RALEIGH-DURHAM AIRPORT AUTHORITY
RDU Airport, North Carolina

Basic Financial Statements

Years Ended March 31, 2005 and 2004

RALEIGH-DURHAM AIRPORT AUTHORITY

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CHERRY BEKAERT & HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying Statements of Net Assets of the Raleigh-Durham Airport Authority (the "Authority") as of and for the years ended March 31, 2005 and 2004, and the related statements of revenues, expenses and changes in fund net assets and cash flows for the years then ended which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2005 and 2004 and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2005 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 audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Cherry, Bekaert & Holland, L.L.P.

Raleigh, North Carolina
July 7, 2005

Overview

The 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, 2005 and March 31, 2004. 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 basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the Authority. In addition to the management's discussion and analysis, management has prepared the accompanying Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets, and Statement 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 Assets 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 Fund Net Assets. This statement measures the success of the Authority's operations over the past year and can be used to determine the Authority's overall profitability 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 15 to 29 of this report.

Other information

In light of substantial future borrowing plans with regard to the Terminal C Renovation and Expansion Project, 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 thru 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. Pursuant to these hedge agreements, the Authority intends to issue this debt no later than June 15th, 2006. These financial transactions will amortize over 30-years.

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 5,000 acres, approximately 2,075 of which are developed. The Airport has two active terminals, A and C. Terminal A consists of approximately 265,000 square feet of floor space, including 23 passenger gates. Terminal C, prior to partial demolition as part of its redevelopment, had consisted of approximately 330,000 square feet of floor space, including 26 passenger gates. The Airport has two primary runways and one secondary runway. In the fiscal years ended March 31, 2005 and 2004, 8.9 and 8.0 million passengers, respectively, 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 2004-2005, the Authority received approval from the FAA to increase this charge from $3.00 to $4.50 per eligible enplanement effective October 1st, 2004. Due to both the increase to $4.50, and increased enplanements, PFC revenue increased 35.6% or $4.0 million for FY 2004-2005 relative to the prior year. The net receipts from PFC are restricted to use on FAA approved capital projects. PFC revenues are restricted for use on only FAA approved capital projects.

Financial Highlights, and Analysis

Net Assets

Current assets increased 51.7%, or $29.5 million from the prior year due to increases in cash and short-term investments. See **Cash Flows** for a detailed explanation of this increase. Airport and facilities, net increased by $33 million mainly due to North Ramp Redevelopment and Taxiway J project additions. Non-current assets (restricted assets and debt issue costs) increased 27.1% or $23 million. This increase was due to a $7.9 million increase in PFC balances, and $11.3 million increase in bond proceeds and an $8.2 million increase in debt service reserve requirements. The combined effect of these two items was to increase Total Assets for the year by 13.9% or $85.5 million.

Current liabilities decreased by $71 million due to the payoff of $70 million in Bond Anticipation Notes (BANs) through the issuance of Series 2005A&B ($125 million in general airport revenue bonds) in March 2005. Non-current liabilities increased by $118 million primarily for the same reason, the payoff of the BANs (current liability) by the issuance of Series 2005A&B bonds (non-current liability).

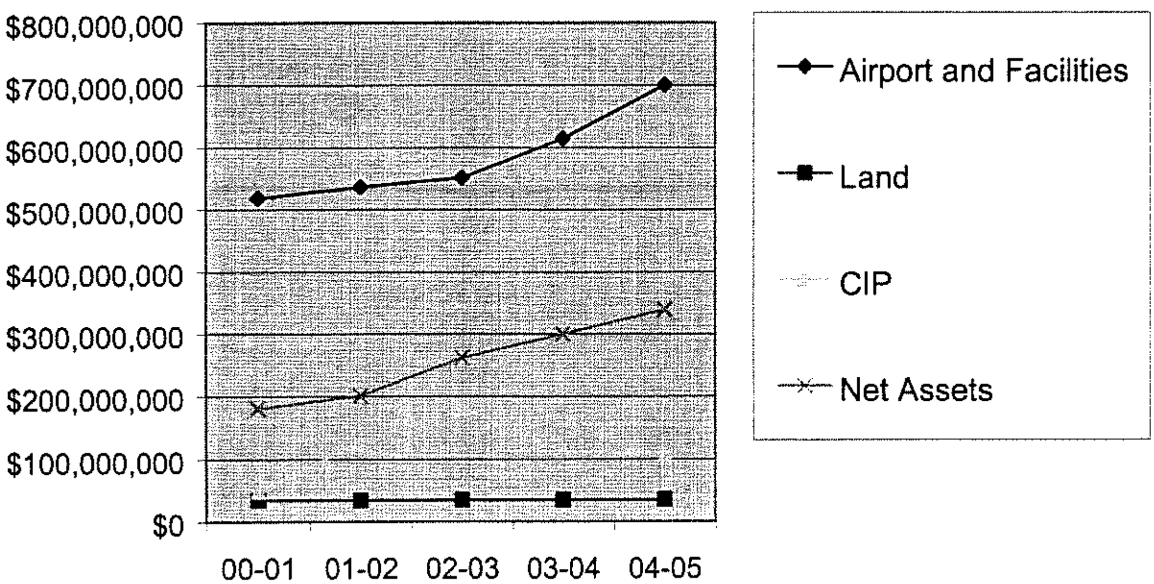
The combined effect of these items was to increase net assets during the fiscal year by 13.1% or $39.4 million. Net assets at March 31, 2005 and March 31, 2004 are presented in the following table:

Condensed Statement of Net Assets

	March 31, 2005	March 31, 2004
Current assets	$ 86,375,328	$ 56,918,741
Airport and facilities, net	505,964,038	472,967,115
Other non-current assets	108,164,634	85,118,976
Total assets	700,504,000	615,004,832
Current liabilities	25,190,073	96,646,700
Non-current liabilities	335,850,000	218,320,000
Total liabilities	361,040,073	314,966,700
Net assets	$ 339,463,927	$ 300,038,132

The following graph depicts the trend in net assets, airport and facilities, land and construction in progress ("CIP"). Airport and facilities assets include land, construction in progress, and depreciable capital assets, net of accumulated depreciation. Airport and facilities assets rose 7.0 % or $33 million during the fiscal year. CIP decreased $7.5 million primarily due to the capitalization of costs associated with the North Ramp Redevelopment and Taxiway J projects. Net assets increased for the reasons aforementioned in the preceding paragraph.

Asset Trend



Revenues, Expenses, and Change in Fund Net Assets

For the fiscal year ended March 31, 2005, the Authority experienced a 5.1 % increase, or $3.4 million, in operating revenues due primarily to increases in parking and rental car revenues compared to the prior year. However, this FY 2004-2005 increase in revenue was notable when factoring in the $4.8 million reduction in airfield revenues realized during the period due to a significantly lower landing fee rate (dropped from $1.6942 per 1000 lbs. landed weight in FY 2003-2004 to $.9658 in FY 2004-2005). As airfield costs (recovered directly by the landing fee) had dropped markedly for FY 2004-2005, so did the corresponding airfield revenues. When excluding the effect of this lower landing fee, all other revenues combined for an increase of 14.8%, or $8.2 million relative to the prior year.

Operating Expenses (excluding depreciation) increased 4.0%, or $1.2 million, for the fiscal year ended March 31, 2005 relative to the prior year and were kept below budget by $726,000. Depreciation expense increased 20.7%, or $4.4 million during the current period. Thus, total Operating expenses (including depreciation), being driven by depreciation, increased 11.1%, or $5.6 million. The combined effect of the above items was a $2.2 million decrease in Operating Income relative to the prior period. This decrease was entirely due to increases in depreciation.

Non-operating revenues (expenses) decreased $3.3 million almost entirely due to increased debt service requirements of $6.6 million which was partially offset by increased PFC collections of $4.0 million. Capital Contributions also increased $6.6 million compared to the prior year due to increased Federal and State Grant funding during the current period. Thus, Total Net Assets increased $39.4 million during the current fiscal year. The following table depicts these changes for the fiscal years ended March 31st, 2005 and March 31st, 2004:

Condensed Statement of Revenues, Expenses, and Change in Fund Net Assets

	March 31, 2005	March 31, 2004
Operating revenues	$70,479,754	$67,074,147
Operating expenses	30,081,662	28,913,229
Depreciation	25,845,025	21,404,074
Total operating expense	55,926,687	50,317,303
Operating income	14,553,067	16,756,844
Total non-operating revenues (expenses)	7,042,888	10,304,079
Capital contributions	17,829,840	11,193,427
Increase in net assets	$39,425,795	$38,254,350

Cash Flows

The Authority's overall liquidity position improved significantly during the fiscal year with an increase in unrestricted cash and cash equivalents of $5.0 million coupled with an increase in short-term investments of $25.3 million. These increases were due in part due to the Authority's excellent operating results for FY 2004-2005, as actual operating revenues exceeded forecast by $8.1 million while operating expenses were held well under budget. In addition, the combined effect of $7.4 million in PFC reimbursement of eligible project expenses during the fiscal year, along with the use of BAN proceeds to fund the majority of our capital cash requirements both reduced the amount of internal cash flow typically required to fund the Authority's ongoing capital program.

The increase in capital and related financing costs is due primarily to the issuance of an additional $125.3 million (Series 2005A&B) in General Airport Revenue Bonds during the fiscal year. Investing Activities increased due to a significantly higher cash position requiring more investment activity. In summary, Cash and Cash Equivalents increased $31.2 million during the fiscal year. The following is a summary of the change in cash and cash equivalents for the fiscal years ended March 31, 2005 and March 31, 2004:

	March 31, 2005	March 31, 2004
Net cash provided from (used for):		
Operating activities	$ 39,948,385	$ 41,995,172
Capital and related financing activities	13,823,050	(36,032,108)
Investing activities	(22,612,128)	(13,690,778)
Net increase (decrease)	31,159,307	(7,727,714)
Cash and cash equivalents at beginning of year	85,341,186	93,068,900
Cash and cash equivalents at end of year	$116,500,493	$ 85,341,186

During the year, the Authority continued 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 2004-2005, this cash reserve amount was approximately $31 million. For FY 2002-2006, this reserve will be $32.5 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 bond rating agencies that maintain bond ratings for the Authority.

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 exceeded one billion dollars in cost. Terminal C was built 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. 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. Therefore, major redevelopment of Terminal A was deferred until some point after the redevelopment and expansion of Terminal C.

Thus, the Authority has turned its attention to a major redevelopment of Terminal C under a preliminary project budget of $350 million in 2003 dollars. This cost ceiling was the result of extensive modeling and cost projections to incorporate a costing strategy to maintain the lowest possible cost per enplanement to the airlines thereby retaining the Airport's competitive cost structure.

The Terminal C facility, originally designed to house the American Airlines hub operation, will be reconstructed to support multiple airline operations. The Authority has also begun construction on the redevelopment and expansion of the aircraft parking ramp and taxiways at the north end of Terminal C as well as the demolition of that terminal's North Concourse. This project will make room for an approximately 575-foot extension of the northern concourse that will include additional passenger boarding gates, a new Federal Inspection Service area, and additional support facilities. The Authority is proceeding with these projects as quickly as planning, design, necessary project approvals, and project financing can be completed. The Authority estimates that construction should be completed late in 2009.

The Authority's enplaned passenger growth increased 11.7% at the end of fiscal year 2004-2005, relative to the prior period. In the fiscal years ended March 31, 2005 and 2004, 4.5 and 4.0 million passengers, respectively, were enplaned at the Airport. This positive growth continued through early 2005. In the first quarter of 2005, calendar year enplanements totaled 1,027,965, which represented an increase of 14.7% versus the same period in 2004. Through May 2005, this growth was 13.8% relative to the prior period.

Budget Information for the Fiscal Year Ending March 31, 2006

The Authority, as it typically does, has elected to forecast conservatively, especially with respect to revenue generation for the fiscal year ended March 31, 2006. For this period, total budgeted operating revenues increased $8.9 million or 14.3% due to increased estimated Parking ($7.5 million) and Rental Car revenues ($1.4 million). In addition, non-operating revenues have increased by $7.9 million due primarily to increased estimated PFC collections ($5.0 million).

Budgeted operating expenses (excluding depreciation) increased $1.44 million, or 4.6% for the year ended March 31, 2006 relative to the prior year. Total expenses including depreciation increased $2.8 million or 5.0% relative to the prior year. Total budgeted non-operating expenses increased $657,000 or 6.1% due to slightly higher debt service requirements. The combined effect of these items was to increase Net Assets $13.5 million or 40.9% with regard to the Authority's FY 2005-2006 budgeted projections vs. the prior year.

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, NC 27623.

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET ASSETS
March 31, 2005 and 2004

ASSETS

	2005	2004
Current assets		
Cash and cash equivalents	$ 11,728,314	$ 6,703,483
Short-term investments	70,477,690	45,096,490
Accounts receivable for fees and rentals, less allowance for doubtful accounts of $310,404	2,236,617	3,961,851
Grants receivable	1,408,750	684,719
Other current assets	523,958	472,198
Total current assets	86,375,329	56,918,741
Restricted assets		
Collateral for general obligation bonds		
Short-term investments	-	2,075,358
State of North Carolina Underground Storage Tank Trust Fund Deductible	220,000	220,000
Passenger Facility Charge Cash and cash equivalents	15,974,249	9,336,032
Passenger Facility Charge Receivable	3,269,315	1,984,700
Aeronautical Facilities Revenue Bonds		
Cash and cash equivalents - Bond Series 2001A, 2005 A and B and 2003 BAN	68,544,556	57,210,798
Debt Service Reserve Fund - Bond Series 2001A and 2005 A and B	20,033,374	11,870,873
Total restricted assets	108,041,494	82,697,761
Airport and facilities, net	505,964,038	472,967,115
Debt premium/issue costs, net	123,139	2,421,215
TOTAL ASSETS	700,504,000	615,004,832

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET ASSETS
March 31, 2005 and 2004

LIABILITIES AND NET ASSETS

	2005	2004
Current liabilities		
Accounts payable	$ 7,232,468	$ 9,364,640
Retainage and construction accounts payable	4,725,780	4,930,019
Accrued employee compensation	1,373,271	1,482,799
Accrued bond interest payable	4,093,554	4,249,242
Current maturities of long-term debt		
Bond Anticipation Note - Series 2003	-	70,000,000
General Airport Revenue Bonds-Series 2001A	2,840,000	-
General Airport Revenue Bonds-Series 2001B	3,425,000	3,295,000
General Airport Revenue Bonds-Series 2002A	1,500,000	1,400,000
Other long-term debt	-	1,925,000
Total current liabilities	25,190,073	96,646,700
Long-term debt		
General Airport Revenue Bonds-Series 2001 A and B	181,755,000	188,020,000
General Airport Revenue Bonds-Series 2005 A and B	125,295,000	-
General Airport Revenue Bonds-Series 2002A	25,800,000	27,300,000
	332,850,000	215,320,000
Unearned revenue		
Unearned rent credit	3,000,000	3,000,000
	3,000,000	3,000,000
TOTAL LIABILITIES	361,040,073	314,966,700
Net Assets		
Invested in capital assets, net of related debt	253,926,968	252,182,144
Restricted		
State of North Carolina Underground Storage Tank Trust Fund Deductible	220,000	220,000
Passenger Facility Charges	19,243,564	11,320,732
Unrestricted Net assets	66,073,395	36,315,256
TOTAL NET ASSETS	$ 339,463,927	$ 300,038,132

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

RALEIGH-DURHAM AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Years Ended March 31, 2005 and 2004

	2005	2004
Operating revenues		
Parking	$ 32,764,711	$ 24,801,450
Airfield	7,033,600	11,805,279
General aviation	884,339	956,604
Terminals	16,427,603	16,612,556
Air cargo	1,667,054	1,701,728
Fuel farm	1,204,611	1,069,616
Rental car	9,438,239	9,102,698
Other	1,059,597	1,024,216
Total operating revenues	70,479,754	67,074,147
Operating expenses		
Airport facilities	10,166,095	9,397,740
Administrative	4,558,154	4,100,417
Law enforcement	2,573,268	2,659,697
Airport maintenance	3,511,927	3,147,746
Parking	2,519,168	2,622,633
Emergency services	1,337,302	1,235,362
Visitor services	536,617	461,741
Communications	595,018	477,917
Operations	923,735	987,559
Ground transportation	3,360,378	3,822,417
Subtotal	30,081,662	28,913,229
Depreciation	25,845,025	21,404,074
Total operating expenses	55,926,687	50,317,303
Operating income	14,553,067	16,756,844
Non-operating revenues (expenses)		
Investment interest income	1,931,286	1,721,408
Passenger Facility Charges	15,324,824	11,300,707
Net decrease in fair value of investments	(1,119,050)	(47,236)
Bond interest expense, net	(9,727,743)	(3,078,837)
Loss on disposal of airport facilities	(219,042)	-
Other, net	852,613	408,037
Total non-operating revenues (expenses)	7,042,888	10,304,079
Income before capital contributions	21,595,955	27,060,923
Capital contributions	17,829,840	11,193,427
Increase in net assets	39,425,795	38,254,350
Net Assets, beginning of year	300,038,132	261,783,782
Net Assets, end of year	$ 339,463,927	$ 300,038,132

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2005 and 2004

	2005	2004
Cash flows from operating activities		
Cash received from operations	$ 72,271,747	$ 66,194,041
Cash paid to employees	(13,361,939)	(12,984,713)
Cash paid to suppliers	(18,961,423)	(11,214,156)
Net cash provided by operating activities	39,948,385	41,995,172
Investing activities		
Purchases of short-term investments	(36,900,550)	(62,176,886)
Proceeds from maturities of short-term investments	13,594,708	46,857,296
Investment (loss) on valuation account	(1,119,050)	(47,236)
Interest on cash deposits	1,812,764	1,676,048
Net cash (used in) investing activities	(22,612,128)	(13,690,778)
Capital and related financing activities		
Proceeds from issuance of Long-Term Debt		
Bond Anticipation Note-Series 2003	-	70,000,000
General Airport Revenue Bonds-Series 2005 A and B	125,295,000	-
Payments of Long-Term Debt		
Bond Anticipation Note-Series 2002	-	(35,000,000)
Bond Anticipation Note-Series 2003	(70,000,000)	-
General Airport Revenue Bonds-Series 2001 A and B	(3,295,000)	(3,615,000)
General Airport Revenue Bonds-Series 2002	(1,400,000)	(1,300,000)
Other Long-Term Debt	(1,925,000)	(1,820,000)
Other capital and financing costs		
Debt issuance costs	1,827,927	(181,741)
Amortization of debt issuance costs	470,151	233,541
Additions to airport and facilities	(59,046,186)	(82,994,282)
Loss on Disposal of airport and facilities	(219,042)	-
Bond interest paid on long-term debt	(9,883,431)	(2,966,869)
Passenger facility charges collected	14,040,209	9,316,007
Other, net	852,613	408,037
Contributed capital	17,105,809	11,888,199
Net cash provided by (used in) capital and related financing activities	13,823,050	(36,032,108)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	31,159,307	(7,727,714)
Cash and cash equivalents - beginning of year	85,341,186	93,068,900
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 116,500,493	$ 85,341,186

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

RALEIGH-DURHAM AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2005 and 2004

	2005	2004
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 14,553,067	$ 16,756,844
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	25,845,025	21,404,074
Changes in operating assets and liabilities		
Accounts receivable	1,843,753	(815,906)
Other current assets	(51,760)	(64,201)
Accounts payable	(2,132,172)	4,424,539
Accrued employee compensation	(109,528)	289,822
Net cash provided by operating activities	$ 39,948,385	$ 41,995,172
Supplemental Cash Flow Information		
Non-cash investing, capital and financing activities		
Cash paid for interest	$ 11,508,161	$ 2,966,869
Capitalized interest paid	$ 1,736,778	$ 7,245,038

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

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.

Note 2 – Summary of significant accounting policies

Basis of presentation - fund 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 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.

Basis of accounting – All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. As required for periods beginning after June 15, 2000 by Statement 33 of the Government Accounting Standards Board (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 owning 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. As permitted by accounting principles generally accepted in the United States of America, the Authority has elected to apply only applicable FASB statements and interpretations issued before November 30, 1989 in its accounting and reporting practices for its operations.

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 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 functional level with management control on a departmental basis. Expenditures may not legally exceed these levels. Appropriations under this ordinance lapse at year-end. The Budget Ordinance is adopted by the Authority at it's March meeting and is entered in the minutes within five days after adoption.

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.

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.

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 $25,845,025 and $21,404,074 for the fiscal years ended 2005 and 2004, respectively.

The majority 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.

Depreciation of airfield 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:

	Years
Landing field and grounds	5 - 20
Terminal buildings	5 - 45
Other buildings	5 - 30
Utilities	5 - 20
Equipment	3 - 20

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 capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of Invested in Capital Assets, Net of Related Debt.

Reclassifications – Certain 2004 amounts have been reclassified in order to conform to 2005 presentation.

Note 2 – Summary of significant accounting policies (continued)

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 for Capital Projects based on Federal Aviation Administration (FAA) regulations.
>
> **Collateral for general obligation bond debt retirement** represents investments restricted by bond covenants to be set aside for the retirement of general obligation bonds.
>
> **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 bond reserves** represent cash and cash equivalents restricted by the Master Trust Indenture to be expended for the construction of certain airport facilities.

Debt issue costs – Debt issue costs are amortized over the lives of the related bonds.

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.

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

Note 2 – Summary of significant accounting policies (continued)

Concentration of credit risk – For the years ended March 31, 2005 and 2004, no air carrier accounted for more than 6% and 10% 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 Federal Aviation Administration (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, 2005 and 2004 were $23,408,668 and $9,336,032, respectively. During the fiscal year ended March 31, 2005, the Authority spent PFC funds of $7,434,419 on FAA approved projects. PFC funds were not expended during the fiscal year ended March 31, 2004. Net assets related to PFC are restricted for projects that are approved by the FAA.

New pronouncements – The Authority implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* during the fiscal year ended March 31, 2004. The main difference in the financial statements is in the presentation of equity on the statement of net assets. Contributed capital is no longer separately identified; instead, net assets are broken down into three components: invested in capital assets, net of related debt, restricted and unrestricted. In addition, a management's discussion and analysis is presented.

Also, during the fiscal year ended March 31, 2004, the Authority adopted GASB Statement No. 37, *Basic Financial statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus,* which amended GASB Statements No. 21 and 34. Finally, the Authority adopted GASB Statement No. 38, *Certain Financial Statement Disclosures,* which modified disclosure requirements related to significant accounting policies, actions taken to address violations of significant finance-related legal and contractual provisions, debt and lease obligations, short term debt, disaggregated of receivable and payable balances and interfund balances and transfers.

Note 3 – Deposits and investments

Deposits – All deposits of the Authority are made in board-designated official depositories and are collateralized as required by North Carolina General Statute 159-31.

Depositories must collateralize public deposits in excess of federal depository insurance coverage by using one of two options. The Authority's depository uses the Pooling Method, which is a collateral pool, under which 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 agent in the Authority's name. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits.

Note 3 – Deposits and investments (continued)

The State Treasurer does not confirm this information with the Authority or the escrow agent. Because of the inability to measure the exact amount 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.

At March 31, 2005, the Authority's deposits had a carrying amount of $96,138,758 and a statement balance of $106,275,362. Of this bank balance, $100,000 was covered by federal depository insurance while the balance of $106,175,362 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, 2004, the Authority's deposits had a carrying amount of $73,392,363 and a statement balance of $74,669,718. Of this bank balance, $200,000 was covered by federal depository insurance while the balance of $74,469,718 was covered by collateral held under the Pooling Method. Approximately $47,324,000 of the bank balance was the Series 2003 Bond Anticipation Note restricted deposit.

Investments – North Carolina General Statute 159-30(c) authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Cash Management Trust, an SEC registered mutual fund. The carrying value of investments approximates fair value and excludes accrued interest receivable of $250,411 and $131,889 for 2005 and 2004, respectively.

The Authority's investments are categorized to give an indication of level of risk assumed by the Authority at year-end. In the following table, Column A includes investments for which the securities are held by the Authority or its agent in the Authority's name. Column B includes investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Column C includes investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Authority's name. Column C investments would be in violation of the custodial arrangements as defined in North Carolina General Statutes. Both column A and column B investments are in compliance with said Statutes and differ only in the nature of the custodial relationship. Investments in the North Carolina Cash Management Trust are exempt because the Authority does not own any identifiable securities, but is a shareholder of a percentage of the fund.

March 31, 2005:	A	B	C	Cost (1)	Fair Value (1)
Unrestricted funds					
U. S. Government Agencies	$71,499,020	$ -	$ -	$71,499,020	$70,477,690
Restricted funds					
2001A Debt Service Reserve	$ 20,033,374	$ -	$ -	$ 20,033,374	$20,033,374

Note 3 – Deposits and investments (continued)

March 31, 2004:	A	B	C	Cost (1)	Fair Value (1)
Unrestricted funds					
U. S. Government Agencies	$44,998,770	$ -	$ -	$44,998,770	$45,096,220
Restricted funds					
G/O Bond Collateral					
U. S. Government Agencies	$ 2,075,358	$ -	$ -	$ 2,075,358	$ 2,075,850
2001A Debt Service Fund	$ 11,870,873	$ -	$ -	$ 11,870,873	$11,870,873

(1) The difference between cost and fair value results from changes in market interest rates, creating a net change in fair value. The Authority generally holds its investments to maturity. Accordingly at the maturity, net increases or decreases in fair value, if any, will reverse.

Note 4 – Airport and facilities, net

Changes in airport and facilities are as follows for the year ended March 31, 2005:

	March 31, 2004	Additions	Deletions	Transfers	March 31, 2005
Capital assets not being depreciated					
Land	$ 35,067,463	$ -	$ -	$ 478,758	$ 35,546,221
Construction in progress	113,883,239	59,060,990	-	(66,538,020)	106,406,209
Total capital assets not being depreciated	148,950,702	59,060,990	-	(66,059,262)	141,952,430
Other capital assets					
Landing field and grounds	410,839,381	-	(3,085,130)	33,110,404	440,864,655
Terminal buildings	87,261,336	-	-	2,936,013	90,197,349
Other buildings	59,615,761	-	(9,991,374)	29,146,107	78,770,494
Utilities	3,924,926	-	-	-	3,924,926
Equipment	11,939,490	-	(135,425)	866,738	12,670,803
Total other capital assets	573,580,894	-	(13,211,929)	66,059,262	626,428,227
Total airport and facilities	722,531,596	59,060,990	(13,211,929)	-	768,380,657
Accumulated depreciation					
Landing field and grounds	(174,073,759)	(16,037,680)	3,085,130	-	(187,026,309)
Terminal buildings	(37,811,068)	(4,980,676)	-	-	(42,791,744)
Other buildings	(26,438,164)	(3,327,794)	9,772,332	-	(19,993,626)
Utilities	(3,210,169)	(110,695)	-	-	(3,320,864)
Equipment	(8,031,321)	(1,388,180)	135,425	-	(9,284,076)
Total accumulated depreciation	(249,564,481)	(25,845,025)	12,992,887	-	(262,416,619)
Airport and facilities, net	$ 472,967,115	$33,215,965	$ (219,042)	$ -	$ 505,964,038

Note 4 – Airport and facilities, net (continued)

Changes in airport and facilities are as follows for the year ended March 31, 2004:

	March 31, 2003	Additions	Deletions	Transfers	March 31, 2004
Capital assets not being depreciated					
Land	$ 35,067,463	$ -	$ -	$ -	$ 35,067,463
Construction in progress	180,171,142	75,322,381	-	(141,610,284)	113,883,239
Total capital assets not being depreciated	215,238,605	75,322,381	-	(141,610,284)	148,950,702
Other capital assets					
Landing field and grounds	280,358,063	-	-	130,481,318	410,839,381
Terminal buildings	78,019,287	-	-	9,242,049	87,261,336
Other buildings	59,512,805	-	-	102,956	59,615,761
Utilities	3,924,926	-	-	-	3,924,926
Equipment	10,155,529	-	-	1,783,961	11,939,490
Total other capital assets	431,970,610	-	-	141,610,284	573,580,894
Total airport and facilities	647,209,215	75,322,381	-	-	722,531,596
Accumulated depreciation					
Landing field and grounds	(161,117,220)	(12,956,539)	-	-	(174,073,759)
Terminal buildings	(33,269,847)	(4,541,221)	-	-	(37,811,068)
Other buildings	(23,817,193)	(2,620,971)	-	-	(26,438,164)
Utilities	(3,067,556)	(142,613)	-	-	(3,210,169)
Equipment	(6,888,591)	(1,142,730)	-	-	(8,031,321)
Total accumulated depreciation	(228,160,407)	(21,404,074)	-	-	(249,564,481)
Airport and facilities, net	$ 419,048,808	$53,918,307	$ -	$ -	$ 472,967,115

During March 31, 2005 and 2004, interest costs of approximately $1,740,000 and $7,920,000, net of interest earned of approximately $280,000 and $670,000, were capitalized as part of the cost of construction in progress, respectively.

Note 5 – Long-term debt

Changes of long-term debt for the year ended March 31, 2005 consist of the following:

	March, 31 2004	Principal Repayments	New Debt	March, 31 2005
Amounts due to trustee				
Series 2001A 4.00 – 5.50% General Airport Revenue Bonds, maturing in varying installments beginning in 2005 to 2031	$ 156,975,000	$ -	$ -	$ 156,975,000
Series 2001B 4.00 – 4.375% General Airport Revenue Bonds, maturing in varying installments beginning in 2002 to 2015	34,340,000	3,295,000	-	31,045,000
Series 2002A 1.15% Adjustable Rate Airport Revenue Bonds, maturing in varying installments beginning in 2003	28,700,000	1,400,000	-	27,300,000
Series 2005A 4.00-5.00% General Airport Revenue Bond, maturing in varying installments beginning 2019 to 2030	-	-	39,805,000	39,805,000
Series 2005B 3.00-5.00% General Airport Revenue Bond, maturing in varying installments beginning 2006 to 2029	-	-	85,490,000	85,490,000
Series 2003 Bond Anticipation Note (BAN), Maturing March 17, 2005	70,000,000	70,000,000	-	-
Amounts due to the Special Airport District of Durham and Wake Counties Series 1992 5.75% General Obligation Bonds, maturing in varying installments beginning in 1994 to 2005	1,925,000	1,925,000	-	-
Total bond obligations	291,940,000	-	-	340,615,000
Less current maturities	76,620,000	-	-	7,765,000
	$ 215,320,000	$ 76,620,000	$ 125,295,000	$ 332,850,000

Note 5 – Long-term debt (continued)

Changes of long-term debt for the year ended March 31, 2004 consist of the following:

	March, 31 2003	Principal Repayments	New Debt	March, 31 2004
Amounts due to trustee				
Series 2001A 4.00 – 5.50% General Airport Revenue Bonds, maturing in varying installments beginning in 2005 to 2031	$ 156,975,000	$ -	$ -	$ 156,975,000
Series 2001B 4.00 – 4.375% General Airport Revenue Bonds, maturing in varying installments beginning in 2002 to 2015	37,955,000	3,615,000	-	34,340,000
Series 2002A 1.15% Adjustable Rate Airport Revenue Bonds, maturing in varying installments beginning in 2003	30,000,000	1,300,000	-	28,700,000
Series 2002B 1.91% Bond Anticipation Note, maturing March 17, 2005	35,000,000	35,000,000	-	-
Series 2003 Bond Anticipation Note (BAN), Maturing March 17, 2005	-	-	70,000,000	70,000,000
Amounts due to the Special Airport District of Durham and Wake Counties Series 1992 5.75% General Obligation Bonds, maturing in varying installments beginning in 1994 to 2005	3,745,000	1,820,000	-	1,925,000
Total bond obligations	263,675,000	-	-	291,940,000
Less current maturities	41,735,000	-	-	76,620,000
	$ 221,940,000	$ 41,735,000	$ 70,000,000	$ 215,320,000

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 2001A	General Airport Revenue Bond Series 2001B	Adjustable Rate Airport Revenue Bond Series 2002	General Airport Revenue Bond Series 2005A	General Airport Revenue Bond Series 2005B	Interest
2006	$ 2,840,000	$ 3,425,000	$ 1,500,000	$ -	$ -	$ 13,826,105
2007	2,985,000	3,565,000	1,600,000		1,440,000	15,689,807
2008	3,150,000	3,710.000	1,700,000	-	1,490,000	15,278,482
2009	3,320,000	3,360,000	1,800,000	-	1,545,000	14,847,707
2010	3,505,000	3,100,000	1,800,000	-	3,250,000	13,818,801
2011-2015	20,015,000	13,615,000	10,900,000	-	18,860,000	58,296,711
2016-2020	25,770,000	-	8,000,000	490,000	23,615,000	49,223,788
2021-2025	33,115,000	-	-	15,285,000	15,595,000	35,096,825
2026-2030	42,265,000	-	-	19,510,000	19,695,000	17,619,450
2031-2035	20,010,000	-	-	4,520,000	-	1,625,844
	$156,975,000	$31,045,000	$27,300,000	$39,805,000	$85,490,000	$235,323,520

For the table above, interest was calculated for adjustable rate issues Series 2002 and Series 2003 Bond Anticipation Notes (BAN) using an estimated rate of 3.00% for their remaining terms.

On May 1, 2002, American prepaid and retired the 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 for a 40-year period. In June 2002, the Authority entered into an agreement with American to purchase American's remaining interest in Terminal C and the associated facilities for $30,000,000, financed by the Series 2002 Issue.

On February 27, 2001, the Authority issued the $156,975,000 Airport Revenue Bonds Series 2001A under the Master Trust Indenture. The Bonds 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 the Series 2001 Reserve Fund and certain other funds and accounts. The proceeds are being 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 issued the $47,570,000 Airport Revenue Refunding Bonds Series 2001B under the Master Trust Indenture. The Bonds 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 the Series 2001 Reserve Fund and certain other funds and accounts. The proceeds are being used to refund the Public Parking Revenue Bonds.

Note 5 – Long-term debt (continued)

On June 13, 2002, the Authority issued the $30,000,000 Adjustable Rate Airport Revenue Bonds Series 2002A under the Master Trust Indenture. The Bonds 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, investments earnings, and certain other funds and accounts. The interest rate for the Bonds is set weekly and at March 31, 2005 and 2004 was 2.28% and 1.03%, respectively. The proceeds are to be 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.

On December 18, 2002, the Authority issued the $35,000,000 Bond Anticipation Notes (BAN) Series 2002B under the Master Trust Indenture. The Note is an obligation of the Authority, secured by and payable from the Net Revenues of the Authority, and the proceeds from the Authority's next General Airport Revenue Bond Issue, which had been anticipated to be issued in 2003. The proceeds are to be 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.

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. This Note is an obligation of the Authority, secured by and payable from the Net Revenues of the Authority, and the proceeds from the Authority's 2005 General Airport Revenue Bond Issue. The proceeds are to be 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. This Series 2003 BAN was paid off on March 16, 2005 with the issuance of the Series 2005A&B bonds.

On March 1, 2005, the Authority issued the $39,805,000 Airport Revenue Bond Series 2005A under the Master Trust Indenture. The Bonds are obligations of the Authority, secured by and payable from the Net Revenues of the Airport System and, under certain circumstances, the proceeds of the Bonds, investment earnings, amounts set aside in the Series 2005 Reserve Fund and certain other funds and accounts. The proceeds are being used for the construction, redevelopment, and expansion of Terminal C.

On March 1, 2005, the Authority issued the $85,490,000 Airport Revenue Bond Series 2005B under the Master Trust Indenture. The Bonds are obligations of the Authority, secured by and payable from the Net Revenues of the Airport System and, under certain circumstances, the proceeds of the Bonds, investments earnings, amounts set aside in the Series 2005 Reserve Fund and certain other funds and accounts. The proceeds are being used for the construction, redevelopment, and expansion of Terminal C, including the redevelopment of the north ramp general aviation area, an Authority Operations Center, and the relocation of Taxiway D and ramp expansion.

Note 5 – Long-term debt (continued)

The Authority has issued General Obligation Bonds by the Special Airport District of Durham and Wake Counties (the "Special District") to provide funds for construction of a new air carrier runway and parking and roadway improvements. The financing agreement calls for the Authority to present, as of March 31 of each year, reasonable evidence to the Special District of its ability to meet these obligations during the Special District's upcoming fiscal year. At March 31, 2004, $2,075,358 was held in a short-term investment to comply with this requirement. This investment is reported under a restricted asset as collateral for General Obligation Bonds in the balance sheets.

On May 12, 1992 and on January 6, 1993, the Special District issued $18,380,000 and $21,940,000 of General Obligation Refunding Bonds, Series 1992 and 1993, respectively. The Series 1992 and 1993 bonds were issued to advance refund $38,360,651 of outstanding General Obligation Bonds, Series 1983 and 1985. The Series 1992 and 1993 bonds have average interest rates of 5.75% and 4.97%, respectively. The net proceeds of $38,225,877 (after payment of $134,774 in issuance costs) plus an additional $2,000,000 of Series 1983 debt service reserve funds were deposited into an irrevocable trust to provide all future debt service payments on the Series 1983 and 1985 Bonds. As a result, the Series 1983 and 1985 Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The Authority made its final payment on the 1993 Series bonds in March 2003. The Authority made the final payment on the 1992 Series in March 2005, thus paying off all remaining Special Airport District of Durham and Wake Counties General Obligation Bonds.

These bonds have rate covenants associated with them, whereby the Authority must maintain a debt service coverage ratio of no less than 125%. The debt service coverage ratio at March 31, 2005 is calculated as follows:

Net revenues	$ 42,329,378
Annual debt service	17,754,403
Calculated debt service coverage ratio	238%

Note 6 – Leases

The Authority leases land, buildings and terminal space with a cost of approximately $103 million and a carrying value of approximately $57 million to the airlines, car rental agencies, restaurant and other businesses located at the airport. Revenues from these leases, which are included in buildings and grounds and general aviation revenue, were approximately 19% and 20% of airport operating revenues for fiscal years ended March 31, 2005 and 2004, 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, 2005 and 2004, contingent rentals comprised $13.8 and $13.4 million of the total rental revenues, respectively.

Note 6 – Leases (continued)

Minimum future rentals on noncancelable operating leases for the next five fiscal years are approximately:

Year Ending March 31	Amount
2006	$ 7,592,000
2007	6,826,000
2008	6,504,000
2009	6,486,000
2010	6,467,000
	$ 33,875,000

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 six percent 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 4.89% and 4.78% of annual covered payroll. 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, 2005, 2004 and 2003 were $1,153,543, $1,149,254 and $1,086,950, respectively. The contributions made by the Authority equaled the required contributions for each fiscal year.

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.

Note 7 – Employee retirement plans (continued)

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, 2005 were $91,457, which consisted of $63,765 from the Authority, and $27,692 from the law enforcement officers. Contributions for the year ended March 31, 2004 were $100,101, which consisted of $73,678 from the Authority, and $26,423 from the law enforcement officers.

Law enforcement officers special separation allowance

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

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At March 31, 2005, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	26
Total	28

A separate report was not issued for the plan.

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

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.

Note 7 – Employee retirement plans (continued)

Other postemployment benefits

The Authority has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $20,000. All death benefit payments are made from the Death Benefit Plan. The Authority has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Authority, the Authority does not determine the number of eligible participants. For the fiscal years ended March 31, 2005 and 2004, the Authority made contributions to the State for death benefits of $48,099 and $27,965, respectively.

The Authority's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

Note 8 – Commitments and contingencies

Subsequent to the opening of the Terminal C Complex and the commencement of American Airlines North-South hub operations, various parties filed claims against the Authority for alleged adverse condemnation of real property by reason of aircraft operations in the vicinity of the claimants' property. In early 1991, most of the parties agreed to a binding arbitration of all claims before a panel of three arbitrators. As of March 31, 1999, all claims have been settled through arbitration, negotiation or dismissal. The costs for settling these claims totaled approximately $3.65 million. The Authority has capitalized these costs, as they will be included in future landing and fuel flowage fees charged to airport users.

The Authority is also a defendant in various other legal proceedings incidental to its business. The Authority intends to defend such proceedings vigorously and, in the opinion of the management, the ultimate liability, if any, of the Authority in these proceedings is not expected to have a material adverse effect on the financial position of the Authority.

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.

Construction commitments – At March 31, 2005 and 2004, the Authority has contractual commitments for Authority expansion programs of approximately $148 million and $47 million, respectively.

Note 9 – Subsequent Event

In light of substantial future borrowing plans with regard to the Terminal C Renovation and Expansion Project, 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 thru 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. Pursuant to these hedge agreements, the Authority intends to issue this debt no later than June 15th, 2006. These financial transactions will amortize over 30-years.

CHERRY
BEKAERT&
HOLLAND
CERTIFIED PUBLIC
ACCOUNTANTS &
CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as of and for the years ended March 31, 2005 and 2004 taken as a whole. The following supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cherry, Bekaert & Holland, L.L.P.

Raleigh, North Carolina
July 7, 2005

RALEIGH - DURHAM AIRPORT AUTHORITY

SUMMARY OF OPERATING REVENUES AND EXPENSES

COMPARED WITH BUDGET

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Operating revenues			
Parking	$ 32,764,711	$ 25,500,000	128.5%
Airfield	7,033,600	6,641,339	105.9%
General aviation	884,339	984,580	89.8%
Terminals	16,427,603	16,902,220	97.2%
Air cargo	1,667,054	1,660,757	100.4%
Fuel farm	1,204,611	1,002,200	120.2%
Rental car	9,438,239	8,739,102	108.0%
Other	1,059,597	965,080	109.8%
Total operating revenues	70,479,754	62,395,278	113.0%
Operating expenses			
Complex expenses	10,166,095	10,612,149	95.8%
Department expenses	19,915,567	20,195,798	98.6%
Depreciation expense	25,845,025	25,642,882	100.8%
Total operating expenses	55,926,687	56,450,829	99.1%
NET OPERATING INCOME	$ 14,553,067	$ 5,944,449	244.8%

RALEIGH - DURHAM AIRPORT AUTHORITY

REVENUES COMPARED WITH BUDGET

PARKING REVENUES

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Parking revenues			
Parking fees	$ 32,769,597	$ 25,500,000	128.5%
Contra revenue	(4,886)	-	N/A
TOTAL PARKING REVENUES	$ 32,764,711	$ 25,500,000	128.5%

RALEIGH - DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIRFIELD REVENUES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Landing fees			
Commercial/Commuter airlines			
Air Canada	$ 13,537	$ -	N/A
Air Canada Jazz	35,256	52,540	67.1%
Air Midwest/US Airways Express	36,690	34,650	105.9%
Air Wisconsin	212,952	338,480	62.9%
Airtran Airways	167,419	143,310	116.8%
Allegheny Airlines	28,115	-	N/A
America West	120,276	119,650	100.5%
American Airlines	833,150	825,510	100.9%
American Eagle	726,119	602,360	120.5%
Atlantic Coast Airlines/United Express	144,026	149,860	96.1%
Atlantic Coast Jet/Delta Connection	9,001	54,600	16.5%
Atlantic Southeast/Delta Connection	28,254	40,640	69.5%
Chatauqua Airlines/Us Airways Express	101,173	141,270	71.6%
Chatauqua Airlines/Delta Connection	85,541	-	N/A
Chatauqua Airlines/American Connection	16,765	-	N/A
Comair/Delta Connection	285,248	168,810	169.0%
Continental Airlines	205,371	205,690	99.8%
Continental Express	144,265	132,840	108.6%
Delta Airlines	711,201	667,650	106.5%
Mesa Airlines/US Airways Express	32,295	50,520	63.9%
Mesa Airlines/United Express	98,276	-	N/A
Mesaba Airlines	5,668	-	N/A
Northwest Airlines	337,175	385,760	87.4%
Piedmont Aviation/US Airways Express	17,316	48,260	35.9%
Pinnacle/Northwest	37,604	32,380	116.1%
PSA Airlines/US Airways Express	62,444	20,100	310.7%
Southwest Airlines	966,166	913,070	105.8%
Trans State Airlines	6,945	-	N/A
Trans State Airlines/American Connection	13,761	-	N/A
Trans State Airlines/US Airways Express	8,826	42,610	20.7%
US Airways	583,891	520,530	112.2%

RALEIGH - DURHAM AIRPORT AUTHORITY

REVENUES COMPARED WITH BUDGET

AIRFIELD REVENUES

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Worldwide Flight Services	3,643	-	N/A
Non-Scheduled Carriers	149	10,066	1.5%
Charter Express	19,505	22,593	86.3%
Total Commercial/Commuter airlines	6,098,023	5,723,749	106.5%
Cargo carriers			
Airbourne Express/ABX Air	47,826	45,060	106.1%
Air Now	4,430	4,040	109.7%
Air Cargo Carriers/DHL	5,636	5,500	102.5%
Air Transport International/BAX Global	69,337	61,300	113.1%
Emery Worldwide	38,373	57,800	66.4%
Federal Express	226,760	217,120	104.4%
Mountain Air Cargo	65	360	18.1%
United Parcel Service	121,439	160,960	75.4%
USA Jet	2,220	1,850	120.0%
Total cargo carriers	516,085	553,990	93.2%
Total landing fees	6,614,108	6,277,739	105.4%
Other			
Fuel flowage fees	415,892	360,000	115.5%
Other airfield revenues	3,600	3,600	100.0%
Total other	419,492	363,600	115.4%
TOTAL AIRFIELD REVENUES	$ 7,033,600	$ 6,641,339	105.9%

RALEIGH - DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
GENERAL AVIATION REVENUES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
General aviation-general			
Fixed space rents			
Bellefonte, Inc.	$ 12,937	$ 12,333	104.9%
Bellsouth	4,461	4,510	98.9%
Civil Air Patrol	912	-	N/A
Delta Airport Consultants	14,145	-	N/A
Jetcraft	2,926	2,900	100.9%
Lichtin Corp.	2,928	2,900	101.0%
Martin Marietta	2,932	2,900	101.1%
NC DOT Aviation	236,930	236,930	100.0%
Piedmont Hawthorne	284,944	355,715	80.1%
PK Enterprises	2,922	2,900	100.8%
Progress Energy	11,652	14,214	82.0%
SAS Institute, Inc.	26,229	26,229	100.0%
Southern Jet	225,723	223,949	100.8%
Total fixed space rents	829,641	885,480	93.7%
Percentage rents			
Piedmont Hawthorne-Catering	20,008	23,000	87.0%
Total percentage rents	20,008	23,000	87.0%
Total general aviation-general	849,649	908,480	93.5%

RALEIGH - DURHAM AIRPORT AUTHORITY

REVENUES COMPARED WITH BUDGET

GENERAL AVIATION REVENUES

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
General aviation terminal			
Fixed space rents			
Jetcraft	23,035	23,100	99.7%
Miscellaneous	2,695	25,000	10.8%
Total fixed space rents	25,730	48,100	53.5%
Percentage rents			
JQ Enterprises/Crosswinds Café	2,388	28,000	8.5%
Miscellaneous	6,572	-	N/A
Total percentage rents	8,960	28,000	32.0%
Total general aviation-terminal	34,690	76,100	45.6%
TOTAL GENERAL AVIATION REVENUES	$ 884,339	$ 984,580	89.8%

RALEIGH - DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Terminal A complex			
Fixed space rents			
Air Canada	$ 4,766	$ 97,720	4.9%
AirTran Airways	261,719	285,861	91.6%
America West	316,859	328,998	96.3%
Atlantic Coast Airlines	371,600	357,892	103.8%
Continental Airlines	850,225	910,801	93.3%
Delta Airlines	1,240,405	1,368,897	90.6%
Mesa/USAirways Express	9,002	-	N/A
Northwest Airlines	531,581	571,548	93.0%
Southwest Airlines	1,193,286	1,287,807	92.7%
US Airways	1,302,035	1,428,973	91.1%
Aeronautical Radio	600	600	100.0%
Anton Airfood	51,535	51,535	100.0%
CLS Management	15,600	15,600	100.0%
DAL Global Services	1,200	1,200	100.0%
Elizabeth Chapel Church	-	300	-
Gearbuck Aviation Services	14,109	1,200	1175.7%
Globe Airport Security	26,320	26,320	100.0%
Iskcon	300	300	100.0%
Lee Airport Concessions	10,820	10,820	100.0%
State Employee's Credit Union	2,882	1,579	182.5%
Paradies Shops	13,949	12,956	107.7%
Transportation Security Administration	55,096	49,092	112.2%
Wachovia	2,860	1,315	217.5%
USO of North Carolina	4,851	-	N/A
Total fixed space rents	6,281,598	6,811,314	92.2%

RALEIGH - DURHAM AIRPORT AUTHORITY

REVENUES COMPARED WITH BUDGET

TERMINAL REVENUES

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Terminal A complex			
Percentage rents			
Airport Network	19,125	13,500	141.7%
Anton's Airfood:			
AJ Tavern/Greenleaf's	234,240	149,700	156.5%
Carolina Varsity Bar	350,443	326,500	107.3%
Food Court 1:			
A&W All American Food	30,814	18,700	164.8%
Godfather's	36,826	37,700	97.7%
Popeye's Chicken	105,435	95,500	110.4%
Rapido's	36,907	41,000	90.0%
Food Court 2:			
A&W All American Food	27,227	26,400	103.1%
Golden Corral	58,248	68,000	85.7%
Jump	11,270	16,500	68.3%
Checkpoint Mailers	2,223	3,200	69.5%
Classic Food Services	17,932	12,600	142.3%
CLS Management	37,954	60,000	63.3%
Interspace Airport Advertising	472,547	531,300	88.9%
Lee Airport Concessions:			N/A
Gourmet Bean	17,690	49,100	36.0%
Edy's Ice Cream	19,248	16,200	118.8%
Natural Snacks	19,336	27,200	71.1%
Lone Wolf Publishing	4,817	3,200	150.5%
Majestic Terminal Services	10,771	-	N/A
RDU Air Ventures			
Books Co.	67,833	76,600	88.6%
Smarte Carte	10,685	11,700	91.3%
Superior Shine	10,225	8,200	124.7%
Telephones - AT&T	7,609	70,000	10.9%
Telephones - Kellee Communications	34,506	24,200	142.6%

RALEIGH - DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Terminal A complex			
Percentage rents			
The Paradies Shops:			
A Southern Season	67,169	59,900	112.1%
ACC Shop	51,111	51,700	98.9%
Brighton Shops	23,792	-	N/A
Brooks Brothers	57,939	55,800	103.8%
PGA Tour Shop	37,431	27,500	136.1%
RDU Press Plus	559,162	578,000	96.7%
The Book Cellar	30,682	26,600	115.3%
Traveling Grace Massage	13,403	10,000	134.0%
24-Hour Flower	2,765	3,100	89.2%
Total percentage rents	2,487,365	2,499,600	99.5%
Miscellaneous rents			
Utilities	49,962	41,000	121.9%
Janitorial	296,163	200,000	148.1%
Total miscellaneous rents	346,125	241,000	143.6%
Total terminal A complex revenues	9,115,088	9,551,914	95.4%

RALEIGH - DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Terminal C complex			
Fixed space rents			
Air Wisconsin	451,861	499,170	90.5%
Aeronautical Radio	6,000	6,000	100.0%
American Airlines	3,082,299	3,556,327	86.7%
American Eagle Airlines	119,053	154,700	77.0%
Anton Airfood	45,034	45,034	100.0%
CLS Management - Travelex	7,800	7,800	100.0%
Charter Express	22,942	7,213	318.1%
Fleet Delivery Service	2,302	2,302	100.0%
Iskcon	300	300	100.0%
Lee Airport Concessions	17,320	17,320	100.0%
RDU Air Ventures	408	20,961	1.9%
State Employees' Credit Union - ATM	2,980	2,760	108.0%
Transportation Security Administration	79,003	51,160	154.4%
Total fixed space rents	3,837,302	4,371,047	87.8%
Terminal C complex			
Percentage rents			
24-Hour Flower	1,224	1,100	111.3%
Anton's Airfood:			
Cyber Café	216,486	166,500	130.0%
Jersey Mike's	55,616	40,800	136.3%
Pinehurst Microbrewery	96,144	35,500	270.8%
Maui Taco	51,338	19,300	266.0%
Airport Channel	6,375	4,500	141.7%
Classic Food Services	4,471	2,800	159.7%
Cash Plaace	3,086	2,600	118.7%
Interspace Airport Advertising	284,789	350,000	81.4%
Lee Airport Concessions:			
Seattle's Best Coffee	76,334	28,500	267.8%
Vie De France	39,358	15,600	252.3%
RDU Air Ventures:			
Hudson Books & News	192,137	142,100	135.2%
Smarte Carte	4,341	3,100	140.0%

RALEIGH - DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Terminal C complex			
Percentage rents			
Travelex	2,650	12,000	22.1%
The Paradies Shops:			
ACC Shop	61,685	40,000	154.2%
A Southern Season	88,690	72,100	123.0%
Telephones - Kellee Communications	5,539	3,800	145.8%
Telephones - AT&T	5,065	20,000	25.3%
Checkpoint Mailers	389	500	77.8%
Sky Chefs	585,193	450,000	130.0%
Total percentage rents	1,780,910	1,410,800	126.2%
Miscellaneous rents			
FIS international passenger deplaning fee	528,020	500,000	105.6%
Janitorial Revenues	174,212	110,000	158.4%
Security- Checkpoint/Space- Terminals A & C	783,496	772,794	101.4%
Security-L/E Cost Recovery - Terminals A & C	143,079	153,936	92.9%
Airway Cleaners	14,767	-	N/A
Colonial Pipeline	12,068	12,068	100.0%
U.S. Postal Service	19,661	19,661	100.0%
Wireless:WIFI license fee	10,000	-	N/A
Wireless:DAS fees	9,000	-	N/A
Total miscellaneous rents	1,694,303	1,568,459	108.0%
Total terminal C complex revenues	7,312,515	7,350,306	99.5%
TOTAL TERMINAL REVENUES	$ 16,427,603	$ 16,902,220	97.2%

RALEIGH - DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIR CARGO REVENUES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
North cargo complex			
Fixed space rents			
Airborne Express	$ 106,826	$ 106,826	100.0%
Emery Worldwide	167,413	167,413	100.0%
Kellee Communications Group	6,280	6,280	100.0%
Federal Express	296,988	296,988	100.0%
United Parcel Service	215,052	215,052	100.0%
Worldwide Flight Services	93,491	93,491	100.0%
Total corth cargo complex revenues	886,050	886,050	100.0%
South cargo complex			
Fixed space rents			
American Airlines	337,042	337,042	100.0%
Anton Airfood	74,175	74,175	100.0%
BAX Global	55,878	54,802	102.0%
Delta Airlines	76,666	76,666	100.0%
Paradies	50,058	51,583	97.0%
Quantem Aviation	128,390	128,390	100.0%
Southwest Airlines	50,849	50,849	100.0%
Swissport CFE, Inc.	1,200	1,200	100.0%
Cingular Wireless	6,746	-	N/A
Total south cargo complex revenues	781,004	774,707	100.8%
TOTAL AIR CARGO REVENUES	$ 1,667,054	$ 1,660,757	100.4%

RALEIGH - DURHAM AIRPORT AUTHORITY

REVENUES COMPARED WITH BUDGET

FUEL FARM REVENUES

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Fuel farm			
License Fee - Worldwide	$ 1,200	$ 1,200	100.0%
Jet A Fuel Thru Put	1,203,115	1,000,000	120.3%
Glycol Thru Put	296	1,000	29.6%
TOTAL FUEL FARM REVENUES	$ 1,204,611	$ 1,002,200	120.2%

RALEIGH - DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
RENTAL CAR REVENUES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Fixed space rents			
Alamo Rent-A-Car	$ 21,327	$ 21,327	100.0%
Avis Rent-A-Car	45,689	45,690	100.0%
Budget Rent-A-Car	29,119	29,119	100.0%
Dollar Rent-A-Car	13,216	13,216	100.0%
Enterprise Car Rental	10,363	10,363	100.0%
The Hertz Corporation	81,103	81,102	100.0%
National Car Rental	42,837	42,837	100.0%
Triangle Rent-A-Car	12,448	12,448	100.0%
Total fixed space rents	256,102	256,102	100.0%
Percentage rents			
Alamo Rent-A-Car	660,497	546,000	121.0%
Avis Rent-A-Car	1,789,954	1,744,000	102.6%
Budget Rent-A-Car	837,592	761,000	110.1%
Dollar Rent-A-Car	570,279	568,000	100.4%
Enterprise Car Rental	672,874	558,000	120.6%
The Hertz Corporation	2,863,083	2,700,000	106.0%
National Car Rental	1,092,673	874,000	125.0%
Triangle Rent-A-Car	152,725	200,000	76.4%
Off Airport - Thrifty	542,460	532,000	102.0%
Total percentage rents	9,182,137	8,483,000	108.2%
TOTAL RENTAL CAR REVENUES	$ 9,438,239	$ 8,739,102	108.0%

RALEIGH - DURHAM AIRPORT AUTHORITY

REVENUES COMPARED WITH BUDGET

OTHER REVENUES

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Fixed space rents			
NC Department of Transportation	$ 34,209	$ 34,209	100.0%
Research Triangle Regional Partnership	37,371	37,371	100.0%
Off airport businesses	138,010	71,000	194.4%
Total fixed rents	209,590	142,580	147.0%
Percentage rents			
Off airport - Thrifty parking	26,491	40,000	66.2%
Off airport - Pre-flight parking	174,985	180,000	97.2%
I-40 Park and Fly	6,048	-	N/A
Total percentage rents	207,524	220,000	94.3%
Other miscellaneous rents			
ID badges	69,817	50,000	139.6%
Authority Building Conference Rooms	725	1,000	72.5%
Karl Agell	7,650	-	N/A
Dulles Taxi Concession Fees	15,495	15,500	100.0%
Employee parking lot	334,674	336,000	99.6%
Total miscellaneous rents	428,361	402,500	106.4%
Utilities complex revenue	214,122	200,000	107.1%
TOTAL OTHER REVENUES	$ 1,059,597	$ 965,080	109.8%

RALEIGH - DURHAM AIRPORT AUTHORITY

COMPARATIVE SUMMARIES OF OPERATING EXPENSES BY COST CENTER

Years Ended March 31, 2005 and 2004

	Amount		Percent of Total Operating Expenses	
	2005	2004	2005	2004
Operating expenses				
Airport facilities	$ 10,166,095	$ 9,397,740	18.1%	18.7%
Administrative	4,558,154	4,100,417	8.2%	8.1%
Law enforcement	2,573,268	2,659,697	4.6%	5.3%
Airport maintenance	3,511,927	3,147,746	6.3%	6.3%
Parking	2,519,168	2,622,633	4.5%	5.2%
Emergency services	1,337,302	1,235,362	2.4%	2.5%
Visitor services	536,617	461,741	1.0%	0.9%
Communications	595,018	477,917	1.1%	0.9%
Operations	923,735	987,559	1.7%	2.0%
Grounds transportation division	3,360,378	3,822,417	6.0%	7.6%
Depreciation	25,845,025	21,404,074	46.2%	42.5%
Total operating expenses	$ 55,926,687	$ 50,317,303	100.0%	100.0%

RALEIGH - DURHAM AIRPORT AUTHORITY

SUMMARY OF OPERATING EXPENSES BY COST CENTER

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Operating expenses (excluding depreciation)			
Airport facilities	$ 10,166,095	$ 10,612,149	95.8%
Administrative	4,558,154	4,689,642	97.2%
Visitor services	536,617	520,391	103.1%
Airport maintenance	3,511,927	3,406,322	103.1%
Law enforcement	2,573,268	2,649,685	97.1%
Emergency services	1,337,302	1,255,897	106.5%
Operations	923,735	895,124	103.2%
Communications	595,018	601,539	98.9%
Parking	2,519,168	2,579,117	97.7%
Ground transportation	3,360,378	3,598,081	93.4%
Total operating expenses (excluding depreciation)	30,081,662	30,807,947	97.6%
Depreciation			
Airport facilities	13,534,060	15,366,704	88.1%
Administrative	485,274	161,256	300.9%
Law enforcement	46,027	29,776	154.6%
Airport maintenance	178,273	90,511	197.0%
Parking	11,110,779	9,705,066	114.5%
Emergency services	194,884	194,119	100.4%
Communications	275,156	75,966	362.2%
Operations	20,572	19,484	105.6%
Total depreciation	25,845,025	25,642,882	100.8%
TOTAL OPERATING EXPENSES	$ 55,926,687	$ 56,450,829	99.1%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Airport facilities			
Airfield complex			
Printing	$ 38	$ 700	5.4%
Contracted services	-	3,000	-
Contracted services - leased employees	136,435	162,250	84.1%
Electricity	109,529	80,300	136.4%
Telecommunications	997	1,300	76.7%
Fuel - vehicles and equipment	424	1,945	21.8%
Supplies	168,461	185,000	91.1%
Liability insurance	184,893	198,000	93.4%
Repairs and maintenance			
Equipment	8,693	12,000	72.4%
General	31,051	32,000	97.0%
Snow removal	28,943	-	N/A
Total airfield complex	669,464	676,495	99.0%
Terminal A complex			
Contracted services	422	5,422	7.8%
Electricity	818,019	830,500	98.5%
Fuel - natural gas	146,556	129,400	113.3%
Telecommunications	1,495	2,000	74.8%
Fuel - vehicles and equipment	1,485	1,600	92.8%
Supplies	58,064	105,500	55.0%
Liability insurance	103,092	110,400	93.4%
Insurance claim	4,336	5,000	86.7%
Repairs and maintenance/buildings and grounds			
Public address and music system rental	1,316	2,000	65.8%
Elevators/escalators	89,959	84,500	106.5%
Equipment	786	1,500	52.4%
General	113,002	170,700	66.2%
HVAC	88,394	105,000	84.2%
Janitorial	1,059,538	1,098,450	96.5%
Waste disposal	108,946	108,960	100.0%
Permit administration	1,888	2,050	92.1%
Total terminal A complex	2,597,298	2,762,982	94.0%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Terminal C complex			
Electricity	790,803	831,000	95.2%
Fuel - natural gas	99,533	118,800	83.8%
Telecommunications	388	-	N/A
Fuel - vehicles and equipment	967	1,050	92.1%
Small equipment	1,500	-	N/A
Supplies	32,264	88,600	36.4%
Liability Insurance	112,523	120,500	93.4%
Insurance claim	3,136	5,000	62.7%
Repairs and maintenance			
Public address and music system rental	1,979	2,000	99.0%
Elevators/escalators	58,614	60,000	97.7%
General	52,259	85,000	61.5%
HVAC	57,008	75,000	76.0%
Janitorial	753,243	796,450	94.6%
Waste disposal	64,836	67,740	95.7%
Permit administration	1,230	1,500	82.0%
Total terminal C complex	2,030,283	2,252,640	90.1%
Cargo complex			
North cargo			
Electricity	25,688	25,200	101.9%
Telecommunications	1,456	900	161.8%
Supplies	464	500	92.8%
Liability insurance	16,062	17,200	93.4%
Insurance claim	784	1,250	62.7%
Repairs and maintenance			
HVAC	8,458	8,800	96.1%
Total north cargo	52,912	53,850	98.3%

RALEIGH - DURHAM AIRPORT AUTHORITY

EXPENSES COMPARED WITH BUDGET

AIRPORT FACILITIES OPERATING EXPENSES

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
South cargo			
Electricity	8,521	3,400	250.6%
Fuel-natural gas	32,032	5,000	640.6%
Liability insurance	11,579	12,400	93.4%
Insurance claim	314	500	62.8%
Repairs and maintenance			
Equipment	1,050	1,100	95.5%
Total south cargo	53,496	22,400	238.8%
South cargo MP4			
Electricity - MP4	42,925	43,500	98.7%
Fuel-natural gas	1,448	25,700	5.6%
Supplies	718	2,000	35.9%
Insurance	18,863	20,200	93.4%
Insurance claim	470	750	62.7%
Repairs and maintenance			
Elevators/escalators	1,640	1,750	93.7%
Waste disposal	1,560	2,200	70.9%
Permit administration	118	225	52.4%
Total south cargo MP4	67,742	96,325	70.3%
Total cargo complex	174,150	172,575	100.9%
Fuel farm complex			
Operation/management fees	1,063,824	900,000	118.2%
Electricity	71,960	70,000	102.8%
Insurance	16,715	17,900	93.4%
Total fuel farm complex	1,152,499	987,900	116.7%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
General aviation complex			
General aviation-general			
Electricity	6,733	5,800	116.1%
Telecommunications	2,881	2,500	115.2%
Supplies	439	500	87.8%
Liability insurance	12,420	13,300	93.4%
Insurance claim	941	1,500	62.7%
Repairs and maintenance			
Elevators/escalators	1,795	1,800	99.7%
General	975	1,000	97.5%
HVAC	1,272	2,500	50.9%
Janitorial	3,517	3,700	95.1%
Total general aviation-general	30,973	32,600	95.0%
General aviation terminal			
Contracted services-building manager	146,907	163,600	89.8%
Contracted services	2,673	3,594	74.4%
Electricity	37,502	25,000	150.0%
Fuel - natural gas	23,406	2,000	1170.3%
Telecommunications	614	1,500	40.9%
Fuel - vehicle and equipment		100	-
Supplies	903	6,500	13.9%
Liability insurance	12,046	12,900	93.4%
Insurance claim	627	1,000	62.7%
Repairs and maintenance			
Elevators/escalators		450	-
Equipment	480	500	96.0%
General	9,554	17,200	55.5%
HVAC	398	1,000	39.8%
Janitorial	28,166	29,600	95.2%
Waste disposal	2,209	3,850	57.4%
Permit administration	118	175	67.4%
Total general aviation terminal	265,603	268,969	98.7%
Total general aviation complex	296,576	301,569	98.3%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Rental car complex			
Electricity	1,700	-	N/A
Liability insurance	4,202	4,500	93.4%
Insurance claim	470	750	62.7%
Total rental car complex	6,372	5,250	121.4%
Office & other buildings complex			
Electricity	11,419	13,400	85.2%
Fuel - natural gas	146	2,100	7.0%
Telecommunications	1,821	2,500	72.8%
Fuel - vehicle and equipment	47	1,100	4.3%
Supplies	15,538	24,000	64.7%
Liability insurance	27,174	29,100	93.4%
Insurance claim	627	1,000	62.7%
Repairs and maintenance			
Elevators/escalators	1,820	2,600	70.0%
Equipment	1,586	4,750	33.4%
General	49,758	61,000	81.6%
HVAC	46,368	47,000	98.7%
Janitorial	32,917	34,350	95.8%
Waste disposal	20,451	24,450	83.6%
Permit administration	133	750	17.7%
Total office & other complex	209,805	248,100	84.6%
Utilities complex			
Electricity	4,980	4,700	106.0%
Water and sewer	646,702	596,000	108.5%
Telecommunications	498	600	83.0%
Fuel - vehicles and equipment	-	50	-
Supplies	14,274	20,000	71.4%
Liability insurance	934	1,000	93.4%
Repairs and maintenance			
General	59,408	65,000	91.4%
Water system	1,424	2,000	71.2%
Total utilities complex	728,220	689,350	105.6%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Parking complex			
Contracted services	18,453	19,833	93.0%
Electricity	851,925	914,000	93.2%
Telecommunications	17,897	43,300	41.3%
Fuel - vehicles & equipment	1,777	1,905	93.3%
Supplies	56,482	65,000	86.9%
Liability insurance	216,269	231,600	93.4%
Insurance claim	6,272	10,000	62.7%
Repairs and maintenance			
Elevators/escalators	68,544	85,000	80.6%
Equipment	5,236	10,400	50.3%
General	82,096	97,450	84.2%
HVAC	255	1,000	25.5%
Janitorial	42,465	43,950	96.6%
Permit administration	1,446	3,550	40.7%
Total RDU parking	1,369,117	1,526,988	89.7%
Ground transportation complex			
Taxi operation			
Liability insurance	1,027	1,100	93.4%
Repairs and maintenance			
Janitorial	-	1,700	-
Total taxi operation	1,027	2,800	36.7%
Ground transportation other			
Contracted services-landscaping	869,878	945,500	92.0%
Supplies	19,071	20,000	95.4%
Repairs and maintenance			
Equipment	10,000	10,000	100.0%
General	27,290	10,000	272.9%
Snow removal	5,045	-	N/A
Total ground transportation	931,284	985,500	94.5%
Total ground transportation complex	932,311	988,300	94.3%
TOTAL AIRPORT FACILITIES	$ 10,166,095	$ 10,612,149	95.8%

RALEIGH - DURHAM AIRPORT AUTHORITY

EXPENSES COMPARED WITH BUDGET

ADMINISTRATIVE EXPENSES

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Administrative			
Airport director's office			
Salaries	$ 576,139	$ 591,993	97.3%
Health insurance	37,656	31,950	117.9%
Retirement	49,877	54,750	91.1%
Social security	34,312	34,300	100.0%
Moving expenses	29,317	30,000	97.7%
Professional/education	49,799	49,000	101.6%
Unemployment compensation	15,167	25,000	60.7%
Advertising	154	200	76.9%
Legal fees	272,255	144,000	189.1%
Printing	-	100	-
Copiers	2,851	3,000	95.0%
Electricity	25,186	27,400	91.9%
Fuel - natural gas	3,148	2,300	136.9%
Telecommunications	4,128	6,000	68.8%
Promotional	7,922	8,000	99.0%
Supplies	1,856	2,400	77.3%
Liability insurance	42,301	45,300	93.4%
Travel	15,137	16,700	90.6%
Postage	580	1,350	43.0%
Total airport director's office	1,167,786	1,073,743	108.8%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Customer service and organizational support			
Salaries	394,202	429,296	91.8%
Health insurance	35,383	31,250	113.2%
Retirement	34,976	36,125	96.8%
Social security	27,543	30,925	89.1%
Professional/education	3,982	5,800	68.7%
Tuition assistance	6,373	10,000	63.7%
Printing	21,957	35,000	62.7%
Contracted services	25,954	40,000	64.9%
Copiers	4,716	5,000	94.3%
Telecommunications	4,859	7,000	69.4%
Software	806	2,050	39.3%
Promotional	12,268	14,250	86.1%
Small equipment	-	150	-
Supplies	1,994	3,050	65.4%
Travel	3,609	7,000	51.6%
Postage	1,149	4,400	26.1%
Total customer service and organizational support	579,770	661,296	87.7%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Administration			
Salaries	364,928	360,264	101.3%
Health insurance	39,339	35,175	111.8%
Retirement	29,491	25,450	115.9%
Social security	25,738	26,825	95.9%
Physical examinations	123	150	82.0%
Professional/education	8,016	8,200	97.8%
Employee assistance program	7,600	8,745	86.9%
Advertising	17,460	17,880	97.7%
Legal fees	38,725	36,015	107.5%
Printing	4,862	5,000	97.2%
Contracted services	44,731	45,300	98.7%
Copiers	3,326	3,400	97.8%
Telecommunications	4,567	7,000	65.2%
Software	2,140	2,500	85.6%
Promotional	6,766	8,000	84.6%
Small equipment	116	210	55.2%
Supplies	1,704	1,800	94.7%
Travel	5,157	5,200	99.2%
Postage	1,394	1,800	77.4%
Total administration	606,183	598,914	101.2%
Business development			
Salaries	142,072	139,798	101.6%
Health insurance	10,426	9,000	115.8%
Retirement	13,840	13,375	103.5%
Social security	10,009	10,325	96.9%
Professional/education	1,020	1,500	68.0%
Legal fees	5,089	-	N/A
Copying	1,425	1,500	95.0%
Telecommunications	1,858	3,000	61.9%
Supplies	1,272	1,700	74.8%
Travel	969	2,500	38.7%
Postage	366	600	61.0%
Total business development	188,346	183,298	102.8%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Finance			
Salaries	799,033	790,226	101.1%
Health insurance	76,715	66,425	115.5%
Retirement	69,740	67,850	102.8%
Social security	56,955	58,900	96.7%
Professional/education	4,946	9,000	55.0%
Audit	28,000	32,650	85.8%
Oracle ASP services	118,019	124,150	95.1%
Printing	3,307	3,600	91.9%
Contracted services	13,344	20,781	64.2%
Copiers	6,652	7,500	88.7%
Telecommunications	9,864	18,000	54.8%
Software	149	-	N/A
Printer supplies	5,245	5,500	95.4%
Small equipment	16,614	18,650	89.1%
Supplies	4,009	4,700	85.3%
Media and documentation	40	100	40.0%
Repairs and maintenance - computer hardware	2,968	2,970	99.9%
Travel	3,345	8,000	41.8%
Postage	2,306	3,000	76.9%
Total finance	1,221,251	1,242,002	98.3%

RALEIGH - DURHAM AIRPORT AUTHORITY

EXPENSES COMPARED WITH BUDGET

ADMINISTRATIVE EXPENSES

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Major capital improvements program			
Salaries	396,529	401,825	98.7%
Health insurance	21,265	18,550	114.6%
Retirement	37,393	39,625	94.4%
Social security	26,156	27,200	96.2%
	481,343	487,200	98.8%
Less amount capitalized as airport development	481,343	487,200	98.8%
Net operating major capital improvements program	-	-	N/A
Facilities and environmental			
Salaries	367,365	471,448	77.9%
Health insurance	40,324	35,650	113.1%
Retirement	45,159	43,600	103.6%
Social security	34,614	35,250	98.2%
Professional/education	3,755	5,000	75.1%
GIS ASP services	1,750	3,000	58.3%
Legal fees	9,155	5,000	183.1%
Contracted services	10,721	20,750	51.7%
Copiers	2,851	3,200	89.1%
Electricity	18,725	14,800	126.5%
Fuel - natural gas	2,568	2,300	111.7%
Telecommunications	8,724	17,000	51.3%
Computer software	1,305	1,400	93.2%
Printer supplies	4,356	5,000	87.1%
Small equipment	-	1,650	-
Supplies	2,082	2,450	85.0%
Liability Insurance	45,192	48,400	93.4%
Repairs and maintenance			
Equipment	-	500	-
Janitorial	70,092	75,000	93.5%
Computer software	5,749	12,900	44.6%
Travel	1,675	2,500	67.0%
Permit administration	4,014	5,400	74.3%
Postage	352	450	78.3%
Total facilities and environmental	680,528	812,648	83.7%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Noise			
Salaries	55,364	48,166	114.9%
Health insurance	4,904	4,400	111.4%
Retirement	5,114	4,725	108.2%
Social security	3,609	3,650	98.9%
Professional/education	1,450	1,950	74.4%
Advertising	1,136	6,000	18.9%
Legal fees	-	500	-
Printing	1,230	2,500	49.2%
Contracted services	35,494	35,500	100.0%
Copiers	950	1,200	79.2%
Telecommunications	2,693	3,650	73.8%
Small equipment	50	500	10.0%
Supplies	380	1,000	38.0%
Liability insurance	930	1,000	93.0%
Repairs and maintenance			
Equipment	-	500	-
Travel	893	2,000	44.6%
Postage	94	500	18.9%
Total noise	114,290	117,741	97.1%
TOTAL ADMINISTRATIVE	$ 4,558,154	$ 4,689,642	97.2%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
VISITOR SERVICES EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Visitor services			
Salaries	$ 380,555	$ 368,341	103.3%
Health insurance	57,272	52,050	110.0%
Accident insurance	500	300	166.7%
Retirement	31,287	28,150	111.1%
Social security	28,108	27,800	101.1%
Uniforms	2,359	3,100	76.1%
Professional/education	2,074	2,300	90.2%
Advertising	748	1,000	74.8%
Printing	2,985	3,344	89.3%
Contracted services	645	1,650	39.1%
Copiers	950	1,200	79.2%
Telecommunications	7,717	8,000	96.5%
Promotional	5,741	5,800	99.0%
Small equipment	2,986	3,100	96.3%
Supplies	1,453	1,500	96.8%
Liability insurance	10,925	11,700	93.4%
Travel	124	756	16.4%
Postage	189	300	63.0%
TOTAL VISITOR SERVICES	$ 536,617	$ 520,391	103.1%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT MAINTENANCE EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Airport maintenance			
Salaries	$ 1,703,399	$ 1,722,827	98.9%
Health insurance	212,537	192,375	110.5%
Retirement/ 401K match	143,433	132,375	108.4%
Social security	127,029	128,400	98.9%
Uniforms	24,555	27,000	90.9%
Physical examinations	3,758	4,500	83.5%
Professional/education	5,118	5,450	93.9%
CMMS ASP services	28,998	37,200	78.0%
Contracted services	1,234	1,250	98.8%
Copiers	3,678	4,500	81.7%
Electricity	47,736	51,700	92.3%
Fuel-heating	32,203	32,950	97.7%
Telecommunications	14,768	19,000	77.7%
Computer software	2,403	3,900	61.6%
Small equipment	14,722	24,650	59.7%
Supplies	14,362	21,000	68.4%
Liability insurance	92,913	99,500	93.4%
Repairs and maintenance			
Equipment	972	2,500	38.9%
Janitorial	43,861	43,900	99.9%
Waste disposal	2,194	2,200	99.7%
Travel	3,021	3,500	86.3%
Postage	986	650	151.6%
Total airport maintenance	2,523,879	2,561,327	98.5%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT MAINTENANCE EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Fleet maintenance			
Salaries	301,942	275,720	109.5%
Health insurance	29,820	26,425	112.8%
Retirement/ 401K match	27,495	24,925	110.3%
Social security	22,640	20,825	108.7%
Uniforms	4,070	4,350	93.6%
Physical examinations	-	250	-
Professional/education	275	700	39.3%
CMMS ASP services	-	4,000	-
Fuel - vehicles and equipment	408,857	240,000	170.4%
Small equipment	2,058	3,100	66.4%
Supplies	164,005	199,250	82.3%
Liability insurance	9,334	10,000	93.3%
Repairs and maintenance - equipment	17,354	35,000	49.6%
Travel	197	450	43.7%
Total fleet maintenance	988,048	844,995	116.9%
TOTAL AIRPORT MAINTENANCE	$ 3,511,927	$ 3,406,322	103.1%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
LAW ENFORCEMENT EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Law enforcement			
Salaries	$ 1,949,223	$ 1,955,660	99.7%
Health insurance	168,221	149,250	112.7%
Retirement/ 401K match	128,941	127,925	100.8%
Social security	145,053	147,450	98.4%
Uniforms	18,404	25,000	73.6%
Physical examinations	10,618	17,250	61.6%
Professional/education	7,811	10,000	78.1%
Printing	2,566	3,000	85.5%
DCI access fee	1,800	3,950	45.6%
Contracted services-AVSEC	-	54,800	-
Contracted services	12,576	13,000	96.7%
Copiers	6,176	7,000	88.2%
Telecommunications	22,506	20,000	112.5%
Small equipment	466	500	93.2%
Supplies	19,176	25,000	76.7%
Liability insurance	67,234	72,000	93.4%
Repairs and maintenance			
Equipment	2,017	4,000	50.4%
Travel	6,812	10,000	68.1%
Postage	149	300	49.7%
K-9 program	3,519	3,600	97.7%
TOTAL LAW ENFORCEMENT	$ 2,573,268	$ 2,649,685	97.1%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
EMERGENCY SERVICES EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Emergency services			
Salaries	$ 978,002	$ 909,447	107.5%
Health insurance	95,337	83,750	113.8%
Retirement/ 401K match	84,042	70,875	118.6%
Social security	73,191	67,625	108.2%
Uniforms	11,651	15,000	77.7%
Physical examinations	5,776	7,250	79.7%
Professional/education	9,326	11,000	84.8%
Printing	-	200	-
Copiers	3,350	3,800	88.2%
Fuel - natural gas	6,496	6,400	101.5%
Telecommunications	13,058	16,000	81.6%
Small equipment	3,872	3,950	98.0%
Supplies	14,967	16,000	93.5%
Liability insurance	27,454	29,400	93.4%
Repairs and maintenance			
Equipment	6,427	8,500	75.6%
Waste disposal	484	550	88.0%
Travel	3,806	6,000	63.4%
Postage	64	150	42.9%
TOTAL EMERGENCY SERVICES	$ 1,337,302	$ 1,255,897	106.5%

RALEIGH - DURHAM AIRPORT AUTHORITY

EXPENSES COMPARED WITH BUDGET

OPERATIONS EXPENSES

Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Operations			
Salaries	$ 625,548	$ 590,174	106.0%
Health insurance	64,062	57,175	112.0%
Retirement/ 401K match	47,530	43,125	110.2%
Social security	44,788	43,850	102.1%
Uniforms	2,091	2,500	83.6%
Physical examinations	721	900	80.1%
Professional/education	1,257	9,900	12.7%
Printing	4,000	4,700	85.1%
Contracted services	16,193	34,000	47.6%
Copiers	1,425	2,000	71.3%
Electricity	49,051	21,100	232.5%
Fuel-natural gas/heating oil	4,482	2,500	179.3%
Telecommunications	11,330	14,500	78.1%
Small equipment	2,209	3,000	73.6%
Supplies	5,353	8,500	63.0%
Supplies-ID system	10,920	15,000	72.8%
Liability insurance	28,014	30,000	93.4%
Repairs and maintenance			
Equipment	1,183	2,000	59.1%
Travel	3,190	9,500	33.6%
Permit administration	-	100	-
Postage	387	600	64.5%
TOTAL OPERATIONS	$ 923,735	$ 895,124	103.2%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
COMMUNICATIONS EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Communications			
Salaries	$ 387,276	$ 388,439	99.7%
Health insurance	48,282	43,725	110.4%
Retirement/ 401K match	27,755	23,875	116.3%
Social security	28,582	29,450	97.1%
Physical examinations	271	350	77.4%
Professional/education	5,009	5,290	94.7%
DCI access fees	2,700	3,600	75.0%
Contracted services	3,456	3,600	96.0%
Telecommunications	42,650	49,600	86.0%
Small equipment	3,525	210	1678.8%
Supplies	1,549	1,550	99.9%
Liability insurance	9,151	9,800	93.4%
Repairs and maintenance			
Equipment	34,231	41,356	82.8%
Travel	535	644	83.0%
Postage	45	50	89.9%
TOTAL COMMUNICATIONS	$ 595,018	$ 601,539	98.9%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
PARKING EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Parking			
Salaries	$ 992,678	$ 948,442	104.7%
Health insurance	121,979	109,225	111.7%
Retirement/ 401K match	76,588	66,600	115.0%
Social security	73,918	71,450	103.5%
Uniforms	2,073	3,900	53.2%
Physical examinations	160	350	45.7%
Professional/education	3,633	18,000	20.2%
Advertising	-	200	-
Printing	868	2,500	34.7%
Credit card fees	586,622	615,000	95.4%
Contracted services	485,070	495,000	98.0%
Copiers	5,701	7,200	79.2%
Electricity	6,465	4,400	146.9%
Telecommunications	26,918	32,000	84.1%
Computer hardware	906	2,500	36.2%
Computer software	-	4,000	-
Printer supplies	45,159	52,750	85.6%
Small equipment	3,000	10,400	28.8%
Supplies	9,937	28,000	35.5%
Liability insurance	35,881	38,500	93.2%
Repairs and maintenance			
Computer hardware	3,656	16,000	22.8%
Equipment	6,682	7,500	89.1%
Janitorial	25,886	35,500	72.9%
Waste disposal	1,155	1,200	96.2%
Travel	2,249	5,000	45.0%
Abandoned vehicles	1,395	1,500	93.0%
Postage	588	2,000	29.4%
TOTAL PARKING	$ 2,519,168	$ 2,579,117	97.7%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
GROUNDS TRANSPORTATION DIVISION EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Ground transportation			
Salaries	$ 258,121	$ 270,489	95.4%
Health insurance	36,018	30,600	117.7%
Retirement/ 401K match	17,722	17,825	99.4%
Social security	19,191	20,375	94.2%
Uniforms	10,160	10,750	94.5%
Physical examinations	1,526	2,200	69.4%
Professional/education	1,899	2,000	94.9%
Printing	3,734	4,000	93.4%
Contracted services - bus drivers	1,243,721	1,334,200	93.2%
Copiers	3,801	4,200	90.5%
Shuttle van rental	464,321	712,700	65.1%
Electricity	996	415	240.1%
Telecommunications	13,192	13,400	98.4%
Small equipment	396	450	88.0%
Supplies	6,798	7,500	90.6%
Liability insurance	72,366	77,500	93.4%
Repairs and maintenance			
Equipment	19,475	20,000	97.4%
Janitorial	8,574	9,000	95.3%
Travel	1,152	2,200	52.4%
Postage	462	1,085	42.5%
Total ground transportation	2,183,625	2,540,889	85.9%

RALEIGH - DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
GROUNDS TRANSPORTATION DIVISION EXPENSES
Year Ended March 31, 2005

	Actual	Budget	Percent of Budget
Traffic control			
Salaries	869,429	778,417	111.7%
Health insurance	124,079	112,700	110.1%
Retirement/ 401K match	71,289	56,875	125.3%
Social security	64,567	58,600	110.2%
Uniforms	11,962	12,500	95.7%
Physical examinations	400	500	80.0%
Professional/education	945	1,000	94.5%
Printing	1,960	2,000	98.0%
Contracted services-labor	480	600	80.0%
Contracted services-other	4,100	4,100	100.0%
Small equipment	780	960	81.3%
Supplies	2,557	2,950	86.7%
Liability insurance	23,713	25,400	93.4%
Repairs and maintenance			
Equipment	492	500	98.4%
Travel	-	90	-
Total traffic control	1,176,753	1,057,192	111.3%
TOTAL GROUNDS TRANSPORTATION DIVISION	$ 3,360,378	$ 3,598,081	93.4%

RALEIGH - DURHAM AIRPORT AUTHORITY
DETAILS OF AIRPORT AND FACILITIES
Year Ended March 31, 2005

	Total	Authority Funds	Federal and State Funds
Land	$ 35,546,221	$ 33,766,874	$ 1,779,347
Landing field and grounds	440,864,655	373,806,390	67,058,265
Terminal buildings	90,197,349	89,921,079	276,270
Other buildings	78,770,494	59,776,038	18,994,456
Utilities	3,924,926	3,719,413	205,513
Equipment	12,670,803	12,670,803	-
Construction in progress	106,406,208	69,245,905	37,160,303
TOTAL DETAILS OF AIRPORT AND FACILITIES	$ 768,380,656	$ 642,906,502	$ 125,474,154

RALEIGH - DURHAM AIRPORT AUTHORITY

SUMMARY OF DEPRECIATION

Year Ended March 31, 2005

Departmental	
Administrative	$ 393,362
Parking	11,110,779
Emergency services	194,884
Airport maintenance	178,273
Law enforcement	46,027
Facilities and environmental	91,912
Operations	20,572
Communications	275,156
Total departmental	12,310,965
Nondepartmental	
Airfield complex	2,360,410
Terminal A complex	
Buildings and improvements	3,721,687
Terminal C complex	
Buildings and improvements	1,329,392
General aviation complex	
Buildings and improvements	765,713
Cargo complex	
Buildings and improvements	1,051,397
Ground transportation complex	
Roadways	3,383,876
Fuel farm complex	96,186
Office & other buildings complex	582,251
Utilities complex	229,035
Rental car complex	14,113
TOTAL DEPRECIATION	$ 25,845,025

RALEIGH - DURHAM AIRPORT AUTHORITY

SUMMARY OF CAPITAL PROJECTS FUNDS

SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET

Year Ended March 31, 2005

		Expenditures			Unexpended
	Budget	Prior Year	Current Year	Total	Budget March 31, 2005
General airport projects	$ 30,340,000	$ 25,059,153	$ 1,653,756	$ 26,712,909	$ 3,627,091
Terminal area projects	135,915,000	33,374,073	33,281,133	66,655,206	69,259,794
Non-terminal area projects	108,090,000	73,304,532	179,627	73,514,705	34,575,295
General airport revenue bond projects	140,600,000	130,415,098	1,236,138	131,651,236	8,948,764
TOTAL CAPITAL PROJECTS	$ 414,945,000	$ 262,152,856	$ 36,350,654	$ 298,534,056	$ 116,410,944