



AGENDA

Asheville Regional Airport Authority Regular Meeting
Friday, October 8, 2010, 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 Recording Secretary prior to the agenda item being called by the Chairman.

- I. CALL TO ORDER:
- II. WELCOME OF NEW BOARD MEMBER - MARTHA THOMPSON
- III. ELECTION AND SWEARING IN OF OFFICERS
- IV. APPEARANCES: None
- V. PRESENTATIONS:
 - A. Administration – Suzie Baker ([document](#))
- VI. FINANCIAL REPORT ([document](#))
- VII. CONSENT AGENDA:
 - A. Approval of the Asheville Regional Airport Authority August 13, 2010 Regular Meeting Minutes ([document](#))
 - B. Approval of the Asheville Regional Airport Authority September 27, 2010 Special Meeting Minutes ([document](#))
 - C. Approval of the Asheville Regional Airport Authority September 27, 2010 Special Meeting Closed Session Minutes
 - D. Approval of FAA Tower Lease ([document](#))



VIII. OLD BUSINESS:

- A. Proposed Amendment to the By-Laws ([document](#))

IX. NEW BUSINESS:

- A. Asheville Regional Airport Authority 2009/2010 Annual Audit Report and Acceptance ([document](#))
- B. Proposed FY2011 Budget Amendment ([document](#))
- C. Award of a Contract for Purchase of Airport Terminal Seating ([document](#))

X. DIRECTOR'S REPORT:

- A. Transfer from Contingency for IT Expenditures for A Gates
- B. Airport Zoning
- C. Comair Reduction
- D. AIP Update
- E. Smoking Policy Information
- F. FY 2012 Board Travel
- G. Paradies update
- H. State Diesel Reduction Grant
- I. Cargo Operations
- J. Meeting with American Airlines

XI. INFORMATION SECTION:

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

- A. August, 2010 Traffic Report ([document](#))



- B. August, 2010 Monthly Financial Report ([document](#))
- C. October, 2010 Development/Project Status Report ([document](#))
- D. Potential Board Items for the Next Regular Scheduled Meeting:
 - 5-year CIP Approval

XII. AUTHORITY MEMBERS' REPORTS: None

XIII. PUBLIC AND TENANTS' COMMENTS:

XIV. CLOSED SESSION: None

XV. CALL FOR NEXT MEETING.

XVI. ADJOURNMENT.

Respectfully submitted,

Lew Bleiweis, A.A.E.
Airport Director

Approved:

David Hillier
Chairman

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ADMINISTRATION DEPARTMENT

October 8, 2010



WHO ARE WE?

Suzie Baker – Administration Manager

Pat Garren - Receptionist

WHAT DO WE DO?

➤ Areas of Responsibility

- Administration
- Insurance
- Human Resources
- Comply with all State and Federal Laws

Receptionist

➤ Receptionist Responsibilities:

- Greet and direct visitors
- Issue visitor badges
- Receive and direct phone calls
- Receive and process mail
- Receive and distribute all office deliveries
- Maintain and/or update lists
 - Company vehicle log
 - Employee and tenant phone lists
 - Tenant post office boxes

➤ Receptionist Responsibilities: (continued)

- Reserve conference rooms for outside rental requests
- Maintain postage machine
- Research publications for Authority articles
- Assists all Authority departments
- Maintain office supply inventory
 - Receives office supply requests from all Authority departments
 - Orders all office supplies for the Authority

INSURANCE

➤ Maintain, review, budget and manage all renewals and claims for:

- Property and Casualty Insurance
- Auto Liability
- Other Insurance and Bonds
 - Inland Marine
 - Law Enforcement
 - Crime
 - Directors and Officers

➤ Maintain, review, budget and manage all renewals and claims for: (continued)

- General Liability

- Receive reports of accidents/incidents
- Report all claims
- Initiate and monitor any necessary investigation

➤ Maintain, review, budget and manage all renewals and claims for: (continued)

▪ Worker's Compensation

- Receive reports of all on-the-job accidents/incidents
- Report all claims
- Initiate and monitor any necessary investigation
- Monitor employee's medical condition and set-up any necessary accommodation(s) with claim representative

- Worker's Compensation (continued)
 - Monitor the recovery process to ensure there is no interaction of worker's compensation with the Americans with Disabilities Act (ADA) and/or the Family and Medical Leave Act (FMLA)
 - Ensure all employees are trained on workplace safety and on-the-job accident and/or incident reporting

HUMAN RESOURCES

- Ensure compliance with all laws enforced by the Equal Employment Opportunity Commission (EEOC)
 - Title VII (discrimination in the areas of race, color, religion, sex and national origin)
 - American with Disabilities Act (ADA)
 - Equal Pay Act (EPA)
 - The Age Discrimination in Employment Act (ADEA)
 - The Genetic Information Nondiscrimination Act (GINA)

➤ Other State and Federal Laws

- The Family and Medical Leave Act (FMLA)
- The Fair Labor Standards Act (FLSA)
- Consolidated Omnibus Budget Reconciliation Act (COBRA)
- Health Insurance Portability and Accountability Act (HIPAA)
- Uniform Services Employment Right Act (USERRA)
- The Occupational Safety and Health Act (OSHA)
- Consumer Credit Protection Act (CPCA)
- Unemployment Insurance

➤ Manage and Oversee Authority Policies and Procedures:

- Administer and update Human Resources Procedures
- Administer and update Administration Procedures
- Drug-free workplace
- Harassment policy
- Workplace violence
- Diversity

➤ Manage and Oversee Authority Policies and Procedures: (continued)

- Family Medical Leave Act (FMLA)
- Conflict of interest
- Employment of relatives
- Dress code
- Inquiries concerning employees

RECRUITMENT, SELECTION AND PLACEMENT

➤ Manage and Oversee Recruitment Process to ensure consistency:

- Place recruitment advertising
- Review all resumes and applications
- Forward the most qualified applications to hiring manager
- Interview and selection process
- Make job offer and create offer letter
- Complete all post-offer pre-employment testing and background investigation
- Notify departments of new hire and start date

➤ New Hire On-Boarding

- Introduction to the Authority, its mission, functions and culture
- Complete new employee forms
- Review benefit plan information and complete enrollment
- Policies and procedures review
- Introduction to Authority staff
- Create and maintain employee files

COMPENSATION

➤ Manage and Oversee Compensation Area:

- Salary Levels and Pay Classifications
 - Merit Increases
 - Promotions/Demotions
 - Position Reclassification
- Position Classification (exempt/non-exempt)
- Performance Evaluations (introductory and annual)
- Overtime Pay
- Job Descriptions
- Survey and maintain competitive pay plan
- Longevity payment (based on years of service)

EMPLOYEE RELATIONS

➤ Manage and Oversee Employee Relations Area:

- Conflict Resolution
- Counseling
- Attendance
- Employee Conduct
- Discipline Process
 - Coaching
 - Counseling
 - Final Counseling
 - Termination
 - Perform Exit Interview

➤ Manage and Oversee Employee Relations Area: (continued)

- Employee Communication
 - Employee Newsletter
 - Open-door policy

- Employee Recognition/Appreciation
 - Service awards
 - Longevity payment
 - Employee Holiday checks and gift cards
 - Employee Holiday lunches

➤ Time Off

- Vacation
- Sick Leave
- Holidays
- Personal Leave of Absences
- Bereavement Leave
- Jury Duty
- Paid Time Off (PTO)
 - Department of Public Safety (in lieu of Holiday Pay)
 - Part-Time Employees (in lieu of Sick Leave)

EMPLOYEE BENEFITS

➤ Manage and Oversee Employee Benefits Area:

- Health Insurance
- Dental Insurance
- Vision Insurance
- Life Insurance
- Accidental Death and Dismemberment (AD&D)
- Short-Term and Long-Term Disability Insurance
- 401K and 457 Plans

➤ Manage and Oversee Employee Benefits

Area: (continued)

- Retirement Benefit
- Retiree Health Insurance
- Reimbursement of Educational Expenses
- Exempt Employee Benefit Program
- On-site Flu Shots

➤ Health Care Reform

- Monitor and maintain time-line to ensure compliance

WELLNESS

➤ Designing an Effective Wellness Program:

- Wellness programs are an effective approach with potential to:
 - Drive down future health care costs for employer
 - Enhance morale, higher employee job satisfaction and less absenteeism

➤ Design a wellness program tailored to our employees' needs:

▪ Specific steps:

1. Set- up committee
2. Set the goals of the program
3. Determine Authority's level of involvement
4. Establish the budget and expected ROI
5. Choose employee rewards
6. Write and communicate the policy
7. Implementation

➤ Other Human Resources Areas

- United Way Campaign Coordinator
- Support Local Education
 - Career Fairs – AB Tech, UNC Asheville
 - Asheville/Buncombe/Madison Transition Employability Seminar
- Disadvantaged Business Enterprise (DBE) and DBE Concession Program Liaison Officer
- Workplace Safety Committee Member
- Maintain Personnel Files
- Public Records Coordinator

Professional Organizations and Networking

- Society for Human Resource Management (SHRM)
- Western North Carolina Human Resources Management Association (WNCHRA)
- Airports Council International (ACI)
- American Association of Airport Executives (AAAE)
- Airport Minority Advisory Council (AMAC)
- UNC School of Government

WHAT WE DO

- Ensure that all Authority employees have the tools and training to be productive.
- Ensure that the Authority is in compliance with all Federal and State laws to limit potential liabilities.
- Ensure that the Authority has policies and procedures that are clearly written, communicated and consistently enforced.
- Maintain an enjoyable workplace.

QUESTIONS

**Asheville Regional Airport Authority
Executive Summary
August-10**

AIRPORT ACTIVITY

	Month	Variance to Prior Year	Calendar Year to Date	Variance to Prior Year
Passenger Enplanements	38,173	37.3%	240,960	25.7%
Aircraft Operations				
Commercial	1,835	19.9%	13,123	15.3%
Scheduled Flights	853	35.4%		
Flight Cancellations	5			
Seats	45,603	42.0%	312,272	30.4%
Load Factor	83.7%	(3.3%)	77.2%	(3.6%)
General Aviation	3,917	(12.8%)	28,422	(5.4%)
Military	626	36.7%	3,050	44.8%

FINANCIAL RESULTS

	Month	Variance to Budget	Fiscal Year to Date	Variance to Budget
Operating Revenues	\$ 688,840	8.00%	\$ 1,372,450	9.38%
Operating Expenses	446,755	(25.18%)	907,049	(19.84%)
Net Operating Revenues before Depreciation	<u>\$ 242,085</u>	493.77%	<u>\$ 465,401</u>	277.50%
Net Non-Operating Revenues	<u>\$ 245,054</u>	50.49%	<u>\$ 482,480</u>	48.22%
Grants:				
FAA AIP Entitlements	\$ 1,791,803		\$ 2,293,754	
NC Dept of Transportation Grants	-		-	
Total	<u>\$ 1,791,803</u>		<u>\$ 2,293,754</u>	

CASH

Restricted	\$ 2,241,168
Designated for O&M Reserve	3,224,433
Unrestricted, Undesignated	2,579,145
Total	<u>\$ 8,044,746</u>

RECEIVABLES PAST DUE

	Total	1-30 Days	31-60 Days	Over 60 Days
Air Cargo Carriers	\$ 1,099	\$ 1,099	\$ -	\$ -
Asheville Jet/Odyssey	28,001	28,001		
Charah	3,934	3,934		
Delta	433	-	433	
FAA/TSA	13,676	13,636	-	40
Landmark Aviation	1,153	230	923	
Other Miscellaneous Customers	186	186	-	
Total	<u>\$ 48,482</u>	<u>\$ 47,086</u>	<u>\$ 1,356</u>	<u>\$ 40</u>
% of Total Receivables	<u>9.92%</u>			

Note: Excludes balances paid subsequent to month-end.

REVENUE BONDS PAYABLE

Rental Car Facilities Taxable Revenue Bond, Series 2007	
Original Amount	\$ 4,750,000
Current Balance	\$ 3,839,819

CAPITAL EXPENDITURES

Annual Budget	\$ 7,704,380
Year-to-Date Spending	\$ 1,366,587

REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
August 13, 2010
8:30 a.m.

The Asheville Regional Airport Authority ("Authority") met on Friday, August 13, 2010 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: David R. Hillier, Chairman; David Gantt, Vice-Chairman; Chuck McGrady, Secretary-Treasurer; Susan C. Fisher; Jeffrey A. Piccirillo; Brownie Newman and Bob Roberts

MEMBERS ABSENT: None

STAFF AND LEGAL COUNSEL PRESENT: Victor Buchanan, Authority Legal Counsel; Lew Bleiweis, Airport Director; C. Jeffrey Augram, Chief of Public Safety; Royce Holden, IT Director; Suzie Baker, Administration Manager; Vickie Thomas, Director of Finance and Accounting; Amy Burritt, Interim Manager of Marketing and Public Relations; and Ellen Heywood, Recording Secretary.

ALSO PRESENT: Tina Kinsey; Jerry Rice; Paul Puckli, RW Armstrong; Jeff Kirby, LPA Group; Mike Darcangelo, AVCON; Nate Otto, RS&H; Mark Barrett, Asheville Citizen-Times; Bill Frizzell, MSE Branded Foods.

CALL TO ORDER: The Chairman welcomed everyone in attendance and called the meeting to order at 8:30 a.m.

WELCOME OF NEW BOARD MEMBER: The Chairman welcomed Bob Roberts to the Board. Mr. Roberts was appointed to the Authority Board by the City of Asheville.

Mrs. Fisher arrived at 8:33 a.m.

INTRODUCTION OF NEW STAFF MEMBERS: The Director introduced Mrs. Tina Kinsey to the Board as the new Director of Marketing and Public Relations effective Monday, August 16. Mr. Cortez Johnson, Network Engineer, was also introduced to the Board. The Board welcomed both new staff members.

APPEARANCES: None

PRESENTATIONS: None

FINANCIAL REPORT: The Director reviewed the airport activity section of the Executive Summary for the month of June and reported a record number of enplanements for the fiscal year for the first time since 1994. Vickie Thomas reported on the operating revenue and expenses for the month.

CONSENT AGENDA:

Mr. Gantt requested Consent Agenda Item B be pulled for discussion.

A. Approval of the Asheville Regional Airport Authority June 11, 2010 Regular Meeting Minutes: Mr. McGrady requested a grammatical correction to the last sentence of Consent Agenda Item B to re-word that the motion carried unanimously.

C. Approval of Audit Contract with Burleson & Earley, P.A.:

D. Approval of Terminal Space Lease with TSA:

Mr. McGrady moved to approve Consent Agenda Items A, C, and D, with a grammatical correction to the June 11, 2010 Regular Meeting Minutes. Mr. Gantt seconded the motion and it carried unanimously.

B. Approval of Amended Tobacco/Smoke-Free Workplace Policy: Mr. Gantt stated that he would like to see the policy changed to ban smoking on all airport property rather than have designated smoking areas. Mr. Gantt made a motion to recommend the Director make a smoke-free policy with no designated smoking areas on airport property. Mrs. Fisher agreed with Mr. Gantt's concerns about the effects of smoking and felt the trend for the state of North Carolina was to become smoke free. Mrs. Fisher felt this issue needed to be revisited. Mr. McGrady was opposed to the motion making the airport property smoke free at this time and felt more input was needed from tenants and people working at the airport. Mr. McGrady suggested staff survey other airports of similar size for their smoking policies.

The Chairman inquired if there was a second to Mr. Gantt's motion to ban smoking on airport property. There was no second and the motion failed. The Chairman agreed with Mr. McGrady's suggestion and instructed staff to look to other airports for their smoking policies and to keep the Board informed on this topic.

Mr. McGrady moved to approve the Amended Tobacco/Smoke-Free Workplace Policy. Mr. Newman seconded the motion and it carried by a 6 to 1 vote with Mr. Gantt voting against.

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of Scope of Services for an Environmental Assessment for a New Parallel Taxiway and Runway 16/34 Reconstruction: The Director reviewed the Board's intentions of proceeding with the construction of a new parallel taxiway west of the runway and reconstruction of the runway 75' further to the west to meet current FAA safety standards pending project funding from the FAA.

The Director stated that the next step for this project was to have an Environmental Assessment (EA) completed. The EA would need to be completed in time to submit a Letter of Intent to the FAA by March of 2011 to request funding for the project. Staff has received a Scope of Services and Fees from The LPA Group for the Environmental Assessment with a lump sum project amount not to exceed \$193,293. Staff has also submitted a request to the FAA to provide discretionary funding for the EA.

The Director further stated that if the application for funding of the reconstruction project is approved by the FAA, the Authority may be reimbursed for the cost of the EA. If the reconstruction project is not approved and a rehabilitation of the runway is determined by the Board, the Authority will have to pay for the EA as the rehabilitation project does not necessitate an environmental assessment.

The Chairman noted that if the EA is not approved by the Board, the reconstruction project cannot be done. Mr. McGrady moved to approve the Scope of Services and Fee Proposal with The LPA Group of North Carolina for a lump sum price not to exceed \$193,293 plus a 10% contingency of \$19,329, for a total of \$212,622 and to authorize the Director to execute the necessary documents. Mr. Piccirillo seconded the motion and it carried unanimously.

B. Approval of Scope of Services and Fees for Site Preparation, Construction Phase Services and Supplemental Environmental/Permitting Support Services for the Westside Site Development Project with AVCON Engineers & Planners, Inc.: The Director reviewed the Board's approval of the fill project with Charah, Inc. for the Westside area at the June 12, 2009 meeting and the approval of the contract with AVCON Engineers and Planners, Inc. for the design services of this project at the February 12, 2010 meeting. The cost of the design phase

for this project with a not to exceed amount of \$250,000.00 was covered by Charah, Inc. The design phase is complete and construction has just started. Staff has received a Scope of Services and Fees for Site Preparation, Construction Phase Services and Supplemental Environmental/Permitting Support Services from AVCON Engineers and Planners, Inc. with a contract amount of \$290,000 and a not to exceed amount of \$325,000 to cover any incidental environmental costs. The cost of this pass-through contract will also be covered by Charah, Inc.

Mr. Newman requested more information on the use of fly ash and engineered fly ash as fill material and any risks associated with the use of it. The Director stated that fly ash and engineered fly ash was the same product coming from Progress Energy and the way the fill is being placed is an engineered process. The Environmental Protection Agency (EPA) has deemed fly ash safe for use as fill, concrete, drywall, etc. The storage of fly ash is what is being discussed in Washington and the use of wet storage ponds is what is at issue. The use of fly ash as fill for the project is in full compliance with the North Carolina Department of Environment and Natural Resources and Charah has gone above and beyond the current standards in the placement of the fly ash material. Liners are used and testing wells put in to monitor runoff for any type of sediment.

Mr. Newman brought forth the issue that the rules around the management of this material may soon be changing. Mr. Newman further stated that he thought the EPA was considering redesignating the use of this material and felt the Board should think this through carefully as rules could change in the near future. Mr. Newman also thought the Board should gather more information from our consultants. The Director stated that he does not know what the EPA will do in the future but that the Authority is acting in accordance with the current standards. The Director reminded the Board that Progress Energy owns the material forever and is responsible for monitoring it and becoming compliant if any changes are made in the future. The Director further stated that without the use of this fill, the Authority would not be able to develop the Westside area. The Director also informed the Board that he had a meeting scheduled with senior officials from Progress Energy and Charah and would relay the Board's concern and would be in touch with the Board after the meeting.

Several Board members shared Mr. Newman's concerns but since this project was compliant with current laws and there was no basis not to proceed, Mr. McGrady moved to approve the Scope of Services and Fee Proposal with AVCON Engineers and Planners, Inc. not to exceed the amount of \$325,000.00 and to authorize the Director

to execute the necessary documents. Mr. Roberts seconded the motion and it carried unanimously but with concerns as articulated by various Board members.

C. Approval of FY2011 Budget Amendment: The Director informed the Board he was addressing the Deputy Director of Development and Operations and the Parking Lot Expansion and Overflow Lot items from the Director's Report section of the agenda at this point as these items were to be addressed by Mrs. Thomas in the proposed FY2011 Budget Amendment.

The Director reported that since Mr. Howell's departure from the Authority, the job description for Director of Properties and Development has been reviewed and combined with the Deputy Airport Director position to create a Deputy Director of Development and Operations position. The Director felt this position would be a continuation of the Authority's succession plan and combining the two positions would be advantageous to the Authority. The position would be responsible for capital planning and project management as well as overseeing the Maintenance and Operations Department and DPS. There would be an increase in the salary, however the Authority would be saving approximately \$130,000 per year by eliminating the Deputy Airport Director position. The position would not require any new net money as roughly \$52,000 in business insurance savings this year would eliminate the need for additional money for the position for this fiscal year.

The Director reminded the Board that at the June 11 meeting parking concerns were brought to the Board's attention. Since that time, 121 spaces were added to the lower level lot at a cost of approximately \$18,000 for paving and lighting. Numerous complaints have also been received from passengers about the long walk from the lower lot to the terminal building. Staff has met with Standard Parking and the recommendation is to offer a courtesy shuttle. The Director advised that an additional \$24,000 should be put into the budget to cover the necessary equipment for a shuttle if parking continues to be a problem.

Mr. McGrady commented that succession planning was a responsibility of the Board and requested some consultation by the Director with the Board Chairman for the Deputy Director of Development and Operations position. The Chairman agreed with Mr. McGrady and stated that he and possibly other officers would be involved with the Director on this.

Mrs. Thomas informed the Board that since the budget is prepared so early in the year using estimates, the proposed FY2011 Budget Amendment was necessary to update

some of the estimates. The first item the amendment addresses is reclassifying the budgeted expenditures so they are reported on a department basis rather than a cost center basis. Also in the budget amendment is the inclusion of revenue from Part B of the current year's entitlement funds. The \$1.3 million grant is expected to arrive by the end of August and needs to be added to the budget. The budget amendment addresses the carry-over of capital for construction projects not completed by the end of FY2010. A few projects staff was not able to start before the end of FY2010, specifically the redesign of the website and air service and leakage studies are included in the amendment as well. Also included in the amendment are line items for the Airfield Improvements, Environmental Assessment funding, parking lot courtesy shuttle, additional costs for the Deputy Director of Development and Operations position and the Westside site development costs to be billed to Charah. Mrs. Thomas reviewed the Budget Amendment Detail and Projected Capital Carry Over reports and reported that the total budget amendment needed is \$3,925,122. Mrs. Thomas recommended the Authority Board resolve to amend the FY10/11 Budget by adopting the following budget ordinance amendment:

BE IT ORDAINED by the Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2011:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Administration	\$ 1,540,567	
Terminal	2,389,219	
Airfield	1,217,701	
General Aviation	418,011	
Parking Lot/Roadway	677,234	
Other	206,134	
Administrative Department		452,825
Development Department		267,360
Executive Department		467,994
Finance Department		335,310
Guest Services Department		188,206
Information Technology Department		549,342
Marketing Department		494,573
Operations Department		2,530,331
Public Safety Department		1,222,925

Reimbursable Costs		325,000
Carry-over Capital Expenditures		3,516,122
Equipment and Small Capital		24,000
Outlay		
Totals	<u>\$6,448,866</u>	<u>\$10,373,988</u>

This will result in a net increase of \$3,925,122 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Reimbursable Costs		325,000
Federal Grants – AIP Entitlement		3,436,475
Funds		
Federal Grants – AIP	332,500	
Discretionary Funds		
Transfer from ARAA Cash		496,147
Totals	<u>\$332,500</u>	<u>\$4,257,622</u>

Section 2. Copies of this budget amendment shall be furnished to the Secretary of the Asheville Regional Airport Authority, who for purposes of this ordinance, is designated as the Clerk to the Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 13th day of August, 2010.

David Hillier, Chairman

Attested by:

Charles W. McGrady, Secretary-Treasurer

Mr. Gantt inquired if there were time limits with the federal government in which to complete the projects to avoid penalties and Mrs. Thomas replied there were no issues with that. The Director stated that with the stimulus money, the A Gates project must be completed by February and the project is slated to be finished by the end of the year.

Mr. Gantt moved to approve the Amendment to the FY10/11 Budget as presented by staff. Mr. McGrady seconded the motion and it carried unanimously.

D. Approval of The Paradies Shops Proposal to Operate the Food and Beverage, and Gift Concessions at the Asheville Regional Airport: The Director reported that the Concessionaire Agreement with MSE Branded Foods expired on June 30, 2010. Negotiations over the last several months with MSE have reached an impasse and the agreement was not renewed. MSE will continue to operate the food and gift business at the airport until a new concessionaire is in place. The Director informed the Board that if a company brings in a national brand, the Authority is able to directly negotiate with them. The Director has been in discussions with three companies for the concessionaire program at the airport, two of which declined to negotiate due to the size of the airport. After several discussions, The Paradies Shops submitted a final proposal for approval by the Board. The Director reviewed the history of The Paradies Shops, outlined the following details of the proposal and requested Board approval of the contract with a few remaining details to be ironed out:

1. A pre-security location featuring a nationally branded license concept such as Brueggers Bagels or Dunkin Donuts.
2. The post-security area will include two distinct concepts featuring casual dining QSR with bar reflecting a sense of place for Asheville as well as a CNBC concept for news, gifts and convenience.
3. All of the proposed stores will be state of the art concepts equal to any Paradies locations in their portfolio.
4. An anticipated capital expenditure of approximately \$1,350,000.
5. A contract term of ten years with two five-year options. The first five-year option is at the discretion of Paradies, provided they exercise this option before the end of the 9th year and make a capital refurbishment expenditure of not less than \$250,000 prior to the expiration of the original ten year term. The second five-year option shall be at the mutual discretion of both parties.
6. A minimum annual guarantee (MAG) of \$75,000 against 5% of sales up to \$2,000,000 per year, and 8% of sales over \$2,000,001 per year.
7. Equal or exceed DBE goals through wholesale purchasing agreements.
8. The Authority would provide an \$80,000 improvement allowance. This money is anticipated to come from the terminal renovation project allowances.
9. The Authority will allow the current kitchen equipment and machinery to be used and incorporated into the tenant buildout.
10. Planned opening date of the new concession facilities no later than March 1, 2011.

Mrs. Fisher moved to accept the proposal from The Paradies Shops as presented by staff to operate the food and beverage, and gift concessions at AVL and authorize the Director to finalize and execute a concession agreement with The Paradies Shops consistent with terms outlined above. Mr. McGrady seconded the motion and it carried unanimously.

DIRECTOR'S REPORT:

A. FAA Part 139 Inspection: The Director was pleased to report that the FAA recently conducted the annual Part 139 Inspection and for the fifth consecutive year did not find any discrepancies.

B. Letter of Default for Odyssey Aviation: The Director advised the Board that staff had been in discussions with Odyssey Aviation regarding late payments and had requested payment by the end of June. A letter of default was sent to Odyssey Aviation in early July for non-payment and a few days later the Authority received payment in full.

C. Use of a Signature Stamp: The Director informed the Board that North Carolina State Statutes requires Board approval for the use of a signature stamp to sign checks. The Director further stated that the stamp is locked securely in a safe. The Director requested approval from the Board for the use of this stamp. The Chairman inquired if the Director was the only person to use the stamp and the Director responded that was correct.

Mr. Roberts moved to approve use of a signature stamp by the Director for the purpose of signing checks and documents. Mr. McGrady seconded the motion and it carried by a 6 to 1 vote with Mr. Piccirillo voting against.

D. EDIS Website: The Director advised the Board of an EDIS website, the state's economic development website, which is used by businesses moving to or starting up in North Carolina. Air service is a key component for economic development in communities and the Director has recently learned that the Asheville Regional Airport is not recognized on the state map on this website. The Director will work with the Buncombe County EDC, Carolina West and Advantage West to rectify this with the state.

E. Tampa/Dallas Service: The Director reported that the seasonal service with AirTran to Tampa has done very well but the service is being pulled as the aircraft has

already been committed elsewhere. The Director has met with AirTran to bring service to Tampa back as yearly service and also discussed service to other destinations. AirTran will also expand service to Orlando to six days per week for the period of October 7 through November 7 of this year.

The airport will also lose the Dallas service with American Airlines in October. The airline is pleased with the service but has not said why they will not extend it. Service will hopefully be reinstated next spring.

F. AIP Funding: Another two-month extension through September for AIP funding was granted by Congress. The Director was not sure what to expect for a long term bill since it is election time in Washington, DC this fall.

G. Grant Award: The Director reported that acceptance of Part B of the grant for \$1.3 million was approved by City Council and was on the agenda for acceptance by the Buncombe County Commissioners at their next meeting. The funding should be received by the end of the month.

H. Conference Information: The Director advised the Board that information was at their seats for the ACI-NA Annual Conference in Pittsburgh and the National Airports Conference in San Diego. The Director told the Board to let him know within the week if there was interest in attending either conference.

I. AirTran Magazine: The Director informed the Board that AirTran's Go Magazine featured Asheville and Western North Carolina in their July edition.

INFORMATION SECTION: No comments

AUTHORITY MEMBERS' REPORTS:

A. Proposed Amendment to the By-Laws of the Asheville Regional Airport Authority: The Chairman proposed an Amendment to the By-Laws of the Authority regarding Member Attendance at regular meetings. The Chairman is adamantly opposed to teleconference attendance for a regular meeting. There was a brief discussion and action will be taken at the next Board meeting.

CANCELLATION OF SEPTEMBER AUTHORITY BOARD MEETING: Mr. McGrady moved to cancel the September 10, 2010 meeting of the Authority Board subject to call of the Chairman. Mr. Piccirillo seconded the motion and it carried unanimously.

PUBLIC AND TENANTS' COMMENTS: Mr. Jerry Rice appeared before the Board to express his opinion on the Westside fly ash fill material.

CLOSED SESSION: None

ADJOURNMENT: Mr. McGrady moved to adjourn the meeting at 10:05 a.m. Mr. Gantt seconded the motion and it carried unanimously.

The next regular meeting of the Authority will be on Friday, October 8, 2010 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport, 61 Terminal Drive, Suite 1, Asheville, NC 28732.

Respectfully submitted,

Charles W. McGrady
Secretary-Treasurer

Approved:

David R. Hillier
Chairman

**SPECIAL MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
September 27, 2010
11:30 a.m.**

The Asheville Regional Airport Authority ("Authority") met on Monday, September 27, 2010 at 11:30 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: David R. Hillier, Chairman; David Gantt, Vice-Chairman (via telephone); Brownie Newman (via telephone); Jeffrey A. Piccirillo; Bob Roberts; and Martha W. Thompson (via telephone).

MEMBERS ABSENT: Chuck McGrady, Secretary-Treasurer

STAFF AND LEGAL COUNSEL PRESENT: Victor Buchanan, Authority Legal Counsel; Lew Bleiweis, Airport Director (via telephone); and Ellen Heywood, Recording Secretary.

CALL TO ORDER: The Chairman welcomed everyone in attendance and called the meeting to order at 11:30 a.m.

APPOINTMENT OF SECRETARY-TREASURER PRO TEM FOR THE SEPTEMBER 27, 2010 SPECIAL MEETING: Mr. Roberts moved to designate and approve Mr. Piccirillo as the Secretary-Treasurer Pro Tem for the Authority's September 27, 2010, Special Meeting and for the preparation of the minutes for such meeting. Mr. Hillier seconded the motion and it carried unanimously.

SOUTHWEST AIRLINES-AIRTRAN AIRWAYS MERGER:

The Chairman stated that due to developments that had occurred within the past few hours, there would be a discussion on the announcement of a merger between Southwest Airlines and AirTran Airways. The Director informed the Board that just this morning Southwest Airlines announced the acquisition of AirTran Airways. AirTran has done very well with service to Orlando and Tampa from AVL. The airlines will operate as two separate entities until mid-2011 and the merger still needs approval from the federal government. The Director further stated that he would work to find out as much information as possible from both Southwest and AirTran on what this merger means for the airport.

Mr. Roberts inquired if this merger announcement was anticipated or if it came as a surprise and also asked how the other airlines would respond to this. The Director responded that the announcement came as a surprise. This merger will give Southwest a presence in Atlanta, the largest airport in the world, as well as allow immediate entrance into the international travel mode without the need for federal approval since AirTran already has some international flights. The Director was not aware of how the other airlines' would respond to this merger but had heard there was speculation of what Jet Blue would do from their hub in New York.

CLOSED SESSION: At 11:39 a.m. Mr. Roberts moved to go into 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 Asheville Regional Airport Authority, including agreement on a tentative list of economic development incentives that may be offered by the Asheville Regional Airport Authority in negotiations. Mr. Piccirillo seconded the motion and it carried unanimously.

Open Session resumed at 12:05 p.m.

ADJOURNMENT: At 12:05 p.m. Mr. Roberts moved to adjourn the meeting. Mr. Piccirillo seconded the motion and it carried unanimously.

Respectfully submitted,

Jeffrey A. Piccirillo
Secretary-Treasurer Pro Tem

Approved:

David R. Hillier
Chairman



MEMORANDUM

TO: Members of the Airport Authority
FROM: Lew Bleiweis, AAE, Airport Director
DATE: October 8, 2010

ITEM DESCRIPTION – Consent Agenda Item D

Approval of Lease for Real Property with the US Department of Transportation Federal Aviation Administration for Air Traffic Control Tower Facilities

BACKGROUND

The Federal Aviation Administration (FAA) requires space within the terminal building at the airport to conduct their air traffic control related functions. The FAA currently leases approximately 3,440 square feet. The current five-year lease agreement expired September 30, 2010. FAA has requested a new five-year agreement for the same space that just expired and which they have leased for the past 20 + years.

ISSUES

None

ALTERNATIVES

None recommended at this time.

FISCAL IMPACT

The annual rent under the new lease agreement is expected to be approximately \$109,314 for the first year.

RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to (1) approve the new lease agreement with the Federal Aviation Administration; and (2) authorize the Airport Director to execute the necessary documents.

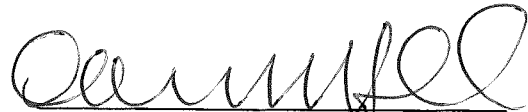
Consent Agenda – Item D

**Proposed Amendment to the By-Laws of
the Asheville Regional Airport Authority**

Pursuant to Section 1 (entitled "AMENDMENTS") of Article XI of the By-Laws of the Asheville Regional Airport Authority, it is hereby proposed that the following be deleted from Section 3 (entitled "MEMBER ATTENDANCE") of Article III of the By-Laws: "Attendance shall include being present in person or via teleconference." In lieu thereof, it is proposed that the following be inserted:

With respect to each of the Authority's regular meetings and reconvened regular meetings, and in order for a member to participate in the deliberations, vote on any actions, and otherwise participate in the transaction of public business, the member must be physically present in the place where the meeting is being held. However, with respect to a special meeting, emergency meeting, or reconvened meeting thereof, members may deliberate, vote, and otherwise participate by being physically present in the meeting place or by use of conference telephone or other electronic means so long as all participating members are able to communicate with each other in real time, and members of the public are able to listen to the open-session portion(s) of such meeting.

This the 13th day of August, 2010.



David R. Hillier, Chairman



MEMORANDUM

TO: Members of the Airport Authority

FROM: Vickie Thomas, Director of Finance and Accounting

DATE: October 8, 2010

ITEM DESCRIPTION – New Business Item A

Presentation of the Final Draft Annual Audit Report for Fiscal Year 2009/2010

BACKGROUND

The annual audit was performed by the auditing firm, Burleson & Earley PA., and the findings are hereby submitted for the Board's review and acceptance. The Audit has been submitted to the Local Government Commission ("LGC") and we are waiting for final approval.

ISSUES

None. An unqualified opinion was issued by the auditors.

RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to accept the 2009/2010 Audit Report as presented. Staff has included a copy for your convenience.

New Business - Item A

BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2010

To the Board of Directors,
Lew S. Bleiweis, Airport Director and
Vickie Thomas, Director of Finance and Accounting
Asheville Regional Airport Authority
Fletcher, NC

We have audited the financial statements of the business-type activities, and the aggregate remaining fund information of Asheville Regional Airport Authority for the year ended June 30, 2010, and have issued our report thereon dated September 24, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 30, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our various communications regarding planning matters in early August 2010.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Asheville Regional Airport Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciable lives assigned to fixed assets is based on the estimated useful life of the asset. We evaluated the key factors and assumptions used to develop the depreciable lives assigned to fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

902 SAND HILL ROAD ♦ ASHEVILLE, NC 28806
TELEPHONE: (828) 251-2846 ♦ FAX: (828) 251-1144

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 24, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors, Lew S. Bleiweis and Vickie Thomas and management of the Asheville Regional Airport Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Burleson & Earley, P.A.
Certified Public Accountants



Basic Financial Statements

For the Year Ended June 30, 2010

ASHEVILLE REGIONAL AIRPORT AUTHORITY

Board of Directors

David R. Hillier, Chairman
David Gantt, Vice-Chairman
Charles W. McGrady, Secretary/Treasurer

Brownie Newman
Jeffrey A. Piccirillo
Bob Roberts
Martha W. Thompson

Airport Director

Lew S. Bleiweis, A.A.E

ASHEVILLE REGIONAL AIRPORT AUTHORITY

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BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

We have audited the accompanying statement of net assets of the Asheville Regional Airport Authority, as of and for the year ended June 30, 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Asheville Regional Airport Authority's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Asheville Regional Airport Authority as of June 30, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with auditing standards generally accepted in the United States of America.

Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress, the Law Enforcement Officers' Special Separation Allowance Schedule of Employer Contributions and Notes to the Required Schedules, and the Other Postemployment Benefits – Healthcare - Schedule of Funding Progress, Employer Contributions and Notes to the Required Schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2010 on our consideration of Asheville Regional Airport Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The budgetary schedules, as well as the accompanying schedule of expenditures of Federal and State awards and Passenger Facility Charges collected and expended as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Burleson & Earley, P.A.

Certified Public Accountants
September 24, 2010

902 SAND HILL ROAD ◊ ASHEVILLE, NC 28806
TELEPHONE: (828) 251-2846 ◊ FAX: (828) 251-1144

ASHEVILLE REGIONAL AIRPORT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the Asheville Regional Airport's activities and financial performance provides the reader with an overview to the financial statements of the Asheville Regional Airport Authority for the fiscal year ended June 30, 2010. 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 (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 (County) and the City of Asheville (City). It was organized for and has as its sole purpose the management, operation and maintenance of the Asheville Regional Airport (Airport) and other properties, either acquired by or placed under the control of the Authority as outlined in Chapter 160A.

The Authority operates as an Enterprise Fund within the constraints of the County's annual budget ordinance and is governed by seven members: three citizens and residents of the County of Buncombe appointed by the Buncombe County Board of Commissioners; three citizens and residents of the City of Asheville appointed by the Asheville City Council; and one citizen and resident of the Counties of Buncombe or Henderson appointed at large by the other six members of the Authority. All 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 two years after his or her most recent appointment.

The Authority employs a Managing Director (Airport Director), who is the chief administrative and executive officer of the Authority. The Airport Director manages the Airport under the Authority's control with a staff of 54 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 non-hub airport engaged in the business of facilitating commercial and general aviation passenger, cargo, and mail transportation and is the 147th largest airport in the United States based on the number of passenger boardings during calendar year 2009¹.

As of June 30, 2010, Asheville Regional Airport had twenty-eight non-stop commercial flights to ten cities (Atlanta, Charlotte, Chicago, Dallas, Houston, Detroit, New York-LaGuardia, Newark, Orlando, and Tampa). The commercial airline carriers included AirTran Airways, American Airlines, Continental Airlines, Delta Air Lines, United Airlines, and US Airways.

The mission of the Asheville Regional Airport is to be the premier airport of choice for Western North Carolina travelers, by providing an array of choices and amenities, distinctive customer service, value, and convenience.

¹ Federal Aviation Administration, passenger boardings calendar year 2009.

AIRPORT ACTIVITIES AND HIGHLIGHTS

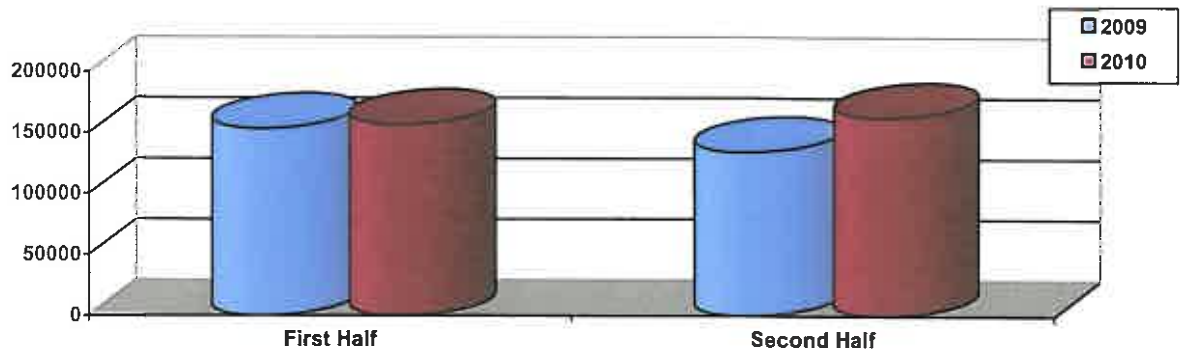
<u>Fiscal year ended June 30</u>	<u>2010</u>	<u>2009</u>
Enplanements	320,201	288,941
Revenue per enplanement:		
Airlines	\$6.28	\$5.93
Rental Cars	\$5.32	\$5.57
Parking Facility	\$7.22	\$8.06
Concessionaires	\$.46	\$.43

Enplanements increased by 10.8% in fiscal year 2010.

The following information is presented on a calendar year basis:

	<u>2010</u>	<u>2009</u>
<i>Aircraft Movements (Land or Takeoff)</i>		
Airline	18,994	19,404
General Aviation	44,621	47,223
Military	<u>4,214</u>	<u>3,228</u>
Total	67,829	69,855

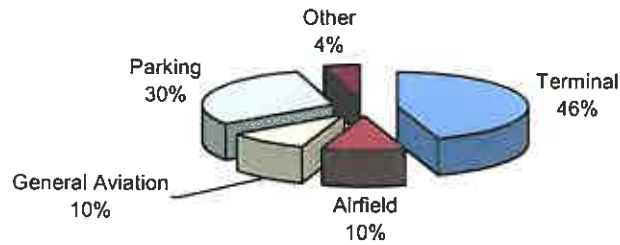
Passenger Enplanements for Fiscal Year



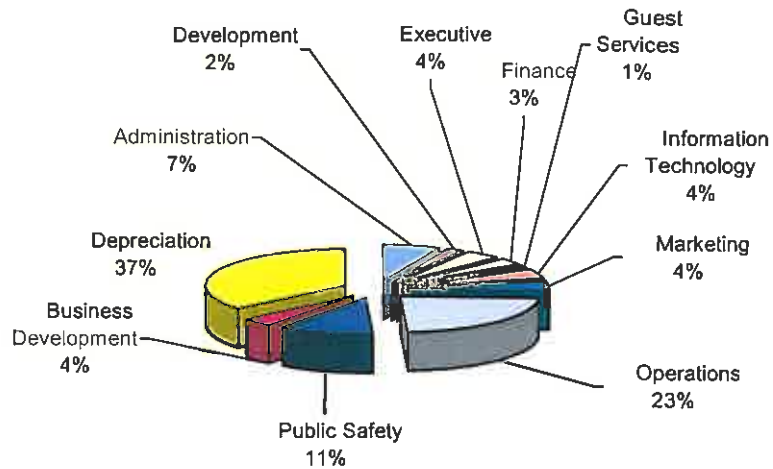
SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

<u>For the Fiscal Year Ended June 30</u>	<u>2010</u>	<u>2009</u>
Operating Revenues	\$ 7,694,363	\$ 6,885,852
Operating Expenses	9,699,161	9,413,954
Operating Loss Before Nonoperating Revenues and Expenses	(2,004,798)	(2,528,102)
Nonoperating Revenues and Expenses, net	1,938,155	2,039,655
Income (Loss) Before Capital Contributions	(66,643)	(488,447)
Capital Contributions	8,559,637	5,710,017
Increase in Net Assets	\$ 8,492,994	\$ 5,221,570

Operating Revenues



Operating Expenses



FINANCIAL POSITION SUMMARY

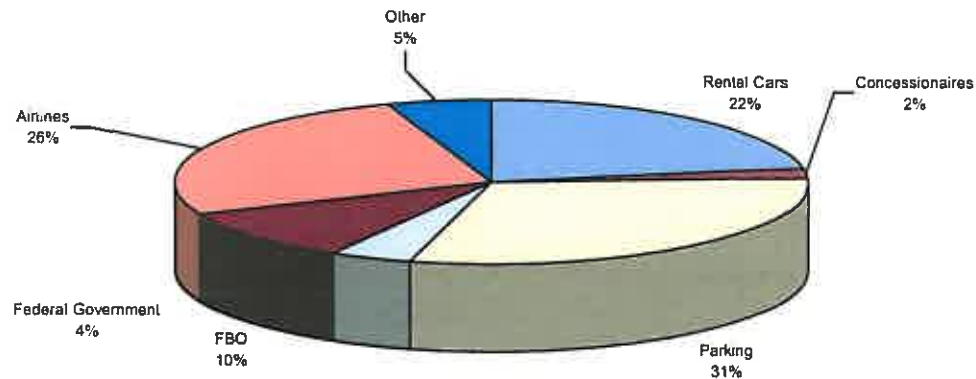
Net assets may serve over time as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$73.2 million at June 30, 2010, a \$8.5 million increase from June 30, 2009.

Assets	2010	2009
Current Assets	\$ 10,556,722	\$ 10,858,823
Capital Assets	70,086,196	61,196,177
Total Assets	<u>80,642,918</u>	<u>72,055,000</u>
Liabilities		
Total Liabilities	<u>7,362,741</u>	<u>7,267,817</u>
Net Assets		
Invested in Capital Assets	64,176,271	55,380,043
Restricted	2,225,994	2,910,968
Unrestricted	6,877,912	6,496,172
Total Net Assets	<u>\$ 73,280,177</u>	<u>\$ 64,787,183</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, 2010.



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.

<u>For the Year Ended June 30</u>	<u>2010</u>	<u>2009</u>
Cash flow from Operating Activities	\$ 1,049,030	\$ 1,454,505
Cash flow from Investing Activities	28,124	1,114,804
Cash flow from Capital and Related Financing Activities	<u>(1,127,470)</u>	<u>(4,755,227)</u>
Net increase (decrease) in Cash and Cash Equivalents	(50,316)	(2,185,918)
 Cash and Cash Equivalents:		
Beginning of year	<u>7,759,755</u>	<u>9,945,673</u>
End of year	<u>\$ 7,709,439</u>	<u>\$ 7,759,755</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During fiscal year 2010, the Authority expended \$12.4 million on capital activities. This included approximately \$12.3 million for major construction activities which include the following:

- Landside Parking and Roadway Access
- North General Aviation Expansion
- A Gates - Terminal Renovation and Improvements

Acquisitions are funded using a variety of sources, including Federal and State grants, Passenger Facility Charges, operating revenues and net asset appropriations.

CAPITAL ASSETS
(net of accumulated depreciation)

	<u>2010</u>	<u>2009</u>
Land	\$ 7,133,951	\$ 3,725,790
Construction in progress	8,269,606	15,743,969
Leasehold improvements	52,381,585	39,297,015
Public safety & maintenance equipment	1,046,301	1,246,950
Computer equipment	271,913	203,843
Computer software	230,604	102,016
Furniture	68,623	61,927
Vehicles	683,613	814,667
Capital assets, net of accumulated depreciation	<u>\$ 70,086,196</u>	<u>\$ 61,196,177</u>

Long-term Debt

As of June 30, 2010, the Authority had total bond debt outstanding of \$3,906,750.

Rental Car Facilities Taxable Revenue Bond, Series 2007

<u>Balance</u>			<u>Balance</u>
<u>June 30, 2009</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>June 30, 2010</u>
<u>\$ 4,295,085</u>	<u>\$ -</u>	<u>\$ 388,335</u>	<u>\$ 3,906,750</u>

RECENT DEVELOPMENTS

U.S. commercial air carriers lost \$8.1 billion in 2009. The recession led to an erosion of wealth, double-digit unemployment, declining corporate travel budgets, and cautious consumers, all of which contributed to a softening of demand for air travel. Air carriers cut fares and they reduced flying to better match supply with demand.

In 2009, commercial air carrier domestic enplanements decreased 7.3%. The system-wide load factor (the amount of occupied seats on commercial service passenger aircraft) increased to 79.7% in 2009.

The 2010 forecast for commercial aviation calls for lackluster activity in the short term, with a return to growth over the long term. Enplanements are forecasted to grow .4% in 2010 and 2.5% for future years.

Recognizing the need for comprehensive planning to best utilize its facilities and properties, the Authority continued to work with its various planning and architectural firms to implement projects identified in its terminal area plan which serves as the backbone for the Authority to meet the existing and projected growth at the Airport over the next 20 years.

THE FUTURE

Despite uncertainty in the aviation industry, the Authority, management and staff have focused with even more precision on the core fundamentals of solidifying our position in a tough business environment. Authority management will continue to seek additional non-stop air service to the top 20 origin and destination markets at the Airport. This will promote profitable routes to new or existing airlines currently operating at the Airport. Through continued emphasis and focus on the relationships with our community, suppliers, and passengers, the Authority will continue to build a strong team vision and foundation for success as we move into the next fiscal year and beyond.

Over the next few fiscal years, the Authority will continue implementation on certain capital projects identified in the terminal area planning study to provide the necessary facilities at the Airport to support future growth in air traffic. Specifically, the Authority will focus the majority of its resources on the rehabilitation of its runway and the possible construction of a new parallel taxiway. Management will continue to expand the Airport and its facilities in a financially prudent manner, maximizing Federal, State, and other revenues to minimize the local funding required, thereby maximizing the Authority's return on its investment.

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, Asheville Regional Airport Authority, 61 Terminal Drive, Suite 1, Fletcher, NC 28732.

The mission of the Asheville Regional Airport is to be the premier airport of choice for Western North Carolina travelers, by providing an array of choices and amenities, distinctive customer service, value, and convenience.

BASIC FINANCIAL STATEMENTS

ASHEVILLE REGIONAL AIRPORT AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2010

(With comparative totals for June 30, 2009)

	2010	2009
Assets		
Current assets:		
Unrestricted net assets:		
Cash and cash equivalents	\$ 5,483,445	\$ 4,848,787
Accounts receivable	1,041,248	602,903
Grants receivable	1,576,495	2,333,165
Passenger facility charges receivables	218,000	163,000
Prepaid expenses	11,540	-
Total unrestricted assets	8,330,728	7,947,855
Restricted assets:		
Cash and cash equivalents	2,225,994	2,910,968
Total restricted assets	2,225,994	2,910,968
Total current assets	10,556,722	10,858,823
Noncurrent assets:		
Capital assets		
Land, non-depreciable improvements, and construction in progress	15,403,557	19,469,759
Other capital assets, net of depreciation	54,882,639	41,726,418
Total noncurrent assets	70,086,196	61,196,177
	\$ 80,642,918	\$ 72,055,000
Liabilities and Net Assets		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	\$ 399,336	\$ 419,106
Construction contracts payable	1,065,036	1,233,648
Construction contract retainages	938,139	287,401
Compensated absences	249,598	248,068
Accrued liabilities	149,318	276,579
Unearned revenue	83,740	115,300
Total payable from unrestricted assets	2,885,167	2,580,102
Payable from restricted assets:		
Revenue bond payable - current	411,426	388,335
Total payable from restricted assets	411,426	388,335
Total current liabilities	3,296,593	2,968,437
Noncurrent liabilities:		
Other postemployment benefits	570,824	392,630
Revenue bond payable - noncurrent	3,495,324	3,906,750
Total noncurrent liabilities	4,066,148	4,299,380
Total liabilities	7,362,741	7,267,817
Net assets:		
Invested in capital assets, net of related debt	64,176,271	55,380,043
Restricted	2,225,994	2,910,968
Unrestricted	6,877,912	6,496,172
Total net assets	73,280,177	64,787,183
	\$ 80,642,918	\$ 72,055,000

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

ASHEVILLE REGIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year ended June 30, 2010

(With comparative totals for year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Terminal	\$ 3,469,240	\$ 3,058,594
Airfield	780,632	677,083
General Aviation	764,131	587,166
Parking Lot	2,341,015	2,353,507
Other	339,345	209,502
Total operating revenues	<u>7,694,363</u>	<u>6,885,852</u>
Operating expenses:		
Administration	642,637	692,032
Development	201,358	193,962
Executive	393,527	648,717
Finance	285,973	291,123
Guest Services	131,368	130,968
Information Technology	415,757	383,865
Marketing	436,369	470,938
Operations	2,261,577	2,250,914
Public Safety	1,067,327	1,040,261
Business Development/Agreement Obligations	360,689	78,249
Depreciation	3,502,579	3,232,925
Total operating expenses	<u>9,699,161</u>	<u>9,413,954</u>
Operating loss before nonoperating revenues and expenses	<u>(2,004,798)</u>	<u>(2,528,102)</u>
Nonoperating revenues (expenses):		
Passenger facility charges	1,334,018	1,331,120
Customer facility charges	814,500	856,240
Interest revenue	28,124	112,577
Interest expense	(238,487)	(260,282)
Total nonoperating revenues - net	<u>1,938,155</u>	<u>2,039,655</u>
Capital contributions	<u>8,559,637</u>	<u>5,710,017</u>
Net assets		
Increase in net assets	8,492,994	5,221,570
Total net assets, beginning of year	<u>64,787,183</u>	<u>59,565,613</u>
Total net assets, end of year	<u>\$ 73,280,177</u>	<u>\$ 64,787,183</u>

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

ASHEVILLE REGIONAL AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
Year ended June 30, 2010

(With comparative totals for year ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from providing services	\$ 7,094,993	\$ 7,434,197
Cash paid for goods and services	(3,665,706)	(3,614,582)
Cash paid to or on behalf of employees for services	(2,380,257)	(2,365,110)
Net cash provided by operating activities	<u>1,049,030</u>	<u>1,454,505</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(11,910,473)	(10,775,961)
Passenger facility charges	1,279,018	1,368,858
Customer facility charges	814,500	856,240
Principal payments of bond maturities	(388,335)	(366,541)
Interest paid on bond maturities	(238,487)	(260,282)
Capital contributions	9,316,307	4,422,459
Net cash used by capital and related financing activities	<u>(1,127,470)</u>	<u>(4,755,227)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investments matured	-	993,807
Interest income	28,124	120,997
Net cash provided by investing activities	<u>28,124</u>	<u>1,114,804</u>
 Net increase (decrease) in cash and cash equivalents	(50,316)	(2,185,918)
Balance-beginning of the year	7,759,755	9,945,673
Balance-end of the year	<u>\$ 7,709,439</u>	<u>\$ 7,759,755</u>
 Reconciliation of operating income to net cash provided by operating activities		
Operating loss before nonoperating revenues and expenses	\$ (2,004,798)	\$ (2,528,102)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,502,579	3,232,925
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(438,345)	432,296
(Increase) decrease in prepaid items	(11,540)	-
Increase (decrease) in accounts payable and accrued liabilities	(145,500)	(24,366)
Increase (decrease) in unearned revenue	(31,560)	115,300
Increase (decrease) in other post employment benefits	178,194	226,452
Total adjustments	<u>3,053,828</u>	<u>3,982,607</u>
Net cash provided by operating activities	<u>\$ 1,049,030</u>	<u>\$ 1,454,505</u>

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

**ASHEVILLE REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2010

Note A – Organization and Summary of Significant Accounting Policies

The accounting policies of the 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:

Reporting Entity

The Asheville Regional Airport Authority (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 is responsible for funding any operating deficits of the Authority during the term of the agreement.

The Authority's purpose under this agreement is to maintain, operate, regulate and improve the Asheville Regional Airport. Under the terms of the agreement, the Airport, at July 1, 1980, remains the property of the City of Asheville and is leased to the Authority for \$1 per year. The financial statements of the Authority include only this amount for use of the Airport. Any capital improvements shall belong to the City of Asheville upon termination of the agreement. Issuance of revenue bonds by the Authority is subject to prior approval by Buncombe County. In accordance with governmental accounting principles, the Authority is a component unit of Buncombe County because of the County's oversight responsibility and its responsibility for funding any operating deficits.

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.

Measurement Focus and Basis of Accounting

The proprietary fund financial statements are reported using the flow of 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. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants.

As permitted by U.S. generally accepted accounting principles, the Authority has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

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 \$10,000 between budget ordinance line items/cost centers, including contingency appropriations, within the same fund. The number of transfers between board meetings is limited to three transfers. 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 July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The Authority is required under the terms of their agreement with Buncombe County to provide their budget to the County by April 30 of each year.

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. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

Assets, Liabilities, and Fund Equity

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 investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

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.

Restricted Assets

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

Cash – The revenue bond agreement requires that the Authority maintain restricted cash reserves equal to fifty percent of the outstanding principal balance of the revenue bonds. Additionally, the agreement requires that net revenues generated from the rental car facility be maintained in a revenue cash fund to service the operating expenses and debt service of the facility.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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:

Leasehold 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

Compensated Absences

Airport personnel policies permit an employee to earn vacation as of January 1 of the related calendar year based on their 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 Airport Director. Employees who resign, are laid off, or otherwise separate 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 \$153,008 and \$124,637 at June 30, 2010 and 2009, 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 as of December 31 will be paid out to the employee on the first payroll of the new calendar at a rate of 50% of its value. 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 separate from the Airport Authority in good standing shall be entitled to be paid for thirty-three percent of any unused sick leave balance earned by them not to exceed 240 hours. Accrued sick pay amounted to \$96,590 and \$123,431 at June 30, 2010 and 2009, 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.

Net Assets

Net assets in proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

Note B – Detailed Notes on All Funds

Assets

Deposits

All the deposits of the Authority are either insured or collateralized by the pooling method. 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 under-collateralization, 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.

At June 30, 2010, the Authority's deposits had a carrying amount of \$7,492,546 and a bank balance of \$8,192,581. Of the bank balance, \$500,000 was covered by federal depository insurance and \$7,692,581 was covered under the Pooling method.

The Authority maintains petty cash of \$100.

Investments

At June 30, 2010, the Authority's investments and maturities were as follows:

Investment Type	Fair Value	Less Than 6 Months
North Carolina Capital Management Trust		
Cash Portfolio	\$ 216,792	N/A
	\$ 216,792	\$ -

There were no realized or unrealized gains or losses on the Authority's investments during 2010.

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, 2010, the Authority's investment in the North Carolina Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2010.

Concentration of Credit Risk. The Authority places no limit on the amount that the Authority may invest in any one issuer. More than 5 percent of the Authority's investments are in the following:

North Carolina Capital Management Trust - 100%

Accounts Receivable

The balance of Accounts Receivable at June 30, 2010 consisted of the following:

Trade, net of allowance	\$ 848,093
Other	193,155
	\$ 1,041,248

The Authority considers all accounts receivable collectible, thus there is no allowance for doubtful accounts.

Capital Assets

The capital assets of the Authority at June 30, 2010 are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 3,725,790	\$ 3,408,161	\$ -	\$ 7,133,951
Construction in progress	<u>15,743,969</u>	<u>12,392,597</u>	<u>19,866,960</u>	<u>8,269,606</u>
Total capital assets not being depreciated	<u>19,469,759</u>	<u>15,800,758</u>	<u>19,866,960</u>	<u>15,403,557</u>
Capital assets being depreciated:				
Leasehold improvements	66,617,490	16,009,961		82,627,451
Public safety & maintenance equipment	3,975,401	26,831		4,002,232
Computer equipment	591,312	199,360		790,672
Computer software	148,328	163,200		311,528
Furniture	118,560	22,332		140,892
Vehicles	<u>3,138,888</u>	<u>37,116</u>	<u>22,428</u>	<u>3,153,576</u>
Total capital assets being depreciated	<u>74,589,979</u>	<u>16,458,800</u>	<u>22,428</u>	<u>91,026,351</u>
Less accumulated depreciation for:				
Leasehold improvements	27,320,475	2,925,391		30,245,866
Public safety & maintenance equipment	2,728,451	227,480		2,955,931
Computer equipment	387,469	131,290		518,759
Computer software	46,312	34,612		80,924
Furniture	56,633	15,636		72,269
Vehicles	<u>2,324,219</u>	<u>168,170</u>	<u>22,428</u>	<u>2,469,961</u>
Total accumulated depreciation	<u>32,863,561</u>	<u>3,502,579</u>	<u>22,428</u>	<u>36,343,712</u>
Total capital assets being depreciated, net	<u>41,726,418</u>	<u>12,956,221</u>	<u>-</u>	<u>54,682,639</u>
Business-type activities capital assets, net	<u>\$61,196,177</u>	<u>\$28,756,979</u>	<u>\$ 19,866,960</u>	<u>\$70,086,196</u>

Construction Contract Commitments - The Authority has commitments of approximately \$3.6 million for the construction/renovation of facilities. These projects are being funded through Federal grants and passenger facility charges totaling \$2.9 million and Authority funds of approximately \$700,000.

Liabilities

Payables

Payables at June 30, 2010, were as follows:

	Salaries and Tenant Security			Total
	Vendors	Benefits	Deposits	
Accounts payable	\$ 386,493	\$ 12,843	\$ -	\$ 399,336
Accrued liabilities	-	147,618	1,700	149,318
	<u>\$ 386,493</u>	<u>\$ 160,461</u>	<u>\$ 1,700</u>	<u>\$ 548,654</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Authority contributes to 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 provides retirement and disability benefits to plan members and beneficiaries.

Article 3 of G.S. 12 Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The Authority is required to contribute at an actuarially determined rate. For the Authority, the rate for the fiscal year ended June 30, 2010 for employees not engaged in law enforcement and for law enforcement officers is 4.86% of annual covered payroll. The contribution requirements of members and of the Authority are established and may be amended by the North Carolina General Assembly. The Authority's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$109,903, \$108,394, and \$114,369, respectively. The contributions made by the Authority equaled the required contributions for each year.

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. 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, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>16</u>
Total	<u>20</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

Basis of Accounting. The Authority has chosen to fund the Separation Allowance on a pay as you go basis.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions.

The Authority is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the Enterprise Fund operating budget. The Authority's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5 – 12.3% per year.

Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

Annual Pension Cost and Net Pension Obligation. The Authority's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 20,810
Interest on net pension obligation	893
Adjustment to annual required contribution	<u>(776)</u>
Annual pension cost	20,927
Contributions made	<u>(47,160)</u>
Increase (decrease) in net pension obligation	(26,233)
Net pension obligation beginning of year	<u>12,320</u>
Net pension obligation end of year	<u>\$ (13,913)</u>

3 Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	\$23,401	204.20%	\$44,159
6/30/2009	\$21,074	251.80%	\$12,320
6/30/2010	\$20,927	225.35%	(\$13,913)

Funded Status and Funding Progress.

As of December 31 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$254,547, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$254,547. The covered payroll (annual payroll of active employees covered by the plan) was \$632,374, and the ratio of the UAAL to the covered payroll was 40.25 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Supplemental Retirement Income Plan

Plan Description. The Authority contributes to the Supplemental Retirement Income Plan (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 (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 166.50 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 officers employees' salary. Also, law enforcement officers and non-law enforcement officers of the Authority may make voluntary contributions to the Plan.

The Authority contribution for law enforcement officers for the year ended June 30, 2010 was \$28,369 and the officers' voluntary contributions were \$7,054. The Authority's contribution for non-law enforcement officers personnel was \$84,072, with the voluntary contributions of \$26,324.

Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Asheville Regional Airport Authority, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to

become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund 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 the Firemen's and Rescue Squad Workers' Pension Fund. 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. Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The State's annual contribution per fireman to the Firemen's and Rescue Squad Worker's Pension Fund for the fiscal year ended June 30, 2010 and 2009 was \$285 and \$272, respectively. The State's on behalf contributions are required to be recorded as revenues and expenditures. The Authority does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

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. All death benefit payments are made from the Death Benefit Plan. 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. The Authority considers these contributions to be immaterial

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

Other Postemployment 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 plan provides postemployment healthcare benefits to retirees of the Authority up to age sixty-five, provided they participate in the North Carolina Local Governmental Employees' Retirement System. The employee must have been 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. 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 December 31, 2009, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	2	5
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>41</u>	<u>14</u>
Total	<u><u>43</u></u>	<u><u>19</u></u>

Funding Policy. By Authority resolution, the Authority pays the full cost of coverage for the healthcare benefits paid for qualified retirees. The Authority's retirees pay the full cost for any dependent coverage. The Authority has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 6.43% of annual covered payroll. For the current year, the Authority contributed \$58,007 or 2.6% of annual covered payroll. The Authority obtains healthcare coverage through private insurers. There were no contributions made by employees, except for dependent coverage in the amount of \$5,586. The Authority's obligation to contribute to the retiree health plan is established and may be amended by the Authority Board.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the proprietary fund, which is maintained on the accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 260,346
Interest on net OPEB obligation	15,212
Adjustment to annual required contribution	<u>(13,124)</u>
Annual OPEB cost (expense)	262,434
Contributions made	<u>(58,007)</u>
Increase (decrease) in net OPEB obligation	204,427
Net OPEB obligation, beginning of year	<u>380,310</u>
Net OPEB obligation, end of year	<u>\$ 584,737</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding two years are as follows:

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 183,849	16.3%	\$ 153,858
2009	\$ 260,346	13.0%	\$ 380,310
2010	\$ 262,434	22.1%	\$ 584,737

Funding Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$1,058,716. The covered payroll (annual payroll of active employees covered by the plan) was \$2,265,417, and the ratio of the UAAL to the covered payroll was 46.7 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which

is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The actuarial value of assets was calculated based on the assumption that there were no assets set aside with the Authority that are legally held exclusively for retiree health benefits. If a trust or equivalent arrangement were set up for this purpose, the investment rate of return can be increased. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

Unearned Revenue

Unearned revenue represents customer prepayments of revenues of \$83,740 and \$115,300 at June 30, 2010 and 2009, respectively.

Long-Term Debt

During the fiscal year ended June 30, 2008, the Authority issued bonds entitled Rental Car Facilities Taxable Revenue Bond, Series 2007. These bonds provided financing for the rental car facility. Interest only was payable until May 2008 at which time payments of principal and interest began in the amount of \$52,235 monthly. The bonds bear interest at 5.79% and will mature in March 2018. The future payment of the bonds are as follows:

	<u>Principal</u>	<u>Interest</u>
2011	\$ 411,426	\$ 215,397
2012	435,890	190,932
2013	461,809	165,014
2014	489,268	137,554
2015	518,361	108,461
2016-2018	<u>1,589,996</u>	<u>133,766</u>
	<u>\$3,906,750</u>	<u>\$ 951,124</u>

The Authority has pledged future net revenues derived from the rental car facility to repay these revenue bonds. The total principal and interest remaining to be paid on the bonds is \$4,857,874. Principal and interest paid for the current year and total customer net rental car facility revenues were \$626,823 and \$1,072,455, respectively.

The Authority covenants and agrees that it will fix rates, rentals, fees and charges related to the Rental Car Facilities, including the Common Area Maintenance Fee, the Customer Facility Charge, and the Rental Fees, and from time to time it will revise such rates, rentals, fees and charges in such manner that the net revenues for each fiscal year beginning with the first full fiscal year following the fiscal year during which the rental car facility is first put into use for its intended purpose and thereafter shall not be less than the sum of 120% of the principal and interest requirements on the bonds for such fiscal year.

The Authority is in compliance with the covenants of the bond order. The debt service coverage ratio calculation for the year ended June 30, 2010, is as follows:

Revenues for "Rental Car Facilities"	\$1,072,455
Operating expenses for "Rental Car Facilities"	<u>55,917</u>
Net Revenues from "Rental Car Facilities"	1,016,538
Debt service, principal and interest paid (Revenue bond only)	\$ 626,823
Debt service coverage ratio	162%

Changes in Long Term Liabilities

Changes in long term liabilities are as follows:

	July 1, 2009	Additions	Retirements	June 30, 2010	Current
Revenue bonds	\$ 4,295,085	\$ -	\$ 388,335	\$ 3,906,750	\$ 411,426
Compensated absences	248,068	224,968	223,438	249,598	249,598
Other postemployment benefits:					
Healthcare benefits	380,310	262,434	58,007	584,737	-
Law Enforcement Officers					
Special Separation Allowance	12,320	20,927	47,160	(13,913)	-
	<u>\$ 4,935,783</u>	<u>\$ 508,329</u>	<u>\$ 716,940</u>	<u>\$ 4,727,172</u>	<u>\$ 661,024</u>

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 and employee health 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's crime insurance covers all employees, including the finance officer, with a limit of \$250,000 per loss.

Net Assets

The Authority board of directors has established an operations and maintenance designation equal to six months of the Airport's current year operations and maintenance budget.

Unrestricted net assets consist of the following:

Designations of unrestricted net assets	
Operating and maintenance designation	\$ 3,224,433
Undesignated unrestricted net assets	<u>3,653,479</u>
Total unrestricted net assets	<u>\$ 6,877,912</u>

Revenue and Expenses

Leases and Other Noncancelable Agreements

The Authority leases land and facilities to tenants under various cancelable and noncancelable agreements. Some agreements require a fixed monthly rent and others a minimum annual guarantee privilege fee plus a percentage of gross sales by the tenant. The future noncancelable minimum annual rentals and privilege fees to be received under agreements in effect at June 30, 2010 are as follows:

2011	\$ 2,192,899
2012	2,094,651
2013	2,161,008
2014	550,304
2015	120,497
Thereafter	<u>2,749,134</u>
	<u>\$ 9,868,493</u>

Airline Incentives

The Authority entered into agreements with three air carriers to waive fees for all airport services for a stated period of time as an incentive for new air service to be provided by the air carriers. The total value of these waived fees for the year ended June 30, 2010 is \$181,212.

Major Customers

Transactions with one customer from which more than 10% of gross revenues were derived during the year ended June 30, 2010 accounted for the following revenue and related accounts receivable balance at June 30, 2010:

<u>Revenues</u>	<u>Accounts Receivable</u>
<u>\$861,955</u>	<u>\$154,863</u>

Passenger Facility Charges

The Authority receives from the airline carriers enplaning passengers at the Asheville Regional Airport a facility charge of \$4.39 per passenger. Every air carrier servicing the Airport must collect this charge on all tickets sold and remit these funds to the Authority. The Authority must use these funds for Federal Aviation Administration approved capital improvement projects. Revenues from passenger facility charges totaled \$1,334,018 for the year ended June 30, 2010.

On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2010, the State made pension contributions on-behalf of the Authority of \$854 for the three employed firemen who perform firefighting duties for the Authority's fire department. The employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

Note C – Summary Disclosure of Significant Contingencies

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

Note D – Litigation

On February 6, 2008, a fixed based operator (the Plaintiff) filed an action against the City of Asheville, Asheville Regional Airport Authority and the County of Buncombe (the defendants). The Plaintiff alleges that the Authority breached its contract with the plaintiff by providing substantially more favorable lease terms to a third-party fixed based operator. The defendants filed a joint answer on April 14, 2008. On May 30, 2008, the County of Buncombe was voluntarily dismissed without prejudice from the case. The Authority and the City of Asheville, the remaining defendants, filed a motion to dismiss in August 2008. The Court denied the motion and on September 24, 2008, a Notice of Appeal to the North Carolina Court of Appeals was filed. Appeal briefs were filed. Oral arguments before the appeals court were held on August 19, 2009. On January 19, 2010, the North Carolina Court of Appeals issues its Opinion and dismissed the appeal as interlocutory. The defendants filed a Notice of Appeal as of Right Under § 7A-30(1), or in the Alternative, Petition for Discretionary Review Under North Carolina General Statutes § 7A-31 on or about February 23, 2010 and March 3, 2010, respectively. The plaintiff filed responses both Notices of Appeal. The defendants are currently waiting for a ruling from the Supreme Court of North Carolina. The parties have been in settlement discussions. The Authority is covered by insurance related to this matter in the event that they are not successful in their defense.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

**ASHEVILLE REGIONAL AIRPORT AUTHORITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/1997	-	\$ 83,155	\$ 83,155	0.00%	\$ 483,514	17.20%
12/31/1998	-	\$ 92,186	\$ 92,186	0.00%	\$ 477,332	19.31%
12/31/1999	-	\$ 108,004	\$ 108,004	0.00%	\$ 562,232	19.21%
12/31/2000	-	\$ 278,556	\$ 278,556	0.00%	\$ 507,211	54.92%
12/31/2001	-	\$ 266,147	\$ 266,147	0.00%	\$ 550,940	48.31%
12/31/2002	-	\$ 321,410	\$ 321,410	0.00%	\$ 546,517	58.81%
12/31/2003	-	\$ 264,511	\$ 264,511	0.00%	\$ 490,297	53.95%
12/31/2004	-	\$ 264,421	\$ 264,421	0.00%	\$ 514,320	51.41%
12/31/2005	-	\$ 295,190	\$ 295,190	0.00%	\$ 529,431	55.76%
12/31/2006	-	\$ 263,109	\$ 263,109	0.00%	\$ 575,361	45.73%
12/31/2007	-	\$ 256,896	\$ 256,896	0.00%	\$ 402,947	63.75%
12/31/2008	-	\$ 232,926	\$ 232,926	0.00%	\$ 508,081	45.84%
12/31/2009	-	\$ 254,547	\$ 254,547	0.00%	\$ 632,374	40.25%

**ASHEVILLE REGIONAL AIRPORT AUTHORITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND NOTES TO THE REQUIRED
SCHEDULES**

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Pension Obligation End of Year
1998	\$ 10,479	0.00%	\$ 56,023
1999	\$ 11,674	0.00%	\$ 67,697
2000	\$ 12,365	0.00%	\$ 80,062
2001	\$ 14,395	103.88%	\$ 79,504
2002	\$ 26,845	77.06%	\$ 85,663
2003	\$ 27,259	82.43%	\$ 90,452
2004	\$ 30,881	72.76%	\$ 98,864
2005	\$ 26,048	101.72%	\$ 98,416
2006	\$ 26,790	146.61%	\$ 85,928
2007	\$ 24,101	177.00%	\$ 68,543
2008	\$ 22,644	211.03%	\$ 44,159
2009	\$ 20,572	257.21%	\$ 12,320
2010	\$ 20,810	226.62%	\$ (13,913)

Notes to the Required Schedules

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases*	4.5 - 12.3%
*Includes inflation at	3.75%
Cost-of-living adjustments	N/A

**ASHEVILLE REGIONAL AIRPORT AUTHORITY
OTHER POSTEMPLOYMENT BENEFITS - HEALTHCARE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS, EMPLOYER CONTRIBUTIONS AND NOTES TO THE REQUIRED SCHEDULES**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/08	\$ -	\$ 752,739	\$ 752,739	0%	\$ 1,834,165	41.04%
6/30/09	\$ -	\$ 915,011	\$ 915,011	0%	\$ 2,545,647	35.94%
12/31/09	\$ -	\$ 1,058,716	\$ 1,058,716	0%	\$ 2,265,417	46.73%

Schedule of Employer Contributions

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 183,849	16.31%
2009	\$ 247,949	13.67%
2010	\$ 260,346	22.28%

Notes to the Required Schedules

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	10.5 - 5%
*Includes inflation at	3.75%

INDIVIDUAL FUND FINANCIAL STATEMENTS SECTION

**ASHEVILLE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)**

Enterprise Fund

Year ended June 30, 2010

(With comparative actual amounts for the year ended June 30, 2009)

	2010		Variance Favorable (Unfavorable)	2009
	Final Budget	Actual		Actual
Revenues:				
Terminal	\$ 3,154,910	\$ 3,469,240	\$ 314,330	\$ 3,058,594
Airfield	819,650	780,632	(39,018)	677,083
General Aviation	873,790	764,131	(109,659)	587,166
Parking Lot	2,154,100	2,341,015	186,915	2,353,507
Interest Income	23,000	28,124	5,124	112,577
Other	390,940	589,345	198,405	209,501
Customer facility charges	900,000	814,500	(85,500)	856,240
	<u>8,316,390</u>	<u>8,786,987</u>	<u>470,597</u>	<u>7,854,668</u>
Expenditures:				
Administration	589,381	438,210	151,171	465,580
Development	458,268	451,358	6,910	193,962
Executive	578,920	393,527	185,393	648,717
Finance	316,959	285,973	30,986	291,123
Guest Services	204,550	131,368	73,182	130,968
Information Technology	455,200	415,757	39,443	383,865
Marketing	526,496	436,369	90,127	470,938
Operations	2,212,065	2,200,767	11,298	2,250,914
Public Safety	1,159,870	1,092,365	67,505	1,072,100
Business Development/Agreement Obligations				
Operating Expenditures	388,368	360,689	27,679	78,249
Capital Expenditures	23,347	12,739	10,608	195,565
Debt service	626,823	626,822	1	626,822
Other Reserve Funds				
Operating Expenditures	100,000	62,005	37,995	-
Capital Expenditures	315,000	-	315,000	69,860
Contingency	21,335	-	21,335	-
Equipment and Small Capital Outlay	104,440	12,566	91,874	378,788
Renewal and Replacement Capital Outlay	142,277	20,166	122,111	60,000
Capital Projects Expenditures:				
Prior Year Approved Projects	15,965,077	12,347,127	3,617,950	8,127,527
New Projects in Current Year	-	-	-	1,508,373
	<u>24,188,376</u>	<u>19,287,808</u>	<u>4,900,568</u>	<u>16,953,351</u>
Revenues over (under) expenditures per budget ordinance	(15,871,986)	(10,500,821)	5,371,165	(9,098,683)
Other financing sources (uses):				
State grant reimbursements for prior year expenditures	171,413	171,413	-	1,784,865
Federal airport improvement program grants	11,182,955	8,388,224	(2,794,731)	3,925,153
Passenger facility charges	950,000	1,334,018	384,018	1,331,120
Appropriated net assets	3,567,618	-	(3,567,618)	-
	<u>15,871,986</u>	<u>9,893,655</u>	<u>(5,978,331)</u>	<u>7,041,138</u>
Revenues and other financing sources over expenditures	<u>\$ (0)</u>	<u>(607,166)</u>	<u>\$ (607,166)</u>	<u>(2,057,545)</u>
Reconciling Items to convert				
from budgetary basis (modified				
accrual) to full accrual:				
Capital outlay expenditures		45,471		704,213
Capital project expenditures		12,347,127		9,635,900
Principal payments of bond maturities		388,335		366,540
OPEB annual required contribution in excess of actual payments		(204,427)		(226,452)
LEO special separation allowance actual payments in excess of annual required contribution		26,233		31,839
Depreciation		(3,502,579)		(3,232,925)
Increase in net assets		<u>\$ 8,492,994</u>		<u>\$ 5,221,570</u>

Asheville Regional Airport Authority
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Capital Improvements Fund
From Inception and for the Year Ended June 30, 2010

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Federal Airport Improvement Program Grants	\$ 14,987,906	\$ 2,218,750	\$ 8,388,224	\$ 10,606,974	\$ (4,380,932)
Passenger Facility Charges	858,144	-	-	-	(858,144)
Total operating revenues	15,846,050	2,218,750	8,388,224	10,606,974	(5,239,076)
Expenditures					
A Gates - Terminal Renovations and Improvements	10,486,704	950,393	6,687,614	7,638,007	2,848,697
Landside Parking and Roadway Access	5,293,994	648,309	4,327,781	4,976,090	317,904
North General Aviation Expansion	3,700,000	2,577,479	813,511	3,390,990	309,010
168 Wright Brothers Way - Bulk Hangar	2,500,000	2,146,806	49,368	2,196,174	303,826
Pre-Conditioned Air and Fixed Ground Power	561,080	7,403	550	7,953	553,127
Aircraft Lavatory Cart Facility	271,827	32,419	230,801	263,220	8,607
General Aviation Apron and Connector	188,000	169,675	18,325	188,000	-
Runway Rehabilitation Including Lighting and Shoulders - Design	186,633	172,429	-	172,429	14,204
Roof Replacement	181,125	27,466	150,847	178,313	2,812
Total expenditures	23,369,363	6,732,379	12,278,797	19,011,176	4,358,187
Revenue over (under) expenditures	(7,523,313)	(4,513,629)	(3,890,573)	(8,404,202)	(880,889)
Other financing sources (uses):					
Transfers from operating fund	7,523,313	4,513,629	3,890,573	8,404,202	(880,889)
Total other sources	7,523,313	4,513,629	3,890,573	8,404,202	(880,889)
Revenues and other financing sources over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

COMPLIANCE SECTION

BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the basic financial statements of the Asheville Regional Airport Authority, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 24, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Asheville Regional Airport Authority's internal control over financial reporting in order to determine our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Asheville Regional Airport Authority's financial statements are free of 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*.

902 SAND HILL ROAD ♦ ASHEVILLE, NC 28806
TELEPHONE: (828) 251-2846 ♦ FAX: (828) 251-1144

This report is intended for the information and use of the audit committee, management, others within the organization, members of the Board of Directors, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Burleson & Earley, P.A.
Certified Public Accountants
September 24, 2010

BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND PASSENGER FACILITY CHARGE (PFC) PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE
SECTIONS OF OMB CIRCULAR A-133, THE PFC PROGRAM AUDIT COMPLIANCE GUIDE,
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Compliance

We have audited the compliance of the Asheville Regional Airport Authority, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, the *Passenger Facility Charge Audit Guide for Public Agencies*, and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs and PFC program for the year ended June 30, 2010. The Asheville Regional Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and PFC program is the responsibility of the Asheville Regional Airport Authority's management. Our responsibility is to express an opinion on the Asheville Regional Airport Authority's compliance based on our audit.

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*, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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 noncompliance 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 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. Our audit does not provide a legal determination on the Asheville Regional Airport Authority's compliance with those requirements.

In our opinion, the Asheville Regional Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and PFC program for the year ended June 30, 2010.

902 SAND HILL ROAD ♦ ASHEVILLE, NC 28806
TELEPHONE: (828) 251-2846 ♦ FAX: (828) 251-1144

Internal Control Over Compliance

The management of the Asheville Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and the PFC program. In planning and performing our audit, we considered the Asheville Regional Airport Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal Program or the PFC program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, the Passenger Facility Charge Audit Guide for Public Agencies and the State Single Audit Implementation Act, 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of significant deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board of Directors, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Burleson & Earley, P.A.

Certified Public Accountants

September 24, 2010

ASHEVILLE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified
that are not considered to be
material weaknesses yes none reported

Noncompliance material to financial
statements noted yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified
that are not considered to be
material weaknesses yes none reported

Type of auditor's report issued on compliance for major Federal programs: Unqualified.

Any audit findings disclosed that are required
to be reported in accordance with Section
510(a) of Circular A-133 yes no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
20.106	Airport Improvement Program

Dollar threshold use to distinguish between Type A
and Type B programs \$ 300,000

Auditee qualified as low-risk auditee? yes no

ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended June 30, 2010

Section II. Financial Statement Findings

Significant Deficiency

Findings: None
Significant Deficiency: None

Section III. Federal Award Findings and Questioned Costs

Findings: None
Significant Deficiency: None

ASHEVILLE REGIONAL AIRPORT AUTHORITY

CORRECTIVE ACTION PLAN

Year ended June 30, 2010

Section II - Financial Statement Findings

Findings: None

Reportable Conditions: None

Section III - Federal Award Findings and Questioned Costs

Findings: None

Reportable Conditions: None

ASHEVILLE REGIONAL AIRPORT AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year ended June 30, 2010

- Finding** 08-1
Status: The Authority has reconciliation functions in place now between the subsidiary ledgers and the general ledger.
- Finding** 07-1
Status: The Authority provided subsidiary ledgers for construction in progress and depreciation that were reconciled to the general ledger. However, there continues to be significant issues related to the reconciliation of all subsidiary ledgers. This finding is not resolved for fiscal year 2008.
- Finding** 03-1
Status: The Authority has added staff to the accounting department and is utilizing other staff members in order to provide for appropriate levels of segregation of duties. The Board continues to be involved in providing some of the required controls.
- Finding** 02-1
Status: same as above.
- Finding** 01-1
Status: same as above.
- Finding** 00-1
Status: same as above.
- Finding** 99-1
Status: same as above.
- Finding** 98-1
Status: same as above.

**ASHEVILLE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND PASSENGER FACILITY
CHARGES COLLECTED AND EXPENDED**

Year ended June 30, 2010

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Federal Direct and Pass-Through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Grants:				
<u>U.S. Department of Transportation</u>				
Direct Program:				
Airport Improvement Program	20.106	\$ 8,388,224	\$ -	\$ 165,332
		<u>\$ 8,388,224</u>	<u>\$ -</u>	<u>\$ 165,332</u>
 Passenger Facility Charges:				
Capital Improvements				
Application Approved Number		07-04-C-00-AVL		
Beginning Balance Unliquidated PFC		\$ -		
PFC Collateral		1,334,018		
Expenditures		<u>(1,334,018)</u>		
Ending Balance Unliquidated PFC		<u>\$ -</u>		

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

The accompanying schedule of expenditures of Federal and State awards includes the Federal and State grant activity of the 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 OMB Circular A-133 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.



MEMORANDUM

TO: Members of the Airport Authority

FROM: Vickie Thomas, Director of Finance and Accounting

DATE: October 8, 2010

ITEM DESCRIPTION – New Business Item B

Approval of Amendment to the FY10/11 Budget

BACKGROUND

At the June 11, 2010 Authority Board meeting, the Board approved a Scope of Services and Fee Proposal for extended contract administration and resident project representative services for the A Gates Terminal Improvements and Renovation project with RS&H for \$134,568. At the time, Staff informed the Board that the additional costs would be funded by either securing additional funds from the FAA or by deleting allowances in the A Gates construction contract with Shelco. In late August, the FAA increased the stimulus AIP grant by \$156,071 to help cover weather and unforeseen condition delays.

ISSUES

The budget needs to be amended to provide for these additional costs and the related additional FAA revenue.

ALTERNATIVES

None recommended at this time.

FISCAL IMPACT

The budget amendment will increase FY10/11 budgeted Federal Grant revenue by \$156,071 and increase budgeted Capital Expenditures by \$134,568. The net decrease in Transfers from ARAA Cash is \$21,503.

New Business – Item B



RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to amend the FY10/11 budget by adopting the following budget ordinance amendment:

BE IT ORDAINED by the Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2011:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Carry-over Capital Expenditures	_____	\$134,568
Totals	<u>\$0</u>	<u>\$134,568</u>

This will result in a net increase of \$134,568 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Federal Grants – AIP Entitlement Funds		\$156,071
Transfer from ARAA Cash	\$21,503	
Totals	<u>\$21,503</u>	<u>\$156,071</u>

Section 2. Copies of this budget amendment shall be furnished to the Secretary of the Asheville Regional Airport Authority, who for purposes of this ordinance, is designated as the Clerk to the Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.



Adopted this 8th day of October, 2010.

David Hillier, Chairman

Attested by:

Charles W. McGrady, Secretary-Treasurer



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, AAE, Airport Director

DATE: October 8, 2010

ITEM DESCRIPTION – New Business Item C

Award of a Contract for the Purchase of Airport Terminal Seating

BACKGROUND

The A-Gates terminal renovation project includes the purchase and installation of airport terminal seating. This project is funded through the current ARRA stimulus grant.

The project is being bid in accordance with North Carolina regulations and the bid package is currently on the street. Bids are not due until November 1, 2010.

ISSUES

None

ALTERNATIVES

The Authority Board could decide not to make an award until the next Authority Board Meeting.

FISCAL IMPACT

The project budget under the ARRA Stimulus grant provides for an allowance of \$280,000 towards airport terminal seating. This allowance is funded at 100%.



RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to (1) approve the contract award of new airport terminal seating in an amount not to exceed the project allowance budget of \$280,000 to the best and most responsive bidder; and (2) authorize the Airport Director to execute the necessary documents.



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, A.A.E., Airport Director

DATE: October 8, 2010

ITEM DESCRIPTION – Information Section Item A

August, 2010 Traffic Report – Asheville Regional Airport

SUMMARY

August 2010 overall passenger traffic numbers were up 37.2%. Passenger traffic numbers reflect a 37.3% increase in passenger enplanements from August 2009.

AIRLINE PERFORMANCE

AirTran Airways: AirTran's August 2010 enplanements increased by 164.5% compared to August 2009. There were no flight cancellations for the month.

Continental Airlines: Continental's August 2010 passenger enplanements increased by 0.5% compared to August 2009. There were no flight cancellations for the month.

Delta Airlines: Delta's August 2010 enplanements increased by 20% compared to August 2009. There were three (3) flight cancellations for the month.

US Airways: US Airways' August 2010 passenger enplanements represent a 30% increase. There were two (2) flight cancellations for the month.

Monthly Traffic Report

Asheville Regional Airport

August 2010



Category	Aug 2010	Aug 2009	Percentage Change	*CYTD-2010	*CYTD-2009	Percentage Change	*MOV12-2010	*MOV12-2009	Percentage Change
Passenger Traffic									
Enplaned	38,173	27,810	37.3%	240,960	191,673	25.7%	340,697	292,570	16.4%
Deplaned	<u>36,856</u>	<u>26,879</u>	37.1%	<u>238,380</u>	<u>189,622</u>	25.7%	<u>337,112</u>	<u>288,877</u>	16.7%
Total	75,029	54,689	37.2%	479,340	381,295	25.7%	677,809	581,447	16.6%
Aircraft Operations									
Airlines	151	37	308.1%	686	225	204.9%	824	685	20.3%
Commuter /Air Taxi	<u>1,835</u>	<u>1,531</u>	19.9%	13,123	11,382	15.3%	18,975	17,783	6.7%
Subtotal	<u>1,986</u>	<u>1,568</u>	26.7%	<u>13,809</u>	<u>11,607</u>	19.0%	<u>19,799</u>	<u>18,468</u>	7.2%
General Aviation	3,917	4,492	-12.8%	28,422	30,052	-5.4%	43,495	45,948	-5.3%
Military	<u>626</u>	<u>458</u>	36.7%	<u>3,050</u>	<u>2,106</u>	44.8%	<u>4,659</u>	<u>3,243</u>	43.7%
Subtotal	<u>4,543</u>	<u>4,950</u>	-8.2%	<u>31,472</u>	<u>32,158</u>	-2.1%	<u>48,154</u>	<u>49,191</u>	-2.1%
Total	6,529	6,518	0.2%	45,281	43,765	3.5%	67,953	67,659	0.4%
Fuel Gallons									
100LL	22,968	17,605	30.5%	146,817	139,187	5.5%	219,839	213,759	2.8%
Jet A (GA)	129,284	130,354	-0.8%	738,086	678,520	8.8%	1,128,175	1,096,614	2.9%
Subtotal	<u>152,252</u>	<u>147,959</u>	2.9%	<u>884,903</u>	<u>817,707</u>	8.2%	<u>1,348,014</u>	<u>1,310,373</u>	2.9%
Jet A (A/L)	<u>369,254</u>	<u>215,027</u>	71.7%	<u>2,333,416</u>	<u>1,610,916</u>	44.9%	<u>3,221,758</u>	<u>2,620,691</u>	22.9%
Total	521,506	362,986	43.7%	3,218,319	2,428,623	32.5%	4,569,772	3,931,064	16.2%

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

Tuesday, September 21, 2010

Airline Enplanements, Seats, and Load Factors Asheville Regional Airport

August 2010



	Aug 2010	Aug 2009	Percentage Change	*CYTD-2010	*CYTD-2009	Percentage Change
AirTran Airways						
Enplanements	3,669	1,387	164.5%	17,911	3,789	372.7%
Seats	4,212	1,521	176.9%	21,879	4,095	434.3%
Load Factor	87.1%	91.2%	-4.5%	81.9%	92.5%	-11.5%
American Airlines						
Enplanements	1,149	0	#Div/0!	5,166	0	#Div/0!
Seats	1,382	0	#Div/0!	6,534	0	#Div/0!
Load Factor	83.1%	#Num!	#Error	79.1%	#Num!	#Error
Continental Airlines						
Enplanements	2,819	2,805	0.5%	16,267	18,721	-13.1%
Seats	3,500	3,200	9.4%	22,800	25,550	-10.8%
Load Factor	80.5%	87.7%	-8.1%	71.3%	73.3%	-2.6%
Delta Air Lines						
Enplanements	15,743	13,119	20.0%	108,572	86,667	25.3%
Seats	18,824	15,300	23.0%	139,374	109,950	26.8%
Load Factor	83.6%	85.7%	-2.5%	77.9%	78.8%	-1.2%
Northwest Airlines						
Enplanements	0	1,389	-100.0%	791	14,731	-94.6%
Seats	0	1,550	-100.0%	1,450	18,500	-92.2%
Load Factor	#Num!	89.6%	#Error	54.6%	79.6%	-31.5%
United Airlines						
Enplanements	2,949	0	#Div/0!	19,674	0	#Div/0!
Seats	3,450	0	#Div/0!	25,050	0	#Div/0!
Load Factor	85.5%	#Num!	#Error	78.5%	#Num!	#Error

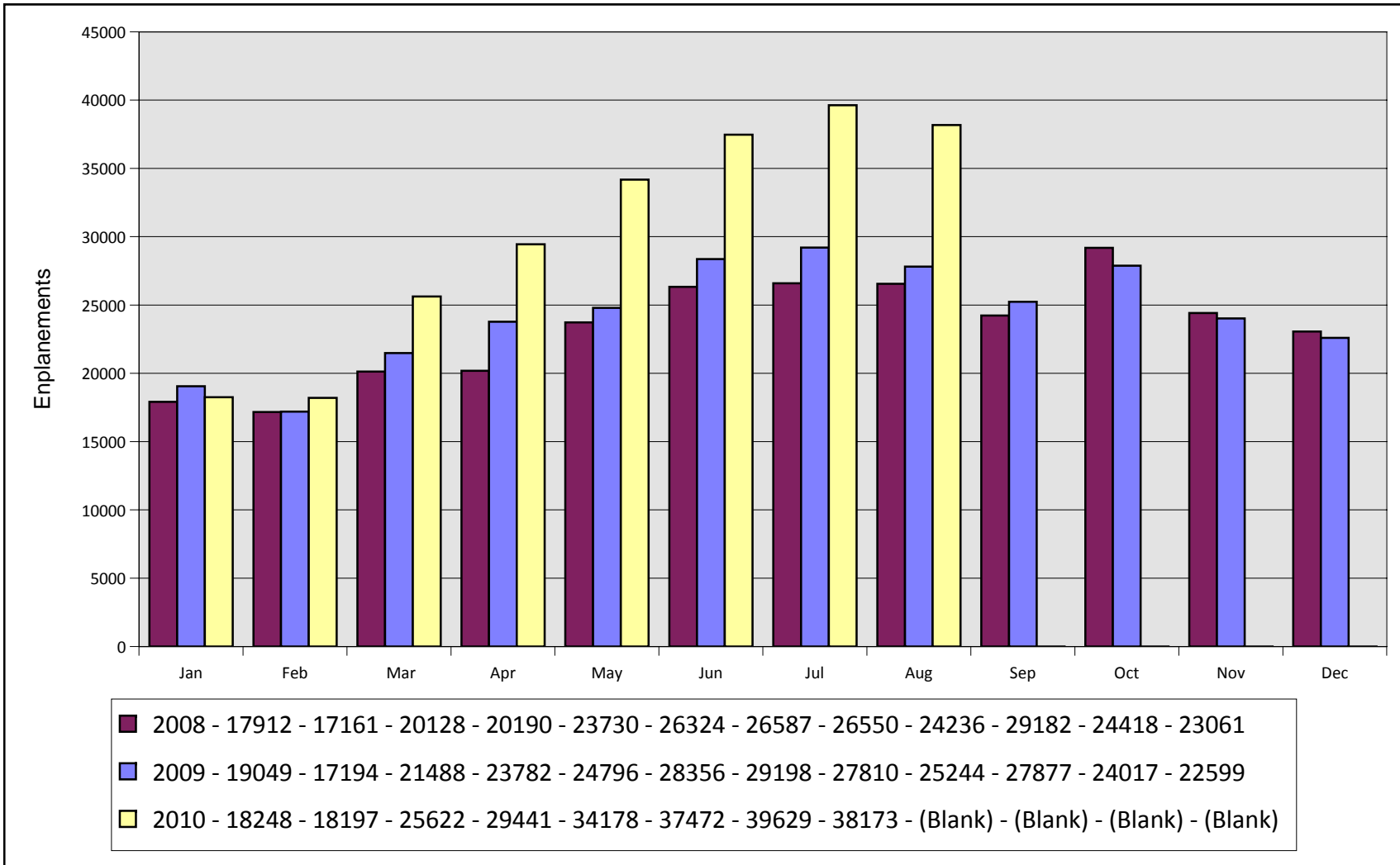
	Aug 2010	Aug 2009	Percentage Change	*CYTD-2010	*CYTD-2009	Percentage Change
US Airways						
Enplanements	11,844	9,110	30.0%	72,579	67,765	7.1%
Seats	14,235	10,550	34.9%	95,185	81,397	16.9%
Load Factor	83.2%	86.4%	-3.6%	76.3%	83.3%	-8.4%
Totals						
Enplanements	38,173	27,810	37.3%	240,960	191,673	25.7%
Seats	45,603	32,121	42.0%	312,272	239,492	30.4%
Load Factor	83.7%	86.6%	-3.3%	77.2%	80.0%	-3.6%

Airline Flight Completions Asheville Regional Airport August 2010

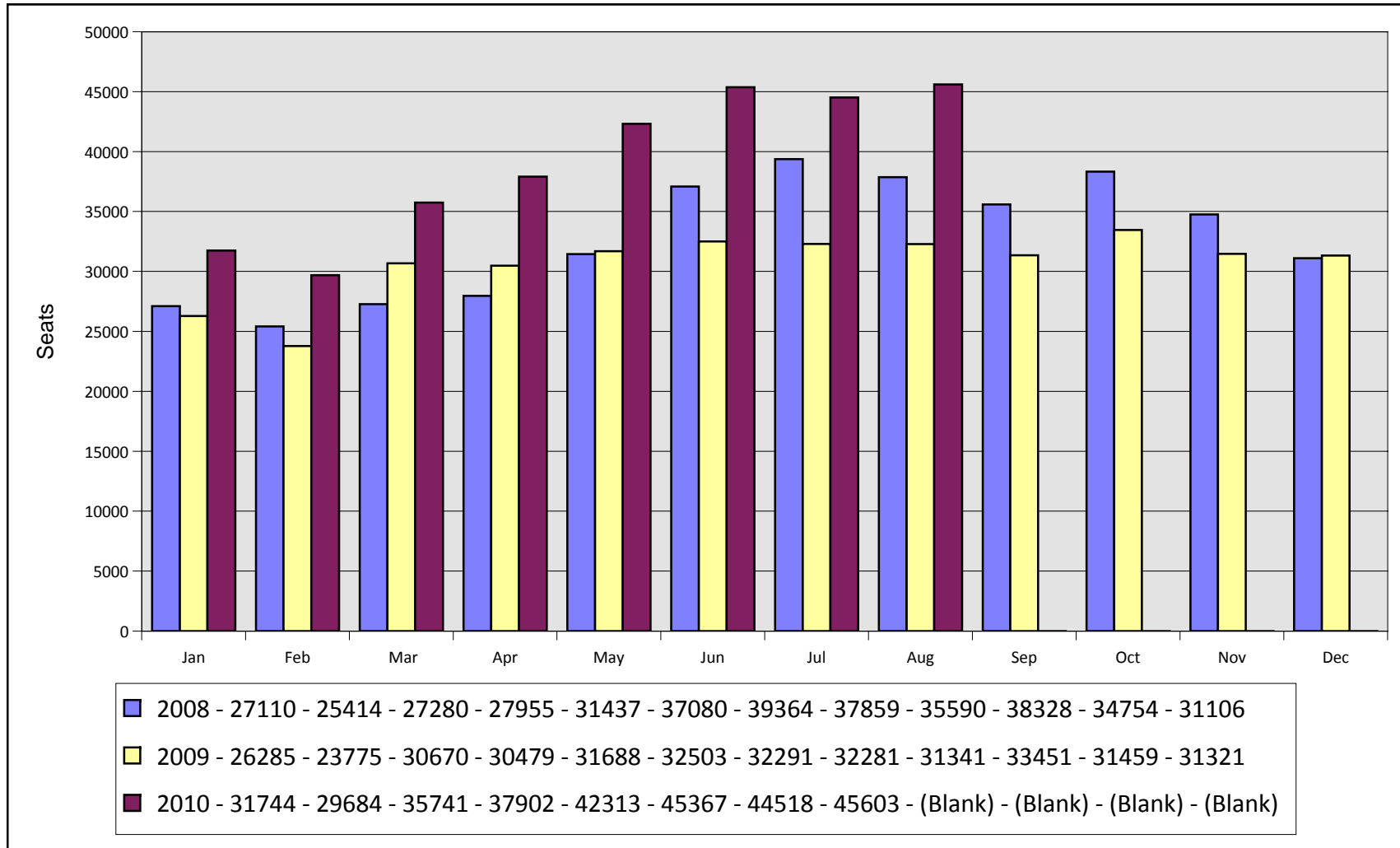


Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed
			Mechanical	Weather	Other		
AirTran Airways	36	0	0	0	0	0	100.0%
American Airlines	31	0	0	0	0	0	100.0%
Continental Airlines	70	0	0	0	0	0	100.0%
Delta Air Lines	377	0	1	2	0	3	99.2%
Northwest Airlines	0	0	0	0	0	0	#Num!
United Airlines	69	0	0	0	0	0	100.0%
US Airways	270	0	2	0	0	2	98.5%
Total	853	0	3	2	0	5	99.4%

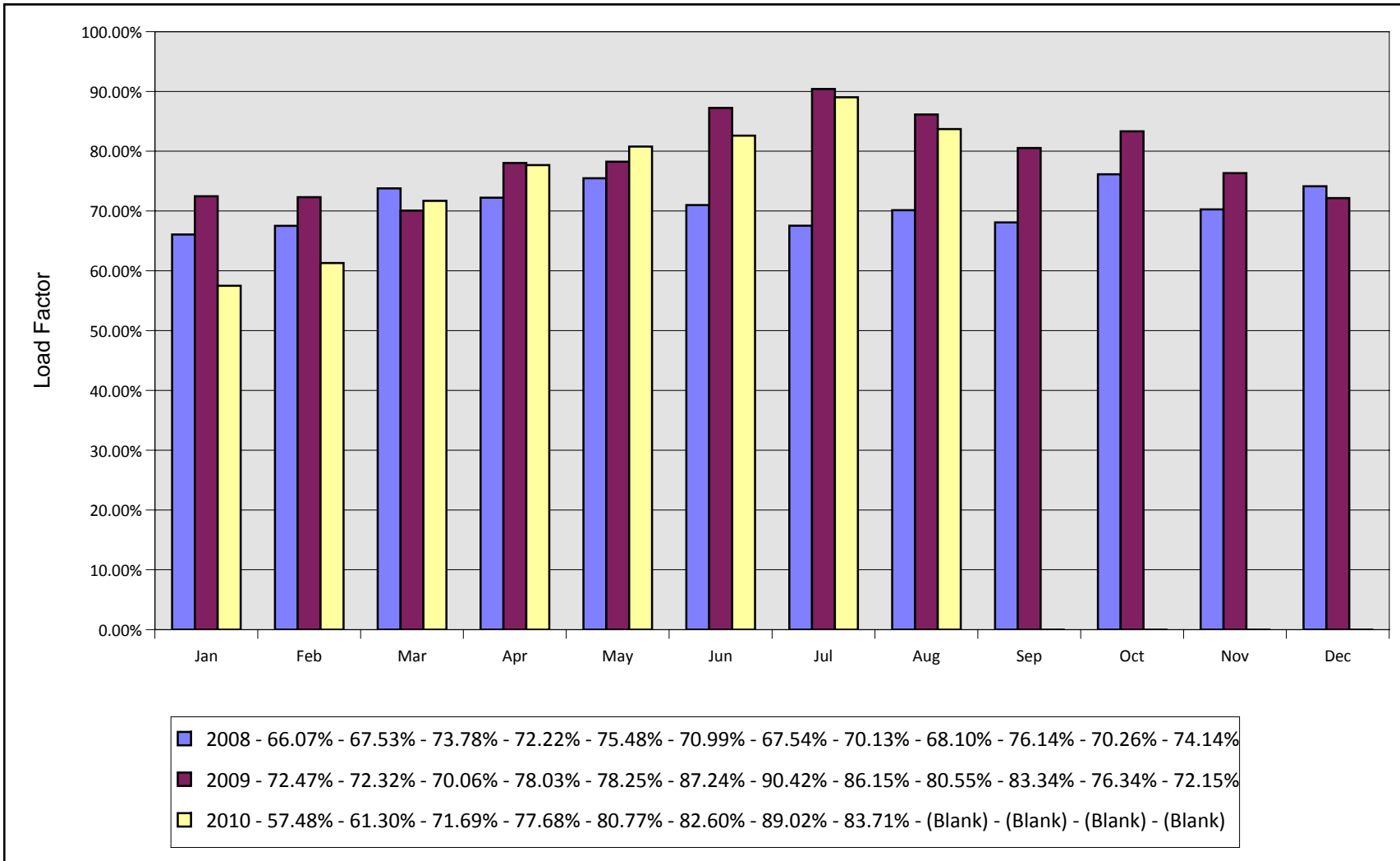
Monthly Enplanements By Year Asheville Regional Airport



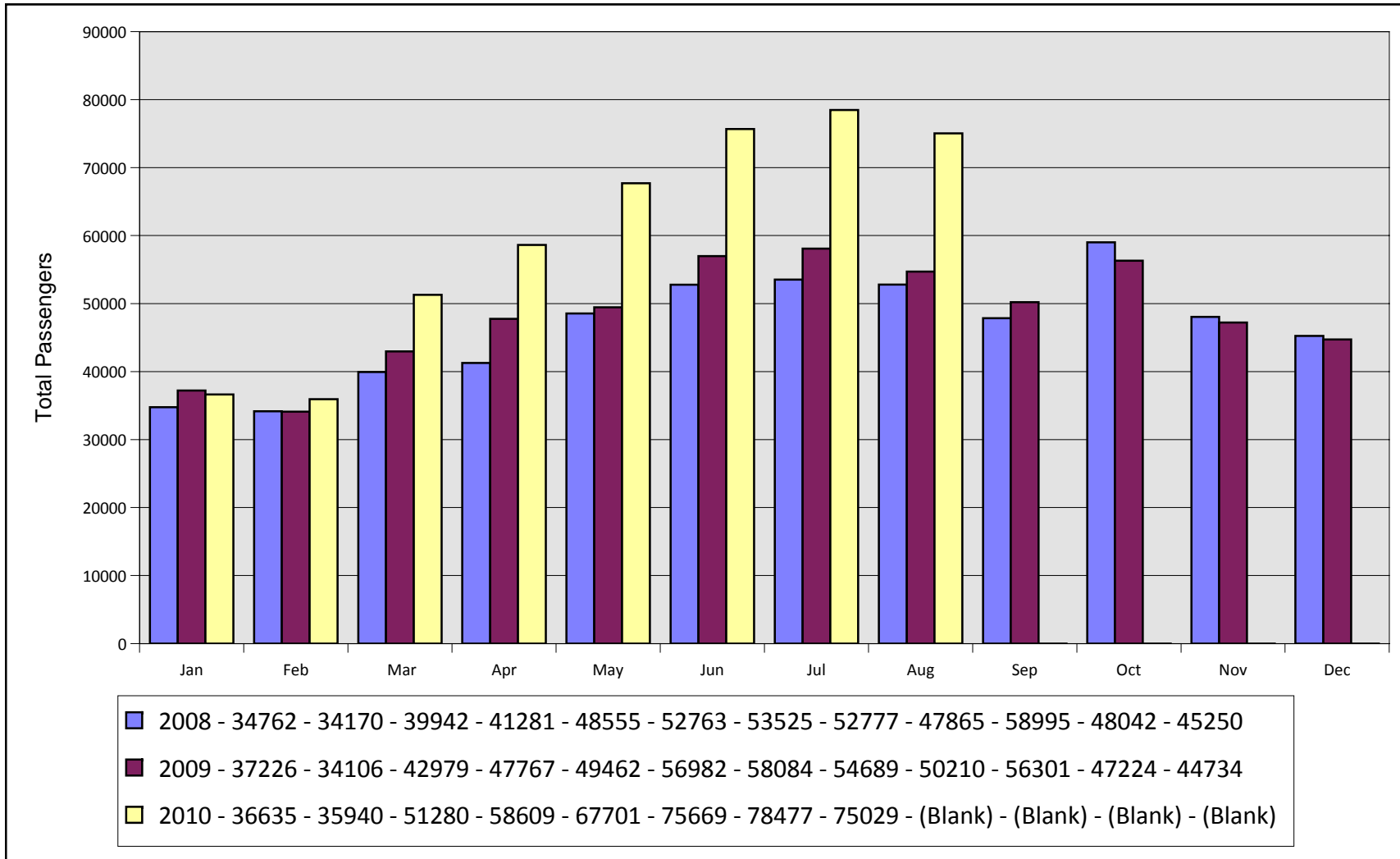
Monthly Seats By Year Asheville Regional Airport



Monthly Load Factors By Year Asheville Regional Airport

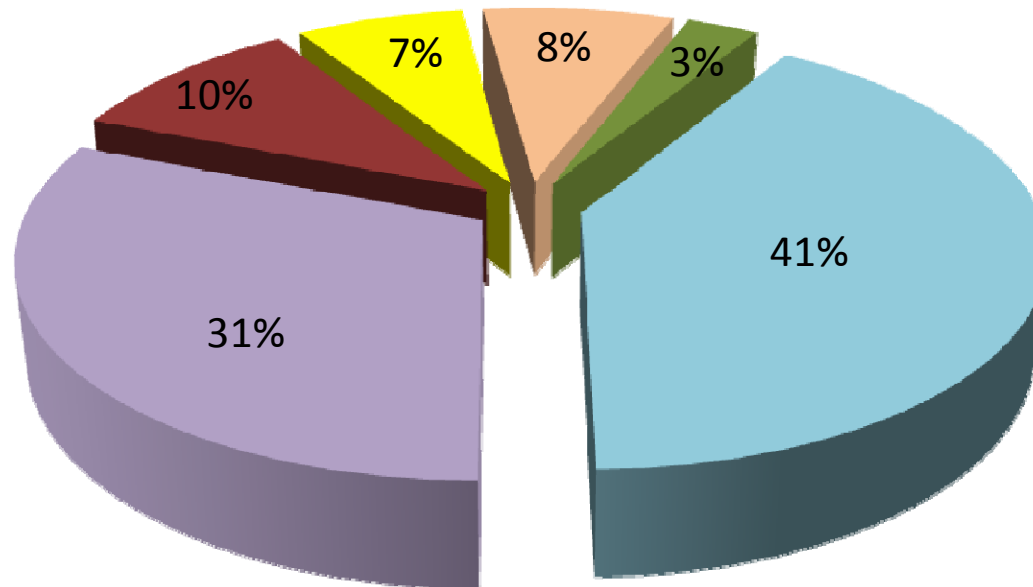


Total Monthly Passengers By Year Asheville Regional Airport

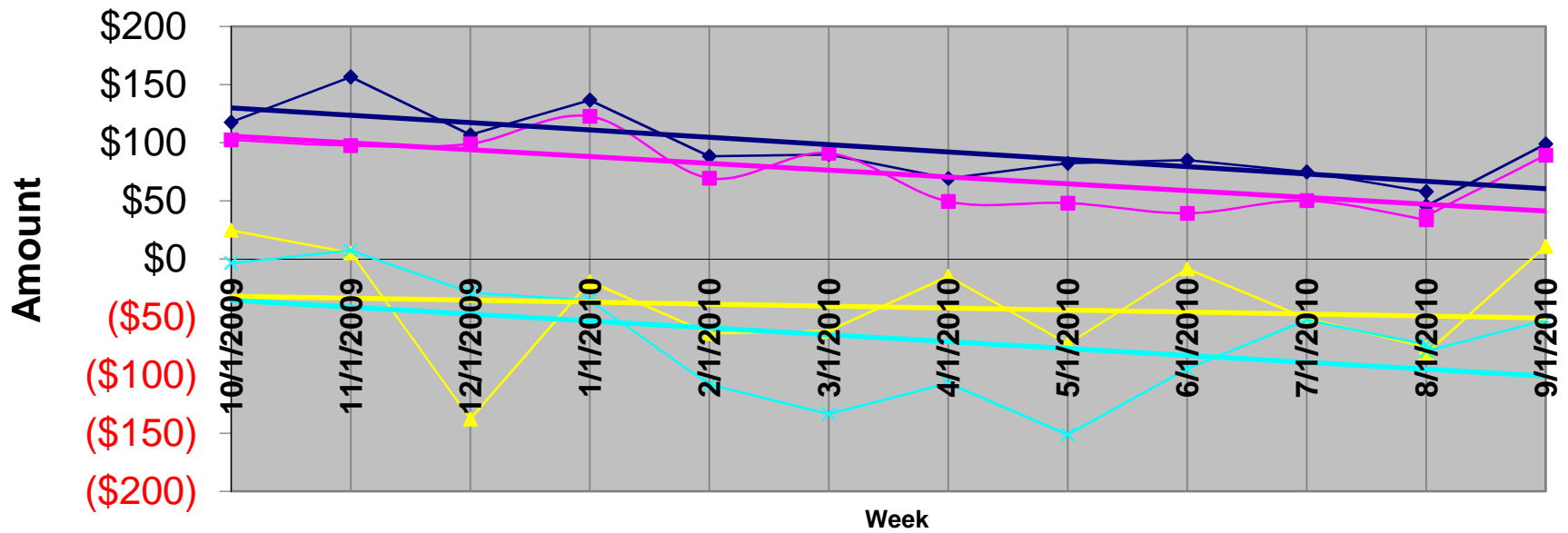


Airline Market Share Analysis (Enplanements) Asheville Regional Airport

Report Period From August 2010 Through August 2010



AVL Average Airfare Differences 21 Day Advance Purchase, 3 Day Stay



◆ ATL
 ■ CLT
 ▲ GSP
 ✕ TRI
 — Linear (ATL)
 — Linear (CLT)
 — Linear (GSP)
 — Linear (TRI)

Asheville Regional Airport
Sample airfares as of 9/30/10
21 Day Advance Purchase, 3 day Stay

		Difference in Fares								
		<u>ASHEVILLE</u>	<u>ATLANTA</u>	<u>CHARLOTTE</u>	<u>GREENVILLE</u>	<u>IRI- CITIES</u>	<u>ATLANTA</u>	<u>CHARLOTTE</u>	<u>GREENVILLE</u>	<u>IRI- CITIES</u>
ABQ	Albuquerque	\$371	\$303	\$277	\$413	\$443	\$68	\$94	(\$42)	(\$72)
ATL	Atlanta	\$275		\$137	\$255	\$347	\$275	\$138	\$20	(\$72)
AUS	Austin	\$335	\$294	\$239	\$427	\$369	\$41	\$96	(\$92)	(\$34)
BWI	Baltimore	\$253	\$184	\$152	\$248	\$497	\$69	\$101	\$5	(\$244)
BOS	Boston	\$293	\$224	\$197	\$291	\$386	\$69	\$96	\$2	(\$93)
ORD	Chicago	\$286	\$184	\$227	\$300	\$305	\$102	\$59	(\$14)	(\$19)
CVG	Cincinnati	\$376	\$192	\$256	\$373	\$294	\$184	\$120	\$3	\$82
CLE	Cleveland	\$298	\$184	\$267	\$366	\$242	\$114	\$31	(\$68)	\$56
DFW	Dallas	\$311	\$224	\$257	\$285	\$400	\$87	\$54	\$26	(\$89)
DEN	Denver	\$270	\$259	\$351	\$293	\$446	\$11	(\$81)	(\$23)	(\$176)
DTW	Detroit	\$269	\$184	\$249	\$264	\$417	\$85	\$20	\$5	(\$148)
FLL	Fort Lauderdale	\$341	\$193	\$257	\$318	\$394	\$148	\$84	\$23	(\$53)
RSW	Ft. Myers	\$291	\$255	\$217	\$318	\$395	\$36	\$74	(\$27)	(\$104)
BDL	Hartford	\$302	\$385	\$199	\$399	\$391	(\$83)	\$103	(\$97)	(\$89)
IAH	Houston	\$429	\$202	\$276	\$428	\$329	\$227	\$153	\$1	\$100
IND	Indianapolis	\$307	\$194	\$242	\$231	\$392	\$113	\$65	\$76	(\$85)
JAX	Jacksonville	\$241	\$144	\$229	\$208	\$386	\$97	\$12	\$33	(\$145)
MCI	Kansas City	\$266	\$184	\$246	\$251	\$296	\$82	\$20	\$15	(\$30)
LAS	Las Vegas	\$594	\$496	\$449	\$568	\$657	\$98	\$145	\$26	(\$63)
LAX	Los Angeles	\$320	\$304	\$309	\$379	\$410	\$16	\$11	(\$59)	(\$90)
MHT	Manchester	\$320	\$285	\$185	\$410	\$418	\$35	\$135	(\$90)	(\$98)
MEM	Memphis	\$221	\$139	\$253	\$216	\$418	\$82	(\$32)	\$5	(\$197)
MIA	Miami	\$330	\$203	\$242	\$328	\$374	\$127	\$88	\$2	(\$44)
MKE	Milwaukee	\$304	\$182	\$247	\$249	\$314	\$122	\$57	\$55	(\$10)
MSP	Minneapolis/Saint Paul	\$354	\$204	\$259	\$338	\$394	\$150	\$95	\$16	(\$40)
BNA	Nashville	\$460	\$306	\$277	\$561	\$505	\$154	\$183	(\$101)	(\$45)
MSY	New Orleans	\$312	\$190	\$206	\$273	\$353	\$122	\$106	\$39	(\$41)

LGA	New York	\$367	\$229	\$177	\$349	\$397	\$138	\$190	\$18	(\$30)
EWR	Newark	\$339	\$229	\$229	\$339	\$342	\$110	\$110	\$0	(\$3)
MCO	Orlando	\$238	\$189	\$187	\$308	\$269	\$49	\$51	(\$70)	(\$31)
PHL	Philadelphia	\$252	\$174	\$217	\$241	\$271	\$78	\$35	\$11	(\$19)
PHX	Phoenix	\$510	\$279	\$258	\$368	\$500	\$231	\$252	\$142	\$10
PIT	Pittsburgh	\$251	\$184	\$170	\$248	\$335	\$67	\$81	\$3	(\$84)
PDX	Portland	\$440	\$442	\$316	\$464	\$524	(\$2)	\$124	(\$24)	(\$84)
PVD	Providence	\$360	\$327	\$205	\$348	\$437	\$33	\$155	\$12	(\$77)
RDU	Raleigh/Durham	\$260	\$144	\$403	\$208	\$343	\$116	(\$143)	\$52	(\$83)
RIC	Richmond	\$270	\$169	\$221	\$231	\$352	\$101	\$49	\$39	(\$82)
STL	Saint Louis	\$294	\$179	\$246	\$271	\$345	\$115	\$48	\$23	(\$51)
SLC	Salt Lake City	\$392	\$406	\$296	\$413	\$494	(\$14)	\$96	(\$21)	(\$102)
SAT	San Antonio	\$359	\$214	\$239	\$278	\$362	\$145	\$120	\$81	(\$3)
SAN	San Diego	\$496	\$429	\$376	\$415	\$510	\$67	\$120	\$81	(\$14)
SFO	San Francisco	\$424	\$324	\$349	\$431	\$430	\$100	\$75	(\$7)	(\$6)
SRQ	Sarasota/Bradenton	\$366	\$179	\$239	\$246	\$449	\$187	\$127	\$120	(\$83)
SEA	Seattle	\$442	\$310	\$301	\$388	\$425	\$132	\$141	\$54	\$17
SYR	Syracuse	\$318	\$322	\$214	\$316	\$373	(\$4)	\$104	\$2	(\$55)
TPA	Tampa	\$229	\$169	\$209	\$308	\$378	\$60	\$20	(\$79)	(\$149)
YYZ	Toronto	\$550	\$490	\$321	\$550	\$522	\$60	\$229	\$0	\$28
DCA	Washington DC	\$388	\$204	\$215	\$227	\$307	\$184	\$173	\$161	\$81
IAD	Washington DC	\$388	\$204	\$215	\$205	\$307	\$184	\$173	\$183	\$81
PBI	West Palm Beach	\$346	\$168	\$239	\$318	\$400	\$178	\$107	\$28	(\$54)

*These sample airfares were available 9/30/10, based on a 21 day advance purchase and a 3 day stay. Other restrictions may apply. To obtain the most up-to-date pricing information for your travel needs, please contact your travel agent or visit the following web sites:

www.aa.com; www.airtran.com; www.continental.com; www.delta.com; www.united.com; www.usairways.com; www.travelocity.com; www.orbitz.com; or www.expedia.com. Airfares are subject to change without notice - and lower airfares are often not available on all dates. Please see our "special airfares" section on our web site for any last minute airfare specials. Sample airfares will be updated each Tuesday.

\$99 \$89 \$11 (\$53)

Average Fare difference

Blue highlighted numbers represent fare differentials in excess of \$35 for GSP, \$70 for CLT, \$100 for ATL, and \$35 for TRI.

Asheville Regional Airport
Sample airfares as of 9/30/10
0 Day Advance Purchase, 3 day Stay

		Difference in Fares								
		<u>ASHEVILLE</u>	<u>ATLANTA</u>	<u>CHARLOTTE</u>	<u>GREENVILLE</u>	<u>IRI- CITIES</u>	<u>ATLANTA</u>	<u>CHARLOTTE</u>	<u>GREENVILLE</u>	<u>IRI- CITIES</u>
ABQ	Albuquerque	\$749	\$531	\$980	\$741	\$665	\$218	(\$231)	\$8	\$84
ATL	Atlanta	\$413		\$368	\$422	\$573	\$413	\$45	(\$9)	(\$160)
AUS	Austin	\$628	\$555	\$439	\$621	\$612	\$73	\$189	\$7	\$16
BWI	Baltimore	\$555	\$295	\$265	\$773	\$579	\$260	\$290	(\$218)	(\$24)
BOS	Boston	\$543	\$535	\$323	\$544	\$593	\$8	\$220	(\$1)	(\$50)
ORD	Chicago	\$415	\$413	\$652	\$669	\$345	\$2	(\$237)	(\$254)	\$70
CVG	Cincinnati	\$606	\$216	\$774	\$463	\$396	\$390	(\$168)	\$143	\$210
CLE	Cleveland	\$627	\$335	\$561	\$545	\$551	\$292	\$66	\$82	\$76
DFW	Dallas	\$653	\$477	\$568	\$649	\$538	\$176	\$85	\$4	\$115
DEN	Denver	\$750	\$482	\$1,157	\$954	\$730	\$268	(\$407)	(\$204)	\$20
DTW	Detroit	\$639	\$447	\$730	\$636	\$607	\$192	(\$91)	\$3	\$32
FLL	Fort Lauderdale	\$515	\$226	\$439	\$649	\$561	\$289	\$76	(\$134)	(\$46)
RSW	Ft. Myers	\$538	\$427	\$474	\$674	\$743	\$111	\$64	(\$136)	(\$205)
BDL	Hartford	\$587	\$689	\$439	\$561	\$547	(\$102)	\$148	\$26	\$40
IAH	Houston	\$529	\$453	\$605	\$669	\$329	\$76	(\$76)	(\$140)	\$200
IND	Indianapolis	\$537	\$330	\$470	\$549	\$597	\$207	\$67	(\$12)	(\$60)
JAX	Jacksonville	\$465	\$243	\$381	\$721	\$589	\$222	\$84	(\$256)	(\$124)
MCI	Kansas City	\$646	\$482	\$643	\$826	\$530	\$164	\$3	(\$180)	\$116
LAS	Las Vegas	\$550	\$667	\$519	\$551	\$560	(\$117)	\$31	(\$1)	(\$10)
LAX	Los Angeles	\$747	\$559	\$456	\$945	\$589	\$188	\$291	(\$198)	\$158
MHT	Manchester	\$727	\$458	\$340	\$918	\$593	\$269	\$387	(\$191)	\$134
MEM	Memphis	\$697	\$440	\$675	\$696	\$862	\$257	\$22	\$1	(\$165)
MIA	Miami	\$609	\$263	\$577	\$675	\$604	\$346	\$32	(\$66)	\$5
MKE	Milwaukee	\$522	\$327	\$478	\$457	\$423	\$195	\$44	\$65	\$99
MSP	Minneapolis/Saint Paul	\$594	\$543	\$795	\$527	\$534	\$51	(\$201)	\$67	\$60
BNA	Nashville	\$592	\$258	\$492	\$883	\$779	\$334	\$100	(\$291)	(\$187)
MSY	New Orleans	\$543	\$509	\$496	\$613	\$661	\$34	\$47	(\$70)	(\$118)

LGA	New York	\$689	\$428	\$357	\$690	\$697	\$261	\$332	(\$1)	(\$8)
EWR	Newark	\$463	\$460	\$276	\$479	\$342	\$3	\$187	(\$16)	\$121
MCO	Orlando	\$197	\$315	\$295	\$776	\$449	(\$118)	(\$98)	(\$579)	(\$252)
PHL	Philadelphia	\$543	\$492	\$733	\$608	\$581	\$51	(\$190)	(\$65)	(\$38)
PHX	Phoenix	\$547	\$587	\$210	\$749	\$597	(\$40)	\$337	(\$202)	(\$50)
PIT	Pittsburgh	\$503	\$313	\$328	\$439	\$579	\$190	\$175	\$64	(\$76)
PDX	Portland	\$747	\$768	\$519	\$1,059	\$554	(\$21)	\$228	(\$312)	\$193
PVD	Providence	\$587	\$460	\$320	\$542	\$593	\$127	\$267	\$45	(\$6)
RDU	Raleigh/Durham	\$909	\$336	\$903	\$755	\$711	\$573	\$6	\$154	\$198
RIC	Richmond	\$669	\$380	\$499	\$717	\$705	\$289	\$170	(\$48)	(\$36)
STL	Saint Louis	\$653	\$447	\$540	\$655	\$669	\$206	\$113	(\$2)	(\$16)
SLC	Salt Lake City	\$692	\$652	\$589	\$560	\$632	\$40	\$103	\$132	\$60
SAT	San Antonio	\$644	\$302	\$406	\$633	\$437	\$342	\$238	\$11	\$207
SAN	San Diego	\$747	\$456	\$676	\$1,056	\$977	\$291	\$71	(\$309)	(\$230)
SFO	San Francisco	\$747	\$584	\$787	\$1,056	\$607	\$163	(\$40)	(\$309)	\$140
SRQ	Sarasota/Bradenton	\$543	\$293	\$486	\$787	\$749	\$250	\$57	(\$244)	(\$206)
SEA	Seattle	\$747	\$606	\$439	\$965	\$527	\$141	\$308	(\$218)	\$220
SYR	Syracuse	\$619	\$449	\$377	\$522	\$803	\$170	\$242	\$97	(\$184)
TPA	Tampa	\$216	\$415	\$443	\$784	\$603	(\$199)	(\$227)	(\$568)	(\$387)
YYZ	Toronto	\$917	\$1,283	\$1,203	\$934	\$915	(\$366)	(\$286)	(\$17)	\$2
DCA	Washington DC	\$388	\$380	\$351	\$514	\$971	\$8	\$37	(\$126)	(\$583)
IAD	Washington DC	\$388	\$380	\$622	\$514	\$971	\$8	(\$234)	(\$126)	(\$583)
PBI	West Palm Beach	\$617	\$226	\$457	\$649	\$743	\$391	\$160	(\$32)	(\$126)

*These sample airfares were available 9/30/10, based on a 0 day advance purchase and a 3 day stay. Other restrictions may apply. To obtain the most up-to-date pricing information for your travel needs, please contact your travel agent or visit the following web sites: www.aa.com;

www.airtran.com; www.continental.com; www.delta.com; www.united.com;

www.usairways.com; www.travelocity.com; www.orbitz.com; or www.expedia.com. Airfares are subject to change without notice - and lower airfares are often not available on all dates. Please see our "special airfares" section on our web site for any last minute airfare specials. Sample airfares will be updated each Tuesday.

Blue highlighted numbers represent fare differentials in excess of \$35 for GSP, \$70 for CLT, \$100 for ATL, and \$35 for TRI.

Average Fare difference

Schedule Compare Report for all Airlines for Passenger flights between AVL and ALL for Oct10 vs. Oct09

AI	Ops/Week				Seats/Week			
	Oct10	Oct09	Diff	Pct Chg	Oct10	Oct09	Diff	Pct Chg
DL	172	136	36	26.47	8,600	6,800	1,800	26.47
UA	30	0	30	100.00	1,500	0	1,500	100.00
US	122	98	24	24.49	6,660	4,900	1,760	35.92
AA	14	0	14	100.00	616	0	616	100.00
FL	12	6	6	100.00	1,484	702	782	111.40
CO	40	40	0	0.00	2,000	2,000	0	0.00
NW	0	14	-14	-100.00	0	700	-700	-100.00
TOTAL	390	294	96	32.65	20,860	15,102	5,758	38.13

Schedule Compare Report for all Airlines for Passenger flights between AVL and ALL for Nov10 vs. Nov09

AI	Ops/Week				Seats/Week			
	Nov10	Nov09	Diff	Pct Chg	Nov10	Nov09	Diff	Pct Chg
US	140	98	42	42.86	7,442	4,900	2,542	51.88
DL	172	138	34	24.64	8,600	6,900	1,700	24.64
UA	28	0	28	100.00	1,400	0	1,400	100.00
FL	6	6	0	0.00	702	702	0	0.00
CO	40	40	0	0.00	2,000	2,000	0	0.00
NW	0	14	-14	-100.00	0	700	-700	-100.00
TOTAL	386	296	90	30.41	20,144	15,202	4,942	32.51

Schedule Compare Report for all Airlines for Passenger flights between AVL and ALL for Dec10 vs. Dec09

AI	Ops/Week				Seats/Week			
	Dec10	Dec09	Diff	Pct Chg	Dec10	Dec09	Diff	Pct Chg
US	132	98	34	34.69	6,588	4,900	1,688	34.45
UA	28	15	13	86.67	1,400	750	650	86.67
DL	146	136	10	7.35	7,300	6,800	500	7.35
FL	6	6	0	0.00	702	702	0	0.00
CO	26	26	0	0.00	1,300	1,300	0	0.00
NW	0	14	-14	-100.00	0	700	-700	-100.00
TOTAL	338	295	43	14.58	17,290	15,152	2,138	14.11



MEMORANDUM

TO: Members of the Airport Authority
FROM: Vickie Thomas, Director of Finance & Accounting
DATE: October 8, 2010

ITEM DESCRIPTION – Information Section Item B

Asheville Regional Airport – Explanation of Extraordinary Variances
Month Ended August, 2010 (Month 2 of FY-2011)

SUMMARY

Operating Revenues for the month of August were \$688,840, 8.00% over budget. Operating Expenses for the month were \$446,755, 25.18% under budget. As a result, Net Operating Revenues before Depreciation were \$201,314 over budget. Net Non-Operating Revenues were \$245,054, 50.49% over budget.

Year-to-date Operating Revenues were \$1,372,450, 9.38% over budget. Year-to-date Operating Expenses were \$907,049, 19.84% below budget. Net Operating Revenues before Depreciation were \$123,285 over budget. Net Non-Operating Revenues for the year were \$482,480, 48.22% over budget.

REVENUES

Significant variations to budget for August were:

Terminal Space Rentals-Airline	\$14,649	14.35%	Higher than budgeted enplanements
Auto Parking	\$69,477	40.93%	Higher than budgeted enplanements
Reimbursable Costs	(\$29,188)	(100.00%)	Timing of Avcon costs billed to Charah
Customer Facility Charges	\$18,788	22.23%	Higher than budgeted enplanements
Passenger Facility Charges	\$62,486	65.53%	Higher than budgeted enplanements



EXPENSES

Significant variations to budget for August were:

Personnel Services	(\$12,799)	(4.41%)	Director of Marketing position vacant for part of month & lower than budgeted medical rates
Professional Services	(\$26,135)	(71.96%)	Timing of Professional Services spending
Other Contractual Services	(\$17,828)	(30.02%)	Parking Management fee not yet including billing for new parking equipment
Operating Supplies	(\$18,581)	(69.75%)	No Guest Services ticket sales & timing of other operating supply purchases
Contingency	(\$14,884)	(100.00%)	No Contingency spending
Reimbursable Costs	(\$29,188)	(100.00%)	Timing of Avcon costs billed to Charah

STATEMENT OF NET ASSETS

Significant variations to prior month were:

Grants Receivable – Grants Receivable increased by \$1,792k due to \$1,390k of FAA AIP Entitlement grant being received in August, and due to drawdown of July grants not occurring until September 2, 2010.

Construction in Progress – Construction in Progress increased by \$580k due to current month's capital spending.

Property & Equipment, Net – Property & Equipment, Net decreased by \$350k due to the current month's depreciation.

**ASHEVILLE REGIONAL AIRPORT
INVESTMENT AND INTEREST INCOME SUMMARY
As of August 31, 2010**

<u>Institution:</u>	<u>Date of Purchase</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Investment Amount</u>	<u>Monthly Interest</u>
Bank of America			0.30%	\$ 1,951,593	534
Petty Cash				100	
NC Capital Management Trust				216,865	36
Wachovia-Gov. Advantage Acct.			0.25%	3,329,368	685
PFC Revenue Account			0.30%	305,652	59
<u>Restricted Cash:</u>					
CFC Revenue			0.10%	286,553	25
Additional Collateral Fund			0.25%	1,954,615	411
<u>Commercial Paper:</u>				0	
Total				\$ 8,044,746	\$ 1,749

Investment Diversification:

1.BANKS	31.62%
2.CAP.TRUST	2.70%
3.GOV.ADV.ACCTS.	65.68%
4.COM.PAPER	0.00%
5. FED. AGY	0%
	<u>100.00%</u>

**ASHEVILLE REGIONAL AIRPORT
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Month Ended August 31, 2010**

	<u>Current Month</u>	<u>Prior Period</u>
Cash and Investments Beginning of Period	\$ 7,885,196	\$ 7,709,438
Net Income/(Loss) Before Capital Contributions	137,428	111,034
Depreciation	349,711	349,711
Decrease/(Increase) in Receivables	(1,737,110)	364,113
Increase/(Decrease) in Payables	212,951	(137,926)
Decrease/(Increase) in Prepaid Expenses	18,357	(193,198)
Decrease/(Increase) in Long Term Assets	(580,044)	(786,543)
Principal Payments of Bond Maturities	(33,546)	(33,385)
Contributed Capital	1,791,803	501,952
Increase(Decrease) in Cash	<u>159,550</u>	<u>175,758</u>
Cash and Investments End of Period	<u>\$ 8,044,746</u>	<u>\$ 7,885,196</u>

Asheville Regional Airport Authority
Cost Centers Statement of Revenue, Expenses and Changes in Net Assets

For the Month Ending August 31, 2010

	August Actual	August Budget	Variance \$	Variance %	YTD Actual	YTD Budget	Variance \$	Variance %	Annual Budget
Operating Revenue:									
Terminal	\$288,834	\$282,572	\$6,262	2.22%	\$575,164	\$564,120	\$11,044	1.96%	\$3,347,801
Airfield	76,547	66,746	9,801	14.68%	151,608	134,517	17,091	12.71%	826,157
Hangar	71,506	76,324	(4,818)	(6.31%)	144,387	152,648	(8,261)	(5.41%)	818,890
Parking Lot/Roadway	239,457	169,750	69,707	41.06%	472,242	343,850	128,392	37.34%	2,138,860
Land Use Fees	12,496	42,452	(29,956)	(70.56%)	29,049	59,650	(30,601)	(51.30%)	484,170
Total Operating Revenue	\$688,840	\$637,844	\$50,996	8.00%	\$1,372,450	\$1,254,785	\$117,665	9.38%	\$7,615,878
Operating Expenses:									
Administrative	\$167,426	\$239,135	(\$71,709)	(29.99%)	\$332,479	\$446,492	(\$114,013)	(25.54%)	\$3,083,068
Terminal	140,214	160,433	(20,219)	(12.60%)	275,843	316,367	(40,524)	(12.81%)	1,949,764
Airfield	105,689	122,474	(16,785)	(13.70%)	214,997	244,747	(29,750)	(12.16%)	1,501,160
Hangar	1,762	-	1,762	0.00%	1,762	-	1,762	0.00%	-
Parking Lot	27,794	40,489	(12,695)	(31.35%)	62,957	80,979	(18,022)	(22.26%)	485,871
Rental Car Service Facility	4,236	4,522	(286)	(6.32%)	6,570	8,125	(1,555)	(19.14%)	57,616
Land Use Expenses	(366)	30,020	(30,386)	(101.22%)	12,441	34,790	(22,349)	(64.24%)	335,000
Total Operating Expenses	\$446,755	\$597,073	(\$150,318)	(25.18%)	\$907,049	\$1,131,500	(\$224,451)	(19.84%)	\$7,412,479
Operating Revenue before Depreciation									
	\$242,085	\$40,771	\$201,314	493.77%	\$465,401	\$123,285	\$342,116	277.50%	\$203,399
Depreciation	349,711	-	349,711	0.00%	699,421	-	699,421	0.00%	-
Operating Income(Loss) Before Non-Operating Revenue and Expenses									
	(\$107,626)	\$40,771	(\$148,397)	(363.98%)	(\$234,020)	\$123,285	(\$357,305)	(289.82%)	\$203,399
Non-Operating Revenue and Expense									
Customer Facility Charges	\$103,288	\$84,500	\$18,788	22.23%	\$206,904	\$169,000	\$37,904	22.43%	\$840,000
Passenger Facility Charges	157,846	95,360	62,486	65.53%	305,466	190,720	114,746	60.16%	1,192,000
Interest Revenue	2,609	1,667	942	56.51%	7,649	3,333	4,316	129.49%	20,000
Interest Expense	(18,689)	(18,689)	-	0.00%	(37,539)	(37,539)	-	0.00%	(215,397)
Sale of Assets	-	-	-	0.00%	-	-	-	0.00%	-
Non-Operating Revenue-Net	\$245,054	\$162,838	\$82,216	50.49%	\$482,480	\$325,514	\$156,966	48.22%	\$1,836,603

Income (Loss) Before Capital Contributions	<u>\$137,428</u>	<u>\$203,609</u>	<u>(\$66,181)</u>	<u>(32.50%)</u>	<u>\$248,460</u>	<u>\$448,799</u>	<u>(\$200,339)</u>	<u>(44.64%)</u>	<u>\$2,040,002</u>
Capital Contributions	<u>\$1,791,803</u>	<u>\$0</u>	<u>\$1,791,803</u>	<u>0.00%</u>	<u>\$2,293,754</u>	<u>\$0</u>	<u>\$2,293,754</u>	<u>0.00%</u>	<u>\$0</u>
Increase in Net Assets	<u>\$1,929,231</u>	<u>\$203,609</u>	<u>\$1,725,622</u>	<u>847.52%</u>	<u>\$2,542,214</u>	<u>\$448,799</u>	<u>\$2,093,415</u>	<u>466.45%</u>	<u>\$2,040,002</u>

Asheville Regional Airport Authority
Detailed Statement of Revenue, Expenses and Changes in Net Assets

For the Month Ending August 31, 2010

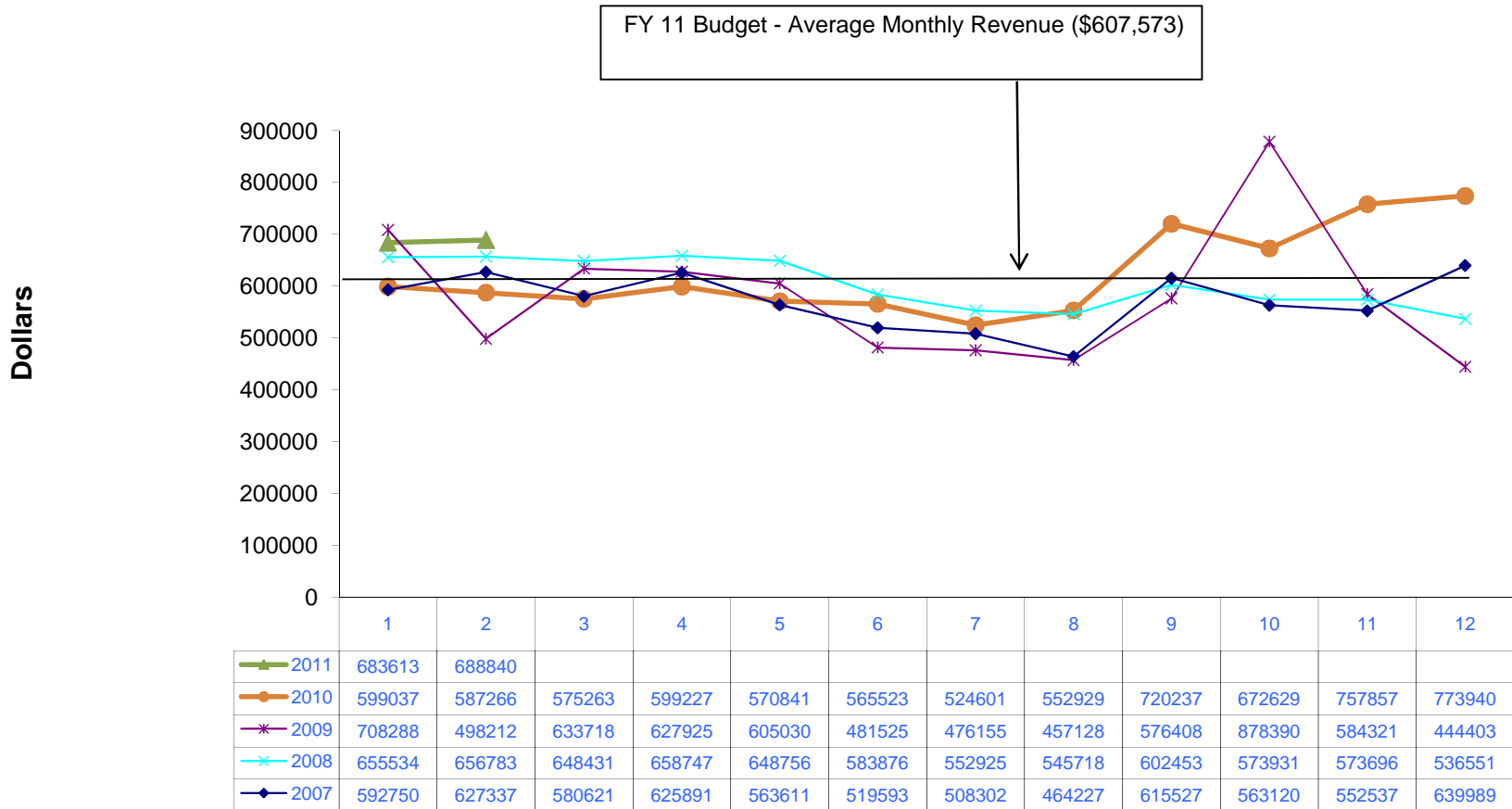
	August Actual	August Budget	Variance \$	Variance %	YTD Actual	YTD Budget	Variance \$	Variance %	Annual Budget
Operating Revenue:									
Terminal Space Rentals - Non Airline	\$15,660	\$15,659	\$1	0.01%	\$31,319	\$31,319	\$0	0.00%	\$187,911
Terminal Space Rentals - Airline	116,719	102,070	14,649	14.35%	234,207	208,655	25,552	12.25%	1,189,080
Concessions	9,107	14,808	(5,701)	(38.50%)	18,406	29,616	(11,210)	(37.85%)	197,200
Auto Parking	239,227	169,750	69,477	40.93%	467,502	339,500	128,002	37.70%	2,114,400
Rental Car - Car Rentals	102,350	103,239	(889)	(0.86%)	201,595	202,481	(886)	(0.44%)	1,234,860
Rental Car - Facility Rent	42,781	44,884	(2,103)	(4.69%)	83,536	86,249	(2,713)	(3.15%)	523,130
Commercial Ground Transportation	230	-	230	0.00%	4,740	4,350	390	8.97%	24,460
Landing Fees	39,865	33,886	5,979	17.64%	79,636	68,797	10,839	15.76%	423,037
FBO'S/SASO'S	71,506	76,324	(4,818)	(6.31%)	144,387	152,648	(8,261)	(5.41%)	818,890
Building Leases	10,568	11,119	(551)	(4.96%)	20,738	22,238	(1,500)	(6.75%)	133,430
Land Leases	1,895	2,062	(167)	(8.10%)	3,891	4,123	(232)	(5.63%)	24,740
Other Leases/Fees	38,932	34,855	4,077	11.70%	78,559	71,687	6,872	9.59%	419,740
Reimbursable Costs	-	29,188	(29,188)	(100.00%)	3,934	33,122	(29,188)	(88.12%)	325,000
Total Operating Revenue	\$688,840	\$637,844	\$50,996	8.00%	\$1,372,450	\$1,254,785	\$117,665	9.38%	\$7,615,878
Operating Expenses:									
Personnel Services	\$277,580	\$290,379	(\$12,799)	(4.41%)	\$549,870	\$579,097	(\$29,227)	(5.05%)	\$3,626,342
Professional Services	10,183	36,318	(26,135)	(71.96%)	18,336	48,230	(29,894)	(61.98%)	320,450
Accounting & Auditing	5,500	5,500	-	0.00%	8,402	8,500	(98)	(1.15%)	20,000
Other Contractual Services	41,568	59,396	(17,828)	(30.02%)	90,249	119,542	(29,293)	(24.50%)	736,910
Travel & Training	6,917	8,192	(1,275)	(15.56%)	9,482	13,132	(3,650)	(27.79%)	146,150
Communications & Freight	4,981	5,645	(664)	(11.76%)	9,141	11,039	(1,898)	(17.19%)	65,336
Utility Services	35,912	37,749	(1,837)	(4.87%)	62,367	70,250	(7,883)	(11.22%)	438,532
Rentals & Leases	1,037	1,041	(4)	(0.38%)	2,049	2,083	(34)	(1.63%)	14,695
Insurance	15,134	15,583	(449)	(2.88%)	30,268	31,167	(899)	(2.88%)	187,000
Repairs & Maintenance	13,541	22,113	(8,572)	(38.76%)	39,376	44,226	(4,850)	(10.97%)	265,456
Advertising, Printing & Binding	11,704	15,322	(3,618)	(23.61%)	25,345	33,119	(7,774)	(23.47%)	187,342
Promotional Activities	6,559	3,260	3,299	101.20%	6,559	6,445	114	1.77%	60,644
Other Current Charges & Obligations	5,051	5,098	(47)	(0.92%)	9,778	10,196	(418)	(4.10%)	69,779
Office Supplies	113	1,431	(1,318)	(92.10%)	2,058	2,863	(805)	(28.12%)	17,175
Operating Supplies	8,059	26,640	(18,581)	(69.75%)	26,652	50,329	(23,677)	(47.04%)	314,553
Books, Publications, Subscriptions & Meml	190	2,635	(2,445)	(92.79%)	1,570	4,991	(3,421)	(68.54%)	38,502
Contingency	-	14,884	(14,884)	0.00%	-	29,769	(29,769)	0.00%	178,613
Emergency Repair	-	8,333	(8,333)	(100.00%)	-	16,667	(16,667)	(100.00%)	100,000
Reimbursable Costs	-	29,188	(29,188)	(100.00%)	3,934	33,122	(29,188)	(88.12%)	325,000
Business Development	2,726	8,366	(5,640)	(67.42%)	11,613	16,733	(5,120)	(30.60%)	300,000
Total Operating Expenses	\$446,755	\$597,073	(\$150,318)	(25.18%)	\$907,049	\$1,131,500	(\$224,451)	(19.84%)	\$7,412,479

Operating Revenue before Depreciation	\$242,085	\$40,771	\$201,314	493.77%	\$465,401	\$123,285	\$342,116	277.50%	\$203,399
Depreciation	349,711	-	349,711	0.00%	699,421	-	699,421	0.00%	-
Operating Income(Loss) Before Non-Operating Revenue and Expenses	(\$107,626)	\$40,771	(\$148,397)	(363.98%)	(\$234,020)	\$123,285	(\$357,305)	(289.82%)	\$203,399
Non-Operating Revenue and Expense									
Customer Facility Charges	\$103,288	\$84,500	\$18,788	22.23%	\$206,904	\$169,000	\$37,904	22.43%	\$ 84,000
Passenger Facility Charges	157,846	95,360	62,486	65.53%	305,466	190,720	114,746	60.16%	1,192,000
Interest Revenue	2,609	1,667	942	56.51%	7,649	3,333	4,316	129.49%	20,000
Interest Expense	(18,689)	(18,689)	-	0.00%	(37,539)	(37,539)	-	0.00%	(215,397)
Sale of Assets	-	-	-	0.00%	-	-	-	0.00%	-
Non-Operating Revenue-Net	\$245,054	\$162,838	\$82,216	50.49%	\$482,480	\$325,514	\$156,966	48.22%	\$1,836,603
Income (Loss) Before Capital Contributions	\$137,428	\$203,609	(\$66,181)	(32.50%)	\$248,460	\$448,799	(\$200,339)	(44.64%)	\$2,040,002
Capital Contributions	\$1,791,803	\$0	\$1,791,803	0.00%	\$2,293,754	\$0	\$2,293,754	0.00%	\$0
Increase in Net Assets	\$1,929,231	\$203,609	\$1,725,622	847.52%	\$2,542,214	\$448,799	\$2,093,415	466.45%	\$2,040,002

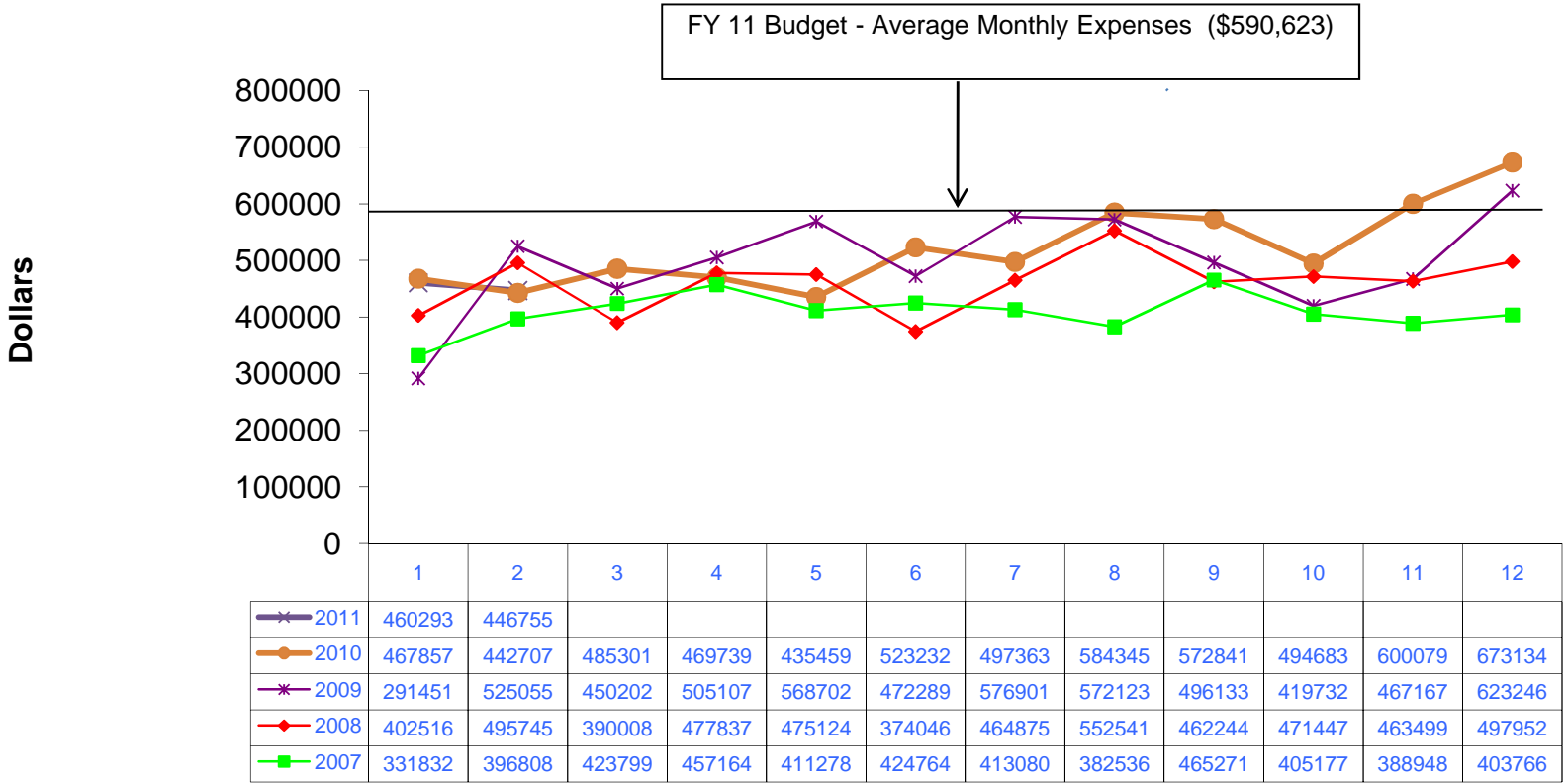
ASHEVILLE REGIONAL AIRPORT AUTHORITY
STATEMENT OF FINANCIAL POSITION
As of August 31, 2010

<u>ASSETS</u>	<u>August</u>	<u>Last Month</u>
Current Assets:		
Unrestricted Net Assets:		
Cash and Cash Equivalents	\$5,803,578	\$5,633,117
Accounts Receivable	688,855	775,814
Passenger Facility Charges Receivable	218,000	218,000
Refundable Sales Tax Receivable	244,752	212,486
Grants Receivable	3,057,132	1,265,329
Prepaid Expenses	186,381	204,738
Total Unrestricted Assets	<u>10,198,698</u>	<u>8,309,484</u>
Restricted Assets:		
Cash and Cash Equivalents	2,241,168	2,252,080
Total Restricted Assets	<u>2,241,168</u>	<u>2,252,080</u>
 Total Current Assets	 <u>12,439,866</u>	 <u>10,561,564</u>
Noncurrent Assets:		
Construction in Progress	9,636,193	9,056,149
Property and Equipment - Net	61,117,169	61,466,879
Total Noncurrent Assets	<u>70,753,362</u>	<u>70,523,028</u>
	<u>\$83,193,228</u>	<u>\$81,084,592</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable & Accrued Liabilities	\$1,436,587	\$1,311,904
Customer Deposits	750	1,700
Unearned Revenue	245,023	206,875
Construction Contract Retainages	1,044,867	993,796
Revenue Bond Payable - Current	415,406	413,411
Total Payable from Unrestricted Assets	<u>3,142,633</u>	<u>2,927,686</u>
 Total Current Liabilities	 <u>3,142,633</u>	 <u>2,927,686</u>
Noncurrent Liabilities:		
Other Postemployment Benefits	584,737	584,737
Compensated Absences	232,966	232,966
Net Pension Obligation-LEO Special Separation Allowance	(13,913)	(13,913)
Revenue Bond Payable - Noncurrent	3,424,413	3,459,954
Total Noncurrent Liabilities	<u>4,228,203</u>	<u>4,263,744</u>
 Total Liabilities	 <u>7,370,836</u>	 <u>7,191,430</u>
Net Assets:		
Invested in Capital Assets	65,868,676	65,655,867
Restricted	2,241,168	2,252,080
Unrestricted	7,712,548	5,985,215
Total Net Assets	<u>75,822,392</u>	<u>73,893,162</u>
	<u>\$83,193,228</u>	<u>\$81,084,592</u>

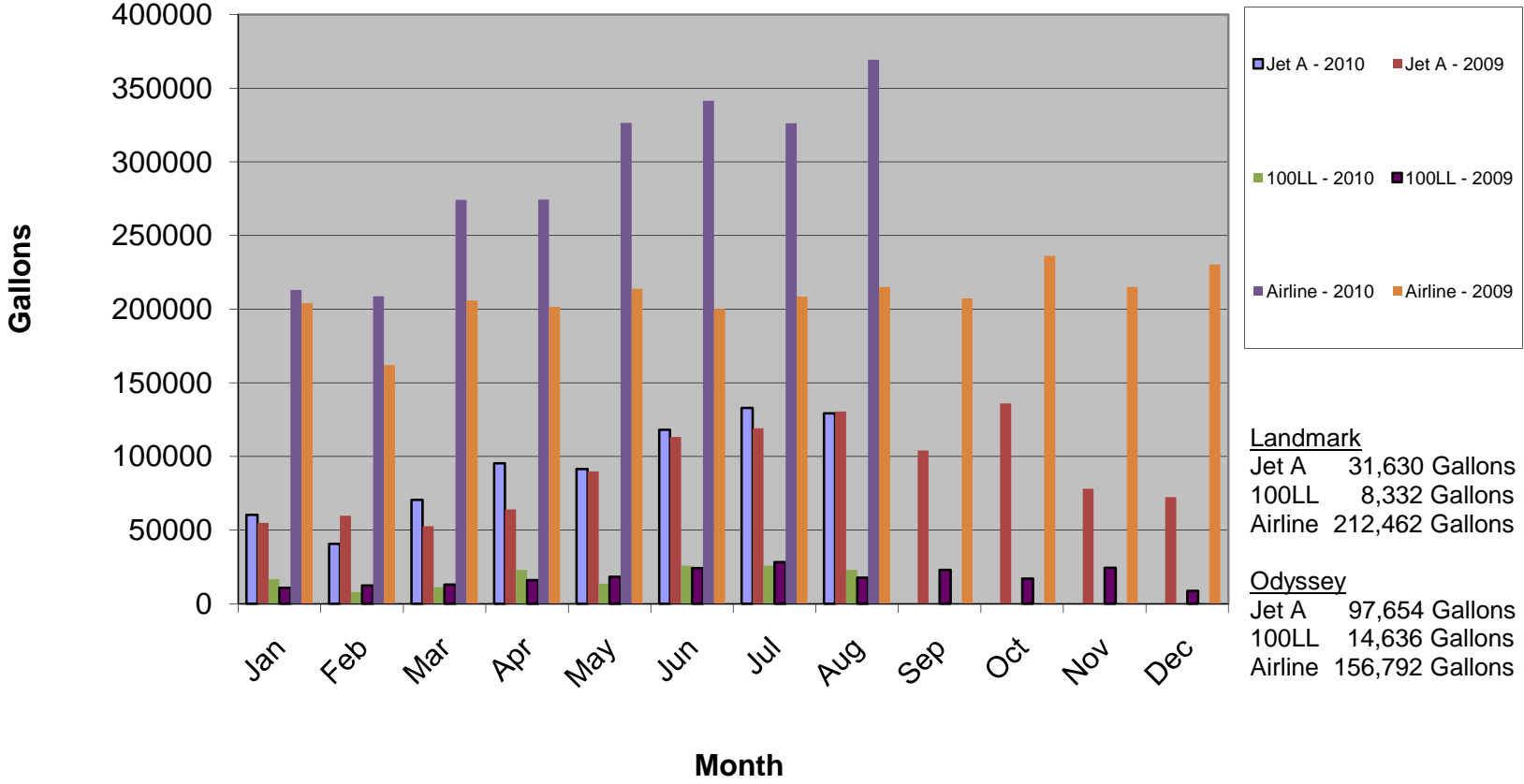
ASHEVILLE REGIONAL AIRPORT Annual Operating Revenue by Month August 2010



ASHEVILLE REGIONAL AIRPORT Annual Operating Expenses by Month August 2010



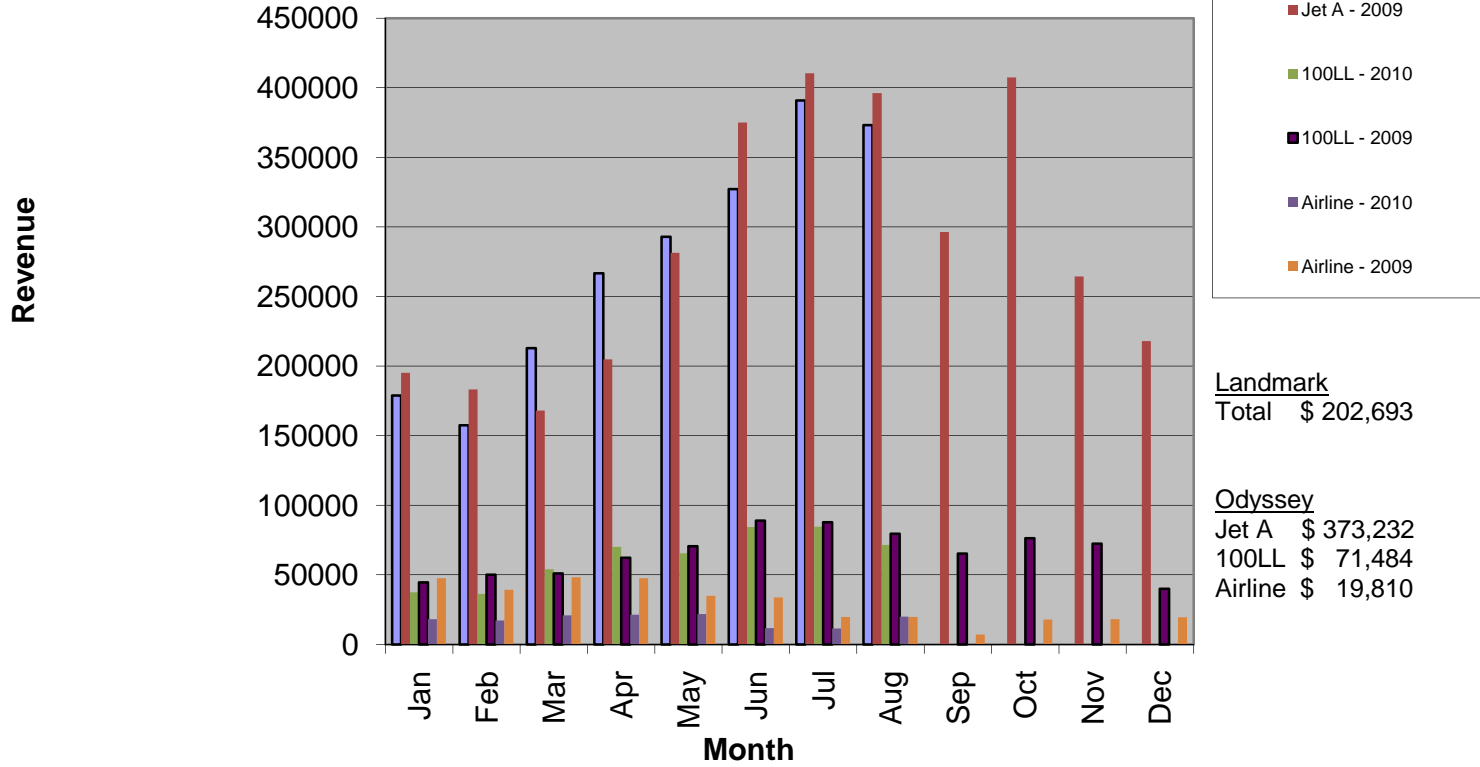
AVL Fuels Sales - Gallons August 2010



Landmark
 Jet A 31,630 Gallons
 100LL 8,332 Gallons
 Airline 212,462 Gallons

Odyssey
 Jet A 97,654 Gallons
 100LL 14,636 Gallons
 Airline 156,792 Gallons

AVL Fuels Sales - Revenue August 2010



**Asheville Regional Airport Authority
Construction Capital Carryover Schedule
As of August 31, 2010**

Project	Original Board Authorized Amount	Carryover Approved in FY2011 Budget	FY2011 Spending Through 8/31/2010	Cumulative Spending at 8/31/2010
A Gate Terminal Renovation	10,486,704	2,848,697	1,008,736	8,646,743
Landside Roadway and Parking	5,293,995	317,905	72,761	5,048,851
North General Aviation Expansion	3,700,000	309,010	-	3,390,990
PC Air and Fixed Ground Power	561,080	553,127	242,640	250,593
	20,041,779	4,028,739	1,324,137	17,337,177

Asheville Regional Airport Authority
Project Report - October 2010

Project Number	Project Name	Project Description	Professional Services Consultant	Professional Services Contract	General Contractor	Original Construction Contract	Change Orders (thru 10/01/2010)	Percent of Original Contract	Board Approved Project Cost	Percent Complete	Expensed to Date (thru 10/01/2010)	Start Date	End Date	Current Project Status (as of 10/01/2010)
Planning Phase														
None														
1	Environmental Assessment - New Taxiway Construction and Runway 16/34 Reconstruction	An environmental assessment is needed as a prerequisite to obtain FAA funding. Funding is for the new construction of the additional taxiway and the reconstruction of runway 16/34.	LPA Group	\$193,293.00		N/A	\$0.00	0.00%	\$212,622.00	10%	\$0.00	Sep-10	Spring 2011	All agencies involved had a meeting in September to gain an understanding on what requirements the FAA has to submit the report and acquire funding. LPA Group is currently gathering data.
Design Phase														
None														
Construction Phase														
1	A Gates - Terminal Renovation & Improvements Project	Renovation & Improvements to the A Gates terminal area.	RS&H	\$1,697,298.00	Shelco Inc.	\$7,849,000.00	(\$370,571.15)	-4.72%	\$ 10,486,704.00	88%	\$8,729,586.72	July '09	Nov-10	All mechanical systems are on line. Gate counters are installed with minor finishes to be completed. Architect Firm has identified some floor finish corrections to be made.
1a		2 Passenger Boarding Bridges	RS&H	(included above)	ThyssenKrupp Airport Systems	\$940,406.00	\$6,220.36	0.66%	(included above)	95%	\$904,075.36	Jul-09	Aug-10	Replacement bag lift equipment has been received. Aircraft parking position drawings have been finalized.
2	Landside Parking and Roadway Access Project	The Landside Parking and Roadway Access Project includes 3 components of work: public parking lots, terminal access roadway, general aviation access roadway, and expansion of the toll plaza facility.	LPA Group	\$729,044.00	(see below)	na	na	na	\$5,293,994.37	99%	\$5,078,232.68	Jul-09	Jun-10	The Authority Board approved the award of all contracts related to the Landside Roadway and Parking Improvements Project. All components of the project are near completion. For more information, see individual components below.
2a		Parking Lot and Terminal Drive	LPA Group	(included above)	APAC	\$1,614,092.45	\$52,584.90	3.26%	(included above)	99%	\$1,731,338.77	Jul-09	May-10	The sealant coat in short term parking area is completed. Plants that need to be replaced will be done when optimum weather conditions are available for plant replacement.
2b		Wright Brothers Way Improvements Project	LPA Group	(included above)	Moore and Sons Construction Co.	\$1,700,922.00	\$54,836.42	3.22%	(included above)	99%	\$1,577,807.74	Jul-09	Jun-10	Remaining items on the punch list will be finalized and final pay application is being submitted. Landscaping where grass seed did not take and a few plants to be replaced will be completed when appropriate weather conditions allow.
3	North General Aviation Expansion Project	The North GA project includes multiple phases; phase one consisted of tree harvesting and logging operations, phase two included clearing and grubbing of the site and phase three involves the placement and compaction of structural fill material for the site.	AVCON	\$99,100.00	Charah	\$1,840,231.00	\$25,494.00	7.24%	\$3,700,000.00	99%	\$ 3,390,990.08	Nov-07	Summer 2010	DENR is waiting for final seeding to take on the last section recently capped to consider the project closed out. Seeding was performed in late September. Perimeter road will be repaved in Mid-October from North end of Wright Brothers Way Road to the North Access Road due to deterioration from heavy trucks and equipment.

Asheville Regional Airport Authority
Project Report - October 2010

Project Number	Project Name	Project Description	Professional Services Consultant	Professional Services Contract	General Contractor	Original Construction Contract	Change Orders (thru 10/01/2010)	Percent of Original Contract	Board Approved Project Cost	Percent Complete	Expensed to Date (thru 10/01/2010)	Start Date	End Date	Current Project Status (as of 10/01/2010)
4	Triturator Facility	Construction and installation of a dump site to support airline waste disposal and a facility to protect staff from weather elements.	RS&H	\$48,147.00	Perry Bartsch Jr.	\$198,800.00	\$21,827.00	10.98%	\$268,774.00	100%	\$264,101.91	Jul-09	Apr-10	Testing of the facility is complete. Airlines are notified to obtain training and lift kit modifications for their lavcarts. Engineer is reviewing possible electrical corrections to power the facility.
5	Pre-Conditioned Air and Fixed Ground Power	Pre-Conditioned Air and Fixed Ground Power will be added to all boarding bridges for customer comfort and functionality	RS&H	\$8,000.00	INET Airport System Inc.	\$502,800.00	\$21,600.00	4.30%	\$532,400.00	75%	\$277,502.71	Jul-09	Summer 2010	Replacement equipment is on order and scheduled to be installed in October. Testing to be performed once installed and training will be scheduled.
6	Westside Area Phase 1 and 1A Construction	Construction for the Westside Project to level land utilizing engineered ash to fill and top with soil embankment/cap for future development.	AVCON	\$290,000.00	Charah	N/A	\$0.00	0.00%	\$325,000.00* <i>(project expenses are being reimbursed by Charah through a separate agreement)</i>	15%	\$3,934.03	Jul-10	Oct-10	Relocation of wild life fence is continuing in additional areas as approved by TSA. Liner is 50% installed in preparation for ash fill scheduled for Mid-October.