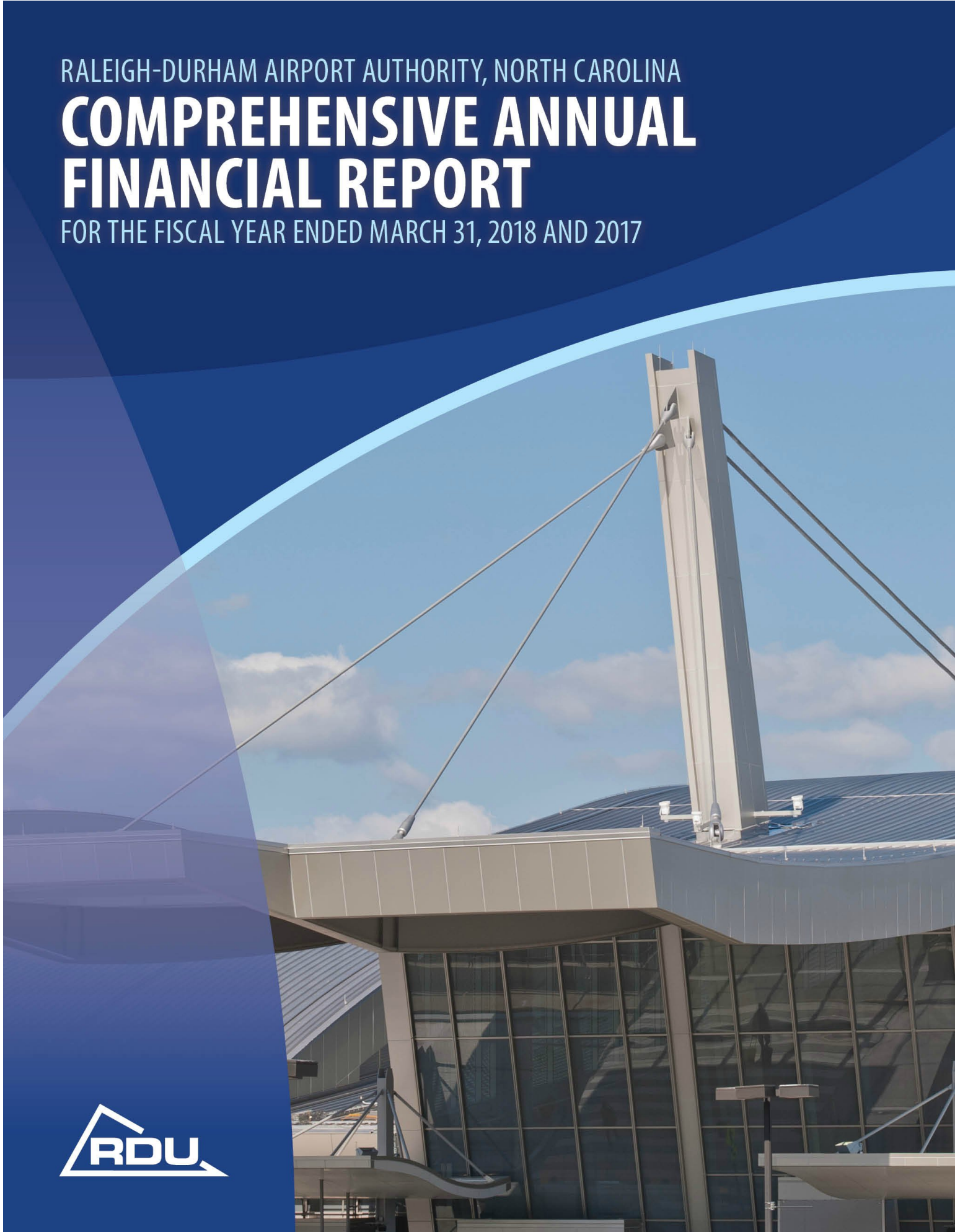


RALEIGH-DURHAM AIRPORT AUTHORITY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 2018 AND 2017



Raleigh-Durham Airport Authority
RDU Airport, North Carolina

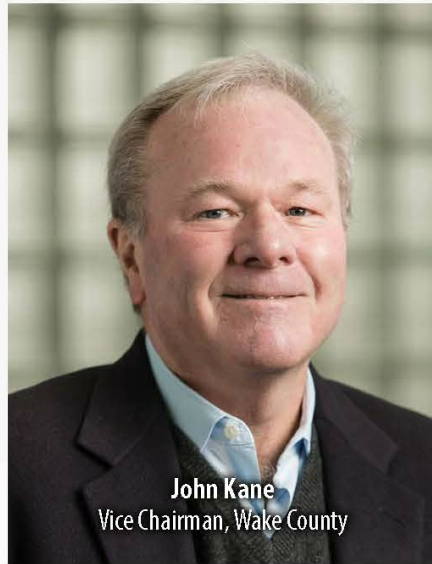
Comprehensive Annual Financial Report

For the fiscal year ended March 31, 2018 and 2017

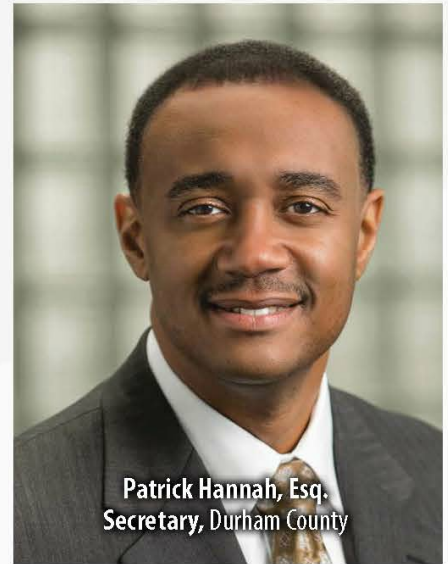
Prepared by the Finance Department



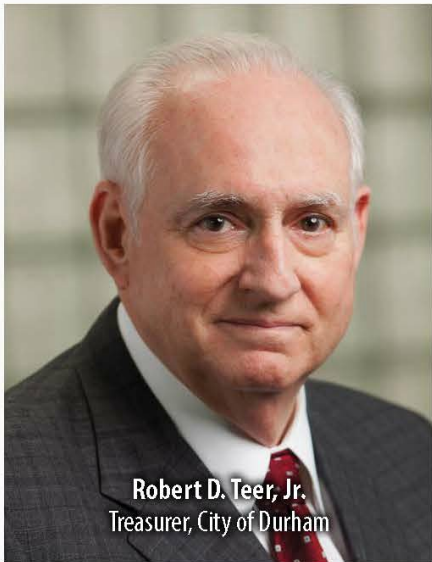
Farad Ali
Chairman, City of Durham



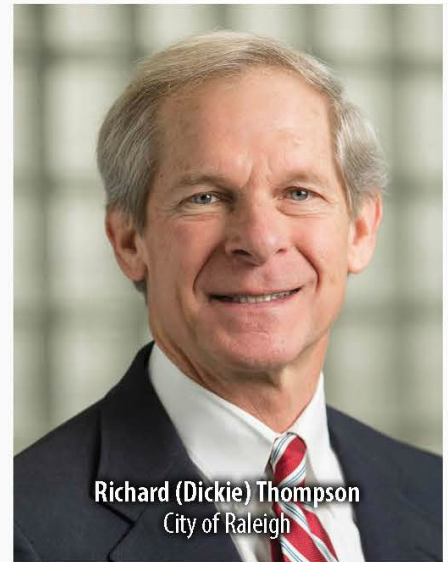
John Kane
Vice Chairman, Wake County



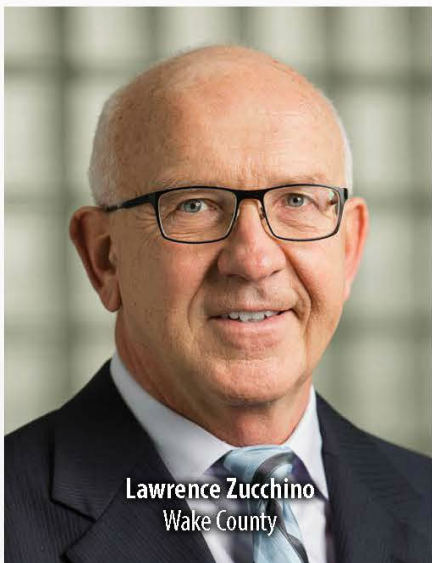
Patrick Hannah, Esq.
Secretary, Durham County



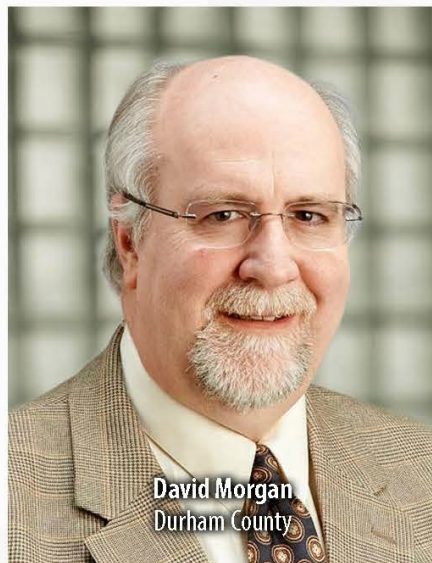
Robert D. Teer, Jr.
Treasurer, City of Durham



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City of Raleigh



Lawrence Zucchini
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David Morgan
Durham County



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City of Raleigh

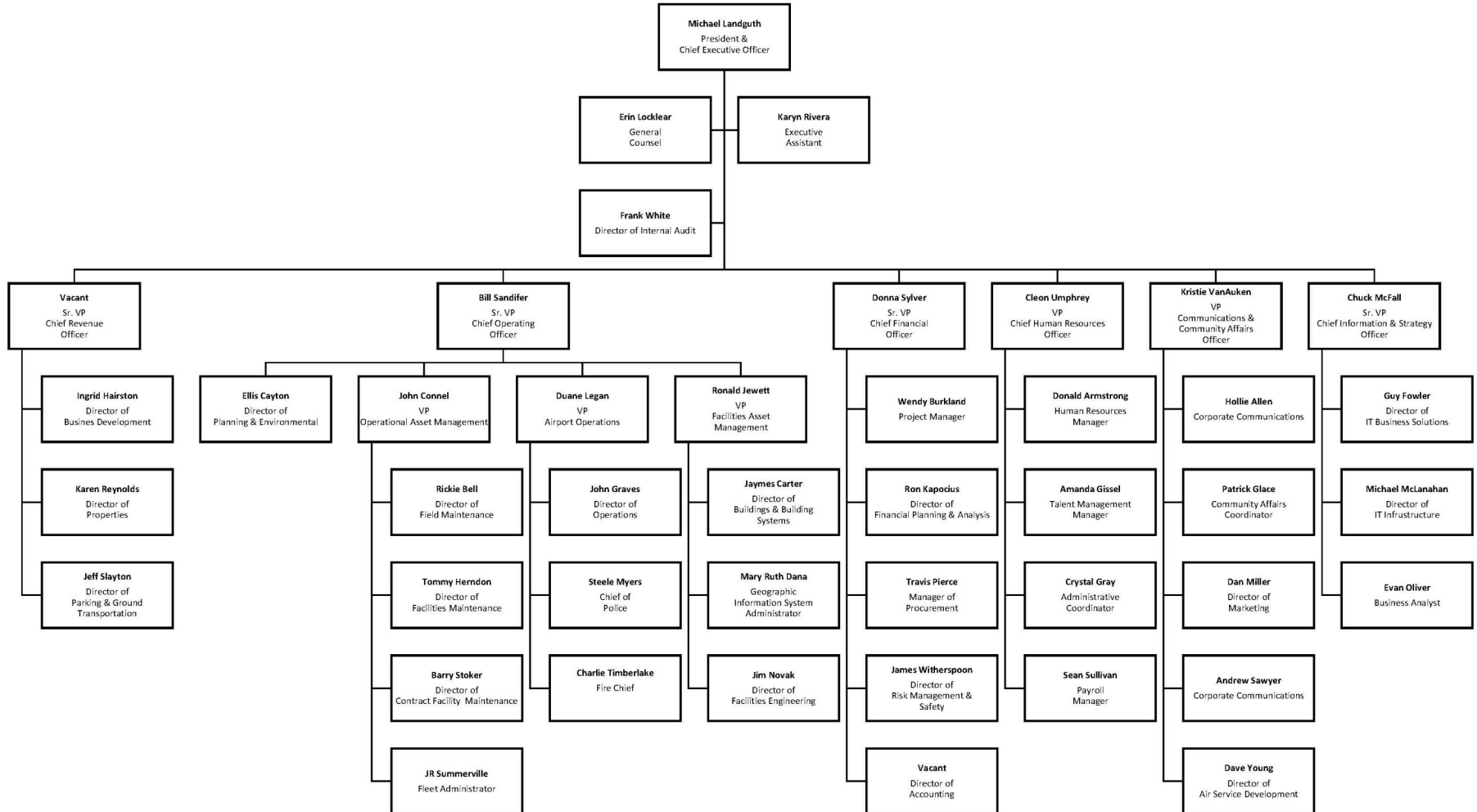
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RALEIGH-DURHAM AIRPORT AUTHORITY
2018 ORGANIZATIONAL STRUCTURE





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Raleigh-Durham Airport Authority
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

March 31, 2017

Christopher P. Morrill

Executive Director/CEO



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

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June 21, 2018

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, 2018 . Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Finance department of the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority.

The Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report is presented in three sections - Introductory, Financial, and Statistical. The Introductory section includes this Letter of Transmittal, a depiction of the Authority Board Members, the Authority’s Organization Chart and the Certificate of Achievement for Excellence in Financial Reporting Awarded to the Authority for its prior fiscal year ended March 31, 2017 submission. This Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government finance reports. The Financial Section includes the Independent Auditor’s Report, Management’s Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplemental Information, and Supplemental Information. The Statistical Section includes selected financial trends, debt service, key performance indicators (“KPIs”), other operating statistics, and economic demographic information, presented on a multi-year basis.

This Letter should be read in conjunction with the accompanying Management Discussion & Analysis (“MD&A”) in order to gather a more complete financial and business picture of the Authority. It is our intent to submit the fiscal year ended March 31, 2018 Comprehensive Annual Financial Report to the Government Finance Officers Association for their review and seek the award for the tenth consecutive year.

Reporting Entity

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

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

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Farad Ali, Chairman
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Economy, Region & Air Service

In 2017, more than 11.9 million passengers traveled through RDU, breaking the airport’s all-time record for the second consecutive year. That translates to about 33,000 travelers every day connecting to the people and places that matter most; for business, vacation or both.

The Airport is located midway between the cities of Raleigh and Durham in an area often referred to as the Research Triangle. The population as of July 1, 2017 of the Raleigh-Durham-Cary Combined Statistical Area (“CSA”), which is made up of the eleven counties in and around the Research Triangle, was estimated at 2,156,253. The Airport is the easternmost large airport in North Carolina and draws significant users from eastern and central North Carolina, in addition to travelers from the Research Triangle area.

RDU is thriving because the Triangle is an economically prosperous region and the airline industry is relatively stable. However, we know that the aviation industry is dynamic; therefore, our Board, airport leadership and our finance team continue to closely monitor the aviation industry, world events and commodity prices, which can quickly impact the stability we’ve been enjoying.

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

Beyond these three counties, a large portion of the airport’s service area is the Research Triangle Region, a 13-county economic powerhouse that provides the primary economic base for air transportation at the airport. Beyond this region, RDU serves as the primary airport for residents from the coast westward to about U.S. 220 and from southern Virginia southward to the South Carolina state line. RDU is the primary international hub for nearly half the State of North Carolina.

According to a 2016 economic impact analysis conducted by the North Carolina Department of Transportation, RDU’s economic engine powers the region with an annual \$8.5 billion economic impact. More than 21,000 jobs in this area depend on and are connected to RDU and nearly 5,000 people work on the airport campus every day. The airport contributes more than \$148 million annually in State and Local taxes.

With nine airlines and 57 nonstop destinations, we’re proud to connect central and eastern North Carolina to the world. Each day, an average 200 daily flights head to destinations across the U.S. and international cities such as London, Paris and Toronto.

Residents of the Triangle region have exceptional airline choices to meet their travel needs including large network carriers, low-cost airlines and ultra-low cost leisure air carriers. Airlines serving RDU include: Air Canada, Alaska, Allegiant, American, Delta, Frontier, JetBlue, Southwest and United. In October 2017, Virgin America joined our ranks. Virgin operated as an independent brand for approximately six months. After the FAA approved a joint operating certificate with Alaska Airlines, the Virgin America brand expired in March 2018. Because we offer such a diverse portfolio of airlines, RDU offers the lowest average fare of any major North Carolina airport (with multiple air carriers).

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Sepideh Saidi

DURHAM
Farad Ali, Chairman
Robert D. Teer, Jr.



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

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Economy, Region & Air Service (continued)

And RDU is growing. Our record-breaking passenger growth is being fueled by multiple airlines adding more flights and increasing the size of the airplanes serving the airport. During the past year, carriers serving RDU have added and/or announced a number of new routes, giving our customers even better choices and exceptional airfares.

- Delta Air Lines launched nonstop service to New Orleans and approximately ten percent more seats compared to last fiscal year.
- Frontier Airlines has added nonstop flights to San Juan, San Antonio, Houston, Milwaukee, Kansas City, Harrisburg, Syracuse, Portland (Maine), Buffalo, Cincinnati, and made their Vegas flight year-round service.
- Southwest added nonstop flights to Kansas City.
- Allegiant added nonstop flights to Destin/ Ft. Walton Beach, Florida.

The Federal Aviation Administration classifies RDU as a medium-size hub. In fiscal year 2017-18, the top three carriers by market share included Delta, Southwest and American, comprising about 78 percent of total passengers. During that same time, 97 percent of travelers boarded domestic flights, while 3 percent headed to international destinations.

In terms of cargo, both FedEx and UPS operate cargo flights, allowing goods to travel from our region to the world. More than 100,000 tons of air cargo flowed through RDU during fiscal year 2017-18.

We are also home to many general aviation/ corporate aircraft. Our 22,000-square foot General Aviation Terminal will be leased to fixed base operator (FBO) TAC Air in spring 2018. The general aviation complex, which includes FBO Signature Flight Support, offers 30 acres of aircraft parking and hangars for a wide variety of general aviation needs from the recreational pilot to our most valuable corporate customers.

FY 2017-18 Major Events and Initiatives

During the fiscal year, the Authority accomplished several important projects and milestones, including a major rehabilitation of ParkRDU Central an 11,000 space parking garage, preserving a critical parking asset. Also in parking, the Authority replaced the revenue control system, including entry and exit equipment, providing better reliability and the ability to add online and/or mobile services in the future.

Additionally, on November 20, 2017, the Federal Aviation Administration (FAA) approved the Airport Layout Plan (ALP), setting our 25-year master plan, Vision 2040 in motion. Vision 2040 provides a blueprint for Raleigh-Durham International Airport to meet the air service needs of a growing region for the next quarter century, including planned improvements to runways, terminals, ground transportation and general aviation. Now that the ALP has been approved, the federally required environmental impact statement process for the replacement of Runway 5L/23R can begin. The Airport Authority also kicked off work on two major airfield improvements, the rehabilitation of Taxiways Alpha and Foxtrot.

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FY 2017-18 Major Events and Initiatives (continued)

Finally, the State of North Carolina approved the investment of \$52 million at RDU to help accelerate the completion of critical airport infrastructure projects at RDU. Also, the Authority updated its Major Expenditure Plan covering the period of the FY March 31, 2019, through the FY ending March 31, 2023. This Major Expenditure Plan includes expenditures on capital projects of about \$231 million, net of anticipated grant funding.

Financial Information

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

As a recipient of federal, state, and local financial assistance, the Board and management are also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by management and the internal audit staff.

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

Independent Audit

Elliott Davis, PLLC has performed the annual audit as of and for the fiscal period ended March 31, 2018, and rendered an unmodified opinion as to the Authority's financial statements. The audit was conducted in a manner consistent with the requirements of the Single Audit Act, Subpart F of the U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the U.S. Office of Management and Budgets (OMB) Compliance Supplement. The report and opinion are contained herein, and found that the Authority's financial statements presented fairly, in all material respects, the financial position of the Authority as of March 31, 2018 and 2017.

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, 2017 this was the ninth 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.

Raleigh-Durham Airport Authority Members

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Patrick Hannah, Esq., Secretary

RALEIGH
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President & CEO

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Independent Audit (continued)

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 President and CEO’s commitments to continuous improvement of the corporate governance and financial reporting function. In addition, the members of the Finance department played a major role in bringing this expanded report to the Authority.

Respectfully submitted,

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

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

Raleigh-Durham Airport Authority Members

WAKE COUNTY
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Lawrence R. Zucchini, Treasurer

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DURHAM
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Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Financial Section

Prepared by the Finance Department

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Raleigh-Durham Airport Authority (the Authority), which comprise the statements of net position as of March 31, 2018 and 2017, and the related statements of revenues, expenses and changes in net position, the statements of cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of New Accounting Standard and Change in Accounting Principle

As discussed in Note 10 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, effective April 1, 2017. The remainder of Governmental Accounting Standards Board Statement No. 73 was implemented as of March 31, 2018. Our opinion is not modified with respect to this matter.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedules of funding progress and employer contributions for Other Postemployment Benefits, the schedules of funding progress and employer contributions for the Law Enforcement Officers' Special Separation Allowance, the Proportionate Share of Net Pension Liability and Schedule of Employer Contributions for Local Governmental Employees' Retirement System as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory section, supplemental information to include the Summary of Operating Revenues and Expenses Compared with Budget, Operating Revenues and Expenses Compared with Budget by category, Comparative Summaries of Operating Expenses by Cost Center, Summary of Operating Expenses by Cost Center, Summary of Depreciation, Detail of Airport and Facilities, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2018 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Raleigh, North Carolina
June 21, 2018

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2018 and 2017

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, 2018 and March 31, 2017. 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 Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows.

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

Required Financial Statements

The Financial Statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position include all of the Authority’s assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). 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 Statement of Revenues, Expenses, and Changes in Net Position. These statements can be used to measure the success of the Authority’s operations over the past year, its financial position, and can be used to determine the Authority’s overall profitability, financial strength and credit worthiness. The final required financial statement is the 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 16 to 41 of this report.

Background

The Raleigh-Durham International Airport (the “Authority”) 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. The Airport consists of approximately 5,100 acres, approximately 2,075 of which are developed. The Airport has two active terminals, 1 and 2. The \$573 million Terminal 2, a state of the art, common use facility consists of approximately 920,000 square feet of floor space, including 36 passenger gates. The North Concourse of Terminal 2 opened October 26, 2008, while the final phase, or the South Concourse of Terminal 2, opened January 23, 2011. In addition, in April 2014 the Authority completed a \$68 million renovation of Terminal 1. This terminal is home to Southwest Airlines and operates with 9 gates.

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2018 and 2017

Background (Continued)

The Airport has two primary runways and one secondary runway. In the fiscal years ended March 31, 2018 and 2017, 11.9 million and 11.2 million annual passengers, respectively, used the Airport.

Financial Highlights and Analysis

Net Position

For the fiscal year ending March 31, 2018, current assets increased 24.1%, or \$47.0 million from the prior fiscal year due primarily to increased purchases of short-term investments in the amount of \$45.4 million compared to the fiscal year ending March 31, 2017. For the fiscal year ending March 31, 2017, Current assets increased 1.0%, or \$2.0 million from the prior fiscal year due to increased accounts receivable of \$0.5 million and increased other current assets of \$1.2 million compared to the fiscal year ending March 31, 2016.

For the fiscal year ending March 31, 2018, restricted assets increased \$15.9 million or 21.5% as compared to the fiscal year ending March 31, 2017, primarily due to an increase in the Customer Facility Charge cash of \$14.2 million or 100.0% and a \$1.9 million or 8.5% increase in Passenger Facility Charge cash. The Customer Facility Charge commenced on January 1, 2017. For the fiscal year ending March 31, 2017, restricted assets increased \$25.1 million or 51.2% as compared to the fiscal year ending March 31, 2016, primarily due to a \$21.7 million or 4,948.6% increase in Passenger Facility Charge cash, an increase of \$1.0 million in PFC and CFC receivable and an increase in the Customer Facility Charge cash of \$2.0 million or 100.0%.

For the fiscal year ending March 31, 2018, Airport and facilities, net decreased \$23.1 million or 2.8% as compared to the fiscal year ending March 31, 2017, primarily related to a decrease in airport and facilities depreciable net of \$47.4 million or 6.1% offset by an increase in airport and facilities, non-depreciable of \$24.4 million or 41.8%. For the fiscal year ending March 31, 2017, Airport and facilities, net decreased \$29.3 million or 3.4% as compared to the fiscal year ending March 31, 2016, primarily related to a decrease in airport and facilities depreciable net of \$38.6 million or 4.7% offset by an increase in airport and facilities, non depreciable of \$9.3 million or 19.0%.

The combined effect of the above items was to increase total assets \$39.9 million or 3.6% for the fiscal year ending March 2018, \$2.2 million or 0.2% for the fiscal year ending March 2017, and \$17.8 million or 1.6% for the fiscal year ending March 2016.

For the fiscal year ending March 31, 2018, deferred outflows of resources decreased by \$2.0 million or (34.2)% due to a decrease in the Authority's proportionate share of the Local Government Employees' Retirement System's net pension liability as compared to the fiscal year ending March 31, 2017. For the fiscal year ending March 31, 2017, deferred outflows of resources increased by \$4.5 million or 334.3% due to an increase in the Authority's proportionate share of the Local Government Employees' Retirement System's net pension liability as compared to the fiscal year ending March 31, 2016.

For the fiscal year ending March 31, 2018, current liabilities increased by \$8.8 million or 23.5% due to an increase in current maturities of long-term debt of \$5.1 million or 29.0% and an increase in accrued bond interest payable of \$1.9 million or 24.0% as compared to the fiscal year ending March 31, 2017. For the fiscal year ending March 31, 2017, current liabilities increased by \$2.1 million or 5.9% due to an increase in current maturities of long-term debt of \$1.5 million or 9.1% offset by a decrease in accrued bond interest payable of \$0.8 million or 8.9% as compared to the fiscal year ending March 31, 2016.

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended March 31, 2018 and 2017

Net Position (Continued)

For the fiscal year ending March 31, 2018, total non-current liabilities decreased by \$27.0 million or 4.4% from the prior fiscal year, primarily due to a decrease in long term debt of \$22.8 million or 4.1% and a decrease in debt issue premiums of \$2.7 million or 6.1%, both the result of principal payments. For the fiscal year ending March 31, 2017, total non-current liabilities decreased by \$25.7 million or 4.0% from the prior fiscal year, primarily due to a decrease in long term debt of \$40.5 million or 6.8% offset by an increase in debt issue premiums of \$9.3 million or 25.8%, both the result of principal payments and refunding of the 2007 bonds.

For the fiscal year ending March 31, 2018, total deferred inflows of resources decreased \$0.1 million or 48.0% due to a decrease in deferred pensions of \$0.1 million or 42.0% as compared to the fiscal year ending March 31, 2017. For the fiscal year ending March 31, 2017, total deferred inflows of resources decreased \$0.6 million or 68.4% due to a decrease in unearned rent credit of \$0.4 million or 65.1% as compared to the fiscal year ending March 31, 2016.

The combined effect of these items was an increase in net position during the fiscal year ending March 31, 2018 of \$56.2 million or 12.2%. For the fiscal year ending March 31, 2017, net position increased \$26.4 million or 6.1%. For the fiscal year ending March 31, 2016, net position increased by \$6.7 million or 1.5%. Also, the Authority implemented GASB 68 during FY 2015-16. With the new reporting change, the Authority allocated its proportionate share of the Local Government Employees' Retirement System's net pension liability, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Authority's management. Net position at March 31, 2018, March 31, 2017, and March 31, 2016 are presented in the following table:

Condensed Statements of Net Position

	March 31, 2018	March 31, 2017	March 31, 2016
Current assets	\$ 242,006,672	\$ 194,962,826	\$ 192,952,457
Airport and facilities, net	810,223,985	833,312,368	862,650,469
Other non-current assets	90,027,064	74,090,883	49,005,394
Total assets	<u>1,142,257,721</u>	<u>1,102,366,077</u>	<u>1,104,608,320</u>
Total deferred outflows of resources	3,833,259	5,822,651	1,340,679
Current liabilities	46,192,350	37,389,932	35,308,057
Non-current liabilities	584,116,269	611,126,027	636,855,248
Total liabilities	<u>630,308,619</u>	<u>648,515,959</u>	<u>672,163,305</u>
Total deferred inflows of resources	134,756	258,990	820,137
Net investment in capital assets	302,248,539	306,735,414	297,838,788
Restricted net position	43,967,510	28,992,837	3,152,076
Unrestricted net position	169,431,556	123,685,528	131,974,692
Net position	<u>\$ 515,647,605</u>	<u>\$ 459,413,779</u>	<u>\$ 432,965,556</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2018 and 2017

Revenues, Expenses, and Change in Net Position

For the fiscal year ended March 31, 2018, the Authority experienced a \$17.8 million increase, or 13.3% in operating revenue, due primarily to an increase of \$13.8 million, or 36.5% in Terminals revenue and an increase in Airfield revenue of \$1.6 million or 10.3%, compared to the prior fiscal year. This overall increase in Operating revenue was realized in part due to an increase in enplaned passengers of .3 million as well as terminal rental rate increases relative to the prior fiscal year. In addition, the Authority's airline derived revenue remained diversified with no single carrier accounting for more than approximately 12% of operating revenue for the fiscal year ended March 31, 2018.

For the fiscal year ended March 31, 2017, the Authority experienced a \$17.5 million increase, or 15.0% in operating revenue, due primarily to an increase in Parking revenue of \$8.8 million, or 18.7%, an increase of \$4.1 million, or 12.1% in Terminals revenue and an increase in Airfield revenue of \$2.2 million or 17.2%, compared to the prior fiscal year. This overall increase in Operating revenue was realized in part due to an increase in enplaned passengers of .5 million, or 9.0% for the fiscal year ended March 31, 2017, relative to the prior fiscal year. In addition, the Authority's airline derived revenue remained diversified with no single carrier accounting for more than approximately 10% of operating revenue for the fiscal year ended March 31, 2017.

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

Operating expenses (excluding depreciation) increased \$5.6 million, or 9.3% for the fiscal year ending March 31, 2017, compared to the prior fiscal year. This increase was primarily due to increases in contracted services, and the Authority's proportionate share of the Local Government Employees' Retirement System's net pension liability. Depreciation expense decreased 4.0% or \$2.1 million during the fiscal year ending March 31, 2017. Thus, total Operating expenses (including depreciation), increased \$3.5 million, or 3.1%. The combined effect of the above items was an increase in operating income of \$14.0 million with a current fiscal year income of \$18.8 million. Nearly all of this increase in Operating income was directly related to increased revenue in Parking, Terminals and Airfield. While revenues in all three areas were driven by a 9.0% increase in enplanements, Terminal revenue also benefited from a 10% increase (effective April 1, 2016) in terminal fixed rental rates to the air carriers.

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

For the period ending March 31, 2017, total non-operating revenues (expenses) increased \$3.6 million, or 280.5% due to increases in CFC revenue of \$3.1 million or 100.0%, and PFC revenue of \$2.2 million offset by a decrease in Bond interest expense, net of \$0.8 million compared to the period ending March 31, 2016.

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

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2018 and 2017

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

For the fiscal year ending March 31, 2017, capital contributions increased \$1.0 million or 54.7% compared to the prior fiscal year. This change primarily related to an increase in Federal and State Funds received for master plan and the purchase of a new fire truck.

Net position may serve over time as one useful indicator of the Authority's financial condition. The Authority's net position for the fiscal year ending March 31, 2018, increased \$56.2 million, or 12.2% as compared to the previous fiscal year. Net position for the fiscal year ending March 31, 2017, increased \$26.4 million, or 6.1% as compared to the previous fiscal year. A condensed representation of revenues, expenses and change in net position for the fiscal years ending March 31, 2018, 2017, and 2016 are presented in the following table:

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

	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Operating revenues			
Parking	\$ 54,975,271	\$ 55,843,209	\$ 47,058,255
Terminals	51,770,857	37,929,957	33,821,356
Rental Car	16,142,255	16,742,662	14,830,467
Other	28,760,182	23,298,462	20,608,927
Total operating revenues	<u>151,648,565</u>	<u>133,814,290</u>	<u>116,319,005</u>
Operating expenses	72,330,314	65,281,110	59,707,924
Depreciation	48,199,789	49,734,592	51,800,974
Total operating expense	<u>120,530,103</u>	<u>115,015,702</u>	<u>111,508,898</u>
Operating income (loss)	<u>31,118,462</u>	<u>18,798,588</u>	<u>4,810,107</u>
Non-operating revenues(expenses)			
Passenger Facility Charges	23,815,980	22,679,826	20,525,728
Customer Facility Charges	15,065,790	3,147,074	—
Investment Interest Income	3,654,643	2,970,505	2,432,019
Other non-operating revenue(expense)	(374,504)	(1,347,666)	92,106
Non-operating expenses	(21,890,713)	(22,575,341)	(21,768,920)
Total non-operating revenues(expenses)	<u>20,271,196</u>	<u>4,874,398</u>	<u>1,280,933</u>
Capital contributions	<u>4,948,413</u>	<u>2,775,237</u>	<u>1,793,993</u>
Increase (decrease) in net position	<u>56,338,071</u>	<u>26,448,223</u>	<u>7,885,033</u>
Net position, beginning restated	(104,245)	—	(1,279,076)
Net position, beginning of year	<u>459,413,779</u>	<u>432,965,556</u>	<u>426,359,599</u>
Net position, end of year	<u>\$ 515,647,605</u>	<u>\$ 459,413,779</u>	<u>\$ 432,965,556</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended March 31, 2018 and 2017

Cash Flows

With regard to the statement of cash flows for fiscal year ending March 31, 2018, cash provided by operating activities of \$76.9 million increased \$8.0 million or 11.7%, from the prior fiscal year. For fiscal year ending March 31, 2017, cash provided by operating activities of \$68.9 million increased \$13.3 million or 23.9%, from the prior fiscal year.

For the fiscal year ending March 31, 2018, cash used in investing activities of \$42.5 million represented a decrease of \$2.7 million or 6.0%, relative to the prior fiscal year. This decrease in cash used in investing activities was primarily due to decreased purchases of short-term investments. For the fiscal year ending March 31, 2017, cash used in investing activities of \$45.2 million represented an increase of \$22.3 million or 97.8%, relative to the prior fiscal year. This increase in cash used in investing activities was primarily due to increased purchases of short-term investments.

For the fiscal year ending March 31, 2018, cash used in capital and related financing activities of \$23.2 million represented a decrease of \$24.7 million or 51.5%, from the prior fiscal year. The primary contributor to this was a \$21.4 million decrease in payments of long-term debt as a result of the 2017 bond refunding that occurred March 14, 2017. For the fiscal year ending March 31, 2017, cash used in capital and related financing activities of \$47.9 million represented an increase of \$13.2 million or 37.9%, from the prior fiscal year. The primary contributor to this increase was an increase in additions to Airport and Facilities of \$13.5 million and an increase in Contributed capital of \$2.8 million caused by an increase in grant receipts.

For the fiscal year ending March 31, 2018, positive operating cash activities of \$76.9 million, offset by cash used in capital and related financing activities of \$23.2 million and cash used in investment activities of \$42.5 million, produced an overall increase in cash and cash equivalents of \$11.2 million. For the fiscal year ending March 31, 2017, positive operating cash activities of \$68.9 million, offset by cash used in capital and related financing activities of \$47.9 million and cash used in investment activities of \$45.2 million, produced an overall decrease in cash and cash equivalents of \$24.2 million.

The following is a summary of the change in cash and cash equivalents for the fiscal years ended March 31, 2018, March 31, 2017, and March 31, 2016:

Condensed Statement of Cash Flows

	March 31, 2018	March 31, 2017	March 31, 2016
Net cash provided by (used in):			
Operating activities	\$ 76,899,992	\$ 68,853,660	\$ 55,578,099
Investing activities	(42,461,428)	(45,153,072)	(22,832,976)
Capital and related financing activities	(23,226,104)	(47,900,822)	(34,724,690)
Net increase (decrease)	11,212,460	(24,200,234)	(1,979,567)
Cash and cash equivalents at beginning of year	94,337,939	118,538,172	120,517,739
Cash and cash equivalents at end of year	<u>\$ 105,550,399</u>	<u>\$ 94,337,938</u>	<u>\$ 118,538,172</u>

The Authority continues to maintain its cash reserve policy to set aside and reserve an operating cash reserve of about one times the current fiscal year's annual operating budgeted expenses (excluding depreciation). Beginning Fiscal year ending March 31, 2011, 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

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2018 and 2017

Cash Flows (continued)

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

Capital Assets

As of March 31, 2018, the Authority had \$810.2 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents a net decrease primarily attributable to depreciation of \$48.2 million, offset by increases in construction in progress of \$25.3 million and additions to assets of \$0.9 million over the prior fiscal year. As of March 31, 2017, the Authority had \$833.3 million (net of depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents a net decrease primarily attributable to depreciation of \$49.7 million, offset by increases in construction in progress of \$9.3 million and additions to assets of \$11.1 million over the prior fiscal year.

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

Economic Outlook and Capital Development

The economic outlook for the North Carolina Triangle region continues to be strong. In Wake County alone, GDP growth has been double that of the State of North Carolina, and outpaced the nation nearly three to one. The region's employment growth over the past year has exceeded the state and nation by 1.9% and 2.7% respectively. The region also remains a high-growth community, growing at more than twice the rate of the state and nation since 2013. On November 20, 2017, the Federal Aviation Administration approved the Airport Layout Plan. This puts Vision 2040, the Authority's 25-year master plan into motion. Vision 2040 is the flight plan for the Authority to ensure RDU has essential infrastructure in place to keep pace with the region's continued growth.

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

For the fiscal year ended March 31, 2017, the Authority's enplaned passengers increased significantly year-over-year to 5.6 million, which represented a 9.0% increase, compared to the prior fiscal year.

Long-Term Debt Activity

For the fiscal year ending March 31, 2018, the Authority's outstanding debt totaled \$554.0 million that was comprised of 89.1% fixed rate revenue bonds and 10.9% variable rate revenue bonds. The weighted average interest cost of this debt portfolio was 3.4% at March 31, 2018. For more information on long-term debt activity please refer to Note 5 to the financial statements.

Budget Information for the Fiscal Year Ending March 31, 2019

The Authority, as it typically does, has elected to budget conservatively, especially with respect to revenue. For comparison purposes, the fiscal year ending March 31, 2019 budgeted operating revenue of \$153.1 million was 1.4 million or 0.9% greater than actual fiscal year ending March 31, 2018 operating revenue of \$151.6 million. For the fiscal year ending March 31, 2019 relative to the prior fiscal year budget (year-over-year), total budgeted operating revenue increased \$9.0 million or 6.3%. Significant drivers of this revenue increase included increased

RALEIGH-DURHAM AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended March 31, 2018 and 2017

Budget Information for the Fiscal Year Ending March 31, 2019 (continued)

Parking revenue of \$1.4 million, increased Terminal related revenue of \$4.2 million, increased Ground Transportation revenue of \$1.6 million, and increased Landing fee revenue of \$1.6 million. Year-over-year budgeted non-operating revenue increased \$45.0 million or 144.2% due primarily to increased Federal and State Grant contributions of \$27.6 million and increased PFC revenue of \$2.0 million.

Operating expenses are budgeted to decrease \$4.6 million, or 5.7% for the fiscal year ending March 31, 2019 relative to the budgeted amounts for the prior fiscal year. The decrease was predominantly driven by the completion of our Parking garage rehabilitation project. Inclusive of depreciation, total budgeted operating expenses decreased \$3.8 million or 2.9% relative to the prior fiscal year due to the completion of our Parking garage rehabilitation project. Total budgeted non-operating expenses decreased \$1.2 million or 5.1% due to decreased debt service interest expense.

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

Requests for Information

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
March 31, 2018 and 2017

	2018	2017
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 19,122,442	\$ 24,966,246
Short-term investments	205,713,205	160,360,112
Accounts receivable, net	8,950,740	4,193,661
Grants receivable	4,318,259	1,690,687
Other current assets	3,902,026	3,752,120
Total current assets	242,006,672	194,962,826
Non-current assets		
Restricted assets		
DEA/ICE forfeitures cash	115,634	79,610
Passenger Facility Charge Cash	24,038,466	22,149,077
Passenger/Customer Facility Charge Receivable	3,599,107	4,719,191
Customer Facility Charge Cash	16,214,303	2,044,959
Parity reserve fund investment	46,059,554	45,098,046
Total restricted assets	90,027,064	74,090,883
Airport and facilities		
Airport and facilities, non depreciable	82,594,197	58,242,335
Airport and facilities depreciable, net	727,629,788	775,070,033
Airport and facilities, net	810,223,985	833,312,368
Total non-current assets	900,251,049	907,403,251
TOTAL ASSETS	1,142,257,721	1,102,366,077
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows - pensions	3,833,259	5,822,651
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,833,259	5,822,651

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
March 31, 2018 and 2017

	2018	2017
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	6,140,143	6,349,965
Other accrued liabilities	5,195,620	3,408,889
Accrued employee compensation	2,125,967	1,950,301
Accrued bond interest payable	9,970,620	8,040,777
Current maturities of long-term debt	22,760,000	17,640,000
Total current liabilities	46,192,350	37,389,932
Non-current liabilities		
Long-term debt		
General airport revenue bonds	573,723,255	599,220,093
	573,723,255	599,220,093
Other non-current liabilities		
OPEB retiree health care liability	4,655,238	4,513,151
Separation allowance liability	977,080	765,151
Net pension liability	4,760,696	6,627,632
	10,393,014	11,905,934
Total non-current liabilities	584,116,269	611,126,027
TOTAL LIABILITIES	630,308,619	648,515,959
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred revenue	—	26,754
Deferred inflows-pensions	134,756	232,236
TOTAL DEFERRED INFLOWS OF RESOURCES	134,756	258,990
<u>NET POSITION</u>		
Net investment in capital assets	\$ 302,248,539	\$ 306,735,414
Restricted for:		
DEA/ICE Forfeitures	115,634	79,610
Passenger Facility Charges	27,635,490	25,529,873
Customer Facility Charges	16,216,386	3,383,354
Unrestricted net position	169,431,556	123,685,528
TOTAL NET POSITION	\$ 515,647,605	\$ 459,413,779

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended March 31, 2018 and 2017

	2018	2017
Operating revenues		
Parking	\$ 54,975,271	\$ 55,843,209
Airfield	16,614,473	15,058,135
General aviation	1,857,961	1,721,515
Terminals	51,770,857	37,929,957
Air cargo	2,574,929	2,309,639
Fuel farm	2,001,561	1,649,095
Rental car	16,142,255	16,742,662
Other	5,711,258	2,560,078
Total operating revenues	<u>151,648,565</u>	<u>133,814,290</u>
Operating expenses		
Airport facilities	27,218,332	22,633,404
Administrative	19,119,100	19,738,597
Fuel farm	1,250,501	1,137,855
Law enforcement	4,957,943	4,004,081
Airport maintenance	6,289,429	5,541,078
Parking	4,530,170	4,411,740
Airport fire - rescue	1,943,232	1,647,814
Guest services	919,533	837,917
Communications	926,861	859,235
Operations	1,849,640	1,553,559
Ground transportation	3,325,573	2,915,830
Subtotal	<u>72,330,314</u>	<u>65,281,110</u>
Depreciation	48,199,789	49,734,592
Total operating expenses	<u>120,530,103</u>	<u>115,015,702</u>
Operating income	<u>31,118,462</u>	<u>18,798,588</u>
Non-operating revenues (expenses)		
Investment interest income	3,654,643	2,970,505
Passenger facility charges	23,815,980	22,679,826
Customer facility charges	15,065,790	3,147,074
Net (decrease) increase in fair value of investments	(646,907)	(711,548)
Bond interest expense, net	(21,890,713)	(22,575,341)
Other, net	272,403	(636,118)
Total non-operating revenues (expenses)	<u>20,271,196</u>	<u>4,874,398</u>
Income (loss) before capital contributions	<u>51,389,658</u>	<u>23,672,986</u>
Capital contributions	4,948,413	2,775,237
Increase in net position	<u>56,338,071</u>	<u>26,448,223</u>
Net position, beginning, previously reported	459,413,779	432,965,556
Restatement	(104,245)	—
Net position, beginning restated	459,309,534	432,965,556
Net position, end of year	<u>\$ 515,647,605</u>	<u>\$ 459,413,779</u>

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
 Years Ended March 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Cash received from operations	\$ 146,508,685	\$ 133,380,226
Other, net	268,016	151,583
Cash paid to employees	(28,989,786)	(25,507,789)
Cash paid to suppliers	(40,886,923)	(39,170,360)
Net cash provided by operating activities	<u>76,899,992</u>	<u>68,853,660</u>
Investing activities		
Purchases of short-term investments	(52,000,000)	(105,000,000)
Proceeds from calls or maturities of short-term investments	6,000,000	57,000,000
Interest on cash deposits	3,538,572	2,846,928
Net cash used in by investing activities	<u>(42,461,428)</u>	<u>(45,153,072)</u>
Capital and related financing activities		
Payments of long-term debt	(17,640,000)	(154,220,000)
Issuance of long term debt	—	115,230,000
Other capital and financing costs		
Additions to airport and facilities (net)	(25,217,559)	(20,379,348)
Bond interest paid on long-term debt	(22,739,459)	(14,914,657)
Passenger facility charges collected	23,599,752	21,710,363
Customer facility charges collected	16,404,185	1,808,679
Contributed capital	2,366,977	2,864,141
Net cash used in capital and related financing activities	<u>(23,226,104)</u>	<u>(47,900,822)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,212,460	(24,200,234)
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	<u>94,337,939</u>	<u>118,538,172</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 105,550,399</u>	<u>\$ 94,337,938</u>

Continued on page #15

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

RALEIGH-DURHAM AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2018 and 2017

	2018	2017
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 31,118,462	\$ 18,798,588
Other, net	268,016	151,583
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	48,199,789	49,734,592
Changes in operating assets and liabilities		
Accounts receivable	(5,139,881)	(434,062)
Inventories	(211,749)	(642,573)
Other current assets	558,632	(552,875)
OPEB retiree health care liability	142,087	119,868
Net pension liability	(79,270)	433,554
Separation allowance liability	211,929	(11,575)
Accounts payable and other accrued liabilities	1,683,064	1,599,661
Accrued employee compensation	175,666	(214,679)
Deferred revenue	(26,754)	(128,422)
Net cash provided by operating activities	\$ 76,899,991	\$ 68,853,660

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Current Assets		
Cash and cash equivalents	\$ 19,122,442	\$ 24,966,246
Restricted cash and cash equivalents:		
DEA/ICE forfeitures cash	115,634	79,610
Passenger facility charge cash	24,038,466	22,149,077
Customer facility charge cash	16,214,303	2,044,959
Parity reserve fund investment	46,059,554	45,098,046
	\$ 105,550,399	\$ 94,337,938

Supplemental Cash Flow Information

Non-cash investing, capital and financing activities		
Capitalized interest	\$ 947,300	\$ 339,078

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 1 - The Authority

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

Note 2 - Summary of significant accounting policies and new pronouncements

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

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

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

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 2 - Summary of significant accounting policies and new pronouncements (continued)

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

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

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

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

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

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

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

Airport and facilities are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an economic useful life of 3 years or more.

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

The estimated lives by general classifications are as follows:

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

Deferred outflows/inflows of resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflow of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The Authority has two items that meet this criterion, contributions that were made to the pension plan subsequent to the measurement date and pension deferrals resulting from changes in proportion and the proportionate share of contributions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element,

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 2 - Summary of significant accounting policies and new pronouncements (continued)

Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has two items that meet the criterion for this category, unearned rent credits resulting from the lease agreement with American Airlines and deferrals of pension expense that result from the implementation of GASB Statement No. 68.

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

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

Airport and facilities, net	\$ 810,223,985
Parity reserve fund investment	46,059,554
General airport revenue bonds current and long term	<u>(554,035,000)</u>
Total net investment in capital assets	<u><u>\$ 302,248,539</u></u>

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

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

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.

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.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 2 - Summary of significant accounting policies and new pronouncements (continued)

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

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, 2018 and 2017, no air carrier accounted for more than approximately 10% of the Authority's operating revenues.

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

Customer facility charges - Commencing on January 1, 2017, the rental car customers pay a \$5.00 facility charge for each transaction day to fund the future debt service and capital improvements of a rental car facility.

Passenger facility charges - are presented as restricted net position based on Federal Aviation Administration ("FAA") regulations to be used only on FAA approved capital projects. The ("FAA") authorized the Authority to collect Passenger Facility Charges ("PFCs") of \$3 per qualifying enplaned passenger commencing May 1, 2003. Effective October 1, 2004, the FAA authorized the Authority to collect PFCs of \$4.50 per qualifying enplaned passenger. The net receipts from PFCs are accounted for on the accrual basis of accounting and are restricted to use on FAA approved projects. Aggregate collections and interest thereon from inception through March 31, 2018 and 2017 were \$287.8 million and 264.2 million, respectively. Total PFC funds of \$21.7 million and \$0.0 million were expended during the fiscal years ended March 31, 2018 and 2017, respectively, on FAA approved uses. For the fiscal year ending March 31, 2018, PFCs were expended from the operating fund and then transferred from the restricted fund April 13, 2018. Net position related to PFCs are restricted for projects that are approved by the FAA.

Parity reserve fund -- The Authority, pursuant to its Bond Master Trust Indenture, maintains a debt service reserve fund, called the Parity Reserve Fund, for its outstanding revenue bonds (excluding the variable rate Series 2008 Bonds, for which a reserve fund is not required). The reserve fund requirement for the Parity Reserve Fund is based on the maximum year of debt service for all of the Bonds secured by the Parity Reserve Fund. The Parity Reserve Fund is available to pay debt service on the Bonds secured by the Parity Reserve Fund in the event the Authority were to encounter financial difficulty and did not have sufficient revenues for such payment. The Parity Reserve Fund would also be used to pay the final year of debt service on the Bonds secured by the Parity Reserve Fund. Due to these restrictions, the Parity Reserve Fund balance is presented as a restricted asset on the Statements of Net Position.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 2 - Summary of significant accounting policies and new pronouncements (continued)

New pronouncements - During the fiscal year ended March 31, 2018 and beyond, the Authority has or will implement several new pronouncements of the GASB. These pronouncements are as follows:

GASB Statement No. 74 “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans” This statement replaces GASB Statement No. 43. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The provisions in Statement 74 are effective for financial statements for fiscal years beginning after June 15, 2016. The Authority adopted the statement as of April 1, 2017. The statement did not have a material effect on the Authority’s financial position or results of operations.

GASB Statement No. 75 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” This statement replaces GASB Statement No. 45. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The Authority is currently evaluating the effect this statement will have on the Authority’s financial position or results of operations.

GASB Statement no. 80 “Blending requirements for certain component units-an amendment of GASB statement no. 14” This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Authority adopted the statement as of April 1, 2017. The statement did not have a material effect on the Authority’s financial position or results of operations.

GASB Statement no, 81 “Irrevocable split-interest agreements” This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. The Authority adopted the statement as of April 1, 2017. The statement did not have a material effect on the Authority’s financial position or results of operations.

GASB Statement no, 82 “pension issues-an amendment of GASB statements no. 67, no. 68, and no. 73” The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 2 - Summary of significant accounting policies and new pronouncements (continued)

are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The Authority adopted the statement as of April 1, 2017. The statement did not have a material effect on the Authority's financial position or results of operations.

GASB Statement No. 83, "Certain Asset Retirement Obligations"

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 84 "Fiduciary Activities"

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 85 "Omnibus 2017"

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 86 "Certain Debt Extinguishment Issues"

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 2 - Summary of significant accounting policies and new pronouncements (continued)

GASB Statement No. 87 "Leases"

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

GASB Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Authority is currently evaluating the effect this statement will have on the Authority's financial position or results of operations.

Note 3 - Deposits and investments

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

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

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

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

At March 31, 2017, the Authority's deposits had a carrying amount of \$49.2 million and a statement balance of \$54.9 million. Of this bank balance, \$0.3 million was covered by federal depository insurance while the balance

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 3 - Deposits and investments (continued)

of \$54.7 million was covered by collateral held under the Pooling Method. The Authority is required to maintain a minimum balance of \$250,000 in its checking account.

Investments - At March 31, 2018, the Authority had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 months	6-12 months	1 year- 30 Months
Repurchase Agreement	Cost	\$ 8,169,466	\$ —	\$ —	\$ 8,169,466
US Government Agencies	Fair Value-Level 1	243,271,469	79,873,114	60,998,710	102,399,645
NC Capital Management Trust: Government Portfolio	Amortized Cost	15,324,024	N/A	N/A	N/A
Total:		\$ 266,764,959	\$ 79,873,114	\$ 60,998,710	\$ 110,569,111

At March 31, 2017, the Authority had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 months	6-12 months	1 year- 30 Months
Repurchase Agreement	Cost	\$ 8,162,680	\$ —	\$ —	\$ 8,162,680
US Government Agencies	Fair Value-Level 1	182,943,050	38,935,566	3,999,560	140,007,924
NC Capital Management Trust: Government Portfolio	Amortized Cost	14,352,428	N/A	N/A	N/A
Total:		\$ 205,458,158	\$ 38,935,566	\$ 3,999,560	\$ 148,170,604

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

Credit Risk - State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (“NRSROs”). Direct investments made by the Authority by policy are limited to U.S. Treasury Bills and Notes, U.S. Government Agency obligations 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 U.S. Treasury arbitrage regulations. The Authority’s investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor’s as of March 31, 2018 and 2017. The Authority’s investments in U.S. Agencies are rated AA+ by Standard & Poor’s and Aaa by Moody’s Investors Service as of March 31, 2018 and 2017.

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 3 - Deposits and investments (continued)

Concentration of Credit Risk - The Authority places no formal limit on the amount that the Authority may invest in any one issuer. At March 31, 2018, the Authority's investments are 3% Repurchase Agreement, 6% NCCMT and 91% in government agencies, consisting of 28% in Federal Home Loan Bank securities, 34% in Federal Home Loan Mortgage Corporation securities, 19% Federal Farm Credit Bank, 2% Federal National Mortgage Association, and 17% in Guaranteed Investment Contract. Of the 6% invested in the NCCMT, 100% represents Authority debt service reserves.

At March 31, 2017, the Authority's investments are 4% Repurchase Agreement, 7% NCCMT and 89% in government agencies, consisting of 22% in Federal Home Loan Bank securities, 34% in Federal Home Loan Mortgage Corporation securities, 25% Federal Farm Credit Bank, 2% Federal National Mortgage Association, and 6% in Guaranteed Investment Contract. Of the 7% invested in the NCCMT, 100% represents Authority debt service reserves.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 4 - Airport and facilities, net

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

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2017 and 2016

Note 4 - Airport and facilities, net (continued)

Changes in airport and facilities are as follows for the year ended March 31, 2017:

	<u>March 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>March 31, 2017</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 41,193,383	\$ —	\$ —	\$ 41,193,383
Construction in progress	7,756,609	23,445,510	(14,153,167)	17,048,952
Total capital assets not being depreciated	<u>48,949,992</u>	<u>23,445,510</u>	<u>(14,153,167)</u>	<u>58,242,335</u>
<u>Other capital assets</u>				
Landing field and grounds	552,766,933	4,264,371	—	557,031,304
Terminal Buildings	777,075,433	—	—	777,075,433
Other buildings	176,491,899	963,636	—	177,455,535
Utilities	5,417,436	—	—	5,417,436
Equipment	39,088,210	5,876,141	—	44,964,351
Total other capital assets	<u>1,550,839,911</u>	<u>11,104,148</u>	<u>—</u>	<u>1,561,944,059</u>
Total airport and facilities	<u>1,599,789,903</u>	<u>34,549,658</u>	<u>(14,153,167)</u>	<u>1,620,186,394</u>
<u>Accumulated depreciation</u>				
Landing field and grounds	(375,182,851)	(15,769,848)	—	(390,952,699)
Terminal Buildings	(214,914,179)	(23,206,095)	—	(238,120,274)
Other buildings	(111,557,438)	(7,583,728)	—	(119,141,166)
Utilities	(4,660,490)	(68,795)	—	(4,729,285)
Equipment	(30,824,476)	(3,106,126)	—	(33,930,602)
Total accumulated depreciation	<u>(737,139,434)</u>	<u>(49,734,592)</u>	<u>—</u>	<u>(786,874,026)</u>
Airport and facilities, net	<u>\$ 862,650,469</u>	<u>\$ (15,184,934)</u>	<u>\$(14,153,167)</u>	<u>\$ 833,312,368</u>

During March 31, 2018 and 2017, interest costs of \$947,300 and \$339,078 were capitalized as part of the cost of construction in progress, respectively.

Depreciation expense was \$48.2 million and \$49.7 million for the fiscal years ending March 31, 2018 and 2017, respectively.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 5 - Long-term debt

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

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

Note:

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 5 - Long-term debt (continued)

Changes of long-term debt for the year ended March 31, 2016 consist of the following:

<u>Amounts due to trustee</u>	<u>March 31, 2016</u>	<u>Principal Repayments</u>	<u>New Debt</u>	<u>March 31, 2017</u>
Series 2007 4.750% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2037	\$ 136,850,000	\$ 136,850,000	\$ —	\$ —
Series 2008C 4.72% General Airport Revenue Bonds, maturing in varying installments beginning 2009 to 2036 (Refunded 2006 Bonds)	64,310,000	1,840,000	—	62,470,000
Series 2010A 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2036 (Refunded 2008AB Bonds)	215,590,000	6,005,000	—	209,585,000
Series 2010B 4.11% General Airport Revenue Bonds, maturing in varying installments beginning 2011 to 2027 (Refunded 2001A Bonds)	72,935,000	4,725,000	—	68,210,000
Series 2010B-1 4.18% General Airport Revenue Bonds, maturing in varying installments beginning 2028 to 2031 (Refunded 2001A Bonds)	38,235,000	—	—	38,235,000
Series 2015A 3.07% General Airport Revenue Bonds, maturing in varying installments beginning 2019 to 2030 (Refunded 2005A Bonds)	34,060,000	—	—	34,060,000
Series 2015B 3.00% General Airport Revenue Bonds, maturing in varying installments beginning 2016 to 2029 (Refunded 2005A Bonds)	48,685,000	4,800,000	—	43,885,000
Series 2017A 3.56% General Airport Revenue Bonds, maturing in varying installments beginning 2018 to 2037 (Refunded 2007 Bonds)	—	—	115,230,000	115,230,000
Total bond obligations	610,665,000	154,220,000	115,230,000	571,675,000
Less current maturities	16,170,000	—	—	17,640,000
	<u>\$ 594,495,000</u>	<u>\$ 154,220,000</u>	<u>\$ 115,230,000</u>	<u>\$ 554,035,000</u>

Note:

Unamortized bond premiums at 3/31/2016 and 3/31/2017 were \$35.9 million and \$45.2 million, respectively.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

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 2008C	General Airport Revenue Bond Series 2010A	General Airport Revenue Bond Series 2010B, B-1	General Airport Revenue Bond Series 2015A	General Airport Revenue Bond Series 2015B	General Airport Revenue Bond Series 2017A	Interest
2019	\$ 2,020,000	\$ 6,635,000	\$ 5,110,000	\$ —	\$ 4,675,000	\$ 4,320,000	\$ 25,886,471
2020	2,120,000	6,975,000	5,365,000	120,000	4,420,000	3,685,000	24,813,204
2021	2,220,000	7,330,000	5,630,000	2,375,000	2,400,000	3,840,000	23,715,313
2022	2,330,000	7,710,000	5,805,000	2,495,000	2,520,000	4,015,000	22,656,529
2023	2,440,000	8,105,000	6,090,000	2,625,000	2,655,000	4,195,000	21,431,121
2024-2028	14,055,000	47,145,000	35,345,000	15,275,000	15,445,000	24,275,000	86,391,538
2029-2033	17,790,000	59,765,000	38,235,000	11,170,000	7,325,000	31,025,000	46,774,194
2034-2038	17,570,000	59,610,000	—	—	—	39,780,000	12,472,667
	<u>\$ 60,545,000</u>	<u>\$ 203,275,000</u>	<u>\$ 101,580,000</u>	<u>\$ 34,060,000</u>	<u>\$ 39,440,000</u>	<u>\$ 115,135,000</u>	<u>\$ 264,141,037</u>

For the table above, interest was calculated for the 2008C variable rate bonds using an estimated rate of 4.0% for their remaining term. At March 31, 2018, the actual rate on these bonds was 1.6%.

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

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

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

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 5 - Long-term debt (continued)

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

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

On March 14, 2017, the Authority issued \$115.2 million of Series 2017A Bonds to advance refund its Series 2007 Bonds. The Series 2007 Bond proceeds were used for the development of the new Terminal 2. This advance refunding resulted in future debt service savings of \$23.0 million and net present value economic gain of \$15.0 million. The proceeds of the 2017A bonds were deposited in an escrow fund pending the call date of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Authority's statement of net position.

The Authority's bonds are subject to federal arbitrage regulations, and are reviewed for potential arbitrage liability annually on the bond issue dates. At March 31, 2018 there was no liability for arbitrage rebate.

These bonds have rate covenants associated with them, whereby the Authority must maintain a debt service coverage ratio of net revenues and available fund balance to debt service. The bond documents provide for a number of technical adjustments to be followed in determining the net revenues and debt service to be used in this calculation. The rate covenant generally requires that sum of (i) the net revenues for the fiscal year and (ii) available fund balance at the end of the fiscal year in an amount up to 25% of debt service for the fiscal year (the "25% transfer") must be no less than 125% of the adjusted debt service calculated for the fiscal year. The debt service coverage ratio at March 31, 2018 with this 25% transfer is 471%. The March 31, 2018 debt service coverage ratio is affected by the reduction in debt service due to the 2017A refunding and will be normalized next year. The debt service coverage ratio at March 31, 2018 without this 25% transfer is calculated as follows:

Net revenues	\$ 82,972,894
Annual debt service	18,602,715
Calculated debt service coverage ratio without transfer	<u>446%</u>

For the fiscal year ending March 31, 2017, the Authority had debt service coverage ratios of 219% without transfer and 244% with transfer.

Note 6 - Leases

The Authority leases land, buildings, and terminal space with a cost of approximately \$796.2 million and a carrying value of approximately \$519.6 million to the airlines, car rental agencies, restaurants and other businesses located at the airport. Revenues from these leases, which are included in general aviation, terminals, air cargo and rental car revenue, were approximately 44.0% and 42.2% of airport operating revenues for fiscal years ended March 31, 2018 and 2017, 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, 2018 and 2017, contingent rentals comprised \$26.6 million and \$29.1 million of the total rental revenues, respectively.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 Years Ended March 31, 2018 and 2017

Note 6 - Leases (continued)

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

Year Ending March 31	Amount
2019	\$ 10,743,000
2020	7,149,000
2021	5,680,000
2022	5,379,000
2023	3,507,000
Thereafter	9,164,000
	<u>\$ 41,622,000</u>

Note 7 - Employee retirement plans

Local governmental employees' retirement system

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

Benefits Provided - LGERS provides retirement benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Authority employees are required to contribute 6.00% of their annual covered salary. The Authority is required to contribute at an actuarially determined rate and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for employees not engaged in law enforcement and for law enforcement officers is 7.56% and 8.25% of annual covered payroll respectively. The Authority's contributions to LGERS for the fiscal years ended March 31, 2018 and 2017 were \$1.6 million and \$1.4 million, respectively. The contributions made by the Authority were actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 Years Ended March 31, 2018 and 2017

Note 7 - Employee retirement plans (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At March 31, 2018, the Authority reported a liability of \$4.8 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension asset was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Authority's proportion was 0.31162%, which was an decrease of 0.00066% from its proportion measured as of June 30, 2016.

For the fiscal year ended March 31, 2018, the Authority recognized pension expense of \$1.7 million. At March 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 274,260	134,756
Changes of assumptions	960,203	—
Net difference between projected and actual earnings on pension plan investments	1,155,902	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	179,789	—
Employer contributions subsequent to the measurement date	1,220,086	
Total	\$ 3,790,240	\$ 134,756

\$1.2 million reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 Years Ended March 31, 2018 and 2017

Note 7 - Employee retirement plans (continued)

Year ended March 31:

2019	\$ 320,087
2020	1,440,861
2021	674,450
2022	—
2023	—
Thereafter	—

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 Years Ended March 31, 2018 and 2017

Note 7 - Employee retirement plans (continued)

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

The information above is based on 30 year expectations developed with the consulting actuary and is part of the asset liability and investment policy of the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount rate - The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension asset to changes in the discount rate - The following presents the Authority's proportionate share of the net pension asset calculated using the discount rate of 7.20%, as well as what the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1- percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Employer's proportionate share of the net pension liability (asset)	\$14,291,700	\$4,760,696	\$(3,194,694)

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

Supplemental retirement income plan for law enforcement officers

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 Years Ended March 31, 2018 and 2017

Note 7 - Employee retirement plans (continued)

Funding Policy - Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended March 31, 2018 were \$0.3 million, which consisted of \$0.1 million from the Authority and \$0.2 million from the law enforcement officers. Contributions for the year ended March 31, 2017 were \$0.2 million, which consisted of \$0.1 million from the Authority and \$0.1 million from the law enforcement officers.

Law enforcement officer's special separation allowance

Plan Description - The Authority administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Authority's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Active plan members	39
Total	46

Summary of Significant Accounting Policies

Basis of Accounting - The Authority has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from operating accounts, which are maintained on the accrual basis of accounting. The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent	
Salary increases	3.50 to 7.35 percent, including inflation factor	
Discount rate	3.55 percent	

The discount rate used to measure the TPL is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 Years Ended March 31, 2018 and 2017

Note 7 - Employee retirement plans (continued)

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2018, the Authority reported a total pension liability of \$0.98 million. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended March 31, 2018, the Authority recognized pension expense of \$0.09 million.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	15,532	—
Benefit payments subsequent to the measurement date	27,487	—
Total	\$ 43,019	\$ —

\$27.5 thousand reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended March 31, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended March 31:	
2019	\$ 3,377
2020	3,377
2021	3,377
2022	3,377
2023	2,024
Thereafter	—

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 Years Ended March 31, 2018 and 2017

Note 7 - Employee retirement plans (continued)

Sensitivity of the Authority's total pension liability to changes in the discount rate. The following presents the Authority's total pension liability calculated using the discount rate of 3.55 percent, as well as what the Authority's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.55 percent) or 1-percentage-point higher (4.55 percent) than the current rate:

	1% Decrease (2.55%)	Current Discount Rate (3.55%)	1% Increase (4.55%)
Total pension liability	\$1,041,719	\$977,080	\$917,935

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

		<u>2018</u>
Total Pension Liability as of December 31, 2016	\$	1,009,041
Changes for the year:		
Service Cost at End of Year		47,739
Interest		36,344
Change in benefit terms		—
Difference between expected and actuarial experience		—
Changes of assumptions and other inputs		18,909
Benefit payments		(134,953)
Other		—
Net changes		(31,961)
Total Pension Liability as of December 31, 2017	\$	977,080

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

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

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

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

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 7 - Employee retirement plans (continued)

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

Other Post-Employment Benefits

Health Care Plan

Plan Description:

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

Membership in the Plan included the following at December 31, 2015, the date of the last actuarial valuation:

Retirees receiving benefits	82
Active plan members	<u>273</u>
Total	<u><u>355</u></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 3.0% of annual covered payroll. For the current year, the Authority contributed \$0.4 million (retiree claims paid less premiums received) or 2.4% 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 3.0% and 0.3% 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.

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.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 Years Ended March 31, 2018 and 2017

Note 7 - Employee retirement plans (continued)

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, 2018</u>	<u>March 31, 2017</u>
Annual required contribution	\$ 551,323	\$ 551,323
Interest on net OPEB obligation	180,526	175,731
Adjustment to annual required contribution	(172,457)	(167,878)
Annual OPEB cost	<u>559,392</u>	<u>559,176</u>
Contributions made	<u>417,305</u>	<u>439,308</u>
Increase in net OPEB obligation	142,087	119,868
Net OPEB obligation beginning of the year	4,513,151	4,393,283
Net OPEB obligation end of the year	<u>\$ 4,655,238</u>	<u>\$ 4,513,151</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
 Years Ended March 31, 2018 and 2017

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 the fiscal year ending March 31, 2018 were as follows:

For Year Ended March	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 854,455	23.8%	\$ 650,820
2011	1,714,169	11.7%	2,164,060
2012	914,339	30.4%	2,800,736
2013	668,845	35.8%	3,230,390
2014	689,529	26.8%	3,734,979
2015	620,461	31.1%	4,162,685
2016	639,640	63.9%	4,393,283
2017	559,176	78.6%	4,513,151
2018	559,392	74.6%	4,655,238

Funded Status and Funding Progress:

As of December 31, 2015, 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 \$5.0 million. The covered payroll (annual payroll of active employees covered by the Plan) was \$17.6 million, and the ratio of the UAAL to the covered payroll was 28.4%. 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, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is the expected long-term investment return 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 7.75% to 5.00% annually. Both rates included a 3.00% 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, 2015 was 30 years.

RALEIGH-DURHAM AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
Years Ended March 31, 2018 and 2017

Note 8 - Commitments and contingencies

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

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

Construction commitments - At March 31, 2018 and 2017, the Authority has contractual commitments for Authority capital programs of approximately \$50.2 million and \$30.1 million, respectively.

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

Note 9 - Subsequent events

The Authority has evaluated subsequent events through June 21, 2018 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. No subsequent events are noted.

Note 10 - Change in Accounting Principle/Restatement

The Authority implemented Governmental Accounting Standards Board (GASB) statement 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and amendments to certain provisions of GASB Statements 67 and 68 in the fiscal year ending March 31, 2018. The implementation of the statement required the Authority to record beginning net pension liability and the effects on net position of contributions made by the Authority during the measurement period (calendar year ending December 31, 2017). As a result, net position for the Authority decreased by \$0.1 million. The Authority did not implement any GASB statements requiring restatement of net position for the fiscal year ending March 31, 2017.

Note 11 - Reclassifications

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

Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Required Supplemental Information

Prepared by the Finance Department

RALEIGH-DURHAM AIRPORT AUTHORITY
POST EMPLOYMENT BENEFIT HEALTH CARE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF 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%
12/31/2011	—	6,007,588	6,007,588	0.0%	15,938,472	37.7%
12/31/2013	—	5,811,562	5,811,562	0.0%	15,564,381	37.3%
12/31/2015	—	5,010,313	5,010,313	0.0%	17,617,967	28.4%

**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	858,455	200,929	23.4%
2012	950,981	277,663	29.2%
2013	663,839	239,192	36.0%
2014	683,754	184,940	27.0%
2015	613,784	192,755	31.4%
2016	632,198	409,042	64.7%
2017	551,323	439,308	79.7%
2018	551,323	417,305	75.7%

Notes to the Required Schedules:

These measures do not indicate whether or not the Plan would have sufficient assets if it were terminated, nor do they indicate what level of future contributions will be required.

Additional Valuation Information

Valuation date	12/31/2015
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of Pay, open
Remaining amortization period	30 years
Amortization Factor	26.1695
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	4.00%
Medical Trend Assumptions:	
Pre-Medicare trend rate	7.75% - 5.00%
Year of Ultimate trend rate	2022
*Includes inflation at	3.00%

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.

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

		Fiscal Year Ending March 31, 2018
Total Pension Liability		
Service cost at end of year	\$	47,739
Interest		36,344
Changes in benefit terms		—
Difference between expected and actual experience		—
Changes on assumptions and other inputs		18,909
Benefit payments		(134,953)
Other		—
Net change in Total Pension Liability		(31,961)
Total Pension Liability - beginning		1,009,041
Total Pension Liability - ending	\$	977,080

Notes to the Required Schedules:

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

December 31, 2017 Measurement Date: The Municipal Bond Index Rate decreased from 3.86% to 3.55%.

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

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

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

		March 31, 2018
Total Pension Liability - ending	\$	977,080
Covered-employee payroll		2,388,016
Total Pension Liability as a percentage of covered-employee payroll		40.92%

Notes to the Required Schedules:

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

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

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

	Fiscal Year Ending March 31			
	2018	2017	2016	2015
Proportionate Share of Net Pension Liability (Asset)	0.31162%	0.31228%	0.28507%	0.28433 %
Proportionate Share of Net Pension Liability (Asset)(\$)	\$ 4,760,696	\$ 6,627,632	\$ 1,279,381	\$ (1,569,268)
Covered-Employee payroll	\$ 22,797,919	\$ 20,098,008	\$ 18,128,137	\$ 17,154,583
Proportionate Share of Net Pension Liability (Asset) as a percentage of covered-employee payroll	20.88%	32.98%	7.06%	(9.15)%
Plan fiduciary net position as a percentage of the total pension liability.	94.18%	91.47%	98.09%	102.64 %

Notes to the Required Schedules:

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

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

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

	Fiscal Year Ending March 31			
	2018	2017	2016	2015
Contractually required contribution	\$ 1,621,300	\$ 1,410,750	\$ 1,267,243	\$ 1,221,836
Contributions in relation to the contractually required contribution	1,621,300	1,410,750	1,267,243	1,221,836
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered-employee payroll	\$ 22,797,919	\$20,140,459	\$20,098,008	\$18,128,137
Contributions as a percentage of covered-employee payroll	7.11%	7.00%	6.31%	6.74%

Notes to the Required Schedules:

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

Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Supplemental Information

Prepared by the Finance Department

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF OPERATING REVENUES AND EXPENSES
COMPARED WITH BUDGET
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Operating revenues			
Parking	\$ 54,975,271	\$ 55,385,959	99.3%
Airfield	16,614,473	15,394,200	107.9%
General aviation	1,857,961	1,900,815	97.7%
Terminals	51,770,857	46,854,334	110.5%
Air cargo	2,574,929	2,456,784	104.8%
Fuel farm	2,001,561	1,832,000	109.3%
Rental car	16,142,255	16,309,556	99.0%
Other	5,711,258	3,869,373	147.6%
Total operating revenues	<u>151,648,565</u>	<u>144,003,021</u>	<u>105.3%</u>
Operating expenses			
Complex expenses	27,218,333	34,015,964	80.0%
Department expenses	45,111,981	46,706,596	96.6%
Subtotal	<u>72,330,314</u>	<u>80,722,560</u>	<u>89.6%</u>
Depreciation expense	48,199,789	49,021,599	98.3%
Total operating expenses	<u>120,530,103</u>	<u>129,744,159</u>	<u>92.9%</u>
Net operating income (loss)	<u>\$ 31,118,462</u>	<u>\$ 14,258,862</u>	<u>218.2%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
PARKING REVENUES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Parking Revenues			
RDU Parking			
Public parking fees	\$ 53,872,898	\$ 54,400,000	99.0%
Tenant employee parking fees	452,403	353,000	128.2%
Parking other	226,400	215,000	105.3%
Telecommunications services	2,001	959	208.7%
Other	—	—	n/a
Total RDU Parking	54,553,702	54,968,959	99.2%
Off-Airport parking			
Percentage rent off airport	421,569	417,000	101.1%
Total Off-Airport Parking	421,569	417,000	101.1%
 TOTAL PARKING REVENUES	 \$ 54,975,271	 \$ 55,385,959	 99.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIRFIELD REVENUES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Landing Fees			
Domestic landing fees Terminal 1	\$ 2,918,184	\$ 2,816,712	103.6%
Domestic landing fees Terminal 2	11,937,023	11,167,668	106.9%
International landing fees Terminal 2	120,991	—	n/a
Landing fees Cargo	1,114,888	1,002,820	111.2%
Total Landing Fees	16,091,086	14,987,200	107.4%
G/A Fuel Flowage			
Fuel flowage fees	499,319	385,000	129.7%
Total G/A Fuel Flowage	499,319	385,000	129.7%
Other airfield revenues			
Maint & operating expense recovery	15,968	16,000	99.8%
Miscellaneous aeronautical revenue	5,700	6,000	95.0%
Other airfield revenues	2,400	—	n/a
Total Other airfield revenue	24,068	22,000	109.4%
TOTAL AIRFIELD REVENUES	\$ 16,614,473	\$ 15,394,200	107.9%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
GENERAL AVIATION REVENUES
Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
General Aviation-General			
Fixed space rents			
Fixed rents	\$ 1,096,420	\$ 1,096,420	100.0%
Ground rents	185,670	183,835	101.0%
Maint & operating expense recovery	376,011	364,500	103.2%
Telecommunications services	16,959	16,539	102.5%
Miscellaneous rents	—	—	n/a
Total fixed space rents	<u>1,675,060</u>	<u>1,661,294</u>	<u>100.8%</u>
Percentage rents			
Percentage rents	48,477	51,000	95.1%
Other general aviation general revenue	—	—	n/a
Total percentage rents	<u>48,477</u>	<u>51,000</u>	<u>95.1%</u>
Total General Aviation-General	<u>1,723,537</u>	<u>1,712,294</u>	<u>100.7%</u>
General Aviation-Terminal			
Fixed space rents			
Fixed rents	114,084	159,127	71.7%
Tenant employee parking fees	6,643	16,000	41.5%
Maint & operating expense recovery	—	—	n/a
Telecommunications services	2,010	4,394	45.7%
Miscellaneous rents	—	—	n/a
Total fixed space rents	<u>122,737</u>	<u>179,521</u>	<u>68.4%</u>
Percentage rents			
Percentage rents	11,012	9,000	122.4%
Other general aviation terminal revenue	—	—	n/a
Total percentage rents	<u>11,012</u>	<u>9,000</u>	<u>122.4%</u>
Total General Aviation-Terminal	<u>133,749</u>	<u>188,521</u>	<u>70.9%</u>
Other			
Charter security screening	675	—	n/a
TOTAL GENERAL AVIATION REVENUES	<u>\$ 1,857,961</u>	<u>\$ 1,900,815</u>	<u>97.7%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Terminal 1 Complex			
Fixed space rents			
Fixed rents aeronautical	\$ 2,414,420	\$ 2,370,719	101.8%
Fixed rents non-aeronautical	294,893	296,131	99.6%
Total fixed space rents	2,709,313	2,666,850	101.6%
Percentage rents			
Percentage rents	25,702	23,000	111.7%
Percentage rent - food & beverage	1,004,726	986,000	101.9%
Percentage rent - retail	431,215	423,600	101.8%
Percentage rent - other terminal services	316,610	308,300	102.7%
Total percentage rents	1,778,253	1,740,900	102.1%
Miscellaneous rents			
Telecommunications services	43,588	42,783	101.9%
Bag claim recovery	1,970,983	1,997,419	98.7%
Airport Operation Information System (AOIS) recovery	121,500	121,494	100.0%
Maint & operating expense recovery	86,863	94,000	92.4%
Gate usage fees	172,000	80,000	215.0%
Miscellaneous rents	300	—	n/a
Total miscellaneous rents	2,395,234	2,335,696	102.5%
Total Terminal 1 Complex revenues	\$ 6,882,800	\$ 6,743,446	102.1%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
TERMINAL REVENUES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Terminal 2 Complex			
Fixed space rents			
Fixed rents aeronautical	\$ 15,677,896	\$ 14,224,233	110.2%
Fixed rents non-aeronautical	651,950	595,544	109.5%
Total fixed space rents	16,329,846	14,819,777	110.2%
Percentage rents			
Percentage rents	65,690	39,000	168.4%
Percentage rent - food & beverage	4,210,163	3,910,000	107.7%
Percentage rent - retail	2,073,420	1,820,600	113.9%
Percentage rent - duty free	22,768	19,000	119.8%
Percentage rent - other terminal services	805,112	768,100	104.8%
Total percentage rents	7,177,153	6,556,700	109.5%
Miscellaneous rents			
Telecommunications services	198,358	198,521	99.9%
Bag claim recovery	7,599,446	7,532,252	100.9%
Airport Operation Information System (AOIS) recovery	1,218,669	958,173	127.2%
Ramp tower recovery	848,981	828,369	102.5%
Maint & operating expense recovery	412,586	418,000	98.7%
Gate usage fees	2,113,135	1,058,000	199.7%
Miscellaneous rents	757,136	2,000	37,856.8%
Total miscellaneous rents	13,148,311	10,995,315	119.6%
Total Terminal 2 Complex revenues	36,655,310	32,371,792	113.2%
Terminal Security			
Security checkpoint	4,181,683	4,182,851	100.0%
Transportation Security Administration (TSA) checkpoint	277,400	394,200	70.4%
Federal Inspection Services (FIS) int'l passenger fee	2,221,540	2,240,000	99.2%
Miscellaneous rents	86,617	—	n/a
Total Terminal Security	6,767,240	6,817,051	99.3%
Terminal Miscellaneous			
Fixed rent non-aeronautical terminal miscellaneous	24,275	24,275	100.0%
Percentage rent terminal miscellaneous	1,203,932	726,000	165.8%
Telecommunications services terminal miscellaneous	172,667	162,240	106.4%
Maint & Operating expense recovery	63,883	8,530	748.9%
Miscellaneous rents	750	1,000	75.0%
Total Terminal Miscellaneous	1,465,507	922,045	158.9%
TOTAL TERMINAL REVENUES	\$ 51,770,857	\$ 46,854,334	110.5%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIR CARGO REVENUES
Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
North Cargo Complex			
Fixed space rents			
Fixed rents aeronautical	\$ 339,397	\$ 339,397	100.0%
Fixed rents non-aeronautical	241,619	220,280	109.7%
Ground rents	312,857	335,365	93.3%
Telecommunications services	509	509	100.0%
Maint & operating expense recovery	206,411	190,500	108.4%
Miscellaneous rents	—	—	n/a
Total North Cargo Complex revenues	1,100,793	1,086,051	101.4%
South Cargo 1 Complex			
Fixed space rents			
Fixed rents aeronautical	(26,419)	—	n/a
Fixed rents non-aeronautical	215,275	188,855	114.0%
Ground rents	—	—	n/a
Telecommunications services	3,571	3,571	100.0%
Maint & operating expense recovery	197,745	147,000	134.5%
Miscellaneous rents	128,741	1,000	12,874.1%
Total South Cargo 1 Complex revenues	518,913	340,426	152.4%
South Cargo 2 Complex			
Fixed space rents			
Fixed rents aeronautical	88,285	106,056	83.2%
Fixed rents non-aeronautical	189,366	171,596	110.4%
Ground rents	—	—	n/a
Telecommunications services	2,599	2,599	100.0%
Maint & operating expense recovery	137,210	92,000	149.1%
Miscellaneous rents	2,700	2,000	135.0%
Total South Cargo 2 Complex revenues	\$ 420,160	\$ 374,251	112.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
AIR CARGO REVENUES
 Year Ended March 31, 2018

South Cargo 3 Complex

Fixed space rents

Fixed rents aeronautical	\$ 265,901	\$ 265,901	100.0%
Fixed rents non-aeronautical	11,390	46,708	24.4%
Ground rents	—	101,947	—%
Telecommunications services	—	—	n/a
Maint & operating expense recovery	257,772	241,500	106.7%
Miscellaneous rents	—	—	n/a
Total South Cargo 3 Complex revenues	<u>535,063</u>	<u>656,056</u>	<u>81.6%</u>

TOTAL AIR CARGO REVENUES	<u>\$ 2,574,929</u>	<u>\$ 2,456,784</u>	<u>104.8%</u>
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RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
FUEL FARM REVENUES
Year Ended March 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Percent of Budget</u>
Fuel Farm			
Fuel throughput fees	\$ 1,999,161	\$ 1,830,000	109.2%
Miscellaneous rents	2,400	2,000	120.0%
TOTAL FUEL FARM REVENUES	<u>\$ 2,001,561</u>	<u>\$ 1,832,000</u>	<u>109.3%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
RENTAL CAR REVENUES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Fixed space rents			
Fixed rents	\$ 983,402	\$ 980,908	100.3%
Ground Rents	516,561	385,448	134.0%
Maint & operating expense recovery	561,645	447,000	125.6%
Telecommunications services	—	—	n/a
Miscellaneous rents	—	—	n/a
Total fixed space rents	<u>2,061,608</u>	<u>1,813,356</u>	<u>113.7%</u>
Percentage rents			
Percentage rents	14,080,647	14,496,200	97.1%
Other rental car revenue	—	—	n/a
Total percentage rents	<u>14,080,647</u>	<u>14,496,200</u>	<u>97.1%</u>
TOTAL RENTAL CAR REVENUES	<u><u>\$ 16,142,255</u></u>	<u><u>\$ 16,309,556</u></u>	<u><u>99.0%</u></u>

RALEIGH-DURHAM AIRPORT AUTHORITY
REVENUES COMPARED WITH BUDGET
OTHER REVENUES
Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Office & Other Buildings			
Aviation Station			
Ground rents	\$ 161,250	\$ 150,000	107.5%
Maint & operating expense recovery	105,794	106,000	99.8%
Total Aviation Station Revenues	267,044	256,000	104.3%
Other miscellaneous rents			
Conference rooms	48,301	—	n/a
Fixed rent non-aeronautical other buildings	25,327	44,816	56.5%
Ground rent other buildings	126,877	12,000	1,057.3%
Security authorization badges	653,493	285,700	228.7%
Fingerprinting	—	131,898	—%
Maint & operating expense recovery	3,984	4,026	99.0%
Miscellaneous revenue	12,838	1,000	1,283.8%
Total other miscellaneous rents	870,820	479,440	181.6%
Ground Transportation			
Taxi Operation			
Percentage rents	456,282	251,320	181.6%
Maint & operating expense recovery	38,427	3,000	1,280.9%
Telecommunications services	6,240	6,240	100.0%
Miscellaneous rents	—	—	n/a
Total Taxi Operation	500,949	260,560	192.3%
AVI Transportation Fees			
AVI-trip fees	4,037,525	2,839,373	142.2%
Miscellaneous revenue	—	—	n/a
Total AVI Transportation Fees	4,037,525	2,839,373	142.2%
Total Ground Transportation Revenues	4,538,474	3,099,933	146.4%
General Grounds			
Traffic ordinance violation fees	34,920	34,000	102.7%
Miscellaneous revenue	—	—	n/a
Total General Grounds Revenues	34,920	34,000	102.7%
TOTAL OTHER REVENUES	\$ 5,711,258	\$ 3,869,373	147.6%

RALEIGH-DURHAM AIRPORT AUTHORITY
COMPARATIVE SUMMARIES OF OPERATING EXPENSES BY COST CENTER
 Years Ended March 31, 2018 and 2017

	Amount		Percent of Total Operating Expenses	
	2018	2017	2018	2017
Operating expenses				
Airport facilities	\$ 27,218,332	\$ 22,633,405	22.6%	19.7%
Administrative	19,119,100	19,738,595	15.9%	17.2%
Fueling systems	1,250,501	1,137,855	1.0%	1.0%
Law enforcement	4,957,943	4,004,083	4.1%	3.5%
Airport maintenance	6,289,429	5,541,080	5.2%	4.8%
Parking	4,530,170	4,411,740	3.8%	3.8%
Airport fire rescue	1,943,232	1,647,813	1.6%	1.4%
Guest services	919,533	837,917	0.8%	0.7%
Communications center	926,861	859,235	0.8%	0.7%
Operations	1,849,640	1,553,559	1.5%	1.4%
Ground transportation	3,325,573	2,915,828	2.8%	2.5%
Depreciation	48,199,789	49,734,592	40.0%	43.2%
TOTAL OPERATING EXPENSES	\$ 120,530,103	\$ 115,015,702	100.0%	100.0%

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF OPERATING EXPENSES BY COST CENTER
Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Operating expenses (excluding depreciation)			
Airport facilities	\$ 27,218,332	\$ 34,015,964	80.0%
Administrative	19,119,100	19,372,830	98.7%
Fueling systems	1,250,501	1,534,206	81.5%
Law enforcement	4,957,943	4,782,611	103.7%
Airport maintenance	6,289,429	6,844,077	91.9%
Parking	4,530,170	4,983,291	90.9%
Airport fire rescue	1,943,232	1,993,305	97.5%
Guest services	919,533	894,121	102.8%
Communications center	926,861	1,015,007	91.3%
Operations	1,849,640	1,954,416	94.6%
Ground transportation	3,325,573	3,332,732	99.8%
Total operating expenses (excluding depreciation)	72,330,314	80,722,560	89.6%
Depreciation			
Airport facilities	36,924,258	47,162,303	78.3%
Administrative	793,127	487,435	162.7%
Fueling systems	—	—	n/a
Law enforcement	14,793	19,678	75.2%
Airport maintenance	1,365,797	1,206,935	113.2%
Parking	8,889,304	—	n/a
Airport fire rescue	25,182	22,362	112.6%
Guest services	—	—	n/a
Communications center	105,237	95,877	109.8%
Operations	2,561	2,561	100.0%
Ground transportation	79,530	24,448	325.3%
Total depreciation	48,199,789	49,021,599	98.3%
TOTAL OPERATING EXPENSES	\$ 120,530,103	\$ 129,744,159	92.9%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Airport facilities			
Airfield complex			
Employee related expense	\$ —	\$ —	n/a
Professional services	36,058	—	n/a
Contractual labor	304,910	1,866,545	16.3%
Utilities	133,904	125,049	107.1%
Materials and supplies	426,820	438,814	97.3%
Insurance	117,174	117,500	99.7%
General and administrative expenses	—	—	n/a
Total Airfield complex	1,018,866	2,547,908	40.0%
Terminal complex			
Employee related expense	—	—	n/a
Professional services	379,252	201,529	188.2%
Contractual labor	9,903,926	12,060,027	82.1%
Utilities	3,818,630	3,427,127	111.4%
Materials and supplies	780,132	920,016	84.8%
Insurance	454,306	534,200	85.0%
General and administrative expenses	4,925	11,200	44.0%
Total Terminal complex	15,341,171	17,154,099	89.4%
General Aviation complex			
General Aviation-General			
Employee related expense	—	—	n/a
Professional services	19,517	—	n/a
Contractual labor	84,558	1,040,645	8.1%
Utilities	114,561	113,129	101.3%
Materials and supplies	412	5,931	6.9%
Insurance	10,458	13,000	80.4%
General and administrative expenses	295	420	70.2%
Total General Aviation complex	229,801	1,173,125	19.6%
Cargo complex			
Employee related expense	—	—	n/a
Professional services	—	—	n/a
Contractual labor	39,369	300,436	13.1%
Utilities	173,729	171,957	101.0%
Materials and supplies	4,314	8,388	51.4%
Insurance	29,367	30,200	97.2%
General and administrative expenses	175	175	100.0%
Total Cargo complex	246,954	511,156	48.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Fuel Farm complex			
Employee related expense	\$ —	\$ —	n/a
Professional services	31,290	30,750	101.8%
Contractual labor	26,036	18,554	140.3%
Utilities	82,334	78,100	105.4%
Materials and supplies	4,391	3,260	134.7%
Insurance	14,103	12,300	114.7%
General and administrative expenses	—	—	n/a
Total Fuel Farm complex	158,154	142,964	110.6%
Office & Other Buildings complex			
Employee related expense	—	—	n/a
Professional services	13,375	23,861	56.1%
Contractual labor	579,795	741,726	78.2%
Utilities	459,154	477,747	96.1%
Materials and supplies	21,922	45,564	48.1%
Insurance	42,181	42,300	99.7%
General and administrative expenses	910	840	108.3%
Total Office & Other Buildings complex	1,117,337	1,332,038	83.9%
Aviation Station complex			
Employee related expense	—	—	n/a
Professional services	—	—	n/a
Contractual labor	—	—	n/a
Utilities	28,555	2,538	1,125.1%
Materials and supplies	—	—	n/a
Insurance	—	—	n/a
General and administrative expenses	—	—	n/a
Total Aviation Station complex	28,555	2,538	1,125.1%
Rental Car complex			
Employee related expense	—	—	n/a
Professional services	—	—	n/a
Contractual labor	—	120,000	—%
Utilities	195,046	3,258	5,986.7%
Materials and supplies	—	—	n/a
Insurance	9,007	10,000	90.1%
General and administrative expenses	—	—	n/a
Total Rental Car complex	204,053	133,258	153.1%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FACILITIES OPERATING EXPENSES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Parking Lots complex			
Employee related expense	\$ —	\$ —	n/a
Professional services	5,379,721	6,249,999	86.1%
Contractual labor	676,594	621,857	108.8%
Utilities	797,036	759,151	105.0%
Materials and supplies	57,241	84,845	67.5%
Insurance	143,953	155,200	92.8%
General and administrative expenses	2,700	3,975	67.9%
Total Parking complex	<u>7,057,245</u>	<u>7,875,027</u>	<u>89.6%</u>
Ground Transportation complex			
Employee related expense	—	—	n/a
Professional services	—	—	n/a
Contractual labor	31,314	32,331	96.9%
Utilities	2,008	576	348.6%
Materials and supplies	1,656	996	166.3%
Insurance	897	900	99.7%
General and administrative expenses	—	—	n/a
Total Ground Transportation complex	<u>35,875</u>	<u>34,803</u>	<u>103.1%</u>
General Grounds complex			
Employee related expense	—	—	n/a
Professional services	—	30,100	—%
Contractual labor	1,296,238	1,828,105	70.9%
Utilities	421,742	1,165,742	36.2%
Materials and supplies	55,397	70,801	78.2%
Insurance	6,944	14,300	48.6%
General and administrative expenses	—	—	n/a
Total General Grounds complex	<u>1,780,321</u>	<u>3,109,048</u>	<u>57.3%</u>
TOTAL AIRPORT FACILITIES EXPENSES	<u>\$ 27,218,332</u>	<u>\$ 34,015,964</u>	<u>80.0%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Administrative			
Chief Executive Officer			
Salaries & overtime	\$ 1,003,555	\$ 1,042,250	96.3%
Employee benefits	244,660	256,957	95.2%
Employee related expense	182,548	157,966	115.6%
Professional services	318,203	320,227	99.4%
Contractual labor	—	—	n/a
Utilities	—	—	n/a
Materials and supplies	—	—	n/a
Insurance	88,910	93,800	94.8%
General and administrative expenses	49,358	55,602	88.8%
Total Chief Executive Officer	1,887,234	1,926,802	97.9%
Communications			
Salaries & overtime	482,238	495,577	97.3%
Employee benefits	135,165	138,982	97.3%
Employee related expense	14,745	15,994	92.2%
Professional services	135,816	187,000	72.6%
Contractual labor	377,802	289,549	130.5%
Utilities	—	—	n/a
Materials and supplies	22,576	38,685	58.4%
Insurance	—	—	n/a
General and administrative expenses	2,171,687	178,992	1,213.3%
Total Communications	3,340,029	1,344,779	248.4%
Human Capital Management			
Salaries & overtime	913,039	872,649	104.6%
Employee benefits	347,392	268,470	129.4%
Employee related expense	28,968	32,605	88.8%
Professional services	28,408	7,250	391.8%
Contractual labor	363,882	643,408	56.6%
Utilities	—	—	n/a
Materials and supplies	35,628	59,432	59.9%
Insurance	—	—	n/a
General and administrative expenses	9,117	19,027	47.9%
Total Human Capital Management	1,726,434	1,902,841	90.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Revenue Development			
Salaries & overtime	\$ 3,370,245	\$ 3,625,171	93.0%
Employee benefits	1,018,486	1,054,704	96.6%
Employee related expense	63,790	144,142	44.3%
Professional services	995,007	1,092,302	91.1%
Contractual labor	816,276	1,033,747	79.0%
Utilities	3,754	103,850	3.6%
Materials and supplies	990,713	1,287,455	77.0%
Insurance	—	—	n/a
General and administrative expenses	61,567	92,135	66.8%
Total Revenue Development	7,319,838	8,433,506	86.8%
Finance, Risk, Procurement			
Salaries & overtime	1,469,702	1,821,002	80.7%
Employee benefits	458,128	532,928	86.0%
Employee related expense	15,883	39,358	40.4%
Professional services	161,884	939,820	17.2%
Contractual labor	131,141	25,367	517.0%
Utilities	—	—	n/a
Materials and supplies	25,719	60,271	42.7%
Insurance	(338)	—	n/a
General and administrative expenses	135,172	167,121	80.9%
Total Finance, Risk, Procurement	2,397,291	3,585,867	66.9%
Facilities Asset Management			
Salaries & overtime	979,832	1,050,273	93.3%
Employee benefits	287,215	288,509	99.6%
Employee related expense	13,179	21,638	60.9%
Professional services	—	11,662	—%
Contractual labor	43,379	65,300	66.4%
Utilities	—	—	n/a
Materials and supplies	1,188	4,055	29.3%
Insurance	20,280	21,400	94.8%
General and administrative expenses	20,185	31,038	65.0%
Total Facilities Asset Management	1,365,258	1,493,875	91.4%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
ADMINISTRATIVE EXPENSES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Planning and Environment			
Salaries & overtime	\$ 339,405	\$ 332,073	102.2%
Employee benefits	103,515	101,070	102.4%
Employee related expense	5,070	6,860	73.9%
Professional services	—	—	n/a
Contractual labor	619,799	222,838	278.1%
Utilities	3,255	3,528	92.3%
Materials and supplies	1,203	1,416	85.0%
Insurance	1,046	1,100	95.1%
General and administrative expenses	9,723	16,275	59.7%
Total Planning and Environment	<u>1,083,016</u>	<u>685,160</u>	<u>158.1%</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 19,119,100</u>	<u>\$ 19,372,830</u>	<u>98.7%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
FUELING SYSTEMS EXPENSES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Fueling Systems			
Salaries & overtime	\$ 760,200	\$ 780,404	97.4%
Employee benefits	246,336	247,813	99.4%
Employee related expense	5,339	5,385	99.1%
Professional services	—	—	n/a
Contractual labor	163,630	428,133	38.2%
Utilities	—	—	n/a
Materials and supplies	56,891	52,792	107.8%
Insurance	16,015	16,900	94.8%
General and administrative expenses	2,090	2,779	75.2%
TOTAL FUELING SYSTEMS EXPENSES	\$ 1,250,501	\$ 1,534,206	81.5%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
LAW ENFORCEMENT EXPENSES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Law Enforcement			
Salaries & overtime	\$ 3,458,763	\$ 3,348,474	103.3%
Employee benefits	1,138,071	1,031,376	110.3%
Employee related expense	96,995	134,588	72.1%
Professional services	1,290	1,380	93.5%
Contractual labor	4,266	8,240	51.8%
Utilities	—	—	n/a
Materials and supplies	159,405	151,821	105.0%
Insurance	77,059	81,300	94.8%
General and administrative expenses	22,094	25,432	86.9%
TOTAL LAW ENFORCEMENT EXPENSES	\$ 4,957,943	\$ 4,782,611	103.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT MAINTENANCE EXPENSES
Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Airport Maintenance			
Baggage Systems			
Salaries & overtime	\$ 23,954	\$ 104,184	23.0%
Employee benefits	13,802	25,682	53.7%
Employee related expense	—	—	n/a
Professional services	—	—	n/a
Contractual labor	—	—	n/a
Utilities	—	—	n/a
Materials and supplies	—	—	n/a
Insurance	—	—	n/a
General and administrative expenses	—	—	n/a
Total Baggage Systems	37,756	129,866	29.1%
Contract Facilities Maintenance			
Salaries & overtime	136,403	180,531	75.6%
Employee benefits	45,521	54,088	84.2%
Employee related expense	—	—	n/a
Professional services	—	—	n/a
Contractual labor	—	—	n/a
Utilities	—	—	n/a
Materials and supplies	121	200	60.5%
Insurance	—	—	n/a
General and administrative expenses	—	—	n/a
Total Contract Facilities Maintenance	182,045	234,819	77.5%
Fleet Maintenance			
Salaries & overtime	446,994	462,092	96.7%
Employee benefits	152,256	149,117	102.1%
Employee related expense	8,249	6,589	125.2%
Professional services	—	—	n/a
Contractual labor	117,898	151,306	77.9%
Utilities	—	—	n/a
Materials and supplies	688,126	661,624	104.0%
Insurance	10,714	11,300	94.8%
General and administrative expenses	10,940	11,961	91.5%
Total Fleet Maintenance	1,435,177	1,453,989	98.7%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT MAINTENANCE EXPENSES
 Year Ended March 31, 2018

Facilities Maintenance

Salaries & overtime	\$ 1,919,470	\$ 2,251,926	85.2%
Employee benefits	738,820	752,742	98.2%
Employee related expense	36,658	45,322	80.9%
Professional services	—	—	n/a
Contractual labor	8,772	12,520	70.1%
Utilities	—	—	n/a
Materials and supplies	67,912	58,060	117.0%
Insurance	108,906	114,900	94.8%
General and administrative expenses	3,525	6,634	53.1%
Total Facilities Maintenance	2,884,063	3,242,104	89.0%

Fields Maintenance

Salaries & overtime	1,233,314	1,258,768	98.0%
Employee benefits	456,517	445,015	102.6%
Employee related expense	30,561	42,677	71.6%
Professional services	—	—	n/a
Contractual labor	6,667	8,580	77.7%
Utilities	—	—	n/a
Materials and supplies	17,037	19,155	88.9%
Insurance	—	—	n/a
General and administrative expenses	6,292	9,104	69.1%
Total Fields Maintenance	1,750,388	1,783,299	98.2%

TOTAL AIRPORT MAINTENANCE EXPENSES

\$ 6,289,429	\$ 6,844,077	91.9%
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RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
PARKING EXPENSES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Parking			
Salaries & overtime	\$ 1,092,069	\$ 1,224,910	89.2%
Employee benefits	403,925	417,580	96.7%
Employee related expense	12,364	14,500	85.3%
Professional services	74,109	699,628	10.6%
Contractual labor	1,396,305	1,272,690	109.7%
Utilities	—	—	n/a
Materials and supplies	7,842	59,204	13.2%
Insurance	26,251	27,700	94.8%
General and administrative expenses	1,517,305	1,267,079	119.7%
TOTAL PARKING EXPENSES	\$ 4,530,170	\$ 4,983,291	90.9%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
AIRPORT FIRE - RESCUE
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Airport Fire - Rescue			
Salaries & overtime	\$ 1,339,924	\$ 1,381,415	97.0%
Employee benefits	452,745	442,536	102.3%
Employee related expense	56,277	67,407	83.5%
Professional services	—	—	n/a
Contractual labor	16,751	18,197	92.1%
Utilities	1,649	2,500	66.0%
Materials and supplies	31,862	32,600	97.7%
Insurance	28,344	29,900	94.8%
General and administrative expenses	15,680	18,750	83.6%
TOTAL AIRPORT FIRE - RESCUE EXPENSES	\$ 1,943,232	\$ 1,993,305	97.5%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
GUEST SERVICES EXPENSES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Guest Services			
Salaries & overtime	\$ 633,015	\$ 604,019	104.8%
Employee benefits	233,007	226,017	103.1%
Employee related expense	7,678	11,627	66.0%
Professional services	—	—	n/a
Contractual labor	17,754	17,835	99.5%
Utilities	—	—	n/a
Materials and supplies	10,969	14,769	74.3%
Insurance	12,602	13,300	94.8%
General and administrative expenses	4,508	6,554	68.8%
TOTAL GUEST SERVICES EXPENSES	\$ 919,533	\$ 894,121	102.8%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
COMMUNICATIONS CENTER EXPENSES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Communications Center			
Salaries & overtime	\$ 577,126	\$ 632,787	91.2%
Employee benefits	234,632	225,924	103.9%
Employee related expense	1,862	2,030	91.7%
Professional services	—	—	n/a
Contractual labor	83,184	90,500	91.9%
Utilities	—	—	n/a
Materials and supplies	17,736	50,500	35.1%
Insurance	10,521	11,100	94.8%
General and administrative expenses	1,800	2,166	83.1%
TOTAL COMMUNICATIONS CENTER EXPENSES	\$ 926,861	\$ 1,015,007	91.3%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
OPERATIONS EXPENSES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Operations			
Salaries & overtime	\$ 1,183,927	\$ 1,259,453	94.0%
Employee benefits	387,564	391,229	99.1%
Employee related expense	7,620	4,505	169.1%
Professional services	3,198	25,450	12.6%
Contractual labor	9,345	20,000	46.7%
Utilities	—	—	n/a
Materials and supplies	63,159	72,074	87.6%
Insurance	19,529	20,600	94.8%
General and administrative expenses	175,298	161,105	108.8%
TOTAL OPERATIONS EXPENSES	\$ 1,849,640	\$ 1,954,416	94.6%

RALEIGH-DURHAM AIRPORT AUTHORITY
EXPENSES COMPARED WITH BUDGET
GROUNDS TRANSPORTATION DIVISION EXPENSES
 Year Ended March 31, 2018

	Actual	Budget	Percent of Budget
Ground Transportation			
Salaries & overtime	\$ 227,075	\$ 132,257	171.7%
Employee benefits	67,580	44,363	152.3%
Employee related expense	2,190	2,280	96.1%
Professional services	—	—	n/a
Contractual labor	1,272,080	1,383,160	92.0%
Utilities	—	—	n/a
Materials and supplies	5,465	4,628	118.1%
Insurance	—	19,800	—%
General and administrative expenses	6,075	10,968	55.4%
Total Ground Transportation	<u>1,580,465</u>	<u>1,597,456</u>	<u>98.9%</u>
Traffic Control			
Salaries & overtime	1,207,669	1,196,878	100.9%
Employee benefits	481,082	473,690	101.6%
Employee related expense	17,604	22,723	77.5%
Professional services	—	—	n/a
Contractual labor	7,741	8,000	96.8%
Utilities	—	—	n/a
Materials and supplies	2,473	2,585	95.7%
Insurance	25,308	26,700	94.8%
General and administrative expenses	3,231	4,700	68.7%
Total Traffic Control	<u>1,745,108</u>	<u>1,735,276</u>	<u>100.6%</u>
TOTAL GROUND TRANSPORTATION DIVISION EXPENSES	<u>\$ 3,325,573</u>	<u>\$ 3,332,732</u>	<u>99.8%</u>

RALEIGH-DURHAM AIRPORT AUTHORITY
SUMMARY OF DEPRECIATION
 FOR THE YEAR ENDED MARCH 31, 2018

	Actual
Departmental	
Administrative	793,127
Parking	8,889,304
Airport Fire - Rescue	25,182
Airport maintenance	1,365,797
Law enforcement	14,793
Facilities and environmental	—
Operations	2,561
Communications	105,237
Ground transportation	79,530
Total departmental	11,275,531
 Nondepartmental	
Airfield complex	6,441,304
 Terminal 1 complex	
Buildings and improvements	4,530,820
 Terminal 2 complex	
Buildings and improvements	19,220,425
 Central Energy Plant	554,593
 General Aviation complex	
Buildings and improvements	3,044,454
 Cargo complex	
Buildings and improvements	199,418
 Ground Transportation complex	
Roadways	345,607
 Fuel Farm complex	639,860
 Office & Other Buildings complex	1,880,920
 Utilities complex	68,795
 Rental Car complex	(1,938)
 TOTAL DEPRECIATION EXPENSE	\$ 48,199,789

RALEIGH-DURHAM AIRPORT AUTHORITY
DETAILS OF AIRPORT AND FACILITIES
 Year Ended March 31, 2018

	Total	Authority Funds	Federal and State Funds
Land	\$ 41,193,383	\$ 35,702,262	\$ 5,491,121
Land improvements	1,418,135	1,418,135	—
Airfield	552,766,933	427,274,752	125,492,181
Airfield improvements	2,885,606	2,885,606	—
Terminal buildings	777,078,415	776,802,145	276,270
Other buildings	176,475,168	141,469,866	35,005,302
Building improvements	964,398	964,398	—
Utilities	5,417,436	5,211,923	205,513
Equipment	41,008,172	41,008,172	—
Vehicles heavy	935,458	218,224	717,234
Vehicles light	280,492	280,492	—
Computer Hardware	2,604,304	2,604,304	—
Computer Software	869,086	869,086	—
Construction in progress	41,400,814	41,400,814	—
TOTAL DETAILS OF AIRPORT AND FACILITIES	\$ 1,645,297,800	\$ 1,478,110,179	\$ 167,187,621

Raleigh-Durham Airport Authority
RDU Airport, North Carolina

Statistical Section

Prepared by the Finance Department

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

**RALEIGH-DURHAM AIRPORT AUTHORITY
STATISTICAL TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2018**

Statistical Section (Unaudited)	<u>Page</u>
Financial Trends	83
<p>These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.</p>	
Revenue Capacity	88
<p>These schedules contain information to help the reader assess the Authority's most significant revenue source.</p>	
Debt Capacity	90
<p>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.</p>	
Demographic and Economic Information	92
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.</p>	
Operating Information	94
<p>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.</p>	

Net Position by Component
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net Position										
Net investment in capital assets	\$302,248,539	\$306,735,414	\$297,838,788	\$313,053,656	\$330,599,774	\$313,607,597	\$307,107,509	\$321,369,827	\$302,289,837	\$310,905,473
Restricted For:										
State of North Carolina underground storage tank trust deductible	—	—	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
DEA/ICE forfeitures	115,634	79,610	82,029	39,851	—	—	—	—	—	—
Passenger facility charges	27,635,490	25,529,873	2,850,046	4,325,108	7,212,645	13,239,327	18,149,465	22,671,438	73,294,625	74,428,717
Customer facility charges	16,216,386	3,383,354	—	—	—	—	—	—	—	—
Unrestricted net position	169,431,556	123,685,528	131,974,693	108,720,984	86,803,531	93,733,389	96,036,491	97,869,697	108,572,170	91,557,348
Total net position	<u>\$515,647,605</u>	<u>\$459,413,779</u>	<u>\$432,965,556</u>	<u>\$426,359,599</u>	<u>\$424,835,950</u>	<u>\$420,800,313</u>	<u>\$421,513,465</u>	<u>\$442,130,962</u>	<u>\$484,376,632</u>	<u>\$477,111,538</u>

Note:

Due to Raleigh-Durham Airport Authority's required adoption of GASB 73 during FY2018, the Net Position for FY2017 has been re-stated for comparative financial statements.

Due to Raleigh-Durham Airport Authority's required adoption of GASB 68 during FY2016, the Net Position for FY2015 has been re-stated for comparative financial statements.

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues										
Parking	\$ 54,975,271	\$ 55,843,209	\$ 47,058,255	\$ 43,796,914	\$ 41,427,389	\$ 41,266,707	\$ 37,166,800	\$ 35,859,116	\$ 34,686,948	\$ 37,379,524
Airfield	16,614,473	15,058,135	12,852,933	11,361,874	12,158,127	11,366,233	11,930,074	11,865,742	12,499,790	10,614,546
General aviation	1,857,961	1,721,515	1,706,871	1,632,938	1,475,959	1,539,352	1,399,599	1,400,643	1,398,821	1,387,739
Terminals	51,770,857	37,929,957	33,821,356	31,649,941	26,230,425	27,022,756	27,020,695	24,632,442	23,283,910	20,459,651
Air cargo	2,574,929	2,309,639	2,290,621	2,186,712	2,032,561	2,000,218	2,300,134	2,016,233	2,004,795	1,989,512
Fuel farm	2,001,561	1,649,095	1,632,397	1,493,730	1,260,329	1,033,960	1,041,622	972,544	961,740	927,232
Rental car	16,142,255	16,742,662	14,830,467	14,191,508	13,126,408	12,875,772	12,305,766	11,967,229	11,604,879	12,788,821
Other	5,711,258	2,560,078	2,126,105	1,156,617	986,311	939,738	1,219,858	905,829	728,034	685,165
Total operating revenues	151,648,565	133,814,290	116,319,005	107,470,234	98,697,509	98,044,736	94,384,548	89,619,778	87,168,917	86,232,190
Operating expenses										
Airport facilities	27,218,332	22,633,404	21,241,939	20,771,149	21,427,418	19,852,701	19,742,281	19,122,793	17,956,239	15,499,047
Administrative	19,119,100	19,738,597	17,813,209	13,081,431	11,439,962	10,104,828	9,631,766	9,438,549	8,201,857	8,274,367
Fuel Farm	1,250,501	1,137,855	1,072,207	974,962	988,781	962,410	954,405	978,378	903,815	932,042
Law enforcement	4,957,943	4,004,081	3,958,846	3,083,883	2,621,284	3,276,244	3,352,166	3,253,639	2,848,365	3,008,371
Airport maintenance	6,289,429	5,541,078	5,317,196	5,752,900	5,682,924	5,582,380	5,147,431	5,176,960	4,828,437	4,821,408
Parking	4,530,170	4,411,740	2,787,162	2,646,638	2,734,778	2,695,904	2,752,134	2,829,332	2,416,808	2,756,988
Airport fire - rescue	1,943,232	1,647,814	1,649,329	1,630,311	1,687,521	1,588,000	1,601,134	1,614,092	1,523,960	1,461,996
Guest services	919,533	837,917	791,525	793,295	803,492	736,912	734,451	758,323	689,040	611,002
Communications	926,861	859,235	794,310	706,819	722,262	777,618	751,792	808,140	727,856	814,682
Operations	1,849,640	1,553,559	1,516,292	1,325,999	1,277,388	1,211,335	1,127,924	1,069,994	984,061	1,004,747
Ground transportation	3,325,573	2,915,830	2,765,909	2,728,126	2,656,949	2,573,877	2,608,835	2,685,399	2,701,382	2,722,685
Terminal services	—	—	—	111,886	129,396	237,313	334,352	256,996	227,699	222,382
Subtotal	72,330,314	65,281,110	59,707,924	53,607,399	52,172,155	49,599,522	48,738,671	47,992,595	44,009,519	42,129,717
Depreciation	48,199,789	49,734,592	51,800,974	49,623,986	47,901,680	48,678,489	49,359,167	47,095,977	47,523,955	39,245,679
Total operating expenses	120,530,103	115,015,702	111,508,898	103,231,385	100,073,835	98,278,011	98,097,838	95,088,572	91,533,474	81,375,396
Operating income (loss)	31,118,462	18,798,588	4,810,107	4,238,849	(1,376,326)	(233,275)	(3,713,290)	(5,468,794)	(4,364,557)	4,856,794
Non-operating revenues (expenses)										
Investment interest income	3,654,643	2,970,505	2,432,019	2,465,613	1,419,898	2,054,048	2,148,101	2,500,267	3,750,839	5,592,912
Passenger facility charges	23,815,980	22,679,826	20,525,728	19,113,463	18,323,327	18,734,688	18,424,026	18,818,814	18,940,075	19,710,529
Customer facility charges	15,065,790	3,147,074	—	—	—	—	—	—	—	—
Net (decrease) increase in fair value of investments	(646,907)	(711,548)	259	(570,203)	477,643	781,419	241,068	(404,171)	(404,147)	(40,516)
Bond interest expense, net	(21,890,713)	(22,575,341)	(21,768,920)	(26,763,852)	(25,801,032)	(27,933,517)	(29,077,558)	(25,491,187)	(22,663,862)	(15,989,551)
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, revenue (reimbs, late fees, misc)	272,403	(636,118)	91,847	580,360	344,365	408,133	729,996	873,263	487,820	626,545
Total non-operating revenues	20,271,196	4,874,398	1,280,933	(5,174,619)	(5,235,799)	(5,955,229)	(9,000,116)	(43,446,224)	110,725	5,356,378
Income (loss) before capital	51,389,658	23,672,986	6,091,040	(935,770)	(6,612,125)	(6,188,504)	(12,713,406)	(48,915,018)	(4,253,832)	10,213,172
Capital contributions	4,948,413	2,775,237	1,793,993	2,459,419	10,647,762	5,475,352	644,240	6,669,348	11,518,926	5,677,385
Increase (decrease) in net position	56,338,071	26,448,223	7,885,033	1,523,649	4,035,637	(713,152)	(12,069,166)	(42,245,670)	7,265,094	15,890,557
Net position, beginning restated	(104,245)	—	(1,279,076)				(8,548,331)			
Net position, beginning of year	459,413,779	432,965,556	426,359,599	424,835,950	420,800,313	421,513,465	442,130,962	484,376,632	477,111,538	461,220,981
Net position, end of year	\$515,647,605	\$459,413,779	\$432,965,556	\$426,359,599	\$424,835,950	\$420,800,313	\$421,513,465	\$442,130,962	\$484,376,632	\$477,111,538

Note:

Due to Raleigh-Durham Airport Authority's required adoption of GASB 74 during FY2018, the Net Position for FY2017 has been re-stated for comparative financial statements.

Due to Raleigh-Durham Airport Authority's required adoption of GASB 68 during FY2016, the Net Position for FY2015 has been re-stated for comparative financial statements.

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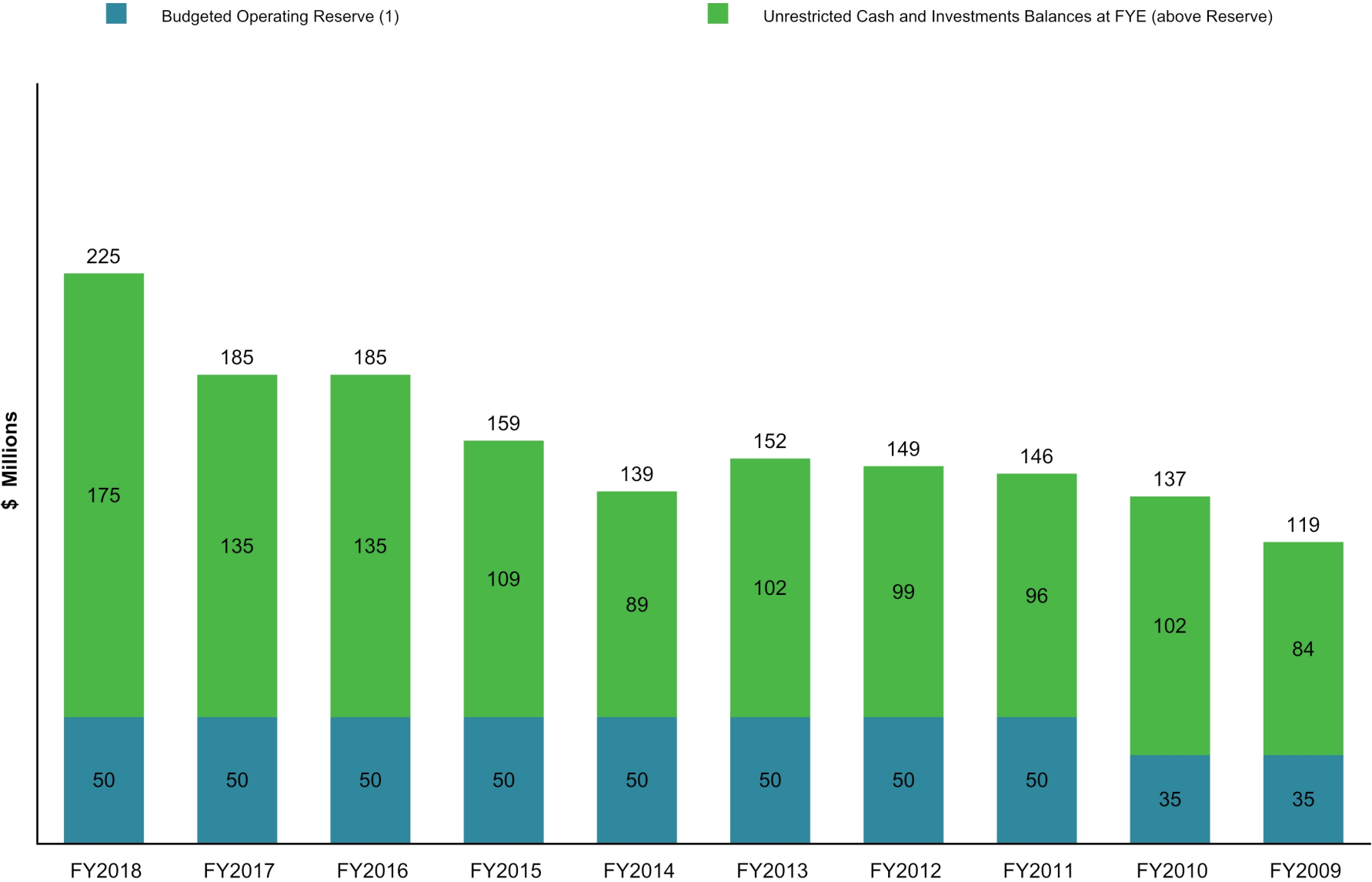
RALEIGH-DURHAM AIRPORT AUTHORITY
KEY PERFORMANCE INDICATORS
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Airline Cost per Enplanement (CPE)	\$ 8.68	*\$ 7.28	\$ 7.02	\$ 6.91	\$ 6.45	\$ 6.35	\$ 6.48	\$ 6.29	\$ 6.24	\$ 5.09
Airline Cost per Airline Operation	352.13	286.04	266.43	247.87	218.82	215.93	206.77	191.23	186.94	145.35
Total Aeronautical Revenue per Total Operation	310.36	254.76	236.19	220.80	194.58	192.23	186.22	178.95	171.91	132.04
Terminal Concession Revenue per Enplanement	1.51	1.67	1.61	1.60	1.49	1.44	1.49	1.43	1.39	1.25
Terminal Concession Revenue per Airline Operation	61.09	65.51	61.24	57.52	50.64	48.96	47.62	43.52	41.80	35.58
Rental Car Revenue per Enplanement	2.72	2.98	2.88	2.95	2.86	2.78	2.68	2.62	2.57	2.73
Rental Car Revenue per Airline Operation	110.11	117.16	109.31	105.95	96.84	94.53	85.35	79.84	77.00	77.93
Parking Revenue per Enplanement	10.01	10.27	9.37	9.26	9.13	9.01	8.18	7.95	7.76	7.99
Parking Revenue per Airline Operation	405.97	403.47	355.77	332.28	309.53	306.46	260.80	241.89	232.63	228.18
Non-Aeronautical Revenue per Enplanement	14.65	15.05	14.14	14.10	13.73	13.49	12.66	12.09	11.82	12.16
Non-Aeronautical Revenue per Airline Operation	593.88	591.36	536.97	505.68	465.46	458.76	404.01	367.65	354.43	347.08
Non-Airline Operating Revenue per Enplanement	16.47	16.56	15.56	15.55	15.10	14.79	14.05	13.43	13.18	13.32
Non-Airline Operating Revenue per Total Operation	486.49	480.21	435.64	410.53	375.41	371.62	332.51	314.97	298.45	281.39
Total Operating Revenue per Enplanement	25.51	23.84	22.58	22.46	21.55	21.14	20.53	19.72	19.41	18.41
Total Operating Revenue per Airline Operation	1,034.47	936.39	857.36	805.71	730.87	718.97	655.08	599.76	581.97	525.44
Total Operating Revenue per Total Operation	753.68	691.41	632.05	592.95	535.84	531.13	485.88	462.41	439.68	389.00
Total Operating Expenses per Enplanement	12.17	11.63	11.59	11.16	11.35	10.71	10.57	10.49	9.74	8.99
Total Operating Expenses per Airline Operation	493.40	456.82	440.09	400.21	384.88	364.16	337.16	319.14	292.01	256.71
Total Operating Expenses per Total Operation	359.47	337.31	324.44	294.53	282.17	269.02	250.08	246.05	220.62	190.05
Number of Days Unrestricted Cash On Hand	1,135	1,036	1,131	1,084	976	1,118	1,112	1,162	1,135	1,029

*2018 CPE calculation includes deduction for airline incentives

Source: Raleigh-Durham Airport Authority Finance Department

RDU Unrestricted Cash & Investment Balances

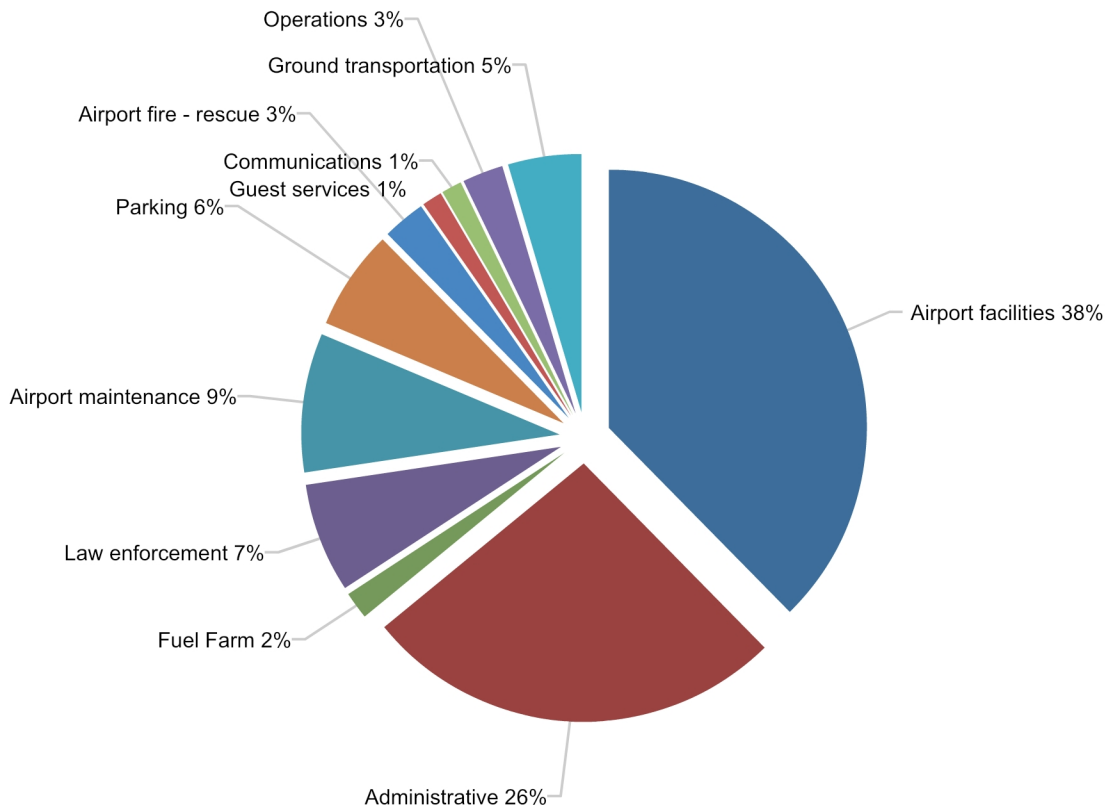


(1) The Authority formally adopted an operating reserve policy that provided that the Authority maintain an unencumbered reserve of \$50 million.

FYE March 31, 2018 Operating Expense by Business Unit (000s)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Airport facilities	\$ 27,218	\$ 22,633	\$ 21,242	\$ 20,771	\$ 21,427	\$ 19,853	\$ 19,742	\$ 19,123	\$ 17,956	\$ 15,499
Administrative	19,119	19,738	17,813	13,081	11,440	10,105	9,632	9,439	8,202	8,274
Fueling Systems	1,251	1,138	1,072	975	989	963	954	978	904	932
Law enforcement	4,958	4,004	3,959	3,084	2,621	3,276	3,352	3,254	2,848	3,008
Airport maintenance	6,289	5,541	5,317	5,753	5,683	5,582	5,148	5,177	4,829	4,822
Parking	4,530	4,412	2,787	2,647	2,735	2,696	2,752	2,829	2,417	2,757
Airport fire - rescue	1,943	1,648	1,650	1,630	1,688	1,588	1,601	1,614	1,524	1,462
Guest services	920	838	792	793	804	737	735	758	689	611
Communications	927	859	794	707	722	778	752	808	728	815
Operations	1,850	1,554	1,516	1,326	1,277	1,211	1,128	1,070	984	1,005
Ground transportation	3,326	2,916	2,766	2,728	2,657	2,574	2,609	2,686	2,701	2,723
Terminal services	—	—	—	112	129	237	334	257	228	222
Total	\$ 72,331	\$ 65,281	\$ 59,708	\$ 53,607	\$ 52,172	\$ 49,600	\$ 48,739	\$ 47,993	\$ 44,010	\$ 42,130

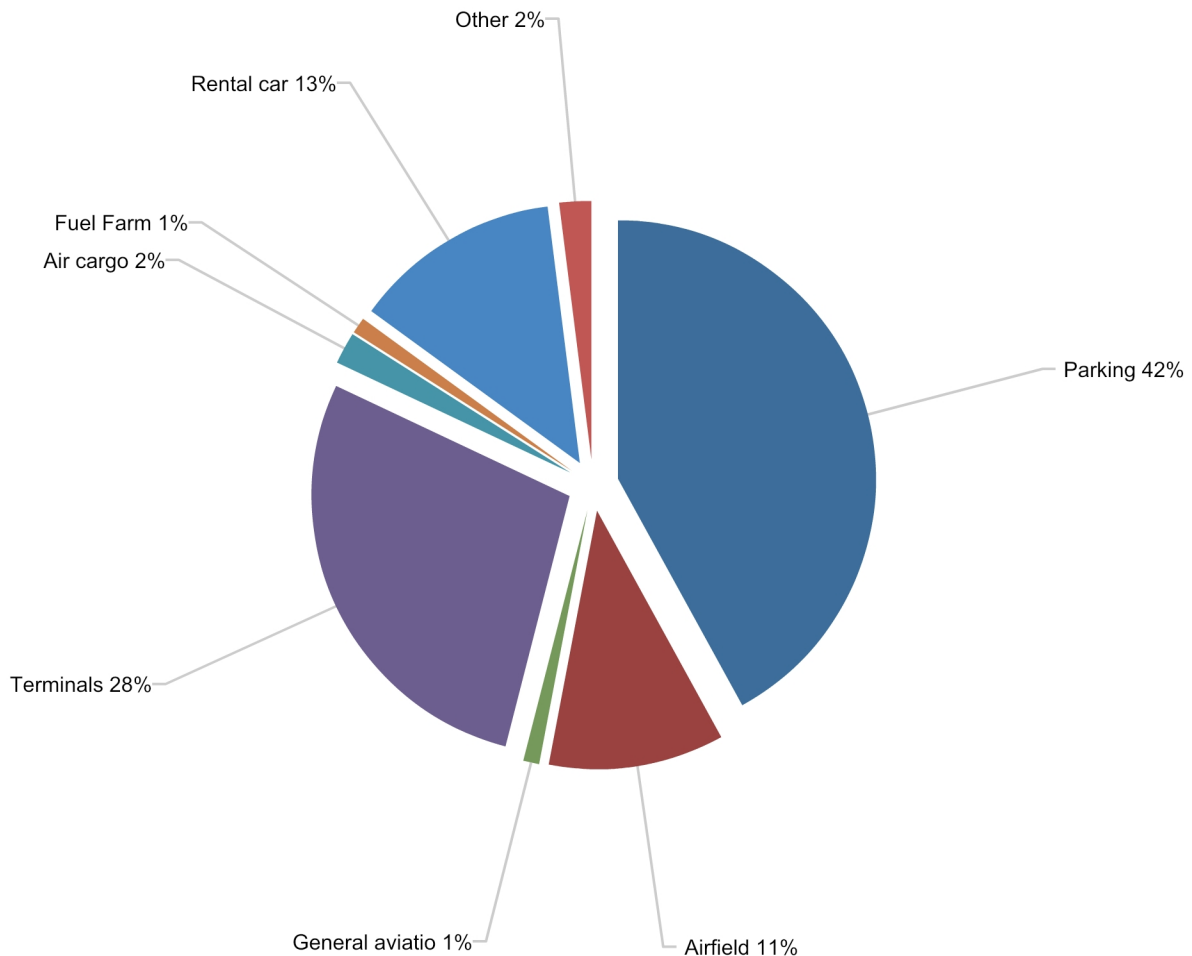
FYE March 31, 2018 Operating Expense by Business Unit



FYE March 31, 2018 Operating Revenue by Source (000s)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Parking	\$ 54,975	\$ 55,843	\$ 47,058	\$ 43,796	\$ 41,427	\$ 41,267	\$ 37,167	\$ 35,859	\$ 34,687	\$ 37,380
Airfield	16,615	15,058	12,853	11,362	12,158	11,366	11,930	11,866	12,500	10,614
General aviation	1,858	1,722	1,707	1,633	1,476	1,539	1,399	1,401	1,399	1,388
Terminals	51,771	37,930	33,821	31,650	26,230	27,023	27,021	24,632	23,284	20,460
Air cargo	2,575	2,310	2,291	2,187	2,033	2,000	2,300	2,016	2,005	1,989
Fuel Farm	2,002	1,649	1,632	1,494	1,260	1,034	1,042	973	961	927
Rental car	16,142	16,742	14,831	14,191	13,128	12,876	12,306	11,967	11,605	12,789
Other	5,711	2,560	1,760	1,157	986	940	1,220	906	728	685
Total	\$ 151,649	\$ 133,814	\$ 115,953	\$ 107,470	\$ 98,698	\$ 98,045	\$ 94,385	\$ 89,620	\$ 87,169	\$ 86,232

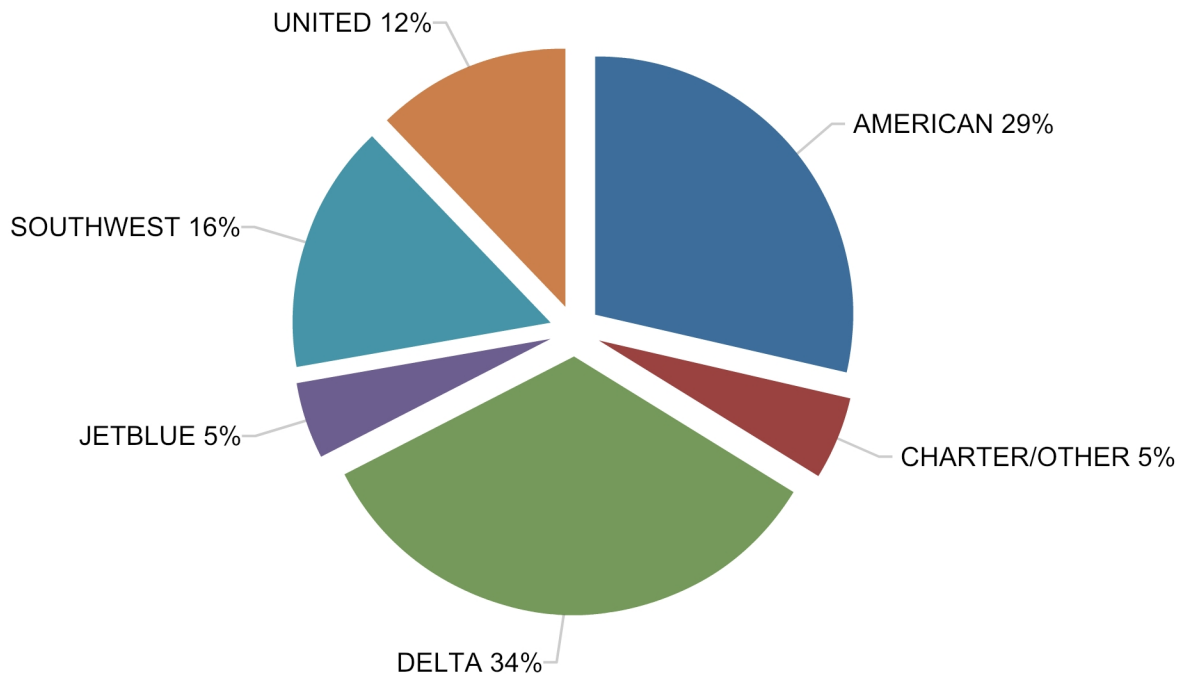
FYE March 31, 2018 Operating Revenue by Source



FYE March 31, 2018 Airline Derived Revenue by Carrier (000s)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Delta	\$ 18,427	\$ 10,932	\$ 10,598	\$ 9,678	\$ 8,580	\$ 7,894	\$ 7,590	\$ 6,999	\$ 6,753	\$ 5,638
American	15,653	11,840	11,152	11,344	11,358	11,495	11,399	10,795	11,360	11,395
Southwest	8,528	6,313	6,278	5,753	4,572	4,659	4,756	4,878	5,175	5,411
United	6,658	4,182	4,822	4,017	3,528	3,988	4,525	3,988	3,959	3,439
Jetblue	2,627	1,750	1,854	1,566	1,098	1,040	1,066	999	812	776
Charter/Other	2,847	879	1,443	846	525	333	555	632	426	475
Total	\$ 54,740	\$ 35,896	\$ 36,147	\$ 33,204	\$ 29,661	\$ 29,409	\$ 29,891	\$ 28,291	\$ 28,485	\$ 27,134

FYE March 31, 2018 Airline Derived Revenue by Carrier



RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT SERVICE SCHEDULE

RDU BONDS ISSUES	FY 2027/2028	FY 2026/2027	FY 2025/2026	FY 2024/2025	FY 2023/2024	FY 2022/2023	FY 2021/2022	FY 2020/2021	FY 2019/2020	FY 2018/2019	FY 2017/2018
2008 C (Non-AMT) - \$72.295 mill Variable rate											
Principal (May Only) PFC Application of Funds	\$ 3,080,000	\$ 2,940,000	\$ 2,805,000	\$ 2,680,000	\$ 2,550,000	\$ 2,440,000	\$ 2,330,000	\$ 2,220,000	\$ 2,120,000	\$ 2,020,000	\$ 1,925,000
Interest (12 Monthly Payments) PFC Application of Funds	1,424,667	1,547,400	1,664,550	1,776,333	1,883,100	1,984,733	2,081,967	2,174,800	2,263,267	2,347,733	600,000
Total	<u>\$ 4,504,667</u>	<u>\$ 4,487,400</u>	<u>\$ 4,469,550</u>	<u>\$ 4,456,333</u>	<u>\$ 4,433,100</u>	<u>\$ 4,424,733</u>	<u>\$ 4,411,967</u>	<u>\$ 4,394,800</u>	<u>\$ 4,383,267</u>	<u>\$ 4,367,733</u>	<u>\$ 2,525,000</u>
2010A (Non-AMT) - \$242.365 mill (4.11%) Fixed Rate											
Principal (May Only)	\$ 10,355,000	\$ 9,900,000	\$ 9,415,000	\$ 8,955,000	\$ 8,520,000	\$ 8,105,000	\$ 7,710,000	\$ 7,330,000	\$ 6,975,000	\$ 6,635,000	\$ 6,310,000
Interest (May)	3,146,756	3,394,256	3,629,631	3,853,506	4,066,506	4,269,131	4,461,881	4,645,131	4,819,506	4,985,381	5,143,131
Interest (November)	2,939,656	3,146,756	3,394,256	3,629,631	3,853,506	4,066,506	4,269,131	4,461,881	4,645,131	4,819,506	4,985,381
Total	<u>\$ 16,441,412</u>	<u>\$ 16,441,012</u>	<u>\$ 16,438,887</u>	<u>\$ 16,438,137</u>	<u>\$ 16,440,012</u>	<u>\$ 16,440,637</u>	<u>\$ 16,441,012</u>	<u>\$ 16,437,012</u>	<u>\$ 16,439,637</u>	<u>\$ 16,439,887</u>	<u>\$ 16,438,512</u>
2010B - (Non-AMT) - \$94.08 mill, (4.11%) Fixed Rate											
Principal (November Only)	\$ 7,775,000	\$ 7,405,000	\$ 7,055,000	\$ 6,715,000	\$ 6,395,000	\$ 6,090,000	\$ 5,805,000	\$ 5,630,000	\$ 5,365,000	\$ 5,110,000	\$ 4,865,000
Interest (May)	194,375	379,500	555,875	723,750	883,625	1,035,875	1,181,000	1,265,450	1,399,575	1,527,325	1,648,950
Interest (November)	194,375	379,500	555,875	723,750	883,625	1,035,875	1,181,000	1,265,450	1,399,575	1,527,325	1,648,950
Total	<u>\$ 8,163,750</u>	<u>\$ 8,164,000</u>	<u>\$ 8,166,750</u>	<u>\$ 8,162,500</u>	<u>\$ 8,162,250</u>	<u>\$ 8,161,750</u>	<u>\$ 8,167,000</u>	<u>\$ 8,160,900</u>	<u>\$ 8,164,150</u>	<u>\$ 8,164,650</u>	<u>\$ 8,162,900</u>
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	n/a
Interest (May)	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550
Interest (November)	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550	851,550
Total	<u>\$ 1,703,100</u>	<u>\$ 1,703,100</u>	<u>\$ 1,703,100</u>	<u>\$ 1,703,100</u>	<u>\$ 1,703,100</u>	<u>\$ 1,703,100</u>	<u>\$ 1,703,100</u>	<u>\$ 1,703,100</u>	<u>\$ 1,703,100</u>	<u>\$ 1,703,100</u>	<u>\$ 1,703,100</u>
2015A (Non-AMT) - \$34.06 mill (3.07%) Fixed Rate											
Principal (May Only)	\$ 3,370,000	\$ 3,205,000	\$ 3,045,000	\$ 2,900,000	\$ 2,755,000	\$ 2,625,000	\$ 2,495,000	\$ 2,375,000	\$ 120,000	n/a	n/a
Interest (May)	354,125	434,250	510,375	582,875	651,750	717,375	779,750	839,125	841,525	841,525	841,525
Interest (November)	269,875	354,125	434,250	510,375	582,875	651,750	717,375	779,750	839,125	841,525	841,525
Total	<u>\$ 3,994,000</u>	<u>\$ 3,993,375</u>	<u>\$ 3,989,625</u>	<u>\$ 3,993,250</u>	<u>\$ 3,989,625</u>	<u>\$ 3,994,125</u>	<u>\$ 3,992,125</u>	<u>\$ 3,993,875</u>	<u>\$ 1,800,650</u>	<u>\$ 1,683,050</u>	<u>\$ 1,683,050</u>
2015B (AMT) - \$48.685 mill (3.00%) Fixed Rate											
Principal (May Only)	\$ 3,405,000	\$ 3,235,000	\$ 3,085,000	\$ 2,930,000	\$ 2,790,000	\$ 2,655,000	\$ 2,520,000	\$ 2,400,000	\$ 4,420,000	\$ 4,675,000	\$ 4,445,000
Interest (May)	253,250	334,125	411,250	484,500	554,250	620,625	683,625	743,625	854,125	971,000	1,082,125
Interest (November)	168,125	253,250	334,125	411,250	484,500	554,250	620,625	683,625	743,625	854,125	971,000
Total	<u>\$ 3,826,375</u>	<u>\$ 3,822,375</u>	<u>\$ 3,830,375</u>	<u>\$ 3,825,750</u>	<u>\$ 3,828,750</u>	<u>\$ 3,829,875</u>	<u>\$ 3,824,250</u>	<u>\$ 3,827,250</u>	<u>\$ 6,017,750</u>	<u>\$ 6,500,125</u>	<u>\$ 6,498,125</u>
2017A (AMT) - \$115.23 mill (3.56%) Fixed Rate											
Principal (May Only) PFC Application of Funds	\$ 5,340,000	\$ 5,075,000	\$ 4,830,000	\$ 4,615,000	\$ 4,415,000	\$ 4,195,000	\$ 4,015,000	\$ 3,840,000	\$ 3,685,000	\$ 4,320,000	\$ 95,000
Interest (May) PFC Application of Funds	1,893,213	2,020,088	2,140,838	2,233,138	2,343,513	2,448,388	2,528,688	2,624,688	2,679,963	2,787,963	728,464
Interest (November) PFC Application of Funds	1,759,712	1,893,213	2,020,088	2,140,838	2,233,138	2,343,513	2,448,387	2,528,687	2,624,688	2,679,963	2,787,963
Total	<u>\$ 8,992,925</u>	<u>\$ 8,988,301</u>	<u>\$ 8,990,926</u>	<u>\$ 8,988,976</u>	<u>\$ 8,991,651</u>	<u>\$ 8,986,901</u>	<u>\$ 8,992,075</u>	<u>\$ 8,993,375</u>	<u>\$ 8,989,651</u>	<u>\$ 9,787,926</u>	<u>\$ 3,611,427</u>
FY Principal Total	\$ 33,325,000	\$ 31,760,000	\$ 30,235,000	\$ 28,795,000	\$ 27,425,000	\$ 26,110,000	\$ 24,875,000	\$ 23,795,000	\$ 22,685,000	\$ 22,760,000	\$ 17,640,000
FY Interest Total	14,301,229	15,839,563	17,354,213	18,773,046	20,123,488	21,431,121	22,656,529	23,715,312	24,813,205	25,886,471	22,982,114
Total Principal and Interest	<u>\$ 47,626,229</u>	<u>\$ 47,599,563</u>	<u>\$ 47,589,213</u>	<u>\$ 47,568,046</u>	<u>\$ 47,548,488</u>	<u>\$ 47,541,121</u>	<u>\$ 47,531,529</u>	<u>\$ 47,510,312</u>	<u>\$ 47,498,205</u>	<u>\$ 48,646,471</u>	<u>\$ 40,622,114</u>
Total Principal Outstanding at end of FY	<u>\$ 315,595,000</u>	<u>\$ 315,595,000</u>	<u>\$ 347,355,000</u>	<u>\$ 377,590,000</u>	<u>\$ 406,385,000</u>	<u>\$ 433,810,000</u>	<u>\$ 459,920,000</u>	<u>\$ 484,795,000</u>	<u>\$ 508,590,000</u>	<u>\$ 531,275,000</u>	<u>\$ 554,035,000</u>
PFC Offsets to Annual Debt Service											22,000,000
DEBT SERVICE P & I NET OF PFC OFFSET	\$ 47,626,229	\$ 47,599,563	\$ 47,589,213	\$ 47,568,046	\$ 47,548,488	\$ 47,541,121	\$ 47,531,529	\$ 47,510,312	\$ 47,498,205	\$ 48,646,471	\$ 18,622,114

Notes:

1. This schedule represents Cashflow Scheduled Debt Service. Accrual Basis interest expense will differ slightly.
2. 2008C interest costs are based on estimated weekly variable rates of 4.0%. The actual average variable rates at March 31, 2018 was 0.9% This interest cost excludes program costs such as liquidity and remarketing fees which total 28.3 basis pts.
3. There are no irrevocable commitments of PFC's beyond FY2015/2016

RALEIGH-DURHAM AIRPORT AUTHORITY
DEBT PROFILE
3/31/2018

Series	Final Maturity	Use of Funds	Original Issue		Call Date	Current Issue	
			Amount	Rate		Amount	Rate
2008C	5/1/2036	Refunded 2008C Variable Bonds to to Non-AMT -T2	\$ 73,680,000	4.72%	Any Time	\$ 60,545,000	1.57%
2010A	5/1/2036	Refunded 2008AB bonds to fixed rate and Terminate Swaps - T2	242,365,000	4.11%	5/1/2020	203,275,000	4.11%
2010B	11/1/2027	Refunded 2001A-Parking Garage Bonds for PV savings	94,080,000	4.11%	5/1/2020	63,345,000	4.11%
2010B-1	11/1/2031	Refunded 2001A-Parking Garage Bonds for PV savings	38,235,000	4.18%	5/1/2020	38,235,000	4.18%
2015A	11/1/2031	Refunded 2005A-Operation Center, G/A Term, 75% of Taxiway D	34,060,000	4.66%	5/1/2025	34,060,000	3.07%
2015B	11/1/2031	Refunded 2005B-Terminal 2 Project, 25% of Taxiway D	48,685,000	4.66%	5/1/2025	39,440,000	3.00%
2017A	5/1/2037	Refunded 2007-Terminal 2 project	115,230,000	4.75%	5/1/2027	115,135,000	3.56%
Total			\$ 646,335,000	4.02%	(1)	\$ 554,035,000	3.37%

Fixed versus Variable Debt

Fixed Rate Debt	89.1%	\$ 493,490,000
Variable Rate Debt (2008C bonds)	10.9%	60,545,000
		<u>\$ 554,035,000</u>
Debt outstanding per enplanement		\$ 93.2

(1) Excludes unamortized debt issue premiums

RALEIGH-DURHAM AIRPORT AUTHORITY
RDU DEMOGRAPHIC INFORMATION
LAST TEN YEARS (\$ in thousands)

Year	Population*	Median Household Income**	Per Capita Income***	Median Age****	Unemployment Rate*****
2008	1,083	\$55.9	\$40.3	34.8	9.7%
2009	1,122	\$55.5	\$38.2	34.7	8.4%
2010	1,152	\$49.4	\$39.1	34.9	8.5%
2011	1,172	\$60.7	\$40.2	34.4	8.6%
2012	1,205	\$60.3	\$41.4	35.1	7.7%
2013	1,230	\$58.9	\$42.5	35.4	6.4%
2014	1,258	\$56.6	\$46.3	35.2	4.9%
2015	1,290	\$59.5	\$46.0	36.1	4.7%
2016	1,318	\$59.8	\$50.4	36.4	3.7%
2017	1,348	Unavailable	Unavailable	36.7	4.0%

Sources:

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

**U.S. Census Bureau, American Fact Finder - American Community Survey

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

****Raleigh-Durham-Chapel Hill, NC CSA - profile data - Census Reporter

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

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

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

	2017			2008		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Duke University & Medical Center	36,004	1	5.03%	30,551	2	5.04%
State of North Carolina	24,083	2	3.37%	39,103	1	6.45%
Wake County Public Schools	18,554	3	2.59%	15,000	3	2.47%
International Business Machines	10,000	4	1.40%	10,800	4	1.78%
N C State University at Raleigh	9,069	5	1.27%	8,000	5	1.32%
WakeMed Health & Hospitals	8,943	6	1.25%	6,893	6	1.14%
Rex Healthcare	5,700	7	0.80%	4,400	9	0.73%
SAS Institute, Inc	5,616	8	0.79%	4,149	10	0.68%
GlaxoSmithKline	4,950	9	0.69%	6,400	7	1.06%
Durham Public Schools	4,600	10	0.64%	5,076	8	0.84%
Lenovo	4,200		0.59%	2,300		0.38%
Total	131,719		18.42%	132,672		21.89%

Source - Wake County 2016 CAFR - Greater Raleigh Chamber of Commerce
Durham County 2016 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>Enplaned Cargo Volume (tons)</u>	<u>Deplaned Cargo Volume (tons)</u>
2018	11,848,878	201,212	41,423	59,113
2017	11,211,410	193,538	34,829	51,333
2016	10,264,233	184,034	38,208	47,240
2015	9,591,249	182,013	37,915	46,045
2014	9,165,624	184,893	36,941	45,944
2013	9,234,825	184,370	35,622	49,713
2012	9,199,631	194,895	36,862	48,446
2011	9,147,426	195,051	44,158	51,658
2010	9,001,247	199,483	46,251	53,021
2009	9,367,703	221,676	49,946	55,687

Source: Raleigh Durham Airport Authority Activity Reports
Aircraft operations represents the total number of take-offs and landings passenger & Cargo

RALEIGH-DURHAM AIRPORT AUTHORITY
ENPLANED PASSENGERS BY AIRLINE
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
DELTA	1,836,956	1,683,455	1,522,158	1,433,435	1,301,608	1,252,801	1,213,745	1,068,655	992,524	1,051,656
SOUTHWEST	1,205,695	1,168,889	1,132,726	1,075,156	881,332	1,001,494	980,621	1,018,029	1,012,673	1,006,841
AMERICAN	1,553,847	1,509,127	1,443,316	761,538	822,556	792,398	796,502	835,120	977,895	1,034,070
USAIR	—	—	—	735,199	665,133	702,779	740,900	652,031	623,142	685,798
UNITED AIRLINES	749,557	708,999	595,913	479,055	461,097	364,127	248,920	330,210	289,275	247,776
JETBLUE	270,297	256,777	253,654	239,660	225,960	227,676	234,131	210,642	152,583	141,066
CONTINENTAL	—	—	—	—	—	139,311	243,467	295,864	306,178	311,410
AIRTRAN	—	—	—	—	179,787	119,079	115,128	117,280	130,365	147,364
CHARTER/OTHER	328,242	286,375	203,734	81,060	59,425	33,619	38,071	46,946	33,687	58,717
TOTAL	<u>5,944,594</u>	<u>5,613,622</u>	<u>5,151,501</u>	<u>4,805,103</u>	<u>4,596,898</u>	<u>4,633,284</u>	<u>4,611,485</u>	<u>4,574,777</u>	<u>4,518,322</u>	<u>4,684,698</u>

Source: Raleigh Durham Airport Authority Activity Reports

**RALEIGH-DURHAM AIRPORT AUTHORITY
ENPLANED PASSENGERS BY MONTH
LAST TEN FISCAL YEARS**

	Avg %	Monthly Avg	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
April	8.3%	409,293	487,023	447,366	408,738	401,769	384,101	394,240	385,934	378,833	386,257	418,666
May	9.0%	440,865	519,125	514,217	449,653	436,051	417,581	411,004	415,626	400,240	395,931	449,221
June	9.3%	455,474	545,573	518,973	464,691	450,658	426,151	428,277	422,735	421,754	413,735	462,195
July	9.2%	452,650	532,289	508,317	476,967	444,405	410,540	414,839	427,336	427,675	429,806	454,330
August	8.7%	428,515	518,712	481,903	440,297	422,424	396,153	411,880	391,839	399,923	399,927	422,091
September	7.9%	388,150	463,363	457,284	404,968	384,148	359,375	369,095	369,392	365,295	354,093	354,490
October	8.9%	436,330	530,014	493,170	457,164	431,658	406,059	406,522	412,907	411,232	403,843	410,727
November	8.4%	410,853	517,244	480,508	431,732	390,220	374,721	392,065	389,412	393,364	374,480	364,782
December	8.6%	422,003	507,048	481,271	461,445	415,732	414,239	383,896	383,279	391,540	386,585	394,997
January	6.8%	335,008	405,358	385,261	351,758	328,348	317,903	323,135	314,555	312,767	309,391	301,606
February	6.6%	324,926	405,430	374,588	358,049	302,921	293,120	311,865	313,715	299,202	291,670	298,697
March	8.3%	409,362	513,415	470,764	446,039	396,769	396,955	386,466	384,755	372,952	372,604	352,896
TOTAL		<u>4,913,429</u>	<u>5,944,594</u>	<u>5,613,622</u>	<u>5,151,501</u>	<u>4,805,103</u>	<u>4,596,898</u>	<u>4,633,284</u>	<u>4,611,485</u>	<u>4,574,777</u>	<u>4,518,322</u>	<u>4,684,698</u>
Increase (Decrease) over Prior Period			5.9%	9.0%	7.2%	4.5%	(0.8)%	0.5%	0.8%	1.2%	(3.6)%	(7.6)%

Source: Raleigh Durham Airport Authority Activity Reports

RALEIGH-DURHAM AIRPORT AUTHORITY
LANDED WEIGHTS BY AIRLINE (in 000's)
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Airlines</u>										
AIRTRAN	—	—	—	91,000	215,944	138,728	145,040	138,872	151,096	180,448
ALASKA	61,949	64,382	27,394	—	—	—	—	—	—	—
ALLEGIANT	59,609	45,527	37,743	—	—	—	—	—	—	—
AMERICAN	1,806,244	1,775,281	1,569,356	889,370	986,671	919,159	945,196	1,015,421	1,199,346	1,379,141
CONTINENTAL	—	—	—	—	—	162,018	270,259	325,661	340,284	373,258
DELTA	2,151,220	2,057,116	1,808,812	1,776,474	1,641,586	1,503,387	1,453,247	1,281,755	1,161,040	1,003,810
FRONTIER	137,204	141,610	105,682	50,447	28,369	—	21,676	44,847	—	—
JAZZ/AIR GEORGIAN	54,896	49,068	47,047	44,979	46,540	50,752	60,364	53,752	45,646	53,016
JETBLUE	307,300	284,781	285,029	264,781	266,987	256,643	269,025	249,735	190,769	191,153
SOUTHWEST	1,323,912	1,285,108	1,283,654	1,168,858	1,058,200	1,239,454	1,226,814	1,205,886	1,237,984	1,347,980
UNITED AIRLINES	866,777	809,007	646,950	507,034	517,665	396,819	516,571	484,410	473,477	338,950
USAIR	—	—	—	874,493	797,467	818,146	752,766	716,733	658,321	1,089,779
CHARTER/OTHER	29,345	6,704	7,465	13,315	11,814	17,455	24,926	16,968	17,940	18,950
<u>Cargo</u>										
UPS	178,221	157,182	144,829	142,946	137,312	132,418	133,430	134,901	131,024	134,318
FEDERAL EXPRESS	319,470	299,700	294,116	290,774	269,512	251,156	244,371	250,699	239,170	237,094
OTHERS	8,125	7,938	8,118	8,797	8,202	8,287	33,463	75,259	79,123	118,319
TOTAL	<u>7,304,272</u>	<u>6,983,404</u>	<u>6,266,195</u>	<u>6,123,268</u>	<u>5,986,269</u>	<u>5,894,422</u>	<u>6,097,148</u>	<u>5,994,899</u>	<u>5,925,220</u>	<u>6,466,216</u>

Source: Raleigh-Durham Airport Authority Finance Department

Raleigh-Durham Airport Authority
Capital Assets and Other Airport Information

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

RDU serves 11.9 million passengers on 10 airlines and serves 47 international and domestic nonstop destinations with an average of 192 daily flights. In the fiscal year 2018 97% of all passengers at the airport enplaned on domestic flights and 3% enplaned on international flights.

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

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

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

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

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

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

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

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

Parking Spaces: The airports total parking capacity is approximately 19,060 vehicles.

4 - Parking Garages	11,270 spaces approximately
4 - Park & Ride Parking Lots	7,560 spaces approximately
General Aviation Parking Lot	230 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>
2018	\$ 277,400	\$ 4,894,950	5,172,350
2017	305,979	2,725,237	3,031,216
2016	203,019	1,743,993	1,947,012
2015	453,513	2,393,509	2,847,022
2014	325,375	10,566,576	10,891,951
2013	389,704	5,286,908	5,676,612
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	<u>688,069</u>	<u>5,627,385</u>	<u>6,315,454</u>
Total	<u>\$ 4,309,260</u>	<u>\$ 51,921,072</u>	<u>\$ 56,230,332</u>

Source: Schedule of Expenditures of Federal Awards

RALEIGH-DURHAM AIRPORT AUTHORITY
EMPLOYEE HEADCOUNT
LAST TEN FISCAL YEARS

<u>Fiscal Year Ending</u>	<u>Number of employees</u>
2018	318
2017	288
2016	286
2015	272
2014	273
2013	270
2012	273
2011	271
2010	271
2009	273

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



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