BASIC FINANCIAL STATEMENTS

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City of Columbus, Ohio

Exhibit 1

Statement of Net Assets
December 31, 2003
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents with treasurer	$ 346,516	$ 104,596	$ 451,112
Cash and cash equivalents with fiscal and escrow agents and other	430	-	430
Investments	3,244	-	3,244
Receivables (net of allowance for uncollectibles)	269,944	42,330	312,274
Due from:			
Other governments	61,563	-	61,563
Others	4,957	-	4,957
Internal Balances	(3,674)	3,674	-
Inventory	923	14,589	15,512
Deferred charges and other	789	1,612	2,401
Restricted assets:			
Cash and cash equivalents with treasurer and other	-	63,632	63,632
Cash and cash equivalents with trustees	-	8,677	8,677
Accrued interest receivable	-	2	2
Capital Assets:			
Land and construction in progress	195,303	162,141	357,444
Other capital assets, net of accumulated depreciation	1,110,886	1,328,744	2,439,630
Total assets	1,990,881	1,729,997	3,720,878
LIABILITIES			
Accounts payable and other current liabilities	22,668	9,183	31,851
Customer deposits	-	352	352
Accrued wages and benefits	33,508	2,441	35,949
Accrued interest payable	5,814	6,088	11,902
Due to:			
Other Governments	4,456	1,199	5,655
Other	8,600	77	8,677
Matured bonds and interest payable	1,733	-	1,733
Payable from restricted assets:			
Accounts payable	-	4,391	4,391
Due to other	-	34	34
Accrued interest	-	6,299	6,299
Deferred revenue and other	163,861	2,528	166,389
Current portion of:			
Accrued vacation and sick leave	39,900	4,374	44,274
Capital Leases	870	-	870
Notes payable	316	468	784
Bonds payable	80,188	81,939	162,127
Long-term portion of:			
Accrued vacation and sick leave	15,225	-	15,225
Capital Leases	870	-	870
Notes payable	3,826	1,225	5,051
Bonds payable, net	652,160	878,588	1,530,748
Total liabilities	1,033,995	999,186	2,033,181
NET ASSETS			
Invested in capital assets, net of related debt	588,676	528,665	1,117,341
Restricted for:			
Capital projects	65,944	59,209	125,153
Debt service	183,436	2,378	185,814
Other purposes	49,603	-	49,603
Unrestricted	69,227	140,559	209,786
Total net assets	$ 956,886	$ 730,811	$ 1,687,697

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, 2003
(amounts expressed in thousands)

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 84,083	$ 54,586	$ 13,671	$ 212
Public service	124,418	13,855	24,898	43,158
Public safety	371,649	11,975	3,765	-
Development	53,206	16,190	6,771	86
Health	37,229	8,044	12,197	-
Recreation and parks	76,780	10,350	43,590	381
Interest on long-term debt	38,036	-	-	-
Total governmental activities	785,401	115,000	104,892	43,837
Business-type activities:				
Water	91,796	92,276	-	-
Sanitary sewer	110,047	114,065	-	5
Storm sewer	18,606	20,878	-	-
Electric	54,872	56,723	-	294
Total business-type activities	275,321	283,942	-	299
Total	$ 1,060,722	$ 398,942	$ 104,892	$ 44,136

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
$ (15,614)	$ -	$ (15,614)
(42,507)	-	(42,507)
(355,909)	-	(355,909)
(30,159)	-	(30,159)
(16,988)	-	(16,988)
(22,459)	-	(22,459)
(38,036)	-	(38,036)
(521,672)	-	(521,672)
-	480	480
-	4,023	4,023
-	2,272	2,272
-	2,145	2,145
-	8,920	8,920
(521,672)	8,920	(512,752)
436,842	-	436,842
56,878	-	56,878
45,660	-	45,660
8,196	2,975	11,171
11,440	-	11,440
2,966	-	2,966
13,362	3,089	16,451
(5,812)	5,812	-
569,532	11,876	581,408
47,860	20,796	68,656
909,026	710,015	1,619,041
$ 956,886	$ 730,811	$ 1,687,697

City of Columbus, Ohio

Exhibit 3

Balance Sheet
Governmental Funds
December 31, 2003
(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	$ 58,841	$ 66	$ 142,526	$ 126,023	$ 327,456
Cash and investments with fiscal and escrow agents and other	-	-	-	430	430
Investments	-	3,211	-	33	3,244
Receivables (net of allowances for uncollectibles)	115,287	198	129,150	25,276	269,911
Due from other:				-	
Governments	23,488	-	-	38,075	61,563
Funds	3,689	-	-	6,250	9,939
Interfund receivable	-	-	4,462	-	4,462
Total assets	$ 201,305	$ 3,475	$ 276,138	$ 196,087	$ 677,005
LIABILITIES					
Accounts payable	3,794	-	898	13,939	18,631
Due to other:					
Governments	2,456	-	-	-	2,456
Funds	62	355	175	5,492	6,084
Other	6,450	-	2,150	-	8,600
Interfund payables	625	-	-	3,837	4,462
Deferred revenue and other	114,398	61	121,666	36,357	272,482
Matured bonds and interest payable	-	1,733	-	-	1,733
Accrued wages and benefits	20,390	-	-	3,152	23,542
Total liabilities	148,175	2,149	124,889	62,777	337,990
FUND BALANCES					
Reserved for:					
Encumbrances	14,539	-	34,356	167,666	216,561
Non-current loans receivable	-	-	-	19,091	19,091
Unreserved, reported in:					
General fund - designated for future years' expenditures	30,471	-	-	-	30,471
General fund - undesignated	8,120	-	-	-	8,120
Special revenue funds	-	-	-	(49,760)	(49,760)
Debt service funds	-	1,326	116,893	15,325	133,544
Capital projects funds	-	-	-	(19,012)	(19,012)
Total fund balances	53,130	1,326	151,249	133,310	339,015
Total liabilities and fund balances	$ 201,305	$ 3,475	$ 276,138	$ 196,087	$ 677,005

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

City of Columbus, Ohio

Exhibit 3.1

Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
December 31, 2003
(amounts expressed in thousands)

Total **fund balances** for governmental funds (Exhibit 3)		$	339,015
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	195,290		
Buildings, net of $99,774 accumulated depreciation	202,802		
Improvements other than buildings, net of $47,163 accumulated depreciation	86,644		
Machinery and equipment, net of $141,671 accumulated depreciation	54,727		
Infrastructure, net of $186,608 accumulated depreciation	759,561		
Total capital assets (See Note F)			1,299,024
Bond issuance costs associated with new debt issued by the City in 2003 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 amortized, over the life of the debt issued, as an adjustment to interest expense in the statement of activities.			789
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			9,744
City income tax revenue related to 2003 (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.			58,080
State shared revenue appropriated during the State of Ohio's fiscal year ended June 30, 2003 will be collected by the City in calendar year 2004. Revenue and a corresponding receivable for the amount appropriated but not received by December 31, 2003 are included in the government-wide statements			37,051
General obligation debt to be paid for by CRAA, a joint venture of the City. The revenue to be collected from CRAA was deferred in the funds statements, but recognized as revenue in the government-wide statements			13,500
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 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, 2003 are:			
Accrued wages and benefits			(3,798)
Accrued interest on bonds			(5,803)
Due to other governments			(2,000)
Accrued vacation and sick leave			(54,131)
Capital lease	(1,740)		
Bonds and notes payable	(720,202)		
Unamortized deferred amount on refunding	1,583		
Unamortized premiums	(14,226)		
Total long-term liabilities (see Note G)			(734,585)
Total **net assets** of governmental activities (Exhibit 1)		$	956,886

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

Exhibit 4

City of Columbus, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003
(amounts expressed in thousands)

	General	General Bond Retirement	Special Income Tax	Other Governmental Funds	Total Governmental Funds
REVENUES					
Income taxes	$ 329,077	$ 97,325	$ 12,368	$ 223	$ 438,993
Property taxes	45,660	-	-	-	45,660
Grants and subsidies	-	-	-	86,992	86,992
Investment income	7,783	57	-	356	8,196
Special assessments	-	95	-	-	95
Licenses and permits	957	-	-	24,252	25,209
Shared revenues	57,170	-	-	24,304	81,474
Charges for services	33,961	-	-	26,977	60,938
Fines and forfeits	17,091	-	-	4,626	21,717
Miscellaneous	5,445	-	18,212	27,265	50,922
Total revenues	497,144	97,477	30,580	194,995	820,196
EXPENDITURES					
Current:					
General government	61,776	196	100	20,035	82,107
Public service	47,816	-	196	42,267	90,279
Public safety	360,893	-	-	2,207	363,100
Development	16,497	-	-	35,580	52,077
Health	267	-	-	36,839	37,106
Recreation and parks	501	-	107	70,682	71,290
Capital outlay	1,273	-	-	95,924	97,197
Debt service:					
Principal retirement and payment of obligation under capitalized lease	-	119,352	1,111	-	120,463
Interest and fiscal charges	-	39,698	461	-	40,159
Total expenditures	489,023	159,246	1,975	303,534	953,778
Excess(deficiency) of revenues over expenditures	8,121	(61,769)	28,605	(108,539)	(133,582)
OTHER FINANCING SOURCES (USES)					
Transfers in	27,680	61,627	4,481	65,738	159,526
Transfers out	(41,529)	-	(78,901)	(26,432)	(146,862)
Proceeds from bonds and long-term notes issued	-	-	40,985	2,437	43,422
Premium on bond issuance	-	-	4,279	-	4,279
Total other financing sources (uses)	(13,849)	61,627	(29,156)	41,743	60,365
Net change in fund balance	(5,728)	(142)	(551)	(66,796)	(73,217)
Fund balances—beginning of year	58,858	1,468	151,800	200,106	412,232
Fund balances—end of year	$ 53,130	$ 1,326	$ 151,249	$ 133,310	$ 339,015

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, 2003
(amounts expressed in thousands)

Net change in **fund balances** - total governmental funds (Exhibit 4)	$ (73,217)
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 ($95,289 of total capital outlay of $97,197 met the capitalization requirements) offset by depreciation expense ($48,526) and loss on disposal of assets ($324) in the current period. The City had donated infrastructure of $26,265 in 2003 which is not reported in the governmental funds.	72,704
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The amount is the net effect of the reversal of prior year items against current year accruals.	(2,443)
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.	69,719
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.	(1,700)
Net loss of certain activities of internal service funds are reported with governmental activities.	(17,203)
Changes in **net assets** of governmental activities (Exhibit 2)	$ 47,860

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

City of Columbus, Ohio

Statement of Net Assets
Proprietary Funds
December 31, 2003
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Water	Sanitary Sewer	Storm Sewer	Electricity	Total	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents with treasurer	$ 36,310	$ 63,561	$ 4,249	$ 476	$ 104,596	19,060
Receivables (net of allowance for uncollectibles)	14,130	18,442	3,715	6,043	42,330	33
Due from other funds	696	271	194	427	1,588	208
Inventory	7,082	6,768	-	739	14,589	923
Total current assets	58,218	89,042	8,158	7,685	163,103	20,224
Noncurrent assets:						
Deferred charges and other	665	882	59	6	1,612	-
Restricted assets:						
Cash and cash equivalents with treasurer and other	37,326	3,371	20,980	1,955	63,632	-
Cash and cash equivalents with trustees	1,786	6,891	-	-	8,677	-
Accrued interest receivable	-	2	-	-	2	-
Capital Assets:						
Land and construction in progress	54,749	98,519	6,919	1,954	162,141	13
Other capital assets, net of accumulated depreciation	296,825	887,164	71,249	73,506	1,328,744	7,152
Total noncurrent assets	391,351	996,829	99,207	77,421	1,564,808	7,165
Total assets	449,569	1,085,871	107,365	85,106	1,727,911	27,389
LIABILITIES						
Current liabilities:						
Accounts payable	1,674	3,847	542	3,120	9,183	4,037
Customer deposits	-	-	-	352	352	-
Due to other:						
Governments	955	127	47	70	1,199	-
Funds	26	581	-	97	704	-
Others	-	4	-	73	77	-
Payable from restricted assets:						
Accounts payable	712	3,348	-	331	4,391	-
Due to others	-	25	-	9	34	-
Accrued interest payable	364	5,935	-	-	6,299	-
Deferred revenue and other	-	274	-	2,254	2,528	-
Accrued interest payable	2,271	3,180	464	173	6,088	11
Accrued wages and benefits	1,064	1,007	72	298	2,441	6,168
Accrued vacation and sick leave	1,861	1,783	98	632	4,374	994
Current portion of:						-
Bonds and loans payable	25,392	47,060	4,871	5,084	82,407	655
Total current liabilities	34,319	67,171	6,094	12,493	120,077	11,865
Noncurrent liabilities:						
Bonds and loans payable, net	246,436	547,876	61,981	23,520	879,813	2,990
Total noncurrent liabilities	246,436	547,876	61,981	23,520	879,813	2,990
Total liabilities	280,755	615,047	68,075	36,013	999,890	14,855
NET ASSETS						
Invested in capital assets, net of related debt	79,746	390,747	11,316	46,856	528,665	3,520
Restricted for:						
Construction	36,614	-	20,980	1,615	59,209	-
Debt Service	1,422	956	-	-	2,378	-
Unrestricted	51,032	79,121	6,994	622	137,769	9,014
Total net assets	$ 168,814	$ 470,824	$ 39,290	$ 49,093	728,021	$ 12,534
Adjustment to consolidate the internal service fund activities.					2,790	
Total net assets per the government-wide Statement of Net Assets					$ 730,811	

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, 2003
(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	$ 92,276	$ 114,065	$ 20,878	$ 56,723	$ 283,942	$ 101,810
Other	862	1,441	65	885	3,253	55
Total operating revenue	93,138	115,506	20,943	57,608	287,195	101,865
Operating expenses:						
Personal services	33,191	26,446	8,219	8,956	76,812	17,118
Materials and supplies	10,182	4,397	464	512	15,555	9,650
Contractual services	20,222	32,230	4,389	5,226	62,067	71,159
Purchased power	-	-	-	34,566	34,566	-
Depreciation	15,550	27,727	2,043	3,303	48,623	2,878
Other	528	1,132	119	1,053	2,832	6
Total operating expense	79,673	91,932	15,234	53,616	240,455	100,811
Operating income	13,465	23,574	5,709	3,992	46,740	1,054
Nonoperating revenue (expenses):						
Investment income	1,075	1,222	635	43	2,975	-
Interest expense	(12,113)	(18,189)	(3,409)	(1,260)	(34,971)	(196)
Other, net	74	59	-	2	135	520
Total nonoperating revenue (expenses)	(10,964)	(16,908)	(2,774)	(1,215)	(31,861)	324
Income before transfers	2,501	6,666	2,935	2,777	14,879	1,378
Transfers in	1,226	1,191	3,014	381	5,812	524
Transfers out	-	-	-	-	-	(19,000)
Change in net assets	3,727	7,857	5,949	3,158	20,691	(17,098)
Total net assets - beginning	165,087	462,967	33,341	45,935		29,632
Total net assets - ending	$ 168,814	$ 470,824	$ 39,290	$ 49,093		$ 12,534
Adjustment to consolidate the internal service fund activities.					105	
Total change in net assets of business-type activities					$ 20,796	

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, 2003
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sanitary Sewer	Storm Sewer	Electricity	Total	
Operating activities:						
Cash received from customers	$ 93,402	$ 124,898	$ 21,257	$ 56,706	$ 296,263	$ 102,010
Cash paid to employees	(33,445)	(32,766)	(2,239)	(9,056)	(77,506)	(17,210)
Cash paid to suppliers	(31,517)	(37,576)	(11,120)	(40,627)	(120,840)	(83,826)
Other receipts	168	457	–	674	1,299	55
Other payments	(757)	(918)	(131)	(311)	(2,117)	(6)
Net cash provided by operating activities	27,851	54,095	7,767	7,386	97,099	1,023
Noncapital financing activities:						
Transfers in	1,226	1,191	3,014	381	5,812	524
Transfers out	-	-	-	-	-	(19,000)
Net cash provided by (used in) noncapital financing activities	1,226	1,191	3,014	381	5,812	(18,476)
Capital and related financing activities:						
Proceeds from sale of assets	74	59	-	2	135	-
Purchases of property, plant and equipment	(16,818)	(80,582)	(7,533)	(5,505)	(110,438)	(312)
Proceeds from issuance of bonds, loans and notes	29,490	94,573	4,555	2,983	131,601	–
Principal payments on bonds and loans	(56,028)	(85,041)	(9,696)	(6,011)	(156,776)	(595)
Interest and fiscal charges paid on bonds, loans and notes	(10,360)	(21,036)	(3,017)	(1,204)	(35,617)	(198)
Net cash used in capital and related financing activities	(53,642)	(92,027)	(15,691)	(9,735)	(171,095)	(1,105)
Investing activities:						
Interest received on investments	1,429	1,293	537	(65)	3,194	-
Net cash provided by investing activities	1,429	1,293	537	(65)	3,194	-
Increase (decrease) in cash and cash equivalents	(23,136)	(35,448)	(4,373)	(2,033)	(64,990)	(18,558)
Cash and cash equivalents at beginning of year (including $110,773 in total restricted accounts)	98,558	109,271	29,602	4,464	241,895	37,618
Cash and cash equivalents at end of year (including $72,309 in total restricted accounts)	$ 75,422	$ 73,823	$ 25,229	$ 2,431	$ 176,905	$ 19,060

(Continued)

City of Columbus, Ohio

Exhibit 7 (Continued)

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sanitary Sewer	Storm Sewer	Electricity	Total	
Operating income	$ 13,465	$ 23,574	$ 5,709	$ 3,992	$ 46,740	$ 1,054
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	15,550	27,727	2,043	3,303	48,623	2,878
Amortization, net	(861)	(902)	(149)	(196)	(2,108)	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:						
Receivables	1,559	2,820	379	47	4,805	(4)
Due from other funds	(696)	(215)	(26)	(97)	(1,034)	118
Inventory	(327)	(142)	–	(163)	(632)	80
Accounts payable - net of items affecting property, plant, and equipment	(704)	863	(153)	(225)	(219)	(2,094)
Customer deposits	-	-	-	22	22	-
Due to other funds	(141)	497	(31)	29	354	(37)
Deferred revenue	-	(82)	-	701	619	-
Accrued wages and benefits	(24)	(34)	(4)	(20)	(82)	(968)
Accrued vacation and sick leave	30	(11)	(1)	(7)	11	(4)
Net cash provided by operating activities	$ 27,851	$ 54,095	$ 7,767	$ 7,386	$ 97,099	$ 1,023
Supplemental information:						
Noncash activities:						
Change in fair value of investments	$ 73	$ 64	$ 25	$ 2	$ 164	$ -
OWDA loan increase for capitalized interest	$ -	$ 1,191	$ -	$ -	$ 1,191	$ -

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

City of Columbus, Ohio

Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2003
(amounts expressed in thousands)

	Agency Funds
ASSETS	
Cash and cash equivalents:	
Cash and investments with treasurer	$ 54,860
Cash and investments with trustee	78
Investments	21
Due from other funds	10
Receivables (net of allowances for uncollectibles)	2
Total assets	54,971
LIABILITIES	
Due to:	
Other Governments	$ 40,284
Other Funds	4,957
Other	9,730
Total liabilities	54,971
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), as permitted by State law, to manage the City's two airports. CMAA became operational in November 1991. Although CMAA was a separate legal entity, the City discretely presented the financial statements of CMAA pursuant to GASB Statement No. 14 as a part of the reporting entity through December 31, 2002. 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) was characterized as a Joint Venture of the City and the County. CRAA's financial activity is reported in the Notes contained in this report. Complete financial statements of CRAA may be obtained from CRAA'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 2003 from the City were $608,003; 15% of its total revenue and support. The City has authorized an operating subsidy of $452,693 to the Conservatory District for 2004. 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 2003 the City provided cash assistance to AHT of $1,393,493. The County provided cash assistance of $1.0 million. AHT's total support and revenue in 2003 was $2.558 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*. Upon implementing GASB Statement No. 34 for the year ended December 31, 2001, infrastructure assets at historical cost (retroactive to 1979) were 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 implemented GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which rescinds some and modifies other financial statement disclosure requirements. For fiscal year 2003, the City implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures*. In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The provisions of this statement are effective for fiscal periods beginning after December 15, 2004. The City has not yet determined the effect, if any, GASB Statement No. 42 will have on its financial statements.

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

(a) Government-wide and fund financial statements

Financial information of the City 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. 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 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 13,449 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 as 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.

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 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

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 2001 or 2003 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 2001, 2002 or 2003.

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)				
	2003	2002	2001	2000	1999
Claims liability at January 1	$ 6,500	5,000	5,000	5,800	7,300
Incurred claims, net of favorable settlements	60,146	55,817	48,328	47,101	35,796
Claims paid	(61,146)	(54,317)	(48,328)	(47,901)	(37,296)
Claims liability at December 31	$ 5,500	6,500	5,000	5,000	5,800

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, 2003 are presented in Note E. Transfers are presented in Note P.

(n) 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.

(o) 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.

(p) 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, 2003, claims approximating $327.2 million were outstanding against the City. Based on the current status of all these legal proceedings, it is the opinion of management that ultimate resolution of such will not have a material effect on the City's financial statements.

(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 2003. 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, 2003 was $155.6 million net of premiums and discounts of $8.4 million, or a gross amount of $164.0 million.

(d) Other liabilities

At December 31, 2003, the City had certain other liabilities of Governmental Type Activities that will not be paid from funds available, as defined. 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 $3.8 million represents the employer's share of certain pension costs. This amount is due and payable in March 2004 and is budgeted in 2004 appropriations. This amount, therefore, is not payable from 2003 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, 2003, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount payable within one year
			(in thousands)		
Governmental Activities	$ 53,511	39,951	38,337	55,125	$ 39,900
Business Type Activities	4,363	5,755	5,744	4,374	4,374

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, 2003 fair value was $ 567,114 above the City's net cost for its investments. At December 31, 2002 fair value was $4,180,269 above net cost. Fair value is determined by quoted market prices and acceptable 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 agency fund cash and investments, for maximum investing efficiency. Earnings on the pool are allocated to individual funds 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, 2003.

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, 2003 was 54 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 National Association of Security Dealers. The City requires broker dealers to formally apply for and be evaluated for eligibility to conduct business with the City.

NOTE C—CASH AND INVESTMENTS (continued)

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. Generally, only eligible investments with the remaining terms not greater than two years until final maturity are purchased by the Treasurer. Investments with a remaining term of greater than two years may be purchased only with the specific approval of City Council. Average days to maturity of the City's investments with the Treasurer at December 31, 2003 was 367.1 days.

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

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

Obligations of the United States government:

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

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

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

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

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

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

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

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

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

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

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

The revenue bond agreements of the water and sanitary sewer enterprises 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: Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. 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, 2003, the carrying amount of all City deposits, exclusive of money market funds in the amount of $8,677,070 held by bond trustees, was $98,922,645. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2003, $69,124,566 of the City's bank balance of $99,401,566 was exposed to custodial risk as follows:

	(in thousands)
Uninsured and collateral held by the pledging financial institution's agents not in the City's name	$ 68,617
Uncollateralized and uninsured	508
Total balances per banks	$ 69,125

The money market funds, amounting to $8,677,070, while held by bond trustees as the City's agents and in the City's name, are also considered uncollateralized and uninsured. However, their disposition and availability are governed by bond ordinances and indentures.

Investments: As of December 31, 2003, the City had the following investments and maturities. (Amounts are in thousands.)

		Investment Maturities				
Investment Type	Fair Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
US Treasuries	$ 37,777	12,750	10,050	14,977	-	-
FFCB Coupon Notes	40,027	-	5,041	34,986	-	-
FHLB Coupon Notes	304,813	46,775	19,344	213,633	25,061	-
FNMA Coupon Notes	85,251	40,246	-	20,025	24,980	-
City of Columbus Assessment Bonds	558	166	392	-	-	-
City of Columbus Assessment Notes	1,693	140	328	1,225	-	-
City of Columbus Revenue (TIF) Bonds	555	-	-	-	-	555
Total	$ 470,674	100,077	35,155	284,846	50,041	555

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy generally limits investment portfolio maturities to two years or less. The City Treasurer holds one investment which matures on August 1, 2012. This $555,000 investment in City of Columbus Revenue (TIF) Bonds was specifically approved by City Council.

Credit Risk. The City's investments in the FFCB and FHLB Coupon Notes were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investment in FNMA Coupon Notes were rated AAA by both Standard and Poor's and Fitch. The City's investments in various City of Columbus bonds and notes totaling $2,805,898 were not specifically rated; however, the City of Columbus Assessment Bonds are considered general obligations of the City. The City's general obligation bond ratings by Standard & Poor's and Moody's Investor Services are AAA and Aaa, respectively.

Reconciliation of Cash and Investments to the Statement of Net Assets: The following is a reconciliation of cash and investments to Statement of Net Assets as of December 31, 2003. (Amounts are in thousands.)

		(in thousands)
Investments (summarized above)	$	470,674
Carrying amount of the City's Deposits		98,923
StarOhio		9,261
Money Market Funds held by Bond Trustees		8,677
Cash and collection items on hand		190
Less: City Auditor warrants payable		(5,671)
Total	$	582,054

Governmental Activities		
Governmental Funds		
Cash and investments with treasurer	$	327,456
Cash and investments with fiscal and escrow agents and other		430
Investments		3,244
Internal Service Funds		
Cash and investments with treasurer		19,060
Total Cash and Investments – Governmental Activities		350,190
Business-Type Activities		
Enterprise funds		
Cash and cash equivalents with treasurer		104,596
Restricted cash and cash equivalents with treasurer and other		63,632
Restricted cash and cash equivalents with trustee		8,677
Total Cash and Investments – Business-Type Activities		176,905
Agency Funds - cash, cash equivalents and investments		54,959
Total	$	582,054

NOTE D—RECEIVABLES

Receivables at December 31, 2003 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	$ 110,884	3,858	-	-	-	624	115,366	(79)	115,287
General bond retirement	-	-	-	-	182	16	198	-	198
Special income tax	21,503	13,500	94,147	-	-	-	129,150	-	129,150
Other governmental fund:	-	6,314	-	81,661	-	29	88,004	(62,728)	25,276
Total governmental funds	132,387	23,672	94,147	81,661	182	669	332,718	(62,807)	269,911
Business type funds:									
Water	-	16,181	-	-	-	119	16,300	(2,170)	14,130
Sanitary sewer	-	18,767	-	-	353	104	19,224	(780)	18,444
Storm sewer	-	3,675	-	-	-	40	3,715	-	3,715
Electricity	-	6,120	-	-	1,547	4	7,671	(1,628)	6,043
Total business type funds	-	44,743	-	-	1,900	267	46,910	(4,578)	42,332
Internal service funds	-	33	-	-	-	-	33	-	33
Total	$ 132,387	68,448	94,147	81,661	2,082	936	379,661	(67,385)	312,276

Housing and Urban Development (HUD) loans include Community Development Act (CDA) loans of $38.8 million, Home Investment Partnerships (HOME) Program loans of $34.9 million and various other loans totaling $7.9 million. Funds received under these programs that are loaned to eligible recipients are recorded as loans receivable. The City has recorded a $62.6 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 and other 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)	43,560	-	14,520	-	58,080	-
Property tax (Note M)	45,100	-	-	-	45,100	-
Shared revenue	23,487	-	-	13,564	37,051	-
Lease receivable (SWACO – Note H)	-	-	93,646	-	93,646	-
EMS receivable	2,251	-	-	-	2,251	-
CRAA receivable on long term debt	-		13,500	-	13,500	
Special assessments	-	61	-	-	61	1,528
Grants and other	-	-	-	22,793	22,793	1,000
	114,398	61	121,666	36,357	272,482	2,528

Enterprise customer and other accounts receivable include unbilled charges for services at December 31, 2003 as follows:

	(in thousands)
Water enterprise	$ 7,157
Sanitary sewer enterprise	9,225
Storm sewer enterprise	1,952
Electricity enterprise	3,096
	$ 21,430

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

		(in thousands) Due from	Due to
Governmental funds:			
General	$	3,689	62
General bond retirement		-	355
Special income tax		-	175
Other governmental:			
HOME Program Entitlement		5	-
Cable communications		8	-
General government grant fund		90	232
Local law enforcement block grant		1	-
Municipal court projects		6	-
Municipal court clerk		8	-
Special purpose		-	2
Development services		160	38
Community development act		49	-
Health		128	-
Health grants		61	-
Street construction maintenance and repair		822	94
Municipal motor vehicle tax		224	436
Golf course operations		30	-
Recreation and parks operations		178	22
Recreation and parks grants		63	-
Private grants		2	-
Collection fees		-	1
Streets and highways V-95, V-99		3,874	-
General permanent improvements		165	-
State issue 2-streets		-	2,493
Federal state highway engineering		-	2,174
Street and highway improvements		376	-
		6,250	5,492
Internal Service Funds:			
Employee benefits		8	-
Fleet management		126	-
Information services		65	-
City print services		2	-
Land acquisition		7	-
		208	-
Business type funds:			
Water		696	26
Sewer		271	581
Storm sewer		194	-
Electric		427	97
		1,588	704
Fiduciary type funds:			
Payroll		10	4,957
		11,745	11,745

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

In addition, the City has $4 million due from the CRAA, a joint venture, to the Special Income Tax Fund, a debt service fund, 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 CRAA pending an ultimate determination of the amount to be repaid, if any.

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

	(in thousands)	
	Receivable	Payable
Interfund Receivable/Payables:		
General	$ -	625
Special Income Tax	4,462	-
Other Governmental:		
Recreation debt service	-	3,837
	4,462	4,462

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.

A summary of capital assets and changes occurring in 2003 follows.

	(in thousands)			
	Balance December 31, 2002	Additions	Deletions	Balance December 31, 2003
Capital Assets used in:				
Governmental Activities				
Nondepreciable capital assets-				
Land	$ 175,032	20,288	17	195,303
Total nondepreciable capital assets	175,032	20,288	17	195,303
Depreciable capital assets:				
Building	289,306	15,468	-	304,774
Improvements, other than building	129,564	7,235	-	136,799
Machinery and equipment	235,636	5,100	9,917	230,819
Infrastructure	871,866	74,303	-	946,169
Total depreciable capital assets	1,526,372	102,106	9,917	1,618,561
Accumulated depreciation:				
Building	93,646	7,237	-	100,883
Improvements, other than building	42,140	5,649	-	47,789
Machinery and equipment	163,510	18,487	9,602	172,395
Infrastructure	166,577	20,031	-	186,608
Total accumulated depreciation	465,873	51,404	9,602	507,675
Total depreciable capital assets, net	1,060,499	50,702	315	1,110,886
Total governmental activities capital assets, net	1,235,531	70,990	332	1,306,189
Business Type Activities				
Nondepreciable capital assets:				
Land	43,052	2,312	-	45,364
Construction in progress	115,744	6,120	5,087	116,777
Total nondepreciable capital assets	158,796	8,432	5,087	162,141
Depreciable capital assets:				
Building	200,362	523	-	200,885
Improvements, other than building	1,549,391	112,807	-	1,662,198
Machinery and equipment	119,823	2,602	15,191	107,234
Infrastructure	76,558	6,937	24	83,471
Total depreciable capital assets	1,946,134	122,869	15,215	2,053,788
Accumulated depreciation:				
Building	124,938	4,226	-	129,164
Improvements, other than building	464,803	35,018	-	499,821
Machinery and equipment	91,654	7,336	15,153	83,837
Infrastructure	10,203	2,043	24	12,222
Total accumulated depreciation	691,598	48,623	15,177	725,044
Total depreciable capital assets, net	1,254,536	74,246	38	1,328,744
Total business type activities capital assets, net	1,413,332	82,678	5,125	1,490,885

NOTE F—CAPITAL ASSETS (continued)

Capital assets, net of accumulated depreciation, at December 31, 2003 appear in the Statement of Net Assets and/or the Fund Statements Balance Sheets as follows. (in thousands)

Governmental Activities (excludes Internal Service Funds)	$1,299,024		
Business type activities:		Internal service funds:	
Water enterprise	$ 351,574	Fleet management	$ 1,945
Sanitary sewer enterprise	985,683	Information services	4,457
Storm sewer enterprise	78,168	Telecommunications	754
Electricity enterprise	75,460	Land Acquisition	9

Depreciation expense in 2003 was charged to the following functions and funds. (in thousands)

Governmental Activities (excluding Internal Service Funds):		Internal Service Funds:	
General government	$ 1,694	Fleet management	$ 318
Public service	32,535	Information services	2,381
Public safety	8,234	Telecommunication	179
Development	769		$ 2,878
Health	115		
Recreation and parks	5,179		
	$ 48,526		
Business Type Activities:			
Water enterprise	$ 15,550		
Sanitary sewer enterprise	27,727		
Storm sewer enterprise	2,043		
Electricity enterprise	3,303		
	$ 48,623		

Interest incurred during the construction phase ($13,335 million in 2003), net of related interest earnings ($212 in 2003), of business-type activity capital assets is included as part of the capitalized value of the assets constructed. Interest was capitalized in 2003 in the following activities/funds.

	(in thousands)
Water enterprise	$ 1,144
Sanitary Sewer enterprise	11,979
	$ 13,123

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
Amount outstanding at December 31, 2003	$ 725,587	266,766	589,927	66,003	27,773
Unamortized bond premium	14,226	8,529	9,617	940	852
Unamortized bond discount	-	(456)	(1,066)	-	-
Unamortized deferred amounts On refundings	(1,583)	(3,011)	(3,542)	(91)	(21)
Amount per Statement of Net Assets	$ 738,230	271,828	594,936	66,852	28,604

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

The following table shows the activity in bonds, notes and loans payable during 2003.

(in thousands)

Type of obligation	Balance December 31, 2002	New Issues	Refundings	Maturities	Refunded	Balance December 31, 2003	Amount due in 2004
Governmental type							
General obligation							
OPWC notes	$ 3,751	600	-	251	-	4,100	$ 316
Bonds-fixed rate	728,755	-	40,985	71,348	44,235	654,157	77,073
Bonds-variable rate	25,685	-	-	2,295	-	23,390	2,295
Capitalized lease (Note J)	2,600	-	-	860	-	1,740	870
Information services bonds-fixed rate	3,775	-	-	610	-	3,165	625
Fleet management bonds-fixed rate	510	-	-	30	-	480	30
Revenue obligations							
Bonds (TIFs)-fixed rate	30,605	-	-	150	-	30,455	165
Bonds (TIFs)-variable rate	6,300	-	-	1,300	-	5,000	-
Notes (TIF)-long-term fixed rate	1,221	1,837	-	-	-	3,058	N/A
Single family mortgage revenue note (FNMA)	66	-	-	24	-	42	N/A
Total governmental type	803,268	2,437	40,985	76,868	44,235	725,587	81,374
Business type-enterprise							
Water							
General obligations							
Bonds-fixed rate	199,959	-	29,490	16,398	31,810	181,241	17,302
Bonds-variable rate	44,555	-	-	3,140	-	41,415	3,140
Revenue obligations							
Bonds-fixed rate	48,790	-	-	4,680	-	44,110	4,950
Total water	293,304	-	29,490	24,218	31,810	266,766	25,392
Sanitary sewer							
General obligations							
Bonds-fixed rate	219,530	-	37,935	22,398	40,970	194,097	22,488
Revenue obligations							
Bonds-fixed rate	71,640	-	-	10,940	-	60,700	11,300
Bonds-variable rate	51,600	-	-	-	-	51,600	-
OWDA/EPA loans	237,625	56,638	-	10,733	-	283,530	13,272
Total sanitary sewer	580,395	56,638	37,935	44,071	40,970	589,927	47,060
Storm sewer							
General obligations							
Bonds-fixed rate	66,189	-	4,555	4,341	5,010	61,393	4,526
Bonds-variable rate	4,955	-	-	345	-	4,610	345
Total storm sewer	71,144	-	4,555	4,686	5,010	66,003	4,871
Electricity							
General obligations							
Notes	-	1,693	-	-	-	1,693	468
Bonds-fixed rate	24,426	-	1,290	3,781	1,315	20,620	3,706
Bonds-variable rate	6,375	-	-	915	-	5,460	910
Total electricity	30,801	1,693	1,290	4,696	1,315	27,773	5,084
Total business type-enterprise	975,644	58,331	73,270	77,671	79,105	950,469	82,407
Total	$ 1,778,912	60,768	114,255	154,539	123,340	1,676,056	$ 163,781

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

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

General obligation OPWC notes	$ 251
Single Family Mortgage Revenue Note (FNMA)	24
General obligation bonds	73,643
Obligation under capital lease	860
Revenue bonds (TIFs)	1,450
Principal redeemed on refunding	44,235
Total	$ 120,463

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	$ 600
General obligation bonds - Refunding	40,985
Revenue note (TIF)	1,837
Total	$ 43,422

Premiums received on bonds are included in the Special Income Tax fund in the amount of $4,278,974.

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 2003 were as follows. (in thousands)

Accounted for in:	Date issued	Maturity date	Interest rate	Balance December 31, 2002	Additions	Deletions	Balance December 31, 2003
Electricity Enterprise	4/2/2003	7/2/2004	1.60%	$ -	140,000	-	140,000
	4/2/2003	10/2/2004	1.70%	-	328,000	-	328,000
	4/2/2003	4/2/2005	1.80%	-	1,225,000	-	1,225,000
Total Electricity				$ -	1,693,000	-	1,693,000

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 may be 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 $4.1 million 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, 2023. 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, 2003 were as follows: (in thousands)

Project	Project Number	Total grant commitment	Total loan commitment	Total Loaned at 12/31/03	Repaid by City Prior to 2003	Repaid by City In 2003	Outstanding Loans at 12/31/03
Sawmill Road	CC515	$ –	$ 200	200	90	10	100
Roberts Road	CC522	–	902	902	411	45	446
Neil Avenue	CC814	2,278	56	56	16	3	37
Cleveland Ave. North	CC903	2,503	1,347	1,347	336	67	944
Cleveland Ave. South	CC914	2,773	1,053	1,053	237	53	763
Main Street Rehab.	CC019	441	88	88	19	4	65
Mound Street Rehab.	CC017	546	98	98	22	5	71
Livingston Ave. Rehab.	CC015	1,622	352	352	80	18	254
Group 6	CC013	361	58	58	9	3	46
Edgehill Improvements	CC15A	577	162	162	24	8	130
US 23 Culvert	CC18A	305	39	39	8	2	29
James Road	CC08B	2,867	623	623	62	31	530
Stelzer Road	CC06C	2,082	87	87	-	2	85
Greenlawn Avenue	CC04D	5,298	1,277	600	-	-	600
Total			$ 6,342	5,665	1,314	251	4,100

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 March 5, 2003 was $1,836,912 and the amount received on April 27, 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 notes shall not exceed the City's rate of borrowing on general obligation bonds. The interest rate on the notes is estimated to be 4.60%. 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 the notes 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 12/31/2003 (in thousands)
Non-enterprise:				
Federal National Mortgage Association (FNMA)				
Single Family Mortgage				
Revenue Note	8/11/98	9/1/09	6.63%	$ 42

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

Arbitrage Regulations

The City has calculated and recorded all liabilities related to federal arbitrage regulation.

Long-Term Summary

Long-term debt, both general obligation (G.O.) and revenue supported 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					
G.O. Ohio Public Works Commission notes	1993-1999	2022	0.00%	0.00%	$ 4,100
G.O. Bonds–fixed rate	1972-2003	2020	3.00% to 12.375%	5.21%	654,157
G.O. Bonds-variable rate	1996	2017	0.60% to 1.25% (1.15% at year end)	0.94%	23,390
G.O. Information services bonds-fixed rate	1994-2000	2011	4.83% to 5.55%	5.03%	3,165
G.O. Fleet management bonds-fixed rate	1998	2019	4.62%	4.62%	480
Revenue Bonds (TIFs)-fixed rate-Easton	1999	2024	4.25% to 5.30%	5.00%	29,900
Revenue Bonds (TIFs)-fixed rate-Brewery	2002	2012	6.20%	6.20%	555
Revenue Bonds (TIFs)-variable rate-Polaris	2001	2011	0.75% to 1.40% (1.30% at year end)	1.07%	2,100
Revenue Bonds (TIFs)-variable rate-Brewery	2002	2022	0.70% to 1.35% (1.25% at year end)	1.05%	2,900
Revenue Note (TIF)-fixed rate	2002-2003	-	4.30%	4.30%	3,058
Revenue FNMA note	1998	2019	6.63%	6.63%	42
Total governmental type					723,847
Business type – enterprise					
Water					
G.O. bonds-fixed rate	1968-2003	2019	4.325% to 12.375%	5.36%	181,241
G.O. bonds-variable rate	1995-1996	2017	0.60% to 1.25% (1.15% at year end)	0.94%	41,415
Revenue bonds-fixed rate Series 1999	1999	2010	4.50% to 5.00%	4.94%	44,110
Sanitary sewer					
G.O. bonds-fixed rate	1976-2003	2023	4.163% to 12.375%	5.45%	194,097
Revenue bonds-fixed rate Series 2002	2002	2008	5.00%	5.00%	60,700
Revenue bonds-variable rate Series 1994	1994	2011	0.70% to 1.35% (1.25% at year end)	1.04%	51,600
OWDA-EPA loans	1977-2003	2028	0.91% to 6.75%	4.13%	283,530
Storm sewer					
G.O. bonds-fixed rate	1967-2003	2023	3.50% to 12.375%	5.17%	61,393
G.O. bonds-variable rate	1995-1996	2017	0.60% to 1.25% (1.15% at year end)	0.94%	4,610
Electricity					
G.O. bonds-fixed rate	1985-2003	2013	3.00% to 6.25%	5.25%	20,620
G.O. bonds-variable rate	1996	2009	0.60% to 1.25% (1.15% at year end)	0.94%	5,460
Total business type-enterprise					948,776
Total					$ 1,672,623

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

Certain characteristics of the City's debt are shown in the following table.

(in thousands)

	Governmental Type	Business Type: Water	Sanitary Sewer	Storm Sewer	Electricity	Total	Total
Amount outstanding							
General obligations (G.O.)	$ 685,292	222,656	194,097	66,003	26,080	508,836	1,194,128
Revenue obligations	38,555	44,110	395,830	-	-	439,940	478,495
Total	$ 723,847	266,766	589,927	66,003	26,080	948,776	1,672,623
% of outstanding amounts							
General obligations (% X total)	94.7%	83.5%	32.9%	100.0%	100.0%	53.6%	71.4%
Limited-unvoted (% X G.O.)	30.5%	24.0%	12.0%	10.3%	24.5%	17.7%	25.0%
Unlimited-voted (% X G.O.)	69.5%	76.0%	88.0%	89.7%	75.5%	82.3%	75.0%
Revenue obligations (% X total)	5.3%	16.5%	67.1%	0.0%	0.0%	46.4%	28.6%
% X Principal paid out within 10 yrs							
General obligations	82.3% (1)	77.2%	73.9%	66.4%	100.0%	75.7%	79.5% (1)
Revenue obligations	29.6% (2)	100.0%	100.0% (3)	-	-	100.0%(3)	87.0%(2)(3)
Weighted average interest rate							
General obligations	5.07%	4.55%	5.45%	4.90%	4.30%	4.93%	5.01%
Revenue obligations	4.41%	4.94%	3.86%	-	-	3.98%	4.01%

(1) Exclusive of Ohio Public Works Commission Notes of $4,099,668.
(2) Exclusive of TIF Note of $3,057,448 and FNMA Note of $41,588.
(3) Exclusive of Ohio Water Development Authority Loans of $283,530,345.

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 ($23,390,000) the Water Enterprise Fund ($41,415,000), the Electricity Enterprise Fund ($5,460,000), and the Storm Sewer Enterprise Fund ($4,610,000). 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, 2011 and December 15, 2011, 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 (4.00% at December 31, 2003) 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 ($2,100,000) 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 4.00%.

(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:					
2004	$ 1,173	1,617	234	183	2,064
2005	1,082	1,492	197	169	2,064
2006	990	1,366	161	155	2,064
2007	899	1,241	124	141	2,064
2008	807	1,115	88	128	2,064
2009-2013	2,340	3,692	51	431	3,200
2014-2018	447	746	-	101	-
2019-2022	178	-	-	-	-
	$ 7,916	11,269	855	1,308	13,520

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, 2003. Future interest assumes rates on variable rate debt in effect at December 31, 2003. 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:					
2004	$ 79,533	316	34,756	655	166
2005	76,816	316	30,731	645	133
2006	72,084	316	26,773	545	102
2007	69,329	316	23,022	540	74
2008	58,727	316	19,601	425	50
2009-2013	211,217	1,584	62,964	655	84
2014-2018	119,116	1,199	20,306	150	24
2019-2023	23,625	414	3,062	30	1
2024	2,555	-	125	-	-
	$ 713,002	4,777	221,340	3,645	634

	Enterprise Funds						
	Water		Sanitary Sewer			Electricity	
	Principal	Interest	Bond Principal	OWDA Principal	Interest	Principal	Interest
Year ending December 31:							
2004	$ 25,392	11,956	33,788	13,272	25,153	4,616	1,086
2005	25,504	10,680	28,832	15,152	24,799	4,182	894
2006	25,299	9,363	29,082	16,615	22,846	3,761	709
2007	25,732	8,059	29,452	17,050	20,538	3,490	547
2008	23,720	6,845	28,446	19,635	20,298	2,907	411
2009-2013	90,273	19,377	106,159	119,868	84,150	7,124	624
2014-2018	49,476	5,169	36,178	126,105	48,207	-	-
2019-2023	1,370	32	14,460	106,052	18,482	-	-
2024-2028	-	-	-	38,850	3,185	-	-
	$ 266,766	71,481	306,397	472,599	267,658	26,080	4,271

	Enterprise Funds (continued)	
	Storm Sewer	
	Principal	Interest
Year ending December 31:		
2004	$ 4,871	3,157
2005	4,649	2,913
2006	4,626	2,674
2007	4,583	2,436
2008	4,405	2,210
2009-2013	20,704	7,993
2014-2018	16,485	3,432
2019-2023	5,680	489
	$ 66,003	25,304

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, 2003:

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

	(in thousands)				
	Water	Sanitary Sewer	Storm Sewer	Electricity	Total Enterprise
Held by the City—					
Construction funds	$ 37,326	3,371	20,980	1,955	63,632
Held by trustees—					
Debt service funds	1,786	6,891	-	-	8,677
Accrued interest receivable on investments	-	2	-	-	2
Total restricted assets	$ 39,112	10,264	20,980	1,955	72,311

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 $1,107,000 and $625,749 respectively at December 31, 2003; $955,000 and $625,248 at December 31, 2002.

OWDA

Loans payable to the Ohio Water Development Authority (OWDA/EPA), $283,530,345 are revenue obligations incurred to help finance sewerage treatment facilities and are to be repaid from charges for sewerage services.

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 1991–2002	Issued in 2003	Unissued as of 12/31/03
Sanitary sewer system	1991	$ 325,000	279,455	-	45,545
Public safety	1999	28,255	28,255	-	-
Recreation and parks	1999	59,375	32,645	-	26,730
Refuse collection	1999	10,675	8,295	-	2,380
Streets and highways	1999	203,720	157,400	-	46,320
Health	1999	30,500	30,500	-	-
Electricity	1999	28,330	7,955	-	20,375
Storm sewers	1999	30,000	30,000	-	-
Water system	1999	200,000	62,920	-	137,080
		$ 915,855	637,425	-	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, 2003, the City's total net debt amounted to 3.57% of total assessed value of all property within the City and unvoted net debt amounted to 0.17% of the total assessed value of all property within the City. The City had a legal debt margin for total debt of $1,004.763 million and a legal debt margin for unvoted debt of $772.013 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, 2003 are as follows: (in thousands)

Title	Issue Date	Interest Rates	Original Amount	Outstanding at December 31, 2003	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	$ 1,320	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, 2003
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 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 an escrow agent 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 22 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.

"Service fee" revenue was $5.556 million in 2003 and is accounted for as miscellaneous revenue 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 2003 having premiums and/or issuance costs, none had discounts, are shown in the following table.

		(in thousands)	
	Par	Premium	Costs of Issuance
Governmental type			
GO Various purpose-refunding	$ 40,985	4,279	144
Total	$ 40,985	4,279	144
Business type			
GO Water enterprise-refunding	$ 29,490	3,024	104
GO Sanitary Sewer enterprise-refunding	37,935	3,834	125
GO Storm Sewer enterprise-refunding	4,555	582	16
GO Electricity enterprise-refunding	1,290	57	4
Total	$ 73,270	7,497	249

Advance Refundings and Defeasances

There were no advance refundings of bonds in 2003 and therefore, no defeasances.

Current Refundings

On June 5, 2003 the City sold $114,255,000 of General Obligation Refunding Bonds, dated June 17, 2003. The Refunding Bonds consisted of two series: $72,570,000 of unlimited (voted) bonds with a final maturity of July 1, 2018 and $41,685,000 of limited (unvoted) bonds with a final maturity of July 1, 2011. The Refunding Bonds refunded $123,340,000 of various purpose bonds issued on February 15, 1993 and March 15, 1993. These bonds were called on their call dates of July 1, 2003 and September 1, 2003. The refunding resulted in a premium of $11,776,036 and issuance costs, including underwriter's discount, of $393,598. A summary of the current refunding appears below.

	Governmental Type	Business Type – Enterprise Electricity System	Sanitary Sewers	Storm Sewers	Water System	Total
Requisition Price						
Old bonds outstanding	$ 44,235	1,315	40,970	5,010	31,810	123,340
Call premium on old bonds	872	26	723	96	616	2,333
Funds required to refund old bonds	45,107	1,341	41,693	5,106	32,426	125,673
Net carrying amount of old bonds						
Old bonds outstanding	44,235	1,315	40,970	5,010	31,810	123,340
Deferred amount on the refunding	$ 872	26	723	96	616	2,333
Funds used to accomplish the refunding						
Principal amount of new bonds issued	40,985	1,290	37,935	4,555	29,490	114,255
Portion of premium received on sale of new bonds	4,122	51	3,758	551	2,936	11,418
Total funds used to accomplish the refunding	$ 45,107	1,341	41,693	5,106	32,426	125,673
Nominal savings, economic gain and present value savings						
Refunded (old) bonds						
Principal	$ 44,235	1,315	40,970	5,010	31,810	123,340
Interest	8,700	97	11,964	1,385	9,657	31,803
Total refunded	52,935	1,412	52,934	6,395	41,467	155,143
Refunding (new) bonds						
Principal	40,985	1,290	37,935	4,555	29,490	114,255
Interest	7,417	77	9,353	1,177	7,533	25,557
Total refunding	48,402	1,367	47,288	5,732	37,023	139,812
Unadjusted reduction in aggregate debt service	4,533	45	5,646	663	4,444	15,331
Premium received	4,279	57	3,834	582	3,024	11,776
< Less > Call premium paid	(872)	(26)	(723)	(96)	(616)	(2,333)
< Less > Bonds redeemed with call premium	(3,250)	(25)	(3,035)	(455)	(2,320)	(9,085)
< Less > Underwriter's discount	(91)	(3)	(76)	(10)	(66)	(246)
< Less > Costs of issuance	(53)	(1)	(49)	(6)	(38)	(147)
Adjusted reduction in aggregate debt service	$ 4,546	47	5,597	678	4,428	15,296
Economic gain – present value of adjusted reduction in aggregate debt service	$ 4,106	45	4,739	596	3,722	13,208
Present value rate – true interest cost of new bonds	1.96%	1.14%	2.49%	2.33%	2.53%	2.34%
Interest rate borne by old bonds	4.85% to 5.50%	4.85% to 5.35%	4.85% to 5.50%	4.85% to 5.50%	4.85% to 5.50%	

NOTE H—ELECTRICITY

The City's Electricity Enterprise celebrated its 104th year of operation in 2003. The Enterprise presently serves 3,860 commercial customers and 9,589 residential customers and in 2003 had operating revenues of $57.6 million ($56.2 million in 2002). During 2003, the Electricity Enterprise Fund received approximately 24.3% (24.0% in 2002) 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.

NOTE H—ELECTRICITY (continued)

Included in receivables (Note D) in the Special Income Tax debt service fund is $94,146,487 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 2003, the City paid SWACO $10.3 million for landfill tipping fees ($10.9 million in 2002).

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

The City received $500,000 from SWACO in January, February, 2004 and is recognized as revenue in 2003 (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, 2003 follows:

Debt service: 1995-2002	$ 140,287,639
2003	16,450,080
Projected debt service 2004-2010	73,667,872
Less:	
Debt service prorated to Alum Creek transfer station vacated by SWACO (2004)	(76,952)
Total applicable debt service	$ 230,328,639
65% of total applicable debt service	$ 149,713,615
Less:	
Payments made by SWACO:	
1995-2002	(44,626,193)
2003	(8,297,000)
Credits in lieu of payments -	
Retired facility fee:	
1999-2002	(8,875,544)
2003	(2,466,421)
Environmental costs and other:	
1998-2002	(3,279,433)
2003	(121,784)
Interest due on deferred payment:	
1998-2002	9,948,741
2003	2,150,506
Amount due from SWACO to City at 12-31-2003	$ 94,146,487

Debt service for 1995 through 2003 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 2004 to 2010 include actual principal and interest on the general obligation bonds remaining to be paid. Debt service requirements on the City's bonds will be paid from the City's General Bond Retirement debt service fund. The City is fully capable of meeting the debt service requirements of these bonds.

See Note R – Subsequent Event.

NOTE I—PROPERTY LEASED TO OTHERS

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

The City leases certain real property, together with buildings and improvements located thereon, to the Columbus Zoological Park Association (the Zoo). The lease, with annual rental payments of $10 per year, payable in a lump sum of $200 on or before the first anniversary date of the amended lease, is an

NOTE I—PROPERTY LEASED TO OTHERS (continued)

extension of earlier leases that began in 1970. This current lease which commenced in 2003 expires December 31, 2023. 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, 2003 were approximately $5.1 million ($6.7 million in 2002).

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, 2003. This amount also appears in Note G.

Year ending December 31:	(in thousands)
2004	$ 1,007
2005	916
Total minimum lease payments	$ 1,923
Less—amount representing interest at 10.5%	(183)
Present value of net minimum lease payments	$ 1,740

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, 2003 was $415.7 million. Of this amount, $197.1 million was covered by P&F, $212.9 million was covered by OPERS and $5.7 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.

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, 2003 to December 31, 2003				
	Employee share			Employer	
	Paid by City	Paid by employee	Total	Share	Total
Police	6.5	3.5	10.0%	19.5%	29.5%
Fire	6.5	3.5	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%

NOTE K—PENSION PLANS (continued)

Police and Fire (P&F)

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

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

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

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

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

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

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

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

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

Year	Employee share paid by employee	Employee share paid by City	Employer share paid by City	Total paid by City
		(in thousands)		
Police:				
2003	$ 3,756	6,975	20,927	27,902
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
Fire:				
2003	$ 2,359	6,625	21,561	28,186
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

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 7.75% of covered payroll in 2002 and 2003. 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. Beginning in 2001, all retirees and survivors have monthly health care contributions.

D. The total health care expense paid by the retirement plan was $141,028,006 net of member contributions of $12,623,875 for the year ended December 31, 2,002. Eligible benefit recipients totaled 13,527 for police and 10,396 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 2003 allocated to postretirement care was approximately $8.3 million for police and $7.0 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). OPERS administers three separate pension plans as described below:

- The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.

- The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.

- The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

- OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

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

- 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)

- The ORC provides statutory authority for employee and employer contributions. The City's employee contribution rate in 2003 was 8.5%. The City's contribution rate, as an employer, was 13.55% of covered payroll.

- 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)		
2003	$ 225	17,878	28,858	46,736
2002	268	17,444	28,713	46,157
2001	286	17,251	27,957	45,208
2000	314	16,455	21,200	37,655
1999	304	15,758	25,612	41,370

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 Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

   OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

   In order to qualify for post-retirement health care coverage, age and service retirees must have 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 Post-employment 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. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety with separate employee contribution rates and benefits. The 2003 employer contribution rate for local government employer units, was 13.55% of covered payroll, and 5.00% 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, 2002.

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 2002 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 at year end 2003 was 364,881.

2. The City's contribution used to fund OPEB was $10.65 million.

3. $10.0 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2002.

4. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $18.7 billion and $8.7 billion, respectively.

E. OPERS Board adopts new Health Care "Choices" Plan

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired in an OPERS covered-position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present plan.

NOTE K—PENSION PLANS (continued)

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The plan will also offer a spending account feature, enabling the benefit recipient to apply his or her allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

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 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 $43,559,673 and $14,519,891, respectively, for the estimated income tax due to the City for 2003 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 2003 were levied after October 1, 2002 on the assessed value listed as of January 1, 2002, the lien date. One half of these taxes were due January 20, 2003 with the remaining balance due on June 20, 2003. Tangible personal property taxes attach as a lien and were levied on January 1, 2003. One half of this tax was due on April 30, 2003 and the remaining balance was due on September 20, 2003.

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

NOTE M—PROPERTY TAXES (continued)

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 2003 levy was based was approximately $14.551 billion. The assessed value for 2003, upon which the 2004 levy will be based, is approximately $14.489 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, 2003 were 95.2% (94.7% in 2002) of the tax levy.

Property taxes levied in 2003 but not due for collection until 2004 are recorded in the General Fund as taxes receivable and deferred revenues at December 31, 2003 in the amount of $45.1 million.

NOTE N—DEFICIT FUND EQUITIES

At December 31, 2003, the Recreation Debt Service Fund and the Parks & Recreation V-95, V-99 Capital Projects Fund had deficits of $3.787 million and $72 thousand, respectively. These deficits will be eliminated by future charges for services or bond proceeds.

Fund balance deficits may be budgeted for and exist on the City's budgetary basis of accounting for certain 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, 2003, miscellaneous revenues in the fund financial statement consisted of the following:

	(in thousands)		
	General	Special Income Tax	Other Governmental Funds
Hotel/motel taxes	$ 2,804	-	8,636
Refunds and reimbursements	1,206	96	2,126
Rent :			
SWACO	-	10,385	-
Other	90	219	210
Capital contribution	-	-	41
Payments in lieu of property taxes	14	-	5,620
Donations	-	-	1,754
HUD loan interest	-	-	754
City auto license tax	-	-	2,966
Commissions	64	-	-
Sale of assets	-	-	371
CRAA	-	5,858	-
Zoo	-	1,654	-
Other	1,267	-	4,787
	$ 5,445	18,212	27,265

NOTE P—TRANSFERS

For the year ended December 31, 2003, transfers presented in conformity with generally accepted accounting principles (GAAP) consisted of the following: (in thousands)

		Transfers in					
	Total Transfer Out	General Fund	General Bond Retirement Fund	Special Income Tax Fund	Other Governmental Funds	Governmental Activities Internal Service Funds	Business Type Activities-Enterprise Fund
General Fund:							
Recreation Operating	$ 25,122	-	-	-	25,122	-	-
Health Operating	16,204	-	-	-	16,204	-	-
Other	203	-	-	-	203	-	-
Total General Fund	41,529	-	-	-	41,529		-
Special Income Tax Fund:							
Bond premiums used for interest	2,403	-	2,403	-	-	-	-
Nonreciprocal interfund transfer to Storm Sewer (for debt service)	2,944	-	-	-	-		2,944
Nonreciprocal interfund transfer to Electricity (subsidy)	104	-	-	-	-	-	104
Tipping fees	13,450	13,450	-	-	-	-	-
Other	60,000	-	53,074	-	6,926	-	-
Total Special Income Tax Fund	78,901	13,450	55,477	-	6,926	-	3,048
Other Governmental Funds:							
Special Revenue Funds	2,265	73	1,428	-	764	-	-
Nonmajor Debt Service Funds	9,998	-	4,623	4,231	1,144	-	-
Capital Projects Funds	14,169	-	93	250	13,826	-	-
Other	-	-	-	-	-	-	-
Total Other Governmental Funds	26,432	73	6,144	4,481	15,734	-	-
Governmental Activities – Internal Service Funds:							
Internal Service Funds	19,000	14,157	6	-	1,549	524	2,764
Total	$ 165,862	27,680	61,627	4,481	65,738	524	5,812

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, 2003 are as follows:

	(in thousands)
Cash and investments	$ 453
Other current assets	379
Capital assets, net of accumulated depreciation	5,134
Other noncurrent assets	213
Total assets	6,179
Current liabilities	841
Noncurrent liabilities	86
Total liabilities	927
Investment in capital assets net of related debt	5,134
Restricted net assets	279
Unrestricted net assets	(161)
Total net asset	$ 5,252
Total revenues (including City payments of $608,003)	$ 4,041
Total expense	(4,054)
Loss before depreciation	(13)
Depreciation expense	(329)
Capital contributions	100
Decrease in net assets	$ (242)

The Conservatory District's restricted net assets at December 31, 2003 are comprised of an expendable endowment of $124,551 and an investment of $154,688 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, 2003 are as follows:

	(in thousands)
Cash and cash equivalents	$ 5,078
Other current assets, restricted	76
Capital assets, net of accumulated depreciation	23
Non-current assets other than capital	2,777
Total assets	7,954
Current liabilities	65
Non-current liabilities	6
Total liabilities	71
Investment in capital assets net of related debt	23
Restricted net assets	7,636
Unrestricted net assets	224
Total net assets	$ 7,883
Total revenues (including City support of $1,338,593)	$ 2,558
Total expense	(626)
Increase in net assets	$ 1,932

NOTE Q—JOINT VENTURES (CONTINUED)

COLUMBUS REGIONAL AIRPORT AUTHORITY

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 is its governing body and consists 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) is characterized as a Joint Venture of the City and the County whereas, the Columbus Municipal Airport Authority (CMAA) was reported as a component unit of the City through December 31, 2002.

Summary financial data of CRAA for the year ended December 31, 2003 are as follows:

	(in thousands)
Cash and cash equivalents, unrestricted	$ 29,402
Other current assets, unrestricted	6,944
Cash and cash equivalents, restricted	97,783
Other current assets, restricted	3,155
Capital assets, net of accumulated depreciation	411,451
Non-current assets other than capital	7,194
Total assets	555,929
Current liabilities payable from unrestricted assets	14,483
Current liabilities payable from restricted assets	11,979
Non-current liabilities	135,505
Total liabilities	161,967
Investment in capital assets net of related debt	275,778
Restricted net assets	96,829
Unrestricted net assets	21,355
Total net assets	$ 393,962
Total revenues and capital contributions	$ 88,710
Total expense	(69,044)
Increase in net assets	19,666
Net assets acquired through merger	73,259
Net assets at beginning of year	301,037
Total net assets at end of year	$ 393,962

NOTE R—SUBSEQUENT EVENT

On May 4, 2004, the City received $55.1 million from SWACO for partial satisfaction of lease rental payments due the City as described in Note H.