

THE METROPOLITAN GOVERNMENT
OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2005

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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Metropolitan Government of Nashville and Davidson County

Bill Purcell Mayor

October 31, 2005

To the Citizens of Nashville and Davidson County, Tennessee:

FORMAL TRANSMITTAL OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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, 2005. 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.

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Nashville, Tennessee 37203
Phone: 615.862.6000
Fax: 615.862.6040
mayor@nashville.gov

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 ECONOMIC AND 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 prison management, insurance, banking, publishing, telecommunications and entertainment companies and private educational institutions 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.

The Government's two most significant locally generated revenue sources are sales and property taxes. 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 efficiency, effectiveness and value to the citizens of Nashville. The Government's major initiatives for fiscal year 2005, for fiscal year 2006 and for the future are discussed below.

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 reductions were carefully managed so as to continue the delivery of critically important services.

The budget continued to support the priorities of the Government. Highlights of the changes 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 that 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 was funding for new courts, police and fire overtime, and the funds necessary to operate two new jail facilities completed in fiscal year 2005.
- Neighborhood and Community Support – The budget continued to directly focus on the daily lives of the citizens of Metro Nashville and on their neighborhoods. 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 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.

FOR FISCAL YEAR 2006: Substitute budget ordinance BL-2005-663 appropriated a balanced budget of \$1,440,369,800 in the budgetary funds, an overall increase of 6.8% from the budget for fiscal year 2005. The budget included an increase in both the property tax and the wheel tax to generate additional revenues.

The FY2006 budget continued to make improvements in the community's priority areas:

- Public Education – The Metro Board of Public Education saw standardized test scores for the district increase substantially in 2005, an indication that the effort behind the MNPS Strategic Plan is yielding results. The budget for MNPS increased to \$542.2 million, an increase of approximately 6.2%. With this budget the MNPS remains the best-funded urban school system in the State of Tennessee, with a per-pupil spending level that is in the top 10 percent in the Southeast. This budget provided for teacher and support staff salary increases, funds to open new schools, and increased pension costs, to name just a few improvements.
- Public Safety – This budget includes funds for a variety of enhancements to Metro Nashville's public safety. They include additional fire inspectors and training for firefighters; additional Police staff for technology and crime lab positions, as well as overtime for working on special events; operational funds for a backup site for the E-911 call center; additional funds for inmate health care and for the forensic medical examiner; additional funds for the Sheriff's community service program; and support for both the Mental Health Court and the Drug Court, as well as for traffic school instructors and an online traffic school option.
- Neighborhood and Community Support – The FY2006 budget continues to direct resources to those services that have a direct impact on the quality of life for all Nashvillians. The continuing implementation of the Parks Master Plan will lead to the opening of three new and improved community centers for FY06. This budget provides additional funds for the purchase of influenza vaccine, medication for the uninsured, the reopening of the Lentz Dental Clinic, and more resources for Animal Control. The budget also provides direct contributions to several community non-profits, including the Second Harvest Food Bank, the African-American History Museum, and Neighborhood Aftercare, among others.
- Valuing Our Employees – The budget provides funds for 3% overall pay increases, normal pay increments, and increased benefit costs, such as health insurance and pension costs.

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 2005 and 2006 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 web site www.nashville.gov/citizens_budget.

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 by encouraging our community to devote its attention, time, and financial resources 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 \$52.1 million for the year ended June 30, 2005.

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 \$1.8 billion at June 30, 2005.

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, 2005 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2006 will provide authority to complete those 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 2005, including any reported instances of weaknesses in the internal control structure or any violations of applicable laws and regulations, are reported separately.

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 School Board. 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 AND ACKNOWLEDGEMENTS

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, 2004. This was the 22nd consecutive year that the Government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

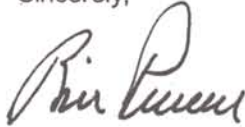
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2004

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, 2004.



Nancy L. Ziehl

President

Jeffrey R. Enos

Executive Director

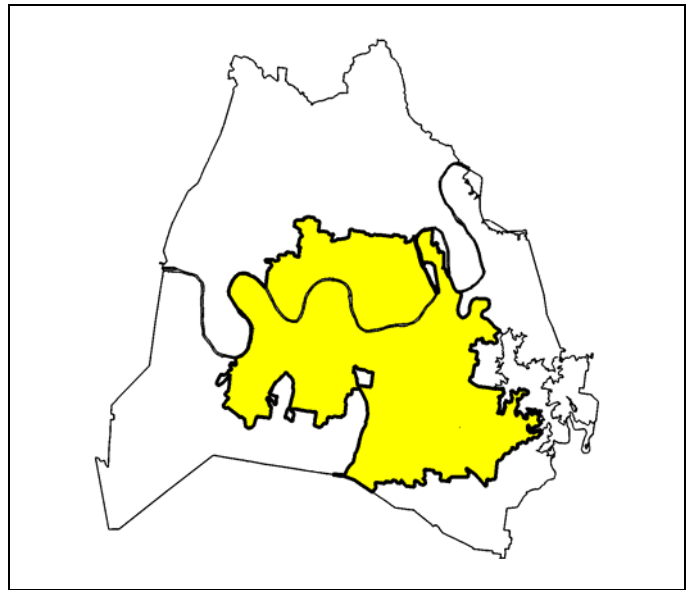
THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY FORM OF GOVERNMENT

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.

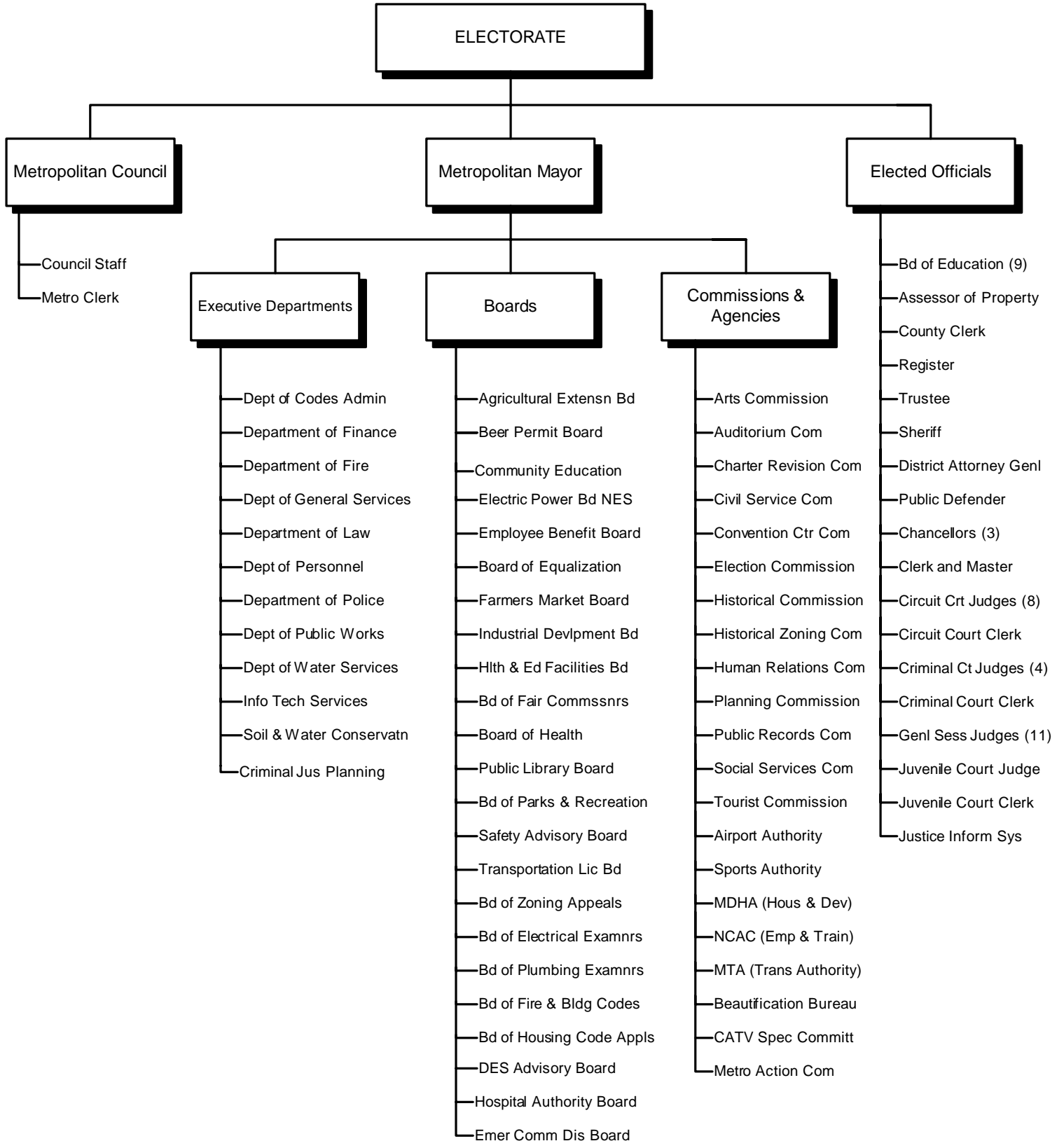
The Charter provides a framework for local government in Nashville to serve the needs of two service districts: (i) the General Services District (the GSD) and (ii) the Urban Services District (the USD). The GSD embraces the entire area of Davidson County and its residents are taxed to support those 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 184 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, 2005**

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
Diane Neighbors
Carolyn Baldwin Tucker

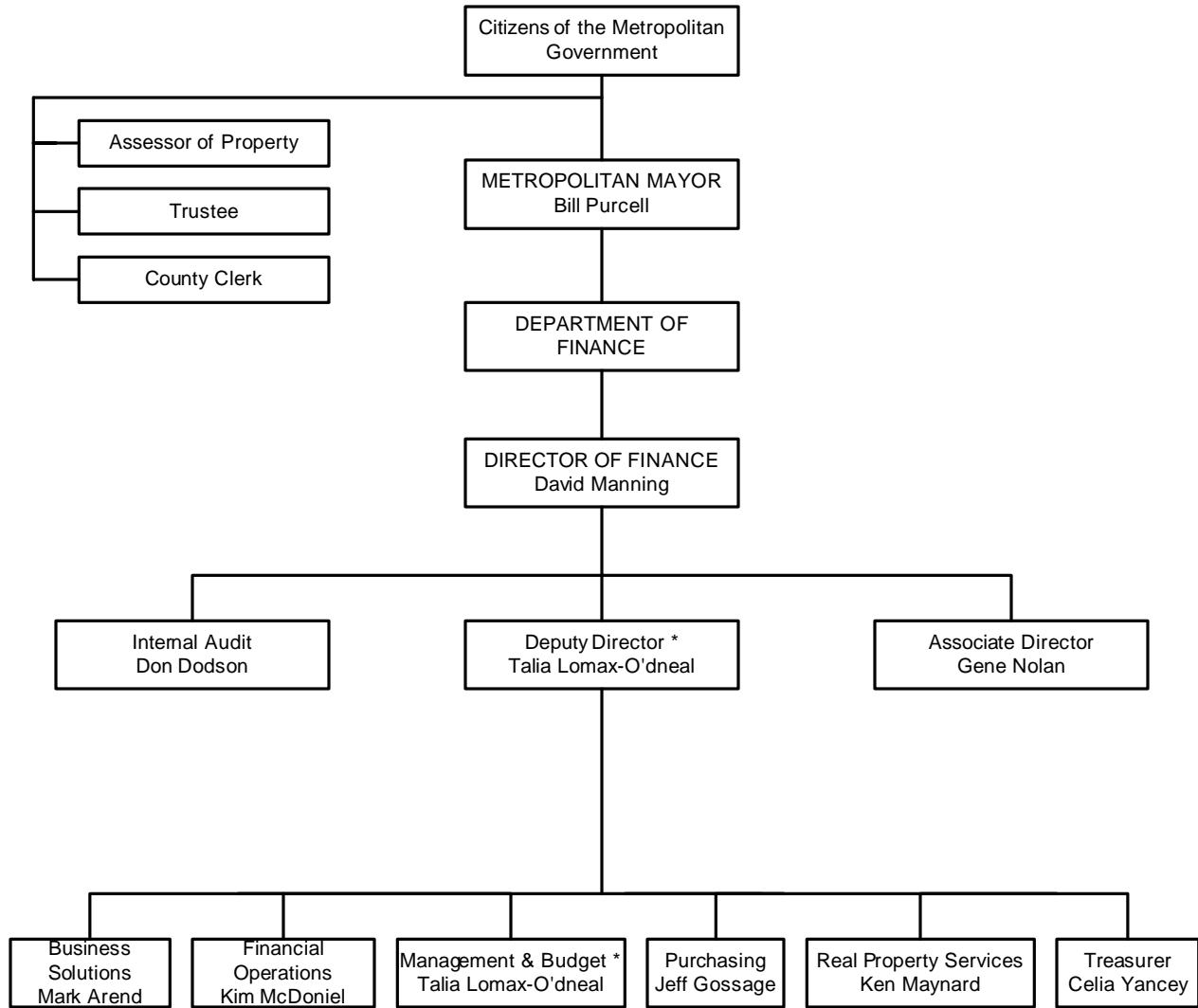
Vice Mayor
Council Member-at-large
Council Member-at-large
Council Member-at-large
Council Member-at-large
Council Member-at-large

District No. 1 - Brenda Gilmore
District No. 2 - Jamie Isabel
District No. 3 - Chester Hughes*
District No. 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. 19 - Ludye N. Wallace
District No. 20 - Billy Walls
District No. 21 - Edward Whitmore
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

*Deceased, served 2003-2004

ORGANIZATION OF THE DEPARTMENT OF FINANCE AND OTHER FINANCIAL OFFICES



* Deputy Director also serves as Director of the Office of Management and Budget



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, 2005, 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, 2005 as displayed in the Government's basic financial statements, except as described in the last two sentences of this paragraph. 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, 2005, 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 statement 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 79% of the total assets and 90% 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and 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, 2005, 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, 2005, 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.

The accompanying financial statements of the Hospital Authority (a component unit of the Government) have been prepared assuming that the Hospital Authority will continue as a going concern. As discussed in Note 12E in the accompanying financial statements, Metropolitan Nashville General Hospital (a fund of the Hospital Authority) has experienced recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. The Hospital Authority management's plans in regard to these matters are also described in Note 12E. The financial statements of the Hospital Authority do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2005 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.

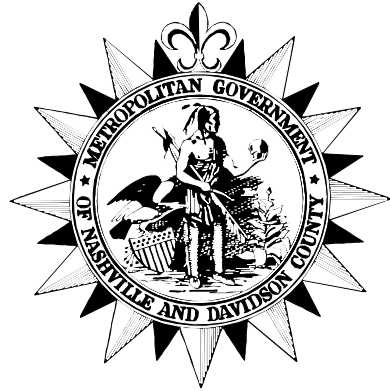
The management's discussion and analysis, the schedule of funding progress, the schedule of employer contributions, and the condition rating of the transportation network on pages A-1 through A-11, B-104 through B-107, B-108 through B-109, and B-102 through B-103, respectively are not a required part 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 Sports Authority Fund. The schedules on pages G-2 through G-35, 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 basic financial statements of the Government. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a 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 basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

October 31, 2005



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, 2005.

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, \$195 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 \$30 million (\$34 million decrease from governmental activities and \$4 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 \$196 million, a decrease of \$77 million in comparison with the prior year. Approximately 2.79% of this total amount, \$5.5 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 \$35 million, or 5.76% of total general fund expenditures.
- The enterprise funds reported net assets at year-end of \$1.1 billion, an increase of \$7 million during the year.
- The Government's total general obligation and revenue bonds outstanding increased by \$123 million (7.16%) during the current fiscal year. New debt issues totaled \$459 million which were offset by principal payments, refundings and changes in deferred amounts of \$336 million.
- The Government borrows funds under a commercial paper program to provide interim or short-term financing of authorized capital projects. Total commercial paper outstanding at the close of the fiscal year was \$150 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, regulation and inspection, conservation of natural resources, public welfare, public health and hospitals, public library system, public works, highways and streets, recreational and cultural, and education. 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 27 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, USD General Purposes Debt Service Fund and GSD Capital Projects 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 except the GSD Capital Projects Fund. Budgetary comparison statements have been provided in the Basic Financial Statements section for the General Fund and General Purpose School Fund and in the Nonmajor Governmental Funds section for each of the Debt Service Funds 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, information systems, radio equipment, insurance, school supply, postal, facilities planning, treasury management, human resources, financial and general 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-101 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-102 to B-103, and concerning the Government's progress in funding its obligation to provide pension benefits to employees, found on pages B-104 to B-109.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator over time 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	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 1,295,823	\$ 1,151,814	\$ 291,268	\$ 347,016	\$ 1,587,091	\$ 1,498,830
Capital assets	2,412,818	2,286,591	1,429,048	1,391,042	3,841,866	3,677,633
Total assets	3,708,641	3,438,405	1,720,316	1,738,058	5,428,957	5,176,463
Long-term liabilities	1,434,628	1,351,816	552,595	569,539	1,987,223	1,921,355
Other liabilities	995,510	773,648	71,977	77,227	1,067,487	850,875
Total liabilities	2,430,138	2,125,464	624,572	646,766	3,054,710	2,772,230
Net assets:						
Invested in capital assets, net of related debt	1,018,806	1,120,156	993,216	815,902	2,012,022	1,936,058
Restricted	97,629	114,155	69,305	238,071	166,934	352,226
Unrestricted	162,068	78,630	33,223	37,319	195,291	115,949
Total net assets	\$ 1,278,503	\$ 1,312,941	\$ 1,095,744	\$ 1,091,292	\$ 2,374,247	\$ 2,404,233

Governmental activities – The Metropolitan Council approved Substitute Bill Number BL 2005-664 which increased the combined property tax rate from \$4.58 to \$4.69 per each \$100 of assessed value for property taxes levied September 1, 2005 to fund the budget for the 2006 fiscal year. Current and other assets for governmental activities increased by 12.50% due primarily to the effect of the new rates, which resulted in an increase in the balance of property taxes receivable of \$113 million. Capital assets increased by 5.52% due to donated land and infrastructure, construction of new schools and other government buildings and renovation of existing government buildings. Long-term liabilities increased by 6.13% due to the issuance of new debt in excess of principal payments and refunded debt and changes in deferred amounts. Other liabilities increased by 28.68% primarily due to an increase in deferred revenue of \$112 million related to the increase in property tax rates and an increase in short-term liabilities of \$120 million for commercial paper borrowings.

The largest portion of the Government's net assets for governmental activities (79.69%) 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 (7.63%) 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 of \$162 million (12.68%) 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 District Energy System, which provides heating and cooling services to the Government and downtown businesses, began operation during the year ended June 30, 2004 replacing the Nashville Thermal Transfer Corporation. The year ended June 30, 2005 represents the first full year of operations. 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 16.06% due primarily to the continued spending of prior year borrowing proceeds on construction and other capital assets of the Department of Water and Sewerage Services and the District Energy System, which resulted in a decrease in the balances of cash, cash equivalents and investments of \$53 million. Capital assets increased by 2.73% due to additions to the utility plants for both the Department of Water and Sewerage Services and the District Energy System. Long-term liabilities decreased by 2.98% due to principal payments on the revenue bonds of the Department of Water and Sewerage Services, which exceeded the amount of new borrowings for business-type activities. Other liabilities decreased by 6.80% primarily due to a decrease in the outstanding liabilities related to construction at the District Energy System.

The largest portion of the Government's net assets for business-type activities (90.64%) 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 (6.33%) 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, \$33 million (3.03%) may be used to meet the Government's ongoing obligations to citizens and creditors.

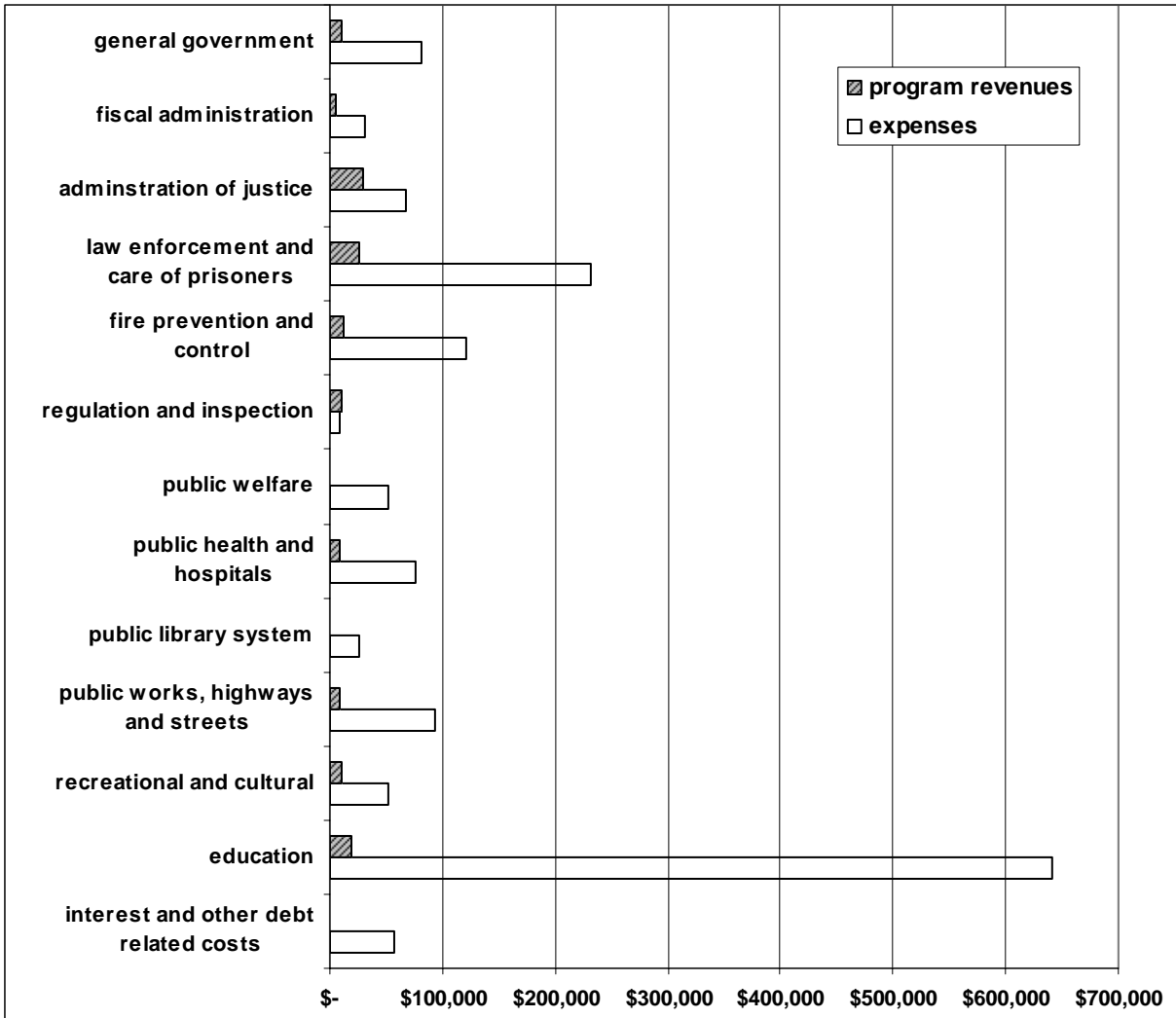
At the end of the current fiscal year, the Government is able to report positive balances in all three categories of net assets for its total business-type activities.

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	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 140,775	\$ 128,226	\$ 180,772	\$ 173,029	\$ 321,547	\$ 301,255
Operating grants and contributions	291,220	272,414	-	-	291,220	272,414
Capital grants and contributions	25,954	58,451	22,155	16,473	48,109	74,924
General revenues:						
Property taxes	612,734	592,385	-	-	612,734	592,385
Local option sales tax	249,610	239,779	-	-	249,610	239,779
Other taxes	97,807	90,583	-	-	97,807	90,583
Revenues from the use of money or property	10,060	4,326	4,544	2,049	14,604	6,375
Revenues from other governmental agencies	54,542	50,870	-	-	54,542	50,870
Compensation for loss, sale or damage to property	1,297	5,589	133	-	1,430	5,589
Total revenues	1,483,999	1,442,623	207,604	191,551	1,691,603	1,634,174
Expenses:						
General government	80,425	94,175	-	-	80,425	94,175
Fiscal administration	31,182	22,063	-	-	31,182	22,063
Administration of justice	66,879	65,069	-	-	66,879	65,069
Law enforcement and care of prisoners	231,516	215,912	-	-	231,516	215,912
Fire prevention and control	120,679	97,965	-	-	120,679	97,965
Regulation and inspection	8,711	8,465	-	-	8,711	8,465
Conservation of natural resources	396	426	-	-	396	426
Public welfare	51,636	53,435	-	-	51,636	53,435
Public health and hospitals	76,115	80,730	-	-	76,115	80,730
Public library system	26,165	25,448	-	-	26,165	25,448
Public works, highways and streets	93,785	105,618	-	-	93,785	105,618
Recreational and cultural	51,336	54,459	-	-	51,336	54,459
Education	640,655	620,518	-	-	640,655	620,518
Interest and other debt related costs	57,819	62,492	-	-	57,819	62,492
Department of Water and Sewerage Services	-	-	150,091	148,814	150,091	148,814
District Energy System	-	-	18,565	8,078	18,565	8,078
Nashville Convention Center	-	-	7,131	6,384	7,131	6,384
Board of Fair Commissioners	-	-	3,580	4,055	3,580	4,055
Farmers Market	-	-	1,216	1,159	1,216	1,159
Police Secondary Employment	-	-	1,153	1,017	1,153	1,017
Surplus Property Auction	-	-	2,554	3,252	2,554	3,252
Total expenses	1,537,299	1,506,775	184,290	172,759	1,721,589	1,679,534
Increase in net assets before transfers and special items	(53,300)	(64,152)	23,314	18,792	(29,986)	(45,360)
Transfers	18,862	12,358	(18,862)	(12,358)	-	-
Increase (decrease) in net assets	(34,438)	(51,794)	4,452	6,434	(29,986)	(45,360)
Net assets, beginning of year	1,312,941	1,364,735	1,091,292	1,084,858	2,404,233	2,449,593
Net assets, end of year	\$ 1,278,503	\$ 1,312,941	\$ 1,095,744	\$ 1,091,292	\$ 2,374,247	\$ 2,404,233

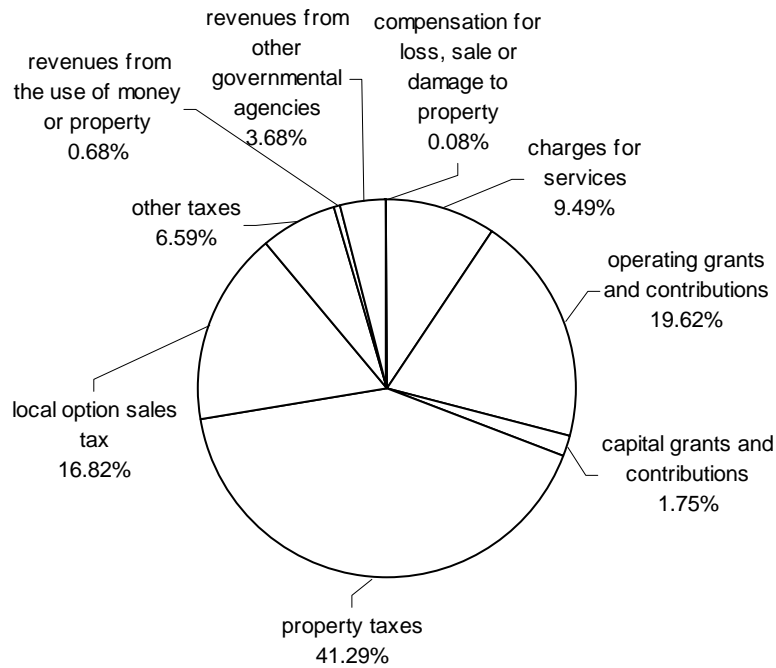
Governmental activities – Governmental activities decreased the Government’s net assets by \$34 million. As planned, the Government operated without any significant changes to its revenue structure. Costs were contained in most functional areas through aggressive cost containment practices as budgeted for the 2005 fiscal year. Expenses increased in law enforcement and care of prisoners primarily due to the personnel and equipment costs associated with a new jail facility which opened in the current year. Expense increased in fire prevention and control primarily due to changes in estimated compensated absences. Education expenses increased primarily due to increased personnel cost for salaries and benefits funded partially by appropriated June 30, 2004 fund balances.

Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2005



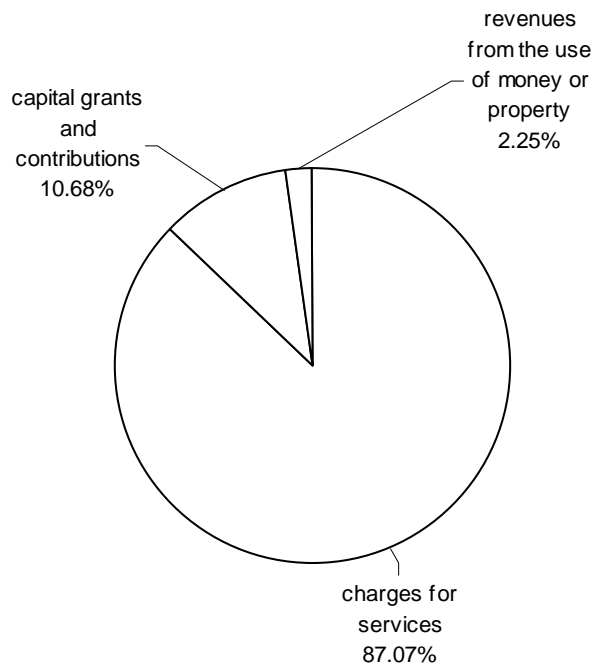
(in thousands)

Revenues by Source - Governmental Activities – For the Year Ended June 30, 2005



Business-type activities – Business-type activities increased the Government's net assets by \$4 million as compared to a \$6 million increase in the prior year. This change is attributable primarily to a \$4 million increase in the Department of Water and Sewerage Services' support of the Government's stormwater operations, offset by positive results of the first full year of operations for the District Energy System and by operating improvements at the Nashville Convention Center and Board of Fair Commissioners.

Revenues by Source – Business-type Activities – For the Year Ended June 30, 2005



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 \$196 million, a decrease of \$77 million in comparison with the prior year. Approximately 2.79% of this total amount (\$5.5 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 (\$15 million), 2) the purchase of equipment (\$9 million), 3) future debt payments (\$97 million), 4) reservation for a long-term receivable (\$63 million), and 5) other purposes (\$6 million).

The 2005 fiscal year was the final year of a four year financial plan where fund balances were accumulated in the major governmental funds in the first years of the plan and spent down in the last years of the plan.

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 \$35 million, while total fund balance was \$37 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 5.76% of total general fund expenditures, while total fund balance represents 6.09% of total general fund expenditures.

The fund balance of the Government's general fund increased by \$1 million during the current fiscal year. Costs were contained through budgeted expenditure reductions. Additionally, several central support activities previously reported in the general fund were moved to internal service operations.

The fund balance of the Government's general purpose school fund decreased by \$19 million during the current fiscal year as expected primarily due to the increased cost of personal services and other budgeted expenditures in excess of budgeted revenues.

The fund balance of the Government's GSD general purposes, GSD school purposes and USD general purposes debt service funds decreased by \$14 million in the current fiscal year as expected due to principal and interest payments in excess of revenues.

The fund balance of the Government's other governmental funds decreased by \$45 million primarily due to continued capital spending in the various capital projects funds. Capital projects spending is initially funded by short-term commercial paper borrowings and later funded by bond proceeds.

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 \$99 million. The total increase in net assets for these funds was \$14 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 revenues and other financing sources between the original budget and final amended budget totaled to an \$18 million decrease primarily due to:

- \$13 million decrease due to the transfer of grant activities from the general fund to various special revenue funds.
- \$2.5 million decrease due to the transfer of several central service activities to internal service funds.

Differences in expenditures and other financing uses between the original budget and final amended budget totaled to a \$14 million decrease primarily due to:

- \$13 million decrease due to the transfer of grant activities from the general fund to various special revenue funds.
- \$1 million decrease due to the transfer of the operations of the J.B. Knowles Home for the Aged from the General Fund to the Hospital Authority, a component unit of the Government.

Final Budgeted and Actual Amounts

Actual revenues and other financing sources exceed final budgeted amounts by \$9 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.

Actual expenditures and other financing uses were higher than final budgeted amounts by \$4 million primarily due to:

- \$7 million related to expenditures of certain elected officials which are excluded from the budget but included in actual revenues to appropriately recognize these operations in the financial statements.
- \$3 million related to increased premiums for employee healthcare.

These overages were partially offset by savings achieved through aggressive cost containment measures in place during the 2005 fiscal year.

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, 2005 amounts to \$3.84 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$97 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Utility plant in service	\$ -	\$ -	\$ 1,776,644	\$ 1,698,975	\$ 1,776,644	\$ 1,698,975
Land	125,657	111,826	14,870	14,870	140,527	126,696
Buildings and improvements	915,020	891,336	109,657	106,973	1,024,677	998,309
Improvements other than buildings	-	-	40,967	40,730	40,967	40,730
Furniture, machinery and equipment	251,980	256,826	39,815	39,053	291,795	295,879
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,444,873	1,435,966	-	-	1,444,873	1,435,966
Construction in progress	208,055	108,779	37,495	32,027	245,550	140,806
Less: Accumulated depreciation	(532,767)	(518,142)	(594,045)	(545,231)	(1,126,812)	(1,063,373)
Total capital assets	\$ 2,412,818	\$ 2,286,591	\$ 1,429,048	\$ 1,391,042	\$ 3,841,866	\$ 3,677,633

The total increase in the Government's investment in capital assets for the current fiscal year was 4.47% (a 5.52% increase for governmental activities and a 2.73% increase for business-type activities).

Construction of new schools and other government buildings and renovation of existing government buildings has continued in accordance with the Government's capital plan. New construction includes the Justice A.A. Birch Building which will house various judicial operations and renovation includes the Nashville and Davidson County Courthouse. Both projects are scheduled for completion in the 2006 fiscal year. Additionally, \$7 million of land received from the Nashville Thermal Transfer Corporation, a component unit which ceased operations in the 2005 fiscal year, and \$15 million of donated infrastructure were capitalized. Finally, additions to the utility plants for both the Department of Water and Sewerage Services and the District Energy System totaled approximately \$78 million.

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 which is consistent with prior years.

The Government estimated a need of approximately \$9.2 million for the year ended June 30, 2005 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, 2005 amounted to \$5.1 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 2006.

The Government estimated a need of \$1.8 million for the year ended June 30, 2005 for preservation and maintenance of bridges and underpasses. Actual costs for the year ended June 30, 2005 amounted to \$1.8 million. The condition level has remained consistent.

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

Long-term debt – At the end of the current fiscal year, the Government had total bonded debt outstanding of \$1.8 billion. Of this amount, \$1.3 billion comprises debt backed by the full faith and credit of the Government. The remainder, \$537 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	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 1,279,935	\$ 1,158,710	\$ 7,695	\$ -	\$ 1,287,630	\$ 1,158,710
Deferred amounts, net	16,269	258	536	-	16,805	258
Total general obligation bonds outstanding	1,296,204	1,158,968	8,231	-	1,304,435	1,158,968
Revenue bonds	12,080	13,530	529,200	550,880	541,280	564,410
Deferred amounts, net	(155)	(180)	(4,543)	(5,247)	(4,698)	(5,427)
Total revenue bonds outstanding	11,925	13,350	524,657	545,633	536,582	558,983
Total general obligation and revenue bonds bonds outstanding	\$ 1,308,129	\$ 1,172,318	\$ 532,888	\$ 545,633	\$ 1,841,017	\$ 1,717,951

The Government's total general obligation and revenue bonds outstanding increased by \$123 million (7.16%) during the current fiscal year. New debt of \$459 million was issued to provide funding to pay principal and interest of certain of the Government's maturing commercial paper notes and to refund the outstanding principal balances of various bonds. The increase from the new debt was offset by principal payments of \$107 million and the outstanding principal balances on the refunded debt of \$245 million. Deferred amounts related to the bond issues increased \$16 million.

Construction commitments at June 30, 2005 totaled \$93 million for the governmental activities of the Government and \$19 million for the Department of Water and Sewerage Services.

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 8.46%, and the amount of net debt per capita is \$1,992.91 (in whole dollars).

On November 1, 2005, the Government issued \$214 million of general obligation bonds to provide funding to pay principal and interest on certain of the Government's maturing commercial paper notes totaling \$150 million. The remaining bond proceeds provided additional funding for capital improvements.

Additional information on the Government's long-term debt can be found in Note 6 beginning on page B-59 of this report.

Commercial paper – In August 2003, the Government instituted a general obligation commercial paper program to provide interim or short-term financing for various authorized capital projects. Commercial paper obligations of \$150 million outstanding at June 30, 2005 were subsequently rolled over into new commercial paper obligations 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 the Nashville metropolitan area is currently 3.9%. The state's and nation's unemployment rates are 5.1% and 5.1%, respectively. The budget for the 2006 fiscal year reflects an increase in the overall property tax rate from \$4.58 to \$4.69 per \$100 of assessed value to generate additional revenues. For a more comprehensive discussion of the Metropolitan Government's approved budget for the 2006 fiscal year, the budget ordinance, the budget book as well as other documents are available at www.nashville.gov.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS

June 30, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 175,624,398	\$ 19,657,989	\$ 195,282,387	\$ 66,397,706
Investments	159,618,866	17,431,528	177,050,394	62,833,768
Sales tax receivable	42,742,308	-	42,742,308	-
Accounts receivable	80,904,130	19,101,042	100,005,172	152,749,413
Property taxes receivable	735,575,333	-	735,575,333	-
Allowance for doubtful accounts	(23,851,831)	(405,208)	(24,257,039)	(35,062,589)
Accrued interest receivable	997,867	570,236	1,568,103	3,191,117
Internal balances	10,420,233	(10,420,233)	-	-
Due from the primary government	-	-	-	137,250
Due from component units	70,900,129	-	70,900,129	-
Inventories of supplies	3,708,379	1,788,912	5,497,291	20,456,642
Other current assets	2,290,755	116,367	2,407,122	6,796,033
Restricted assets:				
Cash and cash equivalents	-	42,495,870	42,495,870	40,389,131
Investments	-	192,732,097	192,732,097	158,075,299
Accrued interest receivable	-	33,171	33,171	284,761
Due from other governmental agencies	-	863,005	863,005	11,459,016
Other restricted assets	-	33,131	33,131	1,464,824
Notes receivable	-	-	-	42,763,293
Capital assets:				
Utility plant in service	-	1,776,644,103	1,776,644,103	884,883,531
Land	125,656,697	14,870,147	140,526,844	202,406,857
Buildings and improvements	915,020,696	109,657,221	1,024,677,917	797,367,654
Improvement other than buildings	-	40,966,253	40,966,253	371,617,536
Furniture, machinery and equipment	251,979,710	39,815,760	291,795,470	188,363,185
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,444,872,996	-	1,444,872,996	10,770,712
Construction in progress	208,055,581	37,495,057	245,550,638	84,604,108
Accumulated depreciation	(532,767,225)	(594,045,492)	(1,126,812,717)	(895,788,385)
Other non-current assets	36,893,620	7,269,803	44,163,423	26,237,819
Total assets	3,708,642,642	1,720,315,759	5,428,958,401	2,202,398,681
<u>LIABILITIES</u>				
Accounts payable	50,653,468	7,024,398	57,677,866	116,411,104
Accrued payroll	44,960,316	2,245,145	47,205,461	9,113,745
Accrued interest	22,901,311	-	22,901,311	4,167,352
Claims payable	16,525,684	-	16,525,684	-
Due to component units	126,711	10,539	137,250	-
Due to the primary government	-	-	-	70,074,199
Customer deposits	-	3,162,855	3,162,855	10,097,766
Deferred revenue	701,600,186	619,873	702,220,059	-
Commercial paper payable	150,000,000	-	150,000,000	-
Other current liabilities	8,743,629	3,180,088	11,923,717	10,139,088

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, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>LIABILITIES (CONTINUED)</u>				
Liabilities payable from restricted assets:				
Accrued interest	\$ -	\$ 13,994,414	\$ 13,994,414	\$ 5,633,932
Accounts payable	-	12,086,697	12,086,697	12,232
Other restricted liabilities	-	26,100	26,100	-
Funds held in trust	-	-	-	163,325
Current portion of long-term liabilities	-	29,627,324	29,627,324	33,216,968
Noncurrent liabilities:				
Due within one year	137,926,871	150,000	138,076,871	6,761,113
Due in more than one year	1,296,701,049	552,444,691	1,849,145,740	841,671,273
	<u>2,430,139,225</u>	<u>624,572,124</u>	<u>3,054,711,349</u>	<u>1,107,462,097</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	1,018,806,606	993,216,345	2,012,022,951	864,517,308
Restricted for debt retirement	96,606,118	66,817,526	163,423,644	80,361,356
Restricted for construction	-	2,487,325	2,487,325	3,363,302
Restricted for perpetual care:				
Expendable	178,616	-	178,616	-
Nonexpendable	192,659	-	192,659	-
Restricted for other purposes	651,244	-	651,244	-
Unrestricted	162,068,174	33,222,439	195,290,613	146,694,618
	<u>\$ 1,278,503,417</u>	<u>\$ 1,095,743,635</u>	<u>\$ 2,374,247,052</u>	<u>\$ 1,094,936,584</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, 2005

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 80,425,392	\$ 10,131,961	\$ 4,383,053	\$ 7,300,000
Fiscal administration	31,182,023	4,640,376	-	-
Administration of justice	66,878,631	28,588,449	3,481,169	-
Law enforcement and care of prisoners	231,515,783	25,213,032	1,980,930	-
Fire prevention and control	120,678,946	11,710,381	6,423	-
Regulation and inspection	8,710,978	10,535,114	-	-
Conservation of natural resources	396,738	-	-	-
Public welfare	51,635,757	1,523,069	27,558,602	-
Public health and hospitals	76,115,145	9,428,927	12,371,649	-
Public library system	26,164,825	683,840	744,084	-
Public works, highways and streets	93,784,627	8,682,168	889,713	16,253,690
Recreational and cultural	51,335,954	11,087,104	353,632	2,400,299
Education	640,655,290	18,550,756	239,451,201	-
Interest and other debt related costs	57,818,522	-	-	-
Total governmental activities	<u>1,537,298,611</u>	<u>140,775,177</u>	<u>291,220,456</u>	<u>25,953,989</u>
Business-type activities:				
Department of Water and Sewerage Services	150,090,744	151,971,055	-	16,889,196
District Energy System	18,565,142	15,346,729	-	5,265,509
Nashville Convention Center	7,130,899	4,679,897	-	-
Board of Fair Commissioners	3,580,384	3,619,144	-	-
Farmers Market	1,215,918	993,787	-	-
Police Secondary Employment	1,153,067	1,643,272	-	-
Surplus Property Auction	2,554,478	2,518,097	-	-
Total business-type activities	<u>184,290,632</u>	<u>180,771,981</u>	<u>-</u>	<u>22,154,705</u>
Total primary government	<u>\$ 1,721,589,243</u>	<u>\$ 321,547,158</u>	<u>\$ 291,220,456</u>	<u>\$ 48,108,694</u>
Component units:				
Nashville District Management Corporation	\$ 710,247	\$ 626,646	\$ -	\$ 48,109
Sports Authority	27,048,207	1,328,582	9,304,952	7,070,033
Hospital Authority	120,811,040	66,761,812	29,909,334	528,790
Metropolitan Development and Housing Agency	98,982,328	17,775,480	81,393,854	-
Electric Power Board	787,225,010	785,708,793	-	-
Metropolitan Transit Authority	35,206,793	8,029,712	15,941,397	24,038,443
Nashville Thermal Transfer Corporation	3,191,082	-	-	-
Metropolitan Nashville Airport Authority	71,587,048	78,409,926	6,970,112	-
Emergency Communications District	5,301,645	5,465,774	10,000	-
Industrial Development Board	24,756	116,023	-	-
Total component units	<u>\$ 1,150,088,156</u>	<u>\$ 964,222,748</u>	<u>\$ 143,529,649</u>	<u>\$ 31,685,375</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
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, 2005

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (58,610,378)	\$ -	\$ (58,610,378)	\$ -
(26,541,647)	-	(26,541,647)	-
(34,809,013)	-	(34,809,013)	-
(204,321,821)	-	(204,321,821)	-
(108,962,142)	-	(108,962,142)	-
1,824,136	-	1,824,136	-
(396,738)	-	(396,738)	-
(22,554,086)	-	(22,554,086)	-
(54,314,569)	-	(54,314,569)	-
(24,736,901)	-	(24,736,901)	-
(67,959,056)	-	(67,959,056)	-
(37,494,919)	-	(37,494,919)	-
(382,653,333)	-	(382,653,333)	-
(57,818,522)	-	(57,818,522)	-
<u>(1,079,348,989)</u>	<u>-</u>	<u>(1,079,348,989)</u>	<u>-</u>
-	18,769,507	18,769,507	-
-	2,047,096	2,047,096	-
-	(2,451,002)	(2,451,002)	-
-	38,760	38,760	-
-	(222,131)	(222,131)	-
-	490,205	490,205	-
-	(36,381)	(36,381)	-
<u>-</u>	<u>18,636,054</u>	<u>18,636,054</u>	<u>-</u>
<u>(1,079,348,989)</u>	<u>18,636,054</u>	<u>(1,060,712,935)</u>	<u>-</u>
-	-	-	(35,492)
-	-	-	(9,344,640)
-	-	-	(23,611,104)
-	-	-	187,006
-	-	-	(1,516,217)
-	-	-	12,802,759
-	-	-	(3,191,082)
-	-	-	13,792,990
-	-	-	174,129
-	-	-	91,267
<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,650,384)</u>
612,733,970	-	612,733,970	-
249,609,630	-	249,609,630	-
97,806,483	-	97,806,483	-
10,060,240	4,544,081	14,604,321	9,631,040
54,541,790	-	54,541,790	-
1,296,650	133,393	1,430,043	737,820
18,862,223	(18,862,223)	-	-
<u>1,044,910,986</u>	<u>(14,184,749)</u>	<u>1,030,726,237</u>	<u>10,368,860</u>
(34,438,003)	4,451,305	(29,986,698)	(281,524)
1,312,941,420	1,091,292,330	2,404,233,750	1,095,218,108
<u>\$ 1,278,503,417</u>	<u>\$ 1,095,743,635</u>	<u>\$ 2,374,247,052</u>	<u>\$ 1,094,936,584</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, 2005

	General	General Purpose School	GSD General Purposes Debt Service
ASSETS:			
Cash and cash equivalents	\$ 24,628,112	\$ 6,760,654	\$ 7,685,871
Investments	2,457,192	1,233,311	8,828,679
Sales tax receivable	14,077,236	25,639,166	525,423
Accounts receivable	47,243,368	2,501,194	88,004
Accrued interest receivable	154,233	4,033	61,743
Property tax receivable	393,206,647	217,423,881	86,547,738
Allowance for doubtful accounts	(20,509,584)	(2,090,355)	(723,583)
Due from other funds of the primary government	9,995,857	4,264,168	4,342,554
Due from component units	7,331,503	-	26,260,235
Inventories of supplies	391,550	872,462	-
Other assets	367,898	6,285	20,000
Total assets	<u>\$ 479,344,012</u>	<u>\$ 256,614,799</u>	<u>\$ 133,636,664</u>
LIABILITIES:			
Accounts payable	\$ 9,896,434	\$ 6,310,268	\$ 38,346
Accrued payroll	21,556,236	16,276,793	-
Due to other funds of the primary government	17,250,183	1,276,177	858,912
Due to component units	45,320	-	-
Deferred revenue	388,383,972	214,289,087	84,972,732
Commercial paper payable	-	-	-
Other liabilities	4,935,040	19,746	-
Total liabilities	<u>442,067,185</u>	<u>238,172,071</u>	<u>85,869,990</u>
FUND BALANCES:			
Reserved for imprest cash and inventories	1,224,452	875,953	-
Reserved for specific programs	783,377	-	-
Reserved for arbitrage rebate	-	-	-
Reserved for subsequent year budgetary appropriations	-	-	612,600
Reserved for equipment acquisitions	-	-	-
Reserved for trust purposes	-	-	-
Reserved for debt service	-	-	20,893,839
Reserved for long-term receivable	-	-	26,260,235
Unreserved, reported in:			
General fund	35,268,998	-	-
Special revenue funds:			
Designated for specific projects	-	-	-
Undesignated	-	17,566,775	-
Capital projects funds:			
Undesignated	-	-	-
Permanent funds:			
Undesignated	-	-	-
Total fund balances	<u>37,276,827</u>	<u>18,442,728</u>	<u>47,766,674</u>
Total liabilities and fund balances	<u>\$ 479,344,012</u>	<u>\$ 256,614,799</u>	<u>\$ 133,636,664</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, 2005

GSD School Purposes Debt Service	USD General Purposes Debt Service	GSD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 33,435,836	\$ 2,485,100	\$ 20,866,768	\$ 42,367,723	\$ 138,230,064
38,407,387	2,854,608	10,602,409	52,378,987	116,762,573
2,500,483	-	-	-	42,742,308
27,318	8,983	2,033,612	28,651,954	80,554,433
138,875	11,937	249,509	221,427	841,757
28,141,209	10,255,858	-	-	735,575,333
(336,271)	(192,038)	-	-	(23,851,831)
1,120,356	7,829,381	2,206,467	5,505,679	35,264,462
-	895,071	81,504	36,256,368	70,824,681
-	-	-	855,552	2,119,564
-	-	-	360,822	755,005
<u>\$ 103,435,193</u>	<u>\$ 24,148,900</u>	<u>\$ 36,040,269</u>	<u>\$ 166,598,512</u>	<u>\$ 1,199,818,349</u>
\$ 19,396	\$ 5,818	\$ 9,553,786	\$ 14,460,675	\$ 40,284,723
-	-	-	2,908,816	40,741,845
676,085	122,032	5,059,716	12,755,876	37,998,981
-	-	64,754	16,637	126,711
27,408,902	9,928,319	-	1,061,379	726,044,391
-	-	102,585,000	47,415,000	150,000,000
-	-	-	3,709,070	8,663,856
<u>28,104,383</u>	<u>10,056,169</u>	<u>117,263,256</u>	<u>82,327,453</u>	<u>1,003,860,507</u>
-	-	-	2,870,304	4,970,709
-	-	-	-	783,377
-	235,200	-	-	235,200
10,271,300	3,951,300	-	-	14,835,200
-	-	-	9,452,499	9,452,499
-	-	-	192,659	192,659
65,059,510	9,011,160	-	1,641,609	96,606,118
-	895,071	-	36,256,369	63,411,675
-	-	-	-	35,268,998
-	-	-	667,538	667,538
-	-	-	59,094,052	76,660,827
-	-	(81,222,987)	(26,082,587)	(107,305,574)
-	-	-	178,616	178,616
<u>75,330,810</u>	<u>14,092,731</u>	<u>(81,222,987)</u>	<u>84,271,059</u>	<u>195,957,842</u>
<u>\$ 103,435,193</u>	<u>\$ 24,148,900</u>	<u>\$ 36,040,269</u>	<u>\$ 166,598,512</u>	<u>\$ 1,199,818,349</u>

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

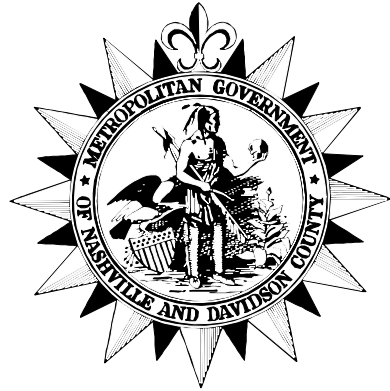
THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS

June 30, 2005

Fund balances - total governmental funds	\$ 195,957,842
<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	2,834,751,215
Less accumulated depreciation	(456,173,904)
<p>Net pension assets are not financial resources and therefore not reported in governmental funds.</p>	
	32,634,129
<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	(1,292,015,000)
Less deferred charge on refunding	28,315,832
Less deferred charge for issuance costs	4,259,491
Add bond premium	(44,429,861)
Accrued interest payable	(22,901,311)
Unamortized swaption proceeds	(3,598,485)
Net pension obligation	(55,037,639)
Compensated absences	(58,970,311)
Claims and judgments	(3,793,906)
Interest arbitrage rebate	(235,200)
Landfill closure costs	(8,461,835)
<p>Some deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.</p>	
	28,042,690
<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 activities are included in governmental activities.</p>	
	<u>100,159,670</u>
Net assets - total governmental activities	<u>\$ 1,278,503,417</u>

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



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

For the Year Ended June 30, 2005

	General	General Purpose School	GSD General Purposes Debt Service
REVENUES:			
Property taxes	\$ 343,535,141	\$ 172,159,054	\$ 57,150,040
Local option sales tax	82,674,673	150,161,774	1,862,619
Other taxes, licenses and permits	83,687,713	3,248,128	-
Fines, forfeits and penalties	12,029,361	17,300	249,637
Revenues from the use of money or property	1,014,952	358,074	1,147,309
Revenues from other governmental agencies	75,677,714	164,942,114	4,743,116
Commissions and fees	21,072,982	-	-
Charges for current services	24,790,131	709,050	-
Compensation for loss, sale or damage to property	550,470	291,640	-
Contributions and gifts	667,940	663,328	-
Miscellaneous	996,206	164,864	-
Total revenues	646,697,283	492,715,326	65,152,721
EXPENDITURES:			
Current:			
General government	21,673,982	-	-
Fiscal administration	14,180,153	-	-
Administration of justice	53,751,204	-	-
Law enforcement and care of prisoners	180,815,275	-	-
Fire prevention and control	95,045,746	-	-
Regulation and inspection	7,216,063	-	-
Conservation of natural resources	352,566	-	-
Public welfare	10,453,774	-	-
Public health and hospitals	58,920,291	-	-
Public library system	18,527,933	-	-
Public works, highways and streets	30,517,816	-	-
Recreational and cultural	31,203,549	-	-
Employee benefits	55,012,329	-	-
Miscellaneous	34,130,499	-	-
Other funds:			
Personal services	-	443,082,110	-
Contractual services	-	35,651,357	794,865
Supplies and material	-	18,705,901	-
Bond issue costs	-	-	-
Other costs	-	12,775,544	-
Capital outlay	-	95,459	-
Debt service:			
Principal retirement	-	-	46,343,360
Interest	-	-	31,698,692
Fiscal charges	-	-	942,217
Total expenditures	611,801,180	510,310,371	79,779,134
Excess (deficiency) of revenues over expenditures	34,896,103	(17,595,045)	(14,626,413)

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, 2005

GSD School Purposes Debt Service	USD General Purposes Debt Service	GSD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 26,567,092	\$ 9,083,513	\$ -	\$ 596,612	\$ 609,091,452
15,002,900	-	-	-	249,701,966
-	-	-	20,605,956	107,541,797
-	-	-	3,983,892	16,280,190
1,371,162	73,698	537,180	2,010,530	6,512,905
-	-	4,590,386	133,772,187	383,725,517
-	-	-	-	21,072,982
-	-	-	23,491,747	48,990,928
-	-	354,899	118,384	1,315,393
-	-	36,833	6,176,371	7,544,472
-	-	87,883	-	1,248,953
<u>42,941,154</u>	<u>9,157,211</u>	<u>5,607,181</u>	<u>190,755,679</u>	<u>1,453,026,555</u>
-	-	-	-	21,673,982
-	-	-	-	14,180,153
-	-	-	-	53,751,204
-	-	-	-	180,815,275
-	-	-	-	95,045,746
-	-	-	-	7,216,063
-	-	-	-	352,566
-	-	-	-	10,453,774
-	-	-	-	58,920,291
-	-	-	-	18,527,933
-	-	-	-	30,517,816
-	-	-	-	31,203,549
-	-	-	-	55,012,329
-	-	-	-	34,130,499
-	-	26	94,458,865	537,541,001
382,673	123,411	36,336,955	78,059,535	151,348,796
-	-	1,718,949	53,505,809	73,930,659
-	-	387,869	636,346	1,024,215
-	-	5,332,985	3,844,966	21,953,495
-	-	87,823,538	50,618,771	138,537,768
25,803,142	12,718,498	-	1,450,000	86,315,000
20,160,689	5,337,794	-	585,950	57,783,125
523,667	54,942	-	-	1,520,826
<u>46,870,171</u>	<u>18,234,645</u>	<u>131,600,322</u>	<u>283,160,242</u>	<u>1,681,756,065</u>
<u>(3,929,017)</u>	<u>(9,077,434)</u>	<u>(125,993,141)</u>	<u>(92,404,563)</u>	<u>(228,729,510)</u>

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

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

For the Year Ended June 30, 2005

	General	General Purpose School	GSD General Purposes Debt Service
OTHER FINANCING SOURCES (USES):			
Payments to refunded bond escrow agent	\$ -	\$ -	\$ (170,354,224)
Refunding bond proceeds	-	-	156,579,531
New bond proceeds	-	-	-
Bond issue premium (discount)	-	-	14,264,823
Commercial paper proceeds	-	-	-
Commercial paper redeemed	-	-	-
Transfers in	16,570,634	1,862,703	10,267,337
Transfers out	(50,375,689)	(3,267,441)	(7,794,900)
Total other financing sources (uses)	(33,805,055)	(1,404,738)	2,962,567
Net change in fund balances	1,091,048	(18,999,783)	(11,663,846)
FUND BALANCES, beginning of year	36,185,779	37,442,511	59,430,520
FUND BALANCES, end of year	\$ 37,276,827	\$ 18,442,728	\$ 47,766,674

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, 2005

GSD School Purposes Debt Service	USD General Purposes Debt Service	GSD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ (86,458,398)	\$ (6,046,687)	\$ -	\$ -	\$ (262,859,309)
79,211,942	6,008,527	-	-	241,800,000
-	-	83,642,448	125,412,552	209,055,000
7,081,003	535,700	4,878,805	7,753,496	34,513,827
-	-	102,585,000	47,415,000	150,000,000
-	-	(149,090,200)	(68,909,800)	(218,000,000)
1,276,498	8,607,829	3,632,895	58,583,180	100,801,076
-	-	(6,684,262)	(35,515,780)	(103,638,072)
<u>1,111,045</u>	<u>9,105,369</u>	<u>38,964,686</u>	<u>134,738,648</u>	<u>151,672,522</u>
(2,817,972)	27,935	(87,028,455)	42,334,085	(77,056,988)
<u>78,148,782</u>	<u>14,064,796</u>	<u>5,805,468</u>	<u>41,936,974</u>	<u>273,014,830</u>
<u>\$ 75,330,810</u>	<u>\$ 14,092,731</u>	<u>\$ (81,222,987)</u>	<u>\$ 84,271,059</u>	<u>\$ 195,957,842</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, 2005

Net change in fund balances - governmental funds \$ (77,056,988)

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	183,396,697
Depreciation expense	(35,392,879)

Donations of capital assets increase net assets for governmental activities, but do not appear in the governmental funds because they are not financial resources. 22,576,525

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. (151,567)

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. (45,115,207)

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 current financial resources. (17,747,748)

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	(450,855,000)
Principal repayments	86,315,000
Principal refunded	244,765,000
Deferred charge on refunding	17,476,267
Amortization of deferred charge on refunding	(1,272,467)
Issuance costs	1,024,215
Amortization of issuance costs	(270,609)
Bond premium	(34,513,827)
Amortization of premium	2,273,727
Change in accrued interest	1,890,152

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, 2005

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	\$ (150,000,000)
Redemption of commercial paper	218,000,000

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.

Amortization of swaptions	172,727
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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	(4,483,886)
Compensated absences	(10,706,584)
Claims and judgments	817,437
Interest arbitrage rebate	19,362
Landfill closure costs	(646,968)

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

5,866,441

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.

9,182,177

Change in net assets - governmental activities

\$ (34,438,003)

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 349,183,300	\$ 349,183,300	\$ 343,535,141	\$ (5,648,159)
Local option sales tax	81,825,200	81,825,200	82,674,673	849,473
Other taxes, licenses and permits	77,407,100	77,407,100	83,687,713	6,280,613
Fines, forfeits and penalties	10,068,200	10,068,200	12,029,361	1,961,161
Revenues from the use of money or property	98,000	98,000	1,014,952	916,952
Revenues from other governmental agencies	84,032,100	72,782,500	75,677,714	2,895,214
Commissions and fees	10,864,600	10,864,600	21,072,982	10,208,382
Charges for current services	29,114,100	28,605,900	24,790,131	(3,815,769)
Compensation for loss, sale or damage to property	230,400	230,400	550,470	320,070
Contributions and gifts	568,500	568,500	667,940	99,440
Miscellaneous	524,000	524,000	996,206	472,206
Total revenues	643,915,500	632,157,700	646,697,283	14,539,583
EXPENDITURES:				
General government	33,469,200	20,431,800	21,673,982	(1,242,182)
Fiscal administration	20,360,500	14,503,600	14,180,153	323,447
Administration of justice	45,806,900	49,322,400	53,751,204	(4,428,804)
Law enforcement and care of prisoners	173,721,800	182,479,196	180,815,275	1,663,921
Fire prevention and control	87,623,200	95,118,480	95,045,746	72,734
Regulation and inspection	7,401,300	7,736,900	7,216,063	520,837
Conservation of natural resources	389,100	446,000	352,566	93,434
Public welfare	13,539,000	11,393,900	10,453,774	940,126
Public health and hospitals	70,685,200	59,313,300	58,920,291	393,009
Public library system	17,964,700	18,770,300	18,527,933	242,367
Public works, highways and streets	48,845,100	31,660,500	30,517,816	1,142,684
Recreational and cultural	30,075,700	31,418,415	31,203,549	214,866
Employee benefits	59,073,300	53,489,500	55,012,329	(1,522,829)
Miscellaneous	35,199,000	30,357,308	34,130,499	(3,773,191)
Total expenditures	644,154,000	606,441,599	611,801,180	(5,359,581)
Excess (deficiency) of revenues over expenditures	(238,500)	25,716,101	34,896,103	9,180,002
OTHER FINANCING SOURCES (USES):				
Transfers in	28,479,600	22,416,400	16,570,634	(5,845,766)
Transfers out	(27,891,100)	(51,651,385)	(50,375,689)	1,275,696
Total other financing sources (uses)	588,500	(29,234,985)	(33,805,055)	(4,570,070)
Net change in fund balances	350,000	(3,518,884)	1,091,048	4,609,932
FUND BALANCES, beginning of year	36,185,779	36,185,779	36,185,779	-
FUND BALANCES, end of year	\$ 36,535,779	\$ 32,666,895	\$ 37,276,827	\$ 4,609,932

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 177,054,200	\$ 177,054,200	\$ 172,159,054	\$ (4,895,146)
Local option sales tax	148,218,800	148,218,800	150,161,774	1,942,974
Other taxes, licenses and permits	2,090,300	2,090,300	3,248,128	1,157,828
Fines, forfeits and penalties	6,700	6,700	17,300	10,600
Revenues from the use of money or property	79,400	79,400	358,074	278,674
Revenues from other governmental agencies	168,070,300	171,155,427	164,942,114	(6,213,313)
Charges for current services	1,400,100	1,400,100	709,050	(691,050)
Compensation for loss, sale or damage to property	426,000	426,000	291,640	(134,360)
Contributions and gifts	970,000	970,000	663,328	(306,672)
Miscellaneous	-	-	164,864	164,864
Total revenues	498,315,800	501,400,927	492,715,326	(8,685,601)
EXPENDITURES:				
Personal services	440,518,700	442,784,927	443,082,110	(297,183)
Contractual services	36,099,400	36,169,300	35,651,357	517,943
Supplies and materials	19,050,200	19,276,000	18,705,901	570,099
Other costs	12,128,500	12,138,200	12,775,544	(637,344)
Capital outlay	50,000	83,000	95,459	(12,459)
Total expenditures	507,846,800	510,451,427	510,310,371	141,056
Excess (deficiency) of revenues over expenditures	(9,531,000)	(9,050,500)	(17,595,045)	(8,544,545)
OTHER FINANCING SOURCES (USES):				
Transfers in	953,200	953,200	1,862,703	909,503
Transfers out	(2,684,600)	(3,165,100)	(3,267,441)	(102,341)
Total other financing sources (uses)	(1,731,400)	(2,211,900)	(1,404,738)	807,162
Net change in fund balances	(11,262,400)	(11,262,400)	(18,999,783)	(7,737,383)
FUND BALANCES, beginning of year	37,442,511	37,442,511	37,442,511	-
FUND BALANCES, end of year	\$ 26,180,111	\$ 26,180,111	\$ 18,442,728	\$ (7,737,383)

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, 2005

	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	
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 13,013,093	\$ 3,068,695	\$ 3,576,201	\$ 19,657,989	\$ 37,394,334
Investments	13,411,938	-	4,019,590	17,431,528	42,856,293
Accounts receivable	15,843,357	2,429,689	827,996	19,101,042	349,697
Allowance for doubtful accounts	(326,737)	-	(78,471)	(405,208)	-
Accrued interest receivable	528,228	24,167	17,841	570,236	156,110
Due from other funds of the primary government	185,775	-	624,107	809,882	12,540,921
Due from component units	-	-	-	-	75,448
Inventories of supplies	1,788,912	-	-	1,788,912	1,588,815
Other current assets	65,619	-	50,748	116,367	1,535,750
Restricted assets:					
Debt service and reserve funds:					
Cash and cash equivalents	671,755	-	-	671,755	-
Investments	36,600,750	4,342,753	-	40,943,503	-
Accrued interest receivable	-	33,171	-	33,171	-
Construction funds:					
Cash and cash equivalents	14,148,689	2,568,085	-	16,716,774	-
Investments	-	4,197,320	-	4,197,320	-
Accounts receivable	863,005	-	-	863,005	-
Other current assets	33,131	-	-	33,131	-
Total current assets	<u>96,827,515</u>	<u>16,663,880</u>	<u>9,038,012</u>	<u>122,529,407</u>	<u>96,497,368</u>
CAPITAL AND OTHER NONCURRENT ASSETS:					
Capital assets:					
Utility plant in service	1,739,947,761	36,696,342	-	1,776,644,103	-
Land	7,327,112	1,311,213	6,231,822	14,870,147	-
Buildings and improvements	29,549,396	22,249,491	57,858,334	109,657,221	363,851
Improvements other than buildings	37,509,596	273,754	3,182,903	40,966,253	-
Furniture, machinery and equipment	34,447,327	886,904	4,481,529	39,815,760	110,470,614
Property under capital lease	-	-	3,645,000	3,645,000	-
Construction work in progress	27,975,931	9,302,112	217,014	37,495,057	-
Less accumulated depreciation	(560,957,302)	(2,330,739)	(30,757,451)	(594,045,492)	(76,593,321)
Capital assets - net	<u>1,315,799,821</u>	<u>68,389,077</u>	<u>44,859,151</u>	<u>1,429,048,049</u>	<u>34,241,144</u>
Restricted assets:					
Debt service and reserve funds:					
Investments	39,163,511	-	-	39,163,511	-
Construction funds:					
Cash and cash equivalents	25,107,341	-	-	25,107,341	-
Investments	108,427,763	-	-	108,427,763	-
Other noncurrent assets	<u>5,733,330</u>	<u>1,536,473</u>	<u>-</u>	<u>7,269,803</u>	<u>-</u>
Total capital and other noncurrent assets	<u>1,494,231,766</u>	<u>69,925,550</u>	<u>44,859,151</u>	<u>1,609,016,467</u>	<u>34,241,144</u>
Total assets	<u>1,591,059,281</u>	<u>86,589,430</u>	<u>53,897,163</u>	<u>1,731,545,874</u>	<u>130,738,512</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, 2005

	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	
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable	\$ 3,267,700	\$ 2,464,400	\$ 1,292,298	\$ 7,024,398	\$ 5,703,935
Accrued payroll	1,479,609	-	765,536	2,245,145	4,218,471
Claims payable	-	-	-	-	16,525,684
Due to other funds of the primary government	557,374	18,882	2,374,799	2,951,055	11,652,969
Due to component units	3,448	-	7,091	10,539	-
Customer deposits	3,105,589	-	57,266	3,162,855	-
Deferred revenue	-	-	619,873	619,873	-
Current portion of capital lease	-	-	150,000	150,000	-
Other current liabilities	3,116,403	-	63,685	3,180,088	79,773
Liabilities payable from restricted assets:					
Debt service and reserve funds:					
Accrued interest revenue bonds	13,203,511	790,903	-	13,994,414	-
Current portion of long term debt	25,960,000	1,180,000	-	27,140,000	-
Construction funds:					
Accounts payable	12,086,697	-	-	12,086,697	-
Current portion of state construction loans	2,487,324	-	-	2,487,324	-
Other restricted liabilities	26,100	-	-	26,100	-
Due to other funds of the primary government	444,704	-	-	444,704	-
Total current liabilities	<u>65,738,459</u>	<u>4,454,185</u>	<u>5,330,548</u>	<u>75,523,192</u>	<u>38,180,832</u>
NONCURRENT LIABILITIES:					
Revenue bonds payable	429,821,755	67,695,020	-	497,516,775	-
General obligation bonds payable	-	8,231,414	-	8,231,414	-
State construction loans	44,916,502	-	-	44,916,502	-
Capitalized lease obligations	-	-	1,780,000	1,780,000	-
Due to other funds of the primary government	-	-	232,366	232,366	-
Total noncurrent liabilities	<u>474,738,257</u>	<u>75,926,434</u>	<u>2,012,366</u>	<u>552,677,057</u>	<u>-</u>
Total liabilities	<u>540,476,716</u>	<u>80,380,619</u>	<u>7,342,914</u>	<u>628,200,249</u>	<u>38,180,832</u>
NET ASSETS:					
Invested in capital assets, net of related debt	951,882,673	(1,595,479)	42,929,151	993,216,345	34,241,144
Restricted for debt retirement	63,232,505	3,585,021	-	66,817,526	-
Restricted for construction	2,487,325	-	-	2,487,325	-
Unrestricted	32,980,062	4,219,269	3,625,098	40,824,429	58,316,536
Total net assets	<u>\$ 1,050,582,565</u>	<u>\$ 6,208,811</u>	<u>\$ 46,554,249</u>	<u>1,103,345,625</u>	<u>\$ 92,557,680</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(7,601,990)	
Net assets of business-type activities				<u>\$ 1,095,743,635</u>	

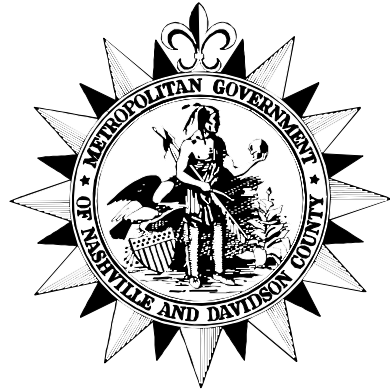
The accompanying notes are an integral part of this financial statement.

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, 2005

	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	
OPERATING REVENUES:					
Charges for services	\$ 150,936,873	\$ 15,346,729	\$ 13,453,703	\$ 179,737,305	\$ 165,716,488
Other	321,257	-	494	321,751	613,527
Total operating revenues	<u>151,258,130</u>	<u>15,346,729</u>	<u>13,454,197</u>	<u>180,059,056</u>	<u>166,330,015</u>
OPERATING EXPENSES:					
Personal services	34,357,262	53,679	6,378,071	40,789,012	32,059,165
Contractual services	26,325,500	13,454,175	6,308,876	46,088,551	25,815,004
Supplies and materials	6,204,187	137,445	375,902	6,717,534	10,786,441
Depreciation	46,681,216	1,582,628	1,856,114	50,119,958	11,743,113
Amortization	348,612	45,149	-	393,761	-
Compensation for damages to property	-	-	-	-	3,611,995
Medical and insurance benefits	-	-	-	-	97,900,451
Other	4,523,539	43,389	453,172	5,020,100	4,176,462
Total operating expenses	<u>118,440,316</u>	<u>15,316,465</u>	<u>15,372,135</u>	<u>149,128,916</u>	<u>186,092,631</u>
OPERATING INCOME (LOSS)	<u>32,817,814</u>	<u>30,264</u>	<u>(1,917,938)</u>	<u>30,930,140</u>	<u>(19,762,616)</u>
NONOPERATING REVENUE (EXPENSE):					
Investment income	4,187,377	205,133	151,571	4,544,081	1,195,927
Interest expense	(29,300,253)	(3,180,994)	(184,463)	(32,665,710)	(156,106)
Gain (loss) on sale of property	167,785	-	(34,392)	133,393	257,484
Other	712,925	(68,813)	-	644,112	239,429
Total nonoperating revenue (expense)	<u>(24,232,166)</u>	<u>(3,044,674)</u>	<u>(67,284)</u>	<u>(27,344,124)</u>	<u>1,536,734</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	<u>8,585,648</u>	<u>(3,014,410)</u>	<u>(1,985,222)</u>	<u>3,586,016</u>	<u>(18,225,882)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	16,889,196	5,265,509	-	22,154,705	151,567
TRANSFERS IN	100	1,698,900	2,602,393	4,301,393	28,740,108
TRANSFERS OUT	<u>(21,306,493)</u>	<u>(23,131)</u>	<u>(1,833,992)</u>	<u>(23,163,616)</u>	<u>(2,718,366)</u>
CHANGE IN NET ASSETS	4,168,451	3,926,868	(1,216,821)	<u>6,878,498</u>	7,947,427
NET ASSETS, beginning of year, as restated (Note 3)	<u>1,046,414,114</u>	<u>2,281,943</u>	<u>47,771,070</u>		<u>84,610,253</u>
NET ASSETS, end of year	<u>\$ 1,050,582,565</u>	<u>\$ 6,208,811</u>	<u>\$ 46,554,249</u>		<u>\$ 92,557,680</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(2,427,193)</u>	
Change in net assets of business-type activities				<u>\$ 4,451,305</u>	

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2005

	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	\$ 150,299,656	\$ 15,656,744	\$ 13,677,834	\$ 179,634,234	\$ 167,156,035
Payments to suppliers	(35,580,559)	(19,163,046)	(7,413,033)	(62,156,638)	(136,712,833)
Payments to employees	(35,057,885)	(53,679)	(6,555,595)	(41,667,159)	(30,665,170)
Other receipts (payments)	(2,777,069)	-	-	(2,777,069)	-
Net cash provided by (used in) operating activities	<u>76,884,143</u>	<u>(3,559,981)</u>	<u>(290,794)</u>	<u>73,033,368</u>	<u>(221,968)</u>
Cash flows from noncapital financing activities:					
Transfers in	100	1,698,900	2,602,393	4,301,393	28,740,108
Transfers out	(21,306,493)	(23,131)	(1,833,992)	(23,163,616)	(2,718,366)
Net cash provided by (used in) non-capital financing activities	<u>(21,306,393)</u>	<u>1,675,769</u>	<u>768,401</u>	<u>(18,862,223)</u>	<u>26,021,742</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(62,758,339)	(10,115,147)	(713,154)	(73,586,640)	(13,159,267)
Proceeds from the sale of capital assets	167,785	-	-	167,785	911,156
Proceeds from borrowings	3,892,634	8,235,999	-	12,128,633	-
Payments on borrowings	(24,972,143)	-	(1,659,734)	(26,631,877)	-
Interest paid	(29,531,370)	(3,180,994)	(184,692)	(32,897,056)	(157,006)
Capital contributions received	8,030,576	-	-	8,030,576	-
Other receipts (payments)	712,925	(68,813)	-	644,112	239,429
Net cash provided by (used in) capital and related financing activities	<u>(104,457,932)</u>	<u>(5,128,955)</u>	<u>(2,557,580)</u>	<u>(112,144,467)</u>	<u>(12,165,688)</u>
Cash flows from investing activities:					
Purchases of investments	(514,137,922)	(26,396,230)	(22,656,177)	(563,190,329)	(252,809,967)
Proceeds from the sale and maturities of investment securities	537,210,086	36,778,662	23,927,718	597,916,466	248,867,447
Interest on investments	4,392,881	199,166	142,971	4,735,018	1,111,615
Net cash provided by (used in) investing activities	<u>27,465,045</u>	<u>10,581,598</u>	<u>1,414,512</u>	<u>39,461,155</u>	<u>(2,830,905)</u>
Net changes in cash and cash equivalents	(21,415,137)	3,568,431	(665,461)	(18,512,167)	10,803,181
Cash and cash equivalents at beginning 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>
Cash and cash equivalents at end of year	<u>\$ 52,940,878</u>	<u>\$ 5,636,780</u>	<u>\$ 3,576,201</u>	<u>\$ 62,153,859</u>	<u>\$ 37,394,334</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, 2005

	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)	\$ 32,817,814	\$ 30,264	\$ (1,917,938)	\$ 30,930,140	\$ (19,762,616)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	47,029,828	1,546,200	1,856,114	50,432,142	11,743,113
Provision for doubtful accounts	(1,200)	-	15,842	14,642	-
Changes in assets and liabilities:					
Accounts receivable	1,763,673	435,529	(209,509)	1,989,693	(38,951)
Due from funds of the primary government	146,057	-	95,675	241,732	1,213,114
Due from component units	-	-	502,696	502,696	(54,073)
Inventories of supplies	(32,128)	-	-	(32,128)	59,819
Other current assets	(74,443)	-	2,769	(71,674)	78,350
Other non-current assets	-	(38,937)	-	(38,937)	-
Accounts payable	(3,018,744)	(1,019,051)	162,514	(3,875,281)	1,050,372
Accrued payroll	(700,622)	-	(177,524)	(878,146)	889,472
Claims payable	-	-	-	-	2,520,671
Due to other funds of the primary government	(956,762)	9,620	(645,063)	(1,592,205)	1,999,316
Due to component units	-	-	7,091	7,091	-
Customer deposits	74,352	(5,000)	10,353	79,705	-
Deferred revenue	-	-	(47,392)	(47,392)	-
Other current liabilities	(163,682)	(4,518,606)	53,578	(4,628,710)	79,445
Total adjustments	44,066,329	(3,590,245)	1,627,144	42,103,228	19,540,648
Net cash provided by (used in) operating activities	\$ 76,884,143	\$ (3,559,981)	\$ (290,794)	\$ 73,033,368	\$ (221,968)
<u>Non-Cash Capital, Financing and Investing Activities:</u>					
Contributions of capital assets	\$ 8,858,620	\$ 5,265,509	\$ -	\$ 14,124,129	\$ -
Transfer of capital assets from other funds	-	-	-	-	151,567
Increase (decrease) in fair value of investments	95,162	(8,566)	(9,010)	77,586	(73,351)

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, 2005

	Pension (and other Employee Benefit) Trust Funds
ADDITIONS:	
Investment income:	
Interest and dividend income	\$ 39,842,132
Net appreciation (depreciation) of investments	101,094,023
Miscellaneous	63,564
	<hr/>
Total investment income	140,999,719
Less investment expenses	(5,662,874)
	<hr/>
Net investment income	135,336,845
	<hr/>
Contributions:	
Employee contributions	1,675,598
Employer contributions	92,413,533
Transfers in	630,894
Contributions from the State of Tennessee	21,699,309
Miscellaneous	1,614,048
	<hr/>
Total contributions	118,033,382
	<hr/>
Total additions	253,370,227
	<hr/>
DEDUCTIONS:	
Pension and other employee benefits	144,435,667
Refunds of contributions	77,260
Administrative expenses	1,167,430
Transfers out	4,953,417
	<hr/>
Total deductions	150,633,774
	<hr/>
Change in net assets	102,736,453
NET ASSETS, beginning of year	1,607,258,127
	<hr/>
NET ASSETS, end of year	\$ 1,709,994,580
	<hr/> <hr/>

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, 2005

	Nashville District Management Corporation	Sports Authority	Total Governmental Types
<u>ASSETS</u>			
Cash and cash equivalents	\$ 131,882	\$ 8,160,828	\$ 8,292,710
Investments	-	2,844,326	2,844,326
Accounts receivable	-	166,729	166,729
Allowance for doubtful accounts	-	-	-
Accrued interest receivable	-	9,535	9,535
Due from the primary government	-	-	-
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	-	358,019,851	358,019,851
Improvements other than buildings	100,350	-	100,350
Furniture, machinery and equipment	59,354	1,411,102	1,470,456
Infrastructure	-	-	-
Construction work in progress	-	-	-
Less accumulated depreciation	(60,554)	(58,175,722)	(58,236,276)
Other noncurrent assets	-	709,272	709,272
	<u>233,809</u>	<u>375,038,308</u>	<u>375,272,117</u>
Total assets	<u>233,809</u>	<u>375,038,308</u>	<u>375,272,117</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, 2005

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority
General Hospital	Bordeaux Long Term Care	Total			
\$ 114,204	\$ 1,194,522	\$ 1,308,726	\$ 4,586,414	\$ 40,687,651	\$ 1,058,728
-	1,331,962	1,331,962	36,870,285	-	-
54,211,177	4,556,219	58,767,396	6,094,961	84,180,541	326,664
(33,459,000)	(777,589)	(34,236,589)	-	(407,437)	(61,631)
-	5,739	5,739	1,082,198	1,940,860	-
54,817	75,794	130,611	-	-	6,639
4,819	-	4,819	-	-	-
1,897,225	295,014	2,192,239	4,437,207	11,956,823	1,393,573
1,722,067	119,975	1,842,042	2,131,073	1,621,258	279,549
-	-	-	-	-	-
7,964	155,361	163,325	-	441,670	-
-	-	-	1,812,486	117,723,396	-
-	-	-	-	-	-
-	-	-	-	-	11,177,563
-	-	-	-	-	-
-	-	-	39,435,121	1,646,124	-
-	-	-	-	884,883,531	-
-	-	-	37,323,263	1,138,927	2,691,315
49,439,543	18,916,037	68,355,580	190,321,223	38,498,737	15,475,399
125,958	409,573	535,531	-	-	-
22,925,582	3,535,740	26,461,322	5,920,221	77,778,942	48,927,794
-	-	-	10,770,712	-	-
147,347	177,873	325,220	10,452,106	50,127,201	1,347,262
(26,733,371)	(11,614,384)	(38,347,755)	(104,803,380)	(377,698,968)	(26,261,900)
-	-	-	-	3,232,484	1,688,830
<u>70,458,332</u>	<u>18,381,836</u>	<u>88,840,168</u>	<u>246,433,890</u>	<u>937,751,740</u>	<u>58,049,785</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, 2005

	Nashville Thermal Transfer Corporation	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 4,774,734	\$ 1,206,968
Investments	-	20,787,195	1,000,000
Accounts receivable	-	2,443,088	770,034
Allowance for doubtful accounts	-	(356,932)	-
Accrued interest receivable	-	152,785	-
Due from the primary government	-	-	-
Due from other component units	-	-	-
Inventories of supplies	-	476,800	-
Other current assets	-	919,334	-
Restricted assets:			
Cash and cash equivalents	-	39,784,073	-
Investments	-	38,539,417	-
Accrued interest receivable	-	284,761	-
Due from other governmental agencies	-	281,453	-
Other restricted assets	-	1,464,824	-
Notes receivable	-	1,682,048	-
Capital assets:			
Utility plant in service	-	-	-
Land	-	99,360,965	-
Buildings and improvements	-	126,696,864	-
Improvements other than buildings	-	370,981,655	-
Furniture, machinery and equipment	-	22,972,561	4,830,764
Infrastructure	-	-	-
Construction work in progress	-	22,352,319	-
Less accumulated depreciation	-	(287,025,150)	(3,414,656)
Other noncurrent assets	-	20,607,233	-
	<u>-</u>	<u>487,180,027</u>	<u>4,393,110</u>
Total assets	<u>-</u>	<u>487,180,027</u>	<u>4,393,110</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, 2005

Industrial Development Board	Total Proprietary Types	Total Component Units
\$ 4,481,775	\$ 58,104,996	\$ 66,397,706
-	59,989,442	62,833,768
-	152,582,684	152,749,413
-	(35,062,589)	(35,062,589)
-	3,181,582	3,191,117
-	137,250	137,250
-	4,819	4,819
-	20,456,642	20,456,642
-	6,793,256	6,796,033
63	40,389,131	40,389,131
-	158,075,299	158,075,299
-	284,761	284,761
-	11,459,016	11,459,016
-	1,464,824	1,464,824
-	42,763,293	42,763,293
-	884,883,531	884,883,531
-	140,514,470	202,406,857
-	439,347,803	797,367,654
-	371,517,186	371,617,536
1,125	186,892,729	188,363,185
-	10,770,712	10,770,712
-	84,604,108	84,604,108
(300)	(837,552,109)	(895,788,385)
-	25,528,547	26,237,819
<u>4,482,663</u>	<u>1,827,131,383</u>	<u>2,202,403,500</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, 2005

	Nashville District Management Corporation	Sports Authority	Total Governmental Types
	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES</u>			
Accounts payable	\$ 113,029	\$ 431,279	\$ 544,308
Accrued payroll	-	5,254	5,254
Due to the primary government	-	1,501,186	1,501,186
Due to other component units	-	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	4,557	3,065,000	3,069,557
Current portion of capital lease	-	-	-
Accrued interest	-	1,963,355	1,963,355
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	2,378	-	2,378
Revenue bonds payable	-	78,397,576	78,397,576
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	-	-	-
	<u>119,964</u>	<u>85,369,959</u>	<u>85,489,923</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	92,215	281,685,042	281,777,257
Restricted for debt retirement	-	-	-
Restricted for other purposes	-	-	-
Unrestricted	21,630	7,983,307	8,004,937
	<u>21,630</u>	<u>7,983,307</u>	<u>8,004,937</u>
Total net assets	<u>\$ 113,845</u>	<u>\$ 289,668,349</u>	<u>\$ 289,782,194</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, 2005

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority
General Hospital	Bordeaux Long Term Care	Total			
\$ 2,135,052	\$ 986,639	\$ 3,121,691	\$ 7,621,850	\$ 94,224,046	\$ 7,701,421
3,205,912	2,007,117	5,213,029	678,745	-	930,467
63,538,127	33,800	63,571,927	-	-	5,001,086
-	4,819	4,819	-	-	-
-	-	-	218,931	9,878,835	-
-	-	-	2,252,986	-	-
970,706	-	970,706	-	-	137,246
-	-	-	-	2,177,281	-
27,149	-	27,149	3,749,783	1,628,354	2,417,747
-	-	-	-	-	-
-	-	-	-	-	-
7,964	155,361	163,325	-	-	-
-	-	-	-	12,939,590	-
-	-	-	6,433,562	453,853,394	-
39,892,914	-	39,892,914	-	-	419,471
-	-	-	-	1,646,213	-
1,458,238	-	1,458,238	3,623,209	1,113,319	-
<u>111,236,062</u>	<u>3,187,736</u>	<u>114,423,798</u>	<u>24,579,066</u>	<u>577,461,032</u>	<u>16,607,438</u>
5,041,439	11,424,839	16,466,278	139,509,514	282,414,670	41,623,153
-	-	-	-	42,719,017	-
-	-	-	1,191,210	-	-
(45,819,169)	3,769,261	(42,049,908)	81,154,100	35,157,021	(180,806)
<u>\$ (40,777,730)</u>	<u>\$ 15,194,100</u>	<u>\$ (25,583,630)</u>	<u>\$ 221,854,824</u>	<u>\$ 360,290,708</u>	<u>\$ 41,442,347</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, 2005

	Nashville Thermal Transfer Corporation	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 3,153,317	\$ 44,471
Accrued payroll	-	2,286,250	-
Due to the primary government	-	-	-
Due to other component units	-	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	-	175,179	-
Current portion of capital lease	-	-	155,439
Accrued interest	-	24,916	1,800
Other current liabilities	-	-	-
Liabilities payable from restricted assets:			
Accounts payable	-	12,232	-
Accrued interest	-	5,633,932	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	-	20,275,000	-
Revenue bonds payable	-	239,392,690	-
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	-	15,440,687	-
	<hr/>	<hr/>	<hr/>
Total liabilities	-	286,394,203	201,710
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	-	101,464,942	1,260,669
Restricted for debt retirement	-	37,642,339	-
Restricted for other purposes	-	-	-
Unrestricted	-	61,678,543	2,930,731
	<hr/>	<hr/>	<hr/>
Total net assets	\$ -	\$ 200,785,824	\$ 4,191,400

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, 2005

Industrial Development Board	Total Proprietary Types	Total Component Units
\$ -	\$ 115,866,796	\$ 116,411,104
-	9,108,491	9,113,745
-	68,573,013	70,074,199
-	4,819	4,819
-	10,097,766	10,097,766
-	2,428,165	5,497,722
-	1,263,391	1,263,391
-	2,203,997	4,167,352
2,309,746	10,132,779	10,139,088
-	12,232	12,232
-	5,633,932	5,633,932
-	163,325	163,325
-	33,214,590	33,216,968
-	699,679,646	778,077,222
-	40,312,385	40,312,385
-	1,646,213	1,646,213
-	21,635,453	21,635,453
<u>2,309,746</u>	<u>1,021,976,993</u>	<u>1,107,466,916</u>
825	582,740,051	864,517,308
-	80,361,356	80,361,356
2,172,092	3,363,302	3,363,302
-	138,689,681	146,694,618
<u>\$ 2,172,917</u>	<u>\$ 805,154,390</u>	<u>\$ 1,094,936,584</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, 2005

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 710,247	\$ 626,646	\$ -	\$ 48,109
Sports Authority	27,048,207	1,328,582	9,304,952	7,070,033
General Hospital	83,880,245	42,140,380	19,979,300	455,963
Bordeaux Long Term Care	36,930,795	24,621,432	9,930,034	72,827
Metropolitan Development and Housing Agency	98,982,328	17,775,480	81,393,854	-
Electric Power Board	787,225,010	785,708,793	-	-
Metropolitan Transit Authority	35,206,793	8,029,712	15,941,397	24,038,443
Nashville Thermal Transfer Corporation	3,191,082	-	-	-
Metropolitan Nashville Airport Authority	71,587,048	78,409,926	6,970,112	-
Emergency Communications District	5,301,645	5,465,774	10,000	-
Industrial Development Board	24,756	116,023	-	-
Total component units	\$ 1,150,088,156	\$ 964,222,748	\$ 143,529,649	\$ 31,685,375

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, 2005

Net (Expense) Revenue and Changes in Net Assets					
Nashville District Management Corporation	Sports Authority	Total Governmental Types	Hospital Authority		
			General Hospital	Bordeaux Long Term Care	Total
\$ (35,492)	\$ -	\$ (35,492)	\$ -	\$ -	\$ -
-	(9,344,640)	(9,344,640)	-	-	-
-	-	-	(21,304,602)	-	(21,304,602)
-	-	-	-	(2,306,502)	(2,306,502)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(35,492)</u>	<u>(9,344,640)</u>	<u>(9,380,132)</u>	<u>(21,304,602)</u>	<u>(2,306,502)</u>	<u>(23,611,104)</u>
1,745	188,692	190,437	-	68,408	68,408
-	613,599	613,599	-	-	-
<u>1,745</u>	<u>802,291</u>	<u>804,036</u>	<u>-</u>	<u>68,408</u>	<u>68,408</u>
(33,747)	(8,542,349)	(8,576,096)	(21,304,602)	(2,238,094)	(23,542,696)
<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>
<u>\$ 113,845</u>	<u>\$ 289,668,349</u>	<u>\$ 289,782,194</u>	<u>\$ (40,777,730)</u>	<u>\$ 15,194,100</u>	<u>\$ (25,583,630)</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, 2005

	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 Long Term Care	-	-	-	-
Metropolitan Development and Housing Agency	187,006	-	-	-
Electric Power Board	-	(1,516,217)	-	-
Metropolitan Transit Authority	-	-	12,802,759	-
Nashville Thermal Transfer Corporation	-	-	-	(3,191,082)
Metropolitan Nashville Airport Authority	-	-	-	-
Emergency Communications District	-	-	-	-
Industrial Development Board	-	-	-	-
Total component units	187,006	(1,516,217)	12,802,759	(3,191,082)
General revenues:				
Revenues from the use of money or property	635,227	5,875,815	67,904	9,649
Compensation for loss, sale or damage to property	-	-	124,221	-
Total general revenues	635,227	5,875,815	192,125	9,649
Changes in net assets	822,233	4,359,598	12,994,884	(3,181,433)
Net assets - beginning	221,032,591	355,931,110	28,447,463	3,181,433
Net assets - ending	\$ 221,854,824	\$ 360,290,708	\$ 41,442,347	\$ -

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

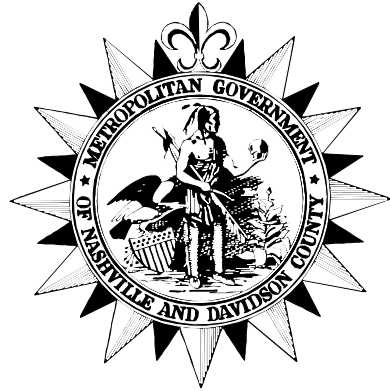
THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2005

Net (Expense) Revenue and Changes in Net Assets				
Metropolitan Nashville Airport Authority	Emergency Communications District	Industrial Development Board	Total Proprietary Types	Total Component Units
\$ -	\$ -	\$ -	\$ -	\$ (35,492)
-	-	-	-	(9,344,640)
-	-	-	(21,304,602)	(21,304,602)
-	-	-	(2,306,502)	(2,306,502)
-	-	-	187,006	187,006
-	-	-	(1,516,217)	(1,516,217)
-	-	-	12,802,759	12,802,759
-	-	-	(3,191,082)	(3,191,082)
13,792,990	-	-	13,792,990	13,792,990
-	174,129	-	174,129	174,129
-	-	91,267	91,267	91,267
<u>13,792,990</u>	<u>174,129</u>	<u>91,267</u>	<u>(1,270,252)</u>	<u>(10,650,384)</u>
2,758,258	23,538	1,804	9,440,603	9,631,040
-	-	-	124,221	737,820
<u>2,758,258</u>	<u>23,538</u>	<u>1,804</u>	<u>9,564,824</u>	<u>10,368,860</u>
16,551,248	197,667	93,071	8,294,572	(281,524)
<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>
<u>\$ 200,785,824</u>	<u>\$ 4,191,400</u>	<u>\$ 2,172,917</u>	<u>\$ 805,154,390</u>	<u>\$ 1,094,936,584</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the Government conform to accounting principles generally accepted in the United States of America 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 Long Term Care (a long-term care facility) for the residents of Nashville and Davidson County. The Hospital Authority was created in March 1999 to operate both entities, which were previously accounted for as enterprise funds of the Government. Effective October 1, 2004, Bordeaux Long Term Care absorbed the operations of the J.B. Knowles Home for the Aged which was previously accounted for in the General Fund 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 entity. Hospital Authority land and buildings and improvements are titled in the Government's name. Both entities are financially dependent on contributions from the Government's General Fund. Complete financial statements for each entity 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 37246.

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** was a not-for-profit corporation that provided low cost heating and cooling to the Government and downtown businesses. The Corporation was governed by a board of directors who were all appointed and could be removed by the Government. The debt of the Corporation was issued in the Government's name, all properties of the Corporation were in the name of the Government, and the Corporation was financially dependent on the Government.

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 was transferred to the Government upon the completion of demolition. Effective December, 2003, the District Energy System, which is an Enterprise Fund of the Government, commenced operations to provide the same services.

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, which coincided with the completion of the demolition. Upon dissolution the Corporation ceased to exist.

Complete financial statements of the Corporation can be obtained from the Government's Department of Finance, Accounting Division, PO Box 196300, Nashville, TN 3729-6300.

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. The Nashville Thermal Transfer Corporation is reported as of December 29, 2004, the date of its dissolution.

The primary government includes \$825,930 due from component units in the Statement of Net Assets for amounts advanced to the Metropolitan Development and Housing Agency. The component units do not include this amount as due to the primary government as the amount was advanced subsequent to the Agency's year end.

B. Accounting Pronouncements

The Government adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3, 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.

The Government plans to adopt GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an Amendment of GASB Statement No. 34, required for fiscal periods beginning after June 15, 2005, in fiscal 2006. This Statement clarifies the definition of “legally enforceable” in determining and reporting restricted net assets.

The Government plans to adopt GASB Statement No. 47, Accounting for Termination Benefits, required for fiscal periods beginning after June 15, 2005, in fiscal 2006. This Statement provides accounting and reporting guidance for benefits such as early retirement incentives or severance to employees that are involuntarily terminated.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 from 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 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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 **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.

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 **District Energy System** 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, treasury management, human resources, finance and general services.

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, 2005. 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, 2005.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. Capitalized interest totaled \$541,316 for the year ended June 30, 2005.

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, 2005. 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 that has not matured 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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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 \$8,461,835.

Bordeaux Sanitary Landfill – This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$3,611,399 are included in the long-term liability.

Metro Thermal Ash Landfill – This landfill has stopped accepting solid waste. Most closing procedures have been completed. 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 \$2,091,024 are included in the long-term liability.

Lebanon Road Landfill – This landfill has stopped accepting waste, and closing procedures are 100% complete. Estimated postclosure costs of \$880,881 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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:

Airfield development	\$ 156,481,739
Terminal development	63,123,216
Land acquisition	<u>30,027,200</u>
	<u>\$ 249,632,155</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.

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, 2005. Amounts available at June 30, 2005 have been recorded as revenue in the governmental fund statements. Current tax collections of \$565,446,465 for the fiscal year ended June 30, 2005 were approximately 97% of the tax levy.

Of the \$735,575,333 property tax receivable, \$694,351,150 represents the 2005 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2005.

B. Budgets and Budgetary Accounting

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

1. The Director of Finance annually obtains information from all officers, departments, boards, commissions and other agencies of the Government for which appropriations are made and/or revenues are collected and compiles the annual operating budget for the ensuing fiscal year beginning July 1. The compiled information, including various expenditure options and the means of financing them, is submitted to the Mayor for review.
2. The Mayor, with the assistance of the Department of Finance, determines the programs to be recommended to the Metropolitan Council, the expenditures proposed to operate those programs and the revenue changes needed to fund those expenditures. That information is compiled into a balanced operating budget which is submitted to the Metropolitan Council by May 25.
3. Copies of the Mayor's proposed budget and budget message are distributed to interested persons, and a summary of the budget is published in the area daily newspaper. The budget is a public record open for public inspection.
4. The Metropolitan Council's Budget and Finance Committee holds hearings with the officers, departments, boards, commissions and other agencies to explore the impact of the recommended operating budget and to explore other departmental budget options. In addition, advertised public hearings are held to obtain taxpayers' comments prior to final passage.
5. The budget is legally enacted effective July 1 through passage of an ordinance by the Metropolitan Council. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and fund balance.
6. The amounts in the adopted operating budgets for each organizational unit, purpose or activity constitute the annual appropriation for such items, and no expenditure can be made which will result in the annual appropriation being exceeded unless an additional appropriation is made.
7. The Metropolitan Council may make appropriations in addition to those contained in the current operating budgets, but any such additional appropriations may be made only from an existing unappropriated surplus in the fund to which it applies.
8. The Mayor may transfer the available balance of any appropriation for any purpose to the appropriation for any other purpose within the same department or by resolution approved by the Metropolitan Council, the available balance of any appropriation may be transferred to another appropriation within the same section of the budget and within the same fund.
9. All available balances of appropriations in the current operating budget lapse into the fund balance of the fund or funds from which the appropriations were originally made at the end of the fiscal year. Encumbrances do not lapse at the end of the fiscal year. 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 \$3,620,076 and to the General Purpose School Fund of \$3,085,127.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2005-2006 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number O05-663. Unreserved and undesignated fund balance resources at June 30, 2005 have been appropriated to the 2005-2006 fiscal year operating budget as follows:

General Services District General Purposes Debt Service Fund	\$ 612,600
General Services District School Purposes Debt Service Fund	10,271,300
Urban Services District General Purposes Debt Service Fund	3,951,300

Encumbrances – Information regarding 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, 2005 were as follows:

	<u>Outstanding Encumbrances</u>
General Fund	\$ 796,474
Special Revenue Funds:	
General Purpose School	234,478
Metropolitan Action Commission	54,558
General Government Services	453,211
Recreational and Cultural Services	11,117
General Fund 4% Reserve	697,923
Law Enforcement and Justice Services	227,767
Solid Waste Operations	549,696
Stormwater Operations	5,474,368
Library Services	5,794
Health Services	48,745
Education Services	31,356
Infrastructure Services	270,366
Nashville Career Advancement Center	1,944
District Energy System Development	574
Regulation and Inspection Services	8,690
Capital Projects Funds:	
GSD Capital Projects	80,277,389
Education Capital Projects	3,329,624
USD Capital Projects	9,952,756

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, 2005:

	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:			
Health Services	\$ (32,392)	\$ -	\$ (32,392)
Nashville Career Advancement Center	(132,699)	400	(132,299)
Regulation and Inspection Services	(237,300)	-	(237,300)
Capital Projects Funds:			
GSD Capital Projects	(81,222,987)	-	(81,222,987)
Education Capital Projects	(21,257,419)	-	(21,257,419)
USD Capital Projects	(4,825,168)	-	(4,825,168)
Enterprise Funds:			
District Energy System	(1,595,479)	7,804,290	6,208,811
Nashville Convention Center	(38,628)	37,064,104	37,025,476
Surplus Property Auction	(1,912,730)	-	(1,912,730)
Internal Service Funds:			
Information Systems	(892,057)	897,505	5,448
Injured on Duty	(6,518,167)	-	(6,518,167)
Treasury Management	(9,975)	6,687	(3,288)
Finance Services	(443,295)	112,184	(331,111)
General Services	(1,580,767)	2,160	(1,578,607)
Fiduciary Funds:			
Education Flexible Benefits Plan	-	(24,451)	(24,451)

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

Funds with deficits

Special Revenue Funds
Capital Projects Funds
Enterprise Funds
Internal Service Funds
Fiduciary Funds

Funding responsibility

General Fund
Future issuance of notes and bonds
Future user charges
Future user charges
Future contributions

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2005, 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	\$ 516,100	\$ 2,344,778	\$ 1,828,678
Administration of Justice:			
Circuit Court Clerk	3,808,500	8,900,427	5,091,927
Juvenile Court	9,278,100	9,357,045	78,945
Law Enforcement and Care of Prisoners:			
Sheriff	48,301,800	48,438,820	137,020
Employee Benefits:			
Employer's Contribution for Group Health Insurance	19,682,200	22,901,351	3,219,151
Unemployment Compensation	400,000	429,928	29,928
Miscellaneous:			
Administration and Internal Support	8,826,792	13,918,997	5,092,205
Transfers Out:			
Water and Sewerage Services	-	100	100
Fiduciary Funds	-	8,333	8,333
General Purpose School Fund:			
Personal Services	442,784,927	443,082,110	297,183
Other Costs	12,138,200	12,775,544	637,344
Capital Outlay	83,000	95,459	12,459
Transfers Out	3,165,100	3,267,441	102,341
GSD General Purposes Debt Service Fund:			
Fiscal Charges	205,000	942,217	737,217
Payments to Refunded Bond Escrow Agent	-	170,354,224	170,354,224
GSD School Purposes Debt Service Fund:			
Fiscal Charges	205,000	523,667	318,667
Payments to Refunded Bond Escrow Agent	-	86,458,398	86,458,398
USD General Purposes Debt Service Fund:			
Payments to Refunded Bond Escrow Agent	-	6,046,687	6,046,687

Certain operating expenditures and commission and fee revenues of the County Register of Deeds and the Circuit Court Clerk are not included in the General Fund budget but are included in General Fund revenues and expenditures to appropriately recognize the full operations of these elected officials in the financial statements.

The Juvenile Court incurred additional cost in excess of budgeted amounts due to the renegotiation of the contract for the management of the Juvenile Detention Facility.

The Sheriff exceeded budgeted amounts due to various nonrecurring costs that were higher than anticipated.

Employee benefits exceeded budgeted amounts due to increased health insurance premiums and higher unemployment costs.

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

Transfers to Water and Sewerage Services are due to the unanticipated transfer of funds related to legal services provided by the Department of Law to the Department of Water and Sewerage Services.

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

As of June 30, 2005, the Government had the following investments:

Investment Type	Fair Value	Average Weighted Maturity (in Years)
Metro Investment Pool:		
U.S. Treasuries	\$ 149,859,774	0.50
Federal Home Loan Bank Obligations	30,345,486	1.42
Federal Home Loan Mortgage Corporation Obligations	26,908,859	0.54
Federal National Mortgage Association Obligations	27,596,490	0.41
Tennessee Local Government Investment Pool	88,401,856	0.22
Total Metro Investment Pool	\$ 323,112,465	
Separate Portfolios:		
U.S. Treasuries	\$ 133,596,234	1.89
Federal Home Loan Bank Obligations	2,987,329	0.52
Federal Home Loan Mortgage Corporation Obligations	201,500	0.55
Federal National Mortgage Association Obligations	6,759,087	0.77
Tennessee Local Government Investment Pool	1,373,406	0.22
Total Separate Portfolios	\$ 144,917,556	
Metropolitan Employees' Benefit Trust:		
U.S. Government Bonds	\$ 87,009,450	7.01
Foreign Government Bonds	5,514,067	2.76
U.S. Government Agencies	31,970,323	4.38
Foreign Government Agencies	199,744	2.78
U.S. Government Mortgage Backed Securities	132,975,591	25.50
Corporate Bonds and Notes	110,562,239	8.84
Common Stock	1,008,658,992	(a)
Preferred Stock	2,875,949	(a)
Collateralized Mortgage Obligations	46,916,257	6.30
Asset Backed Securities	42,871,075	15.93
Mortgages and Real Estate	95,715,696	(a)
Warrants and Options	3,291,305	(a)
Venture Capital and Partnerships	33,538,562	(a)
Total Metropolitan Employees' Benefit Trust	\$ 1,602,099,250	
Teachers' Retirement Plan:		
U.S. Government Bonds	\$ 8,330,772	5.27
U.S. Government Agencies	7,135,971	4.69
U.S. Government Mortgage Backed Securities	1,562,950	3.21
Corporate Bonds and Notes	15,759,293	3.68
Common Stock	50,512,223	(a)
Preferred Stock	39,044	(a)
Convertible Equity	663,957	(a)
Asset Backed Securities	65,725	1.50
Total Teachers' Retirement Plan	\$ 84,069,935	

(a) These investment types are not subject to interest rate risk. Therefore, average weighted maturity is not applicable.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its Investment Policy, the average maturity of the portfolios are monitored and managed so that the changing interest rates will cause only minimal deviations in the net asset value. As of June 30, 2005, the investments of the Government had average weighted maturities as noted on the table above.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Government's Investment Policy limits its investments in corporate obligations to prime banker acceptances which are eligible for purchase by the federal reserve system and commercial paper which is rated at least A1 or the equivalent by at least two nationally recognized rating agencies. The investment policy for the Metropolitan Employee's Benefit Trust limits fixed income managers to investment grade debt instruments for 92% of each fixed income portfolio; managers are allowed to invest up to 8% of the fixed income portfolio in below investment grade funds. The investment policy for the Teachers' Retirement Plan only allows investment grade debt. As of June, 30, 2005, the investments of the Government had credit ratings as follows:

Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	Not Rated
Metropolitan Employees' Benefit Trust:								
Foreign Government Bonds	\$ 5,514,067	\$ 3,724,438	\$ -	\$ 308,664	\$ 926,565	\$ 554,400	\$ -	\$ -
Foreign Government Agencies	199,744	199,744	-	-	-	-	-	-
Corporate Bonds and Notes	110,562,239	6,843,763	3,696,023	45,201,370	45,547,683	7,307,574	1,737,575	228,251
Collateralized Mortgage Obligations	46,916,257	45,024,482	177,844	451,771	-	4,986	-	1,257,174
Asset Backed Securities	<u>42,871,075</u>	<u>36,205,797</u>	<u>285,948</u>	<u>4,084,156</u>	<u>906,088</u>	<u>-</u>	<u>-</u>	<u>1,389,086</u>
Total Metropolitan Employees' Benefit Trust	<u>\$ 206,063,382</u>	<u>\$ 91,998,224</u>	<u>\$ 4,159,815</u>	<u>\$ 50,045,961</u>	<u>\$ 47,380,336</u>	<u>\$ 7,866,960</u>	<u>\$ 1,737,575</u>	<u>\$ 2,874,511</u>
Teachers' Retirement Plan:								
Corporate Bonds and Notes	\$ 15,759,293	\$ 495,020	\$ 4,424,157	\$ 8,773,376	\$ 1,795,145	\$ 271,595	\$ -	\$ -
Asset Backed Securities	<u>65,725</u>	<u>-</u>	<u>65,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Teachers' Retirement Plan	<u>\$ 15,825,018</u>	<u>\$ 495,020</u>	<u>\$ 4,489,882</u>	<u>\$ 8,773,376</u>	<u>\$ 1,795,145</u>	<u>\$ 271,595</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of credit risk is the risk of loss attributed to the magnitude of the Government's investment in a single issuer. The Government's Investment Policy limits single issuer exposure to 10% except for the securities of the U.S. Government or its agencies. For the Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan, the investment policies limit single issuer exposure for each investment manager to 5%.

Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the Government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2005, all investments were insured or registered or the securities were held by the Government or its agent in the Government's name.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of June 30, 2005, no Metro Investment Pool or Separate Portfolio investments were held in foreign currency. The investment policies for the Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan limit investments in international markets to 15% of the portfolio for each investment manager. As of June 30, 2005, the Government's exposure to foreign currency risk is as follows:

<u>Base Currency</u>	<u>Fair Value</u>	<u>Maturity</u>
Metropolitan Employees' Benefit Trust:		
Foreign Government Bonds:		
Canadian dollar	\$ 1,489,522	6/1/2006
Euro	585,377	7/4/2005
Pound sterling	1,717,412	3/7/2009
Swedish krona	<u>486,527</u>	4/20/2006
Total Foreign Government Bonds	<u>4,278,838</u>	
Foreign Government Agencies:		
New Zealand dollar	<u>199,744</u>	4/9/2008
Total Foreign Government Agencies	<u>199,744</u>	
Corporate Bonds and Notes:		
Euro	583,405	1/27/2006
New Zealand dollar	200,593	3/14/2006
Pound sterling	514,107	12/7/2006
Pound sterling	372,911	12/15/2008
Swiss franc	409,960	4/10/2007
Yen	<u>1,040,336</u>	3/23/2010
Total Corporate Bonds and Notes	<u>3,121,312</u>	
Common Stock:		
Baht	3,067,106	N/A
Canadian dollar	10,381,973	N/A
Danish krone	169,975	N/A
Egyptian pound	634,326	N/A
Euro	83,476,563	N/A
Forint	309,059	N/A
Hong Kong dollar	11,775,257	N/A
Malaysian dollar	1,670,385	N/A
Mexican peso	1,478,883	N/A
New zloty	426,234	N/A
Norwegian krone	4,821,698	N/A
Philippines peso	255,798	N/A
Pound sterling	30,448,576	N/A
Rand	3,343,901	N/A
Real	709,579	N/A

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

Base Currency	Fair Value	Maturity
Common Stock: (Continued)		
Republic of Korean won	\$ 5,924,915	N/A
Rupiah	745,569	N/A
Shekel	1,512,096	N/A
Singapore dollar	1,313,436	N/A
Swedish krona	615,448	N/A
Swiss franc	16,415,750	N/A
Turkish lira	775,621	N/A
Yen	35,515,024	N/A
Total Common Stock	215,787,172	
Preferred Stock:		
Canadian dollar	84,585	N/A
Euro	2,238,248	N/A
Real	693,158	N/A
Republic of Korean won	187,596	N/A
Singapore dollar	55,314	N/A
Total Preferred Stock	3,258,901	
Total Metropolitan Employees'		
Benefit Trust	\$ 226,645,967	

Component Units

A. Deposits

All component units are subject to State of Tennessee statute which requires that deposits in financial institutions be secured and collateralized by such 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. The degrees of risk regarding deposits vary with each component unit as noted in their separately issued financial statements.

B. Investments

Each component unit manages its own investments and creates its own policies, except for the Sports Authority which participates in the Metro Investment Pool of the primary government. Certain component units are subject to the same investment risks as the primary government. The degrees of risk regarding investments and the policies addressing each type of risk vary with each component unit as noted in their separately issued financial statements.

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

Primary Government

Governmental Activities:

	<u>Balance July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2005</u>
Capital assets, not being depreciated:				
Land	\$ 111,826,190	\$ 15,188,774	\$ (1,358,267)	\$ 125,656,697
Transportation infrastructure	1,355,352,036	5,179,212	-	1,360,531,248
Construction in progress	<u>108,778,835</u>	<u>134,698,632</u>	<u>(35,421,886)</u>	<u>208,055,581</u>
Total capital assets, not being depreciated	<u>1,575,957,061</u>	<u>155,066,618</u>	<u>(36,780,153)</u>	<u>1,694,243,526</u>
Capital assets, being depreciated:				
Buildings and improvements	891,336,339	31,937,357	(8,253,000)	915,020,696
Furniture, machinery and equipment	256,825,491	22,518,386	(27,364,167)	251,979,710
Stormwater infrastructure	<u>80,614,030</u>	<u>3,727,718</u>	<u>-</u>	<u>84,341,748</u>
Total capital assets, being depreciated	<u>1,228,775,860</u>	<u>58,183,461</u>	<u>(35,617,167)</u>	<u>1,251,342,154</u>
Less accumulated depreciation:				
Building and improvements	(338,051,081)	(19,683,392)	7,222,906	(350,511,567)
Furniture, machinery and equipment	(159,312,302)	(25,834,105)	25,287,944	(159,858,463)
Stormwater infrastructure	<u>(20,778,701)</u>	<u>(1,618,494)</u>	<u>-</u>	<u>(22,397,195)</u>
Total accumulated depreciation	<u>(518,142,084)</u>	<u>(47,135,991)</u>	<u>32,510,850</u>	<u>(532,767,225)</u>
Total capital assets, being depreciated, net	<u>710,633,776</u>	<u>11,047,470</u>	<u>(3,106,317)</u>	<u>718,574,929</u>
Governmental activities capital assets, net	<u>\$ 2,286,590,837</u>	<u>\$ 166,114,088</u>	<u>\$ (39,886,470)</u>	<u>\$ 2,412,818,455</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, 2004	Increases	Decreases	Balance June 30, 2005
Capital assets, not being depreciated:				
Land	\$ 14,870,147	\$ -	\$ -	\$ 14,870,147
Construction in progress	32,027,132	66,429,148	(60,961,223)	37,495,057
Total capital assets, not being depreciated	<u>46,897,279</u>	<u>66,429,148</u>	<u>(60,961,223)</u>	<u>52,365,204</u>
Capital assets, being depreciated:				
Utility plant in service	1,698,974,548	77,669,555	-	1,776,644,103
Buildings and improvements	106,972,968	3,143,293	(459,040)	109,657,221
Improvements other than buildings	40,730,133	241,599	(5,479)	40,966,253
Furniture, machinery and equipment	39,052,804	1,638,397	(875,441)	39,815,760
Property under capital lease	3,645,000	-	-	3,645,000
Total capital assets, being depreciated	<u>1,889,375,453</u>	<u>82,692,844</u>	<u>(1,339,960)</u>	<u>1,970,728,337</u>
Less accumulated depreciation:				
Utility plant in service	(446,450,448)	(41,615,788)	-	(488,066,236)
Land easements	-	-	-	-
Buildings and improvements	(41,784,339)	(3,931,562)	434,743	(45,281,158)
Improvements other than buildings	(25,665,986)	(1,541,411)	3,257	(27,204,140)
Furniture, machinery and equipment	(30,593,733)	(2,940,072)	867,566	(32,666,239)
Property under capital lease	(736,594)	(91,125)	-	(827,719)
Total accumulated depreciation	<u>(545,231,100)</u>	<u>(50,119,958)</u>	<u>1,305,566</u>	<u>(594,045,492)</u>
Total capital assets, being depreciated, net	<u>1,344,144,353</u>	<u>32,572,885</u>	<u>(34,394)</u>	<u>1,376,682,845</u>
Business-type activities capital assets, net	<u>\$ 1,391,041,632</u>	<u>\$ 99,002,033</u>	<u>\$ (60,995,617)</u>	<u>\$ 1,429,048,049</u>

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

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

Governmental activities:	
General government	\$ 5,832,323
Fiscal administration	1,537,095
Administration of justice	778,361
Law enforcement and care of prisoners	2,676,532
Fire prevention and control	651,388
Education	16,219,717
Regulation and inspection	9,014
Public welfare	446,214
Public health and hospitals	391,230
Public library system	2,417,502
Public works, highways and streets, including depreciation of stormwater infrastructure	2,194,168
Recreational and cultural	2,239,334
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>11,743,113</u>
Total depreciation expense, governmental activities	<u>\$ 47,135,991</u>
Business-type activities:	
Department of Water and Sewerage Services	\$ 46,681,216
District Energy System	1,582,628
Nashville Convention Center	1,285,733
Board of Fair Commissioners	410,539
Farmers Market	147,842
Police Secondary Employment	<u>12,000</u>
Total depreciation expense, business-type activities	<u>\$ 50,119,958</u>

Component Units

Capital assets of the component units at June 30, 2005 consisted of the following:

	Balance <u>July 1, 2004</u>	Increases	Decreases	Balance <u>June 30, 2005</u>
Capital assets, not being depreciated:				
Land	\$ 203,020,201	\$ 251,842	\$ (865,186)	\$ 202,406,857
Construction in progress	<u>71,065,360</u>	<u>28,074,195</u>	<u>(14,535,447)</u>	<u>84,604,108</u>
Total capital assets, not being depreciated	<u>274,085,561</u>	<u>28,326,037</u>	<u>(15,400,633)</u>	<u>287,010,965</u>

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

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
Capital assets, being depreciated:				
Utility plant in service	\$ 853,870,574	\$ 36,059,456	\$ (5,046,499)	\$ 884,883,531
Buildings and improvements	797,211,187	11,923,663	(11,767,196)	797,367,654
Improvements other than buildings	370,491,453	1,133,489	(7,406)	371,617,536
Furniture, machinery and equipment	162,377,115	40,358,909	(14,372,839)	188,363,185
Infrastructure	11,460,638	-	(689,926)	10,770,712
Total capital assets, being depreciated	2,195,410,967	89,475,517	(31,883,866)	2,253,002,618
Less accumulated depreciation for:				
Utility plant in service	(310,215,791)	(28,010,577)	9,600,365	(328,626,003)
Buildings and improvements	(237,453,509)	(24,876,199)	9,472,183	(252,857,525)
Improvements other than buildings	(197,504,765)	(11,315,169)	1,006	(208,818,928)
Furniture, machinery and equipment	(91,916,605)	(18,503,114)	13,953,652	(96,466,067)
Infrastructure	(9,352,390)	(255,806)	588,334	(9,019,862)
Total accumulated depreciation	(846,443,060)	(82,960,865)	33,615,540	(895,788,385)
Total capital assets, being depreciated, net	1,348,967,907	6,514,652	1,731,674	1,357,214,233
Component units activities capital assets, net	\$ 1,623,053,468	\$ 34,840,689	\$ (13,668,959)	\$ 1,644,225,198

NOTE 6 - BONDS, NOTES AND OTHER OBLIGATIONS

Primary Government

A. Transaction Summary

Bonds, notes and other obligations activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
Governmental activities:					
General obligation bonds and notes payable:					
General Services District	\$ 654,384,396	\$ 240,221,979	\$ (205,102,985)	\$ 689,503,390	\$ 52,781,520
Schools	396,969,002	184,885,317	(105,748,311)	476,106,008	30,730,301
Urban Services District	107,356,602	25,747,704	(18,778,704)	114,325,602	13,983,179
Deferred charge/premium, net	257,788	17,037,561	(1,026,386)	16,268,963	-
Total general obligation bonds and notes payable	1,158,967,788	467,892,561	(330,656,386)	1,296,203,963	97,495,000

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

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
Governmental activities: (Continued)					
Limited obligation revenue bonds payable:					
Correctional Facility Revenue Bonds	\$ 13,530,000	\$ -	\$ (1,450,000)	\$ 12,080,000	\$ 1,505,000
Deferred charge/premium, net	(180,059)	-	25,125	(154,934)	-
 Total limited obligation revenue bonds payable	 <u>13,349,941</u>	 <u>-</u>	 <u>(1,424,875)</u>	 <u>11,925,066</u>	 <u>1,505,000</u>
 Commercial paper payable	 <u>68,000,000</u>	 <u>150,000,000</u>	 <u>(218,000,000)</u>	 <u>-</u>	 <u>-</u>
Other obligations payable:					
Net pension obligation	50,553,753	78,411,361	(73,927,475)	55,037,639	-
Compensated absences	48,263,727	36,251,011	(25,544,427)	58,970,311	33,538,320
Claims and judgments	4,611,343	1,500,500	(2,317,937)	3,793,906	3,793,906
Interest arbitrage rebate	254,562	70,420	(89,782)	235,200	235,200
Landfill closure costs	7,814,867	1,902,474	(1,255,506)	8,461,835	1,359,445
 Total other obligations payable	 <u>111,498,252</u>	 <u>118,135,766</u>	 <u>(103,135,127)</u>	 <u>126,498,891</u>	 <u>38,926,871</u>
 Total governmental activities long-term liabilities	 <u>\$ 1,351,815,981</u>	 <u>\$ 736,028,327</u>	 <u>\$ (653,216,388)</u>	 <u>\$ 1,434,627,920</u>	 <u>\$ 137,926,871</u>
Business-type activities:					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 484,180,000	\$ -	\$ (21,680,000)	\$ 462,500,000	\$ 25,960,000
Deferred charge/premium, net	(7,499,205)	-	780,960	(6,718,245)	-
State construction loans	46,803,335	3,892,634	(3,292,143)	47,403,826	2,487,324
 Total Department of Water and Sewerage Services	 <u>523,484,130</u>	 <u>3,892,634</u>	 <u>(24,191,183)</u>	 <u>503,185,581</u>	 <u>28,447,324</u>
District Energy System:					
Revenue bonds payable	66,700,000	-	-	66,700,000	1,180,000
Deferred charge/premium, net	2,252,012	-	(76,992)	2,175,020	-
General obligation bonds payable	-	7,695,000	-	7,695,000	-
Deferred charge/premium, net	-	540,999	(4,585)	536,414	-
 Total District Energy System	 <u>68,952,012</u>	 <u>8,235,999</u>	 <u>(81,577)</u>	 <u>77,106,434</u>	 <u>1,180,000</u>
Farmers Market:					
Capitalized lease obligations payable	2,075,000	-	(145,000)	1,930,000	150,000
 Total business-type activities long-term liabilities	 <u>\$ 594,511,142</u>	 <u>\$ 12,128,633</u>	 <u>\$ (24,417,760)</u>	 <u>\$ 582,222,015</u>	 <u>\$ 29,777,324</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, 2005 are as follows:

	Interest Rate	Amount
Governmental activities:		
General obligation bonds and notes payable from ad valorem taxes:		
General Services District - General Purposes, due in varying amounts to November 15, 2029	2.00 - 6.00%	\$ 689,503,390
General Services District - School Purposes, due in varying amounts to November 15, 2027	3.00 - 5.50%	476,106,008
Urban Services District - General Purposes, due in varying amounts to January 1, 2025	3.00 - 6.00%	114,325,602
Deferred charge/premium, net		16,268,963
Total general obligation bonds and notes payable from ad valorem taxes		1,296,203,963
Limited obligation revenue bonds payable:		
Correctional Facility Revenue Bonds, due in varying amounts to September 1, 2011	4.00 - 5.00%	12,080,000
Deferred charge/premium, net		(154,934)
Total limited obligation revenue bonds payable		11,925,066
Other obligations payable:		
Net pension obligation		55,037,639
Compensated absences		58,970,311
Claims and judgments		3,793,906
Interest arbitrage rebate		235,200
Landfill closure		8,461,835
Total other obligations payable		126,498,891
Total governmental activities long-term liabilities		\$ 1,434,627,920
Business-type activities:		
Bonds 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	5.10 - 6.50%	68,615,000
Department of Water and Sewerage Revenue Refunding Bonds of 1996, due in varying amounts to January 1, 2014	5.25 - 6.00%	44,480,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 1998A, due in varying amounts to January 1, 2022	4.625 - 6.50%	149,225,000

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

	Interest Rate	Amount
Business-type activities: (Continued)		
Department of Water and Sewerage Revenue Bonds		
Series 1998B, due in varying amounts to January 1, 2014	4.45 - 5.25%	\$ 36,740,000
Department of Water and Sewerage Revenue Refunding Bonds		
Series 2002, due in varying amounts to January 1, 2016	5.125%	27,825,000
Deferred charge/premium, net		(6,718,245)
Total Department of Water and Sewerage Services		455,781,755
District Energy System Revenue Bonds, Series 2002A, due in varying amounts to October 1, 2033	3.00 - 5.00%	66,700,000
District Energy System G. O. Multi-purpose Bonds, Series 2005A, due in varying amounts to January 1, 2025	4.25 - 5.25%	7,695,000
Deferred charge/premium, net		2,711,434
Total District Energy System		77,106,434
Total bonds payable		532,888,189
Department of Water and Sewerage Services - state construction loans	4.28 - 5.52%	47,403,826
Farmers Market - capitalized lease obligations payable	7.50%	1,930,000
Total business-type activities long-term liabilities		\$ 582,222,015

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

Governmental activities:

Noncurrent liabilities:

Due within one year	\$ 137,926,871
Due in more than one year	1,296,701,049

Total governmental activities \$ 1,434,627,920

Business-type activities:

Liabilities payable from restricted assets:

Current portion of long-term liabilities \$ 29,627,324

Noncurrent liabilities:

Due within one year	150,000
Due in more than one year	552,444,691

Total business-type activities \$ 582,222,015

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Net pension obligation	Fund incurring the related employees' compensation
Compensated absences	Fund incurring the related employees' compensation, primarily the General Fund and the General Purposes School Fund
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, 2005, 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, 2005 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
2006	\$ 97,495,000	\$ 57,730,556	\$ 1,505,000	\$ 526,850	\$ 27,140,000	\$ 29,570,314	\$ 126,140,000	\$ 87,827,720
2007	87,259,999	58,257,221	1,570,000	465,350	28,495,000	28,161,808	117,324,999	86,884,379
2008	79,810,000	54,190,460	1,630,000	401,350	30,025,000	26,671,290	111,465,000	81,263,100
2009	69,955,000	50,253,741	1,710,000	326,000	32,420,000	25,009,978	104,085,000	75,589,719
2010	69,500,000	46,787,115	1,795,000	238,375	34,640,000	22,782,618	105,935,000	69,808,108
2011-2015	325,200,003	185,304,147	3,870,000	196,000	207,960,000	77,379,895	537,030,003	262,880,042
2016-2020	277,710,000	107,163,638	-	-	92,625,000	30,952,771	370,335,000	138,116,409
2021-2025	239,675,000	44,715,965	-	-	44,055,000	11,642,983	283,730,000	56,358,948
2026-2030	41,024,998	4,538,125	-	-	16,370,000	5,899,025	57,394,998	10,437,150
2031-2035	-	-	-	-	15,470,000	1,594,000	15,470,000	1,594,000
Total	1,287,630,000	608,940,968	12,080,000	2,153,925	529,200,000	259,664,682	1,828,910,000	870,759,575
Deferred Charge/ Premium	16,805,377	-	(154,934)	-	(4,543,225)	-	12,107,218	-
Total	<u>\$ 1,304,435,377</u>	<u>\$ 608,940,968</u>	<u>\$ 11,925,066</u>	<u>\$ 2,153,925</u>	<u>\$ 524,656,775</u>	<u>\$ 259,664,682</u>	<u>\$ 1,841,017,218</u>	<u>\$ 870,759,575</u>

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 the market. The amount of principal outstanding may not exceed \$200 million.

Commercial paper obligations of \$150,000,000 with interest rates ranging from 2.25% to 2.80% were outstanding at June 30, 2005. These obligations were refunded subsequent to year-end with rollover notes. The obligations are considered short-term debt at June 30, 2005 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, 2005 was as follows:

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005
Governmental activities:				
Commercial paper payable	\$ 30,000,000	\$ 385,000,000	\$ (265,000,000)	\$ 150,000,000
Total governmental activities short-term debt	<u>\$ 30,000,000</u>	<u>\$ 385,000,000</u>	<u>\$ (265,000,000)</u>	<u>\$ 150,000,000</u>

G. General Obligation Bonds

On July 15, 2004, the Government issued \$65,755,000 General Obligation Multi-Purpose Bonds, Series 2004, maturing on June 1, 2024, with interest rates ranging from 4% to 5.25%. 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 \$68,676,809 (net of original issue premium, underwriting fees and other issuance costs); \$68,284,724 was deposited with the commercial paper paying agent.

On May 1, 2005, the Government issued \$150,995,000 General Obligation Bonds, Series 2005A, maturing on January 1, 2025, with interest rates ranging from 4.25% to 5.25%. These bonds provided funding to pay principal and interest on certain of the Government's maturing commercial paper notes and to finance construction and improvements of the Government's energy distribution system. The net proceeds of the bonds applied to the retirement of commercial paper totaled \$153,010,491 (net of original issue premium, underwriting fees and other issuance costs); \$152,096,562 was deposited with the commercial paper paying agent. The net proceeds of the bonds applied to the energy distribution system totaled \$8,235,999 (net of original issue premium, underwriting fees and other issuance costs). This portion of the bonds is directly related to the District Energy System, a proprietary fund of the Government, is intended to be repaid from the resources of that fund and is therefore reported as a liability of the District Energy System.

H. Advance and Current Refunding of Bonds

On September 1, 2004, the Government issued \$51,340,000 General Obligation Public Improvement Refunding Bonds, Series 2004, maturing on November 15, 2016, with interest rates ranging from 3% to 5%. 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 is 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. The refunding will reduce the Government's debt service payments over the next 12 years by \$4,559,803.

On May 1, 2005, the Government issued \$190,460,000 General Obligation Refunding Bonds, Series 2005B, with interest rates ranging from 4% to 5%. These bonds refunded various outstanding General Obligation Public Improvement Bonds, maturing November 15, 2007 through November 15, 2019. As a result, the refunded 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 \$9,537,161. The refunding will reduce the Government's debt service payments over the next 15 years by \$15,804,271.

In prior years, the Government has defeased other 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, 2005, \$305,680,000 of general obligation bonds and \$54,285,000 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

As of June 30, 2005, the Department has entered into 16 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 2.82% and 5.52% at June 30, 2005). 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, 2005, the 15 project loans have been fully funded and the Department has begun repaying the loans in accordance with the specified payment schedules. Principal on eight of the loans has been fully paid, and the remaining seven loans, which total \$43,511,192 at June 30, 2005, call for monthly payments of principal and interest of approximately \$367,000.

State construction loan principal maturities as of June 30, 2005 are summarized below:

Year Ending June 30	Principal	Interest
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	2,979,276	1,433,304
2011-2015	17,091,513	4,971,351
2016-2020	12,513,644	1,251,150
2021-2022	267,315	1,656
Active and complete loans	<u>43,511,192</u>	<u>14,648,325</u>
Active but incomplete loans (1)	<u>3,892,634</u>	<u>-</u>
Total state construction loans	<u>\$ 47,403,826</u>	<u>\$ 14,648,325</u>

(1) These loans are active but formalization of a final payment schedule is incomplete. The loans are expected to be paid back over 20 years at an interest rate of 2.82%.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Fair value As of June 30, 2005, the swap had a negative fair value of \$9,475,706. 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, 2005, 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.

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.

M. Unissued Bonds or Notes

At June 30, 2005, authorized but unissued general obligation bonds totaled \$458,906,015. Commercial paper borrowings are used to fund capital spending prior to the issuance of bonds.

Component Units

A. Transaction Summary

Bonds, notes and other liabilities activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
Governmental types:					
Revenue bonds payable:					
Sports Authority	\$ 87,505,000	\$ 64,910,000	\$ (70,952,424)	\$ 81,462,576	\$ 3,065,000
Total revenue bonds payable - governmental types	87,505,000	64,910,000	(70,952,424)	81,462,576	3,065,000
Notes payable:					
Nashville District Management Corporation, Inc.	11,216	-	(4,281)	6,935	6,935
Total notes payable - governmental types	11,216	-	(4,281)	6,935	6,935

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

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
Proprietary types:					
Revenue bonds payable:					
Metropolitan Development and Housing Agency	\$ 8,801,100	\$ 8,670,000	\$ (9,787,538)	\$ 7,683,562	\$ 1,250,000
Electric Power Board	478,730,186	5,547,798	(17,485,000)	466,792,984	12,939,590
Metropolitan Nashville Airport Authority	276,165,875	2,606,815	(19,105,000)	259,667,690	20,275,000
Total revenue bonds payable - proprietary types	763,697,161	16,824,613	(46,377,538)	734,144,236	34,464,590
Notes payable:					
Metropolitan Development and Housing Agency:					
Notes payable	2,852,276	-	(61,207)	2,791,069	1,002,986
Metropolitan Nashville Airport Authority:					
Subordinate Revenue Note, Series 1999	935,776	-	(164,549)	771,227	175,179
Total notes payable - proprietary types	3,788,052	-	(225,756)	3,562,296	1,178,165
Total revenue bonds and notes payable	855,001,429	81,734,613	(117,559,999)	819,176,043	38,714,690
Other liabilities payable:					
Hospital Authority:					
Capitalized lease obligation	41,764,453	-	(900,833)	40,863,620	970,706
Other liabilities	-	1,458,238	-	1,458,238	-
Metropolitan Development and Housing Agency:					
Other liabilities	1,587,039	1,835,126	(1,587,039)	1,835,126	-
Electric Power Board:					
TVA Advances	2,377,355	185,113	(916,255)	1,646,213	-
Other	861,784	1,321,135	(1,069,600)	1,113,319	-
Metropolitan Transit Authority:					
Capitalized lease obligation	654,642	46,485	(144,410)	556,717	137,246
Metropolitan Nashville Airport Authority:					
Synthetic Advance Refunding, Series 2001	6,722,818	-	(911,972)	5,810,846	-
Fair value of derivative financial instruments	4,838,433	927,587	(2,905,399)	2,860,621	-
Deferred interest income	4,619,363	-	(441,197)	4,178,166	-
Other liabilities	2,059,799	-	(64,793)	1,995,006	-
Emergency Communications District:					
Capitalized lease obligation	488,962	-	(333,523)	155,439	155,439
Total other liabilities payable - proprietary types	65,974,648	5,773,684	(9,275,021)	62,473,311	1,263,391
Total revenue bonds, notes and other liabilities payable - component units	\$ 920,976,077	\$ 87,508,297	\$ (126,835,020)	\$ 881,649,354	\$ 39,978,081

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

B. Description of Amounts Payable

Amounts payable at June 30, 2005 are as follows:

	<u>Interest Rates</u>	<u>Amount</u>
Governmental types:		
Revenue bonds payable:		
Public Improvement Revenue Bonds (Stadium Project), Series 1996, due in varying amounts to July 1, 2026	4.70 - 5.875%	\$ 3,385,000
Public Improvement Revenue Bonds (Stadium Project), Series 2004 due in varying amounts to July 1, 2027	5.375 - 5.875%	64,910,000
Taxable Public Facility Revenue Bonds, Series 1998, due in varying amount to July 1, 2018	5.87 - 6.60%	16,970,000
Deferred charge/premium, net		<u>(3,802,424)</u>
 Total revenue bonds payable - governmental types		 <u>81,462,576</u>
Notes payable:		
Nashville District Management Corporation, Inc. Notes payable	6.00%	<u>6,935</u>
 Total notes payable - governmental types		 <u>6,935</u>
Proprietary types:		
Revenue bonds payable:		
Metropolitan Development and Housing Agency, Revenue Bonds, 2003 Series, due June 11, 2009	1.61 - 2.80%	7,683,562
Electric Power Board Electric System Revenue Bonds, 1996 Series A, due in varying amounts to May 15, 2013	5.50 - 6.00%	78,343,887
Electric Power Board Electric System Revenue Bonds, 1998 Series A, due in varying amounts to May 15, 2023	5.125 - 5.40%	91,272,102
Electric Power Board Electric System Revenue Bonds, 1998 Series B, due in varying amounts to May 15, 2017	3.80 - 5.50%	57,252,377
Electric Power Board Electric System Revenue Bonds, 2001 Series A, due in varying amounts to May 15, 2017	4.50 - 5.00%	111,965,432
Electric Power Board Electric System Revenue Bonds, 2001 Series B, due in varying amounts to May 15, 2014	5.50%	18,595,249
Electric Power Board Electric System Revenue Bonds, 2004 Series A, due in varying amounts to May 15, 2029	4.50 - 5.00%	109,363,937
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1993, due in varying amounts to July 1, 2019	Adjustable	52,000,000
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1995, due in varying amounts to July 1, 2015	4.45 - 5.00%	57,070,000
Airport Improvement Revenue Bonds, Series 1998, due in varying amounts to July 1, 2016	4.50 - 5.375%	37,990,000
Airport Improvement Revenue Bonds, Series 2001A, due in varying amounts to July 1, 2015	6.25 - 6.60%	78,425,000
Passenger Facility Charge and Airport Revenue Bonds, Series 2003, due in varying amounts to July 1, 2012	Adjustable	28,825,000
Airport Improvement Revenue Bonds, Series 2003 A, due in varying amounts to July 1, 2005	2.335%	1,505,000

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

	Interest Rates	Amount
Proprietary types: (Continued)		
Airport Improvement Revenue Bonds, Series 2003 B, due in varying amounts to July 1, 2033	1.94 - 5.94%	\$ 18,900,000
Metropolitan Nashville Airport Authority: Unamortized deferred amount on refunding		(15,047,310)
Total revenue bonds payable - proprietary types		734,144,236
Notes payable:		
Metropolitan Development and Housing Agency: Notes payable and line of credit		2,791,069
Metropolitan Nashville Airport Authority: Subordinate Revenue Note, Series 1999		771,227
Total notes payable - proprietary types		3,562,296
Total revenue bonds and notes payable		819,176,043
Other liabilities payable:		
Hospital Authority:		
Capitalized lease obligation		40,863,620
Other liabilities		1,458,238
Metropolitan Development and Housing Agency: Other liabilities		1,835,126
Electric Power Board:		
TVA Advances		1,646,213
Other		1,113,319
Metropolitan Transit Authority: Capitalized lease obligation		556,717
Metropolitan Nashville Airport Authority: Synthetic Advance Refunding, Series 2001		5,810,846
Fair value of derivative financial instruments		2,860,621
Deferred interest income		4,178,166
Other liabilities		1,995,006
Emergency Communications District: Capitalized lease obligation		155,439
Total other liabilities payable - proprietary types		62,473,311
Total bonds, notes and other liabilities payable - component units		\$ 881,649,354

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	\$ 33,216,968
Noncurrent liabilities:	
Due within one year	6,761,113
Due in more than one year	841,671,273
	841,671,273
Total component units long-term liabilities	\$ 881,649,354

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

C. Collateral for Obligations of the Component Units

Sports Authority

The Public Improvement Bonds (Stadium Project), Series 1996, Taxable Public Facility Revenue Bonds, Series 1998, and Public Improvement Revenue Refunding Bonds, Series 2004, are limited obligations of the Sports Authority payable solely from the revenues and receipts pledged to the payment of these bonds and secured by the non-tax revenues of the General Fund of the Government. Neither the faith and credit of the Sports Authority nor the faith and credit or the taxing power of the Government is pledged to the payment of the principal or interest on the bonds.

Electric Power Board

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

Metropolitan Nashville Airport Authority

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

D. Advance and Current Refundings of Bonds

Sports Authority

On October 27, 2004, the Sports Authority issued \$64,910,000 Public Improvement Revenue Refunding Bonds, Series 2004, maturing on July 1, 2024, with interest rates ranging from 1.7% to 5%. These bonds refunded a portion of the outstanding Public Improvement Revenue Bonds (Stadium Project), Series 1996 (Series 1996 Bonds), maturing July 1, 2007 through July 1, 2026. As a result, that portion of the Series 1996 Bonds is considered to be defeased; therefore, the related balance of \$64,845,000 still outstanding at June 30, 2005 does not appear as a liability on the Sports Authority's Statement of Net Assets. 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 \$10,413,406. The refunding will reduce the Sports Authority's debt service payments over the next 22 years by \$15,448,219.

Electric Power Board

In prior years, Series L through N Electric Power Revenue Bonds and 1996 Series A Bonds have been defeased through advance refundings; therefore, the related balances of \$4,490,000 and \$18,835,000, respectively, which are still outstanding at June 30, 2005, do not appear as liabilities on the Electric Power Board's Statement of Net Assets.

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, 2005, does not appear as a liability on the Airport Authority's Statement of Net Assets.

E. Conduit Debt Obligations

Metropolitan Development and Housing Agency

Tax increment financing is a method of funding certain public investments for redevelopment by recapturing, for a time, all or a portion of the increased tax revenue that may result if private investment can be stimulated to occur. Tax increment can only be generated by the increased taxes resulting from private development on land in a redevelopment district that has been acquired and re-sold or leased by the Agency. The tax increment, due to the difference in the tax basis, is then diverted to the redevelopment agency which may use those funds to finance public purpose expenditures or to repay bonds or notes that were floated to finance those expenditures. These loans are special limited obligations of the Agency, payable solely from and secured by a pledge of the tax increment revenues designated for the payment of the loan. 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, 2004, the tax increment financing loans, including related accrued interest payable, aggregated approximately \$39 million.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2004, the Section 108 loans outstanding aggregated approximately \$4.96 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, 2005 for the Industrial Revenue Bonds issued after April 1, 1996 was \$510,257,553. The aggregate principal amount payable for the Industrial Revenue Bonds issued prior to April 1, 1996 could not be determined; however, their original issue amount totaled \$1,414,846,369.

Health and Educational Facilities Board

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

The aggregate principal amount of revenue bonds issued by the Board on or after April 1, 1996 totals approximately \$2,772,632,000. The aggregate principal amount of revenue bonds which were issued by the Board and are still outstanding as of April 1, 1996 could not be determined; however, the total aggregate principal amount of revenue bonds issued by the Board prior to April 1, 1996 was \$1,367,025,500.

F. Other Matters

Electric Power Board

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

The 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, 2005.

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 fiscal 2004. The credit line was increased to \$7,000,000 during fiscal 2005. 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, 2005 is \$5,001,086. The amount is reported as due to the primary government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2005 (a liability of \$2,612,133) in the Statement of Net Assets. The fair value of this financial instrument at June 30, 2005 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, 2005.

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 Authority terminated the interest rate swap in December 2004 and recorded a net unrealized loss of \$679,099. The fair value of the 2001 Barrier Swap was \$0 at June 30, 2005.

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. The outstanding 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.

G. Annual Debt Service Requirements

The annual principal maturities of all bonds and notes payable as of June 30, 2005 for the component units are as follows:

Year Ending June 30	Revenue Bonds and Notes Payable	
	Principal	Interest
2006	\$ 38,492,251	\$ 42,138,602
2007	38,600,593	40,798,670
2008	40,871,528	39,932,583
2009	40,471,466	38,986,286
2010	155,831,420	68,296,641
2011-2015	171,380,356	93,199,456
2016-2020	129,523,731	91,878,046
2021-2025	146,949,966	40,914,611
2026-2030	76,285,904	8,669,152
Total	838,407,215	464,814,047
Deferred Charges	(19,231,172)	-
Total	<u>\$ 819,176,043</u>	<u>\$ 464,814,047</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

NOTE 7 - PENSION PLANS

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

The Government has the following single-employer pension plans:

<u>Name</u>	<u>Type</u>	<u>Status</u>	<u>Administering Fund</u>
<u>Primary Government</u>			
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	Closed	N/A
Metropolitan Nashville Airport Authority	Defined Benefit	Closed	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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2005. Accounts receivable consists of amounts due from investment brokers for pending trades.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

beginning on the first day of the month following termination. The lifetime monthly benefit for the immediate monthly early employee service pension is reduced by 4% for each of the first 5 years by which the retirement date precedes the normal retirement age, and by 8% for each additional year by which the retirement date precedes the normal retirement age; provided, however, that the immediate monthly benefit shall not be less than the actuarial equivalent of the deferred pension provided by the Metro Plan.

Any employee who terminates after the completion of at least 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. A financial report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243.

City Education Plan

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

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

County Education Plan

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

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

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, 2004 amounted to \$2,137,845.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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, 2005 (the latest date available), the actuarial value of assets was \$223,611,000, the actuarial accrued liability was \$273,464,000, and the unfunded actuarial accrued liability was \$49,853,000. Covered payroll was \$54,008,000.

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 37246.

In 1994 the Electric Power Board established a nonqualified supplemental executive retirement plan (SERP) 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. Effective April 1, 2005 the Board merged the SERP with the Electric Power Board's Retirement Annuity and Survivor's Benefit Plan. Adding the SERP benefits to the Plan increased the funding requirements for the Plan, but the amounts that had accumulated in the SERP Trust were transferred to the Plan in order to offset those increased cost. Future payments that would have been made into the SERP Trust will be directed into the Plan. At the time of conversion, no benefits had been paid from the SERP. Any change in funding requirements is reflected above.

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, 2005. 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, 2004 (the latest date available), the actuarial value of assets was \$19,300,000; the actuarial accrued liability was \$24,700,000. There is an unfunded actuarial accrued liability of \$5,400,000. Covered payroll was \$15,300,000.

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 had a defined contribution pension plan covering all employees after 6 months of service whereby the Corporation contributed a specified percentage (5% at December 29, 2004) of the compensation of the employees. The plan also allowed voluntary contributions to be made by employees, up to the legal amount allowed. Pension expense for the period ended December 29, 2004 amounted to \$1,243. No voluntary contributions were made during the period ended December 29, 2004.

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

The plan does not issue a separate financial report, however, complete financial statements of the Corporation can be obtained from Government's Department of Finance, Accounting Division, PO Box 196300, Nashville, TN 37219-6300.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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 12.171% 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, 2005). 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, 2005, 2004, and 2003 were \$15,124,737, \$9,212,622 and \$8,502,420 respectively, and were equal to the required contributions for each year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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).

Component Units

Metropolitan Development and Housing Agency

The Agency's contributions for the year ended September 30, 2004 amounted to \$2,137,845, which equaled the amount of the annual required contribution. Employee contributions were \$138,510. The Agency's payroll for employees covered by this plan was \$15,897,615, and total payroll amounted to \$17,709,170 during the fiscal year ended September 30, 2004.

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 24.4% of annual covered payroll. The Board contributed 100% of the required contribution for the Plan years 2005, 2004, and 2003. For the year ended June 30, 2005, the required and actual amount contributed was \$12,719,000.

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 7.32% in 2005. 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, 2005, the annual pension costs were \$1,135,000, the annual required contribution \$1,169,000 and the actual amount contributed was \$1,169,000. 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. For the year ended June 30, 2005, the Airport Authority's annual pension cost of \$675,544 was equal to the annual required contribution of \$505,112 less interest of \$1,417,533 on the net pension asset plus \$1,587,965 annual required contribution adjustment. There was no actual contribution made to the Plan because a contribution of \$19,000,000 was made in 2004 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, 2005 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:

	<u>Beginning of Year</u>	<u>End of Year</u>
Net pension obligation:		
Metro	\$ -	\$ 39,228
Metro Education	<u>50,553,753</u>	<u>54,998,411</u>
Total net pension obligation	<u>50,553,753</u>	<u>55,037,639</u>
Net pension assets:		
County	(11,655,005)	(9,827,001)
Metro	(8,177,445)	-
County Education	(2,501,059)	(1,282,315)
City	(19,789,447)	(14,743,183)
City Education	<u>(8,258,921)</u>	<u>(6,781,630)</u>
Total net pension assets	<u>(50,381,877)</u>	<u>(32,634,129)</u>
Total net pension obligation (assets)	<u>\$ 171,876</u>	<u>\$ 22,403,510</u>

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, 2005 is the Metro Plan (Northern Trust Daily Common S&P 500 Fund totaling \$367,388,358). The categorization of pension investments by asset type is included in Note 4 – Deposits and Investments.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

	<u>County</u>	<u>Metro</u>	<u>County Education</u>
ANNUAL PENSION COST AND NET PENSION OBLIGATION (ASSET) - FISCAL 2005			
Annual required contribution	\$ 2,212,493	\$ 66,773,405	\$ 5,908,608
Interest on net pension obligation	(790,666)	(654,196)	27,758
Adjustment to annual required contribution	<u>3,022,137</u>	<u>991,899</u>	<u>2,804,133</u>
Annual pension cost	4,443,964	67,111,108	8,740,499
Contributions made	<u>(2,615,960)</u>	<u>(58,894,435)</u>	<u>(7,521,755)</u>
Increase (decrease) in net pension obligation	1,828,004	8,216,673	1,218,744
Net pension obligation (asset) beginning of year	<u>(11,655,005)</u>	<u>(8,177,445)</u>	<u>(2,501,059)</u>
Net pension obligation (asset) end of year	<u><u>\$ (9,827,001)</u></u>	<u><u>\$ 39,228</u></u>	<u><u>\$ (1,282,315)</u></u>
THREE-YEAR TREND INFORMATION			
2005			
Annual pension cost (APC)	\$ 4,443,964	\$ 67,111,108	\$ 8,740,499
Percentage of APC contributed	58.87%	87.76%	86.06%
Net pension obligation (asset)	\$ (9,827,001)	\$ 39,228	\$ (1,282,315)
2004			
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)
2003			
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)
PARTICIPANTS - Latest Actuarial Valuation Date			
Active:			
Fully vested	-	8,409	2
Non-vested and partially vested	-	4,210	-
Total active	<u>-</u>	<u>12,619</u>	<u>2</u>
Retirees and beneficiaries receiving benefits	176	5,186	372
Terminated vested	-	1,270	-
Total	<u><u>176</u></u>	<u><u>19,075</u></u>	<u><u>374</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>
\$ 11,932,549	\$ 10,395,754	\$ 3,601,764	\$ 100,824,573
4,044,300	(1,101,564)	(492,310)	1,033,322
<u>(4,676,596)</u>	<u>7,762,049</u>	<u>2,883,650</u>	<u>12,787,272</u>
11,300,253	17,056,239	5,993,104	114,645,167
<u>(6,855,595)</u>	<u>(12,009,975)</u>	<u>(4,515,813)</u>	<u>(92,413,533)</u>
4,444,658	5,046,264	1,477,291	22,231,634
<u>50,553,753</u>	<u>(19,789,447)</u>	<u>(8,258,921)</u>	<u>171,876</u>
<u>\$ 54,998,411</u>	<u>\$ (14,743,183)</u>	<u>\$ (6,781,630)</u>	<u>\$ 22,403,510</u>
\$ 11,300,253	\$ 17,056,239	\$ 5,993,104	\$ 114,645,167
60.67%	70.41%	75.35%	80.61%
\$ 54,998,411	\$ (14,743,183)	\$ (6,781,630)	\$ 22,403,510
\$ 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)
18	-	1	8,430
-	-	-	4,210
<u>18</u>	<u>-</u>	<u>1</u>	<u>12,640</u>
1,289	780	255	8,058
12	-	-	1,282
<u>1,319</u>	<u>780</u>	<u>256</u>	<u>21,980</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, 2004	July 1, 2004	July 1, 2004	July 1, 2004
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	15 years (12 remaining)	40 years (14 remaining)	15 years (12 remaining)	30 years (26 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*	4.00%	4.00%	5.00%	5.00%
Postretirement benefit increase adjustments	2.75%	2.75%	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. 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, 2004	July 1, 2004
entry age normal	entry age normal
level dollar open	level dollar open
15 years (12 remaining)	15 years (12 remaining)
5 year smoothed market	market
8.00%	8.00%
4.00%	5.00%
2.75%	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, 2005 totaled \$23,397,390.

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 \$1,700,155 and \$189,463, respectively, for the fiscal year ended June 30, 2005.

The post-retirement benefits for the Metro plans were authorized by the Government's charter and code. During the year ended June 30, 2005, 6,492 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, 2005 totaled \$11,858,233. During the year ended June 30, 2005, 2,731 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 and code.

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, 472 retirees meet those eligibility requirements. Expenditures for post-retirement health care benefits are recognized as retirees report claims. Expenditures of \$7,261,290 for the year ended June 30, 2005 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, 2005, total medical benefit claims expense incurred amounted to \$801,206. Future claims cannot be estimated. At June 30, 2005, approximately 140 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, 2005, the Metropolitan Transit Authority recognized an expense for death benefit claims totaling \$35,000. Future such claims cannot be estimated, however, at June 30, 2005, approximately 140 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 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 December 31, 2004, no termination benefits were charged to the Statement of Activities. Benefits of

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

\$23,637 were paid to employees that were involuntarily terminated prior to December 29, 2004. During the period ended December 29, 2004, \$33,762 in termination benefits were forfeited as a result of former employees accepting employment with the Government. At December 29, 2004, no accrued termination benefits were reflected 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, 69 retirees are receiving benefits under this PERS. During the year ended June 30, 2005, payments of \$335,940 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, 2005, payments of \$48,727 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, 2005, \$384,667 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 \$2,752,004 and \$1,394,708, respectively, during the year ended June 30, 2005.

Metropolitan Transit Authority

The Davidson Transit Organization provides a Section 403(b) Plan for substantially all Metropolitan Transit Authority employees, up to a 3% match for access-ride employees only, who are not covered by the defined benefit pension plan. Beginning in November 2003, access-ride employees are no longer eligible to receive matching funds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Nashville Thermal Transfer Corporation Profit - Sharing Plan

The Nashville Thermal Transfer Corporation had 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%. No matching contributions were made for the period ended December 29, 2004.

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

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 \$604,302 for the year ended June 30, 2005.

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, 2005.

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, 2005, the leased building is carried in the enterprise funds at \$3,645,000, less accumulated depreciation of \$827,719. A summary of future minimum lease payments and the present value of future lease payments for the capitalized lease as of June 30, 2005 is as follows:

<u>Year Ending June 30,</u>		
2006	\$	257,540
2007		259,665
2008		256,105
2009		257,113
2010		257,487
2011-2015		<u>1,289,195</u>
Total future minimum lease payments		2,577,105
Less:		
Amount representing interest imputed at 7.5%		647,105
Current portion of capital lease		<u>150,000</u>
Long-term capitalized lease obligation	\$	<u><u>1,780,000</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, 2005, 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 \$12,130,320.

A summary of future minimum lease payments required under the agreement as of June 30, 2005 follows:

<u>Year Ending June 30,</u>	
2006	\$ 4,000,000
2007	4,000,000
2008	4,000,000
2009	4,000,000
2010	4,000,000
2011-2015	20,000,000
2016-2020	20,000,000
2021-2025	<u>17,666,667</u>
Total future minimum lease payments	77,666,667
Less:	
Amount representing interest	36,803,047
Current portion of capital lease	<u>970,706</u>
Long-term capitalized lease obligation	<u>\$ 39,892,914</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, 2004 were \$54,892 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 \$6,125,000 at September 30, 2004. 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 \$71,702 for the year ended September 30, 2004.

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 \$939,300 for the year ended June 30, 2005. 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 \$1,966,422 for the year ended June 30, 2005.

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, 2004 and 2005, the Authority entered into a capital lease agreement with the Government for certain computer equipment with a total cost of \$149,430. The assets under capital lease are included in capital assets. The future minimum lease payments required under the capital leases as of June 30, 2005, are as follows:

<u>Year Ending June 30,</u>		
2006	\$	158,678
2007		142,718
2008		127,223
2009		127,223
2010		<u>63,612</u>
Total future minimum lease payments		619,454
Less:		
Amount representing interest imputed at 5.05%		62,737
Current portion of capital lease		<u>137,246</u>
Long-term capitalized lease obligation	\$	<u>419,471</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 \$1,682,048 at June 30, 2005 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, 2005, this equipment had a net book value of \$587,682. A schedule of future minimum lease payments required as of June 30, 2005 follows:

<u>Year Ending June 30,</u>		
2006	\$	<u>162,636</u>
Total future minimum lease payments		162,636
Less:		
Amount representing interest imputed at 4.88%		7,197
Current portion of capital lease		<u>155,439</u>
Long-term capitalized lease obligation	\$	<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 \$13,350 for the year ended March 31, 2005.

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, 2005, no lease options were exercised. Lease agreements with purchase options that have not been exercised and remain in effect total \$150,000 at March 31, 2005.

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, 2005, 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>
2006	\$ 12,000
2007	12,000
2008	<u>1,000</u>
Total future lease payments	<u>\$ 25,000</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2005 are attributable to unsettled balances at year-end primarily for internal service billings and transfers between funds.

Interfund receivables and payables include \$232,366 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, 2005 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

For the Year Ended June 30, 2005

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	GSD Capital Projects Fund
General Fund	\$ -	\$ -	\$ 441,395	\$ 676,085	\$ 119,986	\$ 91,724
General Purpose School	1,716,717	-	7,772	-	-	-
GSD General Purposes Debt Service Fund	6	-	-	-	-	4,107,917
GSD School Purposes Debt Service Fund	3	-	188,623	-	-	-
USD General Purposes Debt Service Fund	937,653	-	-	-	-	-
GSD Capital Projects Fund	1,282,657	-	113,747	-	-	-
Nonmajor Governmental Funds	4,628,674	202,250	107,375	-	2,046	118,561
Department of Water and Sewerage Services	5,869	-	-	-	-	-
Nonmajor Enterprise Funds	638	-	-	-	-	28,700
Internal Service Funds	2,620,441	780,927	-	-	-	712,814
Fiduciary Funds	6,057,525	293,000	-	-	-	-
	<u>\$ 17,250,183</u>	<u>\$ 1,276,177</u>	<u>\$ 858,912</u>	<u>\$ 676,085</u>	<u>\$ 122,032</u>	<u>\$ 5,059,716</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, 2005

Due To						
Nonmajor Governmental Funds	Department of Water and Sewerage Services	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ 2,250,636	\$ 158,491	\$ 4,170	\$ 804,873	\$ 5,425,327	\$ 23,170	\$ 9,995,857
2,465,930	1,260	-	9,370	35,871	27,248	4,264,168
2,265	-	-	232,366	-	-	4,342,554
931,730	-	-	-	-	-	1,120,356
4,004,278	-	-	-	2,887,450	-	7,829,381
309,179	-	-	365,997	134,887	-	2,206,467
299,187	-	-	145,672	-	1,914	5,505,679
61,895	-	-	34,645	76,101	7,265	185,775
587,393	5,413	-	407	-	1,556	624,107
1,843,383	836,914	14,712	1,008,125	3,093,333	1,630,272	12,540,921
-	-	-	5,710	-	-	6,356,235
<u>\$ 12,755,876</u>	<u>\$ 1,002,078</u>	<u>\$ 18,882</u>	<u>\$ 2,607,165</u>	<u>\$ 11,652,969</u>	<u>\$ 1,691,425</u>	<u>\$ 54,971,500</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, 2005 consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2005

Transferred From	Transferred 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	GSD Capital Projects Fund
General Fund	\$ 481,000	\$ -	\$ 3,335,845	\$ -	\$ -	\$ 2,311,030
General Purpose School Fund	109,939	-	-	-	-	-
GSD General Purposes Debt Service Fund	-	-	-	-	7,794,900	-
GSD Capital Projects Fund	30,000	-	875,327	-	-	-
Nonmajor Governmental Funds	7,835,536	1,862,703	6,056,165	1,276,498	812,929	955,868
Department of Water and Sewerage						
Services	4,828,021	-	-	-	-	-
District Energy System	23,044	-	-	-	-	-
Nonmajor Enterprise Funds	1,439,118	-	-	-	-	365,997
Internal Service Funds	1,670,000	-	-	-	-	-
Fiduciary Funds	153,976	-	-	-	-	-
	<u>\$ 16,570,634</u>	<u>\$ 1,862,703</u>	<u>\$ 10,267,337</u>	<u>\$ 1,276,498</u>	<u>\$ 8,607,829</u>	<u>3,632,895</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, 2005

Transferred To						
Nonmajor Governmental Funds	Department of Water and Sewerage Services	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ 38,689,751	\$ 100	\$ 1,698,900	\$ -	\$ 3,850,730	\$ 8,333	\$ 50,375,689
2,657,502	-	-	-	500,000	-	3,267,441
-	-	-	-	-	-	7,794,900
1,351,804	-	-	60,200	4,366,931	-	6,684,262
492,260	-	-	2,542,193	13,681,628	-	35,515,780
15,391,667	-	-	-	1,086,805	-	21,306,493
-	-	-	-	87	-	23,131
-	-	-	-	5,046	23,831	1,833,992
-	-	-	-	449,636	598,730	2,718,366
196	-	-	-	4,799,245	-	4,953,417
<u>\$ 58,583,180</u>	<u>\$ 100</u>	<u>\$ 1,698,900</u>	<u>\$ 2,602,393</u>	<u>\$ 28,740,108</u>	<u>\$ 630,894</u>	<u>\$ 134,473,471</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 \$16,525,864 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, 2004 and 2005:

	<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>Total Internal Service Fund Types</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	510,379	5,268,278	3,250,000	4,268,000	708,356	14,005,013
Add: Provision for events of the current fiscal year	1,547,806	2,064,189	48,561,857	39,791,928	9,546,666	101,512,446
Deduct: Payments on claims during the fiscal year	<u>373,063</u>	<u>1,626,118</u>	<u>47,885,651</u>	<u>39,640,928</u>	<u>9,466,015</u>	<u>98,991,775</u>
Claims payable June 30, 2005	<u>\$ 1,685,122</u>	<u>\$ 5,706,349</u>	<u>\$ 3,926,206</u>	<u>\$ 4,419,000</u>	<u>\$ 789,007</u>	<u>\$ 16,525,684</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 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 self-insured under the Act. The Board is a participant with the primary government in the General Government Self-Insurance Fund for coverage of all property losses. 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 losses relating to the operation of any vehicle 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, 2005. 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 \$130,000 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). The policy also provides a specified maximum of \$1,000,000 during the lifetime of a covered participant, and an aggregate maximum for total claims paid per agreement year. The aggregate maximum each year fluctuates based on the number of employees under single or family coverage contracts. The maximum amount that the reinsurance carrier will pay out in a plan year is \$1,000,000. Total claims paid in 2005 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, 2005, the Metropolitan Transit Authority owed the Trust \$704,877.

The Nashville Thermal Transfer Corporation was a participant in the Government's Self Insurance fund for coverage of all property losses. The Corporation carried 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. This liability does not include non-incremental claims adjustment expenses. 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 \$183,000 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, 2005, no deficiencies existed. The amount to be repaid from user fees is \$52,699,548 at June 30, 2005 and is recorded as capital grants and contributions by the Department of Water and Sewerage Services.

D. Construction Commitments

Primary Government

At June 30, 2005, the governmental activities of the Government had commitments of \$93,559,769 for construction contracts.

At June 30, 2005, the Department of Water and Sewerage Services had commitments of \$19,018,162 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 \$98,285,000 through the year 2011. 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, 2005. 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, 2004, the Metropolitan Development Housing Agency had outstanding construction commitments of approximately \$30 million. Of this amount, \$28.8 million will be paid by grants committed to the Agency by HUD, and the remaining \$1.2 million will be paid by funds committed to the Agency by Metropolitan Government of Nashville and Davidson County.

The Metropolitan Nashville Airport Authority estimates the cost of completion of various construction projects at June 30, 2005 to be \$92,560,578, of which \$30,221,572 is expected to be reimbursed by other governmental agencies under existing government contracts.

The Metropolitan Transit Authority estimates the cost to complete construction in progress at June 30, 2005 to be approximately \$15,000 for security fencing, approximately \$75,000 for fleet study services, and an indeterminable amount related to a commuter rail project. During fiscal 2005, the Authority commenced phase one of the multi-phase Central Station Transit Center project. Included in construction in progress at June 30, 2005 is \$734,509 for project management consulting and site selection costs relating to Central Station. The Central Station is projected to cost \$38,000,000 and is expected to be completed in fiscal year 2007. At June 30, 2005, the Authority had not entered into any commitments for construction. The cost of Central Station will be reimbursed through a series of federal, state and local grants.

E. Liquidity

Component Units

The Metropolitan Government has only budgeted and legally approved approximately \$44.3 million to the Hospital Authority, \$28.7 million of which has been allocated as revenue to General Hospital by the Hospital Authority, for the year ended June 30, 2006. The Government has also not committed to defer payment on amounts due to the Metropolitan Government or provide additional funding to General Hospital should such funding become necessary. The financial statements of General Hospital have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As reflected in General Hospital's financial statements, General Hospital experienced an increase in its net deficit of approximately \$21.3 million for the year ended June 30, 2005, resulting in a net deficit at June 30, 2005 of approximately \$40.8 million. General Hospital's financial activities resulted in net cash used in operating activities of approximately \$32.3 million for the year ended June 30, 2005, which was funded primarily by the Metropolitan

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Government in the form of revenue or capital contributions and advances reflected in the liabilities due to the Metropolitan Government in General Hospital's financial statements.

Accordingly, these factors among others indicate that General Hospital may be unable to continue as a going concern for a reasonable period of time. General Hospital's financial statements do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should General Hospital be unable to continue as a going concern. General Hospital's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis and ultimately to attain a level in which operating revenues and revenue from the Metropolitan Government exceed operating expenses. General Hospital has implemented several strategic initiatives to increase cash flow including: contracting with a vendor to work outstanding accounts and aged patient accounts receivable, implementing electronic medical recordkeeping, reviewing the chargemaster to ensure that charges are processed properly, and renegotiating managed care contracts to improve reimbursement from payors.

At June 30, 2005, General Hospital had total amounts due to the Metropolitan Government of approximately \$63.4 million, which accrued interest at rates determined by the Metropolitan Government (3.32% at June 30, 2005). General Hospital is and will be dependent on the Metropolitan Government to subsidize current and future operations.

F. 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 \$775,000 for the year ended June 30, 2005.

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 Long Term Care. As compensation for management services, General Hospital and Bordeaux Long Term Care paid VUMC a management fee of \$625,853 and \$352,321, respectively, for the year ended June 30, 2005. The outstanding management fees payable to VUMC for General Hospital and Bordeaux Long Term Care are \$94,332 and \$53,085, respectively, at June 30, 2005. 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 Government will provide an operating supplement for the payment of costs of the operations of General Hospital and Bordeaux Long Term Care. The total supplement to the Hospital Authority was \$27,834,400 for fiscal year ending June 30, 2005. The total supplement approved for the fiscal year ending June 30, 2006 was \$44,322,600, including approximately \$3.4 million for the Knowles Home which was transferred to the Hospital Authority effective October 1, 2004.

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 GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 November of 2004, 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 2007. The new contract will be for three years and may be renewed for two additional one-year periods. In October of 2004, 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 2007. 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: \$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 Airport Authority is a defendant in certain lawsuits filed by area residents who allege property value damage as a result of increased air traffic and other legal proceedings incidental to its operations. The Authority intends to vigorously defend itself in these actions. Management cannot predict the extent to which similar actions may be taken by other parties. In the opinion of management and the Authority's legal counsel, while the ultimate outcome of these matters, including an estimate of potential loss, cannot presently be determined, any losses sustained would be recoverable through the Authority's leases with certain airlines.

In August 1997, the Emergency Communication District's board of directors approved an Interlocal Agreement with the Government to assist in the financing of an 800 MHz radio system. The total cost of this equipment is estimated to be \$28 million, of which the District will be responsible for \$2.8 million per year, payable in semi-annual installments, over a ten-year period. To fund its portion of the acquisition, the District increased the monthly emergency telephone service subscriber fees. In November 2003, the Emergency Communications District elected to make an additional \$1,400,000 payment 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, 2004, the Corporation recognized expense of \$583,170 related to the agreement. The agreement expired June 30, 2003 and was renewed through December 31, 2007.

NOTE 13 – SUBSEQUENT EVENTS

Primary Government

On November 1, 2005, the Government issued \$214,000,000 General Obligation Bonds, Series 2005C, at a true interest cost of 4.34%. 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) totaling \$150,000,000 in the principal amounts and on the dates set forth below (Notes). The Notes were issued to finance general capital

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

improvements for the Metropolitan Government. The remaining bond proceeds provided additional funding for other general capital improvements.

<u>Maturity Date</u>	<u>Principal</u>
November 10, 2005	\$25,000,000
November 14, 2005	\$12,500,000
November 15, 2005	\$12,500,000
December 15, 2005	\$40,000,000
December 20, 2005	\$10,000,000
January 23, 2006	\$15,000,000
January 25, 2006	\$15,000,000
January 27, 2006	\$10,000,000
January 30, 2006	\$10,000,000

The proceeds of the Bonds that will be used to pay commercial paper notes 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.

Component Units

During August 2005, the Metropolitan Transit Authority issued a purchase commitment for new buses. Under this purchase commitment the Authority expects to pay approximately \$7,100,000 for 25 buses expected to be received in fiscal year 2006.

During July and August 2005, the Metropolitan Transit Authority made repayments totaling \$3,150,000 on the note payable to the Metropolitan Government.

Also during August 2005, the Metropolitan Transit Authority Board of Directors approved the transfer of 20 commuter connection vanpool vans to an independent party. The carrying value of the vans at June 30, 2005 totaled approximately \$37,300. As a result of this transfer, the Authority will no longer have commuter connection vanpool operations.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

CONDITION RATING OF TRANSPORTATION NETWORK

Unaudited – See Accompanying Accountants' Report

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

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
85.0 %	85.0 %	85.5 %	85.4 %	83.4 %

The condition of road and street pavement is measured using the Cartegraph 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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Needed	\$ 9,200,000	\$ 9,000,000	\$ 9,200,000	\$ 9,200,000
Actual	\$ 5,114,944	\$ 9,534,328	\$ 6,126,750	\$ 2,237,282
Difference	\$(4,085,056)	\$ 534,328	\$(3,073,250)	\$(6,962,718)

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

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
(a)	(a)	94.2 %	(a)	89.0 %

(a) Condition assessments are determined by the State every two years. Results are released by the State late in the calendar year. Due to this timing, condition assessments will now be reported every even year beginning in 2006. Thus, the assessment results expected late calendar year 2005 will be reported in fiscal 2006.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

CONDITION RATING OF TRANSPORTATION NETWORK (CONTINUED)

Unaudited – See Accompanying Accountants' Report

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Needed	\$ 1,800,000	\$ 800,000	\$ 800,000	\$ 830,000
Actual	\$ 1,848,895	\$ 231,054	\$ 555,057	\$ 637,019
Difference	\$ 48,895	\$ (568,946)	\$ (244,943)	\$ (192,981)

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
County Plan (a)				
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	-
July 1, 2004	-	18,159,599	18,159,599	-
Metro Plan				
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
July 1, 2004	1,592,671,213	1,708,318,774	115,647,561	93.23
County Education Plan (a)				
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	-
July 1, 2004	-	48,496,408	48,496,408	-
Metro Education Plan				
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
July 1, 2004	99,291,833	233,243,203	133,951,370	42.57

(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>
\$ -	- %
-	-
-	-
-	-
-	-
-	-
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
481,881,171	24.00
934,645	-
480,448	-
446,414	-
283,145	-
241,202	-
114,132	-
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
1,175,623	11,394.08

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, 1999	\$ -	\$ -	\$ -	-
July 1, 2000	-	91,006,918	91,006,918	-
July 1, 2001	-	103,406,732	103,406,732	-
July 1, 2002	-	106,725,860	106,725,860	-
July 1, 2003	-	87,981,174	87,981,174	-
July 1, 2004	-	85,325,799	85,325,799	-
City Education Plan	(a)			
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	-
July 1, 2004	-	29,562,402	29,562,402	-

(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	-
	168,000	-
	101,311	-
	104,405	-
	127,441	-
	132,349	-

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		
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
2005	2,212,493	118.24
Metro Plan		
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
2005	66,773,405	88.20
County Education Plan		
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
2005	5,908,608	127.30
Metro Education Plan		
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
2005	11,932,549	57.45

(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		
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
2005	10,395,754	115.53
City Education Plan		
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
2005	3,601,764	125.38

(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, 2005

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
ASSETS:				
Cash and cash equivalents	\$ 521,627	\$ 486,298	\$ 173,286	\$ 10,611,549
Investments	585,835	342,094	154,329	12,189,373
Accounts receivable	485,396	4,555,427	176,146	2,129
Accrued interest receivable	2,567	4,447	821	117,296
Due from other funds of the primary government	64,689	4,381	153,451	674,809
Due from component units	-	-	-	36,256,368
Inventories of supplies	-	-	176,264	-
Other assets	247	350,000	-	-
	<u>1,660,361</u>	<u>5,742,647</u>	<u>834,297</u>	<u>59,851,524</u>
Total assets	\$ 1,660,361	\$ 5,742,647	\$ 834,297	\$ 59,851,524
LIABILITIES:				
Accounts payable	\$ 325,348	\$ 860,261	\$ 48,012	\$ 293,261
Accrued payroll	431,942	22,698	41,103	-
Due to other funds of the primary government	437,312	1,714,878	236,783	1,382,932
Due to component units	-	-	-	1,900
Deferred revenue	-	117,656	11,567	-
Commercial paper payable	-	-	-	-
Other liabilities	9,874	-	-	-
	<u>1,204,476</u>	<u>2,715,493</u>	<u>337,465</u>	<u>1,678,093</u>
Total liabilities	1,204,476	2,715,493	337,465	1,678,093
FUND BALANCES:				
Reserved for imprest cash and inventories	1,750	-	176,264	-
Reserved for equipment acquisitions	-	-	-	9,452,499
Reserved for trust purposes	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for long-term receivable	-	-	-	36,256,369
Unreserved:				
Designated for specific projects	-	667,538	-	-
Undesignated	454,135	2,359,616	320,568	12,464,563
	<u>455,885</u>	<u>3,027,154</u>	<u>496,832</u>	<u>58,173,431</u>
Total fund balances	455,885	3,027,154	496,832	58,173,431
Total liabilities and fund balances	\$ 1,660,361	\$ 5,742,647	\$ 834,297	\$ 59,851,524

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, 2005

Special Revenue Funds

Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services
\$ 5,896,829	\$ 2,925,448	\$ 3,854,762	\$ 678,953	\$ 55	\$ -
6,260,447	3,359,971	4,427,809	779,905	-	-
5,936,698	826,493	1,353,520	-	770,874	1,219,405
27,635	13,669	16,739	2,794	577	39
412,821	716	-	-	2,208,651	1,857
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 18,534,430</u>	<u>\$ 7,126,297</u>	<u>\$ 9,652,830</u>	<u>\$ 1,461,652</u>	<u>\$ 2,980,157</u>	<u>\$ 1,221,301</u>
\$ 1,634,953	\$ 2,164,110	\$ 560,514	\$ 83,515	\$ 89,981	\$ 11,699
223,333	178,321	138,166	5,363	423,872	289,246
486,700	210,247	98,254	25,773	2,483,959	707,725
-	-	-	-	14,737	-
-	-	-	104,132	-	139,889
-	-	-	-	-	-
3,699,196	-	-	-	-	-
<u>6,044,182</u>	<u>2,552,678</u>	<u>796,934</u>	<u>218,783</u>	<u>3,012,549</u>	<u>1,148,559</u>
305,500	400	100	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,184,748	4,573,219	8,855,796	1,242,869	(32,392)	72,742
12,490,248	4,573,619	8,855,896	1,242,869	(32,392)	72,742
<u>\$ 18,534,430</u>	<u>\$ 7,126,297</u>	<u>\$ 9,652,830</u>	<u>\$ 1,461,652</u>	<u>\$ 2,980,157</u>	<u>\$ 1,221,301</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, 2005

	Special Revenue Funds			
	Education Services	Infrastructure Services	Nashville Career Advancement Center	District Energy System Development
ASSETS:				
Cash and cash equivalents	\$ 7,402,595	\$ 800,490	\$ 400	\$ -
Investments	1,581,366	919,514	-	-
Accounts receivable	12,687,388	15,907	582,782	-
Accrued interest receivable	20,386	3,475	-	-
Due from other funds of the primary government	402,190	78,862	570,570	-
Due from component units	-	-	-	-
Inventories of supplies	679,288	-	-	-
Other assets	-	-	10,575	-
Total assets	\$ 22,773,213	\$ 1,818,248	\$ 1,164,327	\$ -
LIABILITIES:				
Accounts payable	\$ 1,751,543	\$ 97,015	\$ 594,323	\$ -
Accrued payroll	1,019,928	25,649	109,195	-
Due to other funds of the primary government	2,056,013	27,799	593,108	-
Due to component units	-	-	-	-
Deferred revenue	688,135	-	-	-
Commercial paper payable	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	5,515,619	150,463	1,296,626	-
FUND BALANCES:				
Reserved for imprest cash and inventories	2,385,890	-	400	-
Reserved for equipment acquisitions	-	-	-	-
Reserved for trust purposes	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for long-term receivable	-	-	-	-
Unreserved:				
Designated for specific projects	-	-	-	-
Undesignated	14,871,704	1,667,785	(132,699)	-
Total fund balances	17,257,594	1,667,785	(132,299)	-
Total liabilities and fund balances	\$ 22,773,213	\$ 1,818,248	\$ 1,164,327	\$ -

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, 2005

Special Revenue Funds		Debt Service Fund	Capital Projects Funds	
Public Works Services	Regulation and Inspection Services	Correctional Facility Revenue Bonds	Education Capital Projects	USD Capital Projects
\$ 198,256	\$ -	\$ 1,642,663	\$ 5,743,204	\$ 1,257,462
189,960	-	1,211	13,418,715	7,968,761
39,789	-	-	-	-
693	-	-	9,276	281
-	-	-	794,794	137,888
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 428,698</u>	<u>\$ -</u>	<u>\$ 1,643,874</u>	<u>\$ 19,965,989</u>	<u>\$ 9,364,392</u>
\$ -	\$ 898	\$ -	\$ 3,884,668	\$ 2,057,574
-	-	-	-	-
-	236,402	2,265	1,383,740	671,986
-	-	-	-	-
-	-	-	-	-
-	-	-	35,955,000	11,460,000
-	-	-	-	-
<u>-</u>	<u>237,300</u>	<u>2,265</u>	<u>41,223,408</u>	<u>14,189,560</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,641,609	-	-
-	-	-	-	-
-	-	-	-	-
428,698	(237,300)	-	(21,257,419)	(4,825,168)
<u>428,698</u>	<u>(237,300)</u>	<u>1,641,609</u>	<u>(21,257,419)</u>	<u>(4,825,168)</u>
<u>\$ 428,698</u>	<u>\$ -</u>	<u>\$ 1,643,874</u>	<u>\$ 19,965,989</u>	<u>\$ 9,364,392</u>

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

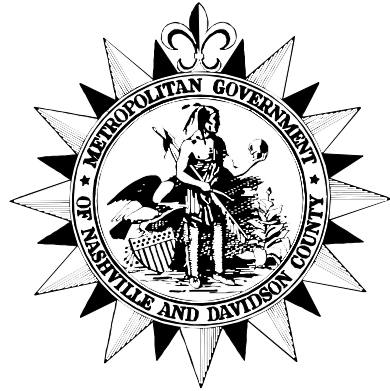
THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2005

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
ASSETS:			
Cash and cash equivalents	\$ 84,095	\$ 89,751	\$ 42,367,723
Investments	96,600	103,097	52,378,987
Accounts receivable	-	-	28,651,954
Accrued interest receivable	354	378	221,427
Due from other funds of the primary government	-	-	5,505,679
Due from component units	-	-	36,256,368
Inventories of supplies	-	-	855,552
Other assets	-	-	360,822
	-	-	-
Total assets	\$ 181,049	\$ 193,226	\$ 166,598,512
LIABILITIES:			
Accounts payable	\$ -	\$ 3,000	\$ 14,460,675
Accrued payroll	-	-	2,908,816
Due to other funds of the primary government	-	-	12,755,876
Due to component units	-	-	16,637
Deferred revenue	-	-	1,061,379
Commercial paper payable	-	-	47,415,000
Other liabilities	-	-	3,709,070
	-	-	-
Total liabilities	-	3,000	82,327,453
FUND BALANCES:			
Reserved for imprest cash and inventories	-	-	2,870,304
Reserved for equipment acquisitions	-	-	9,452,499
Reserved for trust purposes	105,994	86,665	192,659
Reserved for debt service	-	-	1,641,609
Reserved for long-term receivable	-	-	36,256,369
Unreserved:			
Designated for specific projects	-	-	667,538
Undesignated	75,055	103,561	33,190,081
	-	-	-
Total fund balances	181,049	190,226	84,271,059
Total liabilities and fund balances	\$ 181,049	\$ 193,226	\$ 166,598,512

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2005

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
REVENUES:				
Property taxes	\$ -	\$ 596,612	\$ -	\$ -
Other taxes, licenses and permits	-	20,605,956	-	-
Fines, forfeits and penalties	-	-	-	-
Revenues from the use of money or property	9,515	71,963	10,275	1,011,061
Revenues from other governmental agencies	15,175,247	4,319,599	173,981	34,450
Charges for current services	151,225	305,432	1,474,351	-
Compensation for loss, sale or damage to property	-	-	-	-
Contributions and gifts	28,304	47,222	250,792	-
Total revenues	<u>15,364,291</u>	<u>25,946,784</u>	<u>1,909,399</u>	<u>1,045,511</u>
EXPENDITURES:				
Current:				
Personal services	10,858,518	619,124	902,954	-
Contractual services	4,099,452	11,894,619	102,080	529,978
Supplies and materials	1,199,405	1,004,459	615,404	4,291,015
Bond issue costs	-	-	-	-
Other costs	162,716	553,133	169,801	32,665
Capital outlay	60,432	851,960	-	533,780
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>16,380,523</u>	<u>14,923,295</u>	<u>1,790,239</u>	<u>5,387,438</u>
Excess (deficiency) of revenues over expenditures	<u>(1,016,232)</u>	<u>11,023,489</u>	<u>119,160</u>	<u>(4,341,927)</u>
OTHER FINANCING SOURCES (USES):				
New bond proceeds	-	-	-	-
Bond issue premium (discount)	-	-	-	-
Commercial paper proceeds	-	-	-	-
Commercial paper redeemed	-	-	-	-
Transfers in	1,535,300	56,707	491,530	17,804,280
Transfers out	(746,166)	(12,702,045)	(901,127)	(13,600,627)
Total other financing sources (uses)	<u>789,134</u>	<u>(12,645,338)</u>	<u>(409,597)</u>	<u>4,203,653</u>
Net change in fund balances	(227,098)	(1,621,849)	(290,437)	(138,274)
FUND BALANCES, beginning of year	<u>682,983</u>	<u>4,649,003</u>	<u>787,269</u>	<u>58,311,705</u>
FUND BALANCES, end of year	<u>\$ 455,885</u>	<u>\$ 3,027,154</u>	<u>\$ 496,832</u>	<u>\$ 58,173,431</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, 2005

Special Revenue Funds

Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,949,742	-	34,150	-	-	-
275,654	156,236	112,560	27,101	5,519	791
20,962,065	730,164	434,522	363,221	10,383,357	5,013,832
251	3,724,421	7,763	-	39,364	-
8,824	104,449	-	-	-	-
-	-	-	380,863	22,470	975
<u>25,196,536</u>	<u>4,715,270</u>	<u>588,995</u>	<u>771,185</u>	<u>10,450,710</u>	<u>5,015,598</u>
6,520,781	5,384,793	3,784,982	154,115	10,105,841	3,321,885
17,345,578	14,612,908	4,799,697	67,718	1,587,954	1,220,595
1,283,210	2,968,220	315,130	650,496	539,316	211,920
-	-	-	-	-	-
195,680	42,379	78,831	-	68,388	172,595
1,510,891	-	2,205,834	120,432	43,305	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>26,856,140</u>	<u>23,008,300</u>	<u>11,184,474</u>	<u>992,761</u>	<u>12,344,804</u>	<u>4,926,995</u>
<u>(1,659,604)</u>	<u>(18,293,030)</u>	<u>(10,595,479)</u>	<u>(221,576)</u>	<u>(1,894,094)</u>	<u>88,603</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
511,941	18,311,600	15,391,667	-	2,381,174	-
(286,276)	(1,750,992)	-	-	(920,643)	(124,946)
<u>225,665</u>	<u>16,560,608</u>	<u>15,391,667</u>	<u>-</u>	<u>1,460,531</u>	<u>(124,946)</u>
(1,433,939)	(1,732,422)	4,796,188	(221,576)	(433,563)	(36,343)
<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>\$ 12,490,248</u>	<u>\$ 4,573,619</u>	<u>\$ 8,855,896</u>	<u>\$ 1,242,869</u>	<u>\$ (32,392)</u>	<u>\$ 72,742</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, 2005

	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	189,192	35,617	-	3,887
Revenues from other governmental agencies	68,809,690	15,907	5,324,927	-
Charges for current services	17,357,747	-	16,265	-
Compensation for loss, sale or damage to property	5,111	-	-	-
Contributions and gifts	5,154,265	920	290,560	-
Total revenues	<u>91,516,005</u>	<u>52,444</u>	<u>5,631,752</u>	<u>3,887</u>
EXPENDITURES:				
Current:				
Personal services	49,116,779	649,465	2,803,280	-
Contractual services	5,856,130	230,293	2,551,762	-
Supplies and materials	33,333,635	122,607	80,248	-
Bond issue costs	-	-	-	-
Other costs	922,384	12,773	363,937	-
Capital outlay	927,797	51,667	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>90,156,725</u>	<u>1,066,805</u>	<u>5,799,227</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,359,280</u>	<u>(1,014,361)</u>	<u>(167,475)</u>	<u>3,887</u>
OTHER FINANCING SOURCES (USES):				
New bond proceeds	-	-	-	-
Bond issue premium (discount)	-	-	-	-
Commercial paper proceeds	-	-	-	-
Commercial paper redeemed	-	-	-	-
Transfers in	927,403	990,478	181,100	-
Transfers out	(1,895,196)	(217,835)	(124,247)	(3,887)
Total other financing sources (uses)	<u>(967,793)</u>	<u>772,643</u>	<u>56,853</u>	<u>(3,887)</u>
Net change in fund balances	391,487	(241,718)	(110,622)	-
FUND BALANCES, beginning of year	<u>16,866,107</u>	<u>1,909,503</u>	<u>(21,677)</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 17,257,594</u>	<u>\$ 1,667,785</u>	<u>\$ (132,299)</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, 2005

Special Revenue Funds		Debt Service Fund	Capital Projects Funds	
Public Works Services	Regulation and Inspection Services	Correctional Facility Revenue Bonds	Education Capital Projects	USD Capital Projects
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
3,776	-	20,893	68,117	2,065
-	-	2,031,225	-	-
314,559	100,369	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>318,335</u>	<u>100,369</u>	<u>2,052,118</u>	<u>68,117</u>	<u>2,065</u>
-	-	-	236,348	-
-	184,792	-	5,552,701	7,410,428
-	-	-	4,540,087	2,345,026
-	-	-	470,855	165,491
-	11,234	3,771	1,035,414	15,329
-	-	-	38,584,857	5,727,816
-	-	1,450,000	-	-
-	-	585,950	-	-
-	196,026	2,039,721	50,420,262	15,664,090
<u>318,335</u>	<u>(95,657)</u>	<u>12,397</u>	<u>(50,352,145)</u>	<u>(15,662,025)</u>
-	-	-	105,673,375	19,739,177
-	-	-	6,550,275	1,203,221
-	-	-	35,955,000	11,460,000
-	-	-	(52,254,600)	(16,655,200)
-	-	-	-	-
-	-	(2,265)	(1,276,498)	(963,030)
-	-	<u>(2,265)</u>	<u>94,647,552</u>	<u>14,784,168</u>
318,335	(95,657)	10,132	44,295,407	(877,857)
110,363	(141,643)	1,631,477	(65,552,826)	(3,947,311)
<u>\$ 428,698</u>	<u>\$ (237,300)</u>	<u>\$ 1,641,609</u>	<u>\$ (21,257,419)</u>	<u>\$ (4,825,168)</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, 2005

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
REVENUES:			
Property taxes	\$ -	\$ -	\$ 596,612
Other taxes, licenses and permits	-	-	20,605,956
Fines, forfeits and penalties	-	-	3,983,892
Revenues from the use of money or property	3,259	3,049	2,010,530
Revenues from other governmental agencies	-	-	133,772,187
Charges for current services	-	-	23,491,747
Compensation for loss, sale or damage to property	-	-	118,384
Contributions and gifts	-	-	6,176,371
Total revenues	<u>3,259</u>	<u>3,049</u>	<u>190,755,679</u>
EXPENDITURES:			
Current:			
Personal services	-	-	94,458,865
Contractual services	12,850	-	78,059,535
Supplies and materials	-	5,631	53,505,809
Bond issue costs	-	-	636,346
Other costs	-	3,936	3,844,966
Capital outlay	-	-	50,618,771
Debt service:			
Principal retirement	-	-	1,450,000
Interest	-	-	585,950
Total expenditures	<u>12,850</u>	<u>9,567</u>	<u>283,160,242</u>
Excess (deficiency) of revenues over expenditures	<u>(9,591)</u>	<u>(6,518)</u>	<u>(92,404,563)</u>
OTHER FINANCING SOURCES (USES):			
New bond proceeds	-	-	125,412,552
Bond issue premium (discount)	-	-	7,753,496
Commercial paper proceeds	-	-	47,415,000
Commercial paper redeemed	-	-	(68,909,800)
Transfers in	-	-	58,583,180
Transfers out	-	-	(35,515,780)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>134,738,648</u>
Net change in fund balances	(9,591)	(6,518)	42,334,085
FUND BALANCES, beginning of year	<u>190,640</u>	<u>196,744</u>	<u>41,936,974</u>
FUND BALANCES, end of year	<u>\$ 181,049</u>	<u>\$ 190,226</u>	<u>\$ 84,271,059</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 57,620,600	\$ 57,620,600	\$ 57,150,040	\$ (470,560)
Local option sales tax	2,194,000	2,194,000	1,862,619	(331,381)
Fines, forfeits and penalties	-	-	249,637	249,637
Revenues from the use of money or property	272,400	272,400	1,147,309	874,909
Revenues from other governmental agencies	3,936,900	3,936,900	4,743,116	806,216
Total revenues	64,023,900	64,023,900	65,152,721	1,128,821
EXPENDITURES:				
Contractual services	848,400	848,400	794,865	53,535
Principal retirement	49,212,300	49,212,300	46,343,360	2,868,940
Interest	38,585,100	38,585,100	31,698,692	6,886,408
Fiscal charges	205,000	205,000	942,217	(737,217)
Total expenditures	88,850,800	88,850,800	79,779,134	9,071,666
Excess (deficiency) of revenues over expenditures	(24,826,900)	(24,826,900)	(14,626,413)	10,200,487
OTHER FINANCING SOURCES (USES):				
Payments to refunded bond escrow agent	-	-	(170,354,224)	(170,354,224)
Refunding bond proceeds	-	-	156,579,531	156,579,531
Bond issue premium (discount)	-	-	14,264,823	14,264,823
Transfers in	9,410,000	9,410,000	10,267,337	857,337
Transfers out	(7,794,900)	(7,794,900)	(7,794,900)	-
Total other financing sources (uses)	1,615,100	1,615,100	2,962,567	1,347,467
Net change in fund balances	(23,211,800)	(23,211,800)	(11,663,846)	11,547,954
FUND BALANCES, beginning of year	59,430,520	59,430,520	59,430,520	-
FUND BALANCES, end of year	\$ 36,218,720	\$ 36,218,720	\$ 47,766,674	\$ 11,547,954

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 26,800,300	\$ 26,800,300	\$ 26,567,092	\$ (233,208)
Local option sales tax	15,002,900	15,002,900	15,002,900	-
Revenues from the use of money or property	314,500	314,500	1,371,162	1,056,662
Total revenues	42,117,700	42,117,700	42,941,154	823,454
EXPENDITURES:				
Contractual services	398,200	398,200	382,673	15,527
Principal retirement	28,958,000	28,958,000	25,803,142	3,154,858
Interest	25,611,000	25,611,000	20,160,689	5,450,311
Fiscal charges	205,000	205,000	523,667	(318,667)
Total expenditures	55,172,200	55,172,200	46,870,171	8,302,029
Excess (deficiency) of revenues over expenditures	(13,054,500)	(13,054,500)	(3,929,017)	9,125,483
OTHER FINANCING SOURCES (USES):				
Payments to refunded bond escrow agent	-	-	(86,458,398)	(86,458,398)
Refunding bond proceeds	-	-	79,211,942	79,211,942
Bond issue premium (discount)	-	-	7,081,003	7,081,003
Transfers in	-	-	1,276,498	1,276,498
Total other financing sources (uses)	-	-	1,111,045	1,111,045
Net change in fund balances	(13,054,500)	(13,054,500)	(2,817,972)	10,236,528
FUND BALANCE, beginning of year	78,148,782	78,148,782	78,148,782	-
FUND BALANCE, end of year	\$ 65,094,282	\$ 65,094,282	\$ 75,330,810	\$ 10,236,528

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 8,874,800	\$ 8,874,800	\$ 9,083,513	\$ 208,713
Revenues from the use of money or property	15,600	15,600	73,698	58,098
Total revenues	8,890,400	8,890,400	9,157,211	266,811
EXPENDITURES:				
Contractual services	134,400	134,400	123,411	10,989
Principal retirement	14,152,700	14,152,700	12,718,498	1,434,202
Interest	7,741,700	7,741,700	5,337,794	2,403,906
Fiscal charges	87,900	87,900	54,942	32,958
Total expenditures	22,116,700	22,116,700	18,234,645	3,882,055
Excess (deficiency) of revenues over expenditures	(13,226,300)	(13,226,300)	(9,077,434)	4,148,866
OTHER FINANCING SOURCES (USES):				
Payments to refunded bond escrow agent	-	-	(6,046,687)	(6,046,687)
Refunding bond proceeds	-	-	6,008,527	6,008,527
Bond issue premium (discount)	-	-	535,700	535,700
Transfers in	7,794,900	7,794,900	8,607,829	812,929
Total other financing sources (uses)	7,794,900	7,794,900	9,105,369	1,310,469
Net change in fund balances	(5,431,400)	(5,431,400)	27,935	5,459,335
FUND BALANCES, beginning of year	14,064,796	14,064,796	14,064,796	-
FUND BALANCES, end of year	\$ 8,633,396	\$ 8,633,396	\$ 14,092,731	\$ 5,459,335

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.

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.

REGULATION AND INSPECTION SERVICES FUND

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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

EDUCATION CAPITAL PROJECTS FUND

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

USD CAPITAL PROJECTS FUND

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

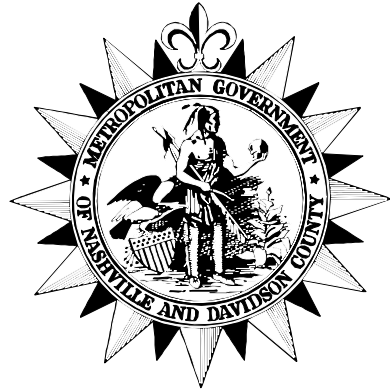
PERMANENT FUNDS

GENERAL GOVERNMENT FUND

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

EDUCATION FUND

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS

June 30, 2005

<u>ASSETS</u>	<u>Nashville Convention Center</u>	<u>Board of Fair Commissioners</u>	<u>Farmers Market</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 845,819	\$ 2,440,801	\$ 289,081
Investments	968,137	2,719,734	331,719
Accounts receivable	229,288	121,800	-
Allowance for doubtful accounts	(45,792)	-	-
Accrued interest receivable	4,469	11,987	1,269
Due from other funds of the primary government	617,108	407	638
Other current assets	-	50,748	-
Total current assets	2,619,029	5,345,477	622,707
CAPITAL ASSETS:			
Land	6,056,529	175,293	-
Buildings and improvements	50,012,877	7,207,427	638,030
Improvements other than buildings	50,220	2,971,734	160,949
Furniture, machinery and equipment	3,593,000	551,125	277,404
Property under capital lease	-	-	3,645,000
Construction work in progress	77,147	139,867	-
Accumulated depreciation	(22,725,669)	(6,539,846)	(1,442,936)
Capital assets - net	37,064,104	4,505,600	3,278,447
Total assets	39,683,133	9,851,077	3,901,154

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, 2005

Police Secondary Employment	Surplus Property Auction	Total Nonmajor Enterprise Funds
\$ -	\$ 500	\$ 3,576,201
-	-	4,019,590
445,396	31,512	827,996
(32,679)	-	(78,471)
116	-	17,841
5,413	541	624,107
-	-	50,748
<u>418,246</u>	<u>32,553</u>	<u>9,038,012</u>
-	-	6,231,822
-	-	57,858,334
-	-	3,182,903
60,000	-	4,481,529
-	-	3,645,000
-	-	217,014
(49,000)	-	(30,757,451)
<u>11,000</u>	<u>-</u>	<u>44,859,151</u>
<u>429,246</u>	<u>32,553</u>	<u>53,897,163</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, 2005

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 1,051,768	\$ 109,049	\$ 36,253
Accrued payroll	325,235	108,162	62,272
Due to other funds of the primary government	452,758	42,766	2,987
Due to component units	-	-	-
Customer deposits	-	39,566	17,700
Deferred revenue	532,410	87,463	-
Current portion of capital lease	-	-	150,000
Other current liabilities	63,120	-	-
Total current liabilities	<u>2,425,291</u>	<u>387,006</u>	<u>269,212</u>
NONCURRENT LIABILITIES:			
Capitalized lease obligations	-	-	1,780,000
Due to other funds of the primary government	232,366	-	-
Total noncurrent liabilities	<u>232,366</u>	<u>-</u>	<u>1,780,000</u>
Total liabilities	<u>2,657,657</u>	<u>387,006</u>	<u>2,049,212</u>
NET ASSETS:			
Invested in capital assets, net of related debt	37,064,104	4,505,600	1,348,447
Unrestricted	(38,628)	4,958,471	503,495
Total net assets	<u>\$ 37,025,476</u>	<u>\$ 9,464,071</u>	<u>\$ 1,851,942</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, 2005

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 177	\$ 95,051	\$ 1,292,298
18,890	250,977	765,536
284,124	1,592,164	2,374,799
-	7,091	7,091
-	-	57,266
-	-	619,873
-	-	150,000
565	-	63,685
<u>303,756</u>	<u>1,945,283</u>	<u>5,330,548</u>
-	-	1,780,000
-	-	232,366
<u>-</u>	<u>-</u>	<u>2,012,366</u>
<u>303,756</u>	<u>1,945,283</u>	<u>7,342,914</u>
11,000	-	42,929,151
114,490	(1,912,730)	3,625,098
<u>\$ 125,490</u>	<u>\$ (1,912,730)</u>	<u>\$ 46,554,249</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, 2005

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
OPERATING REVENUES:			
Charges for services	\$ 4,679,897	\$ 3,619,144	\$ 993,787
Other	-	-	-
Total operating revenues	<u>4,679,897</u>	<u>3,619,144</u>	<u>993,787</u>
OPERATING EXPENSES:			
Personal services	2,299,472	1,180,356	387,827
Contractual services	3,159,481	1,486,389	526,965
Supplies and materials	205,021	124,886	28,308
Depreciation	1,285,733	410,539	147,842
Other	118,923	322,338	4,402
Total operating expenses	<u>7,068,630</u>	<u>3,524,508</u>	<u>1,095,344</u>
OPERATING INCOME (LOSS)	<u>(2,388,733)</u>	<u>94,636</u>	<u>(101,557)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	27,917	108,360	14,254
Interest expense	(24,519)	(36,931)	(115,007)
Gain (loss) on sale of property	(6,892)	(26,686)	(814)
Total nonoperating revenue (expense)	<u>(3,494)</u>	<u>44,743</u>	<u>(101,567)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(2,392,227)</u>	<u>139,379</u>	<u>(203,124)</u>
TRANSFERS IN	2,601,853	-	-
TRANSFERS OUT	(556,277)	(178,553)	(44,546)
CHANGE IN NET ASSETS	(346,651)	(39,174)	(247,670)
NET ASSETS, beginning of year	<u>37,372,127</u>	<u>9,503,245</u>	<u>2,099,612</u>
NET ASSETS, end of year	<u>\$ 37,025,476</u>	<u>\$ 9,464,071</u>	<u>\$ 1,851,942</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2005

Police Secondary Employment	Surplus Property Auction	Total Nonmajor Enterprise Funds
\$ 1,643,272	\$ 2,517,603	\$ 13,453,703
-	494	494
<u>1,643,272</u>	<u>2,518,097</u>	<u>13,454,197</u>
1,133,620	1,376,796	6,378,071
5,652	1,130,389	6,308,876
1,428	16,259	375,902
12,000	-	1,856,114
367	7,142	453,172
<u>1,153,067</u>	<u>2,530,586</u>	<u>15,372,135</u>
<u>490,205</u>	<u>(12,489)</u>	<u>(1,917,938)</u>
1,040	-	151,571
-	(8,006)	(184,463)
-	-	(34,392)
<u>1,040</u>	<u>(8,006)</u>	<u>(67,284)</u>
<u>491,245</u>	<u>(20,495)</u>	<u>(1,985,222)</u>
-	540	2,602,393
(456,178)	(598,438)	(1,833,992)
35,067	(618,393)	(1,216,821)
<u>90,423</u>	<u>(1,294,337)</u>	<u>47,771,070</u>
<u>\$ 125,490</u>	<u>\$ (1,912,730)</u>	<u>\$ 46,554,249</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, 2005

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Cash flows from operating activities:			
Receipts from customers and users	\$ 4,608,093	\$ 3,560,061	\$ 994,532
Payments to suppliers	(3,201,138)	(2,017,158)	(566,459)
Payments to employees	(2,349,034)	(1,169,090)	(389,416)
Net cash provided by (used in) operating activities	<u>(942,079)</u>	<u>373,813</u>	<u>38,657</u>
Cash flows from noncapital financing activities:			
Transfers in	2,601,853	-	-
Transfers out	(556,277)	(178,553)	(44,546)
Net cash provided by (used in) noncapital financing activities	<u>2,045,576</u>	<u>(178,553)</u>	<u>(44,546)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(220,719)	(483,606)	(8,829)
Payments on borrowings	(464,734)	(1,050,000)	(145,000)
Interest paid	(24,519)	(36,931)	(115,007)
Net cash provided by (used in) capital and related financing activities	<u>(709,972)</u>	<u>(1,570,537)</u>	<u>(268,836)</u>
Cash flows from investing activities:			
Purchases of investments	(6,942,881)	(8,909,333)	(1,543,111)
Proceeds from the sale and maturities of investment securities	6,725,278	9,589,353	1,686,495
Interest on investments	25,411	102,841	13,779
Net cash provided by (used in) investing activities	<u>(192,192)</u>	<u>782,861</u>	<u>157,163</u>
Net changes in cash and cash equivalents	201,333	(592,416)	(117,562)
Cash and cash equivalents at beginning of year	<u>644,486</u>	<u>3,033,217</u>	<u>406,643</u>
Cash and cash equivalents at end of year	<u>\$ 845,819</u>	<u>\$ 2,440,801</u>	<u>\$ 289,081</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, 2005

Police Secondary Employment	Surplus Property Auction	Total Nonmajor Enterprise Funds
\$ 1,528,057	\$ 2,987,091	\$ 13,677,834
(70,362)	(1,557,916)	(7,413,033)
<u>(1,118,214)</u>	<u>(1,529,841)</u>	<u>(6,555,595)</u>
339,481	(100,666)	(290,794)
-	540	2,602,393
<u>(456,178)</u>	<u>(598,438)</u>	<u>(1,833,992)</u>
(456,178)	(597,898)	768,401
-	-	(713,154)
-	-	(1,659,734)
<u>-</u>	<u>(8,235)</u>	<u>(184,692)</u>
-	(8,235)	(2,557,580)
(1,456,091)	(3,804,761)	(22,656,177)
1,558,106	4,368,486	23,927,718
940	-	142,971
<u>102,955</u>	<u>563,725</u>	<u>1,414,512</u>
(13,742)	(143,074)	(665,461)
<u>13,742</u>	<u>143,574</u>	<u>4,241,662</u>
<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 3,576,201</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, 2005

	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)	\$ (2,388,733)	\$ 94,636	\$ (101,557)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,285,733	410,539	147,842
Provision for doubtful accounts	-	-	-
Changes in assets and liabilities:			
Accounts receivable	8,225	(96,299)	-
Due from other funds of the primary government	(24,204)	19,813	(638)
Due from component units	-	-	-
Other current assets	-	2,769	-
Accounts payable	230,644	(78,501)	2,964
Accrued payroll	(49,562)	11,266	(1,589)
Due to other funds of the primary government	(7,586)	(7,813)	(9,748)
Due to component units	-	-	-
Customer deposits	-	8,970	1,383
Deferred revenue	(55,825)	8,433	-
Other current liabilities	59,229	-	-
Total adjustments	1,446,654	279,177	140,214
Net cash provided by (used in) operating activities	\$ (942,079)	\$ 373,813	\$ 38,657
<u>Non-Cash Capital, Financing and Investing Activities:</u>			
Increase (decrease) in fair value of investments	\$ (1,963)	\$ (6,468)	\$ (794)

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, 2005

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 490,205	\$ (12,489)	\$ (1,917,938)
12,000	-	1,856,114
15,842	-	15,842
(125,644)	4,209	(209,509)
(5,413)	106,117	95,675
-	502,696	502,696
-	-	2,769
177	7,230	162,514
15,406	(153,045)	(177,524)
(57,441)	(562,475)	(645,063)
-	7,091	7,091
-	-	10,353
-	-	(47,392)
<u>(5,651)</u>	<u>-</u>	<u>53,578</u>
<u>(150,724)</u>	<u>(88,177)</u>	<u>1,627,144</u>
<u>\$ 339,481</u>	<u>\$ (100,666)</u>	<u>\$ (290,794)</u>
\$ (14)	\$ 229	\$ (9,010)

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, 2005

<u>ASSETS</u>	Central Printing	Office of Fleet Management	Information Systems	Radio Shop
CURRENT ASSETS:				
Cash and cash equivalents	\$ 44,050	\$ 1,564,458	\$ 226,979	\$ 3,070,222
Investments	50,599	1,797,076	252,576	3,526,731
Accounts receivable	-	8,314	46,061	66,410
Accrued interest receivable	203	8,867	1,161	12,832
Due from other funds of the primary government	-	4,110,435	1,015,720	439,193
Due from component units	-	2,817	70,653	658
Inventories of supplies	-	916,648	-	210,015
Other current assets	-	-	27,112	-
Total current assets	94,852	8,408,615	1,640,262	7,326,061
CAPITAL ASSETS:				
Buildings and improvements	-	65,041	172,167	126,643
Furniture, machinery and equipment	-	103,404,014	6,108,092	479,230
Less accumulated depreciation	-	(70,532,853)	(5,382,754)	(336,870)
Capital assets - net	-	32,936,202	897,505	269,003
Total assets	94,852	41,344,817	2,537,767	7,595,064
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	-	1,655,344	179,903	62,270
Accrued payroll	-	699,485	1,303,965	132,031
Claims payable	-	-	-	-
Due to other funds of the primary government	94,852	1,126,595	1,048,451	310,918
Other current liabilities	-	-	-	-
Total current liabilities	94,852	3,481,424	2,532,319	505,219
NET ASSETS:				
Invested in capital assets, net of related debt	-	32,936,202	897,505	269,003
Unrestricted	-	4,927,191	(892,057)	6,820,842
Total net assets	\$ -	\$ 37,863,393	\$ 5,448	\$ 7,089,845

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, 2005

<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>
\$ 1,630,521	\$ 11,017,740	\$ 8,240,274	\$ 10,232,328	\$ -	\$ 65,999	\$ 98,572
1,872,961	12,651,939	9,440,973	11,747,081	-	21,036	113,228
-	-	108,820	27,161	1,552	-	166
6,858	46,947	35,642	40,985	-	-	464
-	201,027	580,536	1,461,581	-	-	69,196
-	-	-	-	-	-	989
-	-	-	-	-	461,737	-
-	-	1,446,987	-	-	-	61,651
<u>3,510,340</u>	<u>23,917,653</u>	<u>19,853,232</u>	<u>23,509,136</u>	<u>1,552</u>	<u>548,772</u>	<u>344,266</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	38,316
-	-	-	-	-	-	(22,351)
-	-	-	-	-	-	15,965
<u>3,510,340</u>	<u>23,917,653</u>	<u>19,853,232</u>	<u>23,509,136</u>	<u>1,552</u>	<u>548,772</u>	<u>360,231</u>
12,424	91,615	4,190	1,235,864	658,140	11,415	548
-	-	-	-	-	47,686	27,955
1,685,122	5,706,349	3,926,206	4,419,000	789,007	-	-
569	90,546	-	-	5,072,572	35,871	33,484
-	-	-	-	-	-	-
<u>1,698,115</u>	<u>5,888,510</u>	<u>3,930,396</u>	<u>5,654,864</u>	<u>6,519,719</u>	<u>94,972</u>	<u>61,987</u>
-	-	-	-	-	-	15,965
<u>1,812,225</u>	<u>18,029,143</u>	<u>15,922,836</u>	<u>17,854,272</u>	<u>(6,518,167)</u>	<u>453,800</u>	<u>282,279</u>
<u>\$ 1,812,225</u>	<u>\$ 18,029,143</u>	<u>\$ 15,922,836</u>	<u>\$ 17,854,272</u>	<u>\$ (6,518,167)</u>	<u>\$ 453,800</u>	<u>\$ 298,244</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, 2005

<u>ASSETS</u>	<u>Facilities Planning and Construction</u>	<u>Treasury Management</u>	<u>Technology Revolving</u>	<u>Human Resources</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ 448,306	\$ 22,506	\$ 286,746	\$ 342,318
Investments	514,965	25,852	329,383	393,217
Accounts receivable	9,262	72,376	8,393	-
Accrued interest receivable	1,990	-	103	-
Due from other funds of the primary government	304,445	335,953	856,047	439,146
Due from component units	-	-	-	-
Inventories of supplies	-	-	-	-
Other current assets	-	-	-	-
Total current assets	1,278,968	456,687	1,480,672	1,174,681
CAPITAL ASSETS:				
Buildings and improvements	-	-	-	-
Furniture, machinery and equipment	5,350	17,195	109,885	14,103
Less accumulated depreciation	(4,191)	(10,508)	(109,606)	(14,103)
Capital assets - net	1,159	6,687	279	-
Total assets	1,280,127	463,374	1,480,951	1,174,681
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	10,015	300	970,934	200,243
Accrued payroll	103,749	61,094	-	537,018
Claims payable	-	-	-	-
Due to other funds of the primary government	368,896	325,495	1,355	83,902
Other current liabilities	-	79,773	-	-
Total current liabilities	482,660	466,662	972,289	821,163
NET ASSETS:				
Invested in capital assets, net of related debt	1,159	6,687	279	-
Unrestricted	796,308	(9,975)	508,383	353,518
Total net assets	\$ 797,467	\$ (3,288)	\$ 508,662	\$ 353,518

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, 2005

Finance Services	General Services	Total Internal Service Funds
\$ 103,315	\$ -	\$ 37,394,334
118,676	-	42,856,293
-	1,182	349,697
-	58	156,110
256,728	2,470,914	12,540,921
161	170	75,448
-	415	1,588,815
-	-	1,535,750
<u>478,880</u>	<u>2,472,739</u>	<u>96,497,368</u>
-	-	363,851
235,653	58,776	110,470,614
(123,469)	(56,616)	(76,593,321)
<u>112,184</u>	<u>2,160</u>	<u>34,241,144</u>
<u>591,064</u>	<u>2,474,899</u>	<u>130,738,512</u>
28,702	582,028	5,703,935
778,997	526,491	4,218,471
-	-	16,525,684
114,476	2,944,987	11,652,969
-	-	79,773
<u>922,175</u>	<u>4,053,506</u>	<u>38,180,832</u>
112,184	2,160	34,241,144
(443,295)	(1,580,767)	58,316,536
<u>\$ (331,111)</u>	<u>\$ (1,578,607)</u>	<u>\$ 92,557,680</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2005

	Central Printing	Office of Fleet Management	Information Systems	Radio Shop
OPERATING REVENUES:				
Charges for services	\$ -	\$ 12,688,468	\$ 12,504,158	\$ 5,128,586
Other	-	403	-	-
Total operating revenues	<u>-</u>	<u>12,688,871</u>	<u>12,504,158</u>	<u>5,128,586</u>
OPERATING EXPENSES:				
Personal services	-	4,955,044	8,739,749	874,038
Contractual services	-	3,005,500	2,880,190	1,757,184
Supplies and materials	-	7,312,554	155,948	564,806
Depreciation	-	10,945,244	701,388	31,059
Compensation for damages to property	-	-	-	-
Medical and insurance benefits	-	-	-	-
Other	-	141,283	504,335	200,847
Total operating expenses	<u>-</u>	<u>26,359,625</u>	<u>12,981,610</u>	<u>3,427,934</u>
OPERATING INCOME (LOSS)	<u>-</u>	<u>(13,670,754)</u>	<u>(477,452)</u>	<u>1,700,652</u>
NONOPERATING REVENUE (EXPENSE):				
Investment income	203	74,460	-	95,914
Interest expense	-	-	(46,814)	-
Gain (loss) on sale of property	(110)	346,597	-	(63,173)
Other	-	51,302	-	-
Total nonoperating revenue (expense)	<u>93</u>	<u>472,359</u>	<u>(46,814)</u>	<u>32,741</u>
INCOME (LOSS) BEFORE TRANSFERS	93	(13,198,395)	(524,266)	1,733,393
CAPITAL GRANTS AND CONTRIBUTIONS	-	-	-	12,945
TRANSFERS IN	-	16,063,738	434,808	-
TRANSFERS OUT	(44,726)	-	-	-
CHANGE IN NET ASSETS	(44,633)	2,865,343	(89,458)	1,746,338
NET ASSETS, beginning of year, restated	<u>44,633</u>	<u>34,998,050</u>	<u>94,906</u>	<u>5,343,507</u>
NET ASSETS, end of year	<u>\$ -</u>	<u>\$ 37,863,393</u>	<u>\$ 5,448</u>	<u>\$ 7,089,845</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, 2005

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ -	\$ 5,688,618	\$ 57,409,979	\$ 45,257,022	\$ -	\$ 1,279,097	\$ 916,922
-	16,962	-	587,404	-	-	-
-	5,705,580	57,409,979	45,844,426	-	1,279,097	916,922
14,218	490,305	-	-	-	995,943	231,971
56,987	618,540	2,598,215	2,741,478	-	105,645	619,924
-	4,261	-	-	-	1,143,836	3,450
-	-	-	-	-	-	3,831
1,547,806	2,064,189	-	-	-	-	-
-	-	48,561,857	39,791,928	9,546,666	-	-
3,024	1,987,441	-	10,000	20,821	30,515	-
1,622,035	5,164,736	51,160,072	42,543,406	9,567,487	2,275,939	859,176
(1,622,035)	540,844	6,249,907	3,301,020	(9,567,487)	(996,842)	57,746
62,484	412,897	214,105	312,940	-	5,387	3,603
-	-	-	-	(2,680)	-	-
-	-	-	-	-	-	-
106,232	81,840	-	-	-	-	-
168,716	494,737	214,105	312,940	(2,680)	5,387	3,603
(1,453,319)	1,035,581	6,464,012	3,613,960	(9,570,167)	(991,455)	61,349
-	-	-	-	-	-	-
500,000	225,051	-	1,323,879	3,650,730	-	-
(20,004)	(1,670,000)	-	(11,448)	(598,730)	-	(9,900)
(973,323)	(409,368)	6,464,012	4,926,391	(6,518,167)	(991,455)	51,449
2,785,548	18,438,511	9,458,824	12,927,881	-	1,445,255	246,795
\$ 1,812,225	\$ 18,029,143	\$ 15,922,836	\$ 17,854,272	\$ (6,518,167)	\$ 453,800	\$ 298,244

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, 2005

	Facilities Planning and Construction	Treasury Management	Technology Revolving	Human Resources
OPERATING REVENUES:				
Charges for services	\$ 1,372,553	\$ 1,081,779	\$ 981,707	\$ 3,748,800
Other	60	-	-	3,571
Total operating revenues	<u>1,372,613</u>	<u>1,081,779</u>	<u>981,707</u>	<u>3,752,371</u>
OPERATING EXPENSES:				
Personal services	1,190,238	800,656	-	4,150,626
Contractual services	293,973	266,019	7,012	1,850,761
Supplies and materials	20,846	17,909	1,109,503	75,272
Depreciation	1,070	1,911	33,718	-
Compensation for damages to property	-	-	-	-
Medical and insurance benefits	-	-	-	-
Other	7,677	2,824	1,039,719	21,897
Total operating expenses	<u>1,513,804</u>	<u>1,089,319</u>	<u>2,189,952</u>	<u>6,098,556</u>
OPERATING INCOME (LOSS)	<u>(141,191)</u>	<u>(7,540)</u>	<u>(1,208,245)</u>	<u>(2,346,185)</u>
NONOPERATING REVENUE (EXPENSE):				
Investment income	13,511	423	-	-
Interest expense	-	-	(18,030)	(21,643)
Gain (loss) on sale of property	-	-	-	-
Other	-	-	-	-
Total nonoperating revenue (expense)	<u>13,511</u>	<u>423</u>	<u>(18,030)</u>	<u>(21,643)</u>
INCOME (LOSS) BEFORE TRANSFERS	(127,680)	(7,117)	(1,226,275)	(2,367,828)
CAPITAL GRANTS AND CONTRIBUTIONS	-	8,598	-	-
TRANSFERS IN	87	-	3,000,000	3,087,614
TRANSFERS OUT	-	-	(363,558)	-
CHANGE IN NET ASSETS	(127,593)	1,481	1,410,167	719,786
NET ASSETS, beginning of year, restated	<u>925,060</u>	<u>(4,769)</u>	<u>(901,505)</u>	<u>(366,268)</u>
NET ASSETS, end of year	<u>\$ 797,467</u>	<u>\$ (3,288)</u>	<u>\$ 508,662</u>	<u>\$ 353,518</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, 2005

Finance Services	General Services	Total Internal Service Funds
\$ 7,036,260	\$ 10,622,539	\$ 165,716,488
-	5,127	613,527
<u>7,036,260</u>	<u>10,627,666</u>	<u>166,330,015</u>
5,995,852	3,620,525	32,059,165
937,218	8,076,358	25,815,004
74,231	303,825	10,786,441
15,360	9,532	11,743,113
-	-	3,611,995
-	-	97,900,451
194,017	12,062	4,176,462
<u>7,216,678</u>	<u>12,022,302</u>	<u>186,092,631</u>
<u>(180,418)</u>	<u>(1,394,636)</u>	<u>(19,762,616)</u>
-	-	1,195,927
(32,808)	(34,131)	(156,106)
-	(25,830)	257,484
-	55	239,429
<u>(32,808)</u>	<u>(59,906)</u>	<u>1,536,734</u>
(213,226)	(1,454,542)	(18,225,882)
127,544	2,480	151,567
252,500	201,701	28,740,108
-	-	(2,718,366)
166,818	(1,250,361)	7,947,427
<u>(497,929)</u>	<u>(328,246)</u>	<u>84,610,253</u>
<u>\$ (331,111)</u>	<u>\$ (1,578,607)</u>	<u>\$ 92,557,680</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2005

	Central Printing	Office of Fleet Management	Information Systems	Radio Shop
Cash flows from operating activities:				
Receipts from customers and users	\$ 10,604	\$ 11,551,739	\$ 11,655,688	\$ 5,089,593
Payments to suppliers	(19,744)	(9,478,788)	(2,721,077)	(2,329,467)
Payments to employees	(43,383)	(4,964,796)	(8,433,480)	(944,179)
Net cash provided by (used in) operating activities	<u>(52,523)</u>	<u>(2,891,845)</u>	<u>501,131</u>	<u>1,815,947</u>
Cash flows from noncapital financing activities:				
Transfers in	-	16,063,738	434,808	-
Transfers out	(44,726)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(44,726)</u>	<u>16,063,738</u>	<u>434,808</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(12,710,781)	(408,959)	-
Proceeds from the sale of capital assets	61,601	845,070	-	-
Interest paid	-	-	(48,094)	-
Other receipts (payments)	-	51,302	-	-
Net cash provided by (used in) capital and related financing activities	<u>61,601</u>	<u>(11,814,409)</u>	<u>(457,053)</u>	<u>-</u>
Cash flows from investing activities:				
Purchases of investments	(448,905)	(30,976,409)	(16,741,157)	(9,333,912)
Proceeds from the sale and maturities of investment securities	468,600	30,219,013	16,488,700	8,340,892
Interest on investments	42	72,005	-	87,766
Net cash provided by (used in) investing activities	<u>19,737</u>	<u>(685,391)</u>	<u>(252,457)</u>	<u>(905,254)</u>
Net changes in cash and cash equivalents	(15,911)	672,093	226,429	910,693
Cash and cash equivalents at beginning of year	59,961	892,365	550	2,159,529
Cash and cash equivalents at end of year	<u>\$ 44,050</u>	<u>\$ 1,564,458</u>	<u>\$ 226,979</u>	<u>\$ 3,070,222</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, 2005

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ -	\$ 5,707,837	\$ 57,746,891	\$ 52,633,289	\$ -	\$ 1,301,162	\$ 904,455
(489,474)	(4,720,517)	(51,492,729)	(42,877,133)	(8,121,892)	(1,071,045)	(598,505)
-	-	-	-	-	(948,257)	(227,986)
(489,474)	987,320	6,254,162	9,756,156	(8,121,892)	(718,140)	77,964
500,000	225,051	-	1,323,879	3,650,730	-	-
(20,004)	(1,670,000)	-	(11,448)	(598,730)	-	(9,900)
479,996	(1,444,949)	-	1,312,431	3,052,000	-	(9,900)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(2,680)	-	-
106,232	81,840	-	-	-	-	-
106,232	81,840	-	-	(2,680)	-	-
(4,218,382)	(28,765,345)	(61,886,980)	(56,914,850)	(7,051,371)	(2,065,144)	(1,038,136)
4,152,010	28,883,540	58,408,850	50,896,561	12,123,943	2,476,027	1,000,650
60,099	391,231	186,653	292,664	-	5,704	3,327
(6,273)	509,426	(3,291,477)	(5,725,625)	5,072,572	416,587	(34,159)
90,481	133,637	2,962,685	5,342,962	-	(301,553)	33,905
1,540,040	10,884,103	5,277,589	4,889,366	-	367,552	64,667
<u>\$ 1,630,521</u>	<u>\$ 11,017,740</u>	<u>\$ 8,240,274</u>	<u>\$ 10,232,328</u>	<u>\$ -</u>	<u>\$ 65,999</u>	<u>\$ 98,572</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, 2005

	Facilities Planning and Construction	Treasury Management	Technology Revolving	Human Resources
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,431,346	\$ 748,663	\$ 126,772	\$ 3,313,225
Payments to suppliers	(128,854)	(55,361)	(2,129,079)	(1,663,785)
Payments to employees	(1,186,531)	(799,618)	-	(3,979,876)
Net cash provided by (used in) operating activities	<u>115,961</u>	<u>(106,316)</u>	<u>(2,002,307)</u>	<u>(2,330,436)</u>
Cash flows from noncapital financing activities:				
Transfers in	87	-	3,000,000	3,087,614
Transfers out	-	-	(363,558)	-
Net cash provided by (used in) noncapital financing activities	<u>87</u>	<u>-</u>	<u>2,636,442</u>	<u>3,087,614</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Interest paid	-	-	(17,592)	(21,643)
Other receipts (payments)	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(17,592)</u>	<u>(21,643)</u>
Cash flows from investing activities:				
Purchases of investments	(2,515,615)	(1,214,842)	(4,636,421)	(8,223,484)
Proceeds from the sale and maturities of investment securities	2,452,156	1,271,826	4,306,624	7,830,267
Interest on investments	11,660	464	-	-
Net cash provided by (used in) investing activities	<u>(51,799)</u>	<u>57,448</u>	<u>(329,797)</u>	<u>(393,217)</u>
Net changes in cash and cash equivalents	64,249	(48,868)	286,746	342,318
Cash and cash equivalents at beginning of year	<u>384,057</u>	<u>71,374</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 448,306</u>	<u>\$ 22,506</u>	<u>\$ 286,746</u>	<u>\$ 342,318</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, 2005

Finance Services	General Services	Total Internal Service Funds
\$ 6,779,371	\$ 8,155,400	\$ 167,156,035
(1,062,288)	(7,753,095)	(136,712,833)
(5,714,784)	(3,422,280)	(30,665,170)
<u>2,299</u>	<u>(3,019,975)</u>	<u>(221,968)</u>
252,500	201,701	28,740,108
-	-	(2,718,366)
<u>252,500</u>	<u>201,701</u>	<u>26,021,742</u>
-	(39,527)	(13,159,267)
-	4,485	911,156
(32,808)	(34,189)	(157,006)
-	55	239,429
<u>(32,808)</u>	<u>(69,176)</u>	<u>(12,165,688)</u>
(6,936,815)	(9,842,199)	(252,809,967)
6,818,139	12,729,649	248,867,447
-	-	1,111,615
<u>(118,676)</u>	<u>2,887,450</u>	<u>(2,830,905)</u>
103,315	-	10,803,181
-	-	26,591,153
<u>\$ 103,315</u>	<u>\$ -</u>	<u>\$ 37,394,334</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, 2005

	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)	\$ -	\$ (13,670,754)	\$ (477,452)	\$ 1,700,652
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	10,945,244	701,388	31,059
Changes in assets and liabilities:				
Accounts receivable	541	2,189	(8,503)	93,281
Due from other funds of the primary government	9,734	(1,138,638)	(787,170)	(131,616)
Due from component units	329	(683)	(52,797)	(658)
Inventories of supplies	521	(53,834)	-	(55,993)
Other current assets	-	-	(26,843)	-
Accounts payable	(3,979)	270,785	(56,584)	(54,847)
Accrued payroll	(43,383)	(9,752)	306,269	(70,141)
Claims payable	-	-	-	-
Due to other funds of the primary government	(16,286)	763,926	902,823	304,210
Other current liabilities	-	(328)	-	-
Total adjustments	(52,523)	10,778,909	978,583	115,295
Net cash provided by (used in) operating activities	\$ (52,523)	\$ (2,891,845)	\$ 501,131	\$ 1,815,947

Non-Cash Capital, Financing and Investing Activities:

Transfer of capital assets from other funds	\$ -	\$ -	\$ -	\$ 12,945
Increase (decrease) in fair value of investments	(42)	(6,412)	119	(4,684)

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, 2005

<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>
\$ (1,622,035)	\$ 540,844	\$ 6,249,907	\$ 3,301,020	\$ (9,567,487)	\$ (996,842)	\$ 57,746
-	-	-	-	-	-	3,831
-	-	(108,820)	32,362	(1,552)	-	488
-	2,257	445,732	5,611,078	1,575,932	22,065	(13,022)
-	-	-	-	-	-	67
-	-	-	-	-	169,540	-
-	-	104,620	-	-	-	(8,003)
(41,084)	(61,471)	(1,113,483)	678,949	(209,436)	3,540	(144)
-	-	-	-	-	47,686	3,985
1,174,743	438,071	676,206	151,000	80,651	-	-
(1,098)	67,619	-	(18,253)	-	35,871	33,016
-	-	-	-	-	-	-
<u>1,132,561</u>	<u>446,476</u>	<u>4,255</u>	<u>6,455,136</u>	<u>1,445,595</u>	<u>278,702</u>	<u>20,218</u>
\$ (489,474)	\$ 987,320	\$ 6,254,162	\$ 9,756,156	\$ (8,121,892)	\$ (718,140)	\$ 77,964
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4,473)	(25,281)	(8,190)	(20,709)	(2,680)	(317)	(188)

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, 2005

	Facilities Planning and Construction	Treasury Management	Technology Revolving	Human Resources
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (141,191)	\$ (7,540)	\$ (1,208,245)	\$ (2,346,185)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,070	1,911	33,718	-
Changes in assets and liabilities:				
Accounts receivable	30,154	(72,376)	(5,533)	-
Due from other funds of the primary government	(106,308)	(260,740)	(849,402)	(439,146)
Due from component units	-	-	-	-
Inventories of supplies	-	-	-	-
Other current assets	-	8,576	-	-
Accounts payable	747	98	826,308	200,243
Accrued payroll	3,707	1,038	-	170,750
Claims payable	-	-	-	-
Due to other funds of the primary government	327,782	142,944	(799,153)	83,902
Other current liabilities	-	79,773	-	-
Total adjustments	257,152	(98,776)	(794,062)	15,749
Net cash provided by (used in) operating activities	\$ 115,961	\$ (106,316)	\$ (2,002,307)	\$ (2,330,436)
<u>Non-Cash Capital, Financing and Investing Activities:</u>				
Transfer of capital assets from other funds	\$ -	\$ 8,598	\$ -	\$ -
Increase (decrease) in fair value of investments	(139)	(41)	(314)	-

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, 2005

Finance Services	General Services	Total Internal Service Funds
<u>\$ (180,418)</u>	<u>\$ (1,394,636)</u>	<u>\$ (19,762,616)</u>
15,360	9,532	11,743,113
-	(1,182)	(38,951)
(256,728)	(2,470,914)	1,213,114
(161)	(170)	(54,073)
-	(415)	59,819
-	-	78,350
28,702	582,028	1,050,372
281,068	198,245	889,472
-	-	2,520,671
114,476	57,537	1,999,316
<u>-</u>	<u>-</u>	<u>79,445</u>
<u>182,717</u>	<u>(1,625,339)</u>	<u>19,540,648</u>
<u>\$ 2,299</u>	<u>\$ (3,019,975)</u>	<u>\$ (221,968)</u>
\$ 127,544	\$ 2,480	\$ 151,567
-	-	(73,351)

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 was under the administrative responsibility of the Department of General Services. The fund derived its revenue from internal charges to various departments of the Government for printing services. The Government has ceased operating an internal printing shop and this fund is being closed.

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 Technology Services Department. Revenues are derived from internal charges to various departments for voice and data communication 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 Technology Services 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.

HUMAN RESOURCES FUND

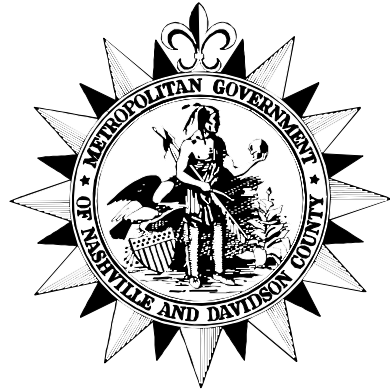
The Human Resources Fund is under the administrative responsibility of the Department of Human Resources and is used to account for its various programs such as the management of compensation and benefits, recruitment and employee training. Revenues are derived from internal charges to various departments using bases such as numbers of employees and services provided.

FINANCE SERVICES FUND

The Finance Services Fund is under the administrative responsibility of the Department of Finance and is used to account for various Finance programs including accounting, payroll, budgets, purchasing and internal audit. Revenues are derived from internal charges to various departments using bases such as numbers of transactions and departmental expenditures.

GENERAL SERVICES FUND

The General Services Fund is under the administrative responsibility of the Department of General Services and is used to account for various programs such as shared business office, shared services, facilities maintenance and security and a customer call center. Revenues are derived from internal charges to various departments using bases such as numbers of transactions and square footage.



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, 2005

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ASSETS:				
Cash and cash equivalents	\$ -	\$ 53,311,695	\$ -	\$ 2,964,385
Investments, at fair value:				
U.S. Treasury and agency securities	-	4,196,585	-	5,442,035
Commercial mortgage backed securities	-	23,708,386	-	-
Government mortgage backed securities	-	132,975,591	-	1,562,950
Government bonds	-	87,795,768	-	8,330,772
Government agencies	-	32,170,067	-	7,135,971
Corporate bonds and notes	-	110,562,239	-	15,759,293
Indexed linked government bonds	-	4,727,749	-	-
Warrants and options	-	3,291,305	-	3
Common stock	-	1,008,658,992	-	50,512,220
Preferred stock	-	2,875,949	-	39,044
Mortgages and real estate	-	95,715,696	-	-
Collateralized mortgage obligations	-	23,207,871	-	-
Venture capital and partnerships	-	33,538,562	-	-
Asset backed securities	-	42,871,075	-	65,725
Convertible equity	-	-	-	663,957
Annuities	-	516,211	-	-
Accounts receivable	-	49,708,248	248,251	1,536,506
Accrued interest receivable	14	4,350,865	-	434,804
Due from other funds of the primary government	348,492	294,724	930,671	2,571,030
Total assets	348,506	1,714,477,578	1,178,922	97,018,695
LIABILITIES:				
Accounts payable	-	805,409	27	281,628
Due to brokers	-	104,804,618	-	-
Due to other funds of the primary government	893	331,373	2,384	-
Other liabilities	-	170,177	-	-
Total liabilities	893	106,111,577	2,411	281,628
NET ASSETS:				
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.)	347,613	1,608,366,001	1,176,511	96,737,067
Total net assets	\$ 347,613	\$ 1,608,366,001	\$ 1,176,511	\$ 96,737,067

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, 2005

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
\$ -	\$ -	\$ 1,081,068	\$ -	\$ 57,357,148
-	-	1,241,811	-	10,880,431
-	-	-	-	23,708,386
-	-	-	-	134,538,541
-	-	-	-	96,126,540
-	-	-	-	39,306,038
-	-	-	-	126,321,532
-	-	-	-	4,727,749
-	-	-	-	3,291,308
-	-	-	-	1,059,171,212
-	-	-	-	2,914,993
-	-	-	-	95,715,696
-	-	-	-	23,207,871
-	-	-	-	33,538,562
-	-	-	-	42,936,800
-	-	-	-	663,957
-	-	-	-	516,211
-	190,058	400	-	51,683,463
55	-	4,377	-	4,790,115
1,637,445	567,317	1,751	4,805	6,356,235
<u>1,637,500</u>	<u>757,375</u>	<u>2,329,407</u>	<u>4,805</u>	<u>1,817,752,788</u>
-	4	2,912	2,008	1,091,988
-	-	-	-	104,804,618
4,195	1,453	1,323,879	27,248	1,691,425
-	-	-	-	170,177
<u>4,195</u>	<u>1,457</u>	<u>1,326,791</u>	<u>29,256</u>	<u>107,758,208</u>
<u>1,633,305</u>	<u>755,918</u>	<u>1,002,616</u>	<u>(24,451)</u>	<u>1,709,994,580</u>
<u>\$ 1,633,305</u>	<u>\$ 755,918</u>	<u>\$ 1,002,616</u>	<u>\$ (24,451)</u>	<u>\$ 1,709,994,580</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, 2005

	Richard R. Rooker, Circuit Court Clerk	Cristi Scott, Clerk and Master	Bill Covington, County Clerk	David Torrence, Criminal Court Clerk	Bill Garrett, County Register
ASSETS:					
Cash and cash equivalents	\$ 19,947,561	\$ 7,720,192	\$ -	\$ 8,368,184	\$ 2,999,530
Investments	-	14,797	-	441,483	-
Accounts receivable	-	-	-	-	-
Other assets	10,228	-	-	-	22,532
Total assets	\$ 19,957,789	\$ 7,734,989	\$ -	\$ 8,809,667	\$ 3,022,062
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to component units	-	-	-	-	-
Funds held in trust	17,294,407	7,732,181	-	7,832,138	-
Other liabilities	2,663,382	2,808	-	977,529	3,022,062
Total liabilities	\$ 19,957,789	\$ 7,734,989	\$ -	\$ 8,809,667	\$ 3,022,062

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, 2005

Vic Lineweaver, Juvenile Court Clerk	Transit Authority Revenue	Joseph B. Knowles Residents	Sheriff Work Release and Inmate Trust	Total Agency Funds
\$ 2,304,009	\$ 695	\$ 25,396	\$ 555,399	\$ 41,920,966
-	798	-	-	457,078
-	3,008,140	-	-	3,008,140
2,046	-	-	-	34,806
<u>\$ 2,306,055</u>	<u>\$ 3,009,633</u>	<u>\$ 25,396</u>	<u>\$ 555,399</u>	<u>\$ 45,420,990</u>
\$ -	\$ 2,636,130	\$ -	\$ -	\$ 2,636,130
-	373,503	-	-	373,503
1,862,100	-	25,396	555,399	35,301,621
443,955	-	-	-	7,109,736
<u>\$ 2,306,055</u>	<u>\$ 3,009,633</u>	<u>\$ 25,396</u>	<u>\$ 555,399</u>	<u>\$ 45,420,990</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, 2005

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ADDITIONS:				
Investment income:				
Interest and dividend income	\$ -	\$ 37,098,978	\$ 5,411	\$ 2,704,347
Net appreciation (depreciation) of investments	-	95,948,360	-	5,145,663
Miscellaneous	-	63,514	-	50
Total investment income (loss)	-	133,110,852	5,411	7,850,060
Less investment expenses	-	(5,202,285)	-	(459,522)
Net investment income (loss)	-	127,908,567	5,411	7,390,538
Contributions:				
Employee contributions	-	117,621	-	27,928
Employer contributions	2,615,960	58,894,435	7,521,755	6,855,595
Transfers in	-	630,894	-	-
Contributions from the State of Tennessee	-	-	3,088,201	16,273,031
Miscellaneous	-	-	-	-
Total contributions	2,615,960	59,642,950	10,609,956	23,156,554
Total additions	2,615,960	187,551,517	10,615,367	30,547,092
DEDUCTIONS:				
Pension and other employee benefits	2,266,835	78,749,847	9,704,484	35,506,588
Refunds of contributions	-	77,260	-	-
Administrative expenses	1,512	1,084,867	2,384	70,197
Transfers out	-	3,629,539	-	-
Total deductions	2,268,347	83,541,513	9,706,868	35,576,785
Change in net assets	347,613	104,010,004	908,499	(5,029,693)
NET ASSETS, beginning of year	-	1,504,355,997	268,012	101,766,760
NET ASSETS, end of year	\$ 347,613	\$ 1,608,366,001	\$ 1,176,511	\$ 96,737,067

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, 2005

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
\$ -	\$ 4,194	\$ 29,172	\$ 30	\$ 39,842,132
-	-	-	-	101,094,023
-	-	-	-	63,564
-	4,194	29,172	30	140,999,719
-	-	-	(1,067)	(5,662,874)
-	4,194	29,172	(1,037)	135,336,845
-	-	923,279	606,770	1,675,598
12,009,975	4,515,813	-	-	92,413,533
-	-	-	-	630,894
-	2,338,077	-	-	21,699,309
-	-	1,614,048	-	1,614,048
12,009,975	6,853,890	2,537,327	606,770	118,033,382
12,009,975	6,858,084	2,566,499	605,733	253,370,227
10,369,653	6,307,825	921,560	608,875	144,435,667
-	-	-	-	77,260
7,017	1,453	-	-	1,167,430
-	-	1,323,878	-	4,953,417
10,376,670	6,309,278	2,245,438	608,875	150,633,774
1,633,305	548,806	321,061	(3,142)	102,736,453
-	207,112	681,555	(21,309)	1,607,258,127
\$ 1,633,305	\$ 755,918	\$ 1,002,616	\$ (24,451)	\$ 1,709,994,580

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, 2005

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 18,567,117	\$ 60,020,942	\$ 58,640,498	\$ 19,947,561
Other assets	10,828	-	600	10,228
Total assets	<u>\$ 18,577,945</u>	<u>\$ 60,020,942</u>	<u>\$ 58,641,098</u>	<u>\$ 19,957,789</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 30,650	-	\$ 30,650	\$ -
Funds held in trust	15,431,882	30,949,738	29,087,213	17,294,407
Other liabilities	3,115,413	29,071,204	29,523,235	2,663,382
Total liabilities	<u>\$ 18,577,945</u>	<u>\$ 60,020,942</u>	<u>\$ 58,641,098</u>	<u>\$ 19,957,789</u>
<u>Cristi Scott, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 3,174,089	\$ 25,981,731	\$ 21,435,628	\$ 7,720,192
Investments	14,797	-	-	14,797
Total assets	<u>\$ 3,188,886</u>	<u>\$ 25,981,731</u>	<u>\$ 21,435,628</u>	<u>\$ 7,734,989</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 10,074	-	\$ 10,074	\$ -
Funds held in trust	3,169,929	25,981,731	21,419,479	7,732,181
Other liabilities	8,883	-	6,075	2,808
Total liabilities	<u>\$ 3,188,886</u>	<u>\$ 25,981,731</u>	<u>\$ 21,435,628</u>	<u>\$ 7,734,989</u>
<u>Bill Covington, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 575,147	\$ 120,570,027	\$ 121,145,174	\$ -
LIABILITIES:				
Due to other funds of the primary government	\$ 575,147	\$ 120,570,027	\$ 121,145,174	\$ -
<u>David Torrence, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 7,689,856	\$ 9,894,815	\$ 9,216,487	\$ 8,368,184
Investments	199,118	242,365	-	441,483
Total assets	<u>\$ 7,888,974</u>	<u>\$ 10,137,180</u>	<u>\$ 9,216,487</u>	<u>\$ 8,809,667</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 77,621	\$ 6,136,623	\$ 6,214,244	\$ -
Funds held in trust	6,852,339	979,799	-	7,832,138
Other liabilities	959,014	3,020,758	3,002,243	977,529
Total liabilities	<u>\$ 7,888,974</u>	<u>\$ 10,137,180</u>	<u>\$ 9,216,487</u>	<u>\$ 8,809,667</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, 2005

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 2,966,071	\$ 30,797,545	\$ 30,764,086	\$ 2,999,530
Other assets	9,899	12,633	-	22,532
Total assets	<u>\$ 2,975,970</u>	<u>\$ 30,810,178</u>	<u>\$ 30,764,086</u>	<u>\$ 3,022,062</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 447,473	\$ 5,664,598	\$ 6,112,071	\$ -
Other liabilities	2,528,497	25,145,580	24,652,015	3,022,062
Total liabilities	<u>\$ 2,975,970</u>	<u>\$ 30,810,178</u>	<u>\$ 30,764,086</u>	<u>\$ 3,022,062</u>
 <u>Vic Lineweaver, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 2,353,417	\$ 6,997,461	\$ 7,046,869	\$ 2,304,009
Other assets	2,021	25	-	2,046
Total assets	<u>\$ 2,355,438</u>	<u>\$ 6,997,486</u>	<u>\$ 7,046,869</u>	<u>\$ 2,306,055</u>
LIABILITIES:				
Due to other funds of the primary government	\$ 77,521	\$ 421,402	\$ 498,923	\$ -
Funds held in trust	1,833,645	261,777	233,322	1,862,100
Other liabilities	444,272	5,725,465	5,725,782	443,955
Total liabilities	<u>\$ 2,355,438</u>	<u>\$ 6,408,644</u>	<u>\$ 6,458,027</u>	<u>\$ 2,306,055</u>
 <u>Transit Authority Revenue</u>				
ASSETS:				
Cash and cash equivalents	\$ 455	\$ 695	\$ 455	\$ 695
Investments	534	8,243,838	8,243,574	798
Accounts receivable	1,613,566	3,009,065	1,614,491	3,008,140
Due from other funds of the primary government	40,116	19,918,751	19,958,867	-
Total assets	<u>\$ 1,654,671</u>	<u>\$ 31,172,349</u>	<u>\$ 29,817,387</u>	<u>\$ 3,009,633</u>
LIABILITIES:				
Accounts payable	\$ 233,676	\$ 13,545,108	\$ 11,142,654	\$ 2,636,130
Due to component units	1,420,995	372,514	1,420,006	373,503
Total liabilities	<u>\$ 1,654,671</u>	<u>\$ 13,917,622</u>	<u>\$ 12,562,660</u>	<u>\$ 3,009,633</u>
 <u>Joseph B. Knowles Residents</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 20,865</u>	<u>\$ 6,792</u>	<u>\$ 2,261</u>	<u>\$ 25,396</u>
LIABILITIES:				
Funds held in trust	<u>\$ 20,865</u>	<u>\$ 6,792</u>	<u>\$ 2,261</u>	<u>\$ 25,396</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, 2005

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	\$ 529,282	\$ 2,050,603	\$ 2,024,486	\$ 555,399
LIABILITIES:				
Funds held in trust	\$ 529,282	\$ 2,050,603	\$ 2,024,486	\$ 555,399
 <u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 35,876,299	\$ 256,320,611	\$ 250,275,944	\$ 41,920,966
Investments	214,449	8,486,203	8,243,574	457,078
Accounts receivable	1,613,566	3,009,065	1,614,491	3,008,140
Due from other funds of the primary government	40,116	19,918,751	19,958,867	-
Other assets	22,748	12,658	600	34,806
Total assets	<u>\$ 37,767,178</u>	<u>\$ 287,747,288</u>	<u>\$ 280,093,476</u>	<u>\$ 45,420,990</u>
LIABILITIES:				
Accounts payable	\$ 233,676	\$ 13,545,108	\$ 11,142,654	\$ 2,636,130
Due to other funds of the primary government	1,218,486	132,792,650	134,011,136	-
Due to component units	1,420,995	372,514	1,420,006	373,503
Funds held in trust	27,837,942	60,230,440	52,766,761	35,301,621
Other liabilities	7,056,079	62,963,007	62,909,350	7,109,736
Total liabilities	<u>\$ 37,767,178</u>	<u>\$ 269,903,719</u>	<u>\$ 262,249,907</u>	<u>\$ 45,420,990</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

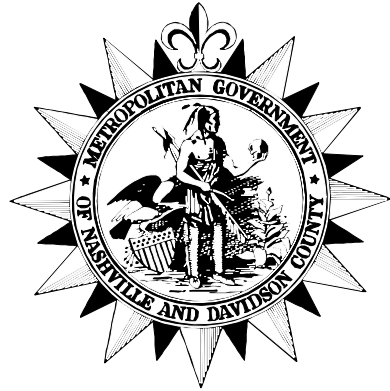
The Transit Authority Revenue Fund accounts for federal funds passed through to the Metropolitan Transit Authority, which is responsible for the administration of these funds.

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

BALANCE SHEET
SPORTS AUTHORITY FUND

June 30, 2005

ASSETS:	
Cash and cash equivalents	\$ 8,160,828
Investments	2,844,326
Accounts receivable	166,729
Accrued interest receivable	9,535
	<hr/>
Total assets	\$ 11,181,418
	<hr/> <hr/>
LIABILITIES:	
Accounts payable	\$ 431,279
Accrued salaries and wages	5,254
Due to the primary government	1,501,186
Other liabilities	6,309
	<hr/>
Total liabilities	1,944,028
	<hr/> <hr/>
FUND BALANCES:	
Undesignated	9,237,390
	<hr/>
Total fund balances	9,237,390
	<hr/> <hr/>
Total liabilities and fund balances	\$ 11,181,418
	<hr/> <hr/>

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, 2005

Fund balances	\$	9,237,390
<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>		
		363,147,618
<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		(85,265,000)
Less deferred charge on refunding		5,161,926
Less deferred charge for issuance costs		709,272
Add bond premium		(1,359,502)
Accrued interest payable		(1,963,355)
		(1,963,355)
Net assets	\$	289,668,349

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, 2005

REVENUES:	
Revenues from the use of money or property	\$ 188,692
Revenues from other governmental agencies	16,374,985
Charges for current services	1,328,582
Compensation for loss, sale or damage to property	<u>613,599</u>
Total revenues	<u>18,505,858</u>
EXPENDITURES:	
Personal services	130,495
Contractual services	13,720,879
Supplies and materials	26,836
Bond issue costs	709,272
Other costs	58,232
Capital outlay	466,981
Debt service:	
Principal retirement	2,305,000
Interest	<u>3,674,049</u>
Total expenditures	<u>21,091,744</u>
Excess (deficiency) of revenues over expenditures	<u>(2,585,886)</u>
OTHER FINANCING SOURCES (USES):	
Payments to refunded bond escrow agent	(70,054,573)
Refunding bond proceeds	64,910,000
Bond issue premium (discount)	<u>1,402,661</u>
Total other financing sources (uses)	<u>(3,741,912)</u>
Net change in fund balances	(6,327,798)
FUND BALANCES, beginning of year	<u>15,565,188</u>
FUND BALANCES, end of year	<u><u>\$ 9,237,390</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, 2005

Net change in fund balances	\$	(6,327,798)
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Amounts reported in the Statement of Activities are different because:

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.

Acquisition of capital assets		466,981
Depreciation expense		(9,089,410)

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. Also, governmental component units report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized for the Statement of Activities.

Issuance of refunding bonds		(64,910,000)
Principal repayments		2,305,000
Principal refunded		64,845,000
Deferred charge on refunding		5,325,797
Amortization of deferred charge on refunding		(163,871)
Issuance costs		731,788
Amortization of issuance costs		(22,516)
Bond premium		(1,402,661)
Amortization of premium		43,159
Change in accrued interest		(343,818)

Change in net assets	\$	<u>(8,542,349)</u>
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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, 2005

	General Services District	Urban Services District	Total General Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 22,982,176	\$ 1,645,936	\$ 24,628,112
Investments	600,638	1,856,554	2,457,192
Sales tax receivable	13,892,727	184,509	14,077,236
Accounts receivable	38,549,856	8,693,512	47,243,368
Accrued interest receivable	129,915	24,318	154,233
Property taxes receivable	320,025,326	73,181,321	393,206,647
Allowance for doubtful accounts	(19,107,948)	(1,401,636)	(20,509,584)
Due from other funds of the primary government	4,339,438	5,656,419	9,995,857
Due from component units	7,331,503	-	7,331,503
Inventories of supplies	391,550	-	391,550
Other assets	367,898	-	367,898
	<u>\$ 389,503,079</u>	<u>\$ 89,840,933</u>	<u>\$ 479,344,012</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 9,475,409	\$ 421,025	\$ 9,896,434
Accrued payroll	19,295,281	2,260,955	21,556,236
Due to other funds of the primary government	12,601,356	4,648,827	17,250,183
Due to component units	45,320	-	45,320
Deferred revenue	314,647,146	73,736,826	388,383,972
Other liabilities	4,935,040	-	4,935,040
	<u>360,999,552</u>	<u>81,067,633</u>	<u>442,067,185</u>
FUND BALANCES:			
Reserved for imprest cash and inventories	1,221,952	2,500	1,224,452
Reserved for specific programs	783,377	-	783,377
Unreserved:			
Undesignated	26,498,198	8,770,800	35,268,998
	<u>28,503,527</u>	<u>8,773,300</u>	<u>37,276,827</u>
Total fund balances	<u>28,503,527</u>	<u>8,773,300</u>	<u>37,276,827</u>
Total liabilities and fund balances	<u>\$ 389,503,079</u>	<u>\$ 89,840,933</u>	<u>\$ 479,344,012</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, 2005

	General Services District	Urban Services District	Total General Fund
REVENUES:			
Property taxes	\$ 267,030,405	\$ 76,504,736	\$ 343,535,141
Local option sales tax	81,591,080	1,083,593	82,674,673
Other taxes, licenses and permits	71,778,491	11,909,222	83,687,713
Fines, forfeits and penalties	12,029,361	-	12,029,361
Revenues from the use of money or property	953,890	61,062	1,014,952
Revenues from other governmental agencies	66,980,213	8,697,501	75,677,714
Commissions and fees	21,072,982	-	21,072,982
Charges for current services	24,092,957	697,174	24,790,131
Compensation for loss, sale or damage to property	550,470	-	550,470
Contributions and gifts	667,940	-	667,940
Miscellaneous	996,206	-	996,206
Total revenues	547,743,995	98,953,288	646,697,283
EXPENDITURES:			
General government	21,673,982	-	21,673,982
Fiscal administration	14,180,153	-	14,180,153
Administration of justice	53,751,204	-	53,751,204
Law enforcement and care of prisoners	180,815,275	-	180,815,275
Fire prevention and control	39,772,195	55,273,551	95,045,746
Regulation and inspection	7,216,063	-	7,216,063
Conservation of natural resources	352,566	-	352,566
Public welfare	10,453,774	-	10,453,774
Public health and hospitals	58,920,291	-	58,920,291
Public library system	18,527,933	-	18,527,933
Public works, highways and streets	23,794,797	6,723,019	30,517,816
Recreational and cultural	31,203,549	-	31,203,549
Employee benefits	33,908,488	21,103,841	55,012,329
Miscellaneous	32,903,902	1,226,597	34,130,499
Total expenditures	527,474,172	84,327,008	611,801,180
Excess of revenues over expenditures	20,269,823	14,626,280	34,896,103
OTHER FINANCING SOURCES (USES):			
Transfers in	16,570,634	-	16,570,634
Transfers out	(39,516,589)	(10,859,100)	(50,375,689)
Total other financing sources (uses)	(22,945,955)	(10,859,100)	(33,805,055)
Net change in fund balances	(2,676,132)	3,767,180	1,091,048
FUND BALANCES, beginning of year	31,179,659	5,006,120	36,185,779
FUND BALANCES, end of year	\$ 28,503,527	\$ 8,773,300	\$ 37,276,827

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, 2005

	General Services District		
	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES:			
Property taxes	\$ 276,175,200	\$ 267,030,405	\$ (9,144,795)
Local option sales tax	80,752,800	81,591,080	838,280
Other taxes, licenses and permits	65,907,600	71,778,491	5,870,891
Fines, forfeits and penalties	10,068,200	12,029,361	1,961,161
Revenues from the use of money or property	87,200	953,890	866,690
Revenues from other governmental agencies	64,797,000	66,980,213	2,183,213
Commissions and fees	10,864,600	21,072,982	10,208,382
Charges for current services	26,362,500	24,092,957	(2,269,543)
Compensation for loss, sale or damage to property	230,400	550,470	320,070
Contributions and gifts	568,500	667,940	99,440
Miscellaneous	524,000	996,206	472,206
Total revenues	<u>536,338,000</u>	<u>547,743,995</u>	<u>11,405,995</u>
EXPENDITURES:			
General government	20,431,800	21,673,982	(1,242,182)
Fiscal administration	14,503,600	14,180,153	323,447
Administration of justice	49,322,400	53,751,204	(4,428,804)
Law enforcement and care of prisoners	182,479,196	180,815,275	1,663,921
Fire prevention and control	39,844,888	39,772,195	72,693
Regulation and inspection	7,736,900	7,216,063	520,837
Conservation of natural resources	446,000	352,566	93,434
Public welfare	11,393,900	10,453,774	940,126
Public health and hospitals	59,313,300	58,920,291	393,009
Public library system	18,770,300	18,527,933	242,367
Public works, highways and streets	24,870,100	23,794,797	1,075,303
Recreational and cultural	31,418,415	31,203,549	214,866
Employee benefits	31,208,500	33,908,488	(2,699,988)
Miscellaneous	28,263,908	32,903,902	(4,639,994)
Total expenditures	<u>520,003,207</u>	<u>527,474,172</u>	<u>(7,470,965)</u>
Excess (deficiency) of revenues over expenditures	<u>16,334,793</u>	<u>20,269,823</u>	<u>3,935,030</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	22,416,400	16,570,634	(5,845,766)
Transfers out	(40,792,285)	(39,516,589)	1,275,696
Total other financing sources (uses)	<u>(18,375,885)</u>	<u>(22,945,955)</u>	<u>(4,570,070)</u>
Net change in fund balances	(2,041,092)	(2,676,132)	(635,040)
FUND BALANCES, beginning of year	<u>31,179,659</u>	<u>31,179,659</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 29,138,567</u>	<u>\$ 28,503,527</u>	<u>\$ (635,040)</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, 2005

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)
\$ 73,008,100	\$ 76,504,736	\$ 3,496,636	\$ 349,183,300	\$ 343,535,141	\$ (5,648,159)
1,072,400	1,083,593	11,193	81,825,200	82,674,673	849,473
11,499,500	11,909,222	409,722	77,407,100	83,687,713	6,280,613
-	-	-	10,068,200	12,029,361	1,961,161
10,800	61,062	50,262	98,000	1,014,952	916,952
7,985,500	8,697,501	712,001	72,782,500	75,677,714	2,895,214
-	-	-	10,864,600	21,072,982	10,208,382
2,243,400	697,174	(1,546,226)	28,605,900	24,790,131	(3,815,769)
-	-	-	230,400	550,470	320,070
-	-	-	568,500	667,940	99,440
-	-	-	524,000	996,206	472,206
<u>95,819,700</u>	<u>98,953,288</u>	<u>3,133,588</u>	<u>632,157,700</u>	<u>646,697,283</u>	<u>14,539,583</u>
-	-	-	20,431,800	21,673,982	(1,242,182)
-	-	-	14,503,600	14,180,153	323,447
-	-	-	49,322,400	53,751,204	(4,428,804)
-	-	-	182,479,196	180,815,275	1,663,921
55,273,592	55,273,551	41	95,118,480	95,045,746	72,734
-	-	-	7,736,900	7,216,063	520,837
-	-	-	446,000	352,566	93,434
-	-	-	11,393,900	10,453,774	940,126
-	-	-	59,313,300	58,920,291	393,009
-	-	-	18,770,300	18,527,933	242,367
6,790,400	6,723,019	67,381	31,660,500	30,517,816	1,142,684
-	-	-	31,418,415	31,203,549	214,866
22,281,000	21,103,841	1,177,159	53,489,500	55,012,329	(1,522,829)
2,093,400	1,226,597	866,803	30,357,308	34,130,499	(3,773,191)
<u>86,438,392</u>	<u>84,327,008</u>	<u>2,111,384</u>	<u>606,441,599</u>	<u>611,801,180</u>	<u>(5,359,581)</u>
9,381,308	14,626,280	5,244,972	25,716,101	34,896,103	9,180,002
-	-	-	22,416,400	16,570,634	(5,845,766)
(10,859,100)	(10,859,100)	-	(51,651,385)	(50,375,689)	1,275,696
<u>(10,859,100)</u>	<u>(10,859,100)</u>	<u>-</u>	<u>(29,234,985)</u>	<u>(33,805,055)</u>	<u>(4,570,070)</u>
(1,477,792)	3,767,180	5,244,972	(3,518,884)	1,091,048	4,609,932
5,006,120	5,006,120	-	36,185,779	36,185,779	-
<u>\$ 3,528,328</u>	<u>\$ 8,773,300</u>	<u>\$ 5,244,972</u>	<u>\$ 32,666,895</u>	<u>\$ 37,276,827</u>	<u>\$ 4,609,932</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, 2005

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>GENERAL GOVERNMENT:</u>			
Legislative (Office of Clerk and Council)	\$ 2,706,900	\$ 2,649,525	\$ 57,375
Executive (Office of the Mayor)	3,764,500	3,587,379	177,121
Election Commission	3,218,000	3,044,814	173,186
Department of Law	4,674,100	4,643,856	30,244
Planning Commission	3,845,600	3,784,676	60,924
County Register of Deeds	516,100	2,344,778	(1,828,678)
Historical Commission	559,600	550,823	8,777
Community Education Alliance	591,900	519,326	72,574
Telecommunications	555,100	548,805	6,295
	<hr/>	<hr/>	<hr/>
Total General Government	20,431,800	21,673,982	(1,242,182)
	<hr/>	<hr/>	<hr/>
<u>FISCAL ADMINISTRATION:</u>			
Department of Finance	1,179,400	1,090,269	89,131
Assessor of Property	7,094,600	6,991,425	103,175
Metropolitan Trustee	2,013,700	1,984,205	29,495
County Clerk	4,215,900	4,114,254	101,646
	<hr/>	<hr/>	<hr/>
Total Fiscal Administration	14,503,600	14,180,153	323,447
	<hr/>	<hr/>	<hr/>
<u>ADMINISTRATION OF JUSTICE:</u>			
District Attorney	4,165,000	4,160,640	4,360
Public Defender	4,892,100	4,836,477	55,623
Juvenile Court Clerk	1,577,800	1,511,688	66,112
Circuit Court Clerk	3,808,500	8,900,427	(5,091,927)
Criminal Court Clerk	5,395,500	5,225,213	170,287
Clerk and Master	1,726,800	1,621,431	105,369
Juvenile Court	9,278,100	9,357,045	(78,945)
General Sessions Court	9,290,300	9,267,803	22,497
State Trial Courts	6,278,100	6,276,948	1,152
Justice Information System	2,470,300	2,237,190	233,110
Criminal Justice Planning	439,900	356,342	83,558
	<hr/>	<hr/>	<hr/>
Total Administration of Justice	49,322,400	53,751,204	(4,428,804)
	<hr/>	<hr/>	<hr/>
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>			
Sheriff	48,301,800	48,438,820	(137,020)
Police Department	122,923,500	121,292,780	1,630,720
Emergency Communication Center	11,253,896	11,083,675	170,221
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Total Law Enforcement and Care of Prisoners	182,479,196	180,815,275	1,663,921
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<u>FIRE PREVENTION AND CONTROL:</u>			
Fire Department	39,844,888	39,772,195	72,693
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<u>REGULATION AND INSPECTION:</u>			
Department of Codes Administration	7,060,700	6,571,793	488,907
Taxicab and Wrecker Licensing Board	314,800	299,770	15,030
Beer Board	361,400	344,500	16,900
	<hr/>	<hr/>	<hr/>
Total Regulation and Inspection	7,736,900	7,216,063	520,837
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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, 2005

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>CONSERVATION OF NATURAL RESOURCES:</u>			
Agricultural Extension Service	\$ 360,500	\$ 286,195	\$ 74,305
Soil and Water Conservation	85,500	66,371	19,129
Total Conservation of Natural Resources	446,000	352,566	93,434
<u>PUBLIC WELFARE:</u>			
Social Services Commission	9,911,800	9,059,041	852,759
Human Relations Commission	366,800	353,918	12,882
Caring for Children	1,115,300	1,040,815	74,485
Total Public Welfare	11,393,900	10,453,774	940,126
<u>PUBLIC HEALTH AND HOSPITALS:</u>			
Board of Health	29,593,100	29,200,091	393,009
General Hospital	19,979,300	19,979,300	-
Bordeaux Long Term Care	9,740,900	9,740,900	-
Total Public Health and Hospitals	59,313,300	58,920,291	393,009
<u>PUBLIC LIBRARY SYSTEM:</u>			
Public Library	18,770,300	18,527,933	242,367
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>			
Public Works	24,870,100	23,794,797	1,075,303
<u>RECREATIONAL AND CULTURAL:</u>			
Parks and Recreation	27,132,800	27,112,368	20,432
Municipal Auditorium	1,791,200	1,603,547	187,653
Arts Commission	2,329,615	2,322,834	6,781
Sports Authority	164,800	164,800	-
Total Recreational and Cultural	31,418,415	31,203,549	214,866
<u>EMPLOYEE BENEFITS:</u>			
Contribution to Closed Pension Plans	10,402,300	10,402,300	-
Employer's Contribution for Group Health Insurance	19,682,200	22,901,351	(3,219,151)
Unemployment Compensation	400,000	429,928	(29,928)
Employer's Contribution for Group Life Insurance	724,000	174,909	549,091
Total Employee Benefits	31,208,500	33,908,488	(2,699,988)

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, 2005

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>MISCELLANEOUS:</u>			
Contributions and Community Support	\$ 3,614,016	\$ 3,427,542	\$ 186,474
Subsidies	15,823,100	15,557,363	265,737
Administration and Internal Support	8,826,792	13,918,997	(5,092,205)
Total Miscellaneous	<u>28,263,908</u>	<u>32,903,902</u>	<u>(4,639,994)</u>
Total Expenditures	<u>\$ 520,003,207</u>	<u>\$ 527,474,172</u>	<u>\$ (7,470,965)</u>
<u>TRANSFERS IN:</u>			
USD General Fund	\$ 1,433,000	\$ 481,000	\$ (952,000)
General Purpose School	103,000	109,939	6,939
Nonmajor Governmental Funds	8,168,788	7,865,536	(303,252)
District Energy System	31,960	23,044	(8,916)
Water and Sewerage Services	6,630,503	4,828,021	(1,802,482)
Nonmajor Enterprise Funds	4,029,149	1,439,118	(2,590,031)
Internal Service Funds	1,870,000	1,670,000	(200,000)
Fiduciary Funds	150,000	153,976	3,976
Total Transfers In	<u>22,416,400</u>	<u>16,570,634</u>	<u>(5,845,766)</u>
<u>TRANSFERS OUT:</u>			
General Purpose School Fund	(900)	-	900
GSD General Purpose Debt Service	(3,356,100)	(3,335,845)	20,255
General Fund 4% Reserve	(18,738,500)	(17,804,280)	934,220
Nonmajor Governmental Funds	(14,097,885)	(13,770,401)	327,484
District Energy System	(1,698,900)	(1,698,900)	-
Water and Sewerage Services	-	(100)	(100)
Internal Service Funds	(2,900,000)	(2,898,730)	1,270
Fiduciary Funds	-	(8,333)	(8,333)
Total Transfers Out	<u>(40,792,285)</u>	<u>(39,516,589)</u>	<u>1,275,696</u>
Total Other Financing Sources (Uses)	<u>\$ (18,375,885)</u>	<u>\$ (22,945,955)</u>	<u>\$ (4,570,070)</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, 2005

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>FIRE PREVENTION AND CONTROL:</u>			
Fire Department	\$ 55,273,592	\$ 55,273,551	\$ 41
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>			
Public Works	6,790,400	6,723,019	67,381
<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	2,189,513	502,387
Direct Pension Payments	9,900	9,675	225
Employer's Contribution for Group Life Insurance	76,700	14,553	62,147
Benefit Adjustments	612,400	-	612,400
Total Employee Benefits	22,281,000	21,103,841	1,177,159
<u>MISCELLANEOUS:</u>			
Subsidies	924,900	798,666	126,234
Administration and Internal Support	1,168,500	427,931	740,569
Total Miscellaneous	2,093,400	1,226,597	866,803
Total Expenditures	\$ 86,438,392	\$ 84,327,008	\$ 2,111,384
<u>TRANSFERS OUT:</u>			
GSD General Fund	(481,000)	(481,000)	-
Nonmajor Governmental Funds	(9,426,100)	(9,426,100)	-
Internal Service Funds	(952,000)	(952,000)	-
Total Transfers Out	(10,859,100)	(10,859,100)	-
Total Other Financing Sources (Uses)	\$ (10,859,100)	\$ (10,859,100)	\$ -

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2005

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2004 Realty	\$ 14,617,983	\$ 12,662,290	\$ 7,272,844	\$ 4,258,107	\$ 461,031	\$ 670,308
2004 Personalty	3,075,925	2,611,130	1,294,153	880,301	298,116	138,560
2004 Public Utility	373,488	310,809	153,651	105,050	35,575	16,533
Total 2004 Property Taxes	18,067,396	15,584,229	8,720,648	5,243,458	794,722	825,401
2003 Realty	1,729,747	1,501,134	746,082	504,688	170,916	79,448
2003 Personalty	1,430,395	1,209,173	598,980	407,870	138,126	64,197
2003 Public Utility	352,264	290,923	143,676	98,425	33,332	15,490
Total 2003 Property Taxes	3,512,406	3,001,230	1,488,738	1,010,983	342,374	159,135
2002 & Prior - Realty	2,056,338	1,758,545	883,561	581,551	200,319	93,114
2002 & Prior - Personalty	7,066,852	5,507,627	2,761,260	1,821,372	631,526	293,469
2002 & Prior - Public Utility	1,151,321	939,496	471,374	310,691	107,480	49,951
Total 2002 & Prior Property Taxes	10,274,511	8,205,668	4,116,195	2,713,614	939,325	436,534
Total Delinquent Property Taxes Receivable *	\$ 31,854,313	\$ 26,791,127	\$ 14,325,581	\$ 8,968,055	\$ 2,076,421	\$ 1,421,070

* Excludes 2005 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, 2005

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 1,955,693	\$ 1,720,032	\$ 235,661
464,795	408,787	56,008
62,679	55,126	7,553
2,483,167	2,183,945	299,222
228,613	201,065	27,548
221,222	194,565	26,657
61,341	53,950	7,391
511,176	449,580	61,596
297,793	261,908	35,885
1,559,225	1,371,339	187,886
211,825	186,300	25,525
2,068,843	1,819,547	249,296
\$ 5,063,186	\$ 4,453,072	\$ 610,114

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

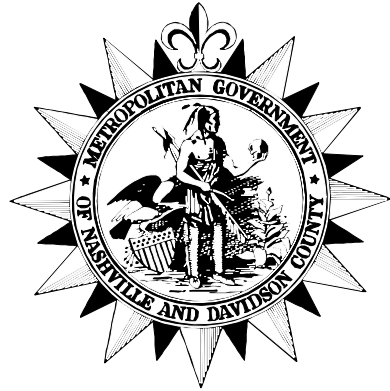
SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2005

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2004	\$ 12,662,290	\$ 2,611,130	\$ 310,809	\$ 15,584,229
	2003	1,501,134	1,209,173	290,923	3,001,230
	2002	665,664	1,121,523	388,135	2,175,322
	2001	499,843	693,264	135,234	1,328,341
	2000	327,861	763,197	229,258	1,320,316
	1999	118,140	507,380	12,523	638,043
	1998	47,504	566,719	43,404	657,627
	1997	76,681	445,701	21,862	544,244
	1996	14,088	788,611	55,248	857,947
	1995	5,314	445,143	39,651	490,108
	1994	3,450	176,089	14,181	193,720
Total General Services District		<u>15,921,969</u>	<u>9,327,930</u>	<u>1,541,228</u>	<u>26,791,127</u>
Urban Services District	2004	\$ 1,955,693	\$ 464,795	\$ 62,679	\$ 2,483,167
	2003	228,613	221,222	61,341	511,176
	2002	115,781	199,847	82,755	398,383
	2001	90,006	125,629	25,221	240,856
	2000	33,720	201,808	64,747	300,275
	1999	30,249	129,122	3,209	162,580
	1998	12,020	131,005	7,124	150,149
	1997	12,180	108,266	3,639	124,085
	1996	2,649	228,877	11,916	243,442
	1995	740	137,519	8,995	147,254
	1994	448	297,152	4,219	301,819
Total Urban Services District		<u>2,482,099</u>	<u>2,245,242</u>	<u>335,845</u>	<u>5,063,186</u>
Total Delinquent Property Taxes Receivable *		<u>\$ 18,404,068</u>	<u>\$ 11,573,172</u>	<u>\$ 1,877,073</u>	<u>\$ 31,854,313</u>

* Excludes 2005 Property Tax Levy

See accompanying accountants' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS AND NOTES PAYABLE
GENERAL SERVICES DISTRICT

June 30, 2005

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
<u>For General Purposes:</u>		
GSD G.O. Refunding Bonds of 1993	5.25	May 15, 1993
G.O. Public Improvement Bonds of 1996	5.50 - 5.875	June 15, 1996
GSD G.O. Public Improvement Bonds, Series 1996A	5.00 - 5.375	Oct. 1, 1996
GSD G.O. Refunding Bonds of 1996	5.00 - 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
GSD G.O. Multi-purpose Bonds, Series 2004	4.00 - 5.25	Jul. 15, 2004
GSD G.O. Public Improvement and Refunding Bonds, Series 2004	3.00 - 5.00	Sep. 1, 2004
GSD G.O. Multi-purpose Bonds, Series 2005A	4.25 - 5.25	May 1, 2005
GSD G.O. Multi-purpose Refunding Bonds, Series 2005B	4.00 - 5.00	May 1, 2005
Total General Obligation Bonds Payable For General Purposes		
<u>For School Purposes:</u>		
GSD G.O. Refunding Bonds of 1993	5.25	May 15, 1993
GSD G.O. Multi-purpose Improvement Bonds, Series 1996A	5.00 - 5.375	Oct. 1, 1996
GSD G.O. Refunding Bonds, Series 1997	4.60 - 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	4.00 - 5.00	Oct. 1, 2003
GSD G.O. Multi-purpose Bonds, Series 2004	4.00 - 5.25	Jul. 15, 2004
GSD G.O. Public Improvement and Refunding Bonds, Series 2004	3.00 - 5.00	Sep. 1, 2004
GSD G.O. Multi-purpose Bonds, Series 2005A	4.25 - 5.25	May 1, 2005
GSD G.O. Multi-purpose Refunding Bonds, Series 2005B	4.00 - 5.00	May 1, 2005
Total General Obligation Bonds Payable for School Purposes		
Total General Obligation Bonds Payable - General Services District		
<u>LIMITED OBLIGATION REVENUE BONDS PAYABLE</u>		
Correctional Facility Revenue Bonds	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, 2005

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2005</u>	<u>Interest to Maturity as of June 30, 2005</u>
May 15, 2008	\$ 193,128,625	\$ 31,749,912	\$ 2,140,119
May 15, 2026	74,880,000	61,500,000	47,890,832
Nov. 15, 2016	90,568,118	3,999,185	97,980
Dec. 1, 2010	28,671,142	17,463,446	3,129,515
May 15, 2025	64,596,180	61,808,400	44,362,874
Nov. 15, 2027	119,180,124	28,859,659	15,340,540
Nov. 15, 2029	133,288,342	65,718,543	49,539,523
Oct. 15, 2020	62,065,000	49,555,000	10,254,888
Oct. 15, 2016	43,633,148	41,638,740	12,777,943
Nov. 15, 2024	41,749,303	37,017,582	22,141,333
Apr. 1, 2024	59,543,042	51,181,200	25,721,787
Jun. 1, 2024	33,825,000	35,255,536	20,181,037
Nov. 15, 2016	48,367,055	49,726,770	16,481,311
Jan. 1, 2025	49,817,419	53,164,608	28,003,414
Jan. 1, 2020	108,212,477	109,812,148	50,720,929
	<u>1,151,524,975</u>	<u>698,450,729</u>	<u>348,784,025</u>
May 15, 2008	81,490,821	16,482,214	1,365,035
Nov. 15, 2016	5,566,882	245,815	6,022
May 15, 2025	46,393,820	44,391,600	31,861,996
Nov. 15, 2027	30,819,876	14,245,342	12,811,982
Nov. 15, 2019	53,474,949	13,661,457	2,257,945
Oct. 15, 2020	176,640,000	81,675,000	14,612,232
Oct. 15, 2016	30,111,852	28,696,260	8,945,051
Nov. 15, 2024	60,984,934	56,093,037	31,384,648
Apr. 1, 2024	41,515,465	35,685,301	17,934,118
Jun. 1, 2024	26,170,000	27,276,789	15,547,675
Nov. 15, 2016	2,972,945	3,056,522	1,013,045
Jan. 1, 2025	79,503,345	84,845,104	44,690,495
Jan. 1, 2020	76,238,996	77,366,015	35,734,445
	<u>711,883,885</u>	<u>483,720,456</u>	<u>218,164,689</u>
	<u>1,863,408,860</u>	<u>1,182,171,185</u>	<u>566,948,714</u>
Sep. 1, 2011	<u>16,265,000</u>	<u>11,925,066</u>	<u>2,153,925</u>
	<u>16,265,000</u>	<u>11,925,066</u>	<u>2,153,925</u>
	<u>\$ 1,879,673,860</u>	<u>\$ 1,194,096,251</u>	<u>\$ 569,102,639</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, 2005

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
USD G.O. Refunding Bonds of 1993	5.25	May 15, 1993
USD G.O. Refunding Bonds of 1996	5.00 - 6.00	Dec. 1, 1996
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	3.75 - 5.25	Apr. 1, 2002
USD G.O. (Taxable) Thermal Refunding Bonds, 2002	5.00 - 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	4.00 - 5.00	Oct. 1, 2003
USD G.O. Multi-purpose Bonds, Series 2004	4.00 - 5.25	Jul. 15, 2004
USD G.O. Multi-purpose Bonds, Series 2005A	4.25 - 5.25	May 1, 2005
USD G.O. Multi-purpose Refunding Bonds, Series 2005B	4.00 - 5.00	May 1, 2005
Total General Obligation Bonds Payable (governmental activities)		
USD G.O. Multi-purpose Bonds, Series 2005A (District Energy System) (1)	4.25 - 5.25	May 1, 2005
Total General Obligation Bonds Payable (business-type activities)		
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	5.10 - 6.50	Aug. 1, 1993
Department of Water and Sewerage Revenue Refunding Bonds of 1996	5.25 - 6.00	May 15, 1996
Department of Water and Sewerage Revenue Refunding Bonds, Series 1998A	4.625 - 5.00	Feb. 1, 1998
Department of Water and Sewerage Revenue Bonds, Series of 1998B	4.45 - 5.25	Feb. 15, 1998
Department of Water and Sewerage Revenue Refunding Bonds, Series 2002	5.125	Dec. 1, 2002
Total Revenue Bonds Payable - Department of Water and Sewerage		
District Energy System Revenue Bonds, Series 2002A	3.00 - 5.00	Oct. 1, 2002
Total Revenue Bonds Payable - Urban Services District		
Total Bonds Payable - Urban Services District		

(1) This portion of the USD G.O. Multi-purpose Bonds, Series 2005A, is directly related to the District Energy System, a proprietary fund, and intended to be repaid from resources of the District Energy System. Therefore, the liability is reported in business-type activities.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS AND NOTES PAYABLE (CONTINUED)
URBAN SERVICES DISTRICT

June 30, 2005

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2005</u>	<u>Interest to Maturity as of June 30, 2005</u>
May 15, 2008	\$ 45,480,554	\$ 7,042,874	\$ 448,622
Dec. 1, 2010	5,633,858	3,431,554	614,948
Oct. 15, 2016	23,450,000	14,595,000	2,932,893
July 1, 2014	31,065,000	23,367,673	5,825,531
July 1, 2012	27,000,000	14,699,925	2,024,990
Nov. 15, 2024	5,955,763	5,789,752	2,410,619
Apr. 1, 2024	21,041,493	18,086,562	9,089,640
Jun. 1, 2024	5,760,000	6,003,601	3,447,213
Jan. 1, 2025	13,979,236	14,918,488	7,858,021
Jan. 1, 2020	6,008,527	6,097,349	2,816,295
	<u>185,374,431</u>	<u>114,032,778</u>	<u>37,468,772</u>
Jan. 1, 2025	<u>7,695,000</u>	<u>8,231,414</u>	<u>4,523,482</u>
	<u>7,695,000</u>	<u>8,231,414</u>	<u>4,523,482</u>
	<u>193,069,431</u>	<u>122,264,192</u>	<u>41,992,254</u>
Jan. 1, 2016	339,866,665	135,615,000	63,746,375
Jan. 1, 2013	157,475,000	68,615,000	17,020,425
Jan. 1, 2014	74,725,000	43,975,901	13,376,538
Jan. 1, 2022	156,315,000	143,010,854	83,121,537
Jan. 1, 2014	55,000,000	36,740,000	10,070,965
Jan. 1, 2016	<u>30,255,000</u>	<u>27,825,000</u>	<u>13,768,058</u>
	<u>813,636,665</u>	<u>455,781,755</u>	<u>201,103,898</u>
Oct. 1, 2033	<u>66,700,000</u>	<u>68,875,020</u>	<u>58,560,784</u>
	<u>880,336,665</u>	<u>524,656,775</u>	<u>259,664,682</u>
	<u>\$ 1,073,406,096</u>	<u>\$ 646,920,967</u>	<u>\$ 301,656,936</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, 2005

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Total General Obligation Bonds		
				Principal	Interest	Total
2006	\$ 85,016,821	\$ 52,959,995	\$ 137,976,816	\$ 83,511,821	\$ 52,433,145	\$ 135,944,966
2007	76,902,993	53,689,992	130,592,985	75,332,993	53,224,642	128,557,635
2008	69,414,016	50,142,619	119,556,635	67,784,016	49,741,269	117,525,285
2009	63,416,412	46,636,426	110,052,838	61,706,412	46,310,426	108,016,838
2010	62,658,693	43,489,962	106,148,655	60,863,693	43,251,587	104,115,280
2011	63,054,383	40,292,085	103,346,468	61,169,383	40,145,710	101,315,093
2012	57,710,027	37,541,655	95,251,682	55,725,027	37,492,030	93,217,057
2013	55,887,662	34,743,266	90,630,928	55,887,662	34,743,266	90,630,928
2014	56,916,188	31,975,881	88,892,069	56,916,188	31,975,881	88,892,069
2015	58,760,425	29,095,865	87,856,290	58,760,425	29,095,865	87,856,290
2016	69,441,563	26,121,117	95,562,680	69,441,563	26,121,117	95,562,680
2017	64,826,860	22,689,314	87,516,174	64,826,860	22,689,314	87,516,174
2018	47,613,963	19,879,782	67,493,745	47,613,963	19,879,782	67,493,745
2019	47,225,978	17,501,913	64,727,891	47,225,978	17,501,913	64,727,891
2020	33,074,584	15,078,851	48,153,435	33,074,584	15,078,851	48,153,435
2021	43,224,891	13,145,469	56,370,360	43,224,891	13,145,469	56,370,360
2022	45,363,789	10,967,933	56,331,722	45,363,789	10,967,933	56,331,722
2023	47,706,536	8,650,037	56,356,573	47,706,536	8,650,037	56,356,573
2024	49,009,864	6,220,549	55,230,413	49,009,864	6,220,549	55,230,413
2025	39,438,752	3,741,803	43,180,555	39,438,752	3,741,803	43,180,555
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	8,934,998	783,247	9,718,245	8,934,998	783,247	9,718,245
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	-	-	-	-	-	-
2036	-	-	-	-	-	-
	<u>1,177,689,398</u>	<u>569,102,639</u>	<u>1,746,792,037</u>	<u>1,165,609,398</u>	<u>566,948,714</u>	<u>1,732,558,112</u>
Deferred Costs	<u>16,406,853</u>	<u>-</u>	<u>16,406,853</u>	<u>16,561,787</u>	<u>-</u>	<u>16,561,787</u>
	<u>\$ 1,194,096,251</u>	<u>\$ 569,102,639</u>	<u>\$ 1,763,198,890</u>	<u>\$ 1,182,171,185</u>	<u>\$ 566,948,714</u>	<u>\$ 1,749,119,899</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, 2005

General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ 52,781,520	\$ 31,742,585	\$ 84,524,105	\$ 30,730,301	\$ 20,690,560	\$ 51,420,861
45,033,016	31,501,828	76,534,844	30,299,977	21,722,814	52,022,791
37,850,230	29,514,931	67,365,161	29,933,786	20,226,338	50,160,124
34,860,709	27,616,249	62,476,958	26,845,703	18,694,177	45,539,880
35,059,253	25,878,281	60,937,534	25,804,440	17,373,306	43,177,746
35,246,001	24,073,380	59,319,381	25,923,382	16,072,330	41,995,712
29,931,622	22,591,203	52,522,825	25,793,405	14,900,827	40,694,232
29,732,887	21,109,514	50,842,401	26,154,775	13,633,752	39,788,527
30,788,265	19,610,129	50,398,394	26,127,923	12,365,752	38,493,675
32,328,209	18,036,607	50,364,816	26,432,216	11,059,258	37,491,474
41,421,208	16,324,677	57,745,885	28,020,355	9,796,440	37,816,795
39,303,916	14,258,080	53,561,996	25,522,944	8,431,234	33,954,178
27,723,831	12,574,911	40,298,742	19,890,132	7,304,871	27,195,003
27,497,627	11,180,275	38,677,902	19,728,351	6,321,638	26,049,989
19,446,308	9,750,933	29,197,241	13,628,276	5,327,918	18,956,194
26,102,930	8,575,109	34,678,039	17,121,961	4,570,360	21,692,321
27,108,676	7,250,032	34,358,708	18,255,113	3,717,901	21,973,014
28,522,393	5,845,845	34,368,238	19,184,143	2,804,192	21,988,335
29,330,138	4,372,123	33,702,261	19,679,726	1,848,426	21,528,152
23,841,328	2,865,721	26,707,049	15,597,424	876,082	16,473,506
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	1,898,290	48,644	1,946,934
5,115,000	416,981	5,531,981	-	-	-
5,385,000	141,356	5,526,356	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
689,503,390	348,784,025	1,038,287,415	476,106,008	218,164,689	694,270,697
8,947,339	-	8,947,339	7,614,448	-	7,614,448
<u>\$ 698,450,729</u>	<u>\$ 348,784,025</u>	<u>\$ 1,047,234,754</u>	<u>\$ 483,720,456</u>	<u>\$ 218,164,689</u>	<u>\$ 701,885,145</u>

See accompanying accountants' report.

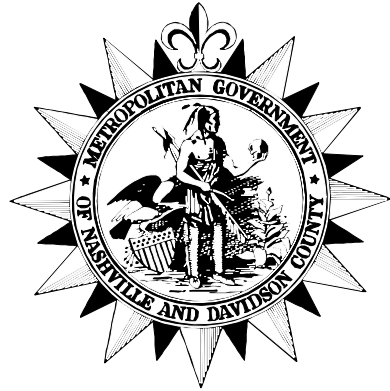
THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)

General Services District

Based on Bonded Debt as of June 30, 2005

Year Ending June 30	Correctional Facility Revenue Bonds		
	Principal	Interest	Total
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	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
	12,080,000	2,153,925	14,233,925
Deferred Costs	(154,934)	-	(154,934)
	\$ 11,925,066	\$ 2,153,925	\$ 14,078,991

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, 2005

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 41,123,179	\$ 34,867,725	\$ 75,990,904	\$ 13,983,179	\$ 5,297,411	\$ 19,280,590
2007	40,422,006	33,194,387	73,616,393	11,927,006	5,032,579	16,959,585
2008	42,050,984	31,120,481	73,171,465	12,025,984	4,449,191	16,475,175
2009	40,668,588	28,953,293	69,621,881	8,248,588	3,943,315	12,191,903
2010	43,276,307	26,318,146	69,594,453	8,636,307	3,535,528	12,171,835
2011	45,465,618	23,522,875	68,988,493	8,470,618	3,116,498	11,587,116
2012	47,249,974	20,638,014	67,887,988	7,984,974	2,720,006	10,704,980
2013	49,702,338	17,589,515	67,291,853	7,662,338	2,349,145	10,011,483
2014	50,003,812	15,039,495	65,043,307	6,273,812	1,992,698	8,266,510
2015	52,279,576	12,441,391	64,720,967	6,349,576	1,673,048	8,022,624
2016	31,053,435	9,771,959	40,825,394	2,338,435	1,461,633	3,800,068
2017	18,083,141	8,164,049	26,247,190	3,248,141	1,343,936	4,592,077
2018	18,931,038	7,265,383	26,196,421	3,331,038	1,192,007	4,523,045
2019	19,869,022	6,322,086	26,191,108	3,504,022	1,035,143	4,539,165
2020	20,215,416	5,321,955	25,537,371	3,105,416	859,942	3,965,358
2021	21,045,108	4,347,781	25,392,889	3,035,108	711,830	3,746,938
2022	22,116,211	3,334,690	25,450,901	3,326,211	568,008	3,894,219
2023	5,928,465	2,265,216	8,193,681	3,488,465	405,366	3,893,831
2024	5,580,136	1,982,542	7,562,678	3,430,136	234,792	3,664,928
2025	4,316,248	1,702,928	6,019,176	1,651,248	70,178	1,721,426
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	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
	<u>651,220,602</u>	<u>301,656,936</u>	<u>952,877,538</u>	<u>122,020,602</u>	<u>41,992,254</u>	<u>164,012,856</u>
Deferred Costs	<u>(4,299,635)</u>	<u>-</u>	<u>(4,299,635)</u>	<u>243,590</u>	<u>-</u>	<u>243,590</u>
	<u>\$ 646,920,967</u>	<u>\$ 301,656,936</u>	<u>\$ 948,577,903</u>	<u>\$ 122,264,192</u>	<u>\$ 41,992,254</u>	<u>\$ 164,256,446</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, 2005

Revenue Bonds					
Department of Water and Sewerage Services			District Energy System Bonds, Series 2002A		
Principal	Interest	Total	Principal	Interest	Total
\$ 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
-	-	-	-	-	-
-	-	-	-	-	-
462,500,000	201,103,898	663,603,898	66,700,000	58,560,784	125,260,784
(6,718,245)	-	(6,718,245)	2,175,020	-	2,175,020
<u>\$ 455,781,755</u>	<u>\$ 201,103,898</u>	<u>\$ 656,885,653</u>	<u>\$ 68,875,020</u>	<u>\$ 58,560,784</u>	<u>\$ 127,435,804</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF ESTIMATED REVENUES AND FUND BALANCES
TO SUPPORT APPROPRIATIONS*

GENERAL SERVICES DISTRICT

For the Year July 1, 2005 Through June 30, 2006
(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	\$ 294,844,300	\$ 80,494,700	\$ 26,276,600	\$ 201,356,600	\$ 602,972,200
Property Taxes - Non Current Year	24,351,200	1,714,200	776,200	9,998,700	36,840,300
Local Option Sales Tax	84,895,500	2,355,400	15,598,700	153,984,600	256,834,200
Other Taxes, Licenses and Permits	77,904,400	-	-	2,791,500	80,695,900
Fines, Forfeits, and Penalties	10,553,000	1,110,200	-	5,300	11,668,500
Revenues From Use of Money or Property	402,000	442,700	697,200	140,000	1,681,900
Other Agencies - Federal Direct	4,028,700	-	-	88,000	4,116,700
Other Agencies - Federal Through State	3,077,300	-	-	70,000	3,147,300
Other Agencies - Other Pass - Through	5,957,300	-	-	-	5,957,300
Other Agencies - State Direct	54,237,500	750,000	-	170,275,600	225,263,100
Other Agencies - Other Governments	532,700	2,800,000	-	6,200	3,338,900
Commissions and Fees	18,977,200	-	-	-	18,977,200
Charges for Current Services	27,322,200	-	-	1,179,100	28,501,300
Compensation from Property	237,700	-	-	409,500	647,200
Contributions and Gifts	561,000	-	-	665,000	1,226,000
Miscellaneous	658,500	-	-	5,200	663,700
Subtotal	608,540,500	89,667,200	43,348,700	540,975,300	1,282,531,700
Operating Transfers In	9,398,000	9,410,000	-	1,275,200	20,083,200
Non-Operating Transfers In	13,900,500	-	-	-	13,900,500
Subtotal	23,298,500	9,410,000	-	1,275,200	33,983,700
Appropriated Unreserved Fund Balances	-	612,600	10,271,300	-	10,883,900
Total Available for GSD Appropriations	<u>\$ 631,839,000</u>	<u>\$ 99,689,800</u>	<u>\$ 53,620,000</u>	<u>\$ 542,250,500</u>	<u>\$ 1,327,399,300</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2005-663 for the 2005-2006 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF ESTIMATED REVENUES AND FUND BALANCES
TO SUPPORT APPROPRIATIONS* (CONTINUED)

URBAN SERVICES DISTRICT

For the Year July 1, 2005 Through June 30, 2006
(Unaudited)

	General Fund	Debt Service Fund	Total
<u>SOURCE OF REVENUE:</u>			
Property Taxes - Current Year	\$ 64,139,600	\$ 8,865,000	\$ 73,004,600
Property Taxes - Non Current Year	11,494,000	250,900	11,744,900
Local Option Sales Tax	1,072,400	-	1,072,400
Other Taxes, Licenses, and Permits	11,824,200	-	11,824,200
Revenues From Use of Money or Property	-	44,400	44,400
Other Agencies - Federal Direct	450,000	-	450,000
Other Agencies - State Direct	7,312,000	-	7,312,000
Charges for Current Services	706,800	-	706,800
Operating Transfers In	<u>4,672,400</u>	<u>7,784,000</u>	<u>12,456,400</u>
Subtotal	101,671,400	16,944,300	118,615,700
Appropriated Unreserved Fund Balances	<u>-</u>	<u>3,951,300</u>	<u>3,951,300</u>
Total Available for USD Appropriations	<u>\$ 101,671,400</u>	<u>\$ 20,895,600</u>	<u>\$ 122,567,000</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2005-663 for the 2005-2006 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, 2005 Through June 30, 2006
 (Unaudited)

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 128,250,900	\$ 26,523,800	\$ 952,000	\$ 153,822,700
Fiscal Administration	14,836,600	-	-	14,836,600
Administration of Justice	51,934,400	-	-	51,934,400
Law Enforcement and Care of Prisoners	176,317,900	481,000	481,000	176,317,900
Fire Prevention and Control	42,501,100	56,037,200	4,672,400	93,865,900
Regulation, Inspection, & Economic Development	20,831,600	900,000	-	21,731,600
Conservation of Natural Resources	464,100	-	-	464,100
Public Welfare	9,048,200	-	-	9,048,200
Public Health	76,795,900	-	-	76,795,900
Public Library System	19,680,600	-	-	19,680,600
Recreational, Cultural, & Community Support	40,453,300	135,400	-	40,588,700
Public Works, Highways and Streets	50,724,400	17,594,000	-	68,318,400
Total General Funds	631,839,000	101,671,400	6,105,400	727,405,000
<u>DEBT SERVICE FUNDS</u> (See detail on succeeding pages)	153,309,800	20,895,600	-	174,205,400
<u>SCHOOL FUNDS</u> (See detail on succeeding pages)	542,250,500	-	-	542,250,500
Total Appropriations By District	1,327,399,300	122,567,000	6,105,400	1,443,860,900
<u>LESS GSD INTERFUND TRANSFER:</u>				
GSD General to GSD Debt Service	(3,356,100)	-	-	(3,356,100)
Schools to General Services District General	(135,000)	-	-	(135,000)
Net Appropriation by District	\$ 1,323,908,200	\$ 122,567,000	\$ 6,105,400	\$ 1,440,369,800

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2005-663 for the 2005-2006 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, 2005 Through June 30, 2006
(Unaudited)

	<u>Principal</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
<u>SCHOOL DEBT SERVICE FUND</u>				
Outstanding General Obligation Bonds	\$ 25,783,100	\$ 19,659,700	\$ -	\$ 45,442,800
Redemption and Cremation Fees	-	-	41,200	41,200
Internal Service Fees	-	-	49,500	49,500
Reserve for New Debt (future debt requirements)	4,337,800	3,448,700	-	7,786,500
Tax Increment Payment - MDHA	-	-	300,000	300,000
	<u>30,120,900</u>	<u>23,108,400</u>	<u>390,700</u>	<u>53,620,000</u>
Total GSD School Purposes Debt Service Fund				
<u>GENERAL PURPOSES DEBT SERVICE FUND</u>				
Outstanding General Obligation Bonds:				
Public Works	14,334,400	5,208,600	-	19,543,000
Airport	571,900	38,400	-	610,300
Auditorium	55,900	97,200	-	153,100
Hospital	2,645,500	431,900	-	3,077,400
Library	2,922,300	4,717,800	-	7,640,100
Parks	2,806,100	2,040,200	-	4,846,300
Social Services	4,400	18,400	-	22,800
Convention Center	5,564,600	488,800	-	6,053,400
Other Public Buildings	2,675,500	3,620,800	-	6,296,300
Gaylord Arena	3,687,000	6,176,200	-	9,863,200
Law Enforcement and Care of Prisoners	4,076,900	1,814,500	-	5,891,400
Traffic and Parking	1,099,400	125,100	-	1,224,500
Public Transportation	521,700	361,600	-	883,300
Fire Protection	151,700	132,100	-	283,800
Health	186,600	198,600	-	385,200
Nashville Coliseum	1,670,000	3,670,300	-	5,340,300
Information Technology	-	121,100	-	121,100
Finance	-	322,000	-	322,000
General Services	-	200,800	-	200,800
E-911	3,283,800	447,700	-	3,731,500
Other	2,389,300	2,016,400	-	4,405,700
	<u>48,647,000</u>	<u>32,248,500</u>	<u>-</u>	<u>80,895,500</u>
Subtotal Outstanding General Obligation Bonds				
USD Debt Service Fund	-	-	7,784,000	7,784,000
Redemption, Cremation and Management Fees	-	-	77,700	77,700
Internal Service Fees	-	-	93,500	93,500
Reserve for New Debt (future debt requirements)	4,307,200	5,831,900	-	10,139,100
Tax Increment Payment - MDHA	-	-	700,000	700,000
	<u>4,307,200</u>	<u>5,831,900</u>	<u>8,655,200</u>	<u>18,794,300</u>
Subtotal				
Total General Purposes Debt Service Fund	<u>52,954,200</u>	<u>38,080,400</u>	<u>8,655,200</u>	<u>99,689,800</u>
Total General Services District	<u>\$ 83,075,100</u>	<u>\$ 61,188,800</u>	<u>\$ 9,045,900</u>	<u>\$ 153,309,800</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2005-663 for the 2005-2006 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, 2005 Through June 30, 2006
 (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	\$ 1,064,300	\$ 691,900	\$ -	\$ 1,756,200
Public Works	10,621,200	3,883,900	-	14,505,100
Finance	-	13,500	-	13,500
Law Enforcement and Care of Prisoners	453,000	28,500	-	481,500
Traffic and Parking	732,200	46,000	-	778,200
Other	369,200	59,300	-	428,500
Subtotal Outstanding General Obligation Bonds	13,239,900	4,723,100	-	17,963,000
Redemption and Cremation Fees	-	-	21,200	21,200
Internal Service Fees	-	-	25,400	25,400
Reserve for New Debt (future debt requirements)	1,140,000	1,646,000	-	2,786,000
Tax Increment Payment - MDHA	-	-	100,000	100,000
Subtotal	1,140,000	1,646,000	146,600	2,932,600
Total Urban Services District Debt Service Fund	<u>\$ 14,379,900</u>	<u>\$ 6,369,100</u>	<u>\$ 146,600</u>	<u>\$ 20,895,600</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2005-663 for the 2005-2006 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, 2005 Through June 30, 2006
(Unaudited)

GENERAL PURPOSE SCHOOL FUND:

General Purpose School Fund: Operational	<u>\$ 542,250,500</u>
Total General Purpose School Fund	<u><u>\$ 542,250,500</u></u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2005-663 for the 2005-2006 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF ASSETS AND LIABILITIES
CONSTITUTIONAL OFFICERS

June 30, 2005

	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>ASSETS</u>				
Cash and cash equivalents	\$ 19,947,561	\$ 7,720,192	\$ -	\$ 8,368,184
Investments	-	14,797	-	441,483
Other assets	10,228	-	-	-
Total assets	<u>\$ 19,957,789</u>	<u>\$ 7,734,989</u>	<u>\$ -</u>	<u>\$ 8,809,667</u>
<u>LIABILITIES</u>				
Due to other funds of the primary government:				
Imprest cash	\$ -	\$ -	\$ -	\$ -
Expense reimbursement	-	-	-	-
Total due to other funds of the primary government	-	-	-	-
Funds held in trust	17,294,407	7,732,181	-	7,832,138
Other liabilities:				
Due to the State of Tennessee	-	-	-	-
Due to individuals	-	2,775	-	-
Excess fees for future operations	2,663,382	-	-	-
Miscellaneous	-	33	-	-
Escrow	-	-	-	977,529
Total other liabilities	2,663,382	2,808	-	977,529
Total liabilities	<u>\$ 19,957,789</u>	<u>\$ 7,734,989</u>	<u>\$ -</u>	<u>\$ 8,809,667</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, 2005

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)
\$ 2,999,530	\$ 2,304,009	\$ 555,399	\$ 980,092	\$ 42,874,967
-	-	-	-	456,280
<u>22,532</u>	<u>2,046</u>	<u>-</u>	<u>-</u>	<u>34,806</u>
<u>\$ 3,022,062</u>	<u>\$ 2,306,055</u>	<u>\$ 555,399</u>	<u>\$ 980,092</u>	<u>\$ 43,366,053</u>
\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500
-	-	-	978,592	978,592
<u>-</u>	<u>-</u>	<u>-</u>	<u>980,092</u>	<u>980,092</u>
<u>-</u>	<u>1,862,100</u>	<u>555,399</u>	<u>-</u>	<u>35,276,225</u>
2,887,326	175,687	-	-	3,063,013
-	196,890	-	-	199,665
-	71,378	-	-	2,734,760
-	-	-	-	33
<u>134,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,112,265</u>
<u>3,022,062</u>	<u>443,955</u>	<u>-</u>	<u>-</u>	<u>7,109,736</u>
<u>\$ 3,022,062</u>	<u>\$ 2,306,055</u>	<u>\$ 555,399</u>	<u>\$ 980,092</u>	<u>\$ 43,366,053</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, 2005

	<u>Richard R. Rooker, Circuit Court Clerk (1)</u>	<u>Cristi Scott, Clerk and Master (1)</u>	<u>Bill Covington, County Clerk (1)</u>	<u>David Torrence, Criminal Court Clerk (1)</u>
<u>Revenues and other receipts</u>				
Transfer and mortgage taxes	\$ -	\$ -	\$ -	\$ -
Judgments	18,458,256	-	-	-
Child support	1,915,956	-	-	-
Agency cash receipts	10,575,526	17,514,216	-	2,198,942
Automobile, truck and trailer tags and titles	-	-	16,739,517	-
Metropolitan automobile stickers	-	-	16,036,640	-
Business, occupation, and use tax	-	963,319	81,267,006	-
Property tax payments	-	5,982,543	-	-
Litigation tax payments	7,656,911	139,288	-	-
Fees and commissions	8,086,763	636,205	5,049,496	6,136,623
Fees collected for others	1,218,144	8,907	-	1,426,465
Fines and penalties	11,008,749	-	-	-
Interest	38,742	9,026	50,376	-
Other revenues	1,061,895	728,227	1,426,992	132,785
	<u>60,020,942</u>	<u>25,981,731</u>	<u>120,570,027</u>	<u>9,894,815</u>
<u>Expenditures and other uses</u>				
Judgments	18,814,101	-	-	-
Child support	1,916,814	-	-	-
Agency cash disbursements	8,356,298	12,951,964	-	1,423,682
Payments to State of Tennessee	6,680,480	78,371	44,095,971	1,289,651
Funds transferred to Metropolitan Government	17,179,335	7,707,897	77,046,888	6,214,244
Other fees and commissions	82,954	645,379	-	-
Payroll and personnel expenses	4,537,143	-	-	-
Other expenditures	1,073,373	52,017	2,315	288,910
	<u>58,640,498</u>	<u>21,435,628</u>	<u>121,145,174</u>	<u>9,216,487</u>
Excess of revenues and other receipts over (under) expenditures and other uses	1,380,444	4,546,103	(575,147)	678,328
Cash and cash equivalents - July 1, 2004	<u>18,567,117</u>	<u>3,174,089</u>	<u>575,147</u>	<u>7,689,856</u>
Cash and cash equivalents - June 30, 2005	<u>\$ 19,947,561</u>	<u>\$ 7,720,192</u>	<u>\$ -</u>	<u>\$ 8,368,184</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, 2005

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)
\$ 25,132,747	\$ -	\$ -	\$ -	\$ 25,132,747
-	49,744	-	-	18,508,000
-	6,085,672	-	-	8,001,628
-	538,311	2,050,603	-	32,877,598
-	-	-	-	16,739,517
-	-	-	-	16,036,640
-	5,505	-	-	82,235,830
-	-	-	598,681,915	604,664,458
-	1,103	-	-	7,797,302
5,312,015	294,267	-	-	25,515,369
303,581	-	-	-	2,957,097
-	22,660	-	-	11,031,409
46,558	199	-	41,536	186,437
2,644	-	-	-	3,352,543
<u>30,797,545</u>	<u>6,997,461</u>	<u>2,050,603</u>	<u>598,723,451</u>	<u>855,036,575</u>
-	54,838	-	-	18,868,939
-	6,143,137	-	-	8,059,951
-	464,197	2,024,486	-	25,220,627
24,652,015	-	-	-	76,796,488
3,937,685	356,157	-	598,596,240	711,038,446
303,581	22,748	-	-	1,054,662
1,835,925	-	-	-	6,373,068
34,880	5,792	-	-	1,457,287
<u>30,764,086</u>	<u>7,046,869</u>	<u>2,024,486</u>	<u>598,596,240</u>	<u>848,869,468</u>
33,459	(49,408)	26,117	127,211	6,167,107
<u>2,966,071</u>	<u>2,353,417</u>	<u>529,282</u>	<u>852,881</u>	<u>36,707,860</u>
<u>\$ 2,999,530</u>	<u>\$ 2,304,009</u>	<u>\$ 555,399</u>	<u>\$ 980,092</u>	<u>\$ 42,874,967</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, 2005

	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	\$ 8,086,763	\$ 636,205	\$ 5,049,496	\$ 6,136,623
Other	38,742	9,026	50,376	-
Total revenues	<u>8,125,505</u>	<u>645,231</u>	<u>5,099,872</u>	<u>6,136,623</u>
<u>Expenditures and other uses</u>				
Expenditures:				
Payroll - staff	3,414,200	-	-	-
Payroll taxes/benefits	1,122,943	-	-	-
Travel	1,185	-	-	-
Office supplies/expenditures	662,925	-	-	-
Total expenditures	<u>5,201,253</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Uses:				
Fees and commissions to county (General Fund)	3,249,621	645,379	4,674,639	6,117,384
Total expenditures and other uses	<u>8,450,874</u>	<u>645,379</u>	<u>4,674,639</u>	<u>6,117,384</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	(325,369)	(148)	425,233	19,239
Balances, July 1, 2004	<u>2,988,751</u>	<u>9,174</u>	<u>566,147</u>	<u>76,471</u>
Balances, June 30, 2005	<u>\$ 2,663,382</u>	<u>\$ 9,026</u>	<u>\$ 991,380</u>	<u>\$ 95,710</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, 2005

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)
\$ 5,312,015	\$ 294,267	\$ -	\$ -	\$ 25,515,369
49,202	199	-	-	147,545
<u>5,361,217</u>	<u>294,466</u>	<u>-</u>	<u>-</u>	<u>25,662,914</u>
1,402,214	-	-	-	4,816,414
433,711	-	-	-	1,556,654
-	-	-	-	1,185
34,880	-	-	-	697,805
<u>1,870,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,072,058</u>
3,450,000	307,335	-	-	18,444,358
<u>5,320,805</u>	<u>307,335</u>	<u>-</u>	<u>-</u>	<u>25,516,416</u>
40,412	(12,869)	-	-	146,498
<u>447,273</u>	<u>129,619</u>	<u>-</u>	<u>-</u>	<u>4,217,435</u>
<u>\$ 487,685</u>	<u>\$ 116,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,363,933</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
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
2004-05	13,432,023,565	11,933,712,504	907,818,023	590,493,038

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	
\$ 5,567,272,438	\$ 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
9,167,747,505	7,996,403,388	699,060,182	472,283,935	45,746,447,359

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF THE COMPOSITION OF RATES OF TAX LEVY

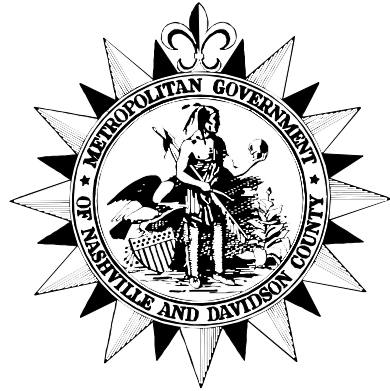
Unaudited - See Accompanying Accountants' Report

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
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
2004-05	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

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>
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
2004-05	507,538,957	76,092,355	583,631,312	565,446,465	96.88

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>
\$ 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
17,546,388	582,992,853	99.89	18,067,396	3.01

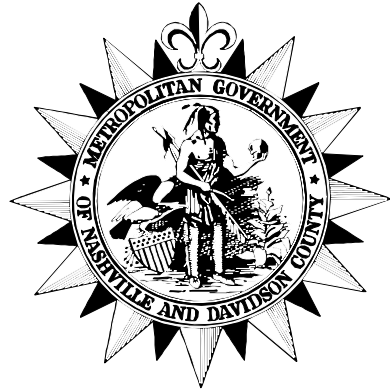
METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL TAXPAYERS

Unaudited - See Accompanying Accountants' Report

December 31, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>% of Total 2005 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Total Levy</u>
Electric Power Board	Utility	n/a	n/a	\$ 20,030,567	3.43 %
Gaylord	Music, Entertainment and Hotel	\$ 231,983,690	1.73 %	10,624,853	1.82
BellSouth	Communications	170,336,493	1.27	7,500,238	1.29
Columbia/HCA	Health Facilities Management	125,217,930	0.93	5,826,627	1.00
CBL & Associates	Mall Management	104,438,830	0.78	4,466,340	0.77
Piedmont Natural Gas Company	Utility	88,634,534	0.66	3,829,263	0.66
Opry Mills Co.	Retail Management	71,260,110	0.53	3,263,713	0.56
PREFCO XIV Ltd.	Communications	58,415,390	0.44	2,763,048	0.47
Vanderbilt	Health Facilities and University	55,017,640	0.41	2,519,808	0.43
E. I. Dupont	Manufacturing and Processing	<u>50,739,759</u>	<u>0.38</u>	<u>1,948,407</u>	<u>0.33</u>
		<u>\$ 956,044,376</u>	<u>7.13 %</u>	<u>\$ 62,772,864</u>	<u>10.76 %</u>



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS OF REVENUES FOR GENERAL GOVERNMENTAL FUND TYPES *

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Fund					
Property taxes	\$ 343,535,141	\$ 338,782,911	\$ 337,920,726	\$ 340,182,082	\$ 266,534,541
Local option sales tax	82,674,673	79,253,422	76,182,263	75,486,161	78,323,804
Other taxes, licenses and permits	83,687,713	76,705,938	75,176,573	75,699,531	78,457,620
Fines, forfeits and penalties	12,029,361	9,543,823	10,534,610	9,197,437	9,886,470
Revenues from the use of money or property	1,014,952	80,783	1,123,885	1,793,043	2,634,827
Revenues from other governmental agencies	75,677,714	80,786,222	94,232,379	93,569,510	93,730,534
Commissions and fees	21,072,982	19,637,940	18,953,278	14,356,454	13,516,675
Charges for current services	24,790,131	22,286,175	21,730,596	20,969,793	19,681,031
Compensation for loss, sale or damage to property	550,470	1,625,906	5,493,793	1,303,830	1,313,367
Contributions, gifts and miscellaneous	1,664,146	1,573,799	1,169,500	990,519	1,618,800
Total General Fund	<u>646,697,283</u>	<u>630,276,919</u>	<u>642,517,603</u>	<u>633,548,360</u>	<u>565,697,669</u>
General Purpose School Fund	492,715,326	474,428,622	464,875,962	456,291,844	399,530,185
Debt Service Funds	<u>117,251,086</u>	<u>115,243,472</u>	<u>116,000,524</u>	<u>131,650,866</u>	<u>119,921,026</u>
Total Revenue	<u>1,256,663,695</u>	<u>1,219,949,013</u>	<u>1,223,394,089</u>	<u>1,221,491,070</u>	<u>1,085,148,880</u>
Deduct: Budget Transfer to the General Fund 4% Reserve Fund	<u>17,804,280</u>	<u>18,441,722</u>	<u>18,262,104</u>	<u>17,837,716</u>	<u>15,437,557</u>
Net Revenue	<u>\$ 1,238,859,415</u>	<u>\$ 1,201,507,291</u>	<u>\$ 1,205,131,985</u>	<u>\$ 1,203,653,354</u>	<u>\$ 1,069,711,323</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>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
\$	255,958,467	\$ 250,095,609	\$ 245,392,041	\$ 217,934,679	\$ 212,642,118
	78,072,027	74,452,947	72,214,977	70,270,730	66,180,490
	77,221,770	73,304,945	68,547,321	66,576,576	64,227,199
	11,623,769	11,382,032	10,734,283	9,177,892	8,448,737
	2,435,785	3,960,366	2,790,543	3,489,548	4,219,487
	96,819,242	98,164,129	93,885,607	85,724,966	79,013,495
	13,756,439	14,577,828	14,416,683	13,250,103	12,721,365
	18,924,947	18,433,071	18,304,523	20,017,505	19,878,699
	1,301,870	1,800,520	1,119,673	228,504	285,284
	<u>2,301,071</u>	<u>1,731,687</u>	<u>1,284,012</u>	<u>1,295,352</u>	<u>632,969</u>
	<u>558,415,387</u>	<u>547,903,134</u>	<u>528,689,663</u>	<u>487,965,855</u>	<u>468,249,843</u>
	389,044,679	381,137,135	373,595,009	347,904,891	335,975,340
	<u>113,343,346</u>	<u>108,584,462</u>	<u>88,121,244</u>	<u>69,872,195</u>	<u>67,939,120</u>
	<u>1,060,803,412</u>	<u>1,037,624,731</u>	<u>990,405,916</u>	<u>905,742,941</u>	<u>872,164,303</u>
	14,649,488	14,505,164	13,777,544	12,804,553	12,115,586
\$	<u><u>1,046,153,924</u></u>	<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>

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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Fund					
General Government	\$ 21,673,982	\$ 37,309,809	\$ 32,549,058	\$ 27,660,246	\$ 23,780,866
Fiscal Administration	14,180,153	21,008,051	20,323,270	19,765,287	17,128,581
Administration of Justice	53,751,204	50,333,461	45,794,670	43,163,240	39,377,240
Law Enforcement and Care of Prisoners	180,815,275	167,481,033	169,148,228	159,551,996	140,935,478
Fire Prevention and Control	95,045,746	93,266,180	86,043,913	79,073,811	67,145,761
Regulation and Inspection	7,216,063	7,239,736	7,006,740	7,177,920	5,890,959
Conservation of Natural Resources	352,566	398,925	311,037	319,543	354,787
Public Welfare	10,453,774	14,185,717	12,709,251	12,554,567	12,758,996
Public Health and Hospitals	58,920,291	74,714,817	72,191,199	68,431,324	28,794,563
Public Library System	18,527,933	19,425,446	17,795,337	16,237,004	11,815,438
Public Works, Highways and Streets	30,517,816	29,901,517	27,117,716	30,688,707	30,886,707
Recreational and Cultural	31,203,549	33,654,421	31,793,123	30,305,628	27,826,667
Employee Benefits	55,012,329	54,892,819	51,520,203	46,876,942	44,796,706
Miscellaneous	34,130,499	35,774,040	34,573,313	33,791,687	12,533,657
Total General Fund	<u>611,801,180</u>	<u>639,585,972</u>	<u>608,877,058</u>	<u>575,597,902</u>	<u>464,026,406</u>
General Purpose School Fund	510,310,371	499,970,343	458,498,757	428,320,788	394,376,730
Debt Service Funds	<u>144,883,950</u>	<u>138,908,883</u>	<u>137,289,937</u>	<u>131,998,689</u>	<u>104,810,337</u>
Total Expenditures before 4% Transfer	<u>1,266,995,501</u>	<u>1,278,465,198</u>	<u>1,204,665,752</u>	<u>1,135,917,379</u>	<u>963,213,473</u>
Add: Budget Transfer to the General Fund 4% Reserve Fund	<u>17,804,280</u>	<u>18,441,722</u>	<u>18,262,104</u>	<u>17,837,716</u>	<u>15,437,557</u>
Total Expenditures	<u>\$ 1,284,799,781</u>	<u>\$ 1,296,906,920</u>	<u>\$ 1,222,927,856</u>	<u>\$ 1,153,755,095</u>	<u>\$ 978,651,030</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>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
\$	23,575,104	\$ 24,269,182	\$ 22,973,398	\$ 22,830,962	\$ 22,672,851
	15,835,754	18,309,022	15,560,194	14,795,453	14,602,415
	41,327,826	39,563,106	36,282,412	34,624,556	32,062,596
	140,897,348	147,489,469	139,286,796	128,823,553	121,180,616
	68,744,162	68,780,838	67,440,361	64,050,424	61,860,256
	6,211,955	6,849,852	6,237,907	5,989,768	5,855,441
	300,301	292,287	277,869	247,155	239,329
	16,941,661	16,519,502	15,525,219	12,318,797	12,032,848
	27,810,992	27,388,492	27,617,511	26,217,772	26,048,631
	10,275,471	9,882,149	10,384,742	10,461,610	10,407,634
	32,731,146	36,271,472	37,376,663	38,683,642	31,128,454
	27,751,742	27,709,921	27,938,042	27,451,805	25,775,667
	43,186,268	41,326,087	41,318,534	39,917,068	39,381,125
	10,979,389	5,821,492	5,857,605	4,083,112	2,205,147
	<u>466,569,119</u>	<u>470,472,871</u>	<u>454,077,253</u>	<u>430,495,677</u>	<u>405,453,010</u>
	387,659,192	381,843,046	373,087,216	348,408,507	330,806,775
	102,324,165	96,228,434	89,468,621	80,556,772	71,839,664
	<u>956,552,476</u>	<u>948,544,351</u>	<u>916,633,090</u>	<u>859,460,956</u>	<u>808,099,449</u>
	14,649,488	14,505,164	13,777,544	12,804,553	12,115,586
\$	<u><u>971,201,964</u></u>	<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>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS, BY FUND, OF INVESTMENT INCOME

Unaudited - See Accompanying Accountants' Report
Ten Year Summary

	2005	2004	2003	2002
GOVERNMENTAL FUNDS				
General Fund	\$ 1,014,952	\$ 80,783	\$ 1,123,885	\$ 1,793,043
General Purpose School	358,074	84,415	684,915	694,412
GSD General Purposes Debt Service	1,147,309	314,728	1,158,414	1,948,763
GSD School Purposes Debt Service	1,371,162	379,557	1,332,540	2,170,950
USD General Purposes Debt Service	73,698	23,328	203	333,230
GSD Capital Projects	537,180	236,674	1,196,176	2,537,552
Total major funds	4,502,375	1,119,485	5,496,133	9,477,950
Nonmajor governmental funds:				
Metropolitan Action Commission	9,515	9,472	29,684	13,105
General Government Services	71,963	54,649	89,940	169,543
Recreational and Cultural Services	10,275	3,052	8,807	18,397
General Fund 4% Reserve	1,011,061	225,824	852,445	960,082
Law Enforcement and Justice Services	275,654	118,125	418,069	674,158
Solid Waste	156,236	31,936	95,601	93,191
Stormwater Operations	112,560	14,104	6,120	713
Library Services	27,101	9,095	40,772	66,537
Health Services	5,519	1,808	7,895	22,482
Public Welfare Services	791	9,466	328	240
Natural Disaster Recovery	-	-	5	129
Education Services	189,192	133,045	223,794	337,954
Infrastructure Services	35,617	2,754	4,583	6,189
Nashville Career Advancement Center	-	-	3,277	5,577
District Energy System Development	3,887	5,714	41,531	-
Public Works Services	3,776	(144)	-	-
Regulation and Inspection Services	-	-	-	-
Correctional Facility Revenue Bonds	20,893	6,482	23,670	36,701
Education Capital Projects	68,117	264,455	934,215	4,729,859
USD Capital Projects	2,065	4,688	6,568	303,436
General Government Permanent Funds	3,259	971	63,368	48,674
Education Permanent Funds	3,049	1,006	4,179	5,885
Total nonmajor governmental funds	2,010,530	896,502	2,854,851	7,492,852
Total governmental funds	6,512,905	2,015,987	8,350,984	16,970,802
PROPRIETARY FUNDS				
Enterprise funds:				
Department of Water and Sewerage Services	4,187,377	1,852,839	8,712,562	13,492,125
District Energy System	205,133	146,891	-	-
Other enterprise funds:				
Nashville Convention Center	27,917	8,605	35,612	48,462
Board of Fair Commissioners	108,360	34,544	138,174	213,984
Farmers Market	14,254	4,587	18,225	25,028
Police Secondary Employment	1,040	2,935	6,352	5,933
Surplus Property Auction	-	(1,137)	141	-
Total enterprise funds	4,544,081	2,049,264	8,911,066	13,785,532
Internal service funds:				
Central Printing	203	1,113	7,068	13,294
Office of Fleet Management	74,460	23,624	102,867	-
Motor Pool	-	-	-	148,789
Information Systems	-	240	15,312	2,503
Radio Shop	95,914	15,221	50,785	30,328

	2001	2000	1999	1998	1997	1996
\$	2,634,827	\$ 2,435,785	\$ 3,960,366	\$ 2,790,543	\$ 3,489,548	\$ 4,219,487
	1,119,380	749,217	1,268,234	1,603,547	1,741,411	1,584,514
	2,771,990	2,936,946	2,278,432	2,839,590	2,005,808	1,676,270
	2,776,710	2,137,572	1,500,573	1,294,173	1,040,316	885,015
	217,955	343,433	433,511	530,328	488,771	528,691
	5,569,533	8,684,937	7,415,797	11,260,527	8,738,207	3,721,893
	<u>15,090,395</u>	<u>17,287,890</u>	<u>16,856,913</u>	<u>20,318,708</u>	<u>17,504,061</u>	<u>12,615,870</u>
	5,284	11,822	9,415	17,940	6,776	1,499
	309,954	334,972	520,133	446,212	352,127	358,356
	51,729	57,258	40,467	64,604	60,671	68,599
	1,599,518	1,273,130	1,065,889	1,134,183	1,006,782	1,146,234
	779,729	653,508	580,628	422,037	322,308	268,372
	372,840	416,574	416,610	608,683	814,296	807,911
	-	-	-	-	-	-
	131,775	119,200	31,475	11,162	10,413	9,694
	30,461	10,143	166	-	-	-
	7,402	53	-	-	-	-
	54,311	2,032	688	-	-	-
	628,719	553,263	487,985	580,302	520,674	607,541
	1,509	-	-	-	-	-
	20,616	1,919	1,606	3,648	2,379	255
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	126,187	113,566	108,591	143,319	316,368	264,046
	1,731,561	2,336,082	1,460,702	1,536,029	1,827,853	4,524,412
	174,493	16,992	24,752	119,270	161,342	251,973
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>6,026,088</u>	<u>5,900,514</u>	<u>4,749,107</u>	<u>5,087,389</u>	<u>5,401,989</u>	<u>8,308,892</u>
	<u>21,116,483</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>
	19,065,879	15,788,900	14,554,859	14,065,120	17,906,697	16,041,128
	-	-	-	-	-	-
	106,990	91,511	64,840	72,766	76,069	50,122
	488,949	451,314	396,834	396,462	335,715	307,737
	42,721	32,908	14,477	3,930	-	18,680
	422	4,333	-	-	-	-
	-	-	-	-	-	-
	<u>19,704,961</u>	<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>
	30,228	30,595	25,483	27,190	24,624	20,635
	-	-	-	-	-	-
	305,797	398,836	533,743	556,242	436,511	308,287
	56,393	106,122	112,548	116,500	120,516	104,897
	35,325	40,230	24,436	24,672	21,846	26,271

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ANALYSIS, BY FUND, OF INVESTMENT INCOME (CONTINUED)

Unaudited - See Accompanying Accountants' Report
Ten Year Summary

	2005	2004	2003	2002
PROPRIETARY FUNDS (Continued)				
Internal service funds (continued):				
School Self Insurance	\$ 62,484	\$ 14,895	\$ 62,780	\$ 83,192
General Government Self Insurance	412,897	138,551	475,808	677,711
School Professional Employees' Insurance	214,105	(9,259)	47,777	73,821
Employees' Medical Benefit	312,940	54,478	44,750	130,435
Injured On Duty	-	-	-	-
Schools Central Storeroom	5,387	3,329	2,143	264
Metro Postal Service	3,603	212	1,872	4,490
Facilities Planning and Construction	13,511	5,191	10,264	-
Treasury Management	423	25	2,491	-
Technology Revolving	-	6,384	-	-
Human Resources	-	-	-	-
Finance Services	-	-	-	-
General Services	-	-	-	-
Total internal service funds	1,195,927	254,004	823,917	1,164,827
Total proprietary funds	5,740,008	2,303,268	9,734,983	14,950,359
FIDUCIARY FUNDS				
General Government Expendable Trusts	-	-	-	-
School Nonexpendable Trusts	-	-	-	-
General Government Nonexpendable Trusts	-	-	-	-
Library Stanton Endowment Trust	-	-	-	-
Joseph B. Knowles Trust	-	-	-	-
Davidson County Employees' Retirement	-	107	-	-
Metropolitan Employees' Benefit Trust	37,098,978	33,323,909	24,143,217	29,512,470
Employees' Pension and Insurance	5,411	3,513	12,985	13,812
Teachers' Retirement Plan	2,704,347	2,920,995	3,017,670	5,642,235
School Expendable Trusts	-	-	-	-
Closed City Plan	-	633	-	427
Teachers' Civil Service and Pension	4,194	2,546	9,113	11,838
Metropolitan Employees' Flexible Benefits Plan	29,172	521	15,546	33,086
Employee Deferred Compensation Plan	-	-	-	-
Education Flexible Benefits Plan	30	224	-	-
Total fiduciary funds	39,842,132	36,252,448	27,198,531	35,213,868
COMPONENT UNITS				
Governmental Types:				
Nashville District Management Corporation	1,745	2,271	2,127	7,577
Sports Authority	188,692	91,141	321,233	936,573
Proprietary Types:				
Hospital Authority:				
General Hospital	-	-	-	-
Bordeaux Long Term Care	68,408	27,660	165,924	208,616
Metropolitan Development and Housing Agency	635,227	696,216	1,338,482	2,156,694
Electric Power Board	5,875,815	1,373,676	3,196,028	7,371,988
Metropolitan Transit Authority	67,904	21,057	44,031	87,425
Nashville Thermal Transfer Corporation	9,649	104,248	52,236	206,155
Metropolitan Nashville Airport Authority	2,758,258	5,026,751	3,583,967	3,949,999
Emergency Communications District	23,538	25,502	49,498	95,516
Industrial Development Board	1,804	2,983	6,269	6,647
Nashville Public Television Council, Incorporated	-	-	-	-
WPLN Educational Foundation	-	-	-	-
Total component units	9,631,040	7,371,505	8,759,795	15,027,190
GRAND TOTAL	\$ 61,726,085	\$ 47,943,208	\$ 54,044,293	\$ 82,162,219

2001	2000	1999	1998	1997	1996
\$ 139,195	\$ 112,984	\$ 103,853	\$ 96,517	\$ 59,792	\$ 45,908
1,233,901	1,117,412	992,726	1,061,500	945,492	879,366
409,643	360,357	444,883	405,550	549,621	567,679
477,250	305,104	214,447	185,690	233,216	399,164
-	-	-	-	-	-
773	2,932	-	-	-	1,123
8,606	9,114	4,932	8,076	7,366	7,144
-	-	-	-	-	-
-	-	-	-	-	-
18	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,697,129</u>	<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>22,402,090</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>
1,016	934	835	861	800	800
11,225	10,648	9,908	8,271	5,676	5,810
11,923	11,562	10,503	10,812	10,041	10,490
2,309	885	-	-	-	-
35,677	40,684	500,511	36,954	56,046	55,964
139	85	568	711	511	831
28,692,924	259,093,239	141,510,021	142,512,101	156,536,847	132,033,715
31,712	-	-	12,744	9,744	15,279
4,234,386	29,682,800	11,498,129	15,624,813	15,072,975	11,304,908
1,122	1,091	1,008	1,020	895	886
316	105	770	1,692	867	2,163
16,810	-	-	11,533	10,562	15,396
3,624	1,057	377	-	-	-
-	-	12,594,002	-	-	-
-	-	-	-	-	-
<u>33,043,183</u>	<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>
25,908	23,820	-	-	-	-
2,330,867	1,418,850	494,312	816,965	808,409	507,860
-	-	-	-	-	-
361,075	367,529	116,517	164,642	-	19,569
2,386,482	1,786,109	1,741,291	1,566,057	1,205,511	1,347,505
6,478,484	6,332,734	8,377,301	5,703,676	6,632,640	4,976,679
50,339	32,399	48,659	84,098	83,143	120,622
1,220,107	1,043,420	1,290,755	2,500,464	1,429,113	824,770
6,593,176	4,304,079	5,977,421	6,496,266	6,331,158	6,661,513
138,521	132,751	155,156	107,567	101,655	145,810
9,814	9,337	3,197	-	-	-
-	-	84,051	87,673	89,756	105,835
-	-	-	-	138,335	456,057
<u>19,594,773</u>	<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>\$ 96,156,529</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>

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
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
2005	569,900	13,432,024	1,279,935,000	136,955,015	7,219,970	1,135,760,015	8.46	1,992.91

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
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
2005	9,167,748	114,325,602	13,857,531	-	100,468,071	1.10

(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, 2005

Unaudited - See Accompanying Accountants' Report

COMPUTATION OF NET GENERAL OBLIGATION DEBT

Gross General Obligation Debt		\$ 1,279,935,000
Less:		
Amounts available in debt service funds	\$ 136,955,015	
Debt payable from other sources:		
Hotel Occupancy Tax:		
Convention Center Project:		
G.O. Refunding Bonds of 1993	4,798,348	
G.O. Multi-Purpose Improvement Bonds, Series 1997A	<u>2,421,622</u>	
Total deductions		<u>144,174,985</u>
Net General Obligation Debt		<u><u>\$ 1,135,760,015</u></u>

COMPUTATION OF LEGAL DEBT MARGIN

Assessed valuation of taxable property - Urban Services District*		<u><u>\$ 9,167,747,505</u></u>
Debt limit - 15 percent of assessed valuation		\$ 1,375,162,126
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 114,325,602	
Less:		
Amounts available in debt service funds	<u>13,857,531</u>	
Total amount of debt applicable to debt limit		<u>100,468,071</u>
Legal debt margin		<u><u>\$ 1,274,694,055</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

Fiscal Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Expenditures (1)	Percentage of Debt Service to Total General Expenditures
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
2005 (3)	84,865,000	60,018,950	144,883,950	1,482,009,253	9.8

(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	
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
2005	156,158,432	71,410,488	84,747,944	25,960,000	26,407,020	52,367,020	1.62

(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, 2005

<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 \$4,860,359,000. 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
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 in excess of GTLA limits - 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 Employee Blanket Bond 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, 2005

NAME OF OFFICIAL	TITLE	ANNUAL SALARY	AMOUNT OF SURETY BOND
William P. Purcell, III	Mayor	\$ 136,500	\$ 50,000
David Manning	Director of Finance	151,843	250,000
Celia Yancey	Treasurer	95,345	2,000,000
Jeff Gossage	Purchasing Agent	90,100	25,000
Mitzi F. Martin	Chief Accountant	86,849	25,000
Dot Shell Berry	Human Resources Director	109,082	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	101,849	25,000
Charles E. Cardwell	Trustee	103,048	12,000,000
William R. Covington	County Clerk	103,048	500,000
David Torrence	Criminal Court Clerk	103,048	150,000
J. Daron Hall	Sheriff	113,352	50,000
Jo Ann North	Assessor of Property	103,048	10,000
Cristi Scott	Clerk & Master	103,048	50,000
Vic Lineweaver	Juvenile Court Clerk	103,048	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	125,489	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 1980-1990	Estimated 2004	Estimated 2005	% Change 1990-2005	%
Nashville/Davidson (1)	477,811	510,786	6.9	572,475	580,455	13.6	%
MSA (1)	850,505	985,026	15.8	1,395,879	1,413,226	43.5	
State (1)	4,591,120	4,890,640	6.5	5,900,962	5,951,278	21.7	
United States (2)	226,545,805	248,709,925	9.8	293,655,404	296,847,602	19.4	

Source: Population is from the U.S. Department of Commerce, Bureau of the Census except for "Estimated 2005" which are from the following sources:

(1) Nashville/Davidson, MSA, and State estimates for 2005 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	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 04 vs. 95	%
Manufacturing	99.1	94.7	93.5	93.4	94.1	93.0	88.8	83.8	81.8	83.7	-15.5	%
Wholesale Trade	32.0	32.6	33.7	34.9	35.6	36.3	36.0	35.0	34.5	34.2	6.9	
Retail Trade	70.2	71.7	74.1	76.6	78.2	79.7	79.2	76.9	80.1	83.1	18.4	
Natural Resources, Mining and Construction	29.0	31.2	32.9	33.9	34.8	35.9	33.7	32.8	34.4	34.4	18.6	
Financial Activities	40.9	43.4	44.8	47.8	48.7	46.9	44.2	43.6	44.7	44.3	8.3	
Professional and Business Services	59.0	63.2	67.6	74.2	82.8	88.6	86.6	87.0	84.1	91.1	54.4	
Information	19.4	19.4	19.8	21.4	21.1	21.6	23.3	21.6	19.9	19.2	-1.0	
Government	79.9	81.7	84.6	86.5	88.6	90.2	91.6	92.1	94.2	95.5	19.5	
Leisure and Hospitality	58.5	61.1	64.4	63.9	66.2	68.9	68.6	69.7	71.7	72.1	23.2	
Trade, Transportation and Utilities	125.8	128.5	132.7	137.2	140.2	142.8	141.9	137.9	141.8	145.1	15.3	
Total	613.8	627.5	648.1	669.8	690.3	703.9	693.9	680.4	687.2	702.7	14.5	

Source: Bureau of Labor Statistics web site.

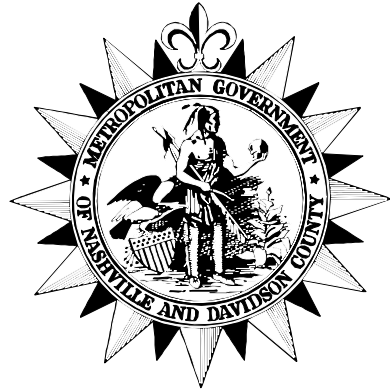
Note: The Bureau of Labor Statistics converted from the 1987 Standard Industrial Classification System (SIC) to the 2002 North American Industry Classification System (NAICS) effective March 2003 with the release of the January 2003 data. The above chart was adjusted to the new format.

UNEMPLOYMENT RATES

The following table sets forth the unemployment rates in Nashville, the MSA, the State and the United States for the calendar years 1995-2004.

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	%	%	%	%	%	%	%	%	%	%
Davidson County	3.3	3.2	3.4	2.6	2.9	2.8	3.1	4.0	4.5	4.4
MSA	3.4	3.3	3.5	2.7	2.7	2.8	3.3	4.0	4.4	4.3
State	5.2	5.2	5.4	4.2	4.0	3.9	4.4	5.1	5.8	5.4
United States	5.6	5.4	4.9	4.5	4.2	4.0	4.7	5.8	6.0	5.5

Source: Bureau of Labor Statistics web site.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CONSTRUCTION AND BANK DEPOSITS

Unaudited - See Accompanying Accountants' Report

Ten Year Summary

Calendar Year	Residential Construction		Non-Residential Construction		Repairs, Alterations and Installations	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
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
2004	3,708	655,382,120	849	398,788,311	4,023	351,762,279

- (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.

Number of Permits	Other (1)		Bank Deposits (2) (In Thousands)
		Value	
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
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
1,291		23,195,687	1,649,657

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: 91,000,000 Gallons

SEWAGE TREATMENT

Type: Activated Sludge
Capacity: 400,000,000 Gallons/Day
Average Daily Treatment: 143,000,000 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): 134 Public, 46 Private
Colleges: 19, including 2 Medical Schools
Libraries: 1,569,927 volumes

MEDICAL

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

RELIGIOUS

600+ facilities of numerous denominations

RECREATIONAL FACILITIES

Parks: 100 (10,200 acres)
Golf Courses: 8 Public, 10 Private
Swimming Pools: 17
Country Clubs: 5 (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 - 32,699 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, 2005

Twenty-five Largest Employers in the Nashville MSA, excluding government agencies	<u>Number of Employees</u>
1. Vanderbilt University and Medical Center*	16,327
2. HCA* (including Tri-Star Health System)	9,657
3. Saint Thomas Health Services	8,500
4. Nissan North America Incorporated	6,600
5. Shoney's Incorporated	4,000
6. CBRL Group Incorporated* (Cracker Barrel and Logan's Roadhouse Restaurants)	3,675
7. Gaylord Entertainment* (including Opryland Hotel and attractions)	3,451
8. Wal-Mart Stores Incorporated	3,110
9. Century II Staffing Incorporated*	3,000
10. Bridgestone American Holding Incorporated*	2,930
11. BellSouth Incorporated	2,839
12. Ingram Industries Incorporated*	2,750
13. Kroger Company	2,596
14. YMCA of Middle Tennessee	2,550
15. PRIMUS Automotive Financial Services*	2,400
16. Randstad Work Solutions	2,169
17. United Parcel Service	1,800
18. Verizon Wireless	1,550
19. AmSouth Bank	1,521
20. Whirlpool Corporation	1,500
21. Tyson Foods Incorporated	1,500
22. Electrolux Home Products	1,500
23. Dell Corporation	1,500
24. The Aerostructures Corporation	1,500
25. Lifeway Christian Resources*	1,454

*Indicates National, State or Corporate Headquarters

Source: Nashville Area Chamber of Commerce, Largest Employers in the Nashville MSA, 2004