

CITY OF KNOXVILLE, TENNESSEE
Notes to Financial Statements
June 30, 2004
(amounts expressed in thousands)

NOTE 6 - LEASES RECEIVABLE

Public Assembly Facilities Fund

The Public Assembly Facilities Fund leases a portion of the exhibition center to an adjoining hotel. Components of the Public Assembly Facilities investment in the capitalized lease at June 30, 2004, are as follows:

Total minimum lease payments receivable	\$1,825
Less unearned income	<u>964</u>
Net investment in lease receivable	<u>\$ 861</u>

Lease payments under the agreement are \$100,000 a year.

Metropolitan Knoxville Airport Authority

The Metropolitan Airport Authority, as lessor, leases certain capital assets under operating leases expiring in various years through 2028. As of June 30, 2004, minimum future base rentals to be received on noncancelable leases are as follows:

<u>Years ended June 30</u>	
2005	\$ 6,107
2006	4,775
2007	3,986
2008	3,954
2009	3,962
Thereafter	<u>19,877</u>
	<u>\$ 42,661</u>

Under the terms of one of the Metropolitan Knoxville Airport Authority leases, payments in future years increase significantly. The Authority recognizes income from this lease on a straight-line basis, considering total payments over the lease term. Accordingly, advance rents of approximately \$750 are included in other assets in the accompanying statement of net assets as of June 30, 2004.

Airport Authority contingent rentals, which consist primarily of rental car concessions and other similar revenues, amounted to \$983 for the year ended June 30, 2004.