

CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT

ANNUAL REPORT

JUNE 30, 2014





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CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT

AVIATION DEPARTMENT OF THE CITY OF CHARLOTTE, NORTH CAROLINA

ANNUAL REPORT June 30, 2014

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Ron Kimble, Deputy City Manager
Randy Harrington, Chief Financial Officer

AVIATION DEPARTMENT

Brent Cagle, Interim Aviation Director
Mike Hill, Assistant Aviation Director-Finance



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MESSAGE FROM THE **INTERIM AVIATION DIRECTOR**
AND THE **CITY OF CHARLOTTE - CHIEF FINANCIAL OFFICER**



Brent Cagle | Interim
Aviation Director



Randy Harrington | City of Charlotte
Chief Financial Officer



May 14, 2015

We are pleased and excited to present Charlotte Douglas International Airport's (the Airport or CLT) inaugural Annual Financial Report. Aviation management and the City of Charlotte work collaboratively to provide a safe, operationally-efficient, financially-stable, and pleasant airport for our business partners and passengers. The Airport is the economic jewel of the region and serves as American Airlines' second-largest hub.

Fiscal Year 2014 was another strong year operationally. The number of enplaned passengers grew for the eleventh (11) consecutive fiscal year, reaching approximately 22 million. The Charlotte-Concord-Gastonia MSA population of 2.3 million and strong business community support FY 2014's 3.1% growth in Origination and Destination (O&D) passengers. The O&D passenger segment remains stable at 25% of the traffic profile - 5.4 million enplanements in FY 2014. Post-merger, American Airlines (91.8% overall market share) continues to expand service to new domestic cities. Overall, CLT provides direct service to 151 destinations throughout North America, Europe, Central America and the Caribbean.

The Airport and City management are focused on improving the customer experience, including efficient airport access, additional parking, consolidated rental car operations and enhanced terminal facilities to serve our passengers. Multiple capital projects are nearing completion, all geared towards improving passenger throughput and safety. We are just getting started! The next decade will be exciting, as airport service enhancements and regional intermodal opportunities unfold.

We are determined to maintain strong financial performance while providing top quality airport operations and reinvesting in CLT. Utilizing a hybrid airline rate-setting methodology enables management to generate funds, which provides

additional bondholder protection and options for future pay-go capital development. The Airport continues to maintain one of the industry's highest Days Cash on Hand figures at 1,410 days in FY 2014. The financial results detailed later in this report reflect FY 2014 operating revenue growth of 3.7% and operating expense growth of 14.7% over FY 2013. Operating expenses continue to increase faster than revenues, both because of management's focus on resolving deferred maintenance issues and incremental expenses associated with new facilities opening. Net Revenues Available for Debt Service resulted in exemplary Debt Service Coverage of 3.50x. Equally strong in FY 2014 is the continued very low cost per enplaned passenger of \$1.16. This exceptionally-low cost structure increases airline hub desirability and illustrates capacity for future capital development-related growth while still remaining competitive.

We hope you find this report to be informative. Please review it in its entirety, including the narrative introduction, Management's Discussion and Analysis (MD&A) accompanying the Financial Statements, the Financial Statements, Notes & Schedules, and the Supplementary Section.

The keystone to our management philosophy is sound financial stewardship, as evidenced by FY 2014's financial results and production of this report. We appreciate all the team members who work tirelessly providing excellent airport operations, including those who assisted in the preparation of this inaugural report.

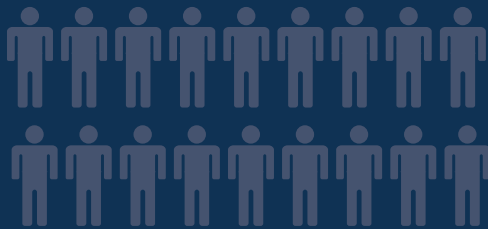
Respectfully submitted,

Brent Cagle
Interim Aviation Director

Randy Harrington
City of Charlotte
Chief Financial Officer

CHARLOTTE DOUGLAS

BY THE NUMBERS



CLT
IS RANKED
8 | **23**
NATIONWIDE | WORLDWIDE
PASSENGER
TRAFFIC

43.5
MILLION
2013 | **44.3**
MILLION
2014
TOTAL PASSENGERS A YEAR



US Airways and American Airlines merge to become the world's largest airline and CLT is its 2nd largest hub.

CLT PROVIDES NONSTOP
SERVICE TO
151
DESTINATIONS.

700
DEPARTURES
(EACH DAY)



CLT
IS RANKED
6 | **7**
NATIONWIDE | WORLDWIDE
AMONG
DEPARTURES

NUMBER OF AIR CARRIERS

4 LEGACY

3 LOW-FARE

3 FOREIGN FLAG

15 REGIONAL
AIRLINES



CHARLOTTE DOUGLAS
HAS A
\$12 BILLION



It is estimated that 100,000 jobs throughout the region are indirectly related to Charlotte Douglas.

IMPACT ON THE
LOCAL ECONOMY.



INTRODUCTORY SECTION

A Premier Airport

Charlotte Douglas International Airport is a premier air facility connecting the Carolinas to the World.

Charlotte Douglas is the largest economic engine in the region and one of the largest in North Carolina and South Carolina. It is the second largest hub to American Airlines, the world's largest airline.

Today, CLT averages more than 700 departures each day and is ranked eighth nationwide and 23rd worldwide in passenger traffic, according to Airports Council International's (ACI) latest rankings.

The Aviation Department strives to meet the goals of a premier airport. This year, those goals and accomplishments were reached. The merger of two major airlines has brought exciting opportunities for Charlotte Douglas and its customers with additional air service and continued passenger growth. Our low competitive operating costs continue to attract new airlines to Charlotte, including Frontier Airlines, which offers our customers more choices in air travel.

The landscape of Charlotte Douglas International Airport has changed. Portions of a new entrance road's realignment and new Hourly Deck opened, completing the CLT 2015 development plan. Groundwork has been laid for the future expansion of the terminal building.

Norfolk Southern opened its new Charlotte Regional Intermodal Facility at CLT. The facility brings all four modes of transportation together – air, rail, truck and sea (with access to ports of Savannah,

Charleston and Jacksonville) and opens the door for a global transportation hub.

New customer amenities were added, including infrastructure improvements to technology, cellular and internet services. Multiple charging stations were added and new concessions opened. A new in-line baggage handling system is being installed and will greatly improve baggage handling processes for our airline partners.

Charlotte Douglas International Airport's bond ratings remain among the highest. Strong financial performance and capable management were cited as the primary reasons for the high ratings. Moody's Investors Service affirmed the Airport's General Airport Revenue Bond (GARBs) rating of 'Aa3,' Stable Outlook. Standard & Poor's and Fitch Ratings, affirmed their A+/A+ GARB ratings, with Stable Outlooks, as well. All three of the above listed Rating Agencies also rate the Taxable Airport Special Facilities Revenue Bonds (Consolidated Car Rental Facilities Project); Moody's affirmed the 'A3,' Standard & Poor's the 'A-', and Fitch 'A-', with Stable Outlooks.

Charlotte Douglas International Airport continues to have one of the lowest airline cost per enplaned passenger in the industry at \$1.16, a growing passenger base of 22 million enplaned passengers in 2014 and a demand-driven capital improvement plan.



US AIRWAYS AND AMERICAN MERGE TO BECOME THE WORLD'S LARGEST AIRLINE.

US AIRWAYS AND AMERICAN MERGE

US Airways and American Airlines merged in December 2013 to create the world's largest airline.

The merged airline offers more than 6,700 daily flights to 336 destinations in 56 countries from CLT. CLT has proven to be a good fit for American Airlines and is its second largest hub.

For CLT passengers, the merger offers access to more destinations around the globe.

The Aviation Department continues to work closely with American as they continue to combine their operations.

**CLT IS HOME TO FOUR LEGACY,
THREE LOW-FARE, THREE FOREIGN FLAG
AND 15 REGIONAL AIRLINES.**

CLT WELCOMES NEW AIRLINE AND DESTINATIONS

Frontier Airlines launched nonstop service from Charlotte Douglas to Trenton-Mercer Airport (TTN) in Ewing, NJ in 2014. Frontier is the only airline at CLT providing scheduled service to Trenton-Mercer Airport. Flights operate on a 138-seat Airbus 319.

US Airways began new international nonstop seasonal service from CLT to Barcelona, Spain (BCN); Lisbon, Portugal (LIS) and Manchester, England (MAN) on May 22, 2014.

Nonstop seasonal service to Brussels, Belgium (BRU) debuted on June 5, 2014 from CLT.

The new flights bring the number of international destinations US Airways serves from CLT to 38—ten cities in Europe and 28 in Canada, Mexico, Latin America, South America and the Caribbean. US Airways now serves 145 airports in 28 countries from CLT.

STRONG FINANCIAL PERFORMANCE

The Airport's strong financial performance and capable management were cited as the primary reasons for the high ratings. Moody's Investors Service affirmed the Airport's General Airport Revenue Bond (GARBS) rating of 'Aa3,' Stable Outlook. Standard & Poor's and Fitch Ratings, affirmed their A+/A+ GARB ratings, with Stable Outlooks, as well. All three of the above listed Rating Agencies also rate the Taxable Airport Special Facilities Revenue Bonds (Consolidated Car Rental Facilities Project); Moody's affirmed the 'A3,' Standard & Poor's the 'A-', and Fitch 'A-', with Stable Outlooks.

These organizations attributed the ratings to the Airport's continued strong financial structure and management style and the Airport's maintenance of financial operations through a national economic recession, growing enplanement levels and the strength of the local demand for air travel.

Among Charlotte Douglas International Airport's strengths, Moody's listed FY2013's airline cost per enplaned passenger as one of the lowest in the industry in spite of the size of operations; a demand-driven capital improvement plan that keeps down costs to airlines and a solid track record of growth in both total and originating and departing enplanements.

BUILDING FOR DEMAND- CLT 2015

Building to keep up with demand is ongoing at Charlotte Douglas International Airport as one of the fastest growing airports in the country.

Charlotte Douglas is approaching completion of a \$1 billion facility expansion known as CLT 2015.

It includes two new decks, expansion of the terminal and new entry and exit lanes. The results have been a changing landscape at CLT during a period of extraordinary growth.



HOURLY DECK AND RENTAL CAR FACILITY

\$120 MILLION

3.2 MILLION SQ. FT.

COVERS 12 ACRES

HOURLY DECK AND RENTAL CAR FACILITY

CLT's new Hourly Deck will open in two phases, the first in 2014, providing 4,000 spaces on the top four levels for public parking. The \$120 million deck includes seven levels and 7,000 spaces. The deck's bottom three levels include a rental car facility with 3,000 rental car spaces. It is scheduled to open in April 2015. The deck totals 3.2 million square feet covering 12 acres.



The new Hourly Deck will open in two phases, the first in 2014, the second phase in April 2015.

BUILDING FOR DEMAND- CLT 2015



TERMINAL WESTSIDE EXPANSION AND IN-LINE BAGGAGE SYSTEM

The \$10.5 million expansion will connect Checkpoint A to Concourse B and includes a restaurant and office space. It will open in spring 2015.

The Terminal Westside Expansion encompasses a section of CLT's inline baggage system. It is being built in phases from west to east and **will contain 2.5 miles of conveyor**. The current baggage system contains 1.5 miles of conveyor and is manually intensive.

The new baggage system will improve security screening technology and automate the baggage handling process to ensure luggage is delivered quickly and accurately. It is scheduled to be completed by the end of 2015.

NEW ENTRANCE ROAD

Josh Birmingham Parkway, the main entranceway to Charlotte Douglas International Airport has been realigned, creating a new route that offers direct access to CLT's terminal. Inbound lanes for the Josh Birmingham Parkway realignment opened in April 2014.

Approximately 50 energy efficient LED street lights have been installed along the new entrance road as part of the Aviation Department's commitment to sustainability.

White light emitted from LEDs offers better visibility, uses less energy and reduces costs. The new light fixtures are approximately 140-watts compared to the traditional 400-watt HPS lights for an annual cost savings of approximately \$211,000.

As part of the Josh Birmingham Parkway realignment project, new exit lanes will open in spring 2015. The realignment project has laid the ground work for the expansion of CLT's curbside roadway from four lanes to eight. Completion is scheduled for the end of 2017.



BUSINESS VALET DECK II

CLT's Business Valet Deck II will open in Spring 2015 to meet the high demand for valet parking. The \$50 million structure is located beside the existing Business Valet Deck on Wilkinson Boulevard. It contains five levels and 3,200 parking spaces.



INTERMODAL FACILITY OPENS

Norfolk Southern Corporation transitioned operations from its 40-acre facility on North Brevard Street near uptown Charlotte to its new 200-acre terminal on CLT's airfield in December 2013.

The new Norfolk Southern Charlotte Regional Intermodal Facility brings all four modes of transportation together - air, rail, truck and sea (with access ports to Savannah, Charleston and Jacksonville).

IT IS EXPECTED TO GENERATE \$7.6 BILLION IN REGIONAL ECONOMIC DEVELOPMENT AND CREATE THOUSANDS OF JOBS OVER THE NEXT 20 YEARS.

The facility transfers containers between trucks and trains and is capable of 200,000 lifts per year. It is located adjacent to the Airport's westerly parallel runway.

Construction of the \$92 million facility was funded by Norfolk Southern with the assistance of \$15.7 million in federal funds and some financial support from the State of North Carolina.



The new Norfolk Southern Charlotte Regional Intermodal Facility brings all four modes of transportation together - air, rail, truck and sea.



TERMINAL

The Aviation Department is embarking on \$32 million of terminal renovations. Ceiling and floor tiles are being replaced. Lighting, mechanical and electrical upgrades are also in the works. This is the biggest renovation project in the terminal's 32-year history.



THE AVIATION DEPARTMENT OPERATES AS AN ENTERPRISE FUND AND DOES NOT USE LOCAL TAX MONEY.

BUILDING FOR THE FUTURE

Charlotte Douglas International Airport continues to thrive. 2014 was another record breaking year in passenger growth. More than 44 million passengers were served at CLT, a 2 percent increase over the previous year and more than 1 million more passengers. CLT's forecast demand continues to show an increase in enplanements, domestic O&D and international growth. Total operations annual growth rate forecast is 2.6 percent.

This continued and sustained growth means CLT is at or near capacity. In November of 2013, the Aviation Department embarked on two key studies; an airfield capacity enhancement study and terminal capacity enhancement study. These studies will look at possible and potential passenger growth forecasts and together form a master plan for future development. This plan will define the future and long term airfield and terminal development and help craft CLT's construction and development through 2035.

The future master plan will ensure the facilities and airfield will meet future growth and construction. The plan will continue to reflect Charlotte Douglas International Airport's mission. Development and construction will be demand driven. We will build what we need, when it is needed. We will remain cost competitive and financially sustainable – no general tax dollars will be used. The Aviation Department will work closely with our airline partners and others

to develop this plan. We will quantify benefits and costs of additional development and define the phases of development.

STRATEGIC PLAN UPDATE

Charlotte Douglas International Airport officials are also planning the next phase of an economic development plan that has been more than 15 years in the making. In the interest of insuring compatible development in the Airport environment, the Aviation Department has been assembling the key components necessary to create an economically viable development area that should provide a significant boost to the local economy and change the landscape of Charlotte Douglas International Airport.

This significant undertaking will take years to develop, but will produce big results once completed. The global initiative has the potential to attract businesses such as manufacturing, warehousing, transportation, trucking, distribution, research, development and data to the available 6,000 acres of land that surrounds the Airport. This land borders CLT and contains a number of major highways and the Norfolk Southern Intermodal Railyard.

Another key component to future development is the expansion of the Federal Trade Zone (FTZ) to include Airport property. This will adjust existing FTZ boundaries to incorporate the new intermodal facility and adjacent areas, creating a tax relief business zone.

ORGANIZATION & MANAGEMENT

A Skilled Team

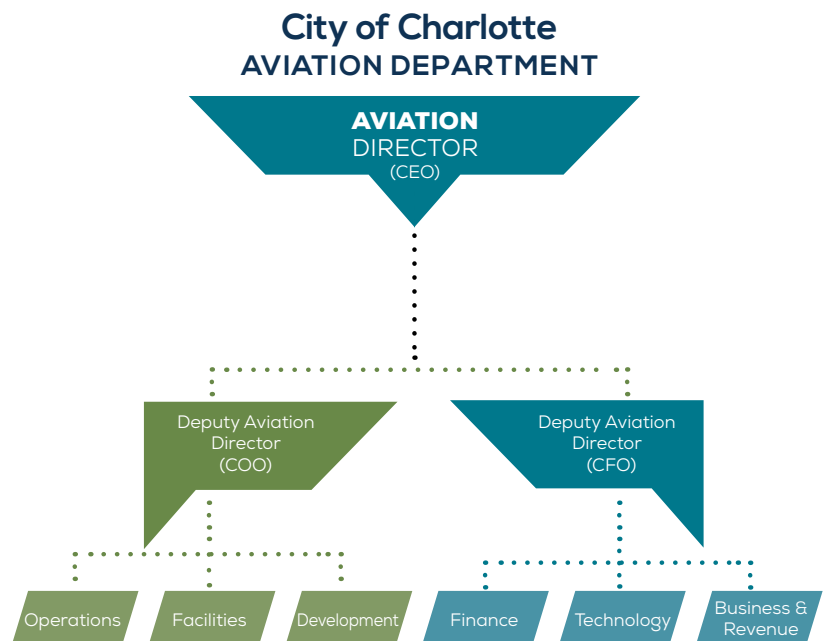
©Raymond Kaskey

Charlotte Douglas International Airport is owned and operated by the City of Charlotte.



L-R: Leila Lahbabi, Jerry Schwinghammer, Mark Wiebke, Jack Christine, Mike Hill, Brent Cagle, Jeff McSwain, Herbert Judon, Haley Gentry

The Aviation Department operates as an enterprise fund. Charlotte Douglas International Airport is a self-supporting business and does not use local tax money to pay employee salaries or operating costs. Funds come from revenue generated including: parking, concessions, landing fees, rental cars, advertising, cargo, Fixed Base Operator and airline rentals.



CHARLOTTE ECONOMY

A Great City

With a population of more than 2.3 million, metropolitan Charlotte offers all of the advantages and amenities of a major urban area.

People like to live in Charlotte. Our experience with relocating companies demonstrates repeatedly that they are successful in recruiting highly talented individuals from all regions of the U.S. and abroad. Charlotte has one of the highest in-migration rates in the nation. Once they are here, most transferees do not want to leave, and here are just a few of the reasons why:

With a population of more than 2.3 million, metropolitan Charlotte offers all of the advantages and amenities of a major urban area.

Charlotte's composite cost of living, at 94.3 percent of the national average, is lower than all but five other major metro U.S. cities. A key component of that figure is housing, which in Charlotte is 83.5 percent of the national average. Housing costs are low, primarily because Charlotte's construction costs are 80.8 percent of the national average.

Charlotte and Mecklenburg County offer a comparatively uncomplicated system of taxation. Because the city and county jointly operate one tax department, taxpayers are only subject to

one payment. Charlotte has the 17th lowest residential property tax rates compared to the largest city in each state.

Charlotte is strategically located in the U.S. and is only a two-hour plane ride from 60 percent of the U.S. population. The highest mountains in eastern North America are a short 2-hour drive away, while some of the best Atlantic coast beaches can be reached by car in only 3 to 3.5 hours.

Charlotte Douglas International Airport provides superior air service with nonstop daily service to 151 destinations, including international service to Dublin, Frankfurt, Munich, Paris, London, Montreal, Toronto, Mexico City, Rome, Rio de Janeiro, Madrid and many Caribbean cities.

For relocating spouses and partners, job opportunities in Charlotte are greater than in most other U.S. cities. Charlotte boasts 270 Fortune 500 operations, more than 1,300 companies that regionally employ 100 or more, and five Fortune 500 headquarters. During 2013, 1,138 different companies in Mecklenburg County alone announced the creation of 11,530 new jobs.

It is no surprise that from 2009-2012, Charlotte experienced the 10th highest net in-migration of millennials in the nation.

Charlotte's economy is also highly diversified. No single industry sector, including financial services, has a dominant share of the employment market. All major industry groupings are represented. While Charlotte is not immune from swings in the economy, this diverse mix provides greater stability than what is found in many other urban markets.

Charlotte also offers a highly developed and sophisticated international business environment.

There are currently more than 950 foreign-owned companies in the metro area, and their presence spawns a large number of international business and cultural organizations. Expatriates will find many of their countrymen in Charlotte and a valuable support network their presence creates.

Charlotte is firmly established as one of the country's most recognized and respected regional health care centers. Cutting-edge facilities offer top-notch care, and a very wide network of senior living facilities supports relocating professionals with family members in need of such services.

Charlotte offers a nationally acclaimed level of higher education. The 50 colleges and universities within the area serve more than 240,000 students. Annual in-state tuition starts at \$4,629 per year in the highly regarded North Carolina state university system. Residency status requires that individuals live in the state at least one year.

Charlotte-Mecklenburg Schools (CMS), the public school system serving Mecklenburg County, continually ranks as one of the best urban systems in the country. In 2011, CMS won the Broad Prize, which is presented annually to four school districts nationally for elevating achievement levels. Sixty-four CMS schools were recently named honor schools of excellence or distinction by the state of North Carolina.

Charlotte neighborhoods and residences have distinct personalities and offer diverse housing options. At any given time, more than 20,000 homes are available to choose from.

Charlotte's thriving arts community enhances an already rich and stimulating quality of life. Symphony, dance, theater, opera, art museums and a wide range of other venues are supported by the Arts & Science Council, which conducts one of the highest per capita annual campaigns of its type in the country. A large number of arts venues are located downtown within walking distance of each other and the LYNX Blue Line light rail.

If sports are your pleasure, Charlotte has it all: NFL, NBA, NASCAR, PGA, MLL, AAA baseball and an NHL/AHL affiliate, not to mention collegiate sports.

Outdoor recreation opportunities abound in Charlotte: canoeing and kayaking at the U.S. National Whitewater Center; boating and fishing on Lakes Norman, Mountain Island and Wylie; golfing on courses that are accessible from all residential and business areas; skiing in the Appalachian mountains; and camping, horseback riding, hiking and more.

Nothing could be finer than Charlotte's North Carolina weather.

Four distinct seasons with balanced summers and winters prevail. Extreme conditions are rare, allowing year-round use of the city's 17,600 acres of parks, 37 miles of greenways and more than 30 public and private golf courses. More courses are available in outlying counties. Only half of winter days fall below the freezing point, and sub-zero temperatures have been recorded in Charlotte only five times since 1878. Spring and fall seasons are protracted and extremely pleasant, and weather rarely interrupts outdoor activities.

People like to live in Charlotte. Low cost of living, diversified economy, great climate and strategic position are a few amenities.

Article contributed by
Charlotte Chamber



Charlotte-Douglas[®]

INTERNATIONAL AIRPORT





An Economic Asset

Charlotte Douglas has a \$12 billion impact on the local economy.

CLT SERVES AS ECONOMIC ASSET TO CHARLOTTE

Charlotte Douglas International Airport has a \$12 billion impact on the local economy and employs 20,000 workers within the perimeter fence. It's estimated that 100,000 jobs throughout the region are related to Charlotte Douglas. This figure includes occupations in transportation, hospitality and tourism.

As Charlotte continues to welcome new companies to the region, CLT is proving much more than a transportation hub. It's also a vital asset for attracting new businesses.

"Virtually every company that we work with makes specific mention of the Charlotte Airport as one of the main reasons for relocating to Charlotte."

– Bob Morgan,
Charlotte Chamber President
and CEO

"For businesses, time is money," Morgan added. "Companies need to be able to get to markets, vendors and their partners. They can do so from Charlotte. With the US Airways/American merger they are virtually one stop from anywhere in the globe."

Sealed Air, a Fortune 500 company known for producing Bubble Wrap, announced in July it was relocating its headquarters from Elmwood Park, New Jersey to Charlotte. The move will bring 1,262 jobs to the area. With operations in more than 150 countries, the company needed an international airport with access to flights around the world, said Ken Aurichio, executive director of Sealed Air corporate communications. "Our leaders spend a lot of time on the road and access to a convenient and modern airport that can meet our global travel needs was an important consideration in our decision to move our global headquarters to Charlotte," Aurichio said.

Schleich, famous for its toy figurines, relocated its North American headquarters last year from Ottawa in Ontario, Canada, to Charlotte. The company is headquartered in Schwäbisch Gmünd, Germany. A major factor in its relocation decision was the international travel needs of its employees, said Rebekah Mlinek of Schleich. "Because we are an international company, some form of travel is often part of the job," she said. "We have several employees that travel to various locations within the US. We also have colleagues and executives who travel internationally to and from our headquarters in Germany. Having nonstop flights makes traveling often a little more convenient and time efficient – especially when there are families and lives to get home to."

Ronnie Bryant, President and CEO of Charlotte Regional Partnership, said "the Airport's level of air service allows the Charlotte region to remain competitive in today's global economy. For a community this size, typically we have more direct flights per capita than any other airport in the world," Bryant added. "I like to say the Airport gives Charlotte an opportunity to play above the rim. We play like a much bigger city and it puts us in competitive searches that really pits us against other great cities and great airports. The short version is CLT is one of the, if not the most important economic development assets that we have."



CLT OVERSAW **554,178**
AIRCRAFT MOVEMENTS IN 2014.

EMPLOYS **20,000** WORKERS
(WITHIN THE PERIMETER FENCE)

ESTIMATED **100,000** JOBS
THROUGHOUT THE REGION ARE INDIRECTLY
RELATED TO CHARLOTTE DOUGLAS



ORIGINALLY, 2 CONCOURSES
AND 25 GATES, THE TERMINAL
HAS GROWN TO **5** CONCOURSES,
96 GATES AND **1.8 MILLION**
SQUARE FEET.



Facilities and Complex

CLT has one terminal, five concourses, 96 gates and 1.8 million square feet.

Charlotte Douglas International Airport experienced the largest passenger growth among the top ten airports in the country, according to 2014 rankings by Airports Council International. CLT welcomed 44.3 million travelers. It was a 2.0 percent jump from 43.5 million passengers in 2013.

CLT has three parallel runways and one crosswind runway. Runways 18C/36C (north/south): 10,000 ft., 18R/36L (north/south): 9,000 ft., 18L/36R (north/south): 8,676 ft. and 5/23 (crosswind): 7,500 ft. Runway 5/23 has limited daytime operations and is primarily used for noise abatement.

Charlotte Douglas International Airport is also home to Wilson Air Center-Charlotte, the fixed base operator or FBO, which provides more than 50 acres of facilities including an executive terminal and aircraft storage. Ranked among the top 10 corporate support facilities in the nation by Pro Pilot magazine, Wilson offers ground support services, such as fueling, catering, freight handling and airline charter services for all of our corporate and private flights.

The North Carolina Army Guard and North Carolina Air National Guard have active facilities on Airport property as well. Norfolk Southern Corporation's new Charlotte Regional Intermodal Facility is also located on the south side of the Airport.

The Aviation Department is currently conducting an airfield and terminal capacity study, which includes a review of building a new fourth parallel runway.



A man and a woman are walking towards the camera in what appears to be an airport terminal. The woman, on the left, has curly brown hair and is wearing a light-colored button-down shirt over a black skirt, carrying a black shoulder bag and pulling a black rolling suitcase. The man, on the right, has short dark hair and is wearing a light green V-neck t-shirt and white pleated trousers, pulling a black rolling suitcase. They are walking on a polished, reflective floor. In the background, other travelers are blurred, and trees are visible through large windows. The image is framed by a dark blue and purple geometric design at the top and a teal geometric design at the bottom left.

**CLT WELCOMED MORE THAN
44 MILLION TRAVELERS
IN 2014.**

SOUTHWEST

PASSENGER EXPERIENCE



High Marks

CLT passengers consistently give Charlotte Douglas International Airport high marks.

CLT passengers continue to rate CLT high when it comes to their overall travel experience.

Results show that passengers are pleased with the check-in experience, courtesy, helpfulness of staff and cleanliness of terminal facilities. Passengers were also impressed by the service at the security checkpoints and concessions.

CUSTOMER SERVICE ENHANCEMENTS

Many new customer service enhancements were unveiled at CLT.

Twenty-four automated passport control kiosks were installed in Customs and Border Protection (CBP), which have dramatically expedited the processing time for US and Canadian citizens when reentering the country. The kiosks cut passenger clearance times in half. The kiosks will assist in fewer missed connections and a better overall travel experience for passengers.

24

NEWLY ADDED
AUTOMATED
PASSPORT
CONTROL
KIOSKS



In Customs and Border Protection (CBP), they dramatically expedite the processing time.





TSA PreCheck also launched at CLT.

Passengers who are approved can participate in the expedited screening program. The initiative enables TSA agents to focus less on travelers considered low risk security threats.

Eighteen charging stations were added to the terminal. Each station has eight outlets and 16 USB connections for passengers to charge their electronic devices. Charging stations have been a highly requested customer amenity among passengers. There are 27 charging stations throughout the terminal.

The Aviation Department and the Charlotte Area Transit System (CATS) teamed up to offer an alternative transportation option. A new express bus service, Airport Connector, launched two routes to CLT, including one along the LYNX Blue Line, the City of Charlotte's light rail service.

New advertising and wireless partnerships were launched. Titan Advertising was selected to manage CLT's on-property advertising program. Titan committed a capital investment of \$1.5 million in upgrades on new static and digital displays, which will allow CLT to generate additional revenues.

A new concession agreement was entered into with Advanced Wireless Group, LLC for management of the Airport's WiFi advertising program.



INVESTED \$1.5 MILLION IN UPGRADES ON NEW STATIC AND DIGITAL DISPLAYS, WHICH WILL ALLOW CLT TO GENERATE ADDITIONAL REVENUES.

Outreach and Outcomes

Community involvement has been part of the Aviation Department's history for many years.

GETTING INVOLVED

The Aviation Department reaches out to neighbors through its Neighborhood Task Force (NTF). Formed in 1989, in an effort to link directly with surrounding communities, the NTF consists of residents living in neighborhoods closest to the Airport's runways. The 16-member group meets four times a year in an effort to keep nearby residents informed about Charlotte Douglas International Airport issues and voice neighborhood concerns.

Each year, the Aviation Department gives back to the community through Citywide fundraising efforts for United Way and the Arts and Science Council.

SAMARITAN'S PURSE MISSIONS

Samaritan's Purse continues to fly relief missions from CLT. More than 110 tons (220,000 pounds) of emergency supplies were loaded onto a 747 cargo jet at Charlotte Douglas to assist locals impacted by Typhoon Haiyan in the Philippines. Samaritan's Purse also loaded more than 65,000 shoebox gifts onto a 747-400 cargo jet to Syrian children living in refugee camps and surrounding areas.



Samaritan's Purse is an international Christian relief and evangelism organization. The group works in more than 100 countries to provide aid to victims of war, disease, disaster, poverty, famine and persecution. The organization is based in Boone, NC.



The Aviation Department provides operational support to Operation Victory Block and Samaritan's Purse missions.

RUNWAY 5K RUN

Additionally, the Aviation Department organizes the Runway 5K Run to benefit local nonprofit organizations. Aviation Department officials presented a \$22,479.67 check from the 2013 Runway 5K Run to LIFESPAN for its Community Activity and Employment Transition Program (CAET).

The seventh annual Runway 5K Run drew nearly 2,000 participants to CLT's airfield. The Aviation Department has donated proceeds from the Run to LIFESPAN since 2008. Those proceeds have totaled more than \$140,000.

LIFESPAN assists children and adults with developmental disabilities by providing education, employment and enrichment opportunities. Thirty-two LIFESPAN participants currently work at Charlotte Douglas.

CLT WELCOMES OPERATION VICTORY BLOCK MILITARY

CLT greeted approximately 2,200 soldiers from Fort Jackson, SC in December.

The men and women were part of Operation Victory Block Leave, a day when USO Charlotte Center staff, Airport Operations and several CLT volunteers welcomed over 50 buses beginning at 3:30 a.m. transporting troops from Fort Jackson as they headed home for a two-week Christmas leave from basic training.

EXPLORERS POST 747

For nearly two decades, CLT's Explorers Program has offered students the chance to learn about career opportunities in the aviation industry through collaborations with partner organizations.

Exploring is a part of the Learning for Life career education program for young men and women who are 14 (and have completed the eighth grade) through 20 years old. In addition to the Aviation Department and HMSHost, Post Partners included: the Carolinas Aviation Museum, Federal Aviation Administration, North Carolina Air National Guard, Transportation Security Administration and American Airlines/US Airways.

YOUTH DAY

In the Aviation Department's 19th Annual Youth Day, 74 children and more than 50 volunteers participated. The event included tours of Fire Station 41, the Carolinas Aviation Museum and CLT's airfield.

Youth Day began as an opportunity for Aviation Department employees to teach young people about their work. The annual event gives a behind-the-scenes look at CLT and an introduction to other organizations.



Operation Victory Block Leave day had CLT volunteers welcoming over 50 buses transporting troops from Fort Jackson as they head home for a two-week Christmas leave from basic training.



RUNWAY 5K



The Aviation Department presented a \$22,479.67 check from the Airport Runway 5K Run to LIFESPAN for its Community Activity and Employment Transition Program (CAET).

Since 2008, proceeds from the Run have been donated to LIFESPAN. Those proceeds have totaled more than \$140,000.

ACCOMPLISHMENTS AND ACCOLADES



High Praise

CLT Receives Top Score on FAA Part 139
Airfield Inspection

CLT RECEIVES HIGH SAFETY MARKS

The Federal Aviation Administration (FAA) awarded CLT the highest score it can receive in its required FAA Part 139 Airfield Inspection. CLT received zero discrepancies on the inspection, which examines the overall condition of the airfield, safety and security. It was the second year in a row that CLT received zero discrepancies.

The annual inspection ensures that airports nationwide are meeting safety requirements set by the FAA.

CLT WEATHERS WINTER TRAVEL

During the winter, nearly a foot of snow fell at Charlotte Douglas over three days in February, creating numerous canceled flights and stranded passengers. It was the region's biggest snow storm in a decade. Aviation Department staff immediately sprang into action activating its inclement weather response teams to ensure runways, parking lots and roadways were cleared of ice and snow.

During the course of the three day event (February 11-13) more than 500 planes were deiced, 1,200 flights were canceled, 3,000 passengers spent the night in the terminal and nearly 17,000 gallons of deicing fluid were used to treat roads and runways at CLT. Nationwide, FlightAware reported airlines canceled more than 14,000 flights.



ACCOLADES:

CLT CONTINUES TO DRAW PRAISE FROM ITS CUSTOMERS AND THE INDUSTRY.

❖ **CLT was named the 3rd Most Efficient Airport in North America by the Air Transport Research Society's (ATRS) Global Airport Performance Benchmarking study.**

Findings were based on a yearlong analysis of data from 2011. ATRS, an international association of air transport academics, compared the efficiency of 195 airports and 26 airport groups in Asia Pacific, Europe and North America. It ranked efficiency using statistical methods that remove effects of economic factors beyond managerial control to compare different airports fairly.

❖ **Travel+Leisure magazine named CLT the 10th best US Airport.**

As part of the magazine's 18th annual World's Best Awards, readers were surveyed to define "the very best in travel." CLT won high marks for shopping, design, the Atrium's rocking chairs and free WiFi. Additionally, Charlotte Douglas ranked No. 5 in the food category.

❖ **Frequent travelers named CLT Best Airport For Stranded Passengers.** Passengers were keen on the Airport's rocking chairs. Travelers found the chairs to be a stress-busting amenity. CLT also received a thumbs up from frequent travelers for the Terminal Getaway Spa, located on the D/E Connector.

❖ **FlipKey.com named CLT the 8th best Airport travel hub for health and wellness.**

CLT RECEIVED ZERO DISCREPANCIES ON ITS 2013 FAA PART 139 AIRFIELD INSPECTION.





FINANCIAL SECTION

Report of Independent Auditor

To the Honorable Mayor and
Members of City Council
Charlotte, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Charlotte Airport (the "Airport"), an enterprise fund of the City of Charlotte, North Carolina (the "City"), as of June 30, 2014, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Airport'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 Airport'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 Airport as of June 30, 2014, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Emphasis of a Matter

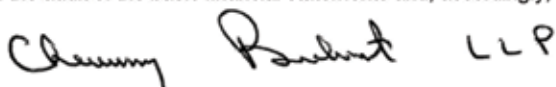
As discussed in Note 1, the financial statements present only the Airport and do not purport to, and do not present fairly the financial position of the City as of June 30, 2014, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Airport as a whole. The Introductory Section, Additional Information, and the Supplementary Section, as listed in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The Schedules to the Financial Statements included in the Additional Information is the responsibility of management and was derived from and relates 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, based on our audit this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The Introductory and Supplementary Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Raleigh, North Carolina
May 14, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis of the financial activities of Charlotte Douglas International Airport (The Airport or CLT) an Enterprise Fund of the City of Charlotte. The information contained herein pertains to financial performance of The Airport for the Fiscal Year (FY) ended June 30, 2014. This MD&A should be read in conjunction with the Financial Statements and Notes sections that follow.

FINANCIAL HIGHLIGHTS

FISCAL YEAR 2014

- Total net position for the Airport Enterprise Fund on June 30, 2014 was \$1.28 billion, and 26% or \$339.1 million of that total was unrestricted. The net position increased \$112.9 million from total net position on June 30, 2013.
- Operating revenues increased by \$6.6 million to \$184.8 million in FY 2014. This increase is primarily due to increased passengers generating higher concession and rental car revenues.
- Total operating expenses, excluding depreciation and amortization, increased by \$12.9 million to \$100.7 million in FY 2014. This increase is due to increased passengers and related increases in terminal, maintenance, and parking expenses. A renewed focus on asset preservation and improved customer service also resulted in higher expenses. The unusually snowy winter and parking facilities construction further contributed to higher expenses.
- Non-operating revenues increased by \$10.0 million to \$75.0 million in FY 2014. This category includes Passenger Facility Charges (PFCs), Contract Facility Charges (CFCs), and investment earnings. Increased passengers, including increased destination passengers (those renting cars) and increased investment earnings contributed to this growth.
- Capital contributions decreased slightly by \$0.2 million to \$40.2 million in FY 2014. This category is mostly composed of grants, and a multi-year FAA grant declined after a major grant funded project ended in FY 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of this report consists primarily of three parts: Management's Discussion and Analysis (this section), the Financial Statements, and Additional Information pertaining to the change in net position for included and excluded centers as well as schedules of cash deposits and withdrawals by bond issue. The Financial Statement section includes Notes and Schedules to the financial statements that provide explanations and detailed data on pages 54 through 88.

The Airport Enterprise Fund is an enterprise fund of the City of Charlotte. This fund is used to account for the Airport's ongoing operations. The City uses the accrual basis of accounting, so revenues are recognized when earned and expenses are recognized when incurred.

The Statement of Net Position

Airport Enterprise Fund NET POSITION

(Fiscal Years Ending June 30; \$000)

	2014	2013
Current and Other Assets	\$ 968,265	\$ 1,015,844
Capital Assets, Net	<u>1,193,335</u>	<u>1,055,881</u>
Total Assets	2,161,600	2,071,725
 Deferred Outflows of Resources	 <u>1,608</u>	 <u>1,876</u>
Current Liabilities	103,940	75,711
Noncurrent Liabilities	<u>775,553</u>	<u>827,032</u>
Total Liabilities	879,493	902,743
 Net Position:		
Net Investment in Capital Assets	555,990	445,327
Restricted	388,656	353,212
Unrestricted	<u>339,069</u>	<u>372,319</u>
TOTAL NET POSITION	<u>\$ 1,283,715</u>	<u>\$ 1,170,858</u>

The analysis below explains the Net Position.

FISCAL YEAR 2014 COMPARED TO FISCAL YEAR 2013

Total assets increased by \$89.9 million or 4.3%, in FY 2014 compared to FY 2013. This was primarily due to an increase in capital assets related to on-going construction at the Airport, including: land acquisition, the hourly, rental car, and business valet parking decks, and the auto baggage screening system.

Total liabilities decreased by \$23.3 million or 2.6%, in FY 2014 compared to FY 2013. This decrease is due to a reduction in long-term debt of \$51.5 million, countered by a \$28.2 million increase in current liabilities. The increase in current liabilities is primarily due to an increase of \$16.6 million in accounts payable and an increase of \$6 million in deposits and retainage payable. The accounts payable increase is primarily composed of increases in vouchers payable and contracts payable. These increases, along with the increase in retainage payable are due to increased contract billings related to extensive ongoing airport construction projects.

Total net position increased by \$112.9 million or 9.6% to \$1.28 billion in FY 2014 compared to FY 2013. As of June 30, 2014, \$556.0 million was invested in capital assets, \$388.7 million was restricted for debt service reserves, PFCs and CFCs, etc., and \$339.1 million was available for short-term operational needs. This increased net position is primarily due to an enlarged capital development program and the purchase of transit shuttles, as well as growing PFC and CFC fund balances.

The following is a summary of Changes in Net Position as of June 30:

Airport Enterprise Fund
CHANGES IN NET POSITION
(Fiscal Years Ending June 30; \$000)

	2014	2013
REVENUES		
Operating Revenues:		
Terminal Area	\$ 33,609	\$ 30,988
Airfield	22,644	22,202
Concessions	52,890	47,056
Parking	40,824	42,486
Maintenance Facility	7,068	7,066
Fixed Base Operator Area	17,429	17,376
Other	10,332	11,046
Total Operating Revenues	184,796	178,220
Nonoperating Revenues:		
Passenger Facility Charges	59,526	56,111
Contract Facility Charges	10,009	9,543
Investment Earnings	5,438	(662)
Total Revenues	259,769	243,212
EXPENSES		
Operating expenses before depreciation	100,745	87,858
Depreciation	38,066	38,317
Interest and other charges	32,149	30,088
Other expenses	16,198	20,184
Total Expenses	187,158	176,447
Capital Contributions	40,246	40,475
Transfers to other City funds	-	(1,127)
Increase in Net Position	112,857	106,113
NET POSITION - Beginning (July 1)	1,170,858	1,064,745
NET POSITION - Ending (June 30)	\$ 1,283,715	\$ 1,170,858

OPERATING REVENUES

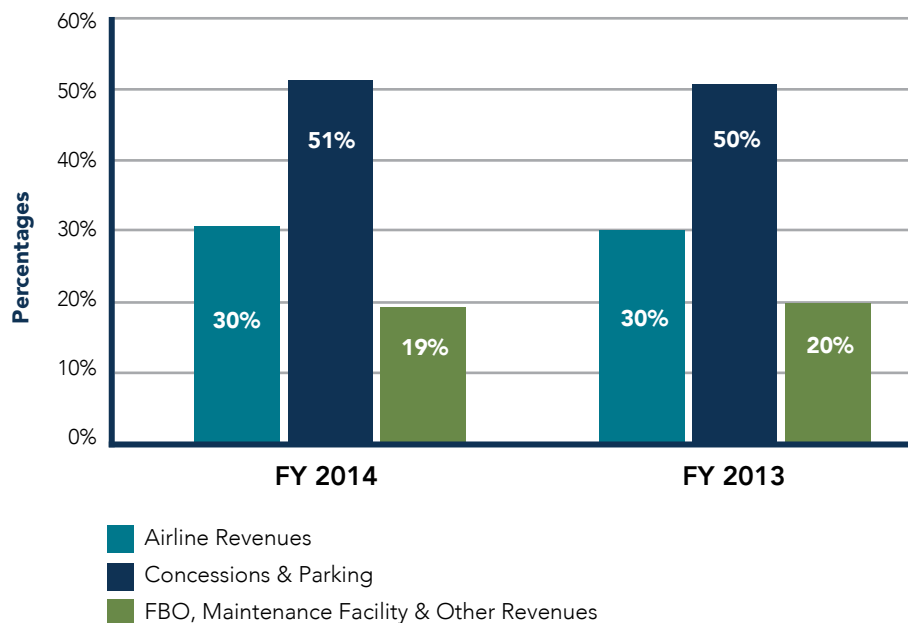
The following is a summary of Operating Revenues as of June 30:

Airport Enterprise Fund OPERATING REVENUES

(Fiscal Years Ending June 30; \$000)

	2014	2013
Airline Revenues		
Terminal	\$ 33,609	\$ 30,988
Airfield	<u>22,644</u>	<u>22,202</u>
Subtotal Airline Revenues	56,253	53,190
Concessions and Parking Revenues		
Concessions	52,890	47,056
Parking	<u>40,824</u>	<u>42,486</u>
Subtotal Concessions and Parking Revenues	93,714	89,542
FBO, Maintenance & Other Revenues		
FBO	17,429	17,376
Maintenance Facility	7,068	7,066
Other	<u>10,332</u>	<u>11,046</u>
Subtotal FBO, Maintenance & Other Revenues	34,829	35,488
TOTAL OPERATING REVENUES	<u>\$ 184,796</u>	<u>\$ 178,220</u>

OPERATING REVENUES



The analysis below explains the increases and decreases in operating revenues.

FISCAL YEAR 2014 COMPARED TO FISCAL YEAR 2013

Operating revenues increased by \$6.6 million or 3.7% to \$184.8 million in FY 2014 from \$178.2 million in FY 2013. This increase is primarily due to more passengers and higher airline revenues. The additional passengers generated more concession and rental car revenues, as well.

Airline revenues increased \$3.1 million or 5.8% to \$56.3 million in FY 2014. FY 2014's increase was primarily due to service enhancements, increased passengers, and increased de-icing needs related to a snowy winter. Airline revenues only comprised 30% of total operating revenues in FY 2014.

Concessions and parking revenue increased by \$4.2 million or 4.7% to \$93.7 million in FY 2014. The increase in FY 2014 was related to additional passengers (4.1% growth) utilizing an expanded food, beverage, and retail concession program. However, this growth was offset by reduced parking revenues due to construction of the parking decks and decreased capacity. This category represented 51% of operating revenues in FY 2014.

The Fixed Base Operator (FBO), maintenance facility, and other revenues decreased by \$0.7 million or 1.9% to \$34.8 million in FY 2014. This miscellaneous category remained relatively stable and represented 19% of operating revenues in FY 2014.

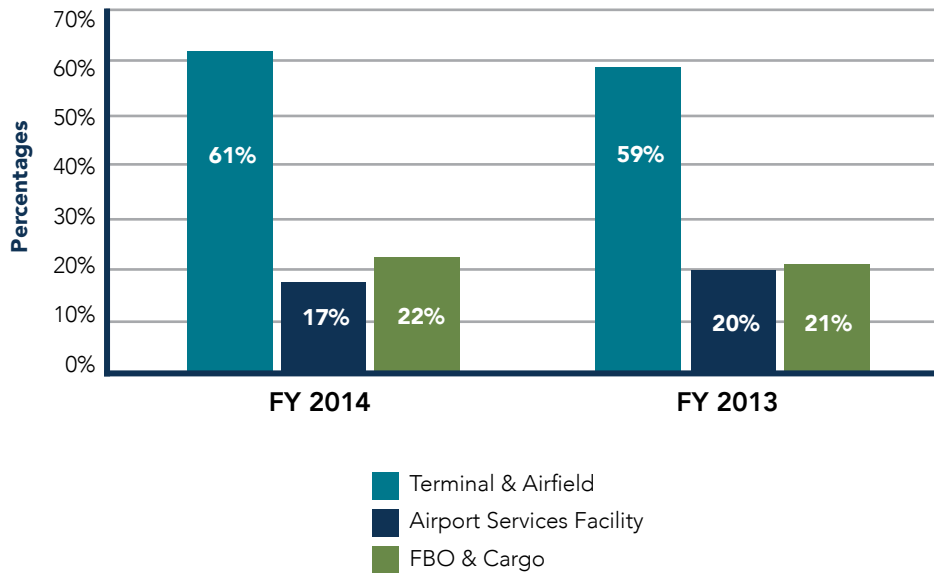
OPERATING EXPENSES BEFORE DEPRECIATION

The following is a summary of Operating Expenses before depreciation as of June 30:

Airport Enterprise Fund OPERATING EXPENSES BEFORE DEPRECIATION (Fiscal Years Ending June 30; \$000)

	2014	2013
Terminal & Airfield Expenses		
Terminal	\$ 53,756	\$ 47,110
Airfield	<u>8,022</u>	<u>4,552</u>
Subtotal Terminal & Airfield Expenses	61,778	51,662
Airport Services Facility	<u>17,066</u>	<u>17,221</u>
FBO & Cargo		
FBO	17,076	16,870
Cargo	<u>4,825</u>	<u>2,105</u>
Subtotal FBO & Cargo Expenses	21,901	18,975
TOTAL OPERATING EXPENSES	<u>\$ 100,745</u>	<u>\$ 87,858</u>

OPERATING EXPENSES



The analysis below explains the increases and decreases in operating expenses.

FISCAL YEAR 2014 COMPARED TO FISCAL YEAR 2013

Operating expenses before depreciation increased \$12.9 million or 14.7% to \$100.7 million in FY 2014 from \$87.9 million FY 2013. This increase was due to growth in passengers and greater terminal and airfield utilization leading to higher operating and maintenance expenses. Furthermore, a focus on deferred maintenance needs, made at the request of the Airport's business partners resulted in additional expenses.

Terminal and airfield expenses increased \$10.1 million or 19.6% to \$61.8 million in FY 2014. This increase was due to enhanced services, additional facilities, increased passengers and related costs, as well as a snowy winter and the costs of snow removal. Terminal and airfield expenses represented 61% of operating expenses in FY 2014.

Airport Services Facility expenses (administrative overhead) decreased \$0.1 million or 0.9% to \$17.1 million in FY 2014. Management held administrative overhead expenses essentially flat in FY 2014. Airport services facility expenses comprised 17% of operating expenses in FY 2014.

FBO and cargo expenses increased \$2.9 million or 15.4% to \$21.9 million in FY 2014. This increase was primarily due to increased spending on cargo facilities and fees paid to start-up operators. This category comprised 22% of operating expenses in FY 2014.

CAPITAL ASSETS

The Airport Enterprise Fund's capital assets were \$1.19 billion in FY 2014 and \$1.06 billion in FY 2013. FY 2014's increase of \$137.5 million or 13.0%, is primarily due to ongoing construction at the Airport, requiring additional machinery and equipment and resulting in new facilities, bus purchases, and improvements.

Airport Enterprise Fund CAPITAL ASSETS

(Fiscal Years Ending June 30; \$000)

	2014	2013
Land	\$ 302,868	\$ 299,917
Buildings	670,508	642,556
Runways	392,982	392,371
Other Improvements	100,066	91,366
Intangibles	3,317	3,317
Machinery & Equipment	54,207	38,485
Construction in Progress	279,094	158,255
TOTAL CAPITAL ASSETS	1,803,042	1,626,267
Less: Accumulated Depreciation	609,707	570,386
NET CAPITAL ASSETS	\$ 1,193,335	\$ 1,055,881

Significant capital asset additions during FY 2014 include the following:

- Continued construction of the Hourly Parking Deck of \$28.6 million
- Continued construction of the Business Valet Deck of \$22.7 million
- Continued construction of the CONRAC and Rent-A-Car Deck of \$25.0 million
- Land acquisition valued at \$31.0 million

Additional information on the Airport Enterprise Fund's Capital Assets can be found in Note 2 in the Notes to the Financial Statements page 57.

DEBT ADMINISTRATION

City of Charlotte, North Carolina Charlotte Douglas International Airport General Airport Revenue Bonds

City of Charlotte, North Carolina Charlotte Douglas International Airport General Airport Revenue Bonds (GARBs) are issued pursuant to the State of Local Government Revenue Bond Act and the Bond Order adopted by the City of Charlotte City Council on November 18, 1985 and as subsequently amended. Pursuant to the Bond Order, the City irrevocably pledges (i) Net Revenues, (ii) the City's right to receive Net Revenues, and (iii) money and investments in certain funds and accounts held under the Bond Order, including the Renewal and Improvement Fund. PFCs are excluded from the definition of Net Revenues; however, pursuant to the second supplemental bond order, PFCs transferred to the bond fund to pay debt service on PFC eligible bonds provide an offset to the City's debt service payable from Net Revenues.

As of June 30, 2014 and 2013, the Airport had \$613.2 million and \$663.0 million, respectively, of outstanding GARB principal.

The debt service reserve requirements for the GARBs are fully funded. See Note 3 in the Notes to the Financial Statements page 62 for details.

For more information regarding the GARBs, please refer to Note 3 in the Notes to the Financial Statements, page 58.

City of Charlotte, North Carolina Taxable Airport Special Facilities Revenue Bonds (Consolidated Car Rental Facilities Project) Series 2011.

The City of Charlotte, North Carolina Taxable Airport Special Facilities Revenue Bonds (CONRAC) are issued pursuant to The State of Local Government Revenue Bond Act and a General Trust Indenture dated November 1, 2011. The Series 2011 CONRAC Bonds are special obligations of the City, secured solely by Contract Facility Charges (CFCs) and Contingent Rent and money and investments in certain funds and accounts held under the General Trust Indenture. Amounts paid by the rental car companies as ground rents or concession fees are not included as pledged revenues.

The CFC was imposed on July 1, 2007 at a rate of \$3.50 per transaction day and was increased to \$4.00 per transaction day on October 1, 2011. The City may, at its discretion, raise the CFC per-transaction-day rate. The CONRAC project is on schedule for a Spring 2015 opening.

As of June 30, 2014 and 2013, there was \$60.3 million in outstanding CONRAC principal.

The debt service reserve requirement for CONRAC bonds is \$4.5 million and is fully funded in cash. In addition to the CONRAC Debt Service Reserve Fund, this transaction also benefits from a fully funded CFC Rolling Coverage Fund (\$1.1 million) and CFC Supplemental Reserve Fund (\$2.2 million).

For more information regarding the CONRAC Bonds, please refer to Note 3 in the Notes to the Financial Statements, page 58.

City of Charlotte, North Carolina, Charlotte Douglas International Airport Special Facilities Revenue Bonds (US Airways, Inc. Project)

The City of Charlotte, North Carolina, Charlotte Douglas International Airport Special Facilities Refunding and Revenue Bonds, Series 1998 and Series 2000, respectively, are special obligations of the City, payable from and secured solely by a pledge of Debt Service Rentals derived by the City under the Special Facilities Lease Agreement with US Airways and by other specified funds pledged and assigned under the related Bond Order as approved by Local Government Commission. US Airways is absolutely and unconditionally obligated under the Special Facility Lease Agreement dated March 1, 1987 and amended several times, as well as a Supplemental Special Facility Lease Agreement II. The City is only required to use reasonable efforts to relet, if needed, for replacement tenants.

As of June 30, 2014 and 2013, there was \$114.9 million in outstanding US Airways Special Facilities Bonds (Series 1998 & Series 2000). No Debt Service Reserve Fund is required or maintained for these bonds.

At the direction of U.S. Airways Inc., on August 4, 2014, the City optionally redeemed all of the outstanding 1998 Bonds and all of the outstanding 2000 Bonds in accordance with the Series Resolution of the respective bonds. See Note 14 in the Notes to the Financial Statements page 69 for details.

For more information regarding the US Airways Special Facilities Bonds, please refer to Note 3 in the Notes to the Financial Statements, page 58.

ECONOMIC FACTORS AFFECTING THE AIRPORT ENTERPRISE FUND

The following factors and issues may impact the Airport's outlook

- The Airport's passenger traffic continued expanding unabated over the last 11 fiscal years. Passenger enplanements increased 4.1% in FY 2014.
- The Charlotte-Concord-Gastonia MSA population continues expanding at rates above the US average, supporting strong O&D enplanement growth. The MSA's population increased 1.8% in 2013 to 2.3 million. Moreover, the economy of The Charlotte-Concord-Gastonia MSA also continues to expand, with GDP growing 5.5% in 2013, the fourth consecutive year of growth. The strength of the local economy is further reflected in the low unemployment, which was 5.4% as of November 2014.
- US Airways, the Airport's largest airline with 90.0% of the enplaned passengers in FY 2014 merged with American Airlines on December 9, 2013. Independently, American Airlines provided 1.8% of the enplaned passengers in FY 2014. The merged entity, American Airlines Group Inc. provides complementary service at the Airport. Per the 2013 10-k filing by American Airlines, Inc. in February 2014, the new company, American Airlines Group is moving towards operating under the single brand name of "American Airlines". Until a single operating certificate is issued by the FAA and the integration of operations is complete, US Airways and American will continue to operate as separate airlines.
- During 2013, a bill was enacted into law by the North Carolina General Assembly to create the Charlotte Douglas International Airport Commission (the "Airport Commission"). The Airport Commission would be responsible for operating the airport. The City challenged the legislation's validity and a Superior Court judge granted an injunction blocking the transfer of control of the Airport.

In 2014, the judge ruled that the Airport needed to secure a federal operating certificate from the FAA before the Airport Commission could take control of the airport. However, the review process to obtain the certificate must be requested by the City and the City has not requested the review. Additional information can be found in Note 10 on page 68.

REQUESTS FOR FINANCIAL INFORMATION

This annual financial report is designed to provide a general overview of the Airport's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be directed to City of Charlotte's Department of Management & Financial Services, 600 East Fourth Street, Charlotte, NC 28202-2848 or **investorrelations@charlottenc.gov**.

For prior Airport financial reports or other City financial information please visit our Investor website at: <http://charmeck.org/city/charlotte/finance/pages/publications.aspx>.



FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2014
(In Thousands)

2014

ASSETS

Current assets:

Cash and cash equivalents	\$ 745,830
Receivables, net of allowance for uncollectibles of \$258	
Accounts	21,193
Other	970
Total receivables	22,163
Due from other governmental agencies	32,172

Restricted assets-

Cash and cash equivalents	83,847
Investments	77,245
Total restricted assets	161,092
Total current assets	961,257

Noncurrent assets:

Other postemployment benefit assets	7,008
Capital assets (Note 2) -	
Land	302,868
Buildings	670,508
Runways	392,982
Other improvements	100,066
Intangibles	3,317
Machinery and equipment	54,207
Construction in progress	279,094
Total capital assets	1,803,042
Less accumulated depreciation	609,707
Total capital assets, net	1,193,335
Total noncurrent assets	1,200,343

Total assets	2,161,600
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DEFERRED OUTFLOWS OF RESOURCES

Unamortized bond refunding charges	1,608
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STATEMENT OF NET POSITION

June 30, 2014
(In Thousands)

2014

LIABILITIES

Current liabilities:

Accounts payable	\$ 40,713
Deposits and retainage payable	7,768
Due to component unit	62
Current maturities of long-term liabilities	731
Current liabilities payable from restricted assets-	
Accounts payable	6,882
Deposits and retainage payable	6,036
Accrued interest payable	17,844
Revenue bonds payable	23,904
Total current liabilities payable from restricted assets	54,666
Total current liabilities	103,940

Noncurrent liabilities (Note 3):

Revenue bonds payable - net of unamortized premiums of \$10,012	774,533
Compensated absences payable	1,020
Total noncurrent liabilities	775,553

Total liabilities	879,493
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NET POSITION

Net investment in capital assets	555,990
Restricted for:	
Debt service	53,911
Passenger facility charges	277,238
Contract facility charges	32,486
Working capital	25,021
Unrestricted	339,069
Total net position	\$ 1,283,715

The notes to the financial statements are an integral part of this statement.

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2014
(In Thousands)

2014

OPERATING REVENUES:

Terminal area	\$ 33,609
Airfield	22,644
Concessions	52,890
Parking	40,824
Maintenance facility	7,068
Fixed base operator area	17,429
Other	10,332
Total operating revenues	<u>184,796</u>

OPERATING EXPENSES:

Terminal area	53,756
Airport services facility	17,066
Public airfield facilities	8,022
Fixed base operator area	17,076
Cargo area	4,825
Depreciation	38,066
Total operating expenses	<u>138,811</u>
Operating income	<u>45,985</u>

NONOPERATING REVENUES (EXPENSES):

Passenger facility charges	59,526
Contract facility charges	10,009
Investment earnings	5,438
Interest expense and other charges	(32,149)
Non-airline terminal revenue distribution	(14,777)
Miscellaneous	(1,421)
Total nonoperating revenues (expenses)	<u>26,626</u>
Income before contributions	72,611

CAPITAL CONTRIBUTIONS

Change in net position	<u>112,857</u>
Total net position - beginning	<u>1,170,858</u>
Total net position - ending	<u>\$ 1,283,715</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2014
(In Thousands)

2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 193,066
Payments to suppliers	(67,858)
Payments to other City funds for services	(9,969)
Payments to employees	(18,025)
Payments to airlines for non-airline terminal revenue distribution	(13,152)
Other receipts (payments)	11
Net cash provided by operating activities	<u>84,073</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Passenger facility charges	63,530
Contract facility charges	9,950
Acquisition and construction of capital assets	(155,179)
Principal paid on capital debt	(49,780)
Interest and other charges paid on capital debt	(37,422)
Capital contributions	25,947
Net cash used by capital and related financing activities	<u>(142,954)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(75,006)
Proceeds from sale and maturities of investments	162,461
Interest received	5,658
Net cash provided by investing activities	<u>93,113</u>

Net increase in cash and cash equivalents	34,232
Cash and cash equivalents - beginning of year	<u>795,445</u>
Cash and cash equivalents - end of year	<u>\$ 829,677</u>

Continued

STATEMENT OF CASH FLOWS

For the year ended June 30, 2014
(In Thousands)

2014

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 45,985
Adjustments to reconcile operating income to net cash provided by operating activities-	
Depreciation	38,066
Other receipts (payments)	11
Non-airline terminal revenue distribution	(13,152)
Change in assets and liabilities-	
Decrease in receivables	8,270
(Increase) in due from other governmental agencies	(222)
Decrease in other postemployment benefit assets	28
Increase in accounts payable	2,876
Increase in deposits and retainage payable	1,852
Increase in due to component unit	24
Increase in compensated absences payable	335
Total adjustments	38,088
Net cash provided by operating activities	\$ 84,073

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

(Dollar Amounts in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Reporting Entity

The accompanying financial statements present only the activities and resources of the City of Charlotte Airport (Airport), an enterprise fund of the City of Charlotte (City), North Carolina, and, accordingly, do not purport to and do not present the financial position of the City of Charlotte, North Carolina.

b. Basis of Presentation

The Airport is an enterprise fund of the City that accounts for the operations of the Charlotte Douglas International Airport. All assets and liabilities associated with the Airport's activities are included on the Statement of Net Position. The Airport financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

c. Cash and Cash Equivalents/Investments

The City maintains a cash management pool (pool) that is used by the Airport and other funds of the City. The pool facilitates disbursement and investment and maximizes investment income. Since the Airport may deposit additional amounts at any time and may withdraw funds at any time without prior notice or penalty, the pool is used essentially as a demand deposit account. Therefore, for the Statement of Net Position and Statement of Cash Flows, pooled cash is considered cash and cash equivalents. The restricted cash and cash equivalents/investments are held by trustees as required by revenue bond covenants. All restricted money market funds are considered cash and cash equivalents. The remaining amount of restricted assets is considered investments.

DEPOSITS

All deposits of the City are made in board-designated official depositories and are secured as required by State statutes. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

All of the City's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, 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 City, these deposits are considered to be held by the City's agent in the City's 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 City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City 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 City has no policy regarding custodial credit risk for deposits.

INVESTMENTS

State statute 159-30 authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT), an SEC registered mutual fund. The City is not authorized to enter into reverse repurchase agreements.

The restricted investments at June 30, 2014, stated at fair value, were \$77,245 and were invested as follows: \$4,251 in U.S. Agencies and \$72,994 in NCCMT. All investments have maturities of less than one year.

Interest Rate Risk. Although the City does not have a formal investment policy, internal investment guidelines prohibit maturities longer than five years which helps manage exposure to fair value losses in rising interest rate environments.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NSRO's). Although the City had no formal policy on managing credit risk, internal investment guidelines for commercial paper require at least two ratings from either Standard & Poor's (S&P), Fitch Ratings (Fitch), or Moody's Investors Service (Moody's). As of June 30, 2014, the Airport's investment in the NCCMT Cash Portfolio carried a credit rating of AAAm by S&P. The Airport's investments in U.S. Agencies (Federal Home Loan Bank) are rated AA+ by S&P and Aaa by Moody's.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2014, the City had no investments subject to custodial credit risk. The City had no formal policy on custodial credit risk. However, the City's internal policy limits custodial credit risk by providing that security in the collateral be delivered to a third party safekeeping bank designated by the City.

Concentration of Credit Risk. The City's informal investment policy limits the amount of commercial paper or bankers acceptances to a maximum of 25 percent of the portfolio. For commercial paper, a maximum of \$20 million may be invested in any one issuer. For bankers' acceptances, the maximum investment is limited to 10 percent of the portfolio for any one issuer.

d. Capital Assets

Capital assets are assets with an initial, individual cost of more than \$5 and are reported at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	25 years
Runways	33 years
Other Improvements	25 years
Intangibles	5 years
Machinery and Equipment	4-30 years

Net interest cost on debt issued to finance the construction of capital assets was capitalized during the construction period in the amount of \$4,329 for the year ended June 30, 2014.

NOTES TO THE FINANCIAL STATEMENTS-CONTINUED

JUNE 30, 2014

(Dollar Amounts in Thousands)

e. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The Deferred Outflows of Resources financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The Airport has unamortized bond refunding charges of \$1,608 that meet this criterion.

f. Noncurrent Liabilities

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed in the reporting period in which they are incurred.

g. Compensated Absences

Employees earn vacation leave at the rate of 10 to 20 days per year and can accrue a maximum of 20 to 40 days, depending on length of service. Unused vacation days are payable upon termination, resignation, retirement or death.

Employees accumulate sick leave at the rate of one day per month and can accrue an unlimited number of days. Sick leave can be taken for personal illness or illness of a member of the immediate family. Sick leave is lost upon termination or resignation. However, twenty percent of outstanding sick leave, with a maximum of 43.5 days, is payable upon retirement or death.

Compensated absences payable includes accumulated unpaid vacation leave and sick leave.

h. Net Position

Net position is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are externally imposed by creditors, grantors, contributors, bond covenants, regulations of other governments or by State statute.

i. Revenues

The primary sources of revenue at the Airport are fees and charges paid by the airlines and revenues paid by concessionaires providing services to the general public. Signatory airline terminal and airfield rates and charges are governed by twenty-five or thirty year lease agreements, and concession revenues are established by leases of varying methodologies and terms. The airlines are assessed four categories of fees and charges: rent, airport services, maintenance and operation fees, and landing fees. Airline fees and charges are established at a level adequate to recover the related services and facilities costs. Concession revenues are generated either through fixed annual charges or on the basis of a percentage of sales generated by the tenants' operations.

The Airport distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. The principal operating revenues of the Airport result from exchange transactions associated with the principal activity of the Airport. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

2. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2014, was as follows:

	BEGINNING BALANCE July 1, 2013	INCREASES	DECREASES	ENDING BALANCE June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 299,917	\$ 2,951	\$ -	\$ 302,868
Construction in progress	<u>158,255</u>	<u>169,314</u>	<u>48,475</u>	<u>279,094</u>
Total capital assets, not being depreciated	<u>458,172</u>	<u>172,265</u>	<u>48,475</u>	<u>581,962</u>
Capital assets, being depreciated:				
Buildings	642,556	27,952	-	670,508
Runways	392,371	611	-	392,982
Other improvements	91,366	8,700	-	100,066
Intangibles	3,317	-	-	3,317
Machinery and equipment	<u>38,485</u>	<u>15,823</u>	<u>101</u>	<u>54,207</u>
Total capital assets being depreciated	<u>1,168,095</u>	<u>53,086</u>	<u>101</u>	<u>1,221,080</u>
Less accumulated depreciation for:				
Buildings	394,877	18,790	-	413,667
Runways	123,158	11,390	-	134,548
Other improvements	34,138	3,686	-	37,824
Intangibles	332	663	-	995
Machinery and equipment	<u>17,881</u>	<u>4,893</u>	<u>101</u>	<u>22,673</u>
Total accumulated depreciation	<u>570,386</u>	<u>39,422</u>	<u>101</u>	<u>609,707</u>
Total capital assets, being depreciated, net	<u>597,709</u>	<u>13,664</u>	<u>-</u>	<u>611,373</u>
Capital assets, net	<u>\$ 1,055,881</u>	<u>\$ 185,929</u>	<u>\$ 48,475</u>	<u>\$ 1,193,335</u>

NOTES TO THE FINANCIAL STATEMENTS-CONTINUED

JUNE 30, 2014

(Dollar Amounts in Thousands)

3. NONCURRENT LIABILITIES:

A summary of changes in noncurrent liabilities for the year ended June 30, 2014, follows by type:

	INTEREST RATES	DATE ISSUED	FINAL MATURITY	BEGINNING BALANCE JULY 1, 2013	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2014	DUE WITHIN ONE YEAR
General Airport Revenue Bonds:								
2004 Series A	4.75% - 5.25%	9/15/04	2035	\$ 87,095	\$ -	\$ -	\$ 87,095	\$ -
2004 Series B	4.75% - 5.25%	9/15/04	2024	42,350	-	3,300	39,050	3,475
2007 Refunding Series A	4.00% - 5.00%	8/16/07	2038	91,105	-	2,045	89,060	2,125
2007 Series B	Variable	8/16/07	2038	25,020	-	3,975	21,045	535
2008 Refunding Series D	Variable	11/5/08	2035	39,155	-	430	38,725	445
2009 Refunding Series B	2.5% - 5.00%	2/17/09	2017	30,920	-	7,290	23,630	7,510
2010 Series A	2.00% - 5.50%	2/10/10	2040	125,580	-	2,375	123,205	2,490
2010 Refunding Series B	1.25% - 5.50%	2/10/10	2029	59,585	-	2,830	56,755	2,920
2010 Series C	Variable	2/10/10	2040	22,525	-	13,650	8,875	195
2011 Series A	2.00% - 5.00%	11/9/11	2042	75,230	-	1,365	73,865	1,395
2011 Series B	2.00% - 5.00%	11/9/11	2042	33,865	-	610	33,255	625
2011 Series C	Variable	11/9/11	2042	30,570	-	11,910	18,660	360
Subtotal General Airport Revenue Bonds				663,000	-	49,780	613,220	22,075
Consolidated Rental Car Facilities								
2011 Series CONRAC	2.48% - 6.06%	11/9/11	2042	60,295	-	-	60,295	1,035
Special Facility Bonds:								
1998 Refunding Series	5.60%	3/1/98	2028	86,000	-	-	86,000	-
2000 Series	7.75%	8/15/00	2028	28,910	-	-	28,910	-
Subtotal Special Facility Bonds				114,910	-	-	114,910	-
Total bonds				838,205	-	49,780	788,425	23,110
Plus unamortized premiums				10,807	-	795	10,012	794
Total bonds payable net of unamortized premiums				849,012	-	50,575	798,437	23,904
Compensated absences				1,416	1,292	957	1,751	731
Total noncurrent liabilities net of unamortized premiums				\$ 850,428	\$ 1,292	\$ 51,532	\$ 800,188	\$ 24,635

Bond debt service requirements to maturity are as follows:

GENERAL AIRPORT REVENUE BONDS

Year Ended

June 30	Principal	Interest	Total
2015	\$ 22,075	\$ 25,165	\$ 47,240
2016	23,025	24,291	47,316
2017	24,040	23,323	47,363
2018	16,480	22,502	38,982
2019	17,210	21,788	38,998
2020-2024	99,120	96,776	195,896
2025-2029	143,950	72,000	215,950
2030-2034	130,570	44,584	175,154
2035-2039	105,885	17,162	123,047
2040-2042	30,865	1,671	32,536
	<u>\$ 613,220</u>	<u>\$ 349,262</u>	<u>\$ 962,482</u>

CONSOLIDATED CAR RENTAL FACILITIES

Year Ended

June 30	Principal	Interest	Total
2015	\$ 1,035	\$ 3,399	\$ 4,434
2016	1,060	3,373	4,433
2017	1,090	3,342	4,432
2018	1,125	3,298	4,423
2019	1,175	3,246	4,421
2020-2024	6,740	15,322	22,062
2025-2029	8,820	13,156	21,976
2030-2034	11,710	10,179	21,889
2035-2039	15,675	6,085	21,760
2040-2042	11,865	1,107	12,972
	<u>\$ 60,295</u>	<u>\$ 62,507</u>	<u>\$ 122,802</u>

SPECIAL FACILITY BONDS

Year Ended

June 30	Principal	Interest	Total
2015	\$ -	\$ 7,057	\$ 7,057
2016	-	7,056	7,056
2017	-	7,056	7,056
2018	-	7,057	7,057
2019	-	7,057	7,057
2020-2024	-	35,283	35,283
2025-2028	114,910	25,818	140,728
	<u>\$ 114,910</u>	<u>\$ 96,384</u>	<u>\$ 211,294</u>

NOTES TO THE FINANCIAL STATEMENTS-CONTINUED

JUNE 30, 2014

(Dollar Amounts in Thousands)

GENERAL AIRPORT REVENUE BONDS (GARBS)

In December 1985, the City issued \$108,780 of Airport Revenue Bonds for the purpose of financing or reimbursing the cost of improvements and expansion of the Airport and to redeem bond anticipation notes. The 1985 bonds were advance refunded in June 1993 and replaced with 1993 Airport Refunding Revenue Bonds. The 1993 bonds were refunded in February 2009 and replaced with 2009 Airport Refunding Revenue Bonds.

In February 2009, the City issued \$51,180 fixed rate Airport Revenue Bonds with interest rates ranging from 2.50 to 5.00 percent to refund \$62,100 of outstanding variable rate Airport Revenue Bonds Series 1993A. The net proceeds of \$52,995 (after payment of \$941 in underwriting fees, insurance and other issuance costs) and \$14,502 in debt service funds of the 1993A bonds were used to purchase U.S. government securities and fund the debt service reserve fund for the 2009 bonds. The City completed the refunding to reduce its total debt service payments over a period of eight years by \$38,877 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$35,620.

In December 1999, the City issued \$191,060 of Airport Revenue Bonds for the purpose of financing or reimbursing the cost of improvements and expansion of the Airport. Of the \$191,060 revenue bonds, \$102,255 had fixed interest rates and \$88,805 had variable interest rates. In August 2007, the City issued \$99,995 of fixed rate Airport Revenue Bonds with an average interest rate of 4.82 percent to advance refund \$7,950 of outstanding Airport Revenue Bonds Series 1999A with an average interest rate of 5.75 percent.

In November 2008, the City issued \$24,480 variable rate Airport Revenue Bonds to refund \$28,805 of outstanding variable rate Airport Revenue Bonds Series 1999D. The net proceeds of \$24,258 and \$6,439 in debt service reserve funds of the 1999D bonds were used to purchase U.S. government securities and fund the debt service reserve fund for the 2008 bonds. The City completed the refunding to reduce its total debt service payments over a period of 21 years by \$26,683 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$19,310.

In February 2010, the City issued \$197,870 fixed rate Airport Revenue bonds with interest rates ranging from 1.25 to 5.50 percent to refund \$69,750 of outstanding Airport Revenue Bonds, Series 1999B. The net proceeds of \$199,074 (after payment of \$2,039 in underwriting fees, insurance and other issue costs) were used to purchase U.S. government securities, acquire and construct certain improvements to the Airport, and fund the debt service reserve fund for the 2010 bonds. The City completed the refunding to reduce its total debt service payments over a period of 19 years by \$7,105 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$4,645.

In September 2004, the City issued \$166,935 of Airport Revenue Bonds for the purpose of financing or reimbursing the cost of improvements and expansion of the Airport. Of the \$166,935 revenue bonds, \$150,775 had fixed interest rates and \$16,160 had variable interest rates.

In November 2008, the City issued \$16,105 variable rate Airport Revenue Bonds to refund \$14,845 of outstanding variable rate Airport Revenue Bonds Series 2004D. The net proceeds of \$15,958 and \$125 in debt service funds of the 2004D bonds were used to purchase U.S. government securities and fund the debt service reserve fund for the 2008 bonds. The City completed the refunding to reduce its total debt service payments over a period of 26 years by \$11,646 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$8,190.

On February 3, 2014, the City fully redeemed \$3,370 of variable rate Airport Revenue Bonds, Series 2007B.

On February 3, 2014, the City fully redeemed \$13,185 of variable rate Airport Revenue Bonds, Series 2010C.

On February 3, 2014, the City fully redeemed \$11,355 of variable rate Airport Revenue Bonds, Series 2011C.

Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions.

The Revenue Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Order or Lease. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Revenue Bond Order or Lease.

The Revenue Bond Order provided for the establishment of a special fund designated the Revenue Fund into which the City is required to deposit most Airport revenues upon receipt. Moneys on deposit in this fund will be applied at such times and in accordance with the priorities established by the Revenue Bond Order. Moneys in the Revenue Fund are required to be transferred to the following funds, established pursuant to the Revenue Bond Order, in the following order of priority: the Operating Fund, the Revenue Bond Fund and the Renewal and Improvement Fund.

The principal and interest on the Revenue Bonds are payable from net revenues of the Airport. Pursuant to the Revenue Bond Order, the City has covenanted to fix, charge and collect rates, fees, rentals and charges for the use of the Airport and to revise such rates, fees, rentals and charges as often as necessary to produce revenues at least equal to the amounts required to be transferred to the funds indicated above plus an amount sufficient to have on deposit in the Revenue Fund, as of the first business day of the next fiscal year, an amount equal to the Coverage factor for the preceding fiscal year. The Coverage factor is equal to 25 percent of the amounts required to be deposited to the Revenue Bond Fund for the principal and interest payments for the fiscal year. In addition, the Revenue Bond Order provided for the establishment of the following reserves:

- (1) In the Revenue Bond Fund an amount equal to the maximum principal and interest requirements for the Revenue Bonds for any current or succeeding fiscal year, \$41,810 in 2014.
- (2) In the Operating Fund an amount equal to one-third of the annual budget for current expenses, \$23,521 in 2014.

NOTES TO THE FINANCIAL STATEMENTS-CONTINUED

JUNE 30, 2014

(Dollar Amounts in Thousands)

The debt service reserve requirements for the GARBs are fully funded. See the table below for details:

BOND SERIES	RESERVE ACCOUNT REQUIREMENT (IN THOUSANDS)
2004A*	\$8,188 (MBIA SURETY BOND)
2004B*	\$5,110 (MBIA SURETY BOND)
2007A*	\$6,364 (AMBAC SURETY BOND)
2007B*	\$3,283 (AMBAC SURETY BOND)
2008D	\$3,130
2009B	\$5,394
2010A	\$9,004
2010B	\$5,752
2010C	\$1,861
2011A	\$4,828
2011B	\$2,200

* The Series 2004 & 2007 bonds debt service reserve requirement was met with a surety bond. On November 6, 2014, the Series 2004 bonds were refunded with Series 2014 bonds, which have a cash funded debt service reserve fund. See Note 14 for additional information related to subsequent events.

CONSOLIDATED RENTAL CAR FACILITY

In November 2011, the City issued \$60,295 of Airport Special Facility Revenue Bonds to finance the design, equipping, development, construction, and furnishing of a new consolidated rental car facility (CONRAC) at the Airport.

SPECIAL FACILITY BONDS

In June 1987 and December 1988, the City issued \$67,000 and \$19,762, respectively, of Airport Special Facility Revenue Bonds to finance the construction of an aircraft hangar, a ground services equipment building and other facilities to be leased to US Airways Group, Inc. The 1987 and 1988 bonds were refunded in March 1998 and replaced with \$66,300 of 1998 Airport Refunding Revenue Bonds. The March 1998 issue also included an additional \$19,700 of Airport Special Facility Revenue Bonds for improvements of other airport facilities to be leased to US Airways Group, Inc.

In September 2000, the City issued \$34,700 of Airport Special Facility Revenue Bonds to finance the design, acquisition, construction and equipping of certain Airport related facilities to be leased to US Airways Group, Inc.

The Airport Special Facility Revenue Bonds are payable solely from and secured solely by a pledge of debt service rentals pursuant to a Special Facility Lease (Lease) agreement with US Airways Group, Inc.

The Special Facility Revenue Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Order or Lease. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Revenue Bond Order or Lease.

4. LEASE AGREEMENTS:

AIRPORT LEASE

Airport facilities are leased primarily to the signatory airlines under agreements having terms of twenty-five or thirty years. Fees and charges under these agreements are computed in a manner designed to recover the cost of operating the Airport. Provisions in these agreements give the airlines the right to approve future expansion of the Airport Facilities and any issuance of new debt affecting the fees and charges to the airlines. Other provisions insure that sufficient fees and charges will be collected to meet Airport debt service requirements. In addition, the agreements provide for a distribution to the airlines of a portion of the non-airline terminal revenues.

NOTES TO THE FINANCIAL STATEMENTS-CONTINUED

JUNE 30, 2014

(Dollar Amounts in Thousands)

SPECIAL FACILITY LEASE

The City has entered into a Special Facility lease agreement with US Airways Group, Inc. for land and a Special Facility. The Special Facility includes an aircraft hangar, a ground services equipment building and other facilities. The lease terminates thirty years from the date of beneficial occupancy, which was March 1987. Fees and charges under this agreement are computed in a manner designed to recover all principal, interest and expenses related to bonds issued for the construction of the Special Facility, all services rendered and expenses incurred for operation and maintenance of the leased premises and a ground rental fee.

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2014:

2015	\$ 39,672
2016	34,081
2017	33,057
2018	33,201
2019	21,792
2020-2024	35,283
2025-2028	140,728
Total minimum future rental income	<u>\$ 337,814</u>

Of the \$337,814 minimum future rental income on noncancelable operating leases, \$273,180 relates to agreements with US Airways, Inc. See Note 9 for additional information related to US Airways, Inc.

Contingent rentals that may be received under certain leases based on the tenant's revenues, fuel flow or usage are not included above. Contingent rentals of approximately \$66,995 were received during the year ended June 30, 2014.

5. TRANSACTIONS WITH THE CITY OF CHARLOTTE:

Expenses include certain costs charged the Airport by other funds of the City. These charges are as follows:

Administrative and other City services	\$ 5,291
Crash, fire and rescue services	<u>4,678</u>
	<u>\$ 9,969</u>

6. PENSION PLAN AND OTHER BENEFITS:

a. North Carolina Local Governmental Employees' Retirement System (LGERS)

The Airport, as an enterprise fund of the City, contributes to the 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 LGERS 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 North Carolina Office of the State Controller, Accounting and Financial Reporting Section, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410.

Funding Policy: Plan members are required to contribute 6.0 percent of their annual covered salary. The Airport is required to contribute at an actuarially determined rate. For the Airport, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07 percent and 7.28 percent, respectively, of annual covered payroll. The contribution requirements of members and of the Airport are established and may be amended by the North Carolina General Assembly. The Airport's contributions to LGERS for the years ended June 30, 2014, 2013 and 2012 were \$1,275, \$1,042 and \$1,055, respectively. The contributions made by the Airport equaled the required contributions for each year.

b. Other Postemployment Benefits

The Airport, as an enterprise fund of the City, participates in the City of Charlotte Employee Benefit Trust Plan (EBTP), a single-employer defined benefit healthcare plan administered by the City of Charlotte. The EBTP provides health and welfare benefit plans for the benefit of eligible retired employees of the City. Section 4.05 of the Charlotte City Code assigns the authority to establish benefit provisions for EBTP to the City Council. The EBTP is included in the Comprehensive Annual Financial Report (CAFR) for the City of Charlotte. The City's CAFR includes financial statements and required supplementary information for EBTP. That report may be obtained by writing to City of Charlotte, Department of Management & Financial Services - Accounting, Charlotte-Mecklenburg Government Center, 600 East Fourth Street, 10th Floor, Charlotte, North Carolina 28202-2848.

The contribution requirements of plan members and the City are established and may be amended by the City Council. For retired employees, the City Council set the employer contribution rate to contribute the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually. The Airport's contributions to EBTP for the year ended June 30, 2014 were \$421. Amounts previously contributed to prefund benefits are shown as a noncurrent asset on the Statement of Net Position.

c. Deferred Compensation Plan

The Airport, as an enterprise fund of the City, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are placed in trust for the exclusive benefit of the participants and their beneficiaries and therefore are not included in the City's financial statements.

NOTES TO THE FINANCIAL STATEMENTS-CONTINUED

JUNE 30, 2014

(Dollar Amounts in Thousands)

7. INSURANCE:

a. Employee Health and Life

The City provides health and life benefits to employees and retirees. Private companies administer these benefits pursuant to administrative services agreements. The City maintains insurance coverage with private carriers for life claims, vision claims, and excess coverage for health claims in excess of \$425 per year per person.

The Airport participates in the City's employee health and life insurance program which is accounted for in the Employee Health and Life Insurance Fund (EHLIF), an internal service fund, of the City. The Airport makes payments to the EHLIF for both an amount per employee and a proportionate share of the administrative cost. The amount per employee is based on actuarial estimates of amounts needed to pay prior and current year claims. The employees and retirees contribute a portion of the cost for health coverage. The City provides life insurance for employees in the amount of two times the employees' salary up to a maximum of \$200. Employees may purchase additional life insurance up to a maximum of four times their salary. The Airport made payments to the EHLIF for the year ended June 30, 2014 in the amount of \$1,666.

b. Risk Management

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport participates in the risk management program of the City. The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for excess property damage for buildings and contents, excess workers' compensation, excess vehicle and general liability, and airport liability. Insurance coverage includes vehicle and general liability claims in excess of \$2,000 but less than \$22,000 per occurrence, workers' compensation claims in excess of \$2,000, property damage claims in excess of \$100 and flood insurance \$100,000 in all flood zones, except \$10,000 in flood zone A in excess of federal flood program maximums. The finance officer is bonded for \$100. Employees who handle funds or have access to inventories are bonded under a blanket bond for \$250. Settled claims have not exceeded insurance coverage in the past three years. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. The Airport makes payments to the RMF based on historical cost information or actuarial estimates of the amounts needed to pay prior and current year claims and establish a reserve for catastrophic losses. The Airport made payments to the RMF for the year ended June 30, 2014 in the amount of \$1,507.

8. COMMITMENTS AND CONTINGENCIES:

Noise litigation suits have been filed against the City in connection with the operation of the Airport. In the opinion of the City's attorney and management, the ultimate outcome of the suits is not expected to have a significant impact upon the financial position or results of operations of the Airport.

The Airport has received a number of federal and state grants for specific purposes that are subject to review by the grantor agencies. Such reviews could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under terms of the grants. The City management believes that such disallowances, if any, would not be significant.

The Airport has authorized capital projects at June 30, 2014 as follows:

Project Authorization	\$ 1,073,831
Expended	<u>920,283</u>
Unexpended	<u>\$ 153,548</u>

The Airport had construction and other contractual commitments of approximately \$121 million at June 30, 2014.

9. MAJOR CUSTOMER:

US Airways, Inc. (US Airways), a wholly owned subsidiary of US Airways Group, Inc., is the major passenger airline serving Charlotte/Douglas International Airport (Airport). For the fiscal year ended June 30, 2014, US Airways and its affiliates provided 26.39 percent of the Airport's operating revenues.

US Airways conducts its passenger air carrier operations at the Airport pursuant to several agreements, the most significant of which is the City of Charlotte's 1985 Airport Agreements and Lease (Airport Agreement), which has also been executed by American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, and United Airline (collectively, the Signatory Airlines). Pursuant to the Airport Agreement, the Signatory Airlines lease certain premises in the passenger terminal building (terminal) and are obligated to pay landing fees and terminal rentals which, in the aggregate, are sufficient to enable the City to pay the annual operating expenses of the airfield and terminal, and the annual debt service on General Airport Revenue Bonds (GARBS) issued by the City to fund airfield and terminal improvements.

As of June 30, 2014, the City had \$613,220 of GARBS outstanding, the proceeds of which were used for airfield and terminal improvements. The GARBS are not general obligations of the City and are payable solely from revenues generated by the City in the airfield and terminal. The City has \$46,125 in reserve to pay principal and interest on GARBS.

In addition to the GARBS, the City has also issued Special Facility Revenue Bonds to finance the construction of crew training, airfield maintenance and other Airport facilities (Special Facilities) that are leased to US Airways by the City. As rental for the Special Facilities, US Airways is obligated to pay directly to the City a Ground Rental and an Airport Service Fee Rental. In addition, US Airways is obligated to pay directly to a Trustee for the benefit of bondholders a facility rental (Special Facilities Debt Service Rental) in an amount equal to the annual installments of principal and interest on the Special Facility Revenue Bonds. The Special Facilities Debt Service Rental is not a general obligation of the City. If US Airways fails to pay the Special Facilities Debt Service Rentals, the City is obligated to use reasonable efforts to re-let the Special Facilities to another tenant and apply the debt service rentals from such re-letting to the payment of the principal and interest on the Special Facility Revenue Bonds. The City is not obligated to make any payments relating to the Special Facilities or the Special Facility Revenue Bonds except for such debt service rentals as it receives from the tenant of the Special Facilities. As of June 30, 2014, there was \$114,910 of Special Facility Revenue Bonds outstanding. The Special Facility Revenue Bonds provide for the semi-annual payment of interest with a lump-sum payment of principal on the maturity date of the bonds. The Special Facility Revenue Bonds mature on July 1, 2027 and February 1, 2028.

NOTES TO THE FINANCIAL STATEMENTS-CONTINUED

JUNE 30, 2014

(Dollar Amounts in Thousands)

10. AIRPORT COMMISSION

On July 26, 2013, Senate Bill 380 was enacted into law by the North Carolina General Assembly. The legislation would create the Charlotte Douglas International Airport Commission (the "Airport Commission"). The Airport Commission would be an agency of the City and composed of thirteen members that would be appointed as follows: three by the Mayor of the City, four by the City Council, and one by each of the Boards of Commissioners of Mecklenburg County, Cabarrus County, Gaston County, Iredell County, Lincoln County and Union County. The Airport Commission would be responsible for operating the Airport. The City would be responsible for the issuance of revenue or refunding revenue bonds with respect to the Airport.

The City challenged the legislation's validity under the State constitution and challenged the State's authority to create the Airport Commission. On August 1, 2013, a Superior Court judge in Mecklenburg County (NC) granted an injunction blocking transfer of control of the Airport to the Airport Commission pending approval of or issuance of an operating certificate to the Airport Commission by the Federal Aviation Administration (the "FAA"). On September 26, 2013, the FAA issued a letter stating that prior to being able to make a final ruling on the approval of or issuance of an operating certificate to the Airport Commission, the Superior Court must further clarify whether the Airport Commission or the City would act as the sponsor of the operating certificate. On October 13, 2014, the judge ruled that the Airport needed to first secure a federal operating certificate before the Airport Commission could take over control of the Airport. The FAA is not analyzing whether a certificate could or should be transferred to the Airport Commission because the current operator, the City, has not requested such a review.

The City cannot predict the impact the legislation or the Airport Commission might have on the City or the Airport.

11. DEBT SERVICE COVERAGE:

The 1985 Revenue Bond Order provided that Revenues pledged under the Bond Order be sufficient to meet Revenue Bond Debt Service, current expenses, and other required deposits to funds and accounts established by the Bond Order. Net Revenues for calculation of coverage as defined by the 1985 Bond Order are determined as follows:

REVENUES	
Operating revenues	\$ 152,220
Nonoperating revenues	586
Amount retained in revenue fund from prior year	<u>12,101</u>
Total revenues	<u>164,907</u>
Application of revenues	<u>(73,161)</u>
Net revenues available for revenue bond debt service (1)	<u>\$ 91,746</u>
Requirement for Revenue Bond Fund (2)	<u>\$ 26,072</u>
Debt Service Coverage (1)/(2)	3.5

12. PASSENGER FACILITY CHARGES:

The Federal Aviation Administration (FAA) authorized the Airport to collect Passenger Facility Charges (PFC) of \$3 per qualifying enplaned passenger commencing November 1, 2004. The net receipts from PFC are accounted for on the accrual basis of accounting and are restricted to use on FAA approved projects. The Airport has been authorized to collect PFC in the aggregate amount of \$1,038,276.

Aggregate PFC Collections, Beginning	\$ 412,264
FY14 PFC Collections	<u>59,526</u>
Aggregate PFC Collections, Ending	<u>\$ 471,790</u>

13. CONTRACT FACILITY CHARGES

Beginning July 1, 2007 Contract Facility Charges (CFCs) were imposed on rental car companies at a rate of \$3.50 per transaction per day. On October 1, 2011 the rate was increased to \$4.00 per transaction per day. The City may, at its discretion, raise the CFC per-transaction-per-day rate. In 2014, the City recorded \$10,009 in CFC revenue.

14. SUBSEQUENT EVENTS

The Airport has evaluated subsequent events through May 14, 2015, in connection with the preparation of this report, which is the date the report was available to be issued.

On August 4, 2014, the City early extinguished \$86,000 of fixed rate Airport Special Facility Refunding Bonds, Series 1998.

On August 4, 2014, the City early extinguished \$28,910 of fixed rate Airport Special Facility Revenue Bonds, Series 2000.

On November 6, 2014, the City issued \$105,390 of fixed rate Airport Refunding Revenue Bonds, Series A and B. The proceeds will be used to redeem \$87,095 of Airport Revenue Bonds, Series 2004A and \$35,575 of Airport Revenue Bonds, Series 2004B. Interest rates range from 3.0 to 5.0 percent with a final maturity in 2035 for the Series A bonds. Interest rates range from 2.0 to 5.0 percent with a final maturity in 2024 for the Series B Bonds.

On November 6, 2014, the City issued a \$100,000 Airport Revenue Bond Anticipation Note (BAN), Series 2014C with PNC Bank. The proceeds of the BAN will be used to fund capital projects at the Airport. The BAN matures thirty-six months from the date of issuance and will be replaced with permanent financing.



ADDITIONAL INFORMATION

**SCHEDULE OF CHANGES IN NET POSITION - INCLUDED AND EXCLUDED CENTERS
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	INCLUDED CENTERS	EXCLUDED CENTERS	TOTAL
OPERATING REVENUES:			
Terminal area	\$ 33,552	\$ 57	\$ 33,609
Airfield	20,849	1,795	22,644
Concessions	52,890	-	52,890
Parking	40,824	-	40,824
Maintenance facility	-	7,068	7,068
Fixed base operator area	-	17,429	17,429
Other	4,105	6,227	10,332
Total operating revenues	152,220	32,576	184,796
OPERATING EXPENSES:			
Terminal area	47,496	6,260	53,756
Airport services facility	17,066	-	17,066
Public airfield facilities	8,022	-	8,022
Fixed base operator area	-	17,076	17,076
Cargo area	-	4,825	4,825
Depreciation	-	38,066	38,066
Total operating expenses	72,584	66,227	138,811
Operating income (loss)	79,636	(33,651)	45,985
NONOPERATING REVENUES (EXPENSES):			
Passenger facility charges	-	59,526	59,526
Contract facility charges	-	10,009	10,009
Investment earnings	586	4,852	5,438
Interest expense and other charges	(24,969)	(7,180)	(32,149)
Non-airline terminal revenue distribution	(14,777)	-	(14,777)
Miscellaneous	-	(1,421)	(1,421)
Total nonoperating revenues (expenses)	(39,160)	65,786	26,626
Income before contributions	40,476	32,135	72,611
CAPITAL CONTRIBUTIONS	-	40,246	40,246
Change in net position	\$ 40,476	\$ 72,381	\$ 112,857

Note: The Schedule of Change in Net Position identifies current year activity in included centers and excluded centers. Included centers are cost centers for the Terminal complex and Public Aircraft Facilities. Excluded centers are cost centers for those areas and parts of the Airport other than included centers, primarily cargo and fixed base operators. The 1985 Revenue Bond Order established included and excluded centers. Included center revenues are used for debt service expenditures except for debt service expenditures for the Special Facilities Revenue Bonds which are retired from debt service rentals as described in Note 3 to the Financial Statements.

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FUNDS HELD BY CITY
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	REVENUE FUND	OPERATING FUND	OPERATING FUND RESERVE	RENEWAL AND IMPROVEMENT FUND	DISCRETIONARY FUND	PFC FUND	CFC FUND	TOTAL
Beginning balance	\$ 80,034	\$ -	\$ 23,048	\$ 1,500	\$ 171,736	\$ 238,834	\$ 20,252	\$ 535,404
Deposits:								
Operating revenue	150,545	-	-	-	-	-	-	150,545
PFC revenue	-	-	-	-	-	59,526	-	59,526
Investment earnings	563	-	-	-	663	1,152	114	2,492
Interfund transfers	7,243	78,766	473	-	50,771	-	-	137,253
Transfers from capital project	670	-	-	-	518	-	-	1,188
Transfers from trustee	<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,055</u>	<u>6,078</u>
Total deposits	159,044	78,766	473	-	51,952	60,678	6,169	357,082
Withdrawals:								
Operating expense	-	78,766	-	-	-	-	-	78,766
Interfund transfers	120,639	-	-	-	7,243	9,371	-	137,253
Transfers to capital project	-	-	-	-	33,934	426	1,188	35,548
Transfers to trustee	26,176	-	-	-	-	22,511	33	48,720
Distribution to airlines of 40 percent share of excess non-airline terminal revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,777</u>	<u>-</u>	<u>-</u>	<u>14,777</u>
Total withdrawals	<u>146,815</u>	<u>78,766</u>	<u>-</u>	<u>-</u>	<u>55,954</u>	<u>32,308</u>	<u>1,221</u>	<u>315,064</u>
Ending balance	<u>\$ 92,263</u>	<u>\$ -</u>	<u>\$ 23,521</u>	<u>\$ 1,500</u>	<u>\$ 167,734</u>	<u>\$ 267,204</u>	<u>\$ 25,200</u>	<u>\$ 577,422</u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1987 SPECIAL FACILITY REVENUE BOND ORDER
FOR THE 1998 REFUNDING BONDS - REFUNDING BOND FUND
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	INTEREST ACCOUNT
Beginning balance	\$ 2,402
Deposits:	
Payments from US Airways Group, Inc.	4,823
Withdrawals:	
Interest	4,816
Other debt expenditures	<u>1</u>
Total withdrawals	<u>4,817</u>
Ending balance	<u><u>\$ 2,408</u></u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1987 SPECIAL FACILITY REVENUE BOND ORDER
FOR THE 2000 SPECIAL FACILITY REVENUE BONDS - REVENUE BOND FUND
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	INTEREST ACCOUNT
Beginning balance	\$ -
Deposits:	
Payments from US Airways Group, Inc.	2,244
Withdrawals:	
Interest	2,240
Other debt expenditures	<u>4</u>
Total withdrawals	<u>2,244</u>
Ending balance	<u><u>\$ -</u></u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2004 AIRPORT REVENUE BONDS - REVENUE BOND FUNDS
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	SERIES A	SERIES B		
	INTEREST ACCOUNT	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	TOTAL
Beginning balance	\$ 2,175	\$ 1,098	\$ 3,302	\$ 6,575
Deposits:				
Transfers from City	4,370	2,026	3,475	9,871
Investment earnings	<u>1</u>	<u>-</u>	<u>2</u>	<u>3</u>
Total deposits	4,371	2,026	3,477	9,874
Withdrawals:				
Interest	4,348	2,109	-	6,457
Principal	-	-	3,300	3,300
Other debt expenditures	22	3	-	25
Transfers to City	<u>1</u>	<u>-</u>	<u>2</u>	<u>3</u>
Total withdrawals	<u>4,371</u>	<u>2,112</u>	<u>3,302</u>	<u>9,785</u>
Ending balance	<u><u>\$ 2,175</u></u>	<u><u>\$ 1,012</u></u>	<u><u>\$ 3,477</u></u>	<u><u>\$ 6,664</u></u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2004 AIRPORT REVENUE BONDS - CONSTRUCTION FUNDS
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	SERIES B	SERIES D	TOTAL
Beginning balance	\$ 11,801	\$ 3,271	\$ 15,072
Withdrawals:			
Construction expense	<u>11,801</u>	<u>3,271</u>	<u>15,072</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2007 AIRPORT REVENUE BONDS - REVENUE BOND FUNDS
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	SERIES A		SERIES B		
	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	TOTAL
Beginning balance	\$ 2,160	\$ 2,046	\$ 4	\$ 605	\$ 4,815
Deposits:					
Transfers from City	4,258	2,125	130	535	7,048
Reimbursement from City	-	3,370	-	-	3,370
Investment earnings	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total deposits	4,259	5,496	130	535	10,420
Withdrawals:					
Interest	4,278	-	15	-	4,293
Principal	-	5,415	-	605	6,020
Other debt expenditures	21	-	119	-	140
Transfers to City	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total withdrawals	<u>4,300</u>	<u>5,416</u>	<u>134</u>	<u>605</u>	<u>10,455</u>
Ending balance	<u><u>\$ 2,119</u></u>	<u><u>\$ 2,126</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 535</u></u>	<u><u>\$ 4,780</u></u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2007 AIRPORT REVENUE BONDS - CONSTRUCTION FUND
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	SERIES A
Beginning balance	\$ 16,765
Deposits:	
Investment earnings	2
Withdrawals:	
Construction expense	<u>6,093</u>
Ending balance	<u>\$ 10,674</u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2008D AIRPORT REFUNDING BONDS - REFUNDING BOND FUND
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	RESERVE ACCOUNT	TOTAL
Beginning balance	\$ 6	\$ 430	\$ 3,131	\$ 3,567
Deposits:				
Transfers from City	247	445	-	692
Withdrawals:				
Interest	24	-	-	24
Principal	-	430	-	430
Other debt expenditures	229	-	-	229
Transfers to City	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total withdrawals	<u>253</u>	<u>430</u>	<u>1</u>	<u>684</u>
Ending balance	<u><u>\$ -</u></u>	<u><u>\$ 445</u></u>	<u><u>\$ 3,130</u></u>	<u><u>\$ 3,575</u></u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2009B AIRPORT REFUNDING BONDS - REFUNDING BOND FUND
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	RESERVE ACCOUNT	TOTAL
Beginning balance	\$ 665	\$ 7,294	\$ 5,396	\$ 13,355
Deposits:				
Transfers from City	1,163	7,510	-	8,673
Investment earnings	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</u>
Total deposits	1,163	7,514	-	8,677
Withdrawals:				
Interest	1,215	-	-	1,215
Principal	-	7,290	-	7,290
Other debt expenditures	57	-	-	57
Transfers to City	<u>-</u>	<u>4</u>	<u>2</u>	<u>6</u>
Total withdrawals	<u>1,272</u>	<u>7,294</u>	<u>2</u>	<u>8,568</u>
Ending balance	<u><u>\$ 556</u></u>	<u><u>\$ 7,514</u></u>	<u><u>\$ 5,394</u></u>	<u><u>\$ 13,464</u></u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2010A AIRPORT REVENUE BONDS
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	REVENUE BOND FUND				
	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	RESERVE ACCOUNT	CONSTRUCTION ACCOUNT	TOTAL
Beginning balance	\$ 3,087	\$ 2,376	\$ 9,009	\$ 21,001	\$ 35,473
Deposits:					
Transfers from City	6,057	2,490	-	-	8,547
Reimbursement from City	-	-	14,214	-	14,214
Investment earnings	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>6</u>
Total deposits	6,058	2,491	14,216	2	22,767
Withdrawals:					
Construction expense	-	-	-	14,032	14,032
Interest	6,112	-	-	-	6,112
Principal	-	2,375	-	-	2,375
Other debt expenditures	4	-	-	-	4
Transfers to City	<u>1</u>	<u>1</u>	<u>3</u>	<u>-</u>	<u>5</u>
Total withdrawals	<u>6,117</u>	<u>2,376</u>	<u>3</u>	<u>14,032</u>	<u>22,528</u>
Ending balance	<u><u>\$ 3,028</u></u>	<u><u>\$ 2,491</u></u>	<u><u>\$ 23,222</u></u>	<u><u>\$ 6,971</u></u>	<u><u>\$ 35,712</u></u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2010B AIRPORT REFUNDING BONDS - REFUNDING BOND FUND
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	RESERVE ACCOUNT	TOTAL
Beginning balance	\$ 1,459	\$ 2,832	\$ 5,754	\$ 10,045
Deposits:				
Transfers from City	2,829	2,920	-	5,749
Investment earnings	<u>1</u>	<u>2</u>	<u>-</u>	<u>3</u>
Total deposits	2,830	2,922	-	5,752
Withdrawals:				
Interest	2,871	-	-	2,871
Principal	-	2,830	-	2,830
Other debt expenditures	4	-	-	4
Transfers to City	<u>1</u>	<u>2</u>	<u>2</u>	<u>5</u>
Total withdrawals	<u>2,876</u>	<u>2,832</u>	<u>2</u>	<u>5,710</u>
Ending balance	<u><u>\$ 1,413</u></u>	<u><u>\$ 2,922</u></u>	<u><u>\$ 5,752</u></u>	<u><u>\$ 10,087</u></u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2010C AIRPORT REVENUE BONDS - REVENUE BOND FUND
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	RESERVE ACCOUNT	TOTAL
Beginning balance	\$ 4	\$ 465	\$ 1,861	\$ 2,330
Deposits:				
Transfers from City	184	280	-	464
Reimbursements from City	<u>-</u>	<u>13,185</u>	<u>-</u>	<u>13,185</u>
Total deposits	184	13,465	-	13,649
Withdrawals:				
Interest	10	-	-	10
Principal	-	13,650	-	13,650
Other debt expenditure	<u>178</u>	<u>-</u>	<u>-</u>	<u>178</u>
Total withdrawals	<u>188</u>	<u>13,650</u>	<u>-</u>	<u>13,838</u>
Ending balance	<u>\$ -</u>	<u>\$ 280</u>	<u>\$ 1,861</u>	<u>\$ 2,141</u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2011A AIRPORT REVENUE BONDS
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	REVENUE BOND FUND				
	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	RESERVE ACCOUNT	CONSTRUCTION ACCOUNT	TOTAL
Beginning balance	\$ 1,731	\$ 1,365	\$ 4,828	\$ 54,631	\$ 62,555
Deposits:					
Transfers from City	3,452	1,395	-	-	4,847
Investment earnings	<u>1</u>	<u>1</u>	<u>-</u>	<u>6</u>	<u>8</u>
Total deposits	3,453	1,396	-	6	4,855
Withdrawals:					
Construction expense	-	-	-	28,911	28,911
Interest	3,447	-	-	-	3,447
Principal	-	1,365	-	-	1,365
Other debt expenditures	19	-	-	-	19
Transfers to City	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total withdrawals	<u>3,467</u>	<u>1,365</u>	<u>-</u>	<u>28,911</u>	<u>33,743</u>
Ending balance	<u><u>\$ 1,717</u></u>	<u><u>\$ 1,396</u></u>	<u><u>\$ 4,828</u></u>	<u><u>\$ 25,726</u></u>	<u><u>\$ 33,667</u></u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2011B AIRPORT REVENUE BONDS
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	REVENUE BOND FUND					
	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	RESERVE ACCOUNT	COST OF ISSUANCE ACCOUNT	CONSTRUCTION ACCOUNT	TOTAL
Beginning balance	\$ 795	\$ 610	\$ 2,200	\$ 17	\$ 5,307	\$ 8,929
Deposits:						
Transfers from City	1,590	625	-	-	-	2,215
Withdrawals:						
Construction expense	-	-	-	-	2,100	2,100
Interest	1,580	-	-	-	-	1,580
Principal	-	610	-	-	-	610
Other debt expenditures	19	-	-	-	-	19
Total withdrawals	1,599	610	-	-	2,100	4,309
Ending balance	<u>\$ 786</u>	<u>\$ 625</u>	<u>\$ 2,200</u>	<u>\$ 17</u>	<u>\$ 3,207</u>	<u>\$ 6,835</u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2011C AIRPORT REVENUE BONDS
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	REVENUE BOND FUND				
	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	RESERVE ACCOUNT	CONSTRUCTION ACCOUNT	TOTAL
Beginning balance	\$ 5	\$ 555	\$ 1,856	\$ 1,076	\$ 3,492
Deposits:					
Transfers from City	11	570	-	-	581
Reimbursements from City	<u>-</u>	<u>11,355</u>	<u>-</u>	<u>-</u>	<u>11,355</u>
Total deposits	11	11,925	-	-	11,936
Withdrawals:					
Interest	16	-	-	-	16
Principal	-	11,910	-	-	11,910
Other debt expenditures	<u>-</u>	<u>210</u>	<u>-</u>	<u>-</u>	<u>210</u>
Total withdrawals	<u>16</u>	<u>12,120</u>	<u>-</u>	<u>-</u>	<u>12,136</u>
Ending balance	<u>\$ -</u>	<u>\$ 360</u>	<u>\$ 1,856</u>	<u>\$ 1,076</u>	<u>\$ 3,292</u>

**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 2011 REVENUE BOND ORDER
FOR THE 2011CFC AIRPORT REVENUE BONDS
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2014
(In Thousands)**

	REVENUE BOND FUND							
	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	RESERVE ACCOUNT	REVENUE ACCOUNT	ROLLING COVERAGE ACCOUNT	SUPPLEMENTAL RESERVE ACCOUNT	CONSTRUCTION ACCOUNT	TOTAL
Beginning balance	\$ 1,707	\$ 647	\$ 4,451	\$ 6,055	\$ 1,112	\$ 2,225	\$ 36,878	\$ 53,075
Deposits:								
CFC revenues	-	-	-	9,951	-	-	-	9,951
Transfers from City	33	-	-	-	-	-	-	33
Intrafund transfers	3,412	388	-	-	-	-	-	3,800
Investment earnings	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>6</u>
Total deposits	3,447	388	-	9,951	-	-	4	13,790
Withdrawals:								
Construction expense	-	-	-	-	-	-	25,774	25,774
Interest	3,412	-	-	-	-	-	-	3,412
Intrafund transfers	-	-	-	3,800	-	-	-	3,800
Other debt expenditures	33	-	-	-	-	-	-	33
Transfers to City	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,055</u>
Total withdrawals	<u>3,445</u>	<u>-</u>	<u>-</u>	<u>9,855</u>	<u>-</u>	<u>-</u>	<u>25,774</u>	<u>39,074</u>
Ending balance	<u><u>\$ 1,709</u></u>	<u><u>\$ 1,035</u></u>	<u><u>\$ 4,451</u></u>	<u><u>\$ 6,151</u></u>	<u><u>\$ 1,112</u></u>	<u><u>\$ 2,225</u></u>	<u><u>\$11,108</u></u>	<u><u>\$ 27,791</u></u>

CERTIFICATION OF CHIEF FINANCIAL OFFICER

FOR THE YEAR ENDED JUNE 30, 2014

1. As of June 30, 2014, none of the covenants or agreements contained in the 1985 Revenue Bond Order or the 1987 Special Facility Revenue Bond Order were violated.
2. During the period July 1, 2013 to June 30, 2014, no default, as defined in the 1985 Revenue Bond Order or the 1987 Special Facility Revenue Bond Order, occurred.



Randy Harrington
Chief Financial Officer

SUPPLEMENTARY SECTION

The Supplementary section contains
unaudited information about the
Airport Enterprise Fund or Airport.

SCHEDULE 1

Reconciliation Of Cash Balances, Non-GAAP (Fiscal Years Ending June 30, \$000)

	2014	2013
Cash & Cash Equivalents, June 30 (1)	\$ 745,830	\$ 721,686
Restricted Funds:		
Passenger Facility charges (restricted by FAA)	271,245	238,834
Contract Facility Charges (restricted by City/RACS)	25,204	20,252
Operating Fund Reserve (2)	23,521	23,048
Bond Cushion	12,101	11,408
Cannon Estate (3)	5,913	5,886
CFC Stabilization Reserve	2,000	2,000
CFC Renewal & Improvement Fund	1,500	1,500
CFC Repair and Replacement Reserve	500	500
Subtotal Restricted Funds	341,983	303,428
Non-Airline Terminal Revenue Distribution (4)	14,777	16,041
Total reductions	356,760	319,469
Unrestricted Cash, June 30	\$ 389,070	\$ 402,217
Days Cash On Hand Calculation		
Total Airport Cash on Hand, June 30	\$ 389,070	\$ 402,217
Total Operating Expenses (5)	100,745	87,858
Days Cash On Hand	1,410	1,671

NOTES:

- (1) GAAP balance from Page 48.
- (2) Increase required per bond order to the operating fund reserve to maintain reserve equal to 33 1/3% of included operating expense.
- (3) Cannon Estate funds are held in an Airport Reserve Fund. These funds are unrestricted.
- (4) The Signatory Airline's share is 40% of the Airport's Excess Non-airline Terminal Revenue as depicted on Schedule 2.
- (5) GAAP Basis excluding depreciation.

SCHEDULE 2

Net Revenues and Expenses (Included/Excluded) (Fiscal Year Ending June 30, 2014, \$000)

	INCLUDED (1)	EXCLUDED (2)	TOTAL
Operating Revenues			
Terminal Area	\$ 33,552	\$ 57	\$ 33,609
Airfield	20,849	1,795	22,644
Concessions	52,890	-	52,890
Parking	40,824	-	40,824
Maintenance Facility	-	7,068	7,068
Fixed Base Operator Area	-	17,429	17,429
Other	4,105	6,227	10,332
Total Operating Revenues	152,220	32,576	184,796
Non-Operating Revenues			
Passenger Facility Charges	-	59,526	59,526
Contract Facility Charges	-	10,009	10,009
Investment Earnings	586	4,852	5,438
Total Non-Operating Revenues	586	74,387	74,973
Total Revenues	152,806	106,963	259,769
Operating Expenses			
Terminal Area	47,496	6,260	53,756
Airport Service Facility	17,066	-	17,066
Public Airfield Facilities	8,022	-	8,022
Fixed Base Operator Area	-	17,076	17,076
Cargo Area	-	4,825	4,825
Total Operating Expenses	72,584	28,161	100,745
Non-Operating Expenses			
Depreciation	-	38,066	38,066
Interest Expense & Other Charges	24,969	7,180	32,149
Excess Non-Airline Terminal Revenue Distribution	14,777	-	14,777
Miscellaneous	-	1,421	1,421
Total Non-Operating Expenses	39,746	46,667	86,413
Total Expenses	112,330	74,828	187,158
Net Revenue	\$ 40,476	\$ 32,135	\$ 72,611

NOTES:

- (1) Included Cost Centers are revenues and expenses assigned to the Terminal Complex (Terminal Area, Concessions, and Parking).
Public Airfield Facility (Airfield), and certain other revenues and expenses assigned to the Airport Services Facility (Airport overhead).
- (2) Excluded Cost Centers are those areas and parts of the Airport not assigned to Included Cost Centers.

SCHEDULE 3

Bond Indenture Debt Service Coverage (Fiscal Years Ending June 30, \$000)

2014

Application of Revenues

Revenues

Operating Revenues	\$	152,220
Non-operating Revenues		586
Amount Retained in Revenue Fund from Prior Year (1)		12,101
Total Operating Revenues		164,907

Expenses

Included Operating Expense		72,584
Change in Operating Fund Reserve (2)		473
Debt Service Fees (3)		104
Total Operating Expenses		73,161

Net Revenues Available For Revenue Bond Debt Service [A] **91,746**

Gross Revenue Bond Debt Service 48,584

Less: PFC's Applied (22,512)

Requirement For Revenue Bond Fund [B] **\$ 26,072**

Debt Service Coverage [A/B] **3.5**

NOTES:

- (1) Coverage Factor equal to 25% of the Gross Revenue Bond Debt Service from prior Fiscal Year.
- (2) Increase required per bond order to the operating fund reserve to maintain reserve equal to 33 1/3% of included operating expense.
- (3) Trustee, remarketing and other revenue bond debt service fees.

SCHEDULE 4

Top 10 Airport Revenue Producers (Fiscal Years Ending June 30, \$000)

RANK	REVENUE	2014	2013
1	Public Automobile Parking (1)	\$ 40,824	\$ 42,486
2	US Airways (2)	34,929	29,230
3	Terminal Food & Beverage	27,306	22,022
4	Fixed Base Operator Area Revenues (3)	17,429	17,376
5	Terminal Retail Concessions	8,858	7,560
6	Mesa dba US Airways Express	4,149	3,181
7	Hertz Car Rental	3,433	3,226
8	PSA Airlines dba US Airways Express	3,171	3,320
9	Vangard Car Rental	2,864	2,608
10	Piedmont Airlines dba US Airways Express	2,040	2,321

NOTES:

(1) Revenues generated from three different automobile parking facilities at the Airport.

(2) Represents revenue from mainline carrier only. Note 9 on Page 67 in the Airport's Financial Statements (Major Customer) states that US Airways and its affiliates provided 26.39 percent of the Airport's operating revenue in FY 2014.

(3) The FBO revenues are generated through a management contract with Wilson Air Center.

SCHEDULE 5

Schedule of General Airport Revenue Bonds Outstanding (\$000)

DATE ISSUED	SERIES	ORIGINAL ISSUANCE	FINAL MATURITY	INTEREST RATES	BONDS OUTSTANDING JUNE 30, 2014
9/15/04	2004A	\$ 87,095	2035	4.75%-5.25%	\$ 87,095
9/15/04	2004B	48,465	2024	4.75%-5.25%	39,050
8/16/07	2007A	99,995	2038	4.00%-5.00%	89,060
8/16/07	2007B	47,570	2038	Variable	21,045
11/5/08	2008D	40,585	2035	Variable	38,725
2/17/09	2009B	51,180	2017	2.50%-5.00%	23,630
2/10/10	2010A	130,100	2040	2.00%-5.50%	123,205
2/10/10	2010B	67,770	2029	1.25%-5.50%	56,755
2/10/10	2010C	31,145	2040	Variable	8,875
11/9/11	2011A	76,100	2042	2.00%-5.00%	73,865
11/9/11	2011B	34,250	2042	2.00%-5.00%	33,255
11/9/11	2011C	30,920	2042	Variable	18,660
General Airport Revenue Bonds Outstanding					\$ <u>613,220</u>

NOTES:

- (1) Series 2007A, 2008D, 2009B, and 2010B were issued for refunding purposes.
- (2) On November 6, 2014, the Series 2004A&B bonds were refunded in their entirety with Series 2014A&B Bonds.

SCHEDULE 6

Schedule of General Airport Revenue Bonds Debt Service Requirements (Fiscal Years Ending June 30, \$000)

FISCAL YEAR	PRINCIPAL	INTEREST	DEBT SERVICE REQUIREMENTS TOTAL
2015	\$ 22,075	\$ 25,165	\$ 47,240
2016	23,025	24,291	47,316
2017	24,040	23,323	47,363
2018	16,480	22,502	38,982
2019	17,210	21,788	38,998
2020	18,050	21,037	39,087
2021	18,860	20,256	39,116
2022	19,765	19,410	39,175
2023	20,715	18,515	39,230
2024	21,730	17,558	39,288
2025	26,505	16,576	43,081
2026	27,715	15,545	43,260
2027	29,040	14,440	43,480
2028	30,420	13,301	43,721
2029	30,270	12,139	42,409
2030	27,395	11,074	38,469
2031	23,975	10,065	34,040
2032	25,140	8,986	34,126
2033	26,365	7,838	34,203
2034	27,695	6,620	34,315
2035	29,065	5,340	34,405
2036	19,665	4,255	23,920
2037	20,635	3,385	24,020
2038	21,625	2,487	24,112
2039	14,895	1,695	16,590
2040	15,640	1,008	16,648
2041	7,430	495	7,925
2042	7,795	168	7,963
	<u>\$ 613,220</u>	<u>\$ 349,262</u>	<u>\$ 962,482</u>

SCHEDULE 7

Schedule of Taxable Airport Special Facility Revenue Bonds Outstanding Consolidated Car Rental Facilities Project (\$000)

DATE ISSUED	SERIES	ORIGINAL ISSUANCE	FINAL MATURITY	INTEREST RATES	BONDS OUTSTANDING JUNE 30, 2014
11/9/11	2011 CONRAC	\$ 60,295	2042	2.48%-6.06%	\$ 60,295
Total CONRAC Bonds Outstanding					<u>\$ 60,295</u>

SCHEDULE 8

Schedule of Taxable Airport Special Facility Revenue Bonds Debt Service Requirements Consolidated Car Rental Facilities Project (Fiscal Years Ending June 30, \$000)

FISCAL YEAR	PRINCIPAL	INTEREST	DEBT SERVICE REQUIREMENTS TOTAL
2015	\$ 1,035	\$ 3,399	\$ 4,434
2016	1,060	3,373	4,433
2017	1,090	3,342	4,432
2018	1,125	3,298	4,423
2019	1,175	3,246	4,421
2020	1,225	3,192	4,417
2021	1,285	3,134	4,419
2022	1,340	3,074	4,414
2023	1,405	3,003	4,408
2024	1,485	2,919	4,404
2025	1,570	2,831	4,401
2026	1,660	2,736	4,396
2027	1,760	2,637	4,397
2028	1,860	2,532	4,392
2029	1,970	2,420	4,390
2030	2,085	2,303	4,388
2031	2,205	2,178	4,383
2032	2,330	2,046	4,376
2033	2,470	1,903	4,373
2034	2,620	1,749	4,369
2035	2,775	1,586	4,361
2036	2,945	1,412	4,357
2037	3,125	1,228	4,353
2038	3,315	1,033	4,348
2039	3,515	826	4,341
2040	3,725	605	4,330
2041	3,950	374	4,324
2042	4,190	128	4,318
Total	\$ 60,295	\$ 62,507	\$ 122,802

SCHEDULE 9

Schedule of Airport Special Facilities Revenue Bonds Outstanding US Airways Inc. Project (\$000)

DATE ISSUED	SERIES	ORIGINAL ISSUANCE	FINAL MATURITY	INTEREST RATES	BONDS OUTSTANDING	
					JUNE 30, 2014	
3/1/98	1998	\$ 86,000	2028	5.60%	\$	86,000
8/15/00	2000	34,700	2028	7.75%		28,910
Total US Airways Special Facilities Bonds Outstanding					\$	<u>114,910</u>

NOTES:

- (1) Bonds Issued for US Airways and repaid with lease payments.
- (2) Series 1998 Bonds were issued for refunding purposes.
- (3) Series 1998 & Series 2000 US Airways Bonds fully redeemed via optional redemption on 8/4/14 (Fiscal Year 2015).

SCHEDULE 10

Schedule of Airport Special Facilities Revenue Bonds Debt Service Requirements
US Airways Inc. Project
(Fiscal Years Ending June 30; \$000)

FISCAL YEAR	PRINCIPAL	INTEREST	DEBT SERVICE REQUIREMENTS TOTAL
2015	\$ -	\$ 7,057	\$ 7,057
2016	-	7,056	7,056
2017	-	7,056	7,056
2018	-	7,057	7,057
2019	-	7,057	7,057
2020	-	7,057	7,057
2021	-	7,057	7,057
2022	-	7,057	7,057
2023	-	7,056	7,056
2024	-	7,056	7,056
2025	-	7,057	7,057
2026	-	7,056	7,056
2027	-	7,056	7,056
2028	<u>114,910</u>	<u>4,649</u>	<u>119,559</u>
Total	<u>\$ 114,910</u>	<u>\$ 96,384</u>	<u>\$ 211,294</u>

SCHEDULE 11

Schedule of Enplanements By Flight Destination (Fiscal Years Ending June 30, 000)

ENPLANEMENTS - DOMESTIC & INTERNATIONAL

FISCAL YEAR	DOMESTIC	ANNUAL % CHANGE	INTERNATIONAL	ANNUAL % CHANGE	TOTAL	ANNUAL % CHANGE
2014	20,531	4.0%	1,446	5.9%	21,977	4.1%
2013	19,742	5.7%	1,366	2.9%	21,108	5.5%
2012	18,682	1.4%	1,328	3.1%	20,010	1.5%
2011	18,423	11.0%	1,288	14.7%	19,711	11.2%
2010	16,602	2.4%	1,123	3.1%	17,725	2.4%
2009	16,216	1.7%	1,089	0.4%	17,305	1.7%
2008	15,938	8.3%	1,085	9.6%	17,023	8.3%
2007	14,722	10.9%	990	1.4%	15,712	10.3%
2006	13,270	5.1%	976	7.4%	14,246	5.2%
2005	12,630		909		13,539	

Source: Charlotte Douglas International Airport

SCHEDULE 12

Schedule of Enplanements By Type of Passenger (Fiscal Years Ending June 30, 000)

ENPLANEMENTS - ORIGINATION/DESTINATION & CONNECTING

FISCAL YEAR	O&D	ANNUAL % CHANGE	CONNECTING	ANNUAL % CHANGE	GRAND TOTAL	ANNUAL % CHANGE
2014	5,419	3.1%	16,558	4.4%	21,977	4.1%
2013	5,255	5.0%	15,853	5.7%	21,108	5.5%
2012	5,005	-0.1%	15,005	2.1%	20,010	1.5%
2011	5,012	6.7%	14,698	12.8%	19,711	11.2%
2010	4,698	4.0%	13,027	1.9%	17,725	2.4%
2009	4,517	-8.4%	12,788	5.8%	17,305	1.7%
2008	4,932	3.0%	12,091	10.7%	17,023	8.3%
2007	4,789	16.6%	10,923	7.7%	15,712	10.3%
2006	4,106	17.1%	10,140	1.1%	14,246	5.2%
2005	3,507		10,032		13,539	

Source: Charlotte Douglas International Airport

SCHEDULE 13

Schedule of Enplaned Passengers By Airline (Fiscal Years Ending June 30, 000)

ENPLANED PASSENGERS BY AIRLINE	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
US Airways & Affiliates					
US Airways, Inc.	13,587	12,750	12,020	11,527	10,159
Air Wisconsin	768	888	854	814	409
Chautauqua Airlines	-	150	69	91	18
Mesa	2,303	1,681	1,498	1,395	1,174
Piedmont Airlines	683	769	513	516	489
PSA Airlines	1,842	1,903	2,001	2,086	2,107
Republic Airlines	598	764	1,010	1,268	1,333
Subtotal US Airways	19,781	18,905	17,965	17,697	15,689
American Airlines					
American Airlines	227	200	198	217	184
American Eagle	167	210	211	175	116
Chautauqua	-	-	-	-	2
Subtotal American	394	410	409	392	302
Delta Air Lines (inc former Northwest)					
Delta Air Lines	708	649	542	531	430
ASA, Inc.	-	-	49	48	23
Chautauqua	44	5	22	38	2
Comair, Inc.	-	5	24	26	48
Compass Airlines	28	63	50	51	113
Expressjet Airlines	75	64	9	-	-
Freedom Airlines	-	-	-	3	50
Go Jet	30	31	-	-	-
Mesaaba	-	-	13	17	46
Pinnacle Airlines	53	86	94	36	27
Shuttle America	10	19	4	-	26
Skywest	2	3	3	-	-
Subtotal Delta	950	925	810	750	765
United Air Lines (inc former Continental)					
United Air Lines, Inc.	34	36	71	144	205
Chautauqua	19	26	15	14	17
Expressjet Airlines	217	200	155	155	164
Mesa	76	86	101	97	85
Republic Airlines	20	11	-	-	-
Shuttle America	12	39	29	24	36
SkyWest	13	26	20	11	-
Subtotal United	391	424	391	445	507
Other Domestic Carriers					
Frontier Airlines, Inc.	10	-	-	-	-
JetBlue Airways Corp.	119	129	146	170	171
Miami Air	1	-	-	-	-
Southwest Airlines (inc former AirTran)	228	204	188	167	201
Vision Airlines, Inc.	-	-	-	-	-
Republic Airway Ceasar Charter	-	1	-	-	-
XTRA Airways	-	-	-	-	-
Subtotal Other Domestic Carriers	358	334	334	337	372
Other International Carriers					
Air Canada/AC Jazz	17	17	15	16	16
Insel Air International	5	5	5	-	-
Lufthansa German Airlines	81	87	81	74	73
Subtotal Other International Carriers	103	109	101	90	89
Total	21,977	21,108	20,010	19,711	17,725

ENPLANED PASSENGERS BY AIRLINE	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Share of Total					
US Airways & Affiliates	90.0%	89.6%	89.8%	89.8%	88.5%
American	1.8%	1.9%	2.0%	2.0%	1.7%
Subtotal US Airways & American	91.8%	91.5%	91.8%	91.8%	90.2%
Delta	4.3%	4.4%	4.0%	3.8%	4.3%
United	1.8%	2.0%	2.0%	2.3%	2.9%
Frontier Airlines, Inc.	0.0%	0.0%	0.0%	0.0%	0.0%
JetBlue Airways Corp.	0.5%	0.6%	0.7%	0.9%	1.0%
Miami Air	0.0%	0.0%	0.0%	0.0%	0.0%
Southwest Airlines (inc former AirTran)	1.0%	1.0%	0.9%	0.8%	1.1%
Vision Airlines, Inc.	0.0%	0.0%	0.0%	0.0%	0.0%
Republic Airway Ceasar Charter	0.0%	0.0%	0.0%	0.0%	0.0%
XTRA Airways	0.0%	0.0%	0.0%	0.0%	0.0%
Air Canada/AC Jazz	0.1%	0.1%	0.1%	0.1%	0.1%
Insel Air International	0.0%	0.0%	0.0%	0.0%	0.0%
Lufthansa German Airlines	0.4%	0.4%	0.4%	0.4%	0.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Totals may not equal the sum of componets due to rounding

SCHEDULE 14

Schedule of Net Average Cost Per Enplaned Passenger (Fiscal Years Ending June 30)

COST PER ENPLANED PASSENGER

FISCAL YEAR	COST PER ENPLANEMENT
2014	\$ 1.16
2013	1.13
2012	0.96
2011	0.79
2010	0.75
2009	0.76
2008	0.78
2007	0.76
2006	1.22
2005	1.48

Note: Net CPE after airline revenue sharing

Source: Charlotte Douglas International Airport

SCHEDULE 15

Schedule of Top O&D Markets (Fiscal Years Ending June 30)

TOP 25 O&D MARKETS			
CITY	FY 2014 O&D ENPLANEMENTS (000)	PERCENTAGE OF TOTAL O&D ENPLANEMENTS	DISTANCE FROM AIRPORT (MILES)
1 New York Area ¹	584,270	10.8%	544
2 Washington DC Area ²	247,780	5.1%	345
3 Boston	224,110	4.6%	740
4 Chicago ³	207,000	4.3%	711
5 Los Angeles ⁴	161,290	3.3%	2,264
6 Dallas/Fort Worth	139,450	2.9%	951
7 South Florida ⁵	139,180	2.9%	659
8 Orlando	137,880	2.8%	484
9 Bay Area ⁶	131,410	2.7%	2,416
10 Las Vegas	114,880	2.4%	1,978
11 Philadelphia	103,830	2.1%	530
12 Houston ⁷	94,830	2.0%	946
13 Denver	88,620	1.8%	1,450
14 Phoenix	82,780	1.7%	1,884
15 Minneapolis/St. Paul	80,830	1.7%	955
16 Detroit	74,650	1.5%	520
17 Tampa	73,380	1.5%	538
18 Hartford	72,810	1.5%	684
19 Providence	66,940	1.4%	683
20 Seattle	62,580	1.3%	2,420
21 Atlanta	61,150	1.3%	227
22 St. Louis	60,100	1.2%	633
23 Pittsburgh	58,290	1.2%	456
24 Kansas City	54,760	1.1%	910
25 New Orleans	52,480	1.1%	717

City Legend

- ¹ LaGuardia (LGA), John F Kennedy (JFK), and Newark (EWR) Airports
- ² Ronald Reagan (DCA), Dulles (IAD) and Baltimore (BWI) Airports
- ³ O'Hare (ORD) and Midway (MDW) Airports
- ⁴ Los Angeles (LAX), John Wayne (SNA), Ontario (ONT), Long Beach (LGB), and Hollywood Burbank (BUR) Airports
- ⁵ Fort Lauderdale (FLL) and Miami (MIA) Airports
- ⁶ San Francisco (SFO), San Jose (SJC), and Oakland (OAK) Airports
- ⁷ George Bush Intercontinental (IAH) and Hobby (HOU) Airports

Source: Database Products, Inc. compiled by Charlotte Douglas International Airport

SCHEDULE 16

Schedule of Average Load Factor (Fiscal Years Ending June 30, 000)

FISCAL YEAR	AVERAGE LOAD FACTOR		LOAD FACTOR
	ENPLANEMENTS	TOTAL SEATS	
2014	21,977	26,350	83.4%
2013	21,108	25,298	83.4%
2012	20,010	24,491	81.7%
2011	19,711	24,395	80.8%
2010	17,725	22,275	79.6%
2009	17,305	22,225	77.9%
2008	17,023	22,161	76.8%
2007	15,712	21,150	74.3%
2006	14,246	20,610	69.1%
2005	13,539	19,624	69.0%

Source: Charlotte Douglas International Airport

SCHEDULE 17

Schedule of Cargo Enplaned By Pounds (Fiscal Years Ending June 30, 000)

CARGO	
FISCAL YEAR	LBS ENPLANED
2014	126,124
2013	121,862
2012	129,114
2011	132,127
2010	124,370
2009	113,014
2008	130,365
2007	143,158
2006	163,424
2005	174,906

Source: Charlotte Douglas International Airport

SCHEDULE 18

Schedule of Aircraft Operations (Fiscal Years Ending June 30, 000)

OPERATIONS	
FISCAL YEAR	OPERATIONS
2014	548
2013	554
2012	545
2011	547
2010	509
2009	522
2008	531
2007	519
2006	512
2005	501

Source: Charlotte Douglas International Airport

SCHEDULE 19

Schedule of PFC Approvals and Remaining Authority (Fiscal Year Ending June 30, 2014, \$000)

PFC APPLICATION	APPLICATION NUMBER	AUTHORIZED AMOUNT (1)
PFC Application No. 1	04-01-C-00-CLT	\$ 650,150
PFC Application No. 2	07-02-C-00-CLT	143,057
PFC Application No. 3	09-03-C-00-CLT	80,766
PFC Application No. 4	11-04-C-00-CLT	164,302
TOTALS		1,038,276
Total PFCs Collected		466,364
Total PFC Interest Income		18,819
TOTAL PFC REVENUE		485,184
REMAINING PFC AUTHORITY		\$ 553,092

NOTES:

(1) As amended.

PFC Application No. 5 was submitted to the FAA in November 2014 and pending FAA approval for authority to use \$68,695,416 of PFC revenues to reimburse the City for projects on a pay-as-you-go basis from the City's PFC fund. PFC Application No. 5 was approved by the FAA on March 18, 2015.

SCHEDULE 20

Schedule of PFC Collections (Fiscal Years Ending June 30)

FISCAL YEAR	PFC RATE	AIRLINE ADMIN FEE	NET PFC RATE	ENPLANED PASSENGERS		TOTAL PFC COLLECTIONS (000)
				TOTAL (000)	PFC ELIGIBLE (1)	
2014 (2)	\$ 3.00	\$ 0.11	\$ 2.89	21,977	92.2%	\$ 58,547
2013	3.00	0.11	2.89	21,108	92.0%	56,111
2012	3.00	0.11	2.89	20,010	91.8%	53,094
2011	3.00	0.11	2.89	19,711	96.0%	54,714
2010	3.00	0.11	2.89	17,725	93.9%	48,088
2009	3.00	0.11	2.89	17,305	92.2%	46,093
2008	3.00	0.11	2.89	17,023	94.3%	46,414
2007 (3)	3.00	0.11	2.89	15,712	103.6%	47,021
2006	3.00	0.11	2.89	14,246	92.7%	38,180
2005 (4)	3.00	0.11	2.89	13,539	46.3%	18,102
Total						\$ 466,364

NOTES:

- (1) PFC eligible passengers imputed from total enplaned passengers, net PFC rate, and total PFC collections.
- (2) PFC Revenue in FY 2014 do not include year-end reclass entries produced by the City during year-end closing.
- (3) PFCs accrued in the amount of approximately \$3,600 increase PFC revenues to a point that the PFC eligible enplaned passengers exceed 100%.
- (4) Does not represent a full year of PFC collections.

SCHEDULE 21

Schedule of PFC Fund Balance (Fiscal Years Ending June 30, \$000)

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Beginning Balance (1)	\$ 248,867	\$ 215,358	\$ 185,656	\$ 161,022	\$ 130,901
PFC Revenues (2)	58,547	56,111	53,094	54,714	48,088
PFC Interest Earnings	1,190	810	1,271	1,539	2,351
Transfers In	2	-	-	-	-
Total PFC Revenue Available	308,606	272,279	240,022	217,275	181,340
PFC Expenditures					
PFC Eligible Debt Service	22,512	23,172	22,107	20,940	20,318
PAYGO Projects (3)	104	240	2,557	10,679	-
Total PFC Expenditures	22,616	23,412	24,664	31,619	20,318
Adjustments (4)	8,752	-	-	-	-
PFC Remaining Balance	<u>\$ 277,238</u>	<u>\$ 248,867</u>	<u>\$ 215,358</u>	<u>\$ 185,656</u>	<u>\$ 161,022</u>

NOTES:

(1) Based on an accrual basis. Balances depicted on Page 73 are shown on a cash basis.

(2) PFC Revenue in FY 2014 do not include year-end reclass entries produced by the City during year-end closing.

(3) PAYGO projects are "pay-as-you-go" PFC expenditures.

(4) Transfer to discretionary fund for the PFC portion of amortization of swap termination payments and refunding of 1997A bonds.

SCHEDULE 22

Schedule of Domestic O&D Deplanements (Fiscal Years Ending June 30, 000)

DOMESTIC O&D DEPLANEMENTS					
FISCAL YEAR	RESIDENTS		VISITORS		TOTAL (1)
	DEPLANEMENTS	PERCENT OF TOTAL	DEPLANEMENTS	PERCENT OF TOTAL	
2014	2,577	54.7%	2,139	45.3%	4,716
2013	2,492	54.1%	2,113	45.9%	4,605
2012	2,385	54.1%	2,023	45.9%	4,408
2011	2,387	54.2%	2,020	45.8%	4,407
2010	2,254	54.1%	1,915	45.9%	4,169
Total	12,095	54.2%	10,210	45.8%	22,305
Average Annual					
Growth Rates:	3.4%		2.8%		3.1%
2010-2014					

NOTES:

(1) US DOT Origin & Destination Survey of Airline Passenger, January 2015.

SCHEDULE 23

Schedule of CFC Collections (Fiscal Years Ending June 30)

FISCAL YEAR	RENTAL CAR TRANSACTION DAYS (1) (000)	CFC RATE	TOTAL CFC COLLECTIONS (2) (000)
2014	2,502	\$ 4.00	\$ 10,009
2013	2,480	4.00	9,920
2012 (3)	2,392	4.00	9,268
2011	2,188	3.50	7,659
2010	1,943	3.50	6,801
2009	1,998	3.50	6,994
2008	2,288	3.50	8,008
Total			\$ 58,659

NOTES:

- (1) Rental Car Transaction Days imputed from CFC Collections and CFC Rate.
- (2) CFCs depicted on page 38 are shown net of the deposit made to the CFC operation and maintenance fund as shown on Schedule 24.
- (3) The CFC was increased from \$3.50 to \$4.00 on October 1, 2011.

SCHEDULE 24

Schedule of CFC Special Facilities Debt Service Coverage (Fiscal Years Ending June 30, \$000)

	2014	2013	2012
Revenues:			
CFC Revenue:			
CFC Collections (1)	\$ 10,009	\$ 9,920	\$ 9,268
Interest Earnings	114	61	150
Annual CFC Revenue	10,123	9,981	9,418
Contingent Rent	-	-	-
Total Revenues	10,123	9,981	9,418
Rolling Coverage Fund	1,112	1,112	1,112
Total Revenues Available for DS Coverage	11,235	11,093	10,530
Application of Revenues:			
1 st Debt Service Fund	3,833	3,811	2,458
2 nd Rolling Coverage Fund	-	-	-
3 rd Supplemental Reserve Fund	-	-	-
4 th Qualified Reserve Fund Substitute	-	-	-
5 th Debt Service Reserve Fund	-	-	-
6 th Subordinate Debt Service Fund	-	-	-
7 th Subordinate Debt Service Reserve Fund	-	-	-
8 th Rebate Fund	-	-	-
9 th Replenishment of CFC Stabilization Fund (2)	-	-	-
10 th Operation and Maintenance Fund (3)	-	376	361
11 th City Loan (4)	-	-	-
12 th Repair and Replacement Fund (5)	-	-	-
13 th CFC Stabilization Fund (6)	7,402	6,906	7,711
Total Application of Revenues	\$ 11,235	\$ 11,093	\$ 10,530
Debt Service Coverage - With Coverage Fund (x)	2.93	2.91	4.28
Debt Service Coverage Without Coverage Fund (x)	2.64	2.62	3.83

NOTES:

- (1) CFCs depicted on page 38 are shown net of the deposit made to the CFC operation and maintenance fund as shown on this schedule.
- (2) Any deposit required to bring the CFC Stabilization Fund to its stated minimum of \$2 million (or higher).
- (3) Represents annual O&M expenses for the CONRAC facility.
- (4) Repayment of any principal and interest for a City Loan to the Airport to pay for costs of the Project that cannot be paid for with Bonds or CFC Stabilization Fund.
- (5) Repair and Replacement Fund replenishment to pay the cost of additions and capital improvements; or the renewal or replacement of capital assets of, or purchasing and installing new equipment related to the CONRAC; or paying any extraordinary maintenance and repair that are not operating expenses on the CONRAC.
- (6) All remaining revenues are transferred to the CFC Stabilization Fund within 15 days of the end of each Fiscal Year.

SCHEDULE 25

Schedule of CFC Fund Balance (Fiscal Years Ending June 30, \$000)

	2014	2013	2012	2011	2010
CFC Revenues					
Beginning Balance	\$ 24,649	\$ 20,351	\$ 25,526	\$ 17,029	\$ 13,336
CFC Revenues (1)	10,009	9,920	9,268	7,659	6,801
CFC Interest Earnings	114	61	150	207	253
Transfers In	-	-	3,143	-	-
Adjustments	-	-	-	1,134	-
Facility Rents	-	(376)	(361)	(361)	(361)
Total CFC Revenue Available	34,772	20,956	37,726	25,668	20,029
CFC Expenditures					
Debt Service	3,833	3,811	2,458	-	-
CFC Reserve Fund	-	-	2,500	-	-
Supplemental Reserve	-	-	2,225	-	-
Rolling Coverage	-	-	1,112	-	-
CIP Fund Transfer Net	1,188	1,496	9,080	142	3,000
Total CFC Expenditures	5,021	5,307	17,375	142	3,000
CFC Remaining Balance	<u>\$ 29,751</u>	<u>\$ 24,649</u>	<u>\$ 20,351</u>	<u>\$ 25,526</u>	<u>\$ 17,029</u>

(1) CFCs depicted on page 38 are shown net of the deposit made to the CFC operation and maintenance fund as shown on Schedule 24.

SCHEDULE 26

Schedule of Rental Car Market Share (Fiscal Years Ending June 30, \$000)

	FY 2014	FY 2013	FY 2012
GROSS REVENUE (1)			
On-Airport			
Hertz	\$ 33,794	\$ 31,452	\$ 28,570
National	28,251	26,290	24,602
Avis	23,772	21,966	19,602
Enterprise	16,211	14,569	13,424
Budget	12,019	10,412	10,027
Dollar	7,031	5,797	4,815
Advantage/Simply Wheelz (2)	2,576	1,152	-
Thrifty (2)	-	2,567	3,700
Total On-Airport	123,654	114,205	104,740
Off-Airport			
Thrifty (2)	3,489	1,046	-
Advantage/Simply Wheelz (2)	-	1,040	1,168
East Coast Rental DBS Sixt Rent A Car	813	-	-
Triangle	25	6	5
Total Off-Airport	4,327	2,092	1,173
GRAND TOTAL - GROSS REVENUE	\$ 127,981	\$ 116,297	\$ 105,913
MARKET SHARE			
On-Airport			
Hertz	26.4%	27.0%	27.0%
National	22.1%	22.6%	23.2%
Avis	18.6%	18.9%	18.5%
Enterprise	12.7%	12.5%	12.7%
Budget	9.4%	9.0%	9.5%
Dollar	5.5%	5.0%	4.5%
Advantage/Simply Wheelz	2.0%	1.0%	0.0%
Thrifty	0.0%	2.2%	3.5%
Total On-Airport	96.7%	98.2%	98.9%
Off-Airport			
Thrifty	2.7%	0.9%	0.0%
Advantage/Simply Wheelz	0.0%	0.9%	1.1%
East Coast Rental DBS Sixt Rent A Car	0.6%	0.0%	0.0%
Triangle	0.0%	0.0%	0.0%
Total Off-Airport	3.3%	1.8%	1.1%
GRAND TOTAL - MARKET SHARE	100.0%	100.0%	100.0%

NOTES:

- (1) Gross Revenue represents total monies received by the rental car operators in connection with automobile rentals or other products or services provided to their customers at the Airport.
- (2) Advantage and Thrifty relocated in FY 2013.





CHARLOTTE DOUGLAS
INTERNATIONAL AIRPORT

5501 JOSH BIRMINGHAM PARKWAY | CHARLOTTE, NC 28208



Charlotte-Douglas®
INTERNATIONAL AIRPORT



CHARLOTTE
OWNED AND OPERATED BY
THE CITY OF CHARLOTTE