Rickenbacker Port Authority

Report on Federal Awards in Accordance With OMB Circular A-133 Federal Entity Identification Number 31-099723 for the Year Ended December 31, 2002

Auditor of State
Betty Montgomery

Board of Directors
Rickenbacker Port Authority
Columbus, Ohio

We have reviewed the Independent Auditor's Report of the Rickenbacker Port Authority, Franklin County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2002 through December 31, 2002. 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 Rickenbacker Port Authority is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 12, 2003

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RICKENBACKER PORT AUTHORITY

TABLE OF CONTENTS

	Page
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2002 INCLUDING INDEPENDENT AUDITORS' REPORT	See Attached
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	2
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PEFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	3 - 4
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	5 - 6
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	7
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	8

RICKENBACKER PORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2002

Federal Agency	Sponsor I.D./ CFDA Number	2002 Expenditures
U.S. Department of Transportation— Airport Improvement Program	20.106	$4,716,439

See notes to schedule of expenditures of federal awards.

RICKENBACKER PORT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

To the Board of Directors of
Rickenbacker Port Authority
Columbus, Ohio

We have audited the financial statements of the Rickenbacker Port Authority (the "Authority") as of and for the year ended December 31, 2002, and have issued our report thereon dated April 24, 2003, which included an explanatory paragraph related to the adoption of a new accounting standard. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

However, we noted other matters involving the internal control over financial reporting and its operation that we have reported to management of the Authority in a separate letter dated April 24, 2003.

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

DELOITTE & TOUCHE LLP

April 24, 2003

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors of
Rickenbacker Port Authority
Columbus, Ohio

COMPLIANCE

We have audited the compliance of Rickenbacker Port Authority (the "Authority") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

INTERNAL CONTROL OVER COMPLIANCE

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the Authority as of and for the year ended December 31, 2002, and have issued our report thereon dated April 24, 2003, which included an explanatory paragraph related to the adoption of a new accounting standard. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. This schedule is the responsibility of the management of the Authority. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the financial statements taken as a whole.

* * * * * *

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

DELOITTE & TOUCHE LLP

April 24, 2003

RICKENBACKER PORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2002

PART I—SUMMARY OF AUDITORS' RESULTS

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

2. Our audit of the financial statements did not disclose a reportable condition in internal controls.

3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.

4. No reportable conditions in internal control over compliance with requirements applicable to the major federal awards program were identified.

5. The independent auditors' report on compliance with requirements applicable to the major federal award program expressed an unqualified opinion.

6. The audit disclosed no findings required to be reported by OMB Circular A-133.

7. The Organization's major program was:

Name of Federal Program or Cluster	CFDA Number
Airport Improvement Program	20.106

8. A threshold of $300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.

9. The Authority did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

PART II—FINANCIAL SECTION

No matters are reportable.

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

No matters are reportable.

PART IV—SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No matters are reportable.

RICKENBACKER PORT AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2002

No prior year findings.

Rickenbacker Port Authority

Financial Statements for the Years Ended December 31, 2002 and 2001 and Independent Auditors' Report

RICKENBACKER PORT AUTHORITY

TABLE OF CONTENTS

	Page
MANAGEMENT'S DISCUSSION AND ANALYSIS	1-7
INDEPENDENT AUDITORS' REPORT	8
FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001:	
Balance Sheets	9
Statements of Revenues, Expenses and Changes in Net Assets	10
Statements of Cash Flows	11
Notes to Financial Statements	12-21

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the Rickenbacker Port Authority's (the "Authority") financial performance provides an introduction to the financial statements for the years ended December 31, 2002 and 2001. The information contained in this MD&A should be considered in conjunction with the information contained in the Authority's financial statements.

Overview Of The Financial Statements

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board ("GASB"). The Authority is structured as a governmental proprietary fund. Proprietary funds are financed and operated in a manner similar to private business enterprises. The cost of providing goods and services is financed through user charges and fees. The Authority is a component unit of Franklin County, Ohio. The Authority's financial statements will be included in the comprehensive annual financial report of Franklin County Ohio for the fiscal years ended December 31, 2002 and 2001. 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 Assets* present information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Authority's financial position.

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

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

Financial Position

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

	2002	2001	% Change
ASSETS:			
Current assets	$ 9,801,564	$ 11,801,725	(16.9)
Total property, net	73,306,447	66,767,313	9.8
Other assets	90,695	76,516	18.5
Total assets	$ 83,198,706	$ 78,645,554	5.8
LIABILITIES:			
Current liabilities	$ 4,500,621	$ 2,453,850	83.4
Long-term liabilities	46,547,009	46,548,398	0.0
Total liabilities	51,047,630	49,002,248	4.2
NET ASSETS:			
Invested in capital assets, Net of related debt	$ 25,894,590	$ 19,306,935	34.1
Restricted capital expenditures	4,211,715	7,107,527	(40.7)
Unrestricted net assets	2,044,771	3,228,843	(36.7)
Total net assets	32,151,076	29,643,305	8.4
Total liabilities and net assets	$ 83,198,706	$ 78,645,553	5.8

The Authority's assets exceeded liabilities by $32.2 million at December 31, 2002, a $2.5 million increase over December 31, 2001. The largest portion of the Authority's net assets each year ($25.9 million or 81% at December 31, 2002) 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 users of the Airport; consequently these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations and other funding sources, since the capital assets themselves cannot be used to liquidate liabilities.

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

	2002	2001	% Change
Airfield operations	$2,840,253	$2,624,658	8.2
Foreign trade zone fees	681,768	357,723	90.6
Overhead reimbursements	120,818	193,939	(37.7)
Other revenue	255,511	453,497	(43.7)
Total operating revenue	$3,898,350	$3,629,817	7.4

- Airfield operations increased 8.2% ($216,000) due to an increase in landing and fuel flowage fees as described below:
  - Landing fees increased 20.4% ($167,000) due to a 3.8% ($.05) increase in the landing fee rate per thousand pounds, effective in July, 2002, and an a 9.0% increase in total landed weights.
  - Fuel flowage fees increased 25.9% ($70,500) principally from a 6% increase in the number of landings and the associated increase in the number of gallons pumped through the fueling system.
- Foreign trade zone fees increased 90.6% ($324,000), and is primarily due to the fees associated with a Foreign trade zone expansion application filed during the year that will increase the number of Foreign Trade Zone site locations from 7 to 16.
- Overhead reimbursements decreased 37.7% ($73,100) as certain real estate development and administrative services provided to the Franklin Community Improvement Corporation ("FCIC") declined because of less activity in FCIC projects.
- Other revenue decreased 43.7% ($198,000) principally from decreased activity and thus less fees associated with special financing service fees charged for the issuance of conduit debt.

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

	2002	2001	% Change
Salaries, wages and benefits	$3,868,831	$3,982,480	(2.9)
Professional fees and charges	1,148,121	1,333,958	(13.9)
Supplies, services, utilities, repairs and maintenance, and taxes and licenses	1,710,289	1,539,018	11.1
Other expenses	186,957	178,741	4.6
Total operating expenses	$6,914,198	$7,034,197	

- Salaries, wages and benefits decreased 2.9% ($114,000) due to a reduction in the number of authorized positions from 73 to 62 (11 positions) from the previous year. This was offset by a 3.0% rate increase in salaries and wages and a 2.3% increase in the total cost of fringe benefits primarily from the higher cost of medical insurance.

- Professional fees and charges declined 13.9% ($186,000) with certain fees associated with the merger of Rickenbacker Port Authority and the Columbus Municipal Airport Authority being offset by a reduction of expenses related to the evaluation of the Charter Passenger Terminal that were incurred in 2001.

- Supplies, services, utilities, repairs and maintenance, and taxes and licenses increased 11.1% ($171,000) principally from higher insurance cost which is directly related to the September 11, 2001 terrorist attack.

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

	2002	2001	% Change
Total operating revenues	$ 3,898,350	$ 3,629,817	7.4
Total operating expenses	(6,914,198)	(7,034,197)	(1.7)
Operating loss before depreciation	(3,015,848)	(3,404,380)	11.4
Depreciation	(3,949,681)	(3,675,900)	7.4
Operating loss	(6,965,529)	(7,080,280)	1.6
Non-operating revenue	2,756,861	2,858,312	(3.5)
Capital contributions	6,716,439	3,240,870	107.2
Increase in net assets	2,507,771	(981,098)	355.6
Net assets – beginning of year	29,643,305	30,624,403	(3.2)
Net assets – end of year	$32,151,076	$29,643,305	8.5

- Depreciation expense increased 7.4% ($274,000) as capital projects were completed and capital projects from 2001 reflected a full year's depreciation expense in 2002.

- Capital contributions increased 107.2% ($3,476,000) principally from funds received for the charter passenger terminal project.

Budgetary Highlights

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

	Budget 2002	Actual 2002	% Change
Total operating revenues	$ 3,992,630	$ 3,898,350	(2.4)
Less total operating expenses	8,147,192	6,914,198	(15.1)
Less depreciation	4,500,000	3,949,681	(12.2)
Operating loss	(8,654,562)	(6,965,529)	(19.5)
Non-operating revenues	3,854,562	2,756,861	(28.5)
Net loss before capital contributions	$ (4,800,000)	$ (4,208,668)	(12.3)

Total operating revenues were below budget expectations by 2.4% ($94,000) primarily as a result of airfield ground and building rent revenues being less than projected. Total operating expenses were less than budget expectations by 15.1% ($1,233,000) primarily from salaries, wages and benefits, supplies & services, professional fees and repairs & maintenance. Depreciation was under budget by 12.2% ($550,000) principally because the completion of the charter terminal was delayed until early 2003. Operating loss was less than the budgeted loss of $8,655,000 by $1.7 million.

- Airport revenues were below the budgeted amount by 5.8% ($715,000). The under budget results were primarily due to a shortfall in ground and building rents. Budgeted rentals from two airfield hangars occurred later in the year than originally projected.

- Charter terminal related revenues (parking and usage fees) were less than the budgeted amount by $61,500 due to a delay in the completion and opening of the charter terminal until early 2003. The charter terminal was originally projected to open in the late fall 2002.

- Foreign trade zone (FTZ) fees were greater than budgeted by 31.4% ($163,000) principally from fees charged relating to the submission of a FTZ expansion application that will increase the number of FTZ site locations from 7 to 16 when the application is approved.

- Salaries, wages and benefits were below the budgeted amount by 8.8%, ($374,000), due to certain budgeted positions remaining unfilled during the year.

- Supplies, services, utilities, repairs and maintenance, and taxes and licenses were below the budgeted amount by 13.6%, ($109,000), due primarily to savings in airfield maintenance supplies ($54,000) and savings in the rental of equipment ($12,000) and insurance costs ($21,000).

- Professional fees and charges were under budget by 15% ($196,000) and was principally the result of the deferral of expenditures ($181,000) related to an e-Logistics Grant. This project was deferred into 2003 and will be funded from a State of Ohio Grant.

- Interest income was below the budgeted amount by 42% ($96,000), due to lower than anticipated interest rates experienced.

Property

The Authority's property balance as of December 31, 2002, amounted to $73.3 million (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and building improvements, runways, taxiways and roads, machinery and equipment, and furniture and fixtures. The total increase in the Authority's investment in capital assets before accumulated depreciation for 2002 was 10.1%, or $10.3 million.

Major capital projects-in-progress and expenditures incurred during 2002 included the following:

• Charter Passenger Terminal	$10,986,000
• South Airfield Improvements	$511,000
• Fuel Storage Access Road	$283,000
• Jet Fuel Storage and Tritulator Buildings	$469,000
• Airfield Operating Equipment	$381,000

Land near the airport was sold during the year. This sale had the effect of reducing land and land improvements by $2,900,000 during 2002.

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

Debt Administration

Franklin County Debt

During 1985, the Authority received $16,400,000 from Franklin County for the payment of certain improvements at Rickenbacker. The source of these funds was from the issuance of general obligation bonds by Franklin County. Pursuant to their 1985 agreement with Franklin County, the Authority was required to pay Franklin County sufficient amounts to pay the current debt service on the bonds. If the Authority failed at any time to pay Franklin County any and all of the amounts currently due, those amounts were to become a continuing obligation of the Authority. The total debt service on the bonds from their date of issuance through December 31, 2002 and 2001 for which the Authority was unable to provide the funds for payment was $27,379,635 and $26,231,635 of which $13,120,000 and $12,300,000 is the principal paid and $14,259,635 and $13,931,635 is the interest paid on the original issuance, respectively. The balance due on the original issuance at December 31, 2002 and 2001 is $3,280,000 and $4,100,000 respectively, of which $820,000 is the current amount due for each year.

Ohio Public Works Commission

In 1995, the Authority agreed to reimburse Franklin 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 balances at December 31, 2002 and 2001 are $893,400 and $967,850 respectively, of which $74,450 is the current amount due for each year.

Other Debt

Other debt outstanding at December 31, 2002 includes a $1,875,204 note with a third party bearing interest at 6%. Principal and interest are paid monthly with maturity in 2020.

Debt principal and interest are paid from the general revenues of the Authority. Additional details may be found in Note 4 of the accompanying notes.

Airline Rates and Charges

The Authority charges signatory landing rates to airlines with a contractual airline operating agreement for their use of Rickenbacker International Airport. Landing fees for non-signatory airlines are assessed at 150 percent of the signatory rates.

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

	Budget 2002	Actual 2001	% Change
Landing Fees (per 1,000 lbs)	$1.35	$1.30	3.8

Significant Events

Port Authority Consolidation and Joinder Agreement

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, in the summer of 2001 to oversee the airports currently managed by the Columbus Municipal Airport Authority ("CMAA") and the Rickenbacker Port Authority ("RPA"). The County and City formed a Regional Port Authority Study Committee ("RPASC") to evaluate the structure of the current central Ohio port authorities and explore the possibilities off creating a single, regional port authority.

On December 12, 2002 the City, the CMAA and the County entered into a Port Authority Consolidation and Joinder Agreement ("Agreement") with an effective date of January 1, 2003. The surviving authority was renamed the Columbus Regional Airport Authority ("CRAA"). The Rickenbacker Port Authority was dissolved by the County and all of RPA's rights, title and interest in all assets and liabilities were transferred to the CRAA.

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors of
Rickenbacker Port Authority
Columbus, Ohio

We have audited the accompanying statements of net assets of Rickenbacker Port Authority (the "Authority") (a component unit of Franklin County, Ohio) as of December 31, 2002 and 2001 and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Authority at December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements in 2002, the Authority adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,* GASB Statement No. 37, *Basic Financial Statements and Management Discussion and Analysis—for State and Governments: Omnibus,* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and retroactively restated its net assets for the change.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Program's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express an opinion on it.

Deloitte & Touche LLP

April 24, 2003

Deloitte
Touche
Tohmatsu

RICKENBACKER PORT AUTHORITY

BALANCE SHEETS
DECEMBER 31, 2002 AND 2001

ASSETS	2002	2001
CURRENT ASSETS:		
Cash and equivalents	$ 7,347,943	$ 10,997,617
Receivables:		
Airfield operations (net of allowance of $50,000 and $5,000 in 2002 and 2001)	1,640,271	393,307
Grant reimbursements and other	362,448	107,964
Total receivables	2,002,719	501,271
Inventory	242,203	221,793
Prepaids	208,699	81,044
Total current assets	9,801,564	11,801,725
NON-CURRENT ASSETS:		
Property-net	73,306,447	66,767,313
Other non-current assets	90,695	76,516
Total non-current assets	73,397,142	66,843,829
TOTAL ASSETS	$ 83,198,706	$ 78,645,554

LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 1,967,635	$ 577,430
Current portion of deferred revenue	105,000	99,758
Security deposits and other	35,740	28,422
Accrued real estate taxes	324,320	278,500
Accrued payroll and related	662,230	424,387
Accrued other	450,153	56,857
Current portion of long-term debt	955,543	988,496
Total current liabilities	4,500,621	2,453,850
NON-CURRENT LIABILITIES:		
Long-term portion of deferred revenue	90,695	76,516
Long-term debt due Franklin County		
Less current portion:		
Debt service on general obligation bonds	27,379,635	26,231,635
Capital subsidies	13,983,617	11,883,617
Franklin County bonds	2,460,000	3,280,000
Notes—Ohio Public Works Commission	818,950	893,400
Subtotal long-term debt due Franklin County	44,642,202	42,288,652
Other long-term debt	1,814,112	4,183,230
Total non-current liabilities	46,547,009	46,548,398
Total liabilities	51,047,630	49,002,248
NET ASSETS		
Invested in capital assets, net of related debt	25,894,590	19,306,935
Restricted-capital expenditures	4,211,715	7,107,527
Unrestricted net assets	2,044,771	3,228,843
Total net assets	32,151,076	29,643,305
TOTAL LIABILITIES AND NET ASSETS	$ 83,198,706	$ 78,645,553

See notes to financial statements.

RICKENBACKER PORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
OPERATING REVENUE:		
Airfield operations	$ 2,840,253	$ 2,624,658
Overhead reimbursements—related party	120,818	193,939
Foreign trade zone fees	681,768	357,723
Other revenue	255,511	453,497
Total operating revenue	3,898,350	3,629,817
OPERATING EXPENSES:		
Salaries, wages and benefits	3,868,831	3,982,480
Professional fees and charges	1,148,121	1,333,958
Supplies and services	691,053	595,258
Utilities	382,469	473,291
Repairs and maintenance	244,726	198,306
Taxes and licenses	392,041	272,163
Other expenses	186,957	178,741
Total operating expenses	6,914,198	7,034,197
OPERATING LOSS BEFORE DEPRECIATION	(3,015,848)	(3,404,380)
DEPRECIATION	3,949,681	3,675,900
OPERATING LOSS	(6,965,529)	(7,080,280)
NONOPERATING REVENUE (EXPENSE):		
Franklin County operating grants	3,000,000	3,400,000
City of Columbus grant	300,000	
Gain on sale of land	64,857	251,525
Gain on sale of fixed assets	43,980	
Interest income	145,514	457,435
Interest expense	(623,509)	(681,407)
Demolition expense	(173,981)	(569,241)
Total nonoperating revenue (expense)	2,756,861	2,858,312
LOSS BEFORE CAPITAL CONTRIBUTIONS	(4,208,668)	(4,221,968)
CAPITAL CONTRIBUTIONS	6,716,439	3,240,870
CHANGES IN NET ASSETS—Increase (decrease) in net assets	2,507,771	(981,098)
TOTAL NET ASSETS—Beginning of year	29,643,305	30,624,403
TOTAL NET ASSETS—End of year	$ 32,151,076	$ 29,643,305

See notes to financial statements.

RICKENBACKER PORT AUTHORITY

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash collections from customers	$ 2,402,139	$ 6,814,519
Cash payments to suppliers	(1,356,788)	(5,031,948)
Cash payments for salaries	(3,630,988)	(3,889,492)
Net cash used in operating activities	(2,585,637)	(2,106,921)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Franklin County operating grants	3,000,000	3,400,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property, plant and equipment	(13,034,265)	(7,576,256)
Federal and state capital grants	6,353,991	3,132,906
City contribution	300,000	
Proceeds from land sales	2,972,755	251,525
Gain on sale of fixed assets	43,980	
Proceeds from long-term debt	3,248,000	4,108,600
Principal payments on long-term debt	(3,296,522)	(984,674)
Interest payments on debt	(623,509)	(681,407)
Demolition costs	(173,981)	(569,241)
Net cash used in financing activities	(4,209,551)	(2,318,547)
CASH FLOWS FROM INVESTING ACTIVITIES—Interest income	145,514	457,435
DECREASE IN CASH AND EQUIVALENTS	(3,649,674)	(568,033)
CASH AND EQUIVALENTS—Beginning of year	10,997,617	11,565,650
CASH AND EQUIVALENTS—End of year	$ 7,347,943	$ 10,997,617
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (6,965,529)	$ (7,080,280)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	3,949,681	3,675,900
(Increase) decrease in receivables	(1,515,627)	3,053,428
Increase in inventory	(20,410)	(85,927)
Increase in prepaids	(127,655)	(10,915)
Increase (decrease) in accounts payable	1,390,205	(1,850,057)
Increase in accrued liabilities	676,959	61,450
Increase in security deposits and deferred revenue	26,739	129,480
Net cash used in operating activities	$ (2,585,637)	$ (2,106,921)
NONCASH TRANSACTIONS:		
Property, plant and equipment in accounts payable	$ 1,624,724	$ 383,076
Capital grant receivable	$ 362,448	$ 107,964

See notes to financial statements.

1. GENERAL INFORMATION AND BASIS OF ACCOUNTING

Organization—Rickenbacker Port Authority (the "Authority") was formed under Ohio Revised Code 4582 in 1979 by Franklin County, Ohio for the purpose of serving as a local reuse agency, which included, in part, acquiring and owning approximately 1,600 acres of land (including improvements thereon) situated in Franklin and Pickaway counties and consisting of a part of the former Rickenbacker Air Force Base. The property is hereinafter referred to as "Rickenbacker." The Authority is organized as a governmental proprietary fund. Proprietary funds are financed and operated in a manner similar to private business enterprises. The cost of providing goods and services is financed through user charges and fees. The Authority is a component unit of Franklin County, Ohio. The Rickenbacker financial statements will be included in the comprehensive annual financial report of Franklin County, Ohio for the fiscal years ended December 31, 2002 and 2001.

Rickenbacker was deemed to be surplus by the United States Government and was transferred to the Authority at no cost, other than certain costs associated with the transfer. Title to the land is subject to certain covenants, conditions and restrictions and reverts to the United States Government at the government's option if any covenant is violated and not cured within sixty days.

At December 31, 2002, the Authority owns approximately 3,299 acres of land. The land owned by the Authority is contiguous to certain airfield property owned by the United States Government. As described in Note 3, the Authority has a long-term lease in furtherance of conveyance on land contiguous to the airfield.

The principal sources of cash that have been used to fund the Authority's activities have been from government entities (Franklin County, the State of Ohio and the Federal Aviation Administration). A substantial portion of the funding provided by the government entities has been for the purpose of providing infrastructure to assist in the development of Rickenbacker as an airport and foreign trade zone industrial park. Management believes the government entities will continue to provide funding to the Authority. On October 14, 1997, the Authority entered into an amended contribution agreement whereby Franklin County agreed that all future contributions to the Authority's operating budget up to $12 million will be considered grants not subject to repayment (see Note 4).

Basis of Accounting—Proprietary fund types are presented using the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. All assets and liabilities associated with the operation of these funds are included on the balance sheet. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The Authority follows Generally Accepted Accounting Principles ("GAAP") for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board ("GASB") and other recognized authoritative sources. The Authority also applies the Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with, or contradict, GASB pronouncements.

The proprietary fund types are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liabilities are incurred. Unbilled service charges are recognized as revenue and recorded as receivables at year-end. Differences between amounts earned and received are shown as receivables. Differences between expenses incurred and paid are shown as liabilities.

Use of Estimates—The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Concentration of Credit Risk—Approximately 21% and 27% of the revenues used to fund the Authority's activities during 2002 and 2001, respectively, were from Franklin County, Ohio. A substantial portion of the funding provided by Franklin County has been for the purpose of assisting in the development of Rickenbacker as an airport and foreign trade zone industrial park.

Cash and Equivalents—For purposes of the statement of cash flows, cash and cash equivalents include demand and time deposits with original maturities less than three months. Included in this balance is $3,758,572 and $6,923,047 of funds designated by the Board of Directors for capital improvements at December 31, 2002 and 2001, respectively.

Ohio Law permits the Authority to deposit monies in institutions insured by the Federal Depository Insurance Corporation ("FDIC"). Ohio Revised Code 135.14 restricts the Authority's investments to the following types of securities:

- Bonds, notes, or other obligations of, or guaranteed by, the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

- Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency or instrumentality.

- Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts.

- Bonds and other obligations of the State of Ohio.

- No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) of this section, and repurchase agreements secured by such obligations.

- The Ohio subdivision fund is provided for in Section 135.45. The Authority will only purchase these through eligible institutions per the Ohio Revised Code ("ORC") Section 135.03.

At December 31, 2002 and 2001, the carrying amount of the Authority's cash and equivalents is $7,347,943 and $10,997,617, respectively, in demand deposit accounts as compared to bank balances of $7,665,530 and $11,303,855, respectively. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $100,000 is covered by the Federal Depository Insurance Corporation ("FDIC") and $7,247,943 are uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

Property—Property additions are capitalized at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 40 years.

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

Restatement—In 2002, certain amounts in the 2001 financial statements have been reclassified to conform with the 2002 presentation.

In 2002, the Authority adopted GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. These Statements eliminate the concept of Fund Equity and introduce the concept of Net Assets. The Authority has adopted these Statements for its 2001 financial statements and the beginning net assets have been reclassified to conform with the 2002 presentation.

2. PROPERTY

The property balance at December 31, 2002 and 2001 consists of the following:

	Balance December 31, 2001	Additions	Disposals/ Deletions	CIP Transfers	2002
Capital Assets					
Land and land improvements	$ 23,632,202		$ (2,907,898)	$ 839,889	$ 21,564,193
Buildings	8,779,060	$ 88,601		605,601	9,473,262
Airfield improvements	63,152,610			53,412	63,206,022
Vehicles	2,912,897	380,849	(187,724)		3,106,022
Airfield equipment	650,738	180,110			830,848
Office furniture and fixtures	814,549	66,550			881,099
Construction in progress	1,583,256	12,680,603		(1,498,902)	12,764,957
Total capital assets	101,525,312	$ 13,396,713	(3,095,622)		111,826,403
Less accumulated depreciation					
Land improvements	36,437	51,356			87,793
Buildings	996,116	236,480			1,232,596
Airfield improvements	30,295,895	3,268,658			33,564,553
Vehicles	2,388,941	194,749	187,724		2,395,966
Airfield equipment	540,297	47,056			587,353
Office furniture and fixtures	500,313	151,382			651,695
Total accumulated depreciation	34,757,999	3,949,681	187,724		38,519,956
Property—net	$ 66,767,313	$ 9,447,032	$ (2,907,898)	$ -	$ 73,306,447

3. SIGNIFICANT AGREEMENTS

In conjunction with the initial development and operation of Rickenbacker, the Authority entered into several key agreements in addition to the agreement described above. These agreements include:

a. *Airfield Lease*—In 1996, the Authority submitted an application for Airport Property by Public Benefit Transfer pursuant to the Surplus Act of 1994 to the U.S. Government in order to obtain excess Government lands at Rickenbacker. The Authority signed a lease with the U.S. Government in 1997 to acquire these lands and all improvements thereon for the purpose of State and local economic readjustment efforts by providing new opportunities for commercial and industrial redevelopment that will spur job creation and accelerate economic development. The land includes the airfield and some airside property. The lease requires the Authority to pay the U.S. Government $10 cash rent and requires the Authority to assume sole responsibility for the maintenance and operations of these acquired lands, including all real estate taxes, assessments and similar charges. The costs or expenses relating to this acquisition cannot be reasonably estimated at this time. Liability for any environmental cleanup of asbestos required on these lands is the Authority's and any other environmental cleanup, by statute and agreement, remains with the United States Government. The property will transfer to the Authority by deed as the environmental investigation and remediation is completed.

b. *Foreign Trade Zone Grant*—Under the terms of a grant by the U.S. Foreign Trade Zones Board in 1986, the Authority was given approval to operate Foreign Trade Zone Number 138. The zone includes a substantial portion of the airside property owned by the Authority, the industrial park, and has been modified or expanded in prior years to include approximately 600 additional acres of land adjacent to the airport.

c. *Federal Aviation Administration*—The Authority has received approval from the Federal Aviation Administration ("FAA") to operate as a FAA Limited Part 139 commercial airport. Such approval requires that certain FAA mandated maintenance, operating and security standards regarding such items as lighting, all weather operations standardization, etc. be maintained by the Authority.

d. *Hub Site Lease*—Under the terms of a lease effective September 9, 1985, as amended on August 12, 1994 and expiring on December 31, 2055, the Authority leases approximately 66 acres to an unrelated party. The site is subleased for use as a hub for Federal Express. The lease provides for annual rent of $20,400 in 2001. The lease provides that Federal Express pay real estate taxes, utilities, etc. The lease provides for increases in rent commencing January 1, 2000 and every tenth year thereafter, based upon an independent appraisal and for increases based upon increases in the Consumer Price Index commencing January 1, 2005 and every tenth year thereafter. Schedule of Lease Payments Receivables is as follows:

	Payments Receivable
2003	$ 20,400
2004	20,400
2005	25,500
2006	25,500
2007	25,500
2008-2012	140,250
2013-2015	167,344
2016-2020	199,219
2021-2025	209,180
2026-2030	249,025
2031-2035	261,471
2036-2040	311,225
2041-2045	326,844
2046-2050	389,100
2051-2055	408,555
Total	$2,779,513

e. *Rental Income*—The Authority rents certain buildings, land and undeveloped farmland to third parties under various rental agreements.

4. DEBT OBLIGATIONS

Franklin County Debt—During 1985, the Authority received $16,400,000 from Franklin County for the payment of certain improvements at Rickenbacker. The source of these funds was from the issuance of general obligation bonds by Franklin County. Pursuant to the 1985 agreement with Franklin County, the Authority was required to pay Franklin County sufficient amounts to pay the current debt service on the bonds. If the Authority failed at any time to pay Franklin County any and all of the amounts currently due, those amounts were to become a continuing obligation of the Authority. The total debt service on the bonds from their date of issuance through December 31, 2002 and 2001 for which the Authority was unable to provide the funds for payment was $27,379,635 and $26,231,635 of which $13,120,000 and $12,300,000 is the principal paid and $14,259,635 and $13,931,635 is the interest paid on the original issuance, respectively. The balance due on the original issuance at December 31, 2002 and 2001 is $3,280,000 and $4,100,000, respectively, of which $820,000 is the current amount due for each year.

On October 14, 1997 the Authority entered into an amended contribution agreement with Franklin County whereby Franklin County agreed to forgive and release the Authority from repayment of any past operating subsidies through the fiscal year ended December 31, 1997 (totaling $30,412,803). Franklin County further agreed that all future contributions to the Authority's operating budget up to $12 million will be considered grants not subject to repayment. During 2002 and 2001 Franklin County advanced an additional $3,000,000 and $3,400,000, respectively, to the Authority for operating subsidies and $2,100,000 and $2,895,000, respectively, for capital subsidies. Based on the terms of this agreement the balance of the capital subsidies due Franklin County at December 31, 2002 and 2001 was $13,983,617 and $11,883,617, respectively.

Ohio Public Works Commission—In 1995, the Authority agreed to reimburse Franklin 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, 2002 and 2001 is $893,400 and $967,850, respectively, of which $74,450 is the current amount due for each year.

	Principal
2003	$ 74,450
2004	74,450
2005	74,450
2006	74,450
2007	74,450
2008-2012	372,250
2013-2015	148,900
Total	$ 893,400

Other Debt—Other debt outstanding at December 31, 2002 includes a $1,875,204 note with a third party bearing interest at 6%. Principal and interest are paid monthly with maturity in 2020.

Other long-term debt matures as follows:

	Principal	**Interest**
2003	$ 61,093	$ 110,850
2004	64,861	107,082
2005	68,862	103,082
2006	73,109	98,835
2007	77,618	94,325
2008-2012	466,086	393,630
2013-2017	628,680	231,036
2018-2020	434,896	37,949
Total	$ 1,875,205	$ 1,176,789

5. RELATED PARTY TRANSACTIONS

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

Also, under a management agreement the Authority provides the FCIC with certain administrative services. The FCIC paid $120,818 and $170,089 for these services for 2002 and 2001, respectively.

6. COMMITMENTS AND CONTINGENCIES

In addition to commitments described in Note 3 (Agreement for Airport Services and Hub Site Lease) and Note 4 (Debt Obligations), the Authority has certain additional commitments with respect to its involvement with Rickenbacker. These commitments include the following:

The Authority may have the responsibility to perform significant repairs or upgrading to airfields including, in particular, the inside runway which is contiguous to Rickenbacker. The responsibility to perform such repairs or upgrading is contingent upon a variety of factors, including the needs of tenants at Rickenbacker and the remaining useful life of the existing inside runway. Accordingly, the time and cost of such repairs or upgrading are not determinable at the present time. However, if the Authority performs these repairs or upgrading, management believes the cost may be substantial.

The Authority may have some obligations related to the abatement of noise related to the air traffic at Rickenbacker. Significant expenditures have been made through 1997 related to the abatement of noise, funded, in a large part, by the FAA. At the present time, management has no basis to reasonably estimate any additional noise abatement costs which may be necessary. An update to the noise program study was completed in 1997.

The Department of the Air Force has acknowledged to the Authority that the Air Force has residual responsibility for clean up of any hazardous waste discovered at Rickenbacker after its transfer to the Authority. The magnitude of any required clean-up, whether the Authority will incur any cost or expense in connection with a clean-up and whether the existence of the landfill will delay the development of Rickenbacker cannot be determined at this time. In addition, buildings located on property previously or to be transferred to the Authority generally contain asbestos. The liability for asbestos removal has been assumed by the Authority and management has no basis to reasonably estimate the total future removal costs which will be necessary. Abatement has been completed on a project by project basis as redevelopment occurs.

The Authority has received Federal and state grants for specific purposes that may be subject to review and audit by the grantor agencies or their designee. As of December 31, 2002, the Authority has not been notified that an audit would take place. An audit could lead to disallowance of a request for reimbursement to the grantor agency for expenditures already incurred by the program, or could result in a finding for recovery, which would be a liability. Based on prior experience, management believes such disallowances or findings, if any, will be immaterial. No provisions have been made within the financial statements for the refund or repayment of grant monies.

The Authority has purchase commitments outstanding for the building of a new terminal and other airfield improvements of $4,303,680 at December 31, 2002.

7. VACATION, SICK LEAVE AND RETIREMENT PLAN

All employees are considered Authority employees under Section 4582 of the Ohio Revised Code. However, as a component unit of Franklin County, Ohio, Franklin County has agreed to process all payroll and allow the Authority participation in County benefit programs. The Authority is billed by the County for the actual costs of payroll and benefit programs.

Authority employees are granted vacation and sick leave at amounts which vary by length of service. In the event of termination, employees are reimbursed for any accumulated vacation and a portion of their sick leave at the employee's current wage. Authority employees may carry over no more than 40 hours of vacation with the employees receiving cash payments for accrued vacation in the excess of the maximum carryover. In addition, employees are required to use 50% of the vacation they accrue each year.

Employees may accumulate no more than 240 hours (other than grandfathered employees who had balances exceeding 240 hours) of sick leave carryover, and under the wellness incentive program may receive cash payments for unused sick leave to a maximum of 40 hours based on a calculation table of sick leave actually used.

At December 31, 2002 and 2001, the Authority was provided by the Franklin County Auditor's office an estimate of the Authority's liability for unused vacation and sick leave and such amounts have been recorded in the accompanying financial statements.

All full time employees of the Authority are required to participate in the Public Employees Retirement System of Ohio ("PERS"), a cost-sharing multiple-employer public employee retirement system. PERS provides retirement and disability benefits, annual cost-of-living adjustments, health care benefits, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefit provisions. PERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1 (800) 222-PERS (7377). The Authority's total payroll for the years ended December 31, 2002 and 2001 was $2,941,774 and $3,063,215, respectively.

Plan members are required to contribute 8.5% of their annual covered salary, while the 2002 employer contribution rate for state employers was 13.31% of covered payroll and for local government employer units the rate was 13.55%. The Authority's contributions to PERS for the years ended December 31, 2002, 2001, and 2000 were $393,649, $401,933, and $279,860, respectively, equal to the required contributions for each year.

In addition to the pension benefits, PERS provides postretirement health care coverage to age and service retirements with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by

PERS is considered an Other Postemployement Benefit ("OPEB") as described in GASB Statement No. 12. At December 31, 2002, the Plan had approximately 402,041 active participants.

A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The 2002 employer contribution rate for state employers was 13.31% of covered payroll, of which 5% was the portion used to fund health care for the year.

The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

The actuarial value of PERS' net assets available for OPEB at December 31, 2001 was $11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $16.4 billion and $4.8 billion, respectively.

The actuarial present value of accrued postemployment benefits was determined based on the entry age normal method of funding. Significant actuarial assumptions based on PERS' latest Actuarial Review performed as of December 31, 2001 are as follows: an investment rate of return of 8.00%, investments valued at market value, adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets, no change in the number of active employees, base pay rate increases of 4.00% and annual pay increases over and above the 4.00% base increase ranging from .50% to 6.30%, and health care costs assume an increase of 4.00% annually.

8. RISK MANAGEMENT

During the course of the year the Authority is subjected to certain types of risks in the performance of its normal functions. These risks include risks that the Authority might be subjected to by its employees in the performance of their normal duties. The Authority manages these types of risks through commercial insurance.

9. 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 or Franklin 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, 2002, there were fourteen series of bonds outstanding, with an aggregate principal amount payment of $203,442,079. The original issue amounts for these eight series totaled $214,012,079.

10. SUBSEQUENT EVENT

The County of Franklin, Ohio (the "County") Board of Commissions approached the Mayor and officials of the City of Columbus, Ohio (the "City") with the idea of creating one port authority, in the summer of 2001 to oversee the airports currently managed by the Columbus Municipal Airport Authority ("CMAA") and the Rickenbacker Port Authority ("RPA"). The County and the City formed a

Regional Port Authority Study Committee ("RPASC") to evaluate the structure of the current central Ohio port authorities and explore the possibilities of creating a single, regional authority.

On December 12, 2002 the City, the CMAA and the county entered into a Port Authority Consolidation and Joinder Agreement (the "Agreement") with an effective date of January 1, 2003. The surviving authority was renamed the Columbus Regional Airport Authority ("CRAA"). On January 1, 2003, the RPA was dissolved by the County and all RPA's rights, title and interest in all assets and liabilities were transferred to the CRAA.

* * * * * *

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RICKENBACKER PORT AUTHORTY

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
JUNE 26, 2003