

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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October 31, 2004

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, 2004. 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 is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, and U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedules of federal and state financial assistance, findings and recommendations, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, are not included herein but are reported separately.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board (GASB) Statements No. 14, The Financial Reporting Entity, and Statement No. 39, Determining Whether Certain Organizations are Component Units, 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 Statements No. 14 and No. 39.

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, management's discussion and analysis (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 2004, for fiscal year 2005 and for the future are discussed below.

FOR FISCAL YEAR 2004: Substitute budget ordinance BL2003-1471 appropriated a balanced budget totaling \$1,352,210,300 in the budgetary funds, an increase of 3.05% over the fiscal year 2003 budget ordinance. The budget included some service improvements but no change in property tax or local option sales tax rates despite state-shared tax cutbacks in the State of Tennessee's budget.

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

- Public Education - The Metro Board of Public Education continued to implement a system-wide strategic plan for 2003-2008. The 5.3% budget increase advanced the Board's mission through new expenditures and redirecting existing funds. The budget added middle school teachers, guidance counselors, assistant principals, English Language Learner teachers, campus supervisors, bus drivers, school custodians and maintenance personnel; increased funds for textbooks, technology and technology support, supplies, parental communication efforts and strategic plan surveys; provided funds to open new schools and to implement the School Improvement Plan program; and funded increased costs for employee insurance and pensions.

- Public Safety – The budget consolidated Police and Fire communications into an Emergency Communications Center; added funds for Police overtime pay for community policing, traffic calming, special events, training, radio equipment, school crossing guards and School Resource Officers; added funds for operating the new North Nashville precinct; funded the Sheriff Department’s Day Reporting Center; funded costs related to the temporary relocation of courts during the Metro Courthouse renovation; funded Fire Department paramedic cross-training; and created a Criminal Justice Population Projection Unit to help manage jail inmate populations.
- Neighborhood and Community Support - The budget continued to directly focus on our daily lives. It increased funding for Health Department immunization staff, the Medical Examiner’s Office contract, Park Rangers, contributions to the arts and Human Relations compliance enforcement and other improvements; and made direct contributions to Neighborhood Aftercare, the Second Harvest Food Bank, United Way Family Resource Centers and Health Care Access / Bridges to Care.
- Valuing our Employees – The budget provided funds for 3% overall pay increases, normal pay increments, and increased fringe benefits and medical insurance costs in fiscal 2004.
- Other Enhancements – The budget also called for management improvements and changes; additional funding for the Metropolitan Transit Authority; increases in correctional health services costs; and utility contingencies.
- Results Matter – In fiscal 2002, the Government began deployment of the government-wide “Results Matter” strategic planning and performance measurement initiative which introduced the managing for results methodology into the systems and culture of the Government. Eleven “Wave One” agencies representing about half of general fund expenditures and employees were implemented in FY 2003 with their first reformatted budgets effective in fiscal 2004. Five “Wave Two” agencies, including the Department of Water and Sewerage Services, were fully implemented in fiscal 2004 with their first program budgets effective in fiscal 2005. Combined, these two waves constituted most of our operating expenditures and employees.

FOR FISCAL YEAR 2005: Substitute budget ordinance BL2004-256 appropriated a balanced budget of \$1,349,130,300 in the budgetary funds, a decrease of 0.2% from the budget for fiscal year 2004. Although the budget contained reductions in appropriations across the government, the important work of the city continues.

The budget continues to support the priorities of the Government even though reductions were implemented in many of the individual governmental components. Highlights of the changes that were in the budget included:

- Public Education - The Metro Board of Public Education remained firm in its commitment to the vision for Metro Schools and embraced the challenges that lay before them in developing a budget that reflected this commitment. Their work resulted in many changes in programs and operations that ultimately reflected a 1.5% increase in funding over the prior fiscal year. While there were reductions, the budget included funding that allowed the implementation of a new student discipline program, continued improvement of the information technology infrastructure, and a salary increase for teachers and support staff.
- Public Safety - While the budget in this area required efficiencies and reductions in the management of the Police, Fire, and other public safety departments and elected official offices, it did not make budget reductions in the front line public safety needs of the city. Included in this budget are funding for new courts, police and fire overtime, and the funds necessary to operate two new jail facilities being completed in fiscal year 2005 that will significantly help to reduce jail over-crowding.
- Neighborhood and Community Support - The budget continued to directly focus on the daily lives of the citizens of Metro Nashville and their neighbors. It provided funding for Child and Adolescent Health services, air quality and pest management programs, Public Library sponsored life-long learning programs, contributions to the arts and Human Relations compliance enforcement. It also made direct contributions to such non-profit organizations such as Neighborhood Aftercare, the

Second Harvest Food Bank, United Way Family Resource Centers and the African American Museum among others.

- Valuing our Employees – The budget fully funded significant increases in pension costs and other employee benefits such as medical insurance costs in fiscal 2005.

These initiatives have all been addressed while ensuring the Government meets its fundamental objectives of maintaining a balanced budget, keeping taxes low, and investing in Nashville's future. Details of all improvements included in the fiscal year 2004 and 2005 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 GFOA-award-winning Citizen's Guide to the Budget at the [www.nashville.gov](http://www.nashville.gov) internet site.

FOR THE FUTURE: The Metropolitan Government of Nashville and Davidson County will maintain as its primary focus:

- Supporting public education through the work of our schools and all of our community's attention, time, and commitment to the public school system.
- Improving neighborhoods and public safety through the combined efforts of the Mayor's Office, the Police department, and other departments of the Government.
- Addressing issues underlying our quality of life, including economic and community development, parks, the arts, libraries, adequate public transportation and affordable housing.
- Striving for excellence in the management of the Government to ensure the most effective and efficient services are provided to its citizens.

These issues will be successfully addressed through the continued teamwork 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 high 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 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 \$40.6 million for the year ended June 30, 2004.

**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 (and other employee benefit) trust funds were \$1.7 billion at June 30, 2004.

**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). Because appropriations lapse at June 30, encumbrances outstanding at June 30, 2004 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2005 will provide authority to complete these transactions.

**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 2004, 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 Chair of the Budget and Finance Committee of the Metropolitan Council, and the Chair of the Metropolitan Nashville Public Schools. The Government has complied with this requirement. 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, 2003. 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 twenty-one 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, 2004. 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. It is the Government's fourteenth 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.

In conclusion, we acknowledge and express our appreciation for the strong support of the Metropolitan Council. The Council's support will continue to be vital as we work to further strengthen the financial management of the Metropolitan Government.

Sincerely,

Bill Purcell  
Mayor

David L. Manning  
Director of Finance

Certificate of Achievement

# 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, 2003

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, 2003.



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director

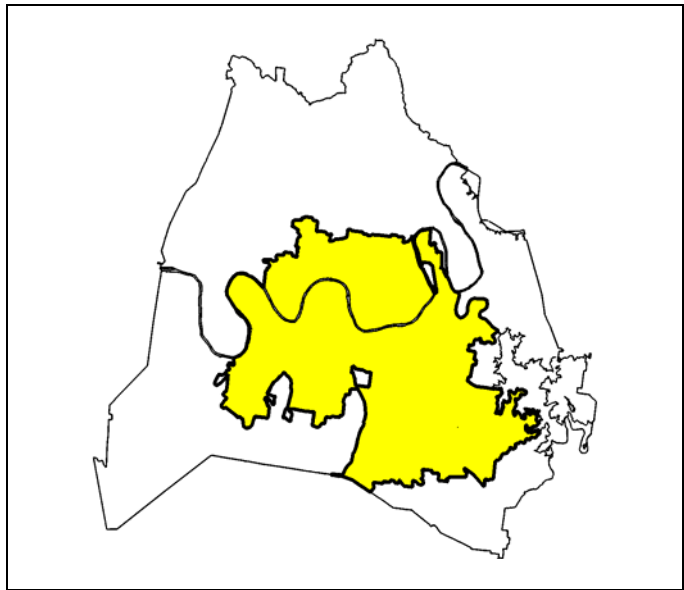
**THE METROPOLITAN GOVERNMENT OF NASHVILLE  
AND DAVIDSON COUNTY  
FORM OF GOVERNMENT**

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.

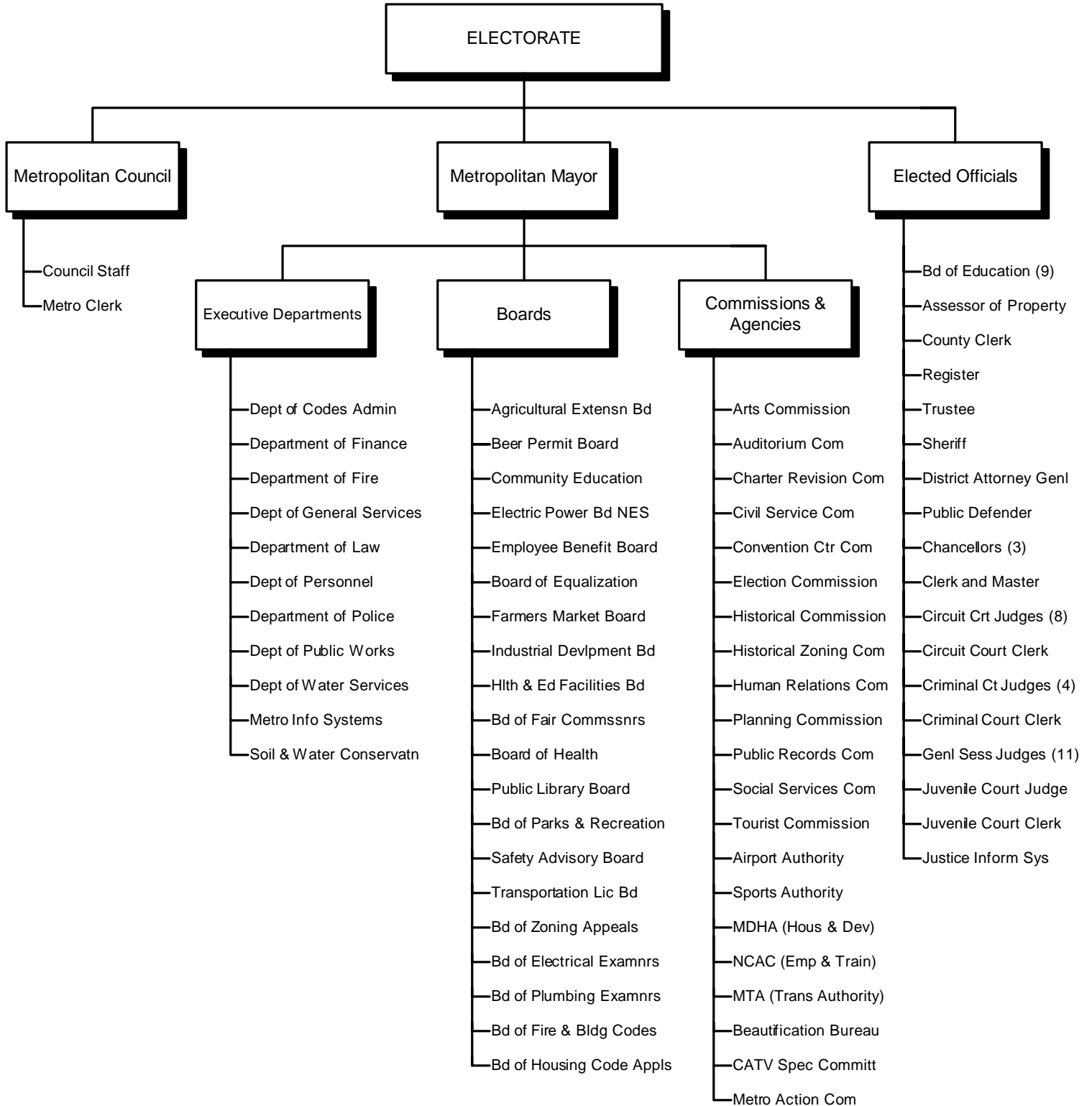
The Charter provides a framework for local government in Nashville to serve the needs of two service districts: (i) the General Services District (the GSD) and (ii) the Urban Services District (the USD). The GSD embraces the entire area of Davidson County and its residents are taxed to support those 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, 2004**

Bill Purcell, Mayor

**Finance Officials**

Jo Ann North  
Charles E. Cardwell  
Bill Covington

Assessor of Property  
Trustee  
County Clerk

**The County Council**

Howard Gentry, Jr.  
David Briley  
Buck Dozier  
Adam Dread  
Carolyn Baldwin Tucker  
Diane Neighbors

Vice Mayor  
Council Member-at-large  
Council Member-at-large  
Council Member-at-large  
Council Member-at-large  
Council Member-at-large

District No. 1 - Brenda Gilmore  
District No. 2 - Jamie Isabel  
District No. 3 - Chester Hughes

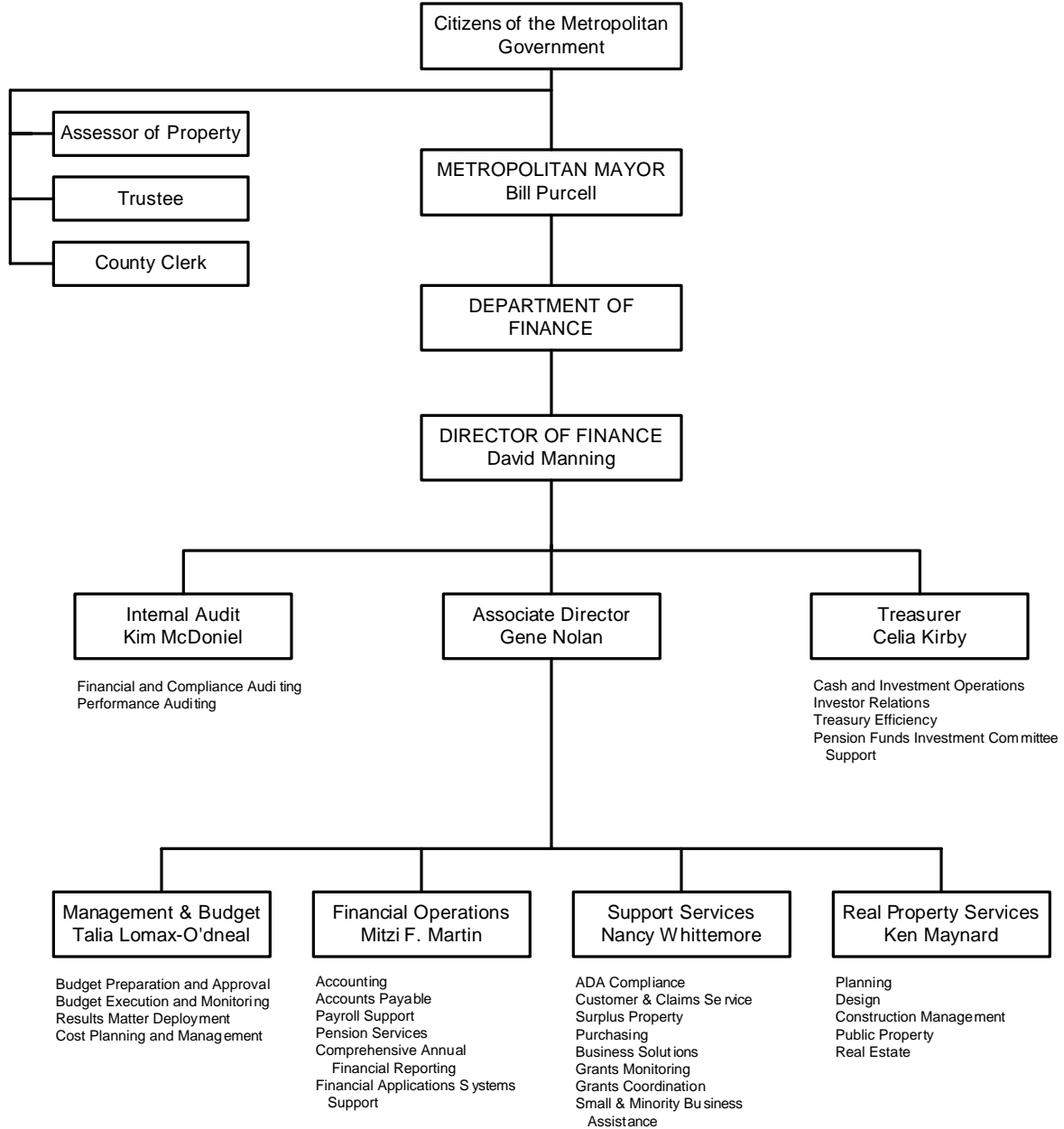
District No. 19 - Ludye N. Wallace  
District No. 20 - Billy Joe Walls  
District No. 21 - Edward

Whitmore

District No. 4 - Michael Craddock  
District No. 5 - Pam Murray  
District No. 6 - Mike Jameson  
District No. 7 - Erik Cole  
District No. 8 - Jason Hart  
District No. 9 - Jim Forkum  
District No. 10 - Rip Ryman  
District No. 11 - Feller Brown  
District No. 12 - Jim Gotto  
District No. 13 - Carl Burch  
District No. 14 - Harold White  
District No. 15 - J.B. Loring  
District No. 16 - Amanda McClendon  
District No. 17 - Ronnie Greer  
District No. 18 - Ginger Hausser

District No. 22 - Eric Crafton  
District No. 23 - Chris Whitson  
District No. 24 - John Summers  
District No. 25 - Jim Shulman  
District No. 26 - Greg Adkins  
District No. 27 - Randy Foster  
District No. 28 - Jason Alexander  
District No. 29 - Vivian Wilhoite  
District No. 30 - Michael Kerstetter  
District No. 31 - Parker Toler  
District No. 32 - Sam Coleman  
District No. 33 - Tommy Bradley  
District No. 34 - Lynn Williams  
District No. 35 - Charlie Tygard

# ORGANIZATION OF THE DEPARTMENT OF FINANCE AND OTHER FINANCIAL OFFICES





**KPMG LLP**  
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, 2004, which collectively comprise the Government's basic financial statements as listed in the Table of Contents. We also have audited the financial statements of each of the discretely presented component units of the Government, as of and for the year ended June 30, 2004 as displayed in the Government's basic financial statements. We have also audited the financial statements of each of the Government's nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, as well as the financial statements of the Sports Authority Fund, which are presented as supplementary information in the accompanying financial statements as of and for the year ended June 30, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented 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 78% of the total assets and 91% of the total revenues of the aggregate discretely presented 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 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 the 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 of the Metropolitan Government of Nashville and Davidson County, Tennessee as of June 30, 2004, 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, 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 each of the discretely presented component units and each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, as well as the Sports Authority Fund, as of June 30, 2004, 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 3(A), the net assets of the governmental activities as of June 30, 2003 have been restated.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2004, on our consideration of the Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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-106 through B-109, B-110 through B-111, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements and on the financial statements of each of the discretely presented component units and each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, as well as the Sports Authority Fund. The schedules on pages G-2 through G-34, C-13, C-14 and C-15, 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 stated in all material respects in relation to the financial statements taken as whole.

The introductory and statistical data sections listed in the Table of Contents are presented for purposes 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 them.

KPMG LLP

October 31, 2004

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

## 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, 2004.

### FINANCIAL HIGHLIGHTS

- The assets of the Government exceeded its liabilities at the close of the most recent fiscal year by \$2.4 billion (*net assets*). Of this amount, \$116 million (*unrestricted net assets*) may be used to meet the Government's ongoing obligations to citizens and creditors.
- The Government's total net assets decreased by \$45 million (\$51 million decrease from governmental activities and \$6 million increase from business-type activities).
- As of the close of the current fiscal year, the Government's governmental funds reported combined ending fund balances of \$273 million, a decrease of \$87 million in comparison with the prior year. Approximately 21.08% of this total amount, \$58 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 \$34 million, or 5.29% of total general fund expenditures.
- The enterprise funds reported net assets at year-end of \$1.1 billion, an increase of \$8 million during the year.
- The Government's total general obligation and revenue bonds outstanding increased by \$29 million (1.74%) during the current fiscal year. New debt issues totaled \$122 million which were offset by principal payments and changes in deferred amounts of \$93 million.
- The Government instituted a commercial paper program during the fiscal year ended June 30, 2004 to provide interim or short-term financing of authorized capital projects. Total commercial paper outstanding at the close of the fiscal year was \$98 million.

### 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, District Energy System, Nashville Convention Center, Board of Fair Commissioners, Farmers Market, Police Secondary Employment and Surplus Property Auction.

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 28 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.

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.

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, District Energy System, Nashville Convention Center, Board of Fair Commissioners, Farmers Market, Police Secondary Employment and Surplus Property Auction. *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 and District Energy System which are considered to be major funds of the Government. Data from the other enterprise funds are combined into a single, aggregated presentation. Also, the internal service funds are combined into a single, aggregated presentation in the proprietary fund 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.

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 certain infrastructure condition and maintenance data, found on pages B-104 to B-105, and concerning the Government's progress in funding its obligation to provide pension benefits to employees, found on pages B-106 to B-111.

### 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 \$2.4 billion at the close of the most recent fiscal year.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003, as restated	2004	2003, as restated	2004	2003, as restated
Current and other assets	\$ 1,151,814	\$ 1,220,573	\$ 347,016	\$ 416,987	\$ 1,498,830	\$ 1,637,560
Capital assets	2,286,591	2,138,850	1,391,042	1,332,563	3,677,633	3,471,413
<b>Total assets</b>	<b>3,438,405</b>	<b>3,359,423</b>	<b>1,738,058</b>	<b>1,749,550</b>	<b>5,176,463</b>	<b>5,108,973</b>
Long-term liabilities	1,351,816	1,241,013	569,539	593,898	1,921,355	1,834,911
Other liabilities	773,648	753,675	77,227	70,794	850,875	824,469
<b>Total liabilities</b>	<b>2,125,464</b>	<b>1,994,688</b>	<b>646,766</b>	<b>664,692</b>	<b>2,772,230</b>	<b>2,659,380</b>
Net assets:						
Invested in capital assets, net of related debt	1,120,156	1,009,271	815,902	748,195	1,936,058	1,757,466
Restricted	114,155	131,272	238,071	269,111	352,226	400,383
Unrestricted	78,630	224,192	37,319	67,552	115,949	291,744
<b>Total net assets</b>	<b>\$ 1,312,941</b>	<b>\$ 1,364,735</b>	<b>\$ 1,091,292</b>	<b>\$ 1,084,858</b>	<b>\$ 2,404,233</b>	<b>\$ 2,449,593</b>

**Governmental activities** – Current and other assets for governmental activities decreased by 5.63% due primarily to increased spending for capital projects, payroll and benefits which resulted in a decrease in the balances of cash, cash equivalents and investments of \$112 million. Capital assets increased by 6.91% due to additional donated infrastructure, construction of new schools and renovation of existing government buildings. Long-term liabilities increased by 8.93% due to the issuance of new debt in excess of principal payments, changes in deferred amounts and long-term liabilities for commercial paper borrowings. Other liabilities increased by 2.65% primarily due to additional accrued payroll at year-end related to retirement incentives offered to and taken by employees and short-term liabilities for commercial paper borrowings.

The largest portion of the Government's net assets for governmental activities (85.32%) 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 for governmental activities (8.69%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets for governmental activities representing unrestricted net assets, \$79 million (5.99%), 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 for its total governmental activities.

**Business-type activities** – The Government began construction of the District Energy System during the year ended June 30, 2003. The System, which provides heating and cooling services to the Government and downtown businesses, began operation during the year ending June 30, 2004 replacing the Nashville Thermal Transfer Corporation. The System is managed by a third party and is expected to be self-supporting by utilizing a rate structure designed to fund debt service requirements, pay for operating expenses and generate adequate working capital.

Current and other assets for business-type activities decreased by 16.78% due primarily to the spending of the prior year bond proceeds on the continued construction of the District Energy System which resulted in a decrease in the balances of cash, cash equivalents and investments of \$61 million. Capital assets increased by 4.39% due to the construction of new steam and chilled water generating facilities for District Energy System. Long-term liabilities decreased by 4.10% due to principal payments on the revenue bonds of the Department of Water and Sewerage Services. Other liabilities increased by 9.09% primarily due to additional liabilities of the District Energy System.

The largest portion of the Government's net assets for business-type activities (74.76%) 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 for business-type activities (21.82%) represents resources that are subject to external restrictions on how they may be used. The majority of the restrictions relate to debt retirement and construction. The remaining balance of net assets for business-type activities representing unrestricted net assets, \$37 million (3.42%) 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 for its total business-type activities.

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

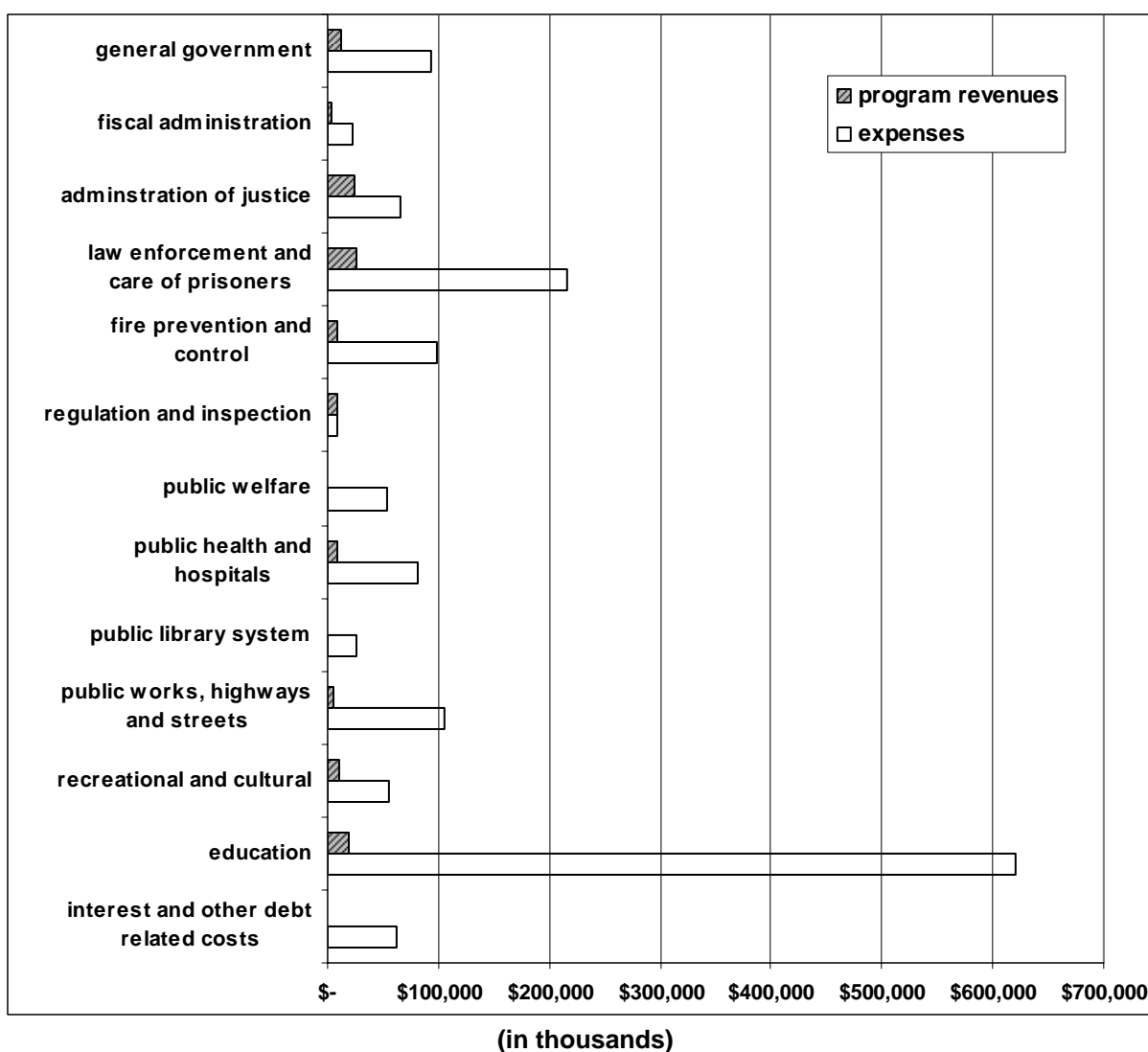
	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003, as restated	2004	2003, as restated	2004	2003, as restated
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 128,226	\$ 119,314	\$ 173,029	\$ 157,103	\$ 301,255	\$ 276,417
Operating grants and contributions	272,414	267,904	-	-	272,414	267,904
Capital grants and contributions	58,451	24,487	16,473	17,687	74,924	42,174
General revenues:						
Property taxes	592,385	606,681	-	-	592,385	606,681
Local option sales tax	239,779	230,686	-	-	239,779	230,686
Other taxes	90,583	86,078	-	-	90,583	86,078
Revenues from the use of money or property	4,326	9,152	2,049	8,911	6,375	18,063
Revenues from other governmental agencies	50,870	53,749	-	-	50,870	53,749
Compensation for loss, sale or damage to property	5,589	7,581	-	-	5,589	7,581
<b>Total revenues</b>	<b>1,442,623</b>	<b>1,405,632</b>	<b>191,551</b>	<b>183,701</b>	<b>1,634,174</b>	<b>1,589,333</b>
<b>Expenses:</b>						
General government	94,175	70,884	-	-	94,175	70,884
Fiscal administration	22,063	34,840	-	-	22,063	34,840
Administration of justice	65,069	57,535	-	-	65,069	57,535
Law enforcement and care of prisoners	215,912	203,351	-	-	215,912	203,351
Fire prevention and control	97,965	99,895	-	-	97,965	99,895
Regulation and inspection	8,465	7,772	-	-	8,465	7,772
Conservation of natural resources	426	335	-	-	426	335
Public welfare	53,435	54,875	-	-	53,435	54,875
Public health and hospitals	80,730	75,401	-	-	80,730	75,401
Public library system	25,448	23,926	-	-	25,448	23,926
Public works, highways and streets	105,618	94,482	-	-	105,618	94,482
Recreational and cultural	54,459	49,770	-	-	54,459	49,770
Education	620,518	575,834	-	-	620,518	575,834
Interest and other debt related costs	62,492	57,289	-	-	62,492	57,289
Department of Water and Sewerage Services	-	-	148,814	143,526	148,814	143,526
District Energy System	-	-	8,078	40	8,078	40
Nashville Convention Center	-	-	6,384	6,319	6,384	6,319
Board of Fair Commissioners	-	-	4,055	4,175	4,055	4,175
Farmers Market	-	-	1,159	1,112	1,159	1,112
Police Secondary Employment	-	-	1,017	1,679	1,017	1,679
Surplus Property Auction	-	-	3,252	9	3,252	9
<b>Total expenses</b>	<b>1,506,775</b>	<b>1,406,189</b>	<b>172,759</b>	<b>156,860</b>	<b>1,679,534</b>	<b>1,563,049</b>
Increase in net assets before transfers and special items	(64,152)	(557)	18,792	26,841	(45,360)	26,284
Transfers	12,358	10,711	(12,358)	(10,711)	-	-
<b>Special items:</b>						
Contribution of capital assets from component unit to general government	-	737	-	-	-	737
Increase (decrease) in net assets	(51,794)	10,891	6,434	16,130	(45,360)	27,021
Net assets, beginning of year, as restated	1,364,735	1,353,844	1,084,858	1,050,841	2,449,593	2,404,685
Acquisition of Cumberland Utility District	-	-	-	17,887	-	17,887
<b>Net assets, end of year</b>	<b>\$ 1,312,941</b>	<b>\$ 1,364,735</b>	<b>\$ 1,091,292</b>	<b>\$ 1,084,858</b>	<b>\$ 2,404,233</b>	<b>\$ 2,449,593</b>

**Governmental activities** – Governmental activities decreased the Government’s net assets by \$51 million. Key elements of this decrease are:

- Expenses exceeded revenues by \$64 million compared to \$1 million in the prior year. As planned, the Government operated without any significant changes to its revenue structure. However, expenses increased for most functions primarily due to pay plan and benefit increases. Also, the Government offered retirement incentives in order to achieve cost savings in future years. The additional expense related to the retirement incentives taken by employees further contributed to the increase in expenses.
- Transfers contributed an increase of \$12 million compared to \$11 million in the prior year. The Department of Water and Sewerage Services, a business-type activity, has management responsibility for stormwater operations, a governmental activity. The balance primarily represents funds transferred from the Department to fund stormwater expenditures.

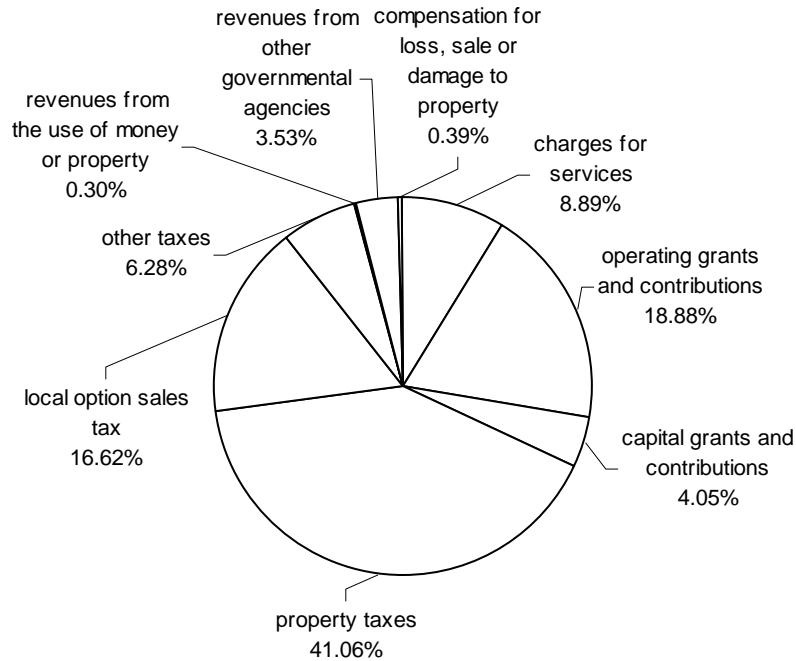
Additionally, the Government restated certain assets, net assets and changes in net assets for the year ended June 30, 2003 to include net pension assets which had previously been excluded from the financial statements. This restatement increased beginning net assets by \$56 million.

**Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2004**





**Revenues by Source - Governmental Activities – For the Year Ended June 30, 2004**



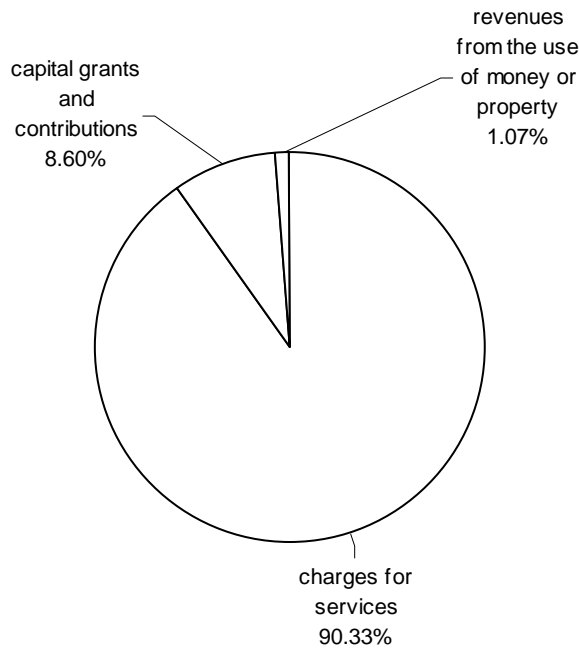
**Business-type activities** –Business-type activities increased the Government's net assets by \$6 million. Most business-type activities continue to generate operating income which contributed the majority of the increase. Capital grants and contributions primarily represent the value of deeds for land and utility plant conveyed to the Department of Water and Sewerage Services by developers.

The increase in net assets from business-type activities of \$6 million compares to \$16 million in the prior year primarily due to the reduced increase in net assets of the Department of Water and Sewerage Services. Although operating income was consistent, investment income decreased by \$7 million due to lower rates of return.

Additionally, the Department of Water and Sewerage Services absorbed the operations of the Cumberland Utility District effective July 1, 2003 which increased cash and cash equivalents, capital assets and net assets. This transaction increased beginning net assets by \$18 million.

The operations of the District Energy System which began operation during the year ending June 30, 2004 increased net assets by \$2 million in the current year.

## Revenues by Source – Business-type Activities – For the Year Ended June 30, 2004



### 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.

As of the end of the current fiscal year, the Government's governmental funds reported combined ending fund balances of \$273 million, a decrease of \$87 million in comparison with the prior year. Approximately 21.08% of this total amount (\$58 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 for 1) subsequent year budget appropriations (\$52 million), 2) the purchase of equipment (\$22 million), 3) future debt payments (\$91 million), 4) reservation for long-term receivable (\$43 million), and 5) other purposes (\$7 million).

The fund balances in the governmental funds decreased primarily due to pay plan and benefit increases, expenditures for retirement incentives and capital spending.

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 \$34 million, while total fund balance was \$36 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 5.29% of total general fund expenditures, while total fund balance represents 5.66% of that same amount.

The fund balance of the Government's general fund decreased by \$43 million during the current fiscal year primarily due to pay plan and benefit increases and expenditures for retirement incentives.

**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 \$95 million. The total increase in net assets for these funds was \$30 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 and transfers out between the original budget and final amended budget were a \$6 million increase primarily due to:

- \$2 million increase to fund infrastructure improvement requests initiated by members of the Metropolitan Council.
- \$1.5 million increase due to prior year reservations of fund balance which were appropriated in the current year.
- \$1.5 million increase in new grants and changes to existing grants for various departments.

### ***Final Budgeted and Actual Amounts***

Actual revenues and other financing sources exceed final budgeted amounts by \$13 million primarily due to:

- \$7 million related to commissions and fees of certain elected officials which are excluded from the budget but included in actual revenues to appropriately recognize these operations in the financial statements.
- \$5 million of revenue from other government agencies for amounts received from component units as reimbursement for services performed by the primary government. This was the first year that this reimbursement was made, and the amount was excluded from budgeted amounts.
- \$2 million in collections of franchise fees due to rate increases in excess of budgeted amounts.

These amounts and other revenues in excess of budgeted amounts were partially offset by lower than anticipated collections of property taxes and an anticipated loss recovery which was not realized.

Actual expenditures and other financing uses were higher than final budgeted amounts by \$6 million. The most significant variances are:

- \$7 million related to expenditures of certain elected officials which are excluded from the budget but included in actual expenditures to appropriately recognize these operations in the financial statements.
- \$4 million for retirement incentives offered and taken by employees in order to achieve future cost savings.

These amounts and other expenditures in excess of budgeted amounts were partially offset by savings from personnel vacancies and other measures implemented to reduce actual expenditures.

## **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, 2004 amounts to \$3.68 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$94 million.

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

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	2004	2003	2004	2003, As restated	2004	2003, As restated
Utility plant in service	\$ -	\$ -	\$ 1,698,975	\$ 1,578,343	\$ 1,698,975	\$ 1,578,343
Land	111,826	103,616	14,870	14,821	126,696	118,437
Land easements	-	-	-	11,247	-	11,247
Buildings and improvements	891,336	877,684	106,973	83,226	998,309	960,910
Improvements other than buildings	-	-	40,730	38,777	40,730	38,777
Furniture, machinery and equipment	256,826	236,678	39,053	36,126	295,879	272,804
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,435,966	1,385,159	-	-	1,435,966	1,385,159
Construction in progress	108,779	17,601	32,027	65,153	140,806	82,754
Less: Accumulated depreciation	(518,142)	(481,888)	(545,231)	(498,775)	(1,063,373)	(980,663)
<b>Total capital assets</b>	<b>\$ 2,286,591</b>	<b>\$ 2,138,850</b>	<b>\$ 1,391,042</b>	<b>\$ 1,332,563</b>	<b>\$ 3,677,633</b>	<b>\$ 3,471,413</b>

The total increase in the Government's investment in capital assets for the current fiscal year was 5.94% (a 6.91% increase for governmental activities and a 4.39% increase for business-type activities).

The most significant changes in capital assets during the year were approximately \$20 million in costs related to the construction of new steam and chilled water generating facilities and improvements to an existing energy distribution system. Additionally, \$57 million of additional constructed and donated infrastructure was capitalized including the completed Gateway Bridge. Also, construction of new schools and renovation of existing government buildings has continued.

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 5,600 lane miles of streets and roads and 356 bridges and underpasses that the Government is responsible for maintaining.

The Government's policy is to have at least 70% of roads in good or better condition. The most recent assessment indicated that 85.0% of roads are in good or better condition compared to 85.5% in the prior year.

The Government estimated a need of approximately \$9 million for the year ended June 30, 2004 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, 2004 amounted to \$9.5 million. The condition level remained consistent with the prior year.

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 conditions of bridges are assessed every two years. The most recent assessment indicated that 94.2% of bridges are in fair or better condition compared to 89.0% in the prior assessment. The conversion of the Shelby Street Bridge from a vehicle to pedestrian use bridge was a major contributor to the improved condition rating. The next bridge assessment will be in fiscal 2005.

The Government estimated a need of \$800 thousand for the year ended June 30, 2004 for preservation and maintenance of bridges and underpasses. Actual costs for the year ended June 30, 2004 amounted to \$231

thousand. Although actual costs were less than the anticipated needs, the condition level has remained consistent. The Government has appropriated an additional \$4.8 million for bridge maintenance in fiscal 2005.

Additional information on the Government's capital assets can be found in Note 5 beginning on page B-57 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, \$559 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	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 1,158,710	\$ 1,114,990	\$ -	\$ -	\$ 1,158,710	\$ 1,114,990
Deferred amounts, net	258	(6,178)	-	-	258	(6,178)
Total general obligation bonds outstanding	<u>1,158,968</u>	<u>1,108,812</u>	<u>-</u>	<u>-</u>	<u>1,158,968</u>	<u>1,108,812</u>
Revenue bonds	13,530	14,925	550,880	571,070	564,410	585,995
Deferred amounts, net	(180)	(205)	(5,247)	(5,995)	(5,427)	(6,200)
Total revenue bonds outstanding	<u>13,350</u>	<u>14,720</u>	<u>545,633</u>	<u>565,075</u>	<u>558,983</u>	<u>579,795</u>
Total general obligation and revenue bonds bonds outstanding	<u>\$ 1,172,318</u>	<u>\$ 1,123,532</u>	<u>\$ 545,633</u>	<u>\$ 565,075</u>	<u>\$ 1,717,951</u>	<u>\$ 1,688,607</u>

The Government's total general obligation and revenue bonds outstanding increased by \$29 million (1.74%) during the current fiscal year. New debt of \$122 million was issued to provide funding to pay principal and interest of certain of the Government's maturing commercial paper notes. The increase from the new debt was offset by principal payments and changes in deferred amounts of \$93 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 7.49%, and amount of net debt per capita is \$1,730.99 (in whole dollars).

Additional information on the Government's long-term debt can be found in Note 6 beginning on page B-60 of this report.

**Commercial paper** – In August 2003, the Government instituted a general obligation commercial paper program to provide interim or short-term financing of various authorized capital projects. Commercial paper obligations of \$68 million outstanding at June 30, 2004 were subsequently redeemed through the issuance of general obligation bonds and are reported as long-term liabilities, due within one year. Other commercial paper obligations of \$30 million outstanding at June 30, 2004 have not been refinanced with long-term borrowings and are considered short-term liabilities of the appropriate capital project funds.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The unemployment rate for Nashville is currently 3.9%. The state's and nation's unemployment rates are 5.1% and 5.5%, respectively. To address the effects of the slow growth in the state and national economy and the budgetary effect of the state's decision to redirect revenue to the state's budget that has historically been allocated to Nashville and other local governments, the Metropolitan Government made budget reductions of approximately \$100 million for FY 2005. For a more comprehensive understanding of these reductions the reader is encouraged to review the Metropolitan Government's FY 2005 approved budget available at [www.nashville.gov](http://www.nashville.gov). Tax rates for FY 2005 are maintained at the FY 2004 levels.

## **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 forwarded to the Department of Finance, Division of Accounts, at [cafr@nashville.gov](mailto:cafr@nashville.gov).

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS

June 30, 2004

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 158,245,458	\$ 19,217,902	\$ 177,463,360	\$ 81,900,234
Investments	163,632,342	20,906,490	184,538,832	71,600,134
Sales tax receivable	40,470,797	-	40,470,797	-
Accounts receivable	61,734,345	19,628,531	81,362,876	146,650,121
Property taxes receivable	623,075,209	-	623,075,209	-
Allowance for doubtful accounts	(13,221,819)	(539,399)	(13,761,218)	(26,221,871)
Accrued interest receivable	210,551	411,365	621,916	1,141,680
Internal balances	10,361,022	(10,361,022)	-	-
Due from the primary government	-	-	-	785,601
Due from component units	48,954,212	602,697	49,556,909	88,010
Inventories of supplies	3,763,249	1,756,784	5,520,033	17,723,318
Other current assets	2,422,996	55,493	2,478,489	5,652,599
Restricted assets:				
Cash and cash equivalents	-	61,448,124	61,448,124	135,832,624
Investments	-	223,502,573	223,502,573	81,029,436
Accrued interest receivable	-	366,223	366,223	252,639
Due from other governmental agencies	-	2,374,044	2,374,044	1,470,124
Other restricted assets	-	22,328	22,328	1,331,421
Notes receivable	-	-	-	45,675,230
Capital assets:				
Utility plant in service	-	1,698,974,548	1,698,974,548	853,870,574
Land	111,826,190	14,870,147	126,696,337	203,020,201
Buildings and improvements	891,336,339	106,972,968	998,309,307	797,211,187
Improvement other than buildings	-	40,730,133	40,730,133	370,491,453
Furniture, machinery and equipment	256,825,491	39,052,804	295,878,295	162,377,115
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,435,966,066	-	1,435,966,066	11,460,638
Construction in progress	108,778,835	32,027,132	140,805,967	71,065,360
Accumulated depreciation	(518,142,084)	(545,231,100)	(1,063,373,184)	(846,443,059)
Other non-current assets	52,165,701	7,624,627	59,790,328	26,692,567
<b>Total assets</b>	<b>3,438,404,900</b>	<b>1,738,058,392</b>	<b>5,176,463,292</b>	<b>2,214,657,336</b>
<u>LIABILITIES</u>				
Accounts payable	50,606,732	7,901,472	58,508,204	106,104,934
Accrued payroll	44,070,161	3,123,971	47,194,132	10,361,650
Accrued interest	24,791,463	-	24,791,463	3,953,504
Claims payable	14,005,013	-	14,005,013	-
Due to component units	785,601	-	785,601	88,010
Due to the primary government	-	-	-	49,556,909
Customer deposits	-	3,083,150	3,083,150	8,785,940
Deferred revenue	589,879,000	667,265	590,546,265	-
Commercial paper payable	30,000,000	-	30,000,000	-
Other current liabilities	19,509,529	2,920,074	22,429,603	11,784,060

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, 2004

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>LIABILITIES (CONTINUED)</u>				
Liabilities payable from restricted assets:				
Accrued interest	\$ -	\$ 14,556,491	\$ 14,556,491	\$ 6,107,371
Accounts payable	-	15,087,672	15,087,672	1,591,704
Other restricted liabilities	-	4,914,825	4,914,825	-
Funds held in trust	-	-	-	129,069
Current portion of long-term liabilities	-	24,972,140	24,972,140	36,596,924
Noncurrent liabilities:				
Due within one year	185,105,661	145,000	185,250,661	4,959,343
Due in more than one year	1,166,710,320	569,394,002	1,736,104,322	879,419,810
	<u>2,125,463,480</u>	<u>646,766,062</u>	<u>2,772,229,542</u>	<u>1,119,439,228</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	1,120,156,305	815,901,853	1,936,058,158	827,104,636
Restricted for debt retirement	112,658,913	60,888,083	173,546,996	80,260,143
Restricted for construction	-	177,183,228	177,183,228	-
Restricted for perpetual care:				
Expendable	194,725	-	194,725	-
Nonexpendable	192,659	-	192,659	-
Restricted for other purposes	1,108,419	-	1,108,419	3,602,319
Unrestricted	78,630,399	37,319,166	115,949,565	184,251,010
	<u>\$ 1,312,941,420</u>	<u>\$ 1,091,292,330</u>	<u>\$ 2,404,233,750</u>	<u>\$ 1,095,218,108</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, 2004

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 94,174,481	\$ 12,768,839	\$ 1,523,275	\$ -
Fiscal administration	22,062,786	4,082,430	-	-
Administration of justice	65,069,276	23,558,679	4,063,061	-
Law enforcement and care of prisoners	215,912,270	25,240,321	2,870,840	-
Fire prevention and control	97,965,167	8,737,125	-	-
Regulation and inspection	8,465,191	7,943,710	-	-
Conservation of natural resources	425,967	-	-	-
Public welfare	53,435,524	2,029,051	29,012,496	-
Public health and hospitals	80,729,081	9,264,823	12,491,455	-
Public library system	25,447,877	731,823	655,981	-
Public works, highways and streets	105,618,152	5,517,927	712,487	55,999,457
Recreational and cultural	54,459,113	9,931,580	354,326	2,451,599
Education	620,518,177	18,419,889	220,730,178	-
Interest and other debt related costs	62,491,924	-	-	-
Total governmental activities	<u>1,506,774,986</u>	<u>128,226,197</u>	<u>272,414,099</u>	<u>58,451,056</u>
Business-type activities:				
Department of Water and Sewerage Services	148,813,568	152,785,636	-	16,473,123
District Energy System	8,078,387	8,301,885	-	-
Nashville Convention Center	6,384,263	3,561,453	-	-
Board of Fair Commissioners	4,055,563	3,653,411	-	-
Farmers Market	1,159,195	960,533	-	-
Police Secondary Employment	1,016,515	1,380,118	-	-
Surplus Property Auction	3,252,063	2,385,504	-	-
Total business-type activities	<u>172,759,554</u>	<u>173,028,540</u>	<u>-</u>	<u>16,473,123</u>
Total primary government	<u>\$ 1,679,534,540</u>	<u>\$ 301,254,737</u>	<u>\$ 272,414,099</u>	<u>\$ 74,924,179</u>
<b>Component units:</b>				
Nashville District Management Corporation	\$ 661,785	\$ 619,114	\$ -	\$ 166,666
Sports Authority	23,876,543	2,296,149	9,497,161	4,528,471
General Hospital	79,839,438	44,985,758	23,505,100	3,158,203
Bordeaux Hospital	33,268,160	21,576,499	9,241,300	192,916
Metropolitan Development and Housing Agency	92,055,901	15,685,643	71,860,288	15,335,151
Electric Power Board	775,934,245	787,998,587	-	-
Metropolitan Transit Authority	33,827,024	8,017,067	15,294,677	17,538,751
Nashville Thermal Transfer Corporation	18,683,055	9,165,623	-	-
Metropolitan Nashville Airport Authority	69,767,191	75,556,329	5,655,203	-
Emergency Communications District	6,695,717	5,534,700	-	-
Industrial Development Board	34,928	684,748	-	-
Total component units	<u>\$ 1,134,643,987</u>	<u>\$ 972,120,217</u>	<u>\$ 135,053,729</u>	<u>\$ 40,920,158</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  
 Total general revenues and transfers  
 Changes in net assets  
 Net assets - beginning, as restated (Note 3)  
 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, 2004

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (79,882,367)	\$ -	\$ (79,882,367)	\$ -
(17,980,356)	-	(17,980,356)	-
(37,447,536)	-	(37,447,536)	-
(187,801,109)	-	(187,801,109)	-
(89,228,042)	-	(89,228,042)	-
(521,481)	-	(521,481)	-
(425,967)	-	(425,967)	-
(22,393,977)	-	(22,393,977)	-
(58,972,803)	-	(58,972,803)	-
(24,060,073)	-	(24,060,073)	-
(43,388,281)	-	(43,388,281)	-
(41,721,608)	-	(41,721,608)	-
(381,368,110)	-	(381,368,110)	-
(62,491,924)	-	(62,491,924)	-
<u>(1,047,683,634)</u>	<u>-</u>	<u>(1,047,683,634)</u>	<u>-</u>
-	20,445,191	20,445,191	-
-	223,498	223,498	-
-	(2,822,810)	(2,822,810)	-
-	(402,152)	(402,152)	-
-	(198,662)	(198,662)	-
-	363,603	363,603	-
-	(866,559)	(866,559)	-
<u>-</u>	<u>16,742,109</u>	<u>16,742,109</u>	<u>-</u>
<u>(1,047,683,634)</u>	<u>16,742,109</u>	<u>(1,030,941,525)</u>	<u>-</u>
-	-	-	123,995
-	-	-	(7,554,762)
-	-	-	(8,190,377)
-	-	-	(2,257,445)
-	-	-	10,825,181
-	-	-	12,064,342
-	-	-	7,023,471
-	-	-	(9,517,432)
-	-	-	11,444,341
-	-	-	(1,161,017)
-	-	-	649,820
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,450,117</u>
592,384,356	-	592,384,356	-
239,779,471	-	239,779,471	-
90,582,840	-	90,582,840	-
4,325,650	2,049,264	6,374,914	7,371,505
50,870,385	-	50,870,385	-
5,589,360	176	5,589,536	608,181
12,357,573	(12,357,573)	-	-
<u>995,889,635</u>	<u>(10,308,133)</u>	<u>985,581,502</u>	<u>7,979,686</u>
(51,793,999)	6,433,976	(45,360,023)	21,429,803
1,364,735,419	1,084,858,354	2,449,593,773	1,073,788,305
<u>\$ 1,312,941,420</u>	<u>\$ 1,091,292,330</u>	<u>\$ 2,404,233,750</u>	<u>\$ 1,095,218,108</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, 2004

	General	General Purpose School	GSD General Purposes Debt Service
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 17,910,100	\$ 13,782,465	\$ 17,940,664
Investments	26,506,413	16,080,172	17,179,358
Sales tax receivable	13,862,876	23,970,454	210,484
Accounts receivable	30,355,427	1,403,372	22,153
Accrued interest receivable	-	-	-
Property tax receivable	339,484,053	184,219,461	61,403,213
Allowance for doubtful accounts	(7,695,791)	(3,439,801)	(1,193,064)
Due from other funds of the primary government	29,086,152	6,214,235	3,434,941
Due from component units	5,550,837	-	21,361,042
Inventories of supplies	535,404	828,395	-
Other assets	233,594	5,737	20,000
Total assets	<u>\$ 455,829,065</u>	<u>\$ 243,064,490</u>	<u>\$ 120,378,791</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 11,630,280	\$ 5,280,924	\$ 240,104
Accrued payroll	27,316,089	11,793,405	-
Due to other funds of the primary government	34,370,754	7,258,010	479,111
Due to component units	785,533	-	-
Deferred revenue	331,000,220	181,056,742	60,229,056
Commercial paper payable	-	-	-
Other liabilities	14,540,410	232,898	-
Total liabilities	<u>419,643,286</u>	<u>205,621,979</u>	<u>60,948,271</u>
<b>FUND BALANCES:</b>			
Reserved for imprest cash and inventories	1,102,489	929,687	-
Reserved for economic development	196,892	-	-
Reserved for social programs	525,452	-	-
Reserved for internal support	542,964	-	-
Reserved for arbitrage rebate	-	-	20,027
Reserved for subsequent year budgetary appropriations	-	11,262,400	23,211,800
Reserved for equipment acquisitions	-	-	-
Reserved for trust purposes	-	-	-
Reserved for debt service	-	-	14,837,651
Reserved for tourism	-	-	-
Reserved for long-term receivable	-	-	21,361,042
Unreserved, reported in:			
General fund	33,817,982	-	-
Special revenue funds:			
Designated for specific projects	-	-	-
Undesignated	-	25,250,424	-
Capital projects funds:			
Designated for specific projects	-	-	-
Undesignated	-	-	-
Permanent funds:			
Undesignated	-	-	-
Total fund balances	<u>36,185,779</u>	<u>37,442,511</u>	<u>59,430,520</u>
Total liabilities and fund balances	<u>\$ 455,829,065</u>	<u>\$ 243,064,490</u>	<u>\$ 120,378,791</u>

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, 2004

GSD School Purposes Debt Service	USD General Purposes Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 13,962,428	\$ 7,395,598	\$ 60,663,050	\$ 131,654,305
16,419,594	520,534	55,901,749	132,607,820
2,426,983	-	-	40,470,797
-	-	28,662,960	60,443,912
-	-	210,424	210,424
29,010,224	8,958,258	-	623,075,209
(554,447)	(338,716)	-	(13,221,819)
45,664,455	5,655,811	60,460,879	150,516,473
-	620,484	21,400,474	48,932,837
-	-	750,816	2,114,615
-	-	549,565	808,896
<u>\$ 106,929,237</u>	<u>\$ 22,811,969</u>	<u>\$ 228,599,917</u>	<u>\$ 1,177,613,469</u>
\$ 226,249	\$ 8,786	\$ 28,566,827	\$ 45,953,170
-	-	2,824,111	41,933,605
415,113	233,718	113,654,258	156,410,964
-	-	68	785,601
28,139,093	8,504,669	1,076,318	610,006,098
-	-	30,000,000	30,000,000
-	-	4,735,893	19,509,201
<u>28,780,455</u>	<u>8,747,173</u>	<u>180,857,475</u>	<u>904,598,639</u>
-	-	2,825,685	4,857,861
-	-	-	196,892
-	-	-	525,452
-	-	-	542,964
69,755	164,780	-	254,562
11,718,900	5,431,400	-	51,624,500
-	-	22,491,488	22,491,488
-	-	192,659	192,659
66,360,127	7,848,546	1,631,477	90,677,801
-	-	728,626	728,626
-	620,070	21,400,124	43,381,236
-	-	-	33,817,982
-	-	3,572,928	3,572,928
-	-	58,399,399	83,649,823
-	-	5,805,468	5,805,468
-	-	(69,500,137)	(69,500,137)
-	-	194,725	194,725
<u>78,148,782</u>	<u>14,064,796</u>	<u>47,742,442</u>	<u>273,014,830</u>
<u>\$ 106,929,237</u>	<u>\$ 22,811,969</u>	<u>\$ 228,599,917</u>	<u>\$ 1,177,613,469</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, 2004

Fund balances - total governmental funds	\$ 273,014,830
<p>Amounts reported for governmental activities in the Statement of Net Assets are different from amounts reported for governmental funds in the Balance Sheet because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore not reported in governmental funds.</p>	
Capital assets	2,691,421,984
Less accumulated depreciation	(438,158,242)
<p>Net pension assets are not financial resources and therefore not reported in governmental funds.</p>	
	50,381,877
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>	
Bonds payable	(1,172,240,000)
Less deferred charge on refunding	12,112,032
Less deferred charge for issuance costs	1,783,824
Add bond premium	(12,189,761)
Accrued interest payable	(24,791,463)
Commercial paper payable	(68,000,000)
Unamortized swaption proceeds	(3,771,212)
Net pension obligation	(50,553,753)
Compensated absences	(48,263,727)
Claims and judgments	(4,611,343)
Interest arbitrage rebate	(254,562)
Landfill closure costs	(7,814,867)
<p>Some deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.</p>	
	23,898,310
<p>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.</p>	
	<u>90,977,493</u>
Net assets - total governmental activities	<u>\$ 1,312,941,420</u>

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

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

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, 2004

	General	General Purpose School	GSD General Purposes Debt Service
<b>REVENUES:</b>			
Property taxes	\$ 338,782,911	\$ 170,451,023	\$ 56,688,623
Local option sales tax	79,253,422	143,765,269	2,198,880
Other taxes, licenses and permits	76,705,938	3,033,049	-
Fines, forfeits and penalties	9,543,823	5,898	-
Revenues from the use of money or property	80,783	84,415	314,728
Revenues from other governmental agencies	80,786,222	155,307,436	5,744,421
Commissions and fees	19,637,940	-	-
Charges for current services	22,286,175	829,974	-
Compensation for loss, sale or damage to property	1,625,906	377,103	-
Contributions and gifts	539,404	347,191	-
Miscellaneous	1,034,395	227,264	-
Total revenues	630,276,919	474,428,622	64,946,652
<b>EXPENDITURES:</b>			
Current:			
General government	37,309,809	-	-
Fiscal administration	21,008,051	-	-
Administration of justice	50,333,461	-	-
Law enforcement and care of prisoners	167,481,033	-	-
Fire prevention and control	93,266,180	-	-
Regulation and inspection	7,239,736	-	-
Conservation of natural resources	398,925	-	-
Public welfare	14,185,717	-	-
Public health and hospitals	74,714,817	-	-
Public library system	19,425,446	-	-
Public works, highways and streets	29,901,517	-	-
Recreational and cultural	33,654,421	-	-
Employee benefits	54,892,819	-	-
Miscellaneous	35,774,040	-	-
Other funds:			
Personal services	-	424,996,598	-
Contractual services	-	40,600,913	808,785
Supplies and material	-	22,630,873	-
Bond issue costs	-	-	-
Other costs	-	11,656,625	-
Capital outlay	-	85,334	-
Debt service:			
Principal retirement	-	-	42,676,434
Interest	-	-	33,779,332
Fiscal charges	-	-	197,442
Arbitrage rebate	-	-	187,185
Total expenditures	639,585,972	499,970,343	77,649,178
Excess (deficiency) of revenues over expenditures	(9,309,053)	(25,541,721)	(12,702,526)

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, 2004

GSD School Purposes Debt Service	USD General Purposes Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 26,356,487	\$ 8,975,548	\$ 570,798	\$ 601,825,390
14,561,900	-	-	239,779,471
-	-	19,585,614	99,324,601
-	-	4,486,481	14,036,202
379,557	23,328	1,133,176	2,015,987
-	-	116,764,705	358,602,784
-	-	-	19,637,940
-	-	23,018,436	46,134,585
-	-	224,493	2,227,502
-	-	6,824,938	7,711,533
-	-	8	1,261,667
41,297,944	8,998,876	172,608,649	1,392,557,662
-	-	-	37,309,809
-	-	-	21,008,051
-	-	-	50,333,461
-	-	-	167,481,033
-	-	-	93,266,180
-	-	-	7,239,736
-	-	-	398,925
-	-	-	14,185,717
-	-	-	74,714,817
-	-	-	19,425,446
-	-	-	29,901,517
-	-	-	33,654,421
-	-	-	54,892,819
-	-	-	35,774,040
-	-	80,936,906	505,933,504
383,005	125,917	118,139,566	160,058,186
-	-	50,940,551	73,571,424
-	-	689,127	689,127
-	-	15,036,114	26,692,739
-	-	142,539,682	142,625,016
24,122,062	11,581,504	1,395,000	79,775,000
19,736,580	4,963,649	641,106	59,120,667
92,190	41,134	-	330,766
213,664	-	-	400,849
44,547,501	16,712,204	410,318,052	1,688,783,250
(3,249,557)	(7,713,328)	(237,709,403)	(296,225,588)

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, 2004

	General	General Purpose School	GSD General Purposes Debt Service
OTHER FINANCING SOURCES (USES):			
Bond proceeds	\$ -	\$ -	\$ -
Bond issue premium (discount)	-	-	-
Commercial paper proceeds	-	-	-
Commercial paper redeemed	-	-	-
Swaption proceeds	-	-	-
Transfers in	23,562,003	1,214,959	9,859,690
Transfers out	(57,172,423)	(2,894,240)	(7,814,000)
Total other financing sources (uses)	(33,610,420)	(1,679,281)	2,045,690
Net change in fund balances	(42,919,473)	(27,221,002)	(10,656,836)
FUND BALANCES, beginning of year	79,105,252	64,663,513	70,087,356
FUND BALANCES, end of year	\$ 36,185,779	\$ 37,442,511	\$ 59,430,520

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, 2004

GSD School Purposes Debt Service	USD General Purposes Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 122,100,000	\$ 122,100,000
-	-	6,157,067	6,157,067
-	-	195,000,000	195,000,000
-	-	(127,000,000)	(127,000,000)
-	-	3,800,000	3,800,000
205,052	8,475,409	63,615,975	106,933,088
<u>(107,085)</u>	<u>(2,281)</u>	<u>(30,044,040)</u>	<u>(98,034,069)</u>
97,967	8,473,128	233,629,002	208,956,086
(3,151,590)	759,800	(4,080,401)	(87,269,502)
<u>81,300,372</u>	<u>13,304,996</u>	<u>51,822,843</u>	<u>360,284,332</u>
<u>\$ 78,148,782</u>	<u>\$ 14,064,796</u>	<u>\$ 47,742,442</u>	<u>\$ 273,014,830</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, 2004

Net change in fund balances - governmental funds \$ (87,269,502)

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	145,878,753
Depreciation expense	(35,071,324)

Donations of capital assets increase net assets for governmental activities, but do not appear in the governmental funds because they are not financial resources. 53,906,540

Transfers of capital assets to proprietary funds decrease net assets for governmental activities, but do not appear in the governmental funds because they are not financial uses. (4,666,432)

The gain or loss on the sale of capital assets is reported for governmental activities, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the net book value of the capital assets sold. (17,084,363)

Changes in net pension assets increase or decrease net assets for governmental activities, but do not appear in the governmental funds because they are not financial resources. (6,091,128)

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 bonds	(122,100,000)
Principal repayments	79,775,000
Amortization of deferred charge on refunding	(866,933)
Issuance costs	809,956
Amortization of issuance costs	(90,112)
Bond premium	(6,157,067)
Amortization of premium	562,833
Change in accrued interest	(1,274,927)

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, 2004

Commercial paper proceeds provide current financial resources to governmental funds, but the issuance of commercial paper increases long-term liabilities for governmental activities. Redemption of commercial paper is an expenditure in the governmental funds but reduces long-term liabilities for governmental activities.

Issuance of commercial paper	\$ (195,000,000)
Redemption of commercial paper	127,000,000

Swaption proceeds provide current financial resources to governmental funds, but the issuance of swaptions increases long-term liabilities for governmental activities. Also, these proceeds are amortized for governmental activities.

Issuance of swaptions	(3,800,000)
Amortization of swaptions	28,788

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	(1,407,823)
Compensated absences	7,289,635
Claims and judgments	(4,407,973)
Interest arbitrage rebate	701,440
Landfill closure costs	3,807,776

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds. (10,262,276)

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. 23,995,140

Change in net assets - governmental activities \$ (51,793,999)

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, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 342,336,600	\$ 342,336,600	\$ 338,782,911	\$ (3,553,689)
Local option sales tax	78,678,100	78,678,100	79,253,422	575,322
Other taxes, licenses and permits	71,905,900	71,905,900	76,705,938	4,800,038
Fines, forfeits and penalties	9,808,900	8,471,900	9,543,823	1,071,923
Revenues from the use of money or property	851,300	851,300	80,783	(770,517)
Revenues from other governmental agencies	77,649,700	77,471,566	80,786,222	3,314,656
Commissions and fees	10,640,500	10,640,500	19,637,940	8,997,440
Charges for current services	22,080,600	22,080,600	22,286,175	205,575
Compensation for loss, sale or damage to property	5,673,300	5,403,300	1,625,906	(3,777,394)
Contributions and gifts	545,500	608,134	539,404	(68,730)
Miscellaneous	474,500	474,500	1,034,395	559,895
<b>Total revenues</b>	<b>620,644,900</b>	<b>618,922,400</b>	<b>630,276,919</b>	<b>11,354,519</b>
<b>EXPENDITURES:</b>				
General government	35,201,300	36,047,034	37,309,809	(1,262,775)
Fiscal administration	22,052,000	21,495,200	21,008,051	487,149
Administration of justice	45,292,400	45,957,600	50,333,461	(4,375,861)
Law enforcement and care of prisoners	165,473,300	167,622,900	167,481,033	141,867
Fire prevention and control	87,471,200	93,281,780	93,266,180	15,600
Regulation and inspection	7,474,500	7,269,000	7,239,736	29,264
Conservation of natural resources	450,600	463,100	398,925	64,175
Public welfare	14,264,500	14,393,300	14,185,717	207,583
Public health and hospitals	76,200,500	77,562,900	74,714,817	2,848,083
Public library system	19,700,500	19,514,300	19,425,446	88,854
Public works, highways and streets	39,098,002	29,948,700	29,901,517	47,183
Recreational and cultural	33,558,800	33,795,775	33,654,421	141,354
Employee benefits	57,459,400	55,527,500	54,892,819	634,681
Miscellaneous	40,925,900	30,631,783	35,774,040	(5,142,257)
<b>Total expenditures</b>	<b>644,622,902</b>	<b>633,510,872</b>	<b>639,585,972</b>	<b>(6,075,100)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(23,978,002)</b>	<b>(14,588,472)</b>	<b>(9,309,053)</b>	<b>5,279,419</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	21,655,900	22,409,400	23,562,003	1,152,603
Transfers out	(40,153,098)	(56,868,598)	(57,172,423)	(303,825)
<b>Total other financing sources (uses)</b>	<b>(18,497,198)</b>	<b>(34,459,198)</b>	<b>(33,610,420)</b>	<b>848,778</b>
<b>Net change in fund balances</b>	<b>(42,475,200)</b>	<b>(49,047,670)</b>	<b>(42,919,473)</b>	<b>6,128,197</b>
<b>FUND BALANCES, beginning of year</b>	<b>79,105,252</b>	<b>79,105,252</b>	<b>79,105,252</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 36,630,052</b>	<b>\$ 30,057,582</b>	<b>\$ 36,185,779</b>	<b>\$ 6,128,197</b>

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 PURPOSE SCHOOL FUND

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 173,582,600	\$ 173,582,600	\$ 170,451,023	\$ (3,131,577)
Local option sales tax	142,518,100	142,518,100	143,765,269	1,247,169
Other taxes, licenses and permits	3,064,000	3,064,000	3,033,049	(30,951)
Fines, forfeits and penalties	7,200	7,200	5,898	(1,302)
Revenues from the use of money or property	290,500	290,500	84,415	(206,085)
Revenues from other governmental agencies	154,498,100	154,498,100	155,307,436	809,336
Charges for current services	1,345,800	1,345,800	829,974	(515,826)
Compensation for loss, sale or damage to property	456,000	456,000	377,103	(78,897)
Contributions and gifts	970,000	970,000	347,191	(622,809)
Miscellaneous	-	-	227,264	227,264
<b>Total revenues</b>	<b>476,732,300</b>	<b>476,732,300</b>	<b>474,428,622</b>	<b>(2,303,678)</b>
<b>EXPENDITURES:</b>				
Personal services	424,989,902	426,048,657	424,996,598	1,052,059
Contractual services	37,036,423	38,520,249	40,600,913	(2,080,664)
Supplies and materials	31,061,674	26,547,038	22,630,873	3,916,165
Other costs	9,083,022	10,230,288	11,656,625	(1,426,337)
Capital outlay	-	-	85,334	(85,334)
<b>Total expenditures</b>	<b>502,171,021</b>	<b>501,346,232</b>	<b>499,970,343</b>	<b>1,375,889</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(25,438,721)</b>	<b>(24,613,932)</b>	<b>(25,541,721)</b>	<b>(927,789)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,192,000	1,192,000	1,214,959	22,959
Transfers out	(728,979)	(1,553,768)	(2,894,240)	(1,340,472)
<b>Total other financing sources (uses)</b>	<b>463,021</b>	<b>(361,768)</b>	<b>(1,679,281)</b>	<b>(1,317,513)</b>
<b>Net change in fund balances</b>	<b>(24,975,700)</b>	<b>(24,975,700)</b>	<b>(27,221,002)</b>	<b>(2,245,302)</b>
<b>FUND BALANCES, beginning of year</b>	<b>64,663,513</b>	<b>64,663,513</b>	<b>64,663,513</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 39,687,813</b>	<b>\$ 39,687,813</b>	<b>\$ 37,442,511</b>	<b>\$ (2,245,302)</b>

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, 2004

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 12,907,891	\$ 2,068,349	\$ 4,241,662	\$ 19,217,902	\$ 26,591,153
Investments	13,911,142	2,192,433	4,802,915	20,906,490	31,024,522
Accounts receivable	15,995,993	2,865,218	767,320	19,628,531	310,746
Allowance for doubtful accounts	(327,937)	-	(211,462)	(539,399)	-
Accrued interest receivable	396,674	14,689	2	411,365	127
Due from other funds of the primary government	58,363	-	719,781	778,144	13,754,035
Due from component units	100,000	-	502,697	602,697	21,375
Inventories of supplies	1,756,784	-	-	1,756,784	1,648,634
Other current assets	1,976	-	53,517	55,493	1,614,100
Restricted assets:					
Debt service and reserve funds:					
Investments	35,478,649	3,493,410	-	38,972,059	-
Accrued interest receivable	337,058	29,165	-	366,223	-
Construction funds:					
Cash and cash equivalents	16,466,045	-	-	16,466,045	-
Investments	-	13,244,179	-	13,244,179	-
Due from other governmental agencies	2,374,044	-	-	2,374,044	-
Due from other funds of the primary government	273,469	-	-	273,469	-
Other current assets	22,328	-	-	22,328	-
Total current assets	<u>99,752,479</u>	<u>23,907,443</u>	<u>10,876,432</u>	<u>134,536,354</u>	<u>74,964,692</u>
<b>CAPITAL AND OTHER NONCURRENT ASSETS:</b>					
Capital assets:					
Utility plant in service	1,671,809,344	27,165,204	-	1,698,974,548	-
Land	7,327,113	1,311,212	6,231,822	14,870,147	-
Buildings and improvements	29,442,359	20,043,387	57,487,222	106,972,968	497,407
Improvements other than buildings	37,447,515	135,688	3,146,930	40,730,133	-
Furniture, machinery and equipment	33,631,243	886,904	4,534,657	39,052,804	112,813,530
Property under capital lease	-	-	3,645,000	3,645,000	-
Construction work in progress	25,711,879	5,796,764	518,489	32,027,132	-
Less accumulated depreciation	(514,955,373)	(748,110)	(29,527,617)	(545,231,100)	(79,983,842)
Capital assets - net	<u>1,290,414,080</u>	<u>54,591,049</u>	<u>46,036,503</u>	<u>1,391,041,632</u>	<u>33,327,095</u>
Restricted assets:					
Debt service and reserve funds:					
Investments	39,085,186	-	-	39,085,186	-
Construction funds:					
Cash and cash equivalents	44,982,079	-	-	44,982,079	-
Investments	132,201,149	-	-	132,201,149	-
Other noncurrent assets	<u>6,081,942</u>	<u>1,542,685</u>	<u>-</u>	<u>7,624,627</u>	<u>-</u>
Total capital and other noncurrent assets	<u>1,512,764,436</u>	<u>56,133,734</u>	<u>46,036,503</u>	<u>1,614,934,673</u>	<u>33,327,095</u>
Total assets	<u>1,612,516,915</u>	<u>80,041,177</u>	<u>56,912,935</u>	<u>1,749,471,027</u>	<u>108,291,787</u>

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, 2004

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable	\$ 3,288,237	\$ 3,483,451	\$ 1,129,784	\$ 7,901,472	\$ 4,653,562
Accrued payroll	2,180,911	-	943,060	3,123,971	2,136,556
Claims payable	-	-	-	-	14,005,013
Due to other funds of the primary government	1,228,866	9,262	2,522,636	3,760,764	1,693,632
Customer deposits	3,031,237	5,000	46,913	3,083,150	-
Deferred revenue	-	-	667,265	667,265	-
Current portion of capital lease	-	-	145,000	145,000	-
Other current liabilities	2,909,967	-	10,107	2,920,074	328
Liabilities payable from restricted assets:					
Debt service and reserve funds:					
Accrued interest revenue bonds	13,765,588	790,903	-	14,556,491	-
Current portion of long term debt	21,680,000	-	-	21,680,000	-
Other restricted liabilities	370,119	4,518,606	-	4,888,725	-
Construction funds:					
Accounts payable	15,087,672	-	-	15,087,672	-
Current portion of state construction loans	3,292,140	-	-	3,292,140	-
Other restricted liabilities	26,100	-	-	26,100	-
Due to other funds of the primary government	729,974	-	-	729,974	-
Total current liabilities	<u>67,590,811</u>	<u>8,807,222</u>	<u>5,464,765</u>	<u>81,862,798</u>	<u>22,489,091</u>
<b>NONCURRENT LIABILITIES:</b>					
Revenue bonds payable	455,000,795	68,952,012	-	523,952,807	-
State construction loans	43,511,195	-	-	43,511,195	-
Capitalized lease obligations	-	-	1,930,000	1,930,000	-
Due to other funds of the primary government	-	-	1,747,100	1,747,100	-
Total noncurrent liabilities	<u>498,511,990</u>	<u>68,952,012</u>	<u>3,677,100</u>	<u>571,141,102</u>	<u>-</u>
Total liabilities	<u>566,102,801</u>	<u>77,759,234</u>	<u>9,141,865</u>	<u>653,003,900</u>	<u>22,489,091</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	773,011,892	(1,071,542)	43,961,503	815,901,853	33,327,095
Restricted for debt retirement	60,765,186	122,897	-	60,888,083	-
Restricted for construction	177,183,228	-	-	177,183,228	-
Unrestricted	35,453,808	3,230,588	3,809,567	42,493,963	52,475,601
Total net assets	<u>\$ 1,046,414,114</u>	<u>\$ 2,281,943</u>	<u>\$ 47,771,070</u>	<u>1,096,467,127</u>	<u>\$ 85,802,696</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(5,174,797)	
Net assets of business-type activities				<u>\$ 1,091,292,330</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, 2004

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 152,601,036	\$ 7,247,098	\$ 11,933,593	\$ 171,781,727	\$ 136,449,048
Other	184,600	1,054,787	7,426	1,246,813	2,174,450
Total operating revenues	<u>152,785,636</u>	<u>8,301,885</u>	<u>11,941,019</u>	<u>173,028,540</u>	<u>138,623,498</u>
<b>OPERATING EXPENSES:</b>					
Personal services	30,527,724	-	7,105,935	37,633,659	16,594,418
Contractual services	26,003,019	5,550,377	5,990,920	37,544,316	12,075,376
Supplies and materials	6,390,082	448	384,802	6,775,332	10,220,503
Depreciation	45,196,830	748,110	1,810,401	47,755,341	11,198,470
Amortization	276,438	53,021	-	329,459	-
Compensation for damages to property	-	-	-	-	90,741
Medical and insurance benefits	3,632,309	-	-	3,632,309	77,154,018
Other	4,719,914	5,565	488,114	5,213,593	4,814,928
Total operating expenses	<u>116,746,316</u>	<u>6,357,521</u>	<u>15,780,172</u>	<u>138,884,009</u>	<u>132,148,454</u>
OPERATING INCOME (LOSS)	<u>36,039,320</u>	<u>1,944,364</u>	<u>(3,839,153)</u>	<u>34,144,531</u>	<u>6,475,044</u>
<b>NONOPERATING REVENUE (EXPENSE):</b>					
Investment income	1,852,839	146,891	49,534	2,049,264	254,004
Interest expense	(30,840,286)	(1,720,866)	(121,893)	(32,683,045)	(128,190)
Gain (loss) on sale of property	176	-	(1,026)	(850)	434,109
Other	-	-	-	-	3,550,542
Total nonoperating revenue (expense)	<u>(28,987,271)</u>	<u>(1,573,975)</u>	<u>(73,385)</u>	<u>(30,634,631)</u>	<u>4,110,465</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	<u>7,052,049</u>	<u>370,389</u>	<u>(3,912,538)</u>	<u>3,509,900</u>	<u>10,585,509</u>
CAPITAL GRANTS AND CONTRIBUTIONS	16,473,123	-	-	16,473,123	4,649,201
TRANSFERS IN	210,000	2,000,000	2,380,018	4,590,018	11,846,397
TRANSFERS OUT	<u>(15,400,704)</u>	<u>(48,680)</u>	<u>(1,498,207)</u>	<u>(16,947,591)</u>	<u>(4,277,441)</u>
CHANGE IN NET ASSETS	8,334,468	2,321,709	(3,030,727)	<u>7,625,450</u>	22,803,666
NET ASSETS, beginning of year, as restated (Note 3)	<u>1,038,079,646</u>	<u>(39,766)</u>	<u>50,801,797</u>		<u>62,999,030</u>
NET ASSETS, end of year	<u>\$ 1,046,414,114</u>	<u>\$ 2,281,943</u>	<u>\$ 47,771,070</u>		<u>\$ 85,802,696</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(1,191,474)</u>	
Change in net assets of business-type activities				<u>\$ 6,433,976</u>	

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

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2004

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:					
Receipts from customers and users	\$ 152,772,821	\$ 5,403,167	\$ 13,568,506	\$ 171,744,494	\$ 134,643,187
Payments to suppliers	(32,619,395)	(7,984,328)	(8,404,310)	(49,008,033)	(103,668,072)
Payments to employees	(35,936,992)	-	(6,721,311)	(42,658,303)	(15,815,163)
Other receipts (payments)	(573,168)	-	-	(573,168)	-
Net cash provided by (used in) operating activities	<u>83,643,266</u>	<u>(2,581,161)</u>	<u>(1,557,115)</u>	<u>79,504,990</u>	<u>15,159,952</u>
Cash flows from noncapital financing activities:					
Transfers in	210,000	2,000,000	2,380,018	4,590,018	11,451,760
Transfers out	(15,400,704)	(48,680)	(1,454,073)	(16,903,457)	(4,283,092)
Net cash provided by (used in) non-capital financing activities	<u>(15,190,704)</u>	<u>1,951,320</u>	<u>925,945</u>	<u>(12,313,439)</u>	<u>7,168,668</u>
Cash flows from capital and related financing activities:					
Advances from other funds	-	-	1,747,100	1,747,100	-
Acquisition of capital assets	(74,443,442)	(19,671,234)	(950,844)	(95,065,520)	(11,447,533)
Proceeds from the sale of capital assets	176	-	-	176	955,464
Payments on borrowings	(25,009,488)	-	(135,000)	(25,144,488)	-
Interest paid	(30,614,682)	(2,935,519)	(121,893)	(33,672,094)	(128,190)
Capital contributions received	10,377,399	-	-	10,377,399	-
Net cash provided by (used in) capital and related financing activities	<u>(119,690,037)</u>	<u>(22,606,753)</u>	<u>539,363</u>	<u>(141,757,427)</u>	<u>(10,620,259)</u>
Cash flows from investing activities:					
Purchases of investments	(596,993,126)	(1,230,770)	(19,330,760)	(617,554,656)	(170,766,574)
Proceeds from the sale and maturities of investment securities	629,005,668	26,306,112	19,228,435	674,540,215	163,596,954
Interest on investments	1,568,104	229,601	131,811	1,929,516	711,416
Net cash provided by (used in) investing activities	<u>33,580,646</u>	<u>25,304,943</u>	<u>29,486</u>	<u>58,915,075</u>	<u>(6,458,204)</u>
Net changes in cash and cash equivalents	(17,656,829)	2,068,349	(62,321)	(15,650,801)	5,250,157
Cash and cash equivalents at beginning of year, restated	<u>92,012,844</u>	<u>-</u>	<u>4,303,983</u>	<u>96,316,827</u>	<u>21,340,996</u>
Cash and cash equivalents at end of year	<u>\$ 74,356,015</u>	<u>\$ 2,068,349</u>	<u>\$ 4,241,662</u>	<u>\$ 80,666,026</u>	<u>\$ 26,591,153</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 (CONTINUED)

For the Year Ended June 30, 2004

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 36,039,320	\$ 1,944,364	\$ (3,839,153)	\$ 34,144,531	\$ 6,475,044
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	45,473,268	801,131	1,810,401	48,084,800	11,198,470
Provision for doubtful accounts	812,337	-	30,000	842,337	-
Other nonoperating revenue (expense)	-	-	-	-	3,550,542
Changes in assets and liabilities:					
Accounts receivable	(861,937)	(2,959,943)	(18,090)	(3,839,970)	(143,417)
Due from funds of the primary government	469,824	-	(333,646)	136,178	(6,259,846)
Due from component units	-	-	(502,696)	(502,696)	(2,163)
Inventories of supplies	252,709	-	-	252,709	50,556
Other current assets	6,244	-	(8,339)	(2,095)	493,040
Other non-current assets	-	61,225	50,000	111,225	-
Accounts payable	(479,003)	(2,437,200)	(152,326)	(3,068,529)	1,519,056
Accrued payroll	(1,776,959)	-	384,624	(1,392,335)	334,004
Claims payable	-	-	-	-	(2,919,518)
Due to other funds of the primary government	971,069	9,262	1,110,004	2,090,335	1,136,293
Due to component units	-	-	(62,606)	(62,606)	(76,525)
Customer deposits	36,785	-	(8,616)	28,169	-
Deferred revenue	-	-	667,265	667,265	-
Other current liabilities	2,699,609	-	(683,937)	2,015,672	(195,584)
Total adjustments	47,603,946	(4,525,525)	2,282,038	45,360,459	8,684,908
Net cash provided by (used in) operating activities	\$ 83,643,266	\$ (2,581,161)	\$ (1,557,115)	\$ 79,504,990	\$ 15,159,952
<b>Non-Cash Capital, Financing and Investing Activities:</b>					
Contributions of capital assets	\$ 5,730,137	\$ -	\$ -	\$ 5,730,137	\$ -
Transfer of capital assets from other funds	-	-	-	-	5,061,069
Transfer of capital assets to other funds	-	-	(44,134)	(44,134)	(11,580)
Increase (decrease) in fair value of investments	(802,813)	65,735	(41,527)	(778,605)	(231,959)

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2004

	Pension (and Other Employee Benefit) Trust Funds	Agency Funds
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 44,361,238	\$ 35,876,299
Investments, at fair value:		
U.S. Treasury and agency securities	5,741,569	534
Commercial mortgage backed securities	3,908,264	-
Government mortgage backed securities	130,362,947	-
Government bonds	98,640,346	-
Government agencies	57,334,512	-
Corporate bonds and notes	118,274,657	10,000
Indexed linked government bonds	4,722,898	-
Warrants and options	320,618	-
Common stock	1,001,410,269	-
Preferred stock	7,258,402	-
Mortgages and real estate	82,919,933	164,118
Collateralized mortgage obligations	24,450,541	-
Venture capital and partnerships	34,100,287	-
Asset backed securities	49,414,294	-
Convertible equity	499,432	-
Other assets	804,550	-
Mutual funds	-	39,797
Annuities	608,917	-
Accounts receivable	78,952,836	1,613,566
Accrued interest receivable	5,001,684	-
Due from other funds of the primary government	6,180,810	40,116
Due from component units	41,702	-
Other assets	-	22,748
	<u>1,755,310,706</u>	<u>\$ 37,767,178</u>
<b>LIABILITIES:</b>		
Accounts payable	1,095,096	\$ 233,676
Due to brokers	140,809,556	-
Due to other funds of the primary government	5,982,127	1,218,486
Due to component units	-	1,420,995
Funds held in trust	-	27,837,942
Other liabilities	165,800	7,056,079
	<u>148,052,579</u>	<u>\$ 37,767,178</u>
<b>NET ASSETS:</b>		
Held in trust for pension and other employee benefits	<u>\$ 1,607,258,127</u>	

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

For the Year Ended June 30, 2004

	Pension (and other Employee Benefit) Trust Funds
ADDITIONS:	
Investment income:	
Interest and dividend income	\$ 36,252,448
Net appreciation (depreciation) of investments	197,007,851
Miscellaneous	<u>267,563</u>
Total investment income	233,527,862
Less investment expenses	<u>(5,666,784)</u>
Net investment income	<u>227,861,078</u>
Contributions:	
Employee contributions	1,466,701
Employer contributions	78,479,459
Transfers in	20,752
Contributions from the State of Tennessee	21,143,526
Miscellaneous	<u>1,553,037</u>
Total contributions	<u>102,663,475</u>
Total additions	<u>330,524,553</u>
DEDUCTIONS:	
Pension and other employee benefits	127,509,121
Refunds of contributions	141,107
Administrative expenses	3,148,493
Transfers out	<u>4,131,154</u>
Total deductions	<u>134,929,875</u>
Change in net assets	195,594,678
NET ASSETS, beginning of year	<u>1,411,663,449</u>
NET ASSETS, end of year	<u><u>\$ 1,607,258,127</u></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

June 30, 2004

	Nashville District Management Corporation	Sports Authority	Total Governmental Types
<u>ASSETS</u>			
Cash and cash equivalents	\$ 134,844	\$ 9,919,300	\$ 10,054,144
Investments	-	6,438,687	6,438,687
Accounts receivable	-	739,798	739,798
Allowance for doubtful accounts	-	-	-
Accrued interest receivable	-	2	2
Due from the primary government	-	40,533	40,533
Due from other component units	-	-	-
Inventories of supplies	-	-	-
Other current assets	2,777	-	2,777
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	-	357,764,851	357,764,851
Improvements other than buildings	100,350	-	100,350
Furniture, machinery and equipment	56,326	1,199,121	1,255,447
Infrastructure	-	-	-
Construction work in progress	-	-	-
Less accumulated depreciation	(19,359)	(49,086,312)	(49,105,671)
Other noncurrent assets	-	-	-
	<u>274,938</u>	<u>388,908,367</u>	<u>389,183,305</u>
Total assets	<u>274,938</u>	<u>388,908,367</u>	<u>389,183,305</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, 2004

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority
General Hospital	Bordeaux Hospital	Total			
\$ -	\$ 2,407,015	\$ 2,407,015	\$ 3,187,631	\$ 47,737,585	\$ 1,566,876
-	2,720,179	2,720,179	38,605,166	-	-
48,236,794	6,258,960	54,495,754	3,292,309	83,555,452	398,926
(23,199,820)	(2,408,306)	(25,608,126)	-	(416,940)	(69,360)
6,804	-	6,804	871,670	91,710	-
68	-	68	-	-	2,165,995
88,010	-	88,010	-	-	-
1,797,725	232,542	2,030,267	3,297,723	10,452,005	1,411,330
570,140	151,427	721,567	2,376,590	1,405,935	195,301
7,964	121,105	129,069	-	98,586,232	-
-	-	-	1,523,523	41,753,628	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	41,442,221	2,377,465	-
-	-	-	-	853,870,574	-
-	-	-	37,450,830	1,138,927	2,691,315
49,407,296	18,634,076	68,041,372	192,410,419	36,822,208	15,475,472
125,959	411,022	536,981	-	-	-
19,599,495	3,615,940	23,215,435	5,561,117	65,524,912	39,518,668
-	-	-	11,460,638	-	-
12,231	-	12,231	7,944,826	51,356,381	631,623
(22,995,584)	(11,110,705)	(34,106,289)	(106,039,036)	(354,078,430)	(28,864,266)
-	-	-	-	3,524,466	1,420,861
<u>73,657,082</u>	<u>21,033,255</u>	<u>94,690,337</u>	<u>243,385,627</u>	<u>943,702,110</u>	<u>36,542,741</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, 2004

	Nashville Thermal Transfer Corporation	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,481,785	\$ 9,334,620	\$ 699,301
Investments	-	22,736,102	1,100,000
Accounts receivable	-	1,962,825	782,860
Allowance for doubtful accounts	-	(127,445)	-
Accrued interest receivable	-	171,494	-
Due from the primary government	-	-	-
Due from other component units	-	-	-
Inventories of supplies	-	531,993	-
Other current assets	-	949,429	-
Restricted assets:			
Cash and cash equivalents	39,313	37,077,947	-
Investments	-	37,752,285	-
Accrued interest receivable	-	252,639	-
Due from other governmental agencies	1,393,768	76,356	-
Other restricted assets	-	1,331,421	-
Notes receivable	-	1,855,544	-
Capital assets:			
Utility plant in service	-	-	-
Land	512,619	99,334,123	-
Buildings and improvements	-	126,696,865	-
Improvements other than buildings	-	369,854,122	-
Furniture, machinery and equipment	-	21,367,619	5,932,792
Infrastructure	-	-	-
Construction work in progress	-	11,120,299	-
Less accumulated depreciation	-	(270,291,950)	(3,957,342)
Other noncurrent assets	-	21,747,240	-
	<u>4,427,485</u>	<u>493,733,528</u>	<u>4,557,611</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, 2004

Industrial Development Board	Total Proprietary Types	Total Component Units
\$ 4,431,277	\$ 71,846,090	\$ 81,900,234
-	65,161,447	71,600,134
1,202	144,489,328	145,229,126
-	(26,221,871)	(26,221,871)
-	1,141,678	1,141,680
-	2,166,063	2,206,596
-	88,010	88,010
-	17,723,318	17,723,318
1,000	5,649,822	5,652,599
63	135,832,624	135,832,624
-	81,029,436	81,029,436
-	252,639	252,639
-	1,470,124	1,470,124
-	1,331,421	1,331,421
-	45,675,230	45,675,230
-	853,870,574	853,870,574
-	141,127,814	203,020,201
-	439,446,336	797,211,187
-	370,391,103	370,491,453
1,125	161,121,668	162,377,115
-	11,460,638	11,460,638
-	71,065,360	71,065,360
(75)	(797,337,388)	(846,443,059)
-	26,692,567	26,692,567
<u>4,434,592</u>	<u>1,825,474,031</u>	<u>2,214,657,336</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, 2004

	Nashville District Management Corporation	Sports Authority	Total Governmental Types
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>LIABILITIES</u>			
Accounts payable	\$ 116,130	\$ 89,327	\$ 205,457
Accrued payroll	-	5,359	5,359
Due to the primary government	-	1,472,137	1,472,137
Due to other component units	-	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	4,292	2,305,000	2,309,292
Current portion of capital lease	-	-	-
Accrued interest	-	1,619,537	1,619,537
Other current liabilities	-	6,309	6,309
Liabilities payable from restricted assets:			
Accounts payable	-	-	-
Accrued interest	-	-	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	6,924	-	6,924
Other restricted liabilities	-	-	-
Revenue bonds payable	-	85,200,000	85,200,000
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	-	-	-
	<u>127,346</u>	<u>90,697,669</u>	<u>90,825,015</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	126,101	284,265,047	284,391,148
Restricted for debt retirement	-	-	-
Restricted for other purposes	-	-	-
Unrestricted	21,491	13,945,651	13,967,142
	<u>147,592</u>	<u>298,210,698</u>	<u>298,358,290</u>
Total net assets	<u>\$ 147,592</u>	<u>\$ 298,210,698</u>	<u>\$ 298,358,290</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, 2004

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority
General Hospital	Bordeaux Hospital	Total			
\$ 2,484,052	\$ 919,663	\$ 3,403,715	\$ 3,552,463	\$ 93,715,245	\$ 1,084,116
4,057,549	1,997,221	6,054,770	586,987	-	1,265,283
44,122,386	475,062	44,597,448	100,000	-	2,926,330
-	88,010	88,010	-	-	-
-	-	-	361,003	8,424,937	-
-	-	-	1,118,907	-	-
900,833	-	900,833	-	-	132,239
-	-	-	-	2,295,326	-
693,806	-	693,806	4,512,168	1,366,167	2,164,907
-	-	-	-	-	-
-	-	-	-	-	-
7,964	121,105	129,069	-	-	-
-	-	-	-	17,485,000	-
-	-	-	-	-	-
-	-	-	7,743,400	461,245,186	-
40,863,620	-	40,863,620	-	-	522,403
-	-	-	-	2,377,355	-
-	-	-	4,378,108	861,784	-
<u>93,130,210</u>	<u>3,601,061</u>	<u>96,731,271</u>	<u>22,353,036</u>	<u>587,771,000</u>	<u>8,095,278</u>
4,384,944	11,550,333	15,935,277	137,135,418	274,528,971	28,798,170
-	-	-	-	41,089,411	-
-	-	-	1,523,523	-	-
<u>(23,858,072)</u>	<u>5,881,861</u>	<u>(17,976,211)</u>	<u>82,373,650</u>	<u>40,312,728</u>	<u>(350,707)</u>
<u>\$ (19,473,128)</u>	<u>\$ 17,432,194</u>	<u>\$ (2,040,934)</u>	<u>\$ 221,032,591</u>	<u>\$ 355,931,110</u>	<u>\$ 28,447,463</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, 2004

	Nashville Thermal Transfer Corporation	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 4,035,731	\$ 66,505
Accrued payroll	57,399	2,391,852	-
Due to the primary government	502,696	-	-
Due to other component units	-	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	-	164,549	-
Current portion of capital lease	-	-	333,523
Accrued interest	-	30,230	8,411
Other current liabilities	685,957	-	-
Liabilities payable from restricted assets:			
Accounts payable	-	1,591,704	-
Accrued interest	-	6,107,371	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	-	19,105,000	-
Other restricted liabilities	-	-	-
Revenue bonds payable	-	257,060,875	-
Capitalized lease obligations	-	-	155,439
TVA advances	-	-	-
Other long-term liabilities	-	19,011,640	-
	<u>1,246,052</u>	<u>309,498,952</u>	<u>563,878</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	512,619	84,315,495	1,486,488
Restricted for debt retirement	-	39,170,732	-
Restricted for other purposes	-	-	-
Unrestricted	2,668,814	60,748,349	2,507,245
	<u>2,668,814</u>	<u>60,748,349</u>	<u>2,507,245</u>
Total net assets	<u>\$ 3,181,433</u>	<u>\$ 184,234,576</u>	<u>\$ 3,993,733</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, 2004

Industrial Development Board	Total Proprietary Types	Total Component Units
\$ -	\$ 105,857,775	\$ 106,063,232
-	10,356,291	10,361,650
-	48,126,474	49,598,611
-	88,010	88,010
-	8,785,940	8,785,940
-	1,283,456	3,592,748
-	1,366,595	1,366,595
-	2,333,967	3,953,504
2,354,746	11,777,751	11,784,060
-	1,591,704	1,591,704
-	6,107,371	6,107,371
-	129,069	129,069
-	36,590,000	36,596,924
-	-	-
-	726,049,461	811,249,461
-	41,541,462	41,541,462
-	2,377,355	2,377,355
-	24,251,532	24,251,532
<u>2,354,746</u>	<u>1,028,614,213</u>	<u>1,119,439,228</u>
1,050	542,713,488	827,104,636
-	80,260,143	80,260,143
2,078,796	3,602,319	3,602,319
-	170,283,868	184,251,010
<u>\$ 2,079,846</u>	<u>\$ 796,859,818</u>	<u>\$ 1,095,218,108</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, 2004

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 661,785	\$ 619,114	\$ -	\$ 166,666
Sports Authority	23,876,543	2,296,149	9,497,161	4,528,471
General Hospital	79,839,438	44,985,758	23,505,100	3,158,203
Bordeaux Hospital	33,268,160	21,576,499	9,241,300	192,916
Metropolitan Development and Housing Agency	92,055,901	15,685,643	71,860,288	15,335,151
Electric Power Board	775,934,245	787,998,587	-	-
Metropolitan Transit Authority	33,827,024	8,017,067	15,294,677	17,538,751
Nashville Thermal Transfer Corporation	18,683,055	9,165,623	-	-
Metropolitan Nashville Airport Authority	69,767,191	75,556,329	5,655,203	-
Emergency Communications District	6,695,717	5,534,700	-	-
Industrial Development Board	34,928	684,748	-	-
<b>Total component units</b>	<b>\$ 1,134,643,987</b>	<b>\$ 972,120,217</b>	<b>\$ 135,053,729</b>	<b>\$ 40,920,158</b>

General revenues:

Revenues from the use of money or property  
Compensation for loss, sale or damage to property

Total general revenues

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  
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2004

Net (Expense) Revenue and Changes in Net Assets					
Nashville District Management Corporation	Sports Authority	Total Governmental Types	Hospital Authority		
			General Hospital	Bordeaux Hospital	Total
\$ 123,995	\$ -	\$ 123,995	\$ -	\$ -	\$ -
-	(7,554,762)	(7,554,762)	-	-	-
-	-	-	(8,190,377)	-	(8,190,377)
-	-	-	-	(2,257,445)	(2,257,445)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>123,995</u>	<u>(7,554,762)</u>	<u>(7,430,767)</u>	<u>(8,190,377)</u>	<u>(2,257,445)</u>	<u>(10,447,822)</u>
2,271	91,141	93,412	-	27,660	27,660
-	596,041	596,041	-	-	-
<u>2,271</u>	<u>687,182</u>	<u>689,453</u>	<u>-</u>	<u>27,660</u>	<u>27,660</u>
126,266	(6,867,580)	(6,741,314)	(8,190,377)	(2,229,785)	(10,420,162)
<u>21,326</u>	<u>305,078,278</u>	<u>305,099,604</u>	<u>(11,282,751)</u>	<u>19,661,979</u>	<u>8,379,228</u>
<u>\$ 147,592</u>	<u>\$ 298,210,698</u>	<u>\$ 298,358,290</u>	<u>\$ (19,473,128)</u>	<u>\$ 17,432,194</u>	<u>\$ (2,040,934)</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, 2004

	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	10,825,181	-	-	-
Electric Power Board	-	12,064,342	-	-
Metropolitan Transit Authority	-	-	7,023,471	-
Nashville Thermal Transfer Corporation	-	-	-	(9,517,432)
Metropolitan Nashville Airport Authority	-	-	-	-
Emergency Communications District	-	-	-	-
Industrial Development Board	-	-	-	-
<b>Total component units</b>	<b>10,825,181</b>	<b>12,064,342</b>	<b>7,023,471</b>	<b>(9,517,432)</b>
General revenues:				
Revenues from the use of money or property	696,216	1,373,676	21,057	104,248
Compensation for loss, sale or damage to property	6,613	-	-	-
<b>Total general revenues</b>	<b>702,829</b>	<b>1,373,676</b>	<b>21,057</b>	<b>104,248</b>
Changes in net assets	11,528,010	13,438,018	7,044,528	(9,413,184)
Net assets - beginning	209,504,581	342,493,092	21,402,935	12,594,617
Net assets - ending	<u>\$ 221,032,591</u>	<u>\$ 355,931,110</u>	<u>\$ 28,447,463</u>	<u>\$ 3,181,433</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, 2004

Net (Expense) Revenue and Changes in Net Assets				
Metropolitan Nashville Airport Authority	Emergency Communications District	Industrial Development Board	Total Proprietary Types	Total Component Units
\$ -	\$ -	\$ -	\$ -	\$ 123,995
-	-	-	-	(7,554,762)
-	-	-	(8,190,377)	(8,190,377)
-	-	-	(2,257,445)	(2,257,445)
-	-	-	10,825,181	10,825,181
-	-	-	12,064,342	12,064,342
-	-	-	7,023,471	7,023,471
-	-	-	(9,517,432)	(9,517,432)
11,444,341	-	-	11,444,341	11,444,341
-	(1,161,017)	-	(1,161,017)	(1,161,017)
-	-	649,820	649,820	649,820
<u>11,444,341</u>	<u>(1,161,017)</u>	<u>649,820</u>	<u>20,880,884</u>	<u>13,450,117</u>
5,026,751	25,502	2,983	7,278,093	7,371,505
-	5,527	-	12,140	608,181
<u>5,026,751</u>	<u>31,029</u>	<u>2,983</u>	<u>7,290,233</u>	<u>7,979,686</u>
16,471,092	(1,129,988)	652,803	28,171,117	21,429,803
<u>167,763,484</u>	<u>5,123,721</u>	<u>1,427,043</u>	<u>768,688,701</u>	<u>1,073,788,305</u>
<u>\$ 184,234,576</u>	<u>\$ 3,993,733</u>	<u>\$ 2,079,846</u>	<u>\$ 796,859,818</u>	<u>\$ 1,095,218,108</u>

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

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

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 as applied to governmental units. 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 for its only fund 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 is appointed by the Mayor and confirmed by the Metropolitan Council. The Government is required to approve debt issuance of the Board. 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 provided 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 90 Peabody Street, Nashville, TN 37210.

In January 2002, the Council of 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 Corporation's solid waste burning activity by September 2002 and the termination of the Agreement between the Government and the Corporation. The Agreement's termination was simultaneous with the date the new district heating and cooling facility became operational which occurred in December 2003. Upon termination of the Agreement, the Corporation ceased all operations, the energy distribution systems of the Corporation were transferred to the Government and all remaining assets of the Corporation were sold with the exception of land which will transfer to the Government upon the completion of demolition. The utility plant is currently in the process of being demolished. Certain assets of the Corporation were disposed of prior to the termination date. The proceeds from the disposition of those assets were received directly by the Government. Due to the phase out of the solid waste burning activity, the Corporation supplemented its ability to provide heating and cooling services through the use of additional natural gas fired boilers until the new facility became operational.

On October 21, 2004 the Board of Directors of the Nashville Thermal Transfer Corporation met and determined the Corporation's dissolution date to be December 29, 2004. Upon dissolution the Corporation will cease to exist. Effective December, 2003, the District Energy System, which is an Enterprise Fund of the reporting entity, commenced operations to provide the same services.

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 funding for efficient emergency services to the public. The District is governed by a board of directors who are appointed by the Government. The District also 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 101 Shepherd Hills Drive, 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 with a September 30 year end, the Nashville District Management Corporation with a December 31 year end and the Industrial Development Board with a March 31 year end.

#### **B. Accounting Pronouncements**

The Government adopted Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations Are Component Units, in fiscal 2004. This Statement amended GASB Statement No. 14, The Financial Reporting Entity, and provided criteria for determining whether certain organizations should be reported as component units in the reporting entity. The adoption of this Statement had no effect on the Government's financial statements.

The Government plans to adopt GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3 required for fiscal periods beginning after June 15, 2004, in fiscal 2005. This Statement establishes and modifies disclosure requirements related to investment and deposit risks.

## THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Government plans to adopt GASB Statement No. 42, Impairment of Capital Assets and Insurance Recoveries, required for fiscal periods beginning after December 15, 2004, in fiscal 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and provides consistency in accounting for insurance recoveries.

The Government plans to adopt GASB Statement No. 43, Financial Reporting for Post employment Benefit Plans Other Than Pension Plans, required for fiscal periods beginning after December 15, 2005, in fiscal 2007. This Statement establishes financial reporting standards for the plans which administer other post employment benefits such as medical and life insurance.

The Government plans to adopt GASB Statement No. 44, Economic Condition Reporting: the Statistical Section, required for fiscal periods beginning after June 15, 2005, in fiscal 2006. This Statement updates the statistical section that accompanies the basic financial statements.

The Government plans to adopt GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions, required for fiscal periods beginning after December 15, 2006, in fiscal 2008. This Statement addresses how governments should account for and report their costs and obligations related to post employment healthcare and other nonpension benefits.

Management is in the process of determining the effects that the adoption of these Statements 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 Activities) report information on all of the non-fiduciary activities of the Government and its component units. All material 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 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 have been met.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 or up to one year for grant revenues. Property taxes, sales tax, franchise taxes, licenses, interest and grant revenues 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 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.

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.

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 to charge such expenses to enterprise activities, but 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 related to 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 enterprise funds:

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.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The **District Energy System** began operation in 2004 and provides heating and cooling services to the Government and downtown businesses. The System is managed by a third party and is self-supporting by utilizing a rate structure designed to fund debt service requirements, pay for operating expenses and generate 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 management, information systems, radio maintenance, insurance, central storeroom, postal services, facilities planning and construction and treasury management.

**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. The cash and cash equivalents of various funds and component units of the Government are invested in pooled accounts. Funds or component units with negative cash and cash equivalents report the negative amount as due to other funds of the primary government or due to component units, and the funds or component units lending funds report an offsetting due from other funds of the primary government or due from component units. Investment income earned on funds invested in pooled accounts is allocated to the respective funds and component units 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, 2004. 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. Investment income consists of realized and unrealized appreciation or depreciation in the fair value of assets. 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, 2004.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$1,464,654 for the year ended June 30, 2004.

Depreciation is provided using 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 using 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, 2004. The claims liabilities are based on the estimated cost of settling the claim, including nonincremental claim adjustments, 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.

Compensated absences - 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.

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 expense in the government-wide financial statements. This expense is based on landfill capacity used at the

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

reporting date. The current year expenditures of the landfills are reported in the Solid Waste Operations Fund, a nonmajor governmental fund, in the Governmental Funds section of this report. The long term liability and expense are reported in the Statements of Net Assets and Activities. The total liability for landfill purposes is \$7,814,867.

Bordeaux Sanitary Landfill – This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$3,740,761 are included in the long-term liability.

Metro Thermal Ash Landfill – This landfill has stopped accepting solid waste. Some closing procedures have been started. Total estimated remaining closure and postclosure costs for this landfill of \$1,878,531 are included in the long-term liability.

Due West Landfill – This landfill has stopped accepting waste, and closing procedures are 100% complete. Estimated postclosure costs of \$2,195,575 are included in the long-term liability.

These estimates are based on an independent evaluation of the 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 premiums, discounts and issuance costs are treated as other financing sources or uses or expenditures 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.

Swaptions – In the governmental funds, swaption proceeds are reported as other financing sources. In the government-wide statements, proceeds from swaptions 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. 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.

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 cumulative project summary has been approved by the FAA:

	156,481,73
Airfield development	\$ 9
Terminal development	63,123,216
Land acquisition	<u>30,027,200</u>
	249,632,15
	<u>\$ 5</u>

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. 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, 2004. Amounts available at June 30, 2004 have been recorded as revenue in the governmental fund statements. Current tax collections of \$555,507,839 for the fiscal year ended June 30, 2004 were approximately 97% of the tax levy.

Of the \$623,075,209 property tax receivable, \$582,019,704 represents the 2004 property taxes which are not yet levied but recorded as required by GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

### **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**

Management believes that the Government has no material violations of finance related legal and contractual provisions as of June 30, 2004.

### **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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. Appropriations for the subsequent year will provide authority to complete these transactions.

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, supplements and other amendments were made to the General Fund of \$5,603,470.

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 all legally required budgeted funds.

In accordance with Article 6 of the Metropolitan Charter, the Annual Operating Budget of the Government for the fiscal year 2004-2005 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number O04-256. Unreserved and undesignated fund balance resources at June 30, 2004 have been appropriated to the 2004-2005 fiscal year operating budget as follows:

General Purpose School Fund	\$11,262,400
General Services District General Purposes Debt Service Fund	23,211,800
General Services District School Purposes Debt Service Fund	11,718,900
Urban Services District General Purposes Debt Service Fund	5,431,400

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Encumbrances – Information regarding the encumbrances is available to assist in the management of commitments against appropriations. Encumbrance accounting is utilized for budgetary control purposes. Encumbrances, however, are not treated as expenditures in the basic financial statements. Outstanding encumbrances at June 30, 2004 were as follows:

	Outstanding Encumbrances
General Fund	\$ 615,743
Special Revenue Funds:	
General Purpose School	77,437
Metropolitan Action Commission	120,182
General Government Services	38,141
General Fund 4% Reserve	538,769
Law Enforcement and Justice Services	445,429
Solid Waste Operations	802,211
Stormwater Operations	5,730,130
Library Services	85,390
Public Welfare Services	903
Education Services	189,166
Infrastructure Services	15,995
Nashville Career Advancement Center	1,944
District Energy System Development	644
Regulation and Inspection Services	55,695
Capital Projects Funds:	
GSD Capital Projects	17,894,390
Education Capital Projects	2,147,168
USD Capital Projects	8,837,010

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, 2004:

	Undesignated Fund Balance/ Unrestricted Net Assets	Reserved/ Invested in Capital Assets, Net of Related Debt/ Restricted for Debt Retirement/ Held in Trust	Total Fund Balances/ Total Net Assets
Special Revenue Funds:			
Nashville Career Advancement Center	\$ (22,077)	\$ 400	\$ (21,677)
Regulation and Inspection Services	(141,643)	-	(141,643)
Capital Projects Funds:			
Education Capital Projects	(65,552,826)	-	(65,552,826)
USD Capital Projects	(3,947,311)	-	(3,947,311)
Enterprise Funds:			
District Energy System	3,230,588	(948,645)	2,281,943
Nashville Convention Center	(763,883)	38,136,010	37,372,127
Surplus Property Auction	(1,294,337)	-	(1,294,337)
Internal Service Funds:			
Central Printing	(17,078)	61,711	44,633
Information Systems	(1,095,028)	1,189,934	94,906
Treasury Management	(4,769)	-	(4,769)
Technology Revolving	(935,502)	33,997	(901,505)
Fiduciary Funds:			
Education Flexible Benefits Plan	-	(21,309)	(21,309)

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
Enterprise Funds	Future user charges
Internal Service Funds	Future user charges
Fiduciary Funds	Future contributions

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2004, the Government exceeded the budgeted level of expenditures at the department or significant line item level as follows:

Budgeted Unit	Budget	Actual	Variance
General Fund:			
General Services District:			
General Government:			
County Register of Deeds	\$ 536,800	\$ 2,299,723	\$ 1,762,923
Administration of Justice:			
Circuit Court Clerk	3,166,700	7,896,850	4,730,150
Employee Benefits:			
Employee In-Line-Of-Duty Medical Expense	1,500,000	2,864,707	1,364,707
Miscellaneous:			
Administration and Internal Support	5,516,263	12,485,272	6,969,009
Transfers Out:			
General Fund 4% Reserve	17,921,500	18,441,722	520,222
General Purpose School Fund:			
Contractual Services	38,520,249	40,600,913	2,080,664
Other Costs	10,230,288	11,656,625	1,426,337
Capital Outlay	-	85,334	85,334
Transfers Out	1,553,768	2,894,240	1,340,472
GSD General Purposes Debt Service Fund:			
Arbitrage Rebate	-	187,185	187,185
GSD School Purposes Debt Service Fund:			
Arbitrage Rebate	-	213,664	213,664
Transfers Out	-	107,085	107,085
USD General Purposes Debt Service Fund:			
Transfers Out	-	2,281	2,281

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.

Employee benefits are controlled as a whole and, as a whole, were under budget. Employee In-Line of Duty Medical Expense was over budget due to the transfer to the new IOD Fund established during FY 2004.

The budget for the Administrative and Internal Support line item included budget savings. These savings were realized over all departments of the General Fund, and General Fund expenditures are under budget as a whole after taking into consideration the County Register of Deeds, Circuit Court and the IOD Fund.

The excess in the transfer to the General Fund 4% Reserve is due to revenue collections in excess of those budgeted.

The General Purpose School Fund overages for contractual services, other costs, capital outlay and transfers out are due to costs that were budgeted as supplies and materials where as the actual costs were classified to other line items.

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.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE 3 – RESTATEMENT OF NET ASSETS**

**A. Net Pension Assets**

Under GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the government-wide financial statements are presented on a full accrual basis and, therefore, should include any net pension assets. In the implementation of GASB Statement No. 34, the Government omitted this asset from its government-wide financial statements. As a result, the government-wide net assets at June 30, 2003 have been restated to record net pension assets that were not previously included in the financial statements as presented below.

	<u>Primary Government</u> Governmental Activities
Net assets, beginning of year, as previously reported	\$ 1,308,262,414
Net effect of recording of pension assets	<u>56,473,005</u>
Net assets, beginning of year, as restated	<u>\$ 1,364,735,419</u>

**B. Acquisition of Cumberland Utility District**

The Department of Water and Sewerage Services absorbed the operations of the Cumberland Utility District effective July 1, 2003, including assumption of its outstanding assets and liabilities. The Department has restated its beginning balances to reflect this transaction.

This restatement affected beginning net assets as previously reported in the Statements of Net Assets as follows:

	<u>Primary Government</u> Business-type Activities	<u>Department of</u> Water and Sewerage Services
Net assets, beginning of year, as previously reported	\$ 1,066,970,801	\$ 1,020,192,093
Net effect of acquisition of Cumberland Utility District	<u>17,887,553</u>	<u>17,887,553</u>
Net assets, beginning of year, as restated	<u>\$ 1,084,858,354</u>	<u>1,038,079,646</u>

In addition, cash and cash equivalents and capital assets at June 30, 2003, were restated by increases of \$6,362,650 and \$11,503,767, respectively.

**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). 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2004, 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 custodial 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 custodial credit 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, 2004.

	Deposits Per Bank				Carrying Amount Per Books		
	And Other Financial Institutions						
	Category			Total	Cash On Deposit	Cash On Hand	Total
A	B	C					
Governmental and Business-type activities							
General Government	\$ 20,634,575	\$ -	\$ -	\$ 20,634,575	\$ 16,717,737	\$ 71,439	\$ 16,789,176
Metropolitan Nashville Public Schools (except pension funds)	7,146,467	-	-	7,146,467	5,149,171	2,092	5,151,263
Department of Water and Sewerage Services	1,202,882	-	-	1,202,882	1,069,364	9,166	1,078,530
Total governmental and business-type activities	<u>\$ 28,983,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,983,924</u>	<u>\$ 22,936,272</u>	<u>\$ 82,697</u>	<u>\$ 23,018,969</u>
Reconciliation to presentation on the statement of net assets:							
Cash and Cash Equivalents							\$ 177,463,360
Restricted Cash and Cash Equivalents							61,448,124
Less: Cash Equivalents included as investments for footnote categorization							<u>(215,892,515)</u>
Total governmental and business-type activities							<u>\$ 23,018,969</u>
Fiduciary Funds							
Pension Funds	\$ 2,333,890	\$ -	\$ -	\$ 2,333,890	\$ 2,333,890	\$ -	\$ 2,333,890
Agency Funds	<u>36,284,666</u>	<u>-</u>	<u>-</u>	<u>36,284,666</u>	<u>35,857,944</u>	<u>17,900</u>	<u>35,875,844</u>
Total fiduciary funds	<u>\$ 38,618,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,618,556</u>	<u>\$ 38,191,834</u>	<u>\$ 17,900</u>	<u>\$ 38,209,734</u>

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 fiduciary net assets:							
Cash and Cash Equivalents							\$ 80,237,537
Investments in Certificates of Deposits included as cash on deposit for footnote categorization							446,869
Less: Cash Equivalents included as investments for footnote categorization							<u>(42,474,672)</u>
Total fiduciary funds							<u>\$ 38,209,734</u>
Component Units							
Nashville District							
Management Corporation	\$ 134,844	\$ -	\$ -	\$ 134,844	\$ 134,844	\$ -	\$ 134,844
Sports Authority	9,919,300	-	-	9,919,300	9,919,300	-	9,919,300
Hospital Authority	92,171	-	-	92,171	196,614	12,250	208,864
Metropolitan Development and Housing Agency	3,552,479	-	-	3,552,479	3,187,631	-	3,187,631
Electric Power Board	146,323,445	-	-	146,323,445	146,323,445	-	146,323,445
Metropolitan Transit Authority	1,823,967	-	-	1,823,967	1,566,876	-	1,566,876
Nashville Thermal Transfer Corporation	580,184	-	-	580,184	577,439	86	577,525
Metropolitan Nashville Airport Authority	37,281,042	-	-	37,281,042	46,412,567	-	46,412,567
Emergency Communications District	749,584	-	-	749,584	699,301	-	699,301
Industrial Development Board	<u>3,897,129</u>	<u>535,264</u>	<u>-</u>	<u>4,432,393</u>	<u>4,431,340</u>	<u>-</u>	<u>4,431,340</u>
Total component units	<u>\$ 204,354,145</u>	<u>\$ 535,264</u>	<u>\$ -</u>	<u>\$ 204,889,409</u>	<u>\$ 213,449,357</u>	<u>\$ 12,336</u>	<u>\$ 213,461,693</u>
Reconciliation to presentation on the statement of net assets:							
Cash and Cash Equivalents							\$ 81,900,234
Restricted Cash and Cash Equivalents							135,832,624
Investments in Certificates of Deposits included as cash on deposit for footnote categorization							39,107,662
Less: Cash Equivalents included as investments for footnote categorization							<u>(43,378,827)</u>
Total component units							<u>\$ 213,461,693</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 custodial credit 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>				
US Treasury and Agency Securities	\$ 118,766,644	\$ -	\$ -	\$ 118,766,644
Federal Agricultural Mortgage Corporation Obligations	6,998,996			6,998,996
Federal Home Loan Bank Obligations	15,153,298	-		15,153,298
Federal Home Loan Mortgage Corporation Obligations	19,064,194			19,064,194
Federal National Mortgage Association Obligations	29,821,857			29,821,857
	<u>\$ 189,804,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,804,989</u>
Not categorized:				
Tennessee Local Government Investment Pool				61,769,182
Total general government				<u>251,574,171</u>
<u>Metropolitan Nashville Public Schools (except pension funds)</u>				
US Treasury and Agency Securities	\$ 35,535,055	\$ -	\$ -	\$ 35,535,055
Federal Agricultural Mortgage Corporation Obligations	2,259,319			2,259,319
Federal Home Loan Bank Obligations	4,891,578			4,891,578
Federal Home Loan Mortgage Corporation Obligations	6,154,039			6,154,039
Federal National Mortgage Association Obligations	9,626,678			9,626,678
	<u>\$ 58,466,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,466,669</u>
Not categorized:				
Tennessee Local Government Investment Pool				19,939,471
Total Metropolitan Nashville Public Schools (except pension funds)				<u>78,406,140</u>
<u>Department of Water and Sewerage Services</u>				
US Treasury and Agency Securities	\$ 195,234,628	\$ -	\$ -	\$ 195,234,628
Federal Agricultural Mortgage Corporation Obligations	4,308,199			4,308,199
Federal Home Loan Bank Obligations	9,327,541			9,327,541
Federal Home Loan Mortgage Corporation Obligations	18,009,163	-		18,009,163
Federal National Mortgage Association Obligations	24,853,817	-	-	24,853,817
	<u>\$ 251,733,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,733,348</u>

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

	Category			Fair Value
	1	2	3	
Not categorized:				
Tennessee Local Government Investment Pool				\$ 42,220,261
Total Department of Water and Sewerage Services				293,953,609
Total governmental and business-type activities				<u>\$ 623,933,920</u>
Reconciliation to presentation on the Statement of Net Assets:				
Cash Equivalents included as investments for footnote classification				\$ 215,892,515
Investments				184,538,832
Restricted Investments				223,502,573
Total governmental and business-type activities				<u>\$ 623,933,920</u>
<u>Pension funds</u>				
US Treasury and Agency Securities	\$ 204,245,536	\$	\$	\$ 204,245,536
Federal Agricultural Mortgage Corporation Obligations	222,455			222,455
Federal Home Loan Bank Obligations	481,631			481,631
Federal Home Loan Mortgage Corporation Obligations	605,934			605,934
Federal National Mortgage Association Obligations	947,854			947,854
Mortgage Backed Securities	134,271,210	-	-	134,271,210
Corporate Bonds and Notes	118,274,657			118,274,657
Common Stock	1,001,410,268			1,001,410,268
Preferred Stock	7,258,402	-	-	7,258,402
Collateralized Mortgage Obligations	24,450,541	-	-	24,450,541
Convertible Equity	499,433	-	-	499,433
Asset Backed Securities	49,414,294	-	-	49,414,294
	<u>\$ 1,542,082,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,542,082,215</u>
Not categorized:				
Tennessee Local Government Investment Pool				1,963,264
Mortgages and Real Estate				82,919,933
Warrants and Options				320,618
Venture Capital and Partnerships				34,100,287
Other Assets				804,550
Total pension funds				<u>1,662,190,867</u>
<u>Agency Funds</u>				
US Treasury and Agency Securities	\$ 989	\$	\$	989
Corporate Bonds and Notes	10,000			10,000
	<u>\$ 10,989</u>	<u>\$</u>	<u>\$</u>	<u>10,989</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				\$ 39,797
Mortgages and Real Estate				164,118
Total agency funds				<u>214,904</u>
Total fiduciary funds				<u>\$ 1,662,405,771</u>
Reconciliation to presentation on the Statement of Fiduciary Net Assets:				
Cash Equivalents included as investments for footnote classification				\$ 42,474,672
Investments				1,620,377,968
Investments in Certificates of Deposits included as cash on deposit for footnote classification				(446,869)
Total fiduciary funds				<u>\$ 1,662,405,771</u>
<u>Component Units</u>				
US Treasury and Agency Securities	\$ 111,749,507	\$ -	\$ -	\$ 111,749,507
Federal Agricultural Mortgage Corporation Obligations	201,449	-	-	201,449
Federal Home Loan Bank Obligations	936,151	-	-	936,151
Federal Home Loan Mortgage Corporation Obligations	548,716	-	-	548,716
Federal National Mortgage Association Obligations	858,349	-	-	858,349
Commercial Paper	<u>39,107,662</u>	<u>-</u>	<u>-</u>	<u>39,107,662</u>
	<u>\$ 153,401,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>153,401,834</u>
Tennessee Local Government Investment Pool				1,777,874
Mortgages and Real Estate				697,504
Mutual Funds				1,023,523
Total component units				<u>\$ 156,900,735</u>
Reconciliation to presentation on the Statement of Net Assets:				
Cash Equivalents included as investments for footnote classification				\$ 43,378,827
Investments				71,600,134
Restricted Investments				81,029,436
Investments in Certificates of Deposits included as cash on deposit for footnote classification				(39,107,662)
Total component units				<u>\$ 156,900,735</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The primary government's pension plans also have \$608,917 of annuities that are classified separately from investments on the Statement of Fiduciary Net Assets Fiduciary Funds.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2004 was as follows:

**Primary Government**

Governmental Activities:

	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Capital assets, not being depreciated:				
Land	\$ 103,616,020	\$ 8,235,367	\$ (25,197)	\$ 111,826,190
Transportation infrastructure	1,307,760,197	47,591,839	-	1,355,352,036
Construction in progress	17,601,677	106,607,790	(15,430,632)	108,778,835
Total capital assets, not being depreciated	<u>1,428,977,894</u>	<u>162,434,996</u>	<u>(15,455,829)</u>	<u>1,575,957,061</u>
Capital assets, being depreciated:				
Buildings and improvements	877,683,843	17,595,437	(3,942,941)	891,336,339
Furniture, machinery and equipment	236,677,761	45,623,425	(25,475,695)	256,825,491
Stormwater infrastructure	77,399,052	3,214,978	-	80,614,030
Total capital assets, being depreciated	<u>1,191,760,656</u>	<u>66,433,840</u>	<u>(29,418,636)</u>	<u>1,228,775,860</u>
Less accumulated depreciation:				
Building and improvements	(321,187,128)	(19,383,213)	2,519,260	(338,051,081)
Furniture, machinery and equipment	(141,668,945)	(36,998,451)	19,355,094	(159,312,302)
Stormwater infrastructure	(19,032,011)	(1,746,690)	-	(20,778,701)
Total accumulated depreciation	<u>(481,888,084)</u>	<u>(58,128,354)</u>	<u>21,874,354</u>	<u>(518,142,084)</u>
Total capital assets, being depreciated, net	<u>709,872,572</u>	<u>8,305,486</u>	<u>(7,544,282)</u>	<u>710,633,776</u>
Governmental activities capital assets, net	<u>\$ 2,138,850,466</u>	<u>\$ 170,740,482</u>	<u>\$ (23,000,111)</u>	<u>\$ 2,286,590,837</u>

Governmental activities include the capital assets of the internal service funds.

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

Business-Type Activities:

	Balance July 1, 2003 (as restated)	Increases	Decreases	Balance June 30, 2004
Capital assets, not being depreciated:				
Land	\$ 14,820,886	\$ 49,261	\$ -	\$ 14,870,147
Construction in progress	65,152,096	100,416,243	(133,541,207)	32,027,132
Total capital assets, not being depreciated	<u>79,972,982</u>	<u>100,465,504</u>	<u>(133,541,207)</u>	<u>46,897,279</u>
Capital assets, being depreciated:				
Utility plant in service	1,578,343,362	121,479,952	(848,766)	1,698,974,548
Land easements	11,246,590	-	(11,246,590)	-
Buildings and improvements	83,226,333	23,902,955	(156,320)	106,972,968
Improvements other than buildings	38,776,773	2,306,553	(353,193)	40,730,133
Furniture, machinery and equipment	36,126,855	3,461,261	(535,312)	39,052,804
Property under capital lease	3,645,000	-	-	3,645,000
Total capital assets, being depreciated	<u>1,751,364,913</u>	<u>151,150,721</u>	<u>(13,140,181)</u>	<u>1,889,375,453</u>
Less accumulated depreciation:				
Utility plant in service	(406,114,870)	(41,184,344)	848,766	(446,450,448)
Land easements	(1,435,945)	(127,130)	1,563,075	-
Buildings and improvements	(38,350,383)	(3,590,276)	156,320	(41,784,339)
Improvements other than buildings	(24,033,186)	(1,632,801)	-	(25,665,986)
Furniture, machinery and equipment	(28,195,016)	(2,761,816)	363,100	(30,593,733)
Property under capital lease	(645,469)	(91,125)	-	(736,594)
Total accumulated depreciation	<u>(498,774,869)</u>	<u>(49,387,492)</u>	<u>2,931,261</u>	<u>(545,231,100)</u>
Total capital assets, being depreciated, net	<u>1,252,590,044</u>	<u>101,763,229</u>	<u>(10,208,920)</u>	<u>1,344,144,353</u>
Business-type activities capital assets, net	<u>\$ 1,332,563,026</u>	<u>\$ 202,228,733</u>	<u>(143,750,127)</u>	<u>\$ 1,391,041,632</u>

See Note 3.B. for discussion of the restatement.



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	\$ 5,894,137
Fiscal administration	1,350,432
Administration of justice	604,962
Law enforcement and care of prisoners	2,875,524
Fire prevention and control	623,542
Education	16,086,902
Regulation and inspection	12,302
Public welfare	441,551
Public health and hospitals	393,861
Public library system	2,420,175
Public works, highways and streets, including depreciation of stormwater infrastructure	2,246,028
Recreational and cultural	2,121,908
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	<u>11,198,470</u>
Total depreciation expense, governmental activities	<u>\$ 46,269,794</u>
Business-type activities:	
Department of Water and Sewerage Services	\$ 45,196,830
District Energy System	748,110
Nashville Convention Center	1,248,318
Board of Fair Commissioners	402,155
Farmers Market	147,901
Police Secondary Employment	<u>12,027</u>
Total depreciation expense, business-type activities	<u>\$ 47,755,341</u>

**Component Units**

Capital assets of the component units at June 30, 2004 consisted of the following:

	Balance <u>July 1, 2003</u>	Adjustments and <u>Reclassifications</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2004</u>
Capital assets, not being depreciated:					
Land	\$ 566,613,290	\$ (363,100,635)	\$ -	\$ (492,454)	\$ 203,020,201
Construction in progress	<u>74,761,709</u>	<u>-</u>	<u>22,386,176</u>	<u>(26,082,525)</u>	<u>71,065,360</u>
Total capital assets, not being depreciated	<u>641,374,999</u>	<u>(363,100,635)</u>	<u>22,386,176</u>	<u>(26,574,979)</u>	<u>274,085,561</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Balance July 1, 2003	Adjustments and Reclassifications	Increases	Decreases	Balance June 30, 2004
Capital assets, being depreciated:					
Utility plant in service	\$ 848,735,098	\$ -	\$ 52,623,896	\$ (47,488,420)	\$ 853,870,574
Buildings and improvements	782,108,121	-	16,709,478	(1,606,412)	797,211,187
Improvements other than buildings	666,049	363,100,635	6,853,837	(129,068)	370,491,453
Furniture, machinery and equipment	204,409,757	-	18,487,254	(60,519,896)	162,377,115
Infrastructure	<u>11,460,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,460,638</u>
Total capital assets, being depreciated	<u>1,847,379,663</u>	<u>363,100,635</u>	<u>94,674,465</u>	<u>(109,743,796)</u>	<u>2,195,410,967</u>
Less accumulated depreciation for:					
Utility plant in service	(325,726,692)	-	(27,480,363)	42,991,264	(310,215,791)
Buildings and improvements	(213,865,762)	-	(25,180,413)	1,592,666	(237,453,509)
Improvements other than buildings	(186,329,257)	-	(11,603,641)	428,134	(197,504,765)
Furniture, machinery and equipment	(137,160,868)	-	(13,980,679)	59,224,942	(91,916,605)
Infrastructure	<u>(9,095,771)</u>	<u>-</u>	<u>(256,619)</u>	<u>-</u>	<u>(9,352,390)</u>
Total accumulated depreciation	<u>(872,178,350)</u>	<u>-</u>	<u>(78,501,715)</u>	<u>104,237,006</u>	<u>(846,443,059)</u>
Total capital assets, being depreciated, net	<u>975,201,313</u>	<u>363,100,635</u>	<u>16,172,750</u>	<u>(5,506,790)</u>	<u>1,348,967,908</u>
Component units activities capital assets, net	<u>\$ 1,616,576,312</u>	<u>\$ -</u>	<u>\$ 38,558,926</u>	<u>\$ (32,081,769)</u>	<u>\$ 1,623,053,469</u>

The adjustments and reclassifications column includes the effect of the reclassification on the financial statements of the Metropolitan Nashville Airport Authority. Land improvements of \$363,100,635 classified as land in the prior year were correctly classified as improvements other than buildings in the current year.

**NOTE 6 - BONDS, NOTES AND OTHER OBLIGATIONS**

**Primary Government**

**A. Transaction Summary**

Bonds, notes and other obligations activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds and notes payable:					
General Services District	\$ 637,517,787	\$ 59,543,043	\$ (42,676,434)	\$ 654,384,396	\$ 46,343,360
Schools	379,575,599	41,515,465	(24,122,062)	396,969,002	25,803,142
Urban Services District	97,896,614	21,041,492	(11,581,504)	107,356,602	12,718,498
Deferred charge/premium, net	<u>(6,178,255)</u>	<u>6,157,067</u>	<u>278,976</u>	<u>257,788</u>	<u>-</u>
Total general obligation bonds and notes payable	<u>1,108,811,745</u>	<u>128,257,067</u>	<u>(78,101,024)</u>	<u>1,158,967,788</u>	<u>84,865,000</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004	Due Within One Year
Limited obligation revenue bonds payable:					
Correctional Facility Revenue Bonds	\$ 14,925,000	\$ -	\$ (1,395,000)	\$ 13,530,000	\$ 1,450,000
Deferred charge/premium, net	(205,183)	-	25,124	(180,059)	-
Total limited obligation revenue bonds payable	<u>14,719,817</u>	<u>-</u>	<u>(1,369,876)</u>	<u>13,349,941</u>	<u>1,450,000</u>
Commercial paper payable	<u>-</u>	<u>195,000,000</u>	<u>(127,000,000)</u>	<u>68,000,000</u>	<u>68,000,000</u>
Other obligations payable:					
Net pension obligation	49,145,930	11,258,637	(9,850,814)	50,553,753	-
Compensated absences	55,553,362	41,930,207	(49,219,842)	48,263,727	25,955,873
Claims and judgments	203,370	4,425,773	(17,800)	4,611,343	4,611,343
Interest arbitrage rebate	956,002	-	(701,440)	254,562	-
Landfill closure costs	11,622,643	174,822	(3,982,598)	7,814,867	223,445
Total other obligations payable	<u>117,481,307</u>	<u>57,789,439</u>	<u>(63,772,494)</u>	<u>111,498,252</u>	<u>30,790,661</u>
Total governmental activities long-term liabilities	<u>\$ 1,241,012,869</u>	<u>\$ 381,046,506</u>	<u>\$ (270,243,394)</u>	<u>\$ 1,351,815,981</u>	<u>\$ 185,105,661</u>
<b>Business-type activities:</b>					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 504,370,000	\$ -	\$ (20,190,000)	\$ 484,180,000	\$ 21,680,000
Deferred charge/premium, net	(8,323,667)	-	824,462	(7,499,205)	-
State construction loans	51,622,823	-	(4,819,488)	46,803,335	3,292,140
Total Department of Water and Sewerage Services	<u>547,669,156</u>	<u>-</u>	<u>(24,185,026)</u>	<u>523,484,130</u>	<u>24,972,140</u>
District Energy System:					
Revenue bonds payable	66,700,000	-	-	66,700,000	-
Deferred charge/premium, net	2,329,004	-	(76,992)	2,252,012	-
Total District Energy System	<u>69,029,004</u>	<u>-</u>	<u>(76,992)</u>	<u>68,952,012</u>	<u>-</u>
Farmers Market:					
Capitalized lease obligations payable	<u>2,210,000</u>	<u>-</u>	<u>(135,000)</u>	<u>2,075,000</u>	<u>145,000</u>
Total business-type activities long-term liabilities	<u>\$ 618,908,160</u>	<u>\$ -</u>	<u>\$ (24,397,018)</u>	<u>\$ 594,511,142</u>	<u>\$ 25,117,140</u>

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

**B. Description of Amounts Payable**

Amounts payable at June 30, 2004 are as follows:

	Interest Rate	Amount
<b>Governmental activities:</b>		
General obligation bonds and notes payable from ad valorem taxes:		
General Services District - General Purposes, due in varying amounts to November 15, 2029	2.00 - 6.15%	\$ 654,384,396
General Services District - School Purposes, due in varying amounts to November 15, 2027	2.00 - 6.15%	396,969,002
Urban Services District - General Purposes, due in varying amounts to November 15, 2024	0.10 - 6.00%	107,356,602
Deferred charge/premium, net		257,788
Total general obligation bonds and notes payable from ad valorem taxes		1,158,967,788
Limited obligation revenue bonds payable:		
Correctional Facility Revenue Bonds, due in varying amounts to September 1, 2011	4.00 - 5.00%	13,530,000
Deferred charge/premium, net		(180,059)
Total limited obligation revenue bonds payable		13,349,941
Commercial paper payable, due in varying amounts to October 14, 2004	.96 - 1.10%	68,000,000
Other obligations payable:		
Net pension obligation		50,553,753
Compensated absences		48,263,727
Claims and judgments		4,611,343
Interest arbitrage rebate		254,562
Landfill closure		7,814,867
Total other obligations payable		111,498,252
Total governmental activities long-term liabilities		\$ 1,351,815,981

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

	Interest Rate	Amount
<b>Business-type activities:</b>		
Bonds, notes and other obligations payable:		
Department of Water and Sewerage Revenue Refunding Bonds of 1986, due in varying amounts to January 1, 2016	7.20 - 7.70%	\$ 135,615,000
Department of Water and Sewerage Revenue Bonds, Series 1993, due in varying amounts to January 1, 2016	4.90 - 6.50%	78,190,000
Department of Water and Sewerage Revenue Refunding Bonds of 1996, due in varying amounts to January 1, 2014	6.00%	50,570,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 1998A, due in varying amounts to January 1, 2022	5.00%	152,935,000
Department of Water and Sewerage Revenue Bonds Series 1998B, due in varying amounts to January 1, 2014	4.10 - 5.25%	39,045,000
Department of Water and Sewerage Revenue Refunding Bonds Series 2002, due in varying amounts to January 1, 2016	3.00 - 5.125%	27,825,000
Deferred charge/premium, net		(7,499,205)
Total Department of Water and Sewerage Revenue bonds payable		476,680,795
District Energy System Bonds, Series 2002A, due in varying amounts to October 1, 2033	3.00 - 5.00%	66,700,000
Deferred charge/premium, net		2,252,012
Total District Energy System revenue bonds payable		68,952,012
Total revenue bonds payable		545,632,807
Department of Water and Sewerage Services - state construction loans	4.28 - 5.52%	46,803,335
Capitalized lease obligations payable:		
Farmers Market	7.50%	2,075,000
Total capitalized lease obligations payable		2,075,000
Total business-type activities long-term liabilities		\$ 594,511,142

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

**Governmental activities:**

Noncurrent liabilities:	
Due within one year	\$ 185,105,661
Due in more than one year	<u>1,166,710,320</u>
 Total governmental activities	 <u>\$ 1,351,815,981</u>

**Business-type activities:**

Liabilities payable from restricted assets:	
Current portion of long-term liabilities	\$ 24,972,140
Noncurrent liabilities:	
Due within one year	145,000
Due in more than one year	<u>569,394,002</u>
 Total business-type activities	 <u>\$ 594,511,142</u>

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.

For the governmental activities, the other obligations are generally liquidated from the following:

Net pension obligation and compensated absences	Fund incurring the related employees' compensation
Claims and judgments	Fund to which the claim or judgment relates
Interest arbitrage rebate	Debt Service funds
Landfill closure costs	Solid Waste Operations Fund

**C. Collateral for Obligations of the Proprietary Funds**

All bonds of the Department of Water and Sewerage Services and the District Energy System are collateralized by the revenues of those entities.

**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, 2004, the Government believes it was in compliance with all financial limitations and restrictions.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**E. Annual Debt Service Requirements**

The annual requirements to amortize all general obligation bonds and notes and revenue bonds outstanding as of June 30, 2004 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
2005	\$ 84,865,000	\$ 57,636,649	\$ 1,450,000	\$ 585,950	\$ 21,680,000	\$ 30,712,170	\$ 107,995,000	\$ 88,348,819
2006	87,495,000	53,636,406	1,505,000	526,850	27,140,000	29,570,314	116,140,000	83,792,670
2007	74,230,000	48,826,062	1,570,000	465,350	28,495,000	28,161,808	104,295,000	77,514,720
2008	72,210,000	45,114,963	1,630,000	401,350	30,025,000	26,671,290	103,865,000	72,251,603
2009	62,000,000	41,603,741	1,710,000	760,375	32,420,000	25,009,978	96,130,000	67,015,069
2010-2014	284,040,000	163,324,000	5,665,000	-	196,670,000	89,394,170	486,375,000	252,718,170
2015-2019	251,240,000	93,760,842	-	-	121,445,000	37,259,101	372,685,000	131,019,943
2020-2024	171,845,000	43,330,978	-	-	58,500,000	14,472,246	230,345,000	57,803,224
2025-2029	65,400,000	7,727,225	-	-	15,615,000	6,672,775	81,015,000	14,400,000
2030-2034	5,385,000	141,356	-	-	18,890,000	2,453,000	24,275,000	2,594,356
Total	1,158,710,000	555,102,222	13,530,000	2,739,875	550,880,000	290,376,852	1,723,120,000	847,458,574
Deferred Charge/ Premium	257,788	-	(180,059)	-	(5,247,193)	-	(5,169,464)	-
Total	\$ 1,158,967,788	\$ 555,102,222	\$ 13,349,941	\$ 2,739,875	\$ 545,632,807	\$ 290,376,852	\$ 1,717,950,536	\$ 847,458,574

**F. Commercial Paper**

In August 2003, the Government instituted a general obligation commercial paper (bond anticipation note) program. Commercial paper notes are issued to provide interim or short-term financing of various authorized capital projects. The notes may be refunded with new notes (rollover notes) until the Government is prepared to issue long-term bonds and thereby provide permanent financing for the capital projects financed under the commercial paper program. The Government provides "self-liquidity" for the program, meaning if the commercial paper dealer is ever unable to market notes in the amount needed to pay the maturing notes, the Government will purchase the rollover notes, as an investment within the Metropolitan Government Investment Pool. The Government will continue to hold the notes until the commercial paper dealer is able to successfully market additional rollover notes and thereby pay the rollover notes held by the Government.

Commercial paper is issued as federally tax-exempt notes. The commercial paper is sold at par as interest-bearing obligations in minimum denominations of \$100,000 with interest payable at maturity. The commercial paper has varying maturities of not more than two years from the initial dates of issuance. Interest rates vary depending on market. The amount of principal outstanding may not exceed \$200 million.

Commercial paper obligations of \$68,000,000 outstanding at June 30, 2004, were subsequently redeemed through proceeds from the issuance of General Obligation Multi-Purpose bonds, Series 2004. The \$68,000,000 of Commercial paper is reported as a long-term liability, due within one year. Other commercial paper obligations of \$30,000,000 have not been refinanced and are considered short-term debt at June 30, 2004 and are recorded as a liability in the Capital Project Funds of the Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Short-term debt activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004
<b>Governmental activities:</b>				
Commercial paper payable	\$ -	\$ 30,000,000	\$ -	\$ 30,000,000
Total governmental activities short-term debt	<u>\$ -</u>	<u>\$ 30,000,000</u>	<u>\$ -</u>	<u>\$ 30,000,000</u>

**G. General Obligation Multi-Purpose Bonds, Series 2003**

On December 2, 2003, the Government issued \$122,100,000 General Obligation Multi-Purpose Bonds, Series 2003, maturing on April 1, 2024, with interest rates ranging from 2% to 5%. These bonds provided funding to pay principal and interest on certain of the Government's maturing commercial paper notes. The net proceeds of the bonds totaled \$127,447,112 (net of original issue premium, underwriting fees and other issuance costs) and were deposited with the commercial paper paying agent.

**H. Advance Refunding of Bonds**

In prior years, the Government has defeased certain 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, 2004, \$60,915,000 of general obligation bonds and \$277,009,995 of revenue bonds are considered defeased.

**I. 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.

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

As of June 30, 2004, 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, 2004). 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, 2004, 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 \$46,803,335 at June 30, 2004, call for monthly payments of principal and interest of approximately \$447,000.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

State construction loan principal maturities as of June 30, 2004 are summarized below:

Year Ending June 30	Principal	Interest
2005	\$ 3,292,140	\$ 2,076,484
2006	2,487,324	1,925,256
2007	2,602,116	1,810,464
2008	2,722,176	1,690,404
2009	2,847,828	1,564,740
2010-2014	16,337,064	5,725,800
2015-2019	14,638,488	1,877,868
2020-2021	1,876,199	53,791
Total	<u>\$ 46,803,335</u>	<u>\$ 16,724,807</u>

**K. Swaption**

**Objectives** In connection with the anticipated future issuance of variable rate bonds to synthetically advance refund its outstanding General Obligation Public Improvement Bonds, Series 1996 (Bonds), on May 4, 2004, the Government competitively bid the sale of a pay-fixed, receive-variable BMA swaption (Swaption). This transaction generated debt service savings in the form of an upfront payment. The Swaption was sold on a BMA floating to fixed interest rate swap and, if it is exercised by the winning bidder, the Government will be placed into a variable to fixed interest rate swap. If the Swaption is exercised, the Government will likely issue variable rate refunding bonds in 2006. The winning bidder for the Swaption was SunTrust Bank (Counterparty).

**Terms** The Swaption was entered into on May 10, 2004. The Government received a \$3,800,000 payment which was based on a notional amount of \$60,805,000. The Counterparty has the option to exercise the agreement on March 13, 2006. If the swap is exercised, the swap will commence May 15, 2006. The fixed swap rate (5.4%) was set at a rate that, when added to estimated remarketing and liquidity costs, will approximate the coupons of the refunded bonds. The swap's variable rate would be equal to the BMA index. The swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable.

**Fair value** As of June 30, 2004, the swap had a negative fair value of \$4,724,053. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of the transaction and any upfront payments that may have been received. The fair value was estimated using the zero-coupon method. The method calculated the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds on the date of each future net settlement on the swap.

**Credit risk** As of June 30, 2004, the Government was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Government would be exposed to credit risk in the amount of the swap's fair value. This would only occur after the exercise date of March 13, 2006. Until that date, a sold option will only have a negative value to the Government. The credit ratings of the Counterparty are Aa2, AA- and AA- by Moody's, S&P and Fitch, respectively. The swap agreement contains collateral agreements with the Counterparty. The swaps require collateralization of the fair value of the swap should the Counterparty's credit rating fall below the applicable thresholds. The collateral posting requirement is one-way, i.e. the Government will not be required to post collateral.

**Basis risk** Basis risk is the risk that the interest rate paid by the Government on underlying variable rate bonds to bondholders differs from the variable swap rate received from the Counterparty. The Government bears basis risk on its swap. The Swaption has basis risk since the Government receives BMA to offset the actual variable bond rate the Government pays on its bonds. The Government is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Government pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost savings from the swap may not be realized.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**Termination risk** The Government or the Counterparty may terminate the swap if the other party fails to perform under the terms of the respective contracts. If the swap is terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the Government would be liable to the Counterparty for a payment equal to the swap's fair value. The additional termination events in the agreement are limited to credit related events only and the ratings triggers are substantially below the current credit rating of the Government.

**Market-access risk** If the option is exercised, the Government will likely need to issue variable rate refunding bonds. Market access risk describes the possibility that the Government may not be able to access the debt market efficiently at that time.

**L. Unissued Bonds or Notes**

At June 30, 2004, authorized but unissued general obligation bonds totaled \$499,475,000. General obligation notes authorized but not executed totaled \$500,709,000.

**Component Units**

**A. Transaction Summary**

Bonds, notes and other liabilities activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Adjustments and Reclassifications	Additions	Reductions	Balance June 30, 2004	Due Within One Year
<b>Governmental types:</b>						
Revenue bonds payable:						
Sports Authority	\$ 89,695,000	\$ -	\$ -	\$ (2,190,000)	\$ 87,505,000	\$ 2,305,000
Total revenue bonds payable - governmental types	89,695,000	-	-	(2,190,000)	87,505,000	2,305,000
Notes payable:						
Nashville District Management Corporation, Inc.	-	-	13,261	(2,045)	11,216	11,216
Total notes payable - governmental types	-	-	13,261	(2,045)	11,216	11,216
<b>Proprietary types:</b>						
Revenue bonds payable:						
Metropolitan Development and Housing Agency	9,773,400	-	-	(972,300)	8,801,100	1,057,700
Electric Power Board	380,679,199	-	114,640,987	(16,590,000)	478,730,186	17,485,000
Metropolitan Nashville Airport Authority	274,063,081	-	58,852,794	(56,750,000)	276,165,875	19,105,000
Total revenue bonds payable - proprietary types	664,515,680	-	173,493,781	(74,312,300)	763,697,161	37,647,700

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>Balance July 1, 2003</u>	<u>Adjustments and Reclassifications</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2004</u>	<u>Due Within One Year</u>
Notes payable:						
Metropolitan Development and Housing Agency:						
Notes payable	\$ 2,910,713	\$ -	\$ -	\$ (58,437)	\$ 2,852,276	\$ 61,207
Metropolitan Nashville Airport Authority: Subordinate Revenue Note, Series 1999	<u>1,090,340</u>	<u>-</u>	<u>-</u>	<u>(154,564)</u>	<u>935,776</u>	<u>164,549</u>
Total notes payable - proprietary types	<u>4,001,053</u>	<u>-</u>	<u>-</u>	<u>(213,001)</u>	<u>3,788,052</u>	<u>225,756</u>
Total revenue bonds and notes payable	<u>758,211,733</u>	<u>-</u>	<u>173,507,042</u>	<u>(76,717,346)</u>	<u>855,001,429</u>	<u>40,189,672</u>
Other liabilities payable:						
Hospital Authority:						
Capitalized lease obligation	42,600,442	-	-	(835,989)	41,764,453	900,833
Metropolitan Development and Housing Agency:						
Other liabilities	1,592,919	(1,592,919)	1,587,039	-	1,587,039	-
Electric Power Board:						
TVA Advances	2,940,406	-	681,868	(1,244,919)	2,377,355	-
Other	1,338,471	-	460,535	(937,222)	861,784	-
Metropolitan Transit Authority:						
Capitalized lease obligation	725,526	-	60,945	(131,829)	654,642	132,239
Metropolitan Nashville Airport Authority: Synthetic Advance Refunding, Series 2001	7,629,371	-	-	(906,553)	6,722,818	-
Fair value of derivative financial instruments	8,811,799	-	-	(3,973,366)	4,838,433	-
Deferred interest income	5,065,790	-	-	(446,427)	4,619,363	-
Other liabilities	2,050,234	-	44,469	(34,904)	2,059,799	-
Emergency Communications District: Capitalized lease obligation	<u>360,632</u>	<u>-</u>	<u>304,000</u>	<u>(175,670)</u>	<u>488,962</u>	<u>333,523</u>
Total other liabilities payable - proprietary types	<u>73,115,590</u>	<u>(1,592,919)</u>	<u>3,138,856</u>	<u>(8,686,879)</u>	<u>65,974,648</u>	<u>1,366,595</u>
Total revenue bonds, notes and other liabilities payable - component units	<u>\$ 831,327,323</u>	<u>\$ (1,592,919)</u>	<u>\$ 176,645,898</u>	<u>\$ (85,404,225)</u>	<u>\$ 920,976,077</u>	<u>\$ 41,556,267</u>

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

**B. Description of Amounts Payable**

Amounts payable at June 30, 2004 are as follows:

	Interest Rates	Amount
<b>Governmental types:</b>		
Revenue bonds payable:		
Public Improvement Revenue Bonds (Stadium Project), Series 1996, due in varying amounts to July 1, 2026	4.70 - 5.875%	\$ 69,800,000
Taxable Public Facility Revenue Bonds, Series 1998, due in varying amount to July 1, 2018	5.87 - 6.60%	17,705,000
Total revenue bonds payable - governmental types		87,505,000
Notes payable:		
Nashville District Management Corporation, Inc.		
Notes payable	6.00%	11,216
Total notes payable - governmental types		11,216
<b>Proprietary types:</b>		
Revenue bonds payable:		
Metropolitan Development and Housing Agency, Revenue Bonds, 1998 Series, due June 11, 2009	5.77%	8,801,100
Electric Power Board Electric System Revenue Bonds, 1992 Series B, due in varying amounts to May 15, 2005	4.25 - 5.62%	15,682,539
Electric Power Board Electric System Revenue Bonds, 1996 Series A, due in varying amounts to May 15, 2013	5.50 - 6.00%	74,000,518
Electric Power Board Electric System Revenue Bonds, 1998 Series A, due in varying amounts to May 15, 2023	5.125 - 5.40%	90,294,827
Electric Power Board Electric System Revenue Bonds, 1998 Series B, due in varying amounts to May 15, 2017	3.80 - 5.50%	57,236,218
Electric Power Board Electric System Revenue Bonds, 2001 Series A, due in varying amounts to May 15, 2017	4.50 - 5.00%	113,567,064
Electric Power Board Electric System Revenue Bonds, 2001 Series B, due in varying amounts to May 15, 2014	5.50%	18,587,623
Electric Power Board Electric System Revenue Bonds, 2004 Series A, due in varying amounts to May 15, 2029	4.50 - 5.00%	109,361,397
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1993, due in varying amounts to July 1, 2019	Adjustable	52,700,000
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1995, due in varying amounts to July 1, 2015	4.625 - 5.00%	59,870,000
Airport Improvement Revenue Bonds, Series 1998, due in varying amounts to July 1, 2016	4.15 - 6.25%	41,480,000
Airport Improvement Revenue Bonds, Series 2001A, due in varying amounts to July 1, 2015	5.00 - 6.65%	83,200,000
Passenger Facility Charge and Airport Revenue Bonds, Series 2003, due in varying amounts to July 1, 2012	Adjustable	32,020,000

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

	Interest Rates	Amount
Airport Improvement Revenue Bonds, Series 2003 A, due in varying amounts to July 1, 2005	2.335%	\$ 5,650,000
Airport Improvement Revenue Bonds, Series 2003 B, due in varying amounts to July 1, 2033	1.32 - 5.94%	18,900,000
Metropolitan Nashville Airport Authority: Unamortized deferred amount on refunding		(17,654,125)
 Total revenue bonds payable - proprietary types		 763,697,161
 Notes payable:		
Metropolitan Development and Housing Agency: Notes payable and line of credit		2,852,276
Metropolitan Nashville Airport Authority: Subordinate Revenue Note, Series 1999		935,776
 Total notes payable - proprietary types		 3,788,052
 Total revenue bonds and notes payable		 855,001,429
 Other liabilities payable:		
Hospital Authority: Capitalized lease obligation		41,764,453
Metropolitan Development and Housing Agency: Other liabilities		1,587,039
Electric Power Board: TVA Advances Other		2,377,355 861,784
Metropolitan Transit Authority: Capitalized lease obligation		654,642
Metropolitan Nashville Airport Authority: Synthetic Advance Refunding, Series 2001 Fair value of derivative financial instruments Deferred interest income Other liabilities		6,722,818 4,838,433 4,619,363 2,059,799
Emergency Communications District: Capitalized lease obligation		488,962
 Total other liabilities payable - proprietary types		 65,974,648
 Total bonds, notes and other liabilities payable - component units		 \$ 920,976,077

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	\$	36,596,924
Noncurrent liabilities:		
Due within one year		4,959,343
Due in more than one year		879,419,810
		<hr/>
Total component units long-term liabilities	\$	<u>920,976,077</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. Bond Issuance of the Component Units**

Electric Power Board

On June 30, 2004, the Electric Power Board issued Electric System Revenue Bonds, Series 2004A, maturing on May 15, 2029, with interest rates ranging from 4.5% to 5%. The purpose of these bonds was to reimburse the Electric Power Board for a portion of the 2004 capital expenditures and to fund approximately 50% of its projected \$181 million capital budget for the fiscal years ending June 30, 2005 through June 30, 2007. The remainder will be funded with operating revenues.

Metropolitan Nashville Airport Authority

During November 2003, the Authority issued Series 2003B taxable bonds in the principal amount of \$19,585,000. These bonds were issued to provide funding for a portion of the projected unfunded liability of the Retirement Plan for Employees of the Metropolitan Nashville Airport Authority and to pay for the cost of issuance of the bonds. The 2003B bonds are subject to an extraordinary optional redemption, in whole at any time, at a redemption price equal to the principal amount plus accrued interest to the date of redemption only in the event of the destruction or damage to all or substantially all of the Airport or the condemnation of the Airport. The bonds mature in progressive annual amounts with final maturity on July 1, 2033.

**E. 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 \$8,665,000 and \$18,835,000, respectively, which are still outstanding at June 30, 2004, do not appear as liabilities on the Electric Power Board's Statement of Net Assets.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2004, does not appear as a liability on the Airport Authority's Statement of Net Assets.

During July 2003, the Metropolitan Nashville Airport Authority issued Series 2003A bonds in the principal amount of \$5,650,000. These bonds were issued along with other available funds of the Authority to provide funds to refund \$5,620,000 aggregate principal amount of the Authority's Airport Revenue Bonds, Series 1991A to fund a reserve with respect to the Series 2003A Bonds and to pay for certain costs in connection with the issuance of the bonds. The refunding resulted in a difference of \$5,152 in debt. In accordance with GASB Statement No. 23, Accounting and Financial Reporting of Debt Reported by Proprietary Activities, the difference, reported in the accompanying financial statement as a deduction from long-term debt, is being charged to operations through the year 2005 using the effective-interest method. The Series 2003A bonds mature on July 1, 2005.

During July 2003, the Authority issued Refunding Series 2003 bonds in the principal amount of \$32,020,000. These bonds were issued together with other available funds of the Authority to provide funds to refund \$29,885,000 aggregate principal amount of the Authority's Airport Passenger Facility Charge and Airport Improvement Bonds, Series 1992, to fund a reserve with respect to the Series 2003 bonds and to pay for certain costs in connection with issuance of the bonds. The Series 1992 bonds were redeemed on July 24, 2003 at a redemption price of 101% of the principal amount thereof. The refunding resulted in a difference of \$988,946 in debt. In accordance with GASB Statement No. 23, Accounting and Financial Reporting of Debt Reported by Proprietary Activities, the difference, reported in the accompanying financial statement as a deduction from long-term debt, is being charged to operations through the year 2012 using the effective-interest method. The Series 2003 bonds initially will bear interest at the Weekly Rate. The first interest payment date was September 3, 2003. The bonds mature in progressive annual amounts with final maturity on July 1, 2012.

**F. 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. Because the borrowers are external developers, 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, 2003, the tax increment financing loans, including related accrued interest payable, aggregated approximately \$40.3 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, 2003, the Section 108 loans outstanding aggregated approximately \$5.1 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, 2004 for the Industrial Revenue Bonds issued after April 1, 1996 was \$490,809,406. 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$2,287,402,000. 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.

**G. 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 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, 2004.

Metropolitan Transit Authority

During 2001, the Authority entered into a maximum \$2,000,000 revolving credit line agreement with the Metropolitan Government for the purpose of funding operational activities. The credit line was increased to \$4,000,000 during April 2004. 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, 2004 is \$2,916,543. 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, 2004 (a liability of \$2,612,133) in the Statement of Net Assets. The fair value of this financial instrument at June 30, 2004 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, 2004.

**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 2001 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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30, 2004, 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 \$2,226,300 at June 30, 2004) in the Statement of Net Assets. The fair value of this financial instrument at June 30, 2004 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, 2004 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, 2004.

**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 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.

**H. Annual Debt Service Requirements**

The annual principal maturities of all bonds and notes payable as of June 30, 2004 for the component units are as follows:

Year Ending June 30	Revenue Bonds and Notes Payable	
	Principal	Interest
2005	\$ 40,182,748	\$ 38,593,311
2006	37,981,402	42,911,414
2007	38,101,122	42,148,880
2008	40,616,519	41,282,484
2009	40,331,692	40,262,397
2010-2014	231,524,357	160,315,916
2015-2019	156,118,149	100,987,363
2020-2024	151,895,386	24,719,695
2025-2029	131,199,179	5,272,804
2030-2034	4,705,000	719,037
Total	872,655,554	497,213,301
Deferred Charges	(17,654,125)	-
Total	<u>\$ 855,001,429</u>	<u>\$ 497,213,301</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 additional costs of administering the closed plans are nominal and included in the administrative costs of the administering funds for the open plans. 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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Government has the following single-employer pension plans:

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

**Component Units**

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 asset and obligation are 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.

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, 2004. Accounts receivable consists of amounts due from investment brokers for pending trades.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**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.

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 5 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 5 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. 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, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

**Component Units**

Metropolitan Development and Housing Agency

The Agency's retirement plan is a 401(a) plan administered by the Vanguard Group. 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 twelve 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% out of the 13% of the Agency's contributions. 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.

Agency contributions to the plan for the year ended September 30, 2003 amounted to \$1,957,930.

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. Board employees who retire at or after age 65 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 35 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2004 (the latest date available), the actuarial value of assets was \$205,139,000, the actuarial accrued liability was \$256,149,000, and the unfunded actuarial accrued liability was \$51,010,000. Covered payroll was \$51,616,000.

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.

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 3.0% effective July 1, 2004. 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, 2003 (the latest date available), the actuarial value of assets was \$18,900,000, the actuarial accrued liability was \$22,500,000. There is an unfunded actuarial accrued liability of \$3,600,000. Covered payroll was \$13,500,000.

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, 2004) 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, 2004 amounted to \$89,022. No voluntary contributions were made during the year ended June 30, 2004.

On August 19, 2004, the Board of Directors of the Corporation adopted resolutions to terminate both the retirement plan and the profit sharing plan. Upon termination, no further contributions were made to either plan.

The plan does not issue a separate financial report, however, complete financial statements of the Corporation can be obtained from its administrative offices at 90 Peabody Street, Nashville, TN 37210.

Metropolitan Nashville Airport Authority

Effective September 1989, the Airport Authority adopted a new 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 participate in the pension system of the Government, a cost sharing multiple employer PERS. Employees participate in either "Fund B" (pension benefits for credited service other than credited Fire and Police service) or "Fund C" (pension benefits for credited Fire and Police service) of the Metropolitan Employees' Benefit Trust Fund (the "Fund"). New employees of the Airport Authority and those previously selecting the new Airport Authority's single-employer PERS are not eligible for participation in the Government's pension system. As a result of the relatively few number of employee participants, additional post employment benefits information in regard to the Fund has not been presented.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. Effective June 27, 2003, the plan was closed to new participants. Employees hired after June 27, 2003 are not eligible to participate in the plan.

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 9.265% for the employees of Metropolitan Nashville Public Schools and all other Metro employers.

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.

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.

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% of their salary, and by Metropolitan Nashville Public Schools, which contributes at an actuarially determined rate (3.39% of covered payroll for the fiscal year ending June 30, 2004). 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, 2004, 2003, and 2002 were \$9,212,622, \$8,502,420 and \$9,026,366 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).

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).

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**Component Units**

Metropolitan Development and Housing Agency

The Agency's contributions for the year ended September 30, 2003 amounted to \$1,957,930, which equaled the amount of the annual required contribution. Employee contributions were \$120,717. The Agency's payroll for employees covered by this plan was \$15,691,181, and total payroll amounted to \$16,679,687 during the fiscal year ended September 30, 2003.

Electric Power Board

The contribution requirements of 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 thirty-year funding level. The current rate is 24.64% of annual covered payroll. The Board contributed 100% of the required contribution for the Plan years 2004, 2003, and 2002. For the year ended June 30, 2004, the required and actual amount contributed was \$11,652,000.

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 6.54% in 2004. 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, 2004, the annual pension costs were \$1,011,000, the annual required contribution \$964,000 and the actual amount contributed was \$964,000. The entry age normal method has been used to compute the annual contribution requirement.

Metropolitan Nashville Airport Authority

Contribution requirements are established and may be amended by the Airport Authority. The Airport Authority is required to contribute at an actuarially-determined rate: the current is 20.17% of annual covered payroll.

For the year ended June 30, 2004, the Airport Authority's annual pension cost of \$1,280,837 was equal to the annual required contribution of \$2,167,504 less interest of \$886,667 on the negative net pension obligation. Actual contributions made to the plan were \$19,000,000 which were funded through the issuance of Airport Improvement Revenue Bonds, Series 2003B. The annual required contribution for the current year was determined as part of the July 1, 2003 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 8% investment rate of return and (b) projected salary increases of 4%. Neither (a) nor (b) included an inflation adjustment. The assumptions did not include postretirement benefit increases which are funded by the Airport Authority when granted. The actuarial value of Plan assets was calculated based on the three-year weighted average of asset gains and losses.



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

**D. Selected Pension Information**

**Primary Government**

The following is a summary of the total net pension obligation and asset by plan for the beginning and end of the year:

	Beginning of Year	End of Year
Net pension obligation:		
Metro Education	\$ 49,145,930	\$ 50,553,753
Net pension assets:		
County	(11,096,042)	(11,655,005)
Metro	(20,860,318)	(8,177,445)
County Education	(337,058)	(2,501,059)
City	(16,991,272)	(19,789,447)
City Education	(7,188,315)	(8,258,921)
Total net pension assets	(56,473,005)	(50,381,877)
Total net pension obligation (assets)	\$ (7,327,075)	\$ 171,876

Additional 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 as Required Supplementary Information following the notes to the financial statements.

**F. Other**

The only plan having an individual investment which exceeds 5% of plan assets at June 30, 2004 is the Metro Plan (Northern Trust Daily Common S&P 500 Fund totaling \$345,343,195). 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>
<b>ANNUAL PENSION COST AND NET PENSION OBLIGATION (ASSET) - FISCAL 2004</b>			
Annual required contribution	\$ 1,702,332	\$ 56,816,644	\$ 4,469,917
Interest on net pension obligation	(887,683)	(1,668,825)	(26,965)
Adjustment to annual required contribution	<u>1,014,710</u>	<u>2,437,113</u>	<u>30,823</u>
Annual pension cost	1,829,359	57,584,932	4,473,775
Contributions made	<u>(2,388,322)</u>	<u>(44,902,059)</u>	<u>(6,637,776)</u>
Increase (decrease) in net pension obligation	(558,963)	12,682,873	(2,164,001)
Net pension obligation (asset) beginning of year	<u>(11,096,042)</u>	<u>(20,860,318)</u>	<u>(337,058)</u>
Net pension obligation (asset) end of year	<u><u>\$ (11,655,005)</u></u>	<u><u>\$ (8,177,445)</u></u>	<u><u>\$ (2,501,059)</u></u>
<b>THREE-YEAR TREND INFORMATION</b>			
<b>2004</b>			
Annual pension cost (APC)	\$ 1,829,359	\$ 57,584,932	\$ 4,473,775
Percentage of APC contributed	130.56%	77.98%	148.37%
Net pension obligation (asset)	\$ (11,655,005)	\$ (8,177,445)	\$ (2,501,059)
<b>2003</b>			
Annual pension cost (APC)	\$ 2,300,268	\$ 41,331,860	\$ 5,027,385
Percentage of APC contributed	109.46%	72.88%	128.14%
Net pension obligation (asset)	\$ (11,096,042)	\$ (20,860,318)	\$ (337,058)
<b>2002</b>			
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
<b>PARTICIPANTS - Latest Actuarial Valuation Date</b>			
<b>Active:</b>			
Fully vested	-	8,646	4
Non-vested and partially vested	-	4,014	-
Total active	<u>-</u>	<u>12,660</u>	<u>4</u>
Retirees and beneficiaries receiving benefits	193	4,995	392
Terminated vested	-	775	-
Total	<u><u>193</u></u>	<u><u>18,430</u></u>	<u><u>396</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

<u>Metro Education</u>	<u>City</u>	<u>City Education</u>	<u>Total Primary Government</u>
\$ 11,821,256	\$ 7,747,707	\$ 2,807,195	\$ 85,365,051
3,931,674	(1,359,302)	(575,065)	(586,166)
<u>(4,494,293)</u>	<u>1,553,816</u>	<u>657,356</u>	<u>1,199,525</u>
11,258,637	7,942,221	2,889,486	85,978,410
<u>(9,850,814)</u>	<u>(10,740,396)</u>	<u>(3,960,092)</u>	<u>(78,479,459)</u>
1,407,823	(2,798,175)	(1,070,606)	7,498,951
<u>49,145,930</u>	<u>(16,991,272)</u>	<u>(7,188,315)</u>	<u>(7,327,075)</u>
<u>\$ 50,553,753</u>	<u>\$ (19,789,447)</u>	<u>\$ (8,258,921)</u>	<u>\$ 171,876</u>
\$ 11,258,637	\$ 7,942,221	\$ 2,889,486	\$ 85,978,410
87.50%	135.23%	137.05%	91.28%
\$ 50,553,753	\$ (19,789,447)	\$ (8,258,921)	\$ 171,876
\$ 10,620,012	\$ 9,461,194	\$ 2,986,270	\$ 71,726,989
91.15%	117.00%	129.52%	88.81%
\$ 49,145,930	\$ (16,991,272)	\$ (7,188,315)	\$ (7,327,075)
\$ 10,603,702	\$ 9,048,663	\$ 3,179,325	\$ 57,526,991
53.96%	126.67%	143.25%	116.74%
\$ 48,205,783	\$ (15,382,791)	\$ (6,306,675)	\$ (15,352,976)
51	-	1	8,702
-	-	-	4,014
<u>51</u>	<u>-</u>	<u>1</u>	<u>12,716</u>
1,277	806	283	7,946
12	-	-	787
<u>1,340</u>	<u>806</u>	<u>284</u>	<u>21,449</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, 2003	July 1, 2003	July 1, 2003	July 1, 2003
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 (27 remaining)	40 years (15 remaining)	30 years (27 remaining)	30 years (27 remaining)
Asset valuation method	5 year smoothed market	5 year smoothed market	market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return*	8.00%	8.00%	8.00%	8.00%
Projected salary increases*	5.00%	5.00%	5.00%	5.00%
Postretirement benefit increase adjustments	3.00%	3.00%	3.00%	3.00%
* Includes inflation at	None	None	3.00%	2.75%

(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, 2003	July 1, 2003
entry age normal	entry age normal
level dollar open	level dollar open
30 years (27 remaining)	30 years (27 remaining)
5 year smoothed market	market
8.00%	8.00%
5.00%	5.00%
3.00%	3.00%
None	2.75%

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, 2004 totaled \$20,249,068.

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 \$1,519,367 and \$273,296, respectively, for the fiscal year ended June 30, 2004.

The post-retirement benefits for the Metro plans were authorized by the Government's charter. During the year ended June 30, 2004, 6,075 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, 2004 totaled \$10,481,246. During the year ended June 30, 2004, 2,623 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, 473 retirees meet those eligibility requirements. Expenditures for post-retirement health care benefits are recognized as retirees report claims. Expenditures of \$6,307,381 for the year ended June 30, 2004 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, 2004, total medical benefit claims expense incurred amounted to \$608,628. Future claims cannot be estimated. At June 30, 2004, approximately 125 retirees were covered under this plan.

Life insurance benefits for retirees and their spouses are also self-insured. Life insurance coverage is \$10,000 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, 2004, the Metropolitan Transit Authority recognized an expense for death benefit claims totaling \$50,000. Future such claims cannot be estimated, however, at June 30, 2004, approximately 125 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 who were involuntarily terminated as a result of the Corporation ceasing operations in December 2003. Under the terms of the severance package, all employees who did not elect to transfer to the Metropolitan Government or otherwise leave employment prior to December 1, 2003 were to receive a minimum termination benefit equal to 15 weeks of their gross compensation, plus one additional week for each year of service in excess of 15 years. During the year ended June 30, 2004, termination benefits of \$12,322 were charged to administrative and general expenses in the Statement of Activities. Benefits of \$802,848 were paid to employees that were involuntarily

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

terminated prior to June 30, 2004. At June 30, 2004, \$57,399 of accrued termination benefits is reflected as a current liability 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, 67 retirees are receiving benefits under this PERS. During the year ended June 30, 2004, payments of \$227,693 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, 22 retirees are receiving benefits from the Metro Plan. During the year ended June 30, 2004, payments of \$93,475 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, 2004, \$321,168 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 are not reflected on the Statement of Net Assets. Employee and Board contributions to the plan were \$2,588,475 and \$1,338,430, respectively, during the year ended June 30, 2004.

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 could elect to participate and contribute from 1% to 15% of their annual compensation, but not in excess of the maximum allowed. The plan provided for a matching contribution by the Corporation equal to 50% of salary deferrals up to 7%. Matching contributions of \$39,107 were made for the year ended June 30, 2004.

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 \$628,528 for the year ended June 30, 2004.

**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, 2004.

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, 2004, the leased building is carried in the enterprise funds at \$3,645,000, less accumulated depreciation of \$736,594. A summary of future minimum lease payments and the present value of future lease payments for the capitalized lease as of June 30, 2004 is as follows:

<u>Year Ending June 30,</u>		
2005	\$	260,008
2006		257,540
2007		259,665
2008		256,105
2009		257,113
2010-2014		1,287,697
2015		<u>258,985</u>
Total future minimum lease payments		2,837,113
Less:		
Amount representing interest imputed at 7.5%		762,113
Current portion of capital lease		<u>145,000</u>
Long-term capitalized lease obligation	\$	<u><u>1,930,000</u></u>



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**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, 2004, 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 \$10,531,344.

A summary of future minimum lease payments required under the agreement as of June 30, 2004 follows:

<u>Year Ending June 30,</u>	
2005	\$ 4,000,000
2006	4,000,000
2007	4,000,000
2008	4,000,000
2009	4,000,000
2010-2014	20,000,000
2015-2019	20,000,000
2020-2024	20,000,000
2025-2027	<u>1,666,667</u>
Total future minimum lease payments	81,666,667
Less:	
Amount representing interest	39,902,214
Current portion of capital lease	<u>900,833</u>
Long-term capitalized lease obligation	<u>\$ 40,863,620</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, 2003 were \$48,565 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 \$6,625,000 at September 30, 2003. In addition, rental income, other than rent directly related to low-income housing units, is received under various other short-term land and building operating leases. These leases are all either cancelable or the future minimum rentals are insignificant. Rental income from these leases amounted to \$82,554 for the year ended September 30, 2003.

**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 \$857,332 for the year ended June 30, 2004. 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 \$1,673,899 for the year ended June 30, 2004.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Transit Authority

During fiscal 2000, the Metropolitan Transit Authority entered into a capital lease obligation for new buses with a capitalized cost of \$990,591. Also, during fiscal years 2003 and 2004, the Authority entered into a capital lease agreement with the Government for certain computer equipment with a total cost of \$102,945. The assets under capital lease are included in capital assets. The future minimum lease payments required under the capital leases as of June 30, 2004, are as follows:

<u>Year Ending June 30,</u>		
2005	\$	161,538
2006		143,183
2007		127,223
2008		127,223
2009		127,223
Thereafter		<u>63,612</u>
Total future minimum lease payments		750,002
Less:		
Amount representing interest imputed at 5.05%		95,360
Current portion of capital lease		<u>132,239</u>
Long-term capitalized lease obligation	\$	<u><u>522,403</u></u>

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 \$1,855,544 at June 30, 2004 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.

Emergency Communications District

The Emergency Communications District acquired certain hardware and software to upgrade its computer aided dispatch systems that are financed under agreements accounted for as capital leases. At June 30, 2004, this equipment had a net book value of \$1,301,847. A schedule of future minimum lease payments required as of June 30, 2004 follows:

<u>Year Ending June 30,</u>		
2005	\$	357,383
2006		162,636
Total future minimum lease payments		520,019
Less:		
Amount representing interest imputed at 5.05%		31,057
Current portion of capital lease		<u>333,523</u>
Long-term capitalized lease obligation	\$	<u><u>155,439</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$14,250 for the year ended March 31, 2004.

Certain lease agreements of the Industrial Development Board provide for the purchase of the leased facilities when all amounts due on the related bonds 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. During the fiscal year ending March 31, 2004, Public Square exercised its lease option by paying the Board \$510,001. Lease agreements with purchase options that have not been exercised and remain in effect total \$150,000 at March 31, 2004.

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, 2004, rent under the long-term lease obligation was \$12,000. Future obligations over the term of the lease are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2005	\$ 12,000
2006	12,000
2007	12,000
2008	<u>1,000</u>
Total future lease payments	<u><u>\$ 37,000</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables at June 30, 2004 are attributable to unsettled balances at year-end primarily for internal service billings and transfers between funds.

Interfund receivables and payables include \$1,747,100 advanced from the GSD General Purpose Debt Service Fund to Nonmajor Enterprise Funds for capital improvements. This amount is payable over a period exceeding one year.

Balances at June 30, 2004 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

For the Year Ended June 30, 2004

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	\$ 1,462,521	\$ -	\$ 217,627	\$ 152,023	\$ 77,051	\$ 22,171,976
General Purpose School	211,165	-	-	-	-	1,742,843
GSD General Purpose Debt Service Fund	21,522	-	-	-	88,113	1,578,206
GSD School Purpose Debt Service Fund	1	-	14,089	-	-	45,650,365
USD General Purpose Debt Service Fund	-	-	-	-	-	5,647,212
Nonmajor Governmental Funds	24,179,331	31,494	244,259	261,216	68,099	34,395,915
Department of Water and Sewerage Services	38,989	-	-	-	-	287,474
Nonmajor Enterprise Funds	-	-	-	-	-	696,575
Internal Service Funds	2,965,553	7,024,315	3,136	1,874	455	1,457,465
Fiduciary Funds	5,491,672	202,201	-	-	-	26,227
	<u>\$ 34,370,754</u>	<u>\$ 7,258,010</u>	<u>\$ 479,111</u>	<u>\$ 415,113</u>	<u>\$ 233,718</u>	<u>\$ 113,654,258</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

For the Year Ended June 30, 2004

Department of Water and Sewerage Services	Due To					Total
	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds		
\$ 1,178,264	\$ -	\$ 1,139,057	\$ 1,277,659	\$ 1,409,974	\$ 29,086,152	
-	-	51,400	-	4,208,827	6,214,235	
-	-	1,747,100	-	-	3,434,941	
-	-	-	-	-	45,664,455	
8,599	-	-	-	-	5,655,811	
561,759	-	456,897	257,068	4,841	60,460,879	
-	-	-	4,428	941	331,832	
-	-	-	23,206	-	719,781	
181,813	9,262	865,993	119,498	1,124,671	13,754,035	
28,405	-	9,289	11,773	451,359	6,220,926	
<u>\$ 1,958,840</u>	<u>\$ 9,262</u>	<u>\$ 4,269,736</u>	<u>\$ 1,693,632</u>	<u>\$ 7,200,613</u>	<u>\$ 171,543,047</u>	

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE 11 - INTERFUND TRANSFERS**

Interfund transfers are attributable to the budgeted allocation of resources from one fund to another primarily for debt service requirements, operating subsidies and the funding of capital items.

Transfers from fiduciary funds represent employee contributions to flexible benefit plans which reverted to the Government for no utilization and transfers from pension funds to the General Fund to cover administrative costs.

Interfund transfers for the year ended June 30, 2004 consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2004

Transferred From	Transferred To				
	General Fund	General Purpose School Fund	GSD Debt Service Fund	GSD School Purposes Debt Service Fund	USD General Purposes Debt Service Fund
General Fund	\$ 1,433,000	\$ 2,412	\$ 3,353,782	\$ -	\$ -
General Purpose School Fund	2,298,181	-	-	-	-
GSD Debt Service Fund	-	-	-	-	7,814,000
GSD School Purposes Debt Service	-	-	-	-	-
USD General Purposes Debt Service	-	-	-	-	-
Nonmajor Governmental Funds	7,320,238	1,212,547	6,505,908	205,052	661,409
Department of Water and Sewerage Services	4,166,046	-	-	-	-
District Energy System	-	-	-	-	-
Nonmajor Enterprise Funds	1,430,487	-	-	-	-
Internal Service Funds	3,886,367	-	-	-	-
Fiduciary Funds	3,027,684	-	-	-	-
	<u>\$ 23,562,003</u>	<u>\$ 1,214,959</u>	<u>\$ 9,859,690</u>	<u>\$ 205,052</u>	<u>\$ 8,475,409</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, 2004

Transferred To						
Nonmajor Governmental Funds	Department of Water and Sewerage Services	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ 49,709,209	\$ -	\$ 2,000,000	\$ 259,700	\$ 414,320	\$ -	\$ 57,172,423
96,059	-	-	-	500,000	-	2,894,240
-	-	-	-	-	-	7,814,000
107,085	-	-	-	-	-	107,085
2,281	-	-	-	-	-	2,281
2,474,295	210,000	-	2,120,318	9,334,273	-	30,044,040
11,222,166	-	-	-	12,492	-	15,400,704
-	-	-	-	48,680	-	48,680
1,025	-	-	-	45,943	20,752	1,498,207
3,855	-	-	-	387,219	-	4,277,441
-	-	-	-	1,103,470	-	4,131,154
<u>\$ 63,615,975</u>	<u>\$ 210,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,380,018</u>	<u>\$ 11,846,397</u>	<u>\$ 20,752</u>	<u>\$ 123,390,255</u>

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.

**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	\$ 250,000	per person
	600,000	per accident	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 \$5,000,000 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 \$14,005,013 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, 2003 and 2004:

	<u>School Self Insurance</u>	<u>General Government Self Insurance Insurance</u>	<u>School Professional Employees' Insurance</u>	<u>Employees' Medical Benefit</u>	<u>Injured on Duty</u>	<u>Total Internal Service Fund Types</u>
Claims payable June 30, 2002	\$ 514,241	\$ 18,027,210	\$ 2,663,406	\$ 4,726,000	\$ -	\$ 25,930,857
Add: Provision for events of the current fiscal year	414,255	(7,383,564)	37,322,187	35,878,476	-	66,231,354
Deduct: Payments on claims during the fiscal year	<u>143,497</u>	<u>2,809,186</u>	<u>36,740,865</u>	<u>35,640,476</u>	<u>-</u>	<u>75,334,024</u>
Claims payable June 30, 2003	784,999	7,834,460	3,244,728	4,964,000	-	16,828,187
Add: Provision for events of the current fiscal year	90,741	(1,123,462)	38,664,056	36,915,477	1,574,485	76,121,297
Deduct: Payments on claims during the fiscal year	<u>365,361</u>	<u>1,442,720</u>	<u>38,658,784</u>	<u>37,611,477</u>	<u>866,129</u>	<u>78,944,471</u>
Claims payable June 30, 2004	<u>\$ 510,379</u>	<u>\$ 5,268,278</u>	<u>\$ 3,250,000</u>	<u>\$ 4,268,000</u>	<u>\$ 708,356</u>	<u>\$ 14,005,013</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.

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 \$100,000 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, 2004. Accident losses exceeding \$100,000 are covered under an insurance program subject to certain limits.

The Metropolitan Transit Authority has purchased reinsurance which provides for reimbursement of paid medical claims in excess of \$125,000 per covered participant per agreement year, with the exception of one employee who had a specific deductible of \$200,000 (one employee had a specific deductible of \$175,000 prior to March 1, 2004 and four employees had specific deductibles ranging from \$175,000 to \$250,000 prior to March 1, 2003). The policy also provides a specified maximum of \$1,000,000 during the lifetime of a covered participant, (\$925,000 prior to March 1, 2003) 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 2004 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, 2004, the Metropolitan Transit Authority owed the Trust \$492,647.

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, the Government believes 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, 2004, no deficiencies existed. The amount to be repaid from user fees is \$56,121,429 at June 30, 2004 and is recorded as capital grants and contributions by the Department of Water and Sewerage Services.

**D. Construction Commitments**

**Primary Government**

At June 30, 2004, the Department of Water and Sewerage Services had commitments of \$28,239,897 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 \$132,607,000 through the year 2009. 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, 2004. 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, 2003, the Metropolitan Development Housing Agency had outstanding construction commitments of approximately \$6.9 million. Of this amount, \$6.8 million will be paid by grants committed to the Agency by HUD, and the remaining \$91,000 will be paid by funds committed to the Agency by a private foundation.

The Metropolitan Nashville Airport Authority estimates the cost of completion of various construction projects at June 30, 2004 to be \$89,471,196, of which \$6,786,856 is expected to be reimbursed by other governmental agencies.

The Metropolitan Transit Authority estimates the cost to complete construction in progress at June 30, 2004 to be approximately \$30,000 for renovation of office space and an indeterminable amount related to a commuter rail project.

**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 payable to Dell totaled \$724,435 the year ended June 30, 2004.

**Component Units**

On July 31, 2002, the Hospital Authority entered into an Amended and Restated Management Services Agreement (Agreement) with Vanderbilt University whereby the Vanderbilt University Medical Center (VUMC) manages the Hospital Authority providing the services of certain management personnel at General Hospital and Bordeaux Hospital. As compensation for management services, General Hospital and Bordeaux Hospital paid VUMC a management fee of \$435,492 and \$321,750, respectively, for the year ended June 30, 2004. The outstanding management fees and surplus payable to VUMC for General Hospital is \$59,522 at June 30, 2004. The Agreement provides that 50% of any annual operating surpluses of General Hospital, as defined by the Agreement, will be paid to VUMC to be used to benefit General Hospital. Additionally, the Agreement also stipulates that the Hospital Authority will provide an operating supplement for the payment of costs of the operations of General Hospital which

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

was \$23,505,100 for fiscal year ending June 30, 2004 and approved as \$19,979,300 for the fiscal year ending June 30, 2005.

At June 30, 2004, General Hospital had \$44,034,308 due to the primary government, which accrues interest at rates determined by the Government. The primary government has reserved fund balance to reflect the long-term nature of the receivable. The Hospital is and will be dependent upon the Government to subsidize current and future operations. The subsidy for the fiscal year ending June 30, 2004 was \$23,505,100.

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 Investment Partnership Program funds for which the Agency has agreed to guarantee the repayment.

In July of 1997, the Electric Power Board entered into an agreement with an outside firm, whereby the firm provides computer hardware services operation for the Board's mainframe information system. This agreement will expire in November 2004. The new contract will be for three years and may be renewed for two additional one year periods.

In September of 1997, the Board entered into an agreement with an outside firm, whereby the firm provides professional services for the management, operation, and support of the Board's information and data processing system. The agreement will expire in October 2004. The new contract will be for three years and may be renewed for two additional one-year periods. The minimum commitments remaining under these agreements are: \$5.3 million (2005), 4.9 million (2006), 4.9 million (2007), and 1.5 million (2008).

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 received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to the grantor.

The Nashville Thermal Transfer Corporation entered into an agreement with a third party to raze and demolish all remaining utility plant in service. The future minimum payments due under this agreement are approximately \$491,753.

The Nashville Thermal Transfer Corporation entered into an agreement with a third party to receive various services to support the Corporation's demolition project until the Corporation's dissolution. The future minimum payments due under this agreement are approximately \$53,840.

The Nashville Thermal Transfer Corporation entered an agreement with the Metropolitan Government to relocate a government asset as a result of the demolition. The future minimum payments due under this agreement are approximately \$418,101.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. In November 2003, the Emergency Communications District elected to make an additional \$1,400,000 to the Metropolitan Government based on the incremental rate revenue collected to date.

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, improving downtown beautification and 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 Nashville Downtown Partnership, a related nonprofit organization, to perform all the duties and responsibilities for day-to-day management and implementation of services and improvements for the Nashville Central Business Improvement District (CBID), as defined in the Memorandum of Agreement with Metro, in exchange for substantially all revenues received from CBID assessments. During the year ended December 31, 2003, the Corporation recognized expense of \$586,445 related to the agreement. The agreement expired June 30, 2003 and was renewed through December 31, 2007.

**NOTE 13 – SUBSEQUENT EVENTS**

**Primary Government**

On July 13, 2004, the Government issued \$65,755,000 General Obligation Multi-Purpose Bonds, Series 2004, at a true interest cost of 4.59%. These bonds provided funding to pay principal and interest on certain of the Metropolitan Government's maturing commercial paper notes (in the form of bond anticipation notes) in the principal amounts and on the dates set forth below (Notes). The Notes were issued to finance general capital improvements for the Metropolitan Government.

<u>Maturity Date</u>	<u>Principal</u>
July 14, 2004	\$10,000,000
September 2, 2004	\$ 9,000,000
September 10, 2004	\$24,000,000
October 8, 2004	\$25,000,000

The proceeds of the Bonds will be invested by the Note Paying Agent and the interest accrued on the proceeds of the bond issue will be available for the payment of the interest on the Bonds after the commercial paper has been refunded.

On September 1, 2004 the Government issued \$51,340,000 General Obligation Public Improvement Refunding Bonds, Series 2004, at a true interest cost of 3.44%. These bonds refunded the outstanding General Obligation Public Improvement Bonds Series 1996A (Series 1996A Bonds), maturing November 15, 2006 through November 15, 2016. As a result, the Series 1996A 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 debt) of \$3,810,853.

**Component Units**

On October 27, 2004 the Sports Authority issued \$64,910,000 of Sports Authority Public Improvement Revenue Refunding Bonds, Series 2004, at a true interest cost of 4.20%. These bonds refunded the Sports Authority's outstanding Public Improvement Revenue Bonds, Series 1996 (Series 1996 Bonds), maturing July 1, 2007 through July 1, 2026. As a result, the Series 1996 Bonds are considered to be defeased. By issuing the new bonds, the Sports Authority obtained an economic gain (difference between the present values of the debt service payments on the defeased and new debt) of \$5,814,472.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During July and August 2004, the Metropolitan Transit Authority issued purchase commitments for new buses, paratransit vehicles, and engineering services. Under these purchase commitments, the Authority expects to pay approximately \$7,000,000, \$800,000 and \$460,000, respectively. The Authority expects the new buses, paratransit vehicles, and engineering services to be received in fiscal years 2005 and 2006.

During August 2004, the Metropolitan Transit Authority made a \$1,000,000 repayment on the note payable to the Metropolitan Government.

On October 21, 2004 the Board of Directors of the Nashville Thermal Transfer Corporation met and determined the Corporation's dissolution date to be December 29, 2004. Upon dissolution the Corporation will cease to exist.

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 underpasses. Information regarding condition and needed and actual maintenance costs is presented below.

**ROADS AND STREETS**

Percentage of Lane Miles in Good or Better Condition

2004	2003	2002	2001
85.0 %	85.5 %	85.4 %	83.4 %

The condition of road and street pavement is measured using the Cartograph Pavement View Plus 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 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 5,600 lane miles of roads and streets in the transportation network.

Comparison of Needed to Actual Maintenance

	2004	2003	2002
Needed	\$ 9,000,000	\$ 9,200,000	\$ 9,200,000
Actual	\$ 9,534,328	\$ 6,126,750	\$ 2,237,282
Difference	\$ 534,328	\$(3,073,250)	\$(6,962,718)

The variance between the needed and actual amounts for the year ended June 30, 2002 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, the condition level remained consistent with the prior year.

Information regarding needed and actual maintenance and preservation costs is not available prior to fiscal year ended June 30, 2002.

**BRIDGES AND UNDERPASSES**

Percentage of Deck Area in Non-Deficient Condition

2004	2003	2002	2001
(a)	94.2 %	(a)	89.0 %

(a) Condition assessments are determined every two years. The next assessment will be performed in 2005.

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

The condition of bridges and underpasses 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 underpasses in fair or better condition.

There were 230 Non-Federal Aid and 126 Federal Aid Urban bridges and underpasses in the transportation network as of the 2002 inspection. One additional Federal Aid Urban bridge, the Gateway Bridge, was completed during fiscal year 2004.

Comparison of Needed to Actual Maintenance

	2004	2003	2002
Needed	\$ 800,000	\$ 800,000	\$ 830,000
Actual	\$ 231,054	\$ 555,057	\$ 637,019
Difference	\$ (568,946)	\$ (244,943)	\$ (192,981)

Although actual costs for 2004 were less than the anticipated needs, the Government has appropriated an additional \$4.8 million for bridge maintenance in fiscal year 2005.

Although actual costs for 2003 were less than the anticipated needs, the condition level improved compared to the prior assessment. The conversion of the Shelby Street Bridge from a vehicle to pedestrian use bridge during fiscal year 2003 was a major contributor to the improved condition rating of 94.2 percent.

Information regarding needed and actual maintenance and preservation costs is not available prior to fiscal year ended June 30, 2002.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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
<b>County Plan (a)</b>				
July 1, 1998	\$ -	\$ 25,430,114	\$ 25,430,114	- %
July 1, 1999	-	-	-	-
July 1, 2000	-	21,487,993	21,487,993	-
July 1, 2001 (b)	-	24,162,977	24,162,977	-
July 1, 2002	-	25,088,621	25,088,621	-
July 1, 2003	-	19,331,288	19,331,288	-
<b>Metro Plan</b>				
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
July 1, 2002	1,569,455,257	1,668,629,134	99,173,877	94.06
July 1, 2003	1,569,047,675	1,688,192,909	119,145,234	92.94
<b>County Education Plan (a)</b>				
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	-
July 1, 2002	-	57,824,587	57,854,587	-
July 1, 2003	-	50,759,348	50,759,348	-
<b>Metro Education Plan</b>				
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
July 1, 2002	107,937,347	235,616,521	127,679,174	45.81
July 1, 2003	101,996,664	236,236,129	134,239,465	43.18

(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 disclosed in Note 7 to the financial statements.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (CONTINUED) (c)

Unaudited - See Accompanying Accountants' Report

Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
\$ -	- %
-	-
-	-
-	-
-	-
-	-
359,932,634	30.21
375,552,645	28.93
384,283,394	26.71
398,426,904	24.25
434,699,880	22.81
466,820,160	25.52
934,645	-
934,645	-
480,448	-
446,414	-
283,145	-
241,202	-
11,224,795	1,006.19
9,951,951	1,146.92
8,071,426	1,555.94
6,471,686	1,973.21
4,752,700	2,686.46
3,216,887	4,172.96

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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, 1998	\$ -	\$ 101,792,628	\$ 101,792,628	- %
July 1, 1999	-	-	-	-
July 1, 2000	-	91,006,918	91,006,918	-
July 1, 2001	(b)	103,406,732	103,406,732	-
July 1, 2002	-	106,725,860	106,725,860	-
July 1, 2003	-	87,981,174	87,981,174	-
City Education Plan	(a)			
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	-
July 1, 2002	-	33,511,657	33,511,657	-
July 1, 2003	-	31,877,857	31,877,857	-

(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 disclosed in Note 7 to the financial statements.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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>
\$	-	- %
	-	-
	-	-
	-	-
	-	-
	-	-
	242,820	-
	242,820	-
	168,000	-
	101,311	-
	104,405	-
	127,441	-

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS (a)

Unaudited - See Accompanying Accountants' Report

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
County Plan		
1999	\$ 2,053,581	152.66 %
2000	2,053,581	143.26
2001	1,838,038	148.70
2002	2,085,246	130.12
2003	2,186,158	115.17
2004	1,702,332	140.30
Metro Plan		
1999	33,538,193	121.41
2000	27,454,972	132.65
2001	21,918,101	130.59
2002	26,339,414	100.53
2003	40,274,352	74.80
2004	56,816,644	79.03
County Education Plan		
1999	5,144,415	127.32
2000	5,007,965	142.79
2001	5,332,537	127.70
2002	5,224,991	136.24
2003	5,038,687	127.85
2004	4,469,917	148.50
Metro Education Plan		
1999	9,160,016	95.25
2000	3,220,140	17.38
2001	10,742,379	55.67
2002	11,020,413	51.92
2003	11,125,636	87.01
2004	11,821,256	83.33

(a) See assumptions used in the preparation of the Schedule disclosed in Note 7 to the financial statements.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED) (a)

Unaudited - See Accompanying Accountants' Report

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
City Plan		
1999	\$ 8,220,154	153.09 %
2000	8,220,154	146.41
2001	7,784,542	146.61
2002	8,923,918	128.44
2003	9,299,818	119.03
2004	7,747,707	138.63
City Education Plan		
1999	3,224,946	132.78
2000	3,124,925	149.84
2001	3,221,233	137.13
2002	3,131,890	145.42
2003	2,920,120	132.46
2004	2,807,195	141.07

(a) See assumptions used in the preparation of the Schedule disclosed in Note 7 to the financial statements.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2004

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 139,407	\$ 1,046,782	\$ 359,439	\$ 18,079,694
Investments	142,865	1,227,102	343,525	17,131,146
Accounts receivable	710,344	3,966,397	22,865	2,129
Accrued interest receivable	49	376	1	-
Due from other funds of the primary government	677,235	1,110,325	24,704	2,516,896
Due from component units	-	-	-	21,400,124
Inventories of supplies	-	-	129,905	-
Other assets	9,611	350,610	-	-
<b>Total assets</b>	<b>\$ 1,679,511</b>	<b>\$ 7,701,592</b>	<b>\$ 880,439</b>	<b>\$ 59,129,989</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 138,386	\$ 816,344	\$ 44,018	\$ 127,613
Accrued payroll	533,213	167,521	9,890	-
Due to other funds of the primary government	308,687	2,057,607	39,091	690,671
Due to component units	68	-	-	-
Deferred revenue	-	11,117	171	-
Commercial paper payable	-	-	-	-
Other liabilities	16,174	-	-	-
<b>Total liabilities</b>	<b>996,528</b>	<b>3,052,589</b>	<b>93,170</b>	<b>818,284</b>
<b>FUND BALANCES:</b>				
Reserved for imprest cash and inventories	1,750	-	129,905	-
Reserved for equipment acquisitions	-	-	-	22,491,488
Reserved for trust purposes	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for tourism	-	728,626	-	-
Reserved for long-term receivable	-	-	-	21,400,124
Unreserved:				
Designated for specific projects	-	3,571,828	-	-
Undesignated	681,233	348,549	657,364	14,420,093
<b>Total fund balances</b>	<b>682,983</b>	<b>4,649,003</b>	<b>787,269</b>	<b>58,311,705</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,679,511</b>	<b>\$ 7,701,592</b>	<b>\$ 880,439</b>	<b>\$ 59,129,989</b>

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, 2004

Special Revenue Funds

Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services	Natural Disaster Recovery
\$ 7,235,057	\$ 3,491,302	\$ 1,376,549	\$ 786,364	\$ 188,880	\$ 7,500	\$ -
8,136,822	4,105,246	1,618,682	924,752	222,120	-	-
5,626,133	895,676	2,073,208	64,638	89,093	1,710,887	-
299	13	-	-	8	163	-
646,005	133,442	724,632	685	42	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,918	-	-	-	-	-	-
<u>\$ 21,646,234</u>	<u>\$ 8,625,679</u>	<u>\$ 5,793,071</u>	<u>\$ 1,776,439</u>	<u>\$ 500,143</u>	<u>\$ 1,718,550</u>	<u>\$ -</u>
\$ 3,708,752	\$ 1,461,712	\$ 1,403,420	\$ 136,690	\$ 2,459	\$ 100,904	\$ -
79,028	222,638	200,862	6,356	4,654	133,695	-
144,660	635,288	129,081	17,752	91,859	1,234,977	-
-	-	-	-	-	-	-
-	-	-	151,196	-	139,889	-
-	-	-	-	-	-	-
3,789,607	-	-	-	-	-	-
<u>7,722,047</u>	<u>2,319,638</u>	<u>1,733,363</u>	<u>311,994</u>	<u>98,972</u>	<u>1,609,465</u>	<u>-</u>
315,500	400	100	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,608,687	6,305,641	4,059,608	1,464,445	401,171	109,085	-
<u>13,924,187</u>	<u>6,306,041</u>	<u>4,059,708</u>	<u>1,464,445</u>	<u>401,171</u>	<u>109,085</u>	<u>-</u>
<u>\$ 21,646,234</u>	<u>\$ 8,625,679</u>	<u>\$ 5,793,071</u>	<u>\$ 1,776,439</u>	<u>\$ 500,143</u>	<u>\$ 1,718,550</u>	<u>\$ -</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, 2004

	Special Revenue Funds			
	Education Services	Infrastructure Services	Nashville Career Advancement Center	District Energy System Development
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 5,807,955	\$ 920,543	\$ 400	\$ 531,844
Investments	471,723	1,082,544	-	625,440
Accounts receivable	12,863,053	905	509,529	2,318
Accrued interest receivable	1,436	30	29	-
Due from other funds of the primary government	1,941,104	274,090	260,577	-
Due from component units	350	-	-	-
Inventories of supplies	620,911	-	-	-
Other assets	700	-	4,478	-
<b>Total assets</b>	<b>\$ 21,707,232</b>	<b>\$ 2,278,112</b>	<b>\$ 775,013</b>	<b>\$ 1,159,602</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,521,582	\$ 45,835	\$ 323,021	\$ 757
Accrued payroll	1,324,276	23,690	114,080	-
Due to other funds of the primary government	1,324,383	299,084	246,288	1,158,845
Due to component units	-	-	-	-
Deferred revenue	660,644	-	113,301	-
Commercial paper payable	-	-	-	-
Other liabilities	10,240	-	-	-
<b>Total liabilities</b>	<b>4,841,125</b>	<b>368,609</b>	<b>796,690</b>	<b>1,159,602</b>
<b>FUND BALANCES:</b>				
Reserved for imprest cash and inventories	2,377,630	-	400	-
Reserved for equipment acquisitions	-	-	-	-
Reserved for trust purposes	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for tourism	-	-	-	-
Reserved for long-term receivable	-	-	-	-
Unreserved:				
Designated for specific projects	1,100	-	-	-
Undesignated	14,487,377	1,909,503	(22,077)	-
<b>Total fund balances</b>	<b>16,866,107</b>	<b>1,909,503</b>	<b>(21,677)</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,707,232</b>	<b>\$ 2,278,112</b>	<b>\$ 775,013</b>	<b>\$ 1,159,602</b>

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, 2004

Special Revenue Funds		Debt Service Fund	Capital Projects Funds		
Public Works Services	Regulation and Inspection Services	Correctional Facility Revenue Bonds	GSD Capital Projects	Education Capital Projects	USD Capital Projects
\$ 50,726	\$ -	\$ 1,629,218	\$ 16,859,147	\$ 1,574,466	\$ 399,958
59,654	-	-	11,791,009	-	7,810,004
-	-	-	66,230	-	59,555
-	20	-	200,423	7,464	113
-	34,567	2,259	18,434,461	17,020,058	16,659,286
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	182,248	-	-
<u>\$ 110,380</u>	<u>\$ 34,587</u>	<u>\$ 1,631,477</u>	<u>\$ 47,533,518</u>	<u>\$ 18,601,988</u>	<u>\$ 24,928,916</u>
\$ 17	\$ 4,099	\$ -	\$ 7,229,647	\$ 10,259,743	\$ 1,241,767
-	-	-	3,585	623	-
-	172,131	-	19,865,078	62,774,216	22,464,560
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	14,629,740	10,200,360	5,169,900
-	-	-	-	919,872	-
<u>17</u>	<u>176,230</u>	<u>-</u>	<u>41,728,050</u>	<u>84,154,814</u>	<u>28,876,227</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,631,477	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,805,468	-	-
<u>110,363</u>	<u>(141,643)</u>	<u>-</u>	<u>-</u>	<u>(65,552,826)</u>	<u>(3,947,311)</u>
<u>110,363</u>	<u>(141,643)</u>	<u>1,631,477</u>	<u>5,805,468</u>	<u>(65,552,826)</u>	<u>(3,947,311)</u>
<u>\$ 110,380</u>	<u>\$ 34,587</u>	<u>\$ 1,631,477</u>	<u>\$ 47,533,518</u>	<u>\$ 18,601,988</u>	<u>\$ 24,928,916</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, 2004

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 87,624	\$ 90,195	\$ 60,663,050
Investments	103,046	106,069	55,901,749
Accounts receivable	-	-	28,662,960
Accrued interest receivable	-	-	210,424
Due from other funds of the primary government	-	511	60,460,879
Due from component units	-	-	21,400,474
Inventories of supplies	-	-	750,816
Other assets	-	-	549,565
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 190,670</u>	<u>\$ 196,775</u>	<u>\$ 228,599,917</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 30	\$ 31	\$ 28,566,827
Accrued payroll	-	-	2,824,111
Due to other funds of the primary government	-	-	113,654,258
Due to component units	-	-	68
Deferred revenue	-	-	1,076,318
Commercial paper payable	-	-	30,000,000
Other liabilities	-	-	4,735,893
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>30</u>	<u>31</u>	<u>180,857,475</u>
<b>FUND BALANCES:</b>			
Reserved for imprest cash and inventories	-	-	2,825,685
Reserved for equipment acquisitions	-	-	22,491,488
Reserved for trust purposes	105,994	86,665	192,659
Reserved for debt service	-	-	1,631,477
Reserved for tourism	-	-	728,626
Reserved for long-term receivable	-	-	21,400,124
Unreserved:			
Designated for specific projects	-	-	9,378,396
Undesignated	84,646	110,079	(10,906,013)
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>190,640</u>	<u>196,744</u>	<u>47,742,442</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 190,670</u>	<u>\$ 196,775</u>	<u>\$ 228,599,917</u>

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

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

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, 2004

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
REVENUES:				
Property taxes	\$ -	\$ 570,798	\$ -	\$ -
Other taxes, licenses and permits	-	19,479,502	106,112	-
Fines, forfeits and penalties	-	58,486	-	-
Revenues from the use of money or property	9,472	54,649	3,052	225,824
Revenues from other governmental agencies	14,832,677	5,871,645	11,543	24,975
Charges for current services	140,014	447,604	1,380,107	-
Compensation for loss, sale or damage to property	-	-	-	-
Contributions and gifts	32,155	323,653	39,635	-
Miscellaneous	-	-	-	-
Total revenues	<u>15,014,318</u>	<u>26,806,337</u>	<u>1,540,449</u>	<u>250,799</u>
EXPENDITURES:				
Current:				
Personal services	10,768,871	4,979,987	311,815	-
Contractual services	3,879,336	9,513,161	23,218	453,951
Supplies and materials	1,101,138	435,586	837,674	2,496,132
Bond issue costs	-	-	-	-
Other costs	157,635	1,801,551	5,147	11,374
Capital outlay	120,481	295,648	-	1,630,848
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>16,027,461</u>	<u>17,025,933</u>	<u>1,177,854</u>	<u>4,592,305</u>
Excess (deficiency) of revenues over expenditures	<u>(1,013,143)</u>	<u>9,780,404</u>	<u>362,595</u>	<u>(4,341,506)</u>
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	-	-	-
Bond issue premium (discount)	-	-	-	-
Commercial paper proceeds	-	-	-	-
Commercial paper redeemed	-	-	-	-
Swaption proceeds	-	-	-	-
Transfers in	1,535,300	756,812	212,888	18,441,722
Transfers out	(469,938)	(12,124,737)	(347,405)	(3,057,381)
Total other financing sources (uses)	<u>1,065,362</u>	<u>(11,367,925)</u>	<u>(134,517)</u>	<u>15,384,341</u>
Net change in fund balances	52,219	(1,587,521)	228,078	11,042,835
FUND BALANCES, beginning of year	<u>630,764</u>	<u>6,236,524</u>	<u>559,191</u>	<u>47,268,870</u>
FUND BALANCES, end of year	<u>\$ 682,983</u>	<u>\$ 4,649,003</u>	<u>\$ 787,269</u>	<u>\$ 58,311,705</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, 2004

Special Revenue Funds						
Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services	Natural Disaster Recovery
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
4,028,257	-	28,100	-	-	-	-
118,125	31,936	14,104	9,095	1,808	9,466	-
17,887,308	646,259	1,343,827	260,222	105,690	5,420,148	-
20	3,773,407	11,875	-	-	-	-
13,644	210,849	-	-	-	-	-
1,000	-	-	395,759	74,317	5,136	-
-	-	-	-	-	-	-
<u>22,048,354</u>	<u>4,662,451</u>	<u>1,397,906</u>	<u>665,076</u>	<u>181,815</u>	<u>5,434,750</u>	<u>-</u>
3,360,611	5,129,400	3,418,512	84,662	93,426	3,252,489	-
16,426,217	17,841,457	4,690,767	87,360	14,871	1,640,089	-
1,253,142	82,917	290,152	636,762	30,811	194,458	-
-	-	-	-	-	-	-
123,927	108,970	81,833	5,972	111	191,464	-
2,205,087	134,789	4,704,550	98,833	15,754	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>23,368,984</u>	<u>23,297,533</u>	<u>13,185,814</u>	<u>913,589</u>	<u>154,973</u>	<u>5,278,500</u>	<u>-</u>
<u>(1,320,630)</u>	<u>(18,635,082)</u>	<u>(11,787,908)</u>	<u>(248,513)</u>	<u>26,842</u>	<u>156,250</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
155,006	21,341,400	14,029,022	-	-	-	-
(265,031)	(2,052,068)	-	-	(60,899)	(161,233)	(235)
<u>(110,025)</u>	<u>19,289,332</u>	<u>14,029,022</u>	<u>-</u>	<u>(60,899)</u>	<u>(161,233)</u>	<u>(235)</u>
(1,430,655)	654,250	2,241,114	(248,513)	(34,057)	(4,983)	(235)
15,354,842	5,651,791	1,818,594	1,712,958	435,228	114,068	235
<u>\$ 13,924,187</u>	<u>\$ 6,306,041</u>	<u>\$ 4,059,708</u>	<u>\$ 1,464,445</u>	<u>\$ 401,171</u>	<u>\$ 109,085</u>	<u>\$ -</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, 2004

	Special Revenue Funds			
	Education Services	Infrastructure Services	Nashville Career Advancement Center	District Energy System Development
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes, licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Revenues from the use of money or property	133,045	2,754	-	5,714
Revenues from other governmental agencies	59,287,318	-	6,130,359	-
Charges for current services	17,116,691	-	2,445	-
Compensation for loss, sale or damage to property	-	-	-	-
Contributions and gifts	5,682,427	-	162,856	-
Miscellaneous	-	8	-	-
Total revenues	<u>82,219,481</u>	<u>2,762</u>	<u>6,295,660</u>	<u>5,714</u>
EXPENDITURES:				
Current:				
Personal services	45,760,535	620,218	2,724,348	-
Contractual services	5,513,887	214,495	3,152,103	-
Supplies and materials	29,075,378	89,422	143,971	-
Bond issue costs	-	-	-	-
Other costs	535,274	78,250	394,904	-
Capital outlay	1,300,234	100,369	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>82,185,308</u>	<u>1,102,754</u>	<u>6,415,326</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>34,173</u>	<u>(1,099,992)</u>	<u>(119,666)</u>	<u>5,714</u>
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	-	-	-
Bond issue premium (discount)	-	-	-	-
Commercial paper proceeds	-	-	-	-
Commercial paper redeemed	-	-	-	-
Swaption proceeds	-	-	-	-
Transfers in	740,564	3,035,767	211,166	-
Transfers out	(1,164,340)	(261,063)	(106,030)	(1,161,275)
Total other financing sources (uses)	<u>(423,776)</u>	<u>2,774,704</u>	<u>105,136</u>	<u>(1,161,275)</u>
Net change in fund balances	(389,603)	1,674,712	(14,530)	(1,155,561)
FUND BALANCES, beginning of year	<u>17,255,710</u>	<u>234,791</u>	<u>(7,147)</u>	<u>1,155,561</u>
FUND BALANCES, end of year	<u>\$ 16,866,107</u>	<u>\$ 1,909,503</u>	<u>\$ (21,677)</u>	<u>\$ -</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, 2004

Special Revenue Funds		Debt Service Fund	Capital Projects Funds		
Public Works Services	Regulation and Inspection Services	Correctional Facility Revenue Bonds	GSD Capital Projects	Education Capital Projects	USD Capital Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	371,638	-	-
(144)	-	6,482	236,674	264,455	4,688
-	383	2,029,838	2,912,513	-	-
110,507	34,566	-	1,200	-	-
-	-	-	-	-	-
-	-	-	108,000	-	-
-	-	-	-	-	-
<u>110,363</u>	<u>34,949</u>	<u>2,036,320</u>	<u>3,630,025</u>	<u>264,455</u>	<u>4,688</u>
-	-	-	-	432,032	-
-	169,926	-	41,809,543	11,784,792	918,926
-	-	-	2,829,982	10,046,167	1,396,088
-	-	-	334,114	232,953	122,060
-	6,666	-	11,194,643	327,454	6,035
-	-	-	36,885,876	84,931,504	10,115,709
-	-	1,395,000	-	-	-
-	-	641,106	-	-	-
<u>-</u>	<u>176,592</u>	<u>2,036,106</u>	<u>93,054,158</u>	<u>107,754,902</u>	<u>12,558,818</u>
<u>110,363</u>	<u>(141,643)</u>	<u>214</u>	<u>(89,424,133)</u>	<u>(107,490,447)</u>	<u>(12,554,130)</u>
-	-	-	59,543,043	41,515,465	21,041,492
-	-	-	3,002,542	2,093,477	1,061,048
-	-	-	95,093,310	66,302,340	33,604,350
-	-	-	(61,932,566)	(43,181,524)	(21,885,910)
-	-	-	3,800,000	-	-
-	-	-	3,046,450	107,085	2,282
-	-	-	(7,658,614)	(275,478)	(878,313)
<u>-</u>	<u>-</u>	<u>-</u>	<u>94,894,165</u>	<u>66,561,365</u>	<u>32,944,949</u>
110,363	(141,643)	214	5,470,032	(40,929,082)	20,390,819
-	-	1,631,263	335,436	(24,623,744)	(24,338,130)
<u>\$ 110,363</u>	<u>\$ (141,643)</u>	<u>\$ 1,631,477</u>	<u>\$ 5,805,468</u>	<u>\$ (65,552,826)</u>	<u>\$ (3,947,311)</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, 2004

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
REVENUES:			
Property taxes	\$ -	\$ -	\$ 570,798
Other taxes, licenses and permits	-	-	19,585,614
Fines, forfeits and penalties	-	-	4,486,481
Revenues from the use of money or property	971	1,006	1,133,176
Revenues from other governmental agencies	-	-	116,764,705
Charges for current services	-	-	23,018,436
Compensation for loss, sale or damage to property	-	-	224,493
Contributions and gifts	-	-	6,824,938
Miscellaneous	-	-	8
Total revenues	<u>971</u>	<u>1,006</u>	<u>172,608,649</u>
EXPENDITURES:			
Current:			
Personal services	-	-	80,936,906
Contractual services	5,467	-	118,139,566
Supplies and materials	-	771	50,940,551
Bond issue costs	-	-	689,127
Other costs	-	4,904	15,036,114
Capital outlay	-	-	142,539,682
Debt service:			
Principal retirement	-	-	1,395,000
Interest	-	-	641,106
Total expenditures	<u>5,467</u>	<u>5,675</u>	<u>410,318,052</u>
Excess (deficiency) of revenues over expenditures	<u>(4,496)</u>	<u>(4,669)</u>	<u>(237,709,403)</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds	-	-	122,100,000
Bond issue premium (discount)	-	-	6,157,067
Commercial paper proceeds	-	-	195,000,000
Commercial paper redeemed	-	-	(127,000,000)
Swaption proceeds	-	-	3,800,000
Transfers in	-	511	63,615,975
Transfers out	-	-	(30,044,040)
Total other financing sources (uses)	<u>-</u>	<u>511</u>	<u>233,629,002</u>
Net change in fund balances	(4,496)	(4,158)	(4,080,401)
FUND BALANCES, beginning of year	<u>195,136</u>	<u>200,902</u>	<u>51,822,843</u>
FUND BALANCES, end of year	<u>\$ 190,640</u>	<u>\$ 196,744</u>	<u>\$ 47,742,442</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 57,717,700	\$ 57,717,700	\$ 56,688,623	\$ (1,029,077)
Local option sales tax	2,121,600	2,121,600	2,198,880	77,280
Revenues from the use of money or property	1,076,100	1,076,100	314,728	(761,372)
Revenues from other governmental agencies	3,959,300	3,959,300	5,744,421	1,785,121
<b>Total revenues</b>	<b>64,874,700</b>	<b>64,874,700</b>	<b>64,946,652</b>	<b>71,952</b>
<b>EXPENDITURES:</b>				
Contractual services	820,500	820,500	808,785	11,715
Principal retirement	45,544,200	45,544,200	42,676,434	2,867,766
Interest	40,925,800	40,925,800	33,779,332	7,146,468
Fiscal charges	275,000	275,000	197,442	77,558
Arbitrage rebate	-	-	187,185	(187,185)
<b>Total expenditures</b>	<b>87,565,500</b>	<b>87,565,500</b>	<b>77,649,178</b>	<b>9,916,322</b>
Excess (deficiency) of revenues over expenditures	(22,690,800)	(22,690,800)	(12,702,526)	9,988,274
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	9,456,200	9,456,200	9,859,690	403,490
Transfers out	(7,814,000)	(7,814,000)	(7,814,000)	-
<b>Total other financing sources (uses)</b>	<b>1,642,200</b>	<b>1,642,200</b>	<b>2,045,690</b>	<b>403,490</b>
Net change in fund balances	(21,048,600)	(21,048,600)	(10,656,836)	10,391,764
FUND BALANCES, beginning of year	70,087,356	70,087,356	70,087,356	-
FUND BALANCES, end of year	\$ 49,038,756	\$ 49,038,756	\$ 59,430,520	\$ 10,391,764

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 26,845,400	\$ 26,845,400	\$ 26,356,487	\$ (488,913)
Local option sales tax	14,561,900	14,561,900	14,561,900	-
Revenues from the use of money or property	1,107,800	1,107,800	379,557	(728,243)
<b>Total revenues</b>	<b>42,515,100</b>	<b>42,515,100</b>	<b>41,297,944</b>	<b>(1,217,156)</b>
<b>EXPENDITURES:</b>				
Contractual services	388,100	388,100	383,005	5,095
Principal retirement	26,990,000	26,990,000	24,122,062	2,867,938
Interest	27,298,700	27,298,700	19,736,580	7,562,120
Fiscal charges	225,000	225,000	92,190	132,810
Arbitrage rebate	-	-	213,664	(213,664)
<b>Total expenditures</b>	<b>54,901,800</b>	<b>54,901,800</b>	<b>44,547,501</b>	<b>10,354,299</b>
Excess (deficiency) of revenues over expenditures	(12,386,700)	(12,386,700)	(3,249,557)	9,137,143
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	205,052	205,052
Transfers out	-	-	(107,085)	(107,085)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>97,967</b>	<b>97,967</b>
<b>Net change in fund balances</b>	<b>(12,386,700)</b>	<b>(12,386,700)</b>	<b>(3,151,590)</b>	<b>9,235,110</b>
FUND BALANCE, beginning of year	81,300,372	81,300,372	81,300,372	-
<b>FUND BALANCE, end of year</b>	<b>\$ 68,913,672</b>	<b>\$ 68,913,672</b>	<b>\$ 78,148,782</b>	<b>\$ 9,235,110</b>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 9,234,300	\$ 9,234,300	\$ 8,975,548	\$ (258,752)
Revenues from the use of money or property	170,500	170,500	23,328	(147,172)
<b>Total revenues</b>	<b>9,404,800</b>	<b>9,404,800</b>	<b>8,998,876</b>	<b>(405,924)</b>
<b>EXPENDITURES:</b>				
Contractual services	189,700	189,700	125,917	63,783
Principal retirement	13,015,500	13,015,500	11,581,504	1,433,996
Interest	8,248,200	8,248,200	4,963,649	3,284,551
Fiscal charges	82,900	82,900	41,134	41,766
<b>Total expenditures</b>	<b>21,536,300</b>	<b>21,536,300</b>	<b>16,712,204</b>	<b>4,824,096</b>
Excess (deficiency) of revenues over expenditures	(12,131,500)	(12,131,500)	(7,713,328)	4,418,172
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	7,814,000	7,814,000	8,475,409	661,409
Transfers out	-	-	(2,281)	(2,281)
<b>Total other financing sources (uses)</b>	<b>7,814,000</b>	<b>7,814,000</b>	<b>8,473,128</b>	<b>659,128</b>
Net change in fund balances	(4,317,500)	(4,317,500)	759,800	5,077,300
FUND BALANCES, beginning of year	13,304,996	13,304,996	13,304,996	-
FUND BALANCES, end of year	<u>\$ 8,987,496</u>	<u>\$ 8,987,496</u>	<u>\$ 14,064,796</u>	<u>\$ 5,077,300</u>

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.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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.

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.

DISTRICT ENERGY SYSTEM DEVELOPMENT FUND

The District Energy System Development Fund is under the administrative responsibility of the Department of Finance and was established to account for the funds remaining from the refunding of the Nashville Thermal Transfer Corporation bonds. The intent is to use these funds for specific purposes and activities associated with the development of a new fossil fuel-fired steam and chilled water-generating facility to replace the Nashville Thermal Transfer Corporation. Any funds remaining will be subject to transfer to the general government.

PUBLIC WORKS SERVICES FUND

The Public Works Services Fund is under the administrative responsibility of the Department of Public Works and was established to account for funds received from downtown parking operations which are managed by an outside party. Surplus funds are allocated between the Government and the outside party for projects or activities to improve the downtown area.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

REGULATION AND INSPECTION FUND

The Regulation and Inspection Fund is under the administrative responsibility of the Department of Codes Administration and was established to account for funds supporting demolition projects.

**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, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS

June 30, 2004

<u>ASSETS</u>	<u>Nashville Convention Center</u>	<u>Board of Fair Commissioners</u>	<u>Farmers Market</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 644,486	\$ 3,033,217	\$ 406,643
Investments	752,497	3,406,222	475,897
Accounts receivable	247,707	164,140	-
Allowance for doubtful accounts	(55,986)	(138,639)	-
Accrued interest receivable	-	-	-
Due from other funds of the primary government	592,904	20,220	-
Due from component units	-	-	-
Other current assets	-	53,517	-
	<u>2,181,608</u>	<u>6,538,677</u>	<u>882,540</u>
<b>CAPITAL ASSETS:</b>			
Land	6,056,529	175,293	-
Buildings and improvements	49,611,861	7,237,331	638,030
Improvements other than buildings	50,220	2,935,761	160,949
Furniture, machinery and equipment	3,563,752	632,570	278,335
Property under capital lease	-	-	3,645,000
Construction work in progress	391,639	126,850	-
Accumulated depreciation	(21,537,991)	(6,648,586)	(1,304,040)
	<u>38,136,010</u>	<u>4,459,219</u>	<u>3,418,274</u>
Capital assets - net	<u>38,136,010</u>	<u>4,459,219</u>	<u>3,418,274</u>
	<u>\$ 40,317,618</u>	<u>\$ 10,997,896</u>	<u>\$ 4,300,814</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, 2004

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 13,742	\$ 143,574	\$ 4,241,662
16,159	152,140	4,802,915
319,752	35,721	767,320
(16,837)	-	(211,462)
2	-	2
-	106,657	719,781
-	502,697	502,697
-	-	53,517
<u>332,818</u>	<u>940,789</u>	<u>10,876,432</u>
-	-	6,231,822
-	-	57,487,222
-	-	3,146,930
60,000	-	4,534,657
-	-	3,645,000
-	-	518,489
<u>(37,000)</u>	<u>-</u>	<u>(29,527,617)</u>
<u>23,000</u>	<u>-</u>	<u>46,036,503</u>
<u>\$ 355,818</u>	<u>\$ 940,789</u>	<u>\$ 56,912,935</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, 2004

<u>LIABILITIES AND NET ASSETS</u>	<u>Nashville Convention Center</u>	<u>Board of Fair Commissioners</u>	<u>Farmers Market</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 821,124	\$ 187,550	\$ 33,289
Accrued payroll	374,797	96,896	63,861
Due to other funds of the primary government	460,344	50,579	12,735
Customer deposits	-	30,596	16,317
Deferred revenue	588,235	79,030	-
Current portion of capital lease	-	-	145,000
Other current liabilities	3,891	-	-
<b>Total current liabilities</b>	<b>2,248,391</b>	<b>444,651</b>	<b>271,202</b>
<b>NONCURRENT LIABILITIES:</b>			
Capitalized lease obligations	-	-	1,930,000
Due to other funds of the primary government	697,100	1,050,000	-
<b>Total noncurrent liabilities</b>	<b>697,100</b>	<b>1,050,000</b>	<b>1,930,000</b>
<b>Total liabilities</b>	<b>2,945,491</b>	<b>1,494,651</b>	<b>2,201,202</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	38,136,010	4,459,219	1,343,274
Unrestricted	(763,883)	5,044,026	756,338
<b>Total net assets</b>	<b>\$ 37,372,127</b>	<b>\$ 9,503,245</b>	<b>\$ 2,099,612</b>

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, 2004

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ -	\$ 87,821	\$ 1,129,784
3,484	404,022	943,060
255,695	1,743,283	2,522,636
-	-	46,913
-	-	667,265
-	-	145,000
6,216	-	10,107
<u>265,395</u>	<u>2,235,126</u>	<u>5,464,765</u>
-	-	1,930,000
-	-	1,747,100
-	-	3,677,100
<u>265,395</u>	<u>2,235,126</u>	<u>9,141,865</u>
23,000	-	43,961,503
67,423	(1,294,337)	3,809,567
<u>\$ 90,423</u>	<u>\$ (1,294,337)</u>	<u>\$ 47,771,070</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, 2004

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
OPERATING REVENUES:			
Charges for services	\$ 3,561,453	\$ 3,653,411	\$ 960,533
Other	-	-	-
Total operating revenues	<u>3,561,453</u>	<u>3,653,411</u>	<u>960,533</u>
OPERATING EXPENSES:			
Personal services	2,312,208	1,320,778	343,604
Contractual services	2,559,858	1,801,979	521,221
Supplies and materials	136,862	199,185	19,700
Depreciation	1,248,318	402,155	147,901
Other	120,699	358,485	4,851
Total operating expenses	<u>6,377,945</u>	<u>4,082,582</u>	<u>1,037,277</u>
OPERATING INCOME (LOSS)	<u>(2,816,492)</u>	<u>(429,171)</u>	<u>(76,744)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	8,605	34,544	4,587
Interest expense	-	-	(121,893)
Gain (loss) on sale of property	-	(1,026)	-
Total nonoperating revenue (expense)	<u>8,605</u>	<u>33,518</u>	<u>(117,306)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(2,807,887)</u>	<u>(395,653)</u>	<u>(194,050)</u>
TRANSFERS IN	2,013,661	-	259,700
TRANSFERS OUT	<u>(146,591)</u>	<u>(208,023)</u>	<u>(46,814)</u>
CHANGE IN NET ASSETS	(940,817)	(603,676)	18,836
NET ASSETS, beginning of year	<u>38,312,944</u>	<u>10,106,921</u>	<u>2,080,776</u>
NET ASSETS, end of year	<u>\$ 37,372,127</u>	<u>\$ 9,503,245</u>	<u>\$ 2,099,612</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, 2004

Police Secondary Employment	Surplus Property Auction	Total Nonmajor Enterprise Funds
\$ 1,380,118	\$ 2,378,078	\$ 11,933,593
-	7,426	7,426
<u>1,380,118</u>	<u>2,385,504</u>	<u>11,941,019</u>
944,585	2,184,760	7,105,935
72,166	1,035,696	5,990,920
1,527	27,528	384,802
12,027	-	1,810,401
-	4,079	488,114
<u>1,030,305</u>	<u>3,252,063</u>	<u>15,780,172</u>
<u>349,813</u>	<u>(866,559)</u>	<u>(3,839,153)</u>
2,935	(1,137)	49,534
-	-	(121,893)
-	-	(1,026)
<u>2,935</u>	<u>(1,137)</u>	<u>(73,385)</u>
<u>352,748</u>	<u>(867,696)</u>	<u>(3,912,538)</u>
-	106,657	2,380,018
(477,738)	(619,041)	(1,498,207)
(124,990)	(1,380,080)	(3,030,727)
<u>215,413</u>	<u>85,743</u>	<u>50,801,797</u>
<u>\$ 90,423</u>	<u>\$ (1,294,337)</u>	<u>\$ 47,771,070</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, 2004

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Cash flows from operating activities:			
Receipts from customers and users	\$ 4,066,068	\$ 3,750,458	\$ 962,450
Payments to suppliers	(4,263,943)	(2,452,010)	(807,431)
Payments to employees	(2,322,767)	(1,341,075)	(329,879)
Net cash provided by (used in) operating activities	<u>(2,520,642)</u>	<u>(42,627)</u>	<u>(174,860)</u>
Cash flows from noncapital financing activities:			
Transfers in	2,013,661	-	259,700
Transfers out	(136,067)	(174,413)	(46,814)
Net cash provided by (used in) noncapital financing activities	<u>1,877,594</u>	<u>(174,413)</u>	<u>212,886</u>
Cash flows from capital and related financing activities:			
Advances from other funds	697,100	1,050,000	-
Acquisition of capital assets	(398,318)	(552,526)	-
Payments on borrowings	-	-	(135,000)
Interest paid	-	-	(121,893)
Net cash provided by (used in) capital and related financing activities	<u>298,782</u>	<u>497,474</u>	<u>(256,893)</u>
Cash flows from investing activities:			
Purchases of investments	(6,158,549)	(6,943,599)	(1,427,850)
Proceeds from the sale and maturities of investment securities	6,313,017	6,684,067	1,529,525
Interest on investments	20,416	94,467	13,406
Net cash provided by (used in) investing activities	<u>174,884</u>	<u>(165,065)</u>	<u>115,081</u>
Net changes in cash and cash equivalents	(169,382)	115,369	(103,786)
Cash and cash equivalents at beginning of year	<u>813,868</u>	<u>2,917,848</u>	<u>510,429</u>
Cash and cash equivalents at end of year	<u>\$ 644,486</u>	<u>\$ 3,033,217</u>	<u>\$ 406,643</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, 2004

Police Secondary Employment	Surplus Property Auction	Total Nonmajor Enterprise Funds
\$ 1,270,429	\$ 3,519,101	\$ 13,568,506
103,376	(984,302)	(8,404,310)
<u>(946,852)</u>	<u>(1,780,738)</u>	<u>(6,721,311)</u>
426,953	754,061	(1,557,115)
-	106,657	2,380,018
<u>(477,738)</u>	<u>(619,041)</u>	<u>(1,454,073)</u>
(477,738)	(512,384)	925,945
-	-	1,747,100
-	-	(950,844)
-	-	(135,000)
<u>-</u>	<u>-</u>	<u>(121,893)</u>
-	-	539,363
(1,170,210)	(3,630,552)	(19,330,760)
1,195,109	3,506,717	19,228,435
<u>3,457</u>	<u>65</u>	<u>131,811</u>
28,356	(123,770)	29,486
(22,429)	117,907	(62,321)
<u>36,171</u>	<u>25,667</u>	<u>4,303,983</u>
<u>\$ 13,742</u>	<u>\$ 143,574</u>	<u>\$ 4,241,662</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, 2004

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (2,816,492)	\$ (429,171)	\$ (76,744)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,248,318	402,155	147,901
Provision for doubtful accounts	-	30,000	-
Changes in assets and liabilities:			
Accounts receivable	162,929	(31,232)	-
Due from other funds of the primary government	(246,549)	(20,218)	-
Due from component units	-	-	-
Other current assets	1,071	(9,410)	-
Other non-current assets	-	50,000	-
Accounts payable	75,146	(49,268)	(261,205)
Accrued payroll	(10,559)	(20,297)	13,725
Due to other funds of the primary government	(865,085)	47,714	12,126
Due to component units	(62,606)	-	-
Customer deposits	-	(10,533)	1,917
Deferred revenue	588,235	79,030	-
Other current liabilities	(595,050)	(81,397)	(12,580)
Total adjustments	295,850	386,544	(98,116)
Net cash provided by (used in) operating activities	\$ (2,520,642)	\$ (42,627)	\$ (174,860)
<u>Non-Cash Capital, Financing and Investing Activities:</u>			
Transfer of capital assets to other funds	\$ (10,524)	\$ (33,610)	\$ -
Increase (decrease) in fair value of investments	(5,550)	(30,114)	(4,330)

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, 2004

Police Secondary Employment	Surplus Property Auction	Total Nonmajor Enterprise Funds
<u>\$ 349,813</u>	<u>\$ (866,559)</u>	<u>\$ (3,839,153)</u>
12,027	-	1,810,401
-	-	30,000
(114,066)	(35,721)	(18,090)
4,377	(71,256)	(333,646)
-	(502,696)	(502,696)
-	-	(8,339)
-	-	50,000
-	83,001	(152,326)
(2,267)	404,022	384,624
171,979	1,743,270	1,110,004
-	-	(62,606)
-	-	(8,616)
-	-	667,265
5,090	-	(683,937)
<u>77,140</u>	<u>1,620,620</u>	<u>2,282,038</u>
<u>\$ 426,953</u>	<u>\$ 754,061</u>	<u>\$ (1,557,115)</u>
\$ -	\$ -	\$ (44,134)
(149)	(1,384)	(41,527)

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, 2004

<u>ASSETS</u>	Central Printing	Office of Fleet Management	Information Systems	Radio Shop
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 59,961	\$ 892,365	\$ 550	\$ 2,159,529
Investments	70,336	1,046,092	-	2,538,395
Accounts receivable	541	10,503	37,558	159,691
Accrued interest receivable	-	-	-	-
Due from other funds of the primary government	9,734	2,971,797	228,550	307,577
Due from component units	329	2,134	17,856	-
Inventories of supplies	521	862,814	-	154,022
Other current assets	-	-	269	-
<b>Total current assets</b>	<b>141,422</b>	<b>5,785,705</b>	<b>284,783</b>	<b>5,319,214</b>
<b>CAPITAL ASSETS:</b>				
Buildings and improvements	52,404	138,946	172,167	133,890
Furniture, machinery and equipment	508,186	104,475,055	6,222,052	1,449,714
Less accumulated depreciation	(498,879)	(72,944,863)	(5,204,285)	(1,233,314)
<b>Capital assets - net</b>	<b>61,711</b>	<b>31,669,138</b>	<b>1,189,934</b>	<b>350,290</b>
<b>Total assets</b>	<b>203,133</b>	<b>37,454,843</b>	<b>1,474,717</b>	<b>5,669,504</b>
<u>LIABILITIES AND NET ASSETS</u>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	3,979	1,384,559	236,487	117,117
Accrued payroll	43,383	709,237	997,696	202,172
Claims payable	-	-	-	-
Due to other funds of the primary government	111,138	362,669	145,628	6,708
Other current liabilities	-	328	-	-
<b>Total current liabilities</b>	<b>158,500</b>	<b>2,456,793</b>	<b>1,379,811</b>	<b>325,997</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	61,711	31,669,138	1,189,934	350,290
Unrestricted	(17,078)	3,328,912	(1,095,028)	4,993,217
<b>Total net assets</b>	<b>\$ 44,633</b>	<b>\$ 34,998,050</b>	<b>\$ 94,906</b>	<b>\$ 5,343,507</b>

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, 2004

<u>School Self Insurance</u>	<u>General Government Self Insurance</u>	<u>School Professional Employees' Insurance</u>	<u>Employees' Medical Benefit</u>	<u>Injured on Duty</u>	<u>School Central Storeroom</u>	<u>Metro Postal Service</u>
\$ 1,540,040	\$ 10,884,103	\$ 5,277,589	\$ 4,889,366	\$ -	\$ 367,552	\$ 64,667
1,811,062	12,795,415	5,971,033	5,749,501	-	432,236	75,930
-	-	-	59,523	-	-	654
-	-	-	-	-	-	-
-	203,284	1,026,268	7,072,659	1,575,932	22,065	56,174
-	-	-	-	-	-	1,056
-	-	-	-	-	631,277	-
-	-	1,551,607	-	-	-	53,648
<u>3,351,102</u>	<u>23,882,802</u>	<u>13,826,497</u>	<u>17,771,049</u>	<u>1,575,932</u>	<u>1,453,130</u>	<u>252,129</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	43,288
-	-	-	-	-	-	(23,492)
-	-	-	-	-	-	19,796
<u>3,351,102</u>	<u>23,882,802</u>	<u>13,826,497</u>	<u>17,771,049</u>	<u>1,575,932</u>	<u>1,453,130</u>	<u>271,925</u>
53,508	153,086	1,117,673	556,915	867,576	7,875	692
-	-	-	-	-	-	23,970
510,379	5,268,278	3,250,000	4,268,000	708,356	-	-
1,667	22,927	-	18,253	-	-	468
-	-	-	-	-	-	-
<u>565,554</u>	<u>5,444,291</u>	<u>4,367,673</u>	<u>4,843,168</u>	<u>1,575,932</u>	<u>7,875</u>	<u>25,130</u>
-	-	-	-	-	-	19,796
<u>2,785,548</u>	<u>18,438,511</u>	<u>9,458,824</u>	<u>12,927,881</u>	<u>-</u>	<u>1,445,255</u>	<u>226,999</u>
<u>\$ 2,785,548</u>	<u>\$ 18,438,511</u>	<u>\$ 9,458,824</u>	<u>\$ 12,927,881</u>	<u>\$ -</u>	<u>\$ 1,445,255</u>	<u>\$ 246,795</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, 2004

<u>ASSETS</u>	<u>Facilities Planning and Construction</u>	<u>Treasury Management</u>	<u>Technology Revolving</u>	<u>Total Internal Service Funds</u>
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 384,057	\$ 71,374	\$ -	\$ 26,591,153
Investments	451,645	82,877	-	31,024,522
Accounts receivable	39,416	-	2,860	310,746
Accrued interest receivable	-	-	127	127
Due from other funds of the primary government	198,137	75,213	6,645	13,754,035
Due from component units	-	-	-	21,375
Inventories of supplies	-	-	-	1,648,634
Other current assets	-	8,576	-	1,614,100
	<u>1,073,255</u>	<u>238,040</u>	<u>9,632</u>	<u>74,964,692</u>
<b>Total current assets</b>				
<b>CAPITAL ASSETS:</b>				
Buildings and improvements	-	-	-	497,407
Furniture, machinery and equipment	5,350	-	109,885	112,813,530
Less accumulated depreciation	(3,121)	-	(75,888)	(79,983,842)
Capital assets - net	<u>2,229</u>	<u>-</u>	<u>33,997</u>	<u>33,327,095</u>
<b>Total assets</b>	<u>1,075,484</u>	<u>238,040</u>	<u>43,629</u>	<u>108,291,787</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	9,268	202	144,625	4,653,562
Accrued payroll	100,042	60,056	-	2,136,556
Claims payable	-	-	-	14,005,013
Due to other funds of the primary government	41,114	182,551	800,509	1,693,632
Other current liabilities	-	-	-	328
	<u>150,424</u>	<u>242,809</u>	<u>945,134</u>	<u>22,489,091</u>
<b>Total current liabilities</b>				
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	2,229	-	33,997	33,327,095
Unrestricted	922,831	(4,769)	(935,502)	52,475,601
	<u>925,060</u>	<u>(4,769)</u>	<u>(901,505)</u>	<u>85,802,696</u>
<b>Total net assets</b>	<u>\$ 925,060</u>	<u>\$ (4,769)</u>	<u>\$ (901,505)</u>	<u>\$ 85,802,696</u>

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

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

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, 2004

	Central Printing	Office of Fleet Management	Information Systems	Radio Shop
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 530,009	\$ 14,145,159	\$ 9,144,308	\$ 4,520,245
Other	-	-	98	-
Total operating revenues	<u>530,009</u>	<u>14,145,159</u>	<u>9,144,406</u>	<u>4,520,245</u>
<b>OPERATING EXPENSES:</b>				
Personal services	426,261	5,393,745	7,094,119	1,034,841
Contractual services	222,768	2,010,930	1,272,365	1,226,241
Supplies and materials	154,136	6,146,229	164,515	539,298
Depreciation	10,692	10,381,841	730,507	33,844
Compensation for damages to property	-	-	-	-
Medical and insurance benefits	-	-	-	-
Other	11,313	273,817	625,431	192,725
Total operating expenses	<u>825,170</u>	<u>24,206,562</u>	<u>9,886,937</u>	<u>3,026,949</u>
OPERATING INCOME (LOSS)	<u>(295,161)</u>	<u>(10,061,403)</u>	<u>(742,531)</u>	<u>1,493,296</u>
<b>NONOPERATING REVENUE (EXPENSE):</b>				
Investment income	1,113	23,624	240	15,221
Interest expense	-	(69,969)	(58,221)	-
Gain (loss) on sale of property	-	434,109	-	-
Other	-	7,002	-	-
Total nonoperating revenue (expense)	<u>1,113</u>	<u>394,766</u>	<u>(57,981)</u>	<u>15,221</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(294,048)</u>	<u>(9,666,637)</u>	<u>(800,512)</u>	<u>1,508,517</u>
CAPITAL GRANTS AND CONTRIBUTIONS	-	4,649,201	-	-
TRANSFERS IN	-	7,221,840	367,215	214,320
TRANSFERS OUT	-	(180,530)	(150,212)	(300)
CHANGE IN NET ASSETS	<u>(294,048)</u>	<u>2,023,874</u>	<u>(583,509)</u>	<u>1,722,537</u>
NET ASSETS, beginning of year	<u>338,681</u>	<u>32,974,176</u>	<u>678,415</u>	<u>3,620,970</u>
NET ASSETS, end of year	<u>\$ 44,633</u>	<u>\$ 34,998,050</u>	<u>\$ 94,906</u>	<u>\$ 5,343,507</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, 2004

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ -	\$ 5,882,029	\$ 48,938,265	\$ 45,867,577	\$ 1,575,932	\$ 1,812,918	\$ 931,269
-	1,145,826	-	1,027,991	-	-	-
-	7,027,855	48,938,265	46,895,568	1,575,932	1,812,918	931,269
19,901	425,350	-	-	-	-	238,920
28,464	1,003,971	2,777,009	2,596,273	-	83,790	611,833
-	-	-	-	-	1,480,200	1,349
-	-	-	-	-	-	3,842
90,741	-	-	-	-	-	-
-	-	38,664,056	36,915,477	1,574,485	-	-
8,409	2,134,925	-	-	1,447	34,417	-
147,515	3,564,246	41,441,065	39,511,750	1,575,932	1,598,407	855,944
(147,515)	3,463,609	7,497,200	7,383,818	-	214,511	75,325
14,895	138,551	(9,259)	54,478	-	3,329	212
-	-	-	-	-	-	-
-	-	-	-	-	-	-
44,392	3,499,148	-	-	-	-	-
59,287	3,637,699	(9,259)	54,478	-	3,329	212
(88,228)	7,101,308	7,487,941	7,438,296	-	217,840	75,537
-	-	-	-	-	-	-
500,000	223,483	-	1,103,470	-	-	-
(20,004)	(3,367,681)	-	(53,800)	-	-	(10,050)
391,768	3,957,110	7,487,941	8,487,966	-	217,840	65,487
2,393,780	14,481,401	1,970,883	4,439,915	-	1,227,415	181,308
\$ 2,785,548	\$ 18,438,511	\$ 9,458,824	\$ 12,927,881	\$ -	\$ 1,445,255	\$ 246,795

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, 2004

	Facilities Planning and Construction	Treasury Management	Technology Revolving	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,478,987	\$ 874,991	\$ 747,359	\$ 136,449,048
Other	535	-	-	2,174,450
Total operating revenues	<u>1,479,522</u>	<u>874,991</u>	<u>747,359</u>	<u>138,623,498</u>
<b>OPERATING EXPENSES:</b>				
Personal services	1,225,996	735,285	-	16,594,418
Contractual services	110,317	131,415	-	12,075,376
Supplies and materials	37,484	11,560	1,685,732	10,220,503
Depreciation	1,073	-	36,671	11,198,470
Compensation for damages to property	-	-	-	90,741
Medical and insurance benefits	-	-	-	77,154,018
Other	9,629	1,225	1,521,590	4,814,928
Total operating expenses	<u>1,384,499</u>	<u>879,485</u>	<u>3,243,993</u>	<u>132,148,454</u>
OPERATING INCOME (LOSS)	<u>95,023</u>	<u>(4,494)</u>	<u>(2,496,634)</u>	<u>6,475,044</u>
<b>NONOPERATING REVENUE (EXPENSE):</b>				
Investment income	5,191	25	6,384	254,004
Interest expense	-	-	-	(128,190)
Gain (loss) on sale of property	-	-	-	434,109
Other	-	-	-	3,550,542
Total nonoperating revenue (expense)	<u>5,191</u>	<u>25</u>	<u>6,384</u>	<u>4,110,465</u>
INCOME (LOSS) BEFORE TRANSFERS	100,214	(4,469)	(2,490,250)	10,585,509
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>				
TRANSFERS IN	48,680	-	2,167,389	11,846,397
TRANSFERS OUT	<u>(127,349)</u>	<u>(300)</u>	<u>(367,215)</u>	<u>(4,277,441)</u>
CHANGE IN NET ASSETS	21,545	(4,769)	(690,076)	22,803,666
NET ASSETS, beginning of year	<u>903,515</u>	<u>-</u>	<u>(211,429)</u>	<u>62,999,030</u>
NET ASSETS, end of year	<u>\$ 925,060</u>	<u>\$ (4,769)</u>	<u>\$ (901,505)</u>	<u>\$ 85,802,696</u>

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



THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2004

	Central Printing	Office of Fleet Management	Information Systems	Radio Shop
Cash flows from operating activities:				
Receipts from customers and users	\$ 567,253	\$ 14,482,842	\$ 9,129,573	\$ 4,320,676
Payments to suppliers	(280,608)	(7,604,429)	(1,902,898)	(2,090,447)
Payments to employees	(431,040)	(5,345,522)	(6,904,362)	(978,578)
Net cash provided by (used in) operating activities	<u>(144,395)</u>	<u>1,532,891</u>	<u>322,313</u>	<u>1,251,651</u>
Cash flows from noncapital financing activities:				
Transfers in	-	6,827,203	367,215	214,320
Transfers out	-	(197,761)	(138,632)	(300)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>6,629,442</u>	<u>228,583</u>	<u>214,020</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(10,429,978)	(931,827)	(85,728)
Proceeds from the sale of capital assets	-	955,464	-	-
Interest paid	-	(69,969)	(58,221)	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(9,544,483)</u>	<u>(990,048)</u>	<u>(85,728)</u>
Cash flows from investing activities:				
Purchases of investments	(615,795)	(26,051,694)	(12,404,886)	(5,908,678)
Proceeds from the sale and maturities of investment securities	689,222	26,727,311	12,635,922	5,101,049
Interest on investments	3,258	64,486	2,045	50,137
Net cash provided by (used in) investing activities	<u>76,685</u>	<u>740,103</u>	<u>233,081</u>	<u>(757,492)</u>
Net changes in cash and cash equivalents	(67,710)	(642,047)	(206,071)	622,451
Cash and cash equivalents at beginning of year	<u>127,671</u>	<u>1,534,412</u>	<u>206,621</u>	<u>1,537,078</u>
Cash and cash equivalents at end of year	<u>\$ 59,961</u>	<u>\$ 892,365</u>	<u>\$ 550</u>	<u>\$ 2,159,529</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, 2004

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ 44,392	\$ 9,405,725	\$ 48,302,305	\$ 41,830,056	\$ -	\$ 2,347,784	\$ 941,910
(375,275)	(5,016,922)	(41,193,471)	(39,963,958)	-	(1,660,676)	(627,519)
-	-	-	-	-	-	(240,893)
(330,883)	4,388,803	7,108,834	1,866,098	-	687,108	73,498
500,000	223,483	-	1,103,470	-	-	-
(20,004)	(3,367,681)	-	(53,800)	-	-	(10,050)
479,996	(3,144,198)	-	1,049,670	-	-	(10,050)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,073,433)	(20,643,054)	(50,408,372)	(41,794,076)	-	(3,153,182)	(947,693)
1,936,178	19,547,861	46,527,393	40,061,243	-	2,773,883	911,812
45,492	360,210	23,992	138,074	-	9,065	1,258
(91,763)	(734,983)	(3,856,987)	(1,594,759)	-	(370,234)	(34,623)
57,350	509,622	3,251,847	1,321,009	-	316,874	28,825
1,482,690	10,374,481	2,025,742	3,568,357	-	50,678	35,842
<u>\$ 1,540,040</u>	<u>\$ 10,884,103</u>	<u>\$ 5,277,589</u>	<u>\$ 4,889,366</u>	<u>\$ -</u>	<u>\$ 367,552</u>	<u>\$ 64,667</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, 2004

	Facilities Planning and Construction	Treasury Management	Technology Revolving	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,638,567	\$ 883,535	\$ 748,569	\$ 134,643,187
Payments to suppliers	(248,429)	(148,440)	(2,555,000)	(103,668,072)
Payments to employees	(1,193,897)	(720,871)	-	(15,815,163)
Net cash provided by (used in) operating activities	196,241	14,224	(1,806,431)	15,159,952
Cash flows from noncapital financing activities:				
Transfers in	48,680	-	2,167,389	11,451,760
Transfers out	(127,349)	(300)	(367,215)	(4,283,092)
Net cash provided by (used in) noncapital financing activities	(78,669)	(300)	1,800,174	7,168,668
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	(11,447,533)
Proceeds from the sale of capital assets	-	-	-	955,464
Interest paid	-	-	-	(128,190)
Net cash provided by (used in) capital and related financing activities	-	-	-	(10,620,259)
Cash flows from investing activities:				
Purchases of investments	(2,021,368)	(1,022,396)	(3,721,947)	(170,766,574)
Proceeds from the sale and maturities of investment securities	1,943,485	1,013,391	3,728,204	163,596,954
Interest on investments	12,700	699	-	711,416
Net cash provided by (used in) investing activities	(65,183)	(8,306)	6,257	(6,458,204)
Net changes in cash and cash equivalents	52,389	5,618	-	5,250,157
Cash and cash equivalents at beginning of year	331,668	65,756	-	21,340,996
Cash and cash equivalents at end of year	\$ 384,057	\$ 71,374	\$ -	\$ 26,591,153

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

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2004

	Central Printing	Office of Fleet Management	Information Systems	Radio Shop
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (295,161)	\$ (10,061,403)	\$ (742,531)	\$ 1,493,296
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	10,692	10,381,841	730,507	33,844
Other nonoperating revenue (expense)	-	7,002	-	-
Changes in assets and liabilities:				
Accounts receivable	2,214	(9,388)	(11,935)	(116,393)
Due from other funds of the primary government	32,961	340,231	2,507	(83,176)
Due from component units	2,069	(162)	(5,405)	1,965
Inventories of supplies	9,004	13,614	-	-
Other current assets	-	-	(114)	-
Accounts payable	(11,995)	470,858	18,385	(136,598)
Accrued payroll	(4,779)	48,223	189,757	56,263
Claims payable	-	-	-	-
Due to other funds of the primary government	110,600	341,747	141,142	2,450
Due to component units	-	-	-	-
Other current liabilities	-	328	-	-
Total adjustments	150,766	11,594,294	1,064,844	(241,645)
Net cash provided by (used in) operating activities	\$ (144,395)	\$ 1,532,891	\$ 322,313	\$ 1,251,651
<u>Non-Cash Capital, Financing and Investing Activities:</u>				
Transfer of capital assets from other funds	\$ -	\$ 5,061,069	\$ -	\$ -
Transfer of capital assets to other funds	-	-	(11,580)	-
Increase (decrease) in fair value of investments	(1,032)	(21,148)	(826)	(18,813)

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, 2004

<u>School Self Insurance</u>	<u>General Government Self Insurance</u>	<u>School Professional Employees' Insurance</u>	<u>Employees' Medical Benefit</u>	<u>Injured On Duty</u>	<u>School Central Storeroom</u>	<u>Metro Postal Service</u>
\$ (147,515)	\$ 3,463,609	\$ 7,497,200	\$ 7,383,818	\$ -	\$ 214,511	\$ 75,325
-	-	-	-	-	-	3,842
44,392	3,499,148	-	-	-	-	-
-	3,274	-	14,283	-	-	170
-	(1,090)	(635,960)	(5,079,795)	(1,575,932)	534,866	11,101
-	-	-	-	-	-	(630)
-	-	-	-	-	27,938	-
-	-	516,406	-	-	-	(14,676)
47,967	49,256	(273,165)	522,574	867,576	(90,097)	455
-	-	-	-	-	-	(1,973)
(274,620)	(2,566,182)	5,272	(696,000)	708,356	-	-
(1,107)	17,313	(919)	(278,782)	-	(110)	(116)
-	(76,525)	-	-	-	-	-
-	-	-	-	-	-	-
<u>(183,368)</u>	<u>925,194</u>	<u>(388,366)</u>	<u>(5,517,720)</u>	<u>-</u>	<u>472,597</u>	<u>(1,827)</u>
<u>\$ (330,883)</u>	<u>\$ 4,388,803</u>	<u>\$ 7,108,834</u>	<u>\$ 1,866,098</u>	<u>\$ -</u>	<u>\$ 687,108</u>	<u>\$ 73,498</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
(15,526)	(105,689)	(24,621)	(43,176)	-	(2,822)	(647)

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, 2004

	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)	\$ 95,023	\$ (4,494)	\$ (2,496,634)	\$ 6,475,044
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,073	-	36,671	11,198,470
Other nonoperating revenue (expense)	-	-	-	3,550,542
Changes in assets and liabilities:				
Accounts receivable	(39,316)	11,869	1,805	(143,417)
Due from other funds of the primary government	198,361	(3,325)	(595)	(6,259,846)
Due from component units	-	-	-	(2,163)
Inventories of supplies	-	-	-	50,556
Other current assets	-	(8,576)	-	493,040
Accounts payable	5,345	(3,025)	51,520	1,519,056
Accrued payroll	32,099	14,414	-	334,004
Claims payable	(96,344)	-	-	(2,919,518)
Due to other funds of the primary government	-	3,567	800,508	1,136,293
Due to component units	-	-	-	(76,525)
Other current liabilities	-	3,794	(199,706)	(195,584)
Total adjustments	101,218	18,718	690,203	8,684,908
Net cash provided by (used in) operating activities	\$ 196,241	\$ 14,224	\$ (1,806,431)	\$ 15,159,952
<u>Non-Cash Capital, Financing and Investing Activities:</u>				
Transfer of capital assets from other funds	\$ -	\$ -	\$ -	\$ 5,061,069
Transfer of capital assets to other funds	-	-	-	(11,580)
Increase (decrease) in fair value of investments	(3,384)	(355)	6,080	(231,959)

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.

SURPLUS PROPERTY AUCTION

The Surplus Property Auction was created to sell used capital assets, excess inventory and confiscated property of the Government. Revenues are derived from the proceeds received from individuals and entities that purchase the items through an on-line auction.

**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.

OFFICE OF FLEET MANAGEMENT FUND

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

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

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.

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 self insured 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 self insured medical claims.

INJURED ON DUTY FUND

The Injured on Duty Fund is under the administrative responsibility of the Department of Human Resources and is used for the accumulation of assets for the payment of self insured injured on duty claims.

SCHOOL CENTRAL STOREROOM FUND

The School Central Storeroom Fund is under the administrative responsibility of the Metropolitan Nashville Public Schools. It is used to account for the operations of the central storeroom and derives its revenues from internal charges to schools for 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF PROPRIETARY FUNDS (CONTINUED)

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.

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, 2004

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
<b>ASSETS:</b>				
Cash and cash equivalents	\$ -	\$ 40,620,184	\$ 447,614	\$ 2,333,890
Investments, at fair value:				
U.S. Treasury and agency securities	-	671,756	526,387	3,415,012
Commercial mortgage backed securities	-	3,908,264	-	-
Government mortgage backed securities	-	128,611,331	-	1,751,616
Government bonds	-	93,405,056	-	5,235,290
Government agencies	-	49,731,106	-	7,603,406
Corporate bonds and notes	-	96,072,323	-	22,202,334
Indexed linked government bonds	-	4,722,898	-	-
Warrants and options	-	320,618	-	-
Common stock	-	947,107,137	-	54,303,132
Preferred stock	-	7,228,550	-	29,852
Mortgages and real estate	-	82,919,933	-	-
Collateralized mortgage obligations	-	24,450,541	-	-
Venture capital and partnerships	-	34,100,287	-	-
Asset backed securities	-	49,313,609	-	100,685
Convertible equity	-	-	-	499,432
Other assets	-	804,550	-	-
Annuities	-	608,917	-	-
Accounts receivable	-	77,208,693	259,485	1,285,138
Accrued interest receivable	3	4,463,280	-	538,387
Due from other funds of the primary government	-	204,748	-	5,565,814
Due from component units	-	-	-	-
<b>Total assets</b>	<b>3</b>	<b>1,646,473,781</b>	<b>1,233,486</b>	<b>104,863,988</b>
<b>LIABILITIES:</b>				
Accounts payable	-	923,957	58	167,584
Due to brokers	-	140,809,556	-	-
Due to other funds of the primary government	3	218,471	965,416	2,929,644
Other liabilities	-	165,800	-	-
<b>Total liabilities</b>	<b>3</b>	<b>142,117,784</b>	<b>965,474</b>	<b>3,097,228</b>
<b>NET ASSETS:</b>				
Held in trust for pension benefits and other employee benefit purposes (A Schedule of Funding Progress for each pension plan is presented as Required Supplementary Information.)	-	1,504,355,997	268,012	101,766,760
<b>Total net assets</b>	<b>\$ -</b>	<b>\$ 1,504,355,997</b>	<b>\$ 268,012</b>	<b>\$ 101,766,760</b>

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, 2004

Closed City Plan	Teachers' Civil Service and Pension	Metropolitan Employees' Flexible Benefits Plan	Education Flexible Benefits Plan	Total Pension (and Other Employee Benefit) Trust Funds
\$ 103	\$ 333,094	\$ 614,412	\$ 11,941	\$ 44,361,238
121	391,713	722,538	14,042	5,741,569
-	-	-	-	3,908,264
-	-	-	-	130,362,947
-	-	-	-	98,640,346
-	-	-	-	57,334,512
-	-	-	-	118,274,657
-	-	-	-	4,722,898
-	-	-	-	320,618
-	-	-	-	1,001,410,269
-	-	-	-	7,258,402
-	-	-	-	82,919,933
-	-	-	-	24,450,541
-	-	-	-	34,100,287
-	-	-	-	49,414,294
-	-	-	-	499,432
-	-	-	-	804,550
-	-	-	-	608,917
-	198,662	858	-	78,952,836
14	-	-	-	5,001,684
-	-	407,047	3,201	6,180,810
-	-	41,702	-	41,702
<u>238</u>	<u>923,469</u>	<u>1,786,557</u>	<u>29,184</u>	<u>1,755,310,706</u>
-	44	1,531	1,922	1,095,096
-	-	-	-	140,809,556
238	716,313	1,103,471	48,571	5,982,127
-	-	-	-	165,800
<u>238</u>	<u>716,357</u>	<u>1,105,002</u>	<u>50,493</u>	<u>148,052,579</u>
-	207,112	681,555	(21,309)	1,607,258,127
<u>\$ -</u>	<u>\$ 207,112</u>	<u>\$ 681,555</u>	<u>\$ (21,309)</u>	<u>\$ 1,607,258,127</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, 2004

	Richard R. Rooker, Circuit Court Clerk	Cristi Scott, Clerk and Master	Bill Covington, County Clerk	David Torrence, Criminal Court Clerk	Bill Garrett, County Register
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 18,567,117	\$ 3,174,089	\$ 575,147	\$ 7,689,856	\$ 2,966,071
Investments	-	14,797	-	199,118	-
Accounts receivable	-	-	-	-	-
Due from other funds of the primary government	-	-	-	-	-
Other assets	10,828	-	-	-	9,899
<b>Total assets</b>	<b>\$ 18,577,945</b>	<b>\$ 3,188,886</b>	<b>\$ 575,147</b>	<b>\$ 7,888,974</b>	<b>\$ 2,975,970</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds of the primary government	30,650	10,074	575,147	77,621	447,473
Due to component units	-	-	-	-	-
Funds held in trust	15,431,882	3,169,929	-	6,852,339	-
Other liabilities	3,115,413	8,883	-	959,014	2,528,497
<b>Total liabilities</b>	<b>\$ 18,577,945</b>	<b>\$ 3,188,886</b>	<b>\$ 575,147</b>	<b>\$ 7,888,974</b>	<b>\$ 2,975,970</b>

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, 2004

Vic Lineweaver, Juvenile Court Clerk	Transit Authority Revenue	Joseph B. Knowles Residents	Sheriff Work Release and Inmate Trust	Total Agency Funds
\$ 2,353,417	\$ 455	\$ 20,865	\$ 529,282	\$ 35,876,299
-	534	-	-	214,449
-	1,613,566	-	-	1,613,566
-	40,116	-	-	40,116
2,021	-	-	-	22,748
<u>\$ 2,355,438</u>	<u>\$ 1,654,671</u>	<u>\$ 20,865</u>	<u>\$ 529,282</u>	<u>\$ 37,767,178</u>
\$ -	\$ 233,676	\$ -	\$ -	\$ 233,676
77,521	-	-	-	1,218,486
-	1,420,995	-	-	1,420,995
1,833,645	-	20,865	529,282	27,837,942
444,272	-	-	-	7,056,079
<u>\$ 2,355,438</u>	<u>\$ 1,654,671</u>	<u>\$ 20,865</u>	<u>\$ 529,282</u>	<u>\$ 37,767,178</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, 2004

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
<b>ADDITIONS:</b>				
Investment income:				
Interest and dividend income	\$ 107	\$ 33,323,909	\$ 3,513	\$ 2,920,995
Net appreciation (depreciation) of investments	-	186,797,785	-	10,210,066
Miscellaneous	-	267,518	-	45
Total investment income (loss)	107	220,389,212	3,513	13,131,106
Less investment expenses	(63)	(4,900,857)	-	(764,968)
Net investment income (loss)	44	215,488,355	3,513	12,366,138
Contributions:				
Employee contributions	-	86,964	-	82,523
Employer contributions	2,388,322	44,902,059	6,637,776	9,850,814
Transfers in	-	20,752	-	-
Contributions from the State of Tennessee	-	-	3,215,192	15,485,748
Miscellaneous	-	-	-	-
Total contributions	2,388,322	45,009,775	9,852,968	25,419,085
Total additions	2,388,366	260,498,130	9,856,481	37,785,223
<b>DEDUCTIONS:</b>				
Pension and other employee benefits	2,388,366	62,410,156	9,856,481	34,386,244
Refunds of contributions	-	141,107	-	-
Administrative expenses	-	3,063,227	-	85,266
Transfers out	-	3,027,684	-	-
Total deductions	2,388,366	68,642,174	9,856,481	34,471,510
Change in net assets	-	191,855,956	-	3,313,713
NET ASSETS, beginning of year	-	1,312,500,041	268,012	98,453,047
NET ASSETS, end of year	\$ -	\$ 1,504,355,997	\$ 268,012	\$ 101,766,760

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, 2004

Closed City Plan	Teachers' Civil Service and Pension	Metropolitan Employees' Flexible Benefits Plan	Education Flexible Benefits Plan	Total Pension (and Other Employee Benefit) Trust Funds
\$ 633	\$ 2,546	\$ 521	\$ 224	\$ 36,252,448
-	-	-	-	197,007,851
-	-	-	-	267,563
633	2,546	521	224	233,527,862
(395)	-	-	(501)	(5,666,784)
238	2,546	521	(277)	227,861,078
-	-	714,763	582,451	1,466,701
10,740,396	3,960,092	-	-	78,479,459
-	-	-	-	20,752
-	2,442,586	-	-	21,143,526
-	-	1,553,037	-	1,553,037
10,740,396	6,402,678	2,267,800	582,451	102,663,475
10,740,634	6,405,224	2,268,321	582,174	330,524,553
10,740,634	6,405,224	705,079	616,937	127,509,121
-	-	-	-	141,107
-	-	-	-	3,148,493
-	-	1,103,470	-	4,131,154
10,740,634	6,405,224	1,808,549	616,937	134,929,875
-	-	459,772	(34,763)	195,594,678
-	207,112	221,783	13,454	1,411,663,449
\$ -	\$ 207,112	\$ 681,555	\$ (21,309)	\$ 1,607,258,127

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, 2004

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 20,675,221	\$ 51,431,060	\$ 53,539,164	\$ 18,567,117
Other assets	7,420	3,408	-	10,828
Total assets	<u>\$ 20,682,641</u>	<u>\$ 51,434,468</u>	<u>\$ 53,539,164</u>	<u>\$ 18,577,945</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 29,900	\$ 750	-	\$ 30,650
Funds held in trust	17,926,346	39,490,910	41,985,374	15,431,882
Other liabilities	2,726,395	11,903,997	11,514,979	3,115,413
Total liabilities	<u>\$ 20,682,641</u>	<u>\$ 51,395,657</u>	<u>\$ 53,500,353</u>	<u>\$ 18,577,945</u>
 <u>Cristi Scott, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 3,166,121	\$ 17,926,226	\$ 17,918,258	\$ 3,174,089
Investments	14,797	-	-	14,797
Total assets	<u>\$ 3,180,918</u>	<u>\$ 17,926,226</u>	<u>\$ 17,918,258</u>	<u>\$ 3,188,886</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 1,744	\$ 8,330	-	\$ 10,074
Funds held in trust	3,171,389	17,916,798	17,918,258	3,169,929
Other liabilities	7,785	1,098	-	8,883
Total liabilities	<u>\$ 3,180,918</u>	<u>\$ 17,926,226</u>	<u>\$ 17,918,258</u>	<u>\$ 3,188,886</u>
 <u>Bill Covington, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 552,426	\$ 116,748,212	\$ 116,725,491	\$ 575,147
LIABILITIES:				
Due to other funds of the primary government	\$ 549,765	\$ 116,748,212	\$ 116,722,830	\$ 575,147
Other liabilities	2,661	-	2,661	-
Total liabilities	<u>\$ 552,426</u>	<u>\$ 116,748,212</u>	<u>\$ 116,725,491</u>	<u>\$ 575,147</u>
 <u>David Torrence, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 7,563,365	\$ 9,560,238	\$ 9,433,747	\$ 7,689,856
Investments	516,375	-	317,257	199,118
Total assets	<u>\$ 8,079,740</u>	<u>\$ 9,560,238</u>	<u>\$ 9,751,004</u>	<u>\$ 7,888,974</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 33,460	\$ 5,824,056	\$ 5,779,895	\$ 77,621
Funds held in trust	6,600,806	251,533	-	6,852,339
Other liabilities	1,445,474	3,484,649	3,971,109	959,014
Total liabilities	<u>\$ 8,079,740</u>	<u>\$ 9,560,238</u>	<u>\$ 9,751,004</u>	<u>\$ 7,888,974</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, 2004

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 2,392,305	\$ 29,455,389	\$ 28,881,623	\$ 2,966,071
Other assets	7,973	1,926	-	9,899
Total assets	<u>\$ 2,400,278</u>	<u>\$ 29,457,315</u>	<u>\$ 28,881,623</u>	<u>\$ 2,975,970</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 391,262	\$ 6,262,501	\$ 6,206,290	\$ 447,473
Other liabilities	2,009,016	23,176,501	22,657,020	2,528,497
Total liabilities	<u>\$ 2,400,278</u>	<u>\$ 29,439,002</u>	<u>\$ 28,863,310</u>	<u>\$ 2,975,970</u>
 <u>Vic Lineweaver, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 2,295,547	\$ 6,341,620	\$ 6,283,750	\$ 2,353,417
Other assets	2,245	-	224	2,021
Total assets	<u>\$ 2,297,792</u>	<u>\$ 6,341,620</u>	<u>\$ 6,283,974</u>	<u>\$ 2,355,438</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 68,211	\$ 558,040	\$ 548,730	\$ 77,521
Funds held in trust	1,814,932	171,590	152,877	1,833,645
Other liabilities	414,649	5,667,563	5,637,940	444,272
Total liabilities	<u>\$ 2,297,792</u>	<u>\$ 6,397,193</u>	<u>\$ 6,339,547</u>	<u>\$ 2,355,438</u>
 <u>Transit Authority Revenue</u>				
ASSETS:				
Cash and cash equivalents	\$ 469	\$ 455	\$ 469	\$ 455
Investments	539	8,686,552	8,686,557	534
Accounts receivable	814,004	1,614,333	814,771	1,613,566
Due from other funds of the primary government	58,871	23,006,892	23,025,647	40,116
Total assets	<u>\$ 873,883</u>	<u>\$ 33,308,232</u>	<u>\$ 32,527,444</u>	<u>\$ 1,654,671</u>
LIABILITIES:				
Accounts payable	\$ 1,181	\$ 13,727,448	\$ 13,494,953	\$ 233,676
Due to component units	872,702	1,420,006	871,713	1,420,995
Total liabilities	<u>\$ 873,883</u>	<u>\$ 15,147,454</u>	<u>\$ 14,366,666</u>	<u>\$ 1,654,671</u>
 <u>Joseph B. Knowles Residents</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 43,237</u>	<u>\$ 140,595</u>	<u>\$ 162,967</u>	<u>\$ 20,865</u>
LIABILITIES:				
Funds held in trust	<u>\$ 43,237</u>	<u>\$ 140,595</u>	<u>\$ 162,967</u>	<u>\$ 20,865</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, 2004

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
<u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	\$ 431,571	\$ 1,991,522	\$ 1,893,811	\$ 529,282
LIABILITIES:				
Funds held in trust	\$ 431,571	\$ 1,991,522	\$ 1,893,811	\$ 529,282
 <u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 37,120,262	\$ 233,595,317	\$ 234,839,280	\$ 35,876,299
Investments	531,711	8,686,552	9,003,814	214,449
Accounts receivable	814,004	1,614,333	814,771	1,613,566
Due from other funds of the primary government	58,871	23,006,892	23,025,647	40,116
Other assets	17,638	5,334	224	22,748
Total assets	<u>\$ 38,542,486</u>	<u>\$ 266,908,428</u>	<u>\$ 267,683,736</u>	<u>\$ 37,767,178</u>
LIABILITIES:				
Accounts payable	\$ 1,181	\$ 13,727,448	\$ 13,494,953	\$ 233,676
Due to other funds of the primary government	1,074,342	129,401,889	129,257,745	1,218,486
Due to component units	872,702	1,420,006	871,713	1,420,995
Funds held in trust	29,988,281	59,962,948	62,113,287	27,837,942
Other liabilities	6,605,980	44,233,808	43,783,709	7,056,079
Total liabilities	<u>\$ 38,542,486</u>	<u>\$ 248,746,099</u>	<u>\$ 249,521,407</u>	<u>\$ 37,767,178</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.

METROPOLITAN EMPLOYEES' FLEXIBLE BENEFITS PLAN FUND

The Metropolitan Employees' 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 reimbursement.

EDUCATION FLEXIBLE BENEFITS PLAN FUND

The Education Flexible Benefits Plan Fund was established to account for the pre-tax deductions withheld from compensation to employees of the Metropolitan Nashville Public School System for medical and dependent care reimbursement.

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  
Cristi Scott, Clerk and Master  
Bill Covington, County Clerk  
David Torrence, Criminal Court Clerk  
Bill Garrett, County Register  
Vic Lineweaver, 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, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BALANCE SHEET  
SPORTS AUTHORITY FUND

June 30, 2004

ASSETS:	
Cash and cash equivalents	\$ 9,919,300
Investments	6,438,687
Accounts receivable	739,798
Accrued interest receivable	2
Due from the primary government	<u>40,533</u>
Total assets	<u>\$ 17,138,320</u>
LIABILITIES:	
Accounts payable	\$ 89,327
Accrued salaries and wages	5,359
Due to the primary government	1,472,137
Other liabilities	<u>6,309</u>
Total liabilities	<u>1,573,132</u>
FUND BALANCES:	
Undesignated	<u>15,565,188</u>
Total fund balances	<u>15,565,188</u>
Total liabilities and fund balances	<u>\$ 17,138,320</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, 2004

Fund balances	\$	15,565,188
<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>		
		371,770,047
<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		(87,505,000)
Accrued interest		(1,619,537)
		(1,706,537)
Net assets	\$	298,210,698

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 FUND

For the Year Ended June 30, 2004

REVENUES:	
Revenues from the use of money or property	\$ 91,141
Revenues from other governmental agencies	14,025,632
Charges for current services	2,296,149
Compensation for loss, sale or damage to property	<u>596,041</u>
Total revenues	<u>17,008,963</u>
EXPENDITURES:	
Personal services	121,048
Contractual services	9,267,049
Supplies and materials	2,706
Other costs	271,541
Debt service:	
Principal retirement	2,190,000
Interest	<u>5,186,738</u>
Total expenditures	<u>17,039,082</u>
Net change in fund balances	<u>(30,119)</u>
FUND BALANCES, beginning of year	<u>15,595,307</u>
FUND BALANCES, end of year	<u><u>\$ 15,565,188</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, 2004

Net change in fund balances	\$	(30,119)
<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, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.</p>		
Depreciation expense		(9,081,410)
<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		2,190,000
Change in accrued interest		53,949
		2,243,949
Change in net assets	\$	(6,867,580)

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, 2004

	General Services District	Urban Services District	Total General Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 16,203,179	\$ 1,706,921	\$ 17,910,100
Investments	22,947,397	3,559,016	26,506,413
Sales tax receivable	13,685,831	177,045	13,862,876
Accounts receivable	23,908,711	6,446,716	30,355,427
Property taxes receivable	274,016,310	65,467,743	339,484,053
Allowance for doubtful accounts	(5,223,584)	(2,472,207)	(7,695,791)
Due from other funds of the primary government	26,832,453	2,253,699	29,086,152
Due from component units	5,550,837	-	5,550,837
Inventories of supplies	535,404	-	535,404
Other assets	233,296	298	233,594
	<u>378,689,834</u>	<u>77,139,231</u>	<u>455,829,065</u>
Total assets	<u>\$ 378,689,834</u>	<u>\$ 77,139,231</u>	<u>\$ 455,829,065</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 11,215,376	\$ 414,904	\$ 11,630,280
Accrued payroll	24,103,409	3,212,680	27,316,089
Due to other funds of the primary government	30,267,807	4,102,947	34,370,754
Due to component units	785,533	-	785,533
Deferred revenue	266,597,640	64,402,580	331,000,220
Other liabilities	14,540,410	-	14,540,410
	<u>347,510,175</u>	<u>72,133,111</u>	<u>419,643,286</u>
Total liabilities	<u>347,510,175</u>	<u>72,133,111</u>	<u>419,643,286</u>
FUND BALANCES:			
Reserved for imprest cash and inventories	1,099,389	3,100	1,102,489
Reserved for economic development	196,892	-	196,892
Reserved for social programs	525,452	-	525,452
Reserved for internal support	542,964	-	542,964
Unreserved:			
Undesignated	28,814,962	5,003,020	33,817,982
	<u>31,179,659</u>	<u>5,006,120</u>	<u>36,185,779</u>
Total fund balances	<u>31,179,659</u>	<u>5,006,120</u>	<u>36,185,779</u>
Total liabilities and fund balances	<u>\$ 378,689,834</u>	<u>\$ 77,139,231</u>	<u>\$ 455,829,065</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, 2004

	General Services District	Urban Services District	Total General Fund
<b>REVENUES:</b>			
Property taxes	\$ 264,946,380	\$ 73,836,531	\$ 338,782,911
Local option sales tax	78,191,007	1,062,415	79,253,422
Other taxes, licenses and permits	66,156,489	10,549,449	76,705,938
Fines, forfeits and penalties	9,543,823	-	9,543,823
Revenues from the use of money or property	91,593	(10,810)	80,783
Revenues from other governmental agencies	75,171,680	5,614,542	80,786,222
Commissions and fees	19,637,940	-	19,637,940
Charges for current services	21,537,521	748,654	22,286,175
Compensation for loss, sale or damage to property	1,020,384	605,522	1,625,906
Contributions and gifts	539,404	-	539,404
Miscellaneous	1,034,395	-	1,034,395
Total revenues	537,870,616	92,406,303	630,276,919
<b>EXPENDITURES:</b>			
General government	37,309,809	-	37,309,809
Fiscal administration	21,008,051	-	21,008,051
Administration of justice	50,333,461	-	50,333,461
Law enforcement and care of prisoners	167,481,033	-	167,481,033
Fire prevention and control	31,913,934	61,352,246	93,266,180
Regulation and inspection	7,239,736	-	7,239,736
Conservation of natural resources	398,925	-	398,925
Public welfare	14,185,717	-	14,185,717
Public health and hospitals	74,714,817	-	74,714,817
Public library system	19,425,446	-	19,425,446
Public works, highways and streets	23,349,516	6,552,001	29,901,517
Recreational and cultural	33,654,421	-	33,654,421
Employee benefits	33,646,840	21,245,979	54,892,819
Miscellaneous	34,507,383	1,266,657	35,774,040
Total expenditures	549,169,089	90,416,883	639,585,972
Excess of revenues over expenditures	(11,298,473)	1,989,420	(9,309,053)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	23,376,347	185,656	23,562,003
Transfers out	(44,798,423)	(12,374,000)	(57,172,423)
Total other financing sources (uses)	(21,422,076)	(12,188,344)	(33,610,420)
Net change in fund balances	(32,720,549)	(10,198,924)	(42,919,473)
FUND BALANCES, beginning of year	63,900,208	15,205,044	79,105,252
FUND BALANCES, end of year	\$ 31,179,659	\$ 5,006,120	\$ 36,185,779

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, 2004

	General Services District		
	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES:			
Property taxes	\$ 268,365,100	\$ 264,946,380	\$ (3,418,720)
Local option sales tax	77,622,200	78,191,007	568,807
Other taxes, licenses and permits	61,273,800	66,156,489	4,882,689
Fines, forfeits and penalties	8,471,900	9,543,823	1,071,923
Revenues from the use of money or property	688,300	91,593	(596,707)
Revenues from other governmental agencies	68,897,066	75,171,680	6,274,614
Commissions and fees	10,640,500	19,637,940	8,997,440
Charges for current services	21,434,300	21,537,521	103,221
Compensation for loss, sale or damage to property	5,303,300	1,020,384	(4,282,916)
Contributions and gifts	608,134	539,404	(68,730)
Miscellaneous	474,500	1,034,395	559,895
Total revenues	<u>523,779,100</u>	<u>537,870,616</u>	<u>14,091,516</u>
EXPENDITURES:			
General government	36,047,034	37,309,809	(1,262,775)
Fiscal administration	21,495,200	21,008,051	487,149
Administration of justice	45,957,600	50,333,461	(4,375,861)
Law enforcement and care of prisoners	167,622,900	167,481,033	141,867
Fire prevention and control	31,929,460	31,913,934	15,526
Regulation and inspection	7,269,000	7,239,736	29,264
Conservation of natural resources	463,100	398,925	64,175
Public welfare	14,393,300	14,185,717	207,583
Public health and hospitals	77,562,900	74,714,817	2,848,083
Public library system	19,514,300	19,425,446	88,854
Public works, highways and streets	23,384,700	23,349,516	35,184
Recreational and cultural	33,795,775	33,654,421	141,354
Employee benefits	33,858,900	33,646,840	212,060
Miscellaneous	28,476,603	34,507,383	(6,030,780)
Total expenditures	<u>541,770,772</u>	<u>549,169,089</u>	<u>(7,398,317)</u>
Excess (deficiency) of revenues over expenditures	<u>(17,991,672)</u>	<u>(11,298,473)</u>	<u>6,693,199</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	22,409,400	23,376,347	966,947
Transfers out	(44,494,598)	(44,798,423)	(303,825)
Total other financing sources (uses)	<u>(22,085,198)</u>	<u>(21,422,076)</u>	<u>663,122</u>
Net change in fund balances	(40,076,870)	(32,720,549)	7,356,321
FUND BALANCES, beginning of year	<u>63,900,208</u>	<u>63,900,208</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 23,823,338</u>	<u>\$ 31,179,659</u>	<u>\$ 7,356,321</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, 2004

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)
\$ 73,971,500	\$ 73,836,531	\$ (134,969)	\$ 342,336,600	\$ 338,782,911	\$ (3,553,689)
1,055,900	1,062,415	6,515	78,678,100	79,253,422	575,322
10,632,100	10,549,449	(82,651)	71,905,900	76,705,938	4,800,038
-	-	-	8,471,900	9,543,823	1,071,923
163,000	(10,810)	(173,810)	851,300	80,783	(770,517)
8,574,500	5,614,542	(2,959,958)	77,471,566	80,786,222	3,314,656
-	-	-	10,640,500	19,637,940	8,997,440
646,300	748,654	102,354	22,080,600	22,286,175	205,575
100,000	605,522	505,522	5,403,300	1,625,906	(3,777,394)
-	-	-	608,134	539,404	(68,730)
-	-	-	474,500	1,034,395	559,895
<u>95,143,300</u>	<u>92,406,303</u>	<u>(2,736,997)</u>	<u>618,922,400</u>	<u>630,276,919</u>	<u>11,354,519</u>
-	-	-	36,047,034	37,309,809	(1,262,775)
-	-	-	21,495,200	21,008,051	487,149
-	-	-	45,957,600	50,333,461	(4,375,861)
-	-	-	167,622,900	167,481,033	141,867
61,352,320	61,352,246	74	93,281,780	93,266,180	15,600
-	-	-	7,269,000	7,239,736	29,264
-	-	-	463,100	398,925	64,175
-	-	-	14,393,300	14,185,717	207,583
-	-	-	77,562,900	74,714,817	2,848,083
-	-	-	19,514,300	19,425,446	88,854
6,564,000	6,552,001	11,999	29,948,700	29,901,517	47,183
-	-	-	33,795,775	33,654,421	141,354
21,668,600	21,245,979	422,621	55,527,500	54,892,819	634,681
2,155,180	1,266,657	888,523	30,631,783	35,774,040	(5,142,257)
<u>91,740,100</u>	<u>90,416,883</u>	<u>1,323,217</u>	<u>633,510,872</u>	<u>639,585,972</u>	<u>(6,075,100)</u>
<u>3,403,200</u>	<u>1,989,420</u>	<u>(1,413,780)</u>	<u>(14,588,472)</u>	<u>(9,309,053)</u>	<u>5,279,419</u>
-	185,656	185,656	22,409,400	23,562,003	1,152,603
(12,374,000)	(12,374,000)	-	(56,868,598)	(57,172,423)	(303,825)
<u>(12,374,000)</u>	<u>(12,188,344)</u>	<u>185,656</u>	<u>(34,459,198)</u>	<u>(33,610,420)</u>	<u>848,778</u>
(8,970,800)	(10,198,924)	(1,228,124)	(49,047,670)	(42,919,473)	6,128,197
<u>15,205,044</u>	<u>15,205,044</u>	<u>-</u>	<u>79,105,252</u>	<u>79,105,252</u>	<u>-</u>
<u>\$ 6,234,244</u>	<u>\$ 5,006,120</u>	<u>\$ (1,228,124)</u>	<u>\$ 30,057,582</u>	<u>\$ 36,185,779</u>	<u>\$ 6,128,197</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, 2004

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>GENERAL GOVERNMENT:</u>			
Legislative (Office of Clerk and Council)	\$ 2,254,400	\$ 2,208,085	\$ 46,315
Executive (Office of the Mayor)	3,672,500	3,635,207	37,293
Election Commission	2,870,100	2,856,226	13,874
Department of Law	4,415,100	4,414,279	821
Planning Commission	3,893,400	3,892,887	513
Human Resources	6,286,700	5,957,839	328,861
County Register of Deeds	536,800	2,299,723	(1,762,923)
Department of General Services	10,338,500	10,337,955	545
Historical Commission	546,234	517,538	28,696
Community Education Alliance	567,500	567,396	104
Telecommunications	665,800	622,674	43,126
	<hr/>	<hr/>	<hr/>
Total General Government	36,047,034	37,309,809	(1,262,775)
<u>FISCAL ADMINISTRATION:</u>			
Department of Finance	8,667,100	8,459,037	208,063
Assessor of Property	6,906,800	6,821,914	84,886
Metropolitan Trustee	2,075,400	2,075,268	132
County Clerk	3,845,900	3,651,832	194,068
	<hr/>	<hr/>	<hr/>
Total Fiscal Administration	21,495,200	21,008,051	487,149
<u>ADMINISTRATION OF JUSTICE:</u>			
District Attorney	4,107,800	4,073,809	33,991
Public Defender	4,588,300	4,554,244	34,056
Juvenile Court Clerk	1,511,700	1,477,109	34,591
Circuit Court Clerk	3,166,700	7,896,850	(4,730,150)
Criminal Court Clerk	4,831,600	4,819,014	12,586
Clerk and Master	1,367,600	1,255,199	112,401
Juvenile Court	8,883,200	8,882,834	366
General Sessions Court	8,597,400	8,584,414	12,986
State Trial Courts	5,811,100	5,811,054	46
Justice Information System	2,636,900	2,621,643	15,257
Criminal Justice Planning	455,300	357,291	98,009
	<hr/>	<hr/>	<hr/>
Total Administration of Justice	45,957,600	50,333,461	(4,375,861)
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>			
Sheriff	38,738,500	38,738,465	35
Police Department	119,427,800	119,315,568	112,232
Emergency Communication Center	9,456,600	9,427,000	29,600
	<hr/>	<hr/>	<hr/>
Total Law Enforcement and Care of Prisoners	167,622,900	167,481,033	141,867
<u>FIRE PREVENTION AND CONTROL:</u>			
Fire Department	31,929,460	31,913,934	15,526
	<hr/>	<hr/>	<hr/>
<u>REGULATION AND INSPECTION:</u>			
Department of Codes Administration	6,622,500	6,607,040	15,460
Taxicab and Wrecker Licensing Board	268,000	254,312	13,688
Beer Board	378,500	378,384	116
	<hr/>	<hr/>	<hr/>
Total Regulation and Inspection	7,269,000	7,239,736	29,264

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, 2004

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>CONSERVATION OF NATURAL RESOURCES:</u>			
Agricultural Extension Service	\$ 372,200	\$ 308,157	\$ 64,043
Soil and Water Conservation	90,900	90,768	132
Total Conservation of Natural Resources	463,100	398,925	64,175
<u>PUBLIC WELFARE:</u>			
Social Services Commission	13,085,400	12,962,197	123,203
Human Relations Commission	428,900	398,684	30,216
Caring for Children	879,000	824,836	54,164
Total Public Welfare	14,393,300	14,185,717	207,583
<u>PUBLIC HEALTH AND HOSPITALS:</u>			
Board of Health	44,816,500	41,968,417	2,848,083
General Hospital	23,505,100	23,505,100	-
Bordeaux Hospital	9,241,300	9,241,300	-
Total Public Health and Hospitals	77,562,900	74,714,817	2,848,083
<u>PUBLIC LIBRARY SYSTEM:</u>			
Public Library	19,514,300	19,425,446	88,854
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>			
Public Works	23,384,700	23,349,516	35,184
<u>RECREATIONAL AND CULTURAL:</u>			
Parks and Recreation	29,174,275	29,105,908	68,367
Municipal Auditorium	1,747,600	1,729,261	18,339
Arts Commission	2,694,000	2,664,594	29,406
Sports Authority	179,900	154,658	25,242
Total Recreational and Cultural	33,795,775	33,654,421	141,354
<u>EMPLOYEE BENEFITS:</u>			
Contribution to Closed Pension Plans	10,402,300	9,814,436	587,864
Employer's Contribution for Group Health Insurance	19,632,600	19,447,585	185,015
Pensioners In-Line-of-Duty Medical Expense	1,200,000	900,032	299,968
Unemployment Compensation	400,000	371,913	28,087
Employer's Contribution for Group Life Insurance	724,000	248,167	475,833
Employee In-Line-Of-Duty Medical Expense	1,500,000	2,864,707	(1,364,707)
Total Employee Benefits	33,858,900	33,646,840	212,060

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, 2004

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>MISCELLANEOUS:</u>			
Contributions and Community Support	\$ 7,641,140	\$ 6,975,393	\$ 665,747
Subsidies	15,319,200	15,046,718	272,482
Administration and Internal Support	5,516,263	12,485,272	(6,969,009)
Total Miscellaneous	<u>28,476,603</u>	<u>34,507,383</u>	<u>(6,030,780)</u>
Total Expenditures	<u>\$ 541,770,772</u>	<u>\$ 549,169,089</u>	<u>\$ (7,398,317)</u>
<u>TRANSFERS IN:</u>			
USD General Fund	\$ 1,433,000	\$ 1,433,000	\$ -
General Purpose School	2,591,700	2,298,181	(293,519)
Nonmajor Governmental Funds	4,698,700	7,134,581	2,435,881
Water and Sewerage Services	192,100	4,166,047	3,973,947
Nonmajor Enterprise Funds	3,366,300	1,430,487	(1,935,813)
Internal Service Funds	6,932,100	3,886,367	(3,045,733)
Fiduciary Funds	3,195,500	3,027,684	(167,816)
Total Transfers In	<u>22,409,400</u>	<u>23,376,347</u>	<u>966,947</u>
<u>TRANSFERS OUT:</u>			
General Purpose School Fund	(5,600)	(2,412)	3,188
GSD General Purpose Debt Service	(3,356,100)	(3,353,782)	2,318
General Fund 4% Reserve	(17,921,500)	(18,441,722)	(520,222)
Nonmajor Governmental Funds	(20,532,198)	(20,326,487)	205,711
District Energy System	(2,000,000)	(2,000,000)	-
Nonmajor Enterprise Funds	(259,700)	(259,700)	-
Internal Service Funds	(419,500)	(414,320)	5,180
Total Transfers Out	<u>(44,494,598)</u>	<u>(44,798,423)</u>	<u>(303,825)</u>
Total Other Financing Sources (Uses)	<u>\$ (22,085,198)</u>	<u>\$ (21,422,076)</u>	<u>\$ 663,122</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, 2004

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>FIRE PREVENTION AND CONTROL:</u>			
Fire Department	\$ 61,352,320	\$ 61,352,246	\$ 74
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>			
Public Works	6,564,000	6,552,001	11,999
<u>EMPLOYEE BENEFITS:</u>			
Contribution to Closed Pension Plans	18,890,100	18,890,100	-
Employer's Contribution for Group Health Insurance	2,691,900	2,320,850	371,050
Direct Pension Payments	9,900	9,900	-
Employer's Contribution for Group Life Insurance	76,700	25,129	51,571
Total Employee Benefits	<u>21,668,600</u>	<u>21,245,979</u>	<u>422,621</u>
<u>MISCELLANEOUS:</u>			
Subsidies	1,288,600	867,657	420,943
Administration and Internal Support	866,580	399,000	467,580
Total Miscellaneous	<u>2,155,180</u>	<u>1,266,657</u>	<u>888,523</u>
Total Expenditures	<u>\$ 91,740,100</u>	<u>\$ 90,416,883</u>	<u>\$ 1,323,217</u>
<u>TRANSFERS IN:</u>			
Nonmajor Governmental Funds	\$ -	\$ 185,656	\$ 185,656
Total Transfers In	<u>-</u>	<u>185,656</u>	<u>185,656</u>
<u>TRANSFERS OUT:</u>			
GSD General Fund	(1,433,000)	(1,433,000)	-
Nonmajor Governmental Funds	(10,941,000)	(10,941,000)	-
Total Transfers Out	<u>(12,374,000)</u>	<u>(12,374,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ (12,374,000)</u>	<u>\$ (12,188,344)</u>	<u>\$ 185,656</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2004

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2003 Realty	\$ 15,459,259	\$ 13,403,140	\$ 7,666,288	\$ 709,451	\$ 520,665	\$ 4,506,736
2003 Personalty	2,633,301	2,224,904	1,102,064	118,132	254,171	750,537
2003 Public Utility	709,035	593,334	293,532	31,540	67,865	200,397
<b>Total 2003 Property Taxes</b>	<b>18,801,595</b>	<b>16,221,378</b>	<b>9,061,884</b>	<b>859,123</b>	<b>842,701</b>	<b>5,457,670</b>
2002 Realty	2,441,921	2,140,645	1,065,256	113,161	243,427	718,801
2002 Personalty	1,405,130	1,189,896	589,563	63,161	135,894	401,278
2002 Public Utility	1,478,394	1,216,256	600,359	64,788	139,418	411,691
<b>Total 2002 Property Taxes</b>	<b>5,325,445</b>	<b>4,546,797</b>	<b>2,255,178</b>	<b>241,110</b>	<b>518,739</b>	<b>1,531,770</b>
2001 & Prior - Realty	2,306,465	1,927,153	971,498	102,162	219,795	633,698
2001 & Prior - Personalty	6,328,765	4,856,883	2,434,468	258,901	557,151	1,606,363
2001 & Prior - Public Utility	765,083	619,067	311,460	32,881	70,748	203,978
<b>Total 2001 &amp; Prior Property Taxes</b>	<b>9,400,313</b>	<b>7,403,103</b>	<b>3,717,426</b>	<b>393,944</b>	<b>847,694</b>	<b>2,444,039</b>
<b>Total Delinquent Property Taxes Receivable *</b>	<b>\$ 33,527,353</b>	<b>\$ 28,171,278</b>	<b>\$ 15,034,488</b>	<b>\$ 1,494,177</b>	<b>\$ 2,209,134</b>	<b>\$ 9,433,479</b>

\* Excludes 2004 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, 2004

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 2,056,119	\$ 1,808,357	\$ 247,762
408,397	359,185	49,212
115,701	101,759	13,942
2,580,217	2,269,301	310,916
301,276	264,972	36,304
215,234	189,298	25,936
262,138	230,550	31,588
778,648	684,820	93,828
379,312	333,605	45,707
1,471,882	1,294,520	177,362
146,016	128,421	17,595
1,997,210	1,756,546	240,664
\$ 5,356,075	\$ 4,710,667	\$ 645,408

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2004

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2003	\$ 13,403,140	\$ 2,224,904	\$ 593,334	\$ 16,221,378
	2002	2,140,645	1,189,896	1,216,256	4,546,797
	2001	893,439	737,670	165,358	1,796,467
	2000	480,779	821,691	230,080	1,532,550
	1999	211,103	509,363	12,523	732,989
	1998	125,185	566,967	45,678	737,830
	1997	86,669	446,663	23,936	557,268
	1996	59,022	793,781	55,248	908,051
	1995	35,049	445,143	39,651	519,843
	1994	32,579	176,089	14,181	222,849
	1993	3,328	359,516	32,412	395,256
	Total General Services District		<u>17,470,938</u>	<u>8,271,683</u>	<u>2,428,657</u>
Urban Services District	2003	\$ 2,056,119	\$ 408,397	\$ 115,701	\$ 2,580,217
	2002	301,276	215,234	262,138	778,648
	2001	160,780	131,389	31,889	324,058
	2000	75,068	205,811	64,984	345,863
	1999	56,293	129,691	3,209	189,193
	1998	33,536	131,077	7,123	171,736
	1997	15,174	108,554	3,640	127,368
	1996	17,346	230,590	11,916	259,852
	1995	10,593	137,519	8,995	157,107
	1994	10,100	297,152	4,218	311,470
	1993	422	100,099	10,042	110,563
	Total Urban Services District		<u>2,736,707</u>	<u>2,095,513</u>	<u>523,855</u>
Total Delinquent Property Taxes Receivable *		<u>\$ 20,207,645</u>	<u>\$ 10,367,196</u>	<u>\$ 2,952,512</u>	<u>\$ 33,527,353</u>

\* Excludes 2004 Property Tax Levy

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS AND NOTES PAYABLE  
GENERAL SERVICES DISTRICT

June 30, 2004

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<b><u>GENERAL OBLIGATION BONDS PAYABLE</u></b>		
<u>For General 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	5.55 - 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	4.90 - 5.375	Oct. 1, 1996
GSD G.O. Refunding Bonds of 1996	4.50 - 6.00	Dec. 1, 1996
GSD G.O. Refunding Bonds, Series 1997	4.55 - 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
GSD G.O. Multi-purpose Refunding Bonds, Series 2002	3.00 - 5.00	Nov. 15, 2002
GSD G.O. Multi-purpose Bonds, Series 2003	2.00 - 5.00	Oct. 1, 2003
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	5.55 - 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	4.90 - 5.375	Oct. 1, 1996
GSD G.O. Refunding Bonds, Series 1997	4.55 - 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
GSD G.O. Multi-purpose Refunding Bonds, Series 2002	3.00 - 5.00	Nov. 15, 2002
GSD G.O. Multi-purpose Bonds, Series 2003	2.00 - 5.00	Oct. 1, 2003
Total General Obligation Bonds Payable for School Purposes		
Total General Obligation Bonds Payable - General Services District		
<b><u>LIMITED OBLIGATION REVENUE BONDS PAYABLE</u></b>		
Correctional Facility Revenue Bonds	4.00 - 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, 2004

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2004</u>	<u>Interest to Maturity as of June 30, 2004</u>
May 15, 2008	\$ 193,128,625	\$ 55,405,693	\$ 4,989,778
May 15, 2011	87,300,000	-	-
May 15, 2025	49,600,000	-	-
May 15, 2026	74,880,000	63,050,000	51,545,332
Nov. 15, 2016	90,568,118	57,411,152	21,551,384
Dec. 1, 2010	28,671,142	19,883,005	4,139,174
May 15, 2025	64,596,180	62,026,650	47,526,938
Nov. 15, 2027	119,180,124	85,850,280	39,838,525
Nov. 15, 2029	133,288,342	116,076,570	81,628,272
Oct. 15, 2020	62,065,000	52,615,000	14,913,888
Oct. 15, 2016	43,633,148	43,585,253	14,984,780
Nov. 15, 2024	41,749,303	37,713,967	23,957,474
Apr. 1, 2024	59,543,042	62,459,446	32,724,324
	<u>1,048,203,024</u>	<u>656,077,016</u>	<u>337,799,869</u>
May 15, 2008	81,490,821	25,541,956	2,683,338
May 15, 2011	62,700,000	-	-
May 15, 2025	54,000,000	-	-
Nov. 15, 2016	5,566,882	3,528,848	1,324,683
May 15, 2025	46,393,820	44,548,350	34,134,468
Nov. 15, 2027	30,819,876	27,719,721	20,272,856
Nov. 15, 2019	53,474,949	45,253,430	20,712,553
Oct. 15, 2020	176,640,000	120,150,000	39,035,538
Oct. 15, 2016	30,111,852	30,094,747	10,476,726
Nov. 15, 2024	60,984,934	56,828,853	34,156,451
Apr. 1, 2024	41,515,465	43,548,883	22,816,529
	<u>643,698,599</u>	<u>397,214,788</u>	<u>185,613,142</u>
	<u>1,691,901,623</u>	<u>1,053,291,804</u>	<u>523,413,011</u>
Sep. 1, 2011	<u>16,265,000</u>	<u>13,349,941</u>	<u>2,739,875</u>
	<u>16,265,000</u>	<u>13,349,941</u>	<u>2,739,875</u>
	<u>\$ 1,708,166,623</u>	<u>\$ 1,066,641,745</u>	<u>\$ 526,152,886</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, 2004

<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 G.O. Refunding Bonds of 1993	5.00 - 5.25	May 15, 1993
USD G.O. Refunding Bonds of 1996	4.50 - 6.00	Dec. 1, 1996
USD G.O. Public Improvement and Refunding Bonds of 1999	4.25 - 5.25	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	3.50 - 5.25	Apr. 1, 2002
USD G.O. (Taxable) Thermal Refunding Bonds, 2002	3.90 - 6.00	Apr. 1, 2002
USD G.O. Multi-purpose Refundings Bonds, Series 2002	3.00 - 5.00	Nov. 15, 2002
USD G.O. Multi-purpose Bonds, Series 2003	2.00 - 5.00	Oct. 1, 2003
Total General Obligation Bonds Payable - Urban Services District		
<u>REVENUE BONDS PAYABLE</u>		
Department of Water and Sewerage Revenue Refunding Bonds of 1986	7.20 - 7.70	Oct. 1, 1986
Department of Water and Sewerage Revenue Bonds, Series 1993	4.90 - 6.50	Aug. 1, 1993
Department of Water and Sewerage Revenue Refunding Bonds of 1996	6.00	May 15, 1996
Department of Water and Sewerage Revenue Refunding Bonds, Series 1998A	5.00	Feb. 1, 1998
Department of Water and Sewerage Revenue Bonds, Series of 1998B	4.10 - 5.25	Feb. 15, 1998
Department of Water and Sewerage Revenue Refunding Bonds, Series 2002	3.00 - 5.125	Dec. 1, 2002
Total Revenue Bonds Payable - Department of Water and Sewerage		
Metro Energy System DES Bonds, Series 2002A	3.00 - 5.00	Oct. 1, 2002
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, 2004

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2004</u>	<u>Interest to Maturity as of June 30, 2004</u>
Dec. 1, 2003	\$ 5,500,000	\$ -	\$ -
May 15, 2008	45,480,554	12,667,351	1,099,597
Dec. 1, 2010	5,633,858	3,906,995	813,345
Nov. 15, 2003	736,709	-	-
Oct. 15, 2016	23,450,000	17,655,000	5,695,431
July 1, 2014	31,065,000	25,296,517	6,917,506
July 1, 2012	27,000,000	18,296,836	2,902,865
Nov. 15, 2024	5,955,763	5,781,184	2,696,250
Apr. 1, 2024	21,041,493	22,072,101	11,564,217
	<u>165,863,377</u>	<u>105,675,984</u>	<u>31,689,211</u>
Jan. 1, 2016	339,866,665	135,615,000	73,288,600
Jan. 1, 2013	157,475,000	78,190,000	21,333,830
Jan. 1, 2014	74,725,000	49,931,455	16,236,063
Jan. 1, 2022	156,315,000	146,074,340	90,541,925
Jan. 1, 2014	55,000,000	39,045,000	12,040,568
Jan. 1, 2016	<u>30,255,000</u>	<u>27,825,000</u>	<u>15,194,088</u>
	<u>813,636,665</u>	<u>476,680,795</u>	<u>228,635,074</u>
Oct. 1, 2033	<u>66,700,000</u>	<u>68,952,012</u>	<u>61,741,778</u>
	<u>\$ 1,046,200,042</u>	<u>\$ 651,308,791</u>	<u>\$ 322,066,063</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, 2004

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Total General Obligation Bonds		
				Principal	Interest	Total
2005	\$ 73,596,502	\$ 53,231,244	\$ 126,827,746	\$ 72,146,502	\$ 52,645,294	\$ 124,791,796
2006	75,760,096	49,729,757	125,489,853	74,255,096	49,202,907	123,458,003
2007	64,969,070	45,555,649	110,524,719	63,399,070	45,090,299	108,489,369
2008	63,020,285	42,312,973	105,333,258	61,390,285	41,911,623	103,301,908
2009	56,581,120	39,171,964	95,753,084	54,871,120	38,845,964	93,717,084
2010	55,544,099	36,299,481	91,843,580	53,749,099	36,061,106	89,810,205
2011	55,606,289	33,434,351	89,040,640	53,721,289	33,287,976	87,009,265
2012	50,021,958	30,864,016	80,885,974	48,036,958	30,814,391	78,851,349
2013	47,829,116	28,426,906	76,256,022	47,829,116	28,426,906	76,256,022
2014	48,057,881	26,018,436	74,076,317	48,057,881	26,018,436	74,076,317
2015	49,426,939	23,531,423	72,958,362	49,426,939	23,531,423	72,958,362
2016	58,771,699	20,716,940	79,488,639	58,771,699	20,716,940	79,488,639
2017	54,787,234	17,756,114	72,543,348	54,787,234	17,756,114	72,543,348
2018	38,132,780	15,388,075	53,520,855	38,132,780	15,388,075	53,520,855
2019	37,138,896	13,505,685	50,644,581	37,138,896	13,505,685	50,644,581
2020	32,109,442	11,732,409	43,841,851	32,109,442	11,732,409	43,841,851
2021	31,025,790	10,106,118	41,131,908	31,025,790	10,106,118	41,131,908
2022	32,562,610	8,538,537	41,101,147	32,562,610	8,538,537	41,101,147
2023	34,260,232	6,860,700	41,120,932	34,260,232	6,860,700	41,120,932
2024	34,896,360	5,103,527	39,999,887	34,896,360	5,103,527	39,999,887
2025	29,760,000	3,330,456	33,090,456	29,760,000	3,330,456	33,090,456
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
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
	<u>1,064,883,398</u>	<u>526,152,886</u>	<u>1,591,036,284</u>	<u>1,051,353,398</u>	<u>523,413,011</u>	<u>1,574,766,409</u>
Deferred Costs	<u>1,758,347</u>	<u>-</u>	<u>1,758,347</u>	<u>1,938,406</u>	<u>-</u>	<u>1,938,406</u>
	<u>\$ 1,066,641,745</u>	<u>\$ 526,152,886</u>	<u>\$ 1,592,794,631</u>	<u>\$ 1,053,291,804</u>	<u>\$ 523,413,011</u>	<u>\$ 1,576,704,815</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, 2004

General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ 46,343,360	\$ 33,084,300	\$ 79,427,660	\$ 25,803,142	\$ 19,560,994	\$ 45,364,136
48,482,155	30,840,847	79,323,002	25,772,941	18,362,060	44,135,001
38,932,264	28,104,920	67,037,184	24,466,806	16,985,379	41,452,185
37,737,639	26,182,225	63,919,864	23,652,646	15,729,398	39,382,044
32,719,433	24,339,692	57,059,125	22,151,687	14,506,272	36,657,959
32,866,744	22,646,372	55,513,116	20,882,355	13,414,734	34,297,089
32,959,774	20,930,851	53,890,625	20,761,515	12,357,125	33,118,640
27,737,202	19,437,686	47,174,888	20,299,756	11,376,705	31,676,461
27,404,930	18,042,973	45,447,903	20,424,186	10,383,933	30,808,119
28,246,414	16,619,575	44,865,989	19,811,467	9,398,861	29,210,328
29,637,564	15,127,986	44,765,550	19,789,375	8,403,437	28,192,812
33,903,610	13,469,944	47,373,554	24,868,089	7,246,996	32,115,085
32,450,819	11,743,629	44,194,448	22,336,415	6,012,485	28,348,900
21,682,303	10,368,087	32,050,390	16,450,477	5,019,988	21,470,465
19,485,697	9,341,606	28,827,303	17,653,199	4,164,079	21,817,278
20,595,094	8,309,391	28,904,485	11,514,348	3,423,018	14,937,366
20,634,970	7,238,103	27,873,073	10,390,820	2,868,015	13,258,835
21,367,752	6,186,424	27,554,176	11,194,858	2,352,113	13,546,971
22,491,553	5,069,283	27,560,836	11,768,679	1,791,417	13,560,096
22,998,952	3,897,103	26,896,055	11,897,408	1,206,424	13,103,832
20,112,844	2,707,260	22,820,104	9,647,156	623,196	10,270,352
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	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
654,384,396	337,799,869	992,184,265	396,969,002	185,613,142	582,582,144
1,692,620	-	1,692,620	245,786	-	245,786
<u>\$ 656,077,016</u>	<u>\$ 337,799,869</u>	<u>\$ 993,876,885</u>	<u>\$ 397,214,788</u>	<u>\$ 185,613,142</u>	<u>\$ 582,827,930</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, 2004

Year Ending June 30	Correctional Facility Revenue Bonds		
	Principal	Interest	Total
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	-	-	-
2031	-	-	-
2032	-	-	-
	13,530,000	2,739,875	16,269,875
Deferred Costs	(180,059)	-	(180,059)
	\$ 13,349,941	\$ 2,739,875	\$ 16,089,816

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

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, 2004

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 34,398,498	\$ 35,703,525	\$ 70,102,023	\$ 12,718,498	\$ 4,991,355	\$ 17,709,853
2006	40,379,904	34,003,813	74,383,717	13,239,904	4,433,499	17,673,403
2007	39,325,930	31,897,571	71,223,501	10,830,930	3,735,763	14,566,693
2008	40,844,715	29,874,630	70,719,345	10,819,715	3,203,340	14,023,055
2009	39,548,880	27,767,755	67,316,635	7,128,880	2,757,777	9,886,657
2010	42,105,901	25,188,594	67,294,495	7,465,901	2,405,976	9,871,877
2011	44,238,711	22,451,843	66,690,554	7,243,711	2,045,466	9,289,177
2012	45,748,042	19,628,327	65,376,369	6,483,042	1,710,319	8,193,361
2013	48,125,884	16,655,563	64,781,447	6,085,884	1,415,193	7,501,077
2014	49,097,119	14,185,028	63,282,147	5,367,119	1,138,231	6,505,350
2015	51,408,061	11,632,958	63,041,019	5,478,061	864,615	6,342,676
2016	31,363,300	8,962,902	40,326,202	2,648,300	652,576	3,300,876
2017	17,307,766	7,337,874	24,645,640	2,472,766	517,761	2,990,527
2018	16,707,220	6,510,039	23,217,259	1,107,220	436,663	1,543,883
2019	17,641,104	5,677,933	23,319,037	1,276,104	390,990	1,667,094
2020	18,445,558	4,789,198	23,234,756	1,335,558	327,185	1,662,743
2021	19,279,210	3,896,357	23,175,567	1,269,210	260,406	1,529,616
2022	20,257,390	2,971,561	23,228,951	1,467,390	204,879	1,672,269
2023	3,979,769	1,995,028	5,974,797	1,539,769	135,178	1,674,947
2024	3,528,640	1,809,789	5,338,429	1,378,640	62,039	1,440,679
2025	2,665,000	1,632,750	4,297,750	-	-	-
2026	2,795,000	1,496,250	4,291,250	-	-	-
2027	3,790,000	1,338,731	5,128,731	-	-	-
2028	3,110,000	1,179,169	4,289,169	-	-	-
2029	3,255,000	1,025,875	4,280,875	-	-	-
2030	3,420,000	859,000	4,279,000	-	-	-
2031	3,590,000	683,750	4,273,750	-	-	-
2032	3,770,000	499,750	4,269,750	-	-	-
2033	3,955,000	306,625	4,261,625	-	-	-
2034	4,155,000	103,875	4,258,875	-	-	-
	<u>658,236,602</u>	<u>322,066,063</u>	<u>980,302,665</u>	<u>107,356,602</u>	<u>31,689,211</u>	<u>139,045,813</u>
Deferred Costs	<u>(6,927,811)</u>	<u>-</u>	<u>(6,927,811)</u>	<u>(1,680,618)</u>	<u>-</u>	<u>(1,680,618)</u>
	<u>\$ 651,308,791</u>	<u>\$ 322,066,063</u>	<u>\$ 973,374,854</u>	<u>\$ 105,675,984</u>	<u>\$ 31,689,211</u>	<u>\$ 137,365,195</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, 2004

Revenue Bonds					
Department of Water and Sewerage Services			District Energy System Bonds, Series 2002A		
Principal	Interest	Total	Principal	Interest	Total
\$ 21,680,000	\$ 27,531,176	\$ 49,211,176	\$ -	\$ 3,180,994	\$ 3,180,994
25,960,000	26,407,020	52,367,020	1,180,000	3,163,294	4,343,294
27,280,000	25,034,440	52,314,440	1,215,000	3,127,368	4,342,368
28,770,000	23,580,971	52,350,971	1,255,000	3,090,319	4,345,319
31,130,000	21,957,834	53,087,834	1,290,000	3,052,144	4,342,144
33,310,000	19,769,774	53,079,774	1,330,000	3,012,844	4,342,844
35,625,000	17,435,746	53,060,746	1,370,000	2,970,631	4,340,631
38,015,000	15,000,464	53,015,464	1,250,000	2,917,544	4,167,544
40,490,000	12,388,626	52,878,626	1,550,000	2,851,744	4,401,744
42,185,000	10,269,619	52,454,619	1,545,000	2,777,178	4,322,178
44,305,000	8,073,413	52,378,413	1,625,000	2,694,930	4,319,930
27,005,000	5,702,938	32,707,938	1,710,000	2,607,388	4,317,388
13,035,000	4,302,988	17,337,988	1,800,000	2,517,125	4,317,125
13,710,000	3,651,238	17,361,238	1,890,000	2,422,138	4,312,138
14,375,000	2,965,738	17,340,738	1,990,000	2,321,205	4,311,205
15,020,000	2,246,988	17,266,988	2,090,000	2,215,025	4,305,025
15,810,000	1,533,538	17,343,538	2,200,000	2,102,413	4,302,413
16,475,000	782,563	17,257,563	2,315,000	1,984,119	4,299,119
-	-	-	2,440,000	1,859,850	4,299,850
-	-	-	2,150,000	1,747,750	3,897,750
-	-	-	2,665,000	1,632,750	4,297,750
-	-	-	2,795,000	1,496,250	4,291,250
-	-	-	3,790,000	1,338,731	5,128,731
-	-	-	3,110,000	1,179,169	4,289,169
-	-	-	3,255,000	1,025,875	4,280,875
-	-	-	3,420,000	859,000	4,279,000
-	-	-	3,590,000	683,750	4,273,750
-	-	-	3,770,000	499,750	4,269,750
-	-	-	3,955,000	306,625	4,261,625
-	-	-	4,155,000	103,875	4,258,875
484,180,000	228,635,074	712,815,074	66,700,000	61,741,778	128,441,778
(7,499,205)	-	(7,499,205)	2,252,012	-	2,252,012
\$ 476,680,795	\$ 228,635,074	\$ 705,315,869	\$ 68,952,012	\$ 61,741,778	\$ 130,693,790

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, 2004 Through June 30, 2005  
(Unaudited)

<u>SOURCE OF REVENUE:</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>School Debt Service Fund</u>	<u>School Funds</u>	<u>Total</u>
Property Taxes - Current Year	\$ 251,524,200	\$ 55,882,400	\$ 25,991,800	\$ 168,560,300	\$ 501,958,700
Property Taxes - Non Current Year	24,651,000	1,738,200	808,500	8,493,900	35,691,600
Local Option Sales Tax	80,752,800	2,194,000	15,002,900	148,218,800	246,168,500
Other Taxes, Licenses and Permits	65,907,600	-	-	2,090,300	67,997,900
Fines, Forfeits, and Penalties	10,068,200	-	-	6,700	10,074,900
Revenues From Use of Money or Property	87,200	272,400	314,500	79,400	753,500
Other Agencies - Federal Direct	6,022,400	-	-	12,500	6,034,900
Other Agencies - Federal Through State	12,381,700	-	-	171,200	12,552,900
Other Agencies - Other Pass - Through	7,344,300	-	-	-	7,344,300
Other Agencies - State Direct	49,732,100	1,136,900	-	167,885,400	218,754,400
Other Agencies - Other Governments	566,100	2,800,000	-	1,200	3,367,300
Commissions and Fees	10,864,600	-	-	-	10,864,600
Charges for Current Services	26,870,700	-	-	1,400,100	28,270,800
Compensation from Property	230,400	-	-	426,000	656,400
Contributions and Gifts	568,500	-	-	970,000	1,538,500
Miscellaneous	524,000	-	-	-	524,000
Subtotal	<u>548,095,800</u>	<u>64,023,900</u>	<u>42,117,700</u>	<u>498,315,800</u>	<u>1,152,553,200</u>
Transfers In	<u>28,479,600</u>	<u>9,410,000</u>	<u>-</u>	<u>953,200</u>	<u>38,842,800</u>
Appropriated Unreserved Fund Balances (1)	<u>(350,000)</u>	<u>23,211,800</u>	<u>13,054,500</u>	<u>11,262,400</u>	<u>47,178,700</u>
Total Available for GSD Appropriations	<u>\$ 576,225,400</u>	<u>\$ 96,645,700</u>	<u>\$ 55,172,200</u>	<u>\$ 510,531,400</u>	<u>\$ 1,238,574,700</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2004-256 for the 2004-2005 fiscal year.

(1) It is the intention of the Metropolitan Council to increase unreserved fund balance in the General Fund by \$350,000.

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, 2004 Through June 30, 2005  
(Unaudited)

<u>SOURCE OF REVENUE:</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Property Taxes - Current Year	\$ 61,322,100	\$ 8,477,400	\$ 69,799,500
Property Taxes - Non Current Year	11,686,000	397,400	12,083,400
Local Option Sales Tax	1,072,400	-	1,072,400
Other Taxes, Licenses, and Permits	11,499,500	-	11,499,500
Revenues From Use of Money or Property	10,800	15,600	26,400
Other Agencies - Federal Direct	450,000	-	450,000
Other Agencies - State Direct	7,535,500	-	7,535,500
Charges for Current Services	2,243,400	-	2,243,400
Transfers In	-	7,794,900	7,794,900
Subtotal	95,819,700	16,685,300	112,505,000
Appropriated Unreserved Fund Balances	-	5,431,400	5,431,400
Total Available for USD Appropriations	<u>\$ 95,819,700</u>	<u>\$ 22,116,700</u>	<u>\$ 117,936,400</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2004-256 for the 2004-2005 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, 2004 Through June 30, 2005  
 (Unaudited)

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 108,415,400	\$ 26,247,500	\$ 952,000	\$ 133,710,900
Fiscal Administration	20,360,500	-	-	20,360,500
Administration of Justice	45,806,900	-	-	45,806,900
Law Enforcement and Care of Prisoners	163,360,200	481,000	481,000	163,360,200
Fire Prevention and Control	35,639,000	51,984,200	-	87,623,200
Regulation, Inspection, & Economic Development	32,631,700	924,900	-	33,556,600
Conservation of Natural Resources	389,100	-	-	389,100
Public Welfare	13,539,000	-	-	13,539,000
Public Health	42,850,800	-	-	42,850,800
Public Library System	17,964,700	-	-	17,964,700
Recreational, Cultural, & Community Support	62,469,700	135,400	-	62,605,100
Public Works, Highways and Streets	32,798,400	16,046,700	-	48,845,100
 Total General Funds	 576,225,400	 95,819,700	 1,433,000	 670,612,100
 <u>DEBT SERVICE FUNDS</u> (See detail on succeeding pages)	 151,817,900	 22,116,700	 -	 173,934,600
 <u>SCHOOL FUNDS</u> (See detail on succeeding pages)	 510,531,400	 -	 -	 510,531,400
 Total Appropriations By District	 1,238,574,700	 117,936,400	 1,433,000	 1,355,078,100
 <u>LESS GSD INTERFUND TRANSFER:</u>				
GSD General to GSD Debt Service	(3,356,100)	-	-	(3,356,100)
Schools to General Services District General	(2,591,700)	-	-	(2,591,700)
 Net Appropriation by District	 <u>\$ 1,232,626,900</u>	 <u>\$ 117,936,400</u>	 <u>\$ 1,433,000</u>	 <u>\$ 1,349,130,300</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2004-256 for the 2004-2005 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, 2004 Through June 30, 2005  
(Unaudited)

	<u>Principal</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
<b><u>SCHOOL DEBT SERVICE FUND</u></b>				
Outstanding General Obligation Bonds	\$ 25,803,200	\$ 19,561,000	\$ -	\$ 45,364,200
Redemption and Cremation Fees	-	-	205,000	205,000
Internal Service Fees	-	-	19,500	19,500
Reserve for New Debt (future debt requirements)	3,154,800	6,050,000	-	9,204,800
Tax Increment Payment - MDHA	-	-	378,700	378,700
	<u>28,958,000</u>	<u>25,611,000</u>	<u>603,200</u>	<u>55,172,200</u>
Total GSD School Purposes Debt Service Fund				
<b><u>GENERAL PURPOSES DEBT SERVICE FUND</u></b>				
Outstanding General Obligation Bonds:				
Public Works	13,633,100	5,472,200	-	19,105,300
Airport	545,100	65,700	-	610,800
Auditorium	52,100	102,000	-	154,100
Hospital	2,517,800	566,100	-	3,083,900
Library	2,803,200	4,845,200	-	7,648,400
Parks	2,672,800	1,867,600	-	4,540,400
Social Services	4,400	12,700	-	17,100
Convention Center	5,299,300	754,800	-	6,054,100
Other Public Buildings	2,538,100	3,775,400	-	6,313,500
Gaylord Arena	3,530,500	6,415,400	-	9,945,900
Law Enforcement and Care of Prisoners	3,861,600	1,937,000	-	5,798,600
Traffic and Parking	1,047,300	178,000	-	1,225,300
Public Transportation	500,500	329,900	-	830,400
Fire Protection	146,500	137,700	-	284,200
Health	178,900	206,500	-	385,400
Nashville Coliseum	1,582,000	3,759,600	-	5,341,600
E-911	3,121,700	611,900	-	3,733,600
Other	2,309,400	2,047,400	-	4,356,800
	<u>46,344,300</u>	<u>33,085,100</u>	<u>-</u>	<u>79,429,400</u>
Subtotal Outstanding General Obligation Bonds				
USD Debt Service Fund	-	-	7,794,900	7,794,900
Redemption, Cremation and Management Fees	-	-	205,000	205,000
Internal Service Fees	-	-	34,200	34,200
Reserve for New Debt (future debt requirements)	2,868,000	5,500,000	-	8,368,000
Tax Increment Payment - MDHA	-	-	814,200	814,200
	<u>2,868,000</u>	<u>5,500,000</u>	<u>8,848,300</u>	<u>17,216,300</u>
Subtotal				
Total General Purposes Debt Service Fund	<u>49,212,300</u>	<u>38,585,100</u>	<u>8,848,300</u>	<u>96,645,700</u>
Total General Services District	<u>\$ 78,170,300</u>	<u>\$ 64,196,100</u>	<u>\$ 9,451,500</u>	<u>\$ 151,817,900</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2004-256 for the 2004-2005 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, 2004 Through June 30, 2005  
 (Unaudited)

<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	\$ 1,021,500	\$ 719,600	\$ -	\$ 1,741,100
Public Works	10,211,000	4,075,700	-	14,286,700
Law Enforcement and Care of Prisoners	433,000	50,200	-	483,200
Traffic and Parking	700,000	81,100	-	781,100
Other	353,200	65,100	-	418,300
Subtotal Outstanding General Obligation Bonds	12,718,700	4,991,700	-	17,710,400
Redemption and Cremation Fees	-	-	87,900	87,900
Internal Service Fees	-	-	7,700	7,700
Reserve for New Debt (future debt requirements)	1,434,000	2,750,000	-	4,184,000
Note Requirements	-	-	-	-
Tax Increment Payment - MDHA	-	-	126,700	126,700
Subtotal	1,434,000	2,750,000	222,300	4,406,300
Total Urban Services District Debt Service Fund	<u>\$ 14,152,700</u>	<u>\$ 7,741,700</u>	<u>\$ 222,300</u>	<u>\$ 22,116,700</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2004-256 for the 2004-2005 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, 2004 Through June 30, 2005  
(Unaudited)

GENERAL PURPOSE SCHOOL FUND:

General Purpose School Fund: Operational	\$ 508,126,800
Tax Increment Payment - MDHA	<u>2,404,600</u>
Total General Purpose School Fund	<u>\$ 510,531,400</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2004-256 for the 2004-2005 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF ASSETS AND LIABILITIES  
CONSTITUTIONAL OFFICERS

June 30, 2004

	Richard R. Rooker, Circuit Court Clerk (1)	Cristi Scott, Clerk and Master (1)	Bill Covington, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 18,567,117	\$ 3,174,089	\$ 575,147	\$ 7,689,856
Investments	-	14,797	-	199,118
Other assets	10,828	-	-	-
Total assets	<u>\$ 18,577,945</u>	<u>\$ 3,188,886</u>	<u>\$ 575,147</u>	<u>\$ 7,888,974</u>
<b><u>LIABILITIES</u></b>				
Due to other funds of the primary government:				
Imprest cash	\$ 30,650	\$ 900	\$ 9,000	\$ 1,150
Excess fees for future operations	-	9,174	566,147	76,471
Expense reimbursement	-	-	-	-
Total due to other funds of the primary government	<u>30,650</u>	<u>10,074</u>	<u>575,147</u>	<u>77,621</u>
Funds held in trust	<u>15,431,882</u>	<u>3,169,929</u>	<u>-</u>	<u>6,852,339</u>
Other liabilities:				
Due to the State of Tennessee	-	-	-	-
Due to individuals	-	8,848	-	-
Excess fees for future operations	2,988,751	-	-	-
Miscellaneous	126,662	35	-	-
Escrow	-	-	-	959,014
Total other liabilities	<u>3,115,413</u>	<u>8,883</u>	<u>-</u>	<u>959,014</u>
Total liabilities	<u>\$ 18,577,945</u>	<u>\$ 3,188,886</u>	<u>\$ 575,147</u>	<u>\$ 7,888,974</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, 2004

Bill Garrett, County Register (1)	Vic Lineweaver, Juvenile Court Clerk (1)	Sheriff Work Release and Inmate Trust (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 2,966,071	\$ 2,353,417	\$ 529,282	\$ 852,881	\$ 36,707,860
-	-	-	-	213,915
<u>9,899</u>	<u>2,021</u>	<u>-</u>	<u>-</u>	<u>22,748</u>
<u>\$ 2,975,970</u>	<u>\$ 2,355,438</u>	<u>\$ 529,282</u>	<u>\$ 852,881</u>	<u>\$ 36,944,523</u>
\$ 200	\$ 3,450	\$ -	\$ 482,500	\$ 527,850
447,273	74,071	-	-	1,173,136
<u>-</u>	<u>-</u>	<u>-</u>	<u>370,381</u>	<u>370,381</u>
<u>447,473</u>	<u>77,521</u>	<u>-</u>	<u>852,881</u>	<u>2,071,367</u>
<u>-</u>	<u>1,833,645</u>	<u>529,282</u>	<u>-</u>	<u>27,817,077</u>
2,435,730	199,036	-	-	2,634,766
-	189,688	-	-	198,536
-	55,548	-	-	3,044,299
-	-	-	-	126,697
<u>92,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,051,781</u>
<u>2,528,497</u>	<u>444,272</u>	<u>-</u>	<u>-</u>	<u>7,056,079</u>
<u>\$ 2,975,970</u>	<u>\$ 2,355,438</u>	<u>\$ 529,282</u>	<u>\$ 852,881</u>	<u>\$ 36,944,523</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, 2004

	Richard R. Rooker, Circuit Court Clerk (1)	Cristi Scott, Clerk and Master (1)	Bill Covington, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>Revenues and other receipts</u>				
Transfer and mortgage taxes	\$ -	\$ -	\$ -	\$ -
Judgments	31,177,311	-	-	-
Child support	2,296,713	-	-	-
Agency cash receipts	6,016,886	8,294,748	-	1,905,584
Automobile, truck and trailer tags and titles	-	-	16,327,603	-
Metropolitan automobile stickers	-	-	15,762,331	-
Business, occupation, and use tax	-	1,979,805	78,053,573	-
Property tax payments	-	6,133,511	-	-
Litigation tax payments	1,511,166	144,543	-	-
Fees and commissions	8,191,942	649,662	5,353,870	5,824,056
Fees collected for others	1,309,028	10,598	-	1,670,179
Fines and penalties	490,898	-	-	-
Interest	14,946	9,174	27,025	-
Other revenues	422,170	704,185	1,223,810	160,419
	<u>51,431,060</u>	<u>17,926,226</u>	<u>116,748,212</u>	<u>9,560,238</u>
<u>Expenditures and other uses</u>				
Judgments	34,353,919	-	-	-
Child support	2,296,360	-	-	-
Agency cash disbursements	5,335,096	8,295,110	-	1,767,533
Payments to State of Tennessee	1,393,484	91,556	41,857,009	1,156,726
Funds transferred to Metropolitan Government	4,987,577	8,870,488	74,868,482	5,767,775
Other fees and commissions	89,483	650,506	-	-
Payroll and personnel expenses	4,350,421	-	-	-
Other expenditures	732,824	10,598	-	741,713
	<u>53,539,164</u>	<u>17,918,258</u>	<u>116,725,491</u>	<u>9,433,747</u>
Excess of revenues and other receipts over (under) expenditures and other uses	(2,108,104)	7,968	22,721	126,491
Cash and cash equivalents - July 1, 2003	20,675,221	3,166,121	552,426	7,563,365
Cash and cash equivalents - June 30, 2004	<u>\$ 18,567,117</u>	<u>\$ 3,174,089</u>	<u>\$ 575,147</u>	<u>\$ 7,689,856</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, 2004

Bill Garrett, County Register (1)	Vic Lineweaver, Juvenile Court Clerk (1)	Sheriff Work Release and Inmate Trust (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 23,174,587	\$ -	\$ -	\$ -	\$ 23,174,587
-	64,135	-	-	31,241,446
-	5,656,343	-	-	7,953,056
-	283,340	1,991,522	-	18,492,080
-	-	-	-	16,327,603
-	-	-	-	15,762,331
-	-	-	-	80,033,378
-	-	-	616,287,643	622,421,154
-	-	-	-	1,655,709
5,928,105	312,585	-	-	26,260,220
344,303	-	-	-	3,334,108
-	18,870	-	-	509,768
8,394	6,347	-	29,491	95,377
-	-	-	-	2,510,584
<u>29,455,389</u>	<u>6,341,620</u>	<u>1,991,522</u>	<u>616,317,134</u>	<u>849,771,401</u>
-	50,783	-	-	34,404,702
-	5,616,950	-	-	7,913,310
-	276,763	1,893,811	-	17,568,313
22,657,033	-	-	-	67,155,808
4,000,000	321,131	-	616,562,263	715,377,716
344,302	18,123	-	-	1,102,414
1,850,459	-	-	-	6,200,880
29,829	-	-	-	1,514,964
<u>28,881,623</u>	<u>6,283,750</u>	<u>1,893,811</u>	<u>616,562,263</u>	<u>851,238,107</u>
573,766	57,870	97,711	(245,129)	(1,466,706)
<u>2,392,305</u>	<u>2,295,547</u>	<u>431,571</u>	<u>1,098,010</u>	<u>38,174,566</u>
<u>\$ 2,966,071</u>	<u>\$ 2,353,417</u>	<u>\$ 529,282</u>	<u>\$ 852,881</u>	<u>\$ 36,707,860</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, 2004

	Richard R. Rooker, Circuit Court Clerk (1)	Cristi Scott, Clerk and Master (1)	Bill Covington, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>Revenues</u>				
Fees and commissions	\$ 8,191,942	\$ 649,662	\$ 5,353,870	\$ 5,824,056
Other	14,946	9,174	27,025	-
Total revenues	<u>8,206,888</u>	<u>658,836</u>	<u>5,380,895</u>	<u>5,824,056</u>
<u>Expenditures and other uses</u>				
Expenditures:				
Payroll - staff	3,385,270	-	-	-
Payroll taxes/benefits	965,151	-	-	-
Travel	2,241	-	-	-
Office supplies/expenditures	417,202	-	-	-
Total expenditures	<u>4,769,864</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Uses:				
Fees and commissions to county (General Fund)	1,550,112	650,506	5,355,513	5,779,895
Total expenditures and other uses	<u>6,319,976</u>	<u>650,506</u>	<u>5,355,513</u>	<u>5,779,895</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	1,886,912	8,330	25,382	44,161
Balances, July 1, 2003	<u>1,101,839</u>	<u>844</u>	<u>540,765</u>	<u>32,310</u>
Balances, June 30, 2004	<u>\$ 2,988,751</u>	<u>\$ 9,174</u>	<u>\$ 566,147</u>	<u>\$ 76,471</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, 2004

Bill Garrett, County Register (1)	Vic Lineweaver, Juvenile Court Clerk (1)	Sheriff Work Release and Inmate Trust (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 5,928,105	\$ 312,585	\$ -	\$ -	\$ 26,260,220
8,394	6,347	-	-	65,886
<u>5,936,499</u>	<u>318,932</u>	<u>-</u>	<u>-</u>	<u>26,326,106</u>
1,451,325	-	-	-	4,836,595
399,134	-	-	-	1,364,285
-	-	-	-	2,241
29,829	-	-	-	447,031
<u>1,880,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,650,152</u>
4,000,000	321,131	-	-	17,657,157
<u>5,880,288</u>	<u>321,131</u>	<u>-</u>	<u>-</u>	<u>24,307,309</u>
56,211	(2,199)	-	-	2,018,797
<u>391,062</u>	<u>131,818</u>	<u>-</u>	<u>-</u>	<u>2,198,638</u>
<u>\$ 447,273</u>	<u>\$ 129,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,217,435</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
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
2002-03	13,463,419,440	11,792,547,023	1,025,692,548	645,179,869
2003-04	13,280,463,599	11,809,121,866	917,401,480	553,940,253

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	
\$ 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
9,022,873,427	7,722,115,933	765,147,395	535,610,099	42,988,853,105
8,792,189,489	7,667,951,606	680,464,904	443,772,979	45,150,830,802

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
1994-95	\$ 3.38	\$ 1.83	\$ 1.01	\$ 0.43	\$ 0.11	\$ 1.12	\$ 0.99	\$ 0.13
1995-96 (1)	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 (2)	3.17	1.59	0.96	0.49	0.13	0.95	0.84	0.11
1998-99 (3)	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 (4)	3.75	1.88	1.24	0.43	0.20	0.83	0.73	0.10
2002-03 (5)	3.75	1.85	1.27	0.43	0.20	0.83	0.73	0.10
2003-04	3.75	1.85	1.27	0.43	0.20	0.83	0.73	0.10

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

- (1) In fiscal year 1995-96, the GSD property tax rate was reallocated among the funds receiving property tax revenue.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) In fiscal year 2002-03, the GSD property tax rate was reallocated among the funds receiving property tax revenue.



THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

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>
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
2002-03	508,874,943	74,889,899	583,764,842	557,508,632	95.50
2003-04	502,057,059	72,975,223	575,032,282	555,507,839	96.60

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 Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage Uncollected</u>
\$ 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	100.58	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
16,336,094	573,844,726	98.30	22,789,334	3.90
18,892,742	574,400,581	99.89	18,801,595	3.27

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL TAXPAYERS

Unaudited - See Accompanying Accountants' Report

December 31, 2003

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation</u>	<u>% of Total 2003 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Total Levy</u>
Electric Power Board	Utility	\$ n/a	n/a %	\$ 18,796,439	3.27 %
Gaylord	Music, Entertainment and Hotel	283,333,838	2.13	10,118,923	1.76
BellSouth	Communications	176,197,090	1.32	7,892,432	1.37
Columbia/HCA	Health Facilities Management	102,365,222	0.77	4,702,260	0.82
CBL & Associates	Mall Management	102,966,354	0.78	4,384,540	0.76
Piedmont Natural Gas Company	Utility	74,342,409	0.56	3,277,746	0.57
PREFCO XIV Ltd.	Communications	58,415,390	0.44	2,763,048	0.48
Opry Mills Co.	Retail Management	68,960,000	0.52	2,648,064	0.46
BEL-EQR	Commercial Development	49,465,808	0.37	2,265,534	0.39
E. I. Dupont	Manufacturing and Processing	<u>37,503,300</u>	<u>0.28</u>	<u>1,438,185</u>	<u>0.25</u>
		<u>\$ 953,549,411</u>	<u>7.17 %</u>	<u>\$ 58,287,171</u>	<u>10.13 %</u>

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

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>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General Fund					
Property taxes	\$ 338,782,911	\$ 337,920,726	\$ 340,182,082	\$ 266,534,541	\$ 255,958,467
Local option sales tax	79,253,422	76,182,263	75,486,161	78,323,804	78,072,027
Other taxes, licenses and permits	76,705,938	75,176,573	75,699,531	78,457,620	77,221,770
Fines, forfeits and penalties	9,543,823	10,534,610	9,197,437	9,886,470	11,623,769
Revenues from the use of money or property	80,783	1,123,885	1,793,043	2,634,827	2,435,785
Revenues from other governmental agencies	80,786,222	94,232,379	93,569,510	93,730,534	96,819,242
Commissions and fees	19,637,940	18,953,278	14,356,454	13,516,675	13,756,439
Charges for current services	22,286,175	21,730,596	20,969,793	19,681,031	18,924,947
Compensation for loss, sale or damage to property	1,625,906	5,493,793	1,303,830	1,313,367	1,301,870
Contributions, gifts and miscellaneous	1,573,799	1,169,500	990,519	1,618,800	2,301,071
Total General Fund	<u>630,276,919</u>	<u>642,517,603</u>	<u>633,548,360</u>	<u>565,697,669</u>	<u>558,415,387</u>
General Purpose School Fund	474,428,622	464,875,962	456,291,844	399,530,185	389,044,679
Debt Service Funds	<u>115,243,472</u>	<u>116,000,524</u>	<u>131,650,866</u>	<u>119,921,026</u>	<u>113,343,346</u>
Total Revenue	<u>1,219,949,013</u>	<u>1,223,394,089</u>	<u>1,221,491,070</u>	<u>1,085,148,880</u>	<u>1,060,803,412</u>
Deduct: Budget Transfer to the General Fund 4% Reserve Fund	<u>18,441,722</u>	<u>18,262,104</u>	<u>17,837,716</u>	<u>15,437,557</u>	<u>14,649,488</u>
Net Revenue	<u>\$ 1,201,507,291</u>	<u>\$ 1,205,131,985</u>	<u>\$ 1,203,653,354</u>	<u>\$ 1,069,711,323</u>	<u>\$ 1,046,153,924</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>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$	250,095,609	\$ 245,392,041	\$ 217,934,679	\$ 212,642,118	\$ 212,478,890
	74,452,947	72,214,977	70,270,730	66,180,490	61,432,031
	73,304,945	68,547,321	66,576,576	64,227,199	61,788,660
	11,382,032	10,734,283	9,177,892	8,448,737	9,052,504
	3,960,366	2,790,543	3,489,548	4,219,487	3,599,665
	98,164,129	93,885,607	85,724,966	79,013,495	84,564,078
	14,577,828	14,416,683	13,250,103	12,721,365	11,290,398
	18,433,071	18,304,523	20,017,505	19,878,699	17,710,507
	1,800,520	1,119,673	228,504	285,284	357,313
	<u>1,731,687</u>	<u>1,284,012</u>	<u>1,295,352</u>	<u>632,969</u>	<u>942,244</u>
	<u>547,903,134</u>	<u>528,689,663</u>	<u>487,965,855</u>	<u>468,249,843</u>	<u>463,216,290</u>
	381,137,135	373,595,009	347,904,891	335,975,340	322,046,378
	<u>108,584,462</u>	<u>88,121,244</u>	<u>69,872,195</u>	<u>67,939,120</u>	<u>66,907,877</u>
	<u>1,037,624,731</u>	<u>990,405,916</u>	<u>905,742,941</u>	<u>872,164,303</u>	<u>852,170,545</u>
	14,505,164	13,777,544	12,804,553	12,115,586	12,191,721
\$	<u><u>1,023,119,567</u></u>	<u><u>976,628,372</u></u>	<u><u>892,938,388</u></u>	<u><u>860,048,717</u></u>	<u><u>839,978,824</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF EXPENDITURES AND ENCUMBRANCES FOR GENERAL GOVERNMENTAL FUND TYPES \*

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General Fund					
General Government	\$ 37,309,809	\$ 32,549,058	\$ 27,660,246	\$ 23,780,866	\$ 23,575,104
Fiscal Administration	21,008,051	20,323,270	19,765,287	17,128,581	15,835,754
Administration of Justice	50,333,461	45,794,670	43,163,240	39,377,240	41,327,826
Law Enforcement and Care of Prisoners	167,481,033	169,148,228	159,551,996	140,935,478	140,897,348
Fire Prevention and Control	93,266,180	86,043,913	79,073,811	67,145,761	68,744,162
Regulation and Inspection	7,239,736	7,006,740	7,177,920	5,890,959	6,211,955
Conservation of Natural Resources	398,925	311,037	319,543	354,787	300,301
Public Welfare	14,185,717	12,709,251	12,554,567	12,758,996	16,941,661
Public Health and Hospitals	74,714,817	72,191,199	68,431,324	28,794,563	27,810,992
Public Library System	19,425,446	17,795,337	16,237,004	11,815,438	10,275,471
Public Works, Highways and Streets	29,901,517	27,117,716	30,688,707	30,886,707	32,731,146
Recreational and Cultural	33,654,421	31,793,123	30,305,628	27,826,667	27,751,742
Employee Benefits	54,892,819	51,520,203	46,876,942	44,796,706	43,186,268
Miscellaneous	35,774,040	34,573,313	33,791,687	12,533,657	10,979,389
Total General Fund	<u>639,585,972</u>	<u>608,877,058</u>	<u>575,597,902</u>	<u>464,026,406</u>	<u>466,569,119</u>
General Purpose School Fund	499,970,343	458,498,757	428,320,788	394,376,730	387,659,192
Debt Service Funds	<u>138,908,883</u>	<u>137,289,937</u>	<u>131,998,689</u>	<u>104,810,337</u>	<u>102,324,165</u>
Total Expenditures before 4% Transfer	<u>1,278,465,198</u>	<u>1,204,665,752</u>	<u>1,135,917,379</u>	<u>963,213,473</u>	<u>956,552,476</u>
Add: Budget Transfer to the General Fund 4% Reserve Fund	<u>18,441,722</u>	<u>18,262,104</u>	<u>17,837,716</u>	<u>15,437,557</u>	<u>14,649,488</u>
Total Expenditures	<u>\$ 1,296,906,920</u>	<u>\$ 1,222,927,856</u>	<u>\$ 1,153,755,095</u>	<u>\$ 978,651,030</u>	<u>\$ 971,201,964</u>

\* Encumbrances are included for the General Purpose School Fund for all years prior to 2003 and for the General and Debt Services Funds for all years prior to 1999.

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>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$	24,269,182	\$ 22,973,398	\$ 22,830,962	\$ 22,672,851	\$ 19,686,089
	18,309,022	15,560,194	14,795,453	14,602,415	14,088,328
	39,563,106	36,282,412	34,624,556	32,062,596	28,221,649
	147,489,469	139,286,796	128,823,553	121,180,616	110,439,602
	68,780,838	67,440,361	64,050,424	61,860,256	59,347,445
	6,849,852	6,237,907	5,989,768	5,855,441	5,473,245
	292,287	277,869	247,155	239,329	212,064
	16,519,502	15,525,219	12,318,797	12,032,848	11,152,342
	27,388,492	27,617,511	26,217,772	26,048,631	26,821,179
	9,882,149	10,384,742	10,461,610	10,407,634	9,634,977
	36,271,472	37,376,663	38,683,642	31,128,454	34,972,399
	27,709,921	27,938,042	27,451,805	25,775,667	22,605,006
	41,326,087	41,318,534	39,917,068	39,381,125	38,184,330
	5,821,492	5,857,605	4,083,112	2,205,147	2,549,444
	<u>470,472,871</u>	<u>454,077,253</u>	<u>430,495,677</u>	<u>405,453,010</u>	<u>383,388,099</u>
	381,843,046	373,087,216	348,408,507	330,806,775	318,645,575
	96,228,434	89,468,621	80,556,772	71,839,664	64,428,679
	<u>948,544,351</u>	<u>916,633,090</u>	<u>859,460,956</u>	<u>808,099,449</u>	<u>766,462,353</u>
	14,505,164	13,777,544	12,804,553	12,115,586	12,191,721
\$	<u><u>963,049,515</u></u>	<u><u>930,410,634</u></u>	<u><u>872,265,509</u></u>	<u><u>820,215,035</u></u>	<u><u>778,654,074</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS, BY FUND, OF INVESTMENT INCOME

Unaudited - See Accompanying Accountants' Report  
Ten Year Summary

	2004	2003	2002	2001
<b>GOVERNMENTAL FUNDS</b>				
General Fund	\$ 80,783	\$ 1,123,885	\$ 1,793,043	\$ 2,634,827
General Purpose School	84,415	684,915	694,412	1,119,380
GSD General Purposes Debt Service	314,728	1,158,414	1,948,763	2,771,990
GSD School Purposes Debt Service	379,557	1,332,540	2,170,950	2,776,710
USD General Purposes Debt Service	23,328	203	333,230	217,955
Total major funds	<u>882,811</u>	<u>4,299,957</u>	<u>6,940,398</u>	<u>9,520,862</u>
Nonmajor governmental funds:				
Metropolitan Action Commission	9,472	29,684	13,105	5,284
General Government Services	54,649	89,940	169,543	309,954
Recreational and Cultural Services	3,052	8,807	18,397	51,729
General Fund 4% Reserve	225,824	852,445	960,082	1,599,518
Law Enforcement and Justice Services	118,125	418,069	674,158	779,729
Solid Waste	31,936	95,601	93,191	372,840
Stormwater Operations	14,104	6,120	713	-
Library Services	9,095	40,772	66,537	131,775
Health Services	1,808	7,895	22,482	30,461
Public Welfare Services	9,466	328	240	7,402
Natural Disaster Recovery	-	5	129	54,311
Education Services	133,045	223,794	337,954	628,719
Infrastructure Services	2,754	4,583	6,189	1,509
Nashville Career Advancement Center	-	3,277	5,577	20,616
District Energy System Development	5,714	41,531	-	-
Public Works Services	(144)	-	-	-
Regulation and Inspection Services	-	-	-	-
Correctional Facility Revenue Bonds	6,482	23,670	36,701	126,187
GSD Capital Projects	236,674	1,196,176	2,537,552	5,569,533
Education Capital Projects	264,455	934,215	4,729,859	1,731,561
USD Capital Projects	4,688	6,568	303,436	174,493
General Government Permanent Funds	971	63,368	48,674	-
Education Permanent Funds	1,006	4,179	5,885	-
Total nonmajor governmental funds	<u>1,133,176</u>	<u>4,051,027</u>	<u>10,030,404</u>	<u>11,595,621</u>
Total governmental funds	<u>2,015,987</u>	<u>8,350,984</u>	<u>16,970,802</u>	<u>21,116,483</u>
<b>PROPRIETARY FUNDS</b>				
Enterprise funds:				
Department of Water and Sewerage Services	1,852,839	8,712,562	13,492,125	19,065,879
District Energy System	146,891	-	-	-
Other enterprise funds:				
Nashville Convention Center	8,605	35,612	48,462	106,990
Board of Fair Commissioners	34,544	138,174	213,984	488,949
Farmers Market	4,587	18,225	25,028	42,721
Police Secondary Employment	2,935	6,352	5,933	422
Surplus Property Auction	(1,137)	141	-	-
Total enterprise funds	<u>2,049,264</u>	<u>8,911,066</u>	<u>13,785,532</u>	<u>19,704,961</u>

2000	1999	1998	1997	1996	1995
\$ 2,435,785	\$ 3,960,366	\$ 2,790,543	\$ 3,489,548	\$ 4,219,487	\$ 3,599,665
749,217	1,268,234	1,603,547	1,741,411	1,584,514	1,547,430
2,936,946	2,278,432	2,839,590	2,005,808	1,676,270	2,137,732
2,137,572	1,500,573	1,294,173	1,040,316	885,015	1,058,828
343,433	433,511	530,328	488,771	528,691	610,045
<u>8,602,953</u>	<u>9,441,116</u>	<u>9,058,181</u>	<u>8,765,854</u>	<u>8,893,977</u>	<u>8,953,700</u>
11,822	9,415	17,940	6,776	1,499	-
334,972	520,133	446,212	352,127	358,356	311,644
57,258	40,467	64,604	60,671	68,599	29,841
1,273,130	1,065,889	1,134,183	1,006,782	1,146,234	986,394
653,508	580,628	422,037	322,308	268,372	207,993
416,574	416,610	608,683	814,296	807,911	970,366
-	-	-	-	-	-
119,200	31,475	11,162	10,413	9,694	9,332
10,143	166	-	-	-	-
53	-	-	-	-	-
2,032	688	-	-	-	-
553,263	487,985	580,302	520,674	607,541	454,080
-	-	-	-	-	-
1,919	1,606	3,648	2,379	255	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
113,566	108,591	143,319	316,368	264,046	199,679
8,684,937	7,415,797	11,260,527	8,738,207	3,721,893	3,194,254
2,336,082	1,460,702	1,536,029	1,827,853	4,524,412	2,660,365
16,992	24,752	119,270	161,342	251,973	154,516
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,585,451</u>	<u>12,164,904</u>	<u>16,347,916</u>	<u>14,140,196</u>	<u>12,030,785</u>	<u>9,178,464</u>
<u>23,188,404</u>	<u>21,606,020</u>	<u>25,406,097</u>	<u>22,906,050</u>	<u>20,924,762</u>	<u>18,132,164</u>
15,788,900	14,554,859	14,065,120	17,906,697	16,041,128	13,426,299
-	-	-	-	-	-
91,511	64,840	72,766	76,069	50,122	41,797
451,314	396,834	396,462	335,715	307,737	240,756
32,908	14,477	3,930	-	18,680	49,263
4,333	-	-	-	-	-
-	-	-	-	-	-
<u>16,368,966</u>	<u>15,031,010</u>	<u>14,538,278</u>	<u>18,318,481</u>	<u>16,417,667</u>	<u>13,758,115</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS, BY FUND, OF INVESTMENT INCOME (CONTINUED)

Unaudited - See Accompanying Accountants' Report  
Ten Year Summary

	2004	2003	2002	2001
<u>PROPRIETARY FUNDS (Continued)</u>				
Internal service funds:				
Central Printing	\$ 1,113	\$ 7,068	\$ 13,294	\$ 30,228
Office of Fleet Management	23,624	102,867	-	-
Motor Pool	-	-	148,789	305,797
Information Systems	240	15,312	2,503	56,393
Radio Shop	15,221	50,785	30,328	35,325
School Self Insurance	14,895	62,780	83,192	139,195
General Government Self Insurance	138,551	475,808	677,711	1,233,901
School Professional Employees' Insurance	(9,259)	47,777	73,821	409,643
Employees' Medical Benefit	54,478	44,750	130,435	477,250
Injured On Duty	-	-	-	-
Schools Central Storeroom	3,329	2,143	264	773
Metro Postal Service	212	1,872	4,490	8,606
Facilities Planning and Construction	5,191	10,264	-	-
Treasury Management	25	2,491	-	18
Technology Revolving	6,384	-	-	-
Total internal service funds	254,004	823,917	1,164,827	2,697,129
Total proprietary funds	2,303,268	9,734,983	14,950,359	22,402,090
<u>FIDUCIARY FUNDS</u>				
General Government Expendable Trusts	-	-	-	1,016
School Nonexpendable Trusts	-	-	-	11,225
General Government Nonexpendable Trusts	-	-	-	11,923
Library Stanton Endowment Trust	-	-	-	2,309
Joseph B. Knowles Trust	-	-	-	35,677
Davidson County Employees' Retirement	107	-	-	139
Metropolitan Employees' Benefit Trust	33,323,909	24,143,217	29,512,470	28,692,924
Employees' Pension and Insurance	3,513	12,985	13,812	31,712
Teachers' Retirement Plan	2,920,995	3,017,670	5,642,235	4,234,386
School Expendable Trusts	-	-	-	1,122
Closed City Plan	633	-	427	316
Teachers' Civil Service and Pension	2,546	9,113	11,838	16,810
Metropolitan Employees' Flexible Benefits Plan	521	15,546	33,086	3,624
Employee Deferred Compensation Plan	-	-	-	-
Education Flexible Benefits Plan	224	-	-	-
Total fiduciary funds	36,252,448	27,198,531	35,213,868	33,043,183
<u>COMPONENT UNITS</u>				
Governmental Types:				
Nashville District Management Corporation	2,271	2,127	7,577	25,908
Sports Authority	91,141	321,233	936,573	2,330,867
Proprietary Types:				
Hospital Authority:				
General Hospital	-	-	-	-
Bordeaux Hospital	27,660	165,924	208,616	361,075
Metropolitan Development and Housing Agency	696,216	1,338,482	2,156,694	2,386,482
Electric Power Board	1,373,676	3,196,028	7,371,988	6,478,484
Metropolitan Transit Authority	21,057	44,031	87,425	50,339
Nashville Thermal Transfer Corporation	104,248	52,236	206,155	1,220,107
Metropolitan Nashville Airport Authority	5,026,751	3,583,967	3,949,999	6,593,176
Emergency Communications District	25,502	49,498	95,516	138,521
Industrial Development Board	2,983	6,269	6,647	9,814
Nashville Public Television Council, Incorporated	-	-	-	-
WPLN Educational Foundation	-	-	-	-
Total component units	7,371,505	8,759,795	15,027,190	19,594,773
GRAND TOTAL	\$ 47,943,208	\$ 54,044,293	\$ 82,162,219	\$ 96,156,529

2000	1999	1998	1997	1996	1995
\$ 30,595	\$ 25,483	\$ 27,190	\$ 24,624	\$ 20,635	\$ 17,718
-	-	-	-	-	-
398,836	533,743	556,242	436,511	308,287	191,830
106,122	112,548	116,500	120,516	104,897	95,965
40,230	24,436	24,672	21,846	26,271	16,941
112,984	103,853	96,517	59,792	45,908	15,141
1,117,412	992,726	1,061,500	945,492	879,366	682,303
360,357	444,883	405,550	549,621	567,679	486,134
305,104	214,447	185,690	233,216	399,164	402,005
-	-	-	-	-	-
2,932	-	-	-	1,123	3,437
9,114	4,932	8,076	7,366	7,144	7,582
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,483,686</u>	<u>2,457,051</u>	<u>2,481,937</u>	<u>2,398,984</u>	<u>2,360,474</u>	<u>1,919,056</u>
<u>18,852,652</u>	<u>17,488,061</u>	<u>17,020,215</u>	<u>20,717,465</u>	<u>18,778,141</u>	<u>15,677,171</u>
934	835	861	800	800	904
10,648	9,908	8,271	5,676	5,810	6,510
11,562	10,503	10,812	10,041	10,490	10,975
885	-	-	-	-	-
40,684	500,511	36,954	56,046	55,964	67,998
85	568	711	511	831	859
259,093,239	141,510,021	142,512,101	156,536,847	132,033,715	97,963,924
-	-	12,744	9,744	15,279	15,425
29,682,800	11,498,129	15,624,813	15,072,975	11,304,908	13,902,530
1,091	1,008	1,020	895	886	1,229
105	770	1,692	867	2,163	1,767
-	-	11,533	10,562	15,396	14,812
1,057	377	-	-	-	-
-	12,594,002	-	-	-	-
-	-	-	-	-	-
<u>288,843,090</u>	<u>166,126,632</u>	<u>158,221,512</u>	<u>171,704,964</u>	<u>143,446,242</u>	<u>111,986,933</u>
23,820	-	-	-	-	-
1,418,850	494,312	816,965	808,409	507,860	-
-	-	-	-	-	-
367,529	116,517	164,642	-	19,569	-
1,786,109	1,741,291	1,566,057	1,205,511	1,347,505	718,369
6,332,734	8,377,301	5,703,676	6,632,640	4,976,679	5,582,950
32,399	48,659	84,098	83,143	120,622	126,732
1,043,420	1,290,755	2,500,464	1,429,113	824,770	812,165
4,304,079	5,977,421	6,496,266	6,331,158	6,661,513	7,001,334
132,751	155,156	107,567	101,655	145,810	110,272
9,337	3,197	-	-	-	-
-	84,051	87,673	89,756	105,835	86,610
-	-	-	138,335	456,057	305,483
<u>15,451,028</u>	<u>18,288,660</u>	<u>17,527,408</u>	<u>16,819,720</u>	<u>15,166,220</u>	<u>14,743,915</u>
<u>\$ 346,335,174</u>	<u>\$ 223,509,373</u>	<u>\$ 218,175,232</u>	<u>\$ 232,148,199</u>	<u>\$ 198,315,365</u>	<u>\$ 160,540,183</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
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
2003	571,200	13,463,419	1,114,990,000	163,736,722	17,562,681	933,690,597	6.94	1,634.61
2004	574,700	13,280,464	1,158,710,000	151,389,536	12,519,184	994,801,280	7.49	1,730.99

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
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
2003	9,022,873	97,896,614	13,230,403	-	84,666,211	0.94
2004	8,792,189	107,356,602	13,900,016	-	93,456,586	1.06

(1) Source: Nashville Area Chamber of Commerce end of calendar year estimate. Population estimates are not available for the Urban Services District.

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

For the Year Ended June 30, 2004

Unaudited - See Accompanying Accountants' Report

COMPUTATION OF NET GENERAL OBLIGATION DEBT

Gross General Obligation Debt		\$ 1,158,710,000
Less:		
Amounts available in debt service funds	\$ 151,389,536	
Debt payable from other sources:		
Hotel Occupancy Tax:		
Convention Center Project:		
G.O. Refunding Bonds of 1993	9,369,184	
G.O. Multi-Purpose Improvement Bonds, Series 1997A	<u>3,150,000</u>	
Total deductions		<u>163,908,720</u>
Net General Obligation Debt		<u><u>\$ 994,801,280</u></u>

COMPUTATION OF LEGAL DEBT MARGIN

Assessed valuation of taxable property - Urban Services District*		<u><u>\$ 8,792,189,489</u></u>
Debt limit - 15 percent of assessed valuation		\$ 1,318,828,423
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 107,356,602	
Less:		
Amounts available in debt service funds	<u>13,900,016</u>	
Total amount of debt applicable to debt limit		<u>93,456,586</u>
Legal debt margin		<u><u>\$ 1,225,371,837</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>
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 (2)	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 (2)	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
2003 (3)	76,525,000	59,109,289	135,634,289	1,379,369,427	9.8
2004 (3)	78,380,000	60,128,034	138,508,034	1,473,753,507	9.4

(1) Includes General, Special Revenue and Debt Service Funds, excluding the Correctional Facility Revenue Bonds.

(2) For comparability, amounts do not include refunding bond issue costs.

(3) For comparability, amounts do not include refunding bond issue costs. Amounts include contractual services.



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	
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
2003	155,559,547	65,397,607	90,161,940	20,190,000	28,620,637	48,810,637	1.85
2004	154,638,475	71,273,048	83,365,427	21,680,000	27,531,176	49,211,176	1.69

(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, 2004

<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 \$4,817,700,000. Metro's portion totals \$2,730,602,000. 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		Commercial Insurance 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. 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 Employee Dishonesty	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.
Faithful performance	Loss caused by failure of official to faithfully perform duty	Certain elected officials as required by Tennessee Statutes and Metro Charter - Limits vary.
Surety	Loss caused by acts of official	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, 2004

<u>NAME OF OFFICIAL</u>	<u>TITLE</u>	<u>ANNUAL SALARY</u>	<u>AMOUNT OF SURETY BOND</u>
William P. Purcell, III	Mayor	\$ 136,500	\$ 50,000
David Manning	Director of Finance	147,420	250,000
Celia Kirby	Treasurer	92,568	2,000,000
Stephen B. Gordon	Purchasing Agent	82,673	25,000
Mitzi F. Martin	Chief Accountant	84,319	25,000
Charles R. Lovett	Human Resources Director	106,000	25,000
Richard R. Rooker	Circuit Court Clerk	100,969	50,000
Richard R. Rooker	Probate Clerk	-	250,000
William B. Garrett, Jr.	Register of Deeds	100,488	25,000
Charles E. Cardwell	Trustee	100,969	12,000,000
William R. Covington	County Clerk	100,969	500,000
David Torrence	Criminal Court Clerk	100,969	150,000
J. Daron Hall	Sheriff	111,066	50,000
Jo Ann North	Assessor of Property	100,969	10,000
Cristi Scott	Clerk & Master	100,969	50,000
Vic Lineweaver	Juvenile Court Clerk	100,969	50,000
Monica D. Edwards	Public Guardian	-	200,000
Peggy Duncan Mathes	Public Administrator	-	100,000
Thomas H. Ware	Public Trustee	-	100,000
Richard Rooker	Commissioner & Receiver	-	5,000
Richard Rooker	Official Revenue	-	25,000
Walter Overton	Executive Director Sports Authority	64,890	50,000
Chris Henson	MNPS Assistant Superintendent of Business, Facility and Services	128,749	1,000,000

**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		2003	Estimated	% Change	
			1980-1990			2004	1990-2004	
Nashville/Davidson (1)	477,811	510,786	6.9	%	569,842	574,662	12.5	%
MSA (1)	850,505	985,026	15.8		1,252,324	1,395,168	41.6	
State (1)	4,591,120	4,890,640	6.5		5,841,748	5,911,369	20.9	
United States (2)	226,545,805	248,709,925	9.8		282,909,885	294,252,961	18.3	

Source: Population is from the U.S. Department of Commerce, Bureau of the Census except for "Estimated 2004" which are from the following sources:

(1) Nashville/Davidson, MSA, and State estimates for 2004 are from projections based on existing population and growth rates.

Cannon, Hickman, Macon, Smith, and Trousdale counties were added to the Nashville MSA as of December 2003.

(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	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	% Change 03 vs. 94
Manufacturing	92.0	92.9	89.1	88.5	88.7	89.2	88.3	84.6	79.4	78.4	-14.8
Wholesale Trade	31.9	32.9	33.0	34.2	34.9	34.5	33.7	33.8	32.5	34.8	9.1
Retail Trade	65.8	69.0	71.9	74.4	76.8	78.9	81.0	79.1	75.4	77.5	17.8
Construction	25.4	27.4	29.5	31.3	32.2	33.2	34.3	32.4	31.0	33.0	29.9
Natural Resources and											
Mining	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.4	0.4	0.5	-16.7
Financial Activities	38.1	40.3	42.8	44.2	47.2	48.1	46.2	43.6	43.1	44.3	16.3
Professional and											
Business Services	54.1	58.7	62.8	67.3	73.9	82.5	88.2	86.2	91.0	82.4	52.3
Information	17.7	18.9	19.0	19.3	20.8	20.6	21.1	22.8	22.0	19.6	10.7
Government	75.4	76.2	77.9	80.7	82.5	84.4	85.8	87.2	88.0	89.4	18.6
Leisure and Hospitality	54.8	57.8	60.3	63.6	63.1	65.3	68.0	67.8	68.3	71.0	29.6
Trade, Transportation and											
Utilities	119.4	123.4	125.9	130.1	134.6	137.5	139.8	138.9	132.7	139.0	16.4
<b>Total</b>	<b>575.2</b>	<b>598.1</b>	<b>612.8</b>	<b>634.2</b>	<b>655.3</b>	<b>674.8</b>	<b>686.9</b>	<b>676.8</b>	<b>663.8</b>	<b>669.9</b>	<b>16.5</b>

Source: Bureau of Labor Statistics web site.

Note: The Bureau of Labor Statistics converted from the 1987 Standard Industrial Classification System (SIC) to the 2002 North American Industry Classification System (NAICS) effective March 2003 with the release of the January 2003 data. The above chart was adjusted to the new format.

**UNEMPLOYMENT RATES**

The following table sets forth the unemployment rates in Nashville, the MSA, the State and the United States for the calendar years 1994-2003.

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	%	%	%	%	%	%	%	%	%	%
Davidson County	3.0	3.3	3.2	3.4	2.6	2.9	2.8	3.1	4.0	4.5
MSA	3.1	3.4	3.3	3.5	2.7	2.7	2.8	3.3	4.0	4.4
State	4.8	5.2	5.2	5.4	4.2	4.0	3.9	4.4	5.1	5.8
United States	6.1	5.6	5.4	4.9	4.5	4.2	4.0	4.7	5.8	6.0

Source: Bureau of Labor Statistics web site.

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2004

**Schedule begins on next page.**

Prepared by  
DEPARTMENT OF FINANCE  
David L. Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director  
Gene Nolan, Associate Director

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
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	2,240	424,966,770	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
2002	2,846	476,572,494	851	173,707,294	4,302	405,697,860
2003	3,207	536,278,115	693	279,867,295	4,531	356,979,647

- (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>
1,545	9,524,180	16,047,632
1,473	10,103,598	17,326,157
1,363	11,902,259	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
1,433	20,029,867	1,108,038
1,222	20,013,372	1,274,240





## ENERGY

Nashville has abundant energy resources.

### ELECTRICITY

Nashville Electric Service is connected to the Tennessee Valley Authority system at 25 interchange points with a total infeed capacity of 4,830,500 kilovolt amperes. Total 2004 megawatt hour sales were approximately 12,162,034. Rates average approximately 6.35 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: 90,800,000 Gallons

### SEWAGE TREATMENT

Type: Activated Sludge  
Capacity: 400,000,000 Gallons/Day  
Average Daily Treatment: 146,000,000 Gallons/Day  
City Sanitary Sewer Coverage: 60% of County  
Storm Water Sewer Coverage: 25% of County

### SOLID WASTE MANAGEMENT

Composting, Landfills, and Recycling

## COMMUNITY FACILITIES

### EDUCATION

State and local Industrial/Vocational Training Available  
Schools (K-12): 130 Public, 46 Private  
Colleges: 19, including 2 Medical Schools  
Libraries: 1,128,177 volumes

### MEDICAL

Hospitals:	14	Beds:	3,943
Doctors:	2,791		
Dentists:	440		

### RELIGIOUS

600+ facilities of numerous denominations

## RECREATIONAL FACILITIES

Parks: 90 (9,345 acres)  
Golf Courses: 8 Public, 10 Private  
Swimming Pools: 17  
Country Clubs: 11 (Private)  
Bowling Alleys: 13  
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  
Nashville Speedway; Nashville Metros (Soccer); Nashville Zoo

Hotels and Motels - 27,500 rooms  
Largest Meeting Room Capacity: 50,000 sq. ft.  
Restaurants: 1,098

## 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, 2004

Twenty-five Largest Employers in the Nashville MSA, excluding government agencies	<u>Number of Employees</u>
1. Vanderbilt University and Medical Center*	15,279
2. Saint Thomas Health Services	10,000
3. HCA* (including Tri-Star Health System)	9,493
4. Saturn Corporation	7,000
5. Nissan Motor Manufacturing	6,200
6. Gaylord Entertainment* (including Opryland Hotel and attractions)	4,150
7. Shoney's Incorporated*	4,000
8. CBRL Group Inc.* (Cracker Barrel and Logan's Roadhouse Restaurants)	3,350
9. Wal-Mart Stores Incorporated	3,110
10. BellSouth Incorporated	3,077
11. Bridgestone American Holding Incorporated*	2,832
12. Ingram Industries Incorporated*	2,700
13. Kroger Company	2,506
14. Randstad North America	2,010
15. Century II Staffing Incorporated*	2,000
16. Whirlpool Corporation	2,000
17. State Industries Incorporated.*	1,811
18. PRIMUS Automotive Financial Services*	1,800
19. AmSouth Bank	1,728
20. Visteon Corporation / Nashville Glass Plant	1,600
21. United Parcel Service	1,600
22. Tyson Foods Inc.	1,600
23. Lifeway Christian Resources*	1,518
24. Electrolux Home Products	1,500
25. Deloitte & Touche LLP	1,446

\*Indicates National, State or Corporate Headquarters

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