



BEAUFORT COUNTY, SOUTH CAROLINA

Beaufort County Airports

Lady's Island Airport

Hilton Head Island Airport

QUARTERLY FINANCIAL REPORT

For the Twelve Months of Fiscal Year 2016 Ending

June 30, 2016

Gary Kubic, County Administrator

Joshua Gruber, Deputy County Administrator

Jon Rembold, Airports Director

Alicia Holland, CPA, CGMA, Chief Financial Officer

BEAUFORT COUNTY, SOUTH CAROLINA
AIRPORTS FINANCIAL SUMMARY AND ANALYSIS
FOR THE FISCAL YEAR TO DATE ENDING JUNE 30, 2016

A summary of the financial statements for Beaufort County Airport Funds for the fiscal year to date ending June 30, 2016 (*preliminary and unaudited*) is included in this document. This summary is intended to provide information regarding the Beaufort County Airports – Lady’s Island and Hilton Head Island – current financial condition.

Lady’s Island Airport

- As of June 30, 2016, receivables have decreased approximately \$15 thousand or 46% as compared to June 30, 2015. This is mainly due to timing of grant draws and the receipt of these draws. Receivables consist of \$4 thousand in operating receivables and nearly \$14 thousand in federal and state grant receivables.
- Accounts payable has decreased approximately \$50 thousand as compared to June 30, 2015. This is also due to timing of invoice payments.
- Negative Equity in Pooled Cash (Due to General Fund) has increased approximately \$70 thousand or 18% as compared to June 30, 2015. This is mainly due to tree removal/legal expenditures at the Lady’s Island Airport that will be requested within a future grant.
- Operating revenues are 96% of the annual budget and approximately \$22 thousand or 4% less than the same period in fiscal year 2015. Operating expenses are 88% of the annual budget and approximately \$17 thousand or 3% less than the same period in fiscal year 2015.

Hilton Head Island Airport

- As of June 30, 2016, receivables have increased approximately \$495 thousand or 33% as compared to June 30, 2015. This is mainly due to Federal Aviation Administration and State Grants that have been submitted for reimbursement but were not received as of June 30, 2016. Receivables consist of \$132 thousand in operating receivables, \$24 thousand in Passenger Facility Charge receivables, \$1.4 million in federal grant receivables and \$452 thousand in state grant receivables.
- Accounts payable has increased approximately \$1.2 million as compared to June 30, 2015. This is mainly due to timing of invoice payments.
- Negative Equity in Pooled Cash (Due to General Fund) has decreased \$3.4 million or 69% as compared to June 30, 2015. This is due to timing of capital expenses and the receipt of grant reimbursements.
- The Note Payable, also known as the Hangar Note, is interest bearing at a rate of 2.07% with a maturity date of June 30, 2032. As of June 30, 2016, this Hangar Note had a principal balance of \$1,314,759.
- During fiscal year 2015, a new note in the amount of \$2,260,000 was established in conjunction with a general obligation bond issue. The new note is interest bearing at a rate of 2.94% with a maturity date of December 31, 2034. As of June 30, 2016, this new debt had a principal balance of \$2,113,193.
- During fiscal year 2016, the Hilton Head Island Airport paid \$153 thousand of principal on both notes and nearly \$92 thousand of interest.
- Operating revenues are 85% of the annual budget and approximately \$166 thousand or 9% less than the same period in fiscal year 2015. Operating expenses are 116% of the annual budget and approximately \$907 thousand or 53% more than the same period in fiscal year 2015. This is mainly due to an unappropriated payment made on behalf of Palmetto Hall. Beaufort County, Town of Hilton Head and Palmetto Hall entered into a Memorandum of Understanding in December 2015.

UNAUDITED AND PRELIMINARY
BEAUFORT COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
Lady's Island Airport

	June 30, 2016	June 30, 2015
<u>ASSETS</u>		
Current Assets		
Cash and Investments with Trustee	\$ 250	\$ 250
Receivables, Net	17,838	32,866
Inventories	51,667	73,784
Prepayments	5,512	7,296
Total Current Assets	75,267	114,196
Capital Assets	4,824,742	4,824,742
Accumulated Depreciation	(992,993)	(938,874)
	3,831,749	3,885,868
Total Assets	3,907,016	4,000,064
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Contributions to pension plan	8,383	8,383
Pension experience differences	4,197	4,197
Total deferred outflows of resources	12,580	12,580
Total assets and deferred outflows of resources	\$ 3,919,596	\$ 4,012,644
<u>LIABILITIES</u>		
Liabilities		
Account Payable	26,100	76,238
Accrued Payroll	886	2,838
Accrued Compensated Absences	625	625
Negative Equity in Pooled Cash	455,947	385,738
Total Current Liabilities	483,558	465,439
Noncurrent Liabilities		
Accrued Compensated Absences	4,746	4,746
Net Other Postemployment Benefits Obligation	-	2,962
Net Pension Liability	148,170	148,170
Total Noncurrent Liabilities	152,916	155,878
Total Liabilities	636,474	621,317
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Net pension change in projected investment earnings	12,488	12,488
Total deferred inflows of resources	12,488	12,488
<u>NET POSITION</u>		
Net investment in capital assets	3,831,749	3,885,868
Unrestricted (Deficit)	(561,115)	(507,029)
Total Net Position	\$ 3,270,634	\$ 3,378,839
Total liabilities, deferred inflows of resources, and net position	\$ 3,919,596	\$ 4,012,644

UNAUDITED AND PRELIMINARY
 BEAUFORT COUNTY, SOUTH CAROLINA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 Lady's Island Airport
 For the Period Ended June 30, 2016

	Budget FY 2016	June 30, 2016	Budget to Actual	Percent of Budget
Operating Revenues				
Fuel and Oil Sales	\$ 402,000	\$ 380,110	\$ (21,890)	95%
Flight Training Commissions	2,000	1,095	(905)	55%
Concession Sales	4,000	3,162	(838)	79%
Ramp Fees	11,000	10,885	(115)	99%
Rentals	133,508	135,556	2,048	102%
Other Charges	800	-	(800)	0%
Total Operating Revenues	<u>553,308</u>	<u>530,808</u>	<u>(22,500)</u>	<u>96%</u>
Operating Expenses				
Costs of Sales and Services	238,712	228,618	(10,094)	96%
Personnel	148,029	135,440	(12,589)	91%
Purchased Services	129,967	105,957	(24,010)	82%
Supplies	8,600	7,485	(1,115)	87%
Non-Grant Capital Expenses	28,000	8,289	(19,711)	30%
Depreciation	60,000	54,120	(5,880)	90%
Total Operating Expenses	<u>613,308</u>	<u>539,909</u>	<u>(73,399)</u>	<u>88%</u>
Operating Income (Loss)	(60,000)	(9,101)	50,899	
Non-Operating Revenues (Expenses)				
FAA Grants	-	244,991	244,991	100%
SCAC Grants	-	13,718	13,718	100%
Non-Operating Grant Expenses	-	(357,813)	(357,813)	100%
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(99,104)</u>	<u>(99,104)</u>	<u>100%</u>
Change in Net Position	(60,000)	(108,205)	(48,205)	
Net Position, Beginning	<u>3,378,839</u>	<u>3,378,839</u>		
Net Position, Ending	<u>\$ 3,318,839</u>	<u>\$ 3,270,634</u>	<u>\$ (48,205)</u>	<u>99%</u>

BEAUFORT COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Lady's Island Airport
For the Period Ended June 30, 2015

	Budget FY 2015	June 30, 2015	Budget to Actual	Percent of Budget
Operating Revenues				
Fuel and Oil Sales	\$ 497,255	\$ 407,747	\$ (89,508)	82%
Flight Training Commissions	2,000	930	(1,070)	47%
Concession Sales	6,000	4,096	(1,904)	68%
Ramp Fees	14,000	10,400	(3,600)	74%
Rentals	131,616	128,404	(3,212)	98%
Other Charges	500	514	14	103%
Total Operating Revenues	<u>651,371</u>	<u>552,091</u>	<u>(99,280)</u>	<u>85%</u>
Operating Expenses				
Costs of Sales and Services	302,000	275,400	(26,600)	91%
Personnel	150,956	91,060	(59,896)	60%
Purchased Services	126,815	123,109	(3,706)	97%
Supplies	11,600	6,582	(5,018)	57%
Depreciation	60,000	60,470	470	101%
Total Operating Expenses	<u>651,371</u>	<u>556,621</u>	<u>(94,750)</u>	<u>85%</u>
Operating Income (Loss)	-	(4,530)	(4,530)	
Non-Operating Revenues (Expenses)				
SCAC Grants	-	14,116	14,116	100%
Non-Operating Grant Expenses	-	(112,022)	(112,022)	100%
Interest Income	-	35	35	100%
Total Non-Operating Revenues	<u>-</u>	<u>(97,871)</u>	<u>(97,871)</u>	<u>100%</u>
Change in Net Position	-	(102,401)	(102,401)	
Net Position, Beginning	<u>3,481,240</u>	<u>3,481,240</u>		
Net Position, Ending	<u>\$ 3,481,240</u>	<u>\$ 3,378,839</u>	<u>\$ (102,401)</u>	<u>97%</u>

PRELIMINARY AND UNAUDITED
BEAUFORT COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
Lady's Island Airport
For the fiscal year to date as of June 30, 2016

Change in Net Assets	\$ (108,205)
Plus Depreciation	<u>54,120</u>
Change in unrestricted net assets	(54,085)
Cash provided by (used for) operating activities:	
Decrease in Receivables	15,028
Decrease in Inventory	22,117
Decrease in Prepaid Expenses	1,784
Decrease in Accounts Payable	(50,139)
Decrease in Accrued Payroll	(1,952)
Increase in Negative Equity in Pooled Cash	70,209
Decrease in OPEB	<u>(2,962)</u>
	54,085
Change in cash	-
Beginning Cash	<u>250</u>
Ending Cash	<u><u>\$ 250</u></u>

PRELIMINARY AND UNAUDITED
BEAUFORT COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
Hilton Head Island Airport

	June 30, 2016	June 30, 2015
<u>ASSETS</u>		
Current Assets		
Cash and Investments with Trustee	\$ 200	\$ 200
Receivables, Net	2,008,546	1,513,820
Prepayments	23,644	26,233
Total Current Assets	2,032,390	1,540,253
Capital Assets	31,547,786	31,547,786
Accumulated Depreciation	(9,325,492)	(8,770,432)
	22,222,294	22,777,354
 Total Assets	 24,254,684	 24,317,607
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Contributions to pension plan	98,426	98,426
Pension experience differences	30,485	30,485
Total deferred outflows of resources	128,911	128,911
 Total assets and deferred outflows of resources	 \$ 24,383,595	 \$ 24,446,518
<u>LIABILITIES</u>		
Liabilities		
Account Payable	1,438,310	267,026
Accrued Payroll	7,670	21,761
Accrued Compensated Absences	5,705	5,705
Negative Equity in Pooled Cash	1,538,744	4,980,727
Current Portion of Note Payable to Debt Service Fund	157,397	153,445
Total Current Liabilities	3,147,826	5,428,664
Noncurrent Liabilities		
Accrued Compensated Absences	43,326	43,326
Net Other Postemployment Benefits Obligation	-	17,770
Net Pension Liability	1,126,714	1,126,714
Note Payable to Debt Service Fund	3,270,555	3,427,952
Total Noncurrent Liabilities	4,440,595	4,615,762
 Total Liabilities	 7,588,421	 10,044,426
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Net pension change in projected investment earnings	122,402	122,402
Total deferred inflows of resources	122,402	122,402
<u>NET POSITION</u>		
Net investment in capital assets	22,222,294	22,777,354
Unrestricted (Deficit)	(5,549,522)	(8,497,664)
Total Net Position	\$ 16,672,772	\$ 14,279,690
 Total liabilities, deferred inflows of resources, and net position	 \$ 24,383,595	 \$ 24,446,518

PRELIMINARY AND UNAUDITED
BEAUFORT COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Hilton Head Island Airport
For the Period Ended June 30, 2016

	Budget FY 2016	June 30, 2016	Budget to Actual	Percent of Budget
Operating Revenues				
FBO Ground Lease	\$ 52,992	\$ 54,349	\$ 1,357	103%
FBO Concessions	36,600	5,659	(30,941)	15%
FBO Fuel Commission	280,000	229,244	(50,756)	82%
Passenger Facility Charges	225,000	134,233	(90,767)	60%
Flight Training Commissions	2,500	694	(1,806)	28%
Firefighting Fees	255,100	255,144	44	100%
Landing Fees	105,000	61,501	(43,499)	59%
Parking/Taxi Fees	55,000	28,005	(26,995)	51%
Security Fees	27,000	26,587	(413)	98%
Rentals	618,694	531,272	(87,422)	86%
Hangar Rentals	191,310	166,555	(24,755)	87%
TSA Revenues	65,000	58,750	(6,250)	90%
Other Charges	<u>60,100</u>	<u>124,351</u>	<u>64,251</u>	<u>207%</u>
Total Operating Revenues	<u>1,974,296</u>	<u>1,676,344</u>	<u>(297,952)</u>	<u>85%</u>
Operating Expenses				
Personnel	1,143,761	1,087,264	(56,497)	95%
Purchased Services	488,743	363,107	(125,636)	74%
Supplies	76,860	34,944	(41,916)	45%
Non-Grant Capital Expenses	-	589,305	589,305	100%
Depreciation	<u>550,000</u>	<u>555,060</u>	<u>5,060</u>	<u>101%</u>
Total Operating Expenses	<u>2,259,364</u>	<u>2,629,680</u>	<u>370,316</u>	<u>116%</u>
Operating Income (Loss)	(285,068)	(953,336)	(668,268)	
Non-Operating Revenues (Expenses)				
FAA Grants	3,000,000	8,946,422	5,946,422	298%
SCAC Grants	120,000	451,835	331,835	377%
Non-Operating Grant Expenses	(3,240,000)	(5,960,407)	(2,720,407)	184%
Interest Earned	-	366	366	100%
Interest Expense	<u>(135,000)</u>	<u>(91,798)</u>	<u>43,202</u>	<u>68%</u>
Total Non-Operating Revenues	<u>(255,000)</u>	<u>3,346,418</u>	<u>3,601,418</u>	<u>-1312%</u>
Change in Net Position	(540,068)	2,393,082	2,933,150	
Net Position, Beginning	<u>14,279,690</u>	<u>14,279,690</u>		
Net Position, Ending	<u>\$ 13,739,622</u>	<u>\$ 16,672,772</u>	<u>\$ 2,933,150</u>	<u>121%</u>

BEAUFORT COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Hilton Head Island Airport
For the Period Ended June 30, 2015

	Budget FY 2015	June 30, 2015	Budget to Actual	Percent of Budget
Operating Revenues				
FBO Ground Lease	\$ 52,992	\$ 51,752	\$ (1,240)	98%
FBO Concessions	36,600	16,723	(19,877)	46%
FBO Fuel Commission	280,000	247,448	(32,552)	88%
Passenger Facility Charges	225,000	191,461	(33,539)	85%
Flight Training Commissions	2,500	3,342	842	134%
Firefighting Fees	255,100	255,144	44	100%
Landing Fees	105,000	95,549	(9,451)	91%
Parking/Taxi Fees	55,000	52,068	(2,932)	95%
Security Fees	27,000	26,587	(413)	98%
Rentals	618,694	578,645	(40,049)	94%
Hangar Rentals	191,310	179,808	(11,502)	94%
TSA Revenues	120,000	65,450	(54,550)	55%
Other Charges	<u>60,100</u>	<u>78,516</u>	<u>18,416</u>	<u>131%</u>
Total Operating Revenues	<u>2,029,296</u>	<u>1,842,493</u>	<u>(186,803)</u>	<u>91%</u>
Operating Expenses				
Personnel	1,019,163	703,714	(315,449)	69%
Purchased Services	467,843	411,492	(56,351)	88%
Supplies	84,360	57,624	(26,736)	68%
Depreciation	<u>600,000</u>	<u>549,338</u>	<u>(50,662)</u>	<u>92%</u>
Total Operating Expenses	<u>2,171,366</u>	<u>1,722,168</u>	<u>(449,198)</u>	<u>79%</u>
Operating Income (Loss)	(142,070)	120,325	262,395	-85%
Non-Operating Revenues (Expenses)				
FAA Grants	3,119,290	1,285,908	(1,833,382)	41%
SCAC Grants	120,000	176,168	56,168	147%
Non-Operating Grant Expenses	(3,240,000)	(2,388,426)	851,574	74%
Interest Earned	-	428	428	100%
Interest Expense	<u>(29,508)</u>	<u>(78,888)</u>	<u>(49,380)</u>	<u>267%</u>
Total Non-Operating Revenues	<u>(30,218)</u>	<u>(1,004,810)</u>	<u>(974,592)</u>	<u>3325%</u>
Change in Net Position	(172,288)	(884,485)	(712,197)	
Net Position, Beginning	<u>15,164,175</u>	<u>15,164,175</u>		
Net Position, Ending	<u>\$ 14,991,887</u>	<u>\$ 14,279,690</u>	<u>\$ (712,197)</u>	<u>95%</u>

PRELIMINARY AND UNAUDITED
BEAUFORT COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
Hilton Head Island Airport
For the fiscal year to date as of June 30, 2016

Change in Net Assets	\$ 2,393,082
Plus Depreciation	<u>555,060</u>
Change in unrestricted net assets	2,948,142
Cash provided by (used for) operating activities:	
Increase in Receivables	(494,726)
Decrease in Prepaid Expenses	2,589
Increase in Accounts Payable	1,171,281
Decrease in Accrued Payroll	(14,091)
Decrease in Negative Equity in Pooled Cash	(3,441,983)
Decrease in OPEB	<u>(17,770)</u>
	(2,794,700)
Cash provided by (used for) financing activities:	
Decrease in Note Payable to Debt Service Fund	<u>(153,442)</u>
	(153,442)
Change in cash	-
Beginning Cash	<u>200</u>
Ending Cash	<u>\$ 200</u>