

October 31, 2001

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, 2001. 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, account groups, 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 and account groups 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 & Sewerage Services and the Metropolitan Board of Education. 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 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 general purpose financial statements and the combining, individual fund, and individual account group financial statements, schedules, and required supplementary information, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

ECONOMIC CONDITION AND OUTLOOK

Metropolitan Nashville - 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; solid 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.

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 above-average growth in employment and personal income and below-average unemployment rates. While the city will be affected by the current national recession, 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 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 2001, for fiscal year 2002, and for the future are discussed below.

FOR FISCAL YEAR 2001: Substitute budget ordinance BL2000-290 adopted a balanced budget totaling \$1,111,207,553 in the budgetary funds, an increase of 1.54% over the budget for fiscal year 2000, less than the rate of inflation. It was fully funded without a tax increase.

The new administration established priorities for the future of Nashville that were reflected in four primary budget objectives:

- To protect the progress in education, the largest and most important function of this Government, the budget included an increase of over \$12 million over the prior year, based on Board of Education recommendations that were thoughtful and responsible and protect the classroom. The problems of the past were addressed as plans were implemented to reestablish reserves and adequately fund pensions. In addition, the needs of the school improvement plan were funded.
- To preserve and enhance public safety, \$1.8 million in funding was added for the new police class that graduated June 7, 2000 in addition to the \$2.4 million for our previous commitments for the COPS grants. These improvements were in addition to new cars and new computers that were funded in FY 2000. The budget included \$360,000 to open the new Hermitage Precinct and to fully fund our crossing guards.
- To assure the quality of life for all of Nashville's citizens, funds were provided for 115 miles of paving, protection of the chipper service, and the restoration of the solid waste fund, providing the needed funds to establish a comprehensive and effective solid waste policy. The budget also included funding for a reserve of \$1 million to move us toward our goal that every Nashvillian should have access to safe, decent and affordable housing; that reserve was appropriated during the fiscal year.

- To enhance financial management and accountability, \$1.6 million was added to the Finance Department. This funding restored the necessary capacity for Internal Audit to perform regular and effective audits of various programs and agencies of the Government. It also allowed for further implementations and support of the FASTnet comprehensive, integrated financial management system. The additional budget, combined with the implementation of a Finance Department reorganization study, is expected to produce enhanced fiscal leadership and customer service.

FOR FISCAL YEAR 2002: Substitute budget ordinance BL2001-707 adopted a balanced budget totaling \$1,230,354,737 in the budgetary funds, an increase of 10.7% over the budget for fiscal year 2001. The budget includes significant service improvements, funded by a GSD tax increase of \$0.88 per \$100 of assessed value – effectively a 20.75% increase in the rate on USD property, and 25.96 % on GSD property.

The budget funds many improvements. Its primary priorities include:

- Public Education – This budget is the first since the completion of the comprehensive performance audit of the school system. The audit initiated by this administration and the Board of Education included more than 200 findings and recommendations. The budget addresses the recommendations of that audit including the first step in a sustained investment for the operations of Metro schools. The \$34 million in new funds for schools included in this budget will provide 114 new teachers in the system and allow a reduction in class size to meet state requirements. The property tax increase for schools will generate more revenue the first year than will be needed in FY 2002; the anticipated surplus will be needed to fund the FY 2003 and FY 2004 schools budgets.
- Public Safety – The Police Department’s mission is to provide community based police services through partnerships, and ensure a safe and peaceful Nashville, free from crime and violence. We are continuing to focus on the importance of retention and recruitment in the police department. The budget includes more than \$8.5 million in pay plan and benefits adjustments to bring all salaries in line with pay in comparable cities. Similar improvements are made for our fire and other emergency personnel. These and other public safety and justice administration enhancements total \$7.6 million.
- Neighborhoods and Community Support – Underscoring our commitment to neighborhoods, one of our first official acts was the creation of the first Mayor’s Office of Neighborhoods. The Office is committed to creating an environment where neighborhoods are empowered to solve problems and participate with city government in addressing issues of mutual concern. The Office also works to improve the quality of life in Nashville’s neighborhoods through more active and involved citizens, and enhanced governmental response to community needs. The budget includes \$100,000 in new funds to provide neighborhood enhancement grants for neighborhood organizations. Beyond that, the budget also includes improvements totaling \$6.5 million in libraries, parks, arts, Head Start, the zoo, and other community programs.
- Keeping our Commitments – The budget includes almost \$17 million in required funding to meet commitments, including employee benefits, sports facilities, one-time funds to facilitate the Nashville Public Television spin-off from the Board of Education, and anticipated utility cost increases.
- Mercer Pay Study – The Government’s employees did not receive a cost of living adjustment in the fiscal year 2001 budget. Last fiscal year the Government hired William M. Mercer, Inc. to determine how Metro’s compensation compared with the market. Mercer performs similar studies for private and public employers around the world. The study recommended general reclassification, together with general pay increases in each of the next three years. This budget fully funds these recommendations, costing over \$30 million (\$24.6 million in the general funds) in FY 2002. It provides a four percent across the board increase this year, and 3% increases in FY 2003 and 2004.

This is a conservative and carefully constructed budget that matches the needs of the city to our means. We have pursued every saving we could find, no matter how small. We have questioned every department and every practice and made it clear this city is looking toward better stewardship by every part of the Government. At the same time, we have advanced the agenda of the city responsibly.

Details of all improvements included in the fiscal year 2001 and 2002 budgets are described in the three-volume annual *Operating Budget* books and in the *Budget in Brief* booklets published by the Department of Finance, Division of Budgets. They are also available on the internet at www.nashville.gov.

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 we know we must have.
- Continue to focus on our neighborhoods, on their safety and their 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

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). The annual appropriated budget for the General Purpose School Fund continues to measure expenditures and encumbrances against appropriations (non-GAAP). Encumbrances outstanding at June 30, 2001 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 2001, including any reported instances of weaknesses in the internal control structure or any violations of applicable laws and regulations, are reported separately.

GENERAL GOVERNMENT FUNCTIONS AND GENERAL FUND BALANCE: The following schedule summarizes revenues and other financing sources for general governmental fund types of the primary government (General Fund, special revenue funds and debt service funds) for fiscal year 2001, and the amounts and percentages of increase or decrease in relation to prior year revenues and other financing sources. Some of the more significant changes from the prior year are discussed below.

| Revenues and Other Financing Sources | 2001 Amount | Percent of Total | Increase (Decrease) from 2000 | Percent of Increase (Decrease) |
|--|-------------------------|---------------------|-------------------------------------|--------------------------------------|
| Property taxes | \$ 470,862,466 | 36.40 % | \$ 14,826,174 | 3.25 % |
| Local option sales tax | 237,202,797 | 18.34 | 10,167 | - |
| Other taxes, licenses and permits | 97,697,363 | 7.55 | (14,288,678) | (12.76) |
| Fines, forfeits and penalties | 12,746,125 | 0.99 | (3,166,829) | (19.90) |
| Revenues from the use of money or property | 13,640,896 | 1.05 | 67,320 | 0.50 |
| Revenues from other governmental agencies | 311,864,527 | 24.11 | 7,085,818 | 2.32 |
| Commissions and fees | 14,414,164 | 1.11 | 607,725 | 4.40 |
| Charges for current services | 47,195,450 | 3.65 | (2,625,860) | (5.27) |
| Compensation for loss, sale or damage to property | 4,320,940 | 0.33 | 2,265,179 | 110.19 |
| Contributions and gifts | 9,449,794 | 0.73 | 165,538 | 1.78 |
| Miscellaneous | 854,269 | 0.07 | (762,857) | (47.17) |
| Operating transfers in | 69,647,959 | 5.38 | (8,848,569) | (11.27) |
| Operating transfers from component units | 3,740,996 | 0.29 | (1,862,766) | (33.24) |
| | <u>\$ 1,293,637,746</u> | <u>100.00 %</u> | <u>\$ (6,527,638)</u> | |

- Major sources of revenue to the Government continue to be property and local option sales taxes, which represent 54.74% of total governmental revenues. Property tax revenue increased \$14.8 million (3.25%) due to continued growth in the tax base. Sales Tax revenue was consistent with the prior fiscal year.
- Revenues from other governmental agencies increased by \$7.1 million (2.32%) due to additional grant revenue for schools.
- Other taxes, licenses and permits decreased \$14.3 million (12.76%) mostly due to completed collections of Permanent Seat License revenues.
- Compensation for loss, sale or damage to property increased 110.19% (\$2.3 million) due to the sale of property relating to a previously completed capital project.

The following schedule summarizes expenditures and other uses for general governmental fund types of the primary government for the fiscal year ended June 30, 2001, and the amounts and percentages of increase or decrease in relation to prior year expenditures and other financing uses. Certain amounts related to a bond refunding have been omitted for comparability purposes.

| <u>Expenditures and Other Financing Uses</u> | <u>2001 Amount</u> | <u>Percent of Total</u> | <u>Increase (Decrease) from 2000</u> | <u>Percent Increase (Decrease)</u> |
|--|-------------------------|-----------------------------|--|--|
| Current: | | | | |
| General government | \$ 23,780,866 | 1.91 % | \$ 205,762 | 0.87 % |
| Fiscal administration | 17,128,581 | 1.38 | 1,292,827 | 8.16 |
| Administration of justice | 39,377,240 | 3.16 | (1,950,586) | (4.72) |
| Law enforcement and care of prisoners | 140,935,478 | 11.33 | 38,130 | 0.03 |
| Fire prevention and control | 67,145,761 | 5.40 | (1,598,401) | (2.33) |
| Regulation and inspection | 5,890,959 | 0.47 | (320,996) | (5.17) |
| Conservation of natural resources | 354,787 | 0.03 | 54,486 | 18.14 |
| Public welfare | 12,758,996 | 1.03 | (4,182,665) | (24.69) |
| Public health | 28,794,563 | 2.31 | 983,571 | 3.54 |
| Public library system | 11,815,438 | 0.95 | 1,539,967 | 14.99 |
| Public works, highways and streets | 30,886,707 | 2.48 | (1,844,439) | (5.64) |
| Recreational and cultural | 27,826,667 | 2.24 | 74,925 | 0.27 |
| Employee benefits | 44,796,706 | 3.60 | 1,610,438 | 3.73 |
| Miscellaneous | 12,533,657 | 1.01 | 1,554,268 | 14.16 |
| Schools and special programs | 532,757,030 | 42.80 | 13,139,907 | 2.53 |
| Debt service | 107,116,515 | 8.61 | (4,799,893) | (4.29) |
| Capital outlay | 9,348,284 | 0.75 | (5,867,438) | (38.56) |
| Operating transfers out | 65,955,650 | 5.30 | (16,608,672) | (20.12) |
| Operating transfer to component units | 65,152,995 | 5.24 | 6,105,109 | 10.34 |
| | <u>\$ 1,244,356,880</u> | <u>100.00 %</u> | <u>\$ (10,573,700)</u> | |

Some of the more significant changes from the prior year are discussed below.

- Public library system increased 14.99% (\$1.5 million) due to the completion and opening of the new main library.
- Schools and special programs expenditures increased \$13.1 million (2.53%) due to additional pay for teachers and the inclusion of general government grants and the Community Services Agency previously reported in the General Fund. The Community Services Agency change also accounts primarily for the decrease in Public Welfare.
- Capital outlay decreased by \$5.9 million (38.56%) due to the completion of the new main library.
- Operating transfers out and operating transfers to component units decreased \$16.6 million (20.12%) and increased \$6.1 million (10.34%), respectively, due to the reclassification of the Sports Authority from the Primary Government to a discretely presented component unit. The change in Sports Authority also accounts for the decrease in debt service.

FUND BALANCES: As a result of the year's operations, the combined ending fund balance for all general governmental funds of the primary government was \$379.0 million, an increase of \$56.6 from last year. The adoption of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, which establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources such as taxes, grants and contributions accounts for \$35.0 million of the increase. The undesignated fund balance of the General Fund aggregated \$85.2 million as compared to \$35.5 million the previous year and \$32.3 million at June 30, 1999.

The Government will continue to monitor its spending patterns for both new and existing programs in order to hold current and future increases in expenditures within reasonable and affordable levels.

CAPITAL PROJECTS: The Government maintains and annually revises a six year capital improvements program which reflects current project priorities, identifies funding sources, and recognizes future projects. This program results in a prudent use of resources based on proper capital cost amortization and the ability to fund operating costs from available operating revenues. Capital outlay expenditures of \$158.2 million were incurred in fiscal year 2001; \$148.9 million accounted for in capital project funds and \$9.3 million accounted for in special revenue funds.

At June 30, 2001, authorized but unissued general obligation bonds totaled \$147.1 million, and general obligation notes authorized but not executed totaled \$177 thousand.

DEBT ADMINISTRATION: At June 30, 2001, the Government had a number of debt issues outstanding. These issues included \$1.2 billion of general obligation bonds and \$547.5 million of revenue bonds. Bonds are not issued to cover operating costs. The debt of the Government is being maintained at realistic levels in relation to underlying financial capacity and defined need for public facilities and improvements. The Government continues to maintain excellent bond ratings.

| | |
|--|-----|
| <u>General Obligation Bond Ratings</u> | |
| Moody's Investors Service | Aa2 |
| Standard & Poor's | AA |
| Fitch | AA+ |

At June 30, 2001, the ratio of net 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 and the amount of net debt per capita were as follows:

| <u>Amount of Net General Long-Term Debt</u> | <u>Ratio of Debt To Assessed Valuation</u> | <u>Net Debt per Capita</u> |
|---|--|------------------------------------|
| \$1,012,979,290 | 8.89% | \$1,758.64 |

ENTERPRISE OPERATIONS: There are five enterprise operations of the Government – the Department of Water and Sewerage Services, the Nashville Convention Center, the Board of Fair Commissioners, Farmers Market and Police Secondary Employment. At June 30, 2001, combined total assets and operating revenues for the fiscal year were \$1.64 billion and \$162.5 million, respectively. The Department of Water and Sewerage Services is the largest enterprise fund operation with more than 96% of total enterprise fund assets and a net income of \$46.3 million for the year ended June 30, 2001. The Department provides water and sewer services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to provide for debt service, operating expenses, and adequate working capital. The strong commercial, industrial, and residential growth in the metropolitan area has necessitated ongoing expansion of the water and sewer system. Property, plant and equipment of the system has increased from \$220 million in 1976 to \$1.2 billion in 2001.

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 the Board of Education.

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, the Board of Education is responsible for funding the Metro Education plan – The Teachers' Retirement Plan Fund. The total assets of all pension funds were \$1.6 billion at June 30, 2001.

COMPONENT UNITS: The Government has ten discretely presented component units. Discretely presented component units have been categorized as governmental types and proprietary types based on their primary source of funding. The Nashville District Management Corporation and the Sports Authority are the governmental type component units and derive funding from other governments, taxes and interest income. Proprietary type component units, which derive their funding primarily from user fees, include the Hospital Authority, 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.

The Sports Authority administers and manages sports projects for the Government. It also acts as the financing and building authority for both the Nashville Arena and NFL Stadium. This component unit accounts for 99% of total assets and total revenues of the governmental type component units.

The largest component unit, the Electric Power Board, controls and manages the electric distribution system. It is the sole distributor of electric power within the boundaries of the Government (533 square miles). In addition, its service extends to minor portions of six surrounding counties. It accounts for 43% of the assets and 81% of the operating revenues of the proprietary type component units.

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, such as leverage, 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 \$96.2 million for the year ended June 30, 2001.

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.

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 Board of Education. This requirement has been complied with; the independent auditors' report on the general purpose financial statements and the combining,

individual fund, and individual account group financial statements and schedules is 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, 2000. 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 nineteen 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, 2000. 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. We believe the current budget continues to conform to program requirements, and we are submitting it to the GFOA.

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.

Finally, we appreciate the support of the Metropolitan Council in the continued financial management of the Government.

Sincerely,

Bill Purcell
Mayor

David L. Manning
Director of Finance