

Comprehensive Annual Financial Report Raleigh-Durham Airport Authority For the Fiscal Years Ended March 31, 2012 and 2011



Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Comprehensive Annual Financial Report

For the fiscal years March 31, 2012 and 2011

Prepared by the Finance Department

2012 Raleigh-Durham Airport Authority Board Members



Terry K. Yeargan
Chairman,
Wake County



Craigie D. Sanders
Vice Chairman,
Durham County



Tommy Hunt
Secretary, Durham County



Geoff Elting
Treasurer, City of Raleigh



Farad Ali
City of Durham



Robert D. Teer, Jr.
City of Durham



Dickie Thompson
City of Raleigh



Michael Weeks
Wake County

RALEIGH-DURHAM AIRPORT AUTHORITY
TABLE OF CONTENTS
 Years Ended March 31, 2012 and 2011

	<u>Page(s)</u>
INTRODUCTORY SECTION:	
Title Page	i
Authority Board Members.....	ii
Table of Contents	iii - iv
Organization Chart	v
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting	vi
Letter of Transmittal	vii - xiv
 FINANCIAL SECTION:	
Independent Auditors' Report.....	1 – 2
Management's Discussion and Analysis	3 – 14
Basic Financial Statements:	
Statements of Net Assets	15 – 16
Statements of Revenues, Expenses and Changes in Net Assets	17
Statements of Cash Flows	18 – 19
Notes to Basic Financial Statements	20 – 41
Required Supplemental Information:	
Schedule of Funding Progress (OPEB)	42
Schedule of Employer Contributions (OPEB)	43
Schedule of Funding Progress (Separation Allowance).....	44
Schedule of Employer Contributions (Separation Allowance).....	45
Independent Auditors' Report on Supplemental Information.....	46
Supplemental Information:	
Summary of Operating Revenues and Expenses Compared with Budget	47
Revenues Compared with Budget – Parking Revenues	48
Revenues Compared with Budget – Airfield Revenues	49 – 50
Revenues Compared with Budget – General Aviation Revenues.....	51 – 52
Revenues Compared with Budget – Terminal Revenues	53 – 57
Revenues Compared with Budget – Air Cargo Revenues.....	58
Revenues Compared with Budget – Fuel Farm Revenues.....	59
Revenues Compared with Budget – Rental Car Revenues	60
Revenues Compared with Budget – Other Revenues	61
Comparative Summaries of Operating Expenses by Cost Center	62
Summary of Operating Expenses by Cost Center	63
Expenses Compared with Budget – Airport Facilities Operating Expenses.....	64 – 70
Expenses Compared with Budget – Administrative Expenses	71 – 76
Expenses Compared with Budget – Visitor Services Expenses	77
Expenses Compared with Budget – Fuel Farm Expenses.....	78
Expenses Compared with Budget – Airport Maintenance Expenses.....	79
Expenses Compared with Budget – Law Enforcement Expenses	80
Expenses Compared with Budget – Emergency Services Expenses	81
Expenses Compared with Budget – Operations Expenses	82
Expenses Compared with Budget – Communications Expenses	83
Expenses Compared with Budget – Parking Expenses.....	84
Expenses Compared with Budget – Ground Transportation Division Expenses	85

RALEIGH-DURHAM AIRPORT AUTHORITY
TABLE OF CONTENTS
Years Ended March 31, 2012 and 2011

Expenses Compared with Budget – Terminal Services Division Expenses.....	86
Details of Airport and Facilities	87
Summary of Depreciation	98
STATISTICAL SECTION:	89
Net Assets by Component – Last Nine Fiscal Years	90
Statements of Revenues, Expenses and Changes in Net Assets-Last Nine Fiscal Years	91
Key Performance Indicators – Last Nine Years	92
RDU Cash/Investment Balances vs Operating Reserve Policy–Last Ten Fiscal Years .	93
Operating Expenses by Business Unit – Fiscal Year Ended March 31, 2012	94
Operating Revenue by Source – Fiscal Year Ended March 31, 2012	95
Airline Derived Revenue by Carrier – Fiscal Year Ended March 31, 2012	96
Debt Service Schedule – Ten Years Projection.....	97
Debt Details and Amounts Outstanding.....	98
RDU Demographic Information – Last Three Years	99
Principal Employers – Current Year and Nine Years Ago.....	100
Activity Statistics – Last Ten Years.....	101
Enplaned Passengers by Airline – Last Ten Years.....	102
Enplaned Passengers by Airline Data – Last Ten Years	103
Enplaned Passengers by Month – Last Ten Years.....	104
Aircraft Landed Weights by Airline – Last Ten Years.....	105
Capital Assets and Other Airport information.....	106
Grant Awards History – Last Ten Years	107
Employee Headcounts – Last Ten Years	108

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Raleigh-Durham Airport
Authority, North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Dandson

President

Jeffrey R. Enev

Executive Director



June 21, 2012

To the Board of the Raleigh-Durham Airport Authority,

This Comprehensive Annual Financial Report of the Raleigh-Durham Airport Authority (the "Authority"), is hereby submitted for the fiscal year ended March 31, 2012. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Finance department of the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority.

The Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report is presented in three sections – Introductory, Financial and Statistical. The Introductory section includes this Letter of Transmittal, a depiction of the Authority Board Members, the Authority’s Organization Chart and the Certificate of Achievement for Excellence in Financial Reporting Award of the Authority for its prior year FY 2010-11 submission. This Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government finance reports. The Financial Section includes the Independent Auditor’s Report, Management’s Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information, and Supplemental Information. The Statistical Section includes selected financial trends, debt service, key performance indicators (“KPIs”) and other operating statistics, and economic demographic information, presented on a multi-year basis.

This Letter should be read in conjunction with the accompanying Management Discussion & Analysis (“MD&A”) in order to gather a more complete financial and business picture of the Authority. It is our intent to submit the FY2011-2012 Comprehensive Annual Report to the Government Finance Officers Association for their review and seek the award for the 4th consecutive year.

Reporting Entity

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

Reporting Entity (continued)

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

Economy

Raleigh, Durham, and Chapel Hill make up the three primary cities of the Research Triangle metropolitan region. The regional nickname of "The Triangle" originated after the 1959 creation of the Research Triangle Park, primarily located in Durham County, four miles from Downtown Durham. It is encompassed on three sides by the city of Durham and roughly midway between the cities of Raleigh and Chapel Hill and the three major research universities of NC State University, Duke University, and UNC-Chapel Hill. Anchored by leading technology firms, government, and world-class universities and medical centers, the area's economy consistent performs very well.

Wake, Durham, and Orange counties are part of the larger region known as the Research Triangle Region and provide the primary economic base for air transportation at the Airport. These three counties together with five additional nearby counties – Chatham, Franklin, Johnston, Harnett, and Person – comprise the Raleigh-Durham-Cary Combined Statistical Area (CSA). A 2009 census put the population of the Raleigh-Durham-Cary CSA at approximately 1.74 million. The Raleigh-Cary Metropolitan Statistical Area (MSA) population was estimated at 1.18 million, making it the second largest MSA in North Carolina behind only Charlotte.

Based on 2010 U.S. Census data, North Carolina was the 10th largest state in the nation. Data from the 2010 Census reveals that North Carolina continues to be one of the fastest growing states in the U.S. Between 2000 and 2010, the state's population grew by over 1.3 million or 18.5%, almost twice the national rate increase of 9.7%.

RDU is a very busy commercial service airport served by nine major airlines and their regional partners offering service from RDU to 38 destinations. The airlines include Air Canada, AirTran, American, Continental, Delta, JetBlue, Southwest Airlines, United, and U.S. Airways. For the year ending March 31, 2012, the top three carriers in terms of market share were Delta, Southwest, and American, respectively, comprising about 65% of total passengers. Major cargo carriers at RDU include Federal Express and UPS. The airport processed 9.2 million passengers and over 84,000 tons of air cargo in the FY 2011-12. RDU is recognized by the FAA as a medium size hub and is the second largest airport in the North Carolina behind Charlotte Douglas International (CLT). RDU, however, serves almost exclusively origin-destination (O&D) passengers while CLT serves largely connecting passengers.

General Aviation facilities at RDU include the 22,000-square foot General Aviation (GA) Terminal owned by the Authority supporting two Fixed-Base Operators...Landmark Aviation and TAC Air. The complex offers 30 acres of aircraft parking space for a variety of aircraft sizes and much more.

Economy (continued)

The airport serves a large economic area and is estimated to have over a \$12.6 billion economic impact on the 12-county Research Triangle Region. The airport's total impact on regional employment involves an estimated 47,760 jobs with payrolls of \$2.5 billion. In addition, about 4,700 workers are employed in various functions on the airport.

For FY 2011-12, Operating Revenues and enplaned passenger counts at RDU continued their modest upward trend having both increased in the previous two fiscal years. Enplanements increased by 0.8% which helped drive an Operating Revenue budget surplus of \$3.8 million or 4.2%, for FY 2012. With Operating revenue of \$94.4 million, FY 2011-12 marked the first year in which Airport revenue exceeded \$90 million.

FY 2011-12 Major Events and Initiatives

In the most significant senior management change at the Authority in many years, the Authority's Airport Director for the nearly the past 3 decades, John Brantley, retired in the fall of 2011. Early in 2011, the Authority Board formed a committee of the whole to begin the search for Mr. Brantley's successor. A national search firm specializing in the airport industry was selected to assist with identifying qualified candidates. Additional consulting resources were also engaged and a formal schedule developed which led to the selection and hire of a new Airport Director, Michael Landguth, in November 2011. Landguth came to RDU from Tennessee, where he was President and CEO of the Chattanooga Metropolitan Airport Authority for 7 years. Landguth is an Accredited Airport Executive, who was recently named to the American Association of Airport Executives' (AAAE) Board of Directors. The AAAE is an airport trade organization representing 850 different airports with 5,000 individual members.

The Board, its Finance Committee, the Airport Director, senior staff and financial management continued to closely monitor and respond to the continuing financial and business uncertainties facing the global, national and local economy, the airline industry and the Authority itself during fiscal year 2011-12. A detailed financial review process with the Board (began July 2009) continues to occur on a quarterly basis.

The Authority is also committed to continuing proactive management of the issues brought on by the continuing economic turbulence of recent years. Headcount has been managed with no growth in number of positions for the previous four years. For the Fiscal Year ending March 31, 2012, the number of authorized full time positions of the Authority was 282. This represented the elimination of 8 frozen positions from the prior year total of 290 authorized positions.

For the FY 2012-2013, the Authority eliminated three positions while authorizing 10 new positions thereby increasing headcount from 282 to 289, a net increase of 7 positions.

These new additions support the Authority's FY 2012-13 strategic goals and include an Air Service Development Manager, Building Systems Engineer, an Information Technology Specialist, 2 new Maintenance positions, and 5 key Information Technology positions. These 5 additions in the Information Systems Division are proposed to be added in late FY 2012-13 to "in-source" the responsibility for a significant portion of the support for the Terminal 2 technology infrastructure, currently provided by an outside

FY 2011-12 Major Events and Initiatives (continued)

contractor. These new positions will (respectively) increase the Authority's capability to sustain or increase airline passenger traffic, focus on energy management, manage and improve the ROI of our increasing investment in information systems technology infrastructure, and improve our coverage and effectiveness in building maintenance generally and Terminal 2 support in particular. In-sourcing the Terminal 2 technology support is expected to result in substantial savings to the Authority beginning in FY 2013-14, and should result in an even lower overall CPE (cost per enplanement) to the airlines operating in Terminal 2.

Additionally, the Authority made a substantial increase in its employee development budget for FY 2012-13, expanding its combined Professional Education and Tuition Assistance budgets by approximately 33%. In a related action, the decision was made to transition from an in-house Oracle payroll to a fully integrated Human Resource Information System - in order to more comprehensively and capably acquire, manage, incent, develop and retain our most valuable asset, our human capital.

In addition to its full-time positions, the Authority employs up to 39 part-time law enforcement officers (in addition to its full time force) to provide law enforcement presence at the Security Checkpoints. The cost of this checkpoint security force is reimbursable from the Transportation Security Administration and thus, not passed on to the air carriers.

The Authority has intensified and refocused its Strategic Planning efforts at the behest of our new Airport Director, engaging an outside consultant to assist in developing a cohesive design and process incorporating all the elements from vision to measures. This effort will continue well into FY 2012-13 and incorporates fully articulated annual initiatives under each of our seven goal elements. Multi-year financial modeling, capital investment, rates and charges projections, along with organizational benchmarking and design planning will be incorporated into this effort.

In January of 2011, the Authority opened the second phase of Terminal 2, in total a 920,000 square foot, 36 gate, state of the art, common use passenger terminal currently occupied by all of the airlines other than Southwest and AirTran. Terminal 2 has 40 shops and restaurants. Once open, this completed, on time and on budget, the \$573 million Terminal 2 project begun nearly a decade ago. With Terminal 2 now fully operational, the Authority has begun a \$68 million project to renovate and modernize Terminal 1. This project is scheduled to be complete in early 2014. The design includes an automated inline bag handling system, a larger and more navigable security checkpoint, pre-security concession space, new exterior, modernized restroom facilities, higher ceilings and extensive use of glass and translucent material to enhance the natural lighting inside the terminal.

Also completed in FY 2011-12 was an initial land use study of six of the Authority's undeveloped parcels. The primary purpose of this study to determine suitability for a future consolidated rental car center (CONRAC). This was a preliminary study with further effort planned to determine both suitability and potential timing for a CONRAC. No definitive decision has been made as to either need or timing of the CONRAC as of the end of FY 2011-12. Initial discussions about a future CONRAC took place with the existing rental car operators during FY 2011-12.

FY 2011-12 Major Events and Initiatives (continued)

The Authority is justly proud of its industry-exceptional AA-/Aa3 bond ratings (Fitch and Moody's respectively) and considers maintaining these ratings a top strategic priority. During the FY 2011-12, Fitch upgraded its rating to AA- from negative to stable outlook, while Moody's Aa3 rating and stable outlook was affirmed. At March 31st, 2012 the Authority's debt portfolio consisted of approximately 90% fixed rate and 10% variable rate bond obligations, with a weighted average rate of 3.94%.

In light of continuing economic uncertainties, the Authority has developed a conservative budget for fiscal year 2012-13 with increased projected operating revenue of 5.0% or \$4.5 million over those budgeted for FY 2011-12. The major component of this increase in budgeted revenue is derived from the daily parking rate increase (\$12 to \$10) which became effective mid-January 2012. This rate increase had been originally planned to go into effect in 2008. Due to the economic downturn and better than expected operating results in the years that followed, the Authority chose to defer that scheduled increase to 2012. The other primary component of increased FY 2012-13 revenue related to Terminal 2 concessions significantly performing above budgeted expectations. While a 5% budgeted revenue increase may appear aggressive, based on the Authority's FY 2011-12 operating result, the projected increase to actual is less than 1%, and based on a virtually flat enplanement forecast to boot, affirming the Authority's very conservative budgeting and financial management practices.

Budgeted operating expenses increased 4.8% or \$2.3 million for FY 2012-13 relative to the prior fiscal year. This increase was predominately driven by key personnel additions designed to support strategic initiatives, investments in technology, and increases in certain Repairs and Maintenance contracts due to building components coming off warranty in our new Terminal 2.

Financial Information

The MD&A summarizes the Authority's Statements of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets, and Statements of Cash Flows and is included in this report. The information in the MD&A should be read in conjunction with the information in the Letter of Transmittal.

Internal Control Structure Framework

The financial statements of the Authority are prepared following U.S. generally accepted accounting principles applicable to governmental unit enterprise funds. Annually, the Authority's Audit Department's auditors evaluate the internal controls related to Raleigh-Durham Airport Authority's financial reporting as a part of and in coordination with the Authority's external audit. On an ongoing basis, the Audit department operates under an annual audit plan currently approved by the Deputy Director - Finance, Business and Administration, the Airport Director, and the Board Finance/Audit Committee. The Audit Plan includes substantial coverage of the Authority's agreements with concessionaires, airline carriers and other tenant agreements, key departmental functions, and key business processes. While overall responsibility for the development and maintenance of Internal Controls clearly rests with Authority management, significant investments in

Internal Control Structure Framework (continued)

the Internal Audit function over recent years have made a positive impact on the Authority's overall control environment.

Internal control is a process affected by an entity's governing board, management and other personnel and designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) safeguarding of assets from loss, from unauthorized use or disposition; (b) execution of transactions in accordance with management's authorization; (c) reliability of financial records for preparing financial statements and maintaining accountability for assets; (d) effectiveness and efficiency of operation; and (e) compliance with applicable laws and regulations.

Internal controls, no matter how well designed and operated, can provide only reasonable assurance to management and the Board regarding achievement of an entity's control objective. The likelihood of achievement is affected by limitations inherent to internal control. Such limitations include:

1. Human judgment in decision-making can be faulty;
2. Breakdowns in internal controls can occur due to errors or mistakes;
3. Controls can be circumvented by the collusion of two or more people or management override of internal controls;
4. Cost of an entity's internal controls should not exceed the benefits that are expected to be derived; and
5. Custom, culture and the corporate governance system inhibit irregularities by management, but they are not absolute deterrents.

All internal control evaluations occur within the above framework. We believe that the Authority's internal controls adequately meet the objectives listed above and have devoted considerable effort to attract and retain individuals in our finance department and organization who embrace the concept of a healthy internal control environment.

Budgetary Controls

The Authority's annual operating and capital budgets are reviewed in a Board work session and subsequently approved at the regular meeting annually in March for the upcoming fiscal year that begins on April 1. Operating Budget approval is at the total operating expenditures level. The Authority Operating budget is a single enterprise fund. Subsequent individual expenditures against budget are subject to the Authority's Purchasing Policy, HUB policy, and other process and system controls including transaction signature authority limits. The Authority will continue 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 2011-12 and FY 2012-13, this cash reserve was maintained at the policy cap of \$50 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 the bond rating agencies that maintain bond ratings for the Authority.

Budgetary Controls (continued)

The Authority adopts its budgets with the commitment to maintain a fiscally sound airport with a low airline cost structure. The Authority continues to cost its services to air carriers at about $\frac{3}{4}$ the medium hub average per the most recent ACI (Air Council International) survey data. Air carrier rates for landing fees and security charges for the FY 2012-13 are lower than the previous year's rates while Terminal Fixed rental rates remained the same.

Finally, a new and significantly more collaborative approach to budget development was utilized for FY 2012-13, driven by senior staff collectively working with the Airport Director and the Finance Department, in parallel with development of the Authority's strategic goals and objectives. In addition, the Authority is developing a comprehensive 3-5 year financial forecast to support its Strategic Planning Process.

Subsequent Events

For the 7th year in a row, RDU was recognized by the Air Transport Research Society (ATRS) as one of the top three airports in North America for both overall financial operating efficiency and cost competitiveness. For this most recent year, RDU was #1 overall in the category of less than 15 million passenger enplanements as it received the 2012 ATRS Airport Efficiency Excellence Award. This reinforces the Authority's efforts to maintain low operating costs for the airlines that serve the Airport and its success in doing so.

Recent air carrier actions announced include the following:

- United Airlines' nonstop, daily service to San Francisco beginning August 15, 2012
- Bahamas Airlines RDU-Freeport service twice weekly on May 18, 2012
- Southwest's addition of a new, nonstop destination of RDU-Houston on April 22, 2012
- Southwest's seasonal spring upgrade of aircraft on Southwest's daily RDU-Las Vegas route to a 737-800
- Southwest's addition of a second, nonstop RDU-Denver frequency beginning June 2012
- Delta Airlines will add two additional frequencies to La Guardia using CRJ-700 and A-319 aircraft beginning July 12, 2012
- Delta Airlines will add two additional RDU-Boston frequencies on 76-seater regional CRJ aircraft beginning July 12, 2012

In May 2012, to support targeted, new non-stop transcontinental and transatlantic destinations, the Authority adopted its first formal Air Service Policy. This policy includes the use of Authority managed marketing support for new routes and airport fee waivers as airline incentives to promote future route development.

With respect to AMR's bankruptcy, the Authority is in continuing contact with American Airlines regarding the status of its current leasehold, which currently expires in 2017. It is yet to be determined whether the lease will be modified or rejected, with very little

Subsequent Events (continued)

likelihood that it will be accepted in its current state, given declining, but we believe currently stabilized, enplanement activity over the past 4 years. The Authority, in accordance with its financial policies, retains substantial collateral in excess of American's pre-petition obligations. While the Authority cannot predict the final outcome of American's bankruptcy petition or US Airway's proposed merger, we are closely monitoring the situation. For FY 2011-12 American and American Eagle enplanements represented 17.3% of the annual total, our 3rd largest carrier after Delta and Southwest.

Independent Audit

The Authority's independent auditor, Cherry, Bekaert & Holland, has performed the annual audit as of and for the fiscal period ended March 31, 2012, and rendered an unqualified opinion as to the Authority's financial statements. The audit is conducted in a manner consistent with the requirements of the Single Audit Act and the Office of Management and Budget Circular A-133. The report and opinion are contained herein, and found that the Authority's financial statements presented fairly, in all material respects, the financial position of the Authority as of March 31, 2012 and 2011.

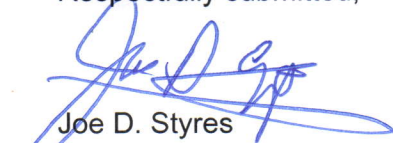
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended March 31, 2011. This was the 3rd consecutive year of award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized CAFR. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.


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

Acknowledgements

The completion of this report would not have been possible without the support of the Board and the Airport Director's commitments to continuous improvement of the corporate governance and financial reporting function. In addition, key members of the Finance department played a major role in bringing this expanded report to the Authority.

Respectfully submitted,


Joe D. Styres
Deputy Director,
Finance, Business & Administration


Tom D. Barritt
Director of Finance

Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Financial Section

Prepared by the Finance Department



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, 2012 and 2011, and the related statements of revenues, expenses and changes in 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 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2012 and 2011, 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 13, 2012, 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 audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Authority. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements. It has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

A handwritten signature in black ink that reads "Cherry Bekaert & Holland L.L.P." in a cursive, stylized font.

Raleigh, North Carolina
June 13, 2012

RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
Years Ended March 31, 2012 and 2011

Overview

The management 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, 2012 and March 31, 2011. The Authority’s basic financial statements consist of three components; 1) Management’s Discussion and Analysis, 2) financial statements, and 3) notes to the financial statements. In addition to the management’s discussion and analysis, management has prepared the accompanying Statements of Net Assets, Statements of Revenues, Expenses and Changes in Net Assets, and Statements of Cash Flows.

The MD&A is intended to aid the reader in interpreting the Authority’s relative financial position as of the above referenced date. Condensed key financial 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 Net Assets. These statements can be used to measure the success of the Authority’s operations over the past year, its financial position and can be used to determine the Authority’s overall profitability, financial strength and credit worthiness. The final required financial statement is the 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 20 to 41 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, 2012 and 2011

Background (Continued)

The Airport consists of approximately 5,100 acres, approximately 2,075 of which are developed. The Airport at year end had two active terminals, 1 and 2. The newly constructed \$573 million Terminal 2, a state of the art, common use facility consists of approximately 900,000 square feet of floor space, including 36 passenger gates. The North Concourse of Terminal 2 opened October 26, 2008 while the final phase, or the South Concourse of Terminal 2, opened January 23, 2011. Having completed the Terminal 2 project, the Authority has begun a project to renovate and modernize Terminal 1. Construction on this \$68 million project is scheduled to be complete in early 2014. Terminal 1 as configured during the construction period operates with 5 gates and is home to Southwest Airlines and AirTran. Terminal 1, once renovated, will be home to Southwest Airlines and potentially other carriers and operate with 9 gates.

The Airport has two primary runways and one secondary runway. In the fiscal years ended March 31, 2012 and 2011, 9.2 and 9.1 million passengers, respectively, used the Airport.

Passenger Facility Charges

In February 2003, the Authority received final approval from the Federal Aviation Administration (FAA) to begin charging a \$3 passenger facility charge ("PFC") effective May 1st, 2003. In fiscal year 2004-05, the Authority received approval from the FAA to increase this charge from \$3.00 to \$4.50 per eligible enplanement effective October 1st, 2004. PFC cash balances decreased 21.7%, or \$4.3 million for the fiscal year ending March 31, 2012 versus the prior year. This was primarily due to the planned irrevocable commitment of PFC's applied to debt service during FY 2011-12, or \$22.9 million, exceeding PFC revenues of \$18.4 million received during the same period. These PFC balances are restricted for use on FAA approved projects as reimbursement of capital costs or to offset PFC eligible debt service.

Annual PFC revenue of \$18.4 million decreased \$395 thousand or 2.1% for FY 2011-12, relative to the prior year. In addition, a portion of PFCs are irrevocably committed to offset Authority debt service beginning FY 2005-06. This irrevocable commitment for the fiscal years ending March 31, 2012, 2011, and 2010, was \$22,946,000, \$22,442,000, and \$20,074,167, respectively. Irrevocable commitments to the extent not applied to debt service are carried forward for future application.

Financial Highlights and Analysis

Net Assets

Current assets increased 1.2%, or \$1.9 million from the prior year due to increased cash and cash equivalents of \$33.8 million and Accounts receivable of \$1.1 million. Primarily offsetting this increase was a \$31.3 million decrease in short term investments due primarily to the end of year reimbursement of \$23 million of PFC funds and related transfer from restricted to unrestricted cash. In addition, a \$1.7 million decrease in Grants Receivable also offset the increase in cash and cash equivalents. Current assets increased 7.8%, or \$11.0 million from March 2010 to March 2011 due to increases in short term investments of \$29.8 million and Grants receivable of \$2.0 million. Offsetting these increases was a \$20.8 million decrease in cash and cash equivalents, due to increased investment activity.

RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2012 and 2011

Net Assets (Continued)

Total non-current assets, consisting of restricted assets and airport and facilities, net decreased \$35.6 million or 3.4%. This decrease was in part related to the reduction of PFC cash and cash equivalents of \$4.3 million. However, the largest part of this reduction, or \$32.4 million, was related to a decrease in airport and facilities, net which resulted from a large increase in depreciation, primarily a full year of Terminal 2 being recorded in FY 2011-12, compared to a half year in the prior fiscal period. For the FY 2010-11, non-current assets, consisting of restricted assets, decreased 3.4% or \$37.5 million. This decrease was related to the reduction of PFC pay-as-you-go financing of \$47 million, and a \$21.3 million reduction in bond proceeds both related to the construction of Terminal 2.

Restricted assets decreased \$3.2 million or 4.5% primarily due to a \$4.3 million decrease in PFC cash and cash equivalents. Offsetting this decrease in PFC cash and cash equivalents was an increase in Parity debt service reserve funds of \$1.7 million or 3.7%. Restricted assets decreased \$65.5 million or 48.5% from March 2010 to March 2011 due to the spend down of Terminal 2 bond proceeds.

Airport and facilities, net decreased \$32.4 million or 3.3% primarily due to a full year of depreciation of Terminal 2 being recorded in FY 2011-12, compared to a half year in the prior fiscal period. Airport and facilities, net increased \$28.1 million or 2.9% from March 2010 to March 2011 primarily due to completion of construction of the Terminal 2 South Concourse. For further detailed information on capital asset activity please refer to footnote 4, "Airport and Facilities."

The combined effect of the above items was to decrease total assets \$34.3 million or 2.8% for the fiscal year ended March 2012, and \$26.5 million or 2.1% for the fiscal year ended March 2011.

For the period ending March 31, 2012, current liabilities decreased by \$3.5 million or 8.4% primarily due to a decrease in retainage and construction accounts payable (\$3.1 million), and a decrease in other liabilities (\$1.75 million). For the prior period, current liabilities decreased by \$4.4 million or 9.6% from March 2010 to March 2011 primarily due to a decrease in retainage and construction accounts payable related to the completion of Terminal 2.

Total non-current liabilities decreased by \$18.1 million or 2.5% primarily due to decreases in long term debt of \$17.4 million and Debt issue premiums, net of \$1.2 million. This was the result of scheduled principal reductions and premium amortizations, respectively. For the prior period ending March 31, 2011, total non-current liabilities increased by \$20.2 million or 2.9%, primarily due to debt premiums of \$25.8 million, associated with the 2010 bond issuance, offset by decreases in long term debt of \$6.9 million.

The combined effect of these items was to decrease net assets during the fiscal year ended March 31, 2012 by \$12.1 million or 2.7%, and \$42.2 million or 8.7% for the fiscal year ended March 31, 2011, respectively. Net assets at March 31, 2012, March 31, 2011, and March 31, 2010 are presented in the following table:

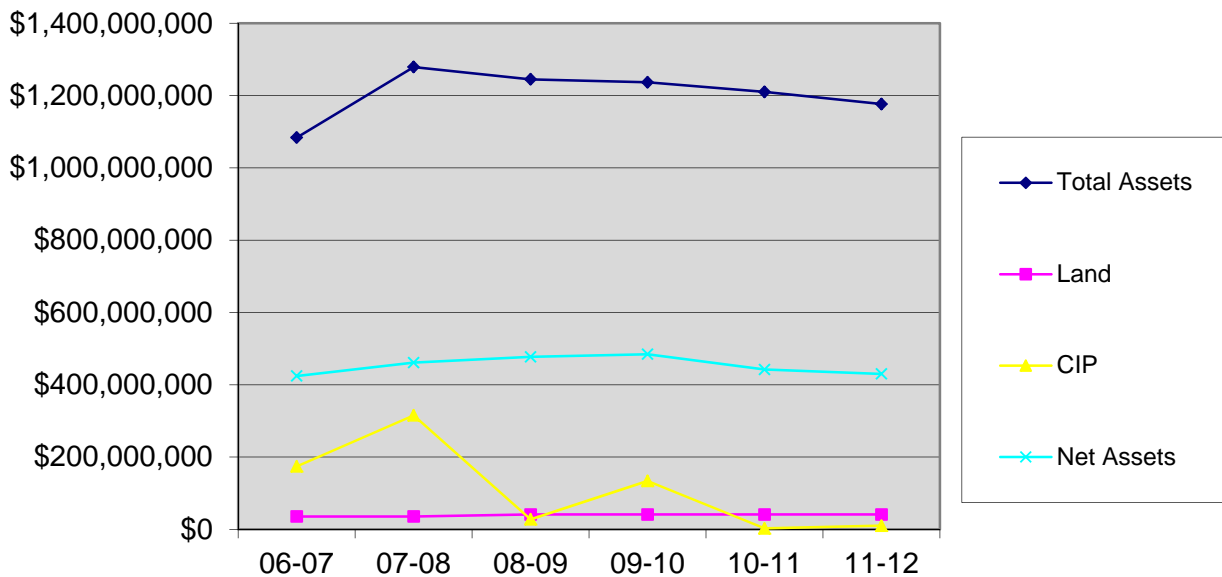
RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
 Years Ended March 31, 2012 and 2011

Condensed Statement of Net Assets

	<u>March 31, 2012</u>	<u>March 31, 2011</u>	<u>March 31, 2010</u>
Current Assets	\$ 154,674,291	\$ 152,799,849	\$ 141,783,809
Airport and facilities, net	955,552,767	987,977,823	959,918,360
Other noncurrent assets	66,334,207	69,483,442	135,068,795
Total assets	<u>1,176,561,265</u>	<u>1,210,261,114</u>	<u>1,236,770,964</u>
Current liabilities	38,303,276	41,825,680	46,266,012
Noncurrent liabilities	708,196,194	726,304,472	706,128,320
Total liabilities	<u>746,499,470</u>	<u>768,130,152</u>	<u>752,394,332</u>
Invested in capital assets, net of related debt	307,107,509	321,369,827	302,289,837
Restricted Assets	18,369,465	22,891,438	73,514,625
Unrestricted assets	104,584,822	97,869,697	108,572,170
Net assets	<u>\$ 430,061,796</u>	<u>\$ 442,130,962</u>	<u>\$ 484,376,632</u>

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. For the fiscal year ended March 31, 2012: Total assets fell \$33.7 million or 2.8%, CIP increased \$7.6 million or 277.4% due primarily to the Terminal 1 Renovation project, and Net assets decreased \$12.1 million or 2.7% for the reasons aforementioned.

Asset Trend



RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2012 and 2011

Revenues, Expenses, and Change in Net Assets

For the fiscal year ended March 31, 2012, the Authority experienced a \$4.8 million increase (5.3%) in operating revenue, due primarily to an increase in parking revenue of \$1.3 million and terminal revenue of \$2.4 million, compared to the prior year. This overall increase in operating revenue was realized with an increase in enplaned passengers of 37 thousand (.8%) for the fiscal year ended March 31, 2012, relative to the prior fiscal year. The Authority's rates and charges to air carriers remained at the low end of comparable airports. In addition, the Authority's airline derived revenue remained diversified with no carrier accounting for more than approximately 8% of operating revenue for the fiscal year ended March 31, 2012.

For the fiscal year ended March 31, 2011, the Authority experienced a \$2.5 million increase (2.8%) in operating revenue, due primarily to an increase in parking revenue of \$1.2 million and terminal revenue of \$1.3 million, compared to the prior year. This overall increase in operating revenue was realized with an increase in enplaned passengers of 56 thousand (1.3%) for the fiscal year ended March 31, 2011, relative to the prior fiscal year. The Authority's rates and charges to air carriers was at the low end of comparable airports while the Authority's airline derived revenue remained diversified with no carrier accounting for more than 9% of operating revenue for the fiscal year ended March 31, 2011.

Operating Expenses (excluding depreciation) increased 1.6%, or \$746 thousand, for the fiscal year ended March 31, 2012 relative to the prior year. This increase was primarily due to increases in Airport facilities costs associated with the full year operation of Terminal 2 South concourse. Depreciation expense increased 4.8% or \$2.3 million during the fiscal year ended March 31, 2012. This increase was due to the full year addition of phase 2, Terminal 2 to depreciation expense (\$9.5 million) vs. half year depreciation in the prior year. Thus, total Operating expenses (including depreciation), increased 3.2%, or \$3.0 million. The combined effect of the above items was a 32.1% or \$1.8 million increase in Operating Income relative to the prior period. Nearly all of this increase in Operating Income was directly related to increased revenue related to Parking and Terminals.

Operating expenses (excluding depreciation) increased \$4.0 million, or 9.1% for the fiscal year ended March 31, 2011, relative to the prior year. This increase was primarily due to increases in airport facilities costs associated with the full year operation of Terminal 2 and an increase in associated administrative costs. Depreciation expense decreased .9% or \$428 thousand during the fiscal year ended March 31, 2011. This decrease was due primarily to a change in the useful life estimate of Terminal 2 from 30 years to 40 years offset by the addition of the Terminal 2 South Concourse. Thus, total operating expenses (including depreciation), increased 3.9%, or \$3.6 million. The combined effect of the above items was a 25.3%, or \$1.1 million decrease in operating income, relative to the prior period.

For FY 2011-12, non-operating revenues (expenses) in total decreased \$34.4 million due to the following: reductions in both the loss on swap terminations of \$32.9 million, and \$5.4 million amortization of deferred expenses for the 2001A bond refunding, as compared to FY 2010-11.

For FY 2010-11, non-operating revenues (expenses) in total increased \$43.6 million due to the following: loss on swap terminations of \$34.4 million and \$5.4 million amortization of deferred expenses for the 2001A bond refunding compared to FY 2009-10. Both of these losses were related to the Authority's 2010 bond transactions which overall resulted in \$5.2 million in present value savings on debt cost.

RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended March 31, 2012 and 2011

Revenues, Expenses, and Change in Net Assets (Continued)

For FY 2011-12, capital contributions decreased \$6.0 million or 90.3% compared to the prior year. This decrease primarily related to a delay in an airfield project and the corresponding deferral of the federal grant reimbursement of those project costs. Regarding the increase (decrease) in net assets for FY 2011-12, the resultant decrease of \$12.4 million was the combined result of the aforementioned reasons. However, this FY 2011-12 decrease in net assets was \$29.9 million less than the prior year decrease. This was due to significant one time losses related to swap terminations and refundings in the prior year.

For FY 2010-11, capital contributions decreased \$4.8 million or 42.1% compared to the prior year due to decreased Federal Grant funding. Regarding the increase (decrease) in net assets for FY 2010-11, the resultant decrease of \$42.5 million was primarily the result of one time losses related to swap terminations during that period. The following table depicts these changes for the fiscal years ended March 31, 2012, March 31, 2011, and March 31, 2010:

	<u>March 31, 2012</u>	<u>March 31, 2011</u>	<u>March 31, 2010</u>
Operating revenues			
Parking	\$ 36,406,284	\$ 35,150,897	\$ 33,998,195
Terminals	27,020,695	24,632,442	23,283,910
Rental Car	12,305,766	11,967,229	11,604,879
Other	18,651,803	17,869,210	18,281,933
Total operating revenues	<u>94,384,548</u>	<u>89,619,778</u>	<u>87,168,917</u>
Operating expenses	48,738,671	47,992,595	44,009,519
Depreciation	49,359,167	47,095,977	47,523,955
Total operating expense	<u>98,097,838</u>	<u>95,088,572</u>	<u>91,533,474</u>
Operating income (loss)	<u>(3,713,290)</u>	<u>(5,468,794)</u>	<u>(4,364,557)</u>
Non-operating revenues(expenses)			
Passenger Facility Charges	18,424,026	18,818,814	18,940,075
Investment Interest Income	2,148,101	2,500,267	3,750,839
Other non-operating revenue	971,064	873,263	487,820
Non-operating expenses	<u>(30,543,307)</u>	<u>(65,638,568)</u>	<u>(23,068,009)</u>
Total non-operating revenues(expenses)	(9,000,116)	(43,446,224)	110,725
Capital contributions	<u>644,240</u>	<u>6,669,348</u>	<u>11,518,926</u>
Increase (decrease) in net assets	<u>\$ (12,069,166)</u>	<u>\$ (42,245,670)</u>	<u>\$ 7,265,094</u>

RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2012 and 2011

Cash Flows

The Authority's overall unrestricted liquidity position consisting of cash and cash equivalents, and short-term investments increased during FY 2011-12 by \$2.5 million or 1.8% largely due to increased Parking and Terminal Revenues. For FY 2010-11, this unrestricted cash position also increased by \$9.1 million or 6.7%. This increase was primarily due to net cash flow from operations exceeding the amount of capital cash requirements, thus producing a cash surplus. The Authority's unrestricted cash position for FY 2009-2010 also increased by \$18.1 million.

For FY 2011-12 restricted cash decreased \$3.1 million or 4.5% primarily due to a \$4.3 million reduction in PFCs offset by a \$1.7 million increase in Parity Debt Service Reserve funds. For FY 2010-11, restricted cash decreased \$65.5 million or 48.5% due to two factors: the spend down of PFCs (\$47.0 million) and a reduction in bond proceeds (\$21.3 million), both used to fund Terminal 2 construction costs. For FY 2009-10, cash also decreased \$98.4 million or 42.1% due almost entirely to the spend down of Terminal 2 bond proceeds (\$96.2 million). Both current PFC cash balances and bond proceeds are restricted for use on the Terminal 2 or related debt service.

With regard to the statement of cash flows for FY 2011-12, cash provided by operating activities of \$45.0 million increased slightly (\$1.0 million or 2.4%) from the prior fiscal year. For FY 2010-11, cash provided by operating activities of \$43.9 million decreased slightly (\$646 thousand or 1.5%) from the prior fiscal year. For FY 2009-10 cash provided by operating activities (\$44.1 million) decreased slightly (\$447 thousand, 1.0%).

For FY 2011-12, cash provided by investing activities of \$33.7 million represented an increase of \$61.4 million or 221.8%, relative to the prior fiscal year. This large increase in cash provided by investing activities was the result of increased bond calls of Federal agencies due to reductions in short-term rates. For FY 2010-11, cash provided by investing activities decreased \$45.0 million or 259.7%, relative to the prior fiscal year. This large increase in cash used by investing activities was the result of increased longer-term investment utilization. For FY 2009-10, cash provided by investing activities increased \$2.3 million or 15.7%.

For FY 2011-12, cash used in capital and related financing activities or \$47.8 million, represented a decrease of \$55.1 million or 53.6% from the prior period. Primary contributors to this decrease were a reduction in additions to Airport and Facilities of \$64.5 million (compared to the prior year addition of Terminal 2 South Concourse), and a reduction of \$38.3 million in the amount of loss on swap terminations. Offsetting this decrease in capital and related financing activities was a decrease in debt issuance premiums (\$27.0 million).

For FY 2010-11, cash used by capital and financing activities was \$102.9 million represented a decrease of \$25.2 million or 19.7% from the prior period. Primary contributors to this decrease was a reduction in additions to Airport and Facilities (\$36.5 million), a loss on swap terminations and refunding bond issues (\$39.7 million), and a reduction in contributed capital (\$7.8 million). Offsetting this decrease in capital and related financing activities was an increase in debt issuance premiums (\$25.9 million).

For FY 2009-10, cash used by capital and related financing activities of \$128.1 million represented a reduction of \$56.4 million or 30.56% from the prior period. The two major components of this decrease were less construction spending on the Terminal project versus the prior year reflecting the completion

RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended March 31, 2012 and 2011

Cash Flow (continued)

of phase 1 in late October 2008 (\$34.9 million), and the prior year payoff off of the Series 2002 bonds (\$22.5 million) which did not have a corresponding use of cash in FY 2009-10. In addition, there was also no loss on swap termination (\$4.5 million) in FY 2009-10. The net decrease was partially offset with an increase in contributed capital (federal and state grants) of \$7.7 million.

For FY 2011-12 positive operating cash activities (\$45.0 million) along with increased cash provided by investment activities (\$33.7 million) offset by cash used by capital and related financing activities (\$47.8 million) combined to produce an overall increase in cash and cash equivalents of \$30.9 million.

For FY 2010-11 positive operating cash activities (\$43.9 million) offset by increased cash used in investment activities (\$27.7 million) coupled with cash used by capital and related financing activities (\$102.9 million) combined to produce an overall decrease in cash and cash equivalents of \$86.7 million. This compared to an overall decrease of \$66.2 million for FY 2009-10. These decreases in the years presented have primarily been the result of the spend down of bond proceeds related to the Terminal 2 project. The following is a summary of the change in cash and cash equivalents for the fiscal years ended March 31, 2012, March 31, 2011, and March 31, 2010:

Condensed Statement of Cash Flows

	March 31, 2012	March 31, 2011	March 31, 2010
Net cash provided from:			
Operating activities	\$ 44,952,607	\$ 43,916,053	\$ 44,562,103
Capital and related financing activities	(47,782,045)	(102,895,192)	(128,137,870)
Investing activities	33,720,917	(27,693,948)	17,333,111
Net increase	30,891,479	(86,673,087)	(66,242,656)
Cash and cash equivalents at beginning of year	123,314,817	209,987,904	276,230,560
Cash and cash equivalents at end of year	\$ 154,206,296	\$ 123,314,817	\$ 209,987,904

The Authority continues to maintain its cash reserve policy to set aside and reserve an operating cash reserve of about one times the current fiscal year's annual operating budgeted expenses (excluding depreciation). Prior to FY 2010-11, this cash reserve was capped at \$35 million. Beginning FY 2010-11, the Authority raised the cash reserve cap to \$50 million where it is currently maintained. 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.

RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2012 and 2011

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 potentially exceeded one billion dollars in cost.

Terminal C was built by American Airlines (AA) in 1987 through a Special Facility Revenue Bond financing arrangement that originally provided AA with a forty-year lease, set to expire in 2027. Subsequent to the major changes in the airline industry after September 11, 2001, the Authority and AA entered into an agreement, effective June 15, 2002, for the Authority to purchase AA's leasehold interests at the Airport. This leasehold included Terminal C, certain cargo and fuel facilities as well as other airport improvements. This leasehold acquisition allowed the Authority the option to more cost effectively and efficiently expand and redevelop Terminal C rather than proceed with the redevelopment of Terminal A. Therefore, major redevelopment of Terminal A was deferred until some point after the redevelopment and expansion of Terminal C.

Thus, the Authority turned its attention to a major redevelopment of Terminal C under a preliminary project budget of \$350 million in 2003 dollars. With the additional redevelopment of the South Concourse, the project was subsequently revised to \$573 million. In addition, these project costs were the result of extensive modeling and cost projections to incorporate a costing strategy to maintain the lowest possible cost per enplanement passenger to the airlines thereby retaining the Airport's competitive cost structure. The Authority's cost per passenger is projected to remain within the target range of 4-6% of average one way fares through 2016.

The Terminal C facility, originally designed to house the American Airlines hub operation, was not able to effectively support multiple airline operations. In addition, the project included 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 which 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.

During 2005, 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 of 4.27% on this transaction. Subsequent to the end of Fiscal Year 2007-08, the Authority refunded the Series 2006A-E Bonds in the amount of \$300 million on May 2, 2008. These bonds were variable, but underlying swaps convert this obligation to a fixed synthetic rate. These bonds were refunded to fix a trading problem associated with the downgrade of the bond insurer the Authority used to insure these bonds. The new Series 2008A-C bonds in the amount of \$300 million had the identical amortization schedule as the Series 2006A-E refunded bonds and were traded on the Authority's credit rating (bond insurance was not used). In addition, the under-

RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2012 and 2011

Economic Outlook and Capital Development (Continued)

lying swaps totaling \$300 million on these bonds were not changed. The 2008A-C bonds, once issued, returned to trading in a historic relationship to the benchmark tax exempt index. Thus, the trading problems associated with the ratings downgrade of the previous bond insurer were resolved.

The financing for the Terminal 2 project was completed in 2007 with the issuance of \$152 million of fixed rate bonds on May 31, 2007. In connection with this financing, the Authority's underlying credit rating was upgraded to AA- (from A+) and Aa3 (from A3) by Fitch Ratings and Moody's Investor Service, respectively. A stable outlook was assigned in both cases.

On September 15, 2008 Lehman Brothers (Lehman) filed for bankruptcy and consequently defaulted on its \$150 million swap agreement with the Authority. On February 9, the Airport Authority terminated the Lehman swap at a cost to the Airport Authority of \$9.1 million. Simultaneously, the Authority selected Barclays and Morgan Keegan/Deutsche Bank as new swap counterparties and received \$4,551,000 from them to offset this payment made to Lehman Brothers. The new swaps were negotiated with Barclays in the amount of \$50 million and with Morgan Keegan/Deutsche Bank in the amount of \$25 million. These new swaps were set at a swap rate of 4.099 percent, down from the 4.27 percent Lehman swap rate, reducing the Airport Authority's interest cost on this \$75 million by approximately \$128,000 per year. Thus, the remaining \$75 million became un-hedged variable debt at that time.

Lehman had initially challenged the Authority's calculations regarding these transactions and the Authority's calculation of the swap termination subsequent to Lehman's default. Through mediation with Lehman in the fall of 2011, the Authority successfully negotiated a final settlement of this swap termination amount and all other related matters between the two parties.

On August 6th, 2010 the Authority elected to terminate all three of its interest rates swap positions. These swaps with Citigroup, Barclays Capital, and Morgan Keegan had notational values totaling \$216.87 million at August 6, 2010. At this time, these swaps under existing market conditions had a collective market termination value of \$33,549,516. In conjunction with these terminations, the Authority simultaneously priced the 2010A refunding bonds in the amount of \$242.365 million which refunded the 2008AB variable bonds (the swapped bonds), converting them to fixed rate non-AMT obligations. These swap positions had been undertaken in 2005 to lock in historically low interest rates on the Terminal 2 project in advance of its ability to access the bond markets. By eliminating its swap positions, the Authority sought to reduce its exposure to risks associated with the underlying variable rate demand obligations, particularly with regard to costs and availability of credit and liquidity support for the 2008A/B Bonds, and to risks associated with the interest rate swap agreements. Such risks had increased materially from 2005 when the Authority had entered into these swap agreements. As of August 6, 2010 and additionally at March 31, 2012, the Authority had no interest rate swaps or derivatives in its debt portfolio.

During August 2010, the Authority also was able to advance refund the 2001A bonds with the series 2010B and 2010B-1 bonds in the amounts of \$94,080,000 and \$38,235,000, respectively. These bonds achieved present value savings of 7.80% and 6.70%, respectively. Thus, with these refunding issues, the Authority officially defeased its 2001A bond obligations.

RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2012 and 2011

Economic Outlook and Capital Development (Continued)

Prior to the swap terminations, the Authority and the North Carolina Local Government Commission placed a present value dis-savings cap of 3.0% on these transactions. The Authority achieved this goal with associated present value dis-savings of 2.36% on these swap terminations on August 6, 2010. In combination with present value savings from the 2010B and 2010B-1 refundings, the Authority achieved overall present value savings of \$5.2 million on the collective transactions.

In March 2011, in accordance with its financial plan, the Authority paid off (defeased) all its remaining 2001B bond obligations by cash funding with the trustee the required payoff amount. The 2001B bonds were paid off in May 2011 in the amount of approximately \$10.4 million. Thus, the 2001B bonds were defeased in March 2011.

The Authority's bond ratings were affirmed, AA- and Aa3 by Fitch Ratings and Moody's Investor Service respectively, in conjunction with the 2010 bond transactions. Moody's affirmed with a stable outlook while Fitch Ratings affirmed with a negative outlook. During the FY 2011-12, Fitch upgraded its rating to an AA- stable outlook, while Moody's Aa3 rating and stable outlook were affirmed. The next annual rating reviews will occur during August 2012. For more detailed information on long-term debt activity please refer to footnote 5, "Long-term debt."

On October 26, 2008, the Authority opened phase 1 of Terminal 2. The South Concourse or phase 2 of the Terminal 2 project opened on January 23, 2011, thus completing the \$573 million Terminal 2 on time and on budget. .

For the fiscal year ended March 31, 2012, the Authority's enplaned passengers increased to 4.7 million which represented a 2.8% increase relative to the prior year. For the fiscal year ended March 31, 2011, the Authority's enplaned passengers increased to 4.6 million which represented a 1.2% increase, relative to the prior period. In the fiscal year ended March 31, 2010, 4.5 million passengers were enplaned at the Airport.

Budget Information for the Fiscal Year Ending March 31, 2013

The Authority, as it typically does, has elected to forecast conservatively, especially with respect to revenue generation for the fiscal year ended March 31, 2013. For comparison purposes, FY 2012-13 budgeted operating revenue of \$95,119,404 was 0.8% (\$735 thousand) higher than actual FY 2011-12 operating revenue of \$94,384,548. For FY 2012-13 relative to the prior year budget, total budgeted operating revenue increased \$4.5 million or 5.0% due to increased estimated: parking revenue (up \$4.1 million or 11.5%), and terminal revenue increased (\$881 thousand or 3.5%). Budgeted non-operating revenue decreased \$2.9 million or 9.5% due to decreased Federal and State Grant revenue (\$2.2 million) and PFC revenue of (\$409 thousand).

Budgeted operating expenses (excluding depreciation) increased \$2.4 million, or 4.9% for the year ended March 31, 2013 relative to the prior year. Inclusive of depreciation, total budgeted operating expenses decreased \$1.8 million or 1.8% relative to the prior year. Total budgeted non-operating expenses decreased \$1.0 million or 3.4% due to decreased debt service interest expense.

The combined net effect of these items for the FY 2012-13 was to decrease budgeted net assets \$5.8 million or 1.35%.

RALEIGH–DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2012 and 2011

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, 2012 and 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents	\$ 89,016,719	\$ 55,212,362
Short-term investments	58,021,405	89,280,338
Collateral for SEB loan program	1,500,000	1,500,000
Accounts receivable for fees and rentals	4,928,365	3,829,128
Grants receivable	509,349	2,180,625
Other current assets	698,453	797,396
Total current assets	<u>154,674,291</u>	<u>152,799,849</u>
Non-current assets		
Restricted assets		
State of North Carolina Underground Storage Tank		
Trust Fund Deductible	220,000	220,000
Passenger Facility Charge Cash and Cash Equivalents	15,504,835	19,790,451
Passenger Facility Charge receivable	2,644,630	2,880,987
Aeronautical Facilities Revenue Bonds		
Cash and cash equivalents - Bond Series 2001A, 2007 and 2008	98,537	429,582
Parity Reserve Fund	47,866,205	46,162,422
Total restricted assets	<u>66,334,207</u>	<u>69,483,442</u>
Airport and facilities		
Airport and facilities, non depreciable	51,466,357	43,915,637
Airport and facilities depreciable, net	904,086,410	944,062,186
Airport and facilities, net	<u>955,552,767</u>	<u>987,977,823</u>
Total non-current assets	<u>1,021,886,974</u>	<u>1,057,461,265</u>
TOTAL ASSETS	<u>\$ 1,176,561,265</u>	<u>\$ 1,210,261,114</u>

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

RALEIGH-DURHAM AIRPORT AUTHORITY

STATEMENTS OF NET ASSETS

March 31, 2012 and 2011

	2012	2011
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 4,296,157	\$ 3,233,449
Other accrued liabilities	-	1,750,000
Retainage and construction accounts payable	2,440,766	5,528,313
Accrued employee compensation	1,714,320	1,861,620
Accrued bond interest payable	12,447,032	12,662,298
Current maturities of long-term debt		
General Airport Revenue Bonds-Series 2005B	3,760,000	3,585,000
General Airport Revenue Bonds-Series 2007	2,885,000	2,755,000
General Airport Revenue Bonds-Series 2008C	1,520,000	1,450,000
General Airport Revenue Bonds-Series 2010A	5,165,000	5,040,000
General Airport Revenue Bonds-Series 2010B	4,075,000	3,960,000
Total current liabilities	38,303,275	41,825,680
Noncurrent liabilities		
Long-term debt		
General Airport Revenue Bonds-Series 2005A, B	106,810,000	110,570,000
General Airport Revenue Bonds-Series 2007	146,430,000	149,315,000
General Airport Revenue Bonds-Series 2008C	69,325,000	70,845,000
General Airport Revenue Bonds-Series 2010A, B, B-1	356,440,000	365,680,000
	679,005,000	696,410,000
Other liabilities		
Debt premium/issue costs, net	24,585,952	25,773,665
Unearned rent credit	1,320,934	1,862,500
OPEB retiree health care liability	2,800,736	2,164,060
Separation allowance liability	483,572	94,247
	29,191,194	29,894,472
Total noncurrent liabilities	708,196,194	726,304,472
TOTAL LIABILITIES	\$ 746,499,469	\$ 768,130,152
Net Assets		
Invested in capital assets, net of related debt	\$ 307,107,509	\$ 321,369,827
Restricted		
State of North Carolina Underground Storage Tank		
Trust Fund Deductible	220,000	220,000
Passenger Facility Charges	18,149,465	22,671,438
Unrestricted net assets	104,584,822	97,869,697
TOTAL NET ASSETS	\$ 430,061,796	\$ 442,130,962

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

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

Years Ended March 31, 2012 and 2011

	2012	2011
Operating revenues		
Parking	\$ 36,406,284	\$ 35,150,897
Airfield	11,930,074	11,865,742
General aviation	1,399,599	1,400,643
Terminals	27,020,695	24,632,442
Air cargo	2,300,134	2,016,233
Fuel farm	1,041,622	972,544
Rental car	12,305,766	11,967,229
Other	1,980,374	1,614,048
Total operating revenues	94,384,548	89,619,778
Operating expenses		
Airport facilities	19,742,281	19,122,793
Administrative	9,631,766	9,438,549
Fuel farm	954,405	978,378
Law enforcement	3,352,166	3,253,639
Airport maintenance	5,147,431	5,176,960
Parking	2,752,134	2,829,332
Emergency services	1,601,134	1,614,092
Visitor services	734,451	758,323
Communications	751,792	808,140
Operations	1,127,924	1,069,994
Ground transportation	2,608,835	2,685,399
Terminal services	334,352	256,996
Subtotal	48,738,671	47,992,595
Depreciation	49,359,167	47,095,977
Total operating expenses	98,097,838	95,088,572
Operating loss	(3,713,290)	(5,468,794)
Non-operating revenues (expenses)		
Investment interest income	2,148,101	2,500,267
Passenger facility charges	18,424,026	18,818,814
Net increase in fair value of investments	241,068	(404,171)
Bond interest expense, net	(29,077,558)	(25,491,187)
Loss on swap termination	(1,465,749)	(34,350,297)
Amortization of deferred expenses related to 2001A refunding	-	(5,392,913)
Other, net	729,996	873,263
Total non-operating revenues (expenses)	(9,000,116)	(43,446,224)
Loss before capital contributions	(12,713,406)	(48,915,018)
Capital contributions	644,240	6,669,348
Increase (decrease) in net assets	(12,069,166)	(42,245,670)
Net Assets, beginning of year	442,130,962	484,376,632
Net Assets, end of year	\$ 430,061,796	\$ 442,130,962

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Cash received from operations	\$ 92,769,872	\$ 89,432,352
Other, non-operating revenue	729,996	880,983
Other, non-operating expenses	-	(7,720)
Cash paid to employees	(20,188,091)	(19,217,639)
Cash paid to suppliers	(28,359,171)	(27,171,923)
Net cash provided by operating activities	<u>44,952,606</u>	<u>43,916,053</u>
Investing activities		
Purchases of short-term investments	(84,741,068)	(127,095,829)
Proceeds from maturities of short-term investments	116,000,000	97,250,000
Investment gain on valuation account	241,068	(404,171)
Interest on cash deposits	2,220,917	2,556,052
Net cash provided by (used in) investing activities	<u>33,720,917</u>	<u>(27,693,948)</u>
Capital and related financing activities		
Proceeds from issuance of Long-Term Debt		
General Airport Revenue Bonds-Series 2008 A and B	-	7,660,000
Payments of Long-Term Debt and Capital Lease Obligations		
General Airport Revenue Bonds-Series 2001 A and B	-	(154,790,000)
General Airport Revenue Bonds-Series 2005 A and B	(3,585,000)	(3,415,000)
General Airport Revenue Bonds-Series 2007	(2,755,000)	(2,755,000)
General Airport Revenue Bonds-Series 2008 A, through C	(1,450,000)	(218,320,000)
General Airport Revenue Bonds-Series 2010 A, through B-1	(9,000,000)	365,680,000
Other capital and financing costs		
Debt issuance costs	(1,187,713)	25,816,358
Additions to airport and facilities	(20,021,658)	(84,513,388)
Bond interest paid on long-term debt	(29,292,824)	(21,534,117)
Passenger facility charges collected	18,660,384	18,448,032
Loss on swap termination	(1,465,749)	(39,743,210)
Contributed capital	2,315,516	4,571,133
Net cash used in capital and related financing activities	<u>(47,782,044)</u>	<u>(102,895,192)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,891,479	(86,673,087)
Cash and cash equivalents - beginning of year	<u>123,314,817</u>	<u>209,987,904</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 154,206,296</u>	<u>\$ 123,314,817</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, 2012 and 2011

	2012	2011
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ (3,713,290)	\$ (5,468,794)
Other, non-operating revenue	729,996	880,983
Other, non-operating expenses	-	(7,720)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	49,359,167	47,095,977
Changes in operating assets and liabilities		
Accounts receivable	(1,172,053)	95,613
Other current assets	98,943	16,961
OPEB retiree health care liability	636,676	1,513,240
Separation allowance liability	389,325	94,247
Accounts payable	(687,292)	(238,027)
Accrued employee compensation	(147,300)	233,573
Unearned Rent Credit	(541,566)	(300,000)
Net cash provided by operating activities	\$ 44,952,606	\$ 43,916,053

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Current Assets		
Cash and cash equivalents	89,016,719	55,212,362
Collateral for SEB loan program	1,500,000	1,500,000
Noncurrent Assets		
Restricted assets		
State of North Carolina Underground Storage Tank Trust Fund Deductible	220,000	220,000
Passenger Facility Charge Cash and cash equivalents	15,504,835	19,790,451
Aeronautical Facilities Revenue Bonds		
Cash and cash equivalents - Bond Series 2001A, 2007 and 2008	98,537	429,582
Parity Reserve Fund	47,866,205	46,162,422
	\$ 154,206,296	\$ 123,314,817

Supplemental Cash Flow Information

Cash investing, capital and financing activities		
Net change in grant receivable	\$ 1,671,276	\$ (2,098,215)
Cash paid for interest	\$ 29,602,744	\$ 27,249,328
Capitalized interest paid	\$ 309,920	\$ 5,715,211

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2012 and 2011

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2012 and 2011

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 \$49,359,167 and \$47,095,977 for the fiscal years ended 2012 and 2011, respectively.

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

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

Capital Assets are defined by the Authority as assets with an initial individual cost of more than \$2,500 and an economic useful life of 3 years or more.

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.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2012 and 2011

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 based on Federal Aviation Administration (FAA) regulations to be used only on approved capital projects.

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 bonds represent cash and cash equivalents restricted by the Master Trust Indenture to be expended for the construction of certain airport facilities and debt service reserve funds.

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.

Concentration of credit risk – For the years ended March 31, 2012 and 2011, no air carrier accounted for more than approximately 8% of the Authority's operating revenues.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2012 and 2011

Note 2 – Summary of significant accounting policies (continued)

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.

Change in accounting estimate - Effective April 1, 2010 the Authority implemented a revised policy for useful lives of capital assets based on historical experience. The revised schedule was implemented on a prospective basis with fiscal year 2011 being the first year of implementation. Approximate depreciation impact for 2011 was a decrease of \$3.2 million. Differences resulted from changed service lives for Terminal 2 (from 30 to 40 years).

Reclassifications – Certain 2011 amounts have been reclassified in order to conform to 2012 presentation.

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, 2012 and 2011 were \$165,552,542 and \$146,892,159 respectively. Total PFC funds of \$22,946,000 and \$69,442,000 (included \$47,000,000 pay go financing for the Terminal 2 Project) were expended during the fiscal years ended March 31, 2012 and 2011, respectively, on FAA approved uses. Beginning in the fiscal year 2005-06, a portion of PFCs have been irrevocably committed to directly offset Authority debt service for eligible projects. This irrevocable commitment for the fiscal year ending March 31, 2012 was \$22,946,000. Irrevocable commitments to the extent not applied to debt service are carried forward for future application. Net assets related to PFCs are restricted for projects that are approved by the FAA.

New pronouncements – During the fiscal year ended March 31, 2011 and beyond, the Authority will implement several new pronouncements of the Government Accounting Standards Board (GASB). These pronouncements are as follows:

GASB Statement No. 59 “Financial Instruments Omnibus” The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2010 and did not have a material effect on the Authority’s financial position or results of operations.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2012 and 2011

Note 3 – Deposits and investments

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

At March 31, 2012, the Authority's deposits had a carrying amount of \$99,261,955 and a statement balance of \$100,754,195. Of this bank balance, \$5,256,568 was covered by federal depository insurance while the balance of \$95,497,627 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, 2011, the Authority's deposits had a carrying amount of \$70,012,008 and a statement balance of \$75,091,918. Of this bank balance, \$6,421,827 was covered by federal depository insurance while the balance of \$68,670,091 was covered by collateral held under the Pooling Method. The Authority is required to maintain a minimum balance of \$250,000 in its checking account.

Investments – At March 31, 2012, 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	\$ 8,137,800	\$ -	\$ -	\$ 8,137,800
US Government Agencies	58,021,405	1,004,420	-	57,016,985
NC Capital Management Trust- Cash Portfolio	39,905,047	N/A	N/A	N/A
Term Portfolio	6,901,494	N/A	N/A	N/A
Total:	\$ 112,965,746	\$ 1,004,420	\$ -	\$ 65,154,785

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2012 and 2011

Note 3 – Deposits and investments (continued)

At March 31, 2011, 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	\$ 8,137,800	\$ -	\$ -	\$ 8,137,800
US Government Agencies	89,280,338	23,972,418	1,012,340	64,295,579
NC Capital Management Trust- Cash Portfolio	45,165,009	N/A	N/A	N/A
Total:	\$ 142,583,147	\$ 23,972,418	\$ 1,012,340	\$ 72,433,379

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.

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, 2012 and 2011, 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 AA+ by Standard & Poor's as of March 31, 2012 and 2011. The Authority's investments in US Agencies are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

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 75% of the Authority's investments are in government agencies. At March 31, 2012, the Authority's investments consisted of 19% in Federal Home Loan Bank securities, 16% in Federal Home Loan Mortgage Corporation securities, 9% in Federal National Mortgage Association securities, 5% Federal Farm Credit Bank, 19% Guaranteed Investment Contract, 7% Repurchase Agreement, and 25% in NCCMT. Of this 25% invested in the NCCMT, 90% represents Authority debt service reserve and 10% represents Authority bond proceeds. At March 31, 2011, the

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2012 and 2011

Note 3 – Deposits and investments (continued)

Authority's investments consisted of 23% in Federal Home Loan Bank securities, 20% in Federal Home Loan Mortgage Corporation securities, 24% in Federal National Mortgage Association securities, 2%

Federal Farm Credit Bank, 5% Guaranteed Investment Contract, 6% Repurchase Agreements, and 20% in NCCMT. Of this 20% invested in the NCCMT, 26% represents Authority bond proceeds.

Note 4 – Airport and facilities, net

Changes in airport and facilities are as follows for the year ended March 31, 2012:

	<u>March 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>March 31, 2012</u>
<u>Capital assets not being depreciated</u>					
Land	\$ 41,193,383	\$ -	\$ -	\$ -	\$ 41,193,383
Construction in progress	2,722,254	16,934,111	-	(9,383,391)	10,272,974
Total capital assets not being depreciated	<u>43,915,637</u>	<u>16,934,111</u>	<u>-</u>	<u>(9,383,391)</u>	<u>51,466,357</u>
<u>Other capital assets</u>					
Landing field and grounds	533,015,564	-	-	149,776	533,165,340
Terminal buildings	696,995,115	-	-	7,269,826	704,264,941
Other buildings	173,200,296	-	-	916,470	174,116,766
Utilities	5,417,436	-	-	-	5,417,436
Equipment	25,208,914	-	-	1,047,319	26,256,233
Total other capital assets	<u>1,433,837,325</u>	<u>-</u>	<u>-</u>	<u>9,383,391</u>	<u>1,443,220,716</u>
Total airport and facilities	<u>1,477,752,962</u>	<u>16,934,111</u>	<u>-</u>	<u>-</u>	<u>1,494,687,073</u>
<u>Accumulated depreciation</u>					
Landing field and grounds	(291,788,303)	(16,648,568)	-	-	(308,436,871)
Terminal buildings	(108,817,013)	(20,971,900)	-	-	(129,788,913)
Other buildings	(66,069,507)	(9,524,022)	-	-	(75,593,529)
Utilities	(4,068,543)	(180,462)	-	-	(4,249,005)
Equipment	(19,031,773)	(2,034,215)	-	-	(21,065,988)
Total accumulated depreciation	<u>(489,775,139)</u>	<u>(49,359,167)</u>	<u>-</u>	<u>-</u>	<u>(539,134,306)</u>
Airport and facilities, net	<u>\$ 987,977,823</u>	<u>\$ (32,425,056)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 955,552,767</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2012 and 2011

Note 4 – Airport and facilities, net (continued)

Changes in airport and facilities are as follows for the year ended March 31, 2011:

	<u>March 31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>March 31, 2011</u>
<u>Capital assets not being depreciated</u>					
Land	\$ 41,193,383	\$ -	\$ -	\$ -	\$ 41,193,383
Construction in progress	133,832,321	75,155,440	-	(206,265,507)	2,722,254
Total capital assets not being depreciated	<u>175,025,704</u>	<u>75,155,440</u>	<u>-</u>	<u>(206,265,507)</u>	<u>43,915,637</u>
<u>Other capital assets</u>					
Landing field and grounds	523,502,823	-	-	9,512,741	533,015,564
Terminal buildings	505,473,231	-	-	191,521,884	696,995,115
Other buildings	171,360,889	-	-	1,839,407	173,200,296
Utilities	4,230,632	-	-	1,186,804	5,417,436
Equipment	23,004,243	-	-	2,204,671	25,208,914
Total other capital assets	<u>1,227,571,818</u>	<u>-</u>	<u>-</u>	<u>206,265,507</u>	<u>1,433,837,325</u>
Total airport and facilities	<u>1,402,597,522</u>	<u>75,155,440</u>	<u>-</u>	<u>-</u>	<u>1,477,752,962</u>
<u>Accumulated depreciation</u>					
Landing field and grounds	(274,976,893)	(16,811,410)	-	-	(291,788,303)
Terminal buildings	(90,426,415)	(18,390,598)	-	-	(108,817,013)
Other buildings	(56,493,791)	(9,575,716)	-	-	(66,069,507)
Utilities	(3,747,016)	(321,527)	-	-	(4,068,543)
Equipment	(17,035,047)	(1,996,726)	-	-	(19,031,773)
Total accumulated depreciation	<u>(442,679,162)</u>	<u>(47,095,977)</u>	<u>-</u>	<u>-</u>	<u>(489,775,139)</u>
Airport and facilities, net	<u>\$ 959,918,360</u>	<u>\$ 28,059,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,977,823</u>

During March 31, 2012 and 2011, interest costs of approximately \$309,920 and \$5,721,746, net of interest earned of approximately \$0 and \$6,535, were capitalized as part of the cost of construction in progress, respectively.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2012 and 2011

Note 5 – Long-term debt

Changes of long-term debt for the year ended March 31, 2012 consist of the following:

<u>Amounts due to trustee</u>	<u>March 31, 2011</u>	<u>Principal Repayments</u>	<u>New Debt</u>	<u>March 31, 2012</u>
Series 2005A 4.00-5.00% General Airport Revenue Bonds, maturing in varying installments beginning 2019 to 2030	\$ 39,805,000	\$ -	-	\$ 39,805,000
Series 2005B 3.00-5.00% General Airport Revenue Bonds, maturing in varying installments beginning 2006 to 2029	74,350,000	3,585,000	-	70,765,000
Series 2007 4.750% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2037	152,070,000	2,755,000	-	149,315,000
Series 2008ABC 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	72,295,000	1,450,000	-	70,845,000
Series 2010A 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2036 (Refunded 2008AB Bonds)	242,365,000	5,040,000	-	237,325,000
Series 2010B 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2027 (Refunded 2001A Bonds)	94,080,000	3,960,000	-	90,120,000
Series 2010B-1 4.18% General Airport Revenue Bonds, maturing in varying installments beginning 2028 to 2031 (Refunded 2001A Bonds)	38,235,000	-	-	38,235,000
Total bond obligations	713,200,000	16,790,000	-	696,410,000
Less current maturities	16,790,000	-	-	17,405,000
	<u>\$ 696,410,000</u>	<u>\$ 16,790,000</u>	<u>\$ -</u>	<u>\$ 679,005,000</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2012 and 2011

Note 5 – Long-term debt (continued)

Changes of long-term debt for the year ended March 31, 2011 consist of the following:

<u>Amounts due to trustee</u>	<u>March 31, 2010</u>	<u>Principal Repayments</u>	<u>New Debt</u>	<u>March 31, 2011</u>
Series 2001A 4.00 – 5.50% General Airport Revenue Bonds, maturing in varying installments beginning in 2005 to 2031	\$ 141,175,000	\$ 141,175,000	\$ -	\$ -
Series 2001B 4.00 – 4.375% General Airport Revenue Bonds, maturing in varying installments beginning in 2002 to 2015	13,615,000	13,615,000	-	-
Series 2005A 4.00-5.00% General Airport Revenue Bonds, maturing in varying installments beginning 2019 to 2030	39,805,000	-	-	39,805,000
Series 2005B 3.00-5.00% General Airport Revenue Bonds, maturing in varying installments beginning 2006 to 2029	77,765,000	3,415,000	-	74,350,000
Series 2007 4.750% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2037	152,070,000	-	-	152,070,000
Series 2008ABC 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	294,710,000	222,415,000	-	72,295,000
Series 2010A 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2036 (Refunded 2008AB Bonds)	-	-	242,365,000	242,365,000
Series 2010B 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2027 (Refunded 2001A Bonds)	-	-	94,080,000	94,080,000
Series 2010B-1 4.18% General Airport Revenue Bonds, maturing in varying installments beginning 2028 to 2031 (Refunded 2001A Bonds)	-	-	38,235,000	38,235,000
Total bond obligations	719,140,000	380,620,000	374,680,000	713,200,000
Less current maturities	15,825,000	-	-	16,790,000
	<u>\$ 703,315,000</u>	<u>\$ 380,620,000</u>	<u>\$ 374,680,000</u>	<u>\$ 696,410,000</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2012 and 2011

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 2005A	General Airport Revenue Bond Series 2005B	General Airport Revenue Bond Series 2007	General Airport Revenue Bond Series 2008C	General Airport Revenue Bond Series 2010A	General Airport Revenue Bond Series 2010B,B-1	Interest
2013	\$ -	\$ 3,760,000	\$ 2,885,000	\$ 1,520,000	\$ 5,165,000	\$ 4,075,000	\$ 32,407,824
2014	-	3,950,000	3,035,000	1,595,000	5,320,000	4,200,000	31,726,979
2015	-	4,150,000	3,190,000	1,670,000	5,510,000	4,370,000	30,948,054
2016	-	4,355,000	3,355,000	1,750,000	5,740,000	4,540,000	30,111,171
2017	-	4,575,000	3,525,000	1,840,000	6,005,000	4,725,000	29,203,746
2018-2022	6,150,000	20,470,000	20,525,000	10,615,000	34,960,000	26,775,000	130,031,396
2023-2027	16,855,000	17,135,000	26,345,000	13,415,000	44,895,000	33,660,000	97,570,545
2028-2032	16,800,000	12,370,000	33,620,000	16,970,000	56,990,000	46,010,000	57,106,426
2033-2037	-	-	42,920,000	21,470,000	72,740,000	-	19,190,017
2038-2039	-	-	9,915,000	-	-	-	242,875
	<u>\$39,805,000</u>	<u>\$70,765,000</u>	<u>\$149,315,000</u>	<u>\$70,845,000</u>	<u>\$237,325,000</u>	<u>\$128,355,000</u>	<u>\$458,539,033</u>

For the table above, interest was calculated for the 2008C variable rate bonds using an estimated rate of 4.00% for their remaining term. At March 31, 2012, the actual rate on these bonds was 0.19%.

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

On February 27, 2001, the Authority issued \$156,975,000 Airport Revenue Bonds Series 2001A under the Master Trust Indenture. The proceeds were used for the design and construction of several improvements to the Airport, including the construction of a garage, two warehouse buildings to house support equipment, alterations to existing parking structures, roadways, bridges, toll plazas, walkways, and alterations to a pedestrian tunnel.

On February 27, 2001, the Authority also issued \$47,570,000 Airport Revenue Refunding Bonds Series 2001B under the Master Trust Indenture. The proceeds were used to refund Revenue Bonds previously issued by the Authority to finance parking facilities at the Airport.

On May 1, 2002, American prepaid and retired 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.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2012 and 2011

Note 5 – Long-term debt (continued)

On June 13, 2002, the Authority issued \$30,000,000 Adjustable Rate Airport Revenue Bonds, Series 2002A under the Master Trust Indenture. The proceeds of the Series 2002A Bonds were 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. Due to downgrades of the credit ratings of the bond insurer insuring payment of the Series 2002A Bonds in March 2008, the Series 2002 Bonds could no longer be remarketed at interest rate levels corresponding to their tax exempt trading index, or SIFMA. On August 12, 2008 the entire outstanding principal balance of Series 2002A, or \$22,500,000 was retired with Authority funds.

On December 18, 2002, the Authority issued \$35,000,000 Bond Anticipation Notes (BAN) Series 2002B under the Master Trust Indenture. 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. These BAN proceeds were 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. The Series 2003 BAN was retired in March 2005 with the issuance of the Series 2005A&B bonds.

On March 1, 2005, the Authority issued \$39,805,000 Airport Revenue Bond Series 2005A under the Master Trust Indenture. The proceeds were used for the development of the new Terminal 2.

On March 1, 2005, the Authority issued \$85,490,000 Airport Revenue Bond Series 2005B under the Master Trust Indenture. These proceeds were also used for the development of Terminal 2, including the redevelopment of the north ramp general aviation area, an Authority Operations Center, and the relocation of Taxiway D and ramp expansion.

On May 4, 2005 the Authority executed two interest rate swap agreements in anticipation of the issuance of \$300 million of Bonds to finance the continued development of Terminal 2. The effective date of the swaps was June 15, 2006 and the termination date of the swaps was 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 was \$300,000,000 and the terms of the swaps are substantially similar. Under the swaps, the Authority agreed to pay the swap providers a fixed rate of 4.27% based on the notional amount of the swaps and the swap providers agreed to pay the Authority the Bond Market Association Municipal Swap Index (BMA or SIFMA) rate plus 5 basis points based on the notional amount of the swaps. 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 was designed to amortize with the 2006 Bonds.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2012 and 2011

Note 5 – Long-term debt (continued)

On June 15, 2006, the Authority issued \$300 million of its Variable Rate Airport Revenue Bonds in five series (Series 2006A, 2006B, 2006C, 2006D and 2006E). On May 2, 2008, the Authority refunded the Series 2006 Bonds through the issuance of its Variable Rate Airport Revenue Bonds, also in the amount of \$300 million, in three series (Series 2008A, 2008B and 2008C). The Series 2008 Bonds were issued to refund the Series 2006 Bonds to correct a trading problem associated with the ratings downgrade of the bond insurer insuring payment of the Series 2006 Bonds. The Series 2008 Bonds were issued in the amount of \$300 million and have the identical amortization schedule as the refunded Series 2006 Bonds. The refunding of the Series 2006 Bonds by the Series 2008 Bonds resolved the trading problems associated with the ratings downgrade of the bond insurer for the Series 2006 Bonds.

The Series 2006 Bonds, and later the Series 2008 Bonds, were issued as variable interest rate bonds, but the swaps converted the interest rate to a synthetic fixed rate. If the floating receipts from the swap counterparties equaled the interest due on the hedged bonds, the Authority's effective interest rate would be the fixed swap rate. The Authority was exposed to additional interest expense payments if the variable interest rate on the Bonds exceeds BMA (or SIFMA) plus 5 basis points. The swap agreements utilized the International Swap Dealers Association Master Agreement. Termination could result in the Authority being required to make an unanticipated termination payment.

In connection with the 2008 refunding, the swaps associated with the Series 2006 Bonds were not changed and there was no gain or loss on the refunding.

In September 2008 Lehman Brothers Special Financing, Inc. entered bankruptcy in connection with the bankruptcy filing by Lehman Brothers. This bankruptcy resulted in a default by Lehman Brothers Special Financing Inc. under its \$150 million swap agreement with the Authority. At that time, the Authority began exploring the possibility of terminating the interest rate swap with Lehman. On February 9, the Authority terminated the Lehman swap at a cost to the Airport Authority of \$9.1 million. Simultaneously with terminating the swap agreement, the Authority entered into two new swap agreements for an aggregate notional amount of \$75 million with Barclays Bank, Plc and Morgan Keegan Financial Products, Inc. as swap counterparties. Performance by Morgan Keegan Financial Products, Inc. under its swap agreement was supported by a second agreement entered into by the Authority and Morgan Keegan with Deutsche Bank. The Authority received \$4,551,000 from Barclays Bank Plc and Morgan Keegan Financial Products, Inc. to offset the payment made to Lehman Brothers. The new swaps were negotiated with Barclays in the notional amount of \$50 million and with Morgan Keegan in the notional amount of \$25 million. Fixed rate payments under these new swaps were set at a rate of 4.099 percent, down from the 4.27 percent Lehman swap rate, reducing the Airport Authority's interest cost on the hedged \$75 million by approximately \$128,000 per year. The remaining \$75 million of Series 2008 Bonds became un-hedged variable debt upon the termination of the Lehman swap. Subsequent to their default, Lehman had challenged the Authority's calculations regarding these transactions and the Authority's calculation of swap termination amounts. Through mediation with Lehman in the fall of 2011, the Authority successfully negotiated a final settlement of this swap termination amount and all other related matters between the two parties.

Each series of the Series 2008 Bonds was supported by credit or liquidity support provided by a letter of credit or standby bond purchase agreement of a financial institution. For the \$75 million Series 2008C Bonds, the Authority received a letter of credit from SunTrust Bank. Due to financial difficulties encountered by SunTrust Bank in 2009, the Series 2008C Bonds could not be remarketed at variable interest rates that corresponded to SIFMA. In November 2009, the Authority and SunTrust Bank

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2012 and 2011

Note 5 – Long-term debt (continued)

entered into arrangements with the Federal Home Loan Bank of Atlanta for the Federal Home Loan Bank to deliver a standby letter of credit that supports the letter of credit of SunTrust Bank securing the Series 2008C Bonds. The delivery of the Federal Home Bank letter of credit resulted in a return of the variable interest rates on the Series 2008C Bonds to levels that approximate the SIFMA index.

On May 31, 2007, the Authority finalized financing of the Terminal 2 with the issuance by the Authority of its Airport Revenue Bonds, Series 2007 in the principal amount of \$152 million. The remaining Terminal 2 project costs were funded with \$47 million in pay-as-go PFCs (from accumulated PFC balances) and approximately \$18 million in Authority cash. With the opening of the South Concourse on January 23, 2011, Terminal 2 became fully operational. In addition, this facility was now fully funded and was completed on time and under its budget of \$570 million.

On August 6th, 2010 the Authority elected to terminate all three of its interest rate swap positions. These swaps with Citigroup, Barclays Capital, and Morgan Keegan had notational values totaling \$216.87 million at August 6, 2010. At this time, these swaps under existing market conditions had a collective market termination value of \$33,549,516. In conjunction with these terminations, the Authority simultaneously priced the 2010A refunding bonds in the amount of \$242,365,000 which refunded the 2008AB variable bonds (the swapped bonds), converting them to fixed rate non-AMT obligations. These swap positions had been undertaken in 2005 to lock in historically low interest rates on the Terminal 2 project in advance of its ability to access the bond markets. By eliminating its swap positions, the Authority sought to reduce its exposure to risks associated with the underlying variable rate demand obligations, particularly with regard to costs and availability of credit and liquidity support for the 2008A/B Bonds, and to risks associated with the interest rate swap agreements. Such risks had increased materially from 2005 when the Authority had entered into these swap agreements. As of August 6, 2010 and additionally at March 31, 2011, the Authority had no interest rate swaps or derivatives in its debt portfolio.

During August 2010, the Authority also was able to advance refund the Series 2001A Bonds with the Series 2010B and 2010B-1 Bonds in the amounts of \$94,080,000 and \$38,235,000, respectively. The aggregate reduction in debt service payments between the original 2001A debt and the refunded 2010B, B-1 bonds was \$4.118 million. This equated to a net present value savings of \$2.56 million. These bonds achieved present value savings of 7.80% and 6.70%, respectively. The total deposit to the Escrow Fund to refund the Series 2001A Bonds totaled \$145,691,630 (which included Bond premiums of \$10,818,873). This total was deposited into an escrow fund to be used, together with investment earnings thereon, to pay the interest on the Series 2001A Bonds until the redemption thereof on May 1, 2011 and to pay the redemption price of the Series 2001A Bonds on such date. This escrow payment to the trustee defeased the remaining Series 2001A Bonds and the liability for this debt was removed from these financial statements.

Prior to the swap terminations, the Authority and the North Carolina Local Government Commission placed a limit or cap of 3% on the present value dis-savings on these transactions (calculated based upon a comparison of the estimated all-in costs of the transaction if the Bonds were not refunded and the swap agreements were not terminated and the cost of the fixed rate refunding transaction). The Authority achieved this goal with associated present value dis-savings of 2.36% on these swap terminations on August 6, 2010. In combination with present value savings from the refunding of the Series 2001A Bonds, the Authority achieved overall present value savings of \$5.2 million on the collective transactions.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2012 and 2011

Note 5 – Long-term debt (continued)

In September 2010, the Authority entered into arrangements to change and extend the Letter of Credit (LOC) provider for the Authority's remaining \$72.3 million Series 2008C Bonds. Through this transaction the Authority was able to replace the existing credit facility provider for these Bonds under terms more favorable to the Authority than under the prior arrangement and also to extend the credit facility for the Bonds for 3 years.

In March 2011, in accordance with its financial plan, the Authority defeased all its remaining 2001B bond obligations by cash funding with the trustee the payoff amount of approximately \$7.1 million. With application of the cash funded debt service reserve of \$3.6 million, the 2001B bonds were paid off on May 1st, 2011 in the amount of approximately \$10.7 million. This amount consisted of principal of \$10.4 million, a redemption premium of \$104,000, and accrued interest of approximately \$224,000. Thus, the 2001B bonds were defeased in late March 2011 with this escrow payment to the trustee and the liability for this debt was removed from the financial statements.

The Authority's bonds are subject to federal arbitrage regulations, and are reviewed for potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. Annual calculations are performed for all applicable bond issues and the Authority is in compliance with regard to arbitrage regulations on all bond issues. In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the Authority must rebate to the federal government "arbitrage profits" earned on the governmental bonds after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. During the FY ended March 31, 2012 the Authority rebated \$225,306 of positive arbitrage on its Series 2007 bonds. At March 31, 2012 the Authority had no bond arbitrage rebate liability.

These bonds have rate covenants associated with them, whereby the Authority must maintain a debt service coverage ratio of Net Revenues and available fund balance to debt service. The bond documents provide for a number of technical adjustments to be followed in determining the Net Revenues and debt service to be used in this calculation. The rate covenant generally requires that sum of (i) the Net Revenues for the fiscal year and (ii) available fund balance at the end of the fiscal year in an amount up to 25% of debt service for the fiscal year (the "25% transfer") must be no less than 125% of the adjusted debt service calculated for the fiscal year. The debt service coverage ratio at March 31, 2012 with this 25% transfer is 223%. The debt service coverage ratio at March 31, 2012 without this 25% transfer is calculated as follows:

Net revenues	\$ 47,793,084
Annual debt service	<u>24,128,606</u>
Calculated debt service coverage ratio without transfer	<u>198%</u>

For the fiscal year ending March 31, 2011, the Authority had debt service coverage ratios of 262% without transfer and 287% with transfer.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2012 and 2011

Note 6 – Leases

The Authority leases land, buildings and terminal space with a cost of approximately \$722 million and a carrying value of approximately \$581 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 42% and 41% of airport operating revenues for fiscal years ended March 31, 2012 and 2011, 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, 2012 and 2011, contingent rentals comprised \$18.4 and \$17.5 million of the total rental revenues, respectively.

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

Year Ending March 31	Amount
2013	\$ 10,054,000
2014	9,772,000
2015	9,313,000
2016	8,859,000
2017	6,653,000
	\$ 44,651,000

Note 7 – Employee retirement plans

Local governmental employees' retirement system

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

Funding Policy – Plan members are required to contribute 6.00% 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 6.95% and 7.05% 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, 2012, 2011 and 2010 were \$2,033,865, \$1,870,263, and \$1,741,464 respectively. The contributions made by the Authority equaled the required contributions for each fiscal year.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2012 and 2011

Note 7 – Employee retirement plans (continued)

Supplemental retirement income plan for law enforcement officers

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

Funding Policy – Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to 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, 2012 were \$195,819, which consisted of \$113,300 from the Authority, and \$82,519 from the law enforcement officers. Contributions for the year ended March 31, 2011 were \$175,266, which consisted of \$98,049 from the Authority, and \$77,217 from the law enforcement officers.

Law enforcement officer's special separation allowance

Plan Description – The Authority administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Authority's qualified sworn law enforcement officers. 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, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Active plan members	<u>29</u>
Total	<u>37</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.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2012 and 2011

Note 7 – Employee retirement plans (continued)

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

The Authority’s pension cost and net pension obligation to the separation allowance for the current year were as follows:

	March 31, 2012	March 31, 2011
Employer annual required contribution	\$ 88,614	\$ 88,614
Interest on net pension obligation	84,184	76,628
Adjustment to annual required contribution	(50,876)	(66,580)
Annual pension cost	121,922	98,662
Employer contributions made for current fiscal year	140,234	87,200
Increase in net pension obligation	(18,312)	11,462
Net pension obligation beginning of fiscal year	1,068,396	1,056,934
Net pension obligation end of fiscal year	\$ 1,050,084	\$ 1,068,396

The annual required contribution for the current year was determined by the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2009 was 21 years.

The trend information is as follows:

Funding Status:

Fiscal Year Ending March	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation End of Year
2009	\$ 98,645	24.91%	\$ 981,734
2010	99,769	59.96%	1,056,934
2011	98,662	88.38%	1,068,396
2012	121,922	116.26%	1,050,084

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2012 and 2011

Note 7 – Employee retirement plans (continued)

Funding Progress:

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Projected <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>[(b-a)/c]</u>
12/31/2009	\$ -	\$ 1,044,827	\$ 1,044,827	0%	\$ 1,387,487	75.30%

Other Post-Employment Benefits

Health Care Plan

Plan Description:

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

Membership in the plan included the following at December 31, 2009, the date of the last actuarial valuation:

Retirees receiving benefits	39
Active plan members	<u>276</u>
Total	<u>315</u>

Funding Policy:

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

The current annual required contribution rate is 6.21% of annual covered payroll. For the current year, the Authority contributed \$277,663 (retiree claims paid less premiums received) or 1.81% of annual covered payroll. The Authority provides health care coverage through a minimum premium plan. The Authority's required contribution for employees and retirees is the actual expense incurred. Contributions (premiums) made by employees and retirees were 2.90% and .15% of covered payroll, respectively. The Authority's obligation to contribute to the Plan is established and may be amended by the Authority's Board of Directors.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2012 and 2011

Note 7 – Employee retirement plans (continued)

Life Insurance Benefit

Plan Description:

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

Funding Policy:

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

Summary of Significant Accounting Policies:

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

Annual OPEB Cost and Net OPEB Obligation:

The Authority's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the Authority's net OPEB obligation for the health care benefits:

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Annual required contribution	\$ 950,981	\$ 854,455
Interest on net OPEB obligation	38,039	34,178
Adjustment to annual required contribution	74,681	(825,536)
Annual OPEB cost	<u>914,339</u>	<u>1,714,169</u>
Contributions made	<u>277,663</u>	<u>200,929</u>
Increase in net OPEB obligation	636,676	1,513,240
Net OPEB obligation beginning of the year	<u>2,164,060</u>	<u>650,820</u>
Net OPEB obligation end of the year	<u>\$ 2,800,736</u>	<u>\$ 2,164,060</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 March 31, 2012 and 2011

Note 7 – Employee retirement plans (continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2012 were as follows:

<u>March</u>	<u>OPEB Cost</u>	<u>Contributed</u>	<u>Obligation</u>
2010	\$ 854,455	23.8%	\$ 650,820
2011	1,714,169	11.7%	2,164,060
2012	914,339	30.4%	2,800,736

Funded Status and Funding Progress:

As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$7,591,229. The covered payroll (annual payroll of active employees covered by the Plan) was \$15,311,651, and the ratio of the UAAL to the covered payroll was 49.6%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.5 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
March 31, 2012 and 2011

Note 8 – Commitments and contingencies

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

Construction commitments – At March 31, 2012 and 2011, the Authority has contractual commitments for Authority expansion programs of approximately \$12 million and \$13 million, respectively.

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

Prior to the opening of Terminal 2, the Authority's Small Emerging Business (SEB) program was used to provide loan backing for two small business concessionaires. The Authority has capped the amount available for this program at \$1.5 million.

Note 9 – Subsequent events

The Authority has evaluated subsequent events through June 13, 2012 in connection with the preparation of these financial statements which is the date the financial statements were available to be issued. No subsequent events are noted.

Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Required Supplemental Information

Prepared by the Finance Department

RALEIGH-DURHAM AIRPORT AUTHORITY
POST EMPLOYMENT BENEFIT HEALTH CARE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
UNAUDITED

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll <u>((b - a) / c)</u>
12/31/2008	\$ -	\$ 6,078,786	\$ 6,078,786	0.0%	\$ 14,562,473	41.7%
12/31/2009	-	7,591,229	7,591,229	0.0%	15,311,651	49.6%

RALEIGH-DURHAM AIRPORT AUTHORITY
POST EMPLOYMENT BENEFIT HEALTH CARE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
UNAUDITED

Fiscal Year Ended March 31,	Annual Required Contribution	Actual Contribution	Percentage Contribution
2010	\$ 854,455	\$ 203,635	23.8%
2011	854,455	200,929	23.5%
2012	950,981	277,663	29.2%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of Pay, open
Remaining amortization period	30 years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	4.00%
Medical cost trend rate	10.50% - 5.00%
Year of Ultimate trend rate	2017
*Includes inflation at	3.75%

The assumed investment rate of return reflects the fact that no assets are set aside within the Raleigh-Durham Airport Authority that are legally held exclusively for retiree health benefits. If a trust or equivalent arrangement were set up for this purpose, the investment rate of return may be increased.

RALEIGH-DURHAM AIRPORT AUTHORITY
SEPARATION ALLOWANCE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
UNAUDITED

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll <u>((b - a) / c)</u>
12/31/2009	\$ -	\$ 1,044,827	\$ 1,044,827	0.0%	\$ 1,387,487	75.30%

RALEIGH-DURHAM AIRPORT AUTHORITY
SEPARATION ALLOWANCE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
UNAUDITED

<u>Fiscal Year Ended March 31</u>	<u>Annual Required Contribution</u>	<u>Amount Contributed</u>	<u>Percentage of APC Contributed</u>
2009	\$ 88,614	\$ 24,569	27.73%
2010	88,614	59,826	67.51%
2011	88,614	87,200	98.40%
2012	88,614	140,234	158.25%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increase	4.5 - 12.3%
Includes inflation at	3.75%
Cost of living adjustments	N/A



**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL INFORMATION**

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

We have audited the financial statements of the Authority as of and for the year ended March 31, 2012 and have issued our report thereon dated June 13, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements 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 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

A handwritten signature in black ink that reads "Cherry Bekaert & Holland, L.L.P." in a cursive style.

Raleigh, North Carolina
June 13, 2012

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF OPERATING REVENUES AND EXPENSES
COMPARED WITH BUDGET
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Operating revenues			
Parking	\$ 36,406,284	\$ 35,000,000	104.0%
Airfield	11,930,074	11,965,692	99.7%
General aviation	1,399,599	1,405,354	99.6%
Terminals	27,020,695	25,329,228	106.7%
Air cargo	2,300,134	2,091,826	110.0%
Fuel Farm	1,041,622	927,900	112.3%
Rental car	12,305,766	12,316,901	99.9%
Other	1,980,374	1,551,917	127.6%
Total operating revenues	<u>94,384,548</u>	<u>90,588,818</u>	<u>104.2%</u>
Operating expenses			
Complex expenses	19,742,281	20,259,147	97.4%
Department expenses	28,996,390	28,785,947	100.7%
Subtotal	<u>48,738,671</u>	<u>49,045,094</u>	<u>99.4%</u>
Depreciation Expense	49,359,167	52,037,025	94.9%
Total operating expenses	<u>98,097,838</u>	<u>101,082,119</u>	<u>97.0%</u>
NET OPERATING LOSS	<u>\$ (3,713,290)</u>	<u>\$ (10,493,301)</u>	<u>35.4%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
PARKING REVENUES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Parking revenues			
Parking fees	\$ 36,408,055	\$ 35,000,000	104.0%
Contra revenue	(1,771)	-	N/A
TOTAL PARKING REVENUES	\$ 36,406,284	\$ 35,000,000	104.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIRFIELD REVENUES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Landing fees			
Commercial/Commuter airlines			
Air Canada	\$ 254	\$ -	N/A
Air Wisconsin	277,429	319,119	86.9%
Airtran Airways	277,518	96,419	287.8%
American Airlines	1,124,167	1,203,982	93.4%
American Eagle	663,482	749,829	88.5%
Atlantic Southeast/Delta Connection	241,037	25,423	948.1%
Chatauqua Airlines/USAirways Express	73,874	72,773	101.5%
Chatauqua Airlines/Delta Connection	88,198	68,730	128.3%
Chatauqua Airlines/Continental Express	58,794	60,644	96.9%
Colgan Airways/Continental	129,573	210,483	61.6%
Comair/Delta Connection	399,935	798,397	50.1%
Compass	221,370	152,682	145.0%
Continental Airlines	171,092	192,270	89.0%
Continental Express	154,209	57,780	266.9%
Delta Airlines	1,359,213	1,214,089	112.0%
Express Jet	133,150	86,669	153.6%
Go Jet/Delta	6,241	-	N/A
Go Jet/United	10,771	-	N/A
Jazz Air LP	114,166	96,419	118.4%
Jetblue Airways	508,808	514,936	98.8%
Mesa Airlines/USAirways Express	65,057	101,982	63.8%
Mesa Airlines/United Express	133,940	136,474	98.1%
Mesaba Airlines	41,958	152,973	27.4%
Midwest Connect/Skyway	12,650	98,180	12.9%
Piedmont Aviation/USAirways Express	143	-	N/A
Pinnacle/Delta	270,703	361,787	74.8%
PSA Airlines/USAirways Express	4,895	45,491	10.8%
Republic/USAirways	179,057	149,074	120.1%
Skywest	36,869	-	N/A
Shuttle America	144,008	49,090	293.4%
Shuttle America/Delta Airlines	127,747	-	N/A
Southwest Airlines	2,320,274	2,350,843	98.7%
Trans State Airlines/USAirways Express	89,432	72,184	123.9%
United Airlines	277,693	379,712	73.1%
USAirways	1,011,249	910,950	111.0%
Non-Scheduled Carriers	-	34,860	-
Charter Express	47,143	-	N/A
Total Commercial/Commuter airlines	10,776,099	10,764,244	100.1%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIRFIELD REVENUES
 Year Ended March 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
Cargo carriers			
Air Transport International/BAX Global	\$ 47,398	\$ 128,234	37.0%
Federal Express	462,179	467,584	98.8%
Martinaire/DHL	15,738	15,964	98.6%
Mountain Air Cargo	153	-	N/A
United Parcel Service	252,355	255,633	98.7%
Total Cargo carriers	<u>777,823</u>	<u>867,415</u>	<u>89.7%</u>
Total landing fees	<u>11,553,922</u>	<u>11,631,659</u>	<u>99.3%</u>
Other			
Fuel flowage fees	360,786	323,000	111.7%
Other airfield revenues	15,366	11,033	139.3%
Total other	<u>376,152</u>	<u>334,033</u>	<u>112.6%</u>
TOTAL AIRFIELD REVENUES	<u><u>\$ 11,930,074</u></u>	<u><u>\$ 11,965,692</u></u>	<u><u>99.7%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
GENERAL AVIATION REVENUES
 Year Ended March 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
General Aviation-General			
Fixed space rents			
Bellefonte, Inc.	\$ 17,252	\$ 16,952	101.8%
Bellsouth	31,676	31,676	100.0%
Civil Air Patrol	1,356	-	N/A
Jetcraft	8,910	8,910	100.0%
Lichtin Corp.	8,910	8,910	100.0%
Martin Marietta	8,910	8,910	100.0%
NC DOT Aviation	240,000	239,999	100.0%
Landmark	220,992	220,485	100.2%
PK Enterprises	8,910	8,910	100.0%
Progress Energy	22,001	22,001	100.0%
SAS Institute, Inc.	31,456	31,456	100.0%
TAC Air	618,392	618,010	100.1%
Telecommunication Services	10,905	12,591	86.6%
Total Fixed space rents	<u>1,229,670</u>	<u>1,228,810</u>	<u>100.1%</u>
Percentage rents			
Landmark-Catering	9,407	9,700	97.0%
TAC Air-Catering	2,253	2,000	112.7%
Immaculate Flight	7,708	2,700	285.5%
Enterprise Rental Car	27,616	34,800	79.4%
Total Percentage rents	<u>46,984</u>	<u>49,200</u>	<u>95.5%</u>
 Total General Aviation-General	 <u>1,276,654</u>	 <u>1,278,010</u>	 <u>99.9%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
GENERAL AVIATION REVENUES
 Year Ended March 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
General Aviation-Terminal			
Fixed space rents			
Delta Airport Consultants	\$ 20,162	\$ 20,162	100.0%
Jetcraft	44,150	44,151	100.0%
JQ Enterprises/Crosswinds Café	3,575	4,448	80.4%
Telecommunication Services	4,438	4,383	101.3%
Total Fixed space rents	<u>72,325</u>	<u>73,144</u>	<u>98.9%</u>
Percentage rents			
JQ Enterprises/Crosswinds Café	4,707	9,100	51.7%
CLS Management	24,275	17,400	139.5%
Employee Parking	14,390	23,100	62.3%
Enterprise Rental Car	3,948	2,500	157.9%
Total Percentage rents	<u>47,320</u>	<u>52,100</u>	<u>90.8%</u>
Total General Aviation-Terminal	<u>119,645</u>	<u>125,244</u>	<u>95.5%</u>
Other			
Charter Security Screening	<u>3,300</u>	<u>2,100</u>	<u>157.1%</u>
TOTAL GENERAL AVIATION REVENUES	<u><u>\$ 1,399,599</u></u>	<u><u>\$ 1,405,354</u></u>	<u><u>99.6%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Terminal 1 Complex			
Fixed space rents			
AirTran Airways	\$ 299,902	\$ 291,969	102.7%
Comair	7,896	13,536	58.3%
Jetblue Airways	50,156	50,160	100.0%
Southwest Airlines	1,410,267	1,475,779	95.6%
Aeronautical Radio	232	600	38.7%
Anton Airfood	53,421	74,306	71.9%
Acsentials, Inc.	7,427	7,427	100.0%
DAL Global Services	1,200	-	N/A
Sandhills Delivery Service	1,600	6,641	24.1%
Network Communications	6,000	6,000	100.0%
Passur Aerospace	528	528	100.0%
State Employee's Credit Union	5,601	6,556	85.4%
Superior Aircraft Services	3,684	5,236	70.4%
Superior Shine	-	3,000	-
Paradies Shops	8,680	-	N/A
Transportation Security Administration	145,598	146,665	99.3%
RDU Taxi	9,606	9,606	100.0%
Total fixed space rents	<u>2,011,798</u>	<u>2,098,009</u>	<u>95.9%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Terminal 1 Complex			
Percentage rents			
Anton's Airfood:			
AJ Tavern/Greenleaf's	\$ 395,851	\$ 355,000	111.5%
Carolina Varsity Bar	13,565	-	N/A
Cinnabon	101,848	84,000	121.2%
Starbucks - A3	14,645	-	N/A
Red Star Lounge-Food	1,269	-	N/A
Red Star Lounge-Alcohol	3,819	-	N/A
Checkpoint Mailers	488	-	N/A
Classic Food Services	3,461	-	N/A
Interspace Airport Advertising	237,385	215,000	110.4%
J.Q. Enterprises			
The Corner Café	5,755	13,100	43.9%
National Aviation Services	25,190	26,000	96.9%
Redbox	532	3,500	15.2%
SBC Internet Services	101,939	30,000	339.8%
Smarte Carte	4,169	4,500	92.6%
Superior Shine	3,000	-	N/A
Telephones - Kellee Communications	1,031	-	N/A
RDU Currency	14,114	5,700	247.6%
The Club at RDU	17,110	-	N/A
The Paradies Shops:			
Brighton Shops	69,722	44,600	156.3%
RDU Press Plus	279,677	253,500	110.3%
Zoom Systems-Best Buy T1	4,082	-	N/A
24-Hour Flower	735	-	N/A
Total percentage rents	1,299,387	1,034,900	125.6%
Miscellaneous rents			
Janitorial	62,247	60,800	102.4%
Telecommunication Services	20,478	14,720	139.1%
Miscellaneous	1,438	-	N/A
Total miscellaneous rents	84,163	75,520	111.4%
Total Terminal 1 Complex revenues	3,395,348	3,208,429	105.8%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Terminal 2 Complex			
Fixed space rents			
Airport Management Services	\$ 16,889	\$ 12,352	136.7%
American Airlines	3,812,502	3,533,296	107.9%
American Eagle Airlines	384,626	377,155	102.0%
Air Wisconsin	61,732	61,732	100.0%
Anton/HMS Host	-	11,374	-
Borders Book	631	1,848	34.1%
Charter Express	22,773	21,869	104.1%
Continental Airlines	1,451,664	1,564,024	92.8%
DAL Global Services	-	1,200	-
Delta Airlines	4,172,198	3,837,188	108.7%
G2 Secure Staffing	44,512	46,684	95.3%
Host International	31,416	46,827	67.1%
Jazz Air LP	40,874	35,778	114.2%
Jetblue Airways	404,920	505,406	80.1%
JQ Enterprises	12,138	11,265	107.7%
Mesa	69,242	56,512	122.5%
Midwest Airlines	9,558	53,028	18.0%
SSP America	10,658	10,658	100.0%
State Employees' Credit Union - ATM	6,482	6,556	98.9%
Super Shuttle	17,572	18,656	94.2%
Superior Shine	5,000	3,000	166.7%
The Paradies Shops	34,799	32,107	108.4%
Transportation Security Administration	56,012	71,891	77.9%
United Airlines	1,009,265	1,008,530	100.1%
US Airways	2,540,553	2,653,373	95.7%
Total fixed space rents	14,216,016	13,982,309	101.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Terminal 2 Complex			
Percentage rents			
24 Hour Flower	\$ 1,875	\$ 2,200	85.2%
2nd Edition Book Sellers	25,077	12,000	209.0%
ABM/Onesource	13,312	14,100	94.4%
Airport Management Services, LLC			
AeroMart	181,348	153,400	118.2%
Shaw News	161,929	139,900	115.7%
Hudson News	151,915	145,600	104.3%
Hudson Bookstore	85,240	-	N/A
Kids Works	34,818	89,300	39.0%
Life is Good	63,981	89,300	71.6%
Pylones	3,757	36,800	10.2%
Borders	76,177	204,000	37.3%
Checkpoint Mailers	400	200	200.0%
Classic Food Services	4,934	12,300	40.1%
Interspace Airport Advertising	675,636	590,132	114.5%
EJE Retail	50,728	48,700	104.2%
G2 Secure Staffing	18,896	-	N/A
Host International, Inc.			
42nd Street Oyster Bar	420,665	237,600	177.0%
Brookwoods Farms	79,665	86,800	91.8%
California Pizza Kitchen	92,702	83,700	110.8%
Carolina Ale House	171,164	188,300	90.9%
Gordon Biersch	187,154	104,600	178.9%
Starbucks	401,996	344,500	116.7%
Vintage NC Wine Bar	105,638	105,100	100.5%
JQ Enterprises, Inc.			
A&W All American Food/KFC Express	58,402	71,800	81.3%
Bruegger's Bagels	123,845	101,300	122.3%
Kelee Communications	1,362	2,000	68.1%
RDU Currency Exchange	95,710	84,000	113.9%
Redbox	579	-	N/A
SBC Internet Services	280,911	100,000	280.9%
Smarte Carte	8,058	10,900	73.9%
SSP America			
Camden Food Company	163,423	144,000	113.5%
Five Guys	162,814	61,600	264.3%
Flavours	80,973	100,100	80.9%
Jason's Deli	147,416	61,600	239.3%
Panopolis	52,673	62,900	83.7%
Techshowcase	84,000	84,000	100.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Terminal 2 Complex			
Percentage rents (continued)			
The Paradies Shops			
Brighton	\$ 133,244	\$ 98,000	136.0%
Brooks Brothers	79,400	92,400	85.9%
CNBC	132,840	109,200	121.6%
OTC Drugs and More	99,190	99,900	99.3%
PGA Tour Shop	40,988	50,400	81.3%
Taxco Sterling	58,251	49,500	117.7%
University Kids	13,121	15,700	83.6%
University Market	181,427	160,800	112.8%
USAirways Club	566	-	N/A
XpressSpa	47,528	38,200	124.4%
Zoom Systems			
Best Buy Express	18,382	15,200	120.9%
Total percentage rents	<u>5,074,110</u>	<u>4,302,032</u>	<u>117.9%</u>
Miscellaneous rents			
FIS international passenger deplaning fee	917,430	825,000	111.2%
Janitorial Revenues	383,444	338,140	113.4%
Gate Usage Fees	592,425	330,000	179.5%
Special Promotional Fees	50	-	N/A
Telecommunication Services	128,805	119,712	107.6%
Miscellaneous	2,996	-	N/A
Total miscellaneous rents	<u>2,025,150</u>	<u>1,612,852</u>	<u>125.6%</u>
Total Terminal 2 Complex revenues	<u>21,315,276</u>	<u>19,897,193</u>	<u>107.1%</u>
Terminal Security			
Security-Checkpoint/Space-Terminals 1 & 2	1,531,850	1,531,850	100.0%
Security-L/E Cost Recovery-Terminals 1 & 2	119,064	119,064	100.0%
Total Terminal Security	<u>1,650,914</u>	<u>1,650,914</u>	<u>100.0%</u>
Terminal Miscellaneous			
On Airport Permit Fees	125	-	N/A
Colonial Pipeline	18,355	17,956	102.2%
Skychefs M&O	18,572	20,261	91.7%
U.S. Postal Service	4,246	25,475	16.7%
Wireless:DAS fees	108,000	108,000	100.0%
Skychefs	509,859	401,000	127.1%
Total Terminal Miscellaneous	<u>659,157</u>	<u>572,692</u>	<u>115.1%</u>
TOTAL TERMINAL REVENUES	<u>\$ 27,020,695</u>	<u>\$ 25,329,228</u>	<u>106.7%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIR CARGO REVENUES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
North Cargo Complex			
Fixed space rents			
ABX Air, Inc.	\$ 301,463	\$ 110,754	272.2%
Emery Worldwide	170,835	171,871	99.4%
Federal Express	307,027	307,028	100.0%
United Parcel Service	223,335	223,336	100.0%
Worldwide Flight Services	96,792	96,792	100.0%
Total North Cargo Complex revenues	1,099,452	909,781	120.8%
South Cargo Complex			
Fixed space rents			
American Airlines	482,391	482,363	100.0%
Aviation Repair Technologies	6,007	6,007	100.0%
Anton Airfood	116,592	116,592	100.0%
BAX Global	58,157	68,144	85.3%
Cingular Wireless	29,043	29,043	100.0%
Delta Airlines	29,967	29,967	100.0%
Elite Line Services	89,716	60,349	148.7%
Jet Logistics, Inc.	21,310	21,310	100.0%
Paradies	147,449	147,449	100.0%
Southwest Airlines	59,149	59,149	100.0%
Telecommunications Services	5,518	7,439	74.2%
Worldwide Flight Services	149,140	149,140	100.0%
USO of North Carolina	5,089	5,093	99.9%
Air Transport International	1,154	-	N/A
Total South Cargo Complex revenues	1,200,682	1,182,045	101.6%
TOTAL AIR CARGO REVENUES	\$ 2,300,134	\$ 2,091,826	110.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
FUEL FARM REVENUES
 Year Ended March 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
Fuel Farm			
License Fee - Worldwide	\$ 1,200	\$ 1,200	100.0%
License Fee - Skytanking	1,200	1,200	100.0%
Jet A Fuel Thru Put	1,037,099	924,000	112.2%
Glycol Thru Put	375	1,500	25.0%
Mo Gas Thru Put	902	-	N/A
Diesel Fuel Thru Put	846	-	N/A
TOTAL FUEL FARM REVENUES	<u>\$ 1,041,622</u>	<u>\$ 927,900</u>	<u>112.3%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
RENTAL CAR REVENUES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Fixed space rents			
Alamo Rent-A-Car	\$ 46,970	\$ 46,964	100.0%
Avis Rent-A-Car	117,078	117,078	100.0%
Budget Rent-A-Car	67,584	67,584	100.0%
Dollar Rent-A-Car	33,867	33,867	100.0%
Enterprise Car Rental	47,482	47,482	100.0%
The Hertz Corporation	146,346	146,346	100.0%
National Car Rental	79,022	79,023	100.0%
Thrifty Rent-A-Car	26,557	26,557	100.0%
Total fixed space rents	<u>564,906</u>	<u>564,901</u>	<u>100.0%</u>
Percentage rents			
Alamo Rent-A-Car	714,463	921,000	77.6%
Advantage Rent-A-Car	137,696	-	N/A
Avis Rent-A-Car	1,968,663	1,991,000	98.9%
Budget Rent-A-Car	1,134,729	1,197,000	94.8%
Dollar Rent-A-Car	709,285	701,000	101.2%
Enterprise Car Rental	1,694,391	1,529,000	110.8%
The Hertz Corporation	3,144,545	3,196,000	98.4%
National Car Rental	1,758,720	1,627,000	108.1%
Thrifty Rent-A-Car	478,368	590,000	81.1%
Total percentage rents	<u>11,740,860</u>	<u>11,752,000</u>	<u>99.9%</u>
TOTAL RENTAL CAR REVENUES	<u>\$ 12,305,766</u>	<u>\$ 12,316,901</u>	<u>99.9%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
OTHER REVENUES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Fixed space rents			
NC Department of Transportation	\$ 37,648	\$ 37,648	100.0%
Research Triangle Regional Partnership	37,371	37,371	100.0%
Total fixed rents	<u>75,019</u>	<u>75,019</u>	<u>100.0%</u>
Percentage rents			
Sheetz-Aviation Station	173,044	173,044	100.0%
Off airport - Pre-flight parking	157,873	160,000	98.7%
Off airport - Airport Fast Park	185,246	120,000	154.4%
Total percentage rents	<u>516,163</u>	<u>453,044</u>	<u>113.9%</u>
Other miscellaneous rents			
Authority conference rooms	16,039	18,000	89.1%
FAA	7,265	7,265	100.0%
Fingerprinting	28,930	-	N/A
Innovata, LLC	3,503	-	N/A
Skytanking	36,000	36,000	100.0%
UNC Hospitals	7,168	7,168	100.0%
AVI Fees	279,122	242,000	115.3%
RDU Taxi concession fees	212,522	203,320	104.5%
Employee parking	415,569	419,000	99.2%
Super Shuttle	9,445	10,080	93.7%
Telecommunication services	5,305	5,301	100.1%
Traffic ordinance violations	34,045	-	N/A
Miscellaneous	334,279	75,720	441.5%
Total miscellaneous rents	<u>1,389,192</u>	<u>1,023,854</u>	<u>135.7%</u>
TOTAL OTHER REVENUES	<u>\$ 1,980,374</u>	<u>\$ 1,551,917</u>	<u>127.6%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
COMPARATIVE SUMMARIES OF OPERATING EXPENSES BY COST CENTER
 Years Ended March 31, 2012 and 2011

	Amount		Percent of Total Operating Expenses	
	2012	2011	2012	2011
Operating expenses				
Airport facilities	\$ 19,742,281	\$ 19,122,793	20.1%	20.1%
Administrative	9,631,766	9,438,549	9.8%	9.9%
Guest services	734,451	758,323	0.7%	0.8%
Fuel Farm	954,405	978,378	1.0%	1.0%
Airport maintenance	5,147,431	5,176,960	5.2%	5.4%
Law enforcement	3,352,166	3,253,639	3.4%	3.4%
Emergency services	1,601,134	1,614,092	1.6%	1.7%
Operations	1,127,924	1,069,994	1.1%	1.1%
Communications	751,792	808,140	0.8%	0.8%
Parking	2,752,134	2,829,332	2.8%	3.0%
Ground transportation division	2,608,835	2,685,399	2.7%	2.8%
Terminal services	334,352	256,996	0.3%	0.3%
Depreciation	49,359,167	47,095,977	50.5%	49.7%
Total operating expenses	\$ 98,097,838	\$ 95,088,572	100.0%	100.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF OPERATING EXPENSES BY COST CENTER
Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Operating expenses (excluding depreciation)			
Airport facilities	\$ 19,742,281	\$ 20,259,147	97.4%
Administrative	9,631,766	9,880,306	97.5%
Guest services	734,451	727,217	101.0%
Fuel Farm	954,405	910,347	104.8%
Airport maintenance	5,147,431	5,136,218	100.2%
Law enforcement	3,352,166	2,995,208	111.9%
Emergency services	1,601,134	1,544,773	103.6%
Operations	1,127,924	1,122,598	100.5%
Communications	751,792	723,684	103.9%
Parking	2,752,134	2,706,989	101.7%
Ground transportation	2,608,835	2,686,556	97.1%
Terminal Services	334,352	352,051	95.0%
Total operating expenses (excluding depreciation)	48,738,671	49,045,094	99.4%
Depreciation			
Airport facilities	38,536,362	41,379,838	93.1%
Administrative	1,117,129	1,008,295	110.8%
Law enforcement	29,066	29,066	100.0%
Airport maintenance	150,466	122,104	123.2%
Parking	9,437,790	9,411,727	100.3%
Emergency services	6,447	6,447	100.0%
Communications	61,714	61,714	100.0%
Operations	20,193	17,834	113.2%
Total depreciation	49,359,167	52,037,025	94.9%
TOTAL OPERATING EXPENSES	\$ 98,097,838	\$ 101,082,119	97.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Airport facilities			
Airfield complex			
Contracted services	\$ 61,223	\$ 97,000	63.1%
Contracted Services - Leased Employees	98,961	98,952	100.0%
Electricity	97,366	100,500	96.9%
Natural Gas	2,624	5,000	52.5%
Telecommunications	11,077	11,470	96.6%
Fuel - vehicles and equipment	8,494	1,340	633.9%
Supplies	115,048	134,083	85.8%
Liability Insurance	111,548	111,548	100.0%
Repairs and maintenance			
Equipment	626	7,000	8.9%
General	16,572	27,100	61.2%
HVAC	222	-	N/A
Total Airfield complex	<u>523,761</u>	<u>593,993</u>	<u>88.2%</u>
Terminal 1 complex			
Contracted Services-BHS & PBB	110,608	112,392	98.4%
Contracted services - Security	-	3,600	-
Contracted services	27,899	30,000	93.0%
Electricity	592,475	608,500	97.4%
Fuel - natural gas	106,068	99,000	107.1%
Telecommunications	18,021	20,177	89.3%
Computer Hardware	2,347	2,398	97.9%
Fuel - vehicles and equipment	2,564	950	269.9%
Supplies	61,412	64,363	95.4%
Liability Insurance	78,483	78,483	100.0%
Insurance claim	11,787	9,300	126.7%
Repairs and maintenance/buildings and grounds			
Elevators/escalators	58,855	60,149	97.8%
Equipment	8,614	12,100	71.2%
General	7,563	7,570	99.9%
HVAC	48,909	54,395	89.9%
Janitorial	907,768	915,804	99.1%
Permit administration	7,150	3,395	210.6%
Total Terminal 1 complex	<u>2,050,523</u>	<u>2,082,576</u>	<u>98.5%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Terminal 2 complex			
Contracted Services-Technology	\$ 31,695	\$ 31,700	100.0%
Contracted Services-Ramp Tower	1,006,186	1,006,328	100.0%
Contracted Services-BHS & PBB	2,101,535	2,135,458	98.4%
Contracted Services-AOIS	834,150	859,560	97.0%
Contracted Services-Other	28,919	30,079	96.1%
Electricity	1,935,298	1,983,000	97.6%
Telecommunications	28,234	31,663	89.2%
Cable Television	17,441	17,400	100.2%
Computer Hardware	10,068	10,483	96.0%
Printer Supplies	480	801	59.9%
Supplies	590,431	623,993	94.6%
Liability Insurance	527,831	527,832	100.0%
Insurance claim	10,139	8,000	126.7%
Repairs and maintenance			
Computer Hardware	5,200	8,975	57.9%
Public address and music system rental	24,192	24,240	99.8%
Elevators/escalators	270,483	277,217	97.6%
Equipment	61,784	61,947	99.7%
General	78,966	77,973	101.3%
HVAC	67,994	71,381	95.3%
Janitorial	3,172,958	3,179,081	99.8%
Permit administration	5,500	8,680	63.4%
Total Terminal 2 complex	<u>10,809,484</u>	<u>10,975,791</u>	<u>98.5%</u>
Central Energy Plant			
Electricity	662,609	686,000	96.6%
Fuel - natural gas	235,052	329,000	71.4%
Telecommunications	1,093	1,215	90.0%
Fuel - vehicles and equipment	17,656	13,425	131.5%
Supplies	1,463	1,500	97.5%
Liability Insurance	34,180	34,179	100.0%
Repairs and maintenance			
Equipment	74,182	82,368	90.1%
HVAC	116,042	123,567	93.9%
Janitorial	18,393	23,015	79.9%
Permit administration	-	330	-
Total Central Energy Plant complex	<u>1,160,670</u>	<u>1,294,599</u>	<u>89.7%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Cargo complex			
North Cargo			
Electricity	\$ 27,260	\$ 25,000	109.0%
Liability Insurance	14,954	14,954	100.0%
Insurance claim	3,168	2,500	126.7%
Repairs and maintenance			
General	950	950	100.0%
Total North Cargo	<u>46,332</u>	<u>43,404</u>	<u>106.7%</u>
South Cargo 1 & 2			
Electricity	12,977	14,000	92.7%
Fuel-Natural Gas	10,244	24,000	42.7%
Telecommunications	2,396	2,690	89.1%
Supplies	427	600	71.2%
Liability Insurance	10,774	10,774	100.0%
Insurance Claim	1,267	1,000	126.7%
Repairs and maintenance			
Equipment	2,650	2,650	100.0%
General	8,867	11,900	74.5%
HVAC	2,070	2,350	88.1%
Total South Cargo 1 & 2	<u>51,672</u>	<u>69,964</u>	<u>73.9%</u>
South Cargo 3			
Electricity	54,314	56,000	97.0%
Telecommunications	1,641	1,827	89.8%
Supplies	378	250	151.2%
Insurance	17,368	17,368	100.0%
Insurance Claim	1,648	1,300	126.8%
Repairs and maintenance			
Elevators/Escalators	1,659	1,660	99.9%
Equipment	3,713	3,720	99.8%
General	819	2,000	41.0%
HVAC	16,831	19,400	86.8%
Janitorial	4,287	4,613	92.9%
Permit Administration	-	315	-
Total South Cargo 3	<u>102,658</u>	<u>108,453</u>	<u>94.7%</u>
Total Cargo complex	<u>200,662</u>	<u>221,821</u>	<u>90.5%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Fuel Farm complex			
Contracted Services-Technology	\$ 2,000	\$ -	N/A
Contracted Services-Other	-	3,278	-
Electricity	68,897	69,000	99.9%
Fuel-Natural Gas	3,138	5,000	62.8%
Telecommunications	4,843	5,430	89.2%
Fuel - vehicles and equipment	560	270	207.4%
Computer Hardware	2,161	4,906	44.0%
Supplies	4,004	4,257	94.1%
Insurance	18,854	18,854	100.0%
Repairs and maintenance			
Equipment	780	780	100.0%
General	8,834	8,835	100.0%
HVAC	35	500	7.0%
Janitorial	14,564	14,635	99.5%
Permit Administration	-	280	-
Total Fuel Farm complex	128,670	136,025	94.6%
General Aviation complex			
General Aviation-General			
Electricity	11,497	8,000	143.7%
Supplies	2,564	2,600	98.6%
Liability Insurance	9,752	9,752	100.0%
Insurance claim	3,549	2,800	126.8%
Repairs and maintenance			
Elevators/Escalators	1,654	1,655	99.9%
Equipment	6,085	6,250	97.4%
General	930	1,000	93.0%
HVAC	2,976	4,175	71.3%
Janitorial	1,983	2,810	70.6%
Permit Administration	-	245	-
Total General Aviation-General	40,990	39,287	104.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
General Aviation-Terminal			
Contracted services-Building Manager	\$ 157,682	\$ 158,900	99.2%
Contracted services	22,183	16,800	132.0%
Electricity	49,419	50,000	98.8%
Fuel - Natural Gas	29,444	35,000	84.1%
Telecommunications	5,108	5,720	89.3%
Fuel - vehicles and equipment	82	-	N/A
Supplies	4,671	4,965	94.1%
Liability Insurance	5,573	5,573	100.0%
Insurance claim	2,535	2,000	126.8%
Repairs and maintenance			
Elevators/escalators	2,419	2,420	100.0%
Equipment	2,255	2,260	99.8%
General	7,252	7,260	99.9%
HVAC	3,369	4,485	75.1%
Janitorial	55,021	63,260	87.0%
Permit administration	-	245	-
Total General Aviation-Terminal	<u>347,013</u>	<u>358,888</u>	<u>96.7%</u>
Total General Aviation complex	<u>388,003</u>	<u>398,175</u>	<u>97.4%</u>
Rental Car complex			
Electricity	1,944	4,000	48.6%
Liability Insurance	12,260	12,260	100.0%
Insurance claim	1,774	1,400	126.7%
Total Rental Car complex	<u>15,978</u>	<u>17,660</u>	<u>90.5%</u>
Office & Other Buildings complex			
Contracted Services-Other	92,064	-	N/A
Electricity	241,186	239,000	100.9%
Fuel - natural gas	113,420	97,500	116.3%
Telecommunications	121,196	126,546	95.8%
Fuel - vehicle and equipment	4,148	4,565	90.9%
Computer Hardware	69	240	28.8%
Supplies	16,806	18,525	90.7%
Liability Insurance	61,672	61,672	100.0%
Insurance claim	2,408	1,900	126.7%
Repairs and maintenance			
Elevators/escalators	7,254	7,255	100.0%
Equipment	24,740	26,000	95.2%
General	46,443	53,730	86.4%
HVAC	26,343	33,265	79.2%
Janitorial	243,050	253,094	96.0%
Waste disposal	124,253	125,250	99.2%
Permit administration	875	735	119.0%
Total Office & Other Buildings complex	<u>1,125,927</u>	<u>1,049,277</u>	<u>107.3%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Utilities complex			
Electricity	\$ 5,936	\$ 7,000	84.8%
Water and sewer	906,039	893,000	101.5%
Fuel - vehicle and equipment	164	270	60.7%
Supplies	6,614	11,155	59.3%
Liability Insurance	1,393	1,393	100.0%
Repairs and maintenance			
General	12,409	20,297	61.1%
Total Utilities complex	932,555	933,115	99.9%
Parking complex			
Contracted Services - Other	26,172	57,760	45.3%
Electricity	606,697	661,540	91.7%
Telecommunications	30,509	31,199	97.8%
Fuel - Vehicles & Equipment	3,051	4,135	73.8%
Small Equipment	128	-	N/A
Supplies	54,337	60,500	89.8%
Liability Insurance	217,801	217,801	100.0%
Insurance claim	23,066	18,200	126.7%
Repairs and maintenance			
Computer Hardware	1,720	1,275	134.9%
Elevators/Escalators	156,147	156,660	99.7%
Equipment	6,175	6,175	100.0%
General	22,644	29,710	76.2%
HVAC	1,642	3,000	54.7%
Janitorial	166,079	167,685	99.0%
Permit administration	1,925	3,975	48.4%
Total Parking complex	1,318,093	1,419,615	92.8%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES

Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Ground Transportation complex			
Taxi Operation			
Telecommunications	\$ 1,006	\$ 1,125	89.4%
Supplies	1,012	1,050	96.4%
Liability Insurance	1,300	1,300	100.0%
Repairs and maintenance			
Equipment	200	200	100.0%
General	1,657	1,563	106.0%
Janitorial	25,432	25,605	99.3%
Total Taxi Operation	<u>30,607</u>	<u>30,843</u>	<u>99.2%</u>
Ground Transportation Other			
Contracted services-landscaping	946,642	954,000	99.2%
Other contracted Services	61,782	81,000	76.3%
Electricity	10,792	22,000	49.1%
Supplies	9,403	17,000	55.3%
Insurance claim	557	557	100.0%
Repairs and maintenance			
Equipment	22,875	25,750	88.8%
General	5,297	5,350	99.0%
Total Ground Transportation	<u>1,057,348</u>	<u>1,105,657</u>	<u>95.6%</u>
Total Ground Transportation Complex	<u>1,087,955</u>	<u>1,136,500</u>	<u>95.7%</u>
TOTAL AIRPORT FACILITIES	<u>\$ 19,742,281</u>	<u>\$ 20,259,147</u>	<u>97.4%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Administrative			
Airport Director's Office			
Salaries	\$ 972,175	\$ 987,913	98.4%
Health insurance	42,039	41,485	101.3%
Retirement	90,308	104,264	86.6%
Social security	58,415	57,165	102.2%
Retiree Health Care Expense-OPEB	13,546	16,511	82.0%
Moving Expenses	22,891	30,000	76.3%
Professional/Education	115,836	110,773	104.6%
Unemployment compensation	50,158	50,158	100.0%
Advertising	178	200	89.0%
Contracted Services - Other	-	20,800	-
Copiers	2,094	1,300	161.1%
Promotional	8,657	9,040	95.8%
Supplies	2,771	1,500	184.7%
Liability Insurance	100,588	100,588	100.0%
Travel	36,714	31,560	116.3%
Postage	689	750	91.9%
Total Airport Director's Office	1,517,059	1,564,007	97.0%
Legal and Compliance			
Salaries	174,289	179,515	97.1%
Health insurance	13,337	13,311	100.2%
Retirement	18,926	19,050	99.3%
Social security	12,583	13,733	91.6%
Retiree Health Care Expense-OPEB	4,515	5,504	82.0%
Professional/Education	2,540	4,330	58.7%
Legal fees	100,407	100,000	100.4%
Contracted services	4,514	6,000	75.2%
Copiers	144	-	N/A
Promotional	1,103	1,200	91.9%
Supplies	293	-	N/A
Travel	1,498	2,561	58.5%
Total Legal and Compliance	334,149	345,204	96.8%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Customer Service and Organizational Support			
Salaries	\$ 670,885	\$ 655,485	102.3%
Health insurance	60,063	57,820	103.9%
Retirement	71,113	70,387	101.0%
Social security	46,084	48,940	94.2%
Retiree Health Care Expense-OPEB	20,319	24,766	82.0%
Professional/Education	7,079	7,243	97.7%
Tuition assistance	18,569	19,870	93.5%
Printing	10,458	10,759	97.2%
Contracted services	92,164	95,998	96.0%
Copiers	2,024	1,928	105.0%
Computer Software	587	709	82.8%
Promotional	21,908	22,100	99.1%
Small Equipment	157	536	29.3%
Supplies	2,955	2,900	101.9%
Travel	1,375	2,500	55.0%
Postage	184	150	122.7%
Total Customer Service and Organ. Support	<u>1,025,924</u>	<u>1,022,091</u>	<u>100.4%</u>
Administration			
Salaries	450,486	481,422	93.6%
Health insurance	53,558	50,938	105.1%
Retirement	49,915	53,020	94.1%
Social security	32,752	36,322	90.2%
Retiree Health Care Expense-OPEB	18,062	22,014	82.0%
Professional Education	11,673	12,300	94.9%
Employee assistance program	8,470	8,471	100.0%
Advertising	2,557	3,133	81.6%
Legal fees	87,385	105,000	83.2%
Printing	2,274	2,309	98.5%
Contracted services	265,843	280,590	94.7%
Copiers	4,425	4,010	110.3%
Software	2,930	4,800	61.0%
Promotional	16,190	16,760	96.6%
Small Equipment	39	1,591	2.5%
Supplies	2,412	2,317	104.1%
Travel	1,815	1,815	100.0%
Postage	1,212	1,600	75.8%
Total Administration	<u>1,011,998</u>	<u>1,088,412</u>	<u>93.0%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Business Development			
Salaries	\$ 253,397	\$ 246,829	102.7%
Health insurance	20,096	19,896	101.0%
Retirement	25,091	23,607	106.3%
Social security	17,940	18,882	95.0%
Retiree Health Care Expense-OPEB	6,773	8,255	82.0%
Professional/education	3,283	4,200	78.2%
Legal fees	17,478	10,000	174.8%
Contracted Services	-	150	-
Copying	4,425	4,011	110.3%
Supplies	1,200	1,200	100.0%
Travel	4,416	5,650	78.2%
Postage	324	300	108.0%
Total Business Development	<u>354,423</u>	<u>342,980</u>	<u>103.3%</u>
Audit			
Salaries	308,415	308,187	100.1%
Health insurance	33,253	32,883	101.1%
Retirement	28,066	28,832	97.3%
Social security	22,801	23,578	96.7%
Retiree Health Care Expense-OPEB	11,289	13,759	82.0%
Professional/Education	3,937	4,000	98.4%
Copiers	4,425	4,014	110.2%
Supplies	1,069	800	133.6%
Travel	2,428	1,600	151.8%
Postage	273	200	136.5%
Total Audit	<u>415,956</u>	<u>417,853</u>	<u>99.5%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Finance			
Salaries	\$ 726,097	\$ 700,163	103.7%
Health insurance	66,869	65,979	101.3%
Retirement	67,830	61,514	110.3%
Social security	51,191	52,416	97.7%
Retiree Health Care Expense-OPEB	22,577	27,518	82.0%
Professional/Education	3,905	3,935	99.2%
Audit	42,725	42,725	100.0%
Contracted services-Technology	157,036	162,377	96.7%
Printing	3,458	4,535	76.3%
Contracted services	17,328	17,050	101.6%
Copiers	4,425	4,011	110.3%
Small equipment	-	2,075	-
Supplies	3,566	5,000	71.3%
Travel	1,076	1,600	67.3%
Postage	5,161	5,000	103.2%
Total Finance	1,173,244	1,155,898	101.5%
Information Services			
Salaries	1,396,822	1,397,811	99.9%
Health insurance	132,938	130,325	102.0%
Retirement	147,038	138,436	106.2%
Social security	99,673	106,930	93.2%
Retiree Health Care Expense-OPEB	45,154	55,035	82.0%
Uniforms	1,265	1,275	99.2%
Physical Examinations	145	155	93.5%
Professional Education	28,457	29,906	95.2%
Contracted services-Technology	252,362	305,519	82.6%
Contracted services-Other	33,006	37,940	87.0%
Copiers	3,910	3,577	109.3%
Computer Hardware	103,069	103,083	100.0%
Software	38,227	38,255	99.9%
Printer supplies	5,377	5,400	99.6%
Small equipment	4,818	5,671	85.0%
Supplies	104,074	107,214	97.1%
Media and documentation	1,730	2,132	81.1%
Repairs and Maintenance			
Computer Hardware	-	1,900	-
Travel	5,389	5,441	99.0%
Postage	414	400	103.5%
Total Information Technology	2,403,868	2,476,405	97.1%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Major Capital Improvements Program			
Salaries	\$ 246,936	\$ 231,674	106.6%
Health insurance	27,400	26,955	101.7%
Retirement	57,817	54,904	105.3%
Social security	32,471	33,113	98.1%
Retiree Health Care Expense-OPEB	9,031	11,007	82.0%
Professional/Education	2,044	4,170	49.0%
Copiers	1,950	1,928	101.1%
Supplies	356	200	178.0%
Liability Insurance	5,480	5,480	100.0%
Travel	2,196	6,100	36.0%
Postage	50	50	100.0%
Total Major Capital Improvements Program	385,731	375,581	102.7%
Facilities and Environmental			
Salaries	570,145	607,669	93.8%
Health insurance	59,989	59,313	101.1%
Retirement	57,492	60,930	94.4%
Social security	39,761	46,488	85.5%
Retiree Health Care Expense-OPEB	20,319	24,766	82.0%
Physical Examinations	50	-	N/A
Professional/Education	4,472	7,290	61.3%
Legal fees	12,409	9,000	137.9%
Contracted services	14,045	24,021	58.5%
Copiers	2,094	1,928	108.6%
Software	161	225	71.6%
Printer supplies	-	1,833	-
Small equipment	756	750	100.8%
Supplies	1,979	1,800	109.9%
Liability Insurance	49,412	49,412	100.0%
Repairs and maintenance			
Equipment	-	150	-
Computer Software	26,939	27,555	97.8%
Travel	2,264	1,865	121.4%
Permit administration	5,115	5,890	86.8%
Postage	332	300	110.7%
Total Facilities and Environmental	867,734	931,185	93.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
Noise			
Salaries	\$ 63,668	\$ 65,538	97.1%
Health insurance	6,591	6,578	100.2%
Retirement	7,498	7,491	100.1%
Social security	3,961	5,013	79.0%
Retiree Health Care Expense-OPEB	2,258	2,752	82.0%
Professional/Education	1,218	1,525	79.9%
Legal fees	-	250	-
Contracted services	-	13,125	-
Copiers	2,094	1,928	108.6%
Electricity	2,036	2,000	101.8%
Small equipment	-	200	-
Supplies	349	300	116.3%
Liability Insurance	1,393	1,393	100.0%
Repairs and maintenance			
Equipment	324	1,000	32.4%
Computer Software	47,948	48,870	98.1%
Travel	2,330	2,700	86.3%
Postage	12	27	44.4%
Total Noise	<u>141,680</u>	<u>160,690</u>	<u>88.2%</u>
TOTAL ADMINISTRATIVE	<u><u>\$ 9,631,766</u></u>	<u><u>\$ 9,880,306</u></u>	<u><u>97.5%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
VISITOR SERVICES EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Guest Services			
Salaries	\$ 495,705	\$ 480,307	103.2%
Health insurance	79,118	78,175	101.2%
Accident insurance	350	350	100.0%
Retirement	48,954	47,622	102.8%
Social security	36,048	36,742	98.1%
Retiree Health Care Expense-OPEB	27,093	33,021	82.0%
Uniforms	4,097	4,500	91.0%
Professional/Education	917	1,250	73.4%
Advertising	1,500	1,500	100.0%
Printing	1,501	1,750	85.8%
Computer Hardware	2,718	3,000	90.6%
Contracted services-Other	1,244	3,059	40.7%
Copiers	1,014	867	117.0%
Promotional	8,973	9,260	96.9%
Small equipment	4,023	4,252	94.6%
Supplies	2,978	3,250	91.6%
Liability Insurance	17,926	17,926	100.0%
Travel	268	336	79.8%
Postage	24	50	48.0%
TOTAL GUEST SERVICES	\$ 734,451	\$ 727,217	101.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
FUEL FARM EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Fuel Farm			
Salaries	\$ 583,362	\$ 529,778	110.1%
Health insurance	72,349	71,912	100.6%
Retirement/ 401K Match	50,549	42,172	119.9%
Social security	43,138	40,526	106.4%
Retiree Health Care Expense-OPEB	24,835	30,270	82.0%
Uniforms	2,632	3,080	85.5%
Professional/Education	563	2,800	20.1%
Contracted services-Technology	24,000	24,000	100.0%
Contracted services	46,924	52,015	90.2%
Copiers	1,062	965	110.1%
Small equipment	10,407	10,780	96.5%
Supplies	25,041	30,000	83.5%
Liability Insurance	22,570	22,570	100.0%
Repairs and maintenance			
Equipment	46,460	48,905	95.0%
Travel	446	474	94.1%
Postage	67	100	67.0%
TOTAL FUEL FARM	\$ 954,405	\$ 910,347	104.8%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT MAINTENANCE EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Airport Maintenance			
Salaries	\$ 2,521,024	\$ 2,551,431	98.8%
Health insurance	343,774	336,750	102.1%
Retirement/ 401K Match	270,307	261,431	103.4%
Social security	182,824	195,186	93.7%
Retiree Health Care Expense-OPEB	117,401	143,091	82.0%
Uniforms	23,874	24,700	96.7%
Physical examinations	1,398	1,290	108.4%
Professional/Education	5,157	12,073	42.7%
Contracted services-Technology	23,921	23,921	100.0%
Contracted services	1,497	1,515	98.8%
Copiers	5,683	5,100	111.4%
Small equipment	22,626	33,018	68.5%
Supplies	14,952	15,000	99.7%
Liability Insurance	131,888	131,888	100.0%
Repairs and maintenance			
Equipment	10,682	3,100	344.6%
General	154	-	N/A
Travel	473	1,000	47.3%
Permit Administration	525	-	N/A
Postage	539	500	107.8%
Total Airport Maintenance	3,678,699	3,740,994	98.3%
Fleet Maintenance			
Salaries	365,798	341,273	107.2%
Health insurance	39,867	39,356	101.3%
Retirement/ 401K Match	44,687	36,651	121.9%
Social security	28,099	26,108	107.6%
Retiree Health Care Expense-OPEB	13,546	16,511	82.0%
Uniforms	2,690	2,480	108.5%
Professional/Education	3,925	5,525	71.0%
Copiers	540	465	116.1%
Fuel - vehicles and equipment	617,024	576,507	107.0%
Small equipment	14,018	14,860	94.3%
Supplies	246,274	245,250	100.4%
Liability Insurance	11,238	11,238	100.0%
Repairs and maintenance-Equipment	81,013	79,000	102.5%
Postage	13	-	N/A
Total Fleet Maintenance	1,468,732	1,395,224	105.3%
TOTAL AIRPORT MAINTENANCE	\$ 5,147,431	\$ 5,136,218	100.2%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
LAW ENFORCEMENT EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Law Enforcement			
Salaries	\$ 2,110,158	\$ 2,160,630	97.7%
Health insurance	220,024	216,208	101.8%
Retirement/ 401K Match	222,599	179,086	124.3%
Social security	158,078	165,311	95.6%
Retiree Health Care Expense-OPEB	74,505	90,809	82.0%
Retiree Separation Allowance	389,324	-	N/A
Uniforms	19,153	18,300	104.7%
Physical examinations	15,364	17,464	88.0%
Professional/Education	3,972	4,000	99.3%
Contracted services-Technology	493	1,500	32.9%
Printing	294	550	53.5%
DCI access fee	2,688	2,700	99.6%
Contracted Services	717	750	95.6%
Copiers	5,499	5,015	109.7%
Small equipment	10,317	12,341	83.6%
Supplies	14,381	14,400	99.9%
Liability Insurance	97,709	97,709	100.0%
Repairs and maintenance			
Equipment	1,022	1,135	90.0%
Travel	3,607	4,000	90.2%
Postage	272	300	90.7%
K-9 program	1,990	3,000	66.3%
TOTAL LAW ENFORCEMENT	\$ 3,352,166	\$ 2,995,208	111.9%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
EMERGENCY SERVICES EXPENSES
 Year Ended March 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
Emergency Services			
Salaries	\$ 1,093,619	\$ 1,027,459	106.4%
Health insurance	125,991	124,502	101.2%
Retirement/ 401K Match	120,907	110,220	109.7%
Social security	79,477	78,600	101.1%
Retiree Health Care Expense-OPEB	42,897	52,284	82.0%
Uniforms	13,015	15,000	86.8%
Physical examinations	7,042	9,797	71.9%
Professional/Education	21,947	24,980	87.9%
Copiers	2,436	2,327	104.7%
Small Equipment	33,518	34,839	96.2%
Supplies	7,971	12,000	66.4%
Liability Insurance	37,895	37,895	100.0%
Repairs and maintenance			
Equipment	8,303	8,650	96.0%
Travel	6,064	6,170	98.3%
Postage	52	50	104.0%
TOTAL EMERGENCY SERVICES	<u>\$ 1,601,134</u>	<u>\$ 1,544,773</u>	<u>103.6%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
OPERATIONS EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Operations			
Salaries	\$ 755,032	\$ 736,406	102.5%
Health insurance	79,949	78,885	101.3%
Retirement/ 401K Match	81,386	76,311	106.7%
Social security	54,004	56,335	95.9%
Retiree Health Care Expense-OPEB	27,093	33,021	82.0%
Uniforms	192	250	76.8%
Professional/Education	635	1,600	39.7%
Printing	1,388	1,800	77.1%
Contracted services-Technology	3,198	3,200	99.9%
Copiers	5,248	4,748	110.5%
Small equipment	12,874	16,900	76.2%
Supplies	2,388	2,400	99.5%
Supplies-ID System	75,437	81,000	93.1%
Liability Insurance	25,542	25,542	100.0%
Repairs and maintenance			
Equipment	798	950	84.0%
Travel	2,564	3,050	84.1%
Postage	196	200	98.0%
TOTAL OPERATIONS	\$ 1,127,924	\$ 1,122,598	100.5%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
COMMUNICATIONS EXPENSES
 Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Communications			
Salaries	\$ 476,980	\$ 449,570	106.1%
Health insurance	66,060	65,286	101.2%
Retirement/ 401K Match	50,599	44,974	112.5%
Social security	34,446	34,394	100.2%
Retiree Health Care Expense-OPEB	22,577	27,518	82.0%
Physical examinations	254	350	72.6%
Professional/Education	159	300	53.0%
DCI Access Fees	900	900	100.0%
Contracted Services	17,143	17,200	99.7%
Copiers	1,161	1,021	113.7%
Small equipment	6,997	7,200	97.2%
Supplies	1,333	1,700	78.4%
Liability Insurance	13,746	13,746	100.0%
Repairs and maintenance			
Equipment	59,437	59,500	99.9%
Postage	-	25	-
TOTAL COMMUNICATIONS	\$ 751,792	\$ 723,684	103.9%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
PARKING EXPENSES
 Year Ended March 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
Parking			
Salaries	\$ 902,259	\$ 823,506	109.6%
Health insurance	118,980	117,539	101.2%
Retirement/ 401K Match	98,818	88,220	112.0%
Social security	64,941	62,999	103.1%
Retiree Health Care Expense-OPEB	40,639	49,532	82.0%
Uniforms	1,070	2,000	53.5%
Physical examinations	-	50	-
Professional/Education	2,195	2,600	84.4%
Advertising	-	1,800	-
Printing	34,017	69,000	49.3%
Credit Card Fees	738,379	716,400	103.1%
Contracted services-labor	452,867	473,310	95.7%
Copiers	25,667	23,270	110.3%
Computer Hardware	1,020	1,500	68.0%
Computer Software	496	496	100.0%
Printer supplies	1,385	1,600	86.6%
Small equipment	23,436	24,703	94.9%
Supplies	5,837	6,000	97.3%
Liability Insurance	35,294	35,294	100.0%
Repairs and maintenance			
Computer Hardware	198,519	199,850	99.3%
Equipment	250	1,060	23.6%
Travel	2,443	2,400	101.8%
Abandoned vehicles	2,448	2,460	99.5%
Postage	1,174	1,400	83.9%
TOTAL PARKING	<u>\$ 2,752,134</u>	<u>\$ 2,706,989</u>	<u>101.7%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
GROUNDS TRANSPORTATION DIVISION EXPENSES

Year Ended March 31, 2012

	Actual	Budget	Percent of Budget
Ground Transportation			
Salaries	\$ 116,835	\$ 153,028	76.3%
Health insurance	19,911	19,622	101.5%
Retirement/ 401K Match	13,596	15,421	88.2%
Social security	8,068	11,706	68.9%
Retiree Health Care Expense-OPEB	6,773	8,255	82.0%
Uniforms	126	135	93.3%
Physical examinations	-	28	-
Professional/Education	1,639	1,800	91.1%
Printing	2,340	2,400	97.5%
Credit Card Fees	1,297	3,005	43.2%
Contracted services - Bus Drivers	968,117	978,400	98.9%
Copiers	1,161	950	122.2%
Small equipment	10,986	11,600	94.7%
Supplies	1,401	1,500	93.4%
Liability Insurance	35,758	35,758	100.0%
Repairs and maintenance			
Equipment	21,165	22,320	94.8%
Computer Software	25,200	25,205	100.0%
Travel	1,805	2,020	89.4%
Postage	510	625	81.6%
Total Ground Transportation	<u>1,236,688</u>	<u>1,293,778</u>	<u>95.6%</u>
Traffic Control			
Salaries	927,418	932,276	99.5%
Health insurance	171,091	169,078	101.2%
Retirement/ 401K Match	86,629	83,371	103.9%
Social security	66,855	71,322	93.7%
Retiree Health Care Expense-OPEB	58,701	71,546	82.0%
Uniforms	15,861	17,425	91.0%
Physical examinations	141	185	76.2%
Professional/Education	970	1,000	97.0%
Printing	583	2,025	28.8%
Copiers	1,161	950	122.2%
Small equipment	3,519	3,688	95.4%
Supplies	1,800	2,100	85.7%
Liability Insurance	37,152	37,152	100.0%
Repairs and maintenance-Equipment	191	500	38.2%
Travel	75	160	46.9%
Total Traffic Control	<u>1,372,147</u>	<u>1,392,778</u>	<u>98.5%</u>
TOTAL GROUND TRANSPORTATION DIVISION	<u>\$ 2,608,835</u>	<u>\$ 2,686,556</u>	<u>97.1%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
TERMINAL SERVICES DIVISION EXPENSES
 Year Ended March 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
Terminal Services			
Salaries	\$ 252,690	\$ 267,356	94.5%
Health insurance	19,893	19,961	99.7%
Retirement/ 401K Match	22,980	21,975	104.6%
Social security	19,724	20,453	96.4%
Retiree Health Care Expense-OPEB	6,773	8,255	82.0%
Uniforms	-	200	-
Other Contracted Services	5,533	6,818	81.2%
Copiers	2,067	1,861	111.1%
Supplies	394	900	43.8%
Liability Insurance	4,272	4,272	100.0%
Postage	26	-	N/A
	<u>26</u>	<u>-</u>	<u>N/A</u>
TOTAL TERMINAL SERVICES	<u>\$ 334,352</u>	<u>\$ 352,051</u>	<u>95.0%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
DETAILS OF AIRPORT AND FACILITIES
 March 31, 2012

	<u>Total</u>	<u>Authority Funds</u>	<u>Federal and State Funds</u>
Land	\$ 41,193,383	\$ 35,702,262	\$ 5,491,121
Landing field and grounds	533,165,340	421,118,231	112,047,109
Terminal buildings	704,264,941	703,988,671	276,270
Other buildings	174,116,766	139,111,464	35,005,302
Utilities	5,417,436	5,211,923	205,513
Equipment	26,256,233	26,256,233	-
Construction in progress	<u>10,272,974</u>	<u>10,272,974</u>	<u>-</u>
TOTAL DETAILS OF AIRPORT AND FACILITIES	<u><u>\$ 1,494,687,073</u></u>	<u><u>\$ 1,341,661,758</u></u>	<u><u>\$ 153,025,315</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF DEPRECIATION
 March 31, 2012

Departmental	
Administrative	\$ 454,702
Parking	9,437,790
Emergency services	6,447
Airport maintenance	150,466
Law enforcement	29,066
Facilities and environmental	413,372
Operations	20,193
Communications	61,714
Ground transportation	249,055
Total departmental	10,822,805
Nondepartmental	
Airfield complex	5,958,239
Terminal 1 complex	
Buildings and improvements	2,237,844
Terminal 2 complex	
Buildings and improvements	18,737,247
Central Energy Plant	
	554,593
General Aviation complex	
Buildings and improvements	2,944,778
Cargo complex	
Buildings and improvements	1,197,389
Ground Transportation complex	
Roadways	2,637,134
Fuel Farm complex	
	652,424
Office & Other Buildings complex	
	3,488,244
Utilities complex	
	128,470
Rental Car complex	
	-
TOTAL DEPRECIATION	\$ 49,359,167

Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Statistical Section

Prepared by the Finance Department

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

**RALEIGH-DURHAM AIRPORT AUTHORITY
STATISTICAL TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2012**

Statistical Section (Unaudited)	Page
Financial Trends These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	90
Revenue Capacity These schedules contain information to help the reader assess the Authority's most significant revenue source.	95
Debt Capacity These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	97
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	99
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	101

Raleigh-Durham Airport Authority
 Net Assets by Component
 Last Nine Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net Assets									
Invested in capital assets, net of related debt	\$ 307,107,509	\$ 321,369,827	\$ 302,289,837	\$ 310,905,473	\$ 298,851,847	\$ 283,069,756	\$ 272,120,858	\$ 253,926,968	\$ 109,870,086
Restricted For:									
Collateral for General Obligation Bond Debt	-	-	-	-	-	-	-	-	2,075,358
Aeronautical Facilities Revenue Bond Reserves	-	-	-	-	-	-	-	-	69,081,671
State of North Carolina Underground Storage Tank Trust Deductible	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Passenger Facility Charges	18,149,465	22,671,438	73,294,625	74,428,717	73,609,528	54,433,797	39,088,582	19,243,564	11,320,732
Unrestricted Net Assets	104,584,822	97,869,697	108,572,170	91,557,348	88,539,606	86,543,100	75,110,876	66,073,395	107,470,285
Total Net Assets	\$ 430,061,796	\$ 442,130,962	\$ 484,376,632	\$ 477,111,538	\$ 461,220,981	\$ 424,266,653	\$ 386,540,316	\$ 339,463,927	\$ 300,038,132

Note:

Due to Raleigh-Durham Airport Authority's required adoption of GASB 34 during FY2004, only nine years of comparative financial statement data is available.

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating revenues									
Parking	\$ 36,406,284	\$ 35,150,897	\$ 33,998,195	\$ 36,572,511	\$ 39,500,251	\$ 37,118,422	\$ 35,102,368	\$ 32,764,711	\$ 24,801,450
Airfield	11,930,074	11,865,742	12,499,790	10,614,546	11,308,179	10,931,805	6,852,766	7,033,600	11,805,279
General aviation	1,399,599	1,400,643	1,398,821	1,387,739	1,342,211	817,917	1,017,201	884,339	956,604
Terminals	27,020,695	24,632,442	23,283,910	20,459,651	18,845,460	17,692,618	16,323,512	16,427,603	16,612,556
Air cargo	2,300,134	2,016,233	2,004,795	1,989,512	1,959,833	1,911,283	1,741,380	1,667,054	1,701,728
Fuel Farm	1,041,622	972,544	961,740	927,232	565,893	1,170,945	1,166,326	1,204,611	1,069,616
Rental car	12,305,766	11,967,229	11,604,879	12,788,821	13,628,529	12,793,354	11,109,594	9,438,239	9,102,698
Other	1,980,374	1,614,048	1,416,787	1,492,178	1,208,407	1,186,009	1,079,832	1,059,597	1,024,216
Total operating revenues	94,384,548	89,619,778	87,168,917	86,232,190	88,358,763	83,622,353	74,392,979	70,479,754	67,074,147
Operating expenses									
Airport facilities	19,742,281	19,122,793	17,956,239	15,499,047	12,290,026	12,670,053	12,624,529	10,166,095	9,397,740
Administrative	9,631,766	9,438,549	8,201,857	8,274,367	6,684,641	5,468,321	5,212,159	4,558,154	4,100,417
Fuel Farm	954,405	978,378	903,815	932,042	739,965	-	-	-	-
Law enforcement	3,352,166	3,253,639	2,848,365	3,008,371	2,987,660	2,685,681	2,710,370	2,573,268	2,659,697
Airport maintenance	5,147,431	5,176,960	4,828,437	4,821,408	4,247,141	3,986,311	3,711,178	3,511,927	3,147,746
Parking	2,752,134	2,829,332	2,416,808	2,756,988	2,644,350	2,729,983	2,586,436	2,519,168	2,622,633
Emergency services	1,601,134	1,614,092	1,523,960	1,461,996	1,508,453	1,313,139	1,413,059	1,337,302	1,235,362
Visitor services	734,451	758,323	689,040	611,002	543,024	558,204	565,644	536,617	461,741
Communications	751,792	808,140	727,856	814,682	741,821	648,163	651,726	595,018	477,917
Operations	1,127,924	1,069,994	984,061	1,004,747	919,665	938,333	906,909	923,735	987,559
Ground transportation	2,608,835	2,685,399	2,701,382	2,722,685	2,771,980	2,586,828	2,850,381	3,360,378	3,822,417
Terminal Services	334,352	256,996	227,699	222,382	123,352	-	-	-	-
Subtotal	48,738,671	47,992,595	44,009,519	42,129,717	36,202,078	33,585,016	33,232,391	30,081,662	28,913,229
Depreciation	49,359,167	47,095,977	47,523,955	39,245,679	33,505,153	32,581,129	28,548,381	25,845,025	21,404,074
Total operating expenses	98,097,838	95,088,572	91,533,474	81,375,396	69,707,231	66,166,145	61,780,772	55,926,687	50,317,303
Operating income (loss)	(3,713,290)	(5,468,794)	(4,364,557)	4,856,794	18,651,532	17,456,208	12,612,207	14,553,067	16,756,844
Non-operating revenues (expenses)									
Investment interest income	2,148,101	2,500,267	3,750,839	5,592,912	8,507,396	5,484,164	4,015,127	1,931,286	1,721,408
Passenger Facility Charges	18,424,026	18,818,814	18,940,075	19,710,529	24,006,372	20,965,795	20,632,549	15,324,824	11,300,707
Net decrease in fair value of investments	241,068	(404,171)	(404,147)	(40,516)	771,553	718,703	160,248	(1,119,050)	(47,236)
Bond interest expense, net	(29,077,558)	(25,491,187)	(22,663,862)	(15,989,551)	(15,239,195)	(9,556,465)	(9,878,616)	(9,727,743)	(3,078,837)
Loss on disposal of airport facilities	-	-	-	-	-	-	-	(219,042)	-
Loss on swap termination	(1,465,749)	(34,350,297)	-	(4,543,541)	-	-	-	-	-
Amortization of deferred expenses related to 2001A refunding	-	(5,392,913)	-	-	-	-	-	-	-
Other, net	729,996	873,263	487,820	626,545	206,670	372,260	314,989	852,613	408,037
Total non-operating revenues (expenses)	(9,000,116)	(43,446,224)	110,725	5,356,378	18,252,796	17,984,457	15,244,297	7,042,888	10,304,079
Income (loss) before capital contributions	(12,713,406)	(48,915,018)	(4,253,832)	10,213,172	36,904,328	35,440,665	27,856,504	21,595,955	27,060,923
Capital contributions	644,240	6,669,348	11,518,926	5,677,385	50,000	2,285,672	19,219,885	17,829,840	11,193,427
Increase (decrease) in net assets	(12,069,166)	(42,245,670)	7,265,094	15,890,557	36,954,328	37,726,337	47,076,389	39,425,795	38,254,350
Net Assets, beginning of year	442,130,962	484,376,632	477,111,538	461,220,981	424,266,653	386,540,316	339,463,927	300,038,132	261,783,782
Net Assets, end of year	\$ 430,061,796	\$ 442,130,962	\$ 484,376,632	\$ 477,111,538	\$ 461,220,981	\$ 424,266,653	\$ 386,540,316	\$ 339,463,927	\$ 300,038,132

Note:

Due to Raleigh-Durham Airport Authority's required adoption of GASB 34 during FY2004, only nine years of comparative financial statement data is available.

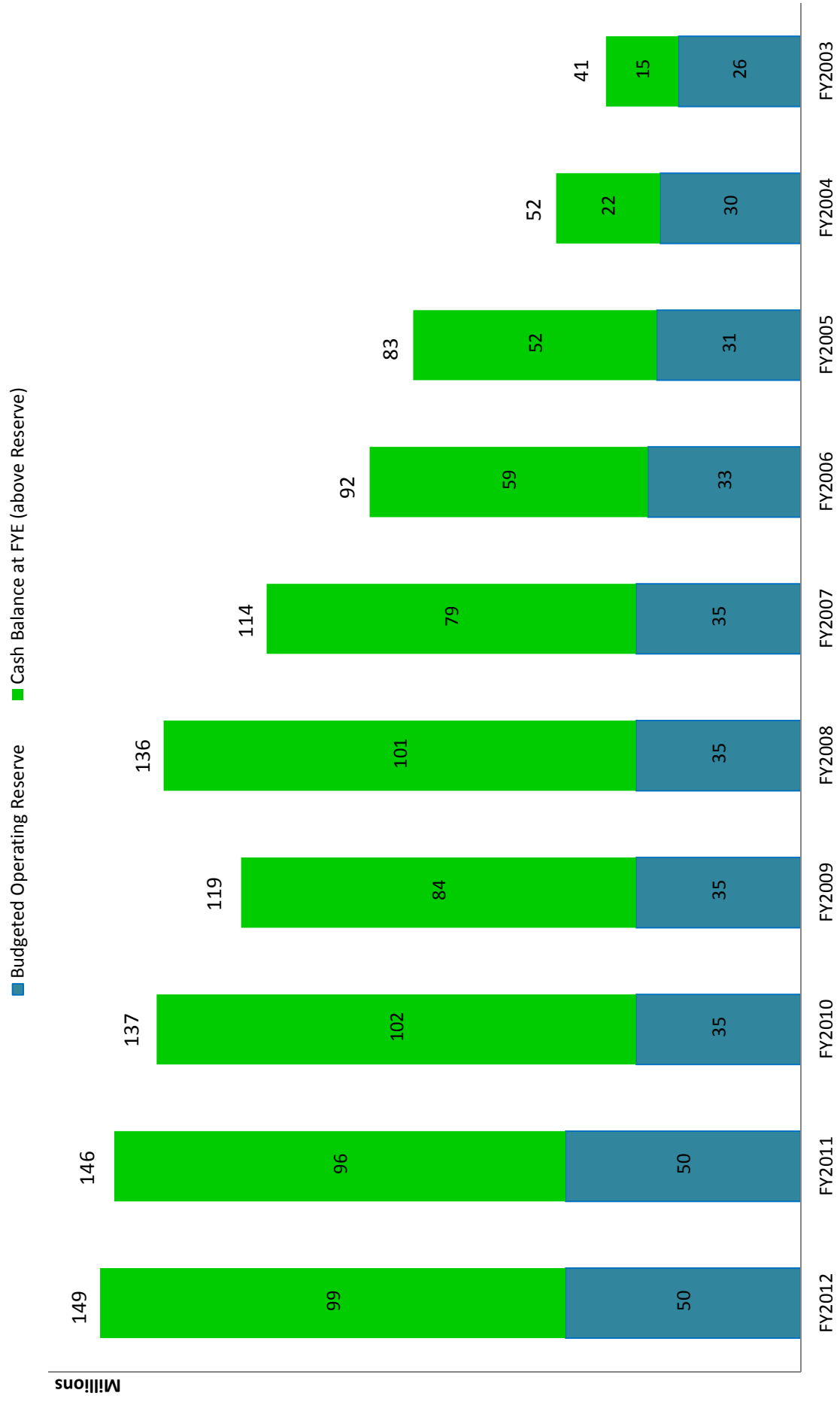
RALEIGH-DURHAM AIRPORT AUTHORITY
KEY PERFORMANCE INDICATORS
 Last Nine Fiscal Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Airline Revenue per Enplanement	6.48	6.29	6.24	5.09	4.50	4.62	3.80	4.05	5.70
Airline Revenue per Airline Operation	198.76	191.23	186.94	145.35	120.55	120.81	96.22	94.58	135.24
Total Aeronautical Revenue per Total Operation	186.07	178.95	171.91	132.04	110.81	110.80	90.68	88.99	114.00
Concession Revenue per Enplanement	1.57	1.43	1.39	1.25	1.19	1.11	1.04	1.05	1.15
Concession Revenue per Airline Operation	48.04	43.52	41.80	35.58	31.91	28.94	26.47	24.57	27.29
Rental Car Revenue per Enplanement	2.68	2.62	2.57	2.73	2.69	2.68	2.36	2.09	2.50
Rental Car Revenue per Airline Operation	82.04	79.84	77.00	77.93	71.96	70.08	59.91	48.85	59.38
Parking Revenue per Enplanement	8.18	7.95	7.76	7.99	7.87	7.85	7.53	7.40	6.59
Parking Revenue per Airline Operation	250.69	241.89	232.63	228.18	210.62	205.17	190.76	173.04	156.42
Non-Aeronautical Revenue per Enplanement	12.66	12.09	11.82	12.16	11.92	11.80	11.09	10.61	10.31
Non-Aeronautical Revenue per Airline Operation	388.36	367.65	354.43	347.08	319.05	308.42	281.06	247.99	244.51
Non-Airline Operating Revenue per Enplanement	14.05	13.43	13.18	13.32	12.92	12.91	12.03	11.56	11.09
Non-Airline Operating Revenue per Total Operation	332.25	314.97	298.45	281.39	259.97	249.71	230.23	205.89	195.02
Total Operating Revenue per Enplanement	20.53	19.72	19.41	18.41	17.43	17.53	15.83	15.60	16.79
Total Operating Revenue per Airline Operation	629.69	599.76	581.97	525.44	466.52	458.07	401.15	364.78	398.25
Total Operating Revenue per Total Operation	485.49	462.41	439.68	389.00	350.56	339.16	302.88	277.96	295.30
Total Operating Expenses per Enplanement	10.57	10.49	9.74	8.99	7.14	7.04	7.07	6.66	7.24
Total Operating Expenses per Airline Operation	324.10	319.14	292.01	256.71	191.14	183.97	179.20	155.69	171.67
Total Operating Expenses per Total Operation	249.88	246.05	220.62	190.05	143.63	136.22	135.30	118.64	127.29
Number of Days Unrestricted Cash On Hand	1,112	1,162	1,135	1,029	1,364	1,232	1,006	997	654

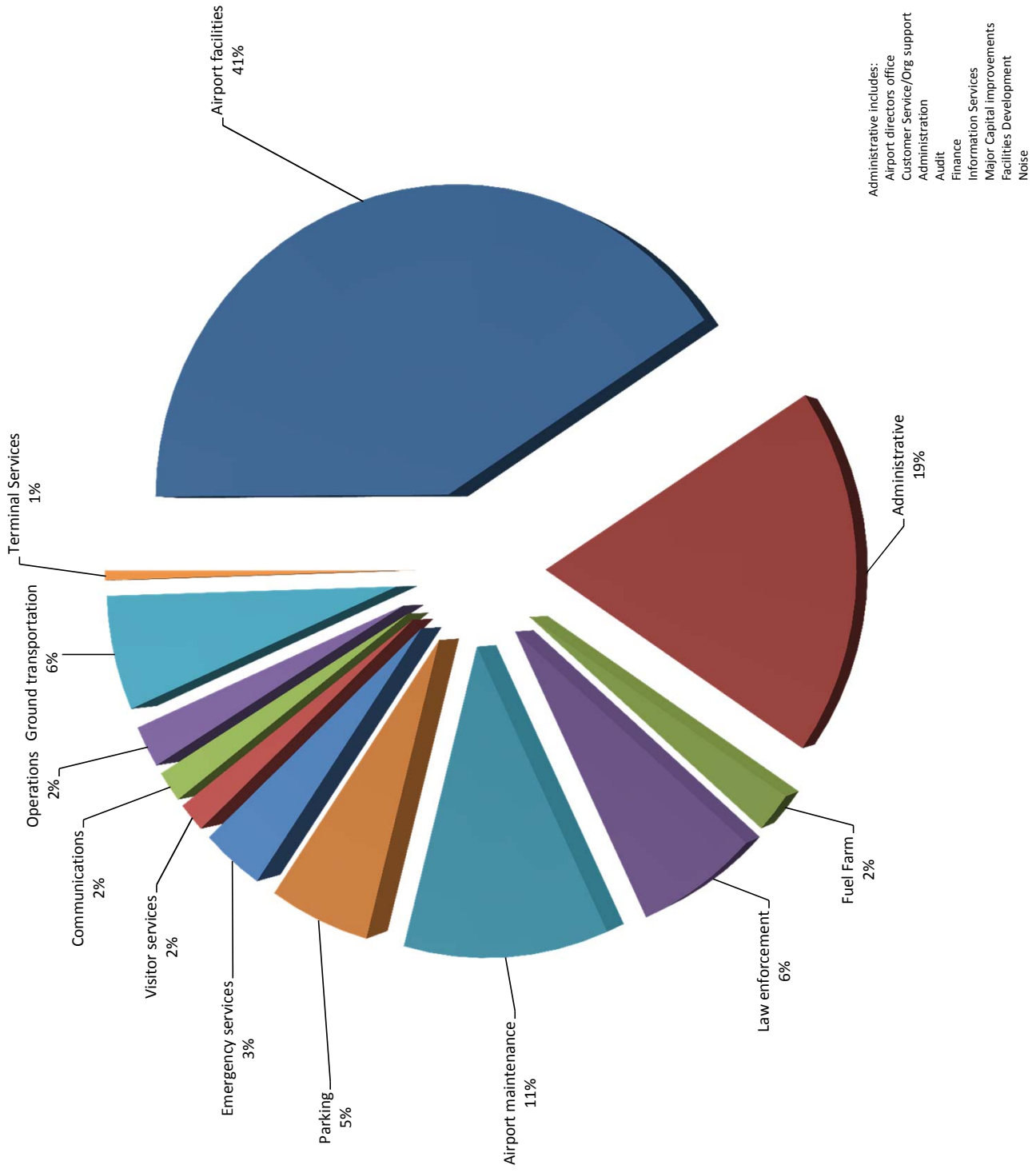
Note:

Due to Raleigh-Durham Airport Authority's required adoption of GASB 34 during FY2004, only nine years of comparative financial statement data is available.

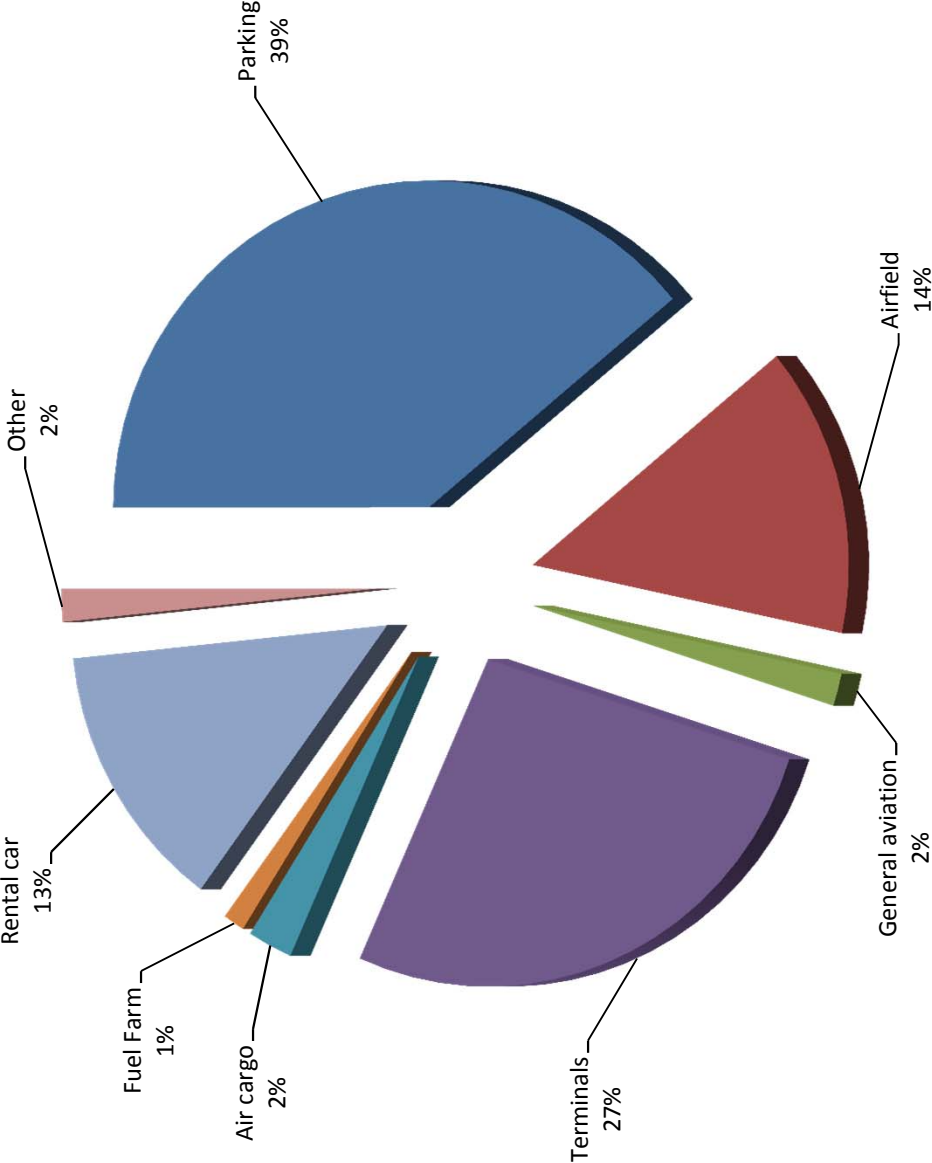
RDU Cash/Investment Balances vs Operating Reserve Policy (Excluding PFC Cash Balance & Bond Proceeds)



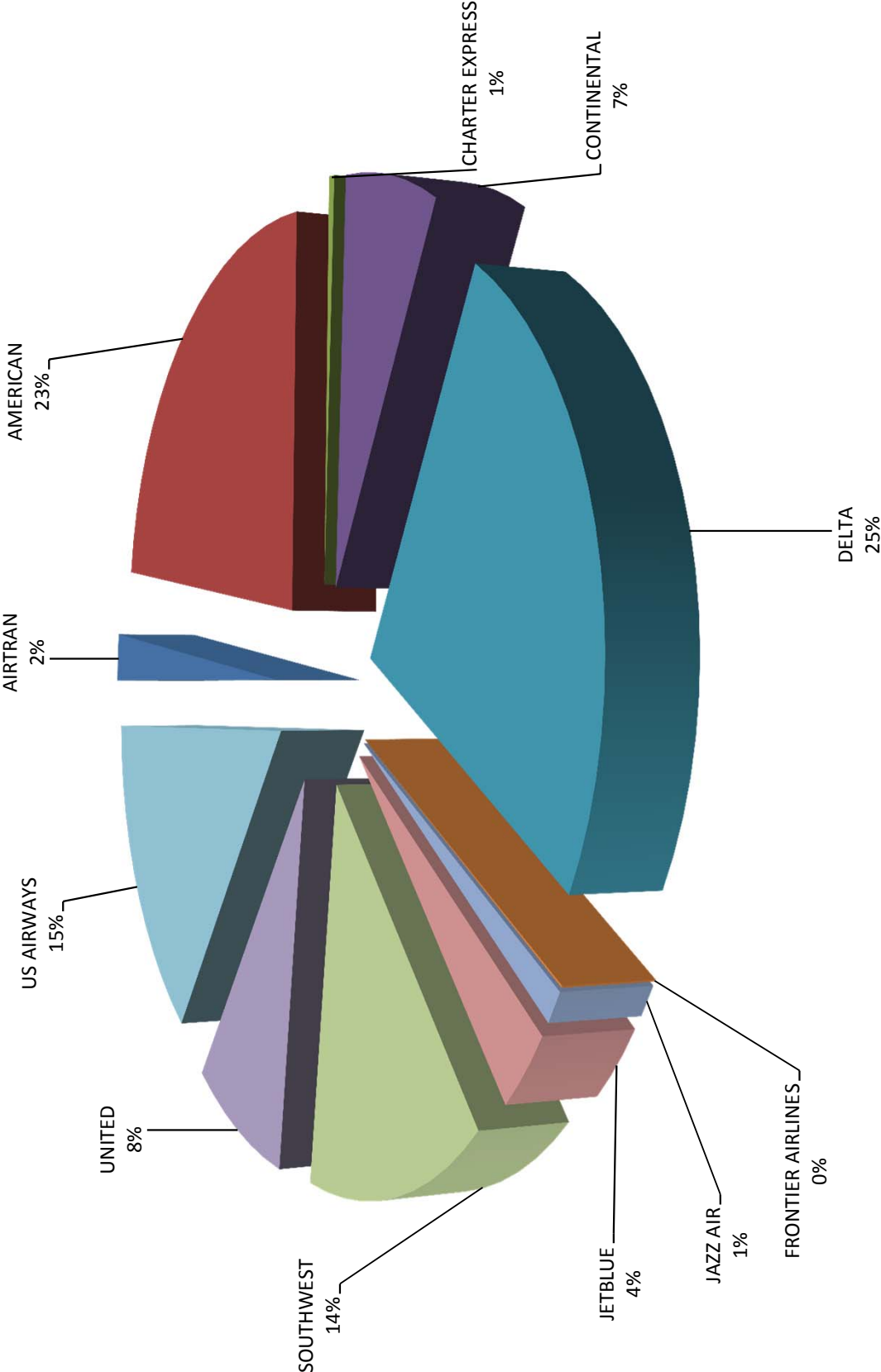
FYE March 31, 2012 Operating Expenses by Business Unit



FYE March 31, 2012 Operating Revenue by Source



FYE March 31, 2012 Airline Derived Revenue by Carrier



no carrier accounted for more than 8.04% of operating revenues

RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT SERVICE SCHEDULE
with Irrevocable PFC Offsets (as committed)

	FY 2021/2022	FY 2020/2021	FY 2019/2020	FY 2018/2019	FY 2017/2018	FY 2016/2017	FY 2015/2016	FY 2014/2015	FY 2013/2014	FY 2012/2013
2005 A (Non-AMT) - \$39.805 mill (4.66%)										
Principal (May Only)	\$ 2,900,000	\$ 2,760,000	\$ 490,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interest (May)	902,094	971,094	980,894	980,894	980,894	980,894	980,894	980,894	980,894	980,894
Interest (November)	829,594	902,094	971,094	980,894	980,894	980,894	980,894	980,894	980,894	980,894
Total	\$ 4,631,688	\$ 4,633,188	\$ 2,441,988	\$ 1,961,788	\$ 1,961,788	\$ 1,961,788	\$ 1,961,788	\$ 1,961,788	\$ 1,961,788	\$ 1,961,788
2005 B (AMT) - \$85.49 mill (4.66%)										
Principal (May Only) PFC Application of Funds	\$ 2,965,000	\$ 2,820,000	\$ 4,820,000	\$ 5,055,000	\$ 4,810,000	\$ 4,575,000	\$ 4,355,000	\$ 4,150,000	\$ 3,950,000	\$ 3,760,000
Interest (May) PFC Application of Funds	765,931	836,431	966,931	1,083,307	1,203,556	1,317,931	1,420,156	1,522,656	1,619,156	1,712,676
Interest (November) PFC Application of Funds	691,806	765,931	836,431	956,932	1,083,306	1,203,556	1,317,931	1,420,156	1,522,656	1,619,156
Total	\$ 4,422,738	\$ 4,422,362	\$ 6,613,362	\$ 7,095,239	\$ 7,096,862	\$ 7,096,487	\$ 7,093,087	\$ 7,092,812	\$ 7,091,812	\$ 7,091,832
2007 (AMT) - \$152.070 mill (4.75%)										
Principal (May Only) PFC Application of Funds	\$ 4,525,000	\$ 4,305,000	\$ 4,095,000	\$ 3,895,000	\$ 3,705,000	\$ 3,525,000	\$ 3,355,000	\$ 3,190,000	\$ 3,035,000	\$ 2,885,000
Interest (May) PFC Application of Funds	2,874,138	2,981,763	3,084,138	3,181,513	3,274,138	3,362,263	3,445,138	3,524,888	3,600,513	3,672,638
Interest (November) PFC Application of Funds	2,761,013	2,874,138	2,981,763	3,084,138	3,181,513	3,274,138	3,362,263	3,445,138	3,524,888	3,600,513
Total	\$ 10,160,150	\$ 10,160,901	\$ 10,160,901	\$ 10,160,651	\$ 10,161,401	\$ 10,161,401	\$ 10,162,401	\$ 10,160,026	\$ 10,160,401	\$ 10,158,151
2008 C (Non-AMT) - \$72.295 mill Variable rate										
Principal (May Only) PFC Application of Funds	\$ 2,330,000	\$ 2,220,000	\$ 2,120,000	\$ 2,020,000	\$ 1,925,000	\$ 1,840,000	\$ 1,750,000	\$ 1,670,000	\$ 1,595,000	\$ 1,520,000
Interest (12 Monthly Payments) PFC Application of Funds	2,081,967	2,174,800	2,263,267	2,347,733	2,428,217	2,504,933	2,578,233	2,647,967	2,714,517	2,778,067
Total	\$ 4,411,967	\$ 4,394,800	\$ 4,383,267	\$ 4,367,733	\$ 4,353,217	\$ 4,344,933	\$ 4,328,233	\$ 4,317,967	\$ 4,309,517	\$ 4,298,067
2010A (Non-AMT) - \$242.365 mill (4.11%) Fixed Rate										
Principal (May Only)	\$ 7,710,000	\$ 7,330,000	\$ 6,975,000	\$ 6,635,000	\$ 6,310,000	\$ 6,005,000	\$ 5,740,000	\$ 5,510,000	\$ 5,320,000	\$ 5,165,000
Interest (May)	4,461,881	4,645,131	4,819,506	4,985,381	5,143,131	5,293,256	5,408,056	5,518,256	5,598,056	5,675,531
Interest (November)	4,269,131	4,461,881	4,645,131	4,819,506	4,985,381	5,143,131	5,293,256	5,408,056	5,518,256	5,598,056
Total	\$ 16,441,013	\$ 16,437,012	\$ 16,439,637	\$ 16,439,887	\$ 16,438,512	\$ 16,441,387	\$ 16,441,312	\$ 16,436,312	\$ 16,436,312	\$ 16,438,587
2010B - (Non-AMT) - \$94.08 mill. (4.11%) Fixed Rate										
Principal (November Only)	\$ 5,805,000	\$ 5,630,000	\$ 5,365,000	\$ 5,110,000	\$ 4,865,000	\$ 4,725,000	\$ 4,540,000	\$ 4,370,000	\$ 4,200,000	\$ 4,075,000
Interest (May)	1,181,000	1,265,450	1,399,575	1,527,325	1,648,950	1,719,825	1,810,625	1,898,025	1,982,025	2,043,150
Interest (November)	1,181,000	1,265,450	1,399,575	1,527,325	1,648,950	1,719,825	1,810,625	1,898,025	1,982,025	2,043,150
Total	\$ 8,167,000	\$ 8,160,900	\$ 8,164,150	\$ 8,164,650	\$ 8,162,900	\$ 8,164,650	\$ 8,161,250	\$ 8,166,050	\$ 8,164,050	\$ 8,161,300
2010B-1 (Non-AMT) - \$38.235 mill (4.18%) Fixed Rate										
Principal (November Only)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interest (May)	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550
Interest (November)	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550
Total	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100	\$ 1,703,100
FY Principal Total										
	\$ 26,235,000	\$ 25,065,000	\$ 23,865,000	\$ 22,715,000	\$ 21,615,000	\$ 20,670,000	\$ 19,740,000	\$ 18,890,000	\$ 18,100,000	\$ 17,405,000
FY Interest Total										
	23,702,655	24,847,263	26,041,405	27,178,048	28,282,030	29,203,746	30,111,171	30,948,055	31,726,980	32,407,825
Total Principal and Interest										
	\$ 49,937,655	\$ 49,912,263	\$ 49,906,405	\$ 49,893,048	\$ 49,877,030	\$ 49,873,746	\$ 49,851,171	\$ 49,838,055	\$ 49,826,980	\$ 49,812,825
Total Principal Outstanding at end of FY										
	\$ 482,110,000	\$ 508,345,000	\$ 533,410,000	\$ 557,275,000	\$ 579,990,000	\$ 601,605,000	\$ 622,275,000	\$ 642,015,000	\$ 660,905,000	\$ 679,005,000
PFC Offsets to Annual Debt Service										
Irrevocable Commitment of PFC's										
	\$ 49,937,655	\$ 49,912,263	\$ 49,906,405	\$ 49,893,048	\$ 49,877,030	\$ 49,873,746	\$ 44,850,171	\$ 44,837,055	\$ 25,480,980	\$ 26,178,825
DEBT SERVICE P & I NET OF PFC OFFSET										
	\$ 432,172,345	\$ 458,432,737	\$ 483,503,595	\$ 507,381,952	\$ 530,112,970	\$ 551,731,250	\$ 577,424,829	\$ 597,177,945	\$ 635,424,020	\$ 652,826,175

Notes:
1 This schedule represents Cashflow Scheduled Debt Service. Accrual Basis interest expense will differ slightly.
2 Note 2008 interest costs are based on weekly variable rates of 4.0%. The actual average variable rates for the FY 2011-2012 was 26 basis points or .26%. This interest cost excludes program costs such as liquidity and remarketing fees which total 77.5 basis points.

RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT PROFILE
3/31/2012

<u>Type of Debt</u> <u>(GARBs):</u>	<u>Series</u>	<u>Original Term</u>	<u>Tax Exempt Status</u>	<u>Use of Funds</u>	<u>Original Issue Size</u>	<u>3/31/2012 Amount Outstanding</u>
Fixed Rate	Series 2001A	30	Non-AMT	Parking Garage 4 (defeased by 2010B,B-1 refunding)	\$ 156,975,000	\$ -
Fixed Rate	Series 2001B	13	Non-AMT	Refunded Parking Rev Bonds (cash defeased March 2011)	47,570,000	-
Variable Rate	Series 2002	15	AMT	Term C Lease Buyout (paid off in August 2008)	30,000,000	-
Bond Anticipation Notes	Series 2002B	1	-	Terminal 2 Bond Anticipation Notes (paid off with 2005 bonds)	35,000,000	-
Bond Anticipation Notes	Series 2003	1	-	Terminal 2 Bond Anticipation Notes (paid off with 2005 bonds)	35,000,000	-
Fixed Rate	Series 2005A	25	Non-AMT	Operation Center, G/A Term, 75% of Taxiway D	39,805,000	39,805,000
Fixed Rate	Series 2005B	25	AMT	Terminal 2 Project, 25% of Taxiway D	85,490,000	70,765,000
Variable Rate swapped to Fixed	Series 2006ABCDE	30	AMT	Terminal 2 Project- \$300 mill (refunded by 2008ABC)	300,000,000	-
Fixed Rate	Series 2007	30	AMT	Terminal 2 Project	152,070,000	149,315,000
Variable Rate swapped to Fixed	Series 2008A	28	AMT	Terminal 2 Project (refunded by 2010A)	125,000,000	-
Variable Rate swapped to Fixed	Series 2008B	28	AMT	Terminal 2 Project (refunded by 2010A)	100,000,000	-
Variable Rate swapped to Fixed	Series 2008C	30	AMT	Terminal 2 Project (refunded 2008C to Non-AMT)	75,000,000	-
Variable Rate	Series 2008C	27	Non-AMT	Terminal 2 Project (refunded 2008C)	73,680,000	70,845,000
Fixed Rate	Series 2010A	26	Non-AMT	Terminal 2 Project (refunded 2008A&B)	242,365,000	237,325,000
Fixed Rate	Series 2010B	16	Non-AMT	Terminal 2 Project (refunded 2001A)	94,080,000	90,120,000
Fixed Rate	Series 2010B-1	21	Non-AMT	Terminal 2 Project (refunded 2001A)	38,235,000	38,235,000
				Total Debt Issued	\$ 1,630,270,000	
				Total Outstanding Debt at 3/31/12		\$ 696,410,000
				Fixed versus Variable Debt		
				Fixed Rate Debt		89.8% \$ 625,565,000
				Variable Rate Debt (2008C bonds)		10.2% \$ 70,845,000
						100.0%
				Total Outstanding Debt at 3/31/12		\$ 696,410,000

<u>Weighted Average Rates of Debt Portfolio at 3/31/12</u>		<u>Current Rates</u>	<u>Current Wgt. Avg. Rates</u>
Series 2005A	\$ 39,805,000	4.66%	0.27%
Series 2005B	70,765,000	4.66%	0.47%
Series 2007	149,315,000	4.75%	1.02%
Series 2008C	70,845,000	0.19% *1,*2	0.02%
Series 2010A	237,325,000	4.11%	1.40%
Series 2010B	90,120,000	4.11%	0.53%
Series 2010B-1	38,235,000	4.18%	0.23%
	\$ 696,410,000		

3.94%

Weighted Average Rate of Debt at March 31, 2012

*1 Excludes Program Costs such as LOC and Remarketing Fees.

*2 Weekly rate for variable bonds at March 31, 2012

3 Debt per enplaned passenger was \$151 at March 31, 2012.

**RALEIGH-DURHAM AIRPORT AUTHORITY
RDU DEMOGRAPHIC INFORMATION
2011, 2010, and 2009 (\$ in thousands)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Population*	2,000	2,000	1,779
Median Household Income**	Unavailable	\$49.4	\$55.5
Per Capita Income***	Unavailable	\$39.1	\$38.2
Personal Income****	Unavailable	\$68,739,803	\$66,528,638
Median Age*****	34.4	34.9	34.7
Unemployment Rate*****	8.6	8.5	8.4

Sources:

*CAFR Demographic and Economic Statistics for City of Raleigh, Wake County, City of Durham, and Durham County

**U.S. Census Bureau, 2006-2008 American Community Survey for Durham MSA and Raleigh-Cary MSA

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

****U.S. Census Bureau, American Fact Finder

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

Raleigh-Durham Airport Authority
Raleigh-Durham Triangle Top Employers
Current year and Nine years Ago

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

	2011			2002		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Duke University	33,750	1	6.28%	17,421	3	3.55%
State of North Carolina	24,739	2	4.60%	23,230	2	4.73%
International Business Machines	20,500	3	3.81%	27,000	1	5.50%
Wake County Public Schools	17,572	4	3.27%	12,500	4	2.54%
Glaxosmithkline	9,400	5	1.75%	10,850	5	2.21%
N C State University at Raleigh	7,730	6	1.44%	7,787	7	1.59%
Wake Med	7,607	7	1.42%	5,000	8	1.02%
Durham Public Schools	5,440	8	1.01%	4,500	9	0.92%
Rex Healthcare	4,800	9	0.89%	3,779	10	0.77%
SAS Institute, Inc.	4,742	10	0.88%	-	-	-
Nortel Networks, Inc.	-	-	-	9,848	6	2.00%
Total	136,280		25.35%	121,915		24.83%

Source - Wake County 2010 CAFR - Greater Raleigh Chamber of Commerce
Durham County 2010 CAFR - Durham Chamber of Commerce

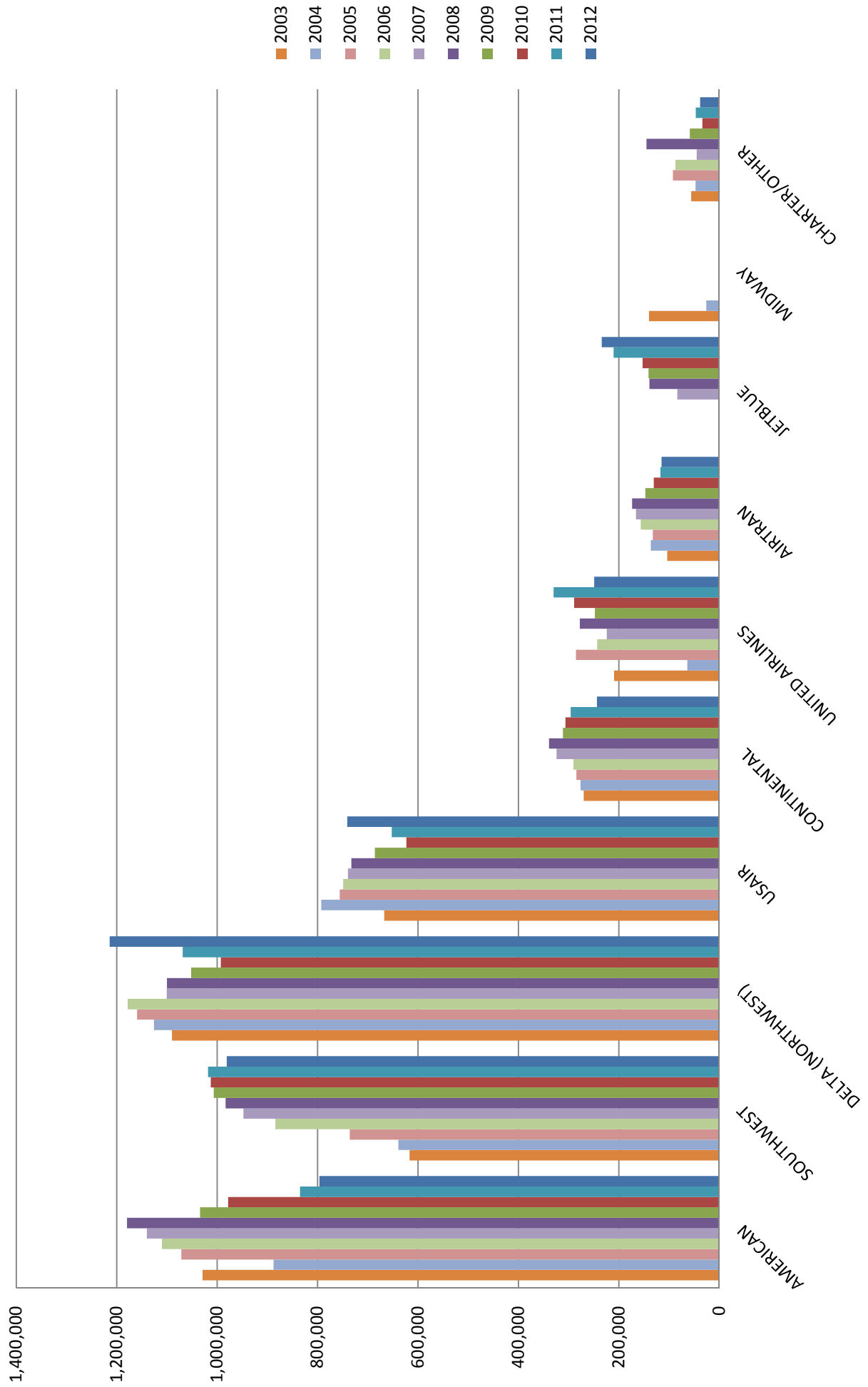
RALEIGH-DURHAM AIRPORT AUTHORITY
ACTIVITY STATISTICS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Passengers</u>	<u>Aircraft Operations</u>	<u>Cargo Volume (lbs)</u>
2012	9,199,631	194,895	168,790,671
2011	9,147,426	195,051	191,632,110
2010	9,001,247	199,483	198,545,086
2009	9,367,703	221,676	211,264,605
2008	10,110,183	252,051	237,097,547
2007	9,543,800	246,557	230,839,499
2006	9,280,471	245,615	240,313,100
2005	8,929,913	253,563	236,196,270
2004	7,964,067	227,140	212,777,512
2003	8,346,005	235,413	220,903,449

Source: Raleigh Durham Airport Authority Activity Reports

Aircraft operations represents the total number of take-offs and landings passenger & Cargo

Enplaned Passengers by Airline



RALEIGH-DURHAM AIRPORT AUTHORITY
ENPLAINED PASSENGERS BY AIRLINE
Last Ten fiscal Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
AMERICAN	796,502 17.3%	835,120 18.3%	977,895 21.6%	1,034,070 22.1%	1,179,470 23.3%	1,139,890 23.9%	1,110,052 23.6%	1,071,109 23.7%	887,862 22.2%	1,028,836 24.6%
SOUTHWEST	980,621 21.3%	1,018,029 22.3%	1,012,673 22.4%	1,006,841 21.5%	982,935 19.4%	947,658 19.9%	884,222 18.8%	735,767 16.3%	638,921 16.0%	616,580 14.7%
DELTA (NORTHWEST)	1,213,745 26.3%	1,068,655 23.4%	992,524 22.0%	1,051,656 22.4%	1,099,792 21.7%	1,100,558 23.1%	1,178,088 25.1%	1,159,475 25.7%	1,125,996 28.2%	1,090,005 26.1%
USAIR	740,900 16.1%	652,031 14.3%	623,142 13.8%	685,798 14.6%	732,835 14.5%	739,632 15.5%	749,050 15.9%	755,734 16.7%	792,541 19.8%	667,310 16.0%
CONTINENTAL	243,467 5.3%	295,864 6.5%	306,178 6.8%	311,410 6.6%	339,065 6.7%	323,886 6.8%	290,413 6.2%	284,350 6.3%	276,543 6.9%	269,934 6.5%
UNITED AIRLINES	248,920 5.4%	330,210 7.2%	289,275 6.4%	247,776 5.3%	277,971 5.5%	224,345 4.7%	243,139 5.2%	285,439 6.3%	63,829 1.6%	209,750 5.0%
AIRTRAN	115,128 2.5%	117,280 2.6%	130,365 2.9%	147,364 3.1%	173,880 3.4%	166,071 3.5%	156,488 3.3%	132,538 2.9%	136,542 3.4%	103,606 2.5%
JETBLUE	234,131 5.1%	210,642 4.6%	152,583 3.4%	141,066 3.0%	139,057 2.7%	83,762 1.8%	- 0.0%	- 0.0%	- 0.0%	- 0.0%
MIDWAY	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	25,881 0.6%	140,004 3.3%
CHARTER/OTHER	38,071 0.8%	46,946 1.0%	33,687 0.7%	58,717 1.3%	144,989 2.9%	44,996 0.9%	87,470 1.9%	92,387 2.0%	47,388 1.2%	55,946 1.3%
TOTAL	4,611,485	4,574,777	4,518,322	4,684,698	5,069,994	4,770,798	4,688,922	4,516,799	3,995,503	4,181,971

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

		<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
	Monthly Avg									
April	8.37%	385,934	378,833	386,257	418,666	418,819	392,703	380,756	367,706	316,146
May	8.98%	415,626	400,240	395,931	449,221	448,600	417,233	433,395	386,862	346,042
June	9.30%	422,735	421,754	413,735	462,195	476,806	434,149	437,868	389,541	370,063
July	9.36%	427,336	427,675	429,806	454,330	469,881	425,489	434,254	421,211	376,007
August	8.77%	391,839	399,923	399,927	422,091	463,413	414,456	408,259	379,669	342,706
September	7.71%	369,392	365,295	354,093	354,490	391,222	365,120	367,430	346,150	297,683
October	8.84%	412,907	411,232	403,843	410,727	437,609	414,758	415,225	407,289	357,733
November	8.32%	389,412	393,364	374,480	364,782	423,622	412,364	398,876	380,453	334,362
December	8.49%	383,279	391,540	386,585	394,997	408,355	411,925	389,339	392,727	363,908
January	6.78%	314,555	312,767	309,391	301,606	344,556	344,263	322,342	310,198	269,291
February	6.73%	313,715	299,202	291,670	298,697	356,028	329,166	309,689	310,045	287,321
March	8.35%	384,755	372,952	372,604	352,896	431,083	409,172	401,489	424,948	334,241
TOTAL		4,611,485	4,574,777	4,518,322	4,684,698	5,069,994	4,770,798	4,698,922	4,516,799	3,995,503

Increase (Decrease) over Prior Period 0.80% 1.25% -3.55% -7.60% 6.27% 1.53% 4.03% 13.05% -4.46%

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Airlines										
AIRTRAN	145,040.00	138,872.00	151,096.00	180,448.00	205,139.50	198,704.40	187,720.00	173,347.00	178,093.01	143,470.00
AMERICAN	945,195.49	1,015,421.03	1,199,345.76	1,379,141.10	1,607,897.87	1,523,329.49	1,505,417.37	1,645,876.05	1,582,094.78	1,758,843.42
CONTINENTAL	270,259.18	325,660.65	340,284.20	373,257.38	384,852.43	362,923.19	344,040.62	385,542.22	349,358.04	340,581.30
DELTA (NORTHWEST)	1,453,246.74	1,281,754.58	1,161,039.90	1,003,810.20	1,359,023.24	1,375,437.80	1,516,711.35	1,573,666.02	1,433,254.90	1,464,426.10
FRONTIER	21,676.26	44,847.02	45,646.20	53,016.00	56,440.20	50,440.00	47,199.10	50,937.60	53,460.82	54,364.39
JAZZ AIR	60,363.90	53,752.30	190,769.30	191,153.00	181,688.29	111,472.05	-	-	-	-
JETBLUE	269,025.40	249,735.30	1,237,984.00	1,347,980.00	1,341,806.00	1,252,454.00	1,153,776.00	961,466.00	812,617.99	853,094.00
SOUTHWEST	1,226,814.00	1,205,886.00	1,237,984.00	1,347,980.00	1,341,806.00	1,252,454.00	1,153,776.00	961,466.00	812,617.99	853,094.00
UNITED AIRLINES	516,571.08	484,409.56	473,476.75	338,950.28	500,564.32	277,076.37	302,447.09	326,738.88	282,718.87	282,714.70
USAIR	752,766.08	716,733.08	658,321.50	1,089,778.74	916,638.79	979,503.06	934,136.28	1,022,003.89	760,329.26	943,511.43
CHARTER/OTHER	24,926.00	16,968.50	17,939.83	18,950.42	52,098.00	17,555.00	76,643.00	161,340.60	116,885.61	272,195.50
Cargo										
UPS	133,429.52	134,900.60	131,023.68	134,318.30	135,892.78	137,229.12	141,256.62	132,010.20	213,666.35	131,313.00
FEDERAL EXPRESS	244,371.30	250,699.30	239,169.60	237,093.50	248,939.35	255,424.55	253,415.45	234,744.70	224,017.81	238,730.60
OTHERS	33,463.32	75,258.66	79,123.00	118,319.30	129,820.35	139,504.31	182,545.56	222,102.00	122,596.85	164,434.79
TOTAL	6,097,148.27	5,994,898.58	5,925,219.72	6,466,216.22	7,120,801.12	6,681,053.34	6,645,308.44	6,889,775.16	6,129,094.29	6,647,579.23
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Raleigh-Durham Airport Authority Capital Assets and Other Airport Information

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

RDU serves 9.2 million passengers on 7 major airlines and serves 38 international and nonstop destinations with an average of 180 daily flights. In the fiscal year 2012 98% of all passengers at the airport enplaned on domestic flights and 2% enplaned on international flights.

Location: The Airport is located midway between the cities of Raleigh and Durham, primarily in Wake County, approximately 11 miles southeast of Durham and 11 miles northwest of Raleigh. The Airport encompasses approximately 5,100 acres, of which approximately 2,075 acres are developed.

Terminals: Passenger terminal facilities at the Airport are located in two separate buildings known as Terminal 1 and Terminal 2. Terminal 1 (previously called Terminal A) includes an area once known as "Terminal B," which was the site of the passenger terminal originally opened in October 1955.

Terminal 1 was placed in service in January 1982 and consisted of approximately 296,000 square feet of floor space and had provided 23 contact gates served by loading bridges. The Authority has begun a project to renovate and modernize Terminal 1. Construction on this \$68 million project is scheduled to be complete in early 2014. Terminal 1 as configured during the construction period currently operates with 5 gates and is home to Southwest Airlines and AirTran. Terminal 1, once renovated, will be home to Southwest Airlines and potentially other carriers and operate with 9 gates.

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

Runways: RDU has two primary runways and one secondary runway.

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

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

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

Parking Spaces: The airports total parking capacity is approximately 20,350 vehicles.

4 - Parking Garages	11,000 spaces approximately
4 - Park & Ride Parking Lots	9,100 spaces approximately
General Aviation Parking Lot	250 spaces approximately

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

Fiscal Year	PURPOSE OF GRANT		
	<u>Security</u>	<u>Construction</u>	<u>Total</u>
2012	\$ 552,148	\$ 594,240	\$ 1,146,388
2011	573,561	6,619,348	7,192,909
2010	540,492	11,468,926	12,009,418
2009	688,069	5,627,385	6,315,454
2008	751,336	-	751,336
2007	740,696	2,235,672	2,976,368
2006	723,438	19,774,665	20,498,103
2005	675,532	17,510,647	18,186,179
2004	261,298	10,836,199	11,097,497
2003	-	4,506,528	4,506,528
Total	\$ 5,506,570	\$ 79,173,610	\$ 84,680,180

Source: Schedule of Expenditures of Federal Awards

Raleigh-Durham Airport Authority
Employee Headcount
Last Ten Fiscal Years

<u>Year Ending</u>	<u>Number of employees</u>
2012	273
2011	271
2010	271
2009	273
2008	261
2007	233
2006	236
2005	228
2004	224
2003	229



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