

**CITY OF CHARLOTTE AIRPORT  
FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2002  
AND INDEPENDENT AUDITORS' REPORT**



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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of  
City Council:

We have audited the accompanying statement of net assets of the City of Charlotte Airport (the "Airport"), an enterprise fund of the City of Charlotte, North Carolina, as of June 30, 2002, and the related statements of revenues, expenses and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Airport's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Airport enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Charlotte, North Carolina, as of June 30, 2002, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of June 30, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Additional Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

*Deloitte + Touche LLP*

October 4, 2002, except for Note 11,  
as to which the date is March 31, 2003

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Airport's financial statements presents a narrative overview and analysis of the Airport's financial performance for the fiscal year ended June 30, 2002. Please read it in conjunction with the financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The overall financial position of the Airport improved in 2002 as evidenced by an increase in total net assets of \$33.4 million.
- The events of September 11, 2001, had only a minor impact on the Airport as reflected by the insignificant decrease in operating revenues of less than one percent.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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 assets for included and excluded centers as well as schedules of cash deposits and withdrawals by bond issue. The financial statement section includes notes to the financial statements that provide explanations and detailed data (pages 13-22).

The *statement of net assets* includes all of the Airport's assets and liabilities. The *statement of revenues, expenses and changes in fund net assets* accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the Airport's net assets and how they have changed. Net assets, the difference between assets and liabilities, is one way to measure the Airport's financial health or position. Over time, increases or decreases in the Airport's net assets are one indicator of whether financial health is improving or deteriorating.

### FINANCIAL ANALYSIS OF THE AIRPORT AS A WHOLE

The Airport has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, which provides for changes in terminology and presentation. Therefore, comparative data for all facets of the report are not available. In future years comparative data will be presented.

**Net Assets.** A summary of the Airport's net assets at June 30, 2002, is presented below:

**Net Assets**  
(in Millions)

Current and other assets	\$ 326.5
Capital assets	<u>576.7</u>
<b>Total assets</b>	<b><u>903.2</u></b>
Current and other liabilities	37.6
Noncurrent liabilities	<u>434.9</u>
<b>Total liabilities</b>	<b><u>472.5</u></b>
Net assets:	
Invested in capital assets, net of related debt	238.7
Restricted	48.7
Unrestricted	<u>143.3</u>
<b>Total net assets</b>	<b><u>\$ 430.7</u></b>

Net assets of the Airport increased \$33.4 million or 8.4 percent to \$430.7 million. However, \$287.4 million of these net assets either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, etc.). Unrestricted net assets of \$143.3 million are available to support operations and capital programs.

**Changes in net assets.** The following table presents the Airport's changes in net assets for the fiscal year ended June 30, 2002:

**Changes in Net Assets**  
(in Millions)

<b>Revenues</b>	
Operating revenues:	
Terminal area	\$ 27.1
Airfield	14.1
Concessions	21.8
Parking	14.6
Maintenance facility	11.0
Other	3.0
Nonoperating revenue:	
Investment earnings	<u>11.7</u>
<b>Total revenues</b>	<b><u>103.3</u></b>
<b>Expenses</b>	
Operating	58.2
Interest and other charges	20.7
Other	<u>8.8</u>
<b>Total expenses</b>	<b><u>87.7</u></b>
<b>Capital contributions</b>	<b><u>17.8</u></b>
<b>Increase in net assets</b>	<b>33.4</b>
Net assets – beginning	<u>397.3</u>
Net assets – ending	<b><u>\$ 430.7</u></b>

Airport operating revenues were derived primarily from the terminal area and concessions (53 percent). The operating expenses cover a range of areas with the largest being the terminal area.

User rates and fees are established to provide for operating expenses, debt service costs and adequate working capital.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2002, the Airport had \$576.7 million (net of accumulated depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents a net increase of \$43.0 million, or 8.1 percent over last year.

This year's major capital asset additions were expansion and improvement of Airport facilities. At June 30, 2002, authorized capital projects totaled \$87.8 million. These projects are primarily for expansion. The Airport has plans to issue debt to finance these projects in addition to using resources currently available.

More detailed information about the Airport's capital assets is presented in Note 2 to the financial statements.

### Long-term Debt

At June 30, 2002, the Airport had \$448.3 million of debt outstanding in general obligation and revenue bonds. This was a decrease of \$18.8 million or 4.0 percent over last year. Details by type of debt are presented in the following table:

<b>Outstanding Debt</b> (in Millions)	
General obligation bonds	\$ 9.8
Revenue bonds	<u>438.5</u>
Total	<u>\$ 448.3</u>

More detailed information about the Airport's long-term liabilities is presented in Note 3 to the financial statements.

## **ECONOMIC FACTORS AND RATES**

The following economic factors impact the Airport's outlook:

- The Airport ranks as the nation's 14<sup>th</sup> busiest airport in operations, 21<sup>st</sup> in passengers and 36<sup>th</sup> in cargo.
- A nine gate expansion to Concourse D which serves international traffic is being completed. This will make a total of 13 international gates.
- As part of the Airport Master Plan, approximately 1500 acres will be purchased by June 30, 2003 primarily to construct a fourth runway.
- US Airways, Inc., the major passenger airline serving the Airport, filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code on August 11, 2002. Since the filing, there has been no interruption in air service at the Airport. On March 31, 2003, US Airways, Inc. emerged from bankruptcy with a successful reorganization. No significant change in Airport operations is expected. Additional information is presented in Note 11.b. of the financial statements.

Airport fees and charges as well as expenditures are expected to remain relatively constant during FY 2003.

## **CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide investors and creditors with a general overview of the Airport's finances and to demonstrate the Airport's accountability. Questions concerning this report or requests for additional financial information should be directed to the City of Charlotte's Finance Department, 600 East Fourth Street, Charlotte, NC 28202-2848.

FINANCIAL STATEMENTS

**CITY OF CHARLOTTE AIRPORT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2002**  
(In Thousands)

ASSETS

Current assets:	
Cash and cash equivalents	\$ 178,374
Receivables, net of allowance for uncollectibles of \$555-	
Accounts	10,157
Other	<u>1,789</u>
Total receivables	11,946
Due from other governmental agencies	<u>7,103</u>
Total current assets	<u>197,423</u>
Restricted assets:	
Cash and cash equivalents	74,967
Investments	<u>31,373</u>
Total restricted assets	<u>106,340</u>
Noncurrent assets:	
Accounts receivable	15,080
Deferred charges	7,686
Capital assets (Note 2)-	
Land	139,499
Buildings	485,572
Runways	133,281
Other improvements	28,515
Machinery and equipment	9,534
Construction in progress	<u>38,181</u>
Total capital assets	834,582
Less accumulated depreciation	<u>257,879</u>
Total capital assets, net	<u>576,703</u>
Total noncurrent assets	<u>599,469</u>
Total assets	<u>903,232</u>

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

LIABILITIES

Current liabilities:

Accounts payable	\$ 11,627
Deposits and retainage payable	1,186
Accrued interest payable	183
Current maturities of long-term liabilities	<u>3,802</u>
Total current liabilities	<u>16,798</u>

Current liabilities payable from restricted assets:

Accounts payable	1,405
Deposits and retainage payable	2,719
Accrued interest payable	7,936
Revenue bonds payable	<u>8,730</u>
Total current liabilities payable from restricted assets	<u>20,790</u>

Noncurrent liabilities (Note 3):

General obligation bonds payable - net of deferred amount on refunding of \$54	6,171
Revenue bonds payable - net of deferred amount on refunding of \$3,639	426,143
Compensated absences payable	405
Arbitrage payable	<u>2,246</u>
Total noncurrent liabilities	<u>434,965</u>
Total liabilities	<u>472,553</u>

NET ASSETS

Invested in capital assets, net of related debt	238,740
Restricted for:	
Debt service	37,830
Working capital	10,832
Unrestricted	<u>143,277</u>
Total net assets	<u>\$ 430,679</u>

**CITY OF CHARLOTTE AIRPORT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
(In Thousands)

OPERATING REVENUES:

Terminal area	\$ 27,147
Airfield	14,109
Concessions	21,814
Parking	14,563
Maintenance facility	11,031
Other	<u>2,995</u>
Total operating revenues	<u>91,659</u>

OPERATING EXPENSES:

Terminal area	20,862
Services facility	9,550
Public aircraft facilities	899
Fixed base operator area	150
Cargo area	4,276
Depreciation	<u>22,441</u>
Total operating expenses	<u>58,178</u>
Operating income	<u>33,481</u>

NONOPERATING REVENUES (EXPENSES):

Investment earnings	11,661
Interest expense and other charges	(20,750)
Non-airline terminal revenue distribution	(6,498)
Miscellaneous	<u>(2,319)</u>
Total nonoperating revenues (expenses)	<u>(17,906)</u>

Income before contributions	15,575
CAPITAL CONTRIBUTIONS	<u>17,828</u>
Change in net assets	33,403
Total net assets - beginning	<u>397,276</u>
Total net assets - ending	<u>\$ 430,679</u>

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

**CITY OF CHARLOTTE AIRPORT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2002  
(In Thousands)**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from customers	\$ 85,447
Payments to suppliers	(20,054)
Payments to employees	(9,352)
Payments to other City funds for services	(5,008)
Payments to airlines for non-airline terminal revenue distribution	(7,802)
Other receipts (payments)	<u>(642)</u>
Net cash provided by operating activities	<u>42,589</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING  
ACTIVITIES:**

Acquisition and construction of capital assets	(71,817)
Principal paid on capital debt	(18,840)
Interest paid on capital debt	(28,398)
Capital contributions	<u>11,386</u>
Net cash used by capital and related financing activities	<u>(107,669)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of investments	(221,950)
Proceeds from sale and maturities of investments	252,583
Interest received	<u>12,793</u>
Net cash provided by investing activities	<u>43,426</u>

Net decrease in cash and cash equivalents	(21,654)
Cash and cash equivalents - beginning of year	<u>274,995</u>
Cash and cash equivalents - end of year	<u>\$ 253,341</u>

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**CITY OF CHARLOTTE AIRPORT**  
**STATEMENT OF CASH FLOWS - (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**(In Thousands)**

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 33,481
Adjustments to reconcile operating income to net cash provided by operating activities-	
Depreciation	22,441
Non-airline terminal revenue distribution	(7,802)
Other receipts (payments)	(642)
Change in assets and liabilities:	
(Increase) in receivables	(5,657)
(Increase) in due from other governmental agencies	(16)
Increase in accounts payable	818
(Decrease) in deposits and retainage payable	(90)
Increase in compensated absences payable	56
Total adjustments	<u>9,108</u>
Net cash provided by operating activities	<u>\$ 42,589</u>

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

**CITY OF CHARLOTTE AIRPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**  
**(Dollar Amounts in Thousands)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

a. Basis of Presentation

The City of Charlotte Airport (Airport) is an enterprise fund of the City of Charlotte (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 Assets. 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. The Airport has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board (APB) Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

b. Cash and Cash Equivalents/Investments

The City maintains a Cash Management Pool (Pool) which 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 Assets 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 money market accounts and certificates of deposit.

All of the City's deposits are either insured or collateralized by using the Dedicated Method or the Pooling Method. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in the City's name. 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.

**CITY OF CHARLOTTE AIRPORT**  
**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**  
**JUNE 30, 2002**  
**(Dollar Amounts In Thousands)**

Investments

State statutes authorize 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.

All investments, except mutual funds and the NCCMT, are insured or registered, or are securities held by the City or its agent in the City's name (category 1). Mutual funds and the NCCMT are exempt from risk categorization.

Investments except for the NCCMT are reported at fair value as determined by quoted market prices. The NCCMT is valued at fair value which is the NCCMT's share price. The reported and fair value of restricted investments at June 30, 2002 is shown below:

U.S. Government Securities	\$ 16,800
Commercial Paper	<u>14,573</u>
Total	<u>\$ 31,373</u>

c. Capital Assets

Purchased or constructed capital assets 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
Machinery and Equipment	3-30 years

Net interest cost on debt issued to finance the construction of capital assets was capitalized during the construction period in the amount of \$3,896.

**CITY OF CHARLOTTE AIRPORT**  
**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**  
**JUNE 30, 2002**  
**(Dollar Amounts In Thousands)**

d. 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 two months, is payable upon retirement or death.

e. Long-term Liabilities

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Bonds payable are reported net of the deferred amounts on refunding. The deferred amount on refunding is the difference between the reacquisition price and the net carrying amount of the old debt. This amount is amortized as a component of interest expense, using the straight-line basis, over the life of the old debt or new debt, whichever is shorter.

The City enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

f. Net Assets

Net assets are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, bond covenants or laws or regulations of other governments or imposed by law through state statute.

g. 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.

**CITY OF CHARLOTTE AIRPORT**  
**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**  
**JUNE 30, 2002**  
(Dollar Amounts In Thousands)

**2. CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2002, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 133,102	\$ 6,397	\$ -	\$ 139,499
Construction in progress	85,696	61,789	109,304	38,181
Total capital assets, not being depreciated	<u>218,798</u>	<u>68,186</u>	<u>109,304</u>	<u>177,680</u>
Capital assets, being depreciated:				
Buildings	385,543	100,029	-	485,572
Runways	132,245	1,036	-	133,281
Other improvements	24,097	4,418	-	28,515
Machinery and equipment	8,916	1,142	524	9,534
Total capital assets being depreciated	<u>550,801</u>	<u>106,625</u>	<u>524</u>	<u>656,902</u>
Less accumulated depreciation for:				
Buildings	171,292	17,397	-	188,689
Runways	49,891	3,824	-	53,715
Other improvements	8,143	1,013	-	9,156
Machinery and equipment	6,601	207	489	6,319
Total accumulated depreciation	<u>235,927</u>	<u>22,441</u>	<u>489</u>	<u>257,879</u>
Total capital assets, being depreciated, net	<u>314,874</u>	<u>84,184</u>	<u>35</u>	<u>399,023</u>
Capital assets, net	<u>\$ 533,672</u>	<u>\$ 152,370</u>	<u>\$ 109,339</u>	<u>\$ 576,703</u>

**3. LONG-TERM LIABILITIES:**

A summary of changes in long-term liabilities for the year ended June 30, 2002, follows by type:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds:					
1980 series, 6.0% to 6.8% due 2003-2005	\$ 5,750	\$ -	\$ 1,500	\$ 4,250	\$ 1,500
1998 series, 4.0% to 4.3% due 2003-2005	7,705	-	2,150	5,555	2,080
Total general obligation bonds	<u>13,455</u>	<u>-</u>	<u>3,650</u>	<u>9,805</u>	<u>3,580</u>
Revenue bonds:					
1988 series, 8.1% to 8.3% due 2004-2006	612	-	-	612	-
1993 series, 6.3% due 2003-2017	93,000	-	2,800	90,200	3,100
1997 series, 5.9% due 2003-2018	64,380	-	2,230	62,150	2,375
1998 series, 5.6% due 2028	86,000	-	-	86,000	-
1999 series A, 5.8%, due 2030	7,950	-	-	7,950	-
1999 series B, 4.6% to 6.0%, due 2005-2029	80,280	-	-	80,280	-
1999 series C, 6.6% to 6.9%, due 2003-2005	12,310	-	3,060	9,250	3,255
1999 series D, variable rate, due 2006-2030	74,470	-	7,100	67,370	-
2000 series, 7.8% due 2028	34,700	-	-	34,700	-
Total revenue bonds	<u>453,702</u>	<u>-</u>	<u>15,190</u>	<u>438,512</u>	<u>8,730</u>
Less deferred amounts on refunding	<u>4,287</u>	<u>-</u>	<u>297</u>	<u>3,990</u>	<u>297</u>
Total bonds payable net of deferred amounts on refunding	<u>462,870</u>	<u>-</u>	<u>18,543</u>	<u>444,327</u>	<u>12,013</u>
Arbitrage	1,964	371	31	2,304	58
Compensated absences	810	687	631	866	461
Total long-term liabilities net of deferred amounts on refunding	<u>\$ 465,644</u>	<u>\$ 1,058</u>	<u>\$ 19,205</u>	<u>\$ 447,497</u>	<u>\$ 12,532</u>

**CITY OF CHARLOTTE AIRPORT**  
**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**  
**JUNE 30, 2002**  
(Dollar Amounts In Thousands)

Debt service requirements to maturity for general obligation bonds are as follows:

Year Ended			
June 30	Principal	Interest	Total
2003	\$ 3,580	\$ 485	\$ 4,065
2004	3,500	310	3,810
2005	2,725	137	2,862
	<u>\$ 9,805</u>	<u>\$ 932</u>	<u>\$ 10,737</u>

While the full faith and credit of the City of Charlotte are pledged for the payment of the General Obligation Bonds, the proceeds necessary to retire the General Obligation Bonds will be provided from Airport resources pursuant to agreements relating to the 1985 Revenue Bond Order.

Revenue bond debt service requirements to maturity are as follows:

Year Ended			
June 30	Principal	Interest	Total
2003	\$ 8,730	\$ 23,136	\$ 31,866
2004	9,518	23,046	32,564
2005	10,177	22,463	32,640
2006	8,732	21,927	30,659
2007	9,105	20,884	29,989
2008-2012	56,980	95,089	152,069
2013-2017	92,935	74,020	166,955
2018-2022	42,270	55,761	98,031
2023-2027	46,010	48,190	94,200
2028-2030	154,055	6,997	161,052
	<u>\$ 438,512</u>	<u>\$ 391,513</u>	<u>\$ 830,025</u>

In December 1985 and May 1987, the City issued \$108,780 and \$75,880, respectively, 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 1987 bonds were refunded in June 1997 and replaced with 1997 Airport Refunding Revenue Bonds. The City entered into interest rate swap agreements for the variable rate 1993 Airport Refunding Revenue Bonds and the 1997 Airport Refunding Revenue Bonds. Based on the swap agreements, the City owes interest calculated at a fixed rate of 6.3 percent and 5.9 percent, respectively to the counterparty to the swap. In return, the counterparty owes the City interest based on a variable rate that matches the rate required by the bonds. Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged and is only the basis on which the interest payments are calculated. The City continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreements, the City effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate. The City will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. Termination of the swap agreements may also result in the City's making or receiving a termination payment.

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.

**CITY OF CHARLOTTE AIRPORT**  
**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**  
**JUNE 30, 2002**  
**(Dollar Amounts In Thousands)**

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. Interest on the variable rate revenue bonds is established weekly by a Remarketing Agent based on comparable tax-exempt obligations.

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 Special Facility Revenue Bonds are payable from lease revenues pursuant to a Special Facility Lease (Lease) Agreement with US Airways Group, Inc.

The Revenue and 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 Lease or Revenue Bond Order. 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 Lease or Revenue Bond Order.

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, the 1980 General Obligation 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, \$30,154 in 2002.
- (2) In the 1980 General Obligation Bond Fund a reserve in the amount of \$1,857.
- (3) In the Operating Fund an amount equal to one-third of the annual budget for current expenses, \$9,332 in 2002.

The City early extinguished \$7,100 of Airport Revenue Bonds in September 2001.

#### **4. LEASE AGREEMENTS:**

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.

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.

**CITY OF CHARLOTTE AIRPORT**  
**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**  
**JUNE 30, 2002**  
**(Dollar Amounts In Thousands)**

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, 2002:

2003	\$ 56,984
2004	56,456
2005	56,270
2006	56,508
2007	55,442
2008-2012	230,722
2013-2017	179,656
2018-2022	58,382
2023-2027	58,382
2028	<u>6,337</u>
Total minimum future rental income	<u>\$815,139</u>

Of the \$815,139 minimum future rental income on noncancelable operating leases, \$491,428 relates to agreements with US Airways, Inc. See Note 11 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. Rental income, consisting of all rental and concession revenues except parking, was \$74,101 for the year ended June 30, 2002. Of this amount, approximately \$8,116 was contingent rentals.

**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	\$ 2,935
Crash, fire and rescue services	<u>2,073</u>
	<u>\$ 5,008</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 Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410.

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 is 4.8 percent of annual covered payroll. The contribution requirements of members and of the Airport are established and may be amended

**CITY OF CHARLOTTE AIRPORT**  
**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**  
**JUNE 30, 2002**  
**(Dollar Amounts In Thousands)**

by the North Carolina General Assembly. The Airport's contributions to LGERS for the years ended June 30, 2002, 2001 and 2000 were \$399, \$394 and \$398, respectively. The contributions made by the Airport equaled the required contributions for each year.

b. Post-employment Benefits

In addition to the pension benefits described in Note 6.a., the City Council has authorized the City to provide health benefits to retirees. For individuals who retired prior to January 1, 1991 or who retire with 20 or more years of service, the City funds the same percent of the benefit for the retiree and dependents as it does for active employees. For retirees with 15 to 20 years of service, the City funds the same percent of the benefit for the retiree only as it does for active employees. For retirees with less than 15 years of service, the City does not fund any portion of the cost. As described in Note 7.a., the Airport makes payments to the Employee Health and Life Insurance Fund. This amount includes a proportionate share for post-employment health care benefits.

7. INSURANCE:

a. Employee Health and Life

The City provides health and life benefits to employees and retirees. Private carriers administer these benefits pursuant to administrative services agreements. The City maintains insurance coverage with private carriers for life claims and excess coverage for health claims in excess of \$200 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 a "conventional premium" amount per employee and a proportionate share of the administrative cost. The "conventional premium" 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 \$100. The Airport made payments to the EHLIF for the year ended June 30, 2002 in the amount of \$1,084.

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 the insured and uninsured risks of loss. Currently, insurance coverage is purchased for property damage for buildings and contents, excess workers' compensation and Airport liability. Insurance coverage includes vehicle and general liability claims in excess of \$2,000 but less than \$22,000 per occurrence and workers' compensation claims in excess of \$300. 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, 2002 in the amount of \$844.

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.

**CITY OF CHARLOTTE AIRPORT**  
**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**  
**JUNE 30, 2002**  
(Dollar Amounts In Thousands)

The Airport has construction and other contractual commitments of approximately \$17 million at June 30, 2002.

9. MAJOR CUSTOMER:

The Airport derived 41 percent, or \$37,628, of operating revenues from one customer, US Airways Group, Inc. for the year ended June 30, 2002.

10. 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	\$ 74,051
Nonoperating revenues	3,954
Bond cushion	<u>5,819</u>
Total revenues	83,824
Application of revenues	<u>(31,723)</u>
Net revenues available for revenue bond debt service (1)	<u>\$ 52,101</u>
Requirement for Revenue Bond Fund (2)	<u>\$ 23,276</u>
Debt Service Coverage (1)/(2)	2.2

11. SUBSEQUENT EVENTS:

a. Early Debt Extinguishment

The City early extinguished \$15,100 of Airport Revenue Bond debt in November 2002.

b. US Airways, Inc. Chapter 11 Filing

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, 2002, US Airways provided 41 percent of the Airport's operating revenues.

On August 11, 2002, US Airways and its sister affiliates filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (Code) in the United States Bankruptcy Court (Court) in the Eastern District of Virginia and was granted an automatic stay from the actions of its creditors under Section 365 of the Code. Since the filing, there has been no interruption in air service at the Airport by US Airways or any of its affiliates.

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 Agreement and Lease (Airport Agreement), which has also been executed by American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, and United Airlines (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

**CITY OF CHARLOTTE AIRPORT**  
**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**  
**JUNE 30, 2002**  
**(Dollar Amounts In Thousands)**

expenses of the airfield and terminal, and the annual debt service on General Obligation Bonds (G.O. Bonds) and General Airport Revenue Bonds (GARBS) issued by the City to fund airfield and terminal improvements.

As of June 30, 2002, the City had \$9,805 of G.O. Bonds and \$317,200 of GARBS outstanding, the proceeds of which were used for airfield and terminal improvements. The G.O. Bonds are general obligations of the City but are payable from Signatory Airlines fees and charges (Airport Fees and Charges) under the Airport Agreement. The GARBS are not general obligations of the City and are payable solely from Airport revenues generated by the airfield and terminal (Airport Revenues). The Signatory Airlines are legally required to cover the debt service payments. The City also has \$1,857 in reserve to pay principal of and interest on the G. O. Bonds, and \$30,154 in reserve to pay principal of and interest on GARBS.

In addition to the G. O. Bonds and 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. As of June 30, 2002, there was \$121,312 of these Special Facility Revenue Bonds outstanding. The principal and interest payable on the Special Facility Revenue Bonds are not a general obligation of the City, and are not payable from Airport Revenues, but are payable solely from debt service rentals payable by US Airways pursuant to leases executed by US Airways with the City for the Special Facilities. If US Airways does not pay the debt service, the City is not obligated to pay the bondholders. Rather, the City's obligation is to use its best efforts to relet the premises to another tenant, who will pay the debt service.

At June 30, 2002, the Airport had a noncurrent receivable from US Airways of \$15,080. This represents the amortized portion of \$120,700 of Special Facility Revenue Bonds outstanding and reflected as long-term liabilities. The receivable will be due from US Airways and payable to the bondholders in the amount of \$86,000 in July 2027 and \$34,700 in February 2028.

On February 21, 2003, the Court permitted the City to set off pre-petition obligations owed by the City to US Airways against \$4.3 million in obligations owed by US Airways to the City. Pursuant to the Airport Agreement, each Signatory Airline is entitled to receive a pro rata share of non-terminal revenues each year and an amount determined by a reconciliation of rates and charges for the same year. This set off left \$1.2 million in pre-petition debt outstanding.

Under Chapter 11, US Airways had an election to accept or reject the Airport Agreement, the Special Facility Leases and its other agreements with the City. On February 27, 2003, US Airways gave notice to the Court and the City that it would accept all the agreements and cure all pre-petition debt. Subsequently, the Airport entered into agreements with US Airways and its affiliates, Piedmont Airlines, Inc and PSA, with respect to a schedule for the payment of all remaining pre-petition amounts unpaid.

On March 31, 2003, US Airways announced that, having satisfied all requirements of the Court's Confirmation Order, it has emerged from Bankruptcy with a successful reorganization. Under the Plan of Reorganization, the City will recover all remaining pre-petition debt outstanding.

US Airways continues to make full use of the Airport facilities; therefore, pursuant to accepting all the agreements, it is obligated to make all payments that come due after the petition date of August 11, 2002. The City does not expect a significant change in Airport operations.

ADDITIONAL INFORMATION

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**CITY OF CHARLOTTE AIRPORT**  
**SCHEDULE OF CHANGE IN NET ASSETS - INCLUDED AND EXCLUDED CENTERS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
(In Thousands)

	<u>Included Centers</u>	<u>Excluded Centers</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Terminal area	\$ 21,038	\$ 6,109	\$ 27,147
Airfield	13,763	346	14,109
Concessions	21,814	-	21,814
Parking	14,563	-	14,563
Maintenance facility	-	11,031	11,031
Other	<u>2,902</u>	<u>93</u>	<u>2,995</u>
Total operating revenues	<u>74,080</u>	<u>17,579</u>	<u>91,659</u>
<b>OPERATING EXPENSES:</b>			
Terminal area	19,871	991	20,862
Services facility	9,550	-	9,550
Public aircraft facilities	899	-	899
Fixed base operator area	-	150	150
Cargo area	-	4,276	4,276
Depreciation	<u>-</u>	<u>22,441</u>	<u>22,441</u>
Total operating expenses	<u>30,320</u>	<u>27,858</u>	<u>58,178</u>
Operating income (loss)	<u>43,760</u>	<u>(10,279)</u>	<u>33,481</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment earnings	3,366	8,295	11,661
Interest expense and other charges	(14,099)	(6,651)	(20,750)
Non-airline terminal revenue distribution	(6,498)	-	(6,498)
Miscellaneous	<u>(1,065)</u>	<u>(1,254)</u>	<u>(2,319)</u>
Total nonoperating revenues (expenses)	<u>(18,296)</u>	<u>390</u>	<u>(17,906)</u>
Income (loss) before contributions	25,464	(9,889)	15,575
<b>CAPITAL CONTRIBUTIONS</b>	<u>-</u>	<u>17,828</u>	<u>17,828</u>
Change in net assets	<u>\$ 25,464</u>	<u>\$ 7,939</u>	<u>\$ 33,403</u>

Note: The Schedule of Change in Net Assets 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.

**CITY OF CHARLOTTE AIRPORT**  
**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, 2002**  
(In Thousands)

	General Obligation Bond Fund			Operating Fund	Operating Fund Reserve
	1980 and 1998 Accounts	1980 Reserve Account	Revenue Fund		
Beginning balance	\$ -	\$ 2,673	\$ 26,973	\$ -	\$ 8,832
Deposits:					
Operating revenue	-	-	69,457	-	-
Investment earnings	-	123	934	-	-
Interfund transfers	4,323	-	-	31,144	500
Transfers from capital project	-	-	-	-	-
Transfers from trustee	-	-	2,304	-	-
Total deposits	4,323	123	72,695	31,144	500
Withdrawals:					
Operating expense	-	-	-	31,144	-
Interfund transfers	-	-	54,295	-	-
Transfers to capital project	-	-	-	-	-
Interest	673	-	-	-	-
Principal	3,650	-	-	-	-
Transfers to trustee	-	-	23,957	-	-
Distribution to airlines of 40 percent share of excess non-airline terminal revenue	-	-	-	-	-
Total withdrawals	4,323	-	78,252	31,144	-
Ending balance	\$ -	\$ 2,796	\$ 21,416	\$ -	\$ 9,332

<u>Renewal and Improvement Fund</u>	<u>Discretionary Fund</u>	<u>Total</u>
\$ 1,500	\$ 14,524	\$ 54,502
-	-	69,457
-	1,783	2,840
-	18,328	54,295
-	25,913	25,913
-	-	2,304
-	46,024	154,809
-	-	31,144
-	-	54,295
-	2,850	2,850
-	-	673
-	-	3,650
-	-	23,957
-	<u>7,802</u>	<u>7,802</u>
-	<u>10,652</u>	<u>124,371</u>
<u>\$ 1,500</u>	<u>\$ 49,896</u>	<u>\$ 84,940</u>

**CITY OF CHARLOTTE AIRPORT**  
**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS**  
**ESTABLISHED BY THE 1985 REVENUE BOND ORDER FOR THE 1993 REFUNDING BONDS**  
**FUNDS HELD BY TRUSTEE**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
(In Thousands)

	Refunding Bond Fund			Total
	Interest Account	Principal Account	Reserve Account	
Beginning balance	\$ 1,562	\$ 2,865	\$ 11,621	\$ 16,048
Deposits:				
Transfers from City	5,719	3,424	-	9,143
Investment earnings	<u>31</u>	<u>75</u>	<u>690</u>	<u>796</u>
Total deposits	5,750	3,499	690	9,939
Withdrawals:				
Interest	6,595	-	-	6,595
Principal	-	2,800	-	2,800
Transfers to City	78	55	724	857
Liquidity and remarketing fees	<u>-</u>	<u>324</u>	<u>-</u>	<u>324</u>
Total withdrawals	<u>6,673</u>	<u>3,179</u>	<u>724</u>	<u>10,576</u>
Ending balance	<u>\$ 639</u>	<u>\$ 3,185</u>	<u>\$ 11,587</u>	<u>\$ 15,411</u>

**CITY OF CHARLOTTE AIRPORT**  
**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS**  
**ESTABLISHED BY THE 1985 REVENUE BOND ORDER FOR THE 1997 REFUNDING BONDS**  
**FUNDS HELD BY TRUSTEE**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
(In Thousands)

	<u>Refunding Bond Fund</u>			
	<u>Interest Account</u>	<u>Principal Account</u>	<u>Reserve Account</u>	<u>Total</u>
Beginning balance	\$ 1,138	\$ 2,280	\$ 6,507	\$ 9,925
Deposits:				
Transfers from City	3,667	2,549	-	6,216
Investment earnings	<u>20</u>	<u>60</u>	<u>368</u>	<u>448</u>
Total deposits	3,687	2,609	368	6,664
Withdrawals:				
Interest	4,291	-	-	4,291
Principal	-	2,230	-	2,230
Transfers to City	51	43	425	519
Liquidity and remarketing fees	<u>-</u>	<u>174</u>	<u>-</u>	<u>174</u>
Total withdrawals	<u>4,342</u>	<u>2,447</u>	<u>425</u>	<u>7,214</u>
Ending balance	<u>\$ 483</u>	<u>\$ 2,442</u>	<u>\$ 6,450</u>	<u>\$ 9,375</u>

**CITY OF CHARLOTTE AIRPORT**  
**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS**  
**ESTABLISHED BY THE 1987 SPECIAL FACILITY REVENUE BOND ORDER**  
**FOR THE 1998 REFUNDING BONDS**  
**FUNDS HELD BY TRUSTEE**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
(In Thousands)

	<u>Interest Account</u>
Beginning balance	\$ 3
Deposits:	
Payments from US Airways Group, Inc.	7,221
Withdrawals:	
Interest	<u>4,816</u>
Ending balance	<u>\$ 2,408</u>

**CITY OF CHARLOTTE AIRPORT**  
**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS**  
**ESTABLISHED BY THE 1985 REVENUE BOND ORDER FOR THE 1999A AIRPORT**  
**REVENUE BONDS**  
**FUNDS HELD BY TRUSTEE**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
(In Thousands)

	<u>Revenue Bond Fund</u>			<u>Total</u>
	<u>Interest Account</u>	<u>Reserve Account</u>	<u>Construction Account</u>	
Beginning balance	\$ 235	\$ 836	\$ 1,508	\$ 2,579
Deposits:				
Transfers from City	457	-	-	457
Investment earnings	<u>2</u>	<u>17</u>	<u>17</u>	<u>36</u>
Total deposits	459	17	17	493
Withdrawals:				
Construction expense	-	-	1,525	1,525
Interest	457	-	-	457
Transfers to City	<u>2</u>	<u>39</u>	<u>-</u>	<u>41</u>
Total withdrawals	<u>459</u>	<u>39</u>	<u>1,525</u>	<u>2,023</u>
Ending balance	<u>\$ 235</u>	<u>\$ 814</u>	<u>\$ -</u>	<u>\$ 1,049</u>

**CITY OF CHARLOTTE AIRPORT**  
**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS**  
**ESTABLISHED BY THE 1985 REVENUE BOND ORDER FOR THE 1999B AIRPORT**  
**REVENUE BONDS**  
**FUNDS HELD BY TRUSTEE**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
(In Thousands)

	<u>Revenue Bond Fund</u>			<u>Total</u>
	<u>Interest Account</u>	<u>Reserve Account</u>	<u>Construction Account</u>	
Beginning balance	\$ 3,911	\$ 6,586	\$ 34,021	\$ 44,518
Deposits:				
Transfers from City	2,862	-	-	2,862
Investment earnings	<u>172</u>	<u>155</u>	<u>1,092</u>	<u>1,419</u>
Total deposits	3,034	155	1,092	4,281
Withdrawals:				
Construction expense	-	-	31,506	31,506
Interest	4,633	-	-	4,633
Transfers to City	<u>-</u>	<u>306</u>	<u>-</u>	<u>306</u>
Total withdrawals	<u>4,633</u>	<u>306</u>	<u>31,506</u>	<u>36,445</u>
Ending balance	<u>\$ 2,312</u>	<u>\$ 6,435</u>	<u>\$ 3,607</u>	<u>\$ 12,354</u>

**CITY OF CHARLOTTE AIRPORT**  
**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS**  
**ESTABLISHED BY THE 1985 REVENUE BOND ORDER FOR THE 1999C AIRPORT**  
**REVENUE BONDS**  
**FUNDS HELD BY TRUSTEE**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
(In Thousands)

	<u>Revenue Bond Fund</u>				<u>Total</u>
	<u>Interest Account</u>	<u>Principal Account</u>	<u>Reserve Account</u>	<u>Construction Account</u>	
Beginning balance	\$ 420	\$ 3,104	\$ 1,543	\$ 1,086	\$ 6,153
Deposits:					
Transfers from City	621	3,255	-	-	3,876
Investment earnings	<u>4</u>	<u>82</u>	<u>45</u>	<u>22</u>	<u>153</u>
Total deposits	625	3,337	45	22	4,029
Withdrawals:					
Construction expense	-	-	-	1,108	1,108
Principal	-	3,060	-	-	3,060
Interest	720	-	-	-	720
Transfers to City	<u>4</u>	<u>44</u>	<u>140</u>	<u>-</u>	<u>188</u>
Total withdrawals	<u>724</u>	<u>3,104</u>	<u>140</u>	<u>1,108</u>	<u>5,076</u>
Ending balance	<u>\$ 321</u>	<u>\$ 3,337</u>	<u>\$ 1,448</u>	<u>\$ -</u>	<u>\$ 5,106</u>

**CITY OF CHARLOTTE AIRPORT**  
**SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS**  
**ESTABLISHED BY THE 1985 REVENUE BOND ORDER FOR THE 1999D AIRPORT**  
**REVENUE BONDS**  
**FUNDS HELD BY TRUSTEE**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
(In Thousands)

	Revenue Bond Fund				Total
	Interest Account	Principal Account	Reserve Account	Construction Account	
Beginning balance	\$ -	\$ -	\$ 8,467	\$ 54,293	\$ 62,760
Deposits:					
Transfers from City	1,220	183	-	-	1,403
Reimbursement from City	-	7,100	-	-	7,100
Investment earnings	-	-	199	1,205	1,404
Total deposits	1,220	7,283	199	1,205	9,907
Withdrawals:					
Construction expense	-	-	-	14,135	14,135
Principal	-	7,100	-	-	7,100
Interest	1,220	-	-	-	1,220
Transfers to City	-	-	393	-	393
Liquidity and remarketing fees	-	183	-	-	183
Total withdrawals	1,220	7,283	393	14,135	23,031
Ending balance	\$ -	\$ -	\$ 8,273	\$ 41,363	\$ 49,636

**CITY OF CHARLOTTE AIRPORT**  
**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**  
**FUNDS HELD BY TRUSTEE**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
(In Thousands)

	Revenue Bond Fund		Construction Fund		Total
	Interest Account	Capitalized Interest Account	Improvements Account	Special Facility Account	
Beginning balance	\$ 4	\$ 540	\$ 11,212	\$ 1,529	\$ 13,285
Deposits:					
Intrafund transfers	543	-	-	-	543
Payments from US Airways Group, Inc.	2,142	-	-	-	2,142
Investment earnings	-	3	264	28	295
Total deposits	2,685	3	264	28	2,980
Withdrawals:					
Construction expense	-	-	1,220	812	2,032
Interest	2,689	-	-	-	2,689
Intrafund transfers	-	543	-	-	543
Total withdrawals	2,689	543	1,220	812	5,264
Ending balance	\$ -	\$ -	\$ 10,256	\$ 745	\$ 11,001

**CITY OF CHARLOTTE AIRPORT  
CERTIFICATION OF DIRECTOR OF FINANCE  
FOR THE YEAR ENDED JUNE 30, 2002**

1. As of June 30, 2002 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, 2001 to June 30, 2002 no default, as defined in the 1985 Revenue Bond Order or the 1987 Special Facility Revenue Bond Order, occurred.

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Greg C. Gaskins  
Director of Finance