



Comprehensive Annual Financial Report

For the Fiscal Year Ended March 31, 2014 and 2013

Raleigh-Durham Airport Authority



Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Comprehensive Annual Financial Report

For the fiscal years March 31, 2014 and 2013

Prepared by the Finance Department

Comprehensive Annual Financial Report

2013-2014 Raleigh-Durham Airport Authority Board Members



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Durham County



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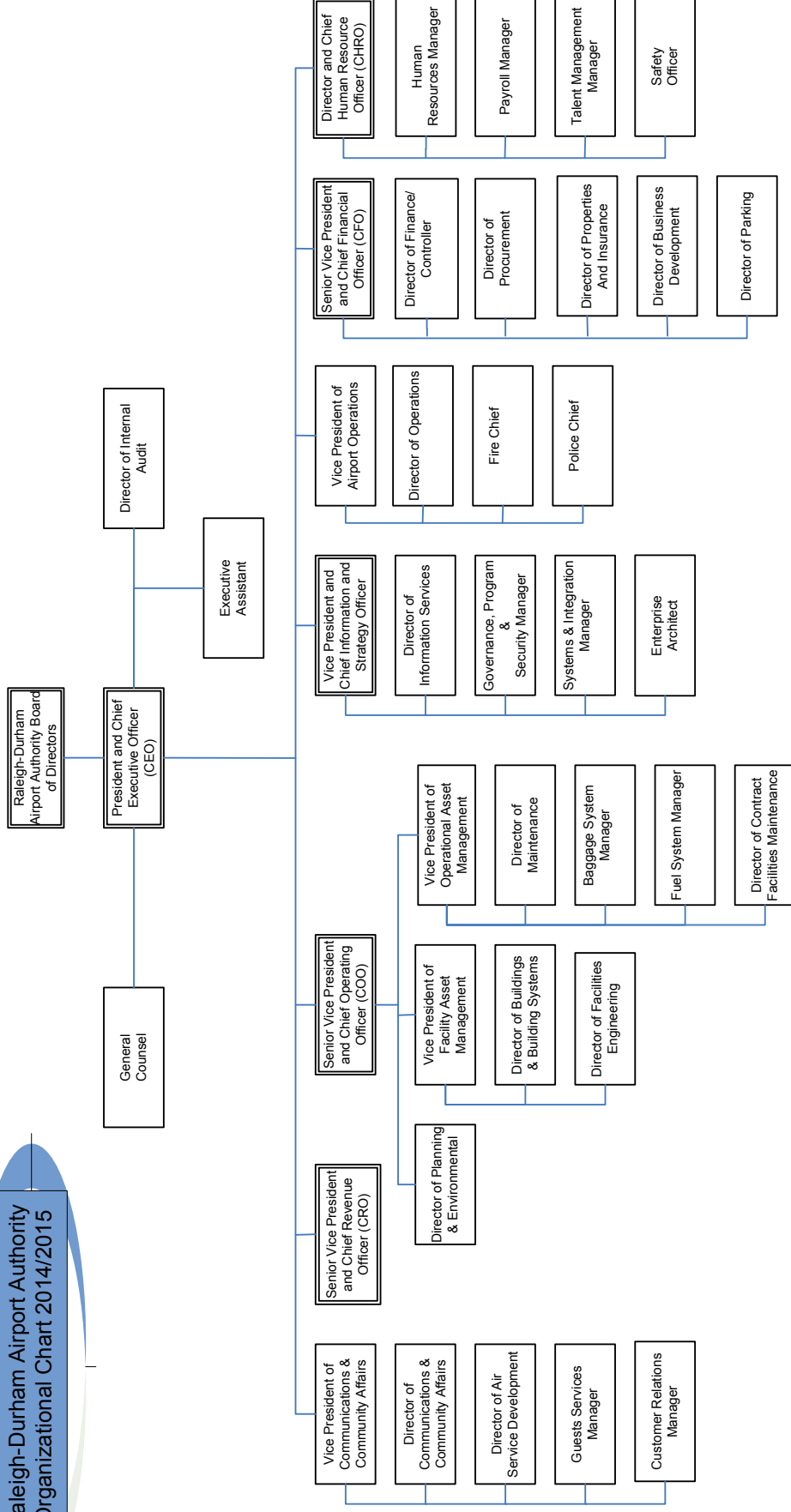
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Raleigh-Durham Airport Authority Organizational Chart 2014/2015





Government Finance Officers Association

**Certificate of
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Presented to

**Raleigh-Durham Airport Authority
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

March 31, 2013

Executive Director/CEO



June 19, 2014

To the Board of the Raleigh-Durham Airport Authority,

This Comprehensive Annual Financial Report of the Raleigh-Durham Airport Authority (the "Authority"), is hereby submitted for the fiscal year ended March 31, 2014. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Finance department of the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority.

The Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report is presented in three sections – Introductory, Financial and Statistical. The Introductory section includes this Letter of Transmittal, a depiction of the Authority Board Members, the Authority's Organization Chart and the Certificate of Achievement for Excellence in Financial Reporting Award of the Authority for its prior year FY 2012-13 submission. This Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government finance reports. The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplemental Information, and Supplemental Information. The Statistical Section includes selected financial trends, debt service, key performance indicators ("KPIs") and other operating statistics, and economic demographic information, presented on a multi-year basis.

This Letter should be read in conjunction with the accompanying Management Discussion & Analysis ("MD&A") in order to gather a more complete financial and business picture of the Authority. It is our intent to submit the FY 2013-14 Comprehensive Annual Report to the Government Finance Officers Association for their review and seek the award for the 6th consecutive year.

Reporting Entity

The Authority is a special joint agency of the Cities of Raleigh and Durham, North Carolina and the Counties of Wake and Durham, North Carolina created for the development, operation and maintenance of the Raleigh-Durham International Airport (RDU). The Authority was created and exists pursuant to a special act enacted by the General Assembly of North Carolina in 1939, as amended, and by action taken by the sponsoring governmental units pursuant to that act. The Authority is governed by an eight member board appointed by the sponsoring governmental units.

The Authority has many of the same powers of any North Carolina local government unit with some notable exceptions. It has no power to impose any taxes. In order to finance Airport development, operation and maintenance, it charges fees to those who use or

Reporting Entity (continued)

operate businesses at the Airport. Annually the Authority receives \$12,500 from each of the four governmental units that appoint its members. This total of \$50,000 is less than one-tenth of one percent of the Authority's annual operating revenue.

Economy, Region & Air Service

The Board, its Finance Committee, the President and CEO (effective April 1, 2014, title was changed from Airport Director), senior staff and financial management continued to closely monitor and respond to the continuing financial and business uncertainties facing the global, national and local economy, the airline industry and the Authority itself during fiscal year 2013-14.

Raleigh, Durham, and Chapel Hill make up the three primary cities of the Research Triangle metropolitan region. The regional nickname of "The Triangle" originated after the 1959 creation of the Research Triangle Park, primarily located in Durham County, four miles from Downtown Durham. It is encompassed on three sides by the city of Durham and roughly midway between the cities of Raleigh and Chapel Hill and the three major research universities of NC State University, Duke University, and UNC-Chapel Hill. This 7,000 acre park set aside for research and research oriented manufacturing employs approximately 42,000 people. Anchored by leading technology firms, government, and world-class universities and medical centers, the area's economy consistently performs strongly.

Wake, Durham, and Orange counties are part of the larger 13-county economic region known as the Research Triangle Region and provide the primary economic base for air transportation at the Airport. The airport alone is estimated to have over an \$8 billion economic impact. In 2012, the Research Triangle Region's Gross Domestic Product (GDP) was \$101 billion or 22% of the State's total GDP. This region's employment grew 3.3% over past 5 years. In addition, the 2012 Raleigh Metropolitan Statistical Area has expanded 48% since 2000, making it the fastest growing metropolitan area in the nation with a population above 1 million. The airport's total impact on regional employment involves an estimated 47,000 jobs with payrolls of \$2.5 billion. In addition, about 4,700 workers are employed in various functions on the airport.

Based on 2010 U.S. Census data, North Carolina was the 10th largest state in the nation. Data from the 2010 Census reveals that North Carolina continues to be one of the fastest growing states in the U.S. Between 2000 and 2010, the state's population grew by over 1.3 million or 18.5%, almost twice the national rate increase of 9.7%.

RDU is a very busy commercial service airport served by eight major airlines and their regional partners offering service from RDU to 39 destinations. The airlines include Air Canada, AirTran, American, Delta, JetBlue, Southwest Airlines, United, and U.S. Airways. For the year ending March 31, 2014, the top three carriers in terms of market share were Delta, Southwest, and American, respectively, comprising about 65% of total passengers. Major cargo carriers at RDU include Federal Express and UPS. The airport processed 9.17 million passengers and over 82,000 tons of air cargo in the FY 2013-14.

RDU is recognized by the FAA as a medium size hub and is the second largest airport in the North Carolina behind Charlotte Douglas International (CLT). RDU, however, serves almost exclusively origin-destination (O&D) passengers while CLT serves largely connecting passengers.

Economy, Region & Air Service (continued)

General Aviation facilities at RDU include the 22,000-square foot General Aviation (GA) Terminal owned by the Authority supporting two Fixed-Base Operators, Landmark Aviation and TAC Air. The complex offers 30 acres of aircraft parking space for a variety of aircraft sizes and much more.

Regarding air service development, recent air carrier actions announced include the following:

- Delta Airlines initiated limited service in several markets in 2014 including, Las Vegas, Cleveland, and Fort Lauderdale
- Frontier Airlines expanded their offerings by adding service in the Cleveland market in June 2014
- United Airlines added a second nonstop flight to San Francisco during the peak summer travel period
- Primary domestic service improvements continue with efforts to secure nonstop service to Austin, Kansas City, Seattle and San Juan and additional frequency to Phoenix and Denver
- Delta added daily, nonstop service to Salt Lake City in December, 2013
- Delta Airlines added four daily, nonstop flights to Philadelphia in September, 2013
- Frontier Airlines began serving RDU April 8, 2013 with a daily flight to Trenton, New Jersey
- American Airlines added daily nonstop service to Los Angeles in April, 2013
- Delta Airlines upgraded its 3 times a week nonstop service to Los Angeles to daily service, April 2013

In November 2013, to support targeted, new non-stop transcontinental and transatlantic destinations, the Authority revised its Air Service Policy. This policy includes the use of Authority managed marketing support for new routes and airport fee waivers as airline incentives to promote future route development.

FY 2013-14 Major Events and Initiatives

The Authority is also committed to continuing proactive management of the issues brought on by the continuing economic turbulence of recent years. Authorized headcount has been managed with no growth in number of positions for the previous six years. For the Fiscal Year ending March 31, 2014, the number of authorized full time positions of the Authority was 289. For the budgeted FY 2014-15, the Authority added two positions to its authorized headcount to total 291 positions.

In addition to its full-time positions, the Authority employs up to 39 part-time law enforcement officers (in addition to its full time force) to provide law enforcement presence at the Security Checkpoints. The cost of this checkpoint security force is largely reimbursable from the Transportation Security Administration and thus, to the extent reimbursed, is not passed on to the air carriers.

In January of 2011, the Authority opened the second phase of Terminal 2, in total a 920,000 square foot, 36 gates, state of the art, common use passenger terminal currently occupied by all of the airlines other than Southwest and AirTran. Terminal 2 has 40

FY 2013-14 Major Events and Initiatives (continued)

shops and restaurants. This completed, on time and on budget, the \$573 million Terminal 2 project begun a decade ago. On April 13, 2014, the Authority also completed its \$68 million project to renovate and modernize Terminal 1. The new Terminal 1 design included an automated inline bag handling system, a larger and more navigable security checkpoint, pre-security concession space, new exterior, modernized restroom facilities, higher ceilings and extensive use of glass and translucent material to enhance the natural lighting inside the terminal. The new Terminal 1 has 9 gates and is occupied by Southwest and AirTran.

The Authority is justly proud of its industry-exceptional AA-/Aa3 bond ratings (Fitch Ratings and Moody's respectively) and considers maintaining these ratings a top strategic priority. During FY 2013-2014, Fitch Ratings and Moody's both affirmed their respective AA- and Aa3 ratings, each with stable outlooks. At March 31st, 2014 the Authority's debt portfolio consisted of approximately 90% fixed rate and 10% variable rate revenue bond obligations, with a weighted average interest rate of 3.92%.

In light of continuing economic uncertainties, the Authority has developed a conservative budget for fiscal year 2014-15 with projected operating revenue of \$102.2 million. This represented a 4.7%, or \$4.6 million increase over budgeted operating revenue for FY 2013-14. The major component of this increase in budgeted revenue related to an increase in Terminal space rentals rates for the carriers in the amount of twenty percent (20%) effective April 1, 2014. This was the first terminal rental rate increase in eight years since April 2006. During this eight year period, the Authority invested nearly \$650 million in Terminal infrastructure development. Despite this increase in terminal rental rates, the Authority's Airline Cost per Enplanement or CPE was still maintained at its benchmarked target of about 75% of the industry's medium hub average CPE. Budgeted revenue for enplanement driven revenue types such as parking, terminal concession, and rental car, was based on a one percent enplanement growth forecast, affirming the Authority's conservative budgeting and financial management practices.

Budgeted operating expenses increased 3.1% or \$1.66 million for FY 2014-15 relative to the prior fiscal year. This increase was predominately driven by maintenance related janitorial costs associated with the newly opened Terminal 1 facility. While many operational costs were reduced from the prior year, other operational facility expenses are expected to grow as the Authority begins its transition to asset management in the years ahead following the conclusion of over a decade of major asset development.

Financial Information

The MD&A summarizes the Authority's Statements of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows and is included in this report. The information in the MD&A should be read in conjunction with the information in the Letter of Transmittal.

For FY 2013-14, Operating revenue at RDU continued its modest upward trend having increased in the previous five fiscal years. However, total passengers of 9.17 million for FY 2013-14 represented a slight decrease of 0.75% from the prior fiscal year. Despite this slight decrease in passengers, actual operating revenue of \$98.7 million increased \$650 thousand or .67% for FY 2013-14, relative to the prior period. This helped drive an Operating revenue budget surplus of \$1.1 million or 1.1% for FY 2013-14. Total Operating expenses of \$52.2 million were under budget by 2.1% for FY 2013-14.

Internal Control Structure Framework

The financial statements of the Authority are prepared following U.S. generally accepted accounting principles applicable to governmental unit enterprise funds. Annually, the Authority's Audit Department's auditors evaluate the internal controls related to Raleigh-Durham Airport Authority's financial reporting as a part of and in coordination with the Authority's external audit. On an ongoing basis, the Audit department operates under an annual audit plan approved by the President and CEO, and the Board Finance/Audit Committee. The Audit Plan includes substantial coverage of the Authority's agreements with concessionaires, airline carriers and other tenant agreements, key departmental functions, and key business processes. While overall responsibility for the development and maintenance of Internal Controls clearly rests with Authority management, significant investments in the Internal Audit function over recent years have made a positive impact on the Authority's overall control environment.

Internal control is a process affected by an entity's governing board, management and other personnel and designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) safeguarding of assets from loss, from unauthorized use or disposition; (b) execution of transactions in accordance with management's authorization; (c) reliability of financial records for preparing financial statements and maintaining accountability for assets; (d) effectiveness and efficiency of operation; and (e) compliance with applicable laws and regulations.

Internal controls, no matter how well designed and operated, can provide only reasonable assurance to management and the Board regarding achievement of an entity's control objective. The likelihood of achievement is affected by limitations inherent to internal control. Such limitations include:

1. Human judgment in decision-making can be faulty;
2. Breakdowns in internal controls can occur due to errors or mistakes;
3. Controls can be circumvented by the collusion of two or more people or management override of internal controls;
4. Cost of an entity's internal controls should not exceed the benefits that are expected to be derived; and
5. Custom, culture and the corporate governance system inhibit irregularities by management, but they are not absolute deterrents.

All internal control evaluations occur within the above framework. We believe that the Authority's internal controls adequately meet the objectives listed above and have devoted considerable effort to attract and retain individuals in our finance department and organization who embrace the concept of a healthy internal control environment.

Budgetary Controls

The Authority's annual operating and capital budgets are reviewed in a Board work session and subsequently approved at the regular meeting annually in March for the upcoming fiscal year that begins on April 1. Operating Budget approval is at the total operating expenditures level. The Authority Operating budget is a single enterprise fund. Subsequent individual expenditures against budget are subject to the Authority's Procurement Policy, Minority and Women-Owned Small Business policy, and other process and system controls including transaction signature authority limits and Finance Officer review.

Budgetary Controls (continued)

The Authority will continue to maintain its cash reserve policy to set aside and reserve an operating cash reserve of one times the current fiscal year's annual Operating Budgeted Expenses (excluding depreciation). For FY 2013-14 and FY 2014-15, this cash reserve was maintained at the policy cap of \$50 million. Authority policy requires that this reserve not be expended, encumbered, or budgeted for any purpose in executing Authority fiscal policy without Board approval and notification of the bond rating agencies that maintain bond ratings for the Authority.

The Authority adopts its budgets with the commitment to maintain a fiscally sound airport with a low airline cost structure. The Authority continues to cost its services to air carriers at about 75% of the medium hub average per the most recent ACI (Air Council International) survey data. Total budgeted Airline Cost per Enplanement (CPE) for RDU increased 10.3% for fiscal year 2014-15 to \$6.95, relative to the prior year. This increase was driven by a terminal space rental rate increase of 20%, the first such increase in rents since April 2006.

Strategic Planning

Our vision is to deliver a world class airport experience- and our mission- to deliver excellent airport services, facilities and unparalleled customer service – guide the Authority's strategic business plan. The FY 2014-15 Operating and Capital budgets are also driven by the Authority's strategic business plan, the new airport operating environment, and the ongoing commitment to maintaining a fiscally sound airport. With Terminal 1 completed in April 2014, the fiscal year ahead marks a shift from infrastructure development to the focus areas of operations, revenue management and asset management. Additionally, we will continue to place an emphasis on implementing a new organizational structure that will allow us to take advantage of opportunities and align our talent with our pursuit of new business development. The priorities to guide the organization in FY 2014-15 will be:

1. Strategic Planning
2. Organization Alignment and Recruitment
3. Air Service
4. Asset Management
5. Governmental Affairs/Community Outreach
6. Revenue Development
7. Talent Management

In addition, the Authority has developed a comprehensive 5 year financial model to support its Strategic Planning and Budget processes. With its 2014 Strategic Business Plan, the Authority is taking steps to address the new low-growth aviation environment with dynamic strategic planning combined with a flexible business plan capable of responding to industry changes and opportunities.

Subsequent Events

For the 8th year in a row, RDU was recognized by the Air Transport Research Society (ATRS) as one of the top three airports in North America for both overall financial operating efficiency and cost competitiveness. The ATRS is the leading academic society in the air transportation field who measures and compares the operating efficiency, managerial efficiency and cost competitiveness of 183 airports and 25 airport groups worldwide. RDU was again ranked in the top 3 airports overall in the category of less than 15 million passenger enplanements for 2013. This acknowledgement reinforces the Authority's efforts to maintain low operating costs for the airlines that serve the Airport and its success in doing so.

Independent Audit

The Authority's independent auditor, Cherry Bekaert LLP, has performed the annual audit as of and for the fiscal period ended March 31, 2014, and rendered an unqualified opinion as to the Authority's financial statements. The audit is conducted in a manner consistent with the requirements of the Single Audit Act and the Office of Management and Budget Circular A-133. The report and opinion are contained herein, and found that the Authority's financial statements presented fairly, in all material respects, the financial position of the Authority as of March 31, 2014 and 2013.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended March 31, 2013. This was the 5th consecutive year of award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized CAFR. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The completion of this report would not have been possible without the support of the Board and the Airport Director's commitments to continuous improvement of the corporate governance and financial reporting function. In addition, key members of the Finance department played a major role in bringing this expanded report to the Authority.

Respectfully submitted,



Michael Landguth
President and CEO
Raleigh-Durham Airport Authority



Tom D. Barritt, CPA
Interim CFO, Director of Finance & Controller
Raleigh-Durham Airport Authority

Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Financial Section

Prepared by the Finance Department

FINANCIAL SECTION



Report of Independent Auditor

To the Members
Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the Raleigh-Durham Airport Authority (the "Authority") as of and for the years ended March 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Authority'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 Authority'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of March 31, 2014 and 2013, and results of their operations and their cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplemental Information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The introductory section, supplemental information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we not express an opinion or provide any assurance on them.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2014, on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.



Raleigh, North Carolina
June 10, 2014

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2014 and 2013

Overview

The management discussion and analysis ("MD&A") provides an overview of the Raleigh-Durham Airport Authority's (the "Authority") activities during the fiscal years ended March 31, 2014 and March 31, 2013. The Authority's basic financial statements consist of three components; 1) Management's Discussion and Analysis, 2) financial statements, and 3) notes to the financial statements. In addition to the management's discussion and analysis, management has prepared the accompanying Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows.

The MD&A is intended to aid the reader in interpreting the Authority's relative financial position as of the above referenced date. Condensed key financial as well as non-financial information will be highlighted for the reader.

Required Financial Statements

The Financial Statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statements of Net Position include all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements can be used to measure the success of the Authority's operations over the past year, its financial position and can be used to determine the Authority's overall profitability, financial strength and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 20 to 42 of this report.

Background

The Raleigh-Durham International Airport (the "Airport") is located in Wake County, between the Cities of Raleigh and Durham approximately 10 miles from the downtown areas of each of Raleigh and Durham. Interstate 40, a major thoroughfare, is located immediately to the southwest of the Airport and US Highway 70, another major thoroughfare, located immediately to the northeast of the Airport. William B. Umstead State Park is located to the immediate east of the Airport. The Airport consists of approximately 5,100 acres, approximately 2,075 of which are developed. The Airport has two active terminals, 1 and 2. The \$573 million Terminal 2, a state of the art, common use facility consists of

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2014 and 2013

Background (Continued)

approximately 900,000 square feet of floor space, including 36 passenger gates. The North Concourse of Terminal 2 opened October 26, 2008, while the final phase, or the South Concourse of Terminal 2, opened January 23, 2011. In addition, in April 2014 the Authority completed a \$68 million renovation of Terminal 1. This terminal is home to Southwest Airlines and AirTran and operates with 9 gates.

The Airport has two primary runways and one secondary runway. In the fiscal years ended March 31, 2014 and 2013, 9.2 million passengers, annually, used the Airport.

Passenger Facility Charges

In February 2003, the Authority received final approval from the Federal Aviation Administration (FAA) to begin charging a \$3 passenger facility charge ("PFC") effective May 1st, 2003. In fiscal year 2004-05, the Authority received approval from the FAA to increase this charge from \$3.00 to \$4.50 per eligible enplanement effective October 1st, 2004. PFC cash balances decreased 57.1% or \$6.2 million for the fiscal year ending March 31, 2014, versus the prior year. PFC cash balances decreased 30.4% or \$4.7 million for the fiscal year ending March 31, 2013, versus the prior year. In each of these years, declining PFC cash balances were the result of the Authority using surplus PFC cash towards the irrevocable commitment of PFC's applied to debt service. PFC balances are restricted for use on FAA approved projects as reimbursement of capital costs or to offset PFC eligible debt service.

Annual PFC revenue of \$18.3 million decreased \$411 thousand or 2.2% for FY 2013-14, relative to the prior year. In addition, a portion of PFCs are irrevocably committed to offset Authority debt service beginning FY 2005-06. This irrevocable commitment applied to debt service for the fiscal years ending March 31, 2014, 2013, and 2012, was \$24,346,000, \$23,634,000, and \$22,946,000, respectively. The irrevocable commitment budgeted to be applied to debt service for FY 2014-15 is \$22,001,000. Irrevocable commitments to the extent not applied to debt service are carried forward for future application.

Financial Highlights and Analysis

Net Position

Current assets decreased 7.6%, or \$11.9 million from the prior year due to decreased short-term investments of \$19.0 million. Primarily offsetting this decrease was a \$6.5 million increase in cash and cash equivalents. Current assets increased 2.0%, or \$3.1 million from March 2012 to March 2013 due to increased short-term investments of \$30.3 million. Primarily offsetting this increase was a \$26.9 million decrease in cash and cash equivalents and a \$1.4 million decrease in accounts receivable.

Total non-current assets, consisting of restricted assets and airport and facilities, net decreased \$7.1 million or .7%. This decrease was in part related to the reduction of PFC cash and cash equivalents of \$6.2 million and a decrease in the debt service reserve fund of \$1.4 million or 3.0%. For the FY 2012-13, non-current assets, consisting of restricted assets and airport and facilities, net, decreased \$15.8

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MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2014 and 2013

Net Position (Continued)

million or 1.6%. This decrease was in part related to the reduction of PFC cash and cash equivalents of \$4.7 million. However, the largest part of this reduction, or \$9.5 million, was related to a decrease in airport and facilities, net resulting from current depreciation exceeding the amount capitalized for the period.

Restricted assets decreased \$7.4 million or 12.4% primarily due to a \$6.2 million or \$57.1% decrease in PFC cash and cash equivalents and a decrease in the parity reserve fund of \$1.4 million or 3.0%. Restricted assets decreased \$6.3 million or 9.6% from March 2012 to March 2013 primarily due to a \$4.7 million or \$30.4% decrease in PFC cash and cash equivalents and a decrease in the parity reserve fund of \$1.3 million or 2.8%.

Airport and facilities, net increased \$285 thousand or .03% primarily related to an increase construction activities related to the renovation of Terminal 1. Airport and facilities, net decreased \$9.5 million or 1.0% from March 2012 to March 2013 primarily as a result of current depreciation exceeding the amount capitalized for the period.

The combined effect of the above items was to decrease total assets \$19.0 million or 1.6% for the fiscal year ended March 2014, and \$12.7 million or 1.1% for the fiscal year ended March 2013, and \$34.3 million or 2.8% for the fiscal year ended March 2012.

For the period ending March 31, 2014, current liabilities decreased by \$3.0 million or 6.5% due to a decrease in retainage and construction accounts payable of \$4.9 million related to substantial completion of the Terminal 1 project, and offset by an increase in accounts payable of \$1.2 million and an increase in current maturities of long-term debt of \$790 thousand. For the prior period, March 2012 to March 2013, current liabilities increased by \$7.5 million or 19.6% due to an increase in retainage and construction accounts payable of \$8.2 million related to the Terminal 1 project, and a decrease in account payable of \$1.0 million.

Total non-current liabilities decreased by \$20.0 million or 2.9% primarily due to decreases in long term debt of \$18.9 million and Debt issue premiums of \$1.5 million, both the result of scheduled principal reductions and premium amortizations, respectively. Slightly offsetting this decrease was a combined increase in OPEB Retiree cost and Separation allowance costs of \$435 thousand. For the prior period ending March 31, 2013, total non-current liabilities decreased by \$18.7 million or 2.6%, primarily due to decreases in long term debt of \$18.1 million and Debt issue premiums of \$1.5 million both the result of scheduled principal reductions and premium amortizations, respectively. Slightly offsetting this decrease was a combined increase in OPEB Retiree cost and Separation allowance costs of \$906 thousand.

Total deferred inflows of resources decreased \$128 thousand or 23.8%, and \$780 thousand or 59.1% due to reduction in rent credits related to lease changes with an air carrier, for the fiscal years ending March 31, 2014 and March 31, 2013, respectively.

The combined effect of these items was to increase net position during the year ended March 31, 2014 by \$4 million or 1.0%. For the year ended March 31, 2013 net position decreased by \$713 thousand or .2%. Net position at March 31, 2014, March 31, 2013, and March 31, 2012 are presented in the following table:

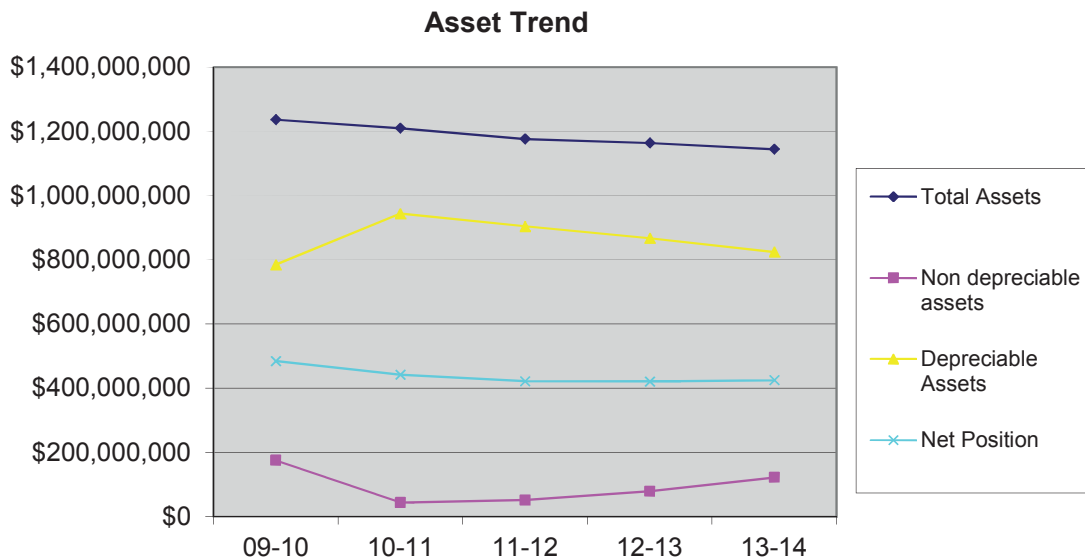
RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2014 and 2013

Net Position (Continued)

Condensed Statements of Net Position

	March 31, 2014	March 31, 2013	March 31, 2012
Current Assets	\$ 145,842,417	\$ 157,757,757	\$ 154,674,291
Airport and facilities, net	946,362,715	946,077,356	955,552,767
Other noncurrent assets	52,574,704	59,994,568	66,334,207
Total assets	<u>1,144,779,836</u>	<u>1,163,829,681</u>	<u>1,176,561,265</u>
Current liabilities	42,846,885	45,804,343	38,303,275
Noncurrent liabilities	676,684,982	696,684,585	715,423,591
Total liabilities	<u>719,531,867</u>	<u>742,488,928</u>	<u>753,726,866</u>
Total deferred inflows of resources	412,019	540,441	1,320,934
Invested in capital assets, net of related debt	330,599,774	313,607,597	307,107,509
Restricted Assets	7,432,645	13,459,327	18,369,465
Unrestricted assets	86,803,531	93,733,389	96,036,491
Net position	<u>\$ 424,835,950</u>	<u>\$ 420,800,313</u>	<u>\$ 421,513,465</u>

The following graph depicts the trend in total assets, airport and facilities non depreciable, airport and facilities depreciable, and net position as described in the preceding paragraphs. Airport and facilities, non depreciable includes land and construction in progress:



RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2014 and 2013

Revenues, Expenses, and Change in Net Position

For the fiscal year ended March 31, 2014, the Authority experienced a \$653 thousand increase (.7%) in operating revenue, due primarily to an increase in airfield revenue of \$791 thousand compared to the prior year. This overall increase in operating revenue was realized despite a slight decrease in passengers of 36 thousand or .8% for the fiscal year ended March 31, 2014, relative to the prior fiscal year. The Authority's rates and charges to air carriers remained at the low end of comparable airports. In addition, the Authority's airline derived revenue remained diversified with no single carrier accounting for more than approximately 8% of operating revenue for the fiscal year ended March 31, 2014.

For the fiscal year ended March 31, 2013, the Authority experienced a \$3.6 million increase (3.9%) in operating revenue, due primarily to an increase in parking revenue of \$4.0 million compared to the prior year. This overall increase in operating revenue was realized with an increase in passengers of 35 thousand or .5% for the fiscal year ended March 31, 2013, relative to the prior fiscal year. The Authority's rates and charges to air carriers remained at the low end of comparable airports. In addition, the Authority's airline derived revenue remained diversified with no single carrier accounting for more than approximately 9% of operating revenue for the fiscal year ended March 31, 2013.

Operating expenses (excluding depreciation) increased 5.2%, or \$2.6 million, for the fiscal year ended March 31, 2014 relative to the prior year. This increase was primarily due to increases in Administrative costs of \$1.3 million or 13.2%, and an increase in Airport facilities costs of \$1.6 million or 7.9%. Depreciation expense decreased 1.6% or \$777 thousand during the fiscal year ended March 31, 2014. Thus, total Operating expenses (including depreciation), increased 1.8%, or \$1.8 million. The combined effect of the above items was a 490% or \$1.1 million increase in the Operating loss, relative to the prior period. Nearly all of this increase in Operating loss was directly related to increased operating costs related to Administrative and Airfield expenses.

Operating expenses (excluding depreciation) increased 1.8%, or \$861 thousand, for the fiscal year ended March 31, 2013 relative to the prior year. This increase was primarily due to increases in Administrative costs of \$473 thousand or 4.9%, and an increase in Airport Maintenance costs of \$435 thousand or 8.5%, resulting from increased costs associated with maintaining equipment and assets. Depreciation expense decreased 1.4% or \$681 thousand during the fiscal year ended March 31, 2013. Thus, total Operating expenses (including depreciation), increased .2%, or \$180 thousand. The combined effect of the above items was a 93.7% or \$3.5 million decrease in the Operating loss, relative to the prior period. Nearly all of this decrease in Operating loss was directly related to increased revenue related to Parking.

For FY 2013-14, non-operating revenues (expenses) in total decreased \$719 thousand due to the following: reductions in bond interest expense of 2.1 million or 7.6%, reduction in investment interest of 634 thousand or 30.8%, reduction in Passenger Facility Charges of \$411 thousand or 2.2% and a reduction in net decrease in fair values of investments of \$301 thousand or 38.9% for FY 2012-13.

For FY 2012-13, non-operating revenues (expenses) in total decreased \$2.8 million due to the following: reductions in both the loss on swap terminations of \$1.5 million, and \$861 thousand less bond interest expense, as compared to FY 2011-12.

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2014 and 2013

Revenues, Expenses, and Change in Net Position (Continued)

For FY 2013-14, capital contributions increased \$5.2 million or 94.5% compared to the prior year. This change primarily related to increased Federal and State Funds received for airfield project costs. Regarding the increase in net position for FY 2013-14, the resultant increase of \$4.0 million was the combined result of the aforementioned reasons.

For FY 2012-13, capital contributions increased \$4.8 million or 749.9% compared to the prior year. This change primarily related to increased Federal and State Funds received for airfield project costs. Regarding the decrease in net position for FY 2012-13, the resultant decrease of \$1.1 million was the combined result of the aforementioned reasons.

Condensed Statement of Revenues, Expenses, and Change in Net Position

	<u>March 31, 2014</u>	<u>March 31, 2013</u>	<u>March 31, 2012</u>
Operating revenues			
Parking	\$ 40,634,069	\$ 40,455,878	\$ 36,406,284
Terminals	26,230,425	27,022,756	27,020,695
Rental Car	13,126,408	12,875,772	12,305,766
Other	18,706,607	17,690,330	18,651,803
Total operating revenues	<u>98,697,509</u>	<u>98,044,736</u>	<u>94,384,548</u>
Operating expenses	52,172,155	49,599,522	48,738,671
Depreciation	47,901,680	48,678,489	49,359,167
Total operating expense	<u>100,073,835</u>	<u>98,278,011</u>	<u>98,097,838</u>
Operating income (loss)	<u>(1,376,326)</u>	<u>(233,275)</u>	<u>(3,713,290)</u>
Non-operating revenues(expenses)			
Passenger Facility Charges	18,323,327	18,734,688	18,424,026
Investment Interest Income	1,419,898	2,054,048	2,148,101
Other non-operating revenue	822,008	1,189,552	971,064
Non-operating expenses	<u>(25,801,032)</u>	<u>(27,933,517)</u>	<u>(30,259,920)</u>
Total non-operating revenues(expenses)	(5,235,799)	(5,955,229)	(8,716,729)
Capital contributions	<u>10,647,762</u>	<u>5,475,352</u>	<u>644,240</u>
Increase (decrease) in net assets	<u>4,035,637</u>	<u>(713,152)</u>	<u>(11,785,779)</u>
Net position, beginning of year	<u>420,800,313</u>	<u>421,513,465</u>	<u>433,299,244</u>
Net position, end of year	<u>\$ 424,835,950</u>	<u>\$ 420,800,313</u>	<u>\$ 421,513,465</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2014 and 2013

Cash Flows

The Authority's overall unrestricted liquidity position consisting of cash and cash equivalents, and short-term investments decreased during FY 2013-14 by \$12.5 million or 8.3% largely due to cash funding of renovations to Terminal 1. For FY 2012-13, this unrestricted cash position increased during FY 2012-13 by \$3.4 million or 2.3% largely due to increased parking revenue.

For FY 2013-14 restricted cash decreased \$7.6 million or 22.9% primarily due to a \$6.1 million reduction in PFCs and a \$1.4 million decrease in Parity Debt Service Reserve funds. For FY 2012-13 restricted cash decreased \$6.1 million or 9.7% primarily due to a \$4.7 million reduction in PFCs and a \$1.3 million decrease in Parity Debt Service Reserve funds. For FY 2011-12 restricted cash decreased \$2.9 million or 4.4% primarily due to a \$4.3 million reduction in PFCs offset by a \$1.7 million increase in Parity Debt Service Reserve funds.

With regard to the statement of cash flows for FY 2013-14, cash provided by operating activities of \$48.5 million decreased \$409 thousand or .84% from the prior fiscal year. FY 2012-13, cash provided by operating activities of \$48.9 million increased \$4.0 million or 8.9% from the prior fiscal year. For FY 2011-12, cash provided by operating activities of \$45.0 million increased slightly \$1.0 million or 2.4% from the prior fiscal year.

For FY 2013-14, cash provided by investing activities of \$20.8 million represented an increase of \$48.2 million or 175.8%, relative to the prior fiscal year. This large increase in cash provided by investing activities was the result of maturity of short-term investments. For FY 2012-13, cash used in investing activities of \$27.4 million represented an increase of \$61.2 million or 181.3%, relative to the prior fiscal year. This large increase in cash used by investing activities was the result of increased longer-term investment utilization. For FY 2011-12, cash provided by investing activities of \$33.7 million represented an increase of \$61.4 million or 221.8%, relative to the prior fiscal year. This large increase in cash provided by investing activities was the result of increased bond calls of Federal agencies due to reductions in short-term rates.

For FY 2013-14, cash used in capital and related financing activities or \$70.3 million, represented an increase of \$15.8 million or 29.0% from the prior period. Primary contributors to this increase were an increase in additions to Airport and Facilities of \$22.1 million. Offsetting cash used in capital and related financing activities was an increase in Contributed capital of \$5.6 million related to additional grant receipts. For FY 2012-13, cash used in capital and related financing activities or \$54.5 million, represented an increase of \$6.7 million or 14.1% from the prior period. Primary contributors to this increase were an increase in additions to Airport and Facilities of \$11.0 million. Offsetting cash used in capital and related financing activities was an increase in Contributed capital of \$2.4 million related to additional grant receipts. For FY 2011-12, cash used in capital and related financing activities or \$47.8 million, represented a decrease of \$55.1 million or 53.6% from the prior period. Primary contributors to this decrease were a reduction in additions to Airport and Facilities of \$64.5 million (compared to the prior year addition of Terminal 2 South Concourse), and a reduction of \$38.3 million in the amount of loss on swap terminations. Offsetting this decrease in capital and related financing activities was a decrease in debt issuance premiums (\$27.0 million).

RALEIGH-DURHAM AIRPORT AUTHORITY
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Cash Flow (continued)

For FY 2013-14 positive operating cash activities (\$48.5 million), an increase in cash provided by investment activities (\$20.8 million) and offset by cash used by capital and related financing activities (\$70.3 million) combined to produce an overall decrease in cash and cash equivalents of \$1.0 million. For FY 2012-13 positive operating cash activities (\$48.9 million) offset by cash used in investment activities (\$27.4 million) and offset by cash used by capital and related financing activities (\$54.5 million) combined to produce an overall decrease in cash and cash equivalents of \$33.0 million. For FY 2011-12 positive operating cash activities (\$45.0 million) along with increased cash provided by investment activities (\$33.7 million) offset by cash used by capital and related financing activities (\$47.8 million) combined to produce an overall increase in cash and cash equivalents of \$30.9 million.

The following is a summary of the change in cash and cash equivalents for the fiscal years ended March 31, 2014, March 31, 2013, and March 31, 2012:

Condensed Statement of Cash Flows

	March 31, 2014	March 31, 2013	March 31, 2012
Net cash provided from:			
Operating activities	\$ 48,527,482	\$ 48,936,837	\$ 44,952,607
Investing activities	20,778,184	(27,430,884)	33,720,917
Capital and related financing activities	<u>(70,349,414)</u>	<u>(54,522,183)</u>	<u>(47,782,045)</u>
Net increase (decrease)	(1,043,748)	(33,016,230)	30,891,479
Cash and cash equivalents at beginning of year	<u>121,190,066</u>	<u>154,206,296</u>	<u>123,314,817</u>
Cash and cash equivalents at end of year	<u><u>\$ 120,146,318</u></u>	<u><u>\$ 121,190,066</u></u>	<u><u>\$ 154,206,296</u></u>

The Authority continues to maintain its cash reserve policy to set aside and reserve an operating cash reserve of about one times the current fiscal year's annual operating budgeted expenses (excluding depreciation). Beginning FY 2010-11, the Authority raised the cash reserve cap to \$50 million where it is currently maintained. Authority policy requires that this reserve not be expended, encumbered, or budgeted for any purpose in executing Authority fiscal policy without Board approval and notification of bond rating agencies that maintain bond ratings for the Authority.

Capital Assets

As of March 31, 2014 the Authority had \$946.4 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents a net increase of \$285 thousand, or .03% over FY2012-13. As of March 31, 2013 the Authority had \$946.1 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents a net decrease of \$9.5 million, or 1.0% over FY2011-12. This year's major asset additions were Terminal 1 improvements. More detailed information about the Airport's capital assets is presented in Note 4 to the financial statements.

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2014 and 2013

Economic Outlook and Capital Development

In 2000, the Authority, in response to record setting growth, was considering an extensive redevelopment plan for Terminal A that would ultimately have expanded Terminal A from 23 gates to as many as 40 gates. This plan would have added nearly 1,000,000 square feet of space to Terminal A and would have potentially exceeded one billion dollars in cost.

Terminal C was built and paid for by American Airlines (AA) in 1987 through a Special Facility Revenue Bond financing arrangement that originally provided AA with a forty-year lease, set to expire in 2027. The Terminal C facility was originally designed to house and support the AA hub operation begun in the late 1980s. By FY 1996, American Airlines had closed its hubbing operation. During this time, Midway Airlines relocated its hubbing operation from Chicago's Midway Airport and subleased gates from AA in Terminal C. By FY 2002, Midway's connecting passengers had fallen due to the 2001 recession. When coupled with the loss of traffic following the September 11, 2001 terrorist attacks, Midway ceased operations.

In FY 2001, connecting passengers represented 19% of total passengers which was down from AA's peak in 1995 of 61%. Thus, no longer a hub, RDU's Origination and Destination (O&D) traffic continued to increase to approximately 96% where it remains today. In this new non-hub environment, Terminal C was not designed, nor was it able to effectively support an O&D operation with multiple airlines and about 4% connecting traffic.

Subsequent to the major changes in the airline industry after September 11, 2001, the Authority and AA entered into an agreement, effective June 15, 2002, for the Authority to purchase AA's leasehold interests at the Airport. This leasehold included Terminal C, certain cargo and fuel facilities as well as other airport improvements. This leasehold acquisition allowed the Authority the option to more cost effectively and efficiently expand and redevelop Terminal C rather than proceed with the redevelopment of Terminal A. As a result, major redevelopment of Terminal A was deferred until after the redevelopment and expansion of Terminal C.

Now having effective control of the Terminal C facility, the Authority turned its attention to a major redevelopment of Terminal C under a preliminary project budget of \$350 million. With the additional planned development of the South Concourse, the project budget was subsequently revised to \$573 million. In addition, these project costs were the result of extensive modeling and cost projections to incorporate a costing strategy to maintain the lowest possible cost per enplanement passenger to the airlines, thereby retaining the Airport's competitive cost structure currently benchmarked at about 75% of the industry medium hub average.

During 2005, the Authority believed that an appropriate strategy with regard to financing this project was to limit risk associated with rising interest costs. Thus, the Authority developed a hedging program to lock in current historically low long-term interest rates through the use of forward interest rate swaps. On May 4, 2005, the Authority entered into two (2) negotiated synthetic fixed interest rate swaps (BMA or Bond Market Association Municipal Swap Index based) totaling \$300,000,000. The purpose of these transactions was to fix interest costs related to the Terminal C Renovation and Expansion Project.

RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2014 and 2013

Economic Outlook and Capital Development (Continued)

Pursuant to these hedge agreements, the Authority on June 13, 2006, issued \$300,000,000 of variable rate bonds, to be amortized over 30-years. Due to the swap agreements related to this debt, the Authority was able to lock in a fixed interest rate of 4.27% on this transaction. Subsequent to the end of Fiscal Year 2007-08, the Authority refunded the Series 2006A-E Bonds in the amount of \$300 million on May 2, 2008. These bonds were variable, but underlying swaps converted this obligation to a fixed synthetic rate. Several years later, these bonds were refunded to fix a trading problem associated with the downgrade of the bond insurer the Authority used to insure these bonds. The new Series 2008A-C bonds in the amount of \$300 million had the identical amortization schedule as the Series 2006A-E refunded bonds and were traded on the Authority's credit rating (bond insurance was not used). In addition, the underlying swaps totaling \$300 million on these bonds were not changed. The 2008A-C bonds, once issued, returned to trading in a historic relationship to the benchmark tax exempt index. Thus, the trading problems associated with the ratings downgrade of the previous bond insurer were resolved.

The financing for the Terminal 2 project was completed in 2007 with the issuance of \$152 million of fixed rate bonds on May 31, 2007. In connection with this financing, the Authority's underlying credit rating was upgraded to AA- (from A+) and Aa3 (from A3) by Fitch Ratings and Moody's Investor Service, respectively. A stable outlook was assigned in both cases. These ratings and outlook remain the same at the end of FY 13-14.

On September 15, 2008 Lehman Brothers (Lehman) filed for bankruptcy and consequently defaulted on its \$150 million swap agreement with the Authority. On February 9, the Airport Authority terminated the Lehman swap at a cost to the Airport Authority of \$9.1 million. Simultaneously, the Authority selected Barclays and Morgan Keegan/Deutsche Bank as new swap counterparties and received \$4,551,000 from them to offset this payment made to Lehman Brothers. The new swaps were negotiated with Barclays in the amount of \$50 million and with Morgan Keegan/Deutsche Bank in the amount of \$25 million. These new swaps were set at a swap rate of 4.099 percent, down from the 4.27 percent Lehman swap rate, reducing the Airport Authority's interest cost on this \$75 million by approximately \$128,000 per year. Thus, the remaining \$75 million became un-hedged variable debt at that time.

Lehman had initially challenged the Authority's calculations regarding these transactions and the Authority's calculation of the swap termination subsequent to Lehman's default. Through mediation with Lehman in the fall of 2011, the Authority successfully negotiated a final settlement of this swap termination amount and all other related matters between the two parties.

On August 6th, 2010 the Authority elected to terminate all three of its interest rates swap positions. These swaps with Citigroup, Barclays Capital, and Morgan Keegan had notational values totaling \$216.87 million at August 6, 2010. At this time, these swaps under existing market conditions had a collective market termination value of \$33,549,516. In conjunction with these terminations, the Authority simultaneously priced the 2010A refunding bonds in the amount of \$242.365 million which refunded the 2008AB variable bonds (the swapped bonds), converting them to fixed rate non-AMT obligations. These swap positions had been undertaken in 2005 to lock in historically low interest rates on the Terminal 2 project in advance of its ability to access the bond markets. By eliminating its swap positions, the Authority sought to reduce its exposure to risks associated with the underlying variable rate demand obligations, particularly with regard to costs and availability of credit and liquidity support

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2014 and 2013

Economic Outlook and Capital Development (Continued)

for the 2008A/B Bonds, and to risks associated with the interest rate swap agreements. Such risks had increased materially from 2005 when the Authority had entered into these swap agreements. As of August 6, 2010 and since that time through the fiscal year ending March 31, 2014, the Authority had no interest rate swaps or derivatives in its debt portfolio.

During August 2010, the Authority also was able to advance refund the 2001A bonds with the series 2010B and 2010B-1 bonds in the amounts of \$94,080,000 and \$38,235,000, respectively. These bonds achieved present value savings of 7.80% and 6.70%, respectively. Thus, with these refunding issues, the Authority officially defeased its 2001A bond obligations.

Prior to the swap terminations, the Authority and the North Carolina Local Government Commission placed a present value dis-savings cap of 3.0% on these transactions. The Authority achieved this goal with associated present value dis-savings of 2.36% on these swap terminations on August 6, 2010. In combination with present value savings from the 2010B and 2010B-1 refundings, the Authority achieved overall present value savings of \$5.2 million on the collective transactions.

In March 2011, in accordance with its financial plan, the Authority paid off (defeased) all its remaining 2001B bond obligations by cash funding with the trustee the required payoff amount. The 2001B bonds were paid off in May 2011 in the amount of approximately \$10.4 million. Thus, the 2001B bonds were defeased in March 2011.

On October 26, 2008, the Authority opened phase 1 of Terminal 2 (renamed from Terminal C). The South Concourse or phase 2 of the Terminal 2 project opened on January 23, 2011, thus completing the \$573 million Terminal 2 on time and on budget. No additional debt has been funded since the 2010 refundings and the recently completed \$68 million Terminal 1 Renovation project was entirely cash funded.

For the fiscal year ended March 31, 2014, the Authority's enplaned passengers decreased slightly to 4.597 million which represented a .78% decrease relative to the prior year. For the fiscal year ended March 31, 2013, the Authority's enplaned passengers increased to 4.633 million which represented a .48% increase, relative to the prior period. In the fiscal year ended March 31, 2012, 4.611 million enplaned passengers used the Airport.

Long Term Debt Activity

At March 31, 2014 the Authority's outstanding debt totaled \$660,905,000 which was comprised of 89.8% fixed rate revenue bonds and 10.2% variable rate revenue bonds. The weighted average interest cost of this debt portfolio was 3.92% at March 31, 2014. Other than pursuing potential cost saving bond refundings, the Authority currently has no plans to issue new or additional debt. For more information on long-term debt activity please refer to footnote 5, "Long-term debt."

Budget Information for the Fiscal Year Ending March 31, 2015

The Authority, as it typically does, has elected to forecast conservatively, especially with respect to revenue generation for the fiscal year ended March 31, 2015. For comparison purposes, FY 2014-15

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2014 and 2013

Budget Information for the Fiscal Year Ending March 31, 2015 (Continued)

budgeted operating revenue of \$102.2 million was \$3.5 million or 3.5% greater than actual FY 2013-14 operating revenue of \$98.7 million. For FY 2014-15 relative to the prior year budget, total budgeted operating revenue increased \$4.6 million or 4.7%. This increase was primarily due to a Terminal space rate increase driving a revenue increase in the Terminal complex of \$3.4 million or 20.0%, and increased terminal concession revenue of \$590 thousand or 9.5%. Budgeted non-operating revenue decreased \$8.6 million or 25.6% due to decreased Federal and State Grant revenue (\$9.3 million).

Budgeted operating expenses (excluding depreciation) increased \$1.7 million, or 3.1% for the year ended March 31, 2015 relative to the prior year. Inclusive of depreciation, total budgeted operating expenses increased \$4.6 million or 4.6% relative to the prior year. Total budgeted non-operating expenses decreased \$1.3 million or 4.4% due to decreased debt service interest expense.

The combined net effect of these items for the FY 2014-15 was to decrease budgeted net position nearly \$7.4 million, driven by decreased construction grant funding for the period.

Requests for Information

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Raleigh-Durham Airport Authority, P.O. Box 80001, RDU Airport, North Carolina 27623.

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
March 31, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 68,656,921	\$ 62,147,244
Short-term investments	69,280,467	88,302,824
Collateral for SEB loan program	1,500,000	1,500,000
Accounts receivable	3,921,279	3,490,659
Grants receivable	1,609,143	1,262,001
Inventories	381,666	377,356
Other current assets	492,941	677,673
Total current assets	<u>145,842,417</u>	<u>157,757,757</u>
Non-current assets		
Restricted assets		
State of North Carolina Underground Storage Tank		
Trust Fund Deductible	220,000	220,000
Passenger Facility Charge Cash and Cash Equivalents	4,627,338	10,787,581
Passenger Facility Charge receivable	2,585,307	2,451,746
General Airport Revenue Bonds Cash and cash equivalents	-	-
Parity Reserve Fund	45,142,059	46,535,241
Total restricted assets	<u>52,574,704</u>	<u>59,994,568</u>
Airport and facilities		
Airport and facilities, non depreciable	122,254,893	78,939,010
Airport and facilities depreciable, net	824,107,822	867,138,346
Airport and facilities, net	<u>946,362,715</u>	<u>946,077,356</u>
Total non-current assets	<u>998,937,419</u>	<u>1,006,071,924</u>
TOTAL ASSETS	<u>1,144,779,836</u>	<u>1,163,829,681</u>

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
March 31, 2014 and 2013

	2014	2013
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ 4,474,920	\$ 3,285,132
Other accrued liabilities	174,779	-
Retainage and construction accounts payable	5,680,834	10,608,034
Accrued employee compensation	1,712,795	1,617,682
Accrued bond interest payable	11,913,557	12,193,495
Current maturities of long-term debt	18,890,000	18,100,000
Total current liabilities	42,846,885	45,804,343
Noncurrent liabilities		
Long-term debt		
General Airport Revenue Bonds	642,015,000	660,905,000
Unamortized debt issue premiums	30,045,099	31,589,691
	672,060,099	692,494,691
Other noncurrent liabilities		
OPEB retiree health care liability	3,734,979	3,230,389
Separation allowance liability	889,904	959,505
	4,624,883	4,189,894
Total noncurrent liabilities	676,684,982	696,684,585
TOTAL LIABILITIES	719,531,867	742,488,928
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unearned rent credit	412,019	540,441
TOTAL DEFERRED INFLOWS OF RESOURCES	412,019	540,441
<u>NET POSITION</u>		
Net investment in capital assets	330,599,774	313,607,597
Restricted for:		
State of North Carolina Underground Storage Tank		
Trust Fund Deductible	220,000	220,000
Passenger Facility Charges	7,212,645	13,239,327
Unrestricted net assets	86,803,531	93,733,389
TOTAL NET POSITION	\$ 424,835,950	\$ 420,800,313

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended March 31, 2014 and 2013

	2014	2013
Operating revenues		
Parking	\$ 40,634,069	\$ 40,455,878
Airfield	12,158,127	11,366,233
General aviation	1,475,959	1,539,352
Terminals	26,230,425	27,022,756
Air cargo	2,032,561	2,000,218
Fuel farm	1,260,329	1,033,960
Rental car	13,126,408	12,875,772
Other	1,779,631	1,750,567
Total operating revenues	<u>98,697,509</u>	<u>98,044,736</u>
Operating expenses		
Airport facilities	21,427,418	19,852,701
Administrative	11,439,962	10,104,828
Fuel farm	988,781	962,410
Law enforcement	2,621,284	3,276,244
Airport maintenance	5,682,924	5,582,380
Parking	2,734,778	2,695,904
Airport Fire - Rescue	1,687,521	1,588,000
Guest services	803,492	736,912
Communications	722,262	777,618
Operations	1,277,388	1,211,335
Ground transportation	2,656,949	2,573,877
Terminal services	129,396	237,313
Subtotal	<u>52,172,155</u>	<u>49,599,522</u>
Depreciation	47,901,680	48,678,489
Total operating expenses	<u>100,073,835</u>	<u>98,278,011</u>
Operating loss	<u>(1,376,326)</u>	<u>(233,275)</u>
Non-operating revenues (expenses)		
Investment interest income	1,419,898	2,054,048
Passenger facility charges	18,323,327	18,734,688
Net increase in fair value of investments	477,643	781,419
Bond interest expense, net	(25,801,032)	(27,933,517)
Other, net	344,365	408,133
Total non-operating revenues (expenses)	<u>(5,235,799)</u>	<u>(5,955,229)</u>
Loss before capital contributions	<u>(6,612,125)</u>	<u>(6,188,504)</u>
Capital contributions	<u>10,647,762</u>	<u>5,475,352</u>
Increase (decrease) in net position	<u>4,035,637</u>	<u>(713,152)</u>
Net Position, beginning of year	<u>420,800,313</u>	<u>421,513,465</u>
Net Position, end of year	<u><u>\$ 424,835,950</u></u>	<u><u>\$ 420,800,313</u></u>

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Cash received from operations	\$ 98,460,602	\$ 98,330,302
Other, non-operating revenue	344,365	408,133
Cash paid to employees	(21,005,750)	(20,349,492)
Cash paid to suppliers	(29,271,735)	(29,452,106)
Net cash provided by operating activities	<u>48,527,482</u>	<u>48,936,837</u>
Investing activities		
Purchases of short-term investments	(85,977,644)	(87,281,420)
Proceeds from maturities of short-term investments	105,000,000	57,000,000
Investment gain on valuation account	477,643	781,419
Interest on cash deposits	1,278,185	2,069,117
Net cash provided by (used in) investing activities	<u>20,778,184</u>	<u>(27,430,884)</u>
Capital and related financing activities		
Payments of long-term debt and capital lease obligations	(18,100,000)	(17,405,000)
Other capital and financing costs		
Debt premium amortization	(1,544,592)	(1,544,592)
Additions to airport and facilities	(53,114,239)	(31,035,810)
Bond interest paid on long-term debt	(26,080,970)	(28,187,054)
Passenger facility charges collected	18,189,767	18,927,573
Contributed capital	10,300,620	4,722,700
Net cash used in capital and related financing activities	<u>(70,349,414)</u>	<u>(54,522,183)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(1,043,748)	(33,016,230)
Cash and cash equivalents - beginning of year	<u>121,190,066</u>	<u>154,206,296</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 120,146,318</u></u>	<u><u>\$ 121,190,066</u></u>
(Including Restricted Cash and Restricted Cash Equivalents)		

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2014 and 2013

	2014	2013
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (1,376,326)	\$ (233,275)
Other, non-operating revenue	344,365	408,133
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	47,901,680	48,678,489
Changes in operating assets and liabilities		
Accounts receivable	(288,907)	1,422,637
Inventories	(4,310)	(342,906)
Other current assets	184,732	(13,670)
OPEB retiree health care liability	504,590	429,653
Separation allowance liability	(69,601)	475,933
Accounts payable	1,364,567	(1,011,026)
Accrued employee compensation	95,113	(96,638)
Unearned Rent Credit	(128,422)	(780,493)
Net cash provided by operating activities	\$ 48,527,481	\$ 48,936,837
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Current Assets		
Cash and cash equivalents	\$ 68,656,921	\$ 62,147,244
Collateral for SEB loan program	1,500,000	1,500,000
Restricted cash and cash equivalents:		
State of North Carolina Underground Storage Tank Trust Fund Deductible	220,000	220,000
Passenger Facility Charge Cash and cash equivalents	4,627,338	10,787,581
General Airport Revenue Bonds Cash and cash equivalents	-	-
Parity Reserve Fund	45,142,059	46,535,241
	\$ 120,146,318	\$ 121,190,066
Supplemental Cash Flow Information		
Cash investing, capital and financing activities		
Net change in grant receivable	\$ 347,142	\$ (725,652)
Cash paid for interest	\$ 28,217,884	\$ 28,912,794
Capitalized interest paid	\$ 2,136,914	\$ 725,740

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 1 – The Authority

In 1939, the General Assembly of the State of North Carolina enacted legislation authorizing the governing bodies of the City of Durham, the City of Raleigh, the County of Durham, and the County of Wake jointly to acquire, establish, and operate airports. It was provided that the governing bodies would appoint a joint board to carry out the provisions of the act, and the Raleigh-Durham Airport Authority (the “Authority”) is the board so appointed. Legal title to all properties is vested jointly in the governing bodies. Each of the four governing bodies makes an annual appropriation of \$12,500, which is accounted for as nonexchange transactions in accordance with Statement No. 33 of the Government Accounting Standards Board (“GASB”).

Note 2 – Summary of significant accounting policies

Basis of presentation, basis of accounting – The accounts of the Raleigh-Durham 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, liabilities, equity, revenues, and expenses.

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

All assets and all liabilities associated with the operation of the Authority are included on the statements of net position. As required for periods beginning after June 15, 2000 by Statement 33 of GASB, *Accounting and Financial Reporting for Nonexchange Transactions*, the Authority recognizes capital contributions as revenue, rather than as contributed capital. Nonexchange transactions for the Authority include federal and state grants and contributions by the Authority's four governing bodies. The enterprise fund of the Authority is presented in the financial statements on the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned, and expenses are recognized in the period when incurred.

Budgetary control – The Authority adopts an annual budget ordinance as required by the Local Government Budget and Fiscal Control Act of the North Carolina General Statutes. The Operating Budget ordinance is prepared on the modified accrual basis of accounting as required by North Carolina law. This budget is adopted and amended at the total expense level with management control maintained on a departmental and complex basis. Operating expenses may not legally exceed the total expense level and operating budget appropriations lapse at year-end. Project ordinances are also adopted annually but do not lapse at year-end and may extend multiple years. Both operating and project ordinances are adopted by the Authority at its March meeting and are entered in the minutes within five days after adoption.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 2 – Summary of significant accounting policies (continued)

Cash and cash equivalents – The Authority considers highly liquid investments, including restricted assets, with a maturity of 90 days or less to be cash equivalents.

Investments – The Authority records its investments in marketable securities at their quoted estimated fair value except for money market investments and U.S. Treasury and Agency obligations having a remaining maturity at purchase of one year or less, which are recorded at cost.

Grants receivable – Grants receivable from governmental agencies for capital construction projects are recorded in the period actual costs are incurred. The actual amount of payment on these grants is subject to final audit by the applicable agency.

Inventory policy – Inventory consists of parts related to the terminal baggage claim systems and passenger boarding bridges as well as fuel for fleet vehicles and equipment. Materials and supplies inventories are valued at lower of cost or market. Fuel inventories are accounted for at the lower of cost or market.

Airport and facilities – The airport and facilities are recorded at cost. Provision for depreciation has been made to amortize the cost of the assets over their estimated useful lives by the straight-line method.

Depreciation expense was \$47,901,680 and \$48,678,489 for the fiscal years ended March 31, 2014 and 2013, respectively.

A portion of internal engineering costs are capitalized in connection with related capital projects.

All capital projects are budgeted under project ordinances, which span more than one year. These appropriations continue until the related project is complete.

Airport and facilities are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an economic useful life of 3 years or more.

Depreciation of airport and facilities is computed under the straight-line method at various rates considered adequate to allocate the cost over the estimated useful lives of such assets.

The estimated lives by general classifications are as follows:

	<u>Years</u>
Landing field and grounds	5 – 20
Terminal buildings	5 – 45
Other buildings	5 – 30
Utilities	5 – 20
Equipment	3 – 20

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 2 – Summary of significant accounting policies (continued)

The Authority's net assets are classified as follows:

Invested in capital assets, net of related debt – This represents the Authority's total investment in airport and facilities, net of outstanding debt obligations related to those airport and facilities. To the extent debt has been incurred but not yet expended for airport and facilities, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets – Restricted net assets include resources in which the Authority is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties. When both restricted and unrestricted assets are available for use, the Authority applies restricted assets first and then applies unrestricted assets as needed.

Passenger facility charges are presented as restricted net assets based on Federal Aviation Administration ("FAA") regulations to be used only on approved capital projects.

State of North Carolina underground storage tank trust fund deductible represents cash required to be set aside by the North Carolina Department of Environment and Natural Resources related to underground storage tank clean-up costs.

Aeronautical facilities revenue bonds represent cash and cash equivalents restricted by the Master Trust Indenture to be expended for the construction of certain airport facilities and debt service reserve funds.

Vacation and sick leave compensation – The Authority allows full-time employees to accumulate up to 30 days earned vacation leave, and such leave is fully vested when earned provided the employee has completed a mandatory six-month probationary period. Accumulated vacation pay is recorded as a current liability and reflected in accrued employee compensation.

Employees can accumulate an unlimited amount of sick leave. Unused sick leave accumulated at the time of retirement may be used in determining length of service for retirement benefit purposes. Also, employees who voluntarily terminate employment prior to retirement may convert unused sick leave in excess of 30 days to vacation leave at a rate of two days of sick leave for one day of vacation leave. This policy is limited to converting a maximum of 60 days of sick leave into 30 days of vacation leave. Since the resulting leave is fully vested when earned, it is recorded as a liability along with ordinary vacation leave.

Revenues and expenses classifications – Revenues from airlines, concessions, rental cars, and parking are reported as operating revenues. Transactions which are financing or investing related and passenger facility charges are reported as non-operating revenues. All expenses related to operating the Authority are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Interest expense – The Authority capitalizes material interest costs related to construction projects. The objective of interest capitalization is to reflect the total asset cost and to provide the related depreciation charges against revenues of future periods that benefit from the asset use.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 2 – Summary of significant accounting policies (continued)

Income tax status – Income of the Authority is excludable from federal income tax under Section 115 of the Internal Revenue Code.

Concentration of credit risk – For the years ended March 31, 2014 and 2013, no air carrier accounted for more than approximately 9% and 8% of the Authority's operating revenues, respectively.

Use of estimates – The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reporting amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Passenger facility charges – The ("FAA") authorized the Authority to collect Passenger Facility Charges ("PFCs") of \$3 per qualifying enplaned passenger commencing May 1, 2003. Effective October 1, 2004, the FAA authorized the Authority to collect PFCs of \$4.50 per qualifying enplaned passenger. The net receipts from PFCs are accounted for on the accrual basis of accounting and are restricted to use on FAA approved projects. Aggregate collections and interest thereon from inception through March 31, 2014 and 2013 were \$203,176,587 and \$184,998,607, respectively. Total PFC funds of \$24,346,000 and \$23,634,000 were expended during the fiscal years ended March 31, 2014 and 2013, respectively, on FAA approved uses. Beginning in the fiscal year 2005-06, a portion of PFCs have been irrevocably committed to directly offset Authority debt service for eligible projects. This irrevocable commitment for the fiscal year ending March 31, 2014 was \$24,346,000. Irrevocable commitments to the extent not applied to debt service are carried forward for future application. Net assets related to PFCs are restricted for projects that are approved by the FAA.

New pronouncements – During the fiscal year ended March 31, 2014 and beyond, the Authority has or will implement several new pronouncements of the GASB. These pronouncements are as follows:

GASB Statement No. 67 "Financial Reporting for Pension Plans - an amendment of GASB 25"

The objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. GASB 67 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information supporting assessments of accountability and inter-period equity and creating additional transparency. GASB 67 replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and No. 50, Pension Disclosures. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2013. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27"

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 2 – Summary of significant accounting policies (continued)

GASB Statement No. 69 “Government Combinations and Disposals of Government Operations”

This statement establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The statement also provides guidance on how to determine the gain or loss on a disposal of government operations. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013, and the Authority does not expect that this statement will have a material effect on the Authority’s financial position or results of operations.

GASB Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees”

This statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a non-exchange financial guarantee. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2013, and the Authority does not expect that this statement will have a material effect on the Authority’s financial position or results of operations.

Note 3 – Deposits and investments

Deposits – All the deposits of the Authority are either insured or collateralized by the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Authority, these deposits are considered to be held by the Authority’s agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Authority has no formal policy regarding custodial credit risk for deposits.

At March 31, 2014, the Authority’s deposits had a carrying amount of \$68,002,009 and a statement balance of \$72,683,378. Of this bank balance, \$4,529,718 was covered by federal depository insurance while the balance of \$68,153,660 was covered by collateral held under the Pooling Method. The Authority is required to maintain a minimum balance of \$250,000 in its checking account.

At March 31, 2013, the Authority’s deposits had a carrying amount of \$67,659,975 and a statement balance of \$69,021,225. Of this bank balance, \$5,268,300 was covered by federal depository insurance while the balance of \$63,752,925 was covered by collateral held under the Pooling Method. The Authority is required to maintain a minimum balance of \$250,000 in its checking account.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 3 – Deposits and investments (continued)

Investments – At March 31, 2014, the Authority had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months	6-12 Months	1 Year - 30 Months
Repurchase Agreements	\$ 8,137,800			\$ 8,137,800
US Government Agencies	68,007,390	3,005,430	5,007,820	59,994,140
Finistar	4,279,718	N/A	N/A	N/A
NC Capital Management Trust-				
Cash Portfolio	17,086,915	N/A	N/A	N/A
Term Portfolio	6,924,088	N/A	N/A	N/A
Total:	\$ 104,435,911	\$ 3,005,430	\$ 5,007,820	\$ 68,131,940

At March 31, 2013, the Authority had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months	6-12 Months	1 Year - 30 Months
Repurchase Agreements	\$ 8,137,800	\$ -	\$ -	\$ 8,137,800
US Government Agencies	88,302,824	2,512,675	1,006,180	84,783,969
NC Capital Management Trust-				
Cash Portfolio	38,475,598	N/A	N/A	N/A
Term Portfolio	6,916,693	N/A	N/A	N/A
Total:	\$ 141,832,915	\$ 2,512,675	\$ 1,006,180	\$ 92,921,769

Interest Rate Risk - Interest rate risk is the risk that rising interest rates will adversely affect the fair value of an interest bearing investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the investment portfolio to maturities of 30 months.

Credit Risk - State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations ("NRSROs"). Direct investments made by the Authority by policy are limited to U.S. Treasury Bills and Notes, U.S. Government Agency obligations and bank Certificates of Deposit, all with maximum maturity of 30 months. Only indirect investments in Commercial Paper and Repurchase Agreements are permitted in relation to bond proceed and debt service reserve fund investments which are designed to maximum investment income as permitted under U.S. Treasury arbitrage regulations. The Authority's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of March 31, 2014 and 2013. The Authority's investments in U.S. Agencies are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service as of March 31, 2014 and 2013.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 3 – Deposits and investments (continued)

G.S. 159-30(c) authorizes the Authority to invest in obligations of the U.S. Treasury; obligations of any agency of the United States of America, provided the payment of interest and principal of such obligations is fully guaranteed by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-acceptances; and the North Carolina Capital Management Trust ("NCCMT"), a SEC registered mutual fund, dedicated to serving North Carolina public units.

Concentration of Credit Risk - The Authority places no formal limit on the amount that the Authority may invest in any one issuer. At March 31, 2014, 66% of the Authority's investments are in government agencies, consisting of 19% in Federal Home Loan Bank securities, 20% in Federal Home Loan Mortgage Corporation securities, 8% in Federal National Mortgage Association securities, 19% Federal Farm Credit Bank, 8% Repurchase Agreement, 4% Finistar, and 22% in NCCMT. Of this 22% invested in the NCCMT, 71% represents Authority debt service reserves.

At March 31, 2013, the Authority's investments consisted of 11% in Federal Home Loan Bank securities, 12% in Federal Home Loan Mortgage Corporation securities, 22% in Federal National Mortgage Association securities, 15% Federal Farm Credit Bank, 15% Guaranteed Investment Contract, 6% Repurchase Agreements, 3% Finistar, and 16% in the NCCMT. Of this 16% invested in the NCCMT, 71% represents Authority debt service reserves.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 4 – Airport and facilities, net

Changes in airport and facilities are as follows for the year ended March 31, 2014:

	<u>March 31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>March 31, 2014</u>
<u>Capital assets not being depreciated</u>					
Land	\$ 41,193,383	\$ -	\$ -	\$ -	\$ 41,193,383
Construction in progress	37,745,627	48,187,038	-	(4,871,155)	81,061,510
Total capital assets not being depreciated	78,939,010	48,187,038	-	(4,871,155)	122,254,893
<u>Other capital assets</u>					
Landing field and grounds	540,414,269	-	-	41,128	540,455,397
Terminal buildings	706,657,971	-	-	225,787	706,883,758
Other buildings	174,116,721	-	-	528,981	174,645,702
Utilities	5,417,436	-	-	-	5,417,436
Equipment	28,344,744	-	-	4,075,259	32,420,003
Total other capital assets	1,454,951,141	-	-	4,871,155	1,459,822,296
Total airport and facilities	1,533,890,151	48,187,038	-	-	1,582,077,189
<u>Accumulated depreciation</u>					
Landing field and grounds	(325,021,185)	(16,548,295)	-	-	(341,569,480)
Terminal buildings	(150,084,075)	(19,945,395)	-	-	(170,029,470)
Other buildings	(85,137,257)	(9,103,365)	-	-	(94,240,622)
Utilities	(4,413,034)	(109,866)	-	-	(4,522,900)
Equipment	(23,157,243)	(2,194,759)	-	-	(25,352,002)
Total accumulated depreciation	(587,812,794)	(47,901,680)	-	-	(635,714,474)
Airport and facilities, net	\$ 946,077,357	\$ 285,358	\$ -	\$ -	\$ 946,362,715

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 4 – Airport and facilities, net (continued)

Changes in airport and facilities are as follows for the year ended March 31, 2013:

	March 31, 2012	Additions	Deletions	Transfers	March 31, 2013
<u>Capital assets not being depreciated</u>					
Land	\$ 41,193,383	\$ -	\$ -	\$ -	\$ 41,193,383
Construction in progress	10,272,974	39,203,078	-	(11,730,425)	37,745,627
Total capital assets not being depreciated	51,466,357	39,203,078	-	(11,730,425)	78,939,010
<u>Other capital assets</u>					
Landing field and grounds	533,165,340	-	-	7,248,929	540,414,269
Terminal buildings	704,264,941	-	-	2,393,030	706,657,971
Other buildings	174,116,766	-	-	(45)	174,116,721
Utilities	5,417,436	-	-	-	5,417,436
Equipment	26,256,233	-	-	2,088,511	28,344,744
Total other capital assets	1,443,220,716	-	-	11,730,425	1,454,951,141
Total airport and facilities	1,494,687,073	39,203,078	-	-	1,533,890,151
<u>Accumulated depreciation</u>					
Landing field and grounds	(308,436,871)	(16,584,314)	-	-	(325,021,185)
Terminal buildings	(129,788,912)	(20,295,163)	-	-	(150,084,075)
Other buildings	(75,593,529)	(9,543,728)	-	-	(85,137,257)
Utilities	(4,249,005)	(164,029)	-	-	(4,413,034)
Equipment	(21,065,988)	(2,091,255)	-	-	(23,157,243)
Total accumulated depreciation	(539,134,305)	(48,678,489)	-	-	(587,812,794)
Airport and facilities, net	\$ 955,552,768	\$ (9,475,411)	\$ -	\$ -	\$ 946,077,357

During March 31, 2014 and 2013, interest costs of \$2,136,914 and \$725,740 were capitalized as part of the cost of construction in progress, respectively.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 5 – Long-term debt

Changes of long-term debt for the year ended March 31, 2014 consist of the following:

<u>Amounts due to trustee</u>	<u>March 31, 2013</u>	<u>Principal Repayments</u>	<u>New Debt</u>	<u>March 31, 2014</u>
Series 2005A 4.00-5.00% General Airport Revenue Bonds, maturing in varying installments beginning 2019 to 2030	\$ 39,805,000	\$ -	\$ -	\$ 39,805,000
Series 2005B 3.00-5.00% General Airport Revenue Bonds, maturing in varying installments beginning 2006 to 2029	67,005,000	3,950,000	-	63,055,000
Series 2007 4.750% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2037	146,430,000	3,035,000	-	143,395,000
Series 2008C 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	69,325,000	1,595,000	-	67,730,000
Series 2010A 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2036 (Refunded 2008AB Bonds)	232,160,000	5,320,000	-	226,840,000
Series 2010B 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2027 (Refunded 2001A Bonds)	86,045,000	4,200,000	-	81,845,000
Series 2010B-1 4.18% General Airport Revenue Bonds, maturing in varying installments beginning 2028 to 2031 (Refunded 2001A Bonds)	38,235,000	-	-	38,235,000
Total bond obligations	679,005,000	18,100,000	-	660,905,000
Less current maturities	18,100,000	-	-	18,890,000
	<u>\$ 660,905,000</u>	<u>\$ 18,100,000</u>	<u>\$ -</u>	<u>\$ 642,015,000</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 5 – Long-term debt (continued)

Changes of long-term debt for the year ended March 31, 2013 consist of the following:

<u>Amounts due to trustee</u>	<u>March 31, 2012</u>	<u>Principal Repayments</u>	<u>New Debt</u>	<u>March 31, 2013</u>
Series 2005A 4.00-5.00% General Airport Revenue Bonds, maturing in varying installments beginning 2019 to 2030	\$ 39,805,000	\$ -	\$ -	\$ 39,805,000
Series 2005B 3.00-5.00% General Airport Revenue Bonds, maturing in varying installments beginning 2006 to 2029	70,765,000	3,760,000	-	67,005,000
Series 2007 4.750% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2037	149,315,000	2,885,000	-	146,430,000
Series 2008C 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	70,845,000	1,520,000	-	69,325,000
Series 2010A 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2036 (Refunded 2008AB Bonds)	237,325,000	5,165,000	-	232,160,000
Series 2010B 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2027 (Refunded 2001A Bonds)	90,120,000	4,075,000	-	86,045,000
Series 2010B-1 4.18% General Airport Revenue Bonds, maturing in varying installments beginning 2028 to 2031 (Refunded 2001A Bonds)	38,235,000	-	-	38,235,000
Total bond obligations	696,410,000	17,405,000	-	679,005,000
Less current maturities	17,405,000	-	-	18,100,000
	<u>\$ 679,005,000</u>	<u>\$ 17,405,000</u>	<u>\$ -</u>	<u>\$ 660,905,000</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 5 – Long-term debt (continued)

Debt maturities for the next five years and in five-year increments thereafter are as follows:

Year Ending March 31	General Airport Revenue Bond Series 2005A	General Airport Revenue Bond Series 2005B	General Airport Revenue Bond Series 2007	General Airport Revenue Bond Series 2008C	General Airport Revenue Bond Series 2010A	General Airport Revenue Bond Series 2010B, B-1	Interest
2015	\$ -	\$ 4,150,000	\$ 3,190,000	\$ 1,670,000	\$ 5,510,000	\$ 4,370,000	\$ 30,948,054
2016	-	4,355,000	3,355,000	1,750,000	5,740,000	4,540,000	30,111,171
2017	-	4,575,000	3,525,000	1,840,000	6,005,000	4,725,000	29,203,746
2018	-	4,810,000	3,705,000	1,925,000	6,310,000	4,865,000	28,262,029
2019	-	5,055,000	3,895,000	2,020,000	6,635,000	5,110,000	27,178,046
2020-2024	12,405,000	16,995,000	22,680,000	11,660,000	38,640,000	29,285,000	117,991,579
2025-2029	18,580,000	18,795,000	29,070,000	14,735,000	49,460,000	37,865,000	82,304,410
2030-2034	8,820,000	4,320,000	37,060,000	18,650,000	62,735,000	29,320,000	40,583,560
2035-2038	-	-	36,915,000	13,480,000	45,805,000	-	7,821,633
	<u>\$ 39,805,000</u>	<u>\$ 63,055,000</u>	<u>\$ 143,395,000</u>	<u>\$ 67,730,000</u>	<u>\$ 226,840,000</u>	<u>\$ 120,080,000</u>	<u>\$ 394,404,228</u>

For the table above, interest was calculated for the 2008C variable rate bonds using an estimated rate of 4.00% for their remaining term. At March 31, 2014, the actual rate on these bonds was 0.05%.

On February 27, 2001, the Authority entered into a Master Trust Indenture, dated as of February 1, 2001, that established the primary financing mechanism for the issuance of Bonds to finance improvements to the Airport. Bonds issued under the Master Trust Indenture are obligations of the Authority, secured by and payable from the Net Revenues of the Authority, and under certain circumstances, the proceeds of the Bonds, investment earnings, amounts set aside in a Debt Service Reserve Fund created under the Master Trust Indenture, and certain other funds and accounts.

On February 27, 2001, the Authority issued \$156,975,000 Airport Revenue Bonds Series 2001A under the Master Trust Indenture. The proceeds were used for the design and construction of several improvements to the Airport, including the construction of a garage, two warehouse buildings to house support equipment, alterations to existing parking structures, roadways, bridges, toll plazas, walkways, and alterations to a pedestrian tunnel.

On February 27, 2001, the Authority also issued \$47,570,000 Airport Revenue Refunding Bonds Series 2001B under the Master Trust Indenture. The proceeds were used to refund Revenue Bonds previously issued by the Authority to finance parking facilities at the Airport.

On May 1, 2002, American prepaid and retired Series 1995A and 1995B Special Facility Revenue Refunding Bonds totaling \$78,300,000. These bonds, which were considered conduit debt, financed the Terminal C Building facilities and equipment, all of which were leased to American Airlines for a 40-year period.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 5 – Long-term debt (continued)

On June 13, 2002, the Authority issued \$30,000,000 Adjustable Rate Airport Revenue Bonds, Series 2002A under the Master Trust Indenture. The proceeds of the Series 2002A Bonds were used to finance a portion of the cost of acquiring and purchasing certain rights and interests of American Airlines, Inc. under the Raleigh-Durham Airport Facilities Lease and Use Agreement dated November 1, 1985, to finance the cost of rehabilitation of certain buildings and equipment related to the forgoing acquisition and purchase, and to finance the cost of certain other capital improvements to aeronautical facilities located at the airport. Due to downgrades of the credit ratings of the bond insurer insuring payment of the Series 2002A Bonds in March 2008, the Series 2002 Bonds could no longer be remarketed at interest rate levels corresponding to their tax exempt trading index or Securities Industry and Financial Markets Association ("SIFMA"). On August 12, 2008 the entire outstanding principal balance of Series 2002A, or \$22,500,000, was retired with Authority funds.

On December 18, 2002, the Authority issued \$35,000,000 Bond Anticipation Notes ("BAN") Series 2002B under the Master Trust Indenture. On December 17, 2003, the Authority paid off the \$35,000,000 Series 2002B BAN with the issuance of a \$70,000,000 Bond Anticipation Note, Series 2003 (\$35 million new funding), under the Master Trust Indenture. These BAN proceeds were used to fund the initial costs of constructing a general aviation terminal and an operations center; constructing a ramp expansion, including the relocation of Taxiway D; and improving Terminal C and associated facilities, including architectural, pre-construction, and construction. The Series 2003 BAN was retired in March 2005 with the issuance of the Series 2005A&B bonds.

On March 1, 2005, the Authority issued \$39,805,000 Airport Revenue Bond Series 2005A under the Master Trust Indenture. The proceeds were used for the development of the new Terminal 2.

On March 1, 2005, the Authority issued \$85,490,000 Airport Revenue Bond Series 2005B under the Master Trust Indenture. These proceeds were also used for the development of Terminal 2, including the redevelopment of the north ramp general aviation area, an Authority Operations Center, and the relocation of Taxiway D and ramp expansion.

On May 4, 2005 the Authority executed two interest rate swap agreements in anticipation of the issuance of \$300 million of Bonds to finance the continued development of Terminal 2. The effective date of the swaps was June 15, 2006 and the termination date of the swaps was May 1, 2036. One interest rate swap agreement was entered into with Citibank, N.A. and one interest rate swap agreement was entered into with Lehman Brothers Special Financing Inc. The aggregate notional amount of the swaps was \$300,000,000 and the terms of the swaps are substantially similar. Under the swaps, the Authority agreed to pay the swap providers a fixed rate of 4.27% based on the notional amount of the swaps and the swap providers agreed to pay the Authority the Bond Market Association Municipal Swap Index ("BMA" or "SIFMA") rate plus 5 basis points based on the notional amount of the swaps. Only the net difference in interest rate payments is actually exchanged. The \$300 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The notional amount of the swaps was designed to amortize with the 2006 Bonds.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 5 – Long-term debt (continued)

On June 15, 2006, the Authority issued \$300 million of its Variable Rate Airport Revenue Bonds in five series (Series 2006A, 2006B, 2006C, 2006D, and 2006E). On May 2, 2008, the Authority refunded the Series 2006 Bonds through the issuance of its Variable Rate Airport Revenue Bonds, also in the amount of \$300 million, in three series (Series 2008A, 2008B, and 2008C). The Series 2008 Bonds were issued to refund the Series 2006 Bonds to correct a trading problem associated with the ratings downgrade of the bond insurer insuring payment of the Series 2006 Bonds. The Series 2008 Bonds were issued in the amount of \$300 million and have the identical amortization schedule as the refunded Series 2006 Bonds. The refunding of the Series 2006 Bonds by the Series 2008 Bonds resolved the trading problems associated with the ratings downgrade of the bond insurer for the Series 2006 Bonds.

The Series 2006 Bonds and later the Series 2008 Bonds were issued as variable interest rate bonds, but the swaps converted the interest rate to a synthetic fixed rate. If the floating receipts from the swap counterparties equaled the interest due on the hedged bonds, the Authority's effective interest rate would be the fixed swap rate. The Authority was exposed to additional interest expense payments if the variable interest rate on the Bonds exceeds BMA (or SIFMA) plus 5 basis points. The swap agreements utilized the International Swap Dealers Association Master Agreement. Termination could result in the Authority being required to make an unanticipated termination payment.

In connection with the 2008 refunding, the swaps associated with the Series 2006 Bonds were not changed, and there was no gain or loss on the refunding.

In September 2008 Lehman Brothers Special Financing, Inc. entered bankruptcy in connection with the bankruptcy filing by Lehman Brothers. This bankruptcy resulted in a default by Lehman Brothers Special Financing Inc. under its \$150 million swap agreement with the Authority. At that time, the Authority began exploring the possibility of terminating the interest rate swap with Lehman. On February 9, the Authority terminated the Lehman swap at a cost to the Authority of \$9.1 million. Simultaneously with terminating the swap agreement, the Authority entered into two new swap agreements for an aggregate notional amount of \$75 million with Barclays Bank, Plc and Morgan Keegan Financial Products, Inc. as swap counterparties. Performance by Morgan Keegan Financial Products, Inc. under its swap agreement was supported by a second agreement entered into by the Authority and Morgan Keegan with Deutsche Bank. The Authority received \$4,551,000 from Barclays Bank Plc and Morgan Keegan Financial Products, Inc. to offset the payment made to Lehman Brothers. The new swaps were negotiated with Barclays in the notional amount of \$50 million and with Morgan Keegan in the notional amount of \$25 million. Fixed rate payments under these new swaps were set at a rate of 4.099 percent, down from the 4.27 percent Lehman swap rate, reducing the Authority's interest cost on the hedged \$75 million by approximately \$128,000 per year. The remaining \$75 million of Series 2008 Bonds became un-hedged variable debt upon the termination of the Lehman swap. Subsequent to their default, Lehman had challenged the Authority's calculations regarding these transactions and the Authority's calculation of swap termination amounts. Through mediation with Lehman in the fall of 2011, the Authority successfully negotiated a final settlement of this swap termination amount and all other related matters between the two parties.

Each series of the Series 2008 Bonds was supported by credit or liquidity support provided by a letter of credit or standby bond purchase agreement of a financial institution. For the \$75 million Series 2008C Bonds, the Authority received a letter of credit from SunTrust Bank. Due to financial difficulties encountered by SunTrust Bank in 2009, the Series 2008C Bonds could not be remarketed at variable interest rates that corresponded to SIFMA. In November 2009, the Authority and SunTrust Bank

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 5 – Long-term debt (continued)

entered into arrangements with the Federal Home Loan Bank of Atlanta for the Federal Home Loan Bank to deliver a standby letter of credit that supports the letter of credit of SunTrust Bank securing the Series 2008C Bonds. The delivery of the Federal Home Bank letter of credit resulted in a return of the variable interest rates on the Series 2008C Bonds to levels that approximate the SIFMA index.

On May 31, 2007, the Authority finalized financing of the Terminal 2 with the issuance by the Authority of its Airport Revenue Bonds, Series 2007 in the principal amount of \$152 million. The remaining Terminal 2 project costs were funded with \$47 million in pay-as-go PFCs (from accumulated PFC balances) and approximately \$18 million in Authority cash. With the opening of the South Concourse on January 23, 2011, Terminal 2 became fully operational. In addition, this facility was now fully funded and was completed on time and under its budget of \$570 million.

On August 6, 2010 the Authority elected to terminate all three of its interest rate swap positions. These swaps with Citigroup, Barclays Capital, and Morgan Keegan had notational values totaling \$216.87 million at August 6, 2010. At this time, these swaps under existing market conditions had a collective market termination value of \$33,549,516. In conjunction with these terminations, the Authority simultaneously priced the 2010A refunding bonds in the amount of \$242,365,000 which refunded the 2008AB variable bonds (the swapped bonds), converting them to fixed rate non-AMT obligations. These swap positions had been undertaken in 2005 to lock in historically low interest rates on the Terminal 2 project in advance of its ability to access the bond markets. By eliminating its swap positions, the Authority sought to reduce its exposure to risks associated with the underlying variable rate demand obligations, particularly with regard to costs and availability of credit and liquidity support for the 2008A/B Bonds, and to risks associated with the interest rate swap agreements. Such risks had increased materially from 2005 when the Authority had entered into these swap agreements. As of August 6, 2010 and additionally at March 31, 2013, the Authority had no interest rate swaps or derivatives in its debt portfolio.

During August 2010, the Authority also was able to advance refund the Series 2001A Bonds with the Series 2010B and 2010B-1 Bonds in the amounts of \$94,080,000 and \$38,235,000, respectively. The aggregate reduction in debt service payments between the original 2001A debt and the refunded 2010B, B-1 bonds was \$4.118 million. This equated to a net present value savings of \$2.56 million. These bonds achieved present value savings of 7.80% and 6.70%, respectively. The total deposit to the escrow fund to refund the Series 2001A Bonds totaled \$145,691,630 (which included Bond premiums of \$10,818,873). This total was deposited into an escrow fund to be used, together with investment earnings thereon, to pay the interest on the Series 2001A Bonds until the redemption thereof on May 1, 2011 and to pay the redemption price of the Series 2001A Bonds on such date. This escrow payment to the trustee defeased the remaining Series 2001A Bonds and the liability for this debt was removed from these financial statements.

Prior to the swap terminations, the Authority and the North Carolina Local Government Commission placed a limit or cap of 3% on the present value dis-savings on these transactions (calculated based upon a comparison of the estimated all-in costs of the transaction if the Bonds were not refunded and the swap agreements were not terminated and the cost of the fixed rate refunding transaction). The Authority achieved this goal with associated present value dis-savings of 2.36% on these swap terminations on August 6, 2010. In combination with present value savings from the refunding of the Series 2001A Bonds, the Authority achieved overall present value savings of \$5.2 million on the collective transactions.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 5 – Long-term debt (continued)

In September 2010, the Authority entered into arrangements to change and extend the Letter of Credit (“LOC”) provider for the Authority’s remaining \$72.3 million Series 2008C Bonds. Through this transaction the Authority was able to replace the existing credit facility provider for these Bonds under terms more favorable to the Authority than under the prior arrangement and also to extend the credit facility for the Bonds for 3 years.

In March 2011, in accordance with its financial plan, the Authority defeased all its remaining 2001B bond obligations by cash funding with the trustee the payoff amount of approximately \$7.1 million. With application of the cash funded debt service reserve of \$3.6 million, the 2001B bonds were paid off on May 1st, 2011 in the amount of approximately \$10.7 million. This amount consisted of principal of \$10.4 million, a redemption premium of \$104,000, and accrued interest of approximately \$224,000. Thus, the 2001B bonds were defeased in late March 2011 with this escrow payment to the trustee and the liability for this debt was removed from the financial statements.

The Authority’s bonds are subject to federal arbitrage regulations, and are reviewed for potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. Annual calculations are performed for all applicable bond issues and the Authority is in compliance with regard to arbitrage regulations on all bond issues. In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the Authority must rebate to the federal government “arbitrage profits” earned on the governmental bonds after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At March 31, 2014 the Authority accrued an arbitrage rebate liability of \$186,645 on its Series 2007 bonds. At March 31, 2014 the Authority had no bond arbitrage rebate liability.

These bonds have rate covenants associated with them, whereby the Authority must maintain a debt service coverage ratio of net revenues and available fund balance to debt service. The bond documents provide for a number of technical adjustments to be followed in determining the net revenues and debt service to be used in this calculation. The rate covenant generally requires that sum of (i) the net revenues for the fiscal year and (ii) available fund balance at the end of the fiscal year in an amount up to 25% of debt service for the fiscal year (the “25% transfer”) must be no less than 125% of the adjusted debt service calculated for the fiscal year. The debt service coverage ratio at March 31, 2014 with this 25% transfer is 235%. The debt service coverage ratio at March 31, 2014 without this 25% transfer is calculated as follows:

Net revenues	\$ 47,966,257
Annual debt service	<u>22,816,342</u>
Calculated debt service coverage ratio without transfer	<u>210%</u>

For the fiscal year ending March 31, 2013, the Authority had debt service coverage ratios of 215% without transfer and 240% with transfer.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 6 – Leases

The Authority leases land, buildings, and terminal space with a cost of approximately \$725 million and a carrying value of approximately \$543 million to the airlines, car rental agencies, restaurants and other businesses located at the airport. Revenues from these leases, which are included in buildings and grounds and general aviation revenue, were approximately 40% and 41% of airport operating revenues for fiscal years ended March 31, 2014 and 2013, respectively. These leases cover periods ranging up to a maximum of 40 years and contain provisions for fixed and contingent rentals based on revenues. For the years ended March 31, 2014 and 2013, contingent rentals comprised \$19.2 and \$18.0 million of the total rental revenues, respectively.

Minimum future rentals on non-cancelable operating leases for the next five fiscal years are approximately:

Year Ending March 31	Amount
2015	\$ 12,195,000
2016	10,098,000
2017	5,236,000
2018	4,067,000
2019	3,728,000
	<u>\$ 35,324,000</u>

Note 7 – Employee retirement plans

Local governmental employees' retirement system

Plan Description – The Authority contributes to the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the Authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report ("CAFR") for the state of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy – Plan members are required to contribute 6.00% of their annual covered salary. The Authority is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28% of annual covered payroll respectively. The contribution requirements of members are established and may be amended by the North Carolina General Assembly. The Authority's contributions to LGERS for the years ended March 31, 2014, 2013 and 2012 were \$2,169,691, \$2,077,533, and \$2,033,865, respectively. The contributions made by the Authority equaled the required contributions for each fiscal year.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 7 – Employee retirement plans (continued)

Supplemental retirement income plan for law enforcement officers

Plan Description – The Authority contributes to the Supplemental Retirement Income Plan (“Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Authority. Article 5 of G.S. Chapter 135 assigns the Authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy – Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended March 31, 2014 were \$143,359, which consisted of \$39,803 from the Authority and \$103,556 from the law enforcement officers. Contributions for the year ended March 31, 2013 were \$196,535, which consisted of \$90,258 from the Authority and \$106,277 from the law enforcement officers.

Law enforcement officer's special separation allowance

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

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At March 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Active plan members	<u>28</u>
Total	<u>35</u>

A separate audited GAAP-basis postemployment benefit plan report was not issued for the plan.

Summary of Significant Accounting Policies

Basis of Accounting – The Authority has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from operating accounts, which are maintained on the accrual basis of accounting.

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2014 and 2013

Note 7 – Employee retirement plans (continued)

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

The Authority's pension cost and net pension obligation to the separation allowance were as follows:

	March 31, 2014	March 31, 2013
a - Employer annual required contribution	\$ 85,056	\$ 88,614
b - Interest on net pension obligation	47,975	51,762
c - Adjustment to annual required contribution	(62,461)	(60,897)
d - Annual pension cost (a+b+c)	70,570	79,479
e - Employer contributions made for current fiscal year	140,171	155,221
f - Increase in net pension obligation (d-e)	(69,601)	(75,742)
g - Net pension obligation beginning of fiscal year	959,505	1,035,247
h - Net pension obligation end of fiscal year (f+g)	\$ 889,904	\$ 959,505

The annual required contribution for the fiscal years ended March 31, 2014 and March 31, 2013 were determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. The assumptions do not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

The trend information is as follows:

Fiscal Year Ending March	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation End of Year
2009	\$ 99,769	24.63%	\$ 1,056,934
2010	98,662	60.64%	1,095,770
2011	84,514	103.18%	1,093,084
2012	82,172	170.66%	1,035,247
2013	79,479	195.30%	959,505
2014	70,570	198.63%	889,904

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 7 – Employee retirement plans (continued)

Funding Status and Funding Progress - as of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The present value of future accrued liability contributions and, thus, the unfunded actuarial accrued liability ("UAAL") was \$1,022,450. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Other Post-Employment Benefits

Health Care Plan

Plan Description:

Under the terms of an Authority resolution, the Authority administers a single-employer benefit Health Care Plan (the "Plan"). The Plan provides postemployment healthcare benefits to retirees of the Authority, provided they participate in the North Carolina Local Governmental Employees' Retirement System ("System"). While eligibility to draw retirement benefits from the System vests at 5 years, eligibility for post-retirement health benefits from the Authority requires: (1) all requirements for retirement from LGERS are met and (2) the final 5 years of service are worked with the Authority. The Authority pays the cost of the individual and dependent premiums (or same portion of the cost as it pays for non-retired employees) for the qualified retiree's health coverage through the Authority's group health insurance plan. When the retiree reaches age 65, the Authority's post-retirement benefits cease. At that time, the retiree is no longer covered by the Authority's group health insurance program. The Plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or a report of another entity.

Membership in the Plan included the following at December 31, 2011, the date of the last actuarial valuation:

Retirees receiving benefits	53
Active plan members	<u>282</u>
Total	<u>335</u>

Funding Policy:

As noted above, the Authority pays its share of the cost of coverage (premiums) for the health care benefits provided to qualified retirees. The Authority's members pay their share of the premiums. The Authority has chosen to fund the health care benefits on a pay as you go basis, and no funds are set aside to pay these benefits.

The current annual required contribution rate is 4.16% of annual covered payroll. For the current year, the Authority contributed \$184,940 (retiree claims paid less premiums received) or 1.16% of annual covered payroll. The Authority provides health care coverage through a minimum premium plan. The Authority's required contribution for employees and retirees is the actual expense incurred. Contributions (premiums) made by employees and retirees were 3.33% and .15% of covered payroll, respectively. The Authority's obligation to contribute to the Plan is established and may be amended by the Authority's Board of Directors.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 7 – Employee retirement plans (continued)

Life Insurance Benefit

Plan Description:

Under the terms of an Authority resolution, the Authority administers a single-employer life insurance benefit. The life insurance benefit provides postemployment life insurance coverage to retirees of the Authority in the amount of \$10,000. When the retiree reaches age 99, the Authority's post-retirement benefits cease. At that time, the retiree is no longer covered by the Authority's life insurance policy.

Funding Policy:

The Authority pays the full cost of life insurance premiums. The Authority has chosen to fund the life insurance benefits on a pay as you go basis, and no funds are set aside to pay these benefits. The Authority's obligation to contribute to the life insurance benefit is established and may be amended by the Authority's Board of Directors.

Summary of Significant Accounting Policies:

Postemployment expenditures for the Authority's portion of the premiums are from the Authority's enterprise fund, which is maintained on the full accrual basis of accounting. No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation:

The Authority's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Authority's net OPEB obligation for the health care benefits:

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Annual required contribution	\$ 683,754	\$ 663,839
Interest on net OPEB obligation	129,216	112,029
Adjustment to annual required contribution	<u>123,441</u>	<u>107,022</u>
Annual OPEB cost	689,529	668,846
Contributions made	<u>184,940</u>	<u>239,192</u>
Increase in net OPEB obligation	504,589	429,654
Net OPEB obligation beginning of the year	<u>3,230,390</u>	<u>2,800,736</u>
Net OPEB obligation end of the year	<u><u>\$ 3,734,979</u></u>	<u><u>\$ 3,230,390</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2014 and 2013

Note 7 – Employee retirement plans (continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2014 were as follows:

March	OPEB Cost	Contributed	Obligation
2010	\$ 854,455	23.8%	\$ 650,820
2011	1,714,169	11.7%	2,164,060
2012	914,339	30.4%	2,800,736
2013	668,845	35.8%	3,230,390
2014	689,529	26.8%	3,734,979

Funded Status and Funding Progress:

As of December 31, 2011, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability ("UAAL") was \$6,007,588. The covered payroll (annual payroll of active employees covered by the Plan) was \$15,938,472, and the ratio of the UAAL to the covered payroll was 37.7%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions.

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

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual medical cost trend increase of 9.5 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2014 and 2013

Note 8 – Commitments and contingencies

Risk management – The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees and the general public; and natural disasters. The Authority carries commercial insurance against risks of loss, including property and public liability insurance and worker's compensation. Settled claims from these risks have been far less than commercial insurance coverage.

The Authority, in accordance with NC General Statute 159-29, maintains Public Official Bonds on the Deputy Airport Director for Finance, Business and Administration and the Director of Finance, each at the statutory requirement of \$50,000. In addition, the Authority carries a Blanket Fidelity Bond for all employees in the amount of \$1,000,000.

Construction commitments – At March 31, 2014 and 2013, the Authority has contractual commitments for Authority expansion programs of approximately \$15 million and \$46 million, respectively.

Contingent liabilities – The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Authority's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

Prior to the opening of Terminal 2, the Authority's Small Emerging Business ("SEB") program was used to provide loan backing for two small business concessionaires. The Authority has capped the amount available for this program at \$1.5 million.

Note 9 – Subsequent events

The Authority has evaluated subsequent events through June 10, 2014 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. No subsequent events are noted.

Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Required Supplemental Information

Prepared by the Finance Department

REQUIRED SUPPLEMENTAL INFORMATION

RALEIGH-DURHAM AIRPORT AUTHORITY
 POST EMPLOYMENT BENEFIT HEALTH CARE PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 UNAUDITED

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll <u>((b - a) / c)</u>
12/31/2008	\$ -	\$ 6,078,786	\$ 6,078,786	0.0%	\$ 14,562,473	41.7%
12/31/2009	-	7,591,229	7,591,229	0.0%	15,311,651	49.6%
12/31/2011	-	6,007,588	6,007,588	0.0%	15,938,472	37.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
POST EMPLOYMENT BENEFIT HEALTH CARE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
UNAUDITED

Fiscal Year Ended March 31,	Annual Required Contribution	Actual Contribution	Percentage Contribution
2010	\$ 854,455	\$ 203,635	23.8%
2011	854,455	200,929	23.5%
2012	950,981	277,663	29.2%
2013	663,839	239,192	36.0%
2014	683,754	184,940	27.0%

Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of Pay, open
Remaining amortization period	30 years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	4.00%
Medical cost trend rate	9.50% - 5.00%
Year of Ultimate trend rate	2018
*Includes inflation at	3.00%

The assumed investment rate of return reflects the fact that no assets are set aside within the Raleigh-Durham Airport Authority that are legally held exclusively for retiree health benefits. If a trust or equivalent arrangement were set up for this purpose, the investment rate of return may be increased.

RALEIGH-DURHAM AIRPORT AUTHORITY
SEPARATION ALLOWANCE PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
UNAUDITED

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll <u>((b - a) / c)</u>
12/31/2009	\$ -	\$ 1,044,827	\$ 1,044,827	0.0%	\$ 1,387,487	75.30%
12/31/2011	\$ -	\$ 1,022,450	\$ 1,022,450	0.0%	\$ 1,349,585	75.76%

RALEIGH-DURHAM AIRPORT AUTHORITY
SEPARATION ALLOWANCE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
UNAUDITED

Fiscal Year Ended March 31	Annual Required Contribution	Amount Contributed	Percentage of APC Contributed
2009	\$ 88,614	\$ 24,569	27.73%
2010	88,614	59,826	67.51%
2011	88,614	87,200	98.40%
2012	88,614	140,234	158.25%
2013	88,614	155,222	175.17%
2014	85,056	140,171	164.80%

Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increase	4.25 - 7.85%
Includes inflation at	3.00%
Cost of living adjustments	N/A

Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Supplemental Information

Prepared by the Finance Department

SUPPLEMENTAL INFORMATION

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF OPERATING REVENUES AND EXPENSES
COMPARED WITH BUDGET
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Operating revenues			
Parking	\$ 40,634,069	\$ 40,750,000	99.7%
Airfield	12,158,127	12,100,104	100.5%
General aviation	1,475,959	1,473,491	100.2%
Terminals	26,230,425	25,488,785	102.9%
Air cargo	2,032,561	1,975,227	102.9%
Fuel Farm	1,260,329	1,153,400	109.3%
Rental car	13,126,408	12,970,371	101.2%
Other	1,779,631	1,685,752	105.6%
Total operating revenues	<u>98,697,509</u>	<u>97,597,130</u>	<u>101.1%</u>
Operating expenses			
Complex expenses	21,427,418	22,559,993	95.0%
Department expenses	30,744,737	30,708,802	100.1%
Subtotal	<u>52,172,155</u>	<u>53,268,795</u>	<u>97.9%</u>
Depreciation Expense	47,901,680	52,037,025	92.1%
Total operating expenses	<u>100,073,835</u>	<u>105,305,820</u>	<u>95.0%</u>
NET OPERATING LOSS	<u><u>\$ (1,376,326)</u></u>	<u><u>\$ (7,708,690)</u></u>	<u><u>17.9%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
PARKING REVENUES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Parking revenues			
Parking fees	\$ 40,635,549	\$ 40,750,000	99.7%
Contra revenue	(1,480)	-	N/A
TOTAL PARKING REVENUES	<u><u>\$ 40,634,069</u></u>	<u><u>\$ 40,750,000</u></u>	<u><u>99.7%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIRFIELD REVENUES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Landing fees			
Commercial/Commuter airlines			
Air Wisconsin	\$ 59,426	\$ 71,035	83.7%
Airtran Airways	425,950	453,883	93.8%
American Airlines	1,351,118	1,350,877	100.0%
American Eagle	595,090	630,032	94.5%
Atlantic Southeast/Delta Connection	306,532	484,955	63.2%
Chatauqua Airlines/USAirways Express	3,777	64,723	5.8%
Chatauqua Airlines/Delta Connection	166,093	17,365	956.5%
Chatauqua Airlines/Continental Express	45,069	49,685	90.7%
Commutair	68	-	N/A
Compass	130,093	281,613	46.2%
Delta Airlines	1,597,467	1,452,757	110.0%
Express Jet	294,122	274,595	107.1%
Frontier/United	55,959	-	N/A
Go Jet/Delta	428,125	448,728	95.4%
Go Jet/United	63,436	7,981	794.8%
Jazz Air LP	91,800	97,294	94.4%
Jetblue Airways	528,150	503,643	104.9%
Mesa Airlines/USAirways Express	34,795	131,180	26.5%
Mesa Airlines/United Express	35,022	59,920	58.4%
Midwest Connect/Skyway	-	80,832	-
Pinnacle/Delta	586,007	442,912	132.3%
PSA Airlines/USAirways Express	124,025	38,730	320.2%
Republic/United	178,863	269,616	66.3%
Republic/USAirways	146,967	154,190	95.3%
Skywest/Delta	40,821	1,177	3468.2%
Skywest/United	6,759	8,945	75.6%
Shuttle America/United	30,523	82,178	37.1%
Shuttle America/Delta Airlines	16,951	-	N/A
Southwest Airlines	2,087,299	2,025,004	103.1%
Trans State Airlines/USAirways Express	66,051	74,866	88.2%
United Airlines	333,170	401,155	83.1%
USAirways	1,137,965	1,010,630	112.6%
Non-Scheduled Carriers	-	34,660	-
Charter Express	23,653	-	N/A
Total commercial/commuter airlines	<u>10,991,146</u>	<u>11,005,161</u>	<u>99.9%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIRFIELD REVENUES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Cargo carriers			
Federal Express	\$ 531,613	\$ 488,172	108.9%
Martinaire/DHL	16,179	16,065	100.7%
United Parcel Service	270,848	258,341	104.8%
Total cargo carriers	<u>818,640</u>	<u>762,578</u>	<u>107.4%</u>
 Total landing fees	 <u>11,809,786</u>	 <u>11,767,739</u>	 <u>100.4%</u>
 Other			
Fuel flowage fees	333,665	316,000	105.6%
Other airfield revenues	14,676	16,365	89.7%
Total other	<u>348,341</u>	<u>332,365</u>	<u>104.8%</u>
 TOTAL AIRFIELD REVENUES	 <u><u>\$ 12,158,127</u></u>	 <u><u>\$ 12,100,104</u></u>	 <u><u>100.5%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
GENERAL AVIATION REVENUES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
General Aviation-General			
Fixed space rents			
Bellefonte, Inc.	\$ 424	\$ -	N/A
Bellsouth	32,794	31,899	102.8%
Jetcraft	10,040	10,010	100.3%
Jet Logistics	22,256	18,152	122.6%
Lichtin Corp.	10,042	10,010	100.3%
Martin Marietta	10,043	10,010	100.3%
NC DOT Aviation	239,999	239,999	100.0%
Landmark	221,217	227,950	97.0%
PK Enterprises	10,040	10,010	100.3%
Progress Energy	24,182	24,113	100.3%
TAC Air	712,955	712,955	100.0%
Telecommunication Services	13,738	12,623	108.8%
Total fixed space rents	<u>1,307,730</u>	<u>1,307,731</u>	<u>100.0%</u>
Percentage rents			
Landmark-Catering	8,768	8,700	100.8%
TAC Air-Catering	1,212	2,100	57.7%
Immaculate Flight	5,637	5,100	110.5%
National Rental Car	26,023	23,000	113.1%
Total percentage rents	<u>41,640</u>	<u>38,900</u>	<u>107.0%</u>
 Total General Aviation-General	 <u>1,349,370</u>	 <u>1,346,631</u>	 <u>100.2%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
GENERAL AVIATION REVENUES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
General Aviation-Terminal			
Fixed space rents			
Delta Airport Consultants	\$ 21,605	\$ 20,162	107.2%
Jetcraft	47,732	44,150	108.1%
JQ Enterprises/Crosswinds Café	2,786	4,448	62.6%
Telecommunication Services	4,641	3,200	145.0%
Total fixed space rents	<u>76,764</u>	<u>71,960</u>	<u>106.7%</u>
Percentage rents			
JQ Enterprises/Crosswinds Café	6,387	4,800	133.1%
CLS Management	19,810	24,100	82.2%
Employee Parking	20,335	16,000	127.1%
National Rental Car	1,418	7,000	20.3%
Total percentage rents	<u>47,950</u>	<u>51,900</u>	<u>92.4%</u>
Total General Aviation-Terminal	<u>124,714</u>	<u>123,860</u>	<u>100.7%</u>
Other			
Charter Security Screening	<u>1,875</u>	<u>3,000</u>	<u>62.5%</u>
TOTAL GENERAL AVIATION REVENUES	<u><u>\$ 1,475,959</u></u>	<u><u>\$ 1,473,491</u></u>	<u><u>100.2%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
 Year Ended March 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
Terminal 1 Complex			
Fixed space rents			
AirTran Airways	\$ 271,745	\$ 264,722	102.7%
Southwest Airlines	1,368,002	1,375,250	99.5%
Network Communications	3,000	3,000	100.0%
Passur Aerospace	528	528	100.0%
State Employee's Credit Union	6,717	6,956	96.6%
Superior Aircraft Services	3,711	3,711	100.0%
Superior Shine	4,000	3,000	133.3%
Paradies Shops	5,960	5,960	100.0%
Transportation Security Administration	109,738	145,596	75.4%
RDU Taxi	9,606	9,606	100.0%
Total fixed space rents	<u>1,783,007</u>	<u>1,818,329</u>	<u>98.1%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Terminal 1 Complex			
Percentage rents			
Anton's Airfood:			
AJ Tavern/Greenleaf's	\$ 374,282	\$ 367,800	101.8%
Cinnabon	85,384	86,400	98.8%
Starbucks - A3	40,420	35,600	113.5%
Red Star Lounge-Food	12,352	12,800	96.5%
Red Star Lounge-Alcohol	37,565	38,300	98.1%
The Corner	580	-	N/A
Checkpoint Mailers	471	500	94.2%
Classic Food Services	3,567	5,000	71.3%
Clear Channel-Clearvision	413	30,000	1.4%
Concourse Communications	52,549	45,000	116.8%
Interspace Airport Advertising	263,697	251,250	105.0%
National Aviation Services	29,437	26,400	111.5%
Smarte Carte	2,585	4,200	61.5%
Telephones - Kellee Communications	429	600	71.5%
RDU Currency	5,526	13,000	42.5%
The Club at RDU	22,320	21,400	104.3%
The Paradies Shops:			
Brighton Shops	66,908	71,600	93.4%
RDU Press Plus	260,284	269,700	96.5%
Zoom Systems-Best Buy T1	7,172	6,300	113.8%
24-Hour Flower	548	400	137.0%
Total percentage rents	1,266,489	1,286,250	98.5%
Miscellaneous rents			
Janitorial	58,700	58,100	101.0%
Miscellaneous	1,050	450	233.3%
Telecommunication Services	15,932	18,756	84.9%
Total miscellaneous rents	75,682	77,306	97.9%
Total Terminal 1 Complex revenues	3,125,178	3,181,885	98.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Terminal 2 Complex			
Fixed space rents			
Airport Management Services	\$ 18,352	\$ 18,352	100.0%
American Airlines	2,964,452	2,827,428	104.8%
American Eagle Airlines	348,002	365,463	95.2%
Charter Express	45,768	24,434	187.3%
DAL Global Services	1,200	1,200	100.0%
Delta Airlines	4,592,765	4,413,829	104.1%
G2 Secure Staffing	46,684	46,684	100.0%
Host International	48,837	41,327	118.2%
Jazz Air LP	42,135	39,535	106.6%
Jetblue Airways	455,076	455,076	100.0%
JQ Enterprises	3,755	11,265	33.3%
Landmark Aviation	6,732	-	N/A
SSP America	10,658	10,658	100.0%
State Employees' Credit Union - ATM	6,716	6,956	96.5%
Superior Shine	6,000	6,000	100.0%
The Paradies Shops	36,221	36,221	100.0%
Transportation Security Administration	58,168	58,168	100.0%
United Airlines	2,290,312	2,347,159	97.6%
US Airways	2,466,996	2,507,667	98.4%
Total fixed space rents	<u>13,448,829</u>	<u>13,217,422</u>	<u>101.8%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Terminal 2 Complex			
Percentage rents			
24 Hour Flower	\$ 1,939	\$ 2,000	97.0%
2nd Edition Book Sellers	19,211	18,300	105.0%
ABM/Onesource	15,090	13,100	115.2%
Airport Management Services, LLC			
AeroMart	215,889	181,300	119.1%
Shaw News	184,625	164,700	112.1%
Hudson News	145,471	146,500	99.3%
Hudson Bookstore	181,696	178,100	102.0%
Kids Works	30,973	31,600	98.0%
Life is Good	57,340	59,800	95.9%
Checkpoint Mailers	418	500	83.6%
Classic Food Services	4,186	5,300	79.0%
Clear Channel-Clearvision	963	70,000	1.4%
Concourse Communications	122,614	105,000	116.8%
Interspace Airport Advertising	559,758	586,250	95.5%
EJE Retail	43,892	58,200	75.4%
G2 Secure Staffing	20,212	17,000	118.9%
Host International, Inc.			
42nd Street Oyster Bar	460,771	402,800	114.4%
Brookwoods Farms	96,921	89,900	107.8%
California Pizza Kitchen	105,706	96,400	109.7%
Carolina Ale House	227,600	193,200	117.8%
Catering	1,880	-	N/A
Gordon Biersch	234,288	194,100	120.7%
HMS Host A&W/KFC	62,826	58,900	106.7%
HMS Host Bruggers	144,312	120,700	119.6%
Starbucks	466,300	430,900	108.2%
Vintage NC Wine Bar	121,133	104,600	115.8%
JQ Enterprises, Inc.			
A&W All American Food/KFC Express	(416)	-	N/A
Bruegger's Bagels	247	-	N/A
Kelee Communications	450	900	50.0%
Network Communications	3,000	3,200	93.8%
RDU Currency Exchange	85,153	95,600	89.1%
Smarte Carte	4,918	8,100	60.7%
SSP America			
Camden Food Company	159,388	162,600	98.0%
Five Guys	168,414	157,800	106.7%
Flavours	72,021	70,600	102.0%
Jason's Deli	154,046	152,000	101.3%
Panopolis	42,105	48,300	87.2%
Techshowcase	99,720	97,300	102.5%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Terminal 2 Complex			
Percentage rents (continued)			
The Paradies Shops			
Brighton	\$ 114,901	\$ 122,100	94.1%
Brooks Brothers	90,975	84,100	108.2%
CNBC	124,493	130,600	95.3%
OTC Drugs and More	89,315	97,700	91.4%
PGA Tour Shop	33,980	40,100	84.7%
Taxco Sterling	34,914	48,200	72.4%
University Kids	9,883	12,400	79.7%
University Market	193,317	183,700	105.2%
USAirways Club	2,797	2,700	103.6%
XpressSpa	45,650	47,900	95.3%
Zoom Systems			
3FL OZ	254	-	N/A
Best Buy Express	22,979	18,600	123.5%
Max Wellness	291	500	58.2%
New Zoom Benefit	3,365	-	N/A
Total percentage rents	<u>5,082,174</u>	<u>4,914,150</u>	<u>103.4%</u>
Miscellaneous rents			
FIS international passenger deplaning fee	897,705	906,000	99.1%
Janitorial revenues	373,853	388,900	96.1%
Gate usage fees	925,835	587,000	157.7%
Telecommunication services	117,131	118,926	98.5%
Miscellaneous	19,941	2,125	938.4%
Total miscellaneous rents	<u>2,334,465</u>	<u>2,002,951</u>	<u>116.6%</u>
Total Terminal 2 Complex revenues	<u>20,865,468</u>	<u>20,134,523</u>	<u>103.6%</u>
Terminal Security			
Security-Checkpoint/Space-Terminals 1 & 2	1,569,238	1,569,238	100.0%
Total Terminal Security	<u>1,569,238</u>	<u>1,569,238</u>	<u>100.0%</u>
Terminal Miscellaneous			
On Airport Permit Fees	1,500	300	500.0%
Colonial Pipeline	18,355	18,355	100.0%
Skychefs M&O	28,484	28,484	100.0%
Wireless:DAS fees	132,500	108,000	122.7%
Skychefs	489,702	448,000	109.3%
Total Terminal Miscellaneous	<u>670,541</u>	<u>603,139</u>	<u>111.2%</u>
TOTAL TERMINAL REVENUES	<u><u>\$ 26,230,425</u></u>	<u><u>\$ 25,488,785</u></u>	<u><u>102.9%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIR CARGO REVENUES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
North Cargo Complex			
Fixed space rents			
Emery Worldwide	\$ 170,311	\$ 170,311	100.0%
Federal Express	354,007	303,514	116.6%
SAS Institute	33,075	30,945	106.9%
United Parcel Service	220,436	220,436	100.0%
Worldwide Flight Services	118,269	118,269	100.0%
Total North Cargo Complex revenues	<u>896,098</u>	<u>843,475</u>	<u>106.2%</u>
South Cargo Complex			
Fixed space rents			
American Airlines	491,198	491,198	100.0%
Aviation Repair Technologies	6,007	6,007	100.0%
Anton Airfood	115,592	115,592	100.0%
Caliber Jet	3,982	-	N/A
Cingular Wireless	28,511	28,511	100.0%
Delta Airlines	29,417	29,417	100.0%
Elite Line Services	60,539	59,249	102.2%
Hire Heroes	500	-	N/A
Paradies	144,717	144,717	100.0%
Southwest Airlines	58,049	58,049	100.0%
Telecommunications Services	3,023	4,084	74.0%
Worldwide Flight Services	180,019	180,019	100.0%
USO of North Carolina	14,909	14,909	100.0%
Total South Cargo Complex revenues	<u>1,136,463</u>	<u>1,131,752</u>	<u>100.4%</u>
TOTAL AIR CARGO REVENUES	<u>\$ 2,032,561</u>	<u>\$ 1,975,227</u>	<u>102.9%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
FUEL FARM REVENUES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Fuel Farm			
License Fee - Worldwide	\$ 1,200	\$ 1,200	100.0%
License Fee - Skytanking	1,200	1,200	100.0%
Jet A Fuel Thru Put	1,254,216	1,150,000	109.1%
Glycol Thru Put	1,295	1,000	129.5%
Mo Gas Thru Put	1,325	-	N/A
Diesel Fuel Thru Put	1,093	-	N/A
TOTAL FUEL FARM REVENUES	\$ 1,260,329	\$ 1,153,400	109.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
RENTAL CAR REVENUES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Fixed space rents			
Alamo Rent-A-Car	\$ 48,113	\$ 48,113	100.0%
Avis Rent-A-Car	119,933	119,933	100.0%
Advantage Rent-A-Car	28,264	27,205	103.9%
Budget Rent-A-Car	69,233	69,233	100.0%
Dollar Rent-A-Car	34,693	34,693	100.0%
Enterprise Car Rental	48,453	48,453	100.0%
The Hertz Corporation	149,916	149,916	100.0%
National Car Rental	80,950	80,950	100.0%
Thrifty Rent-A-Car	(1,059)	-	N/A
Total fixed space rents	<u>578,496</u>	<u>578,496</u>	<u>100.0%</u>
Percentage rents			
Alamo Rent-A-Car	653,243	648,000	100.8%
Advantage Rent-A-Car	225,679	153,875	146.7%
Avis Rent-A-Car	1,916,835	1,965,000	97.5%
Budget Rent-A-Car	1,237,620	1,125,000	110.0%
Dollar Rent-A-Car	609,056	750,000	81.2%
Enterprise Car Rental	1,791,436	1,853,000	96.7%
The Hertz Corporation	3,365,759	3,455,000	97.4%
National Car Rental	2,101,956	1,940,000	108.3%
Thrifty Rent-A-Car	646,328	502,000	128.8%
Total percentage rents	<u>12,547,912</u>	<u>12,391,875</u>	<u>101.3%</u>
TOTAL RENTAL CAR REVENUES	<u><u>\$ 13,126,408</u></u>	<u><u>\$ 12,970,371</u></u>	<u><u>101.2%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
OTHER REVENUES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Fixed space rents			
NC Department of Transportation	\$ 37,648	\$ 37,648	100.0%
Research Triangle Regional Partnership	37,371	37,371	100.0%
Total fixed space rents	<u>75,019</u>	<u>75,019</u>	<u>100.0%</u>
Percentage rents			
Sheetz-Aviation Station	186,661	186,661	100.0%
Off airport - Pre-flight parking	-	26,700	-
Off airport - Airport Fast Park	344,510	271,000	127.1%
Total percentage rents	<u>531,171</u>	<u>484,361</u>	<u>109.7%</u>
Other miscellaneous rents			
Authority conference rooms	28,081	17,000	165.2%
FAA	4,538	4,538	100.0%
Fingerprinting	34,667	31,400	110.4%
Innovata, LLC	3,956	-	N/A
Skytanking	36,000	36,000	100.0%
UNC Hospitals	7,168	7,168	100.0%
AVI Fees	283,518	238,000	119.1%
RDU Taxi concession fees	225,536	203,320	110.9%
Employee parking	447,970	532,000	84.2%
Telecommunication services	6,464	6,446	100.3%
Traffic ordinance violations	22,274	-	N/A
Miscellaneous	73,269	50,500	145.1%
Total other miscellaneous rents	<u>1,173,441</u>	<u>1,126,372</u>	<u>104.2%</u>
TOTAL OTHER REVENUES	<u><u>\$ 1,779,631</u></u>	<u><u>\$ 1,685,752</u></u>	<u><u>105.6%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
COMPARATIVE SUMMARIES OF OPERATING EXPENSES BY COST CENTER
Years Ended March 31, 2014 and 2013

	Amount		Percent of Total Operating Expenses	
	2014	2013	2014	2013
Operating expenses				
Airport facilities	\$ 21,427,418	\$ 19,852,701	21.4%	20.2%
Administrative	11,439,962	10,104,828	11.4%	10.3%
Guest services	803,492	736,912	0.8%	0.7%
Fuel Farm	988,781	962,410	1.0%	1.0%
Airport maintenance	5,682,924	5,582,380	5.7%	5.7%
Law enforcement	2,621,284	3,276,244	2.6%	3.3%
Airport Fire - Rescue	1,687,521	1,588,000	1.7%	1.6%
Operations	1,277,388	1,211,335	1.3%	1.2%
Communications	722,262	777,618	0.7%	0.8%
Parking	2,734,778	2,695,904	2.7%	2.7%
Ground transportation division	2,656,949	2,573,877	2.7%	2.6%
Terminal services	129,396	237,313	0.1%	0.2%
Depreciation	47,901,680	48,678,489	47.9%	49.7%
Total operating expenses	\$ 100,073,835	\$ 98,278,011	100.0%	100.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF OPERATING EXPENSES BY COST CENTER
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Operating expenses (excluding depreciation)			
Airport facilities	\$ 21,427,418	\$ 22,559,993	95.0%
Administrative	11,439,962	11,596,002	98.7%
Guest services	803,492	768,438	104.6%
Fuel Farm	988,781	1,030,258	96.0%
Airport maintenance	5,682,924	5,590,162	101.7%
Law enforcement	2,621,284	2,929,701	89.5%
Emergency services	1,687,521	1,559,879	108.2%
Operations	1,277,388	1,330,245	96.0%
Communications	722,262	689,037	104.8%
Parking	2,734,778	2,374,078	115.2%
Ground transportation	2,656,949	2,720,119	97.7%
Terminal services	129,396	120,883	107.0%
Total operating expenses (excluding depreciation)	52,172,155	53,268,795	97.9%
Depreciation			
Airport facilities	36,907,155	41,379,838	89.2%
Administrative	1,018,622	1,008,295	101.0%
Law enforcement	19,843	29,066	68.3%
Airport maintenance	459,764	122,104	376.5%
Parking	9,413,476	9,411,727	100.0%
Emergency services	4,662	6,447	72.3%
Communications	64,261	61,714	104.1%
Operations	13,897	17,834	77.9%
Total depreciation	47,901,680	52,037,025	92.1%
TOTAL OPERATING EXPENSES	\$ 100,073,835	\$ 105,305,820	95.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Airport facilities			
Airfield complex			
Contracted services	\$ 660,404	\$ 891,724	74.1%
Contracted Services - Leased Employees	105,045	106,106	99.0%
Contracted Services - Technology	86,841	95,000	91.4%
Electricity	104,814	135,014	77.6%
Natural Gas	3,425	4,000	85.6%
Telecommunications	16,414	19,760	83.1%
Fuel - vehicles and equipment	-	2,790	-
Supplies	124,545	136,382	91.3%
Liability Insurance	82,255	85,300	96.4%
Repairs and maintenance			
Computer hardware	-	1,500	-
Equipment	401	950	42.2%
General	27,586	48,750	56.6%
HVAC	72	650	11.1%
Snow Removal	252,724	-	N/A
Total Airfield complex	<u>1,464,526</u>	<u>1,527,926</u>	<u>95.9%</u>
Terminal 1 complex			
Contracted Services - BHS & PBB	104,363	124,928	83.5%
Electricity	517,200	526,018	98.3%
Fuel - natural gas	104,001	91,400	113.8%
Telecommunications	2,573	3,350	76.8%
Cable television	-	5,650	-
Fuel - vehicles and equipment	-	2,753	-
Small equipment	1,437	1,523	94.4%
Supplies	39,740	134,950	29.4%
Liability insurance	71,648	74,300	96.4%
Insurance claim	3,291	7,068	46.6%
Repairs and maintenance/buildings and grounds			
Elevators/escalators	156,660	62,032	252.5%
Equipment	477	477	100.0%
General	18,285	20,753	88.1%
HVAC	61,418	71,316	86.1%
Janitorial	826,164	835,357	98.9%
Public Address System	-	500	-
Permit administration	1,318	2,345	56.2%
Total Terminal 1 complex	<u>1,908,575</u>	<u>1,964,720</u>	<u>97.1%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Terminal 2 complex			
Contracted Services - Technology	\$ 85,166	\$ 87,738	97.1%
Contracted Services - Ramp Tower	995,699	919,633	108.3%
Contracted Services - BHS & PBB	1,982,937	2,338,028	84.8%
Contracted Services - AOIS	669,396	669,400	100.0%
Contracted Services - Other	2,071	2,845	72.8%
Electricity	1,979,551	1,959,897	101.0%
Telecommunications	20,249	26,290	77.0%
Cable television	18,175	13,560	134.0%
Computer hardware	100,652	146,833	68.5%
Printer supplies	343	356	96.3%
Supplies	691,634	619,823	111.6%
Liability insurance	556,402	577,000	96.4%
Insurance claim	10,801	23,200	46.6%
Repairs and maintenance			
Computer hardware	14,405	12,200	118.1%
Public address and music system rental	3,635	5,200	69.9%
Elevators/escalators	432,593	372,696	116.1%
Equipment	67,870	71,491	94.9%
General	142,038	160,658	88.4%
HVAC	95,271	104,489	91.2%
Janitorial	3,338,492	3,406,468	98.0%
Permit administration	6,200	8,100	76.5%
Total Terminal 2 complex	11,213,580	11,525,905	97.3%
Central Energy Plant			
Contracted Services - Technology	6,840	6,740	101.5%
Electricity	635,874	659,092	96.5%
Fuel - natural gas	244,067	213,000	114.6%
Telecommunications	673	875	76.9%
Fuel - vehicles and equipment	5,062	16,153	31.3%
Small equipment	155	-	N/A
Supplies	4,082	2,963	137.8%
Liability insurance	11,765	12,200	96.4%
Repairs and maintenance			
Equipment	306	262	116.8%
General	14,274	31,550	45.2%
HVAC	124,895	117,310	106.5%
Janitorial	12,457	12,611	98.8%
Permit administration	-	330	-
Total Central Energy Plant complex	1,060,450	1,073,086	98.8%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Cargo complex			
North Cargo			
Electricity	\$ 31,389	\$ 29,104	107.9%
Telecommunications	307	400	76.8%
Supplies	408	2,000	20.4%
Liability insurance	15,621	16,200	96.4%
Repairs and maintenance			
General	380	1,000	38.0%
Total North Cargo	<u>48,105</u>	<u>48,704</u>	<u>98.8%</u>
South Cargo 1 & 2			
Electricity	15,620	12,462	125.3%
Fuel - natural gas	31,985	26,000	123.0%
Telecommunications	2,997	3,900	76.8%
Supplies	165	1,000	16.5%
Liability insurance	11,089	11,500	96.4%
Repairs and maintenance			
Equipment	2,815	2,815	100.0%
General	-	3,500	-
HVAC	51	4,000	1.3%
Total South Cargo 1 & 2	<u>64,722</u>	<u>65,177</u>	<u>99.3%</u>
South Cargo 3			
Electricity	59,315	54,448	108.9%
Telecommunications	424	550	77.1%
Supplies	1,810	6,000	30.2%
Insurance	18,225	18,900	96.4%
Insurance claim	155	333	46.5%
Repairs and maintenance			
Elevators/escalators	1,485	1,620	91.7%
Equipment	2,916	2,916	100.0%
General	17,498	11,035	158.6%
HVAC	3,074	1,500	204.9%
Janitorial	4,234	4,286	98.8%
Permit administration	175	315	55.6%
Total South Cargo 3	<u>109,311</u>	<u>101,903</u>	<u>107.3%</u>
Total cargo complex	<u>222,138</u>	<u>215,784</u>	<u>102.9%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Fuel Farm complex			
Contracted Services - Technology	\$ 24,000	\$ 30,750	78.0%
Electricity	66,417	68,572	96.9%
Fuel - natural gas	5,813	4,000	145.3%
Telecommunications	2,559	3,320	77.1%
Fuel - vehicles and equipment	-	358	-
Supplies	2,882	3,260	88.4%
Insurance	18,804	19,500	96.4%
Repairs and maintenance			
Equipment	661	661	100.0%
General	61,727	63,534	97.2%
HVAC	193	500	38.6%
Janitorial	12,550	12,706	98.8%
Total Fuel Farm complex	195,606	207,161	94.4%
General Aviation complex			
General Aviation-General			
Electricity	16,043	11,777	136.2%
Fuel-Natural Gas	7,295	2,650	275.3%
Telecommunications	307	400	76.8%
Supplies	3,364	4,000	84.1%
Liability Insurance	8,968	9,300	96.4%
Insurance claim	311	667	46.6%
Repairs and maintenance			
Elevators/escalators	1,485	1,620	91.7%
General	1,538	2,875	53.5%
HVAC	1,625	3,229	50.3%
Janitorial	1,859	2,379	78.1%
Permit Administration	175	245	71.4%
Total General Aviation-General	42,970	39,142	109.8%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
General Aviation complex (continued)			
General Aviation-Terminal			
Contracted services - Building Manager	\$ 158,162	\$ 162,298	97.5%
Contracted services	1,800	2,119	84.9%
Electricity	54,434	51,649	105.4%
Fuel - natural gas	32,737	29,000	112.9%
Telecommunications	1,418	1,850	76.6%
Cable television	3,134	2,260	138.7%
Fuel - vehicles and equipment	-	179	-
Supplies	5,522	6,000	92.0%
Liability Insurance	4,050	4,200	96.4%
Insurance claim	155	333	46.5%
Repairs and maintenance			
Elevators/escalators	1,485	1,620	91.7%
Equipment	3,828	3,828	100.0%
General	8,810	13,599	64.8%
HVAC	3,184	4,954	64.3%
Janitorial	50,728	60,108	84.4%
Permit administration	175	245	71.4%
Total General Aviation-Terminal	<u>329,622</u>	<u>344,242</u>	<u>95.8%</u>
Total General Aviation complex	<u>372,592</u>	<u>383,384</u>	<u>97.2%</u>
Rental Car complex			
Electricity	1,624	1,900	85.5%
Telecommunications	307	400	76.8%
Liability insurance	10,125	10,500	96.4%
Insurance claim	155	333	46.5%
Total Rental Car complex	<u>12,211</u>	<u>13,133</u>	<u>93.0%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Office & Other Buildings complex			
Contracted Services - Other	\$ 130,562	\$ 134,209	97.3%
Electricity	249,413	248,000	100.6%
Fuel - natural gas	104,095	99,563	104.6%
Telecommunications	91,603	107,600	85.1%
Cable television	3,761	1,130	332.8%
Computer hardware	16,714	1,960	852.8%
Fuel - vehicle and equipment	-	1,184	-
Small equipment	124	-	N/A
Supplies	32,360	37,066	87.3%
Liability insurance	61,908	64,200	96.4%
Repairs and maintenance			
Computer hardware	97	800	12.1%
Elevators/escalators	4,455	4,860	91.7%
Equipment	11,150	16,016	69.6%
General	94,565	102,900	91.9%
HVAC	63,178	57,442	110.0%
Janitorial	247,425	246,066	100.6%
Waste disposal	115,915	126,650	91.5%
Permit administration	608	805	75.5%
Total Office & Other Buildings complex	1,227,933	1,250,451	98.2%
Utilities complex			
Electricity	7,037	6,152	114.4%
Water and sewer	937,310	870,000	107.7%
Fuel - vehicles and equipment	-	360	-
Supplies	47,968	46,256	103.7%
Liability insurance	1,446	1,500	96.4%
Repairs and maintenance			
General	9,268	16,675	55.6%
Water system	21,146	28,873	73.2%
Total Utilities complex	1,024,175	969,816	105.6%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Parking complex			
Contracted Services - Technology	\$ 840	\$ 1,000	84.0%
Contracted Services - Other	106,961	306,556	34.9%
Electricity	810,868	769,707	105.3%
Telecommunications	7,632	9,900	77.1%
Computer hardware	1,779	1,875	94.9%
Fuel - vehicles and equipment	4,114	5,547	74.2%
Small equipment	596	-	N/A
Supplies	89,052	81,570	109.2%
Liability insurance	219,861	228,000	96.4%
Insurance claim	2,389	5,133	46.5%
Repairs and maintenance			
Elevators/escalators	95,359	112,529	84.7%
Equipment	14,320	14,320	100.0%
General	26,908	42,315	63.6%
HVAC	1,911	1,000	191.1%
Janitorial	164,456	182,528	90.1%
Permit administration	3,975	3,975	100.0%
Total Parking complex	1,551,021	1,765,955	87.8%
Ground Transportation complex			
Taxi Operation			
Telecommunications	585	750	78.0%
Supplies	-	1,100	-
Liability insurance	1,157	1,200	96.4%
Repairs and maintenance			
Equipment	291	291	100.0%
General	800	1,960	40.8%
HVAC	17	-	N/A
Janitorial	25,432	25,748	98.8%
Total Taxi Operation	28,282	31,049	91.1%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Ground Transportation complex (continued)			
Ground Transportation Other			
Contracted Services - Technology	\$ 27,000	\$ 28,350	95.2%
Contracted Services - Landscaping	916,312	950,000	96.5%
Contracted Services - Other	48,184	609,218	7.9%
Electricity	11,724	11,347	103.3%
Telecommunications	307	400	76.8%
Supplies	15,736	16,500	95.4%
Liability insurance	386	400	96.5%
Insurance claim	1,365	2,933	46.5%
Repairs and maintenance			
General	10,755	12,475	86.2%
Snow removal	114,560	-	N/A
Total Ground Transportation Other	<u>1,146,329</u>	<u>1,631,623</u>	<u>70.3%</u>
Total Ground Transportation Complex	<u>1,174,611</u>	<u>1,662,672</u>	<u>70.6%</u>
TOTAL AIRPORT FACILITIES	<u><u>\$ 21,427,418</u></u>	<u><u>\$ 22,559,993</u></u>	<u><u>95.0%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Administrative			
Airport Director's Office			
Salaries	\$ 414,561	\$ 431,733	96.0%
Health insurance	37,868	19,523	194.0%
Retirement/401K Match	25,025	33,442	74.8%
Social security	20,606	26,080	79.0%
Retiree Health Care Expense - OPEB	9,095	8,400	108.3%
Moving expenses	69,038	54,000	127.8%
Professional education	116,460	97,315	119.7%
Advertising	600	180	333.3%
Small equipment	35	-	N/A
Supplies	6,569	9,740	67.4%
Liability insurance	92,573	96,000	96.4%
Travel	30,707	35,600	86.3%
Total Airport Director's Office	823,137	812,013	101.4%
Legal and Compliance			
Salaries	192,377	188,905	101.8%
Health insurance	15,203	14,383	105.7%
Retirement/401K Match	23,278	22,375	104.0%
Social security	13,877	13,868	100.1%
Retiree Health Care Expense - OPEB	3,878	3,600	107.7%
Professional education	4,541	6,665	68.1%
Legal fees	295,896	356,700	83.0%
Contracted services - Other	41,269	15,000	275.1%
Promotional	1,671	2,000	83.6%
Supplies	169	500	33.8%
Travel	2,776	4,445	62.5%
Total Legal and Compliance	594,935	628,441	94.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Air Service and Marketing Communications			
Salaries	\$ 551,897	\$ 542,346	101.8%
Health insurance	45,910	43,067	106.6%
Retirement/401K Match	60,697	63,252	96.0%
Social security	38,697	40,026	96.7%
Retiree Health Care Expense - OPEB	10,434	9,600	108.7%
Professional education	1,993	5,791	34.4%
Printing	6,962	17,447	39.9%
Contracted services-Other	92,677	100,448	92.3%
Computer software	479	525	91.2%
Promotional	22,146	32,500	68.1%
Small equipment	502	550	91.3%
Supplies	316	3,000	10.5%
Travel	11,690	10,503	111.3%
Air Service Development Marketing	198,220	98,055	202.2%
Total Air Service and Marketing Communications	1,042,620	967,110	107.8%
Customer Relations			
Salaries	95,124	148,330	64.1%
Health insurance	15,004	14,250	105.3%
Retirement/401K Match	7,514	13,802	54.4%
Social security	7,045	11,348	62.1%
Retiree Health Care Expense - OPEB	3,878	3,600	107.7%
Professional education	109	2,098	5.2%
Printing	3,351	4,000	83.8%
Contracted services - Other	55,025	63,080	87.2%
Promotional	20,499	29,300	70.0%
Small equipment	2,051	4,000	51.3%
Supplies	609	650	93.7%
Travel	1,004	2,200	45.6%
Total Customer Relations	211,213	296,658	71.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Employee Development			
Salaries	\$ 146,291	\$ 147,145	99.4%
Health insurance	14,999	14,247	105.3%
Retirement/401K Match	15,934	17,429	91.4%
Social security	9,400	11,256	83.5%
Retiree Health Care Expense - OPEB	3,878	3,600	107.7%
Professional education	3,451	2,633	131.1%
Tuition assistance	65,512	79,750	82.1%
Printing	1,344	2,075	64.8%
Contracted services - Other	3,000	28,800	10.4%
Promotional	163	775	21.0%
Supplies	152	400	38.0%
Travel	2,010	1,966	102.2%
Total Employee Development	<u>266,134</u>	<u>310,076</u>	<u>85.8%</u>
Administration			
Salaries	561,474	553,557	101.4%
Health insurance	60,787	56,875	106.9%
Retirement/401K Match	66,168	64,300	102.9%
Social security	40,760	41,992	97.1%
Retiree Health Care Expense - OPEB	14,313	13,200	108.4%
Unemployment compensation	78,094	30,000	260.3%
Professional education	14,746	12,979	113.6%
Employee assistance program	3,567	8,547	41.7%
Advertising	1,126	4,000	28.2%
Printing	672	700	96.0%
Contracted services - Technology	71,645	82,218	87.1%
Contracted services - Other	215,576	175,796	122.6%
Promotional	24,619	24,600	100.1%
Supplies	(60)	2,300	-2.6%
Travel	4,806	5,926	81.1%
Total Administration	<u>1,158,293</u>	<u>1,076,990</u>	<u>107.5%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Business Development			
Salaries	\$ 270,199	\$ 274,436	98.5%
Health insurance	22,885	21,545	106.2%
Retirement/401K Match	30,511	29,546	103.3%
Social security	19,472	20,994	92.8%
Retiree Health Care Expense - OPEB	5,217	4,800	108.7%
Professional education	2,809	3,439	81.7%
Advertising	-	1,090	-
Supplies	1,206	1,210	99.7%
Repairs and maintenance			
General	-	5,000	-
Travel	4,491	5,215	86.1%
Total Business Development	356,790	367,275	97.1%
Audit			
Salaries	329,297	330,063	99.8%
Health insurance	37,696	35,494	106.2%
Retirement/401K Match	31,357	30,515	102.8%
Social security	24,651	25,249	97.6%
Retiree Health Care Expense - OPEB	9,095	8,400	108.3%
Professional education	4,180	5,446	76.8%
Printing	173	174	99.4%
Computer software	13,500	13,500	100.0%
Supplies	289	350	82.6%
Travel	4,487	3,060	146.6%
Total Audit	454,725	452,251	100.5%
Finance			
Salaries	771,645	780,456	98.9%
Health insurance	68,394	64,496	106.0%
Retirement/401K Match	78,258	77,485	101.0%
Social security	53,813	55,870	96.3%
Retiree Health Care Expense - OPEB	15,653	14,400	108.7%
Professional education	2,953	5,375	54.9%
Audit	45,500	47,775	95.2%
Contracted services - Technology	62,140	64,040	97.0%
Printing	2,444	4,405	55.5%
Contracted services - Other	8,865	9,100	97.4%
Small equipment	-	575	-
Supplies	3,482	5,301	65.7%
Travel	6,272	5,330	117.7%
Postage	10,695	15,240	70.2%
Total Finance	1,130,114	1,149,848	98.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Procurement			
Salaries	\$ 297,038	\$ 301,428	98.5%
Health insurance	30,018	26,750	112.2%
Retirement/401K Match	33,107	29,676	111.6%
Social security	21,601	23,060	93.7%
Retiree Health Care Expense - OPEB	6,556	6,000	109.3%
Professional education	3,884	4,297	90.4%
Printing	193	710	27.2%
Contracted services - Other	15,128	28,553	53.0%
Copiers	101,871	75,713	134.5%
Small equipment	9,251	9,251	100.0%
Supplies	12,694	13,815	91.9%
Travel	1,731	1,960	88.3%
Total Finance	533,072	521,213	102.3%
Information Services			
Salaries	1,883,492	1,864,361	101.0%
Health insurance	196,586	181,392	108.4%
Retirement/401K Match	199,478	192,320	103.7%
Social security	134,646	139,693	96.4%
Retiree Health Care Expense - OPEB	45,616	42,000	108.6%
Uniforms	2,029	1,675	121.1%
Physical examinations	105	165	63.6%
Professional education	18,307	16,087	113.8%
Contracted services - Technology	592,645	612,390	96.8%
Printing	104	210	49.5%
Contracted services - Other	48,525	50,440	96.2%
Telecommunications	7,763	10,071	77.1%
Computer hardware	118,701	130,211	91.2%
Software	21,431	25,494	84.1%
Printer supplies	3,770	3,788	99.5%
Small equipment	27,206	17,379	156.5%
Supplies	53,777	66,155	81.3%
Media and documentation	786	788	99.7%
Repairs and maintenance			
Computer hardware	170,098	170,450	99.8%
Equipment	572	1,500	38.1%
Travel	26,898	20,149	133.5%
Total Information Services	3,552,535	3,546,718	100.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Facilities Development			
Salaries	\$ 421,934	\$ 426,908	98.8%
Health insurance	46,071	43,428	106.1%
Retirement/401K Match	69,378	68,014	102.0%
Social security	43,356	45,189	95.9%
Retiree Health Care Expense - OPEB	10,434	9,600	108.7%
Professional education	2,067	4,879	42.4%
Printing	35	80	43.8%
Contracted services - Other	680	10,000	6.8%
Supplies	774	1,730	44.7%
Liability insurance	18,611	19,300	96.4%
Travel	1,596	5,351	29.8%
Total Facilities Development	614,936	634,479	96.9%
Planning and Environment			
Salaries	167,026	173,237	96.4%
Health insurance	22,753	21,396	106.3%
Retirement/401K Match	27,239	27,104	100.5%
Social security	16,557	17,504	94.6%
Retiree Health Care Expense - OPEB	5,217	4,800	108.7%
Professional education	2,184	2,282	95.7%
Printing	-	135	-
Contracted services - Other	10,026	12,046	83.2%
Supplies	1,247	671	185.8%
Travel	271	2,460	11.0%
Permit administration	5,515	5,970	92.4%
Total Planning and Environment	258,035	267,605	96.4%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Building and Building Systems			
Salaries	\$ 105,032	\$ 158,293	66.4%
Health insurance	15,178	12,580	120.7%
Retirement/401K Match	13,617	20,069	67.9%
Social security	9,184	13,787	66.6%
Retiree Health Care Expense - OPEB	3,878	3,600	107.7%
Professional education	1,100	3,350	32.8%
Travel	-	3,804	-
Total Building and Building Systems	147,989	215,483	68.7%
Noise			
Salaries	65,414	65,586	99.7%
Health insurance	7,621	7,098	107.4%
Retirement/401K Match	7,819	7,768	100.7%
Social security	4,140	5,017	82.5%
Retiree Health Care Expense - OPEB	1,339	1,200	111.6%
Professional education	1,445	1,550	93.2%
Electricity	2,870	2,212	129.7%
Small equipment	-	700	-
Supplies	-	200	-
Liability insurance	1,157	1,200	96.4%
Repairs and maintenance			
Equipment	-	1,080	-
Travel	1,303	1,290	101.0%
Total Noise	93,108	94,901	98.1%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
GIS			
Salaries	\$ 134,009	\$ 177,957	75.3%
Health insurance	15,172	14,347	105.8%
Retirement/401K Match	13,681	16,658	82.1%
Social security	9,426	13,614	69.2%
Retiree Health Care Expense - OPEB	3,878	3,600	107.7%
Professional education	845	940	89.9%
Printing	138	250	55.2%
Contracted services - Other	20,019	23,000	87.0%
Printer supplies	1,408	1,462	96.3%
Travel	3,750	3,113	120.5%
Total GIS	<u>202,326</u>	<u>254,941</u>	<u>79.4%</u>
TOTAL ADMINISTRATIVE	<u>\$ 11,439,962</u>	<u>\$ 11,596,002</u>	<u>98.7%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
GUEST SERVICES EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Guest Services			
Salaries	\$ 532,555	\$ 509,139	104.6%
Health insurance	89,607	84,272	106.3%
Accident insurance	350	350	100.0%
Retirement/401K Match	60,786	53,414	113.8%
Social security	38,778	38,947	99.6%
Retiree Health Care Expense - OPEB	20,869	19,200	108.7%
Uniforms	7,549	7,850	96.2%
Professional/education	2,808	2,851	98.5%
Printing	1,331	1,475	90.2%
Contracted services - Other	4,532	4,445	102.0%
Promotional	19,653	19,941	98.6%
Small equipment	4,622	5,425	85.2%
Supplies	4,443	4,954	89.7%
Liability insurance	13,597	14,100	96.4%
Travel	2,012	2,075	97.0%
TOTAL GUEST SERVICES	\$ 803,492	\$ 768,438	104.6%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
FUEL FARM EXPENSES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Fuel Farm			
Salaries	\$ 606,140	\$ 623,007	97.3%
Health insurance	89,938	83,238	108.0%
Retirement/401K Match	54,372	54,273	100.2%
Social security	45,257	47,657	95.0%
Retiree Health Care Expense - OPEB	20,869	19,200	108.7%
Uniforms	2,306	3,258	70.8%
Physical examinations	86	172	50.0%
Professional education	835	1,850	45.1%
Contracted services - Other	66,649	75,945	87.8%
Small equipment	5,366	7,700	69.7%
Supplies	42,566	42,504	100.1%
Liability insurance	13,307	13,800	96.4%
Repairs and maintenance			
Equipment	37,611	53,754	70.0%
Travel	3,479	3,900	89.2%
TOTAL FUEL FARM	\$ 988,781	\$ 1,030,258	96.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT MAINTENANCE EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Airport Maintenance			
Salaries	\$ 2,864,544	\$ 2,763,769	103.6%
Health insurance	404,723	380,748	106.3%
Retirement/401K Match	310,911	303,418	102.5%
Social security	203,806	211,427	96.4%
Retiree Health Care Expense - OPEB	93,909	86,400	108.7%
Uniforms	43,947	46,561	94.4%
Physical examinations	759	1,213	62.6%
Professional education	13,131	15,460	84.9%
Contracted services-Other	663	1,080	61.4%
Computer hardware	18	-	N/A
Small equipment	34,887	30,464	114.5%
Supplies	27,407	25,445	107.7%
Liability insurance	108,195	112,200	96.4%
Repairs and maintenance			
Equipment	152	-	N/A
General	3,175	1,000	317.5%
HVAC	375	-	N/A
Travel	12,742	3,405	374.2%
Total Airport Maintenance	<u>4,123,344</u>	<u>3,982,590</u>	<u>103.5%</u>
Fleet Maintenance			
Salaries	356,173	342,485	104.0%
Health insurance	45,165	42,420	106.5%
Retirement/401K Match	42,072	40,568	103.7%
Social security	27,010	26,199	103.1%
Retiree Health Care Expense - OPEB	10,434	9,600	108.7%
Uniforms	3,226	3,350	96.3%
Professional education	-	300	-
Fuel - vehicles and equipment	562,482	643,443	87.4%
Small equipment	13,434	16,417	81.8%
Supplies	339,310	326,000	104.1%
Liability insurance	8,679	9,000	96.4%
Repairs and maintenance			
General	151,595	147,790	102.6%
Total Fleet Maintenance	<u>1,559,580</u>	<u>1,607,572</u>	<u>97.0%</u>
TOTAL AIRPORT MAINTENANCE	<u><u>\$ 5,682,924</u></u>	<u><u>\$ 5,590,162</u></u>	<u><u>101.7%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
LAW ENFORCEMENT EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Law Enforcement			
Salaries	\$ 1,941,261	\$ 2,055,893	94.4%
Health insurance	216,326	233,213	92.8%
Retirement/401K Match	150,476	197,908	76.0%
Social security	142,909	157,301	90.9%
Retiree Health Care Expense - OPEB	57,389	52,800	108.7%
Retiree Separation Allowance	(69,600)	24,000	-290.0%
Uniforms	15,102	33,572	45.0%
Physical examinations	28,407	28,375	100.1%
Professional education	2,460	3,259	75.5%
Contracted services - Technology	1,188	1,200	99.0%
Printing	638	628	101.6%
DCI access fee	4,272	4,344	98.3%
Small equipment	36,245	36,815	98.5%
Supplies	14,824	15,500	95.6%
Liability insurance	75,023	77,800	96.4%
Repairs and maintenance			
Equipment	367	1,518	24.2%
Travel	3,456	4,575	75.5%
Postage	541	1,000	54.1%
TOTAL LAW ENFORCEMENT	\$ 2,621,284	\$ 2,929,701	89.5%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FIRE - RESCUE
 Year Ended March 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
Airport Fire - Rescue			
Salaries	\$ 1,156,366	\$ 1,065,360	108.5%
Health insurance	142,618	132,487	107.6%
Retirement/401K Match	128,507	119,228	107.8%
Social security	79,460	81,494	97.5%
Retiree Health Care Expense - OPEB	32,642	30,000	108.8%
Uniforms	24,492	25,490	96.1%
Physical examinations	5,764	5,820	99.0%
Professional education	4,361	5,490	79.4%
Printing	668	700	95.4%
Cable television	1,466	1,800	81.4%
Small equipment	21,431	5,695	376.3%
Supplies	31,253	26,750	116.8%
Liability insurance	36,354	37,700	96.4%
Repairs and maintenance			
Equipment	11,156	12,225	91.3%
Travel	10,983	9,640	113.9%
TOTAL AIRPORT FIRE - RESCUE	<u><u>\$ 1,687,521</u></u>	<u><u>\$ 1,559,879</u></u>	<u><u>108.2%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
OPERATIONS EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Operations			
Salaries	\$ 898,079	\$ 954,739	94.1%
Health insurance	98,339	92,600	106.2%
Retirement/401K Match	104,429	99,956	104.5%
Social security	67,457	70,173	96.1%
Retiree Health Care Expense - OPEB	22,208	20,400	108.9%
Professional education	1,301	3,115	41.8%
Printing	1,280	1,825	70.1%
Contracted services - Technology	3,198	3,300	96.9%
Small equipment	10,042	8,724	115.1%
Supplies	2,115	3,500	60.4%
Supplies - ID System	39,563	41,013	96.5%
Liability insurance	20,250	21,000	96.4%
Travel	9,127	9,900	92.2%
TOTAL OPERATIONS	\$ 1,277,388	\$ 1,330,245	96.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
COMMUNICATIONS EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Communications			
Salaries	\$ 458,636	\$ 426,334	107.6%
Health insurance	74,715	70,231	106.4%
Retirement/401K Match	48,340	44,060	109.7%
Social security	33,658	32,617	103.2%
Retiree Health Care Expense - OPEB	16,991	15,600	108.9%
Professional education	577	700	82.4%
DCI access fees	1,800	1,800	100.0%
Contracted services - Other	15,033	16,000	94.0%
Small equipment	34,382	39,895	86.2%
Supplies	623	1,000	62.3%
Liability insurance	11,282	11,700	96.4%
Repairs and maintenance			
Equipment	26,225	28,500	92.0%
Travel	-	600	-
TOTAL COMMUNICATIONS	<u><u>\$ 722,262</u></u>	<u><u>\$ 689,037</u></u>	<u><u>104.8%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
PARKING EXPENSES
 Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Parking			
Salaries	\$ 759,389	\$ 719,432	105.6%
Health insurance	112,428	105,606	106.5%
Retirement/401K Match	81,877	77,925	105.1%
Social security	58,230	55,034	105.8%
Retiree Health Care Expense - OPEB	26,086	24,000	108.7%
Uniforms	1,074	1,179	91.1%
Moving expenses	24,388	-	N/A
Professional education	1,985	2,135	93.0%
Printing	30,121	31,145	96.7%
Credit Card Fees	834,928	820,000	101.8%
Contracted services - labor	524,217	487,526	107.5%
Contracted services - Other	228,881	265	86370.2%
Computer hardware	197	-	N/A
Computer software	372	-	N/A
Printer supplies	6,725	4,252	158.2%
Small equipment	1,877	1,084	173.2%
Supplies	6,529	8,008	81.5%
Liability insurance	22,468	23,300	96.4%
Repairs and maintenance			
Computer hardware	4,993	5,126	97.4%
Equipment	1,057	1,100	96.1%
General	1,162	1,250	93.0%
Travel	4,224	3,551	119.0%
Abandoned vehicles	1,570	2,160	72.7%
TOTAL PARKING	<u><u>\$ 2,734,778</u></u>	<u><u>\$ 2,374,078</u></u>	<u><u>115.2%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
GROUPS TRANSPORTATION DIVISION EXPENSES
Year Ended March 31, 2014

	Actual	Budget	Percent of Budget
Ground Transportation			
Salaries	\$ 131,862	\$ 122,946	107.3%
Health insurance	15,009	14,169	105.9%
Retirement/401K Match	15,069	14,563	103.5%
Social security	8,694	9,406	92.4%
Retiree Health Care Expense-OPEB	3,878	3,600	107.7%
Uniforms	100	100	100.0%
Professional education	958	1,400	68.4%
Printing	2,535	2,540	99.8%
Credit card fees	1,123	1,750	64.2%
Contracted services - Bus Drivers	1,033,434	1,065,685	97.0%
Small equipment	4,055	4,200	96.5%
Supplies	665	1,085	61.3%
Liability insurance	16,104	16,700	96.4%
Repairs and maintenance			
Equipment	20,040	23,449	85.5%
Travel	118	2,190	5.4%
Total Ground Transportation	1,253,644	1,283,783	97.7%
Traffic Control			
Salaries	941,787	984,925	95.6%
Health insurance	193,987	182,168	106.5%
Retirement/401K Match	96,479	93,574	103.1%
Social security	69,667	75,348	92.5%
Retiree Health Care Expense - OPEB	45,616	42,000	108.6%
Uniforms	19,104	19,641	97.3%
Physical examinations	164	228	71.9%
Professional education	695	1,000	69.5%
Printing	1,923	2,085	92.2%
Small equipment	1,677	1,777	94.4%
Supplies	2,150	1,750	122.9%
Liability insurance	29,411	30,500	96.4%
Repairs and maintenance-Equipment	528	1,250	42.2%
Travel	117	90	130.0%
Total Traffic Control	1,403,305	1,436,336	97.7%
TOTAL GROUND TRANSPORTATION DIVISION	\$ 2,656,949	\$ 2,720,119	97.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
TERMINAL SERVICES DIVISION EXPENSES
 Year Ended March 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
Terminal Services			
Salaries	\$ 100,981	\$ 90,672	111.4%
Health insurance	7,738	7,179	107.8%
Retirement/401K Match	6,813	8,019	85.0%
Social security	5,724	6,937	82.5%
Retiree Health Care Expense - OPEB	1,339	1,200	111.6%
Contracted services - Other	4,776	4,776	100.0%
Liability insurance	<u>2,025</u>	<u>2,100</u>	<u>96.4%</u>
TOTAL TERMINAL SERVICES	<u><u>\$ 129,396</u></u>	<u><u>\$ 120,883</u></u>	<u><u>107.0%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
DETAILS OF AIRPORT AND FACILITIES
March 31, 2014

	<u>Total</u>	<u>Authority Funds</u>	<u>Federal and State Funds</u>
Land	\$ 41,193,383	\$ 35,702,262	\$ 5,491,121
Landing field and grounds	540,455,397	423,417,744	117,037,653
Terminal buildings	706,883,758	706,607,488	276,270
Other buildings	174,645,702	139,640,400	35,005,302
Utilities	5,417,436	5,211,923	205,513
Equipment	32,420,003	32,420,003	-
Construction in progress	<u>81,061,510</u>	<u>81,061,510</u>	<u>-</u>
TOTAL DETAILS OF AIRPORT AND FACILITIES	<u><u>\$ 1,582,077,189</u></u>	<u><u>\$ 1,424,061,330</u></u>	<u><u>\$ 158,015,859</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF DEPRECIATION
March 31, 2014

Departmental	
Administrative	\$ 643,606
Parking	9,413,476
Airport Fire - Rescue	4,662
Airport maintenance	459,764
Law enforcement	19,843
Facilities and environmental	250,488
Operations	13,897
Communications	64,261
Ground transportation	124,528
Total departmental	<u>10,994,525</u>
Nondepartmental	
Airfield complex	<u>5,875,475</u>
Terminal 1 complex	
Buildings and improvements	<u>1,268,949</u>
Terminal 2 complex	
Buildings and improvements	<u>18,734,188</u>
Central Energy Plant	
	<u>554,593</u>
General Aviation complex	
Buildings and improvements	<u>2,973,298</u>
Cargo complex	
Buildings and improvements	<u>717,631</u>
Ground Transportation complex	
Roadways	<u>2,580,940</u>
Fuel Farm complex	
	<u>624,274</u>
Office & Other Buildings complex	
	<u>3,493,938</u>
Utilities complex	
	<u>83,869</u>
Rental Car complex	
	<u>-</u>
TOTAL DEPRECIATION	<u><u>\$ 47,901,680</u></u>

Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Statistical Section

Prepared by the Finance Department

The *Statistical Section* presents detailed information on financial trends, revenue capacity, debt capacity, demographic, and economic information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

STATISTICAL SECTION

RALEIGH-DURHAM AIRPORT AUTHORITY
STATISTICAL TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2014

Statistical Section (Unaudited)	Page
Financial Trends These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	92
Revenue Capacity These schedules contain information to help the reader assess the Authority's most significant revenue source.	97
Debt Capacity These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	99
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	101
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	102

Net Position by Component
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Position										
Invested in capital assets, net of related debt	\$ 330,599,774	\$ 313,607,597	\$ 307,107,509	\$ 321,369,827	\$ 302,289,837	\$ 310,905,473	\$ 298,851,847	\$ 283,069,756	\$ 272,120,858	\$ 253,926,968
Restricted For:										
State of North Carolina Underground Storage Tank										
Trust Deductible	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Passenger Facility Charges	7,212,645	13,239,327	18,149,465	22,671,438	73,294,625	74,428,717	73,609,528	54,433,797	39,088,582	19,243,564
Unrestricted Net Assets	86,803,531	93,733,389	96,036,491	97,869,697	108,572,170	91,557,348	88,539,606	86,543,100	75,110,876	66,073,395
Total Net Position	\$ 424,835,950	\$ 420,800,313	\$ 421,513,465	\$ 442,130,962	\$ 484,376,632	\$ 477,111,538	\$ 461,220,981	\$ 424,266,653	\$ 386,540,316	\$ 339,463,927

Note:

Due to Raleigh-Durham Airport Authority's required adoption of GASB 63 & 65 during FY2013, the Net Position for FY2012 have been re-stated for comparative financial statements.

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating revenues										
Parking	\$ 40,634,069	\$ 40,455,878	\$ 36,406,284	\$ 35,150,897	\$ 33,998,195	\$ 36,572,511	\$ 39,500,251	\$ 37,118,422	\$ 35,102,368	\$ 32,764,711
Airfield	12,158,127	11,366,233	11,930,074	11,865,742	12,499,790	10,614,546	11,308,179	10,931,805	6,852,766	7,033,600
General aviation	1,475,959	1,539,352	1,399,599	1,400,643	1,398,821	1,387,739	1,342,211	817,917	1,017,201	884,339
Terminals	26,230,425	27,022,756	27,020,695	24,632,442	23,283,910	20,459,651	18,845,460	17,692,618	16,323,512	16,427,603
Air cargo	2,032,561	2,000,218	2,300,134	2,016,233	2,004,795	1,989,512	1,959,833	1,911,283	1,741,380	1,667,054
Fuel Farm	1,260,329	1,033,960	1,041,622	972,544	961,740	927,232	565,893	1,170,945	1,166,326	1,204,611
Rental car	13,126,408	12,875,772	12,305,766	11,967,229	11,604,879	12,788,821	13,628,529	12,793,354	11,109,594	9,438,239
Other	1,779,631	1,750,567	1,980,374	1,614,048	1,416,787	1,492,178	1,208,407	1,186,009	1,079,832	1,059,597
Total operating revenues	98,697,509	98,044,736	94,384,548	89,619,778	87,168,917	86,232,190	88,358,763	83,622,353	74,392,979	70,479,754
Operating expenses										
Airport facilities	21,427,418	19,852,701	19,742,281	19,122,793	17,956,239	15,499,047	12,290,026	12,670,053	12,624,529	10,166,095
Administrative	11,439,962	10,104,828	9,631,766	9,438,549	8,201,857	8,274,367	6,684,641	5,468,321	5,212,159	4,558,154
Fuel Farm	988,781	962,410	954,405	978,378	903,815	932,042	739,965	-	-	-
Law enforcement	2,621,284	3,276,244	3,352,166	3,253,639	2,848,365	3,008,371	2,987,660	2,685,681	2,710,370	2,573,268
Airport maintenance	5,682,924	5,582,380	5,147,431	5,176,960	4,828,437	4,821,408	4,247,141	3,986,311	3,711,178	3,511,927
Parking	2,734,778	2,695,904	2,752,134	2,829,332	2,416,808	2,756,988	2,644,350	2,729,983	2,586,436	2,519,168
Emergency services	1,687,521	1,588,000	1,601,134	1,614,092	1,523,960	1,461,996	1,508,453	1,313,139	1,413,059	1,337,302
Visitor services	803,492	736,912	734,451	758,323	689,040	611,002	543,024	558,204	565,644	536,617
Communications	722,262	777,618	751,792	808,140	727,856	814,682	741,821	648,163	651,726	595,018
Operations	1,277,388	1,211,335	1,127,924	1,069,994	984,061	1,004,747	919,665	938,333	906,909	923,735
Ground transportation	2,656,949	2,573,877	2,608,835	2,685,399	2,701,382	2,722,685	2,771,980	2,586,828	2,850,381	3,360,378
Terminal Services	129,396	237,313	334,352	256,996	227,699	222,382	123,352	-	-	-
Subtotal	52,172,155	49,599,522	48,738,671	47,992,595	44,009,519	42,129,717	36,202,078	33,585,016	33,232,391	30,081,662
Depreciation	47,901,680	48,678,489	49,359,167	47,095,977	47,523,955	39,245,679	33,505,153	32,581,129	28,548,381	25,845,025
Total operating expenses	100,073,835	98,278,011	98,097,838	95,088,572	91,533,474	81,375,396	69,707,231	66,166,145	61,780,772	55,926,687
Operating income (loss)	(1,376,326)	(233,275)	(3,713,290)	(5,468,794)	(4,364,557)	4,856,794	18,651,532	17,456,208	12,612,207	14,553,067
Non-operating revenues (expenses)										
Investment interest income	1,419,898	2,054,048	2,148,101	2,500,267	3,750,839	5,592,912	8,507,396	5,484,164	4,015,127	1,931,286
Passenger Facility Charges	18,323,327	18,734,688	18,424,026	18,818,814	18,940,075	19,710,529	24,006,372	20,965,795	20,632,549	15,324,824
Net decrease in fair value of investments	477,643	781,419	241,068	(404,171)	(404,147)	(40,516)	771,553	718,703	160,248	(1,119,050)
Bond interest expense, net	(25,801,032)	(27,933,517)	(29,077,558)	(25,491,187)	(22,663,862)	(15,989,551)	(15,239,195)	(9,556,465)	(9,878,616)	(9,727,743)
Loss on disposal of airport facilities	-	-	-	-	-	-	-	-	-	(219,042)
Loss on swap termination	-	-	(1,465,749)	(34,350,297)	-	(4,543,541)	-	-	-	-
Amortization of deferred expenses related to 2001A refunding	-	-	-	(5,392,913)	-	-	-	-	-	-
Other, Revenue (TSA Reimb, Late Fees, Misc)	344,365	408,133	729,996	873,263	487,820	626,545	206,670	372,260	314,989	852,613
Total non-operating revenues (expenses)	(5,235,799)	(5,955,229)	(9,000,116)	(43,446,224)	110,725	5,356,378	18,252,796	17,984,457	15,244,297	7,042,888
Income (loss) before capital contributions	(6,612,125)	(6,188,504)	(12,713,406)	(48,915,018)	(4,253,832)	10,213,172	36,904,328	35,440,665	27,856,504	21,595,955
Capital contributions	10,647,762	5,475,352	644,240	6,669,348	11,518,926	5,677,385	50,000	2,285,672	19,219,885	17,829,840
Increase (decrease) in net position	4,035,637	(713,152)	(12,069,166)	(42,245,670)	7,265,094	15,890,557	36,954,328	37,726,337	47,076,389	39,425,795
Net position, beginning of year	\$ 420,800,313	\$ 421,513,465	433,582,631	484,376,632	477,111,538	461,220,981	424,266,653	386,540,316	339,463,927	300,038,132
Net position, end of year	\$ 424,835,950	\$ 420,800,313	\$ 421,513,465	\$ 442,130,962	\$ 484,376,632	\$ 477,111,538	\$ 461,220,981	\$ 424,266,653	\$ 386,540,316	\$ 339,463,927

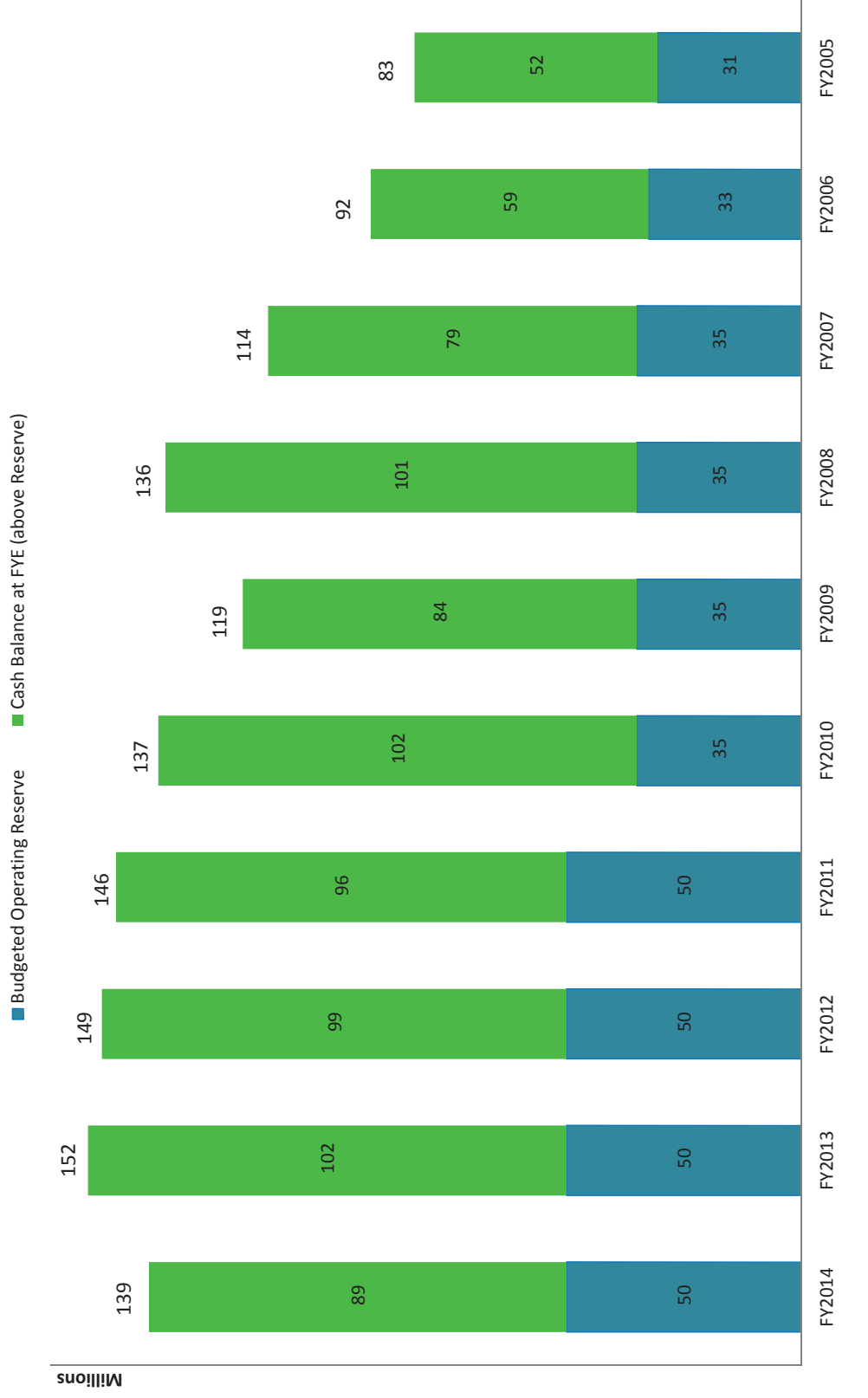
Note:

Due to Raleigh-Durham Airport Authority's required adoption of GASB 63 & 65 during FY2013, the Net Position for FY2012 have been re-stated for comparative financial statements.

RALEIGH-DURHAM AIRPORT AUTHORITY
KEY PERFORMANCE INDICATORS
Last Ten Fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Airline Revenue per Enplanement	\$ 6.63	\$ 6.35	\$ 6.48	\$ 6.29	\$ 6.24	\$ 5.09	\$ 4.50	\$ 4.62	\$ 3.80	\$ 4.05
Airline Revenue per Airline Operation	224.86	215.93	206.77	191.23	186.94	145.35	120.55	120.81	96.22	94.58
Total Aeronautical Revenue per Total Operation	192.56	192.23	186.22	178.95	171.91	132.04	110.81	110.80	90.68	88.99
Concession Revenue per Enplanement	1.49	1.44	1.49	1.43	1.39	1.25	1.19	1.11	1.04	1.05
Concession Revenue per Airline Operation	50.64	48.96	47.62	43.52	41.80	35.58	31.91	28.94	26.47	24.57
Rental Car Revenue per Enplanement	2.86	2.78	2.68	2.62	2.57	2.73	2.69	2.68	2.36	2.09
Rental Car Revenue per Airline Operation	96.84	94.53	85.35	79.84	77.00	77.93	71.96	70.08	59.91	48.85
Parking Revenue per Enplanement	9.13	9.01	8.18	7.95	7.76	7.99	7.87	7.85	7.53	7.40
Parking Revenue per Airline Operation	309.53	306.46	260.80	241.89	232.63	228.18	210.62	205.17	190.76	173.04
Non-Aeronautical Revenue per Enplanement	13.73	13.49	12.66	12.09	11.82	12.16	11.92	11.80	11.09	10.61
Non-Aeronautical Revenue per Airline Operation	465.46	458.76	404.01	367.65	354.43	347.08	319.05	308.42	281.06	247.99
Non-Airline Operating Revenue per Enplanement	14.84	14.79	14.05	13.43	13.18	13.32	12.92	12.91	12.03	11.56
Non-Airline Operating Revenue per Total Operation	368.95	371.62	332.51	314.97	298.45	281.39	259.97	249.71	230.23	205.89
Total Operating Revenue per Enplanement	21.47	21.14	20.53	19.72	19.41	18.41	17.43	17.53	15.83	15.60
Total Operating Revenue per Airline Operation	728.10	718.97	655.08	599.76	581.97	525.44	466.52	458.07	401.15	364.78
Total Operating Revenue per Total Operation	533.81	531.13	485.88	462.41	439.68	389.00	350.56	339.16	302.88	277.96
Total Operating Expenses per Enplanement	11.35	10.71	10.57	10.49	9.74	8.99	7.14	7.04	7.07	6.66
Total Operating Expenses per Airline Operation	384.88	364.16	337.16	319.14	292.01	256.71	191.14	183.97	179.20	155.69
Total Operating Expenses per Total Operation	282.17	269.02	250.08	246.05	220.62	190.05	143.63	136.22	135.30	118.64
Number of Days Unrestricted Cash On Hand	976	1,118	1,112	1,162	1,135	1,029	1,364	1,232	1,006	997

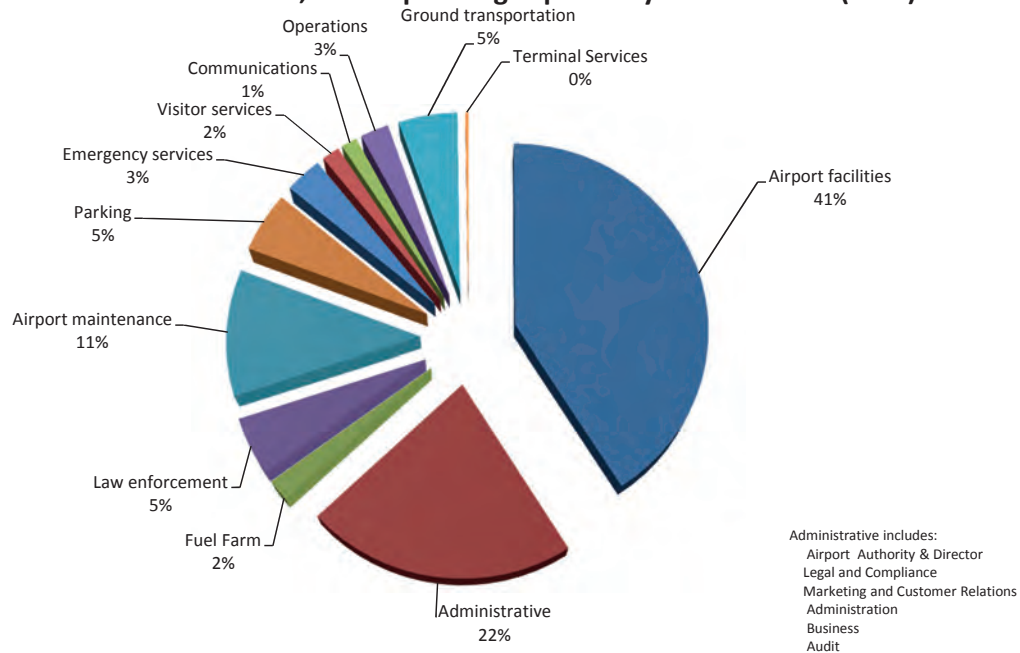
RDU Cash/Investment Balances vs Operating Reserve Policy (Excluding PFC Cash Balance & Bond Proceeds)



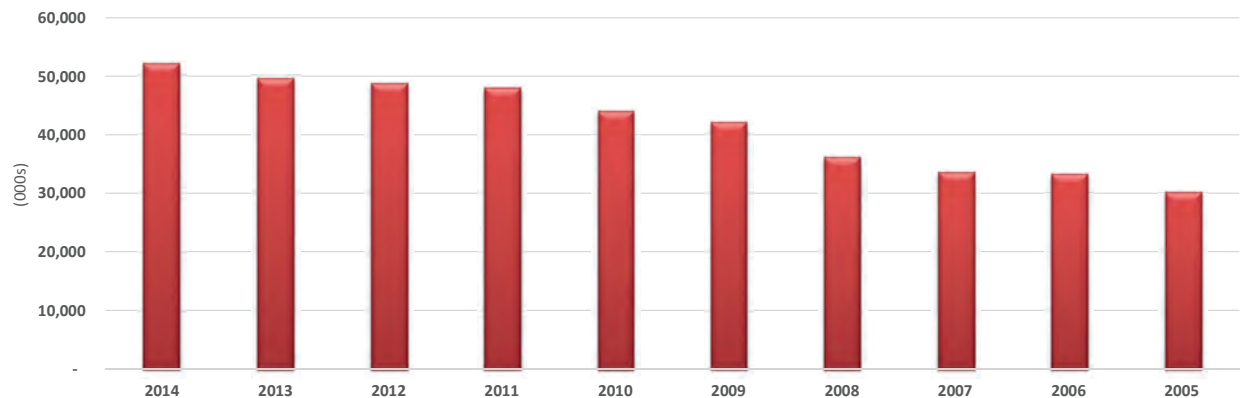
FYE March 31, 2014 Operating Expense by Business Unit (000s)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Airport facilities	\$ 21,427	\$ 19,853	\$ 19,742	\$ 19,123	\$ 17,956	\$ 15,499	\$ 12,290	\$ 12,670	\$ 12,625	\$ 10,166
Administrative	11,440	10,105	9,632	9,439	8,202	8,274	6,685	5,468	5,212	4,558
Fuel Farm	989	962	954	978	904	932	740	-	-	-
Law enforcement	2,621	3,276	3,352	3,254	2,848	3,008	2,988	2,686	2,710	2,573
Airport maintenance	5,683	5,582	5,147	5,177	4,828	4,821	4,247	3,986	3,711	3,512
Parking	2,735	2,696	2,752	2,829	2,417	2,757	2,644	2,730	2,586	2,519
Emergency services	1,688	1,588	1,601	1,614	1,524	1,462	1,508	1,313	1,413	1,337
Visitor services	803	737	734	758	689	611	543	558	566	537
Communications	722	778	752	808	728	815	742	648	652	595
Operations	1,277	1,211	1,128	1,070	984	1,005	920	938	907	924
Ground transportation	2,657	2,574	2,609	2,685	2,701	2,723	2,772	2,587	2,850	3,360
Terminal Services	129	237	334	257	228	222	123	-	-	-
Total	\$ 52,172	\$ 49,600	\$ 48,739	\$ 47,993	\$ 44,010	\$ 42,130	\$ 36,202	\$ 33,585	\$ 33,232	\$ 30,082

FYE March 31, 2014 Operating Expense by Business Unit (000s)



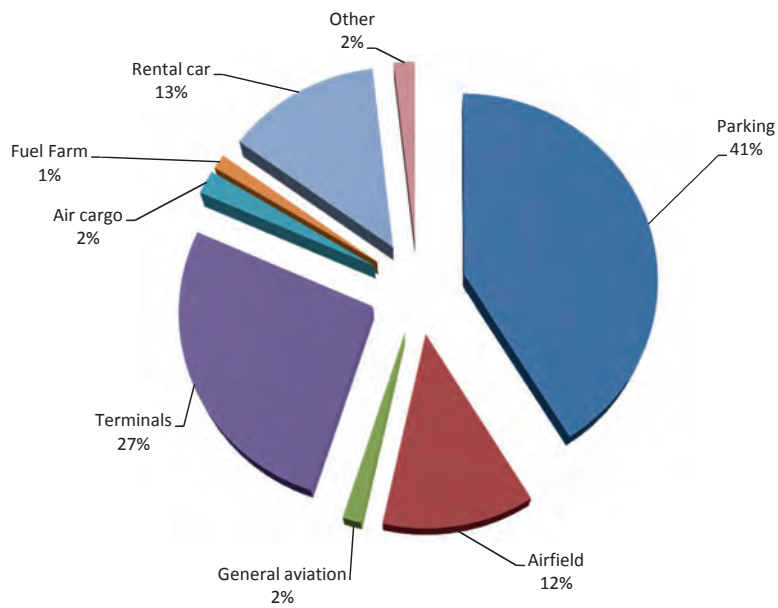
Operating Expenses



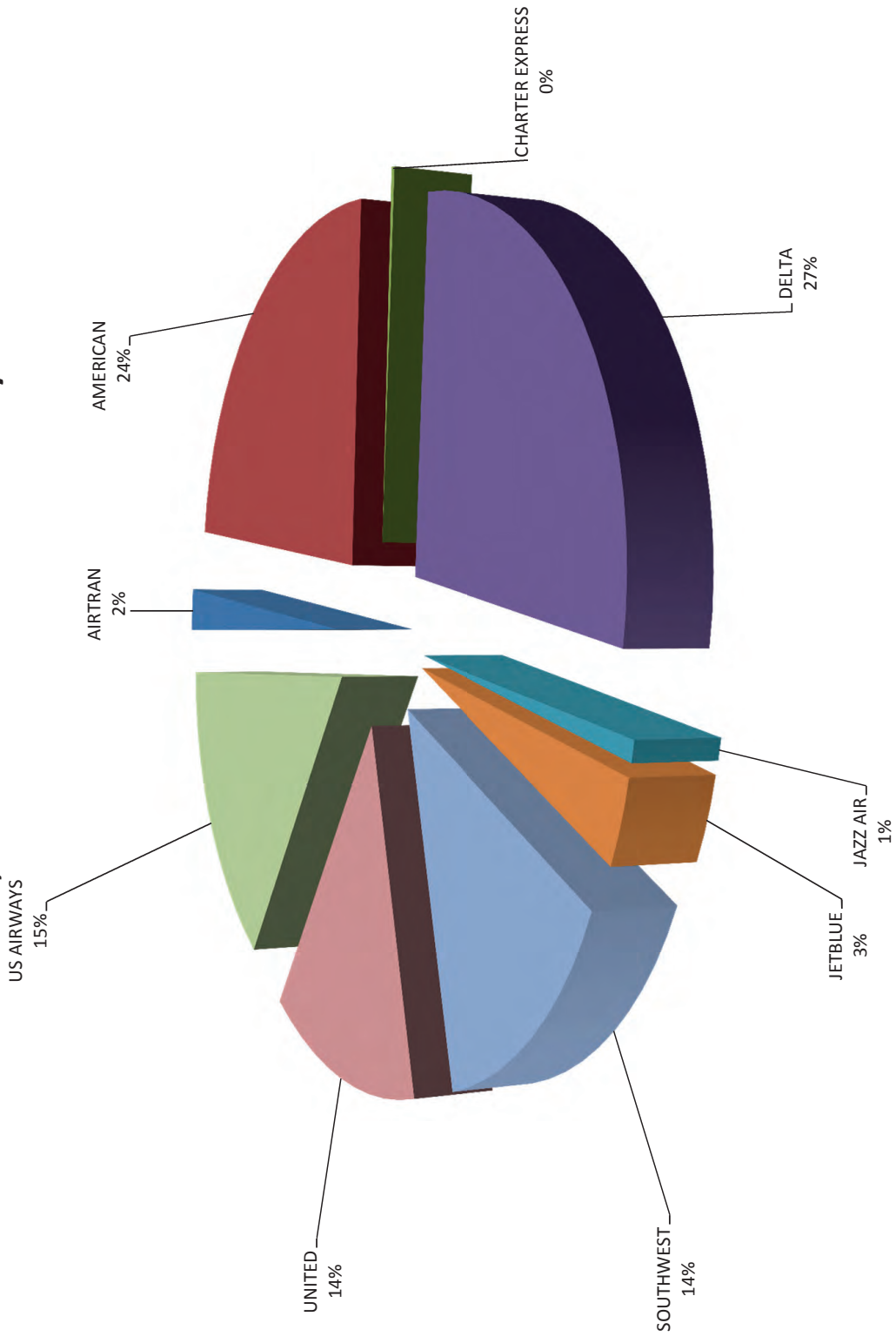
FYE March 31, 2014 Operating Revenue by Source (000s)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Parking	\$ 40,634	\$ 40,456	\$ 36,406	\$ 35,151	\$ 33,998	\$ 36,573	\$ 39,500	\$ 37,118	\$ 35,102	\$ 32,765
Airfield	12,158	11,366	11,930	11,866	12,500	10,615	11,308	10,932	6,853	7,034
General aviation	1,476	1,539	1,400	1,401	1,399	1,388	1,342	818	1,017	884
Terminals	26,230	27,023	27,021	24,632	23,284	20,460	18,845	17,693	16,324	16,428
Air cargo	2,033	2,000	2,300	2,016	2,005	1,990	1,960	1,911	1,741	1,667
Fuel Farm	1,260	1,034	1,042	973	962	927	566	1,171	1,166	1,205
Rental car	13,126	12,876	12,306	11,967	11,605	12,789	13,629	12,793	11,110	9,438
Other	1,780	1,751	1,980	1,614	1,417	1,492	1,208	1,186	1,080	1,060
Total	\$ 98,698	\$ 98,045	\$ 94,385	\$ 89,620	\$ 87,169	\$ 86,232	\$ 88,359	\$ 83,622	\$ 74,393	\$ 70,480

FYE March 31, 2014 Operating Revenue by Source (000s)



FYE March 31, 2014 Airline Derived Revenue by Carrier



no carrier accounted for more than 8.04% of operating revenues

RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT SERVICE SCHEDULE
with Irrevocable PFC Offsets (as committed)

	FY 2023/2024	FY 2022/2023	FY 2021/2022	FY 2020/2021	FY 2019/2020	FY 2018/2019	FY 2017/2018	FY 2016/2017	FY 2015/2016	FY 2014/2015
RDU BONDS ISSUES										
2005 A (Non-AMT) - \$39,805 mill (4.66%)										
Principal (May Only)	\$ 3,205,000	\$ 3,050,000	\$ 2,900,000	\$ 2,760,000	\$ 490,000	n/a	n/a	n/a	n/a	n/a
Interest (May)	753,344	829,594	902,094	971,094	980,894	980,894	980,894	980,894	980,894	980,894
Interest (November)	673,219	753,344	829,594	902,094	971,094	980,894	980,894	980,894	980,894	980,894
Total	\$ 4,631,563	\$ 4,632,938	\$ 4,631,688	\$ 4,633,188	\$ 2,441,988	\$ 1,961,788	\$ 1,961,788	\$ 1,961,788	\$ 1,961,788	\$ 1,961,788
2005 B (AMT) - \$85.49 mill (4.66%)										
Principal (May Only) PFC Application of Funds	\$ 3,270,000	\$ 3,120,000	\$ 2,965,000	\$ 2,820,000	\$ 4,820,000	\$ 5,055,000	\$ 4,810,000	\$ 4,575,000	\$ 4,355,000	\$ 4,150,000
Interest (May) PFC Application of Funds	613,806	691,806	765,931	836,431	956,931	1,083,306	1,203,556	1,317,931	1,420,156	1,522,656
Interest (November) PFC Application of Funds	540,231	613,806	691,806	765,931	836,431	956,931	1,083,306	1,203,556	1,317,931	1,420,156
Total	\$ 4,424,038	\$ 4,425,613	\$ 4,422,738	\$ 4,422,363	\$ 6,613,363	\$ 7,095,238	\$ 7,096,863	\$ 7,096,488	\$ 7,093,088	\$ 7,092,813
2007 (AMT) - \$152,070 mill (4.75%)										
Principal (May Only) PFC Application of Funds	\$ 5,000,000	\$ 4,755,000	\$ 4,525,000	\$ 4,305,000	\$ 4,095,000	\$ 3,895,000	\$ 3,705,000	\$ 3,525,000	\$ 3,355,000	\$ 3,190,000
Interest (May) PFC Application of Funds	2,642,138	2,761,013	2,874,138	2,981,763	3,084,138	3,181,513	3,274,138	3,362,263	3,445,138	3,524,888
Interest (November) PFC Application of Funds	2,517,138	2,642,138	2,761,013	2,874,138	2,981,763	3,084,138	3,181,513	3,274,138	3,362,263	3,445,138
Total	\$ 10,159,275	\$ 10,158,150	\$ 10,160,150	\$ 10,160,900	\$ 10,160,900	\$ 10,160,650	\$ 10,160,650	\$ 10,161,400	\$ 10,162,400	\$ 10,160,025
2008 C (Non-AMT) - \$72.295 mill Variable rate										
Principal (May Only) PFC Application of Funds	2,550,000	2,440,000	2,330,000	2,220,000	2,120,000	2,020,000	1,925,000	1,840,000	1,750,000	1,670,000
Interest (12 Monthly Payments) PFC Application of Funds	\$1,893,100	1,984,733	2,081,967	2,174,800	2,263,267	2,347,733	2,428,217	2,504,933	2,578,233	2,647,967
Total	\$ 4,433,100	\$ 4,424,733	\$ 4,411,967	\$ 4,394,800	\$ 4,383,267	\$ 4,367,733	\$ 4,353,217	\$ 4,344,933	\$ 4,328,233	\$ 4,317,967
2010A (Non-AMT) - \$242.365 mill (4.11%) Fixed Rate										
Principal (May Only)	\$ 8,520,000	\$ 8,105,000	\$ 7,710,000	\$ 7,330,000	\$ 6,975,000	\$ 6,635,000	\$ 6,310,000	\$ 6,005,000	\$ 5,740,000	\$ 5,510,000
Interest (May)	4,066,506	4,269,131	4,461,881	4,645,131	4,819,506	4,985,381	5,143,131	5,293,256	5,408,056	5,518,256
Interest (November)	3,853,506	4,066,506	4,269,131	4,461,881	4,645,131	4,819,506	4,985,381	5,143,131	5,293,256	5,408,056
Total	\$ 16,440,013	\$ 16,440,638	\$ 16,441,013	\$ 16,437,013	\$ 16,439,638	\$ 16,439,888	\$ 16,438,513	\$ 16,441,313	\$ 16,441,313	\$ 16,436,313
2010B - (Non-AMT) - \$94.08 mill (4.11%) Fixed Rate										
Principal (November Only)	\$ 6,395,000	\$ 6,090,000	\$ 5,805,000	\$ 5,630,000	\$ 5,365,000	\$ 5,110,000	\$ 4,865,000	\$ 4,725,000	\$ 4,540,000	\$ 4,370,000
Interest (May)	883,625	1,035,875	1,181,000	1,265,450	1,399,675	1,527,325	1,648,950	1,719,825	1,810,625	1,898,025
Interest (November)	883,625	1,035,875	1,181,000	1,265,450	1,399,675	1,527,325	1,648,950	1,719,825	1,810,625	1,898,025
Total	\$ 8,162,250	\$ 8,161,750	\$ 8,167,000	\$ 8,160,900	\$ 8,164,150	\$ 8,164,650	\$ 8,162,900	\$ 8,164,650	\$ 8,161,250	\$ 8,166,050
2010B-1 (Non-AMT) - \$38.235 mill (4.18%) Fixed Rate										
Principal (November Only)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interest (May)	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550
Interest (November)	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550
Total	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100
FY Principal Total										
FY Interest Total										
Total Principal and Interest	\$ 49,953,338	\$ 49,946,921	\$ 49,937,655	\$ 49,912,263	\$ 49,906,405	\$ 49,893,046	\$ 49,877,030	\$ 49,873,746	\$ 49,851,171	\$ 49,838,055
Total Principal Outstanding at end of FY	\$ 425,610,000	\$ 454,550,000	\$ 482,110,000	\$ 508,345,000	\$ 533,410,000	\$ 557,275,000	\$ 579,990,000	\$ 601,605,000	\$ 622,275,000	\$ 642,015,000
PFC Offsets to Annual Debt Service										
Irrevocable Commitment of PFC's										
DEBT SERVICE P & I NET OF PFC OFFSET	\$ 49,953,338	\$ 49,946,921	\$ 49,937,655	\$ 49,912,263	\$ 49,906,405	\$ 49,893,046	\$ 49,877,030	\$ 49,873,746	\$ 44,850,171	\$ 44,837,055

Notes:
1 This schedule represents Cashflow Scheduled Debt Service. Accrual Basis interest expense will differ slightly.
2 2008 interest costs are based on estimated weekly variable rates for FY 2012-2013 was 16 basis points or .16%. This interest cost excludes program costs such as liquidity and remarketing fees which total 77.5 basis pts.

RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT PROFILE
3/31/2013 & 3/31/2014

Type of Debt General Airport Revenue Bonds (GARBS):	Series	Original Term	Tax Exempt Status	Use of Funds	Original Issue Size	3/31/2013 Debt Amount Outstanding	Principal Payments made FY 13/14	3/31/2014 Debt Amount Outstanding
Fixed Rate	Series 2001A	30	Non-AMT	Parking Garage 4 (Defeased by 2010B, B-1 refunding)	\$ 156,975,000	\$ -	-	\$ -
Fixed Rate	Series 2001B	13	Non-AMT	Refunded Parking Rev Bonds (Cash defeased March 2011)	47,570,000	-	-	-
Variable Rate	Series 2002	15	AMT	Term C Lease Buyout (Paid off in August 2008)	30,000,000	-	-	-
Bond Anticipation Notes	Series 2002B	1	-	Terminal 2 Bond Anticipation Notes (Paid off with 2005 Bonds)	35,000,000	-	-	-
Bond Anticipation Notes	Series 2003	1	-	Terminal 2 Bond Anticipation Notes (Paid off with 2005 Bonds)	35,000,000	-	-	-
Fixed Rate	Series 2005A	25	Non-AMT	Operation Center, G/A Term, 75% of Taxiway D	39,805,000	\$ 39,805,000	\$ -	\$ 39,805,000
Fixed Rate	Series 2005B	25	AMT	Terminal 2 Project, 25% of Taxiway D	85,490,000	\$ 67,005,000	\$ 3,950,000	\$ 63,055,000
Variable Rate swapped to Fixed	Series 2006ABCDE	30	AMT	Terminal 2 Project - New Money (Refunded by 2008ABC)	300,000,000	\$ -	\$ -	\$ -
Fixed Rate	Series 2007	30	AMT	Terminal 2 Project - New Money	152,070,000	\$ 146,430,000	\$ 3,035,000	\$ 143,395,000
Variable Rate swapped to Fixed	Series 2008A	28	AMT	Refunded 2006 ABCDE Bonds	125,000,000	-	-	-
Variable Rate swapped to Fixed	Series 2008B	28	AMT	Refunded 2006 ABCDE Bonds	100,000,000	-	-	-
Variable Rate swapped to Fixed	Series 2008C	28	AMT	Refunded 2006 ABCDE Bonds	75,000,000	-	-	-
Variable Rate	Series 2008C	27	Non-AMT	Refunded 2008C Variable Bonds to to Non-AMT	73,680,000	\$ 69,325,000	\$ 1,595,000	\$ 67,730,000
Fixed Rate	Series 2010A	26	Non-AMT	Refunded 2008AB bonds to fixed rate and Terminate Swaps	242,365,000	\$ 232,160,000	\$ 5,320,000	\$ 226,840,000
Fixed Rate	Series 2010B	16	Non-AMT	Refunded 2001A-Parking Garage Bonds for PV savings	94,080,000	\$ 86,045,000	\$ 4,200,000	\$ 81,845,000
Fixed Rate	Series 2010B-1	21	Non-AMT	Refunded 2001A-Parking Garage Bonds for PV savings	38,235,000	\$ 38,235,000	\$ -	\$ 38,235,000
Total Debt Issued					\$ 1,630,270,000			
Total Outstanding Debt						\$ 679,005,000	\$ 18,100,000	\$ 660,905,000
Fixed versus Variable Debt								
Fixed Rate Debt						\$ 609,680,000	89.8%	\$ 593,175,000
Variable Rate Debt (2008C bonds)						\$ 69,325,000	10.2%	\$ 67,730,000
Total Outstanding Debt						\$ 679,005,000	100.0%	\$ 660,905,000

Weighted Average Rates
of Debt Portfolio at 3/31/14

	Current Rates	Current Wgt. Avg. Rates
\$ 39,805,000	4.66%	0.28%
\$ 63,055,000	4.66%	0.44%
\$ 143,395,000	4.75%	1.03%
\$ 67,730,000	0.05% *1,*2	0.01%
\$ 226,840,000	4.11%	1.41%
\$ 81,845,000	4.11%	0.51%
\$ 38,235,000	4.18%	0.24%
\$ 660,905,000		

Weighted Average Rate of Debt at March 31, 2014

3.92%

*1 Excludes Program Costs such as LOC and Remarketing Fees.
*2 Weekly rate for variable bonds at March 31, 2014

RALEIGH-DURHAM AIRPORT AUTHORITY
RDU DEMOGRAPHIC INFORMATION
2013, 2012, and 2011 (\$ in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Population*	1,910	1,860	1,830
Median Household Income**	Unavailable	\$60.3	\$60.7
Per Capita Income***	Unavailable	\$41.4	\$40.2
Personal Income***	Unavailable	\$82,840,886	\$72,197,502
Median Age****	35.4	35.1	34.4
Unemployment Rate*****	6.4	7.7	8.6

Sources:

*CAFR Demographic and Economic Statistics for City of Raleigh, Wake County, City of Durham, and Durham County

**U.S. Census Bureau, 2010-2011 American Community Survey for Durham MSA and Raleigh-Cary MSA

***U.S. Department of Commerce, Bureau of Economic Analysis

****U.S. Census Bureau, American Fact Finder

*****U.S. Department of Labor, Bureau of Labor Statistics

Raleigh-Durham Airport Authority
Raleigh-Durham Triangle Top Employers
Current year and Nine years Ago

The Authority primarily serves the Research Triangle; officially named the Raleigh-Durham-Cary CSA (combined statistical area). Major employers of the region include:

	2013			2004		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Duke University	34,863	1	4.31%	19,205	3	3.66%
State of North Carolina	24,083	2	2.98%	23,639	2	4.51%
International Business Machines	20,000	3	2.48%	27,000	1	5.15%
Wake County Public Schools	17,572	4	2.17%	12,997	4	2.48%
Glaxosmithkline	7,840	5	0.97%	9,800	5	1.87%
N C State University at Raleigh	8,080	6	1.00%	7,787	6	1.48%
Wake Med	8,423	7	1.04%	5,000	8	0.95%
Rex Healthcare	5,400	8	0.67%	3,779		0.72%
SAS Institute, Inc.	5,159	9	0.64%	4,300	10	0.82%
Cisco Systems, Inc.	5,500	10	0.68%	0		0.00%
Durham Public Schools	4,600		0.57%	4,500	9	0.86%
Nortel Networks, Inc.	-		-	7,100	7	1.35%
Total	<u>141,520</u>		<u>17.52%</u>	<u>125,107</u>		<u>23.87%</u>

Source - Wake County 2013 CAFR - Greater Raleigh Chamber of Commerce
Durham County 2013 CAFR - Durham Chamber of Commerce

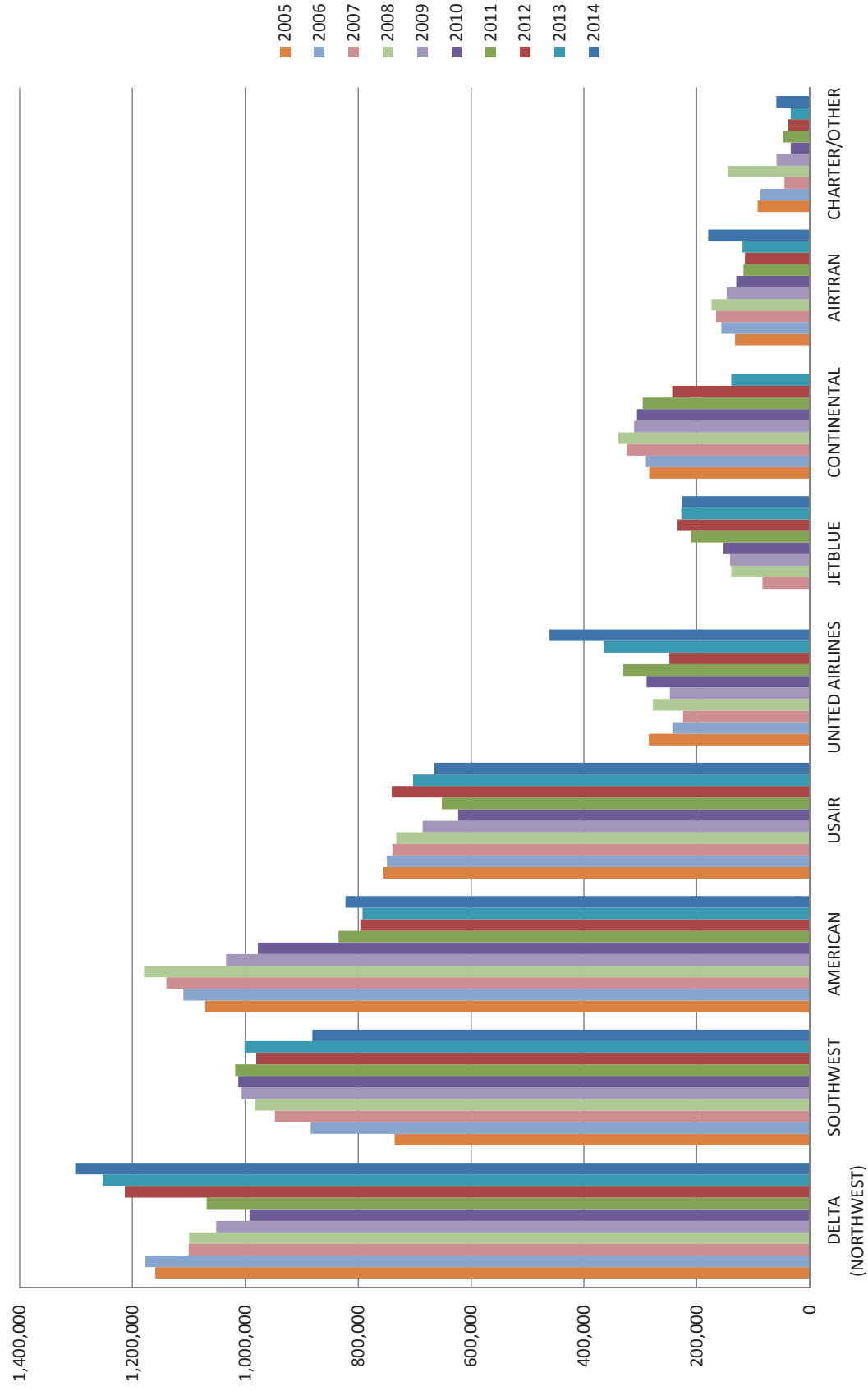
RALEIGH-DURHAM AIRPORT AUTHORITY
ACTIVITY STATISTICS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Passengers</u>	<u>Aircraft Operations</u>	<u>Cargo Volume (lbs)</u>
2014	9,165,624	184,893	165,745,265
2013	9,234,825	184,370	170,671,119
2012	9,199,631	194,895	170,616,488
2011	9,147,426	195,051	191,632,110
2010	9,001,247	199,483	198,545,086
2009	9,367,703	221,676	211,264,605
2008	10,110,183	252,051	237,097,547
2007	9,543,800	246,557	230,839,499
2006	9,280,471	245,615	240,313,100
2005	8,929,913	253,563	236,196,270
2004	7,964,067	227,140	212,777,512

Source: Raleigh Durham Airport Authority Activity Reports

Aircraft operations represents the total number of take-offs and landings passe

Enplaned Passengers by Airline



RALEIGH-DURHAM AIRPORT AUTHORITY
ENPLANED PASSENGERS BY AIRLINE
Last Ten fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
DELTA (NORTHWEST)	1,301,608 28.3%	1,252,801 27.0%	1,213,745 26.3%	1,068,655 23.4%	992,524 22.0%	1,051,656 22.4%	1,099,792 21.7%	1,100,558 23.1%	1,178,088 25.1%	1,159,475 25.7%
SOUTHWEST	881,332 19.2%	1,001,494 21.6%	980,621 21.3%	1,018,029 22.3%	1,012,673 22.4%	1,006,841 21.5%	982,935 19.4%	947,658 19.9%	884,222 18.8%	735,767 16.3%
AMERICAN	822,556 17.9%	792,398 17.1%	796,502 17.3%	835,120 18.3%	977,895 21.6%	1,034,070 22.1%	1,179,470 23.3%	1,139,890 23.9%	1,110,052 23.6%	1,071,109 23.7%
USAIR	665,133 14.5%	702,779 15.2%	740,900 16.1%	652,031 14.3%	623,142 13.8%	685,798 14.6%	732,835 14.5%	739,632 15.5%	749,050 15.9%	755,734 16.7%
UNITED AIRLINES	461,097 10.0%	364,127 7.9%	248,920 5.4%	330,210 7.2%	289,275 6.4%	247,776 5.3%	277,971 5.5%	224,345 4.7%	243,139 5.2%	285,439 6.3%
JETBLUE	225,960 4.9%	227,676 4.9%	234,131 5.1%	210,642 4.6%	152,583 3.4%	141,066 3.0%	139,057 2.7%	83,762 1.8%	- 0.0%	- 0.0%
CONTINENTAL	0 0.0%	139,311 3.0%	243,467 5.3%	295,864 6.5%	306,178 6.8%	311,410 6.6%	339,065 6.7%	323,886 6.8%	290,413 6.2%	284,350 6.3%
AIRTRAN	179,787 3.9%	119,079 2.6%	115,128 2.5%	117,280 2.6%	130,365 2.9%	147,364 3.1%	173,880 3.4%	166,071 3.5%	156,488 3.3%	132,538 2.9%
CHARTER/OTHER	59,425 1.3%	33,619 0.7%	38,071 0.8%	46,946 1.0%	33,687 0.7%	58,717 1.3%	144,989 2.9%	44,996 0.9%	87,470 1.9%	92,387 2.0%
TOTAL	4,596,898	4,633,284	4,611,485	4,574,777	4,518,322	4,684,698	5,069,994	4,770,798	4,698,922	4,516,799

RALEIGH-DURHAM AIRPORT AUTHORITY
ENPLANED PASSENGERS BY MONTH

Last Ten Fiscal Years

	Avg %	Monthly Avg	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
April	8.37%	390,802	384,101	394,240	385,934	378,833	386,257	418,666	418,819	392,703	380,756	367,706
May	8.95%	417,569	417,581	411,004	415,626	400,240	395,931	449,221	448,600	417,233	433,395	386,862
June	9.24%	431,321	426,151	428,277	422,735	421,754	413,735	462,195	476,806	434,149	437,868	389,541
July	9.25%	431,536	410,540	414,839	427,336	427,675	429,806	454,330	469,881	425,489	434,254	421,211
August	8.76%	408,761	396,153	411,880	391,839	399,923	399,927	422,091	463,413	414,456	408,259	379,669
September	7.80%	364,166	359,375	369,095	369,392	365,295	354,093	354,490	391,222	365,120	367,430	346,150
October	8.84%	412,617	406,059	406,522	412,907	411,232	403,843	410,727	437,609	414,758	415,225	407,289
November	8.36%	390,414	374,721	392,065	389,412	393,364	374,480	364,782	423,622	412,364	398,876	380,453
December	8.48%	395,688	414,239	383,896	383,279	391,540	386,585	394,997	408,355	411,925	389,339	392,727
January	6.86%	320,072	317,903	323,135	314,555	312,767	309,391	301,606	344,556	344,263	322,342	310,198
February	6.67%	311,320	293,120	311,865	313,715	299,202	291,670	298,697	356,028	329,166	309,689	310,045
March	8.43%	393,332	396,955	386,466	384,755	372,952	372,604	352,896	431,083	409,172	401,489	424,948
TOTAL		4,667,598	4,596,898	4,633,284	4,611,485	4,574,777	4,518,322	4,684,698	5,069,994	4,770,798	4,698,922	4,516,799
Increase (Decrease) over Prior Period			-0.79%	0.47%	0.80%	1.25%	-3.55%	-7.60%	6.27%	1.53%	4.03%	-15.52%

RALEIGH-DURHAM AIRPORT AUTHORITY
LANDED WEIGHTS BY AIRLINE (in 000's)
Last Ten Fiscal Years

Airlines	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005										
AIRTRAN	215,944.00	3.6%	138,728.00	2.4%	145,040.00	2.4%	138,872.00	2.3%	151,096.00	2.6%	180,448.00	2.8%	205,139.50	2.9%	198,704.40	3.0%	187,720.00	2.8%	173,347.00	2.5%
AMERICAN	986,670.96	16.5%	919,158.66	15.6%	945,195.49	15.5%	1,015,421.03	16.9%	1,199,345.76	20.2%	1,379,141.10	21.3%	1,607,897.87	22.6%	1,523,329.49	22.8%	1,505,417.37	22.7%	1,645,876.05	23.9%
CONTINENTAL	-	0.0%	162,017.87	2.7%	270,259.18	4.4%	325,660.65	5.4%	340,284.20	5.7%	373,257.38	5.8%	384,852.43	5.4%	362,923.19	5.4%	344,040.62	5.2%	385,542.22	5.6%
DELTA (NORTHWEST)	1,641,585.56	27.4%	1,503,386.91	25.5%	1,453,246.74	23.8%	1,281,754.58	21.4%	1,161,039.90	19.6%	1,003,810.20	15.5%	1,359,023.24	19.1%	1,375,437.80	20.6%	1,516,711.35	22.8%	1,573,666.02	22.8%
FRONTIER	28,369.50	0.5%	-	0.0%	21,676.26	0.4%	44,847.02	0.7%	-	-	-	-	-	-	-	-	-	-	-	-
JAZZ AIR	46,540.00	0.8%	50,752.20	0.9%	60,363.90	1.0%	53,752.30	0.9%	45,646.20	0.8%	53,016.00	0.8%	56,440.20	0.8%	50,440.00	0.8%	47,199.10	0.7%	50,937.60	0.7%
JETBLUE	266,986.60	4.5%	256,642.70	4.4%	269,025.40	4.4%	249,735.30	4.2%	190,769.30	3.2%	191,153.00	3.0%	181,688.29	2.6%	111,472.05	1.7%	-	0.0%	-	0.0%
SOUTHWEST	1,058,200.00	17.7%	1,239,454.00	21.0%	1,226,814.00	20.1%	1,205,886.00	20.1%	1,237,984.00	20.9%	1,347,980.00	20.8%	1,341,806.00	18.8%	1,252,454.00	18.7%	1,153,776.00	17.4%	961,466.00	14.0%
UNITED AIRLINES	517,664.64	8.6%	396,819.39	6.7%	516,571.08	8.5%	484,409.56	8.1%	473,476.75	8.0%	338,950.28	5.2%	500,564.32	7.0%	277,076.37	4.1%	302,447.09	4.6%	326,738.88	4.7%
USAIR	797,467.20	13.3%	818,145.79	13.9%	752,766.08	12.3%	716,733.08	12.0%	658,321.50	11.1%	1,089,778.74	16.9%	916,638.79	12.9%	979,503.06	14.7%	934,136.28	14.1%	1,022,003.89	14.8%
CHARTER/OTHER	20,016.10	0.3%	17,455.00	0.3%	24,926.00	0.4%	16,968.50	0.3%	17,939.83	0.3%	18,950.42	0.3%	52,098.00	0.7%	17,555.00	0.3%	76,643.00	1.2%	161,340.60	2.3%
Cargo																				
UPS	137,312.21	2.3%	132,418.44	2.2%	133,429.52	2.2%	134,900.60	2.3%	131,023.68	2.2%	134,318.30	2.1%	135,892.78	1.9%	137,229.12	2.1%	141,256.62	2.1%	132,010.20	1.9%
FEDERAL EXPRESS	269,512.50	4.5%	251,156.00	4.3%	244,371.30	4.0%	250,699.30	4.2%	239,169.60	4.0%	237,093.50	3.7%	248,939.35	3.5%	255,424.55	3.8%	253,415.45	3.8%	234,744.70	3.4%
OTHERS		0.0%	8,286.66	0.1%	33,463.32	0.5%	75,258.66	1.3%	79,123.00	1.3%	118,319.30	1.8%	129,820.35	1.8%	139,504.31	2.1%	182,545.56	2.7%	222,102.00	3.2%
TOTAL	5,986,269.27	100.0%	5,894,421.62	100.0%	6,097,148.27	100.0%	5,994,898.58	100.0%	5,925,219.72	100.0%	6,466,216.22	100.0%	7,120,801.12	100.0%	6,681,053.34	100.0%	6,645,308.44	100.0%	6,889,775.16	100.0%

Raleigh-Durham Airport Authority

Capital Assets and Other Airport Information

About the Airport: Raleigh-Durham International Airport (the Airport or RDU) is owned and operated by the Raleigh-Durham Airport Authority (the Authority). The General Assembly of North Carolina enacted legislation on March 9, 1939 enabling the Cities of Raleigh and Durham, and the Counties of Wake and Durham to jointly establish, operate and maintain an airport and to appoint members to a board to be known as the "Aeronautics Authority for the City of Raleigh, City of Durham, County of Durham and County of Wake". The enabling act further authorized the Aeronautics Authority to "act in an administrative capacity and be vested with the Authority to control, lease, maintain, improve, operate, and regulate the joint airport or landing field." In 1941, the name of the Aeronautics Authority was changed to the "Raleigh-Durham Airport Authority." Amendments to the Authority's enabling legislation have been enacted from time to time to define and expand the Authority's powers to operate the Airport.

RDU serves 9.2 million passengers on 7 major airlines and serves 39 international and nonstop destinations with an average of 180 daily flights. In the fiscal year 2013-14 98% of all passengers at the airport enplaned on domestic flights and 2% enplaned on international flights.

Location: The Airport is located midway between the cities of Raleigh and Durham, primarily in Wake County, approximately 11 miles southeast of Durham and 11 miles northwest of Raleigh. The Airport encompasses approximately 5,100 acres, of which approximately 2,075 acres are developed.

Terminals: Passenger terminal facilities at the Airport are located in two separate buildings known as Terminal 1 and Terminal 2. Terminal 1 (previously called Terminal A) includes an area once known as "Terminal B," which was the site of the passenger terminal originally opened in October 1955.

Terminal 1 was placed in service in January 1982 and consisted of approximately 296,000 square feet of floor space and had provided 23 contact gates served by loading bridges. The Authority completed a project to renovate and modernize Terminal 1. Construction on this \$68 million project is completed on April 13, 2014. Terminal 1 is home to Southwest Airlines and AirTran Airways. The terminal operates with 9 gates.

Terminal 2 (replacement for Terminal C), is a \$573 million state-of-the-art, common use, passenger terminal that opened on October 26, 2008. The second phase of the Terminal, the South Concourse, opened January 23, 2011. The completed Terminal consists of approximately 920,000 square feet, with a total of 36 gates. Terminal 2 currently serves Air Canada, American Airlines, Continental Airlines, Delta Airlines, JetBlue Airways, United Airlines, US Airways and Charter Express.

Runways: RDU has two primary runways and one secondary runway.

Runway One: 5L/23R 10,000' L, 150' W; CAT II (5L), CAT III (23R)

Runway Two: 5R/23L 7,500' L, 150' W; CAT I (5R), CAT II (23L)

Runway Three: 14/32 3,550' L, 100' W; not equipped to handle most commercial aircraft.

Parking Spaces: The airports total parking capacity is approximately 20,350 vehicles.

4 - Parking Garages	11,000 spaces approximately
4 - Park & Ride Parking Lots	9,100 spaces approximately
General Aviation Parking Lot	250 spaces approximately

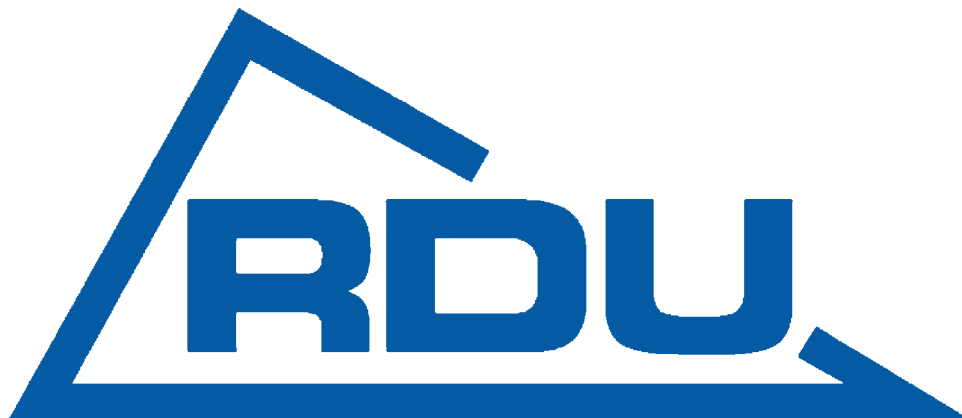
RALEIGH-DURHAM AIRPORT AUTHORITY
GRANT AWARDS HISTORY
Last Ten Fiscal Years

Fiscal Year	PURPOSE OF GRANT		
	<u>Security</u>	<u>Construction</u>	<u>Total</u>
2014	\$ 325,375	\$ 10,566,576	\$ 10,891,951
2013	389,704	5,286,908	\$ 5,676,612
2012	552,148	594,240	1,146,388
2011	573,561	6,619,348	7,192,909
2010	540,492	11,468,926	12,009,418
2009	688,069	5,627,385	6,315,454
2008	751,336	-	751,336
2007	740,696	2,235,672	2,976,368
2006	723,438	19,774,665	20,498,103
2005	675,532	17,510,647	18,186,179
Total	<u>\$ 5,960,351</u>	<u>\$ 79,684,367</u>	<u>\$ 85,644,719</u>

Source: Schedule of Expenditures of Federal Awards

Raleigh-Durham Airport Authority
Employee Headcount
Last Ten Fiscal Years

<u>Year Ending</u>	<u>Number of employees</u>
2014	273
2013	270
2012	273
2011	271
2010	271
2009	273
2008	261
2007	233
2006	236
2005	228



RALEIGH-DURHAM AIRPORT AUTHORITY
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