

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 - PENSION PLANS (CONTINUED)

Post - Retirement 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, 2001 totaled \$10,924,799.

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 \$1,036,344 and \$827,302, respectively, for the fiscal year ended June 30, 2001.

The post-retirement benefits for the Metro plans were authorized by the Government's charter. During the year ended June 30, 2001, 5,626 participants were eligible to receive post-retirement benefits.

Metro Board of Education

For any retiree in the Metro, City or County Education Plans who elects to participate in the Board of Education medical and dental insurance plans, the Board contributes 71% of all premium payments with the retiree contributing the remaining 29%. Funding is on a pay-as-you go basis under which payments are made in amounts sufficient to cover benefits paid. Benefits paid by the Board of Education for the fiscal year ended June 30, 2001 totaled \$5,656,587. During the year ended June 30, 2001, 2,305 participants were eligible to receive post-retirement benefits. The post-retirement benefits for teachers of the Metro Board of Education 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, 457 retirees meet those eligibility requirements. Expenditures for post-retirement health care benefits are recognized as retirees report claims. Expenditures of \$4,844,663 for the year ended June 30, 2001 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, 2001, total medical benefit claims expense incurred amounted to \$580,192. Future claims cannot be estimated. At June 30, 2001, 107 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, 2001, the Metropolitan Transit Authority recognized an expense for death benefit claims totaling \$12,500. Future such claims cannot be estimated. However, at June 30, 2001, 121 retirees were covered under this plan.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 - PENSION PLANS (CONTINUED)

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, 51 retirees are receiving benefits under this PERS. During the year ended June 30, 2001, payments of \$342,149 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, 31 retirees are receiving benefits from the Metro Plan. During the year ended June 30, 2001, payments of \$91,166 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, 2001, \$433,315 of post-retirement benefits were recognized as expense.

NOTE 10 - 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.

All assets and income from the 457 plan are to be held in trust for the exclusive benefit of the participants and their beneficiaries and investment assets are carried at fair value. The financial position and results of operations of the 457 plan, the Employee Benefit Fund, are reported as an expendable trust fund. Investments of the deferred compensation plan are managed under one of 27 investment options, or a combination thereof. The choice of the investment options is made by the participants. As of September 30, 2000, \$2,760,489 had been invested by employees in the Agency's deferred compensation plan.

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 are not reflected on the balance sheet.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 - DEFERRED COMPENSATION AND PROFIT SHARING PLANS (CONTINUED)

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 \$65,196 were made for the year ended June 30, 2001.

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 balance sheet. 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 Airport Authority to this plan was \$542,278 for the year ended June 30, 2001.

NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Government maintains various enterprise funds which provide water, sewer and other services. Segment information for the year ended June 30, 2001 is summarized as follows:

Balance Sheets

	Department of Water and Sewerage Services	Nashville Convention Center	Board of Fair Commissioners	Farmers Market	Police Secondary Employment	Total Enterprise Funds
Current assets	\$ 34,986,097	\$ 2,203,110	\$ 8,811,221	\$ 761,367	\$ 502,929	\$ 47,264,724
Restricted assets	326,072,017	-	-	-	-	326,072,017
Property, plant and equipment - net	1,215,751,349	39,766,039	2,965,065	3,703,401	59,014	1,262,244,868
Other non-current assets	9,402,400	-	50,000	-	-	9,452,400
Total assets	\$ 1,586,211,863	\$ 41,969,149	\$ 11,826,286	\$ 4,464,768	\$ 561,943	\$ 1,645,034,009
Current liabilities (payable from current assets)	\$ 10,628,817	\$ 1,645,926	\$ 643,165	\$ 262,100	\$ 407,937	\$ 13,587,945
Current liabilities (payable from restricted assets)	42,794,696	-	-	-	-	42,794,696
Long-term debt-net of current maturities	574,711,393	-	-	2,340,000	-	577,051,393
Contributed capital	502,188,592	56,775,770	1,488,395	-	-	560,452,757
Retained earnings (deficit)	455,888,365	(16,452,547)	9,694,726	1,862,668	154,006	451,147,218
Total liabilities and equity	\$ 1,586,211,863	\$ 41,969,149	\$ 11,826,286	\$ 4,464,768	\$ 561,943	\$ 1,645,034,009

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

NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONTINUED)

Statements of Income (Loss)

	Department of Water and Sewerage Services	Nashville Convention Center	Board of Fair Commissioners	Farmers Market	Police Secondary Employment	Total Enterprise Funds
Operating revenues	\$ 152,171,853	\$ 3,777,918	\$ 3,308,160	\$ 826,510	\$ 2,405,234	\$ 162,489,675
Operating expenses	108,157,840	6,412,851	3,684,582	924,954	2,212,062	121,392,289
Operating income (loss)	44,014,013	(2,634,933)	(376,422)	(98,444)	193,172	41,097,386
Nonoperating revenue (expense):						
Interest income	19,065,879	106,990	488,949	42,721	422	19,704,961
Interest expense	(34,640,036)	-	-	(140,588)	-	(34,780,624)
Arbitrage expense	(1,511,034)	-	-	-	-	(1,511,034)
Gain (loss) on sale of property	1,186	(315)	1,755	-	-	2,626
Other	1,205,690	-	-	-	-	1,205,690
Income (loss) before operating transfers and capital grants and contributions	28,135,698	(2,528,258)	114,282	(196,311)	193,594	25,719,005
Operating transfers in	131,718	1,202,334	-	260,588	-	1,594,640
Operating transfers out	(379,850)	-	(20,000)	-	(98,093)	(497,943)
Capital grants and contributions	18,431,359	-	-	-	-	18,431,359
NET INCOME (LOSS)	\$ 46,318,925	\$ (1,325,924)	\$ 94,282	\$ 64,277	\$ 95,501	\$ 45,247,061

Other Data

Property, plant and equipment:						
Additions	\$ 45,380,866	\$ -	\$ 901,197	\$ -	\$ 60,000	\$ 46,342,063
Disposals	1,235,864	25,267	-	-	-	1,422,589
Depreciation and amortization expense	42,304,633	1,190,480	303,433	156,491	986	43,956,023
Net working capital	24,357,280	557,184	8,168,056	499,267	94,992	33,676,779

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - CONDENSED FINANCIAL STATEMENTS FOR COMPONENT UNITS

The financial statements of the Government include various component units which provide housing, health care, electric, heating, transportation and other services. Condensed financial statements for the year ended June 30, 2001 of the major component units are as follows:

Governmental Types

Condensed Balance Sheets

	Nashville District Management Corporation	Sports Authority	Total Governmental Types
Cash and cash equivalents	\$ 434,189	\$ 26,444,260	\$ 26,878,449
Investments	-	17,373,585	17,373,585
Due from the primary government	-	61,845	61,845
Property, plant and equipment (including general fixed assets) - net	-	418,969,497	418,969,497
Amount available in debt service funds	-	4,912,860	4,912,860
Amount to be provided for retirement of long-term debt	-	88,837,140	88,837,140
Other assets	30,582	788,292	818,874
	<u>30,582</u>	<u>788,292</u>	<u>818,874</u>
 Total assets	 <u>\$ 464,771</u>	 <u>\$ 557,387,479</u>	 <u>\$ 557,852,250</u>
Accounts payable	\$ 91,555	\$ 20,055,011	\$ 20,146,566
Due to the primary government	-	1,162,322	1,162,322
Other liabilities	-	26,408	26,408
Revenue bonds and other liabilities payable	-	93,750,000	93,750,000
Fund equity	373,216	442,393,738	442,766,954
	<u>373,216</u>	<u>442,393,738</u>	<u>442,766,954</u>
 Total liabilities and fund equity	 <u>\$ 464,771</u>	 <u>\$ 557,387,479</u>	 <u>\$ 557,852,250</u>

Condensed Statements of Revenues, Expenditures and Changes in Fund Balances

Total revenues	\$ 25,908	\$ 11,408,774	\$ 11,434,682
Current expenditures	497,535	24,815,403	25,312,938
Capital outlay expenditures	-	168,178	168,178
Debt service expenditures	-	7,390,084	7,390,084
	<u>497,535</u>	<u>32,373,665</u>	<u>32,871,200</u>
 Total expenditures	 <u>497,535</u>	 <u>32,373,665</u>	 <u>32,871,200</u>
Excess (deficiency) of revenues over expenditures	(471,627)	(20,964,891)	(21,436,518)
Operating transfers from the primary government	546,071	5,097,533	5,643,604
	<u>546,071</u>	<u>5,097,533</u>	<u>5,643,604</u>
 Excess (deficiency) of revenues and operating transfers over expenditures	 <u>\$ 74,444</u>	 <u>\$ (15,867,358)</u>	 <u>\$ (15,792,914)</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - CONDENSED FINANCIAL STATEMENTS FOR COMPONENT UNITS (CONTINUED)

Proprietary Types

	<u>Condensed Balance Sheets</u>						
	Hospital Authority	Metropolitan Development and Housing Agency	Electric Power Board	Nashville Thermal Transfer Corporation	Metropolitan Nashville Airport Authority	Other Proprietary Types	Total Proprietary Types
Current assets	\$ 25,940,910	\$ 59,125,393	\$ 128,176,282	\$ 4,039,668	\$ 34,098,535	\$ 8,599,779	\$ 259,980,567
Due from the primary government	87,005	-	-	270,920	-	349	358,274
Restricted assets	106,485	1,413,428	130,370,341	21,462,938	159,986,401	63	313,339,656
Notes receivable	-	15,763,346	4,247,295	-	3,465,391	-	23,476,032
Property, plant and equipment - net	63,717,445	164,679,798	554,118,810	38,995,236	382,448,598	27,422,546	1,231,382,433
Other non-current assets	-	48,546,314	2,863,129	725,885	6,163,158	-	58,298,486
Total assets	\$ 89,851,845	\$ 289,528,279	\$ 819,775,857	\$ 65,494,647	\$ 586,162,083	\$ 36,022,737	\$ 1,886,835,448
Current liabilities (payable from current assets)	\$ 28,463,193	\$ 26,301,479	\$ 111,279,564	\$ 847,830	\$ 6,302,555	\$ 2,346,483	\$ 175,541,104
Due to the primary government	268,427	-	-	415	-	2,005,701	2,274,543
Current liabilities (payable from restricted assets)	149,729	118,627	2,173,545	7,538,266	24,059,688	-	34,039,855
Long-term debt - net of current maturities	43,458,181	68,875,308	392,308,573	63,489,752	397,405,161	786,153	966,323,128
Fund equity (deficit)	17,512,315	194,232,865	314,014,175	(6,381,616)	158,394,679	30,884,400	708,656,818
Total liabilities and fund equity	\$ 89,851,845	\$ 289,528,279	\$ 819,775,857	\$ 65,494,647	\$ 586,162,083	\$ 36,022,737	\$ 1,886,835,448

Condensed Statements of Revenues, Expenses and Changes in Retained Earnings

Operating revenues	\$ 70,527,324	\$ 14,809,149	\$ 716,539,694	\$ 12,526,044	\$ 54,750,919	\$ 13,063,566	\$ 882,216,696
Operating expenses	111,780,326	158,759,808	696,313,793	18,863,751	49,055,352	30,296,186	1,065,069,216
Operating income (loss)	(41,253,002)	(143,950,659)	20,225,901	(6,337,707)	5,695,567	(17,232,620)	(182,852,520)
Nonoperating revenue (expense)	612,806	138,121,408	(11,091,001)	(3,123,244)	(886,140)	1,112,837	124,746,666
Income (loss) before operating transfers and capital grants and contributions	(40,640,196)	(5,829,251)	9,134,900	(9,460,951)	4,809,427	(16,119,783)	(58,105,854)
Operating transfer from (to) the primary government and component units - net	35,231,510	4,847,070	(52,814)	11,613,563	530,062	7,252,266	59,421,657
Capital grants and contributions	158,068	-	-	-	-	10,132,951	10,291,019
Net income (loss)	\$ (5,250,618)	\$ (982,181)	\$ 9,082,086	\$ 2,152,612	\$ 5,339,489	\$ 1,265,434	\$ 11,606,822

Other Data

Capital contributions	\$ 158,068	\$ 9,853,178	\$ -	\$ -	\$ -	\$ 10,132,951	\$ 20,144,197
Depreciation and amortization	4,503,133	7,879,524	23,790,221	5,311,497	15,880,649	8,757,981	66,123,005

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 - 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, 2001.

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, 2001, the leased building is carried in the enterprise funds at \$3,645,000, less accumulated depreciation of \$463,219. A summary of future minimum lease payments and the present value of future lease payments for the capitalized lease as of June 30, 2001 is as follows:

<u>Year Ending June 30,</u>	
2002	\$ 259,708
2003	258,438
2004	256,892
2005	260,008
2006	257,540
Thereafter	<u>2,319,545</u>
Total future minimum lease payments	3,612,131
Less:	
Amount representing interest imputed at 7.5%	1,147,131
Current portion of capital lease	<u>125,000</u>
Long-term capitalized lease obligation	<u>\$ 2,340,000</u>

Component Units

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.

A summary of future minimum lease payments and the present value of future lease payments for the capitalized lease as of June 30, 2001 is as follows:

<u>Year Ending June 30,</u>	
2002	\$ 4,000,000
2003	4,000,000
2004	4,000,000
2005	4,000,000
2006	4,000,000
Thereafter	<u>73,666,662</u>
Total future minimum lease payments	93,666,662
Less:	
Amount representing interest imputed at 7.5%	49,570,437
Current portion of capital lease	<u>719,970</u>
Long-term capitalized lease obligation	<u>\$ 43,376,255</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 – LEASES (CONTINUED)

At June 30, 2001, 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 \$5,733,333.

General Hospital also has a capital lease agreement with United Telephone – Southeast, Inc., doing business as Sprint, for a telephone system. Under the terms of the Sprint lease agreement, the Hospital will lease the telephone equipment for 5 years at a cost of \$10,807 per month. Lease payments began in February of 1998. A summary of future minimum lease payments required under the agreements as of June 30, 2001 follows:

<u>Year Ending June 30,</u>	
2002	\$ 129,689
2003	<u>86,422</u>
Total future minimum lease payments	216,111
Less:	
Amount representing interest imputed at 14.41%	25,051
Current portion of capital lease	<u>109,134</u>
Long-term capitalized lease obligation	<u>\$ 81,926</u>

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, 2000 were \$98,379, 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 \$8,125,000. Rental income from other cancelable operating leases amounted to \$475,471 for the year ended September 30, 2000.

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 \$777,919 for the year ended June 30, 2001. 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 \$1,486,272 for the year ended June 30, 2001.

At November 1, 1999, the Metropolitan Transit Authority entered into a capital lease obligation for new buses with a capitalized cost of \$990,591. The future minimum lease payments required under the capital lease as of June 30, 2001, are as follows:

<u>Year Ending June 30,</u>	
2002	\$ 127,223
2003	127,223
2004	127,223
2005	127,223
2006	127,223
Thereafter	<u>445,283</u>
Total future minimum lease payments	1,081,398
Less:	
Amount representing interest imputed at 5.05%	210,929
Current portion of capital lease	<u>84,316</u>
Long-term capitalized lease obligation	<u>\$ 786,153</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 – LEASES (CONTINUED)

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 \$3,465,391 at June 30, 2001 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.

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 \$18,800 for the year ended March 31, 2001.

Certain lease agreements of the Industrial Development Board provide for the purchase of the leased facilities when all amounts due on the related bond 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. Lease agreements with purchase options that have not been exercised and remain in effect total \$300,000 at March 31, 2001.

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, 2001, rent under the long-term lease obligation was \$12,000. Future obligations over the term of the long-term lease are as follows:

Year Ending March 31,	Amount
<hr/>	<hr/>
2002	\$ 12,000
2003	12,000
2004	12,000
2005	12,000
2006	12,000
Thereafter	13,000
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Long-term capitalized lease obligation	\$ 73,000
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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances and amounts due to and due from component units at June 30, 2001 are as follows:

Fund	Receivable	Payable
Primary Government		
General Fund	\$ 7,073,972	\$ 13,038,877
Special Revenue Funds		
Metropolitan Action Commission -		
Watt Ad Program	2,448	2,496
Headstart Child Care	897	1,894
State Classroom	2	666
Administrative and Leasehold	144,428	3,691
Local Programs	-	769
Headstart Grant	106	195,313
Headstart CACFP	7,708	8,341
LIHEAP Grant	-	14,444
CSBG Grant	54,878	18,594
Summer Food Program	67	315,879
Headstart Expansion	124,793	18,126
Parks & Recreation Special Projects	-	7,998
Parks Learn and Serve Grant	-	305
General Fund 4% Reserve	2,188,202	723,509
Local Law Enforcement Block Grant of 1999	29,209	77,633
Advance Planning and Research	-	200,846
Solid Waste -		
Solid Waste Operations	3,830,588	149,744
Solid Waste Grants	967	-
Solid Waste Special Projects	-	19,906
Parks Resale Inventory	-	181,624
DUI Offender Education Treatment	731	-
Public Educational & Governmental Access	-	689
Library Special Projects	3,262	6,657
Library Services	2,215	8,935
Talking Library Service	5,341	-
Airport Noise Mitigation	-	21
Hotel Occupancy Tax	-	352,778
General Government Grants	1,241,372	51,843
District Attorney Special Operations	-	14,710
District Attorney Fraud & Economic Crime	201	-
Metro Major Drug Enforcement Program	75,283	9,683
1998 Tornado Relief	-	4,571
1999 Tornado Grant	564,470	-
Police Forfeitures	204,843	368,957
Police Federal Drug Enforcement	368,957	368,957
Police Federal Forfeiture	133,981	198,781
Drug Enforcement Program	368,957	145,156
Metropolitan Board of Education -		
General Purpose School	4,900,329	1,146,985
School State & Federal Special Grant	218,108	3,370,754
School Central Storeroom	165,439	-
School Food Service Program	311,092	290,336
Local Law Enforcement Block Grant of 2000	17,952	88,638
State Trial Court Drug Enforcement	20,643	124,242
State Trial Court Drug Test	-	144

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Fund	Receivable	Payable
Primary Government (Continued)		
Special Revenue Funds (Continued)		
Juvenile Court Accountability	\$ 2,274	\$ 987
Health Title V Clean Air Act	313,295	-
Heath United Way Mobile Screen	-	500
2000 Storm Clean Up Grant	1,450	-
Community Services Agency	-	354,545
Nashville Career Advancement Center	347,281	463,072
ADA Management	285,053	3,659
Total Special Revenue Funds	15,936,822	9,317,378
Debt Service Funds		
General Services District – General Purposes	12,196,399	-
General Services District - School Purposes	2,011,869	4,927
Urban Services District - General Purposes	204,653	-
Total Debt Service Funds	14,412,921	4,927
Capital Projects Funds		
Multi-purpose Improvement Bonds of 1985 - GSD	-	7,676
Multi-purpose Improvement Bonds of 1987 - GSD	-	2,714
Multi-purpose Improvement Bonds of 1988 - GSD	-	14,959
Multi-purpose Improvement Bonds of 1990 - GSD	16,698	188,136
Multi-purpose Improvement Bonds of 1994 - GSD	-	16,620
Multi-purpose Improvement Bonds of 1999 - GSD	5,755	5,559,420
Public Improvement Bonds of 1996, Series A	-	930,036
Multi-purpose Improvement Bonds of 1997A - GSD	-	3,571,508
Arena Public Improvement Bonds of 1996A	-	169,522
Multi-purpose Improvement Bonds of 2001 - GSD	244,126	522,385
Deberry Capacity Improvement Bonds	-	286,130
Facilities Planning Capital Outlay	401,975	61,960
School Improvement Bonds of 1994	-	53,758
School Multi-purpose Improvement Bonds of 1997A	-	489,615
School Multi-purpose Improvement Bonds of 1999	-	204,736
School Multi-purpose Improvement Bonds of 2001	258,239	1,449,261
School Bus Capital Outlay Notes of 1999	4,927	-
Multi-purpose Improvement Bonds of 1985 - USD	-	358
Multi-purpose Improvement Bonds of 1990 - USD	-	13,104
Multi-purpose Improvement Bonds of 2001 - USD	57,540	694,654
Total Capital Projects Funds	989,260	14,236,552
Enterprise Funds		
Department of Water and Sewerage Services	795,520	232,947
Nashville Convention Center	-	51,552
Board of Fair Commissioners	-	26,365
Farmers Market	-	5,689
Police Secondary Employment	17,903	184,089
Total Enterprise Funds	813,423	500,642

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Fund	Receivable	Payable
Primary Government (Continued)		
Internal Service Funds		
Central Printing	\$ 50,287	\$ 909
Motor Pool	761,397	5,542
Information Systems	1,004,588	2,200
Radio Shop	146,340	7,995
School Self Insured	-	1,667
General Government Self Insurance	164,755	65,573
School Professional Employee Insurance	189,644	-
Employees' Medical Benefit	558,287	1,133,360
Office Supply Storeroom	-	225
Metro Postal Service	45,968	688
Facilities Planning and Construction	402	7,207
Treasury Management	48,174	17,394
Total Internal Service Funds	2,969,842	1,242,760
Fiduciary Funds		
Flexible Benefits Plan	232,097	234,617
Metropolitan Employees' Benefit Trust	690,242	51,024
Employees' Pension and Insurance	572	280,088
Teachers' Retirement Plan	508,414	667,301
Teachers' Civil Service and Pension	-	228,426
Richard R. Rooker, Circuit Court Clerk	-	29,900
Claudia Bonnyman, Clerk and Master	-	3,400
Bill Covington, County Clerk	-	18,600
David Torrence, Criminal Court Clerk	-	29,747
Bill Garrett, County Register	-	325,830
Kenny Norman, Juvenile Court Clerk	-	91,976
Transit Authority Revenue	-	349
Total Fiduciary Funds	1,431,325	1,961,258
Total Primary Government	43,627,565	40,302,394
Component Units		
Governmental Types		
Sports Authority	61,845	1,162,322
Total Governmental Types	61,845	1,162,322
Proprietary Types		
Hospital Authority - General Hospital	114,690	59,092
Hospital Authority - Bordeaux Hospital	-	237,020
Metropolitan Transit Authority	349	2,005,701
Nashville Thermal Transfer Corporation	270,920	415
Total Proprietary Types	385,959	2,302,228
Total Reporting Entity before reconciling items	44,075,369	43,766,944
Metropolitan Development and Housing Agency (1)	-	308,425
Total Reporting Entity	\$ 44,075,369	\$ 44,075,369

(1) Liability incurred by the Metropolitan Development and Housing Agency after September 30, 2000, date of MDHA financial statements, and before June 30, 2001.

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

NOTE 15 - COMMITMENTS AND CONTINGENCIES

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 General Long-term Debt Account Group. Any estimated liabilities attributable to proprietary funds and component units are recorded in those funds and units.

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	\$ 130,000 per person 350,000 per accident	\$ 130,000 per person 350,000 per accident
Property damage	50,000 per accident	50,000 per accident

As of July 1, 2001 new limits are 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	75,000 per accident	75,000 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 \$16,862,521 are recorded as liabilities in internal service funds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The following summarizes the changes in the estimated claims payable in the respective internal service funds for the years ended June 30, 2000 and 2001:

	<u>School Self Insurance</u>	<u>General Government Self Insurance</u>	<u>School Professional Employees' Insurance</u>	<u>Employees' Medical Benefit</u>	<u>Total Internal Service Fund Types</u>
Claims payable June 30, 1999	\$ 1,549,422	\$ 8,906,655	\$ 3,538,678	\$ 4,450,000	\$ 18,444,755
Add: Provision for events of the current fiscal year	-	800,488	21,479,689	26,027,354	48,307,531
Deduct: Payments on claims during the fiscal year	<u>722,136</u>	<u>2,453,744</u>	<u>21,052,408</u>	<u>26,405,354</u>	<u>50,633,642</u>
Claims payable June 30, 2000	827,286	7,253,399	3,965,959	4,072,000	16,118,644
Add: Provision for events of the current fiscal year	472,509	1,549,000	24,632,829	31,050,277	57,704,615
Deduct: Payments on claims during the fiscal year	<u>196,504</u>	<u>1,340,473</u>	<u>24,468,484</u>	<u>30,955,277</u>	<u>56,960,738</u>
Claims payable June 30, 2001	<u>\$ 1,103,291</u>	<u>\$ 7,461,926</u>	<u>\$ 4,130,304</u>	<u>\$ 4,167,000</u>	<u>\$ 16,862,521</u>

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 \$500,000 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, 2001.

The Metropolitan Transit Authority has purchased reinsurance which provides for reimbursement of paid medical claims in excess of \$75,000 per covered participant per agreement year, with the exception of two employees who have a \$100,000 specific deductible. The policy also provides a specified maximum of \$950,000 during the lifetime of a covered participant, 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 2001 did not exceed the aggregate maximum.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2001, the Metropolitan Transit Authority owed the Trust \$461,589 which is included in other current liabilities.

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.

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, it is believed that any required reimbursements would not be material to the general purpose and individual fund and component unit financial statements. Accordingly, no provision has been made for any potential reimbursements to the grantor agencies.

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 53-2023 through 53-2028). 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, 2001, no deficiencies existed. The amount to be recovered from user fees is \$58,963,667 at June 30, 2001 and is recorded as contributed capital by the Department of Water and Sewerage Services.

Construction Commitments

Primary Government

Capital projects funds of \$187,670,568 are designated for specific capital projects at June 30, 2001.

At June 30, 2001, the Department of Water and Sewerage Services had commitments of \$28,584,690 for construction contracts. 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. The related capital expenditures are expected to total approximately \$133,400,000 through the year 2006. 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, 2001. Proposed plans to fund capital expenditures for the next few years include internally generated cash and Tennessee Local Development Authority Loans.

Component Units

The Metropolitan Nashville Airport Authority estimates the cost of completion of various construction projects at June 30, 2001 to be \$12,753,507, of which \$446,487 is expected to be reimbursed by other governmental agencies.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

In May 1999, the Department of Water and Sewerage Services entered into a contract with Brown and Caldwell (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.

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 revenues as defined in the contract. The contract expired July 6, 2001. The contract requires payment of fees to continue for 30 months after corrective action was identified. Fees paid to the Contractor for the year ended June 30, 2001 totaled \$628,459.

As of June 30, 2001, the Department of Water and Sewerage Services has a potential cumulative rebate liability on two of the six bond issues outstanding. The liability is approximately \$1,818,346 as of June 30, 2001 but is subject to change pursuant to computations undertaken up to and including the last day of the applicable bond year. Based on the Department's planned investment strategies and current market conditions, the Department anticipates a final liability of approximately \$1,250,000 and has recorded this amount in the financial statements.

Component Units

The Hospital Authority has entered into an agreement with Vanderbilt University Medical Center (Vanderbilt) to provide certain management services for General Hospital. The agreement ends on June 30, 2002 and requires annual payments to Vanderbilt of \$395,000, which will increase by 5% annually. The agreement also stipulates that the Hospital Authority will provide \$23,375,000 per year 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 Vanderbilt to be used to benefit General Hospital. The outstanding management fees and surplus payable to Vanderbilt is \$69,125 at June 30, 2001.

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.

At September 30, 2000, the Metropolitan Development and Housing Agency has outstanding purchase commitments totaling \$37,237,552.

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 GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Electric Power Board has entered into agreements with outside firms to provide information and data processing system support through 2003. The total commitment remaining under these agreements is \$5,644,808 through 2003.

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 \$159,000 for the year ended June 30, 2001.

The Nashville Thermal Transfer Corporation has an agreement with a supplier which requires the Corporation to purchase minimum amounts of natural gas from the supplier through October 31, 2001. Under the terms of the agreement, the Corporation is to pay the supplier monthly minimum payments of approximately \$39,000, plus a fuel charge, regardless of the quantities supplied. Natural gas expense under such agreement for the year ended June 30, 2001 was approximately \$39,000. The future minimum payments due under this commitment is approximately \$156,000 for the year ended June 30, 2002.

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 also has annual maintenance contracts totaling approximately \$37,700.

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, and improving downtown beautification, 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 a service provider to provide a "Clean Team" for the District. Under the arrangement, the Clean Team serves primarily as a litter control and prevention service and secondarily as a resource of public information for downtown visitors, workers, shoppers and residents. The term of the agreement extends through June 30, 2001 and will not exceed \$356,652 annually.

The Nashville District Management Corporation receives personnel and administrative services from the Nashville Area Chamber of Commerce. In addition, the Corporation pays the Chamber a monthly management services fee of \$417. Substantially all management and general expense included in the financial statements was paid to the Chamber.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 – SUBSEQUENT EVENTS

On December 4, 2001, the Metro Council adopted a resolution authorizing the issuance and sale of General Obligation Refunding Bonds not to exceed \$262,255,000 in principal amount that are expected to be issued and delivered in January, 2002. The Sports Authority of the Government has authorized the issuance and sale of Revenue Refunding Bonds not to exceed \$75,000,000 in principal amount and the Metro Council has adopted an ordinance approving the issuance of said Bonds and pledging certain security for the Bonds. The Sports Authority Bonds will be issued and delivered simultaneously with the General Obligation Bonds. The Government has also approved the issuance of Correctional Facility Revenue Refunding Bonds not to exceed \$17,000,000 in principal amount to be issued and delivered in February, 2002. All the above bonds are being issued to refinance existing indebtedness at a cost savings.