

**RALEIGH-DURHAM AIRPORT AUTHORITY**  
RDU Airport, North Carolina

**Basic Financial Statements**

Years Ended March 31, 2006 and 2005

RALEIGH-DURHAM AIRPORT AUTHORITY  
**TABLE OF CONTENTS**  
Years Ended March 31, 2006 and 2005

---

	<u>Page(s)</u>
<b>INDEPENDENT AUDITORS' REPORT</b> .....	1 – 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	3 – 9
<b>BASIC FINANCIAL STATEMENTS</b>	
Statements of Net Assets .....	10 – 11
Statements of Revenues, Expenses and Changes in Fund Net Assets .....	12
Statements of Cash Flows .....	13 – 14
Notes to Basic Financial Statements .....	15 – 32
<b>INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION</b> .....	33
<b>SUPPLEMENTAL INFORMATION</b>	
Summary of Operating Revenues and Expenses Compared with Budget .....	34
Revenues Compared with Budget Parking Revenues .....	35
Revenues Compared with Budget Airfield Revenues .....	36 – 37
Revenues Compared with Budget General Aviation Revenues .....	38 – 39
Revenues Compared with Budget Terminal Revenues .....	40 – 44
Revenues Compared with Budget Air Cargo Revenues .....	45
Revenues Compared with Budget Fuel Farm Revenues .....	46
Revenues Compared with Budget Rental Car Revenues .....	47
Revenues Compared with Budget Other Revenues .....	48
Comparative Summaries of Operating Expenses by Cost Center .....	49
Summary of Operating Expenses by Cost Center .....	50
Expenses Compared with Budget Airport Facilities Operating Expenses .....	51 – 56
Expenses Compared with Budget Administrative Expenses .....	57 – 62
Expenses Compared with Budget Visitor Services Expenses .....	63

RALEIGH-DURHAM AIRPORT AUTHORITY

**TABLE OF CONTENTS**

Years Ended March 31, 2006 and 2005

---

Expenses Compared with Budget Airport Maintenance Expenses .....	64 – 65
Expenses Compared with Budget Law Enforcement Expenses .....	66
Expenses Compared with Budget Emergency Services Expenses .....	67
Expenses Compared with Budget Operations Expenses .....	68
Expenses Compared with Budget Communications Expenses .....	69
Expenses Compared with Budget Parking Expenses.....	70
Expenses Compared with Budget Ground Transportation Division Expenses.....	71 – 72
Details of Airport and Facilities .....	73
Summary of Depreciation.....	74
Summary of Capital Projects Funds Schedule of Expenditure Compared with Budget .....	75



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying Statements of Net Assets of the Raleigh-Durham Airport Authority (the "Authority") as of and for the years ended March 31, 2006 and 2005, and the related statements of revenues, expenses and changes in fund net assets and cash flows for the years then ended which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2006 and 2005 and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2006 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

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

Raleigh, North Carolina  
June 15, 2006

RALEIGH – DURHAM AIRPORT AUTHORITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Years Ended March 31, 2006 and 2005

---

## **Overview**

The discussion and analysis ("MD&A") provides an overview of the Raleigh-Durham Airport Authority's (the "Authority") activities during the fiscal years ended March 31, 2006 and March 31, 2005. The Authority's basic financial statements consist of three components; 1) Management's Discussion and Analysis, 2) financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the Authority. In addition to the management's discussion and analysis, management has prepared the accompanying Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets, and Statement of Cash Flows.

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

## **Required Financial Statements**

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

## **Notes to Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 15 to 32 of this report.

## **Background**

The Raleigh-Durham International Airport (the "Airport") is located in Wake County, between the Cities of Raleigh and Durham approximately 10 miles from the downtown areas of each of Raleigh and Durham. Interstate 40, a major thoroughfare, is located immediately to the southwest of the Airport and US Highway 70, another major thoroughfare, located immediately to the northeast of the Airport. William B. Umstead State Park is located to the immediate east of the Airport.

RALEIGH – DURHAM AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended March 31, 2006 and 2005

---

### Background (Continued)

The Airport consists of approximately 5,100 acres, approximately 2,075 of which are developed. The Airport has two active terminals, A and C. Terminal A consists of approximately 296,000 square feet of floor space, including 23 passenger contact gates. Terminal C, prior to partial demolition as part of its redevelopment, had consisted of approximately 330,000 square feet of floor space, including 26 passenger gates. At present, Terminal C consists of 223,600 square feet and 13 passenger contact gates. The Airport has two primary runways and one secondary runway. In the fiscal years ended March 31, 2006 and 2005, 9.4 and 9.0 million passengers, respectively, used the Airport.

### Passenger Facility Charges

In February 2003, the Authority received final approval from the Federal Aviation Administration (FAA) to begin charging a \$3 passenger facility charge ("PFC") effective May 1<sup>st</sup>, 2003. In fiscal year 2004-2005, the Authority received approval from the FAA to increase this charge from \$3.00 to \$4.50 per eligible enplanement effective October 1<sup>st</sup>, 2004. Due to both the increase to \$4.50, and increased enplanements, PFC revenue increased 35.6% or \$4.0 million for FY 2004-2005 relative to the prior year. For FY 2005-2006, PFC revenue increased 34.6% or \$5.3 million relative to FY 2004-2005 due to increased enplanements and the increase to \$4.50 being effective for the full fiscal year. PFC revenues are restricted for use on only FAA approved capital projects.

### Financial Highlights, and Analysis

#### Net Assets

Current assets increased 14.6%, or \$12.6 million from the prior year due to increases in short-term investments. See **Cash Flows** for a detailed explanation of this increase. Airport and facilities, net increase was \$70.2 million mainly due to increased capital spending related to the Terminal C Redevelopment and Expansion Project. Non-current assets (restricted assets and debt issue costs) decreased 35.9% or \$38.8 million. This decrease was due to a \$59.1 million spend down of bond proceeds during the period offset by increased PFC balances of \$19.9 million. The combined effect of the above items was to increase Total Assets for the year by 6.3% or \$44.1 million.

Current liabilities increased by \$6.4 million or 25.2% due to increased Accounts Payable and increased current maturities of long-term debt. Non-current liabilities decreased by \$9.4 million or 2.8% due to the scheduled reduction of long-term debt.

RALEIGH – DURHAM AIRPORT AUTHORITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Years Ended March 31, 2006 and 2005

**Net Assets (Continued)**

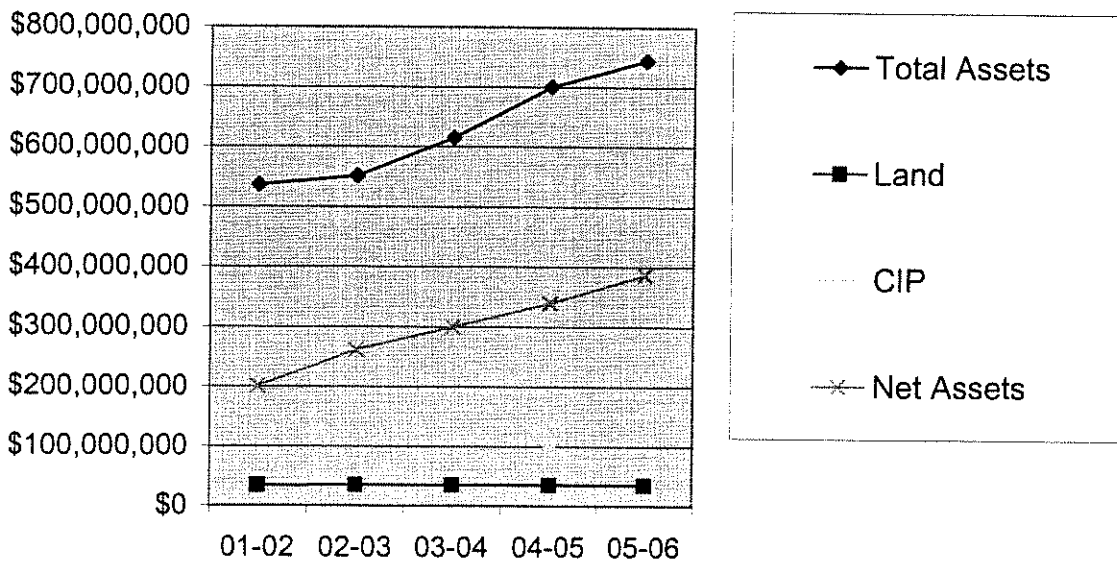
The combined effect of these items was to increase net assets during the fiscal year by \$47.1 million or 13.9%. Net assets at March 31, 2006 and March 31, 2005 are presented in the following table:

**Condensed Statement of Net Assets**

	March 31, 2006	March 31, 2005
Current assets	\$ 99,017,400	\$ 87,132,927
Airport and facilities, net	576,206,124	505,964,038
Other non-current assets	69,361,301	108,164,63
Total assets	744,584,825	701,261,598
Current liabilities	31,541,670	25,947,671
Non-current liabilities	326,502,839	335,850,000
Total liabilities	358,044,509	361,797,671
Net assets	\$ 386,540,316	\$ 339,463,927

The following graph depicts the trend in net assets, airport and facilities, land and construction in progress ("CIP"). Airport and facilities assets include land, construction in progress, and depreciable capital assets, net of accumulated depreciation. Total Assets rose 5.8% or \$43.3 million during the fiscal year. CIP increased \$54.7 million or 51.4% primarily due to the increased capital spending related to the Terminal C Redevelopment and Expansion project. Net assets increased \$47.1 million or 13.9% for the reasons aforementioned with regard to Total Assets.

**Asset Trend**





RALEIGH – DURHAM AIRPORT AUTHORITY  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
 Years Ended March 31, 2006 and 2005

---

**Revenues, Expenses, and Change in Fund Net Assets**

For the fiscal year ended March 31, 2006, the Authority experienced a 5.6 % increase, or \$3.9 million, in operating revenues due primarily to increases in parking and rental car revenues compared to the prior year.

Operating Expenses (excluding depreciation) increased 10.5%, or \$3.15 million, for the fiscal year ended March 31, 2006 relative to the prior year. A significant portion of this \$3.15 million increase, or \$1.7 million, related to a one time charge for environmental cleanup costs associated with a fuel spill in the Aviation Fuel Farm’s pipeline system incurred during FY 2005-2006. The Authority enacted a budget adjustment to cover these costs during this fiscal year. Subsequent to this adjustment, Operating Expense (excluding depreciation) came in below budget by \$832,000. Depreciation expense increased 10.5% or \$2.7 million during the current period. Thus, total Operating expenses (including depreciation), increased 10.5%, or \$5.9 million. The combined effect of the above items was a 13.3% or \$1.9 million decrease in Operating Income relative to the prior period. This decrease was primarily due to increases in depreciation and environmental clean up costs mentioned above.

Non-operating revenues (expenses) increased \$8.2 million primarily due to increased investment interest income of \$2.1 million and increased PFC collections of \$5.3 million. Capital Contributions also increased \$1.4 million compared to the prior year due to increased Federal Grant funding during the current period. Thus, the change in Net Assets increased \$7.7 million during the current fiscal year. The following table depicts these changes for the fiscal years ended March 31<sup>st</sup>, 2006 and March 31<sup>st</sup>, 2005:

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

	<u>March 31, 2006</u>	<u>March 31, 2005</u>
Operating revenues	\$ 74,392,979	\$ 70,479,754
Operating expenses	33,232,391	30,081,662
Depreciation	<u>28,548,381</u>	<u>25,845,025</u>
Total operating expense	<u>61,780,772</u>	<u>55,926,687</u>
Operating income	<u>12,612,207</u>	<u>14,553,067</u>
Total non-operating revenues(expenses)	15,244,297	7,042,888
Capital contributions	<u>19,219,885</u>	<u>17,829,840</u>
Increase in net assets	<u>\$ 47,076,389</u>	<u>\$ 39,425,795</u>

**RALEIGH – DURHAM AIRPORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Years Ended March 31, 2006 and 2005

---

**Cash Flows**

The Authority's overall liquidity position improved significantly during the fiscal year with a combined increase in unrestricted cash, cash equivalents and short term investments of \$9.3 million or 11.3%. These increases were due in part to the Authority's positive operating results for FY 2005-2006, as actual operating revenues exceeded forecast by \$3.1 million while operating expenses were held under budget. In addition, the use of bond proceeds to fund the majority of our capital cash requirements helped reduce the amount of internal cash flow typically required to fund the Authority's ongoing capital program.

Capital and related financing activities (cash used in) increased significantly during FY 2005-2006 due to increased Capital spending of \$40.8 million coupled with the fact that the Authority did not issue any debt during this fiscal year. In summary, Cash and Cash Equivalents decreased \$40.1 million during the fiscal year due to the increased Capital spending (\$40.8 million), the majority of which was funded from bond proceeds. The following is a summary of the change in cash and cash equivalents for the fiscal years ended March 31, 2006 and March 31, 2005:

	March 31, 2006	March 31, 2005
Net cash provided from (used for):		
Operating activities	\$ 42,343,040	\$ 39,948,385
Capital and related financing activities	(75,860,569)	13,823,050
Investing activities	(6,545,778)	(22,612,128)
Net increase (decrease)	(40,063,307)	31,159,307
Cash and cash equivalents at beginning of year	116,500,493	85,341,186
Cash and cash equivalents at end of year	\$76,437,186	\$116,500,493

During the year, the Authority continued to maintain its cash reserve policy to set aside and reserve an operating cash reserve of one times the current fiscal year's annual Operating Budgeted Expenses (excluding depreciation). For FY 2005-2006, this cash reserve amount was approximately \$32.5 million. For FY 2006-2007, this reserve will be \$33.97 million. The Authority also took action with respect to future years, to cap this reserve policy at \$35 million. Authority policy requires that this reserve not be expended, encumbered, or budgeted for any purpose in executing Authority fiscal policy without Board approval and notification of bond rating agencies that maintain bond ratings for the Authority.

**Economic Outlook and Capital Development**

In 2000, the Authority, in response to record setting growth, was considering an extensive redevelopment plan for Terminal A that would ultimately have expanded Terminal A from 23 gates to as many as 40 gates. This plan would have added nearly 1,000,000 square feet of space to Terminal A and would have exceeded one billion dollars in cost. Terminal C was built by American Airlines (AA) in 1987 through a Special Facility Revenue Bond financing arrangement that originally provided AA with a forty-year lease, set to expire in 2027. Subsequent to the major changes in the airline industry after September 11, 2001, the Authority and AA entered into an agreement, effective June 15, 2002, for the Authority to purchase AA's leasehold interests at the Airport. This leasehold included Terminal C, certain cargo and fuel facilities as well as other airport improvements. This leasehold acquisition allowed the Authority the option to more cost effectively and efficiently expand and redevelop Terminal rather than proceed with the redevelopment of Terminal A. Therefore, major redevelopment of Terminal A was deferred until some point after the redevelopment and expansion of Terminal C.

RALEIGH – DURHAM AIRPORT AUTHORITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Years Ended March 31, 2006 and 2005

---

**Economic Outlook and Capital Development (Continued)**

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

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

In light of the substantial borrowing needs with regard to the Terminal C Redevelopment and Expansion Project currently budgeted at \$430 million, the Authority believed that an appropriate strategy with regard to financing this project was to limit risk associated with rising interest costs. Thus, the Authority developed a hedging program to lock in current historically low long-term interest rates through the use of forward interest rate swaps. On May 4, 2005, the Authority entered into two (2) negotiated synthetic fixed interest rate swaps (BMA or Bond Market Association Municipal Swap Index based) totaling \$300,000,000. The purpose of these transactions was to fix interest costs related to the Terminal C Renovation and Expansion Project. Pursuant to these hedge agreements, the Authority on June 13, 2006, issued \$300,000,000 of variable rate bonds. The bonds will amortize over 30-years. Due to the swap agreements related to this debt, the Authority was able to lock in a fixed interest rate cost of 4.5% on this transaction. The Authority estimates that construction should be completed in 2010.

The Authority's enplaned passenger growth increased 4.0% at the end of fiscal year 2005-2006, relative to the prior period. In the fiscal years ended March 31, 2006 and 2005, 4.7 and 4.5 million passengers, respectively, were enplaned at the Airport.

**Budget Information for the Fiscal Year Ending March 31, 2007**

The Authority, as it typically does, has elected to forecast conservatively, especially with respect to revenue generation for the fiscal year ended March 31, 2007. For this period, total budgeted operating revenue increased \$6.2 million or 8.6% due to increased estimated: Landing Fees (\$3.8 million), Parking Revenues (\$1.0 million), and Rental Car revenues (\$.72 million). Non-operating revenue decreased by \$21.6 million or 47.4% due entirely to a reduction in federal and state grants of \$23 million.

Budgeted operating expenses (excluding depreciation) increased \$1.45 million, or 4.5% for the year ended March 31, 2007 relative to the prior year. Inclusive of depreciation, total budgeted operating expenses increased \$8.9 million or 15.1% relative to the prior year. Total budgeted non-operating expenses increased \$4.0 million or 34.8% due to higher debt service requirements. Total budgeted non-operating revenues decreased \$21.6 million or 47.4% due entirely to reduction in available federal grants. The combined effect of these items was to decrease Net Assets \$28.3 million or 61.2% with regard to the Authority's FY 2006-2007 budgeted projections vs. the prior year.

RALEIGH – DURHAM AIRPORT AUTHORITY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Years Ended March 31, 2006 and 2005

---

**Requests for Information**

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

RALEIGH-DURHAM AIRPORT AUTHORITY  
**STATEMENTS OF NET ASSETS**  
 March 31, 2006 and 2005

	2006	2005
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 10,849,500	\$ 11,728,314
Short-term investments	80,647,847	70,477,690
Accounts receivable for fees and rentals, less allowance for doubtful accounts of \$310,404	4,259,660	2,994,215
Grants receivable	2,293,219	1,408,750
Other current assets	967,174	523,958
<b>Total current assets</b>	99,017,400	87,132,927
<b>Restricted assets</b>		
State of North Carolina Underground Storage Tank Trust Fund Deductible	220,000	220,000
Passenger Facility Charge Cash and cash equivalents	35,930,032	15,974,249
Passenger Facility Charge Receivable	3,158,550	3,269,315
Aeronautical Facilities Revenue Bonds Cash and cash equivalents - Bond Series 2001A, 2005 and 2003 BAN	17,566,772	68,544,556
Debt Service Reserve Fund - Bond Series 2001A and 2005	11,870,882	20,033,374
<b>Total restricted assets</b>	68,746,236	108,041,494
<b>Airport and facilities, net</b>	576,206,124	505,964,038
<b>Debt premium/issue costs, net</b>	615,065	123,139
 <b>TOTAL ASSETS</b>	<b>\$ 744,584,825</b>	<b>\$ 701,261,598</b>

The accompanying notes are an integral part of these basis financial statements

RALEIGH-DURHAM AIRPORT AUTHORITY  
**STATEMENTS OF NET ASSETS**  
 March 31, 2006 and 2005

<u>LIABILITIES AND NET ASSETS</u>	<u>2006</u>	<u>2005</u>
<b>Current liabilities</b>		
Accounts payable	\$ 10,167,145	\$ 7,990,066
Retainage and construction accounts payable	3,667,197	4,725,780
Accrued employee compensation	1,536,309	1,373,271
Accrued bond interest payable	6,232,253	4,093,554
Current maturities of long-term debt		
General Airport Revenue Bonds-Series 2001A	2,985,000	2,840,000
General Airport Revenue Bonds-Series 2001B	3,565,000	3,425,000
General Airport Revenue Bonds-Series 2002A	1,600,000	1,500,000
General Airport Revenue Bonds-Series 2005B	1,440,000	-
Other-Capital leases	348,766	-
<b>Total current liabilities</b>	<u>31,541,670</u>	<u>25,947,671</u>
<b>Long-term debt</b>		
General Airport Revenue Bonds-Series 2001 A and B	175,205,000	181,755,000
General Airport Revenue Bonds-Series 2005 A and B	123,855,000	125,295,000
General Airport Revenue Bonds-Series 2002A	24,200,000	25,800,000
Other-Capital leases	242,839	-
	<u>323,502,839</u>	<u>332,850,000</u>
<b>Unearned revenue</b>		
Unearned rent credit	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>
<b>TOTAL LIABILITIES</b>	<u>358,044,509</u>	<u>361,797,671</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	273,123,550	253,926,968
Restricted		
State of North Carolina Underground Storage Tank		
Trust Fund Deductible	220,000	220,000
Passenger Facility Charges	38,353,205	19,243,564
Unrestricted Net assets	<u>74,843,561</u>	<u>66,073,395</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 386,540,316</u>	<u>\$ 339,463,927</u>

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

RALEIGH-DURHAM AIRPORT AUTHORITY  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**

Years Ended March 31, 2006 and 2005

	2006	2005
<b>Operating revenues</b>		
Parking	\$ 35,102,368	\$ 32,764,711
Airfield	6,852,766	7,033,600
General aviation	1,017,201	884,339
Terminals	16,323,512	16,427,603
Air cargo	1,741,380	1,667,054
Fuel Farm	1,166,326	1,204,611
Rental car	11,109,594	9,438,239
Other	1,079,832	1,059,597
<b>Total operating revenues</b>	<u>74,392,979</u>	<u>70,479,754</u>
<b>Operating expenses</b>		
Airport facilities	12,624,529	10,166,095
Administrative	5,212,159	4,558,154
Law enforcement	2,710,370	2,573,268
Airport maintenance	3,711,178	3,511,927
Parking	2,586,436	2,519,168
Emergency services	1,413,059	1,337,302
Visitor services	565,644	536,617
Communications	651,726	595,018
Operations	906,909	923,735
Ground transportation	2,850,381	3,360,378
Subtotal	<u>33,232,391</u>	<u>30,081,662</u>
Depreciation	28,548,381	25,845,025
<b>Total operating expenses</b>	<u>61,780,772</u>	<u>55,926,687</u>
<b>Operating income</b>	<u>12,612,207</u>	<u>14,553,067</u>
<b>Non-operating revenues (expenses)</b>		
Investment interest income	4,015,127	1,931,286
Passenger Facility Charges	20,632,549	15,324,824
Net increase (decrease) in fair value of investments	160,248	(1,119,050)
Bond interest expense, net	(9,878,616)	(9,727,743)
Loss on disposal of airport facilities	-	(219,042)
Other, net	314,989	852,613
<b>Total non-operating revenues (expenses)</b>	<u>15,244,297</u>	<u>7,042,888</u>
<b>Income before capital contributions</b>	<u>27,856,504</u>	<u>21,595,955</u>
<b>Capital contributions</b>	<u>19,219,885</u>	<u>17,829,840</u>
<b>Increase in net assets</b>	<u>47,076,389</u>	<u>39,425,795</u>
<b>Net Assets, beginning of year</b>	<u>339,463,927</u>	<u>300,038,132</u>
<b>Net Assets, end of year</b>	<u>\$ 386,540,316</u>	<u>\$ 339,463,927</u>

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

RALEIGH-DURHAM AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2006 and 2005

	2006	2005
<b>Cash flows from operating activities</b>		
Cash received from operations	\$ 72,477,716	\$ 72,271,747
Cash paid to employees	(14,035,657)	(13,361,939)
Cash paid to suppliers	(16,099,019)	(18,961,423)
<b>Net cash provided by operating activities</b>	<u>42,343,040</u>	<u>39,948,385</u>
<b>Investing activities</b>		
Purchases of short-term investments	(35,835,665)	(36,900,550)
Proceeds from maturities of short-term investments	25,665,508	13,594,708
Investment (loss) on valuation account	160,248	(1,119,050)
Interest on cash deposits	3,464,131	1,812,764
<b>Net cash (used in) investing activities</b>	<u>(6,545,778)</u>	<u>(22,612,128)</u>
<b>Capital and related financing activities</b>		
Proceeds from issuance of Long-Term Debt		
General Airport Revenue Bonds-Series 2005 A and B	-	125,295,000
Capital Lease Obligations	1,046,297	-
Payments of Long-Term Debt and Capital Lease Obligations		
Bond Anticipation Note-Series 2003	-	(70,000,000)
General Airport Revenue Bonds-Series 2001 A and B	(6,265,000)	(3,295,000)
General Airport Revenue Bonds-Series 2002	(1,500,000)	(1,400,000)
Other Long-Term Debt	-	(1,925,000)
Capital Lease Obligations	(454,692)	-
Other capital and financing costs		
Debt issuance costs	(547,023)	1,827,927
Amortization of debt issuance costs	55,097	470,151
Additions to airport and facilities	(99,849,050)	(59,046,186)
Loss on Disposal of airport and facilities	-	(219,042)
Bond interest paid on long-term debt	(7,739,917)	(9,883,431)
Passenger facility charges collected	20,743,314	14,040,209
Other, net	314,989	852,613
Contributed capital	18,335,416	17,105,809
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(75,860,569)</u>	<u>13,823,050</u>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(40,063,307)</u>	<u>31,159,307</u>
<b>Cash and cash equivalents - beginning of year</b>	<u>116,500,493</u>	<u>85,341,186</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 76,437,186</u>	<u>\$ 116,500,493</u>
(Including Restricted Cash and Restricted Cash Equivalents)		

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



RALEIGH-DURHAM AIRPORT AUTHORITY  
**STATEMENTS OF CASH FLOWS**  
 Years Ended March 31, 2006 and 2005

	2006	2005
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 12,612,207	\$ 14,553,067
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	28,548,381	25,845,025
Changes in operating assets and liabilities		
Accounts receivable	(1,472,047)	1,843,753
Other current assets	(443,216)	(51,760)
Accounts payable	2,934,677	(2,132,172)
Accrued employee compensation	163,038	(109,528)
<b>Net cash provided by operating activities</b>	<b>\$ 42,343,040</b>	<b>\$ 39,948,385</b>
 <b>Supplemental Cash Flow Information</b>		
Cash investing, capital and financing activities		
Cash paid for interest	\$ 13,704,374	\$ 11,508,161
Capitalized interest paid	\$ 5,964,457	\$ 1,736,778
Non-cash investing, capital and financing activities		
Capital Lease Obligation	\$ 1,046,297	\$ -

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

RALEIGH-DURHAM AIRPORT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2006 and 2005

---

**Note 1 – The Authority**

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

**Note 2 – Summary of significant accounting policies**

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

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

**Basis of accounting** – All assets and all liabilities associated with the operation of the Authority are included on the statement of net assets. As required for periods beginning after June 15, 2000 by Statement 33 of the Government Accounting Standards Board (GASB), *Accounting and Financial Reporting for Nonexchange Transactions*, the Authority recognizes capital contributions as revenue, rather than as contributed capital. Nonexchange transactions for the Authority include Federal and State grants and contributions by the Authority's four owning bodies. The enterprise fund of the Authority is presented in the financial statements on the accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period when incurred. As permitted by accounting principles generally accepted in the United States of America, the Authority has elected to apply only applicable FASB statements and interpretations issued before November 30, 1989 in its accounting and reporting practices for its operations.

**Budgetary control** – The Authority adopts an annual budget ordinance as required by the Local Government Budget and Fiscal Control Act of the North Carolina General Statutes. The budget ordinance is prepared on the modified accrual basis of accounting as required by North Carolina law. This budget is adopted and amended at the functional level with management control on a departmental basis. Expenditures may not legally exceed these levels. Appropriations under this ordinance lapse at year-end. The Budget Ordinance is adopted by the Authority at its March meeting and is entered in the minutes within five days after adoption.

RALEIGH-DURHAM AIRPORT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2006 and 2005

---

**Note 2 – Summary of significant accounting policies (continued)**

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

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

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

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

Depreciation expense was \$28,548,381 and \$25,845,025 for the fiscal years ended 2006 and 2005, respectively.

The majority of internal engineering costs are capitalized in connection with related capital projects.

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

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

The estimated lives by general classifications are as follows:

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

The Authority's net assets are classified as follows:

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

**Reclassifications** – Certain 2005 amounts have been reclassified in order to conform to 2006 presentation.

RALEIGH-DURHAM AIRPORT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2006 and 2005

---

**Note 2 – Summary of significant accounting policies (continued)**

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

**Passenger facility charges** are presented as Restricted Net Assets for Capital Projects based on Federal Aviation Administration (FAA) regulations.

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

**Aeronautical facilities revenue bond reserves** represent cash and cash equivalents restricted by the Master Trust Indenture to be expended for the construction of certain airport facilities.

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

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

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

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

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

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

RALEIGH-DURHAM AIRPORT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2006 and 2005

---

**Note 2 – Summary of significant accounting policies (continued)**

**Concentration of credit risk** – For the years ended March 31, 2006 and 2005, no air carrier accounted for more than 5% and 6% of the Authority's operating revenues, respectively.

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

**Passenger facility charges** – The Federal Aviation Administration (FAA) authorized the Authority to collect Passenger Facility Charges (PFCs) of \$3 per qualifying enplaned passenger commencing May 1, 2003. Effective October 1, 2004, the FAA authorized the Authority to collect PFCs of \$4.50 per qualifying enplaned passenger. The net receipts from PFCs are accounted for on the accrual basis of accounting and are restricted to use on FAA approved projects. Aggregate collections and interest thereon from inception through March 31, 2006 and 2005 were \$42,409,074 and \$23,408,668, respectively. During the fiscal year ended March 31, 2005, the Authority spent PFC funds of \$7,434,419 on FAA approved projects. PFC funds of \$1,742,908 and \$7,434,419 expended during the fiscal year ended March 31, 2006 and 2005, respectively. Net assets related to PFC are restricted for projects that are approved by the FAA.

**New pronouncements** – The Authority implemented GASB Statement No. 40 *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3* during the fiscal year ended March 31, 2006. This Statement modifies disclosure requirements related to custodial risk by only requiring disclosure of deposits or investments facing substantial custodial risk. It eliminates the requirement to disclose fair value information as part of the notes disclosure, and also eliminates the requirement to report information on investments not held at year-end. The Statement requires new disclosure related to credit risk, concentration risk, interest rate risk and foreign currency risk.

**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 policy regarding custodial credit risk for deposits.

RALEIGH-DURHAM AIRPORT AUTHORITY  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 March 31, 2006 and 2005

**Note 3 – Deposits and investments (continued)**

At March 31, 2006, the Authority's deposits had a carrying amount of \$38,343,050 and a statement balance of \$42,918,782. Of this bank balance, \$2,126,645 was covered by federal depository insurance while the balance of \$40,792,137 was covered by collateral held under the Pooling Method. The Authority is required to maintain a minimum balance of \$250,000 in its checking account.

At March 31, 2005, the Authority's deposits had a carrying amount of \$26,102,769 and a statement balance of \$27,915,790. Of this bank balance, \$100,000 was covered by federal depository insurance while the balance of \$27,815,790 was covered by collateral held under the Pooling Method.

At March 31, 2006 and 2005, the Authority's petty cash funds totaled \$77,950.

**Investments** – At March 31, 2006, the Authority had the following investments and maturities.

Investment Type	Fair Value	Less Than 6 Months	6-12 Months	1 Year - 30 Months
Repurchase Agreements	\$ 10,939,921	\$ -	\$ -	\$ 10,939,921
US Government Agencies	80,647,847	29,716,237	21,197,995	29,733,615
Commercial Paper	20,024,564	20,024,564	-	-
NC Capital Management Trust- Cash Portfolio	7,051,701	N/A	N/A	N/A
<b>Total:</b>	<b>\$ 118,664,033</b>	<b>\$ 49,740,801</b>	<b>\$ 21,197,995</b>	<b>\$ 40,673,536</b>

At March 31, 2005, the Authority had the following investments and maturities.

Investment Type	Fair Value	Less Than 6 Months	6-12 Months	1 Year - 30 Months
US Government Agencies	\$ 70,477,690	\$ -	\$ 17,243,145	\$ 53,234,545
Commercial Paper	11,870,876	11,870,876	-	-
NC Capital Management Trust- Cash Portfolio	78,448,900	N/A	N/A	N/A
<b>Total:</b>	<b>\$ 160,797,466</b>	<b>\$ 11,870,876</b>	<b>\$ 17,243,145</b>	<b>\$ 53,234,545</b>

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

RALEIGH-DURHAM AIRPORT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2006 and 2005

---

**Note 3 – Deposits and investments (continued)**

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). Direct investments made by the Authority by policy are limited to U.S. Treasury Bills and Notes, U.S. Government Agency obligations and bank Certificates of Deposit, all with maximum maturity of 30 months. Only indirect investments in Commercial Paper and Repurchase Agreements are permitted in relation to bond proceed and debt service reserve fund investments which are designed to maximum investment income as permitted under US Treasury arbitrage regulations. As of March 31, 2006 and 2005, the Authority's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. 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, 2006 and 2005. The Authority's investments in US Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Authority's investment in repurchase agreements are all collateralized by U.S. Agencies. 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-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' 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 limit on the amount that the Authority may invest in any one issuer. More than 5 percent of the Authority's investments are in commercial paper, a repurchase agreement, and government agencies. At March 31, 2006, the Authority consisted of 43% in Federal Home Loan Bank securities, 11% in Federal Home Loan Mortgage Corporation securities, 10% in ANZ commercial paper, 10% in Federal National Mortgage Association securities, 9% in a Morgan Stanley repurchase agreement, and 7% in General Electric Capital Corporation commercial paper of the total investments. At March 31, 2005, the Authority investments consisted of 26% in Federal Home Loan Bank securities, 8% in Federal National Mortgage Association securities, 7% in Federal Home Loan Mortgage Corporation securities, and 7% in Eurohypo AG commercial paper of the total investments.

RALEIGH-DURHAM AIRPORT AUTHORITY  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 March 31, 2006 and 2005

**Note 4 – Airport and facilities, net**

Changes in airport and facilities are as follows for the year ended March 31, 2006:

	<u>March 31, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>March 31, 2006</u>
<u>Capital assets not being depreciated</u>					
Land	\$ 35,546,221	\$ -	\$ -	\$ -	\$ 35,546,221
Construction in progress	106,406,209	98,790,467	-	(44,067,359)	161,129,317
Total capital assets not being depreciated	141,952,430	98,790,467	-	(44,067,359)	196,675,538
<u>Other capital assets</u>					
Landing field and grounds	440,864,655	-	-	11,210,132	452,074,787
Terminal buildings	90,197,349	-	-	1,923,143	92,120,492
Other buildings	78,770,494	-	-	28,849,377	107,619,871
Utilities	3,924,926	-	-	190,463	4,115,389
Equipment	12,670,803	-	(159,321)	1,894,243	14,405,726
Total other capital assets	626,428,227	-	(159,321)	44,067,359	670,336,265
Total airport and facilities	768,380,657	98,790,467	(159,321)	-	867,011,803
<u>Accumulated depreciation</u>					
Landing field and grounds	(187,026,309)	(16,384,103)	-	-	(203,410,412)
Terminal buildings	(42,791,744)	(5,469,715)	-	-	(48,261,459)
Other buildings	(19,993,626)	(5,066,838)	-	-	(25,060,464)
Utilities	(3,320,864)	(87,652)	-	-	(3,408,516)
Equipment	(9,284,076)	(1,540,073)	159,321	-	(10,664,829)
Total accumulated depreciation	(262,416,619)	(28,548,381)	159,321	-	(290,805,679)
Airport and facilities, net	\$ 505,964,038	\$ 70,242,086	\$ -	\$ -	\$ 576,206,124



RALEIGH-DURHAM AIRPORT AUTHORITY  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 March 31, 2006 and 2005

**Note 4 – Airport and facilities, net (continued)**

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

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

During March 31, 2006 and 2005, interest costs of approximately \$5,960,000 and \$1,740,000, net of interest earned of approximately \$1,000,000 and \$280,000, were capitalized as part of the cost of construction in progress, respectively.

RALEIGH-DURHAM AIRPORT AUTHORITY  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 March 31, 2006 and 2005

**Note 5 – Long-term debt**

Changes of long-term debt for the year ended March 31, 2006 consist of the following:

	<u>March 31, 2005</u>	<u>Principal Repayments</u>	<u>New Debt</u>	<u>March 31, 2006</u>
Amounts due to trustee				
Series 2001A 4.00 – 5.50% General Airport Revenue Bonds, maturing in varying installments beginning in 2005 to 2031	\$ 156,975,000	\$ 2,840,000	\$ -	\$ 154,135,000
Series 2001B 4.00 – 4.375% General Airport Revenue Bonds, maturing in varying installments beginning in 2002 to 2015	31,045,000	3,425,000	-	27,620,000
Series 2002A 1.15% Adjustable Rate Airport Revenue Bonds, maturing in varying installments beginning in 2003	27,300,000	1,500,000	-	25,800,000
Series 2005A 4.00-5.00% General Airport Revenue Bond, maturing in varying installments beginning 2019 to 2030	39,805,000	-	-	39,805,000
Series 2005B 3.00-5.00% General Airport Revenue Bond, maturing in varying installments beginning 2006 to 2029	85,490,000	-	-	85,490,000
Total bond obligations	340,615,000	-	-	332,850,000
Less current maturities	7,765,000	-	-	9,590,000
	<u>\$ 332,850,000</u>	<u>\$ 7,765,000</u>	<u>\$ -</u>	<u>\$ 323,260,000</u>

RALEIGH-DURHAM AIRPORT AUTHORITY  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 March 31, 2006 and 2005

**Note 5 – Long-term debt (continued)**

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

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

RALEIGH-DURHAM AIRPORT AUTHORITY  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 March 31, 2006 and 2005

**Note 5 – Long-term debt (continued)**

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

Year Ending March 31	General Airport Revenue Bond Series 2001A	General Airport Revenue Bond Series 2001B	Adjustable Rate Airport Revenue Bond Series 2002	General Airport Revenue Bond Series 2005A	General Airport Revenue Bond Series 2005B	Interest
2007	\$ 2,985,000	\$ 3,565,000	\$ 1,600,000	\$ -	\$ 1,440,000	\$ 15,941,140
2008	3,150,000	3,710,000	1,700,000	-	1,490,000	15,513,398
2009	3,320,000	3,630,000	1,800,000	-	1,545,000	15,065,206
2010	3,505,000	3,100,000	1,800,000	-	3,250,000	14,564,551
2011	3,645,000	3,220,000	1,900,000	-	3,415,000	14,064,755
2012-2016	21,010,000	10,395,000	11,500,000	-	19,800,000	61,569,681
2017-2021	27,125,000	-	5,500,000	3,250,000	22,080,000	46,886,871
2022-2026	34,770,000	-	-	16,055,000	16,355,000	31,912,256
2027-2031	44,375,000	-	-	20,500,000	16,115,000	13,672,313
2032-2036	10,250,000	-	-	-	-	512,500
	<u>\$154,135,000</u>	<u>\$27,620,000</u>	<u>\$25,800,000</u>	<u>\$39,805,000</u>	<u>\$85,490,000</u>	<u>\$229,702,671</u>

For the table above, interest was calculated for adjustable rate issue Series 2002 using an estimated rate of 4.00% for their remaining terms.

On May 1, 2002, American prepaid and retired the Series 1995A and 1995B Special Facility Revenue Refunding Bonds totaling \$78,300,000. These bonds, which were considered conduit debt, financed the Terminal C Building facilities and equipment, all of which were leased to American for a 40-year period. In June 2002, the Authority entered into an agreement with American to purchase American's remaining interest in Terminal C and the associated facilities for \$30,000,000, financed by the Series 2002 Issue.

On February 27, 2001, the Authority issued the \$156,975,000 Airport Revenue Bonds Series 2001A under the Master Trust Indenture. The Bonds are obligations of the Authority, secured by and payable from the Net Revenues of the Authority, and under certain circumstances, the proceeds of the Bonds, investment earnings, amounts set aside in the Series 2001 Reserve Fund and certain other funds and accounts. The proceeds are being used for the design and construction of several improvements to the Airport, including the construction of a garage, two warehouse buildings to house support equipment, alterations to existing parking structures, roadways, bridges, toll plazas, walkways, and alterations to a pedestrian tunnel.

On February 27, 2001, the Authority issued the \$47,570,000 Airport Revenue Refunding Bonds Series 2001B under the Master Trust Indenture. The Bonds are obligations of the Authority, secured by and payable from the Net Revenues of the Authority, and under certain circumstances, the proceeds of the bonds, investment earnings, amounts set aside in the Series 2001 Reserve Fund and certain other funds and accounts. The proceeds are being used to refund the Public Parking Revenue Bonds.

RALEIGH-DURHAM AIRPORT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2006 and 2005

---

**Note 5 – Long-term debt (continued)**

On June 13, 2002, the Authority issued the \$30,000,000 Adjustable Rate Airport Revenue Bonds Series 2002A under the Master Trust Indenture. The Bonds are obligations of the Authority, secured by and payable from the Net Revenues of the Authority, and under certain circumstances, the proceeds of the Bonds, investments earnings, and certain other funds and accounts. The interest rate for the Bonds is set weekly and at March 31, 2006 and 2005 was 3.22% and 2.28%, respectively. The proceeds are to be used to finance a portion of the cost of acquiring and purchasing certain rights and interests of American Airlines, Inc. under the Raleigh-Durham Airport Facilities Lease and Use Agreement dated November 1, 1985, to finance the cost of rehabilitation of certain buildings and equipment related to the forgoing acquisition and purchase, and to finance the cost of certain other capital improvements to aeronautical facilities located at the airport.

On December 18, 2002, the Authority issued the \$35,000,000 Bond Anticipation Notes (BAN) Series 2002B under the Master Trust Indenture. The Note is an obligation of the Authority, secured by and payable from the Net Revenues of the Authority, and the proceeds from the Authority's next General Airport Revenue Bond Issue, which had been anticipated to be issued in 2003. The proceeds are to be used to fund the initial costs of constructing a general aviation terminal and an operations center; constructing a ramp expansion, including the relocation of Taxiway D; and improving Terminal C and associated facilities, including architectural, pre-construction and construction.

On December 17, 2003, the Authority paid off the \$35,000,000 Series 2002B BAN with the issuance of a \$70,000,000 Bond Anticipation Note, Series 2003 (\$35 million new funding), under the Master Trust Indenture. This Note is an obligation of the Authority, secured by and payable from the Net Revenues of the Authority, and the proceeds from the Authority's 2005 General Airport Revenue Bond Issue. The proceeds are to be used to fund the initial costs of constructing a general aviation terminal and an operations center; constructing a ramp expansion, including the relocation of Taxiway D; and improving Terminal C and associated facilities, including architectural, pre-construction and construction. This Series 2003 BAN was paid off on March 16, 2005 with the issuance of the Series 2005A&B bonds.

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

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

RALEIGH-DURHAM AIRPORT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2006 and 2005

---

**Note 5 – Long-term debt (continued)**

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

These bonds have rate covenants associated with them, whereby the Authority must maintain a debt service coverage ratio of no less than 125%. The debt service coverage ratio at March 31, 2006 is calculated as follows:

Net revenues	\$ 45,175,715
Annual debt service	<u>19,649,826</u>
Calculated debt service coverage ratio	<u>230%</u>

On May 4, 2005 the Authority executed two interest rate swap agreements in anticipation of the issuance of \$300 million of Series 2006 Bonds. The effective date of the swaps was June 15, 2006 and the termination date of the swaps is May 1, 2036. One interest rate swap agreement was entered into with Citibank, N.A. and one interest rate swap agreement was entered into with Lehman Brothers Special Financing Inc. The aggregate notional amount of the swaps is \$300,000,000 and the terms of the swaps are substantially similar. Under the swaps, the Authority will pay the swap providers a fixed rate of 4.27% based on the notional amount of the swaps and the swap providers will pay the Authority the Bond Market Association Municipal Swap Index (BMA) rate plus 5 basis points based on the notional amount of the swaps. On the effective date of the swaps the BMA rate was 3.88%. Only the net difference in interest rate payments is actually exchanged. The \$300 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The notional amount of the swaps will amortize with the 2006 Bonds. The Authority continues to pay interest to the bondholders at the variable rate provided by the bonds.

If the floating receipts from the counterparties are equal to the interest due on the hedged 2006 bonds, the Authority's effective interest rate would be 4.27% - the fixed swap rate. The Authority will be exposed to additional interest expense payments if the variable interest rate on the Bonds exceeds BMA plus 5 basis points. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. Termination could result in the Authority being required to make an unanticipated termination payment.

RALEIGH-DURHAM AIRPORT AUTHORITY  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 March 31, 2006 and 2005

**Note 6 – Leases**

The Authority leases land, buildings and terminal space with a cost of approximately \$110 million and a carrying value of approximately \$55 million to the airlines, car rental agencies, restaurant and other businesses located at the airport. Revenues from these leases, which are included in buildings and grounds and general aviation revenue, were approximately 17% and 19% of airport operating revenues for fiscal years ended March 31, 2006 and 2005, 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, 2006 and 2005, contingent rentals comprised \$15.7 and \$13.8 million of the total rental revenues, respectively.

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

<u>Year Ending March 31</u>	<u>Amount</u>
2007	\$ 6,992,000
2008	6,861,000
2009	6,829,000
2010	6,809,000
2011	<u>5,714,000</u>
	<u>\$ 33,205,000</u>

**Note 7 – Capital Leases**

The Authority has entered into agreements to lease buses. The lease agreements qualify as capital leases for accounting purposes, and therefore; have been recorded at the present value of the future minimum lease payments as of the date of their inception and all other incidental costs.

The first agreement, for four Thomas Built buses, requires monthly payments of approximately \$19,300 until October of 2007. The second agreement, for two Blue Bird buses, requires monthly payments of approximately \$12,300 until March of 2008. Under both agreements, title passes to the Authority at the end of the lease term.

At March 31, 2006, the buses were valued at:

Class of Property	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 1,050,321	\$ 388,249	\$ 662,072

RALEIGH-DURHAM AIRPORT AUTHORITY  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 March 31, 2006 and 2005

---

**Note 7 – Capital Leases (Continued)**

Future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2006 were as follows:

Year Ending March 31	Amount
2007	\$ 379,200
2008	340,600
Total minimum lease payments	719,800
Less: Amount representing interest at 6.20%	128,195
Present value of minimum lease payments	\$ 591,605

**Note 8 – Employee retirement plans**

**Local governmental employees' retirement system**

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

*Funding Policy* – Plan members are required to contribute six percent of their annual covered salary. The Authority is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 4.90% and 4.78% of annual covered payroll. The contribution requirements of members are established and may be amended by the North Carolina General Assembly. The Authority's contributions to LGERS for the years ended March 31, 2006, 2005 and 2004 were \$1,090,116, \$1,153,543 and \$1,149,254, respectively. The contributions made by the Authority equaled the required contributions for each fiscal year.

**Supplemental retirement income plan for law enforcement officers**

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



RALEIGH-DURHAM AIRPORT AUTHORITY  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 March 31, 2006 and 2005

---

**Note 8 – Employee retirement plans (Continued)**

*Funding Policy* – Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended March 31, 2006 were \$99,471, which consisted of \$68,292 from the Authority, and \$31,179 from the law enforcement officers. Contributions for the year ended March 31, 2005 were \$91,457, which consisted of \$63,765 from the Authority, and \$27,692 from the law enforcement officers.

**Law enforcement officers special separation allowance**

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

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At March 31, 2006, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>28</u>
Total	<u><u>30</u></u>

A separate report was not issued for the plan.

*Summary of Significant Accounting Policies*

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

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

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

RALEIGH-DURHAM AIRPORT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2006 and 2005

---

**Note 8 – Employee retirement plans (continued)**

**Other postemployment benefits**

The Authority has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The Authority has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Authority, the Authority does not determine the number of eligible participants. For the fiscal year ended March 31, 2005, the Authority made contributions to the State for death benefits of \$48,099. For the fiscal year ended March 31, 2006, no contributions to the State for death benefits were made.

The Authority's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.10% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

**Note 9 – Commitments and contingencies**

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

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

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

RALEIGH-DURHAM AIRPORT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2006 and 2005

---

**Note 9 – Commitments and contingencies (Continued)**

**Construction commitments** – At March 31, 2006 and 2005, the Authority has contractual commitments for Authority expansion programs of approximately \$479 million and \$148 million, respectively.

**Note 10 – Subsequent Event**

On June 6, 2006, the Authority issued Variable Rate Airport Revenue Bonds, Series 2006A, 2006B, 2006C, 2006D, and 2006E ("2006 Bonds"). These Bonds were issued for the purpose of providing funds to pay (a) a portion of the costs of the construction and redevelopment and expansion of Terminal C, (b) the premium for the financial guaranty insurance policy being issued by XL Capital Assurance Inc., (c) the cost of funding a deposit to the Series 2006 Debt Service Reserve Fund, (d) capitalized interest on a portion of the 2006 Bonds and (e) the costs incurred in connection with the issuance of the 2006 Bonds.



**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTAL INFORMATION**

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as of and for the years ended March 31, 2006 and 2005 taken as a whole. The following supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Cherry, Bekaert & Holland, U.P.*

Raleigh, North Carolina  
June 15, 2006

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**SUMMARY OF OPERATING REVENUES AND EXPENSES**  
**COMPARED WITH BUDGET**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Operating revenues</b>			
Parking	\$ 35,102,368	\$ 33,000,000	106.4%
Airfield	6,852,766	6,979,585	98.2%
General aviation	1,017,201	947,464	107.4%
Terminals	16,323,512	16,293,822	100.2%
Air cargo	1,741,380	1,687,570	103.2%
Fuel Farm	1,166,326	1,201,700	97.1%
Rental car	11,109,594	10,171,450	109.2%
Other	1,079,832	1,040,330	103.8%
<b>Total operating revenues</b>	<u>74,392,979</u>	<u>71,321,921</u>	<u>104.3%</u>
<b>Operating expenses</b>			
Complex expenses	12,624,529	12,751,044	99.0%
Department expenses	20,607,862	21,313,717	96.7%
Depreciation Expense	28,548,381	25,642,882	111.3%
<b>Total operating expenses</b>	<u>61,780,772</u>	<u>59,707,643</u>	<u>103.5%</u>
<b>NET OPERATING INCOME</b>	<u>\$ 12,612,207</u>	<u>\$ 11,614,278</u>	<u>108.6%</u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**PARKING REVENUES**  
 Year Ended March 31, 2006

---

	Actual	Budget	Percent of Budget
<b>Parking revenues</b>			
Parking fees	\$ 35,115,650	\$ 33,000,000	106.4%
Contra revenue	(13,282)	-	N/A
<b>TOTAL PARKING REVENUES</b>	<b>\$ 35,102,368</b>	<b>\$ 33,000,000</b>	<b>106.4%</b>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**AIRFIELD REVENUES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Landing fees</b>			
<b>Commercial/Commuter airlines</b>			
Air Canada	\$ 35,917	\$ 38,020	94.5%
Air Canada Jazz	9,796	22,330	43.9%
Air Midwest/USAirways Express	25,197	35,190	71.6%
Air Wisconsin	118,475	241,220	49.1%
Airtran Airways	181,807	168,700	107.8%
America West	123,863	119,760	103.4%
American Airlines	808,584	908,380	89.0%
American Eagle	611,360	766,710	79.7%
Atlantic Coast Jet/Delta Connection	-	126,060	-
Atlantic Southeast/Delta Connection	41,875	-	N/A
Chatauqua Airlines/Usairways Express	97,211	116,480	83.5%
Chatauqua Airlines/Delta Connection	135,654	136,740	99.2%
Chatauqua Airlines/American Connection	27,957	-	N/A
Comair/Delta Connection	315,630	243,060	129.9%
Continental Airlines	160,807	201,600	79.8%
Continental Express	172,407	129,270	133.4%
Delta Airlines	583,417	724,360	80.5%
Independence Air	57,070	-	N/A
Freedom Airins/Mesa	13,377	-	N/A
Mesa Airlines/USAirways Express	12,934	17,170	75.3%
Mesa Airlines/United Express	79,421	125,890	63.1%
Mesaba Airlines	2,964	44,550	6.7%
Northwest Airlines	306,465	348,880	87.8%
Piedmont Aviation/USAirways Express	17,300	16,940	102.1%
Pinnacle/Northwest	69,554	39,540	175.9%
PSA Airlines/USAirways Express	81,517	47,270	172.4%
Republic/USAirways	13,305	-	N/A
Skywest	30,608	-	N/A
Shuttle America	69,544	-	N/A
Southwest Airlines	1,117,431	1,042,480	107.2%
Trans State Airlines	35,975	-	N/A
Trans State Airlines/American Connection	10,096	-	N/A
Trans State Airlines/USAirways Express	16,133	27,640	58.4%

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**AIRFIELD REVENUES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
USAirways	476,146	372,480	127.8%
Non-Scheduled Carriers	610	18,525	3.3%
Charter Express	16,549	-	N/A
<b>Total Commercial/Commuter airlines</b>	<b>5,876,956</b>	<b>6,079,245</b>	<b>96.7%</b>
<b>Cargo carriers</b>			
Airbourne Express/ABX Air	48,483	43,850	110.6%
Air Now	4,395	4,220	104.1%
Air Cargo Carriers/DHL	2,499	5,360	46.6%
Air Transport International/BAX Global	68,241	65,080	104.9%
Emery Worldwide	45,581	39,040	116.8%
Federal Express	245,433	218,050	112.6%
Martinaire/DHL	2,815	-	N/A
Mountain Air Cargo	41	-	N/A
United Parcel Service	136,776	128,440	106.5%
USA Jet	4,765	2,700	176.5%
<b>Total Cargo carriers</b>	<b>559,029</b>	<b>506,740</b>	<b>110.3%</b>
<b>Total landing fees</b>	<b>6,435,985</b>	<b>6,585,985</b>	<b>97.7%</b>
<b>Other</b>			
Fuel flowage fees	413,181	390,000	105.9%
Other airfield revenues	3,600	3,600	100.0%
<b>Total other</b>	<b>416,781</b>	<b>393,600</b>	<b>105.9%</b>
<b>TOTAL AIRFIELD REVENUES</b>	<b>\$ 6,852,766</b>	<b>\$ 6,979,585</b>	<b>98.2%</b>



RALEIGH - DURHAM AIRPORT AUTHORITY  
 REVENUES COMPARED WITH BUDGET  
 GENERAL AVIATION REVENUES  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>General Aviation-General</b>			
<b>Fixed space rents</b>			
Bellefonte, Inc.	\$ 14,473	\$ 14,473	100.0%
Bellsouth	4,510	4,510	100.0%
Civil Air Patrol	920	1,020	90.2%
Delta Airport Consultants	16,888	16,888	100.0%
Jetcraft	3,069	3,060	100.3%
Lichtin Corp.	3,068	3,060	100.3%
Martin Marietta	3,065	3,060	100.2%
NC DOT Aviation	236,930	236,930	100.0%
Piedmont Hawthorne	342,024	307,997	111.0%
PK Enterprises	3,072	2,988	102.8%
Progress Energy	16,301	12,029	135.5%
SAS Institute, Inc.	26,229	26,229	100.0%
Southern Jet	249,200	233,432	106.8%
<b>Total Fixed space rents</b>	<u>919,749</u>	<u>865,676</u>	<u>106.2%</u>
<b>Percentage rents</b>			
Piedmont Hawthorne-Catering	23,760	23,000	103.3%
<b>Total Percentage rents</b>	<u>23,760</u>	<u>23,000</u>	<u>103.3%</u>
<b>Total General Aviation-General</b>	<u>943,509</u>	<u>888,676</u>	<u>106.2%</u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**GENERAL AVIATION REVENUES**  
 Year Ended March 31, 2006

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>General Aviation Terminal</b>			
<b>Fixed space rents</b>			
Jetcraft	36,808	34,553	106.5%
Travelex	13,345	-	N/A
JQ Enterprises/Crosswinds Café	2,762	-	N/A
Miscellaneous	1,185	2,500	47.4%
<b>Total Fixed space rents</b>	<u>54,100</u>	<u>37,053</u>	<u>146.0%</u>
<b>Percentage rents</b>			
JQ Enterprises/Crosswinds Café	7,202	10,000	72.0%
Miscellaneous	12,390	11,735	105.6%
<b>Total Percentage rents</b>	<u>19,592</u>	<u>21,735</u>	<u>90.1%</u>
<b>Total General Aviation-Terminal</b>	<u>73,692</u>	<u>58,788</u>	<u>125.4%</u>
<b>TOTAL GENERAL AVIATION REVENUES</b>	<u><u>\$ 1,017,201</u></u>	<u><u>\$ 947,464</u></u>	<u><u>107.4%</u></u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**TERMINAL REVENUES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Terminal A Complex</b>			
<b>Fixed space rents</b>			
AirTran Airways	\$ 259,028	\$ 256,597	100.9%
America West	235,588	311,972	75.5%
ComAir	25,450	-	N/A
Continental Airlines	821,222	831,417	98.8%
Delta Airlines	1,239,320	1,238,247	100.1%
Independence Air	268,714	373,547	71.9%
Mesa/USAirways Express	33,351	37,095	89.9%
Northwest Airlines	530,676	525,983	100.9%
Southwest Airlines	1,209,094	1,204,146	100.4%
US Airways	1,194,334	1,166,966	102.3%
Aeronautical Radio	600	600	100.0%
Anton Airfood	51,535	51,535	100.0%
CLS Management	-	15,600	-
Corner Café	2,496	-	N/A
DAL Global Services	1,200	1,200	100.0%
Gearbuck Aviation Services	28,142	27,017	104.2%
Globe Airport Security	17,163	26,320	65.2%
Iskcon	300	300	100.0%
Lee Airport Concessions	10,820	10,820	100.0%
State Employee's Credit Union	3,083	3,083	100.0%
Paradies Shops	18,916	18,916	100.0%
Transportation Security Administration	55,096	55,096	100.0%
Wachovia	3,084	3,083	100.0%
<b>Total fixed space rents</b>	<b>6,009,212</b>	<b>6,159,540</b>	<b>97.6%</b>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**TERMINAL REVENUES**  
 Year Ended March 31, 2006

<b>Terminal A Complex</b>	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>Percentage rents</b>			
Airport Network	15,000	18,000	83.3%
Anton's Airfood:			
AJ Tavern/Greenleaf's	291,276	220,800	131.9%
Carolina Varsity Bar	365,469	349,200	104.7%
Food Court 1:			
A&W All American Food	33,819	29,400	115.0%
Godfather's	35,245	37,100	95.0%
Popeye's Chicken	103,321	104,400	99.0%
Rapido's	40,157	37,900	106.0%
Food Court 2:			
A&W All American Food	24,995	26,800	93.3%
Golden Corral	54,514	59,500	91.6%
Jump	8,701	12,000	72.5%
Checkpoint Mailers	2,352	3,300	71.3%
Classic Food Services	15,758	17,800	88.5%
CLS Management	57,129	65,600	87.1%
Interspace Airport Advertising	526,333	485,900	108.3%
Lee Airport Concessions:			
Corner Café	9,858	-	N/A
Edy's Ice Cream	16,562	18,300	90.5%
Natural Snacks	15,032	19,200	78.3%
Lone Wolf Publishing	3,680	3,200	115.0%
Majestic Terminal Services	13,221	11,800	112.0%
RDU Air Ventures			
Books Co.	70,482	69,900	100.8%
Smarte Carte	12,503	10,700	116.9%
Superior Shine	12,826	8,700	147.4%
Telephones - Kellee Communications	43,971	21,300	206.4%

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**TERMINAL REVENUES**  
 Year Ended March 31, 2006

<b>Terminal A Complex</b>	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>Percentage rents</b>			
The Paradies Shops:			
A Southern Season	68,183	64,700	105.4%
ACC Shop	54,624	50,200	108.8%
Brighton Shops	79,882	44,000	181.6%
Brooks Brothers	64,638	57,400	112.6%
PGA Tour Shop	47,005	37,500	125.3%
RDU Press Plus	581,221	557,500	104.3%
The Book Cellar	32,783	30,900	106.1%
Traveling Grace Massage	7,176	15,800	45.4%
24-Hour Flower	3,349	3,100	108.0%
<b>Total percentage rents</b>	<u>2,711,065</u>	<u>2,491,900</u>	<u>108.8%</u>
<b>Miscellaneous rents</b>			
Utilities	43,990	42,000	104.7%
Janitorial	281,090	205,000	137.1%
<b>Total miscellaneous rents</b>	<u>325,080</u>	<u>247,000</u>	<u>131.6%</u>
<b>Total Terminal A Complex revenues</b>	<u>9,045,357</u>	<u>8,898,440</u>	<u>101.7%</u>

RALEIGH - DURHAM AIRPORT AUTHORITY  
**REVENUES COMPARED WITH BUDGET**  
**TERMINAL REVENUES**  
Year Ended March 31, 2006

<b>Terminal C Complex</b>	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>Fixed space rents</b>			
Air Wisconsin	638,820	574,011	111.3%
Aeronautical Radio	6,000	6,000	100.0%
American Airlines	2,930,535	3,109,102	94.3%
American Eagle Airlines	156,741	157,610	99.4%
Anton Airfood	26,645	45,034	59.2%
CLS Management - Travelex	-	7,800	-
Charter Express	17,006	4,528	375.6%
Fleet Delivery Service	5,833	6,720	86.8%
Iskcon	300	300	100.0%
Lee Airport Concessions	17,320	17,320	100.0%
State Employees' Credit Union - ATM	3,083	3,083	100.0%
Transportation Security Administration	79,003	79,003	100.0%
<b>Total fixed space rents</b>	<u>3,881,286</u>	<u>4,010,511</u>	<u>96.8%</u>

**Terminal C Complex**

**Percentage rents**

24-Hour Flower	1,711	1,400	122.2%
Anton's Airfood:			
Cyber Café	171,020	213,400	80.1%
Jersey Mike's	48,323	51,600	93.6%
Pinehurst Microbrewery	104,664	89,200	117.3%
Maui Taco	50,094	47,000	106.6%
A&W C-20	49,150	-	N/A
Airport Network (CNN)	9,000	6,000	150.0%
Classic Food Services	4,319	4,300	100.4%
Cash Plaace	2,934	2,900	101.2%
Interspace Airport Advertising	237,128	306,700	77.3%
Lee Airport Concessions:			
Seattle's Best Coffee	83,935	58,400	143.7%
Vie De France	53,157	51,200	103.8%
RDU Air Ventures:			
Hudson Books & News	265,539	182,500	145.5%
Smarte Carte	5,631	4,200	134.1%

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**TERMINAL REVENUES**  
 Year Ended March 31, 2006

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>Terminal C Complex</b>			
<b>Percentage rents</b>			
Travelex	10,482	15,900	65.9%
The Paradies Shops:			
ACC Shop	59,006	40,800	144.6%
A Southern Season	82,203	85,700	95.9%
Telephones - Kellee Communications	7,504	4,200	178.7%
Checkpoint Mailers	506	600	84.3%
Sky Chefs	472,749	543,900	86.9%
<b>Total percentage rents</b>	<u>1,719,055</u>	<u>1,709,900</u>	<u>100.5%</u>
<b>Miscellaneous rents</b>			
FIS international passenger deplaning fee	510,510	520,000	98.2%
Janitorial Revenues	114,491	120,000	95.4%
Security- Checkpoint/Space- Terminals A & C	772,344	772,794	99.9%
Security-L/E Cost Recovery - Terminals A & C	168,166	168,261	99.9%
Colonial Pipeline	13,878	13,878	100.0%
U.S. Postal Service	20,038	20,038	100.0%
Wireless:WIFI license fee	24,000	24,000	100.0%
Wireless:DAS fees	54,387	36,000	151.1%
<b>Total miscellaneous rents</b>	<u>1,677,814</u>	<u>1,674,971</u>	<u>100.2%</u>
<b>Total Terminal C Complex revenues</b>	<u>7,278,155</u>	<u>7,395,382</u>	<u>98.4%</u>
<b>TOTAL TERMINAL REVENUES</b>	<u>\$ 16,323,512</u>	<u>\$ 16,293,822</u>	<u>100.2%</u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**AIR CARGO REVENUES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>North Cargo Complex</b>			
<b>Fixed space rents</b>			
Airborne Express	\$ 106,826	\$ 106,826	100.0%
Emery Worldwide	167,413	167,413	100.0%
Kelley Communications Group	6,280	6,280	100.0%
Federal Express	296,988	296,988	100.0%
United Parcel Service	215,052	215,052	100.0%
Worldwide Flight Services	93,491	93,491	100.0%
<b>Total North Cargo Complex revenues</b>	<b>886,050</b>	<b>886,050</b>	<b>100.0%</b>
<b>South Cargo Complex</b>			
<b>Fixed space rents</b>			
American Airlines	351,251	352,543	99.6%
Anton Airfood	77,550	77,550	100.0%
BAX Global	58,675	58,675	100.0%
Delta Airlines	80,041	80,041	100.0%
Paradies	53,272	52,272	101.9%
Quantem Aviation	134,015	128,390	104.4%
Southwest Airlines	53,099	50,849	104.4%
Swissport CFE, Inc.	1,200	1,200	100.0%
Cingular Wireless	25,915	-	N/A
Elite Line Services	20,312	-	N/A
<b>Total South Cargo Complex revenues</b>	<b>855,330</b>	<b>801,520</b>	<b>106.7%</b>
<b>TOTAL AIR CARGO REVENUES</b>	<b>\$ 1,741,380</b>	<b>\$ 1,687,570</b>	<b>103.2%</b>



**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**FUEL FARM REVENUES**  
 Year Ended March 31, 2006

---

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>Fuel Farm</b>			
License Fee - Worldwide	\$ 1,200	\$ 1,200	100.0%
Jet A Fuel Thru Put	1,164,995	1,200,000	97.1%
Glycol Thru Put	131	500	26.2%
<b>TOTAL FUEL FARM REVENUES</b>	<u>\$ 1,166,326</u>	<u>\$ 1,201,700</u>	<u>97.1%</u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**RENTAL CAR REVENUES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Fixed space rents</b>			
Alamo Rent-A-Car	\$ 21,327	\$ 22,473	94.9%
Avis Rent-A-Car	45,689	48,544	94.1%
Budget Rent-A-Car	29,119	30,940	94.1%
Dollar Rent-A-Car	19,216	14,043	136.8%
Enterprise Car Rental	10,363	11,011	94.1%
The Hertz Corporation	81,103	84,673	95.8%
National Car Rental	39,837	44,766	89.0%
Triangle Rent-A-Car	3,112	-	N/A
<b>Total fixed space rents</b>	<u>249,766</u>	<u>256,450</u>	<u>97.4%</u>
<b>Percentage rents</b>			
Alamo Rent-A-Car	811,854	690,000	117.7%
Avis Rent-A-Car	2,221,678	1,956,000	113.6%
Budget Rent-A-Car	1,152,125	939,000	122.7%
Dollar Rent-A-Car	761,757	634,000	120.2%
Enterprise Car Rental	851,264	782,000	108.9%
The Hertz Corporation	3,271,527	3,156,000	103.7%
National Car Rental	1,295,003	1,190,000	108.8%
Triangle Rent-A-Car	10,642	-	N/A
Off Airport - Thrifty	483,978	568,000	85.2%
<b>Total percentage rents</b>	<u>10,859,828</u>	<u>9,915,000</u>	<u>109.5%</u>
<b>TOTAL RENTAL CAR REVENUES</b>	<u><u>\$ 11,109,594</u></u>	<u><u>\$ 10,171,450</u></u>	<u><u>109.2%</u></u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**REVENUES COMPARED WITH BUDGET**  
**OTHER REVENUES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Fixed space rents</b>			
NC Department of Transportation	\$ 34,209	\$ 34,209	100.0%
Research Triangle Regional Partnership	37,371	37,371	100.0%
Off airport businesses	46,709	80,000	58.4%
<b>Total fixed rents</b>	<u>118,289</u>	<u>151,580</u>	<u>78.0%</u>
<b>Percentage rents</b>			
Off airport - Thrifty parking	20,861	30,000	69.5%
Off airport - Pre-flight parking	175,397	171,500	102.3%
I-40 Park and Fly	20,686	7,800	265.2%
<b>Total percentage rents</b>	<u>216,944</u>	<u>209,300</u>	<u>103.7%</u>
<b>Other miscellaneous rents</b>			
ID badges	44,514	43,300	102.8%
Authority Building Conference Rooms	1,725	1,100	156.8%
Filming and Advertising Fees	15,900	-	N/A
Miscellaneous	16,509	13,450	122.7%
Karl Agell	10,200	10,200	100.0%
Dulles Taxi Concession Fees	77,579	61,900	125.3%
Employee parking lot	363,460	344,500	105.5%
<b>Total miscellaneous rents</b>	<u>529,887</u>	<u>474,450</u>	<u>111.7%</u>
<b>Utilities complex revenue</b>	<u>214,712</u>	<u>205,000</u>	<u>104.7%</u>
<b>TOTAL OTHER REVENUES</b>	<u><u>\$ 1,079,832</u></u>	<u><u>\$ 1,040,330</u></u>	<u><u>103.8%</u></u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**COMPARATIVE SUMMARIES OF OPERATING EXPENSES BY COST CENTER**  
 Years Ended March 31, 2006 and 2005

	Amount		Percent of Total Operating Expenses	
	2006	2005	2006	2005
<b>Operating expenses</b>				
Airport facilities	\$ 12,624,529	\$ 10,166,095	20.3%	18.2%
Administrative	5,212,159	4,558,154	8.4%	8.2%
Law enforcement	2,710,370	2,573,268	4.4%	4.6%
Airport maintenance	3,711,178	3,511,927	6.0%	6.3%
Parking	2,586,436	2,519,168	4.2%	4.5%
Emergency services	1,413,059	1,337,302	2.3%	2.4%
Visitor services	565,644	536,617	0.9%	1.0%
Communications	651,726	595,018	1.1%	1.1%
Operations	906,909	923,735	1.5%	1.7%
Grounds transportation division	2,850,381	3,360,378	4.6%	6.0%
Depreciation	28,548,381	25,845,025	46.2%	46.2%
<b>Total operating expenses</b>	<b>\$ 61,780,772</b>	<b>\$ 55,926,687</b>	<b>100.0%</b>	<b>100.0%</b>

RALEIGH - DURHAM AIRPORT AUTHORITY  
**SUMMARY OF OPERATING EXPENSES BY COST CENTER**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Operating expenses (excluding depreciation)</b>			
Airport facilities	\$ 12,624,529	\$ 12,751,044	99.0%
Administrative	5,212,159	5,204,939	100.1%
Visitor services	565,644	571,117	99.0%
Airport maintenance	3,711,178	3,832,321	96.8%
Law enforcement	2,710,370	3,377,551	80.2%
Emergency services	1,413,059	1,339,271	105.5%
Operations	906,909	921,040	98.5%
Communications	651,726	613,508	106.2%
Parking	2,586,436	2,515,228	102.8%
Ground transportation	2,850,381	2,938,742	97.0%
<b>Total operating expenses (excluding depreciation)</b>	<b>33,232,391</b>	<b>34,064,761</b>	<b>97.6%</b>
<b>Depreciation</b>			
Airport facilities	17,554,742	15,366,704	114.2%
Administrative	719,514	161,256	446.2%
Law enforcement	46,082	29,776	154.8%
Airport maintenance	204,165	90,511	225.6%
Parking	9,650,226	9,705,066	99.4%
Emergency services	205,116	194,119	105.7%
Communications	138,252	75,966	182.0%
Operations	30,284	19,484	155.4%
<b>Total depreciation</b>	<b>28,548,381</b>	<b>25,642,882</b>	<b>111.3%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 61,780,772</b>	<b>\$ 59,707,643</b>	<b>103.5%</b>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**AIRPORT FACILITIES OPERATING EXPENSES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Airport facilities</b>			
<b>Airfield complex</b>			
Contracted services	\$ 2,500	\$ 2,500	100.0%
Contracted Services - Leased Employees	147,370	152,000	97.0%
Electricity	115,518	117,000	98.7%
Natural Gas	5,187	5,500	94.3%
Fuel - vehicles and equipment	1,960	2,100	93.3%
Supplies	189,000	208,250	90.8%
Liability Insurance	194,294	214,400	90.6%
Insurance claim	71,903	-	N/A
Repairs and maintenance			
Equipment	17,059	21,400	79.7%
General	13,607	6,000	226.8%
<b>Total airfield complex</b>	<b>758,398</b>	<b>729,150</b>	<b>104.0%</b>
<b>Terminal A complex</b>			
Printing	1,386	7,900	17.5%
Electricity	855,707	832,000	102.8%
Fuel - natural gas	197,458	128,000	154.3%
Telecommunications	3,673	3,300	111.3%
Fuel - vehicles and equipment	295	2,000	14.8%
Supplies	70,057	85,000	82.4%
Liability Insurance	104,666	115,500	90.6%
Insurance claim	5,875	3,300	178.0%
Repairs and maintenance/buildings and grounds			
Public address and music system rental	-	1,200	-
Elevators/escalators	87,241	93,650	93.2%
Equipment	6,620	7,900	83.8%
General	74,825	84,000	89.1%
HVAC	73,697	65,000	113.4%
Janitorial	1,116,415	1,129,660	98.8%
Waste Disposal	128,976	119,300	108.1%
Permit administration	2,038	2,050	99.4%
<b>Total Terminal A complex</b>	<b>2,728,929</b>	<b>2,679,760</b>	<b>101.8%</b>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**AIRPORT FACILITIES OPERATING EXPENSES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Terminal C complex</b>			
Printing	-	2,900	-
Electricity	685,491	723,000	94.8%
Fuel - natural gas	111,464	84,000	132.7%
Telecommunications	4,038	4,380	92.2%
Fuel - vehicles and equipment	166	1,300	12.8%
Supplies	42,836	54,992	77.9%
Liability Insurance	111,278	122,800	90.6%
Insurance claim	5,875	3,300	178.0%
Repairs and maintenance			
Public address and music system rental	567	2,500	22.7%
Elevators/escalators	89,016	90,250	98.6%
Equipment	1,035	5,125	20.2%
General	49,000	59,745	82.0%
HVAC	45,121	55,900	80.7%
Janitorial	801,611	804,250	99.7%
Waste Disposal	68,660	64,050	107.2%
Permit administration	1,508	1,508	100.0%
<b>Total Terminal C complex</b>	<b>2,017,666</b>	<b>2,080,000</b>	<b>97.0%</b>
<b>Cargo complex</b>			
<b>North Cargo</b>			
Electricity	25,763	32,600	79.0%
Supplies	-	500	-
Liability Insurance	16,311	18,000	90.6%
Insurance claim	1,475	850	173.5%
Repairs and maintenance			
General	487	1,000	48.7%
HVAC	167	280	59.6%
<b>Total North Cargo</b>	<b>44,203</b>	<b>53,230</b>	<b>83.0%</b>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**AIRPORT FACILITIES OPERATING EXPENSES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>South Cargo</b>			
Electricity	8,241	8,600	95.8%
Fuel-Natural Gas	24,696	34,400	71.8%
Telecommunications	152	300	50.7%
Supplies	265	500	53.0%
Liability Insurance	11,690	12,900	90.6%
Insurance Claim	586	325	180.3%
Repairs and maintenance			
General	-	1,000	-
<b>Total South Cargo</b>	<u>45,630</u>	<u>58,025</u>	<u>78.6%</u>
<b>South Cargo MP4</b>			
Electricity - MP4	44,681	44,400	100.6%
Fuel-Natural Gas	2,857	1,900	150.4%
Supplies	634	1,000	63.4%
Insurance	19,117	21,100	90.6%
Insurance Claim	883	500	176.6%
Repairs and maintenance			
Elevators/Escalators	1,695	1,800	94.2%
General	1,091	1,000	109.1%
HVAC	218	220	99.1%
Waste disposal	1,495	2,200	68.0%
Permit Administration	118	224	52.7%
<b>Total South Cargo MP4</b>	<u>72,789</u>	<u>74,344</u>	<u>97.9%</u>
<b>Total Cargo Complex</b>	<u>162,622</u>	<u>185,599</u>	<u>87.6%</u>
<b>Fuel Farm Complex</b>			
Operation/Management Fees	1,090,987	1,080,000	101.0%
Electricity	83,079	72,300	114.9%
Insurance	16,942	18,700	90.6%
Repairs and maintenance			
General	1,690,894	1,551,000	109.0%
<b>Total Fuel Farm Complex</b>	<u>2,881,902</u>	<u>2,722,000</u>	<u>105.9%</u>



**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**AIRPORT FACILITIES OPERATING EXPENSES**  
 Year Ended March 31, 2006

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>General aviation complex</b>			
<b>General Aviation-General</b>			
Electricity	6,638	6,800	97.6%
Telecommunications	1,505	2,100	71.7%
Supplies	1,550	2,500	62.0%
Liability Insurance	12,320	13,600	90.6%
Insurance claim	1,765	1,000	176.5%
Repairs and maintenance			
Elevators/Escalators	1,800	1,800	100.0%
General	291	700	41.6%
HVAC	5,870	6,900	85.1%
Janitorial	3,657	3,680	99.4%
Permit Administration	168	175	96.0%
<b>Total General Aviation-General</b>	<u>35,564</u>	<u>39,255</u>	<u>90.6%</u>
<b>General aviation terminal</b>			
Printing	-	2,000	-
Contracted services-Building Manager	155,534	171,650	90.6%
Contracted services	1,800	1,800	100.0%
Electricity	47,798	35,700	133.9%
Fuel - Natural Gas	37,307	24,800	150.4%
Telecommunications	373	600	62.2%
Fuel - vehicle and equipment	111	120	92.5%
Supplies	2,823	5,400	52.3%
Liability Insurance	12,592	13,900	90.6%
Insurance claim	1,173	650	180.5%
Repairs and maintenance			
Elevators/escalators	1,668	1,800	92.7%
Equipment	1,980	2,000	99.0%
General	7,715	22,480	34.3%
HVAC	1,475	1,500	98.3%
Janitorial	30,327	32,925	92.1%
Waste disposal	2,377	3,125	76.1%
Permit administration	118	175	67.4%
<b>Total general aviation terminal</b>	<u>305,171</u>	<u>320,625</u>	<u>95.2%</u>
<b>Total General Aviation complex</b>	<u>340,735</u>	<u>359,880</u>	<u>94.7%</u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**AIRPORT FACILITIES OPERATING EXPENSES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Rental car complex</b>			
Electricity	1,272	1,700	75%
Liability Insurance	4,436	4,900	90.5%
Insurance claim	883	500	176.6%
<b>Total rental car complex</b>	<b>6,591</b>	<b>7,100</b>	<b>92.8%</b>
<b>Office &amp; Other Buildings complex</b>			
Electricity	204,519	225,200	90.8%
Fuel - natural gas	106,605	91,100	117.0%
Fuel - vehicle and equipment	1,600	3,025	52.9%
Supplies	17,751	18,000	98.6%
Liability Insurance	27,730	30,600	90.6%
Insurance claim	1,178	670	175.8%
Repairs and maintenance			
Elevators/escalators	5,055	5,125	98.6%
Equipment	20,589	22,171	92.9%
General	73,106	79,335	92.1%
HVAC	43,715	46,650	93.7%
Janitorial	74,943	95,550	78.4%
Waste disposal	27,329	27,230	100.4%
Permit administration	379	550	68.9%
<b>Total office &amp; other complex</b>	<b>604,499</b>	<b>645,206</b>	<b>93.7%</b>
<b>Utilities complex</b>			
Electricity	4,647	5,000	92.9%
Water and sewer	672,589	660,000	101.9%
Fuel - vehicles and equipment	20	25	80.0%
Supplies	7,522	14,550	51.7%
Liability Insurance	902	1,000	90.2%
Repairs and maintenance			
General	70,684	81,825	86.4%
Water system	1,767	2,000	88.4%
<b>Total utilities complex</b>	<b>758,131</b>	<b>764,400</b>	<b>99.2%</b>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**AIRPORT FACILITIES OPERATING EXPENSES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Parking complex</b>			
Electricity	704,917	859,600	82.0%
Fuel - natural gas	169		N/A
Telecommunications	44,480	32,700	136.0%
Fuel - Vehicles & Equipment	1,673	2,400	69.7%
Supplies	27,901	22,565	123.6%
Liability Insurance	223,198	246,300	90.6%
Insurance claim	11,776	6,700	175.8%
Repairs and maintenance			
Elevators/Escalators	115,452	126,575	91.2%
Equipment	3,632	5,129	70.8%
General	50,826	65,175	78.0%
HVAC	667	1,000	66.7%
Janitorial	48,846	48,880	99.9%
Permit administration	1,062	2,925	36.3%
<b>Total RDU Parking</b>	<u>1,234,599</u>	<u>1,419,949</u>	<u>86.9%</u>
<b>Ground transportation complex</b>			
<b>Taxi Operation</b>			
Liability Insurance	1,001	1,100	91.0%
Repairs and maintenance			
Janitorial	2,579	3,000	86.0%
<b>Total Taxi Operation</b>	<u>3,580</u>	<u>4,100</u>	<u>87.3%</u>
<b>Ground Transportation Other</b>			
Contracted services-landscaping	1,119,506	1,114,950	100.4%
Electricity	11,549	3,900	296.1%
Supplies	9,788	18,550	52.8%
Repairs and maintenance			
Equipment	910	5,000	18.2%
General	(14,876)	11,500	-129.4%
<b>Total Ground Transportation</b>	<u>1,126,877</u>	<u>1,153,900</u>	<u>97.7%</u>
<b>Total Ground Transportation Complex</b>	<u>1,130,457</u>	<u>1,158,000</u>	<u>97.6%</u>
<b>TOTAL AIRPORT FACILITIES</b>	<u>\$ 12,624,529</u>	<u>\$ 12,751,044</u>	<u>99.0%</u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**ADMINISTRATIVE EXPENSES**  
 Year Ended March 31, 2006

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>Administrative</b>			
<b>Airport director's office</b>			
Salaries	\$ 634,014	\$ 630,713	100.5%
Health insurance	30,350	30,839	98.4%
Retirement	55,306	58,405	94.7%
Social security	35,694	33,830	105.5%
Professional/Education	55,535	52,912	105.0%
Unemployment compensation	40,656	15,000	271.0%
Advertising	95	200	47.5%
Legal fees	147,984	150,000	98.7%
Printing	65	50	130.0%
Copiers	1,692	2,025	83.6%
Telecommunications	1,818	1,700	106.9%
Promotional	5,921	6,000	98.7%
Supplies	2,046	1,838	111.3%
Liability Insurance	49,565	54,700	90.6%
Travel	24,098	16,400	146.9%
Postage	860	950	90.5%
<b>Total airport director's office</b>	<u>1,085,699</u>	<u>1,055,562</u>	<u>102.9%</u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**ADMINISTRATIVE EXPENSES**  
 Year Ended March 31, 2006

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>Customer service and organizational support</b>			
Salaries	467,595	479,054	97.6%
Health insurance	40,868	26,983	151.5%
Retirement	42,362	41,889	101.1%
Social security	33,903	33,885	100.1%
Professional/Education	4,388	5,850	75.0%
Tuition assistance	7,437	8,000	93.0%
Printing	23,217	25,000	92.9%
Contracted services	62,425	68,000	91.8%
Copiers	2,527	2,025	124.8%
Telecommunications	2,693	3,900	69.1%
Software	1,425	1,675	85.1%
Promotional	56,779	61,000	93.1%
Supplies	2,443	2,400	101.8%
Travel	4,152	5,500	75.5%
Postage	357	850	42.0%
<b>Total customer service and organizational support</b>	<u>752,571</u>	<u>766,011</u>	<u>98.2%</u>

RALEIGH - DURHAM AIRPORT AUTHORITY  
**EXPENSES COMPARED WITH BUDGET**  
**ADMINISTRATIVE EXPENSES**  
Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Administration</b>			
Salaries	376,670	400,764	94.0%
Health insurance	46,188	33,295	138.7%
Retirement	31,179	33,948	91.8%
Social security	27,060	29,614	91.4%
Physical Examinations	54	150	36.0%
Professional/Education	6,197	6,669	92.9%
Employee assistance program	7,501	7,501	100.0%
Advertising	20,373	20,831	97.8%
Legal fees	21,473	24,000	89.5%
Printing	2,825	4,999	56.5%
Contracted services	72,585	49,009	148.1%
Copiers	3,092	3,700	83.6%
Telecommunications	1,966	2,600	75.6%
Software	2,100	2,150	97.7%
Promotional	6,819	8,000	85.2%
Small Equipment	400	1,010	39.6%
Supplies	2,075	2,050	101.2%
Travel	4,162	4,537	91.7%
Postage	1,270	1,200	105.8%
<b>Total administration</b>	<u>633,989</u>	<u>636,027</u>	<u>99.7%</u>
<b>Business development</b>			
Salaries	194,247	198,560	97.8%
Health insurance	17,446	12,352	141.2%
Retirement	17,296	16,912	102.3%
Social security	13,792	14,650	94.1%
Professional/education	637	1,100	57.9%
Legal fees	54,109	5,000	1082.2%
Copying	773	925	83.6%
Telecommunications	451	600	75.2%
Promotional	1,564	9,800	16.0%
Supplies	1,395	1,400	99.6%
Travel	2,034	2,500	81.4%
Postage	479	300	159.7%
<b>Total business development</b>	<u>304,223</u>	<u>264,099</u>	<u>115.2%</u>

RALEIGH - DURHAM AIRPORT AUTHORITY  
**EXPENSES COMPARED WITH BUDGET**  
**ADMINISTRATIVE EXPENSES**  
Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Finance</b>			
Salaries	604,212	597,702	101.1%
Health insurance	63,623	43,338	146.8%
Retirement	53,498	49,910	107.2%
Social security	45,621	43,541	104.8%
Professional/Education	3,788	6,650	57.0%
Audit	35,500	35,500	100.0%
Oracle ASP services	119,268	135,550	88.0%
Printing	3,682	3,800	96.9%
Contracted services	2,050	2,500	82.0%
Copiers	4,220	5,050	83.6%
Telecommunications	2,704	3,600	75.1%
Printer supplies	2,182	3,500	62.3%
Small equipment	350	950	36.8%
Supplies	2,262	2,650	85.4%
Travel	1,054	5,850	18.0%
Postage	3,185	3,300	96.5%
<b>Total finance</b>	<b>947,199</b>	<b>943,391</b>	<b>100.4%</b>
<b>Information Technology</b>			
Salaries	260,097	276,592	94.0%
Health insurance	29,082	18,326	158.7%
Retirement	20,998	21,758	96.5%
Social security	19,149	20,441	93.7%
Professional/Education	4,511	4,882	92.4%
Contracted services	21,633	26,150	82.7%
Copiers	1,128	1,350	83.6%
Telecommunications	3,257	3,000	108.6%
Computer Hardware	2,600	2,675	97.2%
Software	5,303	5,375	98.7%
Small equipment	1,896	1,899	99.8%
Supplies	707	700	101.0%
Media and documentation	2,365	2,400	98.5%
Travel	2,718	2,718	100.0%
Postage	242	350	69.1%
<b>Total Information Technology</b>	<b>375,686</b>	<b>388,616</b>	<b>96.7%</b>

RALEIGH - DURHAM AIRPORT AUTHORITY  
**EXPENSES COMPARED WITH BUDGET**  
**ADMINISTRATIVE EXPENSES**  
Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Major Capital Improvements Program</b>			
Salaries	\$ 116,579	\$ 113,116	103.1%
Health insurance	24,018	20,580	116.7%
Retirement	42,410	45,462	93.3%
Social security	31,093	30,918	100.6%
Professional/Education	2,969	3,000	99.0%
Printing	-	200	-
Copiers	1,128	1,350	83.6%
Telecommunications	911	1,100	82.8%
Small equipment	660	1,000	66.0%
Supplies	713	1,000	71.3%
Liability Insurance	20,661	22,800	90.6%
Travel	5,616	5,000	112.3%
Postage	36	200	18.0%
<b>Total major capital improvements program</b>	<b>246,794</b>	<b>245,726</b>	<b>100.4%</b>
<b>Facilities and Environmental</b>			
Salaries	441,305	456,757	96.6%
Health insurance	46,692	37,135	125.7%
Retirement	47,403	47,854	99.1%
Social security	36,932	38,689	95.5%
Professional/Education	2,147	5,000	42.9%
Legal fees	20,662	21,000	98.4%
Printing	358	400	89.5%
Contracted services	15,877	14,000	113.4%
Copiers	1,692	2,025	83.6%
Telecommunications	2,878	4,100	70.2%
Printer supplies	-	3,600	-
Small equipment	841	2,500	33.6%
Supplies	3,256	4,500	72.4%
Media and documentation	-	150	-
Liability Insurance	32,080	35,400	90.6%
Repairs and maintenance			
Equipment	-	200	-
Janitorial	74,513	81,000	92.0%
Computer Software	18,377	6,050	303.8%
Travel	-	2,500	-
Permit administration	6,032	6,550	92.1%
Postage	395	400	98.8%
<b>Total facilities and environmental</b>	<b>751,440</b>	<b>769,810</b>	<b>97.6%</b>



**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**ADMINISTRATIVE EXPENSES**  
 Year Ended March 31, 2006

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>Noise</b>			
Salaries	52,440	55,467	94.5%
Health insurance	5,725	5,078	112.7%
Retirement	5,106	5,306	96.2%
Social security	3,667	4,096	89.5%
Professional/Education	845	1,950	43.3%
Advertising	2,597	5,200	49.9%
Legal fees	-	500	-
Printing	1,470	2,500	58.8%
Contracted services	34,002	35,000	97.1%
Copiers	1,003	1,200	83.6%
Electricity	-	2,400	-
Telecommunications	5,007	12,900	38.8%
Supplies	375	500	75.0%
Liability Insurance	1,174	1,300	90.3%
Repairs and maintenance			
Equipment	-	500	-
Travel	1,090	1,600	68.1%
Postage	57	200	28.5%
<b>Total noise</b>	<u>114,558</u>	<u>135,697</u>	<u>84.4%</u>
<b>TOTAL ADMINISTRATIVE</b>	<u>\$ 5,212,159</u>	<u>\$ 5,204,939</u>	<u>100.1%</u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**VISITOR SERVICES EXPENSES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Visitor services</b>			
Salaries	\$ 390,183	\$ 415,437	93.9%
Health insurance	68,518	43,426	157.8%
Accident insurance	350	350	100.0%
Retirement	34,182	33,955	100.7%
Social security	31,024	30,699	101.1%
Uniforms	2,678	3,000	89.3%
Professional/Education	2,007	2,350	85.4%
Advertising	1,013	1,013	100.0%
Printing	1,937	2,500	77.5%
Contracted services	765	1,000	76.5%
Copiers	836	1,000	83.6%
Telecommunications	7,391	8,400	88.0%
Promotional	6,745	7,000	96.4%
Small equipment	679	2,100	32.3%
Supplies	1,767	1,837	96.2%
Liability Insurance	14,322	15,800	90.6%
Travel	1,123	1,150	97.7%
Postage	124	100	124.0%
<b>TOTAL VISITOR SERVICES</b>	<b>\$ 565,644</b>	<b>\$ 571,117</b>	<b>99.0%</b>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**AIRPORT MAINTENANCE EXPENSES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Airport maintenance</b>			
Salaries	\$ 1,803,172	\$ 2,012,356	89.6%
Health insurance	275,688	186,154	148.1%
Retirement/ 401K Match	152,492	157,585	96.8%
Social security	139,857	149,014	93.9%
Uniforms	17,099	20,000	85.5%
Physical examinations	3,297	4,000	82.4%
Professional/Education	3,895	5,400	72.1%
CMMS ASP Services	32,854	37,200	88.3%
Contracted services	309	1,250	24.7%
Copiers	5,306	6,350	83.6%
Electricity	(110)	-	N/A
Telecommunications	18,250	20,120	90.7%
Computer Software	-	-	N/A
Small equipment	6,546	6,700	97.7%
Supplies	18,732	28,500	65.7%
Liability Insurance	100,045	110,400	90.6%
Repairs and maintenance			
Equipment	1,182	1,500	78.8%
Janitorial	43,861	43,880	100.0%
Waste disposal	1,450	2,200	65.9%
Computer Software	38,500	47,520	81.0%
Travel	3,970	4,850	81.9%
Postage	973	1,050	92.7%
<b>Total airport maintenance</b>	<b>2,667,368</b>	<b>2,846,029</b>	<b>93.7%</b>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**AIRPORT MAINTENANCE EXPENSES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Fleet maintenance</b>			
Salaries	307,927	293,449	104.9%
Health insurance	34,611	22,980	150.6%
Retirement/ 401K Match	28,191	25,983	108.5%
Social security	24,196	21,655	111.7%
Uniforms	3,922	3,350	117.1%
Physical examinations	-	200	-
Professional/Education	-	275	-
Telecommunications	557	600	92.8%
Fuel - vehicles and equipment	416,008	347,500	119.7%
Small equipment	5,201	7,400	70.3%
Supplies	171,854	199,400	86.2%
Liability Insurance	12,506	13,800	90.6%
Repairs and maintenance			
Equipment	38,837	49,300	78.8%
Travel	-	400	-
<b>Total fleet maintenance</b>	<u>1,043,810</u>	<u>986,292</u>	<u>105.8%</u>
<b>TOTAL AIRPORT MAINTENANCE</b>	<u><u>\$ 3,711,178</u></u>	<u><u>\$ 3,832,321</u></u>	<u><u>96.8%</u></u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**LAW ENFORCEMENT EXPENSES**  
 Year Ended March 31, 2006

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>Law enforcement</b>			
Salaries	\$ 2,021,125	\$ 2,657,945	76.0%
Health insurance	201,253	144,995	138.8%
Retirement/ 401K Match	137,310	154,809	88.7%
Social security	153,533	197,502	77.7%
Uniforms	17,460	24,000	72.8%
Physical examinations	14,752	17,250	85.5%
Professional/Education	5,878	6,760	87.0%
Printing	1,722	3,000	57.4%
DCI access fee	1,800	3,925	45.9%
Contracted Services	16,816	16,440	102.3%
Copiers	3,175	3,800	83.6%
Telecommunications	27,277	24,100	113.2%
Small equipment	456	525	86.9%
Supplies	20,138	24,000	83.9%
Liability Insurance	72,500	80,000	90.6%
Repairs and maintenance			
Equipment	1,336	2,400	55.7%
Travel	8,267	10,000	82.7%
Postage	283	300	94.3%
K-9 program	5,289	5,800	91.2%
<b>TOTAL LAW ENFORCEMENT</b>	<u><u>\$ 2,710,370</u></u>	<u><u>\$ 3,377,551</u></u>	<u><u>80.2%</u></u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**EMERGENCY SERVICES EXPENSES**  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Emergency services</b>			
Salaries	\$ 1,036,255	\$ 987,516	104.9%
Health insurance	109,762	77,570	141.5%
Retirement/ 401K Match	86,209	84,021	102.6%
Social security	74,027	72,789	101.7%
Uniforms	9,423	11,000	85.7%
Physical examinations	7,107	7,250	98.0%
Professional/Education	13,393	13,600	98.5%
Printing	-	100	-
Copiers	460	550	83.6%
Telecommunications	11,093	11,300	98.2%
Small equipment	3,047	3,675	82.9%
Supplies	14,178	15,750	90.0%
Liability Insurance	35,157	38,800	90.6%
Repairs and maintenance			
Equipment	7,951	8,500	93.5%
Waste disposal	638	750	85.1%
Travel	4,304	6,000	71.7%
Postage	55	100	55.0%
<b>TOTAL EMERGENCY SERVICES</b>	<b>\$ 1,413,059</b>	<b>\$ 1,339,271</b>	<b>105.5%</b>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**OPERATIONS EXPENSES**  
 Year Ended March 31, 2006

<b>Operations</b>	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
Salaries	\$ 650,608	\$ 666,660	97.6%
Health insurance	75,044	54,255	138.3%
Retirement/ 401K Match	51,562	47,792	107.9%
Social security	47,998	49,203	97.6%
Uniforms	1,360	2,000	68.0%
Physical examinations	401	750	53.5%
Professional/Education	1,985	4,500	44.1%
Printing	2,750	4,500	61.1%
Contracted services	12,963	21,600	60.0%
Copiers	276	330	83.6%
Telecommunications	10,570	12,300	85.9%
Printer Supplies	418	500	83.6%
Small equipment	1,678	1,900	88.3%
Supplies	4,452	5,500	80.9%
Supplies-ID System	15,013	15,200	98.8%
Liability Insurance	25,098	27,700	90.6%
Repairs and maintenance			
Equipment	1,386	2,000	69.3%
Travel	3,239	4,000	81.0%
Permit administration	-	50	-
Postage	108	300	36.0%
<b>TOTAL OPERATIONS</b>	<u>\$ 906,909</u>	<u>\$ 921,040</u>	<u>98.47%</u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**COMMUNICATIONS EXPENSES**  
 Year Ended March 31, 2006

	<u>Actual</u>	<u>Budget</u>	Percent of <u>Budget</u>
<b>Communications</b>			
Salaries	\$ 429,170	\$ 400,964	107.0%
Health insurance	57,334	40,888	140.2%
Retirement/ 401K Match	30,017	27,239	110.2%
Social security	32,273	29,767	108.4%
Physical examinations	388	625	62.1%
Professional/Education	4,258	5,378	79.2%
DCI Access Fees	1,800	4,575	39.3%
Copiers	1,128	1,350	83.6%
Telecommunications	27,295	28,200	96.8%
Small equipment	11,912	14,000	85.1%
Supplies	2,191	2,500	87.6%
Liability Insurance	12,320	13,600	90.6%
Repairs and maintenance			
Equipment	40,972	40,972	100.0%
Travel	666	3,350	19.9%
Postage	2	100	2.0%
<b>TOTAL COMMUNICATIONS</b>	<u>\$ 651,726</u>	<u>\$ 613,508</u>	<u>106.2%</u>



**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**PARKING EXPENSES**  
 Year Ended March 31, 2006

	<u>Actual</u>	<u>Budget</u>	Percent of <u>Budget</u>
<b>Parking</b>			
Salaries	\$ 984,252	\$ 930,972	105.7%
Health insurance	126,315	85,652	147.5%
Retirement/ 401K Match	76,662	64,781	118.3%
Social security	76,309	68,773	111.0%
Uniforms	1,016	2,050	49.6%
Physical examinations	80	100	80.0%
Professional/Education	6,189	10,000	61.9%
Advertising	414	539	76.8%
Printing	-	1,000	-
Credit Card Fees	704,486	600,000	117.4%
Contracted services	427,719	500,000	85.5%
Copiers	16,065	19,225	83.6%
Telecommunications	25,341	29,600	85.6%
Computer Hardware	130	5,100	2.5%
Computer Software	-	5,000	-
Printer supplies	58,131	68,350	85.0%
Small equipment	1,741	3,300	52.8%
Supplies	9,842	26,786	36.7%
Liability Insurance	44,227	48,800	90.6%
Repairs and maintenance			
Computer Hardware	5,717	15,000	38.1%
Equipment	500	2,500	20.0%
Janitorial	12,195	12,200	100.0%
Waste disposal	193	1,000	19.3%
Travel	7,167	10,000	71.7%
Abandoned vehicles	1,125	3,000	37.5%
Postage	620	1,500	41.3%
<b>TOTAL PARKING</b>	<u><u>\$ 2,586,436</u></u>	<u><u>\$ 2,515,228</u></u>	<u><u>102.8%</u></u>

RALEIGH - DURHAM AIRPORT AUTHORITY  
 EXPENSES COMPARED WITH BUDGET  
 GROUNDS TRANSPORTATION DIVISION EXPENSES  
 Year Ended March 31, 2006

	Actual	Budget	Percent of Budget
<b>Ground transportation</b>			
Salaries	\$ 203,520	\$ 222,679	91.4%
Health insurance	28,684	20,235	141.8%
Retirement/ 401K Match	15,270	14,975	102.0%
Social security	16,837	16,492	102.1%
Uniforms	7,576	9,500	79.7%
Physical examinations	2,141	2,350	91.1%
Professional/Education	1,370	1,500	91.3%
Printing	3,799	4,000	95.0%
Contracted services - Bus Drivers	1,122,998	1,161,500	96.7%
Copiers	4,095	4,900	83.6%
Shuttle van rental	202,770	205,000	98.9%
Electricity	515	-	N/A
Telecommunications	6,371	14,300	44.6%
Supplies	7,207	8,100	89.0%
Liability Insurance	64,790	71,500	90.6%
Repairs and maintenance			
Equipment	18,327	18,500	99.1%
Janitorial	6,209	9,000	69.0%
Travel	991	2,000	49.6%
Postage	517	600	86.2%
<b>Total ground transportation</b>	<b>1,713,987</b>	<b>1,787,131</b>	<b>95.9%</b>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**EXPENSES COMPARED WITH BUDGET**  
**GROUNDS TRANSPORTATION DIVISION EXPENSES**  
 Year Ended March 31, 2006

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
<b>Traffic control</b>			
Salaries	803,527	853,631	94.1%
Health insurance	148,269	104,802	141.5%
Retirement/ 401K Match	64,522	66,352	97.2%
Social security	61,214	63,126	97.0%
Uniforms	11,010	12,000	91.8%
Physical examinations	2,470	2,700	91.5%
Professional/Education	777	1,000	77.7%
Printing	1,835	2,000	91.8%
Contracted services-labor	853	1,000	85.3%
Contracted services-other	4,450	4,500	98.9%
Telecommunications	1,828	1,300	140.6%
Small equipment	475	500	95.0%
Supplies	2,733	3,000	91.1%
Liability Insurance	31,449	34,700	90.6%
Repairs and maintenance			
Equipment	982	1,000	98.2%
<b>Total traffic control</b>	<u>1,136,394</u>	<u>1,151,611</u>	<u>98.7%</u>
<b>TOTAL GROUNDS TRANSPORTATION DIVISION</b>	<u>\$ 2,850,381</u>	<u>\$ 2,938,742</u>	<u>97.0%</u>

**RALEIGH - DURHAM AIRPORT AUTHORITY**  
**DETAILS OF AIRPORT AND FACILITIES**  
 Year Ended March 31, 2006

	<u>Total</u>	<u>Authority Funds</u>	<u>Federal and State Funds</u>
Land	\$ 35,546,221	\$ 33,766,874	\$ 1,779,347
Landing field and grounds	452,074,787	378,246,938	73,827,849
Terminal buildings	92,120,492	91,844,222	276,270
Other buildings	107,619,871	74,928,479	32,691,392
Utilities	4,115,389	3,909,876	205,513
Equipment	14,405,726	14,405,726	-
Construction in progress	<u>161,129,317</u>	<u>97,864,692</u>	<u>63,264,625</u>
<b>TOTAL DETAILS OF AIRPORT AND FACILITIES</b>	<u><u>\$ 867,011,803</u></u>	<u><u>\$ 694,966,807</u></u>	<u><u>\$ 172,044,996</u></u>

RALEIGH - DURHAM AIRPORT AUTHORITY

**SUMMARY OF DEPRECIATION**

Year Ended March 31, 2006

---

<b>Departmental</b>	
Administrative	\$ 290,415
Parking	9,650,226
Emergency services	205,116
Airport maintenance	204,165
Law enforcement	46,082
Facilities and environmental	57,208
Operations	30,284
Communications	138,252
Ground transportation	371,891
<b>Total departmental</b>	<u>10,993,639</u>
<b>Nondepartmental</b>	
Airfield complex	<u>3,010,485</u>
<b>Terminal A complex</b>	
Buildings and improvements	<u>4,126,490</u>
<b>Terminal C complex</b>	
Buildings and improvements	<u>1,413,060</u>
<b>General aviation complex</b>	
Buildings and improvements	<u>2,117,522</u>
<b>Cargo complex</b>	
Buildings and improvements	<u>1,206,858</u>
<b>Ground transportation complex</b>	
Roadways	<u>3,730,976</u>
<b>Fuel Farm complex</b>	<u>134,479</u>
<b>Office &amp; Other Buildings complex</b>	<u>1,594,767</u>
<b>Utilities complex</b>	<u>205,992</u>
<b>Rental Car complex</b>	<u>14,113</u>
<b>TOTAL DEPRECIATION</b>	<u><u>\$ 28,548,381</u></u>

RALEIGH - DURHAM AIRPORT AUTHORITY  
 SUMMARY OF CAPITAL PROJECTS FUNDS  
 SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET  
 Year Ended March 31, 2006

	Budget	Expenditures		Total	Unexpended Budget March 31, 2006
		Prior Year	Current Year		
General Airport Projects	\$ 31,555,487	\$ 26,286,043	\$ 2,390,494	\$ 28,676,537	\$ 2,878,950
Terminal Area Projects	141,820,400	65,457,888	61,139,892	126,597,780	15,222,620
Non-Terminal Area Projects	117,564,000	73,051,751	29,272,151	102,323,902	15,240,098
General Airport Revenue Bond Projects	140,600,000	130,406,464	5,987,930	136,394,394	4,205,606
<b>TOTAL CAPITAL PROJECTS</b>	<b>\$ 431,539,887</b>	<b>\$ 295,202,146</b>	<b>\$ 98,790,467</b>	<b>\$ 393,992,613</b>	<b>\$ 37,547,274</b>