

PART II

YEARLY INFORMATION STATEMENT

THE METROPOLITAN GOVERNMENT

Organization

On June 28, 1962, the voters of Nashville and Davidson County approved the Charter of the Metropolitan Government. The Tennessee Supreme Court upheld the validity of the Charter in October 1962. On April 1, 1963 the governments of the City of Nashville and of Davidson County were consolidated to form "The Metropolitan Government of Nashville and Davidson County," under which the boundaries of Nashville and Davidson County are co-extensive.

The executive and administrative powers are vested in the Metropolitan County Mayor (the "Mayor"), who is elected at-large for a four-year term. The Mayor is authorized to administer, supervise and control all departments and to appoint all members of boards and commissions created by the Metropolitan Charter or by ordinance enacted pursuant to the Metropolitan Charter unless otherwise accepted. A two-thirds vote of the Council is required to override the Mayor's veto. The Charter also provides for a Vice Mayor, who is elected at large for a four-year term and is the presiding officer of the Council. The Council is the legislative body of the Metropolitan Government and is composed of 40 members who are elected for four-year terms: 35 are elected from council districts and five are elected at large.

The Charter provides a framework for local government in Nashville to serve the needs of two service districts: (i) the General Services District ("GSD") and (ii) the Urban Services District ("USD"). The GSD embraces the entire area of Davidson County and is taxed to support those services, functions and debt obligations, which are deemed properly chargeable to the whole population. Such services include general administration, police, fire protection, courts, jails, health, welfare, hospitals, streets and roads, traffic, schools, parks and recreation, auditoriums, public housing, urban renewal, planning and public libraries. The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. The residents of the USD are charged an additional tax to support those services, functions and debt obligations, which benefit only the USD. Such services include additional police and fire protection, storm sewers, street lighting and refuse collection. The Charter provides: "The area of the Urban Services District may be expanded and its territorial limits extended by annexation whenever particular areas of the General Services District come to need urban services, and the Metropolitan Government becomes able to provide such services within a reasonable period which shall be not greater than one year after ad valorem taxes in the annexed area become due." Since April 1, 1963, the area of the USD has been expanded from 27 square miles to 170 square miles.

Fiscal Year

The Metropolitan Government operates on a fiscal year, which commences July 1 and ends June 30.

Budgeting Procedures

Operating Budget. The Charter requires the Director of Finance to obtain information necessary to compile the annual operating budget of the Metropolitan Government from all officers, departments, boards, commissions and other agencies for which appropriations are made by the Metropolitan Government or which collect revenues for the Metropolitan Government.

The Mayor reviews the operating budget submitted by the Director of Finance, and may make such revisions in the budget deemed necessary or desirable before it is submitted to the Council for consideration. In no event can the total appropriations from any fund exceed the total anticipated revenues plus the estimated unappropriated fund balance and applicable reserves. After the Council has passed the budget ordinance on first reading, it will hold public hearings. After the conclusion of the public hearings, the Council may amend the operating budget prepared by the Mayor. The budget as finally amended and adopted, however, must provide for all expenditures required by law or by provisions of the Charter and for all debt service requirements for the ensuing fiscal year as certified by the Director of Finance.

The Charter requires that following the adoption of the Metropolitan Government's annual operating budget, an annual tax is to be levied on all taxable property within the GSD and an additional annual tax on all taxable property within the USD. These annual taxes must be at rates sufficient to finance the GSD and USD budgets adopted for their respective service districts.

Capital Improvements Budget. As provided by the Charter, the capital improvements budget and program for the Metropolitan Government is prepared annually to "include a program of proposed capital expenditures for the ensuing fiscal year and the five fiscal years thereafter...." The Mayor submits the capital improvements budget, based on information from all officers, departments, boards, commissions and other agencies requesting funds from the Metropolitan Government for capital improvements, to the Council and recommends those projects to be undertaken during the ensuing fiscal year and the method of financing them. The Mayor's recommendation notes the impact of proposed projects on the debt structure of the Metropolitan Government and includes in the appropriate current operating budget any projects to be financed from current revenues for the ensuing fiscal year.

The Council has the power to accept, with or without amendment, or reject, the proposed program and proposed means of financing. The Council cannot authorize an expenditure for the construction of any building, structure, work or improvement, unless the appropriation for such project is included in its capital improvements budget, except to meet a public emergency threatening the lives, health or property of the inhabitants, when passed by two-thirds vote of the membership of the Council.

The following information identifies capital projects in the 2003-2004 Capital Improvements Budget, which are given priority for funding by the Mayor and the Council for fiscal year 2003-2004 and the following three years.

Capital Improvements Budget by Department

Departments	% of '03-'04		2004-05	2005-06	2006-07	2007-08	2008-09	Total	% of '03-'09	
	2003-04	Total							Total	Total
Board of Education	\$86,319	7.134%	\$61,928	\$51,699	\$39,854	\$40,031	\$38,338	\$318,169	8.545%	
Codes Administration	1,755	0.145%	124	124	124	124	124	2,375	0.064%	
Convention Center	737	0.061%	619	235	81	0	192	1,864	0.050%	
Election Commission	350	0.029%						350	0.009%	
Finance Department	239,392	19.784%	52,100	27,600	26,100	8,600	8,600	362,392	9.732%	
Fire Department GSD	16,950	1.401%	6,100	6,100	6,000			35,150	0.944%	
General Hospital	1,706	0.141%	2,000					3,706	0.100%	
General Services	40,940	3.383%	15,981	12,472	9,270	9,500	1,200	89,363	2.400%	
Historical Commission	4,075	0.337%						4,075	0.109%	
Information Technology Srvc	24,826	2.052%	1,500	1,500				27,826	0.747%	
Juvenile Court	100	0.008%						100	0.003%	
MDHA	115,169	9.518%	116,636	78,800	51,450	50,000	25,000	437,055	11.737%	
MTA	91,260	7.542%	44,128	3,978	4,325	4,131	3,366	151,187	4.060%	
Municipal Auditorium	610	0.050%	930	200				1,740	0.047%	
Nashville Electric Service	57,500	4.752%	64,950	70,000	70,000	71,000	70,000	403,450	10.835%	
Parks & Rec Dept	95,742	7.912%	34,482	34,482	35,482	30,063	18,126	248,376	6.670%	
Planning Department	0	0.000%	2,000					2,000	0.054%	
Police Department	6,066	0.501%	2,200	10,262				18,527	0.498%	
Public Library Board	12,096	1.000%	5,485	11,596	4,707	3,180	2,900	39,964	1.073%	
Public Works GSD	272,777	22.543%	186,555	204,660	103,047	87,745	73,471	928,255	24.929%	
Public Works USD	38,114	3.150%	9,241	9,863	3,705	3,525	3,525	67,973	1.825%	
Social Services	75	0.006%	525	876	600	100		2,176	0.058%	
Sports Authority	7,215	0.596%	20	20	20	20	20	7,315	0.196%	
Water & Sewerage Services	93,228	7.705%	113,750	106,184	110,649	104,077	6,625	534,513	14.355%	
Stormwater Div - GSD	2,695	0.223%	5,945	5,895	6,675	8,175		29,385	0.789%	
Stormwater Div - USD	350	0.029%	1,000	1,500	2,000	1,500		6,350	0.171%	
Totals	\$1,210,045		\$728,197	\$638,045	\$474,088	\$421,771	\$251,487	\$3,723,635		

* \$ in 000s

Accounting

Pursuant to the Charter, independent auditors annually audit the financial statements of the Metropolitan Government. The Basic Financial Statements and other financial information are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and with those standards and procedures recommended by the State Comptroller of the Treasury. Copies of the CAFR for the past four years are available through the office of the Director of Finance, Metropolitan Government of Nashville and Davidson County, 225 Polk Avenue, Nashville, Tennessee 37201 or on Metro's web site at www.Nashville.gov.

The Metropolitan Government manages its financial reporting through the use of categories of fund types and account groups.

The Government reports the following major governmental funds:

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

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

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

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

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

The Government reports the following major proprietary fund:

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

Additionally, the Government reports the following fund types:

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

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

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

Revenues

The Metropolitan Government derives its revenues from a direct tax levy on real property, sales tax, earned income, fees, and State of Tennessee (the "State") and Federal payments. Property taxes accounted for 49.1% of all revenues available to the GSD General Fund and 81.5% of the USD General Fund during the fiscal year ended June 30, 2002. Sales tax collections totaled \$231.7 million in the fiscal year ended June 30, 2002. A description of each major revenue category available to both the GSD and USD follows:

Property Taxes – The levy is without legal limit. For a discussion of this tax, see "PROPERTY TAXES" herein.

Sales Tax – A local option sales tax is collected at the rate of 2-1/4% on all sales of tangible personal property and certain services, except for sales of certain energy sources and other limited exemptions. This local option sales tax is currently levied, in accordance with State law, only on the first \$1,600 of a transaction.

Other Taxes, Licenses, and Permits – This category includes charges for licenses and permits issued by departments, agencies, boards and commissions of the Metropolitan Government. Also included is the Hotel/Motel Tax, which is assessed against the gross receipts of hotels and motels within the Metropolitan Government based on occupancy. Currently, there is a 5% tax levied by Council ordinance with revenues derived from such tax distributed as follows: 2% for tourist promotion, 1% for tourist-related activities, 1% for the convention center, and 1% to the general fund. Of the 1% distributed to the general fund, \$3.2 million is transferred to debt service for Stadium debt requirements.

Fines, Forfeits and Penalties – This category includes collections of obligations imposed by the courts, law enforcements and agencies charged with the care of prisoners.

Revenue from Use of Money or Property – This category includes interest on investments, rental and commissions for use of Metropolitan Government property or rights.

Revenue from Other Governments, Governmental Agencies and Citizens Groups – Under this revenue category are payments to the Metropolitan Government by other public divisions (Federal, State or other governmental units or agencies) and gifts or donations received from individuals or citizens groups.

Charges for Current Services – These are fees and charges for activities and services provided by agencies of the Metropolitan Government.

Revenues from Enterprise, Utility and Working Capital Funds – These are amounts received from the above types of funds as compensation for services rendered or as contributions.

Other Revenue – Includes (i) commissions and fees collected by certain officials for certain activities of the Metropolitan Government; (ii) proceeds from confiscation of property; (iii) compensation for loss, sale or damage to property; and (iv) miscellaneous.

PROPERTY TAXES

Rates of Tax Levy

An annual tax is levied on all taxable property within the GSD and an additional tax is levied on all taxable property within the USD. The following table is a statement of the composition of rates of tax levy for the last ten fiscal years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
ANALYSIS OF THE COMPOSITION OF RATES OF TAX LEVY
Ten Year Summary

Fiscal Year	General Services District					Urban Services District		
	Total GSD Rate	GSD General Fund	General Purpose School Fund	GSD Debt Service Fund	School Debt Service Fund	Total USD Rate	USD General Fund	USD Debt Service Fund
1993-94 (1)(2)	3.38	1.83	1.01	0.43	0.11	1.12	0.99	0.13
1994-95	3.38	1.83	1.01	0.43	0.11	1.12	0.99	0.13
1995-96 (3)	3.38	1.79	1.01	0.47	0.11	1.12	1.00	0.12
1996-97	3.38	1.79	1.01	0.47	0.11	1.12	1.00	0.12
1997-98 (4)	3.17	1.59	0.96	0.49	0.13	0.95	0.84	0.11
1998-99 (5)	3.29	1.58	0.96	0.50	0.25	0.95	0.84	0.11
1999-00	3.29	1.58	0.96	0.50	0.25	0.95	0.84	0.11
2000-01	3.29	1.58	0.96	0.50	0.25	0.95	0.84	0.11
2001-02 (6)	3.75	1.88	1.24	0.43	0.20	0.83	0.73	0.10
2002-03	3.75	1.85	1.27	0.43	0.20	0.83	0.73	0.10

Tax rates are per \$100 of assessed valuation. Payments may be made in two equal installments, the first not later than October 31st in the year of assessment and levy, the second by February 28th of the following year without penalty.

- (1) In fiscal year 1993-94 the combined GSD-USD tax rate was reduced from \$4.81 to \$3.76 per \$100 of assessed value. Also, the levy for fire protection service was changed from \$.16 to \$.12 per \$100 assessed valuation in fiscal year 1993-94. The reduction in the rates of tax levy between fiscal year 1993 and fiscal year 1994 was the result of a State mandated reappraisal valuation of property in Davidson County. Such rate reduction, when applied against the reappraised valuation of all taxable property, could not result in a material increase in property tax revenues to the Metropolitan Government when compared with the revenues of the immediately preceding fiscal year. Subsequent to the rate reduction for reappraisal the property tax rate was increased to \$4.50.
- (2) Beginning in fiscal year 1993-94 the School Debt Service Fund was included in those funds which receive property tax revenue.
- (3) In fiscal year 1995-96 the GSD and USD property tax rate was reallocated among the funds receiving property tax revenue.
- (4) In fiscal year 1997-98 the combined GSD-USD tax rate was reduced from \$4.50 to \$3.58 per \$100 of assessed value. Also, the levy for fire protection service was changed from \$.12 to \$.10 per \$100 assessed valuation in fiscal year 1997-98. The reduction in the rates of tax levy between fiscal year 1997-98 was the result of a State mandated reappraisal valuation of property in Davidson County. Also, in fiscal year 1997-98 the combined GSD-USD tax rate was increased from \$3.58 to \$4.12 per \$100 of assessed value. The net reduction in the fiscal year 1997-98 GSD-USD tax rate was from \$4.50 to \$4.12.
- (5) In fiscal year 1998-99 the combined GSD-USD tax rate increased \$0.12 per \$100 of assessed value, to be applied toward school debt service. Also \$0.01 was reallocated from GSD General Fund to GSD Debt Service.
- (6) In fiscal year 2001-02 the combined GSD-USD tax rate was reduced from \$4.24 to \$3.84 per \$100 of assessed value. Also, the levy for fire protection service was changed from \$.10 to \$.09 per \$100 assessed valuation in fiscal year 2001-02. The reduction in the rates of tax levy between fiscal year 2001-02 was the result of a State mandated reappraisal valuation of property in Davidson County. Also, in fiscal year 2001-02 the combined GSD-USD tax rate was increased from \$3.84 to \$4.58 per \$100 of assessed value. The net increase in the fiscal year 2001-02 GSD-USD tax rate was from \$4.24 to \$4.58.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 ANALYSIS OF ORIGINAL (INCLUDING SUPPLEMENTAL) ASSESSMENT
 OF ALL TAXABLE PROPERTY
 Unaudited - See Accompanying Accountants' Report

Fiscal Year	General Services District				USD Total	Urban Services District			Total Estimated Property Value (1)
	GSD Total	Realty	Personalty	Public Utility		Realty	Personalty	Public Utility	
1992-93	\$ 6,031,782,580	\$ 5,206,574,441	\$ 466,910,155	\$ 358,297,984	\$ 4,438,090,931	\$ 3,768,171,088	\$ 374,529,094	\$ 295,390,749	\$ 23,710,812,574
1993-94	7,645,927,094	6,564,860,490	588,900,423	492,166,181	5,536,342,048	4,660,546,128	468,042,087	407,753,833	24,154,889,503
1994-95	7,809,222,537	6,665,738,964	604,633,877	538,849,696	5,542,872,889	4,604,202,408	487,181,673	451,488,808	24,554,554,540
1995-96	7,949,116,583	6,854,887,568	616,396,850	477,832,165	5,567,272,438	4,695,089,938	472,017,573	400,164,927	26,686,385,238
1996-97	8,192,586,699	7,050,026,895	668,743,347	473,816,457	5,691,540,025	4,784,362,948	515,583,782	391,593,295	27,908,069,594
1997-98	10,647,933,789	9,360,046,370	813,501,653	474,385,766	7,303,138,660	6,280,076,965	634,766,710	388,294,985	33,706,470,792
1998-99	10,895,717,859	9,483,759,205	873,944,396	538,014,258	7,491,537,089	6,372,341,408	681,039,272	438,156,409	34,408,511,843
1999-00	11,087,336,546	9,625,554,203	954,014,066	507,768,277	7,579,090,297	6,420,180,086	747,640,155	411,270,056	38,576,009,345
2000-01	11,390,199,691	9,878,827,579	953,834,854	557,537,258	7,752,879,515	6,544,802,327	745,794,683	462,282,505	39,576,025,308
2001-02	13,373,373,440	11,649,748,674	1,059,163,097	664,461,669	9,029,225,021	7,681,717,993	794,416,879	553,090,149	42,634,022,131
2002-03	13,463,419,440	11,792,547,023	1,025,692,548	645,179,869	9,022,873,427	7,722,115,933	765,147,395	535,610,099	42,988,853,105

Assessment date: January 1 (Pick-up assessments and cancellations for each year in minor amounts are not reflected in above figures).

Tax levy: General Services District tax is levied on the entire Metropolitan area. Urban Services District tax is an additional tax levied on properties within the Urban Services District. Personalty and public utility taxes are levied on September 1st of each year, based upon assessed valuation at January 1st of that year. Real property taxes are levied on September 1st of each year, based upon assessed valuation through January 1st of that year. In addition, for the period January 1st through September 1st, supplemental assessments are made and related taxes are levied for improved, demolished or damaged property during such period, in accordance with T.C.A. Section 67-607.

Ratio of assessed value to appraised value: Commercial and industrial properties - 40% for real property and 30% for tangible personal property
 Farm and residential properties - 25%
 Public utilities - 55%

(1) Source: Tax Aggregate Reports for Tennessee State Board of Equalization

Exemptions

State law exempts from property taxes any property (i) owned by the Federal, State, or local government and used exclusively for public, county, or municipal purposes or (ii) which purely and exclusively is used for religious, scientific, non-profit educational or charitable purposes. Currently in Nashville, there are approximately 5,513 tax-exempt parcels. For the current fiscal year, the excluded properties of the Electric Power Board of the Metropolitan Government amounted to an assessed valuation of \$473,501,262 and the exempt properties of the Industrial Development Board of the Metropolitan Government amounted to an assessed valuation of \$36,038,200 for which a tax equivalent was paid by both to the Metropolitan Government on the basis of the actual rates of tax levy.

Reappraisals

State law requires a complete reappraisal of all property in the State except those properties centrally owned by the State such as utilities and railroads. Beginning in 1993, reappraisals have been done on a four-year cycle in Davidson County in accordance with State law. Under this plan there were reappraisals in 1993, 1997, and in 2001. The 2001 values will be in place until completion of the 2005 reappraisal. Those values will be published in the spring of 2005 and will reflect current market values.

Tax Collection

Personalty and public utility taxes are levied each year based upon assessed valuation at January 1 of that year. Real property taxes are levied each year based upon assessed valuation at January 1 of that year. In addition, for the period January 1 through September 1, supplemental assessments of real property taxes are made and related taxes are levied for improved, demolished or damaged property during such period, in accordance with State law.

Property taxes may be paid in installments without penalty, as long as the total tax is paid by February 28 of the following year.

On March 1 of the calendar year following the levy, taxes become delinquent and a penalty of 1/2 of 1% is assessed. Interest on outstanding obligations is assessed at a rate of 1% per month. The Trustee is designated as the collection official for delinquent property taxes, tax equivalents, and merchant's ad valorem taxes. Property taxes which become twelve months delinquent are transferred to the custody of the Department of Law Division of Tax Litigation for collection through Chancery Court action. The following table is a summary of the tax levies and collections of the last ten fiscal years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
ANALYSIS OF TAX LEVIES AND COLLECTIONS
Unaudited - See Accompanying Accountants' Report
Ten Year Summary

Fiscal Year	Amount GSD Levy	Amount USD Levy	Total Tax Levied	Uncollected at End of the Fiscal Year	Percentage Uncollected	%
1991-92	\$ 210,435,612	\$ 58,625,501	\$ 269,061,113	\$ 17,084,608	6.35	
1992-93	212,456,040	59,026,648	271,482,688	13,343,925	4.92	
1993-94	261,672,066	62,007,102	323,679,168	15,115,451	4.67	
1994-95	266,673,700	62,080,249	328,753,949	9,983,997	3.04	
1995-96	271,538,720	62,353,526	333,892,246	9,577,285	2.87	
1996-97	279,911,056	63,745,322	343,656,378	10,220,782	2.97	
1997-98	340,884,594	69,379,882	410,264,476	14,191,035	3.46	
1998-99	361,873,598	71,169,667	433,043,265	15,815,445	3.65	
1999-00	368,281,927	72,001,424	440,283,351	15,885,751	3.61	
2000-01	378,375,194	73,652,420	452,027,614	15,936,299	3.50	
2001-02	504,508,539	75,845,541	580,354,080	22,354,504	3.85	

The following table shows the status of the property taxes remaining to be collected at June 30, 2002.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE
 June 30, 2002

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2001	\$ 15,388,997	\$ 3,415,897	\$ 534,179	\$ 19,339,073
	2000	1,483,089	1,398,028	270,497	3,151,614
	1999	878,391	819,961	774,293	2,472,645
	1998	268,538	980,653	908,897	2,158,088
	1997	201,864	784,596	45,584	1,032,044
	1996	78,272	795,571	55,248	929,091
	1995	44,298	470,695	39,651	554,644
	1994	37,007	176,659	14,181	227,847
	1993	7,362	359,796	32,412	399,570
	1992	81,316	416,973	61,715	560,004
	1991	41,171	451,460	50,643	543,274
Total General Services District		<u>18,510,305</u>	<u>10,070,289</u>	<u>2,787,300</u>	<u>31,367,894</u>
Urban Services District	2001	2,334,653	573,586	107,192	3,015,431
	2000	305,385	343,855	75,850	725,090
	1999	182,386	207,944	192,990	583,320
	1998	70,553	231,894	221,865	524,312
	1997	47,397	192,904	7,415	247,716
	1996	21,212	231,067	11,916	264,195
	1995	13,320	145,984	8,995	168,299
	1994	11,567	297,242	4,219	313,028
	1993	1,758	100,099	10,042	111,899
	1992	30,599	137,920	22,375	190,894
	1991	8,785	145,184	18,764	172,733
Total Urban Services District		<u>3,027,615</u>	<u>2,607,679</u>	<u>681,623</u>	<u>6,316,917</u>
Total Delinquent Property Taxes Receivable		<u>\$ 21,537,920</u>	<u>\$ 12,677,968</u>	<u>\$ 3,468,923</u>	<u>\$ 37,684,811</u>

Principal Taxpayers

The following table presents information concerning the principal taxpayers of the Metropolitan Government.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
PRINCIPAL TAXPAYERS
December 31, 2001

Unaudited - See Accompanying Accountants' Report

Taxpayer	Type of Business	2001 Assessed Valuation	% of Total 2001 Assesse d Valuation	Amount of Tax	% of Total Levy
Electric Power Board	Utility	\$ N/A	N/A %	\$ 16,143,959	2.78 %
Gaylord	Music, Entertainment and Hotel	295,849,479	2.22	11,437,420	1.97
BellSouth	Communications	188,314,321	1.41	8,428,185	1.45
Columbia/HCA	Health Facilities Management	130,448,103	0.98	5,354,054	0.92
CBL & Associates	Mall Management	166,500,180	1.25	4,046,627	0.70
Piedmont Natural Gas Company	Utility	88,805,710	0.66	3,908,260	0.67
PREFCO XIV Ltd.	Communications	58,415,390	0.44	2,763,048	0.48
H. G. Hills	Grocery Store	36,368,428	0.27	1,665,674	0.29
Baptist Hospital	Health Care	38,829,681	0.29	1,489,235	0.26
SunTrust Bank	Financial	<u>31,362,355</u>	<u>0.23</u>	<u>1,266,510</u>	<u>0.22</u>
		<u>\$ 1,034,893,647</u>	<u>7.75 %</u>	<u>56,502,972</u>	<u>9.74 %</u>

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				
	2002	2001	2000	1999	1998
REVENUES:					
Property taxes	\$ 340,182,082	\$ 266,534,541	\$ 255,958,467	\$ 250,095,609	\$ 245,392,041
Local option sales tax	75,486,161	78,323,804	78,072,027	74,452,947	72,214,977
Other taxes, licenses and permits	75,699,531	78,457,620	77,221,770	73,304,945	68,547,321
Fines, forfeits and penalties	9,197,437	9,886,470	11,623,769	11,382,032	10,734,283
Revenue from use of money of property	1,793,043	2,634,827	2,435,785	3,960,366	2,790,543
Revenue from other governmental agencies	93,569,510	93,730,534	96,819,242	98,164,129	93,885,607
Commissions and fees	14,356,454	13,516,675	13,756,439	14,577,828	14,416,683
Charges for current services	20,969,793	19,681,031	18,924,947	18,433,071	18,304,523
Compensation for loss, sale or damage to property	1,303,830	1,313,367	1,301,870	1,800,520	1,119,673
Contributions and gifts	443,000	844,515	720,840	-	-
Miscellaneous	547,519	774,285	1,580,231	1,731,687	1,284,012
Total Revenues	633,548,360	565,697,669	558,415,387	547,903,134	528,689,663
EXPENDITURES					
General Government	27,660,246	23,780,866	23,575,104	24,269,182	22,913,073
Fiscal Administration	19,765,287	17,128,581	15,835,754	18,309,022	15,574,998
Administration of Justice	43,163,240	39,377,240	41,327,826	39,563,106	36,313,336
Law enforcement and care of prisoners	159,551,996	140,935,478	140,897,348	147,489,469	139,199,642
Fire prevention and control	79,073,811	67,145,761	68,744,162	68,780,838	67,462,700
Regulation and inspection	7,177,920	5,890,959	6,211,955	6,849,852	6,186,478
Conservation of natural resources	319,543	354,787	300,301	292,287	277,869
Public welfare	12,554,567	12,758,996	16,941,661	16,519,502	15,535,398
Public health and hospitals	68,431,324	28,794,563	27,810,992	27,388,492	27,713,999
Public library system	16,237,004	11,815,438	10,275,471	9,882,149	10,335,377
Public works, highway, and street	30,688,707	30,886,707	32,731,146	36,271,472	43,575,786
Recreational and cultural	30,305,628	27,826,667	27,751,742	27,709,921	27,510,024
Employee benefits	46,876,942	44,796,706	43,186,268	41,326,087	41,318,534
Miscellaneous	33,791,687	12,533,657	10,979,389	5,821,492	6,569,187
Total Expenditures	575,597,902	464,026,406	466,569,119	470,472,871	460,486,401
Excess (Deficiency) of revenues over expenditures	57,950,458	101,671,263	91,846,268	77,430,263	68,203,262
OTHER FINANCING SOURCES (USES)					
Transfers in	9,884,702	9,164,813	10,961,503	11,682,853	9,402,182
Transfers out	(58,397,575)	(98,980,994)	(93,704,718)	(89,539,224)	(90,227,271)
Total Other Financing Sources (Uses)	(48,512,873)	(89,816,181)	(82,743,215)	(77,856,371)	(80,825,089)
Excess (deficiency) of revenues and other sources over expenditures and other uses	9,437,585	11,855,082	9,103,053	(426,108)	(12,621,827)
FUND BALANCE, beginning of year	100,050,654	88,195,572	57,969,671	58,395,779	71,017,606
FUND BALANCE, end of year	\$ 109,488,239	100,050,654	67,072,724	\$ 57,969,671	\$ 58,395,779

(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				
	2002	2001	2000	1999	1998
REVENUES:					
Property taxes	\$ 165,634,153	\$ 111,206,690	\$ 110,610,784	\$ 109,211,904	\$ 109,191,849
Local option sales tax	139,791,405	141,948,976	142,681,260	135,799,771	133,049,822
Other taxes, licenses and permits	18,070,950	19,239,743	34,764,271	26,395,401	37,120,550
Fines and costs	2,426,296	2,859,655	4,289,185	3,370,377	2,788,968
Revenue from the use of money or property	3,062,711	5,113,227	5,486,721	4,801,730	5,686,676
Revenue from other governmental agencies	233,889,777	214,255,669	203,788,422	231,550,400	211,479,510
Charges for current services	27,098,098	27,514,419	30,896,363	28,404,978	28,422,781
Compensation for loss, sale or damage to property	1,185,638	1,507,523	753,891	1,104,051	1,324,765
Grants, contributions and gifts	8,786,549	8,605,279	8,563,416	7,213,169	6,694,816
Miscellaneous	23,482	79,984	36,895	11,573	163,163
Total revenues	<u>599,969,058</u>	<u>532,331,165</u>	<u>541,871,208</u>	<u>547,863,354</u>	<u>535,922,900</u>
EXPENDITURES					
Personal services	433,109,794	400,294,114	394,251,712	373,743,668	367,984,701
Contractual services	67,471,741	51,073,832	72,260,861	73,329,000	59,686,389
Supplies	56,752,972	47,929,718	38,121,002	36,462,793	27,900,661
Other	35,983,659	36,594,898	14,983,548	16,633,134	41,465,473
Capital outlay	6,546,573	6,212,752	15,215,722	68,108,787	28,738,218
Total Expenditures	<u>599,864,739</u>	<u>542,105,314</u>	<u>534,832,845</u>	<u>568,277,382</u>	<u>525,775,442</u>
Excess (deficiency) of revenues over expenditures	<u>104,319</u>	<u>(9,774,149)</u>	<u>7,038,363</u>	<u>(20,414,028)</u>	<u>10,147,458</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	53,370,028	46,775,915	50,128,437	39,158,219	36,023,230
Transfers out	<u>(23,486,847)</u>	<u>(29,795,569)</u>	<u>(38,188,832)</u>	<u>(39,092,487)</u>	<u>(32,452,357)</u>
Total Other Financing Sources (Uses)	<u>29,883,181</u>	<u>16,980,346</u>	<u>11,939,605</u>	<u>65,732</u>	<u>3,570,873</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	29,987,500	7,206,197	18,977,968	(20,348,296)	13,718,331
FUND BALANCE, beginning of year, as restated	<u>117,211,565</u>	<u>109,968,273</u>	<u>100,677,848</u>	<u>121,010,530</u>	<u>107,292,199</u>
FUND BALANCE, end of year	<u>\$ 147,199,065</u>	<u>117,174,470</u>	<u>\$ 119,655,816</u>	<u>\$ 100,662,234</u>	<u>\$ 121,010,530</u>

(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)

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

	Years Ended June 30				
	2002	2001	2000	1999	1998
REVENUES:					
Property taxes	\$ 92,583,740	\$ 93,121,235	\$ 89,467,041	\$ 87,689,394	\$ 71,409,284
Local option sales tax	16,429,787	16,930,017	16,439,343	14,745,540	11,886,519
Commissions and fees	2,319,945	5,892,842	50,000	-	-
Revenue from the use of money of property	4,489,644	3,878,324	5,651,070	4,436,985	4,830,017
Revenue from other governmental agencies	17,573,817	897,489	4,171,045	4,113,196	2,255,149
Compensation for loss, sale, or damage to property	-	1,500,050	-	-	19,000
Total Revenues	133,396,933	122,219,957	115,778,499	110,985,115	90,399,969
EXPENDITURES					
Principal retirement	68,255,000	56,825,000	51,925,000	51,530,000	46,990,000
Interest	63,448,704	49,834,336	59,563,984	53,182,744	49,423,775
Fiscal charges	474,195	457,179	427,424	28,286	40,309
Refunding bond issue costs	1,574,378	-	-	91,252	847,014
Total Expenditures	133,752,277	107,116,515	111,916,408	104,832,282	97,301,098
Excess (deficiency) of revenues over expenditures	(355,345)	15,103,442	3,862,091	6,152,833	(6,901,129)
OTHER FINANCING SOURCES (USES)					
Proceeds of refunding bonds, net of discount	74,193,796	73,745,000	-	7,355,000	110,990,000
Payments to refunded bond escrow agent	(87,228,769)	(77,885,410)	-	(7,377,668)	(107,695,881)
Bond issue premium (discount)	1,323,046	4,620,921	-	56,061	(2,574,747)
Transfers in	16,788,988	24,333,599	31,038,063	26,296,610	21,295,380
Transfers out	-	(3,567,645)	(10,896,029)	(6,438,404)	(5,900,000)
Total Other Financing Sources (Uses)	5,077,061	21,246,465	20,142,034	19,891,599	16,114,752
Excess (deficiency) of revenues and other sources over expenditures and other uses	4,721,717	36,349,907	24,004,125	26,044,432	9,213,623
FUND BALANCE, beginning of year, restated	161,819,538	125,469,631	111,670,929	85,626,497	76,412,874
FUND BALANCE, end of year	\$ 166,541,255	\$ 161,819,538	\$ 135,675,054	\$ 111,670,929	\$ 85,626,497

(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.

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

June 30, 2002

Gross General Obligation Debt		
General Obligation Bonds Payable		
General Services District:		
For School Purposes	\$ 400,316,587	
For General Purposes	677,233,734	
Urban Services District:		
For General Purposes	<u>109,694,679</u>	
Total Gross General Obligation Debt		\$ 1,187,245,000
Less:		
Amounts Available In Debt Service Funds		
General Services District:		
For School Purposes	\$ 70,399,950	
For General Purposes	79,895,959	
Urban Services District:		
For General Purposes	<u>11,769,673</u>	
Total Amounts Available In Debt Service Funds (1)		\$ 162,065,583
Debt Payable From Other Sources		
Hotel Occupancy Tax (1)		
Convention Center Project:		
G.O. Refunding Bonds of 1993	\$ 17,861,027	
G. O. Multi-Purpose Improvement Bonds, Series 1997A	<u>4,498,919</u>	
Total Debt Payable From Other Sources		<u>22,359,946</u>
Net General Obligation Debt		<u><u>\$ 1,002,819,471</u></u>

(1) Excludes the Correction Facility Revenue Bonds.

DEBT RATIOS
As of June 30, 2002

Total Debt		
Debt to Estimated Market Value		2.78%
Debt to Assessed Value		8.88%
Debt per Capita	\$	2,038.19
Net Debt		
Debt to Estimated Market Value		2.35%
Debt to Assessed Value		7.50%
Debt per Capita	\$	1,721.58
The above table is based upon:		
Estimated Market Value	\$ 42,634,022,131	(2002)
Assessed Value	\$ 13,373,373,000	(2002)
Population (1)	582,500	(2002)

CALCULATION OF SELF-SUPPORTING DEBT

Hotel Occupancy Tax:	As of
Convention Center Project (2)	<u>June 30, 2002</u>
G.O. Refunding Bonds of 1993	\$ 17,861,027
Improvement Bonds, Series	
1997A	<u>\$ 4,498,919</u>
	<u>\$ 22,359,946</u>

- (1) Source: projected based on existing population and growth rates.
(2) 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.

Historical Debt Ratios

The following table illustrates certain debt ratios for the past ten fiscal years.

Fiscal Year Ending June 30	Population (1)	Assessed Valuation (in thousands)	Gross Debt	Debt Service Monies Available	Debt Payable From Sources Other Than Property Taxes	Net Debt	Ratio of Net Debt to Assessed Valuation	Net Debt Per Capita
1993	520,000	6,031,782	503,341,423	64,099,430	46,571,371	392,670,622	6.51	755.14
1994	523,000	7,645,927	473,283,540	77,566,919	43,981,255	351,735,366	4.60	672.53
1995	525,700	7,809,223	693,075,000	68,292,173	41,294,896	583,487,931	7.47	1,109.93
1996	530,000	7,949,117	733,955,000	70,330,323	40,711,969	622,912,708	7.84	1,175.31
1997	536,700	8,192,587	792,420,000	70,552,736	36,978,998	684,888,266	8.36	1,276.11
1998	538,800	10,647,934	908,095,000	79,899,351	39,815,699	788,379,950	7.40	1,463.21
1999	541,500	10,895,718	1,038,960,000	103,509,799	35,728,961	899,721,240	8.26	1,661.54
2000	539,500	11,087,336	989,705,000	120,991,318	31,507,203	837,206,479	7.55	1,551.82
2001	576,000	11,390,200	1,196,320,000	156,401,726	26,938,984	1,012,979,290	8.89	1,758.64
2002	582,500	13,373,373	1,187,245,000	162,065,583	22,359,946	1,002,819,471	7.50	1,721.58

(1) Source: Population for 1993-2002 provided by Nashville Area Chamber of Commerce end of calendar year estimates.

The following table sets forth annual debt service requirements by district of the Metropolitan Government on outstanding general obligation notes and bonds (excluding this issue) secured by ad valorem taxes.

Total Debt Service as of June 30, 2002 Secured by Ad Valorem Taxes				
Year Ending 30-Jun	GSD		USD	Total GSD and USD
	School Purposes	General Purposes	General Purposes	
2003	\$ 43,349,232	\$ 76,359,036	\$ 16,342,525	\$ 136,050,793
2004	43,340,144	75,436,963	16,117,256	134,894,363
2005	42,549,961	75,003,548	15,969,977	133,523,486
2006	41,391,228	74,967,432	15,937,337	132,295,997
2007	38,127,916	62,030,876	12,847,343	113,006,135
2008	36,027,759	59,013,971	12,317,594	107,359,324
2009	33,341,751	52,208,152	8,200,799	93,750,702
2010	31,013,027	50,708,372	8,202,432	89,923,831
2011	29,845,325	49,240,314	7,603,189	86,688,828
2012	28,650,035	42,877,697	6,632,238	78,159,971
2013	27,478,317	41,367,044	6,024,894	74,870,255
2014	26,314,857	40,601,966	4,774,781	71,691,604
2015	25,151,023	39,836,382	4,768,194	69,755,599
2016	23,989,096	38,340,105	1,758,338	64,087,540
2017	22,825,932	37,568,405	1,464,188	61,858,525
2018	21,364,810	30,382,401	—	51,747,211
2019	21,338,771	26,691,471	—	48,030,242
2020	14,357,073	26,679,588	—	41,036,661
2021	10,272,736	23,573,857	—	33,846,593
2022	10,281,095	22,852,826	—	33,133,921
2023	10,287,787	22,850,854	—	33,138,641
2024	10,293,953	22,849,198	—	33,143,151
2025	10,303,361	22,850,423	—	33,153,784
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
	<u>607,753,379</u>	<u>1,053,995,816</u>	<u>138,961,085</u>	<u>1,800,710,280</u>
Deferred Costs	—	—	(3,135,136)	(3,135,136)
	<u>\$ 607,753,379</u>	<u>\$ 1,053,995,816</u>	<u>\$ 135,825,949</u>	<u>\$ 1,797,575,144</u>

INVESTMENT POLICY

Metro Council has approved a comprehensive Investment Policy governing the overall administration and investment management of those funds held in the Short-Term Investment Portfolio. The policy applies to all short-term financial assets of Metro from the time of receipt until the time the funds ultimately leave Metro accounts. These assets include, but are not limited to, all operating funds, bond funds, debt service reserve funds, water and sewer funds, Urban Services District and General Services District funds, those pension monies not yet allocated to money managers, all float and certain school funds.

The Short-Term Investment Portfolio of the Metropolitan Government is managed to accomplish the following hierarchy of objectives:

- 1) Preservation of principal
- 2) Maintenance of liquidity
- 3) Maximize returns

The Investment Committee meets at least quarterly to review the position of the portfolio and to discuss investment strategies. The Committee reviews investment policy and procedures at least once each year. The Metropolitan Treasurer is responsible for the investment process, carries out the daily operational requirements, and maintains written administrative procedures for the operation of the investment program that are consistent with the Investment Policy.

The Metropolitan Investment Pool has been established to meet investment objectives in the most cost-effective way. The pool is managed in a way that allows it to maintain a constant net asset value of \$1.00. The average maturity of the portfolio is monitored and managed so that changing interest rates will cause only minimal deviations in the net asset value. All payments and receipts of income on pool investments are allocated on a pro rata basis among the accounts invested in the pool on the daily invested balance in each fund. Earnings are calculated and distributed on a monthly basis.

MASS TRANSIT EXPENDITURES

In 1973, the Metropolitan Government acquired the net assets of the Nashville Transit Company and the Metropolitan Transit Authority was established. The revenues derived from the transit system are not sufficient to pay the expenses incurred in the operation of the system. The Metropolitan Government and the State of Tennessee contributed in the fiscal year ending June 30, 2002, approximately \$8.677 million and \$3.178 million respectively, to pay approximately 42% of the authority's operating expenses. The State directs revenues from a two cents per gallon gasoline tax, which it imposes on local governments, that may be applied to mass transit. The contribution of the Metropolitan Government was paid from its general revenues. The Metropolitan Government, and the State and Federal Governments, through grants have spent approximately \$ 56,519,030 to date on improvements of the transit system since 1973.

DISTRICT ENERGY SYSTEM OVERVIEW

The existing District Energy System, a district heating and cooling system that provides steam and chilled water to the downtown metropolitan Nashville area for the purpose of general heating and air conditioning, is located on approximately ten acres in downtown Nashville. The Metropolitan Government is the owner of the System and the site on which the Existing Facility is located and the owner of the site where the New Energy Generating Facility will be located. A portion of the Energy Distribution System is currently owned by the State and will be transferred to the Metropolitan Government prior to completion of the New Energy Generating Facility.

Upon completion of the Project, primary components of the System will include (i) the steam production subsystem consisting of four 65,000 PPH forced draft, pressurized, dual-fuel boilers and a duplex soft water system; (ii) the chilled water subsystem comprised of eight nine 2,600-ton electrical drive chillers, 16 18 single-cell, induced draft cooling towers and 6 chilled water and 5 condenser water pump/motor sets; (iii) a 69/13.8 KV supply substation and two 69/13.8 KV transformers; and (iv) 14,000 linear feet of underground energy distribution piping.

THE SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT

The Sports Authority of the Metropolitan Government of Nashville and Davidson County (the "Authority") is a public non-profit corporation and instrumentality of the Metropolitan Government organized in 1995 pursuant to Chapter 67, Title 7 of Tennessee Code Annotated, as amended; it is a Component Unit of the Metropolitan Government and is included in Metro's CAFR. The purpose of the Authority is to plan, promote, finance, construct, and acquire sports complexes, stadiums, arenas, and facilities for public participation and enjoyment of professional and amateur sports activities for the people in the State of Tennessee. The Authority has no taxing power.

The Authority, on behalf of the Metropolitan Government, issued revenue bonds in 1996 and 1998 to assist in the funding of certain sports projects. The proceeds of the Series 1996 Bonds were used for a portion of the construction of the Coliseum for the National Football League's Tennessee Titans and Tennessee State University, while the Series 1998 Bonds were issued to fund a portion of the franchise payment to the National Hockey League ("NHL") for the NHL's Nashville Predators. These bond issues were primarily funded with new, dedicated revenue streams (consisting of a payment in lieu of tax from the Water and Sewerage Department, parking revenues, lease payments from Tennessee State University and a ticket surcharge at the Gaylord Entertainment Center). However, a portion of the debt service as well as any deficiencies from the other pledged revenue streams are backed by a pledge of certain of the Metropolitan Government's non-tax General Fund revenues. The annual debt service for these bond issues is approximately \$7.4 million through 2018 and approximately \$5.5 million thereafter until 2026.

PENSION PLANS

There are currently eight pension plans covering employees of the Metropolitan Government and the Metropolitan Board of Education ("MBE"). Two of these plans, the Metropolitan Employees' Benefit Trust Fund and the Metropolitan Board of Education Teachers' Retirement Plan Fund, were created upon the adoption of the metropolitan form of government on April 1, 1963 (the "Metropolitan Plans"). All certified employees of the MBE hired since July 1, 1969, are covered under the Tennessee Consolidated Retirement System.

Under the Charter, the Metropolitan Plans are required to be actuarially sound. The Metropolitan Plans are to be funded by annual contributions of employees and employers under the Metropolitan Plans. The contributions of the Metropolitan Government to the Metropolitan Employees' Benefit Trust Fund are determined as a percentage of the aggregate payroll of the participating employees. The Metropolitan Government has no liability for any benefits under the Tennessee Consolidated Retirement System, which is funded solely by employees and State contributions.

On January 1, 1996, Government employees in the Metro plan had the option to participate in a modified version of the currently effective retirement and disability programs. Of the approximately 11,300 metro employees, 5% elected to stay with the old pension plan (Division A) and 95% elected to enroll in the new pension plan (Division B). All benefits under Division A & B are being funded actuarially according to generally accepted accounting principles.

Contributions to the Metropolitan Board of Education Teachers' Retirement Plan Fund, a closed plan of the Metropolitan Government, are made by the MBE and the employees. To meet its obligations to fund future benefits of this plan in excess of plan assets, the MBE contributes a percentage of payroll determined by an annual actuarial valuation.

The remaining five pension plans were formerly administered by the City of Nashville and of Davidson County and were closed to participation on April 1, 1963 (the "Closed Plans"). The Closed Plans include the Civil Service Employee's Pension Fund, The Police and Firemen Pension Fund, The Teachers' Civil Service and Pension Fund, The Davidson County Employees' Retirement Fund, and The Employees Pension and Insurance Fund. Prior to July 1, 2000, the Closed Plans were funded on a pay-as-you-go basis. The difference between the revenue of these funds and benefit expenditures was paid by the Metropolitan Government out of operating budgets of the USD for the former City of Nashville plans and/or the GSD for the former Davidson County plans.

In August 2000, the Government adopted a Guaranteed Payment Plan (GPP) to fund the obligations of the Closed Plans ("superseded systems") on an actuarially sound basis. Under the GPP the unfunded accrued liabilities and other funding obligations of the Closed Plans, including any benefit improvements granted by the superseded

systems, are determined in a manner so as to amortize the same over a period not to exceed thirty (30) years from July 1, 2000. Appropriations made by the Metro Council to fund the obligations of the superseded systems shall not be reduced for any year until all of the pension obligations of the superseded systems are fully amortized.

The Metropolitan Board of Education is also required to fund in its annual budget the actuarial contribution attributable to the aggregate benefits of all teachers covered under its superseded systems. The amounts required to fund such actuarial contributions shall be set forth in the annual budget adopted by the Metro Council.

All funds appropriated for funding obligations of the superseded systems are directly transferred to the GPP. From the GPP the Government transfers such amounts as needed to each respective superseded system in such amounts required to ensure full amortization of all liabilities.

In prior years, cost-of-living benefits under the Metropolitan Plans were funded on a pay-as-you-go basis, which resulted in lower contributions to the plans than were called for under generally accepted accounting principles. To reflect this shortfall and the fact that the Closed Plans were being funded on a pay-as-you-go basis, a liability was set up in the General Long-term Debt Account Group. Now that the Metropolitan Plans are being funded actuarially (taking into account prior shortfalls) and the Closed Plans are declining in importance, the liability established in prior years is declining rapidly.

The following summary states (in thousands) the unfunded pension benefit obligation (as defined in Statement No. 5 of the Government Accounting Standards Board) for all of the following plans as of the most recent actuarial valuations.

	(In Thousands of Dollars)
City County Plans (as of June 30, 2002)	
The Metropolitan Employees' Benefit Trust Fund	\$(32,068)
The Davidson County Employees' Retirement Fund	\$(10,878)
The Civil Service Employees' Pension and Police and Firemen Pension Funds	\$(15,383)
City County Plans reported as shown in CAFR at June 30, 2002.	
Board of Education Plans (as of June 30, 2002)	
The Teachers' Civil Service and Pension Fund (Nashville City Teachers)	\$(6,307)
The Employees' Pension and Insurance Fund (Davidson County)	\$ 1,078
The Metropolitan Board of Education Teachers' Retirement Fund	\$48,205
Board of Education reported as shown in CAFR at June 30, 2002.	

It is expected that the aggregate contributions required for the pension plans, as a percentage of the total covered payroll, will remain relatively level. Information on the actuarial valuations for each pension plan is given in the notes to the Basic Financial Statements attached hereto as Appendix A.

PUBLIC EMPLOYEES' REPRESENTATION

As of June 30, 2002, the Metropolitan Government and Metropolitan Board of Education employed approximately 22,480 persons of whom approximately 11,357 worked full-time for the MBE. Appropriately 95% of the sworn personnel of the Fire Department are members of Local No. 763 of the International Association of Firefighters, and approximately 87% of the sworn personnel of the Police Department are members of the Fraternal Order of Police. Approximately 42% of the remaining non-teaching employees are members of the Service Employees International Union. Approximately 63% of the teaching employees are members of the Metropolitan Nashville Education Association (the "MNEA").

The MBE is a party to a Memorandum of Understanding with the MNEA which is renewed annually. The Metropolitan Government confers on an informal basis with representatives of employee unions mentioned above concerning employees' working conditions within their respective departments.

With the exception of school teachers covered specifically by the Education Professional Negotiation Act, which provides for memoranda of understanding, the State does not recognize collective bargaining agreements between municipalities and their employees. The State courts have ruled that collective bargaining between municipalities and their employees are void and of no effect because they are contrary to public policy. The State Courts have also ruled that strikes by municipal employees are illegal and subject to injunction.

ECONOMIC AND DEMOGRAPHIC PROFILE OF NASHVILLE AND DAVIDSON COUNTY

Introduction

The Metropolitan Government of Nashville and Davidson County ("Nashville"), as created in 1963, is in the north central part of Tennessee and covers 533 square miles. Nashville is the capital of the State of Tennessee and is situated in the Nashville Basin, between the Tennessee River on the west and the Eastern Highland Rim on the east.

Population Growth

The following table sets forth information concerning population growth in Nashville. Comparison with the Nashville Metropolitan Statistical Area ("MSA"), the State and the United States serves to illustrate relative growth.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DEMOGRAPHIC STATISTICS – Unaudited See Accompanying Accountant's Report
Population Growth

Area	1980	1990	% Change 1980-1990	2001	Estimated 2002	% Change 1990-2002
Nashville/Davidson (1)	477,811	510,786	6.9 %	565,352	582,509	18.0 %
MSA (1)	850,505	985,026	15.8	1,251,830	1,287,513	33.9
State (1)	4,591,120	4,890,640	6.2	5,740,021	5,867,258	21.8
United States (2)	226,545,805	248,709,925	9.8	284,796,887	288,465,139	21.5

Source: Population is from the U. S. Department of Commerce, Bureau of the Census except for "Estimated 2002" which are from the following sources:

- (1) Nashville/Davidson, MSA, and State estimates for 2002 are from projections based on existing population and growth rates.
- (2) Bureau of the Census.

Growth within the MSA has occurred to the greatest extent in surrounding communities, which, although suburbs of Nashville, are in themselves residential, manufacturing and agricultural communities.

Per Capita Personal Income

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Nashville MSA	21,736	22,743	23,983	25,429	26,015	26,879	28,598	29,973	31,599	32,338
Davidson County	23,444	24,653	25,983	27,746	28,483	29,180	31,638	33,336	35,158	36,394
Tennessee	18,707	19,541	20,426	21,449	22,022	22,814	24,101	25,014	26,290	26,808
United States	20,960	21,539	22,340	23,255	24,270	25,412	26,893	27,880	29,760	30,413

Source: Bureau of Economic Analysis website: www.bea.doc.gov.

Economy of the Metropolitan Area

Nashville has a diverse economy, having considerable involvement in commerce and industry, education and government. Agriculture is also a major factor in the economy of the surrounding counties. Insurance, finance, publishing, banking, health care, music, tourism, manufacturing and distribution are mainstays of the economy. Lack of dependency on one industry has helped to insulate Nashville from the impact of product business cycles. Businesses have been attracted to Nashville because of its location, work force, services and taxes. The central location of Nashville, approximately halfway between Houston and New York, has contributed to its emergence as an important wholesale and retail center.

Employment

The following table shows the labor force segments of the eight county Nashville Metropolitan Statistical Area for calendar years 1992 through 2001.

Nashville MSA
Employment By Industry
IN THOUSANDS

Industry	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	% Change 01 vs. 92
Manufacturing	90.7	94.2	98.7	99.8	96.5	96.3	95.4	96.3	96.9	91.7	1.1 %
Wholesale & Retail Trade	125.0	129.9	137.3	143.1	147.2	152.6	157.7	160.7	163.4	165.2	32.2
Construction & Mining	19.9	22.3	25.4	27.5	29.6	31.1	32.2	33.5	34.4	33.1	66.3
Finance, Insurance and Real Estate	30.6	31.4	33.1	34.4	36.8	39.3	42.5	43.0	41.7	41.8	36.6
Services	149.3	159.3	168.6	182.2	190.3	199.1	208.4	215.3	221.6	225.8	51.2
Government	68.8	72.6	75.4	76.3	78.0	80.7	82.5	84.4	85.9	87.0	26.5
Transportation, Public Utilities and Communication	30.3	32.2	32.4	32.2	31.2	31.1	33.0	34.5	36.6	38.6	27.4
Total	<u>514.6</u>	<u>541.9</u>	<u>570.9</u>	<u>595.5</u>	<u>609.6</u>	<u>630.2</u>	<u>651.7</u>	<u>667.7</u>	<u>680.5</u>	<u>683.2</u>	<u>32.8</u>

Source: The University of Tennessee Center for Business and Economic Research

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
MISCELLANEOUS STATISTICS (CONTINUED)

See Accompanying Accountants' Report

June 30, 2002

Twenty-five Largest Employers in the Nashville MSA, excluding government agencies	<u>Number of Employees</u>
1. Vanderbilt University and Medical Center*	13,601
2. HCA (including Tri-Star Health System)*	10,525
3. Saturn Corporation	7,609
4. Nissan Motor Manufacturing Corporation U.S.A.	6,500
5. Saint Thomas Health Services*	5,790
6. Gaylord Entertainment* (including Opryland Hotel and attractions)	4,950
7. Shoney's Incorporated*	3,670
8. Kroger Company*	3,350
9. CBRL Group Inc.* (cracker Barrel and Logan's Roadhouse Restaurants)	3,275
10. Dell Computer Corporation	3,000
11. BellSouth	3,000
12. Bridgestone/Firestone*	2,900
13. Ingram Industries Incorporated*	2,880
14. Wal-Mart Stores Incorporated	2,645
15. Trane Company	2,550
16. United Parcel Service	2,445
17. Century II Staffing*	2,376
18. The Tennessean*	2,100
19. State Industries*	1,980
20. Maury Regional Hospital	2,015
21. O'Charley's Incorporated*	1,850
22. Whirlpool Corporation	1,800
23. A.O. Smith Water Products*	1,800
24. The Aerostructures Corporation*	1,707
25. PRIMUS Automotive Financial Services*	1,700

*Indicates Corporate, U.S. Division, or Regional Headquarters.

Source: Nashville Area Chamber of Commerce, *Largest Employers in the Nashville MSA, 2001*

Unemployment Rates

The following table sets forth the unemployment percentage rates in Nashville, the MSA, the State and the United States for the calendar years 1993-2002.

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Davidson County	3.9 %	3.0 %	3.3 %	3.2 %	3.4 %	2.6 %	2.9 %	2.9 %	3.1 %	4.0 %
MSA	4.1	3.1	3.4	3.3	3.5	2.7	2.7	2.9	3.3	4.0
Tennessee	5.7	4.8	5.2	5.2	5.4	4.2	4.0	3.9	4.5	5.1
United States	6.9	6.1	5.6	5.4	4.9	4.5	4.2	4.0	4.8	5.8

Source: Bureau of Labor Statistics

Investment and Job Creation

In 2001-2002, the Nashville Area Chamber of Commerce announced some 23 business relocations to the Nashville MSA and over 50 expansions in manufacturing, distribution or office operations. Continued expansion has occurred in recent years in information processing operations, the automotive industry, health care management and many areas where the local economy has established strength and growth potential.

Nissan North America-Smyrna began the production of its Maxima model in the Smyrna plant in September 2001, which added approximately 1,000 new employees. Union Planters Bank added 120 new jobs by opening a credit administration center. A \$5 million investment by Inflow, Inc. opened a 17,000-sq/ft data network exchange facility in the new commerce center. Engine Controls Distribution, an automotive parts manufacturer, relocated to Davidson County adding 350 new employees.

Education

The School System had its beginning in 1963 with the merger of Nashville and Davidson County. The Nashville public schools make up the second largest school system in Tennessee. During the 2002-2003 school year, Nashville Metro had 124 public schools, with 70,000+ students and 5,300 teachers. In addition, there are 56 independent schools, which are attended by over 17,000 students from pre-kindergarten through 12th grade in the current 2003-2004 school year.

The School System is administered by the Metropolitan Board of Education, consisting of 9 members. Davidson County voters elect one member from each school district to a four-year term. The terms are staggered so that at least four members are elected every two years. The Board of Education holds regular meetings on the second and fourth Tuesday of each month. These meetings are open to the public.

The current members of the Metropolitan Board of Education, the office held by each and the date their term of office expires are listed below.

The Metropolitan Board of Public Education
2003-2004

<u>Member</u>	<u>Office</u>	<u>Date Term Expires</u>
George Blue	Chairperson	2006
Pam Binkley Garrett	Vice-Chair	2004
Kathy Nevill	Member	2006
Kathleen Harkey	Member	2006
Mebenin Awipi, MD	Member	2006
Patricia Crotwell	Member	2004
Edward T. Kindall	Member	2004
Christina Norris	Member	2004
George H. Thompson, III	Member	2004

The following tables summarize certain information regarding the School System's building facilities and enrollment and attendance trends.

School System
Public Education Facilities
2002-2003

<u>Educational Level</u>	<u>Number of Buildings</u>	<u>2002-2003 School Year Enrollment</u>
Elementary	66 (1)	29,205 (PK-4)
Middle	36 (2)	20,765 (5-8)
Senior	18 (3)	17,450 (9-12)
Special Education	3	2,608
Adult Center	1	-
 Total	 <u>124</u>	 <u>70,028</u>

- (1) Includes one magnet school.
- (2) Includes three magnet schools.
- (3) Includes three magnet schools and four alternative schools.

School System
Public Schools
Enrollment and Attendance

School Year	Enrollment (1)	Average Attendance
1991-1992...	67,580	63,615
1992-1993.....	69,469	64,939
1993-1994.....	71,289	66,248
1994-1995.....	70,481	65,609
1995-1996.....	70,212	66,691
1996-1997.....	71,341	67,702
1997-1998.....	71,000	67,450
1998-1999.....	69,878	63,896
1999-2000.....	69,723	66,118
2000-2001.....	69,457	65,289
2001-2002.....	69,700	66,319
2002-2003.....	70,028	66,554

(1) Official enrollment as reported to the State Board of Education in October of each school year.

The Nashville Metropolitan Statistical Area has 15 colleges and universities, including Vanderbilt University, Belmont University, Tennessee State University, David Lipscomb University, Meharry Medical College, Nashville State Technical Institute and Fisk University. Total higher education enrollment exceeds 65,000 students annually.

Seven of Nashville's institutions of higher education offer graduate programs. Nashville is also a leading center for medical research and education with Vanderbilt University emphasizing medical research in addition to its programs in other disciplines and Meharry Medical College specializing in health care delivery.

Several commercial and vocational schools are located in Nashville. In addition, the Adult Vocational Educational Program operated by the Metropolitan Board of Education and the State Department of Education provides skill training to approximately 1,500 adults annually. An advisory committee for vocational education consisting of business and industrial leaders advises the MBE as to the need for vocational classes and as to changes needed to meet the demand for new skills and knowledge.

Manufacturing

In 2002, an average of 90,383 persons were employed in the manufacturing industries in the MSA, engaging in a wide range of activities and producing a variety of products, including food, tobacco, textiles and furnishings, lumber and paper, printing and publishing, chemical and plastics, leather, concrete, glass, stone, primary metals, machinery and electronics, motor vehicle equipment, measuring and controlling devices, and consumer products.

The Nashville MSA's largest manufacturing employer is Saturn Corporation, with some 7,609 employees, built 30 miles to the south of Nashville, on the edge of the MSA. The second largest, Nissan Motor Manufacturing Corp. U.S.A., with some 5,889 employees, has its only U.S. plant located just outside of Nashville.

Trade

Nashville is the major wholesale and retail trade center for the MSA and some 50 counties in the central region of the State, southern Kentucky and northern Alabama, a retail trade area of more than 2.3 million people with retail sales of over \$15 billion. Major regional shopping centers register more than \$3.0 billion in retail sales annually, placing Nashville in the nation's top 50 markets. Outside the Nashville downtown area there are five major shopping centers, four of which are enclosed malls, and 60 smaller shopping complexes. Total retail trade for the Nashville MSA in 2000 was approximately \$13.8 billion.

Agriculture

Nashville is surrounded by agricultural-based economies. The area of middle Tennessee produces livestock, dairy products, soybeans, small grain, feed lot cattle, strawberries, hay and tobacco. The area surrounding Nashville is the home of the Tennessee Walking Horse.

Transportation

Nashville serves as a conduit or trans-shipment point for much of the traffic between the northeast and southeast United States. Three interstate highways extending in six directions intersect in Nashville in addition to nine Federal highways and four State highways. Barge service on the Cumberland River, together with good rail and air services, give Nashville an excellent four-way transportation network.

The Cumberland River, connecting Nashville and the surrounding area to the Gulf of Mexico and intermediate points on the Ohio and Mississippi Rivers, is used by 51 commercial operators, 18 of which serve Nashville. With the completion of the Tennessee-Tombigbee Waterway in 1985, Cumberland River freight is able to reach the Port of Mobile, thereby eliminating approximately 600 miles of the distance from Nashville to the open sea and contributing to the development of foreign trade in Nashville. In addition, the Federal Government in 1982 approved Nashville as a Foreign Trade Zone, a secured area supervised by the United States Custom Service, which provides for the storing of foreign merchandise without duty payments.

The CSX System, a major national railroad, serves Nashville. In addition, five major rail lines link Nashville to all major markets in the nation. Rail carriers interchange freight and cooperate in providing and extending transit privileges covering both dry and cold storage and the processing or conversion of materials.

The Metropolitan Nashville Airport Authority (the "Airport Authority") owns Nashville International and John C. Tune airports. Nashville International Airport (the "Airport") is situated approximately eight miles from downtown Nashville. It is serviced by seventeen scheduled airlines. According to the Authority, in 2002 approximately 8 million passengers used the airport. The Airport presently serves 84 markets with an average of 413 arriving and departing flights per day.

The 820,000 square foot Airport terminal has 46 air carrier gates and up to 46 narrow/wide body parking positions and 26 commuter parking positions. The Airport has four runways of up to 11,000 feet, including parallels for simultaneous landings and takeoffs.

The Airport Authority also operates the John C. Tune Airport in the Cockrill Bend Industrial area west of Nashville. It serves the needs of regional corporate and private aircraft and allows Nashville International's air carrier traffic to

flow with fewer constraints. Tune Airport also provides a pilot training environment and modern facilities for the transient and corporate operator.

The Metropolitan Transit Authority ("MTA") provides a comprehensive public transportation system covering the entire metropolitan area. In addition to regularly scheduled bus routes, MTA provides special transportation services for the handicapped and operates trolley cars in the downtown area for shoppers, tourists and downtown workers.

Construction

Construction in Nashville is illustrated by the following table describing the number and value of building permits issued by the Department of Codes Administration of the Metropolitan Government. Construction has grown through most of the 1990's. In 2001, Metro saw a total dollar volume of permit activity at \$1.23 billion.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
CONSTRUCTION AND BUILDING PERMIT ACTIVITY
Unaudited - See Accompanying Accountants' Report
Ten Year Summary

Calendar Year	Residential Construction		Non-Residential Construction		Repairs, Alterations and Installations		Other (1)		Total Permit Value
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	
1992	1,793	189,520,491	736	367,903,676	6,294	230,637,217	1,795	8,609,585	796,670,969
1993	2,080	229,048,197	690	211,969,848	6,385	284,604,823	1,501	16,570,248	742,193,116
1994	2,038	269,904,628	962	451,157,419	5,979	308,124,028	1,545	9,524,180	1,038,710,255
1995	2,335	427,057,950	987	267,735,281	5,566	304,314,632	1,473	10,103,598	1,009,211,461
1996	2,241	425,145,645	1,091	239,280,249	5,231	315,359,663	1,363	11,902,258	991,687,815
1997	2,240	376,003,886	1,036	492,917,275	5,307	271,749,797	1,504	10,417,506	1,151,088,464
1998	2,487	397,690,382	1,040	498,439,904	5,805	357,775,227	1,466	14,520,549	1,268,426,062
1999	2,686	508,776,654	1,206	697,396,351	4,740	397,754,933	1,455	18,187,549	1,622,115,487
2000	2,421	444,626,418	1,010	386,428,784	4,673	479,932,778	1,272	11,960,044	1,322,948,024
2001	2,975	521,311,880	896	354,527,042	4,146	336,595,779	1,179	14,962,413	1,227,397,114

(1) Includes moved residential buildings, house trailers, and the demolition of residential and non-residential buildings and sign and billboard permits.

Of the seven major areas of office development in Nashville, the central business district is by far the largest, with approximately 6 million square feet of leasable space. Office vacancy throughout the city at the end of year 2002 was at 12.7%. The 2525 West End building near downtown Nashville is the most recent large office project.

The Gaylord Entertainment Center, formerly the Nashville Arena, is now in its sixth year of operation as a premier entertainment facility. The Gaylord Entertainment Center hosted 700+ ticketed events since its opening and has recorded over \$185 million in gross sales. The Gaylord Entertainment Center is home of the Nashville Predators, an NHL team beginning its sixth season in Nashville.

The Tennessee NFL Stadium, now named the Coliseum, is the home of the 1999 AFC Champion and 2002 AFC South Division Champion Tennessee Titans and of the 1999 OVC Champion Tennessee State University Tigers. Now in its third year of operation, 100% of Titans season ticket packages are sold, and the Titans have played every game in the new facility in front of a sell-out crowd. The Coliseum seats 68,498 fans.

Tourism

Tourism is a major industry in Nashville. The Convention and Visitors Bureau of the Nashville Area Chamber of Commerce estimates that more than 10.5 million tourists came to Nashville in 2000 and they spent \$2.7 billion. Music, history, art, and generous hospitality attract convention delegates and leisure visitors.

The new Country Music Hall of Fame opened in downtown Nashville in May, 2001. The \$37 million facility is a striking architectural statement featuring music related icons both outside and inside the building. From a distance, the front façade of the building looks like a piano keyboard. The shape of the building is that of the musical notation for a bass clef. The conservatory entrance is available for after-hour events and spaces of varying sizes offer attractive event spaces. The new Hall of Fame features live entertainment daily with musical instruments demonstrations, songwriting sessions, performances each day at lunch and a live TV show each weekday afternoon.

Nashville's leadership convinced Fan Fair to relocate to downtown for their 2001 event. The Country Music Association coordinates performances by more than 100 entertainers and groups. There were major concerts at the Coliseum, smaller performances at Riverfront Park and the Bicentennial Mall and autograph sessions at the Nashville Convention Center. Attendance had been flat or declining for a number of years but the changes and new marketing efforts resulted in the highest attendance ever, totaling 124,000 aggregate attendance.

The Frist Center for the Visual Arts opened in June, 2001 in the old Post Office building in downtown Nashville. A public/private partnership between Metropolitan Government, the Frist Foundation and the Dr. Thomas Frist Jr. family, renovated the Art/Deco building as a world-class exhibition hall for visiting art exhibits. An auditorium for 250 and large entrance hall is ideal for groups and after-hours functions. The Frist Center does not intend to build a permanent art collection but will place special emphasis on education, arts-related programs for the school children of Nashville and community outreach. The Center has given Nashville the ability to host significant art shows that have not exhibited here in the past.

Opry Mills is 1.1 million square foot megamall, which opened in May 2000. The mall contains 200 stores, theme restaurants, a multi-theater complex, an IMAX theater and Gibson Guitars Bluegrass instrument factory under glass. During the first year of operation, the mall counted 14 million visits.

The downtown entertainment district features the Hard Rock Café, the Wild Horse Saloon, a concert hall, restaurant, dance hall and TV production facility. The Ryman Auditorium, a former home of the Grand Ole Opry, is known for outstanding acoustics. The Ryman has become a venue of choice by entertainers visiting Nashville. The proximity of the Gaylord Entertainment Center and the Coliseum to the entertainment district assures good crowds on event days.

The Tennessee State Museum, the Cheekwood Botanical Gardens and Fine Arts Center, The Tennessee Performing Arts Center, the Cumberland Museum and Science Center and the Parthenon supplement educational and cultural opportunities in the City. The Tennessee Performing Arts Center, a State facility in Downtown Nashville, contains a 2,442-seat concert hall, a 1,054 seat legitimate theater and a 300 seat flexible theater.

The Cumberland Science Museum and the Nashville Zoo provide opportunities for Nashville's adults and children to learn how science and wildlife affect their lives. The Cumberland Science Museum is undergoing an expansion of the building and their mission. It features exhibits and programs, which focus on geology, zoology, ecology, physics and other sciences. The Nashville Zoo is in the third year of a multi-year, multi-million dollar expansion program. The

Zoo property is built around the historic Grassmere Home and features an ever-expanding display of reptiles, amphibians and birds from throughout the world.

Nashville has 175 hotels and motels that feature more than 32,000 rooms. The Gaylord Opryland Resort and Convention Center is one of the largest hotel/convention centers under one roof in the United States. The complex features 2,884 hotel rooms, 300,000 square feet of exhibit space and 300,000 square feet of meeting space. In 2001, the Marriott at Vanderbilt opened 307 rooms.

Below is a history of hotel/motel rooms and percentage of occupancy from 1992 through 2002:

Calendar Year	Rooms Available	Occupancy Rate
1992	20,400	72.2 %
1993	20,300	74.0
1994	20,300	74.3
1995	22,000	73.5
1996	24,121	72.0
1997	24,375	66.8
1998	26,500	62.7
1999	30,889	61.4
2000	31,642	60.5
2001	32,699	56.5
2002	32,998	56.9

Source: Nashville Conventions and Visitors Bureau

Medical and Cultural Facilities

Nashville is one of the nation's leaders in the health care field. HCA Healthcare has its headquarters and operates several hospitals here. Baptist Hospital, Vanderbilt University Medical Center, and St. Thomas Hospital are the city's other primary hospitals.

Metro has relocated the city owned hospital, Metro Nashville General Hospital, to Hubbard Hospital of Meharry Medical College in 1998. In addition, Meharry provides medical staff to Metro Nashville General Hospital. The arrangement provides the city with a renovated facility staffed with residents from Meharry Medical College.

In the spring of 2001, a new, larger downtown public library building, estimated at over 280,000 square feet was completed. During 2000, one branch library underwent major renovations; three branches were replaced with newer, larger buildings; and two additional branches were constructed. Each new branch has a size of 20,000 to 25,000 square feet. With the downtown public library, its 20 community branches (after renovations and new constructions), the Vanderbilt University Library and the libraries of other schools, Nashville offers a wide range of books and other materials for instruction, research and innovation.

The Frist Center for the Visual Arts opened in the spring of 2001 in Nashville's historic downtown post office building. A public-private partnership between Metropolitan Government, The Frist Foundation and the Dr. Thomas F. Frist, Jr. family, the Center contains more than 24,000 square feet of gallery space capable of showcasing major national and international visual arts exhibitions. The Frist Center does not intend to build a permanent art collection but will instead place special emphasis on education, arts-related programs for the school children of Nashville, and community outreach. The Center will give Nashville the ability to host significant art shows that have not exhibited here in the past.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights of the holders thereof.

The information contained in this Yearly Information Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Yearly Information Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representation of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Yearly Information Statement nor any sale of securities made using this Yearly Information Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Metropolitan Government since the date hereof.