

Annual Comprehensive Financial Report

For the Fiscal Years Ended March 31, 2022 and 2021



Raleigh-Durham
Airport Authority

RALEIGH-DURHAM AIRPORT AUTHORITY
RDU Airport, North Carolina

Annual Comprehensive Financial Report

For the Fiscal Years Ended March 31, 2022 and 2021

Prepared by the Finance Department



Patrick Hannah, Esq.
Chairman, Durham County



Sepideh Saidi
Vice Chair, City of Raleigh



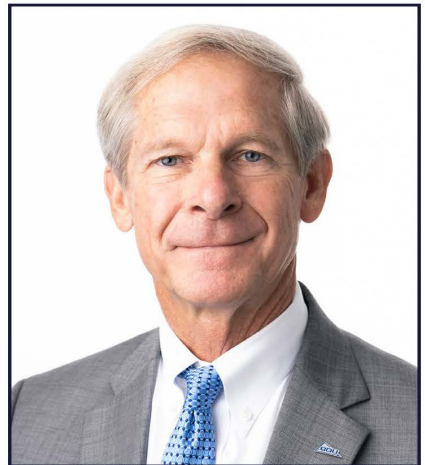
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Secretary, Wake County



Tammie Hall
Treasurer, City of Durham



RDUAA
Board Members



Richard Thompson
City of Raleigh



David Morgan
Durham County



Ellis Hankins
Wake County

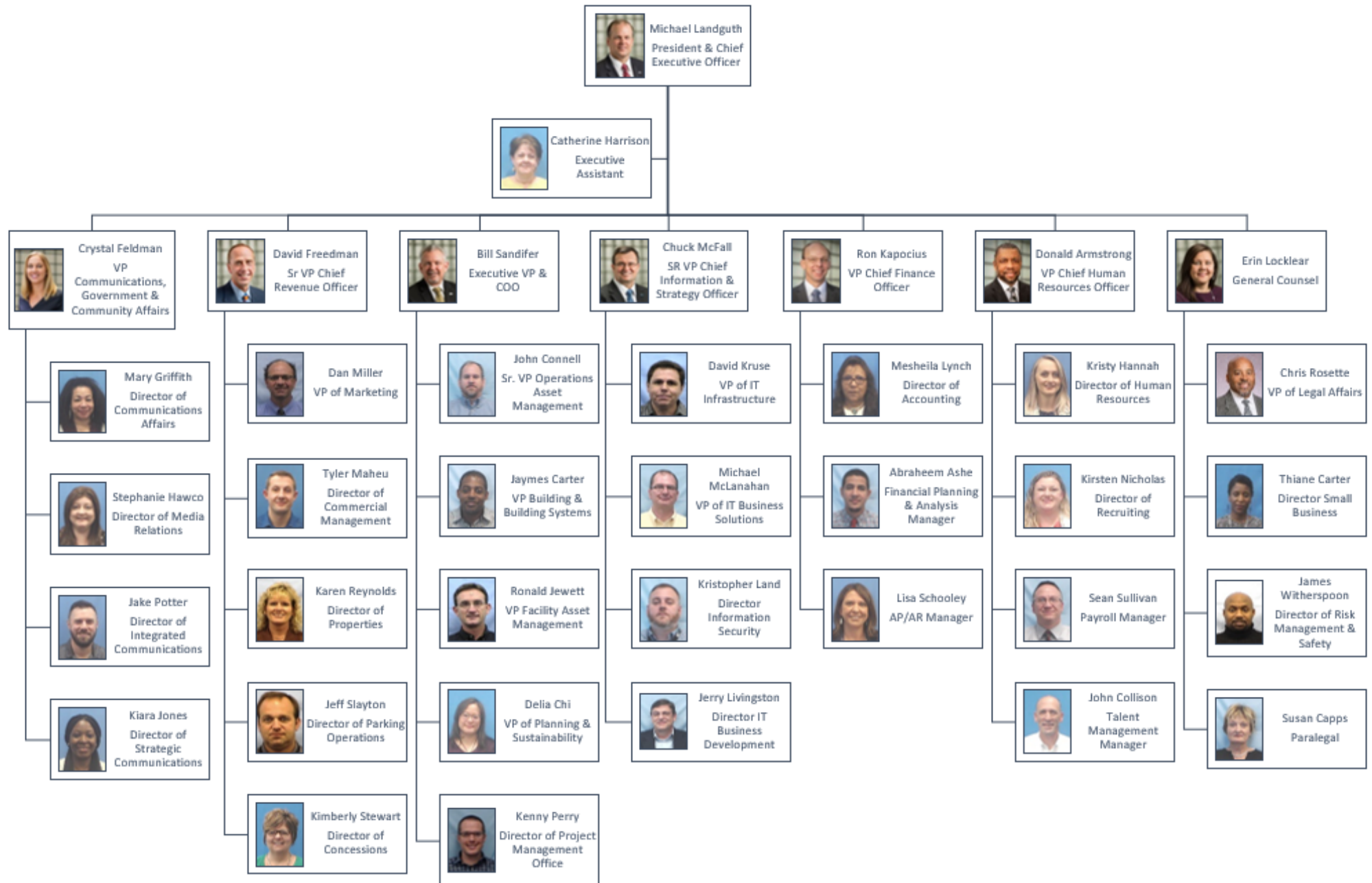


Yesenia Polanco-Galdamez
City of Durham

RALEIGH-DURHAM AIRPORT AUTHORITY
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RALEIGH DURHAM AIRPORT AUTHORITY 2022-2023 ORGANIZATIONAL STRUCTURE





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Raleigh-Durham Airport Authority
North Carolina

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

March 31, 2021

Christopher P. Merrill

Executive Director/CEO



Michael J. Landguth, A.A.E.
President & CEO

July 21, 2022

To the Board of the Raleigh-Durham Airport Authority,

This Annual Comprehensive Financial Report (ACFR) of the Raleigh-Durham Airport Authority (the “Authority”) is hereby submitted for the fiscal year ended March 31, 2022. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Finance Department of the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority.

The Annual Comprehensive Financial Report (ACFR)

The Annual Comprehensive Financial Report is presented in three sections - Introductory, Financial, and Statistical. The Introductory section includes this Letter of Transmittal, a depiction of the Authority Board Members, the Authority’s Organizational Chart and the Certificate of Achievement for Excellence in Financial Reporting awarded to the Authority for its prior fiscal year ended March 31, 2021 submission. This Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government finance reports. The Financial section includes the Independent Auditor’s Report, Management’s Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplemental Information, and Supplemental Information. The Statistical section includes selected financial trends, debt service, key performance indicators (“KPIs”), other operating statistics, and economic demographic information, presented on a multi-year basis.

This letter should be read in conjunction with the accompanying Management Discussion & Analysis (“MD&A”) in order to gather a more complete financial and business picture of the Authority. It is our intent to submit the fiscal year ended March 31, 2022 Comprehensive Annual Financial Report to the Government Finance Officers Association for their review and certification.

Reporting Entity

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

The Authority has many of the same powers of any North Carolina local government unit with some notable exceptions. It has no power to impose any taxes. In order to finance Airport development, operation and maintenance, it charges fees to those who use or operate businesses at the Airport. Annually, the Authority receives \$12,500 from each of the four governmental units that appoint its members. This total of \$50,000 is less than one-tenth of one percent of the Authority’s annual operating revenue.

Raleigh-Durham Airport Authority Board Members

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David Morgan

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Dickie Thompson

WAKE COUNTY

David Kushner, **Secretary**
Ellis Hankins

CITY OF DURHAM

Tammie Hall, **Treasurer**
Yesenia Polanco-Galdamez



Michael J. Landguth, A.A.E.
President & CEO

Economy, Region & Air Service

Located in Morrisville, N.C., RDU is the second largest airport in North Carolina and draws guests from the eastern half of the state, which includes the Research Triangle area.

The core of RDU's service area is the Research Triangle region, which consists of a 13-county zone that features multiple major universities in Raleigh, Durham and Chapel Hill and the Research Triangle Park, a major research and technological economic development area. This 7,000-acre research park employs about 50,000 people. Beyond this region, RDU serves as the main airport for residents from the Atlantic coast westward to about U.S. 220 and from southern Virginia southward to the South Carolina state line. RDU is the primary international hub for nearly half the State of North Carolina.

RDU is one of the region's most influential economic engines. The North Carolina Division of Aviation's "The State of Aviation" report, released in January 2021, determined that the airport contributes \$15.1 billion to the regional economy annually, supports more than 99,000 regional jobs and generates \$518 million in state and local taxes.

Classified by the Federal Aviation Administration (FAA) as a medium hub, 11 airlines serve 37 nonstop destinations from RDU – down from 57 prior to COVID-19, but up from the pandemic low of 23 destinations served. In recent years, Delta, American, United and Southwest have served as RDU's largest airline partners by volume, with Delta maintaining its "focus city" classification in 2021. As the airport's customer mix sees an increase in leisure flyers, low-cost carriers (LCC) and ultra-low-cost carriers (ULCC) continue to invest in the market. RDU welcomed its 11th carrier, Sun Country Airlines, in May 2021 and two new carriers (Iceland air and Avelo) announced service from RDU during the fiscal year with service scheduled to begin in May 2022.

RDU seeks to restore its international connectivity as it emerges from the pandemic, celebrating the announcement of new nonstop service to Iceland beginning May 2022. It is the first new international route since the pandemic and the airport's newest transatlantic flight. Nonstop service to London via American and Paris via Delta are scheduled to return Summer 2022.

FY 2021-22 Major Events and Initiatives

The Authority turned its focus to restarting many projects and initiatives that were paused because of the pandemic. Thanks to a faster than anticipated recovery, RDU reinitiated projects that prepare the airport to welcome more guests, accommodate more flights and improve the travel experience.

The Vision 2040 master plan was adopted in 2017 and outlines the new facilities and infrastructure needed to accommodate more people and additional flights. Nearly \$2 billion in Vision 2040 projects were in motion or prioritized for construction before the pandemic forced the Authority to halt all capital projects except a few that were near completion.

A select number of important capital projects were restarted in Fiscal Year 2021-22, when the Authority Board approved a \$180 million budget that included the continued preservation of

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FY 2021-22 Major Events and Initiatives (continued)

Runway 5L/23R, a multi-year fuel facility improvement program and the rehabilitation of other critical pavement surfaces.

The Taxiway B rehabilitation, West Rest Over Night (RON) parking apron and the addition of two Terminal 2 Security Checkpoint lanes were also reinstated because of RDU's continued recovery. As RDU prepares to resume its pre-pandemic growth trajectory, more Vision 2040 projects that were put on hold in 2020 restarted throughout the year.

RDU and the Triangle Takeoff Coalition – an alliance of Research Triangle businesses who recognize the airport's importance to the region – won accolades in FY 2021–22 for encouraging a return to air travel. RDU formed the coalition of global, national and regional companies and spearheaded the “Carry On” campaign, which featured local celebrities and ran in broadcast, social and digital media. Members of the coalition made the campaign possible through financial and in-kind contributions. The campaign encouraged travelers to “carry on” at home, at work and in the skies. It earned top honors from Airports Council International-North America for best Overall Public Relations Program for a medium-sized airport.

The airport plans to expand its touchless technology by launching a virtual food hall that will provide guests with a digital, contactless food order and payment experience. The new dining option in Terminal 2 will open in 2022.

The TransLoc app is RDU's new bus tracking system that allows airport guests to see where shuttle buses are located and get an estimated time of arrival. The app monitors RDU's fleet of vehicles while they are running routes between the terminals and remote parking lots.

RDU ranked third among large North American airports for Customer Satisfaction in a new study from J.D. Power, moving up from ninth in 2020. RDU prides itself on providing guests with a world-class customer experience and is honored to be recognized as one of the best airports in North America for traveler satisfaction.

Financial Information

The Board of Directors and management are responsible for establishing and maintaining internal controls designed to ensure that the assets of the Authority are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with Generally Accepted Accounting Principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and local financial assistance, the Board and management are also responsible for certifying that adequate internal controls are in place to ensure and

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Michael J. Landguth, A.A.E.
President & CEO

Financial Information (continued)

document compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by management and the internal audit staff.

The Authority maintains extensive budgetary controls to guarantee that expenditures are made in compliance with the approved budget ordinances. There were no significant changes to the Authority's financial policies that had an impact on the financial statements during the last year.

Independent Audit

Elliott Davis, PLLC performed the annual audit as of and for the fiscal period ended March 31, 2022 and rendered an unmodified opinion as to the Authority's financial statements. The audit was conducted in a manner consistent with the requirements of the Single Audit Act, Subpart F of the U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the U.S. Office of Management and Budgets (OMB) Compliance Supplement. The report and opinion are contained herein, and found that the Authority's financial statements presented fairly, in all material respects, the financial position of the Authority as of March 31, 2022, and 2021.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its annual comprehensive financial report (ACFR) for the fiscal year ended March 31, 2021. This was the thirteenth consecutive year of award. To be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized ACFR. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments

The completion of this report would not have been possible without the dedication and efforts of all the team members of the Finance and Accounting Department. We also express our appreciation to the Authority's Board of Directors for their continued support of our mission and strategic vision.

Respectfully submitted,

Michael J. Landguth, AAE
President and CEO
Raleigh-Durham Airport Authority

Ronald Kapocius, CPA
Chief Financial Officer
Raleigh-Durham Airport Authority

Raleigh-Durham Airport Authority Board Members

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RALEIGH-DURHAM AIRPORT AUTHORITY
RDU Airport, North Carolina

Financial Section

Prepared by the Finance Department

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Raleigh-Durham Airport Authority (the "Authority"), which comprise the statements of net position as of March 31, 2022 and 2021, and the related statements of revenues, expenses and changes in net position, the statements of cash flows for the years then ended and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities, of the Authority as of March 31, 2022 and 2021, and the respective changes in financial position, and where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Notes 2 and 6 to the financial statements, as of April 1, 2021, the Authority adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by the reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 13, and the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 52, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a percentage of Covered Payroll on pages 53 through 54 and the Local Government Employees' Retirement System's Schedule of the Proportionate Share of Net Pension Liability (Asset) and Employer Contributions, on pages 55 through 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which

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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory section and supplemental information to include the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2022 on our consideration of the Authority's internal control over financial reporting and 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* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
July 21, 2022

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

Overview

The Management's 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, 2022 and March 31, 2021. The Authority's basic financial statements consist of three components; 1) Management's Discussion and Analysis, 2) Financial Statements, and 3) Notes to the Financial Statements. In addition to the Management's Discussion and Analysis, management has prepared the accompanying Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows.

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

Required Financial Statements

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statements of Net Position include all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). They also provide the basis for computing rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements can be used to measure the success of the Authority's operations over the past year, its financial position, and can be used to determine the Authority's overall profitability, financial strength and credit worthiness. The final required financial statement is the Statements of Cash Flows. The primary purpose of these statements is to provide information about the Authority's cash receipts and cash payments during the reporting period. These statements report 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 19 to 50 of this report.

Background

The Raleigh-Durham International Airport (the "Airport") is located in Wake County, between the Cities of Raleigh and Durham, approximately 10 miles from the downtown areas of each of Raleigh and Durham. Interstate 40, a major thoroughfare, is located immediately to the southwest of the Airport and US Highway 70, another major thoroughfare, is located immediately to the northeast of the Airport. William B. Umstead State Park is located to the immediate east of the Airport. The Airport consists of approximately 5,100 acres, approximately 2,075 of which are developed. The Airport has two active terminals: 1 and 2. The \$573 million Terminal 2, common-use facility consists of approximately 920,000 square feet of floor space, including 36 passenger gates. The North Concourse of Terminal 2 opened October 26, 2008, while the final phase, or the South Concourse of Terminal 2, opened January 23, 2011. In addition, in April 2014, the Authority completed a

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

Background (continued)

\$68 million renovation of Terminal 1. This terminal is home to Southwest Airlines and potentially other carriers. It operates with 9 gates.

The Airport has two primary runways and one secondary runway. In the fiscal years ended March 31, 2022 and 2021, 10.0 million and 3.5 million annual passengers, respectively, used the Airport.

Financial Highlights and Analysis

Net Position

For the fiscal year ending March 31, 2022, current assets increased \$64.5 million or 19.4% from the prior fiscal year due primarily to an increase in cash and cash equivalents in the amount of \$18.5 million or 32.5% and an increase in short-term investments of \$38.7 million or 14.7%. For the fiscal year ending March 31, 2021, current assets increased \$23.8 million or 7.7% from the prior fiscal year due primarily to an increase in cash and cash equivalents in the amount of \$28.2 million or 97.5% and an increase in grants receivable of \$6.8 million or 601.4%, offset by a decrease in short-term investments of \$7.3 million or 2.7%.

For the fiscal year ending March 31, 2022, airport and facilities, net, decreased \$32.5 million or 3.8% versus the fiscal year ending March 31, 2021, due to a increase in non-depreciable airport and facilities of \$7.4 million or 6.8%, offset by an decrease in depreciable net airport and facilities of \$39.9 million or 5.4%. For the fiscal year ending March 31, 2021, airport and facilities, net, decreased \$37.1 million or 4.2% versus the fiscal year ending March 31, 2020, due to a decrease in non-depreciable airport and facilities of \$45.7 million or 29.4%, offset by an increase in depreciable net airport and facilities of \$8.6 million or 1.2%.

For the fiscal year ending March 31, 2022, unrestricted non-current assets decreased \$2.2 million versus the fiscal year ending March 31, 2021, due to a decrease in lease receivable non-current of \$2.2 million. For the fiscal year ending March 31, 2021, unrestricted non-current assets increased \$35.4M or 100% from the adoption of GASB No. 87 and restatement of fiscal year 2021 during fiscal year ending March 31, 2022. See note 6 for additional details.

For the fiscal year ending March 31, 2022, restricted non-current assets increased by \$28.7 million or 23.9% versus the fiscal year ending March 31, 2021 due to an increase in passenger facility charge cash of \$18.6 million or 67.4% and an increase in customer facility charge cash of \$10.1 million or 19.8%. For the fiscal year ending March 31, 2021, other non-current assets decreased by \$1.1 million or 0.9% versus the fiscal year ending March 31, 2020 due to a decrease in passenger facility charge cash of \$3.6 million or 11.4% and a decrease in parity reserve of \$0.7 million or 1.7%, offset by an increase in customer facility charge cash of \$3.1 million or 6.4%.

The combined effect of the above items was an increase to total assets of \$58.5 million or 4.4% for the fiscal year ending March 31, 2022, \$14.5 million or 1.1% decrease for the fiscal year ending March 31, 2021, and \$46.0 million or 3.6% increase for the fiscal year ending March 31, 2020.

For the fiscal year ending March 31, 2022, deferred outflows of resources increased by \$0.5 million or 4.1% due to an increase in the Authority's Other Post Employment Benefits net liability relative to the fiscal year ending March 31, 2021. For the fiscal year ending March 31, 2021, deferred outflows of resources increased by \$5.0 million or 72.9% due to an increase in the Authority's Other Post Employment Benefits net liability relative to the fiscal year ending March 31, 2020.

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

Net Position (continued)

For the fiscal year ending March 31, 2022, current liabilities increased by \$4.9 million or 11.2% due to an increase in accounts payable and accrued liabilities of \$3.3 million or 44.8% and an increase in current maturities of long term debt of \$1.1 million or 5.0% compared to the fiscal year ending March 31, 2021. For the fiscal year ending March 31, 2021, current liabilities decreased by \$9.5 million or 17.8% due to a decrease in accounts payable and accrued liabilities of \$14.9 million or 67.1%, offset by an increase in accrued bond interest of \$3.3 million or 76.4% compared to the fiscal year ending March 31, 2020.

For the fiscal year ending March 31, 2022, total non-current liabilities decreased by \$36.0 million or 7.3% from the prior fiscal year, due to a decrease in long-term debt of \$28.9 million or 6.2%. For the fiscal year ending March 31, 2021, total non-current liabilities decreased by \$19.8 million or 3.9% from the prior fiscal year, due to a decrease in long-term debt of \$27.7 million or 5.6%.

For the fiscal year ending March 31, 2022, deferred inflows of resources increased by \$5.0 million or 15.2% from the prior fiscal year, due to \$8.5 million increase in deferred inflows pension reduced by \$3.4 million decrease in deferred inflow leases. For the fiscal year ending March 31, 2021, deferred inflow of resources increased \$33.2 million due to the implementation of GASB No. 87 - leases, see note 6 for details.

The combined effect of these items was an increase in net position of \$85.0 million or 10.9% for the fiscal year ending March 31, 2022. For the fiscal year ending March 31, 2021, net position increased \$23.3 million or 3.1%. For the fiscal year ending March 31, 2020, net position increased \$116.5 million or 18.1%. Net position at March 31, 2022, March 31, 2021, and March 31, 2020 are presented in the following table:

Condensed Statements of Net Position

	March 31, 2022	March 31, 2021	March 31, 2020
Current assets	\$ 397,576,222	\$ 333,101,313	\$ 308,094,220
Airport and facilities, net	817,675,966	850,162,278	887,310,146
Unrestricted, non-current assets	33,243,935	35,420,497	—
Restricted non-current assets	149,146,651	120,416,327	121,518,314
Total assets	<u>1,397,642,774</u>	<u>1,339,100,415</u>	<u>1,316,922,680</u>
Total deferred outflows of resources	<u>12,384,762</u>	<u>11,891,562</u>	<u>6,876,022</u>
Current liabilities	48,653,664	43,756,784	53,221,079
Non-current liabilities	456,308,476	492,261,636	512,031,748
Total liabilities	<u>504,962,140</u>	<u>536,018,420</u>	<u>565,252,827</u>
Total deferred inflows of resources	<u>38,353,604</u>	<u>33,307,359</u>	<u>150,373</u>
Net investment in capital assets	351,649,776	360,059,904	363,556,801
Restricted net position	149,146,651	120,416,327	121,518,314
Unrestricted net position	365,915,365	301,189,967	273,320,387
Net position	<u>\$ 866,711,792</u>	<u>\$ 781,666,198</u>	<u>\$ 758,395,502</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2021 and 2020

Revenues, Expenses, and Change in Net Position

For the fiscal year ended March 31, 2022, the Authority experienced a \$74.6 million increase, or 101.2%, in operating revenues due mainly to an increase of \$36.6 million or 274.2% in parking revenue, an increase in airfield revenue of \$7.1 million or 102.9%, an increase in terminal of \$19.0 million or 51.7%, and an increase in rental car of \$7.7 million or 91.0% compared to the prior fiscal year.

For the fiscal year ended March 31, 2021, the Authority experienced a \$99.9 million decrease, or 57.6%, in operating revenues due mainly to a decrease of \$51.8 million or 79.5% in parking revenue, a decrease in airfield revenue of \$10.9 million or 61.3%, a decrease in terminal of \$19.2 million or 34.3%, and a decrease in rental car of \$9.5 million or 53.0% compared to the prior fiscal year. This decrease was driven by the material impact of the COVID-19 pandemic on passenger travel.

Operating expenses (excluding depreciation) increased \$7.6 million or 10.9% for the fiscal year ending March 31, 2022, compared to the prior fiscal year. This increase was due to a \$6.0 million increase, or 36.9%, in contractual labor expenses, a \$0.8 million, or 79.6%, increase in general and administrative expenses, and a \$0.7 million, or 11.5% increase in utility expenses. Depreciation expense increased \$2.3 million or 4.4% during the fiscal year ending March 31, 2022. Thus, total operating expenses (including depreciation) increased \$9.9 million or 8.1%.

Operating expenses (excluding depreciation) decreased \$18.7 million or 21.2% for the fiscal year ending March 31, 2021, compared to the prior fiscal year. This decrease was due to a \$8.5 million decrease, or 26.7%, in airport facilities expenses, a \$1.6 million or 6.6% decrease in administrative expenses, and a \$6 million or 51.7% decrease in parking and ground transportation expenses. Depreciation expense increased \$2.8 million or 5.6% during the fiscal year ending March 31, 2021. Thus, total operating expenses (including depreciation) decreased \$15.9 million or 11.4%.

The combined effect of the above items was a increase in operating income of \$64.6 million, with a fiscal year ending March 31, 2022 operating income of \$15.5 million. For the fiscal year ending March 31, 2020, the combined effect of the above items was a decrease in operating income of \$84.0 million, with a fiscal year ending March 31, 2020 operating loss of \$49.1 million.

For the period ending March 31, 2022, total non-operating revenues (expenses) decreased \$4.6 million or 9.9% due to decreases in payments from federal and state agencies of \$25.5 million or 52.5%, offset by increases in PFC revenue of \$14.3 million or 242.3% and an increase in CFC revenue of \$4.6 million or 77.6% versus the period ending March 31, 2021.

For the period ending March 31, 2021, total non-operating revenues (expenses) decreased \$8.7 million or 15.6% due to decreases in investment interest income of \$7.1 million or 82.3%, decreases in PFC revenue of \$21.9 million or 78.8%, a decrease in bond interest expenses of \$11.0 million or 235.8%, a decrease in CFC revenue of \$10.8 million or 64.7%, and a decrease of \$8.2 million or 100.00%, in termination income (refer to note 5 for details), offset by an increase in payments from federal and state agencies of \$48.5 million or 100% versus the period ending March 31, 2020.

For the fiscal year ending March 31, 2022, capital contributions, mainly from federal and state grants received for capital project expenditures, increased \$0.4 million or 1.4% compared to the prior fiscal year. For the fiscal year ending March 31, 2021, capital contributions, mainly from federal and state grants received for capital project expenditures, increased \$2.1 million or 8.1% compared to the prior fiscal year.

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

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

Net position serves as a useful indicator of the Authority's financial condition. The Authority's net position for the fiscal year ending March 31, 2022, increased \$85.0 million or 10.9% compared to the previous fiscal year. Net position for the fiscal year ending March 31, 2021, increased \$23.3 million or 3.1% versus the previous fiscal year. A condensed representation of revenues, expenses and change in net position for the fiscal years ending March 31, 2022, 2021, and 2020 are presented in the following table:

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RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

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

Condensed Statement of Revenues, Expenses, and Change in Net Position			
	March 31, 2022	March 31, 2021	March 31, 2020
Operating revenues			
Parking	\$ 49,918,119	\$ 13,338,265	\$ 65,169,221
Airfield	13,959,542	6,881,328	17,782,634
Terminals	55,664,297	36,705,396	55,900,285
Rental car	16,071,235	8,412,962	17,912,819
Other	12,621,154	8,345,621	16,826,350
Total operating revenues	148,234,347	73,683,572	173,591,309
Operating expenses			
Personnel	39,451,457	40,172,242	39,802,797
Professional Services	3,125,689	2,897,343	6,800,376
Contractual Labor	22,428,922	16,387,903	25,268,209
Utilities	6,298,052	5,646,350	6,580,766
Material and Supplies	2,715,702	2,122,752	5,675,046
Insurance	1,385,366	1,366,295	1,449,503
General and Administrative	1,826,691	1,016,827	2,723,626
Depreciation	55,528,068	53,202,700	50,382,473
Total operating expenses	132,759,947	122,812,412	138,682,796
Operating income (loss)	15,474,400	(49,128,840)	34,908,513
Non-operating revenues (expenses)			
Investment interest income	1,037,026	1,537,087	8,674,588
Passenger facility charges	20,230,983	5,910,863	27,833,021
Customer facility charges	10,424,494	5,870,783	16,632,180
Bond interest expense, net	(12,857,209)	(15,600,053)	(4,645,836)
Payments from federal and state agencies	23,011,072	48,495,064	—
Other non-operating revenue (expense)	511,093	787,122	7,226,374
Total non-operating revenues (expenses)	42,357,459	47,000,866	55,720,327
Income (Loss) before capital contributions & special items	57,831,859	(2,127,974)	90,628,840
Capital contributions	28,352,004	27,955,720	25,862,050
Special items	(1,138,270)	(6,004,241)	—
Increase (decrease) in net position	85,045,593	19,823,505	116,490,890
Net position, beginning restated	—	3,447,191	—
Net position, beginning of year	781,666,199	758,395,502	641,904,612
Net position, end of year	\$ 866,711,792	\$ 781,666,198	\$ 758,395,502

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

Cash Flows

For fiscal year ending March 31, 2022, cash provided by operating activities was \$65.3 million. This was an increase of \$62.7 million or 2418.5% from the prior fiscal year. For fiscal year ending March 31, 2021, cash provided by operating activities was \$2.6 million. This was a decrease of \$89.8 million or 97.2% from the prior fiscal year.

For the fiscal year ending March 31, 2022, cash used in investing activities of \$51.7 million represented an increase of \$58.5 million or 862.1% relative to the prior fiscal year. This increase in investing activity cash was due to an increase in net proceeds from short-term investments. For the fiscal year ending March 31, 2021, cash provided by investing activities of \$6.8 million represented an increase of \$10.9 million or 61.7% relative to the prior fiscal year. This increase in investing activity cash was due to an increase in net proceeds from short-term investments.

For the fiscal year ending March 31, 2022, cash used in capital and related financing activities of \$3.2 million represented a decrease in cash used of \$29.8 million or 90.2% from the prior fiscal year. The primary contributor to this was a decrease in capital expenditures of \$9.1 million throughout fiscal year 2022 and an increase in passenger facility charges of \$14.1 million. For the fiscal year ending March 31, 2021, cash used in capital and related financing activities of \$33.0 million represented a decrease in cash used of \$74.2 million or 69.2% from the prior fiscal year. The primary contributor to this was a decrease in capital expenditures of \$71.8 million throughout fiscal year 2021 and an increase in payments of long-term debt of \$242.3 million, offset by a decrease in the issuance of long-term debt of \$210.6 million.

For the fiscal year ending March 31, 2022, non-capital and related financing activities of \$23.0 million represented an increase in cash received from Coronavirus related grants. These funds were received as a result of Coronavirus Aid, Relief, and Economic Security Act (CARES), and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). For the fiscal year ending March 31, 2021, Non-capital and related financing activities of \$48.5 million represented an increase in cash not previously received by the Authority. These funds were received as a result of Coronavirus Aid, Relief, and Economic Security Act (CARES) and the North Carolina Airport Improvement program.

For the fiscal year ending March 31, 2022, cash provided by operating activities of \$65.3 million and cash provided by Non-capital and related financing activities investment activities of \$23.0 million, offset by cash used in investing activities of \$51.7 million and cash used in capital and related financing activities of \$3.2 million produced an overall increase in cash and cash equivalents of \$33.4 million. For the fiscal year ending March 31, 2021, cash provided by operating activities of \$2.6 million and cash provided by investment activities of \$6.8 million, offset by cash used in capital and related financing activities of \$33.0 million produced an overall increase in cash and cash equivalents of \$24.9 million.

The following is a summary of the change in cash and cash equivalents for the fiscal years ended March 31, 2022, March 31, 2021, and March 31, 2020:

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

Cash Flows (continued)

Condensed Statement of Cash Flows

	March 31, 2022	March 31, 2021	March 31, 2020
Net cash provided by (used in):			
Operating activities	\$ 65,276,092	\$ 2,591,819	\$ 92,441,809
Investing activities	(51,677,489)	6,780,969	17,701,312
Capital and related financing activities	(3,218,566)	(32,983,121)	(107,153,675)
Non-capital and related financing activities	23,011,072	48,495,064	—
Net increase (decrease)	33,391,109	24,884,731	2,989,446
Cash and cash equivalents at beginning of year	128,406,700	103,521,969	100,532,523
Cash and cash equivalents at end of year	<u>\$ 161,797,809</u>	<u>\$ 128,406,700</u>	<u>\$ 103,521,969</u>

The Authority continues to maintain its cash reserve policy to set aside and reserve an operating cash reserve of about one times the current fiscal year's annual operating budgeted expenses (excluding depreciation). Authority policy requires that this reserve not be expended, encumbered, or budgeted for any purpose in executing Authority fiscal policy without Board approval and notification of bond rating agencies that maintain bond ratings for the Authority.

Capital Assets

As of March 31, 2022, the Authority had \$817.7 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents increases in construction in progress of \$24.2 million offset by a net increase in depreciation of \$55.5 million. As of March 31, 2021, the Authority had \$850.2 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents increases in construction in progress of \$23.1 million offset by a net increase in depreciation of \$53.3 million over the prior fiscal year.

This year's major asset additions were primarily equipment. More detailed information about the Airport's capital assets is presented in Note 4 to the financial statements.

Economic Outlook and Capital Development

The economic outlook for North Carolina's Research Triangle region continues its pre-COVID 19 expansion. Last year, Google, Apple, Fidelity Investments, Red Hat, Fujifilm Diosynth and SingleStore all announced plans to open offices or expand in the area, highlighting the Research Triangle region's favorable business climate. A diverse industry base, top-tier research universities, and a talented and highly educated workforce are major factors in the area's continued growth.

For the fiscal year ended March 31, 2022, the Authority's enplaned passengers increased year-over-year to 5.0 million, which represented a 186.6% increase compared to the prior fiscal year. For the fiscal year ended March 31, 2021, the Authority's enplaned passengers decreased year-over-year to 1.8 million, which represented a 74.6% decrease compared to the prior fiscal year, underscoring the impact of COVID-19 on RDU and the aviation industry at large.

More than 938,600 passengers flew through RDU in March. That was an 89.7% increase over March of last year, and 75% higher than the same month in 2020. The average number of daily departures was 180, an increase of 46% over 2021 and 1% higher than 2020.

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2022 and 2021

Economic Outlook and Capital Development (continued)

The FY22-23 budget positions RDU to restart projects from the Vision 2040 master plan and accommodate expected growth as recovery continues. The Authority has renewed its focus on capital projects, and will strengthen investments in its workforce, the community and guest experience.

Debt Activity

For the fiscal year ending March 31, 2022, the Authority's outstanding debt totaled \$402.0 million, which was comprised of 87.1% fixed rate revenue bonds and 12.9% variable rate revenue bonds. The weighted average interest cost of this debt portfolio was 2.3% at March 31, 2022.

For the fiscal year ending March 31, 2021, the Authority's outstanding debt totaled \$424.7 million, which was comprised of 87.2% fixed rate revenue bonds and 12.8% variable rate revenue bonds. The weighted average interest cost of this debt portfolio was 2.2% at March 31, 2021.

For more information on debt activity please refer to Note 5 to the financial statements.

Budget Information for the Fiscal Year Ending March 31, 2023

The Authority budgets conservatively, especially with respect to revenues. For comparison purposes, the fiscal year ending March 31, 2023 budgeted operating revenues of \$144.8 million is \$3.4 million or 2.3% lower than actual fiscal year ended March 31, 2022 operating revenues of \$148.2 million.

For the fiscal year ending March 31, 2023 relative to the prior fiscal year budget, total budgeted operating revenues increased \$30.7 million or 26.9%. Significant drivers of budgeted revenue increases include increased parking revenue of \$20.2 million, increased landing fee revenue of \$2.8 million, and increased rental car revenue of \$2.5 million. For the fiscal year ending March 31, 2022 relative to the prior fiscal year budget, total budgeted operating revenues increased \$48.7 million or 42.7%. Significant drivers of budgeted revenue increases include increased terminal related revenue of \$20.5 million, increased rental car revenue of \$10.1 million, and increased parking revenue of \$13.6 million.

For the fiscal year ending March 31, 2023 relative to the prior fiscal year budget, total operating expenses (including depreciation) are budgeted to increase \$15.5 million or 11.2%. The increase is predominantly driven by increased personnel expenses of \$7.7 million. For the fiscal year ending March 31, 2022 relative to the prior fiscal year budget, total operating expenses (including depreciation) are budgeted to increase \$9.8 million or 7.1%. The decrease is predominantly driven by increased personnel expenses of \$4.0 million and increased depreciation expense of \$5.8 million.

For the fiscal year ending March 31, 2023 relative to the prior fiscal year budget, non-operating revenues (expenses) increased \$46.4 million or 100.9% due to increased PFC revenues of \$12.9 million and increased grant contributions and other financial assistance of \$26.3 million. For the fiscal year ending March 31, 2022 relative to the prior fiscal year budget, non-operating revenues (expenses) decreased \$27.5 million or 37.4% due to decreased PFC revenues of \$5.2 million and decreased grant contributions of \$21.7 million.

The combined net effect of these items for the fiscal year ending March 31, 2023 will increase budgeted net position by \$82.6 million. The combined net effect of these items for the fiscal year ending March 31, 2022 will increase budgeted net position by \$21.0 million.

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2021 and 2020

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 Chief Financial Officer, Raleigh-Durham Airport Authority, P.O. Box 80001, RDU Airport, North Carolina 27623.

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RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 75,619,819	\$ 57,085,385
Short-term investments	301,024,147	262,343,290
Accounts receivable, net	6,042,837	3,135,796
Lease receivable	4,195,912	1,213,100
Grants receivable	9,098,424	7,921,005
Other current assets	1,595,083	1,402,737
Total current assets	<u>397,576,222</u>	<u>333,101,313</u>
Non-current assets		
Restricted assets		
DEA/ICE forfeitures cash	1,165,251	1,091,093
Passenger facility charge cash	46,131,053	27,558,619
Passenger/customer facility charge receivable	2,069,365	2,105,182
Customer facility charge cash & investments	61,223,340	51,102,588
Parity reserve fund investment	38,557,642	38,558,845
Total restricted assets	<u>149,146,651</u>	<u>120,416,327</u>
Unrestricted assets		
Lease receivable, non-current	<u>33,243,935</u>	<u>35,420,497</u>
Total unrestricted assets	<u>33,243,935</u>	<u>35,420,497</u>
Airport and facilities		
Airport and facilities, non-depreciable	117,162,593	109,743,530
Airport and facilities, depreciable net	<u>700,513,373</u>	<u>740,418,748</u>
Airport and facilities, net	<u>817,675,966</u>	<u>850,162,278</u>
Total non-current assets	<u>1,000,066,552</u>	<u>1,005,999,102</u>
TOTAL ASSETS	<u>1,397,642,774</u>	<u>1,339,100,415</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows	<u>12,384,762</u>	<u>11,891,562</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,384,762</u>	<u>11,891,562</u>

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	9,553,099	2,820,190
Other accrued liabilities	1,068,402	4,514,415
Unearned revenue	1,641,833	1,686,465
Accrued employee compensation	5,289,799	4,357,016
Accrued bond interest payable	7,245,531	7,653,698
Current maturities of long-term debt	23,855,000	22,725,000
Total current liabilities	<u>48,653,664</u>	<u>43,756,784</u>
Non-current liabilities		
Long-term debt		
General airport revenue bonds	437,413,594	466,289,525
	<u>437,413,594</u>	<u>466,289,525</u>
Other non-current liabilities		
OPEB retiree health care liability	11,478,094	11,113,333
Separation allowance liability	1,696,935	1,347,654
Net pension liability	5,719,853	13,511,124
	<u>18,894,882</u>	<u>25,972,111</u>
Total non-current liabilities	<u>456,308,476</u>	<u>492,261,636</u>
TOTAL LIABILITIES	<u>504,962,140</u>	<u>536,018,420</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows - leases	29,774,985	33,186,406
Deferred inflows - pensions/OPEB	8,578,619	120,953
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>38,353,604</u>	<u>33,307,359</u>
<u>NET POSITION</u>		
Net investment in capital assets	351,649,776	360,059,904
Restricted for:		
Debt service	38,557,642	38,558,845
DEA/ICE forfeitures	1,165,251	1,091,093
Passenger facility charges	47,263,749	29,032,766
Customer facility charges	62,160,009	51,733,623
Unrestricted net position	<u>365,915,365</u>	<u>301,189,967</u>
TOTAL NET POSITION	<u>\$ 866,711,792</u>	<u>\$ 781,666,198</u>

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended March 31, 2022 and 2021

	2022	2021
Operating revenues		
Parking	\$ 49,918,119	\$ 13,338,265
Airfield	13,959,542	6,881,328
General aviation	2,185,429	1,910,235
Terminals	55,664,297	36,705,396
Air cargo	2,588,201	2,495,845
Rental car	16,071,235	8,412,962
Other	7,847,524	3,939,541
Total operating revenues	<u>148,234,347</u>	<u>73,683,572</u>
Operating expenses		
Personnel	39,451,457	40,172,242
Professional Services	3,125,689	2,897,343
Contractual Labor	22,428,922	16,387,903
Utilities	6,298,052	5,646,350
Material and Supplies	2,715,702	2,122,752
Insurance	1,385,366	1,366,295
General and Administrative	1,826,691	1,016,827
Depreciation	55,528,068	53,202,700
Total operating expenses	<u>132,759,947</u>	<u>122,812,412</u>
Operating income (loss)	<u>15,474,400</u>	<u>(49,128,840)</u>
Non-operating revenues (expenses)		
Interest income	1,037,026	1,537,087
Passenger facility charges	20,230,983	5,910,863
Customer facility charges	10,424,494	5,870,783
Bond interest expense, net	(12,857,209)	(15,600,053)
Payments from federal and state agencies	23,011,072	48,495,064
Other, net	511,093	787,122
Total non-operating revenues, net	<u>42,357,459</u>	<u>47,000,866</u>
Income (loss) before capital contributions	<u>57,831,859</u>	<u>(2,127,974)</u>
Capital contributions	28,352,004	27,955,720
Special items		
Write down of discontinued projects	(1,138,270)	(6,004,241)
Increase in net position	<u>85,045,593</u>	<u>19,823,505</u>
Net position, beginning	781,666,199	758,395,502
Restatement	—	3,447,191
Net position, beginning restated	<u>781,666,199</u>	<u>761,842,693</u>
Net position, end of year	<u>\$ 866,711,792</u>	<u>\$ 781,666,198</u>

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Cash received from operations	\$ 140,959,541	\$ 75,789,662
Other, net	360,919	25,457
Cash paid to employees	(35,673,782)	(35,491,400)
Cash paid to suppliers	(40,370,586)	(37,731,900)
Net cash provided by operating activities	<u>65,276,092</u>	<u>2,591,819</u>
Investing activities		
Purchases of short-term investments	(320,774,117)	(486,248,413)
Proceeds from short-term investments	266,872,862	489,996,534
Interest on cash deposits	2,223,766	3,032,848
Net cash provided by (used in) investing activities	<u>(51,677,489)</u>	<u>6,780,969</u>
Capital and related financing activities		
Payments of long-term debt	(22,725,000)	(21,085,000)
Other capital and financing costs		
Purchase of airport and facilities	(20,510,279)	(29,604,115)
Bond interest paid on long-term debt	(18,321,231)	(17,346,943)
Passenger facility charges collected	20,572,434	6,436,716
Customer facility charges collected	10,219,519	6,627,007
Contributions from governmental agencies	27,545,991	21,989,214
Net cash used in capital and related financing activities	<u>(3,218,566)</u>	<u>(32,983,121)</u>
Non-capital and related financing activities		
Payments from Federal and State Agencies	23,011,072	48,495,064
Net cash used in non- capital and related financing activities	<u>23,011,072</u>	<u>48,495,064</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	33,391,109	24,884,731
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>128,406,700</u>	<u>103,521,969</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 161,797,809</u>	<u>\$ 128,406,700</u>

(Continued on page 18)

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2022 and 2021

	2022	2021
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 15,474,400	\$ (49,128,840)
Other, net	174,612	1,771
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	55,528,068	53,202,700
Changes in operating assets and liabilities		
Accounts receivable	(3,012,502)	1,364,756
Lease receivable	(4,217,671)	
Other current assets	(63,351)	1,093,644
OPEB retiree health care liability	364,761	3,686,624
Net pension liability	173,194	(934,762)
Separation allowance liability	349,281	178,995
Accounts payable and other accrued liabilities	(382,852)	(7,391,360)
Accrued employee compensation	932,784	(223,044)
Unearned rent	(44,632)	741,335
Net cash provided by operating activities	\$ 65,276,092	\$ 2,591,819
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Current assets		
Cash and cash equivalents	\$ 75,619,819	\$ 57,085,385
Restricted cash and cash equivalents:		
DEA/ICE forfeitures cash	1,165,251	1,091,093
Passenger facility charge cash	46,131,053	27,558,619
Customer facility charge cash	324,044	4,112,758
Parity reserve fund investment	38,557,642	38,558,845
	\$ 161,797,809	\$ 128,406,700

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 1 - The Authority

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

Note 2 - Summary of Significant Accounting Policies and New Pronouncements

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

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

All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. Net position is the result of deducting all the liabilities and deferred inflows of resources from all the assets and deferred outflows of resources. Total net position is segregated into three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Operating statements present increases and decreases in total net position. As required for periods beginning after June 15, 2000 by Statement 33 of GASB, Accounting and Financial Reporting for Nonexchange Transactions, the Authority recognizes capital contributions as revenue, rather than as contributed capital. Nonexchange transactions for the Authority include federal and state grants and contributions by the Authority's four governing bodies. The enterprise fund of the Authority is presented in the financial statements on the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned, and expenses are recognized in the period when incurred.

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

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

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

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

Allowance for doubtful accounts - Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts is re-evaluated on a quarterly bases to accrue for potentially uncollectible receivable balances. When continued collection activity results in a receipt of amounts previously written off, revenue is recognized for the amount collected.

Lease receivable - The Authority's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the Authority may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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

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

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

Airport and facilities are defined by the Authority as assets with an initial individual cost of more than \$25,000 and an economic useful life of 3 years or more.

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

The estimated lives by general classifications are as follows:

	<u>Years</u>
Landing field and grounds	5 - 20
Terminal buildings	5 - 30
Other buildings	5 - 30
Utilities	5 - 20
Equipment	3 - 10

Deferred outflows/inflows of resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflow of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The Authority has four items that meet this criterion: pension, separation allowance, OPEB deferrals and leases.

As of March 31, 2022 and 2021, the combined balance of deferred outflows of resources are as follows:

Deferred Outflows of Resources	2022	2021
Pensions:		
Differences between expected and actual experience	\$ 1,819,691	\$ 1,706,218
Changes of assumptions	3,593,529	1,005,493
Net difference between projected and actual earnings on pension plan investments	—	1,901,329
Changes in proportion and differences between employer contributions and proportionate share of contributions	467,163	735,647
Employer contributions subsequent to the measurement date	2,203,768	2,003,975
Separation Allowance:		
Differences between expected and actual experience	161,162	151,030
Changes of assumptions	336,923	139,368
Benefit payments subsequent to the measurement date	26,993	27,824
Other Post-Employment Benefits (OPEB):		
Differences between expected and actual experience	2,296,677	2,749,237
Changes of assumptions	1,058,596	1,264,991
Benefit payments and administrative costs made subsequent to the measurement date	420,260	206,450
Total Deferred Outflows of Resources	<u><u>\$ 12,384,762</u></u>	<u><u>\$ 11,891,562</u></u>

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has four items that meet the criterion for this category: pension, separation allowance, OPEB and leases.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

Deferred Inflows of Resources	2022	2021
Pensions:		
Differences between expected and actual earnings on pension plan investments	\$ 8,171,952	\$ —
Changes in proportion and differences between employer contributions and proportionate share of contributions	102,868	
Separation Allowance:		
Changes of assumptions	1,782	3,067
Other Post-Employment Benefits (OPEB):		
Changes of assumptions	202,612	117,886
Difference between expected and actual experience	99,405	
Leases	29,774,985	33,186,406
Total Deferred Inflows of Resources	<u>\$ 38,353,604</u>	<u>\$ 33,307,359</u>

Net position - The Authority's net position is classified into three parts: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets - This represents the Authority's total investment in airport and facilities, net of outstanding debt obligations related to those airport and facilities. To the extent debt has been incurred but not yet expended for airport and facilities, such amounts are not included as a component of net investment in capital assets. On the Statement of Net Position, the Net investment in capital assets is composed of the following:

	2022	2021
Airport and facilities, net	\$ 817,675,966	\$ 850,162,278
General airport revenue bonds (current and long term)	(461,268,594)	(489,014,525)
Construction payable and retainage	(4,757,596)	(1,087,849)
Total net investment in capital assets	<u>\$ 351,649,776</u>	<u>\$ 360,059,904</u>

Restricted net position - Restricted net position include resources in which the Authority is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted net position - Unrestricted net position includes resources without a legal or contractual spending restriction.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

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

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. An employee will forfeit any unused vacation days beyond thirty days remaining after the end of the final pay period of the calendar year, and those excess vacation days will be converted to sick leave on an hour-for-hour basis. 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. If an employee resigns with more than 30 days of accrued sick leave, the days over 30 (up to a maximum of 30 days) may be paid out as sick days. This payout of sick leave will not be considered by the Local Government Retirement System in its final compensation calculation.

Revenues and expenses classifications - Revenues from airlines, concessions, rental cars, and parking are reported as operating revenues. Transactions which are financing or investing related, customer facility charges, 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.

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

Concentration of credit risk - For the years ended March 31, 2022 and 2021, no air carrier accounted for more than approximately 10% of the Authority's operating revenues.

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.

Customer facility charges - This is presented as restricted net position based on agreements between the Authority and rental car companies whereby rental car companies collect and remit to the Authority a charge to be used for rental car related purposes. Rental car customers pay a \$5.00 facility charge for each transaction day to fund the future debt service, capital improvements of a rental car facility, and other transportation needs. Customer Facility Charges became effective January 1, 2017.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

Passenger facility charges - This is presented as restricted net position based on Federal Aviation Administration ("FAA") regulations to be used only on FAA approved capital projects. The ("FAA") authorized the Authority to collect Passenger Facility Charges ("PFCs") of \$3 per qualifying enplaned passenger commencing May 1, 2003. Effective October 1, 2004, the FAA authorized the Authority to collect PFCs of \$4.50 per qualifying enplaned passenger. The net receipts from PFCs are accounted for on the accrual basis of accounting and are restricted to use on FAA approved projects. Aggregate collections and interest thereon from inception through March 31, 2022 and 2021 were \$370.9 million and \$350.3 million, respectively. Total PFC funds of \$2.0 million and \$10.0 million were transferred from the restricted fund to the operating fund during the fiscal years ended March 31, 2022 and 2021, respectively.

Parity reserve fund - The Authority, pursuant to its Bond Master Trust Indenture, maintains a debt service reserve fund, called the Parity Reserve Fund, for its outstanding revenue bonds (excluding the variable rate Series 2008 Bonds, for which a reserve fund is not required). The Reserve Requirement for the Parity Reserve Fund is an amount equal to the least of (a) Maximum Aggregate Annual Debt Service for Reserve Requirement for all Series of Bonds participating in the Parity Reserve Fund, (b) 10% of the principal amount of the Series of Bonds that have been issued and participating in the Parity Reserve Fund, less the amount of original issue discount with respect to such Series of Bonds if such original issue discount exceeded 2% of such Series of Bonds at the time of their original sale and (c) 125% of the average Aggregate Annual Debt Service for Reserve Requirement for all series of Bonds participating in the Parity Reserve Fund. For the purpose of determining the Reserve Requirement, debt service to be paid from PFC is not excluded from Aggregate Annual Debt Service.

After the issuance of the 2020 Bonds, the Reserve Requirement is \$38,278,550, which is the Maximum Aggregate Annual Debt Service for Reserve Requirement for all Series of Bonds participating in the Parity reserve Fund and the Parity Reserve Fund will be fully funded with cash and investments. The Master Indenture provides that in addition to cash and investments, the Reserve Requirement for the Parity Reserve Fund may be met by a reserve fund surety bond or insurance policy.

New pronouncements - During the fiscal year ended March 31, 2022 and beyond, the Authority has or will implement several new pronouncements of the GASB. These pronouncements are as follows:

GASB Statement No. 87 "Leases"

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. However, GASB Statement No.95 postponed its effective date by 18 months. The Authority adopted the statement as of April 1, 2021. See Note 6 for the effect of this statement

GASB Statement No. 91 "Conduit Debt Obligations"

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement were effective for reporting periods beginning after December 15, 2020. However, GASB Statement No.95 postponed its effective date by 12 months.

GASB Statement No. 92 "Omnibus 2020"

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement are effective as follows:

- a. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- b. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.
- c. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.
- d. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition were effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. However, GASB Statement No.95 postponed its effective date by 12 months.

The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 93 "Replacement of Interbank Offered Rates"

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. However, GASB Statement No.95 postponed its effective date by 12 months. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

GASB Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements"

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance"

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

GASB Statement No. 96 "Subscription-Based Information Technology Arrangements"

The purpose of Statement No. 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA's). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies and New Pronouncements (continued)

GASB Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 98 "The Annual Comprehensive Financial Report"

This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. The Authority adopted this statement in fiscal year ending March 31, 2022.

Note 3 - Deposits and Investments

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 3 - Deposits and Investments (continued)

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

On March 31, 2022, the Authority's deposits had a carrying amount of \$123.2 million and a bank balance of \$122.9 million. Of this bank balance, \$250 thousand was covered by federal depository insurance while the balance of \$122.7 million was covered by collateral held under the Pooling Method. The Authority is required to maintain a minimum balance of \$250 thousand in its checking account.

On March 31, 2021, the Authority's deposits had a carrying amount of \$89.9 million and a bank balance of \$90.5 million. Of this bank balance, \$250 thousand was covered by federal depository insurance while the balance of \$90.3 million was covered by collateral held under the Pooling Method.

Investments

On March 31, 2022, the Authority had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 Months	6-12 Months	1 Year- 30 Months
US Treasuries	Fair Value-Level 1	\$ 270,485,342	\$ 250,721,142	\$ 19,764,200	\$ —
US Government Agencies	Fair Value-Level 1	71,920,925	34,860,800	37,060,125	
NC Capital Management Trust: Government Portfolio*	Fair Value-Level 1	27,916,939	27,916,939	—	—
Commercial Paper	Fair Value-Level 1	29,879,120		29,879,120	—
Cash Portfolio	Fair Value-Level 1	278,740	278,740	—	—
Total		\$ 400,481,066	\$ 313,777,621	\$ 86,703,445	\$ —

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 3 - Deposits and Investments (continued)

On March 31, 2021, the Authority had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 Months	6-12 Months	1 Year- 30 Months
US Treasuries	Fair Value-Level 1	\$ 164,813,043	\$ 114,836,960	\$ 49,976,083	\$ —
US Government Agencies	Fair Value-Level 1	77,447,125	39,984,500	12,491,625	24,971,000
NC Capital Management Trust: Government Portfolio*	Fair Value-Level 1	28,195,949	28,195,949	—	—
Commercial Paper	Fair Value-Level 1	77,435,849	77,435,849	—	—
Total		\$ 347,891,966	\$ 260,453,258	\$ 62,467,708	\$ 24,971,000

*As of June 30, 2021 the NCCMT had a weighted average maturity of less than 90 days. As such it is presented as an investment of less than 6 months.

The classification of investments between current and non-current assets on the Statement of Net Position is due to the underlying restrictions.

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

Credit risk - State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations ("NRSROs"). Direct investments made by the Authority by policy are limited to U.S. Treasury Bills and Notes, U.S. Government Agency obligations, bank Certificates of Deposit and Commercial Paper, all with maximum maturity of 30 months. Only indirect investments in Repurchase Agreements are permitted in relation to bond proceeds and debt service reserve fund investments which are designed to maximize investment income as permitted under U.S. Treasury arbitrage regulations. The Authority's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of March 31, 2022 and 2021. The Authority's investments in U.S. Agencies are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service as of March 31, 2022 and 2021.

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

Concentration of credit risk - The Authority places no formal limit on the amount that the Authority may invest in any one issuer. On March 31, 2022, the Authority's investments are 7% NCCMT, 7% Commercial Paper, 68% US Treasuries and 18% in government agencies, consisting of 24% in Federal Home Loan Bank securities, and 76% Federal Farm Credit Bank. Of the 7% invested in the NCCMT, 100% represents Authority debt service reserves.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 3 - Deposits and Investments (continued)

On March 31, 2021, the Authority's investments are 8% NCCMT, 22% Commercial Paper, 47% US Treasuries and 22% in government agencies, consisting of 23% in Federal Home Loan Bank securities, 45% in Federal Home Loan Mortgage Corporation securities, and 32% Federal Farm Credit Bank. Of the 8% invested in the NCCMT, 100% represents Authority debt service reserves.

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RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 4 - Airport and Facilities, Net

Changes in airport and facilities are as follows for the year ended March 31, 2022:

	March 31, 2021	Increases	Decreases	March 31, 2022
<u>Capital assets not being depreciated</u>				
Land	\$ 46,413,018	\$ —	\$ —	\$ 46,413,018
Construction in progress	63,330,512	24,160,106	(16,741,043)	70,749,575
Total capital assets not being depreciated	109,743,530	24,160,106	(16,741,043)	117,162,593
<u>Other capital assets</u>				
Landing field and grounds	523,807,746	2,525,392	—	526,333,138
Terminal buildings	733,072,301	—	(332,857)	732,739,444
Other buildings	237,352,017	320,203	—	237,672,220
Utilities	3,628,237	—	—	3,628,237
Equipment	46,836,594	12,981,994	(342,652)	59,475,936
Total other capital assets	1,544,696,895	15,827,589	(675,509)	1,559,848,975
Total airport and facilities	1,654,440,425	39,987,695	(17,416,552)	1,677,011,568
<u>Accumulated depreciation</u>				
Landing field and grounds	(327,036,496)	(19,840,559)	—	(346,877,055)
Terminal buildings	(254,236,770)	(22,438,915)	127,961	(276,547,724)
Other buildings	(191,040,539)	(6,424,621)	—	(197,465,160)
Utilities	(3,212,215)	(48,523)	—	(3,260,738)
Equipment	(28,752,127)	(6,775,450)	342,652	(35,184,925)
Total accumulated depreciation	(804,278,147)	(55,528,068)	470,613	(859,335,602)
Airport and facilities, net	<u>\$ 850,162,278</u>	<u>\$ (15,540,373)</u>	<u>\$ (16,945,939)</u>	<u>\$ 817,675,966</u>

For the year ended March 31, 2022, construction in progress increased \$24.2 million, offset by a \$16.7 million decrease which corresponds to \$15.8 million completed assets moved to capital assets and approximately \$1.1 million discontinued construction projects. The discontinued construction projects of \$1.1 million are included as a special item on the Statement of Net Position for the year ending March 31, 2022.

For the year ended March 31, 2021, construction in progress increased \$23.1 million, offset by \$68.8 million decrease which corresponds to \$62.8 million completed assets moved to capital assets and approximately \$6.0 million discontinued construction projects as a result of the impact of COVID-19 on airport operations. The discontinued construction projects of \$6.0 million are included as a special item on the Statement of Net Position for the year ending March 31, 2021.

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Note 4 - Airport and Facilities, Net (continued)

Changes in airport and facilities are as follows for the year ended March 31, 2021:

	<u>March 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>March 31, 2021</u>
<u>Capital assets not being depreciated</u>					
Land	\$ 46,432,298	\$ —	\$ —	\$ (19,280)	\$ 46,413,018
Construction in progress	109,021,693	23,118,721	(68,809,902)	—	63,330,512
Total capital assets not being depreciated	<u>155,453,991</u>	<u>23,118,721</u>	<u>(68,809,902)</u>	<u>(19,280)</u>	<u>109,743,530</u>
<u>Other capital assets</u>					
Landing field and grounds	630,552,194	24,898,005	(71,751,626)	(59,890,827)	523,807,746
Terminal buildings	783,682,479	22,118,813	(72,728,991)	—	733,072,301
Other buildings	181,875,940	9,350,198	(13,784,228)	59,910,107	237,352,017
Utilities	5,417,436	39,436	(1,828,635)	—	3,628,237
Equipment	63,666,783	6,427,059	(23,257,248)	—	46,836,594
Total other capital assets	<u>1,665,194,832</u>	<u>62,833,511</u>	<u>(183,350,728)</u>	<u>19,280</u>	<u>1,544,696,895</u>
Total airport and facilities	<u>1,820,648,823</u>	<u>85,952,232</u>	<u>(252,160,630)</u>	<u>—</u>	<u>1,654,440,425</u>
<u>Accumulated depreciation</u>					
Landing field and grounds	(438,388,125)	(20,071,451)	71,591,164	59,831,916	(327,036,496)
Terminal buildings	(304,715,698)	(22,008,414)	72,487,342	—	(254,236,770)
Other buildings	(138,937,133)	(5,774,947)	13,503,457	(59,831,916)	(191,040,539)
Utilities	(4,935,670)	(61,532)	1,784,987	—	(3,212,215)
Equipment	(46,362,051)	(5,372,203)	22,982,127	—	(28,752,127)
Total accumulated depreciation	<u>(933,338,677)</u>	<u>(53,288,547)</u>	<u>182,349,077</u>	<u>—</u>	<u>(804,278,147)</u>
Airport and facilities, net	<u>\$ 887,310,146</u>	<u>\$32,663,685</u>	<u>\$ (69,811,553)</u>	<u>\$ —</u>	<u>\$ 850,162,278</u>

Depreciation expense was \$55.5 million and \$53.2 million for the fiscal years ending March 31, 2022 and 2021, respectively.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 5 - Debt Activity

Changes of long-term debt for the fiscal year ended March 31, 2022 consist of the following:

<u>Amounts due to trustee</u>	<u>March 31, 2021</u>	<u>Reductions</u>	<u>Additions</u>	<u>March 31, 2022</u>
Series 2008C 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	\$ 54,185,000	\$ 2,330,000	\$ —	\$ 51,855,000
Series 2015A 3.07% General Airport Revenue Bonds, maturing in varying installments beginning 2019 to 2030 (Refunded 2005A Bonds)	31,565,000	2,495,000	—	29,070,000
Series 2015B 3.00% General Airport Revenue Bonds, maturing in varying installments beginning 2016 to 2029 (Refunded 2005A Bonds)	27,945,000	2,520,000	—	25,425,000
Series 2017A 3.56% General Airport Revenue Bonds, maturing in varying installments beginning 2018 to 2037 (Refunded 2007 Bonds)	103,290,000	4,015,000	—	99,275,000
Series 2020A 2.14% General Airport Revenue Bonds, maturing in varying installments beginning 2020 to 2036 (Refunded 2010 Bonds)	141,005,000	6,700,000	—	134,305,000
Series 2020B 1.31% General Airport Revenue Bonds, maturing in varying installments beginning 2020 to 2031 (Refunded 2010 Bonds)	66,690,000	4,665,000	—	62,025,000
Total bond obligations	424,680,000	22,725,000	—	401,955,000
Less current maturities	22,725,000		1,130,000	23,855,000
Total long-term bond obligations	401,955,000	22,725,000	(1,130,000)	378,100,000
Unamortized premium (discount), net	64,334,525	5,020,931	—	59,313,594
Total long-term debt	<u>\$ 466,289,525</u>	<u>\$ 27,745,931</u>	<u>\$ (1,130,000)</u>	<u>\$ 437,413,594</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 5 - Debt Activity (continued)

Changes of long-term debt for the year ended March 31, 2021 consist of the following:

<u>Amounts due to trustee</u>	<u>March 31, 2020</u>	<u>Reductions</u>	<u>Additions</u>	<u>March 31, 2021</u>
Series 2008C 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	\$ 56,405,000	\$ 2,220,000	\$ —	\$ 54,185,000
Series 2010A 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2036 (Refunded 2008AB Bonds)	7,330,000	7,330,000	—	—
Series 2015A 3.07% General Airport Revenue Bonds, maturing in varying installments beginning 2019 to 2030 (Refunded 2005A Bonds)	33,940,000	2,375,000	—	31,565,000
Series 2015B 3.00% General Airport Revenue Bonds, maturing in varying installments beginning 2016 to 2029 (Refunded 2005A Bonds)	30,345,000	2,400,000	—	27,945,000
Series 2017A 3.56% General Airport Revenue Bonds, maturing in varying installments beginning 2018 to 2037 (Refunded 2007 Bonds)	107,130,000	3,840,000	—	103,290,000
Series 2020A 2.14% General Airport Revenue Bonds, maturing in varying installments beginning 2020 to 2036 (Refunded 2010 Bonds)	141,005,000	—	—	141,005,000
Series 2020B 1.31% General Airport Revenue Bonds, maturing in varying installments beginning 2020 to 2031 (Refunded 2010 Bonds)	69,610,000	2,920,000	—	66,690,000
Total bond obligations	445,765,000	21,085,000	—	424,680,000
Less current maturities	21,085,000	—	1,640,000	22,725,000
Total long-term bond obligations	424,680,000	21,085,000	(1,640,000)	401,955,000
Unamortized premium (discount), net	69,355,455	5,020,930	—	64,334,525
Total long-term debt	<u>\$ 494,035,455</u>	<u>\$ 26,105,930</u>	<u>\$ (1,640,000)</u>	<u>\$ 466,289,525</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 5 - Debt Activity (continued)

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

Years Ending March 31	General Airport Revenue Bond Series 2008C	General Airport Revenue Bond Series 2015A	General Airport Revenue Bond Series 2015B	General Airport Revenue Bond Series 2017A	General Airport Revenue Bond Series 2020A	General Airport Revenue Bond Series 2020B	Interest
2023	\$ 2,440,000	\$ 2,625,000	\$ 2,655,000	\$ 4,195,000	\$ 7,040,000	\$ 4,900,000	\$ 18,838,633
2024	2,550,000	2,755,000	2,790,000	4,415,000	7,400,000	5,155,000	17,638,750
2025	2,680,000	2,900,000	2,930,000	4,615,000	7,780,000	5,420,000	16,401,058
2026	2,805,000	3,045,000	3,085,000	4,830,000	8,180,000	5,695,000	15,100,350
2027	2,940,000	3,205,000	3,235,000	5,075,000	8,600,000	5,985,000	13,709,826
2027-2031	16,970,000	14,540,000	10,730,000	29,535,000	42,650,000	34,870,000	46,436,530
2032-2036	21,470,000			37,840,000	52,655,000		15,826,342
2037-2038				8,770,000			219,250
	<u>\$ 51,855,000</u>	<u>\$ 29,070,000</u>	<u>\$ 25,425,000</u>	<u>\$ 99,275,000</u>	<u>\$ 134,305,000</u>	<u>\$ 62,025,000</u>	<u>\$144,170,739</u>

For the table above, interest was calculated for the 2008C variable rate bonds using an estimated rate of 4.0% for their remaining term. On March 31, 2022, the actual rate on these bonds was 0.50%.

On February 27, 2001, the Authority entered into a Master Trust Indenture, dated as of February 1, 2001, that established the primary financing mechanism for the issuance of bonds to finance improvements to the Airport. Bonds issued under the Master Trust Indenture are obligations of the Authority, secured by and payable from the Net Revenues of the Authority, and under certain circumstances, the proceeds of the bonds, investment earnings, amounts set aside in a Debt Service Reserve Fund created under the Master Trust Indenture, and certain other funds and accounts. The occurrence of an event of default does not grant any right to accelerate payment of the bonds to either the trustee or the owners of any bonds.

On May 2, 2008, the Authority issued \$300.0 million of Series 2008ABC Variable Rate Airport Revenue Bonds to refund the Series 2006ABCDE Bonds. The Series 2008 Bonds were issued as variable interest rate bonds, but the swaps converted the interest rate to a synthetic fixed rate. The Series 2006 Bond proceeds were used for the development of Terminal 2. There was no gain or loss on the refunding.

On August 6, 2010, the Authority elected to terminate all three of its interest rate swap positions. In conjunction with these terminations, the Authority simultaneously issued the 2010A refunding bonds in the amount of \$242.4 million, which refunded the 2008AB variable bonds. The Authority's remaining \$72.3 million Series 2008C Bonds were converted to bear interest at the weekly interest rate on December 3, 2009. These Bonds are secured by an irrevocable, direct-pay Letter of Credit.

On June 5, 2015, the Authority issued \$82.7 million of Series 2015AB Bonds to refund its Series 2005AB Bonds. The Series 2005AB Bond proceeds were used for the development of Terminal 2, including the redevelopment of the north ramp general aviation area, an Authority Operations Center, and the relocation of Taxiway D and ramp expansion. This refunding resulted in future debt service savings of \$16.5 million and net present value economic gain of \$11.8 million.

On March 14, 2017, the Authority issued \$115.2 million of Series 2017A Bonds to advance refund its Series 2007 Bonds. The Series 2007 Bond proceeds were used for the development of the new Terminal 2. This

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 5 - Debt Activity (continued)

advance refunding resulted in future debt service savings of \$23.0 million and net present value economic gain of \$15.0 million. The proceeds of the 2017A bonds were deposited in an escrow fund pending the call date of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Authority's statement of net position.

On March 4, 2020, the Authority issued \$141,005,000 of Series 2020A Bonds and \$69,610,000 of Series 2020B Bonds to refinance Bond Series 2010A, 2010B and 2010B-1. The Series 2010B and 2010B-1 were issued to advance refund the Series 2001A Bonds. The proceeds from 2001A Bonds were used for the design and construction of several improvements to the Airport, including the construction of a garage, two warehouse buildings to house support equipment, alterations to existing parking structures, roadways, bridges, toll plazas, walkways, and alterations to a pedestrian tunnel. The proceeds from Bond Series 2020A and 2020B were deposited into an escrow fund pending the call date of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Authority's statement of net position. This refunding resulted in future debt service savings of \$88.3 million and in a net present value economic gain of \$62.7 million. In conjunction with the 2020A and 2020B refunding, the Authority terminated two parity reserve investments. These investment terminations resulted in an \$8.2 million realized gain due to the increase of market value at the time of closing.

The Authority's bonds are subject to federal arbitrage regulations, and are reviewed for potential arbitrage liability annually on the bond issue dates. On March 31, 2022, the Authority's arbitrage rebate liability is \$778.9 thousand.

These bonds have rate covenants associated with them, whereby the Authority must maintain a debt service coverage ratio of net revenues and available fund balance to debt service. The bond documents provide for a number of technical adjustments to be followed in determining the net revenues and debt service to be used in this calculation. The rate covenant generally requires that sum of (i) the net revenues for the fiscal year and (ii) available fund balance at the end of the fiscal year in an amount up to 25% of debt service for the fiscal year (the "25% transfer") must be no less than 125% of the adjusted debt service calculated for the fiscal year. The debt service coverage ratio at March 31, 2022 with this 25% transfer is 404%. The debt service coverage ratio at March 31, 2022 without this 25% transfer is calculated as follows:

Net revenues	\$ 97,157,634
Annual debt service	25,639,894
Calculated debt service coverage ratio without transfer	<u>379 %</u>

For the fiscal year ended March 31, 2021, the Authority had debt service coverage ratios of 169% without transfer and 194% with transfer.

Note 6 - Leases

The Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investment, certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. As lessor, the asset underlying the lease is not unrecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 6 - Leases (continued)

at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

For the purpose of GASB No. 87 implementation, the authority leases have been categorized as follows:

1. Included
2. Excluded - short-term
3. Excluded - regulated

Included leases

In accordance with GASB No. 87, the Authority recognizes a lease receivable and a deferred inflow of resources for leases the Authority categorized as Included. For these leases, the Authority is reporting Lessor Lease Receivable of \$37.4 million for the year ending March 31, 2022. For the fiscal year ended March 31, 2022, the Authority reported lease revenue of \$5.4 million and interest revenue of \$1.3 million related to lease payment received. For the fiscal year ended March 31, 2021, the Authority reported lease revenue of \$5.2 million and interest revenue of \$1.2 million related to lease payments received.

The leases held by the Authority do not have an implicit rate of return, therefore the Authority used their incremental borrowing rate of 3.5% to discount the lease revenue to the net present value. In some cases the leases reported under GASB 87 contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease.

The GASB No. 87 Included Leases are Summarized as Follows:

Concessions

The Authority leases concession space located in the terminals for terms that range from 5 to 15 years. The terms of the concession lease agreements include a fixed revenue component or Minimum Annual Guarantee (MAG). The Authority waived the MAG during the pandemic due to government shutdowns, travel bans, and the reduction in passengers. During the fiscal year ended March 31, 2022, and 2021 the Authority did not receive fixed revenue, for the concession leases.

The terms of the concession lease agreements include a variable revenue component based on a percentage of gross sales. Variable revenue received in excess of the MAG totaled \$6.8 million and \$2.1 million, for the fiscal years ending March 31, 2022, and 2021, respectively. The variable revenue received was not included in the measurement of lease receivable.

Real Estate

The Authority leases land for terms that range from 20 to 40 years. The terms of the Real Estate leases include a fixed revenue component based on acreage. Fixed Real Estate revenue received a total of, \$0.2 million and \$0.3 million, for the fiscal years ending March 31, 2022, and 2021, respectively. The terms of the real estate lease agreements do not include a variable revenue component.

Rental Car

The Authority leases land and buildings for rental car services for 10-year terms. The terms of the Fixed Facility and Ground-Rental Car leases include a fixed revenue component that is based on square footage for facility rent, acreage for ground rent, and Minimum Annual Guarantee (MAG). Fixed facility and ground-rental car revenue received a total of \$1.4 million and \$1.4 million for the fiscal years ending March 31, 2022, and 2021, respectively.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 6 - Leases (continued)

The terms of the facility and ground-rental car lease agreements include a variable revenue component based on a percentage of gross revenue. Variable revenue received in excess of the MAG totaled \$25.0 million and \$11.8 million, for the fiscal years ending March 31, 2022, and 2021, respectively. The variable revenue received was not included in the measurement of lease receivable.

Building

The Authority leases buildings and space located outside of the terminals for terms that range from 10 to 40 years. The terms of the buildings and space leases included a fixed revenue component based on square footage. Fixed building and space revenue received a total of \$0.3 million and \$0.3 million for the fiscal years ending March 31, 2022, and 2021, respectively. The terms of these lease agreements do not include a variable revenue component.

Minimum future lease receipts for the next five fiscal years and then each five year increment are:

Fiscal Year	Principal	Interest	Total
April 1, 2022 - March 31, 2023	\$ 4,330,079	\$ 1,265,871	\$ 5,595,950
April 1, 2023 - March 31, 2024	\$ 6,715,215	\$ 1,050,437	\$ 7,765,652
April 1, 2024 - March 31, 2025	\$ 5,531,484	\$ 834,760	\$ 6,366,244
April 1, 2025 - March 31, 2026	\$ 5,676,374	\$ 640,139	\$ 6,316,513
April 1, 2026 - March 31, 2027	\$ 4,192,097	\$ 465,140	\$ 4,657,237
April 1, 2027 - March 31, 2032	\$ 7,447,089	\$ 950,105	\$ 8,397,194
April 1, 2032 - March 31, 2037	\$ 806,914	\$ 553,946	\$ 1,360,860
April 1, 2037 - March 31, 2042	\$ 1,102,870	\$ 388,076	\$ 1,490,946
April 1, 2042 - March 31, 2047	\$ 1,469,525	\$ 164,515	\$ 1,634,040
April 1, 2047 - March 31, 2052	\$ 126,961	\$ 12,100	\$ 139,061
April 1, 2052 - March 31, 2057	\$ 41,238	\$ 2,762	\$ 44,000
	<u>\$ 37,439,846</u>	<u>\$ 6,327,851</u>	<u>\$ 43,767,697</u>

Excluded - Short-Term leases

In accordance with GASB No. 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

Excluded - Regulated leases

In accordance with GASB No. 87, the Authority does not recognize a lease receivable and deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, such as requirements from the U. S. Department of Transportation and the Federal Aviation Administration. All regulated leases between the Authority and air carriers or other aeronautical users are month-to-month agreements, therefore they are treated as short-term leases.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2019 and 2018

Note 7 - Employee Retirement Plans

Local Governmental Employees' Retirement System

Plan description - The Authority is a participating employer in the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS 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 Annual Comprehensive Financial Report ("ACFR") for the state of North Carolina. The state's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits provided - LGERS provides retirement benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Authority employees are required to contribute 6.0% of their annual covered salary. The Authority is required to contribute at an actuarially determined rate and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for employees not engaged in law enforcement and for law enforcement officers is 11.4% and 12.1% of annual covered payroll respectively. The Authority's contributions to LGERS for the fiscal years ended March 31, 2022 and 2021 were \$2.9 million and \$2.7 million, respectively. The contributions made by the Authority were actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year.

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 7 - Employee Retirement Plans (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

On March 31, 2022, the Authority reported a liability of \$5.7 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension asset was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. On June 30, 2021, the Authority's proportion was 0.37297%, which was an decrease of 0.00513% from its proportion measured as of June 30, 2020.

For the fiscal year ended March 31, 2022, the Authority recognized pension expense of \$2.7 million. On March 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,819,691	\$ —
Changes of assumptions	3,593,529	—
Net difference between projected and actual earnings on pension plan investments	—	8,171,952
Changes in proportion and differences between employer contributions and proportionate share of contributions	467,163	102,868
Employer contributions subsequent to the measurement date	2,203,768	—
Total	<u>\$ 8,084,151</u>	<u>\$ 8,274,820</u>

\$2.2 million reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending March 31</u>	<u>Amounts</u>
2023	\$ (675,471)
2024	(898,872)
2025	(527,734)
2026	(292,360)
2027	—
Thereafter	—

Actuarial assumptions - The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 7 - Employee Retirement Plans (continued)

Inflation	2.5%
Salary increases	3.25% to 8.25%, including inflation and productivity factor
Investment rate of return	6.5%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2020 through December 31, 2020.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary and is part of the asset liability and investment policy of the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.5%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 7 - Employee Retirement Plans (continued)

Discount rate - The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension asset to changes in the discount rate - The following presents the Authority's proportionate share of the net pension asset calculated using the discount rate of 6.5%, as well as what the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase</u>
Employer's proportionate share of the net pension liability (asset)	\$5,405,261	\$5,719,853	\$6,148,842

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

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding policy - Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to 5 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, 2022 were \$0.39 million, which consisted of \$0.14 million from the Authority and \$0.25 million from the law enforcement officers. Contributions for the year ended March 31, 2021 were \$0.41 million, which consisted of \$0.14 million from the Authority and \$0.27 million from the law enforcement officers.

Law Enforcement Officer's Special Separation Allowance (LEOSSA)

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 7 - Employee Retirement Plans (continued)

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

<u>Category</u>	<u>Number</u>
Retirees receiving benefits	6
Active plan members	40
Total	46

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. The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial assumptions:

The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25%-7.75%, including inflation factor
Discount rate	2.25%

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

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. The Authority paid \$0.1 million as benefits came due for the reporting period.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

On March 31, 2022, the Authority reported a total pension liability of \$1.7 million. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended March 31, 2022, the Authority recognized pension expense of \$0.3 million.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 7 - Employee Retirement Plans (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 161,162	\$ —
Changes of assumptions	336,923	1,782
Benefit payments subsequent to the measurement date	26,993	—
Total	<u>\$ 525,078</u>	<u>\$ 1,782</u>

\$27.0 thousand reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending March 31, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending March 31</u>	<u>Amounts</u>
2023	\$ 143,733
2024	127,059
2025	104,901
2026	70,198
2027	50,412
Thereafter	—

Sensitivity of the Authority's total pension liability to changes in the discount rate - The following presents the Authority's total pension liability calculated using the discount rate of 2.25%, as well as what the Authority's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.25%) or 1 percentage point higher (3.25%) than the current rate:

	<u>1% Decrease (1.25%)</u>	<u>Current Discount Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
Total pension liability	\$1,862,324	\$1,696,935	\$1,547,238

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 7 - Employee Retirement Plans (continued)

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	<u>Total Pension Liability</u>
Balance at December 31, 2020	\$ 1,347,654
Changes for the year:	
Service cost at end of year	89,171
Interest	24,863
Change in benefit terms	—
Difference between expected and actuarial experience	71,828
Changes of assumptions and other inputs	282,230
Benefit payments	(118,811)
Other	—
Net changes	<u>349,281</u>
Balance at December 31, 2021	<u><u>\$ 1,696,935</u></u>

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

DEATHS AFTER RETIREMENT (HEALTHY): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

DEATHS BEFORE RETIREMENT: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

DEATHS AFTER RETIREMENT (BENEFICIARY): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

DEATHS AFTER RETIREMENT (DISABLED): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 7 - Employee Retirement Plans (continued)

	LGERS	LEOSSA	Total
Pension expense	2,686,548	259,120	2,945,668
Pension liability	5,719,853	1,696,935	7,416,788
Proportionate share of the pension liability	0.37 %	N/A	N/A

Deferred outflow of resources:

Differences between expected and actual experience	1,819,691	161,162	1,980,853
Changes of assumptions	3,593,529	336,923	3,930,452
Changes in proportion and differences between employer contributions and proportionate share of contributions	467,163		467,163
Employer contributions subsequent to the measurement date	2,203,768	26,993	2,230,761
Total deferred outflow of resources	8,084,151	525,078	8,609,229

Deferred inflow of resources

Net difference between projected and actual earnings on pension plan investments	8,171,952		8,171,952
Changes in proportion and differences between employer contributions and proportionate share of contributions	102,868		102,868
Changes of assumptions		1,782	1,782
Total deferred inflow of resources	8,274,820	1,782	8,276,602

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 7 - Employee Retirement Plans (continued)

Other Post-Employment Benefits

Health Care Plan

Plan description:

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

Membership in the Plan included the following at June 30, 2020, the date of the last actuarial valuation:

<u>Category</u>	<u>Number</u>
Retirees and dependents receiving benefits	102
Terminated plan members entitled to but not yet receiving benefits	—
Active plan members	341
Total	443

Funding policy:

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

Life Insurance Benefit

Plan description:

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

Funding policy:

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 7 - Employee Retirement Plans (continued)

Summary of significant accounting policies:

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

Total OPEB liability:

The Authority's total liability of \$11.5 million was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs:

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	3.25%-8.41%, average, including inflation
Discount rate	2.16%
Healthcare cost trend rates	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030

The discount rate is based on the June 2020 average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the total OPEB liability:

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 11,113,333
Changes for the year:	
Service Cost	783,649
Interest	258,203
Changes of benefit terms	—
Differences between expected and actual experience	(115,917)
Changes in assumptions or other inputs	(131,609)
Benefit payments	(429,565)
Net Changes	<u>364,761</u>
Balance at June 30, 2021	<u><u>\$ 11,478,094</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 7 - Employee Retirement Plans (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on a review of the recent plan experience performed concurrently with the June 30, 2020 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.2%) or 1-percentage-point higher (3.2%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u> <u>(2.16%)</u>	<u>1% Increase</u>
Total OPEB liability	\$12,652,014	\$11,478,094	\$10,452,866

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$10,315,401	\$11,478,094	\$12,859,201

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended March 31, 2022 the Authority recognized OPEB expense of \$1.6 million. On March 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of</u> <u>Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 2,296,677	\$ 99,405
Changes of assumptions	1,058,596	202,612
Benefit payments and administrative costs made subsequent to the measurement date	420,260	—
Total	<u>\$ 3,775,533</u>	<u>\$ 302,017</u>

\$420,260 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended March 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2022 and 2021

Note 7 - Employee Retirement Plans (continued)

<u>Years Ending March 31</u>	<u>Amounts</u>
2023	\$ 595,560
2024	595,560
2025	595,560
2026	601,155
2027	527,089
Thereafter	138,332

Note 8 - Commitments and Contingencies

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

The Authority, in accordance with NC General Statute 159-29, maintains Public Official Bonds on those designated as Finance Officer or Deputy Finance Officer. Currently, the Vice President, Chief Financial Officer and the Director of Accounting each carry coverage at the statutory requirement of \$50,000. In addition, the Authority carries blanket dishonesty coverage for all employees in the amount of \$1.0 million.

Construction commitments - On March 31, 2022 and 2021, the Authority has contractual commitments for Authority capital programs of approximately \$28.6 million and \$27.5 million, respectively.

Contingent liabilities - The Authority is currently a defendant in several NCDOT condemnation cases where the value of airport land condemned for highway improvement projects is being determined. Since these cases involve payments to the Authority, there are no associated liabilities and these matters will not have a material adverse effect on the financial condition of the Authority.

Note 9 - Subsequent Events

The Authority has evaluated subsequent events through July 21, 2022 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. No subsequent events are noted.

Note 10 - Change in Accounting Principle/Restatement

The Authority implemented Governmental Accounting Standards Board (GASB) statement 87, Leases, in the fiscal year ending March 31, 2022. The implementation of the statement required the Authority to record beginning lease receivable, deferred inflow of resources and the effects on net position for the year ended March 31, 2021. As a result, net position for the Authority increased \$3.4 million.

Note 11 - Reclassifications

Certain amounts in the prior-year financial statements have been reclassified in order to be comparable with the current year presentation.

RALEIGH-DURHAM AIRPORT AUTHORITY
RDU Airport, North Carolina

Required Supplemental Information

Prepared by the Finance Department

RALEIGH-DURHAM AIRPORT AUTHORITY
OTHER POST EMPLOYMENT BENEFIT HEALTH CARE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
UNAUDITED

	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2019
Total OPEB liability				
Service cost at end of year	\$ 783,649	\$ 473,791	\$ 445,449	\$ 453,432
Interest	258,203	258,600	250,247	227,642
Changes in benefit terms	—	—	—	—
Differences between expected and actual experience	(115,917)	2,731,582	418,206	152,630
Changes of assumptions or other inputs	(131,609)	1,255,420	250,856	(202,291)
Net benefit payments	(429,565)	(1,032,768)	(735,274)	(453,289)
Net change in total OPEB liability	364,761	3,686,625	629,484	178,124
Total OPEB liability - beginning	11,113,333	7,426,708	6,797,224	6,619,100
Total OPEB liability - ending	\$ 11,478,094	\$ 11,113,333	\$ 7,426,708	\$ 6,797,224
 Covered payroll	 \$ 27,088,278	 \$ 27,088,278	 \$ 21,268,476	 \$ 21,268,476
Total OPEB liability as a percentage of covered payroll	42.37%	41.03%	34.92%	31.96%

Notes to the required schedules:

The Raleigh-Durham Airport Authority does not have a special funding situation.

The schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

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

<u>Fiscal Year</u>	<u>Rate</u>
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%

RALEIGH-DURHAM AIRPORT AUTHORITY
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
UNAUDITED

	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2018
Total pension liability					
Service cost at end of year	\$ 89,171	\$ 64,603	\$ 62,505	\$ 61,657	\$ 47,739
Interest	24,863	36,133	37,288	32,572	36,344
Changes in benefit terms	—	—	—	—	—
Difference between expected and actual experience	71,828	59,314	68,079	136,396	—
Changes of assumptions or other inputs	282,230	139,514	33,655	(6,926)	18,909
Net benefit payments	(118,811)	(120,569)	(114,536)	(119,111)	(134,953)
Other	—	—	—	—	—
Net change in total pension liability	349,281	178,995	86,991	104,588	(31,961)
Total pension liability - beginning	1,347,654	1,168,659	1,081,668	977,080	1,009,041
Total pension liability - ending	<u>\$ 1,696,935</u>	<u>\$ 1,347,654</u>	<u>\$ 1,168,659</u>	<u>\$ 1,081,668</u>	<u>\$ 977,080</u>

Notes to the required schedules:

The Raleigh-Durham Airport Authority does not have a special funding situation.

December 31, 2021 Measurement Date: The Municipal Bond Index Rate increased from 1.93% to 2.25%.

The pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

RALEIGH-DURHAM AIRPORT AUTHORITY
 LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
 UNAUDITED

	<u>March 31, 2022</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Total pension liability - ending	\$ 1,696,935	\$ 1,347,654	\$ 1,168,659	\$ 1,081,668	\$ 977,080
Covered payroll	\$ 3,066,936	\$ 2,781,507	\$ 2,824,481	\$ 2,799,339	\$ 2,388,016
Total pension liability as a percentage of covered payroll	55.33%	48.45%	41.38%	38.64%	40.92%

Notes to the required schedules:

The Raleigh-Durham Airport Authority has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73 to pay related benefits.

The pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

RALEIGH-DURHAM AIRPORT AUTHORITY
 LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 UNAUDITED

	Fiscal Years Ended March 31							
	2022	2021	2020	2019	2018	2017	2016	2015
Proportionate share of net pension liability (asset)	0.37297 %	0.3781 %	0.34424 %	0.33277 %	0.31162 %	0.31228 %	0.28507 %	0.28433 %
Proportionate share of net pension liability (asset) (\$)	\$5,719,853	\$13,511,124	\$9,400,926	\$7,894,448	\$4,760,696	\$6,627,632	\$1,279,381	\$(1,569,268)
Covered payroll - measurement period	\$26,436,846	\$27,884,011	\$24,109,407	\$22,402,704	\$20,252,627	\$20,098,008	\$18,128,137	\$17,154,583
Proportionate share of net pension liability (asset) as a percentage of covered payroll	21.64 %	48.45 %	38.99 %	35.24 %	23.51 %	32.98 %	7.06 %	(9.15)%
Plan fiduciary net position as a percentage of the total pension liability	95.51 %	88.61 %	90.86 %	91.63 %	94.18 %	91.47 %	98.09 %	102.64 %

Notes to the required schedules:

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

The pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

RALEIGH-DURHAM AIRPORT AUTHORITY
 LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 UNAUDITED

	Fiscal Years Ended March 31							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$2,902,275	\$2,680,838	\$2,368,895	\$1,818,909	\$1,621,300	\$1,410,750	\$1,267,243	\$1,221,836
Contributions in relation to the contractually required contribution	2,902,275	2,680,838	2,368,895	1,818,909	1,621,300	1,410,750	1,267,243	1,221,836
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll - fiscal year	\$27,721,936	\$27,129,726	\$27,140,518	\$23,559,475	\$21,771,497	\$20,140,459	\$20,098,008	\$18,128,137
Contributions as a percentage of covered payroll	10.47 %	9.88 %	8.73 %	7.72 %	7.45 %	7.00 %	6.31 %	6.74 %

Notes to the required schedules:

The pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

RALEIGH-DURHAM AIRPORT AUTHORITY
RDU Airport, North Carolina

Statistical Section

Prepared by the Finance Department

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATISTICAL TABLE OF CONTENTS
For the Fiscal Year Ended March 31, 2022

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Debt Capacity These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	66
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	68
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	70

RALEIGH-DURHAM AIRPORT AUTHORITY
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net position										
Net investment in capital assets	\$351,649,776	\$360,059,904	\$363,556,801	\$256,701,290	\$256,188,985	\$261,637,368	\$251,985,469	\$265,808,612	\$285,457,715	\$267,072,356
Restricted For:										
State of North Carolina underground storage tank trust deductible	—	—	—	—	—	—	220,000	220,000	220,000	220,000
Debt service	38,557,642	38,558,845	39,224,174	47,527,257	46,059,554	45,098,046	45,853,319	47,245,044	45,142,059	46,535,241
DEA/ICE forfeitures	1,165,251	1,091,093	291,152	226,159	115,634	79,610	82,029	39,851	—	—
State grant funds	—	—	—	14,560,117	—	—	—	—	—	—
Passenger facility charges	47,263,749	29,032,766	33,121,903	32,288,882	27,635,490	25,529,873	2,850,046	4,325,108	7,212,645	13,239,327
Customer facility charges	62,160,009	51,733,623	48,881,085	32,248,941	16,216,386	3,383,354	—	—	—	—
Unrestricted net position	365,915,365	301,189,967	273,320,387	258,351,966	169,431,556	123,685,528	131,974,693	108,720,984	86,803,531	93,733,389
Total net position	<u>\$866,711,792</u>	<u>\$781,666,198</u>	<u>\$758,395,502</u>	<u>\$641,904,612</u>	<u>\$515,647,605</u>	<u>\$459,413,779</u>	<u>\$432,965,556</u>	<u>\$426,359,599</u>	<u>\$424,835,950</u>	<u>\$420,800,313</u>

Note:

Due to Raleigh-Durham Airport Authority's required adoption of GASB 87 during FY2022, the Net Position for FY2021 has been re-stated for comparative financial statements.
Due to Raleigh-Durham Airport Authority's required adoption of GASB 75 during FY2019, the Net Position for FY2018 has been re-stated for comparative financial statements.
Due to Raleigh-Durham Airport Authority's required adoption of GASB 73 during FY2018, the Net Position for FY2017 has been re-stated for comparative financial statements.
Due to Raleigh-Durham Airport Authority's required adoption of GASB 68 during FY2016, the Net Position for FY2015 has been re-stated for comparative financial statements.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating revenues										
Parking	\$ 49,918,119	\$ 13,338,265	\$ 65,169,221	\$ 60,543,954	\$ 54,975,271	\$ 55,843,209	\$ 47,058,255	\$ 43,796,914	\$ 41,427,389	\$ 41,266,707
Airfield	13,959,542	6,881,328	17,782,634	18,808,634	16,614,473	15,058,135	12,852,933	11,361,874	12,158,127	11,366,233
General aviation	2,185,429	1,910,235	1,904,083	1,654,755	1,857,961	1,721,515	1,706,871	1,632,938	1,475,959	1,539,352
Terminals	55,664,297	36,705,396	55,900,285	55,102,240	51,770,857	37,929,957	33,821,356	31,649,941	26,230,425	27,022,756
Air cargo	2,588,201	2,495,845	2,795,669	2,854,505	2,574,929	2,309,639	2,290,621	2,186,712	2,032,561	2,000,218
Rental car	16,071,235	8,412,962	17,912,819	17,446,412	16,142,255	16,742,662	14,830,467	14,191,508	13,126,408	12,875,772
Other	7,847,524	3,939,541	12,126,598	9,460,736	7,712,819	4,209,173	3,758,502	2,650,347	2,246,640	1,973,698
Total operating revenues	148,234,347	73,683,572	173,591,309	165,871,236	151,648,565	133,814,290	116,319,005	107,470,234	98,697,509	98,044,736
Operating expenses										
Personnel	39,451,457	40,172,242	39,802,797	33,876,609	31,051,920	27,170,380	25,890,007	24,140,715	23,388,732	22,891,610
Professional Services	3,125,689	2,897,343	6,800,376	2,789,318	7,577,131	7,433,558	1,627,047	1,356,318	1,304,625	1,230,232
Contractual Labor	22,428,922	16,387,903	25,268,209	22,284,959	18,399,409	17,439,029	18,218,854	15,359,927	15,494,132	14,371,473
Utilities	6,298,052	5,646,350	6,580,766	6,973,557	6,235,356	6,367,814	6,508,761	6,366,010	6,217,573	5,977,086
Material and Supplies	2,715,702	2,122,752	5,675,046	3,640,242	3,558,309	2,249,811	1,846,403	2,483,498	2,706,818	2,275,709
Insurance	1,385,366	1,366,295	1,449,503	1,381,674	1,273,536	1,420,403	1,573,853	1,317,966	1,581,369	1,565,177
General and Administrative	1,826,691	1,016,827	2,723,626	2,428,499	4,234,653	3,200,115	4,042,999	2,582,965	1,478,906	1,288,235
Subtotal	77,231,879	69,609,712	88,300,323	73,374,858	72,330,314	65,281,110	59,707,924	53,607,399	52,172,155	49,599,522
Depreciation	55,528,068	53,202,700	50,382,473	47,889,122	48,199,789	49,734,592	51,800,974	49,623,986	47,901,680	48,678,489
Total operating expenses	132,759,947	122,812,412	138,682,796	121,263,980	120,530,103	115,015,702	111,508,898	103,231,385	100,073,835	98,278,011
Operating income (loss)	15,474,400	(49,128,840)	34,908,513	44,607,256	31,118,462	18,798,588	4,810,107	4,238,849	(1,376,326)	(233,275)
Non-operating revenues (expenses)										
Investment interest income	1,037,026	1,537,087	8,674,588	7,229,938	3,007,736	2,258,957	2,432,278	1,895,410	1,897,541	2,835,467
Passenger facility charges	20,230,983	5,910,863	27,833,021	26,653,392	23,815,980	22,679,826	20,525,728	19,113,463	18,323,327	18,734,688
Customer facility charges	10,424,494	5,870,783	16,632,180	16,578,862	15,065,790	3,147,074	—	—	—	—
Bond interest expense, net	(12,857,209)	(15,600,053)	(4,645,836)	(21,404,408)	(21,890,713)	(22,575,341)	(21,768,920)	(26,763,852)	(25,801,032)	(27,933,517)
Payments from federal and state agencies	23,011,072	48,495,064	—	—	—	—	—	—	—	—
Other	511,093	787,122	(1,000,626)	735,380	272,403	(636,118)	91,847	580,360	344,365	408,133
Termination Income	—	—	8,227,000	—	—	—	—	—	—	—
Total non-operating revenues (exp)	42,357,459	47,000,866	55,720,327	29,793,164	20,271,196	4,874,398	1,280,933	(5,174,619)	(5,235,799)	(5,955,229)
Income (loss) before contributions	57,831,859	(2,127,974)	90,628,840	74,400,420	51,389,658	23,672,986	6,091,040	(935,770)	(6,612,125)	(6,188,504)
Capital contributions	28,352,004	27,955,720	25,862,050	53,820,449	4,948,413	2,775,237	1,793,993	2,459,419	10,647,762	5,475,352
Write down of discontinued projects	(1,138,270)	(6,004,241)	—	—	—	—	—	—	—	—
Increase (decrease) in net position	85,045,593	19,823,505	116,490,890	128,220,869	56,338,071	26,448,223	7,885,033	1,523,649	4,035,637	(713,152)
Net position, beginning restated	—	3,447,191	—	(1,963,862)	(104,245)	—	(1,279,076)	—	—	—
Net position, beginning of year	781,666,199	758,395,502	641,904,612	515,647,605	459,413,779	432,965,556	426,359,599	424,835,950	420,800,313	421,513,465
Net position, end of year	\$866,711,792	\$781,666,198	\$758,395,502	\$641,904,612	\$515,647,605	\$459,413,779	\$432,965,556	\$426,359,599	\$424,835,950	\$420,800,313

Note:

Due to Raleigh-Durham Airport Authority's required adoption of GASB 87 during FY2022, the Net Position for FY2021 has been re-stated for comparative financial statements.

Due to Raleigh-Durham Airport Authority's required adoption of GASB 75 during FY2019, the Net Position for FY2018 has been re-stated for comparative financial statements.

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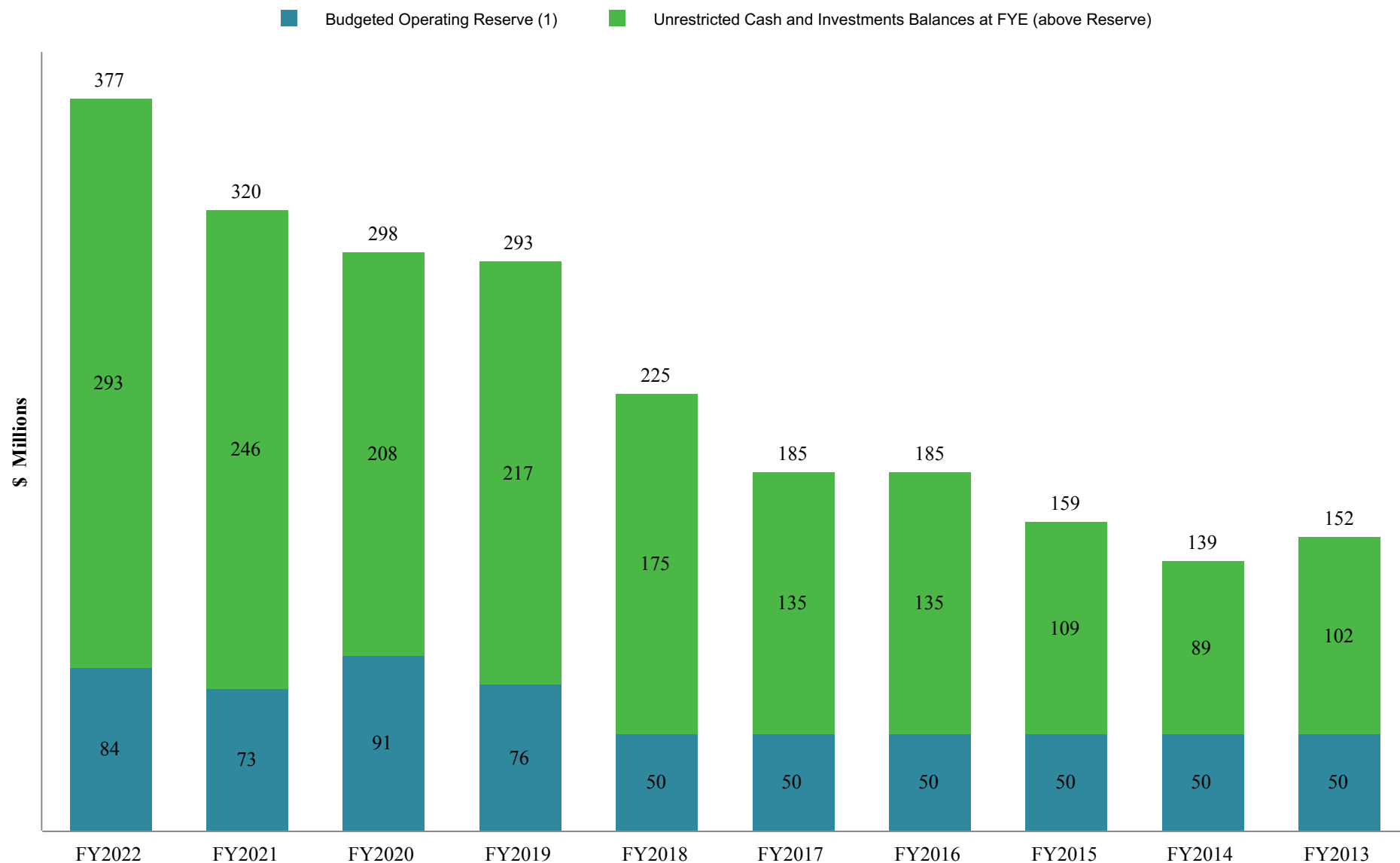
RALEIGH-DURHAM AIRPORT AUTHORITY
KEY PERFORMANCE INDICATORS
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Airline cost per enplanement (CPE)	\$ 9.98	\$ 19.92	\$ 8.12	\$ 8.59	\$ 8.68	*\$ 7.28	\$ 7.02	\$ 6.91	\$ 6.45	\$ 6.35
Airline cost per airline operation	417.77	541.76	346.89	360.75	352.13	286.04	266.43	247.87	218.82	215.93
Terminal concession revenue per enplanement	2.54	1.41	1.80	1.77	1.51	1.67	1.61	1.60	1.49	1.44
Terminal concession revenue per airline operation	106.37	38.40	76.78	74.43	61.09	65.51	61.24	57.52	50.64	48.96
Rental car revenue per enplanement	3.20	4.80	2.60	2.67	2.72	2.98	2.88	2.95	2.86	2.78
Rental car revenue per airline operation	133.88	130.53	110.88	111.97	110.11	117.16	109.31	105.95	96.84	94.53
Parking revenue per enplanement	10.59	8.26	10.39	10.12	10.01	10.27	9.37	9.26	9.13	9.01
Parking revenue per airline operation	443.29	224.73	443.74	425.10	405.97	403.47	355.77	332.28	309.53	306.46
Non-aeronautical revenue per enplanement	17.18	16.81	15.51	15.01	14.65	15.05	14.14	14.10	13.73	13.49
Non-aeronautical revenue per airline operation	719.04	457.28	662.62	630.51	593.88	591.36	536.97	505.68	465.46	458.76
Total operating revenue per enplanement	29.50	42.03	25.15	25.35	25.51	23.84	22.58	22.46	21.55	21.14
Total operating revenue per airline operation	1,234.90	1,143.21	1,074.55	1,064.53	1,034.47	936.39	857.36	805.71	730.87	718.97
Total operating revenue per total operation	805.49	650.42	792.07	756.85	753.68	691.41	632.05	592.95	535.84	531.13
Total operating expenses per enplanement	15.37	39.71	12.79	11.21	12.17	11.63	11.59	11.16	11.35	10.71
Total operating expenses per airline operation	643.40	1,080.01	546.59	470.90	493.40	456.82	440.09	400.21	384.88	364.16
Total operating expenses per total operation	419.67	614.45	402.90	334.80	359.47	337.31	324.44	294.53	282.17	269.02
Number of days unrestricted cash on hand	1,801	1,675	1,234	1,460	1,135	1,036	1,131	1,084	976	1,118

*2018 and forward CPE calculation includes deduction for airline incentives

Source: Raleigh-Durham Airport Authority Finance Department

**RALEIGH-DURHAM AIRPORT AUTHORITY
RDU UNRESTRICTED CASH AND INVESTMENT BALANCES
Last Ten Fiscal Years**

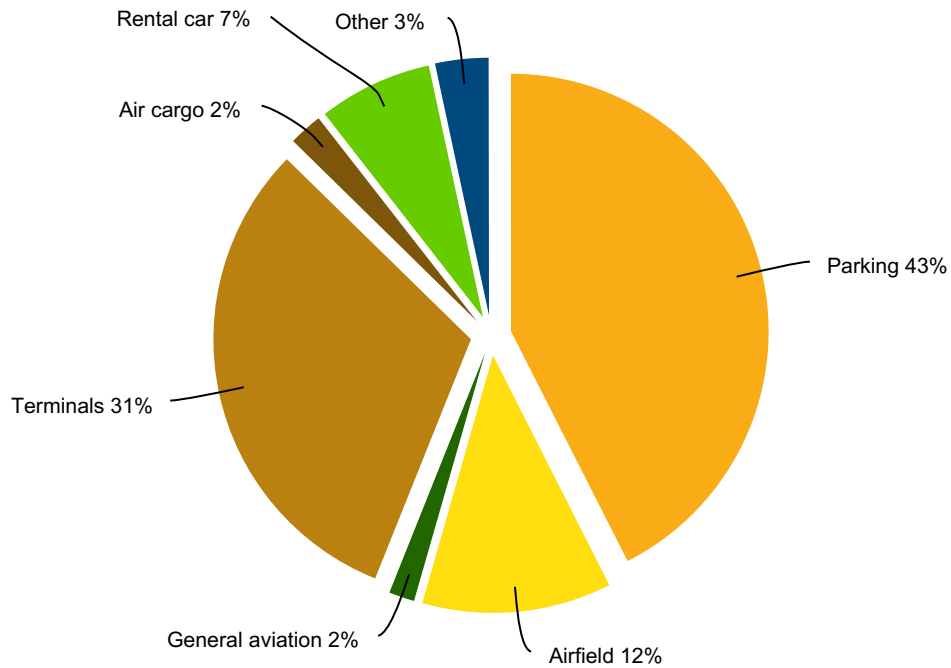


(1) The Authority formally adopted an operating reserve policy to maintain an operating reserve of about one times the current fiscal year's annual operating budgeted expenses (excluding depreciation).

RALEIGH-DURHAM AIRPORT AUTHORITY
FYE March 31, 2022 Operating Revenue by Source (000s)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Parking	\$ 49,918	\$ 13,338	\$ 65,169	\$ 60,544	\$ 54,975	\$ 55,843	\$ 47,058	\$ 43,796	\$ 41,427	\$ 41,267
Airfield	13,960	6,881	17,783	18,809	16,614	15,058	12,853	11,362	12,158	11,366
General aviation	2,185	1,910	1,904	1,655	1,858	1,722	1,707	1,633	1,476	1,539
Terminals	55,664	36,705	55,900	55,102	51,771	37,930	33,821	31,650	26,230	27,023
Air cargo	2,588	2,496	2,796	2,855	2,575	2,310	2,291	2,187	2,033	2,000
Rental car	16,071	8,413	17,913	17,446	16,142	16,742	14,831	14,191	13,128	12,876
Other	7,848	3,940	12,126	9,461	7,713	4,209	3,758	2,651	2,246	1,974
Total	<u>\$ 148,234</u>	<u>\$ 73,684</u>	<u>\$ 173,591</u>	<u>\$ 165,872</u>	<u>\$ 151,648</u>	<u>\$ 133,814</u>	<u>\$ 116,319</u>	<u>\$ 107,470</u>	<u>\$ 98,698</u>	<u>\$ 98,045</u>

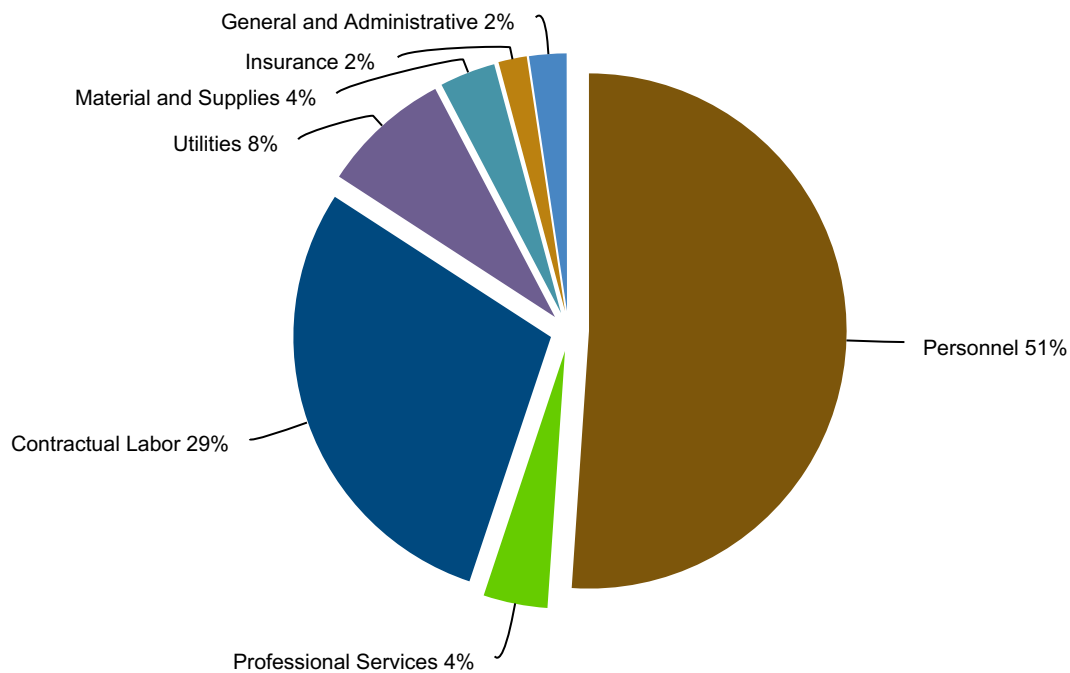
FYE March 31, 2022 Operating Revenue by Source



RALEIGH-DURHAM AIRPORT AUTHORITY
FYE March 31, 2022 Operating Expense by Source (000s)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Personnel	\$ 39,451	\$ 40,172	\$ 39,803	\$ 33,877	\$ 31,052	\$ 27,170	\$ 25,890	\$ 24,141	\$ 23,389	\$ 22,892
Professional Services	3,126	2,897	6,800	2,789	7,577	7,434	1,627	1,356	1,305	1,230
Contractual Labor	22,429	16,388	25,268	22,285	18,400	17,439	18,219	15,360	15,494	14,371
Utilities	6,298	5,647	6,581	6,974	6,235	6,368	6,509	6,366	6,217	5,977
Material and Supplies	2,716	2,123	5,675	3,640	3,558	2,250	1,846	2,484	2,707	2,276
Insurance	1,385	1,366	1,449	1,382	1,274	1,421	1,574	1,318	1,581	1,565
General and Administrative	1,827	1,017	2,724	2,428	4,235	3,200	4,043	2,583	1,479	1,288
Total	<u>\$ 77,232</u>	<u>\$ 69,610</u>	<u>\$ 88,300</u>	<u>\$ 73,375</u>	<u>\$ 72,331</u>	<u>\$ 65,282</u>	<u>\$ 59,708</u>	<u>\$ 53,608</u>	<u>\$ 52,172</u>	<u>\$ 49,599</u>

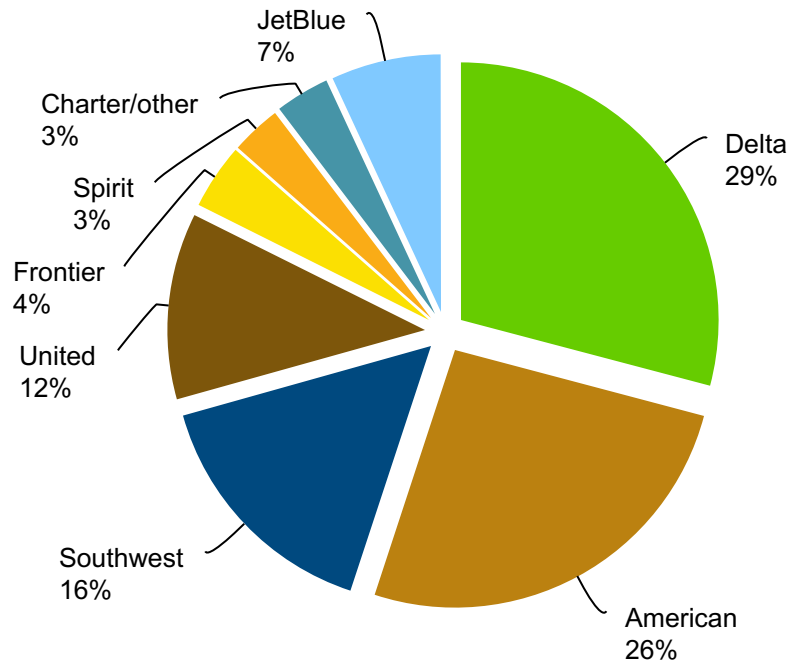
FYE March 31, 2022 Operating Expense by Source



RALEIGH-DURHAM AIRPORT AUTHORITY
FYE March 31, 2022 Airline Derived Revenue by Carrier (000s)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Delta	\$ 14,605	\$ 9,422	\$ 17,434	\$ 17,566	\$ 18,427	\$ 11,571	\$ 10,598	\$ 9,840	\$ 8,580	\$ 7,894
American	13,009	7,928	14,088	15,004	15,653	11,651	11,152	11,184	11,070	11,495
Southwest	7,823	5,686	8,021	9,027	8,528	6,458	6,278	5,753	4,573	4,659
United	5,873	3,665	6,490	6,819	6,658	5,070	4,822	4,017	3,816	3,988
Frontier	2,069	1,818	3,208	2,919	1,064	579	343	159	80	—
JetBlue	3,468	1,754	2,458	2,820	2,627	1,805	1,854	1,566	1,098	1,040
Spirit	1,591	1,788	2,431	—	—	—	—	—	—	—
Charter/other	1,711	2,858	1,910	2,055	1,783	1,182	1,100	685	444	333
Total	<u>\$ 50,149</u>	<u>\$ 34,919</u>	<u>\$ 56,040</u>	<u>\$ 56,210</u>	<u>\$ 54,740</u>	<u>\$ 38,316</u>	<u>\$ 36,147</u>	<u>\$ 33,204</u>	<u>\$ 29,661</u>	<u>\$ 29,409</u>

FYE March 31, 2022 Airline Derived Revenue by Carrier



RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT SERVICE SCHEDULE
Ten Years Projection

RDU BOND ISSUES	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<u>2008 C (Non-AMT) - \$72.295M Variable Rate - PFC</u>											
Principal (May Only) PFC Application of Funds	\$ 2,330,000	\$ 2,440,000	\$ 2,550,000	\$ 2,680,000	\$ 2,805,000	\$ 2,940,000	\$ 3,080,000	\$ 3,230,000	\$ 3,390,000	\$ 3,550,000	\$ 3,720,000
Interest C Series Not swapped (12 Months) PFC	35,819	1,984,733	1,883,100	1,776,333	1,664,550	1,547,400	1,424,667	1,295,967	1,160,900	1,019,433	871,200
Total	<u>2,365,819</u>	<u>4,424,733</u>	<u>4,433,100</u>	<u>4,456,333</u>	<u>4,469,550</u>	<u>4,487,400</u>	<u>4,504,667</u>	<u>4,525,967</u>	<u>4,550,900</u>	<u>4,569,433</u>	<u>4,591,200</u>
<u>2010A (Non-AMT) - \$242.365M (4.11%) Fixed Rate - PFC</u>											
Principal (May Only) PFC Application of Funds	—	—	—	—	—	—	—	—	—	—	—
Interest (May) PFC Application of Funds	—	—	—	—	—	—	—	—	—	—	—
Interest (November) PFC Application of Funds	—	—	—	—	—	—	—	—	—	—	—
Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>2015A (Non-AMT) - \$34.060M (3.07%) Fixed Rate</u>											
Principal (May Only)	2,495,000	2,625,000	2,755,000	2,900,000	3,045,000	3,205,000	3,370,000	3,540,000	3,725,000	3,905,000	—
Interest (May)	779,750	717,375	651,750	582,875	510,375	434,250	354,125	269,875	181,375	88,250	—
Interest (November)	717,375	651,750	582,875	510,375	434,250	354,125	269,875	181,375	88,250	—	—
Total	<u>3,992,125</u>	<u>3,994,125</u>	<u>3,989,625</u>	<u>3,993,250</u>	<u>3,989,625</u>	<u>3,993,375</u>	<u>3,994,000</u>	<u>3,991,250</u>	<u>3,994,625</u>	<u>3,993,250</u>	<u>—</u>
<u>2015B (AMT) - \$48.685M (3.00%) Fixed Rate - PFC</u>											
Principal (May Only) PFC Application of Funds	2,520,000	2,655,000	2,790,000	2,930,000	3,085,000	3,235,000	3,405,000	3,580,000	3,745,000	—	—
Interest (May) PFC Application of Funds	683,625	620,625	554,250	484,500	411,250	334,125	253,250	168,125	78,625	—	—
Interest (November) PFC Application of Funds	620,625	554,250	484,500	411,250	334,125	253,250	168,125	78,625	—	—	—
Total	<u>3,824,250</u>	<u>3,829,875</u>	<u>3,828,750</u>	<u>3,825,750</u>	<u>3,830,375</u>	<u>3,822,375</u>	<u>3,826,375</u>	<u>3,826,750</u>	<u>3,823,625</u>	<u>—</u>	<u>—</u>
<u>2017A (AMT) - \$115.230M (3.56%) Fixed Rate - PFC</u>											
Principal (May Only) PFC Application of Funds	4,015,000	4,195,000	4,415,000	4,615,000	4,830,000	5,075,000	5,340,000	5,610,000	5,900,000	6,190,000	6,495,000
Interest (May) PFC Application of Funds	2,528,688	2,448,388	2,343,513	2,233,138	2,140,838	2,020,088	1,893,213	1,759,713	1,619,463	1,471,963	1,327,625
Interest (November) PFC Application of Funds	2,448,387	2,343,513	2,233,138	2,140,838	2,020,088	1,893,213	1,759,712	1,619,463	1,471,963	1,327,625	1,165,250
Total	<u>8,992,075</u>	<u>8,986,901</u>	<u>8,991,651</u>	<u>8,988,976</u>	<u>8,990,926</u>	<u>8,988,301</u>	<u>8,992,925</u>	<u>8,989,176</u>	<u>8,991,426</u>	<u>8,989,588</u>	<u>8,987,875</u>
<u>2020A (AMT) - \$141.005M (2.14%) Fixed Rate - PFC</u>											
Principal (May Only) PFC Application of Funds	6,700,000	7,040,000	7,400,000	7,780,000	8,180,000	8,600,000	9,045,000	7,785,000	8,180,000	8,600,000	9,040,000
Interest (May) PFC Application of Funds	3,525,125	3,357,625	3,181,625	2,996,625	2,802,125	2,597,625	2,382,625	2,156,500	1,961,875	1,757,375	1,542,375
Interest (November) PFC Application of Funds	3,357,625	3,181,625	2,996,625	2,802,125	2,597,625	2,382,625	2,156,500	1,961,875	1,757,375	1,542,375	1,316,375
Total	<u>13,582,750</u>	<u>13,579,250</u>	<u>13,578,250</u>	<u>13,578,750</u>	<u>13,579,750</u>	<u>13,580,250</u>	<u>13,584,125</u>	<u>11,903,375</u>	<u>11,899,250</u>	<u>11,899,750</u>	<u>11,898,750</u>
<u>2020B (NON-AMT) - \$69.610M (1.31%) Fixed Rate</u>											
Principal (May Only)	4,665,000	4,900,000	5,155,000	5,420,000	5,695,000	5,985,000	6,295,000	6,615,000	6,955,000	7,315,000	7,690,000
Interest (May)	1,667,250	1,550,625	1,428,125	1,299,250	1,163,750	1,021,375	871,750	714,375	549,000	375,125	192,250
Interest (November)	1,550,625	1,428,125	1,299,250	1,163,750	1,021,375	871,750	714,375	549,000	375,125	192,250	—
Total	<u>7,882,875</u>	<u>7,878,750</u>	<u>7,882,375</u>	<u>7,883,000</u>	<u>7,880,125</u>	<u>7,878,125</u>	<u>7,881,125</u>	<u>7,878,375</u>	<u>7,879,125</u>	<u>7,882,375</u>	<u>7,882,250</u>
FY Principal Total	22,725,000	23,855,000	25,065,000	26,325,000	27,640,000	29,040,000	30,535,000	30,360,000	31,895,000	29,560,000	26,945,000
FY Interest Total	17,914,894	18,838,634	17,638,751	16,401,059	15,100,351	13,709,826	12,248,217	10,754,893	9,243,951	7,774,396	6,415,075
Total Principal and Interest	<u>\$ 40,639,894</u>	<u>\$ 42,693,634</u>	<u>\$ 42,703,751</u>	<u>\$ 42,726,059</u>	<u>\$ 42,740,351</u>	<u>\$ 42,749,826</u>	<u>\$ 42,783,217</u>	<u>\$ 41,114,893</u>	<u>\$ 41,138,951</u>	<u>\$ 37,334,396</u>	<u>\$ 33,360,075</u>
Total principal outstanding at end of FY	<u>\$ (22,725,000)</u>	<u>\$ (46,580,000)</u>	<u>\$ (71,645,000)</u>	<u>\$ (97,970,000)</u>	<u>\$ (125,610,000)</u>	<u>\$ (154,650,000)</u>	<u>\$ (185,185,000)</u>	<u>\$ (215,545,000)</u>	<u>\$ (247,440,000)</u>	<u>\$ (277,000,000)</u>	<u>\$ (303,945,000)</u>
PFC offsets to annual debt service	15,000,000										
DEBT SERVICE P&I NET OF PFC OFFSET	<u>\$ 25,639,894</u>	<u>\$ 42,693,634</u>	<u>\$ 42,703,751</u>	<u>\$ 42,726,059</u>	<u>\$ 42,740,351</u>	<u>\$ 42,749,826</u>	<u>\$ 42,783,217</u>	<u>\$ 41,114,893</u>	<u>\$ 41,138,951</u>	<u>\$ 37,334,396</u>	<u>\$ 33,360,075</u>

Notes:

1. This schedule represents Cashflow Scheduled Debt Service. Accrual Basis interest expense will differ slightly.
2. 2008C interest costs are based on estimated weekly variable rates of 4.0%. Actual average variable rates for fiscal year ended March 31, 2022 were 0.1% This interest cost excludes program costs such as liquidity and remarketing fees, which total 18.7 basis points.
3. There are no irrevocable commitments of PFC's beyond FY2015/2016.

RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT DETAILS AND AMOUNTS OUTSTANDING
March 31, 2022

<u>Series</u>	<u>Final Maturity</u>	<u>Use of Funds</u>	<u>Original Issue</u>		<u>Call Date</u>	<u>Current Issue</u>	
			<u>Amount</u>	<u>Rate</u>		<u>Amount</u>	<u>Rate</u>
2008C	5/1/2036	Refunded 2008C variable bonds to non-AMT -T2	\$ 75,000,000	4.7%	Any Time	\$ 51,855,000	0.50%
2015A	5/1/2030	Refunded 2005A-Operation Center, G/A Term, 75% of Taxiway D	34,060,000	4.7%	5/1/2025	29,070,000	3.1%
2015B	5/1/2029	Refunded 2005B-Terminal 2 project, 25% of Taxiway D	48,685,000	4.7%	5/1/2025	25,425,000	3.0%
2017A	5/1/2037	Refunded 2007-Terminal 2 project	115,230,000	4.8%	5/1/2027	99,275,000	3.6%
2020A	5/1/2036	Refunded 2010A bonds Terminal 2 project for PV savings	141,005,000	4.1%	5/1/2030	134,305,000	2.1%
2020B	5/1/2031	Refunded 2010B & B-1 Parking Garage Bonds for PV savings	69,610,000	4.1%	5/1/2030	62,025,000	1.3%
Total			\$ 483,590,000	4.46%		\$ 401,955,000	2.27%

Unamortized bond premium (discount), net 59,313,594

Total Debt Outstanding **\$ 461,268,594**

Fixed versus Variable Debt

	<u>Amount</u>	<u>Percent</u>
Fixed rate	\$ 350,100,000	87.1%
Variable rate	51,855,000	12.9%
	<u>\$ 401,955,000</u>	<u>100.0%</u>

Debt outstanding per enplanement \$80.01

RALEIGH-DURHAM AIRPORT AUTHORITY
RDU DEMOGRAPHIC INFORMATION
Last Ten Years (000s)

Year	Population*	Median Household Income**	Per Capita Income***	Median Age****	Unemployment Rate*****
2021	1,451	Unavailable	Unavailable	37.2	5.4%
2020	1,444	\$73.1	\$60.9	37.5	6.1%
2019	1,413	\$69.30	\$58.1	37.1	3.5%
2018	1,381	\$65.1	\$54.5	37.0	3.4%
2017	1,348	\$62.3	\$52.4	36.7	4.0%
2016	1,318	\$59.8	\$50.4	36.4	4.4%
2015	1,290	\$59.5	\$46.0	36.1	4.7%
2014	1,258	\$56.6	\$46.3	35.2	4.9%
2013	1,230	\$58.9	\$42.5	35.4	6.4%
2012	1,205	\$60.3	\$41.4	35.1	7.7%

Sources:

*ACFR Demographic and Economic Statistics for Wake County and Durham County

**U.S. Census Bureau - American Community Survey

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

****Raleigh-Durham-Caryl, NC CSA - Profile Data - Census Reporter

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

RALEIGH-DURHAM AIRPORT AUTHORITY
RALEIGH-DURHAM TRIANGLE PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

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

	2021			2012		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Duke University & Health System	43,108	1	5.87%	34,366	1	4.25%
State of North Carolina	24,083	2	3.28%	24,739	2	3.06%
Wake County Public Schools	17,000	3	2.31%	17,572	4	2.17%
Wal-Mart	16,200	4	2.20%			
WakeMed Health & Hospitals	9,773	5	1.33%	7,607	7	0.94%
NC State University at Raleigh	9,019	6	1.23%	7,730	6	0.96%
Food Lion	8,600	7	1.17%			
Target	8,000	8	1.09%			
International Business Machines	8,000	9	1.09%	20,500	3	2.54%
Durham Public Schools	7,696	10	1.05%	4,600	10	0.57%
UNC Rex Healthcare				4,800	8	0.59%
GlaxoSmithKline				8,600	5	1.06%
SAS Institute				4,742	9	0.59%
Total	<u>151,479</u>		<u>20.62%</u>	<u>135,256</u>		<u>16.73%</u>

Sources:

Wake County 2021 ACFR - Greater Raleigh Chamber of Commerce
Durham County 2021 ACFR - Durham Chamber of Commerce

RALEIGH-DURHAM AIRPORT AUTHORITY
ACTIVITY STATISTICS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Passengers</u>	<u>Aircraft Operations</u>	<u>Enplaned Cargo Volume (tons)</u>	<u>Deplaned Cargo Volume (tons)</u>
2022	9,996,384	184,030	39,825	63,318
2021	3,479,449	113,287	44,146	69,507
2020	13,800,098	219,161	40,610	62,279
2019	13,070,284	212,388	42,600	64,505
2018	11,848,878	201,212	41,423	59,113
2017	11,211,410	193,538	34,829	51,333
2016	10,264,233	184,034	38,208	47,240
2015	9,591,249	182,013	37,915	46,045
2014	9,165,624	184,893	36,941	45,944
2013	9,234,825	184,370	35,622	49,713

Source: Raleigh Durham Airport Authority Activity Reports

Aircraft Operations represents the total number of take-offs and landings (passenger and cargo)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
AIR CANADA	9,227	—	52,367	43,299	44,552	38,318	32,536	28,603	28,893	27,849
AIRTRAN	—	—	—	—	—	—	—	—	179,787	119,079
ALASKA	58,774	30,371	83,047	97,223	73,305	54,308	25,191	—	—	—
ALLEGiant	11,065	9,543	30,435	66,303	61,375	44,809	37,763	—	—	—
AMERICAN	1,376,659	482,746	1,573,398	1,527,807	1,553,847	1,509,127	1,443,316	761,538	822,556	792,398
CHARTER/ UNSCHEDULED	2,322	1,514	3,189	3,398	2,990	3,210	4,133	7,802	4,504	5,770
CONTINENTAL	—	—	—	—	—	—	—	—	—	139,311
DELTA	1,565,340	417,032	2,154,319	1,991,809	1,836,956	1,683,455	1,522,158	1,433,435	1,301,608	1,252,801
FRONTIER	275,089	81,605	474,413	427,903	146,020	145,730	104,111	44,655	26,028	—
JETBLUE	330,060	77,904	280,812	281,335	270,297	256,777	253,654	239,660	225,960	227,676
SOUTHWEST	777,671	383,714	1,235,654	1,269,849	1,205,695	1,168,889	1,132,726	1,075,156	881,332	1,001,494
SPIRIT	71,399	51,487	225,811	—	—	—	—	—	—	—
SUN COUNTRY	6,126	—	—	—	—	—	—	—	—	—
UNITED	540,342	217,183	789,091	835,533	749,557	708,999	595,913	479,055	461,097	364,127
USAIR	—	—	—	—	—	—	—	735,199	665,133	702,779
TOTAL	<u>5,024,074</u>	<u>1,753,099</u>	<u>6,902,536</u>	<u>6,544,459</u>	<u>5,944,594</u>	<u>5,613,622</u>	<u>5,151,501</u>	<u>4,805,103</u>	<u>4,596,898</u>	<u>4,633,284</u>

Source: Raleigh-Durham Airport Authority Activity Reports

RALEIGH-DURHAM AIRPORT AUTHORITY
ENPLANED PASSENGERS BY MONTH
Last Ten Fiscal Years

	Avg %	Monthly Avg	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
April	7.8%	395,240	299,246	20,070	571,694	538,150	487,023	447,366	408,738	401,769	384,101	394,240
May	8.7%	442,528	388,029	49,232	653,769	586,622	519,125	514,217	449,653	436,051	417,581	411,004
June	9.2%	468,414	449,640	106,216	679,418	614,545	545,573	518,973	464,691	450,658	426,151	428,277
July	9.2%	470,119	485,936	154,859	675,168	597,868	532,289	508,317	476,967	444,405	410,540	414,839
August	8.8%	449,258	431,105	159,085	648,192	582,829	518,712	481,903	440,297	422,424	396,153	411,880
September	7.9%	402,749	401,532	156,164	570,542	461,017	463,363	457,284	404,968	384,148	359,375	369,095
October	9.0%	458,995	469,039	184,104	638,582	573,640	530,014	493,170	457,164	431,658	406,059	406,522
November	8.7%	441,755	476,257	182,604	597,131	575,067	517,244	480,508	431,732	390,220	374,721	392,065
December	8.9%	453,722	482,517	191,805	636,388	562,881	507,048	481,271	461,445	415,732	414,239	383,896
January	6.9%	351,294	308,671	145,058	492,115	455,329	405,358	385,261	351,758	328,348	317,903	323,135
February	6.8%	347,218	347,740	152,498	482,598	443,374	405,430	374,588	358,049	302,921	293,120	311,865
March	8.2%	415,625	484,362	251,404	256,939	553,137	513,415	470,764	446,039	396,769	396,955	386,466
TOTAL		<u>5,096,917</u>	<u>5,024,074</u>	<u>1,753,099</u>	<u>6,902,536</u>	<u>6,544,459</u>	<u>5,944,594</u>	<u>5,613,622</u>	<u>5,151,501</u>	<u>4,805,103</u>	<u>4,596,898</u>	<u>4,633,284</u>

Source: Raleigh-Durham Airport Authority Activity Reports

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Airlines</u>										
AIR CANADA	14,535	—	81,713	54,050	54,896	49,068	47,047	44,979	46,540	50,752
AIRTRAN	—	—	—	—	—	—	—	91,000	215,944	138,728
ALASKA	60,768	64,647	86,306	108,502	84,840	64,382	27,394	—	—	—
ALLEGiant	12,692	19,117	34,598	69,473	62,026	45,527	37,743	—	—	—
AMERICAN	1,641,427	672,001	1,900,525	1,829,047	1,806,337	1,775,281	1,569,356	889,370	986,671	919,159
CONTINENTAL	—	—	—	—	—	—	—	—	—	162,018
DELTA	1,904,306	848,759	2,541,595	2,330,006	2,149,363	2,057,116	1,808,812	1,776,474	1,641,586	1,503,387
FRONTIER	299,736	97,022	459,601	417,784	137,204	141,610	105,682	50,447	28,369	—
JETBLUE	417,071	152,079	343,715	329,451	307,300	284,781	285,029	264,781	266,987	256,643
SOUTHWEST	830,692	666,256	1,374,832	1,403,967	1,324,040	1,285,108	1,283,654	1,168,858	1,058,200	1,239,454
SPIRIT	76,892	59,324	286,623	—	—	—	—	—	—	—
UNITED AIRLINES	626,785	321,716	941,200	978,432	866,777	809,007	646,950	507,034	517,665	396,819
SUN COUNTRY AIRLINES	9,656	—	—	—	—	—	—	—	—	—
USAIR	—	—	—	—	—	—	—	874,493	797,467	818,146
CHARTER/OTHER	5,034	4,682	6,813	6,976	6,454	6,704	7,465	13,315	11,814	17,455
<u>Cargo</u>										
FEDERAL EXPRESS	357,435	320,112	294,925	302,775	319,470	299,700	294,116	290,774	269,512	251,156
UPS	357,114	278,054	248,957	203,676	178,221	157,182	144,829	142,946	137,312	132,418
OTHERS	25,966	26,500	26,370	16,990	8,125	7,938	8,118	8,797	8,202	8,287
TOTAL	6,640,109	3,530,269	8,627,773	8,051,129	7,305,053	6,983,404	6,266,195	6,123,268	5,986,269	5,894,422

Source: Raleigh-Durham Airport Authority Finance Department

RALEIGH-DURHAM AIRPORT AUTHORITY CAPITAL ASSETS AND OTHER AIRPORT INFORMATION

About the Airport:

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

In the fiscal year 2022, RDU served 10.0 million passengers on 11 airlines and served 37 international and domestic nonstop destinations with an average of 164 daily departures. 99% of all passengers at the airport enplaned on domestic flights and 1% enplaned on international flights.

Location:

The Airport is located midway between the cities of Raleigh and Durham, primarily in Wake County, approximately 10 miles southeast of Durham and 10 miles northwest of Raleigh. The Airport encompasses approximately 5,100 acres, of which approximately 2,075 acres are developed.

Terminals:

Passenger terminal facilities at the Airport are located in two separate buildings known as Terminal 1 and Terminal 2.

The Authority completed a project to renovate and modernize Terminal 1. Construction on this \$68 million project was completed on April 13, 2014. Terminal 1 is home to Southwest Airlines and potentially other carriers and operates with 9 gates.

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

Runways:

RDU has two primary runways and one secondary runway.

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

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

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

Parking Spaces:

The airports total parking capacity is approximately 19,057 vehicles.

4 - Parking Garages	11,272 spaces approximately
3 - Park & Ride Parking Lots	7,558 spaces approximately
General Aviation Parking Lot	227 spaces approximately

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

Fiscal Year Ended	State		Federal		Total
2022	\$	18,550,530	\$	33,217,521	\$ 51,768,051
2021	\$	35,806,943	\$	40,505,140	\$ 76,312,083
2020		14,560,117		9,527,531	24,087,648
2019		38,420,576		15,349,872	53,770,448
2018		746,928		4,425,422	5,172,350
2017		590,119		2,441,097	3,031,216
2016		—		1,947,012	1,947,012
2015		985,122		1,861,900	2,847,022
2014		48,374		10,843,575	10,891,949
2013		628,069		5,048,573	5,676,642
Total	\$	<u>110,336,778</u>	\$	<u>125,167,643</u>	<u>\$ 235,504,421</u>

Source: Schedule of Expenditures of Federal and State Awards

RALEIGH-DURHAM AIRPORT AUTHORITY
EMPLOYEE HEADCOUNT
Last Ten Fiscal Years

<u>Fiscal Year Ended</u>	<u>Number of Employees</u>
2022	306
2021	298
2020	344
2019	329
2018	318
2017	288
2016	286
2015	272
2014	273
2013	270

Source: Raleigh-Durham Airport Authority Human Resources & Payroll Department



RALEIGH-DURHAM AIRPORT AUTHORITY
PO BOX 80001
RDU AIRPORT, NC 27623
919-840-7700

Raleigh-Durham Airport Authority

Report on Schedule of Expenditures of Federal and State Awards and Reports on Compliance and Internal Control

For the fiscal year ended March 31, 2022

Raleigh-Durham Airport Authority

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

The Board Members and Management
of the Raleigh-Durham Airport Authority
RDU Airport, North Carolina

We have audited, in accordance with the 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, the financial statements of the business-type activities of Raleigh-Durham Airport Authority (the "Authority"), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 21, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
July 21, 2022



**Independent Auditor's Report on Compliance for Each Major
Federal Program; Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of Federal and State Awards in
Accordance with OMB Uniform Guidance and the State Single Audit
Implementation Act**

The Board Members and Management
of the Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Raleigh-Durham Airport Authority's (the "Authority's") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the *State Single Audit Implementation Act*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by the reasonable user based on the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance and the State Single Audit Implementation Act we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these

limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of Raleigh-Durham Airport Authority as of and for the year ended March 31, 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated July 21, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
July 21, 2022

**Independent Auditor's Report on Compliance For Each Major State Program
and on Internal Control over Compliance; Report on the Schedule of
Expenditures of Federal and State Awards in Accordance with the OMB
Uniform Guidance and the State Single Audit Implementation Act**

The Board Members and Management
of the Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Raleigh-Durham Airport Authority's (the "Authority's") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Authority's major state programs for the year ended March 31, 2022. The Authority's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended March 31, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Our responsibilities under those standards, Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major state program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by the reasonable user based on the report on compliance about the Authority's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these

limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of Raleigh-Durham Airport Authority as of and for the year ended March 31, 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated July 21, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
July 21, 2022

Raleigh-Durham Airport Authority
Schedule of Expenditures of Federal and State Awards
For the year ended March 31, 2022

<u>Grantor / Program Type</u>	<u>Assistance Listing Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
Federal Awards			
<u>United States Department of Transportation</u>			
<u>Federal Aviation Administration</u>			
Airport and Airway Improvement Act of 1982- Airport Improvement Program	20.106	3-37-0056-50	\$ 1,914,839
Airport Improvement Program	20.106	3-37-0056-51	3,614,774
Coronavirus Aid Relief Economic	20.106	3-37-0056-53	9,223,028
Airport Coronavirus Response Grant Program	20.106	3-37-0056-54	12,498,752
Airport Improvement Program	20.106	3-37-0056-56	4,391,348
Concessions Rent Relief American Rescue Grant	20.106	3-37-0056-58	1,149,445
Total Department of Transportation			<u>32,792,186</u>
<u>United States Department of Homeland Security</u>			
<u>Transportation Security Administration</u>			
Law Enforcement Officer Reimbursement Agreement Program	97.090		<u>253,840</u>
<u>United States Department of the Treasury</u>			
Asset Forfeiture Program	21.016		<u>171,495</u>
Total Federal Assistance Expended			<u><u>\$ 33,217,521</u></u>
State Awards			
<u>North Carolina Department of Transportation</u>			
State Aid to Airports Program, Airport Improvement Program (AIP) Award		36244.54.19.1	<u>\$ 18,410,683</u>
<u>North Carolina Department of Public Safety</u>			
PW #255 and #273			<u>139,847</u>
Total State Assistance Expended			<u>18,550,530</u>
Total Federal and State Assistance Expended			<u><u>\$ 51,768,051</u></u>

*No Awards were passed through to subrecipients

Raleigh-Durham Airport Authority

Notes to the Schedule of Expenditures of Federal and State Awards For the year ended March 31, 2022

A. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of the Authority under programs of the federal government and the State of North Carolina for the year ended March 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart F of Title 2 U.S CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards; and the U.S. Office of Management and Budget (OMB) Compliance Supplement wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. Prior Year Expenditures

Where allowed by grant agreement, prior year expenditures that have not been previously tested may be included in the schedule of expenditures of federal awards at March 31, 2022. Generally this occurs when grants are awarded after the related project or program has started incurring expenses and retroactive reimbursement is allowed per the funding agreement or when corrections are made due to previous years' omissions.

Raleigh-Durham Airport Authority
Schedule of Findings and Questioned Costs
For the year ended March 31, 2022

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance ☐ yes ☒ no

Identification of major programs:

CFDA Number

20.106

Name of Federal Program or Cluster

Department of Transportation: Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B Programs \$996,526

Auditee qualified as low-risk auditee? ☐ yes ☒ no

State Awards

Internal control over major State programs:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act ☐ yes ☒ no

Raleigh-Durham Airport Authority
Schedule of Findings and Questioned Costs
For the year ended March 31, 2022

Identification of major State programs:

Program Name

State Aid to Airports Program

Section I. Financial Statement Findings

None

Section II. Federal and State Award Findings

None

Raleigh-Durham Airport Authority

Summary Schedule of Prior Audit Findings

For the year ended March 31, 2022

Prior year audit findings:

None

Raleigh-Durham Airport Authority

Compliance Section Related to Passenger Facility Charge Program

For the fiscal year ended March 31, 2022

Raleigh-Durham Airport Authority

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

The Board Members and Management
of the Raleigh-Durham Airport Authority
RDU Airport, North Carolina

We have audited, in accordance with the 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, the financial statements of the business-type activities of Raleigh-Durham Airport Authority (the Authority), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 21, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
July 21, 2022

**Independent Auditor's Report on Compliance for the
Passenger Facility Charge Program and on Internal Control Over Compliance
in Accordance with the Passenger Facility Charge Program Audit Guide**

The Board Members and Management
of the Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Report on Compliance for the Passenger Facility Charge Program

Opinion on Passenger Facility Charge Program

We have audited Raleigh-Durham Airport Authority (the Authority)'s compliance with the types of compliance requirements described in *the Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), that could have a direct and material effect on the Authority's passenger facilities charge program for the year ended March 31, 2022.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facilities charge program for the year ended March 31, 2022.

Basis for Opinion on Passenger Facility Charge Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements *the Passenger Facility Charge Audit Guide for Public Agencies*. Our responsibilities under those standards and *the Passenger Facility Charge Audit Guide for Public Agencies* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance with the Passenger Facility Charge Program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's passenger facility charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by the reasonable user based on the report on compliance about the Authority's compliance with the requirements of the passenger facility charge program.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance Passenger Facility Charge Program, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of *the Passenger Facility Charge Audit Guide for Public Agencies* on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Guide will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Guide that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these

limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *the Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charges

We have audited the financial statements of the Authority as of and for the year ended March 31, 2022 and have issued our report thereon dated July 21, 2022. Our audit was performed for the purpose of forming an opinion on those financial statements as a whole. The accompanying schedule of passenger facility charges is presented for the purpose of additional analysis as specified by the Guide and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges is fairly stated in all material respects in the relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements *the Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
July 21, 2022

Raleigh-Durham Airport Authority

Schedule of Passenger Facility Charges

For the year ended March 31, 2022

	PFC Charges Received	Interest Earned	Total Received	Expenditures on Approved Projects	Net Program Activity
Fiscal year ending March 31, 2021	\$ -	\$ -	\$ -	\$ -	\$ 29,032,766
06/30/2021	4,159,002	24,841	4,183,843	(2,000,000)	2,183,843
09/30/2021	5,397,016	27,671	5,424,687	-	5,424,687
12/31/2021	5,155,019	19,735	5,174,754	-	5,174,754
03/31/2022	5,785,953	3,197	5,789,150	-	5,789,150
Current year accrual	1,132,696	-	1,132,696	-	1,132,696
Reversal of prior year accrual	(1,474,147)	-	(1,474,147)	-	(1,474,147)
Fiscal year ending March 31, 2022	<u>\$ 20,155,539</u>	<u>\$ 75,444</u>	<u>\$ 20,230,983</u>	<u>\$ (2,000,000)</u>	<u>\$ 47,263,749</u>

Expenditures on Approved Projects

Project	Expenditures
02-002 Terminal C Renovation and Expansion	<u>\$ 2,000,000</u>

Note 1. Basis of presentation

The accompanying schedule of passenger facility charges is presented on the accrual basis of accounting. The information in this schedule if presented in accordance with the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Passenger facility charges collected represents cash collected through quarter end as reported to the FAA in accordance with 14 CFR Part 158.

Raleigh-Durham Airport Authority

Schedule of Findings and Questioned Costs and Summary of Prior Year Audit Findings For the year ended March 31, 2022

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Passenger Facility Charge Program

Internal control over passenger facility charge program:

- Material weakness identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for passenger facility charge program:

Unmodified

Noncompliance material to passenger facility charge program

_____ yes X no

Section II. Financial Statement Findings

None

Section III. Passenger Facility Charge Findings and Questioned Costs

None

Summary of prior year audit findings:

None