



AGENDA

Greater Asheville Regional Airport Authority Regular Meeting
Friday, November 9, 2018, 8:30 a.m.
Conference Room at Administrative Offices

NOTICE TO THE PUBLIC: The Airport Authority welcomes comments from the public on any agenda item. Comments are received prior to the Board's discussion of the agenda item. Comments are limited to five minutes. If you wish to comment on an agenda item, please deliver a request card (available in the meeting room) to the Clerk to the Board prior to the agenda item being called by the Chair.

- I. CALL TO ORDER
- II. WELCOME AND SWEARING IN OF NEW BOARD MEMBER - CARL H. RICKER, JR.
- III. SERVICE AWARD PRESENTATIONS:
 - A. David King – 10 Years
- IV. PRESENTATIONS: None
- V. FINANCIAL REPORT ([document](#))
- VI. CONSENT ITEMS:
 - A. Approval of the Greater Asheville Regional Airport Authority October 12, 2018 Regular Meeting Minutes ([document](#))
 - B. Approval of the Greater Asheville Regional Airport Authority October 12, 2018 Closed Session Minutes
 - C. Approval of Daily Deposit Requirement ([document](#))
 - D. Approval of Resolution for Electronic Signatures ([document](#))



VII. OLD BUSINESS: None

VIII. NEW BUSINESS:

- A. Presentation of the Annual Audited Financial Report for Fiscal Year 2017/2018 ([document](#))
- B. Adoption of the Asheville Regional Airport Five-Year Capital Improvement Plan (CIP) for FY 2020-2024 ([document](#))
- C. Approval of Work Authorization No. 2 with Parrish and Partners of North Carolina, PLLC for South Terminal Apron Expansion Project Engineering Services ([document](#))

IX. DIRECTOR'S REPORT:

- A. Status of Airfield Re-development Project
- B. Wings for Autism
- C. New American Service

X. INFORMATION SECTION:

(Staff presentations will not be made on these items. Staff will be available to address questions from the Board.)

- A. September 2018 Traffic Report ([document](#))
- B. September 2018 Monthly Financial Report ([document](#))
- C. November 2018 Development/Project Status Report ([document](#))
- D. Potential Board Items for the Next Regular Meeting:
 - None identified at this time

XI. PUBLIC AND TENANTS' COMMENTS

XII. CALL FOR NEXT MEETING



XIII. CLOSED SESSION:

Pursuant to Subsections 143-318.11 (a) (3) and (4) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege and to Discuss Matters Relating to the Location and/or Expansion of Industries or Other Businesses in the Area Served by the Authority, Including Agreement on a Tentative List of Economic Development Incentives that may be Offered by the Authority in Negotiations.

XIV. AUTHORITY MEMBER REPORTS:

A. Key Strategic Elements ([document](#))

XV. ADJOURNMENT

This agenda of the Greater Asheville Regional Airport Authority is provided as a matter of convenience to the public. It is not the official agenda. Although every effort is made to provide complete and accurate information in this agenda, the Greater Asheville Regional Airport Authority does not warrant or guarantee its accuracy or completeness for any purpose. The agenda is subject to change before and/or during the Board meeting.

**Asheville Regional Airport
Executive Summary
September-18**

AIRPORT ACTIVITY

	Month	Variance to Prior Year	Calendar Year to Date	Variance to Prior Year
Passenger Enplanements	44,766	11.8%	401,623	17.2%
Aircraft Operations				
Commercial	1,838	(1.7%)	13,987	1.5%
Scheduled Flights	684	(2.1%)		
Flight Cancellations	3			
Seats	60,977	22.6%	482,660	12.9%
Load Factor	73.4%	(8.8%)	83.2%	3.8%
General Aviation	2,389	(41.0%)	30,289	(3.9%)
Military	173	(69.3%)	2,391	(32.1%)

FINANCIAL RESULTS

	Month	Variance to Budget	Fiscal Year to Date	Variance to Budget
Operating Revenues	\$ 997,702		\$ 3,475,030	
Operating Expenses	563,350		1,854,878	
Net Operating Revenues before Depreciation	<u>\$ 434,352</u>		<u>\$ 1,620,152</u>	
Net Non-Operating Revenues	<u>\$ 325,117</u>		<u>\$ 1,046,580</u>	
Grants:				
FAA AIP Grants	\$ (228,300)		\$ (91,825)	
NC Dept of Transportation Grants	-		2,024,831	
Total	<u>\$ (228,300)</u>		<u>\$ 1,933,006</u>	

CASH

Restricted	\$ 10,381,863
Designated for O&M Reserve	4,608,465
Designated for Emergency Repair	650,000
Unrestricted, Undesignated	18,867,656
Total	<u>\$ 34,507,984</u>

RECEIVABLES PAST DUE

	Total	1-30 Days	31-60 Days	Over 60 Days
Advertising Customers	24,912	3,375	8,895	12,642
Allegiant	11,123	1,037	-	10,086
American	50,792	-	1,638	49,154
Avis	23,705	12,906	8,154	2,645
Budget	16,612	2,021	7,148	7,443
Delta	40,836	39,377	317	1,142
Elite Airways	9,300	3,164	3,125	3,011
Enterprise	13,177	6,499	859	5,819
TSA	1,114	410	530	174
FAA	12,934	70	-	12,864
Hertz	39,556	37,716	-	1,840
Paradies	18,976	17,550	-	1,426
Signature	3,667	-	-	3,667
Skywest	33,915	230	828	32,857
Travelers Insurance	466,526	465,616	-	910
United	2,920	611	2,101	208
Vanguard	21,795	13,385	125	8,285
Miscellaneous	8,630	3,744	402	4,484
Total	<u>\$ 800,490</u>	<u>\$ 607,711</u>	<u>\$ 34,122</u>	<u>\$ 158,657</u>
% of Total Receivables	58.80%			

Note: Excludes balances paid subsequent to month-end.

REVENUE BONDS PAYABLE

	Original Amount	Current Balance
Parking Garage Revenue Bond, Series 2016A	\$ 15,750,000	\$ 15,750,000
Parking Garage Taxable Revenue Bond, Series 2016B	5,250,000	3,080,000
	<u>\$ 21,000,000</u>	<u>\$ 18,830,000</u>

CAPITAL EXPENDITURES

Annual Budget	\$ 30,555,589
Year-to-Date Spending	\$ 837,093

**REGULAR MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
October 12, 2018**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, October 12, 2018 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Asheville, NC 28732.

MEMBERS PRESENT: Matthew C. Burrell, Chair; K. Ray Bailey, Vice-Chair; Stephanie Pace Brown; George H. Erwin, Jr.; and Brad Galbraith

MEMBERS ABSENT: William L. Moyer

STAFF AND LEGAL COUNSEL PRESENT: Cindy Rice, Authority Legal Counsel; Lew Bleiweis, Executive Director; Michael Reisman, Deputy Executive Director of Development and Operations; Kevan Smith, Chief of Public Safety; Tina Kinsey, Director of Marketing and Public Relations; Janet Burnette, Director of Finance and Accounting; Shane Stockman, IT Director; John Coon, Director of Operations; Samuel Sales, Public Safety Captain; Rita Yanz, Development Coordinator; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: Jason Sandford, Ashvegas; Mike Darcangelo, Avcon; Paul Puckli, CHA Consulting; Elwin Dobson, Leo A. Daly; Jon McCalmont, Parrish & Partners; Charles Buckland, Signature Flight

CALL TO ORDER: The Chair called the meeting to order at 8:30 a.m.

SERVICE AWARD PRESENTATIONS: The Chair recognized Rita Yanz with a service recognition award and gift for her 10 years of service with the Authority.

PRESENTATIONS:

A. Terminal Facility Requirements: Paul Puckli with CHA Consulting and Elwin Dobson with Leo A. Daly gave a presentation regarding terminal facility requirements. Enplanement and peak activity forecasts were highlighted along with assumptions for passenger use of all areas of the terminal building. Mr. Puckli stated that the forecasts show deficiencies for all areas of the terminal building and these are during the peak hours. The growth rates indicate a necessity for 9 gates in 2018 up to 12 gates by 2038. Mr. Puckli further stated that the current terminal building is 114,000 sf and the forecasts predict a need for approximately 200,000 sf. Mr. Puckli stated that a second-level

concourse is likely going to be needed to accommodate the growth as well as an increase in the number of gates.

Ms. Brown asked for clarification on the congestion in the terminal. Mr. Puckli responded that congestion, specifically at the security checkpoint or ticket lobby, is more prevalent at certain times of the day, with early morning and late afternoon being the busiest times. Those factors were used to build in those expansion opportunities. Ms. Brown asked if there was an acceptable standard that the airport would be building to or not to exceed a certain time. Mr. Puckli replied that there are standards that their firm uses such as IATA and FAA for building standards. The Director responded that the checkpoint is not included in the standards, TSA does track how many passengers utilize the checkpoint during certain times. The rest of the terminal building falls under the FAA and the numbers for peak hours and passengers flowing through are tracked by the FAA.

Mr. Puckli presented design concept renderings which included two options for a new terminal facility including airside and landside space as well as a review of the construction phases for all concepts.

Mr. Reisman advised the Board that the renderings shown were rough conceptual ideas of what the building could look like. CHA Consulting and Leo A. Daly were contracted to complete a terminal study and are not the architects for the design of the terminal building. A different architectural firm will design the terminal building and as the design process begins, a lot of the concepts presented could be used, but some will most certainly change. Mr. Reisman further stated that some of the phases presented would likely change as well.

Ms. Brown questioned if there were alternate scenarios for growth rates, if the growth was sustainable, and if the recent growth was what the projections were based on. The Director stated that it is not expected that the airport will continue to grow at the rate that has been experienced the last several years. The Director further stated that 2.5% is the actual growth rate in the forecasts presented between the current time and 2038. Mr. Puckli commented that it was not reasonable to assume the growth would continue at the current rate. Mr. Puckli reviewed the manner in which the growth rates were calculated and commented that the forecasts are based on a combination of what the airport is experiencing for growth as well as population growth in the area. The 2.5% annual average growth rate is in line with industry standards. Mr. Dobson stated that building in phases also represents a stopping point so that the airport can grow incrementally and that is part of the planning process.

Mr. Puckli reviewed the total program costs for all phases of both options of a new terminal facility.

The Director reminded the Board that the presentation shown was of general concept and that staff would be engaging a consultant currently under contract to lead the terminal modernization program. The Director stated that he believed that some design work would occur within the next 12 months with construction beginning within two years.

Ms. Brown inquired if this presentation encompasses the infrastructure needs that were discussed in August. Mr. Reisman stated that there would need to be a one or two-year period of infrastructure upgrades for water and sewer just to have enough utilities onsite to accommodate an expansion of the terminal building. While the infrastructure needs are addressed, the design work for the terminal building can take place. The Director advised the Board that some of the infrastructure presented in August may or may not be incorporated, but the water, sewer and electrical upgrades will be done and will be referred to as phase one. The Director stated that the total cost for the infrastructure upgrades was approximately \$7 million, but a lot of the HVAC was not included in that.

The Chair questioned if the air traffic control tower would remain in the center of the building. The Director responded that this was correct, and that this was driving some of the design. Staff has reached out to the FAA, but have been told that the FAA would not do anything with the tower. Staff will continue to have discussions with the FAA about the control tower.

Mr. Puckli concluded the presentation with renderings of options for improvements to the façade of the terminal building.

The Board thanked Mr. Puckli and Mr. Dobson for their presentation.

FINANCIAL REPORT: The Director reported on the airport activity for the month of August which included enplanements, aircraft operations, and general aviation activity. Janet Burnette reported on the financial activity for the month of August.

CONSENT ITEMS: The Chair stated that Consent Item B, Approval of the Greater Asheville Regional Airport Authority September 7, 2018 Closed Session Minutes, would be pulled for review in Closed Session.

A. Approval of the Greater Asheville Regional Airport Authority September 7, 2018 Regular Meeting Minutes:

C. Ratification of Amendment to the FY 2018/2019 Budget:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2019:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Capital Improvements		\$60,000
Totals	<hr/>	<hr/> \$60,000 <hr/>

This results in a net increase of \$60,000 in the appropriations. Revenues are revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA Cash		\$60,000
Totals	<hr/>	<hr/> \$60,000 <hr/>

Section 2. Copies of this budget ratification shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Ratified this 12th day of October, 2018.

Matthew C. Burril, Chair

Attested by:

Ellen Heywood, Clerk to the Board

D. Approval of Resolution for Surplus Property:

Mr. Erwin moved to approve Consent Items A, C, and D. Mr. Galbraith seconded the motion and it carried unanimously.

OLD BUSINESS: None

NEW BUSINESS:

A. Approve Modification to FAA Reimbursable Agreement No. AJW-FN-ESA-15-7294: Michael Reisman advised the Board that the design and installation of Navigational Aids (Nav aids) for Runway 17/35 was approved by the Board in February, 2016 for \$841,184.94. Mr. Reisman reported that the Nav aid systems were only partially installed as installation requires certain milestones be achieved in the general construction of the runway as a prerequisite. The FAA has had personnel on site throughout the delays on the runway project, has incurred significant additional direct costs, and has exhausted the funds available under Reimbursable Agreement No. AJW-FN-ESA-15-7294. Without continued additional funding, the FAA cannot complete the Nav aids on this project. Mr. Reisman informed the Board that the additional cost associated with the modification of the Agreement is \$649,919.93 and that this amount will be included in the billings to the surety company for reimbursement to the Authority.

Mr. Bailey moved to approve Modification to FAA Reimbursable Agreement No. AJW-FN-ESA-15-7294 in the amount of \$649,919.93 and authorize the Executive Director to execute the necessary documents. Ms. Brown seconded the motion and it carried unanimously.

B. Approval of the Greater Asheville Regional Airport Authority Board 2019 Schedule: The Director commented that the schedule included the agenda package was for the Board's consideration and approval.

Mr. Galbraith moved to approve the 2019 Authority Board schedule as presented. Mr. Erwin seconded the motion and it carried unanimously.

C. Approval of Amended Pay Grade Structure: Janet Burnette informed the Board that a new properties/purchasing contract manager position was approved in the current fiscal year budget. Due to the current employment market, staff is finding it difficult to fill this position. The salary range for this position is not attracting qualified applicants. Staff is requesting an adjustment to the current Pay Grade 7 structure in order to help fill the open position. Mrs. Burnette advised the Board that the salary cost will not exceed budgeted amounts in FY2019 as a result of the adjustment.

The Chair requested a little more information on the other pay grade structures. The Director stated that the pay grade structures were last addressed in 2015 and staff will look at the other pay grades for next budget year once the new Director of Administration is in place.

Mr. Erwin moved to approve the amended Pay Grade 7 Structure and authorize the Executive Director to implement such changes effective immediately. Mr. Galbraith seconded the motion and it carried unanimously.

D. Approval of Agreement with Kimley-Horn for Consulting Services Associated with Pipe Condition Inspection: Michael Reisman advised the Board that during 2008 as part of the structural fill project located within the North GA area, a 60" reinforced concrete pipe used to convey storm water was installed. On the direction of the North Carolina Department of Environmental Quality (DEQ), Duke Energy has been conducting an annual video inspection of this pipe for the past few years. The most recent video inspection identified potential deterioration of the pipe. Before the Authority can take action to address any potential repairs, staff feels it would be prudent to hire an engineer to conduct a new inspection based on culvert inspection standards common to the NCDOT. Repairs can then be planned based upon the results reported by the engineer. Mr. Reisman reported that staff has identified one civil engineering firm, Kimley-Horn, that works in the region with the qualifications necessary to conduct the inspection. Work associated with the inspection will not exceed \$50,000.00. Any recommended repairs will be additional costs. Mr. Reisman stated that approval of the agreement would require the following budget ordinance amendment:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2019:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Capital Improvements	_____	_____ \$50,000
Totals	_____	_____ \$50,000

This will result in a net increase of \$50,000.00 in the appropriations. Revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA Cash	_____	_____ \$50,000
Totals	_____	_____ \$50,000

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 12th day of October, 2018.

Matthew C. Burril, Chair

Attested by:

Ellen Heywood, Clerk to the Board

Ms. Brown moved to approve the Agreement with Kimley-Horn in an amount not to exceed \$50,000.00 for services associated with the pipe condition inspection, authorize the Executive Director to execute the necessary documents, and amend the FY2018/2019 budget by adopting the budget ordinance amendment presented by staff. Mr. Erwin seconded the motion and it carried unanimously.

E. Approval of Waterline Easement and Estoppel Certificate: The Director reported that Airport Road Acquisitions, LLC (Hunter Corporation) is in the process of building a new automobile facility on land between the WNC Agriculture Center and the Broadmoor Golf Links and that in early 2017, the Authority Board approved a new road access easement. The Director stated that Airport Road Acquisitions, LLC has requested an easement and an estoppel certificate between the Authority and the City of Asheville for the installation of a needed waterline. The easement is contained within the roadway easement.

Mr. Bailey moved to approve an easement and estoppel certificate with the City of Asheville and authorize the Executive Director to execute the necessary documents. Mr. Erwin seconded the motion and it carried unanimously.

DIRECTOR'S REPORT: The Director advised the Board that he had a few additional items to include that were not on the agenda.

A. TSA Rolling Pre-Check: TSA will have a mobile van at the airport from October 29 through November 9 for the public to enroll in Pre-Check. The van will park near the Public Safety building and details will be shared with the public the following week.

B. Wellness Grant: The Director reported that the Authority will partner with Mission Hospital for a wellness grant that Mission Hospital received through the Southern Appalachian Worker Wellness program. Staff will work with Mission Hospital to bring additional wellness programs to the Authority employees.

C. **Cigna Credit:** A credit in the amount of \$80,000 was received from Cigna for the year ending June 30, 2018. This credit is due in part to our wellness program and lower than expected claims.

D. **ERP Update:** The new ERP system went live on October 1st and is now being used for purchase requisitions. This new system is proving to be helpful and has streamlined the process.

E. **FAA Reauthorizaton:** Congress passed a five-year FAA reauthorization. The bill did not include a PFC increase nor was there an AIP or funding mechanism. Airports are still at approximately \$3.35 billion. The Director briefly summarized some of the consumer protections which were included in the bill.

F. **Statistic Information:** The Director reported that the airport has experienced 27 consecutive months of passenger growth and 11 months of double-digit growth.

G. **Honor Air:** The recent Honor Air flight for Vietnam Veterans was very well attended. A brief video clip of the return celebration was shared with the Board.

H. **Operation Medicine Drop:** The Director stated that a medicine drop would be held at the airport on October 27th from 10:00 a.m. to 2:00 p.m.

INFORMATION SECTION: No comments

PUBLIC AND TENANTS COMMENTS: None

CALL FOR NEXT MEETING: The Chair stated that the November 9, 2018 regular meeting of the Authority Board may not be necessary, but requested the Board Members keep their calendars open.

CLOSED SESSION: At 10:35 a.m. Mr. Bailey moved to go into Closed Session Pursuant to Subsections 143-318.11 (a) (3), (4) and (6) of the General Statutes of North Carolina to Consult with Legal Counsel Regarding, Among Other Things, That Lawsuit Entitled Tricor Construction, Inc. vs. RS&H Architects-Engineers-Planners, Inc., Thalle Construction Co., Inc. and Liberty Mutual Insurance Company and vs. Defendant & Third-Party Plaintiff, Greater Asheville Regional Airport Authority, vs. Third-Party Defendant, Avcon, Inc. d/b/a Avcon Engineers and Planners, Inc. in Order to Preserve the Attorney-Client Privilege; to Discuss Matters Relating to the Location and/or Expansion of Industries or Other Businesses in the Area Served by the Greater Asheville Regional Airport Authority, Including Agreement on a Tentative List of Economic Development Incentives that may be Offered by the Greater Asheville Regional Airport Authority in Negotiations; and to Consider Personnel Matters. Mr. Erwin seconded the motion and it carried unanimously.

The Chair indicated they would break for five minutes at which time the Board would resume in closed session.

Open Session resumed at 12:01 p.m.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY OCTOBER 12, 2018

CLOSED SESSION MINUTES: Mr. Bailey moved to seal the minutes for the Closed Session just completed and to withhold such Closed Session minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Galbraith seconded the motion and it carried unanimously.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY SEPTEMBER 7, 2018

CLOSED SESSION MINUTES: Mr. Bailey moved to approve the minutes for the September 7, 2018 Closed Session and to seal and withhold the minutes for the September 7, 2018 Closed Session from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Erwin seconded the motion and it carried unanimously.

AUTHORITY MEMBERS REPORTS:

A. Resolution Amending By-laws of the Greater Asheville Regional Airport Authority:

Mr. Bailey moved to approve the Resolution Amending By-laws of the Greater Asheville Regional Airport Authority. Mr. Erwin seconded the motion and it carried unanimously.

ADJOURNMENT: Mr. Erwin moved to adjourn the meeting at 12:03 p.m. Mr. Bailey seconded the motion and it carried unanimously.

Respectfully submitted,

Ellen Heywood
Clerk to the Board

Approved:

Matthew C. Burril
Chair



MEMORANDUM

TO: Members of the Airport Authority

FROM: Janet Burnette, Director of Finance and Accounting

DATE: November 9, 2018

ITEM DESCRIPTION – Consent Item C

Approval of Daily Deposit Requirement

BACKGROUND

The North Carolina General Assembly, in G.S. 159-32, has established requirements for the deposit of all receipts collected. Whenever the moneys on hand amount to \$500.00 or more, these funds must be deposited daily with the financial institution. This is an increase from the previous dollar limit of \$250.00, which is our currently approved threshold. Increasing our authorized threshold amount to \$500.00 would reduce the number of bank visits which are currently necessary. Cash is secured in a safe within the finance offices until delivered to the bank for deposit.

ISSUES

None.

ALTERNATIVES

The Authority Board could elect to leave the deposit threshold at \$250.

FISCAL IMPACT

No direct fiscal impact.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to approve the new deposit threshold of \$500.00.

Consent Item C

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

RESOLUTION NO. 110918-01

RESOLUTION REVISING CHECK SIGNING AND PURCHASE ORDER PROCEDURES

WHEREAS, N.C. Gen. Stat. § 159-25, §159-28 and §159-28.1 establish legal requirements and responsibilities for financial disbursement procedures and outline methods for expediting the check signing process;

WHEREAS, N.C. Gen. Stat. § 159-28.1 allows for the use of facsimile signatures machines, signature stamps or other similar devices for signing checks and drafts and for signing pre-audit certificates for purchase orders and contracts;

WHEREAS, the Greater Asheville Regional Airport Authority's current Administration Policies and Procedures state that all checks, drafts, and orders for payment of money shall be signed in the name of the Authority by the Finance Officer or a properly designated Deputy Finance Officer and countersigned by the Executive Director or another department director designated by the Executive Director,;

WHEREAS, the current Administration Policies and Procedures do not specifically allow for the use of facsimile signature devices for signing checks and drafts or for signing pre-audit certificates for purchase orders and contracts;

WHEREAS, the Greater Asheville Regional Airport Authority desires to amend the Authority's Administration Policies and Procedures to allow for the use of facsimile signatures devices to further expedite the check signing and purchase order process;

NOW THEREFORE, BE IT RESOLVED, by the Greater Asheville Regional Airport Authority Board, that the following procedures are hereby adopted and shall be incorporated into the Greater Asheville Regional Airport Authority's Administration Policies and Procedures:

1. All checks, drafts, and orders for payment of money shall be signed in the name of the Authority by the Finance Officer or a properly designated Deputy Finance Officer and countersigned by the Executive Director or another department director designated by the Executive Director. The use of facsimile signatures on checks and drafts is hereby authorized for: the Finance Officer, any properly designated Deputy Finance Officer, and the Executive Director.

2. Pre-audit certificates on purchase orders shall be signed by the Finance Officer or a property designated Deputy Finance Officer. The use of facsimile signatures on pre-audit certificates on purchase orders is hereby authorized for: the Finance Officer and any properly designated Deputy Finance Officer.

3. The facsimile signature devises are to be securely kept by the Finance Officer or the properly designated Deputy Finance Officer, who shall be properly insured or bonded, and, along with

the sureties of the official bond or insurance company, is liable for any illegal, improper or unauthorized use of the facsimile signature devices.

Adopted this the ___ day of _____, 2018.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

By: Matthew C. Burril, Chair

ATTESTED BY:

Ellen M. Heywood, Clerk to the Board



MEMORANDUM

TO: Members of the Airport Authority

FROM: Janet Burnette, Director of Finance and Accounting

DATE: November 9, 2018

ITEM DESCRIPTION – New Business Item A

Presentation of the Annual Audited Financial Report for Fiscal Year 2017/2018

BACKGROUND

The annual audit for the fiscal year ended June 30, 2018 was performed by the auditing firm, Gould Killian CPA Group, P.A., and the findings are hereby submitted for the Board's review and acceptance. The audited financial statements being provided to you have been submitted to the Local Government Commission ("LGC").

ISSUES

None. An unmodified opinion was issued by the auditors.

RECOMMENDED ACTION

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to accept the 2017/2018 Audit Report as presented.

New Business - Item A



**GOULD KILLIAN
CPA GROUP, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

**GREATER ASHEVILLE REGIONAL
AIRPORT AUTHORITY**

2018 Annual Financial Report

Audit Summary

- Thank you for allowing us to serve as your auditors
- We issued an unmodified (clean) opinion; reasonable assurance that the financial statements are free from material misstatement
- We reported no material weaknesses in internal control
- We reported no material noncompliance with laws and regulations
- Special thanks to Janet, Karen and staff for their hard work and cooperation in completing the audit



Recently Issued Accounting Pronouncements

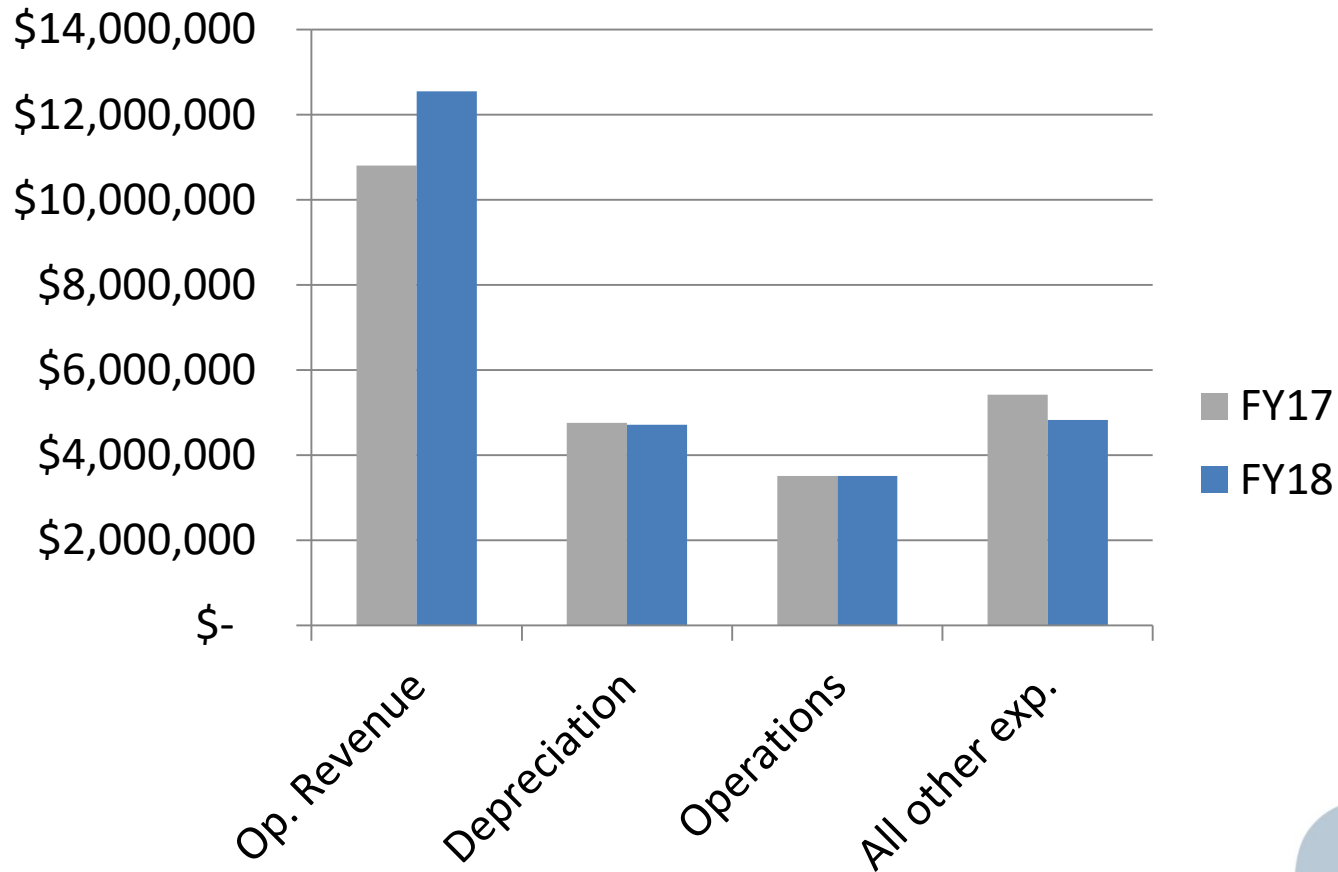
- GASB 75 – Implementation requires the Authority to record total OPEB liability and the effects on net position of the OPEB during the fiscal year.
 - Total OPEB liability at June 30, 2018 was approximately \$1,200,000
 - Restatement decreased net position by approximately \$42,000 at June 30, 2017

Key Statistics for FY18

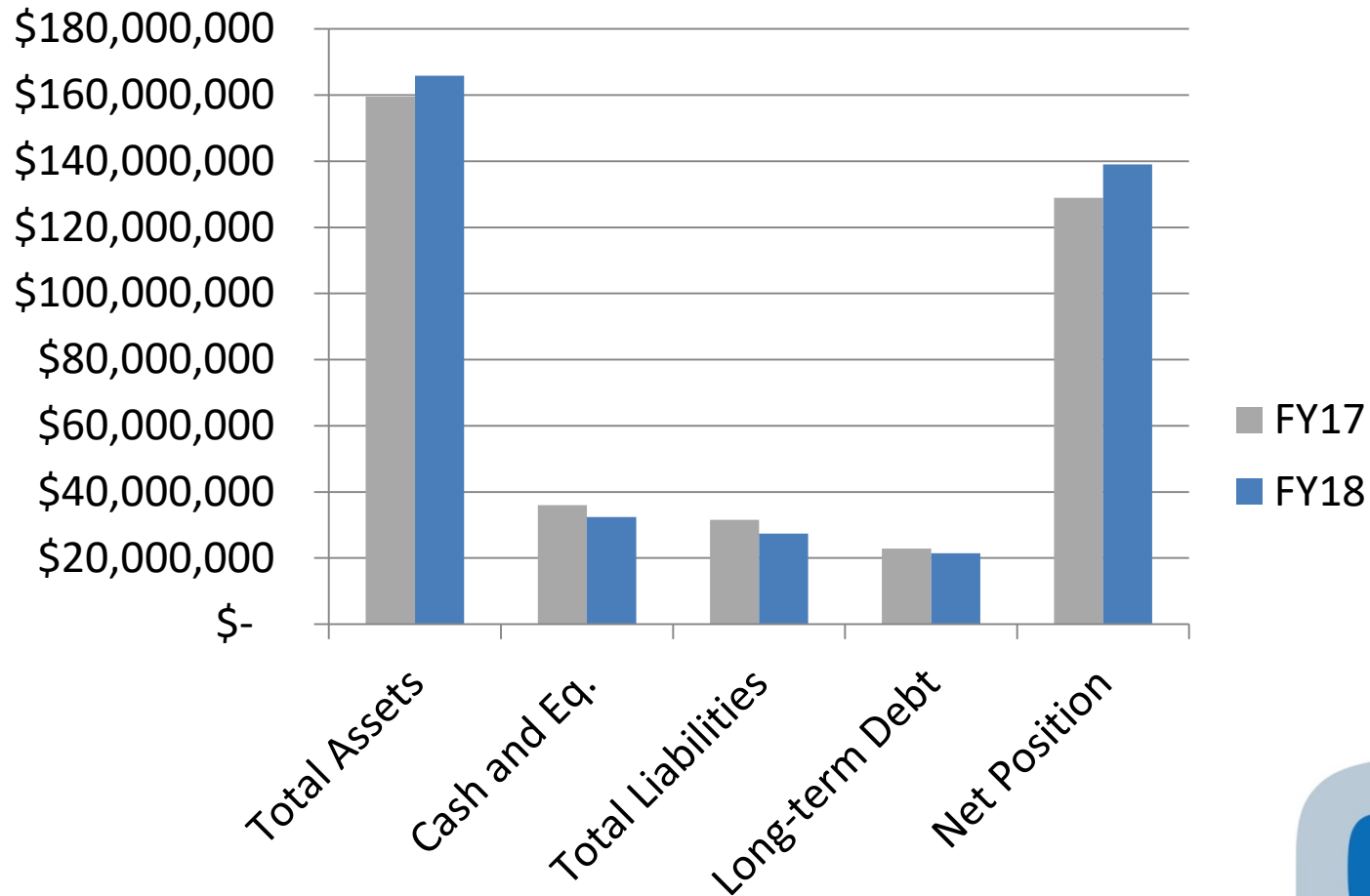
- Cash and investments totaled \$32.4 million at 06/30/2018
- Net Position for FY18 is \$139.0 million (increase of \$10.0 million)
 - \$18.9 million is unrestricted (increase of \$4.0 million)
 - \$10.4 million is restricted (decrease of \$5.3 million)
 - The remaining increase was due to investment in capital assets
- Operating loss of \$500k in FY18 (compared to loss of \$2.9 million in FY17)
- Depreciation expense - \$4.7 million
- Debt service - \$1.5 million



Revenues and Expenses



Balance Sheet Summary



Key Comparisons Summary

	FY17	FY18
Working capital	\$ 14.7 mil	\$ 18.2 mil
Working capital in months operating expenses (excl. depreciation)	19.7 months	26.2 months
Unrestricted net position	\$ 14.9 mil	\$ 18.9 mil
Operating loss	\$ (2.9 mil)	\$ (0.5 mil)
Change in net position	\$ 14.3 mil	\$ 10.1 mil
Cash flows from operating activities	\$ 1.6 mil	\$ 4.3 mil
Net increase (decrease) in cash	\$ 14.0 mil	\$ (4.4 mil)



Capital Projects

- Capital Assets (gross) increased by \$14.9 million in FY2018
 - This increase is primarily due to major capital projects in progress for the Airfield Re-Development and Parking Garage
 - The Authority has remaining commitments of approximately \$25.0 million for construction/renovation of facilities
 - Funded through Federal grants, passenger facility charges, Airport funds, and Airport Revenue Bonds





**GOULD KILLIAN
CPA GROUP, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

**GREATER ASHEVILLE REGIONAL
AIRPORT AUTHORITY**

2018 Annual Financial Report

**Greater Asheville Regional
Airport Authority
Fletcher, North Carolina**

Annual Financial Report

For The Years Ended June 30, 2018 and 2017



**GOULD KILLIAN
CPA GROUP, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Greater Asheville Regional Airport Authority
Fletcher, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Asheville Regional Airport Authority which comprise the statements of net position as of June 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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 of 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 Greater Asheville Regional Airport Authority as of June 30, 2018 and 2017, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 – 10, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on page 38, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 39, and the Local Government Employees' Retirement System's Schedules of the Authority's Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 40 – 41, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greater Asheville Regional Airport Authority's basic financial statements. The budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards; the Passenger Facility Charge Audit Guide for Public Agencies; and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules and the Schedule of Expenditures of Federal and State Awards 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 budgetary schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2018 on our consideration of the Greater Asheville Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Greater Asheville Regional Airport Authority's internal control over financial reporting and compliance.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
September 21, 2018

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (the "MD&A") of the Greater Asheville Regional Airport Authority's activities and financial performance provides the reader with an overview to the financial statements of the Greater Asheville Regional Airport Authority for the fiscal year ended June 30, 2018. The information contained in this MD&A should be considered in conjunction with the financial information contained in the various sections of this audit report.

THE REPORTING ENTITY

The Asheville Regional Airport Authority was established in 1980 by the provisions of Article 20 of Chapter 160A of the General Statutes of North Carolina and by the Agreement of November 29, 1979 by and between the County of Buncombe (the "County") and the City of Asheville (the "City"). It was organized for, and has as its sole purpose, the management, operation, and maintenance of the Asheville Regional Airport (the "Airport"). On June 28, 2012, the General Assembly of North Carolina passed Session Law 2012-121 which changed the structure of the entity to an independent airport authority with more regional representation and governance. The law also changed the official name to the Greater Asheville Regional Airport Authority (the "Authority"). Pursuant to the State statute, the agreement with Buncombe County and the City of Asheville is no longer applicable.

The Authority operates as an Enterprise Fund and is governed by seven members: two registered voters of the County, appointed by the Board of Commissioners of Buncombe County; two registered voters of the City, appointed by the Asheville City Council; two registered voters of the County of Henderson, appointed by the Board of Commissioners of Henderson County; and one member appointed by the other six members of the Authority. Members of the Authority serve four-year terms. Any member may serve a total of two consecutive terms, after which said member may not be reappointed to the Authority until four years after his or her most recent appointment.

The Authority employs a managing director (the "Executive Director"), who is the chief administrator and executive officer of the Authority. The Executive Director manages the Airport under the Authority's control with a staff of 64 full-time employees. The staff is responsible for the day-to-day financial, administration, and operational matters pertaining to the Airport and for the contractual arrangements with various aeronautical and non-aeronautical businesses at the Airport.

The Airport is a small hub airport engaged in the business of facilitating commercial and general aviation passenger, cargo, and mail transportation and is the 127th largest airport in the United States based on the number of passenger boardings during calendar year 2017.¹

As of June 30, 2018, Asheville Regional Airport had approximately twenty-five daily, non-stop commercial flights to thirteen cities (Atlanta, Baltimore, Charlotte, Chicago, Fort Lauderdale, New York, Newark, Dallas, Denver, Orlando, Punta Gorda, St. Petersburg/Clearwater and Vero Beach). The commercial airline carriers included Allegiant Air, American Airlines, Delta Air Lines, Elite Airlines and United Airlines.

The mission of the Greater Asheville Regional Airport Authority is to provide an exceptional airport experience with a focus on people, service, commercial and general aviation, and to contribute to the regional economy.

¹ Federal Aviation Administration, passenger boardings calendar year 2017

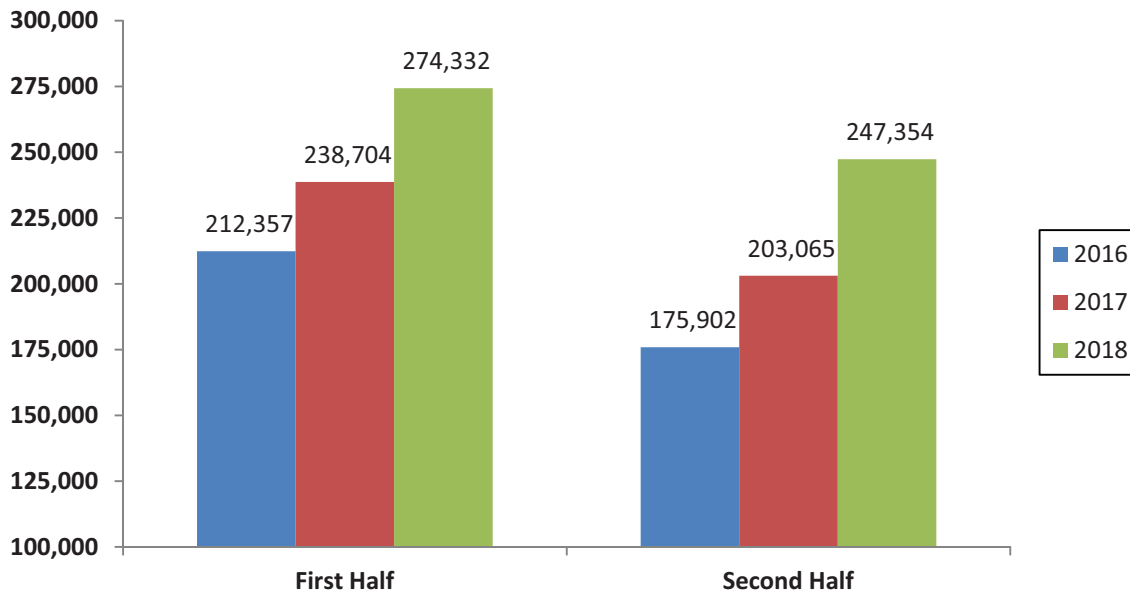
AIRPORT ACTIVITIES AND HIGHLIGHTS

For Year Ended June 30	2018	2017	2016
Enplanements	521,686	441,769	388,259
Revenues per enplanement:			
Airlines	\$ 5.90	\$ 6.24	\$ 6.44
Rental cars	5.09	5.17	5.84
Parking facility	8.59	8.04	8.49
Concessionaires	1.18	1.24	1.26

Enplanements increased by 18.09% in fiscal year 2018.

	2018	2017	2016
<i>Aircraft Movements (Land or Takeoff):</i>			
Airline	19,036	17,014	16,475
General aviation	43,449	41,516	44,458
Military	4,168	4,280	4,789
Total	<u>66,653</u>	<u>62,810</u>	<u>65,722</u>

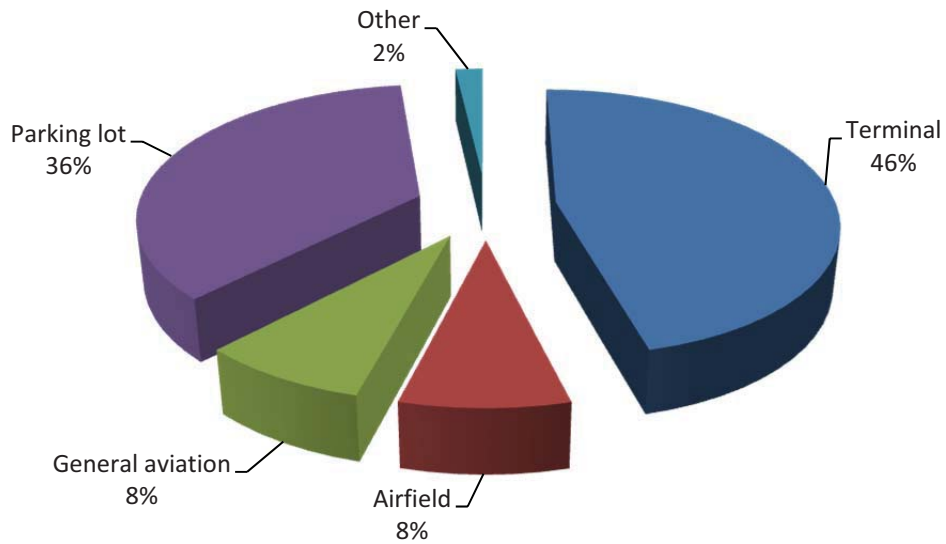
Passenger Enplanements for Fiscal Year



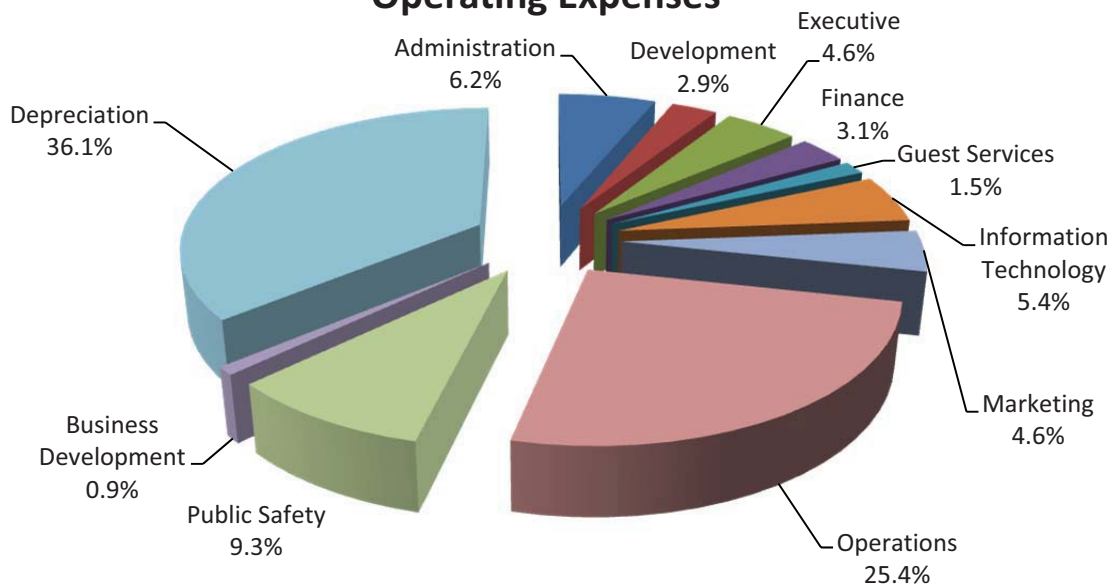
SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

For Year Ended June 30	2018	(restated) 2017	2016
Operating revenues	\$ 12,549,325	\$ 10,804,627	\$ 10,832,701
Operating expenses	13,057,598	13,700,175	12,375,290
Operating loss	(508,273)	(2,895,548)	(1,542,589)
Non-operating revenues and expenses, net	3,566,124	2,925,683	2,976,235
Income before capital contributions	3,057,851	30,135	1,433,646
Capital contributions	7,036,684	14,284,352	15,312,051
Increase in net position	<u>\$ 10,094,535</u>	<u>\$ 14,314,487</u>	<u>\$ 16,745,697</u>

Operating Revenues



Operating Expenses



FINANCIAL POSITION SUMMARY

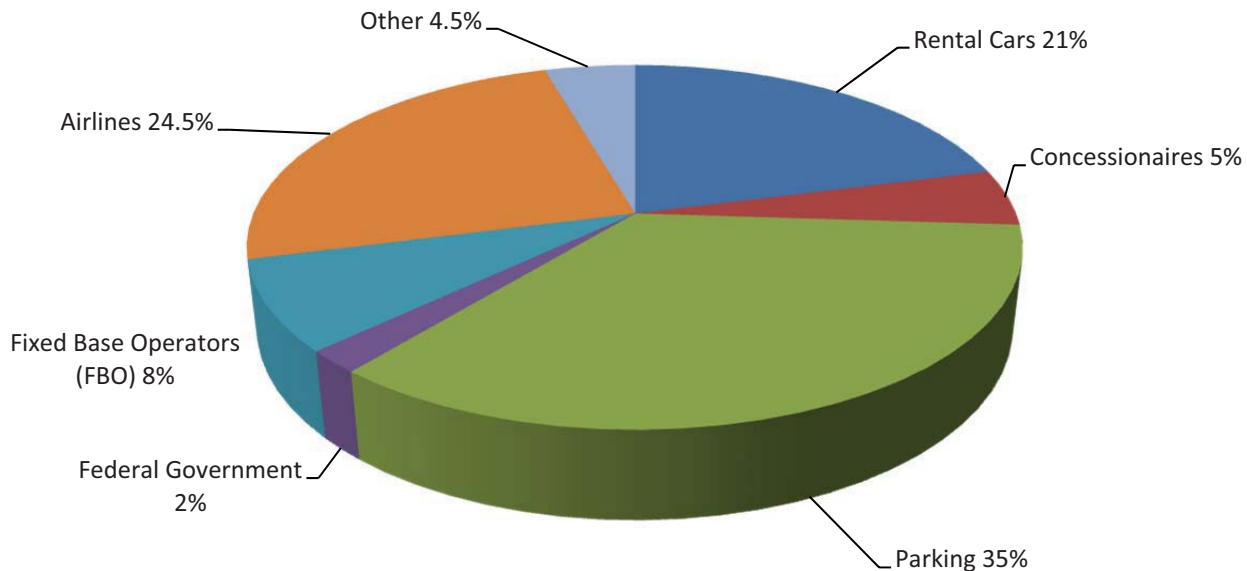
Net position may serve, over time, as a useful indicator of the Authority's financial position. The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$139,010,024 at June 30, 2018, an increase of approximately \$10.1 million from June 30, 2017, and roughly a \$24.4 million increase from June 30, 2016.

	2018	(restated) 2017	2016
Assets and Deferred Outflows of Resources:			
Current assets	\$ 24,232,591	\$ 23,318,849	\$ 23,754,888
Restricted assets	11,906,218	16,988,875	5,214,500
Capital assets	129,708,016	119,204,501	91,472,125
Deferred outflows of resources	683,064	991,970	253,159
Total assets and deferred outflows of resources	<u>166,529,889</u>	<u>160,504,195</u>	<u>120,694,672</u>
Liabilities and Deferred Inflows of Resources:			
Current liabilities	5,991,675	8,635,823	4,101,240
Non-current liabilities	21,434,702	22,892,860	1,855,905
Deferred inflows of resources	93,488	60,023	136,525
Total liabilities and deferred inflows of resources	<u>27,519,865</u>	<u>31,588,706</u>	<u>6,093,670</u>
Net Position:			
Net investment in capital assets	109,663,016	98,204,501	91,472,125
Restricted	10,447,385	15,777,675	5,214,500
Unrestricted	18,899,623	14,933,313	17,914,377
	<u>\$ 139,010,024</u>	<u>\$128,915,489</u>	<u>\$ 114,601,002</u>

REVENUES

The daily operations of the Asheville Regional Airport are funded through the collection of user fees such as parking receipts, rental car privilege fees, landing fees, space rental, and concessions fees.

The following chart shows the major sources and the percentage of operating revenues for the year ended June 30, 2018.



SUMMARY OF CASH FLOW ACTIVITIES

The following is a summary of the major sources and uses of cash and cash equivalents. Cash equivalents are considered cash-on-hand, bank deposits, and highly liquid investments with an original maturity of three months or less.

For Year Ended June 30	2018	2017	2016
Cash flows from operating activities	\$ 4,309,212	\$ 1,572,053	\$ 3,359,335
Cash flows from capital and related financing activities	(7,977,193)	12,373,281	(3,762,764)
Cash flows from investing activities	122,155	90,542	35,760
Net increase (decrease) in cash and cash equivalents	(3,545,826)	14,035,876	(367,669)

Cash and Cash Equivalents

Beginning of year - July 1	35,963,020	21,927,144	22,294,813
End of year - June 30	<u>\$ 32,417,194</u>	<u>\$ 35,963,020</u>	<u>\$ 21,927,144</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During fiscal year 2018, the Authority expended \$15 million on capital activities. This included the following major projects:

- \$6.4 million on the Airfield Redevelopment
- \$7.1 million on the Parking Garage

Acquisitions are funded using a variety of sources, including Federal and State grants, passenger facility charges, operating revenues, and net position appropriations.

CAPITAL ASSETS (net of accumulated depreciation)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Land	\$ 7,796,901	\$ 7,593,744	\$ 7,593,744
Construction in progress	75,999,187	61,456,158	30,018,931
Buildings and improvements	43,649,371	47,732,909	51,902,967
Equipment	956,798	980,602	1,028,709
Furniture	80,180	114,611	97,263
Vehicles	1,225,579	1,326,477	830,511
Capital assets, net of accumulated depreciation	<u>\$ 129,708,016</u>	<u>\$ 119,204,501</u>	<u>\$ 91,472,125</u>

Long-Term Debt

As of June 30, 2018, the Authority has the following long-term debt:

LONG-TERM DEBT

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Greater Asheville Regional Airport Authority System Revenue Bonds	\$ 20,045,000	\$ 21,000,000	\$ -

RECENT DEVELOPMENTS

Commercial aviation continued to have solid growth in 2017. The economy continued to expand, but jet fuel prices increased to over \$80 per barrel, thereby cutting into airline profits. U.S. commercial air carriers made a profit of \$18.4 billion in 2017. Total airline ancillary fees such as checked baggage and ticket change fees were just over \$14 billion in 2017. In 2017, commercial air carrier domestic enplanements increased 3.0%, and total airline enplanements increased 6.2%.

Air carriers continue to focus on increasing shareholder return. The carriers continue to adjust capacity to seize opportunities and contracting in response to economic times. These changes have resulted in profitability for the eighth year in a row. The airlines continue to be reserved with expansion in 2018.

THE FUTURE

The Asheville Regional Airport has seen 4 years of record growth with 2017 ending with a 15% increase in passengers. Five carriers are now serving the airport with the likelihood of a sixth being added in the following year. Authority management continues to seek additional non-stop service to its top 25 origin and destination markets. Allegiant Travel Company continues to grow its presence and now has the largest market share of the air carriers operating from the airport. Allegiant has switched out its aircraft from the older MD-80 product to the newer and more reliable Airbus A319 & A320 aircraft.

Authority management continues to increase non-aeronautical revenues to sustain long-term aviation growth at the airport. They are working with the local economic development authorities to attract domestic and foreign aviation manufacturing opportunities to the local community.

The Authority completed its first \$21 million parking garage. Usage and revenues from the garage were greater than forecasted adding additional revenue to the Authority's fund balance. After some delays, the Authority began the fifth and final year of its airfield redevelopment project, which includes the rehabilitation of its runway and the construction of a new parallel taxiway. Capital funding continues to be a challenge for airports nationwide. However, the Authority was successful in obtaining an additional \$10 million Discretionary Grant for the Airfield Redevelopment project. FAA Funding Reauthorization was extended through March 2018. Airports and their trade associations continue to advocate for the next long-term funding bill. A key focus has been to increase the Passenger Facility Charge (PFC), a user fee that supports local capital development, to \$8.50 from the current \$4.50. This fee has not been increased since 2000 when Congress capped the fee at \$4.50.

Management will continue to improve the Airport and its facilities in a financially prudent manner, maximizing Federal, State, and other revenues to minimize the Authority's internal funding commitment, thereby maximizing the Authority's return on its investments.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to the Director of Finance and Accounting, Greater Asheville Regional Airport Authority, 61 Terminal Drive, Suite 1, Fletcher, NC 28732. You may also call (828) 684-2226, visit our website www.flyavl.com, or send an email to pr@flyavl.com for more information.

BASIC FINANCIAL STATEMENTS

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**Exhibit 1
Page 1 of 2**

STATEMENTS OF NET POSITION

June 30, 2018 and 2017

	2018	(Restated) 2017
	<u>2018</u>	<u>(Restated) 2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,510,976	\$ 18,974,145
Accounts receivable	1,482,424	1,627,600
Grants receivable	1,706,889	2,413,698
Passenger facility charges receivable	500,000	294,322
Prepaid expenses	32,302	9,084
Total current assets	<u>24,232,591</u>	<u>23,318,849</u>
Restricted assets:		
Cash and cash equivalents	<u>11,906,218</u>	<u>16,988,875</u>
Total restricted assets	<u>11,906,218</u>	<u>16,988,875</u>
Non-current assets:		
Non-depreciable capital assets	83,796,088	69,049,902
Depreciable capital assets, net	<u>45,911,928</u>	<u>50,154,599</u>
Total non-current assets	<u>129,708,016</u>	<u>119,204,501</u>
Total assets	<u>165,846,825</u>	<u>159,512,225</u>
Deferred Outflows of Resources		
Pension deferrals	657,382	963,484
OPEB deferrals	<u>25,682</u>	<u>28,486</u>
Total deferred outflows of resources	<u>683,064</u>	<u>991,970</u>
Commitments and Contingencies (See Note 3)	<u>-</u>	<u>-</u>
Liabilities		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	414,227	563,922
Construction contracts payable	1,387,133	3,588,119
Construction contract retainages	1,933,007	2,508,003
Compensated absences	241,000	215,104
Accrued liabilities	143,672	153,452
Prepaid fees	413,803	396,023
Payable from restricted assets:		
Accrued interest payable	243,833	256,200
Revenue bonds payable, current	<u>1,215,000</u>	<u>955,000</u>
Total current liabilities	<u>5,991,675</u>	<u>8,635,823</u>

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

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**Exhibit 1
Page 2 of 2**

STATEMENTS OF NET POSITION

June 30, 2018 and 2017

	<u>2018</u>	<u>(Restated) 2017</u>
Non-current liabilities:		
Total OPEB liability	1,211,712	1,190,931
Compensated absences	118,211	134,902
Total pension liability - LEO	474,558	441,122
Net pension liability - LGERS	800,221	1,080,905
Revenue bonds payable, non-current	<u>18,830,000</u>	<u>20,045,000</u>
Total non-current liabilities	<u>21,434,702</u>	<u>22,892,860</u>
Total liabilities	<u>27,426,377</u>	<u>31,528,683</u>
Deferred Inflows of Resources		
Pension deferrals	36,751	60,023
OPEB deferrals	<u>56,737</u>	<u>-</u>
Total deferred inflows of resources	<u>93,488</u>	<u>60,023</u>
Net Position		
Net investment in capital assets	109,663,016	98,204,501
Restricted	10,447,385	15,777,675
Unrestricted	<u>18,899,623</u>	<u>14,933,313</u>
Total net position	<u>\$ 139,010,024</u>	<u>\$ 128,915,489</u>

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

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

Exhibit 2

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended June 30, 2018 and 2017

	2018	(Restated) 2017
	<u>2018</u>	<u>2017</u>
Operating Revenues		
Terminal	\$ 5,740,026	\$ 5,079,256
Airfield	1,082,062	935,323
General aviation	1,015,024	1,003,966
Parking lot	4,482,852	3,549,920
Other	<u>229,361</u>	<u>236,162</u>
Total operating revenues	<u>12,549,325</u>	<u>10,804,627</u>
Operating Expenses		
Administration	841,042	599,147
Development	381,329	399,036
Executive	606,459	830,832
Finance	405,256	412,904
Guest services	194,827	200,407
Information technology	704,279	741,888
Marketing	602,717	524,627
Operations	3,286,565	3,515,040
Public safety	1,213,494	1,341,362
Business development	109,517	177,255
Non-signatory fees	-	197,462
Depreciation	<u>4,712,113</u>	<u>4,760,215</u>
Total operating expenses	<u>13,057,598</u>	<u>13,700,175</u>
Operating loss	<u>(508,273)</u>	<u>(2,895,548)</u>
Non-Operating Revenues (Expenses)		
Passenger facility charges	2,376,802	1,836,201
Customer facility charges	1,492,413	1,404,051
Interest revenue	122,155	90,542
Gain on disposal of capital assets	62,419	58,732
Interest expense	<u>(487,665)</u>	<u>(463,843)</u>
Total non-operating revenues, net	<u>3,566,124</u>	<u>2,925,683</u>
Income before capital contributions	3,057,851	30,135
Capital contributions	<u>7,036,684</u>	<u>14,284,352</u>
Change in net position	<u>10,094,535</u>	<u>14,314,487</u>
Net position, beginning, previously reported	128,928,585	114,601,002
Restatement (Note 4)	<u>(13,096)</u>	<u>-</u>
Net position, beginning, restated	<u>128,915,489</u>	<u>114,601,002</u>
Net position, end of year	<u>\$ 139,010,024</u>	<u>\$ 128,915,489</u>

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

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

Exhibit 3
Page 1 of 2

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2018 and 2017

	<u>2018</u>	(Restated) <u>2017</u>
Cash Flows from Operating Activities:		
Cash received for providing services	\$ 12,083,701	\$ 11,128,795
Cash paid for goods and services	(3,081,342)	(4,809,087)
Cash paid to, or on behalf of, employees for services	<u>(4,693,147)</u>	<u>(4,747,655)</u>
Net cash provided by operating activities	<u>4,309,212</u>	<u>1,572,053</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(17,955,610)	(29,429,306)
Cash received for the sale of capital assets	26,419	58,732
Passenger facility charges	2,171,124	1,803,897
Customer facility charges	1,492,413	1,404,051
Proceeds from revenue bonds	-	21,000,000
Principal payments of bond maturities	(955,000)	-
Interest paid on bond maturities	(500,032)	(207,643)
Capital contributions	<u>7,743,493</u>	<u>17,743,550</u>
Net cash provided (used) by capital and related financing activities	<u>(7,977,193)</u>	<u>12,373,281</u>
Cash Flows from Investing Activities:		
Interest income	<u>122,155</u>	<u>90,542</u>
Net cash provided by investing activities	<u>122,155</u>	<u>90,542</u>
Net increase (decrease) in cash and cash equivalents	(3,545,826)	14,035,876
Cash and cash equivalents, beginning of year	<u>35,963,020</u>	<u>21,927,144</u>
Cash and cash equivalents, end of year	<u>\$ 32,417,194</u>	<u>\$ 35,963,020</u>

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

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

Exhibit 3
Page 2 of 2

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2018 and 2017

	<u>2018</u>	(Restated) <u>2017</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	\$ (508,273)	\$ (2,895,548)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	4,712,113	4,760,215
Changes in assets, deferred outflows of resources, and liabilities:		
(Increase) decrease in accounts receivable	145,176	(723,802)
(Increase) decrease in prepaid items	(23,218)	(5,552)
(Increase) decrease in deferred outflows	308,906	(738,811)
Increase (decrease) in accounts payable	(149,695)	55,007
Increase (decrease) in accrued liabilities	(9,780)	23,246
Increase (decrease) in prepaid fees	17,780	176,539
Increase (decrease) in other post-employment benefits	20,781	124,539
Increase (decrease) in compensated absences	9,205	23,110
Increase (decrease) in net pension liabilities	(247,248)	849,612
Increase (decrease) in deferred inflows	33,465	(76,502)
Total adjustments	<u>4,817,485</u>	<u>4,467,601</u>
Net cash provided by operating activities	<u>\$ 4,309,212</u>	<u>\$ 1,572,053</u>
Non-Cash Capital and Related Financing Activities:		
Value of assets given in trade	<u>\$ 36,000</u>	<u>\$ -</u>
Supplemental Cash Flow Information:		
Net change in construction contracts and retainage payable	<u>\$ (2,775,982)</u>	<u>\$ 977,252</u>

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

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018 AND 2017

Note 1 – Organization and Summary of Significant Accounting Policies

The accounting policies of the Greater Asheville Regional Airport Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Asheville Regional Airport Authority (the “Authority”) was established by joint agreement between the City of Asheville and the County of Buncombe on November 29, 1979, pursuant to Article 20 of Chapter 160A of the North Carolina General Statutes. The agreement originally covered a twenty-five-year period beginning July 1, 1980. On April 19, 1988, this term was extended to April 30, 2018 by mutual agreement of the contracting parties. On January 22, 2008, the agreement was amended again with the term remaining the same, including a year-to-year extension after the term has been reached. Under the agreement, Buncombe County was responsible for funding any operating deficits of the Authority during the term of the agreement. On June 28, 2012, the General Assembly of North Carolina enacted the Greater Asheville Regional Airport Authority Act in Session Law 2012-121, making the Authority an independent airport authority and changing the official name to Greater Asheville Regional Airport Authority. Pursuant to the State statute, the agreement with Buncombe County and the City of Asheville is no longer applicable.

On June 28, 2017, the Federal Aviation Administration issued an Airport Operating Certificate in the name of the Greater Asheville Regional Airport Authority, allowing the Authority to act as the sole sponsor to operate the airport. The real property of the Authority was also deeded in the name of the Greater Asheville Regional Airport Authority. There are no outstanding liabilities, including grant reimbursements, regarding any payment to the City. Furthermore, all grant obligations incurred by the City, on behalf of the airport, were transferred in the transaction and are now the direct responsibility of the Authority. Also, the Authority is fully empowered to issue debt on behalf of the airport in support of future capital improvement needs.

B. Basis of Presentation

Fund financial statements provide information about the Authority’s funds. Statements for the proprietary fund category are presented.

Proprietary funds include the following fund type:

Enterprise Funds. Enterprise funds account for those operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Authority has one enterprise fund for airport operation.

C. Measurement Focus and Basis of Accounting

The proprietary fund financial statements are reported using the economic resources measurement focus. These statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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. The principal operating revenues of the Authority's Enterprise Fund are charges to customers for services.

Operating expenses for the Enterprise Fund 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.

D. Budgetary Data

The Authority's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The Budget Officer may transfer amounts between line item expenditures, within a budget ordinance line item/cost center, without limitation and without a report being required. These changes should not result in increased recurring obligations. The Budget Officer may transfer amounts up to \$60,000 from contingency to other line items within the same fund. An official report on such transfers must be made at the next regular meeting of the Board. Any other amendments must be approved by the governing board. During the year, several amendments to the original budget were made. The budget ordinance must be adopted by May 15 for the upcoming fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The Authority's use of estimates includes depreciation methods and useful lives, accrued expenses, deferred revenue, and pension and OPEB liabilities and deferrals. Accordingly, actual results could differ from those estimates.

F. Assets, Liabilities, and Net Position**1. Deposits and Investments**

All deposits of the Authority are made in Board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed, both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The Authority's short-term investments in U.S. treasury obligations are reported at cost. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Restricted assets consist of monies and other resources which are legally restricted as described below:

Cash and cash equivalents. The Authority receives from the airline carriers enplaning passengers at the Greater Asheville Regional Airport a facility charge of \$4.50 per passenger. Every air carrier servicing the Airport must collect \$4.50 from passengers on all tickets sold and remit \$4.39 of these funds to the Authority. The Authority must use these funds for Federal Aviation Administration (FAA) approved capital improvement projects. Passenger facility charge collections that have been collected, but not yet disbursed on eligible projects, are restricted.

The unexpended proceeds of revenue bonds issued by the Authority are classified as restricted assets because their use is restricted to the purpose for which the bonds were issued, the construction of the parking deck. The bond order requires a debt service fund, used to accumulate funds for principal and interest requirements of the revenue bonds.

The unexpended grant proceeds are classified as restricted because their use is restricted to the purpose for which the grant was awarded.

Restricted cash and cash equivalents at June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Passenger facility charge collections, undisbursed	\$ 9,228,313	\$ 7,035,024
Unexpended bond proceeds	-	8,742,649
Debt service sinking funds - bond repayment	1,458,837	1,211,202
Unexpended grant proceeds	<u>1,219,068</u>	<u>-</u>
Total restricted cash and cash equivalents	<u>\$ 11,906,218</u>	<u>\$ 16,988,875</u>

4. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The Authority did not have any accounts that were considered uncollectible by management for the years ended June 30, 2018 and 2017.

5. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	5-40 years
Public safety and maintenance equipment	3-20 years
Vehicles	3-20 years
Furniture	5-10 years
Computer software	5 years
Computer equipment	5 years

6. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has one item that meets this criterion – pension and OPEB deferrals.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has one item that meets this criterion – pension and OPEB deferrals.

7. Compensated Absences

Airport personnel policies permit an employee to earn vacation based on years of service. Accumulated annual leave in excess of 60 days will be forfeited at December 31, unless it is determined that the employee was prevented from using such leave. Excess leave, where it is determined that the employee was prevented from taking the leave, will be paid with the first payroll of the new calendar year, upon approval of the Executive Director. Employees who resign, are laid off, or otherwise separated from the Authority shall be entitled to be paid for any unused annual leave earned by them as of the date of termination, not to exceed 60 days. Accrued vacation pay amounted to \$270,252 and \$267,124 at June 30, 2018 and 2017, respectively.

A specific number of professional leave hours are available to exempt employees. Employees must be employed for 180 days of the calendar year to be eligible for professional leave for that year. The professional leave does not accrue from year to year. Unused professional leave is not paid upon termination, thus, no accrual has been made.

The Authority’s sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave is earned by regular, full-time employees at a rate of 12 days per year. All employees who properly resign, are laid off, or otherwise separated from the Authority in good standing shall be entitled to be paid for 33% of up to 240 hours of earned, but unused sick leave. Accrued sick pay amounted to \$88,959 and \$82,882 at June 30, 2018 and 2017, respectively.

The Authority has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the financial statements.

8. Pensions

The Authority participates in one cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State: the Local Governmental Employees' Retirement System (LGERS). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Authority's employer contributions are recognized when due and the Authority has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

9. Net Position

Net position in proprietary fund financial statements is classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute.

10. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Authority's employer contributions are recognized when due and the Authority has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Note 2 – Detailed Notes On All Funds

A. Assets

1. Deposits

All the deposits of the Authority are either insured or collateralized by the Pooling Method as required by State law [G.S. 159-31]. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Authority, these deposits are considered to be held by the Authority's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows; however, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Authority does not have a deposit policy for custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions

and to monitor them for compliance. The Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018, the Authority's deposits had a carrying amount of \$23,294,991 and a bank balance of \$23,341,214. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$22,591,214 was covered under the Pooling Method. The Authority maintains petty cash of \$200.

2. Investments

At June 30, 2018, the Authority's investments and maturities were as follows:

Investment Type	Valuation	Fair Value	Less Than 3 Months
	Measurement Method		
North Carolina Capital Management Trust – Government Portfolio	Amortized Cost	\$ 17,491	N/A
North Carolina Capital Management Trust – Term Portfolio	Fair Value Level I	<u>9,104,512</u>	<u>\$ 9,104,512</u>
		<u>\$ 9,122,003</u>	<u>\$ 9,104,512</u>

The North Carolina Management Trust Term Portfolio had a duration of approximately 1 month at June 30, 2018; therefore, it is presented as an investment with a maturity of less than 3 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits at least half of the Authority's investment portfolio to maturities of less than 12 months. Also, the Authority's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of not more than three years.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the Authority has no formal policy on managing credit risk. As of June 30, 2018, the Authority's investment in the North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's. The Authority's investment in North Carolina Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30, as amended.

3. Accounts Receivable

The balance of accounts receivable at June 30, 2018, and 2017, consisted of the following:

	2018	2017
Trade receivables	\$ 1,121,028	\$ 637,624
Sales tax refunds receivable	361,396	989,976
Total	<u>\$ 1,482,424</u>	<u>\$ 1,627,600</u>

4. Capital Assets

The capital assets of the Authority at June 30, 2018 are as follows:

	July 1, 2017	Increases	Decreases	Transfers	June 30, 2018
Non-Depreciable Capital Assets:					
Land	\$ 7,593,744	\$ 203,157	\$ -	\$ -	\$ 7,796,901
Construction in progress	61,456,158	14,969,328	(426,299)	-	75,999,187
Total	<u>69,049,902</u>	<u>15,172,485</u>	<u>(426,299)</u>	<u>-</u>	<u>83,796,088</u>
Depreciable Capital Assets:					
Buildings and improvements	105,045,532	122,667	-	-	105,168,199
Equipment	5,149,782	255,781	-	-	5,405,563
Furniture	301,763	-	-	-	301,763
Vehicles	3,480,619	90,994	(345,568)	-	3,226,045
Total	<u>113,977,696</u>	<u>469,442</u>	<u>(345,568)</u>	<u>-</u>	<u>114,101,570</u>
Less Accumulated Depreciation:					
Buildings and improvements	57,312,623	4,206,205	-	-	61,518,828
Equipment	4,169,180	279,585	-	-	4,448,765
Furniture	187,152	34,431	-	-	221,583
Vehicles	2,154,142	191,892	(345,568)	-	2,000,466
Total	<u>63,823,097</u>	<u>4,712,113</u>	<u>(345,568)</u>	<u>-</u>	<u>68,189,642</u>
Depreciable capital assets, net	<u>50,154,599</u>				<u>45,911,928</u>
Total capital assets, net	<u>\$ 119,204,501</u>				<u>\$ 129,708,016</u>

Construction Commitments

The Authority has active construction projects as of June 30, 2018. At year-end, the Authority's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Airfield re-development	\$ 17,083,202	\$ 24,086,905
Parking garage	1,604,164	43,411
Apron expansion	397,052	827,792
Total	<u>\$ 19,084,418</u>	<u>\$ 24,958,108</u>

B. Liabilities**1. Payables**

Payables at June 30, 2018, and 2017, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Security Deposits</u>	<u>Total</u>
June 30, 2018:				
Accounts payable	\$ 400,425	\$ 3,292	\$ 10,510	\$ 414,227
Accrued liabilities	-	143,672	-	143,672
Total	<u>\$ 400,425</u>	<u>\$ 146,964</u>	<u>\$ 10,510</u>	<u>\$ 557,899</u>
June 30, 2017:				
Accounts payable	\$ 543,420	\$ 3,292	\$ 17,210	\$ 563,922
Accrued liabilities	-	153,452	-	153,452
Total	<u>\$ 543,420</u>	<u>\$ 156,744</u>	<u>\$ 17,210</u>	<u>\$ 717,374</u>

2. Pension Plan Obligations**a. Local Governmental Employees' Retirement System**

Plan Description. The Authority is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.57% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Authority were \$247,476 for the year ended June 30, 2018. For the year ended June 30, 2017, the Authority's contractually required contribution rate was 8.00% for law enforcement officers and 7.34% for general employees. Contributions to the pension plan from the Authority were \$241,459 for the year ended June 30, 2017.

Refunds of Contributions. Authority employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Authority reported a liability of \$800,221 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017, utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Authority's proportion was 0.05238%, which was an increase of 0.00145% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Authority recognized pension expense of \$272,150. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,100	\$ 22,652
Changes in assumptions	114,283	-
Net difference between projected and actual earnings on pension plan investments	194,295	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	15,169	6,263
Authority contributions subsequent to the measurement date	<u>247,476</u>	<u>-</u>
Total	<u>\$ 617,323</u>	<u>\$ 28,915</u>

\$247,476 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amount
<u>June 30</u>	<u>Amount</u>
2019	\$ 41,956
2020	237,222
2021	119,390
2022	<u>(57,636)</u>
Total	<u>\$ 340,932</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of an actuarial experience study for the period ending January 1, 2010, through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protected	6.0%	4.0%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease <u>(6.20%)</u>	Discount Rate <u>(7.20%)</u>	1% Increase <u>(8.20%)</u>
Authority's proportionate share of the net pension liability (asset)	\$ 2,402,282	\$ 800,221	\$ (536,994)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

Plan Description. The Authority administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Authority’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>14</u>
Total	<u>16</u>

Summary of Significant Accounting Policies

Basis of Accounting. The Authority has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meet the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index, as of December 31, 2016.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

The plan currently uses the RP-2014 mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

Contributions. The Authority is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the operating budget. There were no contributions made by employees. The Authority's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. The Authority paid \$37,780 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Authority reported a total pension liability of \$474,558. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Authority recognized pension expense of \$39,195.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,157	\$ -
Changes in assumptions and other inputs	24,505	7,836
Benefit payments and administrative expenses subsequent to the measurement date	9,397	-
Total	<u>\$ 40,059</u>	<u>\$ 7,836</u>

\$9,397 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ 4,185
2020	4,185
2021	4,185
2022	4,185
2023	4,959
Thereafter	<u>1,127</u>
Total	<u>\$ 22,826</u>

\$8,841 paid as benefits came due and \$556 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Authority’s total pension liability to changes in the discount rate. The following presents the Authority’s total pension liability calculated using the discount rate of 3.16 percent, as well as what the Authority’s total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	<u>\$ 518,284</u>	<u>\$ 474,558</u>	<u>\$ 434,820</u>

Schedule of Changes in Total Pension Liability

Total pension liability as of December 31, 2016	\$ 441,122
Changes for the year:	
Service cost at end of year	18,349
Interest	16,298
Change in benefit terms	-
Difference between expected and actual experience	7,343
Changes of assumptions and other inputs	29,226
Benefit payments	(37,780)
Other	-
Net changes	<u>33,436</u>
Total pension liability as of December 31, 2017	<u>\$ 474,558</u>

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension expense	\$ 272,150	\$ 39,195	\$ 311,345
Pension liability	800,221	474,558	1,274,779
Proportionate share of the net pension liability	0.05238%	n/a	

Deferred Outflows of Resources:

Differences between expected and actual experience	\$ 46,100	\$ 6,157	\$ 52,257
Changes of assumptions	114,283	24,505	138,788
Net difference between projected and actual earnings on plan investments	194,295	-	194,295
Changes in proportion and differences between contributions and proportionate share of contributions	15,169	-	15,169
Benefit payments and administrative costs paid subsequent to the measurement date	<u>247,476</u>	<u>9,397</u>	<u>256,873</u>
	<u>\$ 617,323</u>	<u>\$ 40,059</u>	<u>\$ 657,382</u>

Deferred Inflows of Resources:

Differences between expected and actual experience	\$ 22,652	\$ -	\$ 22,652
Changes of assumptions	-	7,836	7,836
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>6,263</u>	<u>-</u>	<u>6,263</u>
	<u>\$ 28,915</u>	<u>\$ 7,836</u>	<u>\$ 36,751</u>

c. Supplemental Retirement Income Plan

Plan Description. The Authority contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to employees of the Authority. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (the “CAFR”) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to 5% of each officer’s salary. In addition to the required contribution for law enforcement officers, the Authority makes a monthly contribution equal to 5% of non-law

enforcement officer's salary. Also, law enforcement officers and non-law enforcement officers of the Authority may make voluntary contributions to the Plan.

The Authority made contributions of \$41,051 and \$119,655 for law enforcement officers and non-law enforcement officers for the year ended June 30, 2018, respectively. The Authority made contributions of \$41,667 and \$121,941 for law enforcement officers and non-law enforcement officers for the year ended June 30, 2017, respectively. No amounts were forfeited in 2018 or 2017.

d. Other Employment Benefits

The Authority has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000, or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan, the Authority does not determine the number of eligible participants. The Authority has no liability beyond the payment of the monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based on rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Authority considers these contributions to be immaterial.

The Department of State Treasurer uses funds derived from court costs to offset employer contribution rates to the LGERS Death Benefit Plan for law enforcement officers. During the fiscal year ended June 30, 2018, these offset funds matched the total contribution rate of .014%.

The Authority provides health, dental, short-term and long-term disability, life insurance, and a 457 deferred compensation plan to its regular full-time employees. Regular part-time employees, working at least 1,000 hours annually, qualify for these benefits.

e. Other Post-Employment Benefits (OPEB)

Healthcare Benefits

Plan Description. Under the terms of an Authority resolution, the Authority administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The Authority Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. The Plan provides post-employment healthcare benefits to retirees of the Authority up to age 65, provided they participate in the North Carolina Local Governmental Employees' Retirement System, were hired prior to July 1, 2011, and were covered by the Authority's group health plan for the three years immediately preceding retirement. The Authority pays the full cost of coverage for these benefits through private insurers. Also, the Authority's retirees can purchase coverage for their dependents at the Authority's group rates. Employees hired on or after July 1, 2011, are not eligible for the Authority's post-employment healthcare benefits. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will no longer be eligible for post-employment healthcare benefits by the Authority. The Authority Board may amend the benefit provisions. A separate report was not issued for the Plan.

Membership of the Retiree Health Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees receiving benefits	2	1
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>21</u>	<u>10</u>
Total	<u><u>23</u></u>	<u><u>11</u></u>

Total OPEB Liability

The Authority’s total OPEB liability of \$1,211,712 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00%
Salary increases	3.50% – 7.75%, including wage inflation
Discount rate	3.56%
Healthcare cost trends	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate 5.0% by 2023

The discount rate is based on the June average of the Bond Buyer General Obligation 20 Year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Schedule of Changes in Total OPEB Liability

Total OPEB liability as of June 30, 2017	\$ 1,190,931
Changes for the year:	
Service cost	79,544
Interest	35,421
Changes of benefit terms	-
Differences between expected and actual experience	265
Changes in assumptions or other inputs	(65,963)
Benefit payments	<u>(28,486)</u>
Net changes	<u>20,781</u>
Total OPEB liability as of June 30, 2018	<u>\$ 1,211,712</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease <u>(2.56%)</u>	Discount Rate <u>(3.56%)</u>	1% Increase <u>(4.56%)</u>
Total OPEB liability	\$ 1,334,298	\$ 1,211,712	\$ 1,100,633

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Total OPEB liability	\$ 1,060,895	\$ 1,211,712	\$ 1,390,443

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

For the year ended June 30, 2018, the Authority recognized OPEB expense of \$105,776. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 228	\$ -
Changes of assumptions	-	56,737
Benefit payments and administrative costs made subsequent to the measurement date	<u>25,454</u>	<u>-</u>
Total	<u>\$ 25,682</u>	<u>\$ 56,737</u>

\$25,454 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amount
June 30	
2019	\$ (9,189)
2020	(9,189)
2021	(9,189)
2022	(9,189)
2023	(9,189)
Thereafter	<u>(10,564)</u>
Total	<u>\$ (56,509)</u>

3. Long-term Debt

On September 1, 2016, the Authority issued \$21,000,000 of bonds entitled Greater Asheville Regional Airport Authority System Revenue Bonds 2016A and 2016B. These bonds provide financing for the construction of a parking deck for the airport system. The bonds require sinking fund payments beginning July 1, 2017 ranging from \$955,000 to \$1,665,000 annually, including semi-annual interest ranging from 2.39% to 2.59%, until July 1, 2031.

The revenue bonds mature as follows:

Year Ended	Principal	Interest
June 30		
2019	\$ 1,215,000	\$ 471,931
2020	1,245,000	440,074
2021	1,280,000	407,376
2022	1,315,000	374,530
2023	1,345,000	342,188
2024-2028	7,220,000	1,207,428
2029-2032	<u>6,425,000</u>	<u>311,716</u>
Total	<u>\$ 20,045,000</u>	<u>\$ 3,555,243</u>

The Authority is in compliance with the covenants of the bond order. The Bond Order requires the debt service coverage ratio to be no less than 125%. The debt service coverage ratio calculation for the year ended June 30, 2018, is as follows:

Airport revenues (excluding passenger facility charges)	\$ 14,163,893
Current expenses *	<u>8,220,376</u>
Net revenues	<u>\$ 5,943,517</u>
Debt service: **	
Principal	1,215,000
Interest	<u>487,666</u>
	<u>\$ 1,702,666</u>
Debt service coverage ratio	349.1%

* excludes capital outlay, debt service, and depreciation

** Per Bond Indenture, debt service for a fiscal year ending June 30, includes amounts of principal and interest due on the following July 1

4. Changes in Long-Term Liabilities

Changes in long-term liabilities are as follows:

	(Restated)				
	July 1, 2017	Additions	Retirements	June 30, 2018	Current
Revenue bonds	\$21,000,000	\$ -	\$ 955,000	\$ 20,045,000	\$ 1,215,000
Compensated absences	350,006	245,438	236,233	359,211	241,000
Total pension liability (LEO)	441,122	33,436	-	474,558	-
Net pension liability (LGERS)	1,080,905	-	280,684	800,221	-
Other post-employment benefits:					
Healthcare benefits	<u>1,190,931</u>	<u>20,781</u>	<u>-</u>	<u>1,211,712</u>	<u>-</u>
Total	<u>\$24,062,964</u>	<u>\$ 299,655</u>	<u>\$ 1,471,917</u>	<u>\$ 22,890,702</u>	<u>\$ 1,456,000</u>

C. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has property, general liability, flood, automobile, workers' compensation, crime, public officials, law enforcement, and employment practices coverage. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Authority carries flood insurance through Alliant Insurance Services, Inc., in the amount of \$10,000,000.

The Authority's crime insurance covers all employees, with a limit of \$250,000 per loss. The Finance Officer is individually bonded for \$250,000.

D. Net Position

The Authority Board has established an operations and maintenance designation equal to six months of the Airport’s subsequent year’s operations and maintenance budget. The Board has also designated \$650,000 for emergency repairs.

Unrestricted net position consists of the following:

	(Restated)	
	2018	2017
Unrestricted net position, designated for:		
Operating and maintenance	\$ 4,517,470	\$ 4,290,100
Emergency repair	650,000	650,000
Undesignated, unrestricted net position	<u>13,732,153</u>	<u>9,993,213</u>
Total	<u>\$ 18,899,623</u>	<u>\$ 14,933,313</u>

E. Revenue and Expenses

1. Leases and Other Non-Cancelable Agreements

The Authority leases land and facilities to tenants under various cancelable and non-cancelable agreements. Some agreements require a fixed monthly rent and others require a fee that is the greater of a minimum annual guarantee privilege fee or a percentage of gross sales by the tenant. The future non-cancelable minimum annual rentals and privilege fees to be received under agreements in effect at June 30, 2018, are as follows:

Year Ended	Amount
June 30	
2019	\$ 1,181,002
2020	979,296
2021	775,705
2022	475,677
2023	475,677
Thereafter	<u>4,458,347</u>
Total	<u>\$ 8,345,704</u>

2. Passenger Facility Charges

The Authority receives from the airline carriers enplaning passengers at the Greater Asheville Regional Airport a facility charge of \$4.50 per passenger. Every air carrier servicing the Airport must collect \$4.50 from passengers on all tickets sold and remit \$4.39 of these funds to the Authority. The Authority must use these funds for Federal Aviation Administration (FAA) approved capital improvement projects. Revenues from passenger facility charges totaled \$2,376,802 for the year ended June 30, 2018, and \$1,836,201 for the year ended June 30, 2017.

Note 3 – Commitments and Contingencies (Including Litigation)

1. Construction Contract Commitments

The Authority has commitments of approximately \$26.9 million for the construction/renovation of facilities. These projects are to be funded through Federal grants, State grants, passenger facility charges, customer facility charges and Authority funding.

The underlying contracts have termination provisions. The contract with an architectural/engineering consulting firm representing approximately \$425,000 of the commitment amount allows either party to terminate the agreement with a seven-day written notice and the consultant is entitled to payment for work executed and costs incurred by reason of such termination.

The contracts with the construction firms representing approximately \$1.7 million of the commitment amount allows the Authority to either terminate the agreement “for cause” due to failure by the contractor to fulfill contract obligations, or “for the convenience” of the Authority at any time. The contract termination for the convenience of the Authority will provide for an equitable adjustment in the contract price, but no amount will be allowed for anticipated profit on unperformed services.

The contract with the construction firm representing approximately \$24 million of the commitment amount allows the Authority to suspend or terminate the agreement upon any violation or breach of terms of the contract. Authority will provide contractor written notice of breach and corrective actions contractor must undertake to avoid termination of contract, including specific date by which the breach must be corrected. Authority reserves the right to withhold payments to contractor until such time the contractor corrects the breach or the Authority elects to terminate the contract.

The contract with the construction firm representing \$800,000 of the commitment amount allows the attachment of surety bond for the faithful performance of work specified in strict conformity with specifications set forth. If said work is not completed within the time stated, the contractor shall be liable to pay the Authority liquidated damages in the amount of \$3,000 per calendar day for each day thereafter that said work remains substantially incomplete.

2. Federal and State Assisted Programs

The Authority has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

3. Contingent Liabilities

The Authority is presently a defendant in various lawsuits and is also subject to potential claims which may arise out of the ordinary conduct of its affairs. The Authority is also involved in general disputes with contractors as an ongoing matter. The Authority is involved in the following:

General Disputes

The Authority is involved in several general disputes with contractors involving the Authority’s capital projects. These ongoing issues are not pending litigation. The Authority is working with the surety on one project, in order to resolve a particular dispute. The other disputes are not pending any litigation. Management does not believe that these matters require a provision for a future loss as of June 30, 2018.

Pending Matter – Notice of Violation

The Authority has received a Notice of Violation (NOV) from the North Carolina Department of Environmental Quality (DEQ) alleging violations of North Carolina’s water pollution control law. The NOV involves the Authority, the DEQ, and another party. At this time management takes the position that the other party is legally, contractually, and financially responsible. Legal counsel has confirmed that they are unable to form a judgement of the matter at this time. Given management’s stance, and consultation with legal counsel, the Authority has not made a provision for contingent liabilities related to this matter.

Pending Matter – Retaining Wall / Breach of Contract

The Authority is involved in pending litigation with one of its contractors. The contractor has asserted claims against the Authority involving the construction of a retaining wall and breach of contract. The Authority has vigorously defended the allegations and cross-claims. The contractor’s claims range from a low end of approximately \$450,000 to a high end estimate of \$1.2 million. The Authority’s legal counsel has stated that they are unable to form a judgement as to the outcome of the matter. Given management’s stance, and consultation with legal counsel, the Authority has not made a provision for contingent liabilities related to this matter.

The Authority faces additional costs in the form of legal and professional fees, costs, and potential settlement payments involving the matters noted above. However, it is the opinion of the Authority’s management that the additional costs, including the possibility of settlement of these matters, if any, will not have a material adverse effect on the Authority’s financial position.

Note 4 – Change in Accounting Principles/Restatement

The Authority implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Authority to record the beginning total OPEB liability, the effects on net position of benefit payments, and administrative expenses paid by the Authority related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred inflows of resources and deferred outflows of resources, other than benefit payments and administrative expenses paid subsequent to the prior measurement period, associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$13,096.

**REQUIRED SUPPLEMENTARY
INFORMATION**

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
Last Two Fiscal Years***

Schedule of Changes in Total Pension Liability

	2018	2017
Beginning balance	\$ 441,122	\$ 446,133
Changes for the year:		
Service cost at end of year	18,349	21,843
Interest	16,298	15,375
Change in benefit terms	-	-
Difference between expected and actual experience	7,343	-
Changes of assumptions and other inputs	29,226	(11,280)
Benefit payments	(37,780)	(30,949)
Other	-	-
Net changes	<u>33,436</u>	<u>(5,011)</u>
Ending balance of the total pension liability	<u>\$ 474,558</u>	<u>\$ 441,122</u>

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Total Pension Liability	\$ 474,558	\$ 441,122
Covered Payroll	740,566	834,877
Total pension liability as a percentage of covered payroll	64.08%	52.84%

Notes to the schedule:

The Authority has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

* The amounts presented for each fiscal year were determined as of the prior calendar year ending December 31.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

Schedule of Changes in the Total OPEB Liability and Related Ratios

	<u>2018</u>
Service cost	\$ 79,544
Interest	35,421
Changes of benefit terms	-
Differences between expected and actual experience	265
Changes of assumptions	(65,963)
Benefit payments	<u>(28,486)</u>
Net change in total OPEB liability	<u>20,781</u>
Total OPEB liability - beginning	<u>1,190,931</u>
Total OPEB liability - ending	<u>\$ 1,211,712</u>
Covered payroll	\$ 1,794,239
Total OPEB liability as a percentage of covered payroll	67.53%

Notes to the schedule:

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

<u>Fiscal year</u>	<u>Rate</u>
2018	3.56%

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 Last Five Fiscal Years*

Local Governmental Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability (asset) (%)	0.05238%	0.05093%	0.05042%	0.04853%	0.05120%
Authority's proportion of the net pension liability (asset) (\$)	\$ 800,221	\$ 1,080,905	\$ 226,282	\$ (286,204)	\$ 617,157
Authority's covered payroll	3,226,530	3,067,020	2,861,908	2,699,905	2,574,058
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.80%	35.24%	7.91%	(10.60%)	23.98%
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
 REQUIRED SUPPLEMENTARY INFORMATION
 Last Five Fiscal Years

Local Governmental Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 247,476	\$ 241,459	\$ 210,066	\$ 204,511	\$ 192,190
Contributions in relation to the contractually required contribution	<u>247,476</u>	<u>241,459</u>	<u>210,066</u>	<u>204,511</u>	<u>192,190</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	3,206,342	\$ 3,226,530	\$ 3,067,020	\$ 2,861,908	\$ 2,699,905
Contributions as a percentage of covered payroll	7.72%	7.48%	6.85%	7.15%	7.12%

SUPPLEMENTARY INFORMATION

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the year ended June 30, 2018

With comparative actual amounts for the year ended June 30, 2017

	2018			2017
	Final		Variance	
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating Revenues:				
Terminal	\$ 4,847,273	\$ 5,740,026	\$ 892,753	\$ 5,079,256
Airfield	920,703	1,082,062	161,359	935,323
General aviation	1,021,005	1,015,024	(5,981)	1,003,966
Parking lot	3,345,000	4,482,852	1,137,852	3,549,920
Interest income	35,000	122,155	87,155	90,542
Other	174,788	229,361	54,573	234,107
Reimbursable costs	-	-	-	2,055
Customer facility charges	<u>1,350,000</u>	<u>1,492,413</u>	<u>142,413</u>	<u>1,404,051</u>
Total operating revenues	<u>11,693,769</u>	<u>14,163,893</u>	<u>2,470,124</u>	<u>12,299,220</u>
Non-operating Revenues:				
State grant reimbursements	2,526,331	2,027,830	(498,501)	-
Federal airport improvement program grants	18,631,604	5,008,854	(13,622,750)	14,284,352
Passenger facility charges	<u>1,788,500</u>	<u>2,376,802</u>	<u>588,302</u>	<u>1,836,201</u>
Total non-operating revenues	<u>22,946,435</u>	<u>9,413,486</u>	<u>(13,532,949)</u>	<u>16,120,553</u>
Total revenues	<u>34,640,204</u>	<u>23,577,379</u>	<u>(11,062,825)</u>	<u>28,419,773</u>
Expenditures:				
Administration	546,731	423,921	122,810	453,405
Development	448,631	381,329	67,302	396,981
Executive	658,913	606,459	52,454	830,832
Finance	442,589	405,256	37,333	412,904
Guest services	220,328	194,827	25,501	200,407
Information technology	873,011	704,279	168,732	741,888
Marketing	671,793	602,717	69,076	524,627
Operations	3,660,530	3,546,393	114,137	3,478,834
Public safety	1,548,447	1,213,494	334,953	1,341,362
Business development:				
Operating expenditures	300,000	109,517	190,483	177,255
Debt service - principal	955,000	955,000	-	-
Debt service - interest	500,033	500,032	1	207,643
Emergency repair:				
Operating expenditures	50,000	32,184	17,816	-
Reimbursable costs	-	-	-	2,055
Non-signatory fees	-	-	-	197,462
Contingency	100,000	-	100,000	-
Equipment and small capital outlay	186,975	7,143	179,832	59,601
Renewal and replacement capital outlay	366,105	203,157	162,948	324,487
Capital project expenditures	<u>47,244,845</u>	<u>14,969,328</u>	<u>32,275,517</u>	<u>32,108,503</u>
Total expenditures	<u>58,773,931</u>	<u>24,855,036</u>	<u>33,918,895</u>	<u>41,458,246</u>

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the year ended June 30, 2018

With comparative actual amounts for the year ended June 30, 2017

	2018		2017	
	Final			
	Budget	Actual	Actual	
		Variance		
		Positive		
		(Negative)		
Revenues under expenditures	(24,133,727)	(1,277,657)	22,856,070	(13,038,473)
Other Financing Sources:				
Proceeds from revenue bonds issued	-	-	-	21,000,000
Proceeds on sale of assets	-	26,419	26,419	58,732
Appropriated net position	24,133,727	-	(24,133,727)	-
Total other financing sources	24,133,727	26,419	(24,107,308)	21,058,732
Revenues and other financing sources over expenditures	\$ -	(1,251,238)	\$ (1,251,238)	8,020,259
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:				
Capital outlay expenditures		210,300		384,088
Capital project expenditures		14,969,328		32,108,503
Proceeds from revenue bonds issued		-		(21,000,000)
Principal payments of bond maturities		955,000		-
Increase (decrease) in deferred outflows of resources - pensions		(308,906)		738,811
(Increase) decrease in accrued interest payable		12,367		(256,200)
(Increase) decrease in accrued compensated absences		(9,205)		(23,110)
(Increase) decrease in net pension liability (LEO-SSA)		(33,436)		5,011
(Increase) decrease in net pension liability (LGERS)		280,684		(854,623)
(Increase) decrease in pension liability (OPEB)		(20,781)		(124,539)
(Increase) decrease in deferred inflows of resources - pensions		(33,465)		76,502
Trade-in value of disposed assets		36,000		-
Depreciation		(4,712,113)		(4,760,215)
Change in net position		\$ 10,094,535		\$ 14,314,487

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

CAPITAL IMPROVEMENTS SUPPLEMENTAL SCHEDULE

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

From inception and for the year ended June 30, 2018

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Federal airport improvement program grants	\$ 59,242,312	\$ 36,744,007	\$ 5,008,854	\$ 41,752,861	\$ (17,489,451)
Passenger facility charges	5,139,089	3,960,089	587,897	4,547,986	(591,103)
State grants	<u>5,726,331</u>	<u>3,700,000</u>	<u>808,762</u>	<u>4,508,762</u>	<u>(1,217,569)</u>
Total operating revenues	<u>70,107,732</u>	<u>44,404,096</u>	<u>6,405,513</u>	<u>50,809,609</u>	<u>(19,298,123)</u>
Expenditures:					
Airfield Re-Development - Bid Package 1	11,868,128	10,341,195	16,217	10,357,412	1,510,716
Airfield Re-Development - Bid Package 2	13,956,089	13,912,380	-	13,912,380	43,709
Airfield Re-Development - Bid Package 3	16,338,255	16,024,596	32,163	16,056,759	281,496
Airfield Re-Development - Bid Package 4	34,703,096	5,843,807	6,821,845	12,665,652	22,037,444
Parking Garage Design and Construction	1,627,575	1,409,443	194,720	1,604,163	23,412
Parking Garage	21,938,700	13,853,417	6,942,976	20,796,393	1,142,307
Other	<u>2,026,331</u>	<u>-</u>	<u>961,407</u>	<u>961,407</u>	<u>1,064,924</u>
Total expenditures	<u>102,458,174</u>	<u>61,384,838</u>	<u>14,969,328</u>	<u>76,354,166</u>	<u>26,104,008</u>
Revenues under expenditures	<u>(32,350,442)</u>	<u>(16,980,742)</u>	<u>(8,563,815)</u>	<u>(25,544,557)</u>	<u>6,805,885</u>
Other Financing Sources:					
Transfers from operating cash	<u>32,350,442</u>	<u>16,980,742</u>	<u>8,563,815</u>	<u>25,544,557</u>	<u>(6,805,885)</u>
Total other financing sources	<u>32,350,442</u>	<u>16,980,742</u>	<u>8,563,815</u>	<u>25,544,557</u>	<u>(6,805,885)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Schedule represents cumulative activity for active capital improvement projects. Budget and actual activity is accounted for in the Operating Fund; not a separate fund. This schedule is for additional detail of active capital improvement projects.

COMPLIANCE SECTION



**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***

Independent Auditors' Report

To the Board of Directors
Greater Asheville Regional Airport Authority
Fletcher, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the business-type activities of the Greater Asheville Regional Airport Authority, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Greater Asheville Regional Airport Authority's basic financial statements, and have issued our report, thereon, dated September 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greater Asheville Regional Airport Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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 Authority'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.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
September 21, 2018



Report on Compliance for Each Major Federal Program and Passenger Facility Charge (PFC) Program; Report on Internal Control Over Compliance; With Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of Directors
Greater Asheville Regional Airport Authority
Fletcher, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Greater Asheville Regional Airport Authority's compliance with the types of compliance requirements described in OMB Compliance Supplement, the Passenger Facility Charge (PFC) Audit Guide for Public Agencies, and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Greater Asheville Regional Airport Authority's major federal programs and PFC program for the year ended June 30, 2018. The Greater Asheville Regional Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Greater Asheville Regional Airport Authority's major federal programs 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; the *Passenger Facility Charge Audit Guide* for Public Agencies; 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); and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, the PFC Program Audit Compliance Guide, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program, or the PFC program, occurred. An audit includes examining, on a test basis, evidence about the Greater Asheville Regional Airport Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and the Passenger Facility Charge (PFC) Program. However, our audit does not provide a legal determination of the Greater Asheville Regional Airport Authority's compliance.

Opinion on Each Major Federal Program and PFC Program

In our opinion, the Greater Asheville Regional Airport Authority 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 and the PFC Program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Greater Asheville Regional Airport Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program, or the PFC Program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Passenger Facility Charge Audit Guide for Public Agencies, 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 Authority'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, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance 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 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 significant deficiencies or material weaknesses. 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 and the Passenger Facility Charge Audit Guide for Public Agencies. Accordingly, this report is not suitable for any other purpose.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
September 21, 2018



**Report on Compliance for Each Major State Program; Report on Internal
Control over Compliance; In Accordance with Uniform Guidance
and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of Directors
Greater Asheville Regional Airport Authority
Fletcher, North Carolina

Report on Compliance for Each Major State Program

We have audited the Greater Asheville Regional Airport Authority's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Greater Asheville Regional Airport Authority's major State program for the year ended June 30, 2018. The Greater Asheville Regional Airport Authority's major State program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Greater Asheville Regional Airport Authority's major State programs 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 applicable sections Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Greater Asheville Regional Airport Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Greater Asheville Regional Airport Authority 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 State program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Greater Asheville Regional Airport Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State 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 Authority'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, non-compliance with a type of compliance requirement of a State 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 non-compliance with a type of compliance requirement of a State 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State 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 significant deficiencies or material weaknesses. 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.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
September 21, 2018

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended 30, 2018

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

- Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal program:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major federal program Unmodified

- Any findings disclosed that are required to be reported in accordance with 2 CFR 500.516(a)? _____ Yes X No

Identification of major federal program:

<u>Name of Federal Program or Cluster</u>	<u>CFDA #</u>
Airport Improvement Program	20.106
Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes _____ No

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

For the year ended 30, 2018

There were no prior year audit findings.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2018

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Awards:				
<u>U.S. Department of Transportation</u>				
Federal Aviation Administration				
Direct Program:				
Airport Improvement Program	20.106	\$ 5,008,854	\$ -	\$ 587,897
Total federal awards		<u>5,008,854</u>	<u>-</u>	<u>587,897</u>
State Awards:				
<u>N.C. Department of Transportation</u>				
State Aid to Airports, DOT-8,				
Project #2017-57 34.19(A)				
		<u>-</u>	<u>808,762</u>	<u>-</u>
Total state awards		<u>-</u>	<u>808,762</u>	<u>-</u>
Total federal and state awards		<u>\$ 5,008,854</u>	<u>\$ 808,762</u>	<u>\$ 587,897</u>

Passenger Facility Charges:

Capital improvements	
Application approved number	11-05-C-00-AVL
Beginning balance, unliquidated Passenger Facility Charges	\$ 3,026,600
Passenger Facility Charges collected	2,193,287
Expenditures	<u>(587,897)</u>
Ending balance, unliquidated Passenger Facility Charges	<u>\$ 4,631,990</u>

Notes to the Schedule of Expenditures of Federal Awards:

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Greater Asheville Regional Airport Authority and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; the Passenger Facility Charge Audit Guide for Public Agencies; and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

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



MEMORANDUM

TO: Members of the Airport Authority

FROM: Michael A. Reisman
Deputy Executive Director, Development & Operations

DATE: November 9, 2018

ITEM DESCRIPTION – New Business Item B

Adoption of the Asheville Regional Airport Five-Year Capital Improvement Plan (CIP) for FY 2020-2024

BACKGROUND

The Federal Aviation Administration (FAA) requires all airports to submit a Five-Year CIP to be eligible for federal project funding. The CIP is used to update the National Plan of Integrated Airport Systems (NPIAS) and allows the FAA to update the NPIAS program based upon available funding levels.

CIP priorities through FY 24 provide for the completion of existing programs already underway or planned. This includes equipment replacement, roadway and parking lot pavement rehabilitation, terminal apron repairs and expansion, terminal rehabilitation and expansion, and an update of the Airport Master Plan.

ISSUES

None.

ALTERNATIVES

None.

FISCAL IMPACT

The Five-Year CIP is considered a planning and administrative tool for authority Staff, the FAA, and the NCDOT Division of Aviation. Adopting the CIP does not approve any

New Business – Item B



contracts nor provide Staff with any authorization to award design or construction projects. Staff will present individual CIP projects to the Authority Board in accordance with all applicable Authority policies.

RECOMMENDED ACTION

It is respectfully requested that the Authority Board resolve to adopt the Asheville Regional Airport Five-Year Capital Improvement Plan.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

Airport Capital Improvement Program - Fiscal Years 2020-2024											DRAFT				
Description	Total Cost	AIP Entitlements	AIP Discretionary	State Funds	Pay-As-You-Go PFC		Other Local Funds			Total Funding					
					Current Approval	Future Approvals	Airport Capital	Other	CFC						
Current Year															
FY 2019 (Oct 1, 2018 - Sept 30, 2019)															
Terminal Infrastructure Improvements - Phase I and II Utilities (Design and Construction)	\$ 2,222,222	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 222,222	\$ -	\$ -	\$ 2,222,222				
Snow Removal Equipment - Snow Plow Trucks	\$ 1,500,000	\$ 1,350,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ 1,500,000				
Terminal Rehabilitation and Expansion - Phase I (Design)	\$ 3,000,000	\$ 1,475,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,525,000	\$ -	\$ -	\$ 3,000,000				
Security System (Construction)	\$ 2,282,213	\$ 2,053,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,221	\$ -	\$ -	\$ 2,282,213				
Subtotal FY 2019	\$ 9,004,435	\$ 4,878,992	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,125,443	\$ -	\$ -	\$ 9,004,435				
FY 2020 (Oct 1, 2019 - Sept 30, 2020)															
Terminal Apron Expansion (South) - Phase I and Phase II (Design and Construction)	\$ 10,664,537	\$ 1,948,083	\$ 7,650,000	\$ -	\$ -	\$ -	\$ -	\$ 1,066,454	\$ -	\$ -	\$ 10,664,537				
Terminal Rehabilitation and Expansion - Phase I (Design and Construction)	\$ 25,000,000	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 23,000,000	\$ -	\$ -	\$ 25,000,000.00				
Wright Brothers Way Extension	\$ 3,138,889	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,138,889	\$ -	\$ -	\$ 3,138,889				
Subtotal FY 2020	\$ 38,803,426	\$ 2,948,083	\$ 7,650,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 26,205,343	\$ -	\$ -	\$ 38,803,426				
FY 2021 (Oct 1, 2020 - Sept 30, 2021)															
Terminal Rehabilitation and Expansion - Phase II (Design and Construction)	\$ 75,000,000	\$ 2,948,083	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 70,051,917	\$ -	\$ -	\$ 75,000,000				
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Subtotal FY 2021	\$ 75,000,000	\$ 2,948,083	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 70,051,917	\$ -	\$ -	\$ 75,000,000				
FY 2022 (Oct 1, 2021 - Sept 30, 2022)															
Terminal Rehabilitation and Expansion - Phase III (Design and Construction)	\$ 50,000,000	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 48,000,000	\$ -	\$ -	\$ 50,000,000				
Roadway Improvements & Rehab.	\$ 2,275,648	\$ 2,048,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,565	\$ -	\$ -	\$ 2,275,648				
Airport Master Plan	\$ 1,000,000	\$ 900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 1,000,000				
Subtotal FY 2022	\$ 53,275,648	\$ 2,948,083	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 48,327,565	\$ -	\$ -	\$ 53,275,648				
FY 2023 (Oct 1, 2022 - Sept 30, 2023)															
GA Apron / Taxilane Rehabilitation - Phase I	\$ 3,275,648	\$ 2,948,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 327,565	\$ -	\$ -	\$ 3,275,648				
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Subtotal FY 2023	\$ 3,275,648	\$ 2,948,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 327,565	\$ -	\$ -	\$ 3,275,648				
FY 2024 (Oct 1, 2023 - Sept 30, 2024)															
GA Apron / Taxilane Rehabilitation - Phase II	\$ 3,275,648	\$ 2,948,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 327,565	\$ -	\$ -	\$ 3,275,648				
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Subtotal FY 2024	\$ 3,275,648	\$ 2,948,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 327,565	\$ -	\$ -	\$ 3,275,648				
Total - FY 2020 - FY 2024	\$ 182,634,805	\$ 19,619,407	\$ 7,650,000	\$ 8,000,000	\$ -	\$ -	\$ -	\$ 147,365,398	\$ -	\$ -	\$ 182,634,805				



MEMORANDUM

TO: Members of the Airport Authority

FROM: Michael A. Reisman, A.A.E.
Deputy Executive Director, Development and Operations

DATE: November 9, 2018

ITEM DESCRIPTION – New Business C

Approve Work Authorization No. 2 with Parrish and Partners of North Carolina, PLLC for South Terminal Apron Expansion Project Engineering Services

BACKGROUND

The Authority entered into an Agreement for Professional Consulting Services with Parrish and Partners of North Carolina, PLLC on August 10, 2018. The scope of services included design and engineering services associated with the South Terminal Apron Expansion Project, which is required to accommodate current and future demand for terminal apron parking by airlines. In conjunction with FAA requirements, an Independent Fee Estimate (IFE) was conducted to validate the cost proposal submitted by Parrish and Partners. After several rounds of negotiations and adjustments, the final agreed upon price is \$821,196.00, which is \$139,687.00 less than the IFE of \$960,883.00 (-14.5%).

ISSUES

None.

ALTERNATIVES

The Board could elect to postpone this project. This however could impact current and future demands for aircraft parking, and possibly impact the long-term schedule for potential Terminal Building improvements which will be dependent upon the presence of additional parking apron.

New Business – Item C



FISCAL IMPACT

The fee for this work is \$821,196.00. This amount may potentially be recovered through either Airport Improvement Program or State funding.

RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to (1) approve Work Authorization No. 2 with Parrish and Partners of North Carolina, PLLC in the amount of \$821,196.00; (2) to authorize the Executive Director to sign the necessary documents; and (3) to amend the FY2018/2019 budget by adopting the following budget ordinance amendment:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2019:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Capital Improvements	_____	<u>\$821,196.00</u>
Totals	_____	<u>\$821,196.00</u>

This will result in a net increase of \$821,196.00 in the appropriations. Revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA Cash	_____	<u>\$821,196.00</u>
Totals	_____	<u>\$821,196.00</u>



Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 9th day of November, 2018.

Matthew Burrell, Chair

Attested by:

Ellen Heywood, Clerk to the Board

WORK AUTHORIZATION NO. 2
CONSULTANT SCOPE OF SERVICES
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

Scope of Services for Professional Consulting Services, as referenced in the Professional Consulting Agreement between the GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY and PARRISH AND PARTNERS OF NORTH CAROLINA, PLLC, dated August 13, 2018.

PROJECT: Expand Terminal Apron – South (Approx. 11k SY)

SCOPE OF SERVICES: See Attachment A

CONSULTANT TEAM: Parrish & Partners of North Carolina, PLLC
 Terracon (Design Geotechnical) | Clearwater Enviro (Permitting)
 Blue Ridge Land Surveying (Surveying)
 S&ME (QA Testing Services, on-call)

SCHEDULE: Approx. 135 days – not including construction (See Attachment A)

PROJECT BUDGET: \$8.5M (Estimated)

FEES:

Preliminary Design Phase	\$ 51,731.00
Design Development Phase	\$ 131,177.00
Design and Permitting Phase	\$ 105,329.00
Bidding and Contract Preparation Phase	\$ 14,824.00
Construction and Close-Out Phase	\$ 137,778.00
Special/Additional Services	\$ 380,357.00
Total Lump Sum	\$ 821,196.00

Authority:

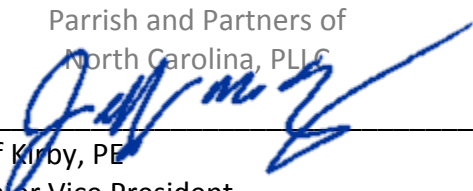
Greater Asheville Regional
Airport Authority

By: _____
 Lew Bleiweis, AAE
 Executive Director

Date: _____

Consultant:

Parrish and Partners of
North Carolina, PLLC

By:  _____
 Jeff Kirby, PE
 Senior Vice President

Date: 11.1.18

This instrument has been pre-audited in the manner required by local government and fiscal control.

Finance Director

Date

Attachments: Attachment A – Work Authorization No. 2 Detail (Scope of Work)
 Attachment B – Fee Spreadsheet(s)

WORK AUTHORIZATION NO. 2

For:

**EXPAND TERMINAL APRON – SOUTH
(APPROX. 11K SY)****GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY****OCTOBER 30, 2018****I. PROJECT DESCRIPTION:**

This project consists of the design services associated with a project to expand the existing terminal apron to the south. It is anticipated that the size of the expanded portion of apron pavement will be approximately 11,000 square yards and will include impacts to the existing employee parking lot and other existing airfield facilities. Design efforts will involve subcontracted services for geotechnical investigation as well as ground survey.

II. SCOPE OF SERVICES:

The scope of work for this Work Authorization includes:

1. Preliminary Design Phase – Prepare Preliminary Plans (30%)
2. Design Development Phase – Prepare Design Review Plans (60%)
3. Design and Permitting Phase – Prepare Final Plans (90%, 100%, & As-Bid)
 - a. Prepare Erosion Control Plans and Coordinate with Agencies
4. Bidding and Contract Preparation Phase
5. Construction and Close-Out Phase Services
6. Special / Additional Services
 - a. Pre-Design Ground Surveying, including Utility Location Services
 - b. Pre-Design Geotechnical Investigation Services
 - c. Wetland/Stream Mitigation & Permitting Services
 - d. Resident Project Representative Services
 - e. Quality Assurance Testing Services
 - f. Preparation of Construction Management Plan
 - g. Prepare Record Drawings (As-Builts)

A. DESIGN CRITERIA AND REQUIREMENTS

The following are the primary FAA Advisory Circulars and other design standards to be utilized during the design effort. All design will be performed according to the current edition at the time of execution of this work authorization

- FAA AC 150/5300-13; Airport Design
- FAA AC 150/5340-1; Standards for Airport Markings
- FAA AC 150/5370-2; Operational Safety on Airports During Construction
- FAA AC 150/5320-6; Airport Pavement Design and Evaluation
- FAA AC 150/5340-30; Design and Installation Details for Airport Visual Aids
- FAA AC 150/5370-10; Standards for Specifying Construction of Airports
- Federal Aviation Regulation Part 77 Surfaces

B. WORK TASKS DESCRIPTIONS

- i) BASIC SERVICES: The **CONSULTANT** shall perform the following Basic Services for the project as outlined in Exhibit C of the above referenced Master Agreement and further described below:

(1) Preliminary Design Phase: The **CONSULTANT** shall:

- (a) General Project Coordination with **OWNER** on matters affecting the Project and general correspondence preparation, as needed with this phase;
- (b) Coordinating with **OWNER** and funding agencies on project formulation, including cost estimated project justification;
- (c) Prepare project scoping, fee preparation, project justification, finances, and schedules;
- (d) Provide ground surveys, soil borings, and laboratory soil testing utilizing subcontracted services;
- (e) Prepare preliminary plans and documents (approximately 30% completion level) for agency review and comment. An estimated list of sheets to be included in this submission is as follows:

- Cover Sheet
- General Notes and Safety Notes (CSPP-1 and CSPP-2)
- Project Phasing Layout (CSPP-3)
- Existing Conditions
- Typical Sections
- Geometric Layout and Demolition Plans
- Drainage Layout
- Technical Specifications Outline

- (f) Perform quality review and revisions prior to submission.

(g) Deliverables:

Three (3) half-size printed copies of preliminary review documents as outlined above for **OWNER** review and coordination with other agencies.

(2) Design Development Phase: The **CONSULTANT** shall:

- (a) Perform General Project Coordination with **OWNER** on matters affecting the Project and general correspondence preparation, as needed with this phase;
- (b) Coordinate with **OWNER** and funding agencies as necessary with this phase;
- (c) Prepare Erosion Control Plans and Coordinate with Agencies. **CONSULTANT** will prepare the necessary erosion control plans and coordinate necessary permits with the agencies;
- (d) Evaluate Storm Water Management requirements and coordinate with agencies as necessary for the project;
- (e) Prepare design documents of the project and prepare detailed plans, technical specifications, at approximately the 60% completion level.

An estimated list of sheets are as follows;

- Cover Sheet
- Summary of Quantities
- General Notes and Safety Notes (CSPP-1 and CSPP-2)
- Project Phasing Layout (CSPP-3)
- Construction Safety and Phasing Plans (CSPP-4 and CSPP-5)
- Existing Conditions
- Typical Sections
- Geometric Layout and Demolition Plans
- Grading and Drainage Plans
- Concrete Joint Layout Plans
- Drainage Layout Plans
- Erosion Control Plans and Details
- Marking Plans and Details
- Lighting Plans and Details
- Technical Specifications – Draft

- (f) Perform quality review and revisions prior to submission.

(g) Deliverables:

Three (3) half-size printed copy of review documents, as well as electronic versions of preliminary design report and draft specifications as outlined above for **OWNER** review and coordination with other agencies.

(3) Design and Permitting Phase: The **CONSULTANT** shall:

- (a) Perform General Project Coordination with **OWNER** on matters affecting the Project and general correspondence preparation, as needed with this phase;
- (b) Coordinate with **OWNER** and funding agencies as necessary with this phase, including but not limited to coordination with airport users on potential construction schedules and submission of FAA Airspace (Form 7460);
- (c) Prepare Storm Water Management Plan for the project area;
- (d) Prepare review design documents of the project and prepare detailed plans, technical specifications, incorporating comments from previous submittal (90% completion level).

An estimated list of sheets are as follows;

- Cover Sheet
 - Summary of Quantities
 - General Notes and Safety Notes (CSPP-1 and CSPP-2)
 - Project Phasing Layout (CSPP-3)
 - Construction Safety and Phasing Plans (CSPP-4 and CSPP-5)
 - Existing Conditions
 - Typical Sections
 - Geometric Layout and Demolition Plans
 - Grading and Drainage Plans
 - Concrete Joint Layout Plans
 - Drainage Layout Plans
 - Erosion Control Plans and Details
 - Miscellaneous Details
 - Marking Plans and Details
 - Lighting Plans and Details
 - Cross Sections
 - Technical Specifications
- (e) Prepare for review and approval by **OWNER**, its legal counsel and other advisors, necessary Bidding information, bidding forms, the Conditions of the Contract, and the form of Agreement between the **OWNER** and Contractor (otherwise referred to as the Front-End Contract Documents including FAA General Provisions);
 - (f) Prepare final design documents of the project, incorporating comments from previous review (100% completion level);
 - (g) Prepare Final Design Report, including adjustments to the preliminary estimate of probable construction costs caused by changes in general scope, extent or character or design requirements of the **PROJECT**, or market conditions;

- (h) Prepare and coordinate applicable documents to obtain Erosion & Sediment Control permit with Buncombe County, DEQ, or other applicable agencies;
 - (i) Perform quality review and revisions prior to submissions of documents;
 - (j) Incorporate **OWNER** comments from review submittals of the design documents;
 - (k) Print and provide necessary copies for in-house production of engineering drawings and contract specifications;
 - (l) Deliverables:
Three (3) half-size printed copies of final design documents, as well as electronic versions of final design report and specifications as outlined above for **OWNER** review and coordination with other agencies.
- (4) Bidding and Contract Formulation Phase: The **CONSULTANT** shall:
- (a) Assist the **OWNER** in advertising for and obtaining bids for the **PROJECT**, and, maintain a record of prospective bidders to whom Bidding Documents have been issued, and receive and process payments for Bidding Documents;
 - (b) Receive and respond to contractors inquires related to the **PROJECT**;
 - (c) Assist the **OWNER** in conducting a pre-bid conference to share pertinent bidding and technical information and requirements with prospective bidders;
 - (d) Issue addenda as appropriate to interpret, clarify or expand the Bidding Documents;
 - (e) Distribute sets of Bidding Documents to Prospective Bidders and plan offices (Dodge and AGC) during the Bidding Phase; and,
 - (f) Attend bid opening, prepare bid tabulation sheets, assist **OWNER** in evaluating bids, and provide a formal recommendation to award.
 - (g) Deliverables:
 - Summary of bids received and a unit cost analysis
 - Recommendation of award

- (5) Construction and Close-Out Phase: After notice to proceed with the Construction Phase, **CONSULTANT** shall:
- (a) The construction project duration is anticipated to be 8 months, which includes 30 days provided to the Contractor for completion of punch list items;
 - (b) The **CONSULTANT's** responsibility to provide Basic Services for the Construction Phase under this Agreement commences with the award of a Contract for Construction and terminates upon completion of final payment to the Contractor and issuance of close-out documents to the **OWNER**;
 - (c) The **CONSULTANT** will prepare the applicable grant application documentation, as well as other items related to project setup, and provide to the **OWNER** for further coordination;
 - (d) The **CONSULTANT** will coordinate the project startup items necessary with the **OWNER** and Contractor to schedule the construction start and other pre-construction startup items;
 - (e) The **CONSULTANT** will provide basic daily project administration throughout the duration of the referenced construction period. These tasks include items such as coordination with the RPR regarding project updates, assistance with scheduling of QA testing and coordination of on-call testing, provide regular updates to the **OWNER** regarding project status, and other general construction coordination items;
 - (f) **CONSULTANT** shall attend and administer the preconstruction conference;
 - (g) **CONSULTANT** shall attend and administer the pre-paving conference and review document provided prior to meeting;
 - (h) Visits to Site and Observation of Construction: In connection with observations of the work of Contractor(s) while it is in progress:
 - i. **CONSULTANT** shall make visits to the site at intervals appropriate to the various stages of construction as **CONSULTANT** deems necessary in order to observe as an experienced and qualified design professional the progress of the various aspects of Contractor(s)' work. Based on information obtained during such visits and on such observations, **CONSULTANT** shall endeavor to determine in general if such work is proceeding in accordance with the Contract Documents and **CONSULTANT** shall keep **OWNER** informed of the progress of the work;
 - ii. **CONSULTANT** shall not during such visits or as a result of such observations of Contractor(s)' work in progress, supervise, direct or have control over Contractor(s)'s work nor shall **CONSULTANT** have authority over or responsibility for the means, methods, techniques, sequences or procedures of construction selected by Contractor(s), for safety precautions and programs incident to the work of Contractor(s) or for any failure of Contractor(s) to comply with laws, rules,

regulations, ordinances, codes or orders applicable to Contractor(s) furnishing and performing their work. Accordingly, **CONSULTANT** can neither guarantee the performance of the construction contracts by Contractor(s) nor assume responsibility for Contractor(s)' failure to furnish and perform their work in accordance with the Contract Documents;

- (i) Defective Work: During such visits and on the basis of such observations, **CONSULTANT** may disapprove of or reject Contractor(s)' work while it is in progress if **CONSULTANT** believes that such work will not produce a completed Project that conforms generally to the Contract Documents or that it will diminish the integrity of the design concept of the Project as reflected in the Contract Documents;
- (j) Interpretations and Clarifications: **CONSULTANT** shall issue necessary interpretations and clarifications of the Contract Documents and in connection therewith prepare work directive changes and change orders as required;
- (k) Shop Drawings: **CONSULTANT** shall review and approve (or take other appropriate action in respect of) Shop Drawings (as that term is defined in the aforesaid Standard General Conditions), samples and other data which Contractor(s) are required to submit, but only for conformance with the design concept of the Project. Such reviews and approvals or other action shall not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto;
- (l) Substitutes: **CONSULTANT** shall evaluate and determine the acceptability of substitute materials and equipment proposed by Contractor(s), but subject to the provision the Master Agreement for Professional Services;
- (m) Inspections and Tests: **CONSULTANT** shall have authority, as **OWNER's** representative, to require special inspection or testing of the work, and shall receive and review certificates of inspections, tests, and approvals required by laws, rules, regulations, ordinances, codes, orders or the Contract Documents (but only to determine generally that their content complies with the requirements of, and the results certified indicate compliance with, the Contract Documents);
- (n) Disputes between **OWNER** and Contractor: **CONSULTANT** shall act as initial interpreter of the requirements of the Contract Documents and judge of the acceptability of the work thereunder and make decisions on all claims of **OWNER** and Contractor(s) relating to the acceptability of the work or the interpretation of the requirements of the Contract Documents pertaining to the execution and progress of the work. **CONSULTANT** shall not be liable for the results of any such interpretations or decisions rendered in good faith;

- (o) Applications for Payment: Based on **CONSULTANT's** on-site observations as an experienced and qualified design professional, on information provided by the Resident Project Representative and on review of applications for payment and the accompanying data and schedules:
- i. **CONSULTANT** shall determine the amounts owing to Contractor(s) and recommend in writing payments to Contractor(s) in such amounts. Such recommendations of payment will constitute a representation to **OWNER**, based on such observations and review, that the work has progressed to the point indicated, and that, to the best of **CONSULTANT's** knowledge, information and belief, the quality of such work is generally in accordance with the Contract Documents (subject to an evaluation of such work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents and to any other qualifications stated in the recommendation). In the case of unit price work, **CONSULTANT's** recommendations of payment will include determinations of quantities and classifications of such work (subject to any subsequent adjustments allowed by the Contract Documents);
 - ii. By recommending any payment, **CONSULTANT** will not thereby be deemed to have represented that exhaustive, continuous or detailed reviews or examinations have been made by **CONSULTANT** to check the quality or quantity of Contractor(s)'s work as it is furnished and performed beyond the responsibilities specifically assigned to **CONSULTANT** in this Agreement and the Contract Documents. **CONSULTANT's** review of Contractor(s)' work for the purposes of recommending payments will not impose on **CONSULTANT** responsibility to supervise, direct or control such work or for the means, methods, techniques, sequences, or procedures of construction or safety precautions or programs incident thereto or Contractor(s) compliance with laws, rules, regulations, ordinances, codes or orders applicable to their furnishing and performing the work. It will also not impose responsibility on **CONSULTANT** to make any examination to ascertain how or for what purposes any Contractor has used the moneys paid on account of the Contract Price, or to determine that title to any of the work, materials or equipment has passed to **OWNER** free and clear of any lien, claims, security interests or encumbrances, or that there may not be other matters at issue between **OWNER** and Contractor that might affect the amount that should be paid.

- (p) **CONSULTANT** shall assist with FAA AIP Grant application package and associated funding requests. This includes coordination associated with potential negotiations with the low bid contractor, budget adjustments, determination of project inclusions of additive work, sponsor certification forms, and other coordination necessary to request FAA grant;
- (q) Contractor(s)' Completion Documents: **CONSULTANT** shall receive and review maintenance and operating instructions, schedules, guarantees, bonds and certificates of inspection, tests and approvals which are to be assembled by Contractor(s) in accordance with the Contract Documents (but such review will only be to determine that their content complies with the requirements of, and in the case of certificates of inspection, tests and approvals the results certified indicate compliance with, the Contract Documents); and shall transmit them to **OWNER** with written comments;
- (r) **CONSULTANT** shall prepare a Final Project Report to accompany the submittal of Record Drawings. The Final Project Report will include a summary of construction project information, financial, schedule, etc. This report shall also include the appropriate documentation of the testing summary for the QA tests completed throughout the project for compliance with FAA specifications;
- (s) Inspections: **CONSULTANT** shall conduct an inspection to determine if the work is substantially complete and a final inspection to determine if the completed work is acceptable to **OWNER, FAA** and other governing agencies so that **CONSULTANT** may recommend, in writing, final payment to Contractor(s) and may give written notice to **OWNER** and the Contractor(s) that the work is acceptable (subject to any conditions therein expressed), but any such recommendation and notice will be subject to the limitations expressed in the Master Agreement for Professional Services; and,
- (t) Limitation of Responsibilities: **CONSULTANT** shall not be responsible for the act or omissions of any Contractor, or of any subcontractor or supplier, or any of the Contractor(s)' or subcontractor's or supplier's agents or employees or any other persons (except **CONSULTANT's** own employees and agents) at the site or otherwise furnishing or performing any of the Contractor(s)' work; however, nothing contained in paragraphs a through m inclusive, shall be construed to release **CONSULTANT** from liability for failure to properly perform duties and responsibilities assumed by **CONSULTANT** in the Contract Documents.

- (6) SPECIAL AND ADDITIONAL SERVICES: The **CONSULTANT** shall perform the following Special Services as outlined in Exhibit A of the Master Agreement:
- (a) **Pre-Design Surveying Services**: Existing available mapping will be used to the greatest extent possible to develop base drawings used in the project formulation and pre-design of this project. Additional, detailed ground surveys will be performed to supplement existing data. Survey data collected will not be uploaded into AGIS. Design grade topographic survey will be based on NAVD 88 vertical datum. Surveying Services will also include Utility Locations of pre-marked utilities within the project area.
 - (b) **Pre-Design Geotechnical Investigation Services**: Pre-Design Geotechnical Investigation Services will be performed to provide design data and recommendations for ultimate design of project elements. Specific tasks include but are not limited to, soil identification, obtain subgrade properties for pavement design, and other geotechnical studies necessary to complete the project.
 - (c) **Wetland/Stream Permitting Services**: **CONSULTANT** will work jointly with a subconsultant to prepare the necessary wetland/stream permitting applications to the appropriate agencies. Includes Two (2) on-site meetings to be held with permitting agencies attended by subconsultant and **CONSULTANT**.
 - (d) **Resident Project Representative Services**: Provide full time resident project representative (RPR) services during construction. The representative is anticipated to be on the site an average as follows:
 - a. 50 hours per week for duration of project
 - i. 10 hours per week anticipated as overtime
 - b. The RPR will attend the Pre-Construction Conference.
 - c. Approximately 40 hours are anticipated for project closeout assistance.
 - d. Additional time is provided to the RPR for project initiation to become familiar with the project requirements and to mobilize to the project site.
 - e. Additional time, beyond standard contract time is provided to the RPR for project closeout tasks including demobilization from the project site.
 - f. Due to the nature of the project, the **CONSULTANT** will provide four (4) supplemental site visits, outside the regularly scheduled visits, in order to review and observe special site conditions.

- (e) **Quality Assurance Testing Services:** Provide subcontracted quality assurance testing services as necessary during construction in accordance with Construction Documents. These services include necessary testing coordination for QA as described in the following Technical Specification Sections: P-152, P-154, P-209, P-304, P-401, and P-501. This work will require a QA technician to be on-call (available within 4 hours' notice) during the majority of the earthwork operations and full-time during the pavement construction phase of the construction project.
- (f) **Prepare Construction Management Plan:** As per FAA guidelines, this project will require the submittal of a Construction Management Plan. The CONSULTANT will prepare the required document and submit to **FAA** and **OWNER**.
- (g) **Prepare Record Drawings:** Upon completion of construction and using documents provided by the contractor and a marked up set of plans by the RPR, the CONSULTANT will prepare a set of record drawings to reflect the final as-built condition. Plans will be prepared in AutoCAD format and electronic (PDF) copies and two (2) hard copies will be submitted to **FAA** and **OWNER**.

C. GENERAL ASSUMPTIONS

- i. Preliminary Design Phase
 - a. One (1) site visit is included in this Phase: Site visit upon completion of the survey and pre-design geotechnical investigation.
 - b. Preparation of preliminary documents (approx. 30%)
- ii. Design Development Phase
 - a. Construction Safety and Phasing Plans (CSPP) will be prepared and coordinated with FAA as appropriate.
 - b. Alternate bid schedules are not anticipated.
 - c. One (1) site visit is included in this Phase.
 - d. Preparation of design review documents (approx. 90%)
- iii. Design and Permitting Phase
 - a. Incorporate review comments for the preparation of final design documents.
 - b. Plan review meetings will be held via on-site meetings and conference calls.
 - c. The Design Phase ends upon submittal of "As-bid" Plans.

- iv. Bidding and Contract Formulation Phase
 - a. The cost of publishing the advertisement for bids in local publications is not included in this Work Authorization.
 - b. The cost of reproducing bid documents is not included. These costs will be passed onto potential bidders.
 - c. The Bidding Phase ends upon submission of the recommendation to award letter to the **OWNER**.
 - d. Three site visits are included in this Phase: Pre-bid conference and two (2) Bid Openings.
- v. Construction and Close-Out Services
 - a. Progress Meetings will be schedule on a bi-weekly basis.
 - b. Five (5) Supplemental Site visits will be scheduled.
- vi. Special and Additional Services
 - a. Pre-Design Geotechnical Investigation Services

Work will be performed in such a manner that the AOA will remain open to the fullest extent practical.
- vii. The following tasks are not included with this work authorization, but can be provided under a separate agreement as required or requested. This scope does not include:
 - a. Land acquisition professional services
 - b. Environmental Assessment Services
 - c. Grant Submittal: It is assumed the **OWNER** will coordinate submittal of the grants application documents and project funding requirements
 - d. Permitting Fees
 - e. Advertisement Costs: The **CONSULTANT** will distribute the electronic bid documents to Plan Rooms and it is assumed the **OWNER** will coordinate with the local newspaper and cover those publishing expenses associated with advertising the project for bids
 - f. The **CONSULTANT** will coordinate applicable permits and fees associated with obtaining applicable permits and it is assumed the **OWNER** will cover the permit fees
 - g. Preparation and establishment of the project MBE/WBE goals is not included with this scope, however participation with the established MBE/WBE goals will be incorporated into the bid documents

III. **CONSULTANT TEAM:**

Parrish and Partners of North Carolina, PLLC with assistance from:

- Terracon for Design level Geotechnical Investigation
- S&ME for on-call QA Testing services during construction
- Blue Ridge Land Surveying for Ground Survey
- Clearwater for Environmental Mitigation & Permit Packages

IV. SCHEDULE:

The following is the proposed project schedule after Notice to Proceed (NTP):

30% Design Complete	60 days (after geotech & survey)
Client/Agency Review (prelim review)	5 days
60% Design Complete	30 days
Client/Agency Review (60% review)	5 days
90% Design Complete	20 days (after E&S and SWM coordination)
Client/Agency Review (final review)	5 days
100% (As-Bid) Plans Complete	10 days
Total:	135 days
Bidding Period (TBD)	21 days
Construction Contract Time	7 months (Pending Prelim Design)

V. PROJECT BUDGET:

The estimated overall project budget is **\$8.5 M**. This includes associated professional services, subcontracted services, permitting/mitigation fees, construction costs, etc.

The **OWNER** agrees to compensate the **CONSULTANT** for services performed for the work described herein as summarized on the Work Authorization No. 2 cover sheet and detailed in the attached Fee Spreadsheets as Attachment B.

VI. FEES:

Project Budget based on EXHIBIT C “Schedule of Fees” included as part of the original Agreement for Professional Services.

This document is an attachment to be considered the detailed Scope of Services for Work Authorization No. 2, including the following attachments.

Attachments: Attachment B – Fee Spreadsheet(s)
Attachment C – Subconsultant Proposals

PROJECT DESCRIPTION: AVL - Expand Terminal Apron - South (Approx. 11k SY)	DATE PREPARED: October 30, 2018
PREPARED BY: Parrish and Partners of North Carolina, PLLC	P&P PROJ NO: 1217 (WA#2)

Professional Services Fee Summary

Preliminary Design Phase

Labor	\$51,036.00		
Reimbursable Expenses	\$695.40		
		SubTotal:	\$51,731.40
		USE -->	\$51,731.00

Design Development Phase

Labor	\$130,680.00		
Reimbursable Expenses	\$497.70		
		SubTotal:	\$131,177.70
		USE -->	\$131,177.00

Design and Permitting Phase

Labor	\$104,832.00		
Reimbursable Expenses	\$497.70		
		SubTotal:	\$105,329.70
		USE -->	\$105,329.00

Bidding Phase

Labor	\$14,129.00		
Reimbursable Expenses	\$695.40		
		SubTotal:	\$14,824.40
		USE -->	\$14,824.00

Construction Phase Services

Labor	\$132,834.00		
Reimbursable Expenses	\$4,944.80		
		SubTotal:	\$137,778.80
		USE -->	\$137,778.00

Special / Additional Services

Labor	\$174,640.00		
Subconsultant Costs	\$166,424.50		
Reimbursable Expenses	\$39,293.40		
		SubTotal:	\$380,357.90
		USE -->	\$380,357.00

Total: \$821,199.90

Total WA No. 2 Amount:	\$821,196.00
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PROJECT DESCRIPTION: AVL - Expand Terminal Apron - South (Approx. 11k SY)	DATE PREPARED: October 30, 2018
PREPARED BY: Parrish and Partners of North Carolina, PLLC	P&P PROJ NO: 1217 (WA#2)

TASK NUMBER	BASIC SERVICES ENGINEERING SERVICES TASK DESCRIPTION	Employee Classifications						SUBTOTAL
		Principal	Proj. Manager/ Sr. Engineer	Engineer	Civil Associate	Technician	Technical Assistant	
TASKS								
<u>Preliminary Design Phase</u>								
1	General Project Coordination	4	8		10	4	10	36
2	Project Formulation & Scoping/Fee Preparation	2	4		2		4	12
3	Prepare and Coordinate Project Schedule		2		2			4
4	Coordinate Subconsultants		6		6		4	16
5	Site Visit / Owner Meeting (1 Trip, 2 staff)		8		8	2	2	20
6	Review Geotechnical Data		2		2	4		8
7	Review Owner Provided Survey Files		2		4	8		14
8	Prepare & Coord. Geometric Layout Alternatives		6		8	16		30
9	Prelim Coord w/ Drainage and E&SC Review Agency		4		6	8	2	20
10	Prepare 30% Plans							0
10a	Cover Sheet		2		2	6		10
10b	General and Safety Notes		2		6	8	2	18
10c	Construction Phasing Layout		6		10	12		28
10d	General Project Layout		4		8	16		28
10e	Geometric Layout		6		8	12		26
10f	Grading and Drainage Plan		6		16	12		34
10e	Typical Sections		2		8	8		18
11	Prepare Technical Specifications Outline		2		4		2	8
12	Prepare Preliminary Design Engineer's Report		4		8	4	6	22
13	Prepare Preliminary Engineer's Opinion of Costs	2	4		6	4	6	22
14	Follow-up / Verificaiton Site Visit (1 Trip, 2 staff)		8		8	2	2	20
14	Quality Review and Revisions	2	4		4	8	2	20
15	Prepare and Submit Preliminary Review Documents		2		4		2	8
SUBTOTAL HOURS/CLASSIFICATION:		10	94	0	140	134	44	
BASIC HOURLY RATE		\$221.00	\$196.00	\$155.00	\$109.00	\$91.00	\$67.00	
TOTAL PER CLASSIFICATION		\$2,210.00	\$18,424.00	\$0.00	\$15,260.00	\$12,194.00	\$2,948.00	
TOTAL LABOR COSTS		\$51,036.00						

NON-SALARY COSTS

A. Reimbursable Expense	Quantity	Unit	Rate	Subtotal
Mileage	520	Mile	\$0.545	\$283.40
Per Diem	2	Trip	\$56.00	\$112.00
Reproduction/Shipping	1	LS	\$300.00	\$300.00
TOTAL DIRECT NON-SALARY COST:				\$695.40

(2 Trips @ 260 mi./trip)

Prelim Design Services:	\$51,731.40
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Lump Sum Amount	\$51,731.00
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PROJECT DESCRIPTION: AVL - Expand Terminal Apron - South (Approx. 11k SY)	DATE PREPARED: October 30, 2018
PREPARED BY: Parrish and Partners of North Carolina, PLLC	P&P PROJ NO: 1217 (WA#2)

TASK NUMBER	BASIC SERVICES ENGINEERING SERVICES TASK DESCRIPTION	Employee Classifications						SUBTOTAL
		Principal	Proj. Manager/ Sr. Engineer	Engineer	Civil Associate	Technician	Technical Assistant	
TASKS								
<u>Design Development Phase</u>								
1	Project Coordination	4	8	6		6	6	30
2	Site Visit / Site Walkover (1 Trip, 2 staff)		8	8		2	2	20
3	Initial Pavement Design	2	2	6	4		2	16
4	Drainage System Review / Design		4	6	4	4		18
5	Prepare 60% Review Documents							0
5a	Cover Sheet		4	4	2	6	2	18
5b	Summary of Quantities		6	12	6	12	2	38
5c	General Notes		2	4		8	2	16
5d	Project Layout		2	2	4	10		18
5e	Construction Safety and Phasing Plan	4	10	16	12	30	4	76
5f	Existing Conditions		4	6	8	16		34
5g	Typical Sections		4	4	4	12		24
5h	Geometric Layout and Demolition Plan		8	10	8	16		42
5i	Grading and Drainage Plan	2	16	24	16	40		98
5j	Concrete Joint Layout	2	6	8	6	20		42
5k	Drainage Layout Plan		4	10	6	12		32
5l	Erosion Control Plans & Details	2	6	10	6	14		38
5m	Miscellaneous Details		4	8	8	12		32
5n	Marking Plans and Details		4	10	6	12		32
5o	Lighting Plans and Details		8	12	10	16		46
5p	MSE Retaining Wall Plans and Details		6	8	8	12		34
6	Incorporate Review Comments		4	10	6	16	4	40
7	Draft General Project Specifications	2	6	8	6		16	38
8	Draft Special Provisions		4	10			12	26
9	Draft Technical Specifications	2	6	16	6		24	54
10	Stormwater Management Design	2	6	20	8	6	2	44
11	Prepare Design Engineer's Report	2	8	16	4	6	10	46
12	Prepare Construction Quantities (60% level)		2	8	6	8	2	26
13	Prepare Engineer's Opinion of Const. Costs (60% level)	2	2	8		6	2	20
14	Quality Control Review	2	2	6	4		4	18
								0
								0
								0
SUBTOTAL HOURS/CLASSIFICATION:		28	156	276	158	302	96	
BASIC HOURLY RATE		\$221.00	\$196.00	\$155.00	\$109.00	\$91.00	\$67.00	
TOTAL PER CLASSIFICATION		\$6,188.00	\$30,576.00	\$42,780.00	\$17,222.00	\$27,482.00	\$6,432.00	
TOTAL LABOR COSTS		\$130,680.00						

NON-SALARY COSTS

A. Reimbursable Expense	Quantity	Unit	Rate	Subtotal
Mileage	260	Mile	\$0.545	\$141.70
Per Diem	1	Trip	\$56.00	\$56.00
Reproduction/Shipping	1	LS	\$300.00	\$300.00
TOTAL DIRECT NON-SALARY COST:				\$497.70

(1 Trip @ 260 mi./trip)

Design Development Services:	\$131,177.70
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Lump Sum Amount	\$131,177.00
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PROJECT DESCRIPTION: AVL - Expand Terminal Apron - South (Approx. 11k SY)	DATE PREPARED: October 30, 2018
PREPARED BY: Parrish and Partners of North Carolina, PLLC	P&P PROJ NO: 1217 (WA#2)

TASK NUMBER	BASIC SERVICES ENGINEERING SERVICES TASK DESCRIPTION	Employee Classifications						SUBTOTAL
		Principal	Proj. Manager/ Sr. Engineer	Engineer	Civil Associate	Technician	Technical Assistant	
TASKS								
<u>Design and Permitting Phase</u>								
1	Project Coordination	4	8	6		6	6	30
2	Prepare and Coordinate E&SC Plans for Permit/Approval		4	4	16	12	4	40
3	Prepare and Coordinate SWM Plan for Permit/Approval		6	4	18	12	6	46
4	Final Pavement Design		2	4	2		2	10
5	Prepare 90% Review Documents							
5a	Cover Sheet				2	4	2	8
5b	Summary of Quantities		2	2	4	8	2	18
5c	General Notes			2		6	2	10
5d	Project Layout		2	2	2	12		18
5e	Construction Safety and Phasing Plan	2	4	6	6	12	2	32
5f	Existing Conditions			2	2	6		10
5g	Typical Sections		2	2	2	6		12
5h	Geometric Layout and Demolition Plan		4	8	6	16		34
5i	Grading and Drainage Plan	2	8	10	12	16		48
5j	Concrete Joint Layout		4	6	6	8		24
5k	Drainage Layout Plan		2	6	4	8		20
5l	Erosion Control Plans & Details		4	6	4	8		22
5m	Miscellaneous Details		2	2	2	6		12
5n	Marking Plans and Details		2	2	2	6		12
5o	Lighting Plans and Details		2	4	4	6		16
5p	MSE Retaining Wall Plans and Details		4	6	4	8		22
5q	Cross Sections		4	8	6	8		26
6	Site Visit / Site Walkover (1 Trip, 2 staff)		8	8		2	2	20
7	Incorporate Review Comments		6	8	12	16	4	46
8	Prepare 100% (As-Bid) Documents	4	8	16	16	20	6	70
9	General Specifications & Contract Documents	2	4	8	4		12	30
10	Special Provisions	2	4	6	2		6	20
11	Technical Specifications	2	6	12	6		12	38
12	Final Design Engineer's Report	2	8	16	4	6	10	46
13	Airspace Coordination (7460) via OE/AAA		4	8	4	4	6	26
14	Prepare Construction Quantities		2	8	6	8	2	26
15	Prepare Engineer's Opinion of Construction Costs		4	6		8	2	20
16	Quality Control Review	2	4	4		8	6	24
SUBTOTAL HOURS/CLASSIFICATION:		22	124	192	158	246	94	
BASIC HOURLY RATE		\$221.00	\$196.00	\$155.00	\$109.00	\$91.00	\$67.00	
TOTAL PER CLASSIFICATION		\$4,862.00	\$24,304.00	\$29,760.00	\$17,222.00	\$22,386.00	\$6,298.00	
TOTAL LABOR COSTS		\$104,832.00						

NON-SALARY COSTS

A. Reimbursable Expense	Quantity	Unit	Rate	Subtotal
Mileage	260	Mile	\$0.545	\$141.70
Per Diem	1	Trip	\$56.00	\$56.00
Reproduction/Shipping	1	LS	\$300.00	\$300.00
TOTAL DIRECT NON-SALARY COST:				\$497.70

(1 Trip @ 260 mi./trip)

Design & Permitting Services:	\$105,329.70
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Lump Sum Amount	\$105,329.00
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PROJECT DESCRIPTION: AVL - Expand Terminal Apron - South (Approx. 11k SY)	DATE PREPARED: October 30, 2018
PREPARED BY: Parrish and Partners of North Carolina, PLLC	P&P PROJ NO: 1217 (WA#2)

TASK NUMBER	SPECIAL SERVICES ENGINEERING SERVICES TASK DESCRIPTION	Employee Classifications								SUBTOTAL
		Principal	Proj. Manager/ Sr. Engineer	Engineer	Civil Associate	Technician	Technical Assistant	Resident Project Representative Regular Time	Resident Project Representative Over Time	
TASKS										
Special / Additional Services										
RPR Services										
1	Attend Pre Construction Conference (1)							12		12
2	Project Initiation and Mobilize to Project Site							24		24
3	Project Inspection - Contract time 210 Days => 30 Weeks (@ 50 hrs / Week)							1200	300	1500
4	Project Closeout (1 Week)							40		40
5	Demobilize from Project Site							12		12
SUBTOTAL HOURS/CLASSIFICATION:		0	0	0	0	0	0	1288	300	
BASIC HOURLY RATE		\$221.00	\$196.00	\$155.00	\$109.00	\$91.00	\$67.00	\$96.00	\$116.00	
TOTAL PER CLASSIFICATION		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$123,648.00	\$34,800.00	
TOTAL LABOR COSTS		\$158,448.00								

NON-SALARY COSTS

A. Reimbursable Expense	Quantity	Unit	Rate	Subtotal
Gas Reimb; 4WD Truck (20 mi/day @ 216 days)	5,220	Mile	\$0.20	\$1,044.00
Gas Reimb; 4WD Truck (mob/de-mob)	260	Mile	\$0.20	\$52.00
CEI - 4WD Truck (210 + 3 pre + 3 post)	216	Days	\$50.00	\$10,800.00
GSA Per Diem (210 + 3 pre + 3 post)	216	Days	\$122.00	\$26,352.00
Printing/Reproduction	1	LS	\$150.00	\$150.00
Supplies	1	LS	\$300.00	\$300.00
TOTAL DIRECT NON-SALARY COST:				\$38,698.00

RPR Services:	\$197,146.00
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Subconsultant and Additional Services										
1	Coordinate Pre-Design Surveying Sub	Included with Basic Services								0
2	Coordinate Pre-Design Geotechnical Sub	Included with Basic Services								0
3	Coordinate Wetland/Stream Permitting Sub	Included with Basic Services								0
3a	Attend On-Site Mtgs w/ Permit Agency & Sub (2 Trips)	16		16						32
4	Prepare Construction Management Plan	6	2	16	6					30
5	Prepare Record Drawings (As-Builts)	6	8	12	36	8				70
SUBTOTAL HOURS/CLASSIFICATION:		0	28	10	44	42	8	0	0	
BASIC HOURLY RATE		\$221.00	\$196.00	\$155.00	\$109.00	\$91.00	\$67.00	\$96.00	\$116.00	
TOTAL PER CLASSIFICATION		\$0.00	\$5,488.00	\$1,550.00	\$4,796.00	\$3,822.00	\$536.00	\$0.00	\$0.00	
TOTAL LABOR COSTS		\$16,192.00								

NON-SALARY COSTS

A. Reimbursable Expense	Quantity	Unit	Rate	Subtotal
Mileage	520	Mile	\$0.545	\$283.40
Per Diem	2	Trip	\$56.00	\$112.00
Reproduction/Shipping	1	LS	\$200.00	\$200.00
B. Subconsultant Fees				
Pre-Design Surveying - Blue Ridge Land Surveying	1	LS	\$8,570.00	\$8,570.00
Pre-Design Geotech - Terracon	1	LS	\$36,995.00	\$36,995.00
Wetland/Stream Permitting - ClearWater Enviro	1	LS	\$25,000.00	\$25,000.00
As-Built Survey - Blue Ridge Land Surveying	1	LS	\$5,730.00	\$5,730.00
QA Testing Services - S&ME	1	LS	\$75,000.00	\$75,000.00
Subconsultant Fixed Fee	1	LS	\$15,129.50	\$15,129.50
TOTAL DIRECT NON-SALARY COST:				\$167,019.90

(2 Trips @ 260 mi./trip)

Subconsultant / Additional Services:	\$183,211.90
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Lump Sum Amount	\$380,357.00
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MEMORANDUM

TO: Members of the Airport Authority
FROM: Lew Bleiweis, A.A.E., Executive Director
DATE: November 9, 2018

ITEM DESCRIPTION – Information Section Item A

September, 2018 Traffic Report – Asheville Regional Airport

SUMMARY

September, 2018 overall passenger traffic numbers were up 12.5% compared to the same period last year. Passenger traffic numbers reflect an 11.8% increase in passenger enplanements from September, 2017. Enplanements for Fiscal Year to Date total 157,123 which is a 10.3% increase over the same period last year.

AIRLINE PERFORMANCE

Allegiant Airlines: Year over Year passenger enplanements for Allegiant in September 2018 were up by 28.6%. There were no flight cancellations for the month.

American Airlines: American's September 2018 passenger enplanements represent a 2.5% increase over the same period last year. There were three (3) flight cancellations for the month.

Delta Airlines: Delta's September 2018 enplanements increased by 12.7% compared to September 2017. There were no flight cancellations for the month.

Elite Airways: Year over Year passenger enplanements for Elite in September 2018 were down by 89.9%. There were no flight cancellations for the month.

United Airlines: In September 2018, United Airlines saw a decrease in enplanements by 21.2% over the same period last year. There were no flight cancellations for the month.

Monthly Traffic Report

Asheville Regional Airport

September 2018



Category	Sep 2018	Sep 2017	Percentage Change	*CYTD-2018	*CYTD-2017	Percentage Change	*MOV12-2018	*MOV12-2017	Percentage Change
Passenger Traffic									
Enplaned	44,766	40,051	11.8%	401,623	342,782	17.2%	536,238	455,483	17.7%
Deplaned	<u>44,679</u>	<u>39,427</u>	13.3%	<u>400,765</u>	<u>341,375</u>	17.4%	<u>538,627</u>	<u>454,066</u>	18.6%
Total	89,445	79,478	12.5%	802,388	684,157	17.3%	1,074,865	909,549	18.2%
Aircraft Operations									
Airlines	831	603	37.8%	6,516	5,726	13.8%	8,630	7,503	15.0%
Commuter/ Air Taxi	<u>1,007</u>	<u>1,267</u>	-20.5%	7,471	8,050	-7.2%	10,401	10,234	1.6%
Subtotal	<u>1,838</u>	<u>1,870</u>	-1.7%	<u>13,987</u>	<u>13,776</u>	1.5%	<u>19,031</u>	<u>17,737</u>	7.3%
General Aviation	2,389	4,051	-41.0%	30,289	31,507	-3.9%	41,623	41,986	-0.9%
Military	<u>173</u>	<u>564</u>	-69.3%	<u>2,391</u>	<u>3,523</u>	-32.1%	<u>3,557</u>	<u>4,555</u>	-21.9%
Subtotal	<u>2,562</u>	<u>4,615</u>	-44.5%	<u>32,680</u>	<u>35,030</u>	-6.7%	<u>45,180</u>	<u>46,541</u>	-2.9%
Total	4,400	6,485	-32.2%	46,667	48,806	-4.4%	64,211	64,278	-0.1%
Fuel Gallons									
100LL	16,216	16,748	-3.2%	122,387	122,001	0.3%	163,682	163,690	0.0%
Jet A (GA)	155,328	171,193	-9.3%	1,086,888	1,084,989	0.2%	1,436,169	1,447,047	-0.8%
Subtotal	<u>171,544</u>	<u>187,941</u>	-8.7%	<u>1,209,275</u>	<u>1,206,990</u>	0.2%	<u>1,599,851</u>	<u>1,610,737</u>	-0.7%
Jet A (A/L)	<u>346,540</u>	<u>329,930</u>	5.0%	<u>3,127,485</u>	<u>2,547,344</u>	22.8%	<u>4,134,362</u>	<u>3,279,618</u>	26.1%
Total	518,084	517,871	0.0%	4,336,760	3,754,334	15.5%	5,734,213	4,890,355	17.3%

*CYTD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

Wednesday, October 31, 2018

Airline Enplanements, Seats, and Load Factors

Asheville Regional Airport

September 2018



	Sep 2018	Sep 2017	Percentage Change	*CYTD-2018	*CYTD-2017	Percentage Change
Allegiant Air						
Enplanements	13,102	10,189	28.6%	145,669	103,234	41.1%
Seats	16,738	14,107	18.7%	172,336	122,169	41.1%
Load Factor	78.3%	72.2%	8.4%	84.5%	84.5%	0.0%
American Airlines						
Enplanements	10,502	10,242	2.5%	86,020	76,911	11.8%
Seats	14,105	12,327	14.4%	106,325	103,464	2.8%
Load Factor	74.5%	83.1%	-10.4%	80.9%	74.3%	8.8%
Delta Air Lines						
Enplanements	12,759	11,319	12.7%	109,658	102,698	6.8%
Seats	15,590	13,037	19.6%	126,190	127,618	-1.1%
Load Factor	81.8%	86.8%	-5.7%	86.9%	80.5%	8.0%
Elite Airways						
Enplanements	22	218	-89.9%	1,056	998	5.8%
Seats	50	520	-90.4%	2,070	1,970	5.1%
Load Factor	44.0%	41.9%	5.0%	51.0%	50.7%	0.7%
Spirit Airlines						
Enplanements	2,012	0	#Div/0!	2,012	0	#Div/0!
Seats	5,664	0	#Div/0!	5,664	0	#Div/0!
Load Factor	35.5%	#Num!	#Type!	35.5%	#Num!	#Type!
United Airlines						
Enplanements	6,369	8,083	-21.2%	57,208	58,941	-2.9%
Seats	8,830	9,752	-9.5%	70,075	72,354	-3.1%
Load Factor	72.1%	82.9%	-13.0%	81.6%	81.5%	0.2%

Friday, October 26, 2018

*CTYD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

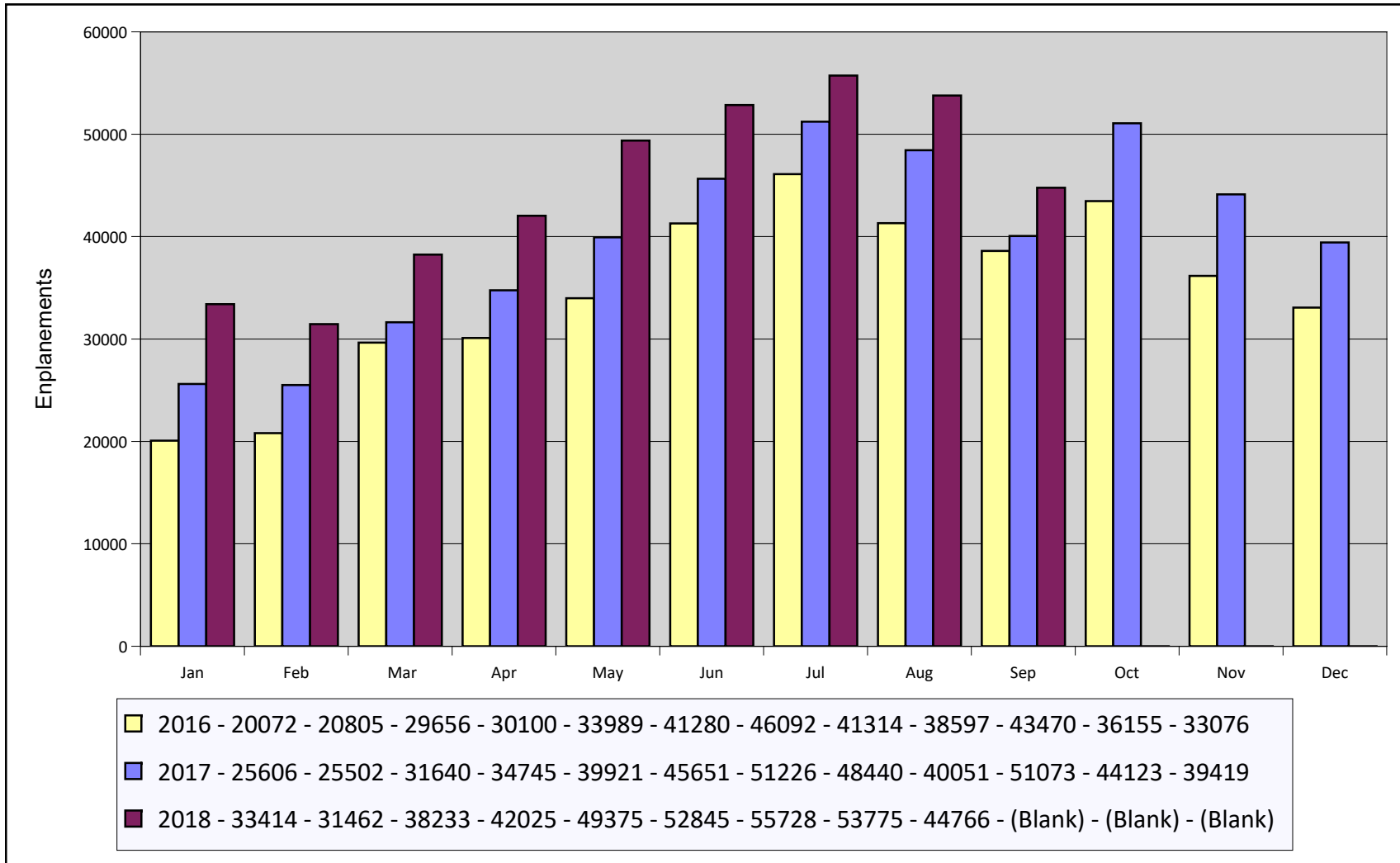
	Sep 2018	Sep 2017	Percentage Change	*CYTD-2018	*CYTD-2017	Percentage Change
Totals						
Enplanements	44,766	40,051	11.8%	401,623	342,782	17.2%
Seats	60,977	49,743	22.6%	482,660	427,575	12.9%
Load Factor	73.4%	80.5%	-8.8%	83.2%	80.2%	3.8%

Airline Flight Completions Asheville Regional Airport September 2018

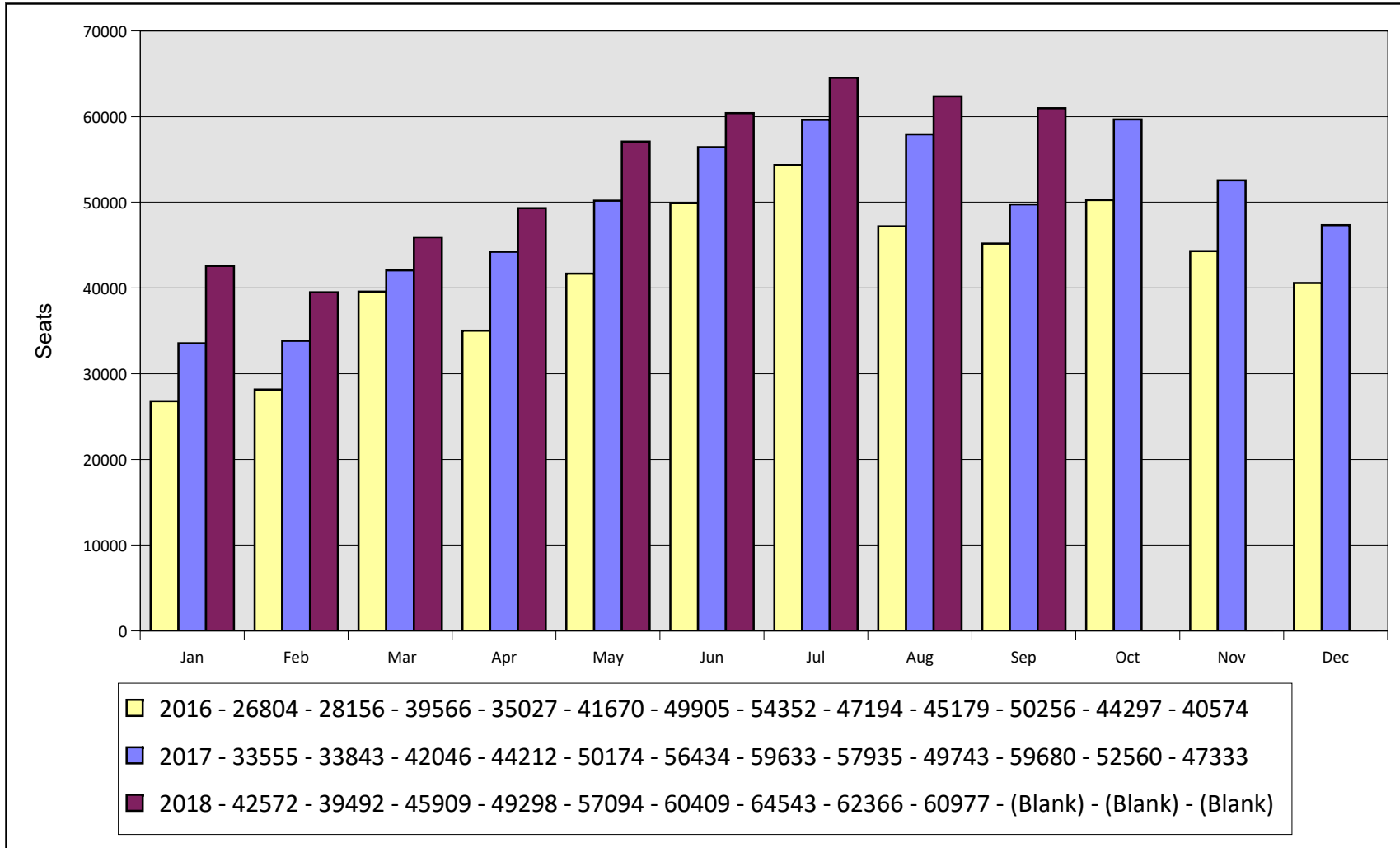


Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed Flights
			Mechanical	Weather	Other		
Allegiant Air	95	0	0	0	0	0	100.0%
American Airlines	227	0	1	2	0	3	98.7%
Delta Air Lines	190	0	0	0	0	0	100.0%
Elite Airways	1	0	0	0	0	0	100.0%
Spirit Airlines	32	0	0	0	0	0	100.0%
United Airlines	139	0	0	0	0	0	100.0%
Total	684	0	1	2	0	3	99.6%

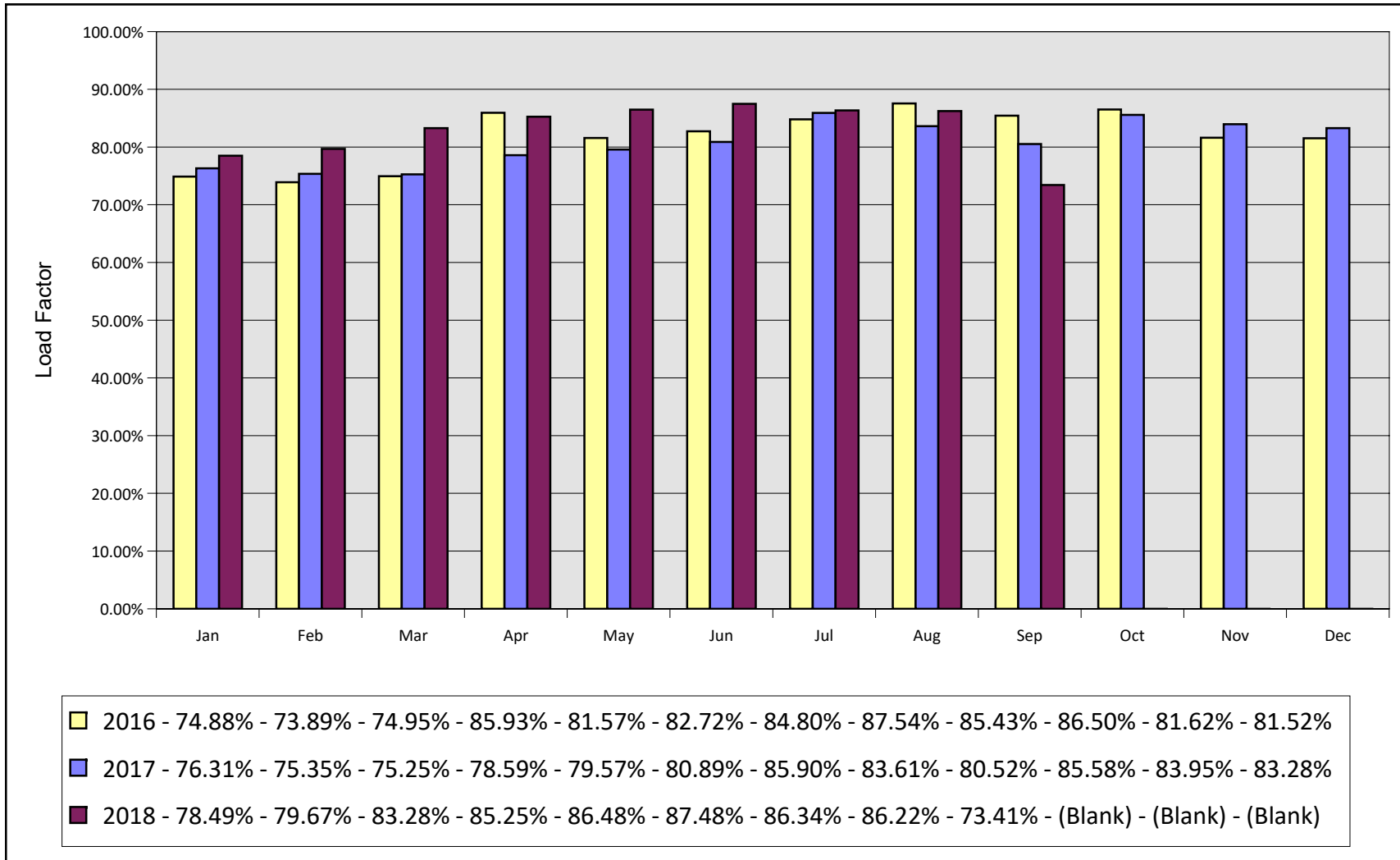
Monthly Enplanements By Year Asheville Regional Airport



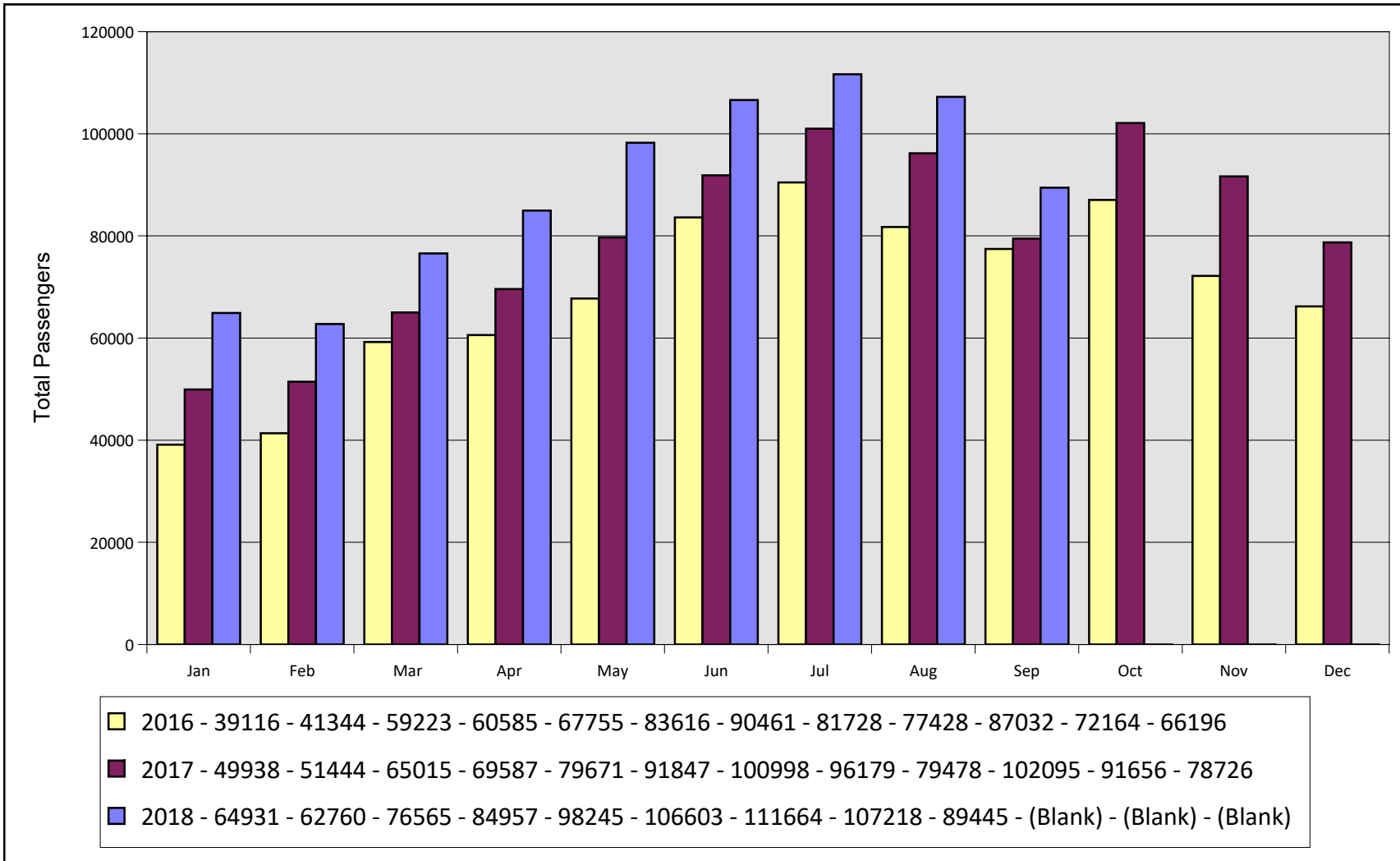
Monthly Seats By Year Asheville Regional Airport



Monthly Load Factors By Year Asheville Regional Airport

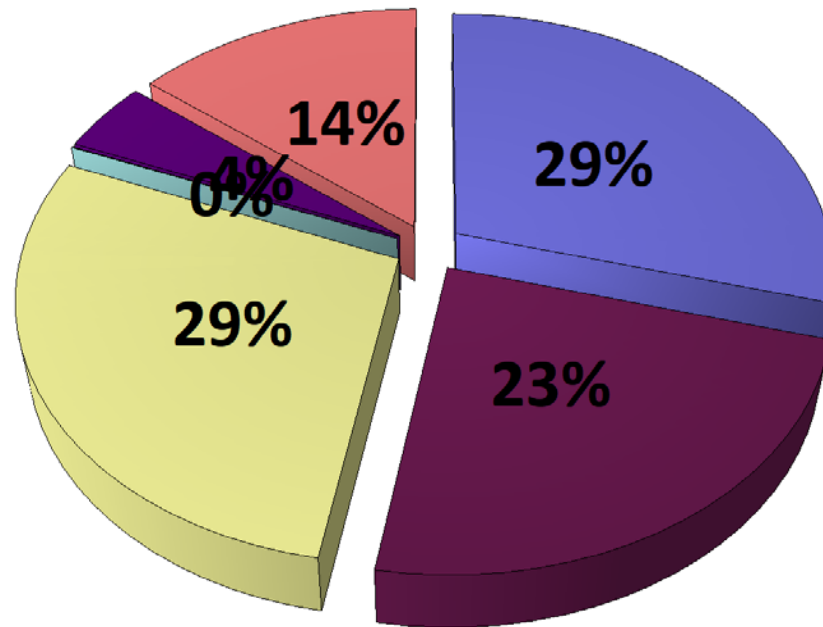


Total Monthly Passengers By Year Asheville Regional Airport



Airline Market Share Analysis (Enplanements) Asheville Regional Airport

Report Period From September 2018 Through September 2018



November 2018 vs. November 2017

Mkt AI	Travel Period		Nov-18		Nov-17		Diff		Percent Diff	
	Orig	Dest	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats
AA	AVL	CLT	53	3,639	52	2,900	1	739	1.9%	25.5%
AA	CLT	AVL	53	3,639	52	2,900	1	739	1.9%	25.5%
DL	ATL	AVL	45	3,442	52	3,320	(7)	122	(13.5%)	3.7%
DL	AVL	ATL	45	3,442	52	3,380	(7)	62	(13.5%)	1.8%
G4	AVL	BWI	2	354	1	177	1	177	100.0%	100.0%
G4	BWI	AVL	2	354	1	177	1	177	100.0%	100.0%
G4	AVL	EWR	2	354	2	354	0	0	0.0%	0.0%
G4	EWR	AVL	2	354	2	354	0	0	0.0%	0.0%
G4	AVL	FLL	14	2,467	7	1,239	7	1,228	100.0%	99.1%
G4	FLL	AVL	14	2,467	7	1,239	7	1,228	100.0%	99.1%
G4	AVL	PGD	4	708	2	354	2	354	100.0%	100.0%
G4	PGD	AVL	4	708	2	354	2	354	100.0%	100.0%
G4	AVL	PIE	6	1,041	4	708	2	333	50.0%	47.0%
G4	PIE	AVL	6	1,041	4	708	2	333	50.0%	47.0%
G4	AVL	SFB	7	1,228	4	708	3	520	75.0%	73.4%
G4	SFB	AVL	7	1,228	4	708	3	520	75.0%	73.4%
NK	AVL	FLL	4	728	0	0	4	728		
NK	FLL	AVL	4	728	0	0	4	728		
NK	AVL	MCO	4	728	0	0	4	728		
NK	MCO	AVL	4	728	0	0	4	728		
NK	AVL	TPA	3	546	0	0	3	546		
NK	TPA	AVL	3	546	0	0	3	546		
UA	AVL	EWR	7	740	7	876	0	(136)	0.0%	(15.5%)
UA	EWR	AVL	7	740	7	876	0	(136)	0.0%	(15.5%)
UA	AVL	ORD	21	1,050	21	1,050	0	0	0.0%	0.0%
UA	ORD	AVL	21	1,050	21	1,050	0	0	0.0%	0.0%
Total			344	34,050	304	23,432	40	10,618	13.2%	45.3%

December 2018 vs. December 2017

Mkt AI	Travel Period		Dec-18		Dec-17		Diff		Percent Diff	
	Orig	Dest	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats
AA	AVL	CLT	48	3,303	48	2,825	0	478	0.0%	16.9%
AA	CLT	AVL	48	3,303	48	2,838	0	465	0.0%	16.4%
DL	ATL	AVL	46	3,140	44	2,980	2	160	4.5%	5.4%
DL	AVL	ATL	46	3,140	44	2,980	2	160	4.5%	5.4%
G4	AVL	BWI	2	354	2	354	0	0	0.0%	0.0%
G4	BWI	AVL	2	354	2	354	0	0	0.0%	0.0%
G4	AVL	EWR	2	354	2	354	0	0	0.0%	0.0%
G4	EWR	AVL	2	354	2	354	0	0	0.0%	0.0%
G4	AVL	FLL	13	2,301	6	1,062	7	1,239	116.7%	116.7%
G4	FLL	AVL	13	2,301	6	1,062	7	1,239	116.7%	116.7%
G4	AVL	PGD	2	354	3	531	(1)	(177)	(33.3%)	(33.3%)
G4	PGD	AVL	2	354	3	531	(1)	(177)	(33.3%)	(33.3%)
G4	AVL	PIE	6	1,062	4	708	2	354	50.0%	50.0%
G4	PIE	AVL	6	1,062	4	708	2	354	50.0%	50.0%
G4	AVL	SFB	7	1,218	3	531	4	687	133.3%	129.4%
G4	SFB	AVL	7	1,218	3	531	4	687	133.3%	129.4%
NK	AVL	FLL	3	546	0	0	3	546		
NK	FLL	AVL	3	546	0	0	3	546		
NK	AVL	MCO	3	546	0	0	3	546		
NK	MCO	AVL	3	546	0	0	3	546		
NK	AVL	TPA	2	364	0	0	2	364		
NK	TPA	AVL	2	364	0	0	2	364		
UA	AVL	EWR	7	350	7	882	0	(532)	0.0%	(60.3%)
UA	EWR	AVL	7	350	7	882	0	(532)	0.0%	(60.3%)
UA	AVL	ORD	21	1,050	14	700	7	350	50.0%	50.0%
UA	ORD	AVL	21	1,050	14	700	7	350	50.0%	50.0%
Total			324	29,884	266	21,867	60	8,329	21.8%	36.7%

January 2019 vs. January 2018

Mkt AI	Travel Period		Jan-19		Jan-18		Diff		Percent Diff	
	Orig	Dest	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats	Ops/Week	Seats
AA	AVL	CLT	42	2,883	33	2,261	9	622	27.3%	27.5%
AA	CLT	AVL	42	2,883	33	2,261	9	622	27.3%	27.5%
DL	ATL	AVL	46	2,853	37	2,690	9	163	24.3%	6.1%
DL	AVL	ATL	46	2,834	37	2,690	9	144	24.3%	5.4%
G4	AVL	EWR	2	354	2	354	0	0	0.0%	0.0%
G4	EWR	AVL	2	354	2	354	0	0	0.0%	0.0%
G4	AVL	FLL	14	2,478	7	1,239	7	1,239	100.0%	100.0%
G4	FLL	AVL	14	2,478	7	1,239	7	1,239	100.0%	100.0%
G4	AVL	PGD	2	354	2	354	0	0	0.0%	0.0%
G4	PGD	AVL	2	354	2	354	0	0	0.0%	0.0%
G4	AVL	PIE	6	1,062	4	708	2	354	50.0%	50.0%
G4	PIE	AVL	6	1,062	4	708	2	354	50.0%	50.0%
G4	AVL	SFB	7	1,239	2	354	5	885	250.0%	250.0%
G4	SFB	AVL	7	1,239	2	354	5	885	250.0%	250.0%
NK	AVL	FLL	4	728	0	0	4	728		
NK	FLL	AVL	4	728	0	0	4	728		
NK	AVL	MCO	4	728	0	0	4	728		
NK	MCO	AVL	4	728	0	0	4	728		
NK	AVL	TPA	3	546	0	0	3	546		
NK	TPA	AVL	3	546	0	0	3	546		
UA	AVL	EWR	6	300	6	768	0	(468)	0.0%	(60.9%)
UA	EWR	AVL	6	300	6	768	0	(468)	0.0%	(60.9%)
UA	AVL	ORD	14	700	14	700	0	0	50.0%	50.0%
UA	ORD	AVL	14	700	14	700	0	0	50.0%	50.0%
Total			300	28,431	214	18,856	86	9,575	40.2%	50.8%



MEMORANDUM

TO: Members of the Airport Authority

FROM: Janet Burnette, Director of Finance & Accounting

DATE: November 9, 2018

ITEM DESCRIPTION – Information Section Item B

Greater Asheville Regional Airport – Explanation of Extraordinary Variances
Month of September 2018

SUMMARY

Operating Revenues for the month of September were \$997,702. Operating Expenses for the month were \$563,350. As a result, Net Operating Revenues before Depreciation were \$434,352. Net Non-Operating Revenues were \$325,117.

Year-to-date Operating Revenues were \$3,475,030, 31.6% of annual budget. Year-to-date Operating Expenses were \$1,854,878, 19.3% of annual budget. Both percentages represent positive results as we have now completed 25% of the fiscal year. Year-to-date Net Operating Revenues before Depreciation were \$1,620,152. Net Non-Operating Revenues for the year were \$1,046,580, 37.0% of annual budget.

STATEMENT OF NET ASSETS

Significant variations to prior month were:

Accounts Receivable – Accounts Receivable increased by \$586k mainly due to balance from Travelers Insurance.

Construction in Progress – Construction in Progress increased by \$239k mainly due to the construction of the north apron expansion.

Property and Equipment, Net – Property and Equipment, Net decreased by \$387k due to depreciation.

Information Section – Item B

**ASHEVILLE REGIONAL AIRPORT
INVESTMENT AND INTEREST INCOME SUMMARY
As of September 30, 2018**

<u>Institution:</u>	<u>Interest Rate</u>	<u>Investment Amount</u>	<u>Monthly Interest</u>
Bank of America - Operating Account	0.60%	\$ 14,552,041	
First Citizens - Money Market Account	0.05%	403,383	116
NC Capital Management Trust - Cash Portfolio		17,571	27
NC Capital Management Trust - Term Portfolio		9,152,926	15,758
Petty Cash		200	
 <u>Restricted Cash:</u>			
BNY Mellon		425,305	
Bank of America - PFC Revenue Account	0.60%	9,956,558	4,893
 Total		 <u>\$ 34,507,984</u>	 <u>\$ 20,794</u>

Investment Diversification:

Banks	73%
NC Capital Management Trust	27%
Commercial Paper	0%
Federal Agencies	0%
US Treasuries	0%
	<u>100%</u>

**ASHEVILLE REGIONAL AIRPORT
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Month Ended September 30, 2018**

	Current Month	Prior Period
Cash and Investments Beginning of Period	\$ 33,973,132	\$ 32,718,686
Net Income/(Loss) Before Capital Contributions	372,175	456,895
Depreciation	387,295	387,295
Decrease/(Increase) in Receivables	130,466	(26,341)
Increase/(Decrease) in Payables	55,803	(1,321,769)
Decrease/(Increase) in Prepaid Expenses	18,959	18,959
Decrease/(Increase) in Fixed Assets	(239,562)	(311,605)
Principal Payments of Bond Maturities	38,016	38,016
Capital Contributions	(228,300)	2,012,996
Increase(Decrease) in Cash	534,852	1,254,446
Cash and Investments End of Period	\$ 34,507,984	\$ 33,973,132

**ASHEVILLE REGIONAL AIRPORT
STATEMENT OF FINANCIAL POSITION
As of September 30, 2018**

	Current Month	Last Month
<u>ASSETS</u>		
Current Assets:		
Unrestricted Net Assets:		
Cash and Cash Equivalents	\$24,126,122	\$23,962,663
Investments	0	0
Accounts Receivable	1,557,978	971,401
Passenger Facility Charges Receivable	400,000	420,000
Refundable Sales Tax Receivable	52,353	381,259
Grants Receivable	452,055	820,193
Prepaid Expenses	170,785	189,744
Total Unrestricted Assets	26,759,293	26,745,260
Restricted Assets:		
Cash and Cash Equivalents	10,381,863	10,010,469
Total Restricted Assets	10,381,863	10,010,469
Total Current Assets	37,141,156	36,755,729
Noncurrent Assets:		
Construction in Progress	76,836,279	76,596,717
Net Pension Asset - LGERS	(760,162)	(760,162)
Benefit Payment - OPEB	25,682	25,682
Contributions in Current Year	617,323	617,323
Property and Equipment - Net	52,546,944	52,934,239
Total Noncurrent Assets	129,266,066	129,413,799
	\$166,407,222	\$166,169,528
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable & Accrued Liabilities	\$464,402	\$345,396
Customer Deposits	10,510	10,510
Unearned Revenue	468,406	531,609
Construction Contracts Payable	0	0
Construction Contract Retainages	1,933,007	1,933,007
Revenue Bond Payable - Current	1,245,000	1,245,000
Interest Payable	114,049	76,033
Total Payable from Unrestricted Assets	4,235,374	4,141,555
Total Current Liabilities	4,235,374	4,141,555
Noncurrent Liabilities:		
Pension Deferrals - OPED	56,737	56,737
Other Postemployment Benefits	1,248,463	1,248,463
Compensated Absences	359,211	359,211
Net Pension Obligation-LEO Special Separation Allowance	474,558	474,558
Revenue Bond Payable - Noncurrent	17,585,000	17,585,000
Total Noncurrent Liabilities	19,723,969	19,723,969
Total Liabilities	23,959,343	23,865,524
Net Assets:		
Invested in Capital Assets	110,553,223	110,700,956
Restricted	10,381,863	10,010,469
Unrestricted	21,512,793	21,592,579
Total Net Assets	142,447,879	142,304,004
	\$166,407,222	\$166,169,528



Income Statement

Through 09/30/18
Summary Listing

Classification	Annual Budget Amount	MTD Actual Amount	YTD Actual Amount	Budget Less YTD Actual	% of Budget	Prior Year Total Actual
Fund Category Governmental Funds						
Fund Type General Fund						
Fund 10 - General Fund						
<i>Operating revenues</i>						
Terminal space rentals - non airline	247,909.00	20,377.69	61,133.07	186,775.93	25	.00
Terminal space rentals - airline	2,067,331.00	171,177.95	579,621.30	1,487,709.70	28	.00
Landing fees	904,038.00	86,780.79	268,660.87	635,377.13	30	.00
Concessions	490,780.00	45,129.92	150,849.93	339,930.07	31	.00
Auto parking	3,600,000.00	339,852.01	1,253,007.40	2,346,992.60	35	.00
Rental car - car rentals	1,530,000.00	141,004.15	598,595.77	931,404.23	39	.00
Rental car - facility rent	647,012.00	54,031.57	165,621.56	481,390.44	26	.00
Commerce ground transportation	94,500.00	19,157.00	58,838.50	35,661.50	62	.00
FBO's	1,038,185.00	88,862.15	268,359.76	769,825.24	26	.00
Building leases	73,197.00	5,291.25	16,941.58	56,255.42	23	.00
Land leases	59,961.00	4,295.48	14,562.17	45,398.83	24	.00
Other leases and fees	221,800.00	21,742.50	38,838.04	182,961.96	18	.00
<i>Operating revenues Totals</i>	\$10,974,713.00	\$997,702.46	\$3,475,029.95	\$7,499,683.05	32%	\$0.00
<i>Non-operating revenue and expense</i>						
Customer facility charges	1,400,000.00	137,606.50	470,215.75	929,784.25	34	.00
Passenger facility charges	1,850,000.00	204,734.03	613,575.86	1,236,424.14	33	.00
Interest revenue	35,000.00	20,793.35	76,838.52	(41,838.52)	220	.00
Interest expense	(456,197.00)	(38,016.42)	(114,049.26)	(342,147.74)	25	.00
<i>Non-operating revenue and expense Totals</i>	\$2,828,803.00	\$325,117.46	\$1,046,580.87	\$1,782,222.13	37%	\$0.00
Capital contributions	.00	(228,300.00)	1,933,006.21	(1,933,006.21)	+++	.00
<i>Operating expenses</i>						
Personnel services	5,752,370.00	273,528.49	1,147,022.84	4,605,347.16	20	.00
Professional services	387,450.00	21,687.78	32,299.41	355,150.59	8	.00
Other contractual services	826,723.00	122,862.22	221,023.30	605,699.70	27	.00
Travel and training	201,075.00	18,204.11	44,270.00	156,805.00	22	.00
Communications	62,850.00	3,311.77	17,180.40	45,669.60	27	.00
Utility services	525,467.00	28,488.51	107,753.67	417,713.33	21	.00
Rentals and leases	13,600.00	(304.00)	2,412.17	11,187.83	18	.00
Insurance	234,000.00	34,243.76	72,009.28	161,990.72	31	.00

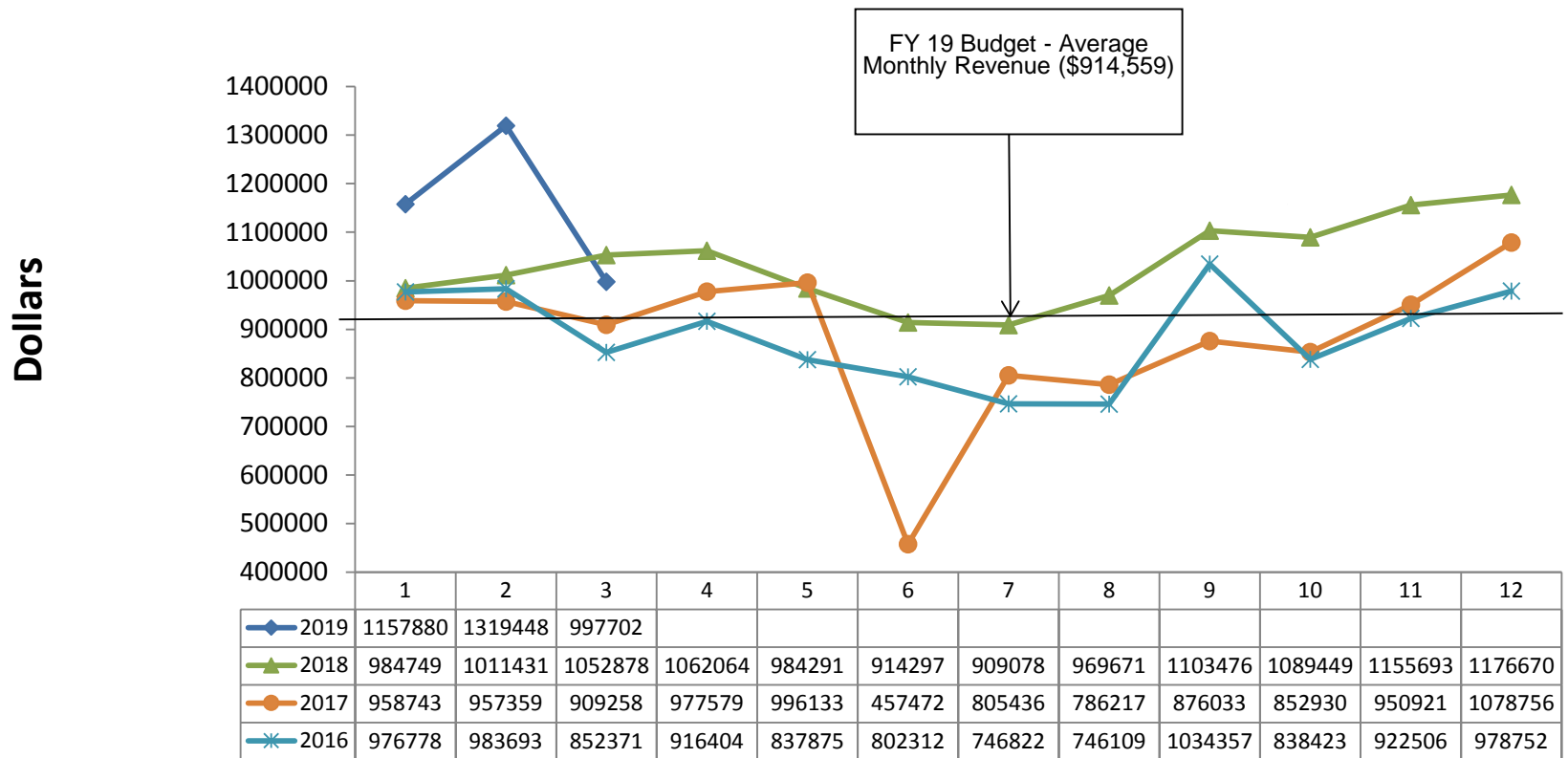


Income Statement

Through 09/30/18
Summary Listing

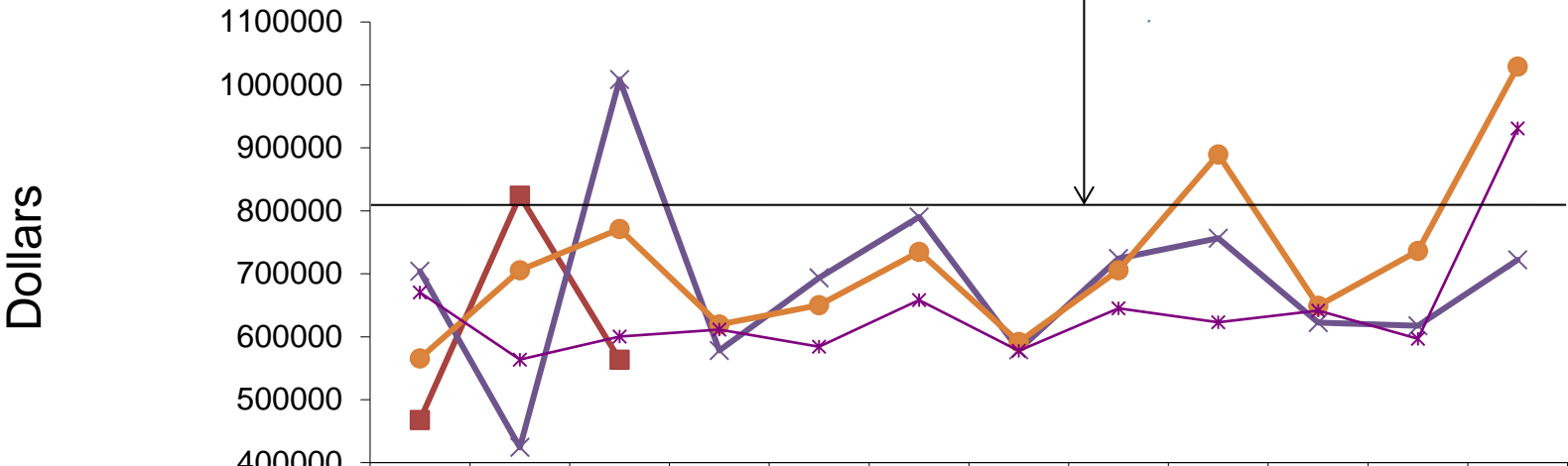
Classification	Annual Budget Amount	MTD Actual Amount	YTD Actual Amount	Budget Less YTD Actual	% of Budget	Prior Year Total Actual
Advertising, printing and binding	8,050.00	480.94	3,214.96	4,835.04	40	.00
Promotional activities	317,390.00	14,539.00	51,516.29	265,873.71	16	.00
Other current charges and obligations	54,000.00	10,643.02	19,928.81	34,071.19	37	.00
Operating supplies	467,425.00	14,751.81	60,314.18	407,110.82	13	.00
Publications, subscriptions, memberships, etc.	54,330.00	.00	3,235.62	51,094.38	6	.00
Repairs and maintenance	181,700.00	10,538.10	40,422.61	141,277.39	22	.00
Small equipment	80,500.00	3,357.12	24,889.46	55,610.54	31	.00
Contingency	100,000.00	.00	.00	100,000.00	0	.00
Emergency repairs	50,000.00	7,017.72	7,383.92	42,616.08	15	.00
Business development	450,000.00	.00	.00	450,000.00	0	.00
<i>Operating expenses Totals</i>	<u>\$9,766,930.00</u>	<u>\$563,350.35</u>	<u>\$1,854,876.92</u>	<u>\$7,912,053.08</u>	19%	\$0.00
<i>Depreciation</i>						
Depreciation	.00	387,295.00	1,161,885.00	(1,161,885.00)	+++	.00
<i>Depreciation Totals</i>	<u>\$0.00</u>	<u>\$387,295.00</u>	<u>\$1,161,885.00</u>	<u>(\$1,161,885.00)</u>	+++	\$0.00
Fund 10 - General Fund Totals						
REVENUE TOTALS	13,803,516.00	1,094,519.92	6,454,617.03	7,348,898.97	47%	.00
EXPENSE TOTALS	9,766,930.00	950,645.35	3,016,761.92	6,750,168.08	31%	.00
Fund 10 - General Fund Net Gain (Loss)	<u>\$4,036,586.00</u>	<u>\$143,874.57</u>	<u>\$3,437,855.11</u>	<u>(\$598,730.89)</u>	85%	\$0.00

ASHEVILLE REGIONAL AIRPORT Annual Operating Revenue by Month September 2018



ASHEVILLE REGIONAL AIRPORT Annual Operating Expenses by Month September 2018

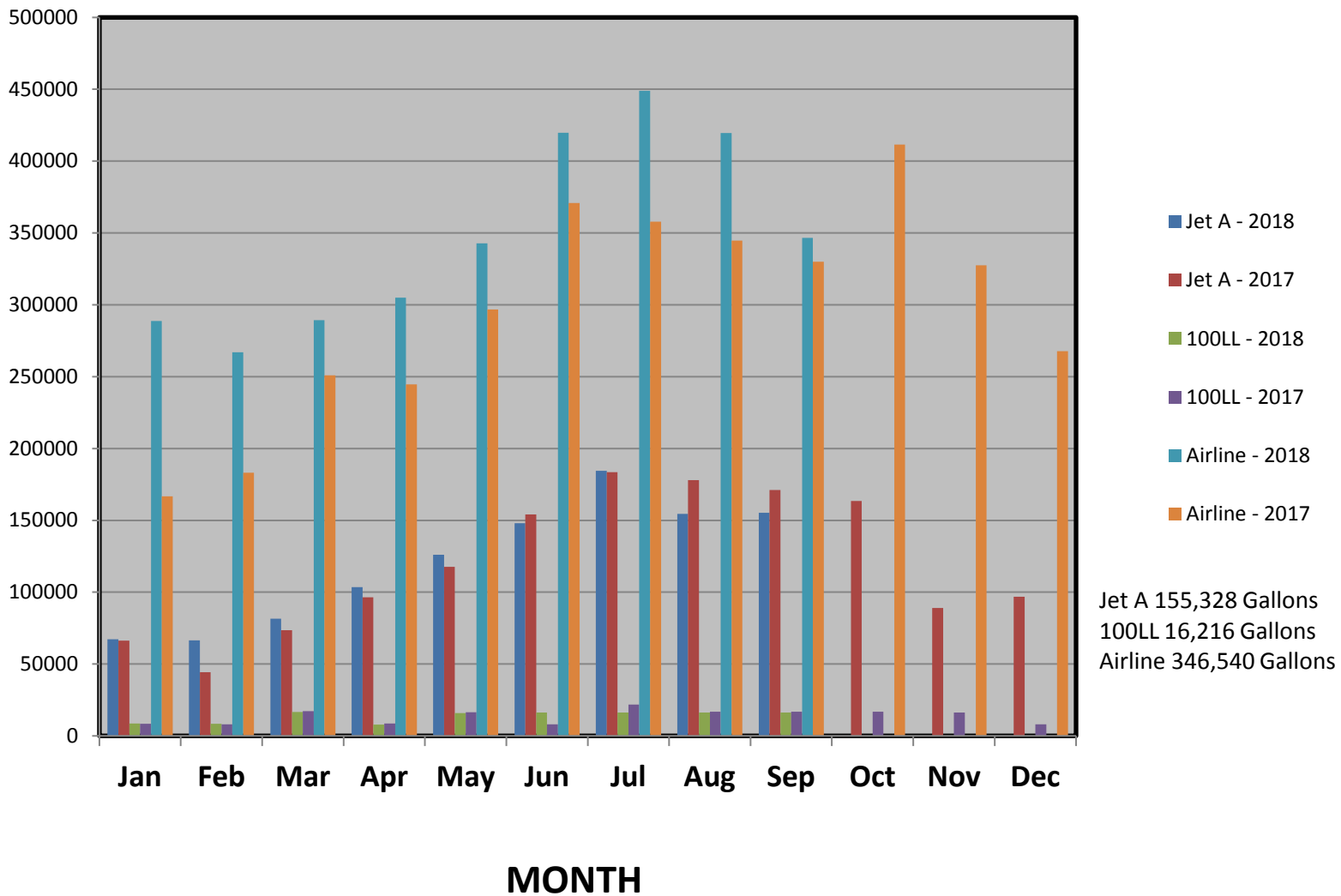
FY 19 Budget - Average
Monthly Expenses (\$801,411)



	1	2	3	4	5	6	7	8	9	10	11	12
2019	467701	823824	563350									
2018	704085	424161	1008520	578153	693612	790093	579052	724027	756743	622562	617623	722128
2017	565737	705715	771249	619423	649959	734910	591499	705568	889485	649186	736270	1029219
2016	670287	563714	600262	611567	584219	658023	577720	645039	622755	641782	596505	930918

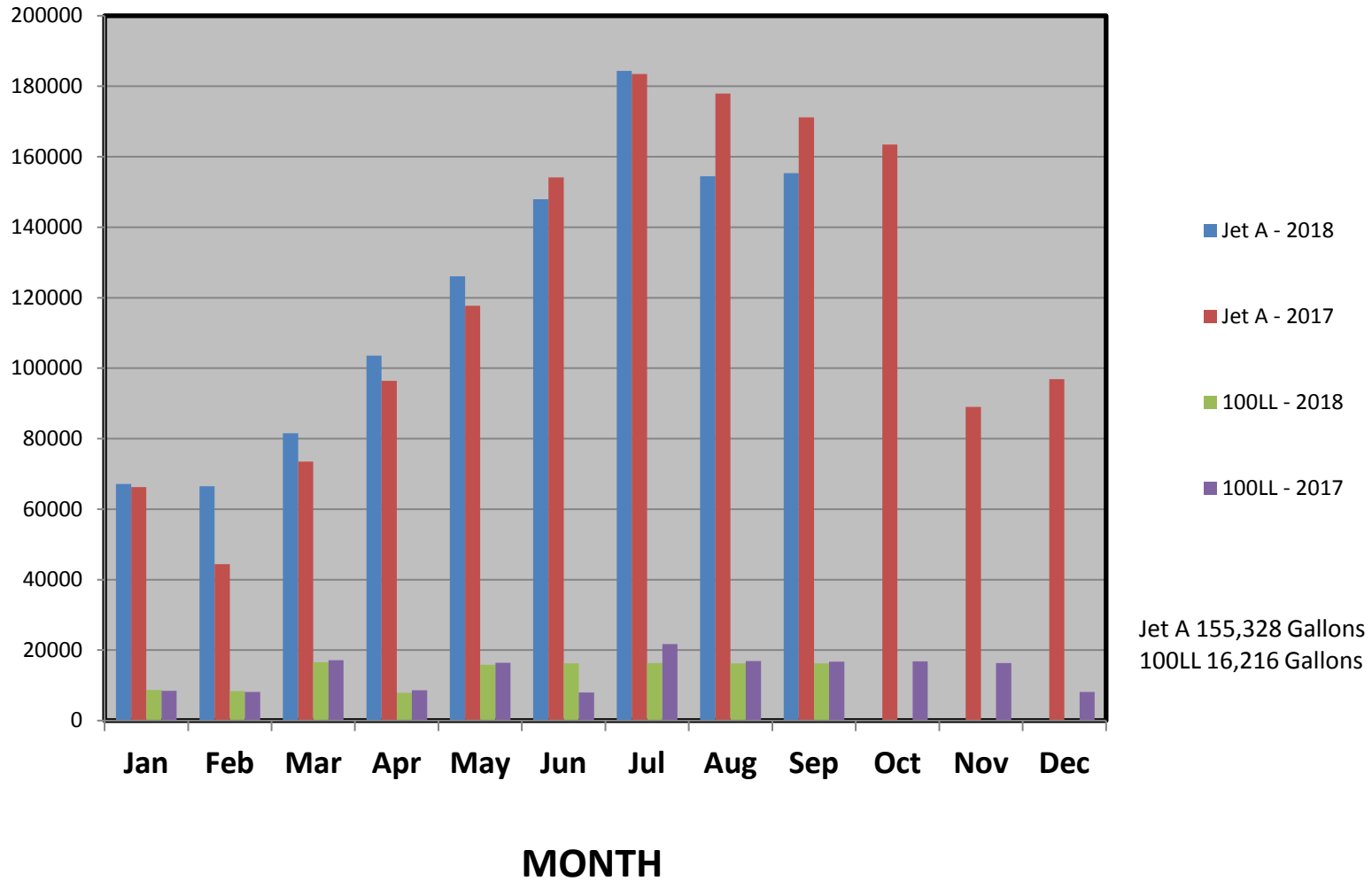
**ASHEVILLE REGIONAL AIRPORT
FUEL SALES - GALLONS
September 2018**

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**ASHEVILLE REGIONAL AIRPORT
GENERAL AVIATION FUEL SALES - GALLONS
September 2018**

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Design Phase

Project Number	Project Name	Project Description	Professional Services Consultant	Professional Services Contract	General Contractor	Original Construction Contract	Change Orders (thru 11/01/2018)	Percent of Original Contract	Board Approved Project Cost	Percent Complete	Expensed to Date (thru 11/01/2018)	Start Date	End Date	Current Project Status (as of 11/01/2018)
1	Airfield Re-Development Project	Budget for the complete project				\$64,100,000.00	\$15,900,000.00		\$80,000,000.00	69.4%	\$55,520,895			All Engineer contracts, completed construction contracts and expenses will be inclusive of budget.
1A	Airfield Re-Development Project	Phase I - Design Services	RS&H	\$447,983.00	N/A	N/A	\$0.00	0.00%	(Overall total included in above number)	83%	\$372,161	Dec-12	Jun-16	Project Management work primarily complete.
1B	Airfield Re-Development Project	Phase II - Design Services and Project Management.	RS&H	\$1,842,318.00	N/A	N/A	\$0.00	0.00%	(Overall total included in above number)	95%	\$1,748,887	Jun-13	Dec-16	Project Management work continues, pending Contractor resolution.
1C	Airfield Re-Development Project	Phase III and IV - Design Services and Project Management.	RS&H	\$2,399,826.00	N/A	N/A	\$1,469,611.00	65.90%	(Overall total included in above number)	81%	\$3,134,056	Dec-14	Jun-19	Phase IV Project Management continues.
1D	Airfield Re-Development Project	New Runway Design	AVCON	\$1,967,476.00	N/A	N/A	\$86,653.00	4.40%	(Overall total included in above number)	95.3%	\$1,959,197	Mar-13	Jun-19	Phase IV Project Management continues.
1E	Airfield Re-Development Project	Miscellaneous and Administrative Expenses			N/A	N/A	\$0.00	0.00%	(Overall total included in above number)		\$5,264,058	Jan-13	Dec-17	Miscellaneous Administrative Expenses, Reimbursable Agreement and Land Acquisition
2	Expand Air Carrier Apron	Design additional apron space to hold RON Aircraft. Professional CA and Inspections.	Delta Airport Consultants	\$99,000.00	N/A	N/A	\$107,750.00	0.00%	\$206,750.00	98%	\$203,370	Feb-17	Jun-18	Punch list items submitted to Contractor.
3	Terminal Building Assessment Study	Terminal infrastructure, interior space and exterior facade assessment.	CHA	\$550,247.00	N/A	N/A	\$0.00	0.00%	\$628,900.00	98.1%	\$539,940	Jan-18	Jun-18	Review of next steps.
4	Airport Security and Identity Management	Security system, ID badging and CCTV camera equipment	Faith Group LLC	\$327,486.27	N/A	N/A	\$0.00	0.00%	\$327,486.27	14.6%	\$48,088.00	Aug-18	Mar-19	Review of findings scheduled.

Construction Phase

Project Number	Project Name	Project Description	Professional Services Consultant	Professional Services Contract	General Contractor	Original Construction Contract	Change Orders (thru 11/01/02018)	Percent of Original Contract	Board Approved Project Cost	Percent Complete	Expensed to Date (thru 11/01/2018)	Start Date	End Date	Current Project Status (as of 11/01/2018)
1	Permanent Runway 17-35 Construction, NAVAIDS and Taxiway Conversion	Construct new runway and convert temporary runway to a taxiway	RS&H and AVCON Inc.	Amount Included in Phase 3 Design Fees	Travelers / Cedar Peaks	\$33,703,095.70	\$0.00	0.00%	\$34,703,095.70	30.1%	\$10,156,454	Mar-17	Jun-19	Asphalt paving, electrical and shoulder work continues.
2	Expand Air Carrier Apron	Construct additional apron pavement for RON Aircraft	Delta Airport Consultants	\$0.00	NHM Constructors	\$1,043,023.50	\$1,448.87	0.14%	\$1,147,380.85	54.7%	\$571,210	Mar-18	Nov-18	Punch list review performed. Work to complete punch list items ongoing.

(Construction and Administrative Costs included)

Key strategic priorities

Governance vs. Management : Focus on setting governing direction (“guard rails”) for the organizational and holding management accountable for the execution of operational tactics. Pursue continuous educational opportunities for Authority Member development.

1. **Organizational Relevance**: Remaining relevant in an era of airport consolidation
2. **Financial Stewardship**: Sustainability/Operating Performance/Audit & Compliance
3. **Municipal Relations**: Positive relationships with all municipalities surrounding the airport
4. **Stakeholder Relations**: Positive relationships with neighbors and other community organizations
5. **Community Image**: Public Perception/Public Relations/Customer Service/Legal Entity
6. **Facilities Stewardship**: Future Master Facilities Plan
7. **Environmental Stewardship**: Accountability/Awareness of Environmental Issues
8. **Economic Development**: Engage Community Partners/Airline Service Development
9. **Vendor-Partner Relations**: General Aviation/Rental Car Agencies/Vendors
10. **Public Safety**: Airport Emergency Safety/TSA Relations/Municipal Partners
11. **Organizational Accountability**: Executive Director Supervision