# Comprehensive
# Annual Financial Report

*Columbus Regional Airport Authority*
*Columbus, Ohio*
*For the Years Ended December 31, 2014 and 2013*


COLUMBUS
REGIONAL AIRPORT AUTHORITY


316
2160

# 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, 2014 through December 31, 2014. 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

Dave Yost
Auditor of State

May 21, 2015

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# *Comprehensive*
# Annual Financial Report

*Columbus Regional Airport Authority*
*Columbus, Ohio*
*For the Years Ended December 31, 2014 and 2013*


Prepared by:

**Randy Bush, CPA, CGMA, CIA**
Chief Financial Officer

**Paul Streitenberger, CPA, CGMA**
Director, Accounting & Finance

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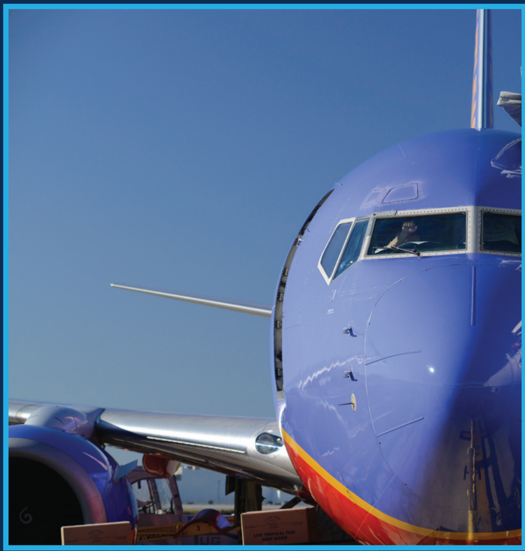


# Introductory Section

**This section contains the following subsections:**

March 30, 2015

# 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, 2014, 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, 2014 and 2013 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 2014 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 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 improved for our community and have positively 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 available seating capacity of carriers who serve our market; 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 minimal growth for the foreseeable future.

The economy of the Greater Columbus area, including Franklin County and the seven surrounding counties, has encountered better than expected economic improvement compared to the State of Ohio and the nation in 2014. The unemployment rate as provided by the US Bureau of Labor Statistics of 4.6% was below that of Ohio (5.6%) and the United States (6.2%). 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 Ohio State University, State of Ohio, JP Morgan Chase & Co., OhioHealth, Nationwide, and Kroger Co. – is representative of the local economy as a whole. The variety represented by these six employers, which together account for more than 116,030 jobs in Central Ohio, assures that the local economy can withstand some economic slowdowns.

Port Columbus serves 34 airports with nearly 150 daily departures by 6 airlines. In 2014 the Authority served over 6.3 million passengers, up 2.1% from the previous year. Additional data can be found in the Statistical Section of this CAFR.

Meanwhile, 158.1 million pounds of cargo moved through Rickenbacker in 2014 as compared to 153.7 million pounds in 2013. In 2014, 91,572 passengers used the Rickenbacker Charter Terminal as compared to 33,269 in 2013. Furthermore, contributing to increased cargo activity at Rickenbacker was the initiation of weekly scheduled international cargo service to and from Hong Kong and Luxembourg during 2014.

## 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 user charge 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 occurred in August 2013. The runway work was completed in 2014 and the old runway was converted to a taxiway.

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.

Concourse A & C work which commenced in 2012 were substantially completed in 2013. Improvements included a new family restroom installation and complete renovation of existing restrooms, additional food and beverage concessions construction, new terrazzo flooring and carpeting installation, and upgraded lighting fixtures. Ticket lobby and Concourse B improvements began in 2014 and will be substantially complete in the first part of 2016.

In July 2014, the Authority completed construction of a new Marriott Fairfield Inn & Suites. The hotel is located within walking distance of the main terminal and has a 120 room limited service. This hotel opened ahead of schedule and is owned directly by the Authority but is managed under a separate management agreement.

## Internal ***Control Framework***

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

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

The Authority maintains an Internal Audit Department responsible for a broad, comprehensive program of internal and external auditing. The Audit Manager reports directly to the Administration Director and maintains reporting responsibilities to the 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:**

| | 2014 | 2013 | % Change |
|---|---|---|---|
| Airline Cost | $ 25,638,822 | $ 27,652,548 | -7.3 |
| Enplanements | 3,173,046 | 3,114,891 | 1.9 |
| Cost Per Enplaned Passenger | $ 8.08 | $ 8.88 | -9.0 |

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 2014 and 2013, the airline Cost/EP at Port Columbus International

Airport has remained competitive at $8.08 and $8.88 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 unmodified opinion that the Authority's financial statements for December 31, 2014 and 2013, and for the years then ended, present fairly, in all material respects, the results of the Authority's financial position, operations and cash flows. The Auditor of the 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 auditor's reports issued based upon work performed in accordance with those requirements noted no instances of noncompliance by the Authority with any applicable state or federal laws or regulations or other matters that are required to be reported for the fiscal year ending December 31, 2014. 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, 2013. 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 twenty-two consecutive years, ended December 31, 2013. 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.

## Acknowledgements

The publication of this CAFR is a reflection of the level of excellence and professionalism the Authority's entire staff demonstrate on a daily basis. 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,

Randy Bush, CPA, CGMA, CIA
Chief Financial Officer

# Board of Directors:

Chair
**Susan Tomasky**
President - Retired
AEP Transmission American Electric Power

Vice Chair
**William R. Heifner**
President
Renier Construction

## Directors

**Don M. Casto, III**
President & Owner
CASTO

**Frank J. Cipriano**
Chief Executive Officer
Land Network

**Elizabeth P. Kessler**
Partner -in-Charge
Jones Group

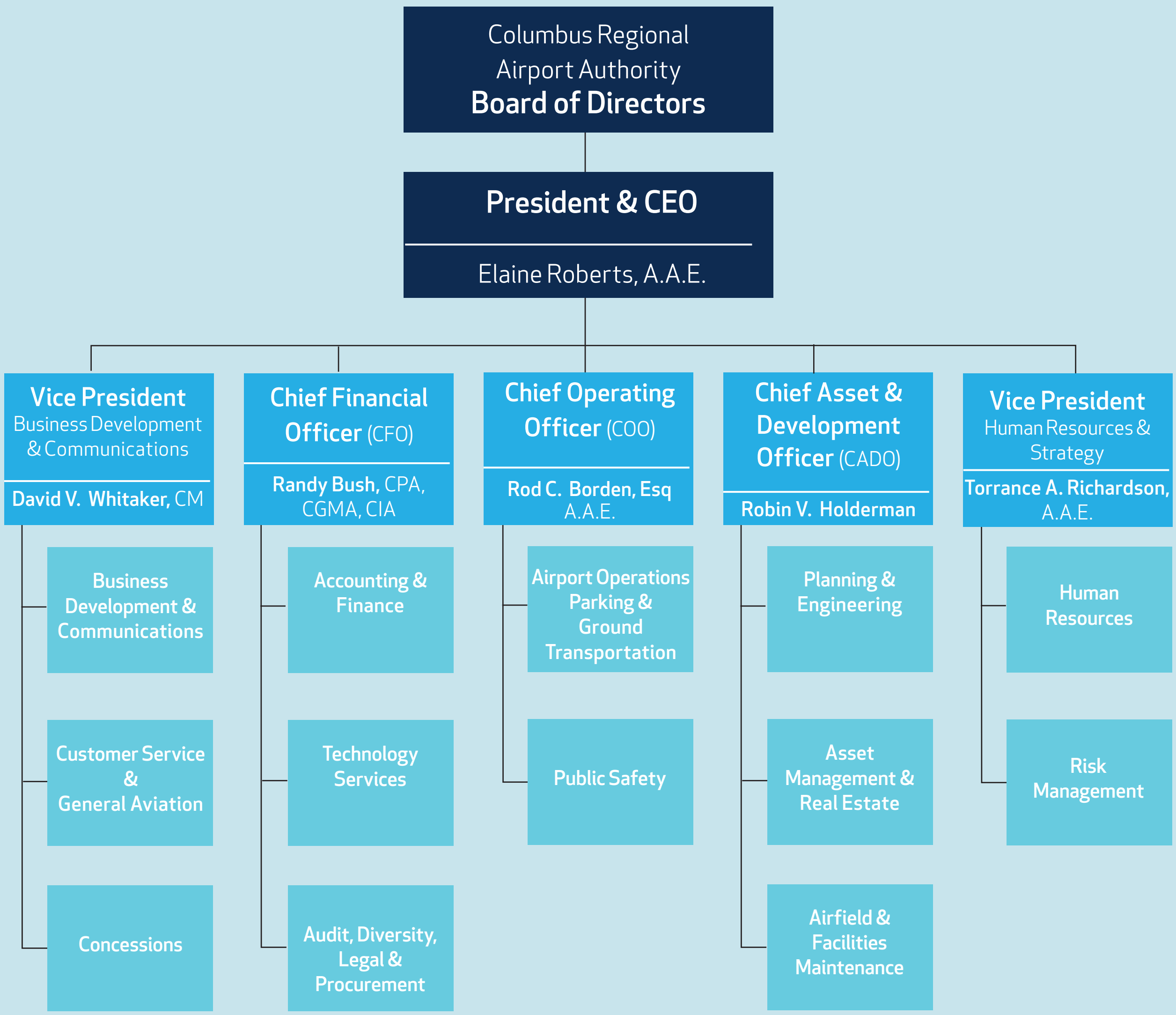
**William J. Lhota, P.E.**
President & CEO - Retired
Central Ohio Transit Authority

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

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

**Dwight E. Smith**
President & CEO
Sophisticated Systems, Inc

# *Organization Chart* and Senior Management




## Senior *Management*

**Henrietta Brown, MBA** Director, Administration

**Dennis E. Finch** Director, Asset Management

**Philip A. Gehrish, BSBA, MSCJ, A.A.E.** Director, Public Safety

**Charles J. Goodwin, A.A.E.** Director, Airport Operations

**James W. Lizotte, PMP** Director, Technology Services

**Brian J. Sarkis** Vice President, Planning & Engineering

**Paul E. Streitenberger, CPA, CGMA** Director, Accounting & Finance

Government Finance Officers Association

# 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, 2013**

Executive Director/CEO

# Financial Section

**This section contains the following subsections:**

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

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

plante moran

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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 basic financial statements of Columbus Regional Airport Authority (the "Authority"), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the 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 audits. We conducted our audits 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

***Opinions***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Columbus Regional Airport Authority as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Columbus Regional Airport Authority's basic financial statements. The supplemental schedule of revenue and expenses: budget vs. actual - budget basis, schedule of expenditures of federal awards, and schedule of expenditures of passenger facility charges, and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedule of revenue and expenses: budget vs. actual - budget basis, schedule of expenditures of federal awards, and schedule of expenditures of passenger facility charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of revenue and expenses: budget vs. actual - budget basis, schedule of expenditures of federal awards, and schedule of expenditures of passenger facility charges are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Directors
Columbus Regional Airport Authority

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015 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, and 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 in considering Columbus Regional Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 30, 2015

# *Management's Discussion* and Analysis

The following unaudited 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, 2014 and 2013. 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 and liabilities, with the difference between the two reported as 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 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***

### Port Columbus Opens Marriott Fairfield Inn & Suites

The Authority invested $12.6 million in the construction of a Marriott Fairfield Inn & Suites which opened in July 2014, earlier than the original August 1st target. The 121-room hotel is owned by the Authority and provides another convenient choice for airport passengers and visitors to our region. First Hospitality Group was contracted to operate the hotel, which is expected to provide a return on the Authority's investment in the next 8 to 10 years.

Additionally, the Authority invested in a 17.5-foot by 30.5-foot digital sign on the east exterior wall of the Fairfield Inn & Suites to accommodate advertising and airport-focused marketing. A static sign was placed on the west exterior wall. These signs provide another means for advertisers to reach the millions of people traveling through Port Columbus on an annual basis, and also provides a non-airline revenue source for the Authority.

### Airports Council International-North America Merits Port Columbus a 2014 Environmental Achievement Award

The Port Columbus 10R-28L Runway Replacement Program received the Special/Innovative Projects Award for the innovating, sustainable solutions implemented throughout the design and construction of the runway. The Authority's $140 million airport improvement project was recognized for how the project team managed construction waste, improved water quality and storm water management collection, reduced construction emissions, reduced pavement life-cycle costs, and provided energy savings through the use of LED lighting and a variety of solar items.

### Port Columbus Continues $80 million Terminal Modernization Program

Nearly two years after the Authority embarked on a major initiative to upgrade its three- concourse, 1958 terminal building, renovations are complete in the six-gate Concourse A and ten-gate Concourse C for a total of $11.4 million. Concourse B renovations totaling $13.2 million are scheduled to be completed by the end of 2015. Ticket lobby modernization began in 2014 with anticipated completion in the beginning of 2016. Funding for the entire $80 million Terminal Modernization Program will be derived from Passenger Facility Charges and operating income.

# 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 2014 is as follows:**

The Authority's total assets increased $23.0 million over 2013. The increase is the result of long-term investments, capital acquisition, and construction of capital projects. Non-current assets (unrestricted and restricted) increased $23.9 million primarily due to long-term investments and investments in capital assets.

Total liabilities increased $9.9 million over 2013. The increase is the result of an increase in additional borrowings on the revolving bank loan to fund the Authority's capital improvement program.

Total operating revenues increased $3.2 million over 2013, primarily the result of higher revenue received from parking, hotel, and cargo operations.

Total operating expenses had no significant change over 2013.

**A summary of the Authority's financial highlights for the year 2013 is as follows:**

The Authority's total assets increased $13.9 million over 2012. The increase is the result of capital acquisition and construction of capital projects. Current assets decreased $5.4 million primarily due to the decrease in cash and cash equivalents. Non-current assets (unrestricted and restricted) increased $19.3 million primarily due to increased investments in capital assets.

Total liabilities had no significant change from 2012.

Total operating revenues increased $4.0 million over 2012, primarily the result of higher revenue received from parking and cargo operations.

Total operating expenses increased $3.9 million over 2012. This is primarily the result of increases associated with materials and supplies, and employee wages and benefits.

# Financial *Position*

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

| | Dollars in 000's | | | % Change | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2014 | 2013 |
| **ASSETS** | | | | | |
| Current Assets — Unrestricted | $ 62,862 | $ 63,739 | $ 69,202 | -1.4 | -7.9 |
| Capital Assets | 750,268 | 739,183 | 723,223 | 1.5 | 2.2 |
| Other Non-Current Assets — Unrestricted | 74,104 | 61,091 | 53,781 | 21.3 | 13.6 |
| Other Non-Current Assets — Restricted | 22,587 | 22,790 | 26,714 | -0.9 | -14.7 |
| **Total Assets** | **909,821** | **886,803** | **872,920** | **2.6** | **1.6** |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | | |
| Deferred Loss On Bond Refunding, Net of Accumulated Amortization | 1,286 | 1,462 | 1,648 | -12.0 | -11.3 |
| **LIABILITIES** | | | | | |
| Current Liabilities — Unrestricted | 18,863 | 23,137 | 19,872 | -18.5 | 16.4 |
| Long-Term Liabilities — Restricted | 51,952 | 32,139 | 25,926 | 61.6 | 24.0 |
| Long-Term Liabilities — Unrestricted | 81,343 | 87,025 | 96,188 | -6.5 | -9.5 |
| **Total Liabilities** | **152,158** | **142,301** | **141,986** | **6.9** | **0.2** |
| **NET POSITION** | | | | | |
| Net Investment In Capital Assets | 632,329 | 636,187 | 616,650 | -0.6 | 3.2 |
| Net Position — Restricted | 20,901 | 20,639 | 25,030 | 1.3 | -17.5 |
| Net Position — Unrestricted | 105,719 | 89,138 | 90,902 | 18.6 | -1.9 |
| **Total Net Position** | **$ 758,949** | **$ 745,964** | **$ 732,582** | **1.7** | **1.8** |

**An analysis of significant changes in assets, liabilities, and net position for the year 2014 is as follows:**
The Authority's total assets and deferred outflows of resources exceeded total liabilities by $758.9 million, a $13.0 million increase over December 31, 2013. The largest portion of the Authority's net position each year ($632.3 million or 83% at December 31, 2014) 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 ($20.9 million or 3% at December 31, 2014) 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 $105.7 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.

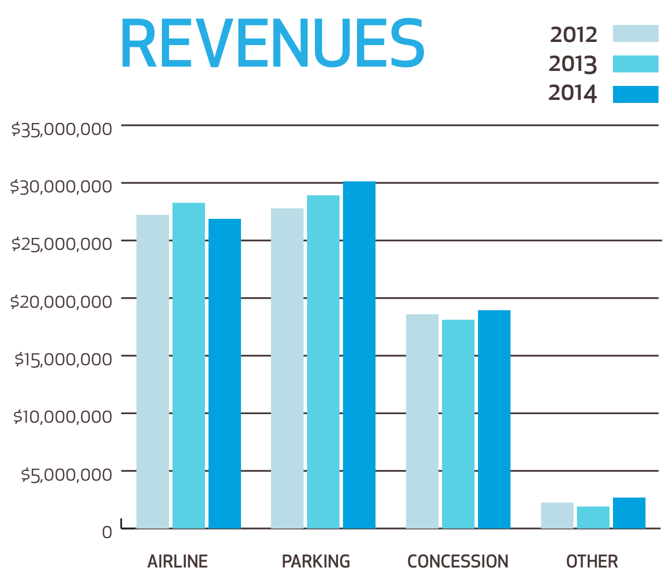
**An analysis of significant changes in assets, liabilities and net position for the year 2013 is as follows::**
The Authority's total assets and deferred outflows of resources exceeded total liabilities by $746.0 million, a $13.4 million increase over December 31, 2012. The largest portion of the Authority's net position each year ($636.2 million or 85% at December 31, 2013) 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 ($20.6 million or 3% at December 31, 2013) 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 $89.1 million may be used to meet any of the Authority's ongoing obligations. The Authority anticipates these funds will be needed to pay future capital expenditures 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 | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2014 | 2013 |
| Airline Revenue | $ 26,869 | $ 28,241 | $ 27,222 | -4.9 | 3.7 |
| Parking Revenue | 30,131 | 28,888 | 27,788 | 4.3 | 4.0 |
| Concession Revenue | 18,937 | 18,091 | 18,578 | 4.7 | -2.6 |
| General Aviation Revenue | 3,031 | 3,429 | 2,522 | -11.6 | 36.0 |
| Cargo Operations Revenue | 4,808 | 4,064 | 2,240 | 18.3 | 81.4 |
| Hotel Operations Revenue | 1,380 | - | - | 100.0 | - |
| Foreign Trade Zone Fees | 362 | 370 | 380 | -2.2 | -2.6 |
| Other Revenue | 2,675 | 1,869 | 2,218 | 43.1 | -15.7 |
| **Total Operating Revenues** | **$ 88,193** | **$ 84,952** | **$ 80,948** | **3.8** | **4.9** |




**An analysis of significant changes in revenues for the year 2014 is as follows:**

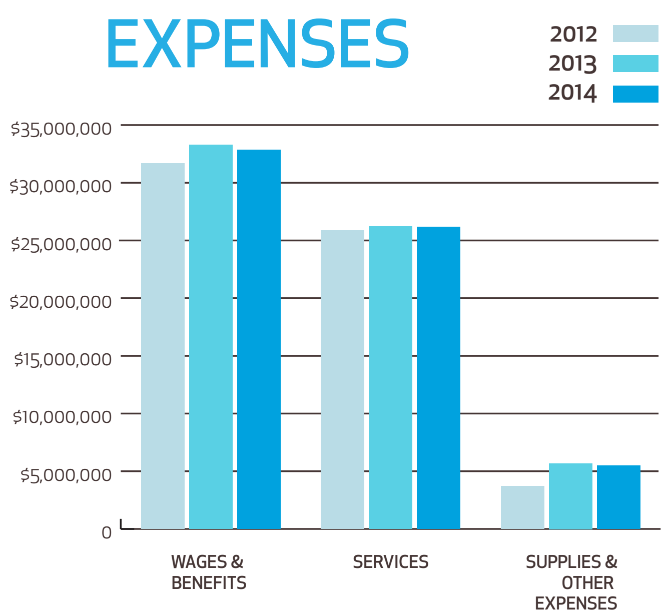
- General Aviation Revenue decreased 12% or $398,000. This decrease is related to higher use fee collections in 2013.
- Cargo Operations Revenue increased 18% or $744,000. This is due to increased FBO services at Rickenbacker Inland Port over 2013.

**An analysis of significant changes in revenues for the year 2013 is as follows:**

- General Aviation Revenue increased 36% or $907,000. This is due to higher use fee collections in 2013.
- Cargo Operations Revenue increased 81% or $1.8 million. This is due to FBO services at Rickenbacker Inland Port, which started operations in the fourth quarter of 2012.

**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 | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2014 | 2013 |
| Employee Wages & Benefits | $ 32,854 | $ 33,267 | $ 31,672 | -1.2 | 5.0 |
| Purchase of Services | 26,177 | 26,224 | 25,878 | -0.2 | 1.3 |
| Materials & Supplies | 5,701 | 5,621 | 3,672 | 1.4 | 53.1 |
| Hotel Services | 664 | - | - | 100.0 | - |
| Other Expenses | 121 | 60 | 17 | 101.7 | 252.9 |
| **Total Operating Expenses** | **$ 65,517** | **$ 65,172** | **$ 61,239** | **0.5** | **6.4** |




**An analysis of significant changes in expenses for the year 2014 is as follows:**

- Hotel Services increased $664,000. This is the result of the Authority-owned hotel opening in July 2014.

**An analysis of significant changes in expenses for the year 2013 is as follows:**

- Materials and Supplies increased 53% or $2.0 million. This is due to FBO services at Rickenbacker Inland Port, which started operations in the fourth quarter of 2012.

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

| | Dollars in 000's 2014 | 2013 | 2012 | % Change 2014 | 2013 |
|---|---|---|---|---|---|
| Total Operating Revenues | $ 88,193 | $ 84,952 | $ 80,948 | 3.8 | 4.9 |
| Total Operating Expenses | (65,517) | (65,172) | (61,239) | 0.5 | 6.4 |
| Operating Income before Depreciation | 22,676 | 19,780 | 19,709 | 14.6 | 0.4 |
| Depreciation | (42,259) | (38,312) | (35,259) | 10.3 | 8.7 |
| Operating Loss | (19,583) | (18,532) | (15,550) | 5.7 | 19.2 |
| Investment Income | 334 | 319 | 447 | 4.7 | -28.6 |
| Passenger Facility Charges | 12,562 | 12,238 | 12,954 | 2.6 | -5.5 |
| Rental Car Facility Charges | 6,519 | 6,470 | 6,257 | 0.8 | 3.4 |
| Interest Expense | (2,846) | (3,718) | (3,929) | -23.5 | -5.4 |
| (Loss) Gain On Securities | (48) | (195) | 17 | -75.4 | -1,247.1 |
| Amortization of Deferred Charges | (177) | (185) | (185) | -4.3 | 0.0 |
| (Loss) Gain On Disposal of Assets | (100) | 73 | 2,265 | -237.0 | -96.8 |
| Other Non-Operating Revenue | 672 | 2,712 | 2,766 | -75.2 | -2.0 |
| **(Loss) Income before Capital Contributions** | **(2,667)** | **(818)** | **5,042** | **226.0** | **-116.2** |
| Capital Contributions | 15,652 | 14,200 | 45,770 | 10.2 | -69.0 |
| **Increase in Net Position** | **12,985** | **13,382** | **50,812** | **-3.0** | **-73.7** |
| Net Position - Beginning of Year | 745,964 | 732,582 | 681,770 | 1.8 | 7.5 |
| **Net Position - End of Year** | **$ 758,949** | **$ 745,964** | **$ 732,582** | **1.7** | **1.8** |

**An analysis of significant changes in net position for the year 2014 is as follows:**

- Capital Contributions from federal and state funding sources increased by 10.2% or $1.5 million related to the runway 10R-28L replacement at Port Columbus and rehabilitation of R/W 5R-23L at Rickenbacker Inland Port.

**An analysis of significant changes in net position for the year 2013 is as follows:**

- Capital Contributions from federal and state funding sources decreased by 69.0% or $31.6 million related to the runway 10R-28L replacement at Port Columbus and rehabilitation of R/W 5R-23L at Rickenbacker Inland Port.

## Capital **Assets**

The Authority's capital assets as of December 31, 2014, totaled $750.3 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 2014 was 4.4% or $47.5 million.

**Major capital projects in progress and expenditures incurred during 2014 included the following:**

| | |
|---|---|
| Ticket Lobby Modernization – CMH | $ 9,555,000 |
| Fairfield Inn and Suites - CMH | 8,087,000 |
| RWY 10R/28L Replacement - CMH | 7,793,000 |
| Concourse B Renovations - CMH | 7,702,000 |
| Rickenbacker Parkway Phase IIB - LCK | 5,912,000 |
| Convert RWY 10R/28L to TWY - CMH | 5,764,000 |
| Concourse C Renovations – CMH | 3,402,000 |
| CCTV & AMAG Upgrade – CMH | 1,578,000 |

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. On January 1, 2013, the Authority paid off the remaining balance of these bonds.

### 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. On October 8, 2013, the 2003 AB bonds were refunded with cash reserves and proceeds from the Airport Refunding Revenue Bonds, Series 2013B.

### 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, 2014 was $56,945,000.

### Airport Refunding Revenue Bonds, Series 2013AB

On October 8, 2013, the Authority issued Airport Refunding Revenue Bonds, Series 2013AB in the principal amount of $17,600,000. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2003AB. The bonds are due at maturity in monthly principal and interest installments of $214,650 beginning February 2014 through April 2021.

The balance outstanding as of December 31, 2014 was $15,492,585.

### 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 outstanding balance was paid in full during 2014.

Bond principal and interest are paid from the general revenues of the Authority. Additional details may be found in Note 8 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, 2014, the Authority has collected PFCs, including interest earnings thereon, totaling $273 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 percent of the signatory rates.

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

| | Dollars in 000's | | | % Change | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2014 | 2013 |
| Landing Fees (per 1,000 lbs.) | $ 2.90 | $ 2.73 | $ 2.51 | 6.2 | 8.8 |
| Terminal Rental Rate (Average) | 69.83 | 65.39 | 66.32 | 6.8 | -1.4 |
| Apron Fee — Square Foot Rate Component | 2.09 | 2.67 | 1.74 | -21.7 | 53.4 |
| Apron Fee — Landed Weight Rate Component (per 1,000 lbs.) | 0.44 | 0.57 | 0.35 | -22.8 | 62.9 |

The Authority also charges a signatory landing fee to airlines for their use of LCK. Landing fees for non-signatory airlines were assessed at 125 percent for 2013 and increased to 150 percent in 2014 of the signatory rate.

**LCK landing fees were as follows:**

| | Dollars in 000's | | | % Change | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2014 | 2013 |
| Landing Fees (per 1,000 lbs.) | $ 2.56 | $ 2.23 | $ 2.12 | 14.8 | 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 emailed to pstreitenberger@columbusairports.com or sent in writing to Paul Streitenberger, Director, Accounting and Finance, Columbus Regional Airport Authority, 4600 International Gateway, Columbus, Ohio 43219.

## *Statements of Net Position*

As of December 31, 2014 and 2013

| ASSETS | 2014 | 2013 |
|---|---|---|
| **Current Assets** | | |
| Cash & Cash Equivalents | $ 24,546,778 | $ 16,783,611 |
| Other Investments | 2,500,976 | 9,135,458 |
| Accounts Receivable - Trade & Capital Grants - Net | 31,877,506 | 33,395,555 |
| Accounts Receivable - Other | 1,010,693 | 1,826,375 |
| Interest Receivable | 130,638 | 98,769 |
| Deposits, Prepaid Items, & Other | 2,795,386 | 2,498,953 |
| **Total Current Assets** | **62,861,977** | **63,738,721** |
| **Non-Current Assets** | | |
| Unrestricted Assets: | | |
| Other Investments | 73,832,597 | 60,825,717 |
| Accounts Receivable - Other | 271,501 | 264,786 |
| Land | 100,167,610 | 103,868,856 |
| Construction In Progress | 36,079,897 | 27,981,082 |
| Depreciable Capital Assets - Net of Accumulated Depreciation | 614,020,939 | 607,333,435 |
| **Total Unrestricted Non-Current Assets** | **824,372,544** | **800,273,876** |
| **Restricted Assets — Cash & Cash Equivalents** | **22,586,630** | **22,789,860** |
| **Total Non-Current Assets** | **846,959,174** | **823,063,736** |
| **Total Assets** | **909,821,151** | **886,802,457** |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred loss on bond refunding (Net of accumulated amortization of $1,288,372 in 2014 and $1,111,775 in 2013) | $ 1,285,736 | $ 1,462,333 |

See accompanying notes to the financial statements

## *Statements of Net Position*

As of December 31, 2014 and 2013 *(continued)*

| LIABILITIES | 2014 | 2013 |
|---|---|---|
| **Current Liabilities** | | |
| Accounts Payable — Trade | $ 6,259,456 | $ 10,290,383 |
| Accrued Interest Payable | 1,429,738 | 1,493,741 |
| Accrued and Withheld Employee Benefits | 4,970,764 | 5,188,320 |
| Advance Grants & Unearned Rent | 499,583 | 1,258,468 |
| Other Accrued Expenses | 5,703,991 | 4,906,348 |
| **Total Current Liabilities** | **18,863,532** | **23,137,260** |
| **Non-Current Liabilities** | | |
| Payable From Restricted Assets - Due Within 1 Year: | | |
| Retainages On Construction Contracts | 1,235,315 | 1,608,852 |
| Customer Deposits & Other | 450,605 | 542,452 |
| Current Portion of Long-Term Debt | 5,265,909 | 4,986,865 |
| Revolving Bank Loan | 45,000,000 | 25,000,000 |
| **Total Payable From Restricted Assets - Due Within 1 Year** | **51,951,829** | **32,138,169** |
| Payable From Unrestricted Assets - Due In More Than 1 Year: | | |
| Compensated Absences | 1,617,912 | 1,743,139 |
| Unearned Rent | 10,765,195 | 10,810,736 |
| Long-Term Debt, Less Current Portion - Net | 68,959,865 | 74,471,383 |
| **Total Payable From Restricted Assets - Due In More Than 1 Year** | **81,342,972** | **87,025,258** |
| **Total Long-Term Liabilities** | **133,294,801** | **119,163,427** |
| **Total Liabilities** | **152,158,333** | **142,300,687** |
| **NET POSITION** | | |
| Net Investment In Capital Assets | 632,328,408 | 636,187,458 |
| Restricted - Bond Reserves | 20,900,710 | 20,638,557 |
| Unrestricted Net Position | 105,719,436 | 89,138,089 |
| **TOTAL NET POSITION** | **$ 758,948,554** | **$ 745,964,104** |

See accompanying notes to the financial statements

## Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Airline Revenue | $ 26,868,901 | $ 28,241,349 |
| Parking Revenue | 30,130,816 | 28,888,049 |
| Concession Revenue | 18,936,838 | 18,091,460 |
| General Aviation Revenue | 3,030,665 | 3,428,555 |
| Cargo Operations Revenue | 4,807,592 | 4,063,570 |
| Hotel Operations Revenue | 1,380,258 | - |
| Foreign Trade Zone Fees | 362,678 | 370,432 |
| Other Revenue | 2,674,910 | 1,869,050 |
| **Total Operating Revenues** | **88,192,658** | **84,952,465** |
| **OPERATING EXPENSES** | | |
| Employee Wages & Benefits | 32,853,893 | 33,267,373 |
| Purchase of Services | 26,176,875 | 26,224,103 |
| Materials & Supplies | 5,701,254 | 5,620,586 |
| Hotel Services | 664,538 | - |
| Other Expenses | 120,806 | 59,788 |
| **Total Operating Expenses** | **65,517,366** | **65,171,850** |
| Operating Income Before Depreciation | 22,675,292 | 19,780,615 |
| Less: Depreciation | 42,258,747 | 38,312,237 |
| **Operating Loss** | **(19,583,455)** | **(18,531,622)** |
| **NON-OPERATING REVENUES (EXPENSES)** | | |
| Investment Income | 334,328 | 319,426 |
| Other Non-Operating Revenues | 671,955 | 2,711,895 |
| Passenger Facility Charges | 12,561,840 | 12,238,285 |
| Rental Car Facility Charges | 6,518,823 | 6,469,716 |
| Interest Expense | (2,846,114) | (3,717,551) |
| (Loss) Gain On Securities | (48,063) | (195,425) |
| Amortization of Deferred Charges | (176,597) | (185,296) |
| (Loss) Gain On Disposal of Assets | (100,387) | 72,584 |
| **Total Non-Operating Revenues** | **16,915,785** | **17,713,634** |
| **(Loss) Income Before Capital Contributions** | **(2,667,670)** | **(817,988)** |
| Capital Contributions | 15,652,120 | 14,200,016 |
| **Increase In Net Position** | **12,984,450** | **13,382,028** |
| Total Net Position - Beginning of Year | 745,964,104 | 732,582,076 |
| **Total Net Position — End of Year** | **$ 758,948,554** | **$ 745,964,104** |

See accompanying notes to the financial statements

## Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash Received From Customers | $ 88,022,394 | $ 83,890,660 |
| Cash Paid To Employees | (33,196,676) | (32,381,151) |
| Cash Paid To Suppliers | (36,164,231) | (28,463,955) |
| Other Payments | (120,806) | (59,788) |
| **Net Cash Provided by Operating Activities** | **18,540,681** | **22,985,766** |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| Proceeds From Federal, State, & Local Funded Operating Grants | 671,955 | 2,711,895 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Purchases of Property, Plant, & Equipment | (54,079,247) | (54,127,918) |
| Contributed Capital, Passenger Facility Charges, & Rental Car Facility Charges | 37,230,063 | 34,164,774 |
| Borrowings From Revolving Bank Loan | 20,000,000 | 20,000,000 |
| Payments On Revolving Bank Loan | - | (15,000,000) |
| Interest Paid On Bonds, Notes, & Loan | (3,155,726) | (4,699,773) |
| Principal Payments On Bonds, Notes, & Loan | (5,232,474) | (26,014,450) |
| Borrowings From Bonds, Notes, & Loan | - | 17,600,000 |
| Reimbursements For Projects With Advanced Funded Grants | (778,696) | (343,400) |
| Proceeds From The Sale of Capital Assets | 334,280 | 69,843 |
| Reductions In Tenant Promotional Program | 45,289 | 549,928 |
| Decrease In Discounted Net Future Rents From Golf Course | (69,456) | (68,637) |
| Increase In Capital Credits | 16,238 | 12,047 |
| **Net Cash Used in Capital & Related Financing Activities** | **(5,689,729)** | **(27,857,586)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of Investments | (47,528,652) | (38,633,251) |
| Proceeds From The Sale of Investments | 41,311,286 | 31,344,928 |
| Interest Received On Cash And Investments | 254,396 | 121,010 |
| **Net Cash Used in Investing Activities** | **(5,962,970)** | **(7,167,313)** |
| **Net Increase (Decrease) in Cash & Cash Equivalents** | **7,559,937** | **(9,327,238)** |
| **Cash & Cash Equivalents — Beginning of Year** | **39,573,471** | **48,900,709** |
| **Cash & Cash Equivalents — End of Year** | **$ 47,133,408** | **$ 39,573,471** |
| **RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES** | | |
| Operating Loss | $ (19,583,455) | $ (18,531,622) |
| Adjustments To Reconcile Operating Loss To Net Cash Provided By Operating Activities: | | |
| Depreciation | 42,258,747 | 38,312,237 |
| (Increase) Decrease In Assets: | | |
| Accounts Receivable — Trade and Capital Grants | (979,231) | (1,101,044) |
| Accounts Receivable — Other | 808,967 | 39,238 |
| Deposits, Prepaid Items, & Other | (296,433) | (151,849) |
| Increase (Decrease) In Liabilities: | | |
| Accounts Payable | (4,030,927) | 4,253,353 |
| Accrued Liabilities | 454,860 | 32,425 |
| Customer Deposits | (91,847) | 133,028 |
| **Net Cash Provided by Operating Activities** | **$ 18,540,681** | **$ 22,985,766** |

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, 2014 and 2013, 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 Statements No. 39 and 61. 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, hotel 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, hotel services, 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 the 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 purpose 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, 2014 and 2013. 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, 2007, 2013A, and 2013B.

**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, 2014, none of the Authority's $20,900,710 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, 2013, none of the Authority's $20,638,557 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 12/31/2013 | Additions | Deletions | Transfers | Total 12/31/2014 |
|---|---|---|---|---|---|
| **DEPRECIABLE CAPITAL ASSETS:** | | | | | |
| Buildings | $ 381,753,186 | $ 464,555 | $ - | $21,368,983 | $ 403,586,724 |
| Runways & Other | 622,318,581 | 5,070,987 | - | 15,156,243 | 642,545,811 |
| Machinery | 61,664,097 | 6,794,512 | (1,511,857) | 82,030 | 67,028,782 |
| Furniture | 2,408,266 | 48,561 | - | - | 2,456,827 |
| **Total Depreciable Capital Assets** | **1,068,144,130** | **12,378,615** | **(1,511,857)** | **36,607,256** | **1,115,618,144** |
| **LESS ACCUMULATED DEPRECIATION:** | | | | | |
| Buildings | 147,532,091 | 9,688,618 | - | - | 157,220,709 |
| Runways & Other | 274,005,300 | 26,495,011 | - | - | 300,500,311 |
| Machinery | 37,086,786 | 6,009,514 | (1,472,237) | - | 41,624,063 |
| Furniture | 2,186,518 | 65,604 | - | - | 2,252,122 |
| **Total Accumulated Depreciation** | **460,810,695** | **42,258,747** | **(1,472,237)** | **-** | **501,597,205** |
| **Depreciable Capital Assets - Net** | **$ 607,333,435** | **$ (29,880,132)** | **$ (39,620)** | **$36,607,256** | **$ 614,020,939** |
| **NONDEPRECIABLE CAPITAL ASSETS:** | | | | | |
| Land | $ 103,868,856 | 179,047 | (4,361,991) | 481,698 | $ 100,167,610 |
| Construction In Progress | 27,981,082 | 45,187,769 | - | (37,088,954) | 36,079,897 |

| | Total 12/31/2012 | Additions | Deletions | Transfers | Total 12/31/2013 |
|---|---|---|---|---|---|
| **DEPRECIABLE CAPITAL ASSETS:** | | | | | |
| Buildings | $ 370,372,542 | $ 350,105 | $ - | $ 11,030,539 | $ 381,753,186 |
| Runways & Other | 509,299,005 | 6,818,433 | - | 106,201,143 | 622,318,581 |
| Machinery | 56,034,093 | 6,211,780 | (581,776) | - | 61,664,097 |
| Furniture | 2,407,011 | 1,255 | - | - | 2,408,266 |
| **Total Depreciable Capital Assets** | **938,112,651** | **13,381,573** | **(581,776)** | **117,231,682** | **1,068,144,130** |
| **LESS ACCUMULATED DEPRECIATION:** | | | | | |
| Buildings | 138,253,941 | 9,278,150 | - | - | 147,532,091 |
| Runways & Other | 250,468,212 | 23,537,088 | - | - | 274,005,300 |
| Machinery | 32,230,011 | 5,433,276 | (576,501) | - | 37,086,786 |
| Furniture | 2,122,795 | 63,723 | - | - | 2,186,518 |
| **Total Accumulated Depreciation** | **423,074,959** | **38,312,237** | **(576,501)** | **-** | **460,810,695** |
| **Depreciable Capital Assets - Net** | **$ 515,037,692** | **$(24,930,664)** | **$ (5,275)** | **$ 117,231,682** | **$ 607,333,435** |
| **NONDEPRECIABLE CAPITAL ASSETS:** | | | | | |
| Land | $ 103,820,541 | $ 112,032 | $ (63,717) | $ - | $ 103,868,856 |
| Construction In Progress | 104,364,608 | 40,848,156 | - | (117,231,682) | 27,981,082 |

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 vacation and sick pay benefits as earned by its employees utilizing the vesting method.

**A summary of the changes in compensated absences for the year ended December 31, 2014 is summarized as follows:**

| | Total 12/31/2013 | Additions | Payments | Total 12/31/14 | Current Portion |
|---|---|---|---|---|---|
| Compensated Absences | $4,243,139 | $2,624,733 | $2,649,960 | $4,217,912 | $2,600,000 |

**A summary of the changes in compensated absences for the year ended December 31, 2013 is summarized as follows:**

| | Total 12/31/2012 | Additions | Payments | Total 12/31/13 | Current Portion |
|---|---|---|---|---|---|
| Compensated Absences | $4,057,893 | $2,707,652 | $2,522,406 | $4,243,139 | $2,500,000 |

## 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 $546 million and $711 million as of December 31, 2014 and 2013, respectively. The Authority carries liability insurance coverage in the amount of approximately $538 million and $288 million as of December 31, 2014 and 2013, respectively.

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 are as follows:**

| | 2014 | 2013 |
|---|---|---|
| Beginning Balance | $ 201,384 | $ 329,816 |
| Payments | (299,234) | (519,888) |
| Accruals | 362,208 | 391,456 |
| **Ending Balance** | **$ 264,358** | **$ 201,384** |

There have been no significant changes in coverage or settlements in excess of insurance coverage during the past two 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 9).

### 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 on 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.

## 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, 2014 and 2013.

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, 2014, the carrying amount of the Authority's deposits with financial institutions was $1,437,167 and the bank balance was $2,139,906. 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 $1,389,906 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, 2013, the carrying amount of the Authority's deposits with financial institutions was $353,673 and the bank balance was $1,267,273. 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 $517,273 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 $11,700 and $9,200 in cash on hand at December 31, 2014 and 2013, respectively.

### Investments

**As of December 31, 2014, the Authority had the following investments and maturities:**

| Type of Investment | Fair Value/ Carrying Value | Rating | Weighted Average Days to Maturity |
|---|---|---|---|
| Federal Agency Obligations | $76,333,572 | Aaa | 842 |

**As of December 31, 2013, the Authority had the following investments and maturities:**

| Type of Investment | Fair Value/ Carrying Value | Rating | Weighted Average Days to Maturity |
|---|---|---|---|
| Federal Agency Obligations | $69,961,175 | AAA/Aaa | 847 |

The Authority's unrestricted and restricted cash and cash equivalents included $13,448,737 of money market funds, $21,578,477 of repurchase agreements and $10,601,647 of STAR Ohio funds as of December 31, 2014. The Authority's unrestricted and restricted cash and cash equivalents included $11,603,099 of money market funds,

$17,023,031 of repurchase agreements and $10,588,623 of STAR Ohio funds as of December 31, 2013. 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, 2014 and 2013, 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, 2014 and 2013:**

| | 2014 | 2013 |
|---|---|---|
| CASH AND INVESTMENTS: | | |
| Restricted For Debt Service | $ 20,900,710 | $ 20,638,557 |
| Retainages On Construction Contracts | 1,235,315 | 1,608,851 |
| Customer Deposits & Other | 450,605 | 542,452 |
| **Total Restricted Cash & Investments** | **$ 22,586,630** | **$ 22,789,860** |

## Note 5 - *Receivables*

**The following amounts represent receivables due to the Authority at December 31, 2014 and 2013:**

| | 2014 | 2013 |
|---|---|---|
| UNRESTRICTED | | |
| Current: | | |
| Accounts Receivable - Trade | $ 8,917,433 | $ 7,996,237 |
| Accounts Receivable - Capital Grants | 23,001,026 | 25,498,307 |
| Less Allowance For Uncollectables | (40,953) | (98,989) |
| **Total Current Unrestricted Trade Receivables** | **31,877,506** | **33,395,555** |
| Accounts Receivable - Other | 1,010,693 | 1,826,375 |
| Non-Current - Accounts Receivable - Other | 271,501 | 264,786 |
| **Total Unrestricted Receivables** | **$ 33,159,700** | **$ 35,486,716** |

## 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 8) 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%). The taxable rate equivalent would be 1 month LIBOR plus 120 basis points (1.2%). The Authority incurs a commitment fee of 10 basis points (0.1%) on the unused portion of the facility.

The tax exempt outstanding borrowings at December 31, 2014 and 2013 are $45,000,000 and $25,000,000, respectively, at a rate of approximately 1.00%.

Credit Facility Agreement information and activity as of and for the year ended December 31, 2014 is presented below:

| | Total 12/31/2013 | Additions | Payments | Total 12/31/14 | Current Portion |
|---|---|---|---|---|---|
| Series 2012A | $ 9,000,000 | $ - | $ - | $ 9,000,000 | $ 9,000,000 |
| Series 2012B | 16,000,000 | 20,000,000 | - | 36,000,000 | 36,000,000 |
| **Total** | **$25,000,000** | **$20,000,000** | **$ -** | **$ 45,000,000** | **$45,000,000** |

Credit Facility Agreement information and activity as of and for the year ended December 31, 2013 is presented below:

| | Total 12/31/2012 | Additions | Payments | Total 12/31/13 | Current Portion |
|---|---|---|---|---|---|
| Series 2012A | $ 20,000,000 | $ 4,000,000 | $ 15,000,000 | $ 9,000,000 | $ 9,000,000 |
| Series 2012B | - | 16,000,000 | - | 16,000,000 | 16,000,000 |
| **Total** | **$ 20,000,000** | **$20,000,000** | **$ 15,000,000** | **$ 25,000,000** | **$ 25,000,000** |

## Note 7 - *Unearned Income*

**Unearned income activity for the year ended December 31, 2014 is summarized as follows:**

| | Total 12/31/2013 | Additions | Payments | Total 12/31/14 | Current Portion |
|---|---|---|---|---|---|
| Unearned rent - | | | | | |
| Net Discount | $11,047,683 | $ 321,970 | $ 363,938 | $ 11,005,715 | $ 240,520 |
| Advance Grants & Other | 1,021,521 | 16,238 | 778,696 | 259,063 | 259,063 |
| **Total** | **$ 12,069,204** | **$ 338,208** | **$ 1,142,634** | **$ 11,264,778** | **$ 499,583** |

**Unearned income activity for the year ended December 31, 2013 is summarized as follows:**

| | Total 12/31/2012 | Additions | Payments | Total 12/31/13 | Current Portion |
|---|---|---|---|---|---|
| Unearned rent - | | | | | |
| Net Discount | $10,758,052 | $ 628,006 | $ 338,375 | $ 11,047,683 | $ 236,947 |
| Advance Grants & Other | 1,352,876 | 12,046 | 343,401 | 1,021,521 | 1,021,521 |
| **Total** | **$ 12,110,928** | **$ 640,052** | **$ 681,776** | **$ 12,069,204** | **$ 1,258,468** |

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 8 - *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 interest rate on the remaining bonds was 5.25 percent. On January 1, 2013, the Authority paid off the remaining balance of these bonds. The revenue bonds were 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 were 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 ranged from 4.00 percent to 5.50 percent with a weighted average rate of 4.35 percent. On October 8, 2013, bonds with a par value of $17,045,000 were refunded with cash reserves and proceeds from the Airport Refunding Revenue Bonds, Series 2013A. The revenue bonds were 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 were 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 ranged from 3.60 percent to 4.70 percent with a weighted average rate of 3.86 percent. On October 8, 2013, bonds with a par value of $4,690,000 were refunded with cash reserves and proceeds from the Airport Refunding Revenue Bonds, Series 2013B. The revenue bonds were 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 4.357 percent to 5.00 percent with a weighted average rate of 4.92 percent. Revenue bonds payable at December 31, 2014, net of unamortized premium of $1,788,189 are $58,733,189. Revenue bonds payable at December 31, 2013, net of unamortized premium of $2,033,798 are $61,783,798. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On October 8, 2013, the Authority issued $13,805,000 of Airport Refunding Revenue Bonds, Series 2013A. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2003A. The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of $169,250 beginning February 2014 through April 2021. The interest rate is fixed at 1.663%. Revenue bonds payable at December 31, 2014, are $12,142,206. Revenue bonds payable at December 31, 2013 were $13,805,000. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

On October 8, 2013, the Authority issued $3,795,000 of Airport Refunding Revenue Bonds, Series 2013B. The bond proceeds were used to partially refund the Authority's outstanding Airport Refunding Revenue Bonds, Series 2003B. The bonds are due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments of $45,400 beginning February 2014 through April 2021. The interest rate is fixed at 1.663%. Revenue bonds payable at December 31, 2014 are $3,350,379. Revenue bonds payable at December 31, 2013 were $3,795,000. The revenue bonds are collateralized by revenue of the Authority established by the trust indenture.

### Advance Refunding and Defeasances

The Authority did advance refund and defease certain bond issues on April 12, 2007 and October 8, 2013. The Authority accounted for the advance refundings in accordance with GASB Statement No. 7, Advance Refunding Resulting in Defeasance of Debt, for the governmental (non-enterprise) debt and GASB Statement No. 23, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, for the enterprise-type debt. The refunded bonds are not included in the Authority's outstanding debt since the Authority has in substance satisfied its obligation through advance refunding.

The 2007 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. Amortization of the deferred amount on refunding was $176,597 for 2014 and $185,296 for 2013. Unamortized deferral on refunding was $1,285,736 and $1,462,333 in 2014 and 2013, respectively.

The Authority, in completing the 2007 advance refunding, reduced its debt service payments over 20 years by $4.09 million for an economic gain, present value savings, of $2.43 million. The Authority, in completing the 2013 advance refunding, reduced its debt service payments over 10 years by $4.42 million for an economic gain, present value savings, of $3.27 million.

### 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 noninterest-bearing and provides for annual principal payments of $74,450 until January 1, 2015. The loan was paid in full in December 2014.

**Revenue bond and loan activity for the year ended December 31, 2014 is summarized as follows:**

| | Beginning Balance | New Debt | Net Principal Repayment | Ending Balance |
|---|---|---|---|---|
| **BONDS:** | | | | |
| 2007 | $ 59,750,000 | $ - | $ (2,805,000) | $ 56,945,000 |
| Unamortized Premium | 2,033,798 | - | (245,609) | 1,788,189 |
| 2013A | 13,805,000 | - | (1,662,794) | 12,142,206 |
| 2013B | 3,795,000 | - | (444,621) | 3,350,379 |
| Loans - Other | 74,450 | - | (74,450) | - |
| | 79,458,248 | **$ -** | **$ (5,232,474)** | 74,225,774 |
| Less Current Portion | 4,986,865 | | | 5,265,909 |
| | **$ 74,471,383** | | | **$ 68,959,865** |

**Revenue bond and loan activity for the year ended December 31, 2013 is summarized as follows:**

| | Beginning Balance | New Debt | Net Principal Repayment | Ending Balance |
|---|---|---|---|---|
| **BONDS:** | | | | |
| 1998B | $ 2,730,000 | $ - | $ (2,730,000) | $ - |
| 2003A | 18,200,000 | - | (18,200,000) | - |
| Unamortized Premium | 70,221 | - | (70,221) | - |
| 2003B | 5,010,000 | - | (5,010,000) | - |
| Unamortized Premium | 19,611 | - | (19,611) | - |
| 2007 | 59,750,000 | - | - | 59,750,000 |
| Unamortized Premium | 2,291,505 | - | (257,707) | 2,033,798 |
| 2013A | - | 13,805,000 | - | 13,805,000 |
| 2013B | - | 3,795,000 | - | 3,795,000 |
| Loans - Other | 148,900 | - | (74,450) | 74,450 |
| | 88,220,237 | **$ 17,600,000** | **$(26,361,989)** | 79,458,248 |
| Less Current Portion | 4,242,225 | | | 4,986,865 |
| | **$ 83,978,012** | | | **$ 74,471,383** |

**Maturities and interest on bonds payable for the next five years and in subsequent five-year periods as of December 31, 2014 are as follows:**

| | Principal | Interest |
|---|---|---|
| 2015 | $ 5,265,909 | $ 2,909,891 |
| 2016 | 5,449,053 | 2,747,748 |
| 2017 | 5,614,853 | 2,547,964 |
| 2018 | 5,815,319 | 2,339,497 |
| 2019 | 6,026,463 | 2,121,853 |
| 2020-2024 | 23,885,988 | 7,283,287 |
| 2025-2028 | 20,380,000 | 1,591,000 |
| **Total** | **$ 72,437,585** | **$ 21,541,240** |

Unamortized premium was $1,788,189 and $2,033,798 at December 31, 2014 and 2013, respectively.

## Note 9 - *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 but less than, 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 Ohio Revised Code (ORC). In 2011, the employer was required to contribute 14% 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% 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 6% 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 4% 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 $5,348,255, $5,401,735 and $5,031,341 for the years ended December 31, 2014, 2013, and 2012, respectively, and equal to 100% of the dollar amount extracted from the Authority's records.

The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, by writing 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:**

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan. The postretirement health care coverage includes a medical plan, prescription drug program and Medicare Part B premium reimbursement to qualifying benefit recipients of both the TP and CO plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. 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. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare 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 permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. The authority to establish and amend health care coverage is provided in Chapter 145 of the ORC. The maximum employer contribution rate permitted by the ORC is currently 14 percent of earnable salary. Active members do not fund the OPEB plan. OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The 2014 employer contribution rate for state employers was 14% of earnable salary. The portion of employer contributions allocated to health care for members in the TP Plan and CO plan was 2.0% for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS' actuary. These rates are the actuarially determined contribution requirements for OPERS. The portion of the Authority's 2014, 2013, and 2012 contribution that was used to fund postemployment benefits was $763,731, $385,684 and $1,437,454, respectively. The ORC provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

In September 2012, OPERS' board adopted changes to the Health Care Plan with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under Ohio Senate Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

# Note 10 - *Capital Contributions*

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

| | 2014 | 2013 |
|---|---|---|
| Federal | $ 14,873,424 | $ 13,770,028 |
| State & Local | 778,696 | 429,988 |
| **Total** | **$ 15,652,120** | **$ 14,200,016** |

# Note 11 - *Commitments and Contingencies*

## Capital Improvements

As of December 31, 2014, the Authority was obligated for completion of certain airport improvements under commitments of approximately $44.8 million. An estimated $9.1 million is eligible for reimbursement from the FAA and ODOT. 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, 2014, 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 significant effect on the overall financial position of the Authority.

# Note 12 - *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 statement 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, 2014 are $400,093,068 and $237,891,979, respectively. The cost and net book value of property held for operating leases as of December 31, 2013 is $378,267,198 and $226,541,013, respectively.

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

| | |
|---|---|
| 2015 | $ 10,393,650 |
| 2016 | 12,766,000 |
| 2017 | 12,561,893 |
| 2018 | 11,970,136 |
| 2019 | 11,398,544 |
| 2020-2024 | 20,264,582 |
| 2025-2029 | 14,196,102 |
| 2030-2034 | 11,966,350 |
| 2035-2039 | 9,913,700 |
| 2040-2044 | 1,652,652 |
| 2045-2049 | 825,261 |
| 2050-2054 | 825,261 |
| 2055-2059 | 165,052 |
| Total | $ 118,899,183 |

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

Contingent operating revenue aggregated approximately $22,500,000 and $22,000,000, respectively in 2014 and 2013.

# Note 13 - *Related Party Transactions*

**County of Franklin, Ohio**

In accordance with the Port Authority Consolidation and Joinder Agreement, 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 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 14 - *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, 2014 and 2013, there were 28 series of bonds outstanding, with aggregate principal balances of $204,597,409 and $250,709,759, respectively. The original issue amounts for these 28 series totaled $528,172,079.

# Note 15 - *Upcoming Accounting Pronouncements*

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The Authority is currently evaluating the impact that this standard will have on the financial statements when adopted. The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined, so the precise impact is not known.

# Note 16 - *Subsequent Event - Conduit Debt*

In February 2015, the Board of Directors of the Authority authorized the issuance of $75,000,000 in developmental revenue bonds as Series 2015 for the purpose of financing a portion of the costs of acquiring, constructing, and otherwise improving real and personal property comprising authority facilities for lease, together with the land and existing improvements thereon to FlightSafety International Inc. (the Company). The obligations of the Company to make rental payments shall be absolute and unconditional general contractual obligations and will survive any termination of the lease until such time that the related bonds have been paid in full.

The Series 2015 Developmental Revenue Bonds do not represent or constitute a general obligation debt, or bonded indebtedness or a pledge of the faith and general credit or the taxing powers of the Authority or the State of Ohio or any political subdivision thereof, and the holders have no right to have taxes levied by the General Assembly of the State of Ohio or the taxing authority of any political subdivision of the State of Ohio for the payment of bond service charges and the Tender Price of Series 2015 Developmental Revenue Bonds. Investors are advised to rely solely upon the guaranty and the credit of Berkshire Hathaway as security for the payment of the bond service charges and the tender price of Series 2015 Bonds. Although Series 2015 Developmental Revenue Bonds bear the name of the Authority, the Authority has no obligation for the debt beyond the resources provided by the lease or loan with the Company.

Despite the fact that the Authority retains title to the project assets during and after the lease, and the nature of the lease to the Company, the conditions under GASB 62 for capital lease accounting are not met. The Authority will not record an asset (either capital or capital lease receivable) during the bond repayment period given the conduit nature of the debt. The Authority will record an asset and associated contributed capital representing the fair market value of the asset at the time conduit debt is paid in full.

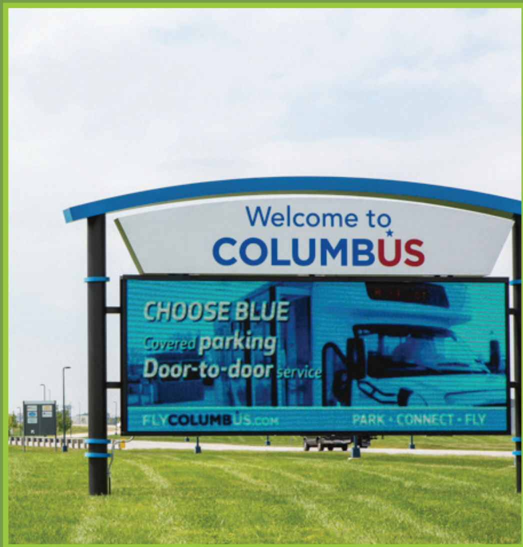
## Note 17 - *Subsequent Event - Airport Revenue Bonds, Series 2015A and 2015B*

In February 2015, the Authority agreed to terms with a bank to issue direct placement Revenue Bonds, Series 2015A and 2015B in the amount of $40 million. The bond proceeds will be used to partially refund the Authority's outstanding balance on the Revolving Bank Loan and Credit Facility (Note 6). The terms of the issuance are that the loan will be issued on a parity basis with the Authority's Series 2007 and Series 2013 general airport revenue bonds. The bonds will be due at maturity or through mandatory sinking fund redemption requirements in monthly principal and interest installments with final maturity on January 1, 2030. Interest rate is fixed at 2.48%. The closing date of the loan is expected to occur on or about March 31, 2015.

## *Supplemental Schedule of Revenue and Expenses: Budget vs. Actual - Budget Basis*

### For the Year Ended December 31, 2014

| | Budget (unaudited) | Actual | Variance to Budget |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Airline Revenue | $ 28,343,008 | $ 26,868,901 | $ (1,474,107) |
| Parking Revenue | 30,215,078 | 30,130,816 | (84,262) |
| Concession Revenue | 17,907,966 | 18,936,838 | 1,028,872 |
| General Aviation Revenue | 2,669,309 | 3,030,665 | 361,356 |
| Cargo Operations Revenue | 4,480,571 | 4,807,592 | 327,021 |
| Hotel Operations Revenue | 1,110,389 | 1,380,258 | 269,869 |
| Foreign Trade Zone Fees | 352,500 | 362,678 | 10,178 |
| Other Revenue | 1,788,271 | 2,674,910 | 886,639 |
| **Total Operating Revenues** | **86,867,092** | **88,192,658** | **1,325,566** |
| **OPERATING EXPENSES** | | | |
| Employee Wages & Benefits | 33,698,992 | 32,853,893 | 845,099 |
| Purchase of Services | 26,148,851 | 26,176,875 | (28,024) |
| Materials & Supplies | 5,603,808 | 5,701,254 | (97,446) |
| Hotel Services | 558,197 | 664,538 | (106,341) |
| Other Expenses | - | 120,806 | (120,806) |
| **Total Operating Expenses** | **66,009,848** | **65,517,366** | **492,482** |
| **Operating Income before Depreciation** | **20,857,244** | **22,675,292** | **1,818,048** |
| **Less Depreciation** | **41,978,909** | **42,258,747** | **(279,838)** |
| **Operating Loss** | **(21,121,665)** | **(19,583,455)** | **1,538,210** |
| **NON-OPERATING REVENUES (EXPENSES)** | | | |
| Interest Income | 334,225 | 334,328 | 103 |
| Other Non-Operating Revenues | 657,100 | 671,955 | 14,855 |
| Passenger Facility Charges | 11,980,122 | 12,561,840 | 581,718 |
| Rental Car Facility Charges | 5,400,000 | 6,518,823 | 1,118,823 |
| Interest Expense | (2,996,453) | (2,846,114) | 150,339 |
| (Loss) Gain On Securities | - | (48,063) | (48,063) |
| Amortization of Deferred Charges | - | (176,597) | (176,597) |
| (Loss) Gain On Disposal of Assets | - | (100,387) | (100,387) |
| **Total Non-Operating Revenues** | **15,374,994** | **16,915,785** | **1,540,791** |
| **Loss Before Capital Contributions** | **(5,746,671)** | **(2,667,670)** | **3,079,001** |
| **Adjustments To Reconcile Gaap Net Income Before Capital Contributions Budgeted To Net Income -** | | | |
| (Loss) Gain On Securities | - | 48,063 | 48,063 |
| **Net Loss Adjusted to the Budgetary Basis of Accounting** | **$ (5,746,671)** | **$ (2,619,607)** | **$ 3,127,064** |




# 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.

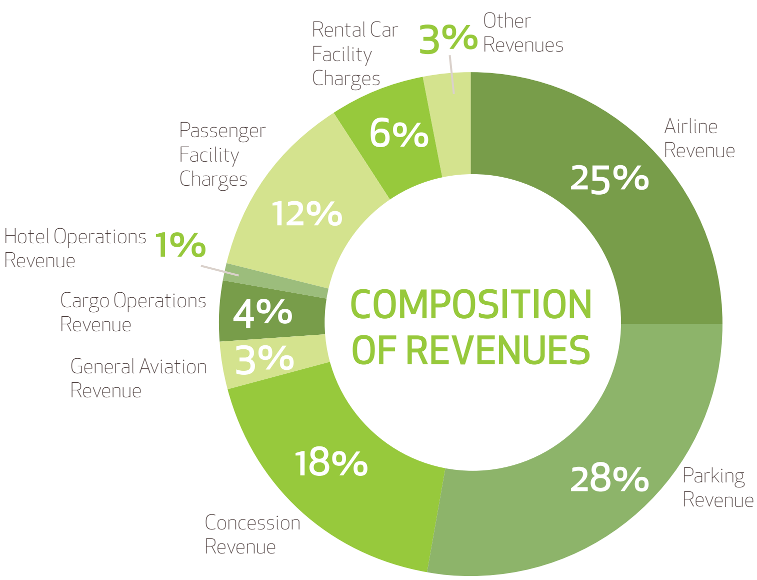
## *Revenues & Expenses by Type*

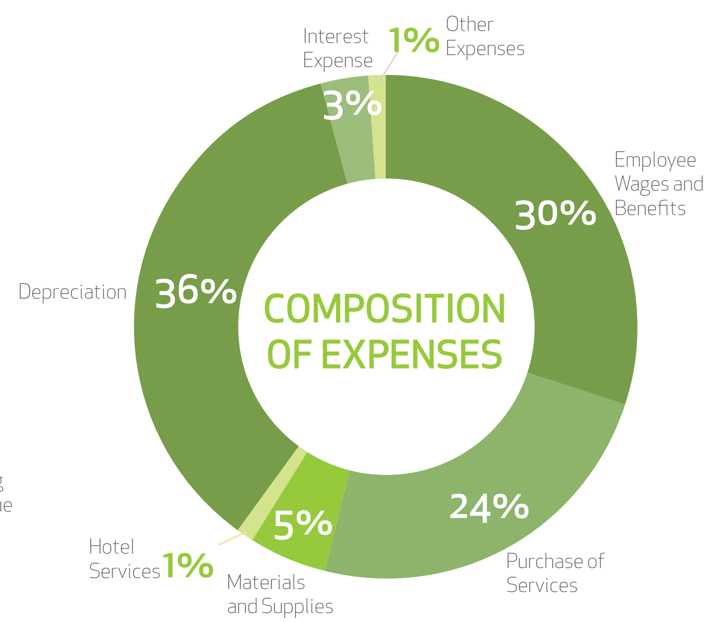
### For the 10 Years Ended December 31, 2014

(dollars in thousands)

| | 2014 | | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | | | | | | |
| Airline Revenue | $26,869 | 25% | $28,241 | 27,222 | 25,085 | 24,783 | 24,204 | 25,930 | 20,817 | 18,227 | 17,930 |
| Parking Revenue | 30,131 | 28% | 28,888 | 27,788 | 27,188 | 25,395 | 24,391 | 28,144 | 29,081 | 23,984 | 22,154 |
| Concession Revenue | 18,937 | 18% | 18,091 | 18,578 | 18,276 | 17,486 | 16,897 | 18,985 | 18,881 | 16,030 | 15,100 |
| General Aviation Revenue | 3,031 | 3% | 3,429 | 2,522 | 2,602 | 2,304 | 2,256 | 2,452 | 2,245 | 2,359 | 2,412 |
| Cargo Operations Revenue | 4,808 | 4% | 4,064 | 2,240 | 1,647 | 1,614 | 1,582 | 1,791 | 1,990 | 2,003 | 1,679 |
| Hotel Operations Revenue | 1,380 | 1% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign Trade Zone Fees | 363 | 0% | 370 | 380 | 382 | 378 | 440 | 493 | 482 | 607 | 440 |
| Net Investment Income | 286 | 0% | 124 | 464 | 822 | 1,130 | 1,122 | 3,424 | 3,075 | 4,156 | 2,429 |
| Passenger Facility Charges | 12,562 | 12% | 12,238 | 12,954 | 13,059 | 13,332 | 12,584 | 15,487 | 19,141 | 16,004 | 14,504 |
| Rental Car Facility Charges | 6,519 | 6% | 6,470 | 6,257 | 5,615 | 5,011 | 4,457 | 3,211 | 2,140 | 0 | 0 |
| Other Revenues | 3,247 | 3% | 4,654 | 7,249 | 5,528 | 7,412 | 8,648 | 10,438 | 7,634 | 6,745 | 8,068 |
| | **108,133** | **100%** | **106,569** | **105,654** | **100,204** | **98,845** | **96,581** | **110,355** | **105,486** | **90,115** | **84,716** |
| **EXPENSES:** | | | | | | | | | | | |
| Employee Wages & Benefits | 32,854 | 30% | 33,267 | 31,672 | 30,680 | 30,252 | 28,267 | 30,537 | 28,348 | 26,101 | 24,635 |
| Purchase of Services | 26,177 | 24% | 26,224 | 25,878 | 28,128 | 19,829 | 20,198 | 21,689 | 19,048 | 16,967 | 15,304 |
| Materials and Supplies | 5,701 | 5% | 5,621 | 3,672 | 3,599 | 3,568 | 2,745 | 2,469 | 2,708 | 2,120 | 2,558 |
| Hotel Services | 665 | 1% | - | - | - | - | - | - | - | - | - |
| Depreciation | 42,259 | 36% | 38,312 | 35,259 | 33,777 | 32,260 | 29,199 | 25,905 | 24,819 | 23,580 | 22,820 |
| Interest Expense | 2,846 | 3% | 3,718 | 3,929 | 4,136 | 4,425 | 4,704 | 5,196 | 4,679 | 5,833 | 6,209 |
| Other Expenses | 298 | 1% | 245 | 202 | 246 | 256 | 191 | 243 | 614 | (30) | (313) |
| | 110,800 | 100% | 107,387 | 100,612 | 100,566 | 90,590 | 85,304 | 86,039 | 80,216 | 74,571 | 71,213 |
| **Income Before Capital Contributions, Special & Extraordinary Items** | $ (2,667) | | (818) | 5,042 | (362) | 8,255 | 11,277 | 24,316 | 25,270 | 15,544 | 13,503 |

*Source: The Authority's Accounting Department*



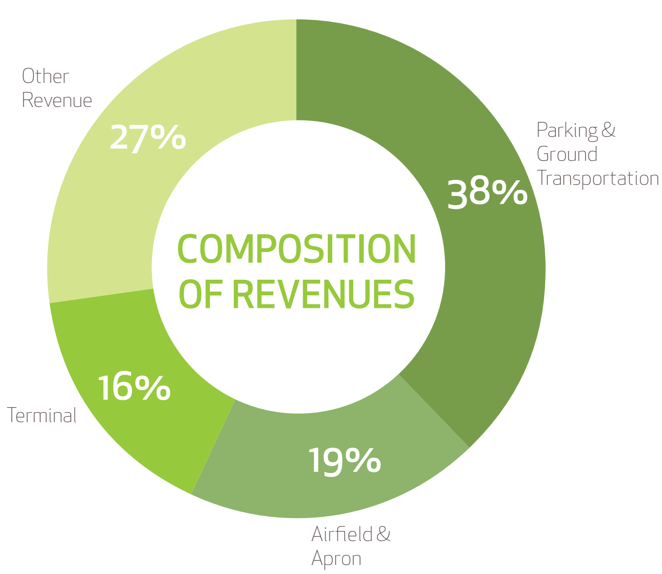
## *Revenues & Expenses by Area*

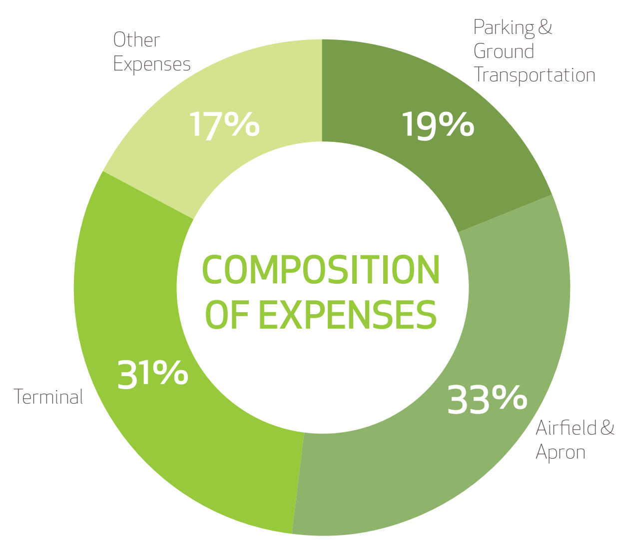
### For the 10 Years Ended December 31, 2014

(dollars in thousands)

| | 2014 | | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUES: | | | | | | | | | | | |
| Parking & Ground Transportation | $ 40,981 | 38% | 39,022 | 38,144 | 37,134 | 34,913 | 33,187 | 38,672 | 39,699 | 33,695 | 31,250 |
| Airfield & Apron | 20,673 | 19% | 22,197 | 19,418 | 16,856 | 17,415 | 17,812 | 17,994 | 14,869 | 13,741 | 12,609 |
| Terminal | 17,780 | 16% | 16,740 | 16,074 | 15,788 | 14,237 | 13,034 | 14,773 | 13,119 | 10,955 | 11,244 |
| Other Revenue | 28,699 | 27% | 28,610 | 32,018 | 30,426 | 32,280 | 32,548 | 38,916 | 37,799 | 31,724 | 29,613 |
| | **108,133** | **100%** | **106,569** | **105,654** | **100,204** | **98,845** | **96,581** | **110,355** | **105,486** | **90,115** | **84,716** |
| EXPENSES: | | | | | | | | | | | |
| Parking & Ground Transportation | 12,955 | 19% | 13,856 | 14,939 | 13,333 | 11,692 | 12,221 | 13,927 | 15,455 | 14,143 | 12,224 |
| Airfield & Apron | 22,920 | 33% | 20,890 | 18,950 | 18,151 | 17,207 | 15,723 | 16,079 | 14,733 | 14,473 | 13,118 |
| Terminal | 21,000 | 31% | 17,598 | 18,839 | 19,053 | 17,586 | 16,398 | 18,131 | 17,450 | 17,753 | 15,998 |
| Other Expenses | 11,666 | 17% | 16,731 | 12,625 | 16,252 | 11,845 | 11,763 | 11,997 | 7,759 | 4,622 | 7,053 |
| **Expenses Before Depreciation:** | **68,541** | **100%** | **69,075** | **65,353** | **66,789** | **58,330** | **56,105** | **60,134** | **55,397** | **50,991** | **48,393** |
| Depreciation | 42,259 | | 38,312 | 35,259 | 33,777 | 32,260 | 29,199 | 25,905 | 24,819 | 23,580 | 22,820 |
| | **110,800** | | **107,387** | **100,612** | **100,566** | **90,590** | **85,304** | **86,039** | **80,216** | **74,571** | **71,213** |
| **Income Before Capital Contributions, Special and Extraordinary Items** | **$ (2,667)** | | **(818)** | **5,042** | **(362)** | **8,255** | **11,277** | **24,316** | **25,270** | **15,544** | **13,503** |

*Source: The Authority's Accounting Department*



## *Total Annual Revenues, Expenses, and Changes in Net Position*

### For the 10 Years Ended December 31, 2014

(dollars in thousands)

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| OPERATING REVENUES | | | | | | | | | | |
| Airline Revenue | $ 26,869 | 28,241 | 27,222 | 25,085 | 24,783 | 24,204 | 25,930 | 20,817 | 18,227 | 17,930 |
| Parking Revenue | 30,131 | 28,888 | 27,788 | 27,188 | 25,395 | 24,391 | 28,144 | 29,081 | 23,984 | 22,154 |
| Concession Revenue | 18,937 | 18,091 | 18,578 | 18,276 | 17,486 | 16,897 | 18,985 | 18,881 | 16,030 | 15,100 |
| Other Revenue | 12,256 | 9,732 | 7,360 | 6,900 | 6,552 | 7,585 | 7,225 | 6,869 | 6,942 | 6,479 |
| **Total Operating Revenues** | **88,193** | **84,952** | **80,948** | **77,449** | **74,216** | **73,077** | **80,284** | **75,648** | **65,183** | **61,663** |
| OPERATING EXPENSES | | | | | | | | | | |
| Employee Wages & Benefits | 32,854 | 33,267 | 31,672 | 30,680 | 30,252 | 28,267 | 30,537 | 28,348 | 26,101 | 24,635 |
| Purchase of Services | 26,177 | 26,224 | 25,878 | 28,128 | 19,829 | 20,198 | 21,689 | 19,048 | 16,967 | 15,304 |
| Materials & Supplies | 5,701 | 5,621 | 3,672 | 3,599 | 3,568 | 2,745 | 2,469 | 2,708 | 2,120 | 2,558 |
| Other Expenses | 785 | 60 | 17 | 61 | 71 | 6 | 58 | 61 | (30) | (313) |
| **Total Operating Expenses** | **65,517** | **65,172** | **61,239** | **62,468** | **53,720** | **51,216** | **54,753** | **50,165** | **45,158** | **42,184** |
| **Operating Income Before Depreciation** | **22,676** | **19,780** | **19,709** | **14,981** | **20,496** | **21,861** | **25,531** | **25,483** | **20,025** | **19,479** |
| Less: Depreciation | 42,259 | 38,312 | 35,259 | 33,777 | 32,260 | 29,199 | 25,905 | 24,819 | 23,580 | 22,820 |
| **Operating Income (Loss)** | **(19,583)** | **(18,532)** | **(15,550)** | **(18,796)** | **(11,764)** | **(7,338)** | **(374)** | **664** | **(3,555)** | **(3,341)** |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | | | | | |
| Investment Income | 334 | 319 | 447 | 804 | 1,244 | 1,524 | 2,851 | 2,666 | 3,734 | 2,888 |
| Other Non-Operating Revenues | 672 | 2,712 | 2,766 | 5,354 | 5,458 | 5,262 | 5,367 | 5,263 | 5,280 | 5,439 |
| Passenger Facility Charges | 12,562 | 12,238 | 12,954 | 13,059 | 13,332 | 12,584 | 15,487 | 19,141 | 16,004 | 14,504 |
| Rental Car Facility Charges | 6,519 | 6,470 | 6,257 | 5,615 | 5,011 | 4,457 | 3,211 | 2,140 | - | - |
| Interest Expense | (2,846) | (3,718) | (3,929) | (4,136) | (4,425) | (4,704) | (5,196) | (4,679) | (5,833) | (6,209) |
| Gain (Loss) on Securities | (48) | (195) | 17 | 18 | (114) | (402) | 572 | 409 | 422 | (459) |
| Amortization of Deferred Charges | (177) | (185) | (185) | (185) | (185) | (185) | (184) | (553) | - | - |
| Gain (Loss) on Disposal of Assets | (100) | 73 | 2,265 | (2,095) | (302) | 79 | 2,582 | 219 | (508) | 681 |
| **Total Non-Operating Revenues** | 16,916 | **17,714** | **20,592** | **18,434** | **20,019** | **18,615** | **24,690** | **24,606** | **19,099** | **16,844** |
| Income Before Capital Contributions, Special & Extraordinary Items | (2,667) | (818) | 5,042 | (362) | 8,255 | 11,277 | 24,316 | 25,270 | 15,544 | 13,503 |
| Capital Contributions | 15,652 | 14,200 | 45,770 | 34,276 | 22,950 | 10,719 | 17,975 | 26,514 | 26,107 | 22,005 |
| Special & Extraordinary Items | - | - | - | - | - | - | - | - | - | (1,595) |
| **Increase In Net Position** | **12,985** | **13,382** | **50,812** | **33,914** | **31,205** | **21,996** | **42,291** | **51,784** | **41,651** | **33,913** |
| Total Net Position-Beginning of Year | 745,964 | 732,582 | 681,770 | 647,856 | 616,651 | 594,655 | 552,364 | 500,580 | 458,929 | 425,016 |
| **Total Net Position-End of Year** | **$758,949** | **745,964** | **$732,582** | **681,770** | **647,856** | **616,651** | **594,655** | **552,364** | **500,580** | **458,929** |

*Source: The Authority's audited financial statements*

# Statements of Net Position

## For the 10 Years Ended December 31, 2014

(dollars in thousands)

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS:** | | | | | | | | | | |
| Unrestricted Assets: | | | | | | | | | | |
| Cash & Cash Equivalents | $ 24,547 | 16,784 | 22,187 | 23,388 | 22,178 | 28,031 | 27,890 | 25,094 | 19,154 | 11,801 |
| Other Investments | 2,501 | 9,135 | 9,153 | 3,262 | 6,090 | 14,791 | 4,622 | 19,180 | 27,074 | 33,822 |
| Accounts Receivable - Trade and Capital Grants, net | 31,877 | 33,395 | 33,551 | 13,584 | 16,049 | 9,594 | 12,922 | 15,679 | 13,801 | 9,835 |
| Accounts Receivable - Other | 1,011 | 1,826 | 1,869 | 1,643 | 2,278 | 1,113 | 2,710 | 1,481 | 752 | 1,105 |
| Interest Receivable | 131 | 99 | 95 | 153 | 192 | 254 | 355 | 457 | 335 | 387 |
| Direct Financing Leases Receivable | - | - | - | - | 368 | 491 | 491 | 491 | 491 | 491 |
| Deposits, Prepaid Items & Other | 2,795 | 2,499 | 2,347 | 1,960 | 2,373 | 2,212 | 2,263 | 1,746 | 1,548 | 1,679 |
| **Total Unrestricted Current Assets** | **62,862** | **63,738** | **69,202** | **43,990** | **49,528** | **56,486** | **51,253** | **64,128** | **63,155** | **59,120** |
| **NON-CURRENT ASSETS:** | | | | | | | | | | |
| Unrestricted Assets: | | | | | | | | | | |
| Other Investments | 73,833 | 60,826 | 53,520 | 52,848 | 58,029 | 45,930 | 45,988 | 27,575 | 6,459 | 25,564 |
| Accounts Receivable - Other | 270 | 265 | 261 | 258 | 260 | 266 | 204 | 188 | 1,370 | 1,590 |
| Direct Financing Leases Receivable | - | - | - | - | - | 368 | 859 | 1,350 | 1,841 | 2,331 |
| Land | 100,168 | 103,869 | 103,820 | 103,733 | 102,038 | 104,624 | 101,966 | 101,227 | 61,925 | 48,557 |
| Construction In Progress | 36,080 | 27,981 | 104,365 | 63,311 | 36,510 | 18,084 | 99,841 | 81,556 | 60,204 | 38,228 |
| Depreciable Capital Assets, Net of Accumulated Depreciation | 614,021 | 607,333 | 515,038 | 522,482 | 494,430 | 504,208 | 417,042 | 407,719 | 390,986 | 367,805 |
| **Total Unrestricted Non-Current Assets** | **824,372** | **800,274** | **777,004** | **742,632** | **691,267** | **673,480** | **665,900** | **619,615** | **522,785** | **484,075** |
| **RESTRICTED ASSETS:** | | | | | | | | | | |
| Cash & Cash Equivalents | 22,587 | 22,790 | 26,714 | 28,352 | 30,044 | 26,755 | 27,879 | 36,866 | 34,474 | 35,749 |
| Other Investments | - | - | - | - | 17,674 | 12,280 | 16,665 | 7,012 | 34,242 | 27,466 |
| Other Receivables | - | - | - | - | - | - | - | - | - | - |
| Total Restricted Assets | 22,587 | 22,790 | 26,714 | 28,352 | 47,718 | 39,035 | 44,544 | 43,878 | 68,716 | 63,215 |
| Total Non-Current Assets | 846,959 | 823,064 | 803,718 | 770,984 | 738,985 | 712,515 | 710,444 | 663,493 | 591,501 | 547,290 |
| **Total Assets** | **909,821** | **886,802** | **872,920** | **814,974** | **788,513** | **769,001** | **761,697** | **727,621** | **654,656** | **606,410** |
| **Deferred Outflows of Resources** | | | | | | | | | | |
| Deferred loss on bond refunding (net of Accumulated Amortization) | 1,286 | 1,462 | 1,648 | 1,832 | 2,018 | 2,204 | 2,389 | 2,574 | 1,066 | 1,204 |
| **Total Assets and Deferred Outflows of Resources** | **$ 911,107** | **888,264** | **874,568** | **816,806** | **790,531** | **771,205** | **764,086** | **730,195** | **655,722** | **607,614** |
| **LIABILITIES** | | | | | | | | | | |
| **Current Liabilities:** | | | | | | | | | | |
| Payable from Unrestricted Assets: | | | | | | | | | | |
| Accounts Payable - Trade | $ 6,259 | 10,290 | 6,037 | 6,281 | 13,886 | 4,195 | 6,432 | 13,164 | 17,413 | 5,968 |
| Accrued Interest Payable | 1,430 | 1,494 | 2,128 | 2,195 | 2,285 | 2,372 | 2,481 | 3,274 | 2,665 | 2,726 |
| Accrued and Withheld Employee Benefits | 4,970 | 5,188 | 4,388 | 3,849 | 3,882 | 2,991 | 4,098 | 5,268 | 4,637 | 4,658 |
| Advances from Grantors | 500 | 1,258 | 1,559 | 1,812 | 491 | 1,002 | 3,246 | 362 | 1,157 | 4,075 |
| Other Accrued Expenses | 5,704 | 4,906 | 5,760 | 7,192 | 7,008 | 4,242 | 4,615 | 5,422 | 3,040 | 4,394 |
| **Total Payable from Unrestricted Assets** | **18,863** | **23,136** | **19,872** | **21,329** | **27,552** | **14,802** | **20,872** | **27,490** | **28,912** | **21,821** |
| **Total Current Liabilities** | **18,863** | **23,136** | **19,872** | **21,329** | **27,552** | **14,802** | **20,872** | **27,490** | **28,912** | **21,821** |
| **Long-Term Liabilities:** | | | | | | | | | | |
| Payable from Restricted Assets - Due within 1 Year: | | | | | | | | | | |
| Accounts Payable | - | - | - | - | - | - | - | - | - | - |
| Retainages on Construction Contracts | 1,235 | 1,609 | 1,275 | 3,510 | 559 | 606 | 2,256 | 3,937 | 2,648 | 1,026 |
| Accrued Interest Payable | - | - | - | - | - | - | - | - | 33 | 65 |
| Customer Deposits and Other | 451 | 542 | 409 | 506 | 417 | 433 | 405 | 389 | 374 | 385 |
| Current Portion of Long-Term Debt | 5,266 | 4,987 | 4,242 | 4,052 | 3,872 | 3,795 | 3,635 | 3,480 | 5,441 | 6,231 |
| Revolving Bank Loan | 45,000 | 25,000 | 20,000 | - | - | - | - | - | - | - |
| Commercial Paper Notes | - | - | - | 5,000 | 5,000 | 21,500 | 30,000 | 25,000 | - | - |
| **Total Payable from Restricted Assets - Due within 1 Year** | **51,952** | **32,138** | **25,926** | **13,068** | **9,848** | **26,334** | **36,296** | **32,806** | **8,496** | **7,707** |
| Payable from Unrestricted Assets - Due in more than 1 Year: | | | | | | | | | | |
| Compensated Absences | 1,618 | 1,743 | 1,658 | 1,536 | 1,362 | 1,406 | 1,426 | - | - | - |
| Accounts Payable - Other | - | - | - | - | - | - | - | - | - | - |
| Unearned Rental Income | 10,765 | 10,811 | 10,552 | 10,578 | 11,034 | 13,696 | 8,432 | 11,204 | 7,007 | 2,867 |
| Long-Term Debt, Less Current Portion, Net | 68,960 | 74,471 | 83,978 | 88,525 | 92,879 | 98,316 | 102,405 | 106,331 | 110,727 | 116,290 |
| Other Long-Term Borrowing | - | - | - | - | - | - | - | - | - | - |
| **Total Payable from Unrestricted Assets - Due in more than 1 Year:** | **81,343** | **87,025** | **96,188** | **100,639** | **105,275** | **113,418** | **112,263** | **117,535** | **117,734** | **119,157** |
| Total Long-Term Liabilities | 133,295 | 119,163 | 122,114 | 113,707 | 115,123 | 139,752 | 148,559 | 150,341 | 126,230 | 126,864 |
| **Total Liabilities** | **152,158** | **142,299** | **141,986** | **135,036** | **142,675** | **154,554** | **169,431** | **177,831** | **155,142** | **148,685** |
| **NET POSITION** | | | | | | | | | | |
| Net Investment in Capital Assets | 632,329 | 636,188 | 616,650 | 593,782 | 533,246 | 505,509 | 485,199 | 458,266 | 395,388 | 335,304 |
| **Restricted:** | | | | | | | | | | |
| Capital Expenditures | - | - | - | - | - | - | - | - | - | 443 |
| Passenger Facility Charges | - | - | - | - | 23,387 | 14,559 | 17,928 | 15,253 | 39,692 | 33,973 |
| Bond Reserves | 20,901 | 20,639 | 25,030 | 24,336 | 23,355 | 23,438 | 23,955 | 24,299 | 23,252 | 22,669 |
| Obligation Due To City | - | - | - | - | - | - | - | - | 1,777 | 1,949 |
| Total Restricted Net Position | 20,901 | 20,639 | 25,030 | 24,336 | 46,742 | 37,997 | 41,883 | 39,552 | 64,721 | 59,034 |
| Unrestricted Net Position | 105,719 | 89,138 | 90,902 | 63,652 | 67,868 | 73,145 | 67,573 | 54,546 | 40,471 | 64,591 |
| Total Net Position | 758,949 | 745,965 | 732,582 | 681,770 | 647,856 | 616,651 | 594,655 | 552,364 | 500,580 | 458,929 |
| **Total Liabilities and Net Position** | **$ 911,107** | **888,264** | **874,568** | **816,806** | **790,531** | **771,205** | **764,086** | **730,195** | **655,722** | **607,614** |

*Source: The Authority's audited financial statements*

## *Schedule of Insurance in Force*

### As of January 1, 2015

| Type of Coverage | Insurer | Amount | Date |
|---|---|---|---|
| **AIRPORT PROPERTY AND EQUIPMENT INSURANCE** | | | |
| Building & Contents Including Mobile Equipment | XL Insurance America, Inc. | $ 500,000,000 | 11/01/15 |
| Business Auto | The Phoenix Insurance Company | $ 1,000,000 | 11/01/15 |
| Builder's Risk (Concourse B Renovation Project) | AGCS Marine Insurance Company (Allianz) | $ 13,200,000 | 9/08/15 |
| Builder's Risk (Ticket Lobby Renovation Project) | AGCS Marine Insurance Company (Allianz) | $ 25,000,000 | 01/27/16 |
| Builder's Risk (LCK ATCT Project) | AGCS Marine Insurance Company (Allianz) | $ 7,000,000 | 06/30/16 |
| **LIABILITY INSURANCE** | | | |
| Aviation & General | ACE Property & Casualty Insurance Co. | $ 500,000,000 | 11/01/15 |
| Pollution Liability (LCK, CMH, TZR) (includes storage tank pollution) | Illinois Union Insurance Co. | $ 10,000,000 | 01/01/16 |
| Public Officials & Employment Practice Liability | Illinois National Insurance Co. | $ 10,000,000 | 11/01/15 |
| Police Professional | Lexington Insurance Co. | $ 10,000,000 | 11/01/15 |
| Employee Dishonesty | Hartford Fire Insurance Co. | $ 1,000,000 | 11/01/15 |
| Fiduciary Liability | Federal Insurance Co. | $ 1,000,000 | 11/01/15 |
| Special Accident | Federal Insurance Co. | $ 5,000,000 | 11/01/15 |
| International Commercial Insurance | Vigilant Insurance Co. | $ 1,000,000 | 11/01/15 |
| Surety Bonds | CAN/Western Surety Co. | $ 250,000 | Various |
| **WORKERS' COMPENSATION INSURANCE** | | | |
| Excess Workers' Compensation | Midwest Employers Casualty Co. | $ 50,000,000 | 11/01/15 |

*Source: The Authority's Finance Department*

## *Ratios of Outstanding Debt*

### For the 10 Years Ended December 31, 2014

(in thousands except outstanding debt per enplaned passenger)

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| **OUTSTANDING DEBT BY TYPE:** | | | | | | | | | | |
| Revolving Bank Loan | $ 45,000 | 25,000 | 20,000 | - | - | - | - | - | - | - |
| Commercial Paper Notes | - | - | - | 5,000 | 5,000 | 21,500 | 30,000 | 25,000 | - | - |
| General Airport Revenue Bond (GARB) | 74,226 | 79,384 | 88,071 | 92,354 | 96,453 | 100,379 | 104,146 | 107,760 | 112,055 | 115,576 |
| Ohio Public Works Commission | - | 74 | 149 | 223 | 298 | 372 | 447 | 521 | 596 | 670 |
| Other Debt | - | - | - | - | - | 1,360 | 1,447 | 1,530 | 3,517 | 6,275 |
| **Total Outstanding Debt** | **$119,226** | **104,458** | **108,220** | **97,577** | **101,751** | **123,611** | **136,040** | **134,811** | **116,168** | **122,521** |
| Enplaned Passengers | 3,173 | 3,115 | 3,175 | 3,190 | 3,184 | 3,123 | 3,459 | 3,865 | 3,363 | 3,307 |
| **Outstanding Debt Per Enplaned Passenger** | **$ 37.58** | **33.53** | **34.09** | **30.59** | **31.96** | **39.58** | **39.33** | **34.88** | **34.54** | **37.05** |

*Source: The Authority's Accounting Department*

## *Schedule of Debt and Obligation Coverages*

### For the 10 Years Ended December 31, 2014

(dollars in thousands, except coverage)

| | | | | Debt and Obligation Requirements | | | |
|---|---|---|---|---|---|---|---|
| Year | Gross Revenue[1] | Direct Operating Expense[2] | Net revenue Available for Debt & Obligation Payments | Principal | Interest | Total | Coverage |
| 2014 | $89,050 | ($65,517) | $23,533 | $ 4,987 | $2,846 | $ 7,833 | 3.00 |
| 2013 | $87,861 | ($65,172) | $22,689 | $ 4,242 | $3,717 | $ 7,959 | 2.85 |
| 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 | 2.37 |
| 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 |

*Source: The Authority's Accounting Department*

[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 Year Ended December 31, 2014

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 8,000 x 150 ft<br>10R-28L: ILS, GPS 10,113 x 150 ft | 5L-23R: ILS, GPS 11,902 x 150 ft<br>5R-23L: ILS, GPS 12,102 x 200 ft | 4-22: ILS, GPS 5,500 x 100 ft |
| **TERMINAL:** | | | |
| Airlines - sq ft | 268,462 | | |
| Tenants - sq ft | 71,523 | 706 | 307 |
| Public/Common - sq ft | 264,162 | 14,872 | 2,015 |
| Mechanical - sq ft | 93,174 | 1,054 | 1,290 |
| Other-sq ft | 177,671 | 25,819 | 3,078 |
| **Total - sq ft** | 874,992 | 42,451 | 6,690 |
| Number of passenger gates | 30 | 2 | 0 |
| Number of loading bridges | 29 | 2 | 0 |
| Number of Concessionaires in Terminal | 46 | 1 | 1 |
| Number of Rental Car Agencies | 8 | 0 | 0 |
| **APRON:** | | | |
| Commercial Airlines - sq ft | 1,365,695 | 0 | 0 |
| Cargo Airlines - sq ft | 0 | 3,210,300 | 0 |
| FBO - sq ft | 487,900 | 474,100 | 39,600 |
| **PARKING:** | | | |
| Spaces Assigned: | | | |
| Garage: | | Controlled 350 | |
| Short-term | 568 | | |
| Long-term | 2,556 | Manual /Overflow 237 | |
| Shuttle/Remote Lots: | | | |
| Blue Lot: | | | |
| Covered | 570 | | |
| Uncovered | 4,303 | | |
| Red Lot | 2,686 | | |
| Green Lot | 2,130 | | |
| Employees | 1,217 | | |
| Rental Cars (8 Rental Agencies) | 1,144 | | |
| **Total** | 15,174 | 587 | |
| **CARGO:** | | | |
| Air Cargo Building - sq ft | 60,000 | 212,800 | 0 |

## *Air Commerce Trends — Port Columbus International Airport*

### For the 10 Years Ended December 31, 2014

| Year | Total Passenger Volume | % Change | Cargo[1] | IN POUNDS<br>Freight[2] | Mail |
|---|---|---|---|---|---|
| 2014 | 6,355,974 | 1.9 | 232,582 | 8,056,811 | 2,620,976 |
| 2013 | 6,236,528 | (1.8) | 371,992 | 7,596,259 | 2,876,666 |
| 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 |

*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 10 Years Ended December 31, 2014

| Year | Total Passenger Volume | % Change | Cargo (in pounds) | % Change |
|---|---|---|---|---|
| 2014 | 91,572 | 175.2 | 158,087,915 | 2.9 |
| 2013 | 33,269 | 129.9 | 153,670,161 | (2.4) |
| 2012 | 14,469 | (2.8) | 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 |

*Source: The Authority's Business Development and Communications Department*

## *Airline Cost Per Enplaned Passenger Port Columbus International Airport*

### For the 10 Years Ended December 31, 2014

(in thousands except airline cost per enplaned passenger)

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| Airline Cost for the Airfield Area | $16,400 | $16,404 | $16,458 | $16,403 | $16,060 | $14,809 | $14,933 | $13,630 | $11,563 | $10,923 |
| Airline Cost for the Terminal Building | 12,735 | 11,977 | 12,014 | 11,007 | 9,820 | 9,194 | 12,556 | 11,448 | 10,402 | 9,323 |
| Airline Cost for the Aircraft Parking Area | 3,880 | 3,732 | 3,404 | 2,913 | 2,639 | 2,060 | 2,033 | 1,819 | 1,561 | 1,546 |
| General Airline Credit | (7,377) | (4,461) | (4,431) | (5,853) | (3,953) | (3,275) | (3,275) | (3,950) | (4,625) | (5,300) |
| **Total Airline Cost** | **$25,638** | **$27,652** | **$27,445** | **$24,470** | **$24,566** | **$22,788** | **$26,247** | **$22,947** | **$18,901** | **$16,492** |
| Enplanements | 3,173 | 3,115 | 3,175 | 3,190 | 3,184 | 3,123 | 3,459 | 3,865 | 3,363 | 3,307 |
| **Airline Cost Per Enplaned Passenger** | **$ 8.08** | **$ 8.88** | **$ 8.64** | **$ 7.67** | **$ 7.72** | **$ 7.30** | **$ 7.59** | **$ 5.94** | **$ 5.62** | **$ 4.99** |

*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*

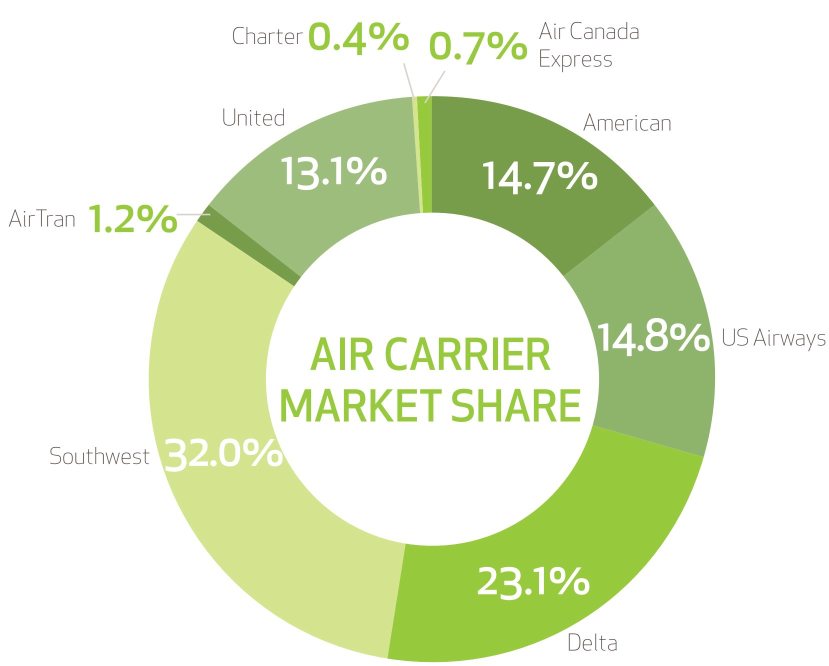
### For the 10 Years Ended December 31, 2014

| | | Market Share Percentage | Total Airline Passengers | TOTAL AIRLINE PASSENGERS | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2014 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| 1 | **Southwest Airlines** | 32.0% | 2,033,400 | 1,651,723 | 1,783,944 | 1,796,696 | 1,713,855 | 1,695,002 | 1,781,405 | 1,643,557 | 1,521,778 | 1,289,278 |
| 2 | **Delta Airlines** [1] | 23.1% | 1,470,983 | 1,425,673 | 1,482,740 | 1,452,169 | 1,430,551 | 883,794 | 1,019,877 | 1,209,366 | 1,232,978 | 1,377,219 |
| | Northwest | 0.0% | - | - | - | - | - | 493,543 | 546,485 | 525,810 | 604,941 | 639,839 |
| 3 | **US Airways** | 14.7% | 935,069 | 944,344 | 905,789 | 946,018 | 952,168 | 941,864 | 1,091,472 | 1,138,854 | 1,147,376 | 1,111,307 |
| 4 | **United Airlines** [2] | 13.1% | 835,235 | 898,478 | 904,514 | 543,080 | 554,292 | 558,088 | 641,690 | 700,422 | 682,027 | 656,627 |
| | Continental | 0.0% | - | - | - | 340,083 | 817,446 | 800,804 | 498,364 | 513,554 | 493,613 | 464,458 |
| 5 | **American Airlines** | 14.7% | 936,617 | 815,779 | 824,959 | 787,556 | 746,322 | 739,273 | 821,772 | 956,494 | 871,197 | 854,842 |
| 6 | **AirTran Airways** | 1.2% | 77,415 | 423,509 | 381,670 | 380,337 | - | - | - | - | - | - |
| 7 | **Air Canada Jazz** | 0.7% | 43,632 | 39,435 | 33,805 | 35,607 | 32,690 | 26,007 | 39,059 | 39,692 | 41,079 | 41,651 |
| 8 | **Frontier** | 0.0% | 472 | 19,113 | 14,516 | 80,860 | 98,673 | 73,284 | 79,100 | 80,189 | 43,441 | 41,474 |
| | **Jetblue Airways** | 0.0% | - | - | - | - | - | - | 2,674 | 230,769 | 52,416 | - |
| | **Skybus** | 0.0% | - | - | - | - | - | - | 352,155 | 635,274 | - | - |
| | **Independence Air** | 0.0% | - | - | - | - | - | - | - | - | 969 | 94,074 |
| | **Commercial Total** | **99.6%** | **6,332,823** | **6,218,054** | **6,331,937** | **6,362,406** | **6,345,997** | **6,211,659** | **6,874,053** | **7,673,981** | **6,691,815** | **6,570,769** |
| | Scheduled | 0.2% | 9,829 | 11,157 | 7,398 | 7,154 | 6,840 | 6,915 | 18,383 | 26,767 | 29,414 | 31,213 |
| | Non-Scheduled | 0.2% | 13,322 | 7,317 | 11,111 | 9,162 | 13,354 | 14,911 | 17,609 | 18,592 | 12,761 | 9,593 |
| | **Charter Total** | **0.4%** | **23,151** | **18,474** | **18,509** | **16,316** | **20,194** | **21,826** | **35,992** | **45,359** | **42,175** | **40,806** |
| | **Total Passenger** | **100.0%** | **6,355,974** | **6,236,528** | **6,350,446** | **6,378,722** | **6,366,191** | **6,233,485** | **6,910,045** | **7,719,340** | **6,733,990** | **6,611,575** |

*Source: The Authority's Accounting Department*

[1] *Northwest was merged Into Delta In January 2010.*

[2] *Continental was merged into United in March 2012.*



## *Top Ten Customers*

### For Year Ended December 31, 2014

| | % of 2014 Operating Revenue | 2014 Revenue | 2005 Revenue |
|---|---|---|---|
| Southwest Airlines | 9.1% | $ 8,018,000 | $ 3,669,000 |
| American Airlines | 7.2% | $ 6,376,000 | $ 2,142,000 |
| Delta Air Lines | 6.3% | $ 5,545,000 | $ 3,013,000 |
| United Air Lines Inc. | 3.7% | $ 3,250,000 | $ 1,960,000 |
| Byers Enterprises | 2.8% | $ 2,473,000 | $ 2,388,000 |
| Avis Rent A Car | 2.4% | $ 2,149,000 | $ 2,154,000 |
| HMS Host (Anton's Airfoods, Inc.) | 2.4% | $ 2,118,000 | $ 1,065,000 |
| Federal Express Local | 1.7% | $ 1,540,000 | $ 62,000 |
| National Rent A Car | 1.7% | $ 1,459,000 | $ 954,000 |
| Enterprise Rent A Car | 1.6% | $ 1,430,000 | $ 593,000 |
| Remainder | 61.1% | $ 53,835,000 | $ 42,417,000 |
| **Total Operating Revenue** | **100.0%** | **$ 88,193,000** | **$ 60,417,000** |

*Source: The Authority's Accounting Department*

## *Budgeted Employees By Department*

### For the 10 Years Ended December 31, 2014

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| Administration | 5 | 5 | 6 | 6 | 5 | 4 | 4 | 4 | 4 | 4 |
| Airfield Services | 82 | 82 | 79 | 79 | 75 | 82 | 82 | 80 | 79 | 77 |
| Business Development & Communication | 16 | 16 | 14 | 14 | 15 | 13 | 16 | 16 | 17 | 16 |
| Facilities & Custodial | 112 | 115 | 110 | 105 | 101 | 103 | 109 | 105 | 105 | 104 |
| Finance, Accounting & Legal | 29 | 29 | 29 | 28 | 27 | 27 | 30 | 30 | 29 | 28 |
| People Services | 10 | 10 | 9 | 7 | 6 | 6 | 6 | 6 | 6 | 6 |
| Technologies | 22 | 22 | 18 | 10 | 9 | 8 | 8 | 7 | 7 | 6 |
| Operations | 33 | 32 | 31 | 32 | 29 | 35 | 40 | 33 | 32 | 30 |
| Parking & Ground Transportation | 11 | 11 | 11 | 12 | 11 | 11 | 11 | 11 | 7 | 7 |
| Planning & Construction Administration | 21 | 21 | 26 | 24 | 21 | 24 | 25 | 24 | 21 | 21 |
| Public Safety | 59 | 59 | 62 | 62 | 65 | 65 | 69 | 69 | 66 | 61 |
| Real Estate | 10 | 7 | 5 | 5 | 5 | 4 | 5 | 5 | 4 | 4 |
| **Total** | **410** | **409** | **400** | **384** | **369** | **382** | **405** | **390** | **377** | **364** |

*Source: The Authority's Finance Department*

## *Largest Employers in the Greater Columbus Area*

### Ranked by number of full time employees

| | | % of 2013 Employment | 2013 | % of 2005 Employment | 2005 |
|---|---|---|---|---|---|
| 1 | The Ohio State University | 3.06% | 28,710 | 2.15% | 18,763 |
| 2 | State of Ohio | 2.52% | 23,692 | 3.43% | 30,009 |
| 3 | JPMorgan Chase & Co. | 2.18% | 20,475 | 1.57% | 13,707 |
| 4 | OhioHealth | 2.09% | 19,652 | 1.04% | 9,083 |
| 5 | Nationwide Mutual Insurance Co. | 1.32% | 12,433 | 1.26% | 11,002 |
| 6 | Kroger Co. | 1.18% | 11,068 | 0.41% | 3,587 |
| 7 | Mount Carmel Health System | 0.89% | 8,362 | 0.64% | 5,605 |
| 8 | Nationwide Children's Hospital | 0.88% | 8,243 | 0.34% | 2,981 |
| 9 | Columbus City School District | 0.87% | 8,195 | 0.90% | 7,905 |
| 10 | Honda North America Inc. | 0.84% | 7,900 | 0.55% | 4,829 |
| 11 | McDonald's Corp | 0.81% | 7,622 | 0.14% | 1,209 |
| 12 | L Brands | 0.76% | 7,100 | 0.82% | 7,200 |
| 13 | Franklin County | 0.75% | 7,064 | 0.58% | 5,069 |
| 14 | Huntington Bancshares Inc. | 0.59% | 5,500 | 0.39% | 3,400 |
| 15 | Cardinal Health Inc. | 0.46% | 4,318 | 0.23% | 2,000 |
| 16 | Giant Eagle Inc. | 0.41% | 3,820 | 0.00% | - |
| 17 | U.S. Postal Service | 0.40% | 3,716 | 0.66% | 5,778 |
| 18 | American Electric Power Company Inc. | 0.38% | 3,578 | 0.44% | 3,879 |
| 19 | DLA Land and Maritime | 0.36% | 3,400 | 0.00% | - |
| 20 | PNC Financial Services Group | 0.32% | 3,000 | 0.00% | - |
| 21 | Exel Inc. | 0.31% | 2,875 | 0.00% | - |
| 22 | Abercrombie & Fitch Co. | 0.28% | 2,650 | 0.00% | - |
| 23 | Express Scripts | 0.28% | 2,650 | 0.00% | - |
| 24 | South-Western City Schools | 0.26% | 2,471 | 0.29% | 2,575 |
| 25 | Alliance Data Time Warner Cable Inc. | 0.25% | 2,374 | 0.20% | 1,766 |
| | Other Employers | 77.53% | 727,532 | 83.94% | 733,553 |

2013 information is unavailable at this time so we are reporting 2012 information.

Sources: Business First. July 11, 2014 Issue and December 2014 Book of Lists

Information on The List was obtained from individual organizations, Columbus 2020

## *Estimated Civilian Labor Force And Annual Average Unemployment Rates*

### For the 10 Years Ended December 31, 2014

(labor force in thousands)

| Year | FRANKLIN COUNTY | | COLUMBUS MSA[1] | | OHIO | | U.S. |
|---|---|---|---|---|---|---|---|
| | Labor Force[2] | Unemployment Rate[3] | Labor Force[2] | Unemployment Rate[3] | Labor Force[2] | Unemployment Rate[3] | Unemployment Rate[3] |
| 2014 | 636.3 | 4.5% | 983.4 | 4.6% | 5,737 | 5.6% | 6.2% |
| 2013 | 639.3 | 6.2% | 987.9 | 6.2% | 5,766 | 7.4% | 7.4% |
| 2012 | 629.4 | 6.1% | 972.3 | 6.3% | 5,741 | 7.4% | 8.1% |
| 2011 | 622.6 | 7.5% | 964.9 | 7.5% | 5,789 | 8.7% | 8.9% |
| 2010 | 619.0 | 8.7% | 960.7 | 8.7% | 5,845 | 10.0% | 9.6% |
| 2009 | 625.3 | 8.3% | 964.1 | 8.4% | 5,913 | 10.2% | 9.3% |
| 2008 | 620.6 | 5.5% | 958.5 | 5.6% | 5,940 | 6.6% | 5.8% |
| 2007 | 615.7 | 4.7% | 950.0 | 4.7% | 5,947 | 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% |

*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 10 Years Ended December 31, 2014

| Year | FRANKLIN COUNTY Personal Income (in thousands)(2) | FRANKLIN COUNTY Population (in thousands)(3) | FRANKLIN COUNTY Per Capita Personal Income(4) | COLUMBUS MSA(1) Personal Income (in thousands)(2) | COLUMBUS MSA(1) Population (in thousands)(3) | COLUMBUS MSA(1) Per Capita Personal Income(4) | OHIO Personal Income (in thousands)(2) | OHIO Population (in thousands)(3) | OHIO Per Capita Personal Income(4) | U.S. Per Capita Personal Income(4) |
|---|---|---|---|---|---|---|---|---|---|---|
| 2014 | (NA) | (NA) | (NA) | (NA) | (NA) | (NA) | (NA) | (NA) | (NA) | (NA) |
| 2013 | 52,740,969 | 1,212 | 43,506 | 86,288,957 | 1,967 | 43,867 | 474,973,111 | 11,570 | 41,049 | 44,765 |
| 2012 | 51,120,889 | 1,196 | 42,741 | 83,692,390 | 1,944 | 43,031 | 464,780,129 | 11,553 | 40,230 | 44,200 |
| 2011 | 48,236,153 | 1,179 | 40,899 | 78,835,296 | 1,925 | 40,944 | 446,184,647 | 11,549 | 38,631 | 42,332 |
| 2010 | 45,052,008 | 1,165 | 38,639 | 73,220,988 | 1,906 | 38,411 | 417,929,493 | 11,545 | 36,199 | 40,144 |
| 2009 | 43,901,196 | 1,155 | 37,996 | 71,002,373 | 1,887 | 37,616 | 409,592,732 | 11,528 | 35,527 | 39,379 |
| 2008 | 44,449,886 | 1,141 | 38,951 | 71,190,938 | 1,865 | 38,159 | 419,149,399 | 11,515 | 36,399 | 40,873 |
| 2007 | 43,935,284 | 1,127 | 38,978 | 69,536,251 | 1,841 | 37,760 | 409,460,878 | 11,500 | 35,604 | 39,804 |
| 2006 | 43,100,071 | 1,115 | 38,623 | 66,808,061 | 1,816 | 36,768 | 395,209,170 | 11,481 | 34,422 | 38,127 |
| 2005 | 41,018,221 | 1,105 | 37,104 | 63,091,733 | 1,791 | 35,225 | 375,515,677 | 11,463 | 32,758 | 35,888 |

*Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Income Division -- November 2014 (Preliminary data which is subject to change)*

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

*Estimates for 2004 forward reflect the results of the comprehensive revision to the national income and product accounts released in July 2013.*

*(NA) Data not 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 2010-2013 reflect county population estimates available as of March 2014.*

*(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 Management and the Board of Directors
Columbus Regional Airport Authority

We have audited, 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 Comptroller General of the United States, the financial statements of the Columbus Regional Airport Authority (the "Authority") as of and for the year ended December 31, 2014, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and have issued our report thereon dated March 30, 2015.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Authority'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 Management and 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*.

**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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 30, 2015

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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 the Passenger Facility Charge Program

We have audited Columbus Regional Airport Authority's 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 its major federal program and passenger facility charge program for the year ended December 31, 2014. In addition, we audited compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies,* issued by the Federal Aviation Administration (the "Guide") for the year then ended. The Authority's major federal program is 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 passenger facility charge revenue and expenditure schedule.

### *Management's Responsibility*

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

### *Auditor's Responsibility*

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

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 its major federal program and 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.

To the Board of Directors
Columbus Regional Airport Authority

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and passenger facility charge program. However, our audit does not provide a legal determination of Columbus Regional Airport Authority's compliance.

***Opinion on Each Major Federal Program and the Passenger Facility Charge Program***

In our opinion, 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 its major federal program and passenger facility charge program for the year ended December 31, 2014.

**Report on Internal Control Over Compliance**

Management of Columbus Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above for federal programs and the passenger facility charge program. In planning and performing our audit of compliance, we considered Columbus Regional Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program and passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and passenger facility charge program 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 Authority's internal control over compliance.

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 or the passenger facility charge 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 or the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

To the Board of Directors
Columbus Regional Airport Authority

over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

March 30, 2015

## *Schedule of Expenditures of Federal Awards*

### For the Year Ended December 31, 2014

| Federal Grantor | Federal CFDA Number | Grant Number | Federal Receipts | Federal Expenditures |
|---|---|---|---|---|
| **DEPARTMENT OF TRANSPORTATION** | | | | |
| **Direct:** | | | | |
| Federal Aviation Administration - Airport Improvement Program (AIP): | 20.106 | | | |
| Replacement Runway Projects | | 3-39-0025-79 | $ - | $ - |
| Replacement Runway Projects | | 3-39-0025-80 | 10,378,003 | 10,378,004 |
| Approach Obstruction Identification | | 3-39-0026-21 | 1 | - |
| Rehabilitate Runway 5R/23L | | 3-39-0117-39 | - | 477,534 |
| Acquire Snow Removal Equipment | | 3-39-0117-40 | - | 1,143,414 |
| **Subtotal Federal Aviation Administration** | | | **10,378,004** | **11,998,952** |
| **Pass Through:** | | | | |
| Ohio Dept. of Transportation - | | | | |
| Highway Planning & Construction Cluster | 20.205 | LPA#22625 | 5,061,469 | 4,992,501 |
| Highway Planning & Construction Cluster | 20.205 | LPA#23903 | 54,341 | 54,341 |
| **Subtotal Ohio Dept. of Transportation** | | | **5,115,810** | **5,046,842** |
| National Highway Traffic Safety Administration - Alcohol Impaired Driving Countermeasures Incentive | 20.601 | DUI FFY 2014 | 4,706 | 4,706 |
| **Subtotal National Highway Traffic Safety Administration** | | | **4,706** | **4,706** |
| **TOTAL DEPARTMENT OF TRANSPORTATION** | | | **15,498,520** | **17,050,500** |
| **DEPARTMENT OF JUSTICE** | | | | |
| **Direct:** | | | | |
| Drug Enforcement Agency - Equitable Sharing Program | 16.922 | N/A | 175,401 | 193,670 |
| **TOTAL DEPARTMENT OF JUSTICE** | | | **175,401** | **193,670** |
| **DEPARTMENT OF HOMELAND SECURITY** | | | | |
| **Direct:** | | | | |
| ARRA - TSA Airport Checked Baggage Inspection System Program | 97.117 | HSTS0409HREC170 | 1,898,409 | - |
| **TOTAL DEPARTMENT OF HOMELAND SECURITY** | | | **1,898,409** | **-** |
| **TOTAL FEDERAL AWARDS** | | | **$ 17,572,330** | **$ 17,244,170** |

*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, 2014

| Program | Receipts | Expenditures |
|---|---|---|
| Passenger Facility Charges | $ 12,645,372 | $ 12,000,000 |

*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, 2014

## Note 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.

## Note 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 rather than when the obligations are incurred. The basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular ***A-133, Audits of States, Local Governments, and Non-Profit Organizations***. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## Note 3 - *Ohio Department of Transportation - Highway Planning & Construction Program*

Columbus Regional Airport Authority has a construction administration agreement with the City of Columbus, in which Ohio Department of Transportation pays the City of Columbus directly for 80% of the construction engineering services being provided. The 2014 Schedule of Federal Awards includes amounts paid directly to the City of Columbus in the amounts of $103,239 for the year 2013 and $269,063 for the year 2014.

# Section I - *Summary of Auditors' Results*

1. The independent auditor's report on the financial statements expressed an unmodified opinion.

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

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

4. No significant deficiencies or material weaknesses in internal control over compliance with requirements applicable to major federal awards programs were identified.

5. The independent auditor's report on compliance with requirements applicable to major federal award programs expressed an unmodified opinion.

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

7. The organization's major program was:

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

8. Dollar threshold used to distinguish between Type A and Type B programs: $517,325.

9. The Auditee did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

## Section II - ***Financial Statement Findings Section***

No matters were noted.

## Section III - ***Federal Award Findings and Questioned Cost Section***

No matters were noted.

# *Summary Schedule of Prior Year Audit Findings*

## Year Ended December 31, 2014

| Prior Year Finding Number | Federal Program | Original Finding Description | Status | Planned Corrective Action |
|---|---|---|---|---|
| 2013-001 | Drug Enforcement Agency - Federal Equitable Sharing Program - CFDA No. 16.922 | The SEFA provided by the Authority contained $434,488 in expenditures for the Federal Equitable Sharing Program. The actual amount of expenditures for the year was $281,188. | Corrected | n/a |


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COLUMBUS
REGIONAL AIRPORT AUTHORITY

**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**
**JUNE 2, 2015**