

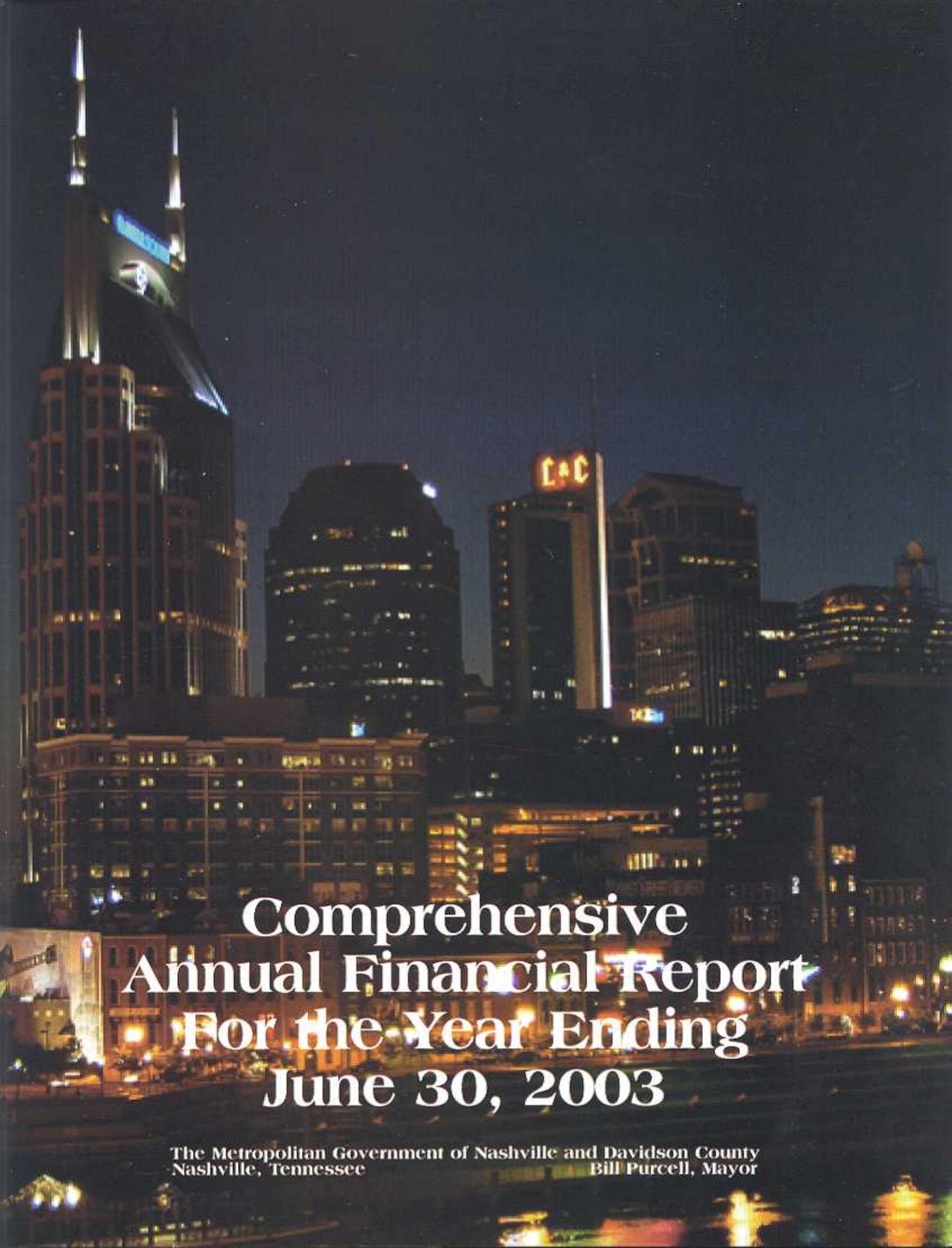
The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance



**Comprehensive  
Annual Financial Report  
For the Year Ending  
June 30, 2003**

The Metropolitan Government of Nashville and Davidson County  
Nashville, Tennessee

Bill Purcell, Mayor

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
For the Year Ended June 30, 2003

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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October 31, 2003

To the Citizens of Nashville and Davidson County, Tennessee:

We are pleased to submit the Comprehensive Annual Financial Report of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Government) for the fiscal year ended June 30, 2003. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Government. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the Government in accordance with generally accepted accounting principles (GAAP). All disclosures necessary to enable the reader to gain an understanding of the Government's financial activities have been included.

The Government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, and U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedules of federal and state financial assistance, findings and recommendations, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, are not included herein but are reported separately.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, this report includes all funds of the primary government and all component units. For purposes of this report, the primary government includes all departments and agencies of the Government which are not separate legal entities, including the Department of Water and Sewerage Services and Metropolitan Nashville Public Schools. The component units include those separate legal entities whose relationships with the primary government meet the criteria for inclusion defined in GASB Statement No. 14.

The Comprehensive Annual Financial Report is presented in three main sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a description of the form of government, the Government's organizational chart, a list of principal officials and an organizational chart for the Government's Finance Department. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements, notes, required supplementary information, individual fund and component unit statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

As noted previously, the Government is required to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The Government's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE GOVERNMENT**

Metropolitan Nashville and Davidson County is located in middle Tennessee at the hub of many air, rail and highway transportation routes. The Government provides a full range of services. These services include education; police and fire protection; waste management; construction and maintenance of highways, streets and infrastructure; traffic regulation and control; parking; health and social services; public housing; recreational and cultural activities; public libraries; planning and zoning; water and sewerage services; administration of justice; and general administrative services.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The local economy is a well-balanced blend of financial, agricultural, wholesale, retail, manufacturing and service industries. The local mix of these industries roughly reflects the national economy, with no single industry being predominant in the region. Computer technology, automotive, medical, private educational, private prison management, insurance, banking, publishing, telecommunications and entertainment companies all find a home in Nashville. With a rich economic, social and cultural environment, the city consistently scores high in national rankings of preferred business locations, best places to live and favorable environments for the creation and development of businesses.

The Nashville Metropolitan Statistical Area (MSA) economy has been slightly healthier than the national economy, with lower unemployment than the state and the nation. While the city has been affected by the current national economic situation, we expect no unusual negative effects specific to Nashville or the MSA.

The Government's two most significant locally generated revenue sources are sales and property taxes. The Government is watching the sales tax closely since the collections have been lower than expected. The property tax base has shown moderate growth and Nashville continues to have the lowest effective property tax rate of the four major Tennessee cities. The Government has no income tax.

## **MAJOR INITIATIVES**

The Government continues to emphasize delivery of focused public services in a way that provides maximum efficiency, effectiveness and value to the citizens of Nashville. The Government's major initiatives for fiscal year 2003, for fiscal year 2004 and for the future are discussed below.

**FOR FISCAL YEAR 2003:** Substitute budget ordinance BL2002-1073 adopted a balanced budget totaling \$1,312,208,694 in the budgetary funds, an increase of 6.7% over the budget for fiscal year 2002. The budget included some service improvements, but no change in property tax rates.

The budget continued to make improvements in our focus areas, including:

- **Public Education** – Metropolitan Nashville Public Schools developed and approved a systemwide strategic plan for 2002-2007 and created a 2003 Student-Based Budget. The budget advanced both the mission and the funding recommendations of that budget, partly through new expenditures and partly through redirecting existing funds. Funds were directed toward more staff, innovative programs, technology, books, supplies, materials, maintenance and compensation. The budget also continued the systematic plan to implement the recommendations of the comprehensive performance audit issued January 26, 2001.
- **Public Safety** – Metro continued to focus on assuring that our citizens are safe by providing the necessary personnel, training and equipment to our Police, Fire, Office of Emergency Management and related Health programs. The 2003 budget targeted funding for overtime in both the Police and

- Fire Departments, supported the implementation of most recommendations from the recent Police performance audit, included the hiring of School Resource Officers and included other improvements related to public safety and homeland security.
- Neighborhoods and Community Support – The continuing focus on supporting our neighborhoods and striving to ensure a high quality of life cut across all of our priorities. Particular efforts included a new household recycling program throughout the Urban Services District, a continued emphasis on creating safe and affordable housing in our neighborhoods, a master plan for sidewalks (which guides unprecedented levels of sidewalk construction), the Parks master plan (which guides our investments in parks, greenways and the like as we enter the second 100 years of our Parks system), and funding for Public Works performance audit recommendations.
- Valuing our Employees – The budget provided funds for 3% overall pay increases, normal pay increments, and increased fringe benefits and medical insurance costs in FY 2003.
- Other Enhancements – The budget also called for management improvements and changes, including consolidation of fleet management activities into a new Office of Fleet Management and consolidation of stormwater activities in the Department of Water and Sewerage Services.
- Results Matter – In fiscal 2002, Metro began deploying the government-wide “Results Matter” strategic planning and performance measurement initiative. The initiative, coordinated through the Office of Management and Budget in the Department of Finance, introduced the managing for results methodology into the systems and culture of all parts of Metro government. Implementation is being staged in a series of “waves”. To begin the process, an agency develops a strategic business plan using a specific methodology and process; the plan is focused around measurable performance results for customers. When the plan is complete, the agency’s budget is restructured into a program-based performance-informed budget that mirrors the structure of the strategic plan. An employee performance measurement system is being deployed to support the goals and objectives of the agency and program performance measures are being reviewed by the Internal Audit Section. As a result, the agency’s culture, financial structure and performance metrics support results for its customers.

FOR FISCAL YEAR 2004: Substitute budget ordinance BL2003-1471 appropriated a balanced budget totaling \$1,352,210,300 in the budgetary funds, an increase of 3.05% over the fiscal year 2003 budget ordinance. The budget included some service improvements but no change in property tax or local option sales tax rates despite state-shared tax cutbacks in the State of Tennessee’s budget.

The budget continues to make improvements in our focus areas, including:

- Public Education - The Metro Board of Public Education continues to implement a system-wide strategic plan for 2003-2008 with a vision "to become the top-performing school district in the nation." The 5.3% budget increase advances the Board’s mission through new expenditures and redirecting existing funds. The budget adds middle school teachers, guidance counselors, assistant principals, English Language Learner teachers, campus supervisors, bus drivers, school custodians and maintenance personnel; increases funds for textbooks, technology and technology support, supplies, parental communication efforts and strategic plan surveys; provides funds to open new schools and to implement the School Improvement Plan program; and funds increased costs for employee insurance and pensions.
- Public Safety – The budget consolidates Police and Fire communications into an Emergency Communications Center; adds funds for Police overtime pay for community policing, traffic calming, special events, training, radio equipment, school crossing guards and School Resource Officers; adds funds for operating the new North Nashville precinct; funds the Sheriff Department’s Day Reporting Center; funds costs related to the temporary relocation of courts during the Metro Courthouse renovation; funds Fire Department paramedic cross-training; and creates a Criminal Justice Population Projection Unit to help manage jail inmate populations.

- Neighborhood and Community Support - The budget continues to directly focus on our daily lives. It increases funding for Health Department immunization staff, the Medical Examiner's Office contract, Park Rangers, contributions to the arts and Human Relations compliance enforcement and other improvements; makes direct contributions to Neighborhood Aftercare, the Second Harvest Food Bank, United Way Family Resource Centers and Health Care Access / Bridges to Care; and opens all branch libraries on Friday.
- Valuing our Employees – The budget provides funds for 3% overall pay increases, normal pay increments, and increased fringe benefits and medical insurance costs in fiscal 2004.
- Other Enhancements – The budget also calls for management improvements and changes, including rent for temporary court facilities while the Courthouse renovation is underway; additional funding for the Metropolitan Transit Authority; increases in correctional health services costs; and utility contingencies.
- Results Matter – Eleven “Wave One” agencies representing about half of general fund expenditures and employees were implemented in FY 2003 with their first reformatted budgets effective in fiscal 2004. Thirteen “Wave Two” agencies, including the Department of Water and Sewerage Services, are being implemented in fiscal 2004 with their first program budgets anticipated in fiscal 2005 and 2006. Combined, these two waves constitute most of our operating expenditures and employees.

These initiatives will be addressed while ensuring the government meets its fundamental objectives of maintaining balanced budgets, keeping taxes low, and investing in Nashville's future. Details of all improvements included in the fiscal year 2003 and 2004 budgets are described in the annual *Operating Budget* books and in the *Budget in Brief* booklets published by the Department of Finance, Office of Management and Budget. They are also available on the GFOA-award-winning Citizen's Guide to the Budget at the [www.nashville.gov](http://www.nashville.gov) internet site.

FOR THE FUTURE: In coming years, the Government's agenda will focus on efforts to:

- Continue improving public education. Although improvements have been made in recent years, the work of our schools will involve the whole community's attention, time and commitment to the public school system.
- Continue to focus on our neighborhoods and on their safety and unity through the Office of Neighborhoods, the Police department and other departments of the Government.
- Continue to focus on the issues underlying our quality of life. This includes economic and community development, parks, the arts, libraries, adequate public transportation and affordable housing.
- Review the structures, procedures and management of the Government to ensure the most effective, efficient services to its citizens.

These issues will be successfully resolved by the ongoing cooperation of business, government, citizen groups and other involved parties. The Government's budget continues to stress sound financial management and efficiency, effectiveness and equity in public services. It remains committed to building a future in which all citizens of Davidson County can enjoy economic prosperity and a quality lifestyle.

## **FINANCIAL INFORMATION**

**CASH MANAGEMENT:** Cash temporarily idle during the year was primarily invested in demand deposits, certificates of deposit, obligations of the U. S. Treasury, commercial paper and the State of Tennessee Local Government Investment Pool. Investments are made either directly or through the Metro Investment Pool. Investments in the pension trust funds also include common stocks, corporate bonds and other holdings.

The Government's investment policy is to preserve principal, minimize credit and market risks and maintain adequate liquidity while maximizing the rate of return on its portfolio. The investment policy encourages conservative, low risk investments and does not permit more risky methods to enhance investment returns. The majority of the cash deposits are held by financial institutions participating in the bank collateral pool administered by the State of Tennessee, thus ensuring that they are collateralized. Earnings continue to be realized as a result of the banking service agreement, which in part provides for the daily investment of demand deposit balances.

The primary government earned investment income of \$18 million for the year ended June 30, 2003.

**RISK MANAGEMENT:** The Government continued to operate a risk management program, which was initiated in 1978. As part of its comprehensive plan, resources are being accumulated in various internal service funds to meet potential losses. Accepted risk control techniques, including employee accident prevention training, have been implemented to minimize potential liability losses. In addition, the Government has elected to come under the Tennessee Tort Liability laws in order to limit its potential liability.

**PENSION TRUST FUNDS:** The pension system of the Government covers substantially all full-time employees. It consists of one pension plan that is open to new members and five pension plans that are closed to new members but are still used by some employees of the former City of Nashville, the former Davidson County and Metropolitan Nashville Public Schools.

After recognizing contributions from other funds, employees, and the State of Tennessee, the General Fund is responsible for amounts necessary to fund the Metropolitan Employees' Benefit Trust Fund (which includes Division A, the closed plan, and Division B, the open plan) and the following four closed plans:

- The County Plan - Davidson County Employees' Retirement Fund
- The County Education Plan - Employees' Pension and Insurance Fund
- The City Plan - Closed City Plan Fund
- The City Education Plan - Teachers' Civil Service and Pension Fund

After recognizing contributions from employees and the State of Tennessee, Metropolitan Nashville Public Schools is responsible for funding the Metro Education plan – The Teachers' Retirement Plan Fund. The total assets of all pension (and other employee benefit) trust funds were \$1.5 billion at June 30, 2003.

**INTERNAL CONTROL STRUCTURE:** Management of the Government establishes and maintains an internal control structure designed to ensure that the assets of the Government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

**BUDGETARY CONTROLS:** The Government maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Government's governing body, the Metropolitan Council. Activities of the General Fund, General Purpose School Fund and the General Purposes and School Purposes Debt Service Funds are included in the annual appropriated budget. The Government maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). Encumbrances outstanding at June 30, 2003 are reported as reservations of fund balance for subsequent year expenditures.

**SINGLE AUDIT:** As a recipient of federal and state financial assistance, the Government is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. As part of the Government's single audit, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the Government has complied, in all material respects, with applicable laws and regulations. The results of the Government's single audit for fiscal year 2003, including any reported instances of weaknesses in the internal control structure or any violations of applicable laws and regulations, are reported separately.

## OTHER INFORMATION

**INDEPENDENT AUDIT:** Section 6.15 of the Metropolitan Charter requires an annual audit of accounts and other evidences of financial transactions of the Government and of its departments, offices and agencies by independent certified public accountants. The audit is performed by a firm chosen by a three-member audit board consisting of the Vice-Mayor, the Chairman of the Budget and Finance Committee of the Metropolitan Council, and the Chairman of the Metropolitan Nashville Public Schools. The Government has complied with this requirement. The independent auditors' report and the non-major governmental, non-major enterprise, internal service and fiduciary funds' statements and schedules are included in the financial section of this report.

**AWARDS:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Government for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR and conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Government has received a Certificate of Achievement for the last twenty years. We believe this report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

The GFOA presented a Distinguished Budget Presentation Award to the Government for its annual budget for the fiscal year beginning July 1, 2003. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. The award is valid for a period of one year only. It is the Government's thirteenth year to receive this award.

The GFOA also presented the Metropolitan Government with one of only three 2003 Awards for Excellence in Government Finance. The award for "e-government and Technology (Subcategory: Communications and Reporting)" was for our FY 2003 Citizens' Guide to the Budget at the 'www.nashville.gov' internet site.

**ACKNOWLEDGMENTS:** Many individuals and organizations throughout the Government assisted in preparing this CAFR. To each of them we gratefully express our sincere appreciation for their dedicated contributions.

In conclusion, we acknowledge and express our appreciation for the strong support of the Metropolitan Council. The Council's support will continue to be vital as we work to further strengthen the financial management of the Metropolitan Government.

Sincerely,

Bill Purcell  
Mayor

David L. Manning  
Director of Finance

Certificate of Achievement

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

The Metropolitan  
Government of Nashville &  
Davidson County, Tennessee

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

The Metropolitan Government of Nashville and Davidson County was awarded the Certificate of Achievement by the Government Finance Officers Association of the United States and Canada for its Comprehensive Annual Financial Report for the year ended June 30, 2002.



A handwritten signature in cursive script, reading "Edward Haney".

President

A handwritten signature in cursive script, reading "Jeffrey R. Emen".

Executive Director

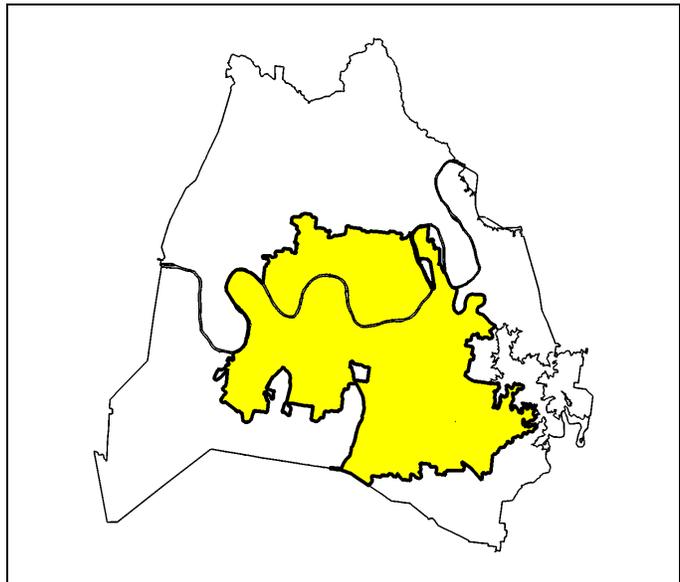
**THE METROPOLITAN GOVERNMENT OF NASHVILLE  
AND DAVIDSON COUNTY  
FORM OF GOVERNMENT**

On April 1, 1963 the governments of the City of Nashville and Davidson County were consolidated into a single "Metropolitan Government of Nashville and Davidson County", under which the boundaries of the City of Nashville and Davidson County are coextensive.

The executive and administrative powers are vested in the Mayor, who is elected at large for a four-year term. The Mayor is authorized to administer, supervise and control all departments and to appoint all members of boards and commissions. A two-thirds vote of the legislative body, the Council, is required to override the Mayor's veto. The Charter also provides for a Vice-Mayor, who is elected at large for a four-year term and is the presiding officer of the Council. The Council is composed of 40 members who are elected for four-year terms.

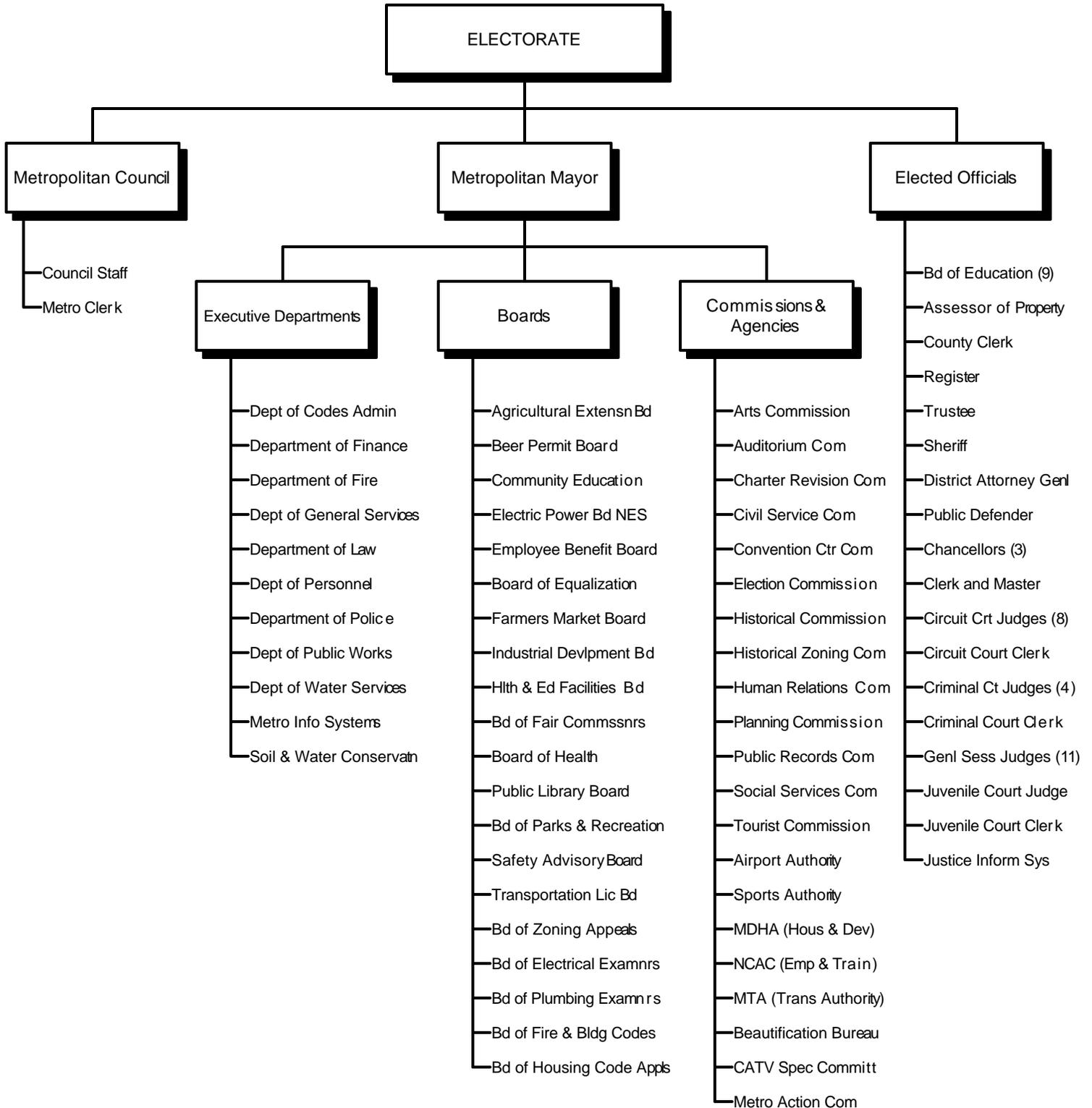
The Charter provides a framework for local government in Nashville to serve the needs of two service districts: (i) the General Services District (the GSD) and (ii) the Urban Services District (the USD). The GSD embraces the entire area of Davidson County and its residents are taxed to support those services, functions and debt obligations which are deemed properly chargeable to the whole population. Such services include general administration, police, fire protection, courts, jails, health, welfare, hospitals, streets and roads, traffic, schools, parks and recreation, airport facilities, auditoriums, public housing, urban renewal, planning and public libraries.

The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. USD residents are charged an additional tax to support those services, functions and debt obligations which benefit only the USD. Such services include additional police protection, storm sewers, street lighting and refuse collection. The Charter provides: "The area of the Urban Services District may be expanded and its territorial limits extended by annexation whenever particular areas of the General Services District come to need urban services, and The Metropolitan Government becomes able to provide such service within a reasonable period which shall be no greater than one year after ad valorem taxes in the annexed area become due." Since April 1, 1963 the area of the USD has been expanded from 72 square miles to 152 square miles.



The USD (shaded area) is a subset of the  
GSD

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 ORGANIZATION CHART



**THE METROPOLITAN GOVERNMENT OF  
NASHVILLE AND DAVIDSON COUNTY**

**Elected Officials  
at June 30, 2003**

Bill Purcell, Mayor

**Finance Officials**

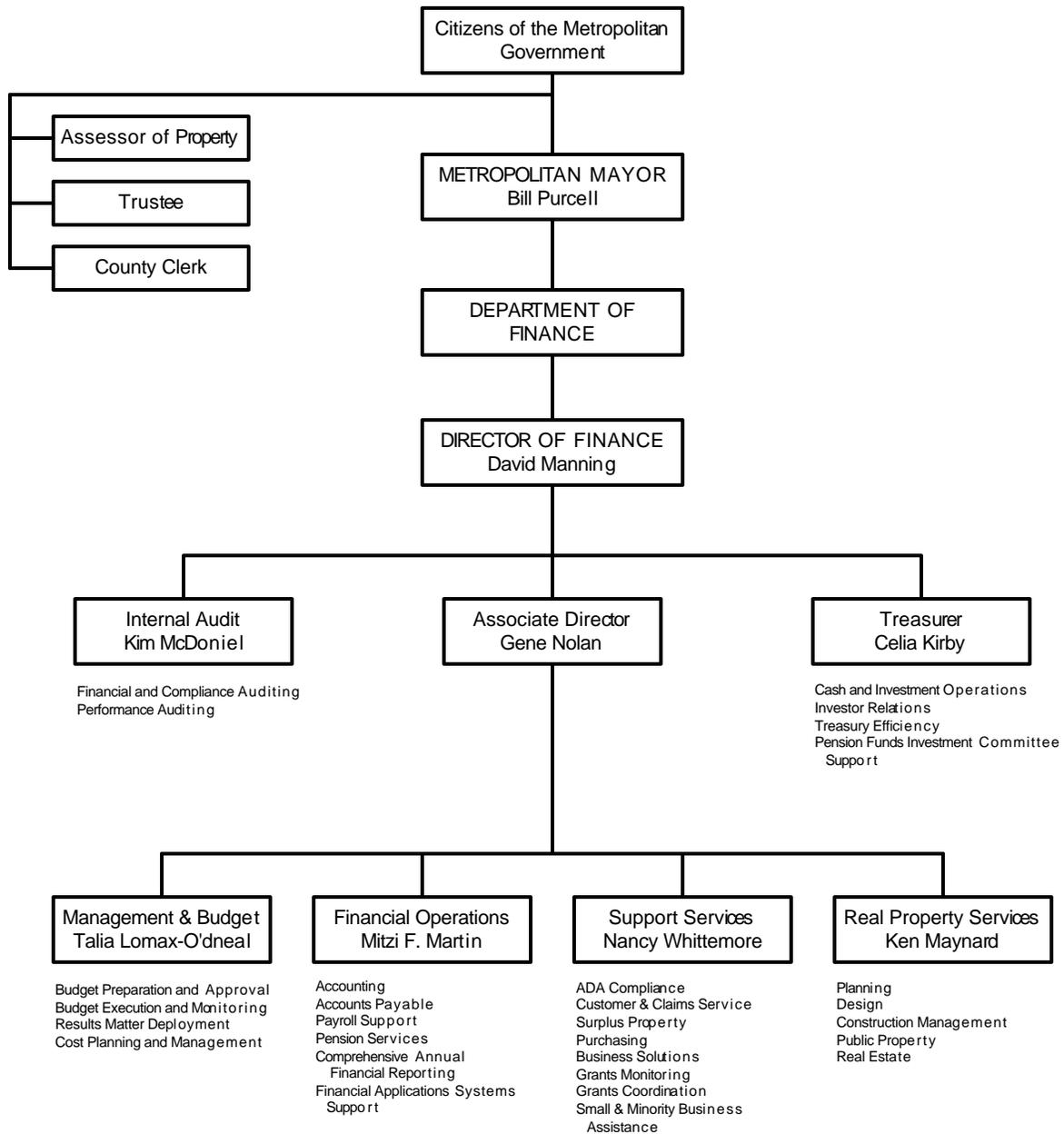
Jo Ann North	Assessor of Property
Charles E. Cardwell	Trustee
Bill Covington	County Clerk

**The County Council**

Howard Gentry, Jr.	Vice Mayor
David Briley	Council Member-at-large
Chris Ferrell	Council Member-at-large
Adam Dread	Council Member-at-large
Carolyn Baldwin Tucker	Council Member-at-large
Leo Waters	Council Member-at-large

District No. 1 - Brenda Gilmore	District No. 19 - Ludy N. Wallace
District No. 2 - Melvin Black	District No. 20 - Morris Haddox
District No. 3 - Ron Nollner	District No. 21 - Edward Whitmore
District No. 4 - Don Majors	District No. 22 - Norma Hand
District No. 5 - Lawrence Hall, Jr.	District No. 23 - Bob Bogen
District No. 6 - Eileen Beehan	District No. 24 - John Summers
District No. 7 - Earl Campbell	District No. 25 - Jim Shulman
District No. 8 - Lawrence Hart	District No. 26 - Vacant
District No. 9 - James Dillard	District No. 27 - Janis Sontany
District No. 10 - Bettye Balthrop	District No. 28 - Jason Alexander
District No. 11 - Feller Brown	District No. 29 - Saletta Holloway
District No. 12 - Phil Ponder	District No. 30 - Michael Kerstetter
District No. 13 - Tony Derryberry	District No. 31 - Don Knoch
District No. 14 - Bruce Stanley	District No. 32 - Craig Jenkins
District No. 15 - J.B. Loring	District No. 33 - Ron Turner
District No. 16 - Amanda McClendon	District No. 34 - Lynn Williams
District No. 17 - Ronnie Greer	District No. 35 - Charlie Tygard
District No. 18 - Ginger Hausser	

# ORGANIZATION OF THE DEPARTMENT OF FINANCE AND OTHER FINANCIAL OFFICES



## Independent Auditors' Report

The Honorable Mayor and Members of Council  
The Metropolitan Government of Nashville  
and Davidson County, Tennessee:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Government) as of and for the year ended June 30, 2003, which collectively comprise the Government's basic financial statements as listed in the Table of Contents. We also have audited the Sports Authority, General Hospital, and Bordeaux Hospital, discretely presented component units of the Government, as of and for the year ended June 30, 2003 as displayed in the Government's basic financial statements. We also have audited the financial statements of each of the Government's nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds presented as supplementary information in the accompanying combining financial statements as of and for the year ended June 30, 2003, as listed in the Table of Contents. These financial statements are the responsibility of the management of the Government. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following Component Units: the Nashville District Management Corporation, the Metropolitan Development and Housing Agency, the Electric Power Board, the Metropolitan Transit Authority, the Nashville Thermal Transfer Corporation, the Metropolitan Nashville Airport Authority, the Emergency Communications District, and the Industrial Development Board, which reflect 77% of the total assets and 87% of the total revenues of the Component Units of the Government. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, as well as each discretely presented component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the General Purpose School Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary fund of

the Government, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, the schedule of funding progress, the schedule of employer contributions, and the condition rating of the transportation network on pages A-1 through A-12, B-82 through B-85, B-86 through B-87, and B-104 through B-105, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2003 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements and on each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, the Sports Authority, General Hospital, and Bordeaux Hospital. The Schedules listed in the Table of Contents, which are also the responsibility of the management of the Government, are presented for purposes of additional analysis and are not a required part of the financial statements of the Government. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The introductory and statistical sections listed in the Table of Contents are presented for purpose of additional analysis and are not a required part of the financial statements of the Government. Such additional information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

KPMG LLP

October 31, 2003

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Metropolitan Government of Nashville and Davidson County (the Government), we offer readers of the Government's financial statements this narrative overview and analysis of the financial activities of the Government for the fiscal year ended June 30, 2003.

### FINANCIAL HIGHLIGHTS

- The assets of the Government exceeded its liabilities at the close of the most recent fiscal year by \$2.4 billion (*net assets*). Of this amount, \$229 million (*unrestricted net assets*) may be used to meet the Government's ongoing obligations to citizens and creditors.
- The Government's total net assets increased by \$35 million (\$19 million from governmental activities and \$16 million from business-type activities).
- As of the close of the current fiscal year, the Government's governmental funds reported combined ending fund balances of \$360 million, a decrease of \$165 million in comparison with the prior year. Approximately 10.69% of this total amount, \$39 million, is available for spending at the Government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$31 million, or 5.12% of total general fund expenditures.
- The proprietary funds reported net assets at year-end of \$1.1 billion, an increase of \$50 million during the year.
- The Government's total general obligation and revenue bonds outstanding decreased by \$28 million (1.64%) during the current fiscal year. Although new and refunding debt issues totaled \$206 million, this increase was offset by the retirement of the refunded debt, principal payments and changes in deferred amounts of \$234 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Government's basic financial statements. The Government's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Government's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Government's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Government is improving or deteriorating.

The Statement of Activities presents information showing how the Government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Government include general government, fiscal administration, administration of justice, law enforcement and care of prisoners, fire prevention and control, education, regulation and inspection, conservation of natural resources, public welfare, public health and hospitals, public library system, public works, highways and streets, and recreational and cultural. The business-type activities of the Government include the Department of Water and Sewerage Services, District Energy System, Nashville Convention Center, Board of Fair Commissioners, Farmers Market, Police Secondary Employment and Surplus Property Auction.

The government-wide financial statements include not only the Government itself (known as the *primary government*), but also the Nashville District Management Corporation, Sports Authority, Hospital Authority, Metropolitan Development and Housing Agency, Electric Power Board, Metropolitan Transit Authority, Nashville Thermal Transfer Corporation, Metropolitan Nashville Airport Authority, Emergency Communications District, and

Industrial Development Board. These *component units* are legally separate organizations for which the Government is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages B-2 to B-5 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the Government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Government's near-term financing decisions. Both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Government reports 26 individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the General Fund, General Purpose School Fund, GSD General Purposes Debt Service Fund, GSD School Purposes Debt Service Fund, and USD General Purposes Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The Government adopts an annual appropriated budget for each major governmental fund. Budgetary comparison statements have been provided in the Basic Financial Statements section for the General Fund and General Purpose School Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages B-6 to B-17 of this report.

**Proprietary funds** – The Government maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Government uses enterprise funds to account for the Department of Water and Sewerage Services, District Energy System, Nashville Convention Center, Board of Fair Commissioners, Farmers Market, Police Secondary Employment and Surplus Property Auction. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Government's various functions. The Government uses internal service funds to account for its printing, fleet of vehicles, information systems, radio equipment, insurance, office supply, postal, facilities planning, and treasury management services. Because these services predominantly benefit governmental rather than business-type functions, they have been primarily included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Department of Water and Sewerage Services and District Energy System which are considered to be major funds of the Government. Data from the other enterprise funds are combined into a single, aggregated presentation. Also, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages B-18 to B-23 of this report.

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages B-24 to B-25 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages B-39 to B-103 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Government's progress in funding its obligation to provide pension benefits to employees, found on pages B-82 to B-87, and concerning certain infrastructure condition and maintenance data, found on pages B-104 to B-105.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Government, assets exceeded liabilities by \$2.4 billion at the close of the most recent fiscal year.

### The Government's Net Assets in thousands of dollars (as of June 30,)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 1,164,100	\$ 1,272,304	\$ 410,603	\$ 386,933	\$ 1,574,703	\$ 1,659,237
Capital assets	2,138,850	2,041,924	1,321,060	1,276,224	3,459,910	3,318,148
<b>Total assets</b>	<b>3,302,950</b>	<b>3,314,228</b>	<b>1,731,663</b>	<b>1,663,157</b>	<b>5,034,613</b>	<b>4,977,385</b>
Long-term liabilities	1,241,013	1,304,644	593,898	551,711	1,834,911	1,856,355
Other liabilities	753,675	720,376	70,794	60,605	824,469	780,981
<b>Total liabilities</b>	<b>1,994,688</b>	<b>2,025,020</b>	<b>664,692</b>	<b>612,316</b>	<b>2,659,380</b>	<b>2,637,336</b>
Net assets:						
Invested in capital assets, net of related debt	1,009,271	857,993	736,692	699,546	1,745,963	1,557,539
Restricted	131,272	79,462	269,111	281,313	400,383	360,775
Unrestricted	167,719	351,753	61,168	69,982	228,887	421,735
<b>Total net assets</b>	<b>\$ 1,308,262</b>	<b>\$ 1,289,208</b>	<b>\$ 1,066,971</b>	<b>\$ 1,050,841</b>	<b>\$ 2,375,233</b>	<b>\$ 2,340,049</b>

Current and other assets decreased by 5.09% due primarily to increased spending for capital projects, payroll and benefits which resulted in a decrease in the balances of cash, cash equivalents and investments of \$88 million. Capital assets increased by 4.27% due primarily to the construction of new steam and chilled water generating facilities, improvements to an existing energy distribution system, additional donated infrastructure, construction of new schools and renovation of existing government buildings. Long-term liabilities decreased by 1.16% due to the retirement of refunded debt, principal payments and changes in deferred amounts in excess of new and refunding debt issues. Other liabilities increased by 5.57% primarily due to funds with negative cash balances which are reported as liabilities.

The largest portion of the Government's net assets (73.51%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Government's net assets (16.86%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets representing unrestricted net assets (\$229 million) may be used to meet the Government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Government is able to report positive balances in all three categories of net assets, both for the Government as a whole, as well as for its total governmental and total business-type activities.

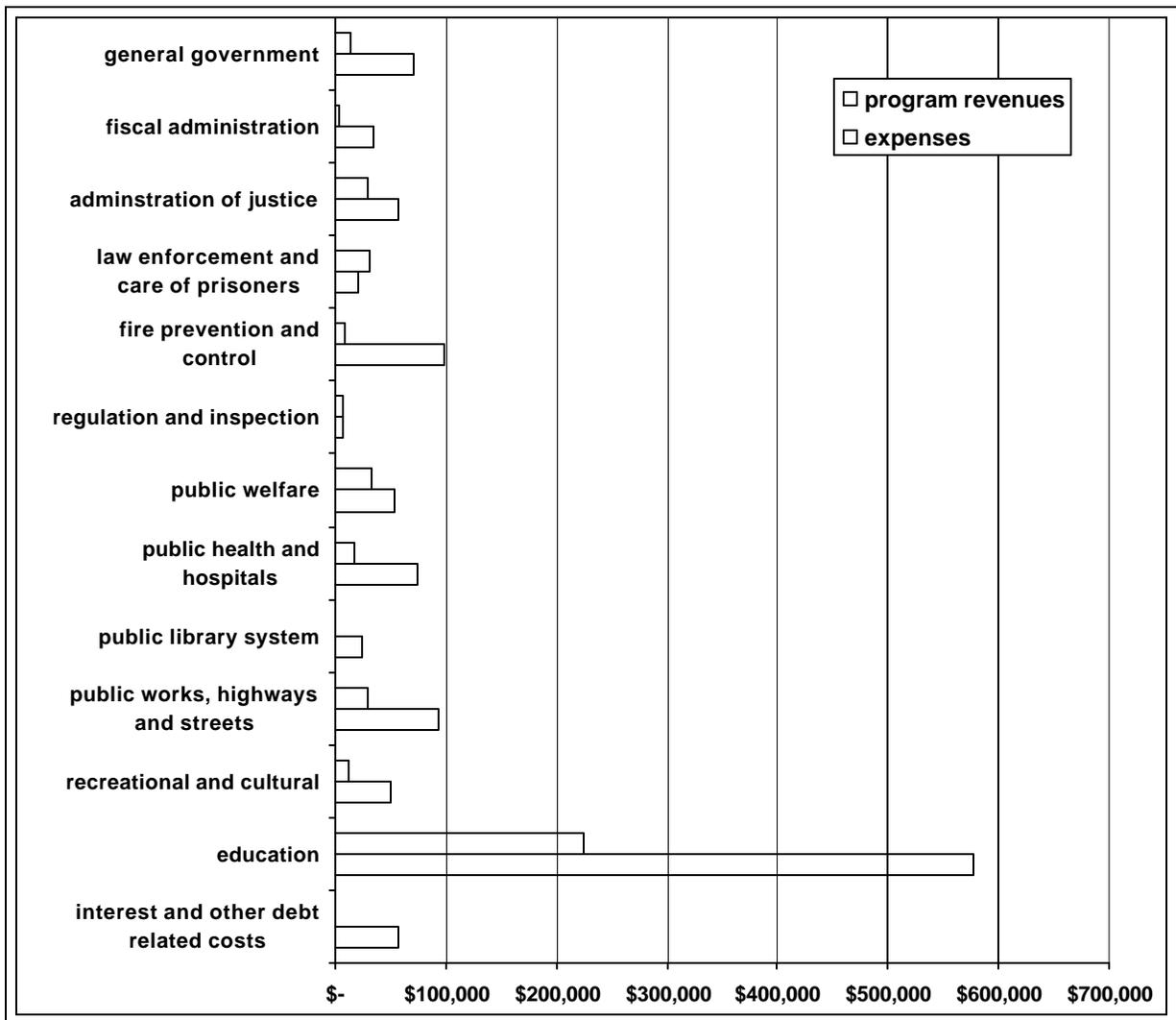
**The Government's Changes in Net Assets**  
in thousands of dollars  
(for the year ended June 30,)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services	\$ 119,314	\$ 113,284	\$ 157,103	\$ 163,948	\$ 276,417	\$ 277,232
Operating grants and contributions	267,904	251,234	-	-	267,904	251,234
Capital grants and contributions	24,487	6,635	17,687	25,576	42,174	32,211
General revenues:						
Property taxes	606,681	587,143	-	-	606,681	587,143
Local option sales tax	230,686	231,627	-	-	230,686	231,627
Other taxes	86,078	83,152	-	-	86,078	83,152
Revenues from the use of money or property	9,152	18,002	8,911	13,786	18,063	31,788
Revenues from other governmental agencies	53,749	55,364	-	-	53,749	55,364
Compensation for loss, sale or damage to property	7,581	1,500	-	-	7,581	1,500
<b>Total revenues</b>	<b>1,405,632</b>	<b>1,347,941</b>	<b>183,701</b>	<b>203,310</b>	<b>1,589,333</b>	<b>1,551,251</b>
Expenses:						
General government	70,182	66,207	-	-	70,182	66,207
Fiscal administration	34,424	25,006	-	-	34,424	25,006
Administration of justice	56,567	55,740	-	-	56,567	55,740
Law enforcement and care of prisoners	200,445	180,267	-	-	200,445	180,267
Fire prevention and control	98,109	89,799	-	-	98,109	89,799
Regulation and inspection	7,647	7,800	-	-	7,647	7,800
Conservation of natural resources	326	355	-	-	326	355
Public welfare	54,312	42,568	-	-	54,312	42,568
Public health and hospitals	74,826	70,580	-	-	74,826	70,580
Public library system	23,619	24,044	-	-	23,619	24,044
Public works, highways and streets	93,948	85,901	-	-	93,948	85,901
Recreational and cultural	49,279	46,790	-	-	49,279	46,790
Education	577,053	543,635	-	-	577,053	543,635
Interest and other debt related costs	57,289	58,343	-	-	57,289	58,343
Department of Water and Sewerage Services	-	-	143,526	149,242	143,526	149,242
District Energy System	-	-	40	-	40	-
Nashville Convention Center	-	-	6,319	6,567	6,319	6,567
Board of Fair Commissioners	-	-	4,175	3,733	4,175	3,733
Farmers Market	-	-	1,112	1,136	1,112	1,136
Police Secondary Employment	-	-	1,679	2,526	1,679	2,526
Surplus Property Auction	-	-	9	-	9	-
<b>Total expenses</b>	<b>1,398,026</b>	<b>1,297,035</b>	<b>156,860</b>	<b>163,204</b>	<b>1,554,886</b>	<b>1,460,239</b>
Increase in net assets before transfers and special items	7,606	50,906	26,841	40,106	34,447	91,012
Transfers	10,711	865	(10,711)	(865)	-	-
Special items:						
Contribution of capital assets from component unit to general government	737	-	-	-	737	-
General government assumption of component unit debt	-	(56,785)	-	-	-	(56,785)
Increase (decrease) in net assets	19,054	(5,014)	16,130	39,241	35,184	34,227
Net assets, beginning of year	1,289,208	1,294,222	1,050,841	1,011,600	2,340,049	2,305,822
Net assets, end of year	\$ 1,308,262	\$ 1,289,208	\$ 1,066,971	\$ 1,050,841	\$ 2,375,233	\$ 2,340,049

**Governmental activities** – Governmental activities increased the Government's net assets by \$19 million, thereby accounting for 54.16% of the total growth in net assets. Key elements of this increase are:

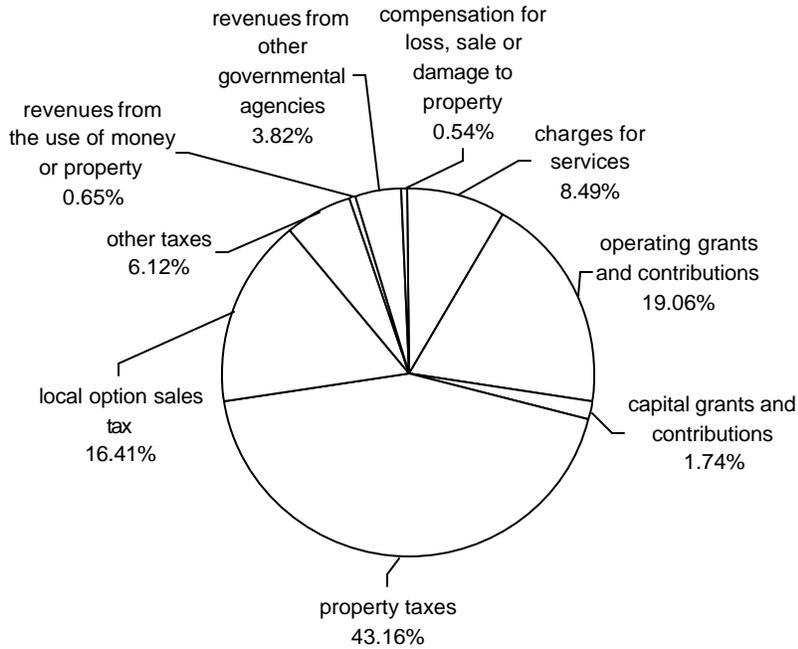
- Excess of revenues over expenses contributed \$8 million to the increase compared to \$51 million in the prior year. As planned, the Government operated without any significant changes to its revenue structure. However, expenses increased for most functions primarily due to pay plan and benefit increases.
- Transfers contributed \$11 million compared to \$1 million in the prior year. The Department of Water and Sewerage Services, a business-type activity, assumed management responsibilities for stormwater operations, a governmental activity, in the prior year. The increase primarily represents funds transferred from the Department to fund stormwater expenditures.
- A special item of \$1 million to reflect the contribution of capital assets to the Government from the Hospital Authority, a component unit, increased net assets in the current year. A special item of \$57 million to reflect the Government's assumption of debt related to the Nashville Thermal Transfer Corporation, a component unit, decreased net assets in the prior year.

**Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2003**



(in thousands)

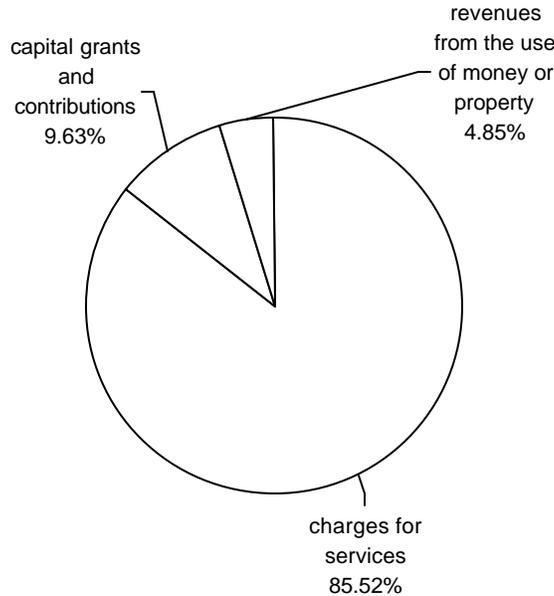
**Revenues by Source - Governmental Activities – For the Year Ended June 30, 2003**



**Business-type activities** – Business-type activities increased the Government's net assets by \$16 million, thereby accounting for 45.84% of the total growth in net assets. The business-type activities continue to generate operating income which contributed the majority of the increase. Capital grants and contributions primarily represent the value of deeds for land and utility plant conveyed to the Department of Water and Sewerage Services by developers.

The increase in net assets from business-type activities of \$16 million compares to \$39 million in the prior year primarily due to the operations of the Department of Water and Sewerage Services. Capital grants and contributions decreased by \$8 million, and transfers out increased by \$10 million. The Department assumed management responsibilities for stormwater operations, a governmental activity, in the prior year. The increase in transfers out primarily represents amounts transferred to fund stormwater operations.

**Revenues by Source – Business-type Activities – For the Year Ended June 30, 2003**



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** – The focus of the Government's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Government's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

### Assets, Liabilities and Fund Balances Total Governmental Funds in thousands of dollars

	<u>June 30, 2003</u>	<u>June 30, 2002</u>
<b>Total assets</b>	<u>\$ 1,230,157</u>	<u>\$ 1,267,689</u>
<b>Total liabilities</b>	<u>\$ 869,873</u>	<u>\$ 742,785</u>
Fund balances:		
Reserved	321,768	272,857
Unreserved	<u>38,516</u>	<u>252,047</u>
<b>Total fund balances</b>	<u>360,284</u>	<u>524,904</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,230,157</u>	<u>\$ 1,267,689</u>

As of the end of the current fiscal year, the Government's governmental funds reported combined ending fund balances of \$360 million, a decrease of \$165 million in comparison with the prior year. Approximately 10.69% of this total amount (\$39 million) constitutes unreserved fund balance, which is available for spending at the Government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for 1) the liquidation of contracts and purchase orders of the prior period (\$51 million), 2) subsequent year budget appropriations (\$103 million), 3) the purchase of equipment (\$28 million), 4) future debt payments (\$128 million), and 5) other purposes (\$11 million).

Unreserved fund balances and fund balances reserved for debt service for the major governmental funds, all of which receive a share of the Government's property tax revenues, totaled \$195 million, a decrease of \$63 million in comparison with the prior year.

The fund balances in the governmental funds decreased primarily due to pay plan and benefit increases and additional capital spending consistent with the capital spending plan.

The general fund is the chief operating fund of the Government. At the end of the current fiscal year, unreserved fund balance of the general fund was \$31 million, while total fund balance was \$79 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 5.12% of total general fund expenditures, while total fund balance represents 12.99% of that same amount.

The fund balance of the Government's general fund decreased by \$30 million during the current fiscal year primarily due to pay plan and benefit increases.

The debt service funds have a total fund balance of \$166 million, the majority of which is reserved for the payment of debt service.

The capital projects funds have a total fund deficit of \$49 million, a decrease of \$149 million in comparison with the prior year. This decrease is primarily due to capital spending consistent with the capital spending plan.

**Changes in Fund Balances Governmental Funds**  
in thousands of dollars

	June 30, 2003	June 30, 2002	Variance	
Revenues and other financing sources:				
Property taxes	\$ 601,124	\$ 598,400	\$ 2,724	0.46%
Local option sales tax	230,580	231,707	(1,127)	-0.49%
Other taxes, licenses and permits	93,741	93,770	(29)	-0.03%
Fines, forfeits and penalties	14,191	11,623	2,568	22.09%
Revenues from the use of money or property	8,351	16,971	(8,620)	-50.79%
Revenues from other governmental agencies	350,106	345,845	4,261	1.23%
Commissions and fees	18,953	16,676	2,277	13.65%
Charges for current services	43,764	48,069	(4,305)	-8.96%
Compensation for loss, sale or damage to property	7,502	2,489	5,013	201.41%
Contributions and gifts	8,157	9,329	(1,172)	-12.56%
Miscellaneous	724	615	109	17.72%
Other financing sources	228,336	168,884	59,452	35.20%
<b>Total revenues and other financing sources</b>	<u>1,605,529</u>	<u>1,544,378</u>	<u>61,151</u>	<u>3.96%</u>
Expenditures and other financing uses:				
Current:				
General government	32,549	27,660	4,889	17.68%
Fiscal administration	20,323	19,765	558	2.82%
Administration of justice	45,795	43,163	2,632	6.10%
Law enforcement and care of prisoners	169,148	159,552	9,596	6.01%
Fire prevention and control	86,044	79,074	6,970	8.81%
Regulation and inspection	7,007	7,178	(171)	-2.38%
Conservation of natural resources	311	320	(9)	-2.81%
Public welfare	12,709	12,555	154	1.23%
Public health and hospitals	72,191	68,431	3,760	5.49%
Public library system	17,795	16,237	1,558	9.60%
Public works, highways and streets	27,118	30,688	(3,570)	-11.63%
Recreational and cultural	31,793	30,305	1,488	4.91%
Employee benefits	51,520	46,877	4,643	9.90%
Miscellaneous	34,573	33,792	781	2.31%
Other funds:				
Personal services	459,682	433,110	26,572	6.14%
Contractual services	128,378	75,479	52,899	70.08%
Supplies and materials	79,315	60,164	19,151	31.83%
Other costs	17,237	36,883	(19,646)	-53.27%
Educational programs	-	399	(399)	-100.00%
Capital outlay	114,684	113,037	1,647	1.46%
Debt Service:				
Principal retirements	77,865	68,255	9,610	14.08%
Interest	58,208	63,676	(5,468)	-8.59%
Fiscal charges	304	1,525	(1,221)	-80.07%
Bond issue costs	830	296	534	180.41%
Arbitrage rebate	826	-	826	0.00%
Other financing uses	223,944	179,619	44,325	24.68%
<b>Total expenditures and other financing uses</b>	<u>1,770,149</u>	<u>1,608,040</u>	<u>162,109</u>	<u>10.08%</u>
<b>Net change in fund balances</b>	<u>(164,620)</u>	<u>(63,662)</u>	<u>(100,958)</u>	<u>158.58%</u>
<b>Fund balances, beginning of year</b>	<u>524,904</u>	<u>588,566</u>	<u>(63,662)</u>	<u>-10.82%</u>
<b>Fund balances, end of year</b>	<u>\$ 360,284</u>	<u>\$ 524,904</u>	<u>\$ (164,620)</u>	<u>-31.36%</u>

The most significant change in revenues and other financing sources was in other financing sources which increased by \$59 million (35.20%). The current year balance includes \$114 million of proceeds and premium related to new debt issues compared to \$76 million in the prior year. Additionally, transfers in increased by \$21 million.

The most significant changes in expenditures and other financing uses were:

- The majority of government programs increased due to pay plan and benefit adjustments.
- Total expenditures for other funds increased by \$80 million (11.15%) due to pay plan and benefit increases and spending related to projects included in the capital spending plan. Additionally, certain expenditures previously reported as other costs were classified in other categories of expenditures in the current year.
- Principal retirements increased by \$10 million (14.08%) due to the inclusion of the Thermal Refunding Bonds issued in the prior year which refunded debt previously reported by the Nashville Thermal Transfer Corporation, a component unit.
- Other financing uses increased by \$44 million (24.68%). The current year balance includes \$113 million of payments related to refunded bonds compared to \$87 million in the prior year. Additionally, transfers out increased by \$18 million.

**Proprietary funds** – The Government's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of proprietary funds at the end of the year amounted to \$100 million. The total increase in net assets for these funds was \$50 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the Government's business-type activities.

The Government began construction of the District Energy System during the year ended June 30, 2003. Scheduled to begin operation during the year ending June 30, 2004, the System will replace the Nashville Thermal Transfer Corporation, a component unit, and provide heating and cooling services to the Government and downtown businesses. The System is to be managed by a third party and will be self-supporting by utilizing a rate structure designed to fund debt service requirements, pay for operating expenses and generate adequate working capital.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

### ***Original and Final Budgeted Amounts***

Differences in revenues and transfers in between the original budget and the final amended budget were minor.

Differences in expenditures and transfers out between the original budget and final amended budget were a \$5 million increase primarily due to:

- \$1 million increase related to the creation of the new Office of Fleet Management and the new Emergency Communications Center.
- \$2 million increase to fund infrastructure improvement requests initiated by members of the Metropolitan Council.
- \$2 million increase for benefit adjustments for the Police Department.

Differences in transfers out between the original budget and final amended budget of \$15 million are primarily due to funding of the capital improvement plan.

### ***Final Budgeted and Actual Amounts***

Actual revenues and other financing sources exceed final budgeted amounts by \$13 million primarily due to:

- \$11 million related to commissions and fees of certain elected officials which are excluded from the budget but included in revenues and expenditures to appropriately recognize these operations in the financial statements.
- \$4 million for the insurance recovery from the loss on a fire at the Nashville Thermal Transfer facility.

These amounts and other revenues in excess of budgeted amounts were partially offset by lower than anticipated collections on property and sales taxes.

Actual expenditures and other financing uses were lower than final budgeted amounts by \$16 million. The majority of the departments were under budget as were other expenditures. The most significant variances are:

- \$2 million for various health-related programs, many of which are federally and state supported, were not used (\$1 million in salaries and fringes and \$800,000 in various other expenditures).
- \$4 million public works, highways and streets were not used for salaries and benefits due to vacancies and turnover (\$2 million) and for infrastructure projects requested by members of the Metropolitan Council (\$2 million). These savings were partially offset by overages of \$300,000 in various other expenditures.
- \$2 million for potential increases in rates to employee benefits and needed contributions to pension plans were not used.
- \$8 million for various other miscellaneous items, such as contingencies and contributions, which were not used.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** – The Government's investment in capital assets for its governmental and business type activities as of June 30, 2003 amounts to \$3.46 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$88 million.

### The Government's Capital Assets in thousands of dollars (as of June 30,)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Utility plant in service	\$ -	\$ -	\$ 1,567,481	\$ 1,521,630	\$ 1,567,481	\$ 1,521,630
Land	103,616	92,061	14,342	11,871	117,958	103,932
Land easements	-	-	11,247	11,228	11,247	11,228
Buildings and improvements	877,684	773,583	83,076	80,188	960,760	853,771
Improvements other Than buildings	-	-	38,777	37,775	38,777	37,775
Furniture, machinery and equipment	236,678	221,802	35,991	45,995	272,669	267,797
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,385,159	1,369,827	-	-	1,385,159	1,369,827
Construction in progress	17,601	44,899	65,153	26,881	82,754	71,780
Less: Accumulated depreciation	(481,888)	(460,248)	(498,652)	(462,989)	(980,540)	(923,237)
<b>Total capital assets</b>	<b>\$ 2,138,850</b>	<b>\$ 2,041,924</b>	<b>\$ 1,321,060</b>	<b>\$ 1,276,224</b>	<b>\$ 3,459,910</b>	<b>\$ 3,318,148</b>

The total increase in the Government's investment in capital assets for the current fiscal year was 4.27% (a 4.75% increase for governmental activities and a 3.51% increase for business-type activities).

The most significant changes in capital assets during the year were approximately \$35 million in costs related to the construction of new steam and chilled water generating facilities and improvements to an existing energy distribution system. Additionally, \$26 million of additional constructed and donated infrastructure was capitalized. Also, construction of new schools and renovation of existing government buildings has continued.

As allowed by GASB Statement No. 34, the Government has adopted the alternative to recording depreciation expense on selected infrastructure assets. Under this method, referred to as the modified approach, the Government expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under this approach include approximately 5,600 lane miles of streets and roads and 363 bridges and overpasses that the Government is responsible for maintaining.

The Government has improved the condition of roads over the past few years. The Government's policy is to have at least 70% of roads in good or better condition. The most recent assessment indicated that 85.5% of roads are in good or better condition compared to 85.4% in the prior year.

The Government estimated a need of approximately \$9 million for the year ended June 30, 2003 for preservation and maintenance of roads and streets. This level of spending on an annual basis is considered adequate to maintain 70% of roads and streets in good or better condition. Actual costs for the year ended June 30, 2003 amounted to \$6 million. Although actual costs were less than the anticipated needs, the condition level remained consistent with the prior year.

The Government's bridges have assessed conditions which are better than established benchmarks. The Government's policy is to have at least 75% of bridges in fair or better condition. The most recent assessment indicated that 94.2% of bridges are in fair or better condition compared to 89.0% in the prior assessment. Enhancements to the Shelby Street Bridge that brought a large structure (deck area) to an acceptable condition were a major contributor to the improved condition rating.

The Government estimated a need of \$800 thousand for the year ended June 30, 2003 for preservation and maintenance of bridges and overpasses. Actual costs for the year ended June 30, 2003 amounted to \$555 thousand. Although actual costs were less than the anticipated needs, the condition level improved compared to the prior assessment.

Additional information on the Government's capital assets can be found in Note 5 beginning on page B-55 of this report.

**Long-term debt** – At the end of the current fiscal year, the Government had total bonded debt outstanding of \$1.7 billion. Of this amount, \$1.1 billion comprises debt backed by the full faith and credit of the Government. The remainder, \$580 million, of the Government's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**The Government's Outstanding Debt**  
 General Obligation and Revenue Bonds  
 in thousands of dollars  
 (as of June 30,)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$ 1,114,990	\$ 1,187,245	\$ -	\$ -	\$ 1,114,990	\$ 1,187,245
Less deferred amounts, net	(6,178)	(3,135)	-	-	(6,178)	(3,135)
<b>Total general obligation bonds outstanding</b>	<b>1,108,812</b>	<b>1,184,110</b>	<b>-</b>	<b>-</b>	<b>1,108,812</b>	<b>1,184,110</b>
Revenue bonds	14,925	16,265	571,070	525,855	585,995	542,120
Less deferred amounts, net	(205)	(259)	(5,995)	(9,177)	(6,200)	(9,436)
<b>Total revenue bonds outstanding</b>	<b>14,720</b>	<b>16,006</b>	<b>565,075</b>	<b>516,678</b>	<b>579,795</b>	<b>532,684</b>
<b>Total general obligation and revenue bonds bonds outstanding</b>	<b>\$ 1,123,532</b>	<b>\$ 1,200,116</b>	<b>\$ 565,075</b>	<b>\$ 516,678</b>	<b>\$ 1,688,607</b>	<b>\$ 1,716,794</b>

The Government's total general obligation and revenue bonds outstanding decreased by \$28 million (1.64%) during the current fiscal year. Although new refunding debt issues totaled \$206 million, this increase was offset by the retirement of the refunded debt, principal payments and changes in deferred amounts of \$234 million.

During the current year, the Government refinanced some of its existing debt to take advantage of favorable interest rates.

- The Government issued general obligation refunding bonds in the amount of \$108 million to refinance various previously issued general obligation bonds. The result is expected to decrease future debt payments by \$8 million.
- The Government issued revenue refunding bonds in the amount of \$30 million to refinance previously issued revenue bonds of the Department of Water and Sewerage Services.

Additionally, the Government issued revenue bonds of \$67 million to finance, in part, the construction of new steam and chilled water generating facilities and improvements to an existing energy distribution system. The bonds are payable solely from revenues derived from the operation of the energy system.

The Government maintains an 'AA' rating from Standard & Poor's, 'AA+' from Fitch, and 'Aa2' from Moody's for general obligation debt.

The ratio of general long-term debt (defined as gross debt less debt service monies available and less debt to be repaid from sources other than property taxes) to assessed valuation is 6.94%, and amount of net debt per capita is \$1,634.61 (in whole dollars).

Additional information on the Government's long-term debt can be found in Note 6 beginning on page B-58 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The unemployment rate for Nashville is currently 4.5%. The state's and nation's unemployment rates are 5.7% and 5.9%, respectively.

These and other factors were considered in preparing the Government's budget for the 2004 fiscal year.

Unreserved fund balance in the general fund was \$31 million at June 30, 2003. The Government has reserved \$42 million of fund balance in the general fund for the 2004 fiscal year budget. This use of available fund balance will avoid the need to raise taxes during the 2004 fiscal year.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Government's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the Government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be forwarded to the Department of Finance, Division of Accounts, at [cafr@nashville.gov](mailto:cafr@nashville.gov).

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS

June 30, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 209,015,510	\$ 8,754,175	\$ 217,769,685	\$ 64,896,977
Investments	224,425,846	64,384,723	288,810,569	65,268,099
Sales tax receivable	38,143,180	-	38,143,180	-
Accounts receivable	59,284,214	16,491,280	75,775,494	120,402,820
Property taxes receivable	628,351,148	-	628,351,148	-
Allowance for doubtful accounts	(12,531,392)	(647,177)	(13,178,569)	(17,571,061)
Accrued interest receivable	653,854	1,078,423	1,732,277	1,740,013
Internal balances	4,680,744	(4,680,744)	-	-
Due from the primary government	-	-	-	790,754
Due from component units	3,761,444	100,000	3,861,444	-
Inventories of supplies	3,580,627	2,009,493	5,590,120	18,414,126
Other current assets	3,671,096	53,398	3,724,494	4,990,408
Restricted assets:				
Cash and cash equivalents	-	81,200,002	81,200,002	40,842,258
Investments	-	232,114,041	232,114,041	101,029,009
Accrued interest receivable	-	376,521	376,521	110,228
Due from other governmental agencies	-	1,357,014	1,357,014	137,124
Other restricted assets	-	-	-	1,895,635
Notes receivable	-	-	-	41,822,825
Capital assets:				
Utility plant in service	-	1,567,480,887	1,567,480,887	848,735,098
Land	103,616,020	14,342,086	117,958,106	566,613,290
Land easements	-	11,246,590	11,246,590	-
Buildings and improvements	877,683,843	83,076,333	960,760,176	782,108,121
Improvement other than buildings	-	38,776,773	38,776,773	666,049
Furniture, machinery and equipment	236,677,761	35,991,203	272,668,964	204,409,757
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,385,159,249	-	1,385,159,249	11,460,638
Construction in progress	17,601,677	65,152,096	82,753,773	74,761,709
Accumulated depreciation	(481,888,084)	(498,651,709)	(980,539,793)	(872,178,350)
Other non-current assets	1,063,980	8,012,290	9,076,270	7,749,783
<b>Total assets</b>	<b>3,302,950,717</b>	<b>1,731,662,698</b>	<b>5,034,613,415</b>	<b>2,069,095,310</b>
<b>LIABILITIES</b>				
Accounts payable	53,088,402	10,698,464	63,786,866	91,457,731
Accrued payroll	33,522,906	4,516,306	38,039,212	10,834,683
Accrued interest	23,516,536	790,902	24,307,438	1,718,246
Claims payable	16,828,187	-	16,828,187	-
Due to component units	728,148	62,606	790,754	-
Due to the primary government	-	-	-	3,361,444
Customer deposits	-	3,005,540	3,005,540	7,449,062
Deferred revenue	580,420,551	-	580,420,551	-
Other current liabilities	45,570,704	904,401	46,475,105	35,745,730

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS (CONTINUED)

June 30, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>LIABILITIES (CONTINUED)</u>				
Liabilities payable from restricted assets:				
Accrued interest	\$ -	\$ 14,364,447	\$ 14,364,447	\$ 9,049,017
Accounts payable	-	11,241,578	11,241,578	434,058
Other restricted liabilities	-	199,493	199,493	3,815,851
Funds held in trust	-	-	-	113,860
Current portion of long-term liabilities	-	25,009,488	25,009,488	34,455,670
Noncurrent liabilities:				
Due within one year	115,172,619	135,000	115,307,619	4,319,719
Due in more than one year	1,125,840,250	546,960,337	1,672,800,587	759,336,061
Other long-term liabilities	-	46,803,335	46,803,335	33,215,873
<b>Total liabilities</b>	<b>1,994,688,303</b>	<b>664,691,897</b>	<b>2,659,380,200</b>	<b>995,307,005</b>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	1,009,270,902	736,691,544	1,745,962,446	827,836,060
Restricted for debt retirement	127,615,185	45,548,770	173,163,955	75,210,493
Restricted for construction	-	223,562,500	223,562,500	-
Restricted for perpetual care	1,407,839	-	1,407,839	-
Restricted for other purposes	2,249,514	-	2,249,514	40,581,871
Unrestricted	167,718,974	61,167,987	228,886,961	130,159,881
<b>Total net assets</b>	<b>\$ 1,308,262,414</b>	<b>\$ 1,066,970,801</b>	<b>\$ 2,375,233,215</b>	<b>\$ 1,073,788,305</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2003

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 70,181,579	\$ 11,603,949	\$ 1,929,649	\$ -
Fiscal administration	34,424,194	3,702,980	-	-
Administration of justice	56,566,753	23,255,172	5,638,959	-
Law enforcement and care of prisoners	200,445,159	25,524,084	5,284,555	-
Fire prevention and control	98,108,881	7,954,656	-	-
Regulation and inspection	7,647,235	6,711,857	-	-
Conservation of natural resources	326,245	-	-	-
Public welfare	54,311,450	1,934,099	31,715,631	-
Public health and hospitals	74,826,285	4,457,148	13,645,247	-
Public library system	23,619,213	570,112	729,095	-
Public works, highways and streets	93,948,169	6,396,823	1,443,050	21,871,765
Recreational and cultural	49,278,976	9,728,811	321,840	2,615,752
Education	577,052,785	17,473,878	207,195,806	-
Interest and other debt related costs	57,288,621	-	-	-
<b>Total governmental activities</b>	<b>1,398,025,545</b>	<b>119,313,569</b>	<b>267,903,832</b>	<b>24,487,517</b>
Business-type activities:				
Department of Water and Sewerage Services	143,525,694	146,846,985	-	17,687,099
District Energy System	39,766	-	-	-
Nashville Convention Center	6,319,626	4,186,560	-	-
Board of Fair Commissioners	4,175,621	3,113,386	-	-
Farmers Market	1,111,504	939,907	-	-
Police Secondary Employment	1,678,784	2,016,069	-	-
Surplus Property Auction	9,020	-	-	-
<b>Total business-type activities</b>	<b>156,860,015</b>	<b>157,102,907</b>	<b>-</b>	<b>17,687,099</b>
<b>Total primary government</b>	<b>\$ 1,554,885,560</b>	<b>\$ 276,416,476</b>	<b>\$ 267,903,832</b>	<b>\$ 42,174,616</b>
<b>Component units:</b>				
Nashville District Management Corporation	\$ 321,051	\$ 3,924	\$ -	\$ -
Sports Authority	32,770,094	3,061,688	-	-
General Hospital	76,251,222	48,310,881	-	-
Bordeaux Hospital	31,455,958	21,428,244	-	74,473
Metropolitan Development and Housing Agency	101,220,312	24,378,422	890,114	-
Electric Power Board	737,113,701	751,839,833	-	-
Metropolitan Transit Authority	30,712,192	7,699,635	89,759	8,174,024
Nashville Thermal Transfer Corporation	21,959,611	14,097,599	-	-
Metropolitan Nashville Airport Authority	72,449,973	75,810,948	-	-
Emergency Communications District	5,462,801	5,312,536	-	52,200
Industrial Development Board	34,009	318,018	-	-
<b>Total component units</b>	<b>\$ 1,109,750,924</b>	<b>\$ 952,261,728</b>	<b>\$ 979,873</b>	<b>\$ 8,300,697</b>

General revenues:  
Property taxes  
Local option sales tax  
Other taxes  
Revenues from the use of money or property  
Revenues from other governmental agencies  
not restricted for specific programs/functions  
Compensation for loss, sale or damage to property  
Transfers  
Special item:  
Contribution of capital assets to the general government  
Total general revenues, transfers and special item  
Changes in net assets  
Net assets - beginning, restated  
Net assets - ending

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
STATEMENT OF ACTIVITIES (CONTINUED)  
For the Year Ended June 30, 2003

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (56,647,981)	\$ -	\$ (56,647,981)	\$ -
(30,721,214)	-	(30,721,214)	-
(27,672,622)	-	(27,672,622)	-
(169,636,520)	-	(169,636,520)	-
(90,154,225)	-	(90,154,225)	-
(935,378)	-	(935,378)	-
(326,245)	-	(326,245)	-
(20,661,720)	-	(20,661,720)	-
(56,723,890)	-	(56,723,890)	-
(22,320,006)	-	(22,320,006)	-
(64,236,531)	-	(64,236,531)	-
(36,612,573)	-	(36,612,573)	-
(352,383,101)	-	(352,383,101)	-
(57,288,621)	-	(57,288,621)	-
<u>(986,320,627)</u>	<u>-</u>	<u>(986,320,627)</u>	<u>-</u>
-	21,008,390	21,008,390	-
-	(39,766)	(39,766)	-
-	(2,133,066)	(2,133,066)	-
-	(1,062,235)	(1,062,235)	-
-	(171,597)	(171,597)	-
-	337,285	337,285	-
-	(9,020)	(9,020)	-
-	<u>17,929,991</u>	<u>17,929,991</u>	<u>-</u>
<u>(986,320,627)</u>	<u>17,929,991</u>	<u>(968,390,636)</u>	<u>-</u>
-	-	-	(317,127)
-	-	-	(29,708,406)
-	-	-	(27,940,341)
-	-	-	(9,953,241)
-	-	-	(75,951,776)
-	-	-	14,726,132
-	-	-	(14,748,774)
-	-	-	(7,862,012)
-	-	-	3,360,975
-	-	-	(98,065)
-	-	-	284,009
-	-	-	<u>(148,208,626)</u>
606,680,776	-	606,680,776	-
230,686,133	-	230,686,133	-
86,077,676	-	86,077,676	-
9,152,380	8,911,066	18,063,446	8,759,795
-	-	-	-
53,748,780	-	53,748,780	158,959,995
7,580,739	-	7,580,739	591,566
10,710,960	(10,710,960)	-	-
<u>737,167</u>	<u>-</u>	<u>737,167</u>	<u>(737,167)</u>
<u>1,005,374,611</u>	<u>(1,799,894)</u>	<u>1,003,574,717</u>	<u>167,574,189</u>
19,053,984	16,130,097	35,184,081	19,365,563
1,289,208,430	1,050,840,704	2,340,049,134	1,054,422,742
<u>\$ 1,308,262,414</u>	<u>\$ 1,066,970,801</u>	<u>\$ 2,375,233,215</u>	<u>\$ 1,073,788,305</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2003

	General	General Purpose School	GSD General Purposes Debt Service
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 32,273,624	\$ 23,480,459	\$ 12,722,520
Investments	32,366,938	26,816,732	14,593,788
Sales tax receivable	12,595,261	22,682,707	373,875
Accounts receivable	35,086,425	1,877,404	119,266
Accrued interest receivable	71,277	42,363	33,288
Property tax receivable	341,021,639	185,496,240	63,394,999
Allowance for doubtful accounts	(7,150,253)	(2,825,164)	(1,471,626)
Due from other funds of the primary government	9,026,050	10,295,768	42,740,290
Due from component units	3,736,084	-	4,452
Inventories of supplies	263,036	815,431	-
Other assets	1,168,445	-	-
Total assets	<u>\$ 460,458,526</u>	<u>\$ 268,681,940</u>	<u>\$ 132,510,852</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 13,673,405	\$ 9,052,482	\$ 12,743
Accrued payroll	20,220,749	10,148,143	-
Due to other funds of the primary government	11,381,862	2,482,804	1,267,947
Due to component units	387,986	-	-
Deferred revenue	333,314,371	182,334,998	61,142,806
Other liabilities	2,374,901	-	-
Total liabilities	<u>381,353,274</u>	<u>204,018,427</u>	<u>62,423,496</u>
<b>FUND BALANCES:</b>			
Reserved for encumbrances	-	-	-
Reserved for imprest cash and inventories	1,079,401	916,722	-
Reserved for capital improvements	2,029,198	-	-
Reserved for economic development	329,705	-	-
Reserved for social programs	1,804,994	-	-
Reserved for public safety	14,310	-	-
Reserved for internal support	212,890	-	-
Reserved for arbitrage rebate	-	-	319,265
Reserved for subsequent year budgetary appropriations	41,474,068	23,364,092	21,048,600
Reserved for subsequent year budgetary appropriations - encumbered	1,001,132	1,611,608	-
Reserved for equipment acquisitions	-	-	-
Reserved for trust purposes	-	-	-
Reserved for debt service	-	-	48,719,491
Unreserved, reported in:			
General fund	31,159,554	-	-
Special revenue funds:			
Designated for specific projects	-	-	-
Undesignated	-	38,771,091	-
Capital projects funds:			
Undesignated	-	-	-
Permanent funds:			
Undesignated	-	-	-
Total fund balances	<u>79,105,252</u>	<u>64,663,513</u>	<u>70,087,356</u>
Total liabilities and fund balances	<u>\$ 460,458,526</u>	<u>\$ 268,681,940</u>	<u>\$ 132,510,852</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
June 30, 2003

GSD School Purposes Debt Service	USD General Purposes Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 24,609,610	\$ -	\$ 94,588,301	\$ 187,674,514
28,229,266	-	98,158,073	200,164,797
2,491,337	-	-	38,143,180
-	-	20,407,009	57,490,104
60,328	-	395,206	602,462
29,523,089	8,915,181	-	628,351,148
(758,228)	(326,121)	-	(12,531,392)
25,660,722	24,192,149	11,163,132	123,078,111
-	-	3,661	3,744,197
-	-	801,005	1,879,472
-	-	391,717	1,560,162
<u>\$ 109,816,124</u>	<u>\$ 32,781,209</u>	<u>\$ 225,908,104</u>	<u>\$ 1,230,156,755</u>
\$ 6,680	\$ 12,997	\$ 27,195,588	\$ 49,953,895
-	-	1,351,462	31,720,354
105,179	213,825	112,142,799	127,594,416
-	33,887	229,750	651,623
28,403,893	8,468,259	916,810	614,581,137
-	10,747,245	32,248,852	45,370,998
<u>28,515,752</u>	<u>19,476,213</u>	<u>174,085,261</u>	<u>869,872,423</u>
-	-	48,580,420	48,580,420
-	-	4,116,356	6,112,479
-	-	-	2,029,198
-	-	-	329,705
-	-	-	1,804,994
-	-	-	14,310
-	-	-	212,890
562,144	74,593	-	956,002
12,386,700	4,317,500	-	102,590,960
-	-	-	2,612,740
-	-	28,716,358	28,716,358
-	-	192,659	192,659
68,351,528	8,912,903	1,631,263	127,615,185
-	-	-	31,159,554
-	-	5,120,451	5,120,451
-	-	55,320,737	94,091,828
-	-	(92,058,780)	(92,058,780)
-	-	203,379	203,379
<u>81,300,372</u>	<u>13,304,996</u>	<u>51,822,843</u>	<u>360,284,332</u>
<u>\$ 109,816,124</u>	<u>\$ 32,781,209</u>	<u>\$ 225,908,104</u>	<u>\$ 1,230,156,755</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
 GOVERNMENTAL FUNDS

June 30, 2003

Fund balances - total governmental funds	\$	360,284,332
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Amounts reported for governmental activities in the Statement of Net Assets are different from amounts reported for governmental funds in the Balance Sheet because:

Capital assets used in governmental activities are not financial resources and therefore not reported in governmental funds.

Capital assets		2,528,739,859
Less accumulated depreciation		(418,439,291)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable		(1,129,915,000)
Less deferred charge on refunding		12,978,965
Less deferred charge for issuance costs		1,063,980
Add bond premium		(6,595,527)
Accrued interest payable		(23,516,536)
Net pension obligation		(49,145,930)
Compensated absences		(55,553,362)
Claims and judgments		(203,370)
Interest arbitrage rebate		(956,002)
Landfill closure costs		(11,622,643)

Some deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.		34,160,586
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds less those allocated to business-type type activities are included in governmental activities.		66,982,353
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Net assets - total governmental activities	\$	<u><u>1,308,262,414</u></u>
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The accompanying notes are an integral part of this financial statement.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2003

	General	General Purpose School	GSD General Purposes Debt Service
<b>REVENUES:</b>			
Property taxes	\$ 337,920,726	\$ 170,460,997	\$ 56,720,648
Local option sales tax	76,182,263	137,212,657	2,236,715
Other taxes, licenses and permits	75,176,573	3,113,554	-
Fines, forfeits and penalties	10,534,610	5,840	-
Revenues from the use of money or property	1,123,885	684,915	1,158,414
Revenues from other governmental agencies	94,232,379	152,273,576	4,174,866
Commissions and fees	18,953,278	-	-
Charges for current services	21,730,596	269,457	-
Compensation for loss, sale or damage to property	5,493,793	413,965	-
Contributions and gifts	556,455	438,064	-
Miscellaneous	613,045	2,937	-
Total revenues	642,517,603	464,875,962	64,290,643
<b>EXPENDITURES:</b>			
Current:			
General government	32,549,058	-	-
Fiscal administration	20,323,270	-	-
Administration of justice	45,794,670	-	-
Law enforcement and care of prisoners	169,148,228	-	-
Fire prevention and control	86,043,913	-	-
Regulation and inspection	7,006,740	-	-
Conservation of natural resources	311,037	-	-
Public welfare	12,709,251	-	-
Public health and hospitals	72,191,199	-	-
Public library system	17,795,337	-	-
Public works, highways and streets	27,117,716	-	-
Recreational and cultural	31,793,123	-	-
Employee benefits	51,520,203	-	-
Miscellaneous	34,573,313	-	-
Other funds:			
Personal services	-	388,518,655	-
Contractual services	-	35,197,079	810,861
Supplies and material	-	25,851,627	-
Other costs	-	8,467,996	-
Capital outlay	-	463,400	-
Debt service:			
Principal retirement	-	-	41,551,980
Interest	-	-	33,893,435
Fiscal charges	-	-	51,392
Bond issue costs	-	-	317,948
Arbitrage rebate	-	-	667,218
Total expenditures	608,877,058	458,498,757	77,292,834
Excess (deficiency) of revenues over expenditures	33,640,545	6,377,205	(13,002,191)

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2003

GSD School Purposes Debt Service	USD General Purposes Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 26,368,304	\$ 9,060,334	\$ 592,589	\$ 601,123,598
14,948,019	-	-	230,579,654
-	-	15,450,450	93,740,577
-	-	3,650,848	14,191,298
1,332,540	203	4,051,027	8,350,984
-	481	99,424,726	350,106,028
-	-	-	18,953,278
-	-	21,764,015	43,764,068
-	-	1,593,885	7,501,643
-	-	7,162,355	8,156,874
-	-	107,812	723,794
<u>42,648,863</u>	<u>9,061,018</u>	<u>153,797,707</u>	<u>1,377,191,796</u>
-	-	-	32,549,058
-	-	-	20,323,270
-	-	-	45,794,670
-	-	-	169,148,228
-	-	-	86,043,913
-	-	-	7,006,740
-	-	-	311,037
-	-	-	12,709,251
-	-	-	72,191,199
-	-	-	17,795,337
-	-	-	27,117,716
-	-	-	31,793,123
-	-	-	51,520,203
-	-	-	34,573,313
-	-	71,162,876	459,681,531
382,269	122,889	91,865,022	128,378,120
-	-	53,463,350	79,314,977
-	-	8,768,372	17,236,368
-	-	114,220,578	114,683,978
23,014,191	11,958,829	1,340,000	77,865,000
19,426,517	4,175,294	712,318	58,207,564
131,379	115,253	5,528	303,552
343,356	168,602	-	829,906
158,524	-	-	825,742
<u>43,456,236</u>	<u>16,540,867</u>	<u>341,538,044</u>	<u>1,546,203,796</u>
<u>(807,373)</u>	<u>(7,479,849)</u>	<u>(187,740,337)</u>	<u>(169,012,000)</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2003

	General	General Purpose School	GSD General Purposes Debt Service
OTHER FINANCING SOURCES (USES):			
Payments to refunded bond escrow agent	\$ -	\$ -	\$ (42,975,978)
Proceeds of refunding bonds	-	-	41,749,303
Bond issue premium (discount)	-	-	1,795,121
Distribution of net assets	-	-	-
Transfers in	10,379,911	1,723,569	10,518,195
Transfers out	(74,403,443)	(3,911,568)	-
Total other financing sources (uses)	(64,023,532)	(2,187,999)	11,086,641
Net change in fund balances	(30,382,987)	4,189,206	(1,915,550)
FUND BALANCES, beginning of year	109,488,239	60,474,307	72,002,906
FUND BALANCES, end of year	\$ 79,105,252	\$ 64,663,513	\$ 70,087,356

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2003

GSD School Purposes Debt Service	USD General Purposes Debt Service	Other Governmental Funds	Total Governmental Funds
\$ (63,466,789)	\$ (6,363,079)	\$ -	\$ (112,805,846)
60,984,934	5,955,763	-	108,690,000
3,321,651	491,531	-	5,608,303
-	-	(1,027,530)	(1,027,530)
444,910	8,638,017	82,333,304	114,037,906
-	-	(31,795,786)	(110,110,797)
<u>1,284,706</u>	<u>8,722,232</u>	<u>49,509,988</u>	<u>4,392,036</u>
477,333	1,242,383	(138,230,349)	(164,619,964)
<u>80,823,039</u>	<u>12,062,613</u>	<u>190,053,192</u>	<u>524,904,296</u>
<u>\$ 81,300,372</u>	<u>\$ 13,304,996</u>	<u>\$ 51,822,843</u>	<u>\$ 360,284,332</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2003

Net change in fund balances - governmental funds \$ (164,619,964)

Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures and Changes in Fund Balances, because:

Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities.

Acquisition of capital assets	115,006,272
Depreciation expense	(33,375,697)

Donations of capital assets increase net assets for governmental activities, but do not appear in the governmental funds because they are not financial resources.	21,205,527
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Transfers of capital assets to proprietary funds decrease net assets for governmental activities, but do not appear in the governmental funds because they are not financial uses.	(19,748,862)
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The gain or loss on the sale of capital assets is reported for governmental activities, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the net book value of the capital assets sold.	(3,772,704)
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Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities.

Issuance of refunding bonds	(108,690,000)
Principal repayments	182,285,000
Refunding	9,048,396
Amortization of deferred charge on refunding	(741,132)
Issuance costs	829,906
Amortization of issuance costs	(52,730)
Bond premium	(5,608,303)
Amortization of premium	290,600
Change in accrued interest	1,399,810

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONTINUED)

For the Year Ended June 30, 2003

Some expenses reported for governmental activities do not require the use of current financial resources and therefore not reported as expenditures for governmental funds.

Net pension obligation	\$ 137,423
Compensated absences	(11,321,878)
Claims and judgments	2,901,763
Interest arbitrage rebate	1,866,973
Landfill closure costs	(6,537,789)

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.

4,725,072

Internal service funds are used by management to charge the costs of certain activities to individuals funds. The net revenue (expense) of the internal service funds less those allocated to business-type activities are included in governmental activities.

33,826,301

Change in net assets - governmental activities

\$ 19,053,984

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 342,420,449	\$ 342,420,449	\$ 337,920,726	\$ (4,499,723)
Local option sales tax	80,577,732	80,577,732	76,182,263	(4,395,469)
Other taxes, licenses and permits	75,116,930	75,116,930	75,176,573	59,643
Fines, forfeits and penalties	8,210,473	8,260,873	10,534,610	2,273,737
Revenues from the use of money or property	1,260,518	1,260,518	1,123,885	(136,633)
Revenues from other governmental agencies	91,966,824	92,060,129	94,232,379	2,172,250
Commissions and fees	8,287,382	8,305,782	18,953,278	10,647,496
Charges for current services	21,173,343	21,251,343	21,730,596	479,253
Compensation for loss, sale or damage to property	1,022,147	1,022,147	5,493,793	4,471,646
Contributions and gifts	466,260	485,390	556,455	71,065
Miscellaneous	461,400	461,400	613,045	151,645
<b>Total revenues</b>	<b>630,963,458</b>	<b>631,222,693</b>	<b>642,517,603</b>	<b>11,294,910</b>
<b>EXPENDITURES:</b>				
General government	32,025,879	32,542,466	32,549,058	(6,592)
Fiscal administration	21,359,829	21,379,229	20,323,270	1,055,959
Administration of justice	42,890,268	42,150,046	45,794,670	(3,644,624)
Law enforcement and care of prisoners	164,953,968	169,420,185	169,148,228	271,957
Fire prevention and control	85,748,167	86,307,365	86,043,913	263,452
Regulation and inspection	7,278,285	7,302,868	7,006,740	296,128
Conservation of natural resources	436,927	438,027	311,037	126,990
Public welfare	13,756,083	13,648,658	12,709,251	939,407
Public health and hospitals	72,657,342	74,338,909	72,191,199	2,147,710
Public library system	18,093,049	18,093,049	17,795,337	297,712
Public works, highways and streets	29,050,218	31,309,456	27,117,716	4,191,740
Recreational and cultural	31,988,637	32,131,444	31,793,123	338,321
Employee benefits	53,385,582	54,009,652	51,520,203	2,489,449
Miscellaneous	47,035,456	42,864,614	34,573,313	8,291,301
<b>Total expenditures</b>	<b>620,659,690</b>	<b>625,935,968</b>	<b>608,877,058</b>	<b>17,058,910</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>10,303,768</b>	<b>5,286,725</b>	<b>33,640,545</b>	<b>28,353,820</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	8,249,118	8,671,331	10,379,911	1,708,580
Transfers out	(57,580,070)	(72,897,927)	(74,403,443)	(1,505,516)
<b>Total other financing sources (uses)</b>	<b>(49,330,952)</b>	<b>(64,226,596)</b>	<b>(64,023,532)</b>	<b>203,064</b>
<b>Net change in fund balances</b>	<b>(39,027,184)</b>	<b>(58,939,871)</b>	<b>(30,382,987)</b>	<b>28,556,884</b>
<b>FUND BALANCES, beginning of year</b>	<b>109,488,239</b>	<b>109,488,239</b>	<b>109,488,239</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 70,461,055</b>	<b>\$ 50,548,368</b>	<b>\$ 79,105,252</b>	<b>\$ 28,556,884</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL PURPOSE SCHOOL FUND

For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 172,763,183	\$ 172,763,183	\$ 170,460,997	\$ (2,302,186)
Local option sales tax	146,207,445	146,207,445	137,212,657	(8,994,788)
Other taxes, licenses and permits	2,552,575	2,552,575	3,113,554	560,979
Fines, forfeits and penalties	7,800	7,800	5,840	(1,960)
Revenues from the use of money or property	333,147	333,147	684,915	351,768
Revenues from other governmental agencies	147,006,614	147,006,614	152,273,576	5,266,962
Charges for current services	2,822,095	2,822,095	269,457	(2,552,638)
Compensation for loss, sale or damage to property	539,487	539,487	413,965	(125,522)
Contributions and gifts	1,556,054	1,556,054	438,064	(1,117,990)
Miscellaneous	300	300	2,937	2,637
Total revenues	473,788,700	473,788,700	464,875,962	(8,912,738)
EXPENDITURES:				
Personal services	401,923,014	394,002,514	388,518,655	5,483,859
Contractual services	35,737,686	35,737,686	35,197,079	540,607
Supplies and materials	31,976,087	35,261,587	25,851,627	9,409,960
Other costs	7,963,213	8,313,213	8,467,996	(154,783)
Capital outlay	-	-	463,400	(463,400)
Total expenditures	477,600,000	473,315,000	458,498,757	14,816,243
Excess (deficiency) of revenues over expenditures	(3,811,300)	473,700	6,377,205	5,903,505
OTHER FINANCING SOURCES (USES):				
Transfers in	828,587	828,587	1,723,569	894,982
Transfers out	-	(4,285,000)	(3,911,568)	373,432
Total other financing sources (uses)	828,587	(3,456,413)	(2,187,999)	1,268,414
Net change in fund balances	(2,982,713)	(2,982,713)	4,189,206	7,171,919
FUND BALANCES, beginning of year	60,474,307	60,474,307	60,474,307	-
FUND BALANCES, end of year	\$ 57,491,594	\$ 57,491,594	\$ 64,663,513	\$ 7,171,919

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

June 30, 2003

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
<u>ASSETS</u>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 4,450,192	\$ -	\$ 4,303,983	\$ 8,754,175	\$ 21,340,996
Investments	20,191,666	39,420,438	4,772,619	64,384,723	24,261,049
Accounts receivable	15,654,272	-	837,008	16,491,280	167,329
Allowance for doubtful accounts	(377,937)	-	(269,240)	(647,177)	-
Accrued interest receivable	875,289	192,884	10,250	1,078,423	51,392
Due from other funds of the primary government	528,187	-	386,136	914,323	7,494,189
Due from component units	100,000	-	-	100,000	17,247
Inventories of supplies	2,009,493	-	-	2,009,493	1,701,155
Other current assets	8,220	-	45,178	53,398	2,110,934
Total current assets	<u>43,439,382</u>	<u>39,613,322</u>	<u>10,085,934</u>	<u>93,138,638</u>	<u>57,144,291</u>
<b>RESTRICTED ASSETS:</b>					
Debt service and reserve funds:					
Cash and cash equivalents	1,257,520	-	-	1,257,520	-
Investments	80,024,550	-	-	80,024,550	-
Accrued interest receivable	376,521	-	-	376,521	-
Construction funds:					
Cash and cash equivalents	79,942,482	-	-	79,942,482	-
Investments	152,089,491	-	-	152,089,491	-
Due from other governmental agencies	1,357,014	-	-	1,357,014	-
Due from other funds of the primary government	1,186,628	-	-	1,186,628	-
Total restricted assets	<u>316,234,206</u>	<u>-</u>	<u>-</u>	<u>316,234,206</u>	<u>-</u>
<b>CAPITAL AND OTHER NONCURRENT ASSETS:</b>					
Capital assets:					
Utility plant in service	1,567,480,887	-	-	1,567,480,887	-
Land	6,848,310	1,261,954	6,231,822	14,342,086	-
Land easements	11,246,590	-	-	11,246,590	-
Buildings and improvements	25,954,270	-	57,122,063	83,076,333	497,407
Improvements other than buildings	35,690,360	-	3,086,413	38,776,773	-
Furniture, machinery and equipment	31,192,283	-	4,798,920	35,991,203	91,501,284
Property under capital lease	-	-	3,645,000	3,645,000	-
Construction work in progress	31,925,491	33,226,605	-	65,152,096	-
Less accumulated depreciation	(470,708,711)	-	(27,942,998)	(498,651,709)	(63,448,793)
Capital assets - net	<u>1,239,629,480</u>	<u>34,488,559</u>	<u>46,941,220</u>	<u>1,321,059,259</u>	<u>28,549,898</u>
Other noncurrent assets	<u>6,358,380</u>	<u>1,603,910</u>	<u>50,000</u>	<u>8,012,290</u>	<u>-</u>
Total capital and other noncurrent assets	<u>1,245,987,860</u>	<u>36,092,469</u>	<u>46,991,220</u>	<u>1,329,071,549</u>	<u>28,549,898</u>
Total assets	<u>1,605,661,448</u>	<u>75,705,791</u>	<u>57,077,154</u>	<u>1,738,444,393</u>	<u>85,694,189</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS (CONTINUED)

June 30, 2003

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES PAYABLE</b>					
<b>FROM CURRENT ASSETS:</b>					
Accounts payable	\$ 3,495,703	\$ 5,920,651	\$ 1,282,110	\$ 10,698,464	\$ 3,134,507
Accrued payroll	3,957,870	-	558,436	4,516,306	1,802,552
Claims payable	-	-	-	-	16,828,187
Due to other funds of the primary government	257,797	-	1,412,632	1,670,429	653,682
Due to component units	-	-	62,606	62,606	76,525
Customer deposits	2,945,011	5,000	55,529	3,005,540	-
Current portion of capital lease	-	-	135,000	135,000	-
Accrued interest revenue bonds	-	790,902	-	790,902	-
Other current liabilities	210,357	-	694,044	904,401	199,706
Total current liabilities	<u>10,866,738</u>	<u>6,716,553</u>	<u>4,200,357</u>	<u>21,783,648</u>	<u>22,695,159</u>
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>					
<b>Debt service and reserve funds:</b>					
Accrued interest revenue bonds	14,364,447	-	-	14,364,447	-
Current portion of long term debt	20,190,000	-	-	20,190,000	-
Other restricted liabilities	19,534	-	-	19,534	-
<b>Construction funds:</b>					
Accounts payable	11,241,578	-	-	11,241,578	-
Current portion of state construction loans	4,819,488	-	-	4,819,488	-
Other restricted liabilities	179,959	-	-	179,959	-
Due to other funds of the primary government	1,127,943	-	-	1,127,943	-
Total liabilities payable from restricted assets	<u>51,942,949</u>	<u>-</u>	<u>-</u>	<u>51,942,949</u>	<u>-</u>
<b>NONCURRENT LIABILITIES:</b>					
Revenue bonds payable	475,856,333	69,029,004	-	544,885,337	-
State construction loans	46,803,335	-	-	46,803,335	-
Capitalized lease obligations	-	-	2,075,000	2,075,000	-
Total noncurrent liabilities	<u>522,659,668</u>	<u>69,029,004</u>	<u>2,075,000</u>	<u>593,763,672</u>	<u>-</u>
Total liabilities	<u>585,469,355</u>	<u>75,745,557</u>	<u>6,275,357</u>	<u>667,490,269</u>	<u>22,695,159</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	691,960,324	-	44,731,220	736,691,544	28,549,898
Restricted for debt retirement	45,548,770	-	-	45,548,770	-
Restricted for construction	223,562,500	-	-	223,562,500	-
Unrestricted	59,120,499	(39,766)	6,070,577	65,151,310	34,449,132
Total net assets	<u>\$ 1,020,192,093</u>	<u>\$ (39,766)</u>	<u>\$ 50,801,797</u>	<u>1,070,954,124</u>	<u>\$ 62,999,030</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(3,983,323)	
Net assets of business-type activities				<u>\$ 1,066,970,801</u>	

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2003

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
<b>OPERATING REVENUES:</b>					
Revenue from operations	\$ 143,372,370	\$ -	\$ 9,955,162	\$ 153,327,532	\$ 118,593,730
Other	2,953,147	-	300,760	3,253,907	8,575,343
Total operating revenues	<u>146,325,517</u>	<u>-</u>	<u>10,255,922</u>	<u>156,581,439</u>	<u>127,169,073</u>
<b>OPERATING EXPENSES:</b>					
Personal services	26,770,397	-	5,423,708	32,194,105	15,806,187
Contractual services	24,094,390	-	5,104,103	29,198,493	10,848,817
Supplies and materials	6,457,859	-	614,604	7,072,463	11,997,191
Depreciation	44,113,004	-	1,802,489	45,915,493	8,364,699
Amortization	674,272	39,766	-	714,038	-
Compensation for damages to property	-	-	-	-	414,255
Medical and insurance benefits	3,247,648	-	-	3,247,648	73,200,663
Other	4,827,313	-	438,859	5,266,172	4,611,969
Total operating expenses	<u>110,184,883</u>	<u>39,766</u>	<u>13,383,763</u>	<u>123,608,412</u>	<u>125,243,781</u>
OPERATING INCOME (LOSS)	<u>36,140,634</u>	<u>(39,766)</u>	<u>(3,127,841)</u>	<u>32,973,027</u>	<u>1,925,292</u>
<b>NONOPERATING REVENUE (EXPENSE):</b>					
Investment income	8,712,562	-	198,504	8,911,066	823,917
Interest expense	(31,936,494)	-	(128,458)	(32,064,952)	(22,197)
Gain (loss) on sale of property	(9,027)	-	-	(9,027)	248,116
Arbitrage rebate	(785,840)	-	-	(785,840)	-
Other	521,468	-	-	521,468	1,367,490
Total nonoperating revenue (expense)	<u>(23,497,331)</u>	<u>-</u>	<u>70,046</u>	<u>(23,427,285)</u>	<u>2,417,326</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	<u>12,643,303</u>	<u>(39,766)</u>	<u>(3,057,795)</u>	<u>9,545,742</u>	<u>4,342,618</u>
CAPITAL GRANTS AND CONTRIBUTIONS	17,687,099	-	-	17,687,099	-
TRANSFERS IN	50,000	-	1,879,915	1,929,915	48,037,050
TRANSFERS OUT	<u>(12,201,237)</u>	<u>-</u>	<u>(439,638)</u>	<u>(12,640,875)</u>	<u>(18,945,151)</u>
CHANGE IN NET ASSETS	18,179,165	(39,766)	(1,617,518)	<u>16,521,881</u>	33,434,517
NET ASSETS, beginning of year	<u>1,002,012,928</u>	<u>-</u>	<u>52,419,315</u>		<u>29,564,513</u>
NET ASSETS, end of year	<u>\$ 1,020,192,093</u>	<u>\$ (39,766)</u>	<u>\$ 50,801,797</u>		<u>\$ 62,999,030</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(391,784)</u>	
Change in net assets of business-type activities				<u>\$ 16,130,097</u>	

The accompanying notes are an integral part of this financial statement.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2003

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:					
Receipts from customers and users	\$ 146,749,093	\$ -	\$ 10,152,610	\$ 156,901,703	\$ 119,271,882
Payments to suppliers	(29,813,096)	-	(4,792,423)	(34,605,519)	(102,504,693)
Payments to employees	(30,129,901)	-	(5,349,800)	(35,479,701)	(15,153,983)
Other payments	(5,715,560)	-	-	(5,715,560)	-
Net cash provided by (used in) operating activities	<u>81,090,536</u>	<u>-</u>	<u>10,387</u>	<u>81,100,923</u>	<u>1,613,206</u>
Cash flows from noncapital financing activities:					
Transfers in	50,000	-	1,828,718	1,878,718	15,328,655
Transfers out	(12,201,237)	-	(439,638)	(12,640,875)	(8,957,008)
Net cash provided by (used in) non-capital financing activities	<u>(12,151,237)</u>	<u>-</u>	<u>1,389,080</u>	<u>(10,762,157)</u>	<u>6,371,647</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(50,807,928)	(27,340,835)	(2,133,297)	(80,282,060)	(3,525,491)
Proceeds from the sale of capital assets	144,833	-	-	144,833	516,832
Proceeds from borrowings	32,370,675	69,086,748	-	101,457,423	-
Payments on borrowings	(57,776,462)	-	(130,000)	(57,906,462)	-
Interest paid	(31,526,421)	(1,387,267)	(128,458)	(33,042,146)	(22,197)
Capital contributions received	13,522,945	-	-	13,522,945	-
Other receipts (payments)	5,668,923	(1,643,676)	-	4,025,247	-
Net cash provided by (used in) capital and related financing activities	<u>(88,403,435)</u>	<u>38,714,970</u>	<u>(2,391,755)</u>	<u>(52,080,220)</u>	<u>(3,030,856)</u>
Cash flows from investing activities:					
Purchases of investments	(514,632,154)	(71,527,845)	(16,453,753)	(602,613,752)	(186,871,411)
Proceeds from the sale and maturities of investment securities	477,610,417	32,107,407	15,034,568	524,752,392	176,213,211
Interest on investments	11,443,034	705,468	221,515	12,370,017	914,986
Changes in due to other funds of the primary government	(16,326,143)	-	-	(16,326,143)	-
Net cash provided by (used in) investing activities	<u>(41,904,846)</u>	<u>(38,714,970)</u>	<u>(1,197,670)</u>	<u>(81,817,486)</u>	<u>(9,743,214)</u>
Net changes in cash and cash equivalents	(61,368,982)	-	(2,189,958)	(63,558,940)	(4,789,217)
Cash and cash equivalents at beginning of year	<u>147,019,176</u>	<u>-</u>	<u>6,493,941</u>	<u>153,513,117</u>	<u>26,130,213</u>
Cash and cash equivalents at end of year	<u>\$ 85,650,194</u>	<u>\$ -</u>	<u>\$ 4,303,983</u>	<u>\$ 89,954,177</u>	<u>\$ 21,340,996</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)

For the Year Ended June 30, 2003

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 36,140,634	\$ (39,766)	\$ (3,127,841)	\$ 32,973,027	\$ 1,925,292
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	44,787,276	39,766	1,802,489	46,629,531	8,364,699
Allowance for doubtful accounts	1,651,728	-	222,872	1,874,600	-
Other nonoperating revenue (expense)	-	-	-	-	818,961
Changes in assets and liabilities:					
Accounts receivable	(1,199,387)	-	(93,757)	(1,293,144)	(51,048)
Due from funds of the primary government	(258,731)	-	(242,504)	(501,235)	(2,277,257)
Due from component units	-	-	-	-	39,919
Inventories of supplies	253,423	-	-	253,423	(829,142)
Other current assets	(2,032)	-	(13,979)	(16,011)	992,286
Accounts payable	485,730	-	464,674	950,404	797,852
Accrued payroll	(111,857)	-	73,908	(37,949)	631,395
Claims payable	-	-	-	-	(9,102,670)
Due to other funds of the primary government	-	-	996,392	996,392	322,095
Due to component units	(531)	-	(34,973)	(35,504)	76,525
Customer deposits	(28,764)	-	10,077	(18,687)	-
Other current liabilities	(626,953)	-	(46,971)	(673,924)	(95,701)
Total adjustments	44,949,902	39,766	3,138,228	48,127,896	(312,086)
Net cash provided by (used in) operating activities	\$ 81,090,536	\$ -	\$ 10,387	\$ 81,100,923	\$ 1,613,206

Non-Cash Capital and Related Financing Activities:

The Department of Water and Sewerage Services acquired capital assets of \$5,730,137, which are reported as capital grants and contributions for deeds conveyed to the Department by developers.

The District Energy System capitalized interest of \$1,284,817 and amortization of bond premium of \$57,744.

The general government transferred capital assets with a net book value of \$15,795 to Farmers Market. The transaction was recorded as a transfer in.

Motor Pool ceased operations effective July 1, 2002 and transferred capital assets with a net book value of \$9,757,648 and inventory with a value of \$230,395 to the Office of Fleet Management. The transactions were recorded as transfers out.

Office of Fleet Management began operations on July 1, 2002 and received capital assets with a net book value of \$32,478,000 and inventory with a value of \$778,924 from various funds of the Government. The transactions were recorded as transfers in and other nonoperating revenue.

Radio Shop transferred capital assets with a net book value of \$100 to the Office of Fleet Management. The transaction was recorded as a transfer out.

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2003

	Pension (and Other Employee Benefit) Trust Funds	Agency Funds	Total Fiduciary Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 28,216,885	\$ 37,120,262	\$ 65,337,147
Investments, at fair value:			
Certificates of deposit	-	434,796	434,796
U.S. Treasury and Agency securities	95,428,608	-	95,428,608
Federal Home Loan Bank obligations	4,765,770	-	4,765,770
Federal Home Loan Mortgage Corporation obligations	39,478,126	-	39,478,126
Federal National Mortgage Association obligations	112,572,886	-	112,572,886
Government National Mortgage Association obligations	26,130,261	-	26,130,261
Corporate bonds and notes	179,267,138	10,000	179,277,138
International securities	178,859,060	-	178,859,060
Foreign government bonds	5,692,427	-	5,692,427
Warrants and options	654,367	-	654,367
Common stock	345,152,803	-	345,152,803
Preferred stock	4,775,520	-	4,775,520
Foreign currency	5,194,848	-	5,194,848
Commercial paper	1,375,579	-	1,375,579
Mutual funds	306,057,647	39,797	306,097,444
Mortgages and real estate	74,842,435	47,118	74,889,553
Collateralized mortgage obligations	25,188,298	-	25,188,298
Limited partnerships	37,935,996	-	37,935,996
Tennessee Local Government Investment Pool	920,044	-	920,044
Annuities	739,037	-	739,037
Accounts receivable	27,550,211	814,004	28,364,215
Accrued interest receivable	4,394,489	-	4,394,489
Due from other funds of the primary government	797,013	58,871	855,884
Due from component units	38,929	-	38,929
Other assets	-	17,638	17,638
Total assets	<u>1,506,028,377</u>	<u>\$ 38,542,486</u>	<u>1,544,570,863</u>
<b>LIABILITIES:</b>			
Accounts payable	817,235	\$ 1,181	818,416
Due to brokers	91,978,183	-	91,978,183
Due to other funds of the primary government	1,408,323	1,074,342	2,482,665
Due to component units	-	872,702	872,702
Funds held in trust	-	29,988,281	29,988,281
Other liabilities	161,187	6,605,980	6,767,167
Total liabilities	<u>94,364,928</u>	<u>\$ 38,542,486</u>	<u>132,907,414</u>
<b>NET ASSETS:</b>			
Held in trust for pension and other employee benefits	<u>1,411,663,449</u>		<u>1,411,663,449</u>
Total net assets	<u>\$ 1,411,663,449</u>		<u>\$ 1,411,663,449</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

For the Year Ended June 30, 2003

	Pension (and other Employee Benefit) Trust Funds
ADDITIONS:	
Investment income:	
Interest and dividend income	\$ 27,198,531
Net appreciation (depreciation) of investments	49,637,577
Miscellaneous	2,940,004
	<hr/>
Total investment income (loss)	79,776,112
Less investment expenses	(4,321,562)
	<hr/>
Net investment income (loss)	75,454,550
	<hr/>
Contributions:	
Employee contributions	1,003,036
Employer contributions	63,701,088
Transfers in	37,639
Contributions from the State of Tennessee	20,983,034
Miscellaneous	1,315,488
	<hr/>
Total contributions	87,040,285
	<hr/>
Total additions	162,494,835
	<hr/>
DEDUCTIONS:	
Pension benefits	118,663,044
Refunds of contributions	135,804
Administrative expenses	4,654,123
Transfers out	2,596,825
	<hr/>
Total deductions	126,049,796
	<hr/>
Change in net assets	36,445,039
NET ASSETS, beginning of year	1,375,218,410
	<hr/>
NET ASSETS, end of year	\$ 1,411,663,449
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The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS

June 30, 2003

	Nashville District Management Corporation	Sports Authority	Total Governmental Types
<u>ASSETS</u>			
Cash and cash equivalents	\$ 95,726	\$ 12,597,844	\$ 12,693,570
Investments	-	3,910,114	3,910,114
Accounts receivable	-	701,713	701,713
Allowance for doubtful accounts	-	-	-
Accrued interest receivable	-	8,357	8,357
Due from the primary government	-	90,932	90,932
Due from other component units	-	-	-
Inventories of supplies	-	-	-
Other current assets	2,525	-	2,525
Restricted assets:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Accrued interest receivable	-	-	-
Due from other governmental agencies	-	-	-
Other restricted assets	-	-	-
Notes receivable	-	-	-
Capital assets:			
Utility plant in service	-	-	-
Land	-	61,892,387	61,892,387
Buildings and improvements	-	357,764,851	357,764,851
Improvements other than buildings	-	-	-
Furniture, machinery and equipment	-	1,199,121	1,199,121
Infrastructure	-	-	-
Construction work in progress	-	-	-
Less accumulated depreciation	-	(40,004,902)	(40,004,902)
Other noncurrent assets	-	-	-
	<u>98,251</u>	<u>398,160,417</u>	<u>398,258,668</u>
Total assets	<u>98,251</u>	<u>398,160,417</u>	<u>398,258,668</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS (CONTINUED)

June 30, 2003

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority
General Hospital	Bordeaux Hospital	Total			
\$ 629,664	\$ 3,104,705	\$ 3,734,369	\$ 4,990,735	\$ 27,989,594	\$ 1,168,918
-	3,550,966	3,550,966	35,790,694	-	-
30,317,317	5,299,504	35,616,821	3,419,367	74,412,288	385,849
(14,936,000)	(1,974,000)	(16,910,000)	-	(413,153)	(97,248)
-	7,572	7,572	603,995	961,307	-
503,187	-	503,187	-	-	872,704
57,161	-	57,161	-	-	-
1,345,309	212,209	1,557,518	3,761,556	10,618,685	1,539,824
654,758	166,436	821,194	1,736,027	1,263,602	117,159
8,190	105,670	113,860	-	-	-
-	-	-	1,535,829	67,015,069	-
-	-	-	-	-	-
-	-	-	-	-	12,451
-	-	-	-	-	-
-	-	-	36,836,216	2,969,264	-
-	-	-	-	808,936,214	-
-	-	-	37,550,922	1,138,927	2,691,315
49,343,376	18,435,068	67,778,444	181,883,577	33,633,582	15,438,232
226,753	439,296	666,049	-	-	-
18,762,838	4,081,551	22,844,389	5,416,515	68,025,225	35,575,980
-	-	-	11,460,638	-	-
67,471	-	67,471	7,023,620	57,016,777	425,464
(23,150,890)	(11,101,354)	(34,252,244)	(98,680,761)	(335,803,612)	(31,286,456)
-	-	-	-	2,477,184	997,652
<u>63,829,134</u>	<u>22,327,623</u>	<u>86,156,757</u>	<u>233,328,930</u>	<u>820,240,953</u>	<u>27,841,844</u>

The accompanying notes are an integral part of this financial statement.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS (CONTINUED)

June 30, 2003

	Nashville Thermal Transfer Corporation	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,235,763	\$ 5,958,267	\$ 2,132,844
Investments	-	20,916,325	1,100,000
Accounts receivable	958,752	3,329,542	693,483
Allowance for doubtful accounts	-	(150,660)	-
Accrued interest receivable	-	158,782	-
Due from the primary government	196,633	-	-
Due from other component units	-	-	-
Inventories of supplies	455,930	480,613	-
Other current assets	67,513	982,388	-
Restricted assets:			
Cash and cash equivalents	-	40,728,335	-
Investments	-	32,478,111	-
Accrued interest receivable	-	110,228	-
Due from other governmental agencies	-	124,673	-
Other restricted assets	-	1,895,635	-
Notes receivable	-	2,017,345	-
Capital assets:			
Utility plant in service	39,798,884	-	-
Land	812,710	462,527,029	-
Buildings and improvements	-	125,609,435	-
Improvements other than buildings	-	-	-
Furniture, machinery and equipment	44,900,851	20,949,181	5,498,495
Infrastructure	-	-	-
Construction work in progress	335,076	9,893,301	-
Less accumulated depreciation	(76,047,174)	(252,335,482)	(3,767,719)
Other noncurrent assets	45,856	4,229,091	-
	<u>14,760,794</u>	<u>479,902,139</u>	<u>5,657,103</u>
Total assets			

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS (CONTINUED)

June 30, 2003

Industrial Development Board	Total Proprietary Types	Total Component Units
\$ 2,992,917	\$ 52,203,407	\$ 64,896,977
-	61,357,985	65,268,099
12,303	118,828,405	119,530,118
-	(17,571,061)	(17,571,061)
-	1,731,656	1,740,013
-	1,572,524	1,663,456
-	57,161	57,161
-	18,414,126	18,414,126
-	4,987,883	4,990,408
63	40,842,258	40,842,258
-	101,029,009	101,029,009
-	110,228	110,228
-	137,124	137,124
-	1,895,635	1,895,635
-	41,822,825	41,822,825
-	848,735,098	848,735,098
-	504,720,903	566,613,290
-	424,343,270	782,108,121
-	666,049	666,049
-	203,210,636	204,409,757
-	11,460,638	11,460,638
-	74,761,709	74,761,709
-	(832,173,448)	(872,178,350)
-	7,749,783	7,749,783
<u>3,005,283</u>	<u>1,670,893,803</u>	<u>2,069,152,471</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS (CONTINUED)

June 30, 2003

	Nashville District Management Corporation	Sports Authority	Total Governmental Types
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 76,925	\$ 268,349	\$ 345,274
Accrued payroll	-	3,171	3,171
Due to the primary government	-	1,430,823	1,430,823
Due to other component units	-	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	-	2,190,000	2,190,000
Current portion of capital lease	-	-	-
Accrued interest	-	1,673,486	1,673,486
Other current liabilities	-	11,310	11,310
Liabilities payable from restricted assets:			
Accounts payable	-	-	-
Accrued interest	-	-	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	-	-	-
Other restricted liabilities	-	-	-
Revenue bonds payable	-	87,505,000	87,505,000
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	-	-	-
	<u>76,925</u>	<u>93,082,139</u>	<u>93,159,064</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	-	291,156,457	291,156,457
Restricted for debt retirement	-	-	-
Restricted for other purposes	-	-	-
Unrestricted	21,326	13,921,821	13,943,147
	<u>21,326</u>	<u>13,921,821</u>	<u>13,943,147</u>
Total net assets	<u>\$ 21,326</u>	<u>\$ 305,078,278</u>	<u>\$ 305,099,604</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS (CONTINUED)

June 30, 2003

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority
General Hospital	Bordeaux Hospital	Total			
\$ 2,199,255	\$ 741,954	\$ 2,941,209	\$ 3,915,811	\$ 80,006,011	\$ 499,202
3,652,462	1,738,488	5,390,950	589,408	-	1,269,943
37,821	22,371	60,192	-	-	1,905,144
-	57,161	57,161	-	-	-
-	-	-	445,793	7,003,269	-
-	-	-	1,031,916	-	-
835,989	-	835,989	-	-	107,160
-	-	-	-	-	-
26,613,715	-	26,613,715	4,596,305	-	2,039,094
-	-	-	-	-	-
-	-	-	-	1,964,654	-
8,190	105,670	113,860	-	-	-
-	-	-	-	16,590,000	-
-	-	-	-	3,815,851	-
-	-	-	8,801,000	364,089,199	-
41,764,453	-	41,764,453	-	-	618,366
-	-	-	-	2,940,406	-
-	-	-	4,444,116	1,338,471	-
<u>75,111,885</u>	<u>2,665,644</u>	<u>77,777,529</u>	<u>23,824,349</u>	<u>477,747,861</u>	<u>6,438,909</u>
2,649,106	11,854,562	14,503,668	134,082,566	276,672,280	22,119,010
-	-	-	-	38,993,004	-
-	-	-	1,535,829	-	-
<u>(13,931,857)</u>	<u>7,807,417</u>	<u>(6,124,440)</u>	<u>73,886,186</u>	<u>26,827,808</u>	<u>(716,075)</u>
<u>\$ (11,282,751)</u>	<u>\$ 19,661,979</u>	<u>\$ 8,379,228</u>	<u>\$ 209,504,581</u>	<u>\$ 342,493,092</u>	<u>\$ 21,402,935</u>

The accompanying notes are an integral part of this financial statement.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS (CONTINUED)

June 30, 2003

	Nashville Thermal Transfer Corporation	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>LIABILITIES</u>			
Accounts payable	\$ 204,557	\$ 3,343,287	\$ 163,211
Accrued payroll	1,050,100	2,531,111	-
Due to the primary government	4,214	-	-
Due to other component units	-	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	-	154,654	-
Current portion of capital lease	-	-	-
Accrued interest	-	35,221	9,539
Other current liabilities	907,306	-	-
Liabilities payable from restricted assets:			
Accounts payable	-	434,058	-
Accrued interest	-	7,084,363	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	-	17,690,000	175,670
Other restricted liabilities	-	-	-
Revenue bonds payable	-	256,373,081	-
Capitalized lease obligations	-	-	184,962
TVA advances	-	-	-
Other long-term liabilities	-	24,492,880	-
	<u>2,166,177</u>	<u>312,138,655</u>	<u>533,382</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	9,800,347	78,131,588	1,370,144
Restricted for debt retirement	-	36,217,489	-
Restricted for other purposes	-	39,046,042	-
Unrestricted	2,794,270	14,368,365	3,753,577
	<u>\$ 12,594,617</u>	<u>\$ 167,763,484</u>	<u>\$ 5,123,721</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS (CONTINUED)

June 30, 2003

Industrial Development Board	Total Proprietary Types	Total Component Units
\$ 240	\$ 91,073,528	\$ 91,418,802
-	10,831,512	10,834,683
-	1,969,550	3,400,373
-	57,161	57,161
-	7,449,062	7,449,062
-	1,186,570	3,376,570
-	943,149	943,149
-	44,760	1,718,246
1,578,000	35,734,420	35,745,730
-	434,058	434,058
-	9,049,017	9,049,017
-	113,860	113,860
-	34,455,670	34,455,670
-	3,815,851	3,815,851
-	629,263,280	716,768,280
-	42,567,781	42,567,781
-	2,940,406	2,940,406
-	30,275,467	30,275,467
<u>1,578,240</u>	<u>902,205,102</u>	<u>995,364,166</u>
-	536,679,603	827,836,060
-	75,210,493	75,210,493
-	40,581,871	40,581,871
<u>1,427,043</u>	<u>116,216,734</u>	<u>130,159,881</u>
<u>\$ 1,427,043</u>	<u>\$ 768,688,701</u>	<u>\$ 1,073,788,305</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES  
COMPONENT UNITS

For the Year Ended June 30, 2003

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 321,051	\$ 3,924	\$ -	\$ -
Sports Authority	32,770,094	3,061,688	-	-
General Hospital	76,251,222	48,310,881	-	-
Bordeaux Hospital	31,455,958	21,428,244	-	74,473
Metropolitan Development and Housing Agency	101,220,312	24,378,422	890,114	-
Electric Power Board	737,113,701	751,839,833	-	-
Metropolitan Transit Authority	30,712,192	7,699,635	89,759	8,174,024
Nashville Thermal Transfer Corporation	21,959,611	14,097,599	-	-
Metropolitan Nashville Airport Authority	72,449,973	75,810,948	-	-
Emergency Communications District	5,462,801	5,312,536	-	52,200
Industrial Development Board	34,009	318,018	-	-
<b>Total component units</b>	<b>\$ 1,109,750,924</b>	<b>\$ 952,261,728</b>	<b>\$ 979,873</b>	<b>\$ 8,300,697</b>

General revenues:

Revenues from the use of money or property

Revenues from other governmental agencies not restricted for specific programs/functions

Compensation for loss, sale or damage to property

Special item:

Contribution of capital assets to general government

Total general revenues and special item

Changes in net assets

Net assets - beginning, restated

Net assets - ending

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES  
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2003

Net (Expense) Revenue and Changes in Net Assets					
Nashville District Management Corporation	Sports Authority	Total Governmental Types	Hospital Authority		
			General Hospital	Bordeaux Hospital	Total
\$ (317,127)	\$ -	\$ (317,127)	\$ -	\$ -	\$ -
-	(29,708,406)	(29,708,406)	-	-	-
-	-	-	(27,940,341)	-	(27,940,341)
-	-	-	-	(9,953,241)	(9,953,241)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(317,127)</u>	<u>(29,708,406)</u>	<u>(30,025,533)</u>	<u>(27,940,341)</u>	<u>(9,953,241)</u>	<u>(37,893,582)</u>
2,127	321,233	323,360	-	165,924	165,924
-	20,959,885	20,959,885	23,734,850	9,241,300	32,976,150
-	591,566	591,566	-	-	-
-	-	-	(737,167)	-	(737,167)
<u>2,127</u>	<u>21,872,684</u>	<u>21,874,811</u>	<u>22,997,683</u>	<u>9,407,224</u>	<u>32,404,907</u>
(315,000)	(7,835,722)	(8,150,722)	(4,942,658)	(546,017)	(5,488,675)
<u>336,326</u>	<u>312,914,000</u>	<u>313,250,326</u>	<u>(6,340,093)</u>	<u>20,207,996</u>	<u>13,867,903</u>
<u>\$ 21,326</u>	<u>\$ 305,078,278</u>	<u>\$ 305,099,604</u>	<u>\$ (11,282,751)</u>	<u>\$ 19,661,979</u>	<u>\$ 8,379,228</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES  
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2003

	Net (Expense) Revenue and Changes in Net Assets			
	Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority	Nashville Thermal Transfer Corporation
Nashville District Management Corporation	\$ -	\$ -	\$ -	\$ -
Sports Authority	-	-	-	-
General Hospital	-	-	-	-
Bordeaux Hospital	-	-	-	-
Metropolitan Development and Housing Agency	(75,951,776)	-	-	-
Electric Power Board	-	14,726,132	-	-
Metropolitan Transit Authority	-	-	(14,748,774)	-
Nashville Thermal Transfer Corporation	-	-	-	(7,862,012)
Metropolitan Nashville Airport Authority	-	-	-	-
Emergency Communications District	-	-	-	-
Industrial Development Board	-	-	-	-
<b>Total component units</b>	<b>(75,951,776)</b>	<b>14,726,132</b>	<b>(14,748,774)</b>	<b>(7,862,012)</b>
General revenues:				
Revenues from the use of money or property	1,338,482	3,196,028	44,031	52,236
Revenues from other governmental agencies not restricted for specific programs/functions	88,459,609	-	13,130,678	-
Compensation for loss, sale or damage to property	-	-	-	-
Special item:				
Contribution of capital assets to general government	-	-	-	-
<b>Total general revenues and special item</b>	<b>89,798,091</b>	<b>3,196,028</b>	<b>13,174,709</b>	<b>52,236</b>
Changes in net assets	13,846,315	17,922,160	(1,574,065)	(7,809,776)
Net assets - beginning, restated	195,658,266	324,570,932	22,977,000	20,404,393
Net assets - ending	<u>\$ 209,504,581</u>	<u>\$ 342,493,092</u>	<u>\$ 21,402,935</u>	<u>\$ 12,594,617</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES  
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2003

Net (Expense) Revenue and Changes in Net Assets				
Metropolitan Nashville Airport Authority	Emergency Communications District	Industrial Development Board	Total Proprietary Types	Total Component Units
\$ -	\$ -	\$ -	\$ -	\$ (317,127)
-	-	-	-	(29,708,406)
-	-	-	(27,940,341)	(27,940,341)
-	-	-	(9,953,241)	(9,953,241)
-	-	-	(75,951,776)	(75,951,776)
-	-	-	14,726,132	14,726,132
-	-	-	(14,748,774)	(14,748,774)
-	-	-	(7,862,012)	(7,862,012)
3,360,975	-	-	3,360,975	3,360,975
-	(98,065)	-	(98,065)	(98,065)
-	-	284,009	284,009	284,009
<u>3,360,975</u>	<u>(98,065)</u>	<u>284,009</u>	<u>(118,183,093)</u>	<u>(148,208,626)</u>
3,583,967	49,498	6,269	8,436,435	8,759,795
3,433,673	-	-	138,000,110	158,959,995
-	-	-	-	591,566
-	-	-	(737,167)	(737,167)
<u>7,017,640</u>	<u>49,498</u>	<u>6,269</u>	<u>145,699,378</u>	<u>167,574,189</u>
10,378,615	(48,567)	290,278	27,516,285	19,365,563
<u>157,384,869</u>	<u>5,172,288</u>	<u>1,136,765</u>	<u>741,172,416</u>	<u>1,054,422,742</u>
<u>\$ 167,763,484</u>	<u>\$ 5,123,721</u>	<u>\$ 1,427,043</u>	<u>\$ 768,688,701</u>	<u>\$ 1,073,788,305</u>

The accompanying notes are an integral part of this financial statement.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Metropolitan Government of Nashville and Davidson County (the Government) operates under a metropolitan form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, education, culture and recreation, public improvements, planning and zoning and general administrative services.

The accounting policies of the Government conform to accounting principles generally accepted in the United States of America. The following is a summary of the most significant policies:

**A. Reporting Entity**

The financial statements of the Government present the primary government and its component units. The component units discussed below are included in the Government's reporting entity because of the significance of their operational or financial relationships with the Government. Each discretely presented component unit is reported separately in the basic financial statements to emphasize that it is legally separate from the Government.

The financial statements of the following component units have been discretely presented:

The **Nashville District Management Corporation** was established in 1998 to administer special assessment revenue collected by the Government for the benefit of the Central Business Improvement District. The Corporation's duties and responsibilities are defined in a memorandum of agreement with the Government and include, but are not limited to providing services for improvement and operation of the District through security enhancement, downtown marketing, and improving downtown beautification, sanitation and maintenance. The original agreement was one year, renewable annually by mutual notification by each party to the other. The agreement may be terminated by the Government upon thirty days notice. Complete financial statements of the Corporation can be obtained from its offices at Accounting Office, 211 Commerce Street, Suite 100, Nashville, TN 37201.

The **Sports Authority** was established in 1995 to act as the financing and building authority for both the Nashville Arena and NFL Stadium. The Sports Authority administers and manages these facilities and sports projects for the Government. The Government is responsible for the annual funding for both the Nashville Arena and NFL Stadium. The underlying credit for the Sports Authority Revenue bonds is a pledge on the non-tax revenues of the Government's General Fund. The Sports Authority does not issue separate financial statements. A Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are included in the Component Units section with reconciliations of those statements to the Statement of Net Assets – Component Units and Statement of Activities – Component Units included in the basic financial statements.

The **Hospital Authority** operates General Hospital (a full service medical facility) and Bordeaux Hospital (a long-term care facility) for the residents of Nashville and Davidson County. The Hospital Authority was created in March 1999 to operate both hospitals, which were previously accounted for as enterprise funds of the Government. Members of the Hospital Authority are appointed by the Government and can be removed by the Government. The Government approves and can modify the annual operating budget of each hospital. Hospital Authority land and buildings and improvements are titled in the Government's name. Both hospitals are financially dependent on contributions from the Government's General Fund. Complete financial statements for each hospital can be obtained by writing to the Hospital Authority at 1818 Albion Street, Nashville, TN 37208.

The **Metropolitan Development and Housing Agency** operates public housing facilities for the inhabitants of Nashville and Davidson County. The Agency is governed by a board of commissioners who are all appointed and confirmed by the Government. All board members can also be removed by the Government. The Agency receives incremental taxes that result from tax increment financing arrangements on numerous development projects. These property taxes paid to the Agency are considered financial support by the Government. Complete financial statements of the Agency can be obtained by writing P. O. Box 846, Nashville, TN 37202.

The **Electric Power Board** operates and regulates an electric power system for the purpose of supplying electricity for public property and for resale to consumers. The Board of Directors and the general manager are appointed by the Government. The Government is required to approve debt issuance of the Board. The Government believes the nature and significance of its relationship with the Electric Power Board is such that exclusion would cause these financial statements to be misleading. Complete financial statements of the Board can be obtained from its administrative offices at 1214 Church Street, Nashville, TN 37203.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The **Metropolitan Transit Authority** operates and regulates the public mass transit system in Nashville and Davidson County. The Authority is governed by a board of directors who are all appointed and can be removed by the Government. The Authority must act on ordinances passed by the Government, and the Authority is financially dependent on the Government. Complete financial statements of the Authority can be obtained from its administrative offices at 130 Nestor Street, Nashville, TN 37210.

The **Nashville Thermal Transfer Corporation** is a not-for-profit corporation that provides low cost heating and cooling to the Government and downtown businesses. The Corporation is governed by a board of directors who are all appointed and can be removed by the Government. The debt of the Corporation is issued in the Government's name, all properties of the Corporation are in the name of the Government, and the Corporation is financially dependent on the Government. Complete financial statements of the Corporation can be obtained from its administrative offices at 110 First Avenue South, Nashville, TN 37210.

The **Metropolitan Nashville Airport Authority** operates the Nashville International and John C. Tune Airports. The Airport Authority is governed by a board of directors who are all appointed and can be removed by the Government. The Government believes the nature and significance of its relationship with the Airport Authority is such that exclusion would cause these financial statements to be misleading. Complete financial statements of the Airport Authority can be obtained from its administrative offices at One Terminal Drive, Nashville, TN 37214.

The **Emergency Communications District** is engaged to secure and provide efficient emergency services to the public. The District is governed by a board of directors who are appointed by the Government. The District provides equipment for the Government's use in emergency services. Complete financial statements of the District can be obtained from its administrative offices at 700 2nd Avenue South, Nashville, TN 37210.

The **Industrial Development Board** (the IDB) assists private businesses within Davidson County to obtain public financing through the issuance of nontaxable bonds. The members of the IDB are appointed and can be removed by the Government. All debt of the IDB is considered conduit debt and is issued in the name of the Government. Complete financial statements of the IDB can be obtained from its administrative offices at 101 Shepherd Hills Drive, Madison, TN 37115.

All discretely presented component units have a June 30 fiscal year end with the exception of the Metropolitan Development and Housing Agency with a September 30 year end, the Nashville District Management Corporation with a December 31 year end and the Industrial Development Board with a March 31 year end.

During the year ended June 30, 2003, the Nashville District Management Corporation changed its fiscal year end from June 30 to December 31. Therefore, the Statement of Activities includes a six month period for July 1, 2002 to December 31, 2002.

## **B. Accounting Pronouncements**

The Government is anticipated to adopt GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, required for fiscal periods beginning after June 15, 2003, in fiscal 2004. Significant changes required by this Statement are the potential inclusion of additional organizations as component units in the reporting entity.

The Government is anticipated to adopt GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3, required for fiscal periods beginning after June 15, 2004, in fiscal 2005. This Statement establishes and modifies disclosure requirements related to investment and deposit risks.

Management is in the process of determining the effects that the adoption of these Statements will have on the Government's financial statements.

The Government adopted GASB Statement No. 41, Budgetary Comparison Schedules – Perspective Differences – an amendment of GASB Statement No. 34, in fiscal 2003. This Statement addresses the presentation of budgetary comparisons for governments with significant budgetary perspective differences. The adoption of this Statement had no effect on the Government's financial statements.

## **C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. Statement of Net Assets and Statement of Activities) report information on all of the non-fiduciary activities of the Government and its component units. All material interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant

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extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The **Statement of Net Assets** presents the Government's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

**Invested in capital assets, net of related debt**, consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. The outstanding debt is offset by any unspent proceeds from such debt.

**Restricted net assets** result from restrictions placed on net assets by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net assets** consist of net assets which do not meet the definition of the two preceding categories.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements; nonmajor funds are combined in a single column.

#### **D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which the levy is assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as receivables in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to non-vested sick pay, compensated absences and other long-term commitments and contingencies are recorded only when payment is due.

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Government has elected not to apply any Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds. The Nashville Thermal Transfer Corporation and the Metropolitan Nashville Airport Authority, component units, have elected to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

Amounts reported as **program revenues** include 1) charges to customers for goods, services or privileges provided and fines and forfeitures, 2) operating grants and contributions and 3) capital grants and contributions. Amounts reported as **general revenues** include 1) all taxes, 2) unrestricted revenues for the use of money or property, 3) unrestricted revenues from other governmental agencies and 4) compensation for loss, sale or damage of property.

Expenses reported by function include **direct expenses** that are specifically associated with a service or program and are clearly identifiable to a particular program. Some functions, such as general government and fiscal administration, include expenses that are in essence **indirect expenses** of other functions. The Government has elected not to charge these indirect expenses to other functions.

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Proprietary funds distinguish **operating** revenues and expenses from **nonoperating** items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with the fund's principal ongoing operations and consist primarily of charges to customers or departments, cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Government's policy to use restricted resources first, then unrestricted resources as they are needed.

The Government reports the following major governmental funds:

The **General Fund** is the Government's primary operating fund which is used to account for all financial resources of the general operations of the Government, except those required to be accounted for in another fund.

The **General Purpose School Fund** is used to account for the receipt and disbursement of federal, state and local funds for education purposes, except those required to be accounted for in another fund.

The **GSD General Purposes Debt Service Fund** is used to account for the accumulation of resources and the payment of principal and interest for the General Services District general obligation debt.

The **GSD School Purposes Debt Service Fund** is used to account for the accumulation of resources and the payment of principal and interest for the debt of schools.

The **USD General Purposes Debt Service Fund** is used to account for the accumulation of resources and the payment of principal and interest for the Urban Services District general obligation debt.

The Government reports the following major proprietary funds:

The **Department of Water and Sewerage Services** provides services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.

The **District Energy System**, under construction during 2003 and scheduled to begin operation in 2004, will provide heating and cooling services to the government and downtown businesses. The System is to be managed by a third party and will be self-supporting by utilizing a rate structure designed to fund debt service requirements, pay for operating expenses and generate adequate working capital.

Additionally, the Government reports the following fund types:

**Internal service funds** are used to account for the operations of self-sustaining agencies rendering services to other agencies of the Government on a cost reimbursement basis. These services include printing, fleet management, data processing, radio maintenance, insurance, postal services, facilities planning and construction and treasury management.

**Pension (and other employee benefit) trust funds** are used to account for assets and liabilities held by the Government in a fiduciary capacity to provide retirement and disability benefits for employees and retirees.

**Agency funds** are used to account for assets held by elected officials and other departments as agents for individuals, governmental entities and others.

#### **E. Assets, Liabilities and Net Assets or Equity**

Cash and cash equivalents - Cash and cash equivalents include amounts in demand deposits and highly liquid short-term investments with maturity dates within three months of the date of acquisition. Investment income earned on funds invested in pooled accounts is allocated to the respective funds on the basis of relative balances.

Investments - Investments, except in the pension funds, consist primarily of U.S. Government securities and are stated at fair value. Pension fund investments, which also include common stocks, bonds and U.S. Government and other domestic and foreign securities, are stated at quoted fair value at June 30, 2003. The Government and certain component units also invest in the Tennessee Local Government Investment Pool which is maintained and managed by the State of Tennessee. This Pool is not registered with the Securities and Exchange Commission (SEC) but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the Government's investments in the Pool have been determined based on the Pool's share price.

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Investment income of the capital projects funds is reported in those funds and is transferred to the debt service funds after arbitrage calculations, as applicable.

Annuities - Annuities are recorded at the estimated present value of future benefits, which approximates fair value at June 30, 2003.

Inventories - Inventories, principally materials, supplies and replacement parts, are valued at cost in governmental fund statements and at the lower of cost or market in the government-wide and proprietary fund statements, with cost determined using the first-in, first-out, moving weighted average or average cost method. Inventory items are recorded as expenditures when used under the consumption method.

Tennessee Valley Authority (TVA) Energy Conservation Program - The Electric Power Board is a fiscal intermediary for the TVA energy conservation programs whereby loans are made to the Board's customers to be used in connection with TVA's Residential Energy Services Program. Pursuant to the terms of an agreement with TVA, the energy conservation loans made to the Board's customers are funded and guaranteed by TVA. These loans are recorded as notes receivable.

Capital assets - Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally defined as assets with an individual cost in excess of \$5,000 and a useful life in excess of one year. Such assets are recorded at historical cost at the time of acquisition. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs 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. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. Capitalized interest totaled \$617,470 for the year ended June 30, 2003.

Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives are as follows:

Utility plant in service	7	-	100	years
Buildings and improvements	3	-	50	years
Improvements other than buildings	20	-	100	years
Furniture, machinery and equipment	3	-	50	years
Stormwater infrastructure			50	years

The Government has elected to use the "modified approach" to account for certain infrastructure assets as provided by GASB Statement No. 34. Under this approach, depreciation expense is not recorded nor are amounts capitalized in connection with improvements to these assets unless they expand capacity. Utilization of this approach requires that the Government 1) have an up-to-date inventory of assets, 2) perform condition assessments and summarize the results using a measurement scale, 3) estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Government and 4) document that the assets are being preserved approximately at (or above) the condition level established and disclosed. Roads and bridges are accounted for using the modified approach.

Property under capital leases is stated at the lower of the present value of minimum lease payments or the fair market value at the inception of the lease. Once placed in use, such property is amortized using the straight-line method over the shorter of the economic useful life of the asset or the remaining lease term.

The Government maintains certain collections of art which have not been capitalized as they are 1) held for public exhibition, education, or research in furtherance of public service rather than financial gain, 2) protected, kept unencumbered, cared for and preserved and 3) subject to policy that requires the proceeds from any sales of collection items to be used to acquire other items for the collection.

Claims payable - Losses for claim liabilities are reported in the self-insurance funds for claims payable from those funds. Claims payable include reported claims and an estimated liability for claims incurred but not reported at June 30, 2003. The claims liabilities are based on the estimated cost of settling the claim, including nonincremental claim adjustments, using past experience and adjusting for current conditions. Losses for uninsured judgments against the Government payable from governmental funds not expected to be liquidated with expendable available resources are reported in the applicable governmental activities in the Statements of Net Assets and Activities.

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Compensated absences - The liability for compensated absences is recorded when future payments for such absences have been earned by employees.

General policy of the Metropolitan Civil Service Commission permits the accumulation, within certain limitations, of unused vacation days and sick leave. Vacation days may accumulate to an amount equal to three times the current annual vacation accrual rate. Although sick pay may accumulate, no amounts are vested in the event of employee termination. Accumulated unpaid vacation pay related to governmental fund type operations is reported in the applicable governmental activities in the Statements of Net Assets and Activities, but is not a governmental fund liability, because it is not expected to be liquidated with expendable available resources. Accumulated unpaid vacation pay related to proprietary fund type operations is reported as a liability in the appropriate individual proprietary funds and proprietary type component units.

The policy of the Metropolitan Nashville Public Schools allows employees to accumulate sick leave without limitation. In addition, the Board allows vesting of accumulated sick leave depending on length of service beyond 15 years. Vested sick leave for Metropolitan Nashville Public Schools employees is reported in the applicable governmental activity in the Statements of Net Assets and Activities, but is not a governmental fund liability, because it is not expected to be liquidated with expendable available resources.

Arbitrage rebates – For the governmental funds, arbitrage rebates due to the federal government under the Internal Revenue Code of 1986, as amended, for excess earnings on invested proceeds of tax exempt securities are reported as a liability in the Statements of Net Assets and Activities and as a reservation of fund balance in the Balance Sheet - Governmental Funds. For proprietary funds (including component units) any such rebates are reflected as liabilities.

Landfills - State and federal laws and regulations require the Government to place a final cover on all its landfill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near, or after, the date the landfill stops accepting waste, the Government is required to report a portion of these closure and postclosure care costs as an operating expenditure in each period of operation. This expenditure is based on landfill capacity used at the reporting date. The current operations of the landfills are reported in the Solid Waste Operations Fund in the Governmental Funds section of this report. The long term liability and expense are reported in the Statements of Net Assets and Activities. The total liability for landfill purposes is \$11,622,643.

Bordeaux Sanitary Landfill - This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$7,363,868 are included in the liability.

Metro Thermal Ash Landfill – This landfill has stopped accepting solid waste. Some closing procedures have been started. Total estimated remaining closure and postclosure costs for this landfill of \$4,258,775 are included in the liability.

These estimates are based on an independent evaluation of the cost to perform all closure and care. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Closure and care financial requirements are expected to be met by the operations of the Solid Waste Operations Fund. To the extent the Solid Waste Operations Fund operations create a deficit, the General Fund is required to fund its operations.

Bond premiums, discounts and issuance costs – In the governmental funds, bond discounts and issuance costs are treated as period costs in the year of issue. In the government-wide and proprietary fund statements, bond premiums, discounts and issuance costs are deferred and amortized over the term of the related bonds.

## **F. Revenues, Expenditures and Expenses**

Grants - The Government receives grant revenues from various federal, state and non-profit agencies. The Government reports capital contributions, including capital grants, in the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds as a separate line item after non-operating revenues and expenses. In the Statement of Activities, capital grants and contributions are presented as program revenues.

Pass-through grant proceeds - Capital and operating grant amounts received on behalf of secondary recipients are reported in agency funds.

Passenger facility charges – On January 1, 1993, the airlines began collecting a Passenger Facility Charge (PFC) on qualifying enplaning passengers at Nashville International Airport on behalf of the Airport Authority. PFC's are fees imposed on enplaning passengers by airports to finance eligible airport related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such a system, or furnish opportunities for enhanced competition between or among air carriers. Both the

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fee and intended projects must be reviewed and approved by the Federal Aviation Administration (FAA). The fee can be set at \$1, \$2, or \$3 per enplaning passenger.

The Authority received approval to impose a \$3 PFC. The following project summary has been approved by the FAA:

Airport development	\$	75,654,850
Terminal development		62,432,050
Land acquisition		30,027,200
		\$ 168,114,100

Effective April 5, 2000, public agencies may qualify to charge PFC fees of \$4.00 or \$4.50 provided that the additional criterion for approval are met. PFC's are recorded as program revenues in the Statement of Activities.

Unbilled revenues and purchased power liability – Revenues from the Department of Water and Sewerage Services are recognized from meters read on a monthly cycle basis. At the end of each month, an estimate of service rendered from the latest date of each meter-reading cycle to month end is accrued and included in accounts receivable. The amount accrued at June 30, 2003 is \$6,862,728. Revenues of the Electric Power Board are recognized from meters read on a monthly cycle basis. At the end of each month, service rendered from the latest date of each meter-reading cycle to month end is accrued and included in accounts receivable. The Board purchases electric power from the TVA. The cost of purchased power is calculated based on retail billing units adjusted for estimated line losses. The Board accrues for unbilled purchased power based on retail billing units.

Property taxes - The Government's property taxes are levied for the current fiscal year each September 1 on the assessed value listed as of the prior January 1 for all real and personal property located in Nashville and Davidson County. Property taxes are secured by a statutory lien effective as of the original assessment date of January 1 and as such an enforceable legal claim to the subsequent fiscal year levy exists at fiscal year end. In accordance with state law, the real property assessment includes supplemental assessments made through September 1 for improved, demolished or damaged property.

Assessed values are established by the State of Tennessee at the following percentages of assessed market value:

- Public utility property	55%	(Railroads and certain telecommunication services at 40%)
- Industrial and commercial property		
- Real	40%	
- Personal	30%	
- Farm and residential property	25%	

Taxes are levied at a rate of \$3.75 per \$100 of assessed value for the entire metropolitan area (General Services District) with an additional tax of \$.83 per \$100 of assessed value levied upon properties within the Urban Services District.

Payments are due by February 28 and are delinquent on March 1 of the following year. Property taxes receivable have been included in the Balance Sheet - Governmental Funds with offsetting deferred revenue to reflect amounts not available at June 30, 2003. Amounts available at June 30, 2003 have been recorded as revenue in the governmental fund statements. Current tax collections of \$557,508,632 for the fiscal year ended June 30, 2003 were approximately 96% of the tax levy.

Of the \$628,351,148 property tax receivable, \$577,525,112 represents the 2003 property taxes which are not yet levied but recorded as required by GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

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**G. Estimates**

Estimates used in the preparation of financial statements require management to make assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Compliance With Finance Related Legal and Contractual Provisions**

The Government has no material violations of finance related legal and contractual provisions as of June 30, 2003.

**B. Budgets and Budgetary Accounting**

The Government's procedures in establishing the budget as reflected in the basic financial statements are as follows:

1. The Director of Finance annually obtains information from all officers, departments, boards, commissions and other agencies of the Government for which appropriations are made and/or revenues are collected and compiles the annual operating budget for the ensuing fiscal year beginning July 1. The compiled information, including various expenditure options and the means of financing them, is submitted to the Mayor for review.
2. The Mayor, with the assistance of the Department of Finance, determines the programs to be recommended to the Metropolitan Council, the expenditures proposed to operate those programs and the revenue changes needed to fund those expenditures. That information is compiled into a balanced operating budget which is submitted to the Metropolitan Council by May 25.
3. Copies of the Mayor's proposed budget and budget message are distributed to interested persons, and a summary of the budget is published in the area daily newspaper. The budget is a public record open for public inspection.
4. The Metropolitan Council's Budget and Finance Committee holds hearings with the officers, departments, boards, commissions and other agencies to explore the impact of the recommended operating budget and to explore other departmental budget options. In addition, advertised public hearings are held to obtain taxpayers' comments prior to final passage.
5. The budget is legally enacted effective July 1 through passage of an ordinance by the Metropolitan Council. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and fund balance.
6. The amounts in the adopted operating budgets for each organizational unit, purpose or activity constitute the annual appropriation for such items, and no expenditure can be made which will result in the annual appropriation being exceeded unless an additional appropriation is made.
7. The Metropolitan Council may make appropriations in addition to those contained in the current operating budgets, but any such additional appropriations may be made only from an existing unappropriated surplus in the fund to which it applies.
8. The Mayor may transfer the available balance of any appropriation for any purpose to the appropriation for any other purpose within the same department or by resolution approved by the Metropolitan Council, the available balance of any appropriation may be transferred to another appropriation within the same section of the budget and within the same fund.
9. All available balances of appropriations in the current operating budget lapse into the fund balance of the fund or funds from which the appropriations were originally made at the end of the fiscal year. Encumbrances do not lapse at the end of the fiscal year and are reserved for subsequent year expenditures.

Budgeted amounts shown are those originally adopted as well as the final budgets which reflect amendments by the Metropolitan Council pursuant to the transfer provisions of the budget ordinance. During the year, supplements and other amendments were made to the General Fund of \$20,594,135.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Government is legally required to prepare, and the Metropolitan Council is required to approve, the annual budgets of the General Fund, the General Purpose School Fund, and the GSD General Purposes, GSD School Purposes and USD General Purposes Debt Service Funds. In preparing the budgets, the Government utilizes generally accepted accounting principles (GAAP) for all legally required budgeted funds.

In accordance with Article 6 of the Metropolitan Charter, the Annual Operating Budget of the Government for the fiscal year 2003-2004 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number O03-1471. Unreserved and undesignated fund balance resources at June 30, 2003 have been appropriated to the 2003-2004 fiscal year operating budget as follows:

General Services District General Fund	\$ 35,707,900
Urban Services District General Fund	6,767,300
General Purpose School Fund	24,975,700
General Services District General Purposes Debt Service Fund	21,048,600
General Services District School Purposes Debt Service Fund	12,386,700
Urban Services District General Purposes Debt Service Fund	4,317,500

Encumbrances – Encumbrances outstanding at year end are reported as reservations of fund balance for subsequent year expenditures. Information regarding the encumbrances is available to assist in the management of commitments against appropriations. Encumbrance accounting is utilized for budgetary control purposes. Encumbrances, however, are not treated as expenditures in the basic financial statements.

**C. Deficit Balances and Excess Expenditures**

The following funds have deficit balances at June 30, 2003:

	Undesignated Fund Balance/ Unrestricted Net Assets	Reserved/ Invested in Capital Assets, Net of Related Debt	Total Fund Balances/ Total Net Assets
Special Revenue Funds:			
Stormwater Operations	\$ (734,817)	\$ 2,553,411	\$ 1,818,594
Nashville Career Advancement Center	(12,777)	5,630	(7,147)
Capital Projects Funds:			
GSD Capital Projects	(21,445,863)	21,781,299	335,436
Education Capital Projects	(33,552,254)	8,928,510	(24,623,744)
USD Capital Projects	(37,060,663)	12,722,533	(24,338,130)
Enterprise Funds:			
Nashville Convention Center	(683,590)	38,996,534	38,312,944
Internal Service Funds:			
Information Systems	(321,779)	1,000,194	678,415
Technology Revolving	(282,097)	70,668	(211,429)

The responsibility for funding the above deficit balances is as follows:

Funds with deficits

Special Revenue Funds  
Capital Projects Funds  
Enterprise Funds  
Internal Service Funds

Funding responsibility

General Fund  
Future issuance of notes and bonds  
Future user charges  
Future user charges

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2003, the Government exceeded the budgeted level of expenditures as follows:

Budgeted Unit	Budget	Actual	Variance
General Fund:			
General Services District:			
General Government:			
County Register of Deeds	\$ 424,116	\$ 1,979,942	\$ 1,555,826
Administration of Justice:			
Circuit Court Clerk	2,882,761	7,341,976	4,459,215
State Trial Courts	4,663,414	4,669,525	6,111
Miscellaneous:			
Metropolitan Development and Housing Agency	3,035,700	3,207,186	171,486
Insurance and Reserve	1,960,000	1,980,147	20,147
GSD General Revenue - Bank Fees	-	12,036	12,036
Transfers Out:			
USD General Fund	-	1,004,091	1,004,091
General Purpose School Fund	4,400	10,208	5,808
General Fund 4% Reserve	14,121,300	18,262,104	4,140,804
Urban Services District:			
Miscellaneous:			
Insurance and Reserve	289,000	316,100	27,100
Transfers Out:			
GSD General Fund	1,432,234	1,467,689	35,455
General Purpose School Fund	-	150	150
Nonmajor Governmental Funds	10,940,346	10,944,316	3,970
General Purpose School Fund:			
Other Costs	8,313,213	8,467,996	154,783
Capital Outlay	-	463,400	463,400
GSD General Purposes Debt Service Fund:			
Bond Issue Costs	-	317,948	317,948
Arbitrage Rebate	-	667,218	667,218
Payments to Refunded Bond Escrow Agent	-	42,975,978	42,975,978
GSD School Purposes Debt Service Fund:			
Fiscal Charges	125,000	131,379	6,379
Bond Issue Costs	-	343,356	343,356
Arbitrage Rebate	-	158,524	158,524
Payments to Refunded Bond Escrow Agent	-	63,466,789	63,466,789
USD General Purposes Debt Service Fund:			
Fiscal Charges	50,000	115,253	65,253
Bond Issue Costs	-	168,602	168,602
Payments to Refunded Bond Escrow Agent	-	6,363,079	6,363,079

Certain operating expenditures and commission and fee revenues of the County Register of Deeds and the Circuit Court Clerk are not included in the General Fund budget but are included in General Fund revenues and expenditures to appropriately recognize the full operations of these elected officials in the financial statements. The budget overage in State Trial Courts was due to unbudgeted positions.

The Metropolitan Development and Housing Agency activities are budgeted as reductions from revenue, but are accounted for as expenditures for tax increment payments. The Insurance and Reserve account is charged for the matching portion of health and life insurance when the employee portion is paid directly. The GSD General Revenue – Bank Fees are budgeted as reductions from revenue, but accounted for as expenditures.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The overage in the transfer from the GSD General Fund to the USD General Fund was due to a reclassification of revenue between funds. The difference for the General Purpose Schools fund transfer out is due to unbudgeted emergency repairs. The excess in the transfer to the General Fund 4% Reserve is due to revenue collections in excess of those budgeted.

The General Purpose School Fund overages for other costs and capital outlay are due to the costs being budgeted into the supplies and cost category. In the future, budgeted categories will be consistent with actual categories.

Expenditures for the debt service funds are not controlled on a line item basis, and routine debt service expenditures as a whole were under budget.

**NOTE 3 – RESTATEMENT OF FUND BALANCES AND FUND EQUITY**

During the fiscal year ended June 30, 2003, the Emergency Communications District restated net assets at June 30, 2002 to record a capital lease for hardware and software upgrade of the computer aided dispatch systems which was entered into, but not recognized in 2002.

The restatement affected beginning net assets as previously reported in the Statement of Net Assets as follows:

	Component Units
Net assets, beginning of year, as previously reported	\$ 1,054,454,276
Prior period adjustment:	
Emergency Communications District: Record capital lease	<u>(31,534)</u>
Net assets, beginning of year, restated	<u>\$ 1,054,422,742</u>

**NOTE 4 - CASH AND INVESTMENTS**

The Government is authorized by policy to invest funds that are not immediately needed in: United States Treasury Bills, Bonds and Notes; The State of Tennessee Local Government Investment Pool; bonds issued by the Government; bonds of commercial entities and other investments such as repurchase agreements and commercial paper. The Government is authorized to invest in these instruments either directly or through the Metro Investment Pool (MIP). The Metropolitan Employees' Benefit Trust is authorized to invest funds in accordance with the Statement of Investment Objectives of the Investment Board of the Government, which states that the Investment Board may make investments it deems suitable for the trust fund. Investments of the Teachers Retirement fund are administered by the Administrative Retirement Committee of the Metropolitan Nashville Public Schools.

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool. As of June 30, 2003, most of the Government's deposits were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregated balance of their public fund accounts for the Government. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collected securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure. Accounts covered by the State collateral pool are classified as category A in accordance with GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**CASH AND CASH EQUIVALENTS**

The Government's deposits are categorized below to give an indication of the level of risk assumed by the Government at fiscal year end. Category A includes deposits that are insured or collateralized with securities held by the Government or by its agent in the Government's name. Category B includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the Government's name. Category C includes deposits that are uninsured and uncollateralized. Deposits represent the Government's cash balance at banks and other financial institutions, while the carrying amount of cash on deposit represents the book balance of those deposits. The difference between deposits and the carrying amount of cash on deposit is due primarily to checks outstanding and deposits in transit at June 30, 2003.

	Deposits Per Bank And Other Financial Institutions			Carrying Amount Per Books			
	Category			Cash On	Cash On	Total	
	A	B	C	Deposit	Hand		
Governmental and Business-type activities							
General Government	\$ 13,591,648	\$ -	\$ -	\$ 13,591,648	\$ 6,371,434	\$ 179,729	\$ 6,551,163
Metropolitan Nashville Public Schools (except pension funds)	7,074,625	-	-	7,074,625	6,932,462	142,163	7,074,625
Department of Water and Sewerage Services	153,990	-	-	153,990	394,846	504,615	899,461
Total governmental and business-type activities	<u>\$ 20,820,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,820,263</u>	<u>\$ 13,698,742</u>	<u>\$ 826,507</u>	<u>\$ 14,525,249</u>
Reconciliation to presentation on the Statement of Net Assets:							
Cash and Cash Equivalents							\$ 217,769,685
Restricted Cash and Cash Equivalents							81,200,002
Less: Cash Equivalents included as investments for footnote categorization							<u>(284,444,438)</u>
Total governmental and business-type activities							<u>\$ 14,525,249</u>
Fiduciary Funds							
Pension Funds	\$ 24,610,394	\$ -	\$ -	\$ 24,610,394	\$ 24,610,394	\$ -	\$ 24,610,394
Agency Funds	41,759,871	-	-	41,759,871	37,510,482	44,575	37,555,057
Total fiduciary funds	<u>\$ 66,370,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,370,265</u>	<u>\$ 62,120,876</u>	<u>\$ 44,575</u>	<u>\$ 62,165,451</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Deposits Per Bank And Other Financial Institutions				Carrying Amount Per Books		
	Category			Total	Cash On	Cash On	Total
	A	B	C		Deposit	Hand	
Reconciliation to presentation on the Statement of Fiduciary Net Assets:							
Cash and Cash Equivalents							\$ 65,337,147
Investments in Certificates of Deposits included as cash on deposit for footnote categorization							434,796
Less: Cash Equivalents included as investments for footnote categorization							<u>(3,606,492)</u>
Total fiduciary funds							<u>\$ 62,165,451</u>
Component Units							
Nashville District							
Management Corporation	\$ 95,726	\$	\$	\$ 95,726	\$ 95,726	\$	\$ 95,726
Sports Authority	9,189,099			9,189,099	9,189,099		9,189,099
Hospital Authority	110,635	-	-	110,635	113,859	638,721	752,580
Metropolitan Development and Housing Agency	41,742,395	-	-	41,742,395	40,027,873	-	40,027,873
Electric Power Board	3,714,163	-	-	3,714,163	106,022	16,000	122,022
Metropolitan Transit Authority	1,272,597	-	-	1,272,597	1,168,918		1,168,918
Nashville Thermal Transfer Corporation	612,835	-		612,835	647,624	515	648,139
Metropolitan Nashville Airport Authority	60,579,571		-	60,579,571	46,786,602	-	46,786,602
Emergency Communications District	3,232,844	-	-	3,232,844	3,232,844	-	3,232,844
Industrial Development Board	735,264	-	2,257,781	2,993,045	2,992,980		2,992,980
Total component units	<u>\$ 121,285,129</u>	<u>\$</u>	<u>\$ 2,257,781</u>	<u>\$ 123,542,910</u>	<u>\$ 104,361,547</u>	<u>\$ 655,236</u>	<u>\$ 105,016,783</u>
Reconciliation to presentation on the Statement of Net Assets:							
Cash and Cash Equivalents							\$ 64,896,977
Restricted Cash and Cash Equivalents							40,842,258
Investments in Certificates of Deposits included as cash on deposit for footnote categorization							36,237,138
Less: Cash Equivalents included as investments for footnote categorization							<u>(36,959,590)</u>
Total component units							<u>\$ 105,016,783</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**INVESTMENTS**

The Government's investments are categorized below to give an indication of the level of risk assumed by the Government at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Government or its agent in the Government's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department (if a bank) or agent in the Government's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty in the Government's name, or held by the counterparty's trust department (if a bank) or agent, but not in the Government's name.

	Category			Fair Value
	1	2	3	
<u>General government</u>				
Federal Home Loan Bank Obligations	\$ 20,604,193	\$ -	\$ -	\$ 20,604,193
Federal Home Loan Mortgage Corporation Obligations	14,680,735	-	-	14,680,735
Federal National Mortgage Association Obligations	20,232,732	-	-	20,232,732
US Treasury Bonds and Notes	200,109,269	-	-	200,109,269
	<u>\$ 255,626,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>255,626,929</u>
Not categorized:				
Tennessee Local Government Investment Pool				<u>61,835,778</u>
Total general government				<u>317,462,707</u>
<u>Metropolitan Nashville Public Schools (except pension funds)</u>				
Federal Home Loan Bank Obligations	\$ 11,167,250	\$ -	\$ -	\$ 11,167,250
Federal Home Loan Mortgage Corporation Obligations	7,956,800	-	-	7,956,800
Federal National Mortgage Association Obligations	10,965,923	-	-	10,965,923
U. S. Treasury & Agency Securities	87,091,613	-	-	87,091,613
	<u>\$ 117,181,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>117,181,586</u>
Not categorized:				
Tennessee Local Government Investment Pool				<u>33,514,325</u>
Total Metropolitan Nashville Public Schools (except pension funds)				<u>150,695,911</u>
<u>Department of Water and Sewerage Services</u>				
U. S. Treasury & Agency Securities	\$ 173,161,368	\$ -	\$ -	\$ 173,161,368
Federal Home Loan Bank Obligations	17,490,264	-	-	17,490,264
Federal Home Loan Mortgage Corporation Obligations	27,042,577	-	-	27,042,577
Federal National Mortgage Association Obligations	37,444,503	-	-	37,444,503
State and Local Government Securities	2,230,500	-	-	2,230,500
	<u>\$ 257,369,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>257,369,212</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Category			Fair Value
	1	2	3	
Not categorized:				
Mutual Funds				\$ 33,699,036
Tennessee Local Government Investment Pool				46,142,182
				<u>337,210,430</u>
Total Department of Water and Sewerage Services				
				<u>\$ 805,369,048</u>
Reconciliation to presentation on the Statement of Net Assets:				
Cash Equivalents included as investments for footnote classification				\$ 284,444,438
Investments				288,810,569
Restricted Investments				232,114,041
				<u>232,114,041</u>
Total governmental and business-type activities				<u>\$ 805,369,048</u>
<u>Pension funds</u>				
U. S. Treasury & Agency Securities	\$ 97,512,837	\$ -	\$ -	\$ 97,512,837
Federal Home Loan Bank Obligations	5,033,039	-	-	5,033,039
Federal Home Loan Mortgage Corporation Obligations	39,668,558	-	-	39,668,558
Federal National Mortgage Association Obligations	112,835,337	-	-	112,835,337
Corporate Bonds and Notes	179,267,138	-	-	179,267,138
Common Stock	345,152,803	-	-	345,152,803
Preferred Stock	4,775,520	-	-	4,775,520
Foreign Currency	5,194,848	-	-	5,194,848
Collateralized Mortgage Obligations	25,188,298	-	-	25,188,298
International Securities	184,551,487	-	-	184,551,487
State and Local Government Securities	1,375,579	-	-	1,375,579
Government National Mortgage Association Obligations	26,130,261	-	-	26,130,261
	<u>\$ 1,026,685,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,026,685,705</u>
Not categorized:				
Tennessee Local Government Investment Pool				1,722,155
Mutual Funds				306,057,647
Mortgages and Real Estate				74,842,435
Warrants and Options				654,367
Limited Partnerships				37,935,996
				<u>37,935,996</u>
Total pension funds				<u>1,447,898,305</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Category			Fair Value
	1	2	3	
<u>Agency Funds</u>				
Corporate Bonds and Notes	\$ 10,000	\$ -	\$ -	\$ 10,000
	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>10,000</u>
Not categorized:				
Mutual Funds				39,797
Mortgages and Real Estate				<u>47,118</u>
Total agency funds				<u>96,915</u>
Total fiduciary funds				<u>\$ 1,447,995,220</u>
Reconciliation to presentation on the Statement of Fiduciary Net Assets:				
Cash Equivalents included as investments for footnote classification				\$ 3,606,492
Investments				1,444,823,524
Investments in Certificates of Deposits included as cash on deposit for footnote classification				<u>(434,796)</u>
Total fiduciary funds				<u>\$ 1,447,995,220</u>
<u>Component Units</u>				
U. S. Treasury & Agency Securities	\$ 131,420,349	\$ -	\$ -	\$ 131,420,349
Commercial Paper	27,973,594	-	-	27,973,594
Federal Home Loan Bank Obligations	936,903	-	-	936,903
Federal Home Loan Mortgage Corporation Obligations	667,555	-	-	667,555
Federal National Mortgage Association Obligations	920,012	-	-	920,012
	<u>\$ 161,918,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>161,918,413</u>
Tennessee Local Government Investment Pool				2,811,762
Mortgages and Real Estate				753,556
Mutual Funds				<u>1,535,829</u>
Total component units				<u>\$ 167,019,560</u>
Reconciliation to presentation on the Statement of Net Assets:				
Cash Equivalents included as investments for footnote classification				\$ 36,959,590
Investments				65,268,099
Restricted Investments				101,029,009
Investments in Certificates of Deposits included as cash on deposit for footnote classification				<u>(36,237,138)</u>
Total component units				<u>\$ 167,019,560</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The primary government's pension plans also have \$739,037 of annuities that are classified separately from investments on the Statement of Fiduciary Net Assets Fiduciary Funds.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2003 was as follows:

**Primary Government**

Governmental Activities:

	Balance July 1, 2002	Increases	Decreases	Balance June 30, 2003
Capital assets, not being depreciated:				
Land	\$ 92,060,824	\$ 11,555,196	\$ -	\$ 103,616,020
Transportation infrastructure	1,299,892,747	7,867,450	-	1,307,760,197
Construction in progress	<u>44,898,562</u>	<u>43,398,472</u>	<u>(70,695,357)</u>	<u>17,601,677</u>
Total capital assets, not being depreciated	<u>1,436,852,133</u>	<u>62,821,118</u>	<u>(70,695,357)</u>	<u>1,428,977,894</u>
Capital assets, being depreciated:				
Buildings and improvements	773,582,955	106,803,472	(2,702,584)	877,683,843
Furniture, machinery and equipment	221,801,705	120,957,284	(106,081,228)	236,677,761
Stormwater infrastructure	<u>69,935,282</u>	<u>7,463,770</u>	<u>-</u>	<u>77,399,052</u>
Total capital assets, being depreciated	<u>1,065,319,942</u>	<u>235,224,526</u>	<u>(108,783,812)</u>	<u>1,191,760,656</u>
Less accumulated depreciation:				
Building and improvements	(303,909,157)	(19,842,573)	2,564,602	(321,187,128)
Furniture, machinery and equipment	(138,733,317)	(20,471,811)	17,536,183	(141,668,945)
Stormwater infrastructure	<u>(17,605,999)</u>	<u>(1,426,012)</u>	<u>-</u>	<u>(19,032,011)</u>
Total accumulated depreciation	<u>(460,248,473)</u>	<u>(41,740,396)</u>	<u>20,100,785</u>	<u>(481,888,084)</u>
Total capital assets, being depreciated, net	<u>605,071,469</u>	<u>193,484,130</u>	<u>(88,683,027)</u>	<u>709,872,572</u>
Governmental activities capital assets, net	<u>\$ 2,041,923,602</u>	<u>\$ 256,305,248</u>	<u>\$ (159,378,384)</u>	<u>\$ 2,138,850,466</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Business-Type Activities:

	Balance July 1, 2002	Increases	Decreases	Balance June 30, 2003
Capital assets, not being depreciated:				
Land	\$ 11,852,132	\$ 2,489,954	\$ -	\$ 14,342,086
Construction in progress	26,881,079	82,211,102	(43,940,085)	65,152,096
<b>Total capital assets, not being depreciated</b>	<b>38,733,211</b>	<b>84,701,056</b>	<b>(43,940,085)</b>	<b>79,494,182</b>
Capital assets, being depreciated:				
Utility plant in service	1,521,629,941	45,850,946	-	1,567,480,887
Land easements	11,246,590	-	-	11,246,590
Buildings and improvements	80,188,305	2,888,028	-	83,076,333
Improvements other than buildings	37,774,700	1,002,073	-	38,776,773
Furniture, machinery and equipment	45,994,493	1,656,246	(11,659,536)	35,991,203
Property under capital lease	3,645,000	-	-	3,645,000
<b>Total capital assets, being depreciated</b>	<b>1,700,479,029</b>	<b>51,397,293</b>	<b>(11,659,536)</b>	<b>1,740,216,786</b>
Less accumulated depreciation:				
Utility plant in service	(367,812,772)	(38,302,098)	-	(406,114,870)
Land easements	(1,308,815)	(127,130)	-	(1,435,945)
Buildings and improvements	(35,388,215)	(2,962,168)	-	(38,350,383)
Improvements other than buildings	(22,341,084)	(1,691,416)	(686)	(24,033,186)
Furniture, machinery and equipment	(35,583,423)	(2,741,556)	10,253,123	(28,071,856)
Property under capital lease	(554,344)	(91,125)	-	(645,469)
<b>Total accumulated depreciation</b>	<b>(462,988,653)</b>	<b>(45,915,493)</b>	<b>10,252,437</b>	<b>(498,651,709)</b>
<b>Total capital assets, being depreciated, net</b>	<b>1,237,490,376</b>	<b>5,481,800</b>	<b>(1,407,099)</b>	<b>1,241,565,077</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 1,276,223,587</b>	<b>\$ 90,182,856</b>	<b>\$ (45,347,184)</b>	<b>\$ 1,321,059,259</b>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 8,324,087
Fiscal administration	593,152
Administration of justice	2,138,719
Law enforcement and care of prisoners	2,911,258
Fire prevention and control	521,015
Education	11,616,583
Regulation and inspection	23,466
Public welfare	930,439
Public health and hospitals	461,393
Public library system	2,604,903
Public works, highways and streets, including depreciation of stormwater infrastructure	1,893,479
Recreational and cultural	1,357,203
Capital assets held by internal service funds are charged to the various functions based on each function's usage of the services provided by the funds	<u>8,364,699</u>
Total depreciation expense, governmental activities	<u>\$ 41,740,396</u>
Business-type activities:	
Department of Water and Sewerage Services	\$ 44,113,004
Nashville Convention Center	1,216,420
Board of Fair Commissioners	409,261
Farmers Market	164,835
Police Secondary Employment	<u>11,973</u>
Total depreciation expense, business-type activities	<u>\$ 45,915,493</u>

**Component Units**

Capital assets of the component units at June 30, 2003 consisted of the following:

	Balance July 1, 2002	Adjustments and Reclassifications	Increases	Decreases	Balance June 30, 2003
Capital assets, not being depreciated:					
Land	\$ 564,044,771	\$ 1,991,083	\$ 2,275,707	\$ (1,698,271)	\$ 566,613,290
Construction in progress	<u>78,613,710</u>	<u>(16,156,433)</u>	<u>19,194,180</u>	<u>(6,889,748)</u>	<u>74,761,709</u>
Total capital assets, not being depreciated	<u>642,658,481</u>	<u>(14,165,350)</u>	<u>21,469,887</u>	<u>(8,588,019)</u>	<u>641,374,999</u>
Capital assets, being depreciated:					
Utility plant in service	792,382,291	-	63,510,003	(7,157,196)	848,735,098
Buildings and improvements	769,725,171	13,256,459	5,053,525	(5,927,034)	782,108,121
Improvements other than buildings	666,049	-	-	-	666,049
Furniture, machinery and equipment	195,336,185	1,436,367	14,008,892	(6,371,687)	204,409,757
Infrastructure	<u>11,460,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,460,638</u>
Total capital assets, being depreciated	<u>1,769,570,334</u>	<u>14,692,826</u>	<u>82,572,420</u>	<u>(19,455,917)</u>	<u>1,847,379,663</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Balance July 1, 2002	Adjustments and Reclassifications	Increases	Decreases	Balance June 30, 2003
Less accumulated depreciation for:					
Utility plant in service	\$ (308,693,887)	\$ -	\$ (28,497,745)	\$ 11,464,940	\$ (325,726,692)
Buildings and improvements	(193,749,579)	-	(24,134,558)	4,018,375	(213,865,762)
Improvements other than buildings	(174,790,195)	-	(11,539,062)	-	(186,329,257)
Furniture, machinery and equipment	(128,083,857)	(17,582)	(15,146,586)	6,087,157	(137,160,868)
Infrastructure	(8,565,189)	-	(530,582)	-	(9,095,771)
Total accumulated depreciation	<u>(813,882,707)</u>	<u>(17,582)</u>	<u>(79,848,533)</u>	<u>21,570,472</u>	<u>(872,178,350)</u>
Total capital assets, being depreciated, net	<u>955,687,627</u>	<u>14,675,244</u>	<u>2,723,887</u>	<u>2,114,555</u>	<u>975,201,313</u>
Component units activities capital assets, net	<u>\$ 1,598,346,108</u>	<u>\$ 509,894</u>	<u>\$ 24,193,774</u>	<u>\$ (6,473,464)</u>	<u>\$ 1,616,576,312</u>

The adjustments and reclassifications column includes the effect of the restatement on the financial statements of the Emergency Communications District.

General Hospital, a component unit, transferred capital assets with a net book value of \$737,167 to the primary government. The transaction is reported as a special item in the Statement of Activities.

**NOTE 6 - BONDS, NOTES AND OTHER OBLIGATIONS**

**Primary Government**

**A. Transaction Summary**

Bonds, notes and other obligations activity for the year ended June 30, 2003 was as follows:

	Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds and notes payable:					
General Services District	\$ 677,233,734	\$ 41,749,303	\$ (81,465,250)	\$ 637,517,787	\$ 42,676,433
Schools	400,316,587	60,984,934	(81,725,922)	379,575,599	24,122,062
Urban Services District	109,694,679	5,955,763	(17,753,828)	97,896,614	11,581,505
Less deferred charges, net	(3,135,136)	(3,440,094)	396,975	(6,178,255)	-
Total general obligation bonds and notes payable	<u>1,184,109,864</u>	<u>105,249,906</u>	<u>(180,548,025)</u>	<u>1,108,811,745</u>	<u>78,380,000</u>
Limited obligation revenue bonds payable:					
Correctional Facility Revenue Bonds	16,265,000	-	(1,340,000)	14,925,000	1,395,000
Less deferred charges, net	(258,740)	-	53,557	(205,183)	-
Total limited obligation revenue bonds payable	<u>16,006,260</u>	<u>-</u>	<u>(1,286,443)</u>	<u>14,719,817</u>	<u>1,395,000</u>
Other obligations payable:					
Net pension obligation	49,283,353	3,856,463	(3,993,886)	49,145,930	-
Compensated absences	44,231,484	53,152,396	(41,830,518)	55,553,362	31,670,822
Claims and judgments	3,105,133	203,370	(3,105,133)	203,370	203,370
Interest arbitrage rebate	2,822,975	-	(1,866,973)	956,002	570,635
Landfill closure costs	5,084,854	7,682,895	(1,145,106)	11,622,643	2,952,792
Total other obligations payable	<u>104,527,799</u>	<u>64,895,124</u>	<u>(51,941,616)</u>	<u>117,481,307</u>	<u>35,397,619</u>
Total governmental activities Long-term liabilities	<u>\$ 1,304,643,923</u>	<u>\$ 170,145,030</u>	<u>\$ (233,776,084)</u>	<u>\$ 1,241,012,869</u>	<u>\$ 115,172,619</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Due Within One Year
<b>Business-type activities:</b>					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 525,855,000	\$ 30,255,000	\$ (51,740,000)	\$ 504,370,000	\$ 20,190,000
Less deferred charges, net	(9,177,038)	-	853,371	(8,323,667)	-
State construction loans	57,659,285	-	(6,036,462)	51,622,823	4,819,488
Total bonds and notes payable	574,337,247	30,255,000	(56,923,091)	547,669,156	25,009,488
Interest arbitrage rebate	750,000	-	(750,000)	-	-
Total Department of Water and Sewerage Services	575,087,247	30,255,000	(57,673,091)	547,669,156	25,009,488
District Energy System:					
Revenue bonds payable	-	66,700,000	-	66,700,000	-
Add bond premium, net	-	2,386,748	(57,744)	2,329,004	-
Total District Energy System	-	69,086,748	(57,744)	69,029,004	-
Farmers Market:					
Capitalized lease obligations payable	2,340,000	-	(130,000)	2,210,000	135,000
Total business-type activities					
Long-term liabilities	\$ 577,427,247	\$ 99,341,748	\$ (57,860,835)	\$ 618,908,160	\$ 25,144,488

**B. Description of Amounts Payable**

Amounts payable at June 30, 2003 are as follows:

	Interest Rate	Amount
<b>Governmental activities:</b>		
General obligation bonds and notes payable from ad valorem taxes:		
General Services District - General Purposes, due in varying amounts to November 15, 2029	3.00 - 6.15%	\$ 637,517,787
General Services District - School Purposes, due in varying amounts to November 15, 2027	3.00 - 6.15%	379,575,599
Urban Services District - General Purposes, due in varying amounts to November 15, 2024	0.10 - 6.00%	97,896,614
Less deferred amounts, net		(6,178,255)
Total general obligation bonds and notes payable from ad valorem taxes		1,108,811,745
Limited obligation revenue bonds payable:		
Correctional Facility Revenue Bonds, due in varying amounts to September 1, 2011	4.00 - 5.00%	14,925,000
Less deferred amounts, net		(205,183)
Total limited obligation revenue bonds payable		14,719,817
Other obligations payable:		
Net pension obligation		49,145,930
Compensated absences		55,553,362
Claims and judgments		203,370
Interest arbitrage rebate		956,002
Landfill closure		11,622,643
Total other obligations payable		117,481,307
Total governmental activities long-term liabilities		\$ 1,241,012,869

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Interest Rate	Amount
<b>Business-type activities:</b>		
Bonds, notes and other obligations payable:		
Department of Water and Sewerage Revenue Refunding Bonds of 1986, due in varying amounts to January 1, 2016	7.10 - 7.70%	\$ 135,615,000
Department of Water and Sewerage Revenue Bonds, Series 1993, due in varying amounts to January 1, 2016	4.90 - 6.50%	87,330,000
Department of Water and Sewerage Revenue Refunding Bonds of 1996, due in varying amounts to January 1, 2014	5.50 - 6.00%	56,320,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 1998A, due in varying amounts to January 1, 2022	4.10 - 5.00%	153,580,000
Department of Water and Sewerage Revenue Bonds Series 1998B, due in varying amounts to January 1, 2014	4.00 - 5.25%	41,270,000
Department of Water and Sewerage Revenue Refunding Bonds Series 2002, due in varying amounts to January 1, 2016	3.00 - 5.125%	30,255,000
Less deferred amounts, net		(8,323,667)
Total Department of Water and Sewerage Revenue bonds payable		496,046,333
District Energy System Bonds, Series 2002A, due in varying amounts to October 1, 2033	3.00 - 5.00%	66,700,000
Add bond premium, net		2,329,004
Total District Energy System revenue bonds payable		69,029,004
Total revenue bonds payable		565,075,337
Department of Water and Sewerage Services - state construction loans	4.28 - 5.52%	51,622,823
Capitalized lease obligations payable:		
Farmers Market	7.50%	2,210,000
Total capitalized lease obligations payable		2,210,000
Total business-type activities long-term liabilities		\$ 618,908,160

The bonds, notes and other obligations are classified in the Statement of Net Assets as follows:

**Governmental activities:**

Noncurrent liabilities:	
Due within one year	\$ 115,172,619
Due in more than one year	1,125,840,250
Total governmental activities	1,241,012,869

**Business-type activities:**

Liabilities payable from restricted assets:	
Current portion of long-term liabilities	25,009,488
Noncurrent liabilities:	
Due within one year	135,000
Due in more than one year	546,960,337
Other long-term liabilities	46,803,335
Total business-type activities	618,908,160
Total primary government long-term liabilities	\$ 1,859,921,029

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The general obligation bonds and notes payable are direct obligations of the Government for which its full faith and credit are pledged. These obligations are payable from the assessment of ad valorem taxes. In addition, the Government has additional sources of funds which are utilized to meet the annual principal and interest payments of certain general obligation bonds and notes.

The Correctional Facility Revenue Bonds are special limited obligations of the Government payable solely from payments received from the State of Tennessee. Payments by the state for debt service on the bonds are considered reimbursements to the Government of reasonable allowable costs under the County Correctional Incentives Act of 1981, as amended, and regulations adopted by the State Department of Corrections. The obligation of the state to make payments under the contract is subject to, and dependent upon, annual appropriations by the State General Assembly and allotment by appropriate state officials and does not constitute a moral or general obligation or a debt of the state. The State General Assembly is not obligated to make appropriations to satisfy the state's obligation to make these payments, and there is no assurance that the State General Assembly will make any such appropriations. The bonds are not deemed to constitute a debt or liability of the Government for which there is recourse against the General Fund or a right to compel the exercise of the ad valorem taxing power of the Government. No right, title or interest in or to the DeBerry Correctional Facility financed by the bonds is pledged for the payment or security of the bonds.

For the governmental activities, the other obligations are generally liquidated from the following:

Net pension obligation and compensated absences	Fund incurring the related employees' compensation
Claims and judgments	Fund to which the claim or judgment relates
Interest arbitrage rebate	Debt Service funds
Landfill closure costs	Solid Waste Operations Fund

**C. Collateral for Obligations of the Proprietary Funds**

All bonds of the Department of Water and Sewerage Services and the District Energy System are collateralized by the revenues of those entities.

**D. Bond Covenants**

The various revenue bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of a flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. As of June 30, 2003, the Government believes it was in compliance with all financial limitations and restrictions.

**E. Annual Debt Service Requirements**

The annual requirements to amortize all general obligation bonds and notes and revenue bonds outstanding as of June 30, 2003 are as follows:

Year Ending June 30	General Obligation Bonds and Notes		Limited Obligation Revenue Bonds		Revenue Bonds		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 78,380,000	\$ 55,736,826	\$ 1,395,000	\$ 641,106	\$ 20,190,000	\$ 31,801,631	\$ 99,965,000	\$ 88,179,563
2005	80,259,999	52,010,874	1,450,000	585,950	21,680,000	30,712,170	103,389,999	83,308,994
2006	82,820,001	48,102,731	1,505,000	526,850	27,140,000	29,570,314	111,465,001	78,199,895
2007	69,465,000	43,479,387	1,570,000	465,350	28,495,000	28,161,808	99,530,000	72,106,545
2008	67,335,000	39,958,887	1,630,000	401,350	30,025,000	26,671,290	98,990,000	67,031,527
2009-2013	267,319,998	155,751,949	7,375,000	760,375	185,360,000	101,357,351	460,054,998	257,869,675
2014-2018	236,335,001	91,608,909	-	-	148,810,000	45,018,955	385,145,001	136,627,864
2019-2023	134,015,001	44,410,269	-	-	72,715,000	18,011,439	206,730,001	62,421,708
2024-2028	88,560,000	12,115,810	-	-	14,510,000	7,394,650	103,070,000	19,510,460
2029-2033	10,500,000	558,337	-	-	17,990,000	3,375,000	28,490,000	3,933,337
2034-2038	-	-	-	-	4,155,000	103,875	4,155,000	103,875
Total	1,114,990,000	543,733,979	14,925,000	3,380,981	571,070,000	322,178,483	1,700,985,000	869,293,443
Deferred Charge/ Premium	(6,178,255)	-	(205,183)	-	(5,994,663)	-	(12,378,101)	-
Total	\$ 1,108,811,745	\$ 543,733,979	\$ 14,719,817	\$ 3,380,981	\$ 565,075,337	\$ 322,178,483	\$ 1,688,606,899	\$ 869,293,443

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**F. Advance Refunding of Bonds**

On November 15, 2002, the Government issued \$108,690,000 General Obligation Multi-Purpose Refunding Bonds, Series 2002 at an effective rate of 4.31%. These bonds provide funds to refund the entire Metropolitan Government's outstanding General Obligation Multi-Purpose Improvement Bonds, Series 1994, dated September 15, 1994 (the Series 1994 Bonds), maturing May 15, 2004; a portion of the Metropolitan Government's outstanding General Obligation Multi-Purpose Improvement Bonds, Series 1995, dated April 15, 1995 (the Series 1995 Bonds), maturing May 15, 2004 through May 15, 2025; a portion of the Metropolitan Government's outstanding General Obligation Public Improvement Bonds, Series 1996, dated June 15, 1996 (the Series 1996 Bonds), maturing May 15, 2007; and a portion of the Metropolitan Government's outstanding General Obligation Multi-Purpose Improvement Bonds, Series 2001A, dated February 15, 2001 (the Series 2001A Bonds), maturing October 15, 2012 through October 15, 2014. The net proceeds of the bonds totaled \$112,805,847 (net of an original issue premium, underwriting fees and other issuance costs).

These net proceeds were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payment on the refunded Series 1994 Bonds, Series 1995 Bonds, Series 1996 Bonds and Series 2001 A Bonds. As a result, Series 1994 Bonds were paid off and certain maturities of the Series 1995 Bonds, Series 1996 Bonds and Series 2001A Bonds are considered to be defeased and the liabilities have been removed from the financial statements.

The Government advance refunded the Series 1994 Bonds, Series 1995 Bonds, Series 1996 Bonds and Series 2001A Bonds to reduce its total debt service payment over the next 23 years by \$7,757,351. By issuing the new bonds, the Government obtained an economic gain (difference between the present values of the debt service payments on the defeased and the new debts) of \$5,516,389.

On December 5, 2002, the Department of Water and Sewerage Services issued \$30,255,000 of Water and Sewer Revenue Bonds, Series 2002, for the purpose of advance refunding \$2,880,000 of outstanding Water and Sewer Revenue Bonds, Series 1992 and \$29,180,000 of outstanding Water and Sewer Revenue Bonds, Series 1993. The 2002 bonds, which were sold for a premium price of \$32,370,675, bear interest at rates ranging from 3.00% to 5.125%, and will be repaid in varying principal amounts, with the final payment due January 1, 2016.

The Department of Water and Sewerage Services advance refunded the Series 1992 and certain Series 1993 Bonds to reduce its total debt service payment over the next 14 years by \$2,535,095. By issuing the new bonds, the Department obtained an economic gain (difference between the present values of the debt service payments on the defeased and the new debts) of \$1,816,298.

The Government has defeased certain obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service requirements on the retired bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Government's financial statements. As of June 30, 2003, \$60,915,000 of general obligation bonds and \$277,009,995 of revenue bonds are considered defeased.

**G. Redemption Options**

Certain bonds are subject to redemption prior to maturity at the option of the Government. The stated payments of principal and interest on the Department of Water and Sewerage Services Series 1992, Series 1993, Series 1996, and Series 1998 Bonds are insured by municipal bond insurance policies which cannot be canceled.

**H. The Department of Water and Sewerage Services - State Construction Loans**

As of June 30, 2003, the Department has entered into 15 loan agreements with the Tennessee Department of Conservation and the Tennessee Local Development Authority under the State of Tennessee's Revolving Fund Loan Program to provide financing for all or a portion of certain wastewater facility projects. Interest on the loans begins to accrue upon the first receipt of the loan proceeds and is computed at the rate established by the Authority (between 4.28% and 5.52% at June 30, 2003). The loans mature in monthly installments, as stipulated in the agreed-upon payment schedule, and are secured by the Government's unobligated state-shared taxes in an amount equal to the maximum annual debt service requirements under the agreements. In addition, the Government has pledged user fees and charges to be paid from the Department's Extension and Replacement Fund and/or from ad valorem taxes.

As of June 30, 2003, the 15 project loans have been fully funded and the Department has begun repaying the loans in accordance with the specified payment schedules. These funded loans, which total \$51,622,823 at June 30, 2003, call for monthly payments of principal and interest of \$652,398.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

State construction loan principal maturities as of June 30, 2003 are summarized below:

Year Ending June 30	
2003	\$ 4,819,488
2004	3,292,140
2005	2,487,324
2006	2,602,116
2007	2,722,176
2008-2012	15,616,020
2013-2017	16,462,032
2018-2021	3,621,527
Total principal outstanding	\$ 51,622,823

**I. District Energy System**

On October 1, 2002, the Government issued \$66,700,000 District Energy System Bonds, Series 2002A (the DES Bonds), at an effective rate of 4.72%. The DES Bonds provide funds to finance, in part, construction of new steam and chilled water generating facilities and improvements to an existing energy distribution system (the System), all to be owned by the Government. The DES Bonds were issued pursuant to a District Energy System General Bond Resolution adopted by the Government on December 18, 2001, as amended and supplemented, and are payable solely from revenues derived by the Government from the operation of the System, and all other monies legally available, including if necessary, annual appropriations by the Government to cover any deficiency between System revenues and System expenses, including debt service on the DES Bonds. Upon completion of the System in 2004, the existing facility owned by the Government and currently operated by the Nashville Thermal Transfer Corporation, a component unit of the Government, will cease operations and close.

**J. Unissued Bonds or Notes**

At June 30, 2003, authorized but unissued general obligation bonds totaled \$542,920,000. General obligation notes authorized but not executed totaled \$544,154,000.

**Component Units**

**A. Transaction Summary**

Bonds, notes and other liabilities activity for the year ended June 30, 2003 was as follows:

	Balance July 1, 2002	Adjustments and Reclassifications	Additions	Reductions	Balance June 30, 2003	Due Within One Year
<b>Governmental types:</b>						
Revenue bonds payable:						
Sports Authority	\$ 91,775,000	\$ -	\$ -	\$ (2,080,000)	\$ 89,695,000	\$ 2,190,000
Total revenue bonds payable - governmental types	91,775,000	-	-	(2,080,000)	89,695,000	2,190,000

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Balance July 1, 2002	Adjustments and Reclassifications	Additions	Reductions	Balance June 30, 2003	Due Within One Year
<b>Proprietary types:</b>						
Revenue bonds payable:						
Metropolitan Development and						
Housing Agency	\$ 10,667,700	\$ -	\$ -	\$ (894,300)	\$ 9,773,400	\$ 972,400
Electric Power Board	391,136,549	-	5,267,650	(15,725,000)	380,679,199	16,590,000
Metropolitan Nashville Airport Authority	287,799,583	-	2,438,498	(16,175,000)	274,063,081	17,690,000
Total revenue bonds payable - proprietary types	<u>689,603,832</u>	<u>-</u>	<u>7,706,148</u>	<u>(32,794,300)</u>	<u>664,515,680</u>	<u>35,252,400</u>
Notes payable:						
Metropolitan Development and						
Housing Agency:						
Notes payable	2,331,732	-	1,900,000	(1,321,019)	2,910,713	59,516
Metropolitan Nashville Airport Authority:						
Subordinate Revenue Note, Series 1999	1,235,525	-	-	(145,185)	1,090,340	154,654
Total notes payable - proprietary types	<u>3,567,257</u>	<u>-</u>	<u>1,900,000</u>	<u>(1,466,204)</u>	<u>4,001,053</u>	<u>214,170</u>
Total revenue bonds and notes payable	<u>784,946,089</u>	<u>-</u>	<u>9,606,148</u>	<u>(36,340,504)</u>	<u>758,211,733</u>	<u>37,656,570</u>
Other liabilities payable:						
Hospital Authority:						
Capitalized lease obligation	43,458,181	-	-	(857,739)	42,600,442	835,989
Metropolitan Development and						
Housing Agency:						
Other liabilities	1,649,661	(1,649,661)	1,592,919	-	1,592,919	-
Electric Power Board:						
TVA Advances	3,490,195	-	1,042,254	(1,592,043)	2,940,406	-
Other	1,178,112	-	646,724	(486,365)	1,338,471	-
Metropolitan Transit Authority:						
Capitalized lease obligation	786,153	-	-	(60,627)	725,526	107,160
Nashville Thermal Transfer						
Corporation:						
Accrued severance	606,443	-	-	(606,443)	-	-
Metropolitan Nashville Airport						
Authority:						
Synthetic Advance Refunding, Series 2001	8,528,259	-	-	(898,888)	7,629,371	-
Fair value of derivative financial instruments	8,263,561	-	548,238	-	8,811,799	-
Deferred interest income	5,518,468	-	-	(452,678)	5,065,790	-
Other liabilities	2,087,085	-	9,408	(46,259)	2,050,234	-
Emergency Communications District:						
Capitalized lease obligation	-	527,476	-	(166,844)	360,632	175,670
Total other liabilities payable - proprietary types	<u>75,566,118</u>	<u>(1,122,185)</u>	<u>3,839,543</u>	<u>(5,167,886)</u>	<u>73,115,590</u>	<u>1,118,819</u>
Total revenue bonds, notes and other liabilities payable - component units	<u>\$ 860,512,207</u>	<u>\$ (1,122,185)</u>	<u>\$ 13,445,691</u>	<u>\$ (41,508,390)</u>	<u>\$ 831,327,323</u>	<u>\$ 38,775,389</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**B. Description of Amounts Payable**

Amounts payable at June 30, 2003 are as follows:

	Interest Rates	Amount
<b>Governmental types:</b>		
Revenue bonds payable:		
Public Improvement Revenue Bonds (Stadium Project), Series 1996, due in varying amounts to July 1, 2026	4.70 - 5.875%	\$ 71,295,000
Taxable Public Facility Revenue Bonds, Series 1998, due in varying amount to July 1, 2018	5.87 - 6.60%	18,400,000
Total revenue bonds payable - governmental types		89,695,000
<b>Proprietary types:</b>		
Revenue bonds payable:		
Metropolitan Development and Housing Agency, Revenue Bonds, 1998 Series, due June 11, 2009	5.77%	9,773,400
Electric Power Board Electric System Revenue Bonds, 1992 Series B, due in varying amounts to May 15, 2005	4.25 - 5.62%	30,494,124
Electric Power Board Electric System Revenue Bonds, 1996 Series A, due in varying amounts to May 15, 2013	5.50 - 6.00%	69,920,442
Electric Power Board Electric System Revenue Bonds, 1998 Series A, due in varying amounts to May 15, 2023	5.125 - 5.40%	89,368,197
Electric Power Board Electric System Revenue Bonds, 1998 Series B, due in varying amounts to May 15, 2017	3.80 - 5.50%	57,203,556
Electric Power Board Electric System Revenue Bonds, 2001 Series A, due in varying amounts to May 15, 2017	4.50 - 5.00%	115,118,466
Electric Power Board Electric System Revenue Bonds, 2001 Series B, due in varying amounts to May 15, 2014	5.50%	18,574,414
Airport Revenue Bonds, Series 1991, due in varying amounts to July 1, 2005	6.50 - 6.75%	9,410,000
Passenger Facility Charge and Airport Revenue Bonds, Series 1992, due in varying amounts to July 1, 2012	5.60 - 6.00%	35,465,000
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1993, due in varying amounts to July 1, 2019	Adjustable	53,400,000
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1995, due in varying amounts to July 1, 2015	4.625 - 5.00%	62,415,000
Airport Improvement Revenue Bonds, Series 1998, due in varying amounts to July 1, 2016	4.15 - 6.25%	44,930,000
Airport Improvement Revenue Bonds, Series 2001A, due in varying amounts to July 1, 2015	5.00 - 6.65%	87,695,000
Metropolitan Nashville Airport Authority: Unamortized deferred amount on refunding		(19,251,919)
Total revenue bonds payable - proprietary types		664,515,680
Notes payable:		
Metropolitan Development and Housing Agency: Notes payable and line of credit		2,910,713
Metropolitan Nashville Airport Authority: Subordinate Revenue Note, Series 1999		1,090,340
Total notes payable - proprietary types		4,001,053
Total revenue bonds and notes payable		758,211,733

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Interest Rates	Amount
<b>Proprietary types: (Continued)</b>		
Other liabilities payable:		
Hospital Authority:		
Capitalized lease obligation		\$ 42,600,442
Metropolitan Development and Housing Agency:		
Other liabilities		1,592,919
Electric Power Board:		
TVA Advances		2,940,406
Other		1,338,471
Metropolitan Transit Authority:		
Capitalized lease obligation		725,526
Metropolitan Nashville Airport Authority:		
Synthetic Advance Refunding, Series 2001		7,629,371
Fair value of derivative financial instruments		8,811,799
Deferred interest income		5,065,790
Other liabilities		2,050,234
Emergency Communications District:		
Capitalized lease obligation		360,632
Total other liabilities payable - proprietary types		73,115,590
Total bonds, notes and other liabilities payable - component units		\$ 831,327,323

The bonds, notes and other liabilities of the component units are classified in the Statement of Net Assets as follows:

Liabilities payable from restricted assets:		
Current portion of long-term liabilities	\$	34,455,670
Noncurrent liabilities:		
Due within one year		4,319,719
Due in more than one year		759,336,061
Other long-term liabilities		33,215,873
Total component units long-term liabilities	\$	831,327,323

**C. Collateral for Obligations of the Component Units**

Sports Authority

The Public Improvement Bonds (Stadium Project), Series 1996 and Taxable Public Facility Revenue Bonds, Series 1998 are limited obligations of the Sports Authority payable solely from the revenues and receipts pledged to the payment of these bonds and secured by the non-tax revenues of the General Fund of the Government. Neither the faith and credit of the Sports Authority nor the faith and credit or the taxing power of the Government is pledged to the payment of the principal or interest on the bonds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Electric Power Board

All bond issues are secured by a pledge and lien on the net revenues of the Board.

Metropolitan Nashville Airport Authority

All bond issues are secured by the rights, title and interest of the Nashville International Airport to the rents and other monies payable under the terms of the airline lease agreements and by all airport revenue as defined in the trust indenture pertaining to the bonds.

**D. Advance Refundings of Bonds**

Electric Power Board

In prior years, Series K through N Electric Power Revenue Bonds and 1996 Series A Bonds have been defeased through advance refundings; therefore, the related balances of \$12,560,000 and \$18,835,000, respectively, which are still outstanding at June 30, 2003, do not appear as liabilities on the Electric Power Board's Statement of Net Assets.

Metropolitan Nashville Airport Authority

In prior years, Series 1991B Bonds have been defeased through an advance refunding; therefore, the related balance of \$36,000,000 outstanding at June 30, 2003, does not appear as a liability on the Airport Authority's Statement of Net Assets.

**E. Conduit Debt Obligations**

Metropolitan Development and Housing Agency

Tax increment financing is a method of funding certain public investments for redevelopment by recapturing, for a time, all or a portion of the increased tax revenue that may result if private investment can be stimulated to occur. Tax increment can only be generated by the increased taxes resulting from private development on land in a redevelopment district that has been acquired and re-sold or leased by the Agency. The tax increment, due to the difference in the tax basis, is then diverted to the redevelopment agency which may use those funds to finance public purpose expenditures or to repay bonds or notes that were floated to finance those expenditures. These loans are special limited obligations of the Agency, payable solely from and secured by a pledge of the tax increment revenues designated for the payment of the loan. The loans do not constitute a debt or pledge of the faith and credit of the Agency or the Government and, accordingly, are not reported in the Agency's financial statements. At September 30, 2002, the tax increment financing loans, including related accrued interest payable, aggregated approximately \$41 million.

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) Program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities and large scale physical development projects. The Government has borrowed funds under this program and guaranteed repayment of the loan by pledging present and future community development block grants. The Agency is the agent designated by the Government to administer the CDBG program; therefore, the outstanding loan does not constitute a debt of the Agency and is not reported in the Agency's financial statements. At September 30, 2002, the Section 108 loans outstanding aggregated approximately \$5.3 million.

Industrial Development Board

From time to time, the Government, through the Industrial Development Board, a component unit, has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entities served by the bond issuances. Neither the Government nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The aggregate principal amount as of March 31, 2003 for the Industrial Revenue Bonds issued after April 1, 1996 was \$327,861,446. The aggregate principal amount payable for the Industrial Revenue Bonds issued prior to April 1, 1996 could not be determined; however, their original issue amount totaled \$1,414,846,369.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Health and Educational Facilities Board

The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee, (The Board) is a public, non-profit corporation and instrumentality of the Government organized in 1974 pursuant to Chapter 101, Part 3, Title 48 of the TCA as amended (the Act). The Board is not considered to be part of the Government's reporting entity. The Act empowers the Board, among other things, to acquire and furnish property suitable for use by educational institutions, hospital institutions, or multifamily housing facilities in connection with their operations, and to loan to such entities the proceeds from the sale of its bonds to finance such security for the payment of the principal and interest on bonds issued. The Government is not liable for the payment of the principal or any interest on any of the revenue bonds of the Board. Accordingly, the revenue bonds of the Board are not reported as liabilities of the Government.

The aggregate principal amount of revenue bonds issued by the Board on or after April 1, 1996 totals approximately \$1,941,118,000. The aggregate principal amount of revenue bonds which were issued by the Board and are still outstanding as of April 1, 1996 could not be determined; however, the total aggregate principal amount of revenue bonds issued by the Board prior to April 1, 1996 was \$1,367,025,500.

**F. Other Matters**

Electric Power Board

The Electric Power Board is a fiscal intermediary for the TVA energy conservation programs whereby loans are made to the Board's customers to be used in connection with TVA's Residential Energy Services Program. Pursuant to the terms of an agreement with TVA, the energy conservation loans made to the Board's customers are funded and guaranteed by TVA.

The Electric Power Board has a \$25,000,000 unsecured line of credit to be used for general operating purposes at a negotiated interest rate. There were no borrowings under this line of credit at June 30, 2003.

Metropolitan Transit Authority

During 2001, the Authority entered into a maximum \$2,000,000 revolving credit line agreement with the Metropolitan Government. The credit line was temporarily increased to \$4,000,000 during March and April 2003. As of June 30, 2003, the available credit line is \$2,000,000. Interest on the outstanding principal balance is calculated at the same rate of interest as is earned on the Metropolitan Government's idle funds in its Metro Investment Pool. The Authority is not required to make monthly interest payments; the amount of any unpaid interest accrued each month is added to the amount of principal outstanding. The total outstanding balance as of June 30, 2003 is \$1,904,863. The amount is reported as due to the primary government.

Metropolitan Nashville Airport Authority

**1993 Interest Rate Swap Agreement:** In connection with the issuance of the Series 1993 bonds, so as to manage its exposure to market risks from fluctuations on interest rates, the Airport Authority entered into an interest rate swap agreement dated November 1, 1993 (the 1993 Swap Agreement) with a bank (the 1993 Swap Provider), which, in general, provides that the Authority will pay a fixed rate of 4.49% to the 1993 Swap Provider on a notional amount equal to the principal amount of the Series 1993 bonds outstanding and the 1993 Swap Provider will pay interest at the rate borne by the Series 1993 bonds on such notional amount on a net basis. The 1993 Swap Agreement has a term equal to the term of the Series 1993 bonds. Arrangements made in the 1993 Swap Agreement do not alter the Airport Authority's obligation to pay the principal of, premium, if any, and interest on the Series 1993 bonds. Since the counterparty to the 1993 Swap Agreement is a major bank, the Airport Authority does not anticipate credit related losses from nonperformance by such counterparty. The Airport Authority has recorded the fair value of the 1993 Swap Agreement as of June 30, 2003 (a liability of \$5,150,000) in the Statement of Net Assets. The fair value of this financial instrument at June 30, 2003 represents the amount the Airport Authority would pay to terminate the agreement, taking into consideration current interest rates, and has been recorded as an unrealized loss (reported in expenses) in the Statement of Activities for the year ended June 30, 2003.

**2001 Knock-In Barrier Swap:** The Airport Authority entered into a Knock-in Barrier Swap dated October 26, 2001 (the 2001 Barrier Swap) with a counterparty that generated a cash payment to the Airport Authority of \$3,853,000. The 2001 Barrier Swap is comprised of three options. The three options have different notional amounts, amortization schedules, termination dates, fixed coupons, premiums and barrier levels. In exchange for the payment to the Airport Authority, the counterparty has the right to exercise its option to enter into an interest rate swap agreement when the Bond Market Association (the BMA) rate averages above the negotiated barrier(s) for any six-month period. Upon exercise of the option, the Airport Authority will pay the counterparty a floating rate at BMA plus 1.2%, and the counterparty will pay the Airport Authority the fixed rate of the underlying debt. As of June

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30, 2003, the BMA rate had not penetrated any of the barriers. Thus, the options had not been delivered by the counterparty to the Airport Authority. The Airport Authority has recorded the fair value of the 2001 Barrier Swap (a liability of \$3,661,799 at June 30, 2003) in the Statement of Net Assets. The fair value of this financial instrument at June 30, 2003 represents the amount the Authority would pay to terminate the agreement, taking into consideration current interest rates. The difference between the fair value at June 30, 2003 and the amount of upfront cash received has been recorded as an unrealized loss (reported in expenses) in the Statement of Activities for the year ended June 30, 2003.

**Special Facility Revenue Bonds:** During October 1985, the Metropolitan Nashville Airport Authority issued \$68,435,000 Special Facility Revenue Bonds on behalf of American Airlines, Inc. The bonds were issued to finance the acquisition, construction and improvement of certain airport facilities as a result of American Airlines' decision to locate a hub operation at Nashville International Airport. During the year ended June 30, 1996, the Airport Authority issued \$68,435,000 Special Facility Revenue Bonds (American Airlines, Inc. Project), Refunding Series 1995A and 1995B. The bonds were issued to refund the Special Facility Revenue Bonds, Series 1985. These Special Facility Revenue Bonds and related costs are payable only with funds from American Airlines, Inc. or one of its related entities. Since these bonds do not represent a claim on the Airport Authority's assets or require the Airport Authority to incur future obligations, they have not been recorded in the Airport Authority's financial statements.

**G. Annual Debt Service Requirements**

The annual principal maturities of all bonds and notes payable as of June 30, 2003 for the component units are as follows:

Year Ending June 30,	Revenue Bonds and Notes Payable	
	Principal	Interest
2004	\$ 37,656,570	\$ 36,331,963
2005	39,747,377	34,263,258
2006	37,486,845	37,588,978
2007	37,608,755	36,585,900
2008	40,211,429	35,502,726
2009-2013	207,973,689	152,325,683
2014-2018	180,766,703	80,803,118
2019-2023	117,205,725	12,613,853
2024-2028	<u>78,806,559</u>	<u>5,984,662</u>
Total	777,463,652	432,000,141
Deferred Charges	<u>(19,251,919)</u>	-
Total	<u>\$ 758,211,733</u>	<u>\$ 432,000,141</u>

Deferred amounts for the Electric Power Board are netted with principal. Interest amounts are excluded for the Metropolitan Development and Housing Agency.

**NOTE 7 - PENSION PLANS**

All plans of the primary government were established or continue under the authority of the Metropolitan Charter, Article XIII, effective April 1, 1963. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also requires that all pension plans be actuarially sound. Administrative costs of the plans are financed through plan assets. The additional costs of administering the closed plans are nominal and included in the administrative costs of the administering funds for the open plans. The plans are managed and administered by the Metropolitan Employee Benefit Board, an independent board created by the Metropolitan Charter. No separate financial reports are issued for these plans.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Government sponsors or guarantees the following single-employer pension plans:

<u>Name</u>	<u>Type</u>	<u>Status</u>	<u>Administering Fund</u>
<b>Primary Government</b>			
Fiduciary Fund Types:			
County	Defined Benefit	Closed 1963	Davidson County Employees' Retirement
Metro - Division A	Defined Benefit	Closed 1995	Metropolitan Employees Benefit Trust
Metro - Division B	Defined Benefit	Open	Metropolitan Employees Benefit Trust
County Education	Defined Benefit	Closed 1963	Employees' Pension and Insurance
Metro Education	Defined Benefit	Closed 1969	Teachers' Retirement Plan
City	Defined Benefit	Closed 1963	Closed City Plan
City Education	Defined Benefit	Closed 1963	Teachers' Civil Service and Pension

**Component Units**

Sports Authority and Hospital Authority	Included in primary government plans		
Metropolitan Development and Housing Agency	Defined Contribution	Open	N/A
Electric Power Board	Defined Benefit	Open	N/A
Metropolitan Transit Authority	Defined Benefit	Open	N/A
Nashville Thermal Transfer Corporation	Defined Contribution	Open	N/A
Metropolitan Nashville Airport Authority	Defined Benefit	Open	N/A

The Metropolitan Transit Authority guarantees the plan sponsored by the Davidson Transit Organization (DTO), which provides Metropolitan Transit Authority labor. For comparative purposes, the DTO pension plan information, where presented, is disclosed as the Metropolitan Transit Authority plan.

The City, County, Metro Education, City Education, and County Education plans are participants in the Guaranteed Payment Program (GPP), an umbrella program created by the Metropolitan Council to ensure actuarially sound funding for the five closed plans. Under the GPP, unfunded liabilities of the aggregate program are amortized over a period of no more than thirty years. Contributions on behalf of the five individual plans move to a payment account from which distributions are paid to the constituent plans of the GPP as necessary to satisfy current benefit needs and to satisfy long-term funding objectives of the GPP.

**A. Summary of Significant Accounting Policies**

The pension funds are reported using the accrual basis of accounting. Employer and employee contributions are recognized in the period due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. The net pension obligation (amounts of unfunded actuarially determined contributions that are not expected to be liquidated with expendable available financial resources) is reported in the applicable governmental activities in the Statements of Net Assets and Activities. All plans with a net pension obligation are governmental in nature. Certain plans which have a net pension asset have participants employed by proprietary activities; however, the portion of the net pension asset allocable to the proprietary activities could not be determined.

Investments are reported at fair value. Common stocks, bonds and U.S. Government and other domestic and foreign securities are stated at quoted market prices as of June 30, 2003. Accounts receivable consists of amounts due from investment brokers for pending trades.

**B. Plan Descriptions**

**Primary Government**

The Primary Government plans are administered by the Government, and the authority under which the obligations to contribute to the plan were created, and the authority under which either may be amended, are granted by the Metropolitan Charter.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metro Plan

Division A

This plan (The Metropolitan Employees' Benefit Trust Fund) was established at the inception of the Government on April 1, 1963 and implemented on November 4, 1964. At that time, all employees of the former city and county governments were given the option of continuing as participants of the pension plans of those organizations or transferring to the Metro Plan. Division A of the Metro Plan was closed to new members on July 1, 1995.

Normal retirement for employees other than police officers and fire fighters occurs at age 65 and entitles employees to a lifetime monthly benefit of 1/12 of the sum of 1% of average base earnings, as defined by the Social Security Administration, plus 1.75% of average excess earnings as defined in the Plan multiplied by the years of credited service, plus cost-of-living adjustments. Average earnings is the average earnings for the last 60 consecutive months in which earnings were highest. Benefits fully vest on completing 10 years of service.

Normal retirement for police officers and fire fighters occurs upon reaching age 55 and completing 20 years of service. The lifetime monthly benefit is calculated as 1/12 of the sum of 2% of average earnings up to 25 years of credited service plus 1.75% of average earnings for all years of credited service in excess of 25, reduced by the amount of primary social security benefits at age 65 and increased by cost-of-living adjustments. In no event shall police and fire pensions be less than that due employees who are not policemen or firemen. Benefits fully vest on completing 10 years of service.

Any employee who terminates after the completion of at least 10 years of service and before eligibility for normal retirement shall be eligible to receive a monthly deferred pension which shall commence on the first day of the month following the attainment of age 65, computed and payable in accordance with the Metro Plan.

Division B

As of July 1, 1995, Division B of the Metro Plan was established. All employees with an effective hire date of July 1, 1995 or later are only eligible to participate in Division B of the Metro Plan. Also, Government employees as of June 30, 1995 who were qualified members of Division A were given the option to transfer to Division B as of January 1, 1996, subject to written application approved by the Benefit Board. Substantially all employees transferred to Division B of the Metro Plan.

Normal retirement for employees other than police officers and fire fighters occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the completed years of credited employee service equals 85, but not before age 60; and (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime monthly benefit is calculated as 1/12 of the sum of 1.75% of average earnings based upon the previous 60 consecutive months of credited service which produce the highest earnings. Benefits fully vest on completing 5 years of service.

Normal retirement for police officers and fire fighters occurs any time after attaining the unreduced retirement age which is the date when the employee's age plus the completed years of credited police and fire service equals 75, but not before age 53 nor after age 60. The lifetime monthly benefit is 1/12 of the sum of 2% of average earnings for each year of credited fire and police service not in excess of 25 years; plus 1.75% of average earnings for each year that the credited police or fire service exceeds 25 years. Benefits fully vest on completing 5 years of service.

An early retirement pension is available for retired employees if the termination occurs prior to the eligibility under normal retirement but after age 50 (45 for police and fire) and after the completion of 5 years of credited employee service. Such shall be payable as either a monthly deferred early employee service pension beginning the month after the attainment of the normal retirement age or an immediate monthly early employee service pension beginning on the first day of the month following termination. The lifetime monthly benefit for the immediate monthly early employee service pension is reduced by 4% for each of the first 5 years by which the retirement date precedes the normal retirement age, and by 8% for each additional year by which the retirement date precedes the normal retirement age; provided, however, that the immediate monthly benefit shall not be less than the actuarial equivalent of the deferred pension provided by the Metro Plan.

Any employee who terminates after the completion of at least 5 years of service and before eligibility for normal retirement or early retirement shall be eligible to receive a monthly deferred pension which shall commence on the first day of the month following the attainment of unreduced retirement age, computed and payable in accordance with the Metro Plan.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Any employee with unused sick leave time at service retirement shall receive 100% credit for the time, subject to an affirmative election at the time of retirement.

Any employee who terminates and is rehired is eligible to reconnect prior service after being regularly employed continuously for one year.

Dependent children of vested employees are eligible for a survivor benefit if the employee should die leaving no surviving spouse.

All assets of the Metropolitan Employees' Benefit Trust Fund may legally be used to pay benefits to any plan members or beneficiaries, regardless of whether the members participate in Division A or Division B of the Metro Plan.

City Plan

This plan (the Closed City Plan Fund) covers certain employees of the former city of Nashville who have elected to remain under this plan and not transfer to the Metro Plan. This plan was closed to new members on April 1, 1963. Normal retirement for police officers and fire fighters occurs upon completing 25 years of service; for other participants, age 60 must be reached in addition to completing 25 years of service. The monthly lifetime benefit of all participants is 50% of the final monthly salary. All participants in the City Plan are fully vested.

County Plan

This plan (the Davidson County Employees' Retirement Fund) covers employees of the former government of Davidson County who have elected to remain under this plan and not transfer to the Metro Plan. This plan was closed to new members on April 1, 1963.

Participants elected coverage under Division A or B. Normal retirement under Division A occurs at age 65; lifetime monthly benefits are the years of credited service multiplied by 0.75% of defined average base earnings per month plus 1.5% of average excess earnings as defined in the Plan per month. Average earnings is the average earnings for the 10 full consecutive calendar years in which earnings were highest. Normal retirement under Division B occurs after 30 years of service or after 24 years of service and reaching age 60; lifetime monthly benefits are 1/12 of 50% of the highest calendar year earnings. All participants in the County Plan are fully vested.

Metro Education Plan

This plan (the Teachers' Retirement Plan Fund) covers participants who elected to transfer from the City Education Plan and County Education Plan and professional employees of Metropolitan Nashville Public Schools hired between April 1, 1963 and July 1, 1969. Normal retirement occurs upon reaching age 60 with 20 years of service, completing 25 years of service, or reaching age 65. The lifetime monthly benefit is determined as 1/12 of 2% of the highest average earnings multiplied by the years of service, plus cost-of-living adjustments. Highest average earnings is the average earnings for the 36 consecutive months in which earnings were highest. All participants in the Metro Education Plan are fully vested.

After July 1, 1969 professional employees hired became members of the State Employees, Teachers, and Higher Education Employees Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS) that provides retirement, death, and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. A financial report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243.

City Education Plan

This plan (the Teachers' Civil Service and Pension Fund) covers employees who were teachers of the former City of Nashville who elected to remain under this plan and not transfer to the Metro Education Plan. This plan was closed to new members on April 1, 1963.

Normal retirement occurs upon reaching age 60 and completing 15 years of service, or completing 25 years of service before reaching age 60. With 15 years of service, the lifetime monthly benefit is 1/12 of 2.5% of the highest annual salary multiplied by the years of service up to 24. With 25 years of service, the lifetime monthly benefit is

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1/12 of 2% of the highest annual salary multiplied by the years of service up to 30. Benefits are adjusted for cost-of-living increases. All participants in the City Education Plan are fully vested.  
County Education Plan

This plan (the Employees' Pension and Insurance Fund) covers teachers and classified employees of the former Davidson County Board of Education who have elected to remain under this plan and not transfer to the Metro Education Plan. This plan was closed to new members on April 1, 1963.

Normal retirement occurs upon reaching age 60 and completing 15 years of service, or completing 25 years of service before reaching age 60. With 15 years of service, the lifetime monthly benefit is 1/12 of 2.5% of the highest annual salary multiplied by the years of service up to 24. With 25 years of service, the lifetime monthly benefit is 1/12 of 2% of the highest annual salary multiplied by the years of service up to 30. Benefits are adjusted for cost-of-living increases. All participants in the County Education Plan are fully vested.

**Component Units**

Metropolitan Development and Housing Agency

The Agency's retirement plan is a 401(a) plan administered by the Vanguard Group as of April 1, 2000. Prior to April 1, 2000, the Agency participated with several other housing authorities in the Housing-Renewal and Local Agency Retirement Plan which was administered by William M. Mercer.

The plan, which is principally a defined contribution plan, also provides certain minimum defined benefits for employees who were participants in the Agency's Retirement Fund as of September 30, 2000. Employees are eligible to participate beginning the first day of the month following the date of hire. There are no required contributions by the participants; however, participants may make voluntary contributions from 0.5% to 10% of their basic compensation and the Agency contributes 13% of participants' basic compensation. Contributions are invested in any of eight funds as elected by the participant. Investment options and voluntary contributions may be changed daily.

Participants are immediately vested in their voluntary contributions plus actual earnings. Participants are also immediately vested in 5.5% of the participants' basic compensation contributed by the Agency. For each year of participation in the plan, participants vest at the rate of 20% of the remaining balance and become fully vested after five years.

Benefits are paid in the form of a cash distribution or various other annuity options at normal retirement date, age 65, death or disability. Participants may also elect to roll the vested portion of their retirement savings into another qualifying plan or an IRA or leave the amount in the plan. Early retirement may be elected by employees at age 55 who have at least ten years of service.

The plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Metropolitan Development and Housing Agency at P. O. Box 846, Nashville, TN 37202.

Electric Power Board

The plan is a single-employer defined benefit pension plan which provides retirement and survivors' benefits to members and their beneficiaries. Cost of living adjustments are provided to members and their beneficiaries at the discretion of the Electric Power Board. The Metropolitan Charter assigns the authority to establish and amend benefit provisions to the Electric Power Board. The plan is administered by the Electric Power Board.

All full-time regular employees under age 65 are eligible to participate in the plan. The vesting provision of the plan provides for five-year cliff vesting. Electric Power Board employees who retire at or after age 65 and not later than age 70 are entitled to annual retirement benefits payable monthly for life in an amount equal to 2% of final average compensation multiplied by years in the plan not in excess of 30 years. Employees who have attained age 55 and completed 30 years of service will receive an additional benefit equal to 0.75% of average compensation multiplied by years of service in excess of 30 years subject to a maximum of 5 years. Final average compensation is the average compensation in the 36 consecutive months in which compensation is highest. Unused sick leave may be used to increase credited service and benefit percentage under certain circumstances. Early retirement is an option beginning at age 55 with 15 years of credited service or at age 50 with 30 years of credited service with an actuarially reduced monthly benefit.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

At April 1, 2003 (the latest date available), the actuarial value of assets was \$188,717,959, the actuarial accrued liability was \$240,638,935, and the unfunded actuarial accrued liability was \$51,970,976. Covered payroll was \$50,143,201.

The plan does not issue a separate financial report, however, complete financial statements of the Electric Power Board can be obtained from its administrative offices at 1214 Church Street, Nashville, TN 37203.

In 1994 the Electric Power Board established a nonqualified supplemental executive retirement plan limited to certain employees. Benefits accrue at the rate of 5% of salary for each year of credited service not to exceed 12 years and vests at the rate of 20% for each year of service, reduced by the percentage accrued and vested under the Electric Power Board's qualified plan. The actuarial assumptions of this plan are the same as those of the Electric Power Board's qualified plan. The plan is a non-qualified plan and, accordingly, the assets are accumulated in a trust fund; however, such assets are subject to the claims of the Electric Power Board's creditors. The Electric Power Board's policy is to fund the plan in accordance with sound actuarial practices and all required contributions have been made.

Metropolitan Transit Authority

The Disability and Retirement Plan of Davidson Transit Organization (the Plan) is a single-employer defined benefit pension plan which covers substantially all employees of the Metropolitan Transit Authority and Local 1235 of the Amalgamated Transit Union (the Union) providing retirement, disability and death benefits to members and their beneficiaries. Articles XII and XIII of the plan document establish the benefits. In accordance with Article XII, monthly benefits will increase 3.0% effective July 1, 2003. The plan is guaranteed by the Metropolitan Transit Authority which contracts with McDonald Transit Associates to provide management advisory services. That contract stipulates that McDonald Transit Associates is charged with oversight of the employment unit, Davidson Transit Organization.

At July 1, 2003 (the latest date available), the actuarial value of assets was \$18,900,000, the actuarial accrued liability was \$22,500,000. There is an unfunded actuarial accrued liability of \$3,600,000. Covered payroll was \$13,500,000.

The plan issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the Metropolitan Transit Authority, 130 Nestor Street, Nashville TN, 37210, or by calling (615) 862-5969.

Nashville Thermal Transfer Corporation

The Nashville Thermal Transfer Corporation has a defined contribution pension plan covering all employees after 6 months of service whereby the Corporation contributes a specified percentage (5% at June 30, 2003) of the compensation of the employees. The plan also allows voluntary contributions to be made by employees, up to the legal amount allowed. Pension expense for the year ended June 30, 2003 amounted to \$101,212. No voluntary contributions were made during the year ended June 30, 2003.

The plan does not issue a separate financial report, however, complete financial statements of the Corporation can be obtained from its administrative offices at 110 First Avenue South, Nashville, TN 37210.

Metropolitan Nashville Airport Authority

Effective September 1989, the Airport Authority adopted a single-employer public employee retirement system (PERS) for its employees whereby the net assets available for benefits relative to the Airport Authority's employees were transferred from the Metropolitan Government's pension system to the Metropolitan Nashville Airport Authority Retirement Plan for Employees (the Plan). Certain Airport Authority employees continue to participate in the pension system of the Metropolitan Government. New employees of the Airport Authority and those previously selecting the new Metropolitan Nashville Airport Authority's single-employer PERS are not eligible for participation in the Metropolitan Government's pension system.

The plan is a non-contributory defined benefit pension plan administered by the Airport Authority. The plan provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Airport Authority. Benefit provisions are established and may be amended by the Airport Authority.

The plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Metropolitan Nashville Airport Authority, One Terminal Drive, Suite 501, Nashville, TN 37214, or by calling (615) 275-1600.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**C. Contributions**

**Primary Government**

Metro Plan

The funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. All other funding is provided by the Government with an actuarially recommended employer contribution rate of 6.61% for the employees of Metropolitan Nashville Public Schools and all other Metro employers.

City Plan

Funding is on a pay-as-you-go basis whereby contributions are made in amounts sufficient to cover benefits paid during the year. Actuarially required employer contributions are not computed because this plan is closed and there are few active employees.

County Plan

Funding is on a pay-as-you-go basis whereby contributions are made in amounts sufficient to cover benefits paid during the year. Actuarially required employer contributions are not computed because this plan is closed and there are few active employees.

Metro Education Plan

The Metro Education Plan is financed by contributions from Metropolitan Nashville Public Schools, participating employees and the State of Tennessee. Employees contribute a specified percentage of their earnings, the State of Tennessee contributes an amount to reimburse current benefits paid equivalent to the benefits which would have been earned under the Tennessee Consolidated Retirement System (TCRS) and Metropolitan Nashville Public Schools contributes an additional amount to provide for periodic contributions as actuarially determined to accumulate sufficient assets to pay benefits when due.

The TCRS plan is financed by contributions from teachers, most of whom are required by state statute to contribute 5% of their salary, and by Metropolitan Nashville Public Schools, which contributes at an actuarially determined rate (3.4% of covered payroll for the fiscal year ending June 30, 2003). The contribution requirement is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2003, 2002, and 2001 were \$8,502,420, \$9,026,366 and \$8,597,855 respectively, and were equal to the required contributions for each year.

City Education Plan

The plan is financed by contributions from the Government, participating employees and the State of Tennessee. Employees contribute a specified percentage of their earnings, the State of Tennessee contributes an amount to reimburse current benefits paid equivalent to the benefits which would have been earned under the TCRS and the Government contributes an additional amount to cover current benefits (pay-as-you-go). Actuarially required employer contributions are not computed because this plan is closed and there are few active employees.

County Education Plan

The plan is financed by contributions from the Government, participating employees and the State of Tennessee. Employees contribute a specified percentage of their earnings, the State of Tennessee contributes an amount to reimburse current benefits paid equivalent to the benefits which would have been earned under the TCRS and the Government contributes an additional amount to cover current benefits (pay-as-you-go). Actuarially required employer contributions are not computed because this plan is closed and there are few active employees.

**Component Units**

Metropolitan Development and Housing Agency

The Agency's contributions for the year ended September 30, 2002 amounted to \$1,911,930, which equaled the amount of the annual required contribution. Employee contributions were \$113,215. The Agency's payroll for employees covered by this plan was \$15,237,090, and total payroll amounted to \$16,257,285 during the fiscal year ended September 30, 2002.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Electric Power Board

The contribution requirements of plan members and the Board are established and may be amended by the Board. The plan is currently non-contributory. The Board's policy is to fund at least the minimum contribution for a 30 year funding level. The current rate is 23.24% of annual covered payroll. The annual required contribution for the year ended June 30, 2003 was \$9,675,292, and the actual amount contributed was \$9,675,292. The frozen initial liability method has been used to compute the annual contribution requirement.

Metropolitan Transit Authority

Plan members are required to contribute 4.5% of their covered payroll. The Metropolitan Transit Authority is required to contribute at an actuarially determined rate of 3.0% in 2003. Contribution requirements of members and the Metropolitan Transit Authority are established per Article VII of the plan document. Administrative costs of the plan are paid out of plan assets. For the year ended June 30, 2003, the annual pension costs were \$502,000, the annual required contribution \$376,000 and the actual amount contributed was \$376,000. The entry age normal method has been used to compute the annual contribution requirement.

Metropolitan Nashville Airport Authority

The total contribution rate is established by the Authority through consultation with actuaries. The annual required contribution for the year ended June 30, 2003 was \$1,792,245, and the actual amount contributed was \$1,795,245. Both amounts represent 18.98% of covered payroll. The Authority's policy is to fund benefits in the period in which they are earned according to actuarially determined contribution requirements intended to cover the required contribution. The aggregate actuarial cost method has been used to compute the annual required contribution to the plan.

**D. Selected Pension Information**

Information regarding annual pension cost and net pension obligation (asset), trend information and participant information for the plans of the primary government is summarized on the following schedules. The net pension benefit obligations for the plans of Metropolitan Nashville Public Schools are calculated net of expected reimbursements from the State of Tennessee. Information for the plans of the component units is omitted due to the inavailability of the information in separately issued reports in a consistent manner.

The significant actuarial assumptions underlying the plans of the primary government are summarized on the following schedules. The assumptions used to calculate the actuarially determined contribution requirements are the same as those used to compute the net pension obligation except where indicated. Information for the plans of the component units is omitted due to the inavailability of the information in separately issued reports in a consistent manner.

**E. Required Supplementary Information**

A Schedule of Funding Progress (Unaudited) and a Schedule of Employer Contributions (Unaudited) as required by GASB Statement No. 25 are included following the Selected Pension Information.

**F. Other**

The only plan having an individual investment which exceeds 5% of plan assets at June 30, 2003 is the Metro Plan (S&P 500 Flagship Series A totaling \$289,916,511). The categorization of pension investments by asset type is included in Note 4 – Cash and Investments.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

	<u>County</u>	<u>Metro</u>	<u>County Education</u>
<b>ANNUAL PENSION COST AND NET PENSION OBLIGATION (ASSET) - FISCAL 2003</b>			
Annual required contribution	\$ 2,186,158	\$ 40,274,352	\$ 5,038,687
Interest on net pension obligation	(870,276)	(2,565,474)	86,206
Adjustment to annual required contribution	984,386	3,622,982	(97,508)
Annual pension cost	2,300,268	41,331,860	5,027,385
Contributions made	<u>(2,517,866)</u>	<u>(30,123,759)</u>	<u>(6,442,013)</u>
Increase (decrease) in net pension obligation	(217,598)	11,208,101	(1,414,628)
Net pension obligation (asset) beginning of year	<u>(10,878,444)</u>	<u>(32,068,419)</u>	<u>1,077,570</u>
Net pension obligation (asset) end of year	<u><u>\$ (11,096,042)</u></u>	<u><u>\$ (20,860,318)</u></u>	<u><u>\$ (337,058)</u></u>
<b>THREE-YEAR TREND INFORMATION</b>			
<b>2003</b>			
Annual pension cost (APC)	\$ 2,300,268	\$ 41,331,860	\$ 5,027,385
Percentage of APC contributed	109.46%	72.88%	128.14%
Net pension obligation (asset)	\$ (11,096,042)	\$ (20,860,318)	\$ (337,058)
<b>2002</b>			
Annual pension cost (APC)	\$ 2,184,796	\$ 27,314,367	\$ 5,196,138
Percentage of APC contributed	124.19%	96.94%	136.99%
Net pension obligation (asset)	\$ (10,878,444)	\$ (32,068,419)	\$ 1,077,570
<b>2001</b>			
Annual pension cost (APC)	\$ 1,922,247	\$ 22,636,895	\$ 5,293,166
Percentage of APC contributed	142.18%	126.44%	128.65%
Net pension obligation (asset)	\$ (10,349,931)	\$ (32,904,594)	\$ 2,999,797
<b>PARTICIPANTS - Latest Actuarial Valuation Date</b>			
<b>Active:</b>			
Fully vested	-	8,434	5
Non-vested and partially vested	-	3,776	-
Total active	<u>-</u>	<u>12,210</u>	<u>5</u>
Retirees and beneficiaries receiving benefits	216	4,809	454
Terminated vested	-	426	-
Total	<u><u>216</u></u>	<u><u>17,445</u></u>	<u><u>459</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

<u>Metro Education</u>	<u>City</u>	<u>City Education</u>	<u>Total Primary Government</u>
\$ 11,125,636	\$ 9,299,818	\$ 2,920,120	\$ 70,844,771
3,856,463	(1,230,623)	(504,534)	(1,228,238)
<u>(4,362,087)</u>	<u>1,391,999</u>	<u>570,684</u>	<u>2,110,456</u>
10,620,012	9,461,194	2,986,270	71,726,989
<u>(9,679,865)</u>	<u>(11,069,675)</u>	<u>(3,867,910)</u>	<u>(63,701,088)</u>
940,147	(1,608,481)	(881,640)	8,025,901
<u>48,205,783</u>	<u>(15,382,791)</u>	<u>(6,306,675)</u>	<u>(15,352,976)</u>
<u>\$ 49,145,930</u>	<u>\$ (16,991,272)</u>	<u>\$ (7,188,315)</u>	<u>\$ (7,327,075)</u>
\$ 10,620,012	\$ 9,461,194	\$ 2,986,270	\$ 71,726,989
91.15%	117.00%	129.52%	88.81%
\$ 49,145,930	\$ (16,991,272)	\$ (7,188,315)	\$ (7,327,075)
\$ 10,603,702	\$ 9,048,663	\$ 3,179,325	\$ 57,526,991
53.96%	126.67%	143.25%	116.74%
\$ 48,205,783	\$ (15,382,791)	\$ (6,306,675)	\$ (15,352,976)
\$ 10,398,929	\$ 7,867,739	\$ 3,254,505	\$ 51,373,481
57.50%	145.06%	135.73%	116.96%
\$ 43,324,376	\$ (12,969,471)	\$ (4,931,735)	\$ (14,831,558)
79	-	1	8,519
-	-	-	3,776
<u>79</u>	<u>-</u>	<u>1</u>	<u>12,295</u>
1,273	861	299	7,912
15	-	-	441
<u>1,367</u>	<u>861</u>	<u>300</u>	<u>20,648</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

	<u>County (a)</u>	<u>Metro</u>	<u>County Education (a)</u>	<u>Metro Education</u>
ACTUARIAL VALUATION INFORMATION				
Valuation date	July 1, 2002	July 1, 2002	July 1, 2002	July 1, 2002
Actuarial cost method	entry age normal	entry age normal	entry age normal	entry age normal
Amortization method	level dollar open	level dollar closed	level dollar open	level dollar open
Amortization period	30 years (28 remaining)	40 years (16 remaining)	30 years (28 remaining)	30 years (28 remaining)
Asset valuation method	5 year smoothed market	5 year smoothed market	market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return*	8.00%	8.00%	8.00%	8.00%
Projected salary increases*	5.00%	5.00%	5.00%	5.00%
Postretirement benefit increase adjustments	3.00%	3.00%	3.00%	3.00%
* Includes inflation at	None	None	3.00%	2.75%

(a) These plans are closed and funded on a "pay-as-you-go" basis and therefore have no assets. Contributions are not made based on actuarial computation.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

<u>City (a)</u>	<u>City Education (a)</u>
July 1, 2002	July 1, 2002
entry age normal	entry age normal
level dollar open	level dollar open
30 years (28 remaining)	30 years (28 remaining)
5 year smoothed market	market
8.00%	8.00%
5.00%	5.00%
3.00%	3.00%
None	2.75%

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF FUNDING PROGRESS (c)

Unaudited - See Accompanying Accountants' Report

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL	Funded Ratio
<b>County Plan (a)</b>				
July 1, 1997	\$ -	\$ -	\$ -	- %
July 1, 1998	-	25,430,114	25,430,114	-
July 1, 1999	-	-	-	-
July 1, 2000	-	21,487,993	21,487,993	-
July 1, 2001 (b)	-	24,162,977	24,162,977	-
July 1, 2002	-	25,088,621	25,088,621	-
<b>Metro Plan</b>				
July 1, 1997	945,348,756	1,055,700,536	110,351,780	89.55
July 1, 1998	1,084,563,971	1,193,291,692	108,727,721	90.89
July 1, 1999	1,241,356,861	1,350,000,989	108,644,128	91.95
July 1, 2000	1,419,820,507	1,522,468,982	102,648,475	93.26
July 1, 2001	1,532,338,623	1,628,956,808	96,618,185	94.07
July 1, 2002	1,569,455,257	1,668,629,134	99,173,877	94.06
<b>County Education Plan (a)</b>				
July 1, 1997	-	64,780,582	64,780,582	-
July 1, 1998	-	64,942,095	64,942,095	-
July 1, 1999	-	63,208,011	63,208,011	-
July 1, 2000	-	62,341,205	62,341,205	-
July 1, 2001	-	60,545,071	60,545,071	-
July 1, 2002	-	57,824,587	57,854,587	-
<b>Metro Education Plan</b>				
July 1, 1997	100,223,414	220,373,524	120,150,110	45.48
July 1, 1998	109,278,714	222,220,929	112,942,215	49.18
July 1, 1999	112,112,056	226,253,095	114,141,039	49.55
July 1, 2000	105,021,868	230,608,033	125,586,165	45.54
July 1, 2001	108,873,419	236,573,475	127,700,056	46.02
July 1, 2002	107,937,347	235,616,521	127,679,174	45.81

(a) Plan is closed and funded on a "pay-as-you-go" basis.

(b) The valuations of the closed City and County pension plans were performed on a bi-annual basis. Beginning, July 1, 2001, valuations are performed annually.

(c) There are no factors that significantly affect the identification of trends in the amounts reported. See assumptions used in the preparation of the Schedule previously disclosed in this note.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF FUNDING PROGRESS (CONTINUED) (c)

Unaudited - See Accompanying Accountants' Report

<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
\$ -	- %
-	-
-	-
-	-
-	-
-	-
336,276,286	32.82
359,932,634	30.21
375,552,645	28.93
384,283,394	26.71
398,426,904	24.25
434,699,880	22.81
1,350,521	-
934,645	-
934,645	-
480,448	-
446,414	-
283,145	-
14,171,823	847.81
11,224,795	1,006.19
9,951,951	1,146.92
8,071,426	1,555.94
6,471,686	1,973.21
4,752,700	2,686.46

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF FUNDING PROGRESS (c)

Unaudited - See Accompanying Accountants' Report

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL	Funded Ratio
City Plan (a)				
July 1, 1997	\$ -	\$ -	\$ -	-
July 1, 1998	-	101,792,628	101,792,628	-
July 1, 1999	-	-	-	-
July 1, 2000	-	91,006,918	91,006,918	-
July 1, 2001 (b)	-	103,406,732	103,406,732	-
July 1, 2002	-	106,725,860	106,725,860	-
City Education Plan (a)				
July 1, 1997	-	42,046,382	42,046,382	-
July 1, 1998	-	40,870,102	40,870,102	-
July 1, 1999	-	39,598,968	39,598,968	-
July 1, 2000	-	37,658,538	37,658,538	-
July 1, 2001	-	36,291,065	36,291,065	-
July 1, 2002	-	33,511,657	33,511,657	-

(a) Plan is closed and funded on a "pay-as-you-go" basis.

(b) The valuations of the closed City and County pension plans were performed on a bi-annual basis. Beginning, July 1, 2001, valuations are performed annually.

(c) There are no factors that significantly affect the identification of trends in the amounts reported. See assumptions used in the preparation of the Schedule previously disclosed in this note.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF FUNDING PROGRESS (CONTINUED) (c)

Unaudited - See Accompanying Accountants' Report

	<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
\$	-	-
	-	%
	-	-
	-	-
	-	-
	-	-
	512,282	-
	242,820	-
	242,820	-
	168,000	-
	101,311	-
	104,405	-

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (a)

Unaudited - See Accompanying Accountants' Report

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
County Plan		
1998	\$ 2,195,495	151.38 %
1999	2,053,581	152.66
2000	2,053,581	143.26
2001	1,838,038	148.70
2002	2,085,246	130.12
2003	2,186,158	115.17
Metro Plan		
1998	35,648,309	127.61
1999	33,538,193	121.41
2000	27,454,972	132.65
2001	21,918,101	130.59
2002	26,339,414	100.53
2003	40,274,352	74.80
County Education Plan		
1998	5,149,513	134.08
1999	5,144,415	127.32
2000	5,007,965	142.79
2001	5,332,537	127.70
2002	5,224,991	136.24
2003	5,038,687	127.85
Metro Education Plan		
1998	9,800,117	73.16
1999	9,161,016	95.25
2000	9,220,140	17.38
2001	10,742,379	55.67
2002	11,020,413	51.92
2003	11,125,636	87.01

(a) See assumptions used in the preparation of the Schedule previously disclosed in this note.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (a)

Unaudited - See Accompanying Accountants' Report

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
City Plan		
1998	\$ 8,316,131	156.49 %
1999	8,220,154	153.09
2000	8,220,154	146.41
2001	7,784,542	146.61
2002	8,923,918	128.44
2003	9,299,818	119.03
City Education Plan		
1998	3,333,432	140.30
1999	3,224,946	132.78
2000	3,124,925	149.84
2001	3,221,233	137.13
2002	3,131,890	145.42
2003	2,920,120	132.46

(a) See assumptions used in the preparation of the Schedule previously disclosed in this note.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**G. Post - Employment Benefits**

**Primary Government**

Metropolitan Government

For any retiree in the Metro, City or County Plans who elects to participate in the Metro hospitalization insurance program, the Government contributes 75% of all premium payments, and the retiree contributes 25%. Funding is on a pay-as-you-go basis under which payments are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases. Benefits paid by the Government for the fiscal year ended June 30, 2003 totaled \$15,716,019.

The Government also provides a matching contribution on dental insurance for any retiree who elects to participate and provides life insurance at no charge. Benefits paid by the Government for dental and life insurance totaled \$1,291,057 and \$300,235, respectively, for the fiscal year ended June 30, 2003.

The post-retirement benefits for the Metro plans were authorized by the Government's charter. During the year ended June 30, 2003, 5,937 participants were eligible to receive post-retirement benefits.

Metropolitan Nashville Public Schools

For any retiree in the Metro, City or County Education Plans who elects to participate in the medical and dental insurance plans of Metropolitan Nashville Public Schools, Schools contributes 75% of all premium payments with the retiree contributing the remaining 25%. Funding is on a pay-as-you go basis under which payments are made in amounts sufficient to cover benefits paid. Benefits paid by Metropolitan Nashville Public Schools for the fiscal year ended June 30, 2003 totaled \$2,822,579. During the year ended June 30, 2003, 2,539 participants were eligible to receive post-retirement benefits. The post-retirement benefits for teachers of Metropolitan Nashville Public Schools were authorized by the Government's charter.

**Component Units**

Electric Power Board

The Electric Power Board provides post-retirement health care benefits to all employees who retire under the provisions of the qualified pension plan and supplemental executive retirement plan. Currently, 473 retirees meet those eligibility requirements. Expenditures for post-retirement health care benefits are recognized as retirees report claims. Expenditures of \$6,554,055 for the year ended June 30, 2003 were recognized for post-retirement health care. The post-retirement benefits for the Electric Power Board employees were authorized by the Government's charter.

Metropolitan Transit Authority

Medical, dental, vision and prescription card insurance benefits are available to all employees retiring from the Metropolitan Transit Authority through its self-insurance plan. Participants contribute to the cost of these benefits based on age and type of coverage. The portion funded by the Metropolitan Transit Authority is expensed as the coverage is provided. During the year ended June 30, 2003, total medical benefit claims expense incurred amounted to \$550,425. Future claims cannot be estimated. At June 30, 2003, approximately 100 retirees were covered under this plan.

Life insurance benefits for retirees and their spouses are also self-insured. Life insurance coverage is \$10,000 on each retired employee and \$2,500 on the spouse of the retired employee, except for two former Class I employees who are entitled to an \$11,250 benefit. During the year ended June 30, 2003, the Metropolitan Transit Authority recognized an expense for death benefit claims totaling \$67,500. Future such claims cannot be estimated, however, at June 30, 2003, approximately 100 retirees were covered under this plan.

Nashville Thermal Transfer Corporation

The Board of Directors of the Corporation approved a severance package to provide benefits to employees that will be involuntarily terminated as a result of the Corporation ceasing operations in December 2003. Approximately 35 operations, maintenance and administrative employees are expected to be involuntarily terminated by December 1, 2003. Under the terms of the severance package, all employees who do not elect to transfer to the Metropolitan Government or otherwise leave employment prior to December 1, 2003 will receive a minimum termination benefit equal to 15 weeks of their gross compensation, plus one additional week for each year of service in excess of 15 years. During the year ended June 30, 2003, termination benefits of \$651,318 were charged to administrative and

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

general expenses in the Statement of Activities. Benefits of \$207,661 were paid to employees that were involuntarily terminated prior to June 30, 2003. At June 30, 2003, \$1,050,100 of accrued termination benefits is reflected as other non-current liabilities in the Statement of Net Assets.

Metropolitan Nashville Airport Authority

Under the Airport Authority's PERS, the Airport Authority pays 75% of the medical coverage cost, with the retirees paying the remaining 25%. The Airport Authority also pays 100% of the premium cost of a \$7,500 life insurance policy on each retiree. In addition, the retirees have the option to pay 100% of the cost of dental, vision and supplemental life insurance coverage. Currently, 61 retirees are receiving benefits under this PERS. During the year ended June 30, 2003, payments of \$229,187 were made by the Authority for post-retirement benefits under this PERS.

New employees of the Airport Authority and those previously selecting the new Airport Authority plan are not eligible for participation in the Government's pension plan. However, certain other Airport Authority employees do participate in the Metro Plan. The Airport Authority pays the same percentage as stated above for the medical, dental and life premiums. Currently, 22 retirees are receiving benefits from the Metro Plan. During the year ended June 30, 2003, payments of \$52,380 were made to the Government for post-retirement benefits under this PERS.

Payments for these post-retirement benefits are expensed as they are incurred. During the year ended June 30, 2003, \$281,567 of post-retirement benefits were recognized as expense.

**NOTE 8 - DEFERRED COMPENSATION AND PROFIT SHARING PLANS**

**Primary Government**

Metro Plan

The Government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits deferral of a portion of salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Because the assets are not held in a trustee capacity by the Government, they are not included in the Government's financial statements.

**Component Units**

Metropolitan Development and Housing Agency

The Agency sponsors a deferred compensation plan, available to all employees, created in accordance with Internal Revenue Code Section 457. The plan permits all employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. No contributions are made to this plan by the Agency.

Electric Power Board

The Electric Power Board has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits employees to defer a portion of their salary until future years with the Board providing a matching contribution at up to 3% of compensation. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan provides that assets or income of the plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. Since the assets of the plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan, \$2,355,605 of employee contributions and \$1,259,923 of Board contributions to the plan during the year ended June 30, 2003, are not reflected on the Statement of Net Assets.

Nashville Thermal Transfer Corporation Profit - Sharing Plan

The Nashville Thermal Transfer Corporation has a profit-sharing plan pursuant to Section 401 of the Internal Revenue Code, whereby after six months of service employees may elect to participate and contribute from 1% to 15% of their annual compensation, but not in excess of the maximum allowed. The plan provides for a matching contribution by the Corporation equal to 50% of salary deferrals up to 7%. Matching contributions of \$39,245 were made for the year ended June 30, 2003.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Nashville Airport Authority

The Metropolitan Nashville Airport Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Airport Authority employees, permits the deferral of a portion of salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Since the assets of the plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan are not reflected on the Airport Authority's Statement of Net Assets. Beginning January 1, 2001, the Authority's matching contributions are made to a deferred compensation plan created in accordance with Internal Revenue Code Section 401(a). The contribution by the Authority to this plan was \$431,795 for the year ended June 30, 2003.

**NOTE 9 - LEASES**

**Primary Government**

The Government leases certain facilities from various lessors under operating lease agreements. Total rental expenditures under these leases are nominal for the year ended June 30, 2003.

The Government leases certain warehouse and office space and various other places for periodic use to various lessees. Such leases are accounted for as operating leases and range in duration from less than one year to five years. The lease agreements provide for fixed rental payments. Annual rental income under these operating leases is nominal.

The Government entered into a capital lease agreement with the State of Tennessee for the construction of a Farmers Market. Under the terms of the agreement, the Government will lease the building for 20 years at a cost of \$3,645,000. Lease payments began in June 1996 with an initial payment of \$645,000. The remaining lease payments will be made over the initial term of the lease in annual rental payments. At June 30, 2003, the leased building is carried in the enterprise funds at \$3,645,000, less accumulated depreciation of \$645,172. A summary of future minimum lease payments and the present value of future lease payments for the capitalized lease as of June 30, 2003 is as follows:

<u>Year Ending June 30,</u>	
2004	\$ 256,892
2005	260,008
2006	257,540
2007	259,665
2008	256,105
2009-2013	1,287,735
2014-2015	<u>516,060</u>
Total future minimum lease payments	3,094,005
Less:	
Amount representing interest imputed at 7.5%	884,005
Current portion of capital lease	<u>135,000</u>
Long-term capitalized lease obligation	<u><u>\$ 2,075,000</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**Component Units**

General Hospital

The Government, on behalf of General Hospital, entered into a capital lease agreement with Meharry Medical College for the use of the Hubbard Hospital site on the Meharry campus. Under the terms of the agreement, the Government will lease the building for 30 years at a cost of \$4 million per year. Lease payments began in December 1994 after Meharry Medical College and the Board of Hospitals agreed on a program of renovations by Meharry Medical College on Hubbard Hospital. This lease has been subleased to the Hospital Authority. At June 30, 2003, the leased building is carried in the proprietary type component units at the present value of minimum future lease payments of \$48,000,000, less accumulated depreciation of \$8,928,000.

A summary of future minimum lease payments required under the agreement as of June 30, 2003 follows:

<u>Year Ending June 30,</u>		
2004	\$	4,000,000
2005		4,000,000
2006		4,000,000
2007		4,000,000
2008		4,000,000
2009-2013		20,000,000
2014-2018		20,000,000
2019-2023		20,000,000
2024-2027		<u>5,666,661</u>
Total future minimum lease payments		85,666,661
Less:		
Amount representing interest		43,066,219
Current portion of capital lease		<u>835,989</u>
Long-term capitalized lease obligation	\$	<u><u>41,764,453</u></u>

Metropolitan Development and Housing Agency

The Metropolitan Development and Housing Agency leases certain office space and equipment accounted for as operating leases. Total lease expenditures for the year ended September 30, 2002 were \$43,795 and future minimum rental commitments are insignificant.

The Metropolitan Development and Housing Agency receives rental income under a building lease accounted for as an operating lease. The lease has an initial term of thirty years and provides for an option to renew for seven successive ten-year periods. The lessee is committed to pay base rents totaling \$500,000 annually through 2016, with future minimum lease payments of \$7,125,000 at September 30, 2002. In addition, rental income, other than rent directly related to low-income housing units, is received under various other short-term land and building operating leases. These leases are all either cancelable or the future minimum rentals are insignificant. Rental income from these leases amounted to \$99,454 for the year ended September 30, 2002.

Electric Power Board

The Electric Power Board's rent expense, consisting primarily of payments for pole attachment leases, facilities rental and leasing arrangements for software licensing, amounted to \$966,268 for the year ended June 30, 2003. These arrangements, which are all accounted for as operating leases, are all cancelable, therefore, future minimum rentals under these leases are not significant. Rental income is received under pole attachment leases, which are accounted for as operating leases. These leases are cancelable, therefore, future minimum rentals under these leases are not significant. Rental income from this source totaled \$1,559,734 for the year ended June 30, 2003.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Transit Authority

During fiscal 2000, the Metropolitan Transit Authority entered into a capital lease obligation for new buses with a capitalized cost of \$990,591. Also, during fiscal 2003, the Authority entered into a capital lease agreement with the Government for certain computer equipment with a total cost of \$42,500. The assets under capital lease are included in capital assets. The future minimum lease payments required under the capital leases as of June 30, 2003, are as follows:

<u>Year Ending June 30,</u>		
2004	\$	141,223
2005		141,223
2006		127,223
2007		127,223
2008		127,223
2009-2010		<u>190,836</u>
Total future minimum lease payments		854,951
Less:		
Amount representing interest imputed at 5.05%		129,425
Current portion of capital lease		<u>107,160</u>
Long-term capitalized lease obligation	\$	<u><u>618,366</u></u>

Metropolitan Nashville Airport Authority

The Airport Authority leases or has entered into options to lease several tracts of land to developers. The leases expire in 2058. The Airport Authority has received advance payments in the amount of \$2,533,613 which are being amortized into income over the terms of the leases. The buildings and any other improvements constructed on the land become the property of the Airport Authority upon the expiration or termination of the leases.

During the year ended June 30, 1975, the Airport Authority entered into long-term lease agreements with certain of the airlines serving Nashville for use of the facilities at Nashville International Airport. Rentals and fees due under terms of the leases are based upon the Airport Authority's projected cost of providing the facilities to the airlines. These long-term agreements have been amended and restated to extend through September 14, 2017, which is 30 years from the occupancy date of the new terminal. Costs recovered through rentals and fees include expenses of operating and maintaining the airport plus 110% of debt service on all bonds outstanding. The notes receivable from tenants of \$2,017,344 at June 30, 2003 represent expenditures made by the Airport Authority on behalf of certain tenants for improvements at the terminal. The signatory tenant notes accrue interest at 7% while the nonsignatory tenant notes accrue interest at 9%. The notes are to be repaid on a monthly basis through 2015.

Emergency Communications District

During the 2002 fiscal year, the Emergency Communications District acquired hardware and software to upgrade its computer aided dispatch systems. The total cost of the upgrade was \$1,027,476, of which \$527,476 was financed under an agreement accounted for as a capital lease. The obligation requires annual payments of \$194,747 through January 2005. At June 30, 2003, this equipment had a book value of \$787,732. A schedule of future minimum lease payments required as of June 30, 2003 follows:

<u>Year Ending June 30,</u>		
2004	\$	194,747
2005		<u>194,747</u>
Total future minimum lease payments		389,494
Less:		
Amount representing interest imputed at 5.05%		<u>28,862</u>
Long-term capitalized lease obligation	\$	<u><u>360,632</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Industrial Development Board

Certain bond issues of the Industrial Development Board in prior years provide for lease agreements between the Board and the companies receiving public financing for the construction or improvement of their facilities. The leases require the companies to pay rent during the original period of the lease in an amount at least sufficient to pay the principal and interest due on the bonds. These leases are automatically renewable for up to four additional five-year terms at specified rental amounts. The current rent associated with these leases was \$13,800 for the year ended March 31, 2003.

Certain lease agreements of the Industrial Development Board provide for the purchase of the leased facilities when all amounts due on the related bonds issued have been repaid and all the renewal term rents due have been received. The purchase option amounts are fixed by the respective lease agreements. One lessee exercised its lease purchase option by paying the Board \$150,000 during the fiscal year ended March 31, 2003. Lease agreements with purchase options that have not been exercised and remain in effect total \$150,000 at March 31, 2003.

The Industrial Development Board is obligated under a lease agreement dated April 6, 1961, with the Airport Authority to pay ground rent in the amount of \$12,000 annually for the property on which the facilities occupied by Genesco, Inc. are located. The lease term runs concurrently with the Genesco, Inc. ground rent lease which expires on April 25, 2007. During the year ended March 31, 2003, rent expenditures were \$12,000. Future obligations over the term of the lease are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2004	\$ 12,000
2005	12,000
2006	12,000
2007	12,000
2008	1,000
	<hr/>
Total future lease payments	\$ 49,000
	<hr/> <hr/>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables and amounts due to and due from component units at June 30, 2003 are attributable to unsettled balances at year-end primary for charges and transfers between funds and component units. The Metropolitan Development and Housing Authority's fiscal year end is September 30 and a \$500,000 payable at June 30, 2003 is not reflected in the entity wide financial statements. Balances at June 30, 2003 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES AND  
AMOUNTS DUE TO AND DUE FROM COMPONENT UNITS

For the Year Ended June 30, 2003

Due From	Due To					
	General Fund	General Purpose School Fund	GSD General Purposes Debt Service Fund	GSD School Purposes Debt Service Fund	USD General Purposes Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 5,007,728	\$ 119	\$ 60	\$ 30	\$ 2,328	\$ 4,457,249
General Purpose School	836,618	-	-	-	-	205,526
GSD General Purpose Debt Service Fund	97,844	-	-	-	58,187	1,106,557
GSD School Purpose Debt Service Fund	54,761	-	9,713	-	1,318	36,234
USD General Purpose Debt Service Fund	17,462	-	-	-	-	195,938
Nonmajor Governmental Funds	1,281,274	10,295,649	42,730,517	25,660,692	24,130,316	2,811,940
Department of Water and Sewerage Services	174,671	-	-	-	-	1,026,981
Nonmajor Enterprise Funds	78,684	-	-	-	-	1,321,537
Internal Service Funds	394,119	-	-	-	-	1,170
Fiduciary Funds	1,082,889	-	-	-	-	-
Governmental Component Units	1,425,988	-	4,452	-	-	-
Proprietary Component Units	2,310,096	-	-	-	-	3,661
	<u>\$ 12,762,134</u>	<u>\$ 10,295,768</u>	<u>\$ 42,744,742</u>	<u>\$ 25,660,722</u>	<u>\$ 24,192,149</u>	<u>\$ 11,166,793</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES AND  
AMOUNTS DUE TO AND DUE FROM COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2003

Department of Water and Sewerage Services	Due To					Total
	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Governmental Component Units	Proprietary Component Units	
\$ 121,697	\$ 3	\$ 1,532,080	\$ 260,568	\$ 14,407	\$ 373,579	\$ 11,769,848
-	-	1,190,712	249,948	-	-	2,482,804
-	-	5,359	-	-	-	1,267,947
-	-	3,153	-	-	-	105,179
-	-	425	-	-	33,887	247,712
1,590,432	381,756	3,177,970	82,253	-	229,750	112,372,549
-	4,377	155,402	24,309	-	-	1,385,740
-	-	6,661	5,750	-	62,606	1,475,238
-	-	26,343	232,050	76,525	-	730,207
2,686	-	1,396,084	1,006	-	872,702	3,355,367
-	-	343	40	-	-	1,430,823
100,000	-	16,904	38,889	-	57,161	2,526,711
<u>\$ 1,814,815</u>	<u>\$ 386,136</u>	<u>\$ 7,511,436</u>	<u>\$ 894,813</u>	<u>\$ 90,932</u>	<u>\$ 1,629,685</u>	<u>\$ 139,150,125</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE 11 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2003 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2003

Transferred From	Transferred To			
	General Fund	General Purpose School Fund	GSD General Purposes Debt Service Fund	GSD School Purposes Debt Service Fund
General Fund	\$ 2,473,131	\$ 13,313	\$ 3,351,554	\$ -
General Purpose School Fund	2,465,878	-	-	-
Nonmajor Governmental Funds	1,549,131	1,708,007	7,166,641	444,910
Department of Water and Sewerage Services	192,039	450	-	-
Nonmajor Enterprise Funds	396,749	149	-	-
Internal Service Funds	1,825,246	1,650	-	-
Fiduciary Funds	1,477,737	-	-	-
	<u>\$ 10,379,911</u>	<u>\$ 1,723,569</u>	<u>\$ 10,518,195</u>	<u>\$ 444,910</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF INTERFUND TRANSFERS (CONTINUED)

For the Year Ended June 30, 2003

Transferred To						
USD General Purposes Debt Service Fund	Nonmajor Governmental Funds	Department of Water and Sewerage Services	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ -	\$ 68,105,745	\$ -	\$ 259,700	\$ 200,000	\$ -	\$ 74,403,443
-	945,690	-	-	500,000	-	3,911,568
8,638,017	3,545,844	50,000	1,604,420	7,088,816	-	31,795,786
-	9,736,025	-	-	2,272,723	-	12,201,237
-	-	-	-	5,101	37,639	439,638
-	-	-	-	17,118,255	-	18,945,151
-	-	-	-	1,119,088	-	2,596,825
<u>\$ 8,638,017</u>	<u>\$ 82,333,304</u>	<u>\$ 50,000</u>	<u>\$ 1,864,120</u>	<u>\$ 28,303,983</u>	<u>\$ 37,639</u>	<u>144,293,648</u>
Transfer out of general capital assets:						
From general capital assets to existing non major enterprise funds						15,795
From general capital assets to existing internal service funds						19,733,067
						<u>\$ 164,042,510</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The Metropolitan Department of Law estimated a potential liability for claims, suits and judgments filed for damages to persons and property and for other alleged claims arising out of matters incidental to the operation of the Government. The estimated liability is not expected to be liquidated with expendable available resources and is recorded in the applicable governmental activities in the Statements of Net Assets and Activities. Any estimated liabilities attributable to proprietary funds and component units are recorded in those funds and units.

The Tennessee Supreme Court has ruled in favor of Tennessee Small Schools and held that the state's funding for teachers' salaries violates the Small Schools' school children's equal protection rights to substantial equal opportunity for an education. Unless there is an appeal to the U.S. Supreme Court, the lawsuit now enters the remedy phase. Depending on the remedy, the Government could lose between \$61 and \$74 million per year in sales tax revenue which it now spends on education.

**B. Insurance and Benefits**

The Government and its component units are subject to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illnesses or injuries to employees; and natural disasters.

**Primary Government**

The Government is self-insured with respect to liability claims. Liabilities for all accidents are generally limited under the Governmental Tort Liability Act of the Tennessee Code as follows:

	<u>Non-automobile Accidents</u>	<u>Automobile Accidents</u>
Bodily injury	\$ 250,000 per person 600,000 per accident	\$ 250,000 per person 600,000 per accident
Property damage	85,000 per accident	85,000 per accident

The Government is also self-insured with respect to casualty losses on real and personal property for the first \$2,000,000 of loss in any one-year. Claims above this amount are covered by commercial insurance provided by independent insurers. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The Government is also self-insured with respect to medical benefits and employee blanket bond coverage. Estimated losses for all self-insured risks of \$16,828,187 are recorded as liabilities in internal service funds.

The following summarizes the changes in the estimated claims payable in the respective internal service funds for the years ended June 30, 2002 and 2003:

	School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Total Internal Service Fund Types
Claims payable June 30, 2001	\$ 1,103,291	\$ 7,461,926	\$ 4,130,304	\$ 4,167,000	\$ 16,862,521
Add: Provision for events of the current fiscal year	-	12,975,778	25,228,307	37,572,074	75,776,159
Deduct: Payments on claims during the fiscal year	589,050	2,410,494	26,695,205	37,013,074	66,707,823
Claims payable June 30, 2002	514,241	18,027,210	2,663,406	4,726,000	25,930,857
Add: Provision for events of the current fiscal year	414,255	(7,383,564)	37,322,187	35,878,476	66,231,354
Deduct: Payments on claims during the fiscal year	143,497	2,809,186	36,740,865	35,640,476	75,334,024
Claims payable June 30, 2003	<u>\$ 784,999</u>	<u>\$ 7,834,460</u>	<u>\$ 3,244,728</u>	<u>\$ 4,964,000</u>	<u>\$ 16,828,187</u>

## THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### **Component Units**

The Metropolitan Development and Housing Agency maintains commercial insurance coverage to cover the various risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Agency. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Hospital Authority participates in the Government's insurance and benefits programs.

The Electric Power Board is covered under the same Tort Liability Act as the primary government and is also a participant with the primary government in the General Government Self-Insurance Fund. The Board is self-insured for employee dental claims and self-insured up to \$100,000 for employee medical claims. The Board continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two fiscal years.

The Metropolitan Transit Authority is self-insured for all vehicle accident losses up to \$100,000 per occurrence. Non-vehicle accident losses are fully covered under a self-insurance program. A provision has been made for all such known losses incurred through June 30, 2003. Accident losses exceeding \$100,000 are covered under an insurance program subject to certain limits.

The Metropolitan Transit Authority has purchased reinsurance which provides for reimbursement of paid medical claims in excess of \$125,000 per covered participant per agreement year, with the exception of one employee who had a specific deductible of \$175,000 (four employees had specific deductibles ranging from \$175,000 to \$250,000 prior to March 1, 2003). The policy also provides a specified maximum of \$1,000,000 during the lifetime of a covered participant, (\$925,000 prior to March 1, 2003) and an aggregate maximum for total claims paid per agreement year. The aggregate maximum each year fluctuates based on the number of employees under single or family coverage contracts. The maximum amount that the reinsurance carrier will pay out in a plan year is \$1,000,000. Total claims paid in 2003 did not exceed the aggregate maximum.

As required by a collective bargaining labor agreement, the Davidson Transit Organization Employee Benefit Trust was established to pay all medical claims for Metropolitan Transit Authority employees. The accrued medical claims and re-insurance amounts are recorded by the Trust. The Metropolitan Transit Authority funds the Trust on a break-even basis. At June 30, 2003, the Metropolitan Transit Authority owed the Trust \$705,743.

The Nashville Thermal Transfer Corporation is a participant in the Government's Self Insurance fund for coverage of all property losses. The Corporation carries commercial insurance for all other risks of loss including general liability, automobile, workers' compensation, business interruption, boiler and machinery, directors' and officers' liability and umbrella liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Airport Authority accrues self-insured employee medical benefit claims. The liability for reported claims and claims incurred but not reported, an estimate of which is based on historical experience and management projections, is grouped with accrued payroll and related items in the financial statements. The Airport Authority carries commercial insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Emergency Communications District is exposed to various risks of loss related to the theft, damage and destruction of assets. All equipment is covered by warranty and service agreements. The District carries fidelity bond insurance in the amount of \$165,000 for each staff and Board member and has had no claims or settled claims in the past three fiscal years.

The Industrial Development Board is self-insured for all losses to which it is exposed. The Board limits its risk by issuing no more than 85% of project values in bonds and by requiring companies receiving bond issuances to sign personal indemnities in case of default.

#### **C. Federal and State Financial Assistance**

The Government has received federal and state financial assistance for specific purposes that is subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the programs, the Government believes that any required reimbursements would not be material to the basic financial and individual fund and component unit financial statements. Accordingly, no provision has been made for any potential reimbursements to the grantor agencies.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The full faith and credit of the Government is pledged for possible deficiencies in the collection of required state sewer user fees established in connection with certain grants received from the State Funding Board (TCA 68-221-202 through 68-221-214). The Department of Water and Sewerage Services acts as a conduit with respect to sewer user fees imposed by the state. These user fees are set at an amount sufficient to recover the project costs, including related interest expense. As of June 30, 2003, no deficiencies existed. The amount to be recovered from user fees is \$58,162,616 at June 30, 2003 and is recorded as capital grants and contributions by the Department of Water and Sewerage Services.

**D. Construction Commitments**

**Primary Government**

At June 30, 2003, the Department of Water and Sewerage Services had commitments of \$35,845,128 for construction contracts.

The State of Tennessee Department of Environment and Conservation issued an order in 1990 to the Department of Water and Sewerage Services to correct certain deficiencies in the Department's wastewater system. The order specifies certain conditions and capital improvements which must be made by given deadlines. The future related capital expenditures are expected to total approximately \$108,385,000 through the year 2007. The Department has identified various sources to fund these mandated improvements. In addition, the Department is currently investigating various options to raise funds for wastewater system capital improvements mandated by the State of Tennessee Department of Health and Environment. Failure to comply with the mandate and meet established deadlines could result in penalties up to \$500,000 per year. No such penalty has been assessed through June 30, 2003. Proposed plans to fund capital expenditures for the next few years include internally generated cash and Tennessee Local Development Authority Loans.

**Component Units**

As of September 30, 2002, the Metropolitan Development Housing Agency had outstanding construction commitments of approximately \$24.9 million. Of this amount, \$24 million will be paid by grants committed to the Agency by HUD, and the remaining \$900,000 will be paid by funds committed to the Agency by the Metropolitan Government and private foundations.

The Metropolitan Nashville Airport Authority estimates the cost of completion of various construction projects at June 30, 2003 to be \$28,151,653, of which \$2,489,775 is expected to be reimbursed by other governmental agencies.

**E. Other Commitments**

**Primary Government**

In May 1999, the Government entered into a memorandum of understanding with Dell Computer Corporation (Dell), whereby Dell agreed to locate a manufacturing and assembly plant in Davidson County, and the Government agreed to provide property, site improvements and other economic incentives. One incentive program is a 40-year grant to Dell, where the Government will pay Dell, through the Industrial Development Board, \$500 per employee, based on the average number of full-time equivalent employees. Dell is expected to employ approximately 1,500 employees, and grant payments began with the 2000 fiscal year. The amount paid to Dell totaled \$776,746 for the year ended June 30, 2003.

In May 1999, the Department of Water and Sewerage Services entered into a contract with an engineering firm (the Contractor) in which the Department agreed to pay the Contractor for change management services to enable and assist the Department to achieve specified verifiable and sustainable operating expenses of \$60 million or less by June 30, 2004. The services are to be delivered by the Contractor in three phases. Fixed fees to be paid under the contract total \$1,200,000 (\$400,000 for Phase I and \$800,000 for Phase II). The contract also provides that whenever the Department attains a level of actual verifiable and sustainable expenses of \$64 million or less, the Contractor and the Department's employees shall receive a share of the additional savings (15% to 20%) according to the formula specified in the contract for each year the additional savings are attained for the term of the contract, which is currently expected to end on April 30, 2004. During fiscal year 2002, \$240,000 was paid for Phase II fees. An additional \$40,000 was paid in August 2002. No amounts are due under the condition portion of the contract.

The Department of Water and Sewerage Services has also entered into a contract with Utility Revenue Management Company, Inc. (the Contractor) in which the Department has agreed to pay the Contractor for situations identified by the Contractor where water and sewer services are unbilled or misbilled and corrective actions are recommended. Compensation to the Contractor under the contract is 45% of the gross increased

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

revenues as defined in the contract. The contract expired July 6, 2001. The contract requires payment of fees to continue for 36 months after corrective action was identified. Fees paid to the Contractor for the year ended June 30, 2003 totaled \$174,991.

**Component Units**

On April 29, 1999, the Hospital Authority entered into a three-year management agreement, commencing May 1, 1999, with Vanderbilt University whereby the Vanderbilt University Medical Center (VUMC) manages the Nashville Metropolitan General Hospital and provides the services of certain management personnel. On January 1, 2002, this agreement was effectively amended to include the Bordeaux Hospital. This agreement renews automatically for two successive three-year terms unless terminated by either party with 180 days written notice. On July 1, 2002, the agreement was amended to include the services of Bordeaux's Chief Operating Officer. As compensation for management services, General Hospital paid VUMC a management fee of \$435,492 for fiscal year 2001, with annual 5% increases each year thereafter. Compensation for management services provided for Bordeaux Hospital was approximately \$315,000 for the year ended June 30, 2003. The agreement also stipulates that the Hospital Authority will provide \$23,505,100 for fiscal year ending June 30, 2003 for the payment of all costs of the operations of General Hospital, and that 50% of any annual operating surpluses, as defined by the agreement, will be paid to VUMC to be used to benefit General Hospital. The outstanding management fees and surplus payable to VUMC for General Hospital is \$44,727 at June 30, 2003.

In August 1996, Congress approved the Health Insurance Portability and Accountability Act of 1996 (Act). Under the Act, the federal government was given substantial resources and authority for the completion of fraud and abuse investigations and the Act has established substantial fines and penalties for offenders. Management of the Hospital Authority continues to implement policies, procedures, and a compliance overview organizational structure to enforce and monitor compliance with this Act and other government statutes and regulations. The Hospital Authority's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions which are unknown or unasserted at this time. While the outcome cannot be determined at this time, management is of the opinion that liability, if any, from such reviews will not have a material effect on the Hospital Authority's financial position and results of operations.

The Metropolitan Development and Housing Agency is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Agency's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Agency. Accordingly, no provision for loss, if any, related to these matters has been made in the financial statements.

The Metropolitan Development and Housing Agency has designated Affordable Housing Resources (AHR), an Agency sub-recipient and non-profit developer, as the Developer of the Row 8.9 Condominiums. AHR has received a loan of \$150,000 with 5% interest from Home Investment Partnership Program funds for which the Agency has agreed to guarantee the repayment.

The Electric Power Board in July 1997 entered into an agreement with an outside firm to provide computer hardware services for the Board's mainframe information system. In September 1997, the Board also entered into an agreement with an outside firm to provide professional services for the management, operation, and support of the Board's information and data processing system. The minimum commitment remaining under these agreements is \$5,811,539 (2004) and \$1,888,015 (2005).

The Electric Power Board is party to various litigation filed against it in the normal course of business. Management does not believe that damages, if any, arising from outstanding litigation, will have a material effect on the financial position of the Board.

The Metropolitan Transit Authority has a five-year contract, expiring August 2003, with a management company for advisory and management services. Under the contract, the Metropolitan Transit Authority is provided a one-member local management team, non-resident staff and overall supervision. Compensation for these services was approximately \$169,000 for the year ended June 30, 2003.

The Nashville Thermal Transfer Corporation entered into an agreement with a third party to receive various services to support its on-going operations until the Corporation ceases operations in December, 2003. The future minimum payments due under this agreement are approximately \$94,575.

The Nashville Thermal Transfer Corporation has an agreement with a supplier that requires the Corporation to purchase minimum amounts of natural gas from the supplier through December 1, 2003. Under the terms of the agreement, future minimum payments due under this agreement are \$4,014,495. Natural gas expense under such agreement was approximately \$7,534,599 for the year ended June 30, 2003.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Airport Authority is a defendant in certain lawsuits filed by area residents who allege property value damage as a result of increased air traffic and other legal proceedings incidental to its operations. The Authority intends to vigorously defend itself in these actions. Management cannot predict the extent to which similar actions may be taken by other parties. In the opinion of management and the Authority's legal counsel, while the ultimate outcome of these matters, including an estimate of potential loss, cannot presently be determined, any losses sustained would be recoverable through the Authority's leases with certain airlines.

In August 1997, the Emergency Communication District's board of directors approved an Interlocal Agreement with the Government to assist in the financing of an 800 MHz radio system. The total cost of this equipment is estimated to be \$28 million, of which the District will be responsible for \$2.8 million per year, payable in semi-annual installments, over a ten-year period. To fund its portion of the acquisition, the District increased the monthly emergency telephone service subscriber fees. The Emergency Communications District paid approximately \$154,000 in 2003 under maintenance contracts for its communications recording and the enhanced 911 telephone systems.

The Nashville District Management Corporation has an agreement with the Government to provide program administration of the Nashville Central Business Improvement District in accordance with Tennessee law. The Corporation's duties and responsibilities under the agreement include but are not limited to providing services for improvement and operation of the District through security enhancement, downtown marketing, improving downtown beautification and sanitation and maintenance. The original term of the agreement is one year, renewable annually by the mutual notification by each party to the other. The agreement may be terminated by the Government upon thirty days notice.

The Nashville District Management Corporation has entered into an agreement with Nashville Downtown Partnership, a related nonprofit organization, to perform all the duties and responsibilities for day-to-day management and implementation of services and improvements for the Nashville Central Business Improvement District (CBID), as defined in the Memorandum of Agreement with Metro, in exchange for substantially all revenues received from CBID assessments. During the six months ended December 31, 2002, the Corporation recognized expense of \$317,781 related to the agreement. The agreement expired June 30, 2002 and was renewed for an additional one-year term.

**NOTE 13 – SUBSEQUENT EVENTS**

On August 6, 2003 the Government issued the first \$50,000,000 draw of a \$200,000,000 General Obligation Commercial Paper (bond anticipation note) Program, at a price of 0.97% for a six-month maturity. The commercial paper will be issued to provide interim financing of various capital projects authorized by the Government and to pay principal of maturing commercial paper. The commercial paper notes will be refunded with new bond anticipation notes (rollover notes) until the Government is prepared to issue long-term bonds and thereby provide permanent financing for the capital projects financed under the Commercial Paper Program. The Government is providing "self-liquidity" for the program, meaning if the commercial paper dealer is ever unable to market rollover notes in the amount needed to pay the maturing bond anticipation notes, the Government will purchase the rollover notes, as an investment within the Metropolitan Government Investment Pool. The Government will continue to hold the notes until the commercial paper dealer is able to successfully market additional rollover notes and thereby pay the rollover notes held by the Government. The program is administered under an agreement with the State Comptroller of the Treasury. The commercial paper is rated A-1+, P-1, the highest commercial paper rating for both Standard & Poor's and Moody's.

The Government has issued a total of \$145,000,000 commercial paper notes to date. \$127,000,000 of the notes are maturing between December 3, 2003 and February 11, 2004, which will be "taken-out" by long-term bonds issued December 2, 2003 in the amount of \$122,100,000.

On December 2, 2003, the Government issued \$122,100,000 General Obligation Multi-Purpose Bonds, Series 2003, at a true interest cost of 4.19%. These bonds provided funding to pay principal and interest on certain of the Metropolitan Government's maturing commercial paper notes (in the form of bond anticipation notes) in the principal amounts and on the dates set forth below (Notes). The Notes were issued to finance general capital improvements for the Metropolitan Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Maturity Date</u>	<u>Principal</u>
December, 3, 2003	\$35,000,000
January 7, 2004	\$42,000,000
February 2, 2004	\$ 8,000,000
February 9, 2004	\$ 9,000,000
February 10, 2004	\$16,000,000
February 11, 2004	\$17,000,000

The proceeds of the Bonds will be invested by the Note Paying Agent and the interest accrued on the proceeds of the bond issue will be available for the payment of the interest on the Bonds after the commercial paper has been refunded.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 CONDITION RATING OF TRANSPORTATION NETWORK

The transportation network of the Government is segregated into two subsystems: roads and streets, and bridges and overpasses. Information regarding condition and needed and actual maintenance costs is presented below.

**ROADS AND STREETS**

Percentage of Lane Miles in Good or Better Condition

2003	2002	2001
85.5 %	85.4 %	83.4 %

The condition of road and street pavement is measured using the Infrastructure Management Services (IMS) pavement management system. The condition is determined based on data collected by the laser road surface test (surface condition) and the dynaflect test (pavement deflection data) along with other road and street information such as traffic, surface type, street length, street width, area and location. The IMS system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads and streets as excellent (85-100), good (70-84), fair (60-69) and poor (less than 60). Condition assessments are determined on an annual basis. It is the policy of the Government to maintain at least 70 percent of its road and street system at a good or better condition.

There are currently approximately 5,600 lane miles of roads and streets in the transportation network.

Comparison of Needed to Actual Maintenance

	2003	2002
Needed	\$ 9,200,000	\$ 9,200,000
Actual	\$ 6,126,750	\$ 2,237,282
Difference	\$ (3,073,250)	\$ (6,962,718)

The variance between the needed and actual amounts for the year ended June 30, 2002 was due to 1) the timing of the approval of the capital budget and 2) a transition in management in the Public Works Department of the Government which resulted in a temporary diminishment of resources. Although actual costs were less than the anticipated needs, the condition level remained consistent with the prior year.

Information regarding needed and actual maintenance and preservation costs is not available prior to fiscal year ended June 30, 2002.

**BRIDGES AND OVERPASSES**

Percentage of Deck Area in Fair or Better Condition

2003	2002	2001
94.2 %	(a)	89.0 %

(a) Condition assessments are determined every two years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 CONDITION RATING OF TRANSPORTATION NETWORK (CONTINUED)

The condition of bridges and overpasses is measured using the Federal Aid Bridge Inspection System supervised by the Tennessee Department of Transportation, which is based on a two-year cycle of inspections of structures designated in two categories: Non-Federal Aid and Federal Aid Urban. The inspection system uses a measurement that classifies the condition as good, fair, poor or critical. The Public Works Department of the Government reviews all findings on all inspections. It is the policy of the Government to maintain at least 75 percent of its bridges and overpasses in fair or better condition.

There were 236 Non-Federal Aid and 127 Federal Aid Urban bridges and overpasses in the transportation network as of the 2002 inspection.

Comparison of Needed to Actual Maintenance

	2003	2002
Needed	\$ 800,000	\$ 830,000
Actual	\$ 555,057	\$ 637,019
Difference	\$ (244,943)	\$ (192,981)

Although actual costs were less than the anticipated needs, the condition level improved compared to the prior assessment. Enhancement to Shelby Street Bridge that brought a large structure (deck area) to an acceptable condition during fiscal year 2003 was a major contributor to the improved condition rating of 94.2 percent.

Information regarding needed and actual maintenance and preservation costs is not available prior to fiscal year ended June 30, 2002.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2003

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 593,394	\$ 2,373,620	\$ 251,806	\$ 21,970,124
Investments	634,306	2,722,739	259,024	25,186,865
Accounts receivable	1,742,939	4,480,014	33,016	14,983
Accrued interest receivable	1,251	5,047	377	54,091
Due from other funds of the primary government	9,790	831,916	11,808	2,179,509
Due from component units	-	-	-	-
Inventories of supplies	-	-	220,797	-
Other assets	12,032	350,000	-	-
	<u>2,993,712</u>	<u>10,763,336</u>	<u>776,828</u>	<u>49,405,572</u>
<b>Total assets</b>	<b>\$ 2,993,712</b>	<b>\$ 10,763,336</b>	<b>\$ 776,828</b>	<b>\$ 49,405,572</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 369,401	\$ 1,058,663	\$ 45,529	\$ 1,174,762
Accrued payroll	437,291	185,364	11,025	-
Due to other funds of the primary government	457,772	563,550	155,302	961,940
Due to component units	-	-	-	-
Deferred revenue	-	3,272	-	-
Other liabilities	1,098,484	2,715,963	5,781	-
	<u>2,362,948</u>	<u>4,526,812</u>	<u>217,637</u>	<u>2,136,702</u>
<b>Total liabilities</b>	<b>2,362,948</b>	<b>4,526,812</b>	<b>217,637</b>	<b>2,136,702</b>
<b>FUND BALANCES:</b>				
Reserved for encumbrances	143,887	253,883	-	1,330,194
Reserved for imprest cash and inventories	1,750	-	220,797	-
Reserved for equipment acquisitions	-	-	-	28,716,358
Reserved for trust purposes	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for specific projects	-	5,119,351	-	-
Undesignated	485,127	863,290	338,394	17,222,318
	<u>630,764</u>	<u>6,236,524</u>	<u>559,191</u>	<u>47,268,870</u>
<b>Total fund balances</b>	<b>630,764</b>	<b>6,236,524</b>	<b>559,191</b>	<b>47,268,870</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,993,712</b>	<b>\$ 10,763,336</b>	<b>\$ 776,828</b>	<b>\$ 49,405,572</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2003

Special Revenue Funds

Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services	Natural Disaster Recovery
\$ 9,855,000	\$ 3,866,455	\$ 1,052,525	\$ 908,635	\$ 260,107	\$ 10,736	\$ 110
10,942,598	4,424,595	1,207,218	1,042,281	298,364	12,315	125
21,913	798,760	1,390,674	-	35,607	1,683,656	-
23,263	9,843	3,450	2,091	442	26	-
210,868	36,150	841,781	-	-	4,863	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
732	-	-	-	-	-	-
<u>\$ 21,054,374</u>	<u>\$ 9,135,803</u>	<u>\$ 4,495,648</u>	<u>\$ 1,953,007</u>	<u>\$ 594,520</u>	<u>\$ 1,711,596</u>	<u>\$ 235</u>
\$ 183,689	\$ 2,140,319	\$ 2,350,153	\$ 93,373	\$ 2,806	\$ 186,840	\$ -
95,166	223,855	122,822	3,008	3,255	131,334	-
510,196	838,648	204,079	18,790	153,231	167,459	-
-	-	-	-	-	-	-
-	-	-	124,878	-	139,889	-
4,910,481	281,190	-	-	-	972,006	-
<u>5,699,532</u>	<u>3,484,012</u>	<u>2,677,054</u>	<u>240,049</u>	<u>159,292</u>	<u>1,597,528</u>	<u>-</u>
176,707	111,283	2,553,311	192,761	-	2,910	-
315,500	300	100	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,862,635	5,540,208	(734,817)	1,520,197	435,228	111,158	235
<u>15,354,842</u>	<u>5,651,791</u>	<u>1,818,594</u>	<u>1,712,958</u>	<u>435,228</u>	<u>114,068</u>	<u>235</u>
<u>\$ 21,054,374</u>	<u>\$ 9,135,803</u>	<u>\$ 4,495,648</u>	<u>\$ 1,953,007</u>	<u>\$ 594,520</u>	<u>\$ 1,711,596</u>	<u>\$ 235</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2003

	Special Revenue Funds			
	Education Services	Infrastructure Services	Nashville Career Advancement Center	District Energy System Development
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 20,592,303	\$ 104,922	\$ 140,316	\$ 536,008
Investments	15,632,854	120,354	160,495	614,846
Accounts receivable	7,544,696	120	835,705	-
Accrued interest receivable	17,554	257	59	1,313
Due from other funds of the primary government	1,655,102	151,290	215,324	-
Due from component units	-	-	-	3,661
Inventories of supplies	580,208	-	-	-
Other assets	-	-	28,953	-
<b>Total assets</b>	<b>\$ 46,022,717</b>	<b>\$ 376,943</b>	<b>\$ 1,380,852</b>	<b>\$ 1,155,828</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,186,084	\$ 18,080	\$ 852,012	\$ -
Accrued payroll	-	23,774	114,568	-
Due to other funds of the primary government	8,994,624	2,145	133,285	267
Due to component units	-	-	-	-
Deferred revenue	648,771	-	-	-
Other liabilities	17,937,528	98,153	288,134	-
<b>Total liabilities</b>	<b>28,767,007</b>	<b>142,152</b>	<b>1,387,999</b>	<b>267</b>
<b>FUND BALANCES:</b>				
Reserved for encumbrances	377,912	-	5,230	-
Reserved for imprest cash and inventories	3,577,509	-	400	-
Reserved for equipment acquisitions	-	-	-	-
Reserved for trust purposes	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for specific projects	1,100	-	-	-
Undesignated	13,299,189	234,791	(12,777)	1,155,561
<b>Total fund balances</b>	<b>17,255,710</b>	<b>234,791</b>	<b>(7,147)</b>	<b>1,155,561</b>
<b>Total liabilities and fund balances</b>	<b>\$ 46,022,717</b>	<b>\$ 376,943</b>	<b>\$ 1,380,852</b>	<b>\$ 1,155,828</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2003

Debt Service Fund	Capital Projects Funds		
Correctional Facility Revenue Bonds	GSD Capital Projects	Education Capital Projects	USD Capital Projects
\$ 1,631,263	\$ 25,091,188	\$ 5,094,767	\$ 66,978
-	28,762,440	5,844,121	76,829
-	1,823,676	1,250	-
-	261,409	14,108	164
-	4,592,368	204,672	217,691
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,631,263</u>	<u>60,531,081</u>	<u>11,158,918</u>	<u>361,662</u>
\$ -	\$ 8,342,572	\$ 8,359,284	\$ 824,076
-	-	-	-
-	47,878,444	27,423,195	23,679,779
-	229,750	-	-
-	-	-	-
-	3,744,879	183	195,937
<u>-</u>	<u>60,195,645</u>	<u>35,782,662</u>	<u>24,699,792</u>
-	21,781,299	8,928,510	12,722,533
-	-	-	-
-	-	-	-
-	-	-	-
1,631,263	-	-	-
-	-	-	-
-	(21,445,863)	(33,552,254)	(37,060,663)
<u>1,631,263</u>	<u>335,436</u>	<u>(24,623,744)</u>	<u>(24,338,130)</u>
<u>\$ 1,631,263</u>	<u>\$ 60,531,081</u>	<u>\$ 11,158,918</u>	<u>\$ 361,662</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2003

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 93,102	\$ 94,942	\$ 94,588,301
Investments	106,797	108,907	98,158,073
Accounts receivable	-	-	20,407,009
Accrued interest receivable	228	233	395,206
Due from other funds of the primary government	-	-	11,163,132
Due from component units	-	-	3,661
Inventories of supplies	-	-	801,005
Other assets	-	-	391,717
<b>Total assets</b>	<b>\$ 200,127</b>	<b>\$ 204,082</b>	<b>\$ 225,908,104</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 4,945	\$ 3,000	\$ 27,195,588
Accrued payroll	-	-	1,351,462
Due to other funds of the primary government	46	47	112,142,799
Due to component units	-	-	229,750
Deferred revenue	-	-	916,810
Other liabilities	-	133	32,248,852
<b>Total liabilities</b>	<b>4,991</b>	<b>3,180</b>	<b>174,085,261</b>
<b>FUND BALANCES:</b>			
Reserved for encumbrances	-	-	48,580,420
Reserved for imprest cash and inventories	-	-	4,116,356
Reserved for equipment acquisitions	-	-	28,716,358
Reserved for trust purposes	105,994	86,665	192,659
Reserved for debt service	-	-	1,631,263
Unreserved:			
Designated for specific projects	-	-	5,120,451
Undesignated	89,142	114,237	(36,534,664)
<b>Total fund balances</b>	<b>195,136</b>	<b>200,902</b>	<b>51,822,843</b>
<b>Total liabilities and fund balances</b>	<b>\$ 200,127</b>	<b>\$ 204,082</b>	<b>\$ 225,908,104</b>

The accompanying notes are an integral part of this financial statement.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2003

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
REVENUES:				
Property taxes	\$ -	\$ 592,589	\$ -	\$ -
Other taxes, licenses and permits	-	15,439,537	10,913	-
Fines, forfeits and penalties	-	64,373	-	-
Revenues from the use of money or property	29,684	89,940	8,807	852,445
Revenues from other governmental agencies	14,944,241	8,690,852	-	20,615
Charges for current services	145,430	371,793	1,428,479	-
Compensation for loss, sale or damage to property	3,949	105,976	-	825,912
Contributions and gifts	24,586	211,129	54,605	-
Miscellaneous	-	-	-	-
Total revenues	<u>15,147,890</u>	<u>25,566,189</u>	<u>1,502,804</u>	<u>1,698,972</u>
EXPENDITURES:				
Current:				
Personal services	10,172,866	5,320,868	195,160	-
Contractual services	3,637,522	10,938,657	44,704	962,218
Supplies and materials	1,249,721	938,810	807,098	2,798,324
Other costs	155,659	809,775	6,646	72,941
Capital outlay	526,074	1,698,854	-	5,314,758
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Total expenditures	<u>15,741,842</u>	<u>19,706,964</u>	<u>1,053,608</u>	<u>9,148,241</u>
Excess (deficiency) of revenues over expenditures	<u>(593,952)</u>	<u>5,859,225</u>	<u>449,196</u>	<u>(7,449,269)</u>
OTHER FINANCING SOURCES (USES):				
Distribution of trust assets	-	-	-	-
Transfers in	1,257,309	1,119,818	30,530	18,262,104
Transfers out	(1,086,079)	(7,629,520)	(529,085)	(4,129,287)
Total other financing sources (uses)	<u>171,230</u>	<u>(6,509,702)</u>	<u>(498,555)</u>	<u>14,132,817</u>
Net change in fund balances	(422,722)	(650,477)	(49,359)	6,683,548
FUND BALANCES, beginning of year	<u>1,053,486</u>	<u>6,887,001</u>	<u>608,550</u>	<u>40,585,322</u>
FUND BALANCES, end of year	<u>\$ 630,764</u>	<u>\$ 6,236,524</u>	<u>\$ 559,191</u>	<u>\$ 47,268,870</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2003

Special Revenue Funds						
Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services	Natural Disaster Recovery
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
3,583,275	-	3,200	-	-	-	-
418,069	95,601	6,120	40,772	7,895	328	5
6,627,276	576,826	718,981	260,511	9,287	5,215,741	-
582	3,723,812	7,697	-	-	-	-
439,767	218,281	-	-	-	-	-
-	-	-	468,583	13,534	19,632	-
2,119	37,436	-	-	-	-	-
<u>11,071,088</u>	<u>4,651,956</u>	<u>735,998</u>	<u>769,866</u>	<u>30,716</u>	<u>5,235,701</u>	<u>5</u>
2,264,653	4,823,108	2,452,779	155,907	7,112	3,029,931	-
1,784,017	17,036,003	4,657,778	40,597	18,764	1,683,266	-
1,780,152	74,496	213,678	883,092	4,194	128,362	-
46,801	118,692	56,129	873	-	130,587	-
1,541,546	21,012	5,702,082	134,303	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>7,417,169</u>	<u>22,073,311</u>	<u>13,082,446</u>	<u>1,214,772</u>	<u>30,070</u>	<u>4,972,146</u>	<u>-</u>
<u>3,653,919</u>	<u>(17,421,355)</u>	<u>(12,346,448)</u>	<u>(444,906)</u>	<u>646</u>	<u>263,555</u>	<u>5</u>
-	-	-	-	-	-	-
197,782	29,773,788	12,638,640	-	-	-	-
(271,615)	(8,688,047)	-	-	(82,547)	(258,638)	-
<u>(73,833)</u>	<u>21,085,741</u>	<u>12,638,640</u>	<u>-</u>	<u>(82,547)</u>	<u>(258,638)</u>	<u>-</u>
3,580,086	3,664,386	292,192	(444,906)	(81,901)	4,917	5
11,774,756	1,987,405	1,526,402	2,157,864	517,129	109,151	230
<u>\$ 15,354,842</u>	<u>\$ 5,651,791</u>	<u>\$ 1,818,594</u>	<u>\$ 1,712,958</u>	<u>\$ 435,228</u>	<u>\$ 114,068</u>	<u>\$ 235</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2003

	Special Revenue Funds			
	Education Services	Infrastructure Services	Nashville Career Advancement Center	District Energy System Development
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes, licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Revenues from the use of money or property	223,794	4,583	3,277	41,531
Revenues from other governmental agencies	47,781,404	-	8,913,318	-
Charges for current services	16,082,302	-	3,220	-
Compensation for loss, sale or damage to property	-	-	-	-
Contributions and gifts	6,113,072	-	107,214	-
Miscellaneous	-	502	-	54,000
Total revenues	<u>70,200,572</u>	<u>5,085</u>	<u>9,027,029</u>	<u>95,531</u>
EXPENDITURES:				
Current:				
Personal services	38,111,263	580,688	2,736,384	-
Contractual services	4,605,888	187,775	5,276,803	456
Supplies and materials	26,965,742	18,415	352,040	-
Other costs	608,117	6,183	584,584	-
Capital outlay	228,768	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Total expenditures	<u>70,519,778</u>	<u>793,061</u>	<u>8,949,811</u>	<u>456</u>
Excess (deficiency) of revenues over expenditures	<u>(319,206)</u>	<u>(787,976)</u>	<u>77,218</u>	<u>95,075</u>
OTHER FINANCING SOURCES (USES):				
Distribution of trust assets	-	-	-	-
Transfers in	1,821,515	802,419	251,065	-
Transfers out	(2,769,616)	(550)	(48,488)	-
Total other financing sources (uses)	<u>(948,101)</u>	<u>801,869</u>	<u>202,577</u>	<u>-</u>
Net change in fund balances	(1,267,307)	13,893	279,795	95,075
FUND BALANCES, beginning of year	<u>18,523,017</u>	<u>220,898</u>	<u>(286,942)</u>	<u>1,060,486</u>
FUND BALANCES, end of year	<u>\$ 17,255,710</u>	<u>\$ 234,791</u>	<u>\$ (7,147)</u>	<u>\$ 1,155,561</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2003

Debt Service Fund	Capital Projects Funds		
Correctional Facility Revenue Bonds	GSD Capital Projects	Education Capital Projects	USD Capital Projects
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
23,670	1,196,176	934,215	6,568
2,012,742	3,652,932	-	-
-	700	-	-
-	-	-	-
-	150,000	-	-
-	13,755	-	-
<u>2,036,412</u>	<u>5,013,563</u>	<u>934,215</u>	<u>6,568</u>
-	-	1,312,157	-
-	20,428,171	11,029,841	9,519,610
-	2,073,737	12,389,008	2,786,481
-	6,039,583	71,102	22,932
-	33,515,805	60,894,232	4,643,144
1,340,000	-	-	-
712,318	-	-	-
5,528	-	-	-
<u>2,057,846</u>	<u>62,057,296</u>	<u>85,696,340</u>	<u>16,972,167</u>
<u>(21,434)</u>	<u>(57,043,733)</u>	<u>(84,762,125)</u>	<u>(16,965,599)</u>
-	-	-	-
-	16,178,334	-	-
-	(5,550,008)	(474,552)	(276,656)
-	<u>10,628,326</u>	<u>(474,552)</u>	<u>(276,656)</u>
(21,434)	(46,415,407)	(85,236,677)	(17,242,255)
<u>1,652,697</u>	<u>46,750,843</u>	<u>60,612,933</u>	<u>(7,095,875)</u>
<u>\$ 1,631,263</u>	<u>\$ 335,436</u>	<u>\$ (24,623,744)</u>	<u>\$ (24,338,130)</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2003

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
REVENUES:			
Property taxes	\$ -	\$ -	\$ 592,589
Other taxes, licenses and permits	-	-	15,450,450
Fines, forfeits and penalties	-	-	3,650,848
Revenues from the use of money or property	63,368	4,179	4,051,027
Revenues from other governmental agencies	-	-	99,424,726
Charges for current services	-	-	21,764,015
Compensation for loss, sale or damage to property	-	-	1,593,885
Contributions and gifts	-	-	7,162,355
Miscellaneous	-	-	107,812
Total revenues	<u>63,368</u>	<u>4,179</u>	<u>153,797,707</u>
EXPENDITURES:			
Current:			
Personal services	-	-	71,162,876
Contractual services	12,952	-	91,865,022
Supplies and materials	-	-	53,463,350
Other costs	31,885	5,883	8,768,372
Capital outlay	-	-	114,220,578
Debt service:			
Principal retirement	-	-	1,340,000
Interest	-	-	712,318
Fiscal charges	-	-	5,528
Total expenditures	<u>44,837</u>	<u>5,883</u>	<u>341,538,044</u>
Excess (deficiency) of revenues over expenditures	<u>18,531</u>	<u>(1,704)</u>	<u>(187,740,337)</u>
OTHER FINANCING SOURCES (USES):			
Distribution of net assets	(1,027,530)	-	(1,027,530)
Transfers in	-	-	82,333,304
Transfers out	-	(1,098)	(31,795,786)
Total other financing sources (uses)	<u>(1,027,530)</u>	<u>(1,098)</u>	<u>49,509,988</u>
Net change in fund balances	(1,008,999)	(2,802)	(138,230,349)
FUND BALANCES, beginning of year	<u>1,204,135</u>	<u>203,704</u>	<u>190,053,192</u>
FUND BALANCES, end of year	<u>\$ 195,136</u>	<u>\$ 200,902</u>	<u>\$ 51,822,843</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GSD GENERAL PURPOSES DEBT SERVICE FUND

For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 58,125,989	\$ 58,125,989	\$ 56,720,648	\$ (1,405,341)
Local option sales tax	2,000,000	2,000,000	2,236,715	236,715
Revenues from the use of money or property	1,146,613	1,146,613	1,158,414	11,801
Revenues from other governmental agencies	4,255,000	4,255,000	4,174,866	(80,134)
Commissions and fees	150,000	150,000	-	(150,000)
<b>Total revenues</b>	<b>65,677,602</b>	<b>65,677,602</b>	<b>64,290,643</b>	<b>(1,386,959)</b>
<b>EXPENDITURES:</b>				
Contractual services	868,242	868,242	810,861	57,381
Principal retirement	43,231,980	43,231,980	41,551,980	1,680,000
Interest	41,881,756	41,881,756	33,893,435	7,988,321
Fiscal charges	175,000	175,000	51,392	123,608
Bond issue costs	-	-	317,948	(317,948)
Arbitrage rebate	-	-	667,218	(667,218)
<b>Total expenditures</b>	<b>86,156,978</b>	<b>86,156,978</b>	<b>77,292,834</b>	<b>8,864,144</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(20,479,376)</b>	<b>(20,479,376)</b>	<b>(13,002,191)</b>	<b>7,477,185</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Payments to refunded bond escrow agent	-	-	(42,975,978)	(42,975,978)
Proceeds of refunding bonds	-	-	41,749,303	41,749,303
Bond issue premium (discount)	-	-	1,795,121	1,795,121
Transfers in	9,690,902	9,690,902	10,518,195	827,293
<b>Total other financing sources (uses)</b>	<b>9,690,902</b>	<b>9,690,902</b>	<b>11,086,641</b>	<b>1,395,739</b>
<b>Net change in fund balances</b>	<b>(10,788,474)</b>	<b>(10,788,474)</b>	<b>(1,915,550)</b>	<b>8,872,924</b>
<b>FUND BALANCES, beginning of year</b>	<b>72,002,906</b>	<b>72,002,906</b>	<b>72,002,906</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 61,214,432</b>	<b>\$ 61,214,432</b>	<b>\$ 70,087,356</b>	<b>\$ 8,872,924</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GSD SCHOOL PURPOSES DEBT SERVICE FUND

For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 27,178,343	\$ 27,178,343	\$ 26,368,304	\$ (810,039)
Local option sales tax	14,948,019	14,948,019	14,948,019	-
Revenues from the use of money or property	1,030,340	1,030,340	1,332,540	302,200
<b>Total revenues</b>	<b>43,156,702</b>	<b>43,156,702</b>	<b>42,648,863</b>	<b>(507,839)</b>
<b>EXPENDITURES:</b>				
Contractual services	408,391	408,391	382,269	26,122
Principal retirement	28,154,191	28,154,191	23,014,191	5,140,000
Interest	27,728,409	27,728,409	19,426,517	8,301,892
Fiscal charges	125,000	125,000	131,379	(6,379)
Bond issue costs	-	-	343,356	(343,356)
Arbitrage rebate	-	-	158,524	(158,524)
<b>Total expenditures</b>	<b>56,415,991</b>	<b>56,415,991</b>	<b>43,456,236</b>	<b>12,959,755</b>
Excess (deficiency) of revenues over expenditures	(13,259,289)	(13,259,289)	(807,373)	12,451,916
<b>OTHER FINANCING SOURCES (USES):</b>				
Payments to refunded bond escrow agent	-	-	(63,466,789)	(63,466,789)
Proceeds of refunding bonds	-	-	60,984,934	60,984,934
Bond issue premium (discount)	-	-	3,321,651	3,321,651
Transfers in	-	-	444,910	444,910
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,284,706</b>	<b>1,284,706</b>
<b>Net change in fund balances</b>	<b>(13,259,289)</b>	<b>(13,259,289)</b>	<b>477,333</b>	<b>13,736,622</b>
<b>FUND BALANCE, beginning of year</b>	<b>80,823,039</b>	<b>80,823,039</b>	<b>80,823,039</b>	<b>-</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 67,563,750</b>	<b>\$ 67,563,750</b>	<b>\$ 81,300,372</b>	<b>\$ 13,736,622</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
USD GENERAL PURPOSES DEBT SERVICE FUND

For the Year Ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 9,470,848	\$ 9,470,848	\$ 9,060,334	\$ (410,514)
Revenues from the use of money or property	187,951	187,951	203	(187,748)
Revenues from other governmental agencies	-	-	481	481
<b>Total revenues</b>	<b>9,658,799</b>	<b>9,658,799</b>	<b>9,061,018</b>	<b>(597,781)</b>
<b>EXPENDITURES:</b>				
Contractual services	176,332	176,332	122,889	53,443
Principal retirement	13,173,829	13,173,829	11,958,829	1,215,000
Interest	6,734,089	6,734,089	4,175,294	2,558,795
Fiscal charges	50,000	50,000	115,253	(65,253)
Bond issue costs	-	-	168,602	(168,602)
<b>Total expenditures</b>	<b>20,134,250</b>	<b>20,134,250</b>	<b>16,540,867</b>	<b>3,593,383</b>
Excess (deficiency) of revenues over expenditures	(10,475,451)	(10,475,451)	(7,479,849)	2,995,602
<b>OTHER FINANCING SOURCES (USES):</b>				
Payments to refunded bond escrow agent	-	-	(6,363,079)	(6,363,079)
Proceeds of refunding bonds	-	-	5,955,763	5,955,763
Bond issue premium (discount)	-	-	491,531	491,531
Transfers in	8,683,334	8,683,334	8,638,017	(45,317)
<b>Total other financing sources (uses)</b>	<b>8,683,334</b>	<b>8,683,334</b>	<b>8,722,232</b>	<b>38,898</b>
Net change in fund balances	(1,792,117)	(1,792,117)	1,242,383	3,034,500
FUND BALANCES, beginning of year	12,062,613	12,062,613	12,062,613	-
FUND BALANCES, end of year	\$ 10,270,496	\$ 10,270,496	\$ 13,304,996	\$ 3,034,500

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS

**SPECIAL REVENUE FUNDS**

METROPOLITAN ACTION COMMISSION FUND

The Metropolitan Action Commission Fund accounts for the various programs of the Commission which provide education, social skills, meals and before and after care assistance to low-income and disadvantaged children and energy assistance to low-income individuals.

GENERAL GOVERNMENT SERVICES FUND

The General Government Services Fund accounts for funds which support various general government activities such as hotel occupancy taxes and federal, state and private grants and contributions.

RECREATIONAL AND CULTURAL SERVICES FUND

The Recreational and Cultural Services Fund accounts for funds from the general public and the Tennessee Commission on National and Community Service used for specific purposes and the purchase and sale of souvenir and concession items within the parks and recreation system of the Government.

GENERAL FUND 4% RESERVE FUND

The General Fund 4% Reserve Fund accounts for 4% of locally generated revenues deposited in the GSD General Fund. Expenditures from this fund are for capital items and are authorized by resolutions of the Metropolitan Council.

LAW ENFORCEMENT AND JUSTICE SERVICES FUND

The Law Enforcement and Justice Services Fund accounts for federal and state funds, fines, fees, donations and proceeds from the sale of seized property, which are used to support various law enforcement programs.

SOLID WASTE OPERATIONS FUND

The Solid Waste Operations Fund accounts for activities of the Department of Public Works involving refuse collection, recycling, chipper service and other miscellaneous activities as well as federal and state funds for enhancing solid waste management in local communities and solid waste special projects approved by the Metropolitan Council.

STORMWATER OPERATIONS FUND

The Stormwater Operations Fund is under the administrative responsibility of the Department of Water and Sewerage Services and is used to account for the activities surrounding the maintenance of the Government's stormwater drainage system.

LIBRARY SERVICES FUND

The Library Services Fund accounts for federal and state programs, primarily from the U.S. Department of Education, Library Services and the State of Tennessee Libraries and Archives, aimed at providing library services to all facets of the community, private donations given on behalf of the Metropolitan Public Library and funds contributed by the general public for the purchase of equipment for blind and handicapped individuals.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

HEALTH SERVICES FUND

The Health Services Fund accounts Title V Clean Air fees and expenditures, United Way contributions for mobile screening of children and donations by the public designated to provide adequate shelter and humane treatment of animals.

PUBLIC WELFARE SERVICES FUND

The Public Welfare Services Fund accounts for various activities promoting human relations and social services provided to the general public.

NATURAL DISASTER RECOVERY FUND

The Natural Disaster Recovery Fund was established to account for public donations from citizens and federal and state assistance to provide relief effort and cleanup and repair of tornado damage to public facilities.

EDUCATION SERVICES FUND

The Education Services Fund accounts for a variety of programs supporting educational activities including various state and federal grant programs, funds reserved for unemployment compensation claims of Metropolitan Nashville Public Schools employees, the food service operations of the school system, adult and other special education activities and fund raising and sales activities of individual schools.

INFRASTRUCTURE SERVICES FUND

The Infrastructure Services Fund accounts for funds supporting the infrastructure of the Government including the development of sidewalks in multi-family and non-residential development and the accessibility of all programs, services, activities, facilities and rights-of-way as mandated by the Americans with Disabilities Act of 1990 and Section 504 of the Rehabilitation Act of 1973.

NASHVILLE CAREER ADVANCEMENT CENTER FUND

The Nashville Career Advancement Center Fund accounts for funds received under the Federal Workforce Investment Act and the National Council of Aging Citizens Act (Title IV). These funds are utilized to provide employment and training opportunities for senior citizens and economically disadvantaged, unemployed or underemployed individuals.

DISTRICT ENERGY SYSTEM DEVELOPMENT FUND

The District Energy System Development Fund is under the administrative responsibility of the Department of Finance and was established to account for the funds remaining from the refunding of the Nashville Thermal Transfer Corporation bonds. The intent is to use these funds for specific purposes and activities associated with the development of a new fossil fuel-fired steam and chilled water-generating facility to replace the Nashville Thermal Transfer Corporation. Any funds remaining will be subject to transfer to the general government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

**DEBT SERVICE FUND**

CORRECTIONAL FACILITY REVENUE BONDS FUND

The Correctional Facility Revenue Bonds Fund is used to account for the accumulation of resources and the payment of principal and interest for the Correctional Facility Revenue Bonds, Series 2002.

**CAPITAL PROJECTS FUNDS**

GSD CAPITAL PROJECTS FUND

The GSD Capital Projects Fund is used to account for the use of bond proceeds for the construction and equipping of various public projects in the General Services District.

EDUCATION CAPITAL PROJECTS FUND

The Education Capital Projects Fund is used to account for the use of bond proceeds for the construction and equipping of various school facilities.

USD CAPITAL PROJECTS FUND

The USD Capital Projects Fund is used to account for the use of bond proceeds for the construction and equipping of various public projects in the Urban Services District.

**PERMANENT FUNDS**

GENERAL GOVERNMENT FUND

The General Government Fund is used to account for restricted trusts under the administrative responsibility of various departments of the general government.

EDUCATION FUND

The Education Fund is used to account for restricted trusts under the administrative responsibility of the Metropolitan Board of Education.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS

June 30, 2003

<u>ASSETS</u>	<u>Nashville Convention Center</u>	<u>Board of Fair Commissioners</u>	<u>Farmers Market</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 813,868	\$ 2,917,848	\$ 510,429
Investments	916,910	3,199,616	585,159
Accounts receivable	429,809	201,513	-
Allowance for doubtful accounts	(75,159)	(177,244)	-
Accrued interest receivable	1,866	6,997	1,232
Due from other funds of the primary government	346,355	2	-
Other current assets	1,071	44,107	-
<b>Total current assets</b>	<b>2,434,720</b>	<b>6,192,839</b>	<b>1,096,820</b>
<b>CAPITAL ASSETS:</b>			
Land	6,056,529	175,293	-
Buildings and improvements	49,611,861	6,872,172	638,030
Improvements other than buildings	50,220	2,875,244	160,949
Furniture, machinery and equipment	3,592,466	866,361	280,093
Property under capital lease	-	-	3,645,000
Accumulated depreciation	(20,314,542)	(6,445,586)	(1,157,897)
<b>Capital assets - net</b>	<b>38,996,534</b>	<b>4,343,484</b>	<b>3,566,175</b>
<b>OTHER NON-CURRENT ASSETS</b>	<b>-</b>	<b>50,000</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 41,431,254</b>	<b>\$ 10,586,323</b>	<b>\$ 4,662,995</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2003

Police Secondary Employment	Surplus Property Auction	Total Nonmajor Enterprise Funds
\$ 36,171	\$ 25,667	\$ 4,303,983
41,492	29,442	4,772,619
205,686	-	837,008
(16,837)	-	(269,240)
90	65	10,250
4,377	35,402	386,136
-	-	45,178
<u>270,979</u>	<u>90,576</u>	<u>10,085,934</u>
-	-	6,231,822
-	-	57,122,063
-	-	3,086,413
60,000	-	4,798,920
-	-	3,645,000
(24,973)	-	(27,942,998)
<u>35,027</u>	<u>-</u>	<u>46,941,220</u>
-	-	50,000
<u>\$ 306,006</u>	<u>\$ 90,576</u>	<u>\$ 57,077,154</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2003

<u>LIABILITIES AND NET ASSETS</u>	<u>Nashville Convention Center</u>	<u>Board of Fair Commissioners</u>	<u>Farmers Market</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 745,978	\$ 236,818	\$ 294,494
Accrued payroll	385,356	117,193	50,136
Due to other funds of the primary government	1,325,429	2,865	609
Due to component units	62,606	-	-
Customer deposits	-	41,129	14,400
Current portion of capital lease	-	-	135,000
Other current liabilities	598,941	81,397	12,580
<b>Total current liabilities</b>	<b>3,118,310</b>	<b>479,402</b>	<b>507,219</b>
<b>NONCURRENT LIABILITIES:</b>			
Capitalized lease obligations	-	-	2,075,000
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>2,075,000</b>
<b>Total liabilities</b>	<b>3,118,310</b>	<b>479,402</b>	<b>2,582,219</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	38,996,534	4,343,484	1,356,175
Unrestricted	(683,590)	5,763,437	724,601
<b>Total net assets</b>	<b>\$ 38,312,944</b>	<b>\$ 10,106,921</b>	<b>\$ 2,080,776</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2003

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ -	\$ 4,820	\$ 1,282,110
5,751	-	558,436
83,716	13	1,412,632
-	-	62,606
-	-	55,529
-	-	135,000
<u>1,126</u>	<u>-</u>	<u>694,044</u>
<u>90,593</u>	<u>4,833</u>	<u>4,200,357</u>
<u>-</u>	<u>-</u>	<u>2,075,000</u>
<u>-</u>	<u>-</u>	<u>2,075,000</u>
<u>90,593</u>	<u>4,833</u>	<u>6,275,357</u>
35,027	-	44,731,220
<u>180,386</u>	<u>85,743</u>	<u>6,070,577</u>
<u>\$ 215,413</u>	<u>\$ 85,743</u>	<u>\$ 50,801,797</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2003

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
OPERATING REVENUES:			
Revenue from operations	\$ 3,886,560	\$ 3,113,386	\$ 939,147
Other	300,000	-	760
Total operating revenues	<u>4,186,560</u>	<u>3,113,386</u>	<u>939,907</u>
OPERATING EXPENSES:			
Personal services	2,219,944	1,349,756	304,953
Contractual services	2,554,503	1,938,967	487,513
Supplies and materials	278,935	291,037	21,106
Depreciation	1,216,420	409,261	164,835
Other	112,216	321,790	4,853
Total operating expenses	<u>6,382,018</u>	<u>4,310,811</u>	<u>983,260</u>
OPERATING INCOME (LOSS)	<u>(2,195,458)</u>	<u>(1,197,425)</u>	<u>(43,353)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	35,612	138,174	18,225
Interest expense	-	-	(128,458)
Gain (loss) on sale of property	-	-	-
Total nonoperating revenue (expense)	<u>35,612</u>	<u>138,174</u>	<u>(110,233)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(2,159,846)</u>	<u>(1,059,251)</u>	<u>(153,586)</u>
TRANSFERS IN	1,509,797	-	275,496
TRANSFERS OUT	<u>(149)</u>	<u>(20,000)</u>	<u>-</u>
CHANGE IN NET ASSETS	(650,198)	(1,079,251)	121,910
NET ASSETS, beginning of year	<u>38,963,142</u>	<u>11,186,172</u>	<u>1,958,866</u>
NET ASSETS, end of year	<u>\$ 38,312,944</u>	<u>\$ 10,106,921</u>	<u>\$ 2,080,776</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2003

Police Secondary Employment	Surplus Property Auction	Total Nonmajor Enterprise Funds
\$ 2,016,069	\$ -	\$ 9,955,162
-	-	300,760
<u>2,016,069</u>	<u>-</u>	<u>10,255,922</u>
1,549,055	-	5,423,708
123,120	-	5,104,103
14,506	9,020	614,604
11,973	-	1,802,489
-	-	438,859
<u>1,698,654</u>	<u>9,020</u>	<u>13,383,763</u>
<u>317,415</u>	<u>(9,020)</u>	<u>(3,127,841)</u>
6,352	141	198,504
-	-	(128,458)
-	-	-
<u>6,352</u>	<u>141</u>	<u>70,046</u>
<u>323,767</u>	<u>(8,879)</u>	<u>(3,057,795)</u>
-	94,622	1,879,915
(419,489)	-	(439,638)
(95,722)	85,743	(1,617,518)
<u>311,135</u>	<u>-</u>	<u>52,419,315</u>
<u>\$ 215,413</u>	<u>\$ 85,743</u>	<u>\$ 50,801,797</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2003

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Cash flows from operating activities:			
Receipts from customers and users	\$ 3,834,315	\$ 3,188,243	\$ 940,953
Payments to suppliers	(1,623,348)	(2,512,427)	(263,446)
Payments to employees	(2,177,304)	(1,309,620)	(312,551)
Net cash provided by (used in) operating activities	<u>33,663</u>	<u>(633,804)</u>	<u>364,956</u>
Cash flows from noncapital financing activities:			
Transfers in	1,509,797	-	259,701
Transfers out	(149)	(20,000)	-
Net cash provided by (used in) noncapital financing activities	<u>1,509,648</u>	<u>(20,000)</u>	<u>259,701</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(1,627,507)	(458,566)	(47,224)
Payments on borrowings	-	-	(130,000)
Interest paid	-	-	(128,458)
Net cash provided by (used in) capital and related financing activities	<u>(1,627,507)</u>	<u>(458,566)</u>	<u>(305,682)</u>
Cash flows from investing activities:			
Purchases of investments	(5,299,769)	(7,554,697)	(1,544,585)
Proceeds from the sale and maturities of investment securities	4,984,399	6,765,105	1,218,758
Interest on investments	39,747	155,564	19,582
Net cash provided by (used in) investing activities	<u>(275,623)</u>	<u>(634,028)</u>	<u>(306,245)</u>
Net changes in cash and cash equivalents	(359,819)	(1,746,398)	12,730
Cash and cash equivalents at beginning of year	<u>1,173,687</u>	<u>4,664,246</u>	<u>497,699</u>
Cash and cash equivalents at end of year	<u>\$ 813,868</u>	<u>\$ 2,917,848</u>	<u>\$ 510,429</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2003

Police Secondary Employment	Surplus Property Auction	Total Nonmajor Enterprise Funds
\$ 2,189,099	\$ -	\$ 10,152,610
(389,015)	(4,187)	(4,792,423)
(1,550,325)	-	(5,349,800)
<u>249,759</u>	<u>(4,187)</u>	<u>10,387</u>
-	59,220	1,828,718
(419,489)	-	(439,638)
<u>(419,489)</u>	<u>59,220</u>	<u>1,389,080</u>
-	-	(2,133,297)
-	-	(130,000)
-	-	(128,458)
<u>-</u>	<u>-</u>	<u>(2,391,755)</u>
(1,995,393)	(59,309)	(16,453,753)
2,036,439	29,867	15,034,568
6,546	76	221,515
<u>47,592</u>	<u>(29,366)</u>	<u>(1,197,670)</u>
(122,138)	25,667	(2,189,958)
<u>158,309</u>	<u>-</u>	<u>6,493,941</u>
<u>\$ 36,171</u>	<u>\$ 25,667</u>	<u>\$ 4,303,983</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2003

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (2,195,458)	\$ (1,197,425)	\$ (43,353)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,216,420	409,261	164,835
Allowance for doubtful accounts	39,072	177,244	-
Changes in assets and liabilities:			
Accounts receivable	(144,963)	(114,404)	-
Due from other funds of the primary government	(246,354)	2,986	-
Other current assets	(1,071)	(12,908)	-
Accounts payable	70,723	143,130	257,071
Accrued payroll	42,640	40,136	(7,598)
Due to other funds of the primary government	1,290,210	(68,359)	(128)
Due to component units	(34,973)	-	-
Customer deposits	-	9,031	1,046
Other current liabilities	(2,583)	(22,496)	(6,917)
Total adjustments	2,229,121	563,621	408,309
Net cash provided by (used in) operating activities	\$ 33,663	\$ (633,804)	\$ 364,956

Non-Cash Capital and Related Financing Activities:

The general government transferred capital assets with a net book value of \$15,795 to Farmers Market.  
The transaction was recorded as a transfer in.

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOW  
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2003

Police Secondary Employment	Surplus Property Auction	Total Nonmajor Enterprise Funds
<u>\$ 317,415</u>	<u>\$ (9,020)</u>	<u>\$ (3,127,841)</u>
11,973	-	1,802,489
6,556	-	222,872
165,610	-	(93,757)
864	-	(242,504)
-	-	(13,979)
(11,070)	4,820	464,674
(1,270)	-	73,908
(225,344)	13	996,392
-	-	(34,973)
-	-	10,077
<u>(14,975)</u>	<u>-</u>	<u>(46,971)</u>
<u>(67,656)</u>	<u>4,833</u>	<u>3,138,228</u>
<u>\$ 249,759</u>	<u>\$ (4,187)</u>	<u>\$ 10,387</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS

June 30, 2003

<u>ASSETS</u>	<u>Central Printing</u>	<u>Office of Fleet Management</u>	<u>Motor Pool</u>	<u>Information Systems</u>
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 127,671	\$ 1,534,412	\$ -	\$ 206,621
Investments	145,589	1,758,779	-	231,911
Accounts receivable	2,755	1,115	-	25,623
Accrued interest receivable	319	3,792	-	930
Due from other funds of the primary government	42,695	3,312,028	-	231,057
Due from component units	2,398	1,972	-	12,451
Inventories of supplies	9,525	876,428	-	-
Other current assets	-	-	-	155
<b>Total current assets</b>	<b>330,952</b>	<b>7,488,526</b>	<b>-</b>	<b>708,748</b>
<b>CAPITAL ASSETS:</b>				
Buildings and improvements	52,404	138,946	-	172,167
Furniture, machinery and equipment	508,186	84,159,506	-	5,309,745
Less accumulated depreciation	(488,187)	(57,217,165)	-	(4,481,718)
Capital assets - net	72,403	27,081,287	-	1,000,194
<b>Total assets</b>	<b>403,355</b>	<b>34,569,813</b>	<b>-</b>	<b>1,708,942</b>
<u>LIABILITIES AND NET ASSETS</u>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	15,974	913,701	-	218,102
Accrued payroll	48,162	661,014	-	807,939
Claims payable	-	-	-	-
Due to other funds of the primary government	538	20,922	-	4,486
Due to component units	-	-	-	-
Other current liabilities	-	-	-	-
<b>Total current liabilities</b>	<b>64,674</b>	<b>1,595,637</b>	<b>-</b>	<b>1,030,527</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	72,403	27,081,287	-	1,000,194
Unrestricted	266,278	5,892,889	-	(321,779)
<b>Total net assets</b>	<b>\$ 338,681</b>	<b>\$ 32,974,176</b>	<b>\$ -</b>	<b>\$ 678,415</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2003

Radio Shop	School Self Insurance	General Government Self Insurance	School Professional Employee Insurance	Employees' Medical Benefit	School Central Storeroom	Metro Postal Service
\$ 1,537,078	\$ 1,482,690	\$ 10,374,481	\$ 2,025,742	\$ 3,568,357	\$ 50,678	\$ 35,842
1,762,008	1,700,768	11,896,377	2,118,787	4,092,854	58,131	40,999
43,298	-	3,274	-	73,806	-	824
3,674	3,636	25,504	4,518	7,410	542	96
224,401	-	202,194	390,308	1,992,864	556,931	67,275
-	-	-	-	-	-	426
155,987	-	-	-	-	659,215	-
-	-	-	2,068,013	-	-	38,972
<u>3,726,446</u>	<u>3,187,094</u>	<u>22,501,830</u>	<u>6,607,368</u>	<u>9,735,291</u>	<u>1,325,497</u>	<u>184,434</u>
133,890	-	-	-	-	-	-
1,365,324	-	-	-	-	-	43,288
(1,200,808)	-	-	-	-	-	(19,650)
<u>298,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,638</u>
<u>4,024,852</u>	<u>3,187,094</u>	<u>22,501,830</u>	<u>6,607,368</u>	<u>9,735,291</u>	<u>1,325,497</u>	<u>208,072</u>
253,715	5,541	103,830	1,390,838	34,341	97,972	237
145,909	-	-	-	-	-	25,943
-	784,999	7,834,460	3,244,728	4,964,000	-	-
4,258	2,774	5,614	919	297,035	110	584
-	-	76,525	-	-	-	-
-	-	-	-	-	-	-
<u>403,882</u>	<u>793,314</u>	<u>8,020,429</u>	<u>4,636,485</u>	<u>5,295,376</u>	<u>98,082</u>	<u>26,764</u>
298,406	-	-	-	-	-	23,638
3,322,564	2,393,780	14,481,401	1,970,883	4,439,915	1,227,415	157,670
<u>\$ 3,620,970</u>	<u>\$ 2,393,780</u>	<u>\$ 14,481,401</u>	<u>\$ 1,970,883</u>	<u>\$ 4,439,915</u>	<u>\$ 1,227,415</u>	<u>\$ 181,308</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2003

<u>ASSETS</u>	<u>Facilities Planning and Construction</u>	<u>Treasury Management</u>	<u>Technology Revolving</u>	<u>Total Internal Service Funds</u>
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 331,668	\$ 65,756	\$ -	\$ 21,340,996
Investments	380,451	74,395	-	24,261,049
Accounts receivable	100	11,869	4,665	167,329
Accrued interest receivable	820	151	-	51,392
Due from other funds of the primary government	396,498	71,888	6,050	7,494,189
Due from component units	-	-	-	17,247
Inventories of supplies	-	-	-	1,701,155
Other current assets	-	3,794	-	2,110,934
<b>Total current assets</b>	<b>1,109,537</b>	<b>227,853</b>	<b>10,715</b>	<b>57,144,291</b>
<b>CAPITAL ASSETS:</b>				
Buildings and improvements	-	-	-	497,407
Furniture, machinery and equipment	5,350	-	109,885	91,501,284
Less accumulated depreciation	(2,048)	-	(39,217)	(63,448,793)
Capital assets - net	3,302	-	70,668	28,549,898
<b>Total assets</b>	<b>1,112,839</b>	<b>227,853</b>	<b>81,383</b>	<b>85,694,189</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	3,923	3,227	93,106	3,134,507
Accrued payroll	67,943	45,642	-	1,802,552
Claims payable	-	-	-	16,828,187
Due to other funds of the primary government	137,458	178,984	-	653,682
Due to component units	-	-	-	76,525
Other current liabilities	-	-	199,706	199,706
<b>Total current liabilities</b>	<b>209,324</b>	<b>227,853</b>	<b>292,812</b>	<b>22,695,159</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	3,302	-	70,668	28,549,898
Unrestricted	900,213	-	(282,097)	34,449,132
<b>Total net assets</b>	<b>\$ 903,515</b>	<b>\$ -</b>	<b>\$ (211,429)</b>	<b>\$ 62,999,030</b>

The accompanying notes are an integral part of this financial statement.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2003

	Central Printing	Office of Fleet Management	Motor Pool	Information Systems
<b>OPERATING REVENUES:</b>				
Revenue from operations	\$ 535,435	\$ 13,041,597	\$ -	\$ 8,957,312
Other	-	153	-	162
Total operating revenues	<u>535,435</u>	<u>13,041,750</u>	<u>-</u>	<u>8,957,474</u>
<b>OPERATING EXPENSES:</b>				
Personal services	406,230	5,815,192	-	6,396,412
Contractual services	69,763	1,632,309	-	1,649,573
Supplies and materials	148,938	5,855,798	-	242,602
Depreciation	20,536	7,775,404	-	512,786
Compensation for damages to property	-	-	-	-
Medical and insurance benefits	-	-	-	-
Other	10,755	124,333	-	580,571
Total operating expenses	<u>656,222</u>	<u>21,203,036</u>	<u>-</u>	<u>9,381,944</u>
OPERATING INCOME (LOSS)	<u>(120,787)</u>	<u>(8,161,286)</u>	<u>-</u>	<u>(424,470)</u>
<b>NONOPERATING REVENUE (EXPENSE):</b>				
Investment income	7,068	102,867	-	15,312
Interest expense	-	(12,452)	-	(9,745)
Gain (loss) on sale of property	(19)	248,135	-	-
Other	-	551,915	-	-
Total nonoperating revenue (expense)	<u>7,049</u>	<u>890,465</u>	<u>-</u>	<u>5,567</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(113,738)</u>	<u>(7,270,821)</u>	<u>-</u>	<u>(418,903)</u>
TRANSFERS IN	-	40,522,909	99,464	380,066
TRANSFERS OUT	<u>-</u>	<u>(277,912)</u>	<u>(16,681,502)</u>	<u>(143,463)</u>
CHANGE IN NET ASSETS	<u>(113,738)</u>	<u>32,974,176</u>	<u>(16,582,038)</u>	<u>(182,300)</u>
NET ASSETS, beginning of year	<u>452,419</u>	<u>-</u>	<u>16,582,038</u>	<u>860,715</u>
NET ASSETS, end of year	<u>\$ 338,681</u>	<u>\$ 32,974,176</u>	<u>\$ -</u>	<u>\$ 678,415</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2003

Radio Shop	School Self Insurance	General Government Self Insurance	School Professional Employee Insurance	Employees' Medical Benefit	School Central Storeroom	Metro Postal Service
\$ 4,001,584	\$ -	\$ 6,036,557	\$ 36,642,722	\$ 43,236,154	\$ 2,220,831	\$ 844,294
-	-	7,403,423	-	1,171,275	-	-
4,001,584	-	13,439,980	36,642,722	44,407,429	2,220,831	844,294
949,028	20,809	515,758	-	-	-	235,230
980,416	6,633	532,832	2,352,761	2,647,611	70,497	612,743
651,907	-	-	-	-	1,864,261	2,962
14,780	-	-	-	-	-	3,822
-	414,255	-	-	-	-	-
-	-	-	37,322,187	35,878,476	-	-
204,356	2,384	2,069,124	-	-	14,398	-
2,800,487	444,081	3,117,714	39,674,948	38,526,087	1,949,156	854,757
1,201,097	(444,081)	10,322,266	(3,032,226)	5,881,342	271,675	(10,463)
50,785	62,780	475,808	47,777	44,750	2,143	1,872
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	26,188	789,387	-	-	-	-
50,785	88,968	1,265,195	47,777	44,750	2,143	1,872
1,251,882	(355,113)	11,587,461	(2,984,449)	5,926,092	273,818	(8,591)
-	500,000	225,105	-	1,119,088	953,597	-
(100)	(20,004)	(1,226,748)	-	(263,915)	-	(14,321)
1,251,782	124,883	10,585,818	(2,984,449)	6,781,265	1,227,415	(22,912)
2,369,188	2,268,897	3,895,583	4,955,332	(2,341,350)	-	204,220
\$ 3,620,970	\$ 2,393,780	\$ 14,481,401	\$ 1,970,883	\$ 4,439,915	\$ 1,227,415	\$ 181,308

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2003

	Facilities Planning and Construction	Treasury Management	Technology Revolving	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Revenue from operations	\$ 1,637,020	\$ 731,292	\$ 708,932	\$ 118,593,730
Other	330	-	-	8,575,343
<b>Total operating revenues</b>	<b>1,637,350</b>	<b>731,292</b>	<b>708,932</b>	<b>127,169,073</b>
<b>OPERATING EXPENSES:</b>				
Personal services	844,314	623,214	-	15,806,187
Contractual services	211,041	82,638	-	10,848,817
Supplies and materials	19,963	7,396	3,203,364	11,997,191
Depreciation	1,067	-	36,304	8,364,699
Compensation for damages to property	-	-	-	414,255
Medical and insurance benefits	-	-	-	73,200,663
Other	662	5,058	1,600,328	4,611,969
<b>Total operating expenses</b>	<b>1,077,047</b>	<b>718,306</b>	<b>4,839,996</b>	<b>125,243,781</b>
<b>OPERATING INCOME (LOSS)</b>	<b>560,303</b>	<b>12,986</b>	<b>(4,131,064)</b>	<b>1,925,292</b>
<b>NONOPERATING REVENUE (EXPENSE):</b>				
Investment income	10,264	2,491	-	823,917
Interest expense	-	-	-	(22,197)
Gain (loss) on sale of property	-	-	-	248,116
Other	-	-	-	1,367,490
<b>Total nonoperating revenue (expense)</b>	<b>10,264</b>	<b>2,491</b>	<b>-</b>	<b>2,417,326</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>570,567</b>	<b>15,477</b>	<b>(4,131,064)</b>	<b>4,342,618</b>
TRANSFERS IN	-	-	4,236,821	48,037,050
TRANSFERS OUT	-	-	(317,186)	(18,945,151)
<b>CHANGE IN NET ASSETS</b>	<b>570,567</b>	<b>15,477</b>	<b>(211,429)</b>	<b>33,434,517</b>
NET ASSETS, beginning of year	332,948	(15,477)	-	29,564,513
<b>NET ASSETS, end of year</b>	<b>\$ 903,515</b>	<b>\$ -</b>	<b>\$ (211,429)</b>	<b>\$ 62,999,030</b>

The accompanying notes are an integral part of this financial statement.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2003

	Central Printing	Office of Fleet Management	Motor Pool	Information Systems
Cash flows from operating activities:				
Receipts from customers and users	\$ 520,260	\$ 9,730,021	\$ 669,402	\$ 9,805,675
Payments to suppliers	(230,969)	(6,775,321)	(524,924)	(2,787,323)
Payments to employees	(400,872)	(5,154,178)	(153,694)	(6,277,597)
Net cash provided by (used in) operating activities	(111,581)	(2,199,478)	(9,216)	740,755
Cash flows from noncapital financing activities:				
Transfers in	-	7,814,514	99,464	380,066
Transfers out	-	(277,912)	(6,693,459)	(143,463)
Net cash provided by (used in) noncapital financing activities	-	7,536,602	(6,593,995)	236,603
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(2,647,388)	-	(744,486)
Proceeds from the sale of capital assets	-	516,832	-	-
Interest paid	-	(12,452)	-	(9,745)
Net cash provided by (used in) capital and related financing activities	-	(2,143,008)	-	(754,231)
Cash flows from investing activities:				
Purchases of investments	(729,150)	(50,114,614)	-	(12,431,806)
Proceeds from the sale and maturities of investment securities	712,408	48,355,835	2,254,123	12,268,566
Interest on investments	8,114	99,075	23,913	14,382
Net cash provided by (used in) investing activities	(8,628)	(1,659,704)	2,278,036	(148,858)
Net changes in cash and cash equivalents	(120,209)	1,534,412	(4,325,175)	74,269
Cash and cash equivalents at beginning of year	247,880	-	4,325,175	132,352
Cash and cash equivalents at end of year	\$ 127,671	\$ 1,534,412	\$ -	\$ 206,621

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2003

Radio Shop	School Self Insurance	General Government Self Insurance	School Professional Employee Insurance	Employees' Medical Benefit	School Central Storeroom	Metro Postal Service
\$ 3,995,769	\$ -	\$ 6,669,235	\$ 37,641,191	\$ 44,313,323	\$ 1,663,900	\$ 812,223
(1,685,453)	(158,061)	(6,137,230)	(37,704,308)	(38,152,127)	(2,510,289)	(606,087)
(921,825)	-	(515,758)	-	-	-	(232,151)
1,388,491	(158,061)	16,247	(63,117)	6,161,196	(846,389)	(26,015)
-	500,000	225,105	-	1,119,088	953,597	-
-	(20,004)	(1,226,748)	-	(263,915)	-	(14,321)
-	479,996	(1,001,643)	-	855,173	953,597	(14,321)
(128,592)	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(128,592)	-	-	-	-	-	-
(5,169,716)	(2,434,154)	(22,249,517)	(39,917,093)	(44,305,763)	(615,040)	(883,940)
4,087,761	1,690,417	18,140,308	39,208,048	40,420,756	556,909	882,308
53,789	68,902	529,766	63,776	37,340	1,601	2,203
(1,028,166)	(674,835)	(3,579,443)	(645,269)	(3,847,667)	(56,530)	571
231,733	(352,900)	(4,564,839)	(708,386)	3,168,702	50,678	(39,765)
1,305,345	1,835,590	14,939,320	2,734,128	399,655	-	75,607
\$ 1,537,078	\$ 1,482,690	\$ 10,374,481	\$ 2,025,742	\$ 3,568,357	\$ 50,678	\$ 35,842

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2003

	Facilities Planning and Construction	Treasury Management	Technology Revolving	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,738,595	\$ 703,283	\$ 1,009,005	\$ 119,271,882
Payments to suppliers	(212,827)	(96,159)	(4,923,615)	(102,504,693)
Payments to employees	(881,480)	(616,428)	-	(15,153,983)
Net cash provided by (used in) operating activities:	644,288	(9,304)	(3,914,610)	1,613,206
Cash flows from noncapital financing activities:				
Transfers in	-	-	4,236,821	15,328,655
Transfers out	-	-	(317,186)	(8,957,008)
Net cash provided by (used in) noncapital financing activities:	-	-	3,919,635	6,371,647
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	(5,025)	(3,525,491)
Proceeds from the sale of capital assets	-	-	-	516,832
Interest paid	-	-	-	(22,197)
Net cash provided by (used in) capital and related financing activities:	-	-	(5,025)	(3,030,856)
Cash flows from investing activities:				
Purchases of investments	(1,835,622)	(834,386)	(5,350,610)	(186,871,411)
Proceeds from the sale and maturities of investment securities	1,475,064	810,098	5,350,610	176,213,211
Interest on investments	9,782	2,343	-	914,986
Net cash provided by (used in) investing activities:	(350,776)	(21,945)	-	(9,743,214)
Net changes in cash and cash equivalents	293,512	(31,249)	-	(4,789,217)
Cash and cash equivalents at beginning of year	38,156	97,005	-	26,130,213
Cash and cash equivalents at end of year	<u>\$ 331,668</u>	<u>\$ 65,756</u>	<u>\$ -</u>	<u>\$ 21,340,996</u>

The accompanying notes are an integral part of this financial statement.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2003

	Central Printing	Office of Fleet Management	Motor Pool	Information Systems
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (120,787)	\$ (8,161,286)	\$ -	\$ (424,470)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	20,536	7,775,404	-	512,786
Other nonoperating revenue (expense)	-	3,386	-	-
Changes in assets and liabilities:				
Accounts receivable	(2,574)	(1,115)	2,554	12,783
Due from other funds of the primary government	(13,380)	(3,312,028)	663,535	798,754
Due from component units	779	(1,972)	3,313	36,664
Inventories of supplies	1,567	(97,504)	-	-
Other current assets	-	-	-	8
Accounts payable	3,466	913,700	(522,132)	(35,029)
Accrued payroll	5,358	661,014	(153,694)	118,815
Claims payable	-	-	-	-
Due to other funds of the primary government	(6,546)	20,923	(2,792)	1,609
Due to component units	-	-	-	-
Other current liabilities	-	-	-	(281,165)
Total adjustments	9,206	5,961,808	(9,216)	1,165,225
Net cash provided by (used in) operating activities	\$ (111,581)	\$ (2,199,478)	\$ (9,216)	\$ 740,755

Non-Cash Operating and Capital and Related Financing Activities:

Motor Pool ceased operations effective July 1, 2002, and transferred capital assets with a net book value of \$9,757,648 and inventory with a value of \$230,395 to the Office of Fleet Management. The transactions were recorded as transfers out.

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOW  
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2003

Radio Shop	School Self Insurance	General Government Self Insurance	School Professional Employee Insurance	Employees' Medical Benefit	School Central Storeroom	Metro Postal Service
\$ 1,201,097	\$ (444,081)	\$ 10,322,266	\$ (3,032,226)	\$ 5,881,342	\$ 271,675	\$ (10,463)
14,780	-	-	-	-	-	3,822
-	26,188	789,387	-	-	-	-
7,614	-	(1,040)	-	(52,306)	-	(330)
(14,522)	-	(175,527)	16,482	(41,800)	(556,931)	(31,783)
1,093	-	-	-	-	-	42
(73,990)	-	-	-	-	(659,215)	-
-	-	-	981,987	-	-	10,291
239,131	(12,033)	(806,817)	1,388,399	(160,683)	97,972	(518)
27,203	-	-	-	-	-	3,079
-	270,758	(10,192,750)	581,322	238,000	-	-
(13,915)	1,107	4,203	919	296,643	110	(155)
-	-	76,525	-	-	-	-
-	-	-	-	-	-	-
187,394	286,020	(10,306,019)	2,969,109	279,854	(1,118,064)	(15,552)
\$ 1,388,491	\$ (158,061)	\$ 16,247	\$ (63,117)	\$ 6,161,196	\$ (846,389)	\$ (26,015)

Non-Cash Operating and Capital and Related Financing Activities:

Office of Fleet Management began operations on July 1, 2002 and received capital assets with a net book value of \$32,478,000 and inventory with a value of \$778,924 from various funds of the Government. The transactions were recorded as transfers in and other nonoperating revenue.

Radio Shop transferred capital assets with a net book value of \$100 to the Office of Fleet Management. The transaction was recorded as a transfer out.

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2003

	Facilities Planning and Construction	Treasury Management	Technology Revolving	Total Internal Service Funds
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 560,303	\$ 12,986	\$ (4,131,064)	\$ 1,925,292
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,067	-	36,304	8,364,699
Other nonoperating revenue (expense)	-	-	-	818,961
Changes in assets and liabilities:				
Accounts receivable	(100)	(11,869)	(4,665)	(51,048)
Due from other funds of the primary government	101,345	(16,140)	304,738	(2,277,257)
Due from component units	-	-	-	39,919
Inventories of supplies	-	-	-	(829,142)
Other current assets	-	-	-	992,286
Accounts payable	(1,080)	2,657	(309,181)	797,852
Accrued payroll	(37,166)	6,786	-	631,395
Claims payable	-	-	-	(9,102,670)
Due to other funds of the primary government	19,919	70	-	322,095
Due to component units	-	-	-	76,525
Other current liabilities	-	(3,794)	189,258	(95,701)
Total adjustments	83,985	(22,290)	216,454	(312,086)
Net cash provided by (used in) operating activities	\$ 644,288	\$ (9,304)	\$ (3,914,610)	\$ 1,613,206

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
DESCRIPTION OF PROPRIETARY FUNDS

**NONMAJOR ENTERPRISE FUNDS**

NASHVILLE CONVENTION CENTER

The Nashville Convention Center was created for the purpose of providing meeting and exhibit space for conventions, trade shows and business and other meetings, on a user charge basis. The operations of the Nashville Convention Center are supported in part by allocations from hotel occupancy tax collections.

BOARD OF FAIR COMMISSIONERS

The Board of Fair Commissioners performs administrative and fiscal duties relative to the Tennessee State Fair and fairgrounds. Revenues are derived primarily from the annual State Fair, monthly flea markets and the Nashville Speedway.

FARMERS MARKET

The Farmers Market provides farmers with a setting in which to sell their agricultural products to the general public. Revenues are derived from fees collected from farmers for display space and from other private vendors for flea market space.

POLICE SECONDARY EMPLOYMENT

The Police Secondary Employment Unit coordinates the scheduling of off duty police officers to provide security as requested by Metropolitan Government agencies and private entities, when the presence of an officer and police vehicle during certain events and activities would help protect the safety of the public. Revenues are derived from the fees collected for this service from the requesting agency or private entity.

SURPLUS PROPERTY AUCTION

The Surplus Property Auction was created to sell used capital assets, excess inventory and confiscated property of the Government. Revenues are derived from the proceeds received from individuals and entities that purchase the items through an on-line auction.

**INTERNAL SERVICE FUNDS**

CENTRAL PRINTING FUND

The Central Printing Fund is under the administrative responsibility of the Department of General Services. The fund derives its revenue from internal charges to various departments of the Government for printing services.

OFFICE OF FLEET MANAGEMENT FUND

The Office of Fleet Management Fund is under the administrative responsibility of the Department of General Services. Fleet Management acts as the central service agency with regard to the acquisition, use, maintenance and replacement of vehicles and rolling equipment owned by the Government. The Office of Fleet Management began operations July 1, 2002.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
DESCRIPTION OF PROPRIETARY FUNDS (CONTINUED)

MOTOR POOL FUND

The Motor Pool Fund is under the administrative responsibility of the Department of General Services. The Motor Pool acts as the central service agency with regard to the acquisition, use, maintenance and replacement of vehicles owned by the Government. The Motor Pool ceased operations June 30, 2002.

INFORMATION SYSTEMS FUND

The Information Systems Fund is under the administrative responsibility of the Information Systems Department. Revenues are derived from internal charges to various departments for data processing services and for the use of computer equipment.

RADIO SHOP FUND

The Radio Shop Fund is under the administrative responsibility of the Department of General Services. The Radio Shop acts as the central service agency with regard to the acquisition, use, maintenance and replacement of radio equipment owned by the Government.

SCHOOL SELF-INSURANCE FUND

The School Self Insurance Fund is used to pay for general liability claims, vehicular liability claims and administrative claims that relate to schools. Premiums are paid from the schools' operating budget to this fund in lieu of paying insurance premiums to private insurance carriers.

GENERAL GOVERNMENT SELF INSURANCE FUND

The General Government Self Insurance Fund is used to pay claims from a pooling of funds, including claims for bodily injury and property damage. Premiums are paid from various departments to this fund in lieu of paying insurance premiums to private insurance carriers.

SCHOOL PROFESSIONAL EMPLOYEES' INSURANCE FUND

The School Professional Employees' Insurance Fund is under the administrative responsibility of the Metropolitan Nashville Public Schools and is used for the accumulation of assets for the payment of medical claims.

EMPLOYEES' MEDICAL BENEFIT FUND

The Employees' Medical Benefit Fund is under the administrative responsibility of the Employee Benefit Board and is used for the accumulation of assets for the payment of medical claims.

SCHOOL CENTRAL STOREROOM FUND

The School Central Storeroom Fund is under the administrative responsibility of the Metropolitan Nashville Public Schools. It is used to account for the operations of the central storeroom and derives its revenues from internal charges to schools for supplies.

METRO POSTAL SERVICE FUND

The Metro Postal Service Fund is under the administrative responsibility of the Department of General Services. It is used to account for the self-supporting Metro Postal Service, which derives its revenue from internal charges to various departments for postal charges.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
DESCRIPTION OF PROPRIETARY FUNDS (CONTINUED)

FACILITIES PLANNING AND CONSTRUCTION FUND

The Facilities Planning and Construction Fund is under the administrative responsibility of the Department of Finance. The responsibilities of Facilities Planning and Construction include planning and design for the effective and consistent use of facilities; management of all Metro facility related construction projects; and the acquisition and disposal of real property assets.

TREASURY MANAGEMENT FUND

The Treasury Management Fund is under the administrative responsibility of the Department of Finance. Treasury Management is the central service agency responsible for the management of cash, pension investments and debt. Revenue to cover the fund's activity is from the Metro Investment Pool, Pension Trust Fund and Debt Service Funds.

TECHNOLOGY REVOLVING FUND

The Technology Revolving Fund is under the administrative responsibility of the Information Systems Department and is used to account for the replacement of computer equipment and software. Revenues are derived from internal charges to various departments based on equipment usage.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

June 30, 2003

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
<b>ASSETS:</b>				
Cash and cash equivalents	\$ -	\$ 22,226,800	\$ -	\$ 5,532,952
Investments, at fair value:				
U.S. Treasury and Agency securities	-	76,524,460	-	18,601,099
Federal Home Loan Bank obligations	-	4,488,599	-	238,313
Federal Home Loan Bank Mortgage Corporation obligations	-	39,280,638	-	169,801
Federal National Mortgage Association obligations	-	112,300,712	-	234,016
Government National Mortgage Association obligations	-	26,130,261	-	-
Corporate bonds and notes	-	155,505,570	-	23,761,568
International securities	-	178,859,060	-	-
Foreign government bonds	-	5,692,427	-	-
Warrants and options	-	654,367	-	-
Common stock	-	297,795,019	-	47,357,784
Preferred stock	-	4,775,520	-	-
Foreign currency	-	5,194,848	-	-
Commercial paper	-	1,375,579	-	-
Mutual funds	-	306,057,647	-	-
Mortgages and real estate	-	74,842,435	-	-
Collateralized mortgage obligations	-	25,188,298	-	-
Limited partnerships	-	37,935,996	-	-
Tennessee Local Government Investment Pool	-	88,220	-	715,206
Annuities	-	739,037	-	-
Accounts receivable	-	25,811,174	266,843	1,265,852
Accrued interest receivable	-	3,805,774	1,467	584,956
Due from other funds of the primary government	10	226,126	-	1,751
Due from component units	-	-	-	-
<b>Total assets</b>	<b>10</b>	<b>1,405,498,567</b>	<b>268,310</b>	<b>98,463,298</b>
<b>LIABILITIES:</b>				
Accounts payable	10	803,553	-	9,375
Due to brokers	-	91,978,183	-	-
Due to other funds of the primary government	-	64,568	298	876
Other liabilities	-	152,222	-	-
<b>Total liabilities</b>	<b>10</b>	<b>92,998,526</b>	<b>298</b>	<b>10,251</b>
<b>NET ASSETS:</b>				
Held in trust for pension benefits and other employee benefit purposes (A Schedule of Funding Progress for each pension plan is presented in Note 7.)	-	1,312,500,041	268,012	98,453,047
<b>Total net assets</b>	<b>\$ -</b>	<b>\$ 1,312,500,041</b>	<b>\$ 268,012</b>	<b>\$ 98,453,047</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (CONTINUED)

June 30, 2003

Closed City Plan	Teachers' Civil Service and Pension	Metropolitan Employees' Flexible Benefits Plan	Education Flexible Benefits Plan	Total Pension (and Other Employee Benefit) Trust Funds
\$ -	\$ -	\$ 457,133	\$ -	\$ 28,216,885
-	-	303,049	-	95,428,608
-	-	38,858	-	4,765,770
-	-	27,687	-	39,478,126
-	-	38,158	-	112,572,886
-	-	-	-	26,130,261
-	-	-	-	179,267,138
-	-	-	-	178,859,060
-	-	-	-	5,692,427
-	-	-	-	654,367
-	-	-	-	345,152,803
-	-	-	-	4,775,520
-	-	-	-	5,194,848
-	-	-	-	1,375,579
-	-	-	-	306,057,647
-	-	-	-	74,842,435
-	-	-	-	25,188,298
-	-	-	-	37,935,996
-	-	116,618	-	920,044
-	-	-	-	739,037
-	206,217	125	-	27,550,211
-	1,123	1,169	-	4,394,489
34	-	543,577	25,515	797,013
-	-	38,929	-	38,929
<u>34</u>	<u>207,340</u>	<u>1,565,303</u>	<u>25,515</u>	<u>1,506,028,377</u>
34	-	2,173	2,090	817,235
-	-	-	-	91,978,183
-	228	1,341,347	1,006	1,408,323
-	-	-	8,965	161,187
<u>34</u>	<u>228</u>	<u>1,343,520</u>	<u>12,061</u>	<u>94,364,928</u>
-	207,112	221,783	13,454	1,411,663,449
<u>\$ -</u>	<u>\$ 207,112</u>	<u>\$ 221,783</u>	<u>\$ 13,454</u>	<u>\$ 1,411,663,449</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 AGENCY FUNDS

June 30, 2003

	Richard R. Rooker, Circuit Court Clerk	Claudia Bonnyman, Clerk and Master	Bill Covington, County Clerk	David Torrence, Criminal Court Clerk	Bill Garrett, County Register
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 20,675,221	\$ 3,166,121	\$ 552,426	\$ 7,563,365	\$ 2,392,305
Investments	-	14,797	-	516,375	-
Accounts receivable	-	-	-	-	-
Due from other funds of the primary government	-	-	-	-	-
Other assets	7,420	-	-	-	7,973
<b>Total assets</b>	<b>\$ 20,682,641</b>	<b>\$ 3,180,918</b>	<b>\$ 552,426</b>	<b>\$ 8,079,740</b>	<b>\$ 2,400,278</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds of the primary government	29,900	1,744	549,765	33,460	391,262
Due to component units	-	-	-	-	-
Funds held in trust	17,926,346	3,171,389	-	6,600,806	-
Other liabilities	2,726,395	7,785	2,661	1,445,474	2,009,016
<b>Total liabilities</b>	<b>\$ 20,682,641</b>	<b>\$ 3,180,918</b>	<b>\$ 552,426</b>	<b>\$ 8,079,740</b>	<b>\$ 2,400,278</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 AGENCY FUNDS (CONTINUED)

June 30, 2003

Vic Lineweaver, Juvenile Court Clerk	Transit Authority Revenue	Joseph B. Knowles Residents	Sheriff Work Release and Inmate Trust	Total Agency Funds
\$ 2,295,547	\$ 469	\$ 43,237	\$ 431,571	\$ 37,120,262
-	539	-	-	531,711
-	814,004	-	-	814,004
-	58,871	-	-	58,871
2,245	-	-	-	17,638
<u>\$ 2,297,792</u>	<u>\$ 873,883</u>	<u>\$ 43,237</u>	<u>\$ 431,571</u>	<u>\$ 38,542,486</u>
\$ -	\$ 1,181	\$ -	\$ -	\$ 1,181
68,211	-	-	-	1,074,342
-	872,702	-	-	872,702
1,814,932	-	43,237	431,571	29,988,281
414,649	-	-	-	6,605,980
<u>\$ 2,297,792</u>	<u>\$ 873,883</u>	<u>\$ 43,237</u>	<u>\$ 431,571</u>	<u>\$ 38,542,486</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS - PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

For the Year Ended June 30, 2003

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
<b>ADDITIONS:</b>				
Investment income:				
Interest and dividend income	\$ -	\$ 24,143,217	\$ 12,985	\$ 3,017,670
Net appreciation (depreciation) of investments	-	47,129,900	-	2,507,677
Miscellaneous	-	2,939,920	-	84
<b>Total investment income (loss)</b>	<b>-</b>	<b>74,213,037</b>	<b>12,985</b>	<b>5,525,431</b>
Less investment expenses	-	(3,813,366)	-	(508,101)
<b>Net investment income (loss)</b>	<b>-</b>	<b>70,399,671</b>	<b>12,985</b>	<b>5,017,330</b>
Contributions:				
Employee contributions	-	108,858	-	119,047
Employer contributions	2,517,866	30,123,759	6,442,013	9,679,865
Transfers in	-	37,639	-	-
Contributions from the State of Tennessee	-	-	3,255,479	15,198,771
Miscellaneous	-	-	-	-
<b>Total contributions</b>	<b>2,517,866</b>	<b>30,270,256</b>	<b>9,697,492</b>	<b>24,997,683</b>
<b>Total additions</b>	<b>2,517,866</b>	<b>100,669,927</b>	<b>9,710,477</b>	<b>30,015,013</b>
<b>DEDUCTIONS:</b>				
Pension and other employee benefits	2,519,928	54,174,286	10,002,027	33,492,455
Refunds of contributions	-	133,916	1,888	-
Administrative expenses	78	4,590,245	-	63,290
Transfers out	-	1,477,737	-	-
<b>Total deductions</b>	<b>2,520,006</b>	<b>60,376,184</b>	<b>10,003,915</b>	<b>33,555,745</b>
<b>Change in net assets</b>	<b>(2,140)</b>	<b>40,293,743</b>	<b>(293,438)</b>	<b>(3,540,732)</b>
<b>NET ASSETS, beginning of year</b>	<b>2,140</b>	<b>1,272,206,298</b>	<b>561,450</b>	<b>101,993,779</b>
<b>NET ASSETS, end of year</b>	<b>\$ -</b>	<b>\$ 1,312,500,041</b>	<b>\$ 268,012</b>	<b>\$ 98,453,047</b>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS - PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (CONTINUED)

For the Year Ended June 30, 2003

Closed City Plan	Teachers' Civil Service and Pension	Metropolitan Employees' Flexible Benefits Plan	Education Flexible Benefits Plan	Total Pension (and Other Employee Benefit) Trust Funds
\$ -	\$ 9,113	\$ 15,546	\$ -	\$ 27,198,531
-	-	-	-	49,637,577
-	-	-	-	2,940,004
-	9,113	15,546	-	79,776,112
-	-	-	(95)	(4,321,562)
-	9,113	15,546	(95)	75,454,550
-	-	536,591	238,540	1,003,036
11,069,675	3,867,910	-	-	63,701,088
-	-	-	-	37,639
-	2,528,784	-	-	20,983,034
-	-	1,315,488	-	1,315,488
11,069,675	6,396,694	1,852,079	238,540	87,040,285
11,069,675	6,405,807	1,867,625	238,445	162,494,835
11,069,956	6,652,647	526,754	224,991	118,663,044
-	-	-	-	135,804
510	-	-	-	4,654,123
-	-	1,119,088	-	2,596,825
11,070,466	6,652,647	1,645,842	224,991	126,049,796
(791)	(246,840)	221,783	13,454	36,445,039
791	453,952	-	-	1,375,218,410
\$ -	\$ 207,112	\$ 221,783	\$ 13,454	\$ 1,411,663,449

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

For the Year Ended June 30, 2003

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 24,401,868	\$ 50,057,839	\$ 53,784,486	\$ 20,675,221
Other assets	9,573	-	2,153	7,420
Total assets	<u>\$ 24,411,441</u>	<u>\$ 50,057,839</u>	<u>\$ 53,786,639</u>	<u>\$ 20,682,641</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 29,900	\$ -	\$ -	\$ 29,900
Funds held in trust	21,744,971	35,036,450	38,855,075	17,926,346
Other liabilities	2,636,570	15,021,389	14,931,564	2,726,395
Total liabilities	<u>\$ 24,411,441</u>	<u>\$ 50,057,839</u>	<u>\$ 53,786,639</u>	<u>\$ 20,682,641</u>
<u>Claudia Bonnyman, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 4,425,871	\$ 13,465,272	\$ 14,725,022	\$ 3,166,121
Investments	14,797	-	-	14,797
Other assets	10,000	-	10,000	-
Total assets	<u>\$ 4,450,668</u>	<u>\$ 13,465,272</u>	<u>\$ 14,735,022</u>	<u>\$ 3,180,918</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 3,400	\$ -	\$ 1,656	\$ 1,744
Funds held in trust	4,435,348	13,465,272	14,729,231	3,171,389
Other liabilities	11,920	-	4,135	7,785
Total liabilities	<u>\$ 4,450,668</u>	<u>\$ 13,465,272</u>	<u>\$ 14,735,022</u>	<u>\$ 3,180,918</u>
<u>Bill Covington, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 12,049	\$ 98,378,155	\$ 97,837,778	\$ 552,426
LIABILITIES:				
Due to other funds of the primary government	\$ 9,362	\$ 98,378,155	\$ 97,837,752	\$ 549,765
Other liabilities	2,687	-	26	2,661
Total liabilities	<u>\$ 12,049</u>	<u>\$ 98,378,155</u>	<u>\$ 97,837,778</u>	<u>\$ 552,426</u>
<u>David Torrence, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 7,400,682	\$ 9,610,699	\$ 9,448,016	\$ 7,563,365
Investments	631,245	-	114,870	516,375
Total assets	<u>\$ 8,031,927</u>	<u>\$ 9,610,699</u>	<u>\$ 9,562,886</u>	<u>\$ 8,079,740</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 56,196	\$ 6,171,921	\$ 6,194,657	\$ 33,460
Funds held in trust	6,588,883	11,923	-	6,600,806
Other liabilities	1,386,848	3,426,855	3,368,229	1,445,474
Total liabilities	<u>\$ 8,031,927</u>	<u>\$ 9,610,699</u>	<u>\$ 9,562,886</u>	<u>\$ 8,079,740</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (CONTINUED)

For the Year Ended June 30, 2003

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 2,177,506	\$ 26,168,773	\$ 25,953,974	\$ 2,392,305
Other assets	7,587	37,202	36,816	7,973
Total assets	<u>\$ 2,185,093</u>	<u>\$ 26,205,975</u>	<u>\$ 25,990,790</u>	<u>\$ 2,400,278</u>
LIABILITIES:				
Accounts payable	\$ 1,057	\$ 13,508	\$ 14,565	\$ -
Due to other funds of the primary government	316,457	3,475,784	3,400,979	391,262
Other liabilities	1,867,579	22,716,683	22,575,246	2,009,016
Total liabilities	<u>\$ 2,185,093</u>	<u>\$ 26,205,975</u>	<u>\$ 25,990,790</u>	<u>\$ 2,400,278</u>
<u>Vic Lineweaver, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 2,204,859	\$ 7,199,973	\$ 7,109,285	\$ 2,295,547
Other assets	2,146	99	-	2,245
Total assets	<u>\$ 2,207,005</u>	<u>\$ 7,200,072</u>	<u>\$ 7,109,285</u>	<u>\$ 2,297,792</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 91,399	\$ 142,554	\$ 165,742	\$ 68,211
Funds held in trust	1,724,464	405,114	314,646	1,814,932
Other liabilities	391,142	6,652,404	6,628,897	414,649
Total liabilities	<u>\$ 2,207,005</u>	<u>\$ 7,200,072</u>	<u>\$ 7,109,285</u>	<u>\$ 2,297,792</u>
<u>Transit Authority Revenue</u>				
ASSETS:				
Cash and cash equivalents	\$ -	\$ 469	\$ -	\$ 469
Investments	-	9,274,099	9,273,560	539
Accounts receivable	125,792	814,247	126,035	814,004
Due from other funds of the primary government	430	19,869,732	19,811,291	58,871
Total assets	<u>\$ 126,222</u>	<u>\$ 29,958,547</u>	<u>\$ 29,210,886</u>	<u>\$ 873,883</u>
LIABILITIES:				
Accounts payable	\$ 56,384	\$ 10,351,936	\$ 10,407,139	\$ 1,181
Due to component units	69,409	872,702	69,409	872,702
Other liabilities	429	-	429	-
Total liabilities	<u>\$ 126,222</u>	<u>\$ 11,224,638</u>	<u>\$ 10,476,977</u>	<u>\$ 873,883</u>
<u>Joseph B. Knowles Residents</u>				
ASSETS:				
Cash and cash equivalents	\$ 62,408	\$ 264,312	\$ 283,483	\$ 43,237
LIABILITIES:				
Funds held in trust	<u>\$ 62,408</u>	<u>\$ 264,312</u>	<u>\$ 283,483</u>	<u>\$ 43,237</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (CONTINUED)

For the Year Ended June 30, 2003

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
<u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	\$ 312,758	\$ 1,899,025	\$ 1,780,212	\$ 431,571
LIABILITIES:				
Funds held in trust	\$ 312,758	\$ 1,899,025	\$ 1,780,212	\$ 431,571
 <u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 40,998,001	\$ 207,044,517	\$ 210,922,256	\$ 37,120,262
Investments	646,042	9,274,099	9,388,430	531,711
Accounts receivable	125,792	814,247	126,035	814,004
Due from other funds of the primary government	430	19,869,732	19,811,291	58,871
Other assets	29,306	37,301	48,969	17,638
Total assets	<u>\$ 41,799,571</u>	<u>\$ 237,039,896</u>	<u>\$ 240,296,981</u>	<u>\$ 38,542,486</u>
LIABILITIES:				
Accounts payable	\$ 57,441	\$ 10,365,444	\$ 10,421,704	\$ 1,181
Due to other funds of the primary government	506,714	108,168,414	107,600,786	1,074,342
Due to component units	69,409	872,702	69,409	872,702
Funds held in trust	34,868,832	51,082,096	55,962,647	29,988,281
Other liabilities	6,297,175	47,817,331	47,508,526	6,605,980
Total liabilities	<u>\$ 41,799,571</u>	<u>\$ 218,305,987</u>	<u>\$ 221,563,072</u>	<u>\$ 38,542,486</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF FIDUCIARY FUNDS

**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**

DAVIDSON COUNTY EMPLOYEES' RETIREMENT FUND

The Davidson County Employees' Retirement Fund covers certain employees of the former Davidson County and was closed to new members in 1963. Benefits are funded by contributions from the Government.

METROPOLITAN EMPLOYEES' BENEFIT TRUST FUND

Established in 1963, the Metropolitan Employees' Benefit Trust Fund covers substantially all employees who are not members of any other plan and is used to account for Division A & B of the Metro Plan. Division B of the Metro Plan is the only plan open to new members. This fund receives contributions from both employees and from the Government. Under the administrative responsibility of the Employee Benefit Board, this fund provides for the accumulation of assets for the payment of disability and retirement benefits for employees covered under this plan.

EMPLOYEES' PENSION AND INSURANCE FUND

The Employees' Pension and Insurance Fund covers teachers and classified employees of the Metropolitan Nashville Public Schools of the former Davidson County. The plan is closed to new members and is funded by contributions from the Government, employees and the State of Tennessee.

TEACHERS' RETIREMENT PLAN FUND

The Teachers' Retirement Plan Fund is funded by contributions from the Metropolitan Nashville Public Schools, employees and the State of Tennessee. The plan was closed to new members on July 1, 1969.

CLOSED CITY PLAN FUND

The Civil Service Employees' Pension Fund covers certain employees of the former City of Nashville and was closed to new members in 1963. Benefits are funded by contributions from the Government.

The Police and Fireman Pension Fund cover certain employees of the former City of Nashville and were closed to new members in 1963. Benefits are funded by contributions from the Government.

TEACHERS' CIVIL SERVICE AND PENSION FUND

The Teachers' Civil Service and Pension Fund covers eligible employees who were teachers of the former City of Nashville. Benefits are funded by contributions from the Government and the State of Tennessee.

METROPOLITAN EMPLOYEES' FLEXIBLE BENEFITS PLAN FUND

The Metropolitan Employees' Flexible Benefits Plan Fund was established to account for the pre-tax deductions withheld from compensation to employees of the Government for medical and dependent care reimbursement.

EDUCATION FLEXIBLE BENEFITS PLAN FUND

The Education Flexible Benefits Plan Fund was established to account for the pre-tax deductions withheld from compensation to employees of the Metropolitan Nashville Public School System for medical and dependent care reimbursement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
DESCRIPTION OF FIDUCIARY FUNDS (CONTINUED)

**AGENCY FUNDS**

ELECTED OFFICIALS

The following agency funds are used to account for assets held by the Elected Officials as agents for individuals, governmental entities and others. These include:

Richard R. Rooker, Circuit Court Clerk  
Claudia Bonnyman, Clerk and Master  
Bill Covington, County Clerk  
David Torrence, Criminal Court Clerk  
Bill Garrett, County Register  
Vic Lineweaver, Juvenile Court Clerk

TRANSIT AUTHORITY REVENUE FUND

The Transit Authority Revenue Fund accounts for federal funds passed through to the Metropolitan Transit Authority, which is responsible for the administration of these funds.

JOSEPH B. KNOWLES RESIDENTS FUND

The Joseph B. Knowles Residents Fund administers and accounts for the receipt and usage of individual residents' personal funds.

SHERIFF WORK RELEASE AND INMATE TRUST FUND

The Sheriff Work Release and Inmate Trust Fund administers and accounts for the receipt and usage of individual inmates' personal funds through the Commissary and Work Release accounts.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SPORTS AUTHORITY  
BALANCE SHEET

June 30, 2003

ASSETS:	
Cash and cash equivalents	\$ 12,597,844
Investments	3,910,114
Accounts receivable	701,713
Accrued interest receivable	8,357
Due from the primary government	<u>90,932</u>
Total assets	<u>\$ 17,308,960</u>
LIABILITIES:	
Accounts payable	\$ 268,349
Accrued salaries and wages	3,171
Due to the primary government	1,430,823
Other liabilities	<u>11,310</u>
Total liabilities	<u>1,713,653</u>
FUND BALANCES:	
Reserved for encumbrances	1,210
Undesignated	<u>15,594,097</u>
Total fund balances	<u>15,595,307</u>
Total liabilities and fund balances	<u>\$ 17,308,960</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
 SPORTS AUTHORITY

June 30, 2003

Fund balances	\$	15,595,307
<p>Amounts reported in the Statement of Net Assets are different because:</p>		
<p>Capital assets of governmental component units are not financial resources and therefore not reported in the Balance Sheet. However, they are reported in the Statement of Net Assets. This amount represents the net book value of capital assets at year-end.</p>		
		380,851,457
<p>Long-term liabilities, including revenue bonds payable, are not due and payable in the current period and therefore are not reported by governmental component units in the Balance Sheet. However, they are reported in the Statement of Net Assets. Additionally, related interest is accrued when incurred in the Statement of Net Assets.</p>		
Revenue bonds payable		(89,695,000)
Accrued interest		(1,673,486)
		305,078,278
Net assets	\$	305,078,278

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 SPORTS AUTHORITY

For the Year Ended June 30, 2003

REVENUES:	
Revenues from the use of money or property	\$ 321,233
Revenues from other governmental agencies	20,959,885
Charges for current services	3,061,688
Compensation for loss, sale or damage to property	<u>591,566</u>
Total revenues	<u>24,934,372</u>
EXPENDITURES:	
Personal services	120,441
Contractual services	16,013,178
Supplies and materials	6,953
Other costs	2,439,227
Capital outlay	1,886,862
Debt service:	
Principal retirement	2,080,000
Interest	<u>5,300,479</u>
Total expenditures	<u>27,847,140</u>
Net change in fund balances	<u>(2,912,768)</u>
FUND BALANCES, beginning of year	<u>18,508,075</u>
FUND BALANCES, end of year	<u><u>\$ 15,595,307</u></u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
SPORTS AUTHORITY

For the Year Ended June 30, 2003

Net change in fund balances	\$	(2,912,768)
<p>Amounts reported in the Statement of Activities are different because:</p>		
<p>Governmental component units report capital outlays as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.</p>		
Acquisition of capital assets		1,886,862
Depreciation expense		(8,940,305)
<p>Governmental component units report the repayment of bond principal and the payment of interest as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. However, principal repayments reduce liabilities and interest expense is accrued when incurred in the Statement of Net Assets.</p>		
Principal repayments		2,080,000
Change in accrued interest		50,489
		50,489
Change in net assets	\$	(7,835,722)

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF COMBINING BALANCE SHEETS  
GENERAL FUND

June 30, 2003

	General Services District	Urban Services District	Total General Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 27,576,648	\$ 4,696,976	\$ 32,273,624
Investments	26,983,419	5,383,519	32,366,938
Sales tax receivable	12,428,567	166,694	12,595,261
Accounts receivable	30,094,951	4,991,474	35,086,425
Accrued interest receivable	55,310	15,967	71,277
Property taxes receivable	275,744,240	65,277,399	341,021,639
Allowance for doubtful accounts	(4,660,132)	(2,490,121)	(7,150,253)
Due from other funds of the primary government	4,004,512	5,021,538	9,026,050
Due from component units	3,736,084	-	3,736,084
Inventories of supplies	263,036	-	263,036
Other assets	1,168,013	432	1,168,445
	<u>\$ 377,394,648</u>	<u>\$ 83,063,878</u>	<u>\$ 460,458,526</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 13,208,251	\$ 465,154	\$ 13,673,405
Accrued payroll	17,905,385	2,315,364	20,220,749
Due to other funds of the primary government	11,299,686	82,176	11,381,862
Due to component units	386,288	1,698	387,986
Deferred revenue	268,319,929	64,994,442	333,314,371
Other liabilities	2,374,901	-	2,374,901
	<u>313,494,440</u>	<u>67,858,834</u>	<u>381,353,274</u>
FUND BALANCES:			
Reserved for imprest cash and inventories	1,075,651	3,750	1,079,401
Reserved for capital improvements	2,029,198	-	2,029,198
Reserved for economic development	329,705	-	329,705
Reserved for social programs	1,804,994	-	1,804,994
Reserved for public safety	14,310	-	14,310
Reserved for internal support	212,890	-	212,890
Reserved for subsequent year budgetary appropriations	34,759,914	6,714,154	41,474,068
Reserved for subsequent year budgetary appropriations - encumbered	947,986	53,146	1,001,132
Unreserved:			
Undesignated	22,725,560	8,433,994	31,159,554
	<u>63,900,208</u>	<u>15,205,044</u>	<u>79,105,252</u>
Total fund balances	<u>\$ 377,394,648</u>	<u>\$ 83,063,878</u>	<u>\$ 460,458,526</u>
Total liabilities and fund balances	<u>\$ 377,394,648</u>	<u>\$ 83,063,878</u>	<u>\$ 460,458,526</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GENERAL FUND

For the Year Ended June 30, 2003

	General Services District	Urban Services District	Total General Fund
<b>REVENUES:</b>			
Property taxes	\$ 264,521,163	\$ 73,399,563	\$ 337,920,726
Local option sales tax	75,173,987	1,008,276	76,182,263
Other taxes, licenses and permits	64,755,601	10,420,972	75,176,573
Fines, forfeits and penalties	10,534,610	-	10,534,610
Revenues from the use of money or property	910,471	213,414	1,123,885
Revenues from other governmental agencies	86,155,105	8,077,274	94,232,379
Commissions and fees	18,953,278	-	18,953,278
Charges for current services	21,210,278	520,318	21,730,596
Compensation for loss, sale or damage to property	5,485,645	8,148	5,493,793
Contributions and gifts	556,455	-	556,455
Miscellaneous	613,022	23	613,045
Total revenues	<u>548,869,615</u>	<u>93,647,988</u>	<u>642,517,603</u>
<b>EXPENDITURES:</b>			
General government	32,549,058	-	32,549,058
Fiscal administration	20,323,270	-	20,323,270
Administration of justice	45,794,670	-	45,794,670
Law enforcement and care of prisoners	169,148,228	-	169,148,228
Fire prevention and control	29,702,662	56,341,251	86,043,913
Regulation and inspection	7,006,740	-	7,006,740
Conservation of natural resources	311,037	-	311,037
Public welfare	12,709,251	-	12,709,251
Public health and hospitals	72,191,199	-	72,191,199
Public library system	17,795,337	-	17,795,337
Public works, highways and streets	21,014,520	6,103,196	27,117,716
Recreational and cultural	31,793,123	-	31,793,123
Employee benefits	30,385,869	21,134,334	51,520,203
Miscellaneous	33,268,244	1,305,069	34,573,313
Total expenditures	<u>523,993,208</u>	<u>84,883,850</u>	<u>608,877,058</u>
Excess of revenues over expenditures	<u>24,876,407</u>	<u>8,764,138</u>	<u>33,640,545</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	9,375,820	1,004,091	10,379,911
Transfers out	(61,991,288)	(12,412,155)	(74,403,443)
Total other financing sources (uses)	<u>(52,615,468)</u>	<u>(11,408,064)</u>	<u>(64,023,532)</u>
Net change in fund balances	(27,739,061)	(2,643,926)	(30,382,987)
FUND BALANCES, beginning of year	<u>91,639,269</u>	<u>17,848,970</u>	<u>109,488,239</u>
FUND BALANCES, end of year	<u>\$ 63,900,208</u>	<u>\$ 15,205,044</u>	<u>\$ 79,105,252</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended June 30, 2003

	General Services District		
	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Property taxes	\$ 267,144,085	\$ 264,521,163	\$ (2,622,922)
Local option sales tax	79,509,853	75,173,987	(4,335,866)
Other taxes, licenses and permits	64,295,575	64,755,601	460,026
Fines, forfeits and penalties	8,260,873	10,534,610	2,273,737
Revenues from the use of money or property	1,088,254	910,471	(177,783)
Revenues from other governmental agencies	82,312,484	86,155,105	3,842,621
Commissions and fees	8,305,782	18,953,278	10,647,496
Charges for current services	20,592,443	21,210,278	617,835
Compensation for loss, sale or damage to property	922,147	5,485,645	4,563,498
Contributions and gifts	485,390	556,455	71,065
Miscellaneous	461,400	613,022	151,622
Total revenues	<u>533,378,286</u>	<u>548,869,615</u>	<u>15,491,329</u>
<b>EXPENDITURES:</b>			
General government	32,542,466	32,549,058	(6,592)
Fiscal administration	21,379,229	20,323,270	1,055,959
Administration of justice	42,150,046	45,794,670	(3,644,624)
Law enforcement and care of prisoners	169,420,185	169,148,228	271,957
Fire prevention and control	29,712,849	29,702,662	10,187
Regulation and inspection	7,302,868	7,006,740	296,128
Conservation of natural resources	438,027	311,037	126,990
Public welfare	13,648,658	12,709,251	939,407
Public health and hospitals	74,338,909	72,191,199	2,147,710
Public library system	18,093,049	17,795,337	297,712
Public works, highways and streets	25,001,007	21,014,520	3,986,487
Recreational and cultural	32,131,444	31,793,123	338,321
Employee benefits	31,209,887	30,385,869	824,018
Miscellaneous	40,728,925	33,268,244	7,460,681
Total expenditures	<u>538,097,549</u>	<u>523,993,208</u>	<u>14,104,341</u>
Excess (deficiency) of revenues over expenditures	<u>(4,719,263)</u>	<u>24,876,407</u>	<u>29,595,670</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	8,671,331	9,375,820	704,489
Transfers out	(60,525,347)	(61,991,288)	(1,465,941)
Total other financing sources (uses)	<u>(51,854,016)</u>	<u>(52,615,468)</u>	<u>(761,452)</u>
Net change in fund balances	(56,573,279)	(27,739,061)	28,834,218
FUND BALANCES, beginning of year	<u>91,639,269</u>	<u>91,639,269</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 35,065,990</u>	<u>\$ 63,900,208</u>	<u>\$ 28,834,218</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND  
(CONTINUED)

For the Year Ended June 30, 2003

Urban Services District			Total General Fund		
Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ 75,276,364	\$ 73,399,563	\$ (1,876,801)	\$ 342,420,449	\$ 337,920,726	\$ (4,499,723)
1,067,879	1,008,276	(59,603)	80,577,732	76,182,263	(4,395,469)
10,821,355	10,420,972	(400,383)	75,116,930	75,176,573	59,643
-	-	-	8,260,873	10,534,610	2,273,737
172,264	213,414	41,150	1,260,518	1,123,885	(136,633)
9,747,645	8,077,274	(1,670,371)	92,060,129	94,232,379	2,172,250
-	-	-	8,305,782	18,953,278	10,647,496
658,900	520,318	(138,582)	21,251,343	21,730,596	479,253
100,000	8,148	(91,852)	1,022,147	5,493,793	4,471,646
-	-	-	485,390	556,455	71,065
-	23	23	461,400	613,045	151,645
<u>97,844,407</u>	<u>93,647,988</u>	<u>(4,196,419)</u>	<u>631,222,693</u>	<u>642,517,603</u>	<u>11,294,910</u>
-	-	-	32,542,466	32,549,058	(6,592)
-	-	-	21,379,229	20,323,270	1,055,959
-	-	-	42,150,046	45,794,670	(3,644,624)
-	-	-	169,420,185	169,148,228	271,957
56,594,516	56,341,251	253,265	86,307,365	86,043,913	263,452
-	-	-	7,302,868	7,006,740	296,128
-	-	-	438,027	311,037	126,990
-	-	-	13,648,658	12,709,251	939,407
-	-	-	74,338,909	72,191,199	2,147,710
-	-	-	18,093,049	17,795,337	297,712
6,308,449	6,103,196	205,253	31,309,456	27,117,716	4,191,740
-	-	-	32,131,444	31,793,123	338,321
22,799,765	21,134,334	1,665,431	54,009,652	51,520,203	2,489,449
2,135,689	1,305,069	830,620	42,864,614	34,573,313	8,291,301
<u>87,838,419</u>	<u>84,883,850</u>	<u>2,954,569</u>	<u>625,935,968</u>	<u>608,877,058</u>	<u>17,058,910</u>
10,005,988	8,764,138	(1,241,850)	5,286,725	33,640,545	28,353,820
-	1,004,091	1,004,091	8,671,331	10,379,911	1,708,580
(12,372,580)	(12,412,155)	(39,575)	(72,897,927)	(74,403,443)	(1,505,516)
<u>(12,372,580)</u>	<u>(11,408,064)</u>	<u>964,516</u>	<u>(64,226,596)</u>	<u>(64,023,532)</u>	<u>203,064</u>
(2,366,592)	(2,643,926)	(277,334)	(58,939,871)	(30,382,987)	28,556,884
17,848,970	17,848,970	-	109,488,239	109,488,239	-
<u>\$ 15,482,378</u>	<u>\$ 15,205,044</u>	<u>\$ (277,334)</u>	<u>\$ 50,548,368</u>	<u>\$ 79,105,252</u>	<u>\$ 28,556,884</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL  
GENERAL FUND - GENERAL SERVICES DISTRICT

For the Year Ended June 30, 2003

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>GENERAL GOVERNMENT:</u>			
Legislative (Office of Clerk and Council)	\$ 2,185,419	\$ 1,872,135	\$ 313,284
Executive (Office of the Mayor)	3,647,178	3,337,868	309,310
Election Commission	3,253,823	3,213,299	40,524
Department of Law	4,160,184	4,019,481	140,703
Planning Commission	3,668,510	3,516,211	152,299
Human Resources	4,541,089	4,132,244	408,845
County Register of Deeds	424,116	1,979,942	(1,555,826)
Department of General Services	9,072,159	9,043,587	28,572
Historical Commission	472,131	428,761	43,370
Community Education Alliance	518,385	488,434	29,951
Telecommunications	599,472	517,096	82,376
Total General Government	<u>32,542,466</u>	<u>32,549,058</u>	<u>(6,592)</u>
<u>FISCAL ADMINISTRATION:</u>			
Department of Finance	9,121,520	8,837,417	284,103
Assessor of Property	6,640,621	5,954,038	686,583
Metropolitan Trustee	2,018,973	1,970,902	48,071
County Clerk	3,598,115	3,560,913	37,202
Total Fiscal Administration	<u>21,379,229</u>	<u>20,323,270</u>	<u>1,055,959</u>
<u>ADMINISTRATION OF JUSTICE:</u>			
District Attorney	3,705,658	3,597,157	108,501
Public Defender	4,516,845	4,184,454	332,391
Juvenile Court Clerk	1,367,986	1,305,037	62,949
Circuit Court Clerk	2,882,761	7,341,976	(4,459,215)
Criminal Court Clerk	4,381,132	4,339,649	41,483
Clerk and Master	1,300,252	1,192,782	107,470
Juvenile Court	8,443,047	8,386,250	56,797
General Sessions Court	8,358,733	8,334,857	23,876
State Trial Courts	4,663,414	4,669,525	(6,111)
Justice Information System	2,530,218	2,442,983	87,235
Total Administration of Justice	<u>42,150,046</u>	<u>45,794,670</u>	<u>(3,644,624)</u>
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>			
Sheriff	49,491,288	49,488,952	2,336
Police Department	119,448,897	119,179,276	269,621
Emergency Communication Center	480,000	480,000	-
Total Law Enforcement and Care of Prisoners	<u>169,420,185</u>	<u>169,148,228</u>	<u>271,957</u>
<u>FIRE PREVENTION AND CONTROL:</u>			
Fire Department	29,712,849	29,702,662	10,187
<u>REGULATION AND INSPECTION:</u>			
Department of Codes Administration	6,683,707	6,401,904	281,803
Taxicab and Wrecker Licensing Board	273,090	263,387	9,703
Beer Board	346,071	341,449	4,622
Total Regulation and Inspection	<u>7,302,868</u>	<u>7,006,740</u>	<u>296,128</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL  
GENERAL FUND - GENERAL SERVICES DISTRICT  
(CONTINUED)

For the Year Ended June 30, 2003

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b><u>CONSERVATION OF NATURAL RESOURCES:</u></b>			
Agricultural Extension Service	\$ 361,462	\$ 250,812	\$ 110,650
Soil and Water Conservation	76,565	60,225	16,340
Total Conservation of Natural Resources	438,027	311,037	126,990
<b><u>PUBLIC WELFARE:</u></b>			
Social Services Commission	12,450,638	11,711,512	739,126
Human Relations Commission	376,020	363,571	12,449
Caring for Children	822,000	634,168	187,832
Total Public Welfare	13,648,658	12,709,251	939,407
<b><u>PUBLIC HEALTH AND HOSPITALS:</u></b>			
Board of Health	41,592,509	39,444,799	2,147,710
General Hospital	23,505,100	23,505,100	-
Bordeaux Hospital	9,241,300	9,241,300	-
Total Public Health and Hospitals	74,338,909	72,191,199	2,147,710
<b><u>PUBLIC LIBRARY SYSTEM:</u></b>			
Public Library	18,093,049	17,795,337	297,712
<b><u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u></b>			
Public Works	25,001,007	21,014,520	3,986,487
<b><u>RECREATIONAL AND CULTURAL:</u></b>			
Parks and Recreation	27,589,450	27,433,937	155,513
Municipal Auditorium	1,908,635	1,762,524	146,111
Arts Commission	2,439,969	2,417,718	22,251
Sports Authority	193,390	178,944	14,446
Total Recreational and Cultural	32,131,444	31,793,123	338,321
<b><u>EMPLOYEE BENEFITS:</u></b>			
Contribution to Closed Pension Plans	10,402,203	10,402,203	-
Employer's Contribution for Group Health Insurance	17,007,075	17,007,075	-
Pensioners In-Line-of-Duty Medical Expense	1,200,000	952,257	247,743
Unemployment Compensation	400,000	289,334	110,666
Employer's Contribution for Group Life Insurance	700,609	300,235	400,374
Employee In-Line-Of-Duty Medical Expense	1,500,000	1,434,765	65,235
Total Employee Benefits	31,209,887	30,385,869	824,018
<b><u>MISCELLANEOUS:</u></b>			
Contingency for Subrogation	100,000	-	100,000
Jury Commission	600	-	600
Contingency for Reimbursable Program Funds - Local Matching	482,799	-	482,799
Metropolitan Development & Housing Agency	3,035,700	3,207,186	(171,486)
Contingency for Federal, State and Other Program Funds	1,968,287	-	1,968,287
Contribution to Nashville Symphony	15,000	15,000	-
Contribution to Cumberland Museum	265,300	265,300	-

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL  
GENERAL FUND - GENERAL SERVICES DISTRICT  
(CONTINUED)

For the Year Ended June 30, 2003

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>MISCELLANEOUS (CONTINUED):</u>			
Victim Offender Reconciliation	\$ 32,500	\$ 32,500	\$ -
Legal Aid Society of Middle Tennessee	47,500	47,500	-
National League of Cities	660,000	577,187	82,813
Contribution to Partnership 2000	250,000	250,000	-
Contribution to the Sports Council	200,000	200,000	-
Contribution to Guest House	156,800	156,800	-
Contribution to Renaissance Center	4,800	4,800	-
Contribution to Adult Literacy Program	38,600	38,600	-
Community Access Television	88,000	63,000	25,000
Nashville Humane Association	12,500	12,500	-
Contribution to Council Afterschool	128,000	76,302	51,698
Contribution to Project Neighborhood Aftercare	510,300	510,300	-
Contribution to Nashville Public Television	1,339,612	1,339,612	-
Contribution to Sister Cities	30,000	30,000	-
Contribution to Affordable Housing	1,983,573	928,483	1,055,090
Contribution to Domestic Violence Intervention	162,200	162,200	-
Contribution to KM Smith	53,000	52,906	94
Contribution to Neighborhood Justice	133,100	132,492	608
Contribution to YMCA Model Metro	2,500	2,500	-
Contribution to Renewal House	20,000	20,000	-
Contribution to Nashville Minority Business Center	400,000	203,108	196,892
Contribution to Cumberland Region Tomorrow	50,000	50,000	-
Contribution to Jefferson Street Merchants	35,000	35,000	-
Contribution to TN Voices for Children	100,000	4,596	95,404
Contribution to Heart of Hope	300,000	-	300,000
Contribution to LISC	100,000	-	100,000
Contribution to YWCA Domestic Violence	300,000	300,000	-
Contribution to United Way Family Res	250,000	250,000	-
Contribution to Not for Profit Taxes on	25,000	20,466	4,534
Contribution to Second Harvest Food Bank	50,000	50,000	-
Contribution to Nashville's Table	5,000	5,000	-
Contribution to The Hermitage	50,000	50,000	-
Contribution to TN Justice Center	11,000	11,000	-
Contribution to Metro Educ Access Cc	10,000	-	10,000
Contribution to NPT Playback	55,000	-	55,000
Contribution to Mary Parrish Center	40,000	40,000	-
Contribution to Donelson Senior Citizens	25,000	25,000	-
Metropolitan Transit Authority	9,877,100	9,877,100	-
Regional Transit Authority	145,000	145,000	-
Metropolitan Airport Authority	307,800	263,472	44,328
High Speed Rail Corridor	100,000	100,000	-
Economic/Job Incentive	900,000	776,746	123,254
Insurance and Reserve	1,960,000	1,980,147	(20,147)
Surety Bonds	70,000	29,186	40,814
GSD General Revenue - Bank Fees	-	12,036	(12,036)
Corporate Dues and Contributions to other Government Associations	252,000	251,996	4

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL  
GENERAL FUND - GENERAL SERVICES DISTRICT  
(CONTINUED)

For the Year Ended June 30, 2003

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>MISCELLANEOUS (CONTINUED):</u>			
Contract with Bill Wilkerson Hearing and Speech Center	\$ 222,800	\$ 222,800	\$ -
Contingency Account - Other	50,000	-	50,000
Contingency - New Courts	159,600	-	159,600
Contingency COPS in Schools	465,000	-	465,000
Property Tax Relief Program	1,071,400	600,000	471,400
Neighborhood Enhancement Grant	100,000	93,861	6,139
International Population Need Assessment	350,000	278,872	71,128
Interpreter Services Grant	100,000	-	100,000
Charter Revision Commission	5,000	-	5,000
North Nashville Precinct	250,000	-	250,000
Gaylord Entertainment Center	5,339,900	4,889,591	450,309
Stadium Maintenance	1,000,000	983,821	16,179
Nashville Sounds Greer Stadium Maintenance	250,000	250,000	-
Managing for Results	250,000	84,468	165,532
Bonding Firm Investigation	1,600	-	1,600
Contribution Forest Fire	4,000	4,000	-
Post Audit	2,384,344	2,336,986	47,358
Fringe Benefits	28,824	28,824	-
Benefit Adjustments	475,929	-	475,929
Pay Plan Improvements	92,957	-	92,957
Judgments and Losses	890,000	890,000	-
Mental Health - Juvenile Court	99,000	-	99,000
	<u>40,728,925</u>	<u>33,268,244</u>	<u>7,460,681</u>
Total Miscellaneous			
Total Expenditures	<u>\$ 538,097,549</u>	<u>\$ 523,993,208</u>	<u>\$ 14,104,341</u>
<u>TRANSFERS IN:</u>			
USD General Fund	\$ 1,448,484	\$ 1,467,689	\$ 19,205
General Purpose School	2,448,016	2,465,878	17,862
Nonmajor Governmental Funds	867,503	1,550,481	682,978
Water and Sewerage Services	342,100	192,040	(150,060)
Nonmajor Enterprise Funds	36,566	396,749	360,183
Internal Service Funds	1,838,825	1,825,246	(13,579)
Fiduciary Funds	1,689,837	1,477,737	(212,100)
	<u>8,671,331</u>	<u>9,375,820</u>	<u>704,489</u>
Total Transfers In			
<u>TRANSFERS OUT:</u>			
USD General Fund	-	(1,004,091)	(1,004,091)
General Purpose School Fund	(4,400)	(10,208)	(5,808)
GSD General Purpose Debt Service	(3,351,967)	(3,351,554)	413
General Fund 4% Reserve	(14,121,300)	(18,262,104)	(4,140,804)
Nonmajor Governmental Funds	(42,587,980)	(38,903,631)	3,684,349
Nonmajor Enterprise Funds	(259,700)	(259,700)	-
Internal Service Funds	(200,000)	(200,000)	-
	<u>(60,525,347)</u>	<u>(61,991,288)</u>	<u>(1,465,941)</u>
Total Transfers Out			
Total Other Financing Sources (Uses)	<u>\$ (51,854,016)</u>	<u>\$ (52,615,468)</u>	<u>\$ (761,452)</u>

See accompanying accountants' report.  
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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL  
GENERAL FUND - URBAN SERVICES DISTRICT

For the Year Ended June 30, 2003

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>FIRE PREVENTION AND CONTROL:</u>			
Fire Department	\$ 56,594,516	\$ 56,341,251	\$ 253,265
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>			
Public Works	6,308,449	6,103,196	205,253
<u>EMPLOYEE BENEFITS:</u>			
Contribution to Closed Pension Plans	20,124,666	18,890,091	1,234,575
Employer's Contribution for Group Health Insurance	2,570,400	2,209,433	360,967
Direct Pension Payments	11,999	9,900	2,099
Employer's Contribution for Group Life Insurance	92,700	24,910	67,790
Total Employee Benefits	<u>22,799,765</u>	<u>21,134,334</u>	<u>1,665,431</u>
<u>MISCELLANEOUS:</u>			
Contingency for Subrogation	91,852	-	91,852
Contingency for Federal, State and Other Program Funds	135,500	-	135,500
Insurance and Reserve	289,000	316,100	(27,100)
Contingency Account	50,000	-	50,000
Pay Plan Improvements	16,550	-	16,550
Property Tax Relief	135,440	-	135,440
Judgments and Losses	110,000	110,000	-
Information Systems	95,089	-	95,089
Metropolitan Development & Housing Agency	1,212,258	878,969	333,289
Total Miscellaneous	<u>2,135,689</u>	<u>1,305,069</u>	<u>830,620</u>
Total Expenditures	<u>\$ 87,838,419</u>	<u>\$ 84,883,850</u>	<u>\$ 2,954,569</u>
<u>TRANSFERS IN:</u>			
GSD General Fund	\$ -	\$ 1,004,091	\$ 1,004,091
Total Transfers In	<u>-</u>	<u>1,004,091</u>	<u>1,004,091</u>
<u>TRANSFERS OUT:</u>			
GSD General Fund	(1,432,234)	(1,467,689)	(35,455)
General Purpose School Fund	-	(150)	(150)
Nonmajor Governmental Funds	(10,940,346)	(10,944,316)	(3,970)
Total Transfers Out	<u>(12,372,580)</u>	<u>(12,412,155)</u>	<u>(39,575)</u>
Total Other Financing Sources (Uses)	<u>\$ (12,372,580)</u>	<u>\$ (11,408,064)</u>	<u>\$ 964,516</u>

See accompanying accountants' report.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2003

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2002 Realty	\$ 17,655,779	\$ 15,300,808	\$ 7,603,353	\$ 809,940	\$ 1,742,418	\$ 5,145,097
2002 Personalty	3,587,967	3,057,311	1,516,022	162,163	348,893	1,030,233
2002 Public Utility	1,545,588	1,274,554	629,333	67,874	146,056	431,291
<b>Total 2002 Property Taxes</b>	<b>22,789,334</b>	<b>19,632,673</b>	<b>9,748,708</b>	<b>1,039,977</b>	<b>2,237,367</b>	<b>6,606,621</b>
2001 Realty	3,205,738	2,715,652	1,367,223	144,143	310,131	894,155
2001 Personalty	2,445,366	2,070,342	1,042,261	109,898	236,453	681,730
2001 Public Utility	447,489	372,715	187,250	19,824	42,656	122,985
<b>Total 2001 Property Taxes</b>	<b>6,098,593</b>	<b>5,158,709</b>	<b>2,596,734</b>	<b>273,865</b>	<b>589,240</b>	<b>1,698,870</b>
2000 & Prior - Realty	2,823,811	2,311,984	1,119,288	174,356	348,771	669,569
2000 & Prior - Personalty	7,849,156	6,001,826	2,883,406	455,940	911,889	1,750,591
2000 & Prior - Public Utility	2,719,572	2,172,525	1,048,076	164,390	328,813	631,246
<b>Total 2000 &amp; Prior Property Taxes</b>	<b>13,392,539</b>	<b>10,486,335</b>	<b>5,050,770</b>	<b>794,686</b>	<b>1,589,473</b>	<b>3,051,406</b>
<b>Total Delinquent Property Taxes Receivable *</b>	<b>\$ 42,280,466</b>	<b>\$ 35,277,717</b>	<b>\$ 17,396,212</b>	<b>\$ 2,108,528</b>	<b>\$ 4,416,080</b>	<b>\$ 11,356,897</b>

\* Excludes 2003 Property Tax Levy

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND (CONTINUED)

June 30, 2003

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 2,354,971	\$ 2,071,197	\$ 283,774
530,656	466,712	63,944
<u>271,034</u>	<u>238,374</u>	<u>32,660</u>
<u>3,156,661</u>	<u>2,776,283</u>	<u>380,378</u>
490,086	431,031	59,055
375,024	329,833	45,191
74,774	65,764	9,010
<u>939,884</u>	<u>826,628</u>	<u>113,256</u>
511,827	452,557	59,270
1,847,330	1,633,409	213,921
<u>547,047</u>	<u>483,699</u>	<u>63,348</u>
<u>2,906,204</u>	<u>2,569,665</u>	<u>336,539</u>
<u>\$ 7,002,749</u>	<u>\$ 6,172,576</u>	<u>\$ 830,173</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2003

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2002	\$ 15,300,808	\$ 3,057,311	\$ 1,274,554	\$ 19,632,673
	2001	2,715,652	2,070,342	372,715	5,158,709
	2000	915,049	1,208,491	240,544	2,364,084
	1999	758,598	844,722	774,293	2,377,613
	1998	233,274	976,654	908,897	2,118,825
	1997	173,169	778,576	45,584	997,329
	1996	71,392	795,568	55,248	922,208
	1995	41,121	445,222	39,651	525,994
	1994	35,765	176,359	14,181	226,305
	1993	4,540	359,516	32,412	396,468
	1992	79,076	416,718	61,715	557,509
	Total General Services District		<u>20,328,444</u>	<u>11,129,479</u>	<u>3,819,794</u>
Urban Services District	2002	2,354,971	530,656	271,034	3,156,661
	2001	490,086	375,024	74,774	939,884
	2000	184,590	306,597	67,231	558,418
	1999	151,310	213,728	192,990	558,028
	1998	62,361	231,343	221,865	515,569
	1997	39,981	191,790	7,415	239,186
	1996	19,565	231,067	11,916	262,548
	1995	12,299	137,545	8,995	158,839
	1994	11,155	297,241	4,219	312,615
	1993	823	100,099	10,041	110,963
	1992	29,743	137,920	22,375	190,038
	Total Urban Services District		<u>3,356,884</u>	<u>2,753,010</u>	<u>892,855</u>
Total Delinquent Property Taxes Receivable *		<u>\$ 23,685,328</u>	<u>\$ 13,882,489</u>	<u>\$ 4,712,649</u>	<u>\$ 42,280,466</u>

\* Excludes 2003 Property Tax Levy

See accompanying accountants' report.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS AND NOTES PAYABLE  
GENERAL SERVICES DISTRICT

June 30, 2003

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
<u>For General Purposes:</u>		
GSD G.O. Refunding Bonds of 1993	5.00 - 5.25	May 15, 1993
GSD G.O. Multi-purpose Improvement Bonds of 1994	5.50 - 6.15	Sep. 15, 1994
GSD G.O. Multi-purpose Improvement Bonds of 1995	5.00 - 5.70	May 15, 1995
G.O. Public Improvement Bonds of 1996	5.50 - 5.875	June 15, 1996
GSD G.O. Public Improvement Bonds, Series 1996A	4.80 - 5.375	Oct. 1, 1996
GSD G.O. Refunding Bonds of 1996	5.75 - 6.00	Dec. 1, 1996
GSD G.O. Refunding Bonds, Series 1997	4.50 - 5.125	Sep. 15, 1997
GSD G.O. Multi-purpose Improvement Bonds, Series 1997A	5.125	Oct. 15, 1997
GSD G.O. Public Improvement and Refunding Bonds of 1999	4.25 - 5.25	May 15, 1999
GSD G.O. Multi-Purpose Improvement Bonds, Series 2001A	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-Purpose Refunding Bonds, Series 2001B	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-Purpose Refunding Bonds, Series 2002	3.00 - 4.625	Nov. 15, 2002
Total General Obligation Bonds Payable For General Purposes		
<u>For School Purposes:</u>		
GSD G.O. Refunding Bonds of 1993	5.00 - 5.25	May 15, 1993
GSD G.O. Multi-purpose Improvement Bonds of 1994	5.50 - 6.15	Sep. 15, 1994
GSD G.O. Multi-purpose Improvement Bonds of 1995	5.00 - 5.70	May 15, 1995
GSD G.O. Multi-purpose Improvement Bonds, Series 1996A	4.80 - 5.375	Oct. 1, 1996
GSD G.O. Refunding Bonds, Series 1997	4.50 - 5.125	Sep. 15, 1997
GSD G.O. Multi-purpose Improvement Bonds, Series 1997A	5.125	Oct. 15, 1997
GSD G.O. Public Improvement and Refunding Bonds of 1999	4.25 - 5.25	May 15, 1999
GSD G.O. Multi-purpose Improvement Bonds, Series 2001A	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-purpose Refunding Bonds, Series 2001B	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-Purpose Refunding Bonds, Series 2002	3.00 - 4.625	Nov. 15, 2002
Total General Obligation Bonds Payable for School Purposes		
Total General Obligation Bonds Payable - General Services District		
<u>LIMITED OBLIGATION REVENUE BONDS PAYABLE</u>		
Correctional Facility Revenue Bonds	4.00 - 5.00	Feb. 1, 2002
Special Limited Obligation Revenue Refunding Bonds Payable - General Services District		
Total Bonds Payable - General Services District		

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)  
GENERAL SERVICES DISTRICT

June 30, 2003

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2003</u>	<u>Interest to Maturity as of June 30, 2003</u>
May 15, 2008	\$ 193,128,625	\$ 77,914,680	\$ 8,964,886
May 15, 2011	87,300,000	-	-
May 15, 2025	49,600,000	-	-
May 15, 2026	74,880,000	64,520,000	55,280,683
Nov. 15, 2016	90,568,118	61,028,789	24,625,612
Dec. 1, 2010	28,671,142	22,185,556	5,269,051
May 15, 2025	64,596,180	62,236,170	50,700,431
Nov. 15, 2027	119,180,124	92,080,652	44,398,005
Nov. 15, 2029	133,288,342	119,577,128	87,570,669
Oct. 15, 2020	62,065,000	52,615,000	17,623,838
Oct. 15, 2016	43,633,148	43,610,509	17,240,911
Nov. 15, 2024	41,749,303	40,465,455	25,827,135
	<u>988,659,982</u>	<u>636,233,939</u>	<u>337,501,221</u>
May 15, 2008	81,490,821	34,170,948	4,433,090
May 15, 2011	62,700,000	-	-
May 15, 2025	54,000,000	-	-
Nov. 15, 2016	5,566,882	3,751,210	1,513,644
May 15, 2025	46,393,820	44,698,830	36,413,712
Nov. 15, 2027	30,819,876	28,304,348	21,708,473
Nov. 15, 2019	53,474,949	47,335,837	22,994,007
Oct. 15, 2020	176,640,000	130,225,000	45,512,538
Oct. 15, 2016	30,111,852	30,104,492	12,043,607
Nov. 15, 2024	60,984,934	59,109,565	36,976,134
	<u>602,183,134</u>	<u>377,700,230</u>	<u>181,595,205</u>
	<u>1,590,843,116</u>	<u>1,013,934,169</u>	<u>519,096,426</u>
Sep. 1, 2011	<u>16,265,000</u>	<u>14,719,817</u>	<u>3,380,981</u>
	<u>16,265,000</u>	<u>14,719,817</u>	<u>3,380,981</u>
	<u>\$ 1,607,108,116</u>	<u>\$ 1,028,653,986</u>	<u>\$ 522,477,407</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)  
URBAN SERVICES DISTRICT

June 30, 2003

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
Urban Sewer Bonds of 1963	0.10%	Dec. 1, 1963
USD G.O. Refunding Bonds of 1993	5.00 - 5.25	May 15, 1993
USD G.O. Refunding Bonds of 1996	5.75 - 6.00	Dec. 1, 1996
USD G.O. Public Improvement and Refunding Bonds of 1999	4.25 - 5.25	May 15, 1999
USD G.O. Multi-purpose Improvement Bonds, Series 2001A	5.00 - 5.50	Feb. 15, 2001
USD G.O. (Tax Exempt) Thermal Refunding Bonds, 2002	3.50 - 5.25	Apr. 1, 2002
USD G.O. (Taxable) Thermal Refunding Bonds, 2002	3.90 - 6.00	Apr. 1, 2002
USD G.O. Multi-Purpose Refundings Bonds, Series 2002	3.00 - 4.625	Nov. 15, 2002
Total General Obligation Bonds Payable - Urban Services District		
<u>REVENUE BONDS PAYABLE</u>		
Department of Water and Sewerage Revenue Refunding Bonds of 1986	7.10 - 7.70	Oct. 1, 1986
Department of Water and Sewerage Revenue Bonds, Series 1992	5.60 - 6.00	Aug. 15, 1992
Department of Water and Sewerage Revenue Bonds, Series 1993	4.90 - 6.50	Aug. 1, 1993
Department of Water and Sewerage Revenue Refunding Bonds of 1996	5.50 - 6.00	May 15, 1996
Department of Water and Sewerage Revenue Refunding Bonds, Series 1998A	4.10 - 5.00	Feb. 1, 1998
Department of Water and Sewerage Revenue Bonds, Series of 1998B	4.00 - 5.25	Feb. 15, 1998
Department of Water and Sewerage Revenue Refunding Bonds, Series 2002	3.00 - 5.125	Dec. 1, 2002
Total Revenue Bonds Payable - Department of Water and Sewerage		
Metro Energy System DES Bonds, Series 2002A	3.00 - 5.00	Oct. 1, 2002
Total Bonds Payable - Urban Services District		

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)  
URBAN SERVICES DISTRICT

June 30, 2003

Date of Final Maturity	Amount of Issue	Principal Amount Outstanding June 30, 2003	Interest to Maturity as of June 30, 2003
Dec. 1, 2003	\$ 5,500,000	\$ 50,000	\$ 25
May 15, 2008	45,480,554	17,969,371	2,015,673
Dec. 1, 2010	5,633,858	4,359,445	1,035,365
Nov. 15, 2003	736,709	132,035	2,806
Oct. 15, 2016	23,450,000	17,655,000	6,612,444
July 1, 2014	31,065,000	27,160,361	8,080,969
July 1, 2012	27,000,000	21,778,748	3,908,390
Nov. 15, 2024	5,955,763	5,772,616	2,981,881
	<u>144,821,884</u>	<u>94,877,576</u>	<u>24,637,553</u>
Jan. 1, 2016	339,866,665	135,615,000	82,830,825
Jan. 1, 2004	170,000,000	-	-
Jan. 1, 2013	157,475,000	87,330,000	26,095,095
Jan. 1, 2014	74,725,000	55,520,363	19,440,588
Jan. 1, 2022	156,315,000	146,055,970	97,988,758
Jan. 1, 2014	55,000,000	41,270,000	14,099,170
Jan. 1, 2016	<u>30,255,000</u>	<u>30,255,000</u>	<u>16,801,275</u>
	<u>983,636,665</u>	<u>496,046,333</u>	<u>257,255,711</u>
Oct. 1, 2033	<u>66,700,000</u>	<u>69,029,004</u>	<u>64,922,772</u>
	<u>\$ 1,195,158,549</u>	<u>\$ 659,952,913</u>	<u>\$ 346,816,036</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE

General Services District

Based on Bonded Debt as of June 30, 2003

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Total General Obligation Bonds		
				Principal	Interest	Total
2004	\$ 68,193,495	\$ 51,865,374	\$ 120,058,869	\$ 66,798,495	\$ 51,224,268	\$ 118,022,763
2005	69,785,081	48,574,958	118,360,039	68,335,081	47,989,008	116,324,089
2006	71,890,739	45,149,700	117,040,439	70,385,739	44,622,850	115,008,589
2007	61,025,222	41,130,366	102,155,588	59,455,222	40,665,016	100,120,238
2008	58,985,393	38,045,444	97,030,837	57,355,393	37,644,094	94,999,487
2009	52,438,631	35,106,180	87,544,811	50,728,631	34,780,180	85,508,811
2010	51,273,322	32,440,822	83,714,144	49,478,322	32,202,447	81,680,769
2011	51,244,468	29,789,230	81,033,698	49,359,468	29,642,855	79,002,323
2012	46,040,865	27,436,987	73,477,852	44,055,865	27,387,362	71,443,227
2013	43,649,382	25,198,930	68,848,312	43,649,382	25,198,930	68,848,312
2014	43,667,092	22,999,448	66,666,540	43,667,092	22,999,448	66,666,540
2015	44,274,695	20,731,973	65,006,668	44,274,695	20,731,973	65,006,668
2016	53,905,000	18,175,104	72,080,104	53,905,000	18,175,104	72,080,104
2017	49,755,000	15,457,612	65,212,612	49,755,000	15,457,612	65,212,612
2018	32,815,000	13,290,863	46,105,863	32,815,000	13,290,863	46,105,863
2019	31,010,000	11,627,832	42,637,832	31,010,000	11,627,832	42,637,832
2020	25,695,000	10,161,000	35,856,000	25,695,000	10,161,000	35,856,000
2021	24,930,000	8,855,431	33,785,431	24,930,000	8,855,431	33,785,431
2022	25,515,001	7,554,540	33,069,541	25,515,001	7,554,540	33,069,541
2023	26,865,000	6,211,466	33,076,466	26,865,000	6,211,466	33,076,466
2024	28,275,000	4,805,566	33,080,566	28,275,000	4,805,566	33,080,566
2025	29,760,000	3,330,456	33,090,456	29,760,000	3,330,456	33,090,456
2026	13,090,000	1,960,600	15,050,600	13,090,000	1,960,600	15,050,600
2027	8,500,000	1,235,941	9,735,941	8,500,000	1,235,941	9,735,941
2028	8,935,000	783,247	9,718,247	8,935,000	783,247	9,718,247
2029	5,115,000	416,981	5,531,981	5,115,000	416,981	5,531,981
2030	5,385,000	141,356	5,526,356	5,385,000	141,356	5,526,356
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
	<u>1,032,018,386</u>	<u>522,477,407</u>	<u>1,554,495,793</u>	<u>1,017,093,386</u>	<u>519,096,426</u>	<u>1,536,189,812</u>
Deferred Costs	<u>(3,364,400)</u>	<u>-</u>	<u>(3,364,400)</u>	<u>(3,159,217)</u>	<u>-</u>	<u>(3,159,217)</u>
	<u>\$ 1,028,653,986</u>	<u>\$ 522,477,407</u>	<u>\$ 1,551,131,393</u>	<u>\$ 1,013,934,169</u>	<u>\$ 519,096,426</u>	<u>\$ 1,533,030,595</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)

General Services District

Based on Bonded Debt as of June 30, 2003

General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ 42,676,433	\$ 32,425,676	\$ 75,102,109	\$ 24,122,062	\$ 18,798,592	\$ 42,920,654
44,097,695	30,340,845	74,438,540	24,237,386	17,648,163	41,885,549
46,202,354	28,142,306	74,344,660	24,183,385	16,480,544	40,663,929
36,608,573	25,497,571	62,106,144	22,846,649	15,167,445	38,014,094
35,360,306	23,667,824	59,028,130	21,995,087	13,976,270	35,971,357
30,278,704	21,944,158	52,222,862	20,449,927	12,836,022	33,285,949
30,350,429	20,372,874	50,723,303	19,127,893	11,829,573	30,957,466
30,389,816	18,783,169	49,172,985	18,969,652	10,859,686	29,829,338
25,391,567	17,418,502	42,810,069	18,664,298	9,968,860	28,633,158
24,942,257	16,141,070	41,083,327	18,707,125	9,057,860	27,764,985
25,659,389	14,840,806	40,500,195	18,007,703	8,158,642	26,166,345
26,601,894	13,478,567	40,080,461	17,672,801	7,253,406	24,926,207
31,036,181	11,972,310	43,008,491	22,868,819	6,202,794	29,071,613
29,485,858	10,389,366	39,875,224	20,269,142	5,068,246	25,337,388
18,549,100	9,132,423	27,681,523	14,265,900	4,158,440	18,424,340
15,874,589	8,235,187	24,109,776	15,135,411	3,392,645	18,528,056
16,815,745	7,383,527	24,199,272	8,879,255	2,777,473	11,656,728
17,043,369	6,501,206	23,544,575	7,886,631	2,354,225	10,240,856
17,215,345	5,606,658	22,822,003	8,299,656	1,947,882	10,247,538
18,134,328	4,686,758	22,821,086	8,730,672	1,524,708	10,255,380
19,097,688	3,721,546	22,819,234	9,177,312	1,084,020	10,261,332
20,112,844	2,707,260	22,820,104	9,647,156	623,196	10,270,352
11,366,398	1,726,394	13,092,792	1,723,602	234,206	1,957,808
6,690,217	1,092,278	7,782,495	1,809,783	143,663	1,953,446
7,036,708	734,603	7,771,311	1,898,292	48,644	1,946,936
5,115,000	416,981	5,531,981	-	-	-
5,385,000	141,356	5,526,356	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>637,517,787</u>	<u>337,501,221</u>	<u>975,019,008</u>	<u>379,575,599</u>	<u>181,595,205</u>	<u>561,170,804</u>
<u>(1,283,848)</u>	<u>-</u>	<u>(1,283,848)</u>	<u>(1,875,369)</u>	<u>-</u>	<u>(1,875,369)</u>
<u>\$ 636,233,939</u>	<u>\$ 337,501,221</u>	<u>\$ 973,735,160</u>	<u>\$ 377,700,230</u>	<u>\$ 181,595,205</u>	<u>\$ 559,295,435</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)

General Services District

Based on Bonded Debt as of June 30, 2003

Year Ending June 30	Correctional Facility Revenue Bonds		
	Principal	Interest	Total
2004	\$ 1,395,000	\$ 641,106	\$ 2,036,106
2005	1,450,000	585,950	2,035,950
2006	1,505,000	526,850	2,031,850
2007	1,570,000	465,350	2,035,350
2008	1,630,000	401,350	2,031,350
2009	1,710,000	326,000	2,036,000
2010	1,795,000	238,375	2,033,375
2011	1,885,000	146,375	2,031,375
2012	1,985,000	49,625	2,034,625
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
	14,925,000	3,380,981	18,305,981
Deferred Costs	(205,183)	-	(205,183)
	\$ 14,719,817	\$ 3,380,981	\$ 18,100,798

See accompanying accountants' report.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)

Urban Services District

Based on Bonded Debt as of June 30, 2003

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 31,771,505	\$ 36,314,189	\$ 68,085,694	\$ 11,581,505	\$ 4,512,558	\$ 16,094,063
2005	33,604,918	34,734,036	68,338,954	11,924,918	4,021,866	15,946,784
2006	39,574,262	33,050,195	72,624,457	12,434,262	3,479,881	15,914,143
2007	38,504,778	30,976,179	69,480,957	10,009,778	2,814,371	12,824,149
2008	40,004,607	28,986,083	68,990,690	9,979,607	2,314,793	12,294,400
2009	38,686,369	26,921,214	65,607,583	6,266,369	1,911,236	8,177,605
2010	41,216,678	24,385,179	65,601,857	6,576,678	1,602,561	8,179,239
2011	43,330,532	21,692,889	65,023,421	6,335,532	1,286,512	7,622,044
2012	44,919,135	18,914,781	63,833,916	5,654,135	996,773	6,650,908
2013	47,255,616	15,983,463	63,239,079	5,215,616	743,093	5,958,709
2014	48,182,908	13,556,441	61,739,349	4,452,908	509,644	4,962,552
2015	50,335,306	11,050,082	61,385,388	4,405,306	281,739	4,687,045
2016	30,350,000	8,433,664	38,783,664	1,635,000	123,338	1,758,338
2017	16,260,000	6,859,301	23,119,301	1,425,000	39,188	1,464,188
2018	15,600,000	6,073,376	21,673,376	-	-	-
2019	16,365,000	5,286,943	21,651,943	-	-	-
2020	17,110,000	4,462,013	21,572,013	-	-	-
2021	18,010,000	3,635,951	21,645,951	-	-	-
2022	18,790,000	2,766,682	21,556,682	-	-	-
2023	2,440,000	1,859,850	4,299,850	-	-	-
2024	2,150,000	1,747,750	3,897,750	-	-	-
2025	2,665,000	1,632,750	4,297,750	-	-	-
2026	2,795,000	1,496,250	4,291,250	-	-	-
2027	3,790,000	1,338,731	5,128,731	-	-	-
2028	3,110,000	1,179,169	4,289,169	-	-	-
2029	3,255,000	1,025,875	4,280,875	-	-	-
2030	3,420,000	859,000	4,279,000	-	-	-
2031	3,590,000	683,750	4,273,750	-	-	-
2032	3,770,000	499,750	4,269,750	-	-	-
2033	3,955,000	306,625	4,261,625	-	-	-
2034	4,155,000	103,875	4,258,875	-	-	-
	<u>668,966,614</u>	<u>346,816,036</u>	<u>1,015,782,650</u>	<u>97,896,614</u>	<u>24,637,553</u>	<u>122,534,167</u>
Deferred Costs	<u>(9,013,701)</u>	<u>-</u>	<u>(9,013,701)</u>	<u>(3,019,038)</u>	<u>-</u>	<u>(3,019,038)</u>
	<u>\$ 659,952,913</u>	<u>\$ 346,816,036</u>	<u>\$ 1,006,768,949</u>	<u>\$ 94,877,576</u>	<u>\$ 24,637,553</u>	<u>\$ 119,515,129</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)

Urban Services District

Based on Bonded Debt as of June 30, 2003

Revenue Bonds					
Department of Water and Sewerage Services			District Energy System Bonds, Series 2002A		
Principal	Interest	Total	Principal	Interest	Total
\$ 20,190,000	\$ 28,620,637	\$ 48,810,637	\$ -	\$ 3,180,994	\$ 3,180,994
21,680,000	27,531,176	49,211,176	-	3,180,994	3,180,994
25,960,000	26,407,020	52,367,020	1,180,000	3,163,294	4,343,294
27,280,000	25,034,440	52,314,440	1,215,000	3,127,368	4,342,368
28,770,000	23,580,971	52,350,971	1,255,000	3,090,319	4,345,319
31,130,000	21,957,834	53,087,834	1,290,000	3,052,144	4,342,144
33,310,000	19,769,774	53,079,774	1,330,000	3,012,844	4,342,844
35,625,000	17,435,746	53,060,746	1,370,000	2,970,631	4,340,631
38,015,000	15,000,464	53,015,464	1,250,000	2,917,544	4,167,544
40,490,000	12,388,626	52,878,626	1,550,000	2,851,744	4,401,744
42,185,000	10,269,619	52,454,619	1,545,000	2,777,178	4,322,178
44,305,000	8,073,413	52,378,413	1,625,000	2,694,930	4,319,930
27,005,000	5,702,938	32,707,938	1,710,000	2,607,388	4,317,388
13,035,000	4,302,988	17,337,988	1,800,000	2,517,125	4,317,125
13,710,000	3,651,238	17,361,238	1,890,000	2,422,138	4,312,138
14,375,000	2,965,738	17,340,738	1,990,000	2,321,205	4,311,205
15,020,000	2,246,988	17,266,988	2,090,000	2,215,025	4,305,025
15,810,000	1,533,538	17,343,538	2,200,000	2,102,413	4,302,413
16,475,000	782,563	17,257,563	2,315,000	1,984,119	4,299,119
-	-	-	2,440,000	1,859,850	4,299,850
-	-	-	2,150,000	1,747,750	3,897,750
-	-	-	2,665,000	1,632,750	4,297,750
-	-	-	2,795,000	1,496,250	4,291,250
-	-	-	3,790,000	1,338,731	5,128,731
-	-	-	3,110,000	1,179,169	4,289,169
-	-	-	3,255,000	1,025,875	4,280,875
-	-	-	3,420,000	859,000	4,279,000
-	-	-	3,590,000	683,750	4,273,750
-	-	-	3,770,000	499,750	4,269,750
-	-	-	3,955,000	306,625	4,261,625
-	-	-	4,155,000	103,875	4,258,875
504,370,000	257,255,711	761,625,711	66,700,000	64,922,772	131,622,772
(8,323,667)	-	(8,323,667)	2,329,004	-	2,329,004
<u>\$ 496,046,333</u>	<u>\$ 257,255,711</u>	<u>\$ 753,302,044</u>	<u>\$ 69,029,004</u>	<u>\$ 64,922,772</u>	<u>\$ 133,951,776</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF ESTIMATED REVENUES AND FUND BALANCES  
TO SUPPORT APPROPRIATIONS\*

GENERAL SERVICES DISTRICT

For the Year July 1, 2003 Through June 30, 2004  
(Unaudited)

SOURCE OF REVENUE:	General	Debt	School	School	Total
	Fund	Service Fund	Debt Service Fund	Funds	
Property Taxes - Current Year	\$ 244,848,200	\$ 56,002,400	\$ 26,047,600	\$ 165,402,200	\$ 492,300,400
Property Taxes - Non Current Year	23,516,900	1,715,300	797,800	8,180,400	34,210,400
Local Option Sales Tax	77,622,200	2,121,600	14,561,900	142,518,100	236,823,800
Other Taxes, Licenses and Permits	61,273,800	-	-	3,064,000	64,337,800
Fines, Forfeits, and Penalties	9,808,900	-	-	7,200	9,816,100
Revenues From Use of Money or Property	688,300	1,076,100	1,107,800	290,500	3,162,700
Other Agencies - Federal Direct	6,000,000	-	-	80,000	6,080,000
Other Agencies - Federal Through State	11,724,100	-	-	85,000	11,809,100
Other Agencies - Other Pass - Through	3,931,300	-	-	-	3,931,300
Other Agencies - State Direct	45,859,600	1,159,300	-	154,331,900	201,350,800
Other Agencies - Other Governments	1,560,200	2,800,000	-	1,200	4,361,400
Commissions and Fees	10,640,500	-	-	-	10,640,500
Charges for Current Services	21,434,300	-	-	1,345,800	22,780,100
Compensation from Property	5,573,300	-	-	456,000	6,029,300
Contributions and Gifts	545,500	-	-	970,000	1,515,500
Miscellaneous	474,500	-	-	-	474,500
Subtotal	525,501,600	64,874,700	42,515,100	476,732,300	1,109,623,700
Transfers In	21,655,900	9,456,200	-	1,192,000	32,304,100
Appropriated Unreserved Fund Balances	35,707,900	21,048,600	12,386,700	24,975,700	94,118,900
Total Available for GSD Appropriations	\$ 582,865,400	\$ 95,379,500	\$ 54,901,800	\$ 502,900,000	\$ 1,236,046,700

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2003-1471 for the 2003-2004 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF ESTIMATED REVENUES AND FUND BALANCES  
TO SUPPORT APPROPRIATIONS\* (CONTINUED)

URBAN SERVICES DISTRICT

For the Year July 1, 2003 Through June 30, 2004  
(Unaudited)

<u>SOURCE OF REVENUE:</u>	General Fund	Debt Service Fund	Total
Property Taxes - Current Year	\$ 63,375,400	\$ 8,681,600	\$ 72,057,000
Property Taxes - Non Current Year	10,596,100	552,700	11,148,800
Local Option Sales Tax	1,055,900	-	1,055,900
Other Taxes, Licenses, and Permits	10,632,100	-	10,632,100
Revenues From Use of Money or Property	163,000	170,500	333,500
Other Agencies - Federal Direct	450,000	-	450,000
Other Agencies - State Direct	8,124,500	-	8,124,500
Commissions and Fees	646,300	-	646,300
Compensation from Property	100,000	-	100,000
Subtotal	95,143,300	9,404,800	104,548,100
Transfers In	-	7,814,000	7,814,000
Appropriated Unreserved Fund Balances	6,767,300	4,317,500	11,084,800
Total Available for USD Appropriations	<u>\$ 101,910,600</u>	<u>\$ 21,536,300</u>	<u>\$ 123,446,900</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2003-1471 for the 2003-2004 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 BUDGETARY SCHEDULE OF APPROPRIATIONS BY FUNCTION AND/OR FUNDS \*

For the Year July 1, 2003 Through June 30, 2004  
 (Unaudited)

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 106,181,400	\$ 25,568,300	\$ 952,000	\$ 130,797,700
Fiscal Administration	22,052,000	-	-	22,052,000
Administration of Justice	45,292,400	-	-	45,292,400
Law Enforcement and Care of Prisoners	155,745,400	481,000	481,000	155,745,400
Fire Prevention and Control	30,538,900	56,932,300	-	87,471,200
Regulation, Inspection, & Economic Development	34,243,600	1,288,600	-	35,532,200
Conservation of Natural Resources	450,600	-	-	450,600
Public Welfare	14,264,500	-	-	14,264,500
Public Health	43,454,100	-	-	43,454,100
Public Library System	19,700,500	-	-	19,700,500
Recreational, Cultural, & Community Support	74,082,500	135,400	-	74,217,900
Public Works, Highways and Streets	36,859,500	17,505,000	-	54,364,500
 Total General Funds	 582,865,400	 101,910,600	 1,433,000	 683,343,000
 <u>DEBT SERVICE FUNDS</u> (See detail on succeeding pages)	 150,281,300	 21,536,300	 -	 171,817,600
 <u>SCHOOL FUNDS</u> (See detail on succeeding pages)	 502,900,000	 -	 -	 502,900,000
 Total Appropriations By District	 1,236,046,700	 123,446,900	 1,433,000	 1,358,060,600
 <u>LESS GSD INTERFUND TRANSFER:</u>				
GSD General to GSD Debt Service	(3,402,300)	-	-	(3,402,300)
Schools to General Services District General	(2,448,000)	-	-	(2,448,000)
 Net Appropriation by District	 <u>\$ 1,230,196,400</u>	 <u>\$ 123,446,900</u>	 <u>\$ 1,433,000</u>	 <u>\$ 1,352,210,300</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2003-1471 for the 2003-2004 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF REQUIREMENTS OF THE DEBT SERVICE FUNDS BY FUNCTION \*

DEBT SERVICE FUNDS - GENERAL SERVICES DISTRICT

For the Year July 1, 2003 Through June 30, 2004  
(Unaudited)

	Principal	Interest	Other	Total
<b><u>SCHOOL DEBT SERVICE FUND</u></b>				
Outstanding General Obligation Bonds	\$ 24,122,100	\$ 18,798,700	\$ -	\$ 42,920,800
Redemption and Cremation Fees	-	-	225,000	225,000
Internal Service Fees	-	-	35,100	35,100
Reserve for New Debt (future debt requirements)	2,867,900	5,500,000	-	8,367,900
Note Requirements	-	3,000,000	-	3,000,000
Tax Increment Payment - MDHA	-	-	337,000	337,000
Airline Public Utility Tax Rebate - MNAA	-	-	16,000	16,000
	<u>26,990,000</u>	<u>27,298,700</u>	<u>613,100</u>	<u>54,901,800</u>
Total GSD School Purposes Debt Service Fund				
<b><u>GENERAL PURPOSES DEBT SERVICE FUND</u></b>				
Outstanding General Obligation Bonds:				
Public Works	12,553,100	5,552,700	-	18,105,800
Airport	518,600	91,600	-	610,200
Auditorium	52,500	107,900	-	160,400
Hospital	2,390,000	675,300	-	3,065,300
Library	2,703,600	4,539,800	-	7,243,400
Parks	2,295,400	1,644,000	-	3,939,400
Social Services	-	7,400	-	7,400
Convention Center	5,043,500	1,010,400	-	6,053,900
Other Public Buildings	2,441,300	3,805,400	-	6,246,700
Gaylord Arena	3,606,000	6,561,000	-	10,167,000
Law Enforcement and Care of Prisoners	3,688,600	2,163,900	-	5,852,500
Traffic and Parking	996,500	228,100	-	1,224,600
Public Transportation	386,400	235,100	-	621,500
Fire Protection	124,700	135,300	-	260,000
Health	164,200	189,800	-	354,000
Nashville Coliseum	1,500,400	3,841,900	-	5,342,300
E-911	2,963,500	767,800	-	3,731,300
Other	1,248,000	868,400	-	2,116,400
	<u>42,676,300</u>	<u>32,425,800</u>	<u>-</u>	<u>75,102,100</u>
Subtotal Outstanding General Obligation Bonds				
USD Debt Service Fund	7,814,000	-	-	7,814,000
Redemption, Cremation and Management Fees	-	-	275,000	275,000
Internal Service Fees	-	-	61,500	61,500
Reserve for New Debt (future debt requirements)	2,867,900	5,500,000	-	8,367,900
Note Requirements	-	3,000,000	-	3,000,000
Tax Increment Payment - MDHA	-	-	724,600	724,600
Airline Public Utility Tax Rebate - MNAA	-	-	34,400	34,400
	<u>10,681,900</u>	<u>8,500,000</u>	<u>1,095,500</u>	<u>20,277,400</u>
Subtotal				
Total General Purposes Debt Service Fund	<u>53,358,200</u>	<u>40,925,800</u>	<u>1,095,500</u>	<u>95,379,500</u>
Total General Services District	<u>\$ 80,348,200</u>	<u>\$ 68,224,500</u>	<u>\$ 1,708,600</u>	<u>\$ 150,281,300</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2003-1471 for the 2003-2004 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF REQUIREMENTS OF THE DEBT SERVICE FUNDS BY FUNCTION \*

DEBT SERVICE FUNDS - URBAN SERVICES DISTRICT

For the Year July 1, 2003 Through June 30, 2004  
(Unaudited)

	<u>Principal</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
<u>URBAN SERVICES DISTRICT DEBT SERVICE FUND</u>				
Outstanding General Obligation Bonds:				
Fire Protection	\$ 929,900	\$ 546,400	\$ -	\$ 1,476,300
Public Works	9,211,100	3,714,100	-	12,925,200
Sanitary Sewers	50,000	-	-	50,000
Law Enforcement and Care of Prisoners	408,200	70,500	-	478,700
Traffic and Parking	659,800	114,000	-	773,800
Other	<u>322,500</u>	<u>67,500</u>	<u>-</u>	<u>390,000</u>
Subtotal Outstanding General Obligation Bonds	11,581,500	4,512,500	-	16,094,000
Redemption and Cremation Fees	-	-	82,900	82,900
Internal Service Fees	-	-	13,200	13,200
Reserve for New Debt (future debt retirements)	1,434,000	2,750,000	-	4,184,000
Note Requirements	-	985,700	-	985,700
Tax Increment Payment - MDHA	-	-	168,500	168,500
Airline Public Utility Tax Rebate - MNA	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Subtotal	<u>1,434,000</u>	<u>3,735,700</u>	<u>272,600</u>	<u>5,442,300</u>
Total Urban Services District Debt Service Fund	<u>\$ 13,015,500</u>	<u>\$ 8,248,200</u>	<u>\$ 272,600</u>	<u>\$ 21,536,300</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2003-1471 for the 2003-2004 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF APPROPRIATIONS\*

SCHOOL FUNDS - GENERAL SERVICES DISTRICT

For the Year July 1, 2003 Through June 30, 2004  
(Unaudited)

GENERAL PURPOSE SCHOOL FUND:

General Purpose School Fund: Operational	\$ 500,658,200
Tax Increment Payment - MDHA	2,140,100
Airline Public Utility Tax Rebate - MNAA	<u>101,700</u>
Total General Purpose School Fund	<u>\$ 502,900,000</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2003-1471 for the 2003-2004 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF ASSETS AND LIABILITIES  
CONSTITUTIONAL OFFICERS

June 30, 2003

	Richard R. Rooker, Circuit Court Clerk (1)	Claudia Bonnyman, Clerk and Master (1)	Bill Covington, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>ASSETS</u>				
Cash and cash equivalents	\$ 20,675,221	\$ 3,166,121	\$ 552,426	\$ 7,563,365
Investments	-	14,797	-	516,375
Other assets	7,420	-	-	-
Total assets	<u>\$ 20,682,641</u>	<u>\$ 3,180,918</u>	<u>\$ 552,426</u>	<u>\$ 8,079,740</u>
<u>LIABILITIES</u>				
Due to other funds of the primary government:				
Imprest cash	\$ 29,900	\$ 900	\$ 9,000	\$ 1,150
Excess fees for future operations	-	844	540,765	32,310
Expense reimbursement	-	-	-	-
Total due to other funds of the primary government	<u>29,900</u>	<u>1,744</u>	<u>549,765</u>	<u>33,460</u>
Funds held in trust	<u>17,926,346</u>	<u>3,171,389</u>	<u>-</u>	<u>6,600,806</u>
Other liabilities:				
Due to the State of Tennessee	-	-	-	-
Due to individuals	-	7,773	-	-
Excess fees for future operations	1,101,839	-	-	-
Miscellaneous	1,624,556	12	2,661	-
Escrow	-	-	-	1,445,474
Total other liabilities	<u>2,726,395</u>	<u>7,785</u>	<u>2,661</u>	<u>1,445,474</u>
Total liabilities	<u>\$ 20,682,641</u>	<u>\$ 3,180,918</u>	<u>\$ 552,426</u>	<u>\$ 8,079,740</u>

(1) The information provided is required by the State of Tennessee.

(2) These operations are included in the General Fund and Fiduciary Funds.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF ASSETS AND LIABILITIES  
CONSTITUTIONAL OFFICERS (CONTINUED)

June 30, 2003

Bill Garrett, County Register (1)	Vic Lineweaver, Juvenile Court Clerk (1)	Sheriff Work Release and Inmate Trust (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 2,392,305	\$ 2,295,547	\$ 431,571	\$ 1,098,010	\$ 38,174,566
-	-	-	-	531,172
7,973	2,245	-	-	17,638
<u>\$ 2,400,278</u>	<u>\$ 2,297,792</u>	<u>\$ 431,571</u>	<u>\$ 1,098,010</u>	<u>\$ 38,723,376</u>
\$ 200	\$ 3,425	\$ -	\$ 482,500	\$ 527,075
391,062	64,786	-	-	1,029,767
-	-	-	615,510	615,510
391,262	68,211	-	1,098,010	2,172,352
-	1,814,932	431,571	-	29,945,044
1,945,458	170,055	-	-	2,115,513
-	177,562	-	-	185,335
-	67,032	-	-	1,168,871
319	-	-	-	1,627,548
63,239	-	-	-	1,508,713
2,009,016	414,649	-	-	6,605,980
<u>\$ 2,400,278</u>	<u>\$ 2,297,792</u>	<u>\$ 431,571</u>	<u>\$ 1,098,010</u>	<u>\$ 38,723,376</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES  
CONSTITUTIONAL OFFICERS

For the Year Ended June 30, 2003

	Richard R. Rooker, Circuit Court Clerk (1)	Claudia Bonnyman, Clerk and Master (1)	Bill Covington, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>Revenues and other receipts</u>				
Transfer and mortgage taxes	\$ -	\$ -	\$ -	\$ -
Judgments	27,839,428	-	-	-
Child support	2,899,688	-	-	-
Agency cash receipts	4,297,335	7,147,980	-	1,641,985
Automobile, truck and trailer tags and titles	-	-	15,529,323	-
Metropolitan automobile stickers	-	-	15,246,670	-
Business, occupation, and use tax	-	568,381	62,458,185	-
Property tax payments	-	4,355,481	-	-
Litigation tax payments	5,561,343	134,032	-	-
Fees and commissions	6,989,090	660,857	4,081,492	6,171,921
Fees collected for others	1,324,864	11,100	400	937,255
Fines and penalties	293,421	271	-	-
Interest	54,168	10,711	13,179	-
Other revenues	798,502	576,459	1,048,906	859,538
Total revenues and other receipts	<u>50,057,839</u>	<u>13,465,272</u>	<u>98,378,155</u>	<u>9,610,699</u>
<u>Expenditures and other uses</u>				
Judgments	24,775,324	-	-	-
Child support	2,907,229	-	-	-
Agency cash disbursements	11,172,522	8,401,940	-	1,575,504
Payments to State of Tennessee	5,443,698	87,163	29,943,921	1,049,326
Funds transferred to Metropolitan Government	4,541,320	5,547,459	67,893,857	6,194,657
Other fees and commissions	91,027	673,224	-	-
Payroll and personnel expenses	3,939,690	-	-	-
Other expenditures	913,676	15,236	-	628,529
Total expenditures and other uses	<u>53,784,486</u>	<u>14,725,022</u>	<u>97,837,778</u>	<u>9,448,016</u>
Excess of revenues and other receipts over (under) expenditures and other uses	(3,726,647)	(1,259,750)	540,377	162,683
Cash and cash equivalents - July 1, 2002	<u>24,401,868</u>	<u>4,425,871</u>	<u>12,049</u>	<u>7,400,682</u>
Cash and cash equivalents - June 30, 2003	<u>\$ 20,675,221</u>	<u>\$ 3,166,121</u>	<u>\$ 552,426</u>	<u>\$ 7,563,365</u>

(1) The information provided is required by the State of Tennessee.

(2) These operations are included in the General Fund and Fiduciary Funds.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES  
CONSTITUTIONAL OFFICERS (CONTINUED)

For the Year Ended June 30, 2003

Bill Garrett, County Register (1)	Vic Lineweaver, Juvenile Court Clerk (1)	Sheriff Work Release and Inmate Trust (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 20,372,565	\$ -	\$ -	\$ -	\$ 20,372,565
-	66,922	-	-	27,906,350
-	6,123,630	-	-	9,023,318
-	417,409	1,899,025	-	15,403,734
-	-	-	-	15,529,323
-	-	-	-	15,246,670
-	-	-	-	63,026,566
-	-	-	633,639,634	637,995,115
-	-	-	-	5,695,375
5,771,204	564,585	-	-	24,239,149
-	-	-	-	2,273,619
-	16,706	-	-	310,398
24,290	10,500	-	29,558	142,406
714	221	-	-	3,284,340
<u>26,168,773</u>	<u>7,199,973</u>	<u>1,899,025</u>	<u>633,669,192</u>	<u>840,448,928</u>
-	61,791	-	-	24,837,115
-	6,149,780	-	-	9,057,009
-	325,378	1,780,212	-	23,255,556
19,883,624	-	-	-	56,407,732
4,108,748	571,786	-	633,814,747	722,672,574
348,947	550	-	-	1,113,748
1,588,852	-	-	-	5,528,542
23,803	-	-	-	1,581,244
<u>25,953,974</u>	<u>7,109,285</u>	<u>1,780,212</u>	<u>633,814,747</u>	<u>844,453,520</u>
214,799	90,688	118,813	(145,555)	(4,004,592)
<u>2,177,506</u>	<u>2,204,859</u>	<u>312,758</u>	<u>1,243,565</u>	<u>42,179,158</u>
<u>\$ 2,392,305</u>	<u>\$ 2,295,547</u>	<u>\$ 431,571</u>	<u>\$ 1,098,010</u>	<u>\$ 38,174,566</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF CHANGES IN FEE AND COMMISSION ACCOUNTS  
CONSTITUTIONAL OFFICERS

For the Year Ended June 30, 2003

	Richard R. Rooker, Circuit Court Clerk (1)	Claudia Bonnyman, Clerk and Master (1)	Bill Covington, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>Revenues</u>				
Fees and commissions	\$ 6,989,090	\$ 660,857	\$ 4,081,492	\$ 6,171,921
Other	54,168	10,711	13,179	-
Total revenues	<u>7,043,258</u>	<u>671,568</u>	<u>4,094,671</u>	<u>6,171,921</u>
<u>Expenditures and other uses</u>				
Expenditures:				
Payroll - staff	3,150,611	-	-	-
Payroll taxes/benefits	789,079	-	-	-
Travel	1,952	-	-	-
Office supplies/expenditures	598,992	-	-	-
Total expenditures	<u>4,540,634</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Uses:				
Fees and commissions to county (General Fund)	2,091,483	673,224	3,554,668	6,194,657
Total expenditures and other uses	<u>6,632,117</u>	<u>673,224</u>	<u>3,554,668</u>	<u>6,194,657</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	411,141	(1,656)	540,003	(22,736)
Balances, July 1, 2002	690,698	2,500	762	55,046
Balances, June 30, 2003	<u>\$ 1,101,839</u>	<u>\$ 844</u>	<u>\$ 540,765</u>	<u>\$ 32,310</u>

(1) The information provided is required by the State of Tennessee.

(2) These operations are included in the General Fund and Fiduciary Funds.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF CHANGES IN FEE AND COMMISSION ACCOUNTS  
CONSTITUTIONAL OFFICERS (CONTINUED)

For the Year Ended June 30, 2003

Bill Garrett, County Register (1)	Vic Lineweaver, Juvenile Court Clerk (1)	Sheriff Work Release and Inmate Trust (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 5,771,204	\$ 564,585	\$ -	\$ -	\$ 24,239,149
25,004	-	-	-	103,062
<u>5,796,208</u>	<u>564,585</u>	<u>-</u>	<u>-</u>	<u>24,342,211</u>
1,271,856	-	-	-	4,422,467
316,996	-	-	-	1,106,075
-	-	-	-	1,952
23,803	-	-	-	622,795
<u>1,612,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,153,289</u>
4,108,748	571,786	-	-	17,194,566
<u>5,721,403</u>	<u>571,786</u>	<u>-</u>	<u>-</u>	<u>23,347,855</u>
74,805	(7,201)	-	-	994,356
316,257	139,019	-	-	1,204,282
<u>\$ 391,062</u>	<u>\$ 131,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,198,638</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF ORIGINAL (INCLUDING SUPPLEMENTAL) ASSESSMENT  
OF ALL TAXABLE PROPERTY

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

Fiscal Year	GSD Total	General Services District		
		Realty	Personalty	Public Utility
1993-94	\$ 7,645,927,094	\$ 6,564,860,490	\$ 588,900,423	\$ 492,166,181
1994-95	7,809,222,537	6,665,738,964	604,633,877	538,849,696
1995-96	7,949,116,583	6,854,887,568	616,396,850	477,832,165
1996-97	8,192,586,699	7,050,026,895	668,743,347	473,816,457
1997-98	10,647,933,789	9,360,046,370	813,501,653	474,385,766
1998-99	10,895,717,859	9,483,759,205	873,944,396	538,014,258
1999-00	11,087,336,546	9,625,554,203	954,014,066	507,768,277
2000-01	11,390,199,691	9,878,827,579	953,834,854	557,537,258
2001-02	13,373,373,440	11,649,748,674	1,059,163,097	664,461,669
2002-03	13,463,419,440	11,792,547,023	1,025,692,548	645,179,869

Assessment date: January 1 (Pick-up assessments and cancellations for each year in minor amounts are not reflected in above figures).

Tax levy: General Services District tax is levied on the entire Metropolitan area. Urban Services District tax is an additional tax levied on properties within the Urban Services District. Personalty and public utility taxes are levied on September 1st of each year, based upon assessed valuation at January 1st of that year. Real property taxes are levied on September 1st of each year, based upon assessed valuation through January 1st of that year. In addition, for the period January 1st through September 1st, supplemental assessments are made and related taxes are levied for improved, demolished or damaged property during such period, in accordance with T.C.A. Section 67-607.

Ratio of assessed value  
to appraised value: Commercial and industrial properties - 40% for real property and 30%  
for tangible personal property  
Farm and residential properties - 25%  
Public utilities - 55%

(1) Source: Tax Aggregate Reports for Tennessee State Board of Equalization

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF ORIGINAL (INCLUDING SUPPLEMENTAL) ASSESSMENT  
OF ALL TAXABLE PROPERTY (CONTINUED)

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

USD Total	Urban Services District			Total Estimated Property Value (1)
	Realty	Personalty	Public Utility	
\$ 5,536,342,048	\$ 4,660,546,128	\$ 468,042,087	\$ 407,753,833	\$ 24,154,889,503
5,542,872,889	4,604,202,408	487,181,673	451,488,808	24,554,554,540
5,567,272,438	4,695,089,938	472,017,573	400,164,927	26,686,385,238
5,691,540,025	4,784,362,948	515,583,782	391,593,295	27,908,069,594
7,303,138,660	6,280,076,965	634,766,710	388,294,985	33,706,470,792
7,491,537,089	6,372,341,408	681,039,272	438,156,409	34,408,511,843
7,579,090,297	6,420,180,086	747,640,155	411,270,056	38,576,009,345
7,752,879,515	6,544,802,327	745,794,683	462,282,505	39,576,025,308
9,029,225,021	7,681,717,993	794,416,879	553,090,149	42,634,022,131
9,022,873,427	7,722,115,933	765,147,395	535,610,099	42,988,853,105

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF THE COMPOSITION OF RATES OF TAX LEVY

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

Fiscal Year	General Services District					Urban Services District		
	Total GSD Rate	GSD General Fund	General Purpose School Fund	GSD Debt Service Fund	School Debt Service Fund	Total USD Rate	USD General Fund	USD Debt Service Fund
1993-94 (1) (2)	\$ 3.38	\$ 1.83	\$ 1.01	\$ 0.43	\$ 0.11	\$ 1.12	\$ 0.99	\$ 0.13
1994-95	3.38	1.83	1.01	0.43	0.11	1.12	0.99	0.13
1995-96 (3)	3.38	1.79	1.01	0.47	0.11	1.12	1.00	0.12
1996-97	3.38	1.79	1.01	0.47	0.11	1.12	1.00	0.12
1997-98 (4)	3.17	1.59	0.96	0.49	0.13	0.95	0.84	0.11
1998-99 (5)	3.29	1.58	0.96	0.50	0.25	0.95	0.84	0.11
1999-00	3.29	1.58	0.96	0.50	0.25	0.95	0.84	0.11
2000-01	3.29	1.58	0.96	0.50	0.25	0.95	0.84	0.11
2001-02 (6)	3.75	1.88	1.24	0.43	0.20	0.83	0.73	0.10
2002-03 (7)	3.75	1.85	1.27	0.43	0.20	0.83	0.73	0.10

Tax rates are per \$100 of assessed valuation. Payments may be made in two equal installments, the first not later than October 31st in the year of assessment and levy, the second by February 28th of the following year without penalty.

- (1) In fiscal year 1993-94 the combined GSD-USD tax rate was reduced from \$4.81 to \$3.76 per \$100 of assessed value. Also, the levy for fire protection service was changed from \$.16 to \$.12 per \$100 assessed valuation in fiscal year 1993-94. The reduction in the rates of tax levy between fiscal year 1993 and fiscal year 1994 was the result of a State mandated reappraisal valuation of property in Davidson County. Such rate reduction, when applied against the reappraised valuation of all taxable property, could not result in a material increase in property tax revenues to the Metropolitan Government when compared with the revenues of the immediately preceding fiscal year. Subsequent to the rate reduction for reappraisal the property tax rate was increased to \$4.50.
- (2) Beginning in fiscal year 1993-94 the School Debt Service Fund was included in those funds which receive property tax revenue.
- (3) In fiscal year 1995-96, the GSD property tax rate was reallocated among the funds receiving property tax revenue.
- (4) In fiscal year 1997-98 the combined GSD-USD tax rate was reduced from \$4.50 to \$3.58 per \$100 of assessed value. Also, the levy for fire protection service was changed from \$.12 to \$.10 per \$100 assessed valuation in fiscal year 1997-98. The reduction in the rates of tax levy between fiscal year 1997-98 was the result of a State mandated reappraisal valuation of property in Davidson County. Also, in fiscal year 1997-98 the combined GSD-USD tax rate was increased from \$3.58 to \$4.12 per \$100 of assessed value. The net reduction in fiscal year 1997-98 GSD-USD tax rate was from \$4.50 to \$4.12.
- (5) In fiscal year 1998-99 the combined GSD-USD tax rate increased \$0.12 per \$100 of assessed value, to be applied toward school debt service. Also \$0.01 was reallocated from GSD General Fund to GSD Debt Service.
- (6) In fiscal year 2001-02 the combined GSD-USD tax rate was reduced from \$4.24 to \$3.84 per \$100 of assessed value. Also, the levy for fire protection service was changed from \$.10 to \$.09 per \$100 assessed valuation in fiscal year 2001-02. The reduction in the rates of tax levy between fiscal year 2001-02 was the result of a State mandated reappraisal valuation of property in Davidson County. Also, in fiscal year 2001-02 the combined GSD-USD tax rate increased from \$3.84 to \$4.58 per \$100 of assessed value. The net increase in fiscal year 2001-02 GSD-USD tax rate was from \$4.24 to \$4.58.
- (7) In fiscal year 2002-03, the GSD property tax rate was reallocated among the funds receiving property tax revenue.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF TAX LEVIES AND COLLECTIONS

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

Fiscal Year	Amount GSD Levy	Amount USD Levy	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected
1993-94	\$ 261,672,066	\$ 62,007,102	\$ 323,679,168	\$ 307,865,919	95.11 %
1994-95	266,673,700	62,080,249	328,753,949	316,275,788	96.20
1995-96	271,538,720	62,353,526	333,892,246	323,128,043	96.78
1996-97	279,911,056	63,745,322	343,656,378	329,319,681	95.83
1997-98	340,884,594	69,379,882	410,264,476	392,783,558	95.74
1998-99	361,873,598	71,169,667	433,043,265	415,770,559	96.01
1999-00	368,281,927	72,001,424	440,283,351	419,550,370	95.29
2000-01	378,375,194	73,652,420	452,027,614	432,592,562	95.70
2001-02	504,508,539	75,845,541	580,354,080	554,792,713	95.60
2002-03	508,874,943	74,889,899	583,764,842	557,508,632	95.50

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF TAX LEVIES AND COLLECTIONS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

<u>Delinquent Tax Collections</u>	<u>Total Tax Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage Uncollected</u>
\$ 10,905,506	\$ 318,771,425	98.48 %	\$ 15,115,451	4.67 %
9,513,638	325,789,426	99.10	9,983,997	3.04
8,989,635	332,117,678	99.47	9,577,285	2.87
16,346,324	345,666,005	100.58	10,220,782	2.97
8,506,771	401,290,329	97.81	14,191,035	3.46
8,830,799	424,601,358	98.05	15,815,445	3.65
12,314,963	431,865,333	98.09	15,885,751	3.61
13,634,487	446,227,049	98.72	15,936,299	3.50
15,755,234	570,547,947	98.31	22,354,504	3.85
16,336,094	580,297,966	99.41	22,789,334	3.90

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL TAXPAYERS

Unaudited - See Accompanying Accountants' Report

December 31, 2002

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 Assessed Valuation</u>	<u>% of Total 2002 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Total Levy</u>
Electric Power Board	Utility	\$ n/a	n/a %	\$ 17,997,391	3.08 %
Gaylord	Music, Entertainment and Hotel	283,333,838	2.10	10,681,645	1.83
BellSouth	Communications	183,630,217	1.36	8,229,794	1.41
Columbia/HCA	Health Facilities Management	102,365,222	0.76	4,604,707	0.79
CBL & Associates	Mall Management	102,966,354	0.76	4,384,540	0.75
Piedmont Natural Gas Company	Utility	88,305,400	0.65	3,885,040	0.67
PREFCO XIV Ltd.	Communications	58,415,390	0.43	2,763,048	0.47
Opry Mills Co.	Retail Management	68,960,000	0.51	2,648,064	0.45
BEL-EQR	Commercial Development	49,465,808	0.37	2,265,534	0.39
E. I. Dupont	Manufacturing and Processing	<u>49,228,646</u>	<u>0.37</u>	<u>1,890,380</u>	<u>0.32</u>
		<u>\$ 986,670,875</u>	<u>7.31 %</u>	<u>\$ 59,350,143</u>	<u>10.16 %</u>

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF REVENUES FOR GENERAL GOVERNMENTAL FUND TYPES \*

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

	2003	2002	2001	2000	1999
General Fund					
Property taxes	\$ 337,920,726	\$ 340,182,082	\$ 266,534,541	\$ 255,958,467	\$ 250,095,609
Local option sales tax	76,182,263	75,486,161	78,323,804	78,072,027	74,452,947
Other taxes, licenses and permits	75,176,573	75,699,531	78,457,620	77,221,770	73,304,945
Fines, forfeits and penalties	10,534,610	9,197,437	9,886,470	11,623,769	11,382,032
Revenues from the use of money or property	1,123,885	1,793,043	2,634,827	2,435,785	3,960,366
Revenues from other governmental agencies	94,232,379	93,569,510	93,730,534	96,819,242	98,164,129
Commissions and fees	18,953,278	14,356,454	13,516,675	13,756,439	14,577,828
Charges for current services	21,730,596	20,969,793	19,681,031	18,924,947	18,433,071
Compensation for loss, sale or damage to property	5,493,793	1,303,830	1,313,367	1,301,870	1,800,520
Contributions, gifts and miscellaneous	1,169,500	990,519	1,618,800	2,301,071	1,731,687
<b>Total General Fund</b>	<b>642,517,603</b>	<b>633,548,360</b>	<b>565,697,669</b>	<b>558,415,387</b>	<b>547,903,134</b>
General Purpose School Fund	464,875,962	456,291,844	399,530,185	389,044,679	381,137,135
Debt Service Funds	116,000,524	131,650,866	119,921,026	113,343,346	108,584,462
<b>Total Revenue</b>	<b>1,223,394,089</b>	<b>1,221,491,070</b>	<b>1,085,148,880</b>	<b>1,060,803,412</b>	<b>1,037,624,731</b>
Deduct: Budget Transfer to the General Fund 4% Reserve Fund	18,262,104	17,837,716	15,437,557	14,649,488	14,505,164
<b>Net Revenue</b>	<b>\$ 1,205,131,985</b>	<b>\$ 1,203,653,354</b>	<b>\$ 1,069,711,323</b>	<b>\$ 1,046,153,924</b>	<b>\$ 1,023,119,567</b>

\* General Government includes the budgeted funds including the General Fund, General Purpose School Fund, and Debt Service Funds, reduced by the budget transfer to the General Fund 4% Reserve Fund.

	1998	1997	1996	1995	1994
\$	245,392,041	\$ 217,934,679	\$ 212,642,118	\$ 212,478,890	\$ 206,222,758
	72,214,977	70,270,730	66,180,490	61,432,031	55,753,258
	68,547,321	66,576,576	64,227,199	61,788,660	59,263,329
	10,734,283	9,177,892	8,448,737	9,052,504	9,005,410
	2,790,543	3,489,548	4,219,487	3,599,665	1,456,772
	93,885,607	85,724,966	79,013,495	84,564,078	78,326,206
	14,416,683	13,250,103	12,721,365	11,290,398	11,722,706
	18,304,523	20,017,505	19,878,699	17,710,507	16,587,494
	1,119,673	228,504	285,284	357,313	355,638
	1,284,012	1,295,352	632,969	942,244	1,682,041
	<u>528,689,663</u>	<u>487,965,855</u>	<u>468,249,843</u>	<u>463,216,290</u>	<u>440,375,612</u>
	373,595,009	347,904,891	335,975,340	322,046,378	299,246,215
	88,121,244	69,872,195	67,939,120	66,907,877	64,366,225
	<u>990,405,916</u>	<u>905,742,941</u>	<u>872,164,303</u>	<u>852,170,545</u>	<u>803,988,052</u>
	13,777,544	12,804,553	12,115,586	12,191,721	11,551,629
\$	<u><u>976,628,372</u></u>	<u><u>892,938,388</u></u>	<u><u>860,048,717</u></u>	<u><u>839,978,824</u></u>	<u><u>792,436,423</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF EXPENDITURES AND ENCUMBRANCES FOR GENERAL GOVERNMENTAL FUND TYPES \*

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

	2003	2002	2001	2000	1999
<b>General Fund</b>					
General Government	\$ 32,549,058	\$ 27,660,246	\$ 23,780,866	\$ 23,575,104	\$ 24,269,182
Fiscal Administration	20,323,270	19,765,287	17,128,581	15,835,754	18,309,022
Administration of Justice	45,794,670	43,163,240	39,377,240	41,327,826	39,563,106
Law Enforcement and Care of Prisoners	169,148,228	159,551,996	140,935,478	140,897,348	147,489,469
Fire Prevention and Control	86,043,913	79,073,811	67,145,761	68,744,162	68,780,838
Regulation and Inspection	7,006,740	7,177,920	5,890,959	6,211,955	6,849,852
Conservation of Natural Resources	311,037	319,543	354,787	300,301	292,287
Public Welfare	12,709,251	12,554,567	12,758,996	16,941,661	16,519,502
Public Health and Hospitals	72,191,199	68,431,324	28,794,563	27,810,992	27,388,492
Public Library System	17,795,337	16,237,004	11,815,438	10,275,471	9,882,149
Public Works, Highways and Streets	27,117,716	30,688,707	30,886,707	32,731,146	36,271,472
Recreational and Cultural	31,793,123	30,305,628	27,826,667	27,751,742	27,709,921
Employee Benefits	51,520,203	46,876,942	44,796,706	43,186,268	41,326,087
Miscellaneous	34,573,313	33,791,687	12,533,657	10,979,389	5,821,492
<b>Total General Fund</b>	<b>608,877,058</b>	<b>575,597,902</b>	<b>464,026,406</b>	<b>466,569,119</b>	<b>470,472,871</b>
General Purpose School Fund	458,498,757	428,320,788	394,376,730	387,659,192	381,843,046
Debt Service Funds	137,289,937	131,998,689	104,810,337	102,324,165	96,228,434
<b>Total Expenditures before 4% Transfer</b>	<b>1,204,665,752</b>	<b>1,135,917,379</b>	<b>963,213,473</b>	<b>956,552,476</b>	<b>948,544,351</b>
Add: Budget Transfer to the General Fund 4% Reserve Fund	18,262,104	17,837,716	15,437,557	14,649,488	14,505,164
<b>Total Expenditures</b>	<b>\$ 1,222,927,856</b>	<b>\$ 1,153,755,095</b>	<b>\$ 978,651,030</b>	<b>\$ 971,201,964</b>	<b>\$ 963,049,515</b>

\* Encumbrances are included for the General Purpose School Fund for all years prior to 2003 and for the General and Debt Services Funds for all years prior to 1999.

General Government includes the budgeted funds including the General Fund, General Purpose School Fund, and Debt Service Funds, reduced by the Budget transfer to the General Fund 4% Reserve Fund.

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$	22,973,398	\$ 22,830,962	\$ 22,672,851	\$ 19,686,089	\$ 17,917,683
	15,560,194	14,795,453	14,602,415	14,088,328	13,387,914
	36,282,412	34,624,556	32,062,596	28,221,649	27,079,493
	139,286,796	128,823,553	121,180,616	110,439,602	101,496,814
	67,440,361	64,050,424	61,860,256	59,347,445	56,534,107
	6,237,907	5,989,768	5,855,441	5,473,245	5,367,988
	277,869	247,155	239,329	212,064	195,915
	15,525,219	12,318,797	12,032,848	11,152,342	10,021,987
	27,617,511	26,217,772	26,048,631	26,821,179	25,990,746
	10,384,742	10,461,610	10,407,634	9,634,977	8,692,369
	37,376,663	38,683,642	31,128,454	34,972,399	31,615,932
	27,938,042	27,451,805	25,775,667	22,605,006	21,428,382
	41,318,534	39,917,068	39,381,125	38,184,330	38,134,995
	5,857,605	4,083,112	2,205,147	2,549,444	4,714,915
	<u>454,077,253</u>	<u>430,495,677</u>	<u>405,453,010</u>	<u>383,388,099</u>	<u>362,579,240</u>
	373,087,216	348,408,507	330,806,775	318,645,575	294,662,785
	<u>89,468,621</u>	<u>80,556,772</u>	<u>71,839,664</u>	<u>64,428,679</u>	<u>55,710,326</u>
	<u>916,633,090</u>	<u>859,460,956</u>	<u>808,099,449</u>	<u>766,462,353</u>	<u>712,952,351</u>
	13,777,544	12,804,553	12,115,586	12,191,721	11,551,629
\$	<u><u>930,410,634</u></u>	<u><u>872,265,509</u></u>	<u><u>820,215,035</u></u>	<u><u>778,654,074</u></u>	<u><u>724,503,980</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS, BY FUND, OF INVESTMENT INCOME

Unaudited - See Accompanying Accountants' Report

	Ten Year Summary			
	2003	2002	2001	2000
<b>GOVERNMENTAL FUNDS</b>				
General Fund	\$ 1,123,885	\$ 1,793,043	\$ 2,634,827	\$ 2,435,785
General Purpose School	684,915	694,412	1,119,380	749,217
GSD General Purposes Debt Service	1,158,414	1,948,763	2,771,990	2,936,946
GSD School Purposes Debt Service	1,332,540	2,170,950	2,776,710	2,137,572
USD General Purposes Debt Service	203	333,230	217,955	343,433
Total major funds	4,299,957	6,940,398	9,520,862	8,602,953
Nonmajor governmental funds:				
Metropolitan Action Commission	29,684	13,105	5,284	11,822
General Government Services	89,940	169,543	309,954	334,972
Recreational and Cultural Services	8,807	18,397	51,729	57,258
General Fund 4% Reserve	852,445	960,082	1,599,518	1,273,130
Law Enforcement and Justice Services	418,069	674,158	779,729	653,508
Solid Waste	95,601	93,191	372,840	416,574
Stormwater Operations	6,120	713	-	-
Library Services	40,772	66,537	131,775	119,200
Health Services	7,895	22,482	30,461	10,143
Public Welfare Services	328	240	7,402	53
Natural Disaster Recovery	5	129	54,311	2,032
Education Services	223,794	337,954	628,719	553,263
Infrastructure Services	4,583	6,189	1,509	-
Nashville Career Advancement Center	3,277	5,577	20,616	1,919
District Energy System Development	41,531	-	-	-
Correctional Facility Revenue Bonds	23,670	36,701	126,187	113,566
GSD Capital Projects	1,196,176	2,537,552	5,569,533	8,684,937
Education Capital Projects	934,215	4,729,859	1,731,561	2,336,082
USD Capital Projects	6,568	303,436	174,493	16,992
General Government Permanent Funds	63,368	48,674	-	-
Education Permanent Funds	4,179	5,885	-	-
Total nonmajor governmental funds	4,051,027	10,030,404	11,595,621	14,585,451
Total governmental funds	8,350,984	16,970,802	21,116,483	23,188,404
<b>PROPRIETARY FUNDS</b>				
Enterprise funds:				
Department of Water and Sewerage Services	8,712,562	13,492,125	19,065,879	15,788,900
Other enterprise funds:				
Nashville Convention Center	35,612	48,462	106,990	91,511
Board of Fair Commissioners	138,174	213,984	488,949	451,314
Farmers Market	18,225	25,028	42,721	32,908
Police Secondary Employment	6,352	5,933	422	4,333
Surplus Property Auction	141	-	-	-
Total enterprise funds	8,911,066	13,785,532	19,704,961	16,368,966
Internal service funds:				
Central Printing	7,068	13,294	30,228	30,595
Office of Fleet Management	102,867	-	-	-
Motor Pool	-	148,789	305,797	398,836
Information Systems	15,312	2,503	56,393	106,122
Radio Shop	50,785	30,328	35,325	40,230
School Self Insurance	62,780	83,192	139,195	112,984
General Government Self Insurance	475,808	677,711	1,233,901	1,117,412
School Professional Employee Insurance	47,777	73,821	409,643	360,357
Employees' Medical Benefit	44,750	130,435	477,250	305,104
Schools Central Storeroom	2,143	264	773	2,932
Metro Postal Service	1,872	4,490	8,606	9,114
Facilities Planning and Construction	10,264	-	-	-
Treasury Management	2,491	-	18	-
Total internal service funds	823,917	1,164,827	2,697,129	2,483,686
Total proprietary funds	9,734,983	14,950,359	22,402,090	18,852,652

	1999	1998	1997	1996	1995	1994
\$	3,960,366	\$ 2,790,543	\$ 3,489,548	\$ 4,219,487	\$ 3,599,665	\$ 1,456,772
	1,268,234	1,603,547	1,741,411	1,584,514	1,547,430	694,631
	2,278,432	2,839,590	2,005,808	1,676,270	2,137,732	1,059,963
	1,500,573	1,294,173	1,040,316	885,015	1,058,828	443,725
	433,511	530,328	488,771	528,691	610,045	422,445
	<u>9,441,116</u>	<u>9,058,181</u>	<u>8,765,854</u>	<u>8,893,977</u>	<u>8,953,700</u>	<u>4,077,536</u>
	9,415	17,940	6,776	1,499	-	-
	520,133	446,212	352,127	358,356	311,644	228,327
	40,467	64,604	60,671	68,599	29,841	47,177
	1,065,889	1,134,183	1,006,782	1,146,234	986,394	469,047
	580,628	422,037	322,308	268,372	207,993	112,340
	416,610	608,683	814,296	807,911	970,366	772,707
	-	-	-	-	-	-
	31,475	11,162	10,413	9,694	9,332	5,632
	166	-	-	-	-	-
	-	-	-	-	-	-
	688	-	-	-	-	-
	487,985	580,302	520,674	607,541	454,080	291,167
	-	-	-	-	-	-
	1,606	3,648	2,379	255	-	-
	-	-	-	-	-	-
	108,591	143,319	316,368	264,046	199,679	2
	7,415,797	11,260,527	8,738,207	3,721,893	3,194,254	977,699
	1,460,702	1,536,029	1,827,853	4,524,412	2,660,365	13,158
	24,752	119,270	161,342	251,973	154,516	107,362
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>12,164,904</u>	<u>16,347,916</u>	<u>14,140,196</u>	<u>12,030,785</u>	<u>9,178,464</u>	<u>3,024,618</u>
	<u>21,606,020</u>	<u>25,406,097</u>	<u>22,906,050</u>	<u>20,924,762</u>	<u>18,132,164</u>	<u>7,102,154</u>
	14,554,859	14,065,120	17,906,697	16,041,128	13,426,299	12,720,393
	64,840	72,766	76,069	50,122	41,797	16,273
	396,834	396,462	335,715	307,737	240,756	113,731
	14,477	3,930	-	18,680	49,263	34,574
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>15,031,010</u>	<u>14,538,278</u>	<u>18,318,481</u>	<u>16,417,667</u>	<u>13,758,115</u>	<u>12,884,971</u>
	25,483	27,190	24,624	20,635	17,718	8,467
	-	-	-	-	-	-
	533,743	556,242	436,511	308,287	191,830	82,994
	112,548	116,500	120,516	104,897	95,965	35,019
	24,436	24,672	21,846	26,271	16,941	5,246
	103,853	96,517	59,792	45,908	15,141	12,261
	992,726	1,061,500	945,492	879,366	682,303	404,703
	444,883	405,550	549,621	567,679	486,134	272,089
	214,447	185,690	233,216	399,164	402,005	223,749
	-	-	-	1,123	3,437	2,486
	4,932	8,076	7,366	7,144	7,582	2,634
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>2,457,051</u>	<u>2,481,937</u>	<u>2,398,984</u>	<u>2,360,474</u>	<u>1,919,056</u>	<u>1,049,648</u>
	<u>17,488,061</u>	<u>17,020,215</u>	<u>20,717,465</u>	<u>18,778,141</u>	<u>15,677,171</u>	<u>13,934,619</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS, BY FUND, OF INVESTMENT INCOME (CONTINUED)

Unaudited - See Accompanying Accountants' Report  
Ten Year Summary

	2003	2002	2001	2000
<u>FIDUCIARY FUNDS</u>				
General Government Expendable Trusts	\$ -	\$ -	\$ 1,016	\$ 934
School Nonexpendable Trusts	-	-	11,225	10,648
General Government Nonexpendable Trusts	-	-	11,923	11,562
Library Stanton Endowment Trust	-	-	2,309	885
Joseph B. Knowles Trust	-	-	35,677	40,684
Davidson County Employees' Retirement	-	-	139	85
Metropolitan Employees' Benefit Trust	24,143,217	29,512,470	28,692,924	259,093,239
Employees' Pension and Insurance	12,985	13,812	31,712	-
Teachers' Retirement Plan	3,017,670	5,642,235	4,234,386	29,682,800
School Expendable Trusts	-	-	1,122	1,091
Closed City Plan	-	427	316	105
Teachers' Civil Service and Pension	9,113	11,838	16,810	-
Metropolitan Employees' Flexible Benefits Plan	15,546	33,086	3,624	1,057
Employee Deferred Compensation Plan	-	-	-	-
Total fiduciary funds	27,198,531	35,213,868	33,043,183	288,843,090
<u>COMPONENT UNITS</u>				
Governmental Types:				
Nashville District Management Corporation	2,127	7,577	25,908	23,820
Sports Authority	321,233	936,573	2,330,867	1,418,850
Proprietary Types:				
Hospital Authority:				
Bordeaux Hospital	165,924	208,616	361,075	367,529
Metropolitan Development and Housing Agency	1,338,482	2,156,694	2,386,482	1,786,109
Electric Power Board	3,196,028	7,371,988	6,478,484	6,332,734
Metropolitan Transit Authority	44,031	87,425	50,339	32,399
Nashville Thermal Transfer Corporation	52,236	206,155	1,220,107	1,043,420
Metropolitan Nashville Airport Authority	3,583,967	3,949,999	6,593,176	4,304,079
Emergency Communications District	49,498	95,516	138,521	132,751
Industrial Development Board	6,269	6,647	9,814	9,337
Nashville Public Television Council, Incorporated	-	-	-	-
WPLN Educational Foundation	-	-	-	-
Total component units	8,759,795	15,027,190	19,594,773	15,451,028
GRAND TOTAL	\$ 54,044,293	\$ 82,162,219	\$ 96,156,529	\$ 346,335,174

1999	1998	1997	1996	1995	1994
\$ 835	\$ 861	\$ 800	\$ 800	\$ 904	\$ 428
9,908	8,271	5,676	5,810	6,510	4,648
10,503	10,812	10,041	10,490	10,975	6,282
-	-	-	-	-	-
500,511	36,954	56,046	55,964	67,998	55,399
568	711	511	831	859	684
141,510,021	142,512,101	156,536,847	132,033,715	97,963,924	8,768,702
-	12,744	9,744	15,279	15,425	8,638
11,498,129	15,624,813	15,072,975	11,304,908	13,902,530	797,405
1,008	1,020	895	886	1,229	794
770	1,692	867	2,163	1,767	7,468
-	11,533	10,562	15,396	14,812	7,108
377	-	-	-	-	-
12,594,002	-	-	-	-	-
<u>166,126,632</u>	<u>158,221,512</u>	<u>171,704,964</u>	<u>143,446,242</u>	<u>111,986,933</u>	<u>9,657,556</u>
-	-	-	-	-	-
494,312	816,965	808,409	507,860	-	-
116,517	164,642	-	19,569	-	-
1,741,291	1,566,057	1,205,511	1,347,505	718,369	523,376
8,377,301	5,703,676	6,632,640	4,976,679	5,582,950	4,999,247
48,659	84,098	83,143	120,622	126,732	77,297
1,290,755	2,500,464	1,429,113	824,770	812,165	404,694
5,977,421	6,496,266	6,331,158	6,661,513	7,001,334	6,205,215
155,156	107,567	101,655	145,810	110,272	71,245
3,197	-	-	-	-	-
84,051	87,673	89,756	105,835	86,610	58,351
-	-	138,335	456,057	305,483	321,189
<u>18,288,660</u>	<u>17,527,408</u>	<u>16,819,720</u>	<u>15,166,220</u>	<u>14,743,915</u>	<u>12,660,614</u>
<u>\$ 223,509,373</u>	<u>\$ 218,175,232</u>	<u>\$ 232,148,199</u>	<u>\$ 198,315,365</u>	<u>\$ 160,540,183</u>	<u>\$ 43,354,943</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RATIO OF NET GENERAL OBLIGATION DEBT TO  
ASSESSED VALUE AND NET DEBT PER CAPITA  
GENERAL AND URBAN SERVICES DISTRICTS

Unaudited – See Accompanying Accountants' Report

Ten Year Summary

Fiscal Year Ending June 30	Population (1)	Assessed Valuation (in thousands)	Gross Debt	Debt Service Monies Available	Debt Payable From Sources Other Than Property Taxes	Net Debt	Ratio of Net Debt to Assessed Valuation	Net Debt Per Capita
1994	523,000	\$ 7,645,927	\$ 473,283,540	\$ 77,566,919	\$ 43,981,255	\$ 351,735,366	4.60 %	\$ 672.53
1995	525,700	7,809,223	693,075,000	68,292,173	41,294,896	583,487,931	7.47	1,109.93
1996	530,000	7,949,117	733,955,000	70,330,323	40,711,969	622,912,708	7.84	1,175.31
1997	536,700	8,192,587	792,420,000	70,552,736	36,978,998	684,888,266	8.36	1,276.11
1998	538,800	10,647,934	908,095,000	79,899,351	39,815,699	788,379,950	7.40	1,463.21
1999	541,500	10,895,718	1,038,960,000	103,509,799	35,728,961	899,721,240	8.26	1,661.54
2000	539,500	11,087,336	989,705,000	120,991,318	31,507,203	837,206,479	7.55	1,551.82
2001	576,000	11,390,200	1,196,320,000	156,401,726	26,938,984	1,012,979,290	8.89	1,758.64
2002	582,500	13,373,373	1,187,245,000	162,065,583	22,359,946	1,002,819,471	7.50	1,721.58
2003	571,200	13,463,419	1,114,990,000	163,736,722	17,562,681	933,690,597	6.94	1,634.61

The following computation is an excerpt from the above schedule reflecting the Ratio of Net General Debt to Assessed Valuation and Net Debt per Capita for the Urban Services District.

URBAN SERVICES DISTRICT

Fiscal Year Ending June 30	USD Assessed Valuation (in thousands)	Gross Debt	Debt Service Monies Available	Debt Payable From Sources Other Than Property Taxes	Net Urban Debt	Ratio of Net Urban Debt to Assessed Valuation
1994	\$ 5,536,342	\$ 70,318,168	\$ 8,203,446	\$ 1,485,000	\$ 60,629,722	1.10 %
1995	5,542,873	65,402,384	8,111,557	1,190,000	56,100,827	1.01
1996	5,567,272	60,195,078	7,394,561	895,000	51,905,517	0.93
1997	5,691,540	54,916,711	7,500,546	625,000	46,791,165	0.82
1998	7,303,139	49,244,014	7,610,077	350,000	41,283,937	0.57
1999	7,491,537	43,983,233	7,518,805	250,000	36,214,428	0.48
2000	7,579,090	38,924,866	9,209,833	200,000	29,515,033	0.39
2001	7,752,880	57,123,764	10,914,932	-	46,208,832	0.60
2002	9,029,225	109,694,679	11,769,673	-	97,925,006	1.08
2003	9,022,873	97,896,614	13,230,403	-	84,666,211	0.94

(1) Source: Nashville Area Chamber of Commerce end of calendar year estimate. Population estimates are not available for the Urban Services District.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 COMPUTATION OF NET GENERAL OBLIGATION DEBT AND LEGAL DEBT MARGIN

For the Year Ended June 30, 2003

Unaudited - See Accompanying Accountants' Report

COMPUTATION OF NET GENERAL OBLIGATION DEBT

Gross General Obligation Debt		\$ 1,114,990,000
Less:		
Amounts available in debt service funds	\$ 163,736,722	
Debt payable from other sources:		
Hotel Occupancy Tax:		
Convention Center Project:		
G.O. Refunding Bonds of 1993	13,721,195	
G.O. Multi-Purpose Improvement Bonds, Series 1997A	3,841,486	
Total deductions		181,299,403
Net General Obligation Debt		\$ 933,690,597

COMPUTATION OF LEGAL DEBT MARGIN

Assessed valuation of taxable property - Urban Services District*		\$ 9,022,873,427
Debt limit - 15 percent of assessed valuation		\$ 1,353,431,014
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 97,896,614	
Less:		
Amounts available in debt service funds	13,230,403	
Total amount of debt applicable to debt limit		84,666,211
Legal debt margin		\$ 1,268,764,803

\* Computation of Legal Debt Margin for the General Services District has been omitted since there is no legal debt margin.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Expenditures (1)	Percentage of Debt Service to Total General Expenditures
1994	\$ 30,179,281	\$ 25,531,045	\$ 55,710,326	\$ 814,190,356	6.8 %
1995	33,803,551	30,625,128	64,428,679	857,602,119	7.5
1996	34,000,000	37,839,664	71,839,664	919,715,672	7.8
1997 (2)	38,425,000	41,920,736	80,345,736	992,121,050	8.1
1998	44,980,000	43,641,607	88,621,607	1,074,880,034	8.3
1999 (2)	49,420,000	46,717,182	96,137,182	1,134,887,435	8.5
2000	49,255,000	53,069,165	102,324,165	1,103,726,129	9.2
2001	55,780,000	49,030,337	104,810,337	1,110,942,057	9.4
2002	67,140,000	64,858,689	131,998,689	1,307,461,330	10.0
2003 (3)	76,525,000	59,109,289	135,634,289	1,379,369,427	9.8

(1) Includes General, Special Revenue and Debt Service Funds, excluding the Correctional Facility Revenue Bonds.

(2) For comparability, amounts do not include refunding bond issue costs.

(3) For comparability, amounts do not include refunding bond issue costs. Amounts include contractual services.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF WATER AND SEWERAGE SERVICES

REVENUE BOND COVERAGE

WATER AND SEWER BONDS

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

Fiscal Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available For Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
1994	\$ 145,670,018	\$ 59,489,817	\$ 86,180,201	\$ 14,755,000	\$ 30,968,371	\$ 45,723,371	1.88
1995	154,324,761	60,623,957	93,700,804	11,170,000	30,587,478	41,757,478	2.24
1996	169,464,764	66,236,000	103,228,764	13,540,000	29,356,630	42,896,630	2.41
1997	177,596,299	68,314,616	109,281,683	14,595,000	28,177,081	42,772,081	2.56
1998	172,652,938	68,202,948	104,449,990	17,020,000	23,921,894	40,941,894	2.55
1999	174,202,606	64,704,368	109,498,238	10,630,000	31,393,965	42,023,965	2.61
2000	167,301,178	65,320,626	101,980,552	13,480,000	30,916,020	44,396,020	2.30
2001	172,444,608	65,853,207	106,591,401	14,050,000	30,284,920	44,334,920	2.40
2002	166,434,940	68,006,243	98,428,697	19,680,000	29,615,490	49,295,490	2.00
2003	155,559,547	65,397,607	90,161,940	20,190,000	28,620,637	48,810,637	1.85

(1) Includes interest on investments and other income.

(2) Excludes depreciation and amortization expense.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
SCHEDULE OF INSURANCE

Unaudited - See Accompanying Accountants' Report

June 30, 2003

<u>EXPOSURE</u>	<u>COVERAGE</u>	<u>INSURANCE IN FORCE</u>
I. Property Building and Contents	All Risk	Combined property insurance plan with other Metro entities with a total building and contents limit of \$4,810,920,304. Metro's portion totals \$2,356,174,472. Per occurrence deductible of \$10,000 subject to an annual loss aggregate of \$5,000,000, which is funded by the participating entities. Values adjusted annually.
Boiler and Machinery		Annual inspection service by Boiler Inspection Division of the Tennessee Department of Labor.
II. Liability	Legal liability for bodily injury and property damage to the public	Limits of liability established by the Government Tort Liability Act, TCA Section 29-20-101, et. seq. Coverage provided in Self-Insured Liability Claims Fund.
Vehicles		\$250,000 per person/\$600,000 per accident bodily injury and \$85,000 per accident property damage - Self-Insured Liability Claims Fund.
Non-vehicle		Excess automobile liability coverage on out-of-state travel of Metro vehicles - \$1,000,000 per accident-commercial insurance.  \$250,000 per person/\$600,000 per accident bodily injury and \$85,000 per accident property damage.  Governmental functions - Self-Insured Judgment/Losses Claims Fund. Proprietary functions - Self-Insured Liability Claims Fund.  Excess liability coverage for police helicopters \$5,000,000. Also ACV coverage on the hulls.
III. Vehicle Physical Damage	Comprehensive on Metro owned vehicles	Self-Insured Liability Claims Fund. \$10,000,000 coverage with \$100,000 deductible is in force for catastrophe coverage on School Buses.
	Collision-leased vehicles only	Self-Insured Liability Claims Fund.
IV. Bonds	Blanket on all employees with certain exceptions	\$100,000 per person. \$10,000 per loss deductible to be paid by Department. Coverage provided in Self-Insured Liability Claims Fund.
Employee Dishonesty		
Faithful performance	Loss caused by failure of official to faithfully perform duty	Certain elected officials as required by Tennessee Statutes and Metro Charter - Limits vary.
Surety	Loss caused by acts of official	Certain officials as required by Tennessee Statutes and Metro Charter - Limits vary.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SUMMARY OF SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

Unaudited - See Accompanying Accountants' Report

June 30, 2003

NAME OF OFFICIAL	TITLE	ANNUAL SALARY	AMOUNT OF SURETY BOND
William P. Purcell, III	Mayor	\$ 75,000	\$ 50,000
David Manning	Director of Finance	141,750	250,000
Celia Kirby	Treasurer	88,160	2,000,000
Stephen B. Gordon	Purchasing Agent	79,493	25,000
Mitzi F. Martin	Chief Accountant	80,066	25,000
John W. Lynch	Human Resources Director	113,300	25,000
Richard R. Rooker	Circuit Court Clerk	91,455	50,000
Richard R. Rooker	Probate Clerk	-	250,000
William B. Garrett, Jr.	Register of Deeds	92,280	25,000
Charles E. Cardwell	Trustee	100,969	12,000,000
William R. Covington	County Clerk	100,969	500,000
David Torrence	Criminal Court Clerk	100,969	150,000
J. Daron Hall	Sheriff	111,066	50,000
Jo Ann North	Assessor of Property	100,969	10,000
Claudia Bonnyman	Clerk & Master	92,969	50,000
Vic Lineweaver	Juvenile Court Clerk	96,255	50,000
Monica D. Edwards	Public Guardian	-	200,000
Peggy Duncan Mathes	Public Administrator	-	100,000
Thomas H. Ware	Public Trustee	-	100,000
Richard Rooker	Commissioner & Receiver	-	5,000
Richard Rooker	Official Revenue	-	25,000
Will Lansdown	Collection Officer	66,552	200,000

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEMOGRAPHIC STATISTICS

Unaudited – See Accompanying Accountants' Report

POPULATION GROWTH

The following table sets forth information concerning population growth in Nashville. Comparison with the State, the MSA, and the United States serve to illustrate relative growth.

Area	1980	1990	% Change 1980-1990	2002	Estimated 2003	% Change 1990-2003
Nashville/Davidson (1)	477,811	510,786	6.9 %	570,785	571,233	11.8 %
MSA (1)	850,505	985,026	15.8	1,270,520	1,290,592	31.0
State (1)	4,591,120	4,890,640	6.5	5,797,289	5,852,062	19.7
United States (2)	226,545,805	248,709,925	9.8	288,368,698	291,905,824	17.4

Source: Population is from the U.S. Department of Commerce, Bureau of the Census except for "Estimated 2003" which are from the following sources:

(1) Nashville/Davidson, MSA, and State estimates for 2003 are from projections based on existing population and growth rates.

(2) Bureau of the Census.

EMPLOYMENT

The following table shows changes in the major categories of non-agricultural employment within the MSA.

Employment By Industry (in thousands)

Industry	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	% Change 02 vs. 93
Manufacturing	86.3	92.0	92.9	89.1	88.5	88.7	89.2	88.3	84.6	79.4	-8.0 %
Wholesale Trade	29.6	31.9	32.9	33.0	34.2	34.9	34.5	33.7	33.8	32.5	9.8
Retail Trade	64.9	65.8	69.0	71.9	74.4	76.8	78.9	81.0	79.1	75.4	16.2
Construction	22.3	25.4	27.4	29.5	31.3	32.2	33.2	34.3	32.4	31.0	39.0
Natural Resources and Mining	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.4	0.4	-33.3
Financial Activities	36.8	38.1	40.3	42.8	44.2	47.2	48.1	46.2	43.6	43.1	17.1
Professional and Business Services	48.6	54.1	58.7	62.8	67.3	73.9	82.5	88.2	86.2	91.0	87.2
Information	17.1	17.7	18.9	19.0	19.3	20.8	20.6	21.1	22.8	22.0	28.7
Government	72.5	75.4	76.2	77.9	80.7	82.5	84.4	85.8	87.2	88.0	21.4
Leisure and Hospitality	51.5	54.8	57.8	60.3	63.6	63.1	65.3	68.0	67.8	68.3	32.6
Trade, Transportation and Utilities	116.7	119.4	123.4	125.9	130.1	134.6	137.5	139.8	138.9	132.7	13.7
Total	546.9	575.2	598.1	612.8	634.2	655.3	674.8	686.9	676.8	663.8	21.4

Source: Bureau of Labor Statistics web site.

Note: The Bureau of Labor Statistics converted from the 1987 Standard Industrial Classification System (SIC) to the 2002 North American Industry Classification System (NAICS) effective March 2003 with the release of the January 2003 data. The above chart was adjusted to the new format.

UNEMPLOYMENT RATES

The following table sets forth the unemployment rates in Nashville, the MSA, the State and the United States for the calendar years 1993-2002.

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
	%	%	%	%	%	%	%	%	%	%
Davidson County	3.9	3.0	3.3	3.2	3.4	2.6	2.9	2.8	3.1	4.0
MSA	4.1	3.1	3.4	3.3	3.5	2.7	2.7	2.8	3.3	4.0
State	5.7	4.8	5.2	5.2	5.4	4.2	4.0	3.9	4.4	5.1
United States	6.9	6.1	5.6	5.4	4.9	4.5	4.2	4.0	4.7	5.8

Source: Bureau of Labor Statistics web site.

The Metropolitan Government of Nashville and Davidson County, Tennessee

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2003

Report continues on next page.

Prepared by  
Department of Finance  
David L. Manning, Director of Finance  
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CONSTRUCTION AND BANK DEPOSITS

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

Calendar Year	Residential Construction		Non-Residential Construction		Repairs, Alterations and Installations	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
1993	2,080	\$ 229,048,197	690	\$ 211,969,848	6,385	\$ 284,604,823
1994	2,038	269,904,628	962	451,157,419	5,979	308,124,028
1995	2,335	427,057,950	987	267,735,281	5,566	304,314,632
1996	2,240	424,966,770	1,091	239,280,249	5,231	315,359,663
1997	2,240	376,003,886	1,036	492,917,275	5,307	271,749,797
1998	2,487	397,690,382	1,040	498,439,904	5,805	357,775,227
1999	2,686	508,776,654	1,206	697,396,351	4,740	397,754,933
2000	2,421	444,626,418	1,010	386,428,784	4,673	479,932,778
2001	2,975	521,311,880	896	354,527,042	4,146	336,595,779
2002	2,846	476,572,494	851	173,707,294	4,302	405,697,860

- (1) Includes moved residential buildings, house trailers, and the demolition of residential and non-residential buildings and sign and billboard permits.
- (2) December 31 call figures. Source: Federal Reserve Bank of Atlanta. These figures represent banks headquartered in Nashville, Tennessee, and it only captures deposits held in their Nashville branches.
- (3) On December 31, 1999 First American National Bank merged with AmSouth Bank, Birmingham, Alabama. On March 2, 1999 Nashville Bank of Commerce, merged into National Bank of Commerce, Memphis, Tennessee.

<u>Other (1)</u>		<u>Bank</u>
<u>Number of</u>		<u>Deposits (2)</u>
<u>Permits</u>	<u>Value</u>	<u>(In Thousands)</u>
1,501	\$ 16,570,248	\$ 14,605,341
1,545	9,524,180	16,047,632
1,473	10,103,598	17,326,157
1,363	11,902,259	17,792,958
1,504	10,417,506	16,839,875
1,466	14,520,549	18,182,241
1,455	18,187,549	3,285,759 (3)
1,272	11,960,044	588,854
1,179	14,962,413	511,238
1,433	20,029,867	1,108,038



## ENERGY

Nashville has abundant energy resources.

### ELECTRICITY

Nashville Electric Service is connected to the Tennessee Valley Authority system at 24 interchange points with a total infeed capacity of 4,670,500 kilovolt amperes. Total 2003 megawatt hour sales were approximately 12,233,427. Rates average approximately 6.03 cents per kilowatt hour.

### GAS

Natural gas is available to the majority of citizens and businesses in Nashville and Davidson County and its surrounding counties. Nashville Gas is the local distribution company that provides natural gas services to Davidson County and the surrounding Metropolitan Nashville area.

OTHER FUELS: Fuel Oil and LP Gas Available

### TREATED WATER

Source: Cumberland River  
Capacity: 180,000,000 Gallons/Day; 125,000 Gallons/Minute  
Average Daily Consumption: 85,000,000 Gallons

### SEWAGE TREATMENT

Type: Activated Sludge  
Capacity: 400,000,000 Gallons/Day  
Average Daily Treatment: 150,330,000 Gallons/Day  
City Sanitary Sewer Coverage: 59% of County  
Storm Water Sewer Coverage: 25% of County

### SOLID WASTE MANAGEMENT

Composting, Landfills, and Recycling

## COMMUNITY FACILITIES

### EDUCATION

State and local Industrial/Vocational Training Available  
Schools (K-12): 115 Public, 46 Private  
Colleges: 19, including 2 Medical Schools  
Libraries: 1,128,177 volumes

### MEDICAL

Hospitals:	14	Beds:	3,943
Doctors:	2,791		
Dentists:	440		

### RELIGIOUS

600+ facilities of numerous denominations

## RECREATIONAL FACILITIES

Parks: 90 (9,345 acres)  
Golf Courses: 8 Public, 10 Private  
Swimming Pools: 17  
Country Clubs: 11 (Private)  
Bowling Alleys: 13  
Lakes: 2 with boating and camping facilities  
Tennis Courts: 160

### Other

Tennessee Titans (NFL); Nashville Predators (NHL);  
Nashville Sounds (AAA Baseball)  
State Fair Grounds; City Wave-Action Pool  
Home of the "Grand Ole Opry" -  
a live weekly spectacular featuring the biggest names in country music. Originating in 1925, it is the longest-running continuous radio show on the air.  
Wildhorse Saloon; Rain Forest Café  
Nashville Speedway; Nashville Metros (Soccer); Nashville Zoo

Hotels and Motels - 27,500 rooms  
Largest Meeting Room Capacity: 50,000 sq. ft.  
Restaurants: 1,098

## FINE ARTS FACILITIES

Frist Center for the Visual Arts  
Tennessee Performing Arts Center  
Tennessee State Museum  
The Parthenon (a full-scale replica of the original)  
Cheekwood: Nashville's Home of Arts and Gardens  
Van Vechten Gallery at Fisk University  
Numerous Private Theaters and Historical Museums

## MUSIC

Nashville Symphony Orchestra  
Nashville Symphony Chorus  
Nashville Chamber Orchestra  
Ryman Auditorium  
Gaylord Entertainment Center  
Blair School of Music, Vanderbilt University  
Several Jazz Ensembles  
Offices of Most Major Recording Labels  
Nashville Opera

## DRAMA AND ART

Tennessee Repertory Theatre  
Circle Players  
Touring and University Productions  
Several Community / Professional Theatres  
Nashville Independent Film Festival  
Many Craft Fairs  
Nashville Children's Theatre

## DANCE

Nashville Ballet

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

MISCELLANEOUS STATISTICS (CONTINUED)

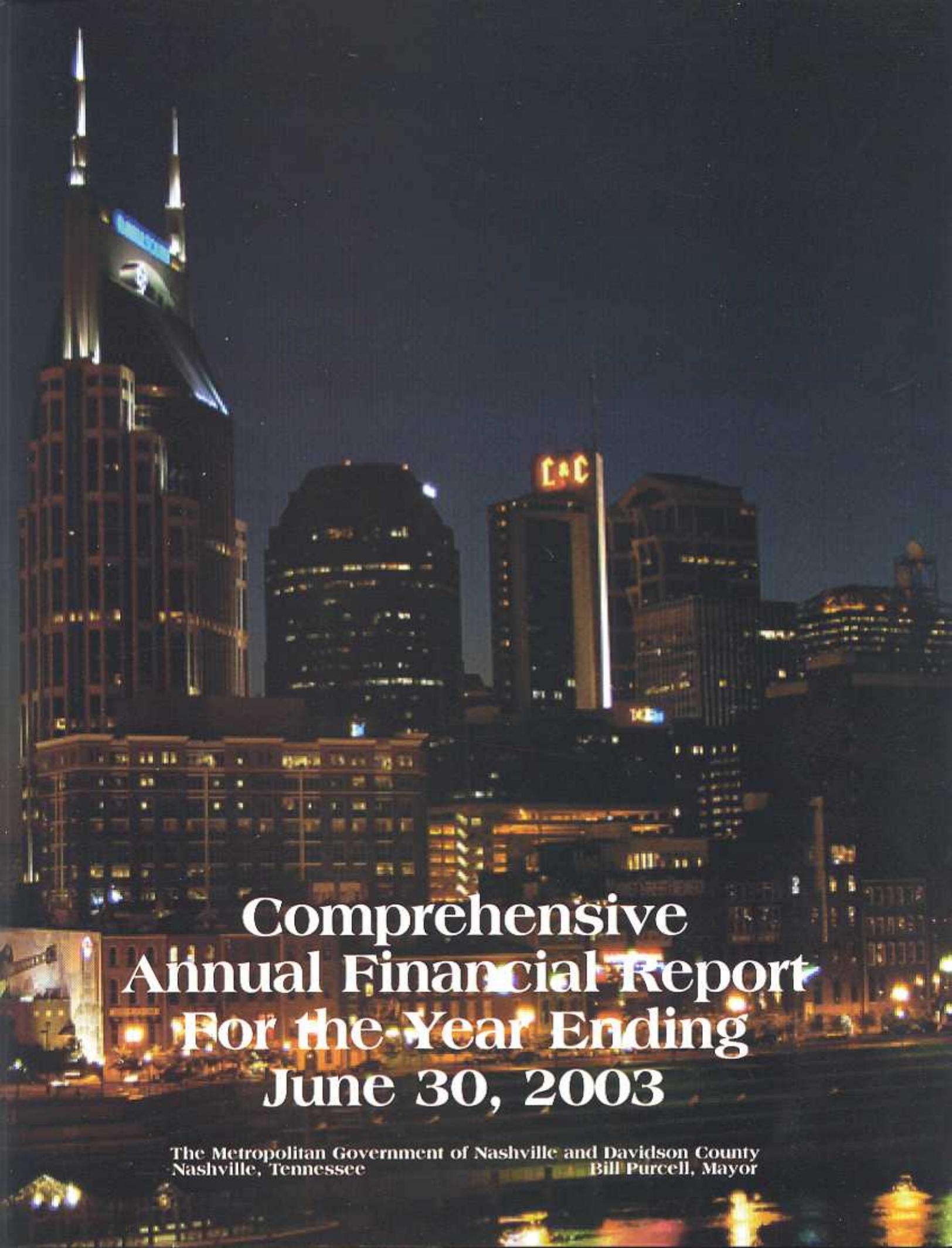
Unaudited - See Accompanying Accountants' Report

June 30, 2003

Twenty-five Largest Employers in the Nashville MSA, excluding government agencies	Number of Employees
1. Vanderbilt University and Medical Center*	13,601
2. HCA (including Tri-Star Health System)*	10,525
3. Saturn Corporation	7,609
4. Nissan Motor Manufacturing	6,500
5. Saint Thomas Health Services*	5,790
6. Gaylord Entertainment* (including Opryland Hotel and attractions)	4,950
7. Shoney's Incorporated*	3,670
8. Kroger Company*	3,350
9. CBRL Group Inc.* (Cracker Barrel and Logan's Roadhouse Restaurants)	3,275
10. Dell Computer Corporation	3,000
11. BellSouth	3,000
12. Bridgestone/Firestone*	2,900
13. Ingram Industries Incorporated*	2,880
14. Wal-Mart Stores Incorporated	2,645
15. Trane Company	2,550
16. United Parcel Service	2,445
17. Century II Staffing*	2,376
18. The Tennessean*	2,100
19. State Industries*	1,980
20. Maury Regional Hospital	2,015
21. O'Charley's Incorporated*	1,850
22. Whirlpool Corporation	1,800
23. A.O. Smith Water Products*	1,800
24. The Aerostructures Corporation*	1,707
25. PRIMUS Automotive Financial Services*	1,700

\*Indicates National, State or Corporate Headquarters

Source: Nashville Area Chamber of Commerce, *Largest Employers in the Nashville MSA, 2001*



**Comprehensive  
Annual Financial Report  
For the Year Ending  
June 30, 2003**

The Metropolitan Government of Nashville and Davidson County  
Nashville, Tennessee

Bill Purcell, Mayor