BASIC FINANCIAL STATEMENTS

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City of Columbus, Ohio

Exhibit 1

Statement of Net Assets
December 31, 2002
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CMAA
ASSETS				
Cash and cash equivalents with treasurer	$ 450,370	$ 131,122	$ 581,492	$ -
Cash and cash equivalents with fiscal and escrow agents and other	390	-	390	18,290
Investments	3,383	-	3,383	-
Receivables (net of allowance for uncollectibles)	267,830	47,657	315,487	5,076
Due from other governments	55,597	-	55,597	2,265
Internal Balances	(2,721)	2,721	-	-
Inventory	1,003	13,957	14,960	-
Deferred charges and other	695	1,570	2,265	8,071
Restricted assets:				
Cash and cash equivalents with treasurer and other	-	102,202	102,202	100,523
Cash and cash equivalents with trustees	-	8,571	8,571	-
Accrued interest receivable	-	4	4	-
Capital Assets:				
Land and construction in progress	175,032	158,796	333,828	35,838
Other capital assets, net of accumulated depreciation	1,060,499	1,254,536	2,315,035	294,368
Total assets	2,012,078	1,721,136	3,733,214	464,431
LIABILITIES				
Accounts payable and other current liabilities	25,937	7,702	33,639	10,411
Customer deposits	-	330	330	-
Accrued wages and benefits	33,730	2,523	36,253	2,635
Accrued interest payable	6,232	6,474	12,706	3,148
Due to:				
Other Governments	5,674	1,500	7,174	4,000
Other	8,659	77	8,736	-
Matured bonds and interest payable	1,580	-	1,580	-
Payable from restricted assets:				
Accounts payable	-	3,358	3,358	1,126
Due to other	-	34	34	1,246
Accrued interest	-	729	729	339
Deferred revenue	172,734	1,909	174,643	1,135
Current portion of:				
Accrued vacation and sick leave	38,900	4,363	43,263	-
Capital Leases	860	-	860	-
Notes payable	249	-	249	-
Bonds payable	69,488	77,744	147,232	7,654
Long-term portion of:				
Accrued vacation and sick leave	14,611	-	14,611	-
Capital Leases	1,740	-	1,740	-
Notes payable	3,568	-	3,568	-
Bonds payable, net	719,090	904,378	1,623,468	131,700
Total liabilities	1,103,052	1,011,121	2,114,173	163,394
NET ASSETS				
Invested in capital assets, net of related debt	462,232	431,210	893,442	193,789
Restricted for:				
Capital projects	131,163	98,814	229,977	32,456
Debt service	185,477	7,842	193,319	27,600
Other purposes	50,765	-	50,765	40,020
Unrestricted	79,389	172,149	251,538	7,172
Total net assets	$ 909,026	$ 710,015	$ 1,619,041	$ 301,037

The notes to the financial statements are an integral part of this statement.

City of Columbus, Ohio

Statement of Activities
For the Year Ended December 31, 2002
(amounts expressed in thousands)

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 88,323	$ 53,865	$ 17,148	$ 264
Public service	127,055	15,623	22,967	31,474
Public safety	363,271	6,529	2,207	-
Development	55,971	15,099	6,418	50
Health	38,690	7,895	11,755	-
Recreation and parks	77,834	9,437	41,272	751
Interest on long-term debt	37,845	-	-	-
Total governmental activities	788,989	108,448	101,767	32,539
Business-type activities:				
Water	91,910	96,492	-	-
Sanitary sewer	107,459	119,996	-	71
Storm sewer	18,321	20,403	-	-
Electric	54,181	54,752	-	340
Total business-type activities	271,871	291,643	-	411
Total primary government	$ 1,060,860	$ 400,091	$ 101,767	$ 32,950
Compnonent unit:				
CMAA	54,312	50,439	-	22,137
Total component unit	$ 54,312	$ 50,439	$ -	$ 22,137

General revenues:
Income taxes
Shared revenues
Property taxes
Investment earnings
Hotel/Motel taxes
Municipal motor vehicle tax
Miscellaneous
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	CMAA
$ (17,046)	$ -	$ (17,046)	$ -
(56,991)	-	(56,991)	-
(354,535)	-	(354,535)	-
(34,404)	-	(34,404)	-
(19,040)	-	(19,040)	-
(26,374)	-	(26,374)	-
(37,845)	-	(37,845)	-
(546,235)	-	(546,235)	-
-	4,582	4,582	-
-	12,608	12,608	-
-	2,082	2,082	-
-	911	911	-
-	20,183	20,183	-
(546,235)	20,183	(526,052)	-
-	-	-	18,264
-	-	-	18,264
432,013	-	432,013	-
55,431	-	55,431	-
41,520	-	41,520	-
14,195	6,393	20,588	1,310
11,037	-	11,037	-
2,982	-	2,982	-
7,514	5,439	12,953	2,385
(60,136)	60,136	-	-
504,556	71,968	576,524	3,695
(41,679)	92,151	50,472	21,959
950,705	617,864	1,568,569	279,078
$ 909,026	$ 710,015	$ 1,619,041	$ 301,037

City of Columbus, Ohio

Exhibit 3

Balance Sheet
Governmental Funds
December 31, 2002
(amounts expressed in thousands)

	General	General Bond Retirement	Special Income Tax	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents:					
Cash and investments with treasurer	$ 72,377	$ 47	$ 142,768	$ 197,560	$ 412,752
Cash and investments with fiscal and escrow agents and other	-	-	-	390	390
Investments	-	3,350	-	33	3,383
Receivables (net of allowances for uncollectibles)	112,808	297	126,169	28,527	267,801
Due from other:					
Governments	24,450	-	-	31,147	55,597
Funds	286	-	-	239	525
Interfund receivable	-	-	4,394	-	4,394
Total assets	$ 209,921	$ 3,694	$ 273,331	$ 257,896	$ 744,842
LIABILITIES					
Accounts payable	4,981	-	844	13,979	19,804
Due to other:					
Governments	3,674	-	-	-	3,674
Funds	226	491	-	178	895
Other	6,495	-	2,164	-	8,659
Interfund payables	1,194	-	-	3,200	4,394
Deferred revenue and other	114,607	155	118,523	37,023	270,308
Matured bonds and interest payable	-	1,580	-	-	1,580
Accrued wages and benefits	19,886	-	-	3,410	23,296
Total liabilities	151,063	2,226	121,531	57,790	332,610
FUND BALANCES					
Reserved for:					
Encumbrances	11,633	-	7,158	141,285	160,076
Non-current loans receivable	-	-	-	21,763	21,763
Unreserved, reported in:					
General fund - designated for future years' expenditures	39,573	-	-	-	39,573
General fund - undesignated	7,652	-	-	-	7,652
Special revenue funds	-	-	-	(53,358)	(53,358)
Debt service funds	-	1,468	144,642	16,967	163,077
Capital projects funds	-	-	-	73,449	73,449
Total fund balances	58,858	1,468	151,800	200,106	412,232
Total liabilities and fund balances	$ 209,921	$ 3,694	$ 273,331	257,896	$ 744,842

The notes to the financial statements are an integral part of this statement.

City of Columbus, Ohio

Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
December 31, 2002
(amounts expressed in thousands)

Total **fund balances** for governmental funds (Exhibit 3)		$	412,232
Total **net assets** reported for governmental activities in the statement of net assets is different because:			
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds. Those assets consist of:			
Land	175,019		
Buildings, net of $92,592 accumulated depreciation	194,516		
Improvements other than buildings, net of $41,589 accumulated depreciation	84,983		
Machinery and equipment, net of $134,566 accumulated depreciation	66,513		
Infrastructure, net of $166,577 accumulated depreciation	705,289		
Total capital assets (See Note F)			1,226,320
Bond issuance costs associated with new debt issued by the City in 2002 were reported as expenditures in the governmental fund when the debt was issued, whereas bond issuance costs are deferred in the statement of net assets. Deferred bond issuance costs are amoritized, over the life of the debt issued, as an adjustment to interest expense in the statement of activities.			695
Internal services funds (see Exhibit 5) are used by the City to account for the financing of goods or services provided by one department or agency to other City departments or agencies, generally on a cost reimbursement basis. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:			26,947
City income tax revenue related to 2002 (and prior tax years) will be collected beyond the 60 day period used to record revenue in the fund statements. Revenue and a corresponding receivable for this amount are included in the government-wide statements.			60,231
State shared revenue appropriated during the State of Ohio's fiscal year ended June 30, 2002 will be collected by the City in calendar year 2003. Revenue and a corresponding receivable for the amount appropriated but not received by December 31, 2002 are included in the government-wide statements.			37,343
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets. Also, during the year the City issued some new debt. The deferred amount on refunding and premium received on the refunding were reported in the governmental fund when the debt was issued, whereas these amounts are deferred and amortized, over the remaining life of the new debt, as an adjustment to interest expense in the statement of activities.			
Balances at December 31, 2002 are:			
Accrued wages and benefits			(3,299)
Accrued interest on bonds			(6,220)
Due to other governments			(2,000)
Compensated absences			(52,513)
Capital lease	(2,600)		
Bonds and notes payable	(777,938)		
Unamortized deferred amount on refunding	884		
Unamortized premiums	(11,056)		
Total long-term liabilities (see Note G)			(790,710)
Total **net assets** of governmental activities (Exhibit 1)		$	909,026

The notes to the financial statements are an integral part of this statement.

City of Columbus, Ohio

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2002
(amounts expressed in thousands)

	General	General Bond Retirement	Special Income Tax	Other Governmental Funds	Total Governmental Funds
REVENUES					
Income taxes	$ 326,612	$ 90,837	$ 18,060	$ 58	$ 435,567
Property taxes	41,520	-	-	-	41,520
Grants and subsidies	-	-	-	81,392	81,392
Investment income	13,260	81	-	854	14,195
Special assessments	-	99	-	-	99
Licenses and permits	1,150	-	-	22,417	23,567
Shared revenues	56,679	-	-	22,955	79,634
Charges for services	27,794	-	-	29,259	57,053
Fines and forfeits	15,522	-	-	3,586	19,108
Miscellaneous	8,575	7	7,507	25,975	42,064
Total revenues	491,112	91,024	25,567	186,496	794,199
EXPENDITURES					
Current:					
General government	67,059	253	334	18,317	85,963
Public service	51,411	-	-	39,177	90,588
Public safety	352,147	-	-	3,090	355,237
Development	20,486	-	-	33,582	54,068
Health	163	-	-	38,515	38,678
Recreation and parks	420	-	119	71,157	71,696
Capital outlay	2,958	3	-	110,993	113,954
Debt service:					
Principal retirement and payment of obligation under capitalized lease	-	69,875	1,109	-	70,984
Interest and fiscal charges	-	37,309	557	-	37,866
Total expenditures	494,644	107,440	2,119	314,831	919,034
Excess(deficiency) of revenues over expenditures	(3,532)	(16,416)	23,448	(128,335)	(124,835)
OTHER FINANCING SOURCES (USES)					
Transfers in	14,422	16,238	4,900	50,272	85,832
Transfers out	(47,397)	-	(26,681)	(49,511)	(123,589)
Proceeds from bonds and long-term notes	-	-	8,845	124,784	133,629
Total other financing sources (uses)	(32,975)	16,238	(12,936)	125,545	95,872
Net change in fund balance	(36,507)	(178)	10,512	(2,790)	(28,963)
Fund balances—beginning of year	95,365	1,646	141,288	202,896	441,195
Fund balances—end of year	$ 58,858	$ 1,468	$ 151,800	$ 200,106	$ 412,232

The notes to the financial statements are an integral part of this statement.

City of Columbus, Ohio

Exhibit 4.1

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2002
(amounts expressed in thousands)

Net change in **fund balances** - total governmental funds (Exhibit 4)	$	(28,963)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets, which meet capitalization requirements, is allocated over their estimated useful lives and reported as depreciation expense. This amount includes the adjustment for capital outlay expenditures capitalized ($106,899 of total capital outlay of $113,954 met the capitalization requirements) offset by depreciation expense ($48,433) in the current period. The City had donated infrastructure of $18,048 in 2002 which is not reported in the governmental funds. In addition, capital assets, net of accumulated depreciation, in the amount of $64,081 were contributed to the Storm Sewer business-type activity in 2002.		12,433
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(4,801)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and deferred amount on refundings when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items. In 2002, the Storm Sewer business-type activity assumed $71,152 of debt previously associated with governmental-type activities.		(20,063)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(2,851)
Net income of certain activities of internal service funds are reported with governmental activities.		2,566
Changes in **net assets** of governmental activities (Exhibit 2)	$	(41,679)

The notes to the financial statements are an integral part of this statement.

City of Columbus, Ohio

Exhibit 5

Statement of Net Assets
Proprietary Funds
December 31, 2002
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sanitary Sewer	Storm Sewer	Electricity	Total	
ASSETS						
Current assets:						
Cash and cash equivalents with treasurer	$ 41,757	$ 77,649	$ 11,573	$ 143	$ 131,122	37,618
Receivables (net of allowance for uncollectibles)	15,922	21,538	4,095	6,102	47,657	29
Due from other funds	-	56	-	330	386	371
Inventory	6,755	6,626	-	576	13,957	1,003
Total current assets:	64,434	105,869	15,668	7,151	193,122	39,021
Noncurrent assets:						
Deferred charges and other	633	888	46	3	1,570	-
Restricted assets:						
Cash and cash equivalents with treasurer and other	54,952	24,900	18,029	4,321	102,202	-
Cash and cash equivalents with trustees	1,849	6,722	-	-	8,571	-
Accrued interest receivable	-	4	-	-	4	-
Capital Assets:						
Land and construction in progress	58,885	92,174	5,998	1,739	158,796	13
Other capital assets, net of accumulated depreciation	290,710	826,024	66,354	71,448	1,254,536	9,198
Total noncurrent assets:	407,029	950,712	90,427	77,511	1,525,679	9,211
Total assets	471,463	1,056,581	106,095	84,662	1,718,801	48,232
LIABILITIES						
Current liabilities:						
Accounts payable	2,484	1,563	238	3,417	7,702	6,133
Customer deposits	-	-	-	330	330	-
Due to other:						
Governments	834	334	144	188	1,500	-
Funds	167	84	31	68	350	37
Others	-	4	-	73	77	-
Payable from restricted assets:						
Accounts payable	982	2,091	127	158	3,358	-
Due to others	-	25	-	9	34	-
Accrued interest payable	392	337	-	-	729	-
Deferred revenue and other	-	356	-	1,553	1,909	-
Accrued interest payable	2,361	3,429	480	204	6,474	12
Accrued wages and benefits	1,088	1,041	76	318	2,523	7,135
Accrued vacation and sick leave	1,831	1,794	99	639	4,363	998
Current portion of:						
Bonds and loans payable	24,218	44,144	4,686	4,696	77,744	640
Total current liabilities:	34,357	55,202	5,881	11,653	107,093	14,955
Noncurrent liabilities:						
Bonds and loans payable	272,019	538,412	66,873	27,074	904,378	3,645
Total noncurrent liabilities:	272,019	538,412	66,873	27,074	904,378	3,645
Total liabilities	306,376	593,614	72,754	38,727	1,011,471	18,600
NET ASSETS						
Invested in capital assets, net of related debt	53,358	335,642	793	41,417	431,210	4,926
Restricted for:						
Construction	53,970	22,788	17,902	4,154	98,814	-
Debt Service	1,457	6,385	-	-	7,842	-
Unrestricted	56,302	98,152	14,646	364	169,464	24,706
Total net assets	$ 165,087	$ 462,967	$ 33,341	$ 45,935	707,330	$ 29,632
Adjustment to consolidate the internal service fund activities.					2,685	
Total net assets per the government-wide Statement of Net Assets					$ 710,015	

The notes to the financial statements are an integral part of this statement.

CITY OF COLUMBUS, OHIO

Exhibit 6

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2002
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sanitary Sewer	Storm Sewer	Electricity	Total	
Operating revenue:						
Charges for service	$ 96,492	$ 119,996	$ 20,403	$ 54,752	$ 291,643	$ 97,755
Other	1,158	1,908	815	1,416	5,297	149
Total operating revenue	97,650	121,904	21,218	56,168	296,940	97,904
Operating expenses:						
Personal services	31,287	25,887	7,669	7,976	72,819	15,490
Materials and supplies	10,735	3,779	442	1,229	16,185	9,996
Contractual services	21,385	30,532	4,849	5,406	62,172	66,080
Purchased power	-	-	-	34,666	34,666	-
Depreciation	15,446	26,398	1,794	3,316	46,954	4,103
Other	1,256	1,278	149	583	3,266	2
Total operating expense	80,109	87,874	14,903	53,176	236,062	95,671
Operating income	17,541	34,030	6,315	2,992	60,878	2,233
Nonoperating revenue (expenses):						
Investment income	2,323	3,409	330	331	6,393	-
Interest expense	(11,742)	(19,598)	(3,395)	(1,015)	(35,750)	(226)
Other, net	64	482	-	7	553	500
Total nonoperating revenue (expenses)	(9,355)	(15,707)	(3,065)	(677)	(28,804)	274
Income before transfers	8,186	18,323	3,250	2,315	32,074	2,507
Transfers in	-	445	30,091	29,600	60,136	-
Change in net assets	8,186	18,768	33,341	31,915	92,210	2,507
Total net assets - beginning	156,901	444,199	-	14,020		27,125
Total net assets - ending	$ 165,087	$ 462,967	$ 33,341	$ 45,935		$ 29,632
Adjustment to consolidate the internal service fund activities.					(59)	
Total change in net assets of business-type activities					$ 92,151	

The notes to the financial statements are an integral part of this statement.

City of Columbus, Ohio

Exhibit 7

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2002
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Water	Sanitary Sewer	Storm Sewer	Electricity	Total	Internal Service Funds
Operating activities:						
Cash received from customers	$ 95,442	$ 127,242	$ 19,706	$ 54,538	$ 296,928	97,572
Cash paid to employees	(31,048)	(31,316)	(1,970)	(7,865)	(72,199)	(15,272)
Cash paid to suppliers	(32,234)	(38,397)	(10,814)	(40,465)	(121,910)	(76,511)
Other receipts	500	1,093	800	1,250	3,643	153
Other payments	(229)	(680)	(153)	(332)	(1,394)	(70)
Net cash provided by operating activities	32,431	57,942	7,569	7,126	105,068	5,872
Noncapital financing activities:						
Transfers in	-	-	8,820	150	8,970	-
Net cash used in noncapital financing activities	-	-	8,820	150	8,970	-
Capital and related financing activities:						
Proceeds from sale of assets	47	350	-	6	403	-
Purchases of property, plant and equipment	(11,000)	(76,836)	(10,349)	(3,770)	(101,955)	(282)
Proceeds from issuance of bonds, loans and notes	34,580	145,993	5,415	1,504	187,492	-
Principal payments on bonds and loans	(23,053)	(109,894)	(4,532)	(6,766)	(144,245)	(650)
Interest and fiscal charges paid on bonds, loans and notes	(9,287)	(19,640)	(3,105)	(1,393)	(33,425)	(228)
Transfers in	-	445	25,264	-	25,709	-
Net cash used in capital and related financing activities	(8,713)	(59,582)	12,693	(10,419)	(66,021)	(1,160)
Investing activities:						
Interest received on investments	2,651	4,125	520	231	7,527	-
Net cash provided by investing activities	2,651	4,125	520	231	7,527	-
Increase (decrease) in cash and cash equivalents	26,369	2,485	29,602	(2,912)	55,544	4,712
Cash and cash equivalents at beginning of year (including $75,035 in total restricted accounts)	72,189	106,786	-	7,376	186,351	32,906
Cash and cash equivalents at end of year (including $110,773 in total restricted accounts)	$ 98,558	$ 109,271	$ 29,602	$ 4,464	$ 241,895	$ 37,618

(Continued)

City of Columbus, Ohio

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2002
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sanitary Sewer	Storm Sewer	Electricity	Total	
Operating income	$ 17,541	$ 34,030	$ 6,315	$ 2,992	$ 60,878	$ 2,233
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	15,446	26,398	1,794	3,316	46,954	4,103
Amortization, net	367	171	(14)	(148)	376	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:						
Receivables	(1,051)	(1,258)	(697)	(796)	(3,802)	21
Due from other funds	–	(56)	(31)	(9)	(96)	(307)
Inventory	(176)	(703)	–	346	(533)	14
Accounts payable - net of items affecting property, plant, and equipment	419	(154)	135	575	975	(1,948)
Customer deposits	-	-	-	9	9	-
Due to other funds	(354)	(657)	(59)	(159)	(1,229)	37
Deferred revenue	-	(71)	-	889	818	-
Accrued wages and benefits	272	273	27	100	672	1,704
Accrued vacation and sick leave	(33)	(31)	99	11	46	15
Net cash provided by operating activities	$ 32,431	$ 57,942	$ 7,569	$ 7,126	$ 105,068	$ 5,872
Supplemental information:						
Noncash activities:						
Change in fair value of investments	$ 546	$ 591	$ 63	$ 24	$ 1,224	$ -
OWDA loan increase for capitalized interest	$ -	$ 1,479	$ -	$ -	$ 1,479	$ -
Contribution of equipment	$ -	$ -	$ -	$ -	$ -	$ 515

The notes to the financial statements are an integral part of this statement.

City of Columbus, Ohio

Exhibit 8

Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2002
(amounts expressed in thousands)

		Agency Funds
ASSETS		
Cash and cash equivalents:		
Cash and investments with treasurer	$	39,732
Cash and investments with trustee		56
Investments		28
Receivables (net of allowances for uncollectibles)		4
Total assets		39,820
LIABILITIES		
Due to:		
Other Governments	$	29,102
Other		10,718
Total liabilities		39,820
NET ASSETS	$	-

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, in that the financial statements include all the organizations, activities, functions, and component units 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 and recreation and parks. In addition, the City owns and operates four enterprise activities: a water system, a sanitary sewer system, a storm 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 $18,445,000 at December 31, 2002, 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 could have abolished CMAA via legislation of the Council. The City is party to an agreement with an effective date of January 1, 2003, which will change the City's relationship with CMAA. See Note R regarding this subsequent event. 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, the operating subsidy, received by the Conservatory District in 2002 from the City were $875,144; 26.9% of its total revenue and support. The City has authorized an operating subsidy of $603,591 to the Conservatory District for 2003. In the event of the Conservatory District's liquidation, its assets will be transferred to the City.

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 Statements No. 14 and 39. 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 2002 the City provided cash assistance to AHT of $931,118. The County provided cash assistance of $1.0 million. AHT's total support and revenue in 2002 was $2.076 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 Statements No. 14 and 39. 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. Beginning January 1, 2001, the City 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 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 roads, curbs and gutters, streets and sidewalks, and drainage systems is reported. In conjunction with the implementation of GASB 34, the City also 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 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, Sanitary Sewer and Electricity enterprise funds are considered major funds.

    The 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 and the Special Income Tax debt service funds 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, a major 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 Sanitary Sewer (sanitary sewer) enterprise fund, a major 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 Storm Sewer (storm sewer) enterprise fund, a nonmajor fund, is the accounting entity in which the City accounts for all financial activity related thereto. Prior to 2002 storm sewer financial activities were accounted for in a special revenue fund and various capital project funds. Revenues consist primarily of user charges.

The Electricity enterprise fund, a major 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 13,269 customers, both residential and commercial. Revenues consist primarily of user charges.

The City maintains various nonmajor internal service funds which are used to account for the financing of goods or services provided by one department or agency to other departments 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, storm 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.

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 funds*** 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 and the proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary 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 City 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 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 (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements. The City has elected to follow GASB guidance for business-type activities and enterprise funds rather than FASB guidance issued after November 30, 1989.

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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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

(i) 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).

(j) 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 coverage. 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 ($1,000,000 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, 2001 or 2002. 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*.

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

	(in thousands)				
	2002	2001	2000	1999	1998
Claims liability at January 1	$ 5,000	5,000	5,800	7,300	5,000
Incurred claims, net of favorable settlements	55,817	48,328	47,101	35,796	40,382
Claims paid	(54,317)	(48,328)	(47,901)	(37,296)	(38,082)
Claims liability at December 31	$ 6,500	5,000	5,000	5,800	7,300

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.

(k) 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.

(l) 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.

(m) 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, 2002 are presented in Note E. Transfers are presented in Note P.

(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 and all recurring type expense as operating expenses. 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. Interest expense and other non-recurring expenses over which the City has minimal or no control are reported as non-operating expense.

(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, 2002, claims approximating $879.2 million were outstanding against the City. Based on the current status of all these legal proceedings, which includes $727 million in three claims filed by pro se claimants, it is the opinion of management that ultimate resolution of such will not have a material effect on the City's financial statements.

In October 1999, the United States Department of Justice sued the City claiming that the City's Division of Police had engaged in a pattern or practice of civil rights violations. In 2002, the suit was withdrawn by the United States Department of Justice with no specific monetary damages against the City resulting there from.

(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 sub rental 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 2002. 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, 2002 was $159.9 million net of premiums and discounts of $10.3 million, or a gross amount of $170.2 million.

(d) Other liabilities

The City, at December 31, 2002 had certain other liabilities of Governmental Type Activities that will not be paid from funds available, as defined, at December 31, 2002. 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 $3.3 million represents the employer's share of certain pension costs. This amount is due and payable in March 2003 and is budgeted in 2003 appropriations. This amount, therefore, is not payable from 2002 available funds.

NOTE B—COMMITMENTS AND CONTINGENCIES (continued)

(2) Accrued vacation and sick leave are granted to City employees at varying amounts. At the time of the employee's termination, such accruals are paid to the employee at varying rates from the fund to which the employee's payroll is charged. 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. The long term liability activity related to compensated absences for the year ended December 31, 2002, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount payable within one year
			(in thousands)		
Governmental Activities	$ 52,113	38,835	37,437	53,511	38,900
Business Type Activities	4,317	5,593	5,547	4,363	4,363

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, 2002 fair value was $ 4,180,269 above the City's net cost for its investments. At December 31, 2001 fair value was $4,119,281 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, 2002.

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, 2002 was 48.8 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, 2002 was 424.2 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.

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.

NOTE C—CASH AND INVESTMENTS (continued)

The revenue bond agreements of the water and sanitary sewer enterprises 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 or as specific collateral held at a Federal Reserve Bank in the name of the City.

At December 31, 2002, the carrying amount of all City deposits, exclusive of money market funds in the amount of $8,571,203 held by bond trustees, was $26,435,723. Balances per the banks were $26,910,362. 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	$ 24,463
(1)	Specific collateral held at Federal Reserve in the City's name	1,669
(1)	Insured by Federal Deposit Insurance Corporation (FDIC)	332
(3)	Amount considered uncollateralized	446
	Total balances per banks	$ 26,910

The money market funds, amounting to $8,571,203, 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 Investments	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	$ 616,199	–	–	616,199	$ 612,300
U.S. government Securities	28,091	–	–	28,091	27,809
Bonds and notes—other	1,237	–	–	1,237	1,238
	$ 645,527	–	–	645,527	641,347
STAROhio				74,140	74,140
Total investments				719,667	$ 715,487
Carrying amount of deposits:					
High yield savings account			23,055		
Other			3,381	26,436	
Money market funds held by bond trustees				8,571	
Cash and collection items on hand				149	
Less: City Auditor warrants payable				(18,969)	
Total				$ 735,854	

Per Governmental Funds Balance Sheet-total government funds	
Cash and investments with treasurer	$ 412,752
Cash and investments with fiscal and escrow agents and other	390
Investments	3,383
Per Proprietary Funds Statement of Net Assets	
Total enterprise funds	
Cash and cash equivalents with treasurer	131,122
Restricted cash and cash equivalents with treasurer and other	102,202
Restricted cash and cash equivalents with trustee	8,571
Internal Service Funds	
Cash and cash equivalents with treasurer	37,618
Agency Funds, exclusive of accrued interest	39,816
Total	$ 735,854

Component Units: 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 $1,726,070 and the bank balance was $4,287,101 of which the FDIC insured $284,670 (Category 1) and the remaining $4,002,431 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 $3,490 in cash on hand at December 31, 2002 that was uncollateralized (Category 3).

CMAA's investments and custodial risk categorization at December 31, 2002 consisted of: $4,496,546 in a repurchase agreement included in Category 3, and $112,586,825 of money market and STAROhio funds which are not required to be categorized due to their nature.

NOTE D—RECEIVABLES

Receivables at December 31, 2002 consist of the following:

	Taxes	Customer and other Accounts	Lease	HUD Loans	Special assess-ments	Accrued interest	Gross Receiv-Ables	Less Allowance for uncol-Lectibles	Net
					(in thousands)				
Governmental type funds:									
General fund	$ 110,515	671	-	-	-	1,829	113,015	(207)	112,808
General bond retirement	-	-	-	-	276	21	297	-	297
Special income tax	21,519	1,784	102,866	-	-	-	126,169	-	126,169
Other governmental fund:	-	6,315	-	82,146	-	71	88,532	(60,005)	28,527
Total governmental funds	132,034	8,770	102,866	82,146	276	1,921	328,013	(60,212)	267,801
Business type funds:									
Water	-	17,740	-	-	-	352	18,092	(2,170)	15,922
Sanitary sewer	-	21,498	-	-	440	380	22,318	(780)	21,538
Storm sewer	-	4,054	-	-	-	41	4,095	-	4,095
Electricity	-	6,104	-	-	1,810	16	7,930	(1,828)	6,102
Total business type funds	-	49,396	-	-	2,250	789	52,435	(4,778)	47,657
Internal service funds	-	29	-	-	-	-	29	-	29
Total primary government	$ 132,034	58,195	102,866	82,146	2,526	2,710	380,477	(64,990)	315,487
Component Unit—CMAA	$ -	5,610	-	-	-	-	5,610	(534)	5,076

Housing and Urban Development (HUD) loans include Community Development Act (CDA) loans of $41.3 million, Home Investment Partnerships (HOME) Program loans of $32.7 million and various other loans totaling $8.1 million. Funds received under these programs that are loaned to eligible recipients are recorded as loans receivable. The City has recorded a $60 million allowance for uncollectible HUD loans. In addition, the net receivable balance has been reported as a reservation of fund balance on the governmental fund financial statements.

NOTE D—RECEIVABLES (continued)

The revenue related to certain other receivables presented in the table above has been deferred due to the nature of those receivables. Deferred revenue is comprised of the following:

(in thousands)

	General	General Bond Retirement	Special Income Tax	Other Governmental Funds	Totals	Business Type Activities – Enterprise Funds
Income tax (Note L)	$ 5,173	-	15,057	-	60,230	$ -
Property tax (Note M)	44,984	-	-	-	44,984	-
Shared revenue	24,450	-	-	12,894	37,344	-
Lease receivable (SWACO – Note H)	-	-	101,866	-	101,866	-
Long-term note receivable	-	-	1,600	-	1,600	-
Special assessments	-	155	-	-	155	1,909
Grants and other	-	-	-	24,129	24,129	-
	$ 114,607	155	118,523	37,023	270,308	$ 1,909

Enterprise customer and other accounts receivable include unbilled charges for services at December 31, 2002 as follows:

	(in thousands)
Water enterprise	$ 8,197
Sanitary sewer enterprise	9,418
Storm sewer enterprise	1,895
Electricity enterprise	2,817
	$ 22,327

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

	(in thousands)	
	Due from	Due to
Governmental funds:		
General	$ 286	226
General bond retirement	-	491
Other governmental:		
Cable communications	-	26
Municipal court clerk	2	-
Development services	120	20
Health	11	2
Street construction maintenance and repair	5	7
Municipal motor vehicle tax	-	26
Golf course operations	4	3
Recreation and parks operations	4	11
Streets and highways V-95, V-99	-	64
Health V99	-	2
Parks and recreation bond 6-89	53	-
Facilities Management	-	2
Recreation and parks V88	1	-
General permanent improvements	-	1
Transportation improvement program	-	3
State issue 2-streets	-	9
Federal state highway engineering	-	2
COSI	39	-
	239	178
Internal Service Funds:		
Employee benefits	24	-
Fleet management	166	22
Information services	158	15
Land acquisition	23	-
	371	37
Business type funds:		
Water	-	167
Sanitary sewer	56	84
Storm sewer	-	31
Electric	330	68
	386	350
	$ 1,282	1,282
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

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.

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

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 debt service fund, not a major fund, will make repayments from a portion of its revenues.

	(in thousands) Receivable	Payable
Interfund Receivable/Payables:		
General	$ -	1,194
Special Income Tax	4,394	-
Other Governmental:		
Recreation debt service	-	3,200
	$ 4,394	4,394

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. Land and construction in progress are not subject to depreciation. The transfer of storm sewer capital assets in the amount of $72.181 million from governmental activities to business-type activities has been included as deletions to governmental assets and additions to business-type assets. A nonreciprocal interfund transfer for the transfer of capital assets to the storm sewer enterprise fund in the amount of $63.856 million ($72.181 million, net of $8.325 million of accumulated depreciation) was made during 2002 (See Note P).

A summary of capital assets and changes occurring in 2002 follows.

(in thousands)

	Balance December 31, 2001	Additions	Deletions	Balance December 31, 2002	Accumulated Depreciation	Balance, net of depreciation, December 31, 2002
Capital Assets used in:						
Governmental Activities						
Land	$ 165,049	20,611	10,628	175,032	-	175,032
Building	277,812	15,396	3,902	289,306	93,646	195,660
Improvements, other than building	122,399	7,802	637	129,564	42,140	87,424
Machinery and equipment	245,688	9,783	19,835	235,636	163,510	72,126
Infrastructure	855,210	91,027	74,371	871,866	166,577	705,289
Total	1,666,158	144,619	109,373	1,701,404	465,873	1,235,531
Business Type Activities						
Land	36,536	6,710	194	43,052	-	43,052
Buildings	199,834	631	103	200,362	124,938	75,424
Improvement other than building	1,460,832	92,524	3,965	1,549,391	464,802	1,084,589
Machinery and equipment	123,066	2,783	6,026	119,823	91,655	28,168
Infrastructure	-	76,770	212	76,558	10,203	66,355
Construction in progress	112,673	3,130	59	115,744	-	115,744
Total	1,932,941	182,548	10,559	2,104,930	691,598	1,413,332
Component Unit -- CMAA						
Land	20,860	4,242	382	24,720	-	24,720
Buildings	237,916	14,808	139	252,585	59,976	192,609
Improvement other than building	141,470	11,157	1,713	150,914	57,705	93,209
Machinery and equipment	17,936	1,980	525	19,391	10,841	8,550
Construction in progress	8,344	11,118	8,344	11,118	-	11,118
Total	426,526	43,305	11,103	458,728	128,522	330,206

Capital assets, net of accumulated depreciation, at December 31, 2002 appear in the Statement of Net Assets and/or the Fund Statements Balance Sheets as follows. (in thousands).

Governmental Activities (excludes Internal Service Funds)	$1,226,320	Component unit	$330,206
Business type activities:		Internal service funds:	
Water enterprise	$ 349,595	Fleet management	$ 2,243
Sanitary sewer enterprise	918,198	Information services	6,062
Storm sewer enterprise	72,352	Telecommunications	906
Electricity enterprise	73,187		

NOTE F—CAPITAL ASSETS (continued)

Depreciation expense in 2002 was charged to the following functions and funds. (in thousands)

Governmental Activities (excluding Internal Service Funds):	
General government	$ 1,985
Public service	31,386
Public safety	8,840
Development	979
Health	119
Recreation and parks	5,124
	$ 48,433
Business Type Activities:	
Water enterprise	$ 15,446
Sanitary sewer enterprise	26,398
Storm sewer enterprise	1,794
Electricity enterprise	3,316
	$ 46,954

Internal Service Funds:	
Fleet management	$ 313
Information services	3,634
Telecommunication	156
	$ 4,103
Component Unit	$ 14,967

Interest incurred during the construction phase ($ 3.822 million in 2002), net of related interest earnings ($806,000 in 2002), of business-type activity capital assets is included as part of the capitalized value of the assets constructed. Interest was capitalized in 2002 in the following activities/funds.

	(in thousands)
Water enterprise	$ 727
Sanitary Sewer enterprise	2,289
	$ 3,016

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) Business Type Activities				
	Governmental Type	Water	Sanitary Sewer	Storm Sewer	Electric	Component Unit
Amount outstanding at December 31, 2002	$ 784,823	293,304	580,395	71,144	30,801	140,462
Unamortized bond premium	11,056	6,142	6,908	415	969	5
Unamortized bond discount	-	(503)	(1,241)	-	-	(1,113)
Unamortized deferred amounts On refundings	(884)	(2,706)	(3,506)	-	-	-
Amount per Statement of Net Assets	$ 794,995	296,237	582,556	71,559	31,770	139,354

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

The following table shows the activity in bonds, notes and loans payable during 2002.

(in thousands)

Type of obligation	Balance December 31, 2001	New Issues	Refundings	Maturities	Refunded	Transfers (Notes H and P)	Balance December 31, 2002	Amount due in 2003
Governmental type								
General obligation								
OPWC notes	$ 3,917	83	-	249	-	-	3,751	$ 249
Bonds-fixed rate	743,228	120,025	-	66,318	50,775	(35,850)	710,310	66,403
Bonds-variable rate	33,920	-	-	2,935	-	(5,300)	25,685	2,295
Capitalized lease (Note J)	3,460	-	-	860	-	-	2,600	860
Information services bonds-fixed rate	4,395	-	-	620	-	-	3,775	610
Fleet management bonds-fixed rate	540	-	-	30	-	-	510	30
Revenue obligations								
Bonds (TIFs)-fixed rate	30,050	555	-	-	-	-	30,605	150
Bonds (TIFs)-variable rate	4,000	2,900	-	600	-	-	6,300	-
Notes (TIF)-long-term fixed rate	-	1,221	-	-	-	-	1,221	N/A
Single family mortgage revenue note (FNMA)	88	-	-	22	-	-	66	N/A
Total governmental type	823,598	124,784	-	71,634	50,775	(41,150)	784,823	70,597
Business type-enterprise								
Water								
General obligations								
Bonds-fixed rate	180,897	34,580	-	15,518	-	-	199,959	16,398
Bonds-variable rate	47,695	-	-	3,140	-	-	44,555	3,140
Revenue obligations								
Bonds-fixed rate	53,185	-	-	4,395	-	-	48,790	4,680
Total water	281,777	34,580	-	23,053	-	-	293,304	24,218
Sanitary sewer								
General obligations								
Bonds-fixed rate	227,204	14,070	-	20,478	1,266	-	219,530	22,398
Revenue obligations								
Bonds-fixed rate	83,320	-	71,640	9,900	73,420	-	71,640	10,940
Bonds-variable rate	51,600	-	-	-	-	-	51,600	
OWDA/EPA loans	182,172	60,283	-	4,830	-	-	237,625	10,806
Total sanitary sewer	544,296	74,353	71,640	35,208	74,686	-	580,395	44,144
Storm sewer								
General obligations								
Bonds-fixed rate	-	5,415	-	4,187	339	65,300	66,189	4,341
Bonds-variable rate	-	-	-	345	-	5,300	4,955	345
Total storm sewer	-	5,415	-	4,532	339	70,600	71,144	4,686
Electricity								
General obligations								
Notes	1,830	-	-	1,005	825	-	-	-
Bonds-fixed rate	56,468	1,504	-	4,096	-	(29,450)	24,426	3,781
Bonds-variable rate	7,290	-	-	915	-	-	6,375	915
Total electricity	65,588	1,504	-	6,016	825	(29,450)	30,801	4,696
Total business type-enterprise	891,661	115,852	71,640	68,809	75,850	41,150	975,644	77,744
Total primary government	1,715,259	240,636	71,640	140,443	126,625	-	1,760,467	148,341
Component Unit – CMAA								
General obligations								
Bonds of City being repaid by CMAA	23,435	-	-	4,990	-	-	18,445	4,945
Revenue obligations								
Bonds	124,031	-	-	2,014	-	-	122,017	2,709
Total component unit	147,466	-	-	7,004	-	-	140,462	7,654
Total reporting unit	$ 1,862,725	240,636	71,640	147,447	126,625	-	1,900,929	$ 155,995

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

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)	22
General obligation bonds	69,253
Obligation under capital lease	860
Revenue bonds (TIFs)	600
Total	$ 70,984

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	$ 83
General obligation bonds	120,025
Revenue bonds (TIFs)	3,455
Revenue note (TIF)	1,221
Total	$ 124,784

Premiums received on bonds appear as proceeds from bonds and long-term notes in the Special Income Tax fund in the amount of $8,845,000.

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.

Issuances and maturities of such notes during 2002 are as follows. (in thousands)

Accounted for in:	Date issued	Maturity date	Interest rate	Balance December 31, 2001	Additions	Deletions	Balance December 31, 2002
Electricity Enterprise	11/22/2000	11/22/2002	5.90%	$ 1,005	-	1,005	-
	5/1/2001	3/1/2003	4.46%	825	-	825	-
Total Electricity				$ 1,830	-	1,830	-

The portion of the notes included as deletions in the above table, which were not paid for by property owners ($749,920) were converted to general obligation bonds on the stated maturity date of the notes.

Long-Term Notes

Except for the FNMA note and the TIF 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.

Ohio Public Works Commission (OPWC): 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.

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

Notes in the amount of $3,751,339 accounted for as Governmental type represent the amounts due on thirteen loans from the Ohio Public Works Commission (OPWC) for infrastructure 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, 2002 were as follows: (in thousands)

Project	Project Number	Total grant commitment	Total loan commitment	Total Loaned at 12/31/02	Repaid by City Prior to 2002	Repaid by City In 2002	Outstanding Loans at 12/31/02
Sawmill Road	CC515	$ –	$ 200	200	80	10	110
Roberts Road	CC522	–	902	902	366	45	491
Neil Avenue	CC814	2,278	56	56	13	3	40
Cleveland Ave. North	CC903	2,503	1,347	1,347	269	67	1,011
Cleveland Ave. South	CC914	2,773	1,053	1,053	184	53	816
Main Street Rehab.	CC019	441	88	88	15	4	69
Mound Street Rehab.	CC017	546	98	98	17	5	76
Livingston Ave. Rehab.	CC015	1,622	352	352	62	18	272
Group 6	CC013	361	58	58	6	3	49
Edgehill Improvements	CC15A	577	162	162	16	8	138
US 23 Culvert	CC18A	305	39	39	6	2	31
James Road	CC08B	2,867	623	623	31	31	561
Stelzer Road	CC06C	2,082	174	87	-	-	87
Total			$ 5,152	5,065	1,065	249	3,751

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.

Notes (TIF): This amount represents a developer's participation in debt service on certain limited general obligation bonds. The agreement between the City and the developer requires the developer to pay to the City 65% of debt service on the applicable portion of the bonds less the revenues received by the City from two TIFs. The amount received by the City from the developer on April 17, 2002 was $1,220,536. The City must begin repaying the developer when the applicable TIF revenues exceed 65% of the debt service on the applicable portion of the bonds. The interest rate on the note (and future such notes) shall not exceed the City's rate of borrowing on general obligation bonds. The interest rate on the note is estimated to be 4.30%. The repayment obligation is limited solely to revenues of the two applicable TIFs and does not constitute a general obligation of the City. While a precise date for beginning repayments of this note and any such future notes can not be determined, it is estimated that such repayments will not begin for several years.

FNMA: 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 12/31/2002 (in thousands)
Non-enterprise:				
Federal National Mortgage Association (FNMA)				
Single Family Mortgage Revenue Note	8/11/98	9/1/09	6.63%	$ 66

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

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%	$ 3,751
GO Bonds–fixed rate	1972-2002	2020	3.90% to 12.375%	5.32%	710,310
GO Bonds-variable rate	1996	2017	0.90% to 1.75% (1.45% at year end)	1.28%	25,685
GO Information services bonds-fixed rate	1994-2000	2011	4.77% to 5.50%	4.98%	3,775
GO Fleet management bonds-fixed rate	1998	2019	4.60%	4.60%	510
Revenue Bonds (TIFs)-fixed rate-Easton	1999	2024	4.15% to 5.30%	5.00%	30,050
Revenue Bonds (TIFs)-fixed rate-Brewery	2002	2012	6.20%	6.20%	555
Revenue Bonds (TIFs)-variable rate-Polaris	2001	2011	1.05% to 1.85% (1.50% at year end)	1.41%	3,400
Revenue Bonds (TIFs)-variable rate-Brewery	2002	2022	1.05% to 1.90% (1.55% at year end)	1.47%	2,900
Revenue Note (TIF)-fixed rate	2002	-	4.30%	4.30%	1,221
Revenue FNMA note	1998	2019	6.63%	6.63%	66
Total					782,223
Business type – enterprise					
Water					
GO bonds-fixed rate	1968-2002	2019	4.45% to 12.375%	5.52%	199,959
GO bonds-variable rate	1995-1996	2017	0.90% to 1.75% (1.45% at year end)	1.28%	44,555
Revenue bonds-fixed rate Series 1999	1999	2010	3.70% to 5.00%	4.82%	48,790
Sanitary sewer					
GO bonds-fixed rate	1976-2002	2023	4.10% to 12.375%	5.59%	219,530
Revenue bonds-fixed rate Series 2002	2002	2008	4.00% to 5.00%	4.85%	71,640
Revenue bonds-variable rate Series 1994	1994	2011	1.00% to 1.85% (1.55% at year end)	1.38%	51,600
OWDA-EPA loans	1977-2002	2025	3.54% to 6.75%	4.21%	237,625
Storm sewer					
GO bonds-fixed rate	1967-2002	2023	3.50% to 12.375%	5.24%	66,189
GO bonds-variable rate	1995-1996	2017	0.90% to 1.75% (1.45% at year end)	1.28%	4,955
Electricity					
GO bonds-fixed rate	1985-2002	2013	4.10% to 9.375%	5.34%	24,426
GO bonds-variable rate	1996	2009	0.90% to 1.75% (1.45% at year end)	1.28%	6,375
Total business type-enterprise					975,644
Total primary government					1,757,867
Component Unit-CMAA					
GO bonds of City being repaid by CMAA – fixed rate	1980-2001	2008	4.06% to 12.25%	5.36%	18,445
Revenue bonds	1994-1998	2028	4.50% to 6.01%	5.29%	119,080
Revenue bonds	2001	2011			2,937
Total component unit					140,462
Total reporting entity					$ 1,898,329

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

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

(in thousands)

	Governmental Type	Business Type: Water	Business Type: Sanitary Sewer	Business Type: Storm Sewer	Business Type: Electricity	Business Type: Total	Primary Government Total
Amount outstanding							
General obligations (G.O.)	$ 744,031	244,514	219,530	71,144	30,801	565,989	1,310,020
Revenue obligations	38,192	48,790	360,865	-	-	409,655	447,847
Total	$ 782,223	293,304	580,395	71,144	30,801	975,644	1,757,867
% of outstanding amounts							
General obligations (% X total)	95.1%	83.4%	37.8%	100.0%	100.0%	58.0%	74.5%
Limited-unvoted (% X G.O.)	29.5%	24.0%	12.9%	10.1%	25.0%	18.0%	24.5%
Unlimited-voted (% X G.O.)	70.5%	76.0%	87.1%	89.9%	75.0%	82.0%	75.5%
Revenue obligations (% X total)	4.9%	16.6%	62.2%	0.0%	0.0%	42.0%	25.5%
% X Principal paid out within 10 yrs							
General obligations	79.0% (1)	73.6%	72.9%	63.2%	98.8%	73.4%	76.6% (1)
Revenue obligations	27.9% (2)	100.0%	100.0% (3)	-	-	100.0%(3)	87.3%(2)(3)
Weighted average interest rate							
General obligations	5.17%	4.69%	5.59%	4.97%	4.49%	5.07%	4.12%
Revenue obligations	4.72%	4.82%	4.58%	-	-	4.62%	4.63%

(1) Exclusive of Ohio Public Works Commission Notes of $3,751,339.
(2) Exclusive of TIF Note of $1,220,536.
(3) Exclusive of Ohio Water Development Authority Loans of $237,624,312.

Variable interest rate bonds

The variable interest rate bonds were issued, pursuant to ordinances adopted by Council, in the Electricity Enterprise in 1996; Sanitary Sewer Enterprise in 1994; Water Enterprise in 1995 and 1996; Storm Sewer Enterprise in 1995 and 1996; and Non-enterprise in 1995 and 1996, respectively. The 1994 Sanitary Sewer (weekly interest rate mode) bonds are revenue bonds. The Water Enterprise, the 1996 Electricity Enterprise, the Storm Sewer 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.

The variable rate general obligation bonds are accounted for in the Governmental type bonds ($25,685,000), the Water Enterprise Fund ($44,555,000), the Electricity Enterprise Fund ($6,375,000), and the Storm Sewer Enterprise Fund ($4,955,000). 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 (4.25% at December 31, 2002) or 2% over the Federal Funds rate. This increased interest is reflected in the following table as Debt Service Fund, Water Enterprise Fund, Electricity Enterprise Fund and Storm Sewer Enterprise Fund general obligation bonds.

The Polaris TIF variable rate revenue bonds ($3,400,000) are enhanced by a letter of credit issued by Fifth Third Bank of Cincinnati, Ohio and the Brewery TIF variable rate revenue bonds ($2,900,000) are enhanced by a letter of credit issued by Huntington National Bank, Columbus, 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 4.25%.

(in thousands)

		Debt Service Fund General Obligation and Revenue Bonds	Enterprise Funds: Water General Obligation Bonds	Electricity General Obligation Bonds	Storm Sewer General Obligation Bonds	Sanitary Sewer Revenue Bonds
Year ending December 31:						
2003	$	1,400	1,852	287	209	2,193
2004		1,302	1,718	248	194	2,193
2005		1,205	1,585	209	180	2,193
2006		1,107	1,451	171	165	2,193
2007		1,008	1,318	132	150	2,193
2008-2012		3,155	4,589	148	531	5,593
2013-2017		690	1,311	-	170	-
2018-2022		190	-	-	-	-
	$	10,057	13,824	1,195	1,599	16,558

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.

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, 2002. Future interest assumes rates on variable rate debt in effect at December 31, 2002. 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.

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

(in thousands)

	Governmental Type Non-Proprietary			Governmental Type Internal Service	
	Bond Principal	Note Principal	Interest	Principal	Interest
Year ending December 31:					
2003	$ 68,848	249	38,083	640	197
2004	75,303	257	34,606	655	166
2005	72,551	257	30,704	645	133
2006	70,714	257	26,921	545	102
2007	68,559	257	23,203	540	74
2008-2012	234,972	1,286	74,403	1,050	125
2013-2017	143,848	1,095	27,264	150	31
2018-2022	33,115	180	4,584	60	3
2023-2024	4,990	-	368	-	-
	$ 772,900	3,838	260,136	4,285	831

	Enterprise Funds						
	Water		Sanitary Sewer			Electricity	
	Principal	Interest	Bond Principal	OWDA Principal	Interest	Principal	Interest
Year ending December 31:							
2003	$ 24,218	13,540	33,338	10,806	25,141	4,696	1,329
2004	25,657	12,371	34,128	13,126	25,518	4,636	1,121
2005	25,769	11,056	29,172	14,134	24,234	4,182	910
2006	25,554	9,710	29,407	15,429	22,171	3,766	921
2007	25,962	8,373	29,762	15,822	19,880	3,490	556
2008-2012	101,662	24,877	127,366	88,296	70,315	9,656	1,035
2013-2017	57,113	7,753	38,091	94,739	37,047	375	11
2018-2022	7,369	311	20,805	75,271	11,696	-	-
2023-2025	-	-	701	11,779	389	-	-
	$ 293,304	87,991	342,770	339,402	236,391	30,801	5,883

	Enterprise Funds (continued)		Component Unit-CMAA	
	Storm Sewer			
	Principal	Interest	Principal	Interest
Year ending December 31:				
2003	$ 4,686	3,443	7,654	7,397
2004	4,936	3,211	7,736	6,985
2005	4,714	2,961	7,846	6,566
2006	4,677	2,717	5,026	6,175
2007	4,638	2,474	5,081	5,908
2008-2012	21,300	9,105	19,169	26,065
2013-2017	17,559	4,279	22,865	20,351
2018-2022	8,370	850	29,675	13,254
2023-2027	264	13	29,725	4,943
2028	-	-	5,685	142
	$ 71,144	29,053	140,462	97,786

Restricted Assets

In conjunction with the issuance of the Water and Sanitary 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, 2002:

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

				(in thousands)			
		Water	Sanitary Sewer	Storm Sewer	Electricity	Total Enterprise	Component Unit—CMAA
Held by the City and CMAA—							
Construction funds	$	54,952	24,900	18,029	4,321	102,202	72,426
Funds due to City, including interest		-	-	-	-	-	5,857
Debt service funds		-	-	-	-	-	22,081
Customer deposits		-	-	-	-	-	159
Held by trustees—							
Debt service funds		1,849	6,722	-	-	8,571	-
Accrued interest receivable on investments		-	4	-	-	4	-
Total restricted assets	$	56,801	31,626	18,029	4,321	110,777	100,523

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 Sanitary 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 $955,000 and $625,248 respectively at December 31, 2002; $915,000 and $595,868 at December 31, 2001.

OWDA

Loans payable to the Ohio Water Development Authority (OWDA/EPA), $237,624,312 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 ($18,445,000) outstanding at December 31, 2002 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, $33,425,000 remains outstanding at December 31, 2002 and bear interest rates of 5.45% to 6.25%.

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 $85,655,000 remain outstanding at December 31, 2002 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, $2,936,600 remains outstanding at December 31, 2002.

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.

			(in thousands)		
	Date Authorized	Total Authorized	Issued in 1991–2001	Issued in 2002	Unissued as of 12/31/02
Sanitary sewer system	1991	$ 325,000	265,385	14,070	45,545
Public safety	1999	28,255	9,645	18,610	-
Recreation and parks	1999	59,375	28,770	3,875	26,730
Refuse collection	1999	10,675	3,310	4,985	2,380
Streets and highways	1999	203,720	80,285	77,115	46,320
Health	1999	30,500	26,925	3,575	-
Electricity	1999	28,330	7,200	755	20,375
Storm sewers	1999	30,000	28,255	1,745	-
Water system	1999	200,000	28,340	34,580	137,080
		$ 915,855	478,115	159,310	278,430

Bonds identified above as Sanitary sewer system, Electricity, Water system and Storm sewers 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, 2002, the City's total net debt amounted to 4.06% of total assessed value of all property within the City and unvoted net debt amounted to 0.35% of the total assessed value of all property within the City. The City had a legal debt margin for total debt of $937.028 million and a legal debt margin for unvoted debt of $749.295 million. 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, 2002 are as follows: (in thousands)

Title	Issue Date	Interest Rates	Original Amount	Outstanding at December 31, 2002	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	$ 1,430	January 1, 2015

Defeased Bonds

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

Descriptions 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, 2002
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)
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	5.60% to 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 6.00%	9,305	9,305 (2)

(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 (TIFs)

The City, pursuant to the Ohio Revised Code and City ordinances, has established 14 TIFs. 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 TIFs 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.

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

"Service fee" revenue was $4.062 million in 2002 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.

TIFs 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.

Premium and Issuance Costs

Only those bonds issued in 2002 having premiums and/or issuance costs, none had discounts, are shown in the following table. Two electricity-enterprise assessment bonds in the amounts of $412,486 and $337,434 were sold at par with no issuance costs.

		(in thousands)	
	Par	Premium	Costs of Issuance
Governmental type			
Revenue TIF bonds-new money	$ 3,455	-	72
GO Various purpose-new money	120,025	8,845	629
	$ 123,480	8,845	701
Business type			
GO Water enterprise-new money	$ 34,580	3,032	161
GO Sanitary Sewer enterprise-new money	14,070	904	66
GO Storm Sewer enterprise-new money	5,415	188	47
GO Electricity enterprise-new money	755	77	4
Revenue Sanitary Sewer enterprise-refunding	71,640	3,534	286
Total	$ 126,460	7,735	564

Advance Refundings and Defeasances

There were no advance refundings of bonds in 2002 and therefore, no defeasances.

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

Current Refundings—Sanitary Sewer Enterprise

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. A summary of the current refunding appears below.

	(in thousands)
Requisition Price	
Old bonds outstanding	$ 73,420
Call premium on old bonds	1,468
Funds required to refund old bonds	74,888
Net carrying amount of old bonds	
Old bonds outstanding	72,532
Deferred amount on the refunding	$ 2,356
Funds used to accomplish the refunding	
Principal amount of new bonds issued	$ 71,640
Portion of premium received on sale of new bonds	3,248
Total funds used to accomplish the refunding	$ 74,888
Nominal savings, economic gain and present value savings	
Refunded (old) bonds	
Principal	$ 73,420
Interest	16,928
Total refunded	90,348
Refunding (new) bonds	
Principal	71,640
Interest	13,374
Total refunding	85,014
Unadjusted reduction in aggregate debt service	5,334
Interest earned pending call date	249
Accrued interest received	-
Premium received, net of call premium paid	1,934
< Less > Issuance costs	(154)
Contribution of funds restricted for refunding	-
Adjusted reduction in aggregate debt service	$ 7,363
Economic gain – present value of adjusted reduction in aggregate debt service	$ 8,253
Present value rate – true interest cost of new bonds	3.52%
Interest rate borne by old bonds	6.13-6.40%

NOTE H—ELECTRICITY

The City's Electricity Enterprise celebrated its 103rd year of operation in 2002. The Enterprise presently serves 3,768 commercial customers and 9,501 residential customers and in 2002 had operating revenues of $56.2 million ($52.6 million in 2001). During 2002, the Electricity Enterprise Fund received approximately 24.0% (22.99% in 2001) 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. The City intends to continue to operate its Electricity Enterprise.

Included in receivables (Note D) in the Special Income Tax debt service fund is $102,866,297 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. These bonds now appear in the financial statements as Governmental type general obligation fixed rate bonds. In 1984 the City issued $70.0 million of Variable Rate Demand Electric System Revenue Bonds. Proceeds of the bonds were used toward the completion of the Plant. Bondholders, however, had first lien on all revenues of the Electric Enterprise. Even after the closure of the Plant in 1994, these bonds, because of the lien on all revenues of the enterprise, remained as liabilities of the enterprise. In 2001 these revenue bonds were converted, refunded, by the issuance of Governmental Type general obligation fixed rate unvoted bonds of the City. Since no claim on enterprise revenues remains and the related asset was long ago, 1994, transferred out of the enterprise, the remaining bonds of $29.450 million outstanding at December 31, 2001 were transferred out of the enterprise in 2002 as a Nonreciprocal Interfund Transfer.

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 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 2002, the City paid SWACO $10.9 million for landfill tipping fees ($11.1 million in 2001).

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.

NOTE H—ELECTRICITY (continued)

The City received $1.0 million from SWACO in January, February, 2003 and is recognized as revenue in 2002 (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.

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, 2002 follows:

Debt service: 1995-2000	$ 125,174,439
2001	15,113,200
Projected debt service 2003-2010	90,200,190
Less:	
Debt service prorated to Alum Creek transfer station vacated by SWACO (2003-2004)	(159,190)
Total applicable debt service	$ 230,328,639
65% of total applicable debt service	$ 149,713,615
Less:	
Payments made by SWACO:	
1995-2001	(39,126,193)
2002	(5,500,000)
Credits in lieu of payments -	
Retired facility fee:	
1999-2001	(6,504,425)
2002	(2,371,119)
Environmental costs and other:	
1999-2001	(2,557,376)
2002	(736,946)
Interest due on deferred payment:	
1998-2001	7,957,671
2002	1,991,070
Amount due from SWACO to City at 12-31-2002	$ 102,866,297

Debt service for 1995 through 2002 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. Amounts for years 2003 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 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.

NOTE I—PROPERTY LEASED TO OTHERS (continued)

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. Management of both the City and the Zoo expect to renew the lease. The Zoo uses and occupies the 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, 2002 were approximately $6.7 million ($5.4 million in 2001).

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, 2002. This amount also appears in Note G.

Year ending December 31:	(in thousands)
2003	$ 1,088
2004	1,007
2005	916
Total minimum lease payments	3,011
Less—amount representing interest at 10.5%	(411)
Present value of net minimum lease payments	$ 2,600

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 Ohio Public Employees Retirement System (OPERS). Both P&F and OPERS are cost sharing, multiple-employer public employee retirement systems administered by their respective Retirement Boards, each 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, 2002 was $410.6 million. Of this amount, $192.4 million was covered by P&F, $211.9 million was covered by OPERS and $6.3 million was not subject to pension benefit calculations.

Employer and employee required contributions to P&F and OPERS 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.

NOTE K—PENSION PLANS (continued)

Required contributions to P&F and OPERS are used to fund pension obligations and health care programs. Rates required attributable to 2002 payroll costs are summarized as follows:

	Percentage of covered payroll—January 1, 2002 to December 31, 2002				
	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%
OPERS:					
Full time	8.5	-	8.5%	13.55%	22.05%
Part time	6.0	2.5	8.5%	13.55%	22.05%

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 (in thousands)	Employer share paid by City	Total paid by City
Police:				
2002	$ 3,781	7,022	21,067	28,089
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
Fire:				
2002	$ 1,268	7,185	20,286	27,471
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

NOTE K—PENSION PLANS (continued)

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.

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 7.5% of covered payroll in 2001 and 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 $122,298,771 net of member contributions of $6,874,699 for the year ended December 31, 2,001. Eligible benefit recipients totaled 13,174 for police and 10,239 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 2002 allocated to postretirement care was approximately $8.4 million for police and $6.6 million for fire.

OPERS

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

B. OPERS 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. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS at: 277 East Town Street, Columbus, Ohio 43215-4642 or calling (614) 222-6705 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 2002 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.

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)		
2002	$ 268	17,444	28,713	46,457
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

Participants in OPERS 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. OPERS also provides death and disability benefits. Benefits are established by the ORC.

OPERS 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. Ohio 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 OPERS 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; 5.00% 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 OPERS.

C. Summary of Assumptions:

   Actuarial Review. The assumptions and calculations below were based on the Systems latest Actuarial Review performed as of December 31, 2001.

NOTE K—PENSION PLANS (continued)

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 2001 was 8.00%.

Active Employee Total Payroll. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from .50% to 6.3%.

Health Care. Health care costs were assumed to increase 4.00% annually.

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

   1. The number of active contributing participants was 402,041.
   2. The City's contribution used to fund OPEB was $10.60 million.
   3. $11.6 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001.
   4. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $16.4 billion and $4.8 billion, respectively.

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

The liability for past service costs at the time OPERS 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, 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

NOTE L—INCOME TAXES (continued)

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 $45,173,000 and $15,057,000, respectively, for the estimated income tax due to the City for 2002 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 2002 were levied after October 1, 2001 on the assessed value listed as of January 1, 2001, the lien date. One half of these taxes were due January 20, 2002 with the remaining balance due on June 20, 2002. Tangible personal property taxes attach as a lien and were levied on January 1, 2002. One half of this tax was due on April 30, 2002 and the remaining balance was due on September 20, 2002.

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 2002 levy was based was approximately $13.108 billion. The assessed value for 2002, upon which the 2003 levy will be based, is approximately $14.551 billion.

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, 2002 were 94.75% (96.61 % in 2001) of the tax levy.

Property taxes levied in 2002 but not due for collection until 2003 are recorded in the General Fund as taxes receivable and deferred revenues at December 31, 2002 in the amount of $44.9 million.

NOTE N—DEFICIT FUND EQUITIES

At December 31, 2002, the Recreation and Parks Operations Special Revenue Fund and the Recreation Debt Service Fund had deficits of $1.103 million and $3.152 million, respectively. These deficits 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 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, 2002, miscellaneous revenues in the fund financial statement consisted of the following:

	(in thousands)			
	General	General Bond Retirement	Special Income Tax	Other Governmental Funds
Hotel/motel taxes	$ 2,708	-	-	8,330
Refunds and reimbursements	4,933	-	122	2,567
Rent	85	-	7,108	154
Capital contribution	3	-	-	81
Payments in lieu of property taxes	-	-	-	4,062
Donations	-	-	-	1,708
CDA and UDAG loan interest	-	-	-	887
City auto license tax	-	-	-	3,677
Commissions	13	-	-	2
Sale of assets	425	-	-	1,372
Other	408	7	277	3,135
	$ 8,575	7	7,507	25,975

NOTE P—TRANSFERS

For the year ended December 31, 2002, transfers presented in conformity with generally accepted accounting principles (GAAP) consisted of the following: (in thousands)

		Transfers in				
	Total transfer out	General	General Bond Retirement	Special Income Tax	Other Governmental Funds	Business Type Activities - Enterprise Funds
General Fund:						
Recreation Operating	$ 27,167	-	-	-	27,167	-
Health Operating	17,420	-	-	-	17,420	-
Other	2,810	-	2,006	651	153	-
Total General Fund	47,397	-	2,006	651	44,740	-
Special Income Tax Fund:						
Tipping Fees	13,659	13,659	-	-	-	-
Bond premiums used for interest	8,869	-	8,869	-	-	-
Nonreciprocal interfund transfer to Storm Sewer (for debt service)	3,102	-	-	-	-	3,102
Nonreciprocal interfund transfer to Electricity (subsidy)	150	-	-	-	-	150
Other	901	651	-	-	250	-
Total Special Income Tax Fund	26,681	14,310	8,869	-	250	3,252
Other Governmental Funds:						
Nonreciprocal interfund transfer from Special Revenue fund to Storm Sewer	12,095	-	-	-	-	12,095
Nonreciprocal interfund transfer from Capital Projects funds to Storm Sewer	21,965	-	-	-	-	21,965
Nonreciprocal interfund reimbursement from Capital Projects to Sanitary Sewer	445	-	-	-	-	445
Special Revenue Funds	2,651	112	1,484	-	1,055	-
Nonmajor Debt Service Funds	9,640	-	3,841	4,249	1,550	-
Capital Projects Funds	2,715	-	38	-	2,677	-
Total Other Governmental Funds	49,511	112	5,363	4,249	5,282	34,505
Total governmental activities	$ 123,589	14,422	16,238	4,900	50,272	37,757

Nonreciprocal interfund transfer to Electricity for the transfer of bonds payable to governmental activities (See Note H)	29,450
Nonreciprocal interfund transfer to Storm Sewer for the transfer of Capital Assets (net of accumulated depreciation) from governmental activities (See Note F)	63,856
Nonreciprocal interfund transfer to Storm Sewer for the transfer of bonds payable from governmental activities (See Note G)	(70,600)
Nonreciprocal interfund transfer to Storm Sewer for the transfer of other governmental activities net assets not included in capital assets or bonds payable	(327)
Total business-type activities	$ 60,136

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, 2002 are as follows: (in thousands)

Cash and investments	$ 400
Other current assets	108
Capital assets, net of accumulated depreciation	5,352
Other noncurrent assets	179
Total assets	6,039
Current liabilities	452
Noncurrent liabilities	93
Total liabilities	545
Investment in capital assets net of related debt	5,347
Restricted net assets	321
Unrestricted net assets	(174)
Total net asset	$ 5,494
Total revenues (including City payments of $875,144)	$ 3,262
Total expense	(3,190)
Income before depreciation	72
Depreciation expense	(332)
Capital contributions	71
Decrease in net assets	$ (189)

The Conservatory District's restricted net assets at December 31, 2002 are comprised of an expendable endowment of $176,358 and an investment of $144,791 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.

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, 2002 are as follows: (in thousands)

Cash and cash equivalents, unrestricted	$	300
Cash and cash equivalents, restricted		2,093
Other current assets, restricted		881
Capital assets, net of accumulated depreciation		29
Non-current assets other than capital		2,723
Total assets		6,026
Current liabilities		56
Non-current liabilities		19
Total liabilities		75
Investment in capital assets net of related debt		29
Restricted net assets		5,555
Unrestricted net assets		367
Total net assets	$	5,951
Total revenues (including City support of $932,929)	$	2,076
Total expense		(315)
Increase in net assets	$	1,761

NOTE R—SUBSEQUENT EVENT

On December 12, 2002 the City of Columbus, Ohio, the Columbus Municipal Airport Authority and the County of Franklin, Ohio entered into the *Port Authority Consolidation and Joinder Agreement*. The effective date of the agreement was January 1, 2003. The agreement unites the operations of Columbus Municipal Airport Authority, created by the City in 1990, and the Rickenbacker Port Authority, created by the County in 1979 and dissolved by the County Commissioners via this action. The new entity is titled the *Columbus Regional Airport Authority (CRAA).* The board of directors of the CRAA shall be its governing body and shall consist of nine (9) members; four (4) appointed by the Mayor of the City of Columbus, four (4) by the County Commissioners of Franklin County and one (1) jointly by the Mayor and the County Commissioners.

Beginning January 1, 2003 the Columbus Regional Airport Authority (CRAA) will be characterized as a Joint Venture of the City and the County whereas, the current Columbus Municipal Airport Authority (CMAA) is a component unit of the City through December 31, 2002.