Comprehensive Annual Financial Report

COLUMBUS
REGIONAL AIRPORT AUTHORITY

Columbus Regional Airport Authority
Columbus, Ohio
For the year ended December 31, 2012


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Comprehensive Annual Financial Report

For the
Columbus Regional Airport Authority
Columbus, Ohio

For the year ended December 31, 2012

Prepared by:

John E. Byrum, CPA - Inactive
CFO

Paul Streitenberger, CPA, CGMA
Director, Accounting & Audit

Dave Yost • Auditor of State

Board of Directors
Columbus Regional Airport Authority
4600 International Gateway
Columbus, Ohio 43219

We have reviewed the *Independent Auditor's Report* of the Columbus Regional Airport Authority, Franklin County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2012 through December 31, 2012. 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.

Dave Yost
Auditor of State

May 15, 2013

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COLUMBUS
REGIONAL AIRPORT AUTHORITY

March 11, 2013

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, 2012, is proudly prepared and presented by your Accounting/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 years ended December 31, 2012 and 2011, is presented in the Management's Discussion and Analysis (MD&A) found in 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 2012 CAFR meets program standards, and it will be submitted to the GFOA for review.

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 (City) 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, principally the Rickenbacker International Airport, were merged into the Columbus Municipal Airport Authority and the surviving entity was renamed the Columbus Regional Airport Authority. In December 2007, the Authority paid the City the remaining balance on the airport general obligation bonds

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PORT COLUMBUS RICKENBACKER INLAND PORT BOLTON FIELD and received title to the airport property relating to the use agreement. Additional information describing this event may be found in the Overview of the Financial Statements 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. No governmental organizations other than the Authority itself are included in the financial reporting entity.

A nine member Board of Directors, jointly appointed by the City of Columbus and 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

Recent economic conditions have presented many challenges for our community and have significantly impacted the aviation and logistics industries. 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. When considering these factors, the Authority anticipates flat growth for the foreseeable future.

The economy of the Greater Columbus area, including Franklin County and the seven surrounding counties, has not encountered the same level of economic downturn as the state or the nation in 2012. The unemployment rate of 6.2% was below that of Ohio (7.2%) and the United States (8.1%). A balance among manufacturing, education and health services, technology, retail, research and financial activities has helped the Columbus economy to better 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 six employers – the State of Ohio, The Ohio State University, JP Morgan Chase & Co., OhioHealth, Nationwide and Limited Brands – is representative of the local economy as a whole. The variety represented by these six employers, which together account for more than 97,000 jobs in Central Ohio, assures that the local economy can withstand some economic slowdowns.

Port Columbus serves 33 airports with 151 daily departures by eight airlines. In 2012, the Authority served over 6.3 million passengers, down 0.4% from the previous year. Additional data can be found in the Statistical Section of this CAFR.

Meanwhile, 157.4 million pounds of cargo moved through Rickenbacker in 2012 as compared to 146.2 million pounds in 2011. In 2012, 14,685 passengers used the Rickenbacker Charter Terminal as compared to 14,880 in 2011.

Initiatives and Development

Funding for the Authority's development projects is provided exclusively by user fees, as are the funds needed to conduct the Airport's day-to-day operations. These funds are principally generated in three ways: through direct charges such as airline and rental car rents, auto parking revenue 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.

In December 2009, the Federal Aviation Administration (FAA) announced a letter of intent to provide over $90 million toward the cost of replacing the south runway at Port Columbus International Airport. The replacement of the south runway will enable greater airport capacity by allowing for an increased number of aircraft operations and creating space for a future second terminal. The commissioning of this new runway is planned for late summer 2013.

In October 2012, a three-year, $80 million terminal renovation and modernization program was announced that will position Port Columbus International Airport for future passenger activity and reinforce the airport's $3.7 billion annual economic impact to the Columbus region. The multi-faceted Terminal Modernization Program incorporates a major facelift for the ticket lobby, baggage claim and all three Concourses, as well as mechanical, technological and security upgrades. Funding for this progressive airport initiative, which will ensure the terminal's functionality for at least another 20 years, will be derived from Passenger Facility Charges (PFCs) as well as capital reserve and operating funds.

Work kicked off in November 2012 in Concourse A, where a new family restroom will be installed and existing restrooms completely renovated, an additional food and beverage concession constructed, new terrazzo flooring and carpeting installed, lighting fixtures upgraded and many more improvements. The entire Terminal Modernization Program will extend through 2015 with no significant impact to operations anticipated.

Authority's Branding and Logo

In February 2013, the Authority Board of Directors approved a resolution endorsing a comprehensive brand strategy for the Columbus Regional Airport Authority, Port Columbus International Airport, Bolton Field Airport and the multiple components of Rickenbacker including an airport, inland port and foreign-trade zone. The branding provides a new look and feel, a new voice and new logos for the organization. Additionally, an evolved visual identity was adopted to allow the Columbus Regional Airport Authority brand to connect its airports and other assets with the community. This connection reinforces the organization's alignment with the bold new vision of the Columbus brand while establishing a distinctive new icon that allows the Columbus Regional Airport Authority to support its vision to connect Central Ohio with the world. The comprehensive brand strategy will be implemented in phases, with the full transition completed by mid-2014.

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 Manager, Audit reports directly to the Director and maintains reporting responsibilities to the Vice President & CFO, 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 and Policies

The Authority's financial policies are prepared in accordance with state laws and bond indentures. Financial policies include budgeting, financial planning, capital planning, revenue, investment, debt management, procurement, accounting and auditing.

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 Strategic Business Plan. Management control of the budget is maintained at the department level. 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 the Authority's activity highlights for the years ended December 31:

	2012	2011	% Change
Airline Cost	$ 27,445,605	$ 24,470,584	12.2
Enplanements	3,174,814	3,189,938	-0.5
Cost Per Enplaned Passenger	**$ 8.64**	**$ 7.67**	**12.6**

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 Airport. It also has diligently controlled the costs passed on to its family of airlines. 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 2012 and 2011, the airline Cost/EP at Port Columbus International Airport has remained competitive at $8.64 and $7.67 respectively. These Cost/EPs continue to compare favorably with other medium hub airports, further reinforcing Port Columbus' reputation as a cost effective, airline-friendly facility.

Independent Audit

The Authority's independent auditing firm, Plante & Moran, PLLC, has rendered an unqualified opinion that the Authority's financial statements for December 31, 2012, 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 Authority's financial statements for the year ended December 31, 2011 received an unqualified opinion by other independent auditors. 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 Plante & Moran, PLLC, 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 (OMB) Circular A-133. The independent auditors' reports issued based upon work performed in accordance with those requirements noted two findings that are required to be reported by OMB Circular A-133 or other matters that are required to be reported for the fiscal year ending December 31, 2012. The issued report expressed an unqualified opinion for all major programs except for CFDA No. 97.117 TSA Airport Checked Baggage Inspections System which was qualified due to a scope limitation. 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, 2011. 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 this prestigious award for the last 20 consecutive years, ended December 31, 2011. 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 Accounting/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 - Inactive

Chief Financial Officer

Board of Directors


Dwight E. Smith


Susan Tomasky


Don M. Casto, III


Frank J. Cipriano


William R. Heifner


John W. Kessler


Wm. J. Lhota, P.E.


Jordan A. Miller, Jr.


Kathleen H. Ransier, Esq.

Chair

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

Vice Chair

Susan Tomasky
President – Retired
AEP Transmission
American Electric Power

Directors

Don M. Casto, III
President/Owner
CASTO

Frank J. Cipriano
Chief Executive Officer
Land Network

William R. Heifner
President
Renier Construction

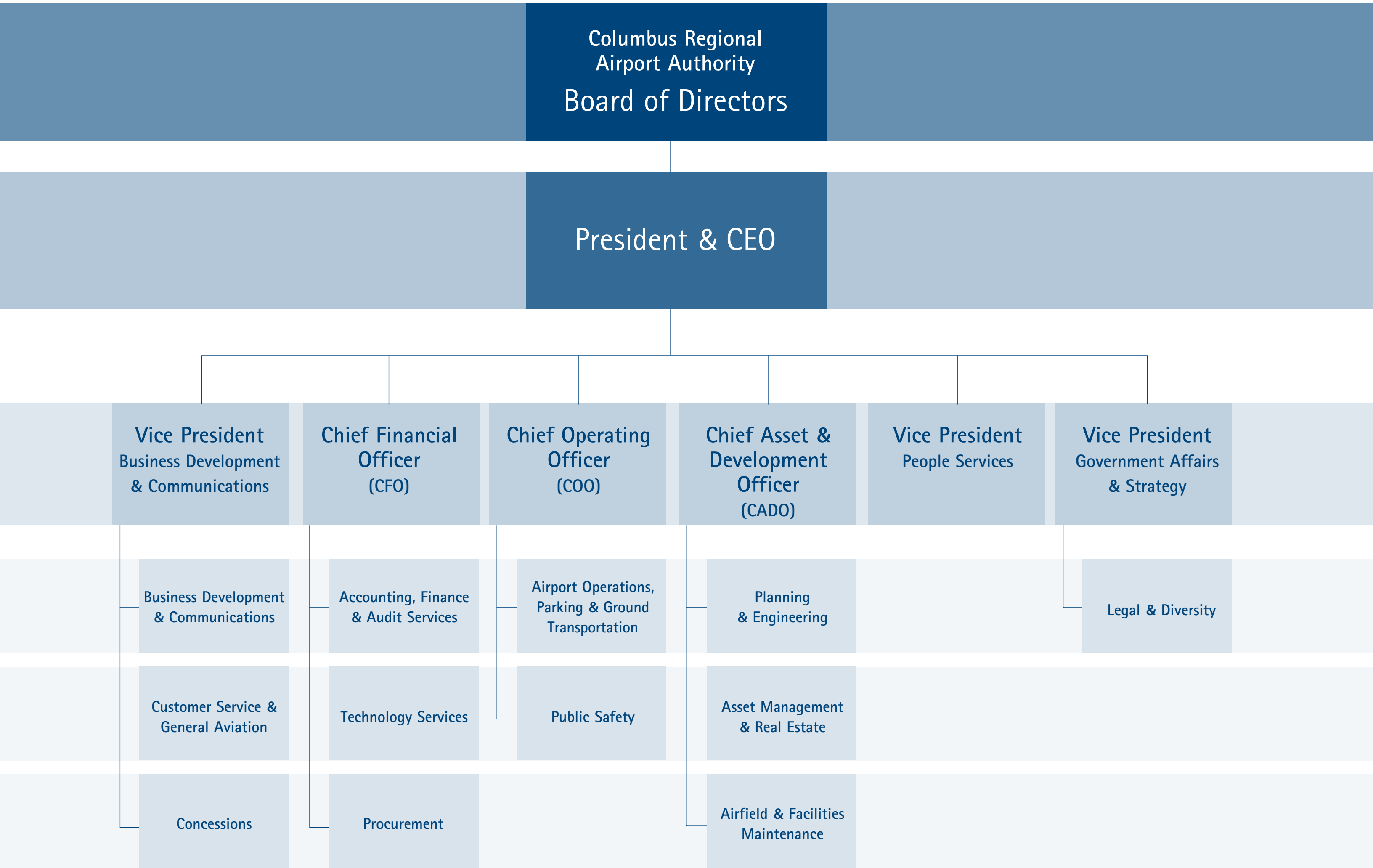
John W. Kessler
Chairman
The New Albany Company

Wm. J. Lhota, P.E.
President & CEO – Retired
Central Ohio Transit Authority

Jordan A. Miller, Jr.
President & CEO, Central Ohio
Fifth Third Bank

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

Organization Chart and Senior Management



Senior Management

Elaine Roberts, A.A.E.	*President & Chief Executive Officer*
Rod C. Borden, Esq. A.A.E.	*Chief Operating Officer*
T. Randal Bush, CGFM, CIA, CPA, CGMA	*Director, Finance & Administration*
John E. Byrum, CPA – Inactive	*Chief Financial Officer*
Dennis E. Finch	*Director, Asset Management*
Charles J. Goodwin, A.A.E.	*Director, Airport Operations*
Robin V. Holderman	*Chief Asset & Development Officer*
James W. Lizotte, PMP	*Director, Technology Services*
Torrance A. Richardson	*Vice President, Government Affairs & Strategy*
John M. Rockwell	*Director, Public Safety*
Brian J. Sarkis	*Vice President, Planning & Engineering*
William L. Shelby	*Vice President, Asset Management*
Paul E. Streitenberger, CPA, CGMA	*Director, Accounting & Audit*
David V. Whitaker	*Vice President, Business Development & Communications*

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Columbus Regional Airport Authority, Ohio

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2011

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.

President

Executive Director

financial section

This section contains the following subsections:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

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

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Cincinnati, OH 45202-3578
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Independent Auditor's Report

To the Board of Directors
Columbus Regional Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Columbus Regional Airport Authority (the "Authority") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Columbus Regional Airport Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Columbus Regional Airport Authority

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Columbus Regional Airport Authority as of December 31, 2012 and the changes in its financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, in 2012, the entity adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and early adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

The financial statements of the Columbus Regional Airport Authority as of and for the year ended December 31, 2011 were audited by a predecessor auditor, who expressed an unqualified opinion. The predecessor auditor's report was dated March 8, 2012.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified on pages 18-27, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Columbus Regional Airport Authority's financial statements. The supplemental schedule of revenue and expenses - budget vs. actual - budget basis is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

To the Board of Directors
Columbus Regional Airport Authority

The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedule of expenditures of federal awards and schedule of expenditures of passenger facility charges are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2013 on our consideration of the Columbus Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 11, 2013

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 years ended December 31, 2012 and 2011. 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 estimated 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 *Statements of Net Position* presents information on all the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and resulting net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position.

The *Statements of Revenues, Expenses, and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent years. All changes in net position 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 these statements for some items that will result in cash flows in future periods.

The *Statements 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 these statements. A reconciliation is provided at the bottom of the Statements of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income or loss.

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*.

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.

Significant Events

Revolving Bank Loan and Credit Facility Agreement

On June 14, 2012, the Authority entered into a six-year agreement to borrow up to $70 million on a revolving bank loan with PNC Bank. This comes on the heels of the Authority retiring the commercial paper program in February 2012 due to the continuing general economic and financial conditions, and specifically the European sovereign debt crisis. The new revolving bank loan is authorized to finance certain capital and construction projects.

Rating Agency Upgrades

On April 11, 2012, Moody's Investors Service upgraded the Authority's "A2" rating to "A1" with an outlook of "Stable." On May 15, 2012, Fitch Ratings upgraded its "A" rating on the Authority's outstanding airport revenue bonds to "A+" and revised its outlook to "Stable" from "Positive." During June 2012, Standard & Poor's Rating Services affirmed its rating on Columbus Regional Airport Authority's senior airport revenue bonds outstanding at "A+" and also affirmed the outlook as "Stable". The rating services cited the Authority's ability to maintain a very strong financial profile through economic cycles as evidenced by a low debt burden, strong liquidity and stable airline costs.

Digital Signage Award

The Columbus Regional Airport Authority received the highest honor of any North American airport at the 2012 Digital Signage Expo for the installation and creative use of a 72-screen, high definition and full-motion video wall system. As the APEX Award recipient, the Authority enhanced customer service and increased revenues by combining flight information, advertising and marketing. The screen installation in late 2010 was the beginning of an initiative of updating arrival and departure information technology throughout Columbus International Airport and was completed during 2012.

Financial Highlights

The Authority's financial position remains sound as evidenced by our continued growth in total net position and the reduction in outstanding debt as well as our continued strong liquidity position.

A summary of the Authority's financial highlights for the year 2012 is as follows:

The Authority's Total Assets increased $57.9 million over 2011. The increase is the result of increases in capital acquisition and construction of capital projects. Current Assets increased $25.2 million primarily due to the increase in grants receivable as a result of the continuation of federal grant related projects. Non-Current Assets (Unrestricted and Restricted) increased $32.7 million primarily due to increased investments in Capital Assets.

Total Liabilities increased $7.0 million from 2011. The increase was due primarily to the $20 million Revolving Bank Loan which funded portions of the Capital Assets.

Total Operating Revenues increased $3.5 million over 2011. The increase is primarily a result of higher revenue received from parking, airlines and cargo operations.

Total Operating Expenses decreased $1.2 million over 2011. The decrease is primarily the result of decreases associated with purchased services.

A summary of the Authority's financial highlights for the year 2011 is as follows:

The Authority's Total Assets increased $26.5 million over 2010. The increase is the result of increases in capital acquisition and construction of capital projects. Current Assets decreased $5.5 million primarily due to the decrease in grants receivable as a result of the completion of grant related projects. Non-Current Assets (Unrestricted and Restricted) increased $32.0 million primarily due to increased investments in Capital Assets.

Total Liabilities decreased $7.6 million from 2010. The decrease was due primarily to the reduction in Accounts Payable - Trade.

Total Operating Revenues increased $3.2 million over 2010. The increase is primarily a result of higher revenue received from parking and concession operations.

Total Operating Expenses increased $8.7 million over 2010. The increase is primarily the result of increases associated with purchased services.

Financial Position

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

	Dollars in 000's			% Change	
	2012	2011	2010	2012	2011
Assets					
Current Assets – Unrestricted	$ 69,202	$ 43,990	$ 49,528	57.3	-11.2
Capital Assets	723,223	689,526	632,978	4.9	8.9
Other Non-Current Assets – Unrestricted	53,781	53,106	58,289	1.3	-8.9
Other Non-Current Assets – Restricted	26,714	28,352	47,718	-5.8	-40.6
Total Assets	**872,920**	**814,974**	**788,513**	**7.1**	**3.4**
Deferred Outflows of Resources					
Deferred Loss on Bond Refunding, Net of Accumulated Amortization	1,648	1,832	2,018	-10.0	-9.2
Total Assets and Deferred Outflows	**$ 874,568**	**$ 816,806**	**$ 790,531**	**7.1**	**3.3**
Liabilities					
Current Liabilities – Unrestricted	$ 19,872	$ 21,329	$ 27,552	-6.8	-22.6
Long-Term Liabilities – Restricted	25,926	13,068	9,848	98.4	32.7
Long-Term Liabilities - Unrestricted	96,188	100,639	105,275	-4.4	-4.4
Total Liabilities	**141,986**	**135,036**	**142,675**	**5.1**	**5.4**
Net Position					
Net investment in Capital Assets	616,650	593,782	533,246	3.9	11.4
Restricted Net Position	25,030	24,336	46,742	2.9	-47.9
Unrestricted Net Position	90,902	63,652	67,868	42.8	-6.2
Total Net Position	**732,582**	**681,770**	**647,856**	**7.5**	**5.2**
Total Liabilities and Net Position	**$ 874,568**	**$ 816,806**	**$ 790,531**	**7.1**	**3.3**

An analysis of significant changes in assets, liabilities and net position for the year 2012 is as follows:

The Authority's total assets and deferred outflows of resources exceeded total liabilities by $732.6 million, a $50.8 million increase over December 31, 2011. The largest portion of the Authority's net position each year ($616.7 million or 84% at December 31, 2012) 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 position ($25.0 million or 3% at December 31, 2012) represents resources that are subject to restrictions on how they can be used. These resources are not available for new spending because they have already been committed to fund bond reserves.

The remaining unrestricted net position of $90.9 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.

An analysis of significant changes in assets, liabilities and net position for the year 2011 is as follows:

The Authority's total assets and deferred outflows of resources exceeded total liabilities by $681.8 million, a $33.9 million increase over December 31, 2010. The largest portion of the Authority's net position each year ($593.8 million or 87% at December 31, 2011) 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.

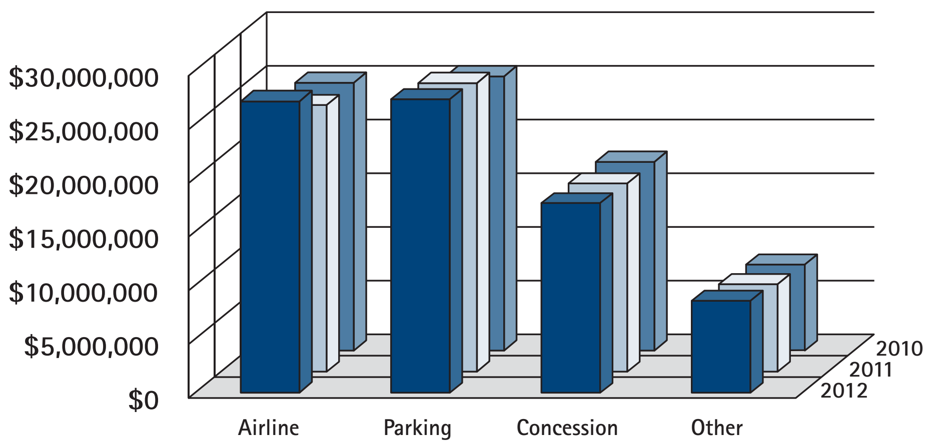
An additional portion of the Authority's net position ($24.3 million or 4% at December 31, 2011) represents resources that are subject to restrictions on how they can be used. These resources are not available for new spending because they have already been committed to fund bond reserves.

The remaining unrestricted net position of $63.7 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:

	Dollars in 000's			% Change	
	2012	2011	2010	2012	2011
Airline Revenue	$ 27,222	$ 25,085	$ 24,783	8.5	1.2
Parking Revenue	27,788	27,188	25,395	2.2	7.1
Concession Revenue	18,578	18,276	17,486	1.7	4.5
General Aviation Revenue	2,522	2,602	2,304	-3.1	12.9
Cargo Operations Revenue	2,240	1,648	1,614	35.9	2.1
Foreign Trade Zone Fees	380	382	378	0.5	1.1
Other Revenue	2,218	2,268	2,255	-2.2	0.6
Total Operating Revenues	$ 80,948	$ 77,449	$ 74,215	4.5	4.4

Revenues



An analysis of significant changes in revenues for the year 2012 is as follows:

- Airline Revenue increased 8.5% or $2.1 million. The increase is due to a lower General Airline Credit for 2012.

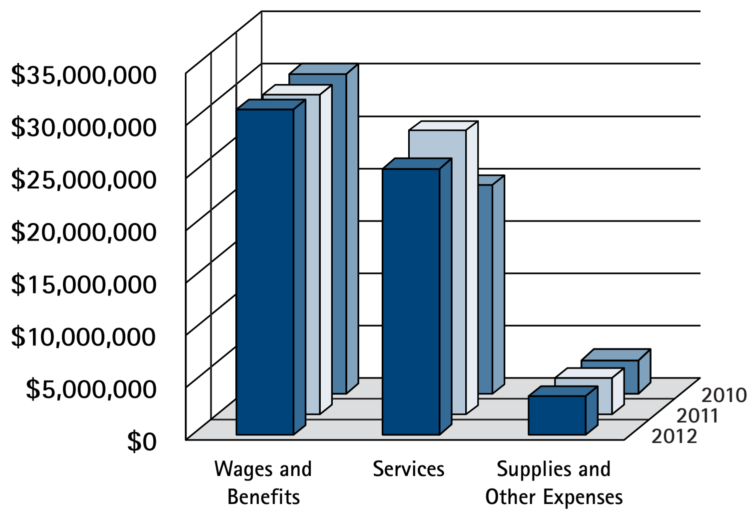
An analysis of significant changes in revenues for the year 2011 is as follows:

- Parking Revenue increased 7.1% or $1.8 million. The increase is due to an increase in the length of stay for parkers over the prior year.

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

	Dollars in 000's			% Change	
	2012	2011	2010	2012	2011
Employee Wages and Benefits	$ 31,672	$ 30,680	$ 30,252	3.2	1.4
Purchase of Services	25,878	28,128	19,829	-8.0	41.9
Materials and Supplies	3,672	3,599	3,567	2.0	0.9
Other Expenses	17	61	71	-72.1	-14.1
Total Operating Expenses	**$ 61,239**	**$ 62,468**	**$ 53,719**	**-2.0**	**16.3**

Expenses



An analysis of significant changes in expenses for the year 2012 is as follows:

- Purchase of Services decreased 8% or $2.3 million. This is due to $5 million in upfront direct costs associated with a new long-term lease tenant in 2011, resulting in unusually high professional fees in 2011.

An analysis of significant changes in expenses for the year 2011 is as follows:

- Purchase of Services increased 41.9% or $8.3 million as a result of professional fees associated with information technology infrastructure improvements, real estate development opportunities, and $5 million in upfront direct costs associated with a new long-term lease tenant. In addition, maintenance costs of $560,000 associated with the new in-line baggage system were incurred for the first time during 2011.

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

	Dollars in 000's			% Change	
	2012	**2011**	**2010**	**2012**	**2011**
Total Operating Revenues	$ 80,948	$ 77,449	$ 74,216	4.5	4.4
Total Operating Expenses	-61,239	-62,468	-53,720	-2.0	16.3
Operating Income before Depreciation	**19,709**	**14,981**	**20,496**	**31.6**	**-26.9**
Depreciation	-35,259	-33,777	-32,260	4.4	4.7
Operating Loss	-15,550	-18,796	-11,764	-17.3	59.8
Investment Income	447	804	1,244	-44.4	-35.4
Passenger Facility Charges	12,954	13,059	13,332	-0.8	-2.0
Rental Car Facility Charges	6,257	5,615	5,011	11.4	12.1
Interest Expense	-3,929	-4,136	-4,425	-5.0	-6.5
Gain (Loss) on Securities	17	18	-114	-5.6	-115.8
Amortization of Deferred Charges	-185	-185	-185	0.0	0.0
Gain (Loss) on Disposal of Assets	2,265	-2,095	-302	-208.1	593.7
Other Non-Operating Revenues	2,766	5,354	5,458	-48.3	-1.9
Income (loss) before Capital Contributions	5,042	-362	8,255	-1492.8	-104.4
Capital Contributions	45,770	34,276	22,950	33.5	49.4
Increase in Net Position	50,812	33,914	31,205	49.8	8.7
Net Position, Beginning of Year	681,770	647,856	616,651	5.2	5.1
Net Position, End of Year	$ 732,582	$ 681,770	$ 647,856	7.5	5.2

An analysis of significant changes in net position for the year 2012 is as follows:

- Capital Contributions from federal and state funding sources increased by 33.5% or $11.5 million related to the runway 10R-28L replacement and purchase of checked baggage screening equipment and installation.

- Rental Car Facility Charges increased 11.4% or $642,000 as a result of rate increases effective June 1, 2011, being collected for the entire year of 2012 and increased activity.

An analysis of significant changes in net position for the year 2011 is as follows:

- Capital Contributions from federal and state funding sources increased by 49.3% or $11.3 million related to the runway 10R-28L replacement and purchase of checked baggage screening equipment and installation.

- Rental Car Facility Charges increased 12.1% or $604,000 as a result of rate increases effective June 1, 2011.

Capital Assets

The Authority's capital assets as of December 31, 2012, totaled $723.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings & building improvements, runways, taxiways & roads, construction in progress, furniture, and machinery & equipment. The total increase in the Authority's investment in capital assets before accumulated depreciation for 2012 was 6% or $66.2 million.

Major capital projects-in-progress and expenditures incurred during 2012 included the following:

Runway 10R-28L Replacement – CMH	$ 40,288,000
Runway 5R-23L Pavement and Lighting - LCK	4,363,000
In-Line Baggage Screening System – CMH	3,324,000
Airport Golf Course Modifications - CMH	3,088,000
Residential Sound Insulation - CMH	1,862,000

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 30 years. On April 12, 2007, a partial refunding occurred for the bonds with a par value of $61,965,000 with proceeds from the Airport Improvement Revenue Bonds, Series 2007. The remaining bonds are due at maturity or through sinking fund redemption requirements through January 1, 2013.

The balance outstanding as of December 31, 2012, was $2,730,000.

Airport Refunding Revenue Bonds, Series 2003AB

On October 28, 2003, the Authority issued Airport Refunding Revenue Bonds, Series 2003AB in the principal amount of $33,445,000, in varying maturities up to 20 years. The bond proceeds were used primarily to refund the Authority's Series 1994A bonds. The bonds have annual principal payment amounts from $1,370,000 to $2,475,000.

The balance outstanding as of December 31, 2012, was $23,210,000.

Airport Refunding Revenue Bonds, Series 2007

On April 12, 2007, the Authority issued Airport Refunding Revenue Bonds, Series 2007 in the principal amount of $59,750,000, in varying maturities up to 20 years. The bond proceeds were used primarily to refund a portion of the Authority's Series 1998B bonds. Starting in 2014, the bonds have annual principal payment amounts from $2,805,000 to $5,475,000.

The balance outstanding as of December 31, 2012, was $59,750,000.

Ohio Public Works Commission Debt

In 1995, the former Rickenbacker Port Authority 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.

The balance outstanding as of December 31, 2012, was $148,900.

Bond principal and interest are paid from the general revenues of the Authority. Additional details may be found in Note 9 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. In 2007, the Authority received approval to collect on its application effective December 26, 2007, in the amount of $71.1 million. The newest application, which was approved on January 28, 2011, adds an additional $185 million to the collectible amount and will extend the collection date to February 1, 2024. Through December 31, 2012, the Authority has collected PFCs, including interest earnings thereon, totaling $248 million.

Airline Rates and Charges

The Authority and certain airlines negotiated an agreement effective from January 1, 2005, through December 31, 2009, which in part establishes how the airlines that sign the agreement (signatory airlines) will be assessed annual rates and charges for their use of CMH. An extension of this agreement has been successfully negotiated with similar terms for January 1, 2010, through December 31, 2014. Landing fees and terminal rental rates for non-signatory airlines are assessed at 150% of the signatory rates.

The rates and charges net of credits billed to the signatory airlines at CMH were as follows:

				% Change	
	2012	**2011**	**2010**	**2012**	**2011**
Landing Fees (per 1,000 lbs)	$ 2.51	$ 2.90	$ 3.74	-13.4	-22.5
Terminal Rental Rate (Average)	$ 66.32	$ 63.78	$ 51.57	4.0	23.7
Apron Fee – Square Foot Rate Component	$ 1.74	$ 1.58	$ 1.21	10.1	30.6
Apron Fee – Landed Weight Rate Component (per 1,000 lbs)	$ 0.35	$ 0.33	$ 0.25	6.1	32.0

The Authority also charges a signatory landing fee to airlines for their use of LCK. Landing fees for non-signatory airlines are assessed at 125% of the signatory rate. **LCK landing fees were as follows:**

				% Change	
	2012	**2011**	**2010**	**2012**	**2011**
Landing Fees (per 1,000 lbs)	$ 2.12	$ 2.02	$ 1.92	5.0	5.2

Request For Information

This report is designed to provide detailed information on the Authority's operations to all with an interest in the Authority's financial affairs and to demonstrate the Authority's accountability for the assets it controls and the funds it receives and expends. Questions concerning any of the information provided in this report or any request for additional information should be e-mailed to pstreitenberger@columbusairports.com or sent in writing to Paul Streitenberger, Director, Accounting and Audit, Columbus Regional Airport Authority, 4600 International Gateway, Columbus, Ohio 43219.

Statements of Net Position

As of December 31, 2012 and 2011

	2012	2011
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 22,186,500	$ 23,387,567
Other Investments	9,152,975	3,262,215
Accounts Receivable - Trade and Capital Grants, Net	33,551,268	13,583,010
Accounts Receivable - Other	1,868,806	1,642,684
Interest Receivable	95,778	152,921
Deposits, Prepaid Items and Other	2,347,104	1,959,874
Total Current Assets	**69,202,431**	**43,988,271**
Non-Current Assets:		
Unrestricted Assets:		
Other Investments	53,519,877	52,848,482
Accounts Receivable - Other	261,593	257,981
Land	103,820,541	103,732,926
Construction In Progress	104,364,608	63,311,453
Depreciable Capital Assets, Net of Accumulated Depreciation	515,037,692	522,482,130
Total Unrestricted Non-Current Assets	**777,004,311**	**742,632,972**
Restricted Assets:		
Cash and Cash Equivalents	26,714,209	28,352,226
Total Non-Current Assets	**803,718,520**	**770,985,198**
Total Assets	**$ 872,920,951**	**$ 814,973,469**
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on bond refunding (Net of Accumulated Amortization of $926,479 in 2012 and $880,155 in 2011)	**$ 1,647,629**	**$ 1,832,925**

See accompanying notes to the financial statements

Statements of Net Position (Continued)

As of December 31, 2012 and 2011

	2012	2011
LIABILITIES		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable - Trade	$ 6,037,030	$ 6,281,248
Accrued Interest Payable	2,128,423	2,194,847
Accrued and Withheld Employee Benefits	4,387,344	3,848,037
Advance Grants and Unearned Rent	1,559,156	1,812,424
Other Accrued Expenses	5,760,145	7,192,482
Total Current Liabilities	**19,872,098**	**21,329,038**
Non-Current Liabilities:		
Payable from Restricted Assets - Due within 1 Year:		
Retainages on Construction Contracts	1,275,080	3,510,134
Customer Deposits and Other	409,424	506,082
Current Portion of Long-Term Debt	4,242,225	4,052,225
Revolving Bank Loan	20,000,000	-
Commercial Paper Notes	-	5,000,000
Total Payable from Restricted Assets - Due within 1 Year	**25,926,729**	**13,068,441**
Payable from Unrestricted Assets - Due in more than 1 Year:		
Compensated Absences	1,657,893	1,535,529
Unearned Income	10,551,772	10,578,204
Long-Term Debt, Less Current Portion, Net	83,978,012	88,525,107
Total Payable from Restricted Assets - Due in more than 1 Year	**96,187,677**	**100,638,840**
Total Long-Term Liabilities	**122,114,406**	**113,707,281**
Total Liabilities	**$ 141,986,504**	**$ 135,036,319**
NET POSITION		
Net Investment in Capital Assets	616,650,233	593,782,102
Restricted:		
Bond Reserves	25,029,705	24,336,010
Unrestricted Net Position, As Restated	90,902,138	63,651,963
TOTAL NET POSITION	**$ 732,582,076**	**$ 681,770,075**

See accompanying notes to the financial statements

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended December 31, 2012 and 2011

	2012	2011
Operating Revenues		
Airline Revenue	$ 27,222,475	$ 25,085,134
Parking Revenue	27,788,050	27,188,469
Concession Revenue	18,577,680	18,276,155
General Aviation Revenue	2,522,345	2,602,259
Cargo Operations Revenue	2,239,556	1,647,432
Foreign Trade Zone Fees	379,912	382,363
Other Revenue	2,218,504	2,267,808
Total Operating Revenues	80,948,522	77,449,620
Operating Expenses		
Employee Wages and Benefits	31,671,666	30,680,294
Purchase of Services	25,878,396	28,128,112
Materials and Supplies	3,672,507	3,598,917
Other Expenses	16,869	60,939
Total Operating Expenses	61,239,438	62,468,262
Operating Income Before Depreciation	**19,709,084**	**14,981,358**
Less: Depreciation	35,258,532	33,777,375
Operating Loss	(15,549,448)	(18,796,017)
Non-Operating Revenues (Expenses)		
Investment Income	447,251	804,334
Other Non-Operating Revenues	2,765,598	5,353,864
Passenger Facility Charges	12,954,282	13,059,303
Rental Car Facility Charges	6,257,020	5,614,530
Interest Expense	(3,929,375)	(4,135,651)
Gain on Securities	17,184	17,633
Amortization of Deferred Charges	(185,296)	(185,296)
Gain (Loss) on Disposal of Assets	2,264,903	(2,095,064)
Total Non-Operating Revenues	20,591,567	18,433,653
Income Before Capital Contributions	5,042,119	(362,364)
Capital Contributions	45,769,882	34,276,137
Increase in Net Position	50,812,001	33,913,773
Changes In Net Position		
Total Net Position, Beginning of Year (as Restated for 2011)	681,770,075	647,856,302
Total Net Position, End of Year	$ 732,582,076	$ 681,770,075

See accompanying notes to the financial statements

Statements of Cash Flows

For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
Cash Received from Customers	$ 82,247,153	$ 84,745,304
Cash Paid to Employees	(31,009,995)	(30,540,613)
Cash Paid to Suppliers	(31,711,346)	(38,645,227)
Other Payments	(16,869)	(60,939)
Net Cash Provided by Operating Activities	**19,508,943**	**15,498,525**
Cash Flows from Noncapital Financing Activities		
Proceeds from Federal, State and Local Funded Operating Grants	2,765,598	5,353,864
Net Cash Provided by Noncapital Financing Activities	**2,765,598**	**5,353,864**
Cash Flows from Capital And Related Financing Activities		
Purchases of Property, Plant and Equipment	(72,016,416)	(89,708,075)
Contributed Capital, Passenger Facility Charges & Rental Car Facility Charges	43,484,561	49,124,055
Net Payments for Commercial Paper	(5,000,000)	-
Net Proceeds from Revolving Bank Loan	20,000,000	-
Interest Paid on Bonds, Notes and Loan	(4,263,444)	(4,490,180)
Principal Payments on Bonds, Notes and Loan	(4,089,450)	(3,909,450)
(Reimbursements) Receipts for Projects with Advanced Funded Grants	(279,118)	1,110,349
Proceeds from the Sale of Capital Assets	2,899,741	47,045
Reductions in Tenant Promotional Program	285,471	-
Decrease in Discounted Future Rents from Golf Course	(105,622)	(59,381)
Increase in Capital Credits	11,229	6,277
Net Cash Used by Capital and Related Financing Activities	**(19,073,048)**	**(47,879,360)**
Cash Flows from Investing Activities		
Purchase of Investments	(48,814,270)	(79,740,197)
Proceeds from the Sale of Investments	42,252,115	105,422,933
Interest Received on Cash and Investments	521,578	861,392
Net Cash Provided (Used) by Investing Activities	**(6,040,577)**	**26,544,128**
Net Decrease in Cash and Cash Equivalents	**(2,839,084)**	**(482,843)**
Cash and Cash Equivalents, Beginning of Year	51,739,793	52,222,636
Cash and Cash Equivalents, End of Year	**$ 48,900,709**	**$ 51,739,793**
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating Loss	(15,549,448)	(18,796,017)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	35,258,532	33,777,375
(Increase) Decrease in Assets:		
Accounts Receivable-Trade	1,528,365	6,290,534
Accounts Receivable-Other	(229,734)	1,005,150
Deposits, Prepaid Items and Other	(387,230)	412,949
Increase (Decrease) in Liabilities:		
Accounts Payable	(244,218)	(7,604,920)
Accrued Liabilities	(770,666)	324,555
Customer Deposits	(96,658)	88,899
Net Cash Provided by Operating Activities	**$ 19,508,943**	**$ 15,498,525**

See accompanying notes to the financial statements

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 commencing in 2003 to facilitate the consolidated operations. The Authority and County agreed to split the final installment due in 2012 into two equal payments of $2.169 million which were paid during 2012 and 2013. The Authority agreed to make certain payments on behalf of the County to retire certain debt previously issued for capital improvements at 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 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. In 2007, the Authority paid the remaining balance of the City bonds, which resulted in the termination of the use agreement and title to the airport property was transferred to the Authority.

The RPA was formed under ORC Chapter 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 60 days. At December 31, 2012 and 2011, the Authority owns approximately 4,100 acres of land contiguous to certain airfield property owned by the United States Government at 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*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. 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 also may 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 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 and Rental Car 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. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

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

For budgetary purposes the Authority recognizes gains or losses from investment securities at the time that the security has matured or is sold. This is different from the accrual basis which recognizes such gains and losses at the time the fair market value of the security changes. All other revenues and expenses are reported consistent with the accrual basis. State statute does not require a specific budgetary basis of accounting under ORC Chapter 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 30 days prior to the beginning of each fiscal year. The budget can be amended by the Board subsequent to its adoption.

Cash and Cash Equivalents

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

Investments

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

Capital Contributions

Certain expenditures for airport capital improvements are significantly federally funded through the Airport Improvement Program of the Federal Aviation Administration (FAA) with certain matching funds provided by the State of Ohio and the Authority, or from other various state, county 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 Statements of Revenues, Expenses, and Changes in Net Position, under the classification of 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, 2012 and 2011. 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 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 Revenue Bonds, Series 1998B, 2003A, 2003B and 2007.

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 CMH. These are restricted for designated capital projects.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

At December 31, 2012 and 2011, the assets restricted for construction retainages is fully offset by the related bonds payable, and resulted in no amount of restricted net position.

At December 31, 2012, none of the Authority's $25,029,705 of restricted net position on the Statements of Net Position was restricted by enabling legislation for Passenger Facility Charges, as defined by GASB Statement No. 46, "*Net Assets Restricted by Enabling Legislation.*" At December 31, 2011, none of the Authority's $24,336,010 of restricted net position on the Statements of Net Position was restricted by enabling legislation for Passenger Facility Charges.

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 $10,000 or more. Routine maintenance and repairs are expensed as incurred. 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 12/31/11	Additions	Deletions	Transfers	Total 12/31/12
Depreciable Capital Assets:					
Buildings	$ 366,015,853	1,211,558	–	3,145,131	$ 370,372,542
Runways & Other	493,923,433	1,586,049	–	13,789,523	509,299,005
Machinery	50,299,999	8,159,333	(2,425,239)	–	56,034,093
Furniture	2,862,872	–	(455,861)	–	2,407,011
Total Depreciable Capital Assets	**913,102,157**	**10,956,940**	**(2,881,100)**	**16,934,654**	**938,112,651**
Less Accumulated Depreciation:					
Buildings	129,063,778	9,190,163	–	–	138,253,941
Runways & Other	229,410,503	21,057,709	–	–	250,468,212
Machinery	29,762,208	4,817,383	(2,349,580)	–	32,230,011
Furniture	2,383,538	193,277	(454,020)	–	2,122,795
Total Accumulated Depreciation	**390,620,027**	**35,258,532**	**(2,803,600)**	**–**	**423,074,959**
Depreciable Capital Assets, Net	$ 522,482,130	(24,301,592)	(77,500)	16,934,654	$ 515,037,692
Nondepreciable Capital Assets:					
Land	$ 103,732,926	447,273	(359,658)	–	$ 103,820,541
Construction in Progress	$ 63,311,453	58,185,489	(197,680)	(16,934,654)	$ 104,364,608

	Total 12/31/10	Additions	Deletions	Transfers	Total 12/31/11
Depreciable Capital Assets:					
Buildings	$ 335,478,405	9,673,723	(4,750)	20,868,475	$ 366,015,853
Runways & Other	471,386,610	6,222,118	-	16,314,705	493,923,433
Machinery	42,257,486	9,123,914	(1,081,401)	-	50,299,999
Furniture	2,639,761	230,440	(7,329)	-	2,862,872
Total Depreciable Capital Assets	**851,762,262**	**25,250,195**	**(1,093,480)**	**37,183,180**	**913,102,157**
Less Accumulated Depreciation:					
Buildings	120,200,175	8,864,909	(1,306)	-	129,063,778
Runways & Other	208,826,570	20,583,933	-	-	229,410,503
Machinery	26,221,721	4,021,282	(480,795)	-	29,762,208
Furniture	2,083,562	307,251	(7,275)	-	2,383,538
Total Accumulated Depreciation	**357,332,028**	**33,777,375**	**(489,376)**	**-**	**390,620,027**
Depreciable Capital Assets, Net	$ 494,430,234	(8,527,180)	(604,104)	37,183,180	$ 522,482,130
Nondepreciable Capital Assets:					
Land	$ 102,037,763	1,884,180	(189,017)	-	$ 103,732,926
Construction in Progress	$ 36,510,240	65,530,213	(1,545,820)	(37,183,180)	$ 63,311,453

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 useful 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 sick pay benefits utilizing the vesting method. Vacation leave is recognized as benefits are earned. A summary of the changes in compensated absences for the year ending December 31, 2012, is summarized as follows:

	Balance 12/31/11	Additions	Payments	Balance 12/31/12	Current Portion
Compensated Absences	$ 3,935,529	$ 2,496,358	$ 2,373,994	$ 4,057,893	$ 2,400,000

A summary of the changes in compensated absences for the year ending December 31, 2011, is summarized as follows:

	Balance 12/31/10	Additions	Payments	Balance 12/31/11	Current Portion
Compensated Absences	$ 3,762,481	$ 2,498,230	$ 2,325,182	$ 3,935,529	$ 2,400,000

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 carries property insurance on airport property and equipment in the aggregate sum of approximately $700 million. The Authority carries liability insurance coverage in the amount of approximately $303 million.

The Authority self-insures cost associated with workers' compensation up to certain limits. Insurance reserves are established for estimates of the loss that will ultimately be incurred on reported claims, as well as estimates of claims that have been incurred but not yet reported. Recorded balances are based on reserve levels determined by outside actuaries, who incorporate historical loss experience and judgments about the present and expected levels of cost per claim. A summary of the changes in this accrual is as follows:

	2012	2011
Beginning Balance	$ 78,864	$ 131,112
Payments	(194,402)	(178,523)
Accruals	445,354	126,275
Ending Balance	$ 329,816	$ 78,864

There have been no significant changes in coverage or settlements in excess of insurance coverage during the past three years.

Pension Plans and Other Postemployment Benefits

Pension and retiree health care costs are recognized as the pension and OPEB plans are funded, in accordance with actuarial valuations. A provision is recorded when covered payroll is accrued, at the current contribution rates (See Note 10).

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.

Customer Facility Charges (Rental Cars)

The Authority collects a customer facility charge (CFC) from all rental car concessionaires that operate facilities at the airport. Under an adopting resolution, CFCs may be pledged or dedicated for the benefit of the rental car concessionaires. No immediate need has been identified or planned for these funds and no anticipated legal requirements or disclosures exist that would require these assets to be restricted.

Reclassification

Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation.

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 30 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, 2012 and 2011.

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 percent 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.

Deposits with Financial Institutions

At December 31, 2012, the carrying amount of the Authority's deposits with financial institutions was $515,507 and the bank balance was $1,574,019. Based upon criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*, $750,000 of the bank balance was covered by deposit insurance provided by the FDIC, and $824,019 was uncollateralized as defined by the GASB. These uncollateralized deposits were, however, covered by a pledged collateral pool in accordance with the ORC as discussed above.

At December 31, 2011, the carrying amount of the Authority's deposits with financial institutions was $193,266 and the bank balance was $3,084,352. Based upon criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*, $638,961 of the bank balance was covered by deposit insurance provided by the FDIC, and $2,445,391 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.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in possession of an outside party. For depository accounts, the Authority's policy requires deposits to be 105 percent secured by collateral less the amount of the FDIC insurance based on the daily available bank balances to limit its exposure to custodial credit risk.

In addition, the Authority had $9,200 in cash on hand at December 31, 2012 and 2011.

Investments

As of December 31, 2012, the Authority had the following investments and maturities:

Type of Investment	Fair Value/ Carrying Value	Rating	Weighted Average Days to Maturity
Federal Agency Obligations	$ 62,672,852	AAA/Aaa	967

As of December 31, 2011, the Authority had the following investments and maturities:

Type of Investment	Fair Value/ Carrying Value	Rating	Weighted Average Days to Maturity
Federal Agency Obligations	$ 56,110,697	AAA/Aaa	992

The Authority's unrestricted and restricted cash and cash equivalents included $20,220,483 of money market funds, $17,754,607 of repurchase agreements and $10,400,914 of STAR Ohio funds as of December 31, 2012. The Authority's unrestricted and restricted cash and cash equivalents included $31,205,716 of money market funds, $10,192,505 of repurchase agreements and $10,139,106 of STAR Ohio funds as of December 31, 2011. Standard & Poor's rating for the STAR Ohio fund is AAA.

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.

Interest Rate Risk – The market value of securities in the portfolio will increase or decrease based upon changes in the general level of interest rates. Investments with longer maturity dates are subject to greater degrees of increases or decreases in market value as interest rates change. The Authority's written investment policy addresses the effects of market value fluctuations. The Authority mitigates interest rate risk by maintaining adequate liquidity so that current obligations can be met without a sale of securities and by diversifying both maturities and assets in the portfolio.

Credit Risk – Credit risk is the risk of loss due to the failure of a security issuer to pay principal or interest, or the failure of the issuer to make timely payments of principal or interest. Eligible investments, pursuant to Section 135.14 ORC, affected by credit risk include certificates of deposit, commercial paper, bankers' acceptances and counterparties involved in repurchase agreements. The Authority's written investment policy does not consider U.S. Treasury obligations, obligations guaranteed by the U.S. Treasury and federal agency securities as having credit risk. Credit risk is minimized by diversifying assets by issuer; ensuring that required, minimum credit quality ratings as described by nationally recognized rating organizations and agencies exist prior to the purchase of commercial paper and bankers' acceptances; and maintaining adequate collateralization of certificates of deposits.

Custodial Credit Risk – The Authority's unrestricted and restricted investments at December 31, 2012 and 2011, are insured, registered or are held by the Authority or its agent in the Authority's name. The Authority's investment policy is silent on custodial credit risk.

Concentration of Risk – A risk of concentration refers to an exposure with the potential to produce losses large enough to threaten the Authority's financial health or ability to maintain its core operations. Risk concentrations can arise through a combination of exposures across broad categories. The potential for loss reflects the size of position and the extent of any losses given a particular adverse circumstance. The Concentration of Risk category excludes U.S. Treasury issues, issues guaranteed by the U.S. Treasury, federal agency issues, eligible money market mutual funds and the Ohio Treasurer's investment pool, STAR Ohio. The Authority's written investment policy states that the portfolio shall contain less than 5 percent, based upon purchase cost, in any one issuer with credit risk as a percentage of the portfolio's book value at the time of purchase. Additionally, the Authority's written investment policy establishes maximum percentages allowed for callable and variable rate investments issued by federal agencies, commercial paper, bankers' acceptances, repurchase agreements and certificate of deposits.

Note 4 - Restricted Cash and Investments

The following amounts represent restricted cash and investments as of December 31, 2012 and 2011:

Cash and Investments	2012	2011
Restricted for Debt Service	$ 25,029,705	$ 24,336,010
Retainages on Construction Contracts	1,275,080	3,510,134
Customer Deposits and Other	409,424	506,082
Total Restricted Cash and Investments	$ 26,714,209	$ 28,352,226

Note 5 - Receivables

The following amounts represent receivables due to the Authority at December 31, 2012 and 2011:

Unrestricted:	2012	2011
Current:		
Accounts Receivable – Trade	$ 6,857,408	$ 8,771,144
Accounts Receivable – Capital Grants	29,755,063	5,258,441
Less Allowance for Uncollectibles	(3,061,203)	(446,575)
Total Current Unrestricted Trade Receivables	33,551,268	13,583,010
Accounts Receivable – Other	1,868,806	1,642,684
Non-Current:		
Accounts Receivable – Other	261,593	257,981
Total Unrestricted Receivables	$ 35,681,667	$ 15,483,675

Note 6 - Revolving Bank Loan and Credit Facility Agreement

Under the Subordinated Obligations Trust Indenture and Credit Facility Agreement dated June 14, 2012, the Authority is authorized via a revolving loan in the form of Credit Facility Bonds to borrow up to $70 million from the Credit Facility Provider, PNC Bank. The authorized maximum commitment decreases to $60 million beginning January 1, 2015, $50 million beginning January 1, 2016, and $40 million beginning January 1, 2017, until maturity of the agreement on December 31, 2018. The facility is subordinated to the Authority's senior revenue bonds (See Note 9) and payable on a subordinated basis from the Authority's Net Revenues and investment income.

The borrowings in the form of three series credit facility bonds (Series 2012A-Tax-exempt, Non AMT; Series 2012B-Tax-exempt, AMT; and Series 2012C-Taxable) may be used to finance authorized capital and construction projects.

The outstanding principal on the tax-exempt, non-bank qualified credit facility bears interest at a variable rate equal to the sum of the LIBOR RATE for that One-Month LIBOR Period multiplied by 0.72 plus 85 basis points (0.85 percent). The taxable rate equivalent would be 1 month LIBOR plus 120 basis points (1.2 percent). The Authority incurs a commitment fee of 10 basis points (0.1 percent) on the unused portion of the facility.

The tax-exempt outstanding borrowings at December 31, 2012, are $20,000,000 at a rate of 1.00 percent.

Credit Facility Agreement information and activity as of and for the year ended December 31, 2012, is presented below:

	Total 12/31/11	Additions	Payments	Total 12/31/12	Current Portion
Series 2012A	$ -	$20,000,000	$ -	$20,000,000	$ 20,000,000

Note 7 - Commercial Paper

On September 6, 2007, the Authority entered into an agreement with Deutsche Bank National Trust Company. Under this agreement, the Authority was allowed to issue an aggregate principal amount, not-to-exceed $75,000,000 outstanding at any one time, of commercial paper notes in three series (Series A-Tax-exempt, Non AMT; Series B-Tax-exempt, AMT; and Series C-Taxable) collateralized by a letter of credit issued by Credit Agricole Corporate & Investment Bank (formerly Calyon New York Branch) and a subordinated lien and pledge of net revenues of the Authority. Under the agreement, the commercial paper notes were eligible for renewal until September 5, 2014, in up to 270-day increments and were subordinated to the Authority's revenue bonds. The notes were issued to finance authorized capital projects, reimburse the bank for any authorized draws made under the letter of credit, pay all or a portion of the principal and interest on the notes, fund capitalized interest or finance any costs of issuance.

Effective February 1, 2012, the Authority and Deutsche Bank National Trust Company terminated the agreement and all outstanding balances have been paid in full. At December 31, 2011, there was $5,000,000 of commercial paper notes outstanding with interest rates of 1.6 percent.

Commercial paper information and activity as of and for the year ended December 31, 2012, is presented below:

	Total 12/31/11	Additions	Payments	Total 12/31/12	Current Portion
Commercial Paper Notes:					
Series A	$ 5,000,000	$ -	$ 5,000,000	$ -	$ -

Commercial paper information and activity as of and for the year ended December 31, 2011, is presented below:

	Total 12/31/10	Additions	Payments	Total 12/31/11	Current Portion
Commercial Paper Notes:					
Series A	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000

Note 8 - Unearned Income

Unearned income activity for the year ended December 31, 2012, is summarized as follows:

	Total 12/31/11	Additions	Payments	Total 12/31/12	Current Portion
Unearned Rent, net discount	$ 10,769,864	$ 292,434	$ 304,246	$ 10,758,052	$ 206,280
Advance Grants and Other	1,620,764	–	267,888	1,352,876	1,352,876
	$ 12,390,628	$ 292,434	$ 572,134	$ 12,110,928	$ 1,559,156

Unearned income activity for the year ended December 31, 2011, is summarized as follows:

	Total 12/31/10	Additions	Payments	Total 12/31/11	Current Portion
Unearned Rent, net discount	$ 11,058,854	$ –	$ 288,990	$ 10,769,864	$ 191,660
Advance Grants and Other	504,138	1,125,000	8,374	1,620,764	1,620,764
	$ 11,562,992	$ 1,125,000	$ 297,364	$ 12,390,628	$ 1,812,424

Unearned rent for the City Golf Course reflects prepaid rents received by the Authority from the City in 2005 for two golf courses on Authority property and prepaid rents received from DRCS, LLC for certain land at LCK. Advance grants have met all time requirements however qualifying expenditures have not been incurred.

Note 9 - Long-Term Debt

Revenue Bonds

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. On April 12, 2007, bonds with a par value of $61,965,000 were refunded with proceeds from the Airport Refunding Revenue Bonds, Series 2007. The remaining bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installment of $2,730,000 through January 1, 2013. The interest rate on the remaining bonds is 5.25 percent. Revenue bonds payable at December 31, 2012, net of unamortized discount of $0, is $2,730,000 and at December 31, 2011, net of unamortized discount of $4,874, are $5,320,126. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On October 28, 2003, the Authority issued $26,210,000 of Airport Refunding 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 $1,110,000 to $1,945,000 through January 2024. Interest rates range from 4.00 percent to 5.50 percent with a weighted average rate of 4.35 percent. Revenue bonds payable at December 31, 2012, net of unamortized premium of $70,221, are $18,270,221 and at December 31, 2011, net of unamortized premium of $82,110, are $19,392,110. 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 Refunding 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 $310,000 to $2,845,000 through January 2024. Interest rates range from 3.60 percent to 4.70 percent with a weighted average rate of 3.86 percent. Revenue bonds payable at December 31, 2012, net of unamortized premium of $19,611, are $5,029,611 and at December 31, 2011, net of unamortized premium of $22,533, are $5,342,533. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On April 12, 2007, the Authority issued $59,750,000 of Airport Refunding Revenue Bonds, Series 2007. The bond proceeds were used to partially refund the Authority's outstanding Airport Improvement Bonds, Series 1998B, fund the Series 2007 Debt Service Reserve Account and pay the costs of issuance of the Series 2007 Bonds. The bonds are due at maturity or through mandatory sinking fund redemption requirements in annual installments of $2,805,000 to $5,475,000 through January 2028. Interest rates range from 4.36 percent to 5.00 percent with a weighted average rate of 4.92 percent. Revenue bonds payable at December 31, 2012, net of unamortized premium of $2,291,505, are $62,041,505. Revenue bonds payable at December 31, 2011, net of unamortized premium of $2,549,213, are $62,299,213. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

Advance Refunding and Defeasances

In 2003, the Authority refunded $30,950,000 of Airport Improvement Revenue Bonds, Series 1994A, through the issuance of $33,445,000 of Airport Refunding Revenue Bonds, Series 2003. The refunded bonds, which have an outstanding balance of $26,935,000 at December 31, 2012 and 2011, are not included in the Authority's outstanding debt since the Authority has in substance satisfied its obligation through advance refunding. The Authority reduced its aggregate debt service payments over the life of the refunded bonds by $4.31 million and obtained an economic gain (difference between the present value of the old and new debt service payments) of $2.65 million.

The Authority did advance refund and defease certain bond issues on April 12, 2007. The Authority accounted for these 2007 advance refunding 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 refunding of the enterprise-type debt resulted in a $2,713,079 difference between the $63,786,542 reacquisition price and the carrying amount of the old debt which was $61,073,463. This difference, deferred amount of refunding, is reported in the financial statements with Deferred Outflows of Resources in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, 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 20 years by $4.1 million for an economic gain, present value savings, of $2.4 million. Amortization of the deferred amount on refunding was $185,296 for 2012 and 2011. Unamortized deferral on refunding was $1,647,629 and $1,832,925 in 2012 and 2011, respectively.

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, 2012, is $148,900, of which $37,225 is the current amount due. The outstanding balance at December 31, 2011, is $223,350, of which $74,450 is the current amount due.

Revenue bond and loan activity for the year ended December 31, 2012, is summarized as follows:

	Beginning Balance	New Debt	Net Principal Repayment	Ending Balance
Bonds:				
1998B	$ 5,325,000	$ -	$ (2,595,000)	$ 2,730,000
Unamortized discount	(4,874)	-	4,874	-
2003A	19,310,000	-	(1,110,000)	18,200,000
Unamortized premium	82,110	-	(11,889)	70,221
2003B	5,320,000	-	(310,000)	5,010,000
Unamortized premium	22,533	-	(2,922)	19,611
2007	59,750,000	-	-	59,750,000
Unamortized premium	2,549,213	-	(257,708)	2,291,505
Loans:				
Other	223,350	-	(74,450)	148,900
	$ 92,577,332	$ -	$ (4,357,095)	$ 88,220,237
Less Current Portion	4,052,225			4,242,225
	$ 88,525,107			$ 83,978,012

Revenue bond and loan activity for the year ended December 31, 2011, is summarized as follows:

	Beginning Balance	New Debt	Net Principal Repayment	Ending Balance
Bonds:				
1998B	$ 7,790,000	$ -	$ (2,465,000)	$ 5,325,000
Unamortized discount	(14,382)	-	9,508	(4,874)
2003A	20,385,000	-	(1,075,000)	19,310,000
Unamortized premium	94,018	-	(11,908)	82,110
2003B	5,615,000	-	(295,000)	5,320,000
Unamortized premium	26,343	-	(3,810)	22,533
2007	59,750,000	-	-	59,750,000
Unamortized premium	2,806,920	-	(257,707)	2,549,213
Loans:				
Other	297,800	-	(74,450)	223,350
	$ 96,750,699	$ -	$ (4,173,367)	$ 92,577,332
Less Current Portion	3,872,225			4,052,225
	$ 92,878,474			$ 88,525,107

Maturities and interest on bonds payable and loans outstanding to the Ohio Public Works Commission for the next five years and in subsequent five-year periods as of December 31, 2012, are as follows:

	Principal	Interest
2013	$ 4,242,225	$ 3,995,655
2014	4,414,450	3,794,892
2015	4,577,225	3,565,530
2016	4,770,000	3,370,955
2017	4,970,000	3,118,899
2018-2022	28,855,000	11,406,998
2023-2027	28,535,000	3,971,548
2028	5,475,000	-
Total	$ 85,838,900	$ 33,224,477

Unamortized premium was $2,381,337 and $2,653,857 at December 31, 2012 and 2011, respectively.

Note 10 - 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. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the MD Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to qualifying members of both the TP and CO Plans. 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 2011, the employer was required to contribute 14 percent of active member payroll. For full-time employees hired on April 1, 2011, and thereafter, the portion of an employee's contribution is equal to 10 percent to be paid by the employee. For full-time employees hired prior to April 1, 2011, the portion of an employee's contribution is equal to a maximum of 8 percent to be picked up (assumed and paid) on behalf of the employee, and in lieu of payment by the employee, by the Authority and a minimum of 2 percent to be paid by the employee. This amendment was accepted by OPERS and acknowledged as in compliance with IRS guidelines.

Total required employer contributions billed to the Authority were $5,031,341, $4,820,968 and $4,659,952 for the years ended December 31, 2012, 2011 and 2010, respectively, and are equal to 100 percent 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 OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.

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

> The postretirement health care coverage includes a medical plan, prescription drug program and Medicare Part B premium reimbursement to qualifying members. In order to qualify for postretirement health care coverage, age and service retirees under the TP and CO Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by the retirement system meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension*. A portion of each contribution to OPERS is set aside for the funding of postretirement health care. The ORC provides statutory authority for employer contributions and permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. The ORC currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. Active members do not make contributions to the OPEB plan. OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The 2012 employer contribution rate for state employers was 14 percent of covered payroll. The portion of employer contributions allocated to health care for members in the TP Plan was 4 percent for calendar year

2012. The portion of employer contributions allocated to health care for the CO Plan was 6.05 percent for the calendar year 2012. These rates are the actuarially determined contribution requirements for OPERS. The portion of the Authority's 2012, 2011 and 2010 contribution that was used to fund postemployment benefits was $1,437,454, $1,377,351 and $1,691,501, respectively. The ORC provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

In September 2004, OPERS board adopted the Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, 2007 and 2008, which allowed additional funds to be allocated to the health care plan.

Note 11 - Capital Contributions

The Authority received capital contributions by means of federal, state and local grants as follows:

	2012	2011
Federal	$ 45,055,780	$ 31,324,353
State and Local	714,102	2,951,784
Total	$ 45,769,882	$ 34,276,137

Note 12 - Commitments and Contingencies

Capital Improvements

As of December 31, 2012, the Authority was obligated for completion of certain airport improvements under commitments of approximately $7.3 million. An estimated $1.7 million is eligible for reimbursement from the FAA. The remaining amount is expected to be funded from bond proceeds, current available resources, PFCs 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, 2012, 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 13 - Property Leased to Others

The Authority is a lessor of space in 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 Statements of Net Position are held by the Authority for the purpose of rental or related use. The cost and net book value of property held for operating leases as of December 31, 2012, is $364,319,666 and $221,357,084, respectively. The cost and net book value of property held for operating leases as of December 31, 2011, is $358,977,259 and $225,680,194, respectively.

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

2013	$ 10,281,705
2014	13,269,985
2015	5,786,527
2016	5,336,829
2017	5,119,271
2018-2022	17,316,940
2023-2027	10,252,613
2028-2032	8,358,088
2033-2038	5,810,159
2039-2042	2,628,018
2043-2048	844,127
2049-2052	847,918
2053-2057	647,901
	$ 86,500,081

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

Contingent operating revenue aggregated approximately $20,400,000 and $22,000,000, in 2012 and 2011 respectively.

Note 14 - Related Party Transactions

County of Franklin, Ohio

In accordance with the Port Authority Consolidation and Joinder Agreement, the County agreed to contribute $4.3 million per year for 10 years commencing in 2003 to facilitate the consolidated operations. The Authority and County have agreed to split the final installment due in 2012 into two equal payments of $2.2 million which will be paid during 2012 and 2013. In 2012 and 2011, the Authority recorded these payments from the County in Other Non-Operating Revenue. The Authority and the County have agreed to review the County's subsidy if a significant project locates at LCK that provides net revenues to the Authority in an amount greater than the County's subsidy.

Note 15 - 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, nor the County, nor 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, 2012 and 2011, there were 28 series of bonds outstanding, with aggregate principal balances of $302,591,683 and $367,930,896, respectively. The original issue amounts for these 28 series totaled $528,172,079.

Note 16 - Changes in Accounting Principles and Restatement of Net Position

For 2012, the Authority has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and early adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.*

GASB 63 and GASB 65 establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Furthermore, these Statements provide guidance for deferred outflows of resources and deferred inflows of resources and their applicability to consumption or acquisition of net position, formerly referred to as net assets, by the Authority.

During 2012, it was determined Deferred Outflows of Resources previously included in unrestricted non-current assets as Deferred Charges were misstated. The 2012 beginning Unrestricted Net Position was restated for bond issuance costs incurred prior to 2011 of $1,453,922 and associated amortization of $173,513 during 2011 for a net decrease of $1,280,409. Also, initial direct lease costs of $5,000,000 previously paid but deferred as Advance Charges during 2011 are being recognized as operating expenses during 2011. The total prior period adjustments result in a $6,280,409 decrease to beginning 2012 Unrestricted Net Position of which $4,826,487 was associated with 2011 and the remaining balance of $1,453,922 was for years 2010 and prior. As a result of these adjustments, the Unrestricted Net Position at December 31, 2011, decreased from $69,932,372 to $63,651,963.

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

For the Year Ended December 31, 2012

	Budget (Unaudited)	Actual	Variance to Budget
Operating Revenues			
Airline Revenue	$ 26,988,737	$ 27,222,475	$ 233,738
Parking Revenue	27,603,029	27,788,050	185,021
Concession Revenue	18,910,781	18,577,680	(333,101)
General Aviation Revenue	2,548,432	2,522,345	(26,087)
Cargo Operations Revenue	1,760,641	2,239,556	478,915
Foreign Trade Zone Fees	397,500	379,912	(17,588)
Other Revenue	2,131,778	2,218,504	86,726
Total Operating Revenues	80,340,898	80,948,522	607,624
Operating Expenses			
Employee Wages and Benefits	32,638,842	31,671,666	967,176
Purchase of Services	24,668,784	25,878,396	(1,209,612)
Materials and Supplies	3,383,331	3,672,507	(289,176)
Other Expenses	-	16,869	(16,869)
Total Operating Expenses	60,690,957	61,239,438	(548,481)
Operating Income Before Depreciation	**19,649,941**	**19,709,084**	**59,143**
Less: Depreciation	34,225,059	35,258,532	(1,033,473)
Operating Loss	(14,575,118)	(15,549,448)	(974,330)
Non-Operating Revenues (Expenses)			
Interest Income	561,616	447,251	(114,365)
Other Non-Operating Revenues	3,007,950	2,765,598	(242,352)
Passenger Facility Charges	13,578,240	12,954,282	(623,958)
Rental Car Facility Charges	4,791,750	6,257,020	1,465,270
Interest Expense	(3,929,375)	(3,929,375)	-
Gain on Securities	-	17,184	17,184
Amortization of Deferred Charges	(346,808)	(185,296)	161,512
Gain (Loss) on Disposal of Assets	(12,000)	2,264,903	2,276,903
Total Non-Operating Revenues	17,651,373	20,591,567	2,940,194
Income Before Capital Contributions	**3,076,255**	**5,042,119**	**1,965,864**
Adjustments to Reconcile GAAP Net Income Before Capital Contributions Budgeted to Net Income:			
Gain on Securities	-	(17,184)	(17,184)
Total Adjustments	-	(17,184)	(17,184)
Net Income Adjusted to the Budgetary Basis of Accounting	$ 3,076,255	$ 5,024,935	$ 1,948,680

See accompanying Independent Auditor's Report

statistical section (unaudited)

The Statistical Section presents comparative data (when available) and differs from financial statements because they usually cover more than one fiscal year and may present non-accounting data.

Financial Trends and Revenue Capacity
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time. Also contained in these schedules is information to help the reader understand the Authority's most significant revenue sources and the Authority's capacity to insure itself against material risk.

Debt Capacity
This schedule presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt and also the ability of the Authority to issue additional debt in the future.

Operating Information
These schedules contain information to help the reader understand and to provide context for the Authority's operations and how this relates to the Authority's financial position.

Economic and Demographic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Revenues and Expenses by Type

For the Ten Years Ended December 31, 2012 (dollars in thousands)

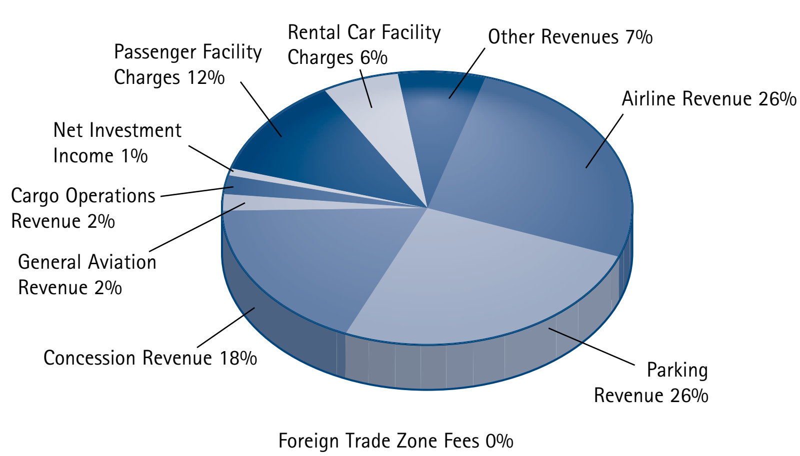
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Airline Revenue	$ 27,222	25,085	24,783	24,204	25,930	20,817	18,227	17,930	19,485	21,338
Parking Revenue	27,788	27,188	25,395	24,391	28,144	29,081	23,984	22,154	20,536	18,904
Concession Revenue	18,578	18,276	17,486	16,897	18,985	18,881	16,030	15,100	13,917	13,813
General Aviation Revenue	2,522	2,602	2,304	2,256	2,452	2,245	2,359	2,412	2,569	2,472
Cargo Operations Revenue	2,240	1,648	1,614	1,582	1,791	1,990	2,003	1,679	1,265	1,226
Foreign Trade Zone Fees	380	382	378	440	493	482	607	440	544	550
Net Investment Income	464	822	1,130	1,122	3,424	3,075	4,156	2,429	1,469	755
Passenger Facility Charges	12,954	13,059	13,332	12,584	15,487	19,141	16,004	14,504	13,276	13,212
Rental Car Facility Charges	6,257	5,615	5,011	4,457	3,211	2,140	-	-	-	-
Other Revenues	7,249	5,527	7,412	8,648	10,438	7,634	6,745	8,068	7,412	7,100
	105,654	100,204	98,845	96,581	110,355	105,486	90,115	84,716	80,473	79,370
Expenses:										
Employee Wages and Benefits	31,672	30,680	30,252	28,267	30,537	28,348	26,101	24,635	23,732	23,076
Purchase of Services	25,878	28,128	19,829	20,198	21,689	19,048	16,967	15,304	14,813	14,699
Materials and Supplies	3,672	3,599	3,568	2,745	2,469	2,708	2,120	2,558	2,051	2,039
Depreciation	35,259	33,777	32,260	29,199	25,905	24,819	23,580	22,820	21,161	19,852
Interest Expense	3,929	4,136	4,425	4,704	5,196	4,679	5,833	6,209	6,675	8,049
Other Expenses	202	246	256	191	243	614	(30)	(313)	141	978
	100,612	100,566	90,590	85,304	86,039	80,216	74,571	71,213	68,573	68,693
Income Before Capital Contributions, Special and Extraordinary Items	$ 5,042	(362)	8,255	11,277	24,316	25,720	15,544	13,503	11,900	10,677

SOURCE: The Authority Accounting Department

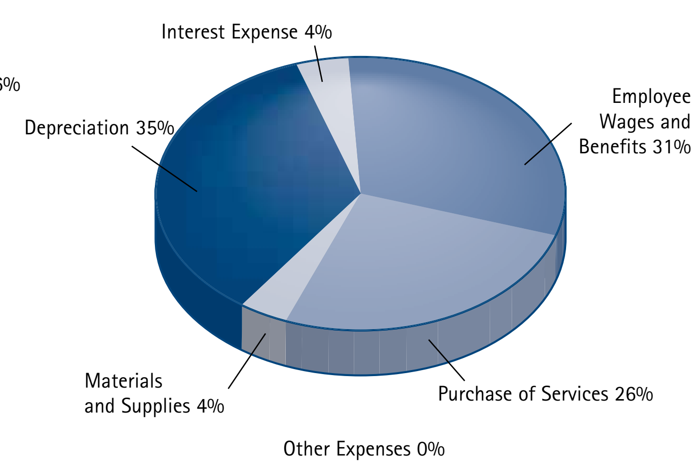
Note: The year 2003 was the first year which included LCK's data in the statistics

2012 Revenue and Expense Breakdown by Type

Composition of Revenues



Composition of Expenses



Revenues and Expenses by Area

For the Ten Years Ended December 31, 2012 (dollars in thousands)

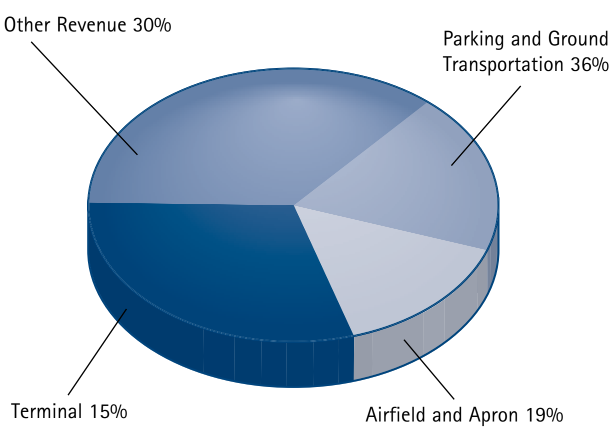
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Parking & Ground Transportation	$ 38,144	37,134	34,913	33,187	38,672	39,699	33,695	31,250	28,899	27,376
Airfield & Apron	19,418	16,856	17,415	17,812	17,994	14,869	13,741	12,609	12,964	13,474
Terminal	16,074	15,788	14,237	13,034	14,773	13,119	10,955	11,244	12,159	11,252
Other Revenue	32,018	30,426	32,280	32,548	38,916	37,799	31,724	29,613	26,451	27,268
	105,654	100,204	98,845	96,581	110,355	105,486	90,115	84,716	80,473	79,370
Expenses:										
Parking & Ground Transportation	14,939	13,333	11,692	12,221	13,927	15,455	14,143	12,224	13,005	12,099
Airfield & Apron	18,950	18,151	17,207	15,723	16,079	14,733	14,473	13,118	12,097	12,816
Terminal	18,839	19,053	17,586	16,398	18,131	17,450	17,753	15,998	15,524	14,464
Other Expenses	12,625	16,252	11,845	11,763	11,997	7,759	4,622	7,053	6,786	9,462
Expenses Before Depreciation	**65,353**	**66,789**	**58,330**	**56,105**	**60,134**	**55,397**	**50,991**	**48,393**	**47,412**	**48,841**
Depreciation	35,259	33,777	32,260	29,199	25,905	24,819	23,580	22,820	21,161	19,852
	100,612	100,566	90,590	85,304	86,039	80,216	74,571	71,213	68,573	68,693
Income Before Capital Contributions, Special and Extraordinary Items	$ 5,042	(362)	8,255	11,277	24,316	25,720	15,544	13,503	11,900	10,677

SOURCE: The Authority Accounting Department

Note: The year 2003 was the first year which included LCK's data in the statistics

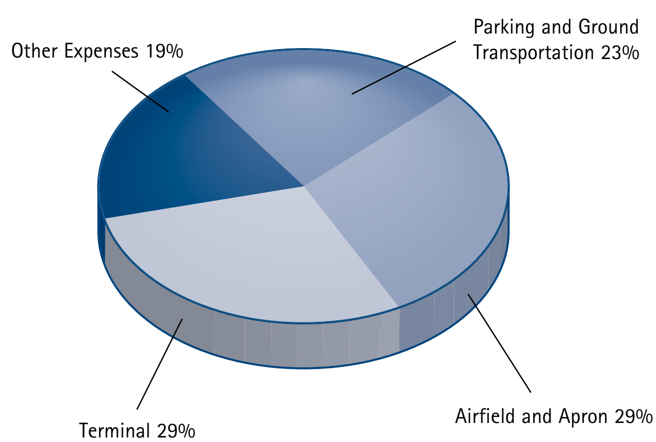
2012 Revenue and Expense Breakdown by Area

Composition of Revenues



Composition of Expenses

(Excluding Depreciation)



Total Annual Revenues, Expenses, and Changes in Net Position

For the Ten Years Ended December 31, 2012 (dollars in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating Revenues										
Airline Revenue	$ 27,222	25,085	24,783	24,204	25,930	20,817	18,227	17,930	19,485	21,338
Parking Revenue	27,788	27,188	25,395	24,391	28,144	29,081	23,984	22,154	20,536	18,904
Concession Revenue	18,578	18,276	17,486	16,897	18,985	18,881	16,030	15,100	13,917	13,813
Other Revenue	7,360	6,900	6,551	7,585	7,225	6,869	6,942	6,479	6,478	6,347
Total Operating Revenues	80,948	77,449	74,215	73,077	80,284	75,648	65,183	61,663	60,416	60,402
Operating Expenses										
Employee Wages and Benefits	31,672	30,680	30,252	28,267	30,537	28,348	26,101	24,635	23,732	23,076
Purchase of Services	25,878	28,128	19,829	20,198	21,689	19,048	16,967	15,304	14,813	14,699
Materials and Supplies	3,672	3,599	3,567	2,745	2,469	2,708	2,120	2,558	2,051	2,039
Other Expenses	17	61	71	6	58	61	(30)	(313)	142	7
Total Operating Expenses	61,239	62,468	53,719	51,216	54,753	50,165	45,158	42,184	40,738	39,821
Operating Income Before Depreciation	**19,709**	**14,981**	**20,496**	**21,861**	**25,531**	**25,483**	**20,025**	**19,479**	**19,678**	**20,581**
Less: Depreciation	35,259	33,777	32,260	29,199	25,905	24,819	23,580	22,820	21,161	19,852
Operating Income (Loss)	(15,550)	(18,796)	(11,764)	(7,338)	(374)	664	(3,555)	(3,341)	(1,483)	729
Non-Operating Revenues (Expenses)										
Investment Income	447	804	1,244	1,524	2,851	2,666	3,734	2,888	1,510	755
Other Non-Operating Revenues	2,766	5,354	5,458	5,262	5,367	5,263	5,280	5,439	5,241	4,990
Passenger Facility Charges	12,954	13,059	13,332	12,584	15,487	19,141	16,004	14,504	13,276	13,212
Rental Car Facility Charges	6,257	5,615	5,011	4,457	3,211	2,140	-	-	-	-
Interest Expense	(3,929)	(4,136)	(4,425)	(4,704)	(5,196)	(4,679)	(5,833)	(6,209)	(6,675)	(8,049)
Gain (Loss) on Securities	17	18	(114)	(402)	572	409	422	(459)	(42)	-
Amortization of Deferred Charges	(185)	(185)	(185)	(185)	(184)	(553)	-	-	-	(972)
Gain (Loss) on Disposal of Assets	2,265	(2,095)	(302)	79	2,582	219	(508)	681	72	12
Total Non-Operating Revenues	20,592	18,434	20,019	18,615	24,690	24,606	19,099	16,844	13,382	9,948
Income Before Capital Contributions, Special And Extraordinary Items	**5,042**	**(362)**	**8,255**	**11,277**	**24,316**	**25,270**	**15,544**	**13,503**	**11,900**	**10,677**
Capital Contributions	45,770	34,276	22,950	10,719	17,975	26,514	26,107	22,005	21,660	8,725
Special and Extraordinary Items	-	-	-	-	-	-	-	(1,595)	-	-
Net Assets Acquired Through Merger	-	-	-	-	-	-	-	-	-	73,259
Increase In Net Position	50,812	33,914	31,205	21,996	42,291	51,784	41,651	33,913	33,560	92,661
Total Net Position, Beginning Of Year	681,770	647,856	616,651	594,655	552,364	500,580	458,929	425,016	391,456	298,795
Total Net Position, End Of Year	$ 732,582	681,770	647,856	616,651	594,655	552,364	500,580	458,929	425,016	391,456

SOURCE: The Authority's Audited Financial Statements

Note: The year 2003 was the first year which included LCK's data in the statistics

Statements of Net Position

For the Ten Years Ended December 31, 2012 (dollars in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
ASSETS										
Current Assets:										
Unrestricted Assets:										
Cash and Cash Equivalents	$ 22,187	23,388	22,178	28,031	27,890	25,094	19,154	11,801	13,722	29,402
Other Investments	9,153	3,262	6,090	14,791	4,622	19,180	27,074	33,822	-	-
Accounts Receivable - Trade and Capital Grants, net	33,551	13,584	16,049	9,594	12,922	15,679	13,801	9,835	4,435	4,382
Accounts Receivable - Other	1,869	1,643	2,278	1,113	2,710	1,481	752	1,105	129	176
Interest Receivable	95	153	192	254	355	457	335	387	182	-
Direct Financing Leases Receivable	-	-	368	491	491	491	491	491	491	491
Deposits, Prepaid Items and Other	2,347	1,960	2,373	2,212	2,263	1,746	1,548	1,679	2,018	1,896
Total Unrestricted Current Assets	**69,202**	**43,990**	**49,528**	**56,486**	**51,253**	**64,128**	**63,155**	**59,120**	**20,977**	**36,347**
Non-Current Assets:										
Unrestricted Assets:										
Other Investments	53,520	52,848	58,029	45,930	45,988	27,575	6,459	25,564	23,388	-
Accounts Receivable - Other	261	258	260	266	204	188	1,370	1,590	1,594	1,201
Direct Financing Leases Receivable	-	-	-	368	859	1,350	1,841	2,331	2,822	3,313
Land	103,820	103,733	102,038	104,624	101,966	101,227	61,925	48,557	47,386	44,902
Construction in Progress	104,365	63,311	36,510	18,084	99,841	81,556	60,204	38,228	37,596	14,159
Depreciable Capital Assets, Net of Accumulated Depreciation	**515,038**	**522,482**	**494,430**	**504,208**	**417,042**	**407,719**	**390,986**	**367,805**	**352,225**	**352,390**
Total Unrestricted Non-Current Assets	**777,004**	**742,632**	**691,267**	**673,480**	**665,900**	**619,615**	**522,785**	**484,075**	**465,011**	**415,965**
Restricted Assets:										
Cash and Cash Equivalents	**26,714**	**28,352**	**30,044**	**26,755**	**27,879**	**36,866**	**34,474**	**35,749**	**62,140**	**97,783**
Other Investments	-	-	17,674	12,280	16,665	7,012	34,242	27,466	28,792	-
Other Receivables	-	-	-	-	-	-	-	-	3,540	3,156
Total Restricted Assets	**26,714**	**28,352**	**47,718**	**39,035**	**44,544**	**43,878**	**68,716**	**63,215**	**94,472**	**100,939**
Total Non-Current Assets	803,718	770,984	738,985	712,515	710,444	663,493	591,501	547,290	559,483	516,904
Total Assets	$ 872,920	814,974	788,513	769,001	761,697	727,621	654,656	606,410	580,460	553,251
DEFERRED OUTFLOWS OF RESOURCES										
Deferred loss on bond refunding (net of Accumulated Amortization)	1,648	1,832	2,018	2,204	2,389	2,574	1,066	1,204	1,345	1,491
Total Assets and Deferred Outflows of Resources	$ 874,568	816,806	790,531	771,205	764,086	730,195	655,722	607,614	581,805	554,742
LIABILITIES										
Current Liabilities:										
Payable from Unrestricted Assets:										
Accounts Payable - Trade	$ 6,037	6,281	13,886	4,195	6,432	13,164	17,413	5,968	3,207	2,129
Accrued Interest Payable	2,128	2,195	2,285	2,372	2,481	3,274	2,665	2,726	2,784	2,368
Accrued and Withheld Employee Benefits	4,388	3,849	3,882	2,991	4,098	5,268	4,637	4,658	4,485	4,224
Advances from Grantors	1,559	1,812	491	1,002	3,246	362	1,157	4,075	489	3,215
Other Accrued Expenses	5,760	7,192	7,008	4,242	4,615	5,422	3,040	4,394	4,103	2,485
Total Payable from Unrestricted Assets	**19,872**	**21,329**	**27,552**	**14,802**	**20,872**	**27,490**	**28,912**	**21,821**	**15,068**	**14,421**
Total Current Liabilities	19,872	21,329	27,552	14,802	20,872	27,490	28,912	21,821	15,068	14,421
LONG-TERM LIABILITIES										
Payable from Restricted Assets - Due within 1 year:										
Accounts Payable	-	-	-	-	-	-	-	-	3,475	2,412
Retainages on Construction Contracts	1,275	3,510	559	606	2,256	3,937	2,648	1,026	1,186	1,227
Accrued Interest Payable	-	-	-	-	-	-	33	65	156	247
Customer Deposits and Other	409	506	417	433	405	389	374	385	368	224
Current Portion of Long-Term Debt	4,242	4,052	3,872	3,795	3,635	3,480	5,441	6,231	9,072	7,870
Revolving Bank Loan	20,000	-	-	-	-	-	-	-	-	-
Commercial Paper Notes	-	5,000	5,000	21,500	30,000	25,000	-	-	-	-
Total Payable from Restricted Assets - Due within 1 year:	**25,926**	**13,068**	**9,848**	**26,334**	**36,296**	**32,806**	**8,496**	**7,707**	**14,257**	**11,980**
Payable from Unrestricted Assets - Due in more than 1 Year:										
Compensated Absences	1,658	1,536	1,362	1,406	1,426	-	-	-	-	-
Accounts Payable - Other	-	-	-	-	-	-	-	-	-	24
Unearned Rental Income	10,552	10,578	11,034	13,696	8,432	11,204	7,007	2,867	816	1,047
Long-Term Debt, Less Current Portion, Net	83,978	88,525	92,879	98,316	102,405	106,331	110,727	116,290	122,648	131,814
Other Long-Term Borrowing	-	-	-	-	-	-	-	-	4,000	4,000
Total Payable from Unrestricted Assets - Due in more than 1 Year:	**96,188**	**100,639**	**105,275**	**113,418**	**112,263**	**117,535**	**117,734**	**119,157**	**127,464**	**136,885**
Total Long-Term Liabilities	122,114	113,707	115,123	139,752	148,559	150,341	126,230	126,864	141,721	148,865
Total Liabilities	141,986	135,036	142,675	154,554	169,431	177,831	155,142	148,685	156,789	163,286
NET POSITION										
Invested in Capital Assets, Net of Related Debt	616,650	593,782	533,246	505,509	485,199	458,266	395,388	335,304	309,122	275,778
Restricted:										
Capital Expenditures	-	-	-	-	-	-	-	443	34,803	20,686
Passenger Facility Charges	-	-	23,387	14,559	17,928	15,253	39,692	33,973	27,227	50,743
Bond Reserves	25,030	24,336	23,355	23,438	23,955	24,299	23,252	22,669	22,281	20,123
Obligation Due To City	-	-	-	-	-	-	1,777	1,949	5,066	5,277
Total Restricted Net Position	**25,030**	**24,336**	**46,742**	**37,997**	**41,883**	**39,552**	**64,721**	**59,034**	**89,377**	**96,829**
Unrestricted Net Position	90,902	63,652	67,868	73,145	67,573	54,546	40,471	64,591	26,517	18,849
TOTAL NET POSITION	732,582	681,770	647,856	616,651	594,655	552,364	500,580	458,929	425,016	391,456
TOTAL LIABILITIES AND NET POSITION	$ 874,568	816,806	790,531	771,205	764,086	730,195	655,722	607,614	581,805	554,742

SOURCE: The Authority's Audited Financial Statements

Note: The year 2003 was the first year which included LCK's data in the statistics

Schedule of Insurance in Force

As of January 1, 2013

Type of Coverage	Insurer	Coverage Amount	Expiration Date
Airport Property and Equipment Insurance			
Building and Contents Including Mobile Equipment	Travelers Indemnity	$ 599,228,959	11/01/13
Business Auto	Travelers Property Casualty Co. of America	$ 1,000,000	11/01/13
Boiler and Machinery	The Hartford Steam Boiler Inspection & Insurance Company	$ 100,000,000	11/01/13
Liability Insurance			
Aviation and General	ACE Property & Casualty Insurance Co.	$ 250,000,000	11/01/13
Pollution Liability (LCK) (Includes Storage Tank Pollution)	Illinois Union Insurance Com.	$ 25,000,000	01/01/16
Public Official and Employees Liability	Illinois National Insurance Co.	$ 10,000,000	11/01/13
Police Professional	Lexington Insurance Co.	$ 10,000,000	11/01/13
Employee Dishonesty	Hartford Fire Insurance Co.	$ 1,000,000	11/01/13
Fiduciary Liability	Federal Insurance Co.	$ 1,000,000	11/01/13
Special Accident	Federal Insurance Co.	$ 5,000,000	11/01/13
International Commerce Insurance	Vigilant Insurance Co.	$ 1,000,000	11/01/13
Surety Bonds	CAN/Western Surety Co.	$ 250,000	Various
Workers' Compensation Insurance			
Excess Workers' Compensation	Midwest Employers Casualty Co.	$ 50,000,000	11/01/13

Source: The Authority's Finance Department

Ratios of Outstanding Debt

For the Ten Years Ended December 31, 2012

(In Thousands Except Outstanding Debt Per Enplaned Passenger)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Outstanding Debt by type:										
Revolving Bank Loan	$ 20,000	-	-	-	-	-	-	-	-	-
Commercial Paper Notes	-	5,000	5,000	21,500	30,000	25,000	-	-	-	-
General Airport Revenue Bonds (GARB)	88,071	92,354	96,453	100,379	104,146	107,760	112,055	115,576	118,966	121,091
Ohio Public Works Commission	149	223	298	372	447	521	596	670	745	819
Other Debt	-	-	-	1,360	1,447	1,530	3,517	6,275	12,009	17,774
Total Outstanding Debt	**$108,220**	**97,577**	**101,751**	**123,611**	**136,040**	**134,811**	**116,168**	**122,521**	**131,720**	**139,684**
Enplaned Passengers	3,175	3,190	3,184	3,123	3,459	3,865	3,363	3,307	3,113	3,157
Outstanding Debt per Enplaned Passenger	**$ 34.09**	**30.59**	**31.96**	**39.58**	**39.33**	**34.88**	**34.54**	**37.05**	**42.31**	**44.25**

Source: The Authority's Accounting Department

Schedule of Debt and Obligation Coverages

For the Ten Years Ended December 31, 2012

(Dollars in Thousands, Except Coverage)

Year	Gross Revenue[1]	Debt Operating Expenses[2]	Net Revenue Available for Debt & Obligation Payments	Debt and Obligation Requirements: Principal	Interest	Total	Coverage
2012	$86,443	($61,239)	$25,204	$4,089	$3,929	$8,018	3.14
2011	$81,530	($62,468)	$19,062	$3,909	$4,135	$8,044	2.35
2010	$80,500	($53,719)	$26,781	$5,099	$4,425	$9,524	2.81
2009	$79,539	($51,215)	$28,324	$3,672	$4,704	$8,376	3.38
2008	$91,657	($54,753)	$36,904	$3,517	$5,196	$8,713	4.24
2007	$84,204	($50,165)	$34,039	$7,112	$4,679	$11,791	2.89
2006	$74,111	($45,157)	$28,954	$6,268	$5,833	$12,101	2.39
2005	$68,617	($42,185)	$26,432	$9,109	$6,209	$15,318	1.73
2004	$67,198	($40,738)	$26,460	$7,870	$6,675	$14,545	1.82
2003	$66,158	($39,821)	$26,337	$7,829	$8,049	$15,878	1.66

Source: The Authority's Accounting Department

Note: The year 2003 was the first year which included LCK's data in the statistics

(1) Gross Revenue includes Operating Revenue, Investment Income, Other Non-Operating Revenues, Gain (Loss) on Securities, Gain (Loss) on Disposal of Assets and Special & Extraordinary Items

(2) Direct Operating Expense excludes Depreciation

Capital Asset Statistics by Function

For the Year Ended December 31, 2012

Airport Codes:	
CMH	Port Columbus International Airport
LCK	Rickenbacker International Airport
TZR	Bolton Field Airport

	CMH		LCK	TZR
Location:	6 miles East of downtown Columbus		10 miles South of downtown Columbus	8 miles Southwest of downtown Columbus
Elevation:	815 ft		744 ft	905 ft
International:	Yes: FIS facility		Yes: FIS facility	No
Tower:	24/7 daily + TRACON		24/7 daily	0730-1930 daily
FBO:	Lane, Landmark		Rickenbacker Aviation, Airnet	Capital City Jet Center
Acres (+/-):	2,272		4,118	1,307
Runways:	10L-28R: ILS, GPS		5L-23R: ILS, GPS	4-22: ILS, GPS
	8,000 x 150 ft		11,902 x 150 ft	5,500 x 100 ft
	10R-28L: ILS, GPS		5R-23L: ILS, GPS	
	10,125 x 150 ft		12,102 x 200 ft	
Terminal:				
Airlines - sq ft	196,923		-	-
Tenants - sq ft	63,339		706	307
Public/Common - sq ft	305,619		14,872	2,015
Mechanical - sq ft	93,166		1,054	1,290
Other - sq ft	213,772		25,819	3,078
Total - sq ft	**872,819**		**42,451**	**6,690**
Number of Passenger Gates	33		2	-
Number of Loading Bridges	29		2	-
Number of Concessionaires in Terminal	39		-	1
Number of Rental Car Agencies	8		-	-
Apron:				
Commercial Airlines - sq ft	1,365,695		-	-
Cargo Airlines - sq ft	-		3,210,300	-
FBO - sq ft	487,900		474,100	39,600
Parking:				
Spaces Assigned:				
Garage:		Controlled	350	
Short-term	605			
Long-term	2,589	Manual/Overflow	150	
Shuttle/Remote Lots:				
Blue Lot	4,873			
Red Lot	2,711			
Green Lot	2,130			
Employee Lot	1,217			
Rental Cars (8 Rental Agencies)	1,057			
Total	**15,182**		**500**	
Cargo:				
Air Cargo Building - sq ft	60,000		212,800	-

Source: The Authority's Asset Management and Real Estate Department, and Business Development and Communications Department.

FIS - Federal Inspection Service

FBO - Fixed-Base Operator

Air Commerce Trends
Port Columbus International Airport

For the Ten Years Ended December 31, 2012

Year	Total Passenger Volume	% Change	Cargo[1] (In Pounds)	Freight[2] (In Pounds)	Mail (In Pounds)
2012	6,350,446	(0.4)	213,757	7,735,935	2,656,239
2011	6,378,722	0.2	66,236	7,093,122	2,256,616
2010	6,366,191	2.1	96,055	6,919,425	2,630,001
2009	6,233,485	(9.8)	74,535	7,663,839	2,633,530
2008	6,910,045	(10.5)	142,347	9,762,126	4,460,295
2007	7,719,340	14.6	273,735	9,538,051	3,716,194
2006	6,733,990	1.9	827,486	9,584,434	8,537,279
2005	6,611,575	6.1	1,693,728	7,136,401	11,046,679
2004	6,232,332	(0.3)	1,252,413	6,831,713	12,873,701
2003	6,252,233	(7.2)	906,153	7,788,444	15,047,248

Source: The Authority's Accounting 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, 2012

Year	Total Passenger Volume	% Change	Cargo (In Pounds)	% Change
2012	14,685	(1.3)	157,373,134	7.7
2011	14,880	40.5	146,164,909	(5.0)
2010	10,587	(19.1)	153,793,913	(2.9)
2009	13,082	(41.1)	158,450,106	(20.7)
2008	22,222	204.5	199,814,163	(9.4)
2007	7,299	27.2	220,529,131	(12.1)
2006	5,739	(85.5)	250,748,061	0.7
2005	39,554	(71.1)	248,917,975	15.3
2004	136,949	424.7	215,926,925	5.0
2003	26,100	-	205,724,924	11.4

Source: The Authority's Business Development and Communications Department

Note: The year 2003 is the first year for passenger activity at LCK

Airline Cost per Enplaned Passenger
Port Columbus International Airport

For the Ten Years Ended December 31, 2012

(In Thousands Except Airline Cost Per Enplaned Passenger)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Airline Cost for the Airfield Area	$ 16,458	16,403	16,060	14,809	14,933	13,630	11,562	10,923	10,717	12,905
Airline Cost for the Terminal Building	12,014	11,007	9,820	9,194	12,556	11,448	10,402	9,323	10,377	10,854
Airline Cost for the Aircraft Parking Area	3,404	2,913	2,639	2,059	2,033	1,819	1,561	1,545	1,860	2,507
General Airline Credit	(4,431)	(5,853)	(3,953)	(3,275)	(3,275)	(3,950)	(4,625)	(5,300)	(5,300)	(5,300)
Total Airline Cost	$ 27,445	24,470	24,566	22,787	26,247	22,947	18,900	16,491	17,654	20,966
Enplanements	3,175	3,190	3,184	3,123	3,459	3,865	3,363	3,307	3,113	3,157
Airline Cost per Enplaned Passenger	**$ 8.64**	**7.67**	**7.72**	**7.30**	**7.59**	**5.94**	**5.62**	**4.99**	**5.67**	**6.64**

Source: The Authority's Accounting Department

NOTE: The Authority negotiated a five-year agreement effective January 1, 2000, and renegotiated agreements effective January 1, 2005 and January 1, 2010. The rates and charges are calculated pursuant to formulas set forth in the agreement.

Air Carrier Market Shares
Port Columbus International Airport

For the Ten Years Ended December 31, 2012

		2012		2011	2010	2009	2008	2007	2006	2005	2004	2003
		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
1	Southwest	28.09%	1,783,944	1,796,696	1,713,855	1,695,002	1,781,405	1,643,557	1,521,778	1,289,278	1,088,221	907,513
2	Delta[(1)]	23.35%	1,482,740	1,452,169	1,430,551	883,794	1,019,877	1,209,366	1,232,978	1,377,219	1,332,258	1,225,796
	Delta Connection											
	Northwest[(1)]	-	-	-	-	493,543	546,485	525,810	604,941	639,839	659,567	638,491
3	US Airways Group[(2)]	14.26%	905,789	946,018	952,168	941,864	1,091,472	1,138,854	1,147,376	1,111,307	999,500	1,394,175
	US Airways Express											
4	United	14.24%	904,514	543,080	554,292	558,088	641,690	700,422	682,027	656,627	708,621	636,163
	United Express											
	Continental [(3)]	-	-	340,083	423,108	436,990	460,776	513,554	493,613	464,458	459,635	456,676
	Continental Express											
	Continental Connection											
5	American	12.99%	824,959	787,556	746,322	739,273	821,772	956,494	871,197	854,842	830,395	862,419
	American Eagle											
	American Connection											
6	Airtran Airways	6.01%	381,670	380,337	394,338	363,814	37,588	-	-	-	-	-
7	Air Canada Jazz	0.54%	33,805	35,607	32,690	26,007	39,059	39,692	41,079	41,651	42,163	42,920
8	Frontier	0.23%	14,516	80,860	98,673	73,284	79,100	80,189	43,441	41,474	36,954	47,395
	Jetblue Airways	-	-	-	-	-	2,674	230,769	52,416	-	-	-
	Skybus	-	-	-	-	-	352,155	635,274	-	-	-	-
	Independence Air	-	-	-	-	-	-	-	969	94,074	39,415	-
	Commercial Total	99.71%	6,331,937	6,362,406	6,345,997	6,211,659	6,874,053	7,673,981	6,691,815	6,570,769	6,196,729	6,211,548
	Scheduled	12.00%	7,398	7,154	6,840	6,915	18,383	26,767	29,414	31,213	17,720	13,916
	Non-Scheduled	17.00%	11,111	9,162	13,354	14,911	17,609	18,592	12,761	9,593	17,883	26,769
	Charter Total	29.00%	18,509	16,316	20,194	21,826	35,992	45,359	42,175	40,806	35,603	40,685
Total Passenger		100.00%	6,350,446	6,378,722	6,366,191	6,233,485	6,910,045	7,719,340	6,733,990	6,611,575	6,232,332	6,252,233

Source: The Authority's Accounting Department

(1) Northwest was merged into Delta in January 2010

(2) US Airways and America West merged operations on 9/27/2005. The surviving company was renamed US Airways Group.

(3) Continental was merged into United in March 2012

Top Ten Customers

For the Year Ended December 31, 2012

	% of 2012 Operating Revenue	2012 Revenue	2003 Revenue
Southwest Airlines	9.0%	$ 7,324,000	$ 2,105,000
Delta Air Lines	6.3%	$ 5,100,000	$ 2,346,000
American Airlines	3.5%	$ 2,806,000	$ 1,855,000
US Airways Group Inc.	3.3%	$ 2,704,000	$ 1,855,000
Byers Enterprises	3.1%	$ 2,507,000	$ 2,308,000
United Airlines Inc.	2.8%	$ 2,231,000	$ 1,479,000
Avis Rent-A-Car	2.7%	$ 2,207,000	$ 2,213,000
Anton's Airfoods, Inc.	2.5%	$ 2,002,000	$ 1,044,000
Airtran Airways	2.3%	$ 1,891,000	$ -
American Eagle Airlines	1.6%	$ 1,270,000	$ 658,000
Remainder	62.9%	$ 50,907,000	$ 44,539,000
Total Operating Revenue	**100.0%**	**$ 80,949,000**	**$ 60,402,000**

Source: The Authority's Accounting Department

Budgeted Employees by Department

For the Ten Years Ended December 31, 2012

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Administration	6	6	5	4	4	4	4	4	4	5
Airfield Services	79	79	75	82	82	80	79	77	77	74
Business Development & Communications	14	14	15	13	16	16	17	16	17	14
Facilities & Custodial	110	105	101	103	109	105	105	104	108	111
Finance, Accounting & Legal	29	28	27	27	30	30	29	28	28	32
People Services	9	7	6	6	6	6	6	6	6	11
Technologies	18	10	9	8	8	7	7	6	6	6
Operations	31	32	29	35	40	33	32	30	28	32
Parking & Ground Transportation	11	12	11	11	11	11	7	7	7	6
Planning & Engineering	26	24	21	24	25	24	21	21	21	22
Public Safety	62	62	65	65	69	69	66	61	69	68
Real Estate	5	5	5	4	5	5	4	4	4	4
Total	**400**	**384**	**369**	**382**	**405**	**390**	**377**	**364**	**375**	**385**

Source: The Authority's Finance Department

Note: The Year 2003 was the first year which included LCK's data in the statistics

Largest Employers in the Greater Columbus Area

Ranked by number of full time employees

		% of Total 2012 Employment	2012	% of Total 2003 Employment	2003
1	State of Ohio	2.66%	23,988	3.00%	25,787
2	The Ohio State University	2.62%	23,601	2.02%	17,361
3	JPMorgan Chase & Co.	2.13%	19,200	1.36%	11,734
4	OhioHealth	1.33%	11,949	0.97%	8,304
5	Nationwide	1.23%	11,085	1.26%	10,815
6	Limited Brands	0.87%	7,800	0.84%	7,200
7	City of Columbus	0.86%	7,779	0.94%	8,067
8	Columbus City School District	0.86%	7,750	1.41%	12,092
9	Honda of America Manufacturing Inc.	0.78%	7,000	0.77%	6,600
10	Mount Carmel Health System	0.71%	6,382	0.58%	4,983
11	Franklin County	0.67%	6,001	0.83%	7,161
12	Kroger Co.	0.59%	5,281	0.54%	4,632
13	Huntington Bancshares Inc.	0.53%	4,813	0.41%	3,521
14	Nationwide Children's Hospital	0.53%	4,805	0.29%	2,505
15	Cardinal Health Inc.	0.49%	4,384	0.23%	2,000
16	American Electric Power Company Inc.	0.37%	3,338	0.44%	3,795
17	DLA Land and Maritime	0.32%	2,900	0.00%	-
18	Abercrombie & Fitch Co.	0.29%	2,650	0.00%	-
19	Alliance Data	0.26%	2,374	0.19%	1,647
20	South-Western City Schools	0.26%	2,321	0.28%	2,440
21	Battelle	0.24%	2,201	0.25%	2,184
22	State Farm Insurance	0.22%	2,000	0.21%	1,800
23	Exel	0.21%	1,900	0.00%	-
24	Olentangy Local Schools	0.20%	1,845	0.00%	-
25	Time Warner Cable Inc.	0.20%	1,779	0.00%	-
	Other Employers	80.57%	726,374	83.18%	715,072
	Total Full Time Employees	**100.00%**	**901,500**	**100.00%**	**859,700**

Sources: *Business First*. December 21, 2012 and December 12, 2003 Issues
Ohio Department of Job and Family Services, Ohio Labor Market Information

Estimated Civilian Labor Force and Annual Average Unemployment Rates

For the Ten Years Ended December 31, 2012 (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]
2012	625.8	6.1%	969.5	6.1%	5,748	7.2%	8.1%
2011	623.9	7.5%	967.0	7.5%	5,805	8.6%	8.9%
2010	618.8	8.6%	960.4	8.7%	5,858	10.0%	9.6%
2009	625.6	8.3%	964.6	8.4%	5,923	10.2%	9.3%
2008	620.6	5.5%	958.5	5.5%	5,940	6.6%	5.8%
2007	615.7	4.7%	950.0	4.7%	5,961	5.6%	4.6%
2006	605.6	4.6%	937.2	4.7%	5,924	5.4%	4.6%
2005	598.8	5.2%	921.9	5.2%	5,882	5.9%	5.1%
2004	598.3	5.4%	914.1	5.4%	5,863	6.1%	5.5%
2003	599.3	5.3%	908.2	5.3%	5,860	6.2%	6.0%

Source: Ohio Department of Job & Family Services, Office of Workforce Development (Preliminary data which is subject to change)

(1) The Columbus Metropolitan Statistical Area (MSA) includes Delaware, Franklin, Licking, Madison, Morrow, Pickaway and Union 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.

Population and Personal Income Statistics

For the Ten Years Ended December 31, 2012

	Franklin County			Columbus MSA(1)			Ohio			U.S.
	Personal Income (in thousands)(2)	Population (in thousands)(3)	Per Capita Personal Income(4)	Personal Income (in thousands)(2)	Population (in thousands)(3)	Per Capita Personal Income(4)	Personal Income (in thousands)(2)	Population (in thousands)(3)	Per Capita Personal Income(4)	Per Capita Personal Income(4)
2012	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
2011	$ 46,734,763	1,179	$ 39,646	$ 74,688,025	1,858	$ 40,188	$ 436,817,655	11,545	$ 37,836	$ 41,560
2010	44,563,600	1,166	38,226	70,530,745	1,840	38,320	414,567,053	11,538	35,931	39,791
2009	43,229,690	1,155	37,415	67,986,410	1,822	37,310	403,526,926	11,529	35,001	38,637
2008	44,440,096	1,141	38,942	69,211,161	1,800	38,450	419,173,302	11,515	36,401	40,947
2007	43,472,404	1,127	38,568	66,959,279	1,777	37,691	404,622,561	11,500	35,183	39,506
2006	42,629,889	1,116	38,201	64,306,009	1,752	36,695	390,456,866	11,481	34,008	37,725
2005	40,713,475	1,105	36,828	60,967,929	1,727	35,307	371,930,848	11,463	32,445	35,452
2004	39,329,760	1,100	35,767	58,549,685	1,705	34,330	361,666,420	11,452	31,580	33,909
2003	37,963,699	1,095	34,662	56,470,583	1,685	33,504	350,723,100	11,435	30,672	32,295

Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Income Division – September 2011 (Preliminary data which is subject to change)

All dollar estimates are in current dollars (not adjusted for inflation)

(NA) Data not yet available for this year

(1) The Columbus Metropolitan Statistical Area (MSA) includes Delaware, Franklin, Licking, Madison, Morrow, Pickaway and Union Counties.

2) The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

3) Census Bureau midyear population estimates. Estimates for 2003-2012 reflect county population estimates released on September 28, 2011.

(4) Per capita personal income is total personal income divided by total midyear population.

compliance section

This section contains the following subsections:

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

To the Board of Directors
Columbus Regional Airport Authority

We have audited, in accordance with the 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, the financial statements of Columbus Regional Airport Authority (the "Authority"), which comprise the statement of net position as of December 31, 2012 and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated March 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Columbus Regional Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors
Columbus Regional Airport Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbus Regional Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the Columbus Regional Airport Authority in a separate letter dated March 11, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

Columbus, Ohio
March 11, 2013

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Report on Compliance For Each Major Federal Program and
Passenger Facility Charges; Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Directors
Columbus Regional Airport Authority

Report on Compliance for Each Major Federal Program and Passenger Facility Charges

We have audited the Columbus Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. In addition, we audited compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration that have a direct and material effect on passenger facility charges for the year ended December 31, 2012. The Columbus Regional Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The passenger facility charge program is identified in the schedule of expenditures of passenger facility charges.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs and the passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Columbus Regional Airport Authority's major federal programs and the passenger facility charge program based on our audit of the types of compliance requirements referred to above.

To the Board of Directors
Columbus Regional Airport Authority

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; and 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 or a passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Columbus Regional Airport 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 on compliance for each major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of the Columbus Regional Airport Authority's compliance.

Basis for Qualified Opinion on CFDA No.97.117 TSA Airport Checked Baggage Inspection System Program

As described in the accompanying schedule of findings and questioned costs as Finding 2012-02, we were unable to obtain sufficient appropriate audit evidence related to our compliance audit of CFDA No. 97.117 TSA Airport Checked Baggage Inspection System Program due to an inability to obtain the results of a federal grant monitoring visit and an understanding related to unreimbursed federal expenditures which could have a significant effect on activities allowed or unallowed and allowable costs.

Qualified Opinion on CFDA No. 97.117 TSA Airport Checked Baggage Inspection System Program

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the Columbus Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA No. 97.117 TSA Airport Checked Baggage Inspection System Program for the year ended December 31, 2012.

Unmodified Opinion on Each of the Other Major Federal Programs and the Passenger Facility Charge Program

In our opinion, the Columbus Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs, identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs, and its passenger facility charge program for the year ended December 31, 2012.

To the Board of Directors
Columbus Regional Airport Authority

Other Matters

The Columbus Regional Airport Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Columbus Regional Airport Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The management of the Columbus Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Columbus Regional Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph, and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2012-01 to be a material weakness.

The Columbus Regional Airport Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The Columbus Regional Airport Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

To the Board of Directors
Columbus Regional Airport Authority

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the Guide. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

Columbus, Ohio
March 11, 2013

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2012

Federal Grantor	Federal CFDA Number	Grant Number	Federal Receipts	Federal Expenditures
DEPARTMENT OF TRANSPORTATION:				
Direct:				
Federal Aviation Administration -				
Airport Improvement Program (AIP):	20.106			
Update Airport Layout Plan		3-39-0025-70	3,093	3,094
Replacement Runway Projects		3-39-0025-76	28,824	28,824
Noise Mitigation for 69 Homes		3-39-0025-77	1,961,846	1,453,660
Replacement Runway Projects		3-39-0025-78	11,543,991	11,543,992
Approach Obstruction Identification		3-39-0026-21	12,763	-
LED Conversion/Update Pavement Mgmt		3-39-0026-22	72,558	72,559
Rehabilitate Runway 5R/23L		3-39-0117-38	15,291	155,291
Rehabilitate Runway 5R/23L		3-39-0117-39	3,363,874	3,363,876
Subtotal Federal Aviation Administration			**17,002,240**	**16,481,296**
Pass Through:				
Ohio Dept. of Transportation -				
ARRA - Highway Planning & Construction	20.205	LPA#21456	887,062	844,058
Highway Planning & Construction	20.205	LPA#23903	5,558	5,558
Subtotal Ohio Department of Transportation			**892,620**	**849,616**
National Highway Traffic Safety Administration -				
Alcohol Impaired Driving Countermeasures Incentive	20.601	DUI FFY 2012	2,784	3,915
Subtotal National Highway Traffic Safety Administration			**2,784**	**3,915**
TOTAL DEPARTMENT OF TRANSPORTATION			**17,897,644**	**17,334,826**
DEPARTMENT OF JUSTICE:				
Direct:				
Drug Enforcement Agency -				
Equitable Sharing Program	16.922	N/A	310,574	198,839
TOTAL DEPARTMENT OF JUSTICE			**310,574**	**198,839**
DEPARTMENT OF HOMELAND SECURITY:				
Direct:				
ARRA - TSA Airport Checked Baggage				
Inspection System Program	97.117	HSTS0409HREC170	2,675,222	7,714,601
Pass Through:				
Ohio Emergency Management Agency -				
Non-Profit Security Program	97.008	2009-UASI-16/17	349,663	349,663
Disaster Grants - Public Assistance	97.036	FEMA-4077-DR-49UASBY	13,725	-
Interoperable Emergency Communications	97.055	FY10 IECGP	116,780	155,716
TOTAL DEPARTMENT OF HOMELAND SECURITY			**3,155,390**	**8,219,981**
TOTAL FEDERAL AWARDS			**$ 21,363,608**	**$ 25,753,646**

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

Schedule of Expenditures of Passenger Facility Charges

For the Year Ended December 31, 2012

Program	Receipts	Expenditures
Passenger Facility Charges	$13,517,222	$16,501,359

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, 2012

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 and requested for reimbursement rather than when the obligations are incurred.

3. **TSA Airport Checked Baggage Inspection System Program**

   TSA Airport Checked Baggage Inspection System – The federal expenditures for the TSA Airport Checked Baggage Inspection System have been expended and requested. Management believes these expenses to be allowable and eligible for reimbursement under the grant from the Department of Homeland Security.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2012

Part I – Summary of Auditors' Results

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

2. No significant deficiencies or material weaknesses in internal control over financial reporting were identified.

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

4. One material weakness in internal control over compliance with requirements applicable to major federal awards programs was identified. No significant deficiencies that are not considered to be material weaknesses 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 for all major programs except for CFDA No. 97.117 TSA Airport Checked Baggage Inspection System which was qualified due to a scope limitation.

6. The audit disclosed findings, which are required to be reported by OMB Circular A-133.

7. The organization's major programs were:

   Airport Improvement Program ("AIP") (CFDA #20.106);

   ARRA – Highway Planning & Construction (CFDA #20.205);

   ARRA – TSA Airport Checked Baggage Inspection System Program (CFDA #97.117).

8. Dollar threshold used to distinguish between Type A and Type B programs: $772,609.

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

Two audit findings were noted.

Reference Number	Finding
2012-01	**Program Name** - ARRA - TSA Airport Checked Baggage Inspection System Program CFDA No. 97.117

Pass-through Entity - Department of Homeland Security -Transportation Safety Administration

Finding Type - Material Weakness

Criteria - A complete and accurate schedule of expenditures of federal awards is required in accordance with OMB Circular A-133 Section 205.

Condition - The schedule of expenditures of federal awards provided by the Authority was misstated for the TSA Airport Checked Baggage Inspection System. An auditor proposed adjustment to the SEFA was necessary to report the actual amount.

Questioned Costs - Not applicable

Context - The SEFA provided by the Authority contained $2.1 million in expenditures for the TSA Airport Checked Baggage Inspection System Program. The actual amount of expenditures were $7.7 million.

Cause and Effect - The Authority did not have a procedure in place to ensure the amount reported on the SEFA was accurate. Therefore, the SEFA required changes during the audit to be compliant with federal regulations.

Recommendation - We recommend that the Authority put procedures in place to ensure a complete and accurate SEFA is available for audit.

Views of Responsible Officials and Planned Corrective Actions - Management believes Finding 2012-01occured due to the result of an isolated internal miscommunication and on-going, external circumstances (see Finding 2012-02) with the attempted project close-out of the grant program with the Department of Homeland Security – Transportation Safety Administration. It is also management's assertion that internal controls exist at the Authority which ensure a materially complete and accurate SEFA.

Reference Number	Finding
2012-02	**Program Name** - ARRA - TSA Airport Checked Baggage Inspection System Program CFDA No. 97.117

Pass-through Entity - Department of Homeland Security -Transportation Safety Administration

Finding Type - Scope Limitation

Criteria - Auditors must obtain sufficient appropriate audit evidence in order to express an opinion on compliance. Grantor agency monitoring visit results are a form of audit evidence and are necessary to determine whether there are known areas of concern or non-compliance that could affect our audit approach.

Condition - The grantor agency (TSA) performed a monitoring visit on the TSA Airport Checked Baggage Inspection System Program during fiscal year 2012. It is our understanding that the Authority's request for a report on the monitoring visit results has been denied by the TSA. The TSA is currently withholding reimbursement for approximately $5 million of the $7 million in grant expenditures reported on the current year schedule of expenditures of federal awards for this grant. The reimbursement requests were submitted approximately eight months ago.

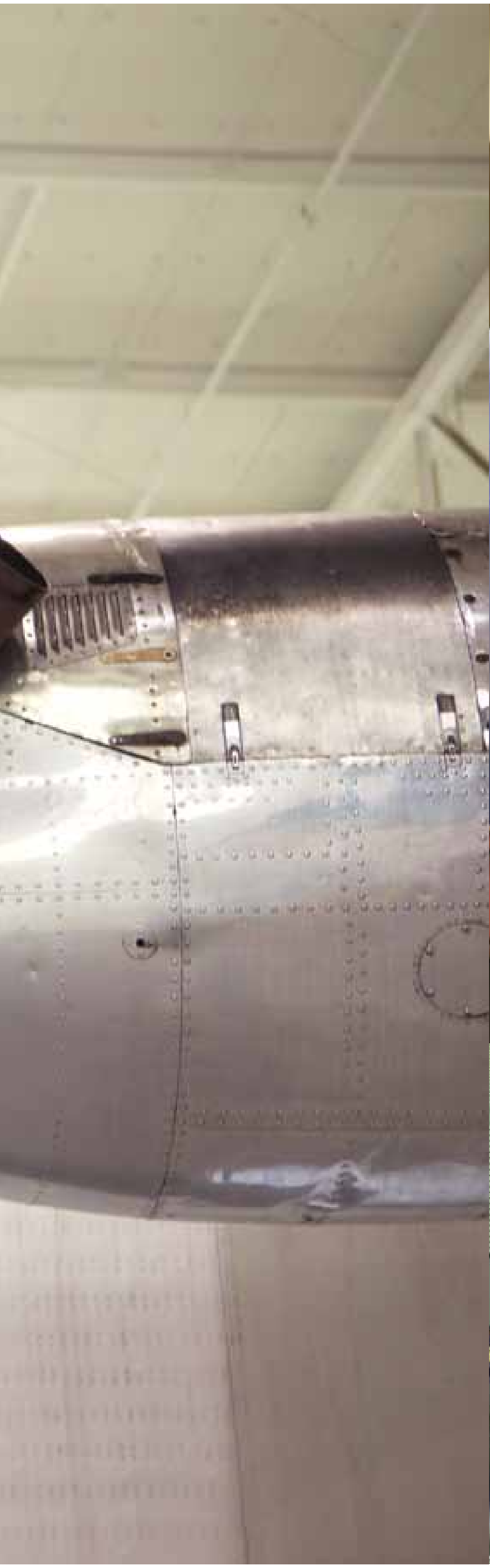
Questioned Costs – Unknown

Context - The description of the grant contained in the TSA Airport Checked Baggage Inspection System Program grant agreement is vague. It does not contain a line item budget or specific information on allowable costs. The lack of reimbursement for the extended period of time calls into question whether the amounts submitted for reimbursement are allowable costs. The Authority is not aware why the reimbursement request has been denied.

Cause and Effect - The scope of our audit is limited because we were unable to evaluate whether the results of the monitoring visit would have an effect on our audit and determination of compliance with allowability.

Recommendation - The Authority should continue efforts to obtain the results of the TSA monitoring visit and resolve outstanding requests for grant reimbursement.

Views of Responsible Officials and Planned Corrective Actions - Management believes that all expenditures requested for reimbursement are allowable and eligible for reimbursement under the grant from the Department of Homeland Security/ Transportation Safety Administration. The Authority believes they have provided the grantor with all necessary information to facilitate project close-out from financial and technical perspectives. The grantor agency has not been responsive to the Authority's requests for action items needed to allow close-out. The Authority is not aware of any open items on their end that would prevent the grantor agency from releasing funds at this time.





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Dave Yost • Auditor of State

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 28, 2013

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