

Columbus Municipal Airport Authority

*Financial Statements for the Years Ended
December 31, 2001 and 2000 and Supplemental
Schedule for the year ended December 31, 2001
and Independent Auditors' Report and Office of
Management and Budget Circular A-133 Reports
for the Year Ended December 31, 2001*



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

Board of Directors
Columbus Municipal Airport Authority

We have reviewed the Independent Auditor's Report of the Columbus Municipal Airport Authority, Franklin County, prepared by Deloitte & Touche LLP for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Columbus Municipal Airport Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 9, 2002

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COLUMBUS MUNICIPAL AIRPORT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Columbus Municipal Airport Authority
Columbus, Ohio

We have audited the accompanying Statement of Net Assets of the Columbus Municipal Airport Authority (the "Authority"), a component unit of the City of Columbus, Ohio, as of and for the year ended December 31, 2001 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 Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority for the year ended December 31, 2000 were audited by other auditors whose report, dated March 2, 2001, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2001 financial statements present fairly, in all material respects, the financial position of the Authority as of December 31, 2001 and its changes in its financial position (including cash flows) for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, in 2001, the Authority adopted Governmental Accounting Standards Board ("GASB") Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 8, 2002 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information included in the Supplemental Schedule of Revenues and Expenses - Budget vs. Actual - Budget Basis is presented for purposes of additional analysis and is not a required part of the financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

DELOITTE & TOUCHE LLP

April 8, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the Columbus Municipal Airport Authority's (the Authority) financial performance provides an introduction to the financial statements for the year ended December 31, 2001. The information contained in this MD&A should be considered in conjunction with the information contained in the Authority's financial statements.

Overview of the Financial Statements

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the GASB. The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following this MD&A are the basic financial statements of the Authority together with the notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The *Statement of Net Assets* presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Authority's financial position.

The *Statement of Revenues, Expenses, and Changes in Net Assets* presents information showing how the Authority's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

The *Statement of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the Statement of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

In addition to the basic financial statements and accompanying notes, this report also presents the *Supplemental Schedule of Revenues and Expenses - Budget vs. Actual - Budget Basis*.

Financial Position

The following represents the Authority's financial position for the years ended December 31:

	<u>2001</u>	<u>2000</u>	<u>% Change</u>
ASSETS:			
Current Assets	\$ 28,002,700	\$ 49,781,444	(43.8)
Current Assets - Restricted	102,139,526	69,006,211	48.0
Net Property and Equipment	313,980,421	312,302,461	0.5
Other Assets	<u>2,023,574</u>	<u>2,013,449</u>	0.5
Total Assets	<u>\$446,146,221</u>	<u>\$433,103,565</u>	3.0
LIABILITIES:			
Current Liabilities	\$ 13,968,938	\$ 10,085,238	38.5
Liabilities Payable from Restricted Assets	10,752,068	9,816,809	(8.7)
Long-Term Liabilities	<u>143,282,310</u>	<u>147,055,173</u>	(2.6)
Total Liabilities	<u>167,068,057</u>	<u>167,892,479</u>	(0.5)
NET ASSETS:			
Invested in Capital Assets, net of Related Debt	163,694,111	158,957,288	3.0
Restricted Net Assets	99,326,717	63,337,682	56.8
Unrestricted Net Assets	<u>16,057,336</u>	<u>42,916,116</u>	(62.6)
Total Net Assets	<u>279,078,164</u>	<u>265,211,086</u>	5.2
Total Liabilities and Net Assets	<u>\$446,146,221</u>	<u>\$433,103,565</u>	3.0

2001 was the Authority's tenth full year of operations. The Authority's assets exceeded liabilities by \$279.1 million, a \$13.9 million increase over December 31, 2000. The largest portion of the Authority's net assets each year (\$163.7 million or 59% at December 31, 2001) represents its investment in capital assets, less the related debt outstanding used to acquire those capital assets. The Authority uses these capital assets to provide services to its passengers and visitors to the Airport; consequently these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net assets (\$99.3 million or 36% at December 31, 2001) represents resources that are subject to restrictions on how they can be used. The restricted net assets are not available for new spending because they have already been committed as follows:

Capital Expenditures	\$38,375,659
Passenger Facility Charges	34,358,592
Bond Reserves	20,850,750
Obligation Due to City	<u>5,741,716</u>
Total Restricted	<u>\$99,326,717</u>

The remaining unrestricted net assets of \$16.1 million may be used to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future capital expenditures.

The following represents the Authority's summary of changes in net assets:

<u>Change</u>	<u>2001</u>	<u>2000</u>	<u>%</u>
Operating Revenues	\$ 55,453,093	\$ 52,390,065	5.9
Operating Expenses	<u>(28,462,602)</u>	<u>(30,269,141)</u>	(6.0)
Operating Income before Depreciation	26,990,491	22,120,924	22.0
Depreciation	<u>(25,165,629)</u>	<u>(8,952,713)</u>	181.1
Operating Income (86.1)	1,824,862	13,168,211	
Other Non-Operating Revenue (59.2)	3,709,146	9,083,364	
Capital Contributions	<u>8,333,070</u>	<u>7,651,504</u>	8.9
Increase in Net Assets (53.6)	13,867,078	29,903,079	
Net Assets, beginning of year	265,211,086	235,308,007	12.7
Net Assets, end of year	<u>\$279,078,164</u>	<u>\$265,211,086</u>	5.2

- Airline revenue increased 10.2%, or \$1.8 million, due to an increase in the airline rates for landing fees (1%), terminal space (3%), and apron fee per square foot (6%).
- General aviation revenue increased 19.3%, or \$368,000, due primarily to an increase in fees received from Executive Jet Aviation and Airnet Systems, two tenants of the Authority.
- Auto Parking revenue increased 2.5%, or \$464,000, due to the full year benefit in 2001 of the new 4,600 space parking garage that opened in March of 2000.
- Lodging Rental revenue increased 39%, or \$241,000, due to increases in commission revenues from the Hampton and Concourse Hotels.
- Services expense decreased 17.8%, or \$2.3 million, due to a decrease in legal expenses by \$1.6 million and a reduction of real estate tax expense by \$827,000 as a result of an adjustment of the appraisal value of the terminal building.

- Purchase of Services was below the budgeted amount by 12.1%, or \$1.5 million, due primarily to savings of 37% in Airfield/Building/Equipment maintenance, 23% in Professional/Legal services, and 39% in Travel/Training expense.
- Interest Income exceeds the budgeted amount by 210%, or \$2.3 million, due to greater cash balances resulting from expenditures lower than projections.

Depreciation and Loss on Disposal of Assets are not reimbursable items under the current airline agreement and are not budgeted. Passenger Facility Charges (PFC's) were not budgeted because PFC's were considered contributed capital and not revenue in the 2001 budgeting process. Additional information on the Authority's budgetary data may be found on the Supplemental Schedule of Revenues and Expenses - Budget vs. Actual - Budget Basis in this report.

Capital Assets

The Authority's capital assets as of December 31, 2001, amounted to \$314 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, runways, taxiways and roads, machinery and equipment, and furniture and fixtures. The total increase in the Authority's investment in capital assets before accumulated depreciation for 2001 was 5.1%, or \$20.7 million.

Major capital projects-in-progress and expenditures incurred during 2001 included the following:

- Terminal Apron Rehabilitation and Glycol Retention
\$6,268,000
- Concourse 'C' 5 Gate Construction \$5,865,000
- Concourse 'C' Apron Expansion \$3,080,000
- North Parallel Taxiway Construction \$2,467,000

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. Acquisitions are funded using a variety of financing techniques, including Federal grants, State grants, Passenger Facility Charges, Debt issuance, and Authority revenues. Additional information on the Authority's capital assets can be found in note 2 of the accompanying notes.

Debt Administration

City of Columbus General Obligation Bonds

In 1991, the Authority entered into a long-term Airport Operation and Use Agreement with the City of Columbus (the City). This agreement requires the

Authority to make payments which match exactly in timing and amount the debt service payments by the City on general obligation bonds previously issued in connection with the Airports. The term of the agreement is fifty years, commencing on November 10, 1991, the transfer date.

Balance outstanding as of December 31, 2001 - \$23,435,000

Airport Improvement Revenue Bonds, Series 1994A

On August 1, 1994, the Authority issued its Airport Improvement Revenue Bonds, Series 1994A in the principal amount of \$37,160,000, in varying maturities up to thirty years. With this initial financing, the Authority introduced itself to the bond market as a strong credit and laid a solid foundation for future financings. The market responded positively and the bonds were sold at a composite interest rate (all-in) of 6.46%, with annual debt service of approximately \$2.8 million.

Balance outstanding as of December 31, 2001 - \$34,170,000

Airport Improvement Revenue Bonds, Series 1998AB

On March 10, 1998, the Authority issued Airport Improvement Revenue Bonds, Series 1998AB in the principal amount of \$87,290,000, in varying maturities up to thirty years. The Bonds were sold at a composite interest rate of 5.17%, with annual debt service beginning in 2000 of \$3.9 million and leveling at \$5.9 million in 2002 through 2028.

Balance outstanding as of December 31, 2001 - \$86,700,000

Airport Improvement Revenue Bonds, Series 2001A

On June 1, 2001, the Authority issued Airport Improvement Revenue Bonds, Series 2001A in the principal amount of \$3,265,600. The bonds are due at maturity or through mandatory sinking fund redemption requirements through July 1, 2011, with annual debt service of \$245,800, increasing to \$491,600.

Balance outstanding as of December 31, 2001 - \$3,160,600

Bond principal and interest are paid from the general revenues of the Authority. Additional details may be found in Note 6 of the accompanying notes.

Passenger Facility Charge (PFC)

In October 1992, the Authority received approval from the Federal Aviation Administration (the FAA) to impose a PFC of \$3.00 per enplaned passenger. Through December 31, 2001, the Authority has collected PFCs, including interest earnings thereon, totaling \$91.2 million. In January 2002 the FAA approved the Authority's request to increase the PFC level to \$4.50 on eligible projects. The new collection rate will commence on April 1, 2002. The revised approved amount is \$128.4 million, to be collected through June 1, 2004.

Airline Rates and Charges

The Authority and certain airlines negotiated an agreement effective January 1, 2000 for five years which in part establishes how the airlines that sign the agreement will be assessed annual rates and charges for their use of Port Columbus International Airport. Landing fees and terminal rental rates for non-signatory airlines are assessed at 150 percent of the signatory rates. The rates and charges billed to the signatory airlines were as follows:

	<u>2001</u>	<u>2000</u>	<u>% Change</u>
Landing Fees (per 1,000 lbs)	\$2.01	\$1.99	1.0
Terminal Rental Rate (Average)	\$43.65	\$42.56	2.6
Apron Fee - Square Foot Rate component	\$1.19	\$1.12	6.3
Apron Fee - Landed Weight Rate component (per 1,000 lbs)	\$0.22	0.0	\$0.22

Significant Event

As a result of the September 11, 2001 tragic events, the air transportation system was disrupted leading to an abrupt two-day closing of America's airports. Since then, sharp decreases in passenger volume reduced airline revenue. The Federal government subsequently passed the \$15 billion Air Transportation Safety and Stabilization Act on September 22, 2001, which provided for financial assistance to the Airlines. In addition several Federal grants were made available to airports as a reimbursement of certain security project costs that the Authority has incurred or will incur during the period September 11, 2001 through September 30, 2002. The Authority has applied for \$1.2 million of reimbursements for various operational and small capital cost. Of the \$1.2 million, \$167,000 relates to cost incurred during the year 2001. The Authority has also applied for \$1.6 million of reimbursements for projects relating to additional security measures being undertaken to comply with heightened security requirements.

Respectfully submitted,

Respectfully submitted.

Rod C. Borden, Esq., A.A.E.
 Managing Director, Finance and Administration
 Director, Finance and IT

Gwen Langston, CPA
 Controller and
 Director, Finance and IT

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

Statements of Net Assets

As of December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and Cash Equivalents - Cash and Investments - Note 3	\$ 23,051,701	\$ 45,269,275
Accounts Receivable - Trade - Note 5	4,695,219	4,281,107
Deposits, Prepaid Items and Other	<u>255,780</u>	<u>231,062</u>
Total Unrestricted Assets	<u>28,002,700</u>	<u>49,781,444</u>
Restricted Assets:		
Cash and Cash Equivalents - Cash and Investments - Notes 3 and 4	100,213,175	56,459,611
Other Investments - Notes 3 and 4	-	10,073,251
Other Receivables - Note 5	<u>1,926,351</u>	<u>2,473,349</u>
Total Restricted Assets	<u>102,139,526</u>	<u>69,006,211</u>
Total Current Assets	<u>130,142,226</u>	<u>118,787,655</u>
NON-CURRENT ASSETS		
Deferred Charges (net of accumulated Amortization of \$737,228 for 2001 and \$581,296 for 2000)	2,023,574	2,013,449
Capital Assets - Note 6 (includes annual Capitalized Interest costs of \$346,098 for 2001 and \$1,218,628 for 2000):		
Land - Note 10	20,859,774	20,656,666
Buildings and Building Improvements - Note 10	241,099,571	230,418,595
Runways, Taxiways and Other	141,470,580	132,612,171
Machinery and Equipment	17,185,047	15,923,498
Furniture and Fixtures	750,608	753,163
Construction In Progress	<u>8,343,603</u>	<u>8,620,118</u>
Total Capital Assets	429,709,183	408,984,211
Less Accumulated Depreciation	<u>(115,728,762)</u>	<u>(96,681,750)</u>
Total Capital Assets (net of Accumulated Depreciation)	<u>313,980,421</u>	<u>312,302,461</u>
Total Non-Current Assets	<u>316,003,995</u>	<u>314,315,910</u>
TOTAL ASSETS	<u>\$ 446,146,221</u>	<u>\$ 433,103,565</u>

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

Statements of Net Assets (Continued)

As of December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
LIABILITIES		
CURRENT LIABILITIES:		
Payable from Unrestricted Assets:		
Accounts Payable - Trade	\$ 6,381,851	\$ 2,056,568
Accrued Interest Payable	3,191,985	3,223,766
Accrued and Withheld Employee Benefits	2,536,192	2,012,494
Other Accrued Expenses	<u>1,858,910</u>	<u>2,792,410</u>
Total Payable from Unrestricted Assets	<u>13,968,938</u>	<u>10,085,238</u>
Payable from Restricted Assets:		
Accounts Payable	1,084,571	2,759,867
Retainages on Construction Contracts	1,100,410	1,067,352
Accrued Interest Payable	429,857	464,145
Customer Deposits and Other	197,971	170,704
Current Portion of Long-Term Debt - Note 6	<u>7,004,000</u>	<u>6,290,000</u>
Total Payable from Restricted Assets	<u>9,816,809</u>	<u>10,752,068</u>
Total Current Liabilities	<u>23,785,747</u>	<u>20,837,306</u>
NON-CURRENT LIABILITIES		
Long-Term Debt, less Current Portion, net - Note 6	139,282,310	143,055,173
Other Long-Term Borrowing - Note 11	<u>4,000,000</u>	<u>4,000,000</u>
Total Non-Current Liabilities	<u>143,282,310</u>	<u>147,055,173</u>
Total Liabilities	<u>167,068,057</u>	<u>167,892,479</u>
NET ASSETS		
Invested in Capital Assets, net of Related Debt	163,694,111	158,957,288
Restricted:		
Capital Expenditures	38,375,659	7,612,527
Passenger Facility Charges	34,358,592	29,621,667
Bond Reserves	20,850,750	19,967,860
Obligation Due to City	<u>5,741,716</u>	<u>6,135,628</u>
Total Restricted Net Assets	<u>99,326,717</u>	<u>63,337,682</u>
Unrestricted Net Assets	<u>16,057,336</u>	<u>42,916,116</u>
Total Net Assets	<u>279,078,164</u>	<u>265,211,086</u>
Commitments and Contingencies - Notes 6, 9, and 10		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 446,146,221</u>	<u>\$ 433,103,565</u>

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Assets

For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
OPERATING REVENUES		
Rentals and Fees	\$ 26,247,454	\$ 24,013,014
Landing Fees	8,972,759	8,727,272
Parking Revenue	19,326,699	18,862,245
Other Revenue	<u>906,181</u>	<u>787,534</u>
Total Operating Revenues	<u>55,453,093</u>	<u>52,390,065</u>
OPERATING EXPENSES		
Employee Wages and Benefits	15,732,275	15,396,036
Purchase of Services	10,929,216	13,217,367
Materials and Supplies	1,625,692	1,649,375
Other Expenses	<u>175,419</u>	<u>6,363</u>
Total Operating Expenses	<u>28,462,602</u>	<u>30,269,141</u>
OPERATING INCOME BEFORE DEPRECIATION	26,990,491	22,120,924
Depreciation - Note 2	<u>25,165,629</u>	<u>8,952,713</u>
OPERATING INCOME	<u>1,824,862</u>	<u>13,168,211</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment Income:		
Interest Income	3,411,150	4,541,313
Net Increase in the Fair Value of Investments	153,804	123,183
Other Non-Operating Revenue	287,500	168,092
Passenger Facility Charges	10,750,429	11,523,433
Interest Expense	(7,474,556)	(7,141,503)
Amortization of Deferred Charges	(127,850)	(122,361)
Loss on Disposal of Assets	<u>(3,291,331)</u>	<u>(8,793)</u>
Total Non-Operating Revenues	<u>3,709,146</u>	<u>9,083,364</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	5,534,008	22,251,575
Capital Contributions	<u>8,333,070</u>	<u>7,651,504</u>
CHANGES IN NET ASSETS		
Increase in Net Assets	13,867,078	29,903,079
Total Net Assets, beginning of year	<u>265,211,086</u>	<u>235,308,007</u>
Total Net Assets, end of year	<u>\$ 279,078,164</u>	<u>\$ 265,211,086</u>

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

Statements of Cash Flows

For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 55,038,982	\$ 51,916,548
Cash Paid to Employees	(15,208,577)	(15,263,082)
Cash Paid to Suppliers	(9,160,576)	(12,316,332)
Other Payments	<u>(175,420)</u>	<u>(6,363)</u>
Net Cash Provided by Operating Activities	<u>30,494,409</u>	<u>24,330,771</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Property, Plant and Equipment	(31,777,158)	(35,355,272)
Contributed Capital and Passenger Facility Charges	19,399,615	18,043,811
Principal Payments on Bond, Notes and Loan	(6,395,000)	(5,635,000)
Interest Paid on Bonds and Loan	(7,608,064)	(7,200,441)
Proceeds from Series 2001A Bonds	3,265,600	-
Other	<u>287,500</u>	<u>168,092</u>
Net Cash Used by Capital and Related Financing Activities	<u>(22,827,507)</u>	<u>(29,978,810)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Maturity of Investment Securities	10,227,055	5,277,251
Interest Received on Cash and Investments	<u>3,642,033</u>	<u>4,459,607</u>
Net Cash Provided by Investing Activities	<u>13,869,088</u>	<u>9,736,858</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,535,990	4,088,819
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>101,728,886</u>	<u>97,640,067</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 123,264,876</u>	<u>\$ 101,728,886</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,824,862	\$ 13,168,211
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:		
Depreciation	25,165,629	8,952,713
(Increase) Decrease in Assets:		
Accounts Receivable	(414,112)	(473,517)
Deposits, Prepaid Items and Other	(24,718)	(41,321)
Increase (Decrease) in Liabilities:		
Accounts Payable	4,325,283	1,170,349
Accrued Liabilities	(409,802)	1,532,488
Customer Deposits	<u>27,267</u>	<u>21,848</u>
Net Cash Provided by Operating Activities	<u>\$ 30,494,409</u>	<u>\$ 24,330,771</u>

Non Cash Investing Activities:

The Net Increase in the Fair Value of Investments was \$153,804 for 2001 and \$123,183 for 2000.

Supplemental Disclosures:

Cash paid for interest, net of amounts capitalized, was \$7,886,723 for 2001 and \$8,524,006 for 2000.

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements
December 31, 2001 and 2000

The accounting methods and procedures adopted by the Columbus Municipal Airport Authority (the Authority) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The following notes are an integral part of the Authority's financial statements.

Note 1 - Organization and Reporting Entity

Organization

The Authority is an independent, special purpose political subdivision of the State of Ohio. The Authority was created on July 30, 1990, pursuant to the provisions of Chapter 4582, Ohio Revised Code (ORC), as a body corporate and politic. On November 10, 1991, the transfer date, the Authority began operations under a use agreement with the City of Columbus (City) for the purpose of providing airport facilities to the general public. On this date the City transferred the use of all assets and liabilities of the Airport enterprise fund to the Authority. This transfer was recorded at the net book value. As a political subdivision, the Authority is distinct from, and is not, an agency of the State of Ohio or any other local governmental unit.

The Authority is governed by a nine member Board of Directors (the Board) appointed by the Mayor of the City with the advice and consent of the City Council. The members first appointed serve staggered terms. Thereafter, each successor serves for a term of four years, except that any person appointed to fill a vacancy is to be appointed to serve only the unexpired term. Members of the Board are eligible for reappointment. The Board controls the employment of the Executive Director of the Authority who is responsible for staffing the respective divisions and overseeing the day-to-day operations.

The Authority administers an airport system comprised of Port Columbus International Airport and a reliever airport, Bolton Field Airport.

The Authority is not subject to Federal, state or local income taxes or sales taxes.

Reporting Entity

The Authority's financial reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Reporting Entity*." The financial statements include all divisions and operations for which the Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organizations other than the Authority itself are included in the financial reporting entity.

The Authority's Board is appointed by the Mayor of the City with the advice and consent of City

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Council. As of December 31, 2001, the Authority has a liability to the City in the amount of \$4,000,000 for past operating advances. Under GASB Statement No. 14 this is considered to be a financial burden on the City, also the City can impose its will on the Authority through the appointment of the members of the Board of Directors. Therefore, the Authority is a component unit of the City whose financial statements are discretely presented in the City's general purpose financial statements.

Reclassifications and Restatement

In June 1999, the GASB adopted Statement No. 34 entitled "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*" This Statement eliminates the concept of Fund Equity and introduces the concept of Net Assets. The Authority has adopted this Statement for its 2001 financial statements and the 2000 financial statements have been restated to conform with the 2001 presentation.

There is no effect from this change in the Statement of Net Assets in that the Total Net Assets reported equals what was previously reported as Total Equity. In the Statement of Revenues, Expenses and Changes in Net Assets, the effect of this change is that Capital Contributions have been included as income in the year received and the charge to Add Depreciation On Property And Equipment Acquired With Contributed Capital has been eliminated. The effect of this change for 2000 is that the 'Increase in Retained Earnings' reported as \$15,909,219 is changed to an 'Increase in Net Assets' equal to \$29,903,079.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Revenues from rental and fees, landing fees, parking income and other miscellaneous income are reported as operating revenues. Transactions, which are capital, financing or investing related, are reported as non-operating revenues. Passenger Facility Charges are reported as non-operating revenues. Expenses from employee wages and benefits, purchases of services, materials and supplies and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Pursuant to GASB Statement No. 20 "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*" the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of

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the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Data

The Authority's budgetary basis of accounting is maintained on a modified accrual basis. This basis of accounting differs from GAAP in that certain expenditures are reported as expenses on a cash basis. This would include an expense classification for the principal portion of debt service payable during the year or immediately after year end and some capital assets expected to be acquired. Depreciation, Loss on Disposal of Assets, and Passenger Facility Charges are not budgeted. All other revenues and expenses are reported on the accrual basis. State statute does not require a specific budgetary basis of accounting under ORC Section 4582. The Authority has adopted this basis of accounting to comply with certain airline agreements currently in effect.

The budgetary process begins in June of each year. Each division manager estimates the expected costs to be incurred for the upcoming year. Revenues are estimated based on history, projected increases, and market trends within the aviation industry. The Executive Director is responsible to submit budgets for operating revenues and expenses and capital improvements to the Board for approval at least sixty days prior to the beginning of each fiscal year. The budget can be amended by the Board subsequent to its adoption. The 2001 budget was not revised.

In 2001, the unfavorable variance in Depreciation and Loss on Disposal of Assets was due to the fact that Depreciation and Loss on Disposal of Assets are not reimbursable items under the current airline agreement and are not budgeted.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 31.

Capital Contributions

Certain expenditures for airport capital improvements are significantly Federally funded through the Airport Improvement Program of the Federal Aviation Administration (FAA) with certain matching funds provided by the State of Ohio and the Authority, or from various state or federal grant programs. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for the acquisition and construction of land, property and certain types of equipment are reported in the Statement of Revenues, Expenses and Changes in Net Assets, after non-operating revenue and expenses as capital contributions.

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Receivables

Receivables are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history, aviation industry trends and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected.

An estimated receivable amount has been recorded for services rendered but not yet billed as of December 31, 2001 and 2000. The receivable was arrived at primarily by taking the subsequent collection of landing fees, commissions, and real estate taxes, which are received after year end, and recording the portions earned at year end.

Restricted Assets

Restricted assets consist of monies and other resources, which are restricted legally or, by enabling legislation. These restrictions are described below:

Restricted for Obligation Due to City - These assets are restricted for the payment of the current obligation due to City.

Restricted for Capital Expenditures and Construction Retainages - These assets are restricted for certain capital projects and cannot be expended on any other item.

Restricted for Bond Reserves - These assets are restricted for the retirement of the Airport Improvement Revenue Bonds, Series 1994A, 1998A and 1998B.

Restricted for Deposits - These assets are restricted from operations because they represent deposits that are held to ensure performance by the tenants and collections which are received and restricted by the Drug Enforcement Agency.

Restricted for Passenger Facility Charges - These assets represent Passenger Facility Charge (PFC) collections based on an approved FAA application to impose such charges on enplaned passengers at the Airport. These are restricted for designated capital projects.

Capital Assets

Capital assets are stated at historical cost or estimated historical cost and include expenditures which substantially increase the useful lives of existing assets. The Authority's policy is to capitalize assets with a cost of \$1,000 or more. Routine maintenance and repairs are expensed as incurred. In accordance with FASB Statements No. 34 and 62, "*Capitalization of Interest Costs*" and "*Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*," certain net interest costs have been included as a component of the asset under construction rather than reported as an expense of the period.

	Total 12/31/00	Additions	Deletions	Transfers	Total 12/31/01
Capital Assets:					
Land	\$ 20,656,666	\$ 33,131	\$ -	\$ 169,977	\$ 20,859,774

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Buildings	230,418,595	9,848,344	(620)	833,252	241,099,571
Runways	132,612,171	18,238,930	(8,305,309)	(1,075,212)	141,470,580
Machinery	15,923,498	1,488,036	(298,470)	71,983	17,185,047
Furniture	753,163	13,787	(16,342)	-	750,608
CIP	<u>8,620,118</u>	<u>7,459,040</u>	<u>(7,735,555)</u>	-	<u>8,343,603</u>
Total Capital Assets	<u>408,984,211</u>	<u>37,081,268</u>	<u>(16,356,296)</u>	-	<u>429,709,183</u>
Less Accumulated Depreciation:					
Buildings	48,008,548	5,891,311	(117)	118,891	54,018,633
Runways	40,321,073	17,748,915	(5,839,576)	(118,891)	52,111,521
Machinery	7,889,192	1,449,132	(263,703)	-	9,074,621
Furniture	<u>462,937</u>	<u>76,271</u>	<u>(15,221)</u>	-	<u>523,987</u>
Total Accumulated Depreciation	<u>96,681,750</u>	<u>25,165,629</u>	<u>(6,118,617)</u>	-	<u>115,728,762</u>
Net Capital Assets	<u>\$312,302,461</u>	<u>\$11,915,639</u>	<u>\$(10,237,679)</u>	\$ -	<u>\$313,980,421</u>

Depreciation of property and equipment is computed under the straight-line method at various rates considered adequate to allocate the cost over the estimated useful lives of such assets. The estimated lives by general classification are as follows:

	<u>Years</u>
Buildings and Building Improvements	5-40
Runways, Taxiways and Other	20
Machinery and Equipment	5-10
Furniture and Fixtures	7

Effective January 1, 2001, the Authority changed its accounting estimates relating to depreciation as a result of the reevaluation of the useful lives of Runways, Taxiways and Other. After consideration of industry standards and historical replacement information, these assets' lives were reduced from 40 years to 20 years. The effect of this change in estimate increased depreciation expense for the year ended December 31, 2001 by \$14,120,320 and reduced Operating Income by the same amount.

Compensated Absences

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences," the Authority accrues vacation and sick pay benefits as earned by its employees.

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Risk Management

It is the policy of the Authority to eliminate or transfer risk. Where possible, lease agreements contain insurance requirements and hold harmless clauses. Contractors are required to maintain appropriate amounts of insurance and bonding. The Authority does not self-insure any risk resulting from acts of God, injury to employees, or breach of contract.

The Authority carries property insurance on airport property and equipment in the aggregate sum of approximately \$321 million. The Authority carries liability insurance coverage in the amount of approximately \$212 million. There have been no significant changes in coverage or settlements in excess of insurance coverage during the past three years.

Pension Plans

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred (See Note 7).

Revenue

Rental income is recorded from the majority of leases maintained by the Authority which are accounted for as operating leases. Rental income is generally recognized as it is earned over the respective lease terms.

Other types of revenue are recognized when earned, as the underlying exchange transaction occurs.

Landing fees are based upon projections of operations and are recalculated annually.

Passenger Facility Charges

Passenger facility charges (PFCs), along with related interest income, will be recognized and recorded in the year the PFC is levied and collected by the air carrier, net of an allowance for estimated ticket refunds.

PFC monies are legally restricted for capital projects and related expenditures, and cannot be used for any other purpose. The PFC monies will be used to assist in funding an ambitious capital improvement program involving a new concourse, runway improvements, the funding of debt service associated with these projects and various other projects.

Interest Rate Swaps

The Authority has entered into an interest rate swap agreement to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from this agreement, no amounts are recorded in the financial statements.

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Notes to Financial Statements
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Note 3 - Cash and Cash Equivalents

The Authority follows the provisions of GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", and records all investments at their fair value. At December 31, 2000 fair value was less than the Authority's net cost for investments by \$153,804.

The investment and deposit of Authority monies is governed by the provisions of the ORC. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's Asset Reserve (STAR Ohio) investment pool, and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days. The Authority has an investment policy consistent with Ohio Senate Bill 81.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner generally consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2001.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 110% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Authority's name.

During 2001 and 2000, the Authority complied with the provisions of these statutes.

Deposits with Financial Institutions

At December 31, 2001, the carrying amount of the Authority's deposits with financial institutions was \$1,693,931 and the bank balance was \$1,379,393. Based upon criteria described in GASB Statement No. 3 "*Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*", \$300,000 of the bank balance was covered by deposit insurance provided by the FDIC; and \$1,079,393 was uncollateralized as defined by the GASB. These uncollateralized deposits were, however, covered by a pledged collateral pool in accordance with the ORC as discussed above.

At December 31, 2000, the carrying amount of the Authority's deposits with financial institutions

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Notes to Financial Statements December 31, 2001 and 2000

was \$313,099 and the bank balance was \$744,428. Based upon criteria described in GASB Statement No. 3 *"Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements"*, \$299,126 of the bank balance was covered by deposit insurance provided by the FDIC; and \$445,302 was uncollateralized as defined by the GASB. These uncollateralized deposits were, however, covered by a pledged collateral pool in accordance with the ORC as discussed above.

In addition, the Authority had \$4,890 in cash on hand at December 31, 2001 and 2000.

Investments

The Authority's investments are categorized in accordance with the criteria established by the GASB to give an indication of the level of risk assumed as of December 31, 2001 and 2000. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty or by its trust department or agent but not in the Authority's name. Deposits and equities in pools of funds managed by other governmental units are not categorized.

Investments are detailed and categorized as follows as of December 31, 2001:

<u>Description</u>	<u>Category</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Unrestricted- Repurchase Agreement	-	-	<u>\$2,987,468</u>	\$ 2,987,468
Total	<u>-</u>	<u>-</u>	<u>\$2,987,468</u>	
Investment in Money Market Account				21,705,898
Investment in STAR Ohio				<u>96,872,689</u>
Total Investments				<u>\$121,566,055</u>

Investments are detailed and categorized as follows as of December 31, 2000:

<u>Description</u>	<u>Category</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Treasury Notes	-	\$10,073,251	\$ -	\$ 10,073,251
Unrestricted-				

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Repurchase Agreement	-	-	<u>4,719,376</u>	4,719,376
Total	<u>-</u>	<u>\$10,073,251</u>	<u>\$4,719,376</u>	
Investment in Money Market Account				12,760,965
Investment in STAR Ohio				<u>83,930,556</u>
Total Investments				<u>\$111,484,148</u>

Off-Balance Sheet Risk

The Authority's investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest rate movements and fluctuations embodied in forward, futures, commodity or security prices. Market risk is directly impacted by the volatility and liquidity for the markets in which the related underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The Authority's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the statement of net assets and is not represented by the contract or notional amounts of the instruments.

Note 4 - Restricted Cash and Investments

The following amounts represent restricted cash and investments as of December 31, 2001 and 2000:

	<u>2001</u>	<u>2000</u>
<u>Cash and Cash Equivalents</u>		
Restricted for Capital Expenditures	\$ 38,638,147	\$ 4,833,063
Restricted for Passenger Facility Charges	33,254,324	28,301,409
Restricted for Debt Service	20,850,750	14,280,849
Obligation Due to City (including interest)	6,171,573	6,599,773
Retainages on Construction Contracts	1,100,410	2,273,820
Customer Deposits and Other	<u>197,971</u>	<u>170,697</u>
Total Restricted Cash	<u>\$100,213,175</u>	<u>\$56,459,611</u>

Other Investments

Restricted for Debt Service	\$ -	\$ 5,687,011
Restricted for Capital Expenditures	<u>-</u>	<u>4,386,240</u>
Total Restricted Other Investments	<u>\$ -</u>	<u>\$10,073,251</u>

Note 5 - Receivables

The following amounts represent receivables due to the Authority at December 31, 2001 and 2000:

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	<u>2001</u>	<u>2000</u>
Unrestricted:		
Accounts Receivable - Trade	\$5,277,694	\$4,725,107
Less Allowance for Uncollectibles	<u>582,475</u>	<u>444,000</u>
Total Unrestricted Trade Receivables	<u>\$4,695,219</u>	<u>\$4,281,107</u>
Restricted for Capital Expenditures:		
Receivable Due from Other Government	\$ 822,083	\$ 922,207
Interest Receivable	-	230,884
Passenger Facility Charges Receivable	<u>1,104,268</u>	<u>1,320,258</u>
Total Restricted Receivables	<u>\$1,926,351</u>	<u>\$2,473,349</u>

The restricted amounts listed above, with the exception of PFCs, are based on expenditures incurred or interest earned by the Authority under terms of the grant agreements, legislation or bond restrictions. PFCs are based on the amount of PFCs collected by the air carriers but not yet remitted to the Authority.

Note 6 - Long-Term Debt

Revenue bonds

On August 1, 1994, the Authority issued \$37,160,000 of Airport Improvement Revenue Bonds, Series 1994A. The bond proceeds were used to construct a four gate terminal expansion, runway improvements and related facilities. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$475,000 to \$2,630,000 through January 1, 2024. Interest rates range from 4.65% to 6.25% with a weighted average rate of 5.93%. Revenue bonds payable at December 31, 2001, net of unamortized discount of \$521,780, are \$33,648,220 and at December 31, 2000, net of unamortized discount of \$560,494, are \$34,314,506. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On February 1, 1998, the Authority issued \$5,915,000 of Airport Improvement Revenue Bonds, Series 1998A. The bond proceeds were used to construct a new parking facility and terminal apron improvements. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$590,000 to \$1,765,000 through January 1, 2005. The interest rate paid annually is 4.50%. Revenue bonds payable at December 31, 2001, net of unamortized premium of \$11,027, are \$5,336,027 and at December 31, 2000, net of unamortized premium of \$18,647, are \$5,933,647. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On February 1, 1998, the Authority issued \$81,375,000 of Airport Improvement Revenue Bonds, Series 1998B. The bond proceeds were used to construct a new parking facility, improved landside roadways, and terminal apron improvements. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$1,010,000 to \$5,685,000 through January 1, 2028. Interest rates range from 4.50% to 5.25% with a weighted average rate of 5.03%. Revenue bonds payable at December 31, 2001, net of unamortized discount of \$668,537, are \$80,706,463 and at December 2000, net of unamortized discount of \$707,981, are \$80,667,019. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

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On June 1, 2001, the Authority issued \$3,265,600 of Airport Improvement Revenue Bonds, Series 2001A. The bond proceeds were used to construct certain rental car facilities within the parking facility. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$105,000 to \$448,000 through June 1, 2011. Interest rates change monthly based on London Interbank Offered Rate (LIBOR) plus 135 basis points. This rate shall not exceed 12% per year. Revenue bonds payable at December 31, 2001, is \$3,160,600. The revenue bonds are collateralized by certain rental car revenues of the Authority established by the trust indenture.

On June 1, 2001, simultaneous with the delivery of the Authority's \$3,265,000 Airport Improvement Revenue Bonds, Series 2001A, (the bonds), the Authority entered into an Interest Rate Swap Agreement (Agreement.) Under this Agreement, the Authority and the swap counterparty are obligated to make monthly payments to each other. The Authority's monthly obligation to the counterparty to the swap is equal to the interest calculated at a fixed annual rate of 8.74%. The swap counterparty's monthly obligation is equal to the interest that is payable during a particular month at the variable rate then in effect for the bonds. Only the net difference in interest payments is exchanged with the counterparty.

The Authority continues to pay interest to the bondholders at the variable rate provided by the bonds. The effect of the Agreement is that the Authority pays interest on the bonds at a fixed annual rate of 8.74% and the principal payments on the bonds have been structured based on that effective fixed interest rate. The Authority would have to pay interest on the bonds at the stated variable rate if the Agreement was terminated prior to the final maturity of the bonds. Termination of the Agreement may also result in the Authority either making or receiving a termination swap payment.

Long-term revenue bond activity for the year ended December 31, 2001 is summarized as follows

	<u>Beginning Balance</u>	<u>New Debt</u>	<u>Principal Repayment</u>	<u>Ending Balance</u>
Bonds:				
1994A	\$ 34,875,000	\$ -	\$705,000	\$ 34,170,000
1998A	5,915,000	-	590,000	5,325,000
1998B	81,375,000	-	-	81,375,000

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2001A	-	3,265,600	105,000	3,160,600
	122,165,000	3,265,600	1,400,000	124,030,600
Less Current Portion	1,295,000			2,014,000
	<u>\$120,870,000</u>			<u>\$122,016,600</u>

Maturities and interest on bonds payable for the next five years and in subsequent five-year periods as of December 31, 2001 are as follows:

	<u>Principal</u>	<u>Interest</u>
2002	\$ 2,014,000	\$ 6,564,496
2003	2,709,000	6,427,797
2004	2,856,000	6,278,392
2005	3,001,000	6,122,199
2006	3,161,000	5,956,272
2007-2011	18,444,600	26,688,028
2012-2016	21,695,000	20,964,600
2017-2021	28,165,000	14,153,038
2022-2026	30,885,000	5,717,687
2027-2028	<u>11,100,000</u>	<u>284,250</u>
Total	<u>\$124,030,600</u>	<u>\$99,156,759</u>

Unamortized discount at December 31, 2001 was \$1,179,290.

Obligation Due to City

The Authority has entered into a long-term Airport Operation and Use Agreement with the City for the operation and use of Port Columbus International and Bolton Field Airports and for financing the acquisition of the airport assets. The agreement provides for payments which match exactly in timing and amount the debt service payments by the City on general obligation bonds previously issued in connection with the airports.

During 1999, portions of the Obligation were refinanced. The refinancing generated \$310,000 of additional obligation due to the refinancing costs. These costs were capitalized and are being amortized over the remaining life of the Obligation. In 2001 and 2000, amortization associated with the refinancing costs was \$34,445. The Authority anticipates net interest cost savings of approximately \$750,000 over the life of the Obligation.

During 2001, portions of the Obligation were refinanced. There was no additional obligation generated due to the refinancing cost. The Authority received a check from the City for \$61,656 for interest earnings the City received on proceeds of the refunding bonds dated July 15, 2001, while a portion of the proceeds were held until the October 15, 2001 call date. The Authority anticipates net interest cost savings of approximately \$297,495 over the life of the Obligation.

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Notes to Financial Statements December 31, 2001 and 2000

During 2001, \$4,995,000 of principal payments were made to the City reducing the December 31, 2000 obligation balance from \$28,430,000 to \$23,435,000 at December 31, 2001. The following schedule lists future payments due under the agreement, together with the amount of the obligation as of December 31, 2001:

Year ending December 31:	<u>Principal</u>	<u>Interest</u>
2002	\$ 4,990,000	\$1,181,573
2003	4,945,000	912,457
2004	4,880,000	644,219
2005	4,845,000	377,493
2006	1,865,000	148,780
2007 - 2008	<u>1,910,000</u>	<u>63,739</u>
Total	<u>\$23,435,000</u>	<u>\$3,328,261</u>

The following schedule lists property acquired through the agreement by major classes at December 31, 2001 and 2000:

	<u>2001</u>	<u>2000</u>
Land	\$ 13,079,492	\$ 13,079,492
Building	82,632,069	82,631,077
Runways, taxiways and other	56,561,666	61,663,933
Machinery and equipment	<u>3,429,796</u>	<u>3,601,197</u>
	155,703,023	160,975,699
Less accumulated depreciation	<u>84,616,922</u>	<u>74,751,172</u>
	<u>\$ 71,086,101</u>	<u>\$ 86,224,527</u>

Note 7 - Pension Plans and Other Postemployment Benefits

All Authority employees are required to participate in the statewide Public Employees Retirement System of Ohio (PERS). The plan is a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the ORC. In 2001, the employer was required to contribute 13.31% of active member payroll. For full-time employees, the portion of an employee's contribution is equal to 8.5% (6% for part-time employees) to be picked up (assumed and paid) on behalf of the employee, and in lieu of payment by the employee, by the Authority. Total required employer contributions billed to the Authority were \$2,448,484, \$2,187,780, and \$1,963,363 for the years ended December 31, 2001, 2000, 1999, respectively, and are equal to 100% of the dollar amount extracted from the Authority's records.

The PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

Other postemployment benefits for health care costs provided by PERS are as follows:

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements
December 31, 2001 and 2000

PERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, *"Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Governmental Employers."* A portion of each contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2001 employer contribution rate for state employers was 13.31% of covered payroll; 4.30% was the portion that was used to fund health care for the year. These rates are the actuarially determined contribution requirements for PERS. The portion of the Authority's 2001 and 2000 contribution that was used to fund postemployment benefits was \$946,003 and \$883,425, respectively. The ORC provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

The assumptions and calculations below were based on the Retirement System's latest Actuarial Review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.10%. Health care costs were assumed to increase 4.75% annually.

OPEB are advance-funded on an actuarially determined basis. As of December 31, 2000, the actuarial value of the Retirement System's net assets available for OPEB was \$11,735,900. The number of active contributing participants was 411,076. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

The Retirement Board initiated significant policy changes in 2000. For calendar year 2000, the Board enacted a temporary employer contribution rate rollback. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for state government divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

Note 8 - Capital Contributions

The Authority has received capital contributions by means of Federal and State grants as follows:

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements December 31, 2001 and 2000

	Year ended 2001	Year ended 2000
Federal	\$8,328,749	\$7,386,470
State	4,321	265,034
Total	<u>\$8,333,070</u>	<u>\$7,651,504</u>

Note 9 - Commitments and Contingencies

Capital Improvements

As of December 31, 2001, the Authority was obligated for completion of certain airport improvements under commitments of approximately \$14.8 million. None of this amount is eligible for reimbursement from the FAA. The entire amount is expected to be funded from bond proceeds, current available resources, PFC's and future operations.

Federally Assisted Programs - Compliance Audits

The Authority participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of December 31, 2001, significant amounts of grant expenditures have not been audited but the Authority believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Authority.

Note 10 - Property Leased to Others

The Authority is a lessor of space in the Port Columbus International Airport terminal along with other land and buildings on a fixed fee as well as a contingent rental basis. Many of the leases provide for a periodic review and redetermination of the rental amounts. Substantially all of the land and building costs in the balance sheet are held by the Authority for the purpose of rental or related use. The net book value of property held for operating leases as of December 31, 2001 and 2000 is \$126,136,742 and \$120,977,496, respectively.

Minimum future rentals on noncancelable operating leases to be received in each of the next five years and thereafter are as follows:

2002	\$ 12,787,059
2003	12,219,546
2004	12,085,628
2005	9,172,330
2006	8,934,325
2007-2011	35,378,332

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements December 31, 2001 and 2000

2012-2016	5,130,826
2017-2021	3,384,236
2022-2026	1,242,250
2027-2031	675,000
2032-2034	<u>360,000</u>
	<u>\$101,369,532</u>

Certain airline agreements to lease space in the terminal building and terminal apron areas are subject to fluctuating rates.

Contingent operating revenue aggregated approximately \$15,350,000 and \$15,200,000, respectively, in 2001 and 2000.

Note 11 - Related Party Transactions

As of December 31, 2001 and 2000, the Authority owed the City \$4 million for past operating advances. This amount has been classified as a non-current liability because management believes that this amount will not be repaid in 2002. Repayment of the advances will be made pending resolution of the compensation to be paid to the Authority for the City's past and future public golf course use. Interest expense, if any, for these advances will be recorded upon resolution of this agreement.

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

Supplemental Schedule of Revenues and Expenses-
Budget vs. Actual - Budget Basis

For the Year Ending December 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Postitive/ (Negative) Variance</u>
OPERATING REVENUES			
Rentals and Fees	\$ 25,184,807	\$ 26,247,454	1,062,647
Landing Fees	8,784,079	8,972,759	188,680
Parking Revenue	18,089,193	19,326,699	1,237,506
Other Revenue	<u>446,167</u>	<u>906,181</u>	460,014
Total Operating Revenues	<u>52,504,246</u>	<u>55,453,093</u>	2,948,847
OPERATING EXPENSES			
Employee Wages and Benefits	16,902,570	15,732,275	1,170,295
Purchase of Services	12,432,792	10,929,216	1,503,576
Materials and Supplies	2,082,736	1,625,692	457,044
Other Expenses	<u>25,760</u>	<u>175,419</u>	(149,659)
Total Operating Expenses	<u>31,443,858</u>	<u>28,462,602</u>	2,981,256
OPERATING INCOME BEFORE DEPRECIATION	21,060,388	26,990,491	5,930,103
Depreciation	<u>-</u>	<u>25,165,629</u>	(25,165,629)
OPERATING INCOME	<u>21,060,388</u>	<u>1,824,862</u>	(19,235,526)
NON-OPERATING REVENUES (EXPENSES)			
Investment Income:			
Interest Income	1,100,000	3,411,150	2,311,150
Net Increase (Decrease) in the Fair Value of Investments	-	153,804	153,804
Other Non-Operating Revenue	124,620	287,500	162,880
Passenger Facility Charges	-	10,750,429	10,750,429
Interest Expense	(8,126,108)	(7,474,556)	651,552
Amortization of Deferred Charges	-	(127,850)	(127,850)
Loss on Disposal of Assets	<u>-</u>	<u>(3,291,331)</u>	(3,291,331)
Total Non-Operating Revenues (Expenses)	<u>(6,901,488)</u>	<u>3,709,146</u>	10,610,634
INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>14,158,900</u>	<u>5,534,008</u>	(8,624,892)
ADJUSTMENTS TO RECONCILE GAAP NET INCOME TO BUDGETED NET INCOME:			
Depreciation	-	25,165,629	25,165,629
Passenger Facility Charges	-	(10,750,429)	(10,750,429)
Loss on Disposal of Assets	-	3,291,331	3,291,331
Asset Purchases Acquired Through Unrestricted Cash	(489,388)	(514,085)	(24,697)
Debt Principal Payments	<u>(6,784,981)</u>	<u>(6,784,980)</u>	1
Total Adjustments	<u>(7,274,369)</u>	<u>10,407,466</u>	17,681,835
NET INCOME ADJUSTED TO THE BUDGETARY BASIS OF ACCOUNTING	<u>\$ 6,884,531</u>	<u>\$ 15,941,474</u>	9,056,943



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors
Columbus Municipal Airport Authority
Columbus, Ohio

We have audited the financial statements of the Columbus Municipal Airport Authority (the Authority), a component unit of the City of Columbus, as of and for the year ended December 31, 2001, and have issued our report thereon dated April 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Authority's management, the Ohio Auditor of State, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

DELOITTE & TOUCHE LLP

April 8, 2002



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER**

The Board of Directors
Columbus Municipal Airport Authority
Columbus, Ohio

COMPLIANCE

We have audited the compliance of the Columbus Municipal Airport Authority (the Authority), a component unit of the City of Columbus, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs and the *Passenger Facility Audit Guide for Public Agencies (Guide)*, issued by the Federal Aviation Administration, for the Authority's Passenger Facility Charge (PFC) program for the year ended December 31, 2001. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and its PFC program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Guide. Those standards, OMB Circular A-133 and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and the PFC program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and the PFC program for the year ended December 31, 2001.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and the PFC program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program and the PFC program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program or the PFC program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER

We have audited the financial statements of the Authority as of and for the year ended December 31, 2001, and have issued our report thereon dated April 8, 2002. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and other is presented for purposes of additional analysis as required by OMB Circular A-133 and the Guide and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information of the Authority's management, the Ohio Auditor of State, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified users.

DELOITTE & TOUCHE LLP

April 8, 2002

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER FOR THE YEAR ENDED DECEMBER 31, 2001

Federal Grantor	Federal CFDA Number	Grant Number	Federal Receipts	Federal Expenditures
DEPARTMENT OF TRANSPORTATION:				
Federal Aviation Administration -				
Airport Improvement Program (AIP):	20.106			
Design and construction runway 10L/28R -				
West extension		3-39-0025-27	\$ 6,145	\$ 6,145
Update Noise Monitoring System		3-39-0025-30	10,330	10,331
Noise Mitigation Measures		3-39-0025-33	316,260	207,457
Noise and Flight Track Monitoring System		3-39-0025-34	51,473	51,474
Terminal Apron Rehabilitation		3-39-0025-35	1,564,068	1,564,068
Residential Sound Insulation Phase V		3-39-0025-36	14,040	14,041
North Parallel Taxiway		3-39-0025-37	2,818,511	2,804,209
Residential Sound Proofing Phase VI		3-39-0025-38	29,650	29,652
Terminal Apron Rehabilitation		3-39-0025-39	3,601,259	3,601,264
North Parallel Taxiway		3-39-0025-40	391	392
Runway Safety Area Grading		3-39-0026-06	(62,270)	(62,273)
Rehab. Runway 4-22 (Design only)		3-39-0026-07	6,849	6,850
Overlay Runway 4-22		3-39-0026-08	34,090	34,092
Master Plan Update		3-39-0026-09	<u>18,077</u>	<u>18,077</u>
Total U.S. Department of Transportation			8,408,873	8,285,779
DEPARTMENT OF JUSTICE -				
Drug Enforcement Administration:				
State and Local Task Force Agreement	16.000	N/A	55,140	43,862
Equitable Sharing Agreement	16.000	N/A	<u>95,900</u>	<u>88,481</u>
Total U.S. Department of Justice			<u>151,040</u>	<u>132,343</u>
Total federal awards			<u>\$8,559,913</u>	<u>\$8,418,122</u>
OTHER - Passenger Facility Charges	N/A	N/A	<u>\$9,672,747</u>	<u>\$6,013,505</u>

See accompanying notes to Schedule of Expenditures of Federal Awards and Other.

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER FOR THE YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - The accompanying Schedule of Expenditures of Federal Awards and Other presents the activity of all federal assistance programs of the Columbus Municipal Airport Authority (the Authority). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements.

2. BASIS OF ACCOUNTING

Basis of Accounting - The accompanying Schedule of Expenditures of Federal Awards and Other is prepared on the basis of cash receipts and disbursements. Consequently, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligations are incurred.

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2001

PART I - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the financial statements expressed an unqualified opinion.
2. No reportable conditions in internal control over financial reporting were identified.
3. No instance of noncompliance considered material to the financial statements was disclosed.
4. No reportable conditions in internal control over compliance with requirements applicable to major federal awards programs were identified.
5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed no findings which are required to be reported by OMB Circular A-133.
7. The organization's major program was: Airport Improvement Program (AIP) (CFDA #20.106).
8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
9. The Auditee did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

PART II - FINANCIAL STATEMENT FINDINGS SECTION

No matters are reportable.

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

No matters are reportable.

Comprehensive Annual Financial Report

For the
Columbus Municipal Airport Authority
Columbus, Ohio

A component unit of the City of Columbus, Ohio

For the year ended
December 31, 2001

Prepared by:
Rod C. Borden, A.A.E.
Managing Director, Finance and Administration

Gwen Langston, CPA
Controller and Director, Finance and I.T.



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Introductory Section

This section contains the following subsections:

Letter of Transmittal

Board of Directors

Organization Chart and Senior Management

Certificate of Achievement





COLUMBUS AIRPORT AUTHORITY

PORT COLUMBUS INTERNATIONAL • BOLTON FIELD

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Kathleen H. Ransier
Frank Wobst

Elaine Roberts, A.A.E.
Executive Director

April 8, 2002

To the Board of Directors:

This Comprehensive Annual Financial Report (CAFR) for the Columbus Municipal Airport Authority (the Authority), a component unit of the City of Columbus, Ohio, for the year ended December 31, 2001, is proudly prepared and presented by your Finance Division and represents the Authority staff's commitment to provide accurate, concise and high-quality financial information to its Board of Directors and to the public we serve.

This CAFR contains financial statements and statistical data that fully disclose all the material financial operations of the Authority. The financial statements and statistical information contained herein are the representations of the Authority's management, which bears the responsibility for the accuracy, completeness, and fairness of this CAFR. A narrative overview and analysis of the financial activities of the Authority that occurred during the year ended December 31, 2001 is presented in the Management's Discussion and Analysis found at the beginning of the Financial Section.

This CAFR has been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards Certificates of Achievement to those entities whose annual financial reports are judged to conform to the high standards of public financial reporting, including generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). It is our belief that the accompanying 2001 CAFR meets program standards, and it will be submitted to the GFOA for review.

In accordance with the above-mentioned guidelines, the accompanying CAFR consists of four parts:

1. **Introductory Section**, including members of the Board of Directors, an Organization Chart and listing of Senior Management, a reproduction of the 2000 Certificate of Achievement, and this Letter of Transmittal.
2. **Financial Section**, including Management's Discussion and Analysis (MD&A) of the 2001 financial statements, financial statements (with related footnotes) for December 31, 2001 and 2000, and the years then ended, accompanied by our independent auditors' report.
3. **Statistical Section**, providing financial, economic, and industry specific information. The following statistical tables recommended by the National Council on Governmental Accounting for enterprise funds are not included as they do not apply to our organization:
 - Property Tax Levies and Collections - Last Ten Fiscal Years
 - Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years
 - Special Assessments Billings and Collections - Last Ten Fiscal Years.
4. **Compliance Section**, providing the Schedule of Expenditures, related notes, the Schedule of Findings and Questioned Costs and the independent auditors' report on the Authority's compliance with Federal Awards and Passenger Facility Charge program requirements.

Reporting Entity

The Authority is an independent, special purpose political subdivision of the State of Ohio. It was created as a body corporate and politic on July 30, 1990, by action of the Columbus City Council pursuant to the provisions of the Ohio Revised Code Chapter 4582. On November 10, 1991 (the transfer date), the Authority began operations under a use agreement with the City of Columbus for the purpose of providing airport facilities to the general public.

The Authority's financial reporting entity has been defined in accordance with GASB Statement No. 14. The financial statements contained within this CAFR include all divisions and operations for which the Authority is financially accountable. Financial accountability is defined in Note 1 to the financial statements. On this basis, no governmental organizations other than the Authority itself are included in the financial reporting entity.

The Authority is governed by a nine member Board of Directors appointed by the Mayor of the City of Columbus with the advice and consent of City Council. As of December 31, 2001, the Authority has a liability to the City in the amount of \$4,000,000 for past operating advances. Therefore, under GASB Statement No. 14, the Authority is a discretely presented component unit of the City of Columbus. A complete discussion of the Authority's financial reporting entity is included in Note 1 to the financial statements.

Economic Conditions and Outlook

The financial condition of the Authority is primarily dependent upon the number of passengers using Port Columbus International Airport. Passenger levels, in turn, are dependent upon several factors, including: the economic conditions of the airline industry which influences the airlines' willingness and ability to provide service; the local economy which influences the willingness and ability of consumers to purchase air travel; and the cost of air travel.

The economy of the Greater Columbus area, including Franklin and the six surrounding counties, remained strong in 2001 even as the growth of the nation's economy slowed. The unemployment rate of 2.8% was significantly below that of Ohio (4.3%) and the United States (4.8%). A balance among manufacturing, technology, research and financial activities has helped Columbus' economy to survive periods of slow growth. Unlike most other large U.S. cities, Columbus is not dependent upon one or two industries for its major economic strength and no single activity dominates the economy.

The diversity among Greater Columbus' top five employers – the State of Ohio, The Ohio State University, the United States Government (U.S. Postal Service, Defense Supply Center and Defense Finance and Accounting Service), Nationwide Insurance Companies, and Bank One Corporation – is representative of the local economy as a whole. The variety represented by these five employers, which together account for more than 80,000 jobs in Central Ohio, assures that the local economy can withstand slowdowns in certain sectors and not suffer an overall slowdown in the local economy.

Total passenger traffic at Port Columbus International Airport was down 2.8% in 2001 as compared to 2000. In the days prior to September 11th, Port Columbus was on track to exceed the previous year's record and surge over the 7 million passenger threshold. The final 2001 passenger count at Port Columbus was 6.7 million, and while lower than anticipated, this 2.8% annualized dip was much better than the national decline of 8%. The Authority continues to place great emphasis on

passenger safety while also focusing on high-quality customer service, including timely check-in and security procedures. With continued focus on these efforts, we believe that people will continue to return to their normal travel habits and anticipate that passenger traffic will return to pre-September 11th levels by the end of the year 2002.

Initiatives and Development

Funding for the Authority's development projects is provided exclusively by user fees, as are the funds needed to conduct the Airport's day-to-day operations. These funds are generated in three ways: through direct charges such as space rentals and landing fees collected from the airlines; from the airlines ticket tax which is then returned to airports in the form of grants under the Federal Airport Improvement Program; and through a three dollar passenger facility charge which is collected as a surcharge on airline tickets. The Authority utilizes each of these to generate funds for its operations and facilities development.

One major development initiative was commenced in 2001: In July, construction began on a five-gate extension of Concourse C. This \$22 million project also includes remodeling of the Federal inspection facilities (U.S. Customs and Immigration), constructing a third taxiway bridge over Sawyer Road, and installing one additional baggage carousel in the baggage claim area. This project represents the final significant expansion of the current terminal building, built in 1958, and will increase its capacity to approximately 10 million passengers per year.

The Federal Aviation Administration also undertook a major development initiative at Port Columbus in 2001: construction of a new, \$18 million air traffic control tower. At 224 feet, the new tower will be nearly double the height of the existing tower, which was constructed with the terminal building in 1958. The additional height and the enhanced view it affords air traffic controllers will permit several planned facilities development projects to proceed, and as a result will enable Port Columbus to continue to meet the air service needs of Central Ohio for generations.

Internal Control Framework

In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of the internal control framework. Internal control framework is designed to provide reasonable, but not absolute assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition; (2) execution of transactions in accordance with management's authorization; (3) reliability of financial records for preparing financial statements and maintaining accountability for assets; (4) effectiveness and efficiency of operations; and (5) compliance with applicable laws and regulations. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from it, and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above structure. We believe that the Authority's internal control framework adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. Management also believes that the data in this CAFR, as presented, is accurate in all material respects, that it presents fairly the financial position, results of operations and cash flows of the Authority, and that all disclosures necessary to enable the reader to gain the maximum understanding of the Authority's financial affairs have been included.

The Authority maintains an internal audit division responsible for a broad, comprehensive program of internal and external auditing. The audit director reports directly to the Managing Director of Finance and Administration and maintains reporting responsibilities to the Executive Director and the Board of Directors. The internal audit division is authorized to have full, free, and unrestricted access to all records pertaining to the audits.

Budgetary Controls

The annual operating and capital budgets are proposed by the Authority's management and adopted by the Board of Directors in a public meeting before the beginning of each fiscal year. The annual budget is prepared pursuant to guidelines established after consideration of the Authority's long-range financial plan.

Management control of the budget is maintained at the division level. Total expenditures are not permitted to exceed total budgeted amounts without approval of the Board of Directors. It is the responsibility of each division to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Directors.

Activity Highlights

The following represents the Authority's activity highlights for the years ended December 31:

	2001	2000	% CHANGE
ENPLANEMENTS	\$ 3,351,839	3,480,946	(3.7)
AIRLINE COST	\$19,370,874	17,572,798	10.2
COST PER ENPLANED PASSENGER	\$ 5.78	5.05	19.8

Throughout its ten-year existence the Authority has been purposeful in building cash reserves to fund contingencies and future facilities development. The Authority uses these assets to provide services to its passengers and visitors to the Airport. It has also diligently controlled the costs passed on to its family of airlines. Through operating efficiencies and its on-going cost containment efforts, the Authority realized operating expense savings of \$3.3 million compared to budget. Airline cost per enplaned passenger (Cost/EP) -- the standard employed by the air carriers to determine the relative cost of operating at an airport -- is the sum of all fees and charges paid by the airlines to an airport divided by the number of passengers enplaned at the airport. For 2001, the airline Cost/EP at Port Columbus International Airport has remained competitive at \$5.78, which compares favorably with other medium hub airports, further reinforcing the Airports reputation as a cost effective, airline-friendly facility.

Though Port Columbus lost nearly 50 daily departures due to air service cutbacks after September 11th, the number of flights has steadily increased and is expected to return to or even exceed pre-September 11th figures by the end of the year 2002.

Cash Management and Investments

The Authority utilizes a cash management and investment policy intended to achieve maximum financial return (while minimizing risk of loss) on all available funds. Cash balances are invested at the best interest rates available in the money markets within the constraints imposed by the investment policy of the Authority and Ohio law. In accordance with these constraints, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The Authority is permitted to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAR Ohio), and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days.

Under the criteria developed by the GASB, most of the Authority's deposits are either uncollateralized or collateralized by securities held by the pledging financial institution's trust department or agent in the Authority's name. The procedures used to secure the Authority's deposits comply with Ohio law. Because the Authority's deposits are held by large, financially sound banks, management believes that the security supporting the Authority's deposits is adequate. In addition, excluding the swap instrument discussed in Notes 2 and 6, the Authority has no financial instruments with off-balance-sheet risk of accounting loss. For a more detailed discussion see Note 3 to the financial statements.

Risk Management

It is the policy of the Authority to eliminate or transfer risk. Where possible, lease agreements contain insurance requirements and hold harmless clauses. Contractors are required to maintain appropriate amounts of insurance and bonding. The Authority does not self-insure any material risk resulting from acts of God, injury to employees, or breach of contract.

The Authority carries property insurance in force as of January 1, 2002, on Airport property and equipment in the aggregate sum of approximately \$321 million. The Authority carries liability insurance coverage in the amount of \$212 million. A schedule of insurance in force can be found in the statistical section of this CAFR.

Independent Audit

The Authority's independent auditing firm, Deloitte & Touche LLP, has rendered an unqualified opinion that the Authority's financial statements for December 31, 2001, and the year then ended, present fairly, in all material respects, the results of the Authority's financial position, operations and cash flows. The financial statements of the Authority for the year ended December 31, 2000, were audited by KPMG LLP, whose report, dated March 2, 2001, expressed an unqualified opinion on those statements. The Auditor of State of Ohio also reviews the Authority's financial statements for compliance with its reporting requirements.

The Authority participates in the Federal single audit program, which consists of a single audit of all Federally funded programs administered by the Authority. Participation in the single audit program is mandatory as a condition for continued funding eligibility. The single audit performed by Deloitte & Touche LLP, met the requirements set forth by the State of Ohio and the Federal Single Audit Act of 1996 and related Office of Management and Budget Circular A-133. The independent auditors'

reports issued based upon work performed in accordance with those requirements noted no instances of material noncompliance by the Authority with any applicable state or Federal laws or regulations for the fiscal year ending December 31, 2001. A copy of the report can be found in the compliance section of this CAFR.

Certificate of Achievement

I am most proud to report that the GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its CAFR for the year ended December 31, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both accounting principles generally accepted in the United States of America (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Authority has received a Certificate of Achievement for the last nine consecutive years, ended December 31, 2000. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The publication of this CAFR is a reflection of the level of excellence and professionalism the Authority's Finance Division has attained. I wish to express my appreciation to all members of the Finance Division, who contributed not only to the preparation of this CAFR, but also to the accomplishments that I am privileged to report.

I wish also to acknowledge the guidance and support provided by the Board of Directors. Your direction and counsel have helped to ensure that the Columbus Municipal Airport Authority will remain a model of excellence for airports throughout the world.

Respectfully submitted,



Rod C. Borden, Esq., A.A.E
Managing Director, Finance and Administration

Board of Directors



Lhota



Ransier



Casto



Kessler



Lauer



Loomis



McCormick



Skestos



Wobst

Chairman

Wm. J. Lhota
Retired President — Energy Delivery
American Electric Power

Vice Chairman

Kathleen H. Ransier, Esq.
Of Counsel
Vorys, Sater, Seymour & Pease

Directors

Don M. Casto, III
Partner
Don M. Casto Organization

John W. Kessler
Chairman
The New Albany Company

David P. Lauer
Retired President & Chief Operating Officer
Bank One, Columbus

James P. Loomis, P.E.
Retired Vice President, Transportation
Battelle

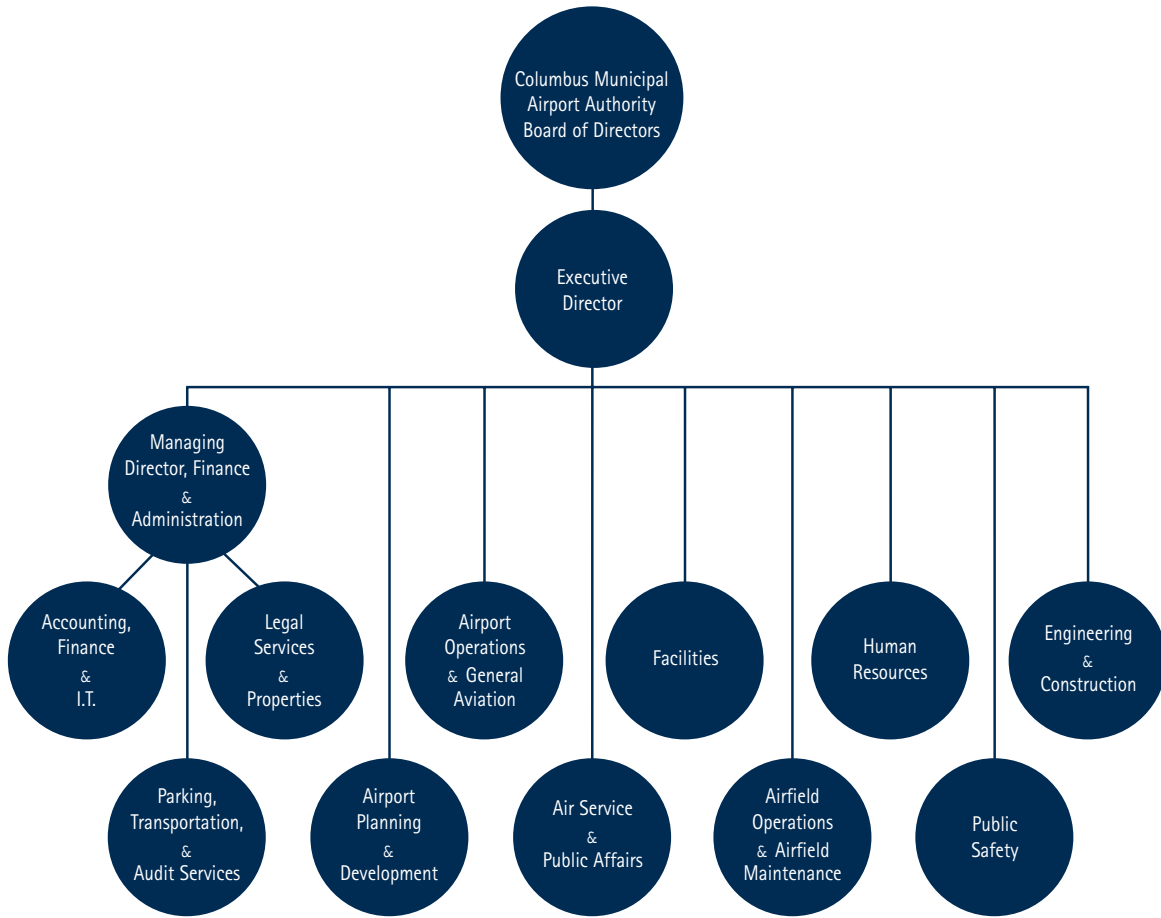
J. Robinson McCormick
Chairman
The Frank Gates Companies

George A. Skestos
Retired Chief Executive Officer
Homewood Corporations

Frank Wobst
Retired Chairman
Huntington Bancshares Incorporated

The Board of Directors pays special tribute to George "Buddy" Byers, who resigned from the board in July of 2001 after 36 years of distinguished leadership. He is recognized for his dedicated service and keen sense of civic responsibility to the airport community and all of Central Ohio.

Organization Chart and Senior Management



Senior Management

Elaine Roberts, A.A.E.
 Rod C. Borden, ESQ., A.A.E.
 Vicki R. Abbott
 T. Randal Bush, CPFM, CIA, CPA
 Gary J. Kogut, C.M.
 Gwen E. Langston, CPA
 Linda M. Laughlin
 Bernard F. Meleski
 Richard L. Morgan
 Mark A. Mulchaey
 Ronald E. Newland
 M. Richard Potter
 Leo R. Sedlmeyer
 Toni L. Streit, CPA
 Robert E. Tanner, Jr., ESQ.
 Angela R. Tickle, P.E.
 Linda F. Valtz, A.A.E.
 Terry L. West
 David V. Whitaker

Executive Director
Managing Director, Finance & Administration
Manager, Contracts Administration & Procurement
Director, Parking, Transportation & Audit Services
Manager, Airfields
Controller And Director, Finance & I.T.
Director, Human Resources
Director, Airport Planning & Development
Director, Public Safety
Manager, Airport Operations
Director, Facilities & Airfields
Manager, Facilities
Fire Chief
Manager, Accounting
General Counsel And Director, Properties & Administration
Director, Engineering & Construction
Director, Airport Operations & General Aviation
Manager, Finance
Director, Air Service & Public Affairs

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Columbus Municipal
Airport Authority, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

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



Timothy A. Drew
President

Jeffrey L. Esser
Executive Director

Financial Section

This section contains the following subsections:

Independent Auditors' Report

Management's Discussion and Analysis

Financial Statements

Supplemental Schedule of Revenues and Expenses-

Budget vs. Actual-Budget Basis



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Columbus Municipal Airport Authority
Columbus, Ohio

We have audited the accompanying Statement of Net Assets of the Columbus Municipal Airport Authority (the "Authority"), a component unit of the City of Columbus, Ohio, as of and for the year ended December 31, 2001 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 Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority for the year ended December 31, 2000 were audited by other auditors whose report, dated March 2, 2001, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2001 financial statements present fairly, in all material respects, the financial position of the Authority as of December 31, 2001 and its changes in its financial position (including cash flows) for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, in 2001, the Authority adopted Governmental Accounting Standards Board ("GASB") Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 8, 2002 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information included in the Supplemental Schedule of Revenues and Expenses - Budget vs. Actual - Budget Basis is presented for purposes of additional analysis and is not a required part of the financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The statistical section listed in the table of contents is also presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such additional 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.

Deloitte Touche LLP

April 8, 2002

Management's Discussion and Analysis

The following Management Discussion and Analysis (MD&A) of the Columbus Municipal Airport Authority's (the Authority) financial performance provides an introduction to the financial statements for the year ended December 31, 2001. The information contained in this MD&A should be considered in conjunction with the information contained in the Authority's financial statements.

Overview of the Financial Statements

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following this MD&A are the basic financial statements of the Authority together with the notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The **Statement of Net Assets** presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Authority's financial position.

The **Statement of Revenues, Expenses, and Changes in Net Assets** presents information showing how the Authority's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

The **Statement of Cash Flows** relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the Statement of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

In addition to the basic financial statements and accompanying notes, this report also presents the **Supplemental Schedule of Revenues and Expenses – Budget vs. Actual – Budget Basis**.

Financial Position

The following represents the Authority's financial position for the years ended December 31:

	2001	2000	% CHANGE
ASSETS:			
CURRENT ASSETS	\$28,002,700	49,781,444	(43.8)
CURRENT ASSETS – RESTRICTED	102,139,526	69,006,211	48.0
NET PROPERTY AND EQUIPMENT	313,980,421	312,302,461	0.5
OTHER ASSETS	2,023,574	2,013,449	0.5
TOTAL ASSETS	\$446,146,221	433,103,565	3.0
LIABILITIES:			
CURRENT LIABILITIES	\$13,968,938	10,085,238	38.5
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	9,816,809	10,752,068	(8.7)
LONG-TERM LIABILITIES	143,282,310	147,055,173	(2.6)
TOTAL LIABILITIES	167,068,057	167,892,479	(0.5)
NET ASSETS:			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	163,694,111	158,957,288	3.0
RESTRICTED NET ASSETS	99,326,717	63,337,682	56.8
UNRESTRICTED NET ASSETS	16,057,336	42,916,116	(62.6)
TOTAL NET ASSETS	279,078,164	265,211,086	5.2
TOTAL LIABILITIES AND NET ASSETS	\$446,146,221	433,103,565	3.0

2001 was the Authority's tenth full year of operations. The Authority's assets exceeded liabilities by \$279.1 million, a \$13.9 million increase over December 31, 2000. The largest portion of the Authority's net assets each year (\$163.7 million or 59% at December 31, 2001) represents its investment in capital assets, less the related debt outstanding used to acquire those capital assets. The Authority uses these capital assets to provide services to its passengers and visitors to the Airport; consequently these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net assets (\$99.3 million or 36% at December 31, 2001) represents resources that are subject to restrictions on how they can be used. The restricted net assets are not available for new spending because they have already been committed as follows:

CAPITAL EXPENDITURES	\$38,375,659
PASSENGER FACILITY CHARGES	34,358,592
BOND RESERVES	20,850,750
OBLIGATION DUE TO CITY	5,741,716
<u>TOTAL RESTRICTED</u>	<u>\$99,326,717</u>

The remaining unrestricted net assets of \$16.1 million may be used to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future capital expenditures.

The following represents the Authority's summary of changes in net assets:

	2001	2000	% CHANGE
OPERATING REVENUES	\$ 55,453,093	52,390,065	5.9
OPERATING EXPENSES	(28,462,602)	(30,269,141)	(6.0)
OPERATING INCOME BEFORE DEPRECIATION	26,990,491	22,120,924	22.0
DEPRECIATION	(25,165,629)	(8,952,713)	181.1
OPERATING INCOME	1,824,862	13,168,211	(86.1)
OTHER NON-OPERATING REVENUE	3,709,146	9,083,364	(59.2)
CAPITAL CONTRIBUTIONS	8,333,070	7,651,504	8.9
INCREASE IN NET ASSETS	13,867,078	29,903,079	(53.6)
NET ASSETS, BEGINNING OF YEAR	265,211,086	235,308,007	12.7
NET ASSETS, END OF YEAR	<u>\$279,078,164</u>	<u>265,211,086</u>	5.2

- Airline revenue increased 10.2%, or \$1.8 million, due to an increase in the airline rates for landing fees (1%), terminal space (3%), and apron fee per square foot (6%).
- General aviation revenue increased 19.3%, or \$368,000, due primarily to an increase in fees received from Executive Jet Aviation and Airnet Systems, two tenants of the Authority.
- Auto Parking revenue increased 2.5%, or \$464,000, due to the full year benefit in 2001 of the new 4,600 space parking garage that opened in March of 2000.
- Lodging Rental revenue increased 39%, or \$241,000, due to increases in commission revenues from the Hampton and Concourse Hotels.
- Services expense decreased 17.8%, or \$2.3 million, due to a decrease in legal expenses by \$1.6 million and a reduction of real estate tax expense by \$827,000 as a result of an adjustment of the appraisal value of the terminal building.
- Depreciation expense increased 181.1%, or \$16.2 million, as a result of the Authority reviewing the useful lives of Runways, Taxiways and Roadways. After consideration of this information, certain assets' lives were reduced from 40 years to 20 years. The effect of this change increased depreciation expense for 2001 by \$14.1 million.
- Interest income decreased 24.9%, or \$1.1 million, due to securities maturing and a reduction in the interest rate received on invested cash funds.

Budgetary Highlights

The following represents the Authority's budget highlights for the year ended December 31:

	BUDGET 2001	ACTUAL 2001	% CHANGE
TOTAL OPERATING REVENUES	\$52,504,246	55,453,093	5.6
LESS TOTAL OPERATING EXPENSES	31,443,858	28,462,602	(9.5)
LESS DEPRECIATION	-	25,165,629	-
OPERATING INCOME	21,060,388	1,824,862	(91.3)
NON-OPERATING REVENUE	(6,901,488)	3,709,146	153.7
INCOME BEFORE CAPITAL CONTRIBUTIONS	14,158,900	5,534,008	(60.9)
TOTAL ADJUSTMENTS	(7,274,369)	10,407,466	243.1
NET INCOME ADJUSTED TO THE BUDGETARY BASIS OF ACCOUNTING	\$6,884,531	15,941,474	131.6

The Authority generated record revenues in 2001. Primarily due to an increase in Authority concessionaire business (particularly auto parking) operating revenues exceeded budget expectations by \$2.9 million, and net income (adjusted to the budgetary basis) exceeded budget expectations by \$9.1 million. Net income was 29% of operating revenues, once again demonstrating a strong ability to cover debt service and fund an ambitious capital program which will ensure adequate capacity to accommodate continued growth.

- Rentals and Fees exceeded the budgeted amount by 4.2%, or \$1.1 million, due primarily to an increase in revenue from food, gift shop, lodging, and rental car tenants.
- Parking revenues exceeded the budgeted amount by 6.8%, or \$1.2 million, due to a greater than anticipated increase in the number of parking patrons.
- Employee Wages and Benefits were below the budgeted amount by 6.9%, or \$1.2 million, due to certain budgeted positions remaining unfilled during the year.
- Purchase of Services was below the budgeted amount by 12.1%, or \$1.5 million, due primarily to savings of 37% in Airfield/Building/Equipment maintenance, 23% in Professional/Legal services, and 39% in Travel/Training expense.
- Interest Income exceeds the budgeted amount by 210%, or \$2.3 million, due to greater cash balances resulting from expenditures lower than projections.

Depreciation and Loss on Disposal of Assets are not reimbursable items under the current airline agreement and are not budgeted. Passenger Facility Charges (PFC's) were not budgeted because PFC's were considered contributed capital and not revenue in the 2001 budgeting process. Additional information on the Authority's budgetary data may be found on the Supplemental Schedule of Revenues and Expenses – Budget vs. Actual – Budget Basis in this report.

Capital Assets

The Authority's capital assets as of December 31, 2001, amounted to \$314 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, runways, taxiways and roads, machinery and equipment, and furniture and fixtures. The total increase in the Authority's investment in capital assets before accumulated depreciation for 2001 was 5.1 %, or \$20.7 million.

Major capital projects-in-progress and expenditures incurred during 2001 included the following:

• Terminal Apron Rehabilitation and Glycol Retention	\$6,268,000
• Concourse 'C' 5 Gate Construction	\$5,865,000
• Concourse 'C' Apron Expansion	\$3,080,000
• North Parallel Taxiway Construction	\$2,467,000

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method. Acquisitions are funded using a variety of financing techniques, including Federal grants, state grants, Passenger Facility Charges, debt issuance, and Authority revenues. Additional information on the Authority's capital assets can be found in Note 2 of the accompanying notes.

Debt Administration

City of Columbus General Obligation Bonds

In 1991, the Authority entered into a long-term Airport Operation and Use Agreement with the City of Columbus (the City). This agreement requires the Authority to make payments which match exactly in timing and amount the debt service payments by the City on general obligation bonds previously issued in connection with the Airports. The term of the agreement is fifty years, commencing on November 10, 1991, the transfer date.

Balance outstanding as of December 31, 2001 - \$23,435,000

Airport Improvement Revenue Bonds, Series 1994A

On August 1, 1994, the Authority issued its Airport Improvement Revenue Bonds, Series 1994A in the principal amount of \$37,160,000, in varying maturities up to thirty years. With this initial financing, the Authority introduced itself to the bond market as a strong credit and laid a solid foundation for future financings. The market responded positively and the bonds were sold at a composite interest rate (all-in) of 6.46 %, with annual debt service of approximately \$2.8 million.

Balance outstanding as of December 31, 2001 - \$34,170,000

Airport Improvement Revenue Bonds, Series 1998AB

On March 10, 1998, the Authority issued Airport Improvement Revenue Bonds, Series 1998AB in the principal amount of \$87,290,000, in varying maturities up to thirty years. The Bonds were sold at a composite interest rate of 5.17%, with annual debt service beginning in 2000 of \$3.9 million and leveling at \$5.9 million in 2002 through 2028.

Balance outstanding as of December 31, 2001 - \$86,700,000

Airport Improvement Revenue Bonds, Series 2001A

On June 1, 2001, the Authority issued Airport Improvement Revenue Bonds, Series 2001A in the principal amount of \$3,265,600. The bonds are due at maturity or through mandatory sinking fund redemption requirements through July 1, 2011, with annual debt service of \$245,800, increasing to \$491,600.

Balance outstanding as of December 31, 2001 - \$3,160,600

Bond principal and interest are paid from the general revenues of the Authority. Additional details may be found in Note 6 of the accompanying notes.

Passenger Facility Charge (PFC)

In October 1992, the Authority received approval from the Federal Aviation Administration (the FAA) to impose a PFC of \$3.00 per enplaned passenger. Through December 31, 2001, the Authority has collected PFCs, including interest earnings thereon, totaling \$91.2 million. In January 2002 the FAA approved the Authority's request to increase the PFC level to \$4.50 on eligible projects. The new collection rate will commence on April 1, 2002. The revised approved amount is \$128.4 million, to be collected through June 1, 2004.

Airline Rates and Charges

The Authority and certain airlines negotiated an agreement effective January 1, 2000 for five years which in part establishes how the airlines that sign the agreement will be assessed annual rates and charges for their use of Port Columbus International Airport. Landing fees and terminal rental rates for non-signatory airlines are assessed at 150 percent of the signatory rates.

The rates and charges billed to the signatory airlines were as follows:

	2001	2000	% CHANGE
LANDING FEES (PER 1,000 LBS)	\$2.01	1.99	1.0
TERMINAL RENTAL RATE (AVERAGE)	43.65	42.56	2.6
APRON FEE – SQUARE FOOT RATE COMPONENT	1.19	1.12	6.3
APRON FEE – LANDED WEIGHT RATE COMPONENT (PER 1,000 LBS)	0.22	0.22	0.0

Significant Event

As a result of the September 11, 2001 tragic events, the air transportation system was disrupted leading to an abrupt two-day closing of America's airports. Since then, sharp decreases in passenger volume reduced airline revenue. The Federal government subsequently passed the \$15 billion Air Transportation Safety and Stabilization Act on September 22, 2001, which provided for financial assistance to the Airlines. In addition several Federal grants were made available to airports as a reimbursement of certain security project costs that the Authority has incurred or will incur during the period September 11, 2001 through September 30, 2002. The Authority has applied for \$1.2 million of reimbursements for various operational and small capital cost. Of the \$1.2 million, \$167,000 relates to cost incurred during the year 2001. The Authority has also applied for \$1.6 million of reimbursements for projects relating to additional security measures being undertaken to comply with heightened security requirements.

Respectfully submitted,



Rod C. Borden, Esq., A.A.E.
Managing Director, Finance and Administration

Respectfully submitted.



Gwen Langston, CPA
Controller and Director, Finance and IT

Notes

Statement of Net Assets

December 31, 2001 and 2000

	2001	2000
ASSETS		
CURRENT ASSETS		
UNRESTRICTED ASSETS:		
CASH AND CASH EQUIVALENTS - CASH AND INVESTMENTS - NOTE 3	\$23,051,701	45,269,275
ACCOUNTS RECEIVABLE - TRADE - NOTE 5	4,695,219	4,281,107
DEPOSITS, PREPAID ITEMS AND OTHER	255,780	231,062
TOTAL UNRESTRICTED ASSETS	28,002,700	49,781,444
RESTRICTED ASSETS:		
CASH AND CASH EQUIVALENTS - CASH AND INVESTMENTS - NOTES 3 AND 4	100,213,175	56,459,611
OTHER INVESTMENTS - NOTES 3 AND 4	-	10,073,251
OTHER RECEIVABLES - NOTE 5	1,926,351	2,473,349
TOTAL RESTRICTED ASSETS	102,139,526	69,006,211
TOTAL CURRENT ASSETS	130,142,226	118,787,655
NON-CURRENT ASSETS		
DEFERRED CHARGES (NET OF ACCUMULATED AMORTIZATION OF \$737,228 FOR 2001 AND \$581,296 FOR 2000)	2,023,574	2,013,449
CAPITAL ASSETS - NOTE 6 (INCLUDES ANNUAL CAPITALIZED INTEREST COSTS OF \$346,098 FOR 2001 AND \$1,218,628 FOR 2000):		
LAND - NOTE 10	20,859,774	20,656,666
BUILDINGS AND BUILDING IMPROVEMENTS - NOTE 10	241,099,571	230,418,595
RUNWAYS, TAXIWAYS AND OTHER	141,470,580	132,612,171
MACHINERY AND EQUIPMENT	17,185,047	15,923,498
FURNITURE AND FIXTURES	750,608	753,163
CONSTRUCTION IN PROGRESS	8,343,603	8,620,118
TOTAL CAPITAL ASSETS	429,709,183	408,984,211
LESS ACCUMULATED DEPRECIATION	(115,728,762)	(96,681,750)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	313,980,421	312,302,461
TOTAL NON-CURRENT ASSETS	316,003,995	314,315,910
TOTAL ASSETS	\$446,146,221	433,103,565

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Statement of Net Assets (Continued)

December 31, 2001 and 2000

	2001	2000
LIABILITIES		
CURRENT LIABILITIES:		
PAYABLE FROM UNRESTRICTED ASSETS:		
ACCOUNTS PAYABLE - TRADE	\$6,381,851	2,056,568
ACCRUED INTEREST PAYABLE	3,191,985	3,223,766
ACCRUED AND WITHHELD EMPLOYEE BENEFITS	2,536,192	2,012,494
OTHER ACCRUED EXPENSES	1,858,910	2,792,410
TOTAL PAYABLE FROM UNRESTRICTED ASSETS	13,968,938	10,085,238
PAYABLE FROM RESTRICTED ASSETS:		
ACCOUNTS PAYABLE	1,084,571	2,759,867
RETAINAGES ON CONSTRUCTION CONTRACTS	1,100,410	1,067,352
ACCRUED INTEREST PAYABLE	429,857	464,145
CUSTOMER DEPOSITS AND OTHER	197,971	170,704
CURRENT PORTION OF LONG-TERM DEBT - NOTE 6	7,004,000	6,290,000
TOTAL PAYABLE FROM RESTRICTED ASSETS	9,816,809	10,752,068
TOTAL CURRENT LIABILITIES	23,785,747	20,837,306
NON-CURRENT LIABILITIES		
LONG-TERM DEBT, LESS CURRENT PORTION, NET - NOTE 6	139,282,310	143,055,173
OTHER LONG-TERM BORROWING - NOTE 11	4,000,000	4,000,000
TOTAL NON-CURRENT LIABILITIES	143,282,310	147,055,173
TOTAL LIABILITIES	167,068,057	167,892,479
NET ASSETS		
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	163,694,111	158,957,288
RESTRICTED:		
CAPITAL EXPENDITURES	38,375,659	7,612,527
PASSENGER FACILITY CHARGES	34,358,592	29,621,667
BOND RESERVES	20,850,750	19,967,860
OBLIGATION DUE TO CITY	5,741,716	6,135,628
TOTAL RESTRICTED NET ASSETS	99,326,717	63,337,682
UNRESTRICTED NET ASSETS	16,057,336	42,916,116
TOTAL NET ASSETS	279,078,164	265,211,086
COMMITMENTS AND CONTINGENCIES - NOTES 6, 9, AND 10		
TOTAL LIABILITIES AND NET ASSETS	\$446,146,221	433,103,565

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Statements of Revenues, Expenses, and Changes in Net Assets

For the years ended December 31, 2001 and 2000

	2001	2000
OPERATING REVENUES:		
RENTALS AND FEES	\$26,247,454	24,013,014
LANDING FEES	8,972,759	8,727,272
PARKING REVENUE	19,326,699	18,862,245
OTHER REVENUE	906,181	787,534
TOTAL OPERATING REVENUES	55,453,093	52,390,065
OPERATING EXPENSES		
EMPLOYEE WAGES AND BENEFITS	15,732,275	15,396,036
PURCHASE OF SERVICES	10,929,216	13,217,367
MATERIALS AND SUPPLIES	1,625,692	1,649,375
OTHER EXPENSES	175,419	6,363
TOTAL OPERATING EXPENSES	28,462,602	30,269,141
OPERATING INCOME BEFORE DEPRECIATION	26,990,491	22,120,924
DEPRECIATION - NOTE 2	25,165,629	8,952,713
OPERATING INCOME	1,824,862	13,168,211
NON-OPERATING REVENUES (EXPENSES)		
INVESTMENT INCOME:		
INTEREST INCOME	3,411,150	4,541,313
NET INCREASE IN THE FAIR VALUE OF INVESTMENTS	153,804	123,183
OTHER NON-OPERATING REVENUE	287,500	168,092
PASSENGER FACILITY CHARGES	10,750,429	11,523,433
INTEREST EXPENSE	(7,474,556)	(7,141,503)
AMORTIZATION OF DEFERRED CHARGES	(127,850)	(122,361)
LOSS ON DISPOSAL OF ASSETS	(3,291,331)	(8,793)
TOTAL NON-OPERATING REVENUES	3,709,146	9,083,364
INCOME BEFORE CAPITAL CONTRIBUTIONS	5,534,008	22,251,575
CAPITAL CONTRIBUTIONS	8,333,070	7,651,504
CHANGES IN NET ASSETS		
INCREASE IN NET ASSETS	13,867,078	29,903,079
TOTAL NET ASSETS, BEGINNING OF YEAR	265,211,086	235,308,007
TOTAL NET ASSETS, END OF YEAR	\$279,078,164	265,211,086

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Statements of Cash Flows

For the years ended December 31, 2001 and 2000

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$55,038,982	51,916,548
CASH PAID TO EMPLOYEES	(15,208,577)	(15,263,082)
CASH PAID TO SUPPLIERS	(9,160,576)	(12,316,332)
OTHER PAYMENTS	(175,420)	(6,363)
NET CASH PROVIDED BY OPERATING ACTIVITIES	30,494,409	24,330,771
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT	(31,777,158)	(35,355,272)
CONTRIBUTED CAPITAL AND PASSENGER FACILITY CHARGES	19,399,615	18,043,811
PRINCIPAL PAYMENTS ON BOND, NOTES AND LOAN	(6,395,000)	(5,635,000)
INTEREST PAID ON BONDS AND LOAN	(7,608,064)	(7,200,441)
PROCEEDS FROM SERIES 2001A BONDS	3,265,600	-
OTHER	287,500	168,092
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(22,827,507)	(29,978,810)
CASH FLOWS FROM INVESTING ACTIVITIES		
PROCEEDS FROM MATURITY OF INVESTMENT SECURITIES	10,227,055	5,277,251
INTEREST RECEIVED ON CASH AND INVESTMENTS	3,642,033	4,459,607
NET CASH PROVIDED BY INVESTING ACTIVITIES	13,869,088	9,736,858
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,535,990	4,088,819
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	101,728,886	97,640,067
CASH AND CASH EQUIVALENTS, END OF YEAR	\$123,264,876	101,728,886
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
OPERATING INCOME	\$1,824,862	13,168,211
ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	25,165,629	8,952,713
(INCREASE) DECREASE IN ASSETS:		
ACCOUNTS RECEIVABLE	(414,112)	(473,517)
DEPOSITS, PREPAID ITEMS AND OTHER	(24,718)	(41,321)
INCREASE (DECREASE) IN LIABILITIES:		
ACCOUNTS PAYABLE	4,325,283	1,170,349
ACCRUED LIABILITIES	(409,802)	1,532,488
CUSTOMER DEPOSITS	27,267	21,848
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$30,494,409	24,330,771
NON CASH INVESTING ACTIVITIES:		
THE NET INCREASE IN THE FAIR VALUE OF INVESTMENTS WAS \$153,804 FOR 2001 AND \$123,183 FOR 2000.		
SUPPLEMENTAL DISCLOSURES:		
CASH PAID FOR INTEREST, NET OF AMOUNTS CAPITALIZED, WAS \$7,886,723 FOR 2001 AND \$8,524,006 FOR 2000.		

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Notes to Financial Statements

For the years ended December 31, 2001 and 2000

The accounting methods and procedures adopted by the Columbus Municipal Airport Authority (the Authority) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The following notes are an integral part of the Authority's financial statements.

Note 1 - Organization and Reporting Entity

Organization

The Authority is an independent, special purpose political subdivision of the State of Ohio. The Authority was created on July 30, 1990, pursuant to the provisions of Chapter 4582, Ohio Revised Code (ORC), as a body corporate and politic. On November 10, 1991, the transfer date, the Authority began operations under a use agreement with the City of Columbus (City) for the purpose of providing airport facilities to the general public. On this date the City transferred the use of all assets and liabilities of the Airport enterprise fund to the Authority. This transfer was recorded at the net book value. As a political subdivision, the Authority is distinct from, and is not, an agency of the State of Ohio or any other local governmental unit.

The Authority is governed by a nine member Board of Directors (the Board) appointed by the Mayor of the City with the advice and consent of the City Council. The members first appointed serve staggered terms. Thereafter, each successor serves for a term of four years, except that any person appointed to fill a vacancy is to be appointed to serve only the unexpired term. Members of the Board are eligible for reappointment. The Board controls the employment of the Executive Director of the Authority who is responsible for staffing the respective divisions and overseeing the day-to-day operations.

The Authority administers an airport system comprised of Port Columbus International Airport and a reliever airport, Bolton Field Airport.

The Authority is not subject to Federal, state or local income taxes or sales taxes.

Reporting Entity

The Authority's financial reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Reporting Entity*." The financial statements include all divisions and operations for which the Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organizations other than the Authority itself are included in the financial reporting entity.

The Authority's Board is appointed by the Mayor of the City with the advice and consent of City Council. As of December 31, 2001, the Authority has a liability to the City in the amount of \$4,000,000 for past operating advances. Under GASB Statement No. 14 this is considered to be a financial burden on the City, also the City

can impose its will on the Authority through the appointment of the members of the Board of Directors. Therefore, the Authority is a component unit of the City whose financial statements are discretely presented in the City's general purpose financial statements.

Reclassifications and Restatement

In June 1999, the GASB adopted Statement No. 34 entitled "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*" This Statement eliminates the concept of Fund Equity and introduces the concept of Net Assets. The Authority has adopted this Statement for its 2001 financial statements and the 2000 financial statements have been restated to conform with the 2001 presentation.

There is no effect from this change in the Statement of Net Assets in that the Total Net Assets reported equals what was previously reported as Total Equity. In the Statement of Revenues, Expenses and Changes in Net Assets, the effect of this change is that Capital Contributions have been included as income in the year received and the charge to Add Depreciation On Property And Equipment Acquired With Contributed Capital has been eliminated. The effect of this change for 2000 is that the 'Increase in Retained Earnings' reported as \$15,909,219 is changed to an 'Increase in Net Assets' equal to \$29,903,079.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Revenues from rental and fees, landing fees, parking income and other miscellaneous income are reported as operating revenues. Transactions, which are capital, financing or investing related, are reported as non-operating revenues. Passenger Facility Charges are reported as non-operating revenues. Expenses from employee wages and benefits, purchases of services, materials and supplies and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Pursuant to GASB Statement No. 20 "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*" the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Data

The Authority's budgetary basis of accounting is maintained on a modified accrual basis. This basis of accounting differs from GAAP in that certain expenditures are reported as expenses on a cash basis. This would include an expense classification for the principal portion of debt service payable during the year or immediately after year end and some capital assets expected to be acquired. Depreciation, Loss on Disposal of Assets, and Passenger Facility Charges are not budgeted. All other revenues and expenses are reported on the accrual basis. State statute does not require a specific budgetary basis of accounting under ORC Section 4582. The Authority has adopted this basis of accounting to comply with certain airline agreements currently in effect.

The budgetary process begins in June of each year. Each division manager estimates the expected costs to be incurred for the upcoming year. Revenues are estimated based on history, projected increases, and market trends within the aviation industry. The Executive Director is responsible to submit budgets for operating revenues and expenses and capital improvements to the Board for approval at least sixty days prior to the beginning of each fiscal year. The budget can be amended by the Board subsequent to its adoption. The 2001 budget was not revised.

In 2001, the unfavorable variance in Depreciation and Loss on Disposal of Assets was due to the fact that Depreciation and Loss on Disposal of Assets are not reimbursable items under the current airline agreement and are not budgeted.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 31.

Capital Contributions

Certain expenditures for airport capital improvements are significantly Federally funded through the Airport Improvement Program of the Federal Aviation Administration (FAA) with certain matching funds provided by the State of Ohio and the Authority, or from various state or federal grant programs. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for the acquisition and construction of land, property and certain types of equipment are reported in the Statement of Revenues, Expenses and Changes in Net Assets, after non-operating revenue and expenses as capital contributions.

Receivables

Receivables are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables are reduced by the estimated portion that is expected to be uncollectible. This estimate is made based on collection history, aviation industry trends and current information regarding the credit worthiness of the debtors. When continued collection activity results in receipts of amounts previously written off, revenue is recognized for the amount collected.

An estimated receivable amount has been recorded for services rendered but not yet billed as of December 31, 2001 and 2000. The receivable was arrived at primarily by taking the subsequent collection of landing fees, commissions, and real estate taxes, which are received after year end, and recording the portions earned at year end.

Restricted Assets

Restricted assets consist of monies and other resources, which are restricted legally or, by enabling legislation. These restrictions are described below:

Restricted for Obligation Due to City - These assets are restricted for the payment of the current obligation due to City.

Restricted for Capital Expenditures and Construction Retainages - These assets are restricted for certain capital projects and cannot be expended on any other item.

Restricted for Bond Reserves - These assets are restricted for the retirement of the Airport Improvement Revenue Bonds, Series 1994A, 1998A and 1998B.

Restricted for Deposits - These assets are restricted from operations because they represent deposits that are held to ensure performance by the tenants and collections which are received and restricted by the Drug Enforcement Agency.

Restricted for Passenger Facility Charges - These assets represent Passenger Facility Charge (PFC) collections based on an approved FAA application to impose such charges on enplaned passengers at the Airport. These are restricted for designated capital projects.

Capital Assets

Capital assets are stated at historical cost or estimated historical cost and include expenditures which substantially increase the useful lives of existing assets. The Authority's policy is to capitalize assets with a cost of \$1,000 or more. Routine maintenance and repairs are expensed as incurred. In accordance with FASB Statements No. 34 and 62, "Capitalization of Interest Costs" and "Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants," certain net interest costs have been included as a component of the asset under construction rather than reported as an expense of the period.

	TOTAL 12/31/00	ADDITIONS	DELETIONS	TRANSFERS	TOTAL 12/31/01
CAPITAL ASSETS:					
LAND	\$ 20,656,666	33,131	-	169,977	20,859,774
BUILDINGS	230,418,595	9,848,344	(620)	833,252	241,099,571
RUNWAYS	132,612,171	18,238,930	(8,305,309)	(1,075,212)	141,470,580
MACHINERY	15,923,498	1,488,036	(298,470)	71,983	17,185,047
FURNITURE	753,163	13,787	(16,342)	-	750,608
CIP	8,620,118	7,459,040	(7,735,555)	-	8,343,603
TOTAL CAPITAL ASSETS	408,984,211	37,081,268	(16,356,296)	-	429,709,183
LESS ACCUMULATED DEPRECIATION:					
BUILDINGS	48,008,548	5,891,311	(117)	118,891	54,018,633
RUNWAYS	40,321,073	17,748,915	(5,839,576)	(118,891)	52,111,521
MACHINERY	7,889,192	1,449,132	(263,703)	-	9,074,621
FURNITURE	462,937	76,271	(15,221)	-	523,987
TOTAL ACCUMULATED DEPRECIATION	96,681,750	25,165,629	(6,118,617)	-	115,728,762
NET CAPITAL ASSETS	\$312,302,461	11,915,639	(10,237,679)	-	313,980,421

Depreciation of property and equipment is computed under the straight-line method at various rates considered adequate to allocate the cost over the estimated useful lives of such assets. The estimated lives by general classification are as follows:

	YEARS
BUILDINGS AND BUILDING IMPROVEMENTS	5-40
RUNWAYS, TAXIWAYS AND OTHER	20
MACHINERY AND EQUIPMENT	5-10
FURNITURE AND FIXTURES	7

Effective January 1, 2001, the Authority changed its accounting estimates relating to depreciation as a result of the reevaluation of the useful lives of Runways, Taxiways and Other. After consideration of industry standards and historical replacement information, these assets' lives were reduced from 40 years to 20 years. The effect of this change in estimate increased depreciation expense for the year ended December 31, 2001 by \$14,120,320 and reduced Operating Income by the same amount.

Compensated Absences

In conformity with GASB Statement No. 16, "*Accounting for Compensated Absences*," the Authority accrues vacation and sick pay benefits as earned by its employees.

Risk Management

It is the policy of the Authority to eliminate or transfer risk. Where possible, lease agreements contain insurance requirements and hold harmless clauses. Contractors are required to maintain appropriate amounts of insurance and bonding. The Authority does not self-insure any risk resulting from acts of God, injury to employees, or breach of contract.

The Authority carries property insurance on airport property and equipment in the aggregate sum of approximately \$321 million. The Authority carries liability insurance coverage in the amount of approximately \$212 million. There have been no significant changes in coverage or settlements in excess of insurance coverage during the past three years.

Pension Plans

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred (See Note 7).

Revenue

Rental income is recorded from the majority of leases maintained by the Authority which are accounted for as operating leases. Rental income is generally recognized as it is earned over the respective lease terms.

Other types of revenue are recognized when earned, as the underlying exchange transaction occurs.

Landing fees are based upon projections of operations and are recalculated annually.

Passenger Facility Charges

Passenger facility charges (PFCs), along with related interest income, will be recognized and recorded in the year the PFC is levied and collected by the air carrier, net of an allowance for estimated ticket refunds.

PFC monies are legally restricted for capital projects and related expenditures, and cannot be used for any other purpose. The PFC monies will be used to assist in funding an ambitious capital improvement program involving a new concourse, runway improvements, the funding of debt service associated with these projects and various other projects.

Interest Rate Swaps

The Authority has entered into an interest rate swap agreement to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from this agreement, no amounts are recorded in the financial statements.

Note 3 - Cash and Cash Equivalents

The Authority follows the provisions of GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", and records all investments at their fair value. At December 31, 2000 fair value was less than the Authority's net cost for investments by \$153,804.

The investment and deposit of Authority monies is governed by the provisions of the ORC. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's Asset Reserve (STAR Ohio) investment pool, and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days. The Authority has an investment policy consistent with Ohio Senate Bill 81.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange

Commission as an investment company, but does operate in a manner generally consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2001.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 110% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Authority's name.

During 2001 and 2000, the Authority complied with the provisions of these statutes.

Deposits with Financial Institutions

At December 31, 2001, the carrying amount of the Authority's deposits with financial institutions was \$1,693,931 and the bank balance was \$1,379,393. Based upon criteria described in GASB Statement No. 3 "*Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*", \$300,000 of the bank balance was covered by deposit insurance provided by the FDIC; and \$1,079,393 was uncollateralized as defined by the GASB. These uncollateralized deposits were, however, covered by a pledged collateral pool in accordance with the ORC as discussed above.

At December 31, 2000, the carrying amount of the Authority's deposits with financial institutions was \$313,099 and the bank balance was \$744,428. Based upon criteria described in GASB Statement No. 3 "*Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*", \$299,126 of the bank balance was covered by deposit insurance provided by the FDIC; and \$445,302 was uncollateralized as defined by the GASB. These uncollateralized deposits were, however, covered by a pledged collateral pool in accordance with the ORC as discussed above.

In addition, the Authority had \$4,890 in cash on hand at December 31, 2001 and 2000.

Investments

The Authority's investments are categorized in accordance with the criteria established by the GASB to give an indication of the level of risk assumed as of December 31, 2001 and 2000. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty or by its trust department or agent but not in the Authority's name. Deposits and equities in pools of funds managed by other governmental units are not categorized.

Investments are detailed and categorized as follows as of December 31, 2001:

DESCRIPTION	CATEGORY			FAIR VALUE
	1	2	3	
UNRESTRICTED-				
REPURCHASE				
AGREEMENT	-	-	2,987,468	2,987,468
TOTAL	-	-	2,987,468	
INVESTMENT IN MONEY MARKET ACCOUNT				21,705,898
INVESTMENT IN STAR OHIO				96,872,689
TOTAL INVESTMENTS				<u>\$121,566,055</u>

Investments are detailed and categorized as follows as of December 31, 2000:

DESCRIPTION	CATEGORY			FAIR VALUE
	1	2	3	
U.S. TREASURY				
NOTES	-	10,073,251	-	10,073,251
UNRESTRICTED-				
REPURCHASE				
AGREEMENT	-	-	4,719,376	4,719,376
TOTAL	-	10,073,251	4,719,376	
INVESTMENT IN MONEY MARKET ACCOUNT				12,760,965
INVESTMENT IN STAR OHIO				83,930,556
TOTAL INVESTMENTS				<u>\$111,484,148</u>

Off-Balance Sheet Risk

The Authority's investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest rate movements and fluctuations embodied in forward, futures, commodity or security prices. Market risk is directly impacted by the volatility and liquidity for the markets in which the related underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The Authority's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the statement of net assets and is not represented by the contract or notional amounts of the instruments.

Note 4 - Restricted Cash and Investments

The following amounts represent restricted cash and investments as of December 31, 2001 and 2000:

	2001	2000
CASH AND CASH EQUIVALENTS		
RESTRICTED FOR CAPITAL EXPENDITURES	\$38,638,147	4,833,063
RESTRICTED FOR PASSENGER FACILITY CHARGES	33,254,324	28,301,409
RESTRICTED FOR DEBT SERVICE	20,850,750	14,280,849
OBLIGATION DUE TO CITY (INCLUDING INTEREST)	6,171,573	6,599,773
RETAINAGES ON CONSTRUCTION CONTRACTS	1,100,410	2,273,820
CUSTOMER DEPOSITS AND OTHER	197,971	170,697
TOTAL RESTRICTED CASH	<u>\$100,213,175</u>	<u>56,459,611</u>
OTHER INVESTMENTS		
RESTRICTED FOR DEBT SERVICE	\$ -	5,687,011
RESTRICTED FOR CAPITAL EXPENDITURES	-	4,386,240
TOTAL RESTRICTED OTHER INVESTMENTS	<u>\$ -</u>	<u>10,073,251</u>

Note 5 - Receivables

The following amounts represent receivables due to the Authority at December 31, 2001 and 2000:

	2001	2000
UNRESTRICTED:		
ACCOUNTS RECEIVABLE - TRADE	\$5,277,694	4,725,107
LESS ALLOWANCE FOR UNCOLLECTIBLES	582,475	444,000
TOTAL UNRESTRICTED TRADE RECEIVABLES	<u>\$4,695,219</u>	<u>4,281,107</u>
RESTRICTED FOR CAPITAL EXPENDITURES:		
RECEIVABLE DUE FROM OTHER GOVERNMENT	\$ 822,083	922,207
INTEREST RECEIVABLE	-	230,884
PASSENGER FACILITY CHARGES RECEIVABLE	1,104,268	1,320,258
TOTAL RESTRICTED RECEIVABLES	<u>\$1,926,351</u>	<u>2,473,349</u>

The restricted amounts listed above, with the exception of PFCs, are based on expenditures incurred or interest earned by the Authority under terms of the grant agreements, legislation or bond restrictions. PFCs are based on the amount of PFCs collected by the air carriers but not yet remitted to the Authority.

Note 6 - Long-Term Debt

Revenue bonds

On August 1, 1994, the Authority issued \$37,160,000 of Airport Improvement Revenue Bonds, Series 1994A. The bond proceeds were used to construct a four gate terminal expansion, runway improvements and related facilities. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$475,000 to \$2,630,000 through January 1, 2024. Interest rates range from 4.65% to 6.25% with a weighted average rate of 5.93%. Revenue bonds payable at December 31, 2001, net of unamortized discount of \$521,780, are \$33,648,220 and at December 31, 2000, net of unamortized discount of \$560,494, are \$34,314,506. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On February 1, 1998, the Authority issued \$5,915,000 of Airport Improvement Revenue Bonds, Series 1998A. The bond proceeds were used to construct a new parking facility and terminal apron improvements. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$590,000 to \$1,765,000 through January 1, 2005. The interest rate paid annually is 4.50%. Revenue bonds payable at December 31, 2001, net of unamortized premium of \$11,027, are \$5,336,027 and at December 31, 2000, net of unamortized premium of \$18,647, are \$5,933,647. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On February 1, 1998, the Authority issued \$81,375,000 of Airport Improvement Revenue Bonds, Series 1998B. The bond proceeds were used to construct a new parking facility, improved landside roadways, and terminal apron improvements. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$1,010,000 to \$5,685,000 through January 1, 2028. Interest rates range from 4.50% to 5.25% with a weighted average rate of 5.03%. Revenue bonds payable at December 31, 2001, net of unamortized discount of \$668,537, are \$80,706,463 and at December 2000, net of unamortized discount of \$707,981, are \$80,667,019. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On June 1, 2001, the Authority issued \$3,265,600 of Airport Improvement Revenue Bonds, Series 2001A. The bond proceeds were used to construct certain rental car facilities within the parking facility. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of \$105,000 to \$448,000 through June 1, 2011. Interest rates change monthly based on London Interbank Offered Rate (LIBOR) plus 135 basis points. This rate shall not exceed 12% per year. Revenue bonds payable at December 31, 2001, are \$3,160,600. The revenue bonds are collateralized by certain rental car revenues of the Authority established by the trust indenture.

On June 1, 2001, simultaneous with the delivery of the Authority's \$3,265,000 Airport Improvement Revenue Bonds, Series 2001A, (the bonds), the Authority entered into an Interest Rate Swap Agreement (Agreement.) Under this Agreement, the Authority and the swap counterparty are obligated to make monthly payments to each other. The Authority's monthly obligation to the counterparty to the swap is equal to the interest calculated at a fixed annual rate of 8.74%. The swap counterparty's monthly obligation is equal to the interest that is payable during a particular month at the variable rate then in effect for the bonds. Only the net difference in interest payments is exchanged with the counterparty.

The Authority continues to pay interest to the bondholders at the variable rate provided by the bonds. The effect of the Agreement is that the Authority pays interest on the bonds at a fixed annual rate of 8.74% and the principal payments on the bonds have been structured based on that effective fixed interest rate. The Authority would have to pay interest on the bonds at the stated variable rate if the Agreement was terminated prior to the final maturity of the bonds. Termination of the Agreement may also result in the Authority either making or receiving a termination swap payment.

Long-term revenue bond activity for the year ended December 31, 2001 is summarized as follows:

	BEGINNING BALANCE	NEW DEBT	PRINCIPAL REPAYMENT	ENDING BALANCE
BONDS:				
1994A	\$34,875,000	-	705,000	34,170,000
1998A	5,915,000	-	590,000	5,325,000
1998B	81,375,000	-	-	81,375,000
2001A	-	3,265,600	105,000	3,160,600
	122,165,000	3,265,600	1,400,000	124,030,600
LESS CURRENT PORTION				
	1,295,000			2,014,000
	<u>\$120,870,000</u>			<u>122,016,600</u>

Maturities and interest on bonds payable for the next five years and in subsequent five-year periods as of December 31, 2001 are as follows:

	PRINCIPAL	INTEREST
2002	\$2,014,000	6,564,496
2003	2,709,000	6,427,797
2004	2,856,000	6,278,392
2005	3,001,000	6,122,199
2006	3,161,000	5,956,272
2007-2011	18,444,600	26,688,028
2012-2016	21,695,000	20,964,600
2017-2021	28,165,000	14,153,038
2022-2026	30,885,000	5,717,687
2027-2028	11,100,000	284,250
TOTAL	<u>\$124,030,600</u>	<u>99,156,759</u>

Unamortized discount at December 31, 2001 was \$1,179,290.

Obligation Due to City

The Authority has entered into a long-term Airport Operation and Use Agreement with the City for the operation and use of Port Columbus International and Bolton Field Airports and for financing the acquisition of the airport assets. The agreement provides for payments which match exactly in timing and amount the debt service payments by the City on general obligation bonds previously issued in connection with the airports.

During 1999, portions of the Obligation were refinanced. The refinancing generated \$310,000 of additional obligation due to the refinancing costs. These costs were capitalized and are being amortized over the remaining life of the Obligation. In 2001 and 2000, amortization associated with the refinancing costs was \$34,445. The Authority anticipates net interest cost savings of approximately \$750,000 over the life of the Obligation.

During 2001, portions of the Obligation were refinanced. There was no additional obligation generated due to the refinancing cost. The Authority received a check from the City for \$61,656 for interest earnings the City received on proceeds of the refunding bonds dated July 15, 2001, while a portion of the proceeds were held until the October 15, 2001 call date. The Authority anticipates net interest cost savings of approximately \$297,495 over the life of the Obligation.

During 2001, \$4,995,000 of principal payments were made to the City reducing the December 31, 2000 obligation balance from \$28,430,000 to \$23,435,000 at December 31, 2001.

The following schedule lists future payments due under the agreement, together with the amount of the obligation as of December 31, 2001:

YEAR ENDING DECEMBER 31:	PRINCIPAL	INTEREST
2002	\$4,990,000	1,181,573
2003	4,945,000	912,457
2004	4,880,000	644,219
2005	4,845,000	377,493
2006	1,865,000	148,780
2007 - 2008	1,910,000	63,739
TOTAL	<u>\$23,435,000</u>	<u>3,328,261</u>

The following schedule lists property acquired through the agreement by major classes at December 31, 2001 and 2000:

	2001	2000
LAND	\$13,079,492	13,079,492
BUILDING	82,632,069	82,631,077
RUNWAYS, TAXIWAYS AND OTHER	56,561,666	61,663,933
MACHINERY AND EQUIPMENT	3,429,796	3,601,197
	155,703,023	160,975,699
LESS ACCUMULATED DEPRECIATION	84,616,922	74,751,172
	<u>\$71,086,101</u>	<u>86,224,527</u>

Note 7 - Pension Plans and Other Postemployment Benefits

All Authority employees are required to participate in the statewide Public Employees Retirement System of Ohio (PERS). The plan is a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the ORC. In 2001, the employer was required to contribute 13.31 % of active member payroll. For full-time employees, the portion of an employee's contribution is equal to 8.5% (6 % for part-time employees) to be picked up (assumed and paid) on behalf of the employee, and in lieu of payment by the employee, by the Authority. Total required employer contributions billed to the Authority were \$2,448,484, \$2,187,780, and \$1,963,363 for the years ended December 31, 2001, 2000, 1999, respectively, and are equal to 100 % of the dollar amount extracted from the Authority's records.

The PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

Other postemployment benefits for health care costs provided by PERS are as follows:

PERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, *"Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Governmental Employers."* A portion of each contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2001 employer contribution rate for state employers was 13.31 % of covered payroll; 4.30 % was the portion that was used to fund health care for the year. These rates are the actuarially determined contribution requirements for PERS. The portion of the Authority's 2001 and 2000 contribution that was used to fund postemployment benefits was \$946,003 and \$883,425, respectively. The ORC provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

The assumptions and calculations below were based on the Retirement System's latest Actuarial Review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25 % of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 was 7.75 %. An annual increase of 4.75 % compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 % base increase, were assumed to range from 0.54 % to 5.10 %. Health care costs were assumed to increase 4.75 % annually.

OPEB are advance-funded on an actuarially determined basis. As of December 31, 2000, the actuarial value of the Retirement System's net assets available for OPEB was \$11,735,900. The number of active contributing participants was 411,076. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

The Retirement Board initiated significant policy changes in 2000. For calendar year 2000, the Board enacted a temporary employer contribution rate rollback. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for state government divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

Note 8 - Capital Contributions

The Authority has received capital contributions by means of Federal and State grants as follows:

	YEAR ENDED 2001	YEAR ENDED 2000
FEDERAL	\$8,328,749	7,386,470
STATE	4,321	265,034
TOTAL	<u>\$8,333,070</u>	<u>7,651,504</u>

Note 9 - Commitments and Contingencies

Capital Improvements

As of December 31, 2001, the Authority was obligated for completion of certain airport improvements under commitments of approximately \$14.8 million. None of this amount is eligible for reimbursement from the FAA. The entire amount is expected to be funded from bond proceeds, current available resources, PFC's and future operations.

Federally Assisted Programs - Compliance Audits

The Authority participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of December 31, 2001, significant amounts of grant expenditures have not been audited but the Authority believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Authority.

Note 10 - Property Leased to Others

The Authority is a lessor of space in the Port Columbus International Airport terminal along with other land and buildings on a fixed fee as well as a contingent rental basis. Many of the leases provide for a periodic review and redetermination of the rental amounts. Substantially all of the land and building costs in the balance sheet are held by the Authority for the purpose of rental or related use. The net book value of property held for operating leases as of December 31, 2001 and 2000 is \$126,136,742 and \$120,977,496, respectively.

Minimum future rentals on noncancelable operating leases to be received in each of the next five years and thereafter are as follows:

2002	\$12,787,059
2003	12,219,546
2004	12,085,628
2005	9,172,330
2006	8,934,325
2007-2011	35,378,332
2012-2016	5,130,826
2017-2021	3,384,236
2022-2026	1,242,250
2027-2031	675,000
2032-2034	360,000
	<u>\$101,369,532</u>

Certain airline agreements to lease space in the terminal building and terminal apron areas are subject to fluctuating rates.

Contingent operating revenue aggregated approximately \$15,350,000 and \$15,200,000, respectively, in 2001 and 2000.

Note 11 - Related Party Transactions

As of December 31, 2001 and 2000, the Authority owed the City \$4 million for past operating advances. This amount has been classified as a non-current liability because management believes that this amount will not be repaid in 2002. Repayment of the advances will be made pending resolution of the compensation to be paid to the Authority for the City's past and future public golf course use. Interest expense, if any, for these advances will be recorded upon resolution of this agreement.

Supplemental Schedule of Revenues and Expenses - Budget vs. Actual - Budget Basis

For the Year Ended December 31, 2001

	BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) VARIANCE
OPERATING REVENUES:			
RENTALS AND FEES	\$25,184,807	26,247,454	1,062,647
LANDING FEES	8,784,079	8,972,759	188,680
PARKING REVENUE	18,089,193	19,326,699	1,237,506
OTHER REVENUE	446,167	906,181	460,014
TOTAL OPERATING REVENUES	52,504,246	55,453,093	2,948,847
OPERATING EXPENSES:			
EMPLOYEE WAGES AND BENEFITS	16,902,570	15,732,275	1,170,295
PURCHASE OF SERVICES	12,432,792	10,929,216	1,503,576
MATERIALS AND SUPPLIES	2,082,736	1,625,692	457,044
OTHER EXPENSES	25,760	175,419	(149,659)
TOTAL OPERATING EXPENSES	31,443,858	28,462,602	2,981,256
OPERATING INCOME BEFORE DEPRECIATION	21,060,388	26,990,491	5,930,103
DEPRECIATION	-	25,165,629	(25,165,629)
OPERATING INCOME	21,060,388	1,824,862	(19,235,526)
NON-OPERATING REVENUES (EXPENSES):			
INVESTMENT INCOME:			
INTEREST INCOME	1,100,000	3,411,150	2,311,150
NET INCREASE (DECREASE) IN THE FAIR VALUE OF INVESTMENTS	-	153,804	153,504
OTHER NON-OPERATING REVENUES	124,620	287,500	162,880
PASSENGER FACILITY CHARGES	-	10,750,429	10,750,429
INTEREST EXPENSE	(8,126,108)	(7,474,556)	651,552
AMORTIZATION OF DEFERRED CHARGES	-	(127,850)	(127,850)
LOSS ON DISPOSAL OF ASSETS	-	(3,291,331)	(3,291,331)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(6,901,488)	3,709,146	10,610,634
INCOME BEFORE CAPITAL CONTRIBUTIONS	14,158,900	5,534,008	(8,624,892)
ADJUSTMENTS TO RECONCILE GAAP NET INCOME TO BUDGETED			
NET INCOME:			
DEPRECIATION	-	25,165,629	25,165,629
PASSENGER FACILITY CHARGES	-	(10,750,429)	(10,750,429)
LOSS ON DISPOSAL OF ASSETS	-	3,291,331	3,291,331
ASSET PURCHASES ACQUIRED THROUGH UNRESTRICTED CASH	(489,388)	(514,085)	(24,697)
DEBT PRINCIPAL PAYMENTS	(6,784,981)	(6,784,980)	1
TOTAL ADJUSTMENTS	(7,274,369)	10,407,466	17,681,835
NET INCOME ADJUSTED TO THE BUDGETARY BASIS OF ACCOUNTING	\$6,884,531	15,941,474	9,056,943

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT

Professionalism
High-Quality Air Service

Responsible Financial Planning and Management

Integrity
Proactive Community Involvement

Appreciation of Others

Develop and Maintain Facilities

Excellence
**Organizational and
Operational Excellence**

Statistical Section (Unaudited)

The Statistical Section presents comparative data (when available) for revenue, expenses, obligation coverage, demographic statistics, schedule of insurance in force and industry specific statistics. Statistical schedules differ from financial statements because they usually cover more than one fiscal year and may present nonaccounting data. These schedules reflect social and economic data and financial trends of the Authority.



Revenues and Expenses by Type

For the Ten Years Ended December 31, 2001 (dollars in thousands)

REVENUES:

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
RENTALS AND FEES	\$26,247	24,013	19,060	19,098	16,707	15,461	14,625	14,431	13,661	13,808
LANDING FEES	8,973	8,727	9,743	9,795	9,534	8,329	7,515	8,279	8,047	8,750
PARKING	19,327	18,862	14,975	11,447	12,144	11,300	8,583	7,109	6,259	5,971
INVESTMENT INCOME	3,565	4,664	3,747	5,466	2,139	1,957	2,275	1,167	641	423
PASSENGER FACILITY CHARGES	10,750	11,523	11,486	11,332	10,920	10,573	9,092	8,015	7,201	1,381
OTHER	1,194	957	687	414	338	541	456	315	269	605
	\$70,056	68,746	59,698	57,552	51,782	48,161	42,546	39,316	36,078	30,938

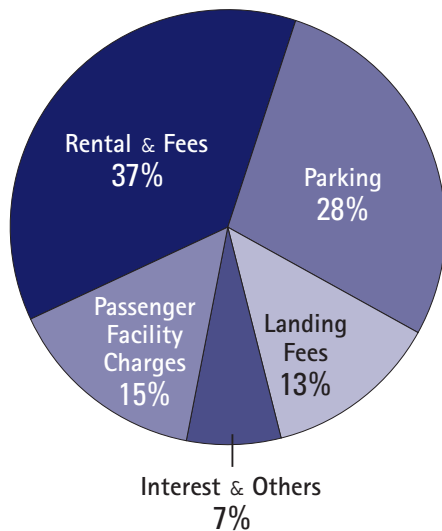
EXPENSES:

EMPLOYEE WAGES AND BENEFITS	\$15,732	15,396	12,505	11,504	10,402	9,562	8,256	6,805	6,141	5,216
PURCHASE OF SERVICES	10,929	13,217	9,869	6,242	6,222	5,449	5,906	6,684	5,784	5,853
MATERIALS AND SUPPLIES	1,626	1,649	1,499	1,266	1,295	1,362	1,119	833	729	649
DEPRECIATION	25,166	8,953	7,783	7,280	7,077	5,947	5,086	4,530	4,197	2,453
INTEREST EXPENSE	7,475	7,142	6,906	7,444	5,329	5,638	5,532	4,735	4,459	4,835
OTHER	3,594	137	183	424	236	243	409	494	16	577
	64,522	46,494	38,745	34,160	30,561	28,201	26,308	24,081	21,326	19,583
NET INCOME	\$5,534	22,252	20,953	23,392	21,221	19,960	16,238	15,235	14,752	11,355

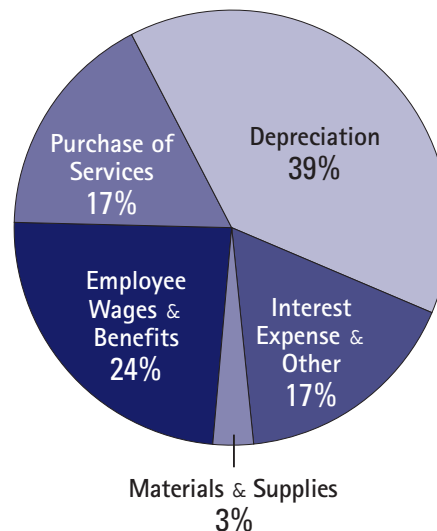
SOURCE: THE AUTHORITY FINANCE DIVISION

2001 Revenue and Expense Breakdown by Type

Composition of Revenues



Composition of Expense



Revenues and Expenses by Area

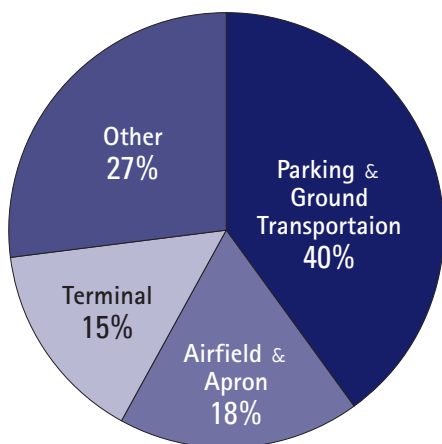
For the Ten Years Ended December 31, 2001 (dollars in thousands)

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
REVENUES:										
PARKING & GROUND TRANSPORTATION	\$28,055	27,536	15,103	11,670	12,211	11,386	8,632	7,224	6,498	6,068
AIRFIELD & APRON	12,513	10,488	10,197	10,231	9,957	8,712	7,928	8,655	8,418	9,450
TERMINAL	10,330	9,863	15,148	15,161	13,862	11,916	11,313	10,993	10,318	10,331
OTHER	19,158	20,859	19,250	20,490	15,752	16,147	14,673	12,444	10,844	5,089
	<u>\$70,056</u>	<u>68,746</u>	<u>59,698</u>	<u>57,552</u>	<u>51,782</u>	<u>48,161</u>	<u>42,546</u>	<u>39,316</u>	<u>36,078</u>	<u>30,938</u>
EXPENSES:										
(EXCLUDING DEPRECIATION)										
PARKING & GROUND TRANSPORTATION	\$10,428	9,171	7,012	4,182	1,517	1,428	1,529	1,117	1,002	1,028
AIRFIELD & APRON	11,171	11,789	10,036	9,054	8,188	8,933	8,144	7,163	6,557	6,754
TERMINAL	11,977	12,583	12,413	12,208	12,291	10,763	10,152	8,664	8,089	7,994
OTHER	5,780	3,998	1,501	1,436	1,488	1,130	1,397	2,607	1,481	1,354
	<u>\$39,356</u>	<u>37,541</u>	<u>30,962</u>	<u>26,880</u>	<u>23,484</u>	<u>22,254</u>	<u>21,222</u>	<u>19,551</u>	<u>17,129</u>	<u>17,130</u>

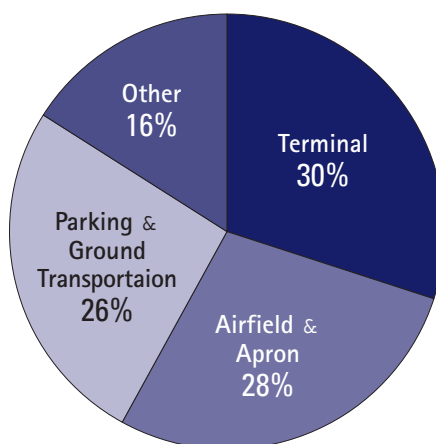
SOURCE: THE AUTHORITY FINANCE DIVISION

2001 Revenue and Expense Breakdown by Area

Composition of Revenues



Composition of Expense



Schedule of Debt and Obligation Coverages

For the Ten Years Ended December 31, 2001 (dollars in thousands, except coverage)

YEAR	GROSS REVENUE (1)	DIRECT OPERATING EXPENSE (2)	NET REVENUE AVAILABLE FOR DEBT & OBLIGATION PAYMENTS	DEBT AND OBLIGATION REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2001	\$59,306	\$28,463	\$30,843	\$6,395	\$7,475	\$13,870	2.22
2000	57,222	30,269	26,953	5,635	7,142	12,777	2.11
1999	48,212	23,886	24,326	5,515	6,906	12,421	1.96
1998	46,220	19,053	27,167	5,464	7,444	12,908	2.10
1997	40,862	17,961	22,901	5,434	5,329	10,763	2.13
1996	37,588	16,439	21,149	4,954	5,638	10,592	2.00
1995	33,454	15,340	18,114	4,959	5,532	10,491	1.73
1994	31,301	14,335	16,966	4,954	4,735	9,689	1.75
1993	28,877	12,654	16,223	5,259	4,459	9,718	1.67
1992	29,557	12,245	17,312	4,954	4,835	9,789	1.77

1) GROSS REVENUE INCLUDES INTEREST AND OTHER INCOME AND EXCLUDES PASSENGER FACILITY CHARGES.

2) DIRECT OPERATING EXPENSE EXCLUDES DEPRECIATION.

SOURCE: THE AUTHORITY FINANCE DIVISION

Air Commerce Trends

For the Ten Years Ended December 31, 2001

YEAR	TOTAL PASSENGER VOLUME	% CHANGE	IN POUNDS		
			CARGO (1)	FREIGHT (2)	MAIL
2001	6,680,897	(2.8)	1,644,574	7,881,056	24,123,410
2000	6,873,998	5.1	2,721,388	11,917,544	35,133,745
1999	6,541,851	1.9	2,903,773	13,760,947	34,664,922
1998	6,420,037	(1.5)	2,950,015	17,249,208	40,528,661
1997	6,517,222	3.9	5,236,559	20,787,916	55,148,872
1996	6,275,587	11.3	3,611,922	19,529,109	59,626,379
1995	5,636,549	3.6	13,117,473	20,088,342	65,091,253
1994	5,439,820	10.2	47,239,938	21,005,272	61,542,048
1993	4,934,445	7.6	46,658,589	21,143,477	68,880,267
1992	4,584,257	33.3	46,631,414	19,862,836	55,354,995

SOURCE: THE AUTHORITY FINANCE DIVISION.

1) FREIGHT CARRIED BY CARGO CARRIERS.

2) FREIGHT CARRIED IN THE BELLY OF AN AIR CARRIER.

Air Carrier Market Shares

For the Ten Years Ended December 31, 2001 (Based on Current Ranking)

	2001		2000	1999	1998	1997	1996	1995	1994	1993	1992
	MARKET	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
	SHARE	AIRLINE	AIRLINE	AIRLINE	AIRLINE	AIRLINE	AIRLINE	AIRLINE	AIRLINE	AIRLINE	AIRLINE
	PERCENTAGE	PASSENGERS	PASSENGERS	PASSENGERS	PASSENGERS	PASSENGERS	PASSENGERS	PASSENGERS	PASSENGERS	PASSENGERS	PASSENGERS
COMMERCIAL AIRLINES AND COMMUTERS											
1. AMERICA WEST	18.07	1,206,549	1,133,697	977,651	1,174,130	1,462,357	1,367,607	1,291,419	1,237,677	1,058,109	864,460
AMERICA WEST EXPRESS											
2. DELTA, DELTA CONNECTION	17.43	1,164,761	1,281,057	1,299,027	1,186,634	1,082,254	977,155	677,528	593,185	596,642	642,624
3. SOUTHWEST	12.97	866,634	758,521	672,160	594,393	512,308	485,921	446,990	423,336	407,086	198,204
4. US AIRWAYS, US AIRWAYS EXPRESS	10.89	727,660	928,053	984,999	1,050,780	1,004,150	1,034,925	1,061,981	1,263,704	1,061,517	971,675
5. UNITED, UNITED EXPRESS	9.72	649,356	625,101	669,132	610,737	549,382	531,837	497,814	464,283	395,567	348,396
6. NORTHWEST, NORTHWEST AIRLINK	8.45	564,852	544,571	536,936	446,600	500,030	469,219	366,685	318,288	282,298	296,803
7. AMERICAN, AMERICAN EAGLE	8.20	547,726	544,410	402,980	442,992	430,205	446,011	386,168	415,265	435,487	540,497
8. CONTINENTAL, CONTINENTAL EXPRESS	6.05	404,384	401,951	376,111	347,332	371,583	339,749	286,184	298,243	305,976	334,208
9. TRANS WORLD	5.20	347,375	414,458	407,831	402,506	389,946	353,713	309,502	341,019	334,518	305,061
10. MIDWAY	1.04	69,705	106,686	74,244	32,810	6,118	-	-	-	-	-
11. AIR CANADA REGIONAL	.81	53,811	57,640	51,130	46,421	34,945	37,333	21,858	-	-	-
12. MIDWEST EXPRESS, MIDWEST EXPRESS CONNECTION	.71	47,123	43,483	48,685	50,487	50,000	47,537	46,758	42,314	27,608	14,251
CORPORATE EXPRESS	-	-	-	-	114	10,064	-	-	-	-	-
VALUE JET	-	-	-	-	-	70,939	138,172	205,833	-	-	-
CANADIAN PARTNER	-	-	-	-	-	-	-	-	-	2,976	18,180
BRANIFF	-	-	-	-	-	-	-	-	-	-	15,770
CHRISTMAN	-	-	-	-	-	-	-	-	-	-	1,400
COMMERCIAL TOTAL	99.54	6,649,936	6,839,628	6,500,866	6,385,936	6,474,281	6,229,179	5,598,720	5,397,314	4,907,784	4,551,529
CHARTER AIRLINES											
1. NON-SCHEDULED	.38	25,739	31,925	37,640	32,610	39,922	43,321	35,171	39,034	23,573	28,588
2. SCHEDULED	.08	5,222	2,445	3,325	1,491	3,019	3,087	2,658	3,472	3,088	4,140
CHARTER TOTAL	.46	30,961	34,370	40,965	34,101	42,941	46,408	37,829	42,506	26,661	32,728
TOTAL PASSENGERS	100.00	6,680,897	6,873,998	6,541,851	6,420,037	6,517,222	6,275,587	5,636,549	5,439,820	4,934,445	4,584,257

SOURCE: THE AUTHORITY FINANCE DIVISION.

Schedule of Insurance in Force

As of January 1, 2002

TYPE OF COVERAGE	INSURER	COVERAGE AMOUNT	EXPIRATION DATE
AVIATION AND GENERAL LIABILITY	NATIONAL UNION FIRE INS. CO.	\$200,000,000	11/01/02
BUILDING AND CONTENTS	INDUSTRIAL RISK INSURERS	310,279,000	05/01/02
FINE ARTS	INDUSTRIAL RISK INSURERS	2,225,000	05/01/02
CONTRACTOR'S EQUIPMENT	INDUSTRIAL RISK INSURERS	7,068,000	05/01/02
BUSINESS AUTO	USF&G Co.	1,000,000	05/01/02
EMPLOYEE DISHONESTY	NATIONAL UNION INS. CO.	1,000,000	11/01/02
PUBLIC OFFICIAL LIABILITY EMPLOYMENT PRACTICES	PHILADELPHIA INSURANCE Co.	5,000,000	11/01/02
SURETY BONDS	NATIONAL FIRE INSURANCE Co. OF HARTFORD	250,000	11/01/02
POLICE PROFESSIONAL	ZURICH AMERICAN INSURANCE Co.	5,000,000	11/01/02
FIDUCIARY LIABILITY	FEDERAL INSURANCE Co.	1,000,000	11/01/02

SOURCE: THE AUTHORITY LEGAL SERVICES DIVISION

Principal Property Taxpayers in Franklin County

December 31, 2001

	ASSESSED VALUATION (IN THOUSANDS)	% OF TOTAL ASSESSED VALUATION
PUBLIC UTILITIES		
1. COLUMBUS SOUTHERN POWER COMPANY	\$255,857	1.99 %
2. OHIO BELL TELEPHONE COMPANY (AMERITECH)	101,857	.79
3. COLUMBIA GAS OF OHIO, INC.	37,440	.29
REAL ESTATE		
1. NATIONWIDE MUTUAL INSURANCE COMPANY	48,685	.38
2. CAPITOL SOUTH COMMUNITY URBAN REDEVELOPMENT CORP.	48,173	.37
3. DISTRIBUTION LAND CORPORATION	35,302	.27
4. AMERICAN ELECTRIC POWER SERVICE CORPORATION	29,770	.23
5. EQUITABLE LIFE INSURANCE	28,033	.22
6. STATE TEACHERS RETIREMENT BOARD OF OHIO	23,823	.19
7. DUKE REALTY LP	23,276	.18
8. BATTELLE MEMORIAL INSTITUTE	18,056	.14
9. ANHEUSER BUSCH INC.	17,762	.14
10. WV USA CITY LP	17,605	.14
TANGIBLE PERSONAL PROPERTY		
1. LUCENT TECHNOLOGIES INC.	68,740	.53
2. ANHEUSER BUSCH INC.	53,922	.42
3. TECHNEGLAS INC.	42,846	.33
4. ABBOTT LABORATORIES	40,629	.32
5. IBM CREDIT CORPORATION	34,072	.27
6. ROXANE LABORATORIES, INC.	32,483	.25
7. SEARS ROEBUCK & COMPANY	28,623	.22
8. J.C. PENNEY COMPANY INC.	26,902	.21
9. AMERITECH NEW MEDIA INC.	20,135	.16
10. DECIMUS CORPORATION	18,000	.14
TOTAL PRINCIPAL PROPERTY TAXPAYERS	1,051,991	8.18
ALL OTHERS	11,798,837	91.82
TOTAL ASSESSED VALUATION (FRANKLIN COUNTY)	\$12,850,828	100.00%

SOURCE: FRANKLIN COUNTY AUDITOR

NOTE: THE AUTHORITY RECEIVES NO PROPERTY TAXES. THIS INFORMATION IS PROVIDED TO PRESENT MAJOR BUSINESS IN THE AREA.

Comparison of Columbus Building Permits Issued

For the Ten Years Ended December 31, 2001 (Valuations in thousands)

YEAR	NEW CONSTRUCTION		ALTERATIONS & ADDITIONS		TOTAL	
	PERMITS ISSUED	VALUATION	PERMITS ISSUED	VALUATION	PERMITS ISSUED	VALUATION
2001	4,125	\$1,194,028	3,682	\$589,247	7,807	\$1,783,275
2000	3,880	1,287,368	5,058	723,754	8,938	2,011,122
1999	4,188	866,932	5,287	692,390	9,475	1,559,322
1998	4,324	1,189,922	6,466	570,222	10,790	1,760,144
1997	3,470	840,187	6,515	583,530	9,985	1,423,717
1996	3,473	532,599	5,497	330,900	8,970	863,499
1995	2,778	473,647	6,092	275,963	8,870	749,610
1994	3,298	471,540	6,081	207,546	9,379	679,086
1993	2,930	367,207	6,071	173,218	9,001	540,425
1992	2,387	301,892	5,870	196,628	8,257	498,520

SOURCE: CITY OF COLUMBUS, OHIO, DEPARTMENT OF TRADE AND DEVELOPMENT, BUILDING AND DEVELOPMENT SERVICES

Largest Employers in the Greater Columbus Area

Ranked by number of full-time employees

1. STATE OF OHIO	26,985	25. BIG LOTS INC.	2,400
2. OHIO STATE UNIVERSITY	17,189	26. SOUTH-WESTERN CITY SCHOOLS	2,396
• OHIO STATE UNIVERSITY HOSPITALS	5,241	27A. CHASE MANHATTAN MORTGAGE CORP.	2,300
3. UNITED STATES POSTAL SERVICE ¹	5,322	27B. QWEST COMMUNICATIONS INTERNATIONAL INC.	2,300
• DEFENSE SUPPLY CENTER, COLUMBUS	2,458	29. CHILDREN'S HOSPITAL INC.	2,291
• DEFENSE FINANCE & ACCOUNTING SERVICE	2,400	30. MERCK-MEDCO RX SERVICES OF OHIO	2,250
4. NATIONWIDE INSURANCE COMPANIES	11,262	31. VALUE CITY DEPARTMENT STORES	2,200
5. BANK ONE CORP.	9,251	32. BATTELLE	2,016
6. COLUMBUS PUBLIC SCHOOLS	8,724	33. ROSS PRODUCTS DIVISION OF	
7. OHIO HEALTH	8,464	ABBOTT LABORATORIES	1,964
8. CITY OF COLUMBUS	8,039	34. NATIONAL CITY BANK	1,934
9. LIMITED INC.	7,200	35. DISPATCH PRINTING CO.	1,900
10. HONDA OF AMERICA MFG. INC.	6,500	36. J.C. PENNEY CO.	1,850
11A. BIG BEAR STORES CO.	6,000	37. VERIZON WIRELESS	1,834
11B. FRANKLIN COUNTY	6,000	38. OWENS-CORNING	1,800
13. KROGER COMPANY	4,942	39. HILLIARD CITY SCHOOLS	1,620
14. MOUNT CARMEL	4,529	40. DISCOVER FINANCIAL SERVICES	1,600
15. SCHOTTENSTEIN STORES CORP.	4,000	41. CARDINAL HEALTH INC.	1,569
16. AMERICAN ELECTRIC POWER	3,961	42. ASHLAND DISTRIBUTION & CHEMICAL	1,565
17. WENDY'S INTERNATIONAL INC.	3,700	43. EXECUTIVE JET INC.	1,522
18. HUNTINGTON BANCSHARES INC.	3,557	44. STATE FARM	1,502
19. LUCENT TECHNOLOGIES	3,490	45A. ALLIANCE DATA SYSTEMS	1,500
20. CATHOLIC DIOCESE OF COLUMBUS	3,400	45B. KMART CORP.	1,500
21. WAL-MART STORES INC.	3,150	47. WESTERVILLE CITY SCHOOLS	1,447
22. SBC AMERITECH OHIO	3,100	48. SEARS ROEBUCK AND CO.	1,443
23. BOB EVANS FARMS INC.	2,952	49. LICKING MEMORIAL HEALTH SYSTEMS	1,408
24. MEIJER INC.	2,500	50. DUBLIN CITY SCHOOLS	1,406

1) GREATER COLUMBUS FEDERAL GOVERNMENT EMPLOYMENT TOTAL WAS 13,700 AS OF OCTOBER 2001.

SOURCE: BUSINESS FIRST, DECEMBER 14, 2001 ISSUE.

Estimated Civilian Labor Force and Annual Average Unemployment Rates

For the Ten Years Ended December 31, 2001 (labor force in thousands)

YEAR	FRANKLIN COUNTY		COLUMBUS MSA (1)		OHIO		U.S.
	LABOR FORCE (2)	UNEM-PLOYMENT RATE (3)	LABOR FORCE (2)	UNEM-PLOYMENT RATE (3)	LABOR FORCE (2)	UNEM-PLOYMENT RATE (3)	UNEM-PLOYMENT RATE (3)
2001	622.0	2.8%	875.5	2.8%	5,857	4.3%	4.8%
2000	604.3	2.4	850.8	2.5	5,783	4.1	4.0
1999	593.4	2.5	829.9	2.6	5,749	4.3	4.2
1998	581.9	2.5	811.8	2.7	5,678	4.3	4.5
1997	588.3	2.7	813.7	2.9	5,756	4.6	4.9
1996	574.0	2.9	794.0	3.1	5,643	4.9	5.4
1995	562.4	3.3	769.4	3.5	5,573	4.8	5.6
1994	561.2	3.9	767.8	4.1	5,537	5.5	6.1
1993	552.6	4.6	757.1	4.9	5,480	6.5	6.8
1992	548.6	4.8	751.3	5.1	5,487	7.2	7.4

1) THE COLUMBUS MSA INCLUDES DELAWARE, FAIRFIELD, FRANKLIN, LICKING, MADISON AND PICKAWAY COUNTIES.

2) CIVILIAN LABOR FORCE IS THE ESTIMATED NUMBER OF PERSONS 16 YEARS OF AGE AND OVER, WORKING OR SEEKING WORK.

3) THE UNEMPLOYMENT RATE IS EQUAL TO THE ESTIMATE OF UNEMPLOYED PERSONS DIVIDED BY THE ESTIMATED CIVILIAN LABOR FORCE.

SOURCE: OHIO BUREAU OF EMPLOYMENT SERVICES, LABOR MARKET INFORMATION DIVISION. (PRELIMINARY DATA WHICH IS SUBJECT TO CHANGE)

Assessed and Estimated Actual Value of Franklin County Taxable Property

For the Ten Years Ended December 31, 2001 (in thousands)

TAX YEAR	FOR	REAL PROPERTY		PERSONAL PROPERTY		PUBLIC UTILITIES	
		ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE
2001	2002	\$10,632,901	\$30,379,717	\$1,754,763	\$7,019,052	\$463,164	\$1,323,326
2000	2001	10,312,863	29,465,323	1,746,957	6,987,828	554,901	1,585,431
1999	2000	9,991,033	28,545,809	1,619,657	6,478,628	558,957	1,597,020
1998	1999	8,710,415	24,886,900	1,547,605	6,190,420	540,892	1,545,406
1997	1998	8,300,546	23,715,846	1,532,089	6,092,356	539,815	1,542,329
1996	1997	8,043,277	22,980,791	1,464,285	5,857,140	519,964	1,485,611
1995	1996	7,523,751	21,496,431	1,365,419	5,461,676	518,908	1,482,594
1994	1995	7,334,469	20,955,626	1,325,368	5,301,472	552,569	1,578,769
1993	1994	7,228,738	20,653,537	1,356,017	5,424,068	549,883	1,571,094
1992	1993	6,637,287	18,963,677	1,387,773	5,337,588	527,706	1,507,731

SOURCE: FRANKLIN COUNTY AUDITOR.

Compliance Section

This section contains the following subsections:

Independent Auditors' Report on Compliance

Schedule of Expenditures of Federal Awards and Others

Notes to Schedule of Expenditures of Federal Awards and Other

Schedule of Findings and Questioned Costs





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER**

The Board of Directors
Columbus Municipal Airport Authority
Columbus, Ohio

COMPLIANCE

We have audited the compliance of the Columbus Municipal Airport Authority (the Authority), a component unit of the City of Columbus, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs and the *Passenger Facility Audit Guide for Public Agencies (Guide)*, issued by the Federal Aviation Administration, for the Authority's Passenger Facility Charge (PFC) program for the year ended December 31, 2001. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and its PFC program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Guide. Those standards, OMB Circular A-133 and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and the PFC program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and the PFC program for the year ended December 31, 2001.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and the PFC program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program and the PFC program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program or the PFC program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER

We have audited the financial statements of the Authority as of and for the year ended December 31, 2001, and have issued our report thereon dated April 8, 2002. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and other is presented for purposes of additional analysis as required by OMB Circular A-133 and the Guide and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information of the Authority's management, the Ohio Auditor of State, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified users.

Deloitte Touche LLP

April 8, 2002

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER FOR THE YEAR ENDED DECEMBER 31, 2001

Federal Grantor	Federal CFDA Number	Grant Number	Federal Receipts	Federal Expenditures
DEPARTMENT OF TRANSPORTATION:				
Federal Aviation Administration -				
Airport Improvement Program (AIP):	20.106			
Design and construction runway 10L/28R - West extension		3-39-0025-27	\$ 6,145	\$ 6,145
Update Noise Monitoring System		3-39-0025-30	10,330	10,331
Noise Mitigation Measures		3-39-0025-33	316,260	207,457
Noise and Flight Track Monitoring System		3-39-0025-34	51,473	51,474
Terminal Apron Rehabilitation		3-39-0025-35	1,564,068	1,564,068
Residential Sound Insulation Phase V		3-39-0025-36	14,040	14,041
North Parallel Taxiway		3-39-0025-37	2,818,511	2,804,209
Residential Sound Proofing Phase VI		3-39-0025-38	29,650	29,652
Terminal Apron Rehabilitation		3-39-0025-39	3,601,259	3,601,264
North Parallel Taxiway		3-39-0025-40	391	392
Runway Safety Area Grading		3-39-0026-06	(62,270)	(62,273)
Rehab. Runway 4-22 (Design only)		3-39-0026-07	6,849	6,850
Overlay Runway 4-22		3-39-0026-08	34,090	34,092
Master Plan Update		3-39-0026-09	18,077	18,077
			<u>8,408,873</u>	<u>8,285,779</u>
Total U.S. Department of Transportation				
DEPARTMENT OF JUSTICE -				
Drug Enforcement Administration:				
State and Local Task Force Agreement	16.000	N/A	55,140	43,862
Equitable Sharing Agreement	16.000	N/A	95,900	88,481
			<u>151,040</u>	<u>132,343</u>
Total U.S. Department of Justice				
Total federal awards			<u>\$8,559,913</u>	<u>\$8,418,122</u>
OTHER - Passenger Facility Charges	N/A	N/A	<u>\$9,672,747</u>	<u>\$6,013,505</u>

See accompanying notes to Schedule of Expenditures of Federal Awards and Other.

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER FOR THE YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - The accompanying Schedule of Expenditures of Federal Awards and Other presents the activity of all federal assistance programs of the Columbus Municipal Airport Authority (the Authority). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements.

2. BASIS OF ACCOUNTING

Basis of Accounting - The accompanying Schedule of Expenditures of Federal Awards and Other is prepared on the basis of cash receipts and disbursements. Consequently, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligations are incurred.

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2001

PART I - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the financial statements expressed an unqualified opinion.
2. No reportable conditions in internal control over financial reporting were identified.
3. No instance of noncompliance considered material to the financial statements was disclosed.
4. No reportable conditions in internal control over compliance with requirements applicable to major federal awards programs were identified.
5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed no findings which are required to be reported by OMB Circular A-133.
7. The organization's major program was: Airport Improvement Program (AIP) (CFDA #20.106).
8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
9. The Auditee did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

PART II - FINANCIAL STATEMENT FINDINGS SECTION

No matters are reportable.

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

No matters are reportable.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 6, 2002**