

Annual Report

For the Year Ending June 30, 2004

The Metropolitan Government of Nashville and Davidson County (the Government) submits the Annual Report for the year ended June 30, 2004 in compliance with the continuing disclosure requirement of Rule 15c2-12 of the Securities and Exchange Commission. The Government's Annual Report consists of the Comprehensive Annual Financial Report (CAFR), prepared in accordance with generally accepted accounting principles and other operating data as contained in final official statements issued by the Government.

The Government's Annual Report for the year ending June 30, 2004 relates to the following issues:

Water and Sewer Revenue Refunding Bonds, Series 1996	\$	74,725,000
G.O. Multi-Purpose Improvement, Series 1996 (Stadium Project)	\$	74,880,000
Public Improvement Revenue Bonds (Stadium Project), Series 1996	\$	78,970,000
Meharry Medical College Project, Series 1996	\$	55,050,000
G.O. Multi-Purpose Improvement, Series 1996A	\$	96,135,000
G.O. Refunding Bonds of 1996	\$	34,305,000
G.O. Refunding Bonds, Series 1997	\$	110,990,000
G.O. Multi-Purpose Improvement Bonds, Series 1997A	\$	150,000,000
Water and Sewer Revenue Refunding Bonds, Series 1998A	\$	156,315,000
Water and Sewer Revenue Bonds, Series 1998B	\$	55,000,000
Taxable Public Facility Revenue Bonds, Series 1998	\$	20,700,000
G.O. Public Improvement and Refunding Bonds, Series 1999	\$	187,500,000
G.O. Multi-Purpose Improvement Bonds, Series 2001A	\$	262,155,000
G.O. Multi-Purpose Refunding Bonds, Series 2001B	\$	73,745,000
SLO Correctional Facility Revenue Refunding Bonds, 2002	\$	16,265,000
G.O. (Tax Exempt) Thermal Refunding Bonds, 2002A	\$	31,065,000
G.O. (Taxable) Thermal Refunding Bonds, 2002B	\$	27,000,000
G.O. Multi-Purpose Refunding Bonds, Series 2002	\$	108,690,000
Water and Sewer Revenue Refunding Bonds, Series 2002	\$	30,225,000
DES Revenue Bonds, 2002A (Issue Dated: October 1, 2002)	\$	66,700,000
G.O. Multi-Purpose Bonds, Series 2003	\$	128,350,000

Constellation Energy Group's Annual 10-K Filing is submitted along with Meharry Medical College financials. For electronic copies of the 2004 CAFR and Bond Official Statements, please visit the Investor Relations section on our website at www.nashville.gov/finance/investor_relations.htm.

Annual Report

For the Year Ending June 30, 2004

The following table references the updated information as contained in the Yearly Information Statement of each issue's final official statement:

Relevant Cusips	Attached Separately
Priority Capital Projects Planning	Attachment 1
Property Taxes:	
Ratios of Tax Levy	CAFR- H4
Assessed Valuation and Estimated Market Value	CAFR-H-2-3
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District Energy System Financial Information	CAFR - B-20
Summary of the Unfunded Pension Benefit Obligation of the City and County Plans and the Board of Education Plans	CAFR- B-83, B-106 - B-111
Schedule of Historic and Projected Non-Tax Revenues	Attachment 8

In addition to the Government's Annual Report, the Government also submits an annual disclosure prepared by the Department of Water and Sewer for its Revenue Refunding Bonds, Series 1996; its Revenue Refunding Bonds, Series 1998A; and its Revenue Bonds, Series 1998B. Also included, the Continuing Disclosure Updates for Sports Authority, relating to Public Improvement Revenue Bonds, Series 1996 and Taxable Public Facility Revenue Bonds, Series 1998, an overview of the District Energy System (DES) and the State of Tennessee's 2004 CAFR (www.state.tn.us/finance/act/cafr.html).

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
PRIORITY CAPITAL PROJECTS PLANNING (1)

	Four Year Total	2005-06	2006-07	2007-08	2008-09
<u>GENERAL SERVICE DISTRICTS</u>					
Bordeaux Hospital	\$ 1,127,000	\$ 943,500	\$ 183,500	\$	
Convention Center	2,144,900	811,600	220,000	625,100	488,200
Finance Department	132,213,200	66,447,300	25,920,200	22,232,500	17,613,200
Fire Department	200,000	100,000	100,000	-	-
General Hospital	5,198,000	3,998,000	1,200,000	-	-
General Services	36,492,000	13,444,000	11,347,000	11,342,000	359,000
Information Systems	3,700,000	2,200,000	1,500,000	-	-
Metro Development and Housing Agency	297,600,000	110,350,000	75,800,000	56,450,000	55,000,000
Metro Transit Authority	73,561,400	54,927,600	10,178,000	4,324,800	4,131,000
Municipal Auditorium	1,130,000	930,000	200,000	-	-
Nashville Electric Service	275,950,000	64,950,000	70,000,000	70,000,000	71,000,000
Parks and Recreation	143,507,700	44,481,600	34,481,600	34,481,600	30,062,900
Planning Department	2,250,000	2,250,000	-	-	-
Police Department	12,461,500	2,200,000	10,261,500	-	-
Public Library	28,770,000	6,260,100	12,487,300	5,541,100	4,481,500
Public Works	384,297,200	128,315,800	125,160,000	82,799,400	48,022,000
Social Services	2,076,000	500,000	876,000	600,000	100,000
Water & Sewerage Services	446,672,000	156,749,000	85,809,000	109,817,000	94,297,000
Total G.S.D.	\$ 1,849,350,900	\$ 659,858,500	\$ 465,724,100	\$ 398,213,500	\$ 325,554,800
<u>URBAN SERVICE DISTRICTS</u>					
Public Works	\$ 45,115,000	\$ 20,540,000	\$ 9,525,000	\$ 7,525,000	\$ 7,525,000
Water & Sewerage Services	75,710,400	17,472,600	19,952,600	19,202,600	19,082,600
Total U.S.D.	120,825,400	38,012,600	29,477,600	26,727,600	26,607,600
Schools	243,901,000	80,879,000	82,841,000	36,797,000	43,384,000
Grand Total	\$ 2,214,077,300	\$ 778,750,100	\$ 578,042,700	\$ 461,738,100	\$ 395,546,400

(1) The following information identifies capital projects in the Metro Nashville / Davidson County FY 2005 Operating Budget.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND (1) (2) (3)

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Years Ended June 30				
	2004	2003	2002	2001	2000
REVENUES:					
Property taxes	\$ 338,782,911	\$ 337,920,726	\$ 340,182,082	\$ 266,534,541	\$ 255,958,467
Local option sales tax	79,253,422	76,182,263	75,486,161	78,323,804	78,072,027
Other taxes, licenses and permits	76,705,938	75,176,573	75,699,531	78,457,620	77,221,770
Fines, forfeits and penalties	9,543,823	10,534,610	9,197,437	9,886,470	11,623,769
Revenue from use of money of property	80,783	1,123,885	1,793,043	2,634,827	2,435,785
Revenue from other governmental agencies	80,786,222	94,232,379	93,569,510	93,730,534	96,819,242
Commissions and fees	19,637,940	18,953,278	14,356,454	13,516,675	13,756,439
Charges for current services	22,286,175	21,730,596	20,969,793	19,681,031	18,924,947
Compensation for loss, sale or damage to property	1,625,906	5,493,793	1,303,830	1,313,367	1,301,870
Contributions and gifts	539,404	556,455	443,000	844,515	720,840
Miscellaneous	1,034,395	613,045	547,519	774,285	1,580,231
Total Revenues	630,276,919	642,517,603	633,548,360	565,697,669	558,415,387
EXPENDITURES					
General Government	\$ 37,309,809	32,549,058	27,660,246	23,780,866	23,575,104
Fiscal Administration	21,008,051	20,323,270	19,765,287	17,128,581	15,835,754
Administration of Justice	50,333,461	45,794,670	43,163,240	39,377,240	41,327,826
Law enforcement and care of prisoners	167,481,033	169,148,228	159,551,996	140,935,478	140,897,348
Fire prevention and control	93,266,180	86,043,913	79,073,811	67,145,761	68,744,162
Regulation and inspection	7,239,736	7,006,740	7,177,920	5,890,959	6,211,955
Conservation of natural resources	398,925	311,037	319,543	354,787	300,301
Public welfare	14,185,717	12,709,251	12,554,567	12,758,996	16,941,661
Public health and hospitals	74,714,817	72,191,199	68,431,324	28,794,563	27,810,992
Public library system	19,425,446	17,795,337	16,237,004	11,815,438	10,275,471
Public works, highway, and street	29,901,517	27,117,716	30,688,707	30,886,707	32,731,146
Recreational and cultural	33,654,421	31,793,123	30,305,628	27,826,667	27,751,742
Employee benefits	54,892,819	51,520,203	46,876,942	44,796,706	43,186,268
Miscellaneous	35,774,040	34,573,313	33,791,687	12,533,657	10,979,389
Total Expenditures	639,585,972	608,877,058	575,597,902	464,026,406	466,569,119
Excess (Deficiency) of revenues over expenditures	(9,309,053)	33,640,545	57,950,458	101,671,263	91,846,268
OTHER FINANCING SOURCES (USES)					
Transfers in	23,562,003	10,379,911	9,884,702	9,164,813	10,961,503
Transfers out	(57,172,423)	(74,403,443)	(58,397,575)	(98,980,994)	(93,704,718)
Total Other Financing Sources (Uses)	(33,610,420)	(64,023,532)	(48,512,873)	(89,816,181)	(82,743,215)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(42,919,473)	(30,382,987)	9,437,585	11,855,082	9,103,053
FUND BALANCE, beginning of year	79,105,252	109,488,239	100,050,654	88,195,572	57,969,671
FUND BALANCE, end of year	36,185,779	\$ 79,105,252	\$ 109,488,239	\$ 100,050,654	\$ 67,072,724

(1) For fiscal year 2001, beginning fund balances was restated due to GASB 33, Accounting and Reporting for Non-exchange Transactions.

(2) For fiscal year 2002, funds are stated according to GASB 34.

(3) Certain numbers have been re-classified for comparative purposes.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
SPECIAL REVENUE FUNDS (1)

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Years Ended June 30				
	2004	2003	2002	2001	2000
REVENUES:					
Property taxes	\$ 171,021,821	\$ 171,053,586	\$ 165,634,153	\$ 111,206,690	\$ 110,610,784
Local option sales tax	143,765,268	137,212,657	139,791,405	141,948,976	142,681,260
Other taxes, licenses and permits	22,618,664	18,564,004	18,070,949	19,239,743	34,764,271
Fines and costs	4,120,742	3,656,688	2,426,296	2,859,655	4,289,185
Revenue from the use of money or property	703,315	2,507,766	3,062,711	5,113,227	5,486,721
Revenue from other governmental agencies	267,129,791	246,032,628	233,889,778	214,255,669	203,788,422
Charges for current services	23,847,209	22,032,772	27,098,099	27,514,419	30,896,363
Compensation for loss, sale or damage to property	601,596	2,007,850	1,185,638	1,507,523	753,891
Grants, contributions and gifts	7,064,131	7,450,419	8,786,548	8,605,279	8,563,416
Miscellaneous	227,272	96,994	23,481	79,984	36,895
Total revenues	641,099,809	610,615,364	599,969,058	532,331,165	541,871,208
EXPENDITURES					
Personal services	505,501,472	458,369,374	433,109,794	400,294,114	394,251,712
Contractual services	104,221,753	86,071,527	67,471,741	51,073,832	72,260,861
Supplies	59,298,416	62,065,751	56,752,972	47,929,718	38,121,002
Other	15,159,703	11,064,983	35,983,659	36,594,898	14,983,548
Capital outlay	10,691,927	15,630,797	6,546,573	6,212,752	15,215,722
Total Expenditures	694,873,271	633,202,432	599,864,739	542,105,314	534,832,845
Excess (deficiency) of revenues over expenditures	(53,773,462)	(22,587,068)	104,319	(9,774,149)	7,038,363
OTHER FINANCING SOURCES (USES)					
Transfers in	61,682,196	67,878,539	53,370,027	46,775,915	50,128,437
Transfers out	(24,133,465)	(29,405,040)	(23,486,848)	(29,795,569)	(38,188,832)
Total Other Financing Sources (Uses)	37,548,731	38,473,499	29,883,179	16,980,346	11,939,605
Excess (deficiency) of revenues and other sources over expenditures and other uses	(16,224,731)	15,886,431	29,987,498	7,206,197	18,977,968
FUND BALANCE, beginning of year, as restated	163,085,493	147,199,062	117,211,566	109,968,273	100,677,848
FUND BALANCE, end of year	\$ 146,860,762	163,085,493	\$ 147,199,064	\$ 117,174,470	\$ 119,655,816

(1) Certain numbers have been re-classified for comparative purposes.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DEBT SERVICE FUNDS (1) (2) (3) (4) (5)

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Years Ended June 30				
	2004	2003	2002	2001	2000
REVENUES:					
Property taxes	\$ 92,020,658	\$ 92,149,286	\$ 92,583,740	\$ 93,121,235	\$ 89,467,041
Local option sales tax	16,760,780	17,184,734	16,429,787	16,930,017	16,439,343
Commissions and fees	-	-	2,319,945	5,892,842	50,000
Revenue from the use of money of property	724,096	2,514,827	4,489,644	3,878,324	5,651,070
Revenue from other governmental agencies	7,774,259	6,188,089	17,573,817	897,489	4,171,045
Compensation for loss, sale, or damage to property	-	-	-	1,500,050	-
Total Revenues	117,279,793	118,036,936	133,396,933	122,219,957	115,778,499
EXPENDITURES					
Principal retirement	79,775,000	77,865,000	68,255,000	56,825,000	51,925,000
Interest	59,120,668	58,207,564	63,448,704	49,834,336	59,563,984
Fiscal charges	731,613	1,129,294	701,841	457,179	427,424
Contractual Services	1,317,708	1,316,019	1,346,732	-	-
Refunding bond issue costs	-	829,906	-	-	-
Total Expenditures	140,944,989	139,347,783	133,752,277	107,116,515	111,916,408
Excess (deficiency) of revenues over expenditures	(23,665,196)	(21,310,847)	(355,344)	15,103,442	3,862,091
OTHER FINANCING SOURCES (USES)					
Proceeds of refunding bonds, net of discount	-	108,690,000	74,193,796	73,745,000	-
Payments to refunded bond escrow agent	-	(112,805,846)	(87,228,769)	(77,885,410)	-
Bond issue premium (discount)	-	5,608,303	1,323,046	4,620,921	-
Transfers in	18,540,151	19,601,122	16,788,988	24,333,599	31,038,063
Transfers out	(7,923,367)	-	-	(3,567,645)	(10,896,029)
Total Other Financing Sources (Uses)	10,616,784	21,093,579	5,077,061	21,246,465	20,142,034
Excess (deficiency) of revenues and other sources over expenditures and other uses	(13,048,412)	(217,268)	4,721,717	36,349,907	24,004,125
FUND BALANCE, beginning of year, restated	166,323,987	166,541,255	161,819,538	125,469,631	111,670,929
FUND BALANCE, end of year	\$ 153,275,575	166,323,987	\$ 166,541,255	\$ 161,819,538	\$ 135,675,054

- (1) Includes the Correctional Facility Revenue Bonds.
- (2) Also includes the Sports Authority Stadium Revenue Bonds, beginning fiscal year 1997.
- (3) Also includes the Sports Authority Arena Revenue Bonds, beginning fiscal year 1998.
- (4) Certain numbers have been re-classified for comparative purposes.
- (5) Beginning fiscal year 2001, Sports Authority reported as a component unit and not included in this schedule.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
COMPUTATION OF NET GENERAL OBLIGATION DEBT

June 30, 2004

Gross General Obligation Debt		
General Obligation Bonds Payable		
General Services District:		
For School Purposes	\$ 396,969,002	
For General Purposes	654,384,396	
Urban Services District:		
For General Purposes	<u>107,356,602</u>	
Total Gross General Obligation Debt		\$ 1,158,710,000
Less:		
Amounts Available In Debt Service Funds		
General Services District:		
For School Purposes	78,079,027	
For General Purposes	59,410,493	
Urban Services District:		
For General Purposes	<u>13,900,016</u>	
Total Amounts Available In Debt Service Funds (1)		151,389,536
Debt Payable From Other Sources		
Hotel Occupancy Tax (1)		
Convention Center Project:		
G.O. Refunding Bonds of 1993	9,369,184	
G. O. Multi-Purpose Improvement Bonds, Series 1997A	<u>3,150,000</u>	
Total Debt Payable From Other Sources		<u>12,519,184</u>
Net General Obligation Debt		<u>\$ 994,801,280</u>

(1) Excludes the Correction Facility Revenue Bonds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

**DEBT RATIOS
AS OF JUNE 30, 2004**

Total Debt (1)		
Debt to Estimated Market Value		2.57%
Debt to Assessed Value		8.72%
Debt per Capita	\$	2,016.20
Net Debt (1)		
Debt to Estimated Market Value		2.20%
Debt to Assessed Value		7.49%
Debt per Capita	\$	1,730.99

The above table is based upon:

Estimated Market Value	\$	45,150,830,802	(2004)
Assessed Value	\$	13,280,463,599	(2004)
Population (2)		574,700	(2004)

CALCULATION OF SELF-SUPPORTING DEBT

		As of June 30, 2004
Hotel Occupancy Tax:		
Convention Center Project (3)		
G.O. Refunding Bonds of 1993	\$	9,369,184
G.O. Multi-Purpose Improvement Bonds, Series 1997A		<u>3,150,000</u>
	\$	<u>12,519,184</u>

- (1) Please refer to pages H-3 (Estimated Market Value), H-18 and H-19 in the 2004 CAFR.
(2) Source: projected based on existing population and growth rates.
(3) General improvement bonds represent outstanding general obligation bonds issued for the convention center, the debt service payments which are reimbursed from the hotel-motel room occupancy tax.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Total Debt Service as of June 30, 2004
Secured by Ad Valorem Taxes

Year Ending June 30	GSD		USD	Total GSD and USD
	School Purposes	General Purposes	General Purposes	
2005	\$ 45,364,136	\$ 79,427,660	\$ 17,709,853	\$ 142,501,649
2006	44,135,001	79,323,002	17,673,403	141,131,406
2007	41,452,185	67,037,184	14,566,693	123,056,062
2008	39,382,044	63,919,864	14,023,055	117,324,963
2009	36,657,959	57,059,125	9,886,657	103,603,741
2010	34,297,089	55,513,116	9,871,877	99,682,082
2011	33,118,640	53,890,625	9,289,177	96,298,442
2012	31,676,461	47,174,888	8,193,361	87,044,710
2013	30,808,119	45,447,903	7,501,077	83,757,099
2014	29,210,328	44,865,989	6,505,350	80,581,667
2015	28,192,812	44,765,550	6,342,676	79,301,038
2016	32,115,085	47,373,554	3,300,876	82,789,515
2017	28,348,900	44,194,448	2,990,527	75,533,875
2018	21,470,465	32,050,390	1,543,883.00	55,064,738
2019	21,817,278	28,827,303	1,667,094.00	52,311,675
2020	14,937,366	28,904,485	1,662,743.00	45,504,594
2021	13,258,835	27,873,073	1,529,616.00	42,661,524
2022	13,546,971	27,554,176	1,672,269.00	42,773,416
2023	13,560,096	27,560,836	1,674,947.00	42,795,879
2024	13,103,832	26,896,055	1,440,679.00	41,440,566
2025	10,270,352	22,820,104	-	33,090,456
2026	1,957,808	13,092,792	-	15,050,600
2027	1,953,446	7,782,495	-	9,735,941
2028	1,946,936	7,771,311	-	9,718,247
2029	-	5,531,981	-	5,531,981
2030	-	5,526,356	-	5,526,356
2035	-	-	-	-
	582,582,144	992,184,265	139,045,813	1,713,812,222
Deferred Cost	245,786	1,692,620.00	(1,680,618)	257,788
	<u>\$ 582,827,930</u>	<u>\$ 993,876,885</u>	<u>\$ 137,365,195</u>	<u>\$ 1,714,070,010</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Non-Tax Revenues (1)
 Fiscal Years Ending June 30, 2000 through June 30, 2004
 and Projected Fiscal Year Ending June 30, 2005

	Projected 2005	2004	2003	2002	2001	2000
Pilot Payment	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Other Payments in Lieu of Taxes	14,444,600	14,150,101	13,642,436	13,081,213	11,003,176	10,277,572
Licenses	13,521,700	14,134,595	13,786,164	13,544,950	13,473,512	13,618,045
Permits	11,664,000	10,500,938	9,351,267	9,688,017	9,959,722	11,073,840
Franchise Fees	15,085,600	15,134,809	14,553,037	11,607,929	12,351,270	10,175,361
Fines, Forfeitures, and Penalties	10,068,200	9,543,823	10,533,709	9,197,437	9,886,469	11,623,769
Revenue from the Use of Money or Property	87,200	91,593	910,470	1,454,843	2,241,616	2,182,841
Commission and Fees (2)	10,864,600	13,036,609	12,789,077	8,914,178	8,479,129	8,431,510
Charges for Current Services	26,362,500	21,537,521	21,210,288	20,162,929	18,898,392	18,146,223
Compensation from Property	230,400	1,020,384	5,485,645	1,274,646	1,301,488	1,301,870
Contributions and Gifts	568,500	539,404	556,455	443,000	844,515	720,840
Miscellaneous Revenue	524,000	1,034,069	569,153	546,543	759,985	724,067
TOTAL	\$ 107,421,300	\$ 104,723,846	\$ 107,387,701	\$ 93,915,684	\$ 93,199,274	\$ 92,275,938

(1) Includes only collections within the General Services District of the Metropolitan Government.
 (2) Adjusted to reflect the elimination of non-cash revenue reported only for financial statement presentation.