
United Parcel Service	107,316
FAA Summer Lake	297,230
Weather Bureau	84,708
Federal Express Cargo	207,336
S.C. Department of Commerce - Division of Aeronautics	69,916
Parking (Public and Premier)	6,511,934
Outdoor Advertising	4,400
Kennedy Campus	20,487
West Cargo	36,400
Delta Global Systems	17,202
Kingston Metal	28,513
Lexington County School District 2	16,170

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING REVENUES

-CONTINUED-

	2022
Leased Sites (continued)	
FTZ Fees	**24,000**
Doolittle Hangar	**221,609**
Celebrate Freedom Foundation	**9,236**
Jetstar Aviation	**16,284**
Avis	**26,748**
Hertz	**42,716**
National	**54,694**
Thrifty	**13,573**
S.C. Air National Guard	**778,790**
CAE Park Assessments	**57,375**
Airport Commerce Center	**841,776**
Total leased sites	**9,981,747**
Terminal Rents and Commissions	
Delta Airlines	**1,369,947**
American Airlines	**1,455,937**
United Airlines	**451,916**
Silver Airlines	**6,087**
TSA	**129,784**
Food concession	**335,251**
Retail concession	**91,224**
TNC, taxi and limousine service	**139,200**
ATM rental	**7,975**
Display advertising	**127,475**
Miscellaneous concessions and office space	**100**
Avis	**447,545**
Hertz	**301,784**
National	**958,953**
Budget	**78,589**
Thrifty / Dollar	**152,641**
Enterprise	**893,130**
Tenant phone service	**12,291**
Total terminal rents and commissions	**6,959,829**

-CONTINUED-

SCHEDULE OF OPERATING REVENUES

-CONTINUED-

	2022
Other	
Fines	1,299
Miscellaneous	149,404
Solar farm credits	254,318
Online Store	657
Surplus equipment sales	3,066
Total other	408,744
Signatory Airline (rebate)	(819,256)
Total net operating revenues	$ 19,010,575

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING EXPENSES

YEAR ENDED DECEMBER 31, 2022

		2022
Salaries and Employee Benefits		
Salaries	$	4,823,308
Overtime		198,644
Payroll taxes		354,921
Retirement		1,024,144
Group insurance		1,553,717
Uniforms and other benefits		31,950
Total salaries and employee benefits		7,986,684
Supplies		
Office supplies		31,604
Cleaning supplies		94,847
Fire fighting and first aid supplies		2,226
Total supplies		128,677
Airport Operations		
Utilities		1,149,457
Repairs and maintenance		1,672,243
Airport Commerce Center		219,180
Parking management fee		604,479
Service contracts		853,829
Insurance		399,929
Fuel		93,043
Miscellaneous		4,777
Total airport operations		4,996,937
Travel and Education		
Dues and subscriptions		47,548
Training		190,852
Travel		131,572
Total travel and education		369,972

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING EXPENSES

-CONTINUED-

		2022
Outside Professional Services		
Legal and other professional fees		**158,226**
Consulting		**144,570**
Outside printing		**2,342**
Total outside professional services		**305,138**
Marketing		
Marketing and public relations		**127,519**
Advertising		**451,848**
Postage and mailing		**3,414**
Total marketing		**582,781**
Depreciation		**11,327,312**
Total operating expenses	**$**	**25,697,501**

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, 2022

Court Fines and Assessments		
Court fines and assessments collected	$	670
Court fines and assessments retained by Lexington County		(390)
Total court fines and assessments retained	$	280
Funds Allocated to Victim's Services		
Carryover funds from prior year	$	-
Court fines and assessments collected		34
Retained by Lexington County		(34)
Total unexpended victim's rights assistance funds	$	-

STATISTICAL SECTION

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

NET POSITION BY COMPONENT
(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net invested in capital assets	$ 118,013,264	$ 116,784,408	$ 117,060,037	$ 114,568,678	$ 112,211,009	$ 108,482,680	$ 101,187,940	$ 94,229,761	$ 86,716,006	$ 83,323,443
Restricted for:										
Capital projects	2,729,549	1,831,923	374,135	642,687	642,193	1,906,043	986,749	210,192	162,772	1,682,888
Debt service	7,530,981	5,849,269	6,869,023	9,228,909	9,019,578	7,538,739	9,748,244	4,771,920	5,174,291	6,118,980
Pensions	427,860	364,241	356,593	341,911	287,073	254,830	219,352	819,852	206,131	-
Other post-employment benefits	319,220	327,823	174,679	202,975	223,002	212,293	-	-	-	-
Other purposes	5,214,980	3,457,348	2,539,806	2,245,256	1,395,570	696,478	991,600	3,005,075	3,323,573	4,766,710
Unrestricted	10,868,898	10,149,478	5,093,421	3,470,007	4,374,222	3,693,106	5,192,607	5,732,000	4,607,911	10,544,102
Total net position	$145,104,752	$ 138,764,490	$ 132,467,694	$ 130,700,423	$ 128,152,647	$ 122,784,169	$118,326,492	$108,768,800	$100,190,684	$106,436,123

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.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating Revenue										
Airfield landing fees	$ 2,479,511	$ 2,336,920	$ 1,985,922	$ 3,760,294	$ 3,461,453	$ 3,095,425	$ 3,058,465	$ 3,023,126	$ 3,009,351	$2,784,743
Leased sites	9,981,747	6,332,620	4,960,332	8,828,242	8,058,954	7,547,572	8,292,628	8,149,427	7,800,949	6,782,216
Terminal rents and commissions	6,959,829	6,244,063	5,251,187	7,590,074	6,931,146	6,379,122	6,437,252	6,286,408	6,419,463	5,918,191
Other	408,744	383,363	377,100	426,688	502,890	302,141	155,866	173,725	175,394	202,021
Total operating revenue before Signatory Airline surcharge (rebate)	19,829,831	15,296,966	12,574,541	20,605,298	18,954,443	17,324,260	17,944,211	17,632,686	17,405,157	15,687,171
Signatory Airline surcharge (rebate)	(819,256)	(2,339,274)	4,684,880	(1,526,350)	-	33,762	(17,180)	(16,582)	(629,067)	(330,058)
Net operating revenue	19,010,575	12,957,692	17,259,421	19,078,948	18,954,443	17,358,022	17,927,031	17,616,104	16,776,090	15,357,113
Operating Expenses										
Salaries and employee benefits	7,986,684	7,329,174	8,197,607	7,226,028	5,939,352	5,945,931	5,689,811	5,529,378	6,006,904	6,062,306
Supplies	128,677	102,632	89,202	97,631	99,399	109,402	108,891	88,262	126,183	127,657
Airport operations	4,996,937	3,961,437	4,065,600	4,277,589	4,376,636	4,393,485	4,100,578	4,463,873	3,971,416	3,810,784
Travel and education	369,972	232,524	161,790	407,143	486,025	369,980	350,968	283,126	295,669	259,710
Outside professional services	305,138	387,711	256,940	501,575	309,472	231,222	215,244	181,611	216,232	218,604
Marketing	582,781	505,228	554,453	698,853	739,665	678,548	645,927	541,328	559,932	623,277
Bad debt expense	-	2,000	724	-	-	-	-	-	-	-
Depreciation	11,327,312	11,519,111	11,281,294	11,374,727	11,411,712	10,896,977	10,357,465	9,629,268	9,510,939	8,997,818
Total operating expenses	25,697,501	24,039,817	24,607,610	24,583,546	23,362,261	22,625,545	21,468,884	20,716,846	20,687,275	20,100,156
Income (loss) from operations	(6,686,926)	(11,082,125)	(7,348,189)	(5,504,598)	(4,407,818)	(5,267,523)	(3,541,853)	(3,100,742)	(3,911,185)	(4,743,043)

-CONTINUED-

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

-(CONTINUED)-

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Non-operating Revenue (Expenses)										
Passenger Facility Charges (PFC's)	2,056,394	1,607,462	1,410,341	2,628,083	2,284,929	2,068,248	2,266,345	2,166,112	1,998,621	1,965,937
Contract Facility Charges (CFC's)	2,461,014	2,275,248	2,122,008	3,337,448	3,104,430	2,989,103	3,258,051	2,810,362	2,648,727	2,560,602
Interest income on accounts and leases	833,911	29,648	115,348	323,185	264,835	119,796	91,366	63,592	61,590	84,390
Interest expense-net of capitalization	(936,578)	(967,270)	(1,048,314)	(1,209,702)	(1,333,032)	(1,451,144)	(1,680,899)	(1,852,170)	(2,882,309)	(3,070,260)
Amortization expense-bond issuance costs	-	-	-	-	-	-	-	-	(76,180)	(97,575)
Bond issuance costs	-	(209,066)	-	-	-	-	-	(153,381)	(102,696)	(297,973)
Gain (loss) on sale of assets, net and other	1,247,857	1,144,252	97,677	64,785	214,082	475,500	(353,900)	580,873	30,000	-
Federal grants (non-capital)	4,070,239	8,126,078	947,636	135,947	97,280	165,600	86,907	126,533	116,800	129,838
Net non-operating revenue (expenses)	9,732,837	12,006,352	3,644,696	5,279,746	4,632,524	4,367,103	3,667,870	3,741,921	1,794,553	1,274,959
Income (loss) from operations and net non-operating revenue (expenses) before capital contributions	3,045,911	924,227	(3,703,493)	(224,852)	224,706	(900,420)	126,017	641,179	(2,116,632)	(3,468,084)
Capital Contributions										
Grant revenue	3,263,129	5,370,069	5,368,873	2,770,415	5,135,752	6,570,478	9,407,091	7,900,853	2,571,987	10,596,170
Other grants	31,222	2,500	101,891	2,213	8,020	40,444	24,584	36,084	8,422	639,976
Net change in net position	6,340,262	6,296,796	1,767,271	2,547,776	5,368,478	5,710,502	9,557,692	8,578,116	463,777	7,768,062
Beginning of year, net position	138,764,490	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
Cumulative effect of restatements	-	-	-	-	-	(1,252,825)	-	-	(6,709,216)	482,754
End of year, net position	$ 145,104,752	$ 138,764,490	$ 132,467,694	$ 130,700,423	$ 128,152,647	$ 122,784,169	$ 118,326,492	$ 108,768,800	$ 100,190,684	$ 106,436,123

Note: GASB 87 was implemented for fiscal year 2022 and later.

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 bee restated upon implementation of GASB 51.

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

REVENUE BY SOURCE

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating Revenue										
Airfield landing fees	$ 2,479,511	$ 2,336,920	$ 1,985,922	$ 3,760,294	$ 3,461,453	$ 3,095,425	$ 3,058,465	$ 3,023,126	$ 3,009,351	$ 2,784,743
Leased sites	9,981,747	6,332,620	4,960,332	8,828,242	8,058,954	7,547,572	8,292,628	8,149,427	7,800,949	6,782,216
Terminal rents and commissions	6,959,829	6,244,063	5,251,187	7,590,074	6,931,146	6,379,122	6,437,252	6,286,408	6,419,463	5,918,191
Other	408,744	383,363	377,100	426,688	502,890	302,141	155,866	173,725	175,394	202,021
Signatory Airline (rebate) surcharge	(819,256)	(2,339,274)	4,684,880	(1,526,350)	-	33,762	(17,180)	(16,582)	(629,067)	(330,058)
Net operating revenue	19,010,575	12,957,692	17,259,421	19,078,948	18,954,443	17,358,022	17,927,031	17,616,104	16,776,090	15,357,113
Non-Operating Revenue										
Passenger Facility Charges (PFCs)	2,056,394	1,607,462	1,410,341	2,628,083	2,284,929	2,068,248	2,266,345	2,166,112	1,998,621	1,965,937
Contract Facility Charges (CFCs)	2,461,014	2,275,248	2,122,008	3,337,448	3,104,430	2,989,103	3,258,051	2,810,362	2,648,727	2,560,602
Investment income	833,911	29,648	115,348	323,185	264,835	119,796	91,366	63,592	61,590	84,390
Gain on sale of assets, net and other	1,247,857	1,144,252	97,677	64,785	214,082	475,500	-	580,873	30,000	-
Federal grants	4,070,239	8,126,078	947,636	135,947	97,280	165,600	86,907	126,533	116,800	129,838
Capital Contributions	3,294,351	5,372,569	5,470,764	2,772,628	5,143,772	6,610,922	9,431,675	7,936,937	2,580,409	11,236,146
Total revenue	$ 32,974,341	$ 31,512,949	$ 27,423,195	$ 28,341,024	$ 30,063,771	$ 29,787,191	$ 33,061,375	$ 31,300,513	$ 24,212,237	$ 31,334,026

Note: GASB 87 was implemented for fiscal year 2022 and later.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating Expenses										
Salaries and employee benefits	$ 7,986,684	$ 7,329,174	$ 8,197,607	$ 7,226,028	$ 5,939,352	$ 5,945,931	$ 5,689,811	$ 5,529,378	$ 6,006,904	$ 6,062,306
Supplies	128,677	102,632	89,202	97,631	99,399	109,402	108,891	88,262	126,183	127,657
Airport operations	4,996,937	3,961,437	4,065,600	4,277,589	4,376,636	4,393,485	4,100,578	4,463,873	3,971,416	3,810,784
Travel and education	369,972	232,524	161,790	407,143	486,025	369,980	350,968	283,126	295,669	259,710
Outside professional services	305,138	387,711	256,940	501,575	309,472	231,222	215,244	181,611	216,232	218,604
Marketing	582,781	505,228	554,453	698,853	739,665	678,548	645,927	541,328	559,932	623,277
Bad debt expense	-	2,000	724	-	-	-	-	-	-	-
Depreciation	11,327,312	11,519,111	11,281,294	11,374,727	11,411,712	10,896,977	10,357,465	9,629,268	9,510,939	8,997,818
Total operating expenses	25,697,501	24,039,817	24,607,610	24,583,546	23,362,261	22,625,545	21,468,884	20,716,846	20,687,275	20,100,156
Non-operating Expenses										
Interest expense-net of capitalization	936,578	967,270	1,048,314	1,209,702	1,333,032	1,451,144	1,680,899	1,852,170	2,882,309	3,070,260
Amortization expense	-	-	-	-	-	-	-	-	76,180	97,575
Bond issuance costs*	-	209,066	-	-	-	-	-	153,381	102,696	297,973
Loss on sale of capital assets	-	-	-	-	-	-	353,900	-	-	-
Total non-operating expenses	936,578	1,176,336	1,048,314	1,209,702	1,333,032	1,451,144	2,034,799	2,005,551	3,061,185	3,465,808
Total expenses by type	$ 26,634,079	$ 25,216,153	$ 25,655,924	$ 25,793,248	$ 24,695,293	$ 24,076,689	$ 23,503,683	$ 22,722,397	$ 23,748,460	$ 23,565,964

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 implmentation 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Delta & Affiliates:										
Delta Airlines	218,647	157,341	100,487	270,807	257,131	228,559	190,636	125,841	104,369	87,421
Atlantic Southeast	-	-	-	-	-	-	47,604	111,371	108,456	99,484
Chautauqua	-	-	-	-	-	-	-	461	1,596	20,823
Shuttle America	-	-	-	-	-	-	1,258	-	-	-
Pinnacle	-	-	-	-	-	-	96	117	1,503	10,022
Total Delta Affiliates	218,647	157,341	100,487	270,807	257,131	228,559	239,594	237,790	215,924	217,750
American & Affiliates:										
American Eagle	20,714	37,882	10,677	74,572	44,999	5,098	224,488	43,807	41,681	42,329
Piedmont	66,649	57,469	33,828	67,836	49,308	4,232	-	16,077	-	-
PSA	99,294	82,768	64,246	127,027	109,190	35,486	-	14,862	-	-
Air Wisconsin	-	-	-	-	4,446	129,700	-	140,909	-	-
Envoy	54,289	30,733	33,797	21,473	20,023	44,149	-	-	-	-
Trans States	-	-	-	984	11,687	7,687	-	-	-	-
Republic	14,769	12,631	1,988	17,667	13,407	297	-	456	-	-
Total American & Affiliates	255,715	221,483	144,536	309,559	253,060	226,649	224,488	216,111	41,681	42,329
US Airways & Affiliates:	-	-	-	-	-	-	-	-	159,958	148,357
Piedmont	-	-	-	-	-	-	-	-	16,307	20,266
Chautauqua	-	-	-	-	-	-	-	-	-	5,754
PSA	-	-	-	-	-	-	-	-	17,097	16,046
Air Wisconsin	-	-	-	-	-	-	-	-	126,216	105,919
Republic	-	-	-	-	-	-	-	-	338	372
Total US Airways & Affiliates	-	-	-	-	-	-	-	-	159,958	148,357
United Airlines & Affiliates	53,168	52,519	36,987	90,935	-	-	-	-	-	-
Express Jet	-	-	-	-	84,246	79,676	95,441	91,149	70,348	68,762
Total United Airlines & Affiliates	53,168	52,519	36,987	90,935	84,246	79,676	95,441	91,149	70,348	68,762
Continental Airlines & Affiliates										
Express Jet	-	-	-	-	-	-	-	-	23,435	22,464
Total Continental Airlines & Affiliates	-	-	-	-	-	-	-	-	23,435	22,464
Other Airlines										
Allegiant Air	-	-	-	-	-	-	-	-	157	106
Vision	-	-	-	-	-	-	-	-	118	940
Swift	-	-	-	-	-	-	-	-	-	27
Silver Air	69	5,843	314	-	-	-	-	-	-	-
Via	-	-	-	113	52	-	-	-	-	-
Republic Airlines	-	-	-	-	-	-	-	1,335	2,148	2,189
Total passenger enplanements	527,599	437,186	282,324	671,414	594,489	534,884	559,523	546,385	513,769	502,924

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

AIRLINE REVENUE PER ENPLANED PASSENGER

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Airfield landing fees	$ 2,479,511	$ 2,336,920	$ 1,985,922	$ 3,760,294	$ 3,461,453	$ 3,095,425	$ 3,058,465	$ 3,023,126	$ 3,009,351	$ 2,784,743
Less: Cargo landing fees	(1,136,275)	(1,159,181)	(1,007,945)	(1,401,067)	(1,312,589)	(1,180,610)	(1,202,339)	(1,188,204)	(1,167,173)	(1,056,376)
Passenger airline landing	1,343,236	1,177,739	977,977	2,359,227	2,148,864	1,914,815	1,856,126	1,834,922	1,842,178	1,728,367
Terminal rentals	3,283,887	2,949,303	2,859,198	3,587,971	3,315,188	3,150,251	3,228,318	3,231,973	3,507,459	3,154,881
Signatory passenger airline (rebate) / surcharge	(793,673)	(2,163,012)	3,310,261	(1,201,409)	-	19,290	(6,772)	(8,987)	(565,376)	(219,650)
Total	$ 3,833,450	$ 1,964,030	$ 7,147,436	$ 4,745,789	$ 5,464,052	$ 5,084,356	$ 5,077,672	$ 5,057,908	$ 4,784,261	$ 4,663,598
Enplaned passengers	527,599	437,186	282,324	671,414	594,489	534,884	559,523	546,385	513,769	502,924
Airline revenue per enplaned passenger	$ 7.27	$ 4.49	$ 25.32	$ 7.07	$ 9.19	$ 9.51	$ 9.08	$ 9.26	$ 9.31	$ 9.27

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

CONCESSION REVENUES PER ENPLANED PASSENGER

LAST TEN FISAL YEARS

Category	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Rental Car Counter Rentals and Concessions	$ 2,832,644	$ 2,565,294	$ 1,684,388	$ 2,761,105	$ 2,555,431	$ 2,231,507	$ 2,235,736	$ 2,160,353	$ 2,045,677	$ 1,935,361
Restaurant and Gift Shop	399,194	333,986	233,847	586,142	530,256	504,812	505,568	484,152	459,175	459,631
Other	166,481	101,358	101,294	238,358	184,009	137,396	103,810	70,725	63,316	78,822
Total	3,398,319	3,000,638	2,019,529	3,585,605	3,269,696	2,873,715	2,845,113	2,715,230	2,568,168	2,473,814
Enplaned Passengers	527,599	437,186	282,324	671,414	594,489	534,884	559,523	546,385	513,769	502,924
Concession Revenue per Enplaned Passenger	$ 6.44	$ 6.86	$ 7.15	$ 5.34	$ 5.50	$ 5.37	$ 5.08	$ 4.97	$ 5.00	$ 4.92

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

OPERATING EXPENSES (BEFORE DEPRECIATION) PER ENPLANED PASSENGER

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total operating expenses	$ 25,697,501	$ 24,039,817	$ 24,607,610	$ 24,583,546	$ 23,362,261	$ 22,625,545	$ 21,468,884	$ 20,716,846	$ 20,687,275	$ 20,100,156
Less, depreciation	(11,327,312)	(11,519,111)	(11,281,294)	(11,374,727)	(11,411,712)	(10,896,977)	(10,357,465)	(9,629,268)	(9,510,939)	(8,997,818)
Total operating expenses before depreciation	14,370,189	12,520,706	13,326,316	13,208,819	11,950,549	11,728,568	11,111,419	11,087,578	11,176,336	11,102,338
Enplaned passengers	527,599	437,186	282,324	671,414	594,489	534,884	559,523	546,385	513,769	502,924
Operating expense (before depreciation) per enplaned passengers	$ 27.24	$ 28.64	$ 47.20	$ 19.67	$ 20.10	$ 21.93	$ 19.86	$ 20.29	$ 21.75	$ 22.08

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 implmentation 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 Available For Debt Service	Annual Debt Service Requirement	Coverage
2022	$ 32,974,341	$ 7,371,821	$ 1,000,000	$ 1,788,606	10,160,427	$ 5,053,173	2.01
2021	29,535,103	8,402,899	1,000,000	1,607,462	11,010,361	4,837,589	2.28
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

Note: GASB 87 was implemented for fiscal year 2022 and later.

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 implmentation 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

	2022	2022 Market Share	2021	2021 Market Share	2020	2020 Market Share	2019	2019 Market Share	2018	2018 Market Share	2017	2017 Market Share	2016	2016 Market Share	2015	2015 Market Share	2014	2014 Market Share	2013	2013 Market Share
Passenger Airlines																				
Delta Air Lines & Affiliates																				
Delta Air Lines	2,494	21.59%	2,423	21.70%	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%
Atlantic Southeast Airlines	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,075	8.59%	2,280	16.68%	2,463	17.42%	2,280	15.14%
Chautauqua	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	14	0.10%	49	0.35%	601	3.99%
Shuttle America	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	27	0.22%	-	0.00%	-	0.00%	-	0.00%
Pinnacle	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1	0.01%	4	0.03%	51	0.36%	284	1.89%
Total Delta Air Lines	2,494	21.59%	2,423	21.70%	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%
US Airways & Affiliates																				
Piedmont	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	419	3.07%	407	2.88%	617	4.10%
Chautauqua	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	162	1.08%
PSA	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	394	2.88%	454	3.21%	441	2.93%
Mesa	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Air Wisconsin	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	3,263	23.87%	3,213	22.72%	3,007	19.97%
Republic	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	7	0.05%	5	0.04%	6	0.04%
Total US Airways	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	4,083	29.87%	4,079	28.85%	4,233	28.11%
United Airlines & Affiliates																				
Express Jet	1,316	11.39%	1,366	12.23%	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%
Total United Airlines	1,316	11.39%	1,366	12.23%	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%
American & Affiliates	4,663	40.37%	4,128	36.97%	3,402	35.81%	5,538	38.72%	5,075	38.62%	5,330	40.96%	5,009	40.04%	1,043	7.63%	1,025	7.25%	1,033	6.86%
Silver Airways	4	0.03%	219	1.96%	15	0.16%	-	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%	-	0.00%	-	0.00%	2	0.01%	4	0.03%
Republic Airlines	-	0.00%	-	0.00%	-	0.00%	282	1.97%	-	0.00%	-	0.00%	-	0.00%	30	0.22%	48	0.34%	48	0.32%
Vision Air	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	2	0.01%	14	0.09%
Swift Air	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	2	0.01%
Via Air	-	0.00%	-	0.00%	-	0.00%	10	0.07%	5	0.04%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Subtotal	**8,477**	**73.39%**	**8,136**	**72.87%**	**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%**

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

AIRLINE OPERATION DATA (LANDING & TAKEOFFS)

LAST TEN FISCAL YEARS

	2022	2022 Share	2021	2021 Share	2020	2020 Share	2019	2019 Share	2018	2018 Share	2017	2017 Share	2016	2016 Share	2015	2015 Share	2014	2014 Share	2013	2013 Share
Cargo Airlines																				
Air Cargo Carriers	731	6.33%	740	6.63%	738	7.77%	728	5.09%	755	5.74%	748	5.75%	-	0.00%	759	5.55%	743	5.25%	803	5.33%
Ameriflight	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-	0.00%		0.00%	-	0.00%	-	0.00%
Federal Express	456	3.95%	415	3.72%	263	2.77%	372	2.60%	468	3.56%	473	3.63%	468	3.74%	467	3.42%	473	3.35%	477	3.17%
Martinaire	252	2.18%	256	2.29%	256	2.70%	251	1.75%	245	1.86%	250	1.92%	255	2.04%	281	2.06%	312	2.21%	583	3.87%
Mountain Air	440	3.81%	452	4.05%	409	4.31%	464	3.24%	327	2.49%	260	2.00%	256	2.05%	261	1.91%	258	1.82%	265	1.76%
United Parcel Service	1,195	10.35%	1,166	10.44%	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%
Wiggins Airways	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	29	0.23%	238	1.74%	212	1.50%	-	0.00%
Subtotal	**3,074**	**26.61%**	**3,029**	**27.13%**	**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%**
Totals	**11,551**	**100.00%**	**11,165**	**100.00%**	**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%**

(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, 2022

Type of Coverage	Insurer	Coverage Amount	Expiration Date
Worker's Compensation	South Carolina Accident Fund	Actual	2/17/23
Auto Comprehensive and Collision	South Carolina Insurance Reserve Fund	$ 2,553,585	2/17/23
Data Processing	South Carolina Insurance Reserve Fund	$ 500,000	2/17/23
Business Interruption	South Carolina Insurance Reserve Fund	$ 2,856,383	2/17/23
Building and Personal Property	South Carolina Insurance Reserve Fund	$ 128,686,864	2/17/23
Auto Liability	South Carolina Insurance Reserve Fund	$ 1,000,000	2/17/23
Inland Marine	South Carolina Insurance Reserve Fund	$ 440,917	2/17/23
General Tort Liabiltiy	South Carolina Insurance Reserve Fund	$ 1,000,000	2/17/23
Medical Professional Liability	South Carolina Insurance Reserve Fund	$300,000 / $600,000 Per Occurrence No Aggregate	2/17/23
Director/Officer	Stratford Insurance Co	$ 1,000,000	8/1/23
Employee Dishonesty	Travelers Casualty & Surety	$ 500,000	7/14/23
Airport Liability Insurance	Global Aerospace, Inc.	$ 150,000,000 (General Limit)	8/16/23
Cyber Liability	Travelers Casualty & Surety	$ 2,000,000	10/30/23

SUPPLEMENTARY FEDERAL FINANCIAL ASSISTANCE SECTION

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR	Federal CFDA	Program / Contract	Total Expenditures
U.S. Department of Transportation			
Airport Improvement Program - CARES	20.106	3-45-0018-52	9,362
Airport Improvement Program	20.106	3-45-0018-53	696,048
Airport Improvement Program - CRRSA	20.106	3-45-0018-54	3,945,677
Airport Improvement Program	20.106	3-45-0018-56	244,300
Airport Improvement Program	20.106	3-45-0018-57	222,511
Total U.S. Department of Transportation			5,117,898
U.S. Department of Homeland Security			
Law Enforcement Officer Reimbursement Agreement Program	97.090	70T02021T6114N071	115,200
TSA - Checked Baggage Inspection System	97.117	70T04020T9CAP1120	2,131,456
Total U.S. Department of Homeland Security			2,246,656
Total Federal Awards			$ 7,364,554

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF PASSENGER FACILITY CHARGE (PFC'S) AND EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Quarter Ending 3/31/2022	Quarter Ending 6/30/2022	Quarter Ending 9/30/2022	Quarter Ending 12/31/2022	Total
PFC Account					
Beginning Balance					$ 1,563,324
Revenue:					
Collections	430,609	565,615	533,479	526,691	2,056,394
Total Revenue	430,609	565,615	533,479	526,691	2,056,394
Disbursements:					
Apron Construction	71,936	71,936	72,003	71,936	287,811
Terminal Facility Improve	226,157	226,157	226,089	226,157	904,560
PFC Administration Costs	2,516	2,516	2,518	2,516	10,066
Total Disbursements	300,609	300,609	300,610	300,609	1,202,437
PFC Account					
Ending Balance					$ 2,417,281

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, 2022

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, 2022, through December 31, 2022. 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 2022 to reimburse certain operating expenditures as described below:

The District was awarded and executed an Airport Coronavirus Response Grant Program (ACRGP) grant in the amount of $3,945,677. It is provided in accordance with the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA 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.

Note C - Federal Assistance (continued)

The District was awarded an Airport Rescue Grant in the amount of $7,329,976. It is provided in accordance with the American Rescue Plan Act (ARPA), Public Law 117-2. Like the 2020 "CARES" and 2021 "CRRSA" grants, 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 ARPA grant is an additional allocation of $550,023 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 March 11, 2021.

The District's final settlement of AIP 51 produced a return of ($31,186) to the Federal Aviation Administration. The combination of this return and the total of the Schedule of Federal Finance Assistance of $7,364,554 agrees to the total of the Federal grants (capital and non-capital) presented in the Schedule of Revenue, Expenses, and Changes in Net Position.

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, 2022, through December 31, 2022.

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and issued our report thereon dated July 7, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
July 7, 2023

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance 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

Opinion on Each Major Federal Program

We have audited the Richland-Lexington Airport, South Carolina, (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
July 7, 2023

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

Opinion on 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, 2022.

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 the Passenger Facilities Charge Program.

Basis for Opinion on the Passenger Facilities Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements described in the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the passenger facilities charge program. Our audit does not provide a legal determination of District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the passenger facility charge program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
July 7, 2023

RICHLAND-LEXINGTON AIRPORT DISTRICT, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

Section I—Summary of Auditor's Results

Financial Statements:

We have issued an unmodified opinion dated July 7, 2023, 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 July 7, 2023, 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	Name of Federal Program
20.106	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