Columbus Regional Airport Authority

Financial Statements for the Year Ended December 31, 2003 and Supplemental Schedule for the Year Ended December 31, 2003 and Independent Auditors' Report and Office of Management and Budget Circular A-133 Reports for the Year Ended December 31, 2003

Auditor of State
Betty Montgomery

Board of Directors
Columbus Regional Airport Authority

We have reviewed the Independent Auditor's Report of the Columbus Regional Airport Authority, Franklin County, prepared by Deloitte & Touche LLP for the audit period January 1, 2003 through December 31, 2003. 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 Regional Airport Authority is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 27, 2004

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COLUMBUS MUNICIPAL AIRPORT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Columbus Regional Airport Authority
Columbus, Ohio

We have audited the accompanying statement of net assets of the Columbus Regional Airport Authority (the "Authority"), as of and for the years ended December 31, 2003 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 audits.

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. 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 financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2003 and its changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the GASB. The supplementary information is the responsibility of the Authority. 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 March 12, 2004 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. The supplemental schedule of revenues and expenses—budget vs. actual—budget basis is the responsibility of the Authority's management. 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

March 12, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the Columbus Regional Airport Authority's (the Authority) financial performance provides an introduction to the financial statements for the year ended December 31, 2003. 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 are depreciated (except land and construction in progress) 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.*

Significant Event

In 2001 the County of Franklin, Ohio (the County) Board of Commissioners approached the Mayor and officials of the City of Columbus, Ohio (the City) with the idea of creating one port authority to oversee the airports managed by the Columbus Municipal Airport Authority (CMAA) and the Rickenbacker Port Authority (RPA). The County and the City formed a committee, the Regional Port Authority Study Committee, that evaluated and concluded that there was the potential for achieving cost savings, operational efficiencies and other intangible synergies by creating a single regional airport authority to oversee the operations of Port Columbus International (CMH), Rickenbacker International (LCK) and Bolton Field (TZR) airports. On December 12, 2002, the County, the City and the CMAA entered into the Port Authority Consolidation and Joinder Agreement (the Agreement) with an effective date of January 1, 2003. Under the Agreement the RPA was dissolved and the CMAA, the surviving entity, was renamed the Columbus Regional Airport Authority (the Authority). The assets of the RPA were recorded on the Authority's records at net book value. Additional information may be found in Note 1 of the accompanying notes to the financial statements.

Financial Highlights

The Authority's total assets increased $91.5 million over 2002 with $83.3 million of the increase resulting from the merger with the RPA. The remaining $8.2 million of the increase is primarily the result of an increase in depreciable capital assets.

Total liabilities declined $1.4 million over 2002 despite adding $10.7 million due to the merger with the RPA. The reduction was primarily the result of principal payments on bonds and lower balances in accounts payable and accrued expenses.

Total operating revenues increased $10.6 million over 2002 with $3.9 million of the increase resulting from the merger with the RPA. The remaining increase is primarily a result of greater revenue received from airline space rentals.

Total operating expenses increased $8.5 million. Operating expenses due to the merger with the RPA amounted to $5.9 million of the increase. The remaining increase is primarily the result of increases associated with benefits and employee wages.

Financial Position

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

	2003	2002	% Change
ASSETS:			
Current Assets - Unrestricted	$ 36,345,645	$ 24,493,571	48.4
Current Assets - Restricted	100,938,240	102,787,630	(1.8)
Capital Assets	411,450,787	330,205,679	24.6
Other Non Current Assets	7,194,039	6,943,526	3.6
Total Assets	$555,928,711	$464,430,396	19.7
LIABILITIES:			
Current Liabilities - Unrestricted	$ 14,482,607	$ 16,193,859	(10.6)
Current Liabilities - Restricted	11,979,440	10,364,895	15.6
Long-Term Liabilities	135,504,979	136,834,501	(1.0)
Total Liabilities	161,967,026	163,393,255	(0.9)
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	275,777,710	193,788,769	42.3
Restricted Net Assets	96,829,112	100,076,734	(3.2)
Unrestricted Net Assets	21,354,863	7,171,638	197.8
Total Net Assets	393,961,685	301,037,141	30.9
Total Liabilities and Net Assets	$555,928,711	$464,430,396	19.7

The year 2003 was the Authority's first year of operations as the Columbus Regional Airport Authority. The prior eleven years were operated as the CMAA and do not include financial information or balances of the RPA. The Authority's assets exceeded liabilities by $394 million, a $92.9 million increase over December 31, 2002 with $72.6 million of the increase resulting from the merger with the RPA. The largest portion of the Authority's net assets each year ($275.8 million or 70% at December 31, 2003) 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 aviation partners, passengers and visitors to the airports; 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.

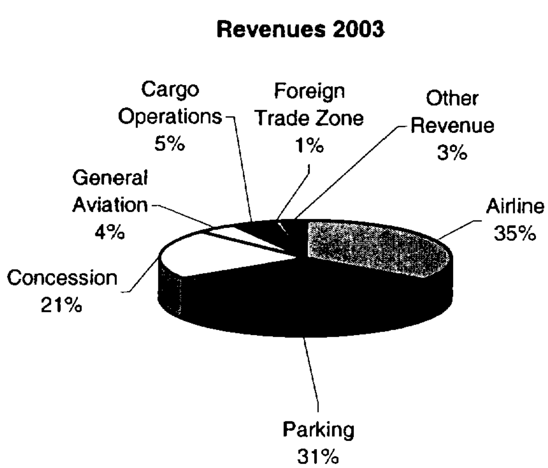
An additional portion of the Authority's net assets ($96.8 million or 25% at December 31, 2003) represents resources that are subject to restrictions on how they can be used. The restricted net assets are not available for new spending because they have already been committed as follows:

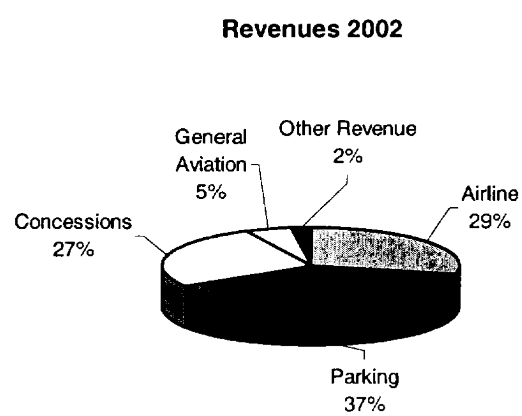
Passenger Facility Charges	$ 50,742,919
Capital Expenditures	20,685,924
Bond Reserves	20,122,981
Obligation Due To City	5,277,288
Total Restricted	$ 96,829,112

The remaining unrestricted net assets of $21.3 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 and to maintain adequate levels of working capital.

The following represents the Authority's summary of operating revenues by source for the years ended December 31:

	2003	2002	% Change
Airline Revenue	$ 21,337,530	$ 14,438,191	47.8
Parking Revenue	18,903,636	18,811,185	0.5
Concession Revenue	13,030,615	13,508,102	(3.5)
General Aviation Revenue	2,577,527	2,522,168	2.2
Cargo Operations Revenue	2,944,858	-	-
Foreign Trade Zone Fees	549,836	-	-
Other Revenue	1,671,354	1,159,963	44.1
Total Operating Revenues	$ 61,015,356	$ 50,439,609	21.0





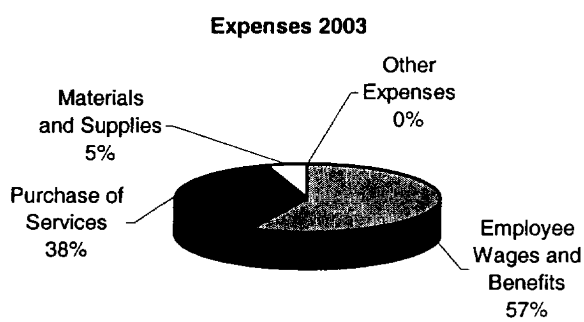
- Airline Revenue increased 48% or $6.9 million. The increase is due to an increase in space rental revenue of 85%, or $5.5 million, as a result of an increase per the airline agreement for the terminal building rents and an increase in landing fee revenue of 12%, or $1.2 million, as a result of an increase in the landing fee rate charged for aircraft landings.

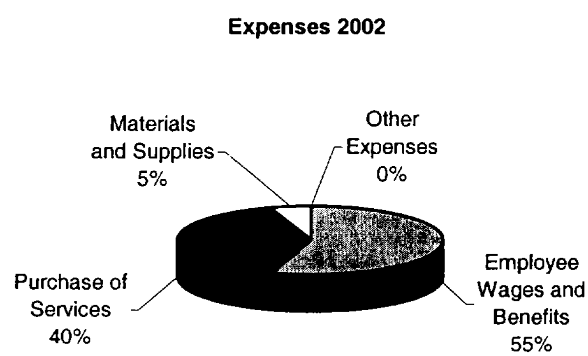
- Other Revenue increased 44%, or $511,000 with $229,000 of the increase resulting from the merger with the RPA. The remaining increase was due primarily to an increase in tenant reimbursements and identification card revenue.

- Cargo Operations Revenue and Foreign Trade Zone Fees increases were the result of the merger with the RPA.

The following represents the Authority's summary of operating expenses before depreciation by source for the years ended December 31:

	2003	2002	% Change
Employee Wages and Benefits	$23,079,348	$17,515,769	31.8
Purchase of Services	15,310,153	12,839,439	19.2
Materials and Supplies	2,038,532	1,606,731	26.9
Other Expenses	6,792	1,360	399.4
Total Operating Expenses	$40,434,825	$31,963,299	26.5





- Employee Wages and Benefits increased 32%, or $5.6 million with $2.7 million of the increase resulting from the merger with the RPA. The remaining increase was due primarily to increased salaries and wages of $1.1 million and increased benefits (Workers' Compensation, Ohio Public Employees Retirement System, Employee Insurance, and Compensated Absences) of $1.2 million.

- Purchase of Services expense increased 19%, or $2.5 million with $2.9 million of the increase resulting from the merger with the RPA. The remaining decrease was due primarily to one time merger related expenses of $419,000 that were incurred in 2002.

- Materials and Supplies expense increased 27%, or $432,000 with $299,000 of the increase resulting from the merger with the RPA. The remaining increase was due primarily to a $228,000 increase in snow removal supplies.

The following represents the Authority's summary of changes in net assets for the years ended December 31:

	2003	2002	% Change
Total Operating Revenues	$ 61,015,356	$ 50,439,609	21.0
Total Operating Expenses	(40,434,825)	(31,963,299)	26.5
Operating Income before Depreciation	20,580,531	18,476,310	11.4
Depreciation	(19,851,602)	(14,967,012)	32.6
Operating Income	728,929	3,509,298	(79.2)
Non-Operating Revenue	10,211,670	9,662,921	5.7
Capital Contributions	8,725,224	8,786,758	(0.7)
Increase in Net Assets	19,665,823	21,958,977	(10.4)
Increase in Net Assets due to Merger	73,258,721	-	-
Net Assets, Beginning of Year	301,037,141	279,078,164	7.9
Net Assets, End of Year	$393,961,685	$301,037,141	30.9

- Depreciation expense increased 33%, or $4.9 million with $4.0 million of the increase resulting from the merger with the RPA.

Capital Assets

The Authority's capital assets as of December 31, 2003, totaled $411.5 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 2003 was 30%, or $135.8 million with $112.4 million of the increase resulting from the merger with the RPA.

Major capital projects-in-progress and expenditures incurred during 2003 included the following:

- Terminal Apron Rehabilitation and Glycol Retention – CMH $10,444,000
- Program Definition – New Terminal – CMH $ 2,805,000
- Terminal and Curb front Signage Improvement – CMH $ 2,074,000
- Flight and Baggage Information Display Systems – CMH $ 1,257,000
- Passenger Charter Terminal – LCK $ 1,106,000

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 and state grants, passenger facility charges, debt issuance, and the Authority revenues and reserves. Additional information on the Authority's capital assets can be found in Note 2 of the accompanying notes.

Debt Administration

Airport Improvement Revenue Bonds, Series 1998AB

On February 1, 1998, the CMAA 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 2004 of approximately $6.0 million.

Balance outstanding as of December 31, 2003 - $83,970,000

Airport Improvement Revenue Bonds, Series 2001A

On June 1, 2001, the CMAA 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 beginning in 2004 of $491,000, decreasing to $245,000 in 2011.

Balance outstanding as of December 31, 2003 - $2,692,600

Airport Improvement Revenue Bonds, Series 2003AB

On October 28, 2003, the Authority issued Airport Improvement Revenue Bonds, Series 2003AB in the principal amount of $33,445,000, in varying maturities up to twenty years. The bond proceeds were used primarily to refund the Authority's Series 1994A bonds. The bonds were sold at a composite interest rate of 4.73%, with annual debt service of approximately $2.6 million.

Balance outstanding as of December 31, 2003 - $33,445,000

Obligation Due to City of Columbus

In 1991, the CMAA entered into a long-term Airport Operation and Use Agreement with 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, 2003 - $13,500,000

Obligation Due to County of Franklin
In 1985, the RPA entered into a long-term agreement with the County for the operation and use of the LCK and for certain financing. The Port Authority Consolidation and Joinder Agreement provides for the Authority to make such payments directly to the bank for these general obligation bonds.

Balance outstanding as of December 31, 2003 - $2,460,000

Ohio Public Works Commission Debt
In 1995, the RPA agreed to reimburse the County for debt service on $1,489,000 of an Ohio Public Works Commission loan for storm sewer improvements. The agreement is non-interest bearing.

Balance outstanding as of December 31, 2003 - $818,950

Other Debt
In 2000, the RPA entered into a long-term note with Forward Air Incorporated in connection with a buyout of a third party lease.

Balance outstanding as of December 31, 2003 - $1,814,111

City of Columbus Long-Term Borrowing
The Authority owes the City $4 million for past operating advances incurred by the airports prior to the creation of the CMAA. This amount has been classified as a non-current liability because management believes that this amount will not be repaid in 2004.

Balance outstanding as of December 31, 2003 - $4,000,000

Bond principal and interest are paid from the general revenues of the Authority. Additional details may be found in Note 7 and Note 12 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. In January 2002 the FAA approved the Authority's request to increase the PFC level to $4.50 on certain eligible projects. The new collection rate commenced on April 1, 2002. The revised approved amount is $128.4 million is projected to be collected through October 1, 2004. The Authority has requested approval from the FAA for an additional $92 million in PFC's that will extend collection through October 2010. Through December 31, 2003, the Authority has collected PFCs, including interest earnings thereon, totaling $117.5 million.

Airline Rates and Charges

The Authority and certain airlines negotiated an agreement effective January 1, 2000, which in part establishes how the airlines that sign the agreement (signatory airlines) will be assessed annual rates and charges for their use of the CMH. 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 at the CMH were as follows:

	2003	2002	% Change
Landing Fees (per 1,000 lbs)	$ 1.92	$ 1.56	23.1
Terminal Rental Rate (Average)	$32.96	$40.09	(17.8)
Apron Fee – Square Foot Rate component	$ 0.69	$ 0.92	(25.0)
Apron Fee – Landed Weight Rate component (per 1,000 lbs)	$ 0.15	$ 0.20	(25.0)

The Authority also charges a signatory landing fee to airlines for their use of the LCK. Landing fees for non-signatory airlines are assessed at 150 percent of the signatory rate. The LCK landing fee for 2003 and 2002 were $1.44 and $1.35 per thousand pounds respectively.

COLUMBUS REGIONAL AIRPORT AUTHORITY

Statement of Net Assets

As of December 31, 2003

ASSETS

CURRENT ASSETS:	
Unrestricted Assets:	
Cash and Cash Equivalents - Cash and Investments	$ 29,401,593
Accounts Receivable - Trade	4,381,912
Accounts Receivable - Other	175,598
Direct Financing Leases Receivable	490,804
Deposits, Prepaid Items and Other	1,895,738
Total Unrestricted Assets	36,345,645
Restricted Assets:	
Cash and Cash Equivalents - Cash and Investments	97,782,700
Other Receivables	3,155,540
Total Restricted Assets	100,938,240
Total Current Assets	137,283,885
NON-CURRENT ASSETS:	
Deferred Charges (Net of Accumulated Amortization of $1,015,940):	2,678,453
Accounts Receivable - Other	1,202,662
Direct Financing Leases Receivable	3,312,924
Land	44,901,809
Construction In Progress - (Includes Annual Capitalized Interest Costs of $367,677):	14,159,462
Depreciable Capital Assets, Net of Accumulated Depreciation	352,389,516
Total Non-Current Assets	418,644,826
TOTAL ASSETS	$ 555,928,711

See accompanying notes to the financial statements

COLUMBUS REGIONAL AIRPORT AUTHORITY

Statement of Net Assets (Continued)

As of December 31, 2003

LIABILITIES

CURRENT LIABILITIES:	
Payable from Unrestricted Assets:	
Accounts Payable - Trade & Other	$ 2,129,004
Accrued Interest Payable	2,368,254
Accrued and Withheld Employee Benefits	4,223,641
Unearned Income	3,276,656
Other Accrued Expenses	2,485,052
Total Payable from Unrestricted Assets	14,482,607
Payable from Restricted Assets:	
Accounts Payable	2,411,740
Retainages on Construction Contracts	1,226,663
Accrued Interest Payable	246,931
Customer Deposits and Other	223,795
Current Portion of Long-Term Debt	7,870,311
Total Payable from Restricted Assets	11,979,440
Total Current Liabilities	26,462,047
NON-CURRENT LIABILITIES:	
Accounts Payable - Other	24,327
Unearned Income	985,286
Long-Term Debt, Less Current Portion, Net	130,495,366
Other Long-Term Borrowing	4,000,000
Total Non-Current Liabilities	135,504,979
Total Liabilities	161,967,026
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	275,777,710
Restricted:	
Capital Expenditures	20,685,924
Passenger Facility Charges	50,742,919
Bond Reserves	20,122,981
Obligation Due To City	5,277,288
Total Restricted Net Assets	96,829,112
Unrestricted Net Assets	21,354,863
Total Net Assets	393,961,685
Commitments and Contingencies	
TOTAL LIABILITIES AND NET ASSETS	$ 555,928,711

See accompanying notes to the financial statements

COLUMBUS REGIONAL AIRPORT AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Assets

For the Year Ended December 31, 2003

OPERATING REVENUES	
Airline Revenue	$ 21,337,530
Parking Revenue	18,903,636
Concession Revenue	13,030,615
General Aviation Revenue	2,577,527
Cargo Operations Revenue	2,944,858
Foreign Trade Zone Fees	549,836
Other Revenue	1,671,354
Total Operating Revenues	61,015,356
OPERATING EXPENSES	
Employee Wages and Benefits	23,079,348
Purchase of Services	15,310,153
Materials and Supplies	2,038,532
Other Expenses	6,792
Total Operating Expenses	40,434,825
OPERATING INCOME BEFORE DEPRECIATION	20,580,531
Depreciation	19,851,602
OPERATING INCOME	728,929
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	756,116
Other Non-Operating Income	4,989,503
Passenger Facility Charges	13,212,351
Interest Expense	(8,049,153)
Amortization of Deferred Charges	(708,852)
Gain on Disposal of Assets	11,705
Total Non-Operating Revenues	10,211,670
INCOME BEFORE CAPITAL CONTRIBUTIONS	10,940,599
Capital Contributions	8,725,224
CHANGES IN NET ASSETS	
Increase in Net Assets	19,665,823
Net Assets Acquired through Merger	73,258,721
Total Net Assets, Beginning of Year	301,037,141
Total Net Assets, End of Year	$ 393,961,685

See accompanying notes to the financial statements

COLUMBUS REGIONAL AIRPORT AUTHORITY

Statement of Cash Flows

For the Year Ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 63,344,672
Cash Paid to Employees	(22,152,242)
Cash Paid to Suppliers	(26,480,646)
Other Payments	(6,792)
Net Cash Provided by Operating Activities	14,704,992
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Property, Plant and Equipment	(26,638,630)
Contributed Capital and Passenger Facility Charges	21,409,141
Principal Payments on Bond, Notes and Loan	(7,829,544)
Advanced Refunding of Series 1994 Bonds	(33,425,000)
Interest Paid on Bonds and Loan	(9,700,004)
Proceeds from Series 2003 Bonds	33,445,000
Proceeds from Federally Funded Operating Grants	4,989,503
Proceeds from Advanced Funded Grants	3,614,000
Reimbursements for Projects with Advanced Funded Grants	(502,318)
Proceeds from the Sale of Capital Assets	29,713
Unearned Payments from Tenants and Vendors	(68,043)
Principal Payments from Direct Financing Leases	326,560
Effective Interest on Direct Financing Leases	(88,067)
Net Cash Used by Capital and Related Financing Activities	(14,437,689)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Cash and Investments	756,116
Net Cash Provided by Investing Activities	756,116
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,023,419
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	126,160,874
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 127,184,293

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:

Operating Income	$ 728,929
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	19,851,602
(Increase) Decrease in Assets:	
Accounts Receivable-Trade	1,760,494
Accounts Receivable-Other	568,822
Deposits, Prepaid Items and Other	(807,885)
Increase (Decrease) in Liabilities:	
Accounts Payable	(4,211,983)
Accrued Liabilities	(3,213,861)
Customer Deposits	28,874
Net Cash Provided by Operating Activities	$ 14,704,992

The accounting methods and procedures adopted by the Columbus Regional 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. 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. On December 12, 2002, the Columbus Municipal Airport Authority (CMAA), the City of Columbus, Ohio (the City) and the County of Franklin, Ohio (the County) entered into the Port Authority Consolidation and Joinder Agreement (Agreement) with an effective date of January 1, 2003, which created a single regional authority to oversee the airports formerly managed by the CMAA and the Rickenbacker Port Authority (RPA). Under the Agreement the RPA was dissolved and the CMAA, the surviving entity, was renamed the Columbus Regional Airport Authority. The Agreement provided for the ultimate transfer of all of the RPA's rights, title and interests in all of the assets and liabilities to the Authority. The assets were recorded on the Authority's records at net book value. The newly created Authority merged the operations of the RPA and the CMAA. The Authority administers an airport system comprised of Port Columbus International (CMH), Rickenbacker International (LCK) and a reliever airport, Bolton Field. (TZR).

The governing board for the Authority is jointly appointed by the City and the County. Four members are appointed by the Mayor of Columbus with the advice and consent of the City Council, four members are appointed by the County Commissioners and one member is jointly appointed. 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 President & CEO of the Authority who is responsible for staffing the respective departments and overseeing the day-to-day operations.

The Agreement outlines the various rights and responsibilities of the Authority, the City and the County. These rights and responsibilities generally relate to the operation of the three airports and the provision of services to facilitate those operations. Among those, the Authority was designated the operator of the three airports. The County agreed to contribute $4.338 million per year for 10 years to facilitate the consolidated operations. The Authority agreed to make certain payments on behalf of the County to retire certain debt previously issued for capital improvements at the LCK. Also, the County agreed to waive approximately $88 million of financial aid previously contributed to the RPA. The Authority and the County have agreed to review the County's subsidy if a significant project locates at the LCK that provides net revenues to the Authority in an amount greater than the County's subsidy.

The CMAA 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 CMAA began operations under a use agreement with the 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 CMAA. This transfer was recorded at the net book value.

The RPA was formed under Ohio Revised Code 4582 in 1979 by the County for the purpose of serving as a local reuse agency, which included, in part, acquiring and owning land (including improvements thereon) situated in Franklin and Pickaway counties and consisting of a part of the former Rickenbacker Air Force Base. This property was deemed to be surplus by the United States Government and was transferred to the RPA at no cost, other than certain costs associated with the transfer. Title to the land is subject to certain covenants, conditions and restrictions and reverts to the United States Government at the Government's option if any covenant is violated and not cured within sixty days. At December 31, 2003, the Authority owns approximately 3,300 acres of land contiguous to certain airfield property owned by the United States Government at the LCK.

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 departments 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 is a joint venture of the City and the County.

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 revenue and other miscellaneous revenue 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 enterprise 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. Amortization of Deferred Charges, Gains and Losses on Disposal of Assets 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 department 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 President & CEO 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 2003 budget was not revised.

In 2003, lower passenger traffic due to the reduction in flight schedules of one of the carriers at the Authority resulted in unfavorable variances for Passenger Facility Charges, Airline and Parking Revenues. The favorable variance in Purchase of Services was due to the Authority proactively reducing certain airline related expenses as a result of the reduction in flight service, thereby reducing the operating cost to the airlines and reducing the airline revenues due to the Authority. The favorable variance in Other Non-Operating Revenue was due to the grant received from the County pursuant to the Agreement. The unfavorable variance for Amortization of Deferred Charges and the favorable variance for Gain on Disposal of Assets were due to the fact that these items are not reimbursable items under the current airline agreement and are not budgeted. Interest Income was below the budgeted amount due to lower than anticipated interest rates.

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.

Inventories

Inventories are stated at the lower of first-in, first-out ("FIFO") cost or market.

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 other 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, 2003. 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 through 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 1998A, 1998B, 2003A and 2003B.

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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 CMH. 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 12/31/02	Additions	Deletions	Transfers	Total 12/31/03
Depreciable Capital Assets:					
Buildings	$ 262,058,486	$ 1,024,254	$ (23,484)	$ 10,504,416	$ 273,563,672
Runways & Other	212,343,578	4,303,928	(660,573)	24,093,910	240,080,843
Machinery	26,438,837	1,157,733	(3,484,578)	(3,055,522)	21,056,470
Furniture	993,775	55,771	(278,438)	-	771,108
Total Depreciable Capital Assets	501,834,676	6,541,686	(4,447,073)	31,542,804	535,472,093
Less Accumulated Depreciation:					
Buildings	61,428,175	6,678,762	(5,096)	-	68,101,841
Runways & Other	91,089,168	10,995,865	(227,964)	-	101,857,069
Machinery	13,844,248	2,098,879	(3,390,206)	-	12,552,921
Furniture	680,962	78,096	(188,312)	-	570,746
Total Accumulated Depreciation	167,042,553	19,851,602	(3,811,578)	-	183,082,577
Depreciable Capital Assets, Net	$ 334,792,123	$ (13,309,916)	$ (635,495)	$ 31,542,804	$ 352,389,516
Nondepreciable Capital Assets:					
Land	$ 44,836,947	$ 64,862	$ -	$ -	$ 44,901,809
Construction in Progress	$ 23,883,043	$ 21,845,118	$ (25,895)	$ (31,542,804)	$ 14,159,462

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

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 utilizing the vesting method. As of December 31, 2003, this liability was $2,280,780, an increase of $450,440 over the December 31, 2002 liability of $1,830,340.

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 $413 million. The Authority carries liability insurance coverage in the amount of approximately $244 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 8).

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, are 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 the Authority's capital improvement program involving runway, taxiway and apron 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.

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, 2003.

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 105% 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 2003, the Authority complied with the provisions of these statutes.

Deposits with Financial Institutions

At December 31, 2003, the carrying amount of the Authority's deposits with financial institutions was $588,128 and the bank balance was $1,606,363. Based upon criteria described in GASB Statement No. 3 *"Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements"*, $289,744 of the bank balance was covered by deposit insurance provided by the FDIC; and $1,316,619 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 $3,690 in cash on hand at December 31, 2003.

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, 2003. 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, 2003:

Description	Category			Fair
	1	2	3	Value
Unrestricted-Repurchase Agreement	-	-	$14,074,285	$ 14,074,285
Total	-	-	$14,074,285	
Investment in Money Market Account				14,023,513
Investment in STAR Ohio				98,494,677
Total Investments				$126,592,475

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, 2003:

Cash and Cash Equivalents

Restricted for Capital Expenditures	$ 21,234,563
Restricted for Passenger Facility Charges	49,450,480
Restricted for Debt Service	20,122,981
Obligation Due To City (Including Interest)	5,524,219
Retainages on Construction Contracts	1,226,663
Customer Deposits and Other	223,794
Total Restricted Cash	$ 97,782,700

Note 5 - Receivables

The following amounts represent receivables due to the Authority at December 31, 2003:

Unrestricted:	
Current:	
Accounts Receivable - Trade	$ 4,960,166
Less Allowance for Uncollectibles	578,254
Total Current Unrestricted Trade Receivables	4,381,912
Accounts Receivable – Other	175,598
Non-Current:	
Accounts Receivable - Other	1,202,662
Total Unrestricted Receivables	$ 5,760,172
Restricted:	
Restricted for Capital Expenditures:	
Receivable Due from Other Government	$ 1,863,100
Passenger Facility Charges Receivable	1,292,440
Total Restricted Receivables	$ 3,155,540

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 – Direct Financing Lease

Under direct financing leases, the Authority leases certain rental car facilities within the parking facility (See Note 7). The components of lease receivable for the net investment in direct financing leases are as follows as of December 31:

Total Minimum Lease Receivables	$ 3,803,728
Less Unearned Income	1,046,934
Net Investment in Direct Financing Leases	$ 2,756,794
Current Portion	$ 326,560
Non-Current Portion	2,430,234
	$ 2,756,794

Future minimum lease receivables due from tenants under direct financing leases as of December 31, 2003, are as follows:

2004	$ 490,804
2005	490,804
2006	490,804
2007	490,804
2008	490,804
2009-2011	1,349,708

Unearned Income on direct financing leases is recognized in such a manner as to produce a constant periodic rate of return on the net investment in the direct financing lease. During 2003, $252,311 of interest was recognized reducing the balance of Unearned Income from $1,299,245 to $1,046,934.

Note 7 - Long-Term Debt

Revenue bonds

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, 2003, net of unamortized premium of $1,188, are $2,596,188 and at December 31, 2002, net of unamortized premium of $4,902, are $4,284,902. 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 and improve landside roadways and terminal aprons. 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, 2003, net of unamortized discount of $589,647, are $80,785,353 and at December 31, 2002, net of unamortized discount of $629,092, are $80,745,908. 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, 2003 and 2002, are $2,692,600 and $2,936,600, respectively. 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 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. As of December 31, 2003, the swap had a negative fair value of $423,156.

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.

On October 28, 2003, the Authority issued $26,210,000 of Airport Improvement Revenue Bonds, Series 2003A. The bond proceeds were used to refund the Authority's outstanding Airport Improvement Bonds, Series 1994A, fund the Series 2003 Debt Service Reserve Account and pay the costs of issuance of the Series 2003 Bonds. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of $915,000 to $1,945,000 through January 2024. Interest rates range from 2.00% to 5.50% with a weighted average rate of 4.35%. Revenue bonds payable at December 31, 2003, net of unamortized premium of $198,231 are $26,408, 231. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On October 28, 2003, the Authority issued $7,235,000 of Airport Improvement Revenue Bonds, Series 2003B. The bond proceeds were used to refund the Authority's outstanding Airport Improvement Bonds, Series 1994A, fund the Series 2003 Debt Service Reserve Account and pay the costs of issuance of the Series 2003 Bonds. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of $250,000 to $530,000 through January 2024. Interest rates range from 2.00% to 4.70% with a weighted average rate of 3.86%. Revenue bonds payable at December 31, 2003, net of unamortized premium of $55,245 are $7,290,245. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

Long-term revenue bond activity for the year ended December 31, 2003 is summarized as follows:

	Beginning Balance	New Debt	Principal Repayment	Ending Balance
Bonds:				
1994A	$ 33,425,000	$ -	$ 33,425,000	$ -
1998A	4,280,000	-	1,685,000	2,595,000
1998B	81,375,000	-	-	81,375,000
2001A	2,936,600	-	244,000	2,692,600
2003A	-	26,210,000	-	26,210,000
2003B	-	7,235,000	-	7,235,000
	122,016,600	$ 33,445,000	$ 35,354,000	120,107,600
Less Current Portion	2,709,000			2,031,000
	$119,307,600			$118,076,600

Maturities and interest on bonds payable for the next five years and in subsequent five-year periods as of December 31, 2003 are as follows:

	Principal	Interest
2004	$ 2,031,000	$ 5,771,569
2005	3,301,000	5,641,130
2006	3,436,000	5,504,203
2007	3,576,000	5,347,140
2008	3,736,000	5,166,622
2009-2013	20,327,600	22,813,663
2014-2018	24,335,000	17,253,943
2019-2023	31,040,000	10,234,878
2024-2028	28,325,000	2,710,750
Total	$120,107,600	$80,443,898

Unamortized discount at December 31, 2003 was $334,984.

Advance Refunding and Defeasances

The Authority did advance refund and defease certain bond issues on October 28, 2003. The Authority accounted for these 2003 advance refundings in accordance with GASB Statement No. 7, *Advance Refunding Resulting in Defeasance of Debt* for the governmental (non-enterprise) debt and GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities* for the enterprise-type debt.

These advance refundings of the enterprise-type debt resulted in a $1,318,361 difference between the $30,801,942 reacquisition price and the carrying amount of the old debt which was $29,483,581. This difference, deferred amount of refunding, is reported in the financial statements with unamortized bond discount amortized to operations over the remaining lives of the refunding (new) bonds which equates to the remaining lives of the refunded (old) bonds using the effective interest method.

The Authority, in completing the advance refunding, reduced its debt service payments over the next 20 years by $4.31 million for an economic gain, present value savings, of $2.65 million.

Deferred amounts on the refunding of the enterprise type debt was calculated as follows:

Reacquisition price:	
Proceeds from sale of new bonds	$ 33,445,000
Premium on new bonds	253,476
Bond issuance costs	(300,731)
Debt Service Reserve	(2,595,803)
Amount paid to escrow fund	30,801,942
Net carrying amount of old bonds	29,483,581
Deferred amount on refunding	1,318,361
Amortized in 2003	-
Unamortized amount	$ 1,318,361

Obligation Due to City

During 1991, the CMAA 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 airports' 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 Due to City (Obligation) were refinanced. The refinancing generated $310,000 of additional liabilities due to the refinancing costs. These costs were capitalized and are being amortized over the remaining life of the Obligation. In 2003 and 2002, amortization associated with the refinancing costs was $34,445 annually. 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 liability 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 2003, $4,945,000 of principal payments were made to the City reducing the December 31, 2002 Obligation balance from $18,445,000 to $13,500,000 at December 31, 2003. The following schedule lists future payments due under the agreement, together with the amount of the Obligation as of December 31, 2003:

Year ending December 31:	Principal	Interest
2004	$ 4,880,000	$ 644,219
2005	4,845,000	377,493
2006	1,865,000	148,780
2007	1,750,000	59,779
2008	160,000	3,960
Total	$13,500,000	$1,234,231

The following schedule lists property acquired through the agreement by major classes at December 31, 2003:

Land	$ 13,079,492
Building	82,632,069
Runways, Taxiways and Other	53,591,667
Machinery and Equipment	3,118,747
	152,421,975
Less Accumulated Depreciation	92,282,394
	$ 60,139,581

Obligation Due to County

During 1985, the RPA entered into a long-term agreement with the County for the operation and use of the LCK and for certain financing. The Port Authority Consolidation and Joinder Agreement provides for the Authority to make such payments directly to the bank for these general obligation bonds.

During 2003, $820,000 principal payments were made to the County. The obligation balance at December 31, 2003 is $2,460,000. The following schedule lists future payments due under the Agreement, together with the amount of the obligation as of December 31, 2003:

Year ending December 31:	Principal	Interest
2004	$ 820,000	$ 196,800
2005	820,000	131,200
2006	820,000	65,600
Total	$2,460,000	$ 393,600

Ohio Public Works Commission

In 1995, the RPA agreed to reimburse the County for debt service on $1,489,000 of an Ohio Public Works Commission loan for storm sewer improvements. The agreement is non-interest bearing and provides for annual principal payments of $74,450 until January 1, 2015. The outstanding balance at December 31, 2003 is $818,950, of which $74,450 is the current amount due. The following schedule lists future payments due under the agreement, together with the amount of the obligation as of December 31, 2003:

	Principal
2004	$ 37,225
2005	74,450
2006	74,450
2007	74,450
2008	74,450
2009-2013	372,250
2014-2015	111,675
Total	$ 818,950

Other Debt

Other debt outstanding at December 31, 2003 includes a $1,814,111 note with Forward Air Incorporated bearing interest at 6%. Principal and interest are paid monthly with maturity in 2020.

Other long-term debt matures as follows:

	Principal	Interest
2004	$ 64,861	$ 107,082
2005	68,862	103,082
2006	73,109	98,835
2007	77,618	94,325
2008	82,405	89,538
2009-2013	494,833	364,884
2014-2018	667,455	192,262
2019-2020	284,968	15,934
Total	$ 1,814,111	$ 1,065,942

Note 8 - Pension Plans and Other Postemployment Benefits

All Authority employees are required to participate in the statewide Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: the Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the TP and CO plans; however, health care benefits are not statutorily guaranteed. Members of the MD plan do not qualify for ancillary benefits, including post-employment health care coverage. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the ORC. In 2003 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 $3,331,383, $2,754,786, and $2,448,484 for the years ended December 31, 2003, 2002, 2001, respectively, and are equal to 100% of the dollar amount extracted from the Authority's records.

The OPERS 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) 222-6705 or 800-222-7377.

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

> OPERS 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 OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2003 employer contribution rate for state employers was 13.31% of covered payroll; 5.00% was the portion that was used to fund health care for the year. These rates are the actuarially determined contribution requirements for OPERS. The portion of the Authority's 2003 and 2002 contribution that was used to fund postemployment benefits was $1,251,601 and $1,034,973, respectively. The ORC provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.
>
> The assumptions and calculations below were based on the Retirement System's latest Actuarial Review performed as of December 31, 2002. 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 2002 was 8.00%. An annual increase of 4.00% 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 4.00% base increase, were assumed to range from 0.50% to 6.30%. Health care costs were assumed to increase 4.00% annually.
>
> OPEB are advance-funded on an actuarially determined basis. As of December 31, 2002, the actuarial value of the Retirement System's net assets available for OPEB was $10.0 billion. The number of active contributing participants was 364,881. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $18.7 billion and $8.7 billion, respectively.
>
> In December 2001, OPERS board adopted the Health Care Choices Plan (Choices) in its

continuing efforts to respond to the rise in the cost of health care. Choices was offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experience by OPERS from 2000 through 2002 and the continued health care inflation, the OPERS board, during 2003, considered extending Choices type cost cutting measures to all active members and benefit recipients. As of this date, the board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

Note 9 - Capital Contributions

During 2003, the Authority received capital contributions by means of federal and state grants as follows:

Federal	$ 8,063,737
State	661,487
Total	$ 8,725,224

Note 10 - Commitments and Contingencies

Capital Improvements

As of December 31, 2003, the Authority was obligated for completion of certain airport improvements under commitments of approximately $43.3 million. An estimated $16.1 million is eligible for reimbursement from the FAA. The remaining 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, 2003, 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 11 - Property Leased to Others

The Authority is a lessor of space in the CMH 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, 2003 and 2002 is $160,510,864 and $133,268,037, respectively.

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

2004	$ 14,784,985
2005	10,571,181
2006	10,199,972
2007	9,595,734
2008	9,452,057
2009-2013	23,260,147
2014-2018	5,166,818
2019-2023	2,302,114
2024-2028	1,190,527
2029-2033	782,276
2034-2038	297,962
2039-2042	165,680
	$ 87,769,453

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

Contingent operating revenue aggregated approximately $15,609,000 and $15,007,000, respectively in 2003 and 2002.

Note 12 - Related Party Transactions

City of Columbus, Ohio

As of December 31, 2003, 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 2004. 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.

County of Franklin, Ohio

In accordance with the Joinder and Use Agreement, the County agreed to contribute $4.338 million per year for 10 years to facilitate the consolidated operations. In 2003, the Authority recorded the first payment from the County in Other Non-Operating Income. The Authority and the County have agreed to review the County's subsidy if a significant project locates at the LCK that provides net revenues to the Authority in an amount greater than the County's subsidy

Franklin Community Improvement Corporation

According to the Project Coordination agreement, effective June 1994, the Authority may extend project advances to Franklin Community Improvement Corporation (FCIC) for its business operations. In consideration of the Authority making project advances, FCIC shall pay all of its available project net proceeds to the Authority. If the cumulative total of project advances exceeds available project net proceeds, unless the Authority agrees in writing, FCIC shall pay the difference between such amounts. In no event shall the Authority be obligated to repay any available project net proceeds paid by FCIC. Additionally, certain income earned by FCIC is remitted to the Authority under the terms of this agreement. The FCIC entered into an amended and restated project coordination agreement with the Authority. In consideration of the Authority making project advances, the FCIC shall pay all its available net proceeds to the Authority on an annual basis. Available net proceeds is defined as all funds but not including $1,000,000 in working capital, certain project advances, reserves and other funds relating to the Authority's activities.

Also, under a management agreement the Authority provides the FCIC with certain administrative services. The FCIC paid $104,573 for these services for 2003.

Note 13 - Conduit Debt

From time to time, the Authority has issued certificates of participation, industrial revenue bonds, revenue bonds and revenue notes to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments on the underlying mortgage loans. Upon repayment of the obligations, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the Authority, the County, or any political subdivisions thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2003, there were fifteen series of bonds outstanding, with an aggregate principal amount payment of $198,791,942. The original issue amounts for these fifteen series totaled $214,012,079.

* * * * *

COLUMBUS REGIONAL AIRPORT AUTHORITY

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

For the Year Ending December 31, 2003

	Budget	Actual	Postitive/ (Negative) Variance
OPERATING REVENUES			
Airline Revenue	$ 24,543,457	$ 21,337,530	$ (3,205,927)
Parking Revenue	20,241,000	18,903,636	(1,337,364)
Concession Revenue	13,265,166	13,030,615	(234,551)
General Aviation Revenue	2,579,941	2,577,527	(2,414)
Cargo Operations Revenue	3,124,855	2,944,858	(179,997)
Foreign Trade Zone Fees	625,600	549,836	(75,764)
Other Revenue	1,808,365	1,671,354	(137,011)
Total Operating Revenues	66,188,384	61,015,356	(5,173,028)
OPERATING EXPENSES			
Employee Wages and Benefits	23,782,517	23,079,348	703,169
Purchase of Services	16,688,204	15,310,153	1,378,051
Materials and Supplies	2,591,558	2,038,532	553,026
Other Expenses	7,200	6,792	408
Total Operating Expenses	43,069,479	40,434,825	2,634,654
OPERATING INCOME BEFORE DEPRECIATION	23,118,905	20,580,531	(2,538,374)
Depreciation	21,088,067	19,851,602	1,236,465
OPERATING INCOME	2,030,838	728,929	(1,301,909)
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	1,322,137	756,116	(566,021)
Other Non-Operating Income	2,124,000	4,989,503	2,865,503
Passenger Facility Charges	14,900,000	13,212,351	(1,687,649)
Interest Expense	(7,893,775)	(8,049,153)	(155,378)
Amortization of Deferred Charges	-	(708,852)	(708,852)
Gain on Disposal of Assets	-	11,705	11,705
Total Non-Operating Revenues	10,452,362	10,211,670	(240,692)
INCOME BEFORE CAPITAL CONTRIBUTIONS	12,483,200	10,940,599	(1,542,601)
ADJUSTMENTS TO RECONCILE GAAP NET INCOME TO BUDGETED NET INCOME:			
Amortization of Deferred Charges	-	708,852	708,852
Gain on Disposal of Assets	-	(11,705)	(11,705)
Total Adjustments	-	697,147	697,147
NET INCOME ADJUSTED TO THE BUDGETARY BASIS OF ACCOUNTING	$ 12,483,200	$ 11,637,746	$ (845,454)

Deloitte.

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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 Regional Airport Authority
Columbus, Ohio

We have audited the financial statements of the Columbus Regional Airport Authority (the "Authority"), as of and for the year ended December 31, 2003, and have issued our report thereon dated March 12, 2004. 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

March 12, 2004

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

The Board of Directors
Columbus Regional Airport Authority
Columbus, Ohio

Compliance

We have audited the compliance of the Columbus Regional Airport Authority (the "Authority"), 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 its major federal program and the *Passenger Facility Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for the Authority's Passenger Facility Charge ("PFC") program for the year ended December 31, 2003. 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 its major federal program 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, 2003.

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 Schedule of Passenger Facility Charges

We have audited the financial statements of the Authority as of and for the year ended December 31, 2003, and have issued our report thereon dated March 12, 2004. 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 schedule of passenger facility charges are presented for purposes of additional analysis as required by OMB Circular A-133 and the Guide and are not a required part of the financial statements. These schedules are the property of the Authority's management. 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

March 12, 2004

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2003

Federal Grantor	Federal CFDA Number	Grant Number	Federal Receipts	Federal Expenditures
DEPARTMENT OF TRANSPORTATION:				
Federal Aviation Administration—				
Airport Improvement Program (AIP):	20.106			
Noise Mitigation Measures		3-39-0025-33	$ 226,134	$ 226,138
Noise and Flight Track Monitoring System		3-39-0025-34	(11,729)	(11,728)
Residential Sound Insulation Phase V		3-39-0025-36	237,451	237,455
Residential Sound Proofing Phase VI		3-39-0025-38	108,174	108,180
Terminal Apron Rehabilitation		3-39-0025-39	345,742	345,743
North Parallel Taxiway		3-39-0025-40	323,159	323,160
Costs of New Security Requirements		3-39-0025-41	3	3
Security Enhancements		3-39-0025-42	378,763	378,767
Noise Mitigation Phase VII		3-39-0025-43	313,832	313,837
Terminal Apron Rehabilitation		3-39-0025-44	2,204,184	2,204,189
South Airfield Improvements		3-39-0025-45	1,019,256	1,019,259
Noise Mitigation Phase VIII&IX		3-39-0025-46	51,734	51,735
Security Checkpoint Modifications		3-39-0025-48	150,491	150,493
Rehab R/W 10R/28L, AOA Fence		3-39-0025-49	594,034	594,036
Master Plan Update & Taxiway A Rehab		3-39-0026-10	62,211	62,215
Rehab & Extend T/W A		3-39-0026-11		18,779
Rehab T/W A,B,C,D&E		3-39-0117-17	239,798	239,799
Extend T/W E		3-39-0117-19	314,606	314,608
Construct New Terminal Building		3-39-0117-20	225,571	225,572
Land Acquisition - Pickaway County		3-39-0117-21	37,631	37,634
Construct Terminal Apron		3-39-0117-22	444,550	444,553
Rehab Cargo Apron #3		3-39-0117-25	1,514	3,947
Total U.S. Department of Transportation			7,267,109	7,288,374
DEPARTMENT OF JUSTICE				
Drug Enforcement Agency—				
Equitable Sharing Agreement	16.000	N/A	165,335	175,533
Total U.S. Department of Transportation			165,335	175,533
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Public Assistance Grants—Snow Removal		N/A	109,272	109,272
Total Federal Emergency Management Agency	83.544		109,272	109,272
TOTAL FEDERAL AWARDS			$7,541,716	$7,573,179

See accompanying notes to schedule of expenditures of federal awards and schedule of passenger facility charges.

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
YEAR ENDED DECEMBER 31, 2003

Program	Receipts	Expenditures
Passenger Facility Charges	$12,794,436	$2,489,806

See accompanying notes to schedule of expenditures of federal awards and schedule of passenger facility charges.

COLUMBUS MUNICIPAL AIRPORT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SCHEDULE OF PASSENGER FACILITY CHARGES YEAR ENDED DECEMBER 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General—The accompanying schedule of expenditures of federal awards and schedule of passenger facility charges present the activity of all federal assistance programs of the Columbus Regional 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 schedule of passenger facility charges are 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 REGIONAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2003

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 were noted.

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

No matters were noted.

Comprehensive Annual Financial Report

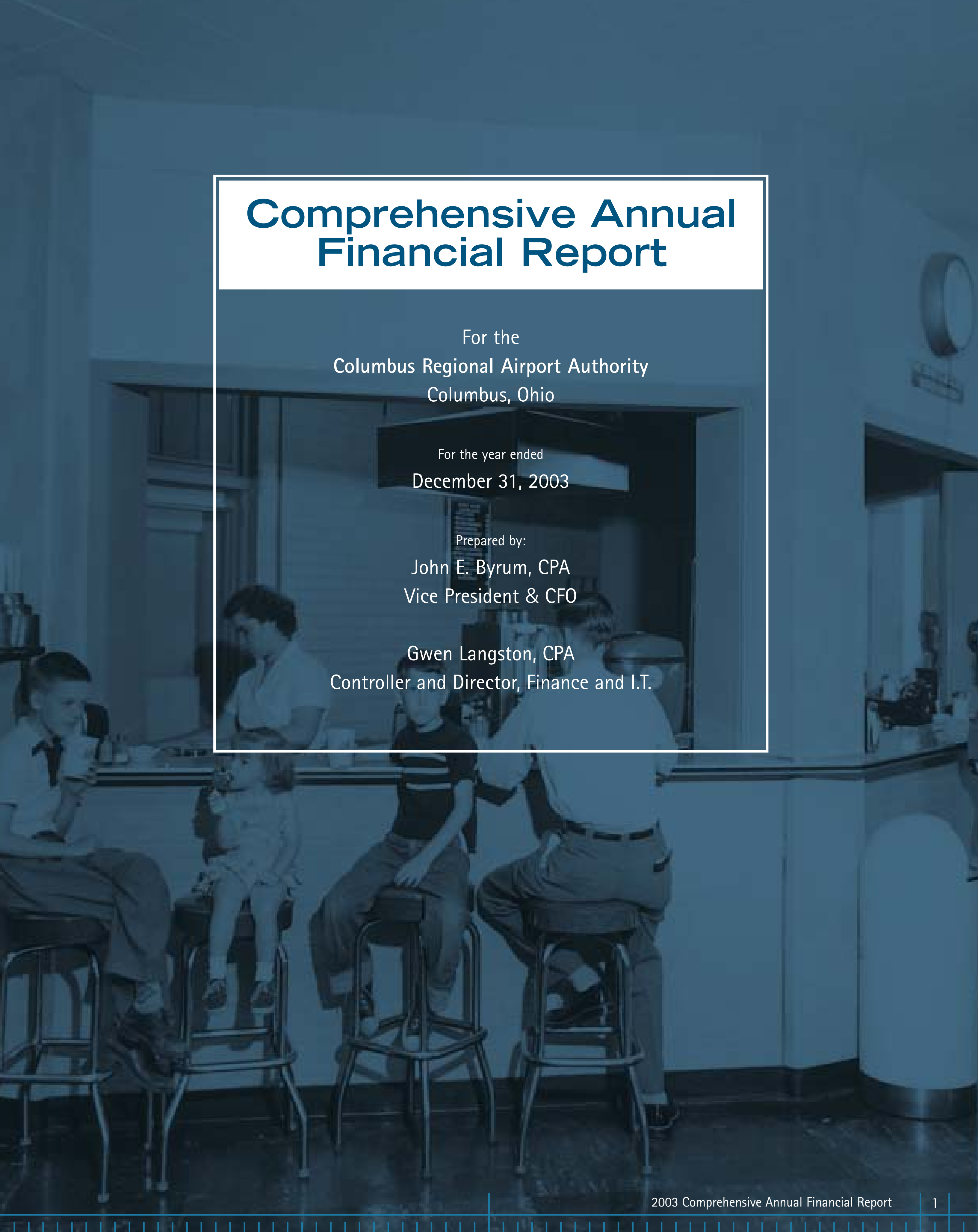
Columbus Regional Airport Authority

Columbus, Ohio

For the year ended December 31, 2003

PORT COLUMBUS
INTERNATIONAL AIRPORT
75th
ANNIVERSARY

2004 marks the 75th Anniversary of Port Columbus International Airport. Throughout this Comprehensive Annual Financial Report, historical photographs have been placed to reflect on the history and progress of Port Columbus since its inauguration on July 8, 1929. Please join the Columbus Regional Airport Authority in celebrating this historic year.



Comprehensive Annual Financial Report

For the

Columbus Regional Airport Authority

Columbus, Ohio

For the year ended

December 31, 2003

Prepared by:

John E. Byrum, CPA
Vice President & CFO

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

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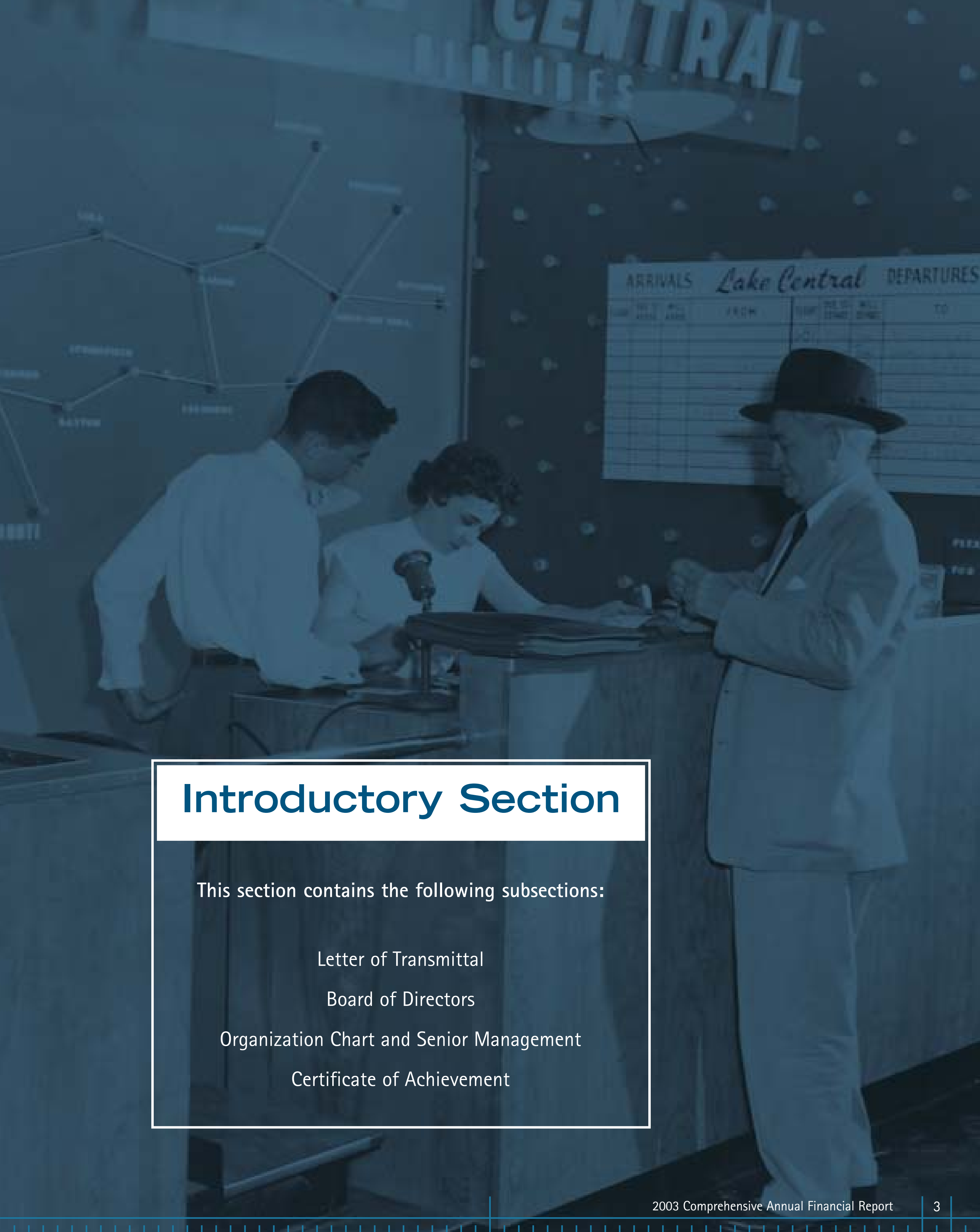

Introductory Section

This section contains the following subsections:

Letter of Transmittal

Board of Directors

Organization Chart and Senior Management

Certificate of Achievement

COLUMBUS REGIONAL AIRPORT AUTHORITY
PORT COLUMBUS • RICKENBACKER • BOLTON

March 12, 2004

To the Board of Directors:

This Comprehensive Annual Financial Report (CAFR) for the Columbus Regional Airport Authority (the Authority) for the year ended December 31, 2003, is proudly prepared and presented by your Finance Department 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, 2003 is presented in the Management's Discussion and Analysis (MD&A) 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 2003 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 2002 Certificate of Achievement, and this Letter of Transmittal.

2. **Financial Section**, including the MD&A of the 2003 financial statements, financial statements (with related notes) for December 31, 2003, and the year 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.

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4600 International Gateway
Columbus, Ohio 43219
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Fax: 614-239-4066

Rickenbacker International Airport
7400 Alum Creek Drive
Columbus, Ohio 43217
Phone: 614-491-1401
Fax: 614-491-0662

Bolton Field Airport
2000 Norton Road
Columbus, Ohio 43228
Phone: 614-851-9900
Fax: 614-851-8959

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. On January 1, 2003, the assets and liabilities of the former Rickenbacker Port Authority (RPA), principally the Rickenbacker International Airport, were merged into the Columbus Municipal Airport Authority and the surviving entity was renamed the Columbus Regional Airport Authority. Additional information describing this event may be found in the Significant Event section of the MD&A and in Note 1 to the financial statements.

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 departments 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.

A nine member Board of Directors that are jointly appointed by the City of Columbus and the County of Franklin governs the Authority. The Mayor of Columbus with the advice and consent of the City Council appoints four members, four members are appointed by the County Commissioners and one member is jointly appointed. 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 2003 even as the growth of the nation's economy slowed. The unemployment rate of 4.9% was significantly below that of Ohio (6.1%) and the United States (6.0%). 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), Columbus Public Schools and Nationwide Insurance Companies, – is representative of the local economy as a whole. The variety represented by these five employers, which together account for more than 79,000 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.

In the spring of 2003, America West began implementing major reductions in their Port Columbus schedule. Total passenger traffic at Port Columbus was down 7.2% in 2003 as compared to 2002. A total of 6,252,233 passengers used Port Columbus in 2003. This reduction in total passengers was not unexpected given America West service reductions. Since then, many carriers have added flights, our market strength remains very strong and we do not expect reduced passenger numbers to be a long-term trend.

Initiatives and Development

Funding for the Authority's development projects is provided exclusively by user fees, as are the funds needed to conduct the airports' day-to-day operations. These funds are principally 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 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.

The Federal Aviation Administration also undertook a major development initiative at Port Columbus beginning in 2001 with the 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 and 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 years to come. The new tower is scheduled to become operational in April of 2004.

Authority's Internet Web Page

The Authority has an Internet web site offering a wide array of information to users, including financial information and operational statistics. Users can obtain direct access to the airlines serving the airports, obtain flight arrival and departure information and download flight schedules directly onto their Personal Digital Assistant (PDAs). The Authority's CAFR is posted on the web site. The web address is ColumbusAirports.com.

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 used in 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 department responsible for a broad, comprehensive program of internal and external auditing. The Audit Director reports directly to the Vice President/Chief Financial Officer and maintains reporting responsibilities to the President & CEO and the Board of Directors. The internal audit department 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 General Business Plan covering the years 2004 through 2008.

Management control of the budget is maintained at the department level. Total expenditures are not permitted to exceed total budgeted amounts without approval of the Board of Directors. It is the responsibility of each department 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 Port Columbus' activity highlights for the years ended December 31:

	2003	2002	% Change
Enplanements	3,156,691	3,367,210	(6.3)
Airline Cost	$20,939,857	$17,473,301	19.8
Cost Per Enplaned Passenger	$6.63	$5.19	27.8

Throughout its 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 airports. 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 $2.6 million compared to budget in 2003. 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 expenditures charged to the airlines by an airport divided by the number of passengers enplaned at the airport. For 2003, the airline Cost/EP at Port Columbus has remained competitive at $6.63, which compares favorably with other medium hub airports, further reinforcing the airport's reputation as a cost effective, airline-friendly facility.

After September 11th, Port Columbus lost nearly 50 daily departures due to air service cutbacks. In 2002 flights and passengers returned to the Columbus skies, resulting in the airport's second-largest passenger record in history. The airport experienced a temporary setback in 2003 when America West announced its intention to eliminate their Columbus hub and reduce daily flights from 49 to 4 by the early summer. Within hours of the America West announcement, Delta Air Lines and American Airlines announced they would add a total of 15 new flights a day. This was indeed a positive reflection on Columbus as air service expansion only occurs in strong markets. Since the American West reduction, our airline partners have added a total of 22 daily flights. Columbus has also increased non-stop service from 32 to 34 cities since the America West schedule reduction.

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. 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 whenever 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, 2004, on property and equipment in the aggregate sum of approximately $413 million. The Authority carries liability insurance coverage in the amount of $244 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 as of December 31, 2003, and for the year then ended, present fairly, in all material respects, the results of the Authority's financial position, operations and cash flows. The Auditor of State of Ohio also reviews the Authority's financial statements for compliance with state 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 ended December 31, 2003. 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, 2002. 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 eleven consecutive years, ended December 31, 2002. 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 entire staff has attained. I wish to express my appreciation specifically to all members of the Finance Department, who contributed not only to the preparation of this CAFR, but also to the accomplishments that I am privileged to report.

I would like to thank the Board of Directors and the President & CEO, Elaine Roberts for their guidance and support provided in the planning and conducting of the financial operations of the Authority. Your direction and counsel have helped to ensure that the Columbus Regional Airport Authority will remain a model of excellence for airports throughout the world.

Respectfully submitted,

John E. Byrum, CPA
Vice President & Chief Financial Officer

Board of Directors

Chair
Wm. J. Lhota
Principal
LHOTA SERVICES

Vice Chair
Kathleen H. Ransier, Esq.
Partner
Vorys, Sater, Seymour & Pease

Directors
Joseph A. Alutto
Dean, Fisher College of Business
The Ohio State University

Don M. Casto, III
Partner
CASTO

John W. Kessler
Chairman
The New Albany Company

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

Michael J. McMennamin
Vice Chairman, CFO
Huntington Bancshares Incorporated

George A. Skestos
Retired Chief Executive Officer
Homewood Corporation

Dwight E. Smith
President/CEO
Sophisticated Systems, Inc.


Wm. J. Lhota


Kathleen H. Ransier


Joseph A. Alutto


Don M. Casto, III


John W. Kessler

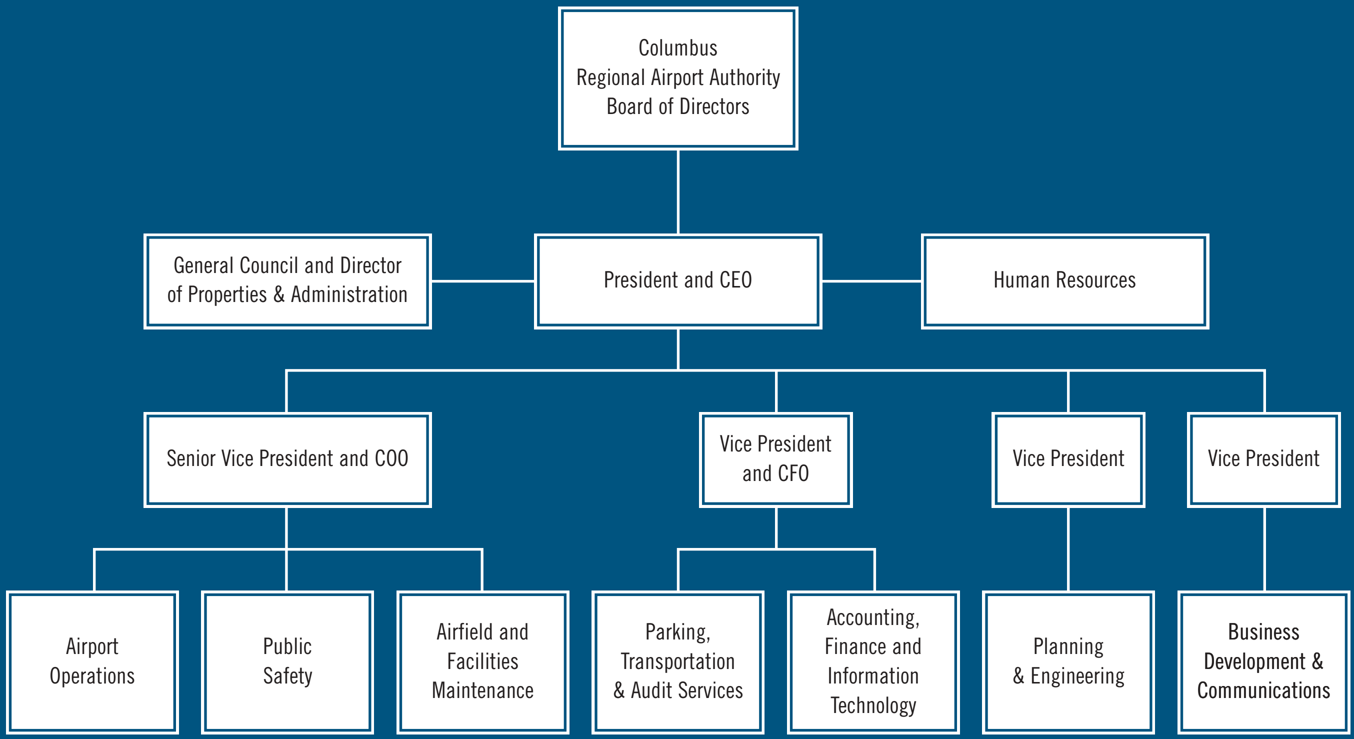

James P. Loomis


Michael J. McMennamin


George A. Skestos


Dwight E. Smith

Organization Chart and Senior Management



Senior Management

Elaine Roberts, A.A.E.	President & Chief Executive Officer
Rod C. Borden, ESQ., A.A.E.	Senior Vice President & Chief Operating Officer
T. Randal Bush, CPFM, CIA, CPA	Director, Parking, Transportation & Audit Services
John E. Byrum, CPA	Vice President & Chief Financial Officer
Gwen E. Langston, CPA	Controller and Director, Finance & I.T.
Linda M. Laughlin	Director, Human Resources
Bernard F. Meleski	Director, Planning & Development
Richard L. Morgan	Director, Public Safety
Ronald E. Newland	Director, Airfield & Facilities
Robert E. Tanner, Jr., ESQ.	General Counsel and Director, Properties & Administration
Angela R. Tickle, P.E., A.A.E.	Vice President, Planning & Engineering
Linda F. Valtz, A.A.E.	Director, Airport Operations
David V. Whitaker	Vice President, Business Development & Communications

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Columbus Municipal Airport Authority, Ohio

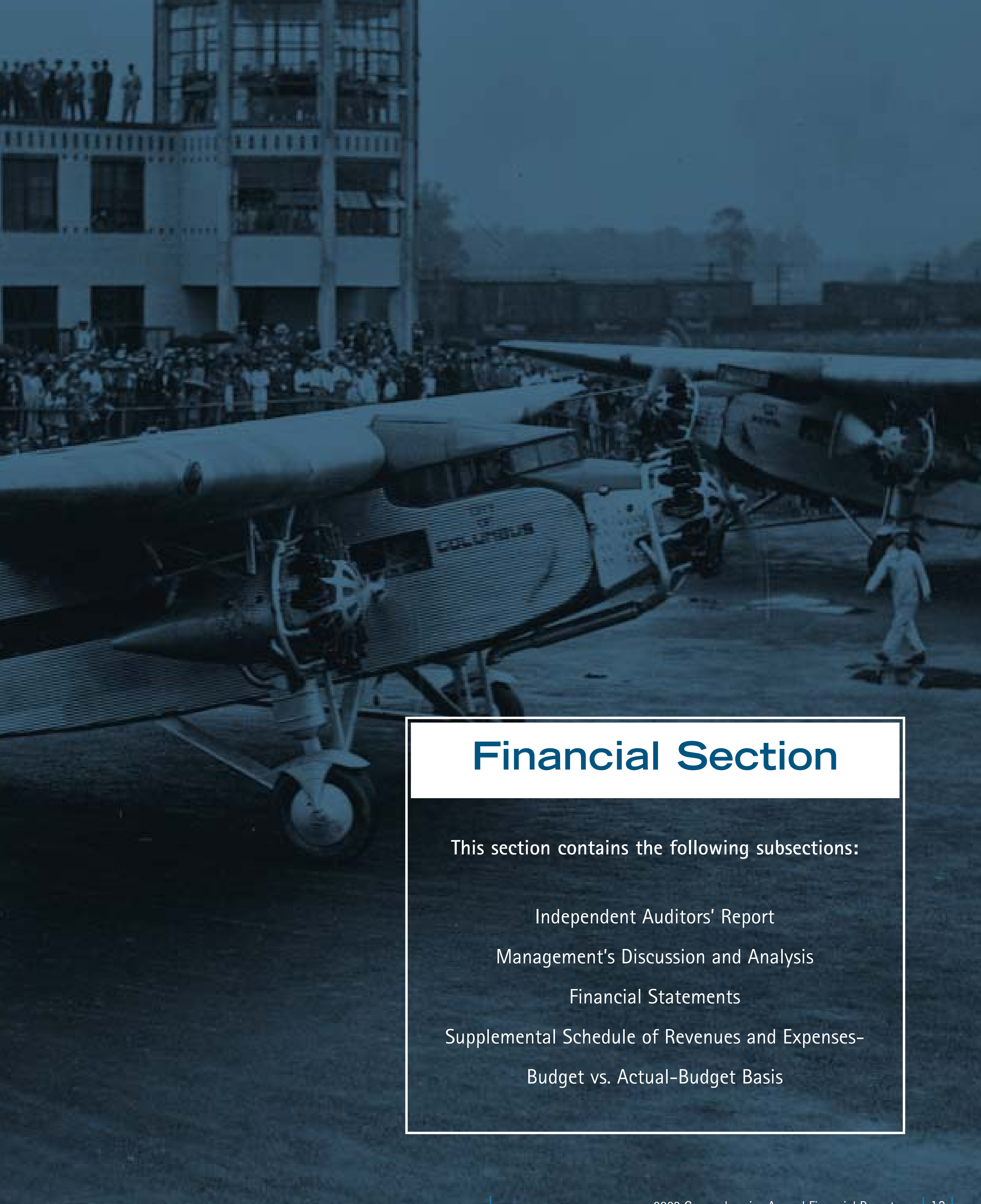
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

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

Deloitte.

Deloitte & Touche LLP
155 East Broad Street
Columbus, OH 43215-3611
USA

Tel: +1 614 221 1000
Fax: +1 614 229 4647

INDEPENDENT AUDITORS' REPORT

Board of Directors
Columbus Regional Airport Authority
Columbus, Ohio

We have audited the accompanying statement of net assets of the Columbus Regional Airport Authority (the "Authority"), as of and for the year ended December 31, 2003 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.

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. 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 financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2003 and its changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. The supplementary information is the responsibility of the Authority. 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.

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. The supplemental schedule of revenues and expenses—budget vs. actual—budget basis is the responsibility of the Authority's management. 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 introductory and statistical sections, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections are the responsibility of the Authority's management. Such information has not been subjected to auditing procedures applied in the audit of the Authority's basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 12, 2004 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.

Deloitte & Touche LLP

March 12, 2004

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the Columbus Regional Airport Authority's (the Authority) financial performance provides an introduction to the financial statements for the year ended December 31, 2003. 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 are depreciated (except land and construction in progress) 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*.

Significant Event

In 2001 the County of Franklin, Ohio (the County) Board of Commissioners approached the Mayor and officials of the City of Columbus, Ohio (the City) with the idea of creating one port authority to oversee the airports managed by the Columbus Municipal Airport Authority (CMAA) and the Rickenbacker Port Authority (RPA). The County and the City formed a committee, the Regional Port Authority Study Committee, that evaluated and concluded that there was the potential for achieving cost savings, operational efficiencies and other intangible synergies by creating a single regional airport authority to oversee the operations of Port Columbus International (CMH), Rickenbacker International (LCK) and Bolton Field (TZR) airports. On December 12, 2002, the County, the City and the CMAA entered into the Port Authority Consolidation and Joinder Agreement (the Agreement) with an effective date of January 1, 2003. Under the Agreement the RPA was dissolved and the CMAA, the surviving entity, was renamed the Columbus Regional Airport Authority (the Authority). The assets of the RPA were recorded on the Authority's records at net book value. Additional information may be found in Note 1 of the accompanying notes to the financial statements.

Financial Highlights

The Authority's total assets increased $91.5 million over 2002 with $83.3 million of the increase resulting from the merger with the RPA. The remaining $8.2 million of the increase is primarily the result of an increase in depreciable capital assets.

Total liabilities declined $1.4 million over 2002 despite adding $10.7 million due to the merger with the RPA. The reduction was primarily the result of principal payments on bonds and lower balances in accounts payable and accrued expenses.

Total operating revenues increased $10.6 million over 2002 with $3.9 million of the increase resulting from the merger with the RPA. The remaining increase is primarily a result of greater revenue received from airline space rentals.

Total operating expenses increased $8.5 million. Operating expenses due to the merger with the RPA amounted to $5.9 million of the increase. The remaining increase is primarily the result of increases associated with benefits and employee wages.

Financial Position

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

	2003	2002	% Change
Assets:			
Current Assets - Unrestricted	$ 36,345,645	$ 24,493,571	48.4
Current Assets - Restricted	100,938,240	102,787,630	(1.8)
Capital Assets	411,450,787	330,205,669	24.6
Other Non Current Assets	7,194,039	6,943,526	3.6
Total Assets	$ 555,928,711	$ 464,430,396	19.7
Liabilities:			
Current Liabilities - Unrestricted	$ 14,482,607	$ 16,193,859	(10.6)
Current Liabilities - Restricted	11,979,440	10,364,895	15.6
Long-Term Liabilities	135,504,979	136,834,501	(1.0)
Total Liabilities	161,967,026	163,393,255	(0.9)
Net Assets:			
Invested in Capital Assets,			
Net of Related Debt	275,777,710	193,788,769	42.3
Restricted Net Assets	96,829,112	100,076,734	(3.2)
Unrestricted Net Assets	21,354,863	7,171,638	197.8
Total Net Assets	393,961,685	301,037,141	30.9
Total Liabilities and Net Assets	$ 555,928,711	$ 464,430,396	19.7

The year 2003 was the Authority's first year of operations as the Columbus Regional Airport Authority. The prior eleven years were operated as the CMAA and do not include financial information or balances of the RPA. The Authority's assets exceeded liabilities by $394 million, a $92.9 million increase over December 31, 2002 with $72.6 million of the increase resulting from the merger with the RPA. The largest portion of the Authority's net assets each year ($275.8 million or 70% at December 31, 2003) 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 aviation partners, passengers and visitors to the airports; 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 ($96.8 million or 25% at December 31, 2003) 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:

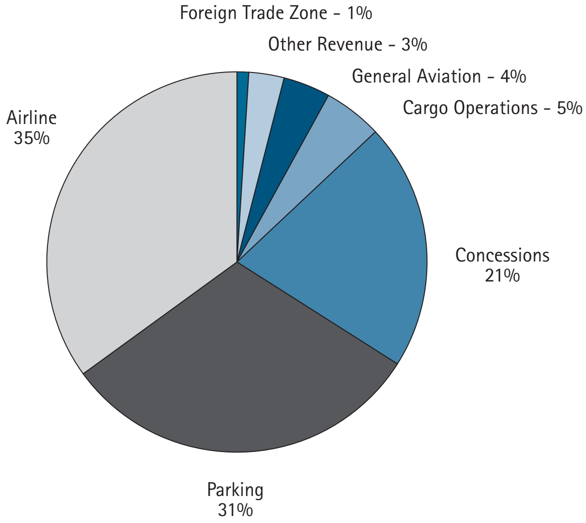
Passenger Facility Charges	$ 50,742,919
Capital Expenditures	20,685,924
Bond Reserves	20,122,981
Obligation Due to City	5,277,288
Total Restricted	$ 96,829,112

The remaining unrestricted net assets of $21.3 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 and to maintain adequate levels of working capital.

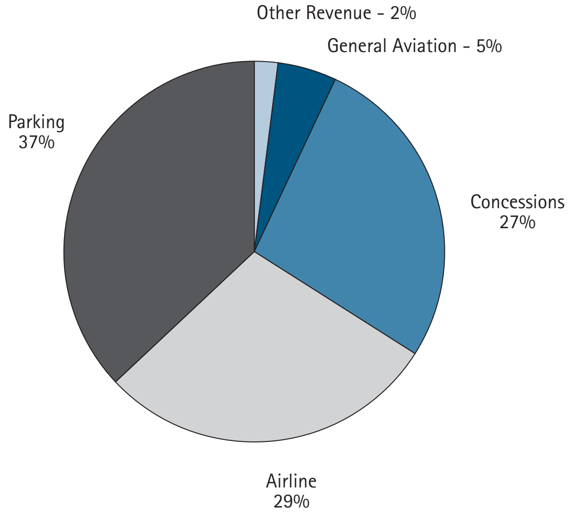
The following represents the Authority's summary of operating revenues by source for the years ended December 31:

	2003	2002	% Change
Airline Revenue	$ 21,337,530	$ 14,438,191	47.8
Parking Revenue	18,903,636	18,811,185	0.5
Concession Revenue	13,030,615	13,508,102	(3.5)
General Aviation Revenue	2,577,527	2,522,168	2.2
Cargo Operations Revenue	2,944,858	–	–
Foreign Trade Zone Fees	549,836	–	–
Other Revenue	1,671,354	1,159,963	44.1
Total Operating Revenues	$ 61,015,356	$ 50,439,609	21.0

Revenues 2003



Revenues 2002



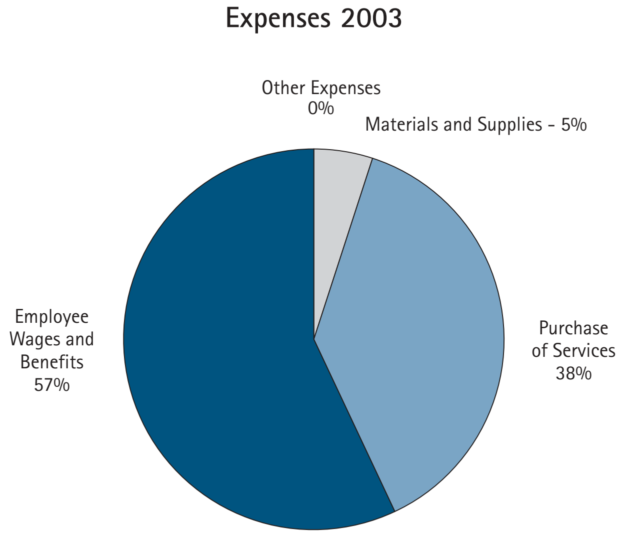
- Airline Revenue increased 48% or $6.9 million. The increase is due to an increase in space rental revenue of 85%, or $5.5 million, as a result of an increase per the airline agreement for the terminal building rents and an increase in landing fee revenue of 12%, or $1.2 million, as a result of an increase in the landing fee rate charged for aircraft landings.

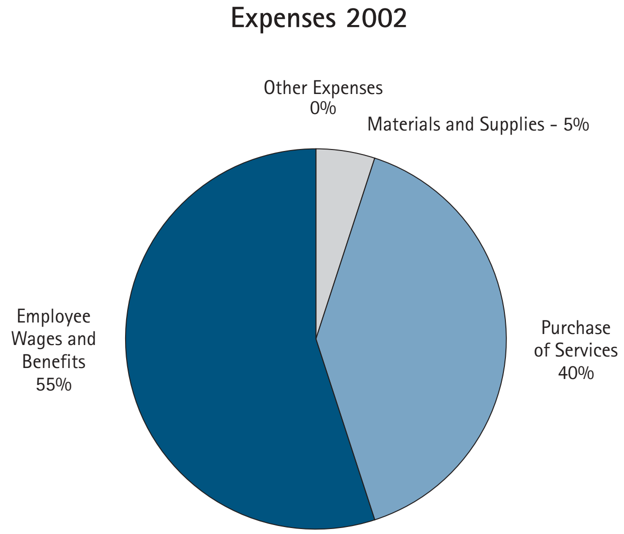
- Other Revenue increased 44%, or $511,000 with $229,000 of the increase resulting from the merger with the RPA. The remaining increase was due primarily to an increase in tenant reimbursements and identification card revenue.

- Cargo Operations Revenue and Foreign Trade Zone Fees increases were the result of the merger with the RPA.

The following represents the Authority's summary of operating expenses before depreciation by source for the years ended December 31:

	2003	2002	% Change
Employee Wages and Benefits	$ 23,079,348	$ 17,515,769	31.8
Purchase of Services	15,310,153	12,839,439	19.2
Materials and Supplies	2,038,532	1,606,731	26.9
Other Expenses	6,792	1,360	399.4
Total Operating Expenses	$ 40,434,825	$ 31,963,299	26.5





- Employee Wages and Benefits increased 32%, or $5.6 million with $2.7 million of the increase resulting from the merger with the RPA. The remaining increase was due primarily to increased salaries and wages of $1.1 million and increased benefits (Workers' Compensation, Ohio Public Employees Retirement System, Employee Insurance, and Compensated Absences) of $1.2 million.

- Purchase of Services expense increased 19%, or $2.5 million with $2.9 million of the increase resulting from the merger with the RPA. The remaining decrease was due primarily to one time merger related expenses of $419,000 that were incurred in 2002.

- Materials and Supplies expense increased 27%, or $432,000 with $299,000 of the increase resulting from the merger with the RPA. The remaining increase was due primarily to a $228,000 increase in snow removal supplies.

The following represents the Authority's summary of changes in net assets for the years ended December 31:

	2003	2002	% Change
Total Operating Revenues	$ 61,015,356	$ 50,439,609	21.0
Total Operating Expenses	(40,434,825)	(31,963,299)	26.5
Operating Income Before Depreciation	20,580,531	18,476,310	11.4
Depreciation	(19,851,602)	(14,967,012)	32.6
Operating Income	728,929	3,509,298	(79.2)
Non-Operating Revenue	10,211,670	9,662,921	5.7
Capital Contributions	8,725,224	8,786,758	(0.7)
Increase in Net Assets	19,665,823	21,958,977	(10.4)
Increase in Net Assets Due to Merger	73,258,721	–	–
Net Assets, Beginning of Year	301,037,141	279,078,164	7.9
Net Assets, End of Year	$393,961,685	$301,037,141	30.9

- Depreciation expense increased 33%, or $4.9 million with $4.0 million of the increase resulting from the merger with the RPA.

Capital Assets

The Authority's capital assets as of December 31, 2003, totaled $411.5 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 2003 was 30%, or $135.8 million with $112.4 million of the increase resulting from the merger with the RPA.

Major capital projects-in-progress and expenditures incurred during 2003 included the following:

• Terminal Apron Rehabilitation and Glycol Retention – CMH	$ 10,444,000
• Program Definition – New Terminal – CMH	$ 2,805,000
• Terminal and Curb front Signage Improvement – CMH	$ 2,074,000
• Flight and Baggage Information Display Systems – CMH	$ 1,257,000
• Passenger Charter Terminal – LCK	$ 1,106,000

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 and state grants, passenger facility charges, debt issuance, and the Authority revenues and reserves. Additional information on the Authority's capital assets can be found in Note 2 of the accompanying notes.

Debt Administration

Airport Improvement Revenue Bonds, Series 1998AB

On February 1, 1998, the CMAA 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 2004 of approximately $6.0 million.

Balance outstanding as of December 31, 2003 - $83,970,000

Airport Improvement Revenue Bonds, Series 2001A

On June 1, 2001, the CMAA 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 beginning in 2004 of $491,000, decreasing to $245,000 in 2011.

Balance outstanding as of December 31, 2003 - $2,692,600

Airport Improvement Revenue Bonds, Series 2003AB

On October 28, 2003, the Authority issued Airport Improvement Revenue Bonds, Series 2003AB in the principal amount of $33,445,000, in varying maturities up to twenty years. The bond proceeds were used primarily to refund the Authority's Series 1994A bonds. The bonds were sold at a composite interest rate of 4.73%, with annual debt service of approximately $2.6 million.

Balance outstanding as of December 31, 2003 - $33,445,000

Obligation Due to City of Columbus

In 1991, the CMAA entered into a long-term Airport Operation and Use Agreement with 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, 2003 - $13,500,000

Obligation Due to County of Franklin

In 1985, the RPA entered into a long-term agreement with the County for the operation and use of the LCK and for certain financing. The Port Authority Consolidation and Joinder Agreement provides for the Authority to make such payments directly to the bank for these general obligation bonds.

Balance outstanding as of December 31, 2003 - $2,460,000

Ohio Public Works Commission Debt

In 1995, the RPA agreed to reimburse the County for debt service on $1,489,000 of an Ohio Public Works Commission loan for storm sewer improvements. The agreement is non-interest bearing.

Balance outstanding as of December 31, 2003 - $818,950

Other Debt

In 2000, the RPA entered into a long-term note with Forward Air Incorporated in connection with a buyout of a third party lease.

Balance outstanding as of December 31, 2003 - $1,814,111

City of Columbus Long-Term Borrowing

The Authority owes the City $4 million for past operating advances incurred by the airports prior to the creation of the CMAA. This amount has been classified as a non-current liability because management believes that this amount will not be repaid in 2004.

Balance outstanding as of December 31, 2003 - $4,000,000

Bond principal and interest are paid from the general revenues of the Authority. Additional details may be found in Note 7 and Note 12 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. In January 2002 the FAA approved the Authority's request to increase the PFC level to $4.50 on certain eligible projects. The new collection rate commenced on April 1, 2002. The revised approved amount is $128.4 million is projected to be collected through October 1, 2004. The Authority has requested approval from the FAA for an additional $92 million in PFC's that will extend collection through October 2010. Through December 31, 2003, the Authority has collected PFCs, including interest earnings thereon, totaling $117.5 million.

Airline Rates and Charges

The Authority and certain airlines negotiated an agreement effective January 1, 2000, which in part establishes how the airlines that sign the agreement (signatory airlines) will be assessed annual rates and charges for their use of the CMH. 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 at the CMH were as follows:

	2003	2002	% Change
Landing Fees (per 1,000 lbs)	$ 1.92	$ 1.56	23.1
Terminal Rental Rate (Average)	$32.96	$40.09	(17.8)
Apron Fee – Square Foot Rate component	$ 0.69	$ 0.92	(25.0)
Apron Fee – Landed Weight Rate component (per 1,000 lbs)	$ 0.15	$ 0.20	(25.0)

The Authority also charges a signatory landing fee to airlines for their use of the LCK. Landing fees for non-signatory airlines are assessed at 150 percent of the signatory rate. The LCK landing fee for 2003 and 2002 were $1.44 and $1.35 per thousand pounds respectively.

Statement of Net Assets

As of December 31, 2003

ASSETS	
CURRENT ASSETS:	
UNRESTRICTED ASSETS:	
CASH AND CASH EQUIVALENTS - CASH AND INVESTMENTS	$ 29,401,593
ACCOUNTS RECEIVABLE - TRADE	4,381,912
ACCOUNTS RECEIVABLE - OTHER	175,598
DIRECT FINANCING LEASES RECEIVABLE	490,804
DEPOSITS, PREPAID ITEMS AND OTHER	1,895,738
TOTAL UNRESTRICTED ASSETS	36,345,645
RESTRICTED ASSETS:	
CASH AND CASH EQUIVALENTS - CASH AND INVESTMENTS	97,782,700
OTHER RECEIVABLES	3,155,540
TOTAL RESTRICTED ASSETS	100,938,240
TOTAL CURRENT ASSETS	137,283,885
NON-CURRENT ASSETS:	
DEFERRED CHARGES (NET OF ACCUMULATED AMORTIZATION OF $1,015,940):	2,678,453
ACCOUNTS RECEIVABLE - OTHER	1,202,662
DIRECT FINANCING LEASES RECEIVABLE	3,312,924
LAND	44,901,809
CONSTRUCTION IN PROGRESS - (INCLUDES ANNUAL CAPITALIZED INTEREST COSTS OF $367,677):	14,159,462
DEPRECIABLE CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	352,389,516
TOTAL NON-CURRENT ASSETS	418,644,826
TOTAL ASSETS	$ 555,928,711

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Statement of Net Assets (Continued)

As of December 31, 2003

LIABILITIES	
CURRENT LIABILITIES:	
PAYABLE FROM UNRESTRICTED ASSETS:	
ACCOUNTS PAYABLE - TRADE & OTHER	$ 2,129,004
ACCRUED INTEREST PAYABLE	2,368,254
ACCRUED AND WITHHELD EMPLOYEE BENEFITS	4,223,641
UNEARNED INCOME	3,276,656
OTHER ACCRUED EXPENSES	2,485,052
TOTAL PAYABLE FROM UNRESTRICTED ASSETS	14,482,607
PAYABLE FROM RESTRICTED ASSETS:	
ACCOUNTS PAYABLE	2,411,740
RETAINAGES ON CONSTRUCTION CONTRACTS	1,226,663
ACCRUED INTEREST PAYABLE	246,931
CUSTOMER DEPOSITS AND OTHER	223,795
CURRENT PORTION OF LONG-TERM DEBT	7,870,311
TOTAL PAYABLE FROM RESTRICTED ASSETS	11,979,440
TOTAL CURRENT LIABILITIES	26,462,047
NON-CURRENT LIABILITIES:	
ACCOUNTS PAYABLE - OTHER	24,327
UNEARNED INCOME	985,286
LONG-TERM DEBT, LESS CURRENT PORTION, NET	130,495,366
OTHER LONG-TERM BORROWING	4,000,000
TOTAL NON-CURRENT LIABILITIES	135,504,979
TOTAL LIABILITIES	161,967,026
NET ASSETS	
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	275,777,710
RESTRICTED:	
CAPITAL EXPENDITURES	20,685,924
PASSENGER FACILITY CHARGES	50,742,919
BOND RESERVES	20,122,981
OBLIGATION DUE TO CITY	5,277,288
TOTAL RESTRICTED NET ASSETS	96,829,112
UNRESTRICTED NET ASSETS	21,354,863
TOTAL NET ASSETS	393,961,685
COMMITMENTS AND CONTINGENCIES	
TOTAL LIABILITIES AND NET ASSETS	$ 555,928,711

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Statement of Revenues, Expenses, and Changes in Net Assets

For the year ended December 31, 2003

Operating Revenues	
Airline Revenue	$ 21,337,530
Parking Revenue	18,903,636
Concession Revenue	13,030,615
General Aviation Revenue	2,577,527
Cargo Operations Revenue	2,944,858
Foreign Trade Zone Fees	549,836
Other Revenue	1,671,354
Total Operating Revenues	61,015,356
Operating Expenses	
Employee Wages and Benefits	23,079,348
Purchase of Services	15,310,153
Materials and Supplies	2,038,532
Other Expenses	6,792
Total Operating Expenses	40,434,825
Operating Income Before Depreciation	20,580,531
Depreciation	19,851,602
Operating Income	728,929
Non-Operating Revenues (Expenses)	
Investment Income	756,116
Other Non-Operating Income	4,989,503
Passenger Facility Charges	13,212,351
Interest Expense	(8,049,153)
Amortization of Deferred Charges	(708,852)
Gain on Disposal of Assets	11,705
Total Non-Operating Revenues	10,211,670
Income Before Capital Contributions	10,940,599
Capital Contributions	8,725,224
Changes In Net Assets	
Increase in Net Assets	19,665,823
Net Assets Acquired through Merger	73,258,721
Total Net Assets, beginning of year	301,037,141
Total Net Assets, end of year	$393,961,685

See accompanying notes to the financial statements

Statement of Cash Flows

For the year ended December 31, 2003

Cash Flows From Operating Activities	
Cash Received from Customers	$ 63,344,672
Cash Paid to Employees	(22,152,242)
Cash Paid to Suppliers	(26,480,646)
Other Payments	(6,792)
Net Cash Provided by Operating Activities	14,704,992
Cash Flows From Capital and Related Financing Activities	
Purchases of Property, Plant and Equipment	(26,638,630)
Contributed Capital and Passenger Facility Charges	21,409,141
Principal Payments on Bond, Notes and Loan	(7,829,544)
Advanced Refunding of Series 1994 Bonds	(33,425,000)
Interest Paid on Bonds and Loan	(9,700,004)
Proceeds from Series 2003 Bonds	33,445,000
Proceeds from Federally Funded Operating Grants	4,989,503
Proceeds from Advanced Funded Grants	3,614,000
Reimbursements for Projects with Advanced Funded Grants	(502,318)
Proceeds from the Sale of Capital Assets	29,713
Unearned Payments from Tenants and Vendors	(68,043)
Principal Payments from direct Financing Leases	326,560
Effective Interest on Direct Financing Leases	(88,067)
Net Cash Used by Capital and Related Financing Activities	(14,437,689)
Cash Flows From Investing Activities	
Interest Received on Cash and Investments	756,116
Net Cash Provided by Investing Activities	756,116
Net Increase in Cash and Cash Equivalents	1,023,419
Cash and Cash Equivalents, Beginning of Year	126,160,874
Cash and Cash Equivalents, End of Year	$ 127,184,293
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	$ 728,929
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	19,851,602
(Increase) Decrease in Assets:	
Accounts Receivable - Trade	1,760,494
Accounts Receivable - Other	568,822
Deposits, Prepaid Items and Other	(807,885)
Increase (Decrease) in Liabilities:	
Accounts Payable	(4,211,983)
Accrued Liabilities	(3,213,861)
Customer Deposits	28,874
Net Cash Provided by Operating Activities	$ 14,704,992

See accompanying notes to the financial statements

Notes to Financial Statements

December 31, 2003

The accounting methods and procedures adopted by the Columbus Regional 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. 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. On December 12, 2002, the Columbus Municipal Airport Authority (CMAA), the City of Columbus, Ohio (the City) and the County of Franklin, Ohio (the County) entered into the Port Authority Consolidation and Joinder Agreement (Agreement) with an effective date of January 1, 2003, which created a single regional authority to oversee the airports formerly managed by the CMAA and the Rickenbacker Port Authority (RPA). Under the Agreement the RPA was dissolved and the CMAA, the surviving entity, was renamed the Columbus Regional Airport Authority. The Agreement provided for the ultimate transfer of all of the RPA's rights, title and interests in all of the assets and liabilities to the Authority. The assets were recorded on the Authority's records at net book value. The newly created Authority merged the operations of the RPA and the CMAA. The Authority administers an airport system comprised of Port Columbus International (CMH), Rickenbacker International (LCK) and a reliever airport, Bolton Field. (TZR).

The governing board for the Authority is jointly appointed by the City and the County. Four members are appointed by the Mayor of Columbus with the advice and consent of the City Council, four members are appointed by the County Commissioners and one member is jointly appointed. 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 President & CEO of the Authority who is responsible for staffing the respective departments and overseeing the day-to-day operations.

The Agreement outlines the various rights and responsibilities of the Authority, the City and the County. These rights and responsibilities generally relate to the operation of the three airports and the provision of services to facilitate those operations. Among those, the Authority was designated the operator of the three airports. The County agreed to contribute $4.338 million per year for 10 years to facilitate the consolidated operations. The Authority agreed to make certain payments on behalf of the County to retire certain debt previously issued for capital improvements at the LCK. Also, the County agreed to waive approximately $88 million of financial aid previously contributed to the RPA. The Authority and the County have agreed to review the County's subsidy if a significant project locates at the LCK that provides net revenues to the Authority in an amount greater than the County's subsidy.

The CMAA 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 CMAA began operations under a use agreement with the 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 CMAA. This transfer was recorded at the net book value.

The RPA was formed under Ohio Revised Code 4582 in 1979 by the County for the purpose of serving as a local reuse agency, which included, in part, acquiring and owning land (including improvements thereon) situated in Franklin and Pickaway counties and consisting of a part of the former Rickenbacker Air Force Base. This property was deemed to be surplus by the United States Government and was transferred to the RPA at no cost, other than certain costs associated with the transfer. Title to the land is subject to certain covenants, conditions and restrictions and reverts to the United States Government at the Government's option if any covenant is violated and not cured within sixty days. At December 31, 2003, the Authority owns approximately 3,300 acres of land contiguous to certain airfield property owned by the United States Government at the LCK.

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 departments 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 is a joint venture of the City and the County.

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 revenue and other miscellaneous revenue 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 enterprise 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. Amortization of Deferred Charges, Gains and Losses on Disposal of Assets 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 department 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 President & CEO 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 2003 budget was not revised.

In 2003, lower passenger traffic due to the reduction in flight schedules of one of the carriers at the Authority resulted in unfavorable variances for Passenger Facility Charges, Airline and Parking Revenues. The favorable variance in Purchase of Services was due to the Authority proactively reducing certain airline related expenses as a result of the reduction in flight service, thereby reducing the operating cost to the airlines and reducing the airline revenues due to the Authority. The favorable variance in Other Non-Operating Revenue was due to the grant received from the County pursuant to the Agreement. The unfavorable variance for Amortization of Deferred Charges and the favorable variance for Gain on Disposal of Assets were due to the fact that these items are not reimbursable items under the current airline agreement and are not budgeted. Interest Income was below the budgeted amount due to lower than anticipated interest rates.

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.

Inventories

Inventories are stated at the lower of first-in, first-out (FIFO) cost or market.

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 other 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, 2003. 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 through 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 1998A, 1998B, 2003A and 2003B.

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 CMH. 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 12/31/02	Additions	Deletions	Transfers	Total 12/31/03
Depreciable Capital Assets:					
Buildings	$262,058,486	$ 1,024,254	$ (23,484)	$ 10,504,416	$273,563,672
Runways & Other	212,343,578	4,303,928	(660,573)	24,093,910	240,080,843
Machinery	26,438,837	1,157,733	(3,484,578)	(3,055,522)	21,056,470
Furniture	993,775	55,771	(278,438)	-	771,108
Total Depreciable Capital Assets	501,834,676	6,541,686	(4,447,073)	31,542,804	535,472,093
Less Accumulated Depreciation:					
Buildings	61,428,175	6,678,762	(5,096)	-	68,101,841
Runways & Other	91,089,168	10,995,865	(227,964)	-	101,857,069
Machinery	13,844,248	2,098,879	(3,390,206)	-	12,552,921
Furniture	680,962	78,096	(188,312)	-	570,746
Total Accumulated Depreciation	167,042,553	19,851,602	(3,811,578)	-	183,082,577
Depreciable Capital Assets, Net	$334,792,123	$(13,309,916)	$ (635,495)	$ 31,542,804	$352,389,516
Nondepreciable Capital Assets:					
Land	$ 44,836,947	$ 64,862	$ -	$ -	$ 44,901,809
Construction in Progress	$ 23,883,043	$ 21,845,118	$ (25,895)	$(31,542,804)	$ 14,159,462

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

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 utilizing the vesting method. As of December 31, 2003, this liability was $2,280,780, an increase of $450,440 over the December 31, 2002 liability of $1,830,340.

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 $413 million. The Authority carries liability insurance coverage in the amount of approximately $244 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 8).

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, are 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 the Authority's capital improvement program involving runway, taxiway and apron 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.

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, 2003.

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 105% 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 2003, the Authority complied with the provisions of these statutes.

Deposits with Financial Institutions

At December 31, 2003, the carrying amount of the Authority's deposits with financial institutions was $588,128 and the bank balance was $1,606,363. Based upon criteria described in GASB Statement No. 3 "*Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*", $289,744 of the bank balance was covered by deposit insurance provided by the FDIC; and $1,316,619 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 $3,690 in cash on hand at December 31, 2003.

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, 2003. 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, 2003:

	Category			
Description	1	2	3	Fair Value
Unrestricted–				
Repurchase				
Agreement	-	-	$14,074,285	$ 14,074,285
Total	-	-	$14,074,285	
Investment in Money Market Account				14,023,513
Investment in STAR Ohio				98,494,677
Total Investments				$126,592,475

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, 2003:

Cash and Cash Equivalents	
Restricted for Capital Expenditures	$21,234,563
Restricted for Passenger Facility Charges	49,450,480
Restricted for Debt Service	20,122,981
Obligation Due To City (Including Interest)	5,524,219
Retainages on Construction Contracts	1,226,663
Customer Deposits and Other	223,794
Total Restricted Cash	$97,782,700

Note 5 - Receivables

The following amounts represent receivables due to the Authority at December 31, 2003:

Unrestricted:	
Current:	
Accounts Receivable - Trade	$4,960,166
Less Allowance for Uncollectibles	578,254
Total Current Unrestricted Trade Receivables	4,381,912
Accounts Receivable – Other	175,598
Non-Current:	
Accounts Receivable - Other	1,202,662
Total Unrestricted Receivables	$5,760,172
Restricted:	
Restricted for Capital Expenditures:	
Receivable Due from Other Government	$1,863,100
Passenger Facility Charges Receivable	1,292,440
Total Restricted Receivables	$3,155,540

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 - Direct Financing Lease

Under direct financing leases, the Authority leases certain rental car facilities within the parking facility (See Note 7). The components of lease receivable for the net investment in direct financing leases are as follows as of December 31, 2003:

Total Minimum Lease Receivables	$3,803,728
Less Unearned Income	1,046,934
Net Investment in Direct Financing Leases	$2,756,794
Current Portion	$ 326,560
Non-Current Portion	2,430,234
	$2,756,794

Future minimum lease receivables due from tenants under direct financing leases as of December 31, 2003, are as follows:

2004	$ 490,804
2005	490,804
2006	490,804
2007	490,804
2008	490,804
2009-2011	1,349,708

Unearned Income on direct financing leases is recognized in such a manner as to produce a constant periodic rate of return on the net investment in the direct financing lease. During 2003, $252,311 of interest was recognized reducing the balance of Unearned Income from $1,299,245 to $1,046,934.

Note 7 - Long-Term Debt

Revenue bonds

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, 2003, net of unamortized premium of $1,188, are $2,596,188 and at December 31, 2002, net of unamortized premium of $4,902, are $4,284,902. 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 and improve landside roadways and terminal aprons. 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, 2003, net of unamortized discount of $589,647, are $80,785,353 and at December 31, 2002, net of unamortized discount of $629,092, are $80,745,908. 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, 2003 and 2002, are $2,692,600 and $2,936,600, respectively. 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 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. As of December 31, 2003, the swap had a negative fair value of $423,156.

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.

On October 28, 2003, the Authority issued $26,210,000 of Airport Improvement Revenue Bonds, Series 2003A. The bond proceeds were used to refund the Authority's outstanding Airport Improvement Bonds, Series 1994A, fund the Series 2003 Debt Service Reserve Account and pay the costs of issuance of the Series 2003 Bonds. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of $915,000 to $1,945,000 through January 2024. Interest rates range from 2.00% to 5.50% with a weighted average rate of 4.35%. Revenue bonds payable at December 31, 2003, net of unamortized premium of $198,231 are $26,408, 231. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On October 28, 2003, the Authority issued $7,235,000 of Airport Improvement Revenue Bonds, Series 2003B. The bond proceeds were used to refund the Authority's outstanding Airport Improvement Bonds, Series 1994A, fund the Series 2003 Debt Service Reserve Account and pay the costs of issuance of the Series 2003 Bonds. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of $250,000 to $530,000 through January 2024. Interest rates range from 2.00% to 4.70% with a weighted average rate of 3.86%. Revenue bonds payable at December 31, 2003, net of unamortized premium of $55,245 are $7,290,245. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

Long-term revenue bond activity for the year ended December 31, 2003 is summarized as follows:

	Beginning Balance	New Debt	Principal Repayment	Ending Balance
Bonds:				
1994A	$ 33,425,000	$ -	$ 33,425,000	$ -
1998A	4,280,000	-	1,685,000	2,595,000
1998B	81,375,000	-		81,375,000
2001A	2,936,600	-	244,000	2,692,600
2003A	-	26,210,000	-	26,210,000
2003B	-	7,235,000	-	7,235,000
	122,016,600	$ 33,445,000	$ 35,354,000	120,107,600
Less Current Portion	2,709,000			2,031,000
	$119,307,600			$ 118,076,600

Maturities and interest on bonds payable for the next five years and in subsequent five-year periods as of December 31, 2003 are as follows:

	Principal	Interest
2004	$ 2,031,000	$ 5,771,569
2005	3,301,000	5,641,130
2006	3,436,000	5,504,203
2007	3,576,000	5,347,140
2008	3,736,000	5,166,622
2009-2013	20,327,600	22,813,663
2014-2018	24,335,000	17,253,943
2019-2023	31,040,000	10,234,878
2024-2028	28,325,000	2,710,750
Total	$ 120,107,600	$ 80,443,898

Unamortized discount at December 31, 2003 was $334,984.

Advance Refunding and Defeasances

The Authority did advance refund and defease certain bond issues on October 28, 2003. The Authority accounted for these 2003 advance refundings in accordance with GASB Statement No. 7, *Advance Refunding Resulting in Defeasance of Debt* for the governmental (non-enterprise) debt and GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities* for the enterprise-type debt.

These advance refundings of the enterprise-type debt resulted in a $1,318,361 difference between the $30,801,942 reacquisition price and the carrying amount of the old debt which was $29,483,581. This difference, deferred amount of refunding, is reported in the financial statements with unamortized bond discount amortized to operations over the remaining lives of the refunding (new) bonds which equates to the remaining lives of the refunded (old) bonds using the effective interest method.

The Authority, in completing the advance refunding, reduced its debt service payments over the next 20 years by $4.31 million for an economic gain, present value savings, of $2.65 million.

Deferred amounts on the refunding of the enterprise type debt was calculated as follows:

Reacquisition price:	
Proceeds from sale of new bonds	$33,445,000
Premium on new bonds	253,476
Bond issuance costs	(300,731)
Debt Service Reserve	(2,595,803)
Amount paid to escrow fund	30,801,942
Net carrying amount of old bonds	29,483,581
Deferred amount on refunding	1,318,361
Amortized in 2003	-
Unamortized amount	$ 1,318,361

Obligation Due to City

During 1991, the CMAA 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 airports' 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 Due to City (Obligation) were refinanced. The refinancing generated $310,000 of additional liabilities due to the refinancing costs. These costs were capitalized and are being amortized over the remaining life of the Obligation. In 2003 and 2002, amortization associated with the refinancing costs was $34,445 annually. 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 liability 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 2003, $4,945,000 of principal payments were made to the City reducing the December 31, 2002 Obligation balance from $18,445,000 to $13,500,000 at December 31, 2003. The following schedule lists future payments due under the agreement, together with the amount of the Obligation as of December 31, 2003:

Year ending December 31:	Principal	Interest
2004	$ 4,880,000	$ 644,219
2005	4,845,000	377,493
2006	1,865,000	148,780
2007	1,750,000	59,779
2008	160,000	3,960
Total	$ 13,500,000	$ 1,234,231

The following schedule lists property acquired through the agreement by major classes at December 31, 2003:

Land	$ 13,079,492
Building	82,632,069
Runways, Taxiways and Other	53,591,667
Machinery and Equipment	3,118,747
	152,421,975
Less Accumulated Depreciation	92,282,394
	$ 60,139,581

Obligation Due to County

During 1985, the RPA entered into a long-term agreement with the County for the operation and use of the LCK and for certain financing. The Port Authority Consolidation and Joinder Agreement provides for the Authority to make such payments directly to the bank for these general obligation bonds.

During 2003, $820,000 principal payments were made on behalf of the County. The obligation balance at December 31, 2003 is $2,460,000. The following schedule lists future payments due under the Agreement, together with the amount of the obligation as of December 31, 2003:

Year ending December 31:	Principal	Interest
2004	$ 820,000	$ 196,800
2005	820,000	131,200
2006	820,000	65,600
Total	$ 2,460,000	$ 393,600

Ohio Public Works Commission

In 1995, the RPA agreed to reimburse the County for debt service on $1,489,000 of an Ohio Public Works Commission loan for storm sewer improvements. The agreement is non-interest bearing and provides for annual principal payments of $74,450 until January 1, 2015. The outstanding balance at December 31, 2003 is $818,950, of which $74,450 is the current amount due. The following schedule lists future payments due under the agreement, together with the amount of the obligation as of December 31, 2003:

	Principal
2004	$ 74,450
2005	74,450
2006	74,450
2007	74,450
2008	74,450
2009-2013	372,250
2014-2015	74,450
Total	$ 818,950

Other Debt

Other debt outstanding at December 31, 2003 includes a $1,814,111 note with Forward Air Incorporated bearing interest at 6%. Principal and interest are paid monthly with maturity in 2020.

Other long-term debt matures as follows:

	Principal	Interest
2004	$ 64,861	$ 107,082
2005	68,862	103,082
2006	73,109	98,835
2007	77,618	94,325
2008	82,405	89,538
2009-2013	494,833	364,884
2014-2018	667,455	192,262
2019-2020	284,968	15,934
Total	$ 1,814,111	$ 1,065,942

Note 8 - Pension Plans and Other Postemployment Benefits

All Authority employees are required to participate in the statewide Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: the Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the TP and CO plans; however, health care benefits are not statutorily guaranteed. Members of the MD plan do not qualify for ancillary benefits, including post-employment health care coverage. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the ORC. In 2003 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 $3,331,383, $2,754,786, and $2,448,484 for the years ended December 31, 2003, 2002, 2001, respectively, and are equal to 100% of the dollar amount extracted from the Authority's records.

The OPERS 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) 222-6705 or 800-222-7377.

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

OPERS 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 OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2003 employer contribution rate for state employers was 13.31% of covered payroll; 5.00% was the portion that was used to fund health care for the year. These rates are the actuarially determined contribution requirements for OPERS. The portion of the Authority's 2003 and 2002 contribution that was used to fund postemployment benefits was $1,251,601 and $1,034,973, respectively. The ORC provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

The assumptions and calculations below were based on the Retirement System's latest Actuarial Review performed as of December 31, 2002. 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 2002 was 8.00%. An annual increase of 4.00% 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 4.00% base increase, were assumed to range from 0.50% to 6.30%. Health care costs were assumed to increase 4.00% annually.

OPEB are advance-funded on an actuarially determined basis. As of December 31, 2002, the actuarial value of the Retirement System's net assets available for OPEB was $10.0 billion. The number of active contributing participants was 364,881. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $18.7 billion and $8.7 billion, respectively.

In December 2001, OPERS board adopted the Health Care Choices Plan (Choices) in its continuing efforts to respond to the rise in the cost of health care. Choices was offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experience by OPERS from 2000 through 2002 and the continued health care inflation, the OPERS board, during 2003, considered extending Choices type cost cutting measures to all active members and benefit recipients. As of this date, the board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

Note 9 - Capital Contributions

During 2003, the Authority received capital contributions by means of federal and state grants as follows:

Federal	$8,063,737
State	661,487
Total	$8,725,224

Note 10 - Commitments and Contingencies

Capital Improvements

As of December 31, 2003, the Authority was obligated for completion of certain airport improvements under commitments of approximately $43.3 million. An estimated $16.1 million is eligible for reimbursement from the FAA. The remaining 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, 2003, 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 11 - Property Leased to Others

The Authority is a lessor of space in the CMH 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, 2003 and 2002 is $160,510,864 and $133,268,037, respectively.

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

2004	$ 14,784,985
2005	10,571,181
2006	10,199,972
2007	9,595,734
2008	9,452,057
2009-2013	23,260,147
2014-2018	5,166,818
2019-2023	2,302,114
2024-2028	1,190,527
2029-2033	782,276
2034-2038	297,962
2039-2042	165,680
	$ 87,769,453

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

Contingent operating revenue aggregated approximately $15,609,000 and $15,007,000, respectively in 2003 and 2002.

Note 12 - Related Party Transactions

City of Columbus, Ohio

As of December 31, 2003, 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 2004. 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.

County of Franklin, Ohio

In accordance with the Joinder and Use Agreement, the County agreed to contribute $4.338 million per year for 10 years to facilitate the consolidated operations. In 2003, the Authority recorded the first payment from the County in Other Non-Operating Income. The Authority and the County have agreed to review the County's subsidy if a significant project locates at the LCK that provides net revenues to the Authority in an amount greater than the County's subsidy.

Franklin Community Improvement Corporation

According to the Project Coordination agreement, effective June 1994, the Authority may extend project advances to Franklin Community Improvement Corporation (FCIC) for its business operations. In consideration of the Authority making project advances, FCIC shall pay all of its available project net proceeds to the Authority. If the cumulative total of project advances exceeds available project net proceeds, unless the Authority agrees in writing, FCIC shall pay the difference between such amounts. In no event shall the Authority be obligated to repay any available project net proceeds paid by FCIC. Additionally, certain income earned by FCIC is remitted to the Authority under the terms of this agreement. The FCIC entered into an amended and restated project coordination agreement with the Authority. In consideration of the Authority making project advances, the FCIC shall pay all its available net proceeds to the Authority on an annual basis. Available net proceeds is defined as all funds but not including $1,000,000 in working capital, certain project advances, reserves and other funds relating to the Authority's activities.

Also, under a management agreement the Authority provides the FCIC with certain administrative services. The FCIC paid $104,573 for these services for 2003.

Note 13 - Conduit Debt

From time to time, the Authority has issued certificates of participation, industrial revenue bonds, revenue bonds and revenue notes to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments on the underlying mortgage loans. Upon repayment of the obligations, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the Authority, the County, or any political subdivisions thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

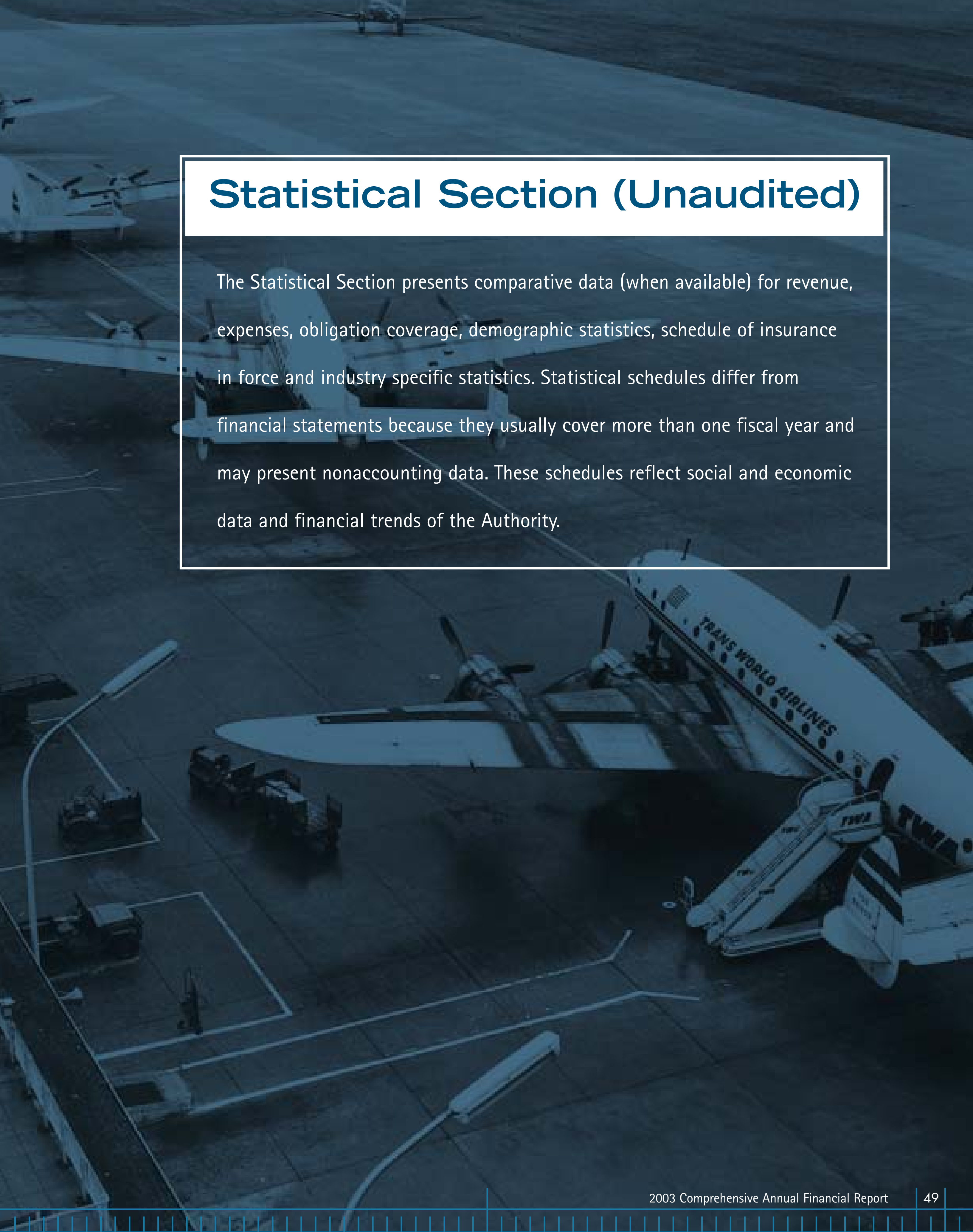
As of December 31, 2003, there were fifteen series of bonds outstanding, with an aggregate principal amount payment of $198,791,942. The original issue amounts for these fifteen series totaled $214,012,079.

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

For the year ended December 31, 2003

	Budget	Actual	Positive/ (Negative) Variance
Operating Revenues			
Airline Revenue	$ 24,543,457	$ 21,337,530	$ (3,205,927)
Parking Revenue	20,241,000	18,903,636	(1,337,364)
Concession Revenue	13,265,166	13,030,615	(234,551)
General Aviation Revenue	2,579,941	2,577,527	(2,414)
Cargo Operations Revenue	3,124,855	2,944,858	(179,997)
Foreign Trade Zone Fees	625,600	549,836	(75,764)
Other Revenue	1,808,365	1,671,354	(137,011)
Total Operating Revenues	66,188,384	61,015,356	(5,173,028)
Operating Expenses			
Employee Wages and Benefits	23,782,517	23,079,348	703,169
Purchase of Services	16,688,204	15,310,153	1,378,051
Materials and Supplies	2,591,558	2,038,532	553,026
Other Expenses	7,200	6,792	408
Total Operating Expenses	43,069,479	40,434,825	2,634,654
Operating Income Before Depreciation	23,118,905	20,580,531	(2,538,374)
Depreciation	21,088,067	19,851,602	1,236,465
Operating Income	2,030,838	728,929	(1,301,909)
Non-Operating Revenues (Expenses)			
Interest Income	1,322,137	756,116	(566,021)
Other Non-Operating Income	2,124,000	4,989,503	2,865,503
Passenger Facility Charges	14,900,000	13,212,351	(1,687,649)
Interest Expense	(7,893,775)	(8,049,153)	(155,378)
Amortization of Deferred Charges	-	(708,852)	(708,852)
Gain on Disposal of Assets	-	11,705	11,705
Total Non-Operating Revenues	10,452,362	10,211,670	(240,692)
Income Before Capital Contributions	12,483,200	10,940,599	(1,542,601)
Adjustments to Reconcile GAAP Net Income to Budgeted Net Income:			
Amortization of Deferred Charges	-	708,852	708,852
Gain on Disposal of Assets	-	(11,705)	(11,705)
Total Adjustments	-	697,147	697,147
Net Income Adjusted to the Budgetary Basis of Accounting	$ 12,483,200	$ 11,637,746	$ (845,454)

See accompanying independent auditors' report



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, 2003 (dollars in thousands)

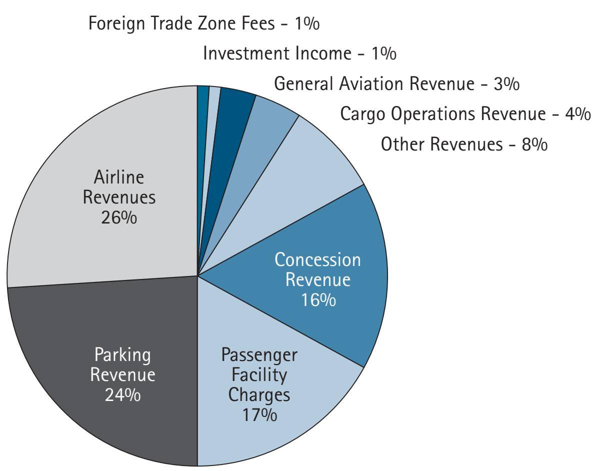
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Revenues:										
Airline Revenues	$21,338	14,438	19,371	17,573	16,207	16,201	15,634	13,758	13,151	14,057
Parking	18,904	18,811	19,327	18,862	14,975	11,447	12,144	11,300	8,583	7,109
Concession Revenue	13,031	13,508	13,524	13,184	10,823	10,846	8,792	8,376	7,329	7,005
General Aviation Revenue	2,577	2,522	2,271	1,903	1,701	1,782	1,754	1,589	1,584	1,419
Cargo Operations Revenue	2,945	-	54	80	72	64	61	67	76	229
Foreign Trade Zone Fees	550	-	-	-	-	-	-	-	-	-
Investment income	756	1,310	3,565	4,664	3,747	5,466	2,139	1,957	2,275	1,167
Passenger Facility Charges	13,212	13,351	10,750	11,523	11,486	11,332	10,920	10,573	9,092	8,015
Other Revenues	6,672	3,545	1,194	957	687	414	338	541	456	315
	79,985	67,485	70,056	68,746	59,698	57,552	51,782	48,161	42,546	39,316
Expenses:										
Employee wages and benefits	23,079	17,516	15,732	15,396	12,505	11,504	10,402	9,562	8,256	6,805
Purchase of services	15,310	12,839	10,929	13,217	9,869	6,242	6,222	5,449	5,906	6,684
Materials and supplies	2,039	1,607	1,626	1,649	1,499	1,266	1,295	1,362	1,119	833
Depreciation	19,852	14,967	25,166	8,953	7,783	7,280	7,077	5,947	5,086	4,530
Interest expense	8,049	7,179	7,475	7,142	6,906	7,444	5,329	5,638	5,532	4,735
Other Expenses	715	205	3,594	137	183	424	236	243	409	494
	69,044	54,313	64,522	46,494	38,745	34,160	30,561	28,201	26,308	24,081
Income before capital contributions	$10,941	13,172	5,534	22,252	20,953	23,392	21,221	19,960	16,238	15,235

Source: The Authority Finance Department

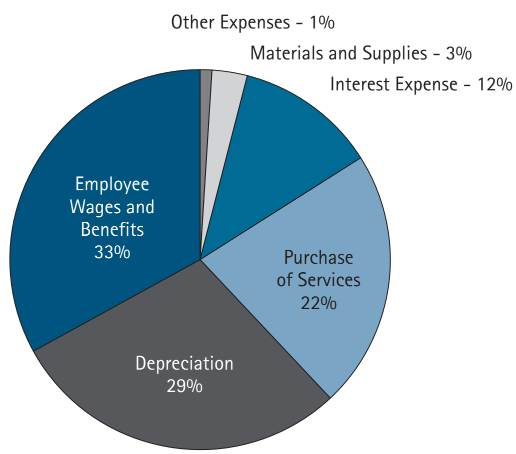
1) The year 2003 was the first year which included LCK's data in the statistics

2003 Revenue and Expense Breakdown by Type

Composition of Revenues



Composition of Expenses



Revenues and Expenses by Area

For the ten years ended December 31, 2003 (dollars in thousands)

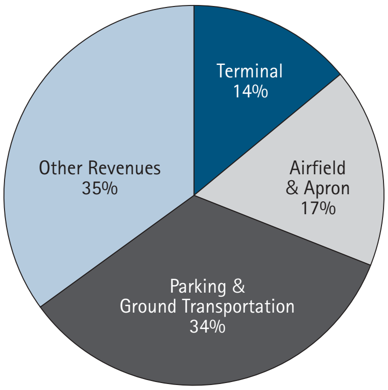
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Revenues:										
Parking & Ground Transportation	$27,376	27,654	28,055	27,536	15,103	11,670	12,211	11,386	8,632	7,224
Airfield & Apron	13,474	10,869	12,513	10,488	10,197	10,231	9,957	8,712	7,928	8,655
Terminal	11,252	7,307	10,330	9,863	15,148	15,161	13,862	11,916	11,313	10,993
Other Revenues	27,883	21,655	19,158	20,859	19,250	20,490	15,752	16,147	14,673	12,444
	79,985	67,485	70,056	68,746	59,698	57,552	51,782	48,161	42,546	39,316
Expenses:										
Parking & Ground Transportation	12,099	10,989	10,428	9,171	7,012	4,182	1,517	1,428	1,529	1,117
Airfield & Apron	12,816	11,006	11,171	11,789	10,036	9,054	8,188	8,933	8,144	7,163
Terminal	14,464	12,831	11,977	12,583	12,413	12,208	12,291	10,763	10,152	8,664
Other Expenses	9,813	4,520	5,780	3,998	1,501	1,436	1,488	1,130	1,397	2,607
Expenses Before Depreciation	49,192	39,346	39,356	37,541	30,962	26,880	23,484	22,254	21,222	19,551
Depreciation	19,852	14,967	25,166	8,953	7,783	7,280	7,077	5,947	5,086	4,530
	69,044	54,313	64,522	46,494	38,745	34,160	30,561	28,201	26,308	24,081
Income Before Capital Contributions	$10,941	13,172	5,534	22,252	20,953	23,392	21,221	19,960	16,238	15,235

Source: The Authority Finance Division

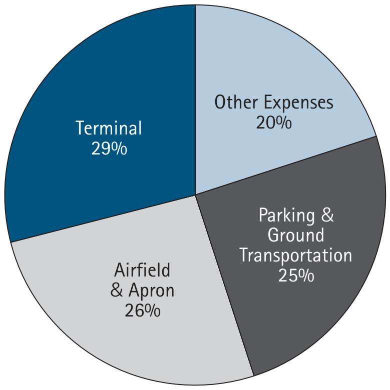
1) The year 2003 was the first year which included LCK's data in the statistics

2003 Revenue and Expense Breakdown by Area

Composition of Revenues



Composition of Expenses
(Excluding Depreciation)



Schedule of Debt and Obligation Coverages

For the ten years ended December 31, 2003 (dollars in thousands, except coverage)

Year	Gross revenue (1)	Direct operating expense (2)	Net Revenue available for debt & obligation payments	Debt and obligation requirements: Principal	Interest	Total	Coverage
2003	$66,773	$40,435	$26,338	$7,829	$8,049	$15,878	1.66
2002	54,134	31,963	22,171	7,004	7,179	14,183	1.56
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

Source: The Authority Finance Department

1) Gross revenue includes investment and other income and excludes passenger facility charges

2) Direct operating expense excludes depreciation

Schedule of Insurance in Force

As of January 1, 2004

Type of Coverage	Insurer	Coverage Amount	Expiration Date
Building and Contents	American Guarantee & Liability	392,883,443	11/01/04
Aviation and General			
Liability	ACE Property & Casualty Ins. Co.	50,000,000	11/01/04
Excess Liability	Underwriters at Lloyd's, London	150,000,000	11/01/04
Pollution Legal Liability (LCK)	American International Specialty Lines Ins. Co.	25,000,000	01/01/13
Contractor's Equipment	American Guarantee & Liability	15,141,109	11/01/04
Public Official Liability			
Employment Practices	National Union Fire Insurance Co.	5,000,000	11/01/04
Pollution Liability			
Storage Tank Pollution (CMH)	American International Specialty Lines Ins. Co.	5,000,000	02/27/06
Storage Tank Pollution (LCK)	LSI Corporation	1,000,000	05/30/07
Police Professional	United National Insurance Co.	5,000,000	11/01/04
Fine Arts	American Guarantee & Liability	3,900,000	11/01/04
Business Auto	USF & G Co.	1,000,000	11/01/04
Employee Dishonesty	Travelers Casualty & Surety Co.	1,000,000	11/01/04
Fiduciary Liability	Federal Insurance Co.	1,000,000	11/01/04
International Commercial Insurance	Great Northern Insurance Co.	1,000,000	11/01/04
Surety Bonds	National Fire Insurance Co. of Hartford & Western Surety Co.	250,000	11/01/04

Source: The Authority Legal Services Department

Air Commerce Trends

Port Columbus International Airport

For the ten years ended December 31, 2003

Year	Total Passenger Volume	% Change	In Pounds: Cargo (1)	Freight (2)	Mail
2003	6,252,233	(7.2)	906,153	7,788,444	15,047,248
2002	6,740,935	0.9	728,739	8,648,769	14,212,967
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

Source: The Authority Finance Department.

1) Freight carried by cargo carriers

2) Freight carried in the belly of an air carrier

Air Commerce Trends

Rickenbacker International Airport

For the ten years ended December 31, 2003

Year	Total Passenger Volume	% Change	Cargo (in pounds)	% Change
2003	26,100	-	204,675,711	10.8
2002	-	-	184,643,243	(13.5)
2001	-	-	213,359,995	0.6
2000	-	-	212,094,348	12.9
1999	-	-	187,854,570	(23.6)
1998	-	-	245,977,011	1.2
1997	-	-	243,052,304	45.0
1996	-	-	167,665,956	2.6
1995	-	-	163,466,981	20.7
1994	-	-	135,464,664	15.2

Source: The Authority Operations and Planning Department.

1) The year 2003 is the first year for passenger activity at LCK

Air Carrier Market Shares - Port Columbus International Airport

For the ten years ended December 31, 2003

	2003		2002	2001	2000	1999	1998	1997	1996	1995	1994
	Market Share Percentage	Total Airline Passengers	Total Airline Passengers	Total Airline Passengers	Total Airline Passengers	Total Airline Passengers	Total Airline Passengers	Total Airline Passengers	Total Airline Passengers	Total Airline Passengers	Total Airline Passengers
COMMERCIAL AIRLINES AND COMMUTERS											
1. DELTA, Delta Connection	19.61	1,225,796	1,118,105	1,164,761	1,281,057	1,299,027	1,186,634	1,082,254	977,155	677,528	593,185
2. SOUTHWEST	14.52	907,513	832,880	866,634	758,521	672,160	594,393	512,308	485,921	446,990	423,336
3. AMERICAN, American Eagle	13.79	862,419	914,996	547,726	544,410	402,980	442,992	430,205	446,011	386,168	415,265
4. AMERICA WEST America West Express	12.56	784,986	1,428,880	1,206,549	1,133,697	977,651	1,174,130	1,462,357	1,367,607	1,291,419	1,237,677
5. NORTHWEST, Northwest Airlink	10.21	638,491	579,568	564,852	544,571	536,936	446,600	500,030	469,219	366,685	318,288
6. UNITED, United Express	10.17	636,163	663,065	649,356	625,101	669,132	610,737	549,382	531,837	497,814	464,283
7. US AIRWAYS, US Airways Express	9.74	609,189	640,313	727,660	928,053	984,999	1,050,780	1,004,150	1,034,925	1,061,981	1,263,704
8. CONTINENTAL, Continental Express	7.30	456,676	419,563	404,384	401,951	376,111	347,332	371,583	339,749	286,184	298,243
9. MIDWEST EXPRESS, Midwest Express Connection	.76	47,395	59,447	47,123	43,483	48,685	50,487	50,000	47,537	46,758	42,314
10. JAZZ AIR INC.	.69	42,920	50,331	53,811	57,640	51,130	46,421	34,945	37,333	21,858	-
TRANS WORLD	-	-	347,375	414,458	407,831	402,506	389,946	353,713	309,502	341,019	
MIDWAY	-	-	-	69,705	106,686	74,244	32,810	6,118	-	-	-
CORPORATE EXPRESS	-	-	-	-	-	-	114	10,064	-	-	-
VALUE JET	-	-	-	-	-	-	-	70,939	138,172	205,833	-
Commercial Total	99.35	6,211,548	6,707,147	6,649,936	6,839,628	6,500,886	6,385,936	6,474,281	6,229,179	5,598,720	5,397,314
CHARTER AIRLINES											
NON-SCHEDULED	.43	26,769	30,234	25,739	31,925	37,640	32,610	39,922	43,321	35,171	39,034
SCHEDULED	.22	13,916	3,554	5,222	2,445	3,325	1,491	3,019	3,087	2,658	3,472
Charter Total	.65	40,685	33,788	30,961	34,370	40,965	34,101	42,941	46,408	37,829	42,506
TOTAL PASSENGERS	100.00	6,252,233	6,740,935	6,680,897	6,873,998	6,541,851	6,420,037	6,517,222	6,275,587	5,636,549	5,439,820

Source: The Authority Finance Department.

Principal Property Taxpayers in Franklin County

December 31, 2003

	Assessed Valuation (in thousands)	% of Total Assessed Valuation
Public Utilities		
1. Columbus Southern Power Company	$ 232,568	1.64
2. Ohio Bell Telephone Company (Ameritech)	105,244	.74
3. Columbia Gas of Ohio, Inc.	38,398	.27
4. New Par	23,860	.17
Real Estate		
1. Nationwide Mutual Insurance Company	99,260	.70
2. Huntington Center	58,450	.41
3. Capitol South Community Urban Redevelopment Corp.	43,604	.31
4. Distribution Land Corporation	37,408	.26
5. American Electric Power Service Corporation	29,770	.21
6. Duke Realty LP	29,561	.21
7. Equitable Life Insurance	25,200	.18
8. Olentangy Commons	18,267	.13
9. Battelle Memorial Institute	18,094	.13
10. Anheuser Busch Inc.	17,776	.12
Tangible Personal Property		
1. Anheuser Busch Inc.	84,473	.59
2. Abbott Laboratories	34,959	.25
3. Lucent Technologies Inc.	34,389	.24
4. Roxane Laboratories, Inc.	28,616	.20
5. Techneglas Inc.	27,550	.19
6. Sears Roebuck & Company	22,837	.16
7. Amerisource Corporation	22,006	.15
8. Kal Kan Foods Inc.	17,140	.12
9. IBM Credit LLC	14,937	.11
10. Big Lot Stores, Inc.	14,864	.10
Total Principal Property Taxpayers	1,079,231	7.61
All Others	13,120,493	92.40
Total Assessed Valuation (Franklin County)	$14,199,724	100.00

Source: Franklin County Auditor

1) 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, 2003 (valuations in thousands)

	New Construction		Alterations & Additions		Total	
Year	Permits Issued	Valuation	Permits Issued	Valuation	Permits Issued	Valuation
2003	3,885	$ 673,876	3,391	$ 297,096	7,276	$ 970,972
2002	4,179	831,872	3,200	421,685	7,379	1,253,557
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

Source: City of Columbus, Ohio, Department of Development, Building and Development Services

Largest Employers in the Greater Columbus Area

Ranked by number of full-time employees

1.	State of Ohio	25,787
2.	Ohio State University	17,361
3.	Federal Government	
	• United States Postal Service	5,925
	• Defense Supply Center, Columbus	2,275
	• Defense Finance & Accounting Service	2,080
	• Other Federal Governments	3,020
4.	Columbus Public Schools	12,092
5.	Nationwide Insurance Companies	10,815
6.	Bank One Corporation	8,873
7.	Ohio Health	8,304
8.	City of Columbus	8,067
9.	Limited Brands	7,200
10.	Franklin County	7,161
11.	Honda of America Mfg. Inc.	6,600
12.	Mount Carmel	4,983
13.	Kroger Company	4,632
14.	Wendy's International Inc.	4,500
15.	Wal-mart Stores Inc.	4,444
16.	American Electric Power	3,795
17.	Huntington Bancshares Inc.	3,521
18.	SBC Ohio	3,000
19.	Chase Home Finance	2,861
20.	Medco Health Solutions, Inc.	2,528
21.	Columbus Children's Hospital Inc.	2,505
22.	Discover Financial Services	2,496
23.	South-Western City Schools	2,440
24.	Ross Products Division of Abbott Laboratories	2,392
25.	Battelle	2,184
26.	Retail Ventures Inc.	2,058
27.	Big Lots Inc.	2,030
28.	Big Bear Stores Co.	2,000
28b.	Cardinal Health Inc.	2,000
30.	ARC Industries Inc.	1,950
31.	Dispatch Printing Co.	1,900
32.	State Farm	1,800
33.	National City Corporation	1,795
34.	Hilliard City Schools	1,648
35.	Alliance Data Systems	1,647
36.	Westerville City Schools	1,606
37.	United Parcel Service	1,601
38.	NetJets Inc.	1,533
39.	Owens-Corning	1,531
40.	Ashland Inc.	1,511
41.	Dublin City Schools	1,449
42.	Chemical Abstracts Services	1,420
43.	Verizon Wireless	1,401
44.	Lucent Technologies	1,400
45.	Fairfield Medical Center	1,230
46.	TS Tech North America	1,225
47.	McDonald's Corp.	1,199
48.	Worthington City Schools	1,190
49.	Anchor Hocking Glass Co.	1,185
50.	Liebert Corp.	1,169

Source: Business First, December 12, 2003 issue.

Estimated Civilian Labor Force and Annual Average Unemployment Rates

For the ten years ended December 31, 2003 (labor force in thousands)

	Franklin County		Columbus MSA (1)		Ohio		U.S.
Year	Labor Force (2)	Unemployment Rate (3)	Labor Force (2)	Unemployment Rate (3)	Labor Force (2)	Unemployment Rate (3)	Unemployment Rate (3)
2003	631.8	4.9%	894.9	4.9%	5,915	6.1%	6.0%
2002	624.7	4.4	882.9	4.4	5,847	5.7	5.8
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

Source: Ohio Department of Job & Family Services, Labor Market Information Division. (Preliminary data which is subject to change)

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

Assessed and Estimated Actual Value of Franklin County Taxable Property

For the ten years ended December 31, 2003 (in thousands)

		Real Property		Personal Property		Public Utilities	
Tax Year	For	Assessed value	Estimated actual value	Assessed value	Estimated actual value	Assessed value	Estimated actual value
2003	2004	$12,244,724	$34,984,926	$1,513,220	$6,305,083	$441,780	$1,262,229
2002	2003	11,958,533	34,167,237	1,852,911	7,411,644	427,848	1,222,423
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

Source: Franklin County Auditor

Compliance Section

This section contains the following subsections:

Deloitte.

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USA

Tel: +1 614 221 1000
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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 Regional Airport Authority
Columbus, Ohio

We have audited the financial statements of the Columbus Regional Airport Authority (the "Authority"), as of and for the year ended December 31, 2003, and have issued our report thereon dated March 12, 2004. 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

March 12, 2004

Member of
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SCHEDULE OF PASSENGER FACILITY CHARGES

The Board of Directors
Columbus Regional Airport Authority
Columbus, Ohio

Compliance

We have audited the compliance of the Columbus Regional Airport Authority (the "Authority"), 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 its major federal program and the *Passenger Facility Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for the Authority's Passenger Facility Charge ("PFC") program for the year ended December 31, 2003. 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 its major federal program 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, 2003.

Member of
Deloitte Touche Tohmatsu

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 Schedule of Passenger Facility Charges

We have audited the financial statements of the Authority as of and for the year ended December 31, 2003, and have issued our report thereon dated March 12, 2004. 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 schedule of passenger facility charges are presented for purposes of additional analysis as required by OMB Circular A-133 and the Guide and are not a required part of the financial statements. These schedules are the property of the Authority's management. 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

March 12, 2004

COLUMBUS REGIONAL AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grantor	Federal CFDA Number	Grant Number	Federal Receipts	Federal Expenditures
DEPARTMENT OF TRANSPORTATION:				
Federal Aviation Administration –				
Airport Improvement Program (AIP):	20.106			
Noise Mitigation Measures		3-39-0025-33	$ 226,134	$ 226,138
Noise and Flight Track Monitoring System		3-39-0025-34	(11,729)	(11,728)
Residential Sound Insulation Phase V		3-39-0025-36	237,451	237,455
Residential Sound Proofing Phase VI		3-39-0025-38	108,174	108,180
Terminal Apron Rehabilitation		3-39-0025-39	345,742	345,743
North Parallel Taxiway		3-39-0025-40	323,159	323,160
Costs of New Security Requirements		3-39-0025-41	3	3
Security Enhancements		3-39-0025-42	378,763	378,767
Noise Mitigation Phase VII		3-39-0025-43	313,832	313,837
Terminal Apron Rehabilitation		3-39-0025-44	2,204,184	2,204,189
South Airfield Improvements		3-39-0025-45	1,019,256	1,019,259
Noise Mitigation Phase VIII & IX		3-39-0025-46	51,734	51,735
Security Checkpoint Modifications		3-39-0025-48	150,491	150,493
Rehab R/W 10R/28L, AOA Fence		3-39-0025-49	594,034	594,036
Master Plan Update & Taxiway A Rehab		3-39-0026-10	62,211	62,215
Rehab & Extend T/W A		3-39-0026-11	-	18,779
Rehab T/W A,B,C,D & E		3-39-0117-17	239,798	239,799
Extend T/W E		3-39-0117-19	314,606	314,608
Construct New Terminal Building		3-39-0117-20	225,571	225,572
Land Acquisition – Pickaway County		3-39-0117-21	37,631	37,634
Construct Terminal Apron		3-39-0117-22	444,550	444,553
Rehab Cargo Apron #3		3-39-0117-25	1,514	3,947
Total U. S. Department of Transportation			7,267,109	7,288,374
DEPARTMENT OF JUSTICE:				
Drug Enforcement Administration –				
Equitable Sharing Agreement	16.000	N/A	165,335	175,533
Total U.S. Department of Justice			165,335	175,533
FEDERAL EMERGENCY MANAGEMENT AGENCY:				
Public Assistance Grants - Snow Removal	83.544	N/A	109,272	109,272
Total Federal Emergency Management Agency			109,272	109,272
Total Federal awards			**$7,541,716**	**$7,573,179**

See accompanying notes to Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges.

COLUMBUS REGIONAL AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Receipts	Expenditures
Program		
Passenger Facility Charges	$12,794,436	$2,489,806

See accompanying notes to Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SCHEDULE OF PASSENGER FACILITY CHARGES FOR THE YEAR ENDED DECEMBER 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – The accompanying Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges present the activity of all federal assistance programs of the Columbus Regional 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 Schedule of Passenger Facility Charges are 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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

PART I – SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the financial statements expressed an unqualified opinion.

2. Were reportable conditions in internal control over financial reporting identified? None noted.

3. No instance of noncompliance considered material to the financial statements was disclosed.

4. Were reportable conditions in internal control over compliance with requirements applicable to major federal awards programs identified? None noted.

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 were noted.

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

No matters were noted.

COLUMBUS REGIONAL AIRPORT AUTHORITY
PORT COLUMBUS • RICKENBACKER • BOLTON

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Cover and interior photos courtesy of the Ohio Historical Society and the Columbus Dispatch

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COLUMBUS REGIONAL 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
MAY 18, 2004