

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.

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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.