Report on Audit of Financial Statements of Department of Airports

Horry County, South Carolina

For the year ended June 30, 2020

Contents

elliott davis

Independent Auditor's Report

The Honorable Chairman and Members of County Council
Horry County, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Department of Airports of Horry County, South Carolina (the "Airport"), which comprise the statement of net position as of and for the year ended June 30, 2020, and the related statements of revenues, expenses and changes in net position, the statements of cash flows for the year then ended and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Department of Airports of Horry County, South Carolina, as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Department of Airports and do not purport to, and do not present fairly the financial position of Horry County, South Carolina, as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 – 16, Required Supplementary Information for Governments that Use the Modified Approach for Original Airfield Infrastructure Assets on pages 58 – 60, Schedule of the Horry County, South Carolina Department of Airport's Proportionate Share of the Net Pension Liability on pages 61-62, Schedule of the Airport's Contributions – South Carolina Retirement System on page 63, Schedule of the Airport's Contributions – Police Officers Retirement System on page 64, Schedule of the Airport's Contributions – Other Postemployment Benefits on page 65, and the Schedule of Changes in the Airport's Total OPEB Liability and Related Ratios on page 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The Combining Statement of Revenues, Expenses and Changes in Net Position - Myrtle Beach International Airport and All Other Airports is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The Schedule of Expenditures of Passenger Facility Charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies,* issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements.

The Combining Statement of Revenues, Expenses and Changes in Net Position - Myrtle Beach International Airport and All Other Airports, Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of Passenger Facility Charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Revenues, Expenses and Changes in Net Position - Myrtle Beach International Airport and All Other Airports, Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of Passenger Facility Charges are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Elliott Davis, LLC

Charleston, South Carolina
October 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Introduction

The Department of Airports, Horry County, South Carolina (the "Airport"), is pleased to present its Annual Financial Report. The Airport is responsible for the management of Horry County's Airport System, which consists of the Myrtle Beach International Airport (MYR) as well as the Grand Strand (CRE), Conway - Horry County (HYW), and Twin City (5J9) airports and the Myrtle Beach Aviation fixed base operator (FBO) at MYR, CRE and HYW.

The following discussion and analysis of the financial performance and activity of the Airport is to provide an introduction and understanding of the Airport's financial statements for the fiscal year ended June 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements.

The Director of the Airports is responsible for handling matters affecting the airports of Horry County and reports to the County Administrator. Horry County Council established the Transportation Committee in fiscal year 2015 as a subcommittee of Horry County Council having oversight over transportation activities in Horry County, including the airports. The committee's name was recently changed to the Transportation Economic Development Committee (TEDC). On a regular and scheduled basis, the Airport meets with and presents airport matters, as needed, to the TEDC.

Fiscal Year Highlights

The following are key financial and activity highlights:

Historical Enplanements by Airline

	FY2020		FY2019		FY2018	
Airline	Enplanements	Share	Enplanements	Share	Enplanements	Share
Allegiant Air	85,481	9.4%	123,732	9.7%	124,462	10.2%
American Airlines [1]	212,043	23.3%	266,462	20.8%	238,327	19.6%
Delta Air Lines [2]	121,832	13.4%	171,748	13.4%	165,305	13.6%
Elite Airways	-	0.0%	571	0.0%	652	0.1%
Frontier Airlines	33,241	3.6%	47,991	3.7%	10,551	0.9%
Porter Airlines	154	0.0%	1,239	0.1%	1,300	0.1%
Spirit Airlines	431,803	47.4%	621,330	48.5%	613,434	50.5%
Sun Country Airlines	1,391	0.2%	3,412	0.3%	1,764	0.1%
United Airlines	20,063	2.2%	38,527	3.0%	52,527	4.3%
WestJet Airlines	1,968	0.2%	3,127	0.2%	3,580	0.3%
Other [3]	2,905	0.3%	3,569	0.3%	3,339	0.3%
Total	910,881	100.0%	1,281,708	100.0%	1,215,241	100.0%

Note: 1) Includes American and regional carriers
2) Includes regional affiliates
3) Consists of charter and other activity

Passenger enplanements for the fiscal year ending June 30, 2020 were 910,881, which is a 28.9% decrease from the previous fiscal year. This decrease is a result of the COVID-19 Pandemic which effected the global aviation industry in 2019-2020, and impacted MYR directly in March 2020 and forward.

During fiscal year 2020, the nine airlines operating at MYR offered nonstop air service from 50 markets.

In response to the COVID-19 Pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed by Congress and signed into law on March 27, 2020. The Act provides nearly $10 billion to eligible United States airports to prevent, prepare for, and mitigate the coronavirus impacts. The airport received $19,400,057 in CARES Act funding for our four airports as follows: MYR - $19,281,057; CRE - $69,000; HYW - $30,000; 5J9 - $20,000.

MYR will utilize the CARES Act funds to cover debt service, partial salary reimbursement and critical operations related to safety and security. The airport committed to reducing our Operations and Maintenance expenses for the last quarter of Fiscal Year 2020 and into Fiscal Year 2021. MYR obtained County Administrator approval to extend financial relief to airlines, food and beverage/news and gifts concessionaires, rental car agencies and other on-site tenants.

During fiscal year 2020, several capital projects began or were completed, funded by the federal Airport Improvement Program (AIP) grants, and local funds including passenger facility charges (PFCs), Contract Facility Charges (CFCs) and Airport cash. At MYR, the rehabilitation of Taxiway A–South was substantially completed in May 2020, and Taxiway A-North construction began January 2020 with an estimated completion date of July 2021. Future phases for Taxiway B will be designed and bid in 2021 based on available federal funding. Also at MYR, 34.66 acres of land, primarily in the runway protection zone (RPZ), were purchased utilizing PFC funding. Security upgrades to the Rental Car Service Center areas were performed in 2020 using CFC Funds. In addition, a full renovation of our Federal Inspection Station (FIS) was completed in February 2020, a new transient hangar was constructed on the General Aviation side, and an additional 15 airline kiosks were purchased for the MYR terminal. At CRE, Runway 5-23 was fully rehabilitated and PAPIs were replaced at HYW.

	FY2020	FY2019	FY2018
Enplanements	910,881	1,281,708	1,215,241
% increase/(decrease)	-28.9%	5.5%	18.2%
Total Passengers	1,841,516	2,564,444	2,422,937
% increase/(decrease)	-28.2%	5.8%	17.9%
Number of Landings	9,223	12,171	11,399
% increase/(decrease)	-24.2%	6.8%	13.0%
Airlines Landed Weight (1,000 lbs)	1,065,690.3	1,468,521.9	1,352,435.5
% increase/(decrease)	-27.4%	8.6%	22.1%

- The average airline cost per enplaned passenger (CPE) at MYR was $8.29 for fiscal year 2020 and $7.20 for fiscal year 2019. The minimal increase is due to the sharp decrease in passenger traffic during the last quarter of fiscal year 2020.

- Rates and charges of signatory airlines, serving MYR were 30.0% of total operating revenues in fiscal years 2020 and 2019. Of the signatory airline carriers, Spirit Airlines represents 47.4% of airport traffic, American Airlines 23.3%, Delta Air Lines 13.4%, and Allegiant 9.4%. Non-signatory airlines comprise 6.5% of MYR's passenger traffic.

- For fiscal year 2020 net operating revenues were $27,770,460, operating expenses were $38,080,447; and the Airport reported an operating loss of $10,309,987. Both non-operating activities of $12,544,965 and capital contributions of $24,004,832 contributed favorably to the resulting $26,239,810 increase in net position realized for the year.

- The Airport's net position was $334,112,348 at June 30, 2020. The net position is comprised of $242,725,154 net investment in capital assets, $28,434,526 restricted assets for debt service, $27,812,455 restricted for capital projects, and unrestricted net assets of $35,140,213.

- The debt service coverage ratio in fiscal year 2020 satisfies the Series 2010 revenue bond covenant of 1.25.

- The Airport provided $383,765 in fee waivers and $250,000 in marketing incentives to certain airlines as part of the airline incentive program to encourage air carriers to establish service to new service markets and increase existing service to year-round service in fiscal year 2020. The Airport also reduced the landing fee requirement from $2.11 to $1.61 for fiscal year 2020. The cost of the landing fee incentive reduction for fiscal year 2020 was $545,610, a decrease from $777,323 in fiscal year 2019. In accordance with the MYR Signatory Airline Contract and Airport Use Agreement, the airport performs an annual reconciliation of billings versus actual rates and charges due. For fiscal year 2020, the County estimates no settlement will be paid to the Signatory Airlines, due to conservative spending and efficient use of CARES Act funds to subsidize the airline fees.

- Passenger Facility Charge (PFC) revenue totaled $3,667,572 in fiscal year 2020, as compared to $5,502,345 in fiscal year 2019.

Overview of Annual Financial Report

The Airport's basic financial statements include the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and Notes to the Financial Statements. The financial statements are prepared in accordance with accounting principles generally accepted in the United States as promulgated by the Government Accounting Standards Board (GASB) principles.

The Statement of Net Position presents the financial position of the Airport. While the Statement of Net Position provides information about the nature and amount of resources and obligations at the end of a year, the Statement of Revenues, Expenses, and Changes in Net Position presents the results of the business activities over the course of the fiscal year and information as to how the components of 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 presents changes in cash and cash equivalents resulting from operating, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when obligations arise, or depreciation of capital assets.

New GASB and or FASB guidance affecting this Annual Financial Report

During May 2020, the GASB issues GASB Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first become effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Effective dates were postponed by one year for most pronouncements, and postponed by 18 months for Statement No. 87, *Leases* and Implementation Guide No. 2019-3, *Leases*.

The financial statements were prepared by the Airport's staff from the detailed books and records of the Airport. The financial statements were audited by the independent certified public accounting firm, Elliott Davis, LLC of Greenville, South Carolina.

Summary of Organization and Business Environment

The organization of the Airport is described in Note 1 – *Summary of Significant Accounting Policies - Reporting Entity* of the Notes to the Financial Statements.

The Airport is responsible for operations, maintenance, and development of the Myrtle Beach International Airport (MYR) and three general aviation (GA) airports. The Airport operates the fixed base operations (FBO) at MYR, CRE, and HYW. In addition to providing hangar and ramp tie-down facilities for general aviation aircraft, the Airport also provides fueling services for all aircraft, including commercial airlines.

Air carrier customers at MYR include signatory and non-signatory airlines. The County has entered into separate, but substantially similar, Signatory Airline Contract and Use Agreements (the Signatory Airline Agreements) with 4 passenger airlines. As of June 30, 2020, the signatory airlines were: American Airlines, Spirit Airlines, Delta Air Lines and Allegiant Airlines. The non-signatory air carriers include United Airlines, Porter Airlines, Frontier Airlines, and Sun Country Airlines.

The Airport, under the Signatory Airline Agreement, establishes airline rates and charges at MYR based on a compensatory rate-making methodology. Amounts charged to the airlines for landing fees and terminal rents at MYR are based upon the amount necessary to cover operating and capital expenses allocable to airline operations in the airfield and terminal building at MYR. Rates and charges are recalculated at least twice annually. First on the basis of budgeted expenses and activity and second on the basis of actual expenses and activity as part of a year-end reconciliation or true-up. In the case of a difference between the budgeted and actual rates and charges it is either credited to (in the case of a surplus) or charged to (in the case of a deficit) the signatory airlines.

In an effort to assist the airlines in expanding service at MYR and to further partner with the Grand Strand community's air service marketing efforts, Horry County Council authorized an enhanced airline incentive program for MYR starting in 2008, which has been revised from time to time based on market conditions, most recently in 2020.

The Airport and the local tourism community are aggressively working with the air carriers to bring additional service to the Grand Strand, as well as maintain current levels of service to our community. Each year, as part of the budget process, Horry County Council will review and, if necessary, modify the program to provide maximum support of air service development as the budget will permit.

Non-air carrier customers and tenants include eight car rental brands (Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty), Republic Parking (operator of MYR's parking facilities), MSE Branded Food Services (operator of MYR's food and beverage concessions), Airport Management Services, LLC (Hudson Group) (operator of MYR's retail concessions), Executive Helicopters, APA Leasing Inc., other concessionaires, and several federal government agencies including the Transportation Security Administration (TSA).

Financial Analysis

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

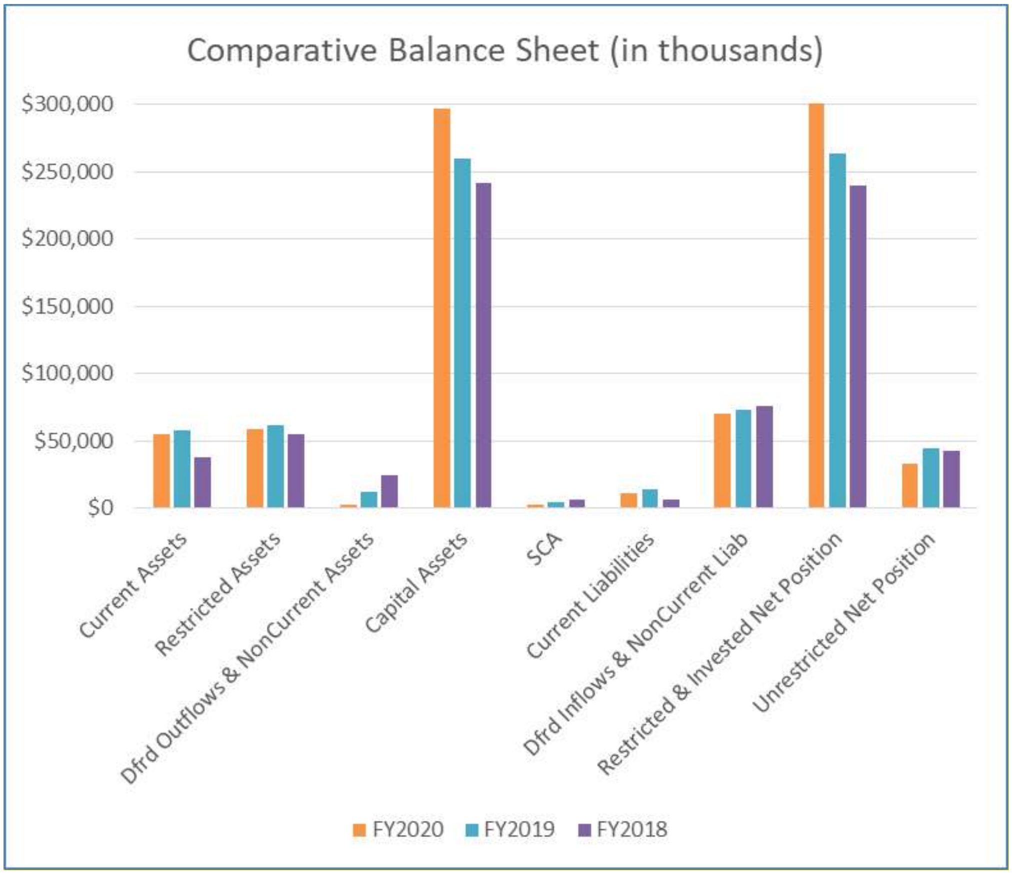
CONDENSED STATEMENTS OF NET POSITION

	Year Ended June 30, 2020	Year Ended June 30, 2018	Year Ended June 30, 2018
Assets:			
Current assets	**$ 55,207,683**	$ 57,636,763	$ 37,570,660
Restricted assets	**59,171,421**	61,353,857	55,145,491
Non-current assets	**-**	10,003,880	22,147,445
Capital assets, net	**296,902,580**	259,284,591	241,629,225
Service concession arrangement (SCA)	**2,266,456**	4,258,637	6,159,404
Deferred Outflows - Pension	**2,203,894**	2,139,557	2,518,741
Deferred Outflows - OPEB	**131,323**	60,357	52,346
Total Assets and Deferred Outflows	**415,883,357**	394,737,642	365,223,312
Liabilities:			
Current liabilities	**8,257,752**	10,973,378	3,984,648
Current liabilities payable from restricted assets	**2,921,472**	2,891,072	2,861,447
Non-current liabilities	**67,772,656**	68,574,372	69,639,794
Deferred Inflows - SCA	**2,266,456**	4,258,637	6,159,404
Deferred Inflows - Pension	**106,723**	66,226	6,096
Deferred Inflows - OPEB	**445,950**	101,419	95,330
Total Liabilities and Deferred Inflows	**81,771,009**	86,865,104	82,746,719
Net Position:			
Net investment in capital assets	**244,265,154**	205,208,714	187,509,978
Restricted for debt service	**28,434,526**	31,238,112	27,798,732
Restricted for capital projects	**27,812,455**	27,200,434	24,477,597
Unrestricted	**33,600,213**	44,225,278	42,690,286
Total Net Position	**334,112,348**	307,872,538	282,476,593
Total Liabilities, Deferred Inflows, and Net Position	**$ 415,883,357**	$ 394,737,642	$ 365,223,312

Statements of Net Position

The Airport continues to maintain a strong financial position as of June 30, 2020. The Airport's current financial position, capital assets, and debt structure are sound and should provide for current and anticipated enplanement growth.

Cash includes amounts in bank demand deposits and petty cash. The Airport considers all short-term, highly liquid investments with original maturities of three months or less (including restricted assets) to be cash equivalents. The County Treasurer maintains and is responsible for the overall management of funds. In 2020, there was a decrease in long term debt and increase in capital assets; see further notes in the Management's Discussion and Analysis.

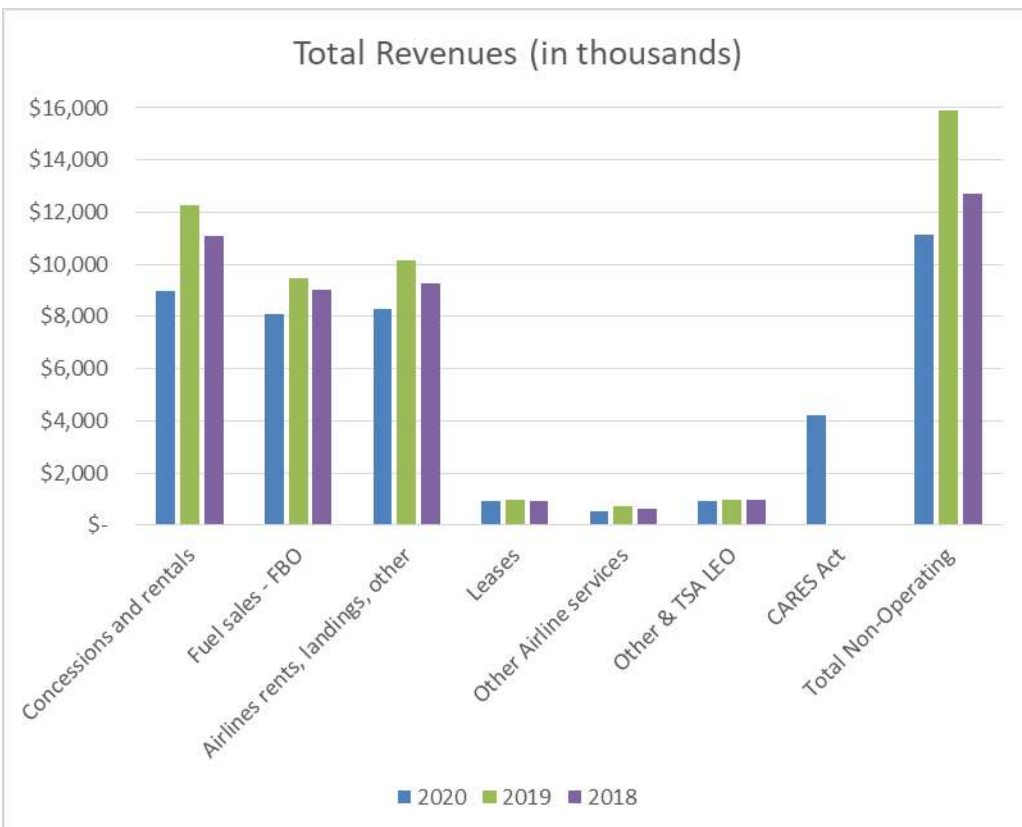


Comparative Balance Sheet (in thousands)
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$0
Current Assets
Restricted Assets
Dfrd Outflows & NonCurrent Assets
Capital Assets
SCA
Current Liabilities
Dfrd Inflows & NonCurrent Liab
Restricted & Invested Net Position
Unrestricted Net Position
FY2020
FY2019
FY2018

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating Revenues

Operating Revenues	2020 Amount	% of Total	2019 Amount	% of Total	2018 Amount	% of Total
Concessions and rentals	8,994,760	20.9%	12,245,642	24.3%	11,107,992	24.9%
Fuel sales - FBO	8,069,124	18.7%	9,481,826	18.8%	9,039,324	20.3%
Airlines rents, landings, other	8,273,977	19.2%	10,132,247	20.1%	9,248,300	20.7%
Leases	933,535	2.2%	966,481	1.9%	902,131	2.0%
Other airline services	552,643	1.3%	739,462	1.5%	623,804	1.4%
Other	818,643	1.9%	824,477	1.6%	839,729	1.9%
Federal revenue - TSA LEO	127,778	0.3%	137,630	0.3%	120,523	0.3%
Total Operating Revenues	27,770,460	64.5%	34,527,765	68.5%	31,881,803	71.5%
Non-Operating Revenues						
Passenger Facility Charges	3,667,572	8.5%	5,502,345	10.9%	5,428,485	12.2%
Contract Facility Charges	2,443,974	5.7%	3,375,804	6.7%	3,396,212	7.6%
Investment income, net	1,789,735	4.2%	2,373,621	4.7%	1,157,286	2.6%
Intergovernmental	2,407,805	5.6%	2,366,496	4.7%	2,366,189	5.3%
Other	487,719	1.1%	1,992,403	4.0%	44,670	0.1%
CARES Act	4,218,575	9.8%				
Interest Subsidy	301,616	0.7%	300,654	0.6%	299,372	0.7%
Total Non-Operating Revenues	15,316,996	35.5%	15,911,323	31.5%	12,692,214	28.5%
Total Revenues	**43,087,456**	**100.0%**	**50,439,088**	**100.0%**	**44,574,017**	**100.0%**



Revenues from operations are comprised of landing fees, terminal rents, concessions, FBO operations, and rents from other airports. Net operating revenues for the year ended June 30, 2020 were $27,770,460 which is a slight decrease as compared to 2019. The terminal concessions revenue for fiscal year 2020 was $8,994,760. The significant decrease of $3,250,882 from fiscal year 2019 is due to the limited concession offerings during the last quarter of fiscal year 2020 attributable to the Pandemic.

Airline revenues consist of landing fees, terminal rents, security fees and the annual results of the signatory reconciliation at MYR. Airline revenues for fiscal year 2020 were $8,273,977 or 29.8% of net operating revenues compared to 29.3% in fiscal year 2019. The Airport has estimated a net zero reconciliation for the fiscal year 2020 signatory reconciliation. For fiscal year 2020, the incentive program reduced landing fees from $2.11 to $1.61, offsetting the gross landing fee revenue by $545,610. The landing fee reduction for fiscal year 2019 was $777,323. The incentive program offered additional incentives for new nonstop service to target markets for incumbent carriers at a cost of $383,765 for fiscal year 2020 and $793,550 for the fiscal year 2019.

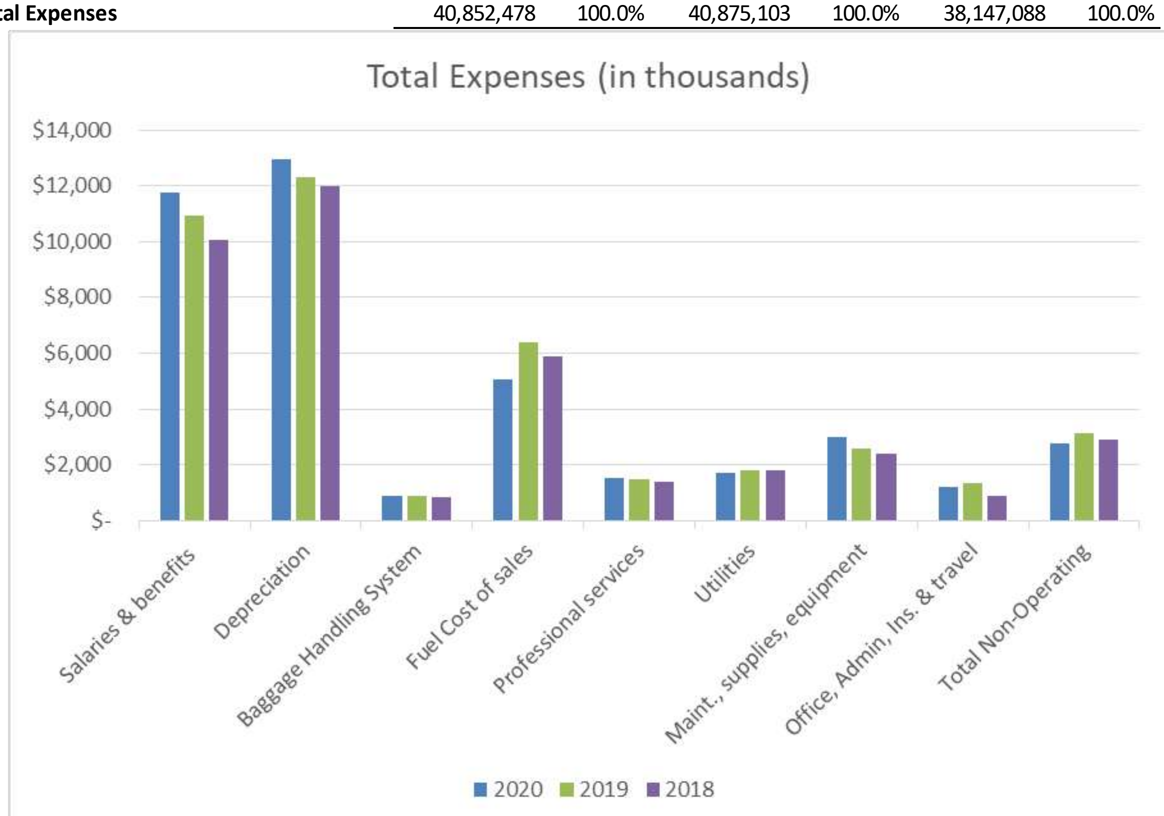
FBO revenues consist of general aviation fuel sales, other revenues from hangar rentals, general aviation services and retail merchandise. The total FBO revenue for fiscal year 2020 was $7,041,114 or 24.8% of total operating revenues. The airline services department produced revenues in the amount of $552,643, which represented 1.9% of total operating revenues for the fiscal year.

Other airports generated $1,817,255 or 6.4% of operating revenues.

The Airport received federal revenue from the Transportation Security Administration (TSA) of $127,778 for fiscal year 2020. This is related to the law enforcement officer (LEO) reimbursement program and is included in operating revenues.

Operating Expenses

Operating Expenses	2020 Amount	% of Total	2019 Amount	% of Total	2018 Amount	% of Total
Salaries and benefits	11,735,924	28.7%	10,911,127	26.7%	10,045,260	26.3%
Baggage Handling System	890,010	2.2%	898,703	2.2%	829,675	2.2%
Fuel Cost of sales	5,053,860	12.4%	6,388,104	15.6%	5,904,129	15.5%
Professional services	1,510,271	3.7%	1,493,214	3.7%	1,403,200	3.7%
Utilities	1,713,327	4.2%	1,822,171	4.5%	1,800,941	4.7%
Maintenance and supplies	2,448,486	6.0%	2,045,647	5.0%	1,889,717	5.0%
Horry County administrative costs	400,000	1.0%	400,000	1.0%	125,000	0.3%
Vehicle and Equipment expense	543,461	1.3%	552,404	1.4%	501,285	1.3%
Insurance	493,380	1.2%	416,001	1.0%	391,699	1.0%
Membership, travel, dues	293,466	0.7%	482,471	1.2%	277,311	0.7%
Office Supplies	30,836	0.1%	31,627	0.1%	39,879	0.1%
Bad Debt expense	1,496	0.0%	-	0.0%	28,447	0.1%
Total Operating Expenses	25,114,517	61.5%	25,441,469	62.2%	23,236,543	60.9%
Depreciation	12,965,930	31.7%	12,322,351	30.1%	12,007,277	31.5%
Non-Operating Expenses						
Interest Expense	2,772,031	6.8%	2,831,878	6.9%	2,903,268	7.6%
Other expense, net	-	0.0%	279,405	0.7%	-	0.0%
Total Non-Operating Expenses	2,772,031	6.8%	3,111,283	7.6%	2,903,268	7.6%
Total Expenses	40,852,478	100.0%	40,875,103	100.0%	38,147,088	100.0%



The primary components of operating expenses include personnel services (salaries and benefits), utilities, maintenance, supplies, services, insurance, depreciation/amortization, and other miscellaneous expenses. Total operating expenses for fiscal year 2020 were $38,080,447. The Airport's expenses for personnel services were $11,735,924 or 30.8% of total operating expenses. Depreciation expense and fuel cost of sales are 34.0% and 13.3%, respectively, of total operating expenses. The Airport continuously monitors its variable cost budgets to ensure that the overall financial stability of the Airport is maintained. The operating loss in fiscal year 2020 was $10,309,987, compared to $3,236,055 in fiscal year 2019.

Non-operating Revenues and Expenses and Contributed Capital

Non-operating revenues and expenses primarily consist of Passenger Facility Charges (PFC), Rental Car Contract Facility Charges (CFC), investment earnings, gain/(loss) on sale of assets, debt related interest expense, grant revenues, and other sundry income and expense items. The Airport received $2,407,805 from the City of Myrtle Beach for rent of land known as the "Seascape Property".

CFC revenue, collected pursuant to certain agreements on automobile rentals, are restricted for future construction projects related to automobile rental tenants. CFC non-operating revenue for fiscal year 2020 totaled $2,443,974.

In 2010, the FAA approved PFC Application Number 10-04-C-00-MYR in the amount of $104,020,700 in support of the Terminal Expansion Project. This application allowed the Airport to collect a $4.50 PFC to pay for $19 million of project cost and $85 million in financing costs. In 2019, the FAA approved PFC Application Number 19-05-C-00-MYR in the amount of $7,862,375. This application allowed the Airport to collect a $4.50 PFC to pay for Taxiway A rehabilitation and reconstruction for $4,861,497 and MYR Baggage Make-up area improvements for $3,000,878. PFC revenue for fiscal year 2020 was $3,667,572. In fiscal year 2020, MYR submitted to the FAA PFC Application Number 20-06-C-00-MYR for the RPZ Land Acquisition project in the amount of $4,912,442.

In fiscal year 2020, the Airport received $4,174,388 in CARES Act funds, comprised primarily of payroll expense and debt service requirement. MYR currently has approximately $13 million available for future drawdowns through April 2024.

During fiscal year 2020, the Airport received a federal subsidy of $301,616 for the 2010B Series Recovery Zone Economic Development Bonds (RZEDB). The subsidy amount was reduced by 5.9% in 2020 and 6.2% in 2019 due to sequestration measures enacted by the federal government.

Capital Assets

Capital Assets total $296,902,580 and $259,284,591 for 2020 and 2019, respectively. During fiscal year 2020, the Department of Airports asset additions include the rehabilitation of Taxiway A–South and 34.66 acres of land, primarily in the runway protection zone (RPZ), were purchased. Security upgrades to the Rental Car Service Center areas were performed in 2020. In addition, a full renovation of our Federal Inspection Station (FIS) was completed in February 2020, a new transient hangar was constructed on the General Aviation side, and an additional 15 airline kiosks were purchased for the MYR terminal. At CRE, Runway 5-23 was fully rehabilitated and PAPIs were replaced at HYW, as well as other projects and general capital machinery and equipment.

Public domain (infrastructure), capital assets (e.g., original airfield – subsystem base of the runway and taxiways (and navigational rights), roads, and other assets that are immovable and of value only to the government) have been capitalized using actual and estimated historical costs. The "modified - approach" of GASB Statement No. 34 was adopted, and accordingly, such assets are not subject to depreciation. The required supplementary information for the Airport's use of the modified approach for original airfield infrastructure is on pages 58 to 60 of this report.

The Airport had the following capital assets as of June 30:

	2020	2019	2018
Land and easements	**$ 27,833,705**	$ 22,921,263	$ 23,273,493
Buildings and improvements	**190,115,877**	178,987,510	176,737,840
Runways, taxiways, and aprons	**145,549,090**	104,583,200	100,306,841
Infrastructure - airfield	**9,182,000**	9,182,000	9,182,000
Land Improvements	**40,796,460**	39,275,376	38,180,801
Machinery and equipment	**27,817,388**	24,148,966	23,999,741
Construction in progress	**6,652,750**	18,601,055	3,845,483
Less, accumulated depreciation	**(151,044,690)**	(138,414,779)	(133,896,974)
	$ 296,902,580	$ 259,284,591	$ 241,629,225

Debt Administration

The Airport had the following long-term debt as of June 30:

	2020	2019	2018
Series 2010 revenue bonds	**$ 52,520,000**	$ 54,000,000	$ 55,415,000
Less original issue discount	**(144,941)**	(151,843)	(158,745)
Less current portion	**(1,540,000)**	(1,480,000)	(1,415,000)
Non-Current Revenue Bonds Payable	**$ 50,835,059**	$ 52,368,157	$ 53,841,255

See Note 7. Long-term Liabilities for details on the issuance of the Series 2010 Airport Revenue Bonds.

The Airport had the following other long-term obligations as of June 30:

Capital Lease Obligation	2020	2019	2018
Present value of future minimum payments	**$ 164,821**	$ 221,730	$ 277,992
Less: current portion	**(57,564)**	(56,909)	(56,262)
Non-current capital leases payable	**$ 107,258**	$ 164,821	$ 221,730
Compensated absences	**$ 1,061,812**	$ 991,141	$ 1,108,571
Less: current portion	**(265,453)**	(247,785)	(221,714)
Total non-current compensated absences	**$ 796,359**	$ 743,356	$ 886,857
Net Pension Liability	**$ 14,468,434**	$ 13,923,096	$ 13,423,046
Other Post-Employment Benefits	**$ 1,565,546**	$ 1,374,942	$ 1,266,906

See Note 8. Other Post-Employment Benefits for more details.

Fiscal Year 2021 Airport Budget

Horry County Council approved the Airport's budget for fiscal year 2021, which included operating revenues of $32,297,200, net of $2,550,000 for the airline incentive program, expenses of $38,453,918, capital contributions of $18,000,000, and non-operating revenues and expenses of $10,631,189. The Airport and community leaders are working closely with the airlines in an effort to increase service levels and to attract new airlines. The incentive program for fiscal year 2021 will continue to offer a landing fee reduction with a combined landing fee and apron rate of $1.42 per 1,000 lbs. The fiscal year 2021 airline incentive program also enters four categories of service incentive including New Entrant Carrier Incentive; Target Market Incentive; Underserved Market Incentive; and International Market Incentive. For qualifying service in each category additional discounts of 75% to 100% are provided for landing and apron fees, property, and security charges for one to two years.

Request for Information

This financial report is designed to provide a general overview of the Airport's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Airports, Myrtle Beach International Airport, 1100 Jetport Road, Myrtle Beach, South Carolina, 29577.

BASIC FINANCIAL STATEMENTS

Department of Airports
Horry County, South Carolina
Statement of Net Position
as of June 30,

	2020
Assets	
Current assets:	
Cash and cash equivalents	**$ 8,121,643**
Pooled cash and investments	**39,664,632**
Accounts receivable (net of allowance of $178,682 in 2020)	**2,226,750**
Due from other governments	**3,972,812**
Inventories	**1,124,034**
Prepaid expenses	**97,812**
Total current assets	**55,207,683**
Restricted assets:	
Cash and cash equivalents	**48,149,953**
Pooled cash and investments	**10,433,248**
Receivables - PFC and CFC	**588,220**
Total restricted assets	**59,171,421**
Capital Assets	
Land, easements and infrastructure	**37,015,705**
Depreciable buildings, runways, taxiways and aprons, and machinery and equipment, and land improvements, net	**253,234,125**
Construction-in-progress	**6,652,750**
Total capital assets, net	**296,902,580**
Service concession arrangement	**2,266,456**
Total assets	**413,548,140**
Deferred outflows of resources	
Deferred outflows - pension	**2,203,894**
Deferred outflows - OPEB	**131,323**
Total deferred outflows of resources	**2,335,217**
Total assets and deferred outflows of resources	**$ 415,883,357**

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

Department of Airports
Horry County, South Carolina
Statement of Net Position
as of June 30,

		2020
Liabilities and Net Position		
Current liabilities:		
Accounts payable	$	**3,343,298**
Construction accounts and retainage payable		**1,637,547**
Accrued salaries, wages, and compensated absences		**506,430**
Other accrued expenses and deposits		**373,902**
Unavailable revenue from operating agreements		**195,338**
Due to Horry County General Fund		**913,064**
Due to other governments		**50,500**
Capital lease payable - current portion		**57,564**
Amounts due to tenants, airlines, and car rentals		**1,180,109**
Total current liabilities		**8,257,752**
Current liabilities payable from restricted assets:		
Revenue bonds payable current		**1,540,000**
Accrued interest payable		**1,381,472**
Total current liabilities payable from restricted assets		**2,921,472**
Non-current liabilities:		
Revenue bonds payable, net		**50,835,059**
Compensated absences - long term		**796,359**
Net other post-employement benefits obligations		**1,565,546**
Net pension liability		**14,468,434**
Capital lease payable, net of current portion		**107,258**
Total non-current liabilities		**67,772,656**
Total Liabilities		**78,951,880**
Deferred Inflows of Resources:		
Deferred inflows - present value of payments under service concessions arrangement		**2,266,456**
Deferred inflows - pension		**445,950**
Deferred inflows - OPEB		**106,723**
Total deferred inflows of resources		**2,819,129**
Net position:		
Net investment in capital assets		**242,725,154**
Restricted for:		
Debt service		**28,434,526**
Capital projects		**27,812,455**
Unrestricted		**35,140,213**
Total net position		**334,112,348**
Total liabilities, deferred inflows of resources, and net position	**$**	**415,883,357**

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

Department of Airports
Horry County, South Carolina
Statement of Revenues, Expenses, and Changes in Net Position
year ended June 30,

	2020
Operating Revenues	
Concessions and rentals	$ 8,994,760
Fuel sales - FBO	8,069,124
Airline terminal rents	6,228,611
Baggage handling system	726,807
Landing fees	1,683,291
Leases	933,535
Other airline services	552,643
Other	818,643
Federal revenue - TSA LEO reimbursement program	127,778
Security fees	269,033
Total operating revenues	28,404,225
Less, signatory airline rebate & incentive fee waivers	(633,765)
Net operating revenues	27,770,460
Operating Expenses	
Salaries and benefits	11,735,924
Depreciation and amortization	12,965,930
Baggage handling system	890,010
Fuel cost of sales	5,053,860
Outside and professional services	1,510,271
Utilities	1,713,327
Maintenance and supplies	2,448,486
Horry County administrative costs	400,000
Vehicle and equipment (non-capital- expense)	543,461
Insurance	493,380
Memberships, travel, fuels and lubricants	293,466
Office supplies	30,836
Bad debt expense	1,496
Total operating expenses	38,080,447
Operating loss	$ (10,309,987)

(continued)

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

Department of Airports
Horry County, South Carolina
Statement of Revenues, Expenses, and Changes in Net Position
year ended June 30,

	2020
Non-Operating Revenues (Expenses)	
Passenger Facility Charges (PFC)	**$ 3,667,572**
Contract Facility Charges (CFC)	**2,443,974**
Investment income, net	**1,789,735**
Intergovernmental revenues	
City of Myrtle Beach	**2,407,805**
Redevelopment Authority grant revenue	**-**
Gain on disposal of assets	**29,679**
Federal grant revenue - CARES Act	**4,218,575**
Other state grant revenue	**63,275**
Other, net	**394,765**
Interest Subsidy on the Recovery Zone	
Economic Bonds	**301,616**
Interest expense	**(2,772,031)**
Net non-operating revenues	**12,544,965**
Income before capital contributions	**2,234,978**
Capital Contributions	
Federal grant revenue - capital projects	**23,694,615**
State grant revenue - capital projects	**310,217**
Net capital contributions	**24,004,832**
Increase in net position	**26,239,810**
Net Position	
Beginning of year	**307,872,538**
End of year	**$ 334,112,348**

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

Department of Airports
Horry County, South Carolina
Statement of Cash Flows
year ended June 30,

	2020
Cash flows from operating activity	
Cash received for:	
Landing fees, terminal rents, and concession leases	$ 18,096,481
FBO fuel sales and airline services	8,787,130
Vending, FBO ramp fees, hangar fees and other	851,465
Cash paid for:	
Salaries and benefits	(10,614,350)
Maintenance, supplies, fuel, utilities, and equipment	(15,802,991)
Net cash provided by operating activities	1,317,735
Cash flows from non-capital financing activities	
Receipt of Federal CARES Act	4,218,575
Settlement - insurance	501,384
Building demolition and tree removal	(43,344)
Net cash provided by non-capital financing activities	4,676,615
Cash flows from capital and related financing activities	
Receipt of Passenger and Contract Facility Charges	6,926,515
Acquisition and construction of capital assets	(50,432,362)
Proceeds from sale of capital assets	29,679
Interest paid on bonds and notes	(2,794,729)
Principal payments on bonds and notes	(1,480,000)
Receipt of Federal Subsidy for 'RZEDB' (Series 2010B)	301,616
Principal payments on capital lease obligation	(56,908)
Receipt of intergovernmental and private grants	2,407,805
Proceeds from Airport Improvement Program, TSA and State grants	24,467,040
Net cash used in capital and related financing activities	(20,631,344)
Cash flows from investing activities	
Investment sales	10,000,000
Interest on investments	1,793,615
Net cash provided by investing activities	11,793,615
Net decrease in cash and cash equivalents	(2,843,379)
Cash and cash equivalents, beginning of year	
Unrestricted	49,262,187
Restricted	59,950,668
	109,212,855
Cash and cash equivalents, end of year	
Unrestricted	47,786,275
Restricted	58,583,201
	$ 106,369,476

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

Department of Airports
Horry County, South Carolina
Statement of Cash Flows
year ended June 30,

	2020
Reconciliation of operating loss to net cash provided by operating activities	
Operating (loss)	$ (10,309,987)
Adjustments to reconcilation operating loss to net cash provided by operating activities:	
Depreciation and amortization	12,965,930
Bad debt expense	1,496
(Increase) decrease in certain assets:	
Accounts receivable	353,972
Prepaid expenses	(6,859)
Inventories	142,351
(Decrease) increase in certain liabilities:	
Accounts payable	(2,601,117)
Accrued salaries, wages and compensated absences	135,907
Net other post-employment benefit obligation	124,942
Net pension liability	860,725
Other accrued expenes	18,601
Due to Horry County - General Fund	21,130
Unearned revenue	(517,018)
Amounts due to tenants	127,662
Net cash provided by operating activities	$ 1,317,735

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

Note 1. Summary of Significant Accounting Policies

Reporting Entity – The Department of Airports, Horry County, South Carolina, (the "Airport") is responsible for operations, maintenance, and development of Horry County, South Carolina's (the County) Airport System. The Airport System consists of the Myrtle Beach International Airport (MYR), Myrtle Beach Aviation (FBO), Grand Strand Airport (CRE), Conway – Horry County Airport *(*HYW), and Twin City Airport (5J9).

Horry County Council's twelve members serve as the governing body that oversee the operations of the Airport System. The Airport System is accounted for by the County as a self-sufficient enterprise fund and is administered by the Director of Airports who reports to the County Administrator.

Basis of Presentation and Accounting – The financial statements of the Airport have been prepared in conformity with generally accepted accounting principles 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.

Enterprise Fund Accounting – The Airport uses an enterprise fund to report its financial position and the results of its operations. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain government functions or activities. The activities of the Airport are accounted for within an enterprise fund of the proprietary fund category. Enterprise funds account for business-like activities that provide goods and services to the public financed primarily through user charges. A proprietary fund is used to account for activities similar to those found in the private sector. The measurement focus of proprietary funds is upon determination of change in net position, financial position, and cash flows.

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.

Budgetary Process – The Airport prepares an annual operating and capital budget, which is approved and adopted by Horry County Council. The budget serves as an approved plan to facilitate financial control and operational evaluation.

Note 1. Summary of Significant Accounting Policies (continued)

The government's significant accounting policies are described below:

Cash, Cash Equivalents, and Investments – Cash includes amounts in petty cash, bank demand deposits, certificates of deposits, and repurchase agreements. The Airport considers all short-term, highly liquid investments with original maturities of three months or less (including restricted assets) to be cash equivalents. The Horry County Treasurer (the "County Treasurer") maintains and is responsible for the overall management of the funds.

South Carolina statutes authorize the County Treasurer to invest money subject to his/her control and jurisdiction in the following: obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units; savings and loan association deposits to the extent they are insured by the Federal Deposit Insurance Corporation; or certificates of deposit where the certificates are collaterally secured by securities of the type described above.

For purposes of the Statement of Cash Flows for the Airport, cash equivalents are deposit accounts (including restricted assets other than deposits with other agencies) with an original maturity of three months or less from date of purchase, pooled cash, and other short-term highly liquid investments that are readily convertible to known amounts of cash.

Investments – Investments are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. U.S. Government Agencies Securities are valued based on published market prices and quotations from national security exchanges and securities pricing services. Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. Other investment income is recognized when earned. The State of S.C Treasurer's Investment Pool shares are valued at fair value which is the same as the value of the pooled shares, and investment income is received and recognized on a consistent periodic basis. Net appreciation (depreciation) is determined by calculating the change in fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to the Airport's investment operations.

The fair value of the Airport's position in the South Carolina Local Government Investment Pool (LGIP) is the same as the value of the pool shares. The LGIP is not registered with the Securities Exchange Commission as an investment company. The State Treasurer is responsible for oversight of the LGIP. At June 30, 2020, the carrying value of all of the Airport's investments approximates fair value.

The Airport's deposits and investments are maintained by the County Treasurer. See the County's Comprehensive Annual Financial Report for disclosure requirements relating to following risk policies: custodian credit risk, credit risk, interest rate risk, and concentration of credit risk.

Accounts Receivable – The Airport's accounts receivable are stated at realizable values net of allowances for uncollectible accounts. The Airport's finance department makes every effort to collect delinquent fees and rents through follow up to include collection letters and bankruptcy claim filing as necessary. The removal from active accounts receivable listing for financial statement reporting requires approval by Horry County Council resolution.

Note 1. Summary of Significant Accounting Policies (continued)

Due from Other Governments – Revenues from federal, state, and local grants are recorded in the period reimbursable expenditures are incurred. At June 30, 2020, amounts due from other governments totaled $3,972,812 and consisted of Airport Improvement Program (AIP), Coronavirus Aid Relief and Economic Security Act (CARES), South Carolina Aeronautics Commission (SCAC) and TSA federal grant reimbursements.

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

Restricted Assets – Restricted assets represent monies or other resources, the use of which is restricted by legal or contractual requirements. At June 30, 2020, the Airport's restricted assets accounts were derived from certain grants, bonds, and contract ordinances.

When the Airport incurs an expense that may be paid from unrestricted or restricted funds, the Airport first uses restricted funds as allowed by legal or contractual requirements.

Facilities – Prior to March 1993, the Airport used certain airfield facilities of the United States Air Force Base - Myrtle Beach through a joint-use agreement, originally executed in the mid 1970's, with the United States Air Force (USAF). Coincident with the execution of the joint-use agreement, the USAF and Horry County executed the Base Lease Agreement, which leased to the County the acreage on the Air Force Base on which to operate the airport terminal. In March 1993, the base was officially closed and the joint-use agreement was terminated. At the time of closure, the USAF extended the Base Lease Agreement with the County to include the airfield facilities previously used by the airport in accordance with the joint-use agreement. The term of the Base Lease Agreement was extended to December 31, 2028. The agreement called for the transfer of ownership of the property in fee simple to the County from the USAF for the land and facilities at the end of the lease, but contemplated an earlier transfer based upon the USAF meeting certain criteria set forth in the agreement. The transfer of ownership was completed on June 17, 2003 and a fee simple deed to the property was recorded in the County's name in the Register of Deeds office of Horry County on that date at Deed Book 2623, page number 1491. The property transferred excludes portions of MYR property, which are still undergoing environmental remediation and cleanup efforts by the United States Government.

With respect to the runway, aprons, taxiways, drainage system, etc., associated with the USAF property conveyance, no historical or estimated values are available. Until such time that a fair market value can be established, a value of $1.00 has been recorded representing "Land" and "Aviation Easements". Buildings and structures are specifically identified and recorded at fair market value at the date of the gift.

Capital Assets and Depreciation – Capital assets, which include land improvements, buildings, runways, taxiways, vehicles, machinery, and equipment are valued at historical cost if purchased or constructed, or estimated historical cost if actual historical cost is not available. Donated fixed 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. Capital assets are defined

Note 1. Summary of Significant Accounting Policies (continued)

by the Airport as those assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years.

Public domain (infrastructure), capital assets (e.g., original airfield – subsystem base of the runway and taxiways (and navigational rights), roads, and other assets that are immovable and of value only to the government) have been capitalized using actual and estimated historical costs. The "modified - approach" of GASB Statement No. 34 was adopted, and accordingly, such assets are not subject to depreciation. Depreciation of all exhaustible capital assets is recorded by using the straight-line method over the estimated useful lives of the respective assets as follows:

Land improvements (including parking lots)	20-40 years
Buildings and improvements	30-50 years
Runways, taxiways and aprons	30-40 years
Machinery and equipment	3-15 years

Service Concession Arrangement – The Airport follows the guidance established by GASB Statement No. 60. GASB Statement No. 60 establishes guidance for accounting and financial reporting for Service Concession Arrangements (SCA). The Airport evaluates concession contracts against the criteria set forth in the standard and recognizes any service concession arrangements, associated liabilities, and unavailable revenues on the Statement of Net Position. The Airport reports a deferred inflow associated with the present value of payments under the service concession arrangement that is amortized over the life of the arrangement using the straight line method.

Deferred Inflows/Outflows of Resources - GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, requires that in addition to assets, liabilities, and net position, the statement of net position provides separate sections for deferred inflows and deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Airport's deferred outflows include contributions to its retirement and OPEB plans made after the measurement date, the difference between expected and actual plan experience, difference in projected and actual investment earnings, and change in proportionate share of net pension and OPEB liabilities.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Airport's deferred inflows consist of the net difference between projected and actual investment earnings in its pension and OPEB plans, and difference between expected and actual plan experience.

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

Note 1. Summary of Significant Accounting Policies (continued)

New Accounting Standards - During May 2020, the GASB issues GASB Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first become effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Effective dates were postponed by one year for most pronouncements, and postponed by 18 months for Statement No. 87, *Leases* and Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 - In June 2018, the GASB issued Statement 87, *Leases*, which provides guidance for lease contracts for nonfinancial assets—including vehicles, heavy equipment, and buildings—but excludes non-exchange transactions, including donated assets, and leases of intangible assets (such as patents and software licenses). Under the new standard, a lessee entity is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset. A lessor entity is required to recognize a lease receivable and a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements. The provisions of Statement 87 are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The Airport is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

Postemployment Benefits Other Than Pensions (OPEB) - For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Horry County Retiree Benefit Plan (HCRBP) and additions to and deductions from the HCRBP's fiduciary net position have been determined on the same basis as they were reported by HCRBP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Obligations – Long-term debt represents non-matured principal of revenue bonds and note payable indebtedness and outstanding portions due on long-term contracts payable.

Due to Horry County General Fund – Amounts due to Horry County General Fund of $913,064 for 2020 represent estimates for administrative costs incurred by the County on behalf of the Airport. These costs include processing of payroll, investing, procurement, and other similar expenses.

These costs are based upon cost allocation plans prepared annually in accordance with the United States Office of Management and Budget guidelines and include an estimate of allocable costs for the year ended June 30, 2020. This estimate will be adjusted to actual upon completion of the cost allocation plans through the year ended June 30, 2020. The resulting adjustment is not expected to be material.

Net Position – Net Position is comprised of the various net earnings from operations, non-operating revenues, expenses, and contributions of capital. Net position is classified into three components: net investment in capital assets, consisting 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. Debt related to unspent proceeds or other restricted cash and investments is excluded from the determinations; the second component is restricted net position, which consists of line items for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including the entity's self-imposed legal mandates; and the

Note 1. Summary of Significant Accounting Policies (continued)

final component is unrestricted net position, which consists of all other net positions not included in the above categories. The Airport policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

In addition, lease revenues from air carriers are based on certain compensatory "signatory" and "non-signatory" airline lease and use agreements, which are subject to annual rate negotiations. Lease costs, if material, are deferred and amortized to expenses over the life of the lease.

Leased Property Under Capital Leases – Leased property under capital leases is depreciated using the straight-line method over the term of the lease. Leases are deemed to be capital leases if they meet the criteria as defined in the GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Grant Revenue and Non-exchange Transactions – Non-operating grants, passenger and contract facility charges, and other contributed capital have been recognized as non-operating revenue. Grants and fees that are considered to be program-related are recognized as operating revenue. The Airport is a recipient of certain Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants. These capital cost-reimbursed grants have been recognized as non-operating capital contributions. The Airport is a recipient of a CARES Act grant and the revenue is recognized as non-operating. The Airport receives TSA Security Operations grants which are recognized as operating revenues. The Airport has received grant funds from the South Carolina Department of Transportation (SCDOT) for road improvements. The Airport also receives a federal subsidy equal to 45% of the interest cost for the 2010B Recovery Zone Economic Development Bonds; this amount has been reduced by 5.9% in fiscal year 2020 due to the federal government's sequestration measures.

Contract Facility Charges – Contract Facility Charges (CFC), collected pursuant to certain agreements on automobile rentals, are restricted for future construction projects related to automobile rental tenants. CFC revenue for the year ended June 30, 2020 was $2,443,974.

Passenger Facility Charges – Passenger Facility Charges (PFC) collected pursuant to FAA regulations from enplaned passengers via airlines' remittances are restricted for future construction, capitalization, and related debt services of the Airport as approved by the FAA. In 2010, the FAA approved application #10-04-C-00-MYR in the amount of $104,020,700 to fund the Terminal Capacity Enhancement Program (TCEP). The Airport was authorized to impose a PFC of $4.50 per enplaned passenger to utilize PFC on construction cost in the amount of $19,000,000 and debt service related expenditures of $85,020,700. In August 2019, the FAA approved application #19-05-C-00-MYR in the amount of $7,862,375 to fund the rehabilitation and reconstruction of Taxiway A and Baggage Make-up area improvements. The Airport

Note 1. Summary of Significant Accounting Policies (continued)

was authorized to impose a PFC of $4.50 per enplaned passenger to utilize PFC on Taxiway A reconstruction in the amount of $4,861,497 and baggage make-up improvements of $3,000,878.

PFC revenue for the year ended June 30, 2020 was $3,667,572. Cumulative PFC revenues at June 30, 2020 are $70,066,822 and cumulative PFC expenditures at June 30, 2020 are $59,853,443.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts receivable, signatory airline rebate or surcharge, certain claims and judgment liabilities, net pension liability and net OPEB liability, among other accounts. Actual results could differ from those estimates.

Note 2. Deposits and Investments

The Airport continues to diversify their investments in higher interest bearing accounts managed by the Horry County Treasurer. These accounts include the State of South Carolina's Local Government Investment Pool (LGIP), which yields a more favorable interest rate. At June 30, 2020, the Airport's unrestricted and restricted cash and cash equivalents were $56,271,596 and investments, including pooled cash and investments in the LGIP, were $50,097,880. All of the Airport's deposits and investment balances at June 30, 2020 were insured or collateralized with securities held by the Airport or by its agent in the Airport's name and are as follows as of June 30:

	2020
Cash and cash equivalents:	
Current	**$ 8,121,643**
Restricted	**48,149,953**
Total cash and cash equivalents	**$ 56,271,596**
Investments, including pooled cash and investments:	
LGIP - current	**$ 39,664,632**
LGIP - restricted	**10,433,248**
Total investments, including pooled cash and investments	**$ 50,097,880**

At June 30, 2020, the Airport had the following investments and maturities:

	Investment Maturities			
Investment Type	Fair Value	Three Months or Less	Three to Twelve Months	More than one year
State of S.C. Treasurer's Investment Pool	50,097,880	50,097,880	-	-

Note 2. Deposits and Investments (continued)

The Airport's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.
Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Investments Measured at the Net Asset Value (NAV)	June 30, 2020
State of S.C. Treasurer's Investment Pool	50,097,880
Total Investments at the NAV	50,097,880

For the above U.S. Government Agencies Securities, the Moody credit rating is Aaa and the Standard & Poor's credit rating is AA+.

The South Carolina Local Government Investment Pool ("State of S.C. Treasurer's Investment Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices for identical or similar instruments. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211-1950.

Note 3. Restricted Assets

Restricted assets were as follows at June 30:

	2020
Revenue Bond Debt Service Principal Account	$ 1,542,317
Revenue Bond Debt Service Interest Account	1,382,123
Revenue Bond Debt Service Reserve Account	17,797,683
Restricted for Capital Projects: State of South Carolina, City of Myrtle Beach, AIP, Transfer from Horry County	229,975
Cash, investments and receivables relating to:	
Contract Facility Charges (CFC)	27,582,480
Passenger Facility Charges (PFC)	10,636,843
Total	$ 59,171,421

Note 4. Accounts Receivable

Accounts receivable consists of the following at June 30:

	2020
Airfield landing fees	$ 122,155
Leased sites	107,446
Terminal building and parking	1,779,049
FBO Sales and airport services	300,677
Other	96,105
	2,405,432
Less: allowance for doubtful accounts	(178,682)
Accounts receivable, net	$ 2,226,750

Note 5. Capital Assets

A summary of changes in capital assets during the year ended June 30, 2020, is as follows:

	Balance June 30, 2019	Additions	Deductions	**Balance June 30, 2020**
Capital Assets				
Not subject to depreciation:				
Land and easements	$ 22,921,263	$ 4,912,442	$ -	**$ 27,833,705**
Infrastructure – airfield	9,182,000	-	-	**9,182,000**
Construction in progress	18,601,055	6,652,750	(18,601,055)	**6,652,750**
Total capital assets not depreciated	50,704,318	11,565,192	(18,601,055)	**43,668,455**
Subject to depreciation:				
Buildings and improvements	178,987,510	11,162,693	(34,325)	**190,115,878**
Runways, taxiways and aprons	104,583,200	40,965,889	-	**145,549,089**
Machinery and equipment	24,148,966	3,970,116	(301,694)	**27,817,388**
Land improvements	39,275,376	1,521,084	-	**40,796,460**
Total capital assets depreciated	346,995,052	57,619,782	(336,019)	**404,278,815**
Less: accumulated depreciation:				
Buildings and improvements	(59,521,330)	(5,292,191)	34,325	**(64,779,196)**
Runways, taxi-ways and apron	(46,534,000)	(4,019,490)	-	**(50,553,490)**
Machinery and equipment	(15,459,106)	(1,880,943)	301,694	**(17,038,355)**
Land improvements	(16,900,343)	(1,773,306)	-	**(18,673,649)**
Total accumulated depreciation	(138,414,779)	(12,965,930)	336,019	**(151,044,690)**
Total Capital Assets, net	$ 259,284,591	$ 56,219,044	$ (18,601,055)	**$ 296,902,580**

During the year ended June 30, 2020, depreciation expense totaled $12,965,930.

Capital Assets total $296,902,580 and $259,284,591 for 2020 and 2019, respectively. During fiscal year 2020, the Department of Airports asset additions include the rehabilitation of Taxiway A–South and 34.66 acres of land, primarily in the runway protection zone (RPZ), were purchased. Security upgrades to the Rental Car Service Center areas were performed in 2020. In addition, a full renovation of our Federal Inspection Station (FIS) was completed in February 2020, a new transient hangar was constructed on the General Aviation side, and an additional 15 airline kiosks were purchased for the MYR terminal. At CRE, Runway 5-23 was fully rehabilitated and PAPIs were replaced at HYW, as well as other projects and general capital machinery and equipment.

Note 5. Capital Assets (continued)

The Airport's construction-in-progress at June 30, 2020, is composed of the following:

	Remaining Project Authorization	Expended Through 6/30/2020	Estimated Cost to Complete
GA Facility Development	5,766,839	188,471	5,578,368
MYR RAC Improvements	1,560,474	85,349	1,475,125
MYR-Master Plan Study	2,038,064	746,384	1,291,680
HCDA Roof replacement/Improvements	1,166,063	89,152	1,076,911
CRE Grading, Erosion, Drainage	10,052,599	280,733	9,771,866
MYR Taxiway A&B rehabilitation	88,935,879	3,415,269	85,520,610
MYR Security system upgrade (design)	250,000	143,336	106,664
Retainage Payable	-	1,704,056	(1,704,056)
Total	**$ 109,769,918**	**$ 6,652,750**	**$ 103,117,168**

MYR Taxiway A&B Rehabilitation

MYR continues to experience tremendous growth in aircraft operations and increases in aircraft size. The age and wearing of the existing asphalt and concrete surfaces on both taxiways and taxi-lanes have resulted in cracks, rutting, spalls and other visible distresses as the pavements are approaching or have exceeded their design life. The scope of this major capital project includes:

- Relocation of Taxiway A to a 600-foot separation from runway
- Reconstruct Taxiway B in its current location
- Install Taxiway A and Taxiway B lighting and signage system
- Install Airfield Electrical Vault
- Construct Airfield Drainage Improvements

MYR began this project in FY19, and as of June 30, 2020, the first component (Taxiway A-South) was substantially complete in May 2020. Taxiway A-North construction began January 2020 and estimated completion is July 2021.

The FAA-mandated Airport Master Plan Study is a comprehensive study of the Airport and its surrounding environment, and discusses the short, medium, and long term plans for airport development in a report format. The last airport master planning effort was completed in 2001. Masters plans are primarily for use by members of the aviation community, especially airport sponsors, airport staff, airport consultants, FAA representatives, state aviation officials, airlines and airport tenants. The Master Plan is the airport's strategy for the future development of the airport, encompassing a 20 year forecast. Due to the Coronavirus and the substantial impact on forecasting, the Master Plan Study is currently on hold, per the FAA.

At June 30, 2020, the Airport had outstanding purchase orders relating to the projects above in the amount of $29,263,656.

Note 6. Service Concession Arrangement

In August 2016, Horry County and its agent, Horry County Department of Airports, entered into a contract with Republic Parking System, Inc. to provide a paid parking concession for passengers of the Myrtle Beach International Airport for a term of 60 months. Per the agreement, Republic Parking System, Inc. is to provide parking services to airport customers, using airport-owned parking lots and airport-owned parking revenue-management equipment.

Due to the nature of this agreement, whereas Republic Parking System, Inc. is the operator and Horry County Department of Airports is the transferor, it has been classified as a Service Concession Arrangement defined in GASB Statement No. 60. The parking lots and the parking revenue-management equipment have been classified as a capital asset of the Horry County Department of Airports. The present value of the guaranteed minimum lease payments for the term of the agreement are classified as an asset of the Horry County Department of Airports, with an offsetting deferred inflow, which will be systematically amortized each year as the minimum annual guaranteed revenue and any auxiliary commissions revenue are recorded.

During fiscal year 2020 parking concessions revenues recorded were $3,437,986. Revenue of $1,992,180 recognized in fiscal year 2020 represents amortization of the service concession agreement during the fiscal year. Commissions received on operating results in excess of the minimum annual guarantee were $1,825,486 for fiscal year 2020.

Agreement terms do not specify guarantees or commitments required of Horry County Department of Airports. Accordingly, no liabilities have been recorded in conjunction with this contractual arrangement for either year presented.

For each year presented in this report, the Statement of Net Position reflects the net present value of the service concession arrangement within assets and also within liabilities.

	2020
Opening Service Concession Arrangement and Deferred inflow of resources	**$ 4,258,637**
Less: amortization of discounted minimum annual payments	**(1,992,181)**
Service Concession Arrangement and Deferred inflow of resources at June 30, 2020	**$ 2,266,456**

Note 7. Long-term Liabilities

Revenue Bonds Payable

The following is a summary of changes in revenue bonds payable during the year ended June 30, 2020:

	2019	Additions	Reductions	**2020**	**Current Maturities**
2010A Series, 4.375% to 5% due 2011 - 2040	$ 44,280,000	$ -	$ (1,480,000)	**$ 42,800,000**	**$ 1,540,000**
2010B Series, 7.328% due 2011 - 2040	9,720,000	-	-	**9,720,000**	-
Total revenue bonds payable	54,000,000	-	(1,480,000)	**52,520,000**	**1,540,000**
Less: Original Issue Discount	(151,843)	6,902	-	**(144,941)**	-
Less: Current Maturities	(1,480,000)	(1,540,000)	1,480,000	**(1,540,000)**	-
Total non-current revenue bond payable	$ 52,368,157	$ (1,533,098)	$ -	**$ 50,835,059**	**$ 1,540,000**

Other long-term obligations of the Airport for the year ended June 30, 2020:

	2019	Additions	Deletions	**2020**	**Current Maturities**
Compensated absences	$ 991,141	$ 588,780	$ (518,109)	**$ 1,061,812**	**$ 265,453**
Net pension liability	$ 13,923,096	$ 545,338	$ -	**$ 14,468,434**	**$ -**
Net OPEB liability	$ 1,374,942	$ 190,604	$ -	**$ 1,565,546**	**$ -**
Capital lease obligation:					
Generator Lease #2	$ 221,730	$ -	$ (56,909)	**$ 164,821**	**$ 57,564**

On November 17, 2010, the $50,870,000 Airport Revenue Bonds, Series 2010A and $9,720,000 Taxable Airport Revenue Bonds, Series 2010B were issued by Horry County, South Carolina, a political subdivision of the State of South Carolina.

The Series 2010A Bonds were issued to pay a portion of the cost of construction of the TCEP at the Myrtle Beach International Airport and to fund capitalized interest on the Series 2010A Bonds, fund the debt service reserve, and pay the costs of issuance of the Series 2010A Bonds, and mature in July 2040. The remaining unamortized original issue discount for the 2010A Bond was $144,941 at June 30, 2020.

The Series 2010B Bonds were issued to pay the cost of the Harrelson Boulevard improvements, fund the capitalized interest on the Series 2010B Bonds, fund the debt service reserve requirements, and pay cost of issuance of the Series 2010B Bonds, and mature in July 2040. The County has elected to treat the Series 2010B Bonds as “Recovery Zone Economic Development Bonds” for the purposes of the Internal Revenue Code of 1986. Subject to the County’s compliance with certain requirements of the Code, the County expects to receive cash subsidy payments from the United States Treasury equal to 45% of the interest payable on the Series 2010B Bonds.

Note 7. Long-term Liabilities (continued)

Due to the federal government's sequestration measures, this amount was reduced by 5.9% in fiscal year 2020. Series 2010B Bond currently has interest only payments and the first principal payment will occur on July 1, 2030.

The Airport received total interest subsidies of $301,616 for fiscal year 2020.

The revenue bonds are secured by the pledge of net revenues derived by MYR. The Airport received net revenues in the amount of $11,010,553 while net debt service was $3,302,191. The Bonds are limited obligations of the County and do not constitute the general obligation, or a pledge of the faith, credit, or taxing power of the County or any other political subdivision. The County has agreed to establish rates and charges for use of MYR services and facilities that are reasonably expected to yield net revenues equal to at least 1.25 times the aggregate debt service to become due on the revenue bonds in the forthcoming fiscal year. Net revenues are defined as revenues less maintenance and operations expenses of MYR. The revenue bond ordinance also requires that certain funds be established and certain financial conditions be maintained. The debt service coverage ratio in fiscal year 2020 satisfies the Series 2010 revenue bond covenant.

In general, failure to pay debt service, failure to meet the Rate Covenant, and failure to meet other covenants listed after notice by a required portion of bondholders and a cure period are events of default. There are no subjective acceleration clauses.

Future debt-service requirements to amortize long-term debt outstanding as of June 30, 2020, are summarized in the table below:

Payment Date 7/1	Principal	Interest	Federal Subsidy*	Net Debt Service
2020	$ 1,540,000	$ 2,762,944	$ (301,616)	$ 4,001,328
2021	1,615,000	2,689,844	(302,257)	4,002,587
2022	1,680,000	2,625,244	(302,257)	4,002,987
2023	1,745,000	2,558,044	(302,257)	4,000,787
2024	1,835,000	2,470,794	(302,257)	4,003,537
2025 - 2029	10,475,000	11,048,865	(1,511,282)	20,012,583
2030 - 2034	13,190,000	8,155,018	(1,349,737)	19,995,281
2035 - 2039	16,630,000	4,023,688	(667,795)	19,985,893
2040	3,810,000	217,272	(35,761)	3,991,511
	$ 52,520,000	$ 36,551,713	$ (5,075,219)	$ 83,996,494

*** Assumes a 5.9% reduction on the 45% subsidy payment based upon federal guidance for subsidy payments made in federal fiscal year 2020 and 5.7% fiscal year 2021 and forward.**

Note 7. Long-term Liabilities (continued)

Capital Lease Payable

During fiscal year 2013, the Airport entered into a ten-year non-cancelable lease for an additional generator for the Airport's new terminal building. This additional lease was effective April 1, 2013. The annual interest rate on the lease is 1.15% per annum. The fair market value of the generator at acquisition was $558,650, and the net book value of the generator as of June 30, 2020 was $160,049.

The present values of the minimum lease payments for this lease are as follows:

Year Ended June 30,	Payments
2021	59,148
2022	59,148
2023	49,290
Total Payments	167,586
Less amount representing interest	(2,764)
Present value of future minimum payments	164,822
Less current portion	(57,564)
Total non-current portion	$107,258

Note 8. Other Post-Employment Benefits

Plan Description

In addition to providing pension benefits (see Note 13), the County's defined benefit OPEB plan, Horry County Retiree Benefit Plan (HCRBP), provides certain post-employment health care benefits as per the requirements of a local ordinance. HCRBP is a single employer defined benefit OPEB plan administered by the County. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Individuals who are retired, retirement eligible, retirement eligible past employees, and employees who are either 62 years old or have 23 years of County service as of December 31, 2012 are considered the "grandfathered group" and have the same benefits as in effect prior to December 31, 2012. Retirees of Horry County Government are eligible to receive retiree health care benefits either as a part of the "grandfathered group" or if they are not in the grandfathered group. Employees hired after June 30, 2011 will not be eligible for any County paid premium subsidies.

Retirement Eligibilities

SCRS and PORS retirement eligibility requirements are described in the following tables. In addition to the requirements shown below, Class Two employees must have 5 years of earned service and Class Three employees must have 8 years of earned service.

Note 8. Other Post-Employment Benefits (continued)

Normal (unreduced) Retirement Requirements

	Class Two	Class Three
SCRS	Any age with 28 years of service; or at age 65 with at least 5 years of service	Rule of 90; or at age 65 with at least 8 years of service
PORS	Any age with 25 years of service; or at age 55 with at least 5 years of service	Any age with 27 years of service; or at age 55 with at least 8 years of service

Early (reduced) Retirement Requirements

	Class Two	Class Three
SCRS	Age 60 with at least 5 years of service; or at age 55 with at least 25 years of service	Age 60 with at least 8 years of service

Class Two employees are those employees hired prior to July 1, 2012. Class Three employees are those employees hired on or after July 1, 2012.

Deferred Retirement Benefits

Retirement plan vested employees who terminate employment with Horry County before they meet the eligibility requirements as stated above are generally not eligible for Horry County retiree health care benefits. The exception to this is that they are eligible for Horry County retiree health care benefits if they return to Horry County Government and retire from the SCRS or PORS as a Horry County employee. Employee must have been covered under the State Health Plan for the last five years of employment.

Premium Sharing

The schedule for Horry County funding of retiree health insurance is as follows:

County Subsidy – SCRS

Years of Service	**Grandfathered**	**Years of Service**	**Non-GF**	**Hired after 6/30/2011**
15-22	50%	15-29	50%	0%
23-27	75%	30+	100%	0%
28+	100%			

Note 8. Other Post-Employment Benefits (continued)

County Subsidy – PORS

Years of Service	Grandfathered	Non-GF	Hired after 6/30/2011
15-20	50%	50%	0%
21-24	75%	50%	0%
25+	100%	100%	0%

The subsidy percentage for current retirees varies based on prior County policies.

For non-grandfathered employees, the following plan modifications apply:

1. The County subsidy of retiree health insurance will begin at age 62. Employees can still retire before that age if they are eligible, but the County will not pay the health insurance premiums until age 62. The retiree can stay on the County plan and pay the total premiums personally, or opt-out of the plan and obtain coverage elsewhere, then opt-back in to the plan at age 62 to receive the County funded benefit.

2. The 75% tier is eliminated. Employees are eligible for the County payment of 50% of the premiums, at 15 years of County service, and 100% coverage at 28 or 25 years of service.

3. The amount of the County subsidy will not increase by more than 3% over the amount paid by the County in the prior calendar year. Any increase in cost above 3% will be absorbed by the retiree. The maximum employer subsidy for non-grandfathered retirees was $464.66/mo. in 2019 and 2020.

4. Those employees who separate from County employment for any reason other than retirement and are then rehired after June 30, 2011 will be eligible to participate in the retiree health insurance plan upon their retirement; however, the County will not pay any portion of their retiree health insurance premiums and they will not be eligible to receive any County subsidy for the purposes of retiree health insurance.

For employees hired after June 30, 2011, the following plan modifications apply:
Employees in this category are eligible to participate in the retiree health insurance plans upon their retirement; however, the County will not pay any portion of their retiree health insurance premiums and they will not be eligible to receive any County subsidy for the purpose of retiree health insurance.

Duty and Non-Duty Disability Retirement Benefits

Employees who retire under a disability retirement are eligible for retiree health care benefits based on years of service.

Note 8. Other Post-Employment Benefits (continued)

Duty and Non-Duty Death in Service Retirement Benefits

Survivors of employees who die while actively employed are not eligible for retiree health benefits. However, they are eligible for survivor insurance for one year at no cost to the surviving spouse, after that, qualifying survivor has the option of selecting other insurance or continuing coverage at surviving spouse's expense.

Benefits for Spouses of Retired Employees

Spouses of retired employees are eligible to receive retiree health care benefits at member cost.

Dental Coverage

Members and spouses retiring with retiree health care benefits are eligible for Horry County Government paid dental benefits. No dental subsidies are provided to Medicare eligible retirees.

Retiree Opt-Out

Retirees (employees who meet the retirement criteria eligibility at the time of terminating employment) who decide to opt-out of health care plan will be eligible to opt back in. Non-grandfathered employees will receive the County subsidy at age 62 if they choose to opt back in. There is no additional stipend provided for those who opt-out of retiree health care.

Medicare – Eligible Provisions

County paid health insurance coverage ceases when the retiree becomes Medicare eligible. This change becomes effective December 31, 2012 at which time the County will begin to contribute $150 (2013 amount) on the first banking day of each month in to a Retiree Health Reimbursement Arrangement account for the retiree to purchase a Medicare supplemental insurance plan, or to use for payment of out-of-pocket qualifying medical expenses. This monthly contribution is pro-rated according to the retiree's years of service with the County (50%, 75% if grandfathered, or 100%) and will increase annually by the lower of CPI-U (the Consumer Price Index All Urban Consumers on a September over September basis) or 3% per year. This is the only change that impacts current retirees and current retiree eligible employees or past employees.

A transition provision applies to a select group of current retirees who could receive either a County paid Plan F Medicare Supplement (with a Part D Rx plan and State of SC basic dental) or apply their $150 monthly subsidy towards the State's health plan.

In line with CPI-U changes, the original $150/mo. subsidy for Medicare retirees increased to $163.82 for 2019 and $166.61 for 2020.

Funding Policy

Horry County currently pays for post-employment benefits on a pay-as-you-go basis. The cost of these benefits is recognized as an expenditure of the governmental, internal service, or enterprise fund in which the employee accrued the benefit as provided for in the annual budget ordinance. These benefits will cease if funds are not available for appropriation. For fiscal year 2020, the Airport contributed $28,398 for existing retirees, net of the implicit rate subsidy.

Note 8. Other Post-Employment Benefits (continued)

Implicit Subsidy

Horry County participates in the State of South Carolina's health plan which utilizes a "blended premium" structure. Said another way, the overall health care premiums for active employees and retirees are stated in terms of a single "blended premium". The difference between the underlying retiree claims and the blended overall health care premium is referred to as an "implicit" or "hidden" subsidy. Because the underlying claims costs for a non-Medicare retiree are on average higher than the blended premium, there is a positive implicit subsidy for the non-Medicare retirees. For fiscal year 2020, the Airport recognized a $18,317 Implicit Subsidy for existing retirees.

Total OPEB Liability

At June 30, 2020, the Airport reported a total OPEB liability of $1,565,546 for its proportionate share of County's defined benefit OPEB plan. The OPEB liability was measured as of June 30, 2019. The Airport's proportionate share of the OPEB liability was based on a variety of factors, including the Airport's proportionate share of covered payroll relative to Horry County's covered payroll. At June 30, 2019, the Airport's proportionate shares of the OPEB plan was 6.468407%.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	June 30, 2019
Measurement Date of Total OPEB Liability	June 30, 2019
Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.13% as of June 30, 2019
Inflation	2.25%
Salary Increases	3.50% to 9.50% for PORS and 3.00% to 7.00% for SCRS, including inflation
Demographic Assumptions	Based on the experience study covering the five-year period ending June 30, 2015 as conducted for the South Carolina Retirement Systems (SCRS)
Mortality	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100% for male SCRS members, 111% for females SCRS members, 125% for male PORS members, and 111% for female PORS members.

Note 8. Other Post-Employment Benefits (continued)

Health Care Trend Rates	Initial rate of 6.40% declining to an ultimate rate of 4.15% after 15 years; Ultimate trend rate includes a 0.15% adjustment for the excise tax. The County's post-65 HRA contributions are assumed to increase at 2.25% per year.
Participation Rates	Participation rates are assumed to vary based on service and Grandfathered status: 80% to 100% for Grandfathered retirees with over 15 years at retirement; 20% to 100% for Non-Grandfathered retirees with over 15 years at retirement; 20% for retirees hired after June 30, 2011 or with less than 15 years at retirement.

Other Information

The discount rate changed from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019.

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.13% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 3.62% as of the prior measurement date.

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Summary of Membership Information

The following table provides a summary of the number of participants in the plan as of June 30, 2019:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	383
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	2,121
Total Plan Members	2,504

Note 8. Other Post-Employment Benefits (continued)

Changes in the Total OPEB Liability

Total OPEB liability – June 30, 2019	$ 1,374,942
Service cost	78,301
Interest on the total OPEB liability	97,651
Changes of benefit terms	-
Differences between expected and actual experience of the total OPEB liability	(128,015)
Changes in assumptions	189,382
Benefit payments	(46,715
Net changes	190,604
Total OPEB Liability – June 30, 2020	$ 1,565,546
Covered-employee payroll	$ 6,829,554

Changes of assumptions reflect a change in the discount rate from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019.

The benefit payments during the measurement period were determined as follows:

a.	Explicit benefit payments	$ 28,398	
b.	Implicit benefit payments	18,317	(explicit benefit payments * 0.645)
c.	Total benefit payments	$ 46,715	

The 0.645 factor equals the ratio of the expected implicit subsidy to the expected explicit costs.

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.13%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease 2.13%	Current Discount Rate Assumption 3.13%	1% Increase 4.13%
$ 1,807,982	$ 1,565,546	$ 1,366,672

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

Note 8. Other Post-Employment Benefits (continued)

1% Decrease	Current Healthcare Cost Trend Assumption	1% Increase
$ 1,326,370	$ 1,565,546	$ 1,869,033

OPEB Expense and Recognition of Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2020, the Airport recognized OPEB expense of $124,943.

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period. At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 21,768 years. Additionally, the total plan membership (active employees and inactive employees) was 2,504. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 8.6933 years.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 106,723
Changes in assumptions	87,963	-
Contributions subsequent to the measurement date	43,360	-
Total	$ 131,323	$ 106,723

Deferred Outflows and Deferred Inflows to be recognized in Future OPEB Expense

The $34,630 reported as deferred outflows of resources related to OPEB resulting from the Airport's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Net Deferred Outflows/Inflows
2021	$ (7,649)
2022	(7,649)
2023	(7,649)
2024	(7,649)
2025	(7,649)
Thereafter	19,487
Total	$ (18,760)

Note 9. Net Position

Net Position represents the difference between total assets and liabilities. Reconciliations of the components of net position amounts are as follows:

		2020
Net Investment in Capital Assets		
Net capital assets	$	290,249,831
Construction in progress		6,652,750
Less:		
Retainage payable		(1,637,546)
Revenue bonds payable, net		(52,375,059)
Capital leases payable		(164,822)
Net investment in capital assets	$	242,725,154
Restricted for Debt Service		
Debt service payment funds - principal and interest	$	2,924,441
PFCs restricted for debt service		10,636,843
Revenue bond reserve accounts:		
Debt service reserve accounts		4,364,435
Operations and maintenance reserve		10,433,248
Depreciation reserve		3,000,000
Less: Current Liabilities payable from restricted assets:		
Accrued interest and bonds payable		(2,924,441)
Restricted for debt service	$	28,434,526
Restricted for Capital Projects		
Capital Projects - ITAP and RDA	$	229,975
CFCs held for capital assets		27,582,480
Restricted for Capital Projects	$	27,812,455
Unrestricted	$	35,140,213
Total Net Position	$	334,112,348

Note 10. Operating Leases - Lessor Agreements

The Airport derives a substantial portion of its revenues from charges to air carriers, aeronautical businesses and schools, and concessionaires. Substantially all of the assets classified as fixed assets in the balance sheet are held by the Airport for the purpose of rental or related use. The Airport, as lessor, leases land, buildings, and terminal space to air carriers, and concessionaires on a fixed fee as well as a contingent fee basis. All leases of the Airport are treated as operating leases for accounting purposes. Most of the leases provide for an annual review and redetermination of the rental amounts.

The following is a schedule of future minimum rentals receivable on non-cancelable operating leases as of June 30, 2020:

Year Ended June 30	Total
2021	$ 8,298,902
2022	6,212,404
2023	1,794,384
2024	1,186,936
2025	724,263
2026-2030	2,719,937
Total	$ 20,936,826

Historical Cost of Leased Assets – At June 30, 2020, the historical cost and net book value of certain property leased to parties external to the County reporting entity is $131,241,638 and $83,220,439, respectively.

Note 11. Signatory Airline Agreements

The County has entered into separate, but substantially similar, Signatory Airline Contract and Use Agreements (the Signatory Airline Agreements) with 4 passenger airlines. The Signatory Airline Agreements were signed as of July 1, 2014, with Spirit Airlines, American Airlines, Delta Air Lines, and Allegiant Air. Collectively, these carriers are called "Signatory Airlines".

The Signatory Airline Contract and Airport Use Agreement was effective on July 1, 2012 and terminated on June 30, 2017 (Article 2: 2.1). Upon mutual agreement between the County and the Airlines, the term was extended for a two year period until June 30, 2019 (Article 2: 2.2).

Negotiations for a new Agreement began with the Airline Advisory Committee in 2018. A new Airline Agreement was successfully negotiated and became effective July 1, 2020. Per Article 2: 2.3, the previous agreement was held over on a month-to-month basis during fiscal year 2020, and all terms and conditions provided in the previous agreement remained in full force and effect.

The Signatory Airline Agreements cover the use of and rate-setting mechanisms for the airfield and terminal facilities at the Airport. Interim rates charged during the fiscal year are subject to a retroactive adjustment based upon actual year-end costs and activity levels (the Settlement). Any Settlement owed to the Signatory Airlines is applied to any balance owed by the airlines for rates and charges. For fiscal year 2020, the County estimates no settlement will be paid to the Signatory Airlines, due to conservative

Note 11. Signatory Airline Agreements (continued)

spending and efficient use of CARES Act funds to subsidize the airline fees. This amount is included in amounts due to tenants on the accompanying Statement of Net Position.

The County has also entered into agreements with airlines that serve the Airport and are not party to Signatory Airline Agreements (the Non-signatory Airlines). The County assesses fees, rentals, and charges to the Non-Signatory Airlines at 125% of the fees, rentals, and charges charged to the Signatory Airlines. The Non-Signatory Airlines do not participate in the year-end reconciliation. As of June 30, 2020, the Non-Signatory Airlines operating at the Airport were United Airlines, Frontier Airlines, Porter Airlines, and Sun Country Airlines.

Note 12. Major Customers and Economic Condition

Airline revenues, leases, concessions, and rental car activities, generate approximately 68% of the Airport's revenues or just over $19.4 million of the $28.4 million total operating revenue. Signatory Airlines generate $8.4 million in revenue after surcharges.

Rates and charges of Signatory Airlines, which serve MYR, represented 30.0% of the total operating revenues reported for MYR in fiscal 2020. Of the leading Signatory Airline carriers, Spirit Airlines represents 47.4% of the airline traffic, American Airlines 23.3%, Delta Air Lines 13.4% and Allegiant Air 9.4%.

For the year ended June 30, 2020, there are three customers whose balance represents approximately 39.5% of the net accounts receivable balance.

In response to the COVID-19 Pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed by Congress and signed into law on March 27, 2020. The Act provides nearly $10 billion to eligible United States airports to prevent, prepare for, and mitigate the coronavirus impacts. The airport received $19,400,057 in CARES Act funding for our four airports as follows: MYR - $19,281,057; CRE - $69,000; HYW - $30,000; 5J9 - $20,000.

MYR will utilize the CARES Act funds to cover debt service, partial salary reimbursement and critical operations related to safety and security. The airport committed to reducing our Operations and Maintenance expenses for the last quarter of Fiscal Year 2020 and into Fiscal Year 2021. MYR obtained County Administrator approval to extend financial relief to airlines, food and beverage/news and gifts concessionaires, rental car agencies and other on-site tenants.

Note 13. Employee Benefit Plans

South Carolina Retirement and Police Officers' Retirement Systems

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012 and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina (the “State”), including the

Note 13. Employee Benefit Plans (continued)

State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems (the "Systems"); five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting

a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan descriptions:

The South Carolina Retirement System ("SCRS"), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state–and its political subdivisions. SCRS covers employees of state agencies, public Colleges, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The South Carolina Police Officers Retirement System ("PORS"), a cost–sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

Membership:

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

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

Note 13. Employee Benefit Plans (continued)

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits:

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the

benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below.

Benefits, continued:

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

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

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

Note 13. Employee Benefit Plans (continued)

the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

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

Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule.

Note 13. Employee Benefit Plans (continued)

Required employee contribution rates[1] for fiscal years 2020 and 2019 are as follows:

	2020	2019
SCRS		
Employee Class Two	9.00%	9.00% of earnable compensation
Employee Class Three	9.00%	9.00% of earnable compensation
PORS		
Employee Class Two	9.75%	9.75% of earnable compensation
Employee Class Three	9.75%	9.75% of earnable compensation

Required employer contribution rates[1] for fiscal years 2020 and 2019 are as follows:

	2020	2019
SCRS		
Employer Class Two	15.41%	14.41% of earnable compensation
Employer Class Three	15.41%	14.41% of earnable compensation
Employer Incidental Death Benefit	0.15%	0.15% of earnable compensation
PORS		
Employer Class Two	17.84%	16.84% of earnable compensation
Employer Class Three	17.84%	16.84% of earnable compensation
Employer Incidental Death Benefit	0.20%	0.20% of earnable compensation
Employer Accidental Death Program	0.20%	0.20% of earnable compensation

[1]Calculated on earnable compensation as defined in Title 9 of the SC Code of Laws.

Contributions to the SCRS and PORS pension plans from the Airport were $873,570 and $296,514, respectively, for the year ended June 30, 2020.

Net pension liability:

At June 30, 2020, the Airport reported a liability of $11,646,411 and $2,822,023 for its proportionate share of the SCRS and PORS net pension liability ("NPL"), respectively. The NPL was measured as of June 30, 2019, and the total pension liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as July 1, 2018 and projected forward. The Airport's proportionate share of the NPL was based on a projection of the Airport's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Airport's proportionate share of the SCRS and PORS plans were 0.051004 percent and 0.098468 percent, respectively.

Non-employer contributions:

Employer's proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and non-employer contributions appropriated in the State's budget. In an effort to offset a portion of the burden of the increased contribution requirement for employers, the General Assembly funded 1 percent of the SCRS and PORS contribution increases for fiscal year 2019. The State budget appropriated these funds directly to PEBA and a credit was issued for each employer to use when submitting their quarterly remittances to PEBA. For the year ended June 30, 2019 measurement period,

Note 13. Employee Benefit Plans (continued)

PEBA provided non-employer contributions to the Airport in the amount of $63,275 which is shown as a reduction to net pension liability and other grant revenue in the year ended June 30, 2020.

Pension expense:

For the year ended June 30, 2020, the Airport recognized pension expense for the SCRS and PORS plans of $1,455,525 and $575,407, respectively.

Deferred inflows of resources and deferred outflows of resources:

At June 30, 2020, the Airport reported deferred outflows and inflows of resources related to SCRS pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$823,871	$ -
Net differences in actual and expected retirement plan experience	8,006	83,667
Net difference between projected and actual investment earnings	365,062	-
Assumption Changes	234,692	-
Change in proportionate share of net pension liability	169,448	-
Difference between expected and actual investment earnings - pensions	-	261,952

Deferred inflows of resources and deferred outflows of resources, continued:

At June 30, 2020, the Airport reported deferred outflows and inflows of resources related to PORS pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$283,060	$ -
Differences in actual and expected retirement plan experience	58,027	20,857
Net difference between projected and actual investment earnings	115,256	79,474
Assumption Changes	111,907	-
Change in proportionate share of net pension liability	34,565	-

The $1,106,931 reported as of June 30, 2020 as deferred outflows of resources related to pensions resulting from Airport contributions subsequent to the measurement date for the SCRS plan will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2021.

Note 13. Employee Benefit Plans (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

Measurement Period Ending June 30	Fiscal Year Ending June 30	SCRS		PORS	
2020	2021	$	(343,616)	$	(135,865)
2021	2022		6,391		(35,168)
2022	2023		(53,730)		(31,242)
2023	2024		(40,635)		(17,148)
Net Balance of Deferred Outflows / (Inflows) of Resources		$	(431,590)	$	(219,423)

Actuarial assumptions and methods:

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2019, total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by the Systems' consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2018. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2019, using generally accepted actuarial principles.

Actuarial assumptions and methods, continued:

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

[1]Includes inflation at 2.25%.

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

Note 13. Employee Benefit Plans (continued)

Assumptions used in the determination of the June 30, 2019, TPL are as follows.

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2019, for SCRS and PORS are presented below.

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

The TPL is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the System's notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Note 13. Employee Benefit Plans (continued)

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	**51.0%**		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
Real Assets	**12.0%**		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
Opportunistic	**8.0%**		
Global Tactical Asset Allocation	7.00	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	**15.0%**		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Rate Sensitive	**14.0%**		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

Discount rate:

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

Note 13. Employee Benefit Plans (continued)

Sensitivity analysis:

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

Sensitivity of the Proportional Share of Net Pension Liability to Changes in the Discount Rate			
System	**1.00% Decrease (6.25%)**	**Current Discount Rate (7.25%)**	**1.00% Increase (8.25%)**
SCRS	$14,672,041	$11,646,411	$9,121,348
PORS	$3,824,510	$2,822,023	$2,000,733
Total	$18,496,551	$14,468,434	$11,122,081

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2019 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2019.

Note 14. Commitments and Contingencies

Grants – During the year ended June 30, 2020, the Airport administered grants from the FAA and TSA to fund certain improvements and expansions. In connection with these grants, the Airport is obligated to administer the program and spend the grant monies in accordance with regulatory restrictions and is subject to audit by the grantor agency.

Note 15. Risk Management

The Airport is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation; and natural disasters for which commercial insurance is carried. The Airport carries commercial insurance to cover all losses, including workers' compensation and excluding vehicle comprehensive and collision coverage. During the year ended June 30, 2020, there were no significant reductions in insurance coverage from the prior year.

Note 16. Subsequent Events

Management has evaluated all events and transactions occurring subsequent to the balance sheet date of June 30, 2020, for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through October 23, 2020, the date these financial statements were available to be issued, and except as noted below, there were no subsequent events that required disclosure in these financial statements.

Note 17. Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. In mid-March 2020, the airport began to experience variations in travel patterns and cancellation of multiple flights. A State of Emergency order was enacted on March 13, 2020. Hotels in our area experienced a significant drop in occupancy due to a Stay-At-Home order enacted on April 6, 2020 and restrictions on overnight stays. The Stay-at-Home order was lifted on May 4, 2020. During the summer, South Carolina was designated as a "hot-spot"; therefore, airline schedules were adjusted going forward.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law on March 27, 2020. The airport received $19,400,057 in CARES Act funding:

Myrtle Beach International (MYR)	$19,281,057
North Myrtle Beach (CRE)	69,000
Conway (HYW)	30,000
Loris (SJ9)	20,000

MYR will spend the CARES Act funds on debt service, partial salary reimbursement and critical operations related to safety and security. We have sought advice regarding debt service coverage and continuing disclosure from our bond counsel and our financial advisor, FRASCA. As of September 24, 2020, we have CARES funds remaining of $13,023,464.

MYR committed to reducing our Operations and Maintenance expenses for the last quarter of Fiscal Year 2020 and into Fiscal Year 2021. A hiring freeze was placed, a travel ban was implemented, outside contractual security services on the front curb were eliminated and covered by our Police Department, valet service ceased, overflow credit card lots were closed, shuttle service to long term parking was stopped, and marketing efforts were reduced. No salary adjustments were contemplated for Fiscal Year 2021. Capital Projects without funding in place were deferred indefinitely.

MYR obtained County Administrator approval to extend financial relief to airlines, food and beverage/news and gifts concessionaires, the advertising concessionaire, airport tenants such as Executive Helicopter and banner tow companies, and our rental car agencies. For the majority of these vendors, the Minimum Annual Guarantee was waived in acceptance of percentage fees. For those tenants with a contract term equal to our Fiscal Year, the annual true-up will take the above waivers into consideration for calculation purposes.

Infrastructure Assets

Certain elements of the Myrtle Beach International Airport's runway, aprons, taxiways, drainage systems, etc. which comprise the "Infrastructure Assets" were obtained in conjunction with the USAF property conveyance described in detail in Note. 1, Summary of Significant Accounting Policies.

Condition Rating and Actual Maintenance/Preservation of Airport's Infrastructure

Condition assessments for environmental systems are made regularly and in accordance with the Airport's annual storm water maintenance plan, which is subject to annual audit by the Department of Health and Environmental Control (DHEC). There were no unfavorable DHEC audits during the fiscal periods covered in this annual report.

Horry County Department of Airports (HCDA) developed a Pavement Management and Maintenance Study (PMMS) in 2000, 2010, and again in 2018. The basis for the condition measurement of airfield systems using the Pavement Condition Index (PCI) are distresses found in the pavement surfaces. The airport has a PMMS completed periodically (5-10 years) as required by the Federal Aviation Administration. In addition, the Airport has had FAA Part 139 inspections annually, all of which were passed successfully.

The PCI scale used to assess and report conditions ranges from zero for a failed pavement to 100 for a pavement in new or excellent condition. Generally, ratings 71 and above require only routine preventative maintenance. Pavement ratings of 41-70 typically require major rehabilitation. Pavements with PCI values of below 40 require major reconstruction.

As of January 2018, the average inspected Pavement Condition Index (PCI) for all airfield pavements at the Myrtle Beach International Airport (MYR) was found to be 73, illustrating the fact that the overall pavement at MYR has improved. Runway 18-36 was found to have an average inspected PCI of 99, while the Taxiways had an average inspected PCI of 71, and Aprons had an average inspected PCI of 67. The 2018 average inspected PCI value has increased over 2010 PCI values due to numerous airfield pavement rehabilitation projects.

The Airport's policy has been to comply with all Federal Aviation Administration requirements and has placed condition assessment reliance on additional FAA requirements in evaluating the condition of the Infrastructure assets and in ensuring the safety of the passengers of the airport.

Because of safety requirements, all Airport infrastructure is constantly maintained. FAA 14 CFR Part 139 requires the following activities: (3) daily assessments of the airfield, which include but are not limited to inspection of the runway and taxiways pavement for wear or repair needs, painting/striping, signage, etc. An inspection log is maintained, resulting in a traceable history of maintenance items addressed. The Airport undergoes a rigorous Part 139 audit annually. Management of the Airport believes it is not cost effective to obtain a complete condition assessment every three years and believes that the FAA requirements, together with the additional Airport and state regulatory inspection policies, are sufficient to assess the condition of the Airport infrastructure.

The most recent complete condition assessments of the Airport's other infrastructure assets are as follows (year of assessment shown in):

Infrastructure Asset	Area Weighted PCI Value
Airfield & runway subsystem and roads for:	
Myrtle Beach International (2018)	73
Airfield & runway subsystem and roads for:	
Myrtle Beach International (2010)	65
Airfield & runway subsystem and roads for:	
Myrtle Beach International (2000)	76

The following table represents the estimated and actual maintenance costs of the MYR pavement infrastructure. In fiscal year 2015, the runway at MYR and approximately 1,700 linear feet of Taxiway "A" were replaced. The runway and the new section of Taxiway "A" have a PCI of 100. Included in the runway project is a maintenance plan for the new pavement infrastructure. In fiscal year 2018, HCDA had a comprehensive Pavement Maintenance & Management study for all HCDA operated airports, including MYR, CRE, HYW and 5J9.

Fiscal year ended June 30,	Estimated Cost of Maintenance	Actual Cost of Maintenance
2020	$ 201,000	$ 595,230
2019	194,500	236,930
2018	158,500	210,081
2017	97,000	149,700
2016	69,000	125,296
2015	54,000	62,688
2014	75,000	107,525
2013	44,860	60,937
2012	60,400	96,900
2011	44,000	54,600
2010	50,000	43,500
2009	54,000	56,700

Since 2009, the following pavement improvements to increase the capacity of the taxiways and ramps have taken place. While these projects have increased the capacity of the airfield system, they will also have a positive impact by increasing the weighted PCI for MYR:

- **MYR South Ramp Expansion ($3.6M)** - This project expanded the MYR commercial ramp size by nearly 50% in order to accommodate additional aircraft and the new terminal.

- **MYR "B-2" ($2.8M) –** This project included the construction of a new taxiway in order to allow general aviation and charter aircraft faster access to and from the runway.

- **MYR Ramp Rehabilitation ($2.8M)** - This project removed all remaining asphalt pavement on the Commercial Ramp at MYR and replaced it with 12 inches of P-501 Concrete over 5 inches of Cement Treated Base.

- **MYR Expansion of Taxiway “A” ($5.0M)** – In order to expand the existing ramp for the proposed New Terminal, Taxiway “A” was expanded.

- **MYR Runway Rehabilitation ($20.5M)** – During fiscal year 2015 the construction work for complete rehabilitation of the MYR runway was completed. Additionally, 1,700 linear feet of taxiway “A” was replaced as part of this project. The full length runway was milled and replaced with variable depth asphalt. The runway rehabilitation meets the most current FAA design criteria.

- **General Aviation Ramp Rehabilitation ($3.8M) –** The General Aviation (GA) Ramp encompasses all aircraft parking aprons associated with the FBO and GA tenants. The vast majority of the apron is over forty (40) years old and was the primary aircraft parking apron for the United States Air Force (USAF). The PMMS identified future capital requirements based on the functional and structural conditions of the airfield pavement at MYR. Maintenance performed crack repairs and joint sealing over the years. A major rehabilitation and/or reconstruction of the entire GA ramp is recommended.

- MYR is experiencing tremendous growth in aircraft operations and increases in aircraft size from airline and military operators. The growth is bringing heavier aircraft more frequently to MYR, resulting in an increase in pavement deterioration beyond its original design strength when constructed. HCDA needs to rehabilitate its airfield taxiway pavement and lighting infrastructure before the pavement condition exceeds safety limits. A multi-phased approach to reduce stakeholder operational impacts will be used to deliver the project.

    - **Phase I of the project includes Taxiway A – South**, which was substantially complete in May 2020.
    - **Phase II of the project includes Taxiway A – North,** construction began in January 2020 and is estimated to be completed July 2021.
    - **Future phases for Taxiway B,** will be designed and bid in 2021.

Horry County, South Carolina
Department of Airports
Schedule of the Horry County Department of Airport’s
Proportionate Share of the Net Pension Liability
As of June 30,
Last Seven Fiscal Years

South Carolina Retirement System

	2020	2019	2018	2017	2016
The Airport's proportion of the net pension liability	0.05%	0.05%	0.05%	0.05%	0.05%
The Airport's proportionate share of the net pension liability	$11,646,411	$11,253,895	$10,997,904	$10,429,082	$9,482,741
The Airport's covered payroll	$5,384,352	$5,263,154	$4,927,109	$4,719,256	$4,689,394
The Airport's proportionate share of the net pension liability as percentage of covered payroll	216.30	213.82	223.21	220.99	202.22
Plan fiduciary net position as a percentage of the total pension liability	54.39%	54.10%	53.33%	52.91%	56.99%

	2015	2014
The Airport's proportion of the net pension liability	0.05%	0.05%
The Airport's proportionate share of the net pension liability	$8,247,834	$8,685,643
The Airport's covered payroll	$4,349,241	$3,884,171
The Airport's proportionate share of the net pension liability as percentage of covered payroll	173.66	192.80
Plan fiduciary net position as a percentage of the total pension liability	59.92%	59.90%

Amounts presented above were determined as of June 30, of the preceding year. The information above includes only the seven years since implementation of GASBs 68 and 71. Additional information will be added to provide a complete ten year disclosure required by the pronouncements.

Horry County, South Carolina
Department of Airports
Schedule of the Horry County Department of Airport's
Proportionate Share of the Net Pension Liability
As of June 30,
Last Seven Fiscal Years

Police Officer Retirement System

	2020	2019	2018	2017	2016
The Airport's proportion of the net pension liability	0.09%	0.09%	0.08%	0.08%	0.08%
The Airport's proportionate share of the net pension liability	$2,822,023	$2,669,201	$2,425,142	$2,089,580	$1,817,700
The Airport's covered payroll	$1,428,690	$1,336,698	$1,190,778	$1,049,640	$1,032,893
The Airport's proportionate share of the net pension liability as percentage of covered payroll	197.52	199.69	203.66	199.08	175.98
Plan fiduciary net position as a percentage of the total pension liability	62.69%	61.73%	60.94%	60.44%	64.57%

	2015	2014
The Airport's proportion of the net pension liability	0.08%	0.08%
The Airport's proportionate share of the net pension liability	$1,613,768	$1,654,408
The Airport's covered payroll	$1,013,852	$976,067
The Airport's proportionate share of the net pension liability as percentage of covered payroll	178.39	192.80
Plan fiduciary net position as a percentage of the total pension liability	67.55%	67.50%

Amounts presented above were determined as of June 30, of the preceding year. The information above includes only the seven years since implementation of GASBs 68 and 71. Additional information will be added to provide a complete ten year disclosure required by the pronouncements.

Department of Airports, Horry County South Carolina
Schedule of the Airport's Contributions
South Carolina Retirement System
As of June 30,
Last Ten Fiscal Years

	2020	2019	2018	2017	2016
Contractually required contribution	$ 823,871	$ 720,686	$ 655,690	$ 569,574	$ 521,950
Contributions in relation to the contractually required contribution	823,871	720,686	655,690	569,574	521,950
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
The Airports covered payroll	$ 5,614,206	$ 5,384,352	$ 5,263,154	$ 4,927,109	$ 4,719,256
Contributions as a percentage of the covered payroll	14.67%	13.38%	12.46%	11.56%	11.06%

	2015	2014	2013	2012	2011
Contractually required contribution	$ 511,144	$ 461,020	$ 411,722	$ 323,799	$ 306,435
Contributions in relation to the contractually required contribution	511,144	461,020	411,722	323,799	306,435
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
The Airports covered payroll	$ 4,689,394	$ 4,349,241	$ 3,884,171	$ 3,395,901	$ 3,263,420
Contributions as a percentage of the covered payroll	10.90%	10.60%	10.60%	9.53%	9.39%

Department of Airports, Horry County South Carolina
Schedule of the Airport's Contributions
Police Officer Retirement System
As of June 30,
Last Ten Fiscal Years

	2020	2019	2018	2017	2016
Contractually required contribution	$ 283,060	$ 246,306	$ 198,557	$ 169,567	$ 144,221
Contributions in relation to the contractually required contribution	283,060	246,306	198,557	169,567	144,221
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
The Airports covered payroll	$ 1,625,624	$ 1,428,690	$ 1,336,698	$ 1,190,778	$ 1,049,640
Contributions as a percentage of the covered payroll	17.41%	17.24%	14.85%	14.24%	13.74%

	2015	2014	2013	2012	2011
Contractually required contribution	$ 138,511	$ 130,179	$ 120,056	$ 121,490	$ 121,056
Contributions in relation to the contractually required contribution	138,511	130,179	120,056	121,490	121,056
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
The Airports covered payroll	$ 1,032,893	$ 1,013,852	$ 976,067	$ 1,032,816	$ 1,049,924
Contributions as a percentage of the covered payroll	13.41%	12.84%	12.30%	11.76%	11.53%

Department of Airports, Horry County South Carolina
Schedule of the Airport's Contributions
Other Postemployment Benefits
As of June 30,
Last Five Fiscal Years

	2020	2019	2018	2017	2016
Actuarially required contribution	$ 28,907	$ 28,398	$ 31,821	$ 30,617	$ 34,531
Contributions in relation to the actuarially required contribution	28,907	28,398	31,821	30,617	34,531
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
The Airports covered payroll	$ 7,239,830	$ 6,813,042	$ 6,599,852	$ 6,179,583	$ 5,768,896
Contributions as a percentage of the covered-employee payroll	0.4%	0.4%	0.5%	0.5%	0.6%

Department of Airports, Horry County South Carolina
Schedule of Changes in the Airport's
Total OPEB Liability and Related Ratios
As of June 30,
Last Three Fiscal Years

	2020	2019	2018
Service Cost	$ 78,301	$ 77,441	$ 104,081
Interest on the total OPEB liability	97,651	88,270	90,373
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total OPEB liability	(128,015)	759	-
Changes in assumptions	189,382	(6,088)	(107,604)
Benefit payments	(46,715)	(52,346)	(50,365)
Net changes	190,604	108,036	36,485
Total OPEB liability – beginning	1,374,942	1,266,906	1,230,421
Total OPEB liability – ending	$ 1,565,546	$ 1,374,942	$ 1,266,906
Covered-employee payroll	$ 6,813,042	$ 6,599,852	$ 6,179,583
Airport's OPEB liability as a percentage of covered payroll	22.98%	20.83%	20.50%
Airport's proportion of the County's OPEB liability	3.59%	3.28%	3.09%

Notes to Schedule:
Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used each period.

2020	3.13
2019	3.62
2018	3.56
2017	2.92

The information above includes only three years since implementation of GASB 75. Additional information will be added to provide a complete ten year disclosure required by the pronouncements.

Department of Airports
Horry County, South Carolina
Combining Statement of Revenues, Expenses and
Changes in Net Position
Myrtle Beach International Airport and All Other Airports
year ended June 30, 2020

	Myrtle Beach International Airport	All Other Airports	Totals
Operating Revenues			
Concessions and rentals	$ 8,994,760	$ -	$ 8,994,760
Fuel sales - FBO	6,650,882	1,418,242	8,069,124
Airline terminal rents	6,228,611	-	6,228,611
Baggage Handling System	726,807	-	726,807
Landing fees	1,683,291	-	1,683,291
Leases	836,844	96,691	933,535
Other airline services	552,643	-	552,643
Other	516,321	302,322	818,643
Federal Revenue - TSA LEO Reimbursement Program	127,778	-	127,778
Security fees	269,033	-	269,033
Total operating revenues	26,586,970	1,817,255	28,404,225
Less, signatory airline rebate, and incentive fee waivers	(633,765)	-	(633,765)
Net operating revenues	25,953,205	1,817,255	27,770,460
Operating Expenses			
Salaries and benefits	10,602,796	1,133,128	11,735,924
Depreciation and amortization	11,907,013	1,058,917	12,965,930
Baggage Handling System	890,010	-	890,010
Fuel cost of sales	4,197,226	856,634	5,053,860
Outside and professional services	1,499,136	11,135	1,510,271
Utilities	1,587,535	125,792	1,713,327
Maintenance and supplies	2,381,912	66,574	2,448,486
Horry County administrative costs	366,800	33,200	400,000
Vehicle and equipment (non-capital) expense	497,601	45,860	543,461
Insurance	425,445	67,935	493,380
Memberships, travel, fuels and lubricants	279,601	13,865	293,466
Office supplies	28,641	2,195	30,836
Bad debt expense	1,496		1,496
Total operating expenses	34,665,212	3,415,235	38,080,447
Operating (Loss) Income	$ (8,712,007)	$ (1,597,980)	$ (10,309,987)

Department of Airports
Horry County, South Carolina
Combining Statement of Revenues, Expenses and
Changes in Net Position
Myrtle Beach International Airport and All Other Airports
year ended June 30, 2020

	Myrtle Beach International Airport	All Other Airports	Totals
Non-Operating Revenues (Expenses)			
Passenger Facility Charges (PFC's)	$ 3,667,572	$ -	$ 3,667,572
Contract Facility Charges (CFC's)	2,443,974	-	2,443,974
Interest income	1,789,735	-	1,789,735
Intergovernmental revenues-City of			-
Myrtle Beach	2,407,805	-	2,407,805
Federal grant revenue-CARES Act	4,218,575	-	4,218,575
Gain/(loss) on disposal of assets	29,679	-	29,679
Other state grant revenue	63,275		63,275
Other, net	394,765	-	394,765
Interest Subsidy on the Recovery Zone			-
Economic Bonds	301,616	-	301,616
Interest expense	(2,772,031)	-	(2,772,031)
Net non-operating revenues	12,544,965	-	12,544,965
Income before capital contributions	3,832,958	(1,597,980)	2,234,978
Capital Contributions			
Federal grant revenue - capital projects	19,678,381	4,016,234	23,694,615
State grant revenue - capital projects	-	310,217	310,217
Net capital contributions	19,678,381	4,326,451	24,004,832
Increase in Position	23,511,339	2,728,471	26,239,810
Net Position			
Beginning of year	294,944,841	12,927,697	307,872,538
End of year	$ 318,456,180	$ 15,656,168	$ 334,112,348

Department of Airports
Horry County, South Carolina
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

	Federal CFDA Number/Grant Number	Federal Expenditures
U.S. Department of Transportation		
Federal Aviation Administration (FAA) Airport Improvement Program (AIP)		
AIP Grant	20.106/3-45-0020-020-2017	$ 13,109
AIP Grant	20.106/3-45-0044-023-2019	4,003,125
AIP Grant	20.106/3-45-0065-056-2017	40,744
AIP Grant	20.106/3-45-0065-058-2018	180,283
AIP Grant	20.106/3-45-0065-059-2018	16,359,849
AIP Grant	20.106/3-45-0065-060-2019	2,690,334
AIP Grant	20.106/3-45-0065-061-2019	407,171
Total FAA AIP Grants		23,694,615
Coronavirus Aid Relief and Economic Security Act (CARES) Airport Grants	20.106/3-45-0065-063-2020	4,174,388
Total U.S. Department of Transportation		27,869,003
U.S. Department of Treasury		
Passed-through the Horry County, SC: Coronavirus Relief Fund	21.019	44,187
U.S. Department of Homeland Security		
Transportation Security Administration (TSA) Cooperative Agreement #2116206SLR762 Law Enforcement Officer Reimbursement Program	97.090/HSTS02-16-H-5LR762	127,778
Total Expenditures of Federal Awards		$ 28,040,968

The accompanying notes are an integral part of this schedule.

Department of Airports
Horry County, South Carolina
Note to Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

1. Basis of Presentation

The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of the Uniform Guidance.

The activity shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by the Airport for the period July 1, 2019 through June 30, 2020 on the full accrual basis of accounting, which is the same basis of accounting used in the preparation of the Airport's financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on a full accrual basis, which includes accrual expenditures plus capital expenditures. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

The Airport has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

The Airport does not have any sub-recipients. All federal expenditures are directly related to the Airport.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Honorable Chairman and Members of County Council
Horry County, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Department of Airports of Horry County, South Carolina (the "Airport"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon dated October 23, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Elliott Davis, LLC

Charleston, South Carolina
October 23, 2020

Independent Auditor's Report on Compliance for the Each Major Program Federal Program; Report on Internal Control Over Compliance in Accordance With the OMB Uniform Guidance

The Honorable Chairman and Members of County Council
Horry County, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the Department of Airports of Horry County, South Carolina's (the "Airport") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Airport's major federal program for the year ended June 30, 2020. The Airport's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Airport's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Elliott Davis, LLC

Charleston, South Carolina
October 23, 2020

Department of Airports
Horry County, South Carolina
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements:

We have issued an unmodified opinion dated October 23, 2020 on the financial statements of the Airport.

Internal control over financial reporting:

• Material weaknesses identified?	NO
• Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
• Noncompliance material to financial statements noted?	NO

Federal Awards:

We have issued an unmodified opinion dated October 23, 2020 on the Airport's compliance for its major program.

Internal control over major program:

• Material weaknesses identified?	NO
• Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
• Any audit findings disclosed that are required to be reported in accordance with section 2CFR section 200.516(a) Uniform Guidance?	NO

Identification of Major Program:

CFDA Number	Program
20.106	Airport Improvement Program & CARES ACT

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	YES

Department of Airports
Horry County, South Carolina
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

Section II - Financial Statement Findings

NONE

Section III - Federal Award Findings and Questioned Costs

NONE

Prior Year Audit Findings

NONE

Department of Airports
Horry County, South Carolina
Schedule of Expenditures of Passenger Facility Charges (PFC)
Year ended June 30, 2020

Total Collection Authority	**$111,883,075**		

Approved Applications	Collection Authority	Use Authority	Total Authority
Application #10-04-C-00-MYR	104,020,700	104,020,700	104,020,700
Application #19-05-C-00-MYR	7,862,375	7,862,375	7,862,375
Total Authority	$ 111,883,075	$ 111,883,075	$ 111,883,075

	Fiscal Year 2020 Activity	**Cumulative**
PFC Revenue Received on open application	$ 4,219,953	$ 66,280,980
Interest Earned	206,271	3,785,842
Total – PFC Revenue Received	**$ 4,426,224**	**$ 70,066,822**
Expenditures on Approved PFC Projects	$ (7,693,413)	$ (59,853,443)
PFC Balance		**$ 10,213,379**

The accompanying notes are an integral part of this schedule.

Department of Airports
Horry County, South Carolina
Note to Schedule of Expenditures of Passenger Facility Charges (PFC)
Year ended June 30, 2020

1. Passenger Facility Charges (PFC) Program

The accompanying Schedule of Expenditures of Passenger Facility Charges (PFC) has been prepared pursuant to the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Specific provisions of *the Uniform Guidance* and related documents such as the *OMB Compliance Supplement* and *Data Collection Form* are not applicable to the PFC program.

Passenger facility charges collected include amounts collected by the airlines and transferred to the Airport through June 30, 2020. Expenditures for passenger facility charge approved projects are presented on a cash basis and include only the expenditures for approved PFC projects.

Interest credited represents interest income allocated to the PFC program's unexpended passenger facility charges cash balance.

Independent Auditor's Report on Compliance for the Passenger Facility Charge Program and on Internal Control Over Compliance in Accordance With the Passenger Facility Charge Program Audit Guide

The Honorable Chairman and Members of County Council
Horry County, South Carolina

Report on Compliance for the Passenger Facility Charge Program

We have audited the Department of Airports of Horry County, South Carolina's (the "Airport") compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies,* issued by the Federal Aviation Administration (the Guide), for its passenger facility charge program for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the Airport's compliance.

Opinion on Passenger Facility Charge Program

In our opinion, the Airport 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 June 30, 2020.

Report on Internal Control over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the Airport's passenger facility charge program. In planning and performing our audit, we considered the Airport's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport'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 compliance requirement of the passenger facility charge 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 compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Elliott Davis, LLC

Charleston, South Carolina
October 23, 2020