



DARE COUNTY AIRPORT AUTHORITY

**Dare County Regional Airport**

P.O. Box 429 ~ 410 Airport Road  
Manteo, NC 27954  
(252) 475-5570 ~ Fax (252) 473-1196



**DARE COUNTY AIRPORT AUTHORITY  
MINUTES of the  
December 2, 2020 MEETING**

- Members Present:** Charlie Davidson, Fred Newberry, Joe Blakaitis, William Pope, Wally Overman, , Pete Burkheimer, Jr., David Crownover
- Members Absent:** Jack Shea, George Henderson
- Also Attending:** Robert Hobbs, Hornthal, Riley, Ellis & Maland; John Massey & Steve Bright, Talbert & Bright; David Daniels, Airport Director; Jordan Hudson, Potter & Company

Chairman Davidson called the December 2, 2020 meeting of the Dare County Airport Authority to order at approximately 4:00 pm.

**ITEM 1 - Public Comments:**

No Comments submitted prior to the meeting and no comments by phone.

**ITEM 2 – Potter & Company:**

Jordon Hudson presented the FYE 6/30/20 Audit Financial Report: (see attached)  
Overview of the financial statements process this year was very clean and went well.

Balance sheet

- Changes in fuel (net of costs) increased by \$13,417 the sales from fuel remained consistent with the cost during the year.
- Airport operating expenses decreased by 8,032 or 1%. Expenses by categories were about the same across the fund.
- Cemetery operations expenses decreased by \$9,560 due to more maintenance and repairs needed on the rental homes in the prior years.

Pete Burkheimer inquired about page 35 airport's net proportion liability and why are the dollar amounts from 2016 was \$25,953 jumping up to \$160,308 to 2020 and is this trend concerning?

Auditor Jordon Hudson replied:

For 2017 the LGC required a difference way of accounting for the future liabilities which can be seen on pages 21-28 OPEB liabilities. To help simply we create a summary sheet on page 35 for all our clients. This does make the amounts looks out of presentational kind of weird; however there are not concerns at this time.

No other members had any questions.

**MOTION:** Pete Burkheimer motioned to accept the FY 6/30/20 Financial Audit report as presented by Potter & Company.  
**SECOND:** Joe Blakaitis  
**DISCUSSION:** None  
**OPPOSED:** None  
**OUTCOME:** Carried

Joe Blakaitis thanked Jordan Hudson and his firm for clear presentation audit report.

**ITEM 3 - Engineer's Report:**

*John Massey updated on the following: (see attached)*

- *Apron Pavement Rehabilitation –*

John Massey provided an update on the status of the Apron Pavement Rehabilitation project. As mentioned at the October 28<sup>th</sup> Authority Meeting, Jamie Fuller from NCDOA had indicated that award of construction funding for the apron pavement rehabilitation project would be on the agenda for the November 5<sup>th</sup> NCDOT Board of Transportation meeting. The funding for the project was approved at the NCDOT meeting and provides the airport with an additional \$2.25 million towards the project. The total funds available for the construction phase are as follows:

- NCDOA Grant Funds: \$ 2,671,412
- MQI Local Match: \$ 296,823
- Total Available Funds: \$ 2,968,235

The project scope was reviewed with the Airport Authority, including proposed limits of concrete pavement versus asphalt pavement and proposed construction phasing. It is expected that construction will be performed in two phases to minimize the impacts on airport operations. The first phase of construction is expected to start in late summer 2021. Talbert & Bright will continue to coordinate with the Airport staff and the Facilities committee to finalize the limits of concrete pavement versus asphalt pavement, construction phasing and develop a schedule for bidding the project. Prior to advertising the project for bids, the proposed concrete vs. asphalt limits and construction phasing will also be coordinated with NCDOA.

*Joe Blakaitis:* Asked when should the authority decide on the boundary lines for how far the asphalt and/or concrete should go.

*John Massey:* Replied we might not want to reconstruct pavement where there might be future buildings. There will need to be a plan for elevation changes to accommodate for the future buildings if any. This decision should be before this job goes out for bid which is expected for April 2021.

*Wally Overman:* Asked if there is an estimated cost for an all concrete replacement project? What is your option about of using the concrete that is pulled up and using it as a base and removing it? And if concrete is crushed the county could possibly have a place for it and to use it.

*John Massey:* Replied that the project with all concrete is about \$2.9million, there should be enough grant funds available. With DOT slowing of some construction jobs there might be a good response during bid time for competitive prices. Each contractor will have to see if it is cost efficient to bring the equipment in to crush the old concrete or haul it off. We have worked with contractors in the past that was able to crush and reuse with a cost savings. Most contractors are setup to remove and haul away pavement.

Chairman Davidson asked the facilities committee review the material with John and Steve to come up with a plan to bring back to the board for recommendation before the January Board meeting for an exact footprint for the pavement area.

#### **ITEM 4 - Attorney's Report:**

No report

#### **ITEM 5 - Chair Report:**

Chairman Davidson reports

Mr. Basnight is not selling the entire property and would like to exchange a similar size of property if possible. Mr. Basnight also would like to wait until after the first of the year to peruse any options.

#### **ITEM 6 - Director's Report**

Airport Direct Daniels reports the following:

- Aircrafts for November - 142 turbo-props and 24 jets
- Fuel Sales for November - Av gas was 2,000 gallons more then 2019  
Jet fuel was 400 gallon less than 2019
- Project list:
  - New flag pole quotes
  - Cemetery property was edged and trimmed
  - Self-Serv repairs finalizing quotes
- Titan fuels will donate 250 gallons of fuel for the First Flight Association Event in December
- Candy Bomber annual even has been cancelled this year, due to the aircraft was damaged and due to COVID-19 restrictions.

#### **ITEM 7 – Consent Agenda**

Review/Approve DCAA minutes as presented.

**MOTION:** Bill Pope motioned to approve the Consent Agenda minutes from the October 28, 2020 as presented.

**SECOND:** Joe Blakaitis

**DISCUSSION:** None  
**OPPOSED:** None  
**OUTCOME:** Carried

**ITEM 8 - Committee Reports:**

*Events Committee:*

Fred Newberry reported that AOPA has interested in having a small fly-in in the spring of 2021. The members were all in agreement it is very hard to committee to an event in spring due to the uncertainty of the pandemic and restrictions from the state.

*Facilities/Safety Committee:*

Joe Blakaitis reported that committee received the Information from Talbert & Bright the power unit requirements and the calculations today. The committee will review and report back to the board next Board meeting their recommendations.

**ITEM 9 - Comments from the Authority Members:**

None

**ITEM 10 - Adjourn**

**MOTION:** Joe Blakaitis motioned to adjourn.  
**SECOND:** Bill Pope  
**DISCUSSION:** None  
**OPPOSED:** None  
**OUTCOME:** Carried

The meeting was adjourned at 4:54 PM ET

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Margaret Stauffer, Clerk to the Board  
Dare County Airport Authority

**DARE COUNTY AIRPORT AUTHORITY  
410 AIRPORT ROAD, MANTEO, NC  
Wednesday, December 2, 2020  
AGENDA**

**4:00 PM CONVENE AUTHORITY FOR MONTHLY MEETING**

**ITEM 1 PUBLIC COMMENTS**

**ITEM 2 POTTER & COMPANY**

**a. Audit Presentation FY 6/30/2020**

**ITEM 3 ENGINEER'S REPORT**

**ITEM 4 ATTORNEY'S REPORT**

**ITEM 5 CHAIR'S REPORT**

**ITEM 6 DIRECTOR'S REPORT**

**ITEM 7 CONSENT AGENDA**

**a. Approve Minutes– October 28, 2020 DCAA Meeting**

**ITEM 8 COMMITTEE REPORT**

**ITEM 9 COMMENTS FROM THE AUTHORITY MEMBERS**

**ITEM 10 ADJOURN**

## Talbert & Bright Engineers Update

December 2, 2020

### Apron Pavement Rehabilitation

John Massey provided an update on the status of the Apron Pavement Rehabilitation project. As mentioned at the October 28<sup>th</sup> Authority Meeting, Jamie Fuller from NCDOA had indicated that award of construction funding for the apron pavement rehabilitation project would be on the agenda for the November 5<sup>th</sup> NCDOT Board of Transportation meeting. The funding for the project was approved at the NCDOT meeting and provides the airport with an additional \$2.25 million towards the project. The total funds available for the construction phase are as follows:

- NCDOA Grant Funds: \$2,671,412
- MQI Local Match: \$296,823
- **Total Available Funds: \$2,968,235**

The project scope was reviewed with the Airport Authority, including proposed limits of concrete pavement versus asphalt pavement and proposed construction phasing. It is expected that construction will be performed in two phases to minimize the impacts on airport operations. The first phase of construction is expected to start in late Summer 2021. Talbert & Bright will continue to coordinate with the Airport staff and the Facilities committee to finalize the limits of concrete pavement versus asphalt pavement, construction phasing and develop a schedule for bidding the project. Prior to advertising the project for bids, the proposed concrete vs asphalt limits and construction phasing will also be coordinated with NCDOA.

FUEL HISTORY

AV FUEL SALES										
2019							2020			
	GAL	AMOUNT					GAL	AMOUNT		
JAN	3,002	\$ 13,448.04					JAN	4,727	\$ 21,953.02	
FEB	3,067	\$ 13,538.55					FEB	2,983	\$ 13,783.03	
MARCH	4,849	\$ 21,084.35					MARCH	2,388	\$ 10,863.52	
APRIL	9,998	\$ 44,083.50					APRIL	730	\$ 3,265.67	
MAY	13,580	\$ 63,002.00	52,963					MAY	6,661	\$ 27,590.81
JUNE	18,466	\$ 86,499.83	\$ 241,656.27					JUNE	14,097	\$ 51,701.93
JULY	21,572	\$ 100,740.59					JULY	18,976	\$ 74,362.89	
AUG	16,752	\$ 78,046.44					AUG	16,558	\$ 65,211.42	
SEPT	10,880	\$ 50,069.22					SEPT	11,721	\$ 47,301.10	
OCT	6,844	\$ 31,089.76					OCT	11,549	\$ 47,086.62	
NOV	4,584	\$ 21,092.44	66,364					NOV	6,525	\$ 26,693.89
DEC	5,732	\$ 23,641.69	\$ 304,680.14					DEC		\$ 260,655.92
	<b>119,327</b>	<b>\$ 546,336.41</b>						<b>96,914</b>	<b>\$ 389,813.90</b>	

JET FUEL SALES										
2019							2020			
	GAL	AMOUNT					GAL	AMOUNT		
JAN	4,591	\$ 20,085.24					JAN	5,508	\$ 22,041.98	
FEB	6,666	\$ 26,227.12					FEB	6,505	\$ 23,593.13	
MARCH	9,500	\$ 34,056.86					MARCH	7,840	\$ 27,678.44	
APRIL	9,607	\$ 37,022.20					APRIL	4,565	\$ 15,002.93	
MAY	21,165	\$ 81,040.62	76,777					MAY	6,320	\$ 18,707.91
JUNE	25,248	\$ 99,319.84	\$ 297,751.88					JUNE	27,196	\$ 81,003.04
JULY	28,359	\$ 111,482.98					JULY	20,726	\$ 60,198.46	
AUG	17,123	\$ 67,259.59					AUG	21,403	\$ 69,099.50	
SEPT	17,834	\$ 66,106.78					SEPT	15,552	\$ 50,551.60	
OCT	17,381	\$ 66,119.33					OCT	20,362	\$ 65,629.73	
NOV	10,399	\$ 38,946.04	101,394					NOV	9,976	\$ 30,767.84
DEC	10,298	\$ 37,434.53	\$ 387,349.25					DEC		\$ 276,247.13
	<b>178,171</b>	<b>\$ 685,101.13</b>						<b>145,953</b>	<b>\$ 464,274.56</b>	

UPDATED 11/30/2020



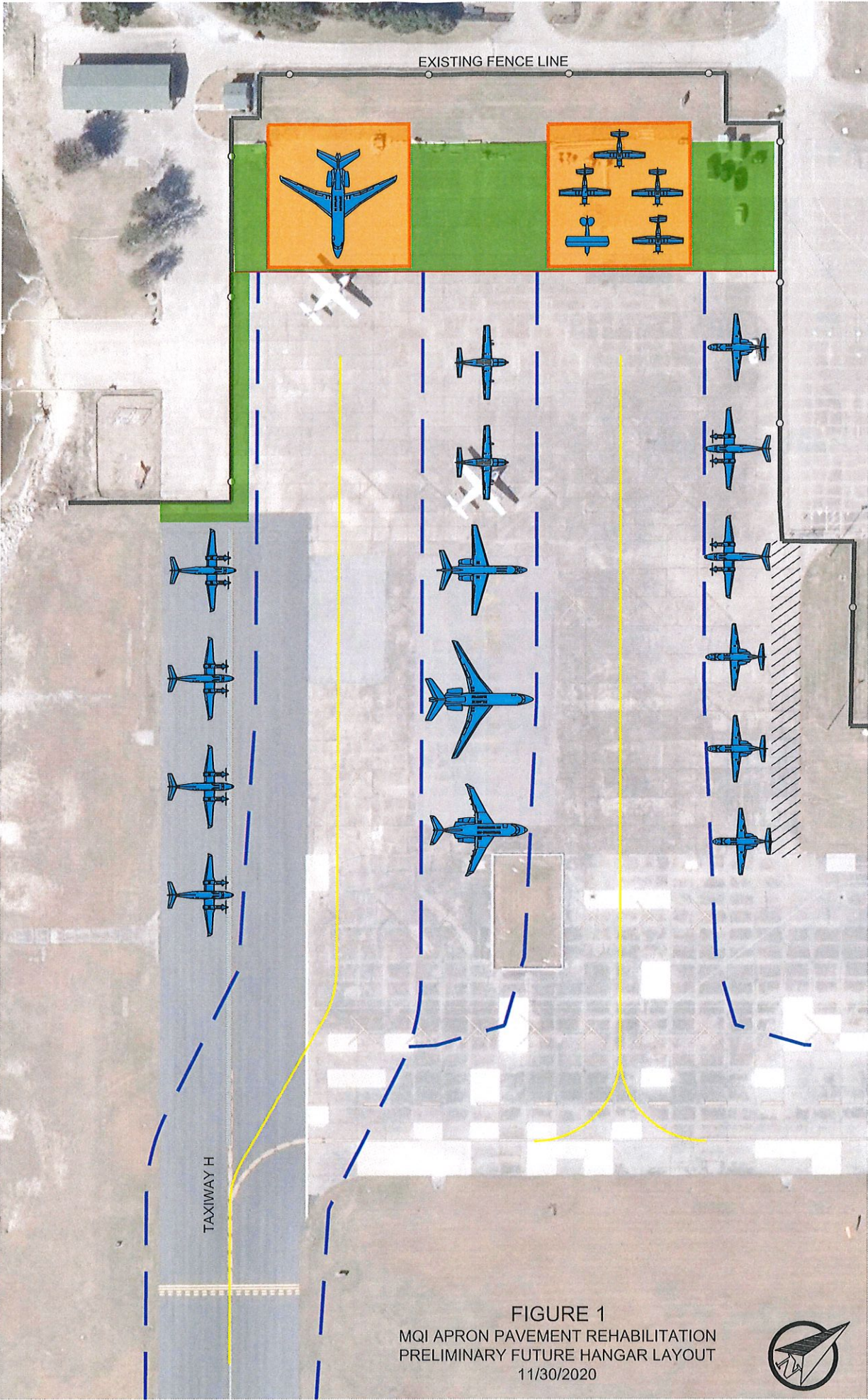
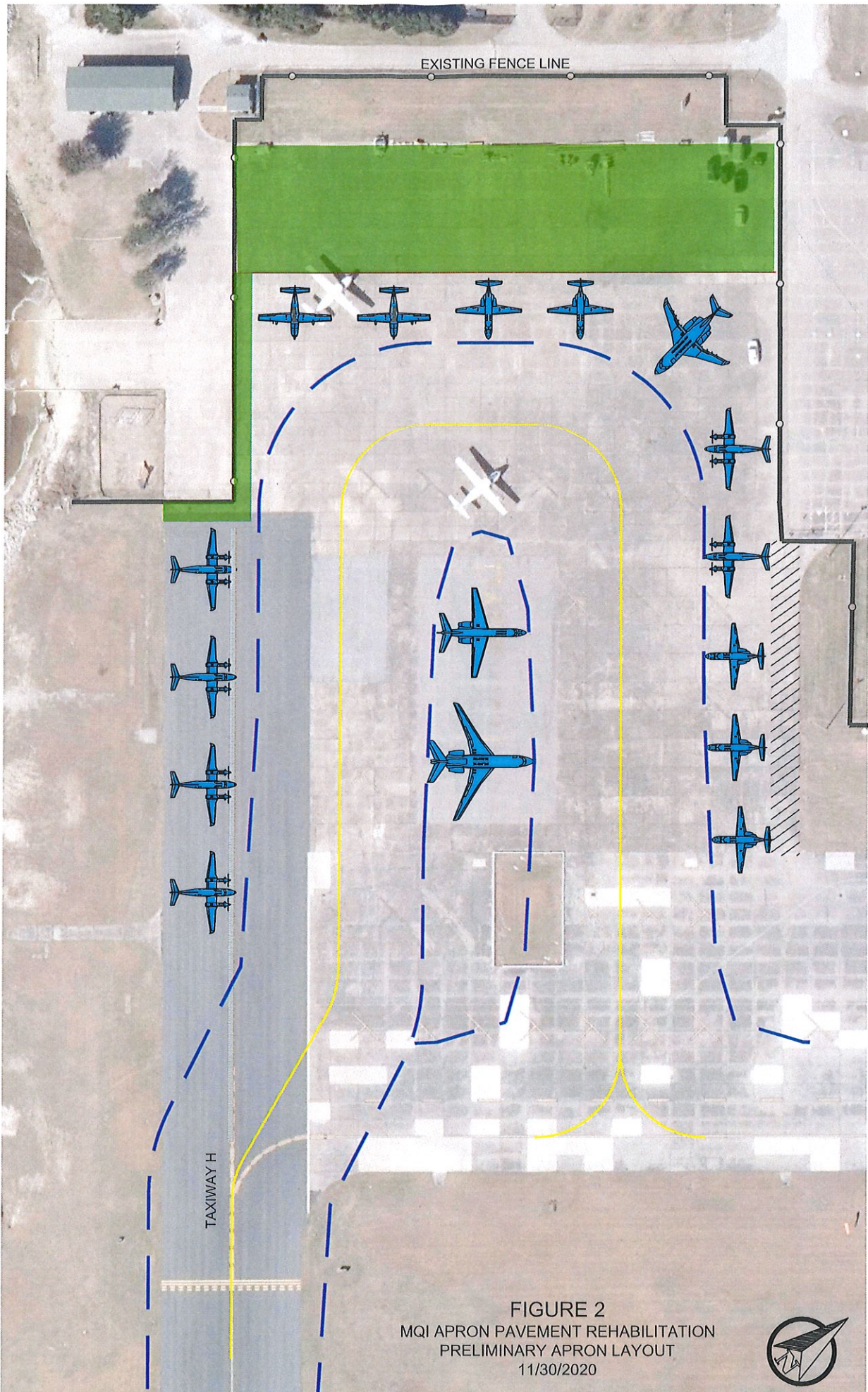


FIGURE 1  
 MQI APRON PAVEMENT REHABILITATION  
 PRELIMINARY FUTURE HANGAR LAYOUT  
 11/30/2020









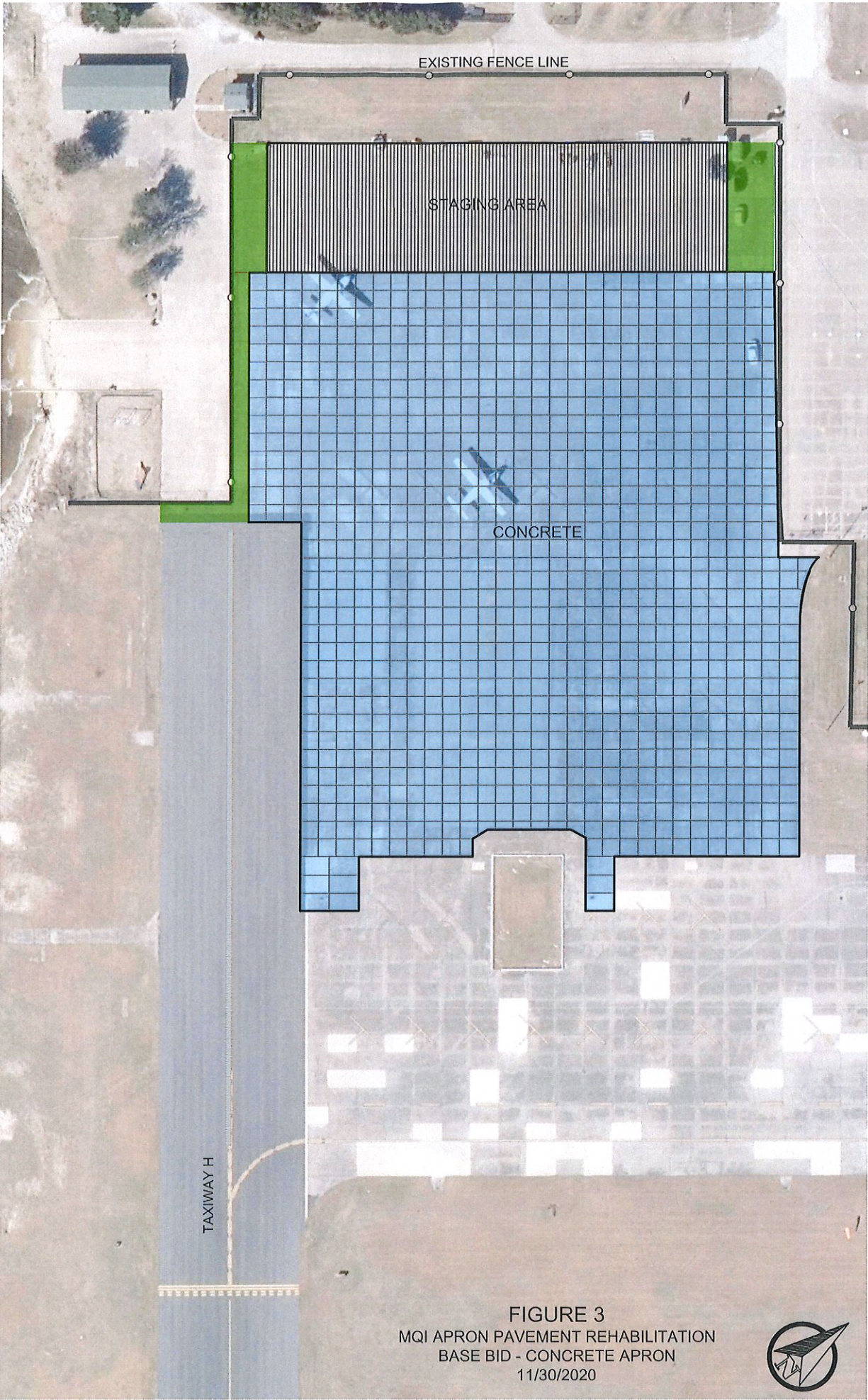


FIGURE 3  
MQI APRON PAVEMENT REHABILITATION  
BASE BID - CONCRETE APRON  
11/30/2020





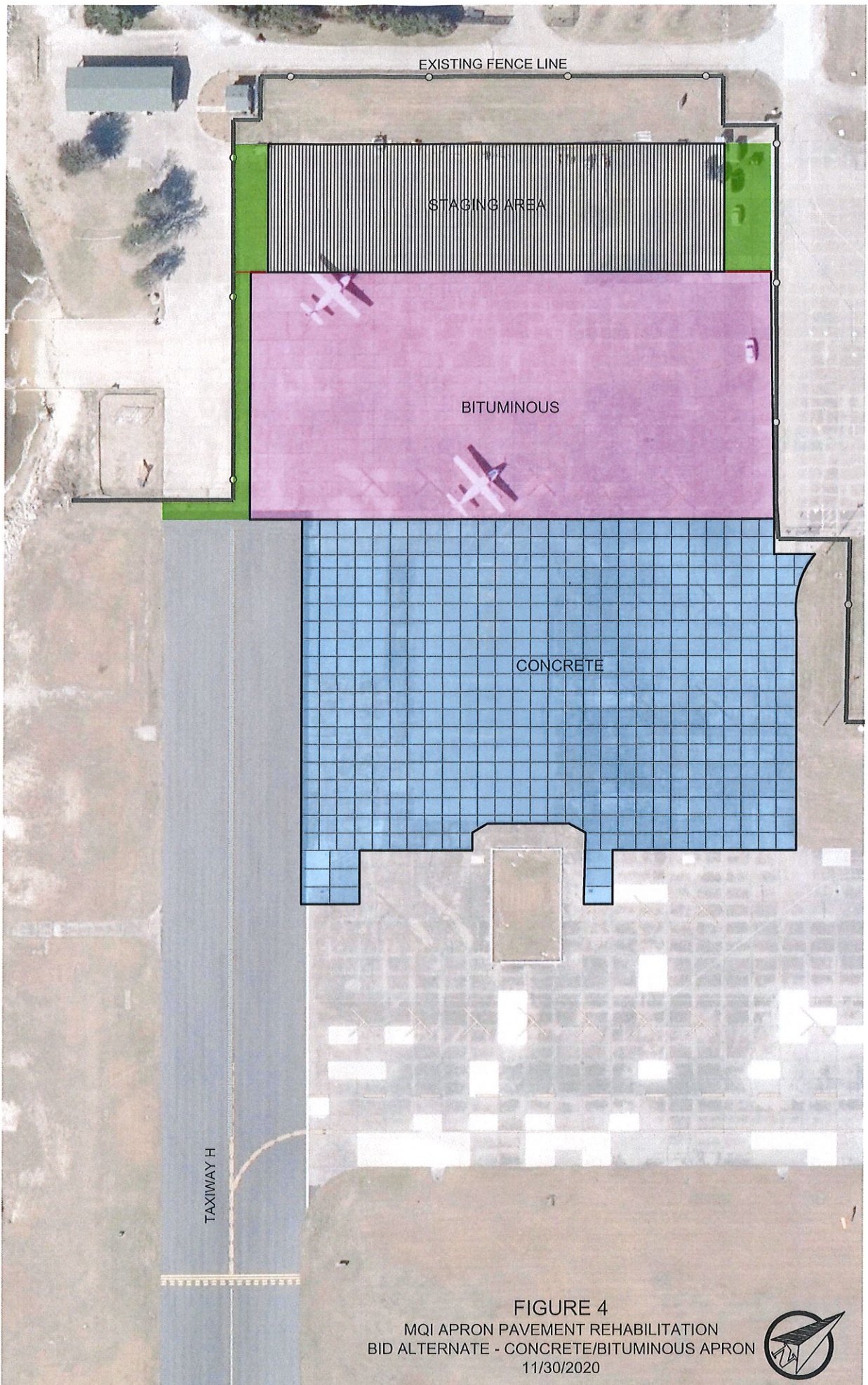


FIGURE 4  
MQI APRON PAVEMENT REHABILITATION  
BID ALTERNATE - CONCRETE/BITUMINOUS APRON  
11/30/2020





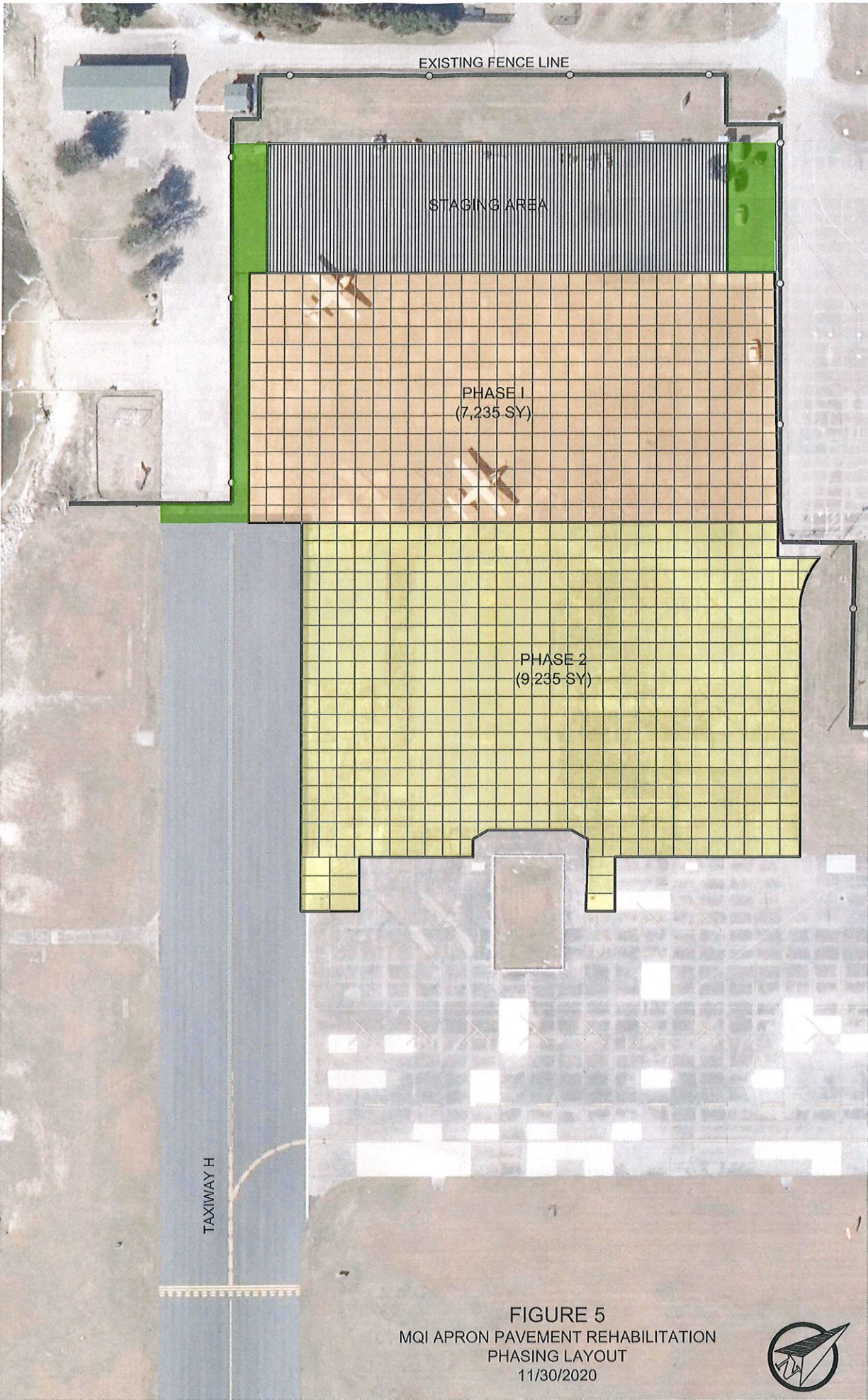


FIGURE 5  
MQI APRON PAVEMENT REHABILITATION  
PHASING LAYOUT  
11/30/2020







Marge Stauffer <marge.stauffer@darenc.com>

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## Fwd: MQI Apron Pavement Rehabilitation

3 messages

David Daniels <ddaniels@darenc.com>

Mon, Nov 30, 2020 at 4:34 PM

To: davidson charles <airmax103@gmail.com>, Fred Newberry <fnewberry@comcast.net>, Joe Blakaitis <blak@embarqmail.com>, Dave Crowover <davecrowover@gmail.com>, irforester@aol.com, Jack Shea <jjsheabg@peoplepc.com>, Wally Overman <wallyo@darenc.com>, William Pope <william.pope4108@gmail.com>, "Walton (Pete) Burkheimer, Jr." <wpburkheimer1@gmail.com>, "Robert B. Hobbs Jr." <Rhobbs@hrem.com>, Marge Stauffer <marge.stauffer@darenc.com>

Good afternoon,

I am forwarding an email from John Massey regarding the Apron Rehab Phase II grant that was granted by NCDOT. The email and attachments depict the proposed plans for this project. Charlie wanted to make each of you aware and see if there were any questions or discussion regarding this at the meeting on Wednesday.

Robert, this will be posted to the website and we didn't know if any motions are required regarding the proposed plans & changes.

Thanks,

**David Daniels**

Airport Director

Dare County Regional Airport

P O Box 429, Manteo, NC 27954

252.475.5571

[ddaniels@darenc.com](mailto:ddaniels@darenc.com)

[www.darenc.com](http://www.darenc.com)



Email correspondence to and from this address is subject to the North Carolina Public Records Law and may be disclosed to third parties.

----- Forwarded message -----

From: **John Massey** <[jmassey@tbilm.com](mailto:jmassey@tbilm.com)>

Date: Mon, Nov 30, 2020 at 1:53 PM

Subject: MQI Apron Pavement Rehabilitation

To: Charles Davidson ([airmax103@gmail.com](mailto:airmax103@gmail.com)) <[airmax103@gmail.com](mailto:airmax103@gmail.com)>, David Daniels <[ddaniels@darenc.com](mailto:ddaniels@darenc.com)>

Charlie/David,

I hope you both had a nice Thanksgiving.

Thanks again for taking the time last week to review the upcoming apron pavement rehabilitation project. I wanted to follow up with a summary of my understanding of the decisions made during our phone call so that we can coordinate with Jaime Fuller and work towards finalizing the plans and specifications for bidding.

Apron Layout:

- In order to provide the Airport with the ability to construct corporate box hangars (approximately 100'x100') in the future, the western 90' of existing apron pavement will be removed with the rehabilitation project, but will not be reconstructed.
- One possible layout of the apron with the future hangars, taxiways to the hangars and aircraft parking is depicted in attached **Figure 1**
- One possible layout of the apron with taxiways and aircraft parking prior to construction of the hangars is depicted in the attached **Figure 2**.
- Please note that in order to provide a clear taxiway object free area for the taxiways depicted in **Figures 1 and 2**, the fence surrounding the cemetery needs to be removed. Edge Stripes and flush mounted solar lights or taxiway edge markers could be installed around the grassed cemetery area with this project.
- The airport could also not mark the taxiways and parking positions and continue to utilize the apron for parking aircraft as done today.

#### Apron Pavement Reconstruction Funding and Project Limits:

- MQI was recently awarded additional grant funds for the reconstruction project. The amount of funding available for the construction phase of the project (Construction, Construction Administration, Quality Assurance Testing and Resident Project Representative Services) is as follows:
  - NCDOA Grant Funds: \$2,671,412
  - MQI Local Match: \$296,823
  - **Total Available Funds: \$2,968,235**
- The project will be bid with reconstruction of the apron area shown in **Figure 3** using a concrete pavement section as the "Base Bid". (assuming DOA does not object)
- The project will also be bid with a "Bid Alternate" for reconstruction of the apron area shown in **Figure 4** using concrete pavement for the area immediately south of the terminal building and asphalt pavement for the western area of reconstruction. (assuming DOA does not object)

#### Apron Pavement Reconstruction Phasing:

- As you recall, funding for this project was delayed due to a budget shortfall by the NCDOT.
- In order to proceed with this project construction, we will need to advertise the project for bids, have a bid opening, prepare a grant modification, have the grant modification (and local match) approved by the Airport Authority and have the grant modification processed by the NCDOA. Due to the timing of the award of the additional grant funds, moving forward with the bid in December/January and follow on grant process, we would not expect construction would be able to commence until April 2021. This would require construction to be ongoing through the summer. Based on discussions with David, having the apron under construction during the summer would not be in the best interest of the airport.
- In order to minimize impacts on airport operations, especially during the summer months, we discussed dividing the project into two phases as depicted in the attached **Figure 5**. Phase 1 would commence on or about August 17<sup>th</sup> and would allow the contractor to have an area to commence pavement removal, subgrade preparation and construction of aggregate base course. This would still provide MQI a portion of the apron for operating air tours or parking the larger jets for the remainder of August and September.
- Phase 2 would commence on October 1<sup>st</sup> resulting in both Phase 1 and Phase 2 areas being closed to aircraft. With this phasing concept, we expect all of the construction would be completed by the first of February 2021.
- This phasing concept allows for a single mobilization of the paving operation and the drainage installation operation which should result in lower costs for those items.

#### Proposed Project Bidding and Grant Modification Schedule:

- Bid Advertisement – April 4, 2021
- Pre-Bid Meeting – April 14, 2021
- First Bid Opening – May 6, 2021
- Second Bid Opening (if 2 bids not received at first opening) – May 18, 2021
- Grant Modification local match to Airport Authority – May 26, 2021

- Grant Modification Submission to NCDOA – June 2, 2021
- Final Grant Modification Approval from NCDOA – July 14, 2021
- Contract Preparation and Signatures – July 19 to August 4, 2021
- Preconstruction Meeting – August 5, 2021
- Construction Start (Phase 1) – August 17, 2021

Please let me know if you have any questions or comments on the above information.

**John Massey, PE**

Talbert & Bright

4810 Shelley Drive

Wilmington, NC 28405

(910) 763-5350 / Phone

(910) 762-6281 / Fax

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**5 attachments**

 **Fig 1\_MQI-PrelimFuture Hangars 1130 20.pdf**  
1401K

 **Fig 2\_MQI-PrelimApron 1130 20.pdf**  
1368K

 **Fig 3\_MQI-BaseBidConc 1130 20.pdf**  
1179K

 **Fig 4\_MQI-BidAltConcBit 1130 20.pdf**  
1188K

 **Fig 5\_MQI-Phasing 1130 20.pdf**  
1192K

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**Robert B Hobbs Jr.** <rhobbs@hrem.com>  
To: David Daniels <ddaniels@darenc.com>  
Cc: "Marge Stauffer (marge.stauffer@darenc.com)" <marge.stauffer@darenc.com>

Mon, Nov 30, 2020 at 4:52 PM

David,

I would suggest before the meeting that you reach out to John Massey to see if his firm will need a motion to approve any of the items he included in the materials (such as for a work authorization or grant acceptance).

At a minimum, if an Airport budget amendment is required, the Authority would need to approve that.

Thanks.

Robert



Robert B. Hobbs, Jr.  
*Attorney at Law*

*Board Certified Specialist in Real Property Law*

**Direct:** 252.441.0874

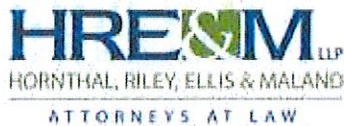
**Office:** 252.441.0871

**Email:** rhobbs@hrem.com

2502 South Croatan Highway

Nags Head, NC 27959

<http://www.hrem.com/About/Attorney-Profile.cfm?EID=11>



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**From:** David Daniels <ddaniels@darenc.com>

**Sent:** Monday, November 30, 2020 4:35 PM

**To:** davidson charles <airmax103@gmail.com>; Fred Newberry <fnewberry@comcast.net>; Joe Blakaitis <blak@embarqmail.com>; Dave Crownover <davecrownover@gmail.com>; irforester@aol.com; Jack Shea <jjsheabg@peoplepc.com>; Wally Overman <wallyo@darenc.com>; William Pope <william.pope4108@gmail.com>; Walton (Pete) Burkheimer, Jr. <wpburkhimer1@gmail.com>; Robert B Hobbs Jr. <rhobbs@hrem.com>; Marge Stauffer <marge.stauffer@darenc.com>

**Subject:** Fwd: MQI Apron Pavement Rehabilitation

>>Warning! The source of this email is from outside of the firm.<<

[Quoted text hidden]

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**William Pope** <william.pope4108@gmail.com>

Mon, Nov 30, 2020 at 4:35 PM

To: David Daniels <ddaniels@darenc.com>

Cc: Dave Crownover <davecrownover@gmail.com>, Fred Newberry <fnewberry@comcast.net>, Jack Shea <jjsheabg@peoplepc.com>, Joe Blakaitis <blak@embarqmail.com>, Marge Stauffer <marge.stauffer@darenc.com>, "Robert B. Hobbs Jr." <Rhobbs@hrem.com>, Wally Overman <wallyo@darenc.com>, "Walton (Pete) Burkheimer, Jr." <wpburkhimer1@gmail.com>, davidson charles <airmax103@gmail.com>, irforester@aol.com

Guys

This is a little confusing to me. I refer this back to you who can explain this to me! We submitted this request about 8 +/- months ago. Why have they now want us to change our plans?



I'm open to the group

Bill

[Quoted text hidden]

**Dare County Airport Authority**  
(A component unit of Dare County)

**Financial Statements**

**June 30, 2020**

**Dare County Airport Authority**  
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**POTTER & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
**Dare County Airport Authority**  
Manteo, North Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the **Dare County Airport Authority** (a component of Dare County) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Dare County Airport Authority's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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



## **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Dare County Airport Authority, as of June 30, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6-11, the Other Postemployment Benefits' Schedule of Changes in the total OPEB Liability and Related Ratios on pages 34, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 35, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Dare County Airport Authority. The budgetary schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the comparative and individual fund statements and budgetary schedules are fairly stated, in all material respect, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2020 on our consideration of the Dare County Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering its internal control over financial reporting and compliance.

*Potter & Company, PA*

Certified Public Accountants

Mooreville, North Carolina

November 12, 2020

**Management's Discussion and Analysis  
Dare County Airport Authority  
For Fiscal Year Ended June 30, 2020**

As management of the Dare County Airport Authority, we offer readers of the Dare County Airport Authority's financial statements this narrative overview and analysis of the financial activities of the Dare County Airport Authority for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

**Financial highlights**

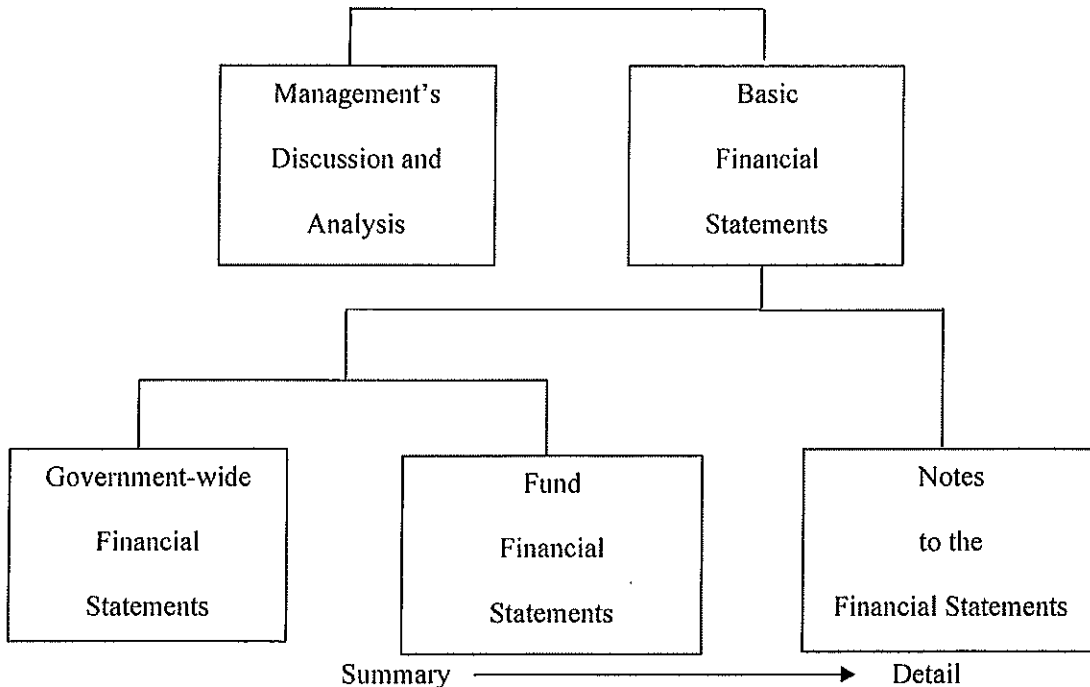
- The assets and deferred outflows of resources of the Dare County Airport Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$12,412,880 (net position).
- The Authority's total net position increased by \$356,644.
- Airport operations expenses decreased by \$10,435 or 1%.
- Cemetery operation expenses decreased by \$9,560.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Dare County Airport Authority's basic financial statements. The Authority's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see figure 1). The basic financial statements present two different views of the Authority through the use of government-wide statements and fund financial statements combined on one statement due to special treatment allowed under GASB 34. See Note 2. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Authority.

**Required Components of Annual Financial Report**

**Figure 1**



**Management's Discussion and Analysis  
Dare County Airport Authority  
For Fiscal Year Ended June 30, 2020**

**Basic Financial Statements**

The first two statements (exhibits 1 and 2) in the basic financial statements are the combined **Government-wide Financial and Fund Statements**. Under Governmental Accounting Standards Board Statement Number 34, certain governmental entities are permitted to combine the government-wide and fund financial statements. The Authority qualifies for this type of financial statement treatment. The fund financial statements are presented along with reconciliation to the government-wide financial statements.

Several adjustments are required to convert the balance sheet to the statement of net position. The fund-based balance sheet does not provide information on long-term assets and liabilities. The Authority's total fixed assets, net of accumulated depreciation, must be included in the statement of net position. Other funds are not reported on the statement of net position.

Depreciation is not recorded on the fund-based financial statements but it must be included on the statement of activities. Expenditures for capital assets are recognized on the fund-based statements; these expenditures are capitalized for government-wide statements and are not included in the statement of activities.

The **Government-wide Statements** provide both short and long-term information about the Authority's financial status.

The **Fund Financial Statements** focus on the activities of the individual parts of the Authority. This statement provides more detail than the government-wide statement. There are two parts to the fund financial statements: 1) the Governmental Fund Statement and 2) the Budgetary Comparison Statement.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Authority's finances, similar in format to a financial statement of a private sector business. The government-wide statements provide short and long-term information about the Authority's financial status as a whole.

The government wide statement reports the Authority's net position and how it has changed. Net position is the difference between the Authority's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Authority's financial condition.

The government-wide statement contains one category, governmental activity. The governmental activity includes the Authority's basic services such as general administration.

The government-wide financial and fund financial statements are on Exhibits 1 and 2 of this report.

**Management's Discussion and Analysis  
Dare County Airport Authority  
For Fiscal Year Ended June 30, 2020**

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the Authority's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Dare County Airport Authority, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes. The Authority only has one governmental fund.

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Authority's basic services are accounted for in the governmental fund. This fund focuses on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Authority's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statements of Activities) and governmental funds is described in an adjustments column with a note to explain differences referenced.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statement.

**Government-Wide Financial Analysis**

**Dare County Airport Authority  
Net Position**

**Exhibit 1**

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 5,331,497	\$ 4,736,430
Capital assets	9,824,269	10,102,777
Deferred outflows of resources	<u>474,373</u>	<u>161,765</u>
Total assets	<u>15,630,139</u>	<u>14,784,269</u>
Current liabilities	109,258	83,090
Noncurrent liabilities	2,858,949	2,523,606
Deferred inflows of resources	<u>249,052</u>	<u>121,337</u>
Total liabilities	<u>3,217,259</u>	<u>2,728,033</u>
Net position:		
Net investment in capital assets	9,824,269	9,886,074
Restricted	<u>2,586,611</u>	<u>2,170,162</u>
Total net position	<u>\$ 12,412,880</u>	<u>\$ 12,056,236</u>



**Management's Discussion and Analysis  
Dare County Airport Authority  
For Fiscal Year Ended June 30, 2020**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Dare County Airport Authority exceeded liabilities by \$12,412,880 as of June 30, 2020. The Authority's net position increased by \$356,644 for the fiscal year ended June 30, 2020. This reflects the Dare County Airport Authority's conservative budgeting outlook as a governmental entity. Maintaining adequate reserves is necessary because there is no parent unit of government to support ongoing expenses during periods of State economic crisis. Capital assets are 79% of net position. The Dare County Airport Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Dare County Airport Authority  
Changes in Net Position  
Exhibit 2**

	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Program revenues		
Charges for fuel (net of cost of sales)	\$ 323,795	\$ 310,378
Charges for auto rentals (net cost of sales)	32,795	34,086
Other charges for services	467,072	472,206
Cemetery revenues	27,436	37,089
Capital grants and contributions	464,196	256,366
Contribution from primary government	853,062	813,859
General Revenues		
Investment Earnings	82,182	106,054
Total Revenues	<u>2,250,538</u>	<u>2,030,038</u>
<b>Expenses</b>		
Airport operations	1,366,493	1,376,928
Cemetery operations	2,403	11,963
Depreciation	524,998	528,629
Total expenses	<u>1,893,894</u>	<u>1,917,520</u>
<b>Decrease in net position</b>	356,644	112,518
Net position July 1	<u>12,056,236</u>	<u>11,943,718</u>
Net position, June 30	<u>\$ 12,412,880</u>	<u>\$ 12,056,236</u>

Charges for fuel (net of costs) increased by \$13,417. The sales from fuel remained consistent with the cost during the year.

Airport operating expenses decreased by \$8,032 or 1%. Expense among categories were relatively the same across the fund.

Cemetery operations expenses decreased by \$9,560 due to more maintenance and repairs needed on rental homes in the prior year.

**Management's Discussion and Analysis  
Dare County Airport Authority  
For Fiscal Year Ended June 30, 2020**

**Financial Analysis of the Authority's Funds**

As noted earlier, the Dare County Airport Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Dare County Airport Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Dare County Airport Authority's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Dare County Airport Authority. At the end of the current fiscal year, fund balance available in the General Fund was \$12,042,565, while total fund balance was \$12,412,880. As a measure of the general fund's liquidity, it may be useful to compare both fund balance available and total fund balance to total fund expenditures

At June 30, 2020, the governmental funds of Dare County Airport Authority reported a combined fund balance of \$12,412,880, a 3% increase from last year.

**Capital Asset and Debt Administration**

**Capital assets.** The Dare County Airport Authority's investment in capital assets for its governmental activities as of June 30, 2020, totals \$9,824,269 (net of accumulated depreciation). These assets include land, buildings, and equipment.

**Dare County Airport Authority  
Capital Assets  
Figure 3  
(Net of Depreciation)**

<u>Governmental Activities</u>	<u>2020</u>	<u>2019</u>
Land	\$ 5,784,438	\$ 5,444,538
Buildings and improvements	1,449,065	1,588,711
Equipment	81,758	101,238
Construction in process	154,093	30,800
Runway Improvements	1,966,225	2,288,174
Vehicles	12,417	21,971
Land improvements	<u>376,273</u>	<u>410,642</u>
Total	<u>\$ 9,824,269</u>	<u>\$ 9,886,074</u>

Additional information on the Dare County Airport Authority's capital assets can be found in the notes of the Basic Financial Statements.

**Management's Discussion and Analysis  
Dare County Airport Authority  
For Fiscal Year Ended June 30, 2020**

***Economic Factors and Next Year's Budgets and Rates***

The following key economic indicators reflect the growth and prosperity of the Dare County Airport Authority.

- The Authority continues to enter into contracts with tenants to contribute to growth which will foster increased revenues from office and hangar leases and increased fuel sales.
- The Authority continues to monitor the effect of COVID-19. As such, it is uncertain as to the full magnitude that the pandemic will have on the Airport's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce.

***Budget Highlights for the Fiscal Year Ending June 30, 2020***

Business-type Activities: The airport's operating budget for 2020-2021 anticipates expenditures of \$2,434,292 (net of cost of sales).

***Requests for Information***

This report is designed to provide an overview of the Dare County Airport Authority 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 Airport Director, Dare County Airport Authority, PO Box 429, Manteo, NC 27954.

# Basic Financial Statements

Dare County Airport Authority  
Statement of Net Position  
Proprietary Funds  
June 30, 2020

Exhibit I

	Business-type Activities-Enterprise Funds		
	Airport Operations (Major Fund)	Cemetery (Non- Major Fund)	Totals
<b>ASSETS</b>			
Current assets:			
Due from Dare County investment pool	\$ 4,864,807	\$ 368,739	\$ 5,233,546
Receivables	43,540	2,700	46,240
Accrued interest receivable	4,188	-	4,188
Inventories	47,523	-	47,523
Total current assets	<u>4,960,058</u>	<u>371,439</u>	<u>5,331,497</u>
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Land	5,784,438	-	5,784,438
Construction in progress	154,093	-	154,093
Buildings, equipment & infrastructure	3,885,738	-	3,885,738
Total capital assets	<u>9,824,269</u>	<u>-</u>	<u>9,824,269</u>
Total noncurrent assets	<u>9,824,269</u>	<u>-</u>	<u>9,824,269</u>
Total assets	<u>14,784,327</u>	<u>371,439</u>	<u>15,155,766</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Other postemployment benefits	375,215	-	375,215
Pension deferrals	99,158	-	99,158
Total deferred outflows	<u>474,373</u>	<u>-</u>	<u>474,373</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	76,039	24	76,063
Customer deposits	10,582	1,100	11,682
Salaries payable	21,513	-	21,513
Total current liabilities	<u>108,134</u>	<u>1,124</u>	<u>109,258</u>
Noncurrent liabilities:			
Other postemployment benefits	2,636,266	-	2,636,266
Compensated absences	62,375	-	62,375
Pension liability	160,308	-	160,308
Total noncurrent liabilities	<u>2,858,949</u>	<u>-</u>	<u>2,858,949</u>
Total liabilities	<u>2,967,083</u>	<u>1,124</u>	<u>2,968,207</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Other postemployment benefits	249,052	-	249,052
Pension deferrals	-	-	-
Total deferred inflows	<u>249,052</u>	<u>-</u>	<u>249,052</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,824,269	-	9,824,269
Unrestricted	2,218,296	370,315	2,588,611
Total net position	<u>\$ 12,042,565</u>	<u>\$ 370,315</u>	<u>\$ 12,412,880</u>



Dare County Airport Authority  
Statement of Revenues, Expenses & Changes in Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2020

Exhibit 2

	<u>Business-type Activities-Enterprise Funds</u>		
	Airport Operations (Major Fund)	Cemetery (Non- Major Fund)	Totals
<b>OPERATING REVENUES</b>			
Fuel sales (net of cost)	\$ 323,795	\$ -	\$ 323,795
Hangar & tie down fees	249,629	-	249,629
Rental commissions (net of cost)	32,795	-	32,795
Land/building rentals	174,690	23,432	198,122
Landing fees	18,589	-	18,589
Vehicle parking fees	5,280	-	5,280
Pilot supplies & oil sales	2,164	-	2,164
Sale of grave & crypt sites	-	3,926	3,926
Other income	16,720	78	16,798
Total operating revenues	<u>823,662</u>	<u>27,436</u>	<u>851,098</u>
<b>OPERATING EXPENSES</b>			
Operations	1,366,493	2,403	1,368,896
Depreciation	524,998	-	524,998
Total operating expenses	<u>1,891,491</u>	<u>2,403</u>	<u>1,893,894</u>
Operating income (loss)	<u>(1,067,829)</u>	<u>25,033</u>	<u>(1,042,796)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest earned on investments	76,387	5,795	82,182
Contribution from primary government	853,062	-	853,062
Total nonoperating revenues (expenses)	<u>929,449</u>	<u>5,795</u>	<u>935,244</u>
Income (loss) before capital contributions	(138,380)	30,828	(107,552)
Capital grant contributions	464,196	-	464,196
Change in net position	325,816	30,828	356,644
Net position-beginning	11,716,749	339,487	12,056,236
Total net position - ending	<u>\$ 12,042,565</u>	<u>\$ 370,315</u>	<u>\$ 12,412,880</u>

Dare County Airport Authority  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2020

Exhibit 3

	Business-type Activities-Enterprise Funds		
	Airport Operations (Major Fund)	Cemetery (Non- Major Fund)	Totals
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 1,627,351	\$ 27,512	\$ 1,654,863
Cash paid for goods & services	(1,581,593)	(2,403)	(1,583,996)
Cash paid to employees for services	(388,627)	-	(388,627)
Net cash provided (Used) by operating activities	<u>(342,869)</u>	<u>25,109</u>	<u>(317,760)</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers (to) from Dare County investment pool	(587,584)	(30,904)	(618,488)
Transfer from primary government	853,062	-	853,062
Net cash provided (used) by noncapital financing activities	<u>265,478</u>	<u>(30,904)</u>	<u>234,574</u>
<b>Cash flows from capital &amp; related financing activities:</b>			
State and federal grants	464,196	-	464,196
Acquisition & construction of capital assets	(463,192)	-	(463,192)
Net cash provided by capital & related financing activities	<u>1,004</u>	<u>-</u>	<u>1,004</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	76,387	5,795	82,182
Net cash provided from investing activities	<u>76,387</u>	<u>5,795</u>	<u>82,182</u>
Net increase (decrease) in cash	-	-	-
Cash & cash equivalents, July 1	-	-	-
Cash & cash equivalents, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (1,067,829)	\$ 25,033	\$ (1,042,796)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	524,998	-	524,998
(Increase) decrease in assets & deferred outflows:			
Accounts receivable	28,442	100	28,542
Inventory	(5,142)	-	(5,142)
Deferred outflows or resources-OPEB	(324,043)	-	(324,043)
Deferred outflows or resources-pension	11,435	-	11,435
Increase (decrease) in liabilities & deferred inflows:			
Deferred inflows of resources-pension	(694)	-	(694)
Deferred inflows of resources-OPEB	128,409	-	128,409
Operating accounts payable	20,938	(24)	20,914
Compensated absences	6,108	-	6,108
Salaries payable	5,274	-	5,274
Pension liability	26,216	-	26,216
Net OPEB obligation	303,019	-	303,019
Total adjustments	<u>724,960</u>	<u>76</u>	<u>725,036</u>
Net cash provided (used) by operating activities	<u>\$ (342,869)</u>	<u>\$ 25,109</u>	<u>\$ (317,760)</u>

The notes to the financial statements are an integral part of this statement.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Dare County Airport Authority (Airport Authority) conform to generally accepted accounting principles (GAAP) as applicable to governments. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

The Dare County Airport Authority is a public authority created under the General Statutes of North Carolina. The Authority was created for the purpose of maintaining and operating a public airport for Dare County.

Organization of the Dare County Airport Authority

The nine-member Board of the Dare County Airport Authority is appointed to four-year terms by Dare County and the County has the ability to remove the appointed board members without cause. The Airport Authority designates its own management and approves its own budget. The Dare County finance department provides accounting oversight. The County and Airport Authority have joint input regarding the hiring of employees. All personnel working for the Airport Authority are Dare County employees. The County provides an annual appropriation for the Airport Authority that pays all payroll and related costs, as well as other approved costs and expenditures. The County is not, however, obligated for the Airport Authority's debts or entitled to any surpluses of the Airport Authority. Dare County is accountable for the Airport Authority because it appoints the Airport Authority's governing board and because the County has the ability to exercise influence over the Authority's budget. Therefore, the Airport Authority is reported as a component unit of Dare County using the discrete presentation in Dare County's financial statements.

**B. Basis of Presentation**

The accounts of Dare County Airport Authority are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

The Authority accounts for its operations as enterprise funds. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing the 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 periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (*cont'd*)

The Authority reports the following major enterprise fund:

**Airport Operations Fund.** This fund is used to account for the operation of the airport. The airport capital project fund is consolidated with the operation fund for financial reporting purposes.

The Authority reports the following non-major enterprise fund:

**Cemetery Fund.** This fund is used to account for the operation of Roanoke Island Memorial Gardens cemetery operated by the airport.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, and all liabilities associated with the operation of this fund are included on the statement of net position. Net position is the result of deducting all the liabilities and deferred inflows of resources from all the assets and deferred outflows of resources. Total net position is segregated into three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. All funds of the Authority are maintained on the modified accrual basis during the year; however, the financial statements for the Authority have been reported on the accrual basis. Under this basis, revenues are recorded when earned and expenses are recorded when incurred. In converting from the modified accrual basis to the full accrual basis, the changes required may include adjustments for unpaid interest, depreciation, prepaid tenant rents, payments of principal on outstanding debt, and capital outlay.

**D. Budgetary Data**

The Authority's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund. The annual budget is prepared on the modified accrual basis of accounting to be compatible with the accounting system in recording transactions. Budgetary control is exercised in all funds. Expenditures may not legally exceed appropriations at the line-item level for all annually budgeted funds and at the object level for the multi-year funds. The Authority Manager is authorized by the budget ordinance to transfer appropriations between line-item areas within a fund up to \$20,000; however, any revisions that alter the line-items by more than \$20,000 must be approved by the governing board. The budget was prepared on the modified accrual basis of accounting. The budget presented in these statements is the budget ordinance as amended through June 30, 2020.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

**1. Deposits and Investments**

All deposits and investments of the Authority are invested in Dare County investment pool as part of an agreement with Dare County who provides accounting and investment services. Amounts invested in this pool are shown on the statement of net position as "Due from Dare County investment pool."

**2. Accounts Receivable**

Accounts receivable recorded in the enterprise fund are due from customers for the purchases of gas, oil and supplies, and for tie down and hanger fees. The Airport Authority uses the direct write-off method to account for bad debts, which does not result in a material difference from the allowance method.

**3. Inventories**

Inventories are maintained for all enterprise fund gas and fuel. They are valued at the lower of cost (first-in, first out) or market.

**4. Capital Assets**

Enterprise fund capital assets are recorded at original cost at the time of acquisition. Assets donated to the enterprise fund are recorded at the estimated fair market value at the date of donation. The original costs of certain items acquired before July 1, 1987, are recorded at estimated original cost. Assets of the Authority are depreciated on a class life basis over the following years:

	<u>Estimated Useful Life</u>
Buildings and improvement	5-40 years
Vehicles	5 years
Equipment	5-10 years
Runways and other improvements	5-20 years

**5. Long-Term Debt**

Long-term debt is reported as a liability in the Enterprise Fund.

**6. Net Position**

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

**7. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Airport has one item that meets this criterion, contributions made to the pension plan in the 2019 fiscal year.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (*cont'd*)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Airport has one item that meets the criterion for this category – deferrals of pension expense that result from the implementation of GASB Statement 68.

**8. Pensions**

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

**F. Revenues and Expenses**

It is the Airport Authority's policy to allow for overtime compensation to be provided in the form of compensatory time off earned at time and one half (for hours worked over 40 hours per week) which can be accumulated up to a total of 240 hours. Accumulate overtime compensation in excess of 240 hours is paid.

Regular employees earn vacation leave from the beginning of employment at the rate of one day per month (12 days per year). Employees with five or more years of service but less than 15 years of service earn vacation leave at the rate of one and one quarter days per month (15 days per year). Employees with 15 or more years of service earn vacation leave at the rate of one and two-thirds days per month (20 days per year). Vacation leave may accumulate up to 30 days.

Employees accumulate sick leave at the rate of one day per month and can accrue an unlimited number of days. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the authority has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Accrued vacation pay includes accumulated unpaid vacation leave and overtime compensation totaling \$62,375 at June 30, 2020. The current portion of accumulated vacation leaves and overtime compensation are not considered to be material and, therefore, no provision for this has been made in the accompanying financial statements.



DARE COUNTY AIRPORT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS**

**A. ASSETS**

**1. Deposits and Investments**

The Authority does not have any deposits or investments in its name as the Authority has an agreement with Dare County to provide accounting and investment services. As a part of this agreement Dare County maintains the Authority's specifically identifiable deposits and investments as a part of the Dare County investment pool where the County pools money from several funds to facilitate disbursement and investment and to maximize investment income. The portion of these funds allocable to the Dare County Airport Authority at June 30, 2020 in the amount of \$5,233,246 are reported on the Statement of Net Position as "Due from Dare County Investment Pool." Dare County's CAFR includes additional information regarding deposit and investment activity of Dare County. That report may be obtained by writing the Dare County Finance Department, PO Box 1000, Manteo, NC 27954.

**2. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>Business-type activities:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 5,444,538	\$ 339,900	\$ -	\$ -	\$ 5,784,438
Construction in progress	30,800	123,293	-	-	154,093
	<u>5,475,338</u>	<u>463,193</u>	<u>-</u>	<u>-</u>	<u>5,938,531</u>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	4,362,215	-	-	-	4,362,215
Equipment	673,707	-	-	-	673,707
Runway improvements	10,316,410	-	-	-	10,316,410
Land improvements	670,520	-	-	-	670,520
Vehicles	89,393	-	-	21,176	110,569
Total capital assets being depreciated	<u>16,112,245</u>	<u>-</u>	<u>-</u>	<u>21,176</u>	<u>16,133,421</u>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	2,773,504	139,646	-	-	2,913,150
Equipment	572,469	19,480	-	-	591,949
Runway improvements	8,028,236	321,949	-	-	8,350,185
Land improvements	259,878	34,369	-	-	394,247
Vehicles	67,422	9,554	-	21,176	98,152
Total accumulated depreciation	<u>11,701,509</u>	<u>524,998</u>	<u>-</u>	<u>21,176</u>	<u>12,247,683</u>
<b>Total capital assets being depreciated, net</b>	<u>4,410,736</u>	<u>(524,998)</u>	<u>-</u>		<u>3,885,738</u>
<b>Business-type capital assets, net</b>	<u>\$ 9,886,074</u>	<u>\$ (61,805)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,824,269</u>

**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-type activities:

Airport operations \$524,998

**B. LIABILITIES**

**1. Pension Plan and Post-Employment Obligations**

All personnel working for The Dare County Airport Authority and Dare County employees and are eligible for the same retirement and benefits afforded all Dare County employees. The following are details of those amounts paid on behalf of those employees at the Dare County Airport Authority based on the Airport's proportionate share of Dare County's total expense.

**a. North Carolina Local Governmental Employees' Retirement System**

*Plan Description.* Dare County (Airport) is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officia members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 707-0500, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years -of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service

**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)**

for firefighters and rescue squad members who are filled in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide or automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Dare County Airport Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Dare County's (for Airport) contractually required contribution rate for the year ended June 30, 2020, was 8.95%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Dare County (for Airport) were \$37,651 for the year ended June 30, 2020.

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

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

At June 30, 2020, Dare County (Airport) reported net pension liabilities of \$160,308 for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was

DARE COUNTY AIRPORT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)**

determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. Dare County's (Airport) long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, Dare County's (Airport) proportion was 0.00628%, which was an increase of 0.00023% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2020, the Dare County (Airport) recognized pension expense of \$74,610. At June 30, 2020, Dare County (Airport) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 27,449	\$ -
Changes of assumption	26,128	-
Net difference between projected and actual earnings on pension plan investments	3,910	-
Changes in proportion and differences between Dare County (Airport) contributions and proportionate share of contributions Dare County (Airport) contributions subsequent to the measurement date	4,020	-
	<u>37,651</u>	<u>-</u>
Total	<u>\$ 99,158</u>	<u>\$ -</u>

The \$37,651 reported as deferred outflows of resources related to pensions resulting from Dare County (Airport) contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 29,854
2022	9,966
2023	16,617
2024	5,070
Thereafter	-



**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)**

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of Dare County's (Airport) proportionate share of the net pension liability to changes at the discount rate.* The following presents Dare County's (Airport) proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Airport's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Dare County's (Airport) proportionate share of the net pension liability (asset)	\$366,655	\$160,308	\$(11,207)

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

**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)**

**b. Supplemental Retirement Income Plan**

**Plan Description.** Dare County (Airport) 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 those employees employed by Dare County (Airport). Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to North Carolina General Assembly.

**Funding Policy.** For the year ended June 30, 2020 Dare County (Airport) made a contribution of 0%. All amounts are vested immediately. Employees may make voluntary contributions to the plan. Dare County's (Airport) contributions for the year ended June 30, 2020, were \$1,700, which consisted of \$0 from Dare County (Airport) and \$1,700 from employees.

**c. Other Post-Employment Benefit-Healthcare Benefits**

**Plan Description.** Under the terms of the Dare County healthcare policy, Dare County administers a single employer defined benefit Healthcare Benefits Plan (the HCB Plan) and the Dare County Airport employees participate in this plan. The plan provides post-employment healthcare benefits to retirees of the Airport, provided they participate in the North Carolina Local Government Retirement System (System) and have at least five years of creditable service with the County. The County pays a portion of these costs dependent upon years of service with the County. Additionally, the County's employees can purchase coverage for their dependents at the County's group rates. A separate report was not issued for the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**Benefits Provided.** The HCB Plan provides healthcare benefits for retirees. The County pays a percentage of the cost of coverage for employees' benefits through private insurers. Employees hired on or after July 1, 2007 are required to participate in a Retirement Health Savings Plan (RHSP) which provides a means for employees to save money for future withdrawals to pay qualified health care expenses.

Membership of the HCB Plan consisted of the following at January 1, 2019, the date of the latest actuarial valuation:

	General Employees
Retirees and dependents receiving benefits	7
Terminated plan members entitled to but no yet receiving benefits	-
Active plan members	8
Total	15

**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)**

**Total OPEB Liability**

The Authority's total OPEB liability of \$2,636,266 was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	2 percent, average, including inflation
Discount rate	2.21 percent
Healthcare cost trend rates	Medical 6.50%
	Prescription 6.25%
	Admin Expenses 3.00%

The S&P Municipal Bond 20 Year High Grade rate as of June 30, 2020 was 2.21 percent.

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
<b>Balance at July 1/2019</b>	\$2,333,247
<b>Changes for the year</b>	
Service cost	83,830
Interest	83,564
Changes of benefit terms	-
Differences between expected and actual experience	(181,223)
Changes in assumptions or other inputs	375,947
Benefit payments	(59,099)
<b>Net changes</b>	<u>303,019</u>
<b>Balance at 6/30/2020</b>	<u><u>\$2,636,266</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience as of December 31, 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:



DARE COUNTY AIRPORT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)**

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	<u>\$3,082,304</u>	<u>\$2,636,266</u>	<u>\$2,282,319</u>

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

	1% Decrease (Medical – 5.5%, Prescription – 5.25%, Admin 2.00%)	Discount Rate (Medical – 6.5%, Prescription – 6.25%, Admin 3.00%)	1% Increase (Medical – 7.5%, Prescription – 7.25%, Admin 4.00%)
Total OPEB Liability	<u>\$2,240,294</u>	<u>\$2,636,266</u>	<u>\$3,144,856</u>

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

For the year ended June 30, 2020, the Authority recognized OPEB expense of \$155,313. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$(158,570)
Changes of assumptions	351,521	(90,482)
Benefit payments and administrative costs made subsequent to the measurement date	23,694	
Total	<u>\$375,215</u>	<u>\$ (249,052)</u>

\$23,694 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)**

Year Ended June 30:	
2021	\$ 16,746
2022	(5,821)
2023	(5,820)
2024	24,340
Thereafter	73,024

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

**2. Other Employment Benefit**

**Death Benefit Plan.** Dare County (Airport) has elected to provide death benefits to employees through the Death Benefit Retirement 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 will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made by the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Dare County (Airport) considers these contributions to be immaterial.

**3. Risk Management**

The Airport Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Airport Authority participates with Dare County in its insurance program, which includes two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, Dare County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$149.2 million for any one occurrence; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits. The pools are audited annually be certified

DARE COUNTY AIRPORT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)**

public accountants and the audited financial statements are available to the County upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage. For workers compensation there is a per occurrence retention of \$750,000.

The County carries building and contents flood insurance for all facilities located within a Special Flood Hazard Area (SFHA) through the National Flood Insurance Plan (NFIP). Additional information regarding flood insurance coverage can be found in Dare County's CARF.

The County carries commercial coverage for all other risks of loss. 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 Airport carries a bond on its finance officer for \$50,000. Employees that have access to \$100 or more are bonded under a blanket bond of \$250,000.

The Airport Authority participates with Dare County in its health insurance benefits program. The County provides health insurance benefits with a self-insurance plan administered by Blue Cross Blue Shield of North Carolina (BCBS). Specific stop loss insurance is maintained at \$100,000 per participant per year with an unlimited lifetime maximum. Additional information regarding health insurance can be found in Dare County's CAFR.

The Airport carries its own aviation liability and commercial auto policies.

**4. Long-Term Debt**

The following table summarizes the changes in long-term liabilities for the year ended June 30, 2020:

	Balance July 1, 2019	Increase	Decrease	Balance June 30, 2020	Current Portion
Compensated absences	\$ 56,267	\$ 6,108	\$ -	\$ 62,375	\$ -
Net OPEB obligation	2,333,247	303,019	-	2,636,266	-
Net pension liability (LRS)	134,092	26,216	-	160,308	-
<b>Totals</b>	<b>\$2,523,606</b>	<b>\$ 335,343</b>	<b>\$ -</b>	<b>\$ 2,858,949</b>	<b>\$ -</b>

DARE COUNTY AIRPORT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (cont'd)**

**5. Claims, Judgments and Contingent Liabilities**

At June 30, 2020, in the opinion of the Airport's management and Attorney the Airport was not involved in any claims, judgments or contingent liabilities.

**C. REVENUES AND COST OF SALES**

Fuel sales and automobile rental commissions are reported in the Statement of Revenues, Expenses and Changes in Net Position, net of cost of sales as follows:

	Fuel Sales	Automobile Rental Commissions
Gross sales	\$1,016,984	\$ 66,908
Cost of sales	<u>(693,189)</u>	<u>(34,113)</u>
Gross profit	<u>\$ 323,795</u>	<u>\$ 32,795</u>

**NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

Federal and State Assisted Programs

The Airport 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 moneys 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 or grant moneys.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

Dare County provides a budget supplement to support the operations of the Airport.

The following summarizes the transactions with Dare County during the year ended June 30, 2020:

Dare County general appropriation	<u>Operations</u> <u>\$853,062</u>
Expenditures:	
Salaries and benefits	\$601,169
Indirect costs allocated	112,590
Other expenses	<u>136,603</u>
	<u>\$853,062</u>

**NOTE 5 - SUBSEQUENT EVENTS**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Airport’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Government is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year ending June 30, 2021.

Management has evaluated subsequent events through November 12, 2020, the date on which the financial statements were available to be issued.



Required Supplemental  
Financial Data

Dare County Airport Authority  
 Schedule of Changes in the Total OPEB Liability & Related Ratios  
 June 30, 2020

		<u>2020</u>
<b>Total OPEB Liability</b>		
Service cost	\$	83,830
Interest		83,564
Changes of benefit terms		-
Differences between expected and actual experience		(181,223)
Changes of assumptions		375,947
Benefit payments		(59,099)
<b>Net change in total OPEB liability</b>		303,019
<b>Total OPEB liability - beginning</b>		2,333,247
<b>Total OPEB liability - ending</b>	\$	2,636,266
<b>Covered payroll</b>	\$	364,848
<b>Total OPEB liability as a percentage of covered payroll</b>		722.57%

**Notes to Schedule**

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

<u>Fiscal year</u>	<u>Rate</u>
2020	2.21%

Dare County Airport Authority  
Dare County Airport Authority's Proportionate Share of Net Pension Liability (Asset)  
Required Supplementary Information  
Last Five Fiscal Years\*  
Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Dare County Airport Authority's proportion of the net pension liability (asset) (%)	0.54%	0.61%	0.55%	0.52%	0.52%
Dare County Airport Authority's proportion of the net pension liability (asset) (\$)	\$ 160,308	\$ 134,092	\$ 84,066	\$ 118,505	\$ 25,953
Dare County Airport Authority's covered-employee payroll	\$ 372,491	\$ 393,260	\$ 386,846	\$ 371,860	\$ 352,220
Dare County Airport Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.04%	34.10%	21.73%	31.87%	7.37%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%

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

Dare County Airport Authority  
Dare County Airport Authority's Contributions  
Required Supplementary Information  
Last Five  
Fiscal Years  
Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 37,651	\$ 33,347	\$ 28,626	\$ 26,153	\$ 25,162
Contributions in relation to the contractually required contribution	<u>37,651</u>	<u>33,347</u>	<u>28,626</u>	<u>26,153</u>	<u>25,162</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Dare County Airport Authority's covered-employee payroll	\$ 364,848	\$ 372,491	\$ 393,260	\$ 386,846	\$ 371,860
Contributions as a percentage of covered-employee payroll	10.32%	8.95%	7.28%	6.67%	6.67%

Dare County Airport Authority  
 Airport Operations Fund  
 Schedule of Revenues & Expenditures  
 Budget & Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2020  
 With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2019

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating revenues:</b>				
Fuel sales	\$ 1,205,300	\$ 1,016,984	\$ (188,316)	\$ 1,221,721
Hanger rentals	260,000	246,704	(13,296)	249,990
Tie down fees	3,000	2,925	(75)	1,345
Rental commissions	80,000	66,908	(13,092)	74,108
Land/building rentals	190,000	174,690	(15,310)	182,575
Landing fees	35,000	18,589	(16,411)	17,050
Vehicle parking fees	9,000	5,280	(3,720)	6,060
Pilot supplies and oil sales	3,100	2,164	(936)	2,415
Vending income	300	300	-	150
Other income	16,300	16,420	120	12,621
	<u>1,802,000</u>	<u>1,550,964</u>	<u>(251,036)</u>	<u>1,768,035</u>
<b>Other revenues:</b>				
Interest earned on investments	40,000	76,387	36,387	106,054
	<u>40,000</u>	<u>76,387</u>	<u>36,387</u>	<u>106,054</u>
<b>Total revenues</b>	<u>1,842,000</u>	<u>1,627,351</u>	<u>(214,649)</u>	<u>1,874,089</u>
<b>Expenditures:</b>				
<b>Operations:</b>				
Cost of goods sold-fuel	923,000	693,189	229,811	911,344
Cost of goods sold-rentals	55,000	34,113	20,887	40,022
Pilot supplies and oil	2,500	1,607	893	1,883
Souvenirs	2,500	1,844	656	2,010
Professional fees	30,000	17,438	12,562	11,180
Utilities	30,000	29,575	425	29,392
Repairs and maintenance				
Equipment	34,000	11,908	22,092	24,918
Vehicles	6,500	4,641	1,859	5,295
Building and grounds	39,000	26,421	12,579	39,643
Rentals	50,000	33,393	16,607	47,588
Museum operation	500	-	500	21
Computer software	1,000	828	172	-
Equipment leases	1,000	-	1,000	-
Salaries and wages	401,773	388,627	13,146	424,414
FICA taxes	31,510	28,259	3,251	31,010
Group insurance	179,691	148,731	30,960	162,609
Retirement	36,791	35,552	1,239	33,132
Longevity	9,410	7,749	1,661	12,038
Uniforms	2,500	1,638	862	-
Automotive supplies	6,000	6,564	(564)	4,491
Other supplies	10,716	5,957	4,759	6,350
Contract services	206,125	207,800	(1,675)	126,825
Shop overhead	11,286	11,286	-	10,128



Dare County Airport Authority  
 Airport Operations Fund  
 Schedule of Revenues & Expenditures  
 Budget & Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2020

	2020		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
Credit card discounts	40,000	28,764	11,236	32,383
Dues and subscriptions	2,000	2,108	(108)	2,000
Employees training	6,000	655	5,345	331
Telephone and postage	5,200	4,061	1,139	4,221
Insurance	114,910	89,346	25,564	78,062
Travel	10,000	8,520	1,480	10,025
Marketing and advertising	13,000	5,897	7,103	21,952
Youth Aviation Day	6,000	392	5,608	1,662
Contingency	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
Capital outlay	345,000	339,900	(109,925)	19,582
Indirect costs allocated	112,590	112,590	-	108,984
Total	<u>2,725,502</u>	<u>2,289,353</u>	<u>321,124</u>	<u>2,203,495</u>
Revenues over expenditures	<u>(883,502)</u>	<u>(662,002)</u>	<u>(535,773)</u>	<u>(329,406)</u>
Other financing sources and (uses):				
Transfer from primary government	864,377	853,062	(11,315)	813,859
Appropriated fund balance	19,125	-	(19,125)	-
Total other financing sources & uses	<u>883,502</u>	<u>853,062</u>	<u>(30,440)</u>	<u>813,859</u>
Revenues over expenditures & other uses	<u>\$ -</u>	<u>\$ 191,060</u>	<u>\$ (566,213)</u>	<u>\$ 484,453</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items (operations fund):				
(Increase) decrease in accrued OPEB liability		(303,019)		73,248
Increase (decrease) in deferred outflows of resources-OPEB		324,043		(91,968)
(Increase) in deferred inflows of resources-OPEB		(128,409)		(120,376)
Depreciation		(524,998)		(528,629)
Increase (decrease) in deferred outflows of resources-pensions		(11,435)		43,056
Decrease in deferred inflows of resources-pensions		694		1,686
Decrease in net pension liability		(26,216)		(50,026)
Capital outlays		339,900		19,582
Reconciling items (capital projects fund):				
Grants		464,196		256,366
Total reconciling items		<u>134,756</u>		<u>(397,061)</u>
Change in net position		<u>\$ 325,816</u>		<u>\$ 87,392</u>

Dare County Airport Authority  
 Capital Projects Fund  
 Schedule of Revenues & Expenditures-Budget & Actual (Non-GAAP)  
 From Inception & for the Fiscal Year Ended June 30, 2020

	Project Author- ization	Prior Year	Current Year	Total to Date	Variance Positive (Negative)
Revenues-State Aid to Airports Restricted					
Intergovernmental:					
Storm Drain Improvements	\$ 287,434	\$ 283,596	\$ -	\$ 283,596	\$ (3,838)
APRON Rehabilitation Design	163,588	19,118	98,661	117,779	(45,809)
Runway 23 Land Acquisition	128,609	-	15,791	15,791	(112,818)
Runway 17 Approach Land Acquisition	354,933	-	349,745	349,745	(5,188)
Total Revenues	<u>934,564</u>	<u>302,714</u>	<u>464,197</u>	<u>766,911</u>	<u>(167,653)</u>
Expenditures:					
Storm Drain Improvements	319,375	315,107	-	315,107	(4,268)
APRON Rehabilitation Design	181,765	30,800	104,546	135,346	(46,419)
Runway 23 Land Acquisition	142,899	-	18,747	18,747	(124,152)
Runway 17 Approach Land Acquisition	394,370	-	-	-	(394,370)
Total Expenditures	<u>1,038,409</u>	<u>345,907</u>	<u>123,293</u>	<u>469,200</u>	<u>(569,209)</u>
Revenues over (under) expenditures	<u>(103,845)</u>	<u>(43,193)</u>	<u>340,904</u>	<u>297,711</u>	<u>401,556</u>
Other Financing Sources:					
Operating transfer	103,845	-	-	-	(103,845)
Total Other Financing Sources	<u>103,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(103,845)</u>
Revenues & other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (43,193)</u>	<u>\$ 340,904</u>	<u>\$ 297,711</u>	<u>\$ 297,711</u>

Dare County Airport Authority  
Cemetery Fund  
Schedule of Revenue & Expenditures  
Budget & Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2020  
With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2019

	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Operating revenues:</b>				
Grave sites	\$ 2,000	\$ 2,426	\$ 426	\$ 6,330
Mausoleum crypts/nitch	4,000	1,500	(2,500)	526
Rental income	20,400	23,432	3,032	21,766
Miscellaneous income	100	78	(22)	26
<b>Total</b>	<u>26,500</u>	<u>27,436</u>	<u>936</u>	<u>28,648</u>
<b>Nonoperating revenues:</b>				
Interest earned on investments	2,000	5,795	3,795	8,441
	<u>2,000</u>	<u>5,795</u>	<u>3,795</u>	<u>8,441</u>
<b>Total revenues</b>	<u>28,500</u>	<u>33,231</u>	<u>4,731</u>	<u>37,089</u>
<b>Expenditures:</b>				
<b>Operations:</b>				
Maintenance and repair	18,000	1,980	16,020	11,506
Capital outlay	9,400	-	-	-
Other supplies	1,100	423	677	457
<b>Total</b>	<u>28,500</u>	<u>2,403</u>	<u>16,697</u>	<u>11,963</u>
Revenues over expenditures	-	30,828	21,428	25,126
<b>Other Financing Sources:</b>				
Appropriated fund balance	-	-	-	-
Revenues & other financing sources over expenditures	<u>\$ -</u>	<u>\$ 30,828</u>	<u>\$ 21,428</u>	<u>\$ 25,126</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
<b>Reconciling items:</b>				
None		-		-
Change in net position		<u>\$ 30,828</u>		<u>\$ 25,126</u>

# Compliance



**POTTER & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

**Independent Auditor's Report**

To the Board of Directors

**Dare County Airport Authority**

Manteo, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Dare County Airport Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Dare County Airport Authority's basic financial statements, and have issued our report thereon dated November 12, 2020. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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



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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dare County Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters<sup>6</sup> that are required to be reported under Government Auditing Standards.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Potter & Company, P.A.*

November 12, 2020

Mooresville, North Carolina