RALEIGH-DURHAM AIRPORT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 2019 AND 2018

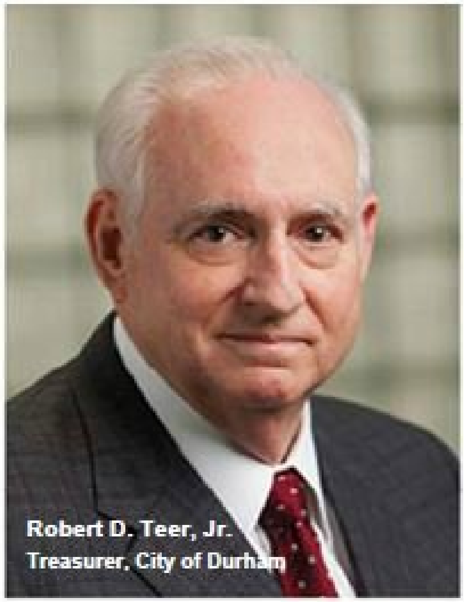
RALEIGH-DURHAM AIRPORT AUTHORITY
RDU Airport, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Years Ended March 31, 2019 and 2018

Prepared by the Finance Department

John M. Kane
Chairman, Wake County

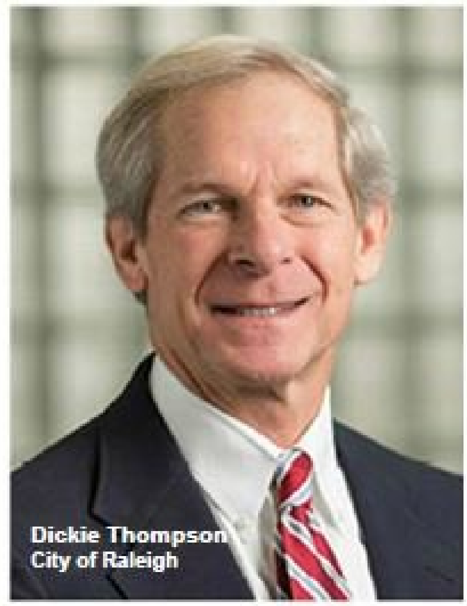


Robert D. Teer, Jr.
Treasurer, City of Durham

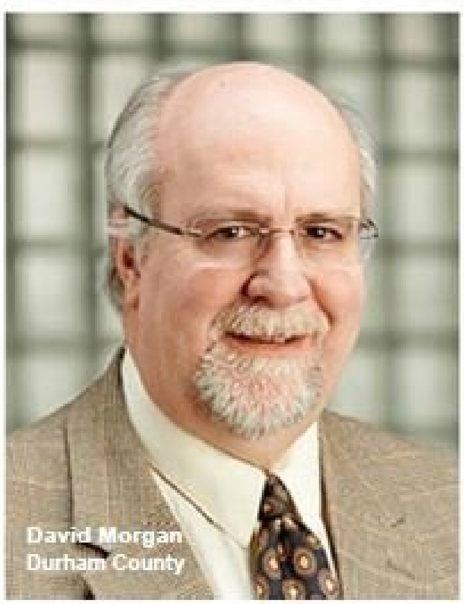
Patrick Hannah, Esq.
Vice-Chairman, Durham County

Sepideh Saidi, PE
Secretary, City of Raleigh

Board Members



Dickie Thompson
City of Raleigh



David Morgan
Durham County

David Kushner
Wake County

Napoleon Wallace
City of Durham

RALEIGH-DURHAM AIRPORT AUTHORITY
TABLE OF CONTENTS
Years Ended March 31, 2019 and 2018

RALEIGH-DURHAM AIRPORT AUTHORITY

2019-2020 ORGANIZATIONAL STRUCTURE

- **Michael Landguth** — President & CEO
  - **Frank White** — Director of Internal Audit
  - **Karyn Rivera** — Executive Assistant
  - **Crystal Feldman** — VP of Communications, Governmental & Community Affairs
    - **Toni Herrera-Bast** — Director of Media
    - **Jake Potter** — Director of Internal Communications
    - **Vacant** — Director of External Communications
    - **Vacant** — Director of Communications , Governmental, & Community Affairs
    - **Vacant** — Director of Air Service
  - **Erin Locklear** — General Counsel
    - **Chris Rosette** — Director of Procurement & Staff Attorney
    - **Thiane Carter** — Director of Small Business Programs
    - **Susan Capps** — Paralegal
  - **Chuck McFall** — Sr. VP & Chief Information & Strategy Officer
    - **Vacant** — VP of IT Business Solutions
    - **Michael McLanahan** — VP of IT Infrastructure
    - **Evan Oliver** — Business Analyst
  - **David Freedman** — Sr. VP & Chief Revenue Officer
    - **Dan Miller** — VP of Marketing
    - **Vacant** — VP of Commercial Management
  - **Donna Sylver** — Sr. VP & Chief Financial Officer
    - **David Seran** — VP & Controller
    - **Ron Kapocius** — Director of Financial Planning & Analysis
    - **James Witherspoon** — Director of Risk Management & Safety
  - **Cleon Umphrey** — VP & Chief Human Resources Officer
    - **Donald Armstrong** — Director of Human Resources
    - **Amanda Gissel** — Talent Management Manager
    - **Sean Sullivan** — Payroll Manager
  - **Bill Sandifer** — Sr. VP & Chief Operating Officer
    - **John Connell** — VP of Operational Asset Management
    - **Duane Legan** — VP of Airport Operations
    - **Ron Jewett** — VP of Facilities Asset Management
    - **Ellis Cayton** — Director of Planning & Environmental
    - **Kenny Perry** — Project Management Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Raleigh-Durham Airport Authority

North Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

March 31, 2018

Christopher P. Morrill

Executive Director/CEO

RDU
RALEIGH-DURHAM AIRPORT AUTHORITY
1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623
Michael J. Landguth, A.A.E.
President & CEO
tel: (919) 840-7700 · fax: (919) 840-0175 · www.rdu.com

June 20, 2019

To the Board of the Raleigh-Durham Airport Authority,

This Comprehensive Annual Financial Report of the Raleigh-Durham Airport Authority (the "Authority"), is hereby submitted for the fiscal year ended March 31, 2019 . Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Finance department of the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority.

The Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report is presented in three sections - Introductory, Financial, and Statistical. The Introductory section includes this Letter of Transmittal, a depiction of the Authority Board Members, the Authority's Organization Chart and the Certificate of Achievement for Excellence in Financial Reporting Awarded to the Authority for its prior fiscal year ended March 31, 2018 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, 2019 Comprehensive Annual Financial Report to the Government Finance Officers Association for their review and seek the award for the eleventh consecutive year.

Reporting Entity

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

The Authority has many of the same powers of any North Carolina local government unit with some notable exceptions. It has no power to impose any taxes. In order to finance Airport development, operation and maintenance it charges fees to those who use or 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
1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623
tel: (919) 840-7700 · fax: (919) 840-0175 · www.rdu.com
Michael J. Landguth, A.A.E.
President & CEO

Economy, Region & Air Service

RDU broke its all-time passenger volume record for the third year in a row in 2018 with more than 13.1 million passengers traveling through the airport - about 36,000 per day.

The core of RDU's service area is the Research Triangle Region, known locally as "The Triangle." This is an area surrounding multiple major universities in Raleigh, Durham and Chapel Hill and is the home of the Research Triangle Park, a major research and technological economic development area. This 7,000 acre research park employs about 50,000 people. The primary Triangle region consists of Durham, Orange and Wake counties.

Located in Morrisville, N.C., RDU is the easternmost large airport in North Carolina and draws significant users from eastern and central North Carolina, in addition to travelers from the Research Triangle area.

The wider Research Triangle Region consists of a 13-county economic powerhouse that provides the primary economic base for air transportation at the airport. Beyond this region, RDU serves as the main airport for residents from the 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 serves as one of this region's most influential economic engines. The North Carolina Department of Transportation finds that the airport contributes a $12.6 billion economic impact annually, supporting more than 86,000 regional jobs and $450 million in state and local taxes. More than 5,000 people come to work at the airport each day.

Classified by the Federal Aviation Administration (FAA) as a medium hub, RDU's diversification in air service has grown, with 10 airlines serving 65 nonstop destinations. Delta leads all airlines in enplanement market share at RDU at 31 percent; American captures 24 percent of the RDU market; Southwest and United comprise 19 percent and 13 percent, respectively. Frontier is the fastest growing carrier with 30 nonstop destinations, eight of which were introduced in spring 2019.

More than 400 daily flights connect central North Carolina to the world, including London, Paris, Toronto and other major international cities. While Delta continues to expand service to our "focus city," RDU has observed significant growth among low-cost and ultra-low cost leisure air carriers, including Spirit, which announced debut service starting in May 2019. Thanks to this increased diversification, RDU continues to offer one of North Carolina's lowest average fares.

RDU added a flurry of new air service during the fiscal year. Frontier has added nonstop flights to San Diego, Syracuse, Portland (Maine), Harrisburg, Palm Beach, Punta Cana, Montego Bay, Fort Myers, Albany, Hartford, Islip, Boston, Tampa, Philadelphia, Jacksonville and Columbus.

Spirit's new nonstop service will reach Baltimore/Washington, Boston, Chicago, Detroit, Orlando, Fort Lauderdale and New Orleans.

Economy, Region & Air Service (continued)

Delta added nonstop service to Chicago-O'Hare, New Orleans and Pittsburgh. Air Canada will begin international service to Montreal in June 2019.

More than 107,000 tons of cargo came through RDU, roughly a 7 percent increase over last fiscal year. Similarly, general and corporate aviation at the airport continue to grow. TAC Air and Signature Flight Support operate facilities at the airport, and corporate hangar space will expand further as Western LLC announced plans to develop a corporate aviation campus of up to 21 new hangars on 48 acres.

FY 2018-19 Major Events and Initiatives

The Authority identified a number of critical infrastructure projects to meet the region's growing aviation demands, accomplishing completion or progress on capital improvement work around the entire campus. The FAA approved RDU's Airport Layout Plan and Vision 2040 - a 25-year master plan calling for improvements to runways, terminals, ground transportation and general aviation - in 2017. During the fiscal year, the Authority completed rehabilitation work on two key assets, Runway 14/32 and Taxiway A.

The Authority will next look toward transforming common-use systems, the security checkpoint and customs and border protection facilities in Terminal 2. It plans to activate four dormant gates in Terminal 1, and later will add four new additional gates. Parking improvements, WiFi upgrades and a refreshed concessions program are also on the way. RDU already has kicked off work on the crown jewel of Vision 2040 - the rehabilitation and eventual replacement of current primary runway 5L/23R, which is nearing the end of its useful life.

Finally, we received from the State of North Carolina $53.6 million for fiscal year 2018-2019 to help accelerate the completion of critical airport infrastructure projects at RDU.

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 ensuring that adequate internal controls are in place to ensure and 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.

RDU
Michael J. Landguth, A.A.E.
President & CEO
RALEIGH-DURHAM AIRPORT AUTHORITY
1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623
tel: (919) 840-7700 · fax: (919) 840-0175 · www.rdu.com

Financial Information (continued)

The Authority maintains extensive budgetary controls to ensure 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 has performed the annual audit as of and for the fiscal period ended March 31, 2019, 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, 2019 and 2018.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended March 31, 2018. This was the tenth consecutive year of award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized CAFR. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgements

The completion of this report would not have been possible without the 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

Donna Sylver, MBA, CPA, CGMA
Senior Vice President and CFO
Raleigh-Durham Airport Authority

RALEIGH-DURHAM AIRPORT AUTHORITY
RDU Airport, North Carolina

Financial Section

Prepared by the Finance Department

elliott davis

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities of Raleigh-Durham Airport Authority (the Authority), which comprise the statements of net position as of March 31, 2019 and 2018, 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.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement for Implementation of New Accounting Standards

As discussed in Note 10 to the financial statements, the Authority adopted provisions of Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective April 1, 2018. Our opinion is not modified with respect to this matter.

Required Supplemental Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the Total OPEB Liability and Related Ratios, the Law Enforcement Officer's Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Schedule of Proportionate Share of Net Pension Liability (Asset) and Schedule of Employer Contributions for Local Governmental Employees' Retirement System as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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, supplemental information to include the Summary of Operating Revenues and Expenses Compared with Budget, Operating Revenues and Expenses Compared with Budget by category, Comparative Summaries of Operating Expenses by Cost Center, Summary of Operating Expenses by Cost Center, Summary of Depreciation, Detail of Airport and Facilities, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Summary of Operating Revenues and Expenses Compared with Budget, Operating Revenue and Expenses Compared with budget by category, Comparative Summaries of Operating Expenses by Cost Center, Summary of Operating Expenses by Cost Center and the Summary of Depreciation, Detain of Airport and Facilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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 June 20, 2019 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, 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.

Elliott Davis, PLLC

Raleigh, North Carolina
June 20, 2019

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, 2019 and March 31, 2018. 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 17 to 42 of this report.

Background

The Raleigh-Durham International Airport (the "Airport") is located in Wake County, between the Cities of Raleigh and Durham, approximately 10 miles from the downtown areas of each of Raleigh and Durham. Interstate 40, a major thoroughfare, is located immediately to the southwest of the Airport and US Highway 70, another major thoroughfare, 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, a state-of-the-art, 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 $68 million renovation of Terminal 1. This terminal is home to Southwest Airlines and operates with 9 gates.

Background (continued)

The Airport has two primary runways and one secondary runway. In the fiscal years ended March 31, 2019 and 2018, 13.1 million and 11.9 million annual passengers, respectively, used the Airport.

Financial Highlights and Analysis

Net Position

For the fiscal year ending March 31, 2019, current assets increased $66.8 million or 27.6% from the prior fiscal year due primarily to increased purchases of short-term investments in the amount of $80.5 million compared to the fiscal year ending March 31, 2018. For the fiscal year ending March 31, 2018, current assets increased 24.1% or $47.0 million from the prior fiscal year due primarily to increased purchases of short-term investments in the amount of $45.4 million compared to the fiscal year ending March 31, 2017.

For the fiscal year ending March 31, 2019, restricted assets increased $36.8 million or 40.9% as compared to the fiscal year ending March 31, 2018, primarily due to an increase in the Customer Facility Charge cash of $14.6 million or 89.8%, an increase in State Grant Funds of $14.6 million or 100.0% and a $4.2 million or 17.3% increase in Passenger Facility Charge cash. For the fiscal year ending March 31, 2018, restricted assets increased $15.9 million or 21.5% as compared to the fiscal year ending March 31, 2017, primarily due to an increase in the Customer Facility Charge cash of $14.2 million or 100.0% and a $1.9 million or 8.5% increase in Passenger Facility Charge cash. The Customer Facility Charge commenced on January 1, 2017.

For the fiscal year ending March 31, 2019, net airport and facilities increased $17.4 million or 2.1% as compared to the fiscal year ending March 31, 2018, primarily related to an increase in non-depreciable airport and facilities of $33.5 million or 40.6%, offset by a decrease in depreciable net airport and facilities of $16.1 million or 2.2%. For the fiscal year ending March 31, 2018, net airport and facilities decreased $23.1 million or 2.8% as compared to the fiscal year ending March 31, 2017, primarily related to a decrease in depreciable net airport and facilities of $47.4 million or 6.1% offset by an increase in non-depreciable airport and facilities of $24.4 million or 41.8%.

The combined effect of the above items was to increase total assets $121.0 million or 10.6% for the fiscal year ending March 31, 2019, $39.9 million or 3.6% for the fiscal year ending March 31, 2018, and $2.2 million or 0.2% for the fiscal year ending March 2017.

For the fiscal year ending March 31, 2019, deferred outflows of resources increased by $2.7 million or 70.9% due to a increase in the Authority's proportionate share of the Local Government Employees' Retirement System's net pension liability as compared to the fiscal year ending March 31, 2018. For the fiscal year ending March 31, 2018, deferred outflows of resources decreased by $2.0 million or 34.2% due to a decrease in the Authority's proportionate share of the Local Government Employees' Retirement System's net pension liability as compared to the fiscal year ending March 31, 2017.

For the fiscal year ending March 31, 2019, current liabilities increased by $17.5 million or 37.9% due to an increase in deferred revenue of $14.6 million or 100.0%, an increase in accounts payable and accrued liabilities of $3.0 million or 79.6%, offset by a decrease in current maturities of long-term debt of $0.1 million or 0.3% as compared to the fiscal year ending March 31, 2018. For the fiscal year ending March 31, 2018, current liabilities increased by $8.8 million or 23.5% due to an increase in current maturities of long-term debt of $5.1 million or 29.0% and an increase in accrued bond interest payable of $1.9 million or 24.0% as compared to the fiscal year ending March 31, 2017.

Net Position (continued)

For the fiscal year ending March 31, 2019, total non-current liabilities decreased by $20.1 million or 3.4% from the prior fiscal year, primarily due to a decrease in long-term debt of $22.7 million or 4.3% and a decrease in debt issue premiums of $2.8 million or 6.6%, both the result of principal payments. For the fiscal year ending March 31, 2018, total non-current liabilities decreased by $27.0 million or 4.4% from the prior fiscal year, primarily due to a decrease in long term debt of $22.8 million or 4.1% and a decrease in debt issue premiums of $2.7 million or 6.1%, both the result of principal payments.

For the fiscal year ending March 31, 2019, total deferred inflows of resources increased $0.1 million or 63.7% due to a increase in deferred pensions of $0.1 million or 63.7% as compared to the fiscal year ending March 31, 2018. For the fiscal year ending March 31, 2018, total deferred inflows of resources decreased $0.1 million or 48.0% due to a decrease in deferred pensions of $0.1 million or 42.0% as compared to the fiscal year ending March 31, 2017.

The combined effect of these items was an increase in net position during the fiscal year ending March 31, 2019 of $126.3 million or 24.5%. For the fiscal year ending March 31, 2018, net position increased $56.2 million or 12.2%. For the fiscal year ending March 31, 2017, net position increased by $26.4 million or 6.1%. Net position at March 31, 2019, March 31, 2018, and March 31, 2017 are presented in the following table:

Condensed Statements of Net Position

	March 31, 2019	March 31, 2018	March 31, 2017
Current assets	$ 308,824,235	$ 242,006,672	$ 194,962,826
Airport and facilities, net	827,624,444	810,223,985	833,312,368
Other non-current assets	126,851,356	90,027,064	74,090,883
Total assets	1,263,300,035	1,142,257,721	1,102,366,077
Total deferred outflows of resources	6,551,822	3,833,259	5,822,651
Current liabilities	63,715,091	46,192,350	37,389,932
Non-current liabilities	564,011,494	584,116,269	611,126,027
Total liabilities	627,726,585	630,308,619	648,515,959
Total deferred inflows of resources	220,660	134,756	258,990
Net investment in capital assets	343,876,701	302,248,539	306,735,414
Restricted net position	79,324,099	43,967,510	28,992,837
Unrestricted net position	218,703,812	169,431,556	123,685,528
Net position	$ 641,904,612	$ 515,647,605	$ 459,413,779

Revenues, Expenses, and Change in Net Position

For the fiscal year ended March 31, 2019, the Authority experienced a $14.2 million increase, or 9.4% in operating revenues, due primarily to an increase of $5.6 million, or 10.1% in parking revenue, an increase of $3.3 million, or 6.4% in terminals revenue and an increase in airfield revenue of $2.2 million, or 13.2%, compared to the prior fiscal year. This overall increase in operating revenues was realized in part due to an increase in enplaned passengers of 0.6 million. In addition, the Authority's airline derived revenue remained diversified with no single carrier accounting for more than approximately 11% of operating revenues for the fiscal year ended March 31, 2019.

For the fiscal year ended March 31, 2018, the Authority experienced a $17.8 million increase, or 13.3% in operating revenues, due primarily to an increase of $13.8 million, or 36.5% in terminals revenue and an increase in airfield revenue of $1.6 million or 10.3%, compared to the prior fiscal year. This overall increase in operating revenues was realized in part due to an increase in enplaned passengers of 0.3 million as well as terminal rental rate increases relative to the prior fiscal year. In addition, the Authority's airline derived revenue remained diversified with no single carrier accounting for more than approximately 12% of operating revenues for the fiscal year ended March 31, 2018.

Operating expenses (excluding depreciation) increased $1.0 million, or 1.4% for the fiscal year ending March 31, 2019, compared to the prior fiscal year. This increase was primarily due to a $0.8 million, or 64.0% increase in fueling systems expense, $0.6 million, or 17.1% increase in ground transportation and $0.8 million, or 12.5% increase in airport maintenance, offset by a $2.0 million decrease in airport facilities. Depreciation expense decreased $0.3 million or 0.6% during the fiscal year ending March 31, 2019. Thus, total operating expenses (including depreciation) increased $0.7 million, or 0.6%.

The combined effect of the above items was an increase in operating income of $13.5 million with a fiscal year ending March 31, 2019 income of $44.6 million.

Operating expenses (excluding depreciation) increased $7.0 million, or 10.8% for the fiscal year ending March 31, 2018, compared to the prior fiscal year. This increase was primarily due to a $4.4 million increase in professional services relating to repairing our parking lot facilities, and additional increases were incurred as a result of new hires made throughout the fiscal year. Depreciation expense decreased $1.5 million or 3.1% during the fiscal year ending March 31, 2018. Thus, total operating expenses (including depreciation), increased $5.5 million, or 4.8%. The combined effect of the above items was an increase in operating income of $12.3 million with a current fiscal year operating income of $31.1 million.

The combined effect of the above items was an increase in operating income of $12.3 million with a fiscal year ending March 31, 2018 operating income of $31.1 million.

For the period ending March 31, 2019, total non-operating revenues (expenses) increased $9.5 million, or 47.0% due to increases in Investment Interest income of $4.2 million, or 140.4%, CFC revenue of $1.5 million, or 10.0% and PFC revenue of $2.8 million, or 11.9% compared to the period ending March 31, 2018.

For the period ending March 31, 2018, total non-operating revenues (expenses) increased $15.4 million, or 315.9% due to increases in CFC revenue of $11.9 million or 378.7% and PFC revenue of $1.1 million compared to the period ending March 31, 2017.

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

For the fiscal year ending March 31, 2019, capital contributions increased $48.9 million or 987.6% compared to the prior fiscal year. This change is primarily related to an increase in Federal and State Funds received for our master plan expenditures.

For the fiscal year ending March 31, 2018, capital contributions increased $2.2 million or 78.3% compared to the prior fiscal year. This change is primarily related to an increase in Federal and State Funds received for our master plan expenditures.

Net position may serve over time as one useful indicator of the Authority's financial condition. The Authority's net position for the fiscal year ending March 31, 2019, increased $126.3 million, or 24.5% as compared to the previous fiscal year. Net position for the fiscal year ending March 31, 2018, increased $56.2 million, or 12.2% as compared to the previous fiscal year. A condensed representation of revenues, expenses and change in net position for the fiscal years ending March 31, 2019, 2018, and 2017 are presented in the following table:

(Remainder of page intentionally left blank)

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

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

	March 31, 2019	March 31, 2018	March 31, 2017
Operating revenues			
Parking	$ 60,543,954	$ 54,975,271	$ 55,843,209
Terminals	55,102,240	51,770,857	37,929,957
Rental car	17,446,412	16,142,255	16,742,662
Other	32,778,630	28,760,182	23,298,462
Total operating revenues	165,871,236	151,648,565	133,814,290
Operating expenses	73,374,858	72,330,314	65,281,110
Depreciation	47,889,122	48,199,789	49,734,592
Total operating expenses	121,263,980	120,530,103	115,015,702
Operating income (loss)	44,607,256	31,118,462	18,798,588
Non-operating revenues (expenses)			
Investment interest income	6,096,998	3,654,643	2,970,505
Passenger facility charges	26,653,392	23,815,980	22,679,826
Customer facility charges	16,578,862	15,065,790	3,147,074
Bond interest expense, net	(21,404,408)	(21,890,713)	(22,575,341)
Other non-operating revenue (expense)	1,868,320	(374,504)	(1,347,666)
Total non-operating revenues (expenses)	29,793,164	20,271,196	4,874,398
Capital contributions	53,820,449	4,948,413	2,775,237
Increase (decrease) in net position	128,220,869	56,338,071	26,448,223
Net position, beginning restated	(1,963,862)	(104,245)	—
Net position, beginning of year	515,647,605	459,413,779	432,965,556
Net position, end of year	$ 641,904,612	$ 515,647,605	$ 459,413,779

Cash Flows

With regard to the statement of cash flows for fiscal year ending March 31, 2019, cash provided by operating activities of $100.1 million increased $23.2 million or 30.14% from the prior fiscal year. For fiscal year ending March 31, 2018, cash provided by operating activities of $76.9 million increased $8.0 million or 11.7% from the prior fiscal year.

For the fiscal year ending March 31, 2019, cash used in investing activities of $87.3 million represented an increase of $29.9 million or 52.0% relative to the prior fiscal year. This increase in cash used in investing activities was primarily due to increased purchases of short-term investments. For the fiscal year ending March 31, 2018, cash used in investing activities of $42.5 million represented a decrease of $2.7 million or 6.0% relative to the prior fiscal year. This decrease in cash used in investing activities was primarily due to decreased purchases of short-term investments.

For the fiscal year ending March 31, 2019, cash used in capital and related financing activities of $2.8 million represented a decrease of $20.4 million or 88.0% from the prior fiscal year. The primary contributor to this was a $5.1 million decrease in payments of long-term debt as a result of the 2017 bond refunding that occurred March 14, 2017. For the fiscal year ending March 31, 2018, cash used in capital and related financing activities of $23.2 million represented a decrease of $24.7 million or 51.5% from the prior fiscal year. The primary contributor to this was a $21.4 million decrease in payments of long-term debt as a result of the 2017 bond refunding that occurred March 14, 2017.

For the fiscal year ending March 31, 2019, positive operating cash activities of $100.1 million, offset by cash used in capital and related financing activities of $2.8 million and cash used in investment activities of $87.3 million produced an overall increase in cash and cash equivalents of $10.0 million. For the fiscal year ending March 31, 2018, positive operating cash activities of $76.9 million, offset by cash used in capital and related financing activities of $23.2 million and cash used in investment activities of $42.5 million produced an overall increase in cash and cash equivalents of $11.2 million.

The following is a summary of the change in cash and cash equivalents for the fiscal years ended March 31, 2019, March 31, 2018, and March 31, 2017:

Condensed Statement of Cash Flows

	March 31, 2019	March 31, 2018	March 31, 2017
Net cash provided by (used in):			
Operating activities	$ 100,078,782	$ 76,899,992	$ 68,853,660
Investing activities	(87,310,444)	(57,453,628)	(45,153,072)
Capital and related financing activities	(2,794,014)	(23,226,104)	(47,900,822)
Net increase (decrease)	9,974,324	(3,779,740)	(24,200,234)
Cash and cash equivalents at beginning of year	90,558,199	94,337,939	118,538,172
Cash and cash equivalents at end of year	$ 100,532,523	$ 90,558,199	$ 94,337,938

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

Cash Flows (continued)

fiscal policy without Board approval and notification of bond rating agencies that maintain bond ratings for the Authority.

Capital Assets

As of March 31, 2019, the Authority had $827.6 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents increases in construction in progress of $65.2 million offset by a net increase in depreciation of $47.9 million over the prior fiscal year. As of March 31, 2018, the Authority had $810.2 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents a net decrease primarily attributable to depreciation of $48.2 million, offset by increases in construction in progress of $25.3 million and additions to assets of $0.9 million over the prior fiscal year.

This year's major asset additions were airfield improvements. 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 to be strong. A diverse industry base, top-tier research universities, and a talented and highly-educated workforce are major factors in the area's continued growth. The region experienced 70% population growth from 2000 - 2018, is projected to grow by an additional 61% by 2046, and has an unemployment rate of 3%. With its high-quality lifestyle and comparatively low cost of living, 76 new people move to the Research Triangle area every day. On November 20, 2017, the Federal Aviation Administration approved the Airport Layout Plan. This puts Vision 2040, the Authority's 25-year master plan into motion. Vision 2040 is the flight plan for the Authority to ensure RDU has essential infrastructure in place to keep pace with the region's continued growth.

For the fiscal year ended March 31, 2019, the Authority's enplaned passengers increased year-over-year to 6.5 million, which represented a 10.1% increase, compared to the prior fiscal year.

For the fiscal year ended March 31, 2018, the Authority's enplaned passengers increased year-over-year to 5.9 million, which represented a 5.9% increase, compared to the prior fiscal year.

Long-Term Debt Activity

For the fiscal year ending March 31, 2019, the Authority's outstanding debt totaled $531.3 million that was comprised of 89.0% fixed rate revenue bonds and 11.0% variable rate revenue bonds. The weighted average interest cost of this debt portfolio was 3.4% at March 31, 2019.

For the fiscal year ending March 31, 2018, the Authority's outstanding debt totaled $554.0 million that was comprised of 89.1% fixed rate revenue bonds and 10.9% variable rate revenue bonds. The weighted average interest cost of this debt portfolio was 3.4% at March 31, 2018.

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

Budget Information for the Fiscal Year Ending March 31, 2020

The Authority, as it typically does, has elected to budget conservatively, especially with respect to revenues. For comparison purposes, the fiscal year ending March 31, 2020 budgeted operating revenues of $166.0 million is $0.2 million, or 0.1% greater than actual fiscal year ended March 31, 2019 operating revenues of $165.9 million.

For the fiscal year ending March 31, 2020 relative to the prior fiscal year budget, total budgeted operating revenues increased $13.0 million, or 8.5%. Significant drivers of this revenue increase include increased parking revenue of $4.8 million, increased terminal related revenue of $5.4 million, increased rental car revenue of 2.1 million, increased ground transportation revenue of $1.1 million, and decreased landing fee revenue of $0.9 million. For the fiscal year ended March 31, 2019 relative to the prior fiscal year budget, total budgeted operating revenues increased $9.0 million, or 6.3%. Significant drivers of this revenue increase included increased parking revenue of $1.4 million, increased terminal related revenue of $4.2 million, increased ground transportation revenue of $1.6 million, and increased landing fee revenue of $1.6 million.

For the fiscal year ending March 31, 2020 relative to the prior fiscal year budget, total operating expenses are budgeted to increase $7.9 million, or 6.2%. The increase is predominantly driven by increased salaries, benefits, and related of $3.7 million and increased contractual labor of $3.3 million. For the fiscal year ended March 31, 2019 relative to the prior fiscal year budget, total operating expenses were budgeted to decrease $3.8 million, or 2.9%. The decrease was predominantly driven by the completion of our parking garage rehabilitation project.

For the fiscal year ending March 31, 2020 relative to the prior fiscal year budget, non-operating revenues (expenses) decreased $2.1 million, or 4.0% due to decreased federal and state grant contributions of $13.3 million , offset by increased investment interest income of $4.8 million, increased PFC revenue of $3.1 million and increased CFC revenue of $2.2 million. For the fiscal year ended March 31, 2019 relative to the prior fiscal year budget, non-operating revenues (expenses) increased $46.2 million, or 652.7% due to increased federal and state grant contributions of $27.6 million, increased CFC revenue of $14.4 million, increased PFC revenue of $2.0 million, and decreased debt service interest expense of $1.2 million.

The combined net effect of these items for the fiscal year ending March 31, 2020 will increase budgeted net position by $83.4 million. The combined net effect of these items for the fiscal year ended March 31, 2019 increased budgeted net position by $59.1 million, driven by increased operating and non-operating revenue and decreased debt service expense.

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.

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
March 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,243,769	$ 19,122,442
Short-term investments	286,222,305	205,713,205
Accounts receivable, net	6,684,710	8,950,740
Grants receivable	3,836,577	4,318,259
Other current assets	4,836,874	3,902,026
Total current assets	308,824,235	242,006,672
Non-current assets		
Restricted assets		
DEA/ICE forfeitures cash	226,159	115,634
Passenger facility charge cash	28,197,259	24,038,466
Passenger/customer facility charge receivable	5,558,732	3,599,107
Customer facility charge cash & investments	30,781,832	16,214,303
State grant funds	14,560,117	—
Parity reserve fund investment	47,527,257	46,059,554
Total restricted assets	126,851,356	90,027,064
Airport and facilities		
Airport and facilities, non-depreciable	116,139,835	82,594,197
Airport and facilities, depreciable net	711,484,609	727,629,788
Airport and facilities, net	827,624,444	810,223,985
Total non-current assets	954,475,800	900,251,049
TOTAL ASSETS	1,263,300,035	1,142,257,721
DEFFERRED OUTFLOWS OF RESOURCES		
Deferred outflows	6,551,822	3,833,259
TOTAL DEFFERRED OUTFLOWS OF RESOURCES	6,551,822	3,833,259

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
March 31, 2019 and 2018

	2019	2018
LIABILITIES		
Current liabilities		
Accounts payable	10,597,403	6,140,143
Other accrued liabilities	3,114,380	5,195,620
Deferred revenue	14,560,117	—
Accrued employee compensation	3,219,655	2,125,967
Accrued bond interest payable	9,538,536	9,970,620
Current maturities of long-term debt	22,685,000	22,760,000
Total current liabilities	63,715,091	46,192,350
Non-current liabilities		
Long-term debt		
General airport revenue bonds	548,238,154	573,723,255
	548,238,154	573,723,255
Other non-current liabilities		
OPEB retiree health care liability	6,797,224	4,655,238
Separation allowance liability	1,081,668	977,080
Net pension liability	7,894,448	4,760,696
	15,773,340	10,393,014
Total non-current liabilities	564,011,494	584,116,269
TOTAL LIABILITIES	627,726,585	630,308,619
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows	220,660	134,756
TOTAL DEFERRED INFLOWS OF RESOURCES	220,660	134,756
NET POSITION		
Net investment in capital assets	343,876,701	302,248,539
Restricted for:		
DEA/ICE forfeitures	226,159	115,634
State grant funds	14,560,117	—
Passenger facility charges	32,288,882	27,635,490
Customer facility charges	32,248,941	16,216,386
Unrestricted net position	218,703,812	169,431,556
TOTAL NET POSITION	$ 641,904,612	$ 515,647,605

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, 2019 and 2018

	2019	2018
Operating revenues		
Parking	$ 60,543,954	$ 54,975,271
Airfield	18,808,634	16,614,473
General aviation	1,654,755	1,857,961
Terminals	55,102,240	51,770,857
Air cargo	2,854,505	2,574,929
Fueling systems	2,332,414	2,001,561
Rental car	17,446,412	16,142,255
Other	7,128,322	5,711,258
Total operating revenues	165,871,236	151,648,565
Operating expenses		
Airport facilities	25,231,535	27,218,332
Administrative	18,893,982	19,119,100
Fueling systems	2,050,425	1,250,501
Law enforcement	5,249,412	4,957,943
Airport maintenance	7,072,745	6,289,429
Parking	4,970,567	4,530,170
Airport fire - rescue	2,083,912	1,943,232
Guest services	934,799	919,533
Communications	1,062,384	926,861
Operations	1,929,564	1,849,640
Ground transportation	3,895,533	3,325,573
Subtotal	73,374,858	72,330,314
Depreciation	47,889,122	48,199,789
Total operating expenses	121,263,980	120,530,103
Operating income	44,607,256	31,118,462
Non-operating revenues (expenses)		
Investment interest income	6,096,998	3,654,643
Passenger facility charges	26,653,392	23,815,980
Customer facility charges	16,578,862	15,065,790
Net (decrease) increase in fair value of investments	1,132,940	(646,907)
Bond interest expense, net	(21,404,408)	(21,890,713)
Other, net	735,380	272,403
Total non-operating revenues (expenses)	29,793,164	20,271,196
Income (loss) before capital contributions	74,400,420	51,389,658
Capital contributions	53,820,449	4,948,413
Increase in net position	128,220,869	56,338,071
Net position, beginning, previously reported	515,647,605	459,413,779
Restatement	(1,963,862)	(104,245)
Net position, beginning restated	513,683,743	459,309,534
Net position, end of year	$ 641,904,612	$ 515,647,605

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Cash received from operations	$ 168,559,083	$ 146,508,685
Other, net	674,411	268,016
Cash paid to employees	(30,221,348)	(28,989,786)
Cash paid to suppliers	(38,933,364)	(40,886,923)
Net cash provided by operating activities	100,078,782	76,899,992
Investing activities		
Purchases of short-term investments	(286,876,160)	(67,000,000)
Proceeds from calls or maturities of short-term investments	194,500,000	6,000,000
Interest on cash deposits	5,065,716	3,546,372
Net cash used in by investing activities	(87,310,444)	(57,453,628)
Capital and related financing activities		
Payments of long-term debt	(22,760,000)	(17,640,000)
Other capital and financing costs		
Additions to airport and facilities, net	(65,719,333)	(25,217,559)
Bond interest paid on long-term debt	(24,734,534)	(22,739,459)
Passenger facility charges collected	26,158,793	23,599,752
Customer facility charges collected	15,239,902	16,404,185
Contributed capital	69,021,158	2,366,977
Net cash used in capital and related financing activities	(2,794,014)	(23,226,104)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,974,324	(3,779,740)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	90,558,199	94,337,939
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 100,532,523	$ 90,558,199

(Continued on page #16)

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2019 and 2018

	2019	2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 44,607,257	$ 31,118,462
Other, net	674,413	268,016
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	47,889,122	48,199,789
Changes in operating assets and liabilities		
Accounts receivable	2,687,846	(5,139,881)
Inventories	94,395	(211,749)
Other current assets	(557,514)	558,632
OPEB retiree health care liability	2,141,986	142,087
Net pension liability	1,169,889	(1,971,182)
Separation allowance liability	104,588	211,929
Deferred Outflows	(2,718,563)	1,989,392
Deferred Inflows	85,904	(97,480)
Accounts payable and other accrued liabilities	2,805,771	1,683,064
Accrued employee compensation	1,093,688	175,666
Unearned Rent	—	(26,754)
Net cash provided by operating activities	$ 100,078,782	$ 76,899,991

	2019	2018
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Current assets		
Cash and cash equivalents	$ 7,243,769	$ 19,122,442
Restricted cash and cash equivalents:		
DEA/ICE forfeitures cash	226,159	115,634
State grant funds	14,560,117	—
Passenger facility charge cash	28,197,259	24,038,466
Customer facility charge cash	2,777,962	1,222,103
Parity reserve fund investment	47,527,257	46,059,554
	$ 100,532,523	$ 90,558,199

	2019	2018
Supplemental Cash Flow Information		
Non-cash investing, capital and financing activities		
Capitalized interest	$ —	$ 947,300

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

Note 1 - The Authority

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

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 - All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that are written off in prior years.

Inventory - Inventory is included in other current assets and consists of parts related to fleet vehicles, building maintenance, the terminal baggage claim systems and passenger boarding bridges as well as fuel for fleet vehicles and equipment. Materials and supplies inventories are valued at cost. Fuel inventories are accounted for at the lower of cost or market.

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 $5,000 and an economic useful life of 3 years or more.

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

The estimated lives by general classifications are as follows:

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

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

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

recognized as an expense until then. The Authority has two items that meet this criterion: contributions that were made to the pension plan subsequent to the measurement date and pension deferrals resulting from changes in proportion and the proportionate share of contributions. 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 one item that meet the criterion for this category : pension deferrals. The Authority has both deferred outflows and deferred inflows of resources resulting from changes in unamortized components of pension expense.

Deferred Revenue - The Authority received state grant funding during the year in which the eligibility requirements have not been fully met as of March 31, 2019, the deferred revenue represents grant funds not yet expended as the construction projects remain ongoing.

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:

Airport and facilities, net	$ 827,624,444
Parity reserve fund investment	47,527,257
General airport revenue bonds current and long term	(531,275,000)
Total net investment in capital assets	$ 343,876,701

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.

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. Investments are reported at fair value.

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.

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

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, 2019 and 2018, no air carrier accounted for more than approximately 11% 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 - Commencing on January 1, 2017, rental car customers pay a $5.00 facility charge for each transaction day to fund the future debt service and capital improvements of a rental car facility.

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, 2019 and 2018 were $313.9 million and $287.8 million, respectively. Total PFC funds of $22.0 million and $21.7 million were transferred from the restricted fund to the operating fund during the fiscal years ended March 31, 2019 and 2018, 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 fund requirement for the Parity Reserve Fund is based on the maximum year of debt service for all of the Bonds secured by the Parity Reserve Fund. The Parity Reserve Fund is available to pay debt service on the Bonds secured by the Parity Reserve Fund in the event the Authority were to encounter financial difficulty and did not have sufficient revenues for such payment. The Parity Reserve Fund would also be used to pay the final year of debt service on the Bonds secured by the Parity Reserve Fund. Due to these restrictions, the Parity Reserve Fund balance is presented as a restricted asset on the Statements of Net Position.

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

New pronouncements - During the fiscal year ended March 31, 2019 and beyond, the Authority has or will implement several new pronouncements of the GASB. These pronouncements are as follows:

GASB Statement No. 75 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" This statement replaces GASB Statement No. 45. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The Authority adopted the statement as of April 1, 2018. The effect of the statement is described in Note 10.

GASB Statement No. 83 "Certain Asset Retirement Obligations"
This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 84 "Fiduciary Activities"
The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 85 "Omnibus 2017"
The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. The Authority adopted the statement as of April 1, 2018. The statement did not have a material effect on the Authority's financial position or results of operations.

GASB Statement No. 86 "Certain Debt Extinguishment Issues"
The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Authority adopted the statement as of April 1, 2018. The statement did not have a material effect on the Authority's financial position or results of operations.

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

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

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 are effective for reporting periods beginning after December 15, 2019. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"
The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 89 "Accounting For Interest Cost Incurred Before The End Of A Construction Period"
The objectives of this Statement are: (1) to enhance the relevance and comparability information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The Authority adopted the statement as of April 1, 2018. The effect of the statement is described in Note 10.

GASB Statement No. 90 "Majority Equity Interests - An Amendment Of GASB Statements No. 14 and No. 61"
The primary objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

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 associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

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

Note 3 - Deposits and Investments (continued)

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.

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.

At March 31, 2019, the Authority's deposits had a carrying amount of $53.0 million and a bank balance of $62.4 million. Of this bank balance, $0.3 million was covered by federal depository insurance while the balance of $62.2 million was covered by collateral held under the Pooling Method. The Authority is required to maintain a minimum balance of $250,000 in its checking account.

At March 31, 2018, the Authority's deposits had a carrying amount of $44.5 million and a bank balance of $46.3 million. Of this bank balance, $0.3 million was covered by federal depository insurance while the balance of $46.1 million was covered by collateral held under the Pooling Method. The Authority is required to maintain a minimum balance of $250,000 in its checking account.

Investments - At March 31, 2019, 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
Repurchase Agreement	Cost	$ 8,164,942	$ —	$ —	$ 8,164,942
US Treasuries	Fair Value-Level 1	31,249,640	10,346,834	20,902,806	—
US Government Agencies	Fair Value-Level 1	278,536,876	75,795,510	10,001,400	192,739,966
NC Capital Management Trust: Government Portfolio	Amortized Cost	16,808,305	16,808,305	—	—
Commercial Paper	Fair Value-Level 1	26,993,669	22,079,408	4,914,261	—
Total		$ 361,753,432	$ 125,030,057	$ 35,818,467	$ 200,904,908

Note 3 - Deposits and Investments (continued)

At March 31, 2018, 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
Repurchase Agreement	Cost	$ 8,169,466	$ —	$ —	$ 8,169,466
US Government Agencies	Fair Value-Level 1	243,271,469	79,873,114	60,998,710	102,399,645
NC Capital Management Trust: Government Portfolio	Amortized Cost	15,324,024	—	—	—
Total:		$ 266,764,959	$ 79,873,114	$ 60,998,710	$ 110,569,111

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 proceed and debt service reserve fund investments which are designed to maximum investment income as permitted under U.S. Treasury arbitrage regulations. The Authority's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of March 31, 2019 and 2018. 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, 2019 and 2018.

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

Concentration of credit risk - The Authority places no formal limit on the amount that the Authority may invest in any one issuer. At March 31, 2019, the Authority's investments are 2% Repurchase Agreement, 5% NCCMT, 7% Commercial Paper, 9% US Treasuries and 77% in government agencies, consisting of 35% in Federal Home Loan Bank securities, 45% in Federal Home Loan Mortgage Corporation securities, and 20% Federal Farm Credit Bank. Of the 5% invested in the NCCMT, 100% represents Authority debt service reserves.

At March 31, 2018, the Authority's investments are 3% Repurchase Agreement, 6% NCCMT and 91% in government agencies, consisting of 28% in Federal Home Loan Bank securities, 34% in Federal Home Loan Mortgage Corporation securities, 19% Federal Farm Credit Bank, 2% Federal National Mortgage Association, and 17% in Guaranteed Investment Contract. Of the 6% invested in the NCCMT, 100% represents Authority debt service reserves.

Note 4 - Airport and Facilities, Net

Changes in airport and facilities are as follows for the year ended March 31, 2019:

	March 31, 2018	Increases	Decreases	March 31, 2019
Capital assets not being depreciated				
Land	$ 41,193,383	$ —	$ —	$ 41,193,383
Construction in progress	41,400,814	65,232,609	(31,686,971)	74,946,452
Total capital assets not being depreciated	82,594,197	65,232,609	(31,686,971)	116,139,835
Other capital assets				
Landing field and grounds	557,070,673	16,063,546	—	573,134,219
Terminal buildings	777,062,445	—	—	777,062,445
Other buildings	177,455,535	3,519,214	—	180,974,749
Utilities	5,417,436	—	—	5,417,436
Equipment	45,697,514	12,154,450	—	57,851,964
Total other capital assets	1,562,703,603	31,737,210	—	1,594,440,813
Total airport and facilities	1,645,297,800	96,969,819	(31,686,971)	1,710,580,648
Accumulated depreciation				
Landing field and grounds	(405,816,225)	(15,479,057)	—	(421,295,282)
Terminal buildings	(267,886,360)	(22,237,782)	—	(290,124,142)
Other buildings	(119,141,166)	(6,536,367)	—	(125,677,533)
Utilities	(4,798,080)	(68,795)	—	(4,866,875)
Equipment	(37,431,984)	(3,560,388)	—	(40,992,372)
Total accumulated depreciation	(835,073,815)	(47,882,389)	—	(882,956,204)
Airport and facilities, net	$ 810,223,985	$ 49,087,430	$(31,686,971)	$ 827,624,444

Note 4 - Airport and Facilities, Net (continued)

Changes in airport and facilities are as follows for the year ended March 31, 2018:

	March 31, 2017	Increases	Decreases	March 31, 2018
Capital assets not being depreciated				
Land	$ 41,193,383	$ —	$ —	$ 41,193,383
Construction in progress	17,048,952	25,285,238	(933,376)	41,400,814
Total capital assets not being depreciated	58,242,335	25,285,238	(933,376)	82,594,197
Other capital assets				
Landing field and grounds	557,031,304	94,316	(54,947)	557,070,673
Terminal buildings	777,075,433	89,075	(102,063)	777,062,445
Other buildings	177,455,535	—	—	177,455,535
Utilities	5,417,436	—	—	5,417,436
Equipment	44,964,351	749,987	(16,824)	45,697,514
Total other capital assets	1,561,944,059	933,378	(173,834)	1,562,703,603
Total airport and facilities	1,620,186,394	26,218,616	(1,107,210)	1,645,297,800
Accumulated depreciation				
Landing field and grounds	(390,952,699)	(14,863,526)	—	(405,816,225)
Terminal buildings	(238,120,274)	(29,766,086)	—	(267,886,360)
Other buildings	(119,141,166)	—	—	(119,141,166)
Utilities	(4,729,285)	(68,795)	—	(4,798,080)
Equipment	(33,930,602)	(3,501,382)	—	(37,431,984)
Total accumulated depreciation	(786,874,026)	(48,199,789)	—	(835,073,815)
Airport and facilities, net	$ 833,312,368	$ (21,981,173)	$ (1,107,210)	$ 810,223,985

Depreciation expense was $47.9 million and $48.2 million for the fiscal years ending March 31, 2019 and 2018, respectively.

Note 5 - Long-Term Debt

Changes of long-term debt for the fiscal year ended March 31, 2019 consist of the following:

Amounts Due to Trustee	March 31, 2018	Principal Repayments	New Debt	March 31, 2019
Series 2008C 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	$ 60,545,000	$ 2,020,000	$ —	$ 58,525,000
Series 2010A 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2036 (Refunded 2008AB Bonds)	203,275,000	6,635,000	—	196,640,000
Series 2010B 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2027 (Refunded 2001A Bonds)	63,345,000	5,110,000	—	58,235,000
Series 2010B-1 4.18% General Airport Revenue Bonds, maturing in varying installments beginning 2028 to 2031 (Refunded 2001A Bonds)	38,235,000	—	—	38,235,000
Series 2015A 3.07% General Airport Revenue Bonds, maturing in varying installments beginning 2019 to 2030 (Refunded 2005A Bonds)	34,060,000	—	—	34,060,000
Series 2015B 3.00% General Airport Revenue Bonds, maturing in varying installments beginning 2016 to 2029 (Refunded 2005A Bonds)	39,440,000	4,675,000	—	34,765,000
Series 2017A 3.56% General Airport Revenue Bonds, maturing in varying installments beginning 2018 to 2037 (Refunded 2007 Bonds)	115,135,000	4,320,000	—	110,815,000
Total Bond Obligations	554,035,000	22,760,000	—	531,275,000
Less Current Maturities	22,760,000	—	—	22,685,000
	$ 531,275,000	$ 22,760,000	$ —	$ 508,590,000

Note:

Unamortized bond premiums at 3/31/2018 and 3/31/2019 were $42.4 million and $39.6 million, respectively.

Note 5 - Long-Term Debt (continued)

Changes of long-term debt for the year ended March 31, 2018 consist of the following:

Amounts due to trustee	March 31, 2017	Principal Repayments	New Debt	March 31, 2018
Series 2008C 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	$ 62,470,000	$ 1,925,000	$ —	$ 60,545,000
Series 2010A 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2036 (Refunded 2008AB Bonds)	209,585,000	6,310,000	—	203,275,000
Series 2010B 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2027 (Refunded 2001A Bonds)	68,210,000	4,865,000	—	63,345,000
Series 2010B-1 4.18% General Airport Revenue Bonds, maturing in varying installments beginning 2028 to 2031 (Refunded 2001A Bonds)	38,235,000	—	—	38,235,000
Series 2015A 3.07% General Airport Revenue Bonds, maturing in varying installments beginning 2019 to 2030 (Refunded 2005A Bonds)	34,060,000	—	—	34,060,000
Series 2015B 3.00% General Airport Revenue Bonds, maturing in varying installments beginning 2016 to 2029 (Refunded 2005A Bonds)	43,885,000	4,445,000	—	39,440,000
Series 2017A 3.56% General Airport Revenue Bonds, maturing in varying installments beginning 2018 to 2037 (Refunded 2007 Bonds)	115,230,000	95,000	—	115,135,000
Total bond obligations	571,675,000	17,640,000	—	554,035,000
Less current maturities	17,640,000	—	—	22,760,000
	$ 554,035,000	$ 17,640,000	$ —	$ 531,275,000

Note:
Unamortized bond premiums at 3/31/2017 and 3/31/2018 were $45.2 million and $42.4 million, respectively.

Note 5 - Long-Term Debt (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 2010A	General Airport Revenue Bond Series 2010B, B-1	General Airport Revenue Bond Series 2015A	General Airport Revenue Bond Series 2015B	General Airport Revenue Bond Series 2017A	Interest
2020	$ 2,120,000	$ 6,975,000	$ 5,365,000	$ 120,000	$ 4,420,000	$ 3,685,000	$ 24,813,204
2021	2,220,000	7,330,000	5,630,000	2,375,000	2,400,000	3,840,000	23,715,313
2022	2,330,000	7,710,000	5,805,000	2,495,000	2,520,000	4,015,000	22,656,529
2023	2,440,000	8,105,000	6,090,000	2,625,000	2,655,000	4,195,000	21,431,121
2024	2,550,000	8,520,000	6,395,000	2,755,000	2,790,000	4,415,000	20,123,488
2025-2029	14,735,000	49,460,000	37,865,000	16,060,000	16,235,000	25,470,000	78,952,729
2030-2034	18,650,000	62,735,000	29,320,000	7,630,000	3,745,000	32,595,000	39,087,223
2035-2038	13,480,000	45,805,000	—	—	—	32,600,000	7,474,958
	$ 58,525,000	$ 196,640,000	$ 96,470,000	$ 34,060,000	$ 34,765,000	$ 110,815,000	$ 238,254,565

For the table above, interest was calculated for the 2008C variable rate bonds using an estimated rate of 4.0% for their remaining term. At March 31, 2019, the actual rate on these bonds was 1.5%.

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

On 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.

During August 2010, the Authority issued $94.1 million of Series 2010B and $38.2 million of 2010B-1 Bonds to advance refund the Series 2001A Bonds. The Series 2001A Bond proceeds were used for the design and construction of several improvements to the Airport, including the construction of a garage, two warehouse buildings to house support equipment, alterations to existing parking structures, roadways, bridges, toll plazas, walkways, and alterations to a pedestrian tunnel. This advance refunding resulted in future debt service savings of $4.1 million and net present value economic gain of $2.6 million. The proceeds were deposited into an escrow fund to be used to pay the interest on the Series 2001A Bonds until the redemption thereof on May 1, 2011 and to pay the redemption price of the Series 2001A Bonds on such date. This escrow payment to the trustee defeased

Note 5 - Long-Term Debt (continued)

the remaining Series 2001A Bonds and the liability for this debt was removed from the Authority's statement of net position.

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 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.

The Authority's bonds are subject to federal arbitrage regulations, and are reviewed for potential arbitrage liability annually on the bond issue dates. At March 31, 2019 there was $9.5 thousand liability for arbitrage rebate.

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, 2019 with this 25% transfer is 514%. The debt service coverage ratio at March 31, 2019 without this 25% transfer is calculated as follows:

Net revenues	$	98,593,376
Annual debt service		20,160,150
Calculated debt service coverage ratio without transfer		489%

For the fiscal year ended March 31, 2018, the Authority had debt service coverage ratios of 446% without transfer and 471% with transfer.

Note 6 - Leases

The Authority leases land, buildings, and terminal space with a cost of approximately $796.2 million and a carrying value of approximately $496.7 million to the airlines, car rental agencies, restaurants and other businesses located at the airport. Revenues from these leases, which are included in general aviation, terminals, air cargo and rental car revenue, were approximately 43.6% and 44.0% of airport operating revenues for fiscal years ended March 31, 2019 and 2018, respectively. These leases cover periods ranging up to a maximum of 40 years and contain provisions for fixed and contingent rentals based on revenues. For the years ended March 31, 2019 and 2018, contingent rentals comprised $29.9 million and $26.6 million of the total rental revenues, respectively.

Note 6 - Leases (continued)

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

Years Ending March 31	Amounts
2020	$ 14,563,000
2021	5,779,000
2022	5,472,000
2023	3,601,000
2024	3,307,000
Thereafter	6,067,000
	$ 38,789,000

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 Comprehensive Annual Financial Report ("CAFR") for the state of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 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 6.00% 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 8.00% and 8.75% of annual covered payroll respectively. The Authority's contributions to LGERS for the fiscal years ended March 31, 2019 and 2018 were $1.8 million

Note 7 - Employee Retirement Plans (continued)

and $1.6 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.

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

At March 31, 2019, the Authority reported a liability of $7.9 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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. At June 30, 2018, the Authority's proportion was 0.33277%, which was an increase of 0.02115% from its proportion measured as of June 30, 2017.

For the fiscal year ended March 31, 2019, the Authority recognized pension expense of $2.3 million. At March 31, 2019, 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	$ 1,217,925	$ 40,867
Changes of assumptions	2,094,880	—
Net difference between projected and actual earnings on pension plan investments	1,083,672	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	301,160	—
Employer contributions subsequent to the measurement date	1,354,462	—
Total	**$ 6,052,099**	**$ 40,867**

$1.4 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note 7 - Employee Retirement Plans (continued)

Years Ending March 31	Amounts
2020	$ 2,210,816
2021	1,460,976
2022	308,745
2023	676,233
2024	—
Thereafter	—

Actuarial assumptions - The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled, 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2017.

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, 2018 are summarized in the following table:

Note 7 - Employee Retirement Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.00%	1.4%
Global Equity	42.00%	5.3%
Real Estate	8.00%	4.3%
Alternatives	8.00%	8.9%
Credit	7.00%	6.0%
Inflation Protection	6.00%	4.0%
Total	**100%**	

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 3.00%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount rate **-** The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future 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 7.00%, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease	Current Discount Rate (7.00%)	1% Increase
Employer's proportionate share of the net pension liability (asset)	$15,261,694	$7,894,448	$(3,411,521)

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

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Note 7 - Employee Retirement Plans (continued)

Funding policy - Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to 5% 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, 2019 were \$0.3 million, which consisted of \$0.1 million from the Authority and \$0.2 million from the law enforcement officers. Contributions for the year ended March 31, 2018 were \$0.3 million, which consisted of \$0.1 million from the Authority and \$0.2 million from the law enforcement officers.

Law Enforcement Officer’s Special Separation Allowance

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

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance’s membership consisted of:

Category	Number
Retirees receiving benefits	7
Active plan members	44
Total	51

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, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50-7.35 percent, including inflation factor
Discount rate	3.64 percent

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

Note 7 - Employee Retirement Plans (continued)

Contributions - The Authority is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the operating budget. The Authority's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. 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:

At March 31, 2019, the Authority reported a total pension liability of $1.1 million. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended March 31, 2019, the Authority recognized pension expense of $0.1 million.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 111,091	$ —
Changes of assumptions	12,155	5,641
Benefit payments subsequent to the measurement date	30,436	—
Total	$ 153,682	$ 5,641

$30.4 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, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending March 31	Amounts
2020	$ 27,397
2021	27,397
2022	27,397
2023	26,044
2024	9,370
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 3.64 percent, 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 (2.64 percent) or 1 percentage point higher (4.64 percent) than the current rate:

Note 7 - Employee Retirement Plans (continued)

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	$1,162,097	$1,081,668	$1,008,704

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

	Total Pension Liability
Balance at December 31, 2017	$ 977,080
Changes for the year:	
Service cost at end of year	61,657
Interest	32,572
Change in benefit terms	—
Difference between expected and actuarial experience	136,396
Changes of assumptions and other inputs	(6,926)
Benefit payments	(119,111)
Other	—
Net changes	104,588
Balance at December 31, 2018	$ 1,081,668

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.

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 postemployment healthcare benefits to retirees of the Authority, provided they participate in the North Carolina Local Governmental Employees' Retirement System ("System"). While eligibility to draw retirement benefits from the System vests at 5 years, eligibility for post-retirement health benefits from the Authority requires: (1) all requirements for retirement from LGERS are met and (2) the final 5 years of service are worked with the Authority. The Authority pays the cost of the individual and dependent premiums (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, 2018, the date of the last actuarial valuation:

Category	Number
Retirees and dependents receiving benefits	92
Terminated plan members entitled to but not yet receiving benefits	—
Active plan members	315
Total	407

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 postemployment life insurance coverage to retirees of the Authority in the amount of $10,000. When the retiree reaches age 99, the Authority's post-retirement benefits cease. At that time, the retiree is no longer covered by the Authority's life insurance policy.

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

Note 7 - Employee Retirement Plans (continued)

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

Total OPEB liability:
The Authority's total liability of $6.8 million was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs:
The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 percent, average, including inflation
Discount rate	3.9 percent
Healthcare cost trend rates	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028

The discount rate is based on the June 2018 average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the total OPEB liability:

	Total OPEB Liability
Balance at June 30, 2017	$ 6,619,100
Changes for the year:	
Service Cost	453,432
Interest	227,642
Changes of benefit terms	—
Differences between expected and actual experience	152,630
Changes in assumptions or other inputs	(202,291)
Benefit payments	(453,289)
Net Changes	178,124
Balance at June 30, 2018	$ 6,797,224

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

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

Note 7 - Employee Retirement Plans (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2018.

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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease	Discount Rate (3.89%)	1% Increase
Total OPEB Liability	$7,437,758	$6,797,224	$6,233,400

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

	1% Decrease	Current	1% Increase
Total OPEB Liability	$6,224,604	$6,797,224	$7,463,803

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

For the year ended March 31, 2019 the Authority recognized OPEB expense of $0.7 million. At March 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 131,402	$ —
Changes of assumptions	—	174,156
Benefit payments and administrative costs made subsequent to the measurement date	214,639	—
Total	$ 346,041	$ 174,156

$214,639 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended March 31, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note 7 - Employee Retirement Plans (continued)

Years Ending March 31	Amounts
2020	$ 6,907
2021	6,907
2022	6,907
2023	6,907
2024	6,907
Thereafter	8,219

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 Senior Vice President and Chief Financial Officer and the Director of Financial Planning and Analysis 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 - At March 31, 2019 and 2018, the Authority has contractual commitments for Authority capital programs of approximately $185.9 million and $50.2 million, respectively.

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

Note 9 - Subsequent Events

The Authority has evaluated subsequent events through June 20, 2019 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 - Restatement for Implementation of New Accounting Standards

The Authority implemented Governmental Accounting Standards Board (GASB) statement 75 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" in the fiscal year ending March 31,2019. The implementation of the statement required the Authority to adjust beginning OPEB liability. As a result, net position for the Authority decreased by $2.0 million.

Note 10 - Restatement for Implementation of New Accounting Standards (continued)

The Authority implemented Governmental Accounting Standards Board (GASB) statement 73, "Accounting and Financial Reporting for Pensions and Related Assets" that are not within the scope of GASB Statement 68, and amendments to certain provisions of GASB Statements 67 and 68 in the fiscal year ending March 31, 2018. The implementation of the statement required the Authority to record beginning net pension liability and the effects on net position of contributions made by the Authority during the measurement period (calendar year ending December 31, 2017). As a result, net position for the Authority decreased by $0.1 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
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, 2019
Total OPEB liability		
Service cost	$	453,432
Interest		227,642
Changes of benefit terms		—
Differences between expected and actual experience		152,630
Changes of assumptions		(202,291)
Benefit payments		(453,289)
Net change in total OPEB liability		178,124
Total OPEB liability - beginning		6,619,100
Total OPEB liability - ending	$	6,797,224
Covered employee payroll	$	21,268,476
Total OPEB liability as a percentage of covered payroll		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:

Fiscal Year	Rate
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, 2019	Fiscal Year Ended March 31, 2018
Total pension liability		
Service cost at end of year	$ 61,657	$ 47,739
Interest	32,572	36,344
Changes in benefit terms	—	—
Difference between expected and actual experience	136,396	—
Changes on assumptions and other inputs	(6,926)	18,909
Benefit payments	(119,111)	(134,953)
Other	—	—
Net change in total pension liability	104,588	(31,961)
Total pension liability - beginning	977,080	1,009,041
Total pension liability - ending	$ 1,081,668	$ 977,080

Notes to the Required Schedules:

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

December 31, 2018 Measurement Date: The Municipal Bond Index Rate increased from 3.55% to 3.64%.

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

	March 31, 2019	March 31, 2018
Total pension liability - ending	$ 1,081,668	$ 977,080
Covered payroll	$ 2,799,339	$ 2,388,016
Total pension liability as a percentage of covered payroll	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				
	2019	**2018**	**2017**	**2016**	**2015**
Proportionate share of net pension liability (asset)	0.33277%	0.31162%	0.31228%	0.28507%	0.28433 %
Proportionate share of net pension liability (asset) ($)	$ 7,894,448	$ 4,760,696	$ 6,627,632	$ 1,279,381	$ (1,569,268)
Covered payroll - measurement period	$ 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-employee payroll	35.24%	23.51%	32.98%	7.06%	(9.15)%
Plan fiduciary net position as a percentage of the total pension liability	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				
	2019	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$ 1,818,909	$ 1,621,300	$ 1,410,750	$ 1,267,243	$ 1,221,836
Contributions in relation to the contractually required contribution	1,818,909	1,621,300	1,410,750	1,267,243	1,221,836
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Covered payroll - fiscal year	$23,559,475	$21,771,497	$20,140,459	$20,098,008	$ 18,128,137
Contributions as a percentage of covered-employee payroll	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

Supplemental Information

Prepared by the Finance Department

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF OPERATING REVENUES AND EXPENSES
COMPARED WITH BUDGET
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Operating Revenues			
Parking	$ 60,543,954	$ 56,766,809	106.7%
Airfield	18,808,634	17,064,269	110.2%
General aviation	1,654,755	2,097,906	78.9%
Terminals	55,102,240	51,038,502	108.0%
Air cargo	2,854,505	2,621,129	108.9%
Fueling systems	2,332,414	2,012,400	115.9%
Rental car	17,446,412	15,669,933	111.3%
Other	7,128,322	5,779,861	123.3%
Total Operating Revenues	165,871,236	153,050,809	108.4%
Operating Expenses			
Airport facilities	25,231,535	27,375,227	92.2%
Department expenses	48,143,323	48,769,885	98.7%
Subtotal	73,374,858	76,145,112	96.4%
Depreciation expense	47,889,122	49,778,820	96.2%
Total Operating Expenses	121,263,980	125,923,932	96.3%
Net Operating Income (Loss)	$ 44,607,256	$ 27,126,877	164.4%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
PARKING REVENUES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Parking Revenues			
RDU Parking			
Public parking fees	$ 59,331,138	$ 55,671,351	106.6%
Tenant employee parking fees	485,686	429,000	113.2%
Parking other	241,278	216,996	111.2%
Telecommunications services	3,019	1,462	206.5%
Other	3,333	—	n/a
Total RDU Parking	60,064,454	56,318,809	106.7%
Off-Airport Parking			
Percentage rent off airport	479,500	448,000	107.0%
Total Off-Airport Parking	479,500	448,000	107.0%
TOTAL PARKING REVENUES	$ 60,543,954	$ 56,766,809	106.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIRFIELD REVENUES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Landing Fees			
Domestic landing fees Terminal 1	$ 3,187,005	$ 3,051,634	104.4%
Domestic landing fees Terminal 2	13,832,606	12,072,684	114.6%
International landing fees Terminal 2	68,175	288,000	23.7%
Landing fees cargo	1,188,275	1,160,311	102.4%
Total Landing Fees	18,276,061	16,572,629	110.3%
G/A Fuel Flowage			
Fuel flowage fees	515,595	474,000	108.8%
Total G/A Fuel Flowage	515,595	474,000	108.8%
Other Airfield Revenues			
Maintenance and operating expense recovery	12,178	11,640	104.6%
Miscellaneous aeronautical revenue	4,800	6,000	80.0%
Other airfield revenues	—	—	n/a
Total Other Airfield Revenues	16,978	17,640	96.2%
TOTAL AIRFIELD REVENUES	$ 18,808,634	$ 17,064,269	110.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
GENERAL AVIATION REVENUES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
General Aviation - General			
Fixed Space Rents			
Fixed rents	$ 919,368	$ 1,140,882	80.6%
Ground rents	155,893	188,113	82.9%
Maintenance and operating expense recovery	208,637	257,688	81.0%
Telecommunications services	17,309	17,213	100.6%
Miscellaneous rents	13,734	—	n/a
Total Fixed Space Rents	1,314,941	1,603,896	82.0%
Percentage Rents			
Percentage rents	39,954	51,000	78.3%
Other general aviation general revenue	—	—	n/a
Total Percentage Rents	39,954	51,000	78.3%
Total General Aviation - General	1,354,895	1,654,896	81.9%
General Aviation - Terminal			
Fixed Space Rents			
Fixed rents	279,290	432,000	64.7%
Tenant employee parking fees	375	—	n/a
Maintenance and operating expense recovery	—	—	n/a
Telecommunications services	2,010	2,010	100.0%
Miscellaneous rents	—	—	n/a
Total Fixed Space Rents	281,675	434,010	64.9%
Percentage Rents			
Percentage rents	18,185	9,000	202.1%
Other general aviation terminal revenue	—	—	n/a
Total Percentage Rents	18,185	9,000	202.1%
Total General Aviation - Terminal	299,860	443,010	67.7%
Other			
Charter security screening	—	—	n/a
TOTAL GENERAL AVIATION REVENUES	$ 1,654,755	$ 2,097,906	78.9%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Terminal 1 Complex			
Fixed Space Rents			
Fixed rents aeronautical	$ 2,412,447	$ 2,414,420	99.9%
Fixed rents non-aeronautical	302,636	296,097	102.2%
Total Fixed Space Rents	2,715,083	2,710,517	100.2%
Percentage Rents			
Percentage rents	31,230	25,000	124.9%
Percentage rent - food and beverage	1,075,917	986,000	109.1%
Percentage rent - retail	443,362	401,100	110.5%
Percentage rent - other terminal services	272,760	318,500	85.6%
Total Percentage Rents	1,823,269	1,730,600	105.4%
Miscellaneous Rents			
Telecommunications services	40,111	44,219	90.7%
Bag claim recovery	1,970,658	1,996,542	98.7%
Airport Operation Information System (AOIS) recovery	121,500	121,494	100.0%
Maintenance and operating expense recovery	147,265	83,436	176.5%
Gate usage fees	216,400	128,400	168.5%
Miscellaneous rents	300	2,000	15.0%
Total Miscellaneous Rents	2,496,234	2,376,091	105.1%
Total Terminal 1 Complex Revenues	$ 7,034,586	$ 6,817,208	103.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Terminal 2 Complex			
Fixed Space Rents			
Fixed rents aeronautical	$ 15,609,892	$ 14,707,562	106.1%
Fixed rents non-aeronautical	647,893	611,060	106.0%
Total Fixed Space Rents	16,257,785	15,318,622	106.1%
Percentage Rents			
Percentage rents	472,948	50,000	945.9%
Percentage rent - food and beverage	4,891,295	4,360,000	112.2%
Percentage rent - retail	3,575,355	2,220,624	161.0%
Percentage rent - duty free	35,179	10,000	351.8%
Percentage rent - other terminal services	798,734	847,800	94.2%
Total Percentage Rents	9,773,511	7,488,424	130.5%
Miscellaneous Rents			
Telecommunications services	184,018	198,819	92.6%
Bag claim recovery	7,898,758	7,899,141	100.0%
Airport Operation Information System (AOIS) recovery	1,129,016	1,113,492	101.4%
Ramp tower recovery	832,670	800,710	104.0%
Maintenance and operating expense recovery	508,379	384,168	132.3%
Gate usage fees	1,885,600	1,562,689	120.7%
Miscellaneous rents	685,750	807,600	84.9%
Total Miscellaneous Rents	13,124,191	12,766,619	102.8%
Total Terminal 2 Complex Revenues	39,155,487	35,573,665	110.1%
Terminal Security			
Security checkpoint	4,287,666	4,178,307	102.6%
Transportation Security Administration (TSA) checkpoint reimbursement	277,400	277,400	100.0%
Federal Inspection Services (FIS) int'l passenger fee	2,918,700	2,858,720	102.1%
Miscellaneous rents	167,800	—	n/a
Total Terminal Security	7,651,566	7,314,427	104.6%
Terminal Miscellaneous			
Fixed rent non-aeronautical terminal miscellaneous	—	—	n/a
Percentage rent terminal miscellaneous	1,021,049	1,100,000	92.8%
Telecommunications services terminal miscellaneous	175,479	169,854	103.3%
Maintenance and operating expense recovery	63,348	63,348	100.0%
Miscellaneous rents	725	—	n/a
Total Terminal Miscellaneous	1,260,601	1,333,202	94.6%
TOTAL TERMINAL REVENUES	$ 55,102,240	$ 51,038,502	108.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIR CARGO REVENUES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
North Cargo Complex			
Fixed Space Rents			
Fixed rents aeronautical	$ 347,306	$ 347,306	100.0%
Fixed rents non-aeronautical	245,322	245,322	100.0%
Ground rents	323,344	317,460	101.9%
Telecommunications services	525	528	99.4%
Maintenance and operating expense recovery	199,961	199,956	100.0%
Miscellaneous rents	—	—	n/a
Total North Cargo Complex Revenues	1,116,458	1,110,572	100.5%
South Cargo 1 Complex			
Fixed Space Rents			
Fixed rents aeronautical	—	—	n/a
Fixed rents non-aeronautical	188,855	188,855	100.0%
Ground rents	—	—	n/a
Telecommunications services	3,571	3,571	100.0%
Maintenance and operating expense recovery	251,058	249,120	100.8%
Miscellaneous rents	131,124	1,200	10,927.0%
Total South Cargo 1 Complex Revenues	574,608	442,746	129.8%
South Cargo 2 Complex			
Fixed Space Rents			
Fixed rents aeronautical	106,056	106,056	100.0%
Fixed rents non-aeronautical	171,596	171,596	100.0%
Ground rents	—	—	n/a
Telecommunications services	1,800	2,599	69.3%
Maintenance and operating expense recovery	174,203	172,860	100.8%
Miscellaneous rents	3,600	2,400	150.0%
Total South Cargo 2 Complex Revenues	457,255	455,511	100.4%

South Cargo 3 Complex			
Fixed Space Rents			
Fixed rents aeronautical	$ 309,823	$ 265,901	116.5%
Fixed rents non-aeronautical	5,286	5,287	100.0%
Ground rents	—	—	n/a
Telecommunications services	—	—	n/a
Maintenance and operating expense recovery	391,075	341,112	114.6%
Miscellaneous rents	—	—	n/a
Total South Cargo 3 Complex Revenues	706,184	612,300	115.3%
TOTAL AIR CARGO REVENUES	$ 2,854,505	$ 2,621,129	108.9%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
FUELING SYSTEMS REVENUES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Fueling Systems			
Fuel throughput fees	$ 2,330,014	$ 2,010,000	115.9%
Miscellaneous rents	2,400	2,400	100.0%
TOTAL FUELING SYSTEMS REVENUES	$ 2,332,414	$ 2,012,400	115.9%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
RENTAL CAR REVENUES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Fixed Space Rents			
Fixed rents	$ 1,012,932	$ 1,012,608	100.0%
Ground Rents	576,199	535,680	107.6%
Maintenance and operating expense recovery	575,236	561,645	102.4%
Telecommunications services	—	—	n/a
Miscellaneous rents	—	—	n/a
Total Fixed Space Rents	2,164,367	2,109,933	102.6%
Percentage Rents			
Percentage rents	15,282,045	13,560,000	112.7%
Other rental car revenue	—	—	n/a
Total Percentage Rents	15,282,045	13,560,000	112.7%
TOTAL RENTAL CAR REVENUES	$ 17,446,412	$ 15,669,933	111.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
OTHER REVENUES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Office and Other Buildings			
Aviation Station			
Ground rents	$ 165,000	$ 165,000	100.0%
Maintenance and operating expense recovery	105,794	107,436	98.5%
Total Aviation Station Revenues	270,794	272,436	99.4%
Other Miscellaneous Rents			
Conference rooms	53,462	30,000	178.2%
Fixed rent non-aeronautical other buildings	236,514	9,714	2,434.8%
Ground rent other buildings	166,608	158,161	105.3%
Security authorization badges	632,996	600,604	105.4%
Fingerprinting	—	—	n/a
Maintenance and operating expense recovery	6,016	900	668.4%
Miscellaneous revenue	7,116	—	n/a
Total Other Miscellaneous Rents	1,102,712	799,379	137.9%
Ground Transportation			
Taxi Operation			
Percentage rents	355,311	457,000	77.7%
Maintenance and operating expense recovery	47,201	38,424	122.8%
Telecommunications services	6,240	6,240	100.0%
Miscellaneous rents	—	—	n/a
Total Taxi Operation	408,752	501,664	81.5%
AVI Transportation Fees			
AVI-trip fees	5,285,644	4,166,382	126.9%
Miscellaneous revenue	—	—	n/a
Total AVI Transportation Fees	5,285,644	4,166,382	126.9%
Total Ground Transportation Revenues	5,694,396	4,668,046	122.0%
General Grounds			
Traffic ordinance violation fees	60,420	40,000	151.1%
Miscellaneous revenue	—	—	n/a
Total General Grounds Revenues	60,420	40,000	151.1%
TOTAL OTHER REVENUES	$ 7,128,322	$ 5,779,861	123.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
COMPARATIVE SUMMARIES OF OPERATING EXPENSES BY COST CENTER
Years Ended March 31, 2019 and 2018

	Amount		Percent of Total Operating Expenses	
	2019	2018	2019	2018
Operating Expenses				
Airport facilities	$ 25,231,535	$ 27,218,332	20.8%	22.6%
Administrative	18,893,982	19,119,100	15.6%	15.9%
Fueling systems	2,050,425	1,250,501	1.7%	1.0%
Law enforcement	5,249,412	4,957,943	4.3%	4.1%
Airport maintenance	7,072,745	6,289,429	5.8%	5.2%
Parking	4,970,567	4,530,170	4.1%	3.8%
Ground transportation	2,039,746	1,580,465	1.7%	1.3%
Airport fire rescue	2,083,912	1,943,232	1.7%	1.6%
Guest services	934,799	919,533	0.8%	0.8%
Communications center	1,062,384	926,861	0.9%	0.8%
Operations	1,929,564	1,849,640	1.6%	1.5%
Traffic control	1,855,787	1,745,108	1.5%	1.4%
Depreciation	47,889,122	48,199,789	39.5%	40.0%
TOTAL OPERATING EXPENSES	$ 121,263,980	$ 120,530,103	100.0%	100.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF OPERATING EXPENSES BY COST CENTER
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Operating Expenses (excluding depreciation)			
Airport facilities	$ 25,231,535	$ 27,375,227	92.2%
Administrative	18,893,982	20,762,502	91.0%
Fueling systems	2,050,425	1,670,596	122.7%
Law enforcement	5,249,412	4,931,947	106.4%
Airport maintenance	7,072,745	7,052,961	100.3%
Parking	4,970,567	4,767,866	104.3%
Ground transportation	2,039,746	1,740,300	104.3%
Airport fire rescue	2,083,912	2,070,163	100.7%
Guest services	934,799	918,441	101.8%
Communications center	1,062,384	1,044,822	101.7%
Operations	1,929,564	2,070,878	93.2%
Traffic control	1,855,787	1,739,409	106.7%
Total Operating Expenses (excluding depreciation)	73,374,858	76,145,112	96.4%
Depreciation			
Airport facilities	35,715,843	38,201,112	93.5%
Administrative	1,919,286	1,244,628	154.2%
Fueling systems	—	—	n/a
Law enforcement	12,107	19,680	61.5%
Airport maintenance	1,120,891	1,206,936	92.9%
Parking	8,916,768	8,961,216	99.5%
Airport fire rescue	52,557	22,368	235.0%
Guest services	—	—	n/a
Communications center	103,908	95,880	108.4%
Operations	1,281	2,556	50.1%
Ground transportation	46,481	24,444	190.2%
Total Depreciation	47,889,122	49,778,820	96.2%
TOTAL OPERATING EXPENSES	$ 121,263,980	$ 125,923,932	96.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Airport Facilities			
Airfield Complex			
Employee related expense	$ —	$ —	n/a
Professional services	59,445	750,000	7.9%
Contractual labor	521,354	447,977	116.4%
Utilities	195,462	141,800	137.8%
Materials and supplies	194,511	395,600	49.2%
Insurance	120,735	120,100	100.5%
General and administrative expenses	—	—	n/a
Total Airfield Complex	1,091,507	1,855,477	58.8%
Terminal Complex			
Employee related expense	—	—	n/a
Professional services	87,728	160,113	54.8%
Contractual labor	11,806,132	11,998,255	98.4%
Utilities	4,641,349	3,729,772	124.4%
Materials and supplies	942,788	931,547	101.2%
Insurance	457,041	518,700	88.1%
General and administrative expenses	9,650	13,610	70.9%
Total Terminal Complex	17,944,688	17,351,997	103.4%
General Aviation Complex			
General Aviation - General			
Employee related expense	—	—	n/a
Professional services	45,786	300,000	15.3%
Contractual labor	85,015	154,077	55.2%
Utilities	75,123	117,367	64.0%
Materials and supplies	369	6,033	6.1%
Insurance	15,711	19,600	80.2%
General and administrative expenses	175	420	41.7%
Total General Aviation Complex	222,179	597,497	37.2%
Cargo Complex			
Employee related expense	—	—	n/a
Professional services	—	—	n/a
Contractual labor	51,170	37,308	137.2%
Utilities	191,693	176,420	108.7%
Materials and supplies	3,089	8,388	36.8%
Insurance	20,605	18,000	114.5%
General and administrative expenses	175	175	100.0%
Total Cargo Complex	266,732	240,291	111.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Fueling Systems Complex			
Employee related expense	$ —	$ —	n/a
Professional services	24,000	33,828	70.9%
Contractual labor	68,397	20,656	331.1%
Utilities	93,769	91,476	102.5%
Materials and supplies	544	3,503	15.5%
Insurance	15,552	14,000	111.1%
General and administrative expenses	—	—	n/a
Total Fueling Systems Complex	202,262	163,463	123.7%
Office and Other Buildings Complex			
Employee related expense	—	—	n/a
Professional services	10,966	509,000	2.2%
Contractual labor	873,911	721,429	121.1%
Utilities	500,099	504,436	99.1%
Materials and supplies	110,406	40,535	272.4%
Insurance	52,512	55,300	95.0%
General and administrative expenses	776	840	92.4%
Total Office and Other Buildings Complex	1,548,670	1,831,540	84.6%
Aviation Station Complex			
Employee related expense	—	—	n/a
Professional services	—	—	n/a
Contractual labor	—	—	n/a
Utilities	49,262	3,612	1,363.8%
Materials and supplies	—	—	n/a
Insurance	—	—	n/a
General and administrative expenses	—	—	n/a
Total Aviation Station Complex	49,262	3,612	1,363.8%
Rental Car Complex			
Employee related expense	—	—	n/a
Professional services	—	—	n/a
Contractual labor	—	50,000	—%
Utilities	347,573	4,068	8,544.1%
Materials and supplies	—	—	n/a
Insurance	10,936	12,300	88.9%
General and administrative expenses	—	—	n/a
Total Rental Car Complex	358,509	66,368	540.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Parking Lots Complex			
Employee related expense	$ —	$ —	n/a
Professional services	—	2,560	—%
Contractual labor	979,709	942,032	104.0%
Utilities	843,859	804,252	104.9%
Materials and supplies	55,515	94,910	58.5%
Insurance	180,335	200,200	90.1%
General and administrative expenses	3,175	3,975	79.9%
Total Parking Lots Complex	2,062,593	2,047,929	100.7%
Ground Transportation Complex			
Employee related expense	—	—	n/a
Professional services	—	34,000	—%
Contractual labor	54,161	38,341	141.3%
Utilities	3,235	576	561.6%
Materials and supplies	206	3,821	5.4%
Insurance	838	800	104.8%
General and administrative expenses	—	—	n/a
Total Ground Transportation Complex	58,440	77,538	75.4%
General Grounds Complex			
Employee related expense	—	—	n/a
Professional services	155,335	680,000	22.8%
Contractual labor	1,223,667	1,208,375	101.3%
Utilities	23,626	1,198,740	2.0%
Materials and supplies	17,110	38,900	44.0%
Insurance	6,955	13,500	51.5%
General and administrative expenses	—	—	n/a
Total General Grounds Complex	1,426,693	3,139,515	45.4%
TOTAL AIRPORT FACILITIES EXPENSES	$ 25,231,535	$ 27,375,227	92.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Administrative			
Chief Executive Officer			
Salaries and overtime	$ 1,567,653	$ 1,606,734	97.6%
Employee benefits	400,634	415,579	96.4%
Employee related expense	231,346	175,820	131.6%
Professional services	709,934	320,227	221.7%
Contractual labor	44,286	141,560	31.3%
Utilities	—	—	n/a
Materials and supplies	1,720	4,600	37.4%
Insurance	95,802	95,100	100.7%
General and administrative expenses	145,217	3,652,011	4.0%
Total Chief Executive Officer	3,196,592	6,411,631	49.9%
Communications			
Salaries and overtime	454,340	486,459	93.4%
Employee benefits	136,007	137,766	98.7%
Employee related expense	38,372	32,199	119.2%
Professional services	69,950	76,000	92.0%
Contractual labor	462,113	235,214	196.5%
Utilities	—	—	n/a
Materials and supplies	4,516	32,850	13.7%
Insurance	—	—	n/a
General and administrative expenses	69,908	75,466	92.6%
Total Communications	1,235,206	1,075,954	114.8%
Human Capital Management			
Salaries and overtime	888,171	802,744	110.6%
Employee benefits	495,927	242,551	204.5%
Employee related expense	33,424	71,775	46.6%
Professional services	47,044	8,250	570.2%
Contractual labor	558,292	237,308	235.3%
Utilities	—	—	n/a
Materials and supplies	33,907	52,167	65.0%
Insurance	—	—	n/a
General and administrative expenses	13,766	21,229	64.8%
Total Human Capital Management	2,070,531	1,436,024	144.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Commercial Management and Marketing			
Salaries and overtime	$ 1,069,162	$ 1,106,497	96.6%
Employee benefits	309,859	299,195	103.6%
Employee related expense	16,828	21,729	77.4%
Professional services	101,364	12,198	831.0%
Contractual labor	493,925	149,773	329.8%
Utilities	—	—	n/a
Materials and supplies	25,616	28,093	91.2%
Insurance	—	—	n/a
General and administrative expenses	40,186	45,425	88.5%
Total Commercial Management and Marketing	2,056,940	1,662,910	123.7%
Finance, Accounting, Risk			
Salaries and overtime	1,338,133	1,444,819	92.6%
Employee benefits	390,504	406,334	96.1%
Employee related expense	16,544	29,431	56.2%
Professional services	266,566	177,710	150.0%
Contractual labor	107,998	20,450	528.1%
Utilities	—	—	n/a
Materials and supplies	56,149	32,398	173.3%
Insurance	175	—	n/a
General and administrative expenses	35,657	128,791	27.7%
Total Finance, Accounting, Risk	2,211,726	2,239,933	98.7%
Facilities Asset Management			
Salaries and overtime	1,120,848	1,262,597	88.8%
Employee benefits	319,382	341,763	93.5%
Employee related expense	14,193	29,394	48.3%
Professional services	31,589	1,800	1,754.9%
Contractual labor	152,264	150,300	101.3%
Utilities	—	—	n/a
Materials and supplies	4,703	8,744	53.8%
Insurance	18,783	17,600	106.7%
General and administrative expenses	16,679	34,643	48.1%
Total Facilities Asset Management	1,678,441	1,846,841	90.9%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Planning and Environment			
Salaries and overtime	$ 365,913	$ 353,369	103.5%
Employee benefits	109,622	104,523	104.9%
Employee related expense	3,519	5,085	69.2%
Professional services	—	—	n/a
Contractual labor	185,144	128,512	144.1%
Utilities	3,207	5,292	60.6%
Materials and supplies	42	726	5.8%
Insurance	3,288	4,000	82.2%
General and administrative expenses	10,393	16,508	63.0%
Total Planning and Environment	681,128	618,015	110.2%
Information Services			
Salaries and overtime	2,665,604	2,704,791	98.6%
Employee benefits	771,923	779,767	99.0%
Employee related expense	52,011	96,222	54.1%
Professional services	905,236	797,670	113.5%
Contractual labor	405,560	134,849	300.8%
Utilities	2,813	9,156	30.7%
Materials and supplies	913,999	899,818	101.6%
Insurance	—	—	n/a
General and administrative expenses	46,272	48,921	94.6%
Total Information Services	5,763,418	5,471,194	105.3%
TOTAL ADMINISTRATIVE EXPENSES	$ 18,893,982	$ 20,762,502	91.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
FUELING SYSTEMS EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Fueling Systems			
Salaries and overtime	$ 807,523	$ 770,069	104.9%
Employee benefits	254,342	246,056	103.4%
Employee related expense	5,845	6,020	97.1%
Professional services	—	—	n/a
Contractual labor	896,523	560,545	159.9%
Utilities	—	—	n/a
Materials and supplies	67,735	68,930	98.3%
Insurance	15,882	15,300	103.8%
General and administrative expenses	2,575	3,676	70.0%
TOTAL FUELING SYSTEMS EXPENSES	$ 2,050,425	$ 1,670,596	122.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
LAW ENFORCEMENT EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Law Enforcement			
Salaries and overtime	$ 3,725,512	$ 3,508,400	106.2%
Employee benefits	1,203,545	1,063,695	113.1%
Employee related expense	74,522	124,024	60.1%
Professional services	1,108	1,212	91.4%
Contractual labor	7,416	12,590	58.9%
Utilities	—	—	n/a
Materials and supplies	125,717	99,429	126.4%
Insurance	88,117	89,200	98.8%
General and administrative expenses	23,475	33,397	70.3%
TOTAL LAW ENFORCEMENT EXPENSES	$ 5,249,412	$ 4,931,947	106.4%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT MAINTENANCE EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Airport Maintenance			
Baggage Systems			
Salaries and overtime	$ 92,836	$ 98,052	94.7%
Employee benefits	24,471	26,247	93.2%
Employee related expense	2,325	10,780	21.6%
Professional services	—	—	n/a
Contractual labor	—	—	n/a
Utilities	—	—	n/a
Materials and supplies	—	—	n/a
Insurance	748	1,000	74.8%
General and administrative expenses	(46)	—	n/a
Total Baggage Systems	120,334	136,079	88.4%
Contract Facilities Maintenance			
Salaries and overtime	187,275	182,868	102.4%
Employee benefits	53,641	52,521	102.1%
Employee related expense	2,230	780	285.9%
Professional services	—	—	n/a
Contractual labor	—	—	n/a
Utilities	—	—	n/a
Materials and supplies	227	500	45.4%
Insurance	2,775	3,700	75.0%
General and administrative expenses	—	—	n/a
Total Contract Facilities Maintenance	246,148	240,369	102.4%
Fleet Maintenance			
Salaries and overtime	475,530	463,033	102.7%
Employee benefits	156,518	145,646	107.5%
Employee related expense	6,245	13,778	45.3%
Professional services	—	—	n/a
Contractual labor	48,065	121,431	39.6%
Utilities	—	—	n/a
Materials and supplies	768,243	625,036	122.9%
Insurance	10,671	10,300	103.6%
General and administrative expenses	16,251	13,601	119.5%
Total Fleet Maintenance	1,481,523	1,392,825	106.4%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT MAINTENANCE EXPENSES
Year Ended March 31, 2019

Facilities Maintenance			
Salaries and overtime	$ 2,097,413	$ 2,215,849	94.7%
Employee benefits	752,282	749,290	100.4%
Employee related expense	61,266	67,687	90.5%
Professional services	—	—	n/a
Contractual labor	76,788	151,020	50.8%
Utilities	—	—	n/a
Materials and supplies	106,395	40,462	263.0%
Insurance	72,455	56,700	127.8%
General and administrative expenses	10,418	11,780	88.4%
Total Facilities Maintenance	3,177,017	3,292,788	96.5%
Fields Maintenance			
Salaries and overtime	1,408,709	1,387,016	101.6%
Employee benefits	510,897	469,829	108.7%
Employee related expense	26,133	38,175	68.5%
Professional services	—	—	n/a
Contractual labor	4,238	2,980	142.2%
Utilities	—	—	n/a
Materials and supplies	44,853	29,800	150.5%
Insurance	41,069	54,700	75.1%
General and administrative expenses	11,824	8,400	140.8%
Total Fields Maintenance	2,047,723	1,990,900	102.9%
TOTAL AIRPORT MAINTENANCE EXPENSES	$ 7,072,745	$ 7,052,961	100.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
PARKING EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Parking			
Salaries and overtime	$ 1,159,673	$ 1,145,817	101.2%
Employee benefits	398,739	375,400	106.2%
Employee related expense	13,073	17,639	74.1%
Professional services	260,425	269,656	96.6%
Contractual labor	1,326,923	1,293,992	102.5%
Utilities	—	—	n/a
Materials and supplies	8,302	15,243	54.5%
Insurance	24,773	23,400	105.9%
General and administrative expenses	1,778,659	1,626,719	109.3%
TOTAL PARKING EXPENSES	$ 4,970,567	$ 4,767,866	104.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FIRE - RESCUE
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Airport Fire - Rescue			
Salaries and overtime	$ 1,388,601	$ 1,420,380	97.8%
Employee benefits	511,300	446,522	114.5%
Employee related expense	55,419	52,151	106.3%
Professional services	—	—	n/a
Contractual labor	27,368	33,960	80.6%
Utilities	2,484	2,800	88.7%
Materials and supplies	58,726	63,700	92.2%
Insurance	30,753	30,600	100.5%
General and administrative expenses	9,261	20,050	46.2%
TOTAL AIRPORT FIRE - RESCUE EXPENSES	$ 2,083,912	$ 2,070,163	100.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
GUEST SERVICES EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Guest Services			
Salaries and overtime	$ 652,588	$ 631,477	103.3%
Employee benefits	234,331	223,791	104.7%
Employee related expense	6,599	14,421	45.8%
Professional services	—	—	n/a
Contractual labor	16,144	18,476	87.4%
Utilities	—	—	n/a
Materials and supplies	7,511	11,165	67.3%
Insurance	12,315	11,800	104.4%
General and administrative expenses	5,311	7,311	72.6%
TOTAL GUEST SERVICES EXPENSES	$ 934,799	$ 918,441	101.8%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
COMMUNICATIONS CENTER EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Communications Center			
Salaries and overtime	$ 680,786	$ 670,603	101.5%
Employee benefits	248,999	232,233	107.2%
Employee related expense	1,169	1,300	89.9%
Professional services	—	—	n/a
Contractual labor	90,556	98,871	91.6%
Utilities	—	—	n/a
Materials and supplies	25,826	26,215	98.5%
Insurance	13,249	13,800	96.0%
General and administrative expenses	1,799	1,800	99.9%
TOTAL COMMUNICATIONS CENTER EXPENSES	$ 1,062,384	$ 1,044,822	101.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
OPERATIONS EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Operations			
Salaries and overtime	$ 1,239,521	$ 1,353,920	91.6%
Employee benefits	394,004	432,448	91.1%
Employee related expense	7,065	12,080	58.5%
Professional services	12,843	25,450	50.5%
Contractual labor	35,120	1,200	2,926.7%
Utilities	—	—	n/a
Materials and supplies	53,181	58,100	91.5%
Insurance	22,406	22,700	98.7%
General and administrative expenses	165,424	164,980	100.3%
TOTAL OPERATIONS EXPENSES	$ 1,929,564	$ 2,070,878	93.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
GROUND TRANSPORTATION EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Ground Transportation			
Salaries and overtime	$ 245,227	$ 233,371	105.1%
Employee benefits	82,014	77,851	105.3%
Employee related expense	1,850	4,309	42.9%
Professional services	—	—	n/a
Contractual labor	1,676,881	1,369,102	122.5%
Utilities	—	—	n/a
Materials and supplies	6,562	7,300	89.9%
Insurance	19,526	26,000	75.1%
General and administrative expenses	7,686	22,367	34.4%
TOTAL GROUND TRANSPORTATION	$ 2,039,746	$ 1,740,300	117.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
TRAFFIC CONTROL EXPENSES
Year Ended March 31, 2019

	Actual	Budget	Percent of Budget
Traffic Control			
Salaries and overtime	$ 1,302,799	$ 1,208,048	107.8%
Employee benefits	496,088	464,855	106.7%
Employee related expense	17,784	22,076	80.6%
Professional services	—	—	n/a
Contractual labor	5,836	8,100	72.0%
Utilities	—	—	n/a
Materials and supplies	1,775	2,585	68.7%
Insurance	27,668	27,600	100.2%
General and administrative expenses	3,837	6,145	62.4%
TOTAL TRAFFIC CONTROL	$ 1,855,787	$ 1,739,409	106.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF DEPRECIATION
Year Ended March 31, 2019

Departmental	Actual
Administrative	$ 1,919,286
Parking	8,916,768
Airport fire - rescue	52,557
Airport maintenance	1,120,891
Law enforcement	12,107
Facilities and environmental	—
Operations	1,281
Communications	103,908
Ground transportation	46,481
Total Departmental	12,173,279
Nondepartmental	
Airfield Complex	6,415,649
Terminal 1 Complex	
Buildings and improvements	4,215,791
Terminal 2 Complex	
Buildings and improvements	18,633,060
Central Energy Plant	554,593
General Aviation Complex	
Buildings and improvements	3,042,845
Cargo Complex	
Buildings and improvements	199,417
Ground Transportation Complex	
Roadways	248,234
Fueling Systems Complex	624,771
Office and Other Buildings Complex	1,712,563
Utilities Complex	68,795
Rental Car Complex	125
TOTAL DEPRECIATION EXPENSE	$ 47,889,122

RALEIGH-DURHAM AIRPORT AUTHORITY
DETAILS OF AIRPORT AND FACILITIES
Year Ended March 31, 2019

	Total	Authority Funds	Federal and State Funds
Land	$ 41,193,383	$ 35,702,262	$ 5,491,121
Land improvements	17,481,681	17,481,681	—
Airfield	552,766,933	427,274,752	125,492,181
Airfield improvements	2,885,606	2,885,606	—
Terminal buildings	777,062,445	776,786,175	276,270
Other buildings	176,491,137	141,485,835	35,005,302
Building improvements	4,483,612	4,483,612	—
Utilities	5,417,436	5,211,923	205,513
Equipment	42,147,261	42,147,261	—
Vehicles heavy	4,949,775	4,232,541	717,234
Vehicles light	863,278	863,278	—
Computer hardware	7,692,073	7,692,073	—
Computer software	2,199,576	2,199,576	—
Construction in progress	74,946,452	74,946,452	—
TOTAL DETAILS OF AIRPORT AND FACILITIES	$ 1,710,580,648	$ 1,543,393,027	$ 167,187,621

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, 2019

Statistical Section (Unaudited) **Page**

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net position										
Net investment in capital assets	$343,876,701	$302,248,539	$306,735,414	$297,838,788	$313,053,656	$330,599,774	$313,607,597	$307,107,509	$321,369,827	$302,289,837
Restricted For:										
State of North Carolina underground storage tank trust deductible	—	—	—	220,000	220,000	220,000	220,000	220,000	220,000	220,000
DEA/ICE forfeitures	226,159	115,634	79,610	82,029	39,851	—	—	—	—	—
State grant funds	14,560,117	—	—	—	—	—	—	—	—	—
Passenger facility charges	32,288,882	27,635,490	25,529,873	2,850,046	4,325,108	7,212,645	13,239,327	18,149,465	22,671,438	73,294,625
Customer facility charges	32,248,941	16,216,386	3,383,354	—	—	—	—	—	—	—
Unrestricted net position	218,703,812	169,431,556	123,685,528	131,974,693	108,720,984	86,803,531	93,733,389	96,036,491	97,869,697	108,572,170
Total net position	$641,904,612	$515,647,605	$459,413,779	$432,965,556	$426,359,599	$424,835,950	$420,800,313	$421,513,465	$442,130,962	$484,376,632

Note:

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.
Due to Raleigh-Durham Airport Authority's required adoption of GASB 63 & 65 during FY2013, the Net Position for FY2012 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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating revenues										
Parking	$ 60,543,954	$ 54,975,271	$ 55,843,209	$ 47,058,255	$ 43,796,914	$ 41,427,389	$ 41,266,707	$ 37,166,800	$ 35,859,116	$ 34,686,948
Airfield	18,808,634	16,614,473	15,058,135	12,852,933	11,361,874	12,158,127	11,366,233	11,930,074	11,865,742	12,499,790
General aviation	1,654,755	1,857,961	1,721,515	1,706,871	1,632,938	1,475,959	1,539,352	1,399,599	1,400,643	1,398,821
Terminals	55,102,240	51,770,857	37,929,957	33,821,356	31,649,941	26,230,425	27,022,756	27,020,695	24,632,442	23,283,910
Air cargo	2,854,505	2,574,929	2,309,639	2,290,621	2,186,712	2,032,561	2,000,218	2,300,134	2,016,233	2,004,795
Fueling systems	2,332,414	2,001,561	1,649,095	1,632,397	1,493,730	1,260,329	1,033,960	1,041,622	972,544	961,740
Rental car	17,446,412	16,142,255	16,742,662	14,830,467	14,191,508	13,126,408	12,875,772	12,305,766	11,967,229	11,604,879
Other	7,128,322	5,711,258	2,560,078	2,126,105	1,156,617	986,311	939,738	1,219,858	905,829	728,034
Total operating revenues	**165,871,236**	**151,648,565**	**133,814,290**	**116,319,005**	**107,470,234**	**98,697,509**	**98,044,736**	**94,384,548**	**89,619,778**	**87,168,917**
Operating expenses										
Airport facilities	25,231,535	27,218,332	22,633,404	21,241,939	20,771,149	21,427,418	19,852,701	19,742,281	19,122,793	17,956,239
Administrative	18,893,982	19,119,100	19,738,597	17,813,209	13,081,431	11,439,962	10,104,828	9,631,766	9,438,549	8,201,857
Fueling systems	2,050,425	1,250,501	1,137,855	1,072,207	974,962	988,781	962,410	954,405	978,378	903,815
Law enforcement	5,249,412	4,957,943	4,004,081	3,958,846	3,083,883	2,621,284	3,276,244	3,352,166	3,253,639	2,848,365
Airport maintenance	7,072,745	6,289,429	5,541,078	5,317,196	5,752,900	5,682,924	5,582,380	5,147,431	5,176,960	4,828,437
Parking	4,970,567	4,530,170	4,411,740	2,787,162	2,646,638	2,734,778	2,695,904	2,752,134	2,829,332	2,416,808
Airport fire - rescue	2,083,912	1,943,232	1,647,814	1,649,329	1,630,311	1,687,521	1,588,000	1,601,134	1,614,092	1,523,960
Guest services	934,799	919,533	837,917	791,525	793,295	803,492	736,912	734,451	758,323	689,040
Communications	1,062,384	926,861	859,235	794,310	706,819	722,262	777,618	751,792	808,140	727,856
Operations	1,929,564	1,849,640	1,553,559	1,516,292	1,325,999	1,277,388	1,211,335	1,127,924	1,069,994	984,061
Ground transportation	3,895,533	3,325,573	2,915,830	2,765,909	2,728,126	2,656,949	2,573,877	2,608,835	2,685,399	2,701,382
Terminal services	—	—	—	—	111,886	129,396	237,313	334,352	256,996	227,699
Subtotal	**73,374,858**	**72,330,314**	**65,281,110**	**59,707,924**	**53,607,399**	**52,172,155**	**49,599,522**	**48,738,671**	**47,992,595**	**44,009,519**
Depreciation	47,889,122	48,199,789	49,734,592	51,800,974	49,623,986	47,901,680	48,678,489	49,359,167	47,095,977	47,523,955
Total operating expenses	**121,263,980**	**120,530,103**	**115,015,702**	**111,508,898**	**103,231,385**	**100,073,835**	**98,278,011**	**98,097,838**	**95,088,572**	**91,533,474**
Operating income (loss)	**44,607,256**	**31,118,462**	**18,798,588**	**4,810,107**	**4,238,849**	**(1,376,326)**	**(233,275)**	**(3,713,290)**	**(5,468,794)**	**(4,364,557)**
Non-operating revenues (expenses)										
Investment interest income	6,096,998	3,654,643	2,970,505	2,432,019	2,465,613	1,419,898	2,054,048	2,148,101	2,500,267	3,750,839
Passenger facility charges	26,653,392	23,815,980	22,679,826	20,525,728	19,113,463	18,323,327	18,734,688	18,424,026	18,818,814	18,940,075
Customer facility charges	16,578,862	15,065,790	3,147,074	—	—	—	—	—	—	—
Fair value of investments - incr (decr)	1,132,940	(646,907)	(711,548)	259	(570,203)	477,643	781,419	241,068	(404,171)	(404,147)
Bond interest expense, net	(21,404,408)	(21,890,713)	(22,575,341)	(21,768,920)	(26,763,852)	(25,801,032)	(27,933,517)	(29,077,558)	(25,491,187)	(22,663,862)
Loss on swap termination	—	—	—	—	—	—	—	(1,465,749)	(34,350,297)	—
Amortization of deferred expenses	—	—	—	—	—	—	—	—	(5,392,913)	—
Other, revenue (reimbs, late fees, misc)	735,380	272,403	(636,118)	91,847	580,360	344,365	408,133	729,996	873,263	487,820
Total non-operating revenues (exp)	**29,793,164**	**20,271,196**	**4,874,398**	**1,280,933**	**(5,174,619)**	**(5,235,799)**	**(5,955,229)**	**(9,000,116)**	**(43,446,224)**	**110,725**
Income (loss) before contributions	**74,400,420**	**51,389,658**	**23,672,986**	**6,091,040**	**(935,770)**	**(6,612,125)**	**(6,188,504)**	**(12,713,406)**	**(48,915,018)**	**(4,253,832)**
Capital contributions	53,820,449	4,948,413	2,775,237	1,793,993	2,459,419	10,647,762	5,475,352	644,240	6,669,348	11,518,926
Increase (decrease) in net position	**128,220,869**	**56,338,071**	**26,448,223**	**7,885,033**	**1,523,649**	**4,035,637**	**(713,152)**	**(12,069,166)**	**(42,245,670)**	**7,265,094**
Net position, beginning restated	(1,963,862)	(104,245)	—	(1,279,076)				(8,548,331)		
Net position, beginning of year	515,647,605	459,413,779	432,965,556	426,359,599	424,835,950	420,800,313	421,513,465	442,130,962	484,376,632	477,111,538
Net position, end of year	**$641,904,612**	**$515,647,605**	**$459,413,779**	**$432,965,556**	**$426,359,599**	**$424,835,950**	**$420,800,313**	**$421,513,465**	**$442,130,962**	**$484,376,632**

Note:

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 74 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.

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

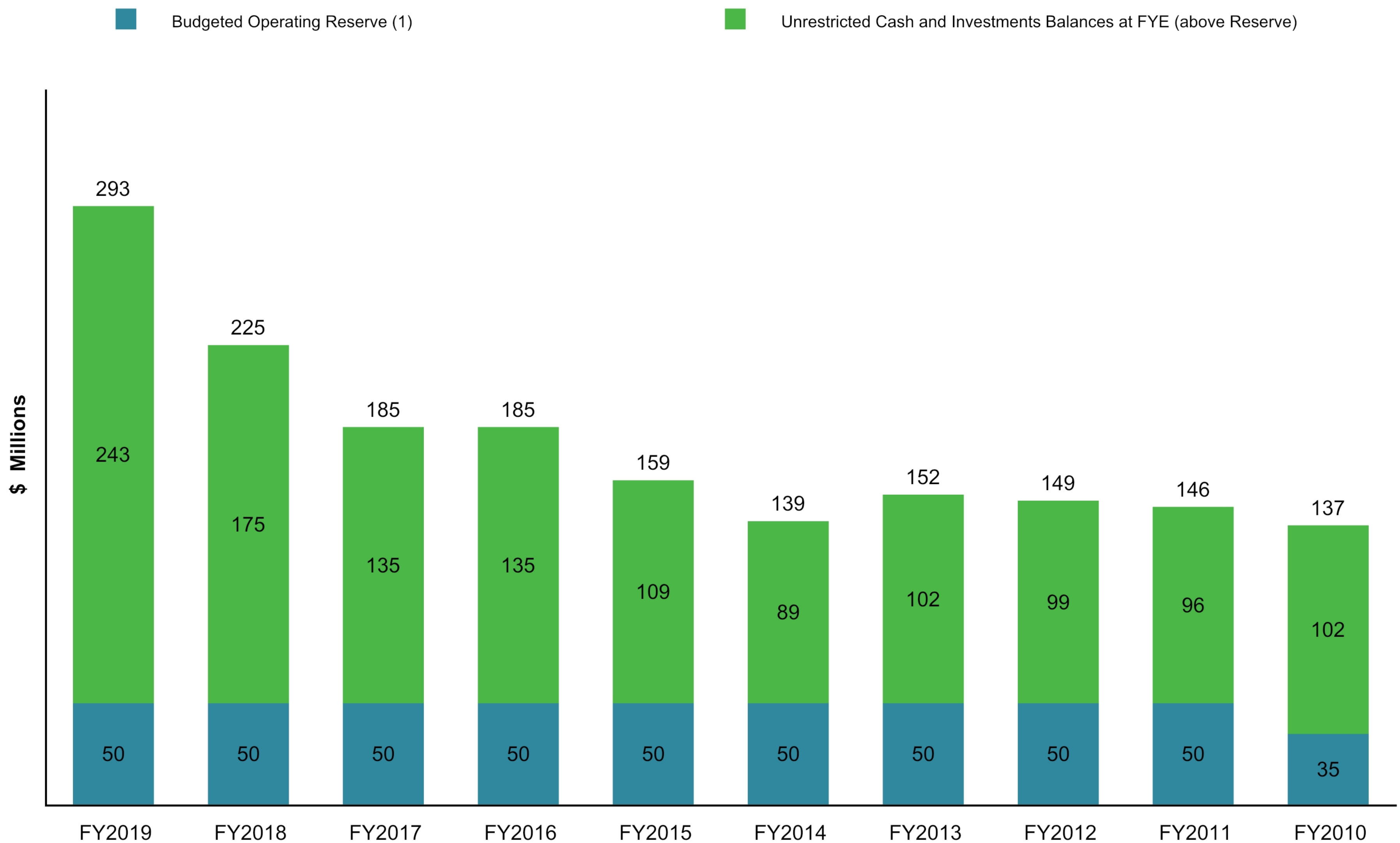
RALEIGH-DURHAM AIRPORT AUTHORITY
KEY PERFORMANCE INDICATORS
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Airline cost per enplanement (CPE)	$ 8.59	$ 8.68 *	$ 7.28	$ 7.02	$ 6.91	$ 6.45	$ 6.35	$ 6.48	$ 6.29	$ 6.24
Airline cost per airline operation	360.75	352.13	286.04	266.43	247.87	218.82	215.93	206.77	191.23	186.94
Terminal concession revenue per enplanement	1.77	1.51	1.67	1.61	1.60	1.49	1.44	1.49	1.43	1.39
Terminal concession revenue per airline operation	74.43	61.09	65.51	61.24	57.52	50.64	48.96	47.62	43.52	41.80
Rental car revenue per enplanement	2.67	2.72	2.98	2.88	2.95	2.86	2.78	2.68	2.62	2.57
Rental car revenue per airline operation	111.97	110.11	117.16	109.31	105.95	96.84	94.53	85.35	79.84	77.00
Parking revenue per enplanement	10.12	10.01	10.27	9.37	9.26	9.13	9.01	8.18	7.95	7.76
Parking revenue per airline operation	425.10	405.97	403.47	355.77	332.28	309.53	306.46	260.80	241.89	232.63
Non-aeronautical revenue per enplanement	15.01	14.65	15.05	14.14	14.10	13.73	13.49	12.66	12.09	11.82
Non-aeronautical revenue per airline operation	630.51	593.88	591.36	536.97	505.68	465.46	458.76	404.01	367.65	354.43
Total operating revenue per enplanement	25.35	25.51	23.84	22.58	22.46	21.55	21.14	20.53	19.72	19.41
Total operating revenue per airline operation	1,064.53	1,034.47	936.39	857.36	805.71	730.87	718.97	655.08	599.76	581.97
Total operating revenue per total operation	780.98	753.68	691.41	632.05	592.95	535.84	531.13	485.88	462.41	439.68
Total operating expenses per enplanement	11.21	12.17	11.63	11.59	11.16	11.35	10.71	10.57	10.49	9.74
Total operating expenses per airline operation	470.90	493.40	456.82	440.09	400.21	384.88	364.16	337.16	319.14	292.01
Total operating expenses per total operation	345.48	359.47	337.31	324.44	294.53	282.17	269.02	250.08	246.05	220.62
Number of days unrestricted cash on hand	1,460	1,135	1,036	1,131	1,084	976	1,118	1,112	1,162	1,135

*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



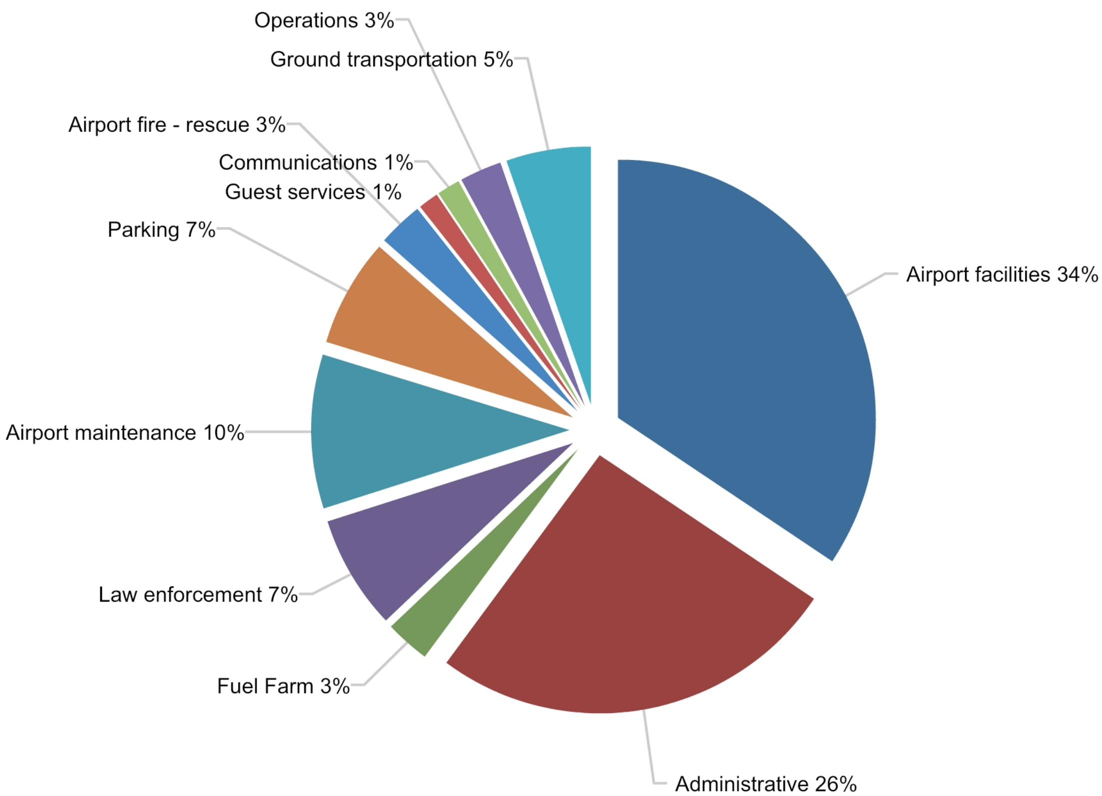
(1) The Authority formally adopted an operating reserve policy that provided that the Authority maintain an unencumbered reserve of $50 million.

RALEIGH-DURHAM AIRPORT AUTHORITY

FYE March 31, 2019 Operating Expense by Business Unit (000s)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Airport facilities	$ 25,232	$ 27,218	$ 22,633	$ 21,242	$ 20,771	$ 21,427	$ 19,853	$ 19,742	$ 19,123	$ 17,956
Administrative	18,894	19,119	19,738	17,813	13,081	11,440	10,105	9,632	9,439	8,202
Fueling systems	2,050	1,251	1,138	1,072	975	989	963	954	978	904
Law enforcement	5,249	4,958	4,004	3,959	3,084	2,621	3,276	3,352	3,254	2,848
Airport maintenance	7,073	6,289	5,541	5,317	5,753	5,683	5,582	5,148	5,177	4,829
Parking	4,971	4,530	4,412	2,787	2,647	2,735	2,696	2,752	2,829	2,417
Airport fire - rescue	2,084	1,943	1,648	1,650	1,630	1,688	1,588	1,601	1,614	1,524
Guest services	935	920	838	792	793	804	737	735	758	689
Communications	1,062	927	859	794	707	722	778	752	808	728
Operations	1,930	1,850	1,554	1,516	1,326	1,277	1,211	1,128	1,070	984
Ground transportation	3,896	3,326	2,916	2,766	2,728	2,657	2,574	2,609	2,686	2,701
Terminal services	—	—	—	—	112	129	237	334	257	228
Total	$ 73,375	$ 72,330	$ 65,281	$ 59,708	$ 53,607	$ 52,172	$ 49,600	$ 48,739	$ 47,993	$ 44,010

FYE March 31, 2019 Operating Expense by Business Unit

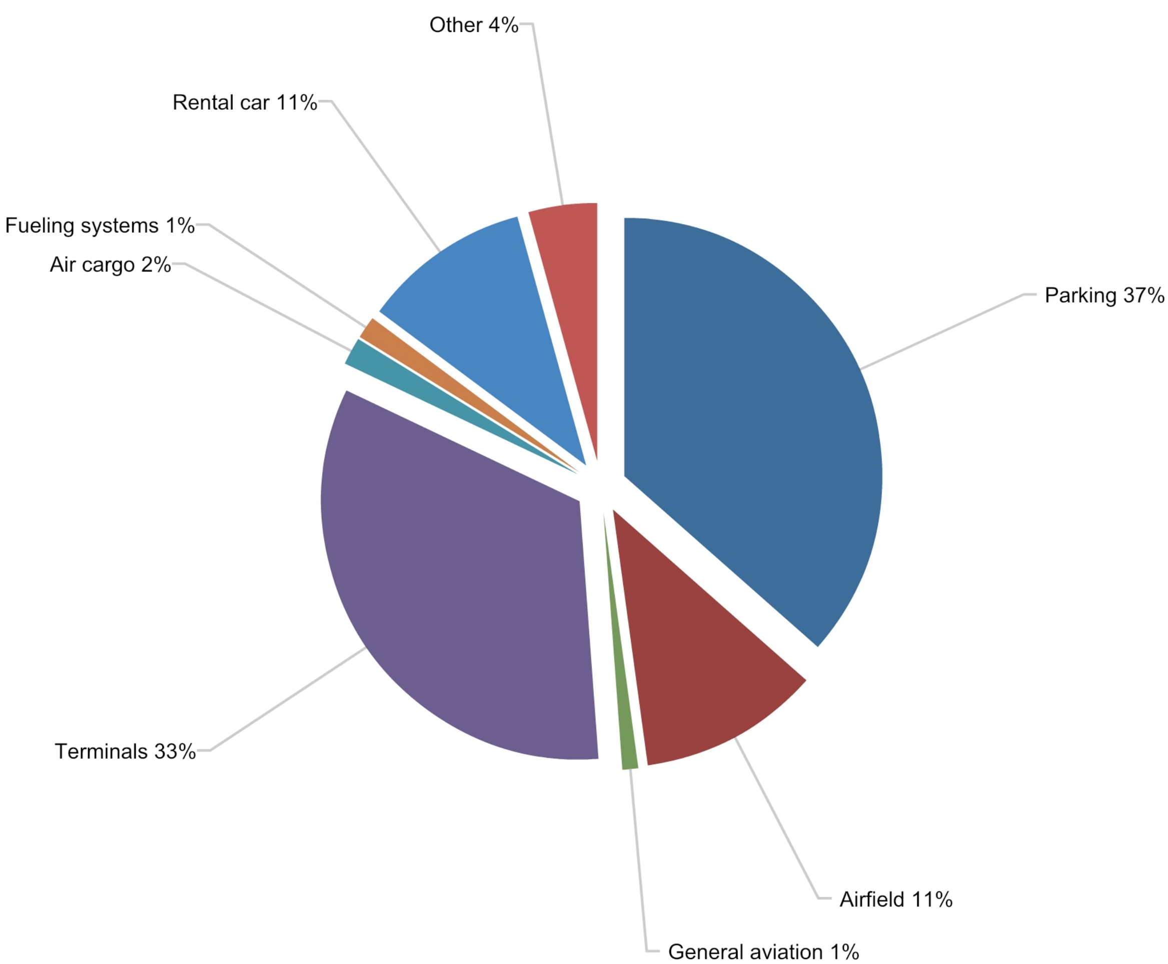


RALEIGH-DURHAM AIRPORT AUTHORITY

FYE March 31, 2019 Operating Revenue by Source (000s)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Parking	$ 60,544	$ 54,975	$ 55,843	$ 47,058	$ 43,796	$ 41,427	$ 41,267	$ 37,167	$ 35,859	$ 34,687
Airfield	18,809	16,614	15,058	12,853	11,362	12,158	11,366	11,930	11,866	12,500
General aviation	1,655	1,858	1,722	1,707	1,633	1,476	1,539	1,399	1,401	1,399
Terminals	55,102	51,771	37,930	33,821	31,650	26,230	27,023	27,021	24,632	23,284
Air cargo	2,855	2,575	2,310	2,291	2,187	2,033	2,000	2,300	2,016	2,005
Fueling systems	2,332	2,002	1,649	1,632	1,494	1,260	1,034	1,042	973	961
Rental car	17,446	16,142	16,742	14,831	14,191	13,128	12,876	12,306	11,967	11,605
Other	7,128	5,711	2,560	1,760	1,157	986	940	1,220	906	728
Total	$ 165,871	$ 151,649	$ 133,814	$ 115,953	$ 107,470	$ 98,698	$ 98,045	$ 94,385	$ 89,620	$ 87,169

FYE March 31, 2019 Operating Revenue by Source

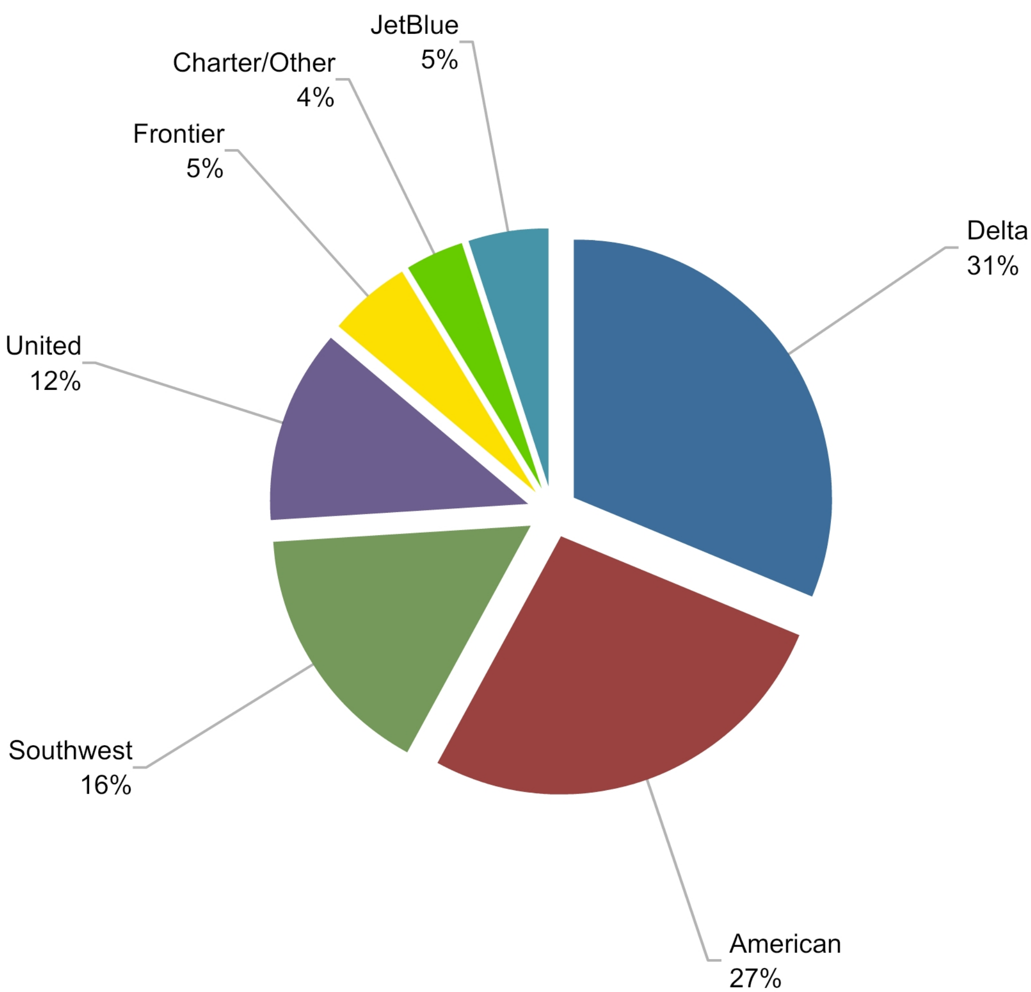


RALEIGH-DURHAM AIRPORT AUTHORITY

FYE March 31, 2019 Airline Derived Revenue by Carrier (000s)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Delta	$ 17,566	$ 18,427	$ 11,571	$ 10,598	$ 9,840	$ 8,580	$ 7,894	$ 7,590	$ 6,999	$ 6,753
American	15,004	15,653	11,651	11,152	11,184	11,070	11,495	11,399	10,795	11,360
Southwest	9,027	8,528	6,458	6,278	5,753	4,573	4,659	4,756	4,878	5,175
United	6,819	6,658	5,070	4,822	4,017	3,816	3,988	4,525	3,988	3,959
Frontier	2,919	1,064	579	343	159	80	—	25	151	—
JetBlue	2,820	2,627	1,805	1,854	1,566	1,098	1,040	1,066	999	812
Charter/Other	2,055	1,783	1,182	1,100	685	444	333	530	481	426
Total	$ 56,210	$ 54,740	$ 38,316	$ 36,147	$ 33,204	$ 29,661	$ 29,409	$ 29,891	$ 28,291	$ 28,485

FYE March 31, 2019 Airline Derived Revenue by Carrier



RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT SERVICE SCHEDULE
Last Ten Fiscal Years

RDU BOND ISSUES	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
2008 C (Non-AMT) - $72.295M Variable rate											
Principal (May Only)	$ 2,020,000	$ 2,120,000	$ 2,220,000	$ 2,330,000	$ 2,440,000	$ 2,550,000	$ 2,680,000	$ 2,805,000	$ 2,940,000	$ 3,080,000	$ 3,230,000
Interest (12 Monthly Payments)	861,412	2,263,267	2,174,800	2,081,967	1,984,733	1,883,100	1,776,333	1,664,550	1,547,400	1,424,667	1,295,967
Total	2,881,412	4,383,267	4,394,800	4,411,967	4,424,733	4,433,100	4,456,333	4,469,550	4,487,400	4,504,667	4,525,967
2010A (Non-AMT) - $242.365M (4.11%) Fixed Rate											
Principal (May Only)	6,635,000	6,975,000	7,330,000	7,710,000	8,105,000	8,520,000	8,955,000	9,415,000	9,900,000	10,355,000	10,835,000
Interest (May)	4,985,381	4,819,506	4,645,131	4,461,881	4,269,131	4,066,506	3,853,506	3,629,631	3,394,256	3,146,756	2,939,656
Interest (November)	4,819,506	4,645,131	4,461,881	4,269,131	4,066,506	3,853,506	3,629,631	3,394,256	3,146,756	2,939,656	2,668,781
Total	16,439,887	16,439,637	16,437,012	16,441,012	16,440,637	16,440,012	16,438,137	16,438,887	16,441,012	16,441,412	16,443,437
2010B - (Non-AMT) - $94.08M (4.11%) Fixed Rate											
Principal (November Only)	5,110,000	5,365,000	5,630,000	5,805,000	6,090,000	6,395,000	6,715,000	7,055,000	7,405,000	7,775,000	—
Interest (May)	1,527,325	1,399,575	1,265,450	1,181,000	1,035,875	883,625	723,750	555,875	379,500	194,375	—
Interest (November)	1,527,325	1,399,575	1,265,450	1,181,000	1,035,875	883,625	723,750	555,875	379,500	194,375	—
Total	8,164,650	8,164,150	8,160,900	8,167,000	8,161,750	8,162,250	8,162,500	8,166,750	8,164,000	8,163,750	—
2010B-1 (Non-AMT) - $38.235M (4.18%) Fixed Rate											
Principal (November Only)	—	—	—	—	—	—	—	—	—	—	8,915,000
Interest (May)	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550
Interest (November)	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550
Total	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	1,703,100	10,618,100
2015A (Non-AMT) - $34.06M (3.07%) Fixed Rate											
Principal (May Only)	—	120,000	2,375,000	2,495,000	2,625,000	2,755,000	2,900,000	3,045,000	3,205,000	3,370,000	3,540,000
Interest (May)	841,525	841,525	839,125	779,750	717,375	651,750	582,875	510,375	434,250	354,125	269,875
Interest (November)	841,525	839,125	779,750	717,375	651,750	582,875	510,375	434,250	354,125	269,875	181,375
Total	1,683,050	1,800,650	3,993,875	3,992,125	3,994,125	3,989,625	3,993,250	3,989,625	3,993,375	3,994,000	3,991,250
2015B (AMT) - $48.685M (3.00%) Fixed Rate											
Principal (May Only)	4,675,000	4,420,000	2,400,000	2,520,000	2,655,000	2,790,000	2,930,000	3,085,000	3,235,000	3,405,000	3,580,000
Interest (May)	971,000	854,125	743,625	683,625	620,625	554,250	484,500	411,250	334,125	253,250	168,125
Interest (November)	854,125	743,625	683,625	620,625	554,250	484,500	411,250	334,125	253,250	168,125	78,625
Total	6,500,125	6,017,750	3,827,250	3,824,250	3,829,875	3,828,750	3,825,750	3,830,375	3,822,375	3,826,375	3,826,750
2017A (AMT) - $115.23M (3.56%) Fixed Rate											
Principal (May Only)	4,320,000	3,685,000	3,840,000	4,015,000	4,195,000	4,415,000	4,615,000	4,830,000	5,075,000	5,340,000	5,610,000
Interest (May)	2,787,963	2,679,963	2,624,688	2,528,688	2,448,388	2,343,513	2,233,138	2,140,838	2,020,088	1,893,213	1,759,713
Interest (November)	2,679,963	2,624,688	2,528,687	2,448,387	2,343,513	2,233,138	2,140,838	2,020,088	1,893,213	1,759,712	1,619,463
Total	9,787,926	8,989,651	8,993,375	8,992,075	8,986,901	8,991,651	8,988,976	8,990,926	8,988,301	8,992,925	8,989,176
FY principal total	22,760,000	22,685,000	23,795,000	24,875,000	26,110,000	27,425,000	28,795,000	30,235,000	31,760,000	33,325,000	35,710,000
FY interest total	24,400,150	24,813,205	23,715,312	22,656,529	21,431,121	20,123,488	18,773,046	17,354,213	15,839,563	14,301,229	12,684,680
Total principal and interest	**$ 47,160,150**	**$ 47,498,205**	**$ 47,510,312**	**$ 47,531,529**	**$ 47,541,121**	**$ 47,548,488**	**$ 47,568,046**	**$ 47,589,213**	**$ 47,599,563**	**$ 47,626,229**	**$ 48,394,680**
Total principal outstanding at end of FY	**$ 531,275,000**	**$ 508,590,000**	**$ 484,795,000**	**$ 459,920,000**	**$ 433,810,000**	**$ 406,385,000**	**$ 377,590,000**	**$ 347,355,000**	**$315,595,000**	**$ 282,270,000**	**$ 246,560,000**
PFC offsets to annual debt service	22,000,000										
DEBT SERVICE P&I NET OF PFC OFFSET	**$ 25,160,150**	**$ 47,498,205**	**$ 47,510,312**	**$ 47,531,529**	**$ 47,541,121**	**$ 47,548,488**	**$ 47,568,046**	**$ 47,589,213**	**$ 47,599,563**	**$ 47,626,229**	**$ 48,394,680**

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%. The actual average variable rates at March 31, 2019 was 1.99% This interest cost excludes program costs such as liquidity and remarketing fees, which total 21.0 basis pts.
3. There are no irrevocable commitments of PFC's beyond FY2015/2016

RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT PROFILE
March 31, 2019

Series	Final Maturity	Use of Funds	Original Issue Amount	Original Issue Rate	Call Date	Current Issue Amount	Current Issue Rate
2008C	5/1/2036	Refunded 2008C Variable Bonds to to Non-AMT -T2	$ 73,680,000	4.72%	Any Time	$ 58,525,000	1.48%
2010A	5/1/2036	Refunded 2008AB bonds to fixed rate and Terminate Swaps - T2	242,365,000	4.11%	5/1/2020	196,640,000	4.11%
2010B	11/1/2027	Refunded 2001A-Parking Garage Bonds for PV savings	94,080,000	4.11%	5/1/2020	58,235,000	4.11%
2010B-1	11/1/2031	Refunded 2001A-Parking Garage Bonds for PV savings	38,235,000	4.18%	5/1/2020	38,235,000	4.18%
2015A	11/1/2031	Refunded 2005A-Operation Center, G/A Term, 75% of Taxiway D	34,060,000	4.66%	5/1/2025	34,060,000	3.07%
2015B	11/1/2031	Refunded 2005B-Terminal 2 Project, 25% of Taxiway D	48,685,000	4.66%	5/1/2025	34,765,000	3.00%
2017A	5/1/2037	Refunded 2007-Terminal 2 project	115,230,000	4.75%	5/1/2027	110,815,000	3.56%
		Total	**$ 646,335,000**	**4.02%**	(1)	**$ 531,275,000**	**3.36%**

Fixed versus Variable Debt		
Fixed rate debt	89.0%	$ 472,750,000
Variable rate debt (2008C bonds)	11.0%	58,525,000
		$ 531,275,000
Debt outstanding per enplanement		$ 81.2

(1) Excludes unamortized debt issue premiums

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

Year	Population*	Median Household Income**	Per Capita Income***	Median Age****	Unemployment Rate*****
2009	1,122	$55.5	$38.2	34.7	8.4%
2010	1,152	$49.4	$39.1	34.9	8.5%
2011	1,172	$60.7	$40.2	34.4	8.6%
2012	1,205	$60.3	$41.4	35.1	7.7%
2013	1,230	$58.9	$42.5	35.4	6.4%
2014	1,258	$56.6	$46.3	35.2	4.9%
2015	1,290	$59.5	$46.0	36.1	4.7%
2016	1,318	$59.8	$50.4	36.4	4.4%
2017	1,348	$62.3	$52.4	36.7	4.0%
2018	1,381	Unavailable	Unavailable	37.0	3.4%

Sources:

*CAFR Demographic and Economic Statistics for Wake County and Durham County
**U.S. Census Bureau, American Fact Finder - American Community Survey
***U.S. Department of Commerce, Bureau of Economic Analysis
****Raleigh-Durham-Chapel Hill, NC CSA - profile data - Census Reporter
*****U.S. Department of Labor, Bureau of Labor Statistics

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

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

	2018			2009		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Duke University & Health System	38,591	1	4.97%	20,185	2	3.65%
State of North Carolina	24,083	2	3.10%	25,458	1	4.61%
Wake County Public Schools	19,845	3	2.56%	16,755	3	3.03%
Wal-Mart	16,135	4	2.08%			
International Business Machines	10,000	5	1.29%	11,530	4	2.09%
WakeMed Health & Hospitals	9,105	6	1.17%	6,893	7	1.25%
N C State University at Raleigh	9,069	7	1.17%	8,000	6	1.45%
Target	8,000	8	1.03%			
UNC Rex Healthcare	7,400	9	0.95%	4,000		0.72%
SAS Institute, Inc.	5,632	10	0.73%	4,149	10	0.75%
Durham Public Schools	4,600		0.59%	5,489	8	0.99%
GlaxoSmithKline	2,600		0.33%	11,400	5	2.06%
Progress Energy				5,000	9	0.90%
Total	155,060		19.97%	118,859		21.50%

Sources:

Wake County 2018 CAFR - Greater Raleigh Chamber of Commerce
Durham County 2018 CAFR - Durham Chamber of Commerce

RALEIGH-DURHAM AIRPORT AUTHORITY
ACTIVITY STATISTICS
Last Ten Fiscal Years

Fiscal Year	Total Passengers	Aircraft Operations	Enplaned Cargo Volume (tons)	Deplaned Cargo Volume (tons)
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
2012	9,199,631	194,895	36,862	48,446
2011	9,147,426	195,051	44,158	51,658
2010	9,001,247	199,483	46,251	53,021

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
AIR CANADA	43,299	44,552	38,318	32,536	28,603	28,893	27,849	29,885	29,477	27,913
AIRTRAN	—	—	—	—	—	179,787	119,079	115,128	117,280	130,365
ALASKA	97,223	73,305	54,308	25,191	—	—	—	—	—	—
ALLEGIANT	66,303	61,375	44,809	37,763	—	—	—	—	—	—
AMERICAN	1,527,807	1,553,847	1,509,127	1,443,316	761,538	822,556	792,398	796,502	835,120	977,895
CHARTER/ UNSCHEDULED	3,398	2,990	3,210	4,133	7,802	4,504	5,770	2,040	11,137	5,774
CONTINENTAL	—	—	—	—	—	—	139,311	243,467	295,864	306,178
DELTA	1,991,809	1,836,956	1,683,455	1,522,158	1,433,435	1,301,608	1,252,801	1,213,745	1,068,655	992,524
FRONTIER	427,903	146,020	145,730	104,111	44,655	26,028	—	6,146	6,332	—
JETBLUE	281,335	270,297	256,777	253,654	239,660	225,960	227,676	234,131	210,642	152,583
SOUTHWEST	1,269,849	1,205,695	1,168,889	1,132,726	1,075,156	881,332	1,001,494	980,621	1,018,029	1,012,673
UNITED	835,533	749,557	708,999	595,913	479,055	461,097	364,127	248,920	330,210	289,275
USAIR	—	—	—	—	735,199	665,133	702,779	740,900	652,031	623,142
TOTAL	6,544,459	5,944,594	5,613,622	5,151,501	4,805,103	4,596,898	4,633,284	4,611,485	4,574,777	4,518,322

Source: Raleigh-Durham Airport Authority Activity Reports

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

	Avg %	**Monthly Avg**	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
April	8.3%	**421,241**	538,150	487,023	447,366	408,738	401,769	384,101	394,240	385,934	378,833	386,257
May	8.9%	**454,605**	586,622	519,125	514,217	449,653	436,051	417,581	411,004	415,626	400,240	395,931
June	9.2%	**470,709**	614,545	545,573	518,973	464,691	450,658	426,151	428,277	422,735	421,754	413,735
July	9.2%	**467,004**	597,868	532,289	508,317	476,967	444,405	410,540	414,839	427,336	427,675	429,806
August	8.7%	**444,589**	582,829	518,712	481,903	440,297	422,424	396,153	411,880	391,839	399,923	399,927
September	7.8%	**398,803**	461,017	463,363	457,284	404,968	384,148	359,375	369,095	369,392	365,295	354,093
October	8.9%	**452,621**	573,640	530,014	493,170	457,164	431,658	406,059	406,522	412,907	411,232	403,843
November	8.5%	**431,881**	575,067	517,244	480,508	431,732	390,220	374,721	392,065	389,412	393,364	374,480
December	8.6%	**438,792**	562,881	507,048	481,271	461,445	415,732	414,239	383,896	383,279	391,540	386,585
January	6.9%	**350,381**	455,329	405,358	385,261	351,758	328,348	317,903	323,135	314,555	312,767	309,391
February	6.7%	**339,393**	443,374	405,430	374,588	358,049	302,921	293,120	311,865	313,715	299,202	291,670
March	8.4%	**429,386**	553,137	513,415	470,764	446,039	396,769	396,955	386,466	384,755	372,952	372,604
TOTAL		**5,099,406**	6,544,459	5,944,594	5,613,622	5,151,501	4,805,103	4,596,898	4,633,284	4,611,485	4,574,777	4,518,322
Increase (Decrease) over Prior Period			10.1%	5.9%	9.0%	7.2%	4.5%	(0.8)%	0.5%	0.8%	1.2%	(3.6)%

Source: Raleigh-Durham Airport Authority Activity Reports

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Airlines										
AIR CANADA	54,050	54,896	49,068	47,047	44,979	46,540	50,752	60,364	53,752	45,646
AIRTRAN	—	—	—	—	91,000	215,944	138,728	145,040	138,872	151,096
ALASKA	108,502	84,840	64,382	27,394	—	—	—	—	—	—
ALLEGIANT	69,473	62,026	45,527	37,743	—	—	—	—	—	—
AMERICAN	1,829,047	1,806,337	1,775,281	1,569,356	889,370	986,671	919,159	945,196	1,015,421	1,199,346
CONTINENTAL	—	—	—	—	—	—	162,018	270,259	325,661	340,284
DELTA	2,330,006	2,149,363	2,057,116	1,808,812	1,776,474	1,641,586	1,503,387	1,453,247	1,281,755	1,161,040
FRONTIER	417,784	137,204	141,610	105,682	50,447	28,369	—	21,676	44,847	—
JETBLUE	329,451	307,300	284,781	285,029	264,781	266,987	256,643	269,025	249,735	190,769
SOUTHWEST	1,403,967	1,324,040	1,285,108	1,283,654	1,168,858	1,058,200	1,239,454	1,226,814	1,205,886	1,237,984
UNITED AIRLINES	978,432	866,777	809,007	646,950	507,034	517,665	396,819	516,571	484,410	473,477
USAIR	—	—	—	—	874,493	797,467	818,146	752,766	716,733	658,321
CHARTER/OTHER	6,976	6,454	6,704	7,465	13,315	11,814	17,455	24,926	16,968	17,940
Cargo										
FEDERAL EXPRESS	302,775	319,470	299,700	294,116	290,774	269,512	251,156	244,371	250,699	239,170
UPS	203,676	178,221	157,182	144,829	142,946	137,312	132,418	133,430	134,901	131,024
OTHERS	16,990	8,125	7,938	8,118	8,797	8,202	8,287	33,463	75,259	79,123
TOTAL	8,051,129	7,305,053	6,983,404	6,266,195	6,123,268	5,986,269	5,894,422	6,097,148	5,994,899	5,925,220

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.

RDU serves 13.1 million passengers on 10 airlines and serves 65 international and domestic nonstop destinations with an average of 216 daily flights. In the fiscal year 2019 97% of all passengers at the airport enplaned on domestic flights and 3% 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	11,270 spaces approximately
4 - 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
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	10,891,951
2013	628,069	5,048,573	5,676,612
2012	84,891	1,061,497	1,146,388
2011	579,473	6,613,436	7,192,909
2010	1,611,573	10,397,845	12,009,418
Total	$ 43,695,125	$ 59,990,229	$ 103,685,326

Source: Schedule of Expenditures of Federal and State Awards

RALEIGH-DURHAM AIRPORT AUTHORITY
EMPLOYEE HEADCOUNT
Last Ten Fiscal Years

Fiscal Year Ended	Number of Employees
2019	329
2018	318
2017	288
2016	286
2015	272
2014	273
2013	270
2012	273
2011	271
2010	271

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, 2019

Contents

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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 20, 2019.

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 to be 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 result 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.

Elliott Davis, PLLC

Raleigh, North Carolina
June 20, 2019

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

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, 2019. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

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, 2019.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB 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, 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated June 20, 2019, 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 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 expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Elliott Davis, PLLC

Raleigh, North Carolina
June 20, 2019

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 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

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, 2019. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 US *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. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major State Program

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, 2019.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 and the State Single Audit Implementation Act

We have audited the financial statements of the business-type activities of the Raleigh Durham Airport Authority, as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We have issued our report thereon dated June 20, 2019, 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In in our opinion, schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Elliott Davis, PLLC

Raleigh, North Carolina
June 20, 2019

Raleigh-Durham Airport Authority

Schedule of Expenditures of Federal and State Awards

For the year ended March 31, 2019

Grantor / Program Type	Federal CFDA Number	Grantor's Number	Expenditures
Federal Awards			
United States Department of Transportation			
Federal Aviation Administration			
Airport and Airway Improvement Act of 1982-			
Airport Improvement Program	20.106	3-37-0056-46	$ 72,095
Airport Improvement Program	20.106	3-37-0056-47	2,684
Airport Improvement Program	20.106	3-37-0056-48	12,849,728
Airport Improvement Program	20.106	3-37-0056-49	1,573,658
Airport Improvement Program	20.106	3-37-0056-50	629,620
Total Department of Transportation			15,127,785
United States Department of Homeland Security			
Transportation Security Administration			
Law Enforcement Officer Reimbursement Agreement Program	97.090		277,400
Total Department of Homeland Security			277,400
Total Federal Awards			$ 15,405,185
State Awards			
North Carolina Department of Transportation			
State Aid to Airports Program		Various	$ 38,420,576
Total Department of Transportation			38,420,576
Total State Awards			$ 38,420,576
Total Federal and State Awards			$ 53,825,761

*No Awards were passed through to subrecipients

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Authority under programs of the federal government for the year ended March 31, 2019. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance and the State Single Audit Implementation Act. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

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, 2019. 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.

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

Federal Awards

Internal control over major federal programs:

- 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 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 __X__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Department of Transportation: Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B Programs $750,000

Auditee qualified as low-risk auditee? __X__ yes ______ no

State Awards

Internal control over major State programs:

- 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 major State programs: Unmodified

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

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

Prior year audit findings

None reported

Raleigh-Durham Airport Authority

Compliance Section Related to Passenger Facility Charge Program

For the fiscal year ended March 31, 2019

Contents

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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 20, 2019.

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 to be 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 result 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.

Elliott Davis, PLLC

Raleigh, North Carolina
June 20, 2019

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

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, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's passenger facility charge program based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Authority's passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facilities charge program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Passenger Facility Charge Program

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, 2019.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the Authority's passenger facility charge program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of the passenger facility charge 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 compliance requirement of the passenger facility charge 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 the Passenger Facility Charge 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Passenger Facility Charges

We have audited the financial statements of the Authority as of and for the years ended March 31, 2019 and have issued our report thereon date June 20, 2019. 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.

Elliott Davis, PLLC

Raleigh, North Carolina
June 20, 2019

Raleigh-Durham Airport Authority

Schedule of Passenger Facility Charges

For the year ended March 31, 2019

Federal Agency/Program Name/Application Number		PFC Balance April 1, 2018		PFC Collected		Interest Earnings		Expenditures		PFC Balance March 31, 2019
Federal Aviation Administration										
Passenger Facility Charges (02-01-C-00-RDU)	$	27,635,490	$	26,594,773	$	58,618	$	(22,000,000)	$	32,288,881

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.

Raleigh-Durham Airport Authority

Schedule of Findings and Questioned Costs

For the year ended March 31, 2019

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 I. Financial Statement Findings

None

Section II. Passenger facility charge findings and questioned costs

None

Raleigh-Durham Airport Authority

Schedule of Prior Audit Findings
For the year ended March 31, 2019

Prior year audit findings

None reported