CITY OF CHARLOTTE AIRPORT
AN ENTERPRISE FUND OF THE CITY OF CHARLOTTE
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008
AND INDEPENDENT AUDITORS' REPORT

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CHERRY BEKAERT & HOLLAND

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of
City Council
Charlotte, North Carolina

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 (the "City"), as of June 30, 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Airport 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. These 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 the 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 and do not purport to, and do not present fairly the financial position of the City as of June 30, 2008, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of June 30, 2008, 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.

Management's Discussion and Analysis, listed in the accompanying table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Airport taken as a whole. The Additional Information, as listed in the accompanying table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Certification of Director of Finance as listed in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on it

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

Cherry, Bekaert + Holland LLP.

Raleigh, North Carolina
December 14, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Airport's (an enterprise fund of the City of Charlotte) financial statements presents a narrative overview and analysis of the Airport's financial performance for the fiscal year ended June 30, 2008. Please read it in conjunction with the financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the Airport exceeded its liabilities at the end of 2008 by $749.1 (net assets). Of this amount, $320.9 (unrestricted net assets), or 43 percent, is available to support operations and capital programs.
- The overall financial position of the Airport improved in 2008 as evidenced by an increase in total net assets of $113.4.
- The Airport continued collecting Passenger Facility Charges (PFC) during fiscal year 2008 in the amount of $46.4.

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 13-24).

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

Net Assets. A summary of the Airport's net assets at June 30, 2008 and 2007 is presented below:

Net Assets
(in Millions)

	2008	2007
Current and other assets	$ 697.2	$ 503.7
Capital assets	757.4	693.1
Total assets	**1,454.6**	**1,196.8**
Current liabilities	70.1	51.0
Noncurrent liabilities	635.4	510.1
Total liabilities	**705.5**	**561.1**
Net assets:		
Invested in capital assets, net of related debt	268.5	320.9
Restricted	159.7	126.5
Unrestricted	320.9	188.3
Total net assets	**$ 749.1**	**$ 635.7**

A primary portion of the Airport's net assets (36 percent) is comprised of its investment in capital assets (land, buildings, runways, etc.), less any related outstanding debt. These capital assets are used to provide services; therefore, they are not available for future spending.

An additional portion of the Airport's net assets (21 percent) represents resources that are subject to external restrictions. The remaining balance, $320.9 or 43 percent, consists of unrestricted net assets that may be used to support operations and capital programs.

Restricted net assets increased by $33.2. This is mainly due to collections of passenger facility charges, which are restricted for use on Federal Aviation Administration (FAA) approved projects.

Changes in net assets. The following table presents the Airport's changes in net assets for fiscal years ended June 30, 2008 and 2007:

Changes in Net Assets
(in Millions)

	2008	2007
Revenues		
Operating revenues:		
Terminal area	$ 28.8	$ 27.1
Airfield	9.6	10.0
Concessions	36.5	31.8
Parking	34.1	31.1
Maintenance facility	7.5	7.5
Other	30.7	26.1
Nonoperating revenue:		
Passenger facility charges	46.4	51.5
Contract facility charges	7.7	-
Investment earnings	28.3	23.7
Total revenues	**229.6**	**208.8**
Expenses		
Operating	96.2	88.2
Interest and other charges	34.9	30.2
Other	19.2	15.7
Total expenses	**150.3**	**134.1**
Capital contributions	**34.1**	**22.3**
Increase in net assets	**113.4**	**97.0**
Net assets – beginning	635.7	538.7
Net assets – ending	$ 749.1	$ 635.7

Airport operating revenues were derived primarily from the terminal area, concessions and parking (68 percent). Total revenues increased 10 percent due to increased jet fuel sales and heavier passenger traffic at the Airport which increases revenues such as concessions and parking.

Operating expenses cover a range of areas with the largest being the terminal area. Total operating expenses increased 9 percent, mostly due to higher fuel costs.

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, 2008, the Airport had $757.4 (net of accumulated depreciation) in capital assets consisting primarily of land, buildings and runways. This amount represents a net increase of $64.3, or 9 percent over 2007.

This year's major capital asset additions were land acquisitions under the Airport's Master Plan. At June 30, 2008, unexpended authorized capital projects totaled \$256.1. These projects are primarily for expansion and improvements. 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, 2008, the Airport had \$648.6 of debt outstanding in revenue bonds and installment purchases. This was an increase of \$126.5, or 24 percent from last year. Details by type of debt are presented in the following table:

Outstanding Debt
(in Millions)

	2008	2007
Revenue bonds	\$ 648.6	\$ 521.6
Installment purchases	-	0.5
Total	\$ 648.6	\$ 522.1

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 9th busiest airport in operations, 16th in passengers and 30rd in cargo.
- Airport revenues are projected to increase by 24.0 percent due to growth in parking revenues and the Airport's fixed based operator.
- Construction for a third parallel runway is in progress. The 9,000-foot runway is scheduled to be operational in January 2010 and is expected to increase air service by 33 percent.

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.

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CITY OF CHARLOTTE AIRPORT
STATEMENT OF NET ASSETS
JUNE 30, 2008
(In Thousands)

ASSETS

Current assets:	
Cash and cash equivalents	$ 471,805
Receivables, net of allowance for uncollectibles of $235-	
Accounts	18,602
Other	5,454
Total receivables	24,056
Due from other governmental agencies	20,748
Restricted assets-	
Cash and cash equivalents	109,836
Investments	51,765
Total restricted assets	161,601
Total current assets	678,210
Noncurrent assets:	
Deferred charges	11,963
Other postemployment benefit assets	6,962
Capital assets (Note 2)-	
Land	241,152
Buildings	499,802
Runways	147,004
Other improvements	65,018
Machinery and equipment	19,142
Construction in progress	186,663
Total capital assets	1,158,781
Less accumulated depreciation	401,361
Total capital assets, net	757,420
Total noncurrent assets	776,345
Total assets	1,454,555

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

LIABILITIES

Current liabilities:	
Accounts payable	$ 27,341
Deposits and retainage payable	611
Current maturities of long-term liabilities	678
Current liabilities payable from restricted assets-	
Accounts payable	7,727
Deposits and retainage payable	4,419
Accrued interest payable	13,678
Revenue bonds payable	15,626
Total current liabilities payable from restricted assets	41,450
Total current liabilities	70,080
Noncurrent liabilities (Note 3):	
Revenue bonds payable - net of deferred amounts on refunding and premiums of $1,620	634,485
Compensated absences payable	443
Arbitrage payable	497
Total noncurrent liabilities	635,425
Total liabilities	705,505

NET ASSETS

Invested in capital assets, net of related debt	268,528
Restricted for:	
Debt service	40,598
Passenger facility charges	101,194
Working capital	17,877
Unrestricted	320,853
Total net assets	$ 749,050

CITY OF CHARLOTTE AIRPORT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

OPERATING REVENUES:	
Terminal area	$ 28,766
Airfield	9,568
Concessions	36,522
Parking	34,092
Maintenance facility	7,527
Other	30,703
Total operating revenues	147,178
OPERATING EXPENSES:	
Terminal area	36,918
Services facility	12,596
Public airfield facilities	1,450
Fixed base operator area	16,686
Cargo area	2,582
Depreciation	25,924
Total operating expenses	96,156
Operating income	51,022
NONOPERATING REVENUES (EXPENSES):	
Passenger facility charges	46,414
Contract facility charges	7,667
Investment earnings	28,269
Interest expense and other charges	(34,904)
Non-airline terminal revenue distribution	(17,233)
Miscellaneous	(1,978)
Total nonoperating revenues (expenses)	28,235
Income before contributions	79,257
CAPITAL CONTRIBUTIONS	34,097
Change in net assets	113,354
Total net assets - beginning	635,696
Total net assets - ending	$ 749,050

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, 2008
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	$ 154,793
Payments to suppliers	(48,121)
Payments to other City funds for services	(14,597)
Payments to employees	(12,994)
Payments to airlines for non-airline terminal revenue distribution	(16,631)
Other payments	(2,039)
Net cash provided by operating activities	60,411
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from capital debt	141,829
Passenger facility charges	45,955
Contract facility charges	6,934
Acquisition and construction of capital assets	(77,601)
Principal paid on capital debt	(13,188)
Interest and other charges paid on capital debt	(34,911)
Capital contributions	13,807
Net cash provided by capital and related financing activities	82,825
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(161,049)
Proceeds from sale and maturities of investments	146,046
Interest received	26,860
Net cash provided by investing activities	11,857
Net increase in cash and cash equivalents	155,093
Cash and cash equivalents - beginning of year	426,548
Cash and cash equivalents - end of year	$ 581,641

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CITY OF CHARLOTTE AIRPORT
STATEMENT OF CASH FLOWS - (Continued)
FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$	51,022
Adjustments to reconcile operating income to net cash provided by operating activities-		
Depreciation		25,924
Other payments		(2,039)
Non-airline terminal revenue distribution		(16,631)
Change in assets and liabilities-		
Decrease in receivables		7,612
(Increase) in due from other governmental agencies		(10)
Decrease in other receivables		15
(Increase) in other postemployment benefit assets		(6,962)
Increase in accounts payable		1,331
Increase in deposits and retainage payable		112
Increase in compensated absences payable		37
Total adjustments		9,389
Net cash provided by operating activities	$	60,411
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Proceeds from refunding bonds	$	8,242
Payment to refunded bond escrow agent		(8,242)
Net noncash investing, capital and financing activities	$	-

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

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, an enterprise fund of the City of Charlotte, 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 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.

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 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 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.

(Dollar Amounts In Thousands)

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 and maturities at June 30, 2008, were as follows:

		Investment Maturities (in Years)	
Investment type	Fair Value	Less than 1	1-3
U.S. Agencies	$ 30,266	$ 20,994	$ 9,272
Commercial paper	21,499	21,499	-
Total	$ 51,765	$ 42,493	$ 9,272

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, 2008, the City's investments in commercial paper carried at least S&P A1, Moody's P1 or Fitch F1 ratings. The City's investments in U.S. Agencies (Federal National Mortgage Association and Federal Home Loan Mortgage Corporation) are rated AAA 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, 2008, 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 $10 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.

(Dollar Amounts In Thousands)

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
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 $75 for the year ended June 30, 2008.

e. 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.

f. Noncurrent Liabilities

Bond premiums and discounts 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 applicable premiums or discounts and any 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.

g. 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, regulations of other governments or by State statute.

h. 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.

(Dollar Amounts In Thousands)

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, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 228,749	$ 12,403	$ -	$ 241,152
Construction in progress	112,175	89,480	14,992	186,663
Total capital assets, not being depreciated	340,924	101,883	14,992	427,815
Capital assets, being depreciated:				
Buildings	498,854	948	-	499,802
Runways	147,004	-	-	147,004
Other improvements	64,961	57	-	65,018
Machinery and equipment	17,295	2,591	744	19,142
Total capital assets being depreciated	728,114	3,596	744	730,966
Less accumulated depreciation for:				
Buildings	275,701	17,656	-	293,357
Runways	73,322	4,116	-	77,438
Other improvements	17,244	2,584	-	19,828
Machinery and equipment	9,685	1,568	515	10,738
Total accumulated depreciation	375,952	25,924	515	401,361
Total capital assets, being depreciated, net	352,162	(22,328)	229	329,605
Capital assets, net	$ 693,086	$ 79,555	$ 15,221	$ 757,420

(Dollar Amounts In Thousands)

3. NONCURRENT LIABILITIES:

A summary of changes in noncurrent liabilities for the year ended June 30, 2008, follows by type:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds:					
1993 series, variable rate due 2009-2017	$ 71,900	$ -	$ 4,700	$ 67,200	$ 5,100
1997 series, variable rate due 2009-2018	48,700	-	3,205	45,495	3,410
1998 series, 5.6% due 2028	86,000	-	-	86,000	-
1999 series A	7,950	-	7,950	-	-
1999 series B, 5.0% to 6.0% due 2009-2029	75,630	-	1,865	73,765	1,960
1999 series D, variable rate due 2019-2030	34,830	-	-	34,830	-
2000 series, 7.8% due 2028	34,700	-	-	34,700	-
2004 series A, 4.8% to 5.3% due 2024-2035	87,095	-	-	87,095	-
2004 series B, 4.8% to 5.3% due 2012-2024	48,465	-	-	48,465	-
2004 series C, 3.8% to 4.4% due 2009-2011	10,790	-	2,555	8,235	2,640
2004 series D, variable rate due 2009-2035	15,555	-	350	15,205	360
2007 series A, 4.0% to 5.0% due 2009-2038	-	99,995	-	99,995	1,475
2007 series B, variable rate due 2009-2038	-	47,570	-	47,570	745
Total revenue bonds	521,615	147,565	20,625	648,555	15,690
Less deferred amounts on refunding	(2,592)	(292)	(268)	(2,616)	(275)
Plus unamortized premiums	2,716	1,639	183	4,172	211
Total bonds payable net of deferred amounts on refunding	521,739	148,912	20,540	650,111	15,626
Installment purchases	513	-	513	-	-
Plus unamortized premium	14	-	14	-	-
Total installment purchases	527	-	527	-	-
Arbitrage	453	85	41	497	-
Compensated absences	1,084	915	878	1,121	678
Total noncurrent liabilities net of deferred amounts on refunding and unamortized premium	$ 523,803	$ 149,912	$ 21,986	$ 651,729	$ 16,304

a. Revenue Bonds

Revenue bond debt service requirements to maturity are as follows:

Year Ended June 30	Principal	Interest	Total
2009	$ 15,690	$ 34,832	$ 50,522
2010	17,120	36,570	53,690
2011	18,180	35,738	53,918
2012	19,375	34,467	53,842
2013	20,540	33,091	53,631
2014-2018	113,770	141,575	255,345
2019-2023	67,195	114,508	181,703
2024-2028	227,805	86,898	314,703
2029-2033	88,970	22,708	111,678
2034-2038	59,910	5,014	64,924
	$ 648,555	$ 545,401	$ 1,193,956

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. See Note 3.b. for additional information concerning swap agreements.

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 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 determined by a remarketing agent based upon market conditions.

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.

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

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. The net proceeds of $99,795 (after payment of $1,839 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities and to acquire and construct certain improvements to the Airport. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $292. This difference, reported in the accompanying financial statements as a deduction from revenue bonds payable, is being charged to operations through the year 2030 using the effective-interest method. The City completed the advance refunding to reduce its total debt service payments over a period of 23 years by $4,478 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,704.

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 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 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, $30,292 in 2008.

(2) In the Operating Fund an amount equal to one-third of the annual budget for current expenses, $16,377 in 2008.

b. Interest Rate Swaps

As a means to protect against the potential of rising interest rates and to achieve the economic benefits of an advance refunding, the City entered into two interest rate swap agreements related to variable rate airport refunding revenue bonds. The first agreement was in connection with $107,900 of Series 1993A bonds issued in June 1993 and the second was in connection with $70,295 of Series 1997A bonds issued in June 1997. The swap agreements were entered into in June 1992 and December 1993 for Series 1993A and Series 1997A, respectively, and were effective at the time the bonds were issued. The purpose of the swaps was to effectively change the variable rate bonds to fixed rate bonds.

Under the swaps the City pays the counterparty a fixed rate of 6.34 percent for Series 1993A and 5.90 percent for Series 1997A. Comparative interest rates, as determined by the Revenue Bond Index published in the Daily Bond Buyer, for fixed rate revenue bonds at the dates of the swap agreements were 6.74 percent for Series 1993A and 5.74 percent for Series 1997A. The City receives a variable rate equivalent to the bond floating rate that is determined by the remarketing agent based upon market conditions. Therefore, the City is not exposed to basis risk. As of June 30, 2008 the bond floating rate was 1.55 percent for Series 1993A and 2.06 percent for Series 1997A.

The Series 1993A and 1997A bonds and related swap agreements mature on July 1, 2016 and July 1, 2017, respectively. The notional amounts of the swaps equal the principal amounts of the associated bonds and continue to decrease simultaneously with the reduction in the principal amount of the associated bonds. As of June 30, 2008 the notional amounts were $67,200 and $45,495 for Series 1993A and Series 1997A, respectively.

At June 30, 2008 the swaps had negative fair values of ($10,106) and ($5,419) for Series 1993A and Series 1997A, respectively. Fair values were estimated by the counterparty using mark-to-market valuations.

As of June 30 the City was not exposed to credit risk because the swaps had negative fair values. The swap counterparty was rated Aa3 by Moody's and A+ by S&P. To mitigate the potential for credit risk, if the counterparty's credit rating falls below Aa3 by Moody's or AA- by S&P, the fair value of the swap will be collateralized with cash and/or U.S. government securities. Collateral will be deposited with a third party custodian.

Either the City or the counterparty may terminate the swap if the other party fails to perform. In addition, the swaps may be terminated if (a) the counterparty's credit rating is reduced below A3 by Moody's or A- by S&P, (b) the rating on the City's general obligation bonds is reduced below Aa3 by Moody's and AA- by S&P, (c) a taxability event occurs, or (d) the Airport landed weight decreases by more than twenty percent. Termination could result in the City being required to make a termination payment.

(Dollar Amounts In Thousands)

As rates change, variable rate bond interest payments and net swap payments will vary. Assuming interest rates as of June 30 remain the same until the bonds mature, debt service requirements of the variable rate bonds and net swap payments would be as follows:

Year Ended	Variable Rate Bonds	
June 30	Principal	Interest
2009	$ 8,510	$ 6,301
2010	9,320	8,484
2011	10,050	7,659
2012	10,885	6,769
2013	11,645	5,812
2014-2018	62,285	12,373
Total	$ 112,695	$ 47,398

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. 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, 2008:

2009	$ 43,864
2010	43,980
2011	29,157
2012	29,276
2013	29,395
2014-2018	103,927
2019-2023	37,526
2024-2028	155,818
Total minumum future rental income	$ 472,943

Of the $472,943 minimum future rental income on noncancelable operating leases, $348,715 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 $22,871 were received during the year ended June 30, 2008.

(Dollar Amounts In Thousands)

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	$ 11,926
Crash, fire and rescue services	2,671
	$ 14,597

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.

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 by the North Carolina General Assembly. The Airport's contributions to LGERS for the years ended June 30, 2008, 2007 and 2006 were $628, $568 and $523, respectively. The contributions made by the Airport equaled the required contributions for each year.

b. Other Post-employment 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, Finance Department – Financial Reporting, 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 based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or fund excess) of the plan over a period not to exceed thirty years. The contributions made by the Airport included the required contribution for the year and an additional amount to prefund benefits. The prefunded amount is shown as a noncurrent asset on the Statement of Net Assets.

(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 $275 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 $100. 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, 2008 in the amount of $1,711.

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, property damage, 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 $750, property damage claims in excess of $100 and flood insurance $100,000 in all flood zones, except $5,000 in flood zone A in excess of federal flood program maximums. The finance officer is bonded for $100. 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, 2008 in the amount of $1,910.

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, 2008 as follows:

Project Authorization	$ 768,036
Expended	511,933
Unexpended	$ 256,103

The Airport has construction and other contractual commitments of approximately $118 million at June 30, 2008.

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, 2008, US Airways and its affiliates provided 21.91 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 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 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, 2008, the City had $527,855 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 $40,598 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, 2008, there was $120,700 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.

(Dollar Amounts In Thousands)

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	$ 113,877
Nonoperating revenues	4,851
Bond cushion	10,306
Total revenues	129,034
Application of revenues	(52,849)
Net revenues available for revenue bond debt service (1)	$ 76,185
Requirement for Revenue Bond Fund (2)	$ 21,049
Debt Service Coverage (1)/(2)	3.6

11. 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 $794,708. Collections during fiscal year 2008 were $46,414 and aggregate collections from inception through June 30, 2008 were $154,164.

12. SUBSEQUENT EVENTS:

In September 2008, the City early extinguished $6,025 variable rate Airport Revenue Bonds.

Note 3.b. discussed the City's two Airport interest rate swap agreements in connection with the Series 1993A and 1997A bonds. The agreements were made with AIG Financial Products Corporation ("AIG"), and the variable rate bonds were insured by MBIA. In the spring of 2008, a credit rating downgrade on MBIA set in motion a chain of events which triggered provisions in the AIG swap agreements that caused actual interest cost for the City to exceed 14 percent. Ultimately, the City decided to terminate the AIG swaps in October 2008 by paying a termination payment to AIG in the amount of $16,850, including $15,433 for the termination payment and $1,417 for accrued interest due.

In November 2008, the City issued $40,585 of variable rate Airport Refunding Revenue Bonds. The proceeds will be used to refund, in advance of their maturity, Airport Revenue Bonds Series 1999D and 2004D.

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, 2008
(In Thousands)

	Included Centers	Excluded Centers	Total
OPERATING REVENUES:			
Terminal area	$ 28,786	$ (20)	$ 28,766
Airfield	9,568	-	9,568
Concessions	36,522	-	36,522
Parking	34,092	-	34,092
Maintenance facility	-	7,527	7,527
Other	4,909	25,794	30,703
Total operating revenues	113,877	33,301	147,178
OPERATING EXPENSES:			
Terminal area	35,098	1,820	36,918
Services facility	12,596	-	12,596
Public airfield facilities	1,450	-	1,450
Fixed base operator area	-	16,686	16,686
Cargo area	-	2,582	2,582
Depreciation	-	25,924	25,924
Total operating expenses	49,144	47,012	96,156
Operating income (loss)	64,733	(13,711)	51,022
NONOPERATING REVENUES (EXPENSES):			
Passenger facility charges	-	46,414	46,414
Contract facility charges	-	7,667	7,667
Investment earnings	4,851	23,418	28,269
Interest expense and other charges	(27,345)	(7,559)	(34,904)
Non-airline terminal revenue distribution	(17,233)	-	(17,233)
Miscellaneous	-	(1,978)	(1,978)
Total nonoperating revenues (expenses)	(39,727)	67,962	28,235
Income before contributions	25,006	54,251	79,257
CAPITAL CONTRIBUTIONS	-	34,097	34,097
Change in net assets	$ 25,006	$ 88,348	$113,354

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, 2008

(In Thousands)

	General Obligation Bond Fund			
	1980 Reserve Account	2003 Lease Purchase	Revenue Fund	Operating Fund
Beginning balance	$ 1,250	$ -	$ 56,696	$ -
Deposits:				
Operating revenue	-	-	114,593	-
PFC revenue	-	-	-	-
Investment earnings	54	-	2,537	-
Interfund transfers	-	-	-	51,099
Intrafund transfers	-	539	-	-
Transfers from capital project	-	-	-	-
Transfers from trustee	-	-	2,340	-
Total deposits	54	539	119,470	51,099
Withdrawals:				
Operating expense	-	-	-	51,099
Interfund transfers	-	-	94,208	-
Intrafund transfers	539	-	-	-
Transfers to capital project	-	-	-	-
Other debt expenditures	-	5	-	-
Interest	-	21	-	-
Principal	-	513	-	-
Transfers to trustee	-	-	21,461	-
Distribution to airlines of 40 percent share of excess non-airline terminal revenue	-	-	-	-
Total withdrawals	539	539	115,669	51,099
Ending balance	$ 765	$ -	$ 60,497	$ -

	Operating Fund Reserve	Renewal and Improvement Fund	Discretionary Fund	PFC Fund	Total
	$ 14,845	$ 1,500	$ 26,183	$ 62,594	$ 163,068
	-	-	-	-	114,593
	-	-	-	45,955	45,955
	-	-	8,458	3,970	15,019
	1,532	-	41,577	-	94,208
	-	-	-	-	539
	-	-	111,006	-	111,006
	-	-	-	-	2,340
	1,532	-	161,041	49,925	383,660
	-	-	-	-	51,099
	-	-	-	-	94,208
	-	-	-	-	539
	-	-	69,343	175	69,518
	-	-	-	-	5
	-	-	-	-	21
	-	-	-	-	513
	-	-	-	20,459	41,920
	-	-	16,631	-	16,631
	-	-	85,974	20,634	274,454
	$ 16,377	$ 1,500	$ 101,250	$ 91,885	$ 272,274

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, 2008 (In Thousands)

	Refunding Bond Fund			
	Interest Account	Principal Account	Reserve Account	Total
Beginning balance	$ 1,417	$ 4,887	$ 11,429	$ 17,733
Deposits:				
Transfers from City	4,354	5,357	-	9,711
Investment earnings	38	128	435	601
Total deposits	4,392	5,485	435	10,312
Withdrawals:				
Interest	4,883	-	-	4,883
Principal	-	4,700	-	4,700
Other debt expenditures	-	257	-	257
Transfers to City	105	177	536	818
Total withdrawals	4,988	5,134	536	10,658
Ending balance	$ 821	$ 5,238	$ 11,328	$ 17,387

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, 2008 (In Thousands)

	Refunding Bond Fund			
	Interest Account	Principal Account	Reserve Account	Total
Beginning balance	$ 1,000	$ 3,337	$ 6,616	$ 10,953
Deposits:				
Transfers from City	2,694	3,591	-	6,285
Investment earnings	26	87	268	381
Total deposits	2,720	3,678	268	6,666
Withdrawals:				
Interest	3,027	-	-	3,027
Principal	-	3,205	-	3,205
Other debt expenditures	-	181	-	181
Transfers to City	68	125	273	466
Total withdrawals	3,095	3,511	273	6,879
Ending balance	$ 625	$ 3,504	$ 6,611	$ 10,740

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, 2008 (In Thousands)

	Refunding Bond Fund		
	Interest Account	Principal Account	Total
Beginning balance	$ 2,435	$ 15	$ 2,450
Deposits:			
Payments from US Airways Group, Inc.	4,831	-	4,831
Investment earnings	5	1	6
Total deposits	4,836	1	4,837
Withdrawals:			
Interest	4,816	-	4,816
Other debt expenditures	15	-	15
Total withdrawals	4,831	-	4,831
Ending balance	$ 2,440	$ 16	$ 2,456

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, 2008

(In Thousands)

	Revenue Bond Fund		
	Interest Account	Reserve Account	Total
Beginning balance	$ 242	$ 836	$ 1,078
Deposits:			
Transfers from City	40	-	40
Investment earnings	3	(21)	(18)
Total deposits	43	(21)	22
Withdrawals:			
Interest	228	-	228
Payment to refunding bond escrow agent	55	812	867
Other debt expenditures	2	-	2
Transfers to City	-	3	3
Total withdrawals	285	815	1,100
Ending balance	$ -	$ -	$ -

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, 2008 (In Thousands)

	Revenue Bond Fund			
	Interest Account	Principal Account	Reserve Account	Total
Beginning balance	$ 2,298	$ 1,938	$ 6,578	$ 10,814
Deposits:				
Transfers from City	4,319	1,967	-	6,286
Investment earnings	56	50	258	364
Total deposits	4,375	2,017	258	6,650
Withdrawals:				
Interest	4,366	-	-	4,366
Principal	-	1,865	-	1,865
Other debt expenditures	-	7	-	7
Transfers to City	92	73	298	463
Total withdrawals	4,458	1,945	298	6,701
Ending balance	$ 2,215	$ 2,010	$ 6,538	$ 10,763

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, 2008 (In Thousands)

	Revenue Bond Fund				
	Interest Account	Principal Account	Reserve Account	Construction Account	Total
Beginning balance	$ 1	$ -	$ 6,729	$ 3,108	$ 9,838
Deposits:					
Transfers from City	1,226	126	-	-	1,352
Investment earnings	-	-	226	65	291
Total deposits	1,226	126	226	65	1,643
Withdrawals:					
Construction expense	-	-	-	3,173	3,173
Interest	1,226	-	-	-	1,226
Other debt expenditures	-	126	-	-	126
Transfers to City	1	-	331	-	332
Total withdrawals	1,227	126	331	3,173	4,857
Ending balance	$ -	$ -	$ 6,624	$ -	$ 6,624

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, 2008 (In Thousands)

	Revenue Bond Fund	Construction Fund		
	Interest Account	Improvements Account	Special Facility Account	Total
Beginning balance	$ 26	$ 10,861	$ 670	$ 11,557
Deposits:				
Payments from US Airways Group, Inc.	2,696	-	-	2,696
Investment earnings	2	377	23	402
Total deposits	2,698	377	23	3,098
Withdrawals:				
Construction expense	-	1,766	-	1,766
Interest	2,689	-	-	2,689
Other debt expenditures	7	-	-	7
Total withdrawals	2,696	1,766	-	4,462
Ending balance	$ 28	$ 9,472	$ 693	$ 10,193

CITY OF CHARLOTTE AIRPORT
SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS ESTABLISHED BY THE 1985 REVENUE BOND ORDER FOR THE 2004A AIRPORT REVENUE BONDS FUNDS HELD BY TRUSTEE FOR THE YEAR ENDED JUNE 30, 2008 (In Thousands)

	Revenue Bond Fund		
	Interest Account	Construction Account	Total
Beginning balance	$ 2,263	$ 28,712	$ 30,975
Deposits:			
Transfers from City	4,351	-	4,351
Investment earnings	56	674	730
Total deposits	4,407	674	5,081
Withdrawals:			
Construction expense	-	14,323	14,323
Interest	4,348	-	4,348
Other debt expenditures	3	-	3
Transfers to City	89	-	89
Total withdrawals	4,440	14,323	18,763
Ending balance	$ 2,230	$ 15,063	$ 17,293

CITY OF CHARLOTTE AIRPORT
SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2004B AIRPORT REVENUE BONDS
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Revenue Bond Fund		
	Interest Account	Construction Account	Total
Beginning balance	$ 1,310	$ 45,229	$ 46,539
Deposits:			
Transfers from City	2,520	-	2,520
Investment earnings	32	1,175	1,207
Total deposits	2,552	1,175	3,727
Withdrawals:			
Construction expense	-	21,696	21,696
Interest	2,517	-	2,517
Other debt expenditures	3	-	3
Transfers to City	52	-	52
Total withdrawals	2,572	21,696	24,268
Ending balance	$ 1,290	$ 24,708	$ 25,998

CITY OF CHARLOTTE AIRPORT

SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS ESTABLISHED BY THE 1985 REVENUE BOND ORDER FOR THE 2004C AIRPORT REVENUE BONDS FUNDS HELD BY TRUSTEE FOR THE YEAR ENDED JUNE 30, 2008 (In Thousands)

	Revenue Bond Fund		
	Interest Account	Principal Account	Total
Beginning balance	$ 220	$ 2,652	$ 2,872
Deposits:			
Transfers from City	334	2,643	2,977
Investment earnings	6	68	74
Total deposits	340	2,711	3,051
Withdrawals:			
Interest	378	-	378
Principal	-	2,555	2,555
Other debt expenditures	-	3	3
Transfers to City	10	96	106
Total withdrawals	388	2,654	3,042
Ending balance	$ 172	$ 2,709	$ 2,881

CITY OF CHARLOTTE AIRPORT
SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS
ESTABLISHED BY THE 1985 REVENUE BOND ORDER
FOR THE 2004D AIRPORT REVENUE BONDS
FUNDS HELD BY TRUSTEE
FOR THE YEAR ENDED JUNE 30, 2008
(In Thousands)

	Revenue Bond Fund			
	Interest Account	Principal Account	Construction Account	Total
Beginning balance	$ -	$ 361	$ 4,900	$ 5,261
Deposits:				
Transfers from City	525	429	-	954
Investment earnings	-	9	162	171
Total deposits	525	438	162	1,125
Withdrawals:				
Construction expense	-	-	250	250
Interest	525	-	-	525
Principal	-	350	-	350
Other debt expenditures	-	69	-	69
Transfers to City	-	11	-	11
Total withdrawals	525	430	250	1,205
Ending balance	$ -	$ 369	$ 4,812	$ 5,181

CITY OF CHARLOTTE AIRPORT
SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS ESTABLISHED BY THE 1985 REVENUE BOND ORDER FOR THE 2007A AIRPORT REVENUE BONDS FUNDS HELD BY TRUSTEE FOR THE YEAR ENDED JUNE 30, 2008 (In Thousands)

	Revenue Bond Fund			
	Interest Account	Principal Account	Construction Account	Total
Beginning balance	$ -	$ -	$ -	$ -
Deposits:				
Bond proceeds	1,724	-	92,444	94,168
Transfers from City	4,090	1,475	-	5,565
Investment earnings	16	-	1,285	1,301
Total deposits	5,830	1,475	93,729	101,034
Withdrawals:				
Construction expense	-	-	52,385	52,385
Interest	1,753	-	-	1,753
Issuance costs	1,724	-	-	1,724
Total withdrawals	3,477	-	52,385	55,862
Ending balance	$ 2,353	$ 1,475	$ 41,344	$ 45,172

CITY OF CHARLOTTE AIRPORT

SCHEDULE OF CASH DEPOSITS AND WITHDRAWALS FROM FUNDS AND ACCOUNTS ESTABLISHED BY THE 1985 REVENUE BOND ORDER FOR THE 2007B AIRPORT REVENUE BONDS FUNDS HELD BY TRUSTEE FOR THE YEAR ENDED JUNE 30, 2008 (In Thousands)

	Revenue Bond Fund			
	Interest Account	Principal Account	Construction Account	Total
Beginning balance	$ -	$ -	$ -	$ -
Deposits:				
Bond proceeds	633	-	47,029	47,662
Transfers from City	1,088	791	-	1,879
Investment earnings	-	4	389	393
Total deposits	1,721	795	47,418	49,934
Withdrawals:				
Construction expense	-	-	41,637	41,637
Interest	1,087	-	-	1,087
Other debt expenditures	1	46	-	47
Issuance costs	633	-	-	633
Total withdrawals	1,721	46	41,637	43,404
Ending balance	$ -	$ 749	$ 5,781	$ 6,530

CITY OF CHARLOTTE AIRPORT
CERTIFICATION OF DIRECTOR OF FINANCE
FOR THE YEAR ENDED JUNE 30, 2008

1. As of June 30, 2008 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, 2007 to June 30, 2008 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

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