

THE METROPOLITAN GOVERNMENT
OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the Year Ended June 30, 2002

Prepared by
DEPARTMENT OF FINANCE
David L. Manning, Director of Finance
Gene Nolan, Associate Director of Finance

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Bill Purcell Mayor

October 31, 2002

To the Citizens of Nashville and Davidson County, Tennessee:

We are pleased to submit the comprehensive annual financial report of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Government) for the fiscal year ended June 30, 2002. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Government. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the Government in accordance with generally accepted accounting principles (GAAP). All disclosures necessary to enable the reader to gain an understanding of the Government's financial activities have been included.

The Government fully adopted GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, GASB Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments, an amendment of GASB Statements No. 21 and No. 34, and GASB Statement No. 38, Certain Financial Statement Note Disclosures, in fiscal year 2002. The requirements of these Statements represent a significant change in the financial reporting model used by the Government. In addition to fund financial statements, the Government is required to report government-wide financial statements prepared using the accrual basis of accounting and the economic measurement focus for all funds. Other changes include the establishment of new fund types, the elimination of account groups, a focus on major funds in the basic financial statements, the reporting of infrastructure, the preparation of cash flow statements using the direct method and the inclusion of Management's Discussion and Analysis (MD&A). This new presentation provides users of the Comprehensive Annual Financial Report (CAFR) with additional information to assist in their review of financial position and results of operations.

The Government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, and U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedules of federal and state financial assistance, findings and recommendations, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, are not included herein but are reported separately.

Office of the Mayor
Metropolitan Courthouse
Nashville, Tennessee 37201
Phone: 615.862.6000
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mayor@metro.nashville.org

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, this report includes all funds of the primary government and all component units. For purposes of this report, the primary government includes all departments and agencies of the Government which are not separate legal entities, including the Department of Water and Sewerage Services and Metropolitan Nashville Public Schools. The component units include those separate legal entities whose relationships with the primary government meet the criteria for inclusion defined in GASB Statement No. 14.

The comprehensive annual financial report is presented in three main sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a description of the form of government, the Government's organizational chart, a list of principal officials, and an organizational chart for the Government's Finance Department. The financial section includes the independent auditors' report, MD&A, the basic financial statements, notes, required supplementary information, individual fund and component unit statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

As noted previously, the Government is required to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The Government's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

Metropolitan Nashville and Davidson County is located in middle Tennessee at the hub of many air, rail, and highway transportation routes. The Government provides a full range of services. These services include education; police and fire protection; waste management; construction and maintenance of highways, streets, and infrastructure; traffic regulation and control; parking; health and social services; public housing; recreational and cultural activities; public libraries; planning and zoning; water and sewerage services; administration of justice; and general administrative services.

FACTORS AFFECTING FINANCIAL CONDITION

The local economy is a well-balanced blend of financial, agricultural, wholesale, retail, manufacturing, and service industries. The local mix of these industries roughly reflects the national economy, with no single industry being predominant in the region. Computer technology, automotive, medical, private educational, private prison management, insurance, banking, publishing, telecommunications, and entertainment companies all find a home in Nashville. With a rich economic, social, and cultural environment, the city consistently scores high in national rankings of preferred business locations, best places to live, and favorable environments for the creation and development of businesses.

The Nashville Metropolitan Statistical Area (MSA) economy has been slightly healthier than the national economy, with lower unemployment than the state and the nation. While the city has been affected by the current national economic situation, we expect no unusual negative effects specific to Nashville or the MSA.

The Government's two most significant locally generated revenue sources are sales and property taxes. The Government is watching the sales tax closely since the collections have been lower than expected. The property tax base has shown moderate growth, and Nashville continues to have the lowest effective property tax rate of the four major Tennessee cities. The Government has no income tax.

MAJOR INITIATIVES

The Government continues to emphasize delivery of focused public services in a way that provides maximum efficiency, effectiveness, and value to the citizens of Nashville. The Government's major initiatives for fiscal year 2002, for fiscal year 2003, and for the future are discussed below.

FOR FISCAL YEAR 2002: Substitute budget ordinance BL2001-707 adopted a balanced budget totaling \$1,230,354,737 in the budgetary funds. The budget included significant service improvements, funded by net increase of \$0.34 per \$100 of assessed value. The combined GSD-USD tax rate was reduced from \$4.24 to \$3.84 per \$100 assessed value. 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. The combined net increase in fiscal year 2001-02 GSD-USD tax rate was from \$4.24 to \$4.58.

The budget continued to focus improvements on areas first articulated in fiscal year 2001, including:

- Public Education – This budget was the first since the completion of the comprehensive performance audit of the school system. The audit initiated by this administration and Metropolitan Nashville Public Schools included more than 200 findings and recommendations. The budget addressed the recommendations of that audit including the first step in a sustained investment for the operations of Metro schools. The \$34 million in new funds for schools in this budget provided 114 new teachers in the system and allowed a reduction in class size to meet state requirements. The property tax increase for schools generated more revenue the first year than was needed in FY 2002; the anticipated surplus will be needed to help fund the FY 2003 and FY 2004 schools budgets.
- Public Safety – The Police Department’s mission is to provide community based police services promote a safe and peaceful Nashville. We continued to focus on the importance of retention and recruitment in the police department, and the budget included more than \$8.5 million in pay plan and benefits adjustments to bring salaries in line with pay in comparable cities. Similar improvements were made for our fire and other emergency personnel. The Fire Department and other public safety and justice administration enhancements totaled \$7.6 million.
- Neighborhoods and Community Support – The first-ever Mayor’s Office of Neighborhoods was created to foster an environment where neighborhoods are empowered to solve problems and participate with city government in addressing issues of mutual concern, to improve the quality of life in Nashville’s neighborhoods through more active and involved citizens, and to enhance governmental response to community needs. The budget included \$100,000 in new funds to provide neighborhood enhancement grants for neighborhood organizations. Beyond that, the budget also included improvements totaling \$6.5 million in libraries, parks, arts, Head Start, the zoo, and other community programs.
- Keeping our Commitments – The budget included almost \$17 million in required funding to meet commitments, including employee benefits, sports facilities, one-time funds to facilitate the Nashville Public Television spin-off from Metropolitan Nashville Public Schools, and anticipated utility cost increases.
- Valuing our Employees – The budget implemented pay increases after a compensation study performed by William M. Mercer, Inc. The study recommended general reclassifications, together with general pay increases in each of the next three years. This budget fully funded these recommendations, costing over \$30 million (\$24.6 million in the general funds) in FY 2002.

FOR FISCAL YEAR 2003: Substitute budget ordinance BL2002-1073 adopted a balanced budget totaling \$1,312,208,694 in the budgetary funds, an increase of 6.7% over the budget for fiscal year 2002. The budget included some service improvements, but no change in property tax rates.

The budget continues to make improvements in our focus areas, including:

- Public Education – Over the last year, Metropolitan Nashville Public Schools developed and approved a systemwide strategic plan for 2002-2007, and created a 2003 Student-Based Budget. The Metro budget advances both the mission and the funding recommendations of that budget, partly through new expenditures and partly through redirecting existing funds. Funds were directed toward more staff, innovative programs, technology, books, supplies, materials, maintenance, and compensation. The budget also continued the systematic plan to fully implement the recommendations of the comprehensive performance audit.

- Public Safety – Metro continues to focus on assuring that our citizens are safe by providing the necessary personnel, training, and equipment to our Police, Fire, Office of Emergency Management and related Health programs. The 2003 budget targets funding for overtime in both the Police and Fire Departments, supports the implementation of most recommendations from the recent Police performance audit, and includes the hiring of School Resource Officers and other improvements related to public safety and homeland security.
- Neighborhoods and Community Support – The continuing focus on supporting our neighborhoods and striving to ensure a high quality of life cuts across all of our priorities. Particular efforts include a new household recycling program throughout the Urban Services District, a continued emphasis on creating safe and affordable housing in our neighborhoods, master plan for sidewalks (which will guide unprecedented levels of sidewalk construction), the Parks master plan (which will guide our investments in parks, greenways and the like as we enter the second 100 years of our Parks system), and funding for Public Works performance audit recommendations.
- Valuing our Employees – The budget provides funds for 3% overall pay increases, normal pay increments, and increased fringe benefits and medical insurance costs in FY 2003.
- Other Enhancements – The budget also calls for management improvements and changes, including consolidation of fleet management activities into a new Fleet Management Office and consolidation of stormwater activities in the Department of Water and Sewerage Services.
- Results Matter – in FY 2002, Metro began deploying a government-wide strategic planning and performance measurement initiative through the Office of Management and Budget in the Department of Finance. The initiative, called “Results Matter,” seeks to introduce the managing for results methodology into the systems and culture of all parts of Metro government. This will be accomplished by a multi-year implementation of a Strategic Business Planning process across all departments; that process has begun with eleven departments in calendar year 2002. Once implemented, this initiative will help to provide tools and data needed to focus on delivering results for customers, and managerial systems and the organizational culture will focus on those results.

These initiatives will be addressed while ensuring the government meets its fundamental objectives of maintaining balanced budgets, keeping taxes low, and investing in Nashville’s future. Details of all improvements included in the fiscal year 2002 and 2003 budgets are described in the annual *Operating Budget* books and in the *Budget in Brief* booklets published by the Department of Finance, Office of Management and Budget. They are also available on the internet at www.nashville.gov.

FOR THE FUTURE: In coming years, the Government's agenda will focus on efforts to:

- Continue improving public education. Although improvements have been made in recent years, the work of our schools will involve the whole community's attention, time, and commitment to the public school system we know we must have.
- Continue to focus on our neighborhoods, on their safety and their unity, through the Office of Neighborhoods, the Police department, and other departments of the Government.
- Continue to focus on the issues underlying our quality of life. This includes economic and community development, parks, the arts, libraries, adequate public transportation and affordable housing.
- Review the structures, procedures, and management of the Government to ensure the most effective, efficient services to its citizens.

These issues will be successfully resolved by the ongoing cooperation of business, government, citizen groups, and other involved parties. The Government's budget continues to stress sound financial management and efficiency, effectiveness, and equity in public services. It remains committed to building a future in which all citizens of Davidson County can enjoy economic prosperity and a quality lifestyle.

FINANCIAL INFORMATION

CASH MANAGEMENT: Cash temporarily idle during the year was primarily invested in demand deposits, certificates of deposit, obligations of the U. S. Treasury, commercial paper, and the State of Tennessee Local Government Investment Pool. Investments are made either directly or through the Metro Investment Pool. Investments in the pension trust funds also include common stocks, corporate bonds and other holdings.

The Government's investment policy is to preserve principal, minimize credit and market risks, and maintain adequate liquidity while maximizing the rate of return on its portfolio. The investment policy encourages conservative, low risk investments and does not permit more risky methods, such as leveraging, to enhance investment returns. The majority of the cash deposits are held by financial institutions participating in the bank collateral pool administered by the State of Tennessee, thus ensuring that they are collateralized. Earnings continue to be realized as a result of the banking service agreement, which in part provides for the daily investment of demand deposit balances.

The primary government earned investment income of \$31.8 million for the year ended June 30, 2002.

RISK MANAGEMENT: The Government continued to operate a risk management program, which was initiated in 1978. As part of its comprehensive plan, resources are being accumulated in various internal service funds to meet potential losses. Accepted risk control techniques, including employee accident prevention training, have been implemented to minimize potential liability losses. In addition, the Government has elected to come under the Tennessee Tort Liability laws in order to limit its potential liability.

PENSION TRUST FUNDS: The pension system of the Government covers substantially all full-time employees. It consists of one pension plan that is open to new members and five pension plans that are closed to new members but are still used by some employees of the former City of Nashville, the former Davidson County, and Metropolitan Nashville Public Schools.

After recognizing contributions from other funds, employees, and the State of Tennessee, the General Fund is responsible for amounts necessary to fund the Metropolitan Employees' Benefit Trust Fund (which includes Division A, the closed plan, and Division B, the open plan) and the following four closed plans:

- The County Plan - Davidson County Employees' Retirement Fund
- The County Education Plan - Employees' Pension and Insurance Fund
- The City Plan - Closed City Plan Fund
- The City Education Plan - Teachers' Civil Service and Pension Fund

After recognizing contributions from employees and the State of Tennessee, Metropolitan Nashville Public Schools is responsible for funding the Metro Education plan – The Teachers' Retirement Plan Fund. The total assets of all pension funds were \$1.5 billion at June 30, 2002.

INTERNAL CONTROL STRUCTURE: Management of the Government establishes and maintains an internal control structure designed to ensure that the assets of the Government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETARY CONTROLS: The Government maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Government's governing body, the Metropolitan Council. Activities of the General Fund, General Purpose School Fund and the General Purposes and School Purposes Debt Service Funds are included in the annual appropriated budget. The Government maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). The annual appropriated budget for the General Purpose School Fund continues to measure expenditures and encumbrances against appropriations (non-GAAP). Encumbrances outstanding at June 30, 2002 are reported as reservations of fund balance for subsequent year expenditures.

SINGLE AUDIT: As a recipient of federal and state financial assistance, the Government is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. As part of the Government's single audit, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the Government has complied, in all material respects, with applicable laws and regulations. The results of the Government's single audit for fiscal year 2002, including any reported instances of weaknesses in the internal control structure or any violations of applicable laws and regulations, are reported separately.

OTHER INFORMATION

INDEPENDENT AUDIT: Section 6.15 of the Metropolitan Charter requires an annual audit of accounts and other evidences of financial transactions of the Government and of its departments, offices, and agencies by independent certified public accountants. The audit is performed by a firm chosen by a three-member audit board consisting of the Vice-Mayor, the Chairman of the Budget and Finance Committee of the Metropolitan Council, and the Chairman of the Metropolitan Nashville Public Schools. This requirement has been complied with; the independent auditors' report and the non-major governmental, non-major enterprise, internal service and fiduciary funds' statements and schedules are included in the financial section of this report.

AWARDS: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Government for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR and conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

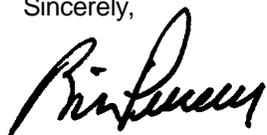
A Certificate of Achievement is valid for a period of one year only. The Government has received a Certificate of Achievement for the last nineteen years. We believe this report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The GFOA presented a Distinguished Budget Presentation Award to the Government for its annual budget for the fiscal year beginning July 1, 2002. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. We believe the current budget continues to conform to program requirements, and we are submitting it to the GFOA. It is the Government's twelfth year to receive this award.

ACKNOWLEDGMENTS: Many individuals and organizations throughout the Government assisted in preparing this CAFR. To each of them we gratefully express our sincere appreciation for their dedicated contributions.

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

Sincerely,



Bill Purcell
Mayor



David L. Manning
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Metropolitan Government
of Nashville & Davidson
County, Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

The Metropolitan Government of Nashville and Davidson County was awarded the Certificate of Achievement by the Government Finance Officers Association of the United States and Canada for its Comprehensive Annual Financial Report for the year ended June 30, 2001.



William Patrick Pate
President

Jeffrey L. Essler
Executive Director

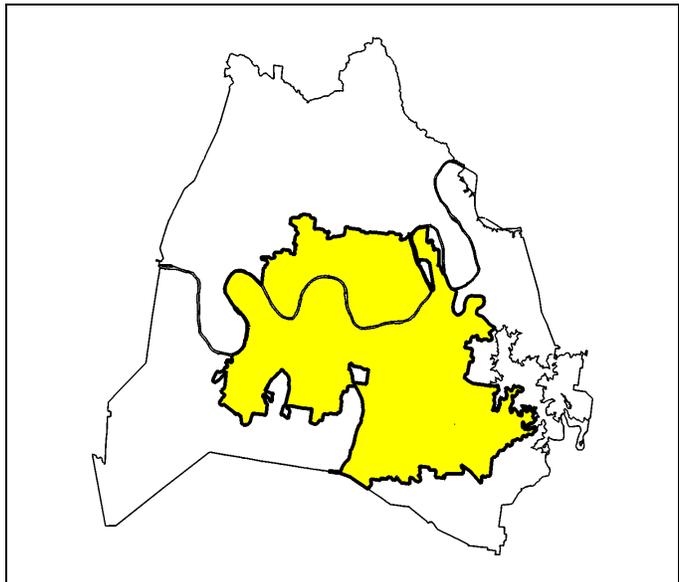
**THE METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY
FORM OF GOVERNMENT**

On April 1, 1963 the governments of the City of Nashville and Davidson County were consolidated into a single "Metropolitan Government of Nashville and Davidson County," under which the boundaries of the City of Nashville and Davidson County are coextensive.

The executive and administrative powers are vested in 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. A two-thirds vote of the legislative body, 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 composed of 40 members who are elected for four-year terms.

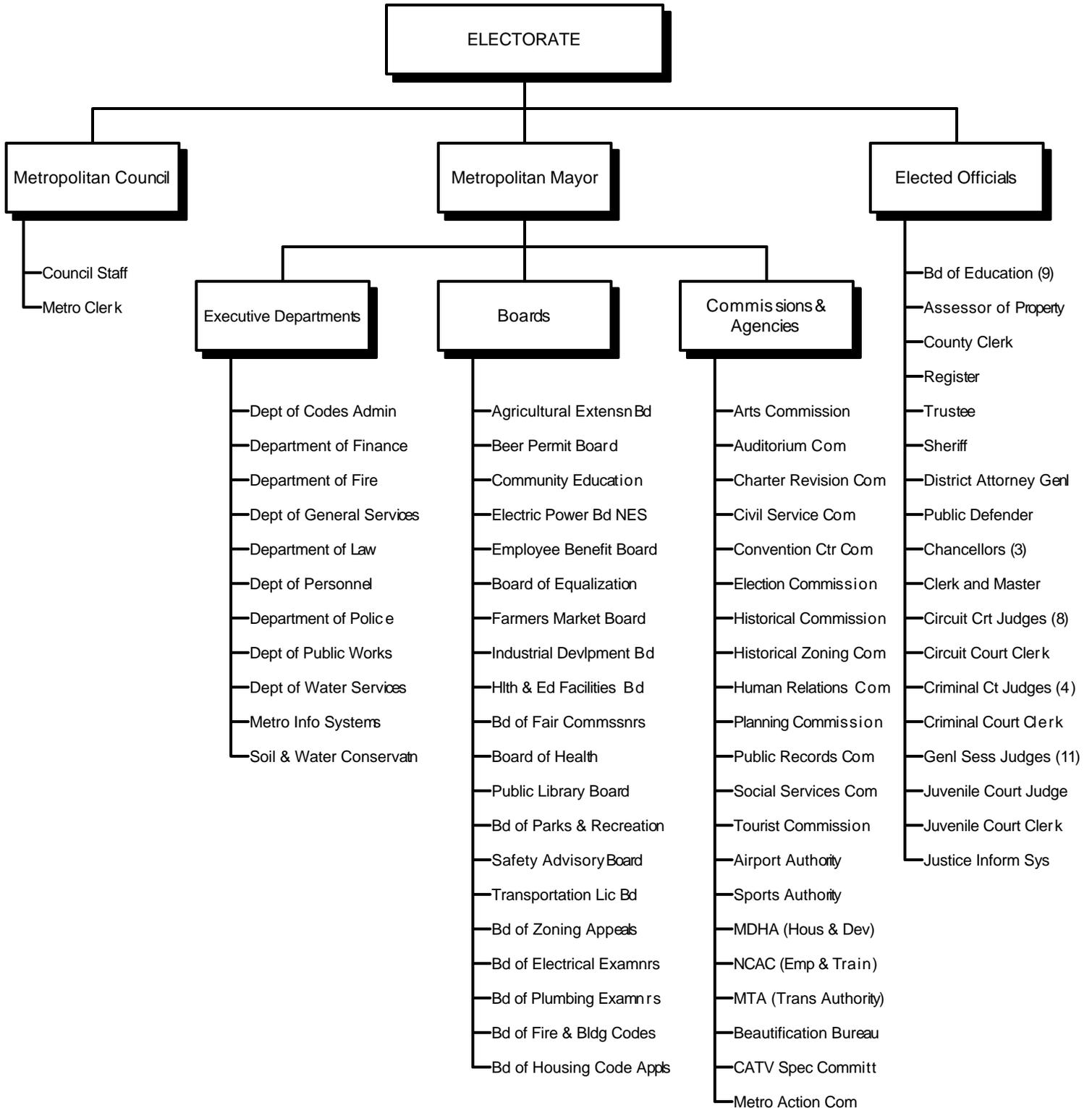
The Charter provides a framework for local government in Nashville to serve the needs of two service districts: (i) the General Services District (the "GSD") and (ii) the Urban Services District (the "USD"). The GSD embraces the entire area of Davidson County and its residents are taxed to support those 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, airport facilities, 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. USD residents are charged an additional tax to support those services, functions and debt obligations which benefit only the USD. Such services include additional police 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 service within a reasonable period which shall be no 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 72 square miles to 152 square miles.



The USD (shaded area) is a subset of the GSD

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 ORGANIZATION CHART



**THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY**

**Elected Officials
at June 30, 2002**

Bill Purcell, Mayor

Finance Officials

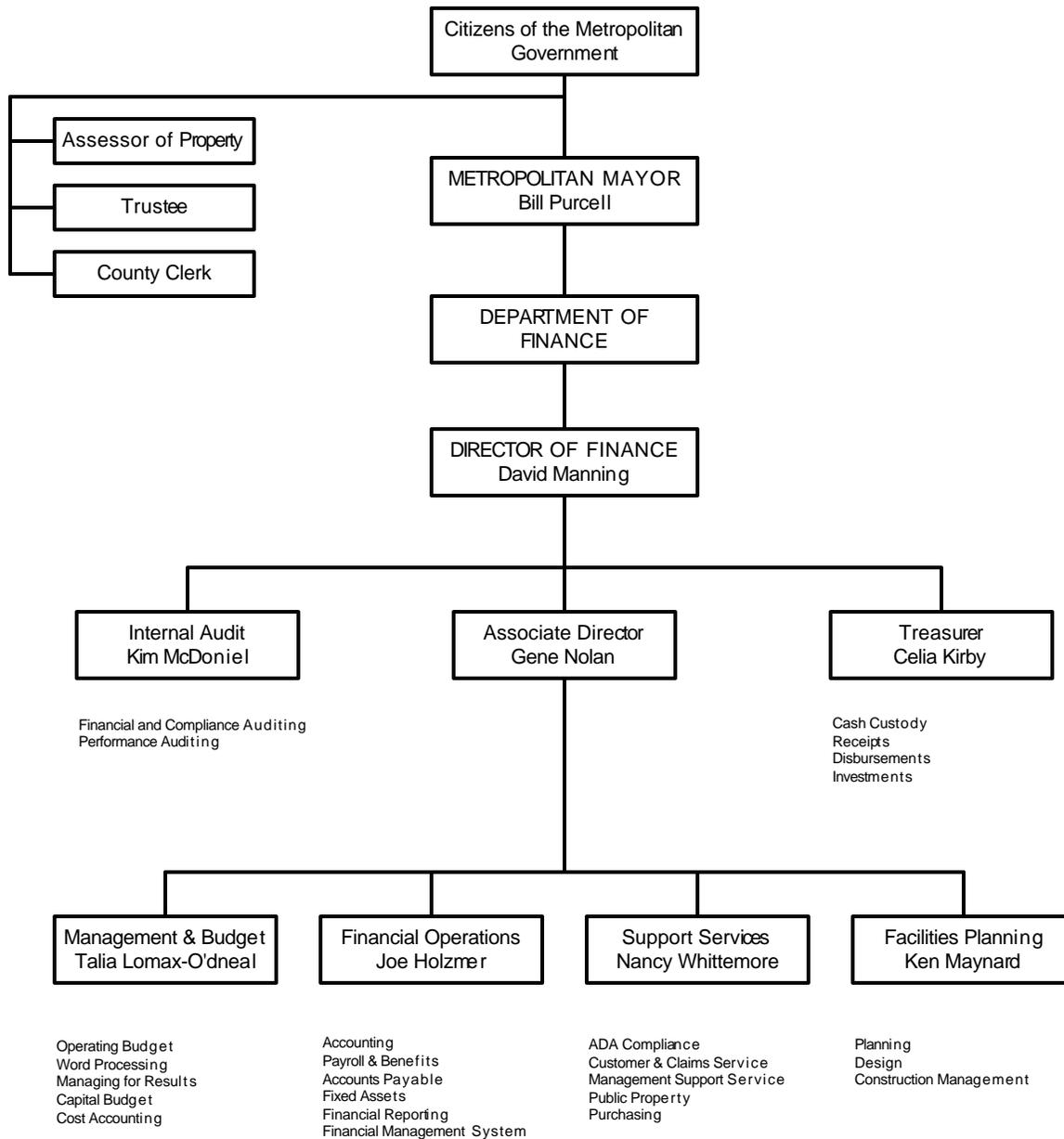
Jo Ann North	Assessor of Property
Charles E. Cardwell	Trustee
Bill Covington	County Clerk

The County Council

Howard Gentry, Jr.	Vice Mayor
David Briley	Council Member-at-large
Chris Ferrell	Council Member-at-large
Vacant	Council Member-at-large
Carolyn Baldwin Tucker	Council Member-at-large
Leo Waters	Council Member-at-large

District No. 1 - Brenda Gilmore	District No. 19 - Ludy Wallace
District No. 2 - Melvin Black	District No. 20 - Morris B. Haddox
District No. 3 - Ron Nollner	District No. 21 - Edward Whitmore
District No. 4 - Don Majors	District No. 22 - Norma Hand
District No. 5 - Lawrence Hall	District No. 23 - Bob Bogen
District No. 6 - Eileen Beehan	District No. 24 - John Summers
District No. 7 - Earl Campbell	District No. 25 - Jim Shulman
District No. 8 - Lawrence Hart	District No. 26 - Michelle Arriola
District No. 9 - James Dillard	District No. 27 - Janis Sontany
District No. 10 - Bettye Balthrop	District No. 28 - Jason Alexander
District No. 11 - Feller Brown	District No. 29 - Saletta Holloway
District No. 12 - Phil Ponder	District No. 30 - Michael Kerstetter
District No. 13 - Tony Derryberry	District No. 31 - Don Knoch
District No. 14 - James Bruce Stanley	District No. 32 - Craig A. Jenkins
District No. 15 - J.B. Loring	District No. 33 - Ron Turner
District No. 16 - Amanda McClendon	District No. 34 - Lynn Williams
District No. 17 - Ronnie Greer	District No. 35 - Charlie Tygard
District No. 18 - Ginger Hausser	

ORGANIZATION OF THE DEPARTMENT OF FINANCE AND OTHER FINANCIAL OFFICES





1900 Nashville City Center
511 Union Street
Nashville, TN 37219-1735

Independent Auditors' Report

The Honorable Mayor and Members of Council
The Metropolitan Government of Nashville
and Davidson County, Tennessee:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Government of Nashville and Davidson County, Tennessee (the "Government") as of and for the year ended June 30, 2002, which collectively comprise the Government's basic financial statements as listed in the Table of Contents. We also have audited the Sports Authority, General Hospital, and Bordeaux Hospital, discretely presented component units of the Government, as of and for the year ended June 30, 2002 as displayed in the Government's basic financial statements. We also have audited the financial statements of each of the Government's nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds presented as supplementary information in the accompanying combining financial statements as of and for the year ended June 30, 2002, as listed in the Table of Contents. These financial statements are the responsibility of the management of the Government. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following Component Units: the Nashville District Management Corporation, the Metropolitan Development and Housing Agency, the Electric Power Board, the Metropolitan Transit Authority, the Nashville Thermal Transfer Corporation, the Metropolitan Nashville Airport Authority, the Emergency Communications District, and the Industrial Development Board, which reflect 76% of the total assets and 89% of the total revenues of the Component Units of the Government. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, as well as each discretely presented component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the General Purpose School Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service, and fiduciary fund of the Government, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.





As discussed in note 1 (B) to the financial statements, the Government has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34*, and Statement No. 38, *Certain Financial Statement Note Disclosures*, as of July 1, 2001.

The management’s discussion and analysis, the schedule of funding progress, the schedule of employer contributions, and the condition rating of the transportation network on pages A- 1 through A-12, B-82 through B-85, and B-104 through B-105, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2002 on our consideration of the Government’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Government’s basic financial statements and on each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, the Sports Authority, General Hospital, and Bordeaux Hospital taken as a whole. The Schedules listed in the Table of Contents, which are also the responsibility of the management of the Government, are presented for purposes of additional analysis and are not a required part of the financial statements of the Government. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The introductory and statistical sections listed in the Table of Contents are presented for purpose of additional analysis and are not a required part of the financial statements of the Government. Such additional information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

KPMG LLP

October 31, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Metropolitan Government of Nashville and Davidson County (the Government), we offer readers of the Government's financial statements this narrative overview and analysis of the financial activities of the Government for the fiscal year ended June 30, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to vi of this report.

Comparative analyses of key elements of total governmental funds and total enterprise funds have been provided. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

FINANCIAL HIGHLIGHTS

- The assets of the Government exceeded its liabilities at the close of the most recent fiscal year by \$2.3 billion (*net assets*). Of this amount, \$422 million (*unrestricted net assets*) may be used to meet the Government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Government's governmental funds reported combined ending fund balances of \$525 million, a decrease of \$62 million in comparison with the prior year. Approximately 48.02% of this total amount, \$252 million, is available for spending at the Government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$64 million, or 11.09% of total general fund expenditures.
- The proprietary funds reported net assets at year-end of \$1.1 billion, an increase of \$23 million during the year.
- The Government's total general obligation and revenue bonds outstanding decreased by \$27 million (1.55%) during the current fiscal year. Although new refunding debt issues totaled \$74 million, this increase was offset by the retirement of the refunded debt, principal payments and changes in deferred amounts of \$101 million. Additionally, \$66 million of revenue bonds of Nashville Thermal Transfer Corporation, a component unit, was assumed and refunded.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Government's basic financial statements. The Government's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Government's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Government's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Government is improving or deteriorating.

The Statement of Activities presents information showing how the Government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Government include general government, fiscal administration, administration of justice, law enforcement and care of prisoners, fire prevention and control, education, regulation and inspection, conservation of natural resources, public welfare, public health and hospitals, public library system, public works, highways and streets, and recreational and cultural. The business-type activities of the Government include the Department of Water and Sewerage Services, Nashville Convention Center, Board of Fair Commissioners, Farmers Market and Police Secondary Employment.

The government-wide financial statements include not only the Government itself (known as the *primary government*), but also the Nashville District Management Corporation, Sports Authority, Hospital Authority,

Metropolitan Development and Housing Agency, Electric Power Board, Metropolitan Transit Authority, Nashville Thermal Transfer Corporation, Metropolitan Nashville Airport Authority, Emergency Communications District, and Industrial Development Board. These *component units* are legally separate organizations for which the Government is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages B-2 to B-5 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the Government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Government's near-term financing decisions. Both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Government reports 25 individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the General Fund, General Purpose School Fund, GSD General Purposes Debt Service Fund, GSD School Purposes Debt Service Fund, and USD General Purposes Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements which are included in the sections following the notes to the financial statements.

The Government adopts an annual appropriated budget for each major governmental fund. Budgetary comparison statements have been provided in the Basic Financial Statements section for the General Fund and General Purpose School Fund to demonstrate compliance with the budget. Budgetary comparison schedules have been provided in the Governmental Funds Combining Statements section for the GSD General Purposes Debt Service Fund, GSD School Purposes Debt Service Fund, and USD General Purposes Debt Service Fund.

The basic governmental fund financial statements can be found on pages B-6 to B-17 of this report.

Proprietary funds – The Government maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Government uses enterprise funds to account for the Department of Water and Sewerage Services, Nashville Convention Center, Board of Fair Commissioners, Farmers Market and Police Secondary Employment. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Government's various functions. The Government uses internal service funds to account for its printing, fleet of vehicles, information systems, radio equipment, insurance, office supply, postal, facilities planning, and treasury management services. Because these services predominantly benefit governmental rather than business-type functions, they have been primarily included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Department of Water and Sewerage Services which is considered to be a major fund of the Government. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements which are included in the sections following the notes to the financial statements. Also, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is also provided in the form of combining statements which are included in the sections following the notes to the financial statements.

The basic proprietary fund financial statements can be found on pages B-18 to B-23 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Government's own programs. The accounting used for fiduciary

funds is much like that used for proprietary funds. Individual fund data for the fiduciary funds is provided in the form of combining statements which are included in the sections following the notes to the financial statements.

The basic fiduciary fund financial statements can be found on pages B-24 to B-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages B-39 to B-103 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Government's progress in funding its obligation to provide pension benefits to employees, found on pages B-82 to B-87, and concerning certain infrastructure condition and maintenance data, found on pages B-104 to B-105.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds are presented immediately following the Basic Financial Statements section. Combining and individual fund statements can be found on pages C-2 to E-12 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Government, assets exceeded liabilities by \$2.3 billion at the close of the most recent fiscal year.

The Government's Net Assets in thousands of dollars (as of June 30, 2002)

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 1,272,304	\$ 386,933	\$ 1,659,237
Capital assets	<u>2,041,924</u>	<u>1,276,224</u>	<u>3,318,148</u>
Total assets	<u>3,314,228</u>	<u>1,663,157</u>	<u>4,977,385</u>
Long-term liabilities	1,304,644	551,711	1,856,355
Other liabilities	<u>720,376</u>	<u>60,605</u>	<u>780,981</u>
Total liabilities	<u>2,025,020</u>	<u>612,316</u>	<u>2,637,336</u>
Net assets:			
Invested in capital assets, net of related debt	857,993	699,546	1,557,539
Restricted	79,462	281,313	360,775
Unrestricted	<u>351,753</u>	<u>69,982</u>	<u>421,735</u>
Total net assets	<u>\$ 1,289,208</u>	<u>\$ 1,050,841</u>	<u>\$ 2,340,049</u>

The largest portion of the Government's net assets (66.56%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Government's net assets (15.42%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets representing unrestricted net assets (\$422 million) may be used to meet the Government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Government is able to report positive balances in all three categories of net

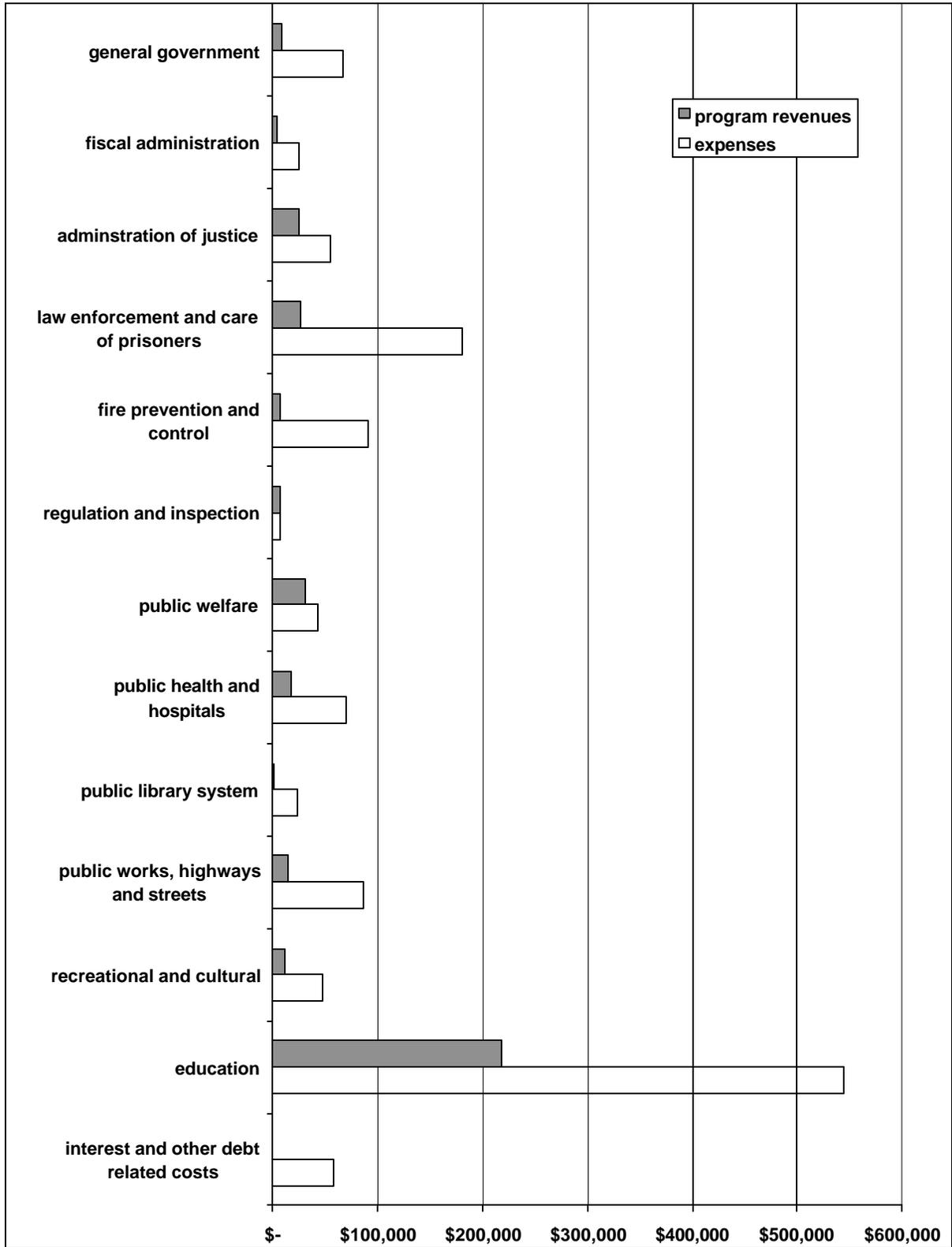
assets, both for the Government as a whole, as well as for its total governmental and total business-type activities.

The Government's Changes in Net Assets
in thousands of dollars
(for the year ended June 30, 2002)

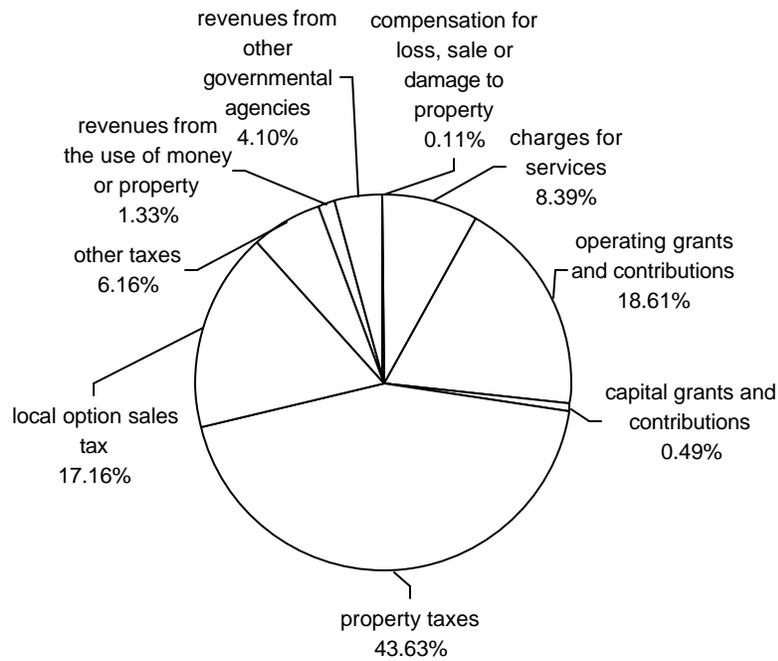
	Governmental Activities	Business-type Activities	Total Primary Government
Revenues:			
Program revenues:			
Charges for services	\$ 113,284	\$ 163,948	\$ 277,232
Operating grants and contributions	251,234	-	251,234
Capital grants and contributions	6,635	25,576	32,211
General revenues:			
Property taxes	587,143	-	587,143
Local option sales tax	231,627	-	231,627
Other taxes	83,152	-	83,152
Revenues from the use of money or property	18,002	13,786	31,788
Revenues from other governmental agencies	55,364	-	55,364
Compensation for loss, sale or damage to property	1,500	-	1,500
Total revenues	1,347,941	203,310	1,551,251
Expenses:			
General government	66,207	-	66,207
Fiscal administration	25,006	-	25,006
Administration of justice	55,740	-	55,740
Law enforcement and care of prisoners	180,267	-	180,267
Fire prevention and control	89,799	-	89,799
Regulation and inspection	7,800	-	7,800
Conservation of natural resources	355	-	355
Public welfare	42,568	-	42,568
Public health and hospitals	70,580	-	70,580
Public library system	24,044	-	24,044
Public works, highways and streets	85,901	-	85,901
Recreational and cultural	46,790	-	46,790
Education	543,635	-	543,635
Interest and other debt related costs	58,343	-	58,343
Department of Water and Sewerage Services	-	149,242	149,242
Nashville Convention Center	-	6,567	6,567
Board of Fair Commissioners	-	3,733	3,733
Farmers Market	-	1,136	1,136
Police Secondary Employment	-	2,526	2,526
Total expenses	1,297,035	163,204	1,460,239
Increase in net assets before transfers and special items	50,909	40,106	91,012
Transfers	865	(865)	-
Special item:			
General government assumption of component unit debt	(56,785)	-	(56,785)
Increase (decrease) in net assets	(5,014)	39,241	34,227
Net assets, beginning of year	1,294,222	1,011,600	2,305,822
Net assets, end of year	\$ 1,289,208	\$ 1,050,841	\$ 2,340,049

Governmental activities – Although the revenues and expenses of the governmental activities increased the Government's net assets by \$51 million, the governmental activities resulted in an overall decrease of \$5 million. During the current year, the Government assumed responsibility for debt related to the Nashville Thermal Transfer Corporation, a component unit. In the Statement of Activities, the special item of \$57 million is the net of the Corporation's debt assumed and the Corporation's debt service funds transferred to the Government's.

Expenses and Program Revenues - Governmental Activities

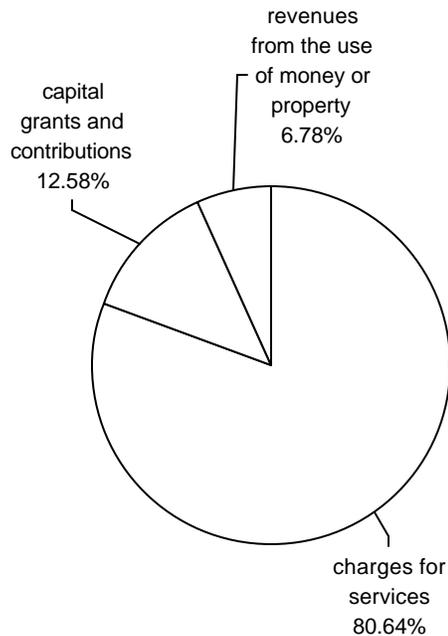


Revenues by Source - Governmental Activities



Business-type activities – Business-type activities increased the Government's net assets by \$39 million. The business-type activities continue to generate operating income which contributed the majority of the increase. Capital grants and contributions primarily represent the value of deeds for land and utility plant conveyed to the Department of Water and Sewerage Services by developers.

Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the Government's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Government's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Assets, Liabilities and Fund Balances Total Governmental Funds in thousands of dollars

	June 30, 2002	June 30, 2001
Total assets	<u>\$ 1,267,689</u>	<u>\$ 1,301,854</u>
Total liabilities	<u>\$ 742,785</u>	<u>\$ 714,794</u>
Fund balances:		
Reserved	272,857	218,885
Unreserved	252,047	368,175
Total fund balances	524,904	587,060
Total liabilities and fund balances	<u>\$ 1,267,689</u>	<u>\$ 1,301,854</u>

As of the end of the current fiscal year, the Government's governmental funds reported combined ending fund balances of \$525 million, a decrease of \$62 million in comparison with the prior year. Approximately 48.02% of this total amount (\$252 million) constitutes unreserved fund balance, which is available for spending at the Government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders of the prior period (\$31 million), 2) for subsequent year budget appropriations (\$69 million), 3) for the purchase of equipment (\$21 million), 4) for future debt payments (\$138 million), and 5) other purposes (\$14 million).

The fund balance in the governmental funds decreased primarily due to expenditures surrounding the 2001 General Obligation bond issue and the authorization of the 2002 General Obligation bond issue, which resulted in expenditures in fiscal 2002.

The general fund is the chief operating fund of the Government. At the end of the current fiscal year, unreserved fund balance of the general fund was \$64 million, while total fund balance was \$109 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.09% of total general fund expenditures, while total fund balance represents 19.02% of that same amount.

The fund balance of the Government's general fund increased by \$9 million during the current fiscal year. The growth is attributable to an increase in property taxes of \$74 million (27.63%) during the year primarily due to a 25.96% and 20.75% increase in the GSD and USD property taxes rates, respectively. This increase was partially offset by increases in expenditures and other financing uses of \$65 million.

The debt service funds have a total fund balance of \$167 million, the majority of which is reserved for the payment of debt service.

Changes in Fund Balances Governmental Funds
in thousands of dollars

	June 30, 2002	June 30, 2001	Variance	
Revenues and other financing sources:				
Property taxes	\$ 598,400	\$ 470,862	\$ 127,538	27.09%
Local option sales tax	231,707	237,203	(5,496)	-2.32%
Other taxes, licenses and permits	93,770	97,698	(3,928)	-4.02%
Fines, forfeits and penalties	11,623	12,746	(1,123)	-8.81%
Revenues from the use of money or property	16,971	21,117	(4,146)	-19.63%
Revenues from other governmental agencies	345,845	314,758	31,087	9.88%
Commissions and fees	16,676	14,414	2,262	15.69%
Charges for current services	48,069	47,195	874	1.85%
Compensation for loss, sale or damage to property	2,489	4,415	(1,926)	-43.62%
Contributions and gifts	9,329	9,450	(121)	-1.28%
Miscellaneous	615	1,013	(398)	-39.29%
Other financing sources	168,884	432,359	(263,475)	-60.94%
Total revenues and other financing sources	1,544,378	1,663,230	(118,852)	-7.15%
Expenditures and other financing uses:				
Current:				
General government	27,660	23,781	3,879	16.31%
Fiscal administration	19,765	17,129	2,636	15.39%
Administration of justice	43,163	39,377	3,786	9.61%
Law enforcement and care of prisoners	159,552	140,935	18,617	13.21%
Fire prevention and control	79,074	67,146	11,928	17.76%
Regulation and inspection	7,178	5,891	1,287	21.85%
Conservation of natural resources	320	355	(35)	-9.86%
Public welfare	12,555	12,759	(204)	-1.60%
Public health and hospitals	68,431	28,794	39,637	137.66%
Public library system	16,237	11,815	4,422	37.43%
Public works, highways and streets	30,688	30,887	(199)	-0.64%
Recreational and cultural	30,305	27,826	2,479	8.91%
Employee benefits	46,877	44,797	2,080	4.64%
Miscellaneous	33,792	12,533	21,259	169.62%
Other funds:				
Personal services	433,110	400,294	32,816	8.20%
Contractual services	75,479	51,074	24,405	47.78%
Supplies and materials	60,164	47,930	12,234	25.52%
Other costs	36,883	56,363	(19,480)	-34.56%
Educational programs	399	208	191	91.83%
Capital outlay	113,037	135,152	(22,115)	-16.36%
Debt Service:				
Principal retirements	68,255	56,825	11,430	20.11%
Interest	63,676	49,835	13,841	27.77%
Fiscal charges	1,821	457	1,364	298.47%
Other financing uses	179,619	219,245	(39,626)	-18.07%
Total expenditures and other financing uses	1,608,040	1,481,408	126,632	8.55%
Net change in fund balances	(63,662)	181,822	(245,484)	-135.01%
Fund balances, beginning of year (restated)	588,566	404,102	184,464	45.65%
Equity transfers	-	1,136	(1,136)	-100.00%
Fund balances, end of year	\$ 524,904	\$ 587,060	\$ (62,156)	-10.59%

The most significant changes in revenues and other financing sources were:

- Property taxes increased by \$127 million (27.09%) during the year primarily due to a 25.96% and 20.75% increase in the GSD and USD property taxes rates, respectively.
- Revenues from other governmental agencies increased by \$31 million (9.88%) primarily due to revenues received from component units which were recorded as transfers in the prior year.
- Other financing sources decreased by \$263 million (60.94%). The prior year balance includes \$282 million of proceeds and premium related to new debt issues compared to \$74 million in the current year.

The most significant changes in expenditures and other financing uses were:

- Law enforcement and care of prisoners increased \$19 million (13.21%) due to increased funding for pay plan and benefit adjustments. Additionally, fiscal 2002 was the first year that departments were charged for the use of a new 800 MHz system installed by the Government.
- Fire prevention and control increased \$12 million (17.76%) due to increased funding for pay plan and benefit adjustments, new paramedic positions and benefits, and expenditures related to the operation of a new fire station.
- Expenditures related to public health and hospitals increased \$40 million (137.66%). This increase is primarily attributable to the recording of operating subsidies of \$33 million paid to the Hospital Authority, a component unit of the Government, as expenditures in the current year. In the prior year, these payments were recorded as transfers.
- Miscellaneous expenditures increased \$21 million (169.62%) primarily due to expenditures made to component units that were recorded as transfers out in the prior year.
- Certain General Purpose School expenditures, classified under other funds, were reclassified in the current year. Total other fund expenditures increased \$28.0 million, primarily due to pay plan and benefit increases.

Proprietary funds – The Government's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of proprietary funds at the end of the year amounted to \$92 million. The total growth in net assets for these funds was \$23 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the Government's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original and Final Budgeted Amounts

Differences in expenditures between the original budget and the final amended budget were relatively minor (\$10.0 million increase in appropriations) and can be briefly summarized as follows:

- \$2.5 million in increases to the District Energy Service for development costs,
- \$1.5 million in increases allocated to the Sheriff's Department for contracted services,
- \$5.2 million in increases allocated to public health primarily for federally and state funded programs where the increase in appropriations is offset by increases in estimated revenues,
- \$0.7 million in miscellaneous increases in general government activities.

Differences in transfers out between the original budget and final amended budget of \$12.5 million are primarily due to:

- \$5.3 million to fund a capital improvement plan,
- \$4.3 million in increases allocated to Public Works for waste management,
- \$1.0 million for the operation of the Government's arena facility.

Final Budgeted and Actual Amounts

Actual revenues and other financing sources exceed final budgeted amounts by \$9.4 million primarily due to higher than expected collections of property taxes and commissions and fees.

Actual expenditures and other financing uses were lower than final budgeted amounts by \$25.5 million. The majority of the departments were under budget as were other expenditures and transfers. The most significant variances are:

- \$3.2 million for various health-related programs, many of which are federal and state supported, were not used,
- \$3.8 million for public works for infrastructure, operations and maintenance costs were not used partly due to a transition in management which resulted in a temporary diminishment of resources,
- \$4.0 million for potential increases in rates for employee benefits were not used,
- \$6.7 million for various other miscellaneous items, such as contingencies and contributions, were not used.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Government's investment in capital assets for its governmental and business type activities as of June 30, 2002 amounts to \$3.32 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$83 million.

The Government's Capital Assets in thousands of dollars (as of June 30,)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2002	2001	2002	2001	2002	2001
Utility plant in service	\$ -	\$ -	\$ 1,521,630	\$ 1,466,725	\$ 1,521,630	\$ 1,466,725
Land	92,061	86,041	23,099	22,918	115,160	108,959
Buildings and improvements	773,583	673,204	80,188	78,886	853,771	752,090
Improvements other than buildings	-	-	37,775	36,239	37,775	36,239
Furniture, machinery and equipment	221,802	196,195	45,995	46,100	267,797	242,295
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,369,827	-	-	-	1,369,827	-
Construction in progress	44,899	98,460	26,881	27,108	71,780	125,568
Less: Accumulated depreciation	(460,248)	(17,352)	(462,989)	(419,376)	(923,237)	(436,728)
Total capital assets	\$ 2,041,924	\$ 1,036,548	\$ 1,276,224	\$ 1,262,245	\$ 3,318,148	\$ 2,298,793

The total increase in the Government's investment in capital assets for the current fiscal year was 44.34% (a 96.99% increase for governmental activities and a 1.1% increase for business-type activities).

The most significant change in capital assets during the year resulted from the inclusion of infrastructure assets of \$1.4 billion. The Government also completed significant renovations on the Parthenon facility maintained by the Department of Parks and Recreation and completed the construction of and opened a new Main Library in the downtown area.

As allowed by GASB Statement No. 34, the Government has adopted the alternative to recording depreciation expense on selected infrastructure assets. Under this method, referred to as the modified approach, the Government expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under this approach include approximately 5,523 lane miles of streets and roads and 353 bridges and overpasses that the Government is responsible for maintaining.

The Government has improved the condition of roads over the past few years. The Government's policy is to have at least 70% of roads in good or better condition. The most recent assessment indicated that 85.4% of roads are in good or better condition.

The Government estimated a need of approximately \$9 million for the year ended June 30, 2002 for preservation and maintenance of roads and streets. This level of spending on an annual basis is considered adequate to maintain 70% of roads and streets in good or better condition. Actual costs for the year ended June 30, 2002 amounted to approximately \$2 million. The variance between the needed and actual amounts was due to 1) the timing of the approval of the capital budget, and 2) a transition in management in the Public Works Department of the Government which resulted in a temporary diminishment of resources. Although actual costs were less than the anticipated needs, it is expected that a higher level of rehabilitation effort in future years will continue to maintain the condition of roads and streets at or above the acceptable level.

The Government's bridges have assessed conditions which are better than established benchmarks. The Government's policy is to have at least 75% of bridges in fair or better condition. The most recent assessment indicated that 89.0% of bridges are in fair or better condition.

The Government estimated a need of \$830 thousand for the year ended June 30, 2002 for preservation and maintenance of bridges and overpasses. Actual costs for the year ended June 30, 2002 amounted to \$637 thousand. Although actual costs were less than the anticipated needs, it is expected that the 2002 condition assessment will not indicate a significant deterioration in the condition of bridges and overpasses.

Additional information on the Government's capital assets can be found in Note 5 beginning on page B-56 of this report.

Long-term debt – At the end of the current fiscal year, the Government had total bonded debt outstanding of \$1.7 billion. Of this amount, \$1.2 billion comprises debt backed by the full faith and credit of the Government. The remainder, \$542 million, of the Government's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The Government's Outstanding Debt
 General Obligation and Revenue Bonds
 in thousands of dollars
(as of June 30,)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2002	2001	2002	2001	2002	2001
General obligation bonds	\$ 1,187,245	\$ 1,196,320	\$ -	\$ -	\$ 1,187,245	\$ 1,196,320
Revenue bonds	16,265	17,680	525,855	539,905	542,120	557,585
Less deferred amounts, net	(3,394)	-	(9,177)	(10,053)	(12,571)	(10,053)
Total general obligation And revenue bonds bonds outstanding	\$ 1,200,116	\$ 1,214,000	\$ 516,678	\$ 529,852	\$ 1,716,794	\$ 1,743,852

The Government's total general obligation and revenue bonds outstanding decreased by \$27 million (1.55%) during the current fiscal year. Although new refunding debt issues totaled \$74 million, this increase was offset by the retirement of the refunded debt, principal payments and changes in deferred amounts of \$101 million. Additionally, \$66 million of revenue bonds of Nashville Thermal Transfer Corporation, a component unit, was assumed and refunded.

During the current year, the Government refinanced some of its existing debt to take advantage of favorable interest rates.

- The Government issued limited obligation revenue bonds to refinance previously issued limited obligation revenue bonds related to correctional facilities. The result is expected to decrease future debt payments by \$2.7 million.
- The Government issued general obligation refunding bonds to refinance previously issued energy production facility revenue bonds of Nashville Thermal Transfer Corporation, a component unit. The refunding was necessary for the construction of a new district heating and cooling facility to replace the existing thermal plant which is expected to close in 2004. The result is expected to decrease future debt payments by \$13 million.

The Government maintains an 'AA' rating from Standard & Poor's, 'AA+' from Fitch, and 'Aa2' from Moody's for general obligation debt.

The ratio of general long-term debt (defined as gross debt less debt service monies available and less debt to be repaid from sources other than property taxes) to assessed valuation is 7.50%, and amount of net debt per capita is \$1,721.58 (in whole dollars).

Additional information on the Government's long-term debt can be found in Note 6 beginning on page B-58 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the County is currently 3.7%. The state's average unemployment rate is 5.2%. The national average is 6.0%.
- The occupancy rate of the Government's central business improvement district is 86.8%.
- The inflationary rate in the region is 2.3%. The national rate is 2.8%.

All of these factors were considered in preparing the Government's budget for the 2003 fiscal year.

Unreserved fund balance in the general fund was \$64 million at June 30, 2002. The Government has reserved \$40 million of this amount for non-recurring and capital spending in the 2003 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2003 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Government's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, Division of Accounts, 222 3rd Avenue North, Suite 750, Nashville, Tennessee, 37201.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS

June 30, 2002

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 327,681,418	\$ 21,578,018	\$ 349,259,436	\$ 67,327,345
Investments	206,016,139	10,582,476	216,598,615	64,679,523
Sales tax receivable	38,541,180	-	38,541,180	-
Accounts receivable	65,683,923	16,851,249	82,535,172	124,626,022
Property taxes receivable	612,997,115	-	612,997,115	-
Allowance for doubtful accounts	(13,503,831)	(425,691)	(13,929,522)	(22,190,646)
Accrued interest receivable	4,071,483	1,508,706	5,580,189	3,236,419
Internal balances	20,175,249	(20,175,249)	-	-
Due from the primary government	-	-	-	6,089,346
Due from component units	3,646,779	119,901	3,766,680	4,880
Inventories of supplies	3,163,570	2,262,916	5,426,486	19,100,338
Other current assets	3,545,160	37,387	3,582,547	6,427,043
Restricted assets:				
Cash and cash equivalents	-	131,935,099	131,935,099	16,218,499
Investments	-	209,732,280	209,732,280	152,700,506
Accrued interest receivable	-	1,348,742	1,348,742	331,867
Due from other governmental agencies	-	2,706,959	2,706,959	348,795
Other restricted assets	-	-	-	1,715,046
Notes receivable	-	-	-	33,882,824
Capital assets:				
Utility plant in service	-	1,521,629,941	1,521,629,941	792,382,291
Land	92,060,824	23,098,722	115,159,546	564,044,771
Buildings and improvements	773,582,955	80,188,305	853,771,260	769,725,171
Improvement other than buildings	-	37,774,700	37,774,700	666,049
Furniture, machinery and equipment	221,801,705	45,994,493	267,796,198	195,336,185
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,369,828,029	-	1,369,828,029	11,460,638
Construction in progress	44,898,562	26,881,079	71,779,641	78,613,710
Accumulated depreciation	(460,248,473)	(462,988,653)	(923,237,126)	(813,882,707)
Other non-current assets	286,804	8,870,087	9,156,891	7,952,510
Total assets	3,314,228,591	1,663,156,467	4,977,385,058	2,080,796,425
LIABILITIES				
Accounts payable	43,639,174	3,827,409	47,466,583	104,084,974
Accrued payroll	25,139,217	4,554,255	29,693,472	9,503,191
Accrued interest	24,916,346	-	24,916,346	1,763,884
Claims payable	25,930,857	-	25,930,857	-
Due to component units	5,991,236	98,110	6,089,346	4,880
Due to the primary government	-	-	-	3,266,680
Customer deposits	-	3,019,227	3,019,227	7,275,699
Deferred revenue	580,710,774	-	580,710,774	-
Other current liabilities	14,048,635	1,578,325	15,626,960	25,714,813

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS (CONTINUED)

June 30, 2002

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>LIABILITIES (CONTINUED)</u>				
Liabilities payable from restricted assets:				
Accrued interest	\$ -	\$ 14,807,745	\$ 14,807,745	\$ 9,557,386
Accounts payable	-	6,886,865	6,886,865	104,576
Other restricted liabilities	-	116,580	116,580	4,429,273
Funds held in trust	-	-	-	124,586
Current portion of long-term liabilities	-	25,716,462	25,716,462	31,900,000
Noncurrent liabilities:				
Due within one year	103,143,856	130,000	103,273,856	6,108,476
Due in more than one year	1,201,500,066	499,207,962	1,700,708,028	789,802,400
Other long-term liabilities	-	52,372,823	52,372,823	32,701,331
Total liabilities	<u>2,025,020,161</u>	<u>612,315,763</u>	<u>2,637,335,924</u>	<u>1,026,342,149</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	857,993,528	699,546,340	1,557,539,868	817,459,865
Restricted for debt retirement	78,266,924	48,681,862	126,948,786	64,518,362
Restricted for construction	-	232,630,502	232,630,502	-
Restricted for perpetual care	1,194,894	-	1,194,894	-
Restricted for other purposes	-	-	-	43,638,352
Unrestricted	<u>351,753,084</u>	<u>69,982,000</u>	<u>421,735,084</u>	<u>128,837,697</u>
Total net assets	<u>\$ 1,289,208,430</u>	<u>\$ 1,050,840,704</u>	<u>\$ 2,340,049,134</u>	<u>\$ 1,054,454,276</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2002

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 66,207,223	\$ 7,208,915	\$ 1,697,743	\$ -
Fiscal administration	25,006,358	3,755,284	5,000	-
Administration of justice	55,740,056	19,787,442	5,085,397	-
Law enforcement and care of prisoners	180,266,776	23,553,645	2,479,103	-
Fire prevention and control	89,799,192	7,472,180	-	-
Regulation and inspection	7,799,674	7,054,219	-	-
Conservation of natural resources	354,945	-	-	-
Public welfare	42,568,021	2,126,704	29,262,109	-
Public health and hospitals	70,579,892	3,779,383	13,614,609	1,200
Public library system	24,004,180	489,169	506,679	-
Public works, highways and streets	85,900,965	7,514,869	350,059	6,060,428
Recreational and cultural	46,790,290	9,822,067	435,608	573,229
Education	543,635,328	20,720,119	197,797,918	-
Interest and other debt related costs	58,342,626	-	-	-
Total governmental activities	<u>1,297,035,526</u>	<u>113,283,996</u>	<u>251,234,225</u>	<u>6,634,857</u>
Business-type activities:				
Department of Water and Sewerage Services	149,242,117	152,942,815	-	25,576,272
Nashville Convention Center	6,567,522	3,819,478	-	-
Board of Fair Commissioners	3,733,501	3,328,801	-	-
Farmers Market	1,135,789	934,839	-	-
Police Secondary Employment	2,525,745	2,922,460	-	-
Total business-type activities	<u>163,204,674</u>	<u>163,948,393</u>	<u>-</u>	<u>25,576,272</u>
Total primary government	<u>\$ 1,460,240,200</u>	<u>\$ 277,232,389</u>	<u>\$ 251,234,225</u>	<u>\$ 32,211,129</u>
Component units:				
Nashville District Management Corporation	\$ 623,950	\$ 579,483	\$ -	\$ -
Sports Authority	20,209,625	2,004,263	-	-
General Hospital	85,448,218	54,075,968	-	-
Bordeaux Hospital	31,824,748	21,162,984	-	35,744
Metropolitan Development and Housing Agency	113,599,713	37,773,604	7,551,205	-
Electric Power Board	713,016,254	716,185,837	-	-
Metropolitan Transit Authority	28,148,681	7,186,670	261,390	6,625,237
Nashville Thermal Transfer Corporation	33,434,354	25,082,538	-	-
Metropolitan Nashville Airport Authority	72,732,280	63,991,452	-	-
Emergency Communications District	5,105,727	5,429,504	-	-
Industrial Development Board	27,327	167,434	-	-
Total component units	<u>\$ 1,104,170,877</u>	<u>\$ 933,639,737</u>	<u>\$ 7,812,595</u>	<u>\$ 6,660,981</u>

General revenues:
Property taxes
Local option sales tax
Other taxes
Revenues from the use of money or property
Revenues from other governmental agencies
not restricted for specific programs/functions
Compensation for loss, sale or damage to property
Transfers
Special items:
General government assumption of component unit debt
Impairment of utility plant
Total general revenues, transfers and special items
Changes in net assets
Net assets - beginning
Net assets - ending

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2002

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (57,300,565)	\$ -	\$ (57,300,565)	\$ -
(21,246,074)	-	(21,246,074)	-
(30,867,217)	-	(30,867,217)	-
(154,234,028)	-	(154,234,028)	-
(82,327,012)	-	(82,327,012)	-
(745,455)	-	(745,455)	-
(354,945)	-	(354,945)	-
(11,179,208)	-	(11,179,208)	-
(53,184,700)	-	(53,184,700)	-
(23,048,332)	-	(23,048,332)	-
(71,975,609)	-	(71,975,609)	-
(35,959,386)	-	(35,959,386)	-
(325,117,291)	-	(325,117,291)	-
(58,342,626)	-	(58,342,626)	-
<u>(925,882,448)</u>	<u>-</u>	<u>(925,882,448)</u>	<u>-</u>
-	29,276,970	29,276,970	-
-	(2,748,044)	(2,748,044)	-
-	(404,700)	(404,700)	-
-	(200,950)	(200,950)	-
-	396,715	396,715	-
<u>-</u>	<u>26,319,991</u>	<u>26,319,991</u>	<u>-</u>
<u>(925,882,448)</u>	<u>26,319,991</u>	<u>(899,562,457)</u>	<u>-</u>
-	-	-	(44,467)
-	-	-	(18,205,362)
-	-	-	(31,372,250)
-	-	-	(10,626,020)
-	-	-	(68,274,904)
-	-	-	3,169,583
-	-	-	(14,075,384)
-	-	-	(8,351,816)
-	-	-	(8,740,828)
-	-	-	323,777
-	-	-	140,107
<u>-</u>	<u>-</u>	<u>-</u>	<u>(156,057,564)</u>
587,143,235	-	587,143,235	-
231,627,042	-	231,627,042	-
83,152,632	-	83,152,632	-
18,002,159	13,785,532	31,787,691	15,027,190
55,364,419	-	55,364,419	139,437,729
1,499,585	-	1,499,585	993,941
864,794	(864,794)	-	-
(56,784,706)	-	(56,784,706)	56,784,706
-	-	-	(21,853,036)
<u>920,869,160</u>	<u>12,920,738</u>	<u>933,789,898</u>	<u>190,390,530</u>
<u>(5,013,288)</u>	<u>39,240,729</u>	<u>34,227,441</u>	<u>34,332,966</u>
<u>1,294,221,718</u>	<u>1,011,599,975</u>	<u>2,305,821,693</u>	<u>1,020,121,310</u>
<u>\$ 1,289,208,430</u>	<u>\$ 1,050,840,704</u>	<u>\$ 2,340,049,134</u>	<u>\$ 1,054,454,276</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2002

	General	General Purpose School	GSD General Purposes Debt Service
ASSETS:			
Cash and cash equivalents	\$ 51,348,974	\$ 24,433,764	\$ 38,996,222
Investments	29,655,389	12,682,849	20,331,668
Sales tax receivable	12,576,388	23,302,860	281,376
Accounts receivable	44,566,724	4,947,499	777,564
Accrued interest receivable	2,419,028	84,253	207,120
Property tax receivable	332,615,954	180,813,638	61,941,430
Allowance for doubtful accounts	(7,710,163)	(3,041,747)	(1,584,444)
Due from other funds of the primary government	18,486,735	5,422,644	11,637,042
Due from component units	3,566,488	-	-
Inventories of supplies	262,576	889,533	-
Other assets	88,323	-	-
Total assets	\$ 487,876,416	\$ 249,535,293	\$ 132,587,978
LIABILITIES:			
Accounts payable	\$ 14,099,049	\$ 4,457,442	\$ 16,796
Accrued payroll	18,766,157	4,041,879	-
Due to other funds of the primary government	8,781,200	1,507,645	211,290
Due to component units	1,097,284	-	-
Deferred revenue	330,160,326	179,054,020	60,356,986
Other liabilities	5,484,161	-	-
Total liabilities	378,388,177	189,060,986	60,585,072
FUND BALANCES:			
Reserved for encumbrances	-	3,319,473	-
Reserved for imprest cash and inventories	981,864	990,733	-
Reserved for capital improvements	1,999,945	-	-
Reserved for social programs	2,679,567	-	-
Reserved for public safety	116,542	-	-
Reserved for arbitrage rebate	-	-	1,602,956
Reserved for subsequent year budgetary appropriations	38,515,171	2,982,713	10,788,474
Reserved for subsequent year budgetary appropriations - encumbered	1,337,013	-	-
Reserved for equipment acquisitions	-	-	-
Reserved for trust purposes	-	-	-
Reserved for debt service	-	-	59,611,476
Unreserved, reported in:			
General fund	63,858,137	-	-
Special revenue funds:			
Designated for specific projects	-	53,181,388	-
Undesignated	-	-	-
Capital projects funds:			
Designated for specific projects	-	-	-
Undesignated	-	-	-
Permanent funds:			
Undesignated	-	-	-
Total fund balances	109,488,239	60,474,307	72,002,906
Total liabilities and fund balances	\$ 487,876,416	\$ 249,535,293	\$ 132,587,978

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
June 30, 2002

GSD School Purposes Debt Service	USD General Purposes Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 46,665,502	\$ 3,867,833	\$ 136,234,967	\$ 301,547,262
24,330,241	2,016,593	103,394,494	192,411,234
2,380,556	-	-	38,541,180
357,863	131,831	13,470,968	64,252,449
248,460	27,022	943,118	3,929,001
28,858,385	8,767,708	-	612,997,115
(816,355)	(351,122)	-	(13,503,831)
6,851,873	6,307,417	11,933,709	60,639,420
-	-	23,125	3,589,613
-	-	1,687,977	2,840,086
-	-	357,411	445,734
<u>\$ 108,876,525</u>	<u>\$ 20,767,282</u>	<u>\$ 268,045,769</u>	<u>\$ 1,267,689,263</u>
\$ 8,304	\$ 78,000	\$ 22,642,929	\$ 41,302,520
-	-	1,160,024	23,968,060
3,153	1,376	37,115,177	47,619,841
-	-	4,893,952	5,991,236
28,042,029	8,416,586	4,116,341	610,146,288
-	208,707	8,064,154	13,757,022
<u>28,053,486</u>	<u>8,704,669</u>	<u>77,992,577</u>	<u>742,784,967</u>
-	-	26,148,612	29,468,085
-	-	4,576,288	6,548,885
-	-	-	1,999,945
-	-	-	2,679,567
-	-	-	116,542
927,079	292,940	-	2,822,975
13,259,289	1,792,117	-	67,337,764
-	-	-	1,337,013
-	-	21,473,542	21,473,542
-	-	1,194,894	1,194,894
66,636,671	9,977,556	1,652,697	137,878,400
-	-	-	63,858,137
-	-	11,882,119	65,063,507
-	-	41,693,583	41,693,583
-	-	97,058,959	97,058,959
-	-	(15,840,447)	(15,840,447)
-	-	212,945	212,945
<u>80,823,039</u>	<u>12,062,613</u>	<u>190,053,192</u>	<u>524,904,296</u>
<u>\$ 108,876,525</u>	<u>\$ 20,767,282</u>	<u>\$ 268,045,769</u>	<u>\$ 1,267,689,263</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS

June 30, 2002

Fund balances - total governmental funds	\$	524,904,296
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Amounts reported for governmental activities in the Statement of Net Assets are different from amounts reported for governmental funds in the Balance Sheet because:

Capital assets used in governmental activities are not financial resources and therefore not reported in governmental funds.

Capital assets		2,475,336,335
Less accumulated depreciation		(444,350,303)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable		(1,203,510,000)
Less deferred charge on refunding		4,671,701
Less deferred charge for issuance costs		286,804
Add bond premium		(1,277,825)
Accrued interest payable		(24,916,346)
Net pension obligation		(49,283,353)
Compensated absences		(44,231,483)
Claims and judgments		(3,105,133)
Interest arbitrage rebate		(2,822,975)
Landfill closure costs		(5,084,854)

Some deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.		29,435,514
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds less those allocated to business-type type activities are included in governmental activities.		33,156,052
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Net assets - total governmental activities	\$	<u><u>1,289,208,430</u></u>
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The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS

For the Year Ended June 30, 2002

	General	General Purpose School	GSD General Purposes Debt Service
REVENUES:			
Property taxes	\$ 340,182,082	\$ 165,038,387	\$ 56,834,403
Local option sales tax	75,486,161	139,791,405	2,146,451
Other taxes, licenses and permits	75,699,531	2,911,386	-
Fines, forfeits and penalties	9,197,437	7,900	-
Revenues from the use of money or property	1,793,043	694,412	1,948,763
Revenues from other governmental agencies	93,569,510	144,731,206	4,383,820
Commissions and fees	14,356,454	-	2,319,945
Charges for current services	20,969,793	1,283,138	-
Compensation for loss, sale or damage to property	1,303,830	486,135	-
Contributions and gifts	443,000	1,347,620	-
Miscellaneous	547,519	255	-
	633,548,360	456,291,844	67,633,382
EXPENDITURES:			
Current:			
General government	27,660,246	-	-
Fiscal administration	19,765,287	-	-
Administration of justice	43,163,240	-	-
Law enforcement and care of prisoners	159,551,996	-	-
Fire prevention and control	79,073,811	-	-
Regulation and inspection	7,177,920	-	-
Conservation of natural resources	319,543	-	-
Public welfare	12,554,567	-	-
Public health and hospitals	68,431,324	-	-
Public library system	16,237,004	-	-
Public works, highways and streets	30,688,707	-	-
Recreational and cultural	30,305,628	-	-
Employee benefits	46,876,942	-	-
Miscellaneous	33,791,687	-	-
Other funds:			
Personal services	-	371,539,085	-
Contractual services	-	9,018,601	-
Supplies and material	-	19,674,411	-
Other costs	-	29,753,153	-
Educational programs	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	40,071,790
Interest	-	-	37,520,436
Fiscal charges	-	-	929,388
	575,597,902	429,985,250	78,521,614
Excess (deficiency) of revenues over expenditures	57,950,458	26,306,594	(10,888,232)

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2002

GSD School Purposes Debt Service	USD General Purposes Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 26,468,801	\$ 9,280,536	\$ 595,766	\$ 598,399,975
14,283,336	-	-	231,707,353
-	-	15,159,563	93,770,480
-	-	2,418,396	11,623,733
2,170,950	333,230	10,030,404	16,970,802
-	11,480,631	91,679,493	345,844,660
-	-	-	16,676,399
-	-	25,815,661	48,068,592
-	-	699,503	2,489,468
-	-	7,537,993	9,328,613
-	-	67,324	615,098
42,923,087	21,094,397	154,004,103	1,375,495,173
-	-	-	27,660,246
-	-	-	19,765,287
-	-	-	43,163,240
-	-	-	159,551,996
-	-	-	79,073,811
-	-	-	7,177,920
-	-	-	319,543
-	-	-	12,554,567
-	-	-	68,431,324
-	-	-	16,237,004
-	-	-	30,688,707
-	-	-	30,305,628
-	-	-	46,876,942
-	-	-	33,791,687
-	-	61,570,709	433,109,794
-	-	66,460,434	75,479,035
-	-	40,489,567	60,163,978
-	-	7,129,796	36,882,949
-	-	398,706	398,706
-	-	113,036,786	113,036,786
21,574,125	5,494,085	1,115,000	68,255,000
22,513,702	3,030,115	612,097	63,676,350
421,925	443,123	26,492	1,820,928
44,509,752	8,967,323	290,839,587	1,428,421,428
(1,586,665)	12,127,074	(136,835,484)	(52,926,255)

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2002

	General	General Purpose School	GSD General Purposes Debt Service
OTHER FINANCING SOURCES (USES):			
Payments to refunded bond escrow agent	\$ -	\$ -	\$ -
Proceeds of refunding bonds	-	-	-
Bond issue premium (discount)	-	-	-
Transfers in	9,884,702	1,633,987	12,382,880
Transfers out	<u>(58,397,575)</u>	<u>(10,421,220)</u>	<u>-</u>
Total other financing sources (uses)	<u>(48,512,873)</u>	<u>(8,787,233)</u>	<u>12,382,880</u>
Net change in fund balances	9,437,585	17,519,361	1,494,648
FUND BALANCES, beginning of year, restated	<u>100,050,654</u>	<u>42,954,946</u>	<u>70,508,258</u>
FUND BALANCES, end of year	<u>\$ 109,488,239</u>	<u>\$ 60,474,307</u>	<u>\$ 72,002,906</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2002

GSD School Purposes Debt Service	USD General Purposes Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ (69,709,830)	\$ (17,518,939)	\$ (87,228,769)
-	58,065,000	16,265,000	74,330,000
-	609,883	713,163	1,323,046
4,373,461	32,648	64,923,411	93,231,089
-	-	(23,571,769)	(92,390,564)
<u>4,373,461</u>	<u>(11,002,299)</u>	<u>40,810,866</u>	<u>(10,735,198)</u>
2,786,796	1,124,775	(96,024,618)	(63,661,453)
<u>78,036,243</u>	<u>10,937,838</u>	<u>286,077,810</u>	<u>588,565,749</u>
<u>\$ 80,823,039</u>	<u>\$ 12,062,613</u>	<u>\$ 190,053,192</u>	<u>\$ 524,904,296</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2002

Net change in fund balances - governmental funds \$ (63,661,453)

Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures and Changes in Fund Balances, because:

Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities.

Acquisition of capital assets	129,244,959
Depreciation expense	(34,267,490)

Donations of capital assets increase net assets for governmental activities, but do not appear in the governmental funds because they are not financial resources. 13,934,377

The gain on the sale of capital assets is reported for governmental activities, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the capital assets sold. (44,760,925)

Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities.

Issuance of general obligation bonds	(58,065,000)
Issuance of limited obligation revenue bonds	(16,265,000)
Principal repayments	84,820,000
Refunding	4,773,768
Amortization of deferred charge on refunding	(102,067)
Issuance costs	296,461
Amortization of issuance costs	(9,657)
Bond premium	(1,323,046)
Amortization of premium	45,221
Change in accrued interest	2,443,216

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONTINUED)

For the Year Ended June 30, 2002

Some expenses reported for governmental activities do not require the use of current financial resources and therefore not reported as expenditures for governmental funds.

Net pension obligation	\$	(2,959,180)
Compensated absences		173,550
Claims and judgments		4,130,731
Interest arbitrage rebate		257,638
Landfill closure costs		(1,428,786)

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.

(6,273,117)

Internal service funds are used by management to charge the costs of certain activities to individuals funds. The net revenue (expense) of the internal service funds less those allocated to business-type activities are included in governmental activities.

(16,017,488)

Change in net assets - governmental activities

\$ (5,013,288)

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 332,587,427	\$ 332,587,427	\$ 340,182,082	\$ 7,594,655
Local option sales tax	81,226,138	81,226,138	75,486,161	(5,739,977)
Other taxes, licenses and permits	73,892,336	73,892,336	75,699,531	1,807,195
Fines, forfeits and penalties	9,231,313	9,231,313	9,197,437	(33,876)
Revenues from the use of money or property	2,148,784	2,148,784	1,793,043	(355,741)
Revenues from other governmental agencies	93,562,934	95,632,711	93,569,510	(2,063,201)
Commissions and fees	8,521,110	8,521,110	14,356,454	5,835,344
Charges for current services	19,747,641	20,083,496	20,969,793	886,297
Compensation for loss, sale or damage to property	1,384,300	1,384,300	1,303,830	(80,470)
Contributions and gifts	887,454	438,370	443,000	4,630
Miscellaneous	500	450,834	547,519	96,685
Total revenues	623,189,937	625,596,819	633,548,360	7,951,541
EXPENDITURES:				
General government	26,968,089	27,960,228	27,660,246	299,982
Fiscal administration	18,964,284	20,594,559	19,765,287	829,272
Administration of justice	40,708,306	39,860,507	43,163,240	(3,302,733)
Law enforcement and care of prisoners	155,305,589	159,209,126	159,551,996	(342,870)
Fire prevention and control	78,450,270	79,627,142	79,073,811	553,331
Regulation and inspection	6,447,320	7,462,167	7,177,920	284,247
Conservation of natural resources	406,805	416,069	319,543	96,526
Public welfare	13,190,884	13,464,899	12,554,567	910,332
Public health	66,328,645	71,601,870	68,431,324	3,170,546
Public library system	17,194,141	17,355,888	16,237,004	1,118,884
Public works, highways and streets	34,293,727	34,932,262	30,688,707	4,243,555
Recreational and cultural	30,448,575	30,790,198	30,305,628	484,570
Employee benefits	48,905,512	48,905,512	46,876,942	2,028,570
Miscellaneous	49,667,294	45,152,766	33,791,687	11,361,079
Total expenditures	587,279,441	597,333,193	575,597,902	21,735,291
Excess (deficiency) of revenues over expenditures	35,910,496	28,263,626	57,950,458	29,686,832
OTHER FINANCING SOURCES (USES):				
Transfers in	8,938,149	8,407,356	9,884,702	1,477,346
Transfers out	(49,662,593)	(62,205,204)	(58,397,575)	3,807,629
Total other financing sources (uses)	(40,724,444)	(53,797,848)	(48,512,873)	5,284,975
Net change in fund balances	(4,813,948)	(25,534,222)	9,437,585	34,971,807
FUND BALANCES, beginning of year	100,050,654	100,050,654	100,050,654	-
FUND BALANCES, end of year	\$ 95,236,706	\$ 74,516,432	\$ 109,488,239	\$ 34,971,807

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETARY BASIS (NON-GAAP)
GENERAL PURPOSE SCHOOL FUND

For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 162,366,135	\$ 162,366,135	\$ 165,038,387	\$ 2,672,252
Local option sales tax	148,225,259	148,225,259	139,791,405	(8,433,854)
Other taxes, licenses and permits	2,552,575	2,552,575	2,911,386	358,811
Fines, forfeits and penalties	7,000	7,000	7,900	900
Revenues from the use of money or property	773,475	773,475	694,412	(79,063)
Revenues from other governmental agencies	142,474,094	146,954,078	144,731,206	(2,222,872)
Charges for current services	2,818,095	2,818,095	1,283,138	(1,534,957)
Compensation for loss, sale or damage to property	752,400	752,400	486,135	(266,265)
Contributions and gifts	1,556,054	1,556,054	1,347,620	(208,434)
Miscellaneous	300	300	255	(45)
Total revenues	461,525,387	466,005,371	456,291,844	(9,713,527)
EXPENDITURES:				
Personal services	377,657,344	382,953,150	373,050,714	9,902,436
Contractual services	13,325,715	12,247,079	9,725,789	2,521,290
Supplies and materials	17,740,179	22,704,307	15,125,734	7,578,573
Other costs	34,407,198	31,768,599	30,418,551	1,350,048
Total expenditures	443,130,436	449,673,135	428,320,788	21,352,347
Excess (deficiency) of revenues over expenditures	18,394,951	16,332,236	27,971,056	11,638,820
OTHER FINANCING SOURCES (USES):				
Transfers in	-	828,587	1,633,987	805,400
Transfers out	-	(10,421,220)	(10,421,220)	-
Total other financing sources (uses)	-	(9,592,633)	(8,787,233)	805,400
Net change in fund balances	18,394,951	6,739,603	19,183,823	12,444,220
FUND BALANCES, beginning of year	42,954,946	42,954,946	42,954,946	-
FUND BALANCES, end of year	\$ 61,349,897	\$ 49,694,549	\$ 62,138,769	\$ 12,444,220

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

June 30, 2002

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	Other Enterprise Funds	Total Enterprise Funds	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 15,084,077	\$ 6,493,941	\$ 21,578,018	\$ 26,134,156
Investments	7,229,042	3,353,434	10,582,476	13,604,905
Accounts receivable	16,094,492	756,757	16,851,249	116,281
Allowance for doubtful accounts	(365,817)	(59,874)	(425,691)	-
Accrued interest receivable	1,475,445	33,261	1,508,706	142,482
Due from other funds of the primary government	182,182	108,230	290,412	5,216,932
Due from component units	119,902	-	119,902	57,166
Inventories of supplies	2,262,916	-	2,262,916	323,484
Other current assets	6,188	31,199	37,387	3,099,426
Total current assets	42,088,427	10,716,948	52,805,375	48,694,832
NONCURRENT ASSETS:				
Restricted assets:				
Cash and cash equivalents	131,935,099	-	131,935,099	-
Investments	209,732,280	-	209,732,280	-
Accrued interest receivable	1,348,742	-	1,348,742	-
Due from other governmental agencies	2,706,959	-	2,706,959	-
Due from other funds of the primary government	371,701	-	371,701	-
Total restricted assets	346,094,781	-	346,094,781	-
Capital assets:				
Utility plant in service	1,521,629,941	-	1,521,629,941	-
Land	16,866,900	6,231,822	23,098,722	-
Buildings and improvements	24,653,730	55,534,575	80,188,305	508,626
Improvements other than buildings	35,095,919	2,678,781	37,774,700	-
Furniture, machinery and equipment	41,341,247	4,653,246	45,994,493	29,964,849
Property under capital lease	-	3,645,000	3,645,000	-
Construction work in progress	26,881,079	-	26,881,079	-
Less accumulated depreciation	(436,839,846)	(26,148,807)	(462,988,653)	(19,535,905)
Capital assets - net	1,229,628,970	46,594,617	1,276,223,587	10,937,570
Other noncurrent assets	8,820,087	50,000	8,870,087	-
Total assets	1,626,632,265	57,361,565	1,683,993,830	59,632,402

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS (CONTINUED)

June 30, 2002

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	Other Enterprise Funds	Total Enterprise Funds	
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 3,009,973	\$ 817,436	\$ 3,827,409	\$ 2,336,654
Accrued payroll	4,069,727	484,528	4,554,255	1,171,157
Claims payable	-	-	-	25,930,857
Due to other funds of the primary government	190,425	416,240	606,665	337,608
Due to component units	531	97,579	98,110	-
Customer deposits	2,973,775	45,452	3,019,227	-
Current portion of capital lease	-	130,000	130,000	-
Other current liabilities	837,310	741,015	1,578,325	291,613
Total current liabilities	<u>11,081,741</u>	<u>2,732,250</u>	<u>13,813,991</u>	<u>30,067,889</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:				
Accrued interest	14,807,745	-	14,807,745	-
Accounts payable	6,886,865	-	6,886,865	-
Other restricted liabilities	116,580	-	116,580	-
Due to other funds of the primary government	16,639,159	-	16,639,159	-
Current portion of long-term liabilities	25,716,462	-	25,716,462	-
Total current liabilities payable from restricted assets	<u>64,166,811</u>	<u>-</u>	<u>64,166,811</u>	<u>-</u>
NONCURRENT LIABILITIES:				
Revenue bonds payable	496,997,962	-	496,997,962	-
Capitalized lease obligations	-	2,210,000	2,210,000	-
Other long-term liabilities	52,372,823	-	52,372,823	-
Total noncurrent liabilities	<u>549,370,785</u>	<u>2,210,000</u>	<u>551,580,785</u>	<u>-</u>
Total liabilities	<u>624,619,337</u>	<u>4,942,250</u>	<u>629,561,587</u>	<u>30,067,889</u>
NET ASSETS:				
Invested in capital assets, net of related debt	655,291,723	44,254,617	699,546,340	10,937,570
Restricted for debt retirement	48,681,862	-	48,681,862	-
Restricted for construction	232,630,502	-	232,630,502	-
Unrestricted	65,408,841	8,164,698	73,573,539	18,626,943
Total net assets	<u>\$ 1,002,012,928</u>	<u>\$ 52,419,315</u>	<u>1,054,432,243</u>	<u>\$ 29,564,513</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(3,591,539)</u>	
Net assets of business-type activities			<u>\$ 1,050,840,704</u>	

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Year Ended June 30, 2002

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	Other Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES:				
Revenue from operations	\$ 148,179,637	\$ 11,005,578	\$ 159,185,215	\$ 89,691,569
Other	3,009,630	-	3,009,630	1,254,741
Total operating revenues	<u>151,189,267</u>	<u>11,005,578</u>	<u>162,194,845</u>	<u>90,946,310</u>
OPERATING EXPENSES:				
Personal services	31,854,801	5,796,809	37,651,610	10,283,349
Contractual services	19,215,749	4,792,828	24,008,577	10,343,595
Supplies and materials	6,110,316	543,570	6,653,886	4,301,743
Bad debt expense	1,846,295	67,573	1,913,868	-
Depreciation	43,673,925	1,792,519	45,466,444	3,529,666
Amortization	582,312	-	582,312	-
Compensation for damages to property	-	-	-	12,903,056
Medical and insurance benefits	3,214,139	-	3,214,139	62,800,381
Other	5,764,943	402,014	6,166,957	3,281,814
Total operating expenses	<u>112,262,480</u>	<u>13,395,313</u>	<u>125,657,793</u>	<u>107,443,604</u>
OPERATING INCOME (LOSS)	<u>38,926,787</u>	<u>(2,389,735)</u>	<u>36,537,052</u>	<u>(16,497,294)</u>
NONOPERATING REVENUE (EXPENSE):				
Investment income	13,492,125	293,407	13,785,532	1,164,827
Interest expense	(33,742,082)	(134,708)	(33,876,790)	(2,503)
Gain (loss) on sale of property	(74,746)	(3,806)	(78,552)	(45,399)
Other	1,753,548	-	1,753,548	87,707
Total nonoperating revenue (expense)	<u>(18,571,155)</u>	<u>154,893</u>	<u>(18,416,262)</u>	<u>1,204,632</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	<u>20,355,632</u>	<u>(2,234,842)</u>	<u>18,120,790</u>	<u>(15,292,662)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	25,576,272	-	25,576,272	-
TRANSFERS IN	-	1,423,083	1,423,083	5,136,150
TRANSFERS OUT	(1,995,933)	(291,944)	(2,287,877)	(9,452,515)
CHANGE IN NET ASSETS	43,935,971	(1,103,703)	<u>42,832,268</u>	(19,609,027)
NET ASSETS, beginning of year	<u>958,076,957</u>	<u>53,523,018</u>		<u>49,173,540</u>
NET ASSETS, end of year	<u>\$ 1,002,012,928</u>	<u>\$ 52,419,315</u>		<u>\$ 29,564,513</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(3,591,539)</u>	
Change in net assets of business-type activities			<u>\$ 39,240,729</u>	

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2002

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Receipts from customers and users	\$ 150,609,130	\$ 10,925,688	\$ 161,534,818	\$ 89,210,191
Payments to suppliers	(25,266,008)	(6,011,779)	(31,277,787)	(84,684,779)
Payments to employees	(34,544,672)	(5,768,135)	(40,312,807)	(10,067,640)
Other payments	(5,868,828)	-	(5,868,828)	-
Net cash provided by (used in) operating activities	84,929,622	(854,226)	84,075,396	(5,542,228)
Cash flows from noncapital financing activities:				
Transfers in	-	1,423,083	1,423,083	4,825,362
Transfers out	-	(291,944)	(291,944)	(1,465,338)
Net cash provided by (used in) noncapital financing activities	-	1,131,139	1,131,139	3,360,024
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(42,386,757)	(1,897,423)	(44,284,180)	(1,088,492)
Proceeds from the sale of capital assets	96,525	-	96,525	101,888
Payments on borrowings	(20,624,125)	(125,000)	(20,749,125)	-
Interest paid	(32,325,089)	(134,708)	(32,459,797)	(2,503)
Capital contributions received	11,938,073	-	11,938,073	-
Other receipts	255,363	-	255,363	-
Net cash provided by (used in) capital and related financing activities	(83,046,010)	(2,157,131)	(85,203,141)	(989,107)
Cash flows from investing activities:				
Purchases of investments	(743,067,089)	(16,402,747)	(759,469,836)	(124,447,047)
Proceeds from the sale and maturities of investment securities	749,933,007	18,210,782	768,143,789	129,854,776
Interest on investments	11,715,686	297,205	12,012,891	1,164,900
Changes in due to other funds of the primary government	15,141,367	-	15,141,367	-
Net cash provided by (used in) investing activities	33,722,971	2,105,240	35,828,211	6,572,629
Net changes in cash and cash equivalents	35,606,583	225,022	35,831,605	3,401,318
Cash and cash equivalents at beginning of year	111,412,593	6,268,919	117,681,512	22,732,838
Cash and cash equivalents at end of year	\$ 147,019,176	\$ 6,493,941	\$ 153,513,117	\$ 26,134,156

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)

For the Year Ended June 30, 2002

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 38,926,787	\$ (2,389,735)	\$ 36,537,052	\$ (16,497,294)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	44,256,237	1,792,519	46,048,756	3,529,666
Other nonoperating revenue (expense)	-	-	-	87,707
Changes in assets and liabilities:				
Changes in accounts receivable - net	1,162,079	57,132	1,219,211	294,895
Changes in due from other funds of the primary government	(89,369)	(90,327)	(179,696)	(1,990,818)
Changes in due from component units	(19,901)	-	(19,901)	(2,650)
Changes in inventories of supplies	197,793	-	197,793	(44,231)
Changes in other current assets	551	8,063	8,614	165,543
Changes in accounts payable	(137,736)	(304,568)	(442,304)	845,491
Changes in accrued payroll	524,268	28,674	552,942	202,867
Changes in claims payable	-	-	-	9,068,336
Changes in due to other funds of the primary government	-	183,292	183,292	(843,307)
Changes in due to component units	531	62,832	63,363	(61,845)
Changes in customer deposits	104,079	20,878	124,957	-
Changes in other current liabilities	4,303	(222,986)	(218,683)	(296,588)
Total adjustments	46,002,835	1,535,509	47,538,344	10,955,066
Net cash provided by (used in) operating activities	\$ 84,929,622	\$ (854,226)	\$ 84,075,396	\$ (5,542,228)

Non-Cash Capital and Related Financing Activities:

The Department of Water and Sewerage Services acquired capital assets of \$15,336,059 which are reported as capital grants and contributions for deeds conveyed to the Department by developers.

The Radio Shop, an internal service fund, transferred capital assets of \$7,987,177 to the general government. The transaction is reported as a transfer out.

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS

June 30, 2002

	Nashville District Management Corporation	Sports Authority	Total Governmental Types
<u>ASSETS</u>			
Cash and cash equivalents	\$ 446,050	\$ 14,150,346	\$ 14,596,396
Investments	-	4,683,299	4,683,299
Accounts receivable	6,419	87,945	94,364
Allowance for doubtful accounts	-	-	-
Accrued interest receivable	-	49,139	49,139
Due from the primary government	-	791,298	791,298
Due from component units	-	-	-
Inventories of supplies	-	-	-
Other current assets	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Accrued interest receivable	-	-	-
Due from other governmental agencies	-	-	-
Other restricted assets	-	-	-
Notes receivable	-	-	-
Capital assets:			
Utility plant in service	-	-	-
Land	-	61,892,387	61,892,387
Buildings and improvements	-	357,069,778	357,069,778
Improvements other than buildings	-	-	-
Furniture, machinery and equipment	-	7,332	7,332
Infrastructure	-	-	-
Construction work in progress	-	-	-
Less accumulated depreciation	-	(31,064,597)	(31,064,597)
Other noncurrent assets	-	-	-
	<u>452,469</u>	<u>407,666,927</u>	<u>408,119,396</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2002

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority
General Hospital	Bordeaux Hospital	Total			
\$ 193,524	\$ 4,675,813	\$ 4,869,337	\$ 4,521,293	\$ 30,932,409	\$ 855,584
-	2,440,435	2,440,435	34,737,206	-	-
31,240,500	5,164,257	36,404,757	4,949,549	77,927,517	978,453
(19,216,000)	(2,164,000)	(21,380,000)	-	(615,974)	(79,541)
-	26,459	26,459	422,715	1,272,394	-
79,255	5,988	85,243	-	-	70,011
4,880	-	4,880	-	-	-
1,198,993	267,471	1,466,464	3,459,930	11,565,748	1,580,404
955,287	350,596	1,305,883	697,133	1,344,736	107,918
13,170	111,416	124,586	-	-	-
-	-	-	1,426,904	101,033,982	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	27,910,054	3,492,151	-
-	-	-	-	755,733,669	-
737,167	-	737,167	36,236,319	1,138,927	2,691,315
49,577,756	18,141,484	67,719,240	179,212,307	30,764,426	15,012,951
226,753	439,296	666,049	-	-	-
17,928,322	3,831,217	21,759,539	4,961,509	63,248,237	35,862,500
-	-	-	11,460,638	-	-
299,432	-	299,432	4,046,264	61,363,759	452,415
(20,399,200)	(10,269,536)	(30,668,736)	(93,735,554)	(318,797,415)	(29,587,870)
-	-	-	-	2,418,381	691,379
62,839,839	23,020,896	85,860,735	220,306,267	822,822,947	28,635,519

The accompanying notes are an integral part of this financial statement.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2002

	Nashville Thermal Transfer Corporation	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>ASSETS</u>			
Cash and cash equivalents	\$ 927,740	\$ 6,633,792	\$ 2,287,109
Investments	-	21,718,583	1,100,000
Accounts receivable	1,169,369	2,392,748	625,887
Allowance for doubtful accounts	-	(115,131)	-
Accrued interest receivable	-	1,465,712	-
Due from the primary government	5,212,203	-	-
Due from component units	-	-	-
Inventories of supplies	488,889	538,903	-
Other current assets	2,022,449	939,340	9,584
Restricted assets:			
Cash and cash equivalents	-	16,093,850	-
Investments	-	50,239,620	-
Accrued interest receivable	-	331,867	-
Due from other governmental agencies	-	348,795	-
Other restricted assets	-	1,715,046	-
Notes receivable	-	2,480,619	-
Capital assets:			
Utility plant in service	36,648,622	-	-
Land	812,710	460,535,946	-
Buildings and improvements	-	119,946,469	-
Improvements other than buildings	-	-	-
Furniture, machinery and equipment	44,890,146	20,040,290	4,566,632
Infrastructure	-	-	-
Construction work in progress	2,595,745	9,856,095	-
Less accumulated depreciation	(72,168,887)	(234,609,204)	(3,250,444)
Other noncurrent assets	65,856	4,776,894	-
	<u>22,664,842</u>	<u>485,330,234</u>	<u>5,338,768</u>
Total assets			

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2002

Industrial Development Board	Total Proprietary Types	Total Component Units
\$ 1,703,685	\$ 52,730,949	\$ 67,327,345
-	59,996,224	64,679,523
13,969	124,462,249	124,556,613
-	(22,190,646)	(22,190,646)
-	3,187,280	3,236,419
-	5,367,457	6,158,755
-	4,880	4,880
-	19,100,338	19,100,338
-	6,427,043	6,427,043
63	16,218,499	16,218,499
-	152,700,506	152,700,506
-	331,867	331,867
-	348,795	348,795
-	1,715,046	1,715,046
-	33,882,824	33,882,824
-	792,382,291	792,382,291
-	502,152,384	564,044,771
-	412,655,393	769,725,171
-	666,049	666,049
-	195,328,853	195,336,185
-	11,460,638	11,460,638
-	78,613,710	78,613,710
-	(782,818,110)	(813,882,707)
-	7,952,510	7,952,510
<u>1,717,717</u>	<u>1,672,677,029</u>	<u>2,080,796,425</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2002

	Nashville District Management Corporation	Sports Authority	Total Governmental Types
	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES</u>			
Accounts payable	\$ 116,143	\$ 24,224	\$ 140,367
Accrued payroll	-	4,831	4,831
Due to the primary government	-	1,218,497	1,218,497
Due to the component units	-	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	-	2,080,000	2,080,000
Current portion of capital lease	-	-	-
Accrued interest	-	1,723,975	1,723,975
Other current liabilities	-	6,400	6,400
Liabilities payable from restricted assets:			
Accounts payable	-	-	-
Accrued interest	-	-	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	-	-	-
Other restricted liabilities	-	-	-
Revenue bonds payable	-	89,695,000	89,695,000
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>116,143</u>	<u>94,752,927</u>	<u>94,869,070</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	-	296,129,900	296,129,900
Restricted for debt retirement	-	-	-
Restricted for other purposes	-	-	-
Unrestricted	<u>336,326</u>	<u>16,784,100</u>	<u>17,120,426</u>
	<u> </u>	<u> </u>	<u> </u>
Total net assets	<u>\$ 336,326</u>	<u>\$ 312,914,000</u>	<u>\$ 313,250,326</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2002

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority
General Hospital	Bordeaux Hospital	Total			
\$ 2,048,318	\$ 1,037,143	\$ 3,085,461	\$ 7,061,774	\$ 89,142,705	\$ 296,383
3,635,122	1,608,966	5,244,088	496,211	-	1,057,735
56,678	50,495	107,173	-	-	1,969,463
-	4,880	4,880	-	-	-
-	-	-	473,453	6,802,246	-
-	-	-	2,936,925	-	-
857,739	-	857,739	-	-	88,627
-	-	-	-	-	-
19,968,463	-	19,968,463	1,967,470	-	1,548,785
-	-	-	-	-	-
-	-	-	-	2,072,935	-
13,170	111,416	124,586	-	-	-
-	-	-	-	15,725,000	-
-	-	-	-	4,429,273	-
-	-	-	9,773,300	375,411,549	-
42,600,442	-	42,600,442	-	-	697,526
-	-	-	-	3,490,195	-
-	-	-	1,938,868	1,178,112	-
<u>69,179,932</u>	<u>2,812,900</u>	<u>71,992,832</u>	<u>24,648,001</u>	<u>498,252,015</u>	<u>5,658,519</u>
4,912,049	12,142,461	17,054,510	131,480,451	260,882,710	23,645,158
-	-	-	-	38,350,044	-
-	-	-	1,426,904	-	-
(11,252,142)	8,065,535	(3,186,607)	62,750,911	25,338,178	(668,158)
<u>\$ (6,340,093)</u>	<u>\$ 20,207,996</u>	<u>\$ 13,867,903</u>	<u>\$ 195,658,266</u>	<u>\$ 324,570,932</u>	<u>\$ 22,977,000</u>

The accompanying notes are an integral part of this financial statement.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2002

	Nashville Thermal Transfer Corporation	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>LIABILITIES</u>			
Accounts payable	\$ 10,421	\$ 4,183,622	\$ 134,946
Accrued payroll	-	2,700,326	-
Due to the primary government	-	-	-
Due to the component units	-	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	-	145,185	-
Current portion of capital lease	-	-	-
Accrued interest	-	39,909	-
Other current liabilities	1,643,585	-	-
Liabilities payable from restricted assets:			
Accounts payable	-	104,576	-
Accrued interest	-	7,484,451	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	-	16,175,000	-
Other restricted liabilities	-	-	-
Revenue bonds payable	-	271,624,583	-
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	606,443	25,487,713	-
	<u>2,260,449</u>	<u>327,945,365</u>	<u>134,946</u>
Total liabilities			
	<u>2,260,449</u>	<u>327,945,365</u>	<u>134,946</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	12,778,336	74,172,612	1,316,188
Restricted for debt retirement	-	26,168,318	-
Restricted for other purposes	-	42,211,448	-
Unrestricted	7,626,057	14,832,491	3,887,634
	<u>20,404,393</u>	<u>157,384,869</u>	<u>5,203,822</u>
Total net assets			
	<u>\$ 20,404,393</u>	<u>\$ 157,384,869</u>	<u>\$ 5,203,822</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2002

Industrial Development Board	Total Proprietary Types	Total Component Units
\$ 842	\$ 103,916,154	\$ 104,056,521
-	9,498,360	9,503,191
-	2,076,636	3,295,133
-	4,880	4,880
-	7,275,699	7,275,699
-	3,082,110	5,162,110
-	946,366	946,366
-	39,909	1,763,884
580,110	25,708,413	25,714,813
-	104,576	104,576
-	9,557,386	9,557,386
-	124,586	124,586
-	31,900,000	31,900,000
-	4,429,273	4,429,273
-	656,809,432	746,504,432
-	43,297,968	43,297,968
-	3,490,195	3,490,195
-	29,211,136	29,211,136
<u>580,952</u>	<u>931,473,079</u>	<u>1,026,342,149</u>
-	521,329,965	817,459,865
-	64,518,362	64,518,362
-	43,638,352	43,638,352
1,136,765	111,717,271	128,837,697
<u>\$ 1,136,765</u>	<u>\$ 741,203,950</u>	<u>\$ 1,054,454,276</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES
COMPONENT UNITS

For the Year Ended June 30, 2002

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 623,950	\$ 579,483	\$ -	\$ -
Sports Authority	20,209,625	2,004,263	-	-
General Hospital	85,448,218	54,075,968	-	-
Bordeaux Hospital	31,824,748	21,162,984	-	35,744
Metropolitan Development and Housing Agency	113,599,713	37,773,604	7,551,205	-
Electric Power Board	713,016,254	716,185,837	-	-
Metropolitan Transit Authority	28,148,681	7,186,670	261,390	6,625,237
Nashville Thermal Transfer Corporation	33,434,354	25,082,538	-	-
Metropolitan Nashville Airport Authority	72,732,280	63,991,452	-	-
Emergency Communications District	5,105,727	5,429,504	-	-
Industrial Development Board	27,327	167,434	-	-
Total component units	\$ 1,104,170,877	\$ 933,639,737	\$ 7,812,595	\$ 6,660,981

General revenues:

- Revenues from the use of money or property
- Revenues from other governmental agencies not restricted for specific programs/functions
- Compensation for loss, sale or damage to property

Special items:

- General government assumption of component unit debt
- Impairment of utility plant

Total general revenues and special items

Changes in net assets

Net assets - beginning, restated

Net assets - ending

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2002

Net (Expense) Revenue and Changes in Net Assets					
Nashville District Management Corporation	Sports Authority	Total Governmental Types	Hospital Authority		
			General Hospital	Bordeaux Hospital	Total
\$ (44,467)	\$ -	\$ (44,467)	\$ -	\$ -	\$ -
-	(18,205,362)	(18,205,362)	-	-	-
-	-	-	(31,372,250)	-	(31,372,250)
-	-	-	-	(10,626,020)	(10,626,020)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(44,467)</u>	<u>(18,205,362)</u>	<u>(18,249,829)</u>	<u>(31,372,250)</u>	<u>(10,626,020)</u>	<u>(41,998,270)</u>
7,577	936,573	944,150	-	208,616	208,616
-	4,952,983	4,952,983	26,850,248	10,794,994	37,645,242
-	493,941	493,941	-	500,000	500,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,577</u>	<u>6,383,497</u>	<u>6,391,074</u>	<u>26,850,248</u>	<u>11,503,610</u>	<u>38,353,858</u>
(36,890)	(11,821,865)	(11,858,755)	(4,522,002)	877,590	(3,644,412)
<u>373,216</u>	<u>324,735,865</u>	<u>325,109,081</u>	<u>(1,818,091)</u>	<u>19,330,406</u>	<u>17,512,315</u>
<u>\$ 336,326</u>	<u>\$ 312,914,000</u>	<u>\$ 313,250,326</u>	<u>\$ (6,340,093)</u>	<u>\$ 20,207,996</u>	<u>\$ 13,867,903</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2002

	Net (Expense) Revenue and Changes in Net Assets			
	Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority	Nashville Thermal Transfer Corporation
Nashville District Management Corporation	\$ -	\$ -	\$ -	\$ -
Sports Authority	-	-	-	-
General Hospital	-	-	-	-
Bordeaux Hospital	-	-	-	-
Metropolitan Development and Housing Agency	(68,274,904)	-	-	-
Electric Power Board	-	3,169,583	-	-
Metropolitan Transit Authority	-	-	(14,075,384)	-
Nashville Thermal Transfer Corporation	-	-	-	(8,351,816)
Metropolitan Nashville Airport Authority	-	-	-	-
Emergency Communications District	-	-	-	-
Industrial Development Board	-	-	-	-
Total component units	(68,274,904)	3,169,583	(14,075,384)	(8,351,816)
General revenues:				
Revenues from the use of money or property	2,156,694	7,371,988	87,425	206,155
Revenues from other governmental agencies not restricted for specific programs/functions	81,188,200	15,186	11,855,099	-
Compensation for loss, sale or damage to property	-	-	-	-
Special items:				
General government assumption of component unit debt	-	-	-	56,784,706
Impairment of utility plant	-	-	-	(21,853,036)
Total general revenues and special items	83,344,894	7,387,174	11,942,524	35,137,825
Changes in net assets	15,069,990	10,556,757	(2,132,860)	26,786,009
Net assets - beginning, restated	180,588,276	314,014,175	25,109,860	(6,381,616)
Net assets - ending	\$ 195,658,266	\$ 324,570,932	\$ 22,977,000	\$ 20,404,393

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2002

Net (Expense) Revenue and Changes in Net Assets				
Metropolitan Nashville Airport Authority	Emergency Communications District	Industrial Development Board	Total Proprietary Types	Total Component Units
\$ -	\$ -	\$ -	\$ -	\$ (44,467)
-	-	-	-	(18,205,362)
-	-	-	(31,372,250)	(31,372,250)
-	-	-	(10,626,020)	(10,626,020)
-	-	-	(68,274,904)	(68,274,904)
-	-	-	3,169,583	3,169,583
-	-	-	(14,075,384)	(14,075,384)
-	-	-	(8,351,816)	(8,351,816)
(8,740,828)	-	-	(8,740,828)	(8,740,828)
-	323,777	-	323,777	323,777
-	-	140,107	140,107	140,107
<u>(8,740,828)</u>	<u>323,777</u>	<u>140,107</u>	<u>(137,807,735)</u>	<u>(156,057,564)</u>
3,949,999	95,516	6,647	14,083,040	15,027,190
3,781,019	-	-	134,484,746	139,437,729
-	-	-	500,000	993,941
-	-	-	56,784,706	56,784,706
-	-	-	(21,853,036)	(21,853,036)
<u>7,731,018</u>	<u>95,516</u>	<u>6,647</u>	<u>183,999,456</u>	<u>190,390,530</u>
(1,009,810)	419,293	146,754	46,191,721	34,332,966
<u>158,394,679</u>	<u>4,784,529</u>	<u>990,011</u>	<u>695,012,229</u>	<u>1,020,121,310</u>
<u>\$ 157,384,869</u>	<u>\$ 5,203,822</u>	<u>\$ 1,136,765</u>	<u>\$ 741,203,950</u>	<u>\$ 1,054,454,276</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Metropolitan Government of Nashville and Davidson County (the Government) operates under a metropolitan form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, education, culture and recreation, public improvements, planning and zoning and general administrative services.

The accounting policies of the Government conform to accounting principles generally accepted in the United States of America. The following is a summary of the most significant policies:

A. Reporting Entity

The financial statements of the Government present the primary government and its component units. The component units discussed below are included in the Government's reporting entity because of the significance of their operational or financial relationships with the Government. Each discretely presented component unit is reported separately in the basic financial statements to emphasize that it is legally separate from the Government.

The financial statements of the following component units have been discretely presented:

The **Nashville District Management Corporation** was established in 1998 to administer special assessment revenue collected by the Government for the benefit of the Central Business Improvement District. The Corporation's duties and responsibilities are defined in a memorandum of agreement with the Government and include, but are not limited to providing services for improvement and operation of the District through security enhancement, downtown marketing, and improving downtown beautification, sanitation and maintenance. The original agreement was one year, renewable annually by mutual notification by each party to the other. The agreement may be terminated by the Government upon thirty days notice. Complete financial statements of the Corporation can be obtained from its offices at Accounting Office, 211 Commerce Street, Suite 100, Nashville, TN 37201.

The **Sports Authority** was established in 1995 to act as the financing and building authority for both the Nashville Arena and NFL Stadium. The Sports Authority administers and manages these facilities and sports projects for the Government. The Government is responsible for the annual funding for both the Nashville Arena and NFL Stadium. The underlying credit for the Sports Authority Revenue bonds is a pledge on the non-tax revenues of the Government's General Fund. The Sports Authority does not issue separate financial statements. A Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances are included in the Component Units section with reconciliations of those statements to the Statement of Net Assets – Component Units and Statement of Activities – Component Units included in the basic financial statements.

The **Hospital Authority** operates General Hospital (a full service medical facility) and Bordeaux Hospital (a long-term care facility) for the residents of Nashville and Davidson County. The Hospital Authority was created in March 1999 to operate both hospitals, which were previously accounted for as enterprise funds of the Government. Members of the Hospital Authority are appointed by the Government and can be removed by the Government. The Government approves and can modify the annual operating budget of each hospital. Hospital Authority land and buildings and improvements are titled in the Government's name. Both hospitals are financially dependent on contributions from the Government's General Fund. Complete financial statements for each hospital can be obtained by writing to the Hospital Authority at 1818 Albion Street, Nashville, TN 37208.

The **Metropolitan Development and Housing Agency** operates public housing facilities for the inhabitants of Nashville and Davidson County. The Agency is governed by a board of commissioners who are all appointed and confirmed by the Government. All board members can also be removed by the Government. The Agency receives incremental taxes that result from tax increment financing arrangements on numerous development projects. These property taxes paid to the Agency are considered financial support by the Government. Complete financial statements of the Agency can be obtained by writing P. O. Box 846, Nashville, TN 37202.

The **Electric Power Board** operates and regulates an electric power system for the purpose of supplying electricity for public property and for resale to consumers. The Board of Directors and the general manager are appointed by the Government. The Government is required to approve debt issuance of the Board. The Government believes the nature and significance of its relationship with the Electric Power Board is such that exclusion would cause these financial statements to be misleading. Complete financial statements of the Board can be obtained from its administrative offices at 1214 Church Street, Nashville, TN 37203.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The **Metropolitan Transit Authority** operates and regulates the public mass transit system in Nashville and Davidson County. The Authority is governed by a board of directors who are all appointed and can be removed by the Government. The Authority must act on ordinances passed by the Government, and the Authority is financially dependent on the Government. Complete financial statements of the Authority can be obtained from its administrative offices at 130 Nestor Street, Nashville, TN 37210.

The **Nashville Thermal Transfer Corporation** is a not-for-profit corporation that provides low cost heating and cooling to the Government and downtown businesses. The Corporation is governed by a board of directors who are all appointed and can be removed by the Government. The debt of the Corporation is issued in the Government's name, all properties of the Corporation are in the name of the Government, and the Corporation is financially dependent on the Government. Complete financial statements of the Corporation can be obtained from its administrative offices at 110 First Avenue South, Nashville, TN 37210.

The **Metropolitan Nashville Airport Authority** operates the Nashville International and John C. Tune Airports. The Airport Authority is governed by a board of directors who are all appointed and can be removed by the Government. The Government believes the nature and significance of its relationship with the Airport Authority is such that exclusion would cause these financial statements to be misleading. Complete financial statements of the Airport Authority can be obtained from its administrative offices at One Terminal Drive, Nashville, TN 37214.

The **Emergency Communications District** is engaged to secure and provide efficient emergency services to the public. The District is governed by a board of directors who are appointed by the Government. The District provides equipment for the Government's use in emergency services. Complete financial statements of the District can be obtained from its administrative offices at 700 2nd Avenue South, Nashville, TN 37210.

The **Industrial Development Board** (the IDB) assists private businesses within Davidson County to obtain public financing through the issuance of nontaxable bonds. The members of the IDB are appointed and can be removed by the Government. All debt of the IDB is considered conduit debt and is issued in the name of the Government. Complete financial statements of the IDB can be obtained from its administrative offices at 2021 North Gallatin Road, Suite 132, Madison, TN 37115.

All discretely presented component units have a June 30 fiscal year end with the exception of the Metropolitan Development and Housing Agency which has a September 30 year end and the Industrial Development Board which has a March 31 year end.

B. Accounting Pronouncements

The Government adopted GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, GASB Statement No. 37, Basic Financial Statements – and Management Discussion and Analysis for State and Local Governments, an amendment of GASB Statements No. 21 and No. 34, and GASB Statement No. 38, Certain Financial Statement Note Disclosures, in fiscal year 2002. Statement No. 34, as amended by Statement No. 37, establishes new financial reporting standards for state and local governments. The requirements of these Statements represent a significant change in the financial reporting model used by the Government. In addition to fund financial statements, the Government is required to report government-wide financial statements prepared using the accrual basis of accounting and the economic measurement focus for all funds. Other changes include the establishment of new fund types, the elimination of account groups, a focus on major funds in the basic financial statements, the reporting of capital assets and infrastructure, the preparation of cash flow statements using the direct method and the inclusion of management's discussion and analysis. Statement No. 38 requires certain note disclosures in conjunction with the adoption of Statement No. 34.

The Government is anticipated to adopt GASB Statement No. 39, Determining Whether Certain Organization Are Component Units, required for fiscal period beginning after June 15, 2003, in fiscal 2004. Significant changes required by this Statement are the inclusion of additional organizations as component units in the reporting entity. Management is in the process of determining the effects that the adoption of this Statement will have on the Government's financial statements.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. Statement of Net Assets and Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the Government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

reported separately from certain legally separate component units for which the primary government is financially accountable.

The **Statement of Net Assets** presents the Government's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets. The outstanding debt is offset by any unspent proceeds from such debt.

Restricted net assets result from restrictions placed on net assets by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements; nonmajor funds are combined in a single column.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which the levy is assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as receivables in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to non-vested sick pay, compensated absences and other long-term commitments and contingencies are recorded only when payment is due.

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Government has elected not to apply any Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds. The Nashville Thermal Transfer Corporation and the Metropolitan Nashville Airport Authority, component units, have elected to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as **program revenues** include 1) charges to customers for goods, services or privileges provided, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions. Amounts reported as **general revenues** include 1) all taxes, 2) unrestricted revenues for the use of money or property, 3) unrestricted revenues from other governmental agencies, and 4) compensation for loss, sale or damage of property.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Expenses reported by function include **direct expenses** that are specifically associated with a service or program and are clearly identifiable to a particular program. Some functions, such as general government and fiscal administration, include expenses that are in essence **indirect expenses** of other functions. The Government has elected not to charge these indirect expenses to other functions.

Proprietary funds distinguish **operating** revenues and expenses from **nonoperating** items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with the fund's principal ongoing operations and consist primarily of charges to customers or departments, cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Government's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

E. Assets, Liabilities, and Net Assets or Equity

Cash and cash equivalents - Cash and cash equivalents include amounts in demand deposits and highly liquid short-term investments with maturity dates within three months of the date of acquisition. Investment income earned on funds invested in pooled accounts is allocated to the respective funds on the basis of relative balances.

Investments - Investments, except in the pension funds, consist primarily of U.S. Government securities and are stated at fair value. Pension fund investments, which also include common stocks, bonds and U.S. Government and other domestic and foreign securities, are stated at quoted fair value at June 30, 2002. The Government and certain component units also invest in the Tennessee Local Government Investment Pool which is maintained and managed by the State of Tennessee. This Pool is not registered with the Securities and Exchange Commission ("SEC") but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the Government's investments in the Pool have been determined based on the Pool's share price.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investment income of the capital projects funds is reported in those funds and is transferred to the debt service funds after arbitrage calculations, as applicable.

Annuities - Annuities are recorded at the estimated present value of future benefits, which approximates fair value at June 30, 2002.

Inventories - Inventories, principally materials, supplies and replacement parts, are valued at cost in governmental fund statements and at the lower of cost or market in the government-wide and proprietary fund statements, with cost determined using the first-in, first-out, moving weighted average or average cost method. Inventory items are recorded as expenditures when used under the consumption method.

Tennessee Valley Authority (TVA) Energy Conservation Program - The Electric Power Board is a fiscal intermediary for the TVA energy conservation programs whereby loans are made to the Board's customers to be used in connection with TVA's Residential Energy Services Program. Pursuant to the terms of an agreement with TVA, the energy conservation loans made to the Board's customers are funded and guaranteed by TVA. These loans are recorded as notes receivable.

Capital assets - Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally defined as assets with an individual cost in excess of \$5,000 and a useful life in excess of one year. Such assets are recorded at historical cost at the time of acquisition. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. Capitalized interest totaled \$810,000 for the year ended June 30, 2002.

Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives are as follows:

Utility plant in service	7	-	100	years
Buildings and improvements	3	-	50	years
Improvements other than buildings	20	-	100	years
Furniture, machinery and equipment	3	-	50	years
Stormwater infrastructure			50	years

The Government has elected to use the "modified approach" to account for certain infrastructure assets as provided by GASB Statement No. 34. Under this approach, depreciation expense is not recorded nor are amounts capitalized in connection with improvements to these assets unless they expand capacity. Utilization of this approach requires that the Government 1) have an up-to-date inventory of assets, 2) perform condition assessments and summarize the results using a measurement scale, 3) estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Government, and 4) document that the assets are being preserved approximately at (or above) the condition level established and disclosed. Roads and bridges are accounted for using the modified approach.

Property under capital leases is stated at the lower of the present value of minimum lease payments or the fair market value at the inception of the lease. Once placed in use, such property is amortized on the straight-line method over the shorter of the economic useful life of the asset or the remaining lease term.

The Government maintains certain collections of art which have not been capitalized as they are 1) held for public exhibition, education, or research in furtherance of public service rather than financial gain, 2) protected, kept unencumbered, cared for and preserved, and 3) subject to policy that requires the proceeds from any sales of collection items to be used to acquire other items for the collection.

Claims payable - Losses for claim liabilities are reported in the self-insurance funds for claims payable from those funds. Claims payable include reported claims and an estimated liability for claims incurred but not reported at June 30, 2002. The claims liabilities are based on the estimated cost of settling the claim, using past experience and adjusting for current conditions. Losses for uninsured judgments against the Government payable from governmental funds not expected to be liquidated with expendable available resources are reported in the applicable governmental activities in the Statements of Net Assets and Activities.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Compensated absences - The liability for compensated absences is recorded when future payments for such absences have been earned by employees.

General policy of the Metropolitan Civil Service Commission permits the accumulation, within certain limitations, of unused vacation days and sick leave. Vacation days may accumulate to an amount equal to three times the current annual vacation accrual rate. Although sick pay may accumulate, no amounts are vested in the event of employee termination. Accumulated unpaid vacation pay related to governmental fund type operations is reported in the applicable governmental activities in the Statements of Net Assets and Activities, but is not a governmental fund liability, because it is not expected to be liquidated with expendable available resources. Accumulated unpaid vacation pay related to proprietary fund type operations is reported as a liability in the appropriate individual proprietary funds and proprietary type component units.

The policy of the Metropolitan Nashville Public Schools allows employees to accumulate sick leave without limitation. In addition, the Board allows vesting of accumulated sick leave depending on length of service beyond 15 years. Vested sick leave for Metropolitan Nashville Public Schools employees is reported in the applicable governmental activity in the Statements of Net Assets and Activities, but is not a governmental fund liability, because it is not expected to be liquidated with expendable available resources.

Arbitrage rebates – For the governmental funds, arbitrage rebates due to the federal government under the Internal Revenue Code of 1986, as amended, for excess earnings on invested proceeds of tax exempt securities are reported as a liability in the Statements of Net Assets and Activities and as a reservation of fund balance in the Balance Sheet Governmental Funds. For proprietary funds (including component units) any such rebates are reflected as liabilities.

Landfills - State and federal laws and regulations require the Government to place a final cover on all its landfill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near, or after, the date the landfill stops accepting waste, the Government is required to report a portion of these closure and postclosure care costs as an operating expenditure in each period of operation. This expenditure is based on landfill capacity used at the reporting date. The current operations of the landfills are reported in the Solid Waste Operations Fund in the Governmental Funds section of this report. The long term liability is reported in the Statements of Net Assets and Activities. The total liability for landfill purposes is \$5,084,854.

Bordeaux Sanitary Landfill - This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$1,615,226 are included in the liability.

Metro Thermal Ash Landfill Phase II – This landfill has stopped accepting solid waste. Some closing procedures have been started. Total remaining closure and postclosure costs for this landfill of \$1,348,639 are included in the liability.

Metro Thermal Ash Landfill Phase III – This landfill has stopped accepting solid waste. Some closing procedures have been started. Total remaining closure and postclosure costs for this landfill of \$2,120,989 are included in the liability.

These estimates are based on an independent evaluation of cost to perform all closure and care. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Closure and care financial requirements are expected to be met by the operations of the Solid Waste Operations Fund. To the extent the Solid Waste Operations Fund operations create a deficit, the General Fund is required to fund its operations.

Bond premiums, discounts and issuance costs – In the governmental funds, bond discounts and issuance costs are treated as period costs in the year of issue. In the government-wide and proprietary fund statements, bond premiums, discounts and issuance costs are deferred and amortized over the term of the related bonds.

F. Revenues, Expenditures and Expenses

Grants - The Government receives grant revenues from various federal, state and non-profit agencies. As required by GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the Government reports capital contributions, including capital grants, in the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds as a separate line item after non-operating revenues and expenses. In the Statement of Activities, capital grants and contributions are presented as program revenues.

Pass-through grant proceeds - Capital and operating grant amounts received on behalf of secondary recipients are reported in agency funds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Passenger facility charges – On January 1, 1993, the airlines began collecting a Passenger Facility Charge (“PFC”) on qualifying enplaning passengers at Nashville International Airport on behalf of the Airport Authority. PFC’s are fees imposed on enplaning passengers by airports to finance eligible airport related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such a system, or furnish opportunities for enhanced competition between or among air carriers. Both the fee and intended projects must be reviewed and approved by the Federal Aviation Administration (“FAA”). The fee can be set at \$1, \$2, or \$3 per enplaning passenger.

The Authority received approval to impose a \$3 PFC. The following project summary has been approved by the FAA:

Airport development	\$ 75,078,600
Terminal development	61,453,300
Land acquisition	<u>22,727,200</u>
	<u>\$ 159,259,100</u>

Effective April 5, 2000, public agencies may qualify to charge PFC fees of \$4.00 or \$4.50 provided that the additional criterion for approval are met. PFC’s are recorded as program revenues in the statement of activities.

Unbilled revenues and purchased power liability – Revenues from the Department of Water and Sewerage Services are recognized from meters read on a monthly cycle basis. At the end of each month, an estimate of service rendered from the latest date of each meter-reading cycle to month end is accrued and included in accounts receivable. The amount accrued at June 30, 2002 is \$8,385,189. Revenues of the Electric Power Board are recognized from meters read on a monthly cycle basis. At the end of each month, service rendered from the latest date of each meter-reading cycle to month end is accrued and included in accounts receivable. The Board purchases electric power from the TVA. The cost of purchased power is calculated based on retail billing units adjusted for estimated line losses. The Board accrues for unbilled purchased power based on retail billing units.

Property taxes - The Government’s property taxes are levied for the current fiscal year each September 1 on the assessed value listed as of the prior January 1 for all real and personal property located in Nashville and Davidson County. Property taxes are secured by a statutory lien effective as of the original assessment date of January 1 and as such an enforceable legal claim to the subsequent fiscal year levy exists at fiscal year end. In accordance with state law, the real property assessment includes supplemental assessments made through September 1 for improved, demolished or damaged property.

Assessed values are established by the State of Tennessee at the following percentages of assessed market value:

- Public utility property	55%	(Railroads and certain telecommunication services at 40%)
- Industrial and commercial property		
- Real	40%	
- Personal	30%	
- Farm and residential property	25%	

Taxes are levied at a rate of \$3.75 per \$100 of assessed value for the entire metropolitan area (General Services District) with an additional tax of \$.83 per \$100 of assessed value levied upon properties within the Urban Services District.

Payments are due by February 28 and are delinquent on March 1 of the following year. Property taxes receivable have been included in the Balance Sheet Governmental Funds with offsetting deferred revenue to reflect amounts not available at June 30, 2002. Amounts available at June 30, 2002 have been recorded as revenue in the governmental fund statements. Current tax collections of \$554,792,713 for the fiscal year ended June 30, 2002 were approximately 96% of the tax levy.

Of the \$612,997,115 property tax receivable, \$575,312,304 represents the 2002 property taxes which are not yet levied but recorded as required by GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

G. Estimates

Estimates used in the preparation of financial statements require management to make assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compliance With Finance Related Legal and Contractual Provisions

The Government has no material violations of finance related legal and contractual provisions as of June 30, 2002.

B. Budgets and Budgetary Accounting

The Government's procedures in establishing the budget as reflected in the basic financial statements are as follows:

1. The Director of Finance annually obtains information from all officers, departments, boards, commissions and other agencies of the Government for which appropriations are made and/or revenues are collected and compiles the annual operating budget for the ensuing fiscal year beginning July 1. The compiled information, including various expenditure options and the means of financing them, is submitted to the Mayor for review.
2. The Mayor, with the assistance of the Department of Finance, determines the programs to be recommended to the Metropolitan Council, the expenditures proposed to operate those programs and the revenue changes needed to fund those expenditures. That information is compiled into a balanced operating budget which is submitted to the Metropolitan Council by May 25.
3. Copies of the Mayor's proposed budget and budget message are distributed to interested persons, and a summary of the budget is published in the area daily newspaper. The budget is a public record open for public inspection.
4. The Metropolitan Council's Budget and Finance Committee holds hearings with the officers, departments, boards, commissions and other agencies to explore the impact of the recommended operating budget and to explore other departmental budget options. In addition, advertised public hearings are held to obtain taxpayers' comments prior to final passage.
5. The budget is legally enacted effective July 1 through passage of an ordinance by the Metropolitan Council. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and fund balance.
6. The amounts in the adopted operating budgets for each organizational unit, purpose or activity constitute the annual appropriation for such items, and no expenditure can be made which will result in the annual appropriation being exceeded unless an additional appropriation is made.
7. The Metropolitan Council may make appropriations in addition to those contained in the current operating budgets, but any such additional appropriations may be made only from an existing unappropriated surplus in the fund to which it applies.
8. The Mayor may transfer the available balance of any appropriation for any purpose to the appropriation for any other purpose within the same department, or, by resolution approved by the Metropolitan Council, the available balance of any appropriation may be transferred to another appropriation within the same section of the budget and within the same fund.
9. All available balances of appropriations in the current operating budget lapse into the fund balance of the fund or funds from which the appropriations were originally made at the end of the fiscal year. Encumbrances do not lapse at the end of the fiscal year and are reserved for subsequent year expenditures.

Budgeted amounts shown are those originally adopted as well as the final budgets which reflect amendments by the Metropolitan Council pursuant to the transfer provisions of the budget ordinance. During the year, supplementary

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

appropriations were made to the General Services District and Urban Services District of the General Fund of \$16,674,125 and \$919,419, respectively.

The Government is legally required to prepare, and the Metropolitan Council is required to approve, the annual budgets of the General Fund, the General Purpose School Fund, and the GSD General Purposes, GSD School Purposes and USD General Purposes Debt Service Funds. In preparing the budgets, the Government utilizes generally accepted accounting principles (GAAP) for the General and Debt Service Funds. The encumbrance method of budgeting is used for the General Purpose School Fund, in which encumbrances are recorded as though they are expenditures, which differs from GAAP.

The operating budget treats transfers to and from all budgeted funds as revenues and expenditures of those funds.

In accordance with Article 6 of the Metropolitan Charter, the Annual Operating Budget of the Government for the fiscal year 2002-2003 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number O02-1073. Unreserved and undesignated fund balance resources at June 30, 2002 have been appropriated to the 2002-2003 fiscal year operating budget as follows:

General Services District General Fund	\$ 35,917,954
Urban Services District General Fund	3,934,230
General Purpose School Fund	2,982,713
General Services District General Purposes Debt Service Fund	10,788,474
General Services District School Purposes Debt Service Fund	13,259,289
Urban Services District General Purposes Debt Service Fund	1,792,117

Encumbrances – Encumbrances outstanding at year end are reported as reservations of fund balance for subsequent year expenditures. Encumbrance accounting is not utilized for budgetary control purposes for the General and Debt Service Funds. Information regarding the encumbrances of those funds is available to assist in the management of commitments against appropriations. Encumbrance accounting is utilized for budgetary control purposes for the General Purpose School Fund and is reflected in the Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances – Budget and Actual for that fund. Encumbrances, however, are not treated as expenditures in the basic financial statements, except for the General Purpose School Fund in the aforementioned statement comparing budgeted amounts to actual amounts.

The nature and amount of adjustments necessary to convert the GAAP basis net change in fund balances to the budget basis for the General Purpose School Fund are as follows:

Net change in fund balances:	
GAAP basis	\$ 17,519,361
Less: Current year reserve for encumbrances	(3,319,473)
Add: Prior year reserve for encumbrances	<u>4,983,935</u>
Budget basis	<u>\$ 19,183,823</u>

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

C. Deficit Balances and Excess Expenditures

The following funds have deficit balances at June 30, 2002:

	Undesignated Fund Balance/ Unrestricted Net Assets	Reserved/ Invested in Capital Assets, Net of Related Debt	Total Fund Balances/ Total Net Assets
Special Revenue Funds:			
Solid Waste Operations	\$ (1,824,439)	\$ 4,872,330	\$ 3,047,891
Nashville Career Advancement Center	(290,318)	3,376	(286,942)
Capital Projects Funds:			
USD Capital Projects	(15,840,447)	8,744,572	(7,095,875)
Internal Service Funds:			
Employees' Medical Benefit	(2,341,350)	-	(2,341,350)
Treasury Management	(15,477)	-	(15,477)
Technology Revolving	(101,947)	101,947	-

The responsibility for funding the above deficit balances is as follows:

<u>Funds with deficits</u>	<u>Funding responsibility</u>
Special Revenue Funds	General Fund
Capital Projects Funds	Future issuance of notes and bonds
Internal Service Funds	Future user charges

During the year ended June 30, 2002, the Government exceeded the budgeted level of expenditures as follows:

Budgeted Unit	Budget	Actual	Variance
General Fund:			
General Services District:			
General Government:			
County Register of Deeds	\$ 418,234	\$ 1,828,968	\$ 1,410,734
Administration of Justice:			
Circuit Court Clerk	2,821,084	6,706,508	3,885,424
Juvenile Court	8,154,651	8,173,316	18,665
Law Enforcement and Care of Prisoners:			
Sheriff	47,623,193	47,926,020	302,827
Police Department	111,585,933	111,625,976	40,043
Employee Benefits:			
Contribution to Closed Pension Plans	9,983,292	10,201,297	218,005
Unemployment Compensation	250,000	414,051	164,051
Employee In-Line-Of-Duty Medical Expense	1,500,000	1,522,813	22,813
Miscellaneous:			
Metropolitan Development and Housing Agency	3,049,834	3,374,310	324,476
Corporate Dues and Contributions to other			
Government Associations	253,265	256,931	3,666
Fringe Benefits	-	187,559	187,559
Transfers Out:			
General Fund 4% Reserve	17,499,013	17,837,716	338,703

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Budgeted Unit	Budget	Actual	Variance
General Fund: (Continued)			
Urban Services District:			
Employee Benefits:			
Direct Pension Payments	\$ 4,800	\$ 9,900	\$ 5,100
Miscellaneous:			
Insurance and Reserve	274,000	277,855	3,855
Metropolitan Development and Housing Agency	805,260	929,605	124,345
Transfers Out:			
Nonmajor Governmental Funds	10,172,735	10,181,193	8,458
USD Debt Service Fund:			
Fiscal Charges	169,701	443,123	(273,422)
Payments to refunded bond escrow agent	-	69,709,830	(69,709,830)

Certain operating expenditures and commission and fee revenues of the County Register of Deeds and the Circuit Court Clerk are not included in the General Fund budget but are included in General Fund revenues and expenditures to appropriately recognize the full operations of these elected officials in the financial statements. The budget overage in Juvenile Court was offset by an under budget amount for the transfer of local funds required for a grant match. In total, Juvenile Court was not over budget. The deficit in Sheriff was due to increased costs in the contract with an external provider to house locally sentenced felons. The overage for the Police Department was from excess uniform cost.

Employee benefits are controlled as a whole and, as a whole, were under budget. Fringe Benefits are charged for the matching portion of health and life insurance when the employee portion is paid directly, rather than through payroll deduction, and a provision for these expenditures was not budgeted.

The Metropolitan Development and Housing Agency activities are budgeted as contra revenue, but accounted for as expenditures for tax increment payments. Corporate Dues and Contributions to other Government Associations was due to membership dues for Sister Cities not being budgeted in fiscal 2002. The excess in the transfer to the General Fund 4% Reserve is due to revenue collections in excess of those budgeted. Insurance and Reserve are charged for the matching portion of health and life insurance when the employee portion is paid directly. The excess in Nonmajor Governmental Funds was increased local match for several block grants.

Expenditures for the debt service funds are not controlled on a line item basis, and routine debt service expenditures as a whole were under budget.

NOTE 3 – RESTATEMENT OF FUND BALANCES AND FUND EQUITY

During the fiscal year ended June 30, 2002, the Government adopted GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, GASB Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34, and GASB Statement No. 38, Certain Financial Statement Disclosures. The requirements of these Statements represent a significant change in the financial reporting model used by the Government including statement formats, changes in fund types and the elimination of account groups. Additionally, the categories of fund equity for proprietary funds and component units have been reclassified into categories of net assets. The adoption of these Statements resulted in adjustments to the beginning balances and fund equity reported in prior financial statements.

During the fiscal year ended September 30, 2001, the Metropolitan Development and Housing Agency determined that certain previously reported debt meets the definition of conduit debt under GASB Interpretation No. 2, Disclosure of Conduit Debt Obligations. Therefore, the obligations and related amounts due from other governmental agencies have been removed from the Agency’s financial statements. The Agency also determined that when it amended its deferred compensation plan (the Plan) to be in accordance with IRC Section 457 (g) in 1998, the fiduciary accountability of the Plan was transferred from the Agency to a Plan Trustee. Accordingly, the Plan assets previously reported as an expendable trust fund have been excluded from the Agency’s financial statements. The effect of these adjustments on results of operations for the prior year were not significant.

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

The adoption of the GASB Statements and the prior period adjustments affected beginning fund balances and fund equity as previously reported in the Combined Balance Sheet as follows:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Fund balances/fund equity, beginning of year, as previously reported	\$ 587,059,443	\$ 1,529,363,915	\$ 1,151,423,772
Reclassifications and adjustments related to the implementation of GASB Statement No. 34:			
Reclassification of fiduciary funds to governmental funds	1,644,306	(1,644,306)	-
Capital assets related to funds reclassified from fiduciary funds to governmental funds	(138,000)	-	-
Sports Authority:			
Accumulated depreciation on capital assets	-	-	(22,137,119)
Revenue bonds payable	-	-	(93,750,000)
Accrued interest on revenue bonds payable	-	-	(1,770,754)
Metropolitan Development and Housing Agency:			
Exclude entities previously reported as component units	-	-	(85,755)
Accumulated depreciation on infrastructure	-	-	(11,473,091)
Prior period adjustments:			
Metropolitan Development and Housing Agency:			
Exclude IRC Section 457 Plan assets	-	-	(2,760,489)
Correct Section 8 grantor receivable	-	-	21,599
Correct Comprehensive grantor receivable	-	-	(150,000)
Record assets related to Section 108 grant	-	-	763,757
Record soft costs expensed related to the Preston Taylor Homes, LLC loan	-	-	39,398
Other	-	-	(8)
	<u>\$ 588,565,749</u>	<u>\$ 1,527,719,609</u>	<u>\$ 1,020,121,310</u>
Fund balances/net assets, beginning of year, restated			

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - CASH AND INVESTMENTS

The Government is authorized by policy to invest funds that are not immediately needed in: United States Treasury Bills, Bonds and Notes; The State of Tennessee Local Government Investment Pool; bonds issued by the Government; bonds of commercial entities and other investments such as repurchase agreements and commercial paper. The Government is authorized to invest in these instruments either directly or through the Metro Investment Pool (MIP). In addition, the Joseph B. Knowles Trust fund is authorized to invest in stocks of commercial entities, and the Metropolitan Employees' Benefit Trust is authorized to invest funds in accordance with the Statement of Investment Objectives of the Investment Board of the Government, which states that the Investment Board may make investments it deems suitable for the trust fund. Investments of the Teachers Retirement fund are administered by the Administrative Retirement Committee of the Metropolitan Nashville Public Schools.

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool. As of June 30, 2002, most of the Government's deposits were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Participating banks determine the aggregated balance of their public fund accounts for the Government. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collected securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure. Accounts covered by the State collateral pool are classified as category A in accordance with GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.

CASH AND CASH EQUIVALENTS

The Government's deposits are categorized below to give an indication of the level of risk assumed by the Government at fiscal year end. Category A includes deposits that are insured or collateralized with securities held by the Government or by its agent in the Government's name. Category B includes deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the Government's name. Category C includes deposits that are uninsured and uncollateralized. Deposits represent the Government's cash balance at banks and other financial institutions, while the carrying amount of cash on deposit represents the book balance of those deposits. The difference between deposits and the carrying amount of cash on deposit is due primarily to checks outstanding and deposits in transit at June 30, 2002.

	Deposits Per Bank And Other Financial Institutions				Carrying Amount Per Books		
	Category			Total	Cash On	Cash On	Total
	A	B	C		Deposit	Hand	
Governmental and Business-type activities							
General Government	\$ 24,483,889	\$ -	\$ -	\$ 24,483,889	\$ 26,626,790	\$ 179,728	\$ 26,806,518
Metropolitan Nashville Public Schools (except fiduciary funds)	1,631,541	-	-	1,631,541	6,067,831	142,163	6,209,994
Department of Water and Sewerage Services	50,259	-	-	50,259	54,600	610,859	665,459
Total governmental and business-type activities	\$ 26,165,689	\$ -	\$ -	\$ 26,165,689	\$ 32,749,221	\$ 932,750	\$ 33,681,971

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

	Deposits Per Bank And Other Financial Institutions				Carrying Amount Per Books		
	Category			Total	Cash On	Cash on	Total
	A	B	C		Deposit	Hand	
Reconciliation to presentation on the statement of net assets:							
Cash and Cash Equivalents							\$ 349,259,436
Restricted Cash and Cash Equivalents							131,935,099
Less: Cash Equivalents included as investments for footnote categorization							<u>(447,512,564)</u>
Total governmental and Business-type activities							<u>\$ 33,681,971</u>
Fiduciary Funds							
Pension Funds	\$ 60,592,022	\$ -	\$ -	\$ 60,592,022	\$ 60,592,022	\$ -	\$ 60,592,022
Agency Funds	36,475,789	-	-	36,475,789	41,411,603	54,175	41,465,778
Total fiduciary funds	<u>\$ 97,067,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,067,811</u>	<u>\$ 102,003,625</u>	<u>\$ 54,175</u>	<u>\$ 102,057,800</u>
Reconciliation to presentation on the statement of fiduciary net assets:							
Cash and Cash Equivalents							\$ 105,017,946
Less: Cash Equivalents included as investments for footnote categorization							(3,427,923)
Investments in Certificates of Deposits included as cash on deposit for footnote categorization							<u>467,777</u>
Total fiduciary funds							<u>\$ 102,057,800</u>
Component Units							
Sports Authority	\$ 4,953,205	\$ -	\$ -	\$ 4,953,205	\$ 4,953,205	\$ -	\$ 4,953,205
Nashville District Management Corporation	446,050	-	-	446,050	446,050	-	446,050
Metropolitan Development and Housing Agency	36,204,247	-	-	36,204,247	34,961,565	-	34,961,565
Hospital Authority	126,396	-	-	126,396	124,586	202,524	327,110
Electric Power Board	3,613,493	-	-	3,613,493	6,203,190	16,000	6,219,190
Metropolitan Transit Authority	1,133,557	-	-	1,133,557	855,584	-	855,584
Nashville Thermal Transfer Corporation	1,752,264	-	-	1,752,264	8,375	515	8,890
Metropolitan Nashville Airport Authority	24,011,221	-	-	24,011,221	22,827,642	-	22,827,642
Emergency Communications District	3,387,109	-	-	3,387,109	3,387,109	-	3,387,109
Industrial Development Board	724,995	-	978,848	1,703,843	1,703,748	-	1,703,748
Total component units	<u>\$ 76,352,537</u>	<u>\$ -</u>	<u>\$ 978,848</u>	<u>\$ 77,331,385</u>	<u>\$ 75,471,054</u>	<u>\$ 219,039</u>	<u>\$ 75,690,093</u>
Reconciliation to presentation on the statement of net assets:							
Cash and Cash Equivalents							\$ 67,327,345
Restricted Cash and Cash Equivalents							16,218,499
Investments in Certificates of Deposits included as cash on deposit for footnote categorization							31,640,272
Less: Cash Equivalents included as investments for footnote categorization							<u>(39,496,023)</u>
Total component units							<u>\$ 75,690,093</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

INVESTMENTS

The Government's investments are categorized below to give an indication of the level of risk assumed by the Government at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Government or its agent in the Government's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department (if a bank) or agent in the Government's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty in the Government's name, or held by the counterparty's trust department (if a bank) or agent, but not in the Government's name.

	Category			Fair Value
	1	2	3	
<u>General government</u>				
Federal Home Loan Bank Obligations	\$ 37,687,943	\$ -	\$ -	\$ 37,687,943
Federal Home Loan Mortgage Corporation Obligations	46,748,401	-	-	46,748,401
Federal National Mortgage Association Obligations	57,928,576	-	-	57,928,576
Commercial Paper	48,687,422	-	-	48,687,422
Federal Farm Credit Bank Obligations	25,300,196	-	-	25,300,196
US Treasury Bonds and Notes	47,095,724	-	-	47,095,724
	<u>\$ 263,448,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>263,448,262</u>
Not categorized:				
Mutual Funds				978,632
Tennessee Local Government Investment Pool				<u>43,524,015</u>
Total general government				<u>307,950,909</u>
<u>Metropolitan Nashville Public Schools (except fiduciary funds)</u>				
Federal Home Loan Bank Obligations	\$ 21,933,776	\$ -	\$ -	21,933,776
Federal Home Loan Mortgage Corporation Obligations	33,814,043	-	-	33,814,043
Federal National Mortgage Association Obligations	51,030,861	-	-	51,030,861
U. S. Treasury & Agency Securities	27,408,953	-	-	27,408,953
Commercial Paper	28,335,296	-	-	28,335,296
Federal Farm Credit Bank Obligations	14,724,307	-	-	14,724,307
	<u>\$ 177,247,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>177,247,236</u>
Not categorized:				
Tennessee Local Government Investment Pool				<u>25,330,275</u>
Total Metropolitan Nashville Public Schools (except fiduciary funds)				<u>202,577,511</u>
<u>Department of Water and Sewerage Services</u>				
U. S. Treasury & Agency Securities	\$ 67,321,167	\$ -	\$ -	67,321,167
Federal Home Loan Bank Obligations	44,706,649	-	-	44,706,649
Federal Home Loan Mortgage Corporation Obligations	56,280,298	-	-	56,280,298
Federal National Mortgage Association Obligations	73,230,780	-	-	73,230,780
Federal Farm Credit Bank Obligations	26,146,906	-	-	26,146,906
Commercial Paper	34,943,950	-	-	34,943,950
State and Local Government Securities	2,230,500	-	-	2,230,500
	<u>\$ 304,860,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>304,860,250</u>

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

	Category			Fair Value
	1	2	3	
Not categorized:				
Mutual Funds				\$ 22,366,702
Tennessee Local Government Investment Pool				36,088,087
				<u>363,315,039</u>
Total Department of Water and Sewerage Services				363,315,039
				<u>\$ 873,843,459</u>
Reconciliation to presentation on the statement of net assets:				
Cash Equivalents included as investments for footnote classification				\$ 447,512,564
Investments				216,598,615
Restricted Investments				209,732,280
				<u>873,843,459</u>
Total governmental and business-type activities				<u>\$ 873,843,459</u>
<u>Pension funds</u>				
U. S. Treasury & Agency Securities	\$ 66,998,731	\$ -	\$ -	\$ 66,998,731
Federal Home Loan Bank Obligations	6,461,899	-	-	6,461,899
Federal Home Loan Mortgage Corporation Obligations	35,393,620	-	-	35,393,620
Federal National Mortgage Association Obligations	138,423,398	-	-	138,423,398
Federal Farm Credit Bank Obligations	440,625	-	-	440,625
Corporate Bonds and Notes	146,860,954	-	-	146,860,954
Common Stock	563,484,011	-	-	563,484,011
Commercial Paper	847,934	-	-	847,934
Preferred Stock	4,295,132	-	-	4,295,132
Foreign Currency	5,937,813	-	-	5,937,813
Collateralized Mortgage Obligations	18,310,583	-	-	18,310,583
International Securities	197,085,958	-	-	197,085,958
Government National Mortgage Association Obligations	26,569,919	-	-	26,569,919
	<u>\$ 1,211,110,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,211,110,577</u>
Not categorized:				
Tennessee Local Government Investment Pool				758,008
Mutual Funds				15,615,152
Mortgages and Real Estate				143,893,472
Warrants and Options				1,224,580
Limited Partnerships				37,056,703
				<u>1,409,658,492</u>
Total pension funds				1,409,658,492
<u>Elected Officials</u>				
Corporate Bonds and Notes	\$ 15,600	\$ -	\$ -	15,600
Common Stock	14,797	-	-	14,797
	<u>\$ 30,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>30,397</u>
Not categorized:				
Mortgages and Real Estate				147,868
				<u>178,265</u>
Total elected officials				178,265
				<u>\$ 1,409,836,757</u>
Total fiduciary funds				\$ 1,409,836,757

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

	Category			Fair Value
	1	2	3	
Reconciliation to presentation on the statement of net assets:				
Cash Equivalents included as investments for footnote classification				\$ 3,427,923
Investments				1,406,876,611
Investments in Certificates of Deposits included as cash on deposit for footnote classification				(467,777)
Total fiduciary funds				\$ 1,409,836,757
<u>Component Units</u>				
U. S. Treasury & Agency Securities	\$ 166,589,600	\$ -	\$ -	\$ 166,589,600
Commercial Paper	34,651,725	-	-	34,651,725
Repurchase Agreements	4,772,005	-	-	4,772,005
Federal Home Loan Bank Obligations	2,891,433	-	-	2,891,433
Federal Home Loan Mortgage Corporation Obligations	3,427,145	-	-	3,427,145
Federal National Mortgage Association Obligations	4,026,494	-	-	4,026,494
Federal Farm Credit Bank Obligations	1,941,040	-	-	1,941,040
	\$ 218,299,444	\$ -	\$ -	218,299,444
Tennessee Local Government Investment Pool				3,339,178
Mortgages and Real Estate				798,052
Mutual Funds				2,799,106
Total component units				\$ 225,235,780
Reconciliation to presentation on the statement of net assets:				
Cash Equivalents included as investments for footnote classification				\$ 39,496,023
Investments				64,679,523
Restricted Investments				152,700,506
Investments in Certificates of Deposits included as cash on deposit for footnote classification				(31,640,272)
Total component units				\$ 225,235,780

The primary government's pension plans also have \$927,046 of annuities that are classified separately from investments on the Statement of Fiduciary Net Assets Fiduciary Funds.

The Government invests in collateralized mortgage obligations (CMOs), which are based on cash flows from interest payments on underlying mortgages. CMOs are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and mortgagees refinance their mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Likewise, if mortgagees extend payment on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2002 was as follows:

Primary Government

Governmental Activities:

	Balance July 1, 2001	Adjustments and Reclassifications	Increases	Decreases	Balance June 30, 2002
Capital assets, not being depreciated:					
Land	\$ 86,041,425	\$ 138,000	\$ 5,881,399	\$ -	\$ 92,060,824
Transportation infrastructure	-	1,289,513,660	10,379,087	-	1,299,892,747
Construction in progress	98,460,379	7,335,036	52,378,633	(113,275,486)	44,898,562
Total capital assets, not being depreciated	184,501,804	1,296,986,696	68,639,119	(113,275,486)	1,436,852,133
Capital assets, being depreciated:					
Buildings and improvements	673,203,083	(14,796,821)	116,104,433	(927,740)	773,582,955
Furniture, machinery and equipment	196,195,012	22,314,927	16,458,544	(13,166,778)	221,801,705
Stormwater infrastructure	-	65,365,696	4,569,586	-	69,935,282
Total capital assets, being depreciated	869,398,095	72,883,802	137,132,563	(14,094,518)	1,065,319,942
Less accumulated depreciation	(17,352,088)	(410,082,813)	(37,797,156)	4,983,584	(460,248,473)
Total capital assets, being depreciated, net	852,046,007	(337,199,011)	99,335,407	(9,110,934)	605,071,469
Governmental activities capital assets, net	<u>\$ 1,036,547,811</u>	<u>\$ 959,787,685</u>	<u>\$ 167,974,526</u>	<u>\$ (122,386,420)</u>	<u>\$ 2,041,923,602</u>

The adjustments and reclassifications column includes the effect of the adoption of GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, on beginning capital asset balances for governmental activities as well as various reclassifications between the categories of capital assets.

Business-Type Activities:

	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
Capital assets, not being depreciated:				
Land	\$ 22,917,617	\$ 181,105	\$ -	\$ 23,098,722
Construction in progress	27,108,133	42,049,511	(42,276,565)	26,881,079
Total capital assets, not being depreciated	50,025,750	42,230,616	(42,276,565)	49,979,801
Capital assets, being depreciated:				
Utility plant in service	1,466,725,282	54,904,659	-	1,521,629,941
Buildings and improvements	78,885,561	1,630,515	(327,771)	80,188,305
Improvements other than buildings	36,238,696	1,538,027	(2,023)	37,774,700
Furniture, machinery and equipment	46,100,661	1,879,303	(1,985,471)	45,994,493
Property under capital lease	3,645,000	-	-	3,645,000
Total capital assets, being depreciated	1,631,595,200	59,952,504	(2,315,265)	1,689,232,439
Less accumulated depreciation	(419,376,082)	(45,466,444)	1,853,873	(462,988,653)
Total capital assets, being depreciated, net	1,212,219,118	14,486,060	(461,392)	1,226,243,786
Business-type activities capital assets, net	<u>\$ 1,262,244,868</u>	<u>\$ 56,716,676</u>	<u>\$ (42,737,957)</u>	<u>\$ 1,276,223,587</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 4,515,474
Fiscal administration	147,785
Administration of justice	777,149
Law enforcement and care of prisoners	2,826,497
Fire prevention and control	2,415,488
Education	11,860,833
Regulation and inspection	31,713
Public welfare	621,196
Public health	433,298
Public library system	2,406,109
Public works, highways and streets, including depreciation of stormwater infrastructure	3,308,844
Recreational and cultural	4,923,104
Capital assets held by internal service funds are charged to the various functions based on each function's usage of the services provided by the funds	3,529,666
Total depreciation expense, governmental activities	<u>\$ 37,797,156</u>
Business-type activities:	
Department of Water and Sewerage Services	\$ 43,673,925
Nashville Convention Center	1,180,592
Board of Fair Commissioners	440,715
Farmers Market	159,198
Police Secondary Employment	12,014
Total depreciation expense, business-type activities	<u>\$ 45,466,444</u>

Component Units

Capital assets of the component units at June 30, 2002 consisted of the following:

	Balance July 1, 2001	Adjustments and Reclassifications	Increases	Decreases	Balance June 30, 2002
Capital assets, not being depreciated:					
Land	\$ 573,900,405	\$ (13,120,397)	\$ 3,315,012	\$ (50,249)	\$ 564,044,771
Construction in progress	26,192,970	50,766,237	20,686,132	(19,031,629)	78,613,710
Total capital assets, not being depreciated	600,093,375	37,645,840	24,001,144	(19,081,878)	642,658,481
Capital assets, being depreciated:					
Utility plant in service	956,764,293	(195,463,058)	42,438,282	(11,357,226)	792,382,291
Buildings and improvements	732,402,791	27,937,628	19,059,220	(9,674,468)	769,725,171
Improvements other than buildings	-	748,896	32,137	(114,984)	666,049
Furniture, machinery and equipment	87,297,455	103,770,118	22,966,548	(18,697,936)	195,336,185
Infrastructure	-	15,072,034	23,985	(3,635,381)	11,460,638
Total capital assets, being depreciated	1,776,464,539	(47,934,382)	84,520,172	(43,479,995)	1,769,570,334
Less accumulated depreciation	(726,205,984)	(34,358,623)	(78,603,591)	25,285,491	(813,882,707)
Total capital assets, being depreciated, net	1,050,258,555	(82,293,005)	5,916,581	(18,194,504)	955,687,627
Component units activities capital assets, net	\$ 1,650,351,930	\$ (44,647,165)	\$ 29,917,725	\$ (37,276,382)	\$ 1,598,346,108

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The adjustments and reclassifications column includes the effect of the adoption of GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, on beginning capital asset balances for certain component units as well as various reclassifications between the categories of capital assets.

In January 2002, the Government approved the construction of a new district heating and cooling facility to be operated and maintained by a third party, a plan to phase out the Nashville Thermal Transfer Corporation’s solid waste burning activity by September 2002 and the termination of the Acquisition and Operating Agreement (the Agreement) between the Government and the Corporation. As a result of the termination of the Agreement and the plan to phase out solid waste burning activity, management of the Corporation performed an evaluation of utility plant for potential impairment. Management’s analysis indicated that future cash flows would not be sufficient to fully recover the carrying value of utility plant by the termination date of the Agreement and the date of the planned phase out of solid waste burning; accordingly, the Corporation recognized an impairment charge of \$15,418,571 during the year ended June 30, 2002 computed as the excess of the carrying value over the fair value of the utility plant (excluding the distribution system which will transfer to the Government when the Corporation ceases operations). In May 2002, a fire caused extensive damage to the Corporation’s solid waste burning plant in service. Management of the Corporation concluded that it would not be feasible to repair the fire damage and discontinued all solid waste burning indefinitely. Accordingly, the Corporation recognized a write down of its refuse burning plan in service of \$6,434,465 during the year ended June 30, 2002. This write down is included with the impairment of utility plant charge in the Corporation’s statement of activities for the year ended June 30, 2002. Recoveries, if any, under the Corporation’s commercial insurance policy related to the fire damage and business interruption will be paid directly to the Government.

NOTE 6 - BONDS, NOTES AND OTHER OBLIGATIONS

Primary Government

A. Transaction Summary

Bonds, notes and other obligations activity for the year ended June 30, 2002 was as follows:

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002	Due Within One Year
Governmental activities:					
General obligation bonds and notes payable:					
General Services District	\$ 717,305,524	\$ -	\$ (40,071,790)	\$ 677,233,734	\$ 41,551,980
Schools	421,890,712	-	(21,574,125)	400,316,587	23,014,191
Urban Services District	57,123,764	123,955,000	(71,384,085)	109,694,679	11,958,829
Less deferred charges, net	-	(3,209,947)	74,811	(3,135,136)	-
Total general obligation bonds and notes payable	<u>1,196,320,000</u>	<u>120,745,053</u>	<u>(132,955,189)</u>	<u>1,184,109,864</u>	<u>76,525,000</u>
Limited obligation revenue bonds payable:					
Correctional Facility Revenue Bonds	17,680,000	16,265,000	(17,680,000)	16,265,000	1,340,000
Less deferred charges, net	-	(271,783)	13,043	(258,740)	-
Total limited obligation revenue bonds payable	<u>17,680,000</u>	<u>15,993,217</u>	<u>(17,666,957)</u>	<u>16,006,260</u>	<u>1,340,000</u>
Other obligations payable:					
Net pension obligation	46,324,173	2,959,180	-	49,283,353	-
Compensated absences	44,405,033	37,534,737	(37,708,287)	44,231,483	22,557,405
Claims and judgments	7,235,864	1,811,617	(5,942,348)	3,105,133	429,137
Interest arbitrage rebate	3,080,613	425,077	(682,715)	2,822,975	960,992
Landfill closure costs	3,656,068	1,428,786	-	5,084,854	1,331,322
Total other obligations payable	<u>104,701,751</u>	<u>44,159,397</u>	<u>(44,333,350)</u>	<u>104,527,798</u>	<u>25,278,856</u>
Total governmental activities Long-term liabilities	<u>\$ 1,318,701,751</u>	<u>\$ 180,897,667</u>	<u>\$ (194,955,496)</u>	<u>\$ 1,304,643,922</u>	<u>\$ 103,143,856</u>

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

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002	Due Within One Year
Business-type activities:					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 539,905,000	\$ -	\$ (14,050,000)	\$ 525,855,000	\$ 19,680,000
State construction loans	64,233,410	-	(6,574,125)	57,659,285	6,036,462
Less deferred charges, net	(10,052,892)	-	875,854	(9,177,038)	-
Total bonds and notes payable	594,085,518	-	(19,748,271)	574,337,247	25,716,462
Interest arbitrage rebate	1,250,000	-	(500,000)	750,000	-
Total Department of Water and Sewerage Services	585,335,518	-	(20,248,271)	575,087,247	25,716,462
Farmers Market:					
Capitalized lease obligations payable	2,465,000	-	(125,000)	2,340,000	130,000
Total business-type activities	\$ 597,800,518	\$ -	\$ (20,373,271)	\$ 577,427,247	\$ 25,846,462

B. Description of Amounts Payable

Amounts payable at June 30, 2002 are as follows:

	Interest Rate	Amount
Governmental activities:		
General obligation bonds and notes payable from ad valorem taxes:		
General Services District - General Purposes, due in varying amounts to November 15, 2029	1.00 - 6.15%	\$ 677,233,734
General Services District - School Purposes, due in varying amounts to November 15, 2027	4.25 - 6.15%	400,316,587
Urban Services District - General Purposes, due in varying amounts to October 15, 2017	0.10 - 6.00%	109,694,679
Less deferred amounts, net		(3,135,136)
Total general obligation bonds and notes payable from ad valorem taxes		1,184,109,864
Limited obligation revenue bonds payable:		
Correctional Facility Revenue Bonds, due in varying amounts to September 1, 2011	3.75 - 5.00%	16,265,000
Less deferred amounts, net		(258,740)
Total limited obligation revenue bonds payable		16,006,260
Other obligations payable:		
Net pension obligation		49,283,353
Compensated absences		44,231,483
Claims and judgments		3,105,133
Interest arbitrage rebate		2,822,975
Landfill closure		5,084,854
Total other obligations payable		104,527,798
Total governmental activities long-term liabilities		\$ 1,304,643,922

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

	Interest Rate	Amount
Business-type activities:		
Bonds, notes and other obligations payable:		
Department of Water and Sewerage Revenue Refunding Bonds of 1986, due in varying amounts to January 1, 2016	5.50 - 7.70%	\$ 135,615,000
Department of Water and Sewerage Revenue Bonds, Series 1992, due in varying amounts to January 1, 2004	5.20 - 5.60%	5,610,000
Department of Water and Sewerage Revenue Bonds, Series 1993, due in varying amounts to January 1, 2016	4.60 - 6.50%	125,220,000
Department of Water and Sewerage Revenue Refunding Bonds of 1996, due in varying amounts to January 1, 2014	5.50 - 6.00%	61,795,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 1998A, due in varying amounts to January 1, 2022	4.00 - 5.00%	154,200,000
Department of Water and Sewerage Revenue Bonds Series 1998B, due in varying amounts to January 1, 2014	3.80 - 5.25%	43,415,000
Less deferred amounts, net		(9,177,038)
Total revenue bonds payable		516,677,962
Department of Water and Sewerage Services - State construction loans	4.36 - 5.52%	57,659,285
Other obligations payable:		
Department of Water and Sewerage Services - Interest arbitrage rebate		750,000
Total other obligations payable		750,000
Total bonds, notes and other obligations payable		575,087,247
Capitalized lease obligations payable:		
Farmers Market	7.50%	2,340,000
Total capitalized lease obligations payable		2,340,000
Total business-type activities long-term liabilities		\$ 577,427,247

The bonds, notes and other obligations are classified in the Statement of Net Assets as follows:

Governmental activities:		
Noncurrent liabilities:		
Due within one year	\$	103,143,856
Due in more than one year		1,201,500,066
Total governmental activities		1,304,643,922
Business-type activities:		
Liabilities payable from restricted assets:		
Current portion of long-term liabilities		25,716,462
Noncurrent liabilities:		
Due within one year		130,000
Due in more than one year		499,207,962
State construction loans payable		52,372,823
Total business-type activities		577,427,247
Total primary government long-term liabilities		\$ 1,882,071,169

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The general obligation bonds and notes payable are direct obligations of the Government for which its full faith and credit are pledged. These obligations are payable from the assessment of ad valorem taxes. In addition, the Government has additional sources of funds which are utilized to meet the annual principal and interest payments of certain general obligation bonds and notes.

The Correctional Facility Revenue Bonds are special limited obligations of the Government payable solely from payments received from the State of Tennessee. Payments by the state for debt service on the bonds are considered reimbursements to the Government of reasonable allowable costs under the County Correctional Incentives Act of 1981, as amended, and regulations adopted by the State Department of Corrections. The obligation of the state to make payments under the contract is subject to, and dependent upon, annual appropriations by the State General Assembly and allotment by appropriate state officials and does not constitute a moral or general obligation or a debt of the state. The State General Assembly is not obligated to make appropriations to satisfy the state's obligation to make these payments, and there is no assurance that the State General Assembly will make any such appropriations. The bonds are not deemed to constitute a debt or liability of the Government for which there is recourse against the General Fund or a right to compel the exercise of the ad valorem taxing power of the Government. No right, title or interest in or to the DeBerry Correctional Facility financed by the bonds is pledged for the payment or security of the bonds.

C. Collateral for Obligations of the Proprietary Funds

All bonds of the Department of Water and Sewerage Services are collateralized by the revenues of the Department.

D. Bond Covenants

The various revenue bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of a flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. As of June 30, 2002, the Government believes it was in compliance with all financial limitations and restrictions.

E. Annual Debt Service Requirements

The annual requirements to amortize all general obligation bonds and notes and revenue bonds outstanding as of June 30, 2002 are as follows:

Year Ending June 30	General Obligation Bonds and Notes		Limited Obligation Revenue Bonds		Revenue Bonds		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 76,525,000	\$ 59,525,793	\$ 1,340,000	\$ 752,180	\$ 19,680,000	\$ 29,615,490	\$ 97,545,000	\$ 89,893,463
2004	78,420,000	56,474,363	1,395,000	641,106	20,640,000	28,662,910	100,455,000	85,778,379
2005	80,950,000	52,573,486	1,450,000	585,950	21,680,000	27,593,325	104,080,000	80,752,761
2006	83,700,000	48,595,997	1,505,000	526,850	25,960,000	26,469,170	111,165,000	75,592,017
2007	69,040,000	43,966,135	1,570,000	465,350	27,280,000	25,096,590	97,890,000	69,528,075
2008-2012	284,240,000	171,642,657	9,005,000	1,161,725	166,850,000	98,055,532	460,095,000	270,859,914
2013-2017	235,795,000	106,468,521	-	-	168,375,000	40,928,215	404,170,000	147,396,736
2018-2022	153,315,000	54,479,628	-	-	75,390,000	11,180,063	228,705,000	65,659,691
2023-2027	105,825,000	18,397,116	-	-	-	-	105,825,000	18,397,116
2028-2032	19,435,000	1,341,584	-	-	-	-	19,435,000	1,341,584
Total	1,187,245,000	613,465,280	16,265,000	4,133,161	525,855,000	287,601,295	1,729,365,000	905,199,736
Deferred Charge/ Premium	(3,135,136)	-	(258,740)	-	(9,177,038)	-	(12,570,914)	-
Total	\$ 1,184,109,864	\$ 613,465,280	\$ 16,006,260	\$ 4,133,161	\$ 516,677,962	\$ 287,601,295	\$ 1,716,794,086	\$ 905,199,736

F. Advance Refundings of Bonds

On February 1, 2002, the Government issued \$16,265,000 Special Limited Obligation Correctional Facilities Revenue Refunding Bonds, Series 2002, to provide resources to purchase U.S Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Government's Special Limited Obligation Correctional Facilities Revenue Bonds, Series 1991. As a result, the

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$953,939. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt which is the same as the new debt issued. The Government advance refunded the Series 1991 Bonds to reduce its total debt service payments over the next ten years by \$2,671,531. By issuing the new bonds, the Government obtained an economic gain (difference between the present values of the debt service payments on the defeased and new debts) of \$2,392,388.

On April 1, 2002, the Government issued \$58,065,000 General Obligation Energy Production Facility Refunding Bonds, Series 2002A and Series 2002B, to provide funds to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the following outstanding bonds of Nashville Thermal Transfer Corporation, a component unit: Energy Production Facility Revenue Refunding Bonds, Series 1994, Energy Production Facility Revenue Bonds, Series 1997A, and Energy Production Facility Revenue Refunding Bonds, Series 1997B. Additionally, \$11,371,167 of available debt service funds of the Nashville Thermal Transfer Corporation were applied to the refunding. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the component units column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$3,819,829. This amount is being netted against the new debt and amortized over the life of the new debt issued which is shorter than the remaining life of the refunded debt. The Government advance refunded the three Series to reduce its total debt service payments over the next thirteen years by \$13,092,598. By issuing the new bonds, the Government obtained an economic loss (difference between the present values of the debt service payments on the defeased and new debts) of \$690,028.

The refunding of the outstanding Energy Production Facility Revenue Bonds was necessary due to the construction of a new district heating and cooling facility to replace the existing thermal plant. Upon completion of construction and commencement of operation of the new district heating and cooling facility, the existing thermal facility will cease operation.

In the statement of activities, the Government's assumption of the component unit debt is reported as a special item.

The Government had previously defeased certain other obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service requirements on the retired bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Government's financial statements. As of June 30, 2002, a total of \$116,300,000 of general obligation bonds and \$276,967,000 of revenue bonds are considered defeased.

G. Redemption Options

Certain bonds are subject to redemption prior to maturity at the option of the Government. The stated payments of principal and interest on the Department of Water and Sewerage Services Series 1992, Series 1993, Series 1996, and Series 1998 Bonds are insured by municipal bond insurance policies which cannot be canceled.

H. The Department of Water and Sewerage Services - State Construction Loans

As of June 30, 2002, the Department has entered into 15 loan agreements with the Tennessee Department of Conservation and the Tennessee Local Development Authority under the State of Tennessee's Revolving Fund Loan Program to provide financing for all or a portion of certain wastewater facility projects. Interest on the loans begins to accrue upon the first receipt of the loan proceeds and is computed at the rate established by the Authority (between 4.28% and 5.52% at June 30, 2002). The loans mature in monthly installments, as stipulated in the agreed-upon payment schedule, and are secured by the Government's unobligated state-shared taxes in an amount equal to the maximum annual debt service requirements under the agreements. In addition, the Government has pledged user fees and charges to be paid from the Department's Extension and Replacement Fund and/or from ad valorem taxes.

As of June 30, 2002, the 15 project loans have been fully funded and the Department has begun repaying the loans in accordance with the specified payment schedules. These funded loans, which total \$57,659,285 at June 30, 2002, call for monthly payments of principal and interest of \$741,334.

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

State construction loan principal maturities as of June 30, 2002 are summarized below:

Year Ending June 30	
2002	\$ 6,036,462
2003	4,819,488
2004	3,292,140
2005	2,487,324
2006	2,602,116
2008-2012	14,926,872
2013-2017	18,207,432
2018-2021	5,287,451
Total principal outstanding	\$ 57,659,285

I. Unissued Bonds or Notes

At June 30, 2002, authorized but unissued general obligation bonds totaled \$358,295,000. General obligation notes authorized but not executed totaled \$359,529,000. Revenue bonds authorized but not issued totaled \$66,700,000.

Component Units

A. Transaction Summary

Bonds, notes and other liabilities activity for the year ended June 30, 2002 was as follows:

	Balance July 1, 2001	Adjustments and Reclassifications	Additions	Reductions	Balance June 30, 2002	Due Within One Year
Governmental types:						
Revenue bonds payable:						
Sports Authority	\$ 93,750,000	\$ -	\$ -	\$ (1,975,000)	\$ 91,775,000	\$ 2,080,000
Total revenue bonds payable – government funds	93,750,000	-	-	(1,975,000)	91,775,000	2,080,000
Proprietary types:						
Revenue bonds payable:						
Metropolitan Development and Housing Agency	11,475,600	-	-	(807,900)	10,667,700	894,400
Electric Power Board	401,577,547	-	4,479,002	(14,920,000)	391,136,549	15,725,000
Nashville Thermal Transfer Corporation	69,229,752	-	-	(69,229,752)	-	-
Metropolitan Nashville Airport Authority	395,204,041	(136,375)	2,423,389	(109,691,472)	287,799,583	16,175,000
Total revenue bonds payable – proprietary types	877,486,940	(136,375)	6,902,391	(194,649,124)	689,603,832	32,794,400
Notes payable:						
Metropolitan Development and Housing Agency:						
Notes payable	299,708	-	-	(5,037)	294,671	5,464
Notes payable - tax increments	41,935,699	(41,935,699)	-	-	-	-
Notes payable, Vine Hill Homes, LLC component unit	9,825,977	(9,825,977)	-	-	-	-
Metropolitan Nashville Airport Authority:						
Subordinate Revenue Note, Series 1999	1,235,525	136,375	-	(136,375)	1,235,525	145,185
Total notes payable - proprietary types	53,296,909	(51,625,301)	-	(141,412)	1,530,196	150,649
Total revenue bonds and notes payable	1,024,533,849	(51,761,676)	6,902,391	(196,765,536)	782,909,028	35,025,049

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Balance July 1, 2001	Adjustments and Reclassifications	Additions	Reductions	Balance June 30, 2002	Due When One Year
Other liabilities payable:						
Hospital Authority:						
Capitalized lease obligation	\$ 44,287,285	\$ -	\$ -	(829,104)	\$ 43,458,181	\$ 857,739
Metropolitan Development and Housing Agency:						
Section 108 loans	6,516,340	(6,516,340)	-	-	-	-
Line of credit	2,045,893	-	-	(8,832)	2,037,061	2,037,061
Other liabilities	2,161,423	(2,161,423)	1,649,661	-	1,649,661	-
Electric Power Board:						
TVA Advances	4,206,559	-	1,167,588	(1,883,952)	3,490,195	-
Other	1,444,467	-	1,792,595	(2,058,950)	1,178,112	-
Metropolitan Transit Authority:						
Capitalized lease obligation	870,469	-	-	(84,316)	786,153	88,627
Nashville Thermal Transfer Corporation:						
Accrued severance	-	-	606,443	-	606,443	-
Metropolitan Nashville Airport Authority:						
Synthetic Advance Refunding, Series 2001	9,336,477	-	-	(808,218)	8,528,259	-
Fair value of derivative financial instruments	-	-	8,263,561	-	8,263,561	-
Deferred interest income	4,619,862	-	1,325,000	(426,394)	5,518,468	-
Other liabilities	2,205,631	-	-	(118,546)	2,087,085	-
Total other liabilities payable - proprietary types	77,694,406	(8,677,763)	14,804,848	(6,218,312)	77,603,179	2,983,427
Total revenue bonds, notes and other liabilities payable component units	\$ 1,102,228,255	\$ (60,439,439)	\$ 21,707,239	\$ (202,983,848)	\$ 860,512,207	\$ 38,008,476

B. Description of Amounts Payable

Amounts payable at June 30, 2002 are as follows:

	Interest Rates	Amount
Governmental types:		
Revenue bonds payable:		
Public Improvement Revenue Bonds (Stadium Project), Series 1996, due in varying amounts to July 1, 2026	4.70 - 5.875%	\$ 72,720,000
Taxable Public Facility Revenue Bonds, Series 1998, due in varying amount to July 1, 2018	5.87 - 6.60%	19,055,000
Total revenue bonds payable - governmental types		91,775,000
Proprietary types:		
Revenue bonds payable:		
Metropolitan Development and Housing Agency, Revenue Bonds, 1998 Series, due June 11, 2009	5.77%	10,667,700
Electric Power Board Electric System Revenue Bonds, 1992 Series B, due in varying amounts to May 15, 2005	4.25 - 5.62%	44,495,472
Electric Power Board Electric System Revenue Bonds, 1996 Series A, due in varying amounts to May 15, 2013	5.50 - 6.00%	66,065,460
Electric Power Board Electric System Revenue Bonds, 1998 Series A, due in varying amounts to May 15, 2023	5.125 - 5.40%	88,489,586
Electric Power Board Electric System Revenue Bonds, 1998 Series B, due in varying amounts to May 15, 2017	3.80 - 5.50%	57,159,639
Electric Power Board Electric System Revenue Bonds, 2001 Series A, due in varying amounts to May 15, 2017	4.50 - 5.00%	116,615,310
Electric Power Board Electric System Revenue Bonds, 2001 Series B, due in varying amounts to May 15, 2014	5.50%	18,311,082
Airport Revenue Bonds, Series 1991, due in varying amounts to July 1, 2005	6.50 - 6.75%	12,965,000

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

	Interest Rates	Amount
Passenger Facility Charge and Airport Revenue Bonds, Series 1992, due in varying amounts to July 1, 2012	5.60 - 6.00%	\$ 38,025,000
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1993, due in varying amounts to July 1, 2019	Adjustable	53,500,000
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1995, due in varying amounts to July 1, 2015	4.625 - 5.00%	64,730,000
Airport Improvement Revenue Bonds, Series 1998, due in varying amounts to July 1, 2016	4.15 - 6.25%	48,340,000
Airport Improvement Revenue Bonds, Series 2001A, due in varying amounts to July 1, 2015	5.00 - 6.65%	91,930,000
Metropolitan Nashville Airport Authority: Unamortized deferred amount on refunding		(21,690,417)
Total revenue bonds payable - proprietary types		689,603,832
Notes payable:		
Metropolitan Development and Housing Agency: Notes payable		294,671
Metropolitan Nashville Airport Authority: Subordinate Revenue Note, Series 1999		1,235,525
Total notes payable - proprietary types		1,530,196
Total revenue bonds and notes payable		782,909,028
Other liabilities payable:		
Hospital Authority: Capitalized lease obligation		43,458,181
Metropolitan Development and Housing Agency: Line of credit		2,037,061
Other liabilities		1,649,661
Electric Power Board: TVA Advances		3,490,195
Other		1,178,112
Metropolitan Transit Authority: Capitalized lease obligation		786,153
Nashville Thermal Transfer Corporation: Accrued severance		606,443
Metropolitan Nashville Airport Authority: Synthetic Advance Refunding, Series 2001		8,528,259
Fair value of derivative financial instruments		8,263,561
Deferred interest income		5,518,468
Other liabilities		2,087,085
Total other liabilities payable - proprietary types		77,603,179
Total bonds, notes and other liabilities payable - component units		\$ 860,512,207

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The bonds, notes and other liabilities of the component units are classified in the Statement of Net Assets as follows:

Liabilities payable from restricted assets:	
Current portion of long-term liabilities	\$ 31,900,000
Noncurrent liabilities:	
Due within one year	6,108,476
Due in more than one year	789,802,400
Other long-term liabilities	<u>32,701,331</u>
 Total component units long-term liabilities	 <u>\$ 860,512,207</u>

C. Collateral for Obligations of the Component Units

Sports Authority

The Public Improvement Bonds (Stadium Project), Series 1996 and Taxable Public Facility Revenue Bonds, Series 1998 are limited obligations of the Sports Authority payable solely from the revenues and receipts pledged to the payment of these bonds and secured by the non-tax revenues of the General Fund of the Government. Neither the faith and credit of the Sports Authority nor the faith and credit or the taxing power of the Government is pledged to the payment of the principal or interest on the bonds.

Electric Power Board

All bond issues are secured by a pledge and lien on the net revenues of the Board.

Metropolitan Nashville Airport Authority

All bond issues are secured by the rights, title and interest of the Nashville International Airport to the rents and other monies payable under the terms of the airline lease agreements and by all airport revenue as defined in the trust indenture pertaining to the bonds.

D. Advance Refundings of Bonds

Electric Power Board

In prior years, Series K through N Electric Power Revenue Bonds and 1996 Series A Bonds have been defeased through advance refundings; therefore, the related balances of \$16,770,000 and \$18,835,000, respectively, which are still outstanding at June 30, 2002, do not appear as liabilities on the Electric Power Board's statement of net assets.

Nashville Thermal Transfer Corporation

As discussed in the Advanced Refundings of Bonds for the Primary Government, the Government issued General Obligation Energy Production Facility Refunding Bonds, Series 2002A and Series 2002B, on April 1, 2002, to provide funds to refund all the outstanding debt of the Corporation. Accordingly, the Corporation transferred all debt service and debt service reserve funds to the Government and removed the remaining long-term debt, unamortized bond discount, unaccreted bond premium, accrued interest and deferred debt issue cost balances from its statement of net assets. The write-off of the long-term debt and related amounts is reflected as a special item in the statement of activities for the year ended June 30, 2002.

Metropolitan Nashville Airport Authority

In prior years, Series 1991B Bonds have been defeased through an advance refunding; therefore, the related balance of \$36,000,000 outstanding at June 30, 2002 does not appear as a liability on the Airport Authority's statement of net assets.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

E. Conduit Debt Obligations

Metropolitan Development and Housing Agency

Tax increment financing is a method of funding certain public investments for redevelopment by recapturing, for a time, all or a portion of the increased tax revenue that may result if private investment can be stimulated to occur. Tax increment can only be generated by the increased taxes resulting from private development on land in a redevelopment district that has been acquired and re-sold or leased by the Agency. The tax increment due to the difference in the tax basis is then diverted to the redevelopment agency which may use those funds to finance public purpose expenditures or to repay bonds or notes that were floated to finance those expenditures. These loans are special limited obligations of the Agency, payable solely from and secured by a pledge of the tax increment revenues designated for the payment of the loan. The loans do not constitute a debt or pledge of the faith and credit of the Agency or the Government and, accordingly, are not reported in the Agency's financial statements. At September 30, 2001, the tax increment financing loans, included related accrued interest payable, aggregated approximately \$40.5 million.

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) Program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities and large scale physical development projects. The Government has borrowed funds under this program and guaranteed repayment of the loan by pledging present and future community development block grants. The Agency is the agent designated by the Government to administer the CDBG program; therefore, the outstanding loan does not constitute a debt of the Agency and is not reported in the Agency's financial statements. At September 30, 2001, the Section 108 loans outstanding aggregated approximately \$5.9 million.

Industrial Development Board

From time to time, the Government, through the Industrial Development Board, a component unit, has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entities served by the bond issuances. Neither the Government nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The aggregate principal amount as of March 31, 2002 for the Industrial Revenue Bonds issued after April 1, 1996 was \$185,979,961. The aggregate principal amount payable for the Industrial Revenue Bonds issued prior to April 1, 1996 could not be determined; however, their original issue amount totaled \$1,414,846,369.

Health and Educational Facilities Board

The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee, (The Board) is a public, non-profit corporation and instrumentality of the Government organized in 1974 pursuant to Chapter 101, Part 3, Title 48 of the TCA as amended (the Act). The Board is not considered to be part of the Government's reporting entity. The Act empowers the Board, among other things, to acquire and furnish property suitable for use by educational institutions, hospital institutions, or multifamily housing facilities in connection with their operations, and to loan to such entities the proceeds from the sale of its bonds to finance such security for the payment of the principal and interest on bonds issued. The Government is not liable for the payment of the principal or any interest on any of the revenue bonds of the Board. Accordingly, the revenue bonds of the Board are not reported as liabilities of the Government.

The aggregate principal amount of revenue bonds issued by the Board on or after April 1, 1996 totals approximately \$1,809,103,000. The aggregate principal amount of revenue bonds which were issued by the Board and are still outstanding as of April 1, 1996 could not be determined; however, the total aggregate principal amount of revenue bonds issued by the Board prior to April 1, 1996 was \$1,367,025,500.

F. Other Matters

Electric Power Board

The Electric Power Board is a fiscal intermediary for the TVA energy conservation programs whereby loans are made to the Board's customers to be used in connection with TVA's Residential Energy Services Program. Pursuant to the terms of an agreement with TVA, the energy conservation loans made to the Board's customers are funded and guaranteed by TVA.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Electric Power Board has a \$25,000,000 unsecured line of credit to be used for general operating purposes at a negotiated interest rate. There were no borrowings under this line of credit at June 30, 2002.

Metropolitan Transit Authority

During 2001, the Authority entered into a maximum \$2,000,000 revolving credit line agreement with the Metropolitan Government. Interest on the outstanding principal balance is calculated at the same rate of interest as is earned on the Metropolitan Government's idle funds in its Metro Investment Pool. The Authority is not required to make monthly interest payments; the amount of any unpaid interest accrued each month is added to the amount of principal outstanding. The total outstanding balance as of June 30, 2002 is \$1,969,393. The amount is reported as due to the primary government.

Metropolitan Nashville Airport Authority

1993 Interest Rate Swap Agreement: In connection with the issuance of the Series 1993 bonds so as to manage its exposure to market risks from fluctuations on interest rates, the Airport Authority entered into an interest rate swap agreement dated November 1, 1993 (the 1993 Swap Agreement) with a bank (the 1993 Swap Provider), which, in general, provides that the Authority will pay a fixed rate of 4.49% to the 1993 Swap Provider on a notional amount equal to the principal amount of the Series 1993 bonds outstanding and the 1993 Swap Provider will pay interest at the rate borne by the Series 1993 bonds on such notional amount on a net basis. The 1993 Swap Agreement has a term equal to the term of the Series 1993 bonds. Arrangements made in the 1993 Swap Agreement do not alter the Airport Authority's obligation to pay the principal of, premium, if any, and interest on the Series 1993 bonds. Since the counterparty to the 1993 Swap Agreement is a major bank, the Airport Authority does not anticipate credit related losses from nonperformance by such counterparty. The Airport Authority has recorded the fair value of the 1993 Swap Agreement as of June 30, 2002 (a liability of \$2,685,700) in the statement of net assets. The fair value of this financial instrument at June 30, 2002 represents the amount the Airport Authority would pay to terminate the agreement, taking into consideration current interest rates, and has been recorded as an unrealized loss (reported in expenses) in the statement of activities for the year ended June 30, 2002.

1999 Interest Rate Swap Agreement: In connection with the issuance of the Series 1995 Bonds, the Series 1998A Bonds and the Series 1998B Bonds, to generate interest savings, the Airport Authority entered into an interest rate swap agreement dated July 8, 1999 (the 1999 Swap Agreement) with a financial institution (the 1999 Swap Provider) on a notional amount of \$80,000,000 declining in accordance with the amortization schedule of the designated bonds. The 1999 Swap Agreement provides that the Authority will pay a variable rate based on the BMA Municipal Swap Index to the 1999 Swap Provider and the 1999 Swap Provider will pay a fixed rate of 4.865% to the Airport Authority. The termination date of the 1999 Swap Agreement is July 1, 2015, which corresponds to the maturity of the Series 1995 Bonds. The original termination date of the 1999 Swap Agreement was July 1, 2015, which represented the maturity of the Series 1996 Bonds; however, the 1999 Swap Provider had the option to cancel the 1999 Swap Agreement on July 1, 2002. Such option was exercised and the agreement was terminated effective July 1, 2002.

2001 Knock-In Barrier Swap: The Airport Authority entered into a Knock-in Barrier Swap dated October 26, 2001 (the 2001 Barrier Swap) with a counterparty that generated a cash payment to the Airport Authority of \$3,853,000. The 2002 Barrier Swap is comprised of three options. The three options have different notional amounts, amortization schedules, termination dates, fixed coupons, premiums and barrier levels. In exchange for the payment to the Airport Authority, the counterparty has the right to exercise its option to enter into an interest rate swap agreement when the Bond Market Association (the BMA) rate averages above the negotiated barrier(s) for any six-month period. Upon exercise of the option, the Airport Authority will pay the counterparty a floating rate at BMA plus 1.2%, and the counterparty will pay the Airport Authority the fixed rate of the underlying debt. As of June 30, 2002, the BMA rate had not penetrated any of the barriers. Thus, the options had not been delivered by the counterparty to the Airport Authority. The Airport Authority has recorded the fair value of the 2001 Barrier Swap (a liability of \$5,577,861) in the statement of net assets as of June 30, 2002. The fair value of this financial instrument at June 30, 2002 represents the amount the Authority would pay to terminate the agreement, taking into consideration current interest rates. The difference between the fair value at June 30, 2002 and the amount of upfront cash received has been recorded as an unrealized loss (reported in expenses) in the statement of activities for the year ended June 30, 2002.

Special Facility Revenue Bonds: During October 1985, the Metropolitan Nashville Airport Authority issued \$68,435,000 Special Facility Revenue Bonds on behalf of American Airlines, Inc. The bonds were issued to finance the acquisition, construction and improvement of certain airport facilities as a result of American Airlines' decision to locate a hub operation at Nashville International Airport. During the year ended June 30, 1996, the Airport Authority issued \$68,435,000 Special Facility Revenue Bonds (American Airlines, Inc. Project), Refunding Series 1995A and 1995B. The bonds were issued to refund the Special Facility Revenue Bonds, Series 1985. These Special Facility Revenue Bonds and related costs are payable only with funds from American Airlines, Inc. or one of its related

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

entities. Since these bonds do not represent a claim on the Airport Authority's assets or require the Airport Authority to incur future obligations, they have not been recorded in the Airport Authority's financial statements.

G. Annual Debt Service Requirements

The annual principal maturities of all bonds and notes payable as of June 30, 2002 for the component units are as follows:

Year Ending June 30	Revenue Bonds and Notes Payable	
	Principal	Interest
2003	\$ 35,025,049	\$ 38,257,475
2004	37,602,716	36,331,963
2005	39,693,555	34,263,258
2006	36,490,165	37,588,978
2007	37,548,227	36,585,900
2008-2012	204,964,676	163,824,691
2013-2017	204,345,862	87,658,409
2018-2022	109,871,096	30,204,819
2023-2027	<u>99,058,099</u>	<u>10,130,422</u>
Total	804,599,445	474,845,915
Deferred Charges	<u>(21,690,417)</u>	-
Total	<u>\$ 782,909,028</u>	<u>\$ 474,845,915</u>

Deferred amounts for the Electric Power Board are netted with principal. Interest amounts are excluded for the Metropolitan Development and Housing Agency.

NOTE 7 - PENSION PLANS

All plans of the primary government were established or continue under the authority of the Metropolitan Charter, Article XIII, effective April 1, 1963. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also requires that all pension plans be actuarially sound. Administrative costs of the plans are financed through plan assets. The plans are managed and administered by the Metropolitan Employee Benefit Board, an independent board created by the Metropolitan Charter. No separate financial reports are issued for these plans.

The Government sponsors or guarantees the following single-employer pension plans:

<u>Name</u>	<u>Type</u>	<u>Status</u>	<u>Administering Fund</u>
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Primary Government

Fiduciary Fund Types:

County	Defined Benefit	Closed 1963	Davidson County Employees' Retirement
Metro - Division A	Defined Benefit	Closed 1995	Metropolitan Employees Benefit Trust
Metro - Division B	Defined Benefit	Open	Metropolitan Employees Benefit Trust
County Education	Defined Benefit	Closed 1963	Employees' Pension and Insurance
Metro Education	Defined Benefit	Closed 1969	Teachers' Retirement Plan
City	Defined Benefit	Closed 1963	Closed City Plan
City Education	Defined Benefit	Closed 1963	Teachers' Civil Service and Pension

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Name</u>	<u>Type</u>	<u>Status</u>	<u>Administering Fund</u>
<u>Component Units</u>			
Sports Authority and Hospital Authority	Included in primary government plans		
Metropolitan Development and Housing Agency	Defined Contribution	Open	N/A
Electric Power Board	Defined Benefit	Open	N/A
Metropolitan Transit Authority	Defined Benefit	Open	N/A
Nashville Thermal Transfer Corporation	Defined Contribution	Open	N/A
Metropolitan Nashville Airport Authority	Defined Benefit	Open	N/A

The Metropolitan Transit Authority guarantees the plan sponsored by the Davidson Transit Organization (DTO), which provides Metropolitan Transit Authority labor. For comparative purposes, the DTO pension plan information, where presented, is disclosed as the Metropolitan Transit Authority plan.

The City, County, Metro Education, City Education, and County Education plans are participants in the Guaranteed Payment Program (GPP), an umbrella program created by the Metropolitan Council to ensure actuarially sound funding for the five closed plans. Under the GPP, unfunded liabilities of the aggregate program are amortized over a period of no more than thirty years. Contributions on behalf of the five individual plans move to a payment account from which distributions are paid to the constituent plans of the GPP as necessary to satisfy current benefit needs and to satisfy long-term funding objectives of the GPP.

A. Summary of Significant Accounting Policies

The pension funds are reported using the accrual basis of accounting. Employer and employee contributions are recognized in the period due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. The net pension obligation (amounts of unfunded actuarially determined contributions that are not expected to be liquidated with expendable available financial resources) is reported in the applicable governmental activities in the Statements of Net Assets and Activities. All plans with a net pension obligation are governmental in nature. Certain plans which have a net pension asset have participants employed by proprietary activities; however, the portion of the net pension asset allocable to the proprietary activities could not be determined.

Investments are reported at fair value. Common stocks, bonds and U.S. Government and other domestic and foreign securities are stated at quoted market prices as of June 30, 2002.

B. Plan Descriptions

Primary Government

The Primary Government plans are administered by the Government, and the authority under which the obligations to contribute to the plan were created, and the authority under which either may be amended, are granted by the Metropolitan Charter.

Metro Plan

Division A

This plan (The Metropolitan Employees' Benefit Trust Fund) was established at the inception of the Government on April 1, 1963 and implemented on November 4, 1964. At that time, all employees of the former city and county governments were given the option of continuing as participants of the pension plans of those organizations or transferring to the Metro Plan. Division A of the Metro Plan was closed to new members on July 1, 1995.

Normal retirement for employees other than police officers and fire fighters occurs at age 65 and entitles employees to a lifetime monthly benefit of 1/12 of the sum of 1% of average base earnings, as defined by the Social Security Administration, plus 1.75% of average excess earnings as defined in the Plan multiplied by the years of credited service, plus cost-of-living adjustments. Average earnings is the average earnings for the last 60 consecutive months in which earnings were highest. Benefits fully vest on completing 10 years of service.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Normal retirement for police officers and fire fighters occurs upon reaching age 55 and completing 20 years of service. The lifetime monthly benefit is calculated as 1/12 of the sum of 2% of average earnings up to 25 years of credited service plus 1.75% of average earnings for all years of credited service in excess of 25, reduced by the amount of primary social security benefits at age 65 and increased by cost-of-living adjustments. In no event shall police and fire pensions be less than that due employees who are not policemen or firemen. Benefits fully vest on completing 10 years of service.

Any employee who terminates after the completion of at least 10 years of service and before eligibility for normal retirement shall be eligible to receive a monthly deferred pension which shall commence on the first day of the month following the attainment of age 65, computed and payable in accordance with the Metro Plan.

Division B

As of July 1, 1995, Division B of the Metro Plan was established. All employees with an effective hire date of July 1, 1995 or later are only eligible to participate in Division B of the Metro Plan. Also, Government employees as of June 30, 1995 who were qualified members of Division A were given the option to transfer to Division B as of January 1, 1996, subject to written application approved by the Benefit Board. Substantially all employees transferred to Division B of the Metro Plan.

Normal retirement for employees other than police officers and fire fighters occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the completed years of credited employee service equals 85, but not before age 60; and (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime monthly benefit is calculated as 1/12 of the sum of 1.75% of average earnings based upon the previous 60 consecutive months of credited service which produce the highest earnings. Benefits fully vest on completing 5 years of service.

Normal retirement for police officers and fire fighters occurs any time after attaining the unreduced retirement age which is the date when the employee's age plus the completed years of credited police and fire service equals 75, but not before age 53 nor after age 60. The lifetime monthly benefit is 1/12 of the sum of 2% of average earnings for each year of credited fire and police service not in excess of 25 years; plus 1.75% of average earnings for each year that the credited police or fire service exceeds 25 years. Benefits fully vest on completing 5 years of service.

An early retirement pension is available for retired employees if the termination occurs prior to the eligibility under normal retirement but after age 50 (45 for police and fire) and after the completion of 10 years of credited employee service. Such shall be payable as either a monthly deferred early employee service pension beginning the month after the attainment of the normal retirement age or an immediate monthly early employee service pension beginning on the first day of the month following termination. The lifetime monthly benefit for the immediate monthly early employee service pension is reduced by 4% for each of the first 5 years by which the retirement date precedes the normal retirement age, and by 8% for each additional year by which the retirement date precedes the normal retirement age; provided, however, that the immediate monthly benefit shall not be less than the actuarial equivalent of the deferred pension provided by the Metro Plan.

Any employee who terminates after the completion of at least 10 years of service and before eligibility for normal retirement or early retirement shall be eligible to receive a monthly deferred pension which shall commence on the first day of the month following the attainment of unreduced retirement age, computed and payable in accordance with the Metro Plan.

Any employee with unused sick leave time at service retirement shall receive 100% credit for the time, subject to an affirmative election at the time of retirement.

Any employee who terminates and is rehired is eligible to reconnect prior service after being regularly employed continuously for one year.

Dependent children of vested employees are eligible for a survivor benefit if the employee should die leaving no surviving spouse.

All assets of the Metropolitan Employees' Benefit Trust Fund may legally be used to pay benefits to any plan members or beneficiaries, regardless of whether the members participate in Division A or Division B of the Metro Plan.

City Plan

This plan (the Closed City Plan Fund) covers certain employees of the former city of Nashville who have elected to remain under this plan and not transfer to the Metro Plan. This plan was closed to new members on April 1, 1963.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Normal retirement for police officers and fire fighters occurs upon completing 25 years of service; for other participants, age 60 must be reached in addition to completing 25 years of service. The monthly lifetime benefit of all participants is 50% of the final monthly salary. All participants in the City Plan are fully vested.

County Plan

This plan (the Davidson County Employees' Retirement Fund) covers employees of the former government of Davidson County who have elected to remain under this plan and not transfer to the Metro Plan. This plan was closed to new members on April 1, 1963.

Participants elected coverage under Division A or B. Normal retirement under Division A occurs at age 65; lifetime monthly benefits are the years of credited service multiplied by 0.75% of defined average base earnings per month plus 1.5% of average excess earnings as defined in the Plan per month. Average earnings is the average earnings for the 10 full consecutive calendar years in which earnings were highest. Normal retirement under Division B occurs after 30 years of service or after 24 years of service and reaching age 60; lifetime monthly benefits are 1/12 of 50% of the highest calendar year earnings. All participants in the County Plan are fully vested.

Metro Education Plan

This plan (the Teachers' Retirement Plan Fund) covers participants who elected to transfer from the City Education Plan and County Education Plan and professional employees of Metropolitan Nashville Public Schools hired between April 1, 1963 and July 1, 1969. Normal retirement occurs upon reaching age 60 with 20 years of service, completing 25 years of service, or reaching age 65. The lifetime monthly benefit is determined as 1/12 of 2% of the highest average earnings multiplied by the years of service, plus cost-of-living adjustments. Highest average earnings is the average earnings for the 36 consecutive months in which earnings were highest. All participants in the Metro Education Plan are fully vested.

After July 1, 1969 professional employees hired became members of the State Employees, Teachers, and Higher Education Employees Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS) that provides retirement, death, and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. A financial report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243.

City Education Plan

This plan (the Teachers' Civil Service and Pension Fund) covers employees who were teachers of the former City of Nashville who elected to remain under this plan and not transfer to the Metro Education Plan. This plan was closed to new members on April 1, 1963.

Normal retirement occurs upon reaching age 60 and completing 15 years of service, or completing 25 years of service before reaching age 60. With 15 years of service, the lifetime monthly benefit is 1/12 of 2.5% of the highest annual salary multiplied by the years of service up to 24. With 25 years of service, the lifetime monthly benefit is 1/12 of 2% of the highest annual salary multiplied by the years of service up to 30. Benefits are adjusted for cost-of-living increases. All participants in the City Education Plan are fully vested.

County Education Plan

This plan (the Employees' Pension and Insurance Fund) covers teachers and classified employees of the former Davidson County Board of Education who have elected to remain under this plan and not transfer to the Metro Education Plan. This plan was closed to new members on April 1, 1963.

Normal retirement occurs upon reaching age 60 and completing 15 years of service, or completing 25 years of service before reaching age 60. With 15 years of service, the lifetime monthly benefit is 1/12 of 2.5% of the highest annual salary multiplied by the years of service up to 24. With 25 years of service, the lifetime monthly benefit is 1/12 of 2% of the highest annual salary multiplied by the years of service up to 30. Benefits are adjusted for cost-of-living increases. All participants in the County Education Plan are fully vested.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Component Units

Metropolitan Development and Housing Agency

The Agency's retirement plan is a 401(a) plan administered by the Vanguard Group as of April 1, 2000. Prior to April 1, 2000, the Agency participated with several other housing authorities in the Housing-Renewal and Local Agency Retirement Plan which was administered by William M. Mercer.

The plan, which is principally a defined contribution plan, also provides certain minimum defined benefits for employees who were participants in the Agency's Retirement Fund as of September 30, 2000. Employees are eligible to participate beginning the first day of the month following the date of hire. There are no required contributions by the participants; however, participants may make voluntary contributions from 0.5% to 10% of their basic compensation and the Agency contributes 13% of participants' basic compensation. Contributions are invested in any of eight funds as elected by the participant. Investment options and voluntary contributions may be changed daily.

Participants are immediately vested in their voluntary contributions plus actual earnings. Participants are also immediately vested in 5.5% of the participants' basic compensation contributed by the Agency. For each year of participation in the plan, participants vest at the rate of 20% of the remaining balance and become fully vested after five years.

Benefits are paid in the form of a cash distribution or various other annuity options at normal retirement date, age 65, death or disability. Participants may also elect to roll the vested portion of their retirement savings into another qualifying plan or an IRA or leave the amount in the plan. Early retirement may be elected by employees at age 55 who have at least ten years of service.

The plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Metropolitan Development and Housing Agency at P. O. Box 846, Nashville, TN 37202.

Electric Power Board

The plan is a single-employer defined benefit pension plan which provides retirement and survivors' benefits to members and their beneficiaries. Cost of living adjustments are provided to members and their beneficiaries at the discretion of the Electric Power Board. The Metropolitan Charter assigns the authority to establish and amend benefit provisions to the Electric Power Board. The plan is administered by the Electric Power Board.

All full-time regular employees under age 65 are eligible to participate in the plan. The vesting provision of the plan provides for five-year cliff vesting. Electric Power Board employees who retire at or after age 65 and not later than age 70 are entitled to annual retirement benefits payable monthly for life in an amount equal to 2% of final average compensation multiplied by years in the plan not in excess of 30 years. Employees who have attained age 55 and completed 30 years of service will receive an additional benefit equal to 0.75% of average compensation multiplied by years of service in excess of 30 years subject to a maximum of 5 years. Final average compensation is the average compensation in the 36 consecutive months in which compensation is highest. Unused sick leave may be used to increase credited service and benefit percentage under certain circumstances. Early retirement is an option beginning at age 55 with 15 years of credited service or at age 50 with 30 years of credited service with an actuarially reduced monthly benefit.

At April 1, 2002 (the latest date available), the actuarial value of assets was \$187,700,307, the actuarial accrued liability was \$240,352,901, and the unfunded actuarial accrued liability was \$52,652,594. Covered payroll was \$47,758,249.

The plan does not issue a separate financial report; however, complete financial statements of the Electric Power Board can be obtained from its administrative offices at 1214 Church Street, Nashville, TN 37203.

In 1994 the Electric Power Board established a nonqualified supplemental executive retirement plan limited to certain employees. Benefits accrue at the rate of 5% of salary for each year of credited service not to exceed 12 years and vests at the rate of 20% for each year of service, reduced by the percentage accrued and vested under the Electric Power Board's qualified plan. The actuarial assumptions of this plan are the same as those of the Electric Power Board's qualified plan. The plan is a non-qualified plan and, accordingly, the assets are accumulated in a trust fund; however, such assets are subject to the claims of the Electric Power Board's creditors. The Electric Power Board's policy is to fund the plan in accordance with sound actuarial practices and all required contributions have been made.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Transit Authority

The Disability and Retirement Plan of Davidson Transit Organization (the Plan) is a single-employer defined benefit pension plan which covers substantially all employees of the Metropolitan Transit Authority and Local 1235 of the Amalgamated Transit Union (the Union) providing retirement, disability and death benefits to members and their beneficiaries. Articles XII and XIII of the plan document establish the benefits. In accordance with Article XII, monthly benefits will increase 2.7% effective July 1, 2002. The plan is guaranteed by the Metropolitan Transit Authority which contracts with McDonald Transit Associates to provide management advisory services. That contract stipulates that McDonald Transit Associates is charged with oversight of the employment unit, Davidson Transit Organization.

At July 1, 2001 (the latest date available), the actuarial value of assets was \$18,400,000, the actuarial accrued liability was \$17,800,000. There was no unfunded actuarial accrued liability as assets exceeded the liability by \$600,000. Covered payroll was \$10,600,000.

The plan issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the Metropolitan Transit Authority, 130 Nestor Street, Nashville TN, 37210, or by calling (615) 862-5969.

Nashville Thermal Transfer Corporation

The Nashville Thermal Transfer Corporation has a defined contribution pension plan covering all employees after 6 months of service whereby the Corporation contributes a specified percentage (5% at June 30, 2002) of the compensation of the employees. The plan also allows voluntary contributions to be made by employees, up to the legal amount allowed. Pension expense for the year ended June 30, 2002 amounted to \$234,803. No voluntary contributions were made during the year ended June 30, 2002.

The plan does not issue a separate financial report; however, complete financial statements of the Corporation can be obtained from its administrative offices at 110 First Avenue South, Nashville, TN 37210.

Metropolitan Nashville Airport Authority

Effective September 1989, the Airport Authority adopted a single-employer public employee retirement system (PERS) for its employees whereby the net assets available for benefits relative to the Airport Authority's employees were transferred from the Metropolitan Government's pension system to the Metropolitan Nashville Airport Authority Retirement Plan for Employees (the Plan). Certain Airport Authority employees continue to participate in the pension system of the Metropolitan Government. New employees of the Airport Authority and those previously selecting the new Metropolitan Nashville Airport Authority's single-employer PERS are not eligible for participation in the Metropolitan Government's pension system.

The plan is a non-contributory defined benefit pension plan administered by the Airport Authority. The plan provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Airport Authority. Benefit provisions are established and may be amended by the Airport Authority.

The plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Metropolitan Nashville Airport Authority, One Terminal Drive, Suite 501, Nashville, TN 37214, or by calling (615) 275-1600.

C. Contributions

Primary Government

Metro Plan

The funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. All other funding is provided by the Government with an actuarially recommended employer contribution rate of 3.60% for contributory employees of Metropolitan Nashville Public Schools and 5.70% for all other Metro employers.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

City Plan

Funding is on a pay-as-you-go basis whereby contributions are made in amounts sufficient to cover benefits paid during the year. Actuarially required employer contributions are not computed because this plan is closed and there are few active employees.

County Plan

Funding is on a pay-as-you-go basis whereby contributions are made in amounts sufficient to cover benefits paid during the year. Actuarially required employer contributions are not computed because this plan is closed and there are few active employees.

Metro Education Plan

The Metro Education Plan is financed by contributions from Metropolitan Nashville Public Schools, participating employees and the State of Tennessee. Employees contribute a specified percentage of their earnings, the State of Tennessee contributes an amount to reimburse current benefits paid equivalent to the benefits which would have been earned under the Tennessee Consolidated Retirement System (TCRS) and Metropolitan Nashville Public Schools contributes an additional amount to provide for periodic contributions as actuarially determined to accumulate sufficient assets to pay benefits when due.

The TCRS plan is financed by contributions from teachers, most of whom are required by state statute to contribute 5 percent of their salary, and by Metropolitan Nashville Public Schools, which contributes at an actuarially determined rate (3.72% of covered payroll for the fiscal year ending June 30, 2002). The contribution requirement is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2002, 2001, and 2000 were \$9,026,366, \$8,597,855, and \$12,165,312 respectively, and were equal to the required contributions for each year.

City Education Plan

The plan is financed by contributions from the Government, participating employees and the State of Tennessee. Employees contribute a specified percentage of their earnings, the State of Tennessee contributes an amount to reimburse current benefits paid equivalent to the benefits which would have been earned under the TCRS and the Government contributes an additional amount to cover current benefits (pay-as-you-go). Actuarially required employer contributions are not computed because this plan is closed and there are few active employees.

County Education Plan

The plan is financed by contributions from the Government, participating employees and the State of Tennessee. Employees contribute a specified percentage of their earnings, the State of Tennessee contributes an amount to reimburse current benefits paid equivalent to the benefits which would have been earned under the TCRS and the Government contributes an additional amount to cover current benefits (pay-as-you-go). Actuarially required employer contributions are not computed because this plan is closed and there are few active employees.

Component Units

Metropolitan Development and Housing Agency

The Agency's contributions for the year ended September 30, 2001 amounted to \$1,726,719, which equaled the amount of the annual required contribution. Employee contributions were \$94,403. The Agency's payroll for employees covered by this plan was \$14,434,391, and total payroll amounted to \$14,751,255 during the fiscal year ended September 30, 2001.

Electric Power Board

The contribution requirements of plan members and the Board are established and may be amended by the Board. The plan is currently non-contributory. The Board's policy is to fund at least the minimum contribution for a 30 year funding level. The current rate is 17.86% of annual covered payroll. The annual required contribution for the year ended June 30, 2002 was \$8,529,796, and the actual amount contributed was \$8,529,796. The frozen initial liability method has been used to compute the annual contribution requirement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Transit Authority

Plan members are required to contribute 4.5% of their covered payroll. The Metropolitan Transit Authority is required to contribute at an actuarially determined rate of 3.0% in 2002. Contribution requirements of members and the Metropolitan Transit Authority are established per Article VII of the plan document. Administrative costs of the plan are paid out of plan assets. For the year ended June 30, 2002, the annual pension costs were \$329,000, the annual required contribution \$455,000, and the actual amount contributed was \$455,000. The entry age normal method has been used to compute the annual contribution requirement.

Metropolitan Nashville Airport Authority

The total contribution rate is established by the Authority through consultation with actuaries. The annual required contribution for the year ended June 30, 2002 was \$1,218,134, and the actual amount contributed was \$1,218,134. Both amounts represent 12.51% of covered payroll. The Authority's policy is to fund benefits in the period in which they are earned according to actuarially determined contribution requirements intended to cover the required contribution. The aggregate actuarial cost method has been used to compute the annual required contribution to the plan.

D. Selected Pension Information

Information regarding annual pension cost and net pension obligation (asset), trend information, and participant information for the plans of the primary government is summarized on the following schedules. The net pension benefit obligations for the plans of Metropolitan Nashville Public Schools are calculated net of expected reimbursements from the State of Tennessee. Information for the plans of the component units is omitted due to the inavailability of the information in separately issued reports in a consistent manner.

The significant actuarial assumptions underlying the plans of the primary government are summarized on the following schedules. The assumptions used to calculate the actuarially determined contribution requirements are the same as those used to compute the net pension obligation except where indicated. Information for the plans of the component units is omitted due to the inavailability of the information in separately issued reports in a consistent manner.

E. Required Supplementary Information

A Schedule of Funding Progress (Unaudited) and a Schedule of Employer Contributions (Unaudited) as required by GASB Statement No. 25 are included following the Selected Pension Information.

F. Other

The only plan having an individual investment which exceeds 5% of plan assets at June 30, 2002 is the Metro Plan (S&P 500 Flagship Series A totaling \$248,115,661). The categorization of pension investments by asset type is included in Note 4 – Cash and Investments.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

	<u>County</u>	<u>Metro</u>	<u>County Education</u>
ANNUAL PENSION COST AND NET PENSION OBLIGATION (ASSET) - FISCAL 2002			
Annual required contribution	\$ 2,085,246	\$ 26,339,414	\$ 5,224,991
Interest on net pension obligation	(827,994)	(2,632,368)	239,984
Adjustment to annual required contribution	<u>927,544</u>	<u>3,607,321</u>	<u>(268,837)</u>
Annual pension cost	2,184,796	27,314,367	5,196,138
Contributions made	<u>(2,713,309)</u>	<u>(26,478,192)</u>	<u>(7,118,365)</u>
Increase (decrease) in net pension obligation	(528,513)	836,175	(1,922,227)
Net pension obligation (asset) beginning of year	<u>(10,349,931)</u>	<u>(32,904,594)</u>	<u>2,999,797</u>
Net pension obligation (asset) end of year	<u><u>\$ (10,878,444)</u></u>	<u><u>\$ (32,068,419)</u></u>	<u><u>\$ 1,077,570</u></u>
THREE-YEAR TREND INFORMATION			
2002			
Annual pension cost (APC)	\$ 2,184,796	\$ 27,314,367	\$ 5,196,138
Percentage of APC contributed	124.19%	96.94%	136.99%
Net pension obligation (asset)	\$ (10,878,444)	\$ (32,068,419)	\$ 1,077,570
2001			
Annual pension cost (APC)	\$ 1,922,247	\$ 22,636,895	\$ 5,293,166
Percentage of APC contributed	142.18%	126.44%	128.65%
Net pension obligation (asset)	\$ (10,349,931)	\$ (32,904,594)	\$ 2,999,797
2000			
Annual pension cost (APC)	\$ 2,087,102	\$ 27,898,908	\$ 4,980,403
Percentage of APC contributed	140.96%	130.54%	143.58%
Net pension obligation (asset)	\$ (9,539,047)	\$ (26,919,189)	\$ 4,516,377
PARTICIPANTS - Latest Actuarial Valuation Date			
Active:			
Fully vested	-	5,995	8
Non-vested and partially vested	-	<u>5,618</u>	-
Total active	-	<u>11,613</u>	<u>8</u>
Retirees and beneficiaries receiving benefits	219	4,457	472
Terminated vested	-	<u>315</u>	-
Total	<u><u>219</u></u>	<u><u>16,385</u></u>	<u><u>480</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

Metro Education	City	City Education	Total Primary Government
\$ 11,020,413	\$ 8,923,918	\$ 3,131,890	\$ 56,725,872
3,465,950	(1,037,558)	(394,539)	(1,186,525)
<u>(3,882,661)</u>	<u>1,162,303</u>	<u>441,974</u>	<u>1,987,644</u>
10,603,702	9,048,663	3,179,325	57,526,991
<u>(5,722,295)</u>	<u>(11,461,983)</u>	<u>(4,554,265)</u>	<u>(58,048,409)</u>
4,881,407	(2,413,320)	(1,374,940)	(521,418)
<u>43,324,376</u>	<u>(12,969,471)</u>	<u>(4,931,735)</u>	<u>(14,831,558)</u>
<u>\$ 48,205,783</u>	<u>\$ (15,382,791)</u>	<u>\$ (6,306,675)</u>	<u>\$ (15,352,976)</u>
\$ 10,603,702	\$ 9,048,663	\$ 3,179,325	\$ 57,526,991
53.97%	126.67%	143.25%	100.91%
\$ 48,205,783	\$ (15,382,791)	\$ (6,306,675)	\$ (15,352,976)
\$ 10,398,929	\$ 7,867,739	\$ 3,254,505	\$ 51,373,481
57.51%	145.06%	135.73%	116.74%
\$ 43,324,376	\$ (12,969,471)	\$ (4,931,735)	\$ (14,831,558)
\$ 9,090,646	\$ 8,241,890	\$ 3,134,077	\$ 55,433,026
17.63%	146.02%	149.40%	116.95%
\$ 38,905,408	\$ (9,424,520)	\$ (3,769,058)	\$ (6,230,029)
110	-	1	6,114
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,618</u>
110	-	1	11,732
1,272	885	325	7,630
16	-	-	331
<u>1,398</u>	<u>885</u>	<u>326</u>	<u>19,693</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

	<u>County (a)</u>	<u>Metro</u>	<u>County Education (a)</u>	<u>Metro Education</u>
ACTUARIAL VALUATION INFORMATION				
Valuation date	July 1, 2001	July 1, 2001	July 1, 2001	July 1, 2001
Actuarial cost method	entry age normal	entry age normal	entry age normal	entry age normal
Amortization method	level dollar open	level dollar closed	level dollar open	level dollar open
Amortization period	30 years (29 remaining)	40 years (17 remaining)	30 years (29 remaining)	30 years (29 remaining)
Asset valuation method	-	5 year smoothed market	-	5 year smoothed market
Actuarial assumptions:				
Investment rate of return*	8.00%	8.00%	8.00%	8.00%
Projected salary increases*	None	5.00%	5.00%	5.00%
Postretirement benefit increase adjustments	3.25%	1.80-3.25%	3.00%	3.00%
* Includes inflation at	3.25%	3.25%	3.00%	3.00%

(a) These plans are closed and funded on a "pay-as-you-go" basis and therefore have no assets. Contributions are not made based on actuarial computation.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

<u>City (a)</u>	<u>City Education (a)</u>
July 1, 2001	July 1, 2001
entry age normal	entry age normal
level dollar open	level dollar open
30 years (29 remaining)	30 years (29 remaining)
-	-
8.00%	8.00%
None	5.00%
3.25%	3.00%
3.25%	3.00%

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF FUNDING PROGRESS (c)

Unaudited - See Accompanying Accountants' Report

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL	Funded Ratio
County Plan (a)				
July 1, 1996	\$ -	\$ 27,187,468	\$ 27,187,468	\$ - %
July 1, 1997 (b)	-	-	-	-
July 1, 1998	-	25,430,114	25,430,114	-
July 1, 1999 (b)	-	-	-	-
July 1, 2000	-	21,487,993	21,487,993	-
July 1, 2001 (b)	-	24,162,977	24,162,977	-
Metro Plan				
July 1, 1996	819,031,667	931,082,784	112,051,117	87.97
July 1, 1997	945,348,756	1,055,700,536	110,351,780	89.55
July 1, 1998	1,084,563,971	1,193,291,692	108,727,721	90.89
July 1, 1999	1,241,356,861	1,350,000,989	108,644,128	91.95
July 1, 2000	1,419,820,507	1,522,468,982	102,648,475	93.26
July 1, 2001	1,532,338,623	1,628,956,808	96,618,185	94.07
County Education Plan (a)				
July 1, 1996	-	66,621,096	66,621,096	-
July 1, 1997	-	64,780,582	64,780,582	-
July 1, 1998	-	64,942,095	64,942,095	-
July 1, 1999	-	63,208,011	63,208,011	-
July 1, 2000	-	62,341,205	62,341,205	-
July 1, 2001	-	60,545,071	60,545,071	-
Metro Education Plan				
July 1, 1996	92,751,025	212,250,602	119,499,577	43.70
July 1, 1997	100,223,414	220,373,524	120,150,110	45.48
July 1, 1998	109,278,714	222,220,929	112,942,215	49.18
July 1, 1999	112,112,056	226,253,095	114,141,039	49.55
July 1, 2000	105,021,868	230,608,033	125,586,165	45.54
July 1, 2001	108,873,419	236,573,475	127,700,056	46.02

(a) Plan is closed and funded on a "pay-as-you-go" basis.

(b) The valuations of the closed City and County pension plans were performed on a bi-annual basis. Beginning, July 1, 2001, valuations are performed annually.

(c) There are no factors that significantly affect the identification of trends in the amounts reported. See assumptions used in the preparation of the Schedule previously disclosed in this note.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF FUNDING PROGRESS (CONTINUED) (c)

Unaudited - See Accompanying Accountants' Report

<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
\$ 106,553	- %
-	-
-	-
-	-
-	-
306,757,122	36.53
336,276,286	32.82
359,932,634	30.21
375,552,645	28.93
384,283,394	26.71
398,426,904	24.25
1,350,521	-
1,350,521	-
934,645	-
934,645	-
480,448	-
446,414	-
15,932,682	750.03
14,171,823	847.81
11,224,795	1,006.19
9,951,951	1,146.92
8,071,426	1,555.94
6,471,686	1,973.21

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF FUNDING PROGRESS (c)

Unaudited - See Accompanying Accountants' Report

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL	Funded Ratio
City Plan (a)				
July 1, 1996	\$ -	\$ 103,380,560	\$ 103,380,560	- %
July 1, 1997 (b)	-	-	-	-
July 1, 1998	-	101,792,628	101,792,628	-
July 1, 1999 (b)	-	-	-	-
July 1, 2000	-	91,006,918	91,006,918	-
July 1, 2001 (b)	-	103,406,732	103,406,732	-
City Education Plan (a)				
July 1, 1996	-	43,521,835	43,521,835	-
July 1, 1997	-	42,046,382	42,046,382	-
July 1, 1998	-	40,870,102	40,870,102	-
July 1, 1999	-	39,598,968	39,598,968	-
July 1, 2000	-	37,658,538	37,658,538	-
July 1, 2001	-	36,291,065	36,291,065	-

(a) Plan is closed and funded on a "pay-as-you-go" basis.

(b) The valuations of the closed City and County pension plans were performed on a bi-annual basis. Beginning, July 1, 2001, valuations are performed annually.

(c) There are no factors that significantly affect the identification of trends in the amounts reported. See assumptions used in the preparation of the Schedule previously disclosed in this note.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF FUNDING PROGRESS (CONTINUED) (c)

Unaudited - See Accompanying Accountants' Report

<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
\$ 36,419	- %
-	-
-	-
-	-
-	-
-	-
512,282	-
512,282	-
242,820	-
242,820	-
168,000	-
101,311	-

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (a)

Unaudited - See Accompanying Accountants' Report

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
County Plan		
1997	\$ 2,195,495	150.06 %
1998	2,195,495	151.38
1999	2,053,581	152.66
2000	2,053,581	143.26
2001	1,838,038	148.70
2002	2,085,246	130.12
Metro Plan		
1997	38,659,299	116.17
1998	35,648,309	127.61
1999	33,538,193	121.41
2000	27,454,972	132.65
2001	21,918,101	130.59
2002	26,339,414	100.53
County Education Plan		
1997	5,294,336	128.33
1998	5,149,513	134.08
1999	5,144,415	127.32
2000	5,007,965	142.79
2001	5,332,537	127.70
2002	5,224,991	136.24
Metro Education Plan		
1997	9,793,567	63.87
1998	9,800,117	73.16
1999	9,161,016	95.25
2000	9,220,140	17.38
2001	10,742,379	55.67
2002	11,020,413	51.92

(a) See assumptions used in the preparation of the Schedule previously disclosed in this note.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (a)

Unaudited - See Accompanying Accountants' Report

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
City Plan		
1997	\$ 8,316,131	155.97 %
1998	8,316,131	156.49
1999	8,220,154	153.09
2000	8,220,154	146.41
2001	7,784,542	146.61
2002	8,923,918	128.44
City Education Plan		
1997	3,449,531	136.03
1998	3,333,432	140.30
1999	3,224,946	132.78
2000	3,124,925	149.84
2001	3,221,233	137.13
2002	3,131,890	145.42

(a) See assumptions used in the preparation of the Schedule previously disclosed in this note.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

G. Post - Employment Benefits

Primary Government

Metropolitan Government

For any retiree in the Metro, City or County Plans who elects to participate in the Metro hospitalization insurance program, the Government contributes 75% of all premium payments, and the retiree contributes 25%. Funding is on a pay-as-you-go basis under which payments are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases. Benefits paid by the Government for the fiscal year ended June 30, 2002 totaled \$12,493,618.

The Government also provides a matching contribution on dental insurance for any retiree who elects to participate and provides life insurance at no charge. Benefits paid by the Government for dental and life insurance totaled \$1,196,637 and \$721,997, respectively, for the fiscal year ended June 30, 2002.

The post-retirement benefits for the Metro plans were authorized by the Government's charter. During the year ended June 30, 2002, 5,776 participants were eligible to receive post-retirement benefits.

Metropolitan Nashville Public Schools

For any retiree in the Metro, City or County Education Plans who elects to participate in the medical and dental insurance plans of Metropolitan Nashville Public Schools, Schools contributes 75% of all premium payments with the retiree contributing the remaining 25%. Funding is on a pay-as-you go basis under which payments are made in amounts sufficient to cover benefits paid. Benefits paid by Metropolitan Nashville Public Schools for the fiscal year ended June 30, 2002 totaled \$6,842,549. During the year ended June 30, 2002, 2,055 participants were eligible to receive post-retirement benefits. The post-retirement benefits for teachers of Metropolitan Nashville Public Schools were authorized by the Government's charter.

Component Units

Electric Power Board

The Electric Power Board provides post-retirement health care benefits to all employees who retire under the provisions of the qualified pension plan and supplemental executive retirement plan. Currently, 467 retirees meet those eligibility requirements. Expenditures for post-retirement health care benefits are recognized as retirees report claims. Expenditures of \$5,560,905 for the year ended June 30, 2002 were recognized for post-retirement health care. The post-retirement benefits for the Electric Power Board employees were authorized by the Government's charter.

Metropolitan Transit Authority

Medical, dental, vision and prescription card insurance benefits are available to all employees retiring from the Metropolitan Transit Authority through its self-insurance plan. Participants contribute to the cost of these benefits based on age and type of coverage. The portion funded by the Metropolitan Transit Authority is expensed as the coverage is provided. During the year ended June 30, 2002, total medical benefit claims expense incurred amounted to \$412,929. Future claims cannot be estimated. At June 30, 2002, approximately 100 retirees were covered under this plan.

Life insurance benefits for retirees and their spouses are also self-insured. Life insurance coverage is \$7,500 on each retired employee and \$2,500 on the spouse of the retired employee, except for two former Class I employees who are entitled to an \$11,250 benefit. During the year ended June 30, 2002, the Metropolitan Transit Authority recognized an expense for death benefit claims totaling \$35,000. Future such claims cannot be estimated. However, at June 30, 2002, approximately 100 retirees were covered under this plan.

Nashville Thermal Transfer Corporation

The Board of Directors of the Corporation approved a severance package to provide benefits to employees that will be involuntarily terminated as a result of the Corporation ceasing operations in April, 2004. Approximately 47 operations, maintenance and administrative employees are expected to be involuntarily terminated on or after April 30, 2004. Under the terms of the severance package, all employees that work until April 30, 2004 will receive a minimum termination benefit equal to 15 weeks of their gross compensation, up to a maximum of 30 weeks for employees with 15 years of service. During the year ended June 30, 2002, termination benefits of \$756,384 were charged to expenses in the statement of activities, and \$149,941 of benefits were paid to employees that were

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

involuntarily terminated prior to June 30, 2002. At June 30, 2002, \$606,443 of accrued termination benefits is reflected as other non-current liabilities in the statement of net assets.

Metropolitan Nashville Airport Authority

Under the Airport Authority's PERS, the Airport Authority pays 75% of the medical coverage cost, with the retirees paying the remaining 25%. The Airport Authority also pays 100% of the premium cost of a \$7,500 life insurance policy on each retiree. In addition, the retirees have the option to pay 100% of the cost of dental, vision and supplemental life insurance coverage. Currently, 61 retirees are receiving benefits under this PERS. During the year ended June 30, 2002, payments of \$387,732 were made by the Authority for post-retirement benefits under this PERS.

New employees of the Airport Authority and those previously selecting the new Airport Authority plan are not eligible for participation in the Government's pension plan. However, certain other Airport Authority employees do participate in the Metro Plan. The Airport Authority pays the same percentage as stated above for the medical, dental and life premiums. Currently, 31 retirees are receiving benefits from the Metro Plan. During the year ended June 30, 2002, payments of \$86,525 were made to the Government for post-retirement benefits under this PERS.

Payments for these post-retirement benefits are expensed as they are incurred. During the year ended June 30, 2002, \$474,257 of post-retirement benefits were recognized as expense.

NOTE 8 - DEFERRED COMPENSATION AND PROFIT SHARING PLANS

Primary Government

Metro Plan

The Government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits deferral of a portion of salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Because the assets are not held in a trustee capacity by the Government, they are not included in the Government's financial statements.

Component Units

Metropolitan Development and Housing Agency

The Agency sponsors a deferred compensation plan, available to all employees, created in accordance with Internal Revenue Code Section 457. The plan permits all employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. No contributions are made to this plan by the Agency.

Electric Power Board

The Electric Power Board has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits employees to defer a portion of their salary until future years with the Board providing a matching contribution at up to 3% of compensation. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan provides that assets or income of the plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. Since the assets of the plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan, \$2,168,513 of employee contributions and \$1,328,814 of Board contributions to the plan during the year ended June 30, 2002, are not reflected on the statement of net assets.

Nashville Thermal Transfer Corporation Profit - Sharing Plan

The Nashville Thermal Transfer Corporation has a profit-sharing plan pursuant to Section 401 of the Internal Revenue Code, whereby after six months of service employees may elect to participate and contribute from 1% to 15% of their annual compensation, but not in excess of the maximum allowed. The plan provides for a matching contribution by the Corporation equal to 50% of salary deferrals up to 7%. Matching contributions of \$164,217 were made for the year ended June 30, 2002.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Nashville Airport Authority

The Metropolitan Nashville Airport Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Airport Authority employees, permits the deferral of a portion of salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Since the assets of the plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan are not reflected on the Airport Authority's statement of net assets. Beginning January 1, 2001, the Authority's matching contributions are made to a deferred compensation plan created in accordance with Internal Revenue Code Section 401(a). The contribution by the Authority to this plan was \$496,765 for the year ended June 30, 2002.

NOTE 9 - LEASES

Primary Government

The Government leases certain facilities from various lessors under operating lease agreements. Total rental expenditures under these leases are nominal for the year ended June 30, 2002.

The Government leases certain warehouse and office space and various other places for periodic use to various lessees. Such leases are accounted for as operating leases and range in duration from less than one year to five years. The lease agreements provide for fixed rental payments. Annual rental income under these operating leases is nominal.

The Government entered into a capital lease agreement with the State of Tennessee for the construction of a Farmers Market. Under the terms of the agreement, the Government will lease the building for 20 years at a cost of \$3,645,000. Lease payments began in June 1996 with an initial payment of \$645,000. The remaining lease payments will be made over the initial term of the lease in annual rental payments. At June 30, 2002, the leased building is carried in the enterprise funds at \$3,645,000, less accumulated depreciation of \$554,344. A summary of future minimum lease payments and the present value of future lease payments for the capitalized lease as of June 30, 2002 is as follows:

<u>Year Ending June 30,</u>		
2003	\$	258,438
2004		256,892
2005		260,008
2006		257,540
2007		259,665
2008-2012		1,284,225
2013-2015		<u>775,675</u>
Total future minimum lease payments		3,352,443
Less:		
Amount representing interest imputed at 7.5%		1,012,443
Current portion of capital lease		<u>130,000</u>
Long-term capitalized lease obligation	\$	<u><u>2,210,000</u></u>

Component Units

General Hospital

The Government, on behalf of General Hospital, entered into a capital lease agreement with Meharry Medical College for the use of the Hubbard Hospital site on the Meharry campus. Under the terms of the agreement, the Government will lease the building for 30 years at a cost of \$4 million per year. Lease payments began in December 1994 after Meharry Medical College and the Board of Hospitals agreed on a program of renovations by Meharry Medical College on Hubbard Hospital. This lease has been subleased to the Hospital Authority. At June 30, 2002, the leased building is carried in the proprietary type component units at the present value of minimum future lease payments of \$48,000,000, less accumulated depreciation of \$7,333,333.

General Hospital also has a capital lease agreement with United Telephone – Southeast, Inc., doing business as Sprint, for a telephone system. Under the terms of the Sprint lease agreement, the Hospital will lease the telephone equipment for 5 years at a cost of \$10,807 per month. Lease payments began in February of 1998.

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

A summary of future minimum lease payments required under the agreements as of June 30, 2002 follows:

<u>Year Ending June 30,</u>	<u>Equipment</u>	<u>Building</u>	<u>Total</u>
2003	\$ 86,422	\$ 4,000,000	\$ 4,086,422
2004	-	4,000,000	4,000,000
2005	-	4,000,000	4,000,000
2006	-	4,000,000	4,000,000
2007	-	4,000,000	4,000,000
2008-2012	-	20,000,000	20,000,000
2013-2017	-	20,000,000	20,000,000
2018-2022	-	20,000,000	20,000,000
2023-2027	-	<u>9,666,661</u>	<u>9,666,661</u>
Total future minimum lease payments	86,422	89,666,661	89,753,083
Less:			
Amount representing interest	4,497	46,290,405	46,294,902
Current portion of capital lease	<u>81,925</u>	<u>775,814</u>	<u>857,739</u>
Long-term capitalized lease obligation	<u>\$ -</u>	<u>\$ 42,600,442</u>	<u>\$ 42,600,442</u>

Metropolitan Development and Housing Agency

The Metropolitan Development and Housing Agency leases certain office space and equipment accounted for as operating leases. Total lease expenditures for the year ended September 30, 2001 were \$39,678, and future minimum rental commitments are insignificant.

The Metropolitan Development and Housing Agency receives rental income under a building lease accounted for as an operating lease. The lease has an initial term of thirty years and provides for an option to renew for seven successive ten-year periods. The lessee is committed to pay base rents totaling \$500,000 annually through 2016, with future minimum lease payments of \$7,625,000. Rental income from other cancelable operating leases amounted to \$500,000 for the year ended September 30, 2001.

Electric Power Board

The Electric Power Board's rent expense, consisting primarily of payments for pole attachment leases, facilities rental and leasing arrangements for software licensing, amounted to \$864,390 for the year ended June 30, 2002. These arrangements, which are all accounted for as operating leases, are all cancelable, therefore, future minimum rentals under these leases are not significant. Rental income is received under pole attachment leases, which are accounted for as operating leases. These leases are cancelable, therefore, future minimum rentals under these leases are not significant. Rental income from this source totaled \$1,535,761 for the year ended June 30, 2002.

Metropolitan Transit Authority

At November 1, 1999, the Metropolitan Transit Authority entered into a capital lease obligation for new buses with a capitalized cost of \$990,591. The future minimum lease payments required under the capital lease as of June 30, 2002, are as follows:

<u>Year Ending June 30,</u>	
2003	\$ 127,223
2004	127,223
2005	127,223
2006	127,223
2007	127,223
2008-2010	<u>318,059</u>
Total future minimum lease payments	954,174
Less:	
Amount representing interest imputed at 5.05%	168,021
Current portion of capital lease	<u>88,627</u>
Long-term capitalized lease obligation	<u>\$ 697,526</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Nashville Airport Authority

The Airport Authority leases or has entered into options to lease several tracts of land to developers. The leases expire in 2058. The Airport Authority has received advance payments in the amount of \$2,533,613 which are being amortized into income over the terms of the leases. The buildings and any other improvements constructed on the land become the property of the Airport Authority upon the expiration or termination of the leases.

During the year ended June 30, 1975, the Airport Authority entered into long-term lease agreements with certain of the airlines serving Nashville for use of the facilities at Nashville International Airport. Rentals and fees due under terms of the leases are based upon the Airport Authority's projected cost of providing the facilities to the airlines. These long-term agreements have been amended and restated to extend through September 14, 2017, which is 30 years from the occupancy date of the new terminal. Costs recovered through rentals and fees include expenses of operating and maintaining the airport plus 110% of debt service on all bonds outstanding. The notes receivable from tenants of \$2,480,619 at June 30, 2002 represent expenditures made by the Airport Authority on behalf of certain tenants for improvements at the terminal. The signatory tenant notes accrue interest at 7% while the nonsignatory tenant notes accrue interest at 9%. The notes are to be repaid on a monthly basis through 2015.

Industrial Development Board

Certain bond issues of the Industrial Development Board in prior years provide for lease agreements between the Board and the companies receiving public financing for the construction or improvement of their facilities. The leases require the companies to pay rent during the original period of the lease in an amount at least sufficient to pay the principal and interest due on the bonds. These leases are automatically renewable for up to four additional five year terms at specified rental amounts. The current rent associated with these leases was \$18,800 for the year ended March 31, 2002.

Certain lease agreements of the Industrial Development Board provide for the purchase of the leased facilities when all amounts due on the related bond issued have been repaid and all the renewal term rents due have been received. The purchase option amounts are fixed by the respective lease agreements. Lease agreements with purchase options that have not been exercised and remain in effect total \$300,000 at March 31, 2002.

The Industrial Development Board is obligated under a lease agreement dated April 6, 1961, with the Airport Authority to pay ground rent in the amount of \$12,000 annually for the property on which the facilities occupied by Genesco, Inc. are located. The lease term runs concurrently with the Genesco, Inc. ground rent lease which expires on April 25, 2007. During the year ended March 31, 2002, rent expenditures were \$12,000. Future obligations over the term of the lease are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2003	\$ 12,000
2004	12,000
2005	12,000
2006	12,000
2007	<u>13,000</u>
 Total future lease payments	 <u>\$ 61,000</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables and amounts due to and due from component units at June 30, 2002 are attributable to unsettled balances at year-end primary for charges and transfers between funds and component units. The Metropolitan Development and Housing Authority's fiscal year end is September 30 and a \$500,000 payable at June 30, 2002 is not reflected in the entity wide financial statements. Balances at June 30, 2002 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES AND
AMOUNTS DUE TO AND DUE FROM COMPONENT UNITS

For the Year Ended June 30, 2002

Due From	Due To					
	General Fund	General Purpose School Fund	GSD General Purposes Debt Service Fund	GSD School Purposes Debt Service Fund	USD General Purposes Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 465,868	\$ 15	\$ 8	\$ 4	\$ 2	\$ 4,934,846
General Purpose School	649,743	-	-	-	-	150,377
GSD General Purpose Debt Service Fund	207,059	-	-	-	-	801
GSD School Purpose Debt Service Fund	1,002	-	-	-	-	133
USD General Purpose Debt Service Fund	497	-	-	-	-	606
Nonmajor Governmental Funds	921,666	4,784,107	11,637,034	6,851,869	6,307,415	5,094,546
Department of Water and Sewerage Services	14,952,883	-	-	-	-	1,741,582
Nonmajor Enterprise Funds	293,898	-	-	-	-	12
Internal Service Funds	182,803	-	-	-	-	10,806
Fiduciary Funds	811,316	638,522	-	-	-	-
Governmental Component Units	1,193,605	-	-	-	-	23,125
Proprietary Component Units	2,372,883	-	-	-	-	-
	<u>\$ 22,053,223</u>	<u>\$ 5,422,644</u>	<u>\$ 11,637,042</u>	<u>\$ 6,851,873</u>	<u>\$ 6,307,417</u>	<u>\$ 11,956,834</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES AND
AMOUNTS DUE TO AND DUE FROM COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2002

Due To						
Department of Water and Sewerage Services	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Governmental Component Units	Proprietary Component Units	Total
\$ 65,645	\$ 2,989	\$ 1,665,427	\$ 1,646,396	\$ 791,298	\$ 305,986	\$ 9,878,484
-	416	415,845	291,264	-	-	1,507,645
-	-	3,430	-	-	-	211,290
-	-	2,018	-	-	-	3,153
-	-	273	-	-	-	1,376
485,242	100,000	916,580	16,718	-	4,893,952	42,009,129
-	4,825	111,777	18,517	-	531	16,830,115
-	-	109,516	12,814	-	97,579	513,819
392	-	137,935	5,672	-	-	337,608
2,605	-	1,854,131	-	-	69,409	3,375,983
-	-	1,736	31	-	-	1,218,497
119,901	-	55,430	28,422	-	4,880	2,581,516
<u>\$ 673,785</u>	<u>\$ 108,230</u>	<u>\$ 5,274,098</u>	<u>\$ 2,019,834</u>	<u>\$ 791,298</u>	<u>\$ 5,372,337</u>	<u>\$ 78,468,615</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2002 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2002

Transferred From	Transferred To			
	General Fund	General Purpose School Fund	GSD General Purposes Debt Service Fund	GSD School Purposes Debt Service Fund
General Fund	\$ 1,497,234	\$ 4,375	\$ 3,742,450	\$ -
General Purpose School	2,074,753	-	-	-
Nonmajor Governmental Department of Water and Sewerage Services	2,475,245	1,629,612	8,640,430	4,373,461
Nonmajor Enterprise Funds	307,032	-	-	-
Internal Service Funds	205,830	-	-	-
Fiduciary Funds	1,446,477	-	-	-
	1,878,131	-	-	-
	<u>\$ 9,884,702</u>	<u>\$ 1,633,987</u>	<u>\$ 12,382,880</u>	<u>\$ 4,373,461</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF INTERFUND TRANSFERS (CONTINUED)

For the Year Ended June 30, 2002

Transferred To					
USD General Purposes Debt Service Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ -	\$ 52,742,484	\$ 259,708	\$ 151,324	\$ -	\$ 58,397,575
-	7,846,467	-	500,000	-	10,421,220
32,648	2,643,609	1,163,375	2,613,389	-	23,571,769
-	1,688,901	-	-	-	1,995,933
-	1,425	-	25,000	59,689	291,944
-	525	-	18,336	-	1,465,338
-	-	-	1,828,101	-	3,706,232
<u>\$ 32,648</u>	<u>\$ 64,923,411</u>	<u>\$ 1,423,083</u>	<u>\$ 5,136,150</u>	<u>\$ 59,689</u>	99,850,011

Transfer in of general capital assets:

To general capital assets from existing internal service funds

7,987,177
\$ 107,837,188

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The Metropolitan Department of Law estimated a potential liability for claims, suits and judgments filed for damages to persons and property and for other alleged claims arising out of matters incidental to the operation of the Government. The estimated liability is not expected to be liquidated with expendable available resources and is recorded in the applicable governmental activities in the Statements of Net Assets and Activities. Any estimated liabilities attributable to proprietary funds and component units are recorded in those funds and units.

The Tennessee Supreme Court has ruled in favor of Tennessee Small Schools and held that the state's funding for teachers' salaries violates the Small Schools' school children's equal protection rights to substantial equal opportunity for an education. Unless there is an appeal to the U.S. Supreme Court, the lawsuit now enters the remedy phase. Depending on the remedy, the Government could lose between \$61 and \$74 million per year in sales tax revenue which it now spends on education.

B. Insurance and Benefits

The Government and its component units are subject to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illnesses or injuries to employees; and natural disasters.

Primary Government

The Government is self-insured with respect to liability claims. Liabilities for all accidents are generally limited under the Governmental Tort Liability Act of the Tennessee Code as follows:

	<u>Non-automobile Accidents</u>	<u>Automobile Accidents</u>
Bodily injury	\$ 250,000 per person 600,000 per accident	\$ 250,000 per person 600,000 per accident
Property damage	85,000 per accident	85,000 per accident

The Government is also self-insured with respect to casualty losses on real and personal property for the first \$2,000,000 of loss in any one year. Claims above this amount are covered by commercial insurance provided by independent insurers. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The Government is also self-insured with respect to medical benefits and employee blanket bond coverage. Estimated losses for all self-insured risks of \$ 25,930,857 are recorded as liabilities in internal service funds.

The following summarizes the changes in the estimated claims payable in the respective internal service funds for the years ended June 30, 2001 and 2002:

	<u>School Self Insurance</u>	<u>General Government Self Insurance</u>	<u>School Professional Employees' Insurance</u>	<u>Employees' Medical Benefit</u>	<u>Total Internal Service Fund Types</u>
Claims payable June 30, 2000	\$ 827,286	\$ 7,253,399	\$ 3,965,959	\$ 4,072,000	\$ 16,118,644
Add: Provision for events of the current fiscal year	472,509	1,549,000	24,632,829	31,050,277	57,704,615
Deduct: Payments on claims during the fiscal year	<u>196,504</u>	<u>1,340,473</u>	<u>24,468,484</u>	<u>30,955,277</u>	<u>56,960,738</u>
Claims payable June 30, 2001	1,103,291	7,461,926	4,130,304	4,167,000	16,862,521
Add: Provision for events of the current fiscal year	-	12,975,778	25,228,307	37,572,074	75,776,159
Deduct: Payments on claims during the fiscal year	<u>589,050</u>	<u>2,410,494</u>	<u>26,695,205</u>	<u>37,013,074</u>	<u>66,707,823</u>
Claims payable June 30, 2002	<u>\$ 514,241</u>	<u>\$ 18,027,210</u>	<u>\$ 2,663,406</u>	<u>\$ 4,726,000</u>	<u>\$ 25,930,857</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Component Units

The Metropolitan Development and Housing Agency maintains commercial insurance coverage to cover the various risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Agency. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Hospital Authority participates in the Government's insurance and benefits programs.

The Electric Power Board is covered under the same Tort Liability Act as the primary government and is also a participant with the primary government in the General Government Self-Insurance Fund. The Board is self-insured for employee dental claims and self-insured up to \$100,000 for employee medical claims. The Board continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two fiscal years.

The Metropolitan Transit Authority is self-insured for all vehicle accident losses up to \$500,000 per occurrence. Non-vehicle accident losses are fully covered under a self-insurance program. A provision has been made for all such known losses incurred through June 30, 2002. The maximum reinsurance available during 2002 was \$1,000,000. Total claims paid did not exceed the maximum.

The Metropolitan Transit Authority has purchased reinsurance which provides for reimbursement of paid medical claims in excess of \$75,000 per covered participant per agreement year, with the exception of four employees who have specific deductibles ranging from \$175,000 to \$250,000. The policy also provides a specified maximum of \$925,000 during the lifetime of a covered participant, and an aggregate maximum for total claims paid per agreement year. The aggregate maximum each year fluctuates based on the number of employees under single or family coverage contracts. The maximum amount that the reinsurance carrier will pay out in a plan year is \$1,000,000. Total claims paid in 2002 did not exceed the aggregate maximum.

As required by a collective bargaining labor agreement, the Davidson Transit Organization Employee Benefit Trust was established to pay all medical claims for Metropolitan Transit Authority employees. The accrued medical claims and re-insurance amounts are recorded by the Trust. The Metropolitan Transit Authority funds the Trust on a break-even basis. At June 30, 2002, the Metropolitan Transit Authority owed the Trust \$779,624 which is included in other current liabilities.

The Nashville Thermal Transfer Corporation is a participant in the Government's Self Insurance fund for coverage of all property losses. The Corporation carries commercial insurance for all other risks of loss including general liability, automobile, workers' compensation, business interruption, boiler and machinery, directors' and officers' liability, and umbrella liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Airport Authority accrues self-insured employee medical benefit claims. The liability for reported claims and claims incurred but not reported, an estimate of which is based on historical experience and management projections, is grouped with accrued payroll and related items in the financial statements. The Airport Authority carries commercial insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Emergency Communications District is exposed to various risks of loss related to the theft, damage and destruction of assets. All equipment is covered by warranty and service agreements. The District carries fidelity bond insurance in the amount of \$165,000 for each staff and Board member and has had no claims or settled claims in the past three fiscal years.

The Industrial Development Board is self-insured for all losses to which it is exposed. The Board limits its risk by issuing no more than 85% of project values in bonds and by requiring companies receiving bond issuances to sign personal indemnities in case of default.

C. Federal and State Financial Assistance

The Government has received federal and state financial assistance for specific purposes that is subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the programs, it is believed that any required reimbursements would not be material to the basic financial and individual fund and component unit financial statements. Accordingly, no provision has been made for any potential reimbursements to the grantor agencies.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The full faith and credit of the Government is pledged for possible deficiencies in the collection of required state sewer user fees established in connection with certain grants received from the State Funding Board (TCA 68-221-202 through 68-221-214). The Department of Water and Sewerage Services acts as a conduit with respect to sewer user fees imposed by the state. These user fees are set at an amount sufficient to recover the project costs, including related interest expense. As of June 30, 2002, no deficiencies existed. The amount to be recovered from user fees is \$60,763,705 at June 30, 2002 and is recorded as capital grants and contributions by the Department of Water and Sewerage Services.

D. Construction Commitments

Primary Government

Capital projects funds of \$97,058,959 are designated for specific projects at June 30, 2002.

At June 30, 2002, the Department of Water and Sewerage Services had commitments of \$19,859,318 for construction contracts.

The State of Tennessee Department of Environment and Conservation issued an order in 1990 to the Department of Water and Sewerage Services to correct certain deficiencies in the Department's wastewater system. The order specifies certain conditions and capital improvements which must be made by given deadlines. The future related capital expenditures are expected to total approximately \$108,385,000 through the year 2007. The Department has identified various sources to fund these mandated improvements. In addition, the Department is currently investigating various options to raise funds for wastewater system capital improvements mandated by the State of Tennessee Department of Health and Environment. Failure to comply with the mandate and meet established deadlines could result in penalties up to \$500,000 per year. No such penalty has been assessed through June 30, 2002. Proposed plans to fund capital expenditures for the next few years include internally generated cash and Tennessee Local Development Authority Loans.

Component Units

As of September 30, 2001, the Metropolitan Development Housing Agency had outstanding construction commitments of approximately \$24.6 million. Of this amount, \$22.1 million will be paid by grants committed to the Agency by HUD, and the remaining \$2.5 million will be paid by funds committed to the Agency by the Metropolitan Government and private foundations.

The Metropolitan Nashville Airport Authority estimates the cost of completion of various construction projects at June 30, 2002 to be \$33,573,444, of which \$3,575,481 is expected to be reimbursed by other governmental agencies.

E. Other Commitments

Primary Government

In May 1999, the Government entered into a memorandum of understanding with Dell Computer Corporation (Dell), whereby Dell agreed to locate a manufacturing and assembly plant in Davidson County, and the Government agreed to provide property, site improvements, and other economic incentives. One incentive program is a 40 year grant to Dell, where the Government will pay Dell, through the Industrial Development Board, \$500 per employee, based on the average number of full-time equivalent employees. Dell is expected to employ approximately 1,500 employees, and grant payments began with the 2000 fiscal year. The amount paid to Dell totaled \$997,890 for the year ended June 30, 2002.

In May 1999, the Department of Water and Sewerage Services entered into a contract with an engineering firm (the Contractor) in which the Department agreed to pay the Contractor for change management services to enable and assist the Department to achieve specified verifiable and sustainable operating expenses of \$60 million or less by June 30, 2004. The services are to be delivered by the Contractor in three phases. Fixed fees to be paid under the contract total \$1,200,000 (\$400,000 for Phase I and \$800,000 for Phase II). The contract also provides that whenever the Department attains a level of actual verifiable and sustainable expenses of \$64 million or less, the Contractor and the Department's employees shall receive a share of the additional savings (15% to 20%) according to the formula specified in the contract for each year the additional savings are attained for the term of the contract which is currently expected to end on April 30, 2004. During fiscal year 2002, \$240,000 was paid for Phase II fees. An additional \$40,000 was paid in August 2002. No amounts are due under the condition portion of the contract.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Department of Water and Sewerage Services has also entered into a contract with Utility Revenue Management Company, Inc. (the Contractor) in which the Department has agreed to pay the Contractor for situations identified by the Contractor where water and sewer services are unbilled or misbilled and corrective actions are recommended. Compensation to the Contractor under the contract is 45% of the gross increased revenues as defined in the contract. The contract expired July 6, 2001. The contract requires payment of fees to continue for 36 months after corrective action was identified. Fees paid to the Contractor for the year ended June 30, 2002 totaled \$381,362.

Component Units

The Hospital Authority has entered into an agreement with Vanderbilt University Medical Center (Vanderbilt) to provide certain management services for General Hospital and Bordeaux Hospital. The agreement ends on June 30, 2002 and requires annual payments to Vanderbilt of \$395,000, which will increase by 5% annually. The agreement also stipulates that the Hospital Authority will provide \$23,375,000 per year for the payment of all costs of the operations of General Hospital, and that 50% of any annual operating surpluses, as defined by the agreement, will be paid to Vanderbilt to be used to benefit General Hospital. The outstanding management fees and surplus payable to Vanderbilt is \$36,291 at June 30, 2002.

In August 1996, Congress approved the Health Insurance Portability and Accountability Act of 1996 (Act). Under the Act, the federal government was given substantial resources and authority for the completion of fraud and abuse investigations and the Act has established substantial fines and penalties for offenders. Management of the Hospital Authority continues to implement policies, procedures, and a compliance overview organizational structure to enforce and monitor compliance with this Act and other government statutes and regulations. The Hospital Authority's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions which are unknown or unasserted at this time. While the outcome cannot be determined at this time, management is of the opinion that liability, if any, from such reviews will not have a material effect on the Hospital Authority's financial position and results of operations.

The Metropolitan Development and Housing Agency is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Agency's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Agency. Accordingly, no provision for loss, if any, related to these matters has been made in the financial statements.

The Metropolitan Development and Housing Agency has designated Affordable Housing Resources (AHR), an Agency sub-recipient and non-profit developer, as the Developer of the Row 8.9 Condominiums. AHR has received a loan of \$150,000 with 5% interest from HOME program funds for which the Agency has agreed to guarantee the repayment.

The Public Housing Reform Act of 1998, effective October 1, 1999, included a provision that requires certain income to be excluded in calculating rents. The rents of current residents of public housing have been calculated based on present HUD guidelines and regulations. Former tenants of public housing that vacated after October 1, 1999, may be entitled to a refund of rent paid under these guidelines. In the opinion of management, any such refund would not have a material effect on the financial position of the Agency at September 30, 2001.

The Electric Power Board has entered into agreements with outside firms to provide information and data processing system support through 2003. The total commitment remaining under these agreements is \$1,360,652 through 2003.

The Electric Power Board is party to various litigation filed against it in the normal course of business. Management does not believe that damages, if any, arising from outstanding litigation, will have a material effect on the financial position of the Board.

The Metropolitan Transit Authority has a five-year contract, expiring August 2003, with a management company for advisory and management services. Under the contract, the Metropolitan Transit Authority is provided a one-member local management team, non-resident staff and overall supervision. Compensation for these services was approximately \$164,000 for the year ended June 30, 2002.

The Nashville Thermal Transfer Corporation entered into an agreement with a third party to receive various services to support its on-going operations until the Corporation ceases operations in April, 2004. The future minimum payments due under this agreement are approximately \$371,000.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Nashville Thermal Transfer Corporation has an agreement with a supplier which requires the Corporation to purchase minimum amounts of natural gas from the supplier through April 30, 2004. Under the terms of the agreement, future minimum payments due under this agreement are \$8,127,000. Natural gas expense under such agreement for the year ended June 30, 2002 was approximately \$2,187,000.

The Airport Authority is a defendant in certain lawsuits filed by area residents who allege property value damage as a result of increased air traffic and other legal proceedings incidental to its operations. The Authority intends to vigorously defend itself in these actions. Management cannot predict the extent to which similar actions may be taken by other parties. In the opinion of management and the Authority's legal counsel, while the ultimate outcome of these matters, including an estimate of potential loss, cannot presently be determined, any losses sustained would be recoverable through the Authority's leases with certain airlines.

In August 1997, the Emergency Communication District's board of directors approved an Interlocal Agreement with the Government to assist in the financing of an 800 MHz radio system. The total cost of this equipment is estimated to be \$28 million, of which the District will be responsible for \$2.8 million per year, payable in semi-annual installments, over a ten-year period. To fund its portion of the acquisition, the District increased the monthly emergency telephone service subscriber fees. The Emergency Communications District paid approximately \$127,000 in 2002 under maintenance contracts for its communications recording and the enhanced 911 telephone systems.

The Nashville District Management Corporation has an agreement with the Government to provide program administration of the Nashville Central Business Improvement District in accordance with Tennessee law. The Corporation's duties and responsibilities under the agreement include but are not limited to providing services for improvement and operation of the District through security enhancement, downtown marketing, and improving downtown beautification, sanitation, and maintenance. The original term of the agreement is one year, renewable annually by the mutual notification by each party to the other. The agreement may be terminated by the Government upon thirty days notice.

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

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

NOTE 13 – SUBSEQUENT EVENTS

On October 15, 2002, the Government approved an initial resolution to issue General Obligation Bonds in an amount not to exceed \$263,280,000. The bonds are to provide funds for various public improvement projects in the General Services District, Schools and Urban Services District. The Government currently anticipates the sale of up to \$100 million of General Obligation Bonds in FY 2003 to fund these and other approved projects.

On October 24, 2002, the Government issued \$66,700,000 District Energy System Revenue Bonds, 2002 Series A, at a true interest cost of 4.72%. The bonds provided funds to finance, in part, construction of new steam and chilled water generating facilities and improvements to an existing energy distribution system (District Energy System), all to be owned by the Government. The 2002 Series A Bonds were issued pursuant to a District Energy System General Bond Resolution adopted by the Government on December 18, 2001, as amended and supplemented, and are payable solely from revenues derived by the Government from the operation of the District Energy System, and all other monies legally available, including if necessary, annual appropriations by the Government to cover any deficiency between System revenues and System expenses, including debt service on the 2002 Series A Bonds. Upon completion of the District Energy System in 2004, the existing facility (owned by the Government and currently operated by the Nashville Thermal Transfer Corporation, a not-for profit corporation and component unit of the Government, under an Acquisition and Operating Agreement) will cease operations and close.

On October 31, 2002, the Government issued \$108,690,000 General Obligation Multi-Purpose Refunding Bonds, Series 2002, at a true interest cost of 4.31%. These bonds refunded certain maturities of the Government's outstanding 1) General Obligation Multi-Purpose Improvement Bonds, Series 1994, dated September 15, 1994 (the Series 1994 Bonds); 2) General Obligation Multi-Purpose Improvement Bonds, Series 1995, dated April 15, 1995 (the Series 1995 Bonds); 3) General Obligation Public Improvement Bonds, Series 1996, dated June 15, 1996 (the Series 1996 Bonds); and 4) General Obligation Multi-Purpose Improvement Bonds, Series 2001A, dated February

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15, 2001 (the Series 2001A Bonds). As a result, certain maturities of the Series 1994 Bonds, Series 1995 Bonds, Series 1996 Bonds and Series 2001A Bonds are considered to be defeased. By issuing the new bonds, the Government obtained an economic gain (difference between the present values of the debt service payments on the defeased and new debts) of \$5,516,389.

The Government is planning to issue approximately \$30,255,000 in Water and Sewer Revenue Refunding Bonds to refund certain maturities of the Government's outstanding Water and Sewer Revenue Bonds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 CONDITION RATING OF TRANSPORTATION NETWORK

The transportation network of the Government is segregated into two subsystems: roads and streets, and bridges and overpasses. Information regarding condition and needed and actual maintenance costs is presented below.

ROADS AND STREETS

<u>Percentage of Lane Miles in Good or Better Condition</u>		
<u>2002</u>	<u>2001</u>	<u>2000</u>
85.4 %	83.4 %	84.7 %

The condition of road and street pavement is measured using the Infrastructure Management Services (IMS) pavement management system. The condition is determined based on data collected by the laser road surface test (surface condition) and the dynaflect test (pavement deflection data) along with other road and street information such as traffic, surface type, street length, street width, area and location. The IMS system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads and streets as excellent (85-100), good (70-84), fair (60-69) and poor (less than 60). Condition assessments are determined on an annual basis. It is the policy of the Government to maintain at least 70 percent of its road and street system at a good or better condition.

There are currently approximately 5,523 lane miles of roads and streets in the transportation network.

The Government estimated a need of \$9,200,000 for the year ended June 30, 2002 for preservation and maintenance of roads and streets. This level of spending on an annual basis is considered adequate to maintain 70% of roads and streets in good or better condition. Actual costs for the year ended June 30, 2002 amounted to \$2,237,282. The variance between the needed and actual amounts was due to 1) the timing of the approval of the capital budget, and 2) a transition in management in the Public Works Department of the Government which resulted in a temporary diminishment of resources. Although actual costs were less than the anticipated needs, it is expected that a higher level of rehabilitation effort in future years will continue to maintain the condition of roads and streets at or above the acceptable level.

Information regarding needed and actual maintenance and preservation costs is not available for prior years.

BRIDGES AND OVERPASSES

<u>Percentage of Deck Area in Fair or Better Condition</u>		
<u>2002</u>	<u>2001</u>	<u>2000</u>
(a)	89.0 %	(a)

(a) Condition assessments are determined every two years. The condition reported for 2001 is based on the 2000 inventory of bridges and overpasses. The condition assessment based on the 2002 inventory will be available and reported in 2003.

The condition of bridges and overpasses is measured using the Federal Aid Bridge Inspection System supervised by the Tennessee Department of Transportation, which is based on a two-year cycle of inspections of structures designated in two categories: Non-Federal Aid and Federal Aid Urban. The inspection system uses a measurement that classifies the condition as good, fair, poor or critical. The Public Works Department of the Government reviews all findings on all inspections. It is the policy of the Government to maintain at least 75 percent of its bridges and overpasses in fair or better condition.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
CONDITION RATING OF TRANSPORTATION NETWORK (CONTINUED)

There were 227 Non-Federal Aid and 126 Federal Aid Urban bridges and overpasses in the transportation network as of the 2000 inspection.

The Government estimated a need of \$830,195 for the year ended June 30, 2002 for preservation and maintenance of bridges and overpasses. Actual costs for the year ended June 30, 2002 amounted to \$637,019. Although actual costs were less than the anticipated needs, it is expected that the 2002 condition assessment will not indicate a significant deterioration in the condition of bridges and overpasses.

Information regarding needed and actual maintenance and preservation costs is not available for prior years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2002

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
ASSETS:				
Cash and cash equivalents	\$ 982,275	\$ 3,759,013	\$ 390,854	\$ 25,824,326
Investments	503,187	1,949,748	160,819	13,464,167
Accounts receivable	1,435,873	3,662,918	28,272	-
Accrued interest receivable	9,731	17,169	1,299	140,644
Due from other funds of the primary government	1,601	300,593	6,100	2,247,305
Due from component units	-	-	-	-
Inventories of supplies	-	-	327,107	-
Other assets	1,144	350,000	-	-
Total assets	\$ 2,933,811	\$ 10,039,441	\$ 914,451	\$ 41,676,442
LIABILITIES:				
Accounts payable	\$ 772,216	\$ 992,186	\$ 164,274	\$ 917,778
Accrued payroll	401,732	163,224	916	-
Due to other funds of the primary government	366,303	444,157	140,711	167,353
Due to component units	-	-	-	5,989
Deferred revenue	-	3,785	-	-
Other liabilities	340,074	1,549,088	-	-
Total liabilities	1,880,325	3,152,440	305,901	1,091,120
FUND BALANCES:				
Reserved for encumbrances	823,207	178,439	13,262	729,160
Reserved for imprest cash and inventories	1,750	-	327,107	-
Reserved for equipment acquisitions	-	-	-	21,473,542
Reserved for trust purposes	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for specific projects	-	5,444,764	-	6,437,355
Undesignated	228,529	1,263,798	268,181	11,945,265
Total fund balances	1,053,486	6,887,001	608,550	40,585,322
Total liabilities and fund balances	\$ 2,933,811	\$ 10,039,441	\$ 914,451	\$ 41,676,442

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2002

Special Revenue Funds

Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services
\$ 12,497,082	\$ 5,868,674	\$ 179,364	\$ 1,430,478	\$ 338,786	\$ 5,837
6,286,620	3,059,469	93,516	745,816	176,635	3,043
86,452	1,176,227	-	47,275	-	1,033,622
63,767	22,608	1,261	7,610	1,797	31
307,323	5,049,715	2,154,300	92,501	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,797	-	-	-	-	-
<u>\$ 19,244,041</u>	<u>\$ 15,176,693</u>	<u>\$ 2,428,441</u>	<u>\$ 2,323,680</u>	<u>\$ 517,218</u>	<u>\$ 1,042,533</u>
\$ 364,517	\$ 4,170,279	\$ 407,722	\$ 46,159	\$ -	\$ 300,640
68,890	184,416	74,580	7,831	-	126,293
115,227	2,419,430	278,184	5,153	89	238,504
-	4,887,963	-	-	-	-
3,080,088	-	-	106,673	-	109,100
3,840,563	466,714	141,553	-	-	158,845
<u>7,469,285</u>	<u>12,128,802</u>	<u>902,039</u>	<u>165,816</u>	<u>89</u>	<u>933,382</u>
197,144	4,871,730	88,856	191,359	-	3,290
271,000	600	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,306,612	(1,824,439)	1,437,546	1,966,505	517,129	105,861
<u>11,774,756</u>	<u>3,047,891</u>	<u>1,526,402</u>	<u>2,157,864</u>	<u>517,129</u>	<u>109,151</u>
<u>\$ 19,244,041</u>	<u>\$ 15,176,693</u>	<u>\$ 2,428,441</u>	<u>\$ 2,323,680</u>	<u>\$ 517,218</u>	<u>\$ 1,042,533</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2002

	Special Revenue Funds			
	Natural Disaster Recovery	Education Services	Infrastructure Services	Nashville Career Advancement Center
ASSETS:				
Cash and cash equivalents	\$ 151	\$ 13,824,283	\$ 144,692	\$ 111,719
Investments	78	4,078,249	75,439	43,652
Accounts receivable	-	5,049,506	-	388,875
Accrued interest receivable	1	39,406	767	438
Due from other funds of the primary government	19,945	471,970	563,423	121,434
Due from component units	-	-	-	-
Inventories of supplies	-	1,360,870	-	-
Other assets	-	-	92	3,378
Total assets	\$ 20,175	\$ 24,824,284	\$ 784,413	\$ 669,496
LIABILITIES:				
Accounts payable	\$ -	\$ 1,030,527	\$ 14,633	\$ 649,147
Accrued payroll	-	-	22,659	109,483
Due to other funds of the primary government	-	4,207,889	3,658	26,026
Due to component units	-	-	-	-
Deferred revenue	-	816,695	-	-
Other liabilities	19,945	246,156	522,565	171,782
Total liabilities	19,945	6,301,267	563,515	956,438
FUND BALANCES:				
Reserved for encumbrances	-	-	-	2,976
Reserved for imprest cash and inventories	-	3,975,231	-	400
Reserved for equipment acquisitions	-	-	-	-
Reserved for trust purposes	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for specific projects	-	-	-	-
Undesignated	230	14,547,786	220,898	(290,318)
Total fund balances	230	18,523,017	220,898	(286,942)
Total liabilities and fund balances	\$ 20,175	\$ 24,824,284	\$ 784,413	\$ 669,496

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2002

Debt Service Fund	Capital Projects Funds		
Correctional Facility Revenue Bonds	GSD Capital Projects	Education Capital Projects	USD Capital Projects
\$ 1,692,559	\$ 37,045,045	\$ 31,209,247	\$ 649,445
-	25,282,205	44,574,961	1,771,680
-	559,576	2,372	-
-	415,963	206,901	12,233
-	485,189	36,591	75,719
-	23,125	-	-
-	-	-	-
-	-	-	-
<u>1,692,559</u>	<u>63,811,103</u>	<u>76,030,072</u>	<u>2,509,077</u>
\$ -	\$ 3,647,966	\$ 7,513,760	\$ 1,651,125
-	-	-	-
-	13,264,042	7,494,785	7,943,666
-	-	-	-
-	-	-	-
39,862	148,252	408,594	10,161
<u>39,862</u>	<u>17,060,260</u>	<u>15,417,139</u>	<u>9,604,952</u>
-	10,304,617	-	8,744,572
-	200	-	-
-	-	-	-
-	-	-	-
1,652,697	-	-	-
-	36,446,026	60,612,933	-
-	-	-	(15,840,447)
<u>1,652,697</u>	<u>46,750,843</u>	<u>60,612,933</u>	<u>(7,095,875)</u>
<u>\$ 1,692,559</u>	<u>\$ 63,811,103</u>	<u>\$ 76,030,072</u>	<u>\$ 2,509,077</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2002

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
ASSETS:			
Cash and cash equivalents	\$ 147,709	\$ 133,428	\$ 136,234,967
Investments	1,055,644	69,566	103,394,494
Accounts receivable	-	-	13,470,968
Accrued interest receivable	782	710	943,118
Due from other funds of the primary government	-	-	11,933,709
Due from component units	-	-	23,125
Inventories of supplies	-	-	1,687,977
Other assets	-	-	357,411
Total assets	\$ 1,204,135	\$ 203,704	\$ 268,045,769
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ 22,642,929
Accrued payroll	-	-	1,160,024
Due to other funds of the primary government	-	-	37,115,177
Due to component units	-	-	4,893,952
Deferred revenue	-	-	4,116,341
Other liabilities	-	-	8,064,154
Total liabilities	-	-	77,992,577
FUND BALANCES:			
Reserved for encumbrances	-	-	26,148,612
Reserved for imprest cash and inventories	-	-	4,576,288
Reserved for equipment acquisitions	-	-	21,473,542
Reserved for trust purposes	991,190	203,704	1,194,894
Reserved for debt service	-	-	1,652,697
Unreserved:			
Designated for specific projects	-	-	108,941,078
Undesignated	212,945	-	26,066,081
Total fund balances	1,204,135	203,704	190,053,192
Total liabilities and fund balances	\$ 1,204,135	\$ 203,704	\$ 268,045,769

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2002

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
REVENUES:				
Property taxes	\$ -	\$ 595,766	\$ -	\$ -
Other taxes, licenses and permits	-	15,090,382	69,181	-
Fines, forfeits and penalties	-	57,600	-	-
Revenues from the use of money or property	13,105	169,543	18,397	960,082
Revenues from other governmental agencies	13,336,376	5,980,550	-	15,350
Charges for current services	114,275	324,706	1,361,220	-
Compensation for loss, sale or damage to property	-	-	-	84,508
Contributions and gifts	26,165	215,483	65,888	-
Miscellaneous	-	-	-	-
Total revenues	<u>13,489,921</u>	<u>22,434,030</u>	<u>1,514,686</u>	<u>1,059,940</u>
EXPENDITURES:				
Personal services	8,578,934	3,619,503	21,651	-
Contractual services	3,220,805	9,861,784	366,411	530,915
Supplies and materials	950,676	1,401,041	788,102	4,154,009
Other costs	162,300	709,860	6,818	131,195
Educational programs	-	-	-	-
Capital outlay	249,798	316,333	-	3,503,010
Principal retirement	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Total expenditures	<u>13,162,513</u>	<u>15,908,521</u>	<u>1,182,982</u>	<u>8,319,129</u>
Excess (deficiency) of revenues over expenditures	<u>327,408</u>	<u>6,525,509</u>	<u>331,704</u>	<u>(7,259,189)</u>
OTHER FINANCING SOURCES (USES):				
Payments to refunded bond escrow agent	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Bond issue premium (discount)	-	-	-	-
Transfers in	1,129,294	732,035	-	17,837,716
Transfers out	(601,815)	(8,291,104)	(542,601)	(761,603)
Total other financing sources (uses)	<u>527,479</u>	<u>(7,559,069)</u>	<u>(542,601)</u>	<u>17,076,113</u>
Net change in fund balances	854,887	(1,033,560)	(210,897)	9,816,924
FUND BALANCES, beginning of year, restated	<u>198,599</u>	<u>7,920,561</u>	<u>819,447</u>	<u>30,768,398</u>
FUND BALANCES, end of year	<u>\$ 1,053,486</u>	<u>\$ 6,887,001</u>	<u>\$ 608,550</u>	<u>\$ 40,585,322</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 For the Year Ended June 30, 2002

Special Revenue Funds

Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,360,346	-	450	-	-	-
674,158	93,191	713	66,537	22,482	240
5,510,461	5,896,532	-	87,519	-	5,055,683
701	4,805,877	1,550	-	-	-
265,384	349,611	-	-	-	-
-	-	-	417,109	209,768	5,341
-	23,226	-	-	-	-
<u>8,811,050</u>	<u>11,168,437</u>	<u>2,713</u>	<u>571,165</u>	<u>232,250</u>	<u>5,061,264</u>
2,161,099	3,758,888	616,920	165,285	132,042	2,740,511
2,314,013	32,525,813	495,300	50,517	20,490	1,947,157
1,150,054	78,731	25,397	295,592	4,973	97,865
295,017	235,102	48	4,000	-	79,393
398,706	-	-	-	-	-
728,935	604,727	194,010	-	18,304	22,558
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,047,824</u>	<u>37,203,261</u>	<u>1,331,675</u>	<u>515,394</u>	<u>175,809</u>	<u>4,887,484</u>
<u>1,763,226</u>	<u>(26,034,824)</u>	<u>(1,328,962)</u>	<u>55,771</u>	<u>56,441</u>	<u>173,780</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
467,855	26,718,452	2,855,364	-	-	-
(36,638)	(250,683)	-	-	(422,362)	(350,502)
<u>431,217</u>	<u>26,467,769</u>	<u>2,855,364</u>	<u>-</u>	<u>(422,362)</u>	<u>(350,502)</u>
2,194,443	432,945	1,526,402	55,771	(365,921)	(176,722)
9,580,313	2,614,946	-	2,102,093	883,050	285,873
<u>\$ 11,774,756</u>	<u>\$ 3,047,891</u>	<u>\$ 1,526,402</u>	<u>\$ 2,157,864</u>	<u>\$ 517,129</u>	<u>\$ 109,151</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 For the Year Ended June 30, 2002

	Special Revenue Funds			
	Natural Disaster Recovery	Education Services	Infrastructure Services	Nashville Career Advancement Center
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes, licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Revenues from the use of money or property	129	337,954	6,189	5,577
Revenues from other governmental agencies	81,398	45,083,595	-	8,111,108
Charges for current services	-	19,203,862	2,770	-
Compensation for loss, sale or damage to property	-	-	-	-
Contributions and gifts	-	6,377,624	21,550	100,000
Miscellaneous	-	-	-	-
Total revenues	<u>81,527</u>	<u>71,003,035</u>	<u>30,509</u>	<u>8,216,685</u>
EXPENDITURES:				
Personal services	-	36,719,378	524,979	2,531,519
Contractual services	-	1,413,491	220,363	5,486,081
Supplies and materials	15,169	27,884,901	16,233	215,818
Other costs	13,283	3,810,964	9,915	373,905
Educational programs	-	-	-	-
Capital outlay	-	908,898	-	-
Principal retirement	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Total expenditures	<u>28,452</u>	<u>70,737,632</u>	<u>771,490</u>	<u>8,607,323</u>
Excess (deficiency) of revenues over expenditures	<u>53,075</u>	<u>265,403</u>	<u>(740,981)</u>	<u>(390,638)</u>
OTHER FINANCING SOURCES (USES):				
Payments to refunded bond escrow agent	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Bond issue premium (discount)	-	-	-	-
Transfers in	28,224	1,099,719	769,970	97,411
Transfers out	(125,532)	(1,676,351)	(1,250)	(5,187)
Total other financing sources (uses)	<u>(97,308)</u>	<u>(576,632)</u>	<u>768,720</u>	<u>92,224</u>
Net change in fund balances	(44,233)	(311,229)	27,739	(298,414)
FUND BALANCES, beginning of year, restated	<u>44,463</u>	<u>18,834,246</u>	<u>193,159</u>	<u>11,472</u>
FUND BALANCES, end of year	<u>\$ 230</u>	<u>\$ 18,523,017</u>	<u>\$ 220,898</u>	<u>\$ (286,942)</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 For the Year Ended June 30, 2002

Debt Service Fund	Capital Projects Funds		
Correctional Facility Revenue Bonds	GSD Capital Projects	Education Capital Projects	USD Capital Projects
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
36,701	2,537,552	4,729,859	303,436
1,709,366	811,555	-	-
-	700	-	-
-	-	-	-
-	85,492	-	7,386
-	44,098	-	-
<u>1,746,067</u>	<u>3,479,397</u>	<u>4,729,859</u>	<u>310,822</u>
-	-	-	-
-	6,953,538	365,669	684,227
-	660,727	-	2,748,524
-	1,139,583	52,531	7,285
-	-	-	-
-	22,010,196	70,744,836	13,717,276
1,115,000	-	-	-
612,097	-	-	-
26,492	-	-	-
<u>1,753,589</u>	<u>30,764,044</u>	<u>71,163,036</u>	<u>17,157,312</u>
<u>(7,522)</u>	<u>(27,284,647)</u>	<u>(66,433,177)</u>	<u>(16,846,490)</u>
(17,518,939)	-	-	-
16,128,796	136,204	-	-
713,163	-	-	-
-	5,657,511	7,529,860	-
-	(5,569,362)	(4,459,572)	(477,207)
<u>(676,980)</u>	<u>224,353</u>	<u>3,070,288</u>	<u>(477,207)</u>
(684,502)	(27,060,294)	(63,362,889)	(17,323,697)
<u>2,337,199</u>	<u>73,811,137</u>	<u>123,975,822</u>	<u>10,227,822</u>
<u>\$ 1,652,697</u>	<u>\$ 46,750,843</u>	<u>\$ 60,612,933</u>	<u>\$ (7,095,875)</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 For the Year Ended June 30, 2002

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
REVENUES:			
Property taxes	\$ -	\$ -	\$ 595,766
Other taxes, licenses and permits	-	-	15,159,563
Fines, forfeits and penalties	-	-	2,418,396
Revenues from the use of money or property	48,674	5,885	10,030,404
Revenues from other governmental agencies	-	-	91,679,493
Charges for current services	-	-	25,815,661
Compensation for loss, sale or damage to property	-	-	699,503
Contributions and gifts	2,050	4,137	7,537,993
Miscellaneous	-	-	67,324
Total revenues	<u>50,724</u>	<u>10,022</u>	<u>154,004,103</u>
EXPENDITURES:			
Personal services	-	-	61,570,709
Contractual services	3,860	-	66,460,434
Supplies and materials	1,755	-	40,489,567
Other costs	88,932	9,665	7,129,796
Educational programs	-	-	398,706
Capital outlay	17,905	-	113,036,786
Principal retirement	-	-	1,115,000
Interest	-	-	612,097
Fiscal charges	-	-	26,492
Total expenditures	<u>112,452</u>	<u>9,665</u>	<u>290,839,587</u>
Excess (deficiency) of revenues over expenditures	<u>(61,728)</u>	<u>357</u>	<u>(136,835,484)</u>
OTHER FINANCING SOURCES (USES):			
Payments to refunded bond escrow agent	-	-	(17,518,939)
Proceeds of refunding bonds	-	-	16,265,000
Bond issue premium (discount)	-	-	713,163
Transfers in	-	-	64,923,411
Transfers out	-	-	(23,571,769)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>40,810,866</u>
Net change in fund balances	(61,728)	357	(96,024,618)
FUND BALANCES, beginning of year, restated	<u>1,265,863</u>	<u>203,347</u>	<u>286,077,810</u>
FUND BALANCES, end of year	<u>\$ 1,204,135</u>	<u>\$ 203,704</u>	<u>\$ 190,053,192</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GSD GENERAL PURPOSES DEBT SERVICE FUND

For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 56,397,449	\$ 56,397,449	\$ 56,834,403	\$ 436,954
Local option sales tax	1,955,985	1,955,985	2,146,451	190,466
Revenues from the use of money or property	2,068,618	2,068,618	1,948,763	(119,855)
Revenues from other governmental agencies	4,300,000	4,300,000	4,383,820	83,820
Commissions and fees	-	-	2,319,945	2,319,945
Total revenues	64,722,052	64,722,052	67,633,382	2,911,330
EXPENDITURES:				
Principal retirement	41,751,791	41,751,791	40,071,790	1,680,001
Interest	43,083,007	43,083,007	37,520,436	5,562,571
Fiscal charges	933,131	933,131	929,388	3,743
Total expenditures	85,767,929	85,767,929	78,521,614	7,246,315
Excess (deficiency) of revenues over expenditures	(21,045,877)	(21,045,877)	(10,888,232)	10,157,645
OTHER FINANCING SOURCES (USES):				
Payments to refunded bond escrow agent	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Bond issue premium (discount)	-	-	-	-
Transfers in	10,019,014	10,019,014	12,382,880	2,363,866
Total other financing sources (uses)	10,019,014	10,019,014	12,382,880	2,363,866
Net change in fund balances	(11,026,863)	(11,026,863)	1,494,648	12,521,511
FUND BALANCES, beginning of year	70,508,258	70,508,258	70,508,258	-
FUND BALANCES, end of year	\$ 59,481,395	\$ 59,481,395	\$ 72,002,906	\$ 12,521,511

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GSD SCHOOL PURPOSES DEBT SERVICE FUND

For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 25,383,404	\$ 25,383,404	\$ 26,468,801	\$ 1,085,397
Local option sales tax	14,283,336	14,283,336	14,283,336	-
Revenues from the use of money or property	1,504,506	1,504,506	2,170,950	666,444
Revenues from other governmental agencies	-	-	-	-
Commissions and fees	-	-	-	-
Total revenues	41,171,246	41,171,246	42,923,087	1,751,841
EXPENDITURES:				
Principal retirement	25,784,125	25,784,125	21,574,125	4,210,000
Interest	29,412,141	29,412,141	22,513,702	6,898,439
Fiscal charges	445,836	445,836	421,925	23,911
Total expenditures	55,642,102	55,642,102	44,509,752	11,132,350
Excess (deficiency) of revenues over expenditures	(14,470,856)	(14,470,856)	(1,586,665)	12,884,191
OTHER FINANCING SOURCES (USES):				
Payments to refunded bond escrow agent	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Bond issue premium (discount)	-	-	-	-
Transfers in	-	-	4,373,461	4,373,461
Total other financing sources (uses)	-	-	4,373,461	4,373,461
Net change in fund balances	(14,470,856)	(14,470,856)	2,786,796	17,257,652
FUND BALANCE, beginning of year	78,036,243	78,036,243	78,036,243	-
FUND BALANCE, end of year	\$ 63,565,387	\$ 63,565,387	\$ 80,823,039	\$ 17,257,652

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
USD GENERAL PURPOSES DEBT SERVICE FUND

For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 8,605,307	\$ 8,605,307	\$ 9,280,536	\$ 675,229
Local option sales tax	-	-	-	-
Revenues from the use of money or property	365,189	365,189	333,230	(31,959)
Revenues from other governmental agencies	-	-	11,480,631	11,480,631
Commissions and fees	-	-	-	-
Total revenues	8,970,496	8,970,496	21,094,397	12,123,901
EXPENDITURES:				
Principal retirement	5,894,085	5,894,085	5,494,085	400,000
Interest	5,148,637	5,148,637	3,030,115	2,118,522
Fiscal charges	169,701	169,701	443,123	(273,422)
Total expenditures	11,212,423	11,212,423	8,967,323	2,245,100
Excess (deficiency) of revenues over expenditures	(2,241,927)	(2,241,927)	12,127,074	14,369,001
OTHER FINANCING SOURCES (USES):				
Payments to refunded bond escrow agent	-	-	(69,709,830)	(69,709,830)
Proceeds of refunding bonds	-	-	58,065,000	58,065,000
Bond issue premium (discount)	-	-	609,883	609,883
Transfers in	-	-	32,648	32,648
Total other financing sources (uses)	-	-	(11,002,299)	(11,002,299)
Net change in fund balances	(2,241,927)	(2,241,927)	1,124,775	3,366,702
FUND BALANCES, beginning of year	10,937,838	10,937,838	10,937,838	-
FUND BALANCES, end of year	\$ 8,695,911	\$ 8,695,911	\$ 12,062,613	\$ 3,366,702

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

METROPOLITAN ACTION COMMISSION FUND

The Metropolitan Action Commission Fund accounts for the various programs of the Commission which provide education, social skills, meals and before and after care assistance to low-income and disadvantaged children and energy assistance to low-income individuals.

GENERAL GOVERNMENT SERVICES FUND

The General Government Services Fund accounts for funds which support various general government activities such as hotel occupancy taxes and federal, state and private grants and contributions.

RECREATIONAL AND CULTURAL SERVICES FUND

The Recreational and Cultural Services Fund accounts for funds from the general public and the Tennessee Commission on National and Community Service used for specific purposes and the purchase and sale of souvenir and concession items within the parks and recreation system of the Government.

GENERAL FUND 4% RESERVE FUND

The General Fund 4% Reserve Fund accounts for 4% of locally generated revenues deposited in the GSD General Fund. Expenditures from this fund are for capital items and are authorized by resolutions of the Metropolitan Council.

LAW ENFORCEMENT AND JUSTICE SERVICES FUND

The Law Enforcement and Justice Services Fund accounts for federal and state funds, fines, fees, donations and proceeds from the sale of seized property, which are used to support various law enforcement programs.

SOLID WASTE OPERATIONS FUND

The Solid Waste Operations Fund accounts for activities of the Department of Public Works involving refuse collection, recycling, chipper service and other miscellaneous activities as well as federal and state funds for enhancing solid waste management in local communities and solid waste special projects approved by the Metropolitan Council.

STORMWATER OPERATIONS FUND

The Stormwater Operations Fund is under the administrative responsibility of the Department of Water and Sewerage Services and is used to account for the activities surrounding the maintenance of the Government's stormwater drainage system.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

LIBRARY SERVICES FUND

The Library Services Fund accounts for federal and state programs, primarily from the U.S. Department of Education, Library Services and the State of Tennessee Libraries and Archives, aimed at providing library services to all facets of the community, private donations given on behalf of the Metropolitan Public Library and funds contributed by the general public for the purchase of equipment for blind and handicapped individuals.

HEALTH SERVICES FUND

The Health Services Fund accounts Title V Clean Air fees and expenditures, United Way contributions for mobile screening of children and donations by the public designated to provide adequate shelter and humane treatment of animals.

PUBLIC WELFARE SERVICES FUND

The Public Welfare Services Fund accounts for various activities promoting human relations and social services provided to the general public.

NATURAL DISASTER RECOVERY FUND

The Natural Disaster Recovery Fund was established to account for public donations from citizens and federal and state assistance to provide relief effort and cleanup and repair of tornado damage to public facilities.

EDUCATION SERVICES FUND

The Education Services Fund accounts for a variety of programs supporting educational activities including various state and federal grant programs, funds reserved for unemployment compensation claims of Metropolitan Nashville Public Schools employees, the food service operations of the school system, adult and other special education activities and fund raising and sales activities of individual schools.

INFRASTRUCTURE SERVICES FUND

The Infrastructure Services Fund accounts for funds supporting the infrastructure of the Government including the development of sidewalks in multi-family and non-residential development and the accessibility of all programs, services, activities, facilities and rights-of-way as mandated by the Americans with Disabilities Act of 1990 and Section 504 of the Rehabilitation Act of 1973.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

NASHVILLE CAREER ADVANCEMENT CENTER FUND

The Nashville Career Advancement Center Fund accounts for funds received under the Federal Workforce Investment Act and the National Council of Aging Citizens Act (Title IV). These funds are utilized to provide employment and training opportunities for senior citizens and economically disadvantaged, unemployed or underemployed individuals.

DEBT SERVICE FUND

CORRECTIONAL FACILITY REVENUE BONDS FUND

The Correctional Facility Revenue Bonds Fund is used to account for the accumulation of resources and the payment of principal and interest for the Correctional Facility Revenue Bonds, Series 2002.

CAPITAL PROJECTS FUNDS

GSD CAPITAL PROJECTS FUND

The GSD Capital Projects Fund is used to account for the use of bond proceeds for the construction and equipping of various public projects in the General Services District.

EDUCATION CAPITAL PROJECTS FUND

The Education Capital Projects Fund is used to account for the use of bond proceeds for the construction and equipping of various school facilities.

USD CAPITAL PROJECTS FUND

The USD Capital Projects Fund is used to account for the use of bond proceeds for the construction and equipping of various public projects in the Urban Services District.

PERMANENT FUNDS

GENERAL GOVERNMENT FUND

The General Government Fund is used to account for restricted trusts under the administrative responsibility of various departments of the general government.

EDUCATION FUND

The Education Fund is used to account for restricted trusts under the administrative responsibility of the Metropolitan Board of Education.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS

June 30, 2002

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,173,687	\$ 4,664,246	\$ 497,699
Investments	601,540	2,410,024	259,332
Accounts receivable	298,351	87,109	-
Allowance for doubtful accounts	(49,592)	-	-
Accrued interest receivable	6,001	24,387	2,589
Due from other funds of the primary government	100,001	2,988	-
Other current assets	-	31,199	-
	<u>2,129,988</u>	<u>7,219,953</u>	<u>759,620</u>
CAPITAL ASSETS:			
Land	6,056,529	175,293	-
Buildings and improvements	48,079,743	6,816,802	638,030
Improvements other than buildings	50,220	2,504,093	124,468
Furniture, machinery and equipment	3,497,076	843,303	252,867
Property under capital lease	-	-	3,645,000
Accumulated depreciation	(19,098,121)	(6,045,312)	(992,374)
	<u>38,585,447</u>	<u>4,294,179</u>	<u>3,667,991</u>
Capital assets - net			
	<u>38,585,447</u>	<u>4,294,179</u>	<u>3,667,991</u>
OTHER NON-CURRENT ASSETS	-	50,000	-
	<u>-</u>	<u>50,000</u>	<u>-</u>
Total assets	<u>40,715,435</u>	<u>11,564,132</u>	<u>4,427,611</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2002

<u>Police Secondary Employment</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 158,309	\$ 6,493,941
82,538	3,353,434
371,297	756,757
(10,282)	(59,874)
284	33,261
5,241	108,230
-	31,199
607,387	10,716,948
-	6,231,822
-	55,534,575
-	2,678,781
60,000	4,653,246
-	3,645,000
(13,000)	(26,148,807)
47,000	46,594,617
-	50,000
654,387	57,361,565

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2002

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 675,255	\$ 93,688	\$ 37,423
Accrued payroll	342,716	77,057	57,734
Due to other funds of the primary government	35,219	71,224	737
Due to component units	97,579	-	-
Customer deposits	-	32,098	13,354
Current portion of capital lease	-	-	130,000
Other current liabilities	601,524	103,893	19,497
Total current liabilities	<u>1,752,293</u>	<u>377,960</u>	<u>258,745</u>
NONCURRENT LIABILITIES:			
Capitalized lease obligations	-	-	2,210,000
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>2,210,000</u>
Total liabilities	<u>1,752,293</u>	<u>377,960</u>	<u>2,468,745</u>
NET ASSETS:			
Invested in capital assets, net of related debt	38,585,447	4,294,179	1,327,991
Unrestricted	377,695	6,891,993	630,875
Total net assets	<u>\$ 38,963,142</u>	<u>\$ 11,186,172</u>	<u>\$ 1,958,866</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2002

Police Secondary Employment	Total Nonmajor Enterprise Funds
\$ 11,070	\$ 817,436
7,021	484,528
309,060	416,240
-	97,579
-	45,452
-	130,000
<u>16,101</u>	<u>741,015</u>
<u>343,252</u>	<u>2,732,250</u>
<u>-</u>	<u>2,210,000</u>
<u>-</u>	<u>2,210,000</u>
<u>343,252</u>	<u>4,942,250</u>
47,000	44,254,617
<u>264,135</u>	<u>8,164,698</u>
<u>\$ 311,135</u>	<u>\$ 52,419,315</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2002

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
OPERATING REVENUES:			
Revenue from operations	\$ 3,819,478	\$ 3,328,801	\$ 934,839
Total operating revenues	<u>3,819,478</u>	<u>3,328,801</u>	<u>934,839</u>
OPERATING EXPENSES:			
Personal services	2,141,385	997,323	314,406
Contractual services	2,585,264	1,588,021	470,093
Supplies and materials	314,746	179,145	33,907
Bad debt expense	58,573	-	7,734
Depreciation	1,180,592	440,715	159,198
Other	85,311	310,049	3,106
Total operating expenses	<u>6,365,871</u>	<u>3,515,253</u>	<u>988,444</u>
OPERATING INCOME (LOSS)	<u>(2,546,393)</u>	<u>(186,452)</u>	<u>(53,605)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	48,462	213,984	25,028
Interest expense	-	-	(134,708)
Gain (loss) on sale of property	-	(3,806)	-
Total nonoperating revenue (expense)	<u>48,462</u>	<u>210,178</u>	<u>(109,680)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(2,497,931)</u>	<u>23,726</u>	<u>(163,285)</u>
TRANSFERS IN	1,163,375	-	259,708
TRANSFERS OUT	<u>(25,525)</u>	<u>(20,675)</u>	<u>(225)</u>
CHANGE IN NET ASSETS	(1,360,081)	3,051	96,198
NET ASSETS, beginning of year	<u>40,323,223</u>	<u>11,183,121</u>	<u>1,862,668</u>
NET ASSETS, end of year	<u>\$ 38,963,142</u>	<u>\$ 11,186,172</u>	<u>\$ 1,958,866</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2002

Police Secondary Employment	Total Nonmajor Enterprise Funds
\$ 2,922,460	\$ 11,005,578
<u>2,922,460</u>	<u>11,005,578</u>
2,343,695	5,796,809
149,450	4,792,828
15,772	543,570
1,266	67,573
12,014	1,792,519
3,548	402,014
<u>2,525,745</u>	<u>13,395,313</u>
<u>396,715</u>	<u>(2,389,735)</u>
5,933	293,407
-	(134,708)
-	(3,806)
<u>5,933</u>	<u>154,893</u>
<u>402,648</u>	<u>(2,234,842)</u>
-	1,423,083
(245,519)	(291,944)
157,129	(1,103,703)
<u>154,006</u>	<u>53,523,018</u>
<u>\$ 311,135</u>	<u>\$ 52,419,315</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2002

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Cash flows from operating activities:			
Receipts from customers and users	\$ 3,640,353	\$ 3,298,540	\$ 928,928
Payments to suppliers	(2,912,860)	(2,327,544)	(537,614)
Payments to employees	(2,106,984)	(1,023,686)	(294,076)
Net cash provided by (used in) operating activities	<u>(1,379,491)</u>	<u>(52,690)</u>	<u>97,238</u>
Cash flows from noncapital financing activities:			
Transfers in	1,163,375	-	259,708
Transfers out	(25,525)	(20,675)	(225)
Net cash provided by (used in) noncapital financing activities	<u>1,137,850</u>	<u>(20,675)</u>	<u>259,483</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(1,773,635)	(123,788)
Payments on borrowings	-	-	(125,000)
Interest paid	-	-	(134,708)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(1,773,635)</u>	<u>(383,496)</u>
Cash flows from investing activities:			
Purchases of investments	(4,902,954)	(7,529,914)	(1,345,738)
Proceeds from the sale and maturities of investment securities	5,184,490	9,052,556	1,432,133
Interest on investments	48,377	218,233	24,946
Net cash provided by (used in) investing activities	<u>329,913</u>	<u>1,740,875</u>	<u>111,341</u>
Net changes in cash and cash equivalents	88,272	(106,125)	84,566
Cash and cash equivalents at beginning of year	<u>1,085,415</u>	<u>4,770,371</u>	<u>413,133</u>
Cash and cash equivalents at end of year	<u>\$ 1,173,687</u>	<u>\$ 4,664,246</u>	<u>\$ 497,699</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2002

Police Secondary Employment	Total Nonmajor Enterprise Funds
\$ 3,057,867	\$ 10,925,688
(233,761)	(6,011,779)
<u>(2,343,389)</u>	<u>(5,768,135)</u>
480,717	(854,226)
-	1,423,083
<u>(245,519)</u>	<u>(291,944)</u>
(245,519)	1,131,139
-	(1,897,423)
-	(125,000)
<u>-</u>	<u>(134,708)</u>
<u>-</u>	<u>(2,157,131)</u>
(2,624,141)	(16,402,747)
2,541,603	18,210,782
5,649	<u>297,205</u>
<u>(76,889)</u>	<u>2,105,240</u>
158,309	225,022
<u>-</u>	<u>6,268,919</u>
<u>\$ 158,309</u>	<u>\$ 6,493,941</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2002

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (2,546,393)	\$ (186,452)	\$ (53,605)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,180,592	440,715	159,198
Changes in assets and liabilities:			
Changes in accounts receivable - net	(20,551)	(46,328)	-
Changes in due from other funds of the primary government	(100,001)	(2,988)	-
Changes in other current assets	495	7,568	-
Changes in accounts payable	39,500	(316,987)	(37,362)
Changes in accrued payroll	34,401	(26,363)	20,330
Changes in due to other funds of the primary government	18,414	44,859	(4,952)
Changes in due to component units	62,832	-	-
Changes in customer deposits	-	19,055	1,823
Changes in other current liabilities	(48,780)	14,231	11,806
	<u> </u>	<u> </u>	<u> </u>
Total adjustments	1,166,902	133,762	150,843
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	<u>\$ (1,379,491)</u>	<u>\$ (52,690)</u>	<u>\$ 97,238</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOW
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2002

<u>Police Secondary Employment</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 396,715	\$ (2,389,735)
12,014	1,792,519
124,011	57,132
12,662	(90,327)
-	8,063
10,281	(304,568)
306	28,674
124,971	183,292
-	62,832
-	20,878
<u>(200,243)</u>	<u>(222,986)</u>
<u>84,002</u>	<u>1,535,509</u>
<u><u>\$ 480,717</u></u>	<u><u>\$ (854,226)</u></u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2002

<u>ASSETS</u>	<u>Central Printing</u>	<u>Motor Pool</u>	<u>Information Systems</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 247,880	\$ 4,325,175	\$ 132,352
Investments	128,847	2,254,123	68,671
Accounts receivable	181	2,554	38,406
Accrued interest receivable	1,365	23,913	-
Due from other funds of the primary government	29,315	663,535	1,029,811
Due from component units	3,177	3,313	49,115
Inventories of supplies	11,092	230,395	-
Other current assets	-	-	163
Total current assets	421,857	7,503,008	1,318,518
CAPITAL ASSETS:			
Buildings and improvements	52,404	133,842	188,490
Furniture, machinery and equipment	508,376	22,016,739	6,057,495
Less accumulated depreciation	(467,822)	(12,392,933)	(5,477,491)
Capital assets - net	<u>92,958</u>	<u>9,757,648</u>	<u>768,494</u>
Total assets	514,815	17,260,656	2,087,012
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	12,508	522,132	253,131
Accrued payroll	42,804	153,694	689,124
Claims payable	-	-	-
Due to other funds of the primary government	7,084	2,792	2,877
Other current liabilities	-	-	281,165
Total current liabilities	62,396	678,618	1,226,297
NET ASSETS:			
Invested in capital assets, net of related debt	92,958	9,757,648	768,494
Unrestricted	<u>359,461</u>	<u>6,824,390</u>	<u>92,221</u>
Total net assets	\$ 452,419	\$ 16,582,038	\$ 860,715

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2002

Radio Shop	School Self Insurance	General Government Self Insurance	School Professional Employee Insurance	Employees' Medical Benefit	Office Supply Storeroom	Metro Postal Service
\$ 1,305,345	\$ 1,835,590	\$ 14,939,320	\$ 2,734,128	\$ 399,655	\$ 3,943	\$ 75,607
680,053	957,031	7,787,168	1,409,742	207,847	2,056	39,367
50,912	-	2,234	-	21,500	-	494
6,678	9,758	79,462	20,517	-	21	427
209,879	-	26,667	406,790	1,951,064	-	35,492
1,093	-	-	-	-	-	468
81,997	-	-	-	-	-	-
-	-	-	3,050,000	-	-	49,263
<u>2,335,957</u>	<u>2,802,379</u>	<u>22,834,851</u>	<u>7,621,177</u>	<u>2,580,066</u>	<u>6,020</u>	<u>201,118</u>
133,890	-	-	-	-	-	-
1,228,741	-	-	-	-	-	43,288
(1,177,937)	-	-	-	-	-	(15,828)
<u>184,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,460</u>
<u>2,520,651</u>	<u>2,802,379</u>	<u>22,834,851</u>	<u>7,621,177</u>	<u>2,580,066</u>	<u>6,020</u>	<u>228,578</u>
14,584	17,574	910,647	2,439	195,024	-	755
118,706	-	-	-	-	-	22,864
-	514,241	18,027,210	2,663,406	4,726,000	-	-
18,173	1,667	1,411	-	392	6,020	739
-	-	-	-	-	-	-
<u>151,463</u>	<u>533,482</u>	<u>18,939,268</u>	<u>2,665,845</u>	<u>4,921,416</u>	<u>6,020</u>	<u>24,358</u>
184,694	-	-	-	-	-	27,460
<u>2,184,494</u>	<u>2,268,897</u>	<u>3,895,583</u>	<u>4,955,332</u>	<u>(2,341,350)</u>	<u>-</u>	<u>176,760</u>
<u>\$ 2,369,188</u>	<u>\$ 2,268,897</u>	<u>\$ 3,895,583</u>	<u>\$ 4,955,332</u>	<u>\$ (2,341,350)</u>	<u>\$ -</u>	<u>\$ 204,220</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2002

<u>ASSETS</u>	Facilities Planning and Construction	Treasury Management	Technology Revolving	Total Internal Service Funds
CURRENT ASSETS:				
Cash and cash equivalents	\$ 38,156	\$ 97,005	\$ -	\$ 26,134,156
Investments	19,893	50,107	-	13,604,905
Accounts receivable	-	-	-	116,281
Accrued interest receivable	338	3	-	142,482
Due from other funds of the primary government	497,843	55,748	310,788	5,216,932
Due from component units	-	-	-	57,166
Inventories of supplies	-	-	-	323,484
Other current assets	-	-	-	3,099,426
	<u>556,230</u>	<u>202,863</u>	<u>310,788</u>	<u>48,694,832</u>
CAPITAL ASSETS:				
Buildings and improvements	-	-	-	508,626
Furniture, machinery and equipment	5,350	-	104,860	29,964,849
Less accumulated depreciation	(981)	-	(2,913)	(19,535,905)
Capital assets - net	<u>4,369</u>	<u>-</u>	<u>101,947</u>	<u>10,937,570</u>
	<u>560,599</u>	<u>202,863</u>	<u>412,735</u>	<u>59,632,402</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	5,003	570	402,287	2,336,654
Accrued payroll	105,109	38,856	-	1,171,157
Claims payable	-	-	-	25,930,857
Due to other funds of the primary government	117,539	178,914	-	337,608
Other current liabilities	-	-	10,448	291,613
	<u>227,651</u>	<u>218,340</u>	<u>412,735</u>	<u>30,067,889</u>
NET ASSETS:				
Invested in capital assets, net of related debt	4,369	-	101,947	10,937,570
Unrestricted	<u>328,579</u>	<u>(15,477)</u>	<u>(101,947)</u>	<u>18,626,943</u>
	<u>\$ 332,948</u>	<u>\$ (15,477)</u>	<u>\$ -</u>	<u>\$ 29,564,513</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2002

	Central Printing	Motor Pool	Information Systems
OPERATING REVENUES:			
Revenue from operations	\$ 457,259	\$ 8,147,683	\$ 8,599,350
Other	-	36,377	206
Total operating revenues	<u>457,259</u>	<u>8,184,060</u>	<u>8,599,556</u>
OPERATING EXPENSES:			
Personal services	385,187	1,347,639	5,100,907
Contractual services	58,169	1,027,542	1,714,469
Supplies and materials	176,171	2,670,106	140,501
Depreciation	40,991	3,051,557	365,796
Compensation for damages to property	-	-	-
Medical and insurance benefits	-	-	-
Other	8,541	105,421	409,188
Total operating expenses	<u>669,059</u>	<u>8,202,265</u>	<u>7,730,861</u>
OPERATING INCOME (LOSS)	<u>(211,800)</u>	<u>(18,205)</u>	<u>868,695</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	13,294	148,789	2,503
Interest expense	-	-	-
Gain (loss) on sale of property	-	(52,670)	7,271
Other	-	9,971	-
Total nonoperating revenue (expense)	<u>13,294</u>	<u>106,090</u>	<u>9,774</u>
INCOME (LOSS) BEFORE TRANSFERS	(198,506)	87,885	878,469
TRANSFERS IN	-	-	-
TRANSFERS OUT	-	-	(137,641)
CHANGE IN NET ASSETS	(198,506)	87,885	740,828
NET ASSETS, beginning of year	<u>650,925</u>	<u>16,494,153</u>	<u>119,887</u>
NET ASSETS, end of year	<u>\$ 452,419</u>	<u>\$ 16,582,038</u>	<u>\$ 860,715</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2002

Radio Shop	School Self Insurance	General Government Self Insurance	School Professional Employee Insurance	Employees' Medical Benefit	Office Supply Storeroom	Metro Postal Service
\$ 3,751,465	\$ -	\$ 4,594,837	\$ 28,995,323	\$ 32,611,244	\$ -	\$ 619,498
-	264,653	300,000	-	653,454	-	-
<u>3,751,465</u>	<u>264,653</u>	<u>4,894,837</u>	<u>28,995,323</u>	<u>33,264,698</u>	<u>-</u>	<u>619,498</u>
867,475	12,842	976,294	-	-	-	218,331
980,672	5,005	522,117	2,452,312	2,848,318	-	588,916
169,163	-	2,493	-	-	-	1,715
63,363	-	-	-	-	-	4,065
-	-	12,903,056	-	-	-	-
-	-	-	25,228,307	37,572,074	-	-
201,148	2,130	1,023,849	-	-	14	459
<u>2,281,821</u>	<u>19,977</u>	<u>15,427,809</u>	<u>27,680,619</u>	<u>40,420,392</u>	<u>14</u>	<u>813,486</u>
<u>1,469,644</u>	<u>244,676</u>	<u>(10,532,972)</u>	<u>1,314,704</u>	<u>(7,155,694)</u>	<u>(14)</u>	<u>(193,988)</u>
30,328	83,192	677,711	73,821	130,435	264	4,490
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	21,600	56,136	-	-	-	-
<u>30,328</u>	<u>104,792</u>	<u>733,847</u>	<u>73,821</u>	<u>130,435</u>	<u>264</u>	<u>4,490</u>
1,499,972	349,468	(9,799,125)	1,388,525	(7,025,259)	250	(189,498)
-	500,000	43,337	-	1,828,099	-	151,324
<u>(7,987,327)</u>	<u>(18,337)</u>	<u>(1,156,248)</u>	<u>-</u>	<u>(141,365)</u>	<u>(6,020)</u>	<u>(5,502)</u>
(6,487,355)	831,131	(10,912,036)	1,388,525	(5,338,525)	(5,770)	(43,676)
<u>8,856,543</u>	<u>1,437,766</u>	<u>14,807,619</u>	<u>3,566,807</u>	<u>2,997,175</u>	<u>5,770</u>	<u>247,896</u>
<u>\$ 2,369,188</u>	<u>\$ 2,268,897</u>	<u>\$ 3,895,583</u>	<u>\$ 4,955,332</u>	<u>\$ (2,341,350)</u>	<u>\$ -</u>	<u>\$ 204,220</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2002

	Facilities Planning and Construction	Treasury Management	Technology Revolving	Total Internal Service Funds
OPERATING REVENUES:				
Revenue from operations	\$ 1,295,071	\$ 619,839	\$ -	\$ 89,691,569
Other	51	-	-	1,254,741
	<u>1,295,122</u>	<u>619,839</u>	<u>-</u>	<u>90,946,310</u>
OPERATING EXPENSES:				
Personal services	853,866	520,808	-	10,283,349
Contractual services	64,407	81,668	-	10,343,595
Supplies and materials	22,116	29,101	1,090,377	4,301,743
Depreciation	981	-	2,913	3,529,666
Compensation for damages to property	-	-	-	12,903,056
Medical and insurance benefits	-	-	-	62,800,381
Other	9,803	3,664	1,517,597	3,281,814
	<u>951,173</u>	<u>635,241</u>	<u>2,610,887</u>	<u>107,443,604</u>
OPERATING INCOME (LOSS)	<u>343,949</u>	<u>(15,402)</u>	<u>(2,610,887)</u>	<u>(16,497,294)</u>
NONOPERATING REVENUE (EXPENSE):				
Investment income	-	-	-	1,164,827
Interest expense	-	-	(2,503)	(2,503)
Gain (loss) on sale of property	-	-	-	(45,399)
Other	-	-	-	87,707
	<u>-</u>	<u>-</u>	<u>(2,503)</u>	<u>1,204,632</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>343,949</u>	<u>(15,402)</u>	<u>(2,613,390)</u>	<u>(15,292,662)</u>
TRANSFERS IN	-	-	2,613,390	5,136,150
TRANSFERS OUT	-	(75)	-	(9,452,515)
CHANGE IN NET ASSETS	<u>343,949</u>	<u>(15,477)</u>	<u>-</u>	<u>(19,609,027)</u>
NET ASSETS, beginning of year	<u>(11,001)</u>	<u>-</u>	<u>-</u>	<u>49,173,540</u>
NET ASSETS, end of year	<u>\$ 332,948</u>	<u>\$ (15,477)</u>	<u>\$ -</u>	<u>\$ 29,564,513</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2002

	Central Printing	Motor Pool	Information Systems
Cash flows from operating activities:			
Receipts from customers and users	\$ 476,659	\$ 8,299,778	\$ 8,524,576
Payments to suppliers	(237,065)	(3,611,823)	(2,856,453)
Payments to employees	(383,220)	(1,345,845)	(5,023,419)
Net cash provided by (used in) operating activities	<u>(143,626)</u>	<u>3,342,110</u>	<u>644,704</u>
Cash flows from noncapital financing activities:			
Transfers in	-	-	-
Transfers out	-	-	(137,641)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(137,641)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(313,840)	(613,032)
Proceeds from the sale of capital assets	-	48,407	53,481
Interest paid	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(265,433)</u>	<u>(559,551)</u>
Cash flows from investing activities:			
Purchases of investments	(703,357)	(10,037,723)	(12,962,848)
Proceeds from the sale and maturities of investment securities	805,116	9,317,439	13,008,118
Interest on investments	13,629	135,461	2,873
Net cash provided by (used in) investing activities	<u>115,388</u>	<u>(584,823)</u>	<u>48,143</u>
Net changes in cash and cash equivalents	(28,238)	2,491,854	(4,345)
Cash and cash equivalents at beginning of year	<u>276,118</u>	<u>1,833,321</u>	<u>136,697</u>
Cash and cash equivalents at end of year	<u><u>\$ 247,880</u></u>	<u><u>\$ 4,325,175</u></u>	<u><u>\$ 132,352</u></u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2002

Radio Shop	School Self Insurance	General Government Self Insurance	School Professional Employee Insurance	Employees' Medical Benefit	Office Supply Storeroom	Metro Postal Service
\$ 3,725,881	\$ -	\$ 5,329,970	\$ 28,939,177	\$ 31,874,984	\$ -	\$ 629,021
(1,312,386)	(308,084)	(3,226,993)	(29,145,078)	(41,090,552)	(62,021)	(590,448)
(868,160)	-	(976,294)	-	-	(3,671)	(215,095)
<u>1,545,335</u>	<u>(308,084)</u>	<u>1,126,683</u>	<u>(205,901)</u>	<u>(9,215,568)</u>	<u>(65,692)</u>	<u>(176,522)</u>
-	500,000	43,337	-	1,828,099	-	151,324
(150)	(18,337)	(1,156,248)	-	(141,365)	(6,020)	(5,502)
<u>(150)</u>	<u>481,663</u>	<u>(1,112,911)</u>	<u>-</u>	<u>1,686,734</u>	<u>(6,020)</u>	<u>145,822</u>
(56,760)	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(56,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,763,843)	(1,983,806)	(17,989,014)	(39,880,407)	(32,177,691)	(42,529)	(836,478)
3,298,335	2,183,135	20,245,799	40,410,582	35,606,084	75,656	861,414
25,241	81,868	671,746	72,604	156,798	516	4,487
<u>(440,267)</u>	<u>281,197</u>	<u>2,928,531</u>	<u>602,779</u>	<u>3,585,191</u>	<u>33,643</u>	<u>29,423</u>
1,048,158	454,776	2,942,303	396,878	(3,943,643)	(38,069)	(1,277)
257,187	1,380,814	11,997,017	2,337,250	4,343,298	42,012	76,884
<u>\$ 1,305,345</u>	<u>\$ 1,835,590</u>	<u>\$ 14,939,320</u>	<u>\$ 2,734,128</u>	<u>\$ 399,655</u>	<u>\$ 3,943</u>	<u>\$ 75,607</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2002

	Facilities Planning and Construction	Treasury Management	Technology Revolving	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 797,681	\$ 612,464	\$ -	\$ 89,210,191
Payments to suppliers	(8,399)	(40,238)	(2,195,239)	(84,684,779)
Payments to employees	(769,984)	(481,952)	-	(10,067,640)
Net cash provided by (used in) operating activities	<u>19,298</u>	<u>90,274</u>	<u>(2,195,239)</u>	<u>(5,542,228)</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	2,302,602	4,825,362
Transfers out	-	(75)	-	(1,465,338)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(75)</u>	<u>2,302,602</u>	<u>3,360,024</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	(104,860)	(1,088,492)
Proceeds from the sale of capital assets	-	-	-	101,888
Interest paid	-	-	(2,503)	(2,503)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(107,363)</u>	<u>(989,107)</u>
Cash flows from investing activities:				
Purchases of investments	(931,000)	(831,527)	(2,306,824)	(124,447,047)
Proceeds from the sale and maturities of investment securities	928,922	807,352	2,306,824	129,854,776
Interest on investments	(338)	15	-	1,164,900
Net cash provided by (used in) investing activities	<u>(2,416)</u>	<u>(24,160)</u>	<u>-</u>	<u>6,572,629</u>
Net changes in cash and cash equivalents	16,882	66,039	-	3,401,318
Cash and cash equivalents at beginning of year	<u>21,274</u>	<u>30,966</u>	<u>-</u>	<u>22,732,838</u>
Cash and cash equivalents at end of year	<u>\$ 38,156</u>	<u>\$ 97,005</u>	<u>\$ -</u>	<u>\$ 26,134,156</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2002

	Central Printing	Motor Pool	Information Systems
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (211,800)	\$ (18,205)	\$ 868,695
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	40,991	3,051,557	365,796
Other nonoperating revenue (expense)	-	9,971	-
Changes in assets and liabilities:			
Changes in accounts receivable - net	1,605	11,198	(642)
Changes in due from other funds of the primary government	18,350	94,743	(72,999)
Changes in due from component units	(555)	(194)	(1,339)
Changes in inventories of supplies	734	(66,556)	-
Changes in other current assets	-	-	(163)
Changes in accounts payable	(1,093)	260,552	(285,773)
Changes in accrued payroll	1,967	1,794	77,488
Changes in claims payable	-	-	-
Changes in due to other funds of the primary government	6,175	(2,750)	677
Changes in due to component units	-	-	-
Changes in other current liabilities	-	-	(307,036)
Total adjustments	68,174	3,360,315	(223,991)
Net cash provided by (used in) operating activities	\$ (143,626)	\$ 3,342,110	\$ 644,704

Non-Cash Capital and Related Financing Activities:

The Radio Shop transferred capital assets of \$7,987,177 to the general government. The transaction was recorded as a transfer out.

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOW
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2002

Radio Shop	School Self Insurance	General Government Self Insurance	School Professional Employee Insurance	Employees' Medical Benefit	Office Supply Storeroom	Metro Postal Service
\$ 1,469,644	\$ 244,676	\$ (10,532,972)	\$ 1,314,704	\$ (7,155,694)	\$ (14)	\$ (193,988)
63,363	-	-	-	-	-	4,065
-	21,600	56,136	-	-	-	-
39,048	-	240,909	-	3,063	-	(485)
(63,913)	-	138,088	(217,146)	(1,392,777)	-	9,851
(719)	-	-	-	-	-	157
21,591	-	-	-	-	-	-
4,761	-	-	161,000	-	-	(55)
2,067	14,690	723,400	2,439	(96,192)	(67,802)	646
(685)	-	-	-	-	(3,671)	3,236
-	(589,050)	10,565,284	(1,466,898)	559,000	-	-
10,178	-	(2,317)	-	(1,132,968)	5,795	51
-	-	(61,845)	-	-	-	-
-	-	-	-	-	-	-
75,691	(552,760)	11,659,655	(1,520,605)	(2,059,874)	(65,678)	17,466
\$ 1,545,335	\$ (308,084)	\$ 1,126,683	\$ (205,901)	\$ (9,215,568)	\$ (65,692)	\$ (176,522)

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2002

	Facilities Planning and Construction	Treasury Management	Technology Revolving	Total Internal Service Funds
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 343,949	\$ (15,402)	\$ (2,610,887)	\$ (16,497,294)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	981	-	2,913	3,529,666
Other nonoperating revenue (expense)	-	-	-	87,707
Changes in assets and liabilities:				
Changes in accounts receivable - net	-	199	-	294,895
Changes in due from other funds of the primary government	(497,441)	(7,574)	-	(1,990,818)
Changes in due from component units	-	-	-	(2,650)
Changes in inventories of supplies	-	-	-	(44,231)
Changes in other current assets	-	-	-	165,543
Changes in accounts payable	(22,405)	(87,325)	402,287	845,491
Changes in accrued payroll	83,882	38,856	-	202,867
Changes in claims payable	-	-	-	9,068,336
Changes in due to other funds of the primary government	110,332	161,520	-	(843,307)
Changes in due to component units	-	-	-	(61,845)
Changes in other current liabilities	-	-	10,448	(296,588)
Total adjustments	(324,651)	105,676	415,648	10,955,066
Net cash provided by (used in) operating activities	<u>\$ 19,298</u>	<u>\$ 90,274</u>	<u>\$ (2,195,239)</u>	<u>\$ (5,542,228)</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DESCRIPTION OF PROPRIETARY FUNDS

NONMAJOR ENTERPRISE FUNDS

NASHVILLE CONVENTION CENTER

The Nashville Convention Center was created for the purpose of providing meeting and exhibit space for conventions, trade shows and business and other meetings, on a user charge basis. The operations of the Nashville Convention Center are supported in part by allocations from hotel occupancy tax collections.

BOARD OF FAIR COMMISSIONERS

The Board of Fair Commissioners performs administrative and fiscal duties relative to the Tennessee State Fair and fairgrounds. Revenues are derived primarily from the annual State Fair, monthly flea markets and the Nashville Speedway.

FARMERS MARKET

The Farmers Market provides farmers with a setting in which to sell their agricultural products to the general public. Revenues are derived from fees collected from farmers for display space and from other private vendors for flea market space.

POLICE SECONDARY EMPLOYMENT

The Police Secondary Employment Unit coordinates the scheduling of off duty police officers to provide security as requested by Metropolitan Government agencies and private entities, when the presence of an officer and police vehicle during certain events and activities would help protect the safety of the public. Revenues are derived from the fees collected for this service from the requesting agency or private entity.

INTERNAL SERVICE FUNDS

CENTRAL PRINTING FUND

The Central Printing Fund is under the administrative responsibility of the Department of General Services. The fund derives its revenue from internal charges to various departments of the Government for printing services.

MOTOR POOL FUND

The Motor Pool Fund is under the administrative responsibility of the Department of General Services. The Motor Pool acts as the central service agency with regard to the acquisition, use, maintenance and replacement of vehicles owned by the Government.

INFORMATION SYSTEMS FUND

The Information Systems Fund is under the administrative responsibility of the Information Systems Department. Revenues are derived from internal charges to various departments for data processing services and for the use of computer equipment.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DESCRIPTION OF PROPRIETARY FUNDS (CONTINUED)

RADIO SHOP FUND

The Radio Shop Fund is under the administrative responsibility of the Department of General Services. The Radio Shop acts as the central service agency with regard to the acquisition, use, maintenance and replacement of radio equipment owned by the Government.

SCHOOL SELF-INSURANCE FUND

The School Self Insurance Fund is used to pay for general liability claims, vehicular liability claims and administrative claims that relate to schools. Premiums are paid from the schools' operating budget to this fund in lieu of paying insurance premiums to private insurance carriers.

GENERAL GOVERNMENT SELF INSURANCE FUND

The General Government Self Insurance Fund is used to pay claims from a pooling of funds, including claims for bodily injury and property damage. Premiums are paid from various departments to this fund in lieu of paying insurance premiums to private insurance carriers.

SCHOOL PROFESSIONAL EMPLOYEES' INSURANCE FUND

The School Professional Employees' Insurance Fund is under the administrative responsibility of the Metropolitan Nashville Public Schools and is used for the accumulation of assets for the payment of medical claims.

EMPLOYEES' MEDICAL BENEFIT FUND

The Employees' Medical Benefit Fund is under the administrative responsibility of the Employee Benefit Board and is used for the accumulation of assets for the payment of medical claims.

OFFICE SUPPLY STOREROOM FUND

The Office Supply Storeroom Fund is under the administrative responsibility of the Department of Finance, Division of Purchasing. It is used to account for the self-supporting office supply storeroom and derives its revenues from internal charges to various departments for office supplies.

METRO POSTAL SERVICE FUND

The Metro Postal Service Fund is under the administrative responsibility of the Department of General Services. It is used to account for the self-supporting Metro Postal Service, which derives its revenue from internal charges to various departments for postal charges.

FACILITIES PLANNING AND CONSTRUCTION FUND

The Facilities Planning and Construction Fund is under the administrative responsibility of the Department of Finance. The responsibilities of Facilities Planning and Construction include planning and design for the effective and consistent use of facilities; management of all Metro facility related construction projects; and the acquisition and disposal of real property assets.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DESCRIPTION OF PROPRIETARY FUNDS (CONTINUED)

TREASURY MANAGEMENT FUND

The Treasury Management Fund is under the administrative responsibility of the Department of Finance. Treasury Management is the central service agency responsible for the management of cash, pension investments and debt. Revenue to cover the fund's activity is from the Metro Investment Pool, Pension Trust Fund and Debt Service Funds.

TECHNOLOGY REVOLVING FUND

The Technology Revolving Fund is under the administrative responsibility of the Information Systems Department and is used to account for the replacement of computer equipment and software. Revenues are derived from internal charges to various departments based on equipment usage.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

June 30, 2002

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ASSETS:				
Cash and cash equivalents	\$ 1,312	\$ 59,835,136	\$ 186,310	\$ 2,848,608
Investments, at fair value:				
U.S. Treasury and Agency securities	108	51,822,906	15,277	14,527,131
Federal Home Loan Bank obligations	86	5,896,556	12,225	46,232
Federal Home Loan Bank Mortgage Corporation obligations	102	34,723,533	14,491	54,797
Federal National Mortgage Association obligations	120	136,479,764	17,025	1,220,740
Federal Farm Credit Bank obligations	58	61,106	8,206	31,036
Government National Mortgage Association obligations	-	24,490,161	-	2,079,758
Corporate bonds and notes	-	125,404,142	-	21,456,812
International securities	-	181,531,154	-	10,054,206
Foreign government bonds	-	5,500,598	-	-
Warrants and options	-	1,224,580	-	-
Common stock	-	518,079,268	-	45,404,743
Preferred stock	-	4,295,132	-	-
Foreign currency	-	5,937,813	-	-
Commercial paper	111	117,592	15,794	59,725
Mutual funds	-	15,615,152	-	-
Mortgages and real estate	-	69,548,117	-	-
Collateralized mortgage obligations	-	17,099,105	-	1,211,478
Limited partnerships	-	36,856,703	-	200,000
Other asset backed securities	-	74,345,355	-	-
Tennessee Local Government Investment Pool	99	105,121	14,119	53,391
Annuities	-	927,046	-	-
Accounts receivable	-	38,274,370	276,209	1,233,327
Accrued interest receivable	144	4,969,286	1,794	714,533
Due from other funds of the primary government	-	270,865	-	1,437,295
Due from component units	-	-	-	-
Total assets	2,140	1,413,410,561	561,450	102,633,812
LIABILITIES:				
Accounts payable	-	1,244,615	-	1,511
Due to brokers	-	139,435,808	-	-
Due to other funds of the primary government	-	333,240	-	638,522
Other liabilities	-	190,600	-	-
Total liabilities	-	141,204,263	-	640,033
NET ASSETS:				
Held in trust for pension benefits and other employee benefit purposes (A Schedule of Funding Progress for each pension plan is presented in Note 7.)	2,140	1,272,206,298	561,450	101,993,779
Total net assets	\$ 2,140	\$ 1,272,206,298	\$ 561,450	\$ 101,993,779

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (CONTINUED)

June 30, 2002

Closed City Plan	Teachers' Civil Service and Pension	Flexible Benefits Plan	Total Pension (and Other Employee Benefit) Trust Funds
\$ -	\$ 153,722	\$ 994,857	\$ 64,019,945
-	12,605	81,577	66,459,604
-	10,087	65,282	6,030,468
-	11,956	77,377	34,882,256
-	14,047	90,909	137,822,605
-	6,772	43,823	151,001
-	-	-	26,569,919
-	-	-	146,860,954
-	-	-	191,585,360
-	-	-	5,500,598
-	-	-	1,224,580
-	-	-	563,484,011
-	-	-	4,295,132
-	-	-	5,937,813
-	13,031	84,335	290,588
-	-	-	15,615,152
-	-	-	69,548,117
-	-	-	18,310,583
-	-	-	37,056,703
-	-	-	74,345,355
-	11,649	75,391	259,770
-	-	-	927,046
48	218,623	161	40,002,738
604	1,460	5,291	5,693,112
798	-	281,993	1,990,951
-	-	28,453	28,453
<u>1,450</u>	<u>453,952</u>	<u>1,829,449</u>	<u>1,518,892,814</u>
-	-	1,351	1,247,477
-	-	-	139,435,808
-	-	1,828,098	2,799,860
<u>659</u>	<u>-</u>	<u>-</u>	<u>191,259</u>
<u>659</u>	<u>-</u>	<u>1,829,449</u>	<u>143,674,404</u>
<u>791</u>	<u>453,952</u>	<u>-</u>	<u>1,375,218,410</u>
<u>\$ 791</u>	<u>\$ 453,952</u>	<u>\$ -</u>	<u>\$ 1,375,218,410</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 AGENCY FUNDS

June 30, 2002

	Richard R. Rooker, Circuit Court Clerk	Claudia Bonnyman, Clerk and Master	Bill Covington, County Clerk	David Torrence, Criminal Court Clerk	Bill Garrett, County Register
ASSETS:					
Cash and cash equivalents	\$ 24,401,868	\$ 4,425,871	\$ 12,049	\$ 7,400,682	\$ 2,177,506
Investments	-	14,797	-	631,245	-
Accounts receivable	-	-	-	-	-
Due from other funds of the primary government	-	-	-	-	-
Other assets	9,573	10,000	-	-	7,587
Total assets	\$ 24,411,441	\$ 4,450,668	\$ 12,049	\$ 8,031,927	\$ 2,185,093
LIABILITIES:					
Accounts payable	-	-	-	-	1,057
Due to other funds of the primary government	29,900	3,400	9,362	56,196	316,457
Due to component units	-	-	-	-	-
Funds held in trust	21,744,971	4,435,348	-	6,588,883	-
Other liabilities	2,636,570	11,920	2,687	1,386,848	1,867,579
Total liabilities	\$ 24,411,441	\$ 4,450,668	\$ 12,049	\$ 8,031,927	\$ 2,185,093

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 AGENCY FUNDS (CONTINUED)

June 30, 2002

Kenny Norman, Juvenile Court Clerk	Transit Authority Revenue	Joseph B. Knowles Residents	Sheriff Work Release and Inmate Trust	Total Agency Funds
\$ 2,204,859	\$ -	\$ 62,408	\$ 312,758	\$ 40,998,001
-	-	-	-	646,042
-	125,792	-	-	125,792
-	430	-	-	430
2,146	-	-	-	29,306
<u>\$ 2,207,005</u>	<u>\$ 126,222</u>	<u>\$ 62,408</u>	<u>\$ 312,758</u>	<u>\$ 41,799,571</u>
\$ -	\$ 56,384	\$ -	\$ -	\$ 57,441
91,399	-	-	-	506,714
-	69,409	-	-	69,409
1,724,464	-	62,408	312,758	34,868,832
391,142	429	-	-	6,297,175
<u>\$ 2,207,005</u>	<u>\$ 126,222</u>	<u>\$ 62,408</u>	<u>\$ 312,758</u>	<u>\$ 41,799,571</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

For the Year Ended June 30, 2002

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ADDITIONS:				
Investment income:				
Interest and dividend income	\$ -	\$ 29,512,470	\$ 13,812	\$ 5,642,235
Net appreciation (depreciation) of investments	-	(138,416,545)	-	(13,378,454)
Miscellaneous	-	11,873,429	-	-
Total investment income (loss)	-	(97,030,646)	13,812	(7,736,219)
Less investment expenses	(43)	(4,296,903)	-	(768,414)
Net investment income (loss)	(43)	(101,327,549)	13,812	(8,504,633)
Contributions:				
Employee contributions	-	131,039	-	177,862
Employer contributions	2,713,309	26,478,192	7,118,365	5,722,295
Transfers in	-	59,689	-	-
Contributions from the State of Tennessee	-	-	3,324,256	14,309,396
Miscellaneous	-	-	-	-
Total contributions	2,713,309	26,668,920	10,442,621	20,209,553
Total additions	2,713,266	(74,658,629)	10,456,433	11,704,920
DEDUCTIONS:				
Pension and other employee benefits	2,711,862	50,265,930	10,178,430	32,149,394
Refunds of contributions	-	345,640	-	-
Administrative expenses	-	4,641,651	-	-
Transfers out	-	1,878,132	-	-
Total deductions	2,711,862	57,131,353	10,178,430	32,149,394
Change in net assets	1,404	(131,789,982)	278,003	(20,444,474)
NET ASSETS, beginning of year	736	1,403,996,280	283,447	122,438,253
NET ASSETS, end of year	\$ 2,140	\$ 1,272,206,298	\$ 561,450	\$ 101,993,779

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS - PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (CONTINUED)

For the Year Ended June 30, 2002

Closed City Plan	Teachers' Civil Service and Pension	Flexible Benefits Plan	Total Pension (and Other Employee Benefit) Trust Funds
\$ 427	\$ 11,838	\$ 33,086	\$ 35,213,868
-	-	-	(151,794,999)
-	-	-	11,873,429
427	11,838	33,086	(104,707,702)
-	-	-	(5,065,360)
427	11,838	33,086	(109,773,062)
-	-	451,959	760,860
11,461,983	4,554,265	-	58,048,409
-	-	-	59,689
-	2,674,391	-	20,308,043
-	-	1,048,604	1,048,604
11,461,983	7,228,656	1,500,563	80,225,605
11,462,410	7,240,494	1,533,649	(29,547,457)
11,461,935	7,020,410	457,258	114,245,219
-	-	-	345,640
-	-	15,000	4,656,651
-	-	1,828,100	3,706,232
11,461,935	7,020,410	2,300,358	122,953,742
475	220,084	(766,709)	(152,501,199)
316	233,868	766,709	1,527,719,609
\$ 791	\$ 453,952	\$ -	\$ 1,375,218,410

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

For the Year Ended June 30, 2002

	Balance June 30, 2001	Additions	Deductions	Balance June 30, 2002
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 18,084,655	\$ 53,977,379	\$ 47,660,166	\$ 24,401,868
Other assets	4,615	4,958	-	9,573
Total assets	<u>\$ 18,089,270</u>	<u>\$ 53,982,337</u>	<u>\$ 47,660,166</u>	<u>\$ 24,411,441</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 29,900	\$ -	\$ -	\$ 29,900
Funds held in trust	16,059,233	43,720,431	38,034,693	21,744,971
Other liabilities	2,000,137	10,261,906	9,625,473	2,636,570
Total liabilities	<u>\$ 18,089,270</u>	<u>\$ 53,982,337</u>	<u>\$ 47,660,166</u>	<u>\$ 24,411,441</u>
<u>Claudia Bonnyman, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 3,669,768	\$ 16,943,810	\$ 16,187,707	\$ 4,425,871
Investments	11,820	2,977	-	14,797
Other assets	254	10,000	254	10,000
Total assets	<u>\$ 3,681,842</u>	<u>\$ 16,956,787</u>	<u>\$ 16,187,961</u>	<u>\$ 4,450,668</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 3,400	\$ -	\$ -	\$ 3,400
Funds held in trust	3,666,368	16,943,810	16,174,830	4,435,348
Other liabilities	12,074	-	154	11,920
Total liabilities	<u>\$ 3,681,842</u>	<u>\$ 16,943,810</u>	<u>\$ 16,174,984</u>	<u>\$ 4,450,668</u>
<u>Bill Covington, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 10,833	\$ 95,958,101	\$ 95,956,885	\$ 12,049
Other assets	9,254	746	10,000	-
Total assets	<u>\$ 20,087</u>	<u>\$ 95,958,847</u>	<u>\$ 95,966,885</u>	<u>\$ 12,049</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 18,600	\$ 762	\$ 10,000	\$ 9,362
Other liabilities	1,487	95,958,085	95,956,885	2,687
Total liabilities	<u>\$ 20,087</u>	<u>\$ 95,958,847</u>	<u>\$ 95,966,885</u>	<u>\$ 12,049</u>
<u>David Torrence, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 7,426,775	\$ 8,866,330	\$ 8,892,423	\$ 7,400,682
Investments	877,697	-	246,452	631,245
Total assets	<u>\$ 8,304,472</u>	<u>\$ 8,866,330</u>	<u>\$ 9,138,875</u>	<u>\$ 8,031,927</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 29,747	\$ 5,759,440	\$ 5,732,991	\$ 56,196
Funds held in trust	6,447,773	141,110	-	6,588,883
Other liabilities	1,826,952	2,965,780	3,405,884	1,386,848
Total liabilities	<u>\$ 8,304,472</u>	<u>\$ 8,866,330</u>	<u>\$ 9,138,875</u>	<u>\$ 8,031,927</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (CONTINUED)

For the Year Ended June 30, 2002

	Balance June 30, 2001	Additions	Deductions	Balance June 30, 2002
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 1,932,598	\$ 23,612,006	\$ 23,367,098	\$ 2,177,506
Other assets	3,980	47,443	43,836	7,587
Total assets	<u>\$ 1,936,578</u>	<u>\$ 23,659,449</u>	<u>\$ 23,410,934</u>	<u>\$ 2,185,093</u>
LIABILITIES:				
Accounts payable	\$ 1,096	\$ 362,940	\$ 362,979	\$ 1,057
Due to other funds of the primary government	325,830	2,838,672	2,848,045	316,457
Other liabilities	1,609,652	20,458,038	20,200,111	1,867,579
Total liabilities	<u>\$ 1,936,578</u>	<u>\$ 23,659,650</u>	<u>\$ 23,411,135</u>	<u>\$ 2,185,093</u>
 <u>Kenny Norman, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 2,015,541	\$ 7,786,527	\$ 7,597,209	\$ 2,204,859
Other assets	-	2,146	-	2,146
Total assets	<u>\$ 2,015,541</u>	<u>\$ 7,788,673</u>	<u>\$ 7,597,209</u>	<u>\$ 2,207,005</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 91,976	\$ 485,750	\$ 486,327	\$ 91,399
Funds held in trust	1,530,797	355,571	161,904	1,724,464
Other liabilities	392,768	6,947,351	6,948,977	391,142
Total liabilities	<u>\$ 2,015,541</u>	<u>\$ 7,788,672</u>	<u>\$ 7,597,208</u>	<u>\$ 2,207,005</u>
 <u>Transit Authority Revenue</u>				
ASSETS:				
Cash and cash equivalents	\$ 69	\$ -	\$ 69	\$ -
Investments	58	1,836,615	1,836,673	-
Accounts receivable	-	125,792	-	125,792
Accrued interest receivable	222	424	646	-
Due from other funds of the primary government	-	4	-	430
Total assets	<u>\$ 349</u>	<u>\$ 1,962,835</u>	<u>\$ 1,837,388</u>	<u>\$ 126,222</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 56,385	\$ -	\$ 56,384
Due to component units	349	68,982	349	69,409
Other liabilities	-	429	-	429
Total liabilities	<u>\$ 349</u>	<u>\$ 125,796</u>	<u>\$ 349</u>	<u>\$ 126,222</u>
 <u>Joseph B. Knowles Residents</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 61,615</u>	<u>\$ 201,452</u>	<u>\$ 200,659</u>	<u>\$ 62,408</u>
LIABILITIES:				
Funds held in trust	<u>\$ 61,615</u>	<u>\$ 201,452</u>	<u>\$ 200,659</u>	<u>\$ 62,408</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (CONTINUED)

For the Year Ended June 30, 2002

	Balance June 30, 2001	Additions	Deductions	Balance June 30, 2002
<u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	\$ 170,742	\$ 2,021,082	\$ 1,879,066	\$ 312,758
LIABILITIES:				
Funds held in trust	\$ 170,742	\$ 2,021,082	\$ 1,879,066	\$ 312,758
 <u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 33,372,596	\$ 209,366,687	\$ 201,741,282	\$ 40,998,001
Investments	889,575	1,839,592	2,083,125	646,042
Accounts receivable	-	125,792	-	125,792
Accrued interest receivable	222	424	646	-
Due from other funds of the primary government	-	4	-	430
Other assets	18,103	65,293	54,090	29,306
Total assets	<u>\$ 34,280,496</u>	<u>\$ 211,397,792</u>	<u>\$ 203,879,143</u>	<u>\$ 41,799,571</u>
LIABILITIES:				
Accounts payable	\$ 1,096	\$ 419,325	\$ 362,979	\$ 57,441
Due to other funds of the primary government	499,453	9,084,624	9,077,363	506,714
Due to component units	349	68,982	349	69,409
Funds held in trust	27,936,528	63,383,456	56,451,152	34,868,832
Other liabilities	5,843,070	136,591,589	136,137,484	6,297,175
Total liabilities	<u>\$ 34,280,496</u>	<u>\$ 209,547,976</u>	<u>\$ 202,029,327</u>	<u>\$ 41,799,571</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DESCRIPTION OF FIDUCIARY FUNDS

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

DAVIDSON COUNTY EMPLOYEES' RETIREMENT FUND

The Davidson County Employees' Retirement Fund covers certain employees of the former Davidson County and was closed to new members in 1963. Benefits are funded by contributions from the Government.

METROPOLITAN EMPLOYEES' BENEFIT TRUST FUND

Established in 1963, the Metropolitan Employees' Benefit Trust Fund covers substantially all employees who are not members of any other plan and is used to account for Division A & B of the Metro Plan. Division B of the Metro Plan is the only plan open to new members. This fund receives contributions from both employees and from the Government. Under the administrative responsibility of the Employee Benefit Board, this fund provides for the accumulation of assets for the payment of disability and retirement benefits for employees covered under this plan.

EMPLOYEES' PENSION AND INSURANCE FUND

The Employees' Pension and Insurance Fund covers teachers and classified employees of the Metropolitan Nashville Public Schools of the former Davidson County. The plan is closed to new members and is funded by contributions from the Government, employees and the State of Tennessee.

TEACHERS' RETIREMENT PLAN FUND

The Teachers' Retirement Plan Fund is funded by contributions from the Metropolitan Nashville Public Schools, employees and the State of Tennessee. The plan was closed to new members on July 1, 1969.

CLOSED CITY PLAN FUND

The Civil Service Employees' Pension Fund covers certain employees of the former City of Nashville and was closed to new members in 1963. Benefits are funded by contributions from the Government.

The Police and Fireman Pension Fund cover certain employees of the former City of Nashville and were closed to new members in 1963. Benefits are funded by contributions from the Government.

TEACHERS' CIVIL SERVICE AND PENSION FUND

The Teachers' Civil Service and Pension Fund covers eligible employees who were teachers of the former City of Nashville. Benefits are funded by contributions from the Government and the State of Tennessee.

FLEXIBLE BENEFITS PLAN FUND

The Flexible Benefits Plan Fund was established to account for the pre-tax deductions withheld from compensation to employees of the Government for medical and dependent care.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DESCRIPTION OF FIDUCIARY FUNDS (CONTINUED)

AGENCY FUNDS

ELECTED OFFICIALS

The following agency funds are used to account for assets held by the Elected Officials as agents for individuals, governmental entities and others. These include:

Richard R. Rooker, Circuit Court Clerk
Claudia Bonnyman, Clerk and Master
Bill Covington, County Clerk
David Torrence, Criminal Court Clerk
Bill Garrett, County Register
Kenny Norman, Juvenile Court Clerk

TRANSIT AUTHORITY REVENUE FUND

The Transit Authority Revenue Fund accounts for federal funds passed through to the Metropolitan Transit Authority, which is responsible for the administration of these funds.

JOSEPH B. KNOWLES RESIDENTS FUND

The Joseph B. Knowles Residents Fund administers and accounts for the receipt and usage of individual residents' personal funds.

SHERIFF WORK RELEASE AND INMATE TRUST FUND

The Sheriff Work Release and Inmate Trust Fund administers and accounts for the receipt and usage of individual inmates' personal funds through the Commissary and Work Release accounts.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SPORTS AUTHORITY
BALANCE SHEET

June 30, 2002

ASSETS:	
Cash and cash equivalents	\$ 14,150,346
Investments	4,683,299
Accounts receivable	87,945
Accrued interest receivable	49,139
Due from the primary government	<u>791,298</u>
Total assets	<u>\$ 19,762,027</u>
LIABILITIES:	
Accounts payable	\$ 24,224
Accrued salaries and wages	4,831
Due to the primary government	1,218,497
Other liabilities	<u>6,400</u>
Total liabilities	<u>1,253,952</u>
FUND BALANCES:	
Reserved for encumbrances	1,210
Undesignated	<u>18,506,865</u>
Total fund balances	<u>18,508,075</u>
Total liabilities and fund balances	<u>\$ 19,762,027</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 SPORTS AUTHORITY

June 30, 2002

Fund balances	\$	18,508,075
<p>Amounts reported in the Statement of Net Assets are different because:</p>		
<p>Capital assets of governmental component units are not financial resources and therefore not reported in the Balance Sheet. However, they are reported in the Statement of Net Assets. This amount represents the net book value of capital assets at year-end.</p>		
		387,904,900
<p>Long-term liabilities, including revenue bonds payable, are not due and payable in the current period and therefore are not reported by governmental component units in the Balance Sheet. However, they are reported in the Statement of Net Assets. Additionally, related interest is accrued when incurred in the Statement of Net Assets.</p>		
Revenue bonds payable		(91,775,000)
Accrued interest		(1,723,975)
		(93,500,000)
Net assets	\$	312,914,000

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPORTS AUTHORITY

For the Year Ended June 30, 2002

REVENUES:	
Revenues from the use of money or property	\$ 936,573
Revenues from other governmental agencies	4,952,983
Charges for current services	2,004,263
Compensation for loss, sale or damage to property	<u>493,941</u>
Total revenues	<u>8,387,760</u>
EXPENDITURES:	
Personal services	98,958
Contractual services	5,638,528
Supplies and materials	1,856
Other costs	183,218
Debt service:	
Principal retirement	1,975,000
Interest	<u>5,406,366</u>
Total expenditures	<u>13,303,926</u>
Net change in fund balances	<u>(4,916,166)</u>
FUND BALANCES, beginning of year	<u>23,424,241</u>
FUND BALANCES, end of year	<u><u>\$ 18,508,075</u></u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
SPORTS AUTHORITY

For the Year Ended June 30, 2002

Net change in fund balances	\$ (4,916,166)
<p>Amounts reported in the Statement of Activities are different because:</p>	
<p>Governmental component units report capital outlays as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current year.</p>	
	(8,927,478)
<p>Governmental component units report the repayment of bond principal and the payment of interest as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. However, principal repayments reduce liabilities and interest expense is accrued when incurred in the Statement of Net Assets.</p>	
Principal repayments	1,975,000
Change in accrued interest	<u>46,779</u>
Change in net assets	<u>\$ (11,821,865)</u>

The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF COMBINING BALANCE SHEETS
GENERAL FUND

June 30, 2002

	General Services District	Urban Services District	Total General Fund
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 40,934,145	\$ 10,414,829	\$ 51,348,974
Investments	24,227,883	5,427,506	29,655,389
Sales tax receivable	12,407,494	168,894	12,576,388
Accounts receivable	38,952,801	5,613,923	44,566,724
Accrued interest receivable	2,355,087	63,941	2,419,028
Property taxes receivable	268,493,830	64,122,124	332,615,954
Allowance for doubtful accounts	(5,029,144)	(2,681,019)	(7,710,163)
Due from other funds of the primary government	17,903,793	582,942	18,486,735
Due from component units	3,566,488	-	3,566,488
Inventories of supplies	262,576	-	262,576
Other assets	83,831	4,492	88,323
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 404,158,784</u>	<u>\$ 83,717,632</u>	<u>\$ 487,876,416</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 13,696,850	\$ 402,199	\$ 14,099,049
Accrued payroll	16,659,046	2,107,111	18,766,157
Due to other funds of the primary government	7,614,567	1,166,633	8,781,200
Due to component units	1,091,984	5,300	1,097,284
Deferred revenue	267,972,907	62,187,419	330,160,326
Other liabilities	5,484,161	-	5,484,161
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>312,519,515</u>	<u>65,868,662</u>	<u>378,388,177</u>
FUND BALANCES:			
Reserved for imprest cash and inventories	977,014	4,850	981,864
Reserved for capital improvements	1,999,945	-	1,999,945
Reserved for social programs	2,679,567	-	2,679,567
Reserved for public safety	116,542	-	116,542
Reserved for subsequent year budgetary appropriations	34,586,381	3,928,790	38,515,171
Reserved for subsequent year budgetary appropriations - encumbered	1,331,573	5,440	1,337,013
Unreserved:			
Undesignated	49,948,247	13,909,890	63,858,137
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>91,639,269</u>	<u>17,848,970</u>	<u>109,488,239</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 404,158,784</u>	<u>\$ 83,717,632</u>	<u>\$ 487,876,416</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND

For the Year Ended June 30, 2002

	General Services District	Urban Services District	Total General Fund
REVENUES:			
Property taxes	\$ 266,394,663	\$ 73,787,419	\$ 340,182,082
Local option sales tax	74,472,409	1,013,752	75,486,161
Other taxes, licenses and permits	62,862,090	12,837,441	75,699,531
Fines, forfeits and penalties	9,197,437	-	9,197,437
Revenues from the use of money or property	1,454,843	338,200	1,793,043
Revenues from other governmental agencies	91,676,930	1,892,580	93,569,510
Commissions and fees	14,356,454	-	14,356,454
Charges for current services	20,335,134	634,659	20,969,793
Compensation for loss, sale or damage to property	1,274,646	29,184	1,303,830
Contributions and gifts	443,000	-	443,000
Miscellaneous	546,543	976	547,519
Total revenues	<u>543,014,149</u>	<u>90,534,211</u>	<u>633,548,360</u>
EXPENDITURES:			
General government	27,660,246	-	27,660,246
Fiscal administration	19,765,287	-	19,765,287
Administration of justice	43,163,240	-	43,163,240
Law enforcement and care of prisoners	159,551,996	-	159,551,996
Fire prevention and control	25,267,299	53,806,512	79,073,811
Regulation and inspection	7,177,920	-	7,177,920
Conservation of natural resources	319,543	-	319,543
Public welfare	12,554,567	-	12,554,567
Public health and hospitals	68,431,324	-	68,431,324
Public library system	16,237,004	-	16,237,004
Public works, highways and streets	24,741,875	5,946,832	30,688,707
Recreational and cultural	30,305,628	-	30,305,628
Employee benefits	27,658,368	19,218,574	46,876,942
Miscellaneous	32,484,227	1,307,460	33,791,687
Total expenditures	<u>495,318,524</u>	<u>80,279,378</u>	<u>575,597,902</u>
Excess of revenues over expenditures	<u>47,695,625</u>	<u>10,254,833</u>	<u>57,950,458</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	9,766,107	118,595	9,884,702
Transfers out	(46,719,148)	(11,678,427)	(58,397,575)
Total other financing sources (uses)	<u>(36,953,041)</u>	<u>(11,559,832)</u>	<u>(48,512,873)</u>
Net change in fund balances	10,742,584	(1,304,999)	9,437,585
FUND BALANCES, beginning of year	<u>80,896,685</u>	<u>19,153,969</u>	<u>100,050,654</u>
FUND BALANCES, end of year	<u>\$ 91,639,269</u>	<u>\$ 17,848,970</u>	<u>\$ 109,488,239</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2002

	General Services District		
	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES:			
Property taxes	\$ 258,906,420	\$ 266,394,663	\$ 7,488,243
Local option sales tax	80,134,138	74,472,409	(5,661,729)
Other taxes, licenses and permits	61,628,586	62,862,090	1,233,504
Fines, forfeits and penalties	9,231,313	9,197,437	(33,876)
Revenues from the use of money or property	1,897,120	1,454,843	(442,277)
Revenues from other governmental agencies	92,872,951	91,676,930	(1,196,021)
Commissions and fees	8,521,110	14,356,454	5,835,344
Charges for current services	19,439,406	20,335,134	895,728
Compensation for loss, sale or damage to property	1,284,300	1,274,646	(9,654)
Contributions and gifts	438,370	443,000	4,630
Miscellaneous	450,334	546,543	96,209
Total revenues	<u>534,804,048</u>	<u>543,014,149</u>	<u>8,210,101</u>
EXPENDITURES:			
General government	27,960,228	27,660,246	299,982
Fiscal administration	20,594,559	19,765,287	829,272
Administration of justice	39,860,507	43,163,240	(3,302,733)
Law enforcement and care of prisoners	159,209,126	159,551,996	(342,870)
Fire prevention and control	25,723,606	25,267,299	456,307
Regulation and inspection	7,462,167	7,177,920	284,247
Conservation of natural resources	416,069	319,543	96,526
Public welfare	13,464,899	12,554,567	910,332
Public health and hospitals	71,601,870	68,431,324	3,170,546
Public library system	17,355,888	16,237,004	1,118,884
Public works, highways and streets	28,591,055	24,741,875	3,849,180
Recreational and cultural	30,790,198	30,305,628	484,570
Employee benefits	28,563,639	27,658,368	905,271
Miscellaneous	43,165,441	32,484,227	10,681,214
Total expenditures	<u>514,759,252</u>	<u>495,318,524</u>	<u>19,440,728</u>
Excess (deficiency) of revenues over expenditures	<u>20,044,796</u>	<u>47,695,625</u>	<u>27,650,829</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	8,407,356	9,766,107	1,358,751
Transfers out	(50,505,146)	(46,719,148)	3,785,998
Total other financing sources (uses)	<u>(42,097,790)</u>	<u>(36,953,041)</u>	<u>5,144,749</u>
Net change in fund balances	(22,052,994)	10,742,584	32,795,578
FUND BALANCES, beginning of year	<u>80,896,685</u>	<u>80,896,685</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 58,843,691</u>	<u>\$ 91,639,269</u>	<u>\$ 32,795,578</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 (CONTINUED)

For the Year Ended June 30, 2002

Urban Services District			Total General Fund		
Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ 73,681,007	\$ 73,787,419	\$ 106,412	\$ 332,587,427	\$ 340,182,082	\$ 7,594,655
1,092,000	1,013,752	(78,248)	81,226,138	75,486,161	(5,739,977)
12,263,750	12,837,441	573,691	73,892,336	75,699,531	1,807,195
-	-	-	9,231,313	9,197,437	(33,876)
251,664	338,200	86,536	2,148,784	1,793,043	(355,741)
2,759,760	1,892,580	(867,180)	95,632,711	93,569,510	(2,063,201)
-	-	-	8,521,110	14,356,454	5,835,344
644,090	634,659	(9,431)	20,083,496	20,969,793	886,297
100,000	29,184	(70,816)	1,384,300	1,303,830	(80,470)
-	-	-	438,370	443,000	4,630
500	976	476	450,834	547,519	96,685
<u>90,792,771</u>	<u>90,534,211</u>	<u>(258,560)</u>	<u>625,596,819</u>	<u>633,548,360</u>	<u>7,951,541</u>
-	-	-	27,960,228	27,660,246	299,982
-	-	-	20,594,559	19,765,287	829,272
-	-	-	39,860,507	43,163,240	(3,302,733)
-	-	-	159,209,126	159,551,996	(342,870)
53,903,536	53,806,512	97,024	79,627,142	79,073,811	553,331
-	-	-	7,462,167	7,177,920	284,247
-	-	-	416,069	319,543	96,526
-	-	-	13,464,899	12,554,567	910,332
-	-	-	71,601,870	68,431,324	3,170,546
-	-	-	17,355,888	16,237,004	1,118,884
6,341,207	5,946,832	394,375	34,932,262	30,688,707	4,243,555
-	-	-	30,790,198	30,305,628	484,570
20,341,873	19,218,574	1,123,299	48,905,512	46,876,942	2,028,570
1,987,325	1,307,460	679,865	45,152,766	33,791,687	11,361,079
<u>82,573,941</u>	<u>80,279,378</u>	<u>2,294,563</u>	<u>597,333,193</u>	<u>575,597,902</u>	<u>21,735,291</u>
<u>8,218,830</u>	<u>10,254,833</u>	<u>2,036,003</u>	<u>28,263,626</u>	<u>57,950,458</u>	<u>29,686,832</u>
-	118,595	118,595	8,407,356	9,884,702	1,477,346
(11,700,058)	(11,678,427)	21,631	(62,205,204)	(58,397,575)	3,807,629
<u>(11,700,058)</u>	<u>(11,559,832)</u>	<u>140,226</u>	<u>(53,797,848)</u>	<u>(48,512,873)</u>	<u>5,284,975</u>
(3,481,228)	(1,304,999)	2,176,229	(25,534,222)	9,437,585	34,971,807
<u>19,153,969</u>	<u>19,153,969</u>	<u>-</u>	<u>100,050,654</u>	<u>100,050,654</u>	<u>-</u>
<u>\$ 15,672,741</u>	<u>\$ 17,848,970</u>	<u>\$ 2,176,229</u>	<u>\$ 74,516,432</u>	<u>\$ 109,488,239</u>	<u>\$ 34,971,807</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL
GENERAL FUND - GENERAL SERVICES DISTRICT

For the Year Ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>GENERAL GOVERNMENT:</u>			
Legislative (Office of Clerk and Council)	\$ 1,831,259	\$ 1,580,618	\$ 250,641
Executive (Office of the Mayor)	3,013,833	2,709,691	304,142
Election Commission	2,282,322	1,965,531	316,791
Department of Law	3,715,694	3,712,630	3,064
Planning Commission	3,263,771	3,004,145	259,626
Human Resources	3,893,538	3,544,869	348,669
County Register of Deeds	418,234	1,828,968	(1,410,734)
Department of General Services	8,204,749	8,104,761	99,988
Historical Commission	459,443	433,497	25,946
Community Education Alliance	501,251	451,876	49,375
Telecommunications	376,134	323,660	52,474
Total General Government	<u>27,960,228</u>	<u>27,660,246</u>	<u>299,982</u>
<u>FISCAL ADMINISTRATION:</u>			
Department of Finance	8,548,763	8,516,792	31,971
Assessor of Property	6,780,377	5,996,166	784,211
Metropolitan Trustee	1,989,513	1,989,513	-
County Clerk	3,275,906	3,262,816	13,090
Total Fiscal Administration	<u>20,594,559</u>	<u>19,765,287</u>	<u>829,272</u>
<u>ADMINISTRATION OF JUSTICE:</u>			
District Attorney	3,611,055	3,493,075	117,980
Public Defender	3,835,657	3,819,181	16,476
Juvenile Court Clerk	1,263,940	1,219,914	44,026
Circuit Court Clerk	2,821,084	6,706,508	(3,885,424)
Criminal Court Clerk	4,201,889	4,046,766	155,123
Clerk and Master	1,248,769	1,124,345	124,424
Juvenile Court	8,154,651	8,173,316	(18,665)
General Sessions Court	7,958,082	7,892,404	65,678
State Trial Courts	4,432,180	4,412,812	19,368
Justice Information System	2,333,200	2,274,919	58,281
Total Administration of Justice	<u>39,860,507</u>	<u>43,163,240</u>	<u>(3,302,733)</u>
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>			
Sheriff	47,623,193	47,926,020	(302,827)
Police Department	111,585,933	111,625,976	(40,043)
Total Law Enforcement and Care of Prisoners	<u>159,209,126</u>	<u>159,551,996</u>	<u>(342,870)</u>
<u>FIRE PREVENTION AND CONTROL:</u>			
Fire Department	25,723,606	25,267,299	456,307

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL
GENERAL FUND - GENERAL SERVICES DISTRICT
(CONTINUED)

For the Year Ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>REGULATION AND INSPECTION:</u>			
Department of Codes Administration	\$ 6,869,279	\$ 6,602,572	\$ 266,707
Taxicab and Wrecker Licensing Board	248,081	243,417	4,664
Beer Board	344,807	331,931	12,876
Total Regulation and Inspection	<u>7,462,167</u>	<u>7,177,920</u>	<u>284,247</u>
<u>CONSERVATION OF NATURAL RESOURCES:</u>			
Agricultural Extension Service	343,366	257,494	85,872
Soil and Water Conservation	72,703	62,049	10,654
Total Conservation of Natural Resources	<u>416,069</u>	<u>319,543</u>	<u>96,526</u>
<u>PUBLIC WELFARE:</u>			
Social Services Commission	13,114,438	12,276,505	837,933
Human Relations Commission	350,461	278,062	72,399
Total Public Welfare	<u>13,464,899</u>	<u>12,554,567</u>	<u>910,332</u>
<u>PUBLIC HEALTH AND HOSPITALS:</u>			
Board of Health	38,855,463	35,684,917	3,170,546
General Hospital	23,505,099	23,505,099	-
Bordeaux Hospital	9,241,308	9,241,308	-
Total Public Health and Hospitals	<u>71,601,870</u>	<u>68,431,324</u>	<u>3,170,546</u>
<u>PUBLIC LIBRARY SYSTEM:</u>			
Public Library	17,355,888	16,237,004	1,118,884
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>			
Public Works	28,591,055	24,741,875	3,849,180
<u>RECREATIONAL AND CULTURAL:</u>			
Parks and Recreation	26,543,201	26,387,639	155,562
Municipal Auditorium	1,840,156	1,573,325	266,831
Arts Commission	2,244,149	2,226,405	17,744
Sports Authority	162,692	118,259	44,433
Total Recreational and Cultural	<u>30,790,198</u>	<u>30,305,628</u>	<u>484,570</u>
<u>EMPLOYEE BENEFITS:</u>			
Contribution to Closed Pension Plans	9,983,292	10,201,297	(218,005)
Employer's Contribution for Group Health Insurance	14,738,490	13,690,256	1,048,234
Pensioners In-Line-of-Duty Medical Expense	1,200,000	1,107,954	92,046
Unemployment Compensation	250,000	414,051	(164,051)
Employer's Contribution for Group Life Insurance	891,857	721,997	169,860
Employee In-Line-Of-Duty Medical Expense	1,500,000	1,522,813	(22,813)
Total Employee Benefits	<u>28,563,639</u>	<u>27,658,368</u>	<u>905,271</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL
GENERAL FUND - GENERAL SERVICES DISTRICT
(CONTINUED)

For the Year Ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>MISCELLANEOUS:</u>			
Contingency for Subrogation	\$ 200,000	\$ -	\$ 200,000
Jury Commission	549	-	549
Contingency for Reimbursable Program Funds - Local Matching	401,504	-	401,504
Metropolitan Development & Housing Agency	3,049,834	3,374,310	(324,476)
Contingency for Federal, State and Other Program Funds	1,035,993	-	1,035,993
Contribution to Nashville Symphony	15,000	15,000	-
Contribution to Cumberland Museum	265,250	265,250	-
Victim Offender Reconciliation	32,450	32,450	-
Legal Aid Society of Middle Tennessee	7,453	7,453	-
Contribution to Partnership 2000	200,000	200,000	-
Contribution to the Sports Council	200,000	200,000	-
Contribution to Guest House	156,750	156,750	-
Contribution to Renaissance Center	4,750	4,750	-
Contribution to Adult Literacy Program	8,550	8,550	-
Community Access Television	38,000	38,000	-
Nashville Humane Association	12,500	12,500	-
Contribution to Community AfterCare	510,300	510,300	-
Contribution to Nashville Public Television	2,050,229	2,050,229	-
Contribution to Affordable Housing	1,778,082	794,508	983,574
Contribution to Domestic Violence Intervention	110,950	110,950	-
Contribution to KM Smith	53,000	53,000	-
Contribution to Neighborhood Justice	90,630	90,630	-
Contribution to YMCA Model Metro	2,500	-	2,500
Contribution to Nashville Zoo	500,000	500,000	-
Contribution to Nashville Minority Business Center	50,000	-	50,000
Contribution to Cumberland Region Tomorrow	25,000	-	25,000
Contribution to Ujima House Inc.	28,000	28,000	-
Contribution to Project Return	35,000	34,936	64
Contribution to Heart of Hope	300,000	-	300,000
Contribution to LISC	100,000	-	100,000
Metropolitan Transit Authority	8,677,066	8,677,066	-
Regional Transit Authority	20,000	20,000	-
Metropolitan Airport Authority	307,771	293,539	14,232
Economic/Job Incentive	1,400,000	997,890	402,110
Insurance and Reserve	1,835,000	1,497,554	337,446
Surety Bonds	70,000	13,144	56,856
Corporate Dues and Contributions to other Government Associations	253,265	256,931	(3,666)
Contract with Bill Wilkerson Hearing and Speech Center	222,820	218,547	4,273
Contingency Account - Other	15,000	15,000	-
Contingency - New Courts	159,648	-	159,648
Contingency E-911	470,000	-	470,000
Property Tax Relief Program	1,071,360	600,000	471,360

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL
GENERAL FUND - GENERAL SERVICES DISTRICT
(CONTINUED)

For the Year Ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>MISCELLANEOUS (CONTINUED):</u>			
Neighborhood Enhancement Grant	\$ 100,000	\$ 86,961	\$ 13,039
International Population Need Assessment	350,000	-	350,000
Interpreter Services Grant	100,000	-	100,000
District Energy System Development Cost	2,500,000	1,756,395	743,605
Gaylord Entertainment Center	5,138,963	5,043,563	95,400
Stadium Maintenance	1,000,000	907,561	92,439
Capital Improvement Plan	817,308	817,308	-
Bonding Firm Investigation	1,567	-	1,567
Contribution Forest Fire	4,000	4,000	-
Post Audit	1,715,786	1,651,509	64,277
Fringe Benefits	-	187,559	(187,559)
Benefit Adjustments	4,013,122	-	4,013,122
Pay Plan Improvements	235,197	-	235,197
Judgments and Losses	800,000	800,000	-
Information Systems	230,694	-	230,694
Property Management	394,600	152,134	242,466
	<u>43,165,441</u>	<u>32,484,227</u>	<u>10,681,214</u>
Total Miscellaneous			
Total Expenditures	<u>\$ 514,759,252</u>	<u>\$ 495,318,524</u>	<u>\$ 19,440,728</u>
<u>TRANSFERS IN:</u>			
USD General Fund	\$ 1,432,234	\$ 1,497,234	\$ 65,000
General Purpose School	2,297,903	2,074,753	(223,150)
Nonmajor Governmental Funds	894,374	2,356,650	1,462,276
Water and Sewerage Services	319,100	307,032	(12,068)
Nonmajor Enterprise Funds	20,000	205,830	185,830
Internal Service Funds	1,565,613	1,446,477	(119,136)
Fiduciary Funds	1,878,132	1,878,131	(1)
	<u>8,407,356</u>	<u>9,766,107</u>	<u>1,358,751</u>
Total Transfers In			
<u>TRANSFERS OUT:</u>			
General Purpose School Fund	(4,700)	(4,375)	325
GSD General Purpose Debt Service	(3,745,022)	(3,742,450)	2,572
General Fund 4% Reserve	(17,499,013)	(17,837,716)	(338,703)
Nonmajor Governmental Funds	(28,655,379)	(24,723,575)	3,931,804
Nonmajor Enterprise Funds	(259,708)	(259,708)	-
Internal Service Funds	(341,324)	(151,324)	190,000
	<u>(50,505,146)</u>	<u>(46,719,148)</u>	<u>3,785,998</u>
Total Transfers Out			
Total Other Financing Sources (Uses)	<u>\$ (42,097,790)</u>	<u>\$ (36,953,041)</u>	<u>\$ 5,144,749</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL
GENERAL FUND - URBAN SERVICES DISTRICT

For the Year Ended June 30, 2002

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>FIRE PREVENTION AND CONTROL:</u>			
Fire Department	\$ 53,903,536	\$ 53,806,512	\$ 97,024
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>			
Public Works	6,341,207	5,946,832	394,375
<u>EMPLOYEE BENEFITS:</u>			
Contribution to Closed Pension Plans	17,871,651	17,083,920	787,731
Employer's Contribution for Group Health Insurance	2,337,450	2,038,612	298,838
Direct Pension Payments	4,800	9,900	(5,100)
Unemployment Compensation	10,000	-	10,000
Employer's Contribution for Group Life Insurance	117,972	86,142	31,830
Total Employee Benefits	<u>20,341,873</u>	<u>19,218,574</u>	<u>1,123,299</u>
<u>MISCELLANEOUS:</u>			
Contingency for Subrogation	77,536	-	77,536
Contingency for Federal, State and Other Program Funds	450,000	-	450,000
Insurance and Reserve	274,000	277,855	(3,855)
Contingency Account	50,000	-	50,000
Property Tax Relief	135,440	-	135,440
Judgments and Losses	100,000	100,000	-
Information Systems	95,089	-	95,089
Metropolitan Development & Housing Agency	805,260	929,605	(124,345)
Total Miscellaneous	<u>1,987,325</u>	<u>1,307,460</u>	<u>679,865</u>
Total Expenditures	<u>\$ 82,573,941</u>	<u>\$ 80,279,378</u>	<u>\$ 2,294,563</u>
<u>TRANSFERS IN:</u>			
Nonmajor Governmental Funds	\$ -	\$ 118,595	\$ 118,595
Total Transfers In	<u>-</u>	<u>118,595</u>	<u>118,595</u>
<u>TRANSFERS OUT:</u>			
GSD General Fund	(1,527,323)	(1,497,234)	30,089
Nonmajor Governmental Funds	(10,172,735)	(10,181,193)	(8,458)
Total Transfers Out	<u>(11,700,058)</u>	<u>(11,678,427)</u>	<u>21,631</u>
Total Other Financing Sources (Uses)	<u>\$ (11,700,058)</u>	<u>\$ (11,559,832)</u>	<u>\$ 140,226</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2002

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2001 Realty	\$ 17,723,650	\$ 15,388,997	\$ 7,751,621	\$ 5,049,843	\$ 1,765,898	\$ 821,635
2001 Personalty	3,989,483	3,415,897	1,717,676	1,122,865	392,652	182,704
2001 Public Utility	641,371	534,179	267,678	176,211	61,616	28,674
Total 2001 Property Taxes	<u>22,354,504</u>	<u>19,339,073</u>	<u>9,736,975</u>	<u>6,348,919</u>	<u>2,220,166</u>	<u>1,033,013</u>
2000 Realty	1,788,474	1,483,089	718,732	429,106	223,515	111,736
2000 Personalty	1,741,883	1,398,028	674,524	406,162	211,568	105,774
2000 Public Utility	346,347	270,497	130,013	78,864	41,080	20,540
Total 2000 Property Taxes	<u>3,876,704</u>	<u>3,151,614</u>	<u>1,523,269</u>	<u>914,132</u>	<u>476,163</u>	<u>238,050</u>
1999 & Prior - Realty	2,025,796	1,638,219	792,165	474,966	247,404	123,684
1999 & Prior - Personalty	6,946,602	5,256,364	2,524,286	1,533,707	798,914	399,457
1999 & Prior - Public Utility	2,481,205	1,982,624	956,790	575,886	299,976	149,972
Total 1999 & Prior Property Taxes	<u>11,453,603</u>	<u>8,877,207</u>	<u>4,273,241</u>	<u>2,584,559</u>	<u>1,346,294</u>	<u>673,113</u>
Total Delinquent Property Taxes Receivable *	<u>\$ 37,684,811</u>	<u>\$ 31,367,894</u>	<u>\$ 15,533,485</u>	<u>\$ 9,847,610</u>	<u>\$ 4,042,623</u>	<u>\$ 1,944,176</u>

* Excludes 2002 Property Tax Levy

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND (CONTINUED)

June 30, 2002

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 2,334,653	\$ 2,053,327	\$ 281,326
573,586	504,469	69,117
107,192	94,275	12,917
3,015,431	2,652,071	363,360
305,385	270,021	35,364
343,855	304,037	39,818
75,850	67,067	8,783
725,090	641,125	83,965
387,577	342,696	44,881
1,690,238	1,494,508	195,730
498,581	440,845	57,736
2,576,396	2,278,049	298,347
\$ 6,316,917	\$ 5,571,245	\$ 745,672

See accompanying accountants' report.

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>

* Excludes 2002 Property Tax Levy

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS AND NOTES PAYABLE
GENERAL SERVICES DISTRICT

June 30, 2002

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
<u>For General Purposes:</u>		
Open Space Land Bonds of 1961	1.00%	Dec. 15, 1961
GSD Public Works Bonds of 1976	4.50	Jul. 1, 1976
Multi-purpose Improvement Bonds of 1976	4.50	Jul. 1, 1976
GSD G.O. Refunding Bonds of 1993	5.00 - 5.25	May 15, 1993
GSD G.O. Multi-purpose Improvement Bonds of 1994	5.30 - 6.15	Sep. 15, 1994
GSD G.O. Multi-purpose Improvement Bonds of 1995	5.00 - 5.70	May 15, 1995
G.O. Public Improvement Bonds of 1996	5.50 - 5.875	June 15, 1996
GSD G.O. Public Improvement Bonds, Series 1996A	4.70 - 5.375	Oct. 1, 1996
GSD G.O. Refunding Bonds of 1996	4.40 - 6.00	Dec. 1, 1996
GSD G.O. Refunding Bonds, Series 1997	4.40 - 5.125	Sep. 15, 1997
GSD G.O. Multi-purpose Improvement Bonds, Series 1997A	5.125	Oct. 15, 1997
GSD G.O. Public Improvement and Refunding Bonds of 1999	4.25 - 5.25	May 15, 1999
GSD G.O. Multi-Purpose Improvement Bonds, Series 2001A	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-Purpose Refunding Bonds, Series 2001B	5.00 - 5.50	Feb. 15, 2001
Total General Obligation Bonds Payable For General Purposes		
<u>For School Purposes:</u>		
GSD G.O. Refunding Bonds of 1993	5.00 - 5.25	May 15, 1993
GSD G.O. Multi-purpose Improvement Bonds of 1994	5.30 - 6.15	Sep. 15, 1994
GSD G.O. Multi-purpose Improvement Bonds of 1995	5.00 - 5.70	May 15, 1995
GSD G.O. Multi-purpose Improvement Bonds, Series 1996A	4.70 - 5.375	Oct. 1, 1996
GSD G.O. Refunding Bonds, Series 1997	4.40 - 5.125	Sep. 15, 1997
GSD G.O. Multi-purpose Improvement Bonds, Series 1997A	5.125	Oct. 15, 1997
GSD G.O. Public Improvement and Refunding Bonds of 1999	4.25 - 5.125	May 15, 1999
GSD G.O. Multi-purpose Improvement Bonds, Series 2001A	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-purpose Refunding Bonds, Series 2001B	5.00 - 5.50	Feb. 15, 2001
Total General Obligation Bonds Payable for School Purposes		
Total General Obligation Bonds Payable - General Services District		
<u>LIMITED OBLIGATION REVENUE BONDS PAYABLE</u>		
Correctional Facility Revenue Bonds	3.75 - 5.00	Feb. 1, 2002
Special Limited Obligation Revenue Refunding Bonds Payable - General Services District		
Total Bonds Payable - General Services District		

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
GENERAL SERVICES DISTRICT

June 30, 2002

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2002</u>	<u>Interest to Maturity as of June 30, 2002</u>
Dec. 15, 2001	\$ 1,000,000	\$ -	\$ -
Jan. 1, 2002	10,000,000	-	-
Jan. 1, 2002	4,950,000	-	-
May 15, 2008	193,128,625	99,124,442	14,000,483
May 15, 2011	87,300,000	3,480,360	286,137
May 15, 2025	49,600,000	27,933,513	26,123,072
May 15, 2026	74,880,000	67,635,000	59,575,482
Nov. 15, 2016	90,568,118	64,472,139	27,864,051
Dec. 1, 2010	28,671,142	24,371,098	6,517,883
May 15, 2025	64,596,180	62,436,960	53,882,758
Nov. 15, 2027	119,180,124	98,018,975	49,269,308
Nov. 15, 2029	133,288,342	124,063,099	93,682,780
Oct. 15, 2021	62,065,000	62,065,000	26,061,888
Oct. 15, 2017	<u>43,633,148</u>	<u>43,633,148</u>	<u>19,498,240</u>
	<u>962,860,679</u>	<u>677,233,734</u>	<u>376,762,082</u>
May 15, 2008	81,490,821	42,377,064	6,593,150
May 15, 2011	62,700,000	2,499,640	205,508
May 15, 2025	54,000,000	30,411,487	28,440,441
Nov. 15, 2016	5,566,882	3,962,861	1,712,699
May 15, 2025	46,393,820	44,843,040	38,699,301
Nov. 15, 2027	30,819,876	28,861,025	23,173,336
Nov. 15, 2019	53,474,949	49,354,618	25,362,610
Oct. 15, 2019	176,640,000	167,895,000	69,638,831
Oct. 15, 2017	<u>30,111,852</u>	<u>30,111,852</u>	<u>13,610,916</u>
	<u>541,198,200</u>	<u>400,316,587</u>	<u>207,436,792</u>
	<u>1,504,058,879</u>	<u>1,077,550,321</u>	<u>584,198,874</u>
Sep. 1, 2011	<u>16,265,000</u>	<u>16,006,260</u>	<u>4,133,161</u>
	<u>16,265,000</u>	<u>16,006,260</u>	<u>4,133,161</u>
	<u>\$ 1,520,323,879</u>	<u>\$ 1,093,556,581</u>	<u>\$ 588,332,035</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
URBAN SERVICES DISTRICT

June 30, 2002

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
Urban Sewer Bonds of 1963	0.10%	Dec. 1, 1963
USD Public Works Bonds of 1976	4.50	Jul. 1, 1976
USD G.O. Refunding Bonds of 1993	5.00 - 5.25	May 15, 1993
USD G.O. Refunding Bonds of 1996	4.40 - 6.00	Dec. 1, 1996
USD G.O. Public Improvement and Refunding Bonds of 1999	4.25 - 4.25	May 15, 1999
USD G.O. Multi-purpose Improvement Bonds, Series 2001A	5.00 - 5.50	Feb. 15, 2001
USD G.O. (Tax Exempt) Thermal Refunding Bonds, 2002	2.00 - 5.25	Apr. 01, 2002
USD G.O. (Taxable) Thermal Refunding Bonds, 2002	3.00 - 6.00	Apr. 01, 2002
Total General Obligation Bonds Payable - Urban Services District		
<u>REVENUE BONDS PAYABLE</u>		
Department of Water and Sewerage Revenue Refunding Bonds of 1986	5.50 - 7.70	Oct. 1, 1986
Department of Water and Sewerage Revenue Bonds, Series 1992	5.20 - 5.60	Aug. 15, 1992
Department of Water and Sewerage Revenue Bonds, Series 1993	4.60 - 6.50	Aug. 1, 1993
Department of Water and Sewerage Revenue Refunding Bonds of 1996	5.00 - 5.50	May 15, 1996
Department of Water and Sewerage Revenue Refunding Bonds, Series 1998A	4.00 - 5.00	Feb. 1, 1998
Department of Water and Sewerage Revenue Bonds, Series of 1998B	4.00 - 5.25	Feb. 15, 1998
Total Revenue Bonds Payable - Urban Services District		
Total Bonds Payable - Urban Services District		

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
URBAN SERVICES DISTRICT

June 30, 2002

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2002</u>	<u>Interest to Maturity as of June 30, 2002</u>
Dec. 1, 2003	\$ 5,500,000	\$ 100,000	\$ 100
Jan. 1, 2002	3,000,000	-	-
May 15, 2008	45,480,554	23,018,493	3,184,205
Dec. 1, 2010	5,633,858	4,788,903	1,280,760
Nov. 15, 2003	736,709	272,283	11,397
Oct. 15, 2017	23,450,000	23,450,000	11,065,319
July 1, 2014	31,065,000	29,384,205	8,991,797
July 1, 2012	27,000,000	25,545,659	4,732,828
	<u>141,866,121</u>	<u>106,559,543</u>	<u>29,266,406</u>
Jan. 1, 2016	339,866,665	135,615,000	92,373,050
Jan. 1, 2004	170,000,000	5,610,000	472,710
Jan. 1, 2016	157,475,000	125,220,000	50,132,710
Jan. 1, 2014	74,725,000	60,805,362	22,918,863
Jan. 1, 2022	156,315,000	146,012,600	105,460,390
Jan. 1, 2014	55,000,000	43,415,000	16,243,572
	<u>953,381,665</u>	<u>516,677,962</u>	<u>287,601,295</u>
	<u>\$ 1,095,247,786</u>	<u>\$ 623,237,505</u>	<u>\$ 316,867,701</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE

General Services District

Based on Bonded Debt as of June 30, 2002

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Total General Obligation Bonds		
				Principal	Interest	Total
2003	\$ 65,906,171	\$ 55,894,277	\$ 121,800,448	\$ 64,566,171	\$ 55,142,097	\$ 119,708,268
2004	68,233,496	52,579,717	120,813,213	66,838,496	51,938,611	118,777,107
2005	70,475,082	49,114,377	119,589,459	69,025,082	48,528,427	117,553,509
2006	72,770,738	45,619,772	118,390,510	71,265,738	45,092,922	116,358,660
2007	60,600,222	41,593,920	102,194,142	59,030,222	41,128,570	100,158,792
2008	58,695,393	38,377,687	97,073,080	57,065,393	37,976,337	95,041,730
2009	52,138,631	35,447,272	87,585,903	50,428,631	35,121,272	85,549,903
2010	50,963,322	32,791,452	83,754,774	49,168,322	32,553,077	81,721,399
2011	50,967,265	30,149,749	81,117,014	49,082,265	30,003,374	79,085,639
2012	45,754,999	27,807,358	73,562,357	43,769,999	27,757,733	71,527,732
2013	43,315,001	25,530,360	68,845,361	43,315,001	25,530,360	68,845,361
2014	43,645,000	23,271,823	66,916,823	43,645,000	23,271,823	66,916,823
2015	44,020,000	20,967,405	64,987,405	44,020,000	20,967,405	64,987,405
2016	43,685,000	18,644,201	62,329,201	43,685,000	18,644,201	62,329,201
2017	44,070,000	16,324,337	60,394,337	44,070,000	16,324,337	60,394,337
2018	37,445,000	14,302,211	51,747,211	37,445,000	14,302,211	51,747,211
2019	35,645,000	12,385,242	48,030,242	35,645,000	12,385,242	48,030,242
2020	30,375,000	10,661,661	41,036,661	30,375,000	10,661,661	41,036,661
2021	24,625,000	9,221,593	33,846,593	24,625,000	9,221,593	33,846,593
2022	25,225,000	7,908,921	33,133,921	25,225,000	7,908,921	33,133,921
2023	26,600,000	6,538,641	33,138,641	26,600,000	6,538,641	33,138,641
2024	28,050,001	5,093,150	33,143,151	28,050,001	5,093,150	33,143,151
2025	29,585,000	3,568,784	33,153,784	29,585,000	3,568,784	33,153,784
2026	13,090,000	1,960,600	15,050,600	13,090,000	1,960,600	15,050,600
2027	8,500,000	1,235,941	9,735,941	8,500,000	1,235,941	9,735,941
2028	8,935,000	783,247	9,718,247	8,935,000	783,247	9,718,247
2029	5,115,000	416,981	5,531,981	5,115,000	416,981	5,531,981
2030	5,385,000	141,356	5,526,356	5,385,000	141,356	5,526,356
	<u>1,093,815,321</u>	<u>588,332,035</u>	<u>1,682,147,356</u>	<u>1,077,550,321</u>	<u>584,198,874</u>	<u>1,661,749,195</u>
Deferred Costs	<u>(258,740)</u>	<u>-</u>	<u>(258,740)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,093,556,581</u>	<u>\$ 588,332,035</u>	<u>\$ 1,681,888,616</u>	<u>\$ 1,077,550,321</u>	<u>\$ 584,198,874</u>	<u>\$ 1,661,749,195</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)

General Services District

Based on Bonded Debt as of June 30, 2002

General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ 41,551,980	\$ 34,807,056	\$ 76,359,036	\$ 23,014,191	\$ 20,335,041	\$ 43,349,232
42,680,449	32,756,514	75,436,963	24,158,047	19,182,097	43,340,144
44,428,042	30,575,506	75,003,548	24,597,040	17,952,921	42,549,961
46,623,666	28,343,766	74,967,432	24,642,072	16,749,156	41,391,228
36,315,185	25,715,691	62,030,876	22,715,037	15,412,879	38,127,916
35,221,464	23,792,507	59,013,971	21,843,929	14,183,830	36,027,759
30,135,075	22,073,077	52,208,152	20,293,556	13,048,195	33,341,751
30,202,012	20,506,360	50,708,372	18,966,310	12,046,717	31,013,027
30,320,026	18,920,288	49,240,314	18,762,239	11,083,086	29,845,325
25,319,596	17,558,101	42,877,697	18,450,403	10,199,632	28,650,035
25,102,597	16,264,447	41,367,044	18,212,404	9,265,913	27,478,317
25,659,211	14,942,755	40,601,966	17,985,789	8,329,068	26,314,857
26,257,681	13,578,701	39,836,382	17,762,319	7,388,704	25,151,023
26,143,208	12,196,897	38,340,105	17,541,792	6,447,304	23,989,096
26,764,082	10,804,323	37,568,405	17,305,918	5,520,014	22,825,932
20,765,780	9,616,621	30,382,401	16,679,220	4,685,590	21,364,810
18,093,663	8,597,808	26,691,471	17,551,337	3,787,434	21,338,771
19,056,363	7,623,225	26,679,588	11,318,637	3,038,436	14,357,073
16,897,346	6,676,511	23,573,857	7,727,654	2,545,082	10,272,736
17,076,502	5,776,324	22,852,826	8,148,498	2,132,597	10,281,095
18,007,456	4,843,398	22,850,854	8,592,544	1,695,243	10,287,787
18,989,967	3,859,231	22,849,198	9,060,034	1,233,919	10,293,953
20,029,060	2,821,363	22,850,423	9,555,940	747,421	10,303,361
11,366,398	1,726,394	13,092,792	1,723,602	234,206	1,957,808
6,690,217	1,092,278	7,782,495	1,809,783	143,663	1,953,446
7,036,708	734,603	7,771,311	1,898,292	48,644	1,946,936
5,115,000	416,981	5,531,981	-	-	-
5,385,000	141,356	5,526,356	-	-	-
677,233,734	376,762,082	1,053,995,816	400,316,587	207,436,792	607,753,379
-	-	-	-	-	-
\$ 677,233,734	\$ 376,762,082	\$ 1,053,995,816	\$ 400,316,587	\$ 207,436,792	\$ 607,753,379

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)

General Services District

Based on Bonded Debt as of June 30, 2002

Year Ending June 30	Correctional Facility Revenue Bonds		
	Principal	Interest	Total
2003	\$ 1,340,000	\$ 752,180	\$ 2,092,180
2004	1,395,000	641,106	2,036,106
2005	1,450,000	585,950	2,035,950
2006	1,505,000	526,850	2,031,850
2007	1,570,000	465,350	2,035,350
2008	1,630,000	401,350	2,031,350
2009	1,710,000	326,000	2,036,000
2010	1,795,000	238,375	2,033,375
2011	1,885,000	146,375	2,031,375
2012	1,985,000	49,625	2,034,625
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
	16,265,000	4,133,161	20,398,161
Deferred Costs	(258,740)	-	(258,740)
	\$ 16,006,260	\$ 4,133,161	\$ 20,139,421

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)

Urban Services District

Based on Bonded Debt as of June 30, 2002

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2003	\$ 31,638,829	\$ 33,999,186	\$ 65,638,015	\$ 11,958,829	\$ 4,383,696	\$ 16,342,525
2004	32,221,504	33,198,662	65,420,166	11,581,504	4,535,752	16,117,256
2005	33,604,918	31,638,384	65,243,302	11,924,918	4,045,059	15,969,977
2006	38,394,262	29,972,245	68,366,507	12,434,262	3,503,075	15,937,337
2007	37,289,778	27,934,155	65,223,933	10,009,778	2,837,565	12,847,343
2008	38,749,607	25,981,107	64,730,714	9,979,607	2,337,987	12,317,594
2009	37,396,369	23,954,412	61,350,781	6,266,369	1,934,430	8,200,799
2010	39,886,678	21,457,676	61,344,354	6,576,678	1,625,754	8,202,432
2011	41,917,734	18,808,350	60,726,084	6,292,734	1,310,455	7,603,189
2012	43,625,000	16,084,851	59,709,851	5,610,000	1,022,238	6,632,238
2013	45,755,000	13,210,669	58,965,669	5,265,000	759,894	6,024,894
2014	46,875,000	10,851,549	57,726,549	4,255,000	519,781	4,774,781
2015	49,235,000	8,405,511	57,640,511	4,480,000	288,194	4,768,194
2016	29,110,000	5,848,706	34,958,706	1,635,000	123,338	1,758,338
2017	14,460,000	4,342,175	18,802,175	1,425,000	39,188	1,464,188
2018	13,710,000	3,651,238	17,361,238	-	-	-
2019	14,375,000	2,965,737	17,340,737	-	-	-
2020	15,020,000	2,246,988	17,266,988	-	-	-
2021	15,810,000	1,533,537	17,343,537	-	-	-
2022	16,475,000	782,563	17,257,563	-	-	-
	<u>635,549,679</u>	<u>316,867,701</u>	<u>952,417,380</u>	<u>109,694,679</u>	<u>29,266,406</u>	<u>138,961,085</u>
Deferred Costs	<u>(12,312,174)</u>	<u>-</u>	<u>(12,312,174)</u>	<u>(3,135,136)</u>	<u>-</u>	<u>(3,135,136)</u>
	<u>\$ 623,237,505</u>	<u>\$ 316,867,701</u>	<u>\$ 940,105,206</u>	<u>\$ 106,559,543</u>	<u>\$ 29,266,406</u>	<u>\$ 135,825,949</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)

Urban Services District

Based on Bonded Debt as of June 30, 2002

Revenue Bonds		
Department of Water and Sewerage Services		
Principal	Interest	Total
\$ 19,680,000	\$ 29,615,490	\$ 49,295,490
20,640,000	28,662,910	49,302,910
21,680,000	27,593,325	49,273,325
25,960,000	26,469,170	52,429,170
27,280,000	25,096,590	52,376,590
28,770,000	23,643,120	52,413,120
31,130,000	22,019,982	53,149,982
33,310,000	19,831,922	53,141,922
35,625,000	17,497,895	53,122,895
38,015,000	15,062,613	53,077,613
40,490,000	12,450,775	52,940,775
42,620,000	10,331,768	52,951,768
44,755,000	8,117,317	52,872,317
27,475,000	5,725,368	33,200,368
13,035,000	4,302,987	17,337,987
13,710,000	3,651,238	17,361,238
14,375,000	2,965,737	17,340,737
15,020,000	2,246,988	17,266,988
15,810,000	1,533,537	17,343,537
16,475,000	782,563	17,257,563
525,855,000	287,601,295	813,456,295
(9,177,038)	-	(9,177,038)
<u>\$ 516,677,962</u>	<u>\$ 287,601,295</u>	<u>\$ 804,279,257</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF ESTIMATED REVENUES AND FUND BALANCES
TO SUPPORT APPROPRIATIONS*

GENERAL SERVICES DISTRICT

For the Year July 1, 2002 Through June 30, 2003

SOURCE OF REVENUE:	General Fund	Debt Service Fund	School Debt Service Fund	School Funds	Total
Property Taxes	\$ 267,144,085	\$ 58,125,989	\$ 27,178,343	\$ 172,763,183	\$ 525,211,600
Local Option Sales Tax	79,509,853	2,000,000	14,948,019	146,207,445	242,665,317
Other Taxes, Licenses and Permits	64,295,575	-	-	2,552,575	66,848,150
Fines, Forfeits, and Penalties	8,210,473	-	-	7,800	8,218,273
Revenues From Use of Money or Property	1,088,254	1,146,613	1,030,340	333,147	3,598,354
Revenues From Other Governmental Agencies	82,219,179	4,255,000	-	147,006,614	233,480,793
Commissions and Fees	8,287,382	150,000	-	-	8,437,382
Charges for Current Services	20,514,443	-	-	2,822,095	23,336,538
Contribution from Property	922,147	-	-	539,487	1,461,634
Contributions and Gifts	466,260	-	-	1,556,054	2,022,314
Miscellaneous	461,400	-	-	300	461,700
Subtotal	533,119,051	65,677,602	43,156,702	473,788,700	1,115,742,055
Transfers In	8,249,118	9,690,902	-	828,587	18,768,607
Subtotal	8,249,118	9,690,902	-	828,587	18,768,607
Appropriated Unreserved Fund Balances	35,917,954	10,788,474	13,259,289	2,982,713	62,948,430
Total Available for GSD Appropriations	<u>\$ 577,286,123</u>	<u>\$ 86,156,978</u>	<u>\$ 56,415,991</u>	<u>\$ 477,600,000</u>	<u>\$ 1,197,459,092</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2002-1073 for the 2002-2003 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF ESTIMATED REVENUES AND FUND BALANCES
TO SUPPORT APPROPRIATIONS* (CONTINUED)

URBAN SERVICES DISTRICT

For the Year July 1, 2002 Through June 30, 2003

	General Fund	Debt Service Fund	Total
<u>SOURCE OF REVENUE:</u>	<u> </u>	<u> </u>	<u> </u>
Property Taxes	\$ 75,276,364	\$ 9,470,848	\$ 84,747,212
Local Option Sales Tax	1,067,879	-	1,067,879
Other Taxes, Licenses, and Permits	10,821,355	-	10,821,355
Revenues From Use of Money or Property	172,264	187,951	360,215
Revenues From Other Governmental Agencies	9,747,645	-	9,747,645
Commissions and Fees	658,900	-	658,900
Compensation from Property	100,000	-	100,000
Subtotal	<u>97,844,407</u>	<u>9,658,799</u>	<u>107,503,206</u>
Transfers In	<u>-</u>	<u>8,683,334</u>	<u>8,683,334</u>
Subtotal	-	8,683,334	8,683,334
Appropriated Unreserved Fund Balances	<u>3,934,230</u>	<u>1,792,117</u>	<u>5,726,347</u>
Total Available for USD Appropriations	<u>\$ 101,778,637</u>	<u>\$ 20,134,250</u>	<u>\$ 121,912,887</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2002-1073 for the 2002-2003 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 BUDGETARY SCHEDULE OF APPROPRIATIONS BY FUNCTION AND/OR FUNDS *

For the Year July 1, 2002 Through June 30, 2003

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 97,086,083	\$ 25,026,638	\$ 951,234	\$ 121,161,487
Fiscal Administration	21,359,829	-	-	21,359,829
Administration of Justice	42,890,268	-	-	42,890,268
Law Enforcement and Care of Prisoners	164,953,968	481,000	481,000	164,953,968
Fire Prevention and Control	27,927,212	57,820,955	-	85,748,167
Regulation, Inspection, & Economic Development	32,876,385	1,212,258	-	34,088,643
Conservation of Natural Resources	436,927	-	-	436,927
Public Welfare	13,756,083	-	-	13,756,083
Public Health	39,910,942	-	-	39,910,942
Public Library System	18,093,049	-	-	18,093,049
Recreational, Cultural, & Community Support	72,341,443	135,440	-	72,476,883
Public Works, Highways and Streets	44,828,934	17,102,346	16,250	61,915,030
Reserves	825,000	-	-	825,000
 Total General Funds	 577,286,123	 101,778,637	 1,448,484	 677,616,276
 <u>DEBT SERVICE FUNDS</u>				
(See detail on succeeding pages)	142,572,969	20,134,250	-	162,707,219
 <u>SCHOOL FUNDS</u>				
(See detail on succeeding pages)	477,600,000	-	-	477,600,000
 Total Appropriations By District	 1,197,459,092	 121,912,887	 1,448,484	 1,317,923,495
 <u>LESS GSD INTERFUND TRANSFER:</u>				
GSD General to GSD Debt Service	(3,416,898)	-	-	(3,416,898)
Schools to General Services District General	(2,297,903)	-	-	(2,297,903)
 Net Appropriation by District	 <u>\$ 1,191,744,291</u>	 <u>\$ 121,912,887</u>	 <u>\$ 1,448,484</u>	 <u>\$ 1,312,208,694</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2002-1073 for the 2002-2003 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 BUDGETARY SCHEDULE OF REQUIREMENTS OF THE DEBT SERVICE FUNDS BY FUNCTION *

DEBT SERVICE FUNDS - GENERAL SERVICES DISTRICT

For the Year July 1, 2002 Through June 30, 2003

	<u>Principal</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
<u>SCHOOL DEBT SERVICE FUND</u>				
Outstanding General Obligation Bonds	\$ 23,014,191	\$ 20,335,041	\$ -	\$ 43,349,232
Redemption and Cremation Fees	-	-	125,000	125,000
Internal Service Fees	-	-	27,163	27,163
Reserve for New Debt (future debt requirements)	5,140,000	6,660,639	-	11,800,639
Note Requirements	-	732,729	-	732,729
Property Tax Increment Refund	-	-	354,916	354,916
Public Utility Tax Payment Airlines Contract	-	-	26,312	26,312
	<u>28,154,191</u>	<u>27,728,409</u>	<u>533,391</u>	<u>56,415,991</u>
<u>GENERAL PURPOSES DEBT SERVICE FUND</u>				
Outstanding General Obligation Bonds:				
Public Works	12,139,490	6,452,044	-	18,591,534
Airport	488,673	116,020	-	604,693
Auditorium	55,384	119,219	-	174,603
Hospital	2,254,313	789,122	-	3,043,435
Library	2,592,648	3,776,307	-	6,368,955
Parks	2,317,565	1,880,610	-	4,198,175
Social Services	-	7,450	-	7,450
Convention Center	4,797,264	1,256,740	-	6,054,004
Other Public Buildings	2,296,082	3,769,361	-	6,065,443
Gaylord Arena	3,457,078	6,986,579	-	10,443,657
Law Enforcement and Care of Prisoners	4,021,399	2,914,282	-	6,935,681
Traffic and Parking	940,091	275,817	-	1,215,908
Public Transportation	379,870	272,170	-	652,040
Fire Protection	235,202	273,853	-	509,055
Health	156,139	166,582	-	322,721
Coliseum	1,418,987	3,940,411	-	5,359,398
E-911	2,817,568	915,955	-	3,733,523
Other	1,184,227	894,537	-	2,078,764
	<u>41,551,980</u>	<u>34,807,059</u>	<u>-</u>	<u>76,359,039</u>
Subtotal Outstanding General Obligation Bonds	41,551,980	34,807,059	-	76,359,039
Redemption, Cremation and Management Fees	-	-	175,000	175,000
Internal Service Fees	-	-	47,848	47,848
Reserve for New Debt (future debt requirements)	1,680,000	5,455,912	-	7,135,912
Note Requirements	-	1,618,785	-	1,618,785
Property Tax Increment Payment	-	-	763,770	763,770
Public Utility Tax Agreement	-	-	56,624	56,624
	<u>1,680,000</u>	<u>7,074,697</u>	<u>1,043,242</u>	<u>9,797,939</u>
Subtotal	1,680,000	7,074,697	1,043,242	9,797,939
Total GSD General Purposes Debt Service Fund	<u>43,231,980</u>	<u>41,881,756</u>	<u>1,043,242</u>	<u>86,156,978</u>
Total General Services District	<u>\$ 71,386,171</u>	<u>\$ 69,610,165</u>	<u>\$ 1,576,633</u>	<u>\$ 142,572,969</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2002-1073 for the 2002-2003 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 BUDGETARY SCHEDULE OF REQUIREMENTS OF THE DEBT SERVICE FUNDS BY FUNCTION *

DEBT SERVICE FUNDS - URBAN SERVICES DISTRICT

For the Year July 1, 2002 Through June 30, 2003

<u>URBAN SERVICES DISTRICT DEBT SERVICE FUND</u>	<u>Principal</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
Outstanding General Obligation Bonds:				
Fire Protection	\$ 899,478	\$ 597,631	\$ -	\$ 1,497,109
Public Works	9,685,292	3,467,563	-	13,152,855
Sanitary Sewers	50,000	75	-	50,075
Law Enforcement and Care of Prisoners	388,696	89,957	-	478,653
Traffic and Parking	628,308	145,411	-	773,719
Other	<u>307,055</u>	<u>83,060</u>	<u>-</u>	<u>390,115</u>
Subtotal Outstanding General Obligation Bonds	11,958,829	4,383,697	-	16,342,526
Redemption and Cremation Fees	-	-	50,000	50,000
Internal Service Fees	-	-	10,241	10,241
Reserve for New Debt (future debt retirements)	1,215,000	2,015,035	-	3,230,035
Note Requirements	-	335,357	11,464	346,821
Property Tax Increment	<u>-</u>	<u>-</u>	<u>154,627</u>	<u>154,627</u>
Subtotal	<u>1,215,000</u>	<u>2,350,392</u>	<u>226,332</u>	<u>3,791,724</u>
Total Urban Services District Debt Service Fund	<u>\$ 13,173,829</u>	<u>\$ 6,734,089</u>	<u>\$ 226,332</u>	<u>\$ 20,134,250</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2002-1073 for the 2002-2003 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF APPROPRIATIONS*

SCHOOL FUNDS - GENERAL SERVICES DISTRICT

For the Year July 1, 2002 Through June 30, 2003

GENERAL PURPOSE SCHOOL FUND:

General Purpose School Fund: Operational	\$ 475,234,664
Property Tax Increment Refund	2,202,080
Public Utility Tax Increment Refund	<u>163,256</u>
Total General Purpose School Fund	<u>\$ 477,600,000</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2002-1073 for the 2002-2003 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF ASSETS AND LIABILITIES
CONSTITUTIONAL OFFICERS

June 30, 2002

	Richard R. Rooker, Circuit Court Clerk (1)	Claudia Bonnyman, Clerk and Master (1)	Bill Covington, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>ASSETS</u>				
Cash and cash equivalents	\$ 24,401,868	\$ 4,425,871	\$ 12,049	\$ 7,400,682
Investments	-	14,797	-	631,245
Other assets	9,573	10,000	-	-
Total assets	<u>\$ 24,411,441</u>	<u>\$ 4,450,668</u>	<u>\$ 12,049</u>	<u>\$ 8,031,927</u>
<u>LIABILITIES</u>				
Due to other funds of the primary government:				
Imprest cash	\$ 29,900	\$ 900	\$ 8,600	\$ 1,150
Excess fees for future operations	-	2,500	762	55,046
Expense reimbursement	-	-	-	-
Total due to other funds of the primary government	<u>29,900</u>	<u>3,400</u>	<u>9,362</u>	<u>56,196</u>
Funds held in trust	<u>21,744,971</u>	<u>4,435,348</u>	<u>-</u>	<u>6,588,883</u>
Other liabilities:				
Accounts payable	-	-	-	-
Due to the State of Tennessee	-	-	-	-
Due to individuals	-	11,908	-	-
Excess fees for future operations	690,698	-	-	-
Miscellaneous	1,945,872	12	2,687	-
Cash bonds	-	-	-	628,277
Escrow	-	-	-	758,571
Total other liabilities	<u>2,636,570</u>	<u>11,920</u>	<u>2,687</u>	<u>1,386,848</u>
Total liabilities	<u>\$ 24,411,441</u>	<u>\$ 4,450,668</u>	<u>\$ 12,049</u>	<u>\$ 8,031,927</u>

(1) The information provided is required by the State of Tennessee.

(2) These operations are included in the General Fund and Fiduciary Funds.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF ASSETS AND LIABILITIES
CONSTITUTIONAL OFFICERS (CONTINUED)

June 30, 2002

Bill Garrett, County Register (1)	Kenny Norman, Juvenile Court Clerk (1)	Gayle Ray, Sheriff (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 2,177,506	\$ 2,204,859	\$ 312,758	\$ 1,243,565	\$ 42,179,158
-	-	-	-	646,042
7,587	2,146	-	-	29,306
<u>\$ 2,185,093</u>	<u>\$ 2,207,005</u>	<u>\$ 312,758</u>	<u>\$ 1,243,565</u>	<u>\$ 42,854,506</u>
\$ 200	\$ 3,425	\$ -	\$ 482,500	\$ 526,675
316,257	87,974	-	-	462,539
-	-	-	761,065	761,065
316,457	91,399	-	1,243,565	1,750,279
-	1,724,464	312,758	-	34,806,424
1,057	-	-	-	1,057
1,828,123	164,530	-	-	1,992,653
-	175,567	-	-	187,475
-	51,045	-	-	741,743
-	-	-	-	1,948,571
-	-	-	-	628,277
39,456	-	-	-	798,027
1,868,636	391,142	-	-	6,297,803
<u>\$ 2,185,093</u>	<u>\$ 2,207,005</u>	<u>\$ 312,758</u>	<u>\$ 1,243,565</u>	<u>\$ 42,854,506</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
 CONSTITUTIONAL OFFICERS

For the Year Ended June 30, 2002

	<u>Richard R. Rooker, Circuit Court Clerk (1)</u>	<u>Claudia Bonnyman, Clerk and Master (1)</u>	<u>Bill Covington, County Clerk (1)</u>	<u>David Torrence, Criminal Court Clerk (1)</u>
<u>Revenues and other receipts</u>				
Transfer and mortgage taxes	\$ -	\$ -	\$ -	\$ -
Judgments	28,458,284	-	-	-
Child support	3,601,890	-	-	-
Agency cash receipts	11,660,258	9,847,023	-	1,788,347
Automobile, truck and trailer tags and titles	-	-	14,681,638	-
Metropolitan automobile stickers	-	-	15,321,965	-
Business, occupation, and use tax	-	1,222,216	60,541,849	-
Property tax payments	-	4,536,303	-	-
Litigation tax payments	1,075,528	139,461	-	-
Fees and commissions	3,997,153	584,511	4,153,632	5,759,440
Fees collected for others	1,028,879	15,051	-	1,015,635
Fines and penalties	3,649,796	-	-	-
Interest	41,751	9,372	22,991	-
Other revenues	463,840	589,873	1,236,026	302,908
	<u>53,977,379</u>	<u>16,943,810</u>	<u>95,958,101</u>	<u>8,866,330</u>
<u>Expenditures and other uses</u>				
Judgments	29,320,226	-	-	-
Child support	3,607,263	-	-	-
Agency cash disbursements	5,107,204	9,090,920	-	1,878,411
Payments to State of Tennessee	954,916	88,042	25,212,813	933,075
Funds transferred to Metropolitan Government	4,227,873	6,399,811	70,735,339	5,732,991
Other fees and commissions	157,436	593,883	-	-
Payroll and personnel expenses	3,612,826	-	-	-
Other expenditures	672,422	15,051	8,733	347,946
	<u>47,660,166</u>	<u>16,187,707</u>	<u>95,956,885</u>	<u>8,892,423</u>
Excess of revenues and other receipts over (under) expenditures and other uses	6,317,213	756,103	1,216	(26,093)
Cash and cash equivalents - July 1, 2001	<u>18,084,655</u>	<u>3,669,768</u>	<u>10,833</u>	<u>7,426,775</u>
Cash and cash equivalents - June 30, 2002	<u>\$ 24,401,868</u>	<u>\$ 4,425,871</u>	<u>\$ 12,049</u>	<u>\$ 7,400,682</u>

(1) The information provided is required by the State of Tennessee.

(2) These operations are included in the General Fund and Fiduciary Funds.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
 CONSTITUTIONAL OFFICERS (CONTINUED)

For the Year Ended June 30, 2002

Bill Garrett, County Register (1)	Kenny Norman, Juvenile Court Clerk (1)	Gayle Ray, Sheriff (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 18,864,124	\$ -	\$ -	\$ -	\$ 18,864,124
-	61,307	-	-	28,519,591
-	6,910,822	-	-	10,512,712
-	36,529	2,021,082	-	25,353,239
-	-	-	-	14,681,638
-	-	-	-	15,321,965
-	-	-	-	61,764,065
-	-	-	607,908,450	612,444,753
-	-	-	-	1,214,989
4,728,245	420,728	-	-	19,643,709
-	333,891	-	-	2,393,456
-	-	-	-	3,649,796
124,716	23,250	-	63,949	286,029
-	-	-	-	2,592,647
<u>23,717,085</u>	<u>7,786,527</u>	<u>2,021,082</u>	<u>607,972,399</u>	<u>817,242,713</u>
-	51,431	-	-	29,371,657
-	6,917,436	-	-	10,524,699
-	192,272	1,879,066	-	18,147,873
18,609,843	-	-	-	45,798,689
3,425,000	420,971	-	603,490,622	694,432,607
-	15,099	-	-	766,418
1,425,625	-	-	-	5,038,451
11,709	-	-	4,858,915	5,914,776
<u>23,472,177</u>	<u>7,597,209</u>	<u>1,879,066</u>	<u>608,349,537</u>	<u>809,995,170</u>
244,908	189,318	142,016	(377,138)	7,247,543
<u>1,932,598</u>	<u>2,015,541</u>	<u>170,742</u>	<u>1,620,703</u>	<u>34,931,615</u>
<u>\$ 2,177,506</u>	<u>\$ 2,204,859</u>	<u>\$ 312,758</u>	<u>\$ 1,243,565</u>	<u>\$ 42,179,158</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF CHANGES IN FEE AND COMMISSION ACCOUNTS
CONSTITUTIONAL OFFICERS

For the Year Ended June 30, 2002

	Richard R. Rooker, Circuit Court Clerk (1)	Claudia Bonnyman, Clerk and Master (1)	Bill Covington, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>Revenues</u>				
Fees and commissions	\$ 3,997,153	\$ 584,511	\$ 4,153,632	\$ 5,759,440
Other	41,751	9,372	22,991	-
Total revenues	<u>4,038,904</u>	<u>593,883</u>	<u>4,176,623</u>	<u>5,759,440</u>
<u>Expenditures and other uses</u>				
Expenditures:				
Payroll - staff	2,912,146	-	-	-
Payroll taxes/benefits	700,680	-	-	-
Travel	1,138	-	-	-
Office supplies/expenditures	370,342	-	-	-
Total expenditures	<u>3,984,306</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Uses:				
Fees and commissions to county (General Fund)	1,219,011	593,883	4,175,861	5,732,991
Total expenditures and other uses	<u>5,203,317</u>	<u>593,883</u>	<u>4,175,861</u>	<u>5,732,991</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	(1,164,413)	-	762	26,449
Balances, July 1, 2001	1,855,111	2,500	-	28,597
Balances, June 30, 2002	<u>\$ 690,698</u>	<u>\$ 2,500</u>	<u>\$ 762</u>	<u>\$ 55,046</u>

(1) The information provided is required by the State of Tennessee.

(2) These operations are included in the General Fund and Fiduciary Funds.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF CHANGES IN FEE AND COMMISSION ACCOUNTS
CONSTITUTIONAL OFFICERS (CONTINUED)

For the Year Ended June 30, 2002

Bill Garrett, County Register (1)	Kenny Norman, Juvenile Court Clerk (1)	Gayle Ray, Sheriff (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 4,728,245	\$ 420,728	\$ -	\$ -	\$ 19,643,709
124,917	1,570	-	-	200,601
<u>4,853,162</u>	<u>422,298</u>	<u>-</u>	<u>-</u>	<u>19,844,310</u>
1,151,978	-	-	-	4,064,124
273,647	-	-	-	974,327
-	-	-	-	1,138
11,910	-	-	-	382,252
<u>1,437,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,421,841</u>
<u>3,425,000</u>	<u>420,971</u>	<u>-</u>	<u>-</u>	<u>15,567,717</u>
<u>4,862,535</u>	<u>420,971</u>	<u>-</u>	<u>-</u>	<u>20,989,558</u>
(9,373)	1,327	-	-	(1,145,248)
<u>325,630</u>	<u>137,692</u>	<u>-</u>	<u>-</u>	<u>2,349,530</u>
<u>\$ 316,257</u>	<u>\$ 139,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,204,282</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF ORIGINAL (INCLUDING SUPPLEMENTAL) ASSESSMENT
OF ALL TAXABLE PROPERTY

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

Fiscal Year	GSD Total	General Services District		
		Realty	Personalty	Public Utility
1992-93	\$ 6,031,782,580	\$ 5,206,574,441	\$ 466,910,155	\$ 358,297,984
1993-94	7,645,927,094	6,564,860,490	588,900,423	492,166,181
1994-95	7,809,222,537	6,665,738,964	604,633,877	538,849,696
1995-96	7,949,116,583	6,854,887,568	616,396,850	477,832,165
1996-97	8,192,586,699	7,050,026,895	668,743,347	473,816,457
1997-98	10,647,933,789	9,360,046,370	813,501,653	474,385,766
1998-99	10,895,717,859	9,483,759,205	873,944,396	538,014,258
1999-00	11,087,336,546	9,625,554,203	954,014,066	507,768,277
2000-01	11,390,199,691	9,878,827,579	953,834,854	557,537,258
2001-02	13,373,373,440	11,649,748,674	1,059,163,097	664,461,669

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF ORIGINAL (INCLUDING SUPPLEMENTAL) ASSESSMENT
OF ALL TAXABLE PROPERTY (CONTINUED)

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

USD Total	Urban Services District			Total Estimated Property Value (1)
	Realty	Personalty	Public Utility	
\$ 4,438,090,931	\$ 3,768,171,088	\$ 374,529,094	\$ 295,390,749	\$ 23,710,812,574
5,536,342,048	4,660,546,128	468,042,087	407,753,833	24,154,889,503
5,542,872,889	4,604,202,408	487,181,673	451,488,808	24,554,554,540
5,567,272,438	4,695,089,938	472,017,573	400,164,927	26,686,385,238
5,691,540,025	4,784,362,948	515,583,782	391,593,295	27,908,069,594
7,303,138,660	6,280,076,965	634,766,710	388,294,985	33,706,470,792
7,491,537,089	6,372,341,408	681,039,272	438,156,409	34,408,511,843
7,579,090,297	6,420,180,086	747,640,155	411,270,056	38,576,009,345
7,752,879,515	6,544,802,327	745,794,683	462,282,505	39,576,025,308
9,029,225,021	7,681,717,993	794,416,879	553,090,149	42,634,022,131

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 ANALYSIS OF THE COMPOSITION OF RATES OF TAX LEVY
 Unaudited - See Accompanying Accountants' Report

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
1992-93	\$ 3.48	\$ 1.76	\$ 1.29	\$ 0.43	\$ n/a	\$ 1.33	\$ 1.18	\$ 0.15
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

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 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 increased from \$3.84 to \$4.58 per \$100 of assessed value. The net increase in 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 TAX LEVIES AND COLLECTIONS

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

<u>Fiscal Year</u>	<u>Amount GSD Levy</u>	<u>Amount USD Levy</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>
1992-93	\$ 212,456,040	\$ 59,026,648	\$ 271,482,688	\$ 252,622,552	93.05 %
1993-94	261,672,066	62,007,102	323,679,168	307,865,919	95.11
1994-95	266,673,700	62,080,249	328,753,949	316,275,788	96.20
1995-96	271,538,720	62,353,526	333,892,246	323,128,043	96.78
1996-97	279,911,056	63,745,322	343,656,378	329,319,681	95.83
1997-98	340,884,594	69,379,882	410,264,476	392,783,558	95.74
1998-99	361,873,598	71,169,667	433,043,265	415,770,559	96.01
1999-00	368,281,927	72,001,424	440,283,351	419,550,370	95.29
2000-01	378,375,194	73,652,420	452,027,614	432,592,562	95.70
2001-02	504,508,539	75,845,541	580,354,080	554,792,713	95.60

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF TAX LEVIES AND COLLECTIONS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

<u>Delinquent Tax Collections</u>	<u>Total Tax Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage Uncollected</u>
\$ 11,472,601	\$ 264,095,153	97.28 %	\$ 13,343,925	4.92 %
10,905,506	318,771,425	98.48	15,115,451	4.67
9,513,638	325,789,426	99.10	9,983,997	3.04
8,989,635	332,117,678	99.47	9,577,285	2.87
16,346,324	345,666,005	100.01	10,220,782	2.97
8,506,771	401,290,329	97.81	14,191,035	3.46
8,830,799	424,601,358	98.05	15,815,445	3.65
12,314,963	431,865,333	98.09	15,885,751	3.61
13,634,487	446,227,049	98.72	15,936,299	3.50
15,755,234	570,547,947	98.31	22,354,504	3.85

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL TAXPAYERS

Unaudited - See Accompanying Accountants' Report

December 31, 2001

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2001 Assessed Valuation</u>	<u>% of Total 2001 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Total Levy</u>
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	31,362,355	0.23	1,266,510	0.22
		<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

ANALYSIS OF REVENUES FOR GENERAL GOVERNMENTAL FUND TYPES *

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General Fund					
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
Revenues from the use of money or property	1,793,043	2,634,827	2,435,785	3,960,366	2,790,543
Revenues 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
Miscellaneous	990,519	1,618,800	2,301,071	1,731,687	1,284,012
Total General Fund	<u>633,548,360</u>	<u>565,697,669</u>	<u>558,415,387</u>	<u>547,903,134</u>	<u>528,689,663</u>
General Purpose School Fund	456,291,844	399,530,185	389,044,679	381,137,135	373,595,009
Debt Service Funds	<u>131,650,866</u>	<u>119,921,026</u>	<u>113,343,346</u>	<u>108,584,462</u>	<u>88,121,244</u>
Total Revenue	<u>1,221,491,070</u>	<u>1,085,148,880</u>	<u>1,060,803,412</u>	<u>1,037,624,731</u>	<u>990,405,916</u>
Deduct: Budget Transfer to the General Fund 4% Reserve Fund	<u>17,837,716</u>	<u>15,437,557</u>	<u>14,649,488</u>	<u>14,505,164</u>	<u>13,777,544</u>
Net Revenue	<u>\$ 1,203,653,354</u>	<u>\$ 1,069,711,323</u>	<u>\$ 1,046,153,924</u>	<u>\$ 1,023,119,567</u>	<u>\$ 976,628,372</u>

* General Government includes the budgeted funds including the General Fund, General Purpose School Fund, and Debt Service Funds, reduced by the budget transfer to the General Fund 4% Reserve Fund.

<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
\$ 217,934,679	\$ 212,642,118	\$ 212,478,890	\$ 206,222,758	\$ 167,039,291
70,270,730	66,180,490	61,432,031	55,753,258	51,951,485
66,576,576	64,227,199	61,788,660	59,263,329	55,125,882
9,177,892	8,448,737	9,052,504	9,005,410	8,889,393
3,489,548	4,219,487	3,599,665	1,456,772	1,237,214
85,724,966	79,013,495	84,564,078	78,326,206	68,186,024
13,250,103	12,721,365	11,290,398	11,722,706	10,314,209
20,017,505	19,878,699	17,710,507	16,587,494	15,039,632
228,504	285,284	357,313	355,638	472,311
<u>1,295,352</u>	<u>632,969</u>	<u>942,244</u>	<u>1,682,041</u>	<u>682,032</u>
<u>487,965,855</u>	<u>468,249,843</u>	<u>463,216,290</u>	<u>440,375,612</u>	<u>378,937,473</u>
347,904,891	335,975,340	322,046,378	299,246,215	298,223,402
<u>69,872,195</u>	<u>67,939,120</u>	<u>66,907,877</u>	<u>64,366,225</u>	<u>50,978,251</u>
<u>905,742,941</u>	<u>872,164,303</u>	<u>852,170,545</u>	<u>803,988,052</u>	<u>728,139,126</u>
12,804,553	12,115,586	12,191,721	11,551,629	10,765,360
<u>\$ 892,938,388</u>	<u>\$ 860,048,717</u>	<u>\$ 839,978,824</u>	<u>\$ 792,436,423</u>	<u>\$ 717,373,766</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF EXPENDITURES AND ENCUMBRANCES FOR GENERAL GOVERNMENTAL FUND TYPES *
(NON-GAAP)

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

	2002	2001	2000	1999	1998
General Fund					
General Government	\$ 27,660,246	\$ 23,780,866	\$ 23,575,104	\$ 24,269,182	\$ 22,973,398
Fiscal Administration	19,765,287	17,128,581	15,835,754	18,309,022	15,560,194
Administration of Justice	43,163,240	39,377,240	41,327,826	39,563,106	36,282,412
Law Enforcement and Care of Prisoners	159,551,996	140,935,478	140,897,348	147,489,469	139,286,796
Fire Prevention and Control	79,073,811	67,145,761	68,744,162	68,780,838	67,440,361
Regulation and Inspection	7,177,920	5,890,959	6,211,955	6,849,852	6,237,907
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	15,525,219
Public Health	68,431,324	28,794,563	27,810,992	27,388,492	27,617,511
Public Library System	16,237,004	11,815,438	10,275,471	9,882,149	10,384,742
Public Works, Highways and Streets	30,688,707	30,886,707	32,731,146	36,271,472	37,376,663
Traffic Regulation and Control	-	-	-	-	-
Recreational and Cultural	30,305,628	27,826,667	27,751,742	27,709,921	27,938,042
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	5,857,605
Total General Fund	<u>575,597,902</u>	<u>464,026,406</u>	<u>466,569,119</u>	<u>470,472,871</u>	<u>454,077,253</u>
General Purpose School Fund	428,320,788	394,376,730	387,659,192	381,843,046	373,087,216
Debt Service Funds	<u>131,998,689</u>	<u>104,810,337</u>	<u>102,324,165</u>	<u>96,228,434</u>	<u>89,468,621</u>
Total Expenditures before 4% Transfer	<u>1,135,917,379</u>	<u>963,213,473</u>	<u>956,552,476</u>	<u>948,544,351</u>	<u>916,633,090</u>
Add: Budget Transfer to the General Fund 4% Reserve Fund	<u>17,837,716</u>	<u>15,437,557</u>	<u>14,649,488</u>	<u>14,505,164</u>	<u>13,777,544</u>
Total Expenditures	<u>\$ 1,153,755,095</u>	<u>\$ 978,651,030</u>	<u>\$ 971,201,964</u>	<u>\$ 963,049,515</u>	<u>\$ 930,410,634</u>

* Encumbrances are included for the General Purpose School Fund for all years and prior to 1999 for the General and Debt Services Funds.

General Government includes the budgeted funds including the General Fund, General Purpose School Fund, and Debt Service Funds, reduced by the Budget transfer to the General Fund 4% Reserve Fund.

	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
\$	22,830,962	\$ 22,672,851	\$ 19,686,089	\$ 17,917,683	\$ 17,714,878
	14,795,453	14,602,415	14,088,328	13,387,914	11,997,836
	34,624,556	32,062,596	28,221,649	27,079,493	25,190,848
	128,823,553	121,180,616	110,439,602	101,496,814	92,189,387
	64,050,424	61,860,256	59,347,445	56,534,107	52,504,185
	5,989,768	5,855,441	5,473,245	5,367,988	4,786,981
	247,155	239,329	212,064	195,915	190,928
	12,318,797	12,032,848	11,152,342	10,021,987	9,191,172
	26,217,772	26,048,631	26,821,179	25,990,746	23,870,735
	10,461,610	10,407,634	9,634,977	8,692,369	8,224,638
	38,683,642	31,128,454	34,972,399	31,615,932	26,983,461
	-	-	-	-	2,620,914
	27,451,805	25,775,667	22,605,006	21,428,382	19,540,364
	39,917,068	39,381,125	38,184,330	38,134,995	36,180,991
	4,083,112	2,205,147	2,549,444	4,714,915	1,373,835
	<u>430,495,677</u>	<u>405,453,010</u>	<u>383,388,099</u>	<u>362,579,240</u>	<u>332,561,153</u>
	348,408,507	330,806,775	318,645,575	294,662,785	291,782,513
	<u>80,556,772</u>	<u>71,839,664</u>	<u>64,428,679</u>	<u>55,710,326</u>	<u>63,433,432</u>
	<u>859,460,956</u>	<u>808,099,449</u>	<u>766,462,353</u>	<u>712,952,351</u>	<u>687,777,098</u>
	12,804,553	12,115,586	12,191,721	11,551,629	9,877,152
\$	<u><u>872,265,509</u></u>	<u><u>820,215,035</u></u>	<u><u>778,654,074</u></u>	<u><u>724,503,980</u></u>	<u><u>697,654,250</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS, BY FUND, OF INVESTMENT INCOME

Unaudited - See Accompanying Accountants' Report
Ten Year Summary

	2002	2001	2000	1999
GOVERNMENTAL FUNDS				
General Fund	\$ 1,793,043	\$ 2,634,827	\$ 2,435,785	\$ 3,960,366
General Purpose School	694,412	1,119,380	749,217	1,268,234
GSD General Purposes Debt Service	1,948,763	2,771,990	2,936,946	2,278,432
GSD School Purposes Debt Service	2,170,950	2,776,710	2,137,572	1,500,573
USD General Purposes Debt Service	333,230	217,955	343,433	433,511
Total major funds	6,940,398	9,520,862	8,602,953	9,441,116
Nonmajor governmental funds:				
Metropolitan Action Commission	13,105	5,284	11,822	9,415
General Government Services	169,543	309,954	334,972	520,133
Recreational and Cultural Services	18,397	51,729	57,258	40,467
General Fund 4% Reserve	960,082	1,599,518	1,273,130	1,065,889
Law Enforcement and Justice Services	674,158	779,729	653,508	580,628
Solid Waste	93,191	372,840	416,574	416,610
Stormwater Operations	713	-	-	-
Library Services	66,537	131,775	119,200	31,475
Health Services	22,482	30,461	10,143	166
Public Welfare Services	240	7,402	53	-
Natural Disaster Recovery	129	54,311	2,032	688
Education Services	337,954	628,719	553,263	487,985
Infrastructure Services	6,189	1,509	-	-
Nashville Career Advancement Center	5,577	20,616	1,919	1,606
Correctional Facility Revenue Bonds	36,701	126,187	113,566	108,591
GSD Capital Projects	2,537,552	5,569,533	8,684,937	7,415,797
Education Capital Projects	4,729,859	1,731,561	2,336,082	1,460,702
USD Capital Projects	303,436	174,493	16,992	24,752
General Government Permanent Funds	48,674	-	-	-
Education Permanent Funds	5,885	-	-	-
Total nonmajor governmental funds	10,030,404	11,595,621	14,585,451	12,164,904
Total governmental funds	16,970,802	21,116,483	23,188,404	21,606,020
PROPRIETARY FUNDS				
Enterprise funds:				
Department of Water and Sewerage Services	13,492,125	19,065,879	15,788,900	14,554,859
Other enterprise funds:				
Convention Center	48,462	106,990	91,511	64,840
Fair Board	213,984	488,949	451,314	396,834
Farmers Market	25,028	42,721	32,908	14,477
Police Secondary Employment	5,933	422	4,333	-
Total enterprise funds	13,785,532	19,704,961	16,368,966	15,031,010
Internal service funds:				
Central Printing	13,294	30,228	30,595	25,483
Motor Pool	148,789	305,797	398,836	533,743
Information Systems	2,503	56,393	106,122	112,548
Radio Shop	30,328	35,325	40,230	24,436
School Self Insurance	83,192	139,195	112,984	103,853
General Government Self Insurance	677,711	1,233,901	1,117,412	992,726
School Professional Employee Insurance	73,821	409,643	360,357	444,883
Employee's Medical Benefit	130,435	477,250	305,104	214,447
Office Supply Storeroom	264	773	2,932	-
Metro Postal Service	4,490	8,606	9,114	4,932
Treasury Management	-	18	-	-
Total internal service funds	1,164,827	2,697,129	2,483,686	2,457,051
Total proprietary funds	14,950,359	22,402,090	18,852,652	17,488,061

	1998	1997	1996	1995	1994	1993
\$	2,790,543	\$ 3,489,548	\$ 4,219,487	\$ 3,599,665	\$ 1,456,772	\$ 1,237,214
	1,603,547	1,741,411	1,584,514	1,547,430	694,631	796,093
	2,839,590	2,005,808	1,676,270	2,137,732	1,059,963	2,188,128
	1,294,173	1,040,316	885,015	1,058,828	443,725	479,362
	530,328	488,771	528,691	610,045	422,445	568,666
	<u>9,058,181</u>	<u>8,765,854</u>	<u>8,893,977</u>	<u>8,953,700</u>	<u>4,077,536</u>	<u>5,269,463</u>
	17,940	6,776	1,499	-	-	-
	446,212	352,127	358,356	311,644	228,327	171,520
	64,604	60,671	68,599	29,841	47,177	14,013
	1,134,183	1,006,782	1,146,234	986,394	469,047	529,573
	422,037	322,308	268,372	207,993	112,340	91,497
	608,683	814,296	807,911	970,366	772,707	624,911
	-	-	-	-	-	-
	11,162	10,413	9,694	9,332	5,632	6,607
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	580,302	520,674	607,541	454,080	291,167	344,785
	-	-	-	-	-	-
	3,648	2,379	255	-	-	-
	143,319	316,368	264,046	199,679	2	4
	11,260,527	8,738,207	3,721,893	3,194,254	977,699	1,639,831
	1,536,029	1,827,853	4,524,412	2,660,365	13,158	18,780
	119,270	161,342	251,973	154,516	107,362	206,200
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>16,347,916</u>	<u>14,140,196</u>	<u>12,030,785</u>	<u>9,178,464</u>	<u>3,024,618</u>	<u>3,647,721</u>
	<u>25,406,097</u>	<u>22,906,050</u>	<u>20,924,762</u>	<u>18,132,164</u>	<u>7,102,154</u>	<u>8,917,184</u>
	14,065,120	17,906,697	16,041,128	13,426,299	12,720,393	11,837,323
	72,766	76,069	50,122	41,797	16,273	17,528
	396,462	335,715	307,737	240,756	113,731	77,412
	3,930	-	18,680	49,263	34,574	29,136
	-	-	-	-	-	-
	<u>14,538,278</u>	<u>18,318,481</u>	<u>16,417,667</u>	<u>13,758,115</u>	<u>12,884,971</u>	<u>11,961,399</u>
	27,190	24,624	20,635	17,718	8,467	6,728
	556,242	436,511	308,287	191,830	82,994	113,857
	116,500	120,516	104,897	95,965	35,019	13,669
	24,672	21,846	26,271	16,941	5,246	3,407
	96,517	59,792	45,908	15,141	12,261	19,721
	1,061,500	945,492	879,366	682,303	404,703	348,212
	405,550	549,621	567,679	486,134	272,089	393,406
	185,690	233,216	399,164	402,005	223,749	127,333
	-	-	1,123	3,437	2,486	3,869
	8,076	7,366	7,144	7,582	2,634	2,484
	-	-	-	-	-	-
	<u>2,481,937</u>	<u>2,398,984</u>	<u>2,360,474</u>	<u>1,919,056</u>	<u>1,049,648</u>	<u>1,032,686</u>
	<u>17,020,215</u>	<u>20,717,465</u>	<u>18,778,141</u>	<u>15,677,171</u>	<u>13,934,619</u>	<u>12,994,085</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS, BY FUND, OF INVESTMENT INCOME (CONTINUED)

Unaudited - See Accompanying Accountants' Report
Ten Year Summary

	2002	2001	2000	1999
<u>FIDUCIARY FUNDS</u>				
General Government Expendable Trusts	\$ -	\$ 1,016	\$ 934	\$ 835
School Nonexpendable Trusts	-	11,225	10,648	9,908
General Government Nonexpendable Trusts	-	11,923	11,562	10,503
Library Stanton Endowment Trust	-	2,309	885	-
Joseph B. Knowles Trust	-	35,677	40,684	500,511
Davidson County Employees' Retirement	-	139	85	568
Metropolitan Employees' Benefit Trust	29,512,470	28,692,924	259,093,239	141,510,021
Employees' Pension and Insurance	13,812	31,712	-	-
Teachers' Retirement Plan	5,642,235	4,234,386	29,682,800	11,498,129
School Expendable Trusts	-	1,122	1,091	1,008
Closed City Plan	427	316	105	770
Teachers' Civil Service and Pension	11,838	16,810	-	-
Employee Deferred Compensation Plan	-	-	-	12,594,002
Flexible Benefits Plan	33,086	3,624	1,057	377
Total fiduciary funds	<u>35,213,868</u>	<u>33,043,183</u>	<u>288,843,090</u>	<u>166,126,632</u>
<u>COMPONENT UNITS</u>				
Governmental Types:				
Nashville District Management Corporation	7,577	25,908	23,820	-
Sports Authority	936,573	2,330,867	1,418,850	494,312
Proprietary Types:				
Hospital Authority:				
General Hospital	-	-	-	-
Bordeaux Hospital	208,616	361,075	367,529	116,517
Metropolitan Development and Housing Agency	2,156,694	2,386,482	1,786,109	1,741,291
Electric Power Board	7,371,988	6,478,484	6,332,734	8,377,301
Metropolitan Transit Authority	87,425	50,339	32,399	48,659
Nashville Thermal Transfer Corporation	206,155	1,220,107	1,043,420	1,290,755
Metropolitan Nashville Airport Authority	3,949,999	6,593,176	4,304,079	5,977,421
Emergency Communications District	95,516	138,521	132,751	155,156
Industrial Development Board	6,647	9,814	9,337	3,197
Nashville Public Television Council, Incorporated	-	-	-	84,051
WPLN Educational Foundation	-	-	-	-
Total component units	<u>15,027,190</u>	<u>19,594,773</u>	<u>15,451,028</u>	<u>18,288,660</u>
GRAND TOTAL	<u>\$ 82,162,219</u>	<u>\$ 96,156,529</u>	<u>\$ 346,335,174</u>	<u>\$ 223,509,373</u>

1998	1997	1996	1995	1994	1993
\$ 861	\$ 800	\$ 800	\$ 904	\$ 428	\$ 476
8,271	5,676	5,810	6,510	4,648	5,469
10,812	10,041	10,490	10,975	6,282	5,119
-	-	-	-	-	-
36,954	56,046	55,964	67,998	55,399	50,232
711	511	831	859	684	340
142,512,101	156,536,847	132,033,715	97,963,924	8,768,702	62,889,670
12,744	9,744	15,279	15,425	8,638	6,907
15,624,813	15,072,975	11,304,908	13,902,530	797,405	11,624,414
1,020	895	886	1,229	794	542
1,692	867	2,163	1,767	7,468	2,074
11,533	10,562	15,396	14,812	7,108	5,969
-	-	-	-	-	-
-	-	-	-	-	-
<u>158,221,512</u>	<u>171,704,964</u>	<u>143,446,242</u>	<u>111,986,933</u>	<u>9,657,556</u>	<u>74,591,212</u>
-	-	-	-	-	-
816,965	808,409	507,860	-	-	-
-	-	-	-	-	-
164,642	-	19,569	-	-	-
1,566,057	1,205,511	1,347,505	718,369	523,376	-
5,703,676	6,632,640	4,976,679	5,582,950	4,999,247	3,929,247
84,098	83,143	120,622	126,732	77,297	78,989
2,500,464	1,429,113	824,770	812,165	404,694	328,958
6,496,266	6,331,158	6,661,513	7,001,334	6,205,215	-
107,567	101,655	145,810	110,272	71,245	-
-	-	-	-	-	-
87,673	89,756	105,835	86,610	58,351	-
-	138,335	456,057	305,483	321,189	272,394
<u>17,527,408</u>	<u>16,819,720</u>	<u>15,166,220</u>	<u>14,743,915</u>	<u>12,660,614</u>	<u>4,609,588</u>
<u>\$ 218,175,232</u>	<u>\$ 232,148,199</u>	<u>\$ 198,315,365</u>	<u>\$ 160,540,183</u>	<u>\$ 43,354,943</u>	<u>\$ 101,112,069</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RATIO OF NET GENERAL OBLIGATION DEBT TO
ASSESSED VALUE AND NET DEBT PER CAPITA
GENERAL AND URBAN SERVICES DISTRICTS

Unaudited – See Accompanying Accountants' Report

Ten Year Summary

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

The following computation is an excerpt from the above schedule reflecting the Ratio of Net General Debt to Assessed Valuation and Net Debt per Capita for the Urban Services District.

URBAN SERVICES DISTRICT

Fiscal Year Ending June 30	USD Assessed Valuation (in thousands)	Gross Debt	Debt Service Monies Available	Debt Payable From Sources Other Than Property Taxes	Net Urban Debt	Ratio of Net Urban Debt to Assessed Valuation
1993	\$ 4,438,091	\$ 75,064,178	\$ 8,582,754	\$ 1,830,000	\$ 64,651,424	1.46 %
1994	5,536,342	70,318,168	8,203,446	1,485,000	60,629,722	1.10
1995	5,542,873	65,402,384	8,111,557	1,190,000	56,100,827	1.01
1996	5,567,272	60,195,078	7,394,561	895,000	51,905,517	0.93
1997	5,691,540	54,916,711	7,500,546	625,000	46,791,165	0.82
1998	7,303,139	49,244,014	7,610,077	350,000	41,283,937	0.57
1999	7,491,537	43,983,233	7,518,805	250,000	36,214,428	0.48
2000	7,579,090	38,924,866	9,209,833	200,000	29,515,033	0.39
2001	7,752,880	57,123,764	10,914,932	-	46,208,832	0.60
2002	9,029,225	109,694,679	11,769,673	-	97,925,006	1.08

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

For the Year Ended June 30, 2002

Unaudited - See Accompanying Accountants' Report

COMPUTATION OF NET GENERAL OBLIGATION DEBT

Gross General Obligation Debt		\$ 1,187,245,000
Less:		
Amounts available in debt service funds	\$ 162,065,583	
Debt payable from other sources:		
Hotel Occupancy Tax:		
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 deductions		<u>184,425,529</u>
Net General Obligation Debt		<u><u>\$ 1,002,819,471</u></u>

COMPUTATION OF LEGAL DEBT MARGIN

Assessed valuation of taxable property - Urban Services District*		<u><u>\$ 9,029,225,021</u></u>
Debt limit - 15 percent of assessed valuation		\$ 1,354,383,753
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 109,694,679	
Less:		
Amounts available in debt service funds	<u>11,769,673</u>	
Total amount of debt applicable to debt limit		<u>97,925,006</u>
Legal debt margin		<u><u>\$ 1,256,458,747</u></u>

* Computation of Legal Debt Margin for the General Services District has been omitted since there is no legal debt margin.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Percentage of Debt Service to Total General Expenditures</u>
1993 (2)	\$ 26,727,270	\$ 33,085,803	\$ 59,813,073	\$ 753,828,518	7.9 %
1994	30,179,281	25,531,045	55,710,326	814,190,356	6.8
1995	33,803,551	30,625,128	64,428,679	857,602,119	7.5
1996	34,000,000	37,839,664	71,839,664	919,715,672	7.8
1997 (3)	38,425,000	41,920,736	80,345,736	992,121,050	8.1
1998	44,980,000	43,641,607	88,621,607	1,074,880,034	8.3
1999 (3)	49,420,000	46,717,182	96,137,182	1,134,887,435	8.5
2000	49,255,000	53,069,165	102,324,165	1,103,726,129	9.2
2001	55,780,000	49,030,337	104,810,337	1,110,942,057	9.4
2002	67,140,000	64,858,689	131,998,689	1,307,461,330	10.0

(1) Includes General, Special Revenue and Debt Service Funds, excluding the Correctional Facility Revenue Bonds.

(2) For comparability, amounts do not include principal and fiscal charges related to (a) bond anticipation notes retired through the issuance of bonds, and (b) bonds refunded by the issuance of new bonds.

(3) For comparability, amounts do not include refunding bond issue costs.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF WATER AND SEWERAGE SERVICES

REVENUE BOND COVERAGE

WATER AND SEWER BONDS

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

Fiscal Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available For Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
1993	\$ 133,778,456	\$ 56,307,502	\$ 77,470,954	\$ 15,380,000	\$ 32,685,074	\$ 48,065,074	1.61
1994	145,670,018	59,489,817	86,180,201	14,755,000	30,968,371	45,723,371	1.88
1995	154,324,761	60,623,957	93,700,804	11,170,000	30,587,478	41,757,478	2.24
1996	169,464,764	66,236,000	103,228,764	13,540,000	29,356,630	42,896,630	2.41
1997	177,596,299	68,314,616	109,281,683	14,595,000	28,177,081	42,772,081	2.56
1998	172,652,938	68,202,948	104,449,990	17,020,000	23,921,894	40,941,894	2.55
1999	174,202,606	64,704,368	109,498,238	10,630,000	31,393,965	42,023,965	2.61
2000	167,301,178	65,320,626	101,980,552	13,480,000	30,916,020	44,396,020	2.30
2001	172,444,608	65,853,207	106,591,401	14,050,000	30,284,920	44,334,920	2.40
2002	166,434,940	68,006,243	98,428,697	19,680,000	29,615,490	49,295,490	2.00

(1) Includes interest on investments and other income.

(2) Excludes depreciation and amortization expense.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
SCHEDULE OF INSURANCE

Unaudited - See Accompanying Accountants' Report

June 30, 2002

<u>EXPOSURE</u>	<u>COVERAGE</u>	<u>INSURANCE IN FORCE</u>
I. Property Building and Contents	All Risk	Combined property insurance plan with other Metro entities with a total building and contents limit of \$4,646,289,000. Metro's portion totals \$2,625,287,000. Per occurrence deductible of \$10,000 subject to an annual loss aggregate of \$5,000,000, which is funded by the participating entities. Values adjusted annually.
	Boiler and Machinery	Annual inspection service by Boiler Inspection Division of the Tennessee Department of Labor.
II. Liability	Legal liability for bodily injury and property damage to the public	Limits of liability established by the Government Tort Liability Act, TCA Section 29-20-101, et. seq. Coverage provided in Self-Insured Liability Claims Fund.
	Vehicles	\$250,000 per person/\$600,000 per accident bodily injury and \$85,000 per accident property damage - Self-Insured Liability Claims Fund. Excess automobile liability coverage on out-of-state travel of Metro vehicles - \$1,000,000 per accident-commercial insurance.
	Non-vehicle	\$250,000 per person/\$600,000 per accident bodily injury and \$85,000 per accident property damage. Governmental functions - Self-Insured Judgment/Losses Claims Fund. Proprietary functions - Self-Insured Liability Claims Fund. Excess liability coverage for police helicopters \$5,000,000 excess of \$130,000 deductible. Also ACV coverage on the hulls.
III. Vehicle Physical Damage	Comprehensive on Metro owned vehicles	Self-Insured Liability Claims Fund. \$10,000,000 coverage with \$100,000 deductible is in force for catastrophe coverage on School Buses.
	Collision-leased vehicles only	Self-Insured Liability Claims Fund.
IV. Bonds	Blanket on all employees with certain exceptions	\$100,000 per person. \$10,000 per loss deductible to be paid by Department. Coverage provided in Self-Insured Liability Claims Fund.
	Employee Dishonesty	
	Faithful performance	Certain elected officials as required by Tennessee Statutes and Metro Charter - Limits vary.
	Surety	Certain officials as required by Tennessee Statutes and Metro Charter - Limits vary.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SUMMARY OF SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

Unaudited - See Accompanying Accountants' Report

June 30, 2002

<u>NAME OF OFFICIAL</u>	<u>TITLE</u>	<u>ANNUAL SALARY</u>	<u>AMOUNT OF SURETY BOND</u>
Bill Purcell	Mayor	\$ 75,000	\$ 50,000
David Manning	Director of Finance	141,750	250,000
Celia Kirby	Treasurer	88,160	2,000,000
Stephen B. Gordon	Purchasing Agent	79,493	25,000
Joseph M. Holzmer	Chief Accountant	88,737	25,000
John W. Lynch	Human Resources Director	113,300	25,000
Richard R. Rooker	Circuit Court Clerk	88,155	80,000
Richard R. Rooker	Probate Clerk	-	250,000
William Garrett	Register of Deeds	87,146	25,000
Charles E. Cardwell	Trustee	89,805	9,000,000
Bill Covington	County Clerk	88,155	500,000
David Torrence	Criminal Court Clerk	91,455	150,000
Gayle E. Ray	Sheriff	100,600	50,000
Jo Ann North	Assessor of Property	91,605	10,000
Claudia Bonnyman	Clerk & Master	91,455	50,000
Robert K. Norman	Juvenile Court Clerk	91,455	50,000
Monica Edwards	Public Guardian	-	200,000
Peggy Duncan Mathes	Public Administrator	-	100,000
Thomas H. Ware	Public Trustee	-	100,000

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEMOGRAPHIC STATISTICS

Unaudited – See Accompanying Accountants' Report

POPULATION GROWTH

The following table sets forth information concerning population growth in Nashville. Comparison with the State, the MSA, and the United States serve to illustrate relative 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.

EMPLOYMENT

The following table shows changes in the major categories of non-agricultural employment within the 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	514.6	541.9	570.9	595.5	609.6	630.2	651.7	667.7	680.5	683.2	32.8

Source: Bureau of Labor Statistics web site.

UNEMPLOYMENT RATES

The following table sets forth the unemployment rates in Nashville, the MSA, the State and the United States for the calendar years 1992-2001.

	1992 %	1993 %	1994 %	1995 %	1996 %	1997 %	1998 %	1999 %	2000 %	2001 %
Davidson County	4.8	3.9	3.0	3.3	3.2	3.4	2.6	2.9	2.9	3.1
MSA	5.0	4.1	3.1	3.4	3.3	3.5	2.7	2.7	2.9	3.3
State	6.4	5.7	4.8	5.2	5.2	5.4	4.2	4.0	3.9	4.5
United States	7.5	6.9	6.1	5.6	5.4	4.9	4.5	4.2	4.0	4.8

Source: Bureau of Labor Statistics web site.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CONSTRUCTION AND BANK DEPOSITS

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

Calendar Year	Residential Construction		Non-Residential Construction		Repairs, Alterations and Installations	
	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
1993	2,080	229,048,197	690	211,969,848	6,385	284,604,823
1994	2,038	269,904,628	962	451,157,419	5,979	308,124,028
1995	2,335	427,057,950	987	267,735,281	5,566	304,314,632
1996	2,241	425,145,645	1,091	239,280,249	5,231	315,359,663
1997	2,240	376,003,886	1,036	492,917,275	5,307	271,749,797
1998	2,487	397,690,382	1,040	498,439,904	5,805	357,775,227
1999	2,686	508,776,654	1,206	697,396,351	4,740	397,754,933
2000	2,421	444,626,418	1,010	386,428,784	4,673	479,932,778
2001	2,975	521,311,880	896	354,527,042	4,146	336,595,779

- (1) Includes moved residential buildings, house trailers, and the demolition of residential and non-residential buildings and sign and billboard permits.
- (2) December 31 call figures. Source: Federal Reserve Bank of Atlanta. These figures represent banks headquartered in Nashville, Tennessee, and it only captures deposits held in their Nashville branches.
- (3) On December 31, 1999 First American National Bank merged with AmSouth Bank, Birmingham, Alabama. On March 2, 1999 Nashville Bank of Commerce, merged into National Bank of Commerce, Memphis, Tennessee.

<u>Other (1)</u>		<u>Bank</u>
<u>Number of</u>		<u>Deposits (2)</u>
<u>Permits</u>	<u>Value</u>	<u>(In Thousands)</u>
1,795	\$ 8,609,585	\$ 14,593,368
1,501	16,570,248	14,605,341
1,545	9,524,180	16,047,632
1,473	10,103,598	17,326,157
1,363	11,902,258	17,792,958
1,504	10,417,506	16,839,875
1,466	14,520,549	18,182,241
1,455	18,187,549	3,285,759 (3)
1,272	11,960,044	588,854
1,179	14,962,413	511,238

ENERGY

Nashville has abundant energy resources.

ELECTRICITY

Nashville Electric Service is connected to the Tennessee Valley Authority system at 22 interchange points with a total infeed capacity of 4,338,750 kilovolt amperes. Total 2002 megawatt hour sales were approximately 11,726,564. Rates average approximately 5.99 cents per kilowatt hour.

GAS

Natural gas is available to the majority of citizens and businesses in Nashville and Davidson County and its surrounding counties. Nashville Gas is the local distribution company that provides natural gas services to Davidson County and the surrounding Metropolitan Nashville area.

OTHER FUELS: Fuel Oil and LP Gas Available

TREATED WATER

Source: Cumberland River
Capacity: 180,000,000 Gallons/Day; 125,000 Gallons/Minute
Average Daily Consumption: 81,169,928 Gallons

SEWAGE TREATMENT

Type: Activated Sludge
Capacity: 400,000,000 Gallons/Day
Average Daily Treatment: 143,330,000 Gallons/Day
City Sanitary Sewer Coverage: 59% of County
Storm Water Sewer Coverage: 25% of County

SOLID WASTE MANAGEMENT

Composting, Incineration at Thermal Transfer (waste-to-energy) Plant, and Recycling

COMMUNITY FACILITIES

EDUCATION

State and local Industrial/Vocational Training Available
Schools (K-12): 127 Public, 43 Private
Colleges: 19, including 2 Medical Schools
Libraries: 1,128,177 volumes

MEDICAL

Hospitals: 17 Beds: 4,548
Doctors: 2,804
Dentists: 440

RELIGIOUS

700 facilities of numerous denominations

RECREATIONAL FACILITIES

Parks: 94 (9,360 acres)
Golf Courses: 8 Public, 10 Private
Swimming Pools: 13
Country Clubs: 11 (Private)
Bowling Alleys: 11
Lakes: 2 with boating and camping facilities
Tennis Courts: 160

Other

Tennessee Titans (NFL); Nashville Predators (NHL);
Nashville Sounds (AAA Baseball)
State Fair Grounds; City Wave-Action Pool
Home of the "Grand Ole Opry" -
a live weekly spectacular featuring the biggest names in country music. Originating in 1925, it is the longest-running continuous radio show on the air.
Wildhorse Saloon; Rain Forest Café

Hotels and Motels - 28,628 rooms
Largest Meeting Room Capacity: 55,000 sq. ft.
Restaurants: 2,350

FINE ARTS FACILITIES

Frist Center for the Visual Arts
Tennessee Performing Arts Center
Tennessee State Museum
The Parthenon (a full-scale replica of the original)
Cheekwood: Nashville's Home of Arts and Gardens
Van Vechten Gallery at Fisk University
Numerous Private Theaters and Historical Museums

MUSIC

Nashville Symphony Orchestra
Nashville Symphony Chorus
Nashville Chamber Orchestra
Ryman Auditorium
Gaylord Entertainment Center
Blair School of Music, Vanderbilt University
Several Jazz Ensembles
Offices of Most Major Recording Labels
Nashville Opera

DRAMA AND ART

Tennessee Repertory Theatre
Circle Players
Touring and University Productions
Several Community / Professional Theatres
Nashville Independent Film Festival
Many Craft Fairs
Nashville Children's Theatre

DANCE

Nashville Ballet

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

MISCELLANEOUS STATISTICS (CONTINUED)

Unaudited - 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	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 National, State or Corporate Headquarters

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