

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2024

WITH

REPORT OF INDEPENDENT AUDITOR

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

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AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2024

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PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

REPORT OF INDEPENDENT AUDITOR

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

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REPORT OF INDEPENDENT AUDITOR

The Honorable Chairman and Members of the Authority
Pee Dee Regional Airport District, South Carolina

Report on the Audited Financial Statements

Unmodified opinion

I have audited the accompanying financial statements of Pee Dee Regional Airport District, South Carolina (the "District") as of December 31, 2024, and for the year then ended, 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 my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Pee Dee Regional Airport District, South Carolina, as of December 31, 2024, and the respective changes in financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Management's Responsibility for the Financial Statements

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

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 (December 31, 2024), including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibility for the Audit of the Financial Statements

My 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 my opinion. 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 GAAS and *Government Audit 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Audit Standards*, I:

- 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 my 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, 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. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information, as outlined in the table of contents as Other Financial Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information listed in the table of contents as Supplementary Federal Financial Assistance Reports including the Schedule of Expenditures of Federal Awards as required by Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), and the Schedule of Passenger Facility Charges (PFC’s) and Expenses as specified in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Collectively, the supplementary and other information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary and other 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 financial statements or to the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary and other information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Summarized Comparative Information

The prior year summarized comparative information presented in the basic financial statements and schedules hereto, has been derived from the District’s 2023 audited financial statements, and in my report dated July 31, 2024, I expressed an unmodified opinion on those financial statements and schedules.

Other Reporting

Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 10, 2025 on my consideration of the District’s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



October 10, 2025
Columbia, South Carolina

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2024

Introduction

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

Operating and Financial Highlights

The following discussion and analysis provides an introduction and overview to the District's basic financial statements for the year ended December 31, 2024. It should be read in conjunction with the District's basic financial statements.

District Activities and Highlights:

- The District received significant operation and capital federal grant revenue in both 2024 and 2023.
- The District implemented new GASB standards on accounting for leases and subscription based information technology arrangement (SBITA) which required additional reporting and restatements.
- The District's total net position increased by \$2,622,763 and by \$7,539,253 for the years ended December 31, 2024 and 2023, respectively.
- The major operating revenue sources are airline fees and terminal rents, rental car, concessions, other leased sites, and parking.
- Operating expenses exceeded operating revenues resulting in a loss totaling \$3,051,568 and \$3,097,183 for the years ended December 31, 2024 and 2023, respectively. The operating losses were covered by non-operating revenue and grants.

The District is served by one commercial airline at present. Enplanements increased by 9% for the reporting period (24,774 in 2024 compared to 22,827 in 2023). The air travel industry's impact and recovery from the COVID-19 pandemic has been analyzed and reported in the public media. The District's experience has not been substantially different.

Overview of Annual Financial Report

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

This report also includes other required supplementary information and other financial information in addition to the basic financial statements themselves.

The District's basic financial statements include Statement of Net Position (Balance Sheet); Statement of Revenue, Expenses, and Changes in Net Position; 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 historical cost basis and provides information about the nature and amount of resources and obligations at the end of the accounting period.

The Statement of Revenue, Expenses, and Changes in Net Position represents 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

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

The Notes to Financial Statements provide disclosures and other information that is essential to a full understanding of material data provided in the statements. The Notes to Financial Statements present information about the District's accounting policies, significant account balances, activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Financial Analysis

This 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.

A condensed summary of the District's Statements of Net Position (Balance Sheets), at December 31, 2024 and 2023, is presented below.

Condensed Statements of Net Position (Balance Sheets)

	December 31, 2024	December 31, 2023
<u>Assets and Deferred Outflows</u>		
Current unrestricted assets	\$ 4,319,483	\$ 6,943,388
Current restricted assets	533,577	476,239
Capital assets, net	47,429,472	44,923,222
Lease receivables	1,006,089	864,176
Total assets	53,288,621	53,207,025
Deferred outflows of resources	357,455	464,330
Total Assets and Deferred Outflows	\$ 53,646,076	\$ 53,671,355
<u>Liabilities, Deferred Inflows and Net Position</u>		
Current liabilities	\$ 1,173,609	\$ 3,976,846
Non-current liabilities	1,300,171	1,479,347
Total liabilities	2,473,780	5,456,193
Deferred inflows of resources	1,390,424	1,056,052
<u>Net Position</u>		
Net investment in capital assets	46,556,247	42,697,833
Restricted	593,517	547,679
Unrestricted	2,632,109	3,913,598
Total net position	49,781,872	47,159,110
Total Liabilities, Deferred Inflows, and Net Position	\$ 53,646,076	\$ 53,671,355

Assets

Overall, the District's financial position remains relatively stable and materially consistent with the prior year, due to the continued availability of FAA Airport Improvement Plan (AIP) grants for capital needs. Current assets totaled \$4,853,060 in 2024, compared to \$7,419,627 in 2023, primarily due to increased grant revenue in 2023. Total cash and cash equivalents decreased by \$763,849 in 2024 and increased by \$1,175,762 in 2023.

Total accounts receivable equaled \$741,588 in 2024, compared to \$2,558,708 in 2023. Grant receivables at December 31, 2024 totaled \$298,067 all of which represents FAA Airport Improvement Program (AIP) funding.

The District invested in its capital assets through FAA-AIP funded grants and improvements by a total of \$5,245,520 in 2024. Total depreciation expense equaled \$2,327,172 for the year ended December 31, 2024. A reconciliation of all changes to capital assets and accumulated depreciation is provided in *Note 5*.

Liabilities

Current "unrestricted" liabilities equaled \$300,383 in 2024, compared to \$1,751,459 in 2023, and includes amounts due to others, plus unearned revenue related to AIP grants.

Current liabilities payable from "restricted" assets equaled \$873,226 in 2024, compared to \$2,225,389 in 2023, primarily due to construction-in-progress payables from restricted grant sources.

Long-term liabilities at December 31, 2024 are comprised of the pension and other post-employment benefits (OPEB) liabilities under GASB Statements #68 and #75, respectively. Total non-current liabilities equaled \$1,300,171 in 2024, compared to \$1,479,347 in 2023, due to decreased net pension and OPEB liabilities. The District has no outstanding bonds or notes at December 31, 2024.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$49,781,872 and \$47,159,110 after restatement, as of December 31, 2024 and 2023, respectively.

The largest portion of the District's net position represents its net investment in capital assets such as land and land improvements, buildings, equipment, etc., net of accumulated depreciation and related outstanding debt issued to finance the improvements. Net investment in capital assets totaled \$46,556,246 at December 31, 2024, and \$42,697,833 at December 31, 2023. Because the District uses these capital assets to provide airport services, these assets are not available for future spending. 'Restricted' net position equaled \$593,517 and 'unrestricted' net position totaled \$2,632,109 at December 31, 2024. See *Note 8* for details of net position.

Changes in Net Position

A condensed summary of the District's statement of revenue, expenses and changes in net position for the year ended December 31, 2024 and 2023, is presented below:

Condensed Statements of Revenue, Expenses and Changes in Net Position

	Year Ended December 31	
	2024	2023
Total operating revenue	\$ 1,277,980	\$ 1,027,616
Operating expenses (before depreciation)	2,002,376	2,154,678
Depreciation	2,327,172	1,970,121
Total operating expenses	4,329,548	4,124,799
Loss from operations	(3,051,568)	(3,097,183)
Net non-operating revenues (expenses)	428,811	2,634,765
Capital grant revenue	5,245,520	8,001,671
Net Change in Net Position	\$ 2,622,763	\$ 7,539,253

Operating Revenue

Revenue from operations is comprised of airline fees, rental revenue from tenants (on the Airport campus and in the terminal), parking, concessions, and operating grants and other revenue. Total operating revenue equaled \$1,277,980 and \$1,027,616 for years ended 2024 and 2023, respectively.

Airline fees, leased sites, rental cars, parking and other operating revenues, increased in 2024 from the prior year due to increase rents and commissions. The Airport is served by two rental car companies and their respective leases were re-negotiated in 2023.

Operating Expenses

The District's expenses are comprised of the following: salaries and wages, employee benefits, airport operations and depreciation. Operating expenses before depreciation totaled \$2,002,376 in 2024 compared to \$2,154,678 in 2023 due to reduced personnel services. Depreciation expenses totaled \$2,327,172 and \$1,970,121 for the year ended December 31, 2024 and 2023, respectively.

Non-Operating Revenues and Expenses

Non-operating revenue and expenses is comprised of County per capita appropriations from Dillon, Florence and Marion counties, Contract Facility Charges (CFC's), Passenger Facility Charges (PFC's), investment earnings, debt service interest expense (as applicable), and other income or expense items. Non-operating revenue and expenses netted to \$428,811 in 2024, compared to \$2,634,765 in 2023, due to reduced grants in 2024.

Capital Assets

The District's capital assets are recorded at historical costs and totaled \$74,591,909 and \$69,786,367 at December 31, 2024 and 2023, respectively, a net increase of \$4,805,542. Total accumulated depreciation equaled \$27,162,437 and \$24,863,145 at December 31, 2024 and 2023, respectively. See *Note 5* for more details about capital assets.

The District uses federal grant awards, operating reserves and borrowed funds to fund planning and construction of capital projects. During 2024, major capital projects were the continuation of the airfield and taxiway rehabilitation and were substantially covered by the FAA's Airport Improvement Program funds the District received. In addition, CARES Act funding provided for the purchase and construction of two new hangars, certain terminal renovations, signage, as well as a new terminal security system. Future capital projects include continued rehabilitating the taxiways, airfield, and hangars.

Long-term Debt

The District had no long-term debt outstanding as of December 31, 2024.

Economic Factors and Future Outlook

American Airlines ("American") services the Airport with 50-60 seat regional jets, primarily with daily flights to/from Charlotte, NC. Due to the COVID-19 pandemic, American stopped all flights beginning October 7, 2021. However, flights resumed in January 2022 and enplanements are increasing slowly, but not to pre-COVID-19 levels.

Intense economic factors within the air transportation sector along with a sluggish economy make the economic outlook of the Pee Dee Regional Airport District guarded, but optimistic. Though operating a regional airport will always present challenges, an efficiently run and professionally managed airport represents a key economic asset to the community it serves. The Florence Regional Airport is making dramatic and positive changes to the manner in which it operates on a daily basis. These changes will enhance its value to the community while ensuring its long-term viability as a regional airport.

Contacting the District's Financial Management

This financial report is designed to provide our customers, creditors, and funding agencies with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Pee Dee Regional Airport District Executive Director at 2100 Terminal Drive, Florence, SC 29506.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENT OF NET POSITION

DECEMBER 31, 2024

(With comparative amounts at December 31, 2023)

	December 31	
	2024	2023
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 352,168	\$ 1,173,355
Investments	3,093,185	3,150,055
Receivables, net:		
Accounts	159,755	86,223
Grants	298,067	2,354,181
Due from county governments	34,485	17,510
Leases receivable - current portion	249,281	100,794
Inventory	5,645	4,707
Prepaid expenses	126,897	56,563
	<u>4,319,483</u>	<u>6,943,388</u>
Restricted assets:		
Cash and cash equivalents	<u>533,577</u>	<u>476,239</u>
Total current assets	<u>4,853,060</u>	<u>7,419,627</u>
Non-current assets:		
Capital assets:		
Capital assets not subject to depreciation	8,182,122	18,312,970
Capital assets, net of depreciation	<u>39,247,350</u>	<u>26,610,252</u>
Total capital assets, net	<u>47,429,472</u>	<u>44,923,222</u>
Leases receivable	<u>1,006,089</u>	<u>864,176</u>
Total non-current assets	<u>48,435,561</u>	<u>45,787,398</u>
Total assets	<u>53,288,621</u>	<u>53,207,025</u>
Deferred outflows of resources:		
Deferred outflows related to pensions	288,455	434,930
Deferred outflows related to OPEB	<u>69,000</u>	<u>29,400</u>
Total deferred outflows of resources	<u>357,455</u>	<u>464,330</u>
Total assets and deferred outflows	<u>\$ 53,646,077</u>	<u>\$ 53,671,355</u>

— CONTINUED —

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENT OF NET POSITION

—CONTINUED—

	December 31	
	2024	2023
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Accounts payable	\$ 123,546	\$ 44,289
Accrued payroll and payroll related liabilities	34,770	33,145
Accrued compensated absences	72,320	56,536
Unearned revenue and deposits	69,747	1,617,487
	<u>300,383</u>	<u>1,751,457</u>
Current liabilities payable from restricted assets:		
Construction project payable	873,226	1,387,081
Retainage payable	—	838,308
	<u>873,226</u>	<u>2,225,389</u>
Total current liabilities	<u>1,173,609</u>	<u>3,976,846</u>
Non-current liabilities:		
Net pension liability	1,099,671	1,342,647
Total OPEB Liability	200,500	136,700
Total non-current liabilities	<u>1,300,171</u>	<u>1,479,347</u>
Total liabilities	<u>2,473,780</u>	<u>5,456,193</u>
Deferred inflows of resources:		
Deferred inflows related to pensions	314,432	249,148
Deferred inflows related to OPEB	36,600	50,100
Deferred inflows related to leases	1,039,392	756,804
Total deferred inflows of resources	<u>1,390,424</u>	<u>1,056,052</u>
Net position:		
Net investment in capital assets	46,556,247	42,697,833
Restricted for:		
Pensions	59,940	71,440
Other purposes	533,577	476,239
Unrestricted	2,632,109	3,913,598
Total net position	<u>49,781,873</u>	<u>47,159,110</u>
Total liabilities, deferred inflows and net position	<u>\$ 53,646,077</u>	<u>\$ 53,671,355</u>

See accompanying notes to financial statements.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2024
(With comparative totals year ended December 31, 2023)

	Year Ended December 31,	
	2024	2023
Operating Revenue		
Airline fees	\$ 159,749	\$ 152,565
Leased sites – land and buildings, net of imputed interest	295,541	207,759
Rental cars – tenant operations	302,248	333,335
Other terminal rents and commissions	107,455	101,658
Parking and permits	312,564	200,001
Grant reimbursements and other	100,423	32,298
Total operating revenue	<u>1,277,980</u>	<u>1,027,616</u>
Operating Expenses		
Salaries and wages	621,402	724,554
Employee benefits and changes in retirement liabilities	269,895	362,020
Other operating expenses	1,111,079	1,068,104
Depreciation	2,327,172	1,970,121
Total operating expenses	<u>4,329,548</u>	<u>4,124,799</u>
Loss from operations	<u>(3,051,568)</u>	<u>(3,097,183)</u>
Non-Operating Revenue (Expenses)		
County per capita appropriations	116,720	116,720
City marketing grant	15,000	10,000
CARES Act – operating grant	—	2,222,067
Passenger Facility Charges (PFC's) interest	1,156	1,134
Contract Facility Charges (CFC's)	91,820	109,642
Investment income	173,695	166,839
Interest – leases	39,309	28,628
CFC expenses	(13,919)	(19,163)
Other	5,030	(1,102)
Net non-operating revenue (expenses)	<u>428,811</u>	<u>2,634,765</u>
Income (loss) before capital contributions	(2,622,757)	(462,418)
Capital Contributions		
Grant revenue	<u>5,245,520</u>	<u>8,001,671</u>
Net change in net position	2,622,763	7,539,253
Beginning of year, net position	<u>47,159,110</u>	<u>39,619,857</u>
End of year, net position	<u>\$ 49,781,873</u>	<u>\$ 47,159,110</u>

See accompanying notes to financial statements.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2024

(With comparative totals year ended December 31, 2023)

	Year Ended December 31,	
	2024	2023
Cash Flow from Operating Activities		
Cash received from customers and users	\$ 1,121,635	\$ 1,049,736
Cash paid for salaries, wages, and benefits	(873,888)	(1,126,390)
Cash paid to suppliers	(1,036,363)	(1,064,315)
Net cash provided by (used in) operating activities	(788,616)	(1,140,969)
Cash Flow from Non-Capital and Related Financing Activities		
County per capita appropriations and City grants	131,720	126,720
CARES Act – operating grant	—	2,222,067
Grants reimbursement (expenses) revenue	5,030	(1,102)
Net cash provided by (used in) non-capital financing activities	136,750	2,347,685
Cash Flow from Capital and Related Financing Activities		
Proceeds from sale of assets	15,000	—
Acquisition and construction of capital assets	(6,157,706)	(7,645,098)
Collection of Passenger Facility Charges (PFC's)	—	—
Collection of Contract Facility Charges (CFC's)	91,820	109,642
CFC expenses	(13,919)	(19,163)
Receipt from capital grants and other	5,738,662	7,332,959
Net cash provided by (used in) capital and related financing activities	(326,143)	(221,660)
Cash Flow from Investing Activities		
Interest received on invested cash	174,851	167,973
Interest received on leases	39,309	22,733
Net cash provided by (used in) investing activities	214,160	190,706
Net increase (decrease) in cash and cash equivalents	(763,849)	1,175,762
Cash and cash equivalents at beginning of year	1,649,594	473,832
Cash and cash equivalents at end of period (of which \$533,577 in 2024 and \$476,239 in 2023 is restricted)	\$ 885,745	\$ 1,649,594

— CONTINUED —

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

— CONTINUED —

	Year Ended December 31,	
	2024	2023
Reconciliation of operating income (loss) loss to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (3,051,568)	\$ (3,097,183)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	2,327,172	1,970,121
Changes in other assets and liabilities:		
(Increase) decrease in accounts receivable – trade	(73,532)	18,710
(Increase) decrease in inventory and prepaid expenses	(71,272)	(22,292)
(Increase) decrease in lease receivable	(290,400)	(3,234)
(Increase) decrease in deferred outflows – pension/OPEB	106,875	80,573
Increase (decrease) in accounts payable	79,256	5,714
Increase (decrease) in accrued expenses	17,409	(39,816)
Increase (decrease) in unearned rents and deposits	12,248	(6,644)
Increase (decrease) in retirement liabilities	(179,176)	(10,162)
Increase (decrease) in deferred inflows – pension/OPEB	51,784	(36,756)
Increase (decrease) in deferred inflows – leases	282,588	—
Net cash provided by (used in) operating activities	<u>\$ (788,616)</u>	<u>\$ (1,140,969)</u>
Reconciliation of cash and cash equivalents		
Cash and cash equivalents – unrestricted	\$ 352,168	\$ 1,173,355
Cash and cash equivalents – restricted	<u>533,577</u>	<u>476,239</u>
Total cash and cash equivalents	<u>\$ 885,745</u>	<u>\$ 1,649,594</u>

See accompanying notes to financial statements.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Summary of Significant Accounting Policies

The Pee Dee Regional Airport District (the “District”) is an independent special-purpose political subdivision of the State of South Carolina whose purpose is to provide airport services in a three county area of the Pee Dee region of the state. The District operates as the Florence Regional Airport (the “Airport”) located in Florence County, South Carolina. Founded in 1998, the District is governed by an authority (the “Authority”) consisting of nine representatives representing the various counties and municipalities in its service area (City of Florence and counties of Florence, Dillon and Marion). The District is the successor entity to the Florence City-County Airport Commission. Principal operations include management, maintenance, and development of the Airport facilities and properties.

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

Proprietary fund statements reflect net position and revenues, expenses and changes in net position using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis concept, revenues are recognized when earned and expenses are recognized when incurred.

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

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (continued)

The more significant of the District's accounting policies are described below.

Cash and Cash Equivalents

Cash includes cash on hand and 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.

Accounts Receivable

The District's accounts receivable are stated at realizable values net of allowances for uncollectible accounts, if any.

Inventories

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

Payments made to vendors for services that will benefit periods beyond period end are recorded as prepaid items.

Restricted Assets

Restricted assets represent monies or other resources, the use of which is restricted by legal or contractual requirements. At December 31, 2024, the District's restricted assets accounts were derived from certain grants, 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, 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. 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:

Buildings and Improvements	10 – 40 years
Vehicles	5 – 15 years
Equipment	5 – 15 years
FBO Building and Equipment	5 – 20 years

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (continued)

Capital Assets and Depreciation (continued)

Capital assets are defined by the District as items with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years; and for buildings and other land improvements, \$100,000.

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 government) have been capitalized using actual and estimated historical costs.

Under GASB 89, interest is not capitalized except for regulated industries where a regulatory body or granting entity requires it. Currently, the District has no debt and the FAA, primary granting entity, does not require it. Therefore, only interest costs incurred during the construction phase of capital assets prior to January 1, 2020 is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Long-term Obligations

Long-term debt represents unmatured principal of loans and notes payable indebtedness. Other post-employment benefits liability is also recorded as a long-term obligation.

Compensated Absences (Accrued Vacation)

The District maintains a policy that allows employees to carryover an amount not to exceed the maximum annual accrued leave to the subsequent year. Unused and accumulated sick leave is not paid when the employee terminates their employment and therefore, an accrual is not made for unpaid sick time.

Pensions

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

Deferred Inflows/Outflows of Resources

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

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (continued)

Net Position

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in three components. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Unspent debt proceeds for capital improvements (if any) are added back to this balance. Restricted net positions for capital activity, debt service, or pensions, exist when constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including the entities self-imposed legal mandates. Unrestricted net position consists of all other net position balances not included in the above categories.

Unearned Rents

Certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are offset by a corresponding liability – in this case unearned rents and deposits. These represent assets that are not available to finance expenses for the current period.

Lease Accounting

The District leases land, buildings, and terminal space to aeronautical and non-aeronautical tenants, and commercial business concessionaires.

Revenue from leased spaces and sites are accounted for under the accrual method when payments are due. Base monthly rentals are computed on the square footage occupied by the tenant times the rent per square foot which varies with each tenant. Tenant leases are normally for periods of one to five years with options to renew; however, certain lease agreements are for longer periods. For purposes of the Statement of Cash Flows, lease revenues are considered operating activities. Annual rent increases are primarily based on annual increases in the Consumers Price Index, where applicable.

Leases of 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 lease and use agreements meet the definition of a “regulated lease” as defined in GASB Statement #87 and are not included in the Statement’s requirements.

Grant Revenue and Nonexchange Transactions

Pursuant to GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transaction*, non-operating grants, Passenger Facility Charges (PFC’s) and Contract Facility Charges (CFC’s) 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) and CARES Act grants. These cost-reimbursed grants have been recognized as capital contribution revenue.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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. Effective April 1, 2025, the FAA approved a \$4.50 fee per enplaned passenger. 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 and future construction projects related to automobile rental (rental car) tenants. These amounts have been recognized when receipted as non-operating revenue.

Comparative Data and Reclassifications

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the District’s financial position and operations. Also, certain amount presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

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 balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts receivable, airline rebate or surcharge (as may be applicable), certain claims and judgment liabilities, retirement liabilities and related deferred inflows and outflows of resources, among other accounts. Actual results may differ from those estimates.

Victim’s Rights Assistance Program

The District remits any surcharges and assessments collected on police fines to Florence County. For the year ended December 31, 2024, the District did not receive any surcharges and assessments for Victim’s Rights Assistance program.

2. Deposits and Investments

Deposits include demand deposits consisting of cash and cash equivalents. At December 31, 2024, the carrying value of deposits equaled \$885,745 (\$352,167 unrestricted and \$533,578 restricted, plus cash on hand of \$30). The bank balances at December 31, 2024 equaled \$890,240 (\$356,662 unrestricted and \$533,577 restricted), respectively. Monies invested with the State of South Carolina Local Government Investment Pool totaled \$2,554,627, at December 31, 2024, and certificate of deposit with accrued interest totaling \$538,558, are reported as investments.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments (continued)

Deposits

Concentration of Credit Risk – Custodial credit risk of deposits is the risk that in the event of bank failure, the District’s deposits may not be returned. The District does not have a formal policy for custodial credit risk. The District maintains its cash balances in financial institutions which were covered by federal depository insurance and/or collateral held by the financial institutions trust department. Of the financial institutions’ balances, \$250,000 per depository account is covered by federal depository insurance with the remaining balances covered by collateral held by the financial institutions’ trust department in the District’s name. Accordingly, the District was not exposed to material custodial credit risk at December 31, 2024.

Investments

Custodial credit risk of investments is the risk that, in the event of failure of the bank or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

As of December 31, 2024, the District had the following investment types:

	<u>Fair Value</u>	<u>Maturity</u>
SC Local Investment Pool	\$ 2,554,627	On demand
Certificate of Deposit	538,558	2/5/2026
	<u>\$ 3,093,185</u>	

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statute authorizes the District to invest in obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units provided such obligations are rated as an “A” or better by Moody’s Investors Service, Inc. and Standard and Poor’s and 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 was not exposed to material custodial credit risk at December 31, 2024.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

3. Receivables and Unearned Revenue

Trade receivables include amounts due the District for landing fees, leased sites, terminal spaces, advertising contracts, parking fees, and other amounts, less an allowance for doubtful accounts. Other receivables include AIP grant funds and amounts due from county governments. At December 31, 2024, receivables consist of the following:

<u>Accounts:</u>	<u>2024</u>
Trade receivables and parking	\$ 161,832
Grants (billed and unbilled)	298,067
	<u>459,899</u>
Less, allowance for estimated uncollectibles	<u>(2,007)</u>
Net account receivables	457,822
Due from county governments	34,485
Leases	<u>249,281</u>
Total receivables, net	<u>\$ 741,588</u>

Unearned revenue at December 31, 2024, consist of unbilled federal award grants totaling \$0, prepaid rents and customer credit balances of \$45,947, plus lease deposits of \$23,800, all totaling \$69,747 at December 31, 2024.

4. Restricted and Other Assets

At December 31, 2024, the restricted cash balances equaled \$533,577, of which \$2,544 represents resources for use in the FAA's Airport Improvement Program, \$55,679 in resources from the Passenger Facility Charges (PFC's) restricted for construction, capitalization and related debt service, and \$475,354 represents resources from Contract Facility Charges (CFC's) pledged to repay certain notes payable and rental car facility improvements.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

5. Capital Assets

A summary of changes in capital assets during the year ended December 31, 2024 follows.

	Balance 12/31/2023	Additions	Deletions	Transfers	Balance 12/31/2024
Capital Assets					
<u>Not subject to depreciation:</u>					
Land	\$ 8,067,712	\$ —	\$ —	\$ —	\$ 8,067,712
Avigation easements	100,000	—	—	—	100,000
Construction-in-progress	10,145,258	4,718,718	—	(14,849,566)	14,410
Total capital assets not depreciated	18,312,970	4,718,718	—	(14,849,566)	8,182,122
<u>Subject to depreciation:</u>					
Airfield and improvements	21,415,818	—	—	4,580,144	25,995,962
Buildings and improvements	23,827,407	—	—	10,269,422	34,096,829
Parking and improvements	3,963,407	—	—	—	3,963,407
FF&E and vehicles	2,148,638	121,674	(34,850)	—	2,235,462
Other capital assets	118,127	—	—	—	118,127
Total capital assets subject to depreciation	51,473,397	121,674	(34,850)	14,849,566	66,409,787
<u>Less, accumulated depreciation:</u>					
Airfield and improvements	(10,011,448)	(1,014,762)	—	—	(11,026,210)
Buildings and improvements	(10,646,622)	(1,035,026)	—	—	(11,681,648)
Parking and improvements	(2,851,259)	(167,672)	—	—	(3,018,931)
FF&E and vehicles	(1,235,689)	(109,712)	27,880	—	(1,317,521)
Other capital assets	(118,127)	—	—	—	(118,127)
Total accumulated depreciation	(24,863,145)	(2,327,172)	27,880	—	(27,162,437)
Net capital assets subject to depreciation	26,610,252	(2,205,498)	(6,970)	14,849,566	39,247,350
Net capital assets	\$ 44,923,222	\$2,513,220	\$ (6,970)	\$ —	\$ 47,429,472

Total depreciation expenses for year ended December 31, 2024, equaled \$2,327,172.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Employee Retirement

Plan Description

All employees, excluding public safety department employees (police and fire officers), are eligible for membership in the South Carolina Governmental Employees' Retirement System (SCRS). Public safety department employees are covered by the South Carolina Police Officers' Retirement System (PORS). Both are cost-sharing, multiple employer public defined benefit pension plans administered by the South Carolina Public Employee Benefit Authority (PEBA). Actuarial determinations are made by the administrator for the systems.

Benefits

Benefits of the retirement systems are established by state statutes. Under current statutes, member employees who retire at age 65 or after 28 years (public safety employees after 25 years) of credited service are entitled to an annual full service retirement benefit, payable monthly for life, equal to 1.82 percent of the employee's highest twelve consecutive quarters of compensation for non-public safety employees and 2.14 percent for public safety employees.

Member employees who are at least 55 years of age may elect early retirement with reduced benefits. In either case, any unrecovered contributions are payable upon death and benefit payments increase by the lesser of 1 percent or \$500 on the July 1st following the payment of 12 monthly benefit payments. Full service or early retirees may elect other optional methods of benefit distributions, including lump sum distributions, benefit levels coordinated with the retiree's social security benefits and distributions to a named beneficiary. Benefits are fully vested on reaching five years of service. The retirement systems also provide death and disability benefits to all member employees.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Employee Retirement (continued)

Funding Policy

State statutes determine the levels of contributions required by both employers and employees. During the fiscal year, there are typically two contribution rates for employees and employers as the rates change on July 1 each year . There were no rate changes effective July 1, 2024. For non-public safety employees, the rates for the period January 1, 2024 through June 30, 2024 were 9 percent for employees and 18.56 percent for the employer (which includes .15 percent of group life coverage). For public safety employees the rates for the period January 1, 2024 through June 30, 2024 were 9.75 percent for employees and 20.84 percent for employer (which includes .2 percent of group life and .2 percent of accidental death coverage). The rates for the period July 1, 2024 through December 31, 2024 remained the same. The District contributed 100% of the required contribution for each of the plans for the years ending December 31, 2024, 2023 and 2022.

	SCRS			PORS		
	2024	2023	2022	2024	2023	2022
Wages:						
Pensionable	\$ 281,358	\$ 383,302	\$ 369,528	\$ 398,053	\$ 338,636	\$ 344,171
End of year contribution rates:						
Employees	9.00%	9.00%	9.00%	9.75%	9.75%	9.75%
Employer	18.41%	18.41%	17.41%	20.84%	20.84%	19.84%
Contributions:						
Employees	\$ 25,322	\$ 34,497	\$ 33,258	\$ 33,260	\$ 33,017	\$ 33,557
Employer	\$ 51,798	\$ 68,665	\$ 62,523	\$ 70,450	\$ 68,907	\$ 66,740

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. Additionally, the Board is prohibited from decreasing contribution rates until the Plan funded ratio is at least 85%. As of June 30, 2024, the Plan's funded ratios were 61.8% for SCRS and 70.5% for PORS.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Employee Retirement (Continued)

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources

At December 31, 2024, the District reported a liability of \$1,099,671 (for the measurement period June 30, 2024) for its proportionate share of the net pension liabilities, of which \$581,184 was for SCRS and \$578,487 was for PORS. The net pension liabilities were measured by PEBA as of June 30, 2024 (measurement date) and the total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The District's proportion of the net pension liabilities was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, PEBA reported the District's proportionate share of the collective net pension liability was 0.002478% for SCRS and 0.017284% for PORS. For the year ended December 31, 2024, the District recognized pension expense (income) of \$92,902, of which \$9,387 was for SCRS and \$83,515 PORS, respectively.

Components of Change in Net Pension Liability (NPL)

Changes in the net pension liability for the measurement period, June 30, 2024, follows:

	SCRS	PORS	Total
Pension expense:			
Service cost	\$ 29,306	\$ 41,636	\$ 70,942
Interest on total pension liability	99,326	112,658	211,984
Changes in plan benefits	—	—	—
Plan administrative costs	450	582	1,032
Plan member contributions	(27,693)	(34,170)	(61,863)
Expected return on plan assets	(59,521)	(78,098)	(137,619)
Recognition of net amortization:			
Plan performance, net	8,638	18,085	26,723
Assumption changes, net	15,004	8,102	23,106
Investment experience, net	(4,395)	15,111	10,722
Allocated proportion change, net	(46,709)	17,705	(29,004)
Other	(5,019)	(18,102)	(23,121)
Total pension expense	9,387	83,515	92,902
PEBA employer contribution	(63,208)	(72,411)	(135,619)
Non-member contributions	—	—	—
Net changes in deferred items:			
Outflow – Plan performance	6,536	19,562	26,098
Outflow – Assumption changes	(841)	(2,184)	(3,025)
Outflow – Investment experience	(39,787)	(48,222)	(88,009)
Outflow – Allocated proportion change	(9,215)	(60,824)	(70,039)
Inflow – Plan performance	1,286	4,658	5,944
Inflow – Assumption changes	—	—	—
Inflow – Investment experience	18,383	20,216	38,599
Inflow – Allocated proportion change	(65,004)	(44,823)	(109,827)
Total change in net pension liability	\$ (142,463)	\$ (100,513)	\$ (242,976)

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Employee Retirement (Continued)

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources (continued)

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Related to Pensions		
	SCRS	PORS	Total
Differences between expected and actual plan performance	\$ 19,100	\$ 48,693	\$ 67,793
Changes of assumptions	10,246	11,288	21,534
Net difference between projected and actual earnings on pension plan investments	31,337	40,296	71,633
Changes in allocated proportion and differences between District contributions and proportionate share of contributions	—	67,555	67,555
Total before employer contributions	60,683	167,832	228,515
District contributions subsequent to the measurement date	24,665	35,275	59,940
Total	<u>\$ 85,348</u>	<u>\$ 203,107</u>	<u>\$ 288,455</u>
	Deferred Inflows of Resources Related to Pensions		
	SCRS	PORS	Total
Differences between expected and actual plan performance	\$ (721)	\$ (2,973)	\$ (3,694)
Changes of assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	(53,731)	(69,365)	(123,096)
Changes in allocated proportion	(120,900)	(66,742)	(187,642)
Total	<u>\$ (175,352)</u>	<u>\$ (139,080)</u>	<u>\$ (314,432)</u>

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Employee Retirement (Continued)

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources (continued)

The \$59,940 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		Deferred Outflows of Resources Related to Pensions		
		SCRS	PORS	Total
<u>Year ended December 31:</u>				
	2025	\$ (32,777)	\$ (113,259)	\$ (146,036)
	2026	(21,544)	(42,410)	(63,954)
	2027	(5,780)	(12,163)	(17,943)
	2028	(582)	—	(582)
Total before employer contributions		(60,683)	(167,832)	(228,515)
Deferred employer contributions		(24,665)	(35,275)	(59,940)
		<u>\$ (85,348)</u>	<u>\$ (203,107)</u>	<u>\$ (288,455)</u>

		Deferred Inflows of Resources Related to Pensions		
		SCRS	PORS	Total
<u>Year ended December 31:</u>				
	2025	\$ 88,750	\$ 82,358	\$ 171,108
	2026	52,864	29,905	82,769
	2027	27,987	24,240	52,227
	2028	5,751	2,577	8,328
		<u>\$ 175,352</u>	<u>\$ 139,080</u>	<u>\$ 314,432</u>

		Net SCRS and PORS Deferrals Related to Pensions		
		SCRS	PORS	Total
<u>Year ended December 31:</u>				
	2025	\$ 55,973	\$ (30,901)	\$ 25,072
	2026	31,320	(12,505)	18,815
	2027	22,207	12,077	34,284
	2028	5,169	2,577	7,746
Total before employer contributions		114,669	(28,752)	85,917
Deferred employer contributions		(24,665)	(35,275)	(59,940)
Net deferrals related to pensions		<u>\$ 90,004</u>	<u>\$ (64,027)</u>	<u>\$ 25,977</u>

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Employee Retirement (Continued)

Actuarial Assumptions

The total pension liabilities in the GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* measured as of June 30, 2024, was based on the July 1, 2023 actuarial valuation. That valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	SCRS	PORS
Actuarial cost method	Entry-age normal	Entry-age normal
Asset Valuation Method	5-year smoothed	5-year smoothed
Amortization Method	Level percent of pay	Level percent of pay
Amortization Period*	Max of 24 years, closed period	Max of 24 years, closed period
Inflation	2.25 percent	2.25 percent
Salary Increases	3.0 – 11.0 percent plus step-rate increases for members with less than 21 years of service including inflation	3.5% to 10.5% plus step-rate increases for members with less than 15 years of service including inflation
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation	7.0 percent, net of pension plan investment expense, including inflation
Benefit increases	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
Mortality	The 2020 Public Retirees of South Carolina Mortality Tables for Males and Females projected at 80% of Scale UMP from the year 2020. Male rates at 97% for non-educators and 95% for educators. Female rates at 107% for non-educators and 94% for educators.	The 2020 Public Retirees of South Carolina Mortality Tables for Males and Females both projected at 80% of Scale UMP from the year 2020. Male and female rates at 127% and 107%, respectively.

*South Carolina State statute section 9-1-1085 specified that the maximum amortization period is 26 years effective July 1, 2022 and the maximum amortization period will decrease by one (1) year in each of the next six (6) years until reaching a maximum 20-year funding period on July 1, 2027.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Employee Retirement (Continued)

Actuarial Assumptions (continued)

Member and employer contribution rates for SCRS and PORS are determined in accordance with Section 9-1-1085 and 9-11-225 of the South Carolina Code, respectively. Contribution rates determined by an actuarial valuation are effective for the fiscal year beginning 24 months after the valuation date. The Retirement System Funding and Administration Act of 2017 (the “Act”) was signed into law on April 25, 2017, and became effective on July 1, 2017. This legislation amended Title 9 of the South Carolina Code of Laws. In addition to setting the employee and employer rates for the plan year beginning July 1, 2017, the Act also scheduled the employer contributions to increase by 1.0 percent each year for each of the subsequent five fiscal years for an ultimate rate of 18.56% and 21.24% by July 2023 (subsequently delayed to July 1, 2023 due to COVID-19), for SCRS and PORS, respectively.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study on data through June 30, 2019. A more recent experience study report on the South Carolina Retirement Systems (which includes SCRS and PORS) was issued for the period ending June 30, 2023. That report will be used for valuations of plan years ending after June 30, 2024.

The June 30, 2024 total pension liability, net pension liability and sensitivity information were determined based on the July 1, 2022, actuarial valuations, as adopted by the PEBA Board and State Fiscal Accountability Authority which utilized membership data as of July 1, 2022. The total pension liability was rolled forward from the valuation date of June 30, 2023, to the plan’s fiscal year ended June 30, 2024, using generally accepted actuarial principles.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon 20 year capital market assumptions. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (“RSIC”) using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as consensus economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment. Expected returns are net of investment fees.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Employee Retirement (Continued)

Long-term Expected Rate of Return (continued)

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the SCRS and PORS Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. Expected returns are net of investment fees. The expected real rates of investment return (5.49%), along with the expected inflation rate (2.25%), form the basis for the target asset allocation (7.74%) adopted annually by the RSIC (at the beginning of the plan's 2024 fiscal year – July 1, 2023) which is summarized in the table below.

For actuarial purposes, the (7.0%) assumed long-term expected rate of return used in the calculation of the total pension liability is calculated by weighting the expected future real rates of return by the target allocation percentage (4.75%) and then adding the actuarial expected inflation (2.25%).

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity ⁽¹⁾	9.0%	9.60%	0.86%
Private Debt ⁽¹⁾	7.0%	6.90%	0.48%
Private Real Assets	12.0%		
Real estate ⁽¹⁾	9.0%	4.30%	0.39%
Infrastructure ⁽¹⁾	3.0%	7.30%	0.22%
Total expected return ⁽²⁾	<u>100.0%</u>		5.49%
Inflation for actuarial purposes			2.25%
Total expected nominal return			<u>7.74%</u>

(1) The RISC and their investment consultant(s) will be alerted should the collective exposure to Private Equity, Private Debt, and Private Real Assets exceed 30% of total assets. (Investment Target is 28%).

(2) Hedge funds are not included in the policy target. Hedge funds, if used, are capped at 15% of total assets.

Discount Rate

The discount rate used to measure the total pension liabilities at June 30, 2024, was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Employee Retirement (Continued)

Sensitivity Analysis

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0) percent than the current rate:

District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate				
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	
SCRS	\$ 753,149	\$ 581,184	\$ 422,818	
PORS	\$ 751,188	\$ 518,487	\$ 327,892	

Pension Plans Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PEBA financial report. A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS and PORS, which is issued and publicly available on the website www.peba.sc.gov, a copy may be obtained by submitting in writing a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

7. Post-Employment Benefits Other Than Pension

Plan Description

In addition to the pension benefits described in *Note 7*, 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 "OPEB" or the "Program" administered by the South Carolina Public Employee Benefit Authority (PEBA). For the year ended December 31, 2024, the program offers retired employees to elect post-retirement coverage in the South Carolina employee group health insurance plan (including dental). The program assumed the District's standard policy pre-retirement employee-only premium rates for the employee-only were \$574.68 and \$486.70 for the standard savings plans, respectively. The rates for the retiree and spouse were \$1,256.84 and \$1,080.88 for the standard and savings plans, respectively. The rates for family coverage were \$1,577.90 and \$1,384.34 for the standard and savings plans, respectively. The rates for the retiree and children were \$990.70 and \$772.32 for the standard and savings plans, respectively. The retiree pays 100% of the premiums.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Post-Employment Benefits Other Than Pension (continued)

Plan Description (continued)

The program covers the retired employee until the earlier of (1) the retired employee death, or (2) the retired employee declines coverage. PEBA (through the District) currently administers the program and maintains the authority for establishing benefits and funding policy. The program does not issue separate stand-alone financial statements and is not included in the financial statements of another entity.

Funding Policy

The District's contributions are financed directly by participants on a pay-as-you-go basis, and therefore, no trust fund has been established which would maintain plan assets. The District's funding policy is to contribute annually an amount sufficient to satisfy the benefit payment requirements as well as any administrative costs incurred during the fiscal year. Employees make no contributions to the plan. Retirees pay a health care premium. At December 31, 2024, the District had no retired employees covered by the program. There were nine (9) active employees and no inactive employees at December 31, 2024. Expenses funded by the District for the year ended December 31, 2024 were \$10,800 (benefit payments of \$4,300 and administrative costs of \$6,500). For prior fiscal years 2023 and 2022, total funding expenses were \$4,900 (benefit payments of \$1,000 and administrative costs of \$3,900), and \$9,700 (benefit payments of \$3,200 and administrative costs of \$6,500), respectively. Expenses funded by the District as a percentage of covered-employee payroll were 2.0% of \$540,300, 0.9% of \$556,900, and 1.7% of \$556,900, respectively.

Expected Future Cash Flows are highlighted as follows:

<u>Fiscal Year Ended December 31,</u>	<u>Estimated Benefit Payments</u>
2025	\$ —
2026	—
2027	—
2028	—
2029	—

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 the valuation (measurement) date of January 1, 2024, the following employees were covered by the benefit terms:

	<u>Participants</u>	<u>Amount</u>
Inactive employees or beneficiaries currently receiving benefit payments	—	\$ —
Inactive employees entitled to but not yet receiving benefit payments	—	—
Active employees	9	200,500
	<u>9</u>	<u>\$ 200,500</u>

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

The December 31, 2024, the average age of active employees is 46.3 with average active service life of 10.97 years.

Total OPEB Liability

The District's total OPEB Liability of \$200,500 (or 37.11% of covered -employee payroll of \$540,300) was measured as of January 1, 2024, and was determined by an actuarial valuation as of January 1, 2024. The District's total OPEB Liability was \$136,700 (or 24.55% of covered-employee payroll of \$556,900) at December 31, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB Liability in the December 31, 2024 actuarial valuation, measured as of January 1, 2024, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Projected salary increases	2.50%
Discount rate	3.92%
Health care trend – medical – Pre-Medicare	Declining from 6.5% to 5.0% at 0.25% per year
Retiree contribution	Same as Health Care trend
Investment rate of return	Not applicable
Mortality, disability, retirement, and withdrawal rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021
Morbidity (Disability) rates	None
Election at retirement	100% of active employees at retirement, 80% of active employees elect spousal coverage at retirement
Marital status	Actual data
Retiree Lapse Rate	0%
Termination Rate	Same as July 1, 2021 SCRS (for the first (10) ten years of service) and PORS pension valuations

The District does not have a dedicated Trust to pay retiree healthcare benefits with modifications made to subsequent years based upon number of years worked at retirement. To comply with GASB No. 75, the discount rate was based on the Fidelity's Municipal GO (General Obligation) AA 20-year Curve Rate Index as of January 1, 2024.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

Actuarial Assumptions and Other Inputs (continued)

Projections of benefits are based on the substantive program (the program as understood by the District and participants) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the participants to that point. 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.

The following changes were made to the actuarial assumptions for the year ended December 31, 2024: The discount rate was updated from 4.05% to 3.92% to match the tax-exempt general obligation municipal bonds rated AA/Aa or higher 20-year yield curve rate as of January 1, 2024.

For the prior year actuarial valuation as of December 31, 2023, the amortization was changed from a discount rate of 1.84% to 4.05% to comply with GASB No. 75, and to match the tax-exempt general obligation (GO) municipal bonds rated AA or higher 20-year Curve Rate Index as of January 1, 2024.

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	\$ 136,700
Changes in total OPEB Liability:	
Service cost	4,700
Interest	5,600
Changes of benefit terms:	
Differences between expected and actual experience	55,300
Changes in assumptions or other inputs	—
Contributions – employer	(6,500)
Contributions – active and inactive employees	—
Net investment income	—
Benefit payments ⁽¹⁾	(4,300)
Administrative fees	6,500
Other changes	2,500
Net changes	63,800
Total other post-employment benefit (OPEB) obligation – end of year	\$ 200,500

(1) Includes the Implicit Rate Subsidy.

There were no changes of benefit terms during the period.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. 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 the District's Total OPEB Liability calculated using the discount rate of 3.92%, 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 (2.92%) or one percentage point higher (4.92%) than the current discount rate:

District's Total OPEB Liability sensitivity to changes in the discount rate			
	1% Increase (4.92%)	Valuation Rate (3.92%)	1% Decrease (2.92%)
Total OPEB Liability	\$ 182,100	\$ 200,500	220,600

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 6.5% decreasing to 5%, 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 (5.5% decreasing to 4.0%) or one percentage point higher (7.5% decreasing to 6.0%) than the current discount rate:

District's Health Care Trend Sensitivity to Changes in the Discount Rate			
	1% Increase (7.5% – 6.0%)	Valuation Rate (6.5% – 5.0%)	1% Decrease (5.5% – 4.0%)
Total OPEB Liability	\$ 224,900	\$ 200,500	\$ 178,900

The District's total other post-employment benefit (OPEB) liability was \$200,500, \$136,700, and \$154,400, for the fiscal years 2024, 2023, and 2022, 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 multi-year 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.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

OPEB Expense

For the measurement year ended December 31, 2024, the District recognized OPEB expense of \$21,500 as follows:

Service cost	\$ 4,700
Interest on service cost	5,600
Total	<u>10,300</u>
Projected earnings on OPEB investments	—
Amortization of deferred outflows and inflows of resources:	
Difference between expected and actual experience	6,800
Changes of assumptions	(2,100)
Differences between expected and actual earnings on plan investments	—
OPEB Administrative expenses at measurement date	6,500
Other changes in fiduciary net position	—
Total OPEB expense	<u>\$ 21,500</u>

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

At December 31, 2024, 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	Inflows of Resources	Net
Differences between expected and actual plan experience	\$ 53,900	\$ (11,300)	\$ 42,600
Changes of assumptions	15,100	(25,300)	(10,200)
Total	<u>69,000</u>	<u>(36,600)</u>	<u>32,400</u>
Employer contributions after measurement date but prior to fiscal year end ^(TBD)	—	—	—
Net difference between projected and actual earnings on OPEB Investments	—	—	—
Total	<u>\$ 69,000</u>	<u>\$ (36,600)</u>	<u>\$ 32,400</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPEB Related Deferred		
Fiscal Year Ending December 31,	Outflows of Resources	Inflows of Resources	Net Deferrals
2025	\$ 18,200	\$ (12,900)	\$ 5,300
2026	17,500	(12,400)	5,100
2027	13,500	(9,600)	3,900
2028	10,000	(1,700)	8,300
2029	9,600	—	9,600
Thereafter	200	—	200
Total	<u>\$ 69,000</u>	<u>\$ (36,600)</u>	<u>\$ 32,400</u>

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Net Position

Net position represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Under terms of a note payable, the Rental Car Concession Agreement requires Contract Facility Charges (CFC's) collections in excess of contract requirements to be restricted as use toward debt service. Passenger Facility Charges (PFC's) are also restricted as to their future use under FAA regulations. Reconciliation of net position reported amounts for the net investment in capital assets and other restricted components are as follows:

	<u>December 31, 2024</u>
<u>Net Investment in Capital Assets</u>	
Net capital assets	\$ 47,429,472
Less, construction payable	<u>(873,226)</u>
	<u>46,556,246</u>
 <u>Restricted</u>	
Restricted for Pensions	<u>59,940</u>
Restricted for Other Purposes:	
Contract Facility Charges (CFC)	475,354
Passenger Facility Charges (PFC)	55,679
Construction funds	<u>2,544</u>
	<u>533,577</u>
Unrestricted (deficit)	<u>2,632,109</u>
	<u>\$ 49,781,872</u>

9. Commitments and Contingencies

Litigation

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

Federal and State Assisted Programs

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

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Commitments and Contingencies (continued)

Commitments

At December 31, 2024, the District had outstanding contractual commitments approximating \$340,525- Rehabilitate Runway 9/27 and Taxiway A (design).

10. Risk Management

District is a participant in the Insurance Reserve Fund of South Carolina, which is a self-insuring fund. The fund is available for all qualifying municipalities and instrumentalities of government in the State. The limit of the tort insurance is \$1,000,000 per occurrence while the limits for casualty insurance vary depending on the value of the property. Risk of loss for the District's deductibles has not been transferred.

11. Leases and Service Concession Arrangements

Leases

GASB Statement #87, *Leases*, requires all non-regulated and long-term lease arrangements of the District (as lessor) to be accounted for as lease receivables and related deferred inflow of resources, reported at their respective present value of the remaining lease receipts on the Statement of Financial Position. The present value is determined based on the specifically identified interest rate in the lease agreements or an estimated interest rate based on the District's incremental borrowing rate of interest (implicit rate).

The District leases land, buildings and terminal space to air carriers, government agencies, rental car companies, vendor concessionaires, and other non-regulated commercial businesses on both a short-term and long-term basis using a fixed fee arrangement with periodic rate increases typically based on a three (3%) percent or the Consumer Price Index (CPI). Short-term leases (consisting of agreements with terms of 12 months or less) provide for an annual review and redetermination of the rental amounts and are not applicable for GASB #87 presentation.

For purposes of implementing GASB #87, the District included regulated long-term lease arrangements for land, buildings, and hangers with agreements ranging from 5 to 40 years along with certain optional lease-term extensions, respectively. The District believes all applicable leases with term-extension options will be extended.

Ground and Facility Leases

AgriSupply

On December 31, 1984, the District entered into a certain "Land Lease" agreement with A.W. Partlo and Nathalie J. Partlo for a 40-year term with two (2) consecutive options to renew for an additional 5-year term. The rate per acre was set at \$75 per acre for the first five (5) year term and \$100 for the second (2nd) five (5) year term. After the initial ten (10) years, the rate per acre will increase at 3% or in proportion to increases in the Consumer Price Index (CPI), whichever is less, over the prior year's rental rate not to be less than \$100 per acre. On March 19, 1986, the lease for 10.888 acres and improvements was assigned to BKJ Capital, LLC, the parent company of AgriSupply Company.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Leases and Service Concession Arrangements (continued)

Ground and Facility Leases (continued)

AgriSupply (continued)

On December 18, 2018, a renewal addendum was executed for an additional 5-acre parcel at \$1,650 per month with term and rental escalation terms remaining the same as the original lease. On August 21, 2024, the first five-year renewal option was executed for the 15.8888 acres with the initial monthly rent for \$8,333.33 per month with rent escalation annually by three (3) percent.

Florence County Sheriff's Office

On May 10, 2021, the District entered into a lease agreement with the Florence County Sheriff's Office ("FCSO") for the "old Fire Station building" for aircraft hangar and office space. The initial term is 72 months beginning June 1, 2021 and ending May 30, 2026 for \$555 per month with an option to renew with no terms specified.

Generation Air

On May 28, 2021, the District entered a lease agreement with Generation Air, LLC for 0.742 acres with right of ingress and egress via Palmetto Street for the purpose of normal flight operation activities. The initial term is thirty (30) years beginning June 1, 2021 and ending June 1, 2051 for \$412.50 for the first 120 months (ten years). The rent shall increase every ten years by the ten year change in the Consumer Price Index (CPI) subject to a floor of \$412.50.

Makor K9 of South Carolina

On June 29, 2023, the District entered into a certain "Building and Land" lease agreement with Makor K9 of South Carolina for a five-year term for \$1,600 per month. The lease term is July 1, 2023 through June 30, 2028. The lease may be terminated during the initial term with three months written notice for a termination fee of three months rent.

Building and Space Leases

Powers Asset Management

On September 24, 2020, the District entered a lease agreement with Powers Asset Management for a one-acre parcel with an 80x80 airplane hangar for a ten-year initial term effective October 1, 2020 through September 30, 2030 with two consecutive ten-year options to renew. The initial rent is \$1,000 per month for the first and second lease term. The rent for the third term is to be negotiated subsequently.

Precision Air, Incorporated

On March 1, 2024, the District entered into a lease agreement with Precision Air, Incorporated for the newly constructed "Hangar F" effective on March 1, 2024 for a five-year term. The initial rent was set at \$39,000 annually to be paid monthly (\$3,250). Rent shall increase 3% biannually (every two years) effective on February 1st. The lease has two consecutive 5-year renewal options with notice of intent required at least 120 days prior to term end date. Rent amounts for each of the five-year options shall be negotiated subsequently.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Leases and Service Concession Arrangements (continued)

RiseAero, LLC

On April 18, 2024, the District entered into a lease agreement with RiseAero, LLC for two corporate hangars with a 36-month term effective April 15, 2024 through April 14, 2027. Rent is \$4,000 per month per hangar for the first year with a 3% increase to \$4,120 per hangar for the second year and shall increase 3% per year thereafter. In addition, the lessee shall pay a percentage of gross revenues of 3% of all gross revenues, fee and /or charges derived from operations.

A schedule of future minimum lease receivables for all ground, facilities, building and space leases (outlined above) follows.

Year Ending December 31,	Principal	Interest	Total
2025	\$ 249,281	\$ 33,995	\$ 283,276
2026	218,824	26,995	245,819
2027	128,527	21,539	150,066
2028	100,835	18,288	119,123
2029	56,094	15,850	71,944
2030-2034	278,941	55,147	334,088
2035-2039	56,103	29,397	85,500
2040-2044	69,018	20,101	89,119
2045-2049	81,043	8,837	89,880
2050-2052	16,704	283	16,987
Totals	\$ 1,255,370	\$ 230,432	\$ 1,485,802

Service Concessions

In addition to various service concession arrangements with food vendor and rental car companies that services the Airport, the District maintains certain long-term service concession agreements. A general aviation Fixed Based Operator (FBO) is for fuel flowages. That agreement is for a term of 15 years with options for two additional five (5) year terms. A new service concession agreement with Rise Aero was implemented during April 2024. That agreement is for a term of three (3) years and is renewable 90 days prior to lease expiration. The initial term is from April 15, 2024 through April 14, 2027. Additionally, in August 2015, the District turned over management and operations of its public parking lot to Republic Parking Systems of Chattanooga, Tennessee (“Republic”). The current agreement is for a five (5) year term from October 1, 2024 to September 30, 2029.

A summary of service concessions revenue for the year ended December 31, 2024 follows:

	2024
Service Concessions	
Parking - Republic	\$ 310,164
FBO – Fuel and maintenance – Percision Air	43,245
FBO – Aircraft maintenance & operations - RiseAero	1,555
	\$ 354,964

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Economic Dependency and Major Customers

Substantially all of the operating revenues are directly or indirectly dependent upon the presence of the airline company serving the Airport, rental car companies, a parking facility, plus other leased sites and concessionaires.

Major customers operating revenues for the year ended December 31, 2024, follows:

	Year Ended December 31, 2024	Percent
Republic (parking)	\$ 310,164	24%
Avis	204,375	16%
American Airlines	159,749	13%
Precision Air	142,538	11%
Total major customers	816,826	64%
Other customers and activities	461,154	36%
Total operating revenue	<u>\$ 1,277,980</u>	100%

The single passenger airline serving the District (American Airlines) is charged landing fees and terminal rental rates set by the Authority.

District management continues to recognize that increased operating costs and merger activity will have a significant impact on the air travel industry in the future. Equally important is the status of the United States' economy and its effect on air travel. Management has undertaken several cost-controlling measures and may adjust airline landing fees, rental and other rates to reflect any impact of reduced passenger traffic.

13. Subsequent Events

Management has evaluated events subsequent to year end through the date of this report.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

PEE DEE REGIONAL 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*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.002478%	0.002993%	0.003273%	0.003349%	0.003180%	0.003089%	0.003105%	0.003416%	0.005109%	0.007465%
District's proportion share of the net pension liability	\$ 581,184	\$ 723,647	\$ 793,382	\$ 724,911	\$ 812,511	\$ 705,437	\$ 695,803	\$ 768,997	\$ 1,091,275	\$ 1,415,773
District's covered employee payroll	\$ 281,358	\$ 383,302	\$ 369,528	\$ 381,541	\$ 379,797	\$ 347,615	\$ 321,195	\$ 334,752	\$ 372,110	\$ 638,570
District's proportion share of the net pension liability as a percentage of its covered-employee payroll	206.6%	188.8%	214.7%	190.0%	213.9%	202.9%	216.6%	229.7%	293.3%	221.7%
Plan fiduciary net position as a percentage of the total pension liability	61.8%	58.6%	57.1%	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%

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

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution ⁽¹⁾	\$ 51,798	\$ 68,665	\$ 62,523	\$ 60,868	\$ 58,527	\$ 51,900	\$ 44,668	\$ 39,225	\$ 41,447	\$ 70,068
Contributions in relation to the contractually required contribution	\$ 51,798	\$ 68,665	\$ 62,523	\$ 60,868	\$ 58,527	\$ 51,900	\$ 44,668	\$ 39,225	\$ 41,447	\$ 70,068
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
District's covered-employee payroll	\$ 281,358	\$ 383,302	\$ 369,528	\$ 381,541	\$ 379,797	\$ 347,615	\$ 321,195	\$ 334,752	\$ 372,110	\$ 638,530
Contributions as a percentage of covered-employee wages ⁽¹⁾	18.4%	17.9%	16.9%	16.0%	15.4%	14.9%	13.9%	11.7%	11.1%	11.07%

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

⁽¹⁾ Because the employer rate was increased by more than the maximum allowable increase, pension funding credits were provided by the State for the twelve month periods ended June 30, 2018 through June 30, 2024. The District only received a credit for twelve months period ended June 30, 2018. The District elected to take 100% of their allocated credit of \$5,047 for 2018 in fiscal 2017.

PEE DEE REGIONAL 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*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.017284%	0.020334%	0.018064%	0.012257%	0.014701%	0.017028%	0.016806%	0.015710%	0.020600%	0.022677%
District's proportion share of the net pension liability	\$ 518,487	\$ 619,000	\$ 541,727	\$ 315,351	\$ 487,531	\$ 488,009	\$ 476,214	\$ 430,495	\$ 522,514	\$ 494,250
District's covered employee payroll	\$ 338,053	\$ 338,636	\$ 344,171	\$ 208,058	\$ 222,733	\$ 216,993	\$ 250,425	\$ 236,242	\$ 246,064	\$ 272,083
District's proportion share of the net pension liability as a percentage of its covered-employee payroll	153.4%	182.8%	157.4%	151.6%	218.9%	224.9%	190.2%	182.2%	212.3%	181.7%
Plan fiduciary net position as a percentage of the total pension liability	70.5%	67.8%	66.4%	70.4%	58.8%	62.7%	61.7%	60.9%	60.4%	64.6%

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

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

POLICE OFFICERS RETIREMENT SYSTEM (PORS)

LAST TEN FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution ⁽¹⁾	\$ 70,450	\$ 68,907	\$ 66,740	\$ 38,423	\$ 39,736	\$ 37,603	\$ 41,029	\$ 29,731	\$ 33,416	\$ 36,931
Contributions in relation to the contractually required contribution ¹⁾	\$ 70,450	\$ 68,907	\$ 66,740	\$ 38,423	\$ 39,736	\$ 37,603	\$ 41,029	\$ 29,731	\$ 33,416	\$ 36,931
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
District's covered-employee payroll	\$ 338,053	\$ 338,636	\$ 344,171	\$ 208,058	\$ 222,733	\$ 216,993	\$ 250,425	\$ 236,242	\$ 246,064	\$ 272,083
Contributions as a percentage of covered-employee wages ⁽¹⁾	20.8%	20.8%	20.3%	19.4%	18.5%	17.8%	17.3%	16.4%	12.6%	13.6%

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

⁽¹⁾ Because the employer rate was increased by more than the maximum allowable increase, pension funding credits were provided by the State for the twelve month periods ended June 30, 2018 through June 30, 2024. The District only received a credit for twelve months period ended June 30, 2018. The District elected to take 100% of their allocated credit of \$2,700 for plan year 2018 in September which was fiscal 2017.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

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

LAST TEN FISCAL YEARS⁽¹⁾

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Service cost	\$ 4,700	\$ 10,100	\$ 11,900	\$ 10,800	\$ 8,300	\$ 8,900	\$ 8,700	N/A	N/A	N/A
Interest	5,600	3,000	3,100	3,900	4,100	3,600	3,200	N/A	N/A	N/A
Changes in benefit terms	—	—	—	—	—	—	—	N/A	N/A	N/A
Differences between expected and actual experience	55,300	10,400	(16,600)	(10,400)	4,900	(2,400)	—	N/A	N/A	N/A
Changes of assumptions or other inputs	2,500	(40,200)	12,900	10,600	12,600	(4,700)	—	N/A	N/A	N/A
Contributions – employer	6,500	3,900	6,500	3,900	4,000	—	—	N/A	N/A	N/A
Contributions – active & inactive employees	—	—	—	—	—	—	—	N/A	N/A	N/A
Net investment income	—	—	—	—	—	—	—	N/A	N/A	N/A
Benefit payments ⁽²⁾	(4,300)	(1,000)	(3,200)	—	(4,000)	—	—	N/A	N/A	N/A
Administrative expenses	(6,500)	(3,900)	(6,500)	(3,900)	(4,000)	—	—	N/A	N/A	N/A
Other changes	—	—	—	—	—	—	—	N/A	N/A	N/A
Net changes in total OPEB Liability	63,800	(17,700)	8,100	14,900	25,900	5,400	11,900	N/A	N/A	N/A
Total OPEB Liability – beginning	136,700	154,400	146,300	131,400	105,500	100,100	88,200	N/A	N/A	N/A
Total OPEB Liability – ending	\$ 200,500	\$ 136,700	\$ 154,400	\$ 146,300	\$ 131,400	\$ 105,500	\$ 100,100	\$ 88,200	N/A	N/A
Covered-employee payroll ⁽³⁾	\$ 540,300	\$ 556,900	\$ 556,900	\$ 483,200	\$ 483,200	\$ 481,200	\$ 481,200	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the Total OPEB Liability as a percentage of covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A
Employers total OPEB liability as a percentage of covered - employee payroll	37.11%	24.55%	27.72%	30.28%	27.19%	21.92%	20.80%	N/A	N/A	N/A

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

(2) Includes the Implicit Rate Subsidy.

(3) Prior to January 1, 2018, valuations that complied with GASB #75, were not obtained.

(4) The last actuarial valuation was January 1, 2024 for the year ended December 31, 2024.

N/A – Not available

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

A. Pensions

SCRS & PORS: Changes of benefit terms: Plan measurement years: 2017 – 2024 – None.

Changes to assumptions:

SCRS & PORS: Investments: Plan measurement years: 2024 – None. 2023 – None. 2022 – None. 2021 – the assumed investment return was changed from 7.25% to 7.00% effective July 1, 2021. 2020 – None. 2019 – None. 2018 – the assumed investment return was changed from 7.5% to 7.25% effective July 1, 2017.

SCRS & PORS: Mortality: Plan measurement years: 2024 – None. 2023 – None. 2022 – None. 2021 – the mortality tables were changed from the 2016 Public Retirees of South Carolina Mortality Tables to the newly developed 2020 Public Retirees of South Carolina Mortality Tables with future improvements in mortality adjusted at 80% of Scale UMP projected from the next plan year. 2020 – None. 2019 – None. 2018 – the mortality tables were changed from the RP-2000 Mortality Table to the newly developed 2016 Public Retirees of South Carolina Mortality Tables.

SCRS: Projected salary increases: Plan measurement years: 2024 – None. 2023 – None. 2022 – None. 2021 – changed to 3.0% – 11.0% for members with less than 21 years of service. 2020 – None. 2019 – None. 2018 – changed to 3.0% – 12.5% for members with less than 21 years of service from 3.5% to 12.5% for members with less than 25 years of service.

PORS: Projected salary increases: Plan measurement years: 2024 – None. 2023 – None. 2022 – None. 2021 – changed to 3.5% – 10.5% for members with less than 15 years of service. 2020 – None. 2019 – None. 2018 – changed to 3.5% – 9.5% for members with less than 15 years of service from 4.0% to 10.0% for members with less than 12 years of service.

SCRS & PORS: Asset Valuation Method: Plan measurement years: 2024 – None. 2023 – None. 2022 – None. 2021 – None. 2020 – None. 2019 – None. 2018 – changed to 5-year smoothed from 20% difference recognition.

SCRS & PORS: Inflation: Plan measurement years: 2024 – None. 2023 – None. 2021 – None. 2020 – None. 2019 – None. 2018 – changed to 2.25% from 2.75%.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

— CONTINUED —

B. Other Post-Employment Benefit Liability

Changes of plan experience:

Number of Employees – 2024 – The number of employees decreased from 13 to 9

2023 – No change

Changes of assumptions:

2024 – No change

Termination rates – 2023 – Termination rates were changed by the Actuary from the original rates used under GASB #45 GASB #45 Statement to those used for the July 1, 2021 SCRS and PORS pension valuations. Modifications were made to assume that for general employees and teachers, after the first 10 years of service, at 28 years from retirement, the person has worked 11 years, and that 27 years from retirement, a person has worked 11 years, etc.

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

2024	3.92%
2023	4.05%
2022	1.84%
2021	2.00%
2020	2.75%
2019	3.71%
2018	3.31%
2017	3.31%
2016	N/A
2015	N/A

OTHER FINANCIAL INFORMATION

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING REVENUE

YEAR ENDED DECEMBER 31, 2024

(With comparative totals year ended December 31, 2023)

	Year Ended December 31,	
	2024	2023
Airline fees		
American Airlines	\$ 71,284	\$ 71,284
Counter rent	40,384	40,384
Landing fees	48,081	40,897
Total airline fees	<u>159,749</u>	<u>152,565</u>
Leased sites		
Agri-South – land lease	51,217	46,698
Adams Outdoor – land lease	1,800	1,800
Makor K9 – land lease	19,200	6,400
FCSO – hangar lease	6,660	6,660
Generation Air – hangar lease	4,950	4,950
Corporate and T-Hanger leases	96,717	—
Powers Hangar	12,000	12,000
Precision Air – hangar lease	38,861	37,729
Precision Air – land and building lease	79,310	79,310
B&W Trucking – land lease	31,500	31,500
Miscellaneous	—	12,000
Total leased sites	<u>342,215</u>	<u>239,047</u>
Less, GASB #87 imputed interest on leases	<u>(46,674)</u>	<u>(31,288)</u>
Net leased sites	<u>295,541</u>	<u>207,759</u>
Rental Car tenant leases and concessions		
Avis	206,529	206,939
Enterprise	78,869	109,546
Service facilities/maintenance fees	16,850	16,850
Total rental car tenant leases	<u>302,248</u>	<u>333,335</u>
Other terminal rents and commissions		
Interspace advertising	34,462	27,640
TSA administration	20,963	20,963
Precision Air and RiseAero concessions (fuel flowage and maintenance services)	44,800	46,124
Vendor concessions and office space	7,230	6,931
Total other terminal rents and commissions	<u>107,455</u>	<u>101,658</u>
Parking and permit revenue	<u>312,564</u>	<u>200,001</u>
Other		
Operating grants – State (SCAC and LEN)	79,360	—
Operating grants – LEO	12,078	30,660
Miscellaneous revenue and fees	8,985	1,638
Total other	<u>100,423</u>	<u>32,298</u>
Total operating revenue	<u>\$ 1,277,980</u>	<u>\$ 1,027,616</u>

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF OPERATING EXPENSES

YEAR ENDED DECEMBER 31, 2024

(With comparative totals year ended December 31, 2023)

	Year Ended December 31,	
	2024	2023
Salaries and wages	\$ 621,402	\$ 724,554
Employee benefits		
Insurance	86,993	104,240
Uniforms	4,764	5,414
Payroll taxes and expenses	50,500	66,362
HR programs and expenses	4,249	7,597
Employee benefits other than pensions (OPEB)	21,500	12,100
Pensions	101,889	166,307
Total employee benefits	269,895	362,020
Other operating expenses		
Utilities	191,420	168,786
Repairs and maintenance	401,367	299,756
Repairs and maintenance - CARES	—	68,500
Advertising and promotion	35,075	13,464
Insurance (other than vehicle)	105,184	99,329
Vehicle expense	41,321	55,320
Telephone	25,293	38,374
Board of directors	21,838	20,355
Professional fees	68,025	46,750
Professional fees - CARES	—	48,265
Contract services – parking	85,042	84,840
Supplies	36,461	33,822
Minor equipment (<\$5,000)	2,658	18,704
Bank charges	6,748	313
Computer and internet	29,557	37,568
Training	15,550	12,880
Membership fees	12,317	13,230
Postage	462	717
Recruiting expenses	20,792	—
Miscellaneous	11,969	7,131
Total other operating expenses	1,111,079	1,068,104
Depreciation	2,327,172	1,970,121
Total operating expenses	\$ 4,329,548	\$ 4,124,799

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

SUPPLEMENTARY FEDERAL FINANCIAL ASSISTANCE REPORTS

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2024

Federal Grantor	Assistance Number	Program/ Contract	Total Expenditures
U.S. Department of Transportation			
Direct Awarded:			
Airport Improvement Program – CARES	20.106	3-45-0023-46	\$ 1,342,716
Airport Improvement Program	20.106	3-45-0023-47	1,311,407
Airport Improvement Program	20.106	3-45-0023-48	2,055,272
Airport Improvement Program	21.106	3-45-0023-49	7,713
Total U.S. Department of Transportation			<u>4,717,108</u>
U.S. Department of Homeland Security			
Direct Awarded:			
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0208HSLR302	12,078
Total U.S. Department of Homeland Security			<u>12,078</u>
Total Federal Financial Assistance			<u><u>\$ 4,729,186</u></u>

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA
SCHEDULE OF PASSENGER FACILITY CHARGES (PFC'S) AND EXPENSES
YEAR ENDED DECEMBER 31, 2024

<u>Description</u>	<u>Award Number</u>	<u>Beginning Balance</u>	<u>Receipts and Interest</u>	<u>Expenses</u>	<u>Ending Balance</u>
U. S. Department of Transportation Federal Aviation Administration: Passenger Facility Charge Program	14-02-C-01-FLO	\$ 54,523	\$ 1,156	\$ —	\$ 55,679

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

NOTES TO FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2024

1. Basis of Presentation

The Schedule of Expenditures of Federal Awards is being presented in accordance with 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*, Subpart F (referred to as “Uniform Guidance”). Pass-through entity identifying numbers are presented where available.

2. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting and reflects amounts expended or incurred by the District during its fiscal year January 1, 2024 through December 31, 2024. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Passenger Facility Charge (PFC) Program

The accompanying Schedule of Passenger Facility Charges (PFC's) and Expenses has been prepared pursuant to the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration. Specific provisions of 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.

As of December 31, 2024, PFC bank balance reflects prior PFC collections with interest earned. Subsequently, on February 6, 2025, the Federal Aviation Administration (FAA) notified the District that its application for the PFC program was approved totaling \$2,072,382 for the period beginning April 1, 2025 through March 1, 2041. Administrative costs of \$75,000 incurred in year 2024, will be recognized against new PFC collections in year 2025.

4. Coronavirus Aid, Relief, and Economic Security (CARES) Act (CFDA #21.109)

Pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, dated March 27, 2020, the District received an initial grant award totaling \$4,602,612 (#3-45-0023-040-2020) through the US Department of Transportation, Federal Aviation Administration, for reimbursing costs related to operations and debt service. The award amount was subsequently amended by \$3,625,820 on May 31, 2022, for a total of \$8,228,432. Additionally, the District was awarded \$9,809,334 on June 6, 2022 (through AIP #3-45-0023-46-2022) as a CARES supplement for Airport development. Total CARES related awards equaled \$18,037,766. The awards are for operating reimbursements due to the COVID-19 pandemic and to fund specific eligible airport projects, and all must be expended by April 30, 2024. As of December 31, 2024, the District had incurred operating and capital-relating expenditures totaling \$18,037,766.

ROBERT E. MILHOUS, C.P.A., P.A. & ASSOCIATES

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POST OFFICE BOX 1960, COLUMBIA, SOUTH CAROLINA 29202

Phone: (803) 772-5300

The Honorable Chairman and Members of the Airport Authority
Pee Dee Regional Airport District, South Carolina

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*

I have audited in accordance with the standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States, the financial statements of Pee Dee Regional Airport District, South Carolina, (the "District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated October 10, 2025.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting 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 my audit I did not identify any deficiency in internal control over financial reporting that I consider to be a material weakness. However, material weaknesses or significant deficiencies may exist that have not been identified.

— CONTINUED —

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the result 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Robert E. McIlhenny, CPA, P.A." with a stylized, cursive script.

October 10, 2025
Columbia, South Carolina

ROBERT E. MILHOUS, C.P.A., P.A. & ASSOCIATES

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The Honorable Chairman and Members of the Airport Authority
Pee Dee Regional Airport District, South Carolina

Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

I have audited the Pee Dee Regional Airport District, South Carolina, (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2024. The District's major federal programs are identified in the summary of auditor's results section for the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In my 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, 2024.



Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.



October 10, 2025
Columbia, South Carolina

ROBERT E. MILHOUS, C.P.A., P.A. & ASSOCIATES

A Professional Association Of
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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The Honorable Chairman and Members of the Airport Authority
Pee Dee Regional Airport District, South Carolina

Report on Compliance with Requirements Applicable to the Passenger Facility Charge (PFC) Program and on Internal Control over Compliance

Report on Compliance for the Passenger Facilities Charge Program

I have audited the Pee Dee Regional Airport District, South Carolina, (the "District") types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"), for its passenger facility charge program for the year ended December 31, 2024.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for the District's passenger facility charge program based on my audit of the types of compliance requirements referred to above.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance, with the compliance requirements referred to above, that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion. However, my audit does not provide a legal determination of the District's compliance with those requirements.

Opinion on Compliance for Passenger Facilities Charge Program

In my opinion, the District complied, in all material respects with the types of compliance requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2024.

— CONTINUED —



Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing my audit of compliance, I considered the District's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.



October 10, 2025
Columbia, South Carolina

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2024

Part I— Summary of Auditor’s Results

Financial Statements:

I have issued an unmodified opinion dated October 10, 2025 on the basic financial statements of the Pee Dee Regional Airport District, South Carolina, (the “District”).

Internal control over financial reporting:

- | | |
|--|----|
| • Material weakness identified? | No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | No |
| • Noncompliance material to financial statements noted | No |

Federal Awards:

I have issued an unmodified opinion dated October 10, 2025 on the compliance for major programs.

Internal control over major programs:

- | | |
|---|----|
| • Material weakness identified? | No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | No |
| • Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Grant Guidance (Subpart F) | No |

Identification of Major Programs:

Assistance Listing:

#20.106 – Airport Improvement Program

#21.109 – COVID-19 CARES Act

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	Yes
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Part II — Financial Statement Findings

Not applicable.

Part III — Federal Award Findings and Questioned Costs

Current Year Comments:

None.

Prior Year Comments:

None.

PEE DEE REGIONAL AIRPORT DISTRICT, SOUTH CAROLINA