NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Columbus (the City) was organized on March 3, 1834 and is a home–rule, municipal corporation under the laws of the State of Ohio. The City operates under the Council–Mayor form of government.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions, and component unit for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City. On this basis, the reporting entity of the City includes the following services as authorized by its charter: public service, public safety, development, health, recreation and parks, and public utilities (storm sewer system). In addition, the City owns and operates three major enterprise activities: a water system, a sanitary sewer system, and an electricity distribution system.

In August 1990, the City's Council created the Columbus Municipal Airport Authority (CMAA), a component unit of the City, as permitted by State law, to manage the City's two airports. CMAA became operational in November 1991. Although CMAA is a separate legal entity, the City discretely presents the financial statements of CMAA as a part of the reporting entity. Pursuant to GASB Statement No. 14, the City is financially accountable for CMAA in that the City continues to own all of CMAA's assets at the time of its inception; all CMAA board members are appointed by the Mayor subject to the approval of the City's Council; and a potential for financial burden exists to the City in that certain outstanding bonds of the City issued in years prior to the inception of CMAA, but for the airport's construction purposes, amounting to $23,435,000 at December 31, 2001, continue to be general obligations of the City. CMAA pays the principal and interest due on these bonds in the form of rental payments to the City who in turn pays the bondholders. The ability of the City to impose its will on CMAA is manifest in that the City's Council can abolish CMAA via legislation of the Council. Complete financial statements of CMAA may be obtained from CMAA's administration offices at 4600 International Gateway, Columbus, Ohio 43219.

The Franklin Park Conservatory Joint Recreation District (the Conservatory District) was created by the City (Resolution 109X-90) and Franklin County (Resolution 79-90) in 1990 pursuant to authority contained in Section 755.14(B) of the Ohio Revised Code (ORC). The agreement between the City and the County that created the Conservatory District in 1990 was amended by the City (Ordinance 1794-96) and the County (Resolution 800-96) in August 1996. The amendment increased the number of members of the Board of the Conservatory District from 10 to 17. Eight members of the Board are appointed by the Mayor of the City subject to confirmation by the City's Council and six members are appointed by the County. In addition, the Governor, the Speaker of the House of Representatives, and the President of the Senate of the State of Ohio each appoint one member to the Board pursuant to the authority contained in Section 755.14(B)(2) of the ORC. State appointed members are nonvoting members if they also serve as members of the Ohio General Assembly; no member presently serves in both roles. The Mayor of the City, therefore, does not appoint a voting majority of the Board.

The City contributed certain fixed assets to the Conservatory District at the time of its inception and has agreed to an annual operating subsidy, but subject to annual appropriation by the City's Council. Revenues received by the Conservatory District in 2001 from the City were $1,102,834, including the operating subsidy of $1,091,000; 32.7% of its total revenue and support. The City has authorized an operating subsidy of $900,894 to the Conservatory District for 2002. In the event of the Conservatory District's liquidation, its assets will be transferred to the City.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Because the City's Mayor does not appoint a voting majority of the Conservatory District's Board and multiple governments participate in the board appointment process, the City accounts for and reports the financial activity of the Conservatory District as a joint venture pursuant to GASB Statement No. 14. The Conservatory District's financial activity is reported in the Notes contained in this report. Complete financial statements may be obtained from the Conservatory District at 1777 East Broad Street, Columbus, Ohio 43203.

The Columbus/Franklin County Affordable Housing Trust Corporation (AHT) was initially created as the Columbus Housing Trust Corporation, with Articles of Incorporation (Articles) filed with the Ohio Secretary of State on August 31, 2000. Amended Articles were then filed for AHT in May 2001. No single government or government official appoints a majority of the Board members. All are jointly appointed. In 2001 the City provided cash assistance to AHT of $3.1 million. The County provided cash assistance of $1.0 million. AHT's total support and revenue in 2001 was $4.1 million. The City is committed through its legislation to provide a portion of its hotel-motel tax collections to AHT each year into the future. This commitment approximates $1.0 million per year.

Since the Mayor does not singularly appoint a voting majority of AHT's board of trustees and multiple governments participate in both the board appointment process and the financial support of AHT, the City accounts for and reports the financial activity of AHT as a joint venture pursuant to GASB Statement No. 14. AHT's financial activity is reported in the Notes contained in this report. Complete financial statements of AHT may be obtained from Columbus/Franklin County Affordable Housing Trust Corporation, 1260 East Broad Street, Columbus, OH 43205-1453.

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. With this financial report the City has changed its financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. As part of the implementation of GASB Statement No. 34, the City has opted for early implementation of infrastructure reporting. In doing so, the historical cost of infrastructure assets (retroactive to 1979) is included as part of the governmental capital assets reported in the government-wide statement. Thus, the depreciated value of construction costs for road, curbs and gutters, streets and sidewalks, and drainage systems is reported. In conjunction with the implementation of GASB 34, the City has opted for early implementation of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which rescinds some and modifies other financial statement disclosure requirements. For fiscal year 2001, the City also implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and GASB Statement No. 36, *Receipt Reporting for Certain Shared Nonexchange Revenues*. Implementation of these GASB Statements did not result in a change in beginning fund balance as reported in the fund financial statements on the modified accrual basis of accounting.

The following is a summary of the City's significant accounting policies:

(a) Government-wide and fund financial statements

Financial information of the City, the primary government; and the Columbus Municipal Airport Authority (CMAA), the City's component unit, is presented in this report as follows.

- Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- Basic financial statements:
    - Government-wide financial statements consist of a statement of net assets and a statement of activities.

        These statements report all of the assets, liabilities, revenues, expenses and gains and losses of the City and CMAA. Governmental activities are reported separately from business type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business type activities are normally supported by fees and charges for services and are usually intended by management to be financially self-sustaining. Fiduciary funds of the City and CMAA, its component

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

unit, are not included in these government-wide financial statements; however, separate financial statements are presented for the Fiduciary funds.

Interfund receivables and payables between governmental and business type activities have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business type activities total column.

Internal service fund balances, whether positive or negative, have been eliminated against the expenses and program revenues shown in governmental activities Statement of Activities.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

- Fund financial statements consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate financial statements are presented for the governmental, proprietary and fiduciary funds.

The City's major governmental funds are the General fund, the General Bond Retirement Debt Service fund, and the Special Income Tax Debt Service fund. Of the City's business type activities its Water and Sewer enterprise funds are considered major funds.

General fund is the accounting entity in which all governmental activity, except that which is required to be accounted for in other funds, is accounted for. Its revenues consist primarily of taxes, investment income, licenses and permits, intergovernmental shared revenue, charges for services, fines and others.

General fund expenditures represent costs of general government; public service, including garbage collection and facilities management; public safety, including fire, police and communications; certain development costs and other. Resources of the General fund are also transferred annually to support services such as public recreation and public health, which are accounted for in separate special revenue funds.

The General Bond Retirement fund and the Special Income Tax debt service fund are accounting entities in which the City accounts for the accumulation of resources for and the payment of general obligation debt; principal, interest and related expenditures. Revenues consist primarily of a portion of the City's income tax.

The Water enterprise fund is the accounting entity in which the City accounts for all financial activity related thereto. The City collects, purifies and sells water to city residents and certain suburban areas. Water is collected from surface areas (rivers) and wells. The City has three water treatment plants. Revenues consist primarily of user charges.

The Sewer (sanitary sewer) enterprise fund is the accounting entity in which the City accounts for all financial activity related thereto. The City collects and treats effluent of City residents and residents of certain suburban areas. The City has two sewerage treatment plants. Revenues consist primarily of user charges.

The Electricity enterprise fund, the City's only other enterprise fund, is the accounting entity in which the City accounts for all the financial activity related thereto. The City purchases, but does not generate, and sells electricity to its 13,277 customers, both residential and commercial. Revenues consist primarily of user charges.

While not considered major funds the City maintains internal service funds used to account for the financing of goods or services provided by one department or agency to another department or agencies of the government, generally on a cost reimbursement basis. The largest of these funds account for fleet management services and electronic information services.

Also maintained by the City are fiduciary funds such as agency funds used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

- Notes to the financial statements providing information that is essential to a user's understanding of the basic financial statements.

- Required supplementary information such as budgetary comparison schedules and other types of data required by GASB.

(b) Financial reporting presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (expenses). Fund types are as follows:

GOVERNMENTAL FUNDS

General Fund—The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds—Special Revenue Funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Permanent Funds—Permanent funds are for the purpose of accounting for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting government's programs. The City, however, does not utilize Permanent funds.

PROPRIETARY FUNDS

Enterprise Funds—Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has separate enterprise funds for its water, sanitary sewer, and electricity services. In addition, airport services are provided by CMAA, a discretely presented proprietary component unit.

Internal Service Funds—Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost-reimbursement basis.

FIDUCIARY FUNDS

Agency Funds—Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Assets held for other funds or governments include payroll taxes and other employee withholdings (which are combined into one agency fund for ease of payment) and income taxes and utility charges collected by the City on behalf of other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City does not have any trust funds.

Other Fiduciary funds; which, however, the City does not utilize are ***Pension trust funds*** used to account for resources that are required to be held in trust for the respective members or beneficiaries; ***Investment trust fund****s* used to report the external portion of investment pools reported by the sponsoring government as required by GASB No. 31 and ***Private-purpose trust funds*** used to account for other trust arrangements which benefit individuals, private organizations or other governments.

(c) Measurement focus and bases of accounting

Except for budgetary purposes, the bases of accounting used by the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, property taxes, grants, shared revenue, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the taxpayer's liability occurs and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. On an accrual basis, revenue in the form of shared revenue is recognized when the provider government recognizes its liability to the City. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the City follows GASB guidance as applicable to its governmental and business-type activities, and Financial Accounting Standards Boards Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements.

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

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Budgetary Data

City Council follows the procedures outlined below in establishing expenditure budget data.

(1) Prior to November 15, the Mayor submits to City Council an estimate of the expenditures necessary to conduct the affairs of the City for the fiscal year commencing the following January 1.

(2) Budget estimates are distributed throughout the City (including newspapers and libraries) and public hearings are held to obtain taxpayers' comments.

(3) Subsequent to January 1, and after publication of the proposed budget ordinances, the budget is legally enacted through passage of the ordinances. The budget specifies expenditure amounts by Object Level One for each division within each fund. The objects are (1) personal services, (2) materials and supplies, (3) contractual services, (4) debt principal payments, (5) other, (6) capital outlay, (7) interest on debt, and (10) transfers.

(4) Transfers of appropriations of less than $25,000 can be made between budget Object Level One within a division and fund without additional City Council action, but with responsible management approval. Transfers in excess of this amount require the approval of both City Council and the Mayor. Supplemental appropriations must be approved by City Council. During 2001, all appropriations were approved as required. Appropriations for budgeted governmental funds, for expenditures and transfers out, were as follows:

(in thousands)

	Original budget	Revisions	Final budget
General	$ 544,011	2,581	546,592
Special Revenue	152,821	102,161	254,982
Debt Service	324,301	15,409	339,710

(5) The City maintains budgetary controls by not permitting expenditures to exceed appropriations at the Object Level One level for each division within each fund.

(6) Unencumbered appropriations lapse at year-end.

All General fund, Special Revenue fund and Debt Service fund expenditures, except for expenditures paid through the county auditor, have annual expenditures budgeted by City Council. Revenues and expenditures paid through the county auditor are estimated by the City Auditor in conjunction with the annual budgeting process. However, this estimate is not included or required in the budget ordinance.

Capital Project funds, pursuant to the City's charter, are not required to be budgeted annually. Capital Project funds' appropriations, after their initial appropriations by Council at the time capital monies are received (bond proceeds, etc.), remain intact until they are expended or modified by Council. Such monies are appropriated on a project level with specific identification of each project being budgeted.

Revenues for the General fund are estimated by the City Auditor in conjunction with the annual budgeting process. However, this estimate is not included or required in the budget ordinance.

Special Revenue fund and Debt Service fund disbursements are made only when cash is received; therefore, their revenues are not budgeted. Additionally, revenues for Capital Project funds and the proprietary funds are not budgeted.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City's budgetary process is based upon accounting for certain transactions on a basis other than GAAP. The major differences are:

(1) Revenues are recorded when received in cash (budget), as opposed to when susceptible to accrual (modified accrual).

(2) Expenditures are recorded when encumbered or paid in cash (budget), as opposed to when the liability is incurred (modified accrual).

(3) Encumbrances are recorded as the equivalent of expenditures (budget), as opposed to a reservation of fund balances (modified accrual).

CMAA's budgetary basis of accounting is maintained on a modified accrual basis. This basis of accounting differs from GAAP in that certain expenses are reported on a cash basis. This includes an expense classification for the debt service payable during the year or immediately after year-end and any capital assets expected to be acquired. Therefore, depreciation is not budgeted. All other revenues and expenses are maintained on the accrual basis. State statute does not require a specific budgetary basis of accounting under ORC Section 4582. CMAA has adopted this basis of accounting to comply with certain airline agreements.

(e) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in all funds. On the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities, but are reported as reservations of fund balances in governmental funds.

(f) Cash Equivalents

For purposes of the statement of cash flows, the Proprietary Funds consider all highly liquid investments held by trustees, with an original maturity of three months or less when purchased, to be cash equivalents. In addition, all cash and investments with treasurer are also considered to be cash equivalents because they are available to the Proprietary Funds on demand.

(g) Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the City records all of its investments at fair value as defined in the statement.

The City does not engage in any form of derivatives or reverse repurchase agreements in the management of its investment portfolio. Only eligible investments with final maturities not greater than two years from time of purchase are permitted. The City's cash and investments are further explained in Note C.

(h) Inventory

Inventory is valued at cost utilizing the first-in, first-out method for enterprise funds and the average cost method for internal service funds. Items considered as inventory in the enterprise funds and internal service funds are accounted for as expenditures when acquired by governmental funds.

(i) Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure (e.g. road, curbs and gutters, streets and sidewalks, and drainage systems) are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets as assets with an individual cost of more than $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost (for certain assets acquired prior to 1960). Pursuant to the implementation of GASB

Statement No. 34, the historical cost of infrastructure assets (retroactive to January 1, 1979) are included as part of the governmental capital assets reported in the government-wide statements. Donated assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Description	Estimated Lives (years)
Autos and information processing equipment	5
Trucks	8
Equipment, furniture and fixtures	10
Heavy rescue equipment	25
Buildings, infrastructure, water lines and fire hydrants	40
Sewer mains and certain water assets	75-100

(j) Pensions

Pursuant to the modified accrual basis of accounting, governmental funds record the provision for pension cost when the obligation is incurred and will be liquidated with available and measurable resources. Pension cost for proprietary fund types is recorded when incurred (see Note K).

(k) Insurance

With the exception of CMAA, the City assumes the liability for most property damage and personal injury risks. Judgments and claims, including those incurred but not reported as of year-end, are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The City insures certain of its major buildings. The policy has a $100,000 deductible. No losses occurred in 1999, 2000 or 2001 that exceeded insurance coverages. A fire occurred in January 2002 in which the City will sustain a loss of approximately $100,000.

The City’s division of Police operates a fleet of seven jet-powered helicopters. Five of these helicopters (models M/D 500E), valued at approximately $1,000,000 each, are insured for both hull insurance ($950,000 per helicopter with $100,000 deductible) and liability insurance ($10,000,000 per occurrence; $1,000,000 per passenger not including crew; no deductible). The other two crafts (models Bell OH-58) are insured only for the liability insurance. No accidents or losses occurred in 1999, 2000 or 2001. One accident occurred in 1998 causing the City to pay the $100,000 deductible portion of the hull damage claim of one M/D 500E helicopter. No liability claim resulted from the accident.

Additionally, the City provides medical, dental, and vision coverage for its employees on a self-insurance basis. Expenses for claims are recorded on a current basis based on an actuarially determined charge per employee. The City accounts for such activity in an Internal Service Fund in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.*

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A summary of changes in self-insurance claims liability follows:

		2001	2000	1999	1998	1997
				(in thousands)		
Claims liability at January 1	$	5,000	5,800	7,300	5,000	5,450
Incurred claims, net favorable settlements		48,328	47,101	35,796	40,382	29,378
Claims paid		(48,328)	(47,901)	(37,296)	(38,082)	(29,828)
Claims liability at December 31	$	5,000	5,000	5,800	7,300	5,000

Claims are accrued based upon estimates of the claims liabilities made by management and the third-party administrator of the City. These estimates are based on past experience and current claims outstanding. Actual claims experience may differ from the estimate. An actuary was used in the determination of the current liability. This claims liability is recorded in the Internal Service Fund as accrued wages and benefits.

(l) Vacation and Sick Leave

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

Vacation and sick leave accumulated by governmental fund type and proprietary fund type employees is reported as an expense when earned in the government-wide financial statements. Vacation and sick leave accumulated by governmental fund type employees is not reported as an expenditure in the governmental fund financial statements, as current financial resources are not used.

Payment of vacation and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave when such payments become due.

(m) Debt Issuance Costs, Premiums, Discounts, and Accounting Losses (Refundings)

Bond premiums and discounts, as well as issuance costs and accounting losses on refundings, are deferred and amortized over the life of the bonds.

(n) Interfund Transactions

The City has the following types of transactions among funds:

1) *Reciprocal interfund loans:* Amounts provided by one fund to another with a requirement for repayment.

2) *Reciprocal interfund services provided and used*: Purchased and sales of goods and services between funds for a price approximating their external exchange value.

3) *Nonreciprocal interfund transfers:* Flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment. This includes payments in lieu of taxes that are not payments for, and are not reasonably equivalent in value to, services provided.

4) *Nonreciprocal interfund reimbursements*: Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

The City's interfund receivables and payables at December 31, 2001 are presented in Note E. Transfers are presented in Note P.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Pursuant to local statute and determined by an internal cost allocation plan certain costs initially borne by the General Fund are then billed as direct charges to other funds of the City. Revenues from these charges are accounted for in the government-wide Statement of Activities as general government and in the governmental funds Statement of Revenue, Expenditures and Changes in Fund Balances General Fund as charges for services. The corresponding expenses appear as function/program costs in the Statement of Activities.

(p) The City, in its proprietary funds, accounts for all recurring type revenues, including all revenues which the City controls through statutory pricing or regulatory authority as operating revenues. Non-recurring revenues such as gains on sales of assets and revenues over which the City has minimal or no control, primarily interest earnings, are accounted for as nonoperating revenues.

(q) The City complies with all restrictions governing the use of restricted assets. Such restrictions do not offer discretion regarding use of these resources in an unrestricted manner. Where capital funds, usually bond proceeds, are available capital assets are acquired from such resources. Capital assets can be, however, and to a lesser amount are, acquired from unrestricted resources.

NOTE B—COMMITMENTS AND CONTINGENCIES

(a) Litigation

The City is a defendant in a number of lawsuits pertaining to matters that are incidental to performing routine governmental and other functions. As of December 31, 2001, claims approximating $196 million were outstanding against the City. Based on the current status of all these legal proceedings, it is the opinion of management that ultimate resolution of such will not have a material effect on the City's financial statements.

The United States Department of Justice (DOJ), in 1999, filed suit against the City of Columbus. The DOJ claims that the City's division of Police has engaged in a pattern or practice of civil rights violations. If the DOJ position prevails there would be certain increased costs to the City, an amount impossible to determine at present.

(b) Federal Grants

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. While questioned costs may occur, ultimate repayments required of the City have been infrequent in prior years.

(c) Franklin County Convention Facilities Authority (CFA)

The CFA is a separate and distinct entity created under the laws of Ohio. In June 1990, the CFA issued lease revenue bonds for the purpose of constructing a convention facility in downtown Columbus. Also in June 1990, the City and the County of Franklin, Ohio (the County) entered into a lease/sublease arrangement with the CFA pursuant to which the City and the County leased the convention facility as tenants in common from the CFA. The City and the County subleased the facility back to the CFA. The lease requires that the City and the County each pay rent to the CFA in an amount equal to one half of the debt service on the revenue bonds. Under the sublease, the CFA is required to pay rent to the County and the City in an amount equal to such debt service. Such subrental payments are expected to be derived from the hotel/motel excise tax levied by the CFA, and if such tax is insufficient, from earnings on, and the principal amount of, certain reserve funds created in connection with the issuance of the revenue bonds. If the foregoing amounts are insufficient, the City agreed in the lease to apply that portion of the hotel/motel tax levied by the City and currently paid by the City to a convention and visitors bureau to the payment of rentals under the lease. If, after the application of the foregoing amounts, additional amounts are required to meet the City's and the County's obligations under the lease, such amounts will be paid by the City and the County, in equal shares, from their general resources, provided that their respective legislative bodies have appropriated funds for such purpose. No such payments were necessary prior to or during 2001. The lease will terminate as to the City and the County if their respective legislative bodies fail to appropriate amounts required for rentals thereunder. The total amount of these revenue bonds outstanding at December 31, 2001, including certain amounts refunded in 1992 and 1997 and additional bonds issued in 1997, was $163.8 million net of premiums and discounts of $16.0 million, or a gross amount of $179.8 million.

(d) Other liabilities

The City, at December 31, 2001 has certain other liabilities of Governmental Type Activities that will not be paid from funds available, as defined, at December 31, 2001. The City wishes to fully disclose these liabilities. In accordance with *GASB Interpretation No. 6; Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, however, these liabilities are not accounted for, nor are they required to be, in the Fund financial statements contained in this report. Those liabilities are:

(1) Accrued pensions in the amount of $2,963,000 represents the employer's share of certain pension costs. This amount is due and payable in March 2002 and is budgeted in 2002 appropriations. This amount, therefore, is not payable from 2001 available funds.

(2) Accrued vacation and sick leave are granted to City employees at varying amounts and, at the time of the employee's termination such accruals are paid to the employees at varying rates. Except for the unused portion of an employee's prior year's sick leave accrual which is recorded in the fund that ultimately disburses this accrual to the employee after year end, all other accrued vacation and sick leave applicable to governmental type activities is not reflected in the fund financial statements contained in this report. At December 31, 2001 this liability, exclusive of proprietary funds, was in the amount of $51,130,084 ($46,775,602 at December 31, 2000). Such benefits accumulating in proprietary funds are recorded as expenses when earned by the employees in the proprietary funds. During 2001, $3,054,296 of the governmental type liability existing at December 31, 2000 was paid to employees, while $7,408,778 was added to this liability for the current year accumulation.

NOTE C—CASH AND INVESTMENTS

Investment Policies: The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* and records all its investments at fair value. At December 31, 2001 fair value was $4,119,281 above the City's net cost for its investments. At December 31, 2000 fair value was $3,029,350 above net cost. Fair value is determined by quoted market prices and other pricing methodologies.

The City pools its cash, except for that held by revenue bond trustees, fiscal and escrow agents, and certain debt service and trust and agency fund cash and investments, for maximum investing efficiency. Each fund type's portion of the pool is reported on the combined balance sheet as *Cash and investments with treasurer*. Earnings on the pool are allocated at the discretion of the City Council after meeting revenue bond indentures and other requirements. All statutory requirements are met in distributing earnings of the pool to various funds.

The City Codes, Chapters 325 and 321, respectively, provide for a Treasury Investment Board and a Depository Commission. Both consist of the City Treasurer, who serves as chairman and represents the City Council; the City Auditor, an independently elected official; and the Director of the Department of Finance, representing the Mayor; hence a check and balance process via the separation of powers.

Pursuant to these code sections, the City does not purchase any form of derivatives. The City does invest in STAROhio, an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a-7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price that is the price the investment could be sold for on December 31, 2001.

NOTE C — CASH AND INVESTMENTS (continued)

Management of STAROhio states that its policy also prohibits investing in derivatives and/or engaging in the use of reverse repurchase agreements. Average days to maturity of the STAROhio portfolio at December 31, 2001 was 53.3 days. The City is prohibited from using reverse repurchase agreements and does not leverage its investment portfolio in any manner. The City purchases investments only through member banks of the Federal Reserve System or broker dealers registered with the United States Securities and Exchange Commission. The City requires broker dealers to formally apply for and be evaluated for eligibility to conduct business with the City.

The City's investment code and practices have consistently protected the portfolio from unnecessary credit risk (safety) and market risks (liquidity) while providing a competitive yield. Only eligible investments with the remaining terms not greater than two years until final maturity are purchased. Average days to maturity of the City's investments with the Treasurer at December 31, 2001 was 291.1 days.

Investments as permitted by Chapter 325 of the Columbus City Code are:

(A) Bonds, notes, or other obligations of the United States government or its Agencies for which the faith of the United States is pledged for the payment of principal and interest thereon. They are:

Obligations of the United States government:

- United States Treasury Bills
- United States Treasury Notes
- United States Treasury Bonds
- United States Treasury Strips

Obligations guaranteed by the United States government:
Federal government agencies:

- Department of Housing and Urban Development
- Farmers Home Administration
- General Service Administration
- Government National Mortgage Association
- Maritime Administration
- Washington Metropolitan Area Transit Authority

(B) Bonds, notes, debentures, or other obligations issued by any of the federal government-sponsored enterprises listed below. They are:

- Federal Farm Credit System
- Federal Home Loan Banks
- Federal Home Loan Mortgage Corporation
- Federal National Mortgage Association

(C) The Ohio State Treasurer's Asset Reserve Funds (STAROhio) pursuant to Ohio Revised Code 135.45;

(D) Bonds or other obligations of the City of Columbus, Ohio;

(E) Obligations of the State of Ohio or any municipal corporation, village, county, township or other political subdivision of the State of Ohio, as to which there is no default of principal or interest and which have been approved as to their validity by nationally recognized bond counsel.

(F) Certificates of deposits (collateralized as described below) in eligible institutions applying for moneys as provided in Chapter 321 of Columbus City Codes; and

(G) Repurchase agreements that are collateralized with legally authorized securities as defined in Chapter 321.08 of Columbus City Code and held in third-party safekeeping designated by the City Treasurer and in the name of the City of Columbus.

NOTE C — CASH AND INVESTMENTS (continued)

Safeguarding activities call for the City's investments with the Treasurer, except for investments with STAROhio, investments held by revenue bond trustees, fiscal and escrow agents and certain debt service, and agency funds, to be held in book entry form at federal reserve banks in the accounts of certain member banks-agents of the City who hold the investments in the City's name.

The revenue bond agreements of the water and sanitary sewer enterprises (see Subsequent Event section of Note G in this report) require certain cash and investments to be maintained and managed by trustees. The respective trustees, bank trust departments, invest these monies at the direction of the City Auditor pursuant to the revenue bond agreements.

All of the City's deposits and investments comply with State statutes, City ordinances and applicable bond indentures.

Deposits: The City's policy is to place deposits with major local banks (as defined by Chapter 321 of the City Code) approved by the Depository Commission. All deposits, except for deposits held by fiscal and escrow agents or trustees, are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the ORC and Chapter 321 of the Columbus City Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds.

At December 31, 2001, the carrying amount of all City deposits, exclusive of money market funds in the amount of $8,133,164 held by bond trustees, was $169,032,695. Balances per the banks were $169,928,229. Based upon criteria described in GASB Statement No. 3, *Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*, bank balances are classified in three categories of credit risk: (1) insured or collateralized with securities held by the City or by its agent in the entity's name; (2) collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; and (3) uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name. Accordingly, the balances per the banks were either insured or uncollateralized as follows:

Risk Category			(in thousands)
(3)	Collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agents in the pool's name	$	168,982
(1)	Insured by Federal Deposit Insurance Corporation (FDIC)		530
(3)	Amount considered uncollateralized		416
	Total balances per banks	$	169,928

The money market funds, amounting to $8,133,164, while held by bond trustees as the City's agents and in the City's name, are also considered uninsured. However, their disposition and availability are governed by bond ordinances and indentures.

NOTE C — CASH AND INVESTMENTS (continued)

Investments: Based upon criteria described in GASB Statement No. 3, the City's (the primary government) investments are categorized below to give an indication of the level of custodial risk assumed by the City at year-end. Investments with STAROhio are not required to be categorized due to their nature. (in thousands)

Type of Investment	Category 1 Insured or registered, or securities held by the City or its agent in the City's name	Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name	Category 3 Uninsured and unregistered, with securities held by the counterparty or its trust department or agent but not in the City's name	Fair value/ carrying value	Cost, net of premium, discount and accrued interest
U.S. government sponsored enterprises	$ 544,490	–	–	544,490	$ 540,471
U.S. government Securities	32,847	–	–	32,847	32,747
Bonds and notes—other	2,617	–	–	2,617	2,618
	$ 579,954	–	–	579,954	575,836
STAROhio				20,576	20,576
Total investments				600,530	$ 596,412
Carrying amount of deposits:					
High yield savings account			$ 134,761		
Certificates of deposit			30,000		
Other			4,271	169,032	
Money market funds held by bond trustees				8,133	
Cash and collection items on hand				127	
Less: City Auditor warrants payable				(32,707)	
Total				$ 745,115	

Per Governmental Funds Balance Sheet-total government funds	
Cash and investments with treasurer	$ 483,594
Cash and investments with fiscal and escrow agents and other	395
Investments	3,295
Per Proprietary Funds Statement of Net Assets	
Total enterprise funds	
Cash and cash equivalents with treasurer	111,316
Restricted cash and cash equivalents with treasurer and other	66,902
Restricted cash and cash equivalents with trustee	8,133
Internal Service Funds	
Cash and cash equivalents with treasurer	32,906
Agency Funds, net of accrued interest	38,574
Total	$ 745,115

Component Unit: CMAA's (discretely presented component unit) cash and investment policies are similar in nature to that of the City's (the primary government). The carrying amount of CMAA deposits is $1,693,931 and the bank balance was $1,379,393 of which the FDIC insured $300,000 (Category 1) and the remaining $1,079,393 was collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits by the financial institution but not in CMAA's name (Category 3). In addition CMAA has $4,890 in cash on hand at December 31, 2001 that was uncollateralized (Category 3).

NOTE C — CASH AND INVESTMENTS (continued)

CMAA's investments and custodial risk categorization at December 31, 2001 consisted of: $2,987,468 in a repurchase agreement included in Category 3, and $118,578,587 of money market and STAROhio funds which are not required to be categorized due to their nature.

NOTE D—RECEIVABLES

Receivables at December 31, 2001 consist of the following:

	Taxes	Customer and other Accounts	Lease	CDA And UDAG Loans	Special assess-ments	Accrued interest	Gross Receiv-Ables	Less Allowance for uncol-Lectibles	Net
					(in thousands)				
Governmental type funds:									
General fund	$ 108,807	1,471	-	-	-	5,302	115,580	-	115,580
General bond retirement	-	-	-	-	376	24	400	-	400
Special income tax	22,419	1,796	109,483	-	-	-	133,698	-	133,698
Other governmental fund:	-	11,031	-	76,895	-	377	88,303	(56,230)	32,073
Total governmental funds	131,226	14,298	109,483	76,895	376	5,703	337,981	(56,230)	281,751
Business type funds:									
Water	-	16,691	-	-	-	563	17,254	(2,172)	15,082
Sewer	-	20,174	-	-	512	825	21,511	(786)	20,725
Electricity	-	5,890	-		976	62	6,928	(1,576)	5,352
Total business type funds	-	42,755	-	-	1,488	1,450	45,693	(4,534)	41,159
Internal service funds	-	50	-	-	-	-	50	-	50
Total primary government	131,226	57,103	109,483	76,895	1,864	7,153	383,724	(60,764)	322,960
Component Unit—CMAA	-	5,278	-	-	-	-	5,278	(583)	4,695

Taxes receivable in the General Fund include $40.8 million for property taxes levied in 2001 but not due for collection until 2002, and approximately $750,000 of delinquent property taxes. General and Special Income Tax fund taxes receivable also include income taxes receivable of $67,257,000 and $22,419,000, respectively, at December 31, 2001. In the fund financial statements, $47,838,000 of the general fund income tax receivable and $15,946,000 of the Special Income Tax fund income tax receivable was deferred because it was not received within the available period. Special Revenue Community Development Act (CDA) and Urban Development Action Grant (UDAG) loans include $74,453,000 of CDA loans and $2,442,000 of UDAG loans.

Substantially all receivables are due in 2002 except:

(a) Deferred special assessment receivables in the General bond retirement fund of $254,610 Sewer Enterprise special assessment receivables of $427,310, and Electricity Enterprise special assessment receivables of $664,283, which have not yet been recorded as revenues.

(b) $72,160,000 of CDA loans and $2,356,000 of UDAG loans, not including allowance for uncollectible CDA and UDAG loans of $56,116,000.

NOTE D—RECEIVABLES (continued)

(c) The Special income tax fund lease receivable of $109,483,292 represents the gross amounts due under a capital lease of the City's solid waste resource recovery plant to SWACO (see Note H). $2,500,000 of this receivable was received in January and February 2002 (60-day rule) and is therefore recognized as revenue in 2001. The remaining amount of the receivable is recognized as deferred revenue.

(d) Special income tax fund customer and other accounts include a $1,796,000 long term note receivable, $1,698,000 of which is accounted for as deferred revenue.

The City receives funds from HUD to bring substandard housing into compliance with the City housing code under the CDA program. The UDAG program is used to finance development projects within the City. Funds received under these programs that are loaned to eligible recipients are recorded as CDA and UDAG loans receivable.

Enterprise customer and other accounts receivable include unbilled charges for services at December 31, 2001 as follows:

	(in thousands)
Water	$ 8,119
Sewer	9,593
Electricity	2,698
	$ 20,410

NOTE E—DUE FROM AND DUE TO / INTERFUND RECEIVABLES AND PAYABLES

	Due from	Due to
Governmental funds:	(in thousands)	
General	$ 4,140	29
General bond retirement	-	321
Special income tax	139	-
Other governmental:		
Development services	264	16
Health	-	21
Storm sewer	-	90
Street construction maintenance and repair	79	332
Treasury investment earnings	-	2,613
Golf	-	7
Recreation and parks	-	10
Streets and highways V-95, V-99	-	79
	343	3,168
Total	4,622	3,518
Internal Service Funds:		
Employee benefits	13	-
City print services	20	-
Land acquisition	31	-
	64	-
Business type funds:		
Water	-	521
Sewer	-	741
Electric	321	227
	321	1,489
	$ 5,007	5,007
Due to/from Primary Government/Component Unit:		
Special income tax	$ 4,000	-
Less allowance for doubtful account (see below)	(4,000)	-
Component unit--CMAA	-	4,000
	$ -	4,000

NOTE E—DUE FROM AND DUE TO / INTERFUND RECEIVABLES AND PAYABLES (continued)

The $4 million due from the component unit—CMAA to the Special Income Tax Fund, a Debt Service Fund, is for past operating advances, $1.0 million in 1983, $1.3 million in 1986 and $1.7 million in 1990. Although an allowance for this amount has been provided for in the Debt Service Fund, the amount remains recorded as a liability by CMAA pending an ultimate determination of the amount to be repaid, if any.

Certain Interfund Receivable/Payables of a longer term repayment schedule also exist. The Special Income Tax debt service fund has financed, paid for, certain equipment not included in capital assets because of short-life considerations. This financing is to be repaid by the General Fund. The Special Income Tax fund has also paid debt service on certain general obligation bonds, proceeds of which were used for golf course improvements. The Recreation (golf course) debt service fund, not a major fund, will make repayments from a portion of its green fees.

	Receivable	Payable
Interfund Receivables/Payables:	(in thousands)	
General	$ -	1,306
Special income tax	4,685	-
Other Governmental:		
Recreation debt service	-	3,379
	$ 4,685	4,685

NOTE F—CAPITAL ASSETS

Capital assets; those assets with an estimated useful life of five years or more from the time of acquisition by the City and a cost of $5,000 or more, are primarily funded through the issuance of long term bonds and loans. A summary of capital assets and changes occurring in 2001, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

(in thousands)

	Balance December 31, 2000	Additions	Deletions	Balance December 31, 2001	Accumulated Depreciation	Balance, net of Depreciation, December 31, 2001
Capital Assets used in:						
Governmental Activities						
Land	$ 152,083	12,953	-	165,036	-	165,036
Buildings	255,993	20,060	439	275,614	85,139	190,475
Improvements, other than buildings	112,643	6,870	106	119,407	37,649	81,758
Machinery and equipment	202,661	13,663	5,012	211,312	123,465	87,847
Infrastructure	772,086	83,569	445	855,210	166,664	688,546
Total	$ 1,495,466	137,115	6,002	1,626,579	412,917	1,213,662
Business Type Activities						
Land	$ 36,177	359	-	36,536	-	36,536
Buildings	199,790	65	21	199,834	120,726	79,108
Improvements other than buildings	1,413,840	73,886	26,894	1,460,832	431,877	1,028,955
Machinery and equipment	124,727	5,093	6,754	123,066	89,585	33,481
Construction in progress	84,601	28,072	-	112,673	-	112,673
Total	$ 1,859,135	107,475	33,669	1,932,941	642,188	1,290,753
Component Unit						
Land	$ 20,657	203	-	20,860	-	20,860
Buildings	230,418	13,576	2,895	241,099	54,019	187,080
Improvements other than buildings	132,612	21,787	12,929	141,470	52,111	89,359
Machinery and equipment	16,677	1,574	315	17,936	9,599	8,337
Construction in progress	8,620	7,459	7,735	8,344	-	8,344
Total	$ 408,984	44,599	23,874	429,709	115,729	313,980
Internal Service Funds						
Land	$ 13	-	-	13	-	13
Buildings	2,198	-	-	2,198	999	1,199
Improvements, other than buildings	2,557	435	-	2,992	476	2,516
Machinery and equipment	33,880	684	188	34,376	25,572	8,804
Total	$ 38,648	1,119	188	39,579	27,047	12,532

NOTE F—CAPITAL ASSETS (continued)

Capital assets, net of accumulated depreciation, at December 31, 2001 appear in the Statement of Net Assets and/or the Fund Statements Balance Sheets as follows. (in thousands).

Governmental activities	$ 1,213,662	Component unit	$ 313,980		
Business type activities:		Internal service funds:			
Water enterprise	$ 352,594	Fleet management	$ 1,983	Telecommunications	$ 1,062
Sewer enterprise	865,312	Information services	9,466	Land Acquisition	14
Electricity enterprise	72,847	Purchasing	7		

Depreciation expense in 2001 was charged to the following functions and funds. (in thousands)

Governmental Activities:		Internal Service Funds:	
General government	$ 1,950	Fleet management	$ 160
Public service	31,463	Information services	5,190
Public safety	9,791	Purchasing	4
Development	1,266	Telecommunications	269
Health	157	Land Acquisition	16
Recreation and parks	4,983		
Public utilities	1,699		$ 5,639
	$ 51,309		
Business Type Activities:			
Water enterprise	$ 16,749	Component Unit	$ 25,166
Sewer enterprise	25,760		
Electricity enterprise	4,412		
	$ 46,921		

Interest incurred during the construction phase ($5.742 million in 2001), net of related interest earnings ($542 thousand in 2001), of business-type activity capital assets is included as part of the capitalized value of the assets constructed. Interest was capitalized in 2001 in the following activities/funds.

	(in thousands)
Water enterprise	$ 1,095
Sewer enterprise	4,105
	$ 5,200

NOTE G—BONDS, NOTES AND LOANS PAYABLE

Bonds, notes, and loans payable in the Statement of Net Assets are comprised of the following. (in thousands)

	Governmental Type	Business Type: Water	Business Type: Sewer	Business Type: Electric	Component Unit
Amount outstanding at December 31, 2001	$ 823,598	281,777	544,296	65,588	147,466
Unamortized bond premium	2,849	3,768	3,193	1,038	10
Unamortized bond discount	-	(550)	(1,417)	-	(1,190)
Unamortized deferred amounts on refundings	(1,010)	(3,602)	(2,648)	-	-
Amount per Statement of Net Assets	$ 825,437	281,393	543,424	66,626	146,286

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

The following table shows the activity in bonds, notes and loans payable during 2001.

(in thousands)

Type of Obligation	Balance December 31, 2000	New Issues	Refundings	Maturities	Refunded	Balance December 31, 2001	Amount due in 2002	
Governmental type								
General obligations								
OPWC notes	$ 4,134	32	-	249	-	$ 3,917	$ 257	
Bonds-fixed rate	746,918	5,545	51,114	60,349	-	743,228	118,079	(1)
Bonds-variable rate	37,205	-	-	3,285	-	33,920	3,280	
Capitalized lease (Note J)	4,320	-	-	860	-	3,460	860	
Information services bonds-fixed rate	4,965	-	-	570	-	4,395	620	
Fleet management bonds-fixed rate	570	-	-	30	-	540	30	
Revenue obligations								
Bonds (TIF's)-fixed rate	30,050	-	-	-	-	30,050	-	
Bonds (TIF's)-variable rate	-	4,000	-	-	-	4,000	-	
Single family mortgage revenue note (FNMA)	117	-	-	29	-	88	n/a	
Total governmental type	828,279	9,577	51,114	65,372	-	823,598	123,126	
Business type-enterprise								
Water								
General obligations								
Bonds-fixed rate	168,131	28,340	-	15,574	-	180,897	15,518	
Bonds-variable rate	50,835	-	-	3,140	-	47,695	3,140	
Revenue obligations								
Bonds-fixed rate	57,205	-	-	4,020	-	53,185	4,395	
Total water	276,171	28,340	-	22,734	-	281,777	23,053	
Sewer								
General obligations								
Notes	299	298	-	597	-	-	-	
Bonds-fixed rate	196,991	49,364	1,266	20,417	-	227,204	21,744	(2)
Revenue obligations								
Bonds-fixed rate	92,700	-	-	9,380	-	83,320	9,900	
Bonds-variable rate	51,600	-	-	-	-	51,600	-	
OWDA/EPA loans	147,338	42,432	-	7,598	-	182,172	9,858	
Total sewer	488,928	92,094	1,266	37,992	-	544,296	41,502	
Electricity								
General obligations								
Notes	1,243	825	-	238	-	1,830	1,005	
Bonds-fixed rate	27,715	3,124	32,675	7,046	-	56,468	7,636	
Bonds-variable rate	8,205	-	-	915	-	7,290	915	
Revenue obligations								
Bonds-variable rate	44,600	-	-	-	44,600	-	-	
Total electricity	81,763	3,949	32,675	8,199	44,600	65,588	9,556	
Total business type-enterprise	846,862	124,383	33,941	68,925	44,600	891,661	74,111	
Total primary government	1,675,141	133,960	85,055	134,297	44,600	1,715,259	197,237	

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

(in thousands)

Type of Obligation	Balance December 31, 2000	New Issues	Refundings	Maturities	Refunded	Balance December 31, 2001	Amount due in 2002
Component Unit-CMAA							
General obligations							
Bonds of City being repaid by CMAA	28,430	-	11,190	4,995	11,190	23,435	4,990
Revenue obligations							
Bonds	122,165	3,266	-	1,400	-	124,031	2,014
Total component unit	150,595	3,266	11,190	6,395	11,190	147,466	7,004
Total reporting unit	$ 1,825,736	137,226	96,245	140,692	55,790	$1,862,725	$ 204,241

(1) Includes $51,114,000 called bonds redeemed on January 2, 2002. This amount, since the cash is accounted for in the Special Income Tax debt service fund, is shown as a fund liability in that fund at December 31, 2001.
(2) Includes $1,266,000 called bonds redeemed on January 2, 2002.

The principal retirement and payment of obligations under the capitalized lease in the Debt Service Fund Statement of Revenues, Expenditures, and Changes in Fund Balance is comprised of the following. (in thousands)

General obligation OPWC notes	$ 249
Single Family Mortgage Revenue Note (FNMA)	29
General obligation bonds	63,634
Obligation under capitalized lease	860
Total	$ 64,772

Proceeds from bonds and long term notes in the Other Governmental Funds (Capital Projects Fund) Statement of Revenue, Expenditures and Changes in Fund Balance consist of the following. (in thousands))

General obligation OPWC notes	$ 32
General obligation bonds-original issue	5,545
Revenue bonds-original issue	4,000
Total	$ 9,577

Premiums received on bonds appear as proceeds from bonds and long-term note in the Special Income Tax fund in the amount of $2,864,000.

Short-Term Notes

The City issues special assessment notes for certain projects where the direct citizen-beneficiary of the project shares in its costs. Upon final determination of costs, the City then converts the remaining portion of the note (the portion not paid upon project completion by the citizen-beneficiary) to bonds. All special assessment notes are general obligations of the City and are held by the Debt Service Fund or the City’s pooled cash and investments with Treasurer. All such notes are accounted for in Business-Type-Enterprise activities.

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

Issuances and maturities of such notes during 2001 are as follows. (in thousands)

Accounted for in:	Date issued	Maturity date	Interest rate	Balance December 31, 2000	Additions	Deletions	Balance December 31, 2001
Electricity Enterprise	5/17/2000	7/17/2001	5.90%	$ 107	-	107	-
	5/17/2000	7/17/2001	5.90%	131	-	131	-
	11/22/2000	11/22/2002	5.90%	1,005	-	-	1,005
	5/1/2001	3/1/2003	4.46%	-	825	-	825
Total Electricity				$ 1,243	825	238	1,830
Sewer Enterprise	9/13/2000	7/17/2001	6.00%	$ 299	-	299	-
	7/17/2001	9/27/2001	5.00%	-	298	298	-
Total Sewer				$ 299	298	597	$ -

The portion of the notes included as deletions in the above table, which were not paid for by property owners ($412,763) were converted to general obligation bonds on the stated maturity date of the notes.

Long-Term Notes

Except for the FNMA note, all other notes payable are backed by the full faith and credit, i.e. general obligations, of the City. Notes are generally issued in anticipation of long-term bond financing and are refinanced until such bonds are issued. There are, however, long-term notes for which the debt service will be paid from current resources. Those notes are as follows. The Ohio Public Works Commission (OPWC) extends both grants and loans to the City. In certain OPWC commitments, the agreements with OPWC provide for cash received by the City to be first considered as grant receipts. Monies received by the City after the grant commitment has been fulfilled by OPWC are then considered loans. Only the loan portion need be repaid by the City. The first two commitments from OPWC included loan monies only.

Notes in the amount of $3,916,975 accounted for as Governmental type represent the amounts due on thirteen loans from the Ohio Public Works Commission (OPWC) for infrastructure and storm sewer improvements. These notes are non-interest-bearing and have serial maturities, with final maturities July 1, 2022. Initial repayments of the loans began in July 1994. OPWC has committed to additional non-interest-bearing loans as shown below. Cash is provided to the City by OPWC only to the extent of project completion. Only that portion of the loan commitment actually paid to the City is recognized as a liability by the City. Repayments of these loans are made from the Debt Service Fund. OPWC loans are considered general obligations of the City and Governmental type obligations. Grant and loan commitments and loans outstanding at December 31, 2001 were as follows: (in thousands)

					Repaid by City		
Project	Project Number	Total grant commitment	Total loan Commitment	Total Loaned at 12/31/01	Prior To 2001	In 2001	Outstanding Loans at 12/31/01
Sawmill Road	CC515	$ –	$ 200	200	70	10	120
Roberts Road	CC522	–	902	903	321	45	537
Neil Avenue	CC814	2,278	56	56	10	3	43
Cleveland Ave. North	CC903	2,503	1,347	1,347	202	67	1,078
Cleveland Ave. South	CC914	2,773	1,053	1,053	132	53	868
Main Street Rehab.	CC019	441	88	88	11	4	73
Mound Street Rehab.	CC017	546	98	98	12	5	81
Livingston Ave. Rehab.	CC015	1,622	352	352	44	18	290
Group 6	CC013	361	58	58	3	3	52
Edgehill Improvements	CC15A	577	162	162	8	8	146
US 23 Culvert	CC18A	305	39	39	4	2	33
James Road	CC08B	2,867	623	623	–	31	592
Stelzer Road	CC06C	2,082	174	4	–	–	4
Total			$ 5,152	4,983	817	249	3,917

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

Future debt service requirements on the OPWC loans and loan commitments are shown as Future Debt Service for Governmental Type Non-Proprietary – Notes contained in this Note G.

The City participates in various affordable housing efforts. The following long-term note is not a general obligation of the City but is payable solely from mortgage payments made by the homebuyers and certain grant funds provided solely for this purpose. The FNMA note is also considered a governmental type obligation.

	Issue Date	Maturity Date	Interest Rate	Outstanding at 12/31/2001 (in thousands)
Non-enterprise:				
Federal National Mortgage Association (FNMA) Single Family Mortgage Revenue Note	8/11/98	9/1/09	6.63%	$ 88

Long-Term Summary

Long-term debt, both general obligation (G.O) and revenue supported (Rev.) is summarized below, exclusive of the capitalized lease (Note J).

	Years of Issue	Years due through	Interest rate	Weighted Average Interest rate	Amount (in thousands)
Governmental type					
GO Ohio Public Works Commission notes	1993-1999	2022	0.00%	0.00%	$ 3,917
GO Bonds-fixed rate	1967-2001	2022	3.50% to 12.375%	5.43%	743,228
GO Bonds-variable rate	1995-1996	2017	1.00% to 4.35% (1.50% at year end)	2.50%	33,920
GO Information services bonds-fixed rate	1994-2001	2011	4.70% to 5.45%	4.94%	4,395
GO Fleet management bonds-fixed rate	1998	2019	4.58%	4.58%	540
Rev. Bonds (TIF's)-fixed rate	1999	2024	4.15% to 5.30%	5.00%	30,050
Rev. Bonds (TIF's)-variable rate	2001	2011	1.19% to 2.45% (1.69% at year end)	1.97%	4,000
Rev. FNMA note	1998	2019	6.63%	6.63%	88
Total					820,138
Business type-enterprise					
Water					
GO bonds-fixed rate	1961-2001	2019	3.50% to 12.375%	5.66%	180,897
GO bonds-variable rate	1995-1996	2017	1.00 to 4.35% (1.50% at year end)	2.50%	47,695
Rev. bonds-fixed rate Series 1999	1999	2010	3.70% to 5.00%	4.76%	53,185
Sewer					
GO bonds-fixed rate	1976-2001	2022	4.10% to 12.375%	5.72%	227,204
Rev. bonds-fixed rate Series 1992	1992	2008	6.00% to 6.40%	6.23%	83,320
Rev. bonds-variable rate Series 1994	1994	2011	1.10% to 4.45% (1.60% at year end)	2.60%	51,600
OWDA-EPA loans	1977-2001	2024	3.54% to 6.75%	4.20%	182,172
Electricity					
GO bonds-fixed rate	1980-2001	2013	4.10% to 9.375%	5.19%	56,468
GO bonds-variable rate	1996	2009	1.00% to 4.35% (1.50% at year end)	2.50%	7,290
Total					889,831
Total primary government					1,709,969

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

	Years of Issue	Years due through	Interest rate	Weighted Average Interest rate	Amount (in thousands)
Component Unit-CMAA					
GO bonds of City being repaid by CMAA-fixed rate	1980-2001	2008	4.05% to 12.25%	5.77%	23,435
Rev. bonds	1994-1998	2028	4.50% to 6.01%	5.28%	120,870
Rev. bonds	2001	2011	3.49% to 5.41%	4.19%	3,161
Total component unit (CMAA)					147,466
Total reporting entity					$ 1,857,435

Certain characteristics of the debt of the primary government are shown in the following table.

(in thousands)

	Governmental Type	Business Type: Water	Business Type: Sewer	Business Type: Electricity	Business Type: Total	Primary Government Total
• Amounts outstanding						
General obligations (G.O.)	$ 786,000	228,592	227,204	63,758	519,554	1,305,554
Revenue obligations	34,138	53,185	317,092	-	370,277	404,415
Total	$ 820,138	281,777	544,296	63,758	889,831	$1,709,969
• % of outstanding amounts						
General obligations (% x total)	95.8%	81.1%	41.7%	100.0%	58.4%	76.3%
Limited-unvoted (% x G.O.)	26.8%	28.4%	14.7%	59.1%	26.2%	26.6%
Unlimited-voted (% x G.O.)	73.2%	71.6%	85.3%	40.9%	73.8%	73.4%
Revenue obligations (% x Total)	4.2%	18.9%	58.3%	-	41.6%	23.7%
• % x Principal paid out within 10 years						
General obligations	79.6% (1)	72.8%	73.3%	98.6%	76.2%	78.2% (1)
Revenue obligations	26.4%	100.0%	100.0% (2)	-	100.0% (2)	88.7% (2)
• Weighted average interest rate						
General obligations	5.25%	4.96%	5.72%	4.77%	5.27%	5.26%
Revenue obligations	4.81%	4.79%	4.52%	-	4.56%	4.55%

(1) Exclusive of Ohio Public Works Commission Notes of $3,916,975.
(2) Exclusive of Ohio Water Development Authority Loans of $182,172,079.

Variable interest rate bonds

The variable interest rate bonds were issued, pursuant to ordinances adopted by Council, in the Electricity Enterprise in 1996; Sewer Enterprise in 1994; Water Enterprise in 1995 and 1996; and Non-enterprise in 1995 and 1996, respectively. The 1994 Sewer (weekly interest rate mode) bonds are revenue bonds. The Water Enterprise, the 1996 Electricity Enterprise, and the Non-enterprise bonds are variable rate, weekly interest rate mode, general obligation bonds. The proceeds of the bonds were used to provide funds for certain capital improvements, retire certain bonds and notes previously issued by the City, establish bond reserve funds, where required, in accordance with trust agreements, and pay costs incurred to issue the bonds.

Interest on the variable interest rate bonds is paid at various times as specified in the trust agreements relating to such bonds, at rates determined by the remarketing agent and the City after reviewing the rates of similar municipal issues. The bonds may be put at the discretion of the holders at a price equal to principal plus accrued interest on any interest payment date or such other dates as specified in the trust agreements. The remarketing agent is authorized to use its best efforts to sell the put bonds at a price equal to 100% of the principal amount.

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

The variable rate general obligation bonds are accounted for in the Governmental type bonds ($33,920,000) the Water Enterprise Fund ($47,695,000); and the Electricity Enterprise Fund ($7,290,000). These bonds are enhanced by a Liquidity Facility provided by Westdeutsche Landesbank Girozentrale—New York Branch (West L-B).

Under the Liquidity Facility for the variable rate general obligation bonds, subject to certain terms and conditions set forth therein, West L-B agrees to make funds available to purchase bonds that are tendered or required to be tendered for purchase and not remarketed or for which remarketing proceeds are not delivered. The Liquidity Facility on the 1995 variable rate general obligation bonds and the 1996 variable rate general obligation bonds will expire on June 15, 2004 and December 15, 2004, respectively, subject to earlier termination in accordance with its terms, but may be extended or replaced. Extension of the termination date, if the City requests, is at the option of West L-B. The immediate termination or suspension of West L-B's obligation to purchase bonds under the Liquidity Facility does not result in acceleration of the bonds. West L-B is not obligated to pay the principal or redemption price of or interest on the bonds under any circumstances, but is obligated only to purchase bonds upon the tender thereof, subject to the terms and provisions of the Liquidity Facility.

If West L-B should be required to purchase these bonds, the City would be required to pay West L-B interest at the higher of the West L-B's prime rate or 2% over the Federal Funds rate. This increased interest is reflected in the following table as Debt Service Fund, Water Enterprise Fund, and Electricity Enterprise Fund general obligation bonds.

The TIF variable rate revenue bonds ($4,000,000) are also enhanced by a letter of credit issued by Fifth Third Bank of Cincinnati, Ohio.

The Sanitary Sewer variable rate revenue bonds ($51,600,000) carry no letter of credit or liquidity enhancement. If a put bond proves to be unremarketable by the remarketing agent, the City is required by statute to buy the bonds into its own portfolio. A specific interest rate is not required of the Sanitary Sewer variable rate revenue bonds if purchased into City's investment portfolio.

The following table reflects the additional interest the City would have to pay if the variable rate bonds were purchased into the City's own portfolio. The assumed incremental interest rate in the table is 3.50%.

	Debt Service Fund	Electricity Funds		
	General Obligation and Revenue Bonds	Water General Obligation Bonds	Sewer Revenue Bonds	Electricity General Obligation Bonds
		(in thousands)		
Year ending December 31:				
2002	$ 1,368	1,635	1,806	268
2003	1,244	1,525	1,806	236
2004	1,152	1,415	1,806	204
2005	1,059	1,305	1,806	172
2006	960	1,195	1,806	141
2007-2011	3,076	4,328	6,412	231
2012-2016	564	1,584	–	–
2017	7	31	–	–
	$ 9,430	13,018	15,442	1,252

The City may, at its option, convert the variable rate bonds to a fixed rate. Furthermore, the bonds may be called at the discretion of the City under specified procedures on any interest payment date.

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

Future Debt Service

The following tables summarize the City's future debt service requirements on its outstanding bonds, long-term notes, and OWDA/EPA loans and loan commitments as of December 31, 2001 (excluding called Governmental Type Non-Proprietary Bonds of $51,114,000 and called Sewer Bonds of $1,266,000 both redeemed on January 2, 2002). Future interest assumes rates on variable rate debt in effect at December 31, 2001. Although the variable rate bonds may be payable upon demand (as described previously), the City intends to repay these issues in accordance with the respective redemption schedules.

(in thousands)

	Governmental Type Non-Proprietary			Governmental Type Internal Service	
	Bonds	Notes	Interest	Bonds	Interest
Year ending December 31:					
2002	$ 70,245	124	36,565	650	228
2003	69,563	257	34,205	640	197
2004	67,634	257	30,671	655	166
2005	64,181	257	27,129	645	133
2006	62,336	257	23,746	545	102
2007-2011	241,382	1,286	76,149	1,560	189
2012-2016	144,833	1,149	28,573	150	38
2017-2021	32,325	490	5,168	90	6
2022-2024	7,585	9	731	-	-
	$ 760,084	4,086	262,937	4,935	1,059

	Enterprise funds				
	Water		Sewer		
	Bonds	Interest	Bonds	OWDA LOANS	Interest
Year ending December 31:					
2002	$ 23,053	12,353	30,378	9,858	24,732
2003	24,218	11,840	32,888	10,762	25,436
2004	23,347	10,670	33,248	12,516	25,049
2005	23,464	9,468	28,602	12,957	23,048
2006	23,249	8,236	29,197	13,246	20,697
2007-2011	102,364	24,470	145,845	73,295	71,053
2012-2016	50,802	7,411	37,040	81,259	36,632
2017-2021	11,280	624	21,210	68,264	12,731
2022-2024	-	-	2,450	12,215	636
	$ 281,777	85,072	360,858	294,372	240,014

	Enterprise funds (continued)		Component Unit-CMAA	
	Electricity			
	Bonds	Interest	Bonds	Interest
Year ending December 31:				
2002	$ 8,551	2,823	7,004	7,790
2003	8,591	2,479	7,654	7,397
2004	8,871	2,095	7,736	6,985
2005	8,902	1,672	7,846	6,566
2006	9,071	1,246	5,026	6,175
2007-2011	18,872	1,736	20,355	27,205
2012-2016	900	38	21,695	21,550
2017-2021	-	-	28,165	14,909
2022-2026	-	-	30,885	6,436
2027-2028	-	-	11,100	562
	$ 63,758	12,089	147,466	105,575

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

Restricted Assets

In conjunction with the issuance of the Water and Sewer revenue bonds, the City entered into various trust agreements with commercial banks. These trust agreements require that the City establish various funds for the cost of construction and repayment of debt. The restricted asset balances in the Enterprise Funds segregate funds held by the City from funds held by trustees in accordance with the trust agreements. Enterprise restricted assets consisted of the following at December 31, 2001:

	Water	Sewer	Electricity	Total Enterprise	Component Unit—CMAA
Restricted assets—			(in thousands)		
Held by the City and CMAA—					
Construction funds	$ 30,064	29,804	7,034	66,902	72,993
Funds due to City, including interest	–	–	–	–	6,171
Debt service funds	–	–	–	–	20,851
Customer deposits	–	–	–	–	198
Held by trustees—					
Construction Funds	–	–	–	–	–
Debt service funds	1,863	6,270	–	8,133	–
Accrued interest receivable on Investments	1	6	–	7	–
Total restricted assets	$ 31,928	36,080	7,034	75,042	100,213

Except for accrued interest receivable, restricted assets consist of cash, cash equivalents, and investments. In addition, these trust agreements require the City to pledge net revenues (defined in the trust agreement as revenues less operating and maintenance expenses) of the Water and Sewer Enterprise Funds to the payment of the principal and interest on the respective bonds when due.

In the opinion of management, the city has complied with all bond covenants.

Matured Bonds and Interest

Matured bonds and interest payable include $915,000 and $595,868 respectively at December 31, 2001; $821,000 and $592,777 at December 31, 2000.

OWDA

Loans payable to the Ohio Water Development Authority (OWDA/EPA), $182,172,079 are revenue obligations incurred to help finance sewerage treatment facilities and are to be repaid from charges for sewerage services.

CMAA

All general obligation bonds including those bonds ($23,435,000) outstanding at December 31, 2001 being repaid by CMAA revenues to the City are backed by the full faith and credit of the City. However, it is the City's policy to pay debt service on general obligation bonds issued for enterprise purposes from the revenues of the respective enterprise fund. General obligation bonds being repaid by CMAA revenues to the City, while reported by the City as general obligation bonds, are reported in the CMAA's component unit financial statements as long-term debt. Accordingly, such debt is reported in the respective enterprise funds and CMAA. Deficiencies, if any, will be paid from the City's Debt Service Fund. All such CMAA obligations to the City have been paid when due.

In 1994 CMAA issued $37,160,000 of Airport Improvement Revenue Bonds, Series 1994A, dated August 1, 1994 with a final maturity date of January 1, 2024. Of these bonds, $34,170,000 remain outstanding at December 31, 2001 and bear interest rates of 5.35% to 6.25%.

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

In 1998 CMAA issued Airport Improvement Revenue Bonds, Series 1998A and 1998B, dated February 1, 1998, in the total amount of $87,290,000. Of these bonds $86,700,000 remain outstanding at December 31, 2001 and bear interest rates ranging from 4.50% to 5.25%.

In June 2001 CMAA issued $3,265,000 of Subordinate Taxable Airport Improvement Revenue Bonds, Series 2001A. These bonds have a final maturity date of June 2011. Of these bonds, $3,161,000 remain outstanding at December 31, 2001.

The 1994 bonds, the 1998 bonds and the 2001 bonds are payable solely from CMAA revenues. These bonds are not senior debt to amounts owed to the City, but are equal in liability status, or on parity, with amounts owed to the City.

Voted Debt Authority

Various amounts of debt for various purposes were authorized by the City's voters (voted-unlimited) in May 1991 and November 1999. The remaining unissued amounts and purposes of these authorizations are shown in the following table. (in thousands) There is no time limit regarding utilization of the authorization.

	Date Authorized	Total Authorized	Issued in 1991–2000 (in thousands)	Issued in 2001	Unissued as of 12/31/01
Sanitary sewer system	1991	$ 325,000	216,315	49,070	59,615
Public safety	1999	28,255	9,645	-	18,610
Recreation and parks	1999	59,375	28,770	-	30,605
Refuse collection	1999	10,675	3,310	-	7,365
Streets and highways	1999	203,720	80,285	-	123,435
Health	1999	30,500	26,925	-	3,575
Electricity	1999	28,330	4,195	3,005	21,130
Storm sewers	1999	30,000	22,710	5,545	1,745
Water system	1999	200,000	-	28,340	171,660
		$ 915,855	392,155	85,960	437,740

Bonds identified above as Sanitary sewer system, Electricity, and Water system are accounted for in the respective Business type enterprise funds. Other bonds are accounted for as Governmental type bonds.

Legal Debt Margins

The ORC provides that the total net debt (as defined in the ORC) of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by the ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2001, the City's total net debt amounted to 4.72% of total assessed value of all property within the City and unvoted net debt amounted to 0.33% of the total assessed value of all property within the City. The City had a legal debt margin for total debt of $758,170,000 and a legal debt margin for unvoted debt of $677,915,000. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions.

Conduit Type Debt

In 1994, the City issued $2,225,000 in library improvement revenue bonds in conjunction with the Worthington Public Library, another separate and distinct political subdivision. The site of this Worthington Public Library building, however, is located within the geographic boundaries of the City of Columbus. The proceeds of the bonds were used to construct and expand library facilities that were leased to the Board of Trustees of the library. The lessee makes lease payments directly to the revenue bond trustee in an amount equal to the revenue bond payments. In the event of default on the lease payments, the City's liability is limited to surrendering possession of the library facilities to the trustees. The revenue bonds do not constitute a debt or a pledge of the faith and credit of the City and, accordingly, are not reflected in the accompanying basic financial statements. All payments of principal and interest were made when due. Bonds remaining outstanding at December 31, 2001 are as follows: (in thousands)

Title	Issue Date	Interest Rates	Original Amount	Outstanding at December 31, 2001	Final Maturity Date
City of Columbus, Ohio Library Improvement Revenue Bonds, Series 1994 (Board of Trustees of the Worthington Public Library—Lessee)	August 1, 1994	5.00% to 6.15%	$ 2,225	$ 1,540	January 1, 2015

Defeased Bonds

A description of the City's advance refunded, defeased, bonds with remaining outstanding amounts follows: (in thousands)

Description of Defeased bonds	Date Originally Issued	Original Par Amount	Redemption Or call date	Date Defeased	Maturities Defeased	Interest Rates (%) Of defeased Bonds	Amount defeased	Amount Outstanding at December 31, 2001
Sewer Improvement No. 26 (U) – GO	6/15/91	$101,320	9/15/01	11/15/93	2011	6.00	$ 5,070	$ 5,070(1)
Sewer Improvement No. 26 (U) – GO	6/15/91	101,320	9/15/01	4/8/94	2005 - 2010	6.00 to 6.875	30,405	30,405(1)
Sewer Improvement No. 27 (E-U) Refunding Bonds-GO	12/15/91	22,420	2/15/02	3/15/99	2003 - 2012	6.00 to 6.30	13,300	13,300(2)
Various Purpose Series 1992-I (U) – GO	3/1//92	5,110	3/1/02	1/15/98	2003- 2013	5.90 to 6.30	2,155	2,155(2)
Streets & Highways Series 1992 (L) – GO	3/1/92	500	3/1/02	1/15/98	2003 - 2013	6.20 to 6.50	275	275(2)
Various Purpose Series 1992-2 (U) – GO	7/1/92	11,850	7/1/02	1/15/98	2005- 2013	5.80to 6.00	4,615	4,615(2)
Various Purpose Series 1992-3 (L) – GO	7/1/92	5,815	7/1/02	1/15/98	2005- 2013	5.90 to 6.25	855	855(2)
Various Purpose Series 1992-4 (U) – GO	11/1/92	5,895	5/1/03	1/15/98	2006- 2014	5.70 to 6.00	2.430	2,430(2)
Various Purpose Series 1992-5 (L) – GO	11/1/92	4,145	5/1/03	1/15/98	2006- 2014	5.70 to 6.00	1,080	1,080(2)
Waterworks Enlargement No. 44 (U) – GO	11/1/92	45,830	5/1/03	1/15/98	2005- 2014	5.60to 6.00	22,930	22,930(2)
Sewer Improvement No 28 (E-U) – GO	11/1/92	28,300	5/1/03	1/15/98	2005- 2014	5.60 to 6.00	14,150	14,150(2)
Various Purpose Series 1994-I (L) – GO	5/15/94	38,110	5/15/04	1/15/98	2006- 2015	5.70 to 6.0	9,305	9,305(2)

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

(1) These defeasances apply to these maturities only. These bonds are not called. The City has escrowed money for principal and interest to their final maturities, 9/15/2005, 06, 07, 08, 09, 10 and 11. The City does however reserve the right to call these bonds.

(2) Monies providing for the payment of these outstanding bonds, both principal and interest are held by escrow agents who will redeem such bonds on their maturity or call dates. These monies and corresponding liabilities, since the bonds are defeased and not considered a liability of the City, are not included in the City's financial statements.

Tax Increment Financing Districts (TIF)

The City, pursuant to the Ohio Revised Code and City ordinances, has established 13 TIF's. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as "service fees", as though the TIF had not been established. These "service fees" are then dedicated to the payments for various public improvements within or adjacent to the TIF area. However, payments from one of the TIF's will assist the City in paying for certain public improvements in an area remote from the TIF area. Property values existing before the commencement date of a TIF continue to be subjected to property taxes.

"Service fee" revenue was $3.160 million in 2001 and is accounted for in the Debt Service Funds since these monies are intended to pay principal and interest on bonds whose proceeds will be used to construct public improvements. Corresponding fixed assets are accounted for in the City's infrastructure accounts.

TIF's have a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; service fees cease and property taxes then apply to the property values.

Advance Refundings and Defeasances

There were no advance refundings of bonds in 2001 and therefore, no defeasances.

Current Refundings--Electricity Enterprise

The City of Columbus, Ohio Variable Rate Demand Electric System Revenue Bonds Series 1984 (monthly variable rate mode), issued pursuant to a trust agreement dated as of September 1, 1984 in the amount of $70,000,000, with $44,600,000 remaining outstanding at March 1, 2001 and callable on any interest payment date, were refunded by the issuance of limited (unvoted) general obligation bonds in the amount of $32,675,000 dated March 1, 2001 with final maturities on March 1, 2008. The trustee held the above funds, plus interest, and on April 2, 2001 redeemed the refunded bonds. The letter of credit issued by the Union Bank of Switzerland, which secured the refunded bonds, expired April 6, 2001. The refunding resulted in a premium to the City of $975,556 and issuance costs of $53,230.

Current Refundings-Other

The City issued $138,340,000 of various purpose unlimited tax bonds in 2001 with a date of December 15, 2001. Included in this amount were monies to refund three existing bond issues. The refunding issues of power plant, storm sewer and sanitary sewer enterprise resulted in premiums of $2,621,830; $17,522 and $65,339, respectively. Issuance costs incurred were $62,022; $414 and $1,547, respectively.

Component Unit--CMAA

On July 19, 2001 the City refunded four of its general obligation bond issues being repaid by its component unit—CMAA. The four issues were titled: (in thousands)

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

Issue	Year issued	Call date	Callable amount
Airport No. 30	1991	10/15/01	$ 6,740
Airport No. 31	1991	10/15/01	1,390
Airport No. 32	1991	7/15/01	2,610
Airport No. 33	1991	7/15/01	450
		Total	$ 11,190

After issuance of a 3 day bond anticipation note to the City's treasury investment pool from July 16 to July 19 (in order to meet all prescribed regulations) two refunding bond issues were sold and dated July 15, 2001 with delivery on July 19, 2001. One refunding issue, Airport No. 34 in the amount of $8,580,000, refunded Airport issues Nos. 30, 31, and 33. A second refunding issue, Airport No. 35, a separate issue because of its private activity character, in the amount of $2,610,000, refunded Airport No. 32. The refunding resulted in a premium to CMAA of $311,996 and issuance costs of $46,604.

Premium and Issuance Costs

Only those bonds issued in 2001 having premiums and/or issuance costs, none had discounts, are shown in the following table. Sanitary sewer-enterprise assessment bonds of $293,641 and Electricity-enterprise assessment bonds of $119,122 were sold at par with no issuance costs.

	(in thousands)		
	Par	Premium	Costs of Issuance
Governmental type			
Revenue TIF bonds	$ 4,000	-	79
GO Storm sewer-new issue	5,545	225	7
GO Power plant-refunding	50,775	2,622	62
GO Storm sewer-refunding	339	17	-
Total	$ 60,659	2,864	148
Business type			
GO Electricity enterprise-new money	$ 3,005	173	4
Go Electricity enterprise-refunding	32,675	976	53
GO Water enterprise-new money	28,340	1,524	34
GO Sanitary sewer-new money	49,070	1,987	59
GO Sanitary sewer-refunding	1,266	65	2
	$ 114,356	4,725	151
Component Unit-CMAA			
GO Airport	$ 11,190	312	46

Subsequent Event-Current Refunding

On March 14, 2002 the City sold $71,640,000 Sewerage System Revenue Refunding Bonds, Series 2002, dated April 2, 2002 with final maturities on June 1, 2008. These bonds refunded $73,420,000 Sewerage System Revenue Refunding Bonds, Series 1992 that were called on their call date of June 1, 2002. Final maturities of the 1992 Series had also been June 1, 2008. The refunding resulted in a premium of $3,402,522 and issuance costs of $154,122.

NOTE G—BONDS, NOTES AND LOANS PAYABLE (continued)

(in thousands)

Summary of Current Refundings	**Governmental Type** Storm Sewers	**Governmental Type** Power Plant	**Governmental Type** Total	**Business Type-Enterprise** Electricity System	**Business Type-Enterprise** Sanitary Sewers	**Business Type-Enterprise** Total	**Component Unit** CMAA	**Subsequent Event** Sanitary Sewers
Reacquisition price								
Old bonds outstanding	$ 339	50,775	51,114	44,600	1,266	45,866	11,190	73,420
Call premium on old bonds	7	1,015	1,022	-	25	25	-	1,468
Funds required to refund old bonds	346	51,790	52,136	44,600	1,291	45,891	11,190	74,888
Net carrying amount of old bonds								
Old bonds outstanding	339	50,775	51,114	44,600	1,266	45,866	11,190	72,532
Deferred amount on the refunding	$ 7	1,015	1,022	-	25	25	-	2,356
Fund used to accomplish the refunding								
Principal amount of new bonds issued	$ 339	50,775	51,114	32,675	1,266	33,941	11,190	71,640
Portion of premium received on sale of new bonds	7	1,015	1,022	-	25	25	-	3,248
Bond reserve fund held by trustee originated as part of refunded bonds, and restricted in its final use to Payment of the revenue bonds	-	-	-	7,000	-	7,000	-	-
Replacement reserve fund, held by City, originated as part of refunded bonds, and restricted in its final use to payment of the revenue bonds	-	-	-	3,000	-	3,000	-	-
Bond payment fund, held by trustee; an accumulation of an equivalent of monthly principal payments on the refunded bonds	-	-	-	1,925	-	1,925	-	-
Total funds used for accomplishing refunding	$ 346	51,790	52,136	44,600	1,291	45,891	11,190	74,888
Nominal savings, economic gain and present value savings								
Refunded (old) bonds								
Principal	$ 339	50,775	51,114	44,600	1,266	45,866	11,190	73,420
Interest	86	12,886	12,972	6,204 (1)	321	6,525	1,743	16,928
Total refunded	425	63,661	64,086	50,804	1,587	52,391	12,933	90,348
Refunding (new) bonds								
Principal	339	50,775	51,114	32,675	1,266	33,941	11,190	71,640
Interest	67	10,002	10,069	6,204	250	6,454	1,445	13,374
Total refunding	406	60,777	61,183	38,879	1,516	40,395	12,635	85,014
Unadjusted reduction in aggregated debt service	19	2,884	2,903	11,925	71	11,996	298	5,334
Interest earned, pending call date	-	-	-	-	-	-	-	249
Accrued interest received	1	21	22	56	1	57	6	-
Premium received, net of call premium paid	11	1,607	1,618	976	40	1,016	312	1,934
<Less> Issuance costs	(1)	(62)	(63)	(53)	(2)	(55)	(47)	(154)
Contribution of funds restricted for refunding	-	-	-	(11,925)	-	(11,925)	-	-
Adjusted reduction in aggregate Debt service	$ 30	4,450	4,480	979	110	1,089	569	7,363
Economic gain—present value of adjusted reduction in aggregate Debt service	$ 26	3,950	3,976	979	98	1,077	607	8,253
Present value rate—true interest Cost of new bonds	3.61%	3.61%		3.88%	3.61%		3.62%	3.52%
Interest rate borne by old bonds	6.1-6.5%	6.2-6.6%		3.35-4.05%	6.1- 6.5%		6.0-7.15%	6.13-6.4%

(1) City assumed interest costs for the refunded variable rate debt to be equal to that of refunding debt. Refunding was due to other indenture considerations.

NOTE H—ELECTRICITY

The City's Electricity Enterprise celebrated its 102nd year of operation in 2001. The Enterprise presently serves 3,757 commercial customers and 9,520 residential customers and in 2001 had operating revenues of $52.6 million ($50.6 million in 2000). During 2001, the Electricity Enterprise Fund received approximately 22.9% (22.7.0% in 2000) of its charges for services from other funds of the City for electric power. The enterprise purchases and resells its power. The enterprise does not generate power.

On November 30, 2000 the Enterprise entered into a mandatory, exclusive contract for the purchase of power at $36.14 per megawatt hour, adjusted for various transmission and other factors. The contract shall remain in effect until December 31, 2008, subject to the supplier's option to terminate on December 31 of 2005, 2006 or 2007. In order to assist the enterprise in meeting its cash requirements, the City, from its Debt Service Fund, transferred $2.0 million in 2001; $5.5 million in 2000 and $10.5 million in 1999 to the enterprise. The City intends to continue to operate its Electricity Enterprise.

Included in receivables (Note D) in the Special Income Tax debt service fund is $109,483,292 representing amounts due from the Solid Waste Authority of Central Ohio (SWACO). On April 1, 1993, the City leased to SWACO an electricity-generating, solid waste recovery plant and related transfer stations (the Plant). The annual lease payments to the City were to be in the amount of the related debt service requirements. SWACO paid these rental payments to the City in a timely manner in 1993 and in 1994. The lease resulted in the removal of certain real and personal property assets from the Electricity Enterprise Fund with costs in the amount of $202,000,000. The lease was accounted for as a capital lease in accordance with Statement No. 13 of the Financial Accounting Standards Board, *Accounting for Leases*, as amended, and was originally accounted for in the Electricity Enterprise Fund.

Due to a series of federal court decisions and U.S. E.P.A. decisions, the Plant ceased operations in 1994. Because the asset underlying the lease was no longer a functioning asset the lease was transferred from the Electricity Enterprise Fund to the Special Income Tax debt service fund in 1994. General obligation bonds outstanding at that time and related to the construction of the underlying assets were also transferred, in 1994, from the Electricity Enterprise Fund to the then existing General Long-Term Obligations Account Group.

In 1998 and again in 1999, the City and SWACO amended the lease, the third and fourth modifications. Essentially, the City agreed to reduce the amount due from SWACO to the City to an amount equal to 65% of debt service and associated bond costs required for the City's bonds from January 1, 1995 to the bonds' final maturity in 2010. SWACO agreed to impose a new fee on garbage originating throughout the SWACO boundaries, primarily Franklin County, Ohio. Proceeds from this new fee should produce approximately $5 million cash annually to be paid in total to the City. The City, rather than pay cash to SWACO for residential type garbage picked up by City garbage trucks, grants a credit to SWACO against the amount due by SWACO to the City. This credited amount would approximate an additional $2.3 million annually. This new fee applies to all garbage originating within SWACO boundaries regardless of whether the garbage is disposed of (tipped) at SWACO's landfill or not. This new fee was authorized by SWACO in December 1998 to be effective at various dates in 1999. SWACO also agreed to remit to the City all profits from the landfill operations, after maintaining certain reserves, and other miscellaneous revenues.

SWACO operates a landfill and agrees to continue to operate the landfill in a manner that ensures that disposal capacity in the Franklin County Landfill will be available to the City and to residents through, at a minimum, the year 2025. The City continues to agree to dispose of all garbage collected by the City at the SWACO landfill. In 2001, the City paid SWACO $11.1 million for landfill tipping fees.

The lease of the Plant between the City and SWACO extends to March 31, 2010 with automatic renewals of 5-year terms at annual rentals of $100,000, unless SWACO chooses not to renew.

The City received $2.5 million from SWACO in January, February, 2002 and is recognized as revenue in 2001 (60 day rule). All lease receivable amounts not received within 60 days after year-end have been accounted for as deferred revenue in the Special Income Tax debt service fund.

NOTE H—ELECTRICITY (continued)

A reconciliation of the debt service on the City's bonds related to the SWACO agreement to the City's lease receivable due from SWACO at December 31, 2001 follows:

Debt service: 1995-2000	$ 108,061,100
2001	17,113,339
Projected debt service 2002-2010	106,965,948
Less:	
Debt service prorated to Alum Creek transfer station vacated By SWACO (2002-2004)	(246,713)
Net premium and accrued interest on refunding bond sale of 12-15-01; applied to debt service in January, 2002	
Premium	(1,544,308)
Accrued interest	(20,727)
Total applicable debt service	$ 230,328,639
65% of total applicable debt service	$ 149,713,615
Less:	
Payments made by SWACO	
1995-2000	(32,010,724)
2001	(7,115,469)
Credits, in lieu of payments:	
Retired facility fee 1999-2000	(4,084,010)
2001	(2,420,415)
Environmental costs and other	
1998-2000	(664,781)
2001	(1,892,595)
Interest due on deferred payment	
1998-2000	5,990,082
2001	1,967,589
Amount due from SWACO to City at 12-31-2001	$ 109,483,292

Debt service for 1995 through 2001 includes actual principal and interest on the general obligation bonds and principal and interest on the revenue bonds paid to the revenue bond trustee until such revenue bonds were refunded by general obligation bonds in March 2001. Also included are associated bond costs: letter of credit fees, trustee fees and remarketing agent fees applicable to the revenue bonds. Total principal, interest and associated bond costs were then reduced by interest earned and collected by the revenue bond trustee. Estimated amounts for years 2002 to 2010 include actual principal and interest on the general obligation bonds remaining to be paid. All deficiencies in lease payments from SWACO will be subsidized by the City from the Electricity Enterprise Fund and from the Special Income Tax debt service fund. The City is fully capable of meeting the debt service requirements of these bonds.

NOTE I—PROPERTY LEASED TO OTHERS

The City leased to others in 1985, an office building known as the old, old post office. The City has no net investment in this lease because the City's purchase price of $3 million for the building was entirely recovered by a lease payment received at the lease's inception. The initial lease term is for 20 years with a 20-year renewal term at $100 per year. The lessee may then purchase the property at its then fair market value or continue to lease it for up to 55 additional years.

The City leases certain real property, together with buildings and improvements located thereon, to the Columbus Zoological Park Association (the Zoo). The lease, with annual rental payments of $1 per year, an extension of earlier leases that began in 1970, commenced June 23, 1989 and expires June 23, 2004. The Zoo uses and occupies the

NOTE I—PROPERTY LEASED TO OTHERS (continued)

premises solely for zoological, conservation, educational, research and recreational purposes. Animals at the Zoo are not owned by the City.

See also Note H regarding assets leased to SWACO by the City.

NOTE J—LEASE COMMITMENTS AND LEASED ASSET

The City leases a significant amount of property and equipment under short term operating leases. Total rental expenditures on such leases for the year ended December 31, 2001 were approximately $5.4 million.

The City also leases a building under a capitalized lease. The cost of the building, $19.8 million, is included in the City's capital assets used in governmental activities. The following is a schedule of future minimum lease payments under the capitalized lease together with the present value of the net minimum lease payments as of December 31, 2001. This amount also appears in Note G.

Year ending December 31:	(in thousands)
2002	$ 1,178
2003	1,088
2004	1,007
2005	916
Total minimum lease payments	4,189
Less—amount representing interest at 10.5%	(729)
Present value of net minimum lease payments	$ 3,460

NOTE K—PENSION PLANS

Police and fire sworn personnel participate in the statewide Ohio Police and Fire Pension Fund (P&F). Substantially all other City employees participate in the statewide Public Employees Retirement System of Ohio (PERS). Both P&F and PERS are cost sharing, multiple-employer public employee retirement systems administered by their respective Retirement Boards, consisting of 6 members elected by representative groups and 3 statutory members. The total payroll for the City's employees for the year ended December 31, 2001 was $401.9 million. Of this amount, $188.5 million was covered by P&F, $206.3 million was covered by PERS and $7.1 million was not subject to pension benefit calculations.

Employer and employee required contributions to P&F and PERS are established by the Ohio Revised Code (ORC) and are based on percentages of covered employees' gross salaries, as defined. In addition to paying the employer's share as required by the ORC, the City pays a portion of the employee's share.

Required contributions to P&F and PERS are used to fund pension obligations and health care programs. Rates required attributable to 2001 payroll costs are summarized as follows:

	Percentage of covered payroll—January 1, 2001 to December 31, 2001				
	Employee share			Employer	
	Paid by City	Paid by employee	Total	Share	Total
Police	6.5	3.5	10.0%	19.5%	29.5%
Fire	8.5	1.5	10.0%	24.0%	34.0%
PERS:					
Full time	8.5	-	8.5%	13.55%	22.05%
Part time	6.0	2.5	8.5%	13.55%	22.05%

NOTE K—PENSION PLANS (continued)

Police and Fire (P&F)

P&F has provided the following information to the City in order to assist the City in complying with Statement No. 27.

A. P&F is a cost-sharing multiple-employer defined benefit pension plan.

B. P&F provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

C. Authority to establish and amend benefits is provided by state statute per Chapter 742 of the ORC.

D. P&F issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to P&F at: 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975. (www.op-f.org)

E. The ORC provides statutory authority for employee and employer contributions. The required contributions are:

	Employees	Employer
Police	10%	19.5%
Fire	10%	24.0%

F. Required employer contributions are equal to 100% of the dollar amount billed to each employer.

City data indicates the required amounts for the past five years have been:

Year	Employee share paid by employee	Employee share paid by City	Employer share paid by City	Total paid by City
		(in thousands)		
Police:				
2001	$ 3,782	7,024	21,072	28,096
2000	3,287	6,104	18,311	24,415
1999	3,218	5,976	17,934	23,910
1998	3,030	5,627	16,880	22,507
1997	2,855	5,342	15,984	21,326
Fire:				
2001	$ 1,207	6,842	19,317	26,159
2000	1,223	6,929	19,565	26,494
1999	982	5,565	15,700	21,265
1998	925	5,242	14,801	20,043
1997	882	5,001	14,119	19,120

Participants in P&F may retire at age 48 with at least 25 years of credited service or at age 62 with at least 15 years of credited service and are entitled to an annual retirement benefit, payable in monthly installments for life, equal to 2.5% of annual earnings for each of the first 20 years of credited service, 2.0% for each of the next five years of credited service, and 1.5% for each year of service thereafter. However, this normal retirement benefit is not to exceed 72% of the member’s average annual salary of the three years during which the total earnings were greatest. Members become vested in certain benefits after 15 years of service and become vested in full normal retirement benefits after 25 years of service. P&F also provides a $1,000 lump-sum death benefits payment in addition to survivor and disability benefits. Benefits are established by the ORC.

P&F has provided the following information pertaining to other postemployment benefits for health care costs in order to assist the City in complying with Statement No. 12.

NOTE K—PENSION PLANS (continued)

A. P&F provides postretirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefits (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that the health care cost paid from the fund of P&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

B. The ORC provides the statutory authority allowing P&F's Board of Trustees (Board) to provide health care coverage to all eligible individuals.

C. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.25% of covered payroll in 2000 and 7.5% in 2001. The allocation is 7.75% in 2002. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

D. The total health care expense paid by the retirement plan was $106,160,054, net of member contributions of $5,657,431 for the year ended December 31, 2,000. Eligible benefit recipients totaled 12,853 for police and 10,037 for fire. Based on the portion of each employer's contribution to P&F set aside for funding of postretirement health care, as described above, the City's contribution for 2001 allocated to postretirement care was approximately $8.1 million for police and $6.0 million for fire.

PERS

PERS has provided the following information to the City in order to assist the City in complying with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* (Statement No. 27).

A. PERS is a cost-sharing multiple-employer defined benefit pension plan.

B. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

C. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the ORC.

D. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to PERS at: 277 East Town Street, Columbus, Ohio 43215-4642 or calling (614) 466-2085 or 1-800-222-PERS (7377). (www.opers.org)

E. The ORC provides statutory authority for employee and employer contributions. The City's employee contribution rate in 2001 was 8.5%. The City's contribution rate, as an employer, was 13.55% of covered payroll.

F. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records.

NOTE K—PENSION PLANS (continued)

City data indicates the required amounts for the past five years have been:

	Employee share Paid by employee	Employee share paid by City	Employer share paid by City	Total paid by City
		(in thousands)		
2001	$ 286	17,251	27,957	45,208
2000	314	16,455	21,200	37,655
1999	304	15,758	25,612	41,370
1998	292	14,772	24,015	38,787
1997	282	13,875	22,566	36,441

Participants in PERS may retire, at any age with 30 years of service, at age 60 with a minimum of five years of credited service, and at age 55 with a minimum of 25 years of service. Those individuals retiring with less than 30 years of service or less than age 65 receive reduced retirement benefits. Eligible employees are entitled to a retirement benefit, payable monthly for life, equal to 2.2% of their final average salary for each year of credited service up to 30 years. Employees are entitled to 2.5% of their final average salary for each year of service over 30 years. Final average salary is the employee's average salary over the highest three years of earnings. Benefits fully vest upon reaching five years of service. PERS also provides death and disability benefits. Benefits are established by the ORC.

PERS has provided the following information pertaining to other postemployment benefits for health care costs in order to assist the City in complying with *GASB Statement No. 12, Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Government Employers* (Statement No. 12).

A. Public Employee Retirement System of Ohio provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units the rate was 13.55% of covered payroll; 4.30% was the portion that was used to fund health care for the year.

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

C. Summary of Assumptions:

   Actuarial Review. The assumptions and calculations below were based on the Systems latest Actuarial Review performed as of December 31, 2000.

   Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

   Assets Valuation Method. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

   Investment Return. The investment assumption rate for 2000 was 7.75%.

   Active Employee Total Payroll. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from .54% to 5.1%.

   Health Care. Health care costs were assumed to increase 4.75% annually.

NOTE K—PENSION PLANS (continued)

D. OPEB are advanced-funded on an actuarially determined basis. The following disclosures are required:

1. The number of active contributing participants was 411,076.

2. The City's contribution used to fund OPEB was $8.87 million.

3. $11,735.9 million represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2000.

4. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $14,364.6 million and $2,628.7 million, respectively.

There are no post-employment benefits provided by the City other than those provided through PERS and P&F.

The liability for past service costs at the time PERS was established was assumed by the State of Ohio; therefore, it is not a liability of the City. The liability for past service costs at the time P&F was established was paid by the City to P&F in January 1994. The City is current on all of its required pension fund contributions.

NOTE L—INCOME TAXES

The City levies a tax of 2% on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income they earn outside the City. However, a credit is allowed for income taxes paid to other municipalities.

Employers within the City are required to withhold income tax on employees' compensation and remit this tax to the City semimonthly, monthly, or quarterly, depending upon the amounts withheld. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

For the governmental fund financial statements, as indicated in note A (c) and in accordance with GASB Statement No. 22, *Accounting for Tax Payer Assessed Tax Revenues in Governmental Funds*, the City recognizes as revenue income tax received within 60 days after year end applicable to taxpayer liabilities for periods prior to the year end net of an allowance for income tax refunds. These taxes are considered both measurable and available whereas all other income taxes are recognized as revenue when received. The City has consistently followed this practice for many years.

Receivables and deferred revenues have been recorded in the General and Special Income Tax fund in the amount of $47,838,000 and $15,946,000, respectively, for the estimated income tax due to the City for 2001 and prior tax years, but not collected within the available period.

NOTE M—PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the City.

Real property taxes and public utility taxes collected during 2001 were levied after October 1, 2000 on the assessed value listed as of January 1, 2000, the lien date. One half of these taxes were due January 20, 2001 with the remaining balance due on June 20, 2001. Tangible personal property taxes attach as a lien and were levied on January 1, 2001. One half of this tax was due on April 30, 2001 and the remaining balance was due on September 20, 2001.

Assessed values on real property are established by state law at 35% of appraised market value. A revaluation of all property is required to be completed every sixth year. The last revaluation was completed in 1999. Tangible personal property assessments are 25% of true value (true values are based on cost and established by the State of Ohio). The assessed value upon which the 2001 levy was based was approximately $12.939 billion. The assessed value for 2001, upon which the 2002 levy will be based, is approximately $13.108 billion.

NOTE M—PROPERTY TAXES (continued)

Ohio law prohibits taxation of property from all taxing authorities within a county in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .314% (3.14 mills) of assessed value. Increases in the property tax rate are restricted only by voter willingness to approve such increases.

The County Treasurers collect property taxes on behalf of all taxing districts in the counties, including the City of Columbus. The County Auditors periodically remit to the City its portion of the taxes collected. Property taxes may be paid on either an annual or semiannual basis. Current tax collections for the year ended December 31, 2001 were 96.61% (96.7% in 2000) of the tax levy.

Property taxes levied in 2001 but not due for collection until 2002 are recorded in the General Fund as taxes receivable and deferred revenues at December 31, 2001 in the amount of $40.8 million.

NOTE N—DEFICIT FUND EQUITIES

At December 31, 2001 the Recreation Debt Service Fund had a deficit of $2,336,466. This deficit will be eliminated by future charges for services.

Fund balance deficits may be budgeted for and exist on the City's budgetary basis of accounting for certain Special Revenue and Debt Service Funds. These fund balance deficits exist because encumbrances are allowed to be recorded against certain accounts receivable that are not recognized as revenue on the budget basis of accounting.

NOTE O—MISCELLANEOUS REVENUES

For the year ended December 31, 2001, miscellaneous revenues in the fund financial statement consisted of the following:

(in thousands)

	General	Special Income Tax	Other Governmental
Hotel/motel taxes	$ 2,735	-	8,404
Refunds and reimbursements	2,266	105	2,749
Rent	92	14,060	162
Capital contribution	-	-	823
Payments in lieu of property taxes	-	-	3,160
Donations	-	-	1,112
CDA and UDAG loan interest	-	-	908
City auto license tax	-	-	3,030
Commissions	46	-	37
Sale of assets	-	-	798
Other	512	469	3,005
	$ 5,651	14,634	24,188

NOTE P—TRANSFERS

For the year ended December 31, 2001, operating transfers presented in conformity with generally accepted accounting principles (GAAP) consisted of the following: (in thousands)

		Transfers in				
	Total Transfers Out	General Fund	General Bond Retirement Fund	Special Income Tax Fund	Other Governmental Funds	Business Type Activities-Enterprise Funds
General Fund						
Recreation Operating	$ 29,760	-	-	-	29,760	-
Health Operating	19,499	-	-	-	19,499	-
Other	3,242	-	2,002	-	1,240	-
Total General Fund	52,501	-	2,002	-	50,499	-
Special Income Tax Fund						
Electricity Subsidy	2,000	-	-	-	-	2,000
Tipping Fees	15,101	15,101	-	-	-	-
Total Special Income Tax Fund	17,101	15,101	-	-	-	2,000
Other Governmental Funds						
Special Revenue Funds	12,539	600	5,912	-	6,027	-
Nonmajor Debt Service Funds	7,043	-	3,258	3,785	-	-
Capital Projects Funds	4,045	-	-	139	3,906	-
Total Other Governmental Funds	23,627	600	9,170	3,924	9,933	-
Total	$ 93,229	15,701	11,172	3,924	60,432	2,000

NOTE Q—JOINT VENTURES

- **FRANKLIN PARK CONSERVATORY JOINT RECREATION DISTRICT**

As noted in Note A, the Franklin Park Conservatory Joint Recreation District (the Conservatory District) is considered a joint venture of the City and Franklin County (the County). The arrangement with the Conservatory District possesses all of the following characteristics to be classified as a joint venture. The Conservatory District:

- resulted from a contractual arrangement (City Resolution 109X-90 and Franklin County Resolution 79-90 pursuant to authority contained in Section 755.14(B) of the Ohio Revised Code);
- functions as a separate and specific activity from the City and the County;
- is governed by the City and the County, with neither entity in a position to unilaterally control the Conservatory District's financial or operating policies; and
- involves an ongoing financial responsibility on the part of the City and the County.

The Conservatory District receives an annual operating subsidy from the City, subject to annual appropriation by the City's Council. Financial statements of the Conservatory District may be obtained from the Conservatory District's administration offices at 1777 East Broad Street, Columbus, Ohio 43203. Summary financial data for the year ended December 31, 2001 are as follows:

NOTE Q—JOINT VENTURES (continued)

Cash and investments	$	346,523
Other current assets		66,277
Capital assets, net of accumulated depreciation		5,563,688
Other noncurrent assets		159,868
Total assets		6,138,356
Current liabilities	$	351,258
Noncurrent liabilities		101,725
Total liabilities		452,983
Investment in capital assets net of related debt		5,555,662
Restricted net assets		328,896
Unrestricted net assets		(201,185)
Total net asset	$	5,683,373
Total operating revenues (including City payments of $1,102,834)	$	3,372,793
Total operating expense		(3,428,765)
Operating income before depreciation		(55,972)
Depreciation expense		(321,199)
Investment income		15,843
Capital contributions		60,012
Decrease in net assets	$	(301,316)

The Conservatory District's restricted net assets at December 31, 2001 are comprised of an expendable endowment of $179,468 and an investment of $149,428 at the Columbus Foundation, an Ohio not-for-profit corporation, for the purpose of furthering the Conservatory District's mission. The Conservatory District has the right to suggest to the Columbus Foundation how these monies are to be expended.

- **COLUMBUS/FRANKLIN COUNTY AFFORDABLE HOUSING TRUST CORPORATION**

Also, as noted in Note A, the Columbus/Franklin County Affordable Housing Trust Corporation (AHT) is considered a joint venture of the City and County. In its *Audits of State and Local Governmental Units, with Conforming Changes as of May 1, 2001*, both the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) recognizes an organization to be governmental if it has one or more of the following characteristics:

- "Popular election of officers or appointment (or approval) of a controlling majority of the members of the organization's governing body by officials of one or more state or local governments."

  All members of AHT's board of trustees are jointly appointed by the City's Mayor and the County's Commissioners.

- "The potential for unilateral dissolution by a government with the net assets reverting to the government."

  The contract between the City and AHT, in the event of its termination, calls for assets of AHT received from the City and assets of AHT acquired through the use of City funds to revert to the City.

- "The power to enact and enforce a tax levy."

  AHT does not have taxing authority.

NOTE Q—JOINT VENTURES (continued)

Having two of the above characteristics AHT, therefore, is considered a joint venture of the City. AHT will continue to receive annual funding from the City as long as the current agreement continues. Summary financial data for the year ended December 31, 2001 are as follows:

Cash and cash equivalents, unrestricted	$ 300,325
Cash and cash equivalents, restricted	3,768,642
Other current assets, restricted	128,101
Capital assets, net of accumulated depreciation	3,208
Total assets	4,200,276
Current liabilities	$ 10,329
Total liabilities	10,329
Investment in capital assets net of related debt	3,208
Restricted net assets	3,886,414
Unrestricted net assets	300,325
Total net asset	$ 4,189,947
Total operating revenues (including City payments of $3,100,000)	$ 4,187,614
Total operating expense	(39,800)
Operating income before depreciation	4,147,814
Investment income	42,133
Increase in net assets	$ 4,189,947