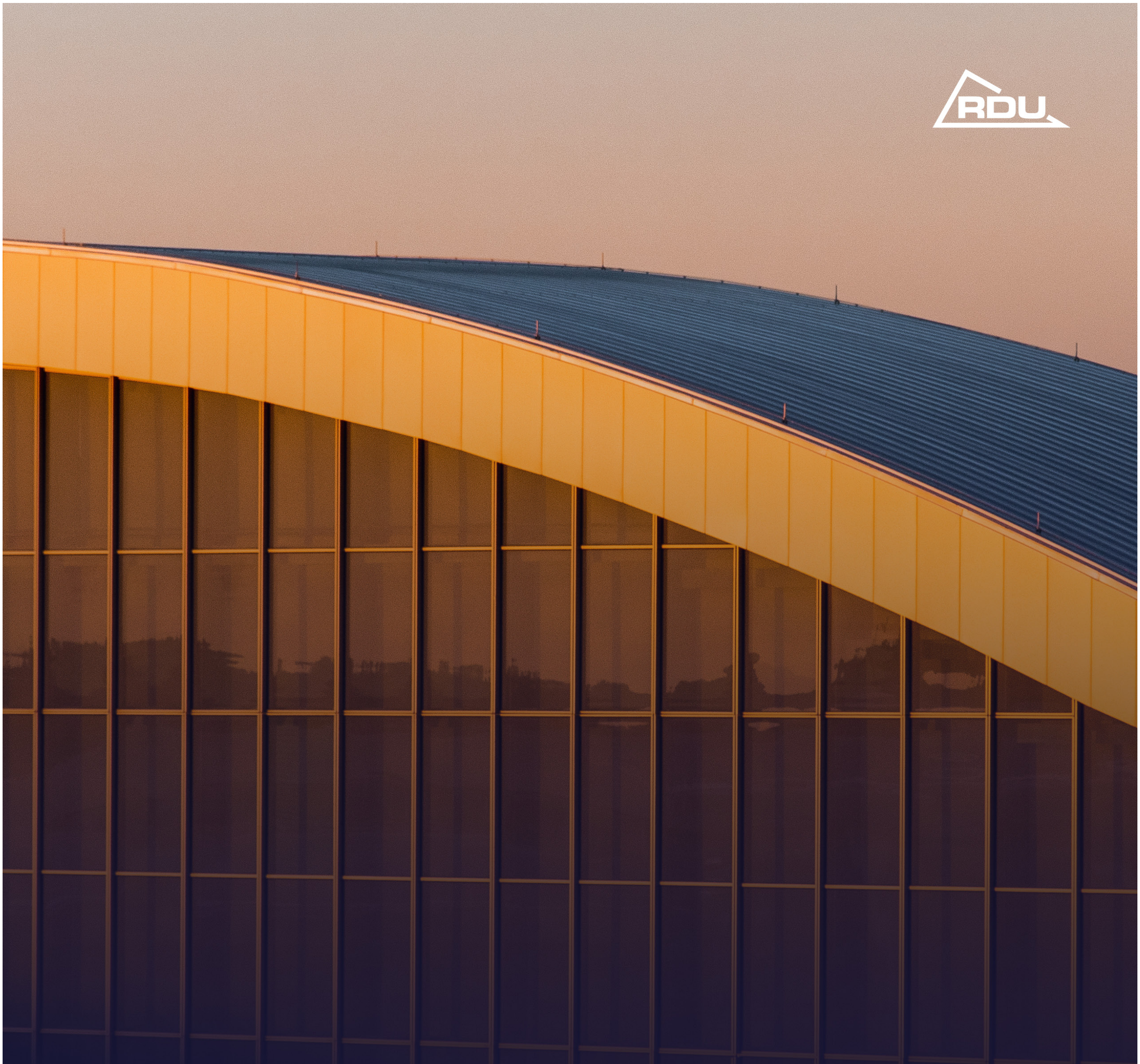


Raleigh-Durham Airport Authority

Comprehensive Annual Financial Report

For The Fiscal Year Ended March 31, 2020 and 2019

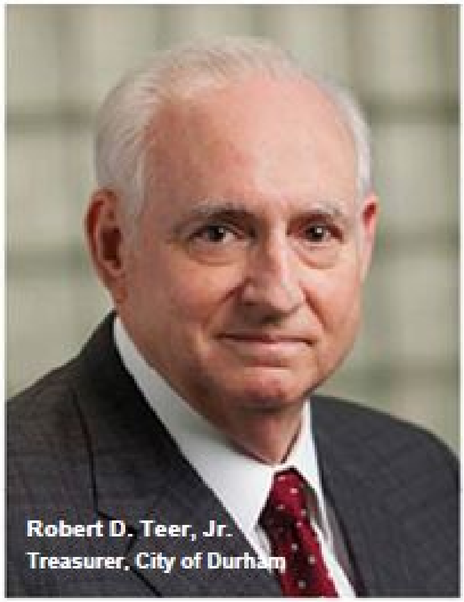
Raleigh-Durham, North Carolina

RALEIGH-DURHAM AIRPORT AUTHORITY
RDU Airport, North Carolina

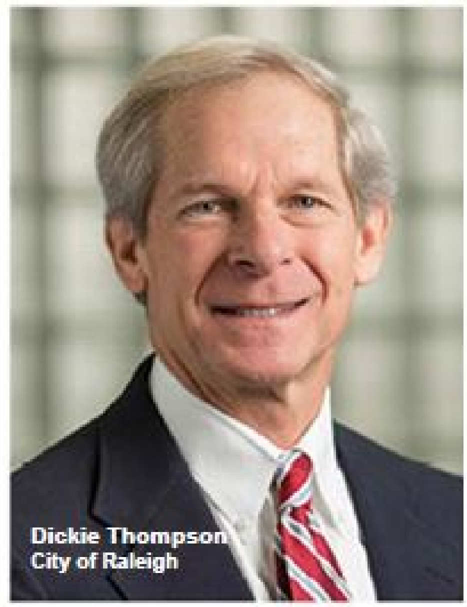
Comprehensive Annual Financial Report

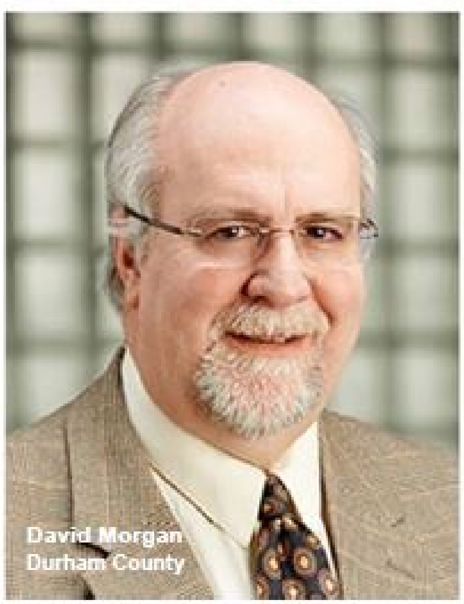
For the Fiscal Years Ended March 31, 2020 and 2019

Prepared by the Finance Department



Board Members





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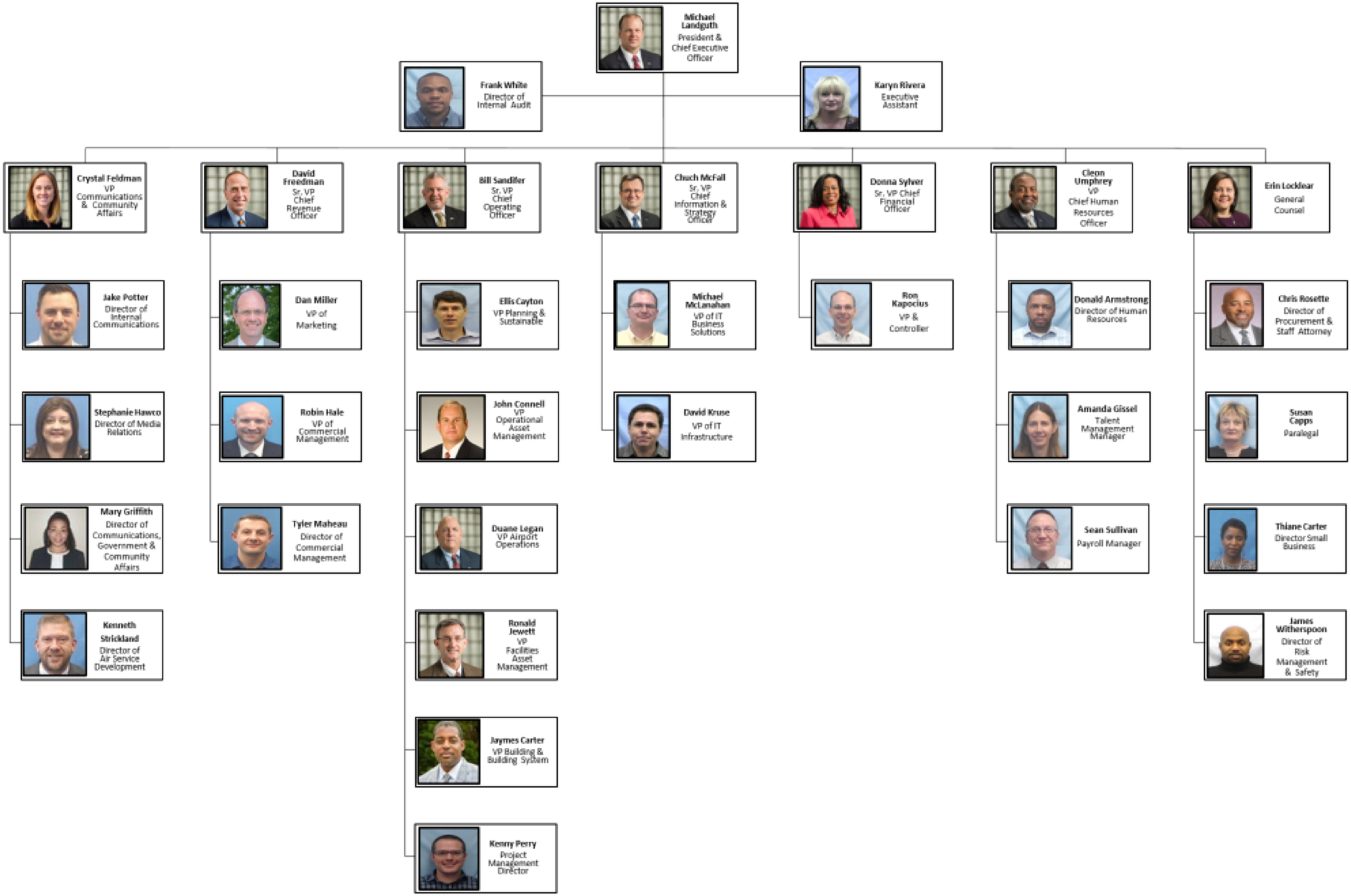

Government Finance Officers Association

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, 2019

Christopher P. Morrill

Executive Director/CEO

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

RALEIGH-DURHAM AIRPORT AUTHORITY
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tel: (919) 840-7700 · fax: (919) 840-0175 · www.rdu.com

July 16, 2020

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, 2020. 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, 2019 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, 2020 Comprehensive Annual Financial Report to the Government Finance Officers Association for their review and seek the award for the twelfth 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

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

Reporting Entity (continued)

governmental units that appoint its members. This total of $50,000 is less than one-tenth of one percent of the Authority's annual operating revenue.

Economy, Region & Air Service

RDU broke its all-time passenger volume record for the fourth year in a row in Fiscal Year 2019-2020 with more than 13.8 million passengers traveling through the airport – about 38,000 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 55,000 people. The primary Triangle region consists of Durham, Orange and Wake counties.

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

The 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. Route 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 "The State of Aviation" 2019 report determined 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 57 nonstop destinations during Fiscal Year 2019-2020. Delta has classified RDU as a "focus city" and leads all airlines in enplanement market share at RDU at 31 percent; American captures 23 percent of the RDU market; Southwest and United comprise 18 percent and 11 percent, respectively.

During Fiscal Year 2019-2020, more than 400 daily flights connected central North Carolina to the world, including London, Paris, Toronto and other major international cities. While Delta continues to expand service, RDU has observed significant growth among low-cost and ultra-low cost leisure air carriers, including Spirit, which launched service to the region in May 2019. Thanks to this increased diversification, RDU continues to offer one of North Carolina's lowest average fares.

Economy, Region & Air Service (continued)

RDU's carriers added new nonstop service to a variety of destinations during the past fiscal year, totaling 24 new routes. Of particular note is Air Canada's investment in daily service to RDU's fifth international destination, Montreal.

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. About 103,000 tons of cargo came through RDU, reflecting a 3.9 percent decrease over last fiscal year.

FY 2019-20 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 Airport Authority launched a major project to rehabilitate RDU's primary runway, 5L/23R, with 117 new concrete slabs. The current 5L/23R is nearing the end of its useful life and must be rehabilitated annually until its eventual replacement, as described in the Vision 2040 master plan. Other major airfield project accomplishments during the fiscal year include completed reconstruction of Taxiway F and initial development of an overnight apron for necessary aircraft parking. The Authority also focused on several projects in RDU's two terminals, including opening two new security checkpoint lanes in Terminal 2 and preparation to activate four new gates in Terminal 1. RDU also celebrated the launch of new Wi-Fi upgrades for added guest convenience.

The Authority celebrated several parking and roadway projects this past fiscal year, such as a complete rehabilitation of Park Economy 3, launching the new Express lot, activating an online booking tool for added convenience and completing a major paving project on John Brantley Boulevard.

In recognition of these improvements, J.D. Power & Associates named RDU one of North America's five best large airports for customer satisfaction.

The emergence of the global COVID-19 pandemic in March 2020 disrupted six years of consecutive passenger growth at Raleigh-Durham International Airport and forced the Authority to make difficult business decisions. In the weeks and months since, new health and safety best practices have changed airport operations and customer expectations. COVID-19's chilling effect on air service caused immediate financial hardships for the airport and its business partners. RDU's passenger traffic reached a mid-April low of just 3.5 percent of traffic from a

FY 2019-20 Major Events and Initiatives (continued)

year earlier, and nonstop service to dozens of destinations was discontinued. In turn, the Authority's revenue sources – including parking, concessions and rental cars – experienced similar declines.

Each year, the Airport Authority looks to its competitive strategies – Customer Experience, Fiscal Responsibility and Operational Excellence – to develop and prioritize the major projects it will undertake. The impact of COVID-19 has significantly reduced the number of capital projects the Authority will pursue in Fiscal Year 2020-2021. Two projects that will move forward are the continued preservation of RDU's primary runway and the four-gate activation in Terminal 1.

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.

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, 2020, 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, 2020 and 2019.

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

RDU
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President & CEO
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Independent Audit (continued)

(CAFR) for the fiscal year ended March 31, 2019. This was the eleventh 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.

Acknowledgments

The completion of this report would not have been possible without the dedication and efforts of all the team members of the Finance 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

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, 2020 and 2019, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of March 31, 2020 and 2019, 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.

Restatements

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. In addition, the Authority restated airport and facilities and other accrued payables as of March 31, 2019. Our opinion is not modified with respect to these matters.

Required Supplemental Information
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10, and the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 46, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 47 through 48 the Local Government Employees' Retirement System's Schedule of the Proportionate Share of Net Pension Asset (Liability) Contributions, on pages 49 through 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory section, 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 July 16, 2020 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Elliott Davis, PLLC

Raleigh, North Carolina
July 16, 2020

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, 2020 and March 31, 2019. 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 16 to 44 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

Background (continued)

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

The Airport has two primary runways and one secondary runway. In the fiscal years ended March 31, 2020 and 2019, 13.8 million and 13.1 million annual passengers, respectively, used the Airport.

Financial Highlights and Analysis

Net Position

For the fiscal year ending March 31, 2020, current assets decreased $0.7 million from the prior fiscal year due primarily to a decrease in short-term investments of $16.6 million, a decrease in accounts receivable of $1.6 million, and a decrease in grants receivable of $2.7 million, offset by an increase in cash and cash equivalents in the amount of $21.7 million. For the fiscal year ending March 31, 2019, current assets increased $66.8 million or 27.6% from the prior fiscal year due 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, 2020, airport and facilities, net, increased $52.0 million or 6.2% versus the fiscal year ending March 31, 2019, due to an increase in non-depreciable airport and facilities of $31.7 million or 25.6%, along with an increase in depreciable net airport and facilities of $20.4 million or 2.9%. For the fiscal year ending March 31, 2019, net airport and facilities increased $25.1 million or 3.1% versus the fiscal year ending March 31, 2018, primarily due to an increase in non-depreciable airport and facilities of $41.2 million or 49.9%, offset by a decrease in depreciable net airport and facilities of $16.1 million or 2.2%.

For the fiscal year ending March 31, 2020, other non-current assets decreased by $5.3 million or 4.2% versus the fiscal year ending March 31, 2019 due to a decrease in state grant funds of $14.6 million or 100.0%, and a decrease in parity reserve of $8.3 million or 17.5%, offset by an increase in customer facility charge cash of $17.2 million or 56.0%. For the fiscal year ending March 31, 2019, other non-current assets increased by $36.8 million or 40.9% versus the fiscal year ending March 31, 2018, due to an increase in state grant funds of $14.6 million or 100.0% and an increase in customer facility charge cash of $14.6 million or 89.8%.

The combined effect of the above items was an increase to total assets of $46.0 million or 3.6% for the fiscal year ending March 31, 2020, $128.7 million or 11.3% for the fiscal year ending March 31, 2019, and $39.9 million or 3.6% for the fiscal year ending March 2018.

For the fiscal year ending March 31, 2020, deferred outflows of resources increased by $0.3 million or 4.9% due to an increase in the Authority's proportionate share of the Local Government Employees' Retirement System's net pension liability relative to the fiscal year ending March 31, 2019. For the fiscal year ending March 31, 2019, deferred outflow of resources increased by $2.7 million or 70.9% due to an increase in the Authority's proportionate share of the Local Government Employees' Retirement System's net pension liability relative to the fiscal year ending March 31, 2018.

For the fiscal year ending March 31, 2020, current liabilities decreased by $18.1 million or 25.4% due to a decrease in deferred revenue of $13.6 million or 93.5%, and a decrease in accrued bond interest of $5.2 million or 54.5%, offset by an increase in accounts payable and accrued liabilities of $0.9 million or 4.2% compared to the fiscal year ending March 31, 2019. For the fiscal year ending March 31, 2019, current liabilities increased by $25.2 million or 54.5% due to an increase in deferred revenue of $14.6 million or

Net Position (continued)

100.0%, an increase in accounts payable of $12.1 million or 197.2%, offset by a decrease in other accrued liabilities of $2.1 million or 33.9% versus the fiscal year ending March 31, 2018.

For the fiscal year ending March 31, 2020, total non-current liabilities decreased by $52.0 million or 9.2% from the prior fiscal year, due to a decrease in long-term debt of $54.2 million or 9.9%. 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, due to a decrease in long-term debt of $25.5 million or 4.4%.

For the fiscal year ending March 31, 2020, total deferred inflows of resources decreased $0.1 million or 31.9% due to a decrease in deferred pensions of $0.1 million or 31.9% compared to the fiscal year ending March 31, 2019. For the fiscal year ending March 31, 2019, total deferred inflows of resources increased $0.1 million or 63.7% due to an increase in deferred pensions of $0.1 million or 63.7% as compared to the fiscal year ending March 31, 2018.

The combined effect of these items was an increase in net position of $116.5 million or 18.1% for the fiscal year ending March 31, 2020. For the fiscal year ending March 31, 2019, net position increased $126.3 million or 24.5%. For the fiscal year ending March 31, 2018, net position increased by $56.2 million or 12.2%. Airport and facilities, net for March 31, 2019 was restated as $835.3 million — refer to Note 10 for details. Net position at March 31, 2020, March 31, 2019, and March 31, 2018 are presented in the following table:

Condensed Statements of Net Position

	March 31, 2020	March 31, 2019	March 31, 2018
Current assets	$ 308,094,220	$ 308,824,235	$ 242,006,672
Airport and facilities, net	887,310,146	835,276,139	810,223,985
Other non-current assets	121,518,314	126,851,356	90,027,064
Total assets	1,316,922,680	1,270,951,730	1,142,257,721
Total deferred outflows of resources	6,876,022	6,551,822	3,833,259
Current liabilities	53,221,079	71,366,786	46,192,350
Non-current liabilities	512,031,748	564,011,494	584,116,269
Total liabilities	565,252,827	635,378,280	630,308,619
Total deferred inflows of resources	150,373	220,660	134,756
Net investment in capital assets	402,780,975	304,228,547	302,248,539
Restricted net position	82,294,140	79,324,099	43,967,510
Unrestricted net position	273,320,387	258,351,966	169,431,556
Net position	$ 758,395,502	$ 641,904,612	$ 515,647,605

Revenues, Expenses, and Change in Net Position

For the fiscal year ended March 31, 2020, the Authority experienced a $7.7 million increase, or 4.7%, in operating revenues due mainly to an increase of $4.6 million or 7.6% in parking revenue and an increase of $2.6 million or 36.4% in other revenue, offset by a decrease in airfield revenue of $1.0 million or 5.5% compared to the prior fiscal year.

For the fiscal year ended March 31, 2019, the Authority experienced a $14.2 million increase, or 9.4% in operating revenues due to an increase of $5.6 million or 10.1% in parking revenue, an increase of $3.3 million or 6.4% in terminal revenue and an increase in airfield revenue of $2.2 million or 13.2% compared to the prior fiscal year.

Operating expenses (excluding depreciation) increased $14.9 million or 20.3% for the fiscal year ending March 31, 2020, compared to the prior fiscal year. This increase was due to a $6.4 million increase, or 25.5%, in airport facilities expenses, a $4.3 million or 22.6% increase in administrative expenses, a $1.8 million or 25.9% increase in airport maintenance expenses, and a $1.5 million or 37.4% increase in ground transportation expenses. Depreciation expense increased $2.5 million or 5.2% during the fiscal year ending March 31, 2020. Thus, total operating expenses (including depreciation) increased $17.4 million or 14.4%.

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 due to a $0.8 million or 64.0% increase in fueling systems expense, a $0.6 million or 17.1% increase in ground transportation expenses, and a $0.8 million or 12.5% increase in airport maintenance expenses, 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 a decrease in operating income of $9.7 million, with a fiscal year ending March 31, 2020 operating income of $34.9 million. For the fiscal year ending March 31, 2019, the combined effect of the above items was an increase in operating income of $13.5 million resulting in a fiscal year 2019 ending operating income of $44.6 million.

For the period ending March 31, 2020, total non-operating revenues (expenses) increased $25.9 million or 87.0% due to increases in investment interest income of $1.9 million or 31.3%, increases in PFC revenue of $1.2 million or 4.4%, a decrease in bond interest expenses of $16.8 million or 78.3%, and an increase of $8.2 million or 100%, in termination income (refer to note 5 for details) versus the period ending March 31, 2019.

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 $2.4 million or 66.8%, 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 fiscal year ending March 31, 2020, capital contributions, mainly from federal and state grants received for capital project expenditures, decreased $28.0 million or 51.9% compared to the prior fiscal year. For the fiscal year ending March 31, 2019, capital contributions increased $48.9 million or 987.6% versus the prior fiscal year.

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

Net position serves as a useful indicator of the Authority's financial condition. The Authority's net position for the fiscal year ending March 31, 2020, increased $116.5 million or 18.1% compared to the previous fiscal year. Net position for the fiscal year ending March 31, 2019, increased $126.3 million or 24.5% versus the previous fiscal year. A condensed representation of revenues, expenses and change in net position for the fiscal years ending March 31, 2020, 2019, and 2018 are presented in the following table:

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

	March 31, 2020	March 31, 2019	March 31, 2018
Total operating revenues	173,591,309	165,871,236	151,648,565
Operating expenses	88,300,323	73,374,858	72,330,314
Depreciation	50,382,473	47,889,122	48,199,789
Total operating expenses	138,682,796	121,263,980	120,530,103
Operating income (loss)	34,908,513	44,607,256	31,118,462
Total non-operating revenues (expenses)	55,720,327	29,793,164	20,271,196
Capital contributions	25,862,050	53,820,449	4,948,413
Increase (decrease) in net position	116,490,890	128,220,869	56,338,071
Net position, beginning restated	—	(1,963,862)	(104,245)
Net position, beginning of year	641,904,612	515,647,605	459,413,779
Net position, end of year	$ 758,395,502	$ 641,904,612	$ 515,647,605

Cash Flows

For fiscal year ending March 31, 2020, cash provided by operating activities was $92.4 million. This was an decrease of $7.6 million or 7.6% from the prior fiscal year. For fiscal year ending March 31, 2019, cash provided by operating activities was $100.1 million and reflected an increase of $23.2 million or 30.1% from the prior fiscal year.

For the fiscal year ending March 31, 2020, cash provided by investing activities of $17.7 million represented an increase of $105.0 million or 120.3% relative to the prior fiscal year. This increase in investing activity cash was due to an increase in net proceeds from short-term investments. For the fiscal year ending March 31, 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, 2020, cash used in capital and related financing activities of $107.2 million represented an increase in cash used of $104.4 million or 3,735.1% from the prior fiscal year. The primary contributor to this was an increase in capital expenditures of $35.7 million throughout fiscal year 2020 and an increase in payments of long-term debt of $240.7 million, offset by an increase in the issuance of long-term debt of $210.6 million . 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.

For the fiscal year ending March 31, 2020, cash provided by operating activities of $92.4 million and cash provided by investment activities of $17.7 million, offset by cash used in capital and related financing activities of $107.2 million produced an overall increase in cash and cash equivalents of $3.0 million. For the fiscal year ending March 31, 2019, cash provided by operating activities of $100.1 million, offset by cash used in investment activities of $87.3 and cash used in capital and related financing activities of $2.8 million produced an overall increase in cash and cash equivalents of $10.0 million.

The following is a summary of the change in cash and cash equivalents for the fiscal years ended March 31, 2020, March 31, 2019, and March 31, 2018:

Condensed Statement of Cash Flows

	March 31, 2020	March 31, 2019	March 31, 2018
Net cash provided by (used in):			
Operating activities	$ 92,441,809	$ 100,078,782	$ 76,899,992
Investing activities	17,701,312	(87,310,444)	(57,453,628)
Capital and related financing activities	(107,153,675)	(2,794,014)	(23,226,104)
Net increase (decrease)	2,989,446	9,974,324	(3,779,740)
Cash and cash equivalents at beginning of year	100,532,523	90,558,199	94,337,939
Cash and cash equivalents at end of year	$ 103,521,969	$ 100,532,523	$ 90,558,199

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

Capital Assets

As of March 31, 2020, the Authority had $887.3 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents increases in construction in progress of $97.2 million offset by a net increase in depreciation of $50.4 million over the prior fiscal year. As of March 31, 2019, the Authority had $835.3 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents increases in construction in progress of $72.9 million offset by a net increase in depreciation of $47.9 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

Despite the uncertainty surrounding the COVID-19 impact, 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's population is projected to grow by an additional 61% by 2046. With its high-quality lifestyle and comparatively low cost of living, 76 new people move to the Research Triangle area every day.

For the fiscal year ended March 31, 2020, the Authority's enplaned passengers increased year-over-year to 6.9 million, which represented a 5.5% increase compared to the prior fiscal year. 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.

In 2017 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. Vision 2040 ensures that RDU has the essential infrastructure in place to keep pace with the region's continued growth.

Debt Activity

For the fiscal year ending March 31, 2020, the Authority's outstanding debt totaled $445.8 million, which was comprised of 87.3% fixed rate revenue bonds and 12.7% variable rate revenue bonds. The weighted average interest cost of this debt portfolio was 2.7% at March 31, 2020.

For the fiscal year ending March 31, 2019, the Authority's outstanding debt totaled $531.3 million, which 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 more information on debt activity please refer to Note 5 to the financial statements.

Budget Information for the Fiscal Year Ending March 31, 2021

The Authority budgets conservatively, especially with respect to revenues. For comparison purposes, the fiscal year ending March 31, 2021 budgeted operating revenues of $186.2 million is $12.7 million or 7.3% greater than actual fiscal year ended March 31, 2020 operating revenues of $173.6 million.

For the fiscal year ending March 31, 2021 relative to the prior fiscal year budget, total budgeted operating revenues increased $20.2 million or 12.2%. Significant drivers of budgeted revenue increases include increased parking revenue of $10.8 million, increased terminal related revenue of $1.9 million, and increased ground transportation revenue of $2.7 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 included increased parking revenue of $4.8 million, increased terminal related revenue of $5.4 million, increased rental car revenue of $2.1 million, and increased ground transportation revenue of $1.1 million.

For the fiscal year ending March 31, 2021 relative to the prior fiscal year budget, total operating expenses (including depreciation) are budgeted to increase $5.1 million or 3.6%. The increase is predominantly driven by increased salaries, benefits, and related expenses of $5.2 million. For the fiscal year ending March 31, 2020 relative to the prior fiscal year budget, total operating expenses were budgeted to increase $7.9 million or 6.2%. The increase was predominantly driven by increased salaries, benefits, and related expenses of $3.7 million and increased contractual labor expenses of $3.3 million.

For the fiscal year ending March 31, 2021 relative to the prior fiscal year budget, non-operating revenues (expenses) increased $2.1 million or 4.1% due to increased PFC revenues of $3.0 million offset by decreased grant contributions of $0.8 million. 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.

The combined net effect of these items for the fiscal year ending March 31, 2021 will increase budgeted net position by $94.0 million. The combined net effect of these items for the fiscal year ending March 31, 2020 increased budgeted net position by $76.8 million.

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, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 28,902,889	$ 7,243,769
Short-term investments	269,624,965	286,222,305
Accounts receivable, net	5,070,702	6,684,710
Grants receivable	1,129,373	3,836,577
Other current assets	3,366,291	4,836,874
Total current assets	308,094,220	308,824,235
Non-current assets		
Restricted assets		
DEA/ICE forfeitures cash	291,152	226,159
Passenger facility charge cash	31,121,903	28,197,259
Passenger/customer facility charge receivable	2,868,334	5,558,732
Customer facility charge cash & investments	48,012,751	30,781,832
State grant funds	—	14,560,117
Parity reserve fund investment	39,224,174	47,527,257
Total restricted assets	121,518,314	126,851,356
Airport and facilities		
Airport and facilities, non-depreciable	155,453,991	123,791,530
Airport and facilities, depreciable net	731,856,155	711,484,609
Airport and facilities, net	887,310,146	835,276,139
Total non-current assets	1,008,828,460	962,127,495
TOTAL ASSETS	1,316,922,680	1,270,951,730
DEFFERRED OUTFLOWS OF RESOURCES		
Deferred outflows	6,876,022	6,551,822
TOTAL DEFFERRED OUTFLOWS OF RESOURCES	6,876,022	6,551,822

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
March 31, 2020 and 2019

	2020	2019
LIABILITIES		
Current liabilities		
Accounts payable	20,243,922	18,249,098
Other accrued liabilities	2,027,084	3,114,380
Deferred revenue	945,130	14,560,117
Accrued employee compensation	4,580,060	3,219,655
Accrued bond interest payable	4,339,883	9,538,536
Current maturities of long-term debt	21,085,000	22,685,000
Total current liabilities	53,221,079	71,366,786
Non-current liabilities		
Long-term debt		
General airport revenue bonds	494,035,455	548,238,154
	494,035,455	548,238,154
Other non-current liabilities		
OPEB retiree health care liability	7,426,708	6,797,224
Separation allowance liability	1,168,659	1,081,668
Net pension liability	9,400,926	7,894,448
	17,996,293	15,773,340
Total non-current liabilities	512,031,748	564,011,494
TOTAL LIABILITIES	565,252,827	635,378,280
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows	150,373	220,660
TOTAL DEFERRED INFLOWS OF RESOURCES	150,373	220,660
NET POSITION		
Net investment in capital assets	402,780,975	304,228,547
Restricted for:		
DEA/ICE forfeitures	291,152	226,159
State grant funds	—	14,560,117
Passenger facility charges	33,121,903	32,288,882
Customer facility charges	48,881,085	32,248,941
Unrestricted net position	273,320,387	258,351,966
TOTAL NET POSITION	$ 758,395,502	$ 641,904,612

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, 2020 and 2019

	2020	2019
Operating revenues		
Parking	$ 65,169,221	$ 60,543,954
Airfield	17,782,634	18,808,634
General aviation	1,904,083	1,654,755
Terminals	55,900,285	55,102,240
Air cargo	2,795,669	2,854,505
Fueling systems	2,400,713	2,332,414
Rental car	17,912,819	17,446,412
Other	9,725,885	7,128,322
Total operating revenues	173,591,309	165,871,236
Operating expenses		
Airport facilities	31,671,162	25,231,535
Administrative	23,158,161	18,893,982
Fueling systems	1,461,502	2,050,425
Law enforcement	5,382,115	5,249,412
Airport maintenance	8,901,316	7,072,745
Parking	5,646,463	4,970,567
Airport fire - rescue	2,142,533	2,083,912
Guest services	1,096,467	934,799
Communications	1,391,845	1,062,384
Operations	2,094,852	1,929,564
Ground transportation	5,353,907	3,895,533
Subtotal	88,300,323	73,374,858
Depreciation	50,382,473	47,889,122
Total operating expenses	138,682,796	121,263,980
Operating income	34,908,513	44,607,256
Non-operating revenues (expenses)		
Investment interest income	8,004,251	6,096,998
Passenger facility charges	27,833,021	26,653,392
Customer facility charges	16,632,180	16,578,862
Net (decrease) increase in fair value of investments	670,337	1,132,940
Bond interest expense, net	(4,645,836)	(21,404,408)
Other, net	(1,000,626)	735,380
Termination Income	8,227,000	—
Total non-operating revenues (expenses)	55,720,327	29,793,164
Income (loss) before capital contributions	90,628,840	74,400,420
Capital contributions	25,862,050	53,820,449
Increase in net position	116,490,890	128,220,869
Net position, beginning, previously reported	641,904,612	515,647,605
Restatement	—	(1,963,862)
Net position, beginning restated	641,904,612	513,683,743
Net position, end of year	$ 758,395,502	$ 641,904,612

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Cash received from operations	$ 175,867,998	$ 168,559,083
Other, net	217,045	674,411
Cash paid to employees	(34,601,080)	(30,221,348)
Cash paid to suppliers	(49,042,154)	(38,933,364)
Net cash provided by operating activities	92,441,809	100,078,782
Investing activities		
Purchases of short-term investments	(831,020,635)	(286,876,160)
Proceeds from short-term investments	840,515,312	194,500,000
Interest on cash deposits	8,206,635	5,065,716
Net cash provided by (used in) investing activities	17,701,312	(87,310,444)
Capital and related financing activities		
Payments of long-term debt	(263,432,529)	(22,760,000)
Issuance of long-term debt	210,615,000	—
Other capital and financing costs		
Additions to airport and facilities, net	(101,435,285)	(65,719,333)
Bond interest paid on long-term debt	(14,214,136)	(24,734,534)
Passenger facility charges collected	29,924,644	26,158,793
Customer facility charges collected	17,212,690	15,239,902
Contributed capital	14,175,941	69,021,158
Net cash used in capital and related financing activities	(107,153,675)	(2,794,014)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,989,446	9,974,324
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	100,532,523	90,558,199
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 103,521,969	$ 100,532,523

(Continued on page 15)

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2020 and 2019

	2020	2019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 34,908,513	$ 44,607,256
Other, net	217,045	674,411
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	50,382,473	47,889,122
Changes in operating assets and liabilities		
Accounts receivable	1,331,559	2,687,846
Inventories	2,295,900	94,395
Other current assets	(754,015)	(557,511)
OPEB retiree health care liability	629,484	2,141,986
Net pension liability	1,506,478	1,169,889
Separation allowance liability	86,991	104,588
Deferred outflows	(324,200)	(2,718,563)
Deferred inflows	(70,287)	85,904
Accounts payable and other accrued liabilities	(73,667)	2,805,771
Accrued employee compensation	1,360,405	1,093,688
Unearned rent	945,130	—
Net cash provided by operating activities	$ 92,441,809	$ 100,078,782

	2020	2019
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Current assets		
Cash and cash equivalents	$ 28,902,889	$ 7,243,769
Restricted cash and cash equivalents:		
DEA/ICE forfeitures cash	291,152	226,159
State grant funds	—	14,560,117
Passenger facility charge cash	31,121,903	28,197,259
Customer facility charge cash	3,981,851	2,777,962
Parity reserve fund investment	39,224,174	47,527,257
	$ 103,521,969	$ 100,532,523

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 - As of April 1, 2019, RDU changed accounting methodology related to inventory from capitalizing inventory to expensing inventory as purchased. Prior to April 1, 2019, inventory was included in other current assets and consisted 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 were valued at cost. Fuel inventories were 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

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

Deferred outflows/inflows of resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflow of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The Authority has five items that meet this criterion: differences between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on pension plan investments, 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.

As of March 31, 2020, the combined balance of deferred outflows of resources is as follows:

Deferred Outflows of Resources	2020	2019
Pensions:		
Differences between expected and actual experience	$1,609,677	$1,217,925
Changes of assumptions	1,532,195	2,094,880
Net difference between projected and actual earnings on pension plan investments	229,302	1,083,672
Changes in proportion and differences between employer contributions and proportionate share of contributions	328,185	301,160
Employer contributions subsequent to the measurement date	1,822,899	1,354,462
Separation Allowance:		
Differences between expected and actual experience	141,092	111,091
Changes of assumptions	36,119	12,155
Benefit payments subsequent to the measurement date	30,142	30,436
Other Post-Employment Benefits (OPEB):		
Differences between expected and actual experience	470,215	131,402
Changes of assumptions	215,966	—
Benefit payments and administrative costs made subsequent to the measurement date	460,230	214,639
Total Deferred Outflows of Resources	$6,876,022	$6,551,822

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 two item that meet the criterion for this category: Differences between expected and actual experience and changes of assumptions.

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

Deferred Inflows of Resources	**2020**	**2019**
Pensions:		
Differences between expected and actual experience	$0	$40,867
Separation Allowance:		
Changes of assumptions	4,352	5,637
Other Post-Employment Benefits (OPEB):		
Changes of assumptions	146,021	174,156
Total Deferred Inflows of Resources	$150,373	$220,660

Deferred revenue - Deferred revenue consists of tenant rental payments made in advance of their due dates as well as other prepayments of federal and state grants for airport improvement programs.

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	$ 887,310,146
Parity reserve fund investment	39,224,174
General airport revenue bonds (current and long term)	(515,120,455)
Construction payable and retainage	(8,632,890)
Total net investment in capital assets	$ 402,780,975

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

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

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.

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, 2020 and 2019, no air carrier accounted for more than approximately 10% of the Authority's operating revenues.

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

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

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, 2020 and 2019 were $343.9 million and $313.9 million, respectively. Total

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

PFC funds of $27.0 million and $22.0 million were transferred from the restricted fund to the operating fund during the fiscal years ended March 31, 2020 and 2019, 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.

New pronouncements - During the fiscal year ended March 31, 2020 and beyond, the Authority has or will implement several new pronouncements of the GASB. These pronouncements are as follows:

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 were effective for reporting periods beginning after June 15, 2018. However, GASB Statement No.95 postponed its effective date by 12 months. The Authority adopted the statement as of April 1, 2019. The statement did not have a material effect 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 were effective for reporting periods beginning after December 15, 2018. However, GASB Statement No.95 postponed its effective date by 12 months. The Authority adopted the statement as of April 1, 2019. 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 usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. However, GASB Statement No.95 postponed its effective date by 18 months. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

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

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 were effective for reporting periods beginning after June 15, 2018. However, GASB Statement No.95 postponed its effective date by 12 months. The Authority adopted the statement as of April 1, 2019. Additional implementation disclosures are included in Note 5, Debt Activity. The statement did not have a material effect on the Authority's financial position or results of operations.

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 were effective for reporting periods beginning after December 15, 2018. However, GASB Statement No.95 postponed its effective date by 12 months. The Authority adopted the statement as of April 1, 2019. The statement did not have a material effect 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 were effective for reporting periods beginning after December 15, 2020. However, GASB Statement No.95 postponed its effective date by 12 months

GASB Statement No. 92 "Omnibus 2020"

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

The requirements of this Statement are effective as follows:

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

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

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

GASB Statement No. 93 "Replacement of Interbank Offered Rates"
Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

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

GASB Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements"
The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance"
The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020

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

- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

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

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

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

Note 3 - Deposits and Investments

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

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, 2020, the Authority's deposits had a carrying amount of $64.3 million and a bank balance of $68.4 million. Of this bank balance, $250 thousand was covered by federal depository insurance while the balance of $68.2 million was covered by collateral held under the Pooling Method. The Authority is required to maintain a minimum balance of $250 thousand in its checking account.

Note 3 - Deposits and Investments (continued)

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.

Investments

At March 31, 2020, the Authority had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 Months	6-12 Months	1 Year- 30 Months
US Treasuries	Fair Value-Level 1	110,075,753	110,075,753	—	—
US Government Agencies	Fair Value-Level 1	170,260,890	—	43,526,535	126,734,355
NC Capital Management Trust: Government Portfolio*	Fair Value-Level 1	16,179,871	16,179,871	—	—
Commercial Paper	Fair Value-Level 1	55,842,807	55,842,807	—	—
Cash Portfolio	Fair Value-Level 1	520,718	520,718	—	—
Total		352,880,039	182,619,149	43,526,535	126,734,355

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	Fair Value-Level 1	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

*As of June 30, 2019 the NCCMT had a weighted average maturity of less than 90 days. As such it is presented as an investment of less that 6 months.

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

Note 3 - Deposits and Investments (continued)

Agreements are permitted in relation to bond proceeds and debt service reserve fund investments which are designed to maximize investment income as permitted under U.S. Treasury arbitrage regulations. The Authority's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of March 31, 2020 and 2019. 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, 2020 and 2019.

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, 2020, the Authority's investments are 5% NCCMT, 16% Commercial Paper, 31% US Treasuries and 48% in government agencies, consisting of 28% in Federal Home Loan Bank securities, 35% in Federal Home Loan Mortgage Corporation securities, and 37% Federal Farm Credit Bank. Of the 5% invested in the NCCMT, 100% represents Authority debt service reserves.

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.

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Note 4 - Airport and Facilities, Net

Changes in airport and facilities are as follows for the year ended March 31, 2020:

	March 31, 2019	Increases	Decreases	March 31, 2020
Capital assets not being depreciated				
Land	$ 41,193,383	$ 5,238,915	$ —	$ 46,432,298
Construction in progress	82,598,147	97,177,564	(70,754,018)	109,021,693
Total capital assets not being depreciated	123,791,530	102,416,479	(70,754,018)	155,453,991
Other capital assets				
Landing field and grounds	573,134,219	57,417,975	—	630,552,194
Terminal buildings	777,062,445	6,620,034	—	783,682,479
Other buildings	180,974,749	901,191	—	181,875,940
Utilities	5,417,436	—	—	5,417,436
Equipment	57,851,964	5,814,819	—	63,666,783
Total other capital assets	1,594,440,813	70,754,019	—	1,665,194,832
Total airport and facilities	1,718,232,343	173,170,498	(70,754,018)	1,820,648,823
Accumulated depreciation				
Landing field and grounds	(421,295,282)	(17,092,843)	—	(438,388,125)
Terminal buildings	(290,124,142)	(14,591,556)	—	(304,715,698)
Other buildings	(125,677,533)	(13,259,600)	—	(138,937,133)
Utilities	(4,866,875)	(68,795)	—	(4,935,670)
Equipment	(40,992,372)	(5,369,679)	—	(46,362,051)
Total accumulated depreciation	(882,956,204)	(50,382,473)	—	(933,338,677)
Airport and facilities, net	$ 835,276,139	$ 122,788,025	$(70,754,018)	$ 887,310,146

Note 4 - Airport and Facilities, Net (continued)

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	72,884,304	(31,686,971)	82,598,147
Total capital assets not being depreciated	82,594,197	72,884,304	(31,686,971)	123,791,530
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	104,621,514	(31,686,971)	1,718,232,343
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	$ 56,739,125	$(31,686,971)	$ 835,276,139

Depreciation expense was $50.4 million and $47.9 million for the fiscal years ending March 31, 2020 and 2019, respectively.

Note 5 - Debt Activity

Changes of long-term debt for the fiscal year ended March 31, 2020 consist of the following:

Amounts due to trustee	March 31, 2019	Reductions	Additions	March 31, 2020
Series 2008C 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	$ 58,525,000	$ 2,120,000	$ —	$ 56,405,000
Series 2010A 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2036 (Refunded 2008AB Bonds)	196,640,000	189,310,000	—	7,330,000
Series 2010B 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2027 (Refunded 2001A Bonds)	58,235,000	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	120,000	—	33,940,000
Series 2015B 3.00% General Airport Revenue Bonds, maturing in varying installments beginning 2016 to 2029 (Refunded 2005A Bonds)	34,765,000	4,420,000	—	30,345,000
Series 2017A 3.56% General Airport Revenue Bonds, maturing in varying installments beginning 2018 to 2037 (Refunded 2007 Bonds)	110,815,000	3,685,000	—	107,130,000
Series 2020A 2.14% General Airport Revenue Bonds, maturing in varying installments beginning 2020 to 2036 (Refunded 2010 Bonds)			141,005,000	141,005,000
Series 2020B 1.31% General Airport Revenue Bonds, maturing in varying installments beginning 2020 to 2031 (Refunded 2010 Bonds)			69,610,000	69,610,000
Total bond obligations	531,275,000	296,125,000	210,615,000	445,765,000
Less current maturities	22,685,000	1,600,000	—	21,085,000
Total long-term bond obligations	$ 508,590,000	$ 294,525,000	$ 210,615,000	$ 424,680,000
Unamortized premium (discount), net	39,648,154	19,610,872	49,318,173	69,355,455
Total long-term debt	$ 548,238,154	$ 314,135,872	$ 259,933,173	$ 494,035,455

Note 5 - Debt Activity (continued)

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

Amounts due to trustee	March 31, 2018	Reductions	Additions	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	75,000	—	22,685,000
Total long term bond obligations	$ 531,275,000	$ 22,685,000	$ —	$ 508,590,000
Unamortized premium (discount), net	$ 42,448,255	$ 2,800,101		$ 39,648,154
Total long-term debt	$ 573,723,255	$ 25,485,101	$ —	$ 548,238,154

Note 5 - Debt Activity (continued)

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

Years Ending March 31	General Airport Revenue Bond Series 2008C	General Airport Revenue Bond Series 2010A	General Airport Revenue Bond Series 2015A	General Airport Revenue Bond Series 2015B	General Airport Revenue Bond Series 2017A	General Airport Revenue Bond Series 2020A	General Airport Revenue Bond Series 2020B	Interest
2021	$ 2,220,000	$ 7,330,000	$ 2,375,000	$ 2,400,000	$ 3,840,000	$ —	$ 2,920,000	$ 17,417,294
2022	2,330,000		2,495,000	2,520,000	4,015,000	6,700,000	4,665,000	19,961,042
2023	2,440,000		2,625,000	2,655,000	4,195,000	7,040,000	4,900,000	18,838,633
2024	2,550,000		2,755,000	2,790,000	4,415,000	7,400,000	5,155,000	17,638,750
2025	2,680,000		2,900,000	2,930,000	4,615,000	7,780,000	5,420,000	16,401,058
2026-2030	15,445,000		16,885,000	17,050,000	26,755,000	41,790,000	31,545,000	61,057,233
2031-2035	19,540,000		3,905,000	—	34,245,000	47,645,000	15,005,000	26,948,746
2036-2038	9,200,000		—	—	25,050,000	22,650,000	—	3,286,317
	$ 56,405,000	$ 7,330,000	$ 33,940,000	$ 30,345,000	$ 107,130,000	$ 141,005,000	$ 69,610,000	$181,549,073

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, 2020, the actual rate on these bonds was 3.9%.

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

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

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

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

Note 5 - Debt Activity (continued)

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.

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

The Authority's bonds are subject to federal arbitrage regulations, and are reviewed for potential arbitrage liability annually on the bond issue dates. At March 31, 2020, the Authority's arbitrage rebate liability is $264.6 thousand.

These bonds have rate covenants associated with them, whereby the Authority must maintain a debt service coverage ratio of net revenues and available fund balance to debt service. The bond documents provide for a number of technical adjustments to be followed in determining the net revenues and debt service to be used in this calculation. The rate covenant generally requires that sum of (i) the net revenues for the fiscal year and (ii) available fund balance at the end of the fiscal year in an amount up to 25% of debt service for the fiscal year (the "25% transfer") must be no less than 125% of the adjusted debt service calculated for the fiscal year. The debt service coverage ratio at March 31, 2020 with this 25% transfer is 244%. The debt service coverage ratio at March 31, 2020 without this 25% transfer is calculated as follows:

Net revenues	$	93,295,237
Annual debt service		42,633,133
Calculated debt service coverage ratio without transfer		219 %

For the fiscal year ended March 31, 2019, the Authority had debt service coverage ratios of 489% without transfer and 514% 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 $474.9 million to the airlines, car rental agencies, restaurants and other

Note 6 - Leases (continued)

businesses located at the airport. Revenues from these leases, which are included in general aviation, terminals, air cargo and rental car revenue, were approximately 43.8% and 43.6% of airport operating

revenues for fiscal years ended March 31, 2020 and 2019, 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, 2020 and 2019, contingent rentals comprised $30.7 million and $29.9 million of the total rental revenues, respectively.

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

Years Ending March 31	Amounts
2021	$ 11,675,000
2022	10,741,000
2023	8,750,000
2024	7,738,000
2025	6,519,000
Thereafter	13,352,000
	$ 58,775,000

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

Note 7 - Employee Retirement Plans (continued)

completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Authority employees are required to contribute 6.0% of their annual covered salary. The Authority is required to contribute at an actuarially determined rate and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for employees not engaged in law enforcement and for law enforcement officers is 9.0% and 9.7% of annual covered payroll respectively. The Authority's contributions to LGERS for the fiscal years ended March 31, 2020 and 2019 were $2.4 million and $1.8 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, 2020, the Authority reported a liability of $9.4 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the Authority's proportion was 0.34424%, which was an increase of 0.01147% from its proportion measured as of June 30, 2018.

For the fiscal year ended March 31, 2020, the Authority recognized pension expense of $4.3 million. At March 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 7 - Employee Retirement Plans (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,609,677	$ —
Changes of assumptions	1,532,195	—
Net difference between projected and actual earnings on pension plan investments	229,302	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	328,185	—
Employer contributions subsequent to the measurement date	1,822,899	—
Total	**$ 5,522,258**	**$ —**

$1.8 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending March 31	Amounts
2021	$ 1,802,223
2022	611,324
2023	991,869
2024	293,943
2025	—
Thereafter	—

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

Inflation	3.0%
Salary increases	3.5% to 8.1%, including inflation and productivity factor
Investment rate of return	7.0%, 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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2018.

Note 7 - Employee Retirement Plans (continued)

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, 2019 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary and is part of the asset liability and investment policy of the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. 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 7.0%. 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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

Note 7 - Employee Retirement Plans (continued)

	1% Decrease	Current Discount Rate (7.0%)	1% Increase
Employer's proportionate share of the net pension liability (asset)	$21,501,637	$9,400,926	$(657,216)

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.

Funding policy - Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to 5 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended March 31, 2020 were $0.4 million, which consisted of $0.1 million from the Authority and $0.3 million from the law enforcement officers. 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.

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% 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, 2018, the Separation Allowance's membership consisted of:

Category	Number
Retirees receiving benefits	7
Active plan members	41
Total	48

Summary of significant accounting policies:

Note 7 - Employee Retirement Plans (continued)

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

Inflation	2.50%
Salary increases	3.50-7.35%, including inflation factor
Discount rate	3.26%

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

Contributions - The Authority is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the operating budget. The Authority's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Authority paid $0.1 million as benefits came due for the reporting period.

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

At March 31, 2020, the Authority reported a total pension liability of $1.2 million. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended March 31, 2020, the Authority recognized pension expense of $0.1 million.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 141,092	$ —
Changes of assumptions	36,119	4,352
Benefit payments subsequent to the measurement date	30,142	—
Total	$ 207,353	$ 4,352

$30.1 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

Note 7 - Employee Retirement Plans (continued)

decrease of the total pension liability in the year ending March 31, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending March 31	Amounts
2021	$ 46,484
2022	46,484
2023	45,131
2024	28,457
2025	6,303
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 3.26%, 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 (2.26%) or 1 percentage point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	$1,263,701	$1,168,659	$1,082,866

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

	Total Pension Liability
Balance at December 31, 2018	$ 1,081,668
Changes for the year:	
Service cost at end of year	62,505
Interest	37,288
Change in benefit terms	—
Difference between expected and actuarial experience	68,079
Changes of assumptions and other inputs	33,655
Benefit payments	(114,536)
Other	—
Net changes	86,991
Balance at December 31, 2019	$ 1,168,659

Note 7 - Employee Retirement Plans (continued)

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.

Other Post-Employment Benefits

Health Care Plan

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

Membership in the Plan included the following at June 30, 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

Note 7 - Employee Retirement Plans (continued)

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

Life Insurance Benefit

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

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

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

Total OPEB liability:
The Authority's total liability of $7.4 million was measured as of June 30, 2019 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	2.50%
Salary increases	3.50%-7.75%, average, including inflation
Discount rate	3.50%
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.

Note 7 - Employee Retirement Plans (continued)

Changes in the total OPEB liability:

	Total OPEB Liability
Balance at June 30, 2018	$ 6,797,224
Changes for the year:	
Service Cost	445,449
Interest	250,247
Changes of benefit terms	—
Differences between expected and actual experience	418,206
Changes in assumptions or other inputs	250,856
Benefit payments	(735,274)
Net Changes	629,484
Balance at June 30, 2019	$ 7,426,708

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

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

The actuarial assumptions used in the June 30, 2018 valuation were based on a review of the recent plan experience performed concurrently with the June 30, 2018 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate:

	1% Decrease	Discount Rate (3.5%)	1% Increase
Total OPEB liability	$8,131,051	$7,426,708	$6,807,592

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	$6,741,507	$7,426,708	$8,230,416

Note 7 - Employee Retirement Plans (continued)

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

For the year ended March 31, 2020 the Authority recognized OPEB expense of $0.8 million. At March 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 470,215	$ —
Changes of assumptions	215,966	146,021
Benefit payments and administrative costs made subsequent to the measurement date	460,230	—
Total	$ 1,146,411	$ 146,021

$460,230 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:

Years Ending March 31	Amounts
2020	$ 86,148
2021	86,148
2022	86,148
2023	86,148
2024	86,148
Thereafter	109,420

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, Chief Financial Officer and the Vice President, Controller 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, 2020 and 2019, the Authority has contractual commitments for Authority capital programs of approximately $67.0 million and $185.9 million, respectively.

Note 8 - Commitments and Contingencies (continued)

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 July 16, 2020 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. The following subsequent events pertain: On March 10, 2020 the governor of North Carolina declared a state of emergency in response to the COVID-19 global outbreak. This order was followed by a “Stay at Home” executive order, effective March 30, 2020, mandating North Carolina residents stay at home for 30-days while prioritizing social distancing practices. On April 23, 2020, the "Stay at Home" executive order was extended through May 8, 2020. These orders, along with complementary directives both nationally and globally, have resulted in reduced passenger traffic and airline operations.

The Authority began witnessing passenger traffic declines in March 2020 followed by airline service reductions both locally and globally. The observed passenger traffic declines coincided with the end of the Authority’s fiscal year which concluded on March 31, 2020. Passenger traffic and airline operations drive the airport’s operations and revenue – from landing fees and rental cars to parking and concessions, passenger traffic is the key driver behind currently reported operating revenue and future operating revenue projections. After the fiscal year end, the Authority began experiencing operating revenue declines related to passenger traffic decreases.

While the reduction in passenger traffic and airline operations is expected to be temporary, there is considerable uncertainty around the timing and duration of recovery. As a result, the related financial impact and duration cannot be reasonably estimated at this time.

Note 10 - Restatements

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.

Accounts Payable - During 2020, it was discovered that as of March 31, 2019 airport and facilities, non-depreciable and other accrued payables were understated by $7,651,695. The March 31, 2019 airport and facilities, non-depreciable and other accrued payables on the Statement of Net Position have been restated to reflect this change. There was no effect to Authority’s net position as of March 31, 2019 as a result.

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, 2020	Fiscal Year Ended March 31, 2019
Total OPEB liability		
Service cost at end of year	$ 445,449	$ 453,432
Interest	250,247	227,642
Changes in benefit terms	—	—
Differences between expected and actual experience	418,206	152,630
Changes of assumptions or other inputs	250,856	(202,291)
Net benefit payments	(735,274)	(453,289)
Net change in total OPEB liability	629,484	178,124
Total OPEB liability - beginning	6,797,224	6,619,100
Total OPEB liability - ending	$ 7,426,708	$ 6,797,224
Covered payroll	$ 21,268,476	$ 21,268,476
Total OPEB liability as a percentage of covered payroll	34.92 %	31.96 %

Notes to the required schedules:

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

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

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

Fiscal Year	Rate
2020	3.50%
2019	3.89%

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

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2018
Total pension liability			
Service cost at end of year	$ 62,505	$ 61,657	$ 47,739
Interest	37,288	32,572	36,344
Changes in benefit terms	—	—	—
Difference between expected and actual experience	68,079	136,396	—
Changes of assumptions or other inputs	33,655	(6,926)	18,909
Net benefit payments	(114,536)	(119,111)	134,953
Other	—	—	—
Net change in total pension liability	86,991	104,588	(31,961)
Total pension liability - beginning	1,081,668	977,080	1,009,041
Total pension liability - ending	$ 1,168,659	$ 1,081,668	$ 977,080

Notes to the required schedules:

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

December 31, 2019 Measurement Date: The Municipal Bond Index Rate decreased from 3.64% to 3.26%.

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, 2020	March 31, 2019	March 31, 2018
Total pension liability - ending	$ 1,168,659	$ 1,081,668	$ 977,080
Covered payroll	$ 2,824,481	$ 2,799,339	$ 2,388,016
Total pension liability as a percentage of covered payroll	41.38 %	38.64 %	40.92 %

Notes to the required schedules:

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

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

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

Fiscal Years Ended March 31

	2020	2019	2018	2017	2016	2015
Proportionate share of net pension liability (asset)	0.34424 %	0.33277 %	0.31162 %	0.31228 %	0.28507 %	0.28433 %
Proportionate share of net pension liability (asset) ($)	$ 9,400,926	$ 7,894,448	$ 4,760,696	$ 6,627,632	$ 1,279,381	$ (1,569,268)
Covered payroll - measurement period	$ 24,109,407	$ 22,402,704	$ 20,252,627	$ 20,098,008	$ 18,128,137	$ 17,154,583
Proportionate share of net pension liability (asset) as a percentage of covered payroll	38.99 %	35.24 %	23.51 %	32.98 %	7.06 %	(9.15)%
Plan fiduciary net position as a percentage of the total pension liability	90.86 %	91.63 %	94.18 %	91.47 %	98.09 %	102.64 %

Notes to the required schedules:

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

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

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

Fiscal Years Ended March 31

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,368,895	$ 1,818,909	$ 1,621,300	$ 1,410,750	$ 1,267,243	$ 1,221,836
Contributions in relation to the contractually required contribution	2,368,895	1,818,909	1,621,300	1,410,750	1,267,243	1,221,836
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll - fiscal year	$27,140,518	$ 23,559,475	$ 21,771,497	$ 20,140,459	$ 20,098,008	$ 18,128,137
Contributions as a percentage of covered payroll	8.73 %	7.72 %	7.45 %	7.00 %	6.31 %	6.74 %

Notes to the required schedules:

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

RALEIGH-DURHAM AIRPORT AUTHORITY
RDU Airport, North Carolina

Supplemental Information

Prepared by the Finance Department

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF OPERATING REVENUES AND EXPENSES
COMPARED WITH BUDGET
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Operating Revenues			
Parking	$ 65,169,221	$ 61,580,347	105.8 %
Airfield	17,782,634	16,210,753	109.7 %
General aviation	1,904,083	2,006,175	94.9 %
Terminals	55,900,285	56,428,564	99.1 %
Air cargo	2,795,669	2,680,863	104.3 %
Fueling systems	2,400,713	2,252,400	106.6 %
Rental car	17,912,819	17,730,648	101.0 %
Other	9,725,885	7,159,186	135.9 %
Total Operating Revenues	173,591,309	166,048,936	104.5 %
Operating Expenses			
Airport facilities	31,671,162	35,968,779	88.1 %
Department expenses	56,629,161	54,609,292	103.7 %
Subtotal	88,300,323	90,578,071	97.5 %
Depreciation expense	50,382,473	49,778,820	101.2 %
Total Operating Expenses	138,682,796	140,356,891	98.8 %
Net Operating Income (Loss)	$ 34,908,513	$ 25,692,045	135.9 %

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
PARKING REVENUES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Parking Revenues			
RDU Parking			
Public parking fees	$ 63,939,087	$ 60,403,533	105.9 %
Tenant employee parking fees	509,851	479,611	106.3 %
Parking other	214,947	227,740	94.4 %
Telecommunications services	3,019	1,463	206.4 %
Total RDU Parking	64,666,904	61,112,347	105.8 %
Off-Airport Parking			
Percentage rent off airport	502,317	468,000	107.3 %
Total Off-Airport Parking	502,317	468,000	107.3 %
TOTAL PARKING REVENUES	$ 65,169,221	$ 61,580,347	105.8 %

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIRFIELD REVENUES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Landing Fees			
Domestic landing fees Terminal 1	$ 2,749,664	$ 2,836,541	96.9 %
Domestic landing fees Terminal 2	13,361,846	11,563,508	115.6 %
International landing fees Terminal 2	—	288,000	— %
Landing fees cargo	1,141,400	1,040,608	109.7 %
Total Landing Fees	17,252,910	15,728,657	109.7 %
G/A Fuel Flowage			
Fuel flowage fees	526,124	473,000	111.2 %
Total G/A Fuel Flowage	526,124	473,000	111.2 %
Other Airfield Revenues			
Maintenance and operating expense recovery	—	4,296	— %
Miscellaneous aeronautical revenue	3,600	4,800	75.0 %
Total Other Airfield Revenues	3,600	9,096	39.6 %
TOTAL AIRFIELD REVENUES	$ 17,782,634	$ 16,210,753	109.7 %

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
GENERAL AVIATION REVENUES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
General Aviation - General			
Fixed Space Rents			
Fixed rents	$ 926,143	$ 926,110	100.0 %
Ground rents	155,481	189,352	82.1 %
Maintenance and operating expense recovery	309,156	364,680	84.8 %
Telecommunications services	17,309	17,023	101.7 %
Miscellaneous rents	4,116	—	n/a
Total Fixed Space Rents	1,412,205	1,497,165	94.3 %
Percentage Rents			
Percentage rents	37,813	75,000	50.4 %
Total Percentage Rents	37,813	75,000	50.4 %
Total General Aviation - General	1,450,018	1,572,165	92.2 %
General Aviation - Terminal			
Fixed Space Rents			
Fixed rents	436,342	432,000	101.0 %
Telecommunications services	2,010	2,010	100.0 %
Total Fixed Space Rents	438,352	434,010	101.0 %
Percentage Rents			
Percentage rents	15,713	—	n/a
Total Percentage Rents	15,713	—	n/a
Total General Aviation - Terminal	454,065	434,010	104.6 %
TOTAL GENERAL AVIATION REVENUES	$ 1,904,083	$ 2,006,175	94.9 %

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Terminal 1 Complex			
Fixed Space Rents			
Fixed rents aeronautical	$ 2,510,928	$ 2,448,608	102.5 %
Fixed rents non-aeronautical	290,283	290,315	100.0 %
Total Fixed Space Rents	2,801,211	2,738,923	102.3 %
Percentage Rents			
Percentage rents	33,775	28,000	120.6 %
Percentage rent - food and beverage	1,048,585	1,098,000	95.5 %
Percentage rent - retail	412,621	435,600	94.7 %
Percentage rent - other terminal services	219,875	279,050	78.8 %
Total Percentage Rents	1,714,856	1,840,650	93.2 %
Miscellaneous Rents			
Telecommunications services	39,210	41,703	94.0 %
Bag claim recovery	1,878,467	1,891,020	99.3 %
Airport Operation Information System (AOIS) recovery	137,712	137,712	100.0 %
Maintenance and operating expense recovery	4,232	4,032	105.0 %
Gate usage fees	163,000	136,927	119.0 %
Miscellaneous rents	300	2,000	15.0 %
Total Miscellaneous Rents	2,222,921	2,213,394	100.4 %
Total Terminal 1 Complex Revenues	$ 6,738,988	$ 6,792,967	99.2 %

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Terminal 2 Complex			
Fixed Space Rents			
Fixed rents aeronautical	$ 17,527,260	$ 16,297,449	107.5 %
Fixed rents non-aeronautical	871,987	742,422	117.5 %
Total Fixed Space Rents	18,399,247	17,039,871	108.0 %
Percentage Rents			
Percentage rents	312,820	270,000	115.9 %
Percentage rent - food and beverage	5,405,539	4,959,000	109.0 %
Percentage rent - retail	4,130,959	3,597,067	114.8 %
Percentage rent - duty free	57,896	65,000	89.1 %
Percentage rent - other terminal services	781,449	754,155	103.6 %
Total Percentage Rents	10,688,663	9,645,222	110.8 %
Miscellaneous Rents			
Telecommunications services	191,534	196,438	97.5 %
Bag claim recovery	8,713,281	8,399,448	103.7 %
Airport Operation Information System (AOIS) recovery	1,576,023	1,493,760	105.5 %
Ramp tower recovery	862,778	865,182	99.7 %
Maintenance and operating expense recovery	37,276	34,705	107.4 %
Gate usage fees	714,000	1,665,537	42.9 %
Miscellaneous rents	359,242	491,786	73.0 %
Total Miscellaneous Rents	12,454,134	13,146,856	94.7 %
Total Terminal 2 Complex Revenues	41,542,044	39,831,949	104.3 %
Terminal Security			
Security checkpoint	4,249,158	4,247,220	100.0 %
Transportation Security Administration (TSA) checkpoint reimbursement	278,160	277,400	100.3 %
Federal Inspection Services (FIS) international passenger fee	2,728,824	3,588,014	76.1 %
Miscellaneous rents	180,013	167,800	107.3 %
Total Terminal Security	7,436,155	8,280,434	89.8 %
Terminal Miscellaneous			
Percentage rent terminal miscellaneous	—	1,269,000	— %
Telecommunications services terminal miscellaneous	182,498	169,854	107.4 %
Maintenance and operating expense recovery	—	84,360	— %
Miscellaneous rents	600	—	n/a
Total Terminal Miscellaneous	183,098	1,523,214	12.0 %
TOTAL TERMINAL REVENUES	$ 55,900,285	$ 56,428,564	99.1 %

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIR CARGO REVENUES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
North Cargo Complex			
Fixed Space Rents			
Fixed rents aeronautical	$ 355,455	$ 355,453	100.0 %
Fixed rents non-aeronautical	249,136	247,839	100.5 %
Ground rents	331,543	317,665	104.4 %
Telecommunications services	541	525	103.0 %
Maintenance and operating expense recovery	193,511	205,392	94.2 %
Total North Cargo Complex Revenues	1,130,186	1,126,874	100.3 %
South Cargo 1 Complex			
Fixed Space Rents			
Fixed rents non-aeronautical	188,854	188,855	100.0 %
Telecommunications services	3,571	3,571	100.0 %
Maintenance and operating expense recovery	242,011	220,248	109.9 %
Miscellaneous rents	158,508	158,508	100.0 %
Total South Cargo 1 Complex Revenues	592,944	571,182	103.8 %
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 %
Telecommunications services	1,401	1,401	100.0 %
Maintenance and operating expense recovery	167,926	153,048	109.7 %
Miscellaneous rents	4,800	1,200	400.0 %
Total South Cargo 2 Complex Revenues	451,779	433,301	104.3 %
South Cargo 3 Complex			
Fixed Space Rents			
Fixed rents aeronautical	311,023	265,901	117.0 %
Fixed rents non-aeronautical	16,384	5,445	300.9 %
Maintenance and operating expense recovery	293,353	278,160	105.5 %
Total South Cargo 3 Complex Revenues	620,760	549,506	113.0 %
TOTAL AIR CARGO REVENUES	$ 2,795,669	$ 2,680,863	104.3 %

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
FUELING SYSTEMS REVENUES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Fueling Systems			
Fuel throughput fees	$ 2,397,713	$ 2,250,000	106.6 %
Miscellaneous rents	3,000	2,400	125.0 %
TOTAL FUELING SYSTEMS REVENUES	$ 2,400,713	$ 2,252,400	106.6 %

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
RENTAL CAR REVENUES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Fixed Space Rents			
Fixed rents	$ 1,044,034	$ 1,043,234	100.1 %
Ground rents	571,606	552,216	103.5 %
Maintenance and operating expense recovery	670,370	611,580	109.6 %
Total Fixed Space Rents	2,286,010	2,207,030	103.6 %
Percentage Rents			
Percentage rents	15,626,809	15,523,618	100.7 %
Total Percentage Rents	15,626,809	15,523,618	100.7 %
TOTAL RENTAL CAR REVENUES	$ 17,912,819	$ 17,730,648	101.0 %

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
OTHER REVENUES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Office and Other Buildings			
Aviation Station			
Ground rents	$ 165,000	$ 165,000	100.0 %
Maintenance and operating expense recovery	113,126	114,885	98.5 %
Total Aviation Station Revenues	278,126	279,885	99.4 %
Other Miscellaneous Rents			
Conference rooms	31,203	54,984	56.7 %
Fixed rents non-aeronautical other buildings	236,591	236,514	100.0 %
Ground rents other buildings	226,608	158,161	143.3 %
Percentage rents other buildings	776,390	—	n/a
Percentage rents off airport	643,914	—	n/a
Security authorization badges	783,407	653,261	119.9 %
Maintenance and operating expense recovery	98,708	31,118	317.2 %
Miscellaneous revenue	66,809	—	n/a
Total Other Miscellaneous Rents	2,863,630	1,134,038	252.5 %
Ground Transportation			
Taxi Operation			
Percentage rents	366,969	430,000	85.3 %
Maintenance and operating expense recovery	38,427	38,424	100.0 %
Telecommunications services	6,174	6,240	98.9
Total Taxi Operation	411,570	474,664	86.7 %
AVI Transportation Fees			
AVI-trip fees	6,104,736	5,270,599	115.8 %
Total AVI Transportation Fees	6,104,736	5,270,599	115.8 %
Total Ground Transportation Revenues	6,516,306	5,745,263	113.4 %
General Grounds			
Traffic ordinance violation fees	67,823	—	n/a
Total General Grounds Revenues	67,823	—	n/a
TOTAL OTHER REVENUES	$ 9,725,885	$ 7,159,186	135.9 %

RALEIGH-DURHAM AIRPORT AUTHORITY
COMPARATIVE SUMMARIES OF OPERATING EXPENSES BY COST CENTER
Years Ended March 31, 2020 and 2019

	Amount		Percent of Total Operating Expenses	
	2020	2019	2020	2019
Operating Expenses				
Airport facilities	$ 31,671,162	$ 25,231,535	22.8 %	20.8 %
Administrative	23,158,161	18,893,982	16.7 %	15.6 %
Fueling systems	1,461,502	2,050,425	1.1 %	1.7 %
Law enforcement	5,382,115	5,249,412	3.9 %	4.3 %
Airport maintenance	8,901,316	7,072,745	6.4 %	5.8 %
Parking	5,646,463	4,970,567	4.1 %	4.1 %
Ground transportation	3,262,256	2,039,746	2.4 %	1.7 %
Airport fire rescue	2,142,533	2,083,912	1.5 %	1.7 %
Guest services	1,096,467	934,799	0.8 %	0.8 %
Communications center	1,391,845	1,062,384	1.0 %	0.9 %
Operations	2,094,852	1,929,564	1.5 %	1.6 %
Traffic control	2,091,651	1,855,787	1.5 %	1.5 %
Depreciation	50,382,473	47,889,122	36.3 %	39.5 %
TOTAL OPERATING EXPENSES	$ 138,682,796	$ 121,263,980	100.0 %	100.0 %

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF OPERATING EXPENSES BY COST CENTER
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Operating Expenses (excluding depreciation)			
Airport facilities	$ 31,671,162	$ 35,968,779	88.1 %
Administrative	23,158,161	23,426,801	98.9 %
Fueling systems	1,461,502	1,307,027	111.8 %
Law enforcement	5,382,115	5,022,289	107.2 %
Airport maintenance	8,901,316	7,706,004	115.5 %
Parking	5,646,463	6,396,080	88.3 %
Ground transportation	3,262,256	1,928,081	104.3 %
Airport fire rescue	2,142,533	2,156,352	99.4 %
Guest services	1,096,467	1,028,666	106.6 %
Communications center	1,391,845	1,450,392	96.0 %
Operations	2,094,852	2,145,257	97.7 %
Traffic control	2,091,651	2,042,343	102.4 %
Total Operating Expenses (excluding depreciation)	88,300,323	90,578,071	97.5 %
Depreciation			
Airport facilities	36,180,090	38,201,112	94.7 %
Administrative	4,375,306	1,244,628	351.5 %
Fueling systems	—	—	n/a
Law enforcement	8,996	19,680	45.7 %
Airport maintenance	758,528	1,206,936	62.8 %
Parking	8,813,470	8,961,216	98.4 %
Ground transportation	45,273	24,444	185.2 %
Airport fire rescue	98,232	22,368	439.2 %
Guest services	—	—	n/a
Communications center	102,578	95,880	107.0 %
Operations	—	2,556	— %
Traffic control	—	—	n/a
Total Depreciation	50,382,473	49,778,820	101.2 %
TOTAL OPERATING EXPENSES	$138,682,796	$140,356,891	98.8 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Airport Facilities			
Airfield Complex			
Employee related expense	$ —	$ —	n/a
Professional services	2,745,783	2,750,000	99.8 %
Contractual labor	241,312	302,672	79.7 %
Utilities	192,646	136,393	141.2 %
Materials and supplies	196,472	372,140	52.8 %
Insurance	117,995	119,400	98.8 %
General and administrative expenses	—	—	n/a
Total Airfield Complex	3,494,208	3,680,605	94.9 %
Terminal Complex			
Employee related expense	—	—	n/a
Professional services	124,018	160,140	77.4 %
Contractual labor	12,665,797	13,796,182	91.8 %
Utilities	4,479,974	4,744,233	94.4 %
Materials and supplies	2,070,797	1,088,084	190.3 %
Insurance	455,497	539,400	84.4 %
General and administrative expenses	6,390	13,610	47.0 %
Total Terminal Complex	19,802,473	20,341,649	97.3 %
General Aviation Complex			
General Aviation - General			
Employee related expense	—	—	n/a
Professional services	—	—	n/a
Contractual labor	21,465	312,128	6.9 %
Utilities	48,681	145,352	33.5 %
Materials and supplies	73	5,625	1.3 %
Insurance	15,902	18,104	87.8 %
General and administrative expenses	70	420	16.7 %
Total General Aviation Complex	86,191	481,629	17.9 %
Cargo Complex			
Employee related expense	—	—	n/a
Professional services	—	—	n/a
Contractual labor	36,577	138,963	26.3 %
Utilities	(68,933)	209,893	(32.8)%
Materials and supplies	837	8,388	10.0 %
Insurance	17,709	18,896	93.7 %
General and administrative expenses	—	175	— %
Total Cargo Complex	(13,810)	376,315	(3.7)%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Fueling Systems Complex			
Employee related expense	$ —	$ —	n/a
Professional services	32,750	33,828	96.8 %
Contractual labor	27,320	88,053	31.0 %
Utilities	100,194	310,111	32.3 %
Materials and supplies	1,589	5,556	28.6 %
Insurance	15,793	13,704	115.2 %
General and administrative expenses	—	—	n/a
Total Fueling Systems Complex	177,646	451,252	39.4 %
Office and Other Buildings Complex			
Employee related expense	—	—	n/a
Professional services	12,335	16,000	77.1 %
Contractual labor	749,436	849,835	88.2 %
Utilities	609,246	510,755	119.3 %
Materials and supplies	42,732	46,493	91.9 %
Insurance	53,390	53,712	99.4 %
General and administrative expenses	245	840	29.2 %
Total Office and Other Buildings Complex	1,467,384	1,477,635	99.3 %
Aviation Station Complex			
Employee related expense	—	—	n/a
Professional services	—	1,000	—
Contractual labor	—	—	n/a
Utilities	40,892	38,478	106.3 %
Materials and supplies	—	—	n/a
Insurance	—	—	n/a
General and administrative expenses	—	—	n/a
Total Aviation Station Complex	40,892	39,478	103.6 %
Rental Car Complex			
Employee related expense	—	—	n/a
Professional services	15,100	100,000	15.1 %
Contractual labor	5,973	150,000	4.0 %
Utilities	282,967	186,768	151.5 %
Materials and supplies	—	—	n/a
Insurance	10,650	11,500	92.6 %
General and administrative expenses	—	—	n/a
Total Rental Car Complex	314,690	448,268	70.2 %

	Actual	Budget	Percent of Budget
Parking Lots Complex			
Employee related expense	$ —	$ —	n/a
Professional services	392,706	494,097	79.5 %
Contractual labor	3,343,718	5,495,652	60.8 %
Utilities	860,939	823,255	104.6 %
Materials and supplies	41,298	95,490	43.2 %
Insurance	190,572	204,304	93.3 %
General and administrative expenses	6,473	3,975	162.8 %
Total Parking Lots Complex	4,835,706	7,116,773	67.9 %
Ground Transportation Complex			
Employee related expense	—	—	n/a
Professional services	35,360	35,500	99.6 %
Contractual labor	38,772	45,467	85.3 %
Utilities	2,873	4,595	62.5 %
Materials and supplies	2,682	6,925	38.7 %
Insurance	793	804	98.6 %
General and administrative expenses	—	—	n/a
Total Ground Transportation Complex	80,480	93,291	86.3 %
General Grounds Complex			
Employee related expense	—	—	n/a
Professional services	72,962	60,000	121.6 %
Contractual labor	1,258,324	1,314,464	95.7 %
Utilities	23,431	34,204	68.5 %
Materials and supplies	23,771	39,316	60.5 %
Insurance	6,814	13,900	49.0 %
General and administrative expenses	—	—	n/a
Total General Grounds Complex	1,385,302	1,461,884	94.8 %
TOTAL AIRPORT FACILITIES EXPENSES	$ 31,671,162	$ 35,968,779	88.1 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Administrative			
Chief Executive Officer			
Salaries and overtime	$ 736,044	$ 866,220	85.0 %
Employee benefits	196,603	224,112	87.7 %
Employee related expense	213,268	164,563	129.6 %
Professional services	258	250	103.2 %
Contractual labor	—	—	n/a
Utilities	—	—	n/a
Materials and supplies	—	—	n/a
Insurance	107,860	114,012	94.6 %
General and administrative expenses	48,222	2,053,148	2.3 %
Total Chief Executive Officer	1,302,255	3,422,305	38.1 %
Legal, Compliance and Procurement			
Salaries and overtime	1,228,701	1,083,156	113.4 %
Employee benefits	334,005	330,504	101.1 %
Employee related expense	19,691	25,554	77.1 %
Professional services	825,448	414,852	199.0 %
Contractual labor	33,416	14,600	228.9 %
Utilities	—	—	n/a
Materials and supplies	14,195	4,000	354.9 %
Insurance	(91)	—	n/a
General and administrative expenses	75,177	125,945	59.7 %
Total Legal, Compliance and Procurement	2,530,542	1,998,611	126.6 %
Communications			
Salaries and overtime	638,636	727,584	87.8 %
Employee benefits	198,600	201,792	98.4 %
Employee related expense	34,126	27,199	125.5 %
Professional services	6,564	76,000	8.6 %
Contractual labor	570,156	235,214	242.4 %
Utilities	—	—	n/a
Materials and supplies	3,952	32,850	12.0 %
Insurance	—	—	n/a
General and administrative expenses	121,825	61,066	199.5 %
Total Communications	1,573,859	1,361,705	115.6 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Human Capital Management			
Salaries and overtime	$ 1,271,060	$ 1,076,540	118.1 %
Employee benefits	2,371,319	350,184	677.2 %
Employee related expense	36,977	119,801	30.9 %
Professional services	76,262	71,250	107.0 %
Contractual labor	412,162	450,301	91.5 %
Utilities	—	—	n/a
Materials and supplies	40,056	50,440	79.4 %
Insurance	—	—	n/a
General and administrative expenses	21,848	20,770	105.2 %
Total Human Capital Management	4,229,684	2,139,286	197.7 %
Commercial Management and Marketing			
Salaries and overtime	1,285,533	1,240,560	103.6 %
Employee benefits	362,496	350,520	103.4 %
Employee related expense	15,082	25,664	58.8 %
Professional services	345,814	364,000	95.0 %
Contractual labor	820,887	581,517	141.2 %
Utilities	—	—	n/a
Materials and supplies	24,303	33,320	72.9 %
Insurance	—	—	n/a
General and administrative expenses	81,844	60,129	136.1 %
Total Commercial Management and Marketing	2,935,959	2,655,710	110.6 %
Finance			
Salaries and overtime	1,305,330	1,280,232	102.0 %
Employee benefits	359,766	375,432	95.8 %
Employee related expense	5,213	21,642	24.1 %
Professional services	154,788	245,280	63.1 %
Contractual labor	8,901	6,450	138.0 %
Utilities	—	—	n/a
Materials and supplies	25,287	42,484	59.5 %
Insurance	619	696	88.9 %
General and administrative expenses	23,491	61,438	38.2 %
Total Finance	1,883,395	2,033,654	92.6 %
Project Management			
Salaries and overtime	327,315	260,004	125.9 %
Employee benefits	88,252	79,812	110.6 %
Employee related expense	5,024	2,995	167.7 %
Professional services	—	—	n/a
Contractual labor	118,576	—	n/a
Utilities	—	—	n/a
Materials and supplies	—	—	n/a
Insurance	—	—	n/a
General and administrative expenses	3,594	6,040	59.5 %
Total Project Management	542,761	348,851	155.6 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Facilities Asset Management			
Salaries and overtime	$ 833,284	$ 1,026,876	81.1 %
Employee benefits	278,139	276,084	100.7 %
Employee related expense	9,800	20,265	48.4 %
Professional services	16,462	—	n/a
Contractual labor	3,643	400,000	0.9 %
Utilities	—	—	n/a
Materials and supplies	575	700	82.1 %
Insurance	15,545	15,804	98.4 %
General and administrative expenses	9,874	28,180	35.0 %
Total Facilities Asset Management	1,167,322	1,767,909	66.0 %
Planning and Environment			
Salaries and overtime	397,552	393,648	101.0 %
Employee benefits	119,782	123,072	97.3 %
Employee related expense	6,107	7,540	81.0 %
Professional services	209	—	n/a
Contractual labor	348,356	349,110	99.8 %
Utilities	3,835	5,292	72.5 %
Materials and supplies	542	670	80.9 %
Insurance	95,689	127,800	74.9 %
General and administrative expenses	10,292	16,416	62.7 %
Total Planning and Environment	982,364	1,023,548	96.0 %
Information Services			
Salaries and overtime	2,891,870	3,210,086	90.1 %
Employee benefits	852,759	971,063	87.8 %
Employee related expense	47,865	123,029	38.9 %
Professional services	1,279,879	1,227,113	104.3 %
Contractual labor	265,904	395,028	67.3 %
Utilities	2,170	9,156	23.7 %
Materials and supplies	625,065	675,463	92.5 %
Insurance	1,381	1,200	115.1 %
General and administrative expenses	43,127	63,084	68.4 %
Total Information Services	6,010,020	6,675,222	90.0 %
TOTAL ADMINISTRATIVE EXPENSES	$ 23,158,161	$ 23,426,801	98.9 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
FUELING SYSTEMS EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Fueling Systems			
Salaries and overtime	$ 880,192	$ 836,348	105.2 %
Employee benefits	274,644	281,579	97.5 %
Employee related expense	16,393	21,133	77.6 %
Professional services	—	—	n/a
Contractual labor	217,352	95,076	228.6 %
Utilities	—	—	n/a
Materials and supplies	63,784	64,210	99.3 %
Insurance	6,356	3,504	181.4 %
General and administrative expenses	2,781	5,177	53.7 %
TOTAL FUELING SYSTEMS EXPENSES	$ 1,461,502	$ 1,307,027	111.8 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
LAW ENFORCEMENT EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Law Enforcement			
Salaries and overtime	$ 3,859,117	$ 3,550,692	108.7 %
Employee benefits	1,299,029	1,166,711	111.3 %
Employee related expense	74,892	102,286	73.2 %
Professional services	—	—	n/a
Contractual labor	750	8,190	9.2 %
Utilities	—	—	n/a
Materials and supplies	24,337	52,692	46.2 %
Insurance	102,549	108,804	94.3 %
General and administrative expenses	21,441	32,914	65.1 %
TOTAL LAW ENFORCEMENT EXPENSES	$ 5,382,115	$ 5,022,289	107.2 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT MAINTENANCE EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Airport Maintenance			
Baggage Systems			
Salaries and overtime	$ 112,778	$ 156,228	72.2 %
Employee benefits	39,077	52,008	75.1 %
Employee related expense	944	2,780	34.0 %
Professional services	—	—	n/a
Contractual labor	—	—	n/a
Utilities	—	—	n/a
Materials and supplies	—	—	n/a
Insurance	2,024	2,400	84.3 %
General and administrative expenses	2,604	1,178	221.1 %
Total Baggage Systems	157,427	214,594	73.4 %
Contract Facilities Maintenance			
Salaries and overtime	280,094	195,528	143.3 %
Employee benefits	71,651	60,240	118.9 %
Employee related expense	2,149	4,400	48.8 %
Professional services	—	—	n/a
Contractual labor	—	—	n/a
Utilities	—	—	n/a
Materials and supplies	92	500	18.4 %
Insurance	10,468	12,900	81.1 %
General and administrative expenses	1,009	1,178	85.7 %
Total Contract Facilities Maintenance	365,463	274,746	133.0 %
Fleet Maintenance			
Salaries and overtime	521,003	513,488	101.5 %
Employee benefits	170,575	174,372	97.8 %
Employee related expense	4,508	8,151	55.3 %
Professional services	—	—	n/a
Contractual labor	132,343	162,431	81.5 %
Utilities	—	—	n/a
Materials and supplies	981,996	1,030,723	95.3 %
Insurance	15,798	17,904	88.2 %
General and administrative expenses	14,369	27,617	52.0 %
Total Fleet Maintenance	1,840,592	1,934,686	95.1 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT MAINTENANCE EXPENSES
Year Ended March 31, 2020

Facilities Maintenance			
Salaries and overtime	$ 2,391,592	$ 2,195,448	108.9 %
Employee benefits	799,423	797,099	100.3 %
Employee related expense	53,983	67,183	80.4 %
Professional services	—	—	n/a
Contractual labor	4,567	25,200	18.1 %
Utilities	(606)	4,272	(14.2)%
Materials and supplies	1,036,151	40,223	2,576.0 %
Insurance	14,823	1,200	1,235.3 %
General and administrative expenses	5,022	4,746	105.8 %
Total Facilities Maintenance	4,304,955	3,135,371	137.3 %
Fields Maintenance			
Salaries and overtime	1,598,941	1,510,784	105.8 %
Employee benefits	552,675	557,087	99.2 %
Employee related expense	34,959	37,615	92.9 %
Professional services	—	—	n/a
Contractual labor	2,201	2,980	73.9 %
Utilities	—	—	n/a
Materials and supplies	13,730	19,300	71.1 %
Insurance	17,292	5,196	332.8 %
General and administrative expenses	13,081	13,645	95.9 %
Total Fields Maintenance	2,232,879	2,146,607	104.0 %
TOTAL AIRPORT MAINTENANCE EXPENSES	$ 8,901,316	$ 7,706,004	115.5 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
PARKING EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Parking			
Salaries and overtime	$ 1,519,352	$ 1,283,400	118.4 %
Employee benefits	481,142	454,451	105.9 %
Employee related expense	9,168	23,346	39.3 %
Professional services	636,689	1,153,182	55.2 %
Contractual labor	992,378	1,387,158	71.5 %
Utilities	—	—	n/a
Materials and supplies	21,848	25,753	84.8 %
Insurance	27,386	29,196	93.8 %
General and administrative expenses	1,958,500	2,039,594	96.0 %
TOTAL PARKING EXPENSES	$ 5,646,463	$ 6,396,080	88.3 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
GROUND TRANSPORTATION EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Ground Transportation			
Salaries and overtime	$ 290,905	$ 258,612	112.5 %
Employee benefits	88,058	95,928	91.8 %
Employee related expense	2,564	4,187	61.2 %
Professional services	—	—	n/a
Contractual labor	2,839,703	1,512,101	187.8 %
Utilities	—	—	n/a
Materials and supplies	5,223	11,551	45.2 %
Insurance	26,995	27,804	97.1 %
General and administrative expenses	8,808	17,898	49.2 %
TOTAL GROUND TRANSPORTATION	$ 3,262,256	$ 1,928,081	169.2 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FIRE - RESCUE
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Airport Fire - Rescue			
Salaries and overtime	$ 1,413,496	$ 1,446,620	97.7 %
Employee benefits	487,600	498,708	97.8 %
Employee related expense	46,271	53,220	86.9 %
Professional services	—	—	n/a
Contractual labor	25,872	28,050	92.2 %
Utilities	2,458	3,000	81.9 %
Materials and supplies	112,381	68,900	163.1 %
Insurance	34,126	35,904	95.0 %
General and administrative expenses	20,329	21,950	92.6 %
TOTAL AIRPORT FIRE - RESCUE EXPENSES	$ 2,142,533	$ 2,156,352	99.4 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
GUEST SERVICES EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Guest Services			
Salaries and overtime	$ 775,047	$ 692,964	111.8 %
Employee benefits	260,663	267,326	97.5 %
Employee related expense	10,508	12,070	87.1 %
Professional services	—	—	n/a
Contractual labor	15,883	16,196	98.1 %
Utilities	—	—	n/a
Materials and supplies	11,673	16,237	71.9 %
Insurance	13,419	14,196	94.5 %
General and administrative expenses	9,274	9,677	95.8 %
TOTAL GUEST SERVICES EXPENSES	$ 1,096,467	$ 1,028,666	106.6 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
COMMUNICATIONS CENTER EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Communications Center			
Salaries and overtime	$ 802,280	$ 805,784	99.6 %
Employee benefits	271,091	293,808	92.3 %
Employee related expense	1,149	3,800	30.2 %
Professional services	—	—	n/a
Contractual labor	60,579	79,000	76.7 %
Utilities	—	—	n/a
Materials and supplies	239,275	248,330	96.4 %
Insurance	15,619	16,500	94.7 %
General and administrative expenses	1,852	3,170	58.4 %
TOTAL COMMUNICATIONS CENTER EXPENSES	$ 1,391,845	$ 1,450,392	96.0 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
OPERATIONS EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Operations			
Salaries and overtime	$ 1,357,658	$ 1,357,584	100.0 %
Employee benefits	416,167	457,847	90.9 %
Employee related expense	12,681	13,504	93.9 %
Professional services	26,988	27,250	99.0 %
Contractual labor	—	—	n/a
Utilities	—	—	n/a
Materials and supplies	48,010	75,558	63.5 %
Insurance	25,295	26,604	95.1 %
General and administrative expenses	208,053	186,910	111.3 %
TOTAL OPERATIONS EXPENSES	$ 2,094,852	$ 2,145,257	97.7 %

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
TRAFFIC CONTROL EXPENSES
Year Ended March 31, 2020

	Actual	Budget	Percent of Budget
Traffic Control			
Salaries and overtime	$ 1,465,889	$ 1,380,948	106.2 %
Employee benefits	559,674	587,075	95.3 %
Employee related expense	22,619	24,300	93.1 %
Professional services	—	—	n/a
Contractual labor	5,884	8,800	66.9 %
Utilities	—	—	n/a
Materials and supplies	2,322	2,900	80.1 %
Insurance	31,237	33,000	94.7 %
General and administrative expenses	4,026	5,320	75.7 %
TOTAL TRAFFIC CONTROL	$ 2,091,651	$ 2,042,343	102.4 %

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF DEPRECIATION
Year Ended March 31, 2020

	Actual
Departmental	
Administrative	$ 4,375,306
Parking	8,813,470
Airport fire - rescue	98,232
Airport maintenance	758,528
Law enforcement	8,996
Operations	—
Communications	102,578
Ground transportation	45,273
Total Departmental	14,202,383
Nondepartmental	
Airfield Complex	7,978,348
Terminal 1 Complex	
Buildings and improvements	3,786,908
Terminal 2 Complex	
Buildings and improvements	18,123,166
Central Energy Plant	554,593
General Aviation Complex	
Buildings and improvements	3,041,238
Cargo Complex	
Buildings and improvements	199,417
Ground Transportation Complex	
Roadways	246,271
Fueling Systems Complex	609,682
Office and Other Buildings Complex	1,571,547
Utilities Complex	68,795
Rental Car Complex	125
TOTAL DEPRECIATION EXPENSE	$ 50,382,473

RALEIGH-DURHAM AIRPORT AUTHORITY
DETAILS OF AIRPORT AND FACILITIES
Year Ended March 31, 2020

	Total	Authority Funds	Federal and State Funds
Land	$ 46,432,298	$ 39,785,324	$ 6,646,974
Land improvements	17,481,682	17,481,682	—
Airfield	552,766,933	427,274,751	125,492,182
Airfield improvements	60,303,579	9,907,897	50,395,682
Terminal buildings	777,075,433	776,799,163	276,270
Other buildings	177,379,340	142,374,038	35,005,302
Building improvements	11,103,646	8,715,544	2,388,102
Utilities	5,417,436	5,211,923	205,513
Equipment	47,083,052	43,286,292	3,796,760
Vehicles heavy	5,379,923	3,746,623	1,633,300
Vehicles light	912,981	912,981	—
Computer hardware	7,890,246	7,890,246	—
Computer software	2,400,581	2,400,581	—
Construction in progress	109,021,693	109,021,693	—
TOTAL DETAILS OF AIRPORT AND FACILITIES	$ 1,820,648,823	$ 1,594,808,738	$ 225,840,085

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, 2020

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net position										
Net investment in capital assets	$402,780,975	$304,228,547	$302,248,539	$306,735,414	$297,838,788	$313,053,656	$330,599,774	$313,607,597	$307,107,509	$321,369,827
Restricted For:										
State of North Carolina underground storage tank trust deductible	—	—	—	—	220,000	220,000	220,000	220,000	220,000	220,000
DEA/ICE forfeitures	291,152	226,159	115,634	79,610	82,029	39,851	—	—	—	—
State grant funds	—	14,560,117	—	—	—	—	—	—	—	—
Passenger facility charges	33,121,903	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
Customer facility charges	48,881,085	32,248,941	16,216,386	3,383,354	—	—	—	—	—	—
Unrestricted net position	273,320,387	258,351,966	169,431,556	123,685,528	131,974,693	108,720,984	86,803,531	93,733,389	96,036,491	97,869,697
Total net position	$758,395,502	$641,904,612	$515,647,605	$459,413,779	$432,965,556	$426,359,599	$424,835,950	$420,800,313	$421,513,465	$442,130,962

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating revenues										
Parking	$ 65,169,221	$ 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
Airfield	17,782,634	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
General aviation	1,904,083	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
Terminals	55,900,285	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
Air cargo	2,795,669	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
Fueling systems	2,400,713	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
Rental car	17,912,819	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
Other	9,725,885	7,128,322	5,711,258	2,560,078	2,126,105	1,156,617	986,311	939,738	1,219,858	905,829
Total operating revenues	**173,591,309**	**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**
Operating expenses										
Airport facilities	31,671,162	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
Administrative	23,158,161	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
Fueling systems	1,461,502	2,050,425	1,250,501	1,137,855	1,072,207	974,962	988,781	962,410	954,405	978,378
Law enforcement	5,382,115	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
Airport maintenance	8,901,316	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
Parking	5,646,463	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
Airport fire - rescue	2,142,533	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
Guest services	1,096,467	934,799	919,533	837,917	791,525	793,295	803,492	736,912	734,451	758,323
Communications	1,391,845	1,062,384	926,861	859,235	794,310	706,819	722,262	777,618	751,792	808,140
Operations	2,094,852	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
Ground transportation	5,353,907	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
Terminal services	—	—	—	—	—	111,886	129,396	237,313	334,352	256,996
Subtotal	**88,300,323**	**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**
Depreciation	50,382,473	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
Total operating expenses	**138,682,796**	**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**
Operating income (loss)	**34,908,513**	**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)**
Non-operating revenues (expenses)										
Investment interest income	8,004,251	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
Passenger facility charges	27,833,021	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
Customer facility charges	16,632,180	16,578,862	15,065,790	3,147,074	—	—	—	—	—	—
Fair value of investments - incr (decr)	670,337	1,132,940	(646,907)	(711,548)	259	(570,203)	477,643	781,419	241,068	(404,171)
Bond interest expense, net	(4,645,836)	(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)
Other	(1,000,626)	735,380	272,403	(636,118)	91,847	580,360	344,365	408,133	(735,753)	(38,869,947)
Termination Income	8,227,000	—	—	—	—	—	—	—	—	—
Total non-operating revenues (exp)	**55,720,327**	**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)**
Income (loss) before contributions	**90,628,840**	**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)**
Capital contributions	25,862,050	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
Increase (decrease) in net position	**116,490,890**	**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)**
Net position, beginning restated	—	(1,963,862)	(104,245)	—	(1,279,076)				(8,548,331)	
Net position, beginning 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
Net position, end of year	**$758,395,502**	**$641,904,612**	**$515,647,605**	**$459,413,779**	**$432,965,556**	**$426,359,599**	**$424,835,950**	**$420,800,313**	**$421,513,465**	**$442,130,962**

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.

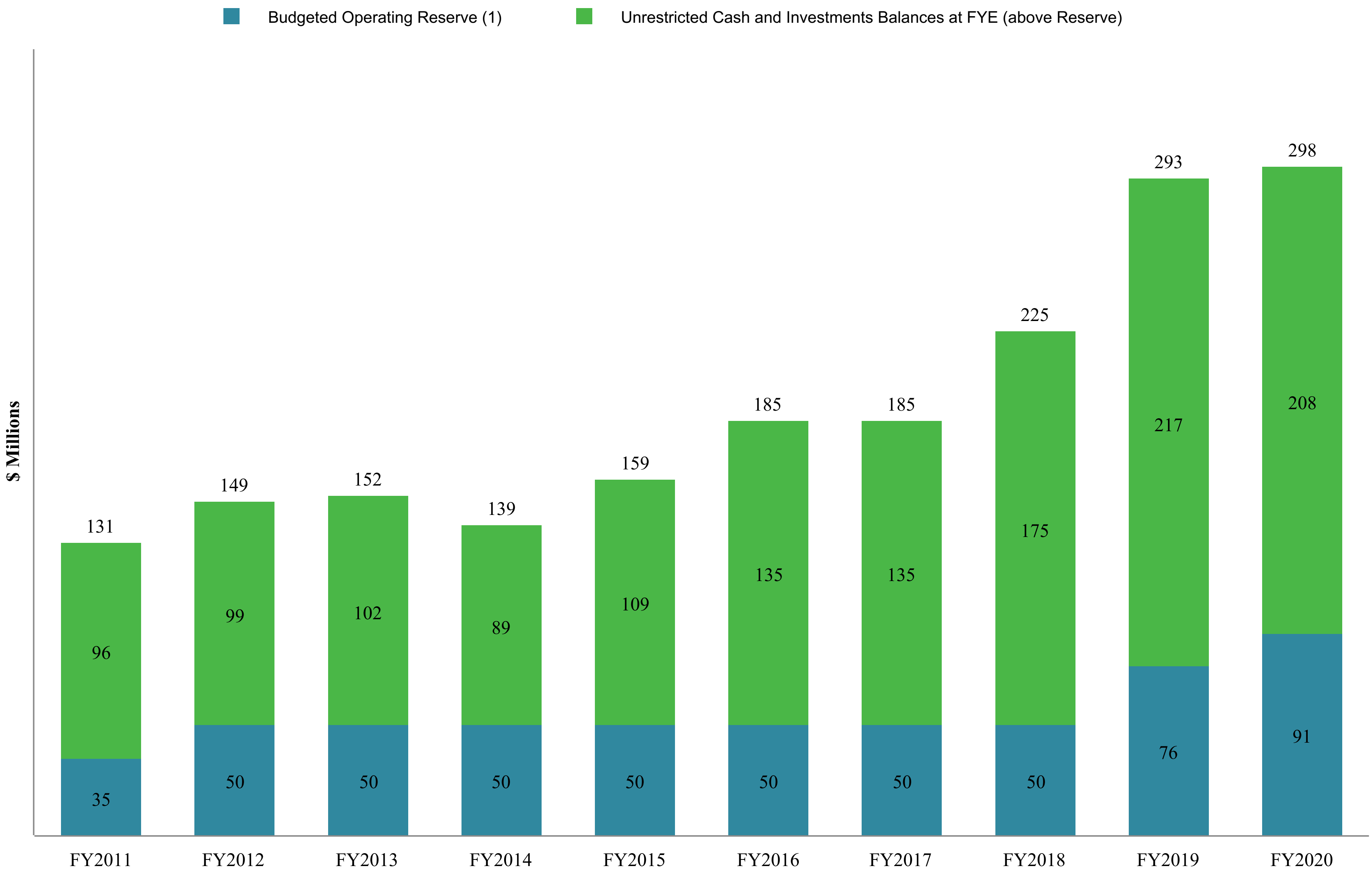
RALEIGH-DURHAM AIRPORT AUTHORITY
KEY PERFORMANCE INDICATORS
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Airline cost per enplanement (CPE)	$ 8.12	$ 8.59	$ 8.68 *	$ 7.28	$ 7.02	$ 6.91	$ 6.45	$ 6.35	$ 6.48	$ 6.29
Airline cost per airline operation	346.89	360.75	352.13	286.04	266.43	247.87	218.82	215.93	206.77	191.23
Terminal concession revenue per enplanement	1.80	1.77	1.51	1.67	1.61	1.60	1.49	1.44	1.49	1.43
Terminal concession revenue per airline operation	76.78	74.43	61.09	65.51	61.24	57.52	50.64	48.96	47.62	43.52
Rental car revenue per enplanement	2.60	2.67	2.72	2.98	2.88	2.95	2.86	2.78	2.68	2.62
Rental car revenue per airline operation	110.88	111.97	110.11	117.16	109.31	105.95	96.84	94.53	85.35	79.84
Parking revenue per enplanement	10.39	10.12	10.01	10.27	9.37	9.26	9.13	9.01	8.18	7.95
Parking revenue per airline operation	443.74	425.10	405.97	403.47	355.77	332.28	309.53	306.46	260.80	241.89
Non-aeronautical revenue per enplanement	15.51	15.01	14.65	15.05	14.14	14.10	13.73	13.49	12.66	12.09
Non-aeronautical revenue per airline operation	662.62	630.51	593.88	591.36	536.97	505.68	465.46	458.76	404.01	367.65
Total operating revenue per enplanement	25.15	25.35	25.51	23.84	22.58	22.46	21.55	21.14	20.53	19.72
Total operating revenue per airline operation	1,074.55	1,064.53	1,034.47	936.39	857.36	805.71	730.87	718.97	655.08	599.76
Total operating revenue per total operation	792.07	756.85	753.68	691.41	632.05	592.95	535.84	531.13	485.88	462.41
Total operating expenses per enplanement	12.79	11.21	12.17	11.63	11.59	11.16	11.35	10.71	10.57	10.49
Total operating expenses per airline operation	546.59	470.90	493.40	456.82	440.09	400.21	384.88	364.16	337.16	319.14
Total operating expenses per total operation	402.90	334.80	359.47	337.31	324.44	294.53	282.17	269.02	250.08	246.05
Number of days unrestricted cash on hand	1,234	1,460	1,135	1,036	1,131	1,084	976	1,118	1,112	1,162

*2018 and forward CPE calculation includes deduction for airline incentives

Source: Raleigh-Durham Airport Authority Finance Department

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

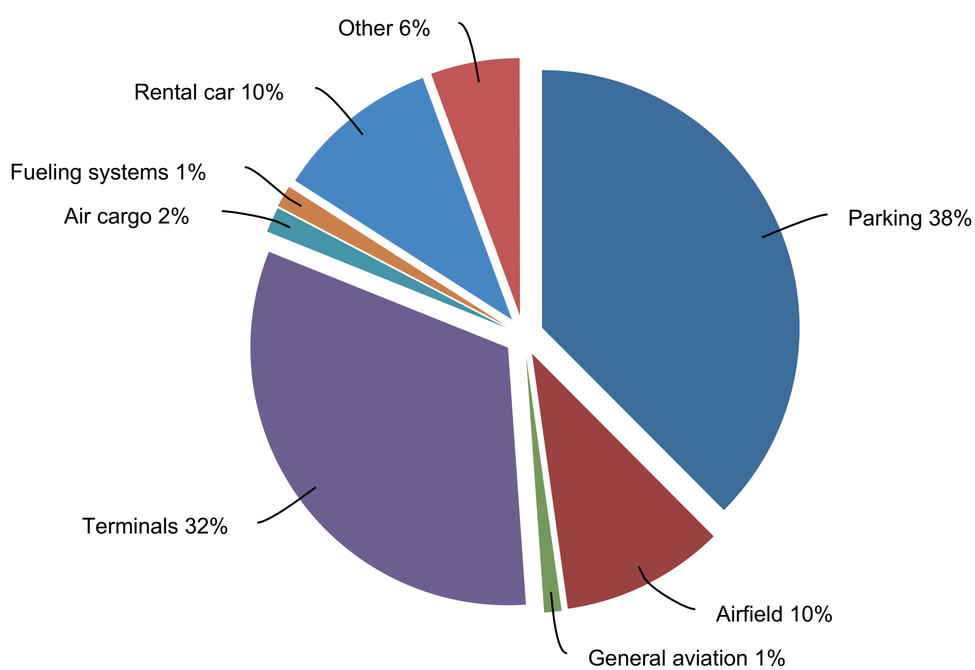


(1) The Authority formally adopted an operating reserve policy to maintain an operating reserve of about one times the current fiscal year's annual operating budgeted expenses (excluding depreciation).

RALEIGH-DURHAM AIRPORT AUTHORITY
FYE March 31, 2020 Operating Revenue by Source (000s)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Parking	$ 65,169	$ 60,544	$ 54,975	$ 55,843	$ 47,058	$ 43,796	$ 41,427	$ 41,267	$ 37,167	$ 35,859
Airfield	17,783	18,809	16,614	15,058	12,853	11,362	12,158	11,366	11,930	11,866
General aviation	1,904	1,655	1,858	1,722	1,707	1,633	1,476	1,539	1,399	1,401
Terminals	55,900	55,102	51,771	37,930	33,821	31,650	26,230	27,023	27,021	24,632
Air cargo	2,796	2,855	2,575	2,310	2,291	2,187	2,033	2,000	2,300	2,016
Fueling systems	2,401	2,332	2,002	1,649	1,632	1,494	1,260	1,034	1,042	973
Rental car	17,913	17,446	16,142	16,742	14,831	14,191	13,128	12,876	12,306	11,967
Other	9,726	7,128	5,711	2,560	2,126	1,157	986	940	1,220	906
Total	$ 173,591	$ 165,871	$ 151,649	$ 133,814	$ 116,319	$ 107,470	$ 98,698	$ 98,045	$ 94,385	$ 89,620

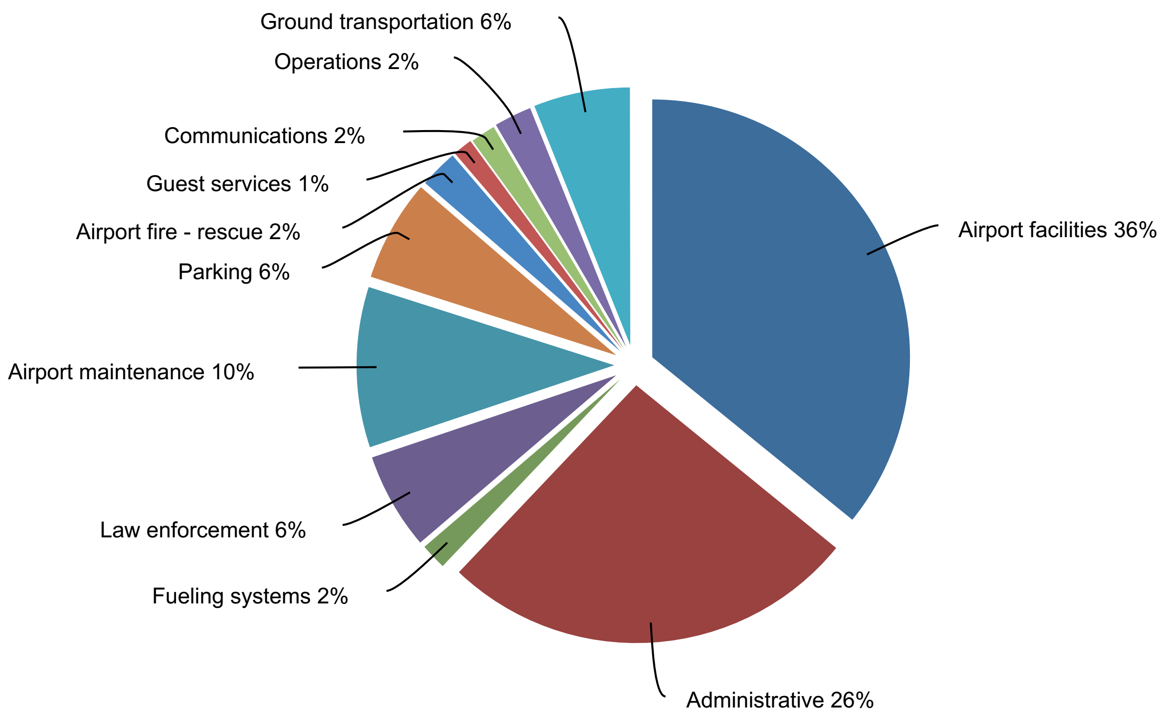
FYE March 31, 2020 Operating Revenue by Source



RALEIGH-DURHAM AIRPORT AUTHORITY
FYE March 31, 2020 Operating Expense by Business Unit (000s)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Airport facilities	$ 31,671	$ 25,232	$ 27,218	$ 22,633	$ 21,242	$ 20,771	$ 21,427	$ 19,853	$ 19,742	$ 19,123
Administrative	23,158	18,894	19,119	19,738	17,813	13,081	11,440	10,105	9,632	9,439
Fueling systems	1,462	2,050	1,251	1,138	1,072	975	989	963	954	978
Law enforcement	5,382	5,249	4,958	4,004	3,959	3,084	2,621	3,276	3,352	3,254
Airport maintenance	8,901	7,073	6,289	5,541	5,317	5,753	5,683	5,582	5,148	5,177
Parking	5,646	4,971	4,530	4,412	2,787	2,647	2,735	2,696	2,752	2,829
Airport fire - rescue	2,143	2,084	1,943	1,648	1,650	1,630	1,688	1,588	1,601	1,614
Guest services	1,096	935	920	838	792	793	804	737	735	758
Communications	1,392	1,062	927	859	794	707	722	778	752	808
Operations	2,095	1,930	1,850	1,554	1,516	1,326	1,277	1,211	1,128	1,070
Ground transportation	5,354	3,896	3,326	2,916	2,766	2,728	2,657	2,574	2,609	2,686
Terminal services	—	—	—	—	—	112	129	237	334	257
Total	$ 88,300	$ 73,376	$ 72,331	$ 65,281	$ 59,708	$ 53,607	$ 52,172	$ 49,600	$ 48,739	$ 47,993

FYE March 31, 2020 Operating Expense by Business Unit

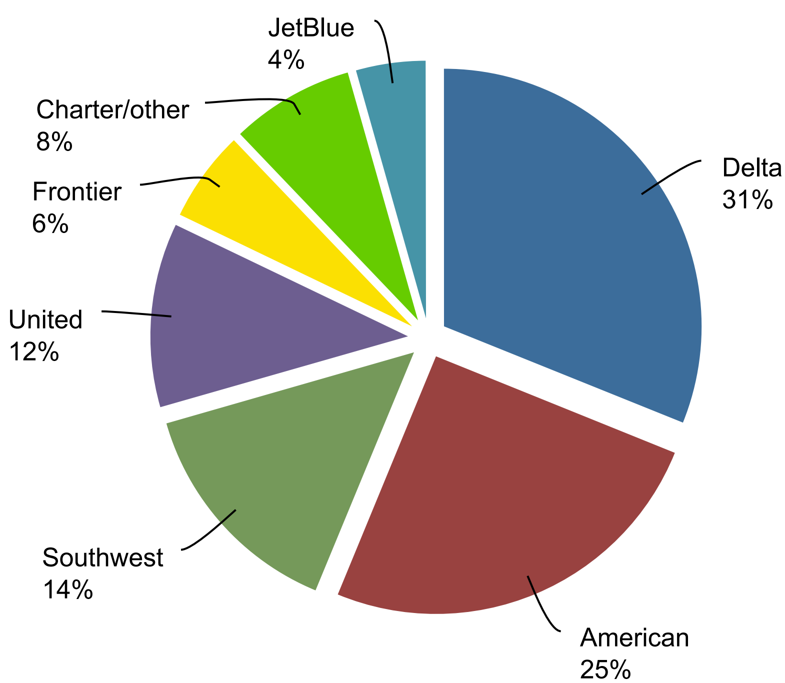


RALEIGH-DURHAM AIRPORT AUTHORITY

FYE March 31, 2020 Airline Derived Revenue by Carrier (000s)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Delta	$ 17,434	$ 17,566	$ 18,427	$ 11,571	$ 10,598	$ 9,840	$ 8,580	$ 7,894	$ 7,590	$ 6,999
American	14,088	15,004	15,653	11,651	11,152	11,184	11,070	11,495	11,399	10,795
Southwest	8,021	9,027	8,528	6,458	6,278	5,753	4,573	4,659	4,756	4,878
United	6,490	6,819	6,658	5,070	4,822	4,017	3,816	3,988	4,525	3,988
Frontier	3,208	2,919	1,064	579	343	159	80	—	25	151
JetBlue	2,458	2,820	2,627	1,805	1,854	1,566	1,098	1,040	1,066	999
Charter/other	4,341	2,055	1,783	1,182	1,100	685	444	333	530	481
Total	$ 56,040	$ 56,210	$ 54,740	$ 38,316	$ 36,147	$ 33,204	$ 29,661	$ 29,409	$ 29,891	$ 28,291

FYE March 31, 2020 Airline Derived Revenue by Carrier



RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT SERVICE SCHEDULE
Ten Years Projection

RDU BOND ISSUES	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2008 C (Non-AMT) - $72.295M Variable Rate - PFC											
Principal (May Only) PFC Application of Funds	$ 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	$ 3,390,000
Interest C Series Not swapped (12 Months) PFC	819,314	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	1,160,900
Total	2,939,314	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	4,550,900
2010A (Non-AMT) - $242.365M (4.11%) Fixed Rate - PFC	Refunded by 2020A Bonds										
Principal (May Only) PFC Application of Funds	6,975,000	7,330,000	—	—	—	—	—	—	—	—	—
Interest (May) PFC Application of Funds	9,281,387	183,250	—	—	—	—	—	—	—	—	—
Interest (November) PFC Application of Funds	4,645,131	—	—	—	—	—	—	—	—	—	—
Total	20,901,518	7,513,250	—	—	—	—	—	—	—	—	—
2010B - (Non-AMT) - $94.080M (4.11%) Fixed Rate	Refunded by 2020B Bonds										
Principal (November Only)	5,365,000	—	—	—	—	—	—	—	—	—	—
Interest (May)	2,665,025	—	—	—	—	—	—	—	—	—	—
Interest (November)	1,399,575	—	—	—	—	—	—	—	—	—	—
Total	9,429,600	—	—	—	—	—	—	—	—	—	—
2010B-1 (Non-AMT) - $38.235M (4.18%) Fixed Rate	Refunded by 2020B Bonds										
Principal (November Only)	—	—	—	—	—	—	—	—	—	—	—
Interest (May)	1,703,100	—	—	—	—	—	—	—	—	—	—
Interest (November)	851,550	—	—	—	—	—	—	—	—	—	—
Total	2,554,650	—	—	—	—	—	—	—	—	—	—
2015A (Non-AMT) - $34.060M (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	3,725,000
Interest (May)	841,525	839,125	779,750	717,375	651,750	582,875	510,375	434,250	354,125	269,875	181,375
Interest (November)	839,125	779,750	717,375	651,750	582,875	510,375	434,250	354,125	269,875	181,375	88,250
Total	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	3,994,625
2015B (AMT) - $48.685M (3.00%) Fixed Rate - PFC											
Principal (May Only) PFC Application of Funds	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	3,745,000
Interest (May) PFC Application of Funds	854,125	743,625	683,625	620,625	554,250	484,500	411,250	334,125	253,250	168,125	78,625
Interest (November) PFC Application of Funds	743,625	683,625	620,625	554,250	484,500	411,250	334,125	253,250	168,125	78,625	—
Total	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	3,823,625
2017A (AMT) - $115.230M (3.56%) Fixed Rate - PFC											
Principal (May Only) PFC Application of Funds	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	5,900,000
Interest (May) PFC Application of Funds	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	1,619,463
Interest (November) PFC Application of Funds	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	1,471,963
Total	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	8,991,426
2020A (AMT) - $141.005M (2.14%) Fixed Rate - PFC											
Principal (May Only) PFC Application of Funds	—	—	6,700,000	7,040,000	7,400,000	7,780,000	8,180,000	8,600,000	9,045,000	7,785,000	8,180,000
Interest (May) PFC Application of Funds	—	1,116,290	3,525,125	3,357,625	3,181,625	2,996,625	2,802,125	2,597,625	2,382,625	2,156,500	1,961,875
Interest (November) PFC Application of Funds	—	3,525,125	3,357,625	3,181,625	2,996,625	2,802,125	2,597,625	2,382,625	2,156,500	1,961,875	1,757,375
Total	—	4,641,415	13,582,750	13,579,250	13,578,250	13,578,750	13,579,750	13,580,250	13,584,125	11,903,375	11,899,250
2020B (NON-AMT) - $69.610M (1.31%) Fixed Rate											
Principal (May Only)	—	2,920,000	4,665,000	4,900,000	5,155,000	5,420,000	5,695,000	5,985,000	6,295,000	6,615,000	6,955,000
Interest (May)	—	551,079	1,667,250	1,550,625	1,428,125	1,299,250	1,163,750	1,021,375	871,750	714,375	549,000
Interest (November)	—	1,667,250	1,550,625	1,428,125	1,299,250	1,163,750	1,021,375	871,750	714,375	549,000	375,125
Total	—	5,138,329	7,882,875	7,878,750	7,882,375	7,883,000	7,880,125	7,878,125	7,881,125	7,878,375	7,879,125
FY Principal Total	22,685,000	21,085,000	22,725,000	23,855,000	25,065,000	26,325,000	27,640,000	29,040,000	30,535,000	30,360,000	31,895,000
FY Interest Total	29,948,133	17,417,294	19,961,042	18,838,634	17,638,751	16,401,059	15,100,351	13,709,826	12,248,217	10,754,893	9,243,951
Total Principal and Interest	**$ 52,633,133**	**$ 38,502,294**	**$ 42,686,042**	**$ 42,693,634**	**$ 42,703,751**	**$ 42,726,059**	**$ 42,740,351**	**$ 42,749,826**	**$ 42,783,217**	**$ 41,114,893**	**$ 41,138,951**
Total principal outstanding at end of FY	**$ 445,765,000**	**$ 424,680,000**	**$401,955,000**	**$ 378,100,000**	**$353,035,000**	**$326,710,000**	**$ 299,070,000**	**$ 270,030,000**	**$239,495,000**	**$ 209,135,000**	**$ 177,240,000**
PFC offsets to annual debt service	10,000,000										
DEBT SERVICE P&I NET OF PFC OFFSET	**$ 42,633,133**	**$ 28,722,550**	**$ 21,220,417**	**$ 21,235,634**	**$ 21,243,126**	**$ 21,264,309**	**$ 21,280,476**	**$ 21,291,451**	**$ 21,317,967**	**$ 21,333,143**	**$ 21,360,576**

Notes:
1. This schedule represents Cashflow Scheduled Debt Service. Accrual Basis interest expense will differ slightly.
2. 2008C interest costs are based on estimated weekly variable rates of 4.0%. Actual average variable rates at March 31, 2020 were 1.44% This interest cost excludes program costs such as liquidity and remarketing fees, which total 19.5 basis points.
3. There are no irrevocable commitments of PFC's beyond FY2015/2016.

RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT PROFILE
March 31, 2020

			Original Issue			Current Issue	
Series	Final Maturity	Use of Funds	Amount	Rate	Call Date	Amount	Rate
2008C	5/1/2036	Refunded 2008C variable bonds to non-AMT -T2	$ 73,680,000	4.7%	Any Time	$ 56,405,000	3.9%
2010A	5/1/2036	Refunded 2008AB bonds to fixed rate and terminate swaps - T2	242,365,000	4.1%	5/1/2020	7,330,000	4.1%
2015A	5/1/2030	Refunded 2005A-Operation Center, G/A Term, 75% of Taxiway D	34,060,000	4.7%	5/1/2025	33,940,000	3.1%
2015B	5/1/2029	Refunded 2005B-Terminal 2 project, 25% of Taxiway D	48,685,000	4.7%	5/1/2025	30,345,000	3.0%
2017A	5/1/2037	Refunded 2007-Terminal 2 project	115,230,000	4.8%	5/1/2027	107,130,000	3.6%
2020A	5/1/2036	Refunded 2010A bonds Terminal 2 project for PV savings	141,005,000	4.1%	5/1/2030	141,005,000	2.1%
2020B	5/1/2031	Refunded 2010B & B-1 Parking Garage Bonds for PV savings	69,610,000	4.1%	5/1/2030	69,610,000	1.3%
		Total	**$ 724,635,000**	**4.3%**		**$ 445,765,000**	**2.7%**

Unamortized bond premium (discount), net	69,355,455
Total Debt Outstanding	**$ 515,120,455**

Fixed versus Variable Debt

	Amount	Percent
Fixed rate	$ 389,360,000	87.3%
Variable rate	56,405,000	12.7%
	$ 445,765,000	100.0%

Debt outstanding per enplanement $64.58

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

Year	Population*	Median Household Income**	Per Capita Income***	Median Age****	Unemployment Rate*****
2019	1,413	Unavailable	Unavailable	37.1	3.5%
2018	1,381	$65.1	$54.5	37.0	3.4%
2017	1,348	$62.3	$52.4	36.7	4.0%
2016	1,318	$59.8	$50.4	36.4	4.4%
2015	1,290	$59.5	$46.0	36.1	4.7%
2014	1,258	$56.6	$46.3	35.2	4.9%
2013	1,230	$58.9	$42.5	35.4	6.4%
2012	1,205	$60.3	$41.4	35.1	7.7%
2011	1,172	$60.7	$40.2	34.4	8.6%
2010	1,152	$49.4	$39.1	34.9	8.5%

Sources:

*CAFR Demographic and Economic Statistics for Wake County and Durham County
**U.S. Census Bureau - American Community Survey
***U.S. Department of Commerce, Bureau of Economic Analysis
****Raleigh-Durham-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:

	2019			2010		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Duke University & Health System	41,206	1	5.16%	32,848	1	5.52%
State of North Carolina	24,083	2	3.02%	24,739	2	4.16%
Wake County Public Schools	17,000	3	2.13%	16,755	3	2.82%
Wal-Mart	16,200	4	2.03%			—
WakeMed Health & Hospitals	9,773	5	1.22%	7,100	6	1.19%
NC State University at Raleigh	9,019	6	1.13%	7,500	5	1.26%
International Business Machines	8,000	7	1.00%	10,000	4	1.68%
Target	8,000	8	1.00%			0.00
UNC Rex Healthcare	6,900	9	0.86%	4,400	9	0.74%
SAS Institute	5,567	10	0.70%	4,149	10	0.70%
Durham Public Schools	4,600		0.58%	5,389	8	0.91%
GlaxoSmithKline	2,600		0.33%	6,000	7	1.01%
Total	152,948		19.16%	118,880		19.99%

Sources:

Wake County 2019 CAFR - Greater Raleigh Chamber of Commerce
Durham County 2019 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)
2020	13,800,098	219,161	40,610	62,279
2019	13,070,284	212,388	42,600	64,505
2018	11,848,878	201,212	41,423	59,113
2017	11,211,410	193,538	34,829	51,333
2016	10,264,233	184,034	38,208	47,240
2015	9,591,249	182,013	37,915	46,045
2014	9,165,624	184,893	36,941	45,944
2013	9,234,825	184,370	35,622	49,713
2012	9,199,631	194,895	36,862	48,446
2011	9,147,426	195,051	44,158	51,658

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
AIR CANADA	52,367	43,299	44,552	38,318	32,536	28,603	28,893	27,849	29,885	29,477
AIRTRAN	—	—	—	—	—	—	179,787	119,079	115,128	117,280
ALASKA	83,047	97,223	73,305	54,308	25,191	—	—	—	—	—
ALLEGIANT	30,435	66,303	61,375	44,809	37,763	—	—	—	—	—
AMERICAN	1,573,398	1,527,807	1,553,847	1,509,127	1,443,316	761,538	822,556	792,398	796,502	835,120
CHARTER/ UNSCHEDULED	3,189	3,398	2,990	3,210	4,133	7,802	4,504	5,770	2,040	11,137
CONTINENTAL	—	—	—	—	—	—	—	139,311	243,467	295,864
DELTA	2,154,319	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
FRONTIER	474,413	427,903	146,020	145,730	104,111	44,655	26,028	—	6,146	6,332
JETBLUE	280,812	281,335	270,297	256,777	253,654	239,660	225,960	227,676	234,131	210,642
SOUTHWEST	1,235,654	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
SPIRIT	225,811	—	—	—	—	—	—	—	—	—
UNITED	789,091	835,533	749,557	708,999	595,913	479,055	461,097	364,127	248,920	330,210
USAIR	—	—	—	—	—	735,199	665,133	702,779	740,900	652,031
TOTAL	6,902,536	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

Source: Raleigh-Durham Airport Authority Activity Reports

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

	Avg %	**Monthly Avg**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
April	8.2%	**439,785**	571,694	538,150	487,023	447,366	408,738	401,769	384,101	394,240	385,934	378,833
May	9.0%	**480,389**	653,769	586,622	519,125	514,217	449,653	436,051	417,581	411,004	415,626	400,240
June	9.3%	**497,278**	679,418	614,545	545,573	518,973	464,691	450,658	426,151	428,277	422,735	421,754
July	9.2%	**491,540**	675,168	597,868	532,289	508,317	476,967	444,405	410,540	414,839	427,336	427,675
August	8.8%	**469,415**	648,192	582,829	518,712	481,903	440,297	422,424	396,153	411,880	391,839	399,923
September	7.9%	**420,448**	570,542	461,017	463,363	457,284	404,968	384,148	359,375	369,095	369,392	365,295
October	8.9%	**476,095**	638,582	573,640	530,014	493,170	457,164	431,658	406,059	406,522	412,907	411,232
November	8.5%	**454,146**	597,131	575,067	517,244	480,508	431,732	390,220	374,721	392,065	389,412	393,364
December	8.7%	**463,772**	636,388	562,881	507,048	481,271	461,445	415,732	414,239	383,896	383,279	391,540
January	6.9%	**368,653**	492,115	455,329	405,358	385,261	351,758	328,348	317,903	323,135	314,555	312,767
February	6.7%	**358,486**	482,598	443,374	405,430	374,588	358,049	302,921	293,120	311,865	313,715	299,202
March	7.8%	**417,819**	256,939	553,137	513,415	470,764	446,039	396,769	396,955	386,466	384,755	372,952
TOTAL		**5,337,827**	6,902,536	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

Source: Raleigh-Durham Airport Authority Activity Reports

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Airlines										
AIR CANADA	81,713	54,050	54,050	49,068	47,047	44,979	46,540	50,752	60,364	53,752
AIRTRAN	—	—	—	—	—	91,000	215,944	138,728	145,040	138,872
ALASKA	86,306	108,502	108,502	64,382	27,394	—	—	—	—	—
ALLEGIANT	34,598	69,473	69,473	45,527	37,743	—	—	—	—	—
AMERICAN	1,900,525	1,829,047	1,829,047	1,775,281	1,569,356	889,370	986,671	919,159	945,196	1,015,421
CONTINENTAL	—	—	—	—	—	—	—	162,018	270,259	325,661
DELTA	2,541,595	2,330,006	2,330,006	2,057,116	1,808,812	1,776,474	1,641,586	1,503,387	1,453,247	1,281,755
FRONTIER	459,601	417,784	417,784	141,610	105,682	50,447	28,369	—	21,676	44,847
JETBLUE	343,715	329,451	329,451	284,781	285,029	264,781	266,987	256,643	269,025	249,735
SOUTHWEST	1,374,832	1,403,967	1,403,967	1,285,108	1,283,654	1,168,858	1,058,200	1,239,454	1,226,814	1,205,886
SPIRIT	286,623	—	—	—	—	—	—	—	—	—
UNITED AIRLINES	941,200	978,432	978,432	809,007	646,950	507,034	517,665	396,819	516,571	484,410
USAIR	—	—	—	—	—	874,493	797,467	818,146	752,766	716,733
CHARTER/OTHER	6,813	6,976	6,976	6,704	7,465	13,315	11,814	17,455	24,926	16,968
Cargo										
FEDERAL EXPRESS	294,925	302,775	302,775	299,700	294,116	290,774	269,512	251,156	244,371	250,699
UPS	248,957	203,676	203,676	157,182	144,829	142,946	137,312	132,418	133,430	134,901
OTHERS	26,370	16,990	16,990	7,938	8,118	8,797	8,202	8,287	33,463	75,259
TOTAL	8,627,773	8,051,129	8,051,129	6,983,404	6,266,195	6,123,268	5,986,269	5,894,422	6,097,148	5,994,899

Source: Raleigh-Durham Airport Authority Finance Department

RALEIGH-DURHAM AIRPORT AUTHORITY
CAPITAL ASSETS AND OTHER AIRPORT INFORMATION

About the Airport:

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

In the fiscal year 2020, RDU served 13.8 million passengers on 10 airlines and served 57 international and domestic nonstop destinations with an average of 221 daily departures. 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	11,272 spaces approximately
3 - Park & Ride Parking Lots	7,558 spaces approximately
General Aviation Parking Lot	227 spaces approximately

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

Fiscal Year Ended	State	Federal	Total
2020	$ 14,560,117	$ 9,527,531	$ 24,087,648
2019	38,420,576	15,349,872	53,770,448
2018	746,928	4,425,422	5,172,350
2017	590,119	2,441,097	3,031,216
2016	—	1,947,012	1,947,012
2015	985,122	1,861,900	2,847,022
2014	48,374	10,843,575	10,891,951
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
Total	$ 56,643,669	$ 59,119,915	$ 115,763,556

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
2020	344
2019	329
2018	318
2017	288
2016	286
2015	272
2014	273
2013	270
2012	273
2011	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, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 16, 2020.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2020-01 that we consider to be a material weakness.

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*.

Authority's Response to Finding

The Authority's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Elliott Davis, PLLC

Raleigh, North Carolina
July 16, 2020

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, 2020. 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 Federal and State statutes, regulations, and the terms and conditions of its federal awards 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, 2020.

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 significant deficiencies or material weaknesses. 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

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, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated July 16, 2020, 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 expenditure 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
July 16, 2020

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, 2020. 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 state statutes, regulations, and the terms and conditions of its state awards 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, 2020.

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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We have issued our report thereon dated July 16, 2020, 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
July 16, 2020

Raleigh-Durham Airport Authority

Schedule of Expenditures of Federal and State Awards

For the year ended March 31, 2020

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	3-37-0056-48	$ 463,610
Airport Improvement Program	20.106	3-37-0056-50	8,785,761
Total Department of Transportation			9,249,371
United States Department of Homeland Security			
Transportation Security Administration			
Law Enforcement Officer Reimbursement Agreement Program	97.090		278,160
Total Department of Homeland Security			278,160
Total Federal Awards			$ 9,527,531
State Awards			
North Carolina Department of Transportation			
State Aid to Airports Program		Various	$ 14,560,117
Total Department of Transportation			14,560,117
Total State Awards			$ 14,560,117
Total Federal and State Awards			$ 24,087,648

*No Awards were passed through to subrecipients

A. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of the Authority under programs of the federal government for the year ended March 31, 2020. 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, 2020. 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?	X	yes		no
• Significant deficiency(s) identified that are not considered to be material weaknesses? reported		yes	X	none
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? reported		yes	X	none
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? reported		yes	X	none

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

2020-001 Accounts Payable Cut-off

Criteria: *Generally Accepted Accounting Principles* require that the cost of goods and services be recorded in the period during which such goods or services are received.

Condition: Costs for certain construction services that occurred within 30 to 60 days prior to fiscal year-end were recorded in the fiscal year in which the vendor invoice was received rather than when the services were provided.

Effect: Accounts payable and Construction in Progress as of March 31, 2019 were understated by approximately $7,600,000.

Cause: The Authority's process for accruing construction costs at fiscal year-end was based on the receipt of vendor invoices within a set cut-off period subsequent to March 31. As a result, some services received prior to March 31 were not recorded in the correct fiscal year because the related vendor invoices were not received until after the cut-off period.

Recommendation: We recommend that management assess the extent and timing of goods and services received immediately prior to fiscal year-end to ensure that related costs are recorded in the correct fiscal year regardless of when invoices are presented by vendors.

Section II. Federal and State Award Findings

None

Raleigh-Durham Airport Authority
Summary Schedule of Prior Audit Findings
For the year ended March 31, 2020

Prior year audit findings

None reported

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

RALEIGH-DURHAM AIRPORT AUTHORITY
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Corrective Action Plan

Response to FY 19-20 audit finding:

Finding 2020-001, Accounts Payable Cut-off

Auditor's Recommendation: We recommend that management assess the extent and timing of goods and services received immediately prior to fiscal year-end to ensure that related costs are recorded in the correct fiscal year regardless of when invoices are presented by vendors.

Corrective Action Plan: The Authority is in agreement with the observation and the recommendation. The intention is to enhance the year-end accrual process. Our corrective action will include two process improvements:

1) The Construction Team shall provide estimates for all capital and operating Projects where the last invoice or pay application received does not include work performed thru March 31st.
2) Finance will review all check runs in April and May of the next fiscal year for material expenditures to ensure the work performed or goods delivered in the current fiscal year are included in the year-end accrual.

Proposed Completion Date: 6/4/20
Name/Position Contact Person: Ron Kapocius, Vice President, Controller

Raleigh-Durham Airport Authority

Compliance Section Related to
Passenger Facility Charge Program

For the fiscal year ended March 31, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 16, 2020.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2020-01 that we consider to be a material weakness.

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*.

Authority's Response to Finding

The Authority's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Elliott Davis, PLLC

Raleigh, North Carolina
July 16, 2020

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, 2020.

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, 2020.

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, 2020 and have issued our report thereon date July 16, 2020. 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
July 16, 2020

Raleigh-Durham Airport Authority
Schedule of Passenger Facility Charges
For the year ended March 31, 2020

Federal Agency/Program Name/Application Number	PFC Balance April 1, 2019	PFC Collected	Interest Earnings	Expenditures	PFC Balance March 31, 2020
Federal Aviation Administration					
Passenger Facility Charges (02-01-C-00-RDU)	$ 32,288,882	$ 27,768,249	$ 64,772	$ (27,000,000)	$ 33,121,903

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.

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness identified?	X	yes	____	no
• Significant deficiency(s) identified that are not considered to be material weaknesses? reported	____	yes	X	none
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? reported	____	yes	X	none
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

2020-001 Accounts Payable Cut-off

Criteria: *Generally Accepted Accounting Principles* require that the cost of goods and services be recorded in the period during which such goods or services are received.

Condition: Costs for certain construction services that occurred within 30 to 60 days prior to fiscal year-end were recorded in the fiscal year in which the vendor invoice was received rather than when the services were provided.

Effect: Accounts payable and Construction in Progress as of March 31, 2019 were understated by approximately $7,600,000.

Section I. Financial Statement Findings, Continued

2020-001 Accounts Payable Cut-off, Continued

Cause: The Authority's process for accruing construction costs at fiscal year-end was based on the receipt of vendor invoices within a set cut-off period subsequent to March 31. As a result, some services received prior to March 31 were not recorded in the correct fiscal year because the related vendor invoices were not received until after the cut-off period.

Recommendation: We recommend that management assess the extent and timing of goods and services received immediately prior to fiscal year-end to ensure that related costs are recorded in the correct fiscal year regardless of when invoices are presented by vendors.

Section II. Passenger facility charge findings and questioned costs

None

Prior year audit findings

None reported

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

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Corrective Action Plan

Response to FY 19-20 audit finding:

Finding 2020-001, Accounts Payable Cut-off

Auditor's Recommendation: We recommend that management assess the extent and timing of goods and services received immediately prior to fiscal year-end to ensure that related costs are recorded in the correct fiscal year regardless of when invoices are presented by vendors.

Corrective Action Plan: The Authority is in agreement with the observation and the recommendation. The intention is to enhance the year-end accrual process. Our corrective action will include two process improvements:

1) The Construction Team shall provide estimates for all capital and operating Projects where the last invoice or pay application received does not include work performed thru March 31st.
2) Finance will review all check runs in April and May of the next fiscal year for material expenditures to ensure the work performed or goods delivered in the current fiscal year are included in the year-end accrual.

Proposed Completion Date: 6/4/20
Name/Position Contact Person: Ron Kapocius, Vice President, Controller