



AGENDA

Asheville Regional Airport Authority Regular Meeting
Friday, October 14, 2011, 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. APPEARANCES: None
- III. SERVICE AWARD PRESENTATION:
 - A. Duane Fischer - 15 Years
- IV. PRESENTATIONS:
 - A. Custodial Department – David Nantz ([document](#))
- V. FINANCIAL REPORT ([document](#))
- VI. CONSENT AGENDA:
 - A. Approval of the Asheville Regional Airport Authority August 12, 2011 Regular Meeting Minutes ([document](#))
 - B. Approval of the Asheville Regional Airport Authority August 12, 2011 Closed Session Minutes
 - C. Approval of the Asheville Regional Airport Authority August 19, 2011 Special Meeting Minutes ([document](#))
 - D. Amendment to the Space/Use Permit with The Lamar Companies ([document](#))



- E. Approval of Resolution for Donation of 6% Fire Fighting Foam ([document](#))
- VII. OLD BUSINESS:
- A. Update on Joint Fire House Discussion ([document](#))
- VIII. NEW BUSINESS:
- A. Asheville Regional Airport Authority 2010/2011 Annual Audit Report and Acceptance ([document](#))
 - B. Approval of Airline Incentives for Allegiant Air ([document](#))
 - C. Approval of Airport Authority Funds for Sponsorship of the 2012 Southern Conference Basketball Tournament ([document](#))
 - D. Approval of Regional Boarding Ramp Replacement ([document](#))
- IX. DIRECTOR'S REPORT:
- A. Update on Runway Reconstruction Project
 - B. Board Travel for Conference Schedule
 - C. FAA Grant
- X. 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, 2011 Traffic Report ([document](#))
 - B. August, 2011 Monthly Financial Report ([document](#))
 - C. October, 2011 Development/Project Status Report ([document](#))
 - D. Potential Board Items for the Next Regular Scheduled Meeting:
 - None identified at this time



XI. AUTHORITY MEMBERS' REPORTS:

A. Discussion of Method for Airport Director Performance Evaluation

XII. PUBLIC AND TENANTS' COMMENTS:

XIII. CLOSED SESSION:

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

XIV. CALL FOR NEXT MEETING.

XV. ADJOURNMENT.

Respectfully submitted,

Lew Bleiweis, A.A.E.
Airport Director

Approved:

David Hillier
Chairman

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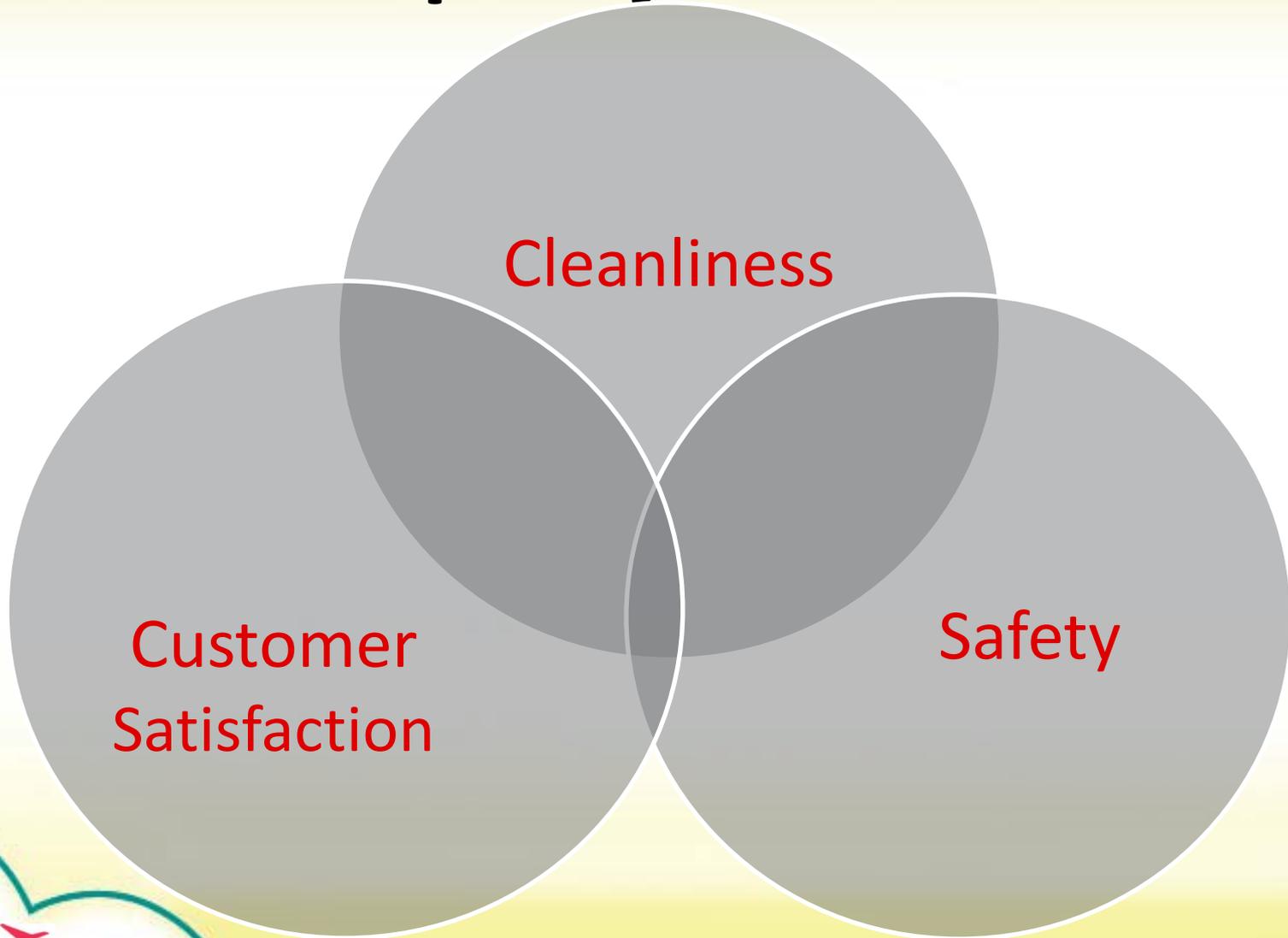


Custodial Department



**Airport Operations and
Maintenance**

Top Objectives:



Custodial Staff



Team Members

-Custodial Supervisor-

Laura Mikkonen

-Custodial Leads-

Susan White

Terry Jones

-Custodial Staff-

Jim Cunninghame

Rosa Montes

Rose Ann Danielson

Ethel Meadows

Karen Campbell

Joe Haymore

Director of
Operations and
Maintenance

Custodial
Supervisor

Custodial
Lead -AM

Custodial
Lead -PM

Custodian

Custodian

Custodian

Custodian

Custodian

Custodian

DID YOU KNOW



We maintain:



Floors

- Over **120,000** sq. ft.

-Terrazzo



-Carpet



-Marmoleum



Machinery



↑ 26" Windsor Walk-behind Scrubber



↑ 17" Tennant Floor Machine

- Tennant Walk-behind Carpet Extractor
- Minuteman Burnisher
- 7 Oreck Vacuum Cleaners
- 2 Carpet Shampooers

18 Restrooms

- 51 Sinks
- 48 Water Closets
- 2 Showers
- 20 Urinals
- 10 Water Fountains



Tenant Areas

- Airline
 - 2 Loading Bridges and 3 RBR's
- Rental Car
- TSA
- FAA



Daily Duties

- 192 Trash Containers
- Windows and Doors
- 30 Tables +
650+ Seats



Other Duties

- Baggage Carousel
- Business Center
- Authority Offices
- 141 Light Fixtures



Outdoor Areas

- Sidewalks



- 2 Gazebos



Snow Removal

- Clear Sidewalks
- Ice Melt
- Assist
Maintenance
Snow Crew



Recycling

- 20 Recycling Bins

- Paper/Cardboard Products

- Plastic/Glass Bottles and Cans



- Green Cleaning Products



Custodial Role

- Essential
- Ambassador
- Support
- Involvement



Questions?



Asheville Regional Airport Authority
Executive Summary
August-11

AIRPORT ACTIVITY

	<u>Month</u>	<u>Variance to Prior Year</u>	<u>Calendar Year to Date</u>	<u>Variance to Prior Year</u>
Passenger Enplanements	37,798	(1.0%)	236,928	(1.7%)
Aircraft Operations				
Commercial	2,097	5.6%	14,249	3.2%
Scheduled Flights	891	4.5%		
Flight Cancellations	19			
Seats	47,977	5.2%	331,056	6.0%
Load Factor	78.8%	(5.9%)	71.6%	(7.3%)
General Aviation	3,869	(1.2%)	24,956	(12.2%)
Military	512	(18.2%)	2,621	(14.1%)

FINANCIAL RESULTS

	<u>Month</u>	<u>Variance to Budget</u>	<u>Fiscal Year to Date</u>	<u>Variance to Budget</u>
Operating Revenues	\$ 802,535	8.7%	\$ 1,602,714	7.8%
Operating Expenses	552,304	(15.9%)	1,035,473	(17.8%)
Net Operating Revenues before Depreciation	<u>\$ 250,231</u>	208.5%	<u>\$ 567,241</u>	150.0%
Net Non-Operating Revenues	<u>\$ 248,693</u>	4.6%	<u>\$ 502,446</u>	8.9%
Grants:				
FAA AIP Grants	\$ -		\$ -	
NC Dept of Transportation Grants	-		-	
Total	<u>\$ -</u>		<u>\$ -</u>	

CASH

Restricted	\$ 357,823
Designated for O&M Reserve	3,553,272
Designated for Emergency Repair	650,000
Unrestricted, Undesignated	7,446,871
Total	<u>\$ 12,007,966</u>

RECEIVABLES PAST DUE

	<u>Total</u>	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>Over 60 Days</u>
Charah	\$ 19,613	\$ 19,613		
Enterprise Rent A Car	4,707	4,707		
Hertz Corporation	643	643		
Piedmont Airlines	1,013	1,013		
Vanguard/National/Alamo	673	673		
Miscellaneous	780	416	180	184
Total	<u>\$ 27,429</u>	<u>\$ 27,065</u>	<u>\$ 180</u>	<u>\$ 184</u>
% of Total Receivables	5.21%			

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	\$ 3,424,414

CAPITAL EXPENDITURES

Annual Budget	\$ 9,442,851
Year-to-Date Spending	\$ 21,702

REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
August 12, 2011
8:30 a.m.

The Asheville Regional Airport Authority ("Authority") met on Friday, August 12, 2011 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; Brownie Newman, Martha W. Thompson, Bob Roberts and Bill Moyer

MEMBERS ABSENT: Jeffrey A. Piccirillo, Secretary-Treasurer

STAFF AND LEGAL COUNSEL PRESENT: Vic Buchanan, Authority Legal Counsel; Lew Bleiweis, Airport Director; Michael Reisman, Deputy Airport Director of Development and Operations; C. Jeffrey Augram, Chief of Public Safety; Royce Holden, IT Director; Vickie Thomas, Director of Finance and Accounting; Tina Kinsey, Director of Marketing and Public Relations; Suzie Baker, Director of Administration; Kevan Smith, Public Safety Captain; Amy Burritt, Marketing Supervisor; and Ellen Heywood, Recording Secretary

ALSO PRESENT: Phil Kleisler, City of Asheville; Michael Marchisin; Mike Darcangelo, AVCON; Jeff Kirby, LPA Group/Michael Baker Corp.; Nate Otto, RS&H; Scott Burnette, City of Asheville; Jeff Richardson, City of Asheville; David McFee, City of Asheville; Trudy Hyldburg; Mike Marshall, Asheville Fire Fighters; Haywood Hillier; and Joel Burgess, Asheville Citizen-Times

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

APPOINTMENT OF SECRETARY-TREASURER PRO TEM FOR THE AUGUST 12, 2011 REGULAR MEETING: Mr. Gantt moved to designate and approve Ms. Thompson as the Secretary-Treasurer Pro Tem for the Authority's August 12, 2011 Regular Meeting and for the preparation of the minutes for such meeting. Mr. Roberts seconded the motion and it carried unanimously.

APPEARANCES: Mrs. Trudy Hyldburg appeared before the Board to donate a B-17 painting to the Authority in memory of her husband, former Board Member Carl Hyldburg who served the Authority from 1990 through 1998. The Board thanked Mrs. Hyldburg for the painting and remembered Mr. Hyldburg as a wonderful gentleman.

PRESENTATIONS: None

FINANCIAL REPORT: The Director reviewed the airport activity section of the Executive Summary for the month of June. Enplanements for the month were down by .05%. Commercial aircraft operations were up 3.7%, scheduled flights were up 10.7% and seats were up 6.4%, however the load factor was down by 6.5%. Mrs. Thomas reported on the financial results stating that operating revenue was 12.4% above budget for the month and 5.4% over budget for fiscal year to date. Operating expenses for the month were below budget by 13.0% and by 12.6% for fiscal year to date. Mrs. Thomas also reviewed grants received and the cash position.

CONSENT AGENDA: The Director inquired if any of the Board Members believed that Consent Agenda Item B, Approval to Unseal Closed Session Minutes, was a matter for discussion in Closed Session since staff recommended that the minutes in question for unsealing should remain closed. None of the Board Members felt there were any Closed Session minutes that should be unsealed, so Item B was pulled from the Consent Agenda.

A. Approval of the Asheville Regional Airport Authority June 10, 2011 Regular Meeting Minutes:

C. Approval of Amendment to the FY11/12 Budget:

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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, 2012:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Administrative Department	\$159,644	
Development Department		\$3,964
Executive Department	32,046	
Finance Department		10,348
Guest Services Department		951
Information Technology Department		15,664
Marketing Department		26,905
Operations Department		105,340
Public Safety Department		108,018
Reimbursable Costs		153,405
Carry-over Capital Expenditures		404,509
Contingency	52,500	
Totals	\$244,190	\$829,104

This will result in a net increase of \$584,914 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		\$153,405
Federal Grants – AIP Entitlement Funds		363,816
Other Revenue		27,000
Transfer from ARAA Cash		40,693
Totals	\$0	\$584,914

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 12th day of August, 2011.

David Hillier, Chairman

Attested by:

Martha W. Thompson, Secretary-Treasurer Pro-Tem

Mr. Newman moved to approve Consent Agenda Items A and C. Mr. Moyer seconded the motion and it carried unanimously.

OLD BUSINESS: None

NEW BUSINESS:

A. Award of Contract for B Gates Renovation Project: The Chairman requested a motion to be recused due to a conflict of interest. Mr. Moyer moved to recuse the Chairman from the deliberation and participation in any vote thereon. Ms. Thompson seconded the motion and it carried unanimously.

The Chairman left the Board Room.

Mr. Reisman reported to the Board that over the last several years the terminal complex has been renovated with the exception of the corridor and holdroom for gates 4-7, formerly known as the B gates area. The fiscal year 2011/2012 budget includes \$250,000 for the renovation of the gates 4-7 area to bring it to the same design standard as the rest of the terminal. Mr. Reisman advised the Board that when the project went out for bid, several items were intentionally omitted as staff believed that budget constraints would not allow for some of these items. Four bids were received with Perry Bartsch Jr. Construction Company coming in as the lowest responsive bidder in the amount of \$184,097 including Alternates 1 and 3. Bid Alternate 1 extends the terrazzo further into the holdroom, Alternate 2 allows for the gate counters to be re-laminated, and Alternate 3 replaces the gate counters. Bid Alternates 1 and 3 are in lieu of Bid Alternate 2. Due to the fact that the bid came in substantially below the budgeted amount, funds are available in the budget to pay for some of the items that were omitted from the project such as light fixtures, LCD monitors and the PA system. Staff requested the Board approve the full budgeted amount for this project.

Mr. Gantt affirmed that the project came in under budget so staff would like to put the omitted items back into the project so that gates 4-7 will match the design standards of the remainder of the terminal. Mr. Reisman responded that this was correct and that

staff would like to spend up to the budgeted amount for this project to make sure the design standards are met.

Mr. Newman moved to award the contract to Perry Bartsch Jr. Construction Company, Inc. in the amount of \$184,097.00 plus 10% allowance for additional work items, authorize additional expenses for work tasks previously omitted from the project due to anticipated budgetary constraints in an amount not to exceed the \$250,000 total project budget, and authorize the Airport Director to execute the necessary documents. Mr. Roberts second the motion and it carried by a 5 to 0 vote.

The Chairman returned to the meeting.

B. Joint Fire House Discussion: The Chairman advised the Board that the purpose of this discussion was to shed light on this subject and hear all of the information available from the Airport Director and Authority staff, and from Mr. Richardson, City of Asheville Assistant City Manager, and Scott Burnette, Asheville City Fire Chief. The Chairman further stated that he did not believe there was a need for a decision to be made that day as it was an information sharing session without any necessary direction towards a decision.

Mr. Richardson introduced himself and other representatives present at the meeting and expressed appreciation for the opportunity to share some background with the Authority Board. Mr. Richardson informed the Board that the City has a responsibility to provide structural fire and rescue services to the Airport Road corridor. Currently, the closest station to the Airport Road corridor is Station 4 which is located at the intersection of Long Shoals Road and Hendersonville Road and is 4.1 miles from the airport's closest property boundary, and 5.2 miles from the airport's furthest property boundary. In 2007, the City received a class 3 rating from Insurance Services Office (ISO) and identified the Airport Road corridor as the City's greatest area of deficiency. The City was 1.52 points away from receiving a class 2 rating. Of the 1.52 point deficit, over 90% of the improvement feedback was due to the emergency response time for the Airport Road corridor. To meet the City's goal of reducing emergency response time, a station needs to be placed in this corridor. The average response time for the Airport Road corridor is 7.5 minutes compared to other parts of the city where the average response time is 5.12 minutes over 90% of the time. Reducing the response time will help achieve a better ISO rating which will in turn save tax payers money on their commercial insurance premiums. Mr. Richardson further stated that when the City-Airport Authority Lease Agreement was amended in 2008, the lease included language that stated the Authority would work with the City to determine the need for a joint use or stand alone fire station located at the airport.

The Chairman inquired if a new joint fire station would be in addition to the fire stations the City has now or if a new station on airport property would be in place of another fire station. Mr. Richardson responded that this would be in addition and that Station 4 at the intersection of Long Shoals Road and Hendersonville Road would remain there with the standard of cover adjusted once a new fire station was brought on-line in the Airport Road corridor. The Chairman inquired how far north Station 4 covered and also if manpower would change at Station 4. Chief Burnette responded that the current coverage area for Station 4 was two miles to the north and five miles to the south. With the addition of a new fire station, the coverage area for Station 4 would remain at two miles to the north but adjusted to 2 miles to the south. Chief Burnette further stated that manpower would not change at Station 4.

Mr. Richardson detailed the timeline of discussions that have taken place between the Authority and City staff on this project. Mr. Richardson advised the Board that the remaining steps were for the architect, LPA Group, to provide cost estimates through reports of what a joint use fire station design would look like, for Authority and City staff to meet with FAA officials in Atlanta to better understand federal requirements for a joint use facility and capital spending limitations, and finally to complete an evaluation to include the fiscal impact and project feasibility.

Mr. Gantt asked if there was an average coverage area that was desirable for fire stations. Chief Burnette replied that 1.5 miles was optimal for a maximum insurance rating credit. There were brief discussions on the coverage areas for both Station 4 and a station located on Airport Road, the benefits of automatic aid agreements with parts of Henderson County that are close to the airport, and the City's role in interstate emergency response times.

Chief Burnette reported on the scope of work needed for a joint use facility, the call volume for the Airport Road corridor, and the traffic engineer analysis. Chief Burnette talked about the challenges the City had to consider for emergency vehicles exiting the airport property from the intersection of Aviation Way and NC 280 as staff anticipates the station responding to a little over three emergency calls in a 24-hour shift. Chief Burnette advised that the traffic engineer identified 3 potential methods that the North Carolina Department of Transportation (NCDOT) could use to assist the City with this intersection, but stated that according to the traffic engineer, one method was considered highly unlikely, one unlikely and the third method likely. Chief Burnette further stated that the City does not have traffic pre-emption or assistance at all the fire stations but that it is a huge benefit and something the City would like to explore with the NCDOT. The City's traffic engineer's analysis is optimistic that the NCDOT would be open to one option on improving the Aviation Way and NC 280 intersection.

Chief Burnette stated that many of the concerns that Authority staff have about a joint use facility involve airport security and the City acknowledges that it is important not to impact airport operations. Chief Burnette further stated that employee relations was also a concern of the Authority staff and agreed that while there is always the potential for conflict, the partnership between the City and the Skyland Fire Department over the past 20 years testifies to the success of a joint use facility and did not anticipate any conflict between airport and City staff.

Mr. Roberts inquired if airport equipment would be used on emergency calls by the City if a joint use facility were to be constructed. Chief Burnette replied that Chief Augram has been outstanding in providing resources to the City so far and imagines that would continue. However, routinely that would not happen. Authority staff is trained for aircraft fire and rescue and the City is not. Most often, the Authority equipment would only be used for aircraft emergencies off of airport property and the airport staff would be the lead agency even off-site.

Chief Burnette reviewed the fiscal impact stating that a capital investment would require \$2.5 million plus land acquisition for a free standing facility. Although the savings for construction of a joint use facility has yet to be determined, the City anticipates the savings to the taxpayers to be significant. In addition, the operational costs would be a recurring annual savings as the City currently realizes a 41% savings annually in operational costs with the Skyland Fire Department partnership.

Chief Burnette further reviewed the potential benefits of a joint use facility with the biggest benefit being the emergency call response time where every minute counts. Currently, the emergency response time goal is met 90% of the time throughout the city but only met 50% of the time in the Airport Road area. If the response time goal is met and the City's ISO rating is lowered, business property owners in the entire city would also see a 2-5% reduction in their insurance premiums.

Mr. Moyer pointed out that if the location of the fire house was in the middle of the coverage area, wouldn't the response times be better. Chief Burnette responded that while three out of four calls would be going north on Airport Road, the risk hazard analysis, which evaluates the frequency of calls and how critical the risk is to the community, shows that the airport is the greater risk on the Airport Road corridor. A fire to the airport would be a phenomenal risk and placement of a fire station near the biggest risk makes sense. Location of a fire station on the airport would meet the response time goals 90% of the time for the remainder of the coverage area.

The Chairman asked about the option of the City having a joint use partnership with the Avery Creek station. Chief Burnette responded that it would be a very similar situation

as the current joint use facility in Skyland as it is a little closer than Station 4, but by road miles it would take longer to get to Airport Road than from Station 4.

Also discussed were other North Carolina models that Chief Burnette researched. Charlotte Douglas International Airport has two fire stations located on airport property within the secure area. Charlotte Airport representatives were very helpful in discussing gate navigation experience and informed Chief Burnette that they did not have any issues going on or off airport property. Piedmont Triad International Airport has two fire stations located outside of airport property. The airport's Department of Public Safety (DPS) provides ARFF services and the city also has ARFF trained personnel to assist the airport with aviation emergencies. They also have no security gate issues when going into the airport's secure area. Raleigh Durham International Airport has their own DPS staff to provide ARFF services and the city provides structural fire protection from a fire station located off airport property eight tenths of a mile away.

Chief Burnette concluded his presentation by recommending the design process for the fire station the Authority is building be amended to incorporate the City's feasibility study work. Chief Burnette also stated that the Authority could engage an aviation fire service operations consultant to review and analyze the feasibility work completed by the City.

Mr. Newman thought the concept seemed clear, however analysis on the fiscal benefits from a capital cost standpoint and an operating cost standpoint hasn't been finished. Mr. Newman questioned how long Chief Burnette anticipated it would take to get a more concrete sense of the financial savings of a joint use facility. Chief Burnette replied that it should take 90 days or less but deferred to the Authority staff for their opinion on this question. Mr. Reisman stated that he thought 90 days was a reasonable estimate.

Mr. Gantt stated that he didn't believe the City had a specific timeline for this project on their part and asked if this was correct. Chief Burnette responded that this was correct. The next insurance rating inspection is scheduled for 2013, however that office is backlogged and not on schedule, and Chief Burnette believed the timeline for the inspection would be extended past 2013. The City would like to address this quickly, but there is not an official date. However, the station would need to be operating by the date of the next ISO inspection.

The Airport Director thanked the City for their presentation and agreed with several of the City's points, but stated that the airport world differs from that of other businesses because of FAA and TSA regulations. The Director reported on the history between the Authority and the City of Asheville regarding discussions on fire protection services, the

possibility of a joint use facility, and the offer of land from the Authority to the City to build a stand-alone fire station on airport property.

The Director spoke about the operational advantages of a joint-use fire facility such as on-site mutual aid, cost sharing and training opportunities. The presence of City firefighters would reduce response time from the City to the airport and reduce non-aviation related calls for the airport DPS staff. Staff at the airport is highly trained with EMT's and Firefighter II's on duty for each shift and respond to most all of the medical calls and fire calls until the Skyland/Asheville Fire Department (AFD) responds. Of the 12,000 calls received by DPS last year, 82 were for medical that the airport EMT's handled and 96 were for fire or hazmat situations. These calls would have been handled by the AFD but DPS staff responded and handled and the AFD would have provided assistance if needed. The DPS staff would respond to a structural fire at the airport until the City or Skyland responded and the DPS staff would remain as back-up so the response time is not as critical for the airport as other areas along Airport Road.

Mr. Newman questioned what the limits were for DPS staff if a fire were to occur in the airport terminal building. Chief Augram replied that the immediate action for DPS staff would be to evacuate the building and the initial attack on a fire would be attempted if the minimum complement of two in and two out were on hand. Additionally, the Authority has Firefighter II's on staff that are trained for structural fires although this is not the organizational primary focus. Mr. Newman asked if the Authority always had the manpower capacity and the Chief Augram stated that the airport always maintains the minimum crew complement of four per 24-hour shift.

The Chairman asked for clarification about the 12,000 calls received last year with 82 being medical and 96 being hazmat calls. The Director responded that hazmat calls accounted for vehicle fires, mulch fires, fuel spills, chemical spills, etc. Chief Augram stated that of the 12,000 calls received by DPS last year, fire and medical calls accounted for only 5% with the majority of the calls for the police side.

The Director then reviewed the operational constraints stating that the airport must abide by both FAA regulations which include Grant Assurances, Part 139 Regulations and Advisory Circulars, as well as TSA Regulations. The Director informed the Board that the FAA had very specific uses of land for aeronautical and aviation-related use and further stated that the City does not have the authority to designate use of airport property. Locations offered to the City for a stand-alone facility were shown on the Airport Property Map. The Director advised the Board that FAA Grant assurances prohibit airport revenues from being diverted outside the need for airport operations. Advisory Circulars contain specific design and eligibility standards and must be adhered to in order to receive Federal funding. The airport must also limit access to the Airport Operations Area (AOA). The TSA requires badges be given to any employees who may

be required to work at the fire station located within the secure area. This would be an additional cost for the City and the time to administer the on-going access training and badges would be at a cost to the airport. There is also the issue of the security gate needing to be fully closed before an AFD truck can leave the area. If a malfunction occurs, the truck cannot leave and would have to re-route the call to another fire house.

The Director talked about the new facility site limitations. Of the five airports that the Director has worked at in the past, three airports had joint fire houses with part of the facility inside the fence and part of the facility outside the fence. Due to the ARAA's site limitations, the site chosen for the new fire station would not lend itself to have the facility partly outside the fence. The new facility would be completely inside the fence on the south ramp of the airport and the gate used by the AFD would not be visible from the facility. Therefore the gate could not be operated until the vehicle is at the gate and then the gate must fully close before the vehicle can leave which would add 40 seconds to the response time. There is also the potential for additional response time if an AFD truck is attempting to leave the fire station when there is an aircraft exiting one of the hangars leased by Landmark Aviation. Aircraft always have the right of way on the ramp and the fire truck must yield to an aircraft operating in the area. Also to be considered is the issue of constant vehicle and pedestrian traffic on the airport campus. With emergency vehicles exiting, this could pose a safety concern for the passengers. Since the facility is inside the fence, there is also on-going training that would extend to any personnel operating fire and rescue equipment on a routine basis in the secure area of the airport and the cost for this training would need to be funded by the City. Another concern the City has to consider is the snow removal from Wright Brothers Way, the main route used to exit the airfield from the fire station. The priority of the airport snow removal team is the airfield. Wright Brothers Way is not one of the high priority areas cleared by the snow team.

The Director reported on some traffic concerns for the intersection of NC 280 and Wright Brothers Way where the AFD vehicles would exit. Staff has had conversations with the State Highway Traffic Engineer Department about the report prepared by the City's traffic engineer. The DOT has some concerns about this report. Until they receive a written request for a traffic device or traffic signal pre-emption from the City, they are not willing to document anything in writing. A signal or signal preemption would wreak havoc on all traffic in both directions because of the volume of traffic at the I-26 – Airport Road interchange. The DOT also has future plans for a converging diamond interchange for this intersection and if constructed, the Wright Brothers Way exit would most likely be altered to disallow for left-hand turns.

Additional operational concerns that were discussed briefly include the lack of space for fuel tanks and a concern over where or how the AFD will refuel its vehicles, employee morale issues due to different pay scales and benefit program, Wright Brothers Way reconstruction which was not designed for constant heavy truck traffic, and the possibility of ARAA staff having to accept deliveries and guests if the AFD staff were on a call.

The Director concluded his presentation by suggesting an alternative to building a joint-use facility. The current fire station used by DPS could be leased to the AFD for their use once it is vacated by DPS staff. The City could make some renovations to the building at minimal cost and this would give the AFD the opportunity to see if the location on airport property works for them. The Chairman asked if security concerns, snow removal, and traffic concerns would be addressed if the City were to take advantage of this alternative to a joint-use facility. The Director responded that the security concerns would be addressed, however the City would still need to deal with snow removal and traffic concerns.

The Chairman asked Chief Burnette to speak again about the two fire stations located within the secure area of the Charlotte Douglas International Airport and if there were any problems with accessing those stations. Chief Burnette responded that it was a direct quote from the Charlotte Fire Department that they do not have any problems going in or out of the 12 gates on the airport. Although some of the gates at the Charlotte Airport are the older models which take 40 seconds, their newer gates take a total of 12 seconds to open and close. The Chairman also asked about the issue of visitors and deliveries and Chief Burnette stated that the AFD has strict rules for visitors, and visits would be very limited and would never occur without the independent parameters and guidelines that the airport has. Chief Burnette further stated that individual fire stations do not receive deliveries.

Mr. Gantt asked about the funding from the FAA for the fire station, if the funding could be lost if the FAA regulations were not followed, and staff's timeline to work something out regarding the fire station. The Director responded that the FAA would be paying 95% of the \$4 million project and that the strict regulations did need to be followed or funding could be pulled. The Director further stated that the fire station was currently in the design phase with construction expected to begin in spring of 2012 for completion in the middle of 2013. Mr. Gantt was of the opinion that there needed to be a more specific discussion with the City on this project as he did not want to jeopardize the 95% funding for this project. Mr. Gantt also asked if the Director thought the City did not realize the true costs of the project, the necessity for fair market value for the lease, and NC280–Wright Brothers Way intersection problems. The Director replied that this was correct and that although the City was aware of some of the costs they

would be responsible for, staff's interpretation of how this was being perceived is that limited issues would have to be paid for but the rest Authority staff feels hasn't been addressed and is an obligation of the airport to pay for those expenses. Whether that's right or wrong, that's the perception of the Authority staff.

Mr. Moyer inquired about the cost for a newer gate that would take less time to operate and the Director responded that staff would have to obtain pricing for this and the costs for this would have to be paid by the City. Mr. Moyer also asked if it was possible to have all the cost estimates for this entire project completed in 90 days. The Director replied that this was possible but that the City would have to pay for all the studies and cost estimates to be done. Mr. Newman commented that he thought the City would be committed to that if it needed to be done. Mr. Newman also stated that the airport needed structural fire services and that this was not the responsibility of the airport and questioned if the perspective from the FAA would be that the airport should not pay for these studies. The Director agreed that this was correct.

There was a brief discussion about the need for more dialogue and exploration between the Authority staff and the City and the consensus of the Board was for staff to continue to work with the City on this project and report back to the Board at the October Authority Board meeting.

The Chairman called for a break at 10:49 a.m.

The Board reconvened at 11:00 a.m.

DIRECTOR'S REPORT:

The Director advised the Board that he had a few items to report that were not on the agenda.

A. Loss of Smarte Carte: The Director informed the Board that Smarte Carte, the company which provides the luggage carts, massage chairs and a cell phone charger has decided to leave the airport. The company wanted to raise their rates from \$3.00 to \$4.00 per use for the luggage carts. The Director asked them to hold off as their contract was expiring and the Authority would be going out to bid for this service. Smarte Carte did further analysis and found that the carts were used infrequently and would need the airport to supplement this service since even raising the rates would not be enough for the company to continue providing this service. The Director informed Smarte Carte that the airport would not supplement this service so the company has removed all their items from the airport. The loss of revenue for the airport is

approximately \$1,000 per year. Staff is looking at some alternatives or will put this out to bid to see if any other companies are interested.

B. New Enplanement Numbers for FAA 2010 – Small Hub: The Director received word that due to ARAA's 2010 enplanement numbers, the airport has been ranked the 135th largest out of 375 airports. This is a jump of 15 slots from last year. The airport has also been moved to a small hub classification. ACI has also issued their rankings and for enplanements, AVL is now ranked 595 out of the 1,296 airports in the world and for aircraft movements, the airport is ranked 327 out of 1,319.

C. Board Meeting Schedule: A schedule of 2012 Board Meeting dates was available at the Board Members' seats.

D. Board Reception December 8, 2011: The Board was told that the Board/Tenant Holiday Reception would be taking place at the Hilton Biltmore Park on the evening of December 8.

E. Master Plan: The Director advised the Board that staff had intended to put approval of the Airport Master Plan contract on the agenda for this meeting. However, due to the two-week shutdown of the FAA, staff was not able to get the scope of work approved by the FAA and then back to the consultants for a fee negotiation in time for this meeting. A special meeting of the Board will be necessary within the next two weeks to approve the Master Plan contract in order for the FAA to prepare the grant paperwork. The City and County will need to approve the grant paperwork and staff will return it to the FAA before the September 16 deadline.

F. Part 139 Inspection: The Director was pleased to report that for the sixth consecutive year there were no discrepancies found during the FAA's Part 139 inspection of the airport that took place in July. The Director congratulated members of the staff on a job well done.

G. AirTran: AirTran has notified the Director that they will no longer be operating from the airport effective January 6, 2012. The Director was very disappointed in this news. The Tampa service was supposed to be year-round service and they are now pulling the service in November. Staff is negotiating with other airlines to pick up the service.

H. Newsletters/Magazines: In their July newsletter that was sent out to many in the industry, The Paradies Shops has printed pictures of the new AVL restaurant and gift shop. Also, in the July issue of ARN, which is a concessions magazine, there was an

article about the changing face of concessions and The Paradies Shops was featured with a picture of the AVL restaurant shown. In the Construction Equipment Guide, there is an article about Charah and the westend fill project with Progress Energy and Avcon and how the project is being handled.

I. **FAA:** The Director advised the Board that the Senate and the House did not reach consensus to extend the Airport Improvement Program and the FAA was shut down for two weeks. During this time, the FAA lost out on approximately \$400 million that should have gone into the aviation trust fund that supports airport projects. The continuing resolution is only good through September 16 and staff is not sure what will happen after that time. Mr. Moyer asked if this shut down affected any of the projects at the airport and the Director replied that the only project affected was the Airport Master Plan.

J. **Loyalty Program:** The Director reminded the Board that Mr. Gantt asked about a loyalty program at the last Board meeting as well as passenger reimbursement issues. The Director advised that Board that no other airports are reimbursing passengers for cancelled flights, which could partially be due to FAA revenue diversion laws. It would be questionable to offer this type of a program and while it is unfortunate, staff has not found any other mechanisms to help passengers.

Tina Kinsey informed the Board that development of a passenger loyalty program is one of the goals this year in the Marketing Plan. To date staff has examined what types of programs are currently being offered and if other airports are offering these programs successfully. Staff has found three categories of programs. There is a category that offers points or rewards that frequent travelers receive based upon purchases made in the airport such as parking, food, gifts, etc., not airline tickets purchased. These types of programs are often administered by a third party so there would be costs involved. There are also membership programs whereby travelers who are engaged with the airport sign up for the program and receive ongoing communication, low-fare alerts, coupons for various things within the airport when they're traveling, etc. The incentives tend to be softer so it is a little more difficult to achieve the engagement staff is seeking but will look into this further. There are also lifetime loyalty programs which is a combination of the two programs mentioned and is also third party administered. A passenger's lifetime purchases are tracked and sometimes rewards can be miles but these would need to be purchased at a cost between 3 to 5 cents per mile so it can get expensive.

Mrs. Kinsey also spoke about the 50th Anniversary event on October 1st. Plans are being organized for a 5K run on half of the runway as well as aircrafts on display, live

music, food, activities, etc. Mission Hospital is the presenting partner for this event and other sponsors include Landmark Aviation, the WNC Pilots Association and the Ag Center.

K. Vision Airlines: The Director informed the Board that Vision Airlines has made a determination to suspend flights as of August 19 as they will be moving their hub to another location in Florida. Vision intends to move their hub back to Destin next spring but staff is not sure if Vision will offer service out of AVL again.

INFORMATION SECTION: No comments

AUTHORITY MEMBERS' REPORTS: None

PUBLIC AND TENANTS' COMMENTS: None

CLOSED SESSION: At 11:25 a.m. Ms. Thompson 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. Roberts seconded the motion and it carried unanimously.

Open Session resumed at 11:50 a.m.

CALL FOR NEXT MEETING:

The Chairman advised the Board to be prepared for a Special Meeting to be called in connection with the Master Plan Update but did not believe that the September 9, 2011 Authority Board meeting would be necessary at this time. The next regular meeting of the Authority Board will be on Friday, October 14, 2011 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.

ADJOURNMENT: Mr. Roberts moved to adjourn the meeting at 11:51 a.m. Mr. Newman seconded the motion and it carried unanimously.

Respectfully submitted,

Martha W. Thompson
Secretary-Treasurer Pro Tem

Approved:

David R. Hillier
Chairman

SPECIAL MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
August 19, 2011
9:30 a.m.

The Asheville Regional Airport Authority ("Authority") met on Friday, August 19, 2011 at 9:30 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); Jeffrey A. Piccirillo, Secretary-Treasurer; Brownie Newman (via telephone) and Bob Roberts (via telephone)

MEMBERS ABSENT: Martha W. Thompson and Bill Moyer

STAFF AND LEGAL COUNSEL PRESENT: Victor Buchanan, Authority Legal Counsel; Lew Bleiweis, Airport Director; Michael Reisman, Deputy Airport Director of Development and Operations, Vickie Thomas, Director of Finance and Accounting; and Ellen Heywood, Recording Secretary

CALL TO ORDER: The Chairman welcomed everyone in attendance and called the meeting to order at 9:30 a.m.

APPROVE SELECTION OF CONSULTANT AND CONTRACT FOR AIRPORT MASTER PLAN UPDATE: Mr. Reisman informed the Board that the Airport Master Plan is a road map for development over the next 20 years and the significance of the projects included in the plan is necessary to insure that those projects are eligible for federal funding. A Request for Proposals was issued several months ago with eight firms submitting proposals. The selection committee chose four firms and ranked them. Under FAA procedures, staff is only able to select the firm based on qualifications. Once a firm is selected, staff must then follow procedures to negotiate the scope of work and fees, A third party independent fee review must also be conducted. Mr. Reisman informed the Board that the cost of the master plan update with Delta Airport Consultants, the most qualified by ranking, totals \$832,500.00. The FAA will fund 95% of the project, or \$790,875, through the Airport Improvement Program Entitlement Funds and the Authority's 5% share will be \$41,625. The total project amount is \$82,500.00 over the amount programmed in the FY11/12 budget due to a new requirement by the FAA for an electronic airport layout plan. The increase in the budgeted amount will require a budget amendment to the FY11/12 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, 2012:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Capital Improvement		\$82,500
Totals	<u>\$0</u>	<u>\$82,500</u>

This will result in a net increase of \$82,500 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 Entitlements		\$78,375
Transfer from ARAA Cash/Investments		\$4,125
Totals	<u>\$0</u>	<u>\$82,500</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 19th day of August, 2011.

David Hillier, Chairman

Attested by:

Jeffrey A. Piccirillo, Secretary-Treasurer

The Chairman inquired if the Master Plan was on a 10-year cycle and Mr. Reisman responded that this was correct. The Master Plan is a 20-year planning document but typically needs to be updated every 10 years. The last time the plan was updated was June of 2001 but due to the effects of 9/11, most of the plans in the document became

obsolete. The Chairman also asked how long the entire process would take. Mr. Reisman replied that it should take approximately 18 months and there will be several opportunities where there will be presentations made to the Board. The Director informed the Board that meetings would also be held with City Council and County Commissioners.

Mr. Piccirillo inquired about the selection process and what Delta Airport Consultants presented to be scored considerably higher than the other companies on the technical approach. Mr. Reisman responded that Delta provided the best overall presentation and presented themselves as the most qualified firm. The Director stated that one of the things that stood out about Delta was that they involved the staff that was on the committee. Delta engaged with staff to find out what the committee was looking for and how staff expected them to go about the master plan process so it was a good two-way communication exercise that made an impression on the selection committee.

Mr. Piccirillo moved to approve the selection of Delta Airport Consultants, Inc. for the conduct of the Airport Master Plan at a cost of \$832,500.00; authorize the Airport Director to execute the necessary documents; and amend the FY11/12 budget as presented by staff. Mr. Gantt seconded the motion and it carried unanimously.

ADJOURNMENT: At 9:43 a.m. Mr. Piccirillo moved to adjourn the meeting. Mr. Roberts seconded the motion and it carried unanimously.

Respectfully submitted,

Jeffrey A. Piccirillo
Secretary-Treasurer

Approved:

David R. Hillier
Chairman



MEMORANDUM

TO: Members of the Airport Authority

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

DATE: October 14, 2011

ITEM DESCRIPTION – Consent Agenda Item D

Amendment to the Space/Use Permit with The Lamar Companies

BACKGROUND

The Authority entered into a space/use permit with The Lamar Companies (“Lamar”) in 2005 under a ten-year term for the lease of property for two bill boards located adjacent to I-26 just north of the airport. The bill boards have been in place for 20+ years and are owned by Lamar. The current lease requires Lamar to pay the Authority a minimum annual guarantee of \$2,250 or 25% of Gross Revenues, whichever is greater.

Staff and Lamar have held discussions to amend the agreement and modify the terms of payment. The most advantageous is to change the minimum annual guarantee and percentage rent to a fixed flat fee of \$3,100 per year with a \$100 annual increase for the remaining term.

ISSUES

The annual reconciliation for the percentage of gross receipts has been tedious. The change in payment method guarantees a determined revenue stream and eliminates the task of reconciliation for both the Authority and Lamar.

ALTERNATIVES

The space/use permit could remain unchanged for the remaining duration of the agreement



FISCAL IMPACT

Over the past three years, Lamar has paid us an average of \$2,600 per year under the guarantee/percentage of gross method. This amendment will provide the Authority at least an additional \$500 per year in revenue.

RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to (1) approve the Amendment to the Space / Use Permit with The Lamar Companies as detailed above; and (2) authorize the Airport Director to execute the necessary documents.

Asheville Regional Airport Authority

~ Resolution ~

WHEREAS, the Asheville Regional Airport Authority (“Authority”) is a joint governmental agency organized and created by the City of Asheville and the County of Buncombe, pursuant to Article 20 of Chapter 160A of the General Statutes of North Carolina; and

WHEREAS, the Authority operates the Asheville Regional Airport (“Airport”); and

WHEREAS, the Authority received 6% Fire Fighting Foam used in combating fuel fires over ten years ago. Since that time, the FAA changed its requirements and now recommends that airport fire departments utilize Military Specification (Mil-Spec) 3% Fire Fighting Foam. All of the Authority fire trucks have been recalibrated and now use 3% Mil-Spec Fire Fighting Foam. The 6% Fire Fighting Foam is obsolete and the shelf-life has been exceeded since the transition to Mil-Spec 3% Fire Fighting Foam; and

WHEREAS, donations of government property are usually governed by Article 12 of Chapter 160A of the General Statutes of North Carolina. The Authority by its basic premise is not required to abide by these Statutes but wishes to adhere to the guidelines for disposal of public property. The donation of the 6% Fire Fighting Foam has received approval from the FAA’s Southern Region Airport District Office; and

WHEREAS, the Authority will donate such 6% Fire Fighting Foam to be used only for training purposes to AB Tech Community College in Buncombe County and to Blue Ridge Community College in Henderson County for their fire training programs.

NOW, THEREFORE, BE IT RESOLVED that the Airport Authority bequeath such 6% Fire Fighting Foam to the above named organizations for their utilization.

Adopted this 14th day of October, 2011

David R. Hillier, Chairman

ATTEST:

Jeffrey A. Piccirillo, Secretary/Treasurer

City of Asheville

North Carolina



Joint Airport/City Fire Station

Scott Burnette, *Fire Chief*



Agenda

- Progress since August 12th Board Meeting
- Recommendations for next steps

Progress since August 12th Board Meeting

Best Practice Models

- **Town of Garner/Wake County Partnership**
 - Considerable savings during capital construction
 - Considerable annual operational savings

- **Charlotte Douglas International Airport**
 - Largest co-located airport fire station in the world
 - Operational synergy has increased public safety

Progress since August 12th Board Meeting

Evaluation of property East of NC 280

- Advantages
 - Very little grading would be needed.
 - Basic services could be provided from this location.
- Disadvantages
 - Drive through bay option not available.
 - Building footprint and parking would utilize all available acreage leaving little space for landscaping.
 - LEED certification would be challenging to design and very costly .
 - Storm water retention would have to be under the parking lot which would be very costly.
- Cost
 - \$2,450,250 independent of LEED certification and storm water costs

Progress since August 12th Board Meeting

LPA Group analysis

- Preliminary work completed
- LPA estimate cost to City of Asheville = \$2,377,272
- LPA estimates reviewed by City of Asheville Staff with Airport Staff
- Airport staff and City of Asheville staff agreed that estimates contained assumptions by LPA that need to be clarified

Recommended Next Steps

- Airport Staff and City of Asheville Staff meet with LPA to finalize cost estimates
- Airport Staff and City of Asheville Staff perform an on site tour of Charlotte Douglas co-located fire station
- Airport Staff and City of Asheville Staff meet with FAA to identify feasibility
- Report back in 30 days to meet the Board's direction in August of a 90 day turnaround





MEMORANDUM

TO: Members of the Airport Authority

FROM: Vickie Thomas, Director of Finance and Accounting

DATE: October 14, 2011

ITEM DESCRIPTION – New Business Item A

Presentation of the Final Draft Annual Audit Report for Fiscal Year 2010/2011

BACKGROUND

The annual audit was performed by the auditing firm, Martin Starnes & Associates, CPAs, P.A., and the findings are hereby submitted for the Board's review and acceptance. The Audit has been approved by the Local Government Commission.

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 2010/2011 Audit Report as presented. Staff has included a copy for your convenience.

MARTIN • STARNES

 & ASSOCIATES, CPAs, P.A.

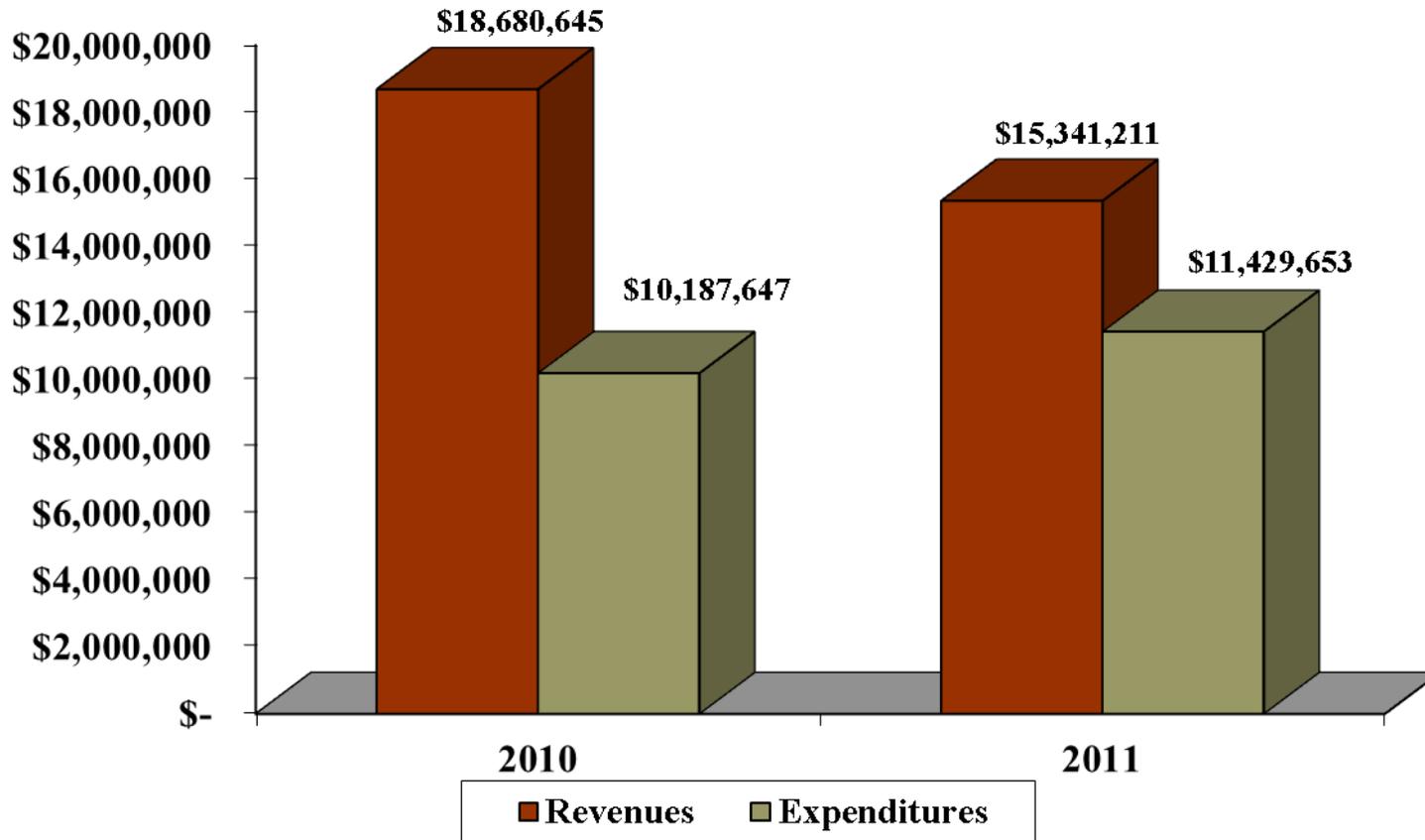
Asheville Regional Airport Authority
Annual Financial Report
Fiscal Year Ended June 30, 2011



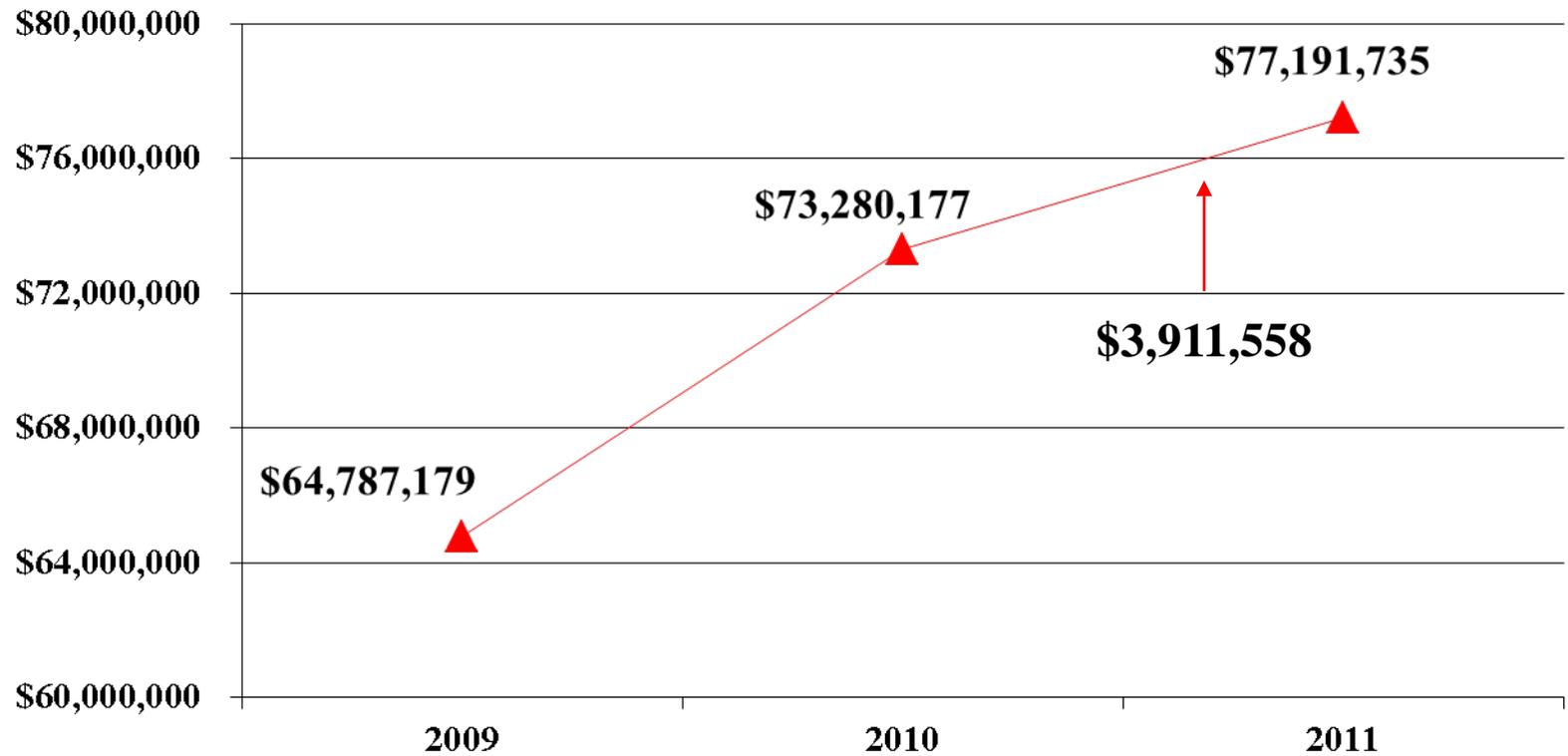
Audit Highlights

- Unqualified opinion**
- No findings or questioned costs**
- No material internal control weaknesses identified**
- Cooperative staff**
- Cash and investments totaled \$11,115,574 at 6/30/11**

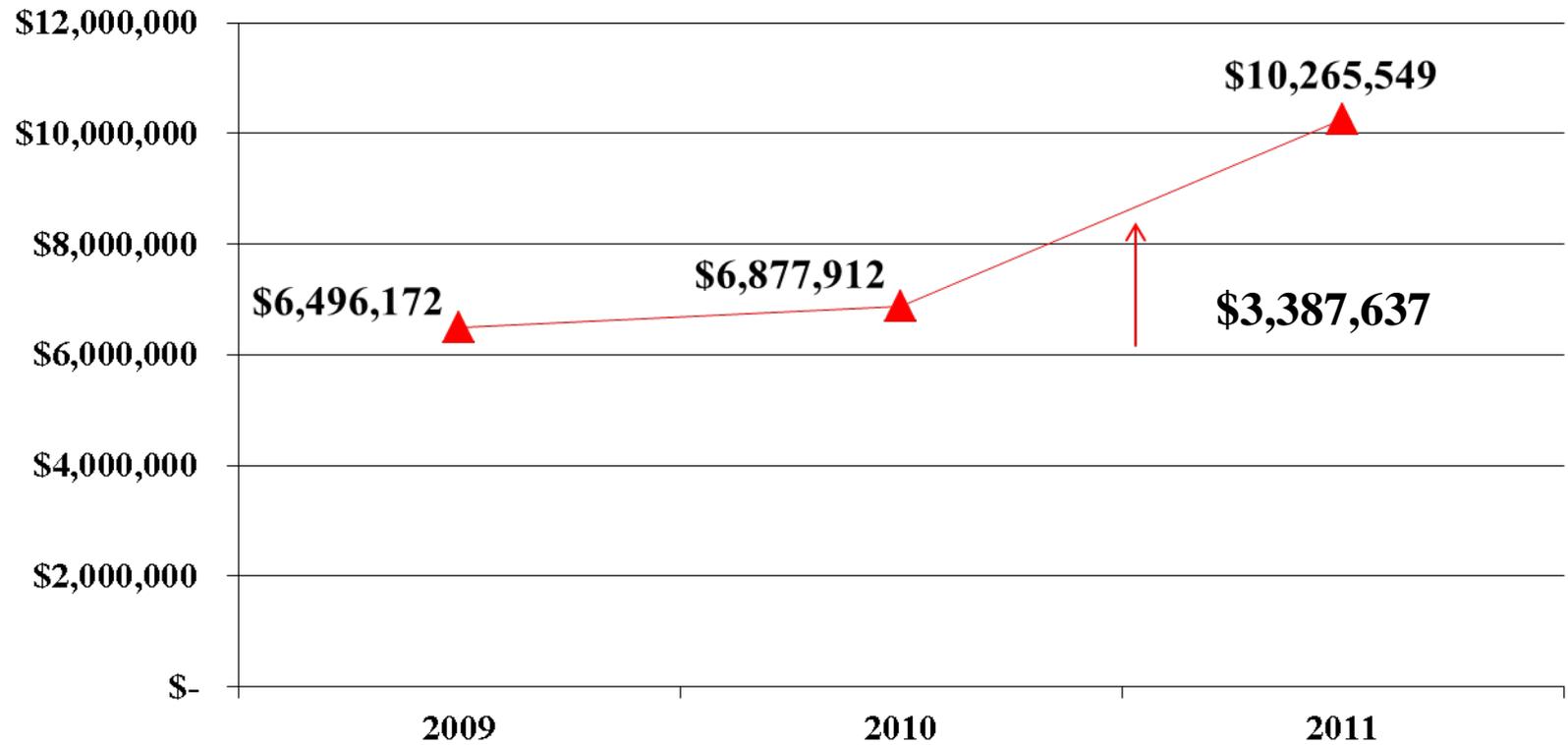
Enterprise Fund Summary



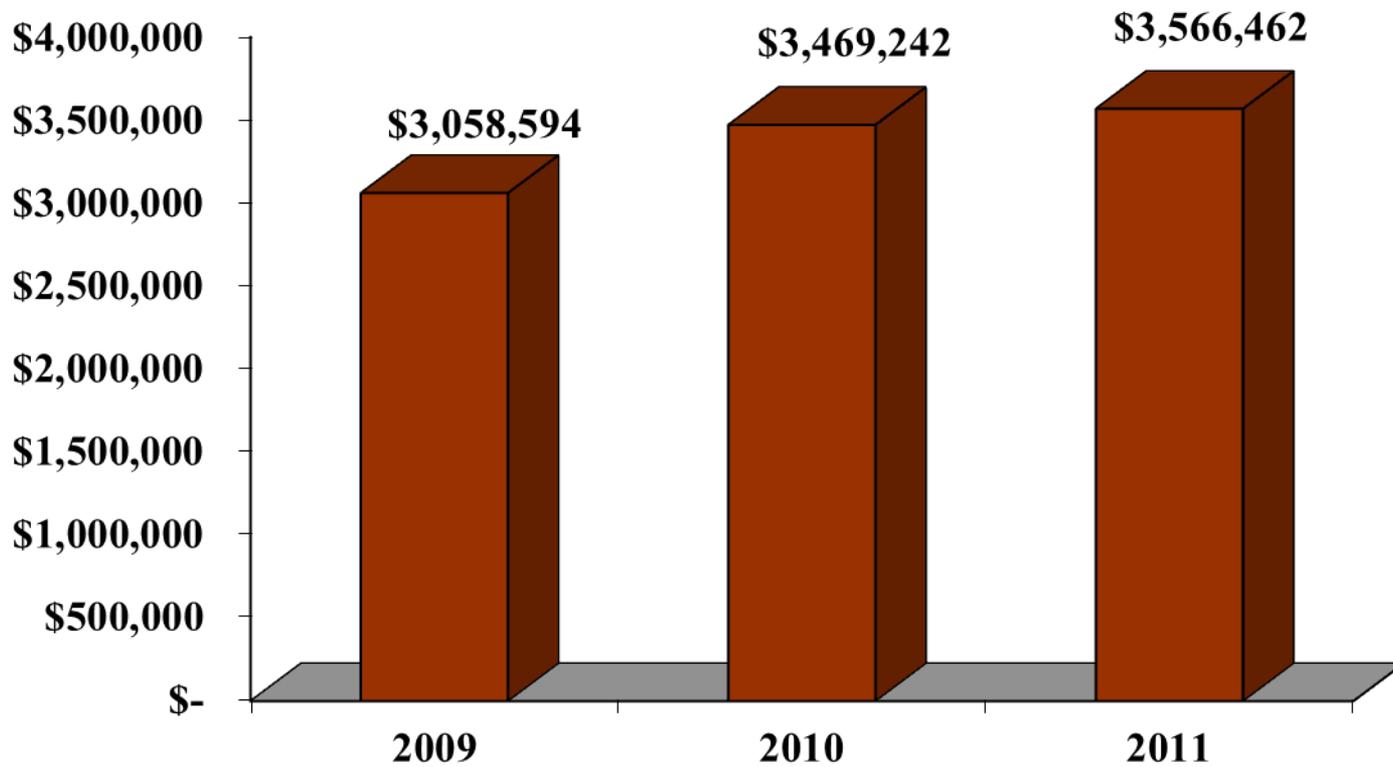
Total Net Assets



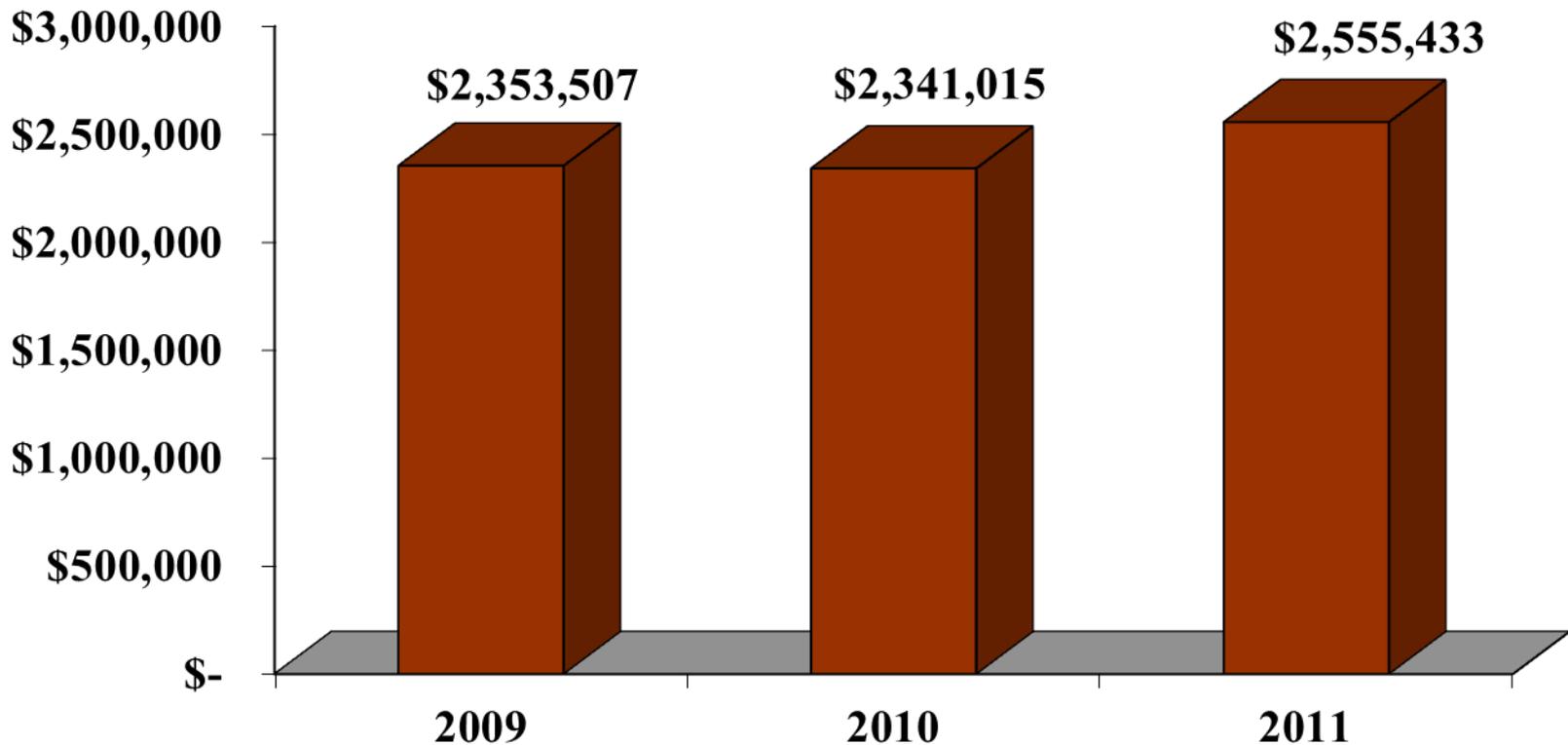
Total Unrestricted Net Assets



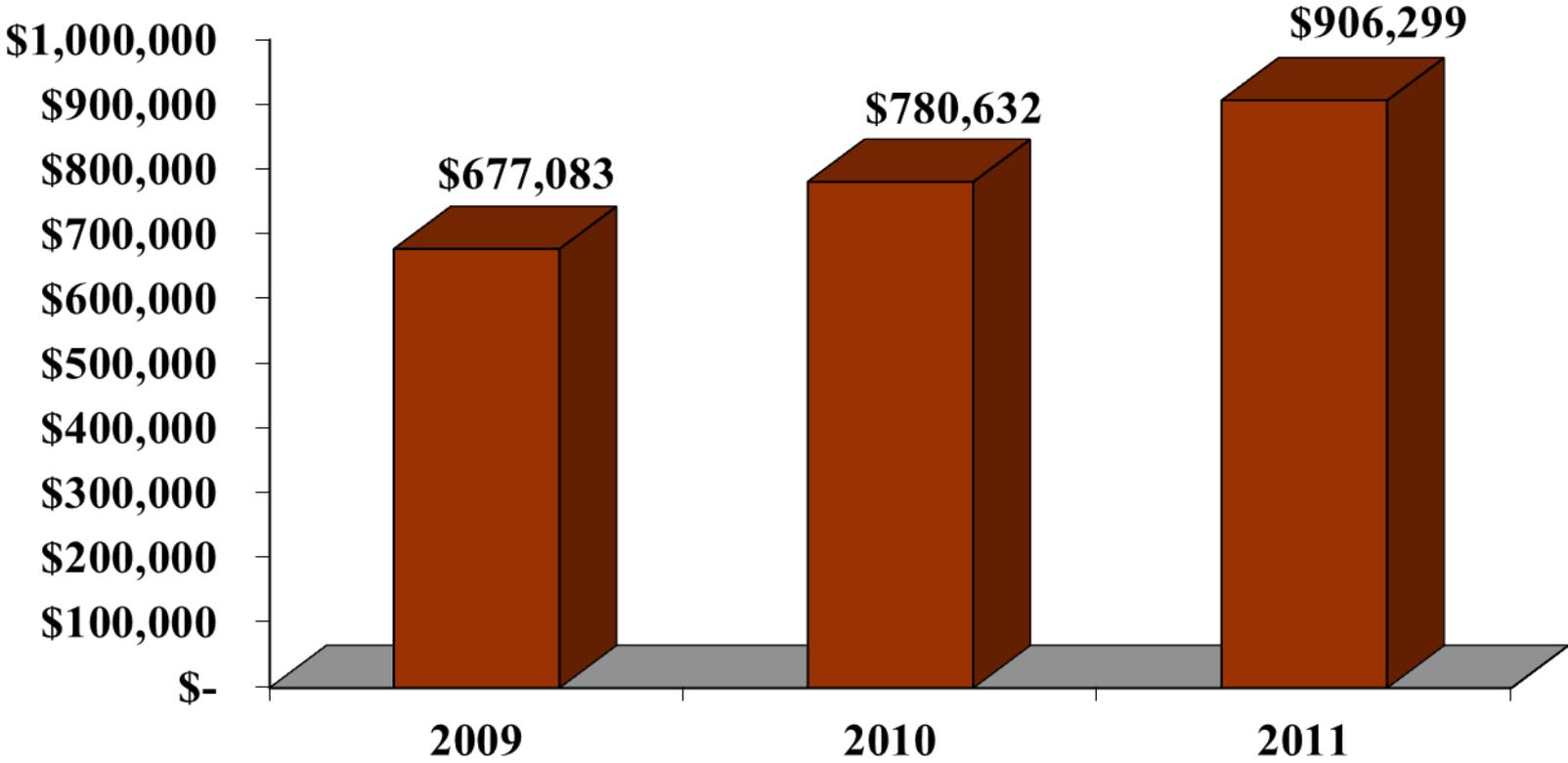
Terminal Revenues



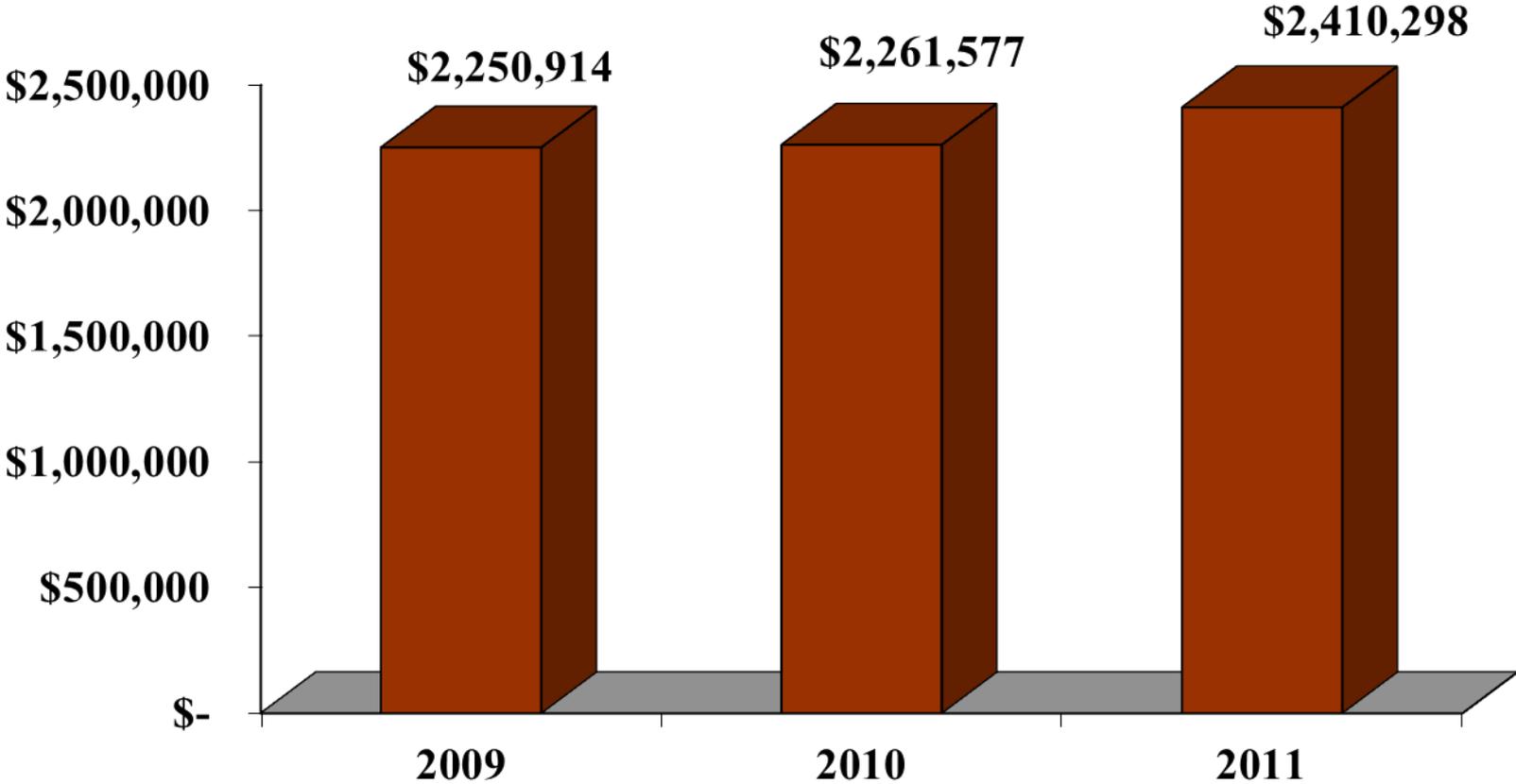
Parking Lot Revenues



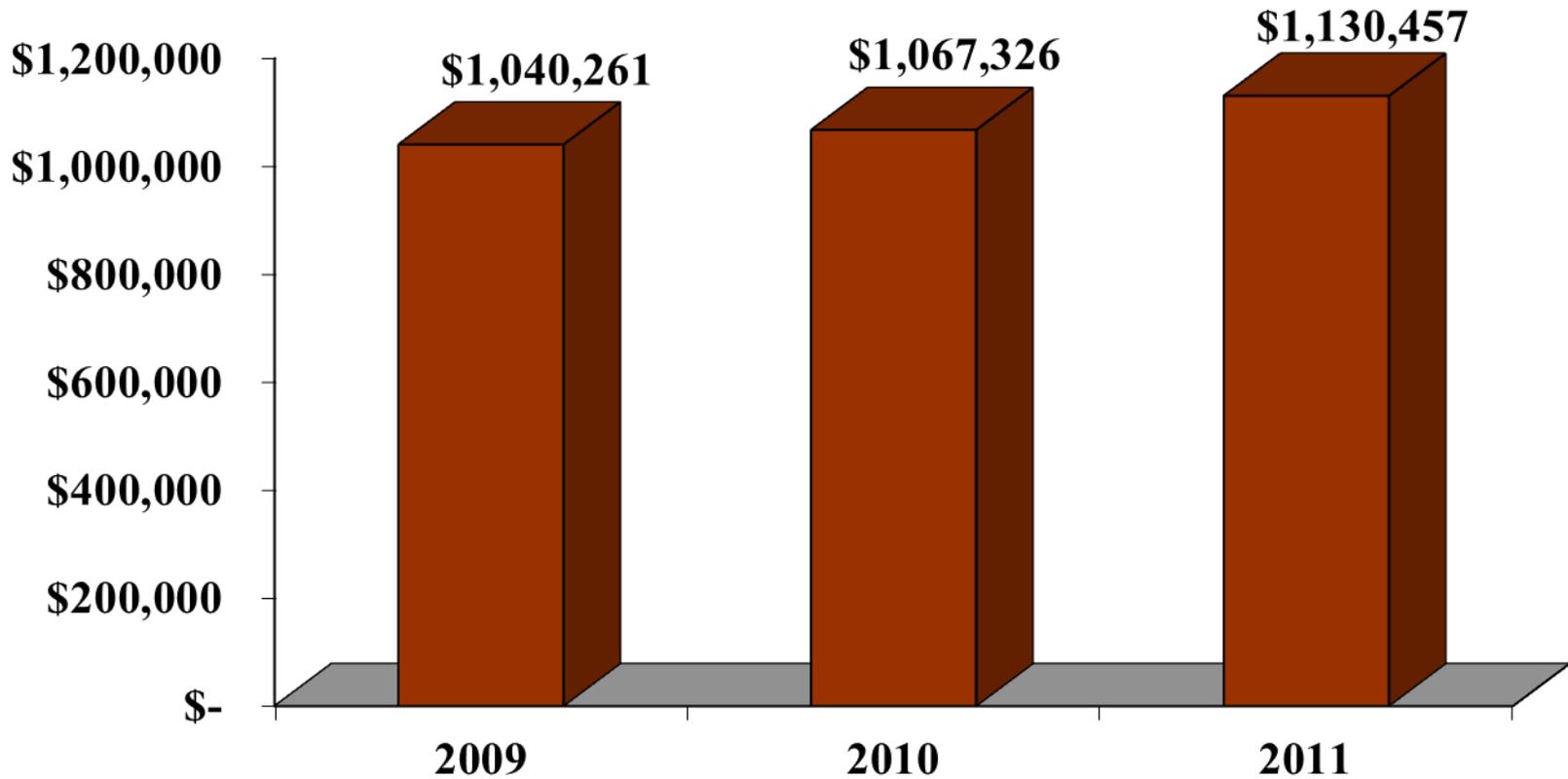
Airfield Revenues



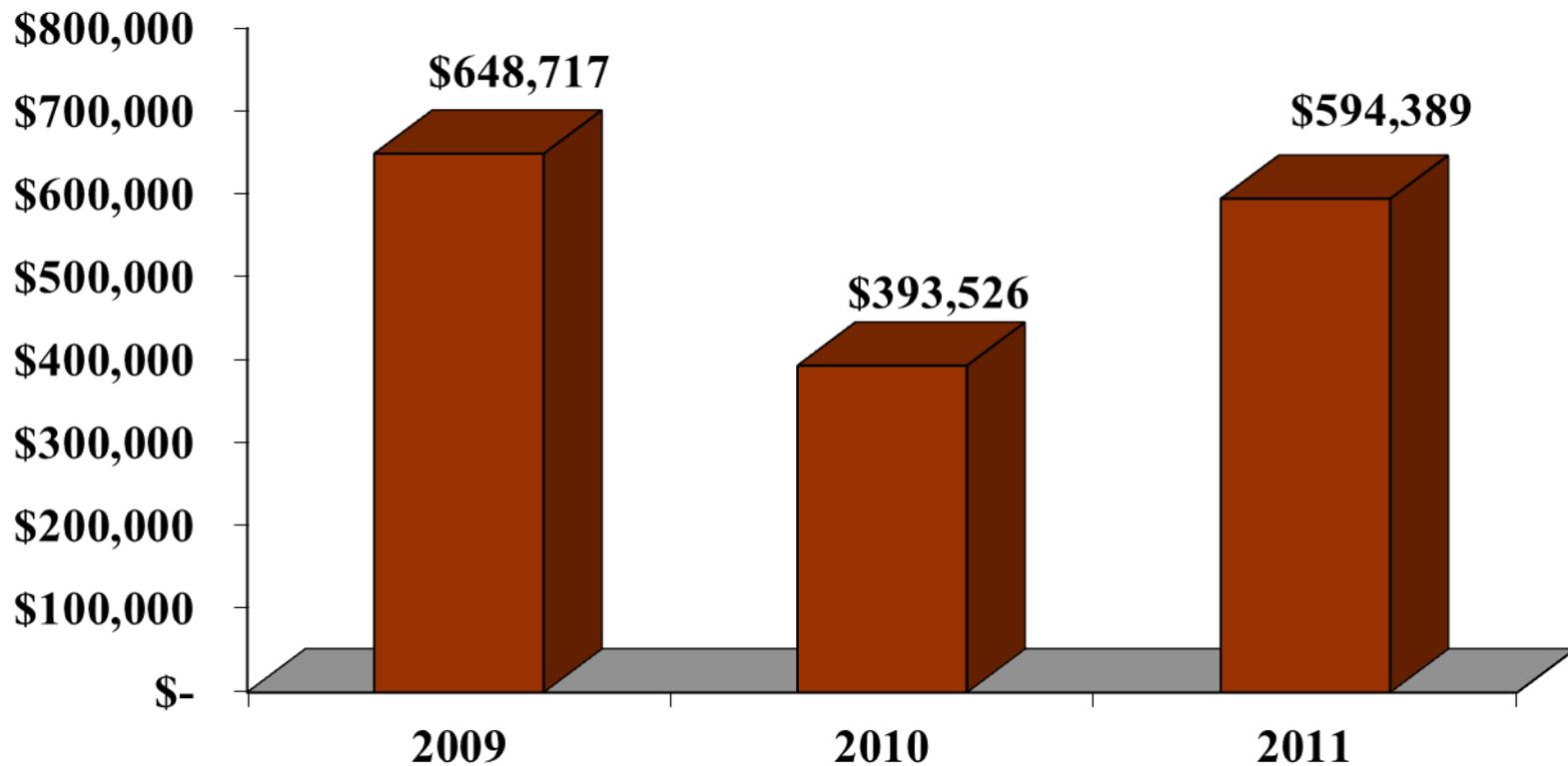
Operation Expenses



Public Safety Expenses



Executive Expenses

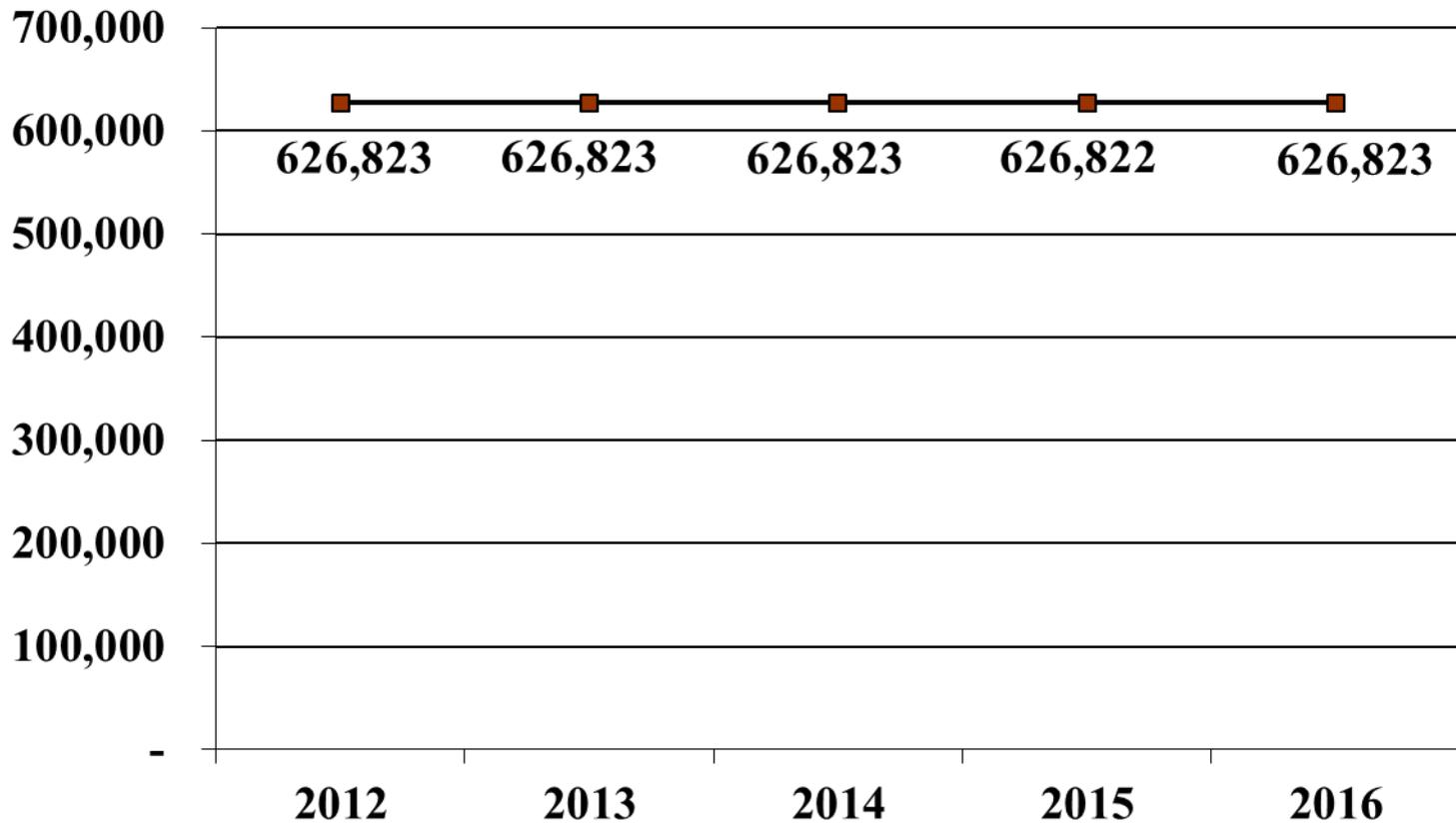




Other Items of Note

<input type="checkbox"/> Debt Service for 2011:	\$ 626,823
<input type="checkbox"/> Depreciation expense	4,565,756
<input type="checkbox"/> Operating Income (loss)	(2,883,164)
<input type="checkbox"/> Cash Flow Provided By Operations	1,687,887

Debt Service Requirements





Discussion & Questions



MARTIN · STARNES
& ASSOCIATES, CPAs, P.A.

**ASHEVILLE REGIONAL
AIRPORT AUTHORITY**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

**MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.**

"A Professional Association of Certified Public Accountants and Management Consultants"

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ASHEVILLE REGIONAL AIRPORT AUTHORITY

Board of Directors

David R. Hillier, Chairman
David Gantt, Vice-Chairman
Jeffrey A. Piccirillo, Secretary/Treasurer

William L. Moyer
Brownie Newman
Bob Roberts
Martha W. Thompson

Airport Director

Lew S. Bleiweis, A.A.E.

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ASHEVILLE REGIONAL AIRPORT AUTHORITY

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2011

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ASHEVILLE REGIONAL AIRPORT AUTHORITY

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the business-type activities of the Asheville Regional Airport Authority as of and for the year ended June 30, 2011, as listed in the table of contents. 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. The basic financial statements of the business-type activities of the Asheville Regional Airport Authority as of June 30, 2010, were audited by other auditors whose report dated September 24, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 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 respective financial position of the business type activities of the Asheville Regional Airport Authority as of June 30, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 9, 2011, on our consideration of the Asheville Regional Airport Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary

information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of the Asheville Regional Airport Authority as a whole. The individual fund financial statements, budget and actual schedule, and supplemental schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, the Passenger Facility Charge Audit Guide for Public Agencies, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act and is also not a required part of the basic financial statements. The individual fund financial statements, budget and actual schedule, supplemental schedule, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
September 9, 2011

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, 2011. 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 57 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 135th largest airport in the United States based on the number of passenger boardings during calendar year 2010¹. Due to the increase in passenger boardings, the Airport will be classified as a small hub airport effective October 1, 2011.

As of June 30, 2011, Asheville Regional Airport had thirty non-stop commercial flights to twelve cities (Atlanta, Charlotte, Chicago, Dallas, Detroit, Ft. Walton Beach, Houston, New York, Newark, Orlando, Philadelphia, and Tampa). The commercial airline carriers included AirTran Airways, American Airlines, Continental Airlines, Delta Air Lines, United Airlines, US Airways, and Vision Airlines.

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 2010.

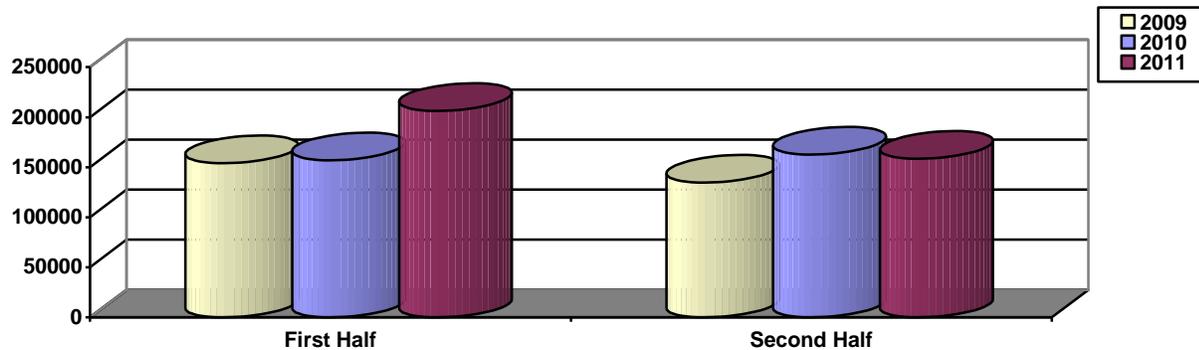
AIRPORT ACTIVITIES AND HIGHLIGHTS

<u>For Year Ended June 30</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Enplanements	<u>364,843</u>	<u>319,692</u>	<u>288,941</u>
Revenues per enplanement:			
Airlines	\$ 5.52	\$ 6.28	\$ 5.93
Rental cars	5.14	5.32	5.57
Parking facility	6.98	7.22	8.06
Concessionaires	0.41	0.46	0.43

Enplanements increased by 14.1% in fiscal year 2011.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<i>Aircraft Movements (Land or Takeoff)</i>			
Airline	21,001	18,994	19,404
General aviation	38,721	44,621	47,223
Military	<u>4,675</u>	<u>4,214</u>	<u>3,228</u>
Total	<u>64,397</u>	<u>67,829</u>	<u>69,855</u>

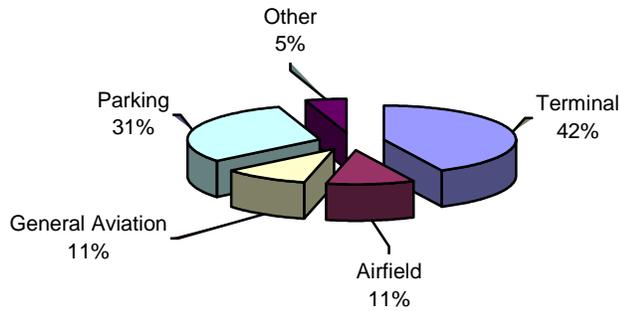
Passenger Enplanements for Fiscal Year



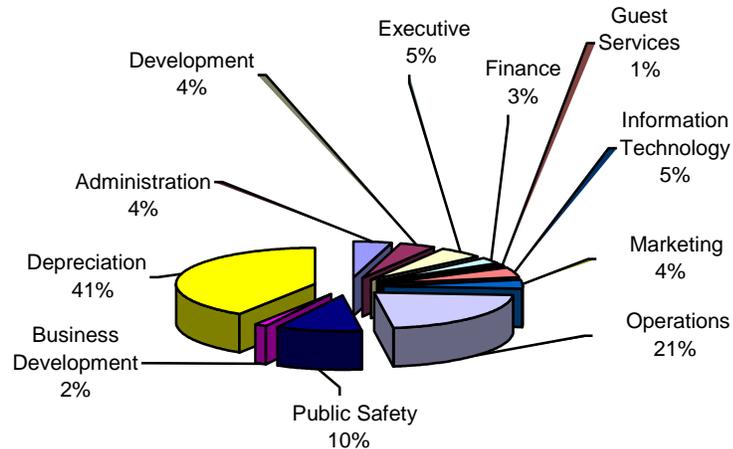
SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

<u>For the Year Ended June 30</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 8,331,092	\$ 7,944,366	\$ 6,885,852
Operating expenses	<u>11,214,256</u>	<u>9,949,160</u>	<u>9,413,954</u>
Operating loss before non-operating revenues and expenses	(2,883,164)	(2,004,794)	(2,528,102)
Non-operating revenues and expenses, net	<u>2,247,030</u>	<u>1,938,155</u>	<u>2,039,655</u>
Income (loss) before capital contributions	(636,134)	(66,639)	(488,447)
Capital contributions	<u>4,547,692</u>	<u>8,559,637</u>	<u>5,710,017</u>
Increase in net assets	<u>\$ 3,911,558</u>	<u>\$ 8,492,998</u>	<u>\$ 5,221,570</u>

Operating Revenues



Operating Expenses



FINANCIAL POSITION SUMMARY

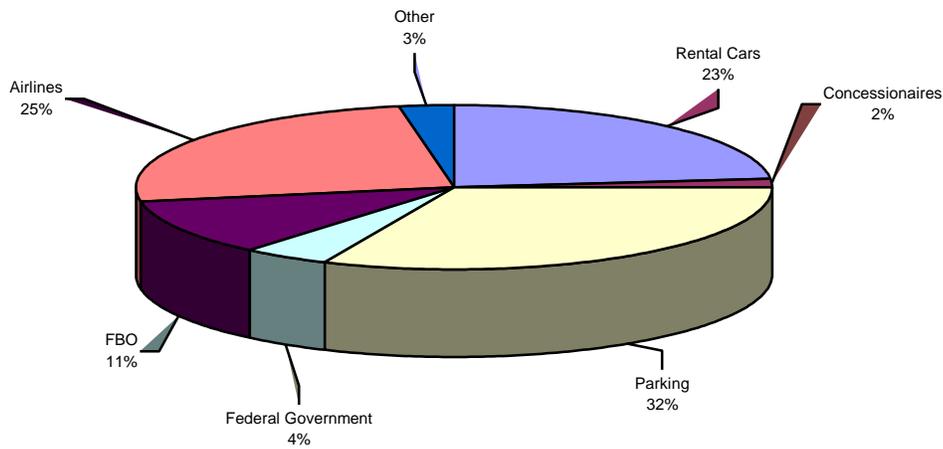
Net assets may serve over time as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$77,191,735 at June 30, 2011, roughly a \$3.9 million increase from June 30, 2010 and roughly a \$12.4 million increase from June 30, 2009.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets:			
Current assets	\$ 12,274,932	\$ 10,556,723	\$ 10,858,823
Capital assets	70,196,489	70,086,196	61,196,177
Other assets	<u>29,392</u>	<u>13,913</u>	<u>-</u>
Total assets	<u>82,500,813</u>	<u>80,656,832</u>	<u>72,055,000</u>
Liabilities:			
Total liabilities	<u>5,309,078</u>	<u>7,376,655</u>	<u>7,267,817</u>
Net Assets:			
Invested in capital assets	66,701,165	64,176,271	55,380,043
Restricted	225,021	2,225,994	2,910,968
Unrestricted	<u>10,265,549</u>	<u>6,877,912</u>	<u>6,496,172</u>
Total net assets	<u>\$ 77,191,735</u>	<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, 2011.



SUMMARY OF CASH FLOW ACTIVITIES

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

For the Year Ended June 30	2011	2010	2009
Cash flows from operating activities	\$ 1,687,887	\$ 1,049,031	\$ 1,454,505
Cash flows from investing activities	32,230	28,124	1,114,804
Cash flows from capital and related financing activities	1,686,017	(1,127,470)	(4,755,227)
Net increase (decrease) in cash and cash equivalents	3,406,134	(50,315)	(2,185,918)
Cash and Cash Equivalents:			
Beginning of year - July 1	7,709,440	7,759,755	9,945,673
End of year - June 30	\$ 11,115,574	\$ 7,709,440	\$ 7,759,755

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During fiscal year 2011, the Authority expended \$4.7 million on capital activities. This included approximately \$4.0 million for major construction activities which include the following:

- A Gates - Terminal Renovation and Improvements
- Pre-Conditioned Air and Fixed Ground Power
- Landside Parking and Roadway Access
- Airfield Improvements – Phase I

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)

	2011	2010	2009
Land	\$ 7,133,951	\$ 7,133,951	\$ 3,725,790
Construction in progress	651,150	8,269,606	15,743,969
Leasehold improvements	60,123,888	52,381,583	39,297,015
Equipment	1,553,120	1,548,818	1,552,809
Furniture	81,612	68,623	61,927
Vehicles	652,768	683,615	814,667
Capital assets, net of accumulated depreciation	\$ 70,196,489	\$ 70,086,196	\$ 61,196,177

Long-Term Debt

As of June 30, 2011, the Authority had total bond debt outstanding of \$3,495,324.

Rental Car Facilities Taxable Revenue Bond, Series 2007

Balance			Balance
July 1, 2010	Additions	Repayments	June 30, 2011
<u>\$ 3,906,750</u>	<u>\$ -</u>	<u>\$ 411,426</u>	<u>\$ 3,495,324</u>

RECENT DEVELOPMENTS

Commercial aviation rebounded in 2010 despite rising fuel prices. U.S. commercial air carriers made a \$3.0 billion net profit in 2010 after reporting net losses of \$7.8 billion in the prior year. In 2010, commercial air carrier domestic enplanements increased 0.7%, with a system-wide load factor of 81.8%. In 2011, domestic capacity is expected to grow 2.9%, with enplanements forecasted to increase 3.0%.

Uncertainty with the economy continues to place pressure on the aviation industry. That uncertainty, coupled with the debate in Congress over a long-term aviation funding bill, makes strategic planning difficult. In March 2011, the low-cost carrier, Southwest Airlines, began service in neighboring Greenville, South Carolina. Passenger enplanements dropped slightly beginning in March but have rebounded to begin FY2012. In addition, the Authority's low-cost carrier, AirTran Airways, was purchased by Southwest, and Southwest has made the decision to pull the AirTran service from Asheville and concentrate on their Greenville service effective January 2012. The Authority is working to replace that service with another low-cost carrier. Anticipated growth is optimistic as the economy rebounds.

Fuel cost is the airlines' largest expense. New advancements in bio-fuels have the potential for creating opportunities for the airlines. These advancements could create fuel savings which in turn could allow for additional route opportunities.

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 eighteen months, the Authority will continue to implement its capital program which includes a new twenty-year Master Plan. This plan will set the stage for the Airport's future. In addition, the Authority will focus on the rehabilitation of its runway and the possible construction of a new parallel taxiway. Management will continue to improve the Airport and its facilities in a financially prudent manner, maximizing federal, State, and other revenues to minimize the Authority's funding required, thereby, maximizing the Authority's return on its investments.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance and Accounting, 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.

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ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENT OF NET ASSETS JUNE 30, 2011 AND 2010

	2011	2010
Assets:		
Current assets:		
Unrestricted net assets:		
Cash and cash equivalents	\$ 10,890,553	\$ 5,483,446
Accounts receivable	787,544	1,041,247
Grants receivable	127,694	1,576,496
Passenger facility charges receivables	207,000	218,000
Prepaid expenses	37,120	11,540
Total unrestricted assets	12,049,911	8,330,729
Restricted assets:		
Cash and cash equivalents	225,021	2,225,994
Total restricted assets	225,021	2,225,994
Total current assets	12,274,932	10,556,723
Non-current assets:		
Non-depreciable capital assets	7,785,101	15,403,557
Capital assets, net	62,411,388	54,682,639
Other assets	29,392	13,913
Total non-current assets	70,225,881	70,100,109
Total assets	\$ 82,500,813	\$ 80,656,832
Liabilities and Net Assets:		
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	\$ 503,244	\$ 401,037
Construction contracts payable	-	1,065,036
Construction contract retainages	-	938,139
Compensated absences	198,898	249,598
Accrued liabilities	178,540	147,618
Unearned revenue	172,504	83,740
Total payable from unrestricted assets	1,053,186	2,885,168

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

ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENT OF NET ASSETS
JUNE 30, 2011 AND 2010

	2011	2010
Payable from restricted assets:		
Revenue bond payable, current	435,890	411,426
Total payable from restricted assets	435,890	411,426
 Total current liabilities	 1,489,076	 3,296,594
Non-current liabilities:		
Other post-employment benefits	675,326	584,737
Compensated absences	85,242	-
Revenue bond payable, non-current	3,059,434	3,495,324
Total non-current liabilities	3,820,002	4,080,061
 Total liabilities	 5,309,078	 7,376,655
 Net Assets:		
Invested in capital assets, net of related debt	66,701,165	64,176,271
Restricted	225,021	2,225,994
Unrestricted	10,265,549	6,877,912
 Total net assets	 <u>\$ 77,191,735</u>	 <u>\$ 73,280,177</u>

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

ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - PROPRIETARY FUND FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Terminal	\$ 3,566,462	\$ 3,469,242
Airfield	906,299	780,632
General aviation	883,198	764,131
Parking lot	2,555,433	2,341,015
Other	419,700	589,346
Total operating revenues	<u>8,331,092</u>	<u>7,944,366</u>
Operating Expenses:		
Administration	511,916	642,638
Development	438,471	451,358
Executive	594,389	393,526
Finance	312,036	285,973
Guest services	125,344	131,369
Information technology	511,759	415,757
Marketing	439,953	436,369
Operations	2,410,298	2,261,575
Public safety	1,130,457	1,067,326
Business development	173,877	360,690
Depreciation	4,565,756	3,502,579
Total operating expenses	<u>11,214,256</u>	<u>9,949,160</u>
Operating income (loss)	<u>(2,883,164)</u>	<u>(2,004,794)</u>
Non-Operating Revenues (Expenses):		
Passenger facility charges	1,479,525	1,334,018
Customer facility charges	943,005	814,500
Interest revenue	32,230	28,124
Gain/(loss) on sale of fixed assets	7,667	-
Interest expense	(215,397)	(238,487)
Total non-operating revenues, net	<u>2,247,030</u>	<u>1,938,155</u>
Income (loss) before capital contributions	(636,134)	(66,639)
Capital contributions	<u>4,547,692</u>	<u>8,559,637</u>
Change in net assets	3,911,558	8,492,998
Net Assets:		
Beginning of year - July 1	<u>73,280,177</u>	<u>64,787,179</u>
Ending of year - June 30	<u>\$ 77,191,735</u>	<u>\$ 73,280,177</u>

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

ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Cash received from providing services	\$ 10,033,597	\$ 7,094,994
Cash paid for goods and services	(6,018,993)	(3,665,706)
Cash paid to or on behalf of employees for services	<u>(2,326,717)</u>	<u>(2,380,257)</u>
Net cash provided (used) by operating activities	<u>1,687,887</u>	<u>1,049,031</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(4,680,244)	(11,910,473)
Passenger facility charges	1,490,525	1,279,018
Customer facility charges	943,005	814,500
Principal payments of bond maturities	(411,426)	(388,335)
Proceeds from sale of assets	11,862	-
Interest paid on bond maturities	(215,397)	(238,487)
Capital contributions	<u>4,547,692</u>	<u>9,316,307</u>
Net cash provided (used) by capital and related financing activities	<u>1,686,017</u>	<u>(1,127,470)</u>
Cash Flows from Investing Activities:		
Interest income	<u>32,230</u>	<u>28,124</u>
Net cash provided (used) by investing activities	<u>32,230</u>	<u>28,124</u>
Net increase (decrease) in cash and cash equivalents	3,406,134	(50,315)
Cash and Cash Equivalents:		
Beginning of year - July 1	<u>7,709,440</u>	<u>7,759,755</u>
End of year - June 30	<u>\$ 11,115,574</u>	<u>\$ 7,709,440</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	<u>\$ (2,883,164)</u>	<u>\$ (2,004,794)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	4,565,756	3,502,579
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	1,702,505	(438,348)
(Increase) decrease in prepaid items	(25,580)	(11,540)
Increase (decrease) in accounts payable and accrued liabilities	167,671	(145,500)
(Increase) decrease in other assets	(15,479)	-
Increase (decrease) in contract payables	(2,003,175)	-
Increase (decrease) in unearned revenue	88,764	(31,560)
Increase (decrease) in other post-employment benefits	<u>90,589</u>	<u>178,194</u>
Total adjustments	<u>4,571,051</u>	<u>3,053,825</u>
Net cash provided (used) by operating activities:	<u>\$ 1,687,887</u>	<u>\$ 1,049,031</u>

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

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 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.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to customers for services.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 its agreement with Buncombe County to provide its 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.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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 are 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. The revenue bond agreement also states that if the Authority has maintained rates, rentals, fees and charges related to the Rental Car Facilities so that net revenues are equal to at least 165% of the principal and interest requirements on the bonds for two consecutive fiscal years the Authority will not be required to maintain the fifty percent of the outstanding principal balance of the revenue bonds. In the current fiscal year, this criteria was met and no amounts were restricted for the bond. Amounts were restricted in the prior fiscal year due to this requirement not being met. The agreement also 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. This amount is shown as restricted for the years ended June 30, 2011 and 2010.

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

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Compensated Absences

Airport personnel policies permit an employee to earn vacation based on his 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 \$173,944 and \$153,008 at June 30, 2011 and 2010, 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 Authority in good standing shall be entitled to be paid for 33% of any unused sick leave balance earned by them not to exceed 240 hours. Accrued sick pay amounted to \$110,196 and \$96,590 at June 30, 2011 and 2010, 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 net assets 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.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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 undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Authority does not have a deposit policy for custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2011, the Authority's deposits had a carrying amount of \$10,898,416 and a bank balance of \$10,955,697. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$10,455,697 was covered under the Pooling Method.

The Authority maintains petty cash of \$100.

Investments

At June 30, 2011, the Authority's investments and maturities were as follows:

<u>Investment Type</u>	<u>Fair Value</u>
North Carolina Capital Management	
Trust Cash Portfolio	<u>\$ 217,058</u>

There were no realized or unrealized gains or losses on the Authority's investments during 2011.

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.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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, 2011, 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, 2011.

Accounts Receivable

The balance of accounts receivable at June 30, 2011 consisted of the following:

Trade	\$	611,479
Other		<u>176,065</u>
Total		<u><u>\$ 787,544</u></u>

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, 2011 are as follows:

	<u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2011</u>
Business-Type Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 7,133,951	\$ -	\$ -	\$ -	\$ 7,133,951
Construction in progress	8,269,606	4,680,244	-	(12,298,700)	651,150
Total non-depreciable capital assets	<u>15,403,557</u>	<u>4,680,244</u>	<u>-</u>	<u>(12,298,700)</u>	<u>7,785,101</u>
Depreciable Capital Assets:					
Leasehold improvements	82,627,451	-	(2,373,884)	11,794,155	92,047,722
Equipment	5,104,432	-	(1,217,795)	389,408	4,276,045
Furniture	140,892	-	(27,024)	28,429	142,297
Vehicles	3,153,576	-	(241,757)	86,708	2,998,527
Total depreciable capital assets	<u>91,026,351</u>	<u>-</u>	<u>(3,860,460)</u>	<u>12,298,700</u>	<u>99,464,591</u>
Less Accumulated Depreciation:					
Leasehold improvements	30,245,868	4,051,850	(2,373,884)	-	31,923,834
Equipment	3,555,614	380,911	(1,213,600)	-	2,722,925
Furniture	72,269	15,440	(27,024)	-	60,685
Vehicles	2,469,961	117,555	(241,757)	-	2,345,759
Total accumulated depreciation	<u>36,343,712</u>	<u>4,565,756</u>	<u>(3,856,265)</u>	<u>-</u>	<u>37,053,203</u>
Total depreciable capital assets, net	<u>54,682,639</u>	<u>(4,565,756)</u>	<u>(4,195)</u>	<u>12,298,700</u>	<u>62,411,388</u>
Business-type activity capital assets, net	<u>\$ 70,086,196</u>	<u>\$ 114,488</u>	<u>\$ (4,195)</u>	<u>\$ -</u>	<u>\$ 70,196,489</u>

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Liabilities

Payables

Payables at June 30, 2011, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Tenant Security Deposits</u>	<u>Total</u>
Accounts payable	\$ 497,554	\$ 4,940	\$ 750	\$ 503,244
Accrued liabilities	-	178,540	-	178,540
Total	<u>\$ 497,554</u>	<u>\$ 183,480</u>	<u>\$ 750</u>	<u>\$ 681,784</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, 2011 for employees not engaged in law enforcement is 6.43% and for law enforcement officers is 6.41% 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, 2011, 2010, and 2009 were \$148,577, \$109,903, and \$108,394, respectively. The contributions made by the Authority equaled the required contributions for each year.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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% 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, 2010, 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>14</u>
Total	<u><u>18</u></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, 2010 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 post-retirement benefit increases.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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	\$	25,255
Interest on net pension obligation		(696)
Adjustment to annual required contribution		745
Annual pension cost		25,304
Contributions made		(40,783)
Increase (decrease) in net pension obligation		(15,479)
Net pension obligation:		
Beginning of year - July 1		(13,913)
End of year - June 30	\$	(29,392)

Three-Year Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 21,074	251.80%	\$ 12,320
6/30/2010	20,927	225.35%	(13,913)
6/30/2011	25,304	161.17%	(29,392)

Funded Status and Funding Progress. As of December 31 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$252,074, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$252,074. The covered payroll (annual payroll of active employees covered by the plan) was \$552,075 and the ratio of the UAAL to the covered payroll was 45.66%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year 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.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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 officer's 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, 2011 was \$28,465 and the officers' voluntary contributions were \$5,981. The Authority's contribution for non-law enforcement officers was \$86,895, with the voluntary contributions of \$32,842.

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, 2011 and 2010 was \$334 and \$285, 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.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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

Other Post-Employment Benefits (OPEB)

Healthcare Benefits

Plan Description. Under the terms of an Authority resolution, the Authority administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides post-employment healthcare benefits to retirees of the Authority up to age 65, provided they participate in the North Carolina Local Governmental Employees’ Retirement System, were hired prior to July 1, 2011, and were covered by the Authority’s group health plan for the 3 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	41	14
Total	43	19

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 \$58,359 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 \$6,163. The Authority’s obligation to contribute to the retiree health plan is established and may be amended by the Authority Board.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Summary of Significant Accounting Policies. Post-employment 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 post-employment 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 post-employment healthcare benefits:

Annual required contribution	\$	145,738
Interest on net OPEB obligation		23,389
Adjustment to annual required contribution		(20,179)
Annual OPEB cost (expense)		148,948
Contributions made		(58,359)
Increase (decrease) in net OPEB obligation		90,589
Net OPEB obligation:		
Beginning of year - July 1		584,737
End of year - June 30	\$	675,326

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the preceding 2 years are as follows:

Three-Year Trend Information			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 260,346	13.00%	\$ 380,310
6/30/2010	262,434	22.10%	584,737
6/30/2011	148,948	39.18%	675,326

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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%. 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 multi-year 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% 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% annually. The investment rate included a 3.75% 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 \$172,504 and \$83,740 at June 30, 2011 and 2010, respectively.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Long-Term Debt

On October 15, 2007, the Authority issued \$4,750,000 of bonds entitled Rental Car Facilities Taxable Revenue Bond, Series 2007. These bonds provided financing for the Rental Car Facility. Interest only was payable until April 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>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 435,890	\$ 190,933
2013	461,809	165,014
2014	489,269	137,554
2015	518,361	108,461
2016	549,184	77,639
2017-2018	<u>1,040,811</u>	<u>56,127</u>
Total	<u>\$ 3,495,324</u>	<u>\$ 735,728</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 \$4,231,052. Principal and interest paid for the current year and total customer net Rental Car Facility revenues were \$626,823 and \$1,166,305, 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, 2011, is as follows:

Revenues for "Rental Car Facilities"	\$ 1,224,145
Operating expenses for "Rental Car Facilities"	<u>57,840</u>
Net revenues from "Rental Car Facilities"	<u>\$ 1,166,305</u>
Debt service, principal and interest paid	\$ 626,823
Debt service coverage ratio	186%

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Changes in Long-Term Liabilities

Changes in long-term liabilities are as follows:

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>	<u>Current</u>
Revenue bonds	\$ 3,906,750	\$ -	\$ 411,426	\$ 3,495,324	\$ 435,890
Compensated absences	249,598	209,100	174,558	284,140	198,898
Other post-employment benefits:					
Healthcare benefits	584,737	148,948	58,359	675,326	-
Total	<u>\$ 4,741,085</u>	<u>\$ 358,048</u>	<u>\$ 644,343</u>	<u>\$ 4,454,790</u>	<u>\$ 634,788</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, public officials, law enforcement and employment practices coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Authority carries flood insurance through Ace Property and Casualty Insurance Company. The Authority is eligible to purchase coverage of \$1,000,000 with respect to two locations that are situated wholly or partially within flood zones. The Authority is also eligible to purchase coverage of \$5,000,000 with respect to all other locations not situated wholly or partially within flood zones.

The Authority's crime insurance covers all employees, including the Finance Officer, with a limit of \$250,000 per loss.

For the past three years, the Authority has participated in risk pools for its medical, property, automobile, crime, public officials, law enforcement, employment practices, and workers' compensation insurance coverages. As a participant in the risk pools, the Authority retains the risk of loss in the event that an assessment is deemed necessary due to a determination that one of the pools is insolvent, financially impaired or is otherwise found to be unable to discharge its legal liabilities and other obligations. In such an event, all outstanding debts, premiums and costs of dissolution of the insolvent pool will be satisfied, and any deficiency shall be satisfied by assessing pool participants on a pro rata basis as calculated by the amount of each participant's annual contribution to the insolvent pool as averaged over the previous three completed contract periods. If there are excess funds after dissolution of any pool, the excess will be distributed to the current pool participants in proportion to each participant's annual contribution during the last completed contract period immediately preceding the dissolution date. The medical pool in which the Authority participates is in the process of being dissolved. The amount of any deficiency or excess of pool funds cannot be determined at this time.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Net Assets

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

Unrestricted net assets consist of the following:

Designations of unrestricted net assets:	
Operating and maintenance designation	\$ 3,553,272
Emergency repair designation	650,000
Undesignated, unrestricted net assets	<u>6,062,277</u>
Total unrestricted net assets	<u>\$ 10,265,549</u>

Revenue and Expenses

Leases and Other Non-Cancelable Agreements

The Authority leases land and facilities to tenants under various cancelable and non-cancelable agreements. Some agreements require a fixed monthly rent and others require a fee that is the greater of a minimum annual guarantee privilege fee or a percentage of gross sales by the tenant. The future non-cancelable minimum annual rentals and privilege fees to be received under agreements in effect at June 30, 2011 and for 2010 are as follows:

<u>Year</u> <u>Ending</u>	<u>2011</u>
2012	\$ 2,778,062
2013	2,793,434
2014	1,146,312
2015	920,123
2016	920,123
Thereafter	<u>9,690,341</u>
Total	<u>\$ 18,248,395</u>

Airline Incentives

The Authority entered into agreements with two 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, 2011 is \$111,193.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Major Customers

Transactions with one customer from which more than 10% of operating revenues were derived during the year ended June 30, 2011 accounted for the following revenue and related accounts receivable balance at June 30, 2011:

<u>Revenues</u>	<u>Accounts Receivable</u>
\$ 988,723	\$ 147,999

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 from passengers 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 \$1,479,525 for the year ended June 30, 2011.

On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2011, the State made pension contributions on-behalf of the Authority of \$669 for the two 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.

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ASHEVILLE REGIONAL AIRPORT AUTHORITY

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Funded Ratio (A/B)	Unfunded AAL (UAAL) (B-A)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)					
12/31/1997	-	\$ 83,155		0.00%	\$ 83,155	\$ 483,514	17.20%
12/31/1998	-	92,186		0.00%	92,186	477,332	19.31%
12/31/1999	-	108,004		0.00%	108,004	562,232	19.21%
12/31/2000	-	278,556		0.00%	278,556	507,211	54.92%
12/31/2001	-	266,147		0.00%	266,147	550,940	48.31%
12/31/2002	-	321,410		0.00%	321,410	546,517	58.81%
12/31/2003	-	264,511		0.00%	264,511	490,297	53.95%
12/31/2004	-	264,421		0.00%	264,421	514,320	51.41%
12/31/2005	-	295,190		0.00%	295,190	529,431	55.76%
12/31/2006	-	263,109		0.00%	263,109	575,361	45.73%
12/31/2007	-	256,896		0.00%	256,896	402,947	63.75%
12/31/2008	-	232,926		0.00%	232,926	508,081	45.84%
12/31/2009	-	254,547		0.00%	254,547	632,374	40.25%
12/31/2010	-	252,074		0.00%	252,074	552,075	45.66%

ASHEVILLE REGIONAL AIRPORT AUTHORITY

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
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)
2011	25,255	161.48%	(29,392)

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	December 31, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market value of assets
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 POST-EMPLOYMENT BENEFITS - RETIREE HEALTH PLAN REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)			
6/30/2008	\$ -	\$ 752,739	\$ 752,739	0.00%	\$ 1,834,165	41.04%
6/30/2009	-	915,011	915,011	0.00%	2,545,647	35.94%
12/31/2009	-	1,058,716	1,058,716	0.00%	2,265,417	46.73%

Schedule of Employer Contributions

Year Ended June 30	Annual	
	Required Contribution (ARC)	Percentage of ARC Contributed
2011	\$ 145,738	40.04%
2010	260,346	22.28%
2009	247,949	13.67%
2008	183,849	16.31%

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	December 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%	* Includes inflation of 3.75%
Medical trend rate	10.50% - 5.00%	

ASHEVILLE REGIONAL AIRPORT AUTHORITY

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Terminal	\$ 3,347,801	\$ 3,566,462	\$ 218,661	\$ 3,469,242
Airfield	826,157	906,299	80,142	780,632
General aviation	818,890	883,198	64,308	764,131
Parking lot	2,381,418	2,555,433	174,015	2,341,015
Interest income	20,000	32,230	12,230	28,124
Other	526,920	427,367	(99,553)	589,346
Customer facility charges	840,000	943,005	103,005	814,500
Total revenues	<u>8,761,186</u>	<u>9,313,994</u>	<u>552,808</u>	<u>8,786,990</u>
Expenditures:				
Administration	452,825	421,327	31,498	438,211
Development	635,110	438,471	196,639	451,358
Executive	629,599	594,389	35,210	393,526
Finance	335,310	312,036	23,274	285,973
Guest services	188,206	125,344	62,862	131,369
Information technology	549,342	505,319	44,023	415,757
Marketing	494,573	439,953	54,620	436,369
Operations	2,495,724	2,395,186	100,538	2,200,765
Public safety	1,222,925	1,145,936	76,989	1,092,364
Business development:				
Operating expenditures	300,000	173,877	126,123	360,690
Capital expenditures	-	-	-	12,739
Debt service	626,823	626,823	-	626,822
Emergency repair:				
Operating expenditures	100,000	21,552	78,448	62,005
Capital expenditures	650,000	20,200	629,800	-
Contingency	111,448	-	111,448	-
Equipment and small capital outlay	542,430	441,443	100,987	12,566
Renewal and replacement capital outlay	262,444	179,014	83,430	20,166
Capital project expenditures:				
Prior year approved projects	4,370,299	3,800,160	570,139	12,347,127
New projects in current year	<u>3,030,800</u>	<u>239,427</u>	<u>2,791,373</u>	<u>-</u>
Total expenses	<u>16,997,858</u>	<u>11,880,457</u>	<u>5,117,401</u>	<u>19,287,807</u>

ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Final Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(8,236,672)	(2,566,463)	5,670,209	(10,500,817)
Other Financing Sources (Uses):				
State grant reimbursements	892,500	127,694	(764,806)	171,413
Federal airport improvement program grants	5,635,728	4,419,998	(1,215,730)	8,388,224
Passenger facility charges	1,233,800	1,479,525	245,725	1,334,018
Appropriated net assets	474,644	-	(474,644)	-
Total other financing sources (uses)	8,236,672	6,027,217	(2,209,455)	9,893,655
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	3,460,754	\$ 3,460,754	(607,162)
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:				
Capital outlay expenditures		640,657		45,471
Capital project expenditures		4,039,587		12,347,127
Principal payments of bond maturities		411,426		388,335
OPEB annual required contribution in excess of actual payments		(90,589)		(204,427)
LEO special separation allowance actual payments in excess of required contribution		15,479		26,233
Depreciation		(4,565,756)		(3,502,579)
Change in net assets		\$ 3,911,558		\$ 8,492,998

ASHEVILLE REGIONAL AIRPORT AUTHORITY

**CAPITAL IMPROVEMENTS SUPPLEMENTAL SCHEDULE
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues:					
Federal airport improvement program grants	\$ 14,947,213	\$ 10,459,783	\$ 4,419,998	\$ 14,879,781	\$ (67,432)
Passenger facility charges	<u>2,696,205</u>	<u>353,097</u>	<u>1,479,525</u>	<u>1,832,622</u>	<u>(863,583)</u>
Total operating revenues	<u>17,643,418</u>	<u>10,812,880</u>	<u>5,899,523</u>	<u>16,712,403</u>	<u>(931,015)</u>
Expenditures:					
A Gates - terminal renovations and improvements	10,621,271	7,638,007	2,915,832	10,553,839	67,432
Landside parking and roadway access	5,293,994	4,976,090	255,715	5,231,805	62,189
North General Aviation expansion	3,700,000	3,390,990	47,640	3,438,630	261,370
Pre-conditioned air and fixed ground power	561,080	7,953	534,991	542,944	18,136
Airfield improvements - Phase 1	<u>350,000</u>	<u>-</u>	<u>239,427</u>	<u>239,427</u>	<u>110,573</u>
Total expenditures	<u>20,526,345</u>	<u>16,013,040</u>	<u>3,993,605</u>	<u>20,006,645</u>	<u>519,700</u>
Revenues over (under) expenditures	<u>(2,882,927)</u>	<u>(5,200,160)</u>	<u>1,905,918</u>	<u>(3,294,242)</u>	<u>(411,315)</u>
Other Financing Sources (Uses):					
Transfers from operating fund	<u>2,882,927</u>	<u>5,200,160</u>	<u>(1,905,918)</u>	<u>3,294,242</u>	<u>(411,315)</u>
Total other financing sources (uses)	<u>2,882,927</u>	<u>5,200,160</u>	<u>(1,905,918)</u>	<u>3,294,242</u>	<u>(411,315)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Schedule represents cumulative activity for active capital projects.
Budget and Actual Activity is accounted for in the operating fund.
This schedule is for additional detail of active capital projects.

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

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

We have audited the financial statements of the business-type activities of the Asheville Regional Airport Authority as of and for the year ended June 30, 2011, which collectively comprise the Asheville Regional Airport Authority's basic financial statements and have issued our report thereon dated September 9, 2011. 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

Management of the Asheville Regional Airport Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Asheville Regional Airport Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing opinions on the effectiveness of the Asheville Regional Airport Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Asheville Regional Airport 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, audit committee, others within the organization, members of the Board of Directors, 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.

September 9, 2011

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Federal Program And Passenger Facility Charge (PFC) Program And On Internal Control Over Compliance In Accordance With 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 Asheville Regional Airport Authority's compliance 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 could have a direct and material effect on each of the Asheville Regional Airport Authority's major Federal programs and PFC program for the year ended June 30, 2011. 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 Responses. 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 non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or the PFC Program occurred. An audit includes examining, on a test basis, evidence about the 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 of 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 compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and the PFC Program for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Asheville Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major Federal program or the PFC Program 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 Asheville Regional Airport Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 management, the audit committee, others within the entity, members of the Board of Directors, 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
September 9, 2011

ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2011

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

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

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' 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 X No

Identification of major federal programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2011

2. Findings Related to the Audit of the Basic Financial Statements of the Asheville Regional Airport Authority

None reported.

3. Federal Award Findings and Questioned Costs

None reported.

ASHEVILLE REGIONAL AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

There were no prior year audit findings.

ASHEVILLE REGIONAL AIRPORT AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Awards:				
<u>U.S. Department of Transportation</u>				
Direct Program:				
Airport Improvement Program	20.106	\$ 4,419,998	\$ -	\$ 109,140
<u>U.S. Environmental Protection Agency</u>				
Passed through NC Department of Environmental and Natural Resources:				
Clean Diesel Grant	66.040	127,694	-	534,991
Total Federal Awards		<u>\$ 4,547,692</u>	<u>\$ -</u>	<u>\$ 644,131</u>
Passenger Facility Charges				
Capital improvements				
Application approved number				07-04-C-00-AVL
Beginning balance, unliquidated Passenger Facility Charges		\$ -		
Passenger Facility Charges collateral		1,479,525		
Expenditures		<u>(1,479,525)</u>		
Ending balance, unliquidated Passenger Facility Charges		<u>\$ -</u>		

Notes to the Schedule of Expenditures of Federal and State 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, Audits of States, Local Governments, and Non-Profit Organizations, 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: Lew Bleiweis, Airport Director

DATE: October 14, 2011

ITEM DESCRIPTION – New Business Item B

Approval of Airline Incentives for Allegiant Airlines

BACKGROUND

Allegiant Airlines (Allegiant) was founded in 1997. They currently fly 162 routes from 61 small cities and 12 leisure destinations.

Allegiant currently operates a fleet of 51 MD-80 series aircraft and six Boeing 757 aircraft.

Allegiant is increasing its route structure and is looking to add several more cities in 2011. Asheville is one of those cities. Allegiant is proposing initial service of two non-stop flights a week from Asheville to Orlando-Sanford Airport.

ISSUES

None

ALTERNATIVES

None

FISCAL IMPACT

Staff would like to officially offer Allegiant an incentive package in the amount of \$150,000 for initial service marketing. Up to \$20,000 for station start-up costs (inclusive of \$15,000 for the Air IT equipment programming), and Waived rents and

New Business – Item B



fees (totaling approximately \$66,000) for up to one year of service for this specific service route. Funds are currently in the budget for this type of business development.

RECOMMENDED ACTION

It is respectfully requested that the Authority Board resolve to (1) approve airline incentives with Allegiant Airlines for AVL- SFB service; and (2) authorize the Airport Director to execute the necessary documents.



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, Airport Director

DATE: October 14, 2011

ITEM DESCRIPTION – New Business Item C

Approval of \$2,500 - \$15,000 of Airport Authority Funds for Sponsorship of the 2012 Southern Conference Basketball Tournament

BACKGROUND

The Southern Conference Basketball Championship Tournament includes twelve colleges and universities in the southeast, including three in our primary and peripheral market areas: Appalachian State University, Western Carolina University and Furman University.

The dates of the conference are March 2-5, 2012, and the tournament games will be held at the Asheville Civic Center and Kimmel Arena at the University of North Carolina Asheville. The expected number of out of town visitors is 8,000 – most would be traveling by car – not air; and some local participation is also expected, although no specific projections have been shared. The economic impact to the region is expected to be approximately \$4 million.

The Southern Basketball Conference Sponsorship Committee (which is made up of Buncombe County Commissioner K. Ray Bailey, Lou Bisette, attorney and former City of Asheville Mayor, Wilma Sherril, retired NC House Representative, Adrian Vasallo of the Asheville Downtown Association, and Sam Powers, Manager of the Asheville Civic Center) made an initial request that the airport consider a presenting sponsorship of the conference at a \$25,000 - \$50,000 level in exchange for high visibility at all events and on ESPN.

The presenting sponsorship level was not a fit with the airport's marketing plan, due to the limited return on investment from a marketing perspective.

New Business – Item C



Additional conversation with the sponsorship committee representative resulted in an amended request for a "community partner level" commitment from the airport, which ranges from \$2,500 to \$10,000+. A significant contribution was encouraged.

In exchange for a community partner level sponsorship, the airport would receive VIP passes to the tournament, various quantities of regular session tickets (depending on sponsorship level), name or logo included in the program as a community partner, and our logo on 500 t-shirts that will be distributed to children.

ISSUES

While most sponsorship requests are handled routinely by our marketing director, this particular request is coming to the Board for several reasons:

1. A very significant request for funding was made initially by members of the political and business communities, and may likely be made to members of the ARAA Board. Regional cooperation is being sought from our area's largest businesses, and it is important that the ARAA Board be apprised of the request, and agree upon a course of action.
2. Second, sponsorship of this event does not fully meet the organization's marketing objectives and guidelines for sponsorships, which are based upon FAA regulations regarding use of funds. However, there is the potential that some small marketing benefit could be achieved within our primary target market. Therefore, some level of commitment could be appropriate.
3. Last, due to timing, this sponsorship opportunity was not included in the current budget, so a budget amendment is needed to move forward.

ALTERNATIVES

The Authority could choose to pass on the opportunity for sponsorship, or choose a different level of sponsorship.

FISCAL IMPACT

The budget amendment will increase FY11/12's budgeted Marketing Department expenditures by \$2,500 - \$15,000 and increase budgeted Transfers from ARRA Cash revenue by \$2,500 - \$15,000.



RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to: (1) approve a \$2,500 - \$15,000 sponsorship of the 2012 Southeastern Basketball Championships Conference; (2) authorize the Airport Director to execute the necessary paperwork; and (3) amend the FY11/12 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, 2012:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Marketing Department		\$2,500 - \$15,000
Totals	<u>\$0</u>	<u>\$2,500 - \$15,000</u>

This will result in a net increase of \$2,500 to \$15,000 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from ARAA Cash/Investments		\$2,500 - \$15,000
Totals	<u>\$0</u>	<u>\$2,500 - \$15,000</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 14th day of October, 2011.

David Hillier, Chairman

Attested by:

Jeffrey A. Piccirillo, Secretary-Treasurer

Attachment

Southern Conference Basketball Returns to Asheville Community Partnership Opportunities

Asheville is proud to welcome back the Southern Conference Men's and Women's Basketball Tournament. After sixteen years of wandering, the tournament has finally arrived back to its home where it will be welcomed with open arms for the next three years. The Southern Conference Men's and Women's Basketball Tournament represents a multi-million dollar impact for the city of Asheville and Buncombe County. This tournament will kick off tourism season an entire month earlier than anticipated, so since the magic is back, let us proudly welcome SoCon Asheville!

Participating Schools

Appalachian State University
The Citadel
Elon University
Georgia Southern University
Samford University
Western Carolina University

College of Charleston
Davidson College
Furman University
University of North Carolina at Greensboro
University of Tennessee at Chattanooga
Wofford College

Ideal Facilities

Kimmel Arena

Kimmel Arena is UNC-Asheville's new arena that will host the first two rounds of the women's tournament. The arena is a 3,200 seat venue on the campus of UNC-Asheville is the located just 2.4 miles from downtown.

Renovated Civic Center

The men's games will be played at the Asheville Civic Center. It is undergoing \$6 million in renovations including: new seating, new lighting, new sound system, new digital messaging, improvements on concourse and concessions, new meeting rooms, along with renovated locker rooms, training facilities, and officials' rooms. In addition to the men's championships the women's semifinals and finals will be held at the Civic Center.

Dates and Facts

Dates: March 2-5, 2012; March 1-4, 2013, April 30-March 3, 2014
Number of Visitors: 8,000
Number of room nights: 4,000
Economic Impact: \$4,000,000
Three year committment
Largest sporting event in Asheville's history

Sponsorship Task Force

K. Ray Bailey, Buncombe County Commissioner
Lou Bissette, City of Asheville Mayor 1985 - 1989
Wilma Sherril, NC House of Representative (retired)
Adrian Vasallo, Asheville Downtown Association



Southern Conference Basketball Championships Community Partnership Opportunities

\$10,000 - Platinum Community Partner Level

- 15 VIP Passes
- 40 Regular Session Tickets
- Large logo included in program as community partner
- 5 tickets to SoCon Hall of Fame Induction (Thursday 3/1/2012)
- Sponsor of Champions of Tomorrow Program
 - Sponsor 75 at risk youth and teens to attend a two game session
 - Be included in announcements as a sponsor of the Champions of Tomorrow program during games
 - Logo to be included on t-shirt provided to children (approximately 500)

\$7,500 - Gold Community Partner Level

- 10 VIP Passes
- 30 Regular Session Tickets
- Logo included in program as community partner
- 2 Tickets to SoCon Hall of Fame Induction (Thursday 3/1/2012)
- Sponsor of Champions of Tomorrow Program
 - Sponsor 75 at risk youth and teens to attend a two game session
 - Be included in announcements as a sponsor of the Champions of Tomorrow program during games
 - Logo to be included on t-shirt provided to children (approximately 500)

\$5,000 - Silver Community Partner Level

- 6 VIP Passes
- 20 Regular Session Tickets
- Name included in program as community partner
- Sponsor of Champions of Tomorrow Program
 - Sponsor 50 at risk youth and teens to attend a two game session
 - Be included in announcements as a sponsor of the Champions of Tomorrow program during games
 - Logo to be included on t-shirt provided to children (approximately 500)

\$2,500 - Bronze Community Partner Level

- 3 VIP Passes
- 10 Regular Session Tickets
- Name included in program as community partner
- Sponsor of Champions of Tomorrow Program
 - Sponsor 25 at risk youth and teens to attend a two game session
 - Be included in announcements as a sponsor of the Champions of Tomorrow program during games
 - Logo to be included on t-shirt provided to children (approximately 500)





MEMORANDUM

TO: Members of the Airport Authority

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

DATE: October 14, 2011

ITEM DESCRIPTION – New Business Item D

Approval of Regional Boarding Ramp Replacement

BACKGROUND

In 2007, the Airport Authority purchased three Regional Boarding Ramps (RBR's) for gates 4-6 in order to increase the level of comfort and efficiency in passenger boarding at these locations. The units were funded by PFC's. Shortly after delivery of the units to AVL, the manufacturer went out of business, leaving the Authority, and other airports who owned them, without any means of warranty or customer support. In the few years the units have been in service at AVL they have been highly problematic. The overall poor design of the units, coupled with the lack of parts and support from the original manufacturer, has resulted in extended periods of down time due to maintenance difficulties. AVL maintenance staff have on several occasions fabricated parts and modifications in-house to keep them operating. Most recently, the Gate 4 RBR once again failed. In this latest incident, the unit collapsed upon itself. Fortunately there were no injuries involved. The Gate 4 RBR has been taken completely out of service, this time with no practical manner in which to repair it. The RBR's at Gates 5 and 6 are also experiencing similar problems, thus far on a smaller scale, but there are serious concerns over those problems escalating over time. Presently, Authority maintenance staff conducts daily inspections of the remaining two units, continually checking them for signs of distress, and remaining ready to pull them from service at the first sign of potential failure.

ISSUES

Presently, US Airways is without a means to board passengers at Gate 4 other than ground loading on the apron with passengers exposed to the elements. In addition to

New Business – Item D



the inconvenience to passengers and the airline, it serves to reduce the level of service and resources the Airport Authority has worked to provide to its customers in recent years. The Authority is also experiencing a reduction in revenue while the unit(s) are not available for use, and US Airways continues to express concerns over the loss of this facility resource.

ALTERNATIVES

1. A new company which has purchased the rights to the original manufacturer's designs now exists, which has re-designed the units for better durability. This company has inspected the RBR's and has submitted a proposal to retro-fit each of the units at a cost of approximately \$84,000.00 each (\$252,000.00 total). The cost of a new unit starts at \$125,000.00 each.
2. Eliminate the RBR's altogether, and require US Airways, American Eagle, United, and Continental Airlines, to return to ground boarding all passengers at these gates.
3. Advance the current schedule for replacement of the three RBR's with Passenger Boarding Bridges (Jet Bridges) similar to Gates 2 and 3. Presently, in the Authority's Capital Improvement Program (CIP), these replacements are scheduled in 2016. Although there is a lead time of 6-12 months to bid and obtain these units, in the long term, it is considered the most desirable from both staff and the US Airways Station Manager.

FISCAL IMPACT

The fiscal impact of the Alternative 1 retro-fit is approximately \$252,000.00. However, there is legitimate concern that even with the retro-fit, the RBR's will continue to be problematic from a maintenance perspective. The purchase of new RBR's would be between \$375,000.00 and \$450,000.00. These units would still be slated for replacement with Passenger Boarding Bridges in 2016.

The fiscal impact of Alternative 2 is negligible, as only staff time would be incurred in removing the RBR's from the building and storing or disposing of them.

The fiscal impact of Alternative 3 is estimated to be \$1.5M. This would include the acquisition of three new Passenger Boarding Bridges, the salvage and re-use of existing



ground power and pre-conditioned air units, and minor modifications to the building to accommodate the attachment of the bridges to the building structure.

RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board authorize the Airport Director to pursue Alternative No. 3 for the replacement of the existing RBR's with new Passenger Boarding Bridges. Authority staff would present the bids and any required budget amendments for the Board's approval at the appropriate time.



MEMORANDUM

TO: Members of the Airport Authority
FROM: Lew Bleiweis, A.A.E., Airport Director
DATE: October 14, 2011

ITEM DESCRIPTION – Information Section Item A

August, 2011 Traffic Report – Asheville Regional Airport

SUMMARY

August 2011 overall passenger traffic numbers were down 1.1% compared to the same period last year. Passenger traffic numbers reflect a 1.0% decrease in passenger enplanements from August 2010. Enplanements for Fiscal Year to Date total 79,999.

AIRLINE PERFORMANCE

AirTran Airways: AirTran's August 2011 enplanements increased by .5% compared to August 2010. There were no flight cancellations for the month.

American Airlines: American Airlines saw a decrease in enplanements by 25.9% compared to August, 2010. This decrease could be attributed to American's partial service for the month of August, 2011. There were no flight cancellations for the month.

Continental Airlines: Year over Year passenger enplanements for Continental in August 2011 were down by 16.1%. There were no flight cancellations for the month.

Delta Airlines: Delta's August 2011 enplanements decreased by 2.0% compared to August 2010. There were six (6) flight cancellations for the month.

United Airlines: In August 2011, United Airlines saw a decrease in enplanements by 7.0% over the same period last year. There were no flight cancellations for the month.

US Airways: US Airways' August 2011 passenger enplanements represent a 5.4% increase. There were thirteen (13) flight cancellations for the month.

Monthly Traffic Report

Asheville Regional Airport

August 2011



Category	Aug 2011	Aug 2010	Percentage Change	*CYTD-2011	*CYTD-2010	Percentage Change	*MOV12-2011	*MOV12-2010	Percentage Change
Passenger Traffic									
Enplaned	37,798	38,173	-1.0%	236,928	240,960	-1.7%	365,544	340,486	7.4%
Deplaned	<u>36,397</u>	<u>36,856</u>	-1.2%	<u>234,559</u>	<u>238,380</u>	-1.6%	<u>362,363</u>	<u>337,002</u>	7.5%
Total	74,195	75,029	-1.1%	471,487	479,340	-1.6%	727,907	677,488	7.4%
Aircraft Operations									
Airlines	402	151	166.2%	2,246	686	227.4%	2,720	824	230.1%
Commuter /Air Taxi	<u>1,695</u>	<u>1,835</u>	-7.6%	12,003	13,123	-8.5%	18,485	18,975	-2.6%
Subtotal	<u>2,097</u>	<u>1,986</u>	5.6%	<u>14,249</u>	<u>13,809</u>	3.2%	<u>21,205</u>	<u>19,799</u>	7.1%
General Aviation	3,869	3,917	-1.2%	24,956	28,422	-12.2%	38,286	43,495	-12.0%
Military	<u>512</u>	<u>626</u>	-18.2%	<u>2,621</u>	<u>3,050</u>	-14.1%	<u>4,394</u>	<u>4,659</u>	-5.7%
Subtotal	<u>4,381</u>	<u>4,543</u>	-3.6%	<u>27,577</u>	<u>31,472</u>	-12.4%	<u>42,680</u>	<u>48,154</u>	-11.4%
Total	6,478	6,529	-0.8%	41,826	45,281	-7.6%	63,885	67,953	-6.0%
Fuel Gallons									
100LL	21,727	22,968	-5.4%	127,027	146,817	-13.5%	197,047	219,839	-10.4%
Jet A (GA)	165,555	129,284	28.1%	829,552	738,086	12.4%	1,228,759	1,128,175	8.9%
Subtotal	<u>187,282</u>	<u>152,252</u>	23.0%	<u>956,579</u>	<u>884,903</u>	8.1%	<u>1,425,806</u>	<u>1,348,014</u>	5.8%
Jet A (A/L)	<u>350,368</u>	<u>369,254</u>	-5.1%	<u>2,193,550</u>	<u>2,333,416</u>	-6.0%	<u>3,377,886</u>	<u>3,221,758</u>	4.8%
Total	537,650	521,506	3.1%	3,150,129	3,218,319	-2.1%	4,803,692	4,569,772	5.1%

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

Tuesday, September 20, 2011

Airline Enplanements, Seats, and Load Factors

Asheville Regional Airport

August 2011



	Aug 2011	Aug 2010	Percentage Change	*CYTD-2011	*CYTD-2010	Percentage Change
AirTran Airways						
Enplanements	3,688	3,669	0.5%	18,506	17,911	3.3%
Seats	4,395	4,212	4.3%	22,685	21,879	3.7%
Load Factor	83.9%	87.1%	-3.7%	81.6%	81.9%	-0.3%
American Airlines						
Enplanements	851	1,149	-25.9%	2,873	5,166	-44.4%
Seats	997	1,382	-27.9%	3,364	6,534	-48.5%
Load Factor	85.4%	83.1%	2.7%	85.4%	79.1%	8.0%
Continental Airlines						
Enplanements	2,365	2,819	-16.1%	14,317	16,267	-12.0%
Seats	3,100	3,500	-11.4%	20,350	22,800	-10.7%
Load Factor	76.3%	80.5%	-5.3%	70.4%	71.3%	-1.4%
Delta Air Lines						
Enplanements	15,430	15,743	-2.0%	102,180	108,572	-5.9%
Seats	18,350	18,824	-2.5%	132,254	139,374	-5.1%
Load Factor	84.1%	83.6%	0.5%	77.3%	77.9%	-0.8%
Northwest Airlines						
Enplanements	0	0	#Num!	0	791	-100.0%
Seats	0	0	#Num!	0	1,450	-100.0%
Load Factor	#Num!	#Num!	#Type!	#Num!	54.6%	#Type!
United Airlines						
Enplanements	2,743	2,949	-7.0%	18,485	19,674	-6.0%
Seats	3,250	3,450	-5.8%	24,400	25,050	-2.6%
Load Factor	84.4%	85.5%	-1.3%	75.8%	78.5%	-3.5%

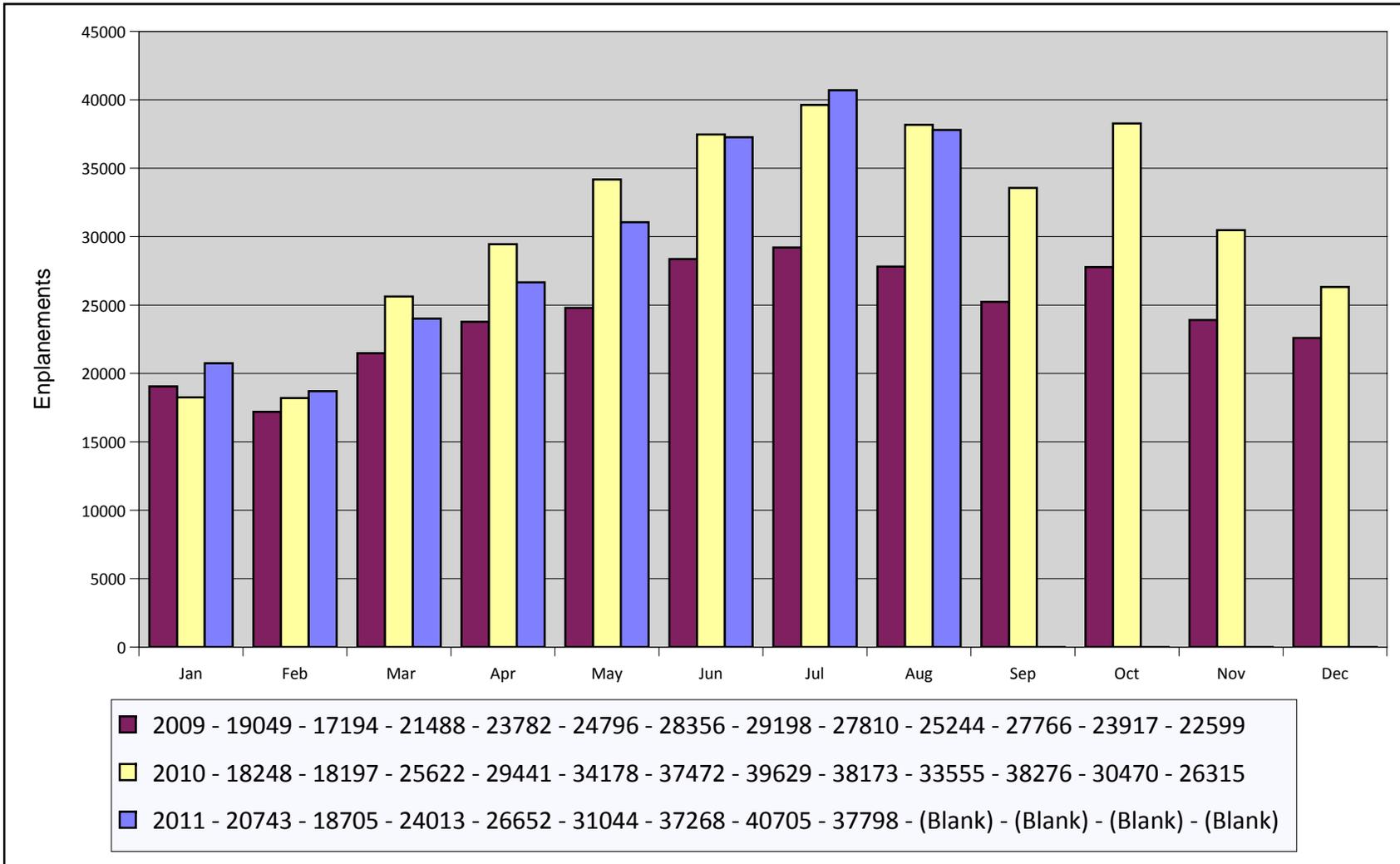
	Aug 2011	Aug 2010	Percentage Change	*CYTD-2011	*CYTD-2010	Percentage Change
US Airways						
Enplanements	12,485	11,844	5.4%	77,713	72,579	7.1%
Seats	17,249	14,235	21.2%	122,251	95,185	28.4%
Load Factor	72.4%	83.2%	-13.0%	63.6%	76.3%	-16.6%
Vision Airlines						
Enplanements	236	0	#Div/0!	2,854	0	#Div/0!
Seats	636	0	#Div/0!	5,752	0	#Div/0!
Load Factor	37.1%	#Num!	#Type!	49.6%	#Num!	#Type!
Totals						
Enplanements	37,798	38,173	-1.0%	236,928	240,960	-1.7%
Seats	47,977	45,603	5.2%	331,056	312,272	6.0%
Load Factor	78.8%	83.7%	-5.9%	71.6%	77.2%	-7.3%

Airline Flight Completions Asheville Regional Airport August 2011

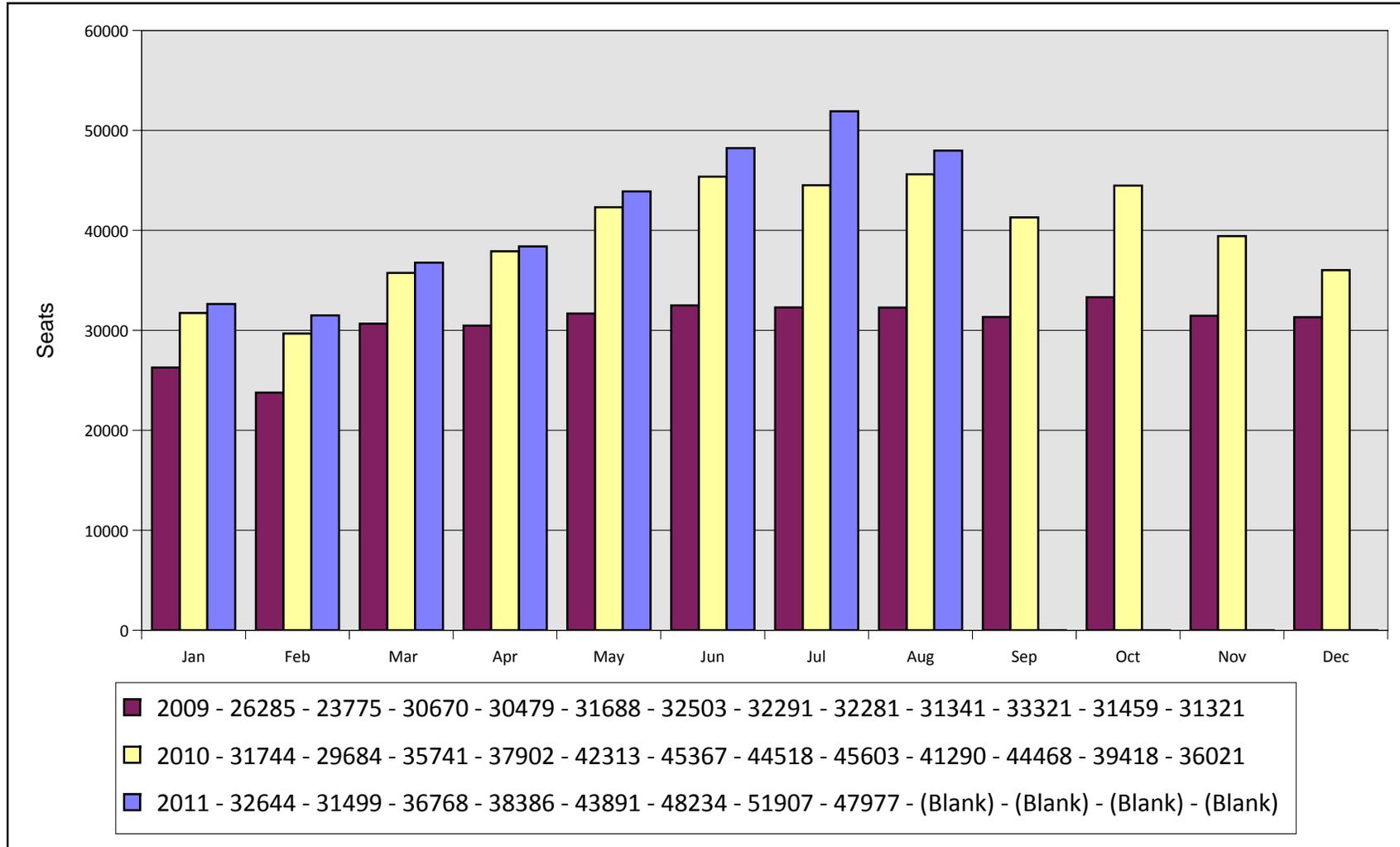


Airline	Scheduled Flights	Field	Cancellations Due To			Total Cancellations	Percentage of Completed
			Mechanical	Weather	Other		
AirTran Airways	35	0	0	0	0	0	100.0%
American Airlines	22	0	0	0	0	0	100.0%
Continental Airlines	62	0	0	0	0	0	100.0%
Delta Air Lines	375	0	0	4	2	6	98.4%
Northwest Airlines	0	0	0	0	0	0	#Num!
Sky King, Inc.	2	0	0	0	0	0	0.0%
United Airlines	65	0	0	0	0	0	0.0%
US Airways	325	0	0	0	13	13	96.6%
Vision Airlines	5	0	0	0	0	0	100.0%
Total	891	0	0	4	15	19	97.9%

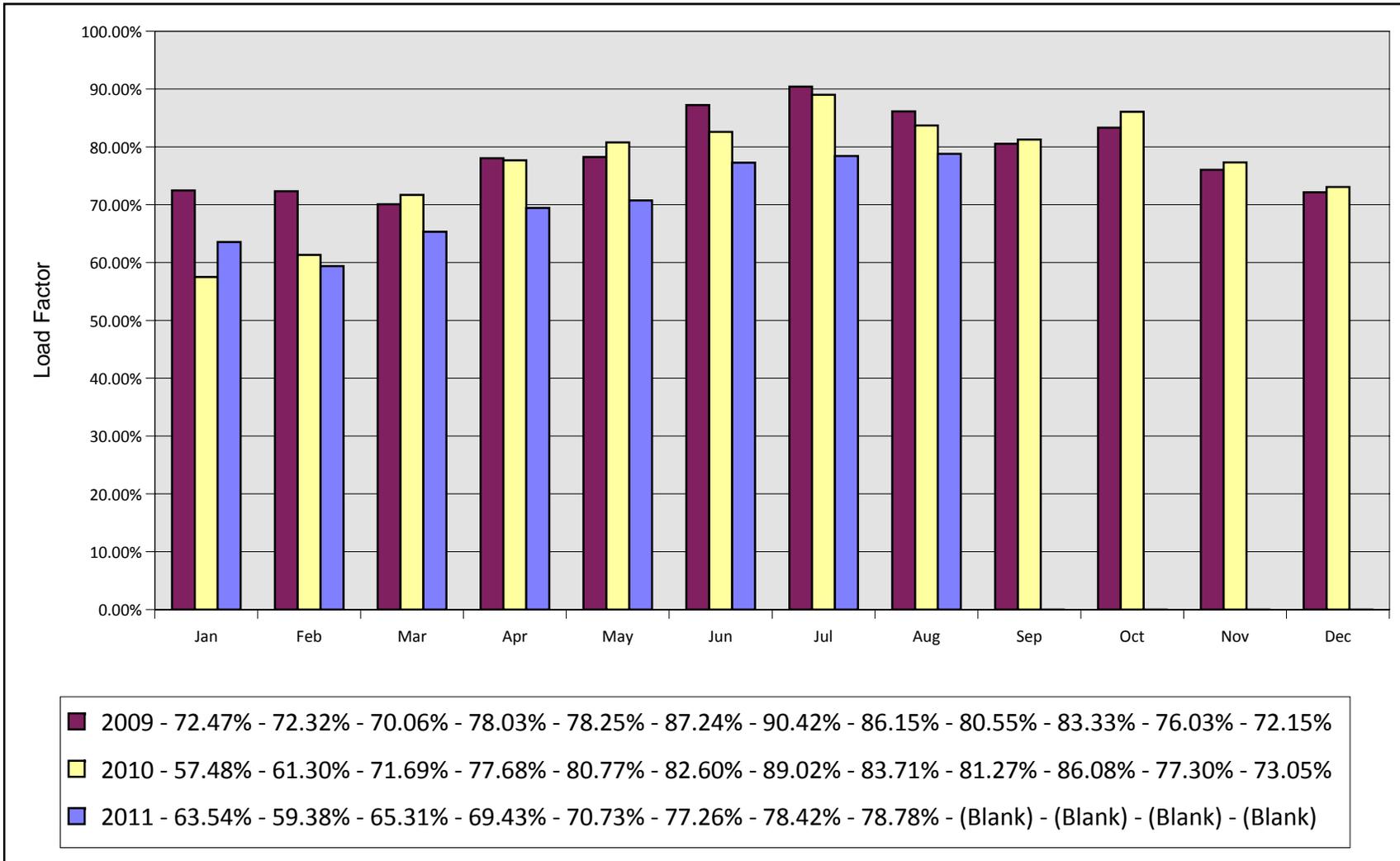
Monthly Enplanements By Year Asheville Regional Airport



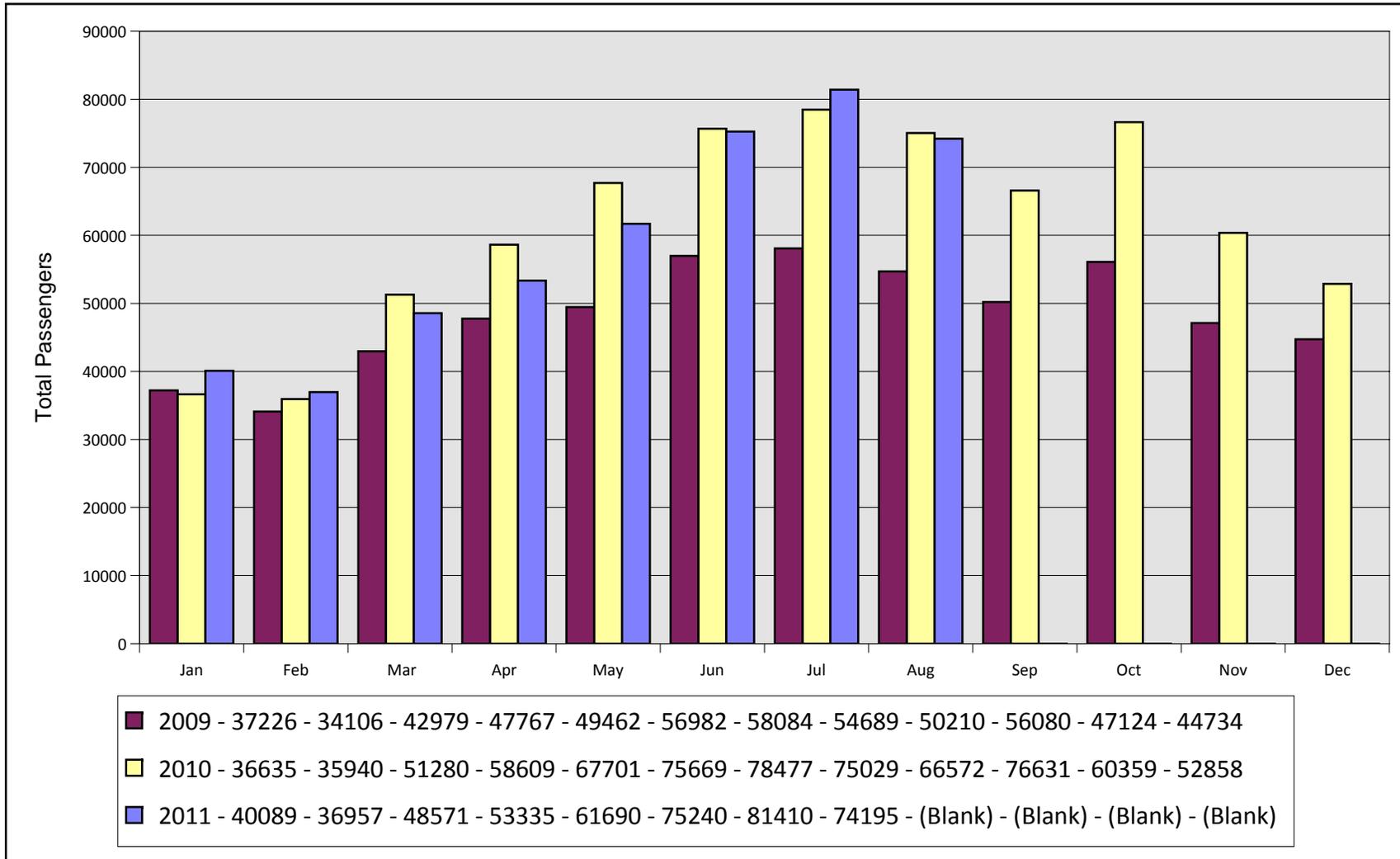
Monthly Seats By Year Asheville Regional Airport



Monthly Load Factors By Year Asheville Regional Airport

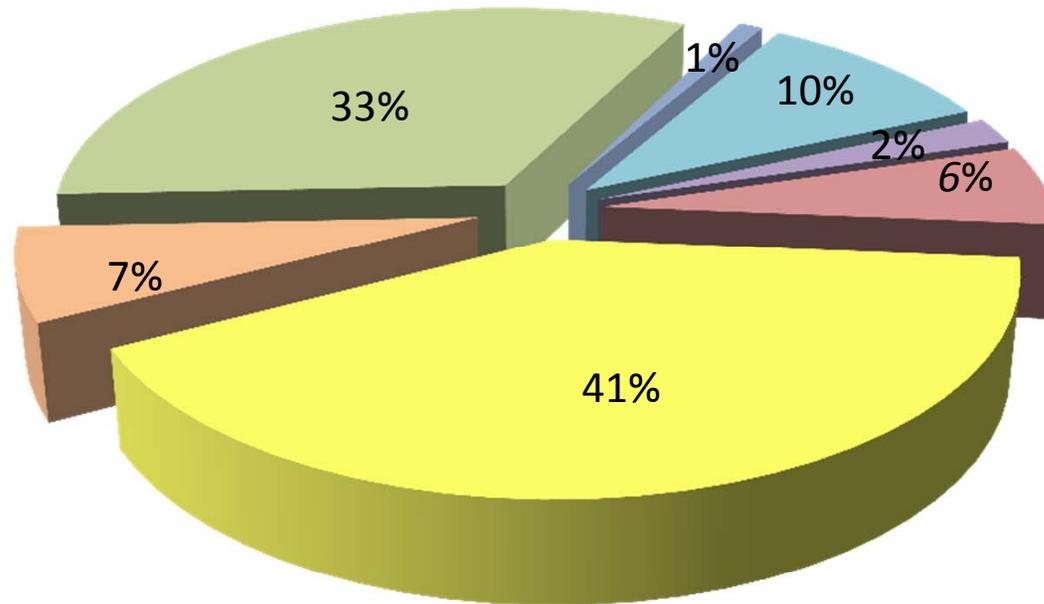


Total Monthly Passengers By Year Asheville Regional Airport



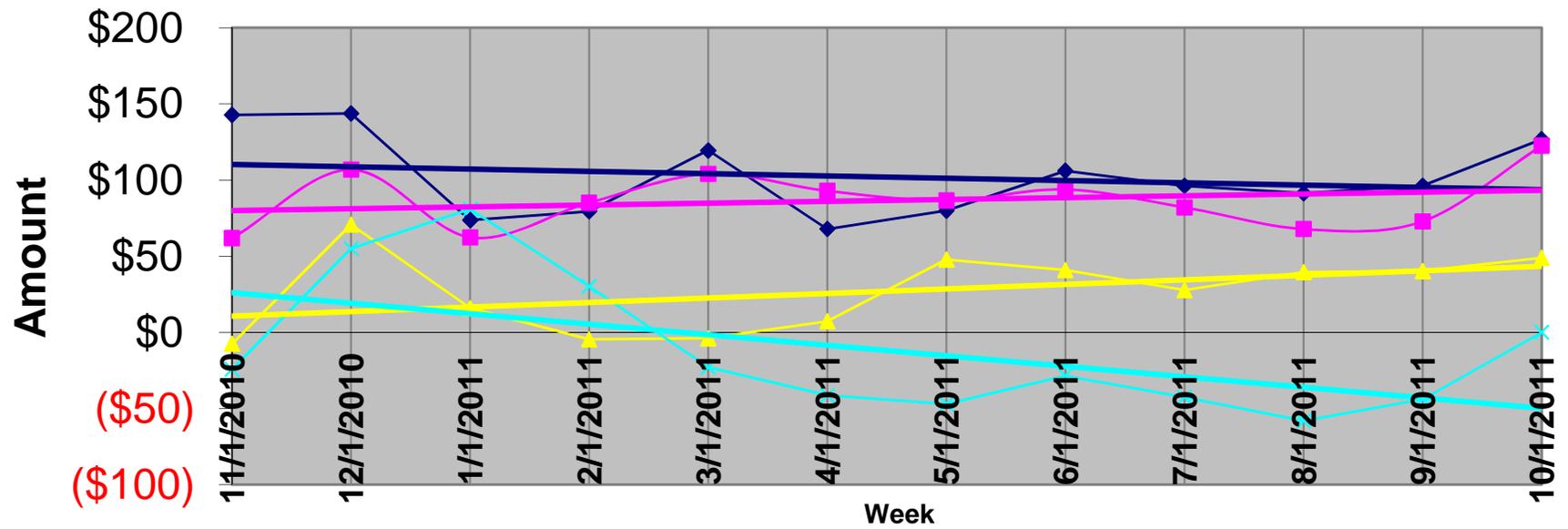
Airline Market Share Analysis (Enplanements) Asheville Regional Airport

Report Period From August 2011 Through August 2011



- AirTran Airways**
- American Airlines**
- Continental Airlines**
- Delta Air Lines**
- United Airlines**
- US Airways**
- Vision Airlines**

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 10/03/11
21 Day Advance Purchase, 3 day Stay

							<u>Difference in Fares</u>				
		<u>ASHEVILLE</u>	<u>ATLANTA</u>	<u>CHARLOTTE</u>	<u>GREENVILLE</u>	<u>TRI-CITIES</u>	<u>ATLANTA</u>	<u>CHARLOTTE</u>	<u>GREENVILLE</u>	<u>TRI-CITIES</u>	
ABQ	Albuquerque	\$354	\$330	\$376	\$424	\$378	\$24	(\$22)	(\$70)	(\$24)	
ATL	Atlanta	\$366		\$163	\$217	\$412	\$366	\$203	\$149	(\$46)	
AUS	Austin	\$354	\$318	\$270	\$365	\$350	\$36	\$84	(\$11)	\$4	
BWI	Baltimore	\$319	\$239	\$183	\$253	\$454	\$80	\$136	\$66	(\$135)	
BOS	Boston	\$365	\$319	\$159	\$372	\$399	\$46	\$206	(\$7)	(\$34)	
ORD	Chicago	\$305	\$274	\$361	\$251	\$277	\$31	(\$56)	\$54	\$28	
CVG	Cincinnati	\$413	\$310	\$480	\$371	\$442	\$103	(\$67)	\$42	(\$29)	
CLE	Cleveland	\$406	\$277	\$340	\$301	\$325	\$129	\$66	\$105	\$81	
DFW	Dallas	\$386	\$199	\$319	\$351	\$304	\$187	\$67	\$35	\$82	
DEN	Denver	\$502	\$205	\$269	\$293	\$300	\$297	\$233	\$209	\$202	
DTW	Detroit	\$328	\$269	\$279	\$299	\$329	\$59	\$49	\$29	(\$1)	
FLL	Fort Lauderdale	\$411	\$175	\$205	\$363	\$496	\$236	\$206	\$48	(\$85)	
RSW	Ft. Myers	\$395	\$281	\$239	\$341	\$497	\$114	\$156	\$54	(\$102)	
BDL	Hartford	\$416	\$407	\$237	\$345	\$411	\$9	\$179	\$71	\$5	
IAH	Houston	\$468	\$295	\$505	\$341	\$426	\$173	(\$37)	\$127	\$42	
IND	Indianapolis	\$449	\$272	\$286	\$318	\$458	\$177	\$163	\$131	(\$9)	
JAX	Jacksonville	\$327	\$210	\$185	\$451	\$403	\$117	\$142	(\$124)	(\$76)	
MCI	Kansas City	\$365	\$199	\$230	\$315	\$401	\$166	\$135	\$50	(\$36)	
LAS	Las Vegas	\$469	\$257	\$330	\$426	\$369	\$212	\$139	\$43	\$100	
LAX	Los Angeles	\$468	\$275	\$294	\$434	\$320	\$193	\$174	\$34	\$148	
MHT	Manchester	\$393	\$354	\$179	\$368	\$345	\$39	\$214	\$25	\$48	
MEM	Memphis	\$486	\$264	\$274	\$232	\$374	\$222	\$212	\$254	\$112	
MIA	Miami	\$432	\$215	\$379	\$393	\$411	\$217	\$53	\$39	\$21	
MKE	Milwaukee	\$349	\$315	\$237	\$317	\$404	\$34	\$112	\$32	(\$55)	
MSP	Minneapolis/Saint Pa	\$420	\$284	\$423	\$354	\$459	\$136	(\$3)	\$66	(\$39)	
BNA	Nashville	\$277	\$350	\$182	\$214	\$633	(\$73)	\$95	\$63	(\$356)	
MSY	New Orleans	\$346	\$229	\$230	\$335	\$413	\$117	\$116	\$11	(\$67)	

LGA	New York	\$350	\$329	\$217	\$264	\$350	\$21	\$133	\$86	\$0
EWR	Newark	\$315	\$369	\$297	\$263	\$462	(\$54)	\$18	\$52	(\$147)
MCO	Orlando	\$265	\$249	\$185	\$233	\$222	\$16	\$80	\$32	\$43
PHL	Philadelphia	\$352	\$255	\$203	\$238	\$259	\$97	\$149	\$114	\$93
PHX	Phoenix	\$437	\$265	\$349	\$296	\$350	\$172	\$88	\$141	\$87
PIT	Pittsburgh	\$339	\$237	\$183	\$338	\$397	\$102	\$156	\$1	(\$58)
PDX	Portland	\$526	\$430	\$439	\$450	\$414	\$96	\$87	\$76	\$112
PVD	Providence	\$422	\$339	\$171	\$359	\$407	\$83	\$251	\$63	\$15
RDU	Raleigh/Durham	\$363	\$183	\$317	\$436	\$383	\$180	\$46	(\$73)	(\$20)
RIC	Richmond	\$538	\$203	\$183	\$478	\$432	\$335	\$355	\$60	\$106
STL	Saint Louis	\$353	\$239	\$203	\$301	\$429	\$114	\$150	\$52	(\$76)
SLC	Salt Lake City	\$425	\$345	\$447	\$327	\$451	\$80	(\$22)	\$98	(\$26)
SAT	San Antonio	\$350	\$296	\$236	\$344	\$391	\$54	\$114	\$6	(\$41)
SAN	San Diego	\$485	\$412	\$437	\$423	\$364	\$73	\$48	\$62	\$121
SFO	San Francisco	\$534	\$279	\$359	\$382	\$316	\$255	\$175	\$152	\$218
SRQ	Sarasota/Bradenton	\$540	\$252	\$205	\$527	\$539	\$288	\$335	\$13	\$1
SEA	Seattle	\$545	\$272	\$439	\$372	\$424	\$273	\$106	\$173	\$121
SYR	Syracuse	\$366	\$371	\$205	\$495	\$417	(\$5)	\$161	(\$129)	(\$51)
TPA	Tampa	\$306	\$254	\$200	\$441	\$469	\$52	\$106	(\$135)	(\$163)
YYZ	Toronto	\$597	\$549	\$501	\$612	\$637	\$48	\$96	(\$15)	(\$40)
DCA	Washington DC	\$423	\$237	\$257	\$370	\$427	\$186	\$166	\$53	(\$4)
IAD	Washington DC	\$423	\$219	\$257	\$370	\$453	\$204	\$166	\$53	(\$30)
PBI	West Palm Beach	\$411	\$195	\$205	\$423	\$453	\$216	\$206	(\$12)	(\$42)

*These sample airfares were available 10/03/11, 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.

\$127 \$123 \$49 (\$0)

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 10/03/11
0 Day Advance Purchase, 3 day Stay

							<u>Difference in Fares</u>				
		<u>ASHEVILLE</u>	<u>ATLANTA</u>	<u>CHARLOTTE</u>	<u>GREENVILLE</u>	<u>TRI-CITIES</u>	<u>ATLANTA</u>	<u>CHARLOTTE</u>	<u>GREENVILLE</u>	<u>TRI-CITIES</u>	
ABQ	Albuquerque	\$940	\$676	\$597	\$882	\$822	\$264	\$343	\$58	\$118	
ATL	Atlanta	\$549		\$577	\$345	\$563	\$549	(\$28)	\$204	(\$14)	
AUS	Austin	\$1,138	\$648	\$378	\$534	\$717	\$490	\$760	\$604	\$421	
BWI	Baltimore	\$419	\$363	\$220	\$282	\$715	\$56	\$199	\$137	(\$296)	
BOS	Boston	\$797	\$528	\$247	\$483	\$729	\$269	\$550	\$314	\$68	
ORD	Chicago	\$533	\$336	\$706	\$432	\$327	\$197	(\$173)	\$101	\$206	
CVG	Cincinnati	\$1,024	\$460	\$789	\$512	\$918	\$564	\$235	\$512	\$106	
CLE	Cleveland	\$927	\$523	\$643	\$487	\$573	\$404	\$284	\$440	\$354	
DFW	Dallas	\$843	\$489	\$747	\$423	\$785	\$354	\$96	\$420	\$58	
DEN	Denver	\$1,024	\$347	\$448	\$638	\$690	\$677	\$576	\$386	\$334	
DTW	Detroit	\$742	\$489	\$579	\$242	\$499	\$253	\$163	\$500	\$243	
FLL	Fort Lauderdale	\$581	\$254	\$361	\$493	\$795	\$327	\$220	\$88	(\$214)	
RSW	Ft. Myers	\$834	\$410	\$361	\$593	\$947	\$424	\$473	\$241	(\$113)	
BDL	Hartford	\$873	\$571	\$375	\$641	\$798	\$302	\$498	\$232	\$75	
IAH	Houston	\$1,043	\$503	\$1,074	\$394	\$902	\$540	(\$31)	\$649	\$141	
IND	Indianapolis	\$661	\$437	\$353	\$618	\$609	\$224	\$308	\$43	\$52	
JAX	Jacksonville	\$987	\$317	\$351	\$893	\$729	\$670	\$636	\$94	\$258	
MCI	Kansas City	\$761	\$501	\$372	\$722	\$736	\$260	\$389	\$39	\$25	
LAS	Las Vegas	\$1,160	\$629	\$546	\$739	\$889	\$531	\$614	\$421	\$271	
LAX	Los Angeles	\$1,224	\$582	\$493	\$744	\$929	\$642	\$731	\$480	\$295	
MHT	Manchester	\$976	\$669	\$302	\$702	\$816	\$307	\$674	\$274	\$160	
MEM	Memphis	\$1,012	\$462	\$1,040	\$694	\$674	\$550	(\$28)	\$318	\$338	
MIA	Miami	\$728	\$279	\$608	\$584	\$740	\$449	\$120	\$144	(\$12)	
MKE	Milwaukee	\$669	\$428	\$375	\$699	\$594	\$241	\$294	(\$30)	\$75	
MSP	Minneapolis/Saint Paul	\$894	\$582	\$1,015	\$783	\$808	\$312	(\$121)	\$111	\$86	
BNA	Nashville	\$658	\$584	\$337	\$338	\$824	\$74	\$321	\$320	(\$166)	
MSY	New Orleans	\$761	\$597	\$364	\$602	\$610	\$164	\$397	\$159	\$151	

LGA	New York	\$679	\$535	\$410	\$352	\$563	\$144	\$269	\$327	\$116
EWR	Newark	\$717	\$655	\$670	\$449	\$695	\$62	\$47	\$268	\$22
MCO	Orlando	\$365	\$437	\$285	\$282	\$335	(\$72)	\$80	\$83	\$30
PHL	Philadelphia	\$718	\$677	\$350	\$498	\$561	\$41	\$368	\$220	\$157
PHX	Phoenix	\$1,428	\$534	\$395	\$523	\$699	\$894	\$1,033	\$905	\$729
PIT	Pittsburgh	\$549	\$475	\$319	\$444	\$633	\$74	\$230	\$105	(\$84)
PDX	Portland	\$1,556	\$652	\$569	\$908	\$917	\$904	\$987	\$648	\$639
PVD	Providence	\$797	\$632	\$365	\$701	\$798	\$165	\$432	\$96	(\$1)
RDU	Raleigh/Durham	\$770	\$347	\$443	\$697	\$887	\$423	\$327	\$73	(\$117)
RIC	Richmond	\$1,108	\$465	\$343	\$931	\$929	\$643	\$765	\$177	\$179
STL	Saint Louis	\$641	\$575	\$356	\$418	\$677	\$66	\$285	\$223	(\$36)
SLC	Salt Lake City	\$764	\$619	\$708	\$650	\$712	\$145	\$56	\$114	\$52
SAT	San Antonio	\$907	\$467	\$374	\$769	\$668	\$440	\$533	\$138	\$239
SAN	San Diego	\$1,211	\$555	\$549	\$911	\$881	\$656	\$662	\$300	\$330
SFO	San Francisco	\$1,356	\$640	\$647	\$911	\$818	\$716	\$709	\$445	\$538
SRQ	Sarasota/Bradenton	\$1,128	\$407	\$361	\$947	\$785	\$721	\$767	\$181	\$343
SEA	Seattle	\$1,288	\$492	\$666	\$911	\$792	\$796	\$622	\$377	\$496
SYR	Syracuse	\$837	\$519	\$361	\$712	\$849	\$318	\$476	\$125	(\$12)
TPA	Tampa	\$711	\$431	\$328	\$897	\$827	\$280	\$383	(\$186)	(\$116)
YYZ	Toronto	\$1,157	\$949	\$766	\$1,163	\$1,130	\$208	\$391	(\$6)	\$27
DCA	Washington DC	\$443	\$507	\$404	\$918	\$934	(\$64)	\$39	(\$475)	(\$491)
IAD	Washington DC	\$443	\$507	\$468	\$918	\$968	(\$64)	(\$25)	(\$475)	(\$525)
PBI	West Palm Beach	\$582	\$243	\$361	\$493	\$629	\$339	\$221	\$89	(\$47)

\$359 \$363 \$220 \$110

Average Fare difference

*These sample airfares were available 10/03/11, 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.

Schedule Summary Report for all Airlines for Passenger nonstop flights between AVL and ALL for Oct11 vs. Oct10

Mktg Airline	Org	Dst	Miles	Ops/Week				Seats/Week			
				Oct11	Oct10	Diff	Pct Chg	Oct11	Oct10	Diff	Pct Chg
AA	AVL	DFW	848	0	7	-7	-100.00	0	308	-308	-100.00
AA	DFW	AVL	848	0	7	-7	-100.00	0	308	-308	-100.00
CO	AVL	EWR	583	13	13	0	0.00	650	650	0	0.00
CO	AVL	IAH	834	7	7	0	0.00	350	350	0	0.00
CO	EWR	AVL	583	13	13	0	0.00	650	650	0	0.00
CO	IAH	AVL	834	7	7	0	0.00	350	350	0	0.00
DL	ATL	AVL	164	56	64	-8	-12.50	2,800	3,200	-400	-12.50
DL	AVL	ATL	164	56	64	-8	-12.50	2,800	3,200	-400	-12.50
DL	AVL	DTW	470	13	13	0	0.00	650	650	0	0.00
DL	AVL	LGA	599	7	7	0	0.00	350	350	0	0.00
DL	DTW	AVL	470	13	13	0	0.00	650	650	0	0.00
DL	LGA	AVL	599	7	7	0	0.00	350	350	0	0.00
FL	AVL	MCO	488	3	6	-3	-50.00	351	742	-391	-52.70
FL	AVL	TPA	514	4	0	4	100.00	468	0	468	100.00
FL	MCO	AVL	488	3	6	-3	-50.00	351	742	-391	-52.70
FL	TPA	AVL	514	4	0	4	100.00	468	0	468	100.00
UA	AVL	ORD	536	16	15	1	6.67	800	750	50	6.67
UA	ORD	AVL	536	16	15	1	6.67	800	750	50	6.67
US	AVL	CLT	92	53	61	-8	-13.11	2,937	3,330	-393	-11.80
US	AVL	PHL	503	1	0	1	100.00	50	0	50	100.00
US	CLT	AVL	92	53	61	-8	-13.11	2,937	3,330	-393	-11.80
US	PHL	AVL	503	1	0	1	100.00	50	0	50	100.00
TOTAL				346	386	-40	-10.36	18,812	20,660	-1,848	-8.94

Schedule Summary Report for all Airlines for Passenger nonstop flights between AVL and ALL for Nov11 vs. Nov10

Mktg Airline	Org	Dst	Miles	Ops/Week				Seats/Week			
				Nov11	Nov10	Diff	Pct Chg	Nov11	Nov10	Diff	Pct Chg
CO	AVL	EWR	583	13	13	0	0.00	650	650	0	0.00
CO	AVL	IAH	834	7	7	0	0.00	350	350	0	0.00
CO	EWR	AVL	583	13	13	0	0.00	650	650	0	0.00
CO	IAH	AVL	834	7	7	0	0.00	350	350	0	0.00
DL	ATL	AVL	164	57	59	-2	-3.39	2,850	2,950	-100	-3.39
DL	AVL	ATL	164	57	59	-2	-3.39	2,850	2,950	-100	-3.39
DL	AVL	DTW	470	12	7	5	71.43	600	350	250	71.43
DL	AVL	LGA	599	7	7	0	0.00	350	350	0	0.00
DL	DTW	AVL	470	12	7	5	71.43	600	350	250	71.43
DL	LGA	AVL	599	7	7	0	0.00	350	350	0	0.00
FL	AVL	MCO	488	4	3	1	33.33	468	351	117	33.33
FL	MCO	AVL	488	4	3	1	33.33	468	351	117	33.33
UA	AVL	ORD	536	14	14	0	0.00	700	700	0	0.00
UA	ORD	AVL	536	14	14	0	0.00	700	700	0	0.00
US	AVL	CLT	92	55	59	-4	-6.78	2,997	3,171	-174	-5.49
US	AVL	LGA	599	0	11	-11	-100.00	0	550	-550	-100.00
US	AVL	PHL	503	1	0	1	100.00	50	0	50	100.00
US	CLT	AVL	92	55	58	-3	-5.17	2,997	3,121	-124	-3.97
US	LGA	AVL	599	0	12	-12	-100.00	0	600	-600	-100.00
US	PHL	AVL	503	1	0	1	100.00	50	0	50	100.00
TOTAL				340	360	-20	-5.56	18,030	18,844	-814	-4.32

Schedule Weekly Summary Report for all Airlines for Passenger nonstop flights between AVL and ALL for Dec11 vs. Dec10

Mktg Air	Org	Dst	Miles	Ops/Week				Seats/Week			
				Dec11	Dec10	Diff	Pct Chg	Dec11	Dec10	Diff	Pct Chg
CO	AVL	EWR	583	7	7	0	0.00	350	350	0	0.00
CO	AVL	IAH	834	6	6	0	0.00	300	300	0	0.00
CO	EWR	AVL	583	7	7	0	0.00	350	350	0	0.00
CO	IAH	AVL	834	6	6	0	0.00	300	300	0	0.00
DL	ATL	AVL	164	54	59	-5	-8.47	2,700	2,950	-250	-8.47
DL	AVL	ATL	164	53	59	-6	-10.17	2,650	2,950	-300	-10.17
DL	AVL	DTW	470	6	7	-1	-14.29	300	350	-50	-14.29
DL	AVL	LGA	599	2	7	-5	-71.43	100	350	-250	-71.43
DL	DTW	AVL	470	6	7	-1	-14.29	300	350	-50	-14.29
DL	LGA	AVL	599	2	7	-5	-71.43	100	350	-250	-71.43
FL	AVL	MCO	488	4	3	1	33.33	468	351	117	33.33
FL	MCO	AVL	488	4	3	1	33.33	468	351	117	33.33
G4	AVL	SFB	465	2	0	2	100.00	300	0	300	100.00
G4	SFB	AVL	465	2	0	2	100.00	300	0	300	100.00
UA	AVL	ORD	536	14	14	0	0.00	700	700	0	0.00
UA	ORD	AVL	536	14	14	0	0.00	700	700	0	0.00
US	AVL	CLT	92	53	55	-2	-3.64	2,744	2,744	0	0.00
US	AVL	LGA	599	0	11	-11	-100.00	0	550	-550	-100.00
US	AVL	PHL	503	1	0	1	100.00	50	0	50	100.00
US	CLT	AVL	92	53	54	-1	-1.85	2,764	2,694	70	2.60
US	LGA	AVL	599	0	12	-12	-100.00	0	600	-600	-100.00
US	PHL	AVL	503	1	0	1	100.00	50	0	50	100.00
TOTAL				297	338	-41	-12.13	15,994	17,290	-1,296	-7.50



MEMORANDUM

TO: Members of the Airport Authority

FROM: Vickie Thomas, Director of Finance & Accounting

DATE: October 14, 2011

ITEM DESCRIPTION – Information Section Item B

Asheville Regional Airport – Explanation of Extraordinary Variances
 Month Ended August, 2011 (Month 2 of FY-2012)

SUMMARY

Operating Revenues for the month of August were \$802,535, 8.74% over budget. Operating Expenses for the month were \$552,304, 15.93% under budget. As a result, Net Operating Revenues before Depreciation were \$169,113 over budget. Net Non-Operating Revenues were \$248,693, 4.56% over budget.

REVENUES

Significant variations to budget for August were:

Terminal Space Rentals-Airline	\$24,584	22.65%	Enplanements higher than budgeted. Also, budget based on prior year info before had revised sq ft with A Gates.
Auto Parking	\$17,676	7.55%	Enplanements higher than budgeted.
Landing Fees	\$29,091	87.06%	Enplanements higher than budgeted. Also, budget based on prior year info before had increased percentage of commercial airline operations.
Reimbursable Costs	(\$42,405)	(91.83%)	Timing of Avcon costs billed to Charah.
Other Leases/Fees	\$13,641	34.65%	Airline Security Fee above budget due to enplanements higher than budgeted and rates higher than budgeted due to FY12 LEO salary adjustments.
Customer Facility Charges	\$17,709	17.89%	Enplanements higher than budgeted.



EXPENSES

Significant variations to budget for August were:

Personnel Services	(\$10,110)	(3.02%)	4.5 FTE vacant positions and portion of pay adjustments not awarded July 1 st .
Professional Services	(\$10,679)	(59.32%)	Timing of Professional Services spending.
Repair & Maintenance	(\$18,344)	(62.55%)	Timing of Repair & Maintenance spending.
Emergency Repair	(\$19,232)	(52.34%)	Timing of Emergency Repair spending.
Reimbursable Costs	(\$42,405)	(91.83%)	Timing of Avcon costs billed to Charah.

STATEMENT OF NET ASSETS

Significant variations to prior month were:

Cash – Cash increased by \$775k mainly due to operating income and to collection of prior months' Accounts Receivable.

Accounts Receivable – Accounts Receivable decreased by \$279k due to collection of prior months' receivables from TSA, Charah and Landmark Aviation.

Property and Equipment, Net – Property and Equipment, Net decreased by \$391k due to the current month's depreciation.

**ASHEVILLE REGIONAL AIRPORT
INVESTMENT AND INTEREST INCOME SUMMARY
As of August 31, 2011**

<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			0.28%	\$ 4,696,977	1,044
Petty Cash				100	
NC Capital Management Trust				217,068	5
Wachovia-Gov. Advantage Acct.			0.02%	3,815,430	64
PFC Revenue Account			0.28%	962,681	207
Additional Collateral Fund			0.02%	1,957,887	32
 <u>Restricted Cash:</u>					
CFC Revenue			0.02%	357,823	6
 <u>Commercial Paper:</u>				 0	
Total				<u>\$ 12,007,966</u>	<u>\$ 1,358</u>

<u>Investment Diversification:</u>	
1.BANKS	50.11%
2.CAP.TRUST	1.81%
3.GOV.ADV.ACCTS.	48.08%
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, 2011**

	<u>Current Month</u>	<u>Prior Period</u>
Cash and Investments Beginning of Period	\$ 11,232,791	\$ 11,115,574
Net Income/(Loss) Before Capital Contributions	108,378	180,215
Depreciation	390,546	390,546
Decrease/(Increase) in Receivables	278,864	(99,599)
Increase/(Decrease) in Payables	56,423	(174,474)
Decrease/(Increase) in Prepaid Expenses	(1,549)	(144,346)
Decrease/(Increase) in Long Term Assets	(21,946)	245
Principal Payments of Bond Maturities	(35,541)	(35,370)
Contributed Capital	-	-
Increase(Decrease) in Cash	<u>775,175</u>	<u>117,217</u>
Cash and Investments End of Period	<u>\$ 12,007,966</u>	<u>\$ 11,232,791</u>

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

For the Month Ending August 31, 2011

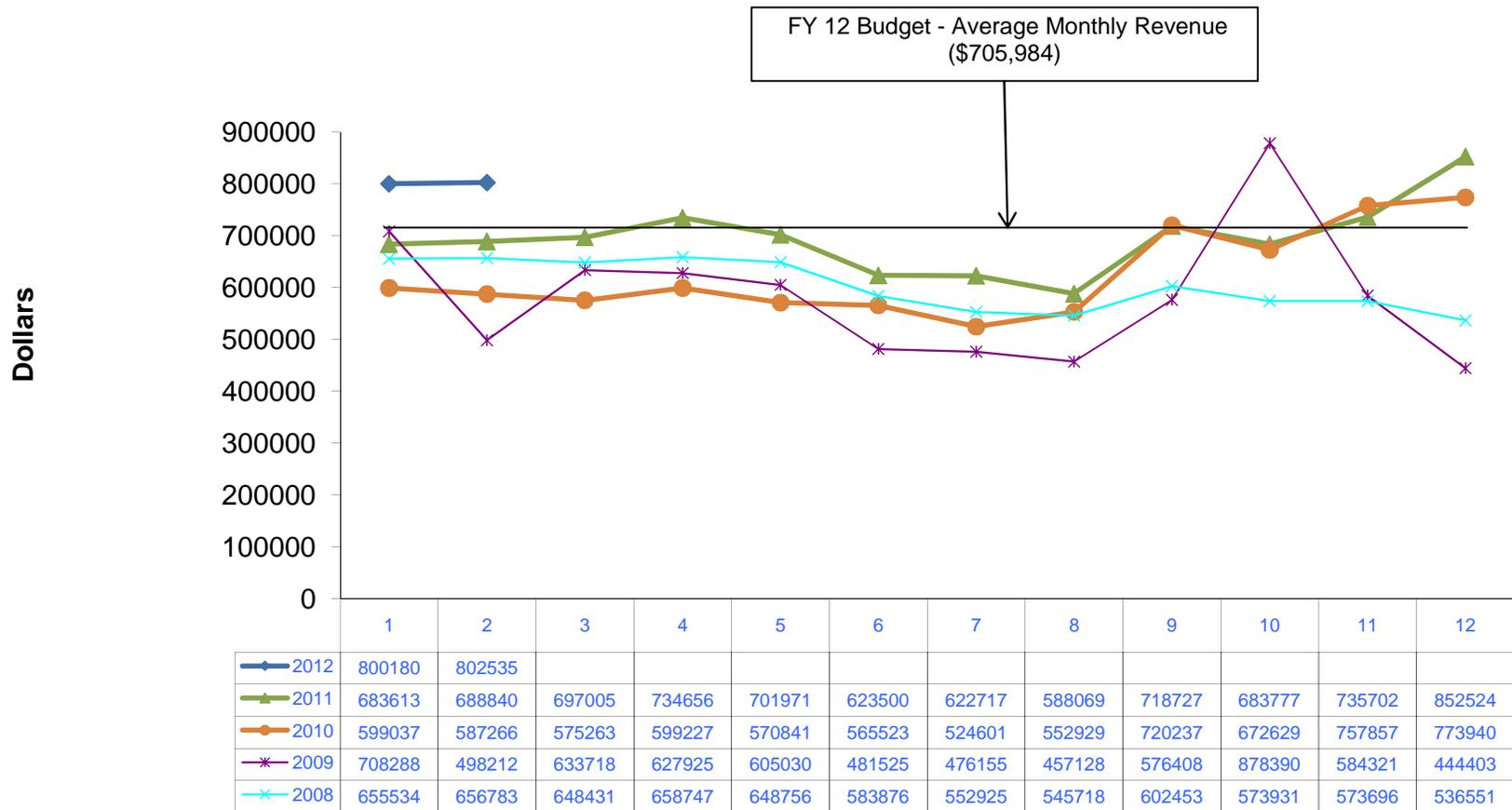
	August Actual	August Budget	Variance \$	Variance %	YTD Actual	YTD Budget	Variance \$	Variance %	Annual Budget
Operating Revenue:									
Terminal Space Rentals - Non Airline	\$16,967	\$17,184	(\$217)	(1.26%)	\$33,933	\$34,367	(\$434)	(1.26%)	\$206,204
Terminal Space Rentals - Airline	133,123	108,539	24,584	22.65%	273,145	217,078	56,067	25.83%	1,200,905
Concessions	19,019	16,246	2,773	17.07%	40,337	33,242	7,095	21.34%	188,950
Auto Parking	251,676	234,000	17,676	7.55%	478,072	468,000	10,072	2.15%	2,615,200
Rental Car - Car Rentals	113,694	108,178	5,516	5.10%	219,788	213,001	6,787	3.19%	1,294,778
Rental Car - Facility Rent	50,140	45,721	4,419	9.67%	93,102	90,239	2,863	3.17%	547,447
Commercial Ground Transportation	3,695	-	3,695	100%	17,845	10,200	7,645	74.95%	27,200
Landing Fees	62,506	33,415	29,091	87.06%	128,600	66,830	61,770	92.43%	417,397
FBO'S/SASO'S	82,847	75,011	7,836	10.45%	164,301	150,023	14,278	9.52%	900,136
Building Leases	10,170	12,253	(2,083)	(17.00%)	20,339	24,505	(4,166)	(17.00%)	147,030
Land Leases	1,915	1,966	(51)	(2.59%)	3,831	3,932	(101)	(2.57%)	23,590
Other Leases/Fees	53,009	39,368	13,641	34.65%	104,864	82,377	22,487	27.30%	449,570
Reimbursable Costs	3,774	46,179	(42,405)	(91.83%)	24,557	92,357	(67,800)	(73.41%)	453,405
Total Operating Revenue	\$802,535	\$738,060	\$64,475	8.74%	\$1,602,714	\$1,486,151	\$116,563	7.84%	\$8,471,812
Operating Expenses:									
Personnel Services	\$324,634	\$334,744	(\$10,110)	(3.02%)	\$631,299	\$671,999	(\$40,700)	(6.06%)	\$4,069,180
Professional Services	7,324	18,003	(10,679)	(59.32%)	15,899	28,007	(12,108)	(43.23%)	235,340
Accounting & Auditing	3,000	2,000	1,000	50.00%	3,000	3,000	-	0.00%	20,000
Other Contractual Services	60,511	64,845	(4,334)	(6.68%)	108,358	121,791	(13,433)	(11.03%)	705,114
Travel & Training	7,543	8,653	(1,110)	(12.83%)	13,208	18,640	(5,432)	(29.14%)	205,550
Communications & Freight	5,481	5,529	(48)	(0.87%)	10,656	11,558	(902)	(7.80%)	69,408
Utility Services	37,428	42,595	(5,167)	(12.13%)	67,947	77,686	(9,739)	(12.54%)	470,045
Rentals & Leases	1,042	1,060	(18)	(1.70%)	2,092	2,120	(28)	(1.32%)	14,920
Insurance	15,303	17,146	(1,843)	(10.75%)	30,605	34,292	(3,687)	(10.75%)	205,750
Repairs & Maintenance	10,984	29,328	(18,344)	(62.55%)	23,820	60,795	(36,975)	(60.82%)	356,972
Advertising, Printing & Binding	5,309	2,043	3,266	159.86%	7,528	2,486	5,042	202.82%	198,013
Promotional Activities	3,970	2,250	1,720	76.44%	9,204	6,766	2,438	36.03%	94,000
Other Current Charges & Obligations	5,834	6,166	(332)	(5.38%)	11,292	12,332	(1,040)	(8.43%)	82,600
Office Supplies	128	1,098	(970)	(88.34%)	731	2,196	(1,465)	(66.71%)	13,175
Operating Supplies	40,955	36,317	4,638	12.77%	53,066	68,723	(15,657)	(22.78%)	305,547
Books, Publications, Subscriptions & Meml	898	2,244	(1,346)	(59.98%)	2,330	6,109	(3,779)	(61.86%)	40,430
Contingency	-	-	-	0.00%	-	-	-	0.00%	47,500
Emergency Repair	17,510	36,742	(19,232)	(52.34%)	19,205	38,437	(19,232)	(50.04%)	100,000
Reimbursable Costs	3,774	46,179	(42,405)	(91.83%)	24,557	92,357	(67,800)	(73.41%)	453,405
Business Development	676	-	676	0.00%	676	-	676	0.00%	300,000
Total Operating Expenses	\$552,304	\$656,942	(\$104,638)	(15.93%)	\$1,035,473	\$1,259,294	(\$223,821)	(17.77%)	\$7,986,949

Operating Revenue before Depreciation	\$250,231	\$81,118	\$169,113	208.48%	\$567,241	\$226,857	\$340,384	150.04%	\$484,863
Depreciation	390,546	-	390,546	0.00%	781,092	-	781,092	0.00%	-
Operating Income(Loss) Before Non-Operating Revenue and Expenses	(\$140,315)	\$81,118	(\$221,433)	(272.98%)	(\$213,851)	\$226,857	(\$440,708)	(194.27%)	\$484,863
Non-Operating Revenue and Expense									
Customer Facility Charges	\$116,709	\$99,000	\$17,709	17.89%	\$238,089	\$198,000	\$40,089	20.25%	\$ 900,000
Passenger Facility Charges	147,320	153,450	(6,130)	(3.99%)	294,804	292,950	1,854	0.63%	1,395,000
Interest Revenue	1,358	2,083	(725)	(34.81%)	3,112	4,167	(1,055)	(25.32%)	25,000
Interest Expense	(16,694)	(16,694)	-	0.00%	(33,559)	(33,559)	-	0.00%	(190,932)
Sale of Assets	-	-	-	0.00%	-	-	-	0.00%	-
Non-Operating Revenue-Net	\$248,693	\$237,839	\$10,854	4.56%	\$502,446	\$461,558	\$40,888	8.86%	\$2,129,068
Income (Loss) Before Capital Contributions	\$108,378	\$318,957	(\$210,579)	(66.02%)	\$288,595	\$688,415	(\$399,820)	(58.08%)	\$2,613,931
Capital Contributions	\$0	\$0	\$0	0.00%	\$0	\$0	\$0	0.00%	\$0
Increase in Net Assets	\$108,378	\$318,957	(\$210,579)	(66.02%)	\$288,595	\$688,415	(\$399,820)	(58.08%)	\$2,613,931

ASHEVILLE REGIONAL AIRPORT AUTHORITY
STATEMENT OF FINANCIAL POSITION
As of August 31, 2011

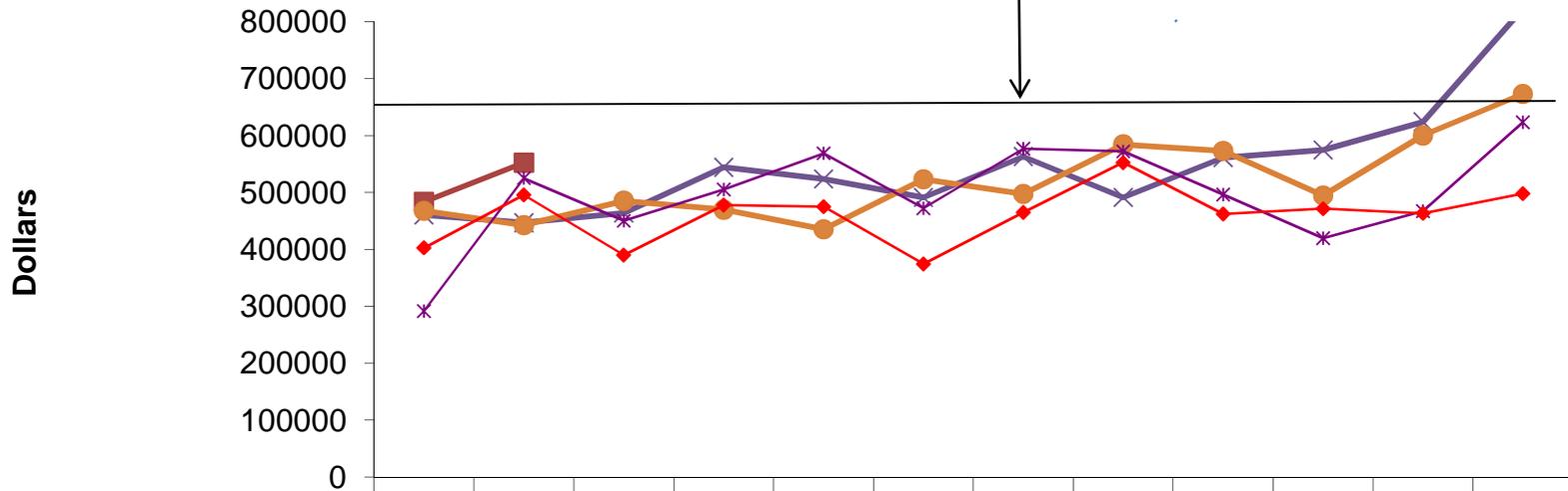
	<u>August</u>	<u>Last Month</u>
<u>ASSETS</u>		
Current Assets:		
Unrestricted Net Assets:		
Cash and Cash Equivalents	\$11,650,143	\$10,943,870
Accounts Receivable	554,875	834,300
Passenger Facility Charges Receivable	207,000	207,000
Refundable Sales Tax Receivable	181,098	177,473
Grants Receivable	0	3,064
Prepaid Expenses	183,015	181,466
Total Unrestricted Assets	12,776,131	12,347,173
Restricted Assets:		
Cash and Cash Equivalents	357,823	288,921
Total Restricted Assets	357,823	288,921
Total Current Assets	13,133,954	12,636,094
Noncurrent Assets:		
Construction in Progress	672,852	650,905
Property and Equipment - Net	68,764,246	69,154,792
Total Noncurrent Assets	69,437,098	69,805,697
	\$82,571,052	\$82,441,791
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable & Accrued Liabilities	\$437,966	\$467,571
Customer Deposits	750	750
Unearned Revenue	297,521	211,494
Construction Contract Retainages	0	0
Revenue Bond Payable - Current	440,107	437,993
Total Payable from Unrestricted Assets	1,176,344	1,117,808
Total Current Liabilities	1,176,344	1,117,808
Noncurrent Liabilities:		
Other Postemployment Benefits	675,326	675,326
Compensated Absences	284,140	284,140
Net Pension Obligation-LEO Special Separation Allowance	(29,392)	(29,392)
Revenue Bond Payable - Noncurrent	2,984,307	3,021,961
Total Noncurrent Liabilities	3,914,381	3,952,035
Total Liabilities	5,090,725	5,069,843
Net Assets:		
Invested in Capital Assets	66,012,684	66,345,743
Restricted	357,823	288,921
Unrestricted	11,109,820	10,737,284
Total Net Assets	77,480,327	77,371,948
	\$82,571,052	\$82,441,791

ASHEVILLE REGIONAL AIRPORT Annual Operating Revenue by Month August 2011



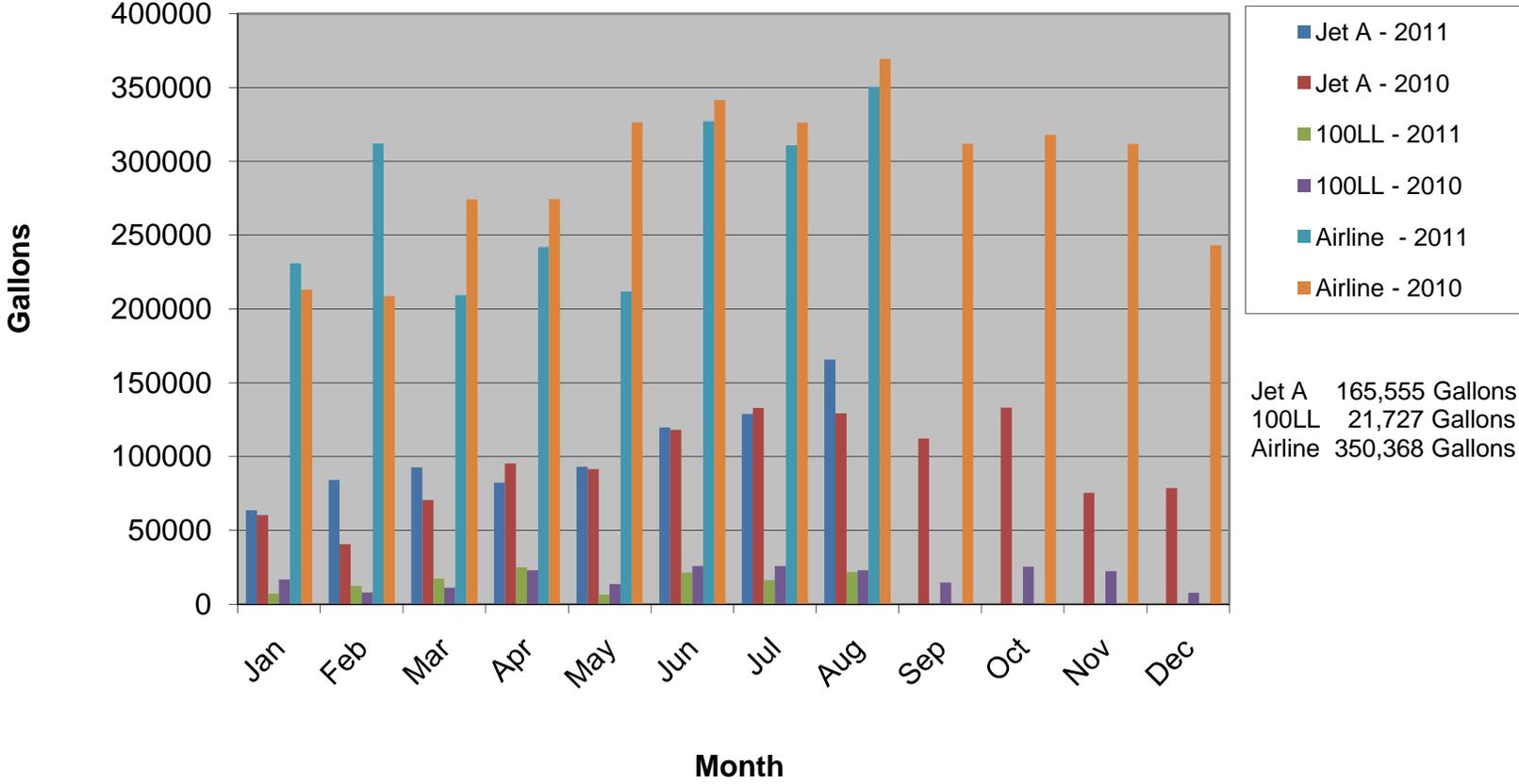
ASHEVILLE REGIONAL AIRPORT Annual Operating Expenses by Month August 2011

FY 12 Budget - Average Monthly Expenses (\$665,579)



	1	2	3	4	5	6	7	8	9	10	11	12
2012	483172	552304										
2011	460293	446755	463759	544121	523548	491409	563079	491206	561205	574721	624072	822290
2010	467857	442707	485301	469739	435459	523232	497363	584345	572841	494683	600079	673134
2009	291451	525055	450202	505107	568702	472289	576901	572123	496133	419732	467167	623246
2008	402516	495745	390008	477837	475124	374046	464875	552541	462244	471447	463499	497952

AVL Fuels Sales - Gallons August 2011



Asheville Regional Airport Authority
Project Report - October 2011

Project Number	Project Name	Project Description	Professional Services Consultant	Professional Services Contract	General Contractor	Original Construction Contract	Change Orders (thru 10/01/2011)	Percent of Original Contract	Board Approved Project Cost	Percent Complete	Expensed to Date (thru 10/01/2011)	Start Date	End Date	Current Project Status (as of 10/01/2011)
Planning Phase														
Design Phase														
1	Airport Master Plan	To update and bring current the plans for development and improvements to promote growth at the airport	Delta Airport Consultants	\$832,500.00	N/A	N/A	\$0.00	0.00%	\$832,500.00	5%	\$0.00	Sep-11	Jan-13	Data collection has begun. Airport Staff are in process of gathering information needed to assist with process.
2	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	N/A	\$0.00	0.00%	\$212,622.00	100%	\$193,293.00	Sep-10	Aug-11	Completed
3	ARFF Facility	Design and construct a new Aircraft Rescue and Firefighting Facility consisting of up to 5 vehicle bays; operations support; dispatch and communication office; training and living spaces.	LPA Group	\$541,409.00	N/A	N/A	\$0.00	0.00%	\$541,409.00	5%	\$0.00	Jul-11	Jul-13	Initial designs have been submitted for airport review and changes. Submitted to FAA for eligibility, approval pending.
Construction Phase														
1	Westside Area 4 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	\$42,750.00	14.74%	\$325,000.00* <i>(project expenses are being reimbursed by Charah through a separate agreement)</i>	80%	\$263,625.77	Jul-10	Dec-11	Ash work continues as weather permits. Subcell 7 is being filled. Erosion control measures are in place for all areas of work.
2	Westside Phase 2	Construction for the Westside Project to level land utilizing engineered ash to fill and top with soil embankment/cap for future development.	AVCON	\$349,732.00	Charah	N/A	\$0.00	0.00%	\$349,732.00* <i>(project expenses are being reimbursed by Charah through a separate agreement)</i>	15%	\$44,960.50	Feb-11	Jan-12	Phase 2 plans have been approved by Charah and submitted to City of Asheville for approval. The grading permit is received. Work has begun with erosion control measures being placed.
3	B-Gates Renovations	Update current interior decore to have a resembled look to the new Gates 1-3. This will include new terrazzo floor, matching carpet, column wraps and possible airline counters.	N/A	N/A	Perry Bartsch Jr. Construction	\$184,097.00	\$0.00	0.00%	\$250,000.00	5%	\$12,720.00	Sep-11	Dec-11	Work has begun with the removal of carpet where terrazzo flooring will be laid; painting; some laminant work on airline cabinets behind the counters and new lighting has been installed. Terrazzo flooring will be laid once samples have been approved. Airline counters are in process of being constructed off-site.