

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
For the Year Ended June 30, 2007

Prepared by  
DEPARTMENT OF FINANCE

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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# METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



KARL F. DEAN  
MAYOR

OFFICE OF THE MAYOR  
METROPOLITAN COURTHOUSE  
NASHVILLE, TENNESSEE 37201  
(615) 862-6000  
(615) 862-6040 FAX

October 31, 2007

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, 2007. 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) Statement 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 Government is required to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (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 2007, for fiscal year 2008 and for the future are discussed below.

FOR FISCAL YEAR 2007: Substitute budget ordinance BL-2006-1090 appropriated a balanced budget of \$1,507,433,800 in the budgetary funds, an overall increase of 4.7% from the budget for fiscal year 2006. The property tax rate remained the same.

The FY2007 budget continued to make improvements in the Nashville community's priority areas:

- Public Education – The budget for Metro Nashville Public Schools (MNPS) increased to \$563.2 million, an increase of approximately 3.9%. With this budget MNPS remains among the best-funded urban school systems in the Southeast. This budget provided for teacher and support staff salary increases, funds to open new schools, increased pension costs, and a number of other improvements.
- Public Safety – The budget included funds for a variety of enhancements to Metro Nashville's public safety. The enhancements included additional overtime funding for firefighters, funds for fire prevention education, additional overtime for Police working on special events, additional funds for inmate health care, and additional funds for security for the Sheriff's operations.

- Neighborhood and Community Support – The FY2007 budget continued 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 led to the opening of new and improved community centers in FY07. The budget provided additional funds for the operation of a mobile pediatric clinic. The budget also provided direct contributions to several community non-profits, including the Second Harvest Food Bank, United Way Family Resource Centers, and Neighborhood Aftercare, among others.
- Valuing Our Employees – The budget provided funds for 2% overall pay increases, normal pay increments, and increased benefit costs, such as health insurance and pension costs.

FOR FISCAL YEAR 2008: Substitute budget ordinance BL-2007-1398 appropriated a balanced budget of \$1,559,728,500 in the budgetary funds, an overall increase of 3.5% from the budget for fiscal year 2007. The property tax rate remained the same.

The FY2008 budget continued to make improvements in the Nashville community's priority areas:

- Public Education – The budget for Metro Nashville Public Schools (MNPS) increased to \$591.5 million, an increase of approximately 5%. The Government increased its support for MNPS for FY08 by \$13.1 million from FY07 funding levels. Additional funding for MNPS was provided by the State of Tennessee as part of a statewide change in education funding and added approximately \$13.5 million to the increase for FY08. Priorities for these dollars include pay raises for teachers and staff, increased benefit costs, and opening new and expanded schools.
- Public Safety – This budget includes funds for a variety of enhancements to Metro Nashville's public safety. These additions include increased funds for medical supplies for emergency responders, for overtime for fire suppression, and for fire prevention education; support for the Police Department's new computerized records management system and for overtime for special events; funds to meet additional demands for inmate health services; and additional support for the Juvenile Court's efforts in juvenile gang probation.
- Neighborhood and Community Support – For FY2008, the operating budget makes a number of targeted investments to improve the quality of life for all Nashvillians. Support for the Metro Transit Authority is increased by \$1.5 million to help maintain and expand service levels. More than \$1.7 million is added to cover the increased costs of waste collection and disposal. Additional funds are also provided for affordable housing for the homeless, additional animal control resources, and to cover the increased cost of vaccines. The continuing implementation of the Parks Master Plan will lead to the opening of new and improved nature and community centers during FY08.
- Valuing Our Employees – The budget provides funds for 2% 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 2007 and 2008 budgets are described in the annual *Operating Budget* books 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](http://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 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 \$27.2 million for the year ended June 30, 2007.

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 net assets of all pension (and other employee benefit) trust funds were \$2.2 billion at June 30, 2007.

**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 GSD General Purposes, School Purposes and USD General 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, 2007 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2008 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 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 2007, including any reported instances of significant deficiencies 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, 2006. This was the 24th 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.

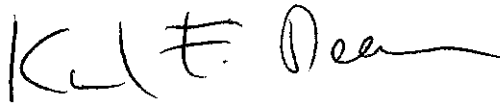
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA presented a Distinguished Budget Presentation Award to the Government for its annual budget for the fiscal year beginning July 1, 2006. 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 16th 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,



Karl F. Dean  
Mayor



Gene Nolan  
Interim 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, 2006

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, 2006.



A handwritten signature in black ink, appearing to read "Ronald J. [unclear]".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

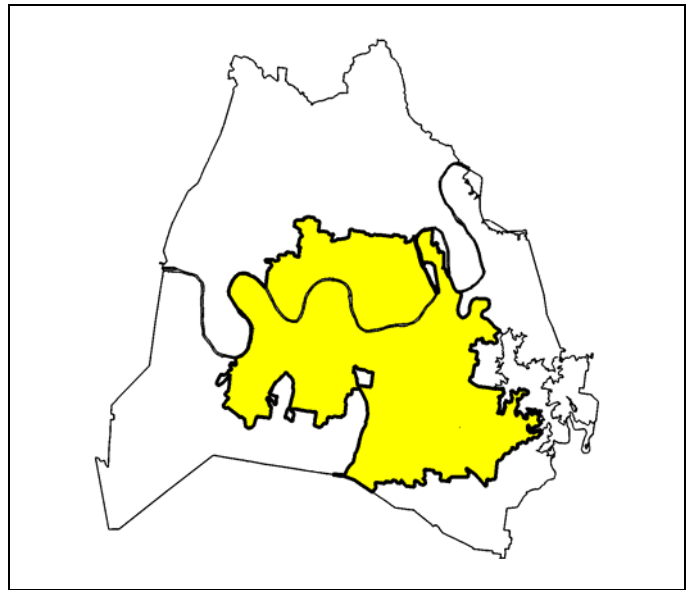
**THE METROPOLITAN GOVERNMENT OF NASHVILLE  
AND DAVIDSON COUNTY  
FORM OF GOVERNMENT**

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

The executive and administrative powers are vested in the Mayor, who is elected at large for a four-year term. The Mayor is authorized to administer, supervise and control all departments and to appoint all members of boards and commissions. A two-thirds vote of the legislative body, the Council, is required to override the Mayor's veto. The Charter also provides for a Vice-Mayor, who is elected at large for a four-year term and is the presiding officer of the Council. The Council is composed of 40 members who are elected for four-year terms.

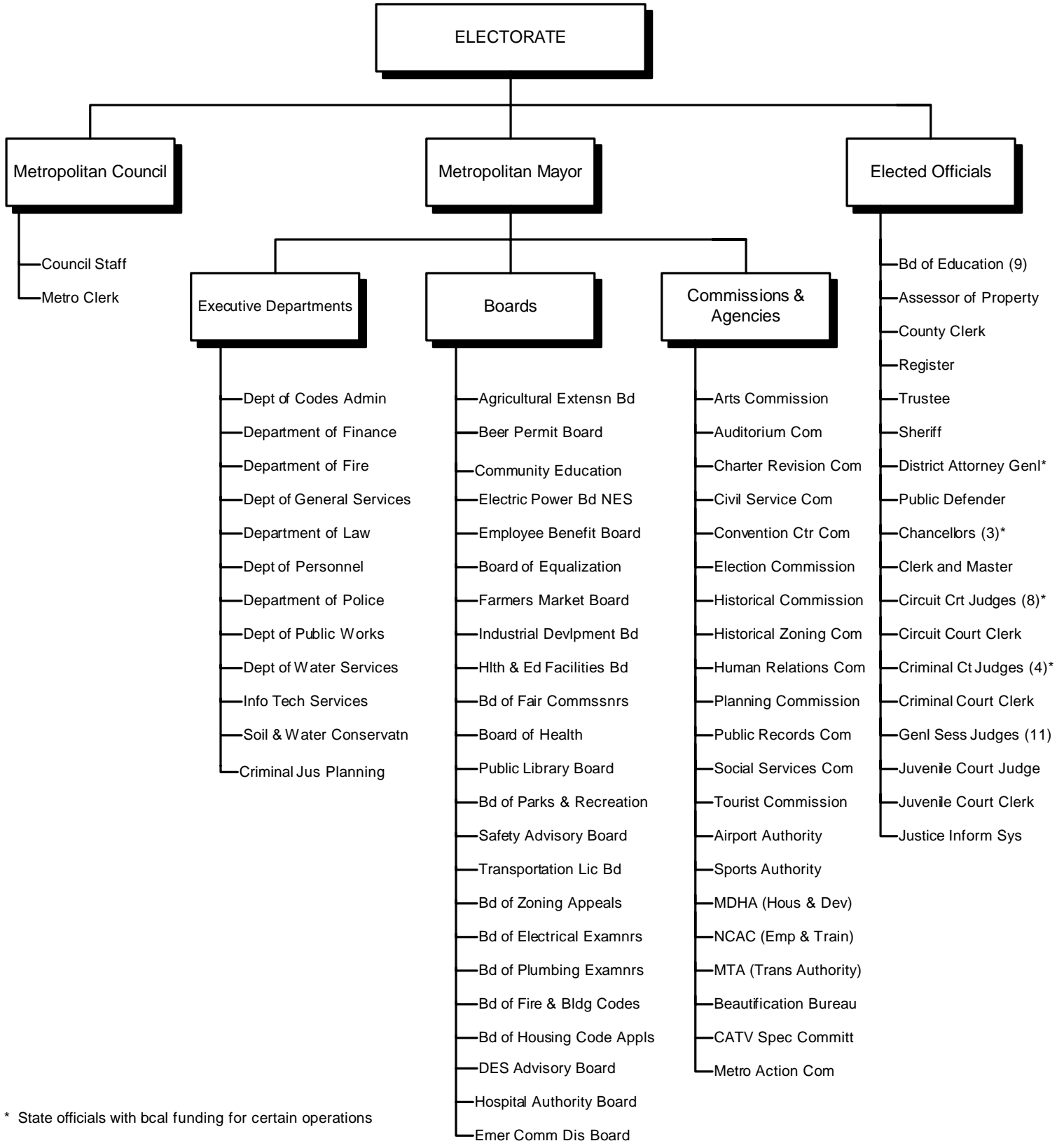
The Charter provides a framework for local government in Nashville to serve the needs of two service districts: (i) the General Services District (the GSD) and (ii) the Urban Services District (the USD). The GSD embraces the entire area of Davidson County and its residents are taxed to support those services, functions and debt obligations which are deemed properly chargeable to the whole population. Such services include general administration, police, fire protection, courts, jails, health, welfare, hospitals, streets and roads, traffic, schools, parks and recreation, airport facilities, auditoriums, public housing, urban renewal, planning and public libraries.

The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. USD residents are charged an additional tax to support those services, functions and debt obligations which benefit only the USD. Such services include additional police protection, storm sewers, street lighting and refuse collection. The Charter provides: "The area of the Urban Services District may be expanded and its territorial limits extended by annexation whenever particular areas of the General Services District come to need urban services, and The Metropolitan Government becomes able to provide such service within a reasonable period which shall be no greater than one year after ad valorem taxes in the annexed area become due." Since April 1, 1963 the area of the USD has been expanded from 72 square miles to 184 square miles.



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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 ORGANIZATION CHART



\* State officials with bcal funding for certain operations

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

**Elected Officials  
at June 30, 2007**

Bill Purcell, Mayor

**Finance Officials**

Jo Ann North  
Charles E. Cardwell  
John Arriola

Assessor of Property  
Trustee  
County Clerk

**The County Council**

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

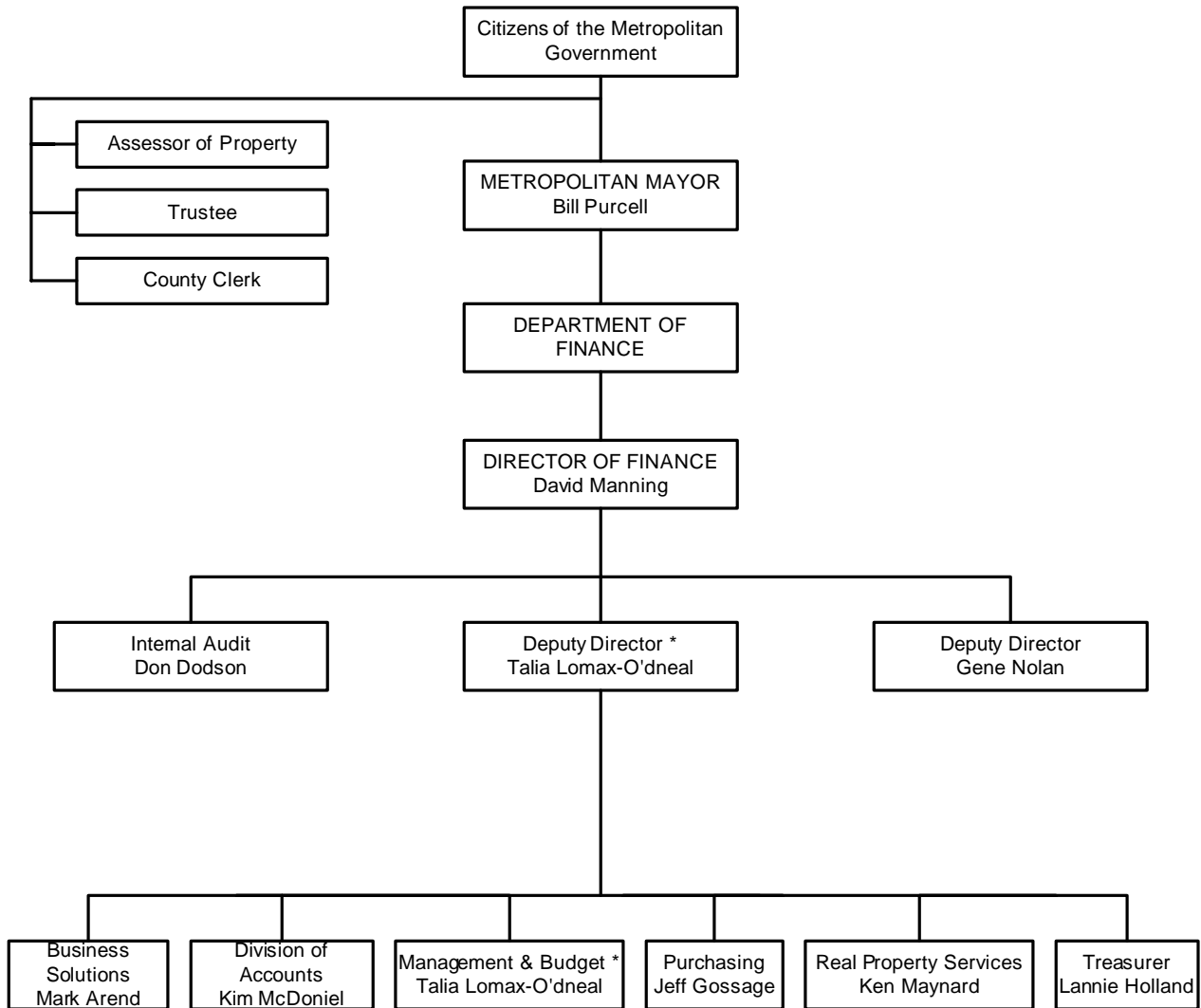
Vice Mayor  
Council Member-at-large  
Council Member-at-large  
Council Member-at-large  
Council Member-at-large  
Council Member-at-large

District No. 1 - Brenda Gilmore  
District No. 2 - Jamie Isabel  
District No. 3 - Walter Hunt  
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 - Anna Page  
District No. 17 - Ronnie Greer  
District No. 18 - Ginger Hausser Pepper

District No. 19 - Ludye N. Wallace  
District No. 20 - Billy Joe Walls  
District No. 21 - Edward Whitmore  
District No. 22 - Eric Crafton  
District No. 23 - Emily Evans  
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 - Jim Hodge  
District No. 31 - Parker Toler  
District No. 32 - Sam Coleman  
District No. 33 - Robert Duvall  
District No. 34 - Lynn Williams  
District No. 35 - Charlie Tygard

**ORGANIZATION OF THE DEPARTMENT OF  
FINANCE AND OTHER FINANCIAL OFFICES**

**At June 30, 2007**



\* 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, 2007, which collectively comprise the Government's basic financial statements as listed in the table of contents. 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, 2007, 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, 2007 as presented in the Government's basic financial statements, except as described in the last two sentences of this paragraph. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units: the Nashville District Management Corporation, the Metropolitan Development and Housing Agency, the Electric Power Board, the Metropolitan Transit Authority, the Metropolitan Nashville Airport Authority, the Emergency Communications District, and the Industrial Development Board, which reflect 81% of the total assets and 89% 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the General Purpose School Fund for the year then ended in conformity with U.S. generally accepted accounting principles. 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 nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds; the Sports Authority Fund; and each of the discretely presented component units, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements of the Hospital Authority of Nashville and Davidson County, Tennessee (a component unit of the Government) have been prepared assuming that the Hospital Authority will continue as a going concern. As discussed in Note 11E 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 11E. 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, 2007 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 on pages A-1 through A-11, the condition rating of the transportation network, the schedule of funding progress, and the schedule of employer contributions, on B-102 through B-103, B-104 through B-107, and B-108 through B-109, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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 each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds; the Sports Authority Fund; and the financial statements of each of the discretely presented component units. The schedules on pages C-13, C-14 and C-15, and on pages G-2 through G-35, 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, 2007



## 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, 2007.

### 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, \$191 million (*unrestricted net assets*) may be used to meet the Government's ongoing obligations to citizens and creditors.
- The Government's total net assets increased by \$86 million (\$31 million from governmental activities and \$55 million from business-type activities).
- As of the close of the current fiscal year, the Government's governmental funds reported combined ending fund balances of \$174 million, a decrease of \$166 million in comparison with the prior year. Approximately 13.6% of this total amount, \$24 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 \$39 million, or 5.0% of total general fund expenditures and other financing uses.
- The enterprise funds reported net assets at year-end of \$1.2 billion, an increase of \$57 million during the year.
- The Government's total general obligation and revenue bonds outstanding decreased by \$125 million (5.8%) during the current fiscal year. New debt issues totaled \$187 million, which were offset by principal payments, refundings and changes in deferred amounts of \$312 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, Surplus Property Auction, Municipal Auditorium, Police Impound and School Community Education.

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, 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 26 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, Surplus Property Auction, Municipal Auditorium, Police Impound and School Community Education. *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 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	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 1,331,394	\$ 1,365,687	\$ 216,482	\$ 223,823	\$ 1,547,876	\$ 1,589,510
Capital assets	2,708,102	2,586,984	1,595,549	1,498,867	4,303,651	4,085,851
<b>Total assets</b>	<b>4,039,496</b>	<b>3,952,671</b>	<b>1,812,031</b>	<b>1,722,690</b>	<b>5,851,527</b>	<b>5,675,361</b>
Long-term liabilities	1,714,212	1,803,764	573,621	539,428	2,287,833	2,343,192
Other liabilities	1,054,567	908,955	78,395	78,044	1,132,962	986,999
<b>Total liabilities</b>	<b>2,768,779</b>	<b>2,712,719</b>	<b>652,016</b>	<b>617,472</b>	<b>3,420,795</b>	<b>3,330,191</b>
Net assets:						
Invested in capital assets, net of related debt	1,042,013	1,030,056	1,061,440	1,010,626	2,103,453	2,040,682
Restricted	63,371	67,840	73,134	70,023	136,505	137,863
Unrestricted	165,333	142,056	25,441	24,569	190,774	166,625
<b>Total net assets</b>	<b>\$ 1,270,717</b>	<b>\$ 1,239,952</b>	<b>\$ 1,160,015</b>	<b>\$ 1,105,218</b>	<b>\$ 2,430,732</b>	<b>\$ 2,345,170</b>

**Governmental activities** – Current and other assets for governmental activities decreased by 2.5% due primarily to the effect of spending down \$53 million of bond proceeds on capital projects during the 2007 fiscal year. The impact of spending down the bond proceeds was partially offset by the positive results of current year operations. Capital assets increased by 4.7% due to construction of new schools, other government buildings and infrastructure and due to the renovation of existing government buildings. Long-term liabilities decreased by 5.0% due to principal payments on general obligation debt. Other liabilities increased by 16.0% primarily due to an increase in commercial paper borrowings of \$138 million.

The largest portion of the Government's net assets for governmental activities (82.0%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related outstanding debt used to acquire those assets. 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 (5.0%) 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 \$165 million (13.0%), 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** – Current and other assets for business-type activities decreased by 3.3% due primarily to continued spending on construction and other capital assets of the Department of Water and Sewerage Services. Capital assets increased by 6.4% due to additions to utility plants for the Department of Water and Sewerage Services. Long-term liabilities increased by 6.3% due to an increase in state construction loans in excess of principal payments on the revenue bonds and other debt of the Department of Water and Sewerage Services. Other liabilities were essentially unchanged.

The largest portion of the Government's net assets for business-type activities (91.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related outstanding debt used to acquire those assets. 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 (6.3%) 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 of \$25 million (2.2%), 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.



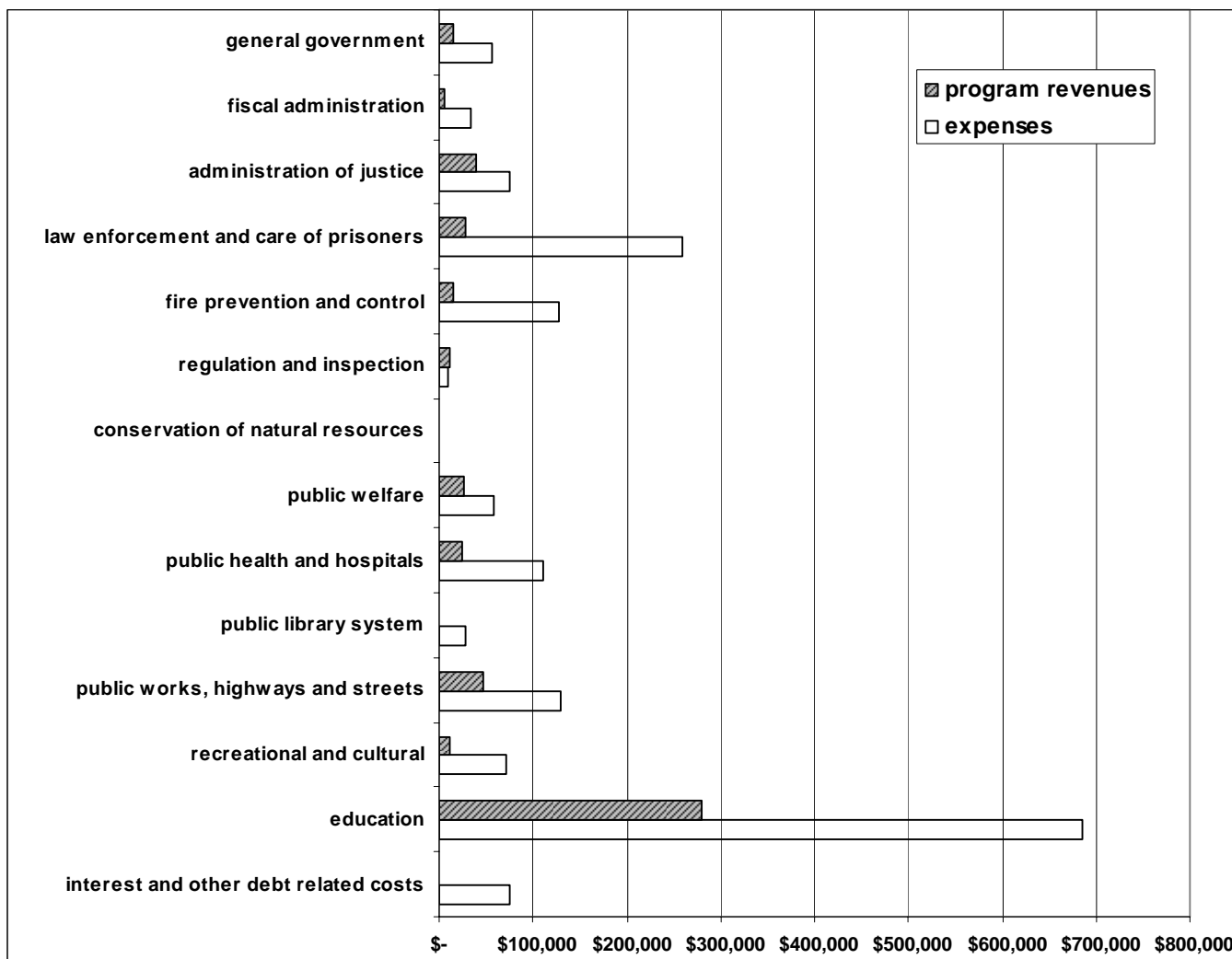
**The Government's Changes in Net Assets**  
in thousands of dollars  
*(for the year ended June 30,)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 148,997	\$ 138,980	\$ 200,542	\$ 187,495	\$ 349,539	\$ 326,475
Operating grants and contributions	314,334	299,203	-	-	314,334	299,203
Capital grants and contributions	42,275	16,268	53,318	25,610	95,593	41,878
General revenues:						
Property taxes	741,901	725,199	-	-	741,901	725,199
Local option sales tax	285,078	271,119	-	-	285,078	271,119
Other taxes	121,459	116,664	-	-	121,459	116,664
Revenues from the use of money or property	19,801	15,097	9,213	6,530	29,014	21,627
Revenues from other governmental agencies	68,620	60,220	-	-	68,620	60,220
Compensation for loss, sale or damage to property	1,786	3,476	132	281	1,918	3,757
<b>Total revenues</b>	<b>1,744,251</b>	<b>1,646,226</b>	<b>263,205</b>	<b>219,916</b>	<b>2,007,456</b>	<b>1,866,142</b>
Expenses:						
General government	57,026	64,844	-	-	57,026	64,844
Fiscal administration	33,876	44,110	-	-	33,876	44,110
Administration of justice	75,705	73,025	-	-	75,705	73,025
Law enforcement and care of prisoners	258,824	241,487	-	-	258,824	241,487
Fire prevention and control	128,067	130,416	-	-	128,067	130,416
Regulation and inspection	9,002	8,770	-	-	9,002	8,770
Conservation of natural resources	447	457	-	-	447	457
Public welfare	58,709	47,150	-	-	58,709	47,150
Public health and hospitals	111,396	151,706	-	-	111,396	151,706
Public library system	27,818	26,757	-	-	27,818	26,757
Public works, highways and streets	130,081	128,171	-	-	130,081	128,171
Recreational and cultural	72,024	67,284	-	-	72,024	67,284
Education	684,711	654,801	-	-	684,711	654,801
Interest and other debt related costs	75,443	62,460	-	-	75,443	62,460
Department of Water and Sewerage Services	-	-	157,872	155,647	157,872	155,647
District Energy System	-	-	21,073	19,253	21,073	19,253
Nashville Convention Center	-	-	7,246	7,068	7,246	7,068
Board of Fair Commissioners	-	-	4,116	4,110	4,116	4,110
Farmers Market	-	-	1,156	1,136	1,156	1,136
Police Secondary Employment	-	-	1,248	1,063	1,248	1,063
Surplus Property Auction	-	-	983	788	983	788
Municipal Auditorium	-	-	1,979	1,885	1,979	1,885
Police Impound	-	-	2,177	1,919	2,177	1,919
School Community Education	-	-	915	912	915	912
<b>Total expenses</b>	<b>1,723,129</b>	<b>1,701,438</b>	<b>198,765</b>	<b>193,781</b>	<b>1,921,894</b>	<b>1,895,219</b>
Increase in net assets before transfers	21,123	(55,212)	64,440	26,135	85,563	(29,077)
Transfers	9,643	16,661	(9,643)	(16,661)	-	-
Increase (decrease) in net assets	30,765	(38,551)	54,797	9,474	85,562	(29,077)
Net assets, beginning of year	1,239,952	1,278,503	1,105,218	1,095,744	2,345,170	2,374,247
Net assets, end of year	\$ 1,270,717	\$ 1,239,952	\$ 1,160,015	\$ 1,105,218	\$ 2,430,732	\$ 2,345,170

**Governmental activities** – Governmental activities increased the Government’s net assets by \$31 million. Operating grants and contributions to support public education increased \$12.7 million, and the Government collected \$20 million more than in the prior year for capital grants and contributions for public works projects during 2007. In addition to normal growth in property taxes, the Government sold \$27.9 million of property tax receivables in 2007 for the first time, which included a premium on the sale of \$1.5 million. Also, local option sales tax collections exceeded expectations. Costs were contained in most functional areas through aggressive cost containment practices, as budgeted for the 2007 fiscal year. Additionally, during the 2006 fiscal year there was a one-time \$50 million appropriation from public health and hospitals to the Hospital Authority. Increases in expenses are attributable to increases of \$29.9 million for education and \$17.3 million for law enforcement and the care of prisoners - both primarily due to increased personnel costs for salaries and benefits, an increase of \$11.5 million for public welfare - largely due to expenditures related to the redevelopment of a low income housing project, and a \$13.0 million increase in interest and other debt related costs associated with prior year bond issuances and expenses surrounding a current year refinancing.

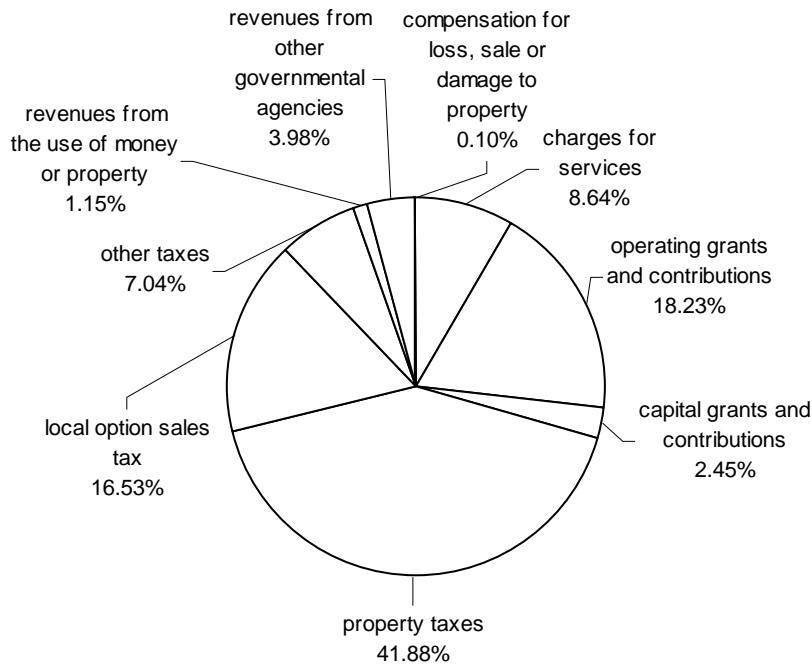
In conjunction with the first-time sale of property taxes, during 2007 the Government adopted GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues. This Statement establishes criteria for recording transactions surrounding property tax receivable sales.

**Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2007**



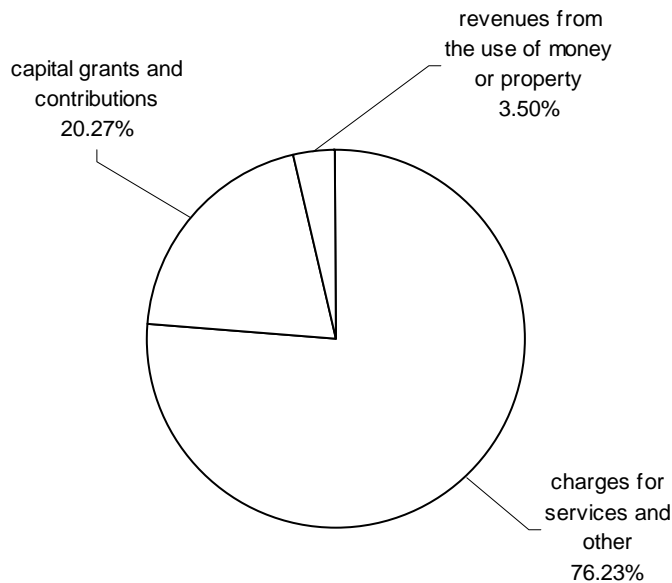
(in thousands)

**Revenues by Source - Governmental Activities – For the Year Ended June 30, 2007**



**Business-type activities** – Business-type activities increased the Government's net assets by \$55 million. This increase is primarily due to the Department of Water and Sewerage Services operating results for the 2007 fiscal year. Revenue from operations increased \$9 million as a result of the growth in the number of customers and as a result of an increase in the demand for water due to dry weather conditions. Additionally, there was a \$27.7 million increase in contributions of capital assets. Finally, the Department of Water and Sewer's transfer to the Stormwater Operations fund was decreased by \$8.6 million for 2007.

**Revenues by Source – Business-type Activities – For the Year Ended June 30, 2007**



## 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 \$174 million, a decrease of \$166 million in comparison with the prior year. Approximately 13.6% of ending fund balance (\$24 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 (\$22 million), 2) the purchase of equipment (\$46 million), 3) future debt payments (\$62 million), 4) long-term receivables (\$13 million), and 5) other purposes (\$7 million).

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 \$39 million, while total fund balance was \$61 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 5.0% of total general fund expenditures and other financing uses, while total fund balance represents 7.6% of total general fund expenditures and other financing uses.

The total fund balance of the Government's General Fund increased by \$14 million during the current fiscal year, as compared to a \$10 million increase in the previous year. Although the General Fund expenditures and transfers out were over budget by \$6 million as a result of budgeted savings not being achieved, revenues and transfers in exceeded budgetary expectations by \$22 million, resulting in the fund balance increase.

While the total General Fund fund balance increased, the undesignated fund balance decreased by \$4 million as a result of reserving \$13 million of fund balance for an amount receivable from the Hospital Authority, a component unit. This amount is the remaining balance of a receivable that totaled \$63 million at June 30, 2005. Although no timeframe had been established for the repayment of the remaining \$13 million to the Government, management believed that additional State funding for the Hospital Authority would commence during the 2007 fiscal year and that the Hospital Authority would begin to repay the \$13 million owed to the Government. Because additional state funding has not materialized and the Hospital Authority remains financially dependent on the Government, a fund balance reserve has been established in the General Fund for the \$13 million due from the Hospital Authority.

The fund balance of the Government's General Purpose School Fund increased by \$30 million during the current fiscal year, primarily due to increased revenues in property and sales taxes and revenues from other governmental agencies, and due to actual expenditures coming in significantly under budget, primarily in personal services.

The fund balance of the Government's GSD General Purposes, GSD School Purposes and USD General Purposes Debt Service Funds decreased by \$13 million in the current fiscal year as expected and budgeted due to principal and interest payments in excess of revenues.

The fund balance of the Government's other governmental funds decreased by \$197 million primarily due to spending down excess bond proceeds issued during the 2006 fiscal year and due to other planned spending for various capital projects. Capital projects spending is initially funded by short-term commercial paper borrowings and later funded by bond proceeds, and there were no such bond issuances during the current fiscal year.

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

Unrestricted net assets of proprietary funds at the end of the year amounted to \$92 million. The total increase in unrestricted net assets for these funds was \$3 million. 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**

For the General Fund, there were no differences in revenues and other financing sources between the original budget and final amended budget. Differences in expenditures and other financing uses between the original budget and the final amended budget totaled to a \$2.5 million increase, primarily due to authorizations in the 2007 fiscal year budget ordinance to carry forward certain prior year unused administrative budget appropriations. Other variances in the budget line items were primarily due to pay plan and fringe benefit increases being originally budgeted under miscellaneous expenditures then reallocated to departmental budgets after the final budget is approved, and due to certain operating transfers that were originally budgeted under various departmental budgets.

### Final Budgeted and Actual Amounts

Actual revenues and other financing sources exceed final budgeted amounts by \$22 million primarily due to the property tax sale and related premium and certain in lieu taxes exceeding budgetary expectations by \$8 million, due to commissions and fees revenues exceeding budgetary expectations by \$5 million because certain fees were increased for the 2007 fiscal year and because commissions and fees of certain elected officials are excluded from the budget, and due to revenues from other governmental agencies exceeding budgetary expectations by \$3 million because state income taxes received exceeded expectations. Actual expenditures and other financing uses exceeded final budgeted amounts by \$6 million primarily because targeted savings for various line item expenditures that were budgeted in one line item under administration and internal support were not achieved.

### 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, 2007 amounts to \$4.3 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$106 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Utility plant in service	\$ -	\$ -	\$ 1,891,933	\$ 1,836,900	\$ 1,891,933	\$ 1,836,900
Land	162,387	135,697	16,415	16,415	178,802	152,112
Buildings and improvements	1,028,745	1,011,674	119,736	119,267	1,148,481	1,130,941
Improvements other than buildings	-	-	41,766	41,524	41,766	41,524
Furniture, machinery and equipment	286,935	265,987	42,045	41,315	328,980	307,302
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,477,570	1,457,900	-	-	1,477,570	1,457,900
Construction in progress	359,598	278,709	185,633	91,890	545,231	370,599
Less: Accumulated depreciation	(607,133)	(562,983)	(705,624)	(652,089)	(1,312,757)	(1,215,072)
<b>Total capital assets</b>	<b>\$ 2,708,102</b>	<b>\$ 2,586,984</b>	<b>\$ 1,595,549</b>	<b>\$ 1,498,867</b>	<b>\$ 4,303,651</b>	<b>\$ 4,085,851</b>

The total increase in the Government's investment in capital assets for the current fiscal year was 5.3% (a 4.7% increase for governmental activities and a 6.4% 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, including the completion of a new fire station and infrastructure improvements in support of various downtown development and parks projects. Additions to the utility plants for the Department of Water and Sewerage Services totaled approximately \$55 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 expends 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 376 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 and 75% of bridges in fair or better condition. The most recent assessment indicated that 77% of roads and 95% of bridges meet the Government's policy, as compared to 73% of roads in 2006 and 94% of bridges at the last evaluation in 2003.

Additional information on the Government's capital assets can be found in Note 4 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 \$2.0 billion. Of this amount, \$1.5 billion comprises debt backed by the full faith and credit of the Government. The remaining \$483 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 1,503,390	\$ 1,600,695	\$ 7,435	\$ 7,695	\$ 1,510,825	\$ 1,608,390
Deferred amounts, net	<u>36,837</u>	<u>34,965</u>	<u>481</u>	<u>509</u>	<u>37,318</u>	<u>35,474</u>
Total general obligation bonds outstanding	<u>1,540,227</u>	<u>1,635,660</u>	<u>7,916</u>	<u>8,204</u>	<u>1,548,143</u>	<u>1,643,864</u>
Revenue bonds	9,005	10,575	473,565	502,060	482,570	512,635
Deferred amounts, net	<u>(105)</u>	<u>(130)</u>	<u>(3,304)</u>	<u>(3,897)</u>	<u>(3,409)</u>	<u>(4,027)</u>
Total revenue bonds outstanding	<u>8,900</u>	<u>10,445</u>	<u>470,261</u>	<u>498,163</u>	<u>479,161</u>	<u>508,608</u>
<b>Total general obligation and revenue bonds outstanding</b>	<u><u>\$ 1,549,127</u></u>	<u><u>\$ 1,646,105</u></u>	<u><u>\$ 478,177</u></u>	<u><u>\$ 506,367</u></u>	<u><u>\$ 2,027,304</u></u>	<u><u>\$ 2,152,472</u></u>

The Government's total general obligation and revenue bonds outstanding decreased by \$125 million (5.8%) during the current fiscal year. New debt of \$187 million was issued to refund the outstanding principal balances of various bonds. The increase from the new debt was offset by principal payments of \$124 million and the outstanding principal balances on the refunded debt of \$191 million. Deferred amounts related to the bond issues increased by \$3 million.

Construction commitments at June 30, 2007 totaled \$62 million for the governmental activities of the Government and \$42 million for the Department of Water and Sewerage Services.

The Government maintains an 'AA' rating from Standard & Poor's 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 the actual value of property is 2.77%, and the amount of net debt per capita is \$2,475.02.

Additional information on the Government's long-term debt can be found in Note 5 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, 2007 were subsequently rolled over into new commercial paper obligations and are considered short-term liabilities of the appropriate capital project funds and the District Energy System.

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

The unemployment rate for the Nashville metropolitan area is currently 3.5%. The state's and nation's unemployment rates are 4% and 4.6%, respectively. The budget for the 2008 fiscal year reflects a balanced budget with no property tax rate increase. For more comprehensive information on the Metropolitan Government's approved budget for the 2008 fiscal year, the budget ordinance, the budget book as well as other documents are available at [www.nashville.gov](http://www.nashville.gov).

## **OTHER MATTERS**

In preparation for the implementation of Governmental Accounting Standard Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45), the Government had independent actuaries prepare an estimate of post retirement benefit liabilities and costs. The estimate of the unfunded accrued liability for general government employees is \$1.5 billion, and the estimate of the unfunded accrued liability for teachers is \$473 million. The estimate of the annual required contribution for general government employees and teachers is \$116 million and \$25 million, respectively. No funding for these contributions was included in the fiscal year 2008 budget. These estimates were based on a 30-year level percentage amortization of the unfunded actuarial liability and a 4.5% discount rate assumption. Detailed actuarial studies of these liabilities and costs are currently underway.

On November 7, 2006, voters approved a ballot initiative prohibiting the Metropolitan Council from raising real property tax rates above the rate at that time, which was \$4.69, without the approval of the voters in a referendum. Prior to the adoption of the ballot initiative, the Metropolitan Council was authorized to set the real property tax rate without any requirement of voter approval. The Government's legal department has issued a memo stating that the approved initiative violates the Tennessee Constitution because it places the power to set property tax rates with voters, rather than with the Metropolitan Council, as prescribed by the Constitution. However, the Government cannot predict whether there will be a court challenge as to the constitutionality of the approved initiative. If there is a challenge, the Government cannot predict the timing or be certain of the outcome of any court challenge as to the constitutionality of the approved initiative.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Government's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the Government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be forwarded to the Department of Finance, Division of Accounts, at [cafr@nashville.gov](mailto:cafr@nashville.gov).







THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS

June 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 344,323,728	\$ 34,846,694	\$ 379,170,422	\$ 142,508,557
Investments	-	454	454	48,400,123
Sales tax receivable	53,990,667	-	53,990,667	-
Accounts receivable	102,856,360	25,238,746	128,095,106	159,093,678
Property taxes receivable	747,219,648	-	747,219,648	-
Allowance for doubtful accounts	(38,974,203)	(2,119,886)	(41,094,089)	(33,675,473)
Accrued interest receivable	1,480,299	405,514	1,885,813	2,827,590
Internal balances	16,186,900	(16,186,900)	-	-
Due from the primary government	-	-	-	9,039
Due from component units	30,984,613	-	30,984,613	-
Inventories of supplies	3,859,564	1,776,646	5,636,210	26,990,809
Other current assets	25,564,499	187,785	25,752,284	3,697,409
Restricted assets:				
Cash and cash equivalents	-	70,987,469	70,987,469	42,309,017
Investments	-	78,905,221	78,905,221	90,330,530
Accrued interest receivable	-	22,698	22,698	340,288
Accounts receivable	-	93,953	93,953	-
Due from other governmental agencies	-	11,607,517	11,607,517	4,485,758
Other restricted assets	-	4,362,581	4,362,581	1,873,399
Notes receivable	-	-	-	37,738,882
Capital assets:				
Utility plant in service	-	1,891,932,540	1,891,932,540	975,909,000
Land	162,386,985	16,414,407	178,801,392	217,367,305
Buildings and improvements	1,028,744,625	119,736,350	1,148,480,975	796,608,347
Improvement other than buildings	-	41,766,375	41,766,375	389,558,548
Furniture, machinery and equipment	286,935,254	42,045,309	328,980,563	204,404,768
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,477,570,355	-	1,477,570,355	11,238,363
Construction in progress	359,597,682	185,633,409	545,231,091	165,896,241
Accumulated depreciation	(607,132,777)	(705,624,495)	(1,312,757,272)	(987,671,659)
Other non-current assets	43,901,695	6,353,305	50,255,000	23,926,262
<b>Total assets</b>	<b>4,039,495,894</b>	<b>1,812,030,692</b>	<b>5,851,526,586</b>	<b>2,324,166,781</b>
<u>LIABILITIES</u>				
Accounts payable	74,972,659	7,069,863	82,042,522	136,893,068
Accrued payroll	47,040,493	2,837,390	49,877,883	10,166,816
Accrued interest	24,020,011	-	24,020,011	4,181,836
Claims payable	20,507,558	-	20,507,558	-
Due to component units	8,406	633	9,039	-
Due to the primary government	-	-	-	29,983,636
Customer deposits	-	3,267,553	3,267,553	11,606,373
Unearned revenue	733,180,462	907,353	734,087,815	-
Commercial paper payable	147,950,975	2,049,025	150,000,000	-
Other current liabilities	6,885,803	3,222,286	10,108,089	10,412,660

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, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>LIABILITIES (CONTINUED)</u>				
Liabilities payable from restricted assets:				
Accounts payable	\$ -	\$ 13,264,935	\$ 13,264,935	\$ 3,255,959
Accrued interest	-	12,750,191	12,750,191	4,945,915
Other restricted liabilities	-	13,550	13,550	-
Funds held in trust	-	-	-	194,804
Current portion of long-term liabilities	-	33,012,176	33,012,176	34,886,000
Noncurrent liabilities:				
Due within one year	136,494,069	165,000	136,659,069	7,421,678
Due in more than one year	1,577,718,377	573,455,877	2,151,174,254	787,052,500
Total liabilities	<u>2,768,778,813</u>	<u>652,015,832</u>	<u>3,420,794,645</u>	<u>1,041,001,245</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	1,042,012,753	1,061,439,525	2,103,452,278	967,483,656
Restricted for debt retirement	62,498,270	70,412,562	132,910,832	90,648,496
Restricted for construction	-	2,722,176	2,722,176	-
Restricted for perpetual care:				
Expendable	207,255	-	207,255	-
Nonexpendable	187,214	-	187,214	-
Restricted for other purposes	478,825	-	478,825	31,124,738
Unrestricted	165,332,764	25,440,597	190,773,361	193,908,646
Total net assets	<u>\$ 1,270,717,081</u>	<u>\$ 1,160,014,860</u>	<u>\$ 2,430,731,941</u>	<u>\$ 1,283,165,536</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, 2007

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 57,026,407	\$ 7,807,784	\$ 4,620,746	\$ 1,737,900
Fiscal administration	33,876,249	4,674,967	372,029	-
Administration of justice	75,704,997	35,212,725	4,478,935	-
Law enforcement and care of prisoners	258,823,950	26,786,676	2,184,812	-
Fire prevention and control	128,066,692	14,199,184	694,292	-
Regulation and inspection	9,001,746	12,093,101	-	-
Conservation of natural resources	446,862	-	-	-
Public welfare	58,709,735	1,290,857	25,620,543	-
Public health and hospitals	111,396,611	9,775,661	13,826,681	-
Public library system	27,817,829	665,247	837,744	850,000
Public works, highways and streets	130,081,229	9,673,294	719,919	36,227,446
Recreational and cultural	72,023,726	8,872,383	750,952	1,784,819
Education	684,710,667	17,946,013	260,227,627	1,674,214
Interest and other debt related costs	75,442,635	-	-	-
Total governmental activities	<u>1,723,129,335</u>	<u>148,997,892</u>	<u>314,334,280</u>	<u>42,274,379</u>
Business-type activities:				
Department of Water and Sewerage Services	157,872,188	164,899,611	-	53,317,542
District Energy System	21,072,731	18,795,046	-	-
Nashville Convention Center	7,246,378	5,247,618	-	-
Board of Fair Commissioners	4,115,585	3,879,930	-	-
Farmers Market	1,155,930	866,283	-	-
Police Secondary Employment	1,248,568	1,654,166	-	-
Surplus Property Auction	982,450	993,996	-	-
Municipal Auditorium	1,979,518	1,176,320	-	-
Police Impound	2,177,384	2,873,191	-	-
School Community Education	914,763	155,939	-	-
Total business-type activities	<u>198,765,495</u>	<u>200,542,100</u>	<u>-</u>	<u>53,317,542</u>
Total primary government	<u>\$ 1,921,894,830</u>	<u>\$ 349,539,992</u>	<u>\$ 314,334,280</u>	<u>\$ 95,591,921</u>
<b>Component units:</b>				
Nashville District Management Corporation	\$ 761,920	\$ 674,992	\$ -	\$ 45,109
Sports Authority	25,113,457	3,225,057	9,343,595	10,719,815
Hospital Authority	135,072,475	77,146,829	49,800,598	80,391
Metropolitan Development and Housing Agency	91,989,306	20,924,682	70,295,981	17,389,854
Electric Power Board	927,615,000	962,828,000	-	-
Metropolitan Transit Authority	43,066,007	9,161,764	21,968,986	22,247,853
Metropolitan Nashville Airport Authority	78,146,808	88,137,402	13,168,339	-
Emergency Communications District	4,514,241	6,462,358	10,000	-
Industrial Development Board	98,608	100,382	-	-
Total component units	<u>\$ 1,306,377,822</u>	<u>\$ 1,168,661,466</u>	<u>\$ 164,587,499</u>	<u>\$ 50,483,022</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, 2007

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (42,859,977)	\$ -	\$ (42,859,977)	\$ -
(28,829,253)	-	(28,829,253)	-
(36,013,337)	-	(36,013,337)	-
(229,852,462)	-	(229,852,462)	-
(113,173,216)	-	(113,173,216)	-
3,091,355	-	3,091,355	-
(446,862)	-	(446,862)	-
(31,798,335)	-	(31,798,335)	-
(87,794,269)	-	(87,794,269)	-
(25,464,838)	-	(25,464,838)	-
(83,460,570)	-	(83,460,570)	-
(60,615,572)	-	(60,615,572)	-
(404,862,813)	-	(404,862,813)	-
(75,442,635)	-	(75,442,635)	-
<u>(1,217,522,784)</u>	<u>-</u>	<u>(1,217,522,784)</u>	<u>-</u>
-	60,344,965	60,344,965	-
-	(2,277,685)	(2,277,685)	-
-	(1,998,760)	(1,998,760)	-
-	(235,655)	(235,655)	-
-	(289,647)	(289,647)	-
-	405,598	405,598	-
-	11,546	11,546	-
-	(803,198)	(803,198)	-
-	695,807	695,807	-
-	(758,824)	(758,824)	-
<u>-</u>	<u>55,094,147</u>	<u>55,094,147</u>	<u>-</u>
<u>(1,217,522,784)</u>	<u>55,094,147</u>	<u>(1,162,428,637)</u>	<u>-</u>
-	-	-	(41,819)
-	-	-	(1,824,990)
-	-	-	(8,044,657)
-	-	-	16,621,211
-	-	-	35,213,000
-	-	-	10,312,596
-	-	-	23,158,933
-	-	-	1,958,117
-	-	-	1,774
<u>-</u>	<u>-</u>	<u>-</u>	<u>77,354,165</u>
741,900,967	-	741,900,967	-
285,078,292	-	285,078,292	-
121,459,078	-	121,459,078	-
19,801,397	9,212,738	29,014,135	16,661,378
68,620,492	-	68,620,492	-
1,785,642	132,531	1,918,173	718,266
9,642,803	(9,642,803)	-	-
<u>1,248,288,671</u>	<u>(297,534)</u>	<u>1,247,991,137</u>	<u>17,379,644</u>
30,765,887	54,796,613	85,562,500	94,733,809
1,239,951,194	1,105,218,247	2,345,169,441	1,188,431,727
<u>\$ 1,270,717,081</u>	<u>\$ 1,160,014,860</u>	<u>\$ 2,430,731,941</u>	<u>\$ 1,283,165,536</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, 2007

	General	General Purpose School	GSD General Purposes Debt Service
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 14,523,793	\$ 58,881,742	\$ 2,648,656
Sales tax receivable	21,039,322	29,266,602	850,093
Accounts receivable	52,020,075	2,953,981	9,397,621
Accrued interest receivable	347,355	136,209	12,940
Property tax receivable	407,345,891	221,209,266	79,922,048
Allowance for doubtful accounts	(24,714,351)	(2,954,904)	(10,607,199)
Due from other funds of the primary government	8,536,084	2,339,012	562,833
Due from component units	30,973,496	-	-
Inventories of supplies	366,434	795,274	-
Other assets	8,697,873	6,912	3,890,328
Total assets	<u>\$ 519,135,972</u>	<u>\$ 312,634,094</u>	<u>\$ 86,677,320</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 11,318,532	\$ 6,942,511	\$ 35,368
Accrued payroll	23,401,838	16,865,894	-
Due to other funds of the primary government	10,055,432	1,924,140	24,516
Due to component units	5,008	-	-
Deferred revenue	409,272,498	218,531,596	78,613,264
Commercial paper payable	-	-	-
Other liabilities	4,496,670	7,789	-
Total liabilities	<u>458,549,978</u>	<u>244,271,930</u>	<u>78,673,148</u>
<b>FUND BALANCES (DEFICITS):</b>			
Reserved for imprest cash and inventories	1,009,377	799,166	-
Reserved for specific programs	1,799,027	-	-
Reserved for subsequent year budgetary appropriations	5,613,300	6,054,600	372,800
Reserved for long-term receivables	12,820,267	-	-
Reserved for equipment acquisitions	-	-	-
Reserved for trust purposes	-	-	-
Reserved for debt service	-	-	7,631,372
Unreserved, reported in:			
General fund:			
Undesignated	39,344,023	-	-
Special revenue funds:			
Designated for specific projects	-	-	-
Undesignated	-	61,508,398	-
Capital projects funds:			
Undesignated	-	-	-
Permanent funds:			
Undesignated	-	-	-
Total fund balances (deficits)	<u>60,585,994</u>	<u>68,362,164</u>	<u>8,004,172</u>
Total liabilities and fund balances (deficits)	<u>\$ 519,135,972</u>	<u>\$ 312,634,094</u>	<u>\$ 86,677,320</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, 2007

GSD School Purposes Debt Service	USD General Purposes Debt Service	GSD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 53,382,646	\$ -	\$ 17,192,292	\$ 114,035,617	\$ 260,664,746
2,834,650	-	-	-	53,990,667
-	-	3,236,919	33,194,944	100,803,540
210,736	5,204	11,309	432,562	1,156,315
28,426,574	10,315,869	-	-	747,219,648
(506,654)	(191,095)	-	-	(38,974,203)
965,654	-	4,318,139	11,972,424	28,694,146
-	-	-	-	30,973,496
-	-	-	895,925	2,057,633
3,435,655	7,723,695	-	353,033	24,107,496
<u>\$ 88,749,261</u>	<u>\$ 17,853,673</u>	<u>\$ 24,758,659</u>	<u>\$ 160,884,505</u>	<u>\$ 1,210,693,484</u>
\$ 9,199	\$ 718	\$ 20,406,782	\$ 19,769,218	\$ 58,482,328
-	-	4,048	1,743,535	42,015,315
321,960	5,319,672	1,386,379	12,841,363	31,873,462
-	-	2,950	448	8,406
27,880,285	10,105,831	3,234,630	2,327,002	749,965,106
-	-	94,690,639	53,260,336	147,950,975
-	-	-	2,381,344	6,885,803
<u>28,211,444</u>	<u>15,426,221</u>	<u>119,725,428</u>	<u>92,323,246</u>	<u>1,037,181,395</u>
-	-	-	3,242,259	5,050,802
-	-	-	-	1,799,027
8,566,400	1,179,700	-	-	21,786,800
-	-	-	-	12,820,267
-	-	-	45,732,775	45,732,775
-	-	-	187,214	187,214
51,971,417	1,247,752	-	1,647,729	62,498,270
-	-	-	-	39,344,023
-	-	-	5,137,557	5,137,557
-	-	-	57,113,568	118,621,966
-	-	(94,966,769)	(44,707,098)	(139,673,867)
-	-	-	207,255	207,255
<u>60,537,817</u>	<u>2,427,452</u>	<u>(94,966,769)</u>	<u>68,561,259</u>	<u>173,512,089</u>
<u>\$ 88,749,261</u>	<u>\$ 17,853,673</u>	<u>\$ 24,758,659</u>	<u>\$ 160,884,505</u>	<u>\$ 1,210,693,484</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, 2007

Fund balances - total governmental funds	\$	173,512,089
<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		3,187,287,742
Less accumulated depreciation		(516,016,365)
<p>Net pension assets are not financial resources and therefore not reported in governmental funds.</p>		
		37,936,685
<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		(1,512,395,000)
Qualified zone academy notes payable		(5,803,933)
Less deferred charge on refunding		32,907,004
Less deferred charge for issuance costs		5,965,010
Add bond premium/discount		(69,499,568)
Accrued interest payable		(24,020,011)
Unamortized swaption proceeds		(3,253,031)
Net pension obligation		(76,052,399)
Compensated absences		(69,453,198)
Claims and judgments		(4,448,353)
Landfill closure costs		(9,466,999)
<p>Some deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.</p>		
		20,037,675
<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>		
		103,479,733
Net assets - total governmental activities	\$	1,270,717,081

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, 2007

	General	General Purpose School	GSD General Purposes Debt Service
<b>REVENUES:</b>			
Property taxes	\$ 434,593,970	\$ 216,478,294	\$ 75,698,532
Local option sales tax	94,234,544	171,377,172	2,638,882
Other taxes, licenses and permits	100,085,098	4,626,584	-
Fines, forfeits and penalties	14,100,396	6,295	604,993
Revenues from the use of money or property	2,770,783	900,134	2,514
Revenues from other governmental agencies	87,945,024	179,194,857	4,213,884
Commissions and fees	26,156,439	-	-
Charges for current services	27,264,419	846,094	228,712
Compensation for loss, sale or damage to property	611,348	428,954	-
Contributions and gifts	669,329	487,852	-
Miscellaneous	1,414,910	96,419	-
	<b>789,846,260</b>	<b>574,442,655</b>	<b>83,387,517</b>
<b>EXPENDITURES:</b>			
Current:			
General government	23,583,082	-	-
Fiscal administration	15,777,516	-	-
Administration of justice	63,883,484	-	-
Law enforcement and care of prisoners	210,992,633	-	-
Fire prevention and control	112,717,674	-	-
Regulation and inspection	8,351,652	-	-
Conservation of natural resources	444,857	-	-
Public welfare	9,059,595	-	-
Public health and hospitals	85,715,255	-	-
Public library system	20,988,942	-	-
Public works, highways and streets	36,583,000	-	-
Recreational and cultural	36,748,546	-	-
Education	-	542,115,723	-
Employee benefits	59,012,395	-	-
Miscellaneous	51,967,639	-	-
Debt service:			
Principal retirement	-	-	49,893,327
Interest	-	-	41,080,692
Fiscal charges	-	-	2,237,964
Bond issue costs	-	-	498,256
Capital outlay	-	-	-
	<b>735,826,270</b>	<b>542,115,723</b>	<b>93,710,239</b>
Excess (deficiency) of revenues over expenditures	<b>54,019,990</b>	<b>32,326,932</b>	<b>(10,322,722)</b>

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

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

For the Year Ended June 30, 2007

GSD School Purposes Debt Service	USD General Purposes Debt Service	GSD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 27,616,119	\$ 7,402,479	\$ -	\$ 627,503	\$ 762,416,897
17,007,900	-	-	-	285,258,498
-	-	-	25,464,601	130,176,283
-	-	-	4,542,833	19,254,517
2,771,334	150,426	1,940,047	5,512,731	14,047,969
-	-	1,318,263	144,497,778	417,169,806
-	-	-	-	26,156,439
-	-	-	23,268,028	51,607,253
-	-	-	668,575	1,708,877
-	-	2,120,414	6,639,517	9,917,112
-	-	322,822	306,957	2,141,108
<u>47,395,353</u>	<u>7,552,905</u>	<u>5,701,546</u>	<u>211,528,523</u>	<u>1,719,854,759</u>
-	-	-	17,058,237	40,641,319
-	-	-	-	15,777,516
-	-	-	-	63,883,484
-	-	-	26,932,972	237,925,605
-	-	-	-	112,717,674
-	-	-	97,566	8,449,218
-	-	-	-	444,857
-	-	-	28,977,561	38,037,156
-	-	-	14,693,099	100,408,354
-	-	-	724,017	21,712,959
-	-	-	28,935,756	65,518,756
-	-	-	1,884,526	38,633,072
-	-	-	94,024,908	636,140,631
-	-	-	-	59,012,395
-	-	-	-	51,967,639
31,828,536	12,277,704	-	1,570,000	95,569,567
24,678,114	6,298,760	-	465,350	72,522,916
449,730	129,116	-	2,171	2,818,981
85,880	3,764	-	-	587,900
-	-	127,137,608	95,283,364	222,420,972
<u>57,042,260</u>	<u>18,709,344</u>	<u>127,137,608</u>	<u>310,649,527</u>	<u>1,885,190,971</u>
<u>(9,646,907)</u>	<u>(11,156,439)</u>	<u>(121,436,062)</u>	<u>(99,121,004)</u>	<u>(165,336,212)</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, 2007

	General	General Purpose School	GSD General Purposes Debt Service
OTHER FINANCING SOURCES (USES):			
Payments to refunded bond escrow agent	\$ -	\$ -	\$ (133,920,099)
Issuance of refunding bonds	-	-	125,907,793
Bond issue premium (discount)	-	-	8,510,562
Transfers in	15,850,393	4,327,188	13,322,513
Transfers out	(56,218,467)	(6,723,739)	(30)
	(40,368,074)	(2,396,551)	13,820,739
Total other financing sources (uses)			
Net change in fund balances	13,651,916	29,930,381	3,498,017
FUND BALANCES (DEFICITS), beginning of year	46,934,078	38,431,783	4,506,155
FUND BALANCES (DEFICITS), end of year	\$ 60,585,994	\$ 68,362,164	\$ 8,004,172

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, 2007

GSD School Purposes Debt Service	USD General Purposes Debt Service	GSD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ (62,284,875)	\$ (2,729,695)	\$ -	\$ -	\$ (198,934,669)
58,421,814	2,560,393	-	-	186,890,000
3,948,941	173,066	-	-	12,632,569
4,006,048	583,516	4,127,530	94,937,273	137,154,461
-	-	(35,998,264)	(39,995,579)	(138,936,079)
<u>4,091,928</u>	<u>587,280</u>	<u>(31,870,734)</u>	<u>54,941,694</u>	<u>(1,193,718)</u>
(5,554,979)	(10,569,159)	(153,306,796)	(44,179,310)	(166,529,930)
66,092,796	12,996,611	58,340,027	112,740,569	340,042,019
<u>\$ 60,537,817</u>	<u>\$ 2,427,452</u>	<u>\$ (94,966,769)</u>	<u>\$ 68,561,259</u>	<u>\$ 173,512,089</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, 2007

Net change in fund balances - governmental funds \$ (166,529,930)

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 that meet criteria for capitalization	124,229,635
Depreciation expense	(39,549,781)

Donations of capital assets increase net assets for governmental activities, but do not appear in the governmental funds because they are not financial resources.	33,689,044
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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.	(129,762)
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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.	(900,252)
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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.	2,534,508
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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	(186,890,000)
Principal repayments	95,569,567
Payments to refunded bond escrow agent	198,934,669
Amortization of deferred charge on refunding	(2,203,947)
Issuance costs	587,900
Amortization of issuance costs	(450,304)
Bond premium/discount	(12,632,569)
Amortization of premium/discount	4,604,496
Change in accrued interest	(3,520,417)

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, 2007

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	(5,356,064)
Compensated absences	(1,559,314)
Claims and judgments	(784,953)
Landfill closure costs	(130,446)

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.	(14,501,334)
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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.	<u>5,582,414</u>
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Change in net assets - governmental activities	<u><u>\$ 30,765,887</u></u>
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The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 426,134,400	\$ 426,134,400	\$ 434,593,970	\$ 8,459,570
Local option sales tax	92,397,100	92,397,100	94,234,544	1,837,444
Other taxes, licenses and permits	98,916,800	98,916,800	100,085,098	1,168,298
Fines, forfeits and penalties	13,766,800	13,766,800	14,100,396	333,596
Revenues from the use of money or property	-	-	2,770,783	2,770,783
Revenues from other governmental agencies	84,622,800	84,622,800	87,945,024	3,322,224
Commissions and fees	21,427,900	21,427,900	26,156,439	4,728,539
Charges for current services	29,918,400	29,918,400	27,264,419	(2,653,981)
Compensation for loss, sale or damage to property	241,700	241,700	611,348	369,648
Contributions and gifts	532,300	532,300	669,329	137,029
Miscellaneous	814,500	814,500	1,414,910	600,410
<b>Total revenues</b>	<b>768,772,700</b>	<b>768,772,700</b>	<b>789,846,260</b>	<b>21,073,560</b>
<b>EXPENDITURES:</b>				
General government	23,102,900	23,974,645	23,583,082	391,563
Fiscal administration	15,252,400	16,787,000	15,777,516	1,009,484
Administration of justice	58,676,900	63,212,000	63,883,484	(671,484)
Law enforcement and care of prisoners	198,715,100	213,774,380	210,992,633	2,781,747
Fire prevention and control	102,422,300	112,717,800	112,717,674	126
Regulation and inspection	8,240,200	8,872,200	8,351,652	520,548
Conservation of natural resources	498,100	503,000	444,857	58,143
Public welfare	9,165,500	9,454,900	9,059,595	395,305
Public health and hospitals	84,293,800	85,881,600	85,715,255	166,345
Public library system	20,267,600	21,250,150	20,988,942	261,208
Public works, highways and streets	45,486,100	36,585,104	36,583,000	2,104
Recreational and cultural	34,978,200	36,808,240	36,748,546	59,694
Employee benefits	61,012,800	60,406,700	59,012,395	1,394,305
Miscellaneous	79,408,400	41,404,943	51,967,639	(10,562,696)
<b>Total expenditures</b>	<b>741,520,300</b>	<b>731,632,662</b>	<b>735,826,270</b>	<b>(4,193,608)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>27,252,400</b>	<b>37,140,038</b>	<b>54,019,990</b>	<b>16,879,952</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	15,147,100	15,147,100	15,850,393	703,293
Transfers out	(42,399,500)	(54,796,000)	(56,218,467)	(1,422,467)
<b>Total other financing sources (uses)</b>	<b>(27,252,400)</b>	<b>(39,648,900)</b>	<b>(40,368,074)</b>	<b>(719,174)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(2,508,862)</b>	<b>13,651,916</b>	<b>16,160,778</b>
<b>FUND BALANCES, beginning of year</b>	<b>46,934,078</b>	<b>46,934,078</b>	<b>46,934,078</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 46,934,078</b>	<b>\$ 44,425,216</b>	<b>\$ 60,585,994</b>	<b>\$ 16,160,778</b>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 213,279,600	\$ 213,279,600	\$ 216,478,294	\$ 3,198,694
Local option sales tax	167,786,400	167,786,400	171,377,172	3,590,772
Other taxes, licenses and permits	2,847,300	2,847,300	4,626,584	1,779,284
Fines, forfeits and penalties	5,300	5,300	6,295	995
Revenues from the use of money or property	213,700	213,700	900,134	686,434
Revenues from other governmental agencies	175,535,600	177,236,800	179,194,857	1,958,057
Charges for current services	1,183,500	1,183,500	846,094	(337,406)
Compensation for loss, sale or damage to property	409,500	409,500	428,954	19,454
Contributions and gifts	665,000	665,000	487,852	(177,148)
Miscellaneous	5,200	5,200	96,419	91,219
Total revenues	561,931,100	563,632,300	574,442,655	10,810,355
EXPENDITURES:				
Education	557,963,500	559,125,700	542,115,723	17,009,977
Total expenditures	557,963,500	559,125,700	542,115,723	17,009,977
Excess (deficiency) of revenues over expenditures	3,967,600	4,506,600	32,326,932	27,820,332
OTHER FINANCING SOURCES (USES):				
Transfers in	1,299,000	1,299,000	4,327,188	3,028,188
Transfers out	(5,266,600)	(5,805,600)	(6,723,739)	(918,139)
Total other financing sources (uses)	(3,967,600)	(4,506,600)	(2,396,551)	2,110,049
Net change in fund balances	-	-	29,930,381	29,930,381
FUND BALANCES, beginning of year	38,431,783	38,431,783	38,431,783	-
FUND BALANCES, end of year	\$ 38,431,783	\$ 38,431,783	\$ 68,362,164	\$ 29,930,381

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, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 21,082,164	\$ 5,767,890	\$ 7,996,640	\$ 34,846,694	\$ 83,658,982
Investments	-	454	-	454	-
Accounts receivable	21,765,116	2,514,377	959,253	25,238,746	139,524
Allowance for doubtful accounts	(2,044,327)	-	(75,559)	(2,119,886)	-
Accrued interest receivable	346,628	28,384	30,502	405,514	323,984
Due from other funds of the primary government	302,926	-	44,028	346,954	8,039,670
Due from component units	-	-	-	-	11,117
Inventories of supplies	1,776,646	-	-	1,776,646	1,801,931
Other current assets	1,137	182,419	4,229	187,785	1,457,003
Restricted assets:					
Debt service and reserve funds:					
Investments	33,905,351	4,311,280	-	38,216,631	-
Accrued interest receivable	-	22,698	-	22,698	-
Other current assets	4,362,581	-	-	4,362,581	-
Construction funds:					
Cash and cash equivalents	4,982,246	988,996	-	5,971,242	-
Investments	-	128,107	-	128,107	-
Accounts receivable	93,953	-	-	93,953	-
Due from other governmental agencies	11,607,517	-	-	11,607,517	-
<b>Total current assets</b>	<b>98,181,938</b>	<b>13,944,605</b>	<b>8,959,093</b>	<b>121,085,636</b>	<b>95,432,211</b>
<b>CAPITAL AND OTHER NONCURRENT ASSETS:</b>					
Capital assets:					
Utility plant in service	1,845,137,618	46,794,922	-	1,891,932,540	-
Land	8,283,972	1,311,213	6,819,222	16,414,407	-
Buildings and improvements	30,098,983	22,249,491	67,387,876	119,736,350	377,536
Improvements other than buildings	37,828,864	273,754	3,663,757	41,766,375	-
Furniture, machinery and equipment	36,503,818	886,904	4,654,587	42,045,309	126,616,597
Property under capital lease	-	-	3,645,000	3,645,000	-
Construction work in progress	177,898,990	5,563,421	2,170,998	185,633,409	953,026
Less accumulated depreciation	(657,801,094)	(6,149,646)	(41,673,755)	(705,624,495)	(91,116,412)
Capital assets - net	1,477,951,151	70,930,059	46,667,685	1,595,548,895	36,830,747
Restricted assets:					
Debt service and reserve funds:					
Investments	40,560,483	-	-	40,560,483	-
Construction funds:					
Cash and cash equivalents	65,016,227	-	-	65,016,227	-
Other noncurrent assets	4,926,838	1,426,467	-	6,353,305	-
<b>Total capital and other noncurrent assets</b>	<b>1,588,454,699</b>	<b>72,356,526</b>	<b>46,667,685</b>	<b>1,707,478,910</b>	<b>36,830,747</b>
<b>Total assets</b>	<b>1,686,636,637</b>	<b>86,301,131</b>	<b>55,626,778</b>	<b>1,828,564,546</b>	<b>132,262,958</b>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS (CONTINUED)

June 30, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable	\$ 4,061,005	\$ 1,745,113	\$ 1,263,745	\$ 7,069,863	\$ 11,994,467
Accrued payroll	1,731,224	-	1,106,166	2,837,390	5,025,178
Claims payable	-	-	-	-	20,507,558
Due to other funds of the primary government	211,210	14,780	2,864,288	3,090,278	4,016,542
Due to component units	-	-	633	633	-
Customer deposits	3,088,008	-	179,545	3,267,553	-
Unearned revenue	-	-	907,353	907,353	-
Current portion of capital lease	-	-	165,000	165,000	-
Commercial paper payable	-	2,049,025	-	2,049,025	-
Other current liabilities	3,198,522	3,490	20,274	3,222,286	-
Liabilities payable from restricted assets:					
Debt service and reserve funds:					
Accrued interest payable	11,790,486	959,705	-	12,750,191	-
Current portion of long term debt	28,770,000	1,520,000	-	30,290,000	-
Construction funds:					
Accounts payable	13,264,935	-	-	13,264,935	-
Current portion of state construction loans	2,722,176	-	-	2,722,176	-
Other restricted liabilities	13,550	-	-	13,550	-
Due to other funds of the primary government	683,056	-	-	683,056	-
Total current liabilities	<u>69,534,172</u>	<u>6,292,113</u>	<u>6,507,004</u>	<u>82,333,289</u>	<u>41,543,745</u>
<b>NONCURRENT LIABILITIES:</b>					
Revenue bonds payable	375,164,549	65,071,037	-	440,235,586	-
General obligation bonds payable	-	7,651,397	-	7,651,397	-
State construction loans	124,113,894	-	-	124,113,894	-
Capitalized lease obligations	-	-	1,455,000	1,455,000	-
Total noncurrent liabilities	<u>499,278,443</u>	<u>72,722,434</u>	<u>1,455,000</u>	<u>573,455,877</u>	<u>-</u>
Total liabilities	<u>568,812,615</u>	<u>79,014,547</u>	<u>7,962,004</u>	<u>655,789,166</u>	<u>41,543,745</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	1,017,123,596	(731,756)	45,047,685	1,061,439,525	36,830,747
Restricted for debt retirement	67,037,929	3,374,633	-	70,412,562	-
Restricted for construction	2,722,176	-	-	2,722,176	-
Unrestricted	30,940,321	4,643,707	2,617,089	38,201,117	53,888,466
Total net assets	<u>\$ 1,117,824,022</u>	<u>\$ 7,286,584</u>	<u>\$ 47,664,774</u>	<u>1,172,775,380</u>	<u>\$ 90,719,213</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(12,760,520)	
Net assets of business-type activities				<u>\$ 1,160,014,860</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, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 164,356,620	\$ 18,795,046	\$ 16,846,849	\$ 199,998,515	\$ 213,098,698
Other	542,991	-	594	543,585	766,870
Total operating revenues	<u>164,899,611</u>	<u>18,795,046</u>	<u>16,847,443</u>	<u>200,542,100</u>	<u>213,865,568</u>
<b>OPERATING EXPENSES:</b>					
Personal services	37,612,493	61,626	8,684,431	46,358,550	36,459,719
Contractual services	32,430,891	15,322,136	7,791,763	55,544,790	37,642,730
Supplies and materials	7,594,595	148,138	529,814	8,272,547	15,889,888
Depreciation	49,687,077	1,960,885	1,949,482	53,597,444	12,885,828
Amortization	425,889	55,003	-	480,892	-
Compensation for damages to property	-	-	-	-	3,766,706
Medical and insurance benefits	-	-	-	-	115,645,813
Other	5,179,222	46,311	605,516	5,831,049	5,307,901
Total operating expenses	<u>132,930,167</u>	<u>17,594,099</u>	<u>19,561,006</u>	<u>170,085,272</u>	<u>227,598,585</u>
OPERATING INCOME (LOSS)	<u>31,969,444</u>	<u>1,200,947</u>	<u>(2,713,563)</u>	<u>30,456,828</u>	<u>(13,733,017)</u>
<b>NONOPERATING REVENUE (EXPENSE):</b>					
Investment income	8,319,893	516,329	376,516	9,212,738	3,987,955
Interest expense	(23,024,476)	(3,489,593)	(222,534)	(26,736,603)	(160,179)
Gain (loss) on sale of property	108,357	18,313	-	126,670	217,391
Other	-	5,861	-	5,861	330,718
Total nonoperating revenue (expense)	<u>(14,596,226)</u>	<u>(2,949,090)</u>	<u>153,982</u>	<u>(17,391,334)</u>	<u>4,375,885</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	<u>17,373,218</u>	<u>(1,748,143)</u>	<u>(2,559,581)</u>	<u>13,065,494</u>	<u>(9,357,132)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	53,317,542	-	-	53,317,542	129,762
TRANSFERS IN	-	2,291,300	3,478,318	5,769,618	34,447,092
TRANSFERS OUT	<u>(14,252,800)</u>	<u>(454)</u>	<u>(1,159,167)</u>	<u>(15,412,421)</u>	<u>(21,580,928)</u>
CHANGE IN NET ASSETS	56,437,960	542,703	(240,430)	<u>56,740,233</u>	3,638,794
NET ASSETS, beginning of year	<u>1,061,386,062</u>	<u>6,743,881</u>	<u>47,905,204</u>		<u>87,080,419</u>
NET ASSETS, end of year	<u>\$ 1,117,824,022</u>	<u>\$ 7,286,584</u>	<u>\$ 47,664,774</u>		<u>\$ 90,719,213</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(1,943,620)</u>	
Change in net assets of business-type activities				<u>\$ 54,796,613</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, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 159,856,658	\$ 18,654,357	\$ 17,213,878	\$ 195,724,893	\$ 217,569,356
Payments to suppliers	(43,149,816)	(13,370,553)	(8,644,053)	(65,164,422)	(176,125,869)
Payments to employees	(37,504,621)	(61,626)	(8,650,075)	(46,216,322)	(35,249,474)
Other receipts (payments)	(16,219,784)	-	-	(16,219,784)	-
Net cash provided by (used in) operating activities	<u>62,982,437</u>	<u>5,222,178</u>	<u>(80,250)</u>	<u>68,124,365</u>	<u>6,194,013</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers in	-	2,291,300	3,478,318	5,769,618	34,447,092
Transfers out	(14,252,800)	(454)	(1,141,669)	(15,394,923)	(21,580,928)
Advances from other funds of the primary government	-	-	2,173,716	2,173,716	672,348
Payments to other funds of the primary government	-	-	(2,790,069)	(2,790,069)	(2,887,450)
Interest paid	-	-	(122,201)	(122,201)	(160,179)
Other receipts (payments)	-	5,861	-	5,861	330,718
Net cash provided by (used in) non-capital financing activities	<u>(14,252,800)</u>	<u>2,296,707</u>	<u>1,598,095</u>	<u>(10,357,998)</u>	<u>10,821,601</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	(133,851,232)	(2,643,190)	(1,895,225)	(138,389,647)	(16,620,996)
Proceeds from the sale of capital assets	108,357	18,313	-	126,670	303,209
Proceeds from borrowings	66,800,522	-	-	66,800,522	-
Payments on borrowings	(29,882,116)	(1,475,000)	(160,000)	(31,517,116)	-
Interest paid	(28,257,753)	(3,505,205)	(99,665)	(31,862,623)	-
Capital contributions received	46,415,358	-	-	46,415,358	-
Net cash provided by (used in) capital and related financing activities	<u>(78,666,864)</u>	<u>(7,605,082)</u>	<u>(2,154,890)</u>	<u>(88,426,836)</u>	<u>(16,317,787)</u>
<b>Cash flows from investing activities:</b>					
Decrease (increase) in pooled investments	43,479,239	781,645	3,200,976	47,461,860	30,823,909
Interest on investments	8,419,196	525,993	367,782	9,312,971	3,895,724
Net cash provided by (used in) investing activities	<u>51,898,435</u>	<u>1,307,638</u>	<u>3,568,758</u>	<u>56,774,831</u>	<u>34,719,633</u>
Net changes in cash and cash equivalents	21,961,208	1,221,441	2,931,713	26,114,362	35,417,460
Cash and cash equivalents at beginning of year	<u>69,119,429</u>	<u>5,535,445</u>	<u>5,064,927</u>	<u>79,719,801</u>	<u>48,241,522</u>
Cash and cash equivalents at end of year	<u>\$ 91,080,637</u>	<u>\$ 6,756,886</u>	<u>\$ 7,996,640</u>	<u>\$ 105,834,163</u>	<u>\$ 83,658,982</u>
<b>Cash and cash equivalents are classified as:</b>					
Current assets	\$ 21,082,164	\$ 5,767,890	\$ 7,996,640	\$ 34,846,694	\$ 83,658,982
Current restricted assets construction funds	4,982,246	988,996	-	5,971,242	-
Noncurrent restricted assets construction funds	65,016,227	-	-	65,016,227	-
Cash and cash equivalents at end of year	<u>\$ 91,080,637</u>	<u>\$ 6,756,886</u>	<u>\$ 7,996,640</u>	<u>\$ 105,834,163</u>	<u>\$ 83,658,982</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, 2007

	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)	\$ 31,969,444	\$ 1,200,947	\$ (2,713,563)	\$ 30,456,828	\$ (13,733,017)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	50,112,966	1,911,388	1,949,482	53,973,836	12,885,828
Provision for doubtful accounts	1,724,590	-	(14,066)	1,710,524	-
Changes in assets and liabilities:					
Accounts receivable	(5,999,047)	(36,189)	(160,638)	(6,195,874)	(84,316)
Due from funds of the primary government	108,380	-	181,968	290,348	1,107,098
Due from component units	-	-	(43,920)	(43,920)	(4,086)
Inventories of supplies	55,481	-	-	55,481	90,564
Other current assets	(4,362,582)	(182,419)	6,156	(4,538,845)	185,769
Due from other governmental agencies	(7,406,358)	-	-	(7,406,358)	-
Accounts payable	(3,179,810)	348,040	(145,930)	(2,977,700)	3,075,603
Accrued payroll	107,872	-	34,356	142,228	342,067
Claims payable	-	-	-	-	1,249,613
Due to other funds of the primary government	39,335	(72,104)	416,744	383,975	1,078,890
Due to component units	-	-	400	400	-
Customer deposits	(225,506)	-	104,546	(120,960)	-
Unearned revenue	-	-	298,145	298,145	-
Commercial paper payable	-	2,049,025	-	2,049,025	-
Other current liabilities	37,672	3,490	6,070	47,232	-
Total adjustments	31,012,993	4,021,231	2,633,313	37,667,537	19,927,030
Net cash provided by (used in) operating activities	\$ 62,982,437	\$ 5,222,178	\$ (80,250)	\$ 68,124,365	\$ 6,194,013
<u>Non-Cash Capital, Financing and Investing Activities:</u>					
Contributions of capital assets	\$ 6,731,690	\$ -	\$ -	\$ 6,731,690	\$ -
Transfer of capital assets from (to) other funds	-	-	(17,497)	(17,497)	129,762
Increase (decrease) in fair value of investments	170,494	6,786	13,377	190,657	128,064

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2007

	Pension (and Other Employee Benefit) Trust Funds	Agency Funds
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 81,507,314	\$ 46,973,607
Investments, at fair value:		
Commercial mortgage backed securities	42,599,240	-
Government mortgage backed securities	119,722,129	-
Government bonds	61,589,940	-
Government agencies	72,447,284	-
Corporate bonds and notes	204,987,454	10,000
Warrants and options	2,156,371	-
Common stock	1,442,075,187	-
Preferred stock	6,016,337	-
Mortgages and real estate	135,919,883	665,618
Collateralized mortgage obligations	42,669,478	-
Venture capital and partnerships	42,075,332	-
Asset backed securities	32,252,510	-
Convertible equity	905,346	-
Mutual funds	-	13,527
Cash collateral received - securities lending program	302,176,086	-
Annuities	328,088	-
Accounts receivable	26,966,673	71,144
Accrued interest receivable	3,474,628	-
Due from other funds of the primary government	4,495,864	-
Other assets	-	158,918
Total assets	2,624,365,144	\$ 47,892,814
<b>LIABILITIES:</b>		
Accounts payable	1,901,465	\$ -
Due to brokers	74,863,597	-
Payable for collateral received - securities lending program	302,176,086	-
Due to other funds of the primary government	1,913,296	-
Due to component units	115	6,508
Funds held in trust	-	35,106,986
Other liabilities	2,474	12,779,320
Total liabilities	380,857,033	\$ 47,892,814
<b>NET ASSETS:</b>		
Held in trust for pension and other employee benefits	\$ 2,243,508,111	

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, 2007

	Pension (and other Employee Benefit) Trust Funds
ADDITIONS:	
Investment income:	
Interest and dividend income	\$ 52,395,331
Net appreciation (depreciation) of investments	300,048,870
Miscellaneous	147,482
	<u>352,591,683</u>
Net increase (decrease) in fair value of investments	<u>352,591,683</u>
Net income earned on securities lending transactions:	
Securities lending income	14,946,518
Securities lending expense	(13,620,889)
	<u>1,325,629</u>
Net income earned on securities lending transactions	<u>1,325,629</u>
Less investment expenses	<u>(7,420,326)</u>
Net investment income	<u>346,496,986</u>
Contributions:	
Employee contributions	2,170,805
Employer contributions	118,914,182
Transfers in	73,751
Contributions from the State of Tennessee	21,017,217
Miscellaneous	1,912,474
	<u>144,088,429</u>
Total contributions	<u>144,088,429</u>
Total additions	<u>490,585,415</u>
DEDUCTIONS:	
Pension and other employee benefits	149,551,053
Refunds of contributions	51,692
Administrative expenses	3,842,317
Transfers out	1,515,494
	<u>154,960,556</u>
Total deductions	<u>154,960,556</u>
Change in net assets	335,624,859
NET ASSETS, beginning of year	<u>1,907,883,252</u>
NET ASSETS, end of year	<u><u>\$ 2,243,508,111</u></u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS

June 30, 2007

	Nashville District Management Corporation	Sports Authority	Total Governmental Types
<b>ASSETS</b>			
Cash and cash equivalents	\$ 59,401	\$ 9,963,539	\$ 10,022,940
Investments	-	-	-
Accounts receivable	69,258	258,528	327,786
Allowance for doubtful accounts	-	-	-
Accrued interest receivable	-	14,588	14,588
Due from the primary government	-	635	635
Inventories of supplies	-	-	-
Other current assets	-	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Accrued interest receivable	-	-	-
Due from other governmental agencies	-	-	-
Other restricted assets	-	-	-
Notes receivable	-	-	-
Capital assets:			
Utility plant in service	-	-	-
Land	-	61,892,387	61,892,387
Buildings and improvements	-	358,201,511	358,201,511
Improvements other than buildings	100,350	1,452,071	1,552,421
Furniture, machinery and equipment	64,690	2,994,285	3,058,975
Infrastructure	-	-	-
Construction work in progress	-	2,755,382	2,755,382
Less accumulated depreciation	(141,865)	(76,589,894)	(76,731,759)
Other noncurrent assets	-	641,722	641,722
	<u>151,834</u>	<u>361,584,754</u>	<u>361,736,588</u>
<b>Total assets</b>			

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, 2007

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
General Hospital	Bordeaux Long Term Care	Total		
\$ 1,445,360	\$ 2,620,844	\$ 4,066,204	\$ 9,307,966	\$ 93,157,000
-	-	-	36,644,843	-
44,830,958	4,592,960	49,423,918	4,973,790	100,671,000
(32,103,421)	(705,000)	(32,808,421)	-	(607,000)
-	-	-	1,853,563	859,000
-	5,843	5,843	-	-
1,884,883	320,585	2,205,468	4,763,332	18,067,000
328,644	87,381	416,025	559,035	1,465,000
-	194,804	194,804	-	43,000
-	-	-	1,222,737	47,849,000
-	-	-	-	-
-	-	-	-	-
-	-	-	36,949,882	789,000
-	-	-	-	975,909,000
-	-	-	40,353,714	1,139,000
49,835,353	19,886,019	69,721,372	183,337,956	41,992,000
-	523,885	523,885	-	-
27,428,534	4,044,097	31,472,631	5,932,445	75,317,000
-	-	-	11,238,363	-
1,610,240	48,895	1,659,135	52,652,906	58,709,000
(32,711,994)	(12,877,191)	(45,589,185)	(110,052,853)	(410,733,000)
-	-	-	266,688	2,703,000
<u>62,548,557</u>	<u>18,743,122</u>	<u>81,291,679</u>	<u>280,004,367</u>	<u>1,007,329,000</u>

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

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS (CONTINUED)

June 30, 2007

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,416,589	\$ 21,450,189	\$ 2,587,916
Investments	-	10,635,928	1,119,352
Accounts receivable	513,331	2,543,482	641,882
Allowance for doubtful accounts	(87,799)	(172,253)	-
Accrued interest receivable	-	100,439	-
Due from the primary government	-	-	-
Inventories of supplies	1,472,365	482,644	-
Other current assets	255,967	1,001,382	-
Restricted assets:			
Cash and cash equivalents	-	42,071,150	-
Investments	-	41,258,793	-
Accrued interest receivable	-	340,288	-
Due from other governmental agencies	3,533,031	952,727	-
Other restricted assets	-	1,873,399	-
Notes receivable	-	-	-
Capital assets:			
Utility plant in service	-	-	-
Land	14,621,239	99,360,965	-
Buildings and improvements	16,102,507	127,250,001	-
Improvements other than buildings	-	387,482,242	-
Furniture, machinery and equipment	52,055,063	31,813,649	4,753,880
Infrastructure	-	-	-
Construction work in progress	3,843,433	46,276,385	-
Less accumulated depreciation	(28,353,608)	(314,025,691)	(2,184,630)
Other noncurrent assets	1,820,496	18,494,356	-
	<u>67,192,614</u>	<u>519,190,075</u>	<u>6,918,400</u>
Total assets			

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS (CONTINUED)

June 30, 2007

Industrial Development Board	Total Proprietary Types	Total Component Units
\$ 499,753	\$ 132,485,617	\$ 142,508,557
-	48,400,123	48,400,123
1,050	158,768,453	159,096,239
-	(33,675,473)	(33,675,473)
-	2,813,002	2,827,590
-	5,843	6,478
-	26,990,809	26,990,809
-	3,697,409	3,697,409
63	42,309,017	42,309,017
-	90,330,530	90,330,530
-	340,288	340,288
-	4,485,758	4,485,758
-	1,873,399	1,873,399
-	37,738,882	37,738,882
-	975,909,000	975,909,000
-	155,474,918	217,367,305
3,000	438,406,836	796,608,347
-	388,006,127	389,558,548
1,125	201,345,793	204,404,768
-	11,238,363	11,238,363
-	163,140,859	165,896,241
(933)	(910,939,900)	(987,671,659)
-	23,284,540	23,926,262
<u>504,058</u>	<u>1,962,430,193</u>	<u>2,324,166,781</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, 2007

	Nashville District Management Corporation	Sports Authority	Total Governmental Types
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>LIABILITIES</u>			
Accounts payable	\$ 107,333	\$ 15,788	\$ 123,121
Accrued payroll	-	5,862	5,862
Due to the primary government	-	1,559,328	1,559,328
Customer deposits	-	-	-
Current portion of long-term liabilities	-	3,130,000	3,130,000
Current portion of capital lease	-	-	-
Accrued interest	-	1,809,604	1,809,604
Other current liabilities	-	-	-
Liabilities payable from restricted assets:			
Accounts payable	-	-	-
Accrued interest	-	-	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	-	-	-
Revenue bonds payable	-	72,414,712	72,414,712
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	-	-	-
	<u>107,333</u>	<u>78,935,294</u>	<u>79,042,627</u>
<b>Total liabilities</b>	<u>107,333</u>	<u>78,935,294</u>	<u>79,042,627</u>
<u>NET ASSETS (DEFICIT)</u>			
Invested in capital assets, net of related debt	23,175	275,802,752	275,825,927
Restricted for debt retirement	-	-	-
Restricted for other purposes	-	-	-
Unrestricted	21,326	6,846,708	6,868,034
	<u>21,326</u>	<u>6,846,708</u>	<u>6,868,034</u>
<b>Total net assets (deficit)</b>	<u>\$ 44,501</u>	<u>\$ 282,649,460</u>	<u>\$ 282,693,961</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, 2007

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
General Hospital	Bordeaux Long Term Care	Total		
\$ 6,788,827	\$ 1,218,945	\$ 8,007,772	\$ 9,270,605	\$ 108,980,000
3,596,729	2,268,255	5,864,984	607,182	-
19,825,221	82,045	19,907,266	7,002,248	-
-	46,311	46,311	214,062	11,346,000
-	-	-	2,816,579	-
1,127,131	-	1,127,131	-	-
-	-	-	-	2,359,000
1,120,300	-	1,120,300	4,552,788	1,675,000
-	-	-	-	-
-	-	-	-	-
-	194,804	194,804	-	-
-	-	-	-	12,491,000
-	-	-	3,937,026	428,091,000
37,719,785	-	37,719,785	-	-
-	-	-	-	789,000
9,396,159	-	9,396,159	2,546,947	2,978,000
<u>79,574,152</u>	<u>3,810,360</u>	<u>83,384,512</u>	<u>30,947,437</u>	<u>568,709,000</u>
(2,080,942)	11,625,705	9,544,763	168,767,750	302,464,000
-	-	-	-	45,532,000
-	-	-	1,114,843	-
<u>(14,944,653)</u>	<u>3,307,057</u>	<u>(11,637,596)</u>	<u>79,174,337</u>	<u>90,624,000</u>
<u>\$ (17,025,595)</u>	<u>\$ 14,932,762</u>	<u>\$ (2,092,833)</u>	<u>\$ 249,056,930</u>	<u>\$ 438,620,000</u>

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

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS  
COMPONENT UNITS (CONTINUED)

June 30, 2007

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>LIABILITIES</u>			
Accounts payable	\$ 2,300,793	\$ 7,462,806	\$ 498,105
Accrued payroll	1,106,570	2,582,218	-
Due to the primary government	1,514,794	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	-	198,543	-
Current portion of capital lease	149,425	-	-
Accrued interest	-	13,232	-
Other current liabilities	3,064,572	-	-
Liabilities payable from restricted assets:			
Accounts payable	-	3,254,959	-
Accrued interest	-	4,945,915	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	-	22,395,000	-
Revenue bonds payable	-	218,191,012	-
Capitalized lease obligations	220,810	-	-
TVA advances	-	-	-
Other long-term liabilities	-	10,768,049	-
	<u>8,356,964</u>	<u>269,811,734</u>	<u>498,105</u>
Total liabilities			
<u>NET ASSETS (DEFICIT)</u>			
Invested in capital assets, net of related debt	57,898,399	150,410,375	2,569,250
Restricted for debt retirement	-	45,116,496	-
Restricted for other purposes	-	29,759,895	-
Unrestricted	937,251	24,091,575	3,851,045
	<u>58,835,650</u>	<u>249,378,341</u>	<u>6,420,295</u>
Total net assets (deficit)			

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, 2007

Industrial Development Board	Total Proprietary Types	Total Component Units
\$ 249,866	\$ 136,769,947	\$ 136,893,068
-	10,160,954	10,166,816
-	28,424,308	29,983,636
-	11,606,373	11,606,373
-	3,015,122	6,145,122
-	1,276,556	1,276,556
-	2,372,232	4,181,836
-	10,412,660	10,412,660
1,000	3,255,959	3,255,959
-	4,945,915	4,945,915
-	194,804	194,804
-	34,886,000	34,886,000
-	650,219,038	722,633,750
-	37,940,595	37,940,595
-	789,000	789,000
-	25,689,155	25,689,155
<u>250,866</u>	<u>961,958,618</u>	<u>1,041,001,245</u>
3,192	691,657,729	967,483,656
-	90,648,496	90,648,496
250,000	31,124,738	31,124,738
-	187,040,612	193,908,646
<u>\$ 253,192</u>	<u>\$ 1,000,471,575</u>	<u>\$ 1,283,165,536</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, 2007

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 761,920	\$ 674,992	\$ -	\$ 45,109
Sports Authority	25,113,457	3,225,057	9,343,595	10,719,815
General Hospital	93,738,340	50,132,681	36,523,278	61,440
Bordeaux Long Term Care	41,334,135	27,014,148	13,277,320	18,951
Metropolitan Development and Housing Agency	91,989,306	20,924,682	70,295,981	17,389,854
Electric Power Board	927,615,000	962,828,000	-	-
Metropolitan Transit Authority	43,066,007	9,161,764	21,968,986	22,247,853
Metropolitan Nashville Airport Authority	78,146,808	88,137,402	13,168,339	-
Emergency Communications District	4,514,241	6,462,358	10,000	-
Industrial Development Board	98,608	100,382	-	-
<b>Total component units</b>	<b>\$ 1,306,377,822</b>	<b>\$ 1,168,661,466</b>	<b>\$ 164,587,499</b>	<b>\$ 50,483,022</b>

General revenues:

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

Total general revenues

Changes in net assets

Net assets - beginning

Net assets - ending

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES  
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2007

Net (Expense) Revenue and Changes in Net Assets					
Nashville District Management Corporation	Sports Authority	Total Governmental Types	Hospital Authority		Total
			General Hospital	Bordeaux Long Term Care	
\$ (41,819)	\$ -	\$ (41,819)	\$ -	\$ -	\$ -
-	(1,824,990)	(1,824,990)	-	-	-
-	-	-	(7,020,941)	-	(7,020,941)
-	-	-	-	(1,023,716)	(1,023,716)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(41,819)</u>	<u>(1,824,990)</u>	<u>(1,866,809)</u>	<u>(7,020,941)</u>	<u>(1,023,716)</u>	<u>(8,044,657)</u>
5,015	371,421	376,436	-	259,929	259,929
-	655,892	655,892	-	-	-
<u>5,015</u>	<u>1,027,313</u>	<u>1,032,328</u>	<u>-</u>	<u>259,929</u>	<u>259,929</u>
(36,804)	(797,677)	(834,481)	(7,020,941)	(763,787)	(7,784,728)
81,305	283,447,137	283,528,442	(10,004,654)	15,696,549	5,691,895
<u>\$ 44,501</u>	<u>\$ 282,649,460</u>	<u>\$ 282,693,961</u>	<u>\$ (17,025,595)</u>	<u>\$ 14,932,762</u>	<u>\$ (2,092,833)</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, 2007

	Net (Expense) Revenue and Changes in Net Assets			
	Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority
Nashville District Management Corporation	\$ -	\$ -	\$ -	\$ -
Sports Authority	-	-	-	-
General Hospital	-	-	-	-
Bordeaux Long Term Care	-	-	-	-
Metropolitan Development and Housing Agency	16,621,211	-	-	-
Electric Power Board	-	35,213,000	-	-
Metropolitan Transit Authority	-	-	10,312,596	-
Metropolitan Nashville Airport Authority	-	-	-	23,158,933
Emergency Communications District	-	-	-	-
Industrial Development Board	-	-	-	-
<b>Total component units</b>	<b>16,621,211</b>	<b>35,213,000</b>	<b>10,312,596</b>	<b>23,158,933</b>
General revenues:				
Revenues from the use of money or property	2,027,647	8,788,000	208,987	4,931,594
Compensation for loss, sale or damage to property	-	-	36,981	25,393
<b>Total general revenues</b>	<b>2,027,647</b>	<b>8,788,000</b>	<b>245,968</b>	<b>4,956,987</b>
Changes in net assets	18,648,858	44,001,000	10,558,564	28,115,920
Net assets - beginning	230,408,072	394,619,000	48,277,086	221,262,421
Net assets - ending	<u>\$ 249,056,930</u>	<u>\$ 438,620,000</u>	<u>\$ 58,835,650</u>	<u>\$ 249,378,341</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, 2007

Net (Expense) Revenue and Changes in Net Assets			
Emergency Communications District	Industrial Development Board	Total Proprietary Types	Total Component Units
\$ -	\$ -	\$ -	\$ (41,819)
-	-	-	(1,824,990)
-	-	(7,020,941)	(7,020,941)
-	-	(1,023,716)	(1,023,716)
-	-	16,621,211	16,621,211
-	-	35,213,000	35,213,000
-	-	10,312,596	10,312,596
-	-	23,158,933	23,158,933
1,958,117	-	1,958,117	1,958,117
-	1,774	1,774	1,774
<u>1,958,117</u>	<u>1,774</u>	<u>79,220,974</u>	<u>77,354,165</u>
67,967	818	16,284,942	16,661,378
-	-	62,374	718,266
<u>67,967</u>	<u>818</u>	<u>16,347,316</u>	<u>17,379,644</u>
2,026,084	2,592	95,568,290	94,733,809
<u>4,394,211</u>	<u>250,600</u>	<u>904,903,285</u>	<u>1,188,431,727</u>
<u>\$ 6,420,295</u>	<u>\$ 253,192</u>	<u>\$ 1,000,471,575</u>	<u>\$ 1,283,165,536</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. The economic resources received and held by the Corporation are entirely for the direct benefit of the primary government, the primary government has the ability to access a majority of the economic resources, and the economic resources are considered significant to the primary government. 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, and the Government is required to approve debt issuances of the Sports Authority. 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 **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 primary government includes \$30,984,613 due from component units in the Statement of Net Assets. The component units include \$29,983,636 as due to the primary government. The difference of \$1,000,977 is due to advances to the Metropolitan Development and Housing Agency made subsequent to the Agency's year end.

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

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. Preliminary independent actuarial estimates for the unfunded accrued liability are \$1.5 billion for the general government and \$473 million for teachers. Estimated annual required contributions over a 30 year period are \$116 million and \$25 million for the general government and teachers, respectively. These estimates are based on a 4.5% discount rate assumption. Detailed actuarial studies of these liabilities and costs are currently underway.

The Government adopted GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, required for fiscal periods beginning after December 15, 2006, in fiscal 2007. This Statement establishes criteria that governments will use to ascertain whether certain transactions should be recorded as a sale or as a collateralized borrowing, and was adopted in conjunction with the Government's initial sale of property tax receivables. This Statement also includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components.

The Government plans to adopt GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remedial Obligations, required for fiscal periods beginning after December 15, 2007, in fiscal 2009. This Statement sets uniform standards requiring more timely and complete reporting of pollution remedial obligations.

The Government plans to adopt GASB Statement No. 50, Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27, required for fiscal periods beginning after June 15, 2007, in fiscal 2008. This Statement amends note disclosures and required supplementary information standards to conform with applicable changes adopted in GASB Statements No. 43 and No. 45.

The Government plans to adopt GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, required for fiscal periods beginning after June 15, 2009, in fiscal 2010. This Statement establishes accounting and financial reporting requirements for intangible assets.



## THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Unless otherwise noted, 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. Except for interfund services provided and used, all material interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and pension (and other employee benefit) trust 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.

Agency fund financial statements report only assets and liabilities and accordingly have no measurement focus. However, they do use the accrual basis of accounting to recognize receivables and payables.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 Metropolitan Nashville Airport Authority, a component unit, has 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 **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 fleet management,

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

information systems, radio maintenance, insurance, central storeroom, postal services, facilities planning and construction, treasury management, human resources, finance, general services and printing.

**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 as agents for individuals, governmental entities and others, funds collected by the Government due to the Metropolitan Transit Authority – a component unit, collections by the Government due to the purchaser of certain outstanding property tax receivables, and funds held by the Sheriff's Department for inmates.

**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, 2007. 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, 2007.

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.

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 \$5,175,890 for the year ended June 30, 2007.

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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2007. 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. Unused earned vacation pay that is due and payable, such as after employees' resignations or retirements, is reported in the governmental funds. 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 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. Accumulated unpaid vacation pay related to proprietary fund type operations is reported as a liability in the appropriate individual proprietary funds.

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 in the appropriate individual proprietary funds.

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 \$9,466,999.

Bordeaux Sanitary Landfill - This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$3,698,673 are included in the long-term liability.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$2,347,892 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 \$2,404,133 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 \$1,016,301 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.

Reserve for long-term receivables – The Government has reserved fund balance for an amount due from the Hospital Authority that does not have a fixed repayment date.

**F. Revenues, Expenditures and Expenses**

Grants - The Government receives grant revenues from various federal, state and non-profit agencies. The Government reports capital contributions, including capital grants, in the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds as a separate line item after non-operating revenues and expenses. In the Statement of Activities, capital grants and contributions are presented as program revenues.

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

Passenger facility charges – On January 1, 1993, the airlines began collecting a Passenger Facility Charge (PFC) on qualifying enplaning passengers at Nashville International Airport on behalf of the Airport Authority. PFC's are fees imposed on enplaning passengers by airports to finance eligible airport related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such a system, or furnish opportunities for enhanced competition between or among air carriers. Both the fee and intended projects must be reviewed and approved by the Federal Aviation Administration (FAA). Federal guidance on the PFC program has been updated from time to time since 1993, and the current maximum fee that can be authorized through federal regulation is \$4.50 per enplaning passenger. PFC's are recorded as program revenues in the Statement of Activities.

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

Airfield development	\$ 173,611,255
Terminal development	26,727,200
Land acquisition	<u>64,158,054</u>
	<u>\$ 264,496,509</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$4.04 per \$100 of assessed value for the entire metropolitan area (General Services District) with an additional tax of \$.65 per \$100 of assessed value levied upon properties within the Urban Services District.

Payments are due by February 28 of the following year and are delinquent on March 1. Property taxes receivable have been included in the Balance Sheet - Governmental Funds with offsetting deferred revenue to reflect amounts not available at June 30, 2007. Amounts available at June 30, 2007 have been recorded as revenue in the governmental fund statements. Current tax collections of \$705,244,782 for the fiscal year ended June 30, 2007 were approximately 99% of the tax levy.

Of the \$747,219,648 property tax receivable, \$726,037,115 represents the 2007 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 and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**H. Electric Power Board Presentation**

During the year ended June 30, 2007, the Electric Power Board, a component unit, changed its financial statements from whole dollars and began presenting amounts rounded to the nearest thousand dollars. Accordingly, beginning net assets for the component units has been changed from \$1,188,431,338 to \$1,188,431,727 to reflect the change in presentation.

**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, 2007.

**B. Budgets and Budgetary Accounting**

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 March 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.

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 2007-2008 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number O07-1398. Additionally, Resolution Number RS2007-2082 was submitted to the Metropolitan Council and subsequently approved on July 23, 2007 appropriating additional fund balance for the General Purpose School Fund. Unreserved and undesignated fund balance resources at June 30, 2007 have been appropriated to the 2007-2008 fiscal year operating budget as follows:

General Services District General Fund	\$ 5,395,200
General Purpose School Fund	6,054,600
General Services District General Purposes Debt Service Fund	372,800
General Services District School Purposes Debt Service Fund	8,566,400
Urban Services District General Fund	218,100
Urban Services District General Purposes Debt Service Fund	1,179,700

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 for the governmental funds at June 30, 2007 were as follows:

	Outstanding Encumbrances
General Fund	\$ 1,105,050
Special Revenue Funds:	
General Purpose School	100,021
Metropolitan Action Commission	157,167
General Government Services	937,243
Recreational and Cultural Services	46,454
General Fund 4% Reserve	1,018,323
Law Enforcement and Justice Services	527,926
Solid Waste Operations	435,798
Stormwater Operations	6,407,515
Library Services	6,424
Education Services	735,895
Infrastructure Services	641,365
Nashville Career Advancement Center	185,279
Capital Projects Funds:	
GSD Capital Projects	47,859,086
Education Capital Projects	3,078,112
USD Capital Projects	11,051,674



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, 2007:

	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
<b>Special Revenue Funds:</b>			
Nashville Career Advancement Center	\$ (157,163)	\$ 400	\$ (156,763)
Regulation and Inspection Services	(181,734)	-	(181,734)
<b>Capital Projects Funds:</b>			
GSD Capital Projects	(94,966,769)	-	(94,966,769)
Education Capital Projects	(31,236,867)	-	(31,236,867)
USD Capital Projects	(13,470,231)	-	(13,470,231)
<b>Enterprise Funds:</b>			
Surplus Property Auction	(308,976)	-	(308,976)
Police Impound	(2,243,813)	-	(2,243,813)
<b>Internal Service Funds:</b>			
Injured on Duty	(358,298)	-	(358,298)
Treasury Management	(6,793)	-	(6,793)
General Services	(2,493,724)	69,927	(2,423,797)

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2007, 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	\$ 2,591,500	\$ 2,863,951	\$ (272,451)
Administration of Justice:			
District Attorney	4,833,600	4,895,835	(62,235)
Circuit Court Clerk	9,567,800	10,452,918	(885,118)
General Sessions Court	11,445,700	11,462,061	(16,361)
State Trial Courts	8,269,000	8,407,340	(138,340)
Miscellaneous:			
Administration and Internal Support	15,405,382	26,034,696	(10,629,314)
Transfers Out:			
GSD General Purpose Debt Service	3,319,700	3,332,400	(12,700)
Nonmajor Governmental Funds	38,066,600	38,474,354	(407,754)
Internal Service Funds	773,400	1,902,800	(1,129,400)
Fiduciary Funds	-	32,831	(32,831)
Urban Services District:			
Miscellaneous:			
Administration and Internal Support	(287,500)	795,704	(1,083,204)
General Purpose School Fund:			
Transfers Out	5,805,600	6,723,739	(918,139)
GSD General Purposes Debt Service Fund:			
Principal Retirement	49,865,700	49,893,327	(27,627)
Fiscal Charges	1,666,400	2,237,964	(571,564)
Bond Issue Costs	-	498,256	(498,256)
Payments to Refunded Bond Escrow Agent	-	133,920,099	(133,920,099)
Transfers Out	-	30	(30)
GSD School Purposes Debt Service Fund:			
Principal Retirement	31,393,900	31,828,536	(434,636)
Bond Issue Costs	-	85,880	(85,880)
Payments to Refunded Bond Escrow Agent	-	62,284,875	(62,284,875)
USD General Purposes Debt Service Fund:			
Interest	6,216,000	6,298,760	(82,760)
Bond Issue Costs	-	3,764	(3,764)
Payments to Refunded Bond Escrow Agent	-	2,729,695	(2,729,695)

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 District Attorney, General Sessions Court, and State Trial Courts experienced unanticipated operational needs late in the fiscal year that resulted in budget overages.

The budgets for the General Fund GSD and USD Administration and Internal Support line items included budget savings to be realized over various expenditures, including certain one time anticipated savings. Although these savings were not achieved, the General Fund's overall net change in fund balances resulted in a positive variance as compared to the budget.

Transfers Out to the GSD General Purposes Debt Service Fund included energy savings repayments for debt service that were budgeted under utility costs.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Transfers Out to Nonmajor Governmental Funds and Internal Service Funds included amounts that were budgeted under Administration and Internal Support. The line item budgets for those transfers exceeded the actual amounts transferred.

Transfers Out to Fiduciary Funds were related to pension fund reimbursements that were included in specific departmental salary budgets.

General Purpose School Fund Transfers Out include energy savings repayments for debt service that were budgeted under utility costs. The General Purpose School Fund total expenditures and transfers out are under budget in total.

Expenditures for the debt service funds are not controlled on a line item basis, and routine debt service expenditures and transfers for the GSD and USD General Purposes and GSD School Purposes Debt Service Funds as a whole were under budget. Refundings are not budgeted.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**Primary Government**

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

**A. Deposits**

**Custodial credit risk** is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. As of June 30, 2007, all deposits were insured or collateralized, as required by Government policy.

**B. Investments**

The majority of the Government's investments are managed as a part of the Metro Investment Pool. However, certain business-type activities and elected officials have limited investments that are managed under Separate Portfolios. Both the Metro Investment Pool and Separate Portfolio investments are administered according to the Investment Policy of the Government. Investments related to the Metropolitan Employees' Benefit Trust and the Teachers' Retirement Plan are administered under separate investment policies.

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

As of June 30, 2007, the Government had the following investments:

Investment Type	Fair Value	Average Weighted Maturity (in Years)
Metro Investment Pool:		
Tennessee Local Government Investment Pool	\$ 451,957,634	0.21
Total Metro Investment Pool	<u>\$ 451,957,634</u>	
Separate Portfolios:		
U.S. Treasuries	\$ 76,334,227	0.63
Federal Home Loan Bank Obligations	1,576,757	1.00
Federal National Mortgage Association Obligations	994,690	0.48
Tennessee Local Government Investment Pool	<u>6,853,737</u>	0.21
Total Separate Portfolios	<u>\$ 85,759,411</u>	
Metropolitan Employees' Benefit Trust:		
U.S. Government Bonds	\$ 61,589,940	6.74
U.S. Government Agencies	72,413,093	4.57
Government Mortgage Backed Securities	119,722,129	4.61
Corporate Bonds and Notes	183,375,928	6.26
Common Stock (b)	1,383,006,059	(a)
Preferred Stock	5,968,501	(a)
Commercial Mortgage Backed Securities	42,599,240	4.31
Collateralized Mortgage Obligations	42,669,478	1.62
Asset Backed Securities	32,252,510	2.77
Mortgages and Real Estate	135,919,883	(a)
Warrants and Options	2,156,371	(a)
Venture Capital and Partnerships	42,075,332	(a)
Cash Collateral Received - Securities Lending Program	<u>302,176,086</u>	(a)
Total Metropolitan Employees' Benefit Trust	<u>\$ 2,425,924,549</u>	
Teachers' Retirement Plan:		
Corporate Bonds and Notes	\$ 21,611,526	4.80
U.S. Government Agencies	34,191	8.49
Common Stock	59,069,128	(a)
Preferred Stock	47,836	(a)
Convertible Equity	<u>905,346</u>	(a)
Total Teachers' Retirement Plan	<u>\$ 81,668,027</u>	

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

(b) The Metropolitan Employees' Benefit Trust investment portfolio contains \$7,814,948 of common stock reported in the Government's closed pension plans funds.

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, 2007, the investments of the Government had average weighted maturities as noted on the preceding table.

**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 but allows the Core Plus manager to invest up to 20% in low grade securities. The Core Plus fixed income portfolio accounts for less than 7% of plan assets and less than 25% of the fixed income allocation. The investment policy for the Teachers' Retirement Plan only allows investment grade debt. As of June, 30, 2007, the investments of the Government had credit ratings as follows:

Investment Type	Fair Value	Credit Ratings						
		AAA	AA	A	BBB	BB	B	Not Rated
Metropolitan Employees' Benefit Trust:								
Corporate Bonds and Notes	\$ 183,375,928	\$ 1,703,612	\$ 12,940,941	\$ 19,504,310	\$ 19,286,831	\$ -	\$ -	\$ 129,940,234
Commercial Mortgage Backed Securities	42,599,240	34,245,643	167,349	-	-	-	-	8,186,248
Collateralized Mortgage Obligations	42,669,478	36,449,673	-	-	-	-	-	6,219,805
Asset Backed Securities	32,252,510	29,502,314	-	1,255,618	53,423	-	-	1,441,155
Total Metropolitan Employees' Benefit Trust	<u>\$ 300,897,156</u>	<u>\$ 101,901,242</u>	<u>\$ 13,108,290</u>	<u>\$ 20,759,928</u>	<u>\$ 19,340,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,787,442</u>
Teachers' Retirement Plan:								
Corporate Bonds and Notes	\$ 21,611,526	\$ 21,611,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Teachers' Retirement Plan	<u>\$ 21,611,526</u>	<u>\$ 21,611,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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. The Government does not have a policy with regard to custodial credit risk of investments. As of June 30, 2007, 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, 2007, 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. As of June 30, 2007, the Government's exposure to foreign currency risk is as follows:

Base Currency	Fair Value	Maturity
Common Stock:		
Australian dollar	\$ 10,512,254	N/A
Canadian dollar	10,891,104	N/A
Danish krone	4,452,107	N/A
Euro	103,647,206	N/A
Hong Kong dollar	9,276,689	N/A
Mexican peso	922,977	N/A
New Zealand dollar	972,314	N/A
Norwegian krone	13,283,538	N/A
Pound sterling	47,930,135	N/A
Real	2,040,996	N/A
Republic of Korea won	4,425,807	N/A
Rupiah	2,331,511	N/A
Singapore dollar	8,529,412	N/A
Swedish krona	10,907,322	N/A
Swiss franc	20,998,765	N/A
Yen	55,481,357	N/A
	<u>306,603,494</u>	
Total Common Stock		
Preferred Stock:		
Real	2,494,288	N/A
Euro	1,408,691	N/A
	<u>3,902,979</u>	
Total Preferred Stock		
Warrant and Options:		
Euro	59,808	N/A
Republic of Korea won	1,813	N/A
	<u>61,621</u>	
Total Warrants and Options		
Total Metropolitan Employees' Benefit Trust	<u>\$ 310,568,094</u>	

**C. Securities Lending Program**

The Metropolitan Employees' Benefit Trust is authorized by the Metropolitan Charter and the Statement of Investment Objectives of the Investment Board of the Government to lend securities to brokerage firms on a temporary basis through its custodian bank, Northern Trust (Custodian). During the fiscal year, the Custodian lent Metropolitan Employees' Benefit Trust securities and received cash, U.S. Government securities, and irrevocable letters of credit as collateral. The Custodian did not have the ability to pledge or sell non-cash collateral delivered absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to not less than 102% of the market value of loaned domestic securities and 105% of the market value of loaned foreign securities.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Metropolitan Employees' Benefit Trust did not impose any restrictions on the amount of securities lent by the Custodian during the year on its behalf. There were no violations of legal or contractual provisions and there were no borrower or lending agent default losses during the year. The contract with the Custodian requires indemnification only in cases of Custodian negligence.

All securities loans can be terminated on demand by either the lender or the borrower. The average term of the Metropolitan Employees' Benefit Trust loans for the year ended June 30, 2007 was approximately 60 days. Cash collateral is invested in a short term investment pool. The relationship between the maturities of the investment pool and the system's loans is affected by the maturities of the securities loans made by other entities that use the Custodian's pool, which the system cannot determine. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term. As the loans are terminable at will, the duration of the investments generally did not match the duration of the investments made with the cash collateral.

The collateral held and the market value of the securities on loan as of June 30, 2007 was \$302,176,086 and \$293,862,439, respectively. The cash collateral is recorded as both an asset and a liability on the Metropolitan Employees' Benefit Trust financial statements. Securities and letters of credit received as collateral at June 30, 2007 are not recorded in the Statement of Plan Net Assets, as the Metropolitan Employees' Benefit Trust cannot sell or pledge the collateral received absent a borrower default.

At year-end, the Metropolitan Employees' Benefit Trust has no credit risk by borrowers because the amounts the Metropolitan Employees' Benefit Trust owes the borrowers exceed the amounts the borrowers owe the Metropolitan Employees' Benefit Trust. The gross earnings for securities lending were \$14,946,518 and the related expenses were \$13,052,962 in borrowers rebates and \$567,927 in agent fees, netting \$1,325,629 in securities lending income.

**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 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007 was as follows:

**Primary Government**

Governmental Activities:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 135,696,996	\$ 26,689,989	\$ -	\$ 162,386,985
Transportation infrastructure	1,367,872,536	14,974,524	-	1,382,847,060
Construction in progress	<u>278,709,216</u>	<u>102,440,574</u>	<u>(21,552,108)</u>	<u>359,597,682</u>
Total capital assets, not being depreciated	<u>1,782,278,748</u>	<u>144,105,087</u>	<u>(21,552,108)</u>	<u>1,904,831,727</u>
Capital assets, being depreciated:				
Buildings and improvements	1,011,673,848	20,254,673	(3,183,896)	1,028,744,625
Furniture, machinery and equipment	265,987,229	27,071,526	(6,123,501)	286,935,254
Stormwater infrastructure	<u>90,026,799</u>	<u>4,696,496</u>	<u>-</u>	<u>94,723,295</u>
Total capital assets, being depreciated	<u>1,367,687,876</u>	<u>52,022,695</u>	<u>(9,307,397)</u>	<u>1,410,403,174</u>
Less accumulated depreciation:				
Building and improvements	(365,372,963)	(24,977,508)	2,647,945	(387,702,526)
Furniture, machinery and equipment	(173,518,077)	(25,649,845)	5,637,383	(193,530,539)
Stormwater infrastructure	<u>(24,091,456)</u>	<u>(1,808,256)</u>	<u>-</u>	<u>(25,899,712)</u>
Total accumulated depreciation	<u>(562,982,496)</u>	<u>(52,435,609)</u>	<u>8,285,328</u>	<u>(607,132,777)</u>
Total capital assets, being depreciated, net	<u>804,705,380</u>	<u>(412,914)</u>	<u>(1,022,069)</u>	<u>803,270,397</u>
Governmental activities capital assets, net	<u>\$ 2,586,984,128</u>	<u>\$ 143,692,173</u>	<u>\$ (22,574,177)</u>	<u>\$ 2,708,102,124</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, 2006	Increases	Decreases	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 16,414,407	\$ -	\$ -	\$ 16,414,407
Construction in progress	91,889,741	137,724,339	(43,980,671)	185,633,409
Total capital assets, not being depreciated	<u>108,304,148</u>	<u>137,724,339</u>	<u>(43,980,671)</u>	<u>202,047,816</u>
Capital assets, being depreciated:				
Utility plant in service	1,836,899,905	55,032,635	-	1,891,932,540
Buildings and improvements	119,267,233	469,117	-	119,736,350
Improvements other than buildings	41,524,138	242,237	-	41,766,375
Furniture, machinery and equipment	41,315,223	813,451	(83,365)	42,045,309
Property under capital lease	3,645,000	-	-	3,645,000
Total capital assets, being depreciated	<u>2,042,651,499</u>	<u>56,557,440</u>	<u>(83,365)</u>	<u>2,099,125,574</u>
Less accumulated depreciation:				
Utility plant in service	(531,679,700)	(46,517,365)	-	(578,197,065)
Buildings and improvements	(55,701,740)	(2,557,217)	-	(58,258,957)
Improvements other than buildings	(28,924,422)	(2,645,709)	-	(31,570,131)
Furniture, machinery and equipment	(34,864,458)	(1,786,028)	61,988	(36,588,498)
Property under capital lease	(918,719)	(91,125)	-	(1,009,844)
Total accumulated depreciation	<u>(652,089,039)</u>	<u>(53,597,444)</u>	<u>61,988</u>	<u>(705,624,495)</u>
Total capital assets, being depreciated, net	<u>1,390,562,460</u>	<u>2,959,996</u>	<u>(21,377)</u>	<u>1,393,501,079</u>
Business-type activities capital assets, net	<u>\$ 1,498,866,608</u>	<u>\$ 140,684,335</u>	<u>\$ (44,002,048)</u>	<u>\$ 1,595,548,895</u>

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

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

Governmental activities:	
General government	\$ 4,641,037
Fiscal administration	1,620,265
Administration of justice	583,344
Law enforcement and care of prisoners	3,745,666
Fire prevention and control	892,626
Education	18,607,864
Regulation and inspection	4,560
Public welfare	122,729
Public health and hospitals	701,197
Public library system	2,342,296
Public works, highways and streets, including depreciation of stormwater infrastructure	3,382,078
Recreational and cultural	2,906,119
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>12,885,828</u>
Total depreciation expense, governmental activities	<u>\$ 52,435,609</u>
Business-type activities:	
Department of Water and Sewerage Services	\$ 49,687,077
District Energy System	1,960,885
Nashville Convention Center	1,280,953
Board of Fair Commissioners	410,733
Farmers Market	129,365
Municipal Auditorium	<u>128,431</u>
Total depreciation expense, business-type activities	<u>\$ 53,597,444</u>

**Component Units**

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 205,040,211	\$ 12,327,094	\$ -	\$ 217,367,305
Construction in progress	<u>140,698,320</u>	<u>73,495,556</u>	<u>(48,297,635)</u>	<u>165,896,241</u>
Total capital assets, not being depreciated	<u>345,738,531</u>	<u>85,822,650</u>	<u>(48,297,635)</u>	<u>383,263,546</u>
Capital assets, being depreciated:				
Utility plant in service	912,934,491	79,939,509	(16,965,000)	975,909,000
Buildings and improvements	788,100,434	8,728,427	(220,514)	796,608,347
Improvements other than buildings	371,398,469	18,162,579	(2,500)	389,558,548
Furniture, machinery and equipment	193,641,946	19,637,563	(8,874,741)	204,404,768
Infrastructure	<u>11,214,763</u>	<u>23,600</u>	<u>-</u>	<u>11,238,363</u>
Total capital assets, being depreciated	<u>2,277,290,103</u>	<u>126,491,678</u>	<u>(26,062,755)</u>	<u>2,377,719,026</u>

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

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Less accumulated depreciation for:				
Utility plant in service	\$ (349,107,909)	\$ (30,486,000)	\$ 26,619,909	\$ (352,974,000)
Buildings and improvements	(264,251,247)	(24,919,829)	196,449	(288,974,627)
Improvements other than buildings	(215,411,608)	(11,469,534)	54,401	(226,826,741)
Furniture, machinery and equipment	(100,092,079)	(18,280,810)	8,408,027	(109,964,862)
Infrastructure	(8,650,965)	(280,464)	-	(8,931,429)
Total accumulated depreciation	<u>(937,513,808)</u>	<u>(85,436,637)</u>	<u>35,278,786</u>	<u>(987,671,659)</u>
Total capital assets, being depreciated, net	<u>1,339,776,295</u>	<u>41,055,041</u>	<u>9,216,031</u>	<u>1,390,047,367</u>
Component units activities capital assets, net	<u>\$ 1,685,514,826</u>	<u>\$ 126,877,691</u>	<u>\$ (39,081,604)</u>	<u>\$ 1,773,310,913</u>

**NOTE 5 - BONDS, NOTES AND OTHER OBLIGATIONS**

**Primary Government**

**A. Transaction Summary**

Bonds, notes and other obligations activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds and notes payable:					
General Services District	\$ 900,833,056	\$ 125,907,793	\$ (176,136,141)	\$ 850,604,708	\$ 46,587,363
Schools	559,180,016	58,421,814	(93,169,494)	524,432,336	33,158,115
Urban Services District	140,681,928	2,560,393	(14,889,365)	128,352,956	13,294,522
Deferred charge/premium, net	<u>34,965,304</u>	<u>12,632,569</u>	<u>(10,760,707)</u>	<u>36,837,166</u>	<u>-</u>
Total general obligation bonds and notes payable	<u>1,635,660,304</u>	<u>199,522,569</u>	<u>(294,955,707)</u>	<u>1,540,227,166</u>	<u>93,040,000</u>
Limited obligation revenue bonds payable:					
Correctional Facility Revenue Bonds	10,575,000	-	(1,570,000)	9,005,000	1,630,000
Deferred charge/premium, net	<u>(129,810)</u>	<u>-</u>	<u>25,124</u>	<u>(104,686)</u>	<u>-</u>
Total limited obligation revenue bonds payable	<u>10,445,190</u>	<u>-</u>	<u>(1,544,876)</u>	<u>8,900,314</u>	<u>1,630,000</u>
Qualified zone academy notes payable:					
Qualified Zone Academy Notes	6,218,500	-	(414,567)	5,803,933	414,566
Deferred charge/premium, net	<u>(150,280)</u>	<u>-</u>	<u>10,364</u>	<u>(139,916)</u>	<u>-</u>
Total qualified zone academy notes payable	<u>6,068,220</u>	<u>-</u>	<u>(404,203)</u>	<u>5,664,017</u>	<u>414,566</u>

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

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
<b>Governmental activities: (Continued)</b>					
Other obligations payable:					
Net pension obligation	\$ 70,696,335	\$ 98,125,712	\$ (92,769,648)	\$ 76,052,399	\$ -
Compensated absences	67,893,884	45,877,565	(44,318,251)	69,453,198	34,460,168
Claims and judgments	3,663,400	807,730	(22,777)	4,448,353	4,448,353
Landfill closure costs	9,336,553	1,806,426	(1,675,980)	9,466,999	2,500,982
<b>Total other obligations payable</b>	<b>151,590,172</b>	<b>146,617,433</b>	<b>(138,786,656)</b>	<b>159,420,949</b>	<b>41,409,503</b>
<b>Total governmental activities long-term liabilities</b>	<b>\$ 1,803,763,886</b>	<b>\$ 346,140,002</b>	<b>\$ (435,691,442)</b>	<b>\$ 1,714,212,446</b>	<b>\$ 136,494,069</b>
<b>Business-type activities:</b>					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 436,540,000	\$ -	\$ (27,280,000)	\$ 409,260,000	\$ 28,770,000
Deferred charge/premium, net	(5,994,800)	-	669,349	(5,325,451)	-
State construction loans	62,637,664	66,800,522	(2,602,116)	126,836,070	2,722,176
<b>Total Department of Water and Sewerage Services</b>	<b>493,182,864</b>	<b>66,800,522</b>	<b>(29,212,767)</b>	<b>530,770,619</b>	<b>31,492,176</b>
District Energy System:					
Revenue bonds payable	65,520,000	-	(1,215,000)	64,305,000	1,255,000
Deferred charge/premium, net	2,098,028	-	(76,992)	2,021,036	-
General obligation bonds payable	7,695,000	-	(260,000)	7,435,000	265,000
Deferred charge/premium, net	508,906	-	(27,508)	481,398	-
<b>Total District Energy System</b>	<b>75,821,934</b>	<b>-</b>	<b>(1,579,500)</b>	<b>74,242,434</b>	<b>1,520,000</b>
Farmers Market:					
Capitalized lease obligations payable	1,780,000	-	(160,000)	1,620,000	165,000
<b>Total business-type activities long-term liabilities</b>	<b>\$ 570,784,798</b>	<b>\$ 66,800,522</b>	<b>\$ (30,952,267)</b>	<b>\$ 606,633,053</b>	<b>\$ 33,177,176</b>

The balances at July 1, 2006 for the General Services District, Schools and Urban Services District have been restated to reflect the reallocation of certain bond proceeds received in prior years. Amounts totaling \$33,471,603 previously reported as General Services District bonds outstanding were reallocated to Schools and Urban Services District in the amounts of \$27,522,929 and \$5,948,674, respectively, to properly reflect the outstanding bonds balances consistent with the projects funded.

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

**B. Description of Amounts Payable**

Amounts payable at June 30, 2007 are as follows:

	Interest Rate	Amount
<b>Governmental activities:</b>		
General obligation bonds and notes payable from ad valorem taxes:		
General Services District - General Purposes, due in varying amounts to May 15, 2030	3.00 - 6.00%	\$ 850,604,708
General Services District - School Purposes, due in varying amounts to May 15, 2030	3.00 - 5.50%	524,432,336
Urban Services District - General Purposes, due in varying amounts to May 15, 2030	3.00 - 6.00%	128,352,956
Deferred charge/premium, net		36,837,166
 Total general obligation bonds and notes payable from ad valorem taxes		1,540,227,166
 Limited obligation revenue bonds payable:		
Correctional Facility Revenue Bonds, due in varying amounts to September 1, 2011	4.00 - 5.00%	9,005,000
Deferred charge/premium, net		(104,686)
 Total limited obligation revenue bonds payable		8,900,314
 Qualified zone academy notes payable:		
Qualified Zone Academy Notes, due in varying amounts to December 28, 2020	N/A	5,803,933
Deferred charge/premium, net		(139,916)
 Total qualified zone academy notes payable		5,664,017
 Other obligations payable:		
Net pension obligation		76,052,399
Compensated absences		69,453,198
Claims and judgments		4,448,353
Landfill closure		9,466,999
 Total other obligations payable		159,420,949
 Total governmental activities long-term liabilities		\$ 1,714,212,446

**Business-type activities:**

Bonds payable:

Department of Water and Sewerage Revenue Refunding Bonds of 1986, due in varying amounts to January 1, 2016	7.30 - 7.70%	\$ 135,615,000
Department of Water and Sewerage Revenue Bonds, Series 1993, due in varying amounts to January 1, 2013	5.20 - 6.50%	48,075,000
Department of Water and Sewerage Revenue Refunding Bonds of 1996, due in varying amounts to January 1, 2014	5.25 - 6.00%	31,180,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 1998A, due in varying amounts to January 1, 2022	4.625 - 5.00%	141,250,000
Department of Water and Sewerage Revenue Bonds Series 1998B, due in varying amounts to January 1, 2014	4.45 - 5.25%	25,315,000

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

	Interest Rate	Amount
<b>Business-type activities: (Continued)</b>		
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		(5,325,451)
Total Department of Water and Sewerage Services		403,934,549
District Energy System Revenue Bonds, Series 2002A, due in varying amounts to October 1, 2033	3.00 - 5.00%	64,305,000
District Energy System G. O. Multi-purpose Bonds, Series 2005A, due in varying amounts to January 1, 2025	4.25 - 5.25%	7,435,000
Deferred charge/premium, net		2,502,434
Total District Energy System		74,242,434
Total bonds payable		478,176,983
Department of Water and Sewerage Services - state construction loans	2.82 - 5.52%	126,836,070
Farmers Market - capitalized lease obligations payable	7.50%	1,620,000
Total business-type activities long-term liabilities		\$ 606,633,053

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

**Governmental activities:**

Noncurrent liabilities:	
Due within one year	\$ 136,494,069
Due in more than one year	1,577,718,377
Total governmental activities	\$ 1,714,212,446

**Business-type activities:**

Liabilities payable from restricted assets:	
Current portion of long-term liabilities	\$ 33,012,176
Noncurrent liabilities:	
Due within one year	165,000
Due in more than one year	573,455,877
Total business-type activities	\$ 606,633,053

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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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
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, 2007, the Government believes it was in compliance with all financial limitations and restrictions.

**E. Annual Debt Service Requirements**

The annual requirements to amortize all general obligation bonds and notes and revenue bonds outstanding as of June 30, 2007 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
2008	\$ 93,040,000	\$ 73,221,997	\$ 1,630,000	\$ 401,350	\$ 30,025,000	\$ 26,671,290	\$ 124,695,000	\$ 100,294,637
2009	83,830,000	68,636,890	1,710,000	326,000	32,420,000	25,009,978	117,960,000	93,972,868
2010	83,970,000	64,506,774	1,795,000	238,375	34,640,000	22,782,618	120,405,000	87,527,767
2011	84,715,000	60,380,016	1,885,000	146,375	36,995,000	20,406,377	123,595,000	80,932,768
2012	79,545,000	56,576,318	1,985,000	49,625	39,265,000	17,918,008	120,795,000	74,543,951
2013-2017	423,305,000	222,932,770	-	-	175,250,000	54,185,949	598,555,000	277,118,719
2018-2022	347,695,000	126,897,221	-	-	85,875,000	22,224,961	433,570,000	149,122,182
2023-2027	295,880,000	38,237,821	-	-	13,840,000	8,075,331	309,720,000	46,313,152
2028-2032	18,845,000	1,583,453	-	-	17,145,000	4,247,544	35,990,000	5,830,997
2033-2034	-	-	-	-	8,110,000	410,500	8,110,000	410,500
Total	1,510,825,000	712,973,260	9,005,000	1,161,725	473,565,000	201,932,556	1,993,395,000	916,067,541
Deferred Charge/ Premium	37,318,564	-	(104,686)	-	(3,304,415)	-	33,909,463	-
Total	\$ 1,548,143,564	\$ 712,973,260	\$ 8,900,314	\$ 1,161,725	\$ 470,260,585	\$ 201,932,556	\$ 2,027,304,463	\$ 916,067,541

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**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. Through June 30, 2007, the Government provided "self-liquidity" for the program, meaning if the commercial paper dealer was ever unable to market notes in the amount needed to pay the maturing notes, the Government would purchase the rollover notes as an investment within the Metropolitan Government Investment Pool. The Government would continue to hold the notes until the commercial paper dealer was 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. At June 30, 2007, the amount of principal outstanding could not exceed \$200 million.

Commercial paper obligations of \$150,000,000 with interest rates ranging from 3.73% to 3.75% were outstanding at June 30, 2007. These obligations were refunded subsequent to year-end with rollover notes. The obligations are considered short-term debt at June 30, 2007 and are recorded as a liability in the Capital Project Funds and the District Energy System of the Government.

Short-term debt activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007
Commercial paper payable	\$ 10,000,000	\$ 390,000,000	\$ (250,000,000)	\$ 150,000,000
Total short-term debt	<u>\$ 10,000,000</u>	<u>\$ 390,000,000</u>	<u>\$ (250,000,000)</u>	<u>\$ 150,000,000</u>

The short-term debt is classified in the Statement of Net Assets as follows:

<b>Governmental activities:</b>	
Commercial paper payable	<u>\$ 147,950,975</u>
Total governmental activities	<u>147,950,975</u>
<b>Business-type activities:</b>	
Commercial paper payable	<u>2,049,025</u>
Total business-type activities	<u>2,049,025</u>
Total commercial paper payable	<u>\$ 150,000,000</u>

**G. Advance and Current Refunding of Bonds**

On April 3, 2007, the Government issued \$186,890,000 General Obligation Refunding Bonds, Series 2007A (Series 2007A Bonds), maturing on May 15, 2030, with interest rates ranging from 4% to 5%. These bonds refunded various outstanding General Obligation Public Improvement Bonds, maturing May 15, 2010 through November 15, 2029. As a result, the refunded Bonds are considered to be defeased. By issuing the new bonds, the Government obtained an estimated economic gain (difference between the present values of the debt service payments on the defeased and new debt) of \$11,642,981. The refunding will reduce the Government's debt service payments over the next 20 years by an estimated \$14,236,414.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In prior years, the Government has defeased certain other obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service requirements on the retired bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Government's financial statements. As of June 30, 2007, \$427,490,000 of general obligation bonds and \$39,675,000 of revenue bonds are considered defeased.

**H. 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.

**I. Qualified Zone Academy Notes**

Qualified Zone Academy Bonds (QZAB) are issued by the Tennessee State School Bond Authority (TSSBA) to finance improvement loans for qualifying primary and secondary schools in the State. The QZAB's are a part of a federal government program administered by the Tennessee Department of Education in which a federal tax credit is given to investors in lieu of interest on the bonds.

The Government entered a loan agreement with the TSSBA in December, 2005 where by the Government would receive an amount not to exceed \$6,350,000 of the proceeds from the TSSBA QZAB, Series 2005. Actual proceeds totaled \$6,218,500. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The TSSBA will hold and invest the proceeds from the Series 2005 Bonds, and as allowable expenditures are incurred, the Government will request reimbursement. The Government is required to make annual principal payments to TSSBA. An investment credit applied to the Government's portion of the bond proceeds will be used to reduce future payments.

QZAB note principal maturities at June 30, 2007 are summarized below:

Year Ending June 30	Principal	Investment Credit (1)
2008	\$ 414,566	\$ 97,031
2009	414,566	97,031
2010	414,566	97,031
2011	414,566	97,031
2012	414,566	97,031
2013-2017	2,072,835	485,156
2018-2020	<u>1,658,268</u>	<u>388,125</u>
Total qualified zone academy notes payable	<u>\$ 5,803,933</u>	<u>\$ 1,358,436</u>

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

As of June 30, 2007, 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, 2007). 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As of June 30, 2007, 15 of the 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 \$38,421,753 at June 30, 2007, call for monthly payments of principal and interest of approximately \$367,000.

State construction loan principal maturities as of June 30, 2007 are summarized below:

Year Ending June 30	Principal	Interest
2008	\$ 2,722,176	\$ 1,690,404
2009	2,847,828	1,564,740
2010	2,979,276	1,433,304
2011	3,116,832	1,295,736
2012	3,260,760	1,151,820
2013-2017	18,207,429	3,377,439
2018-2019	<u>5,287,452</u>	<u>399,162</u>
Active and complete loans	<u>38,421,753</u>	<u>10,912,605</u>
Active but incomplete loans (1)	<u>88,414,317</u>	<u>-</u>
Total state construction loans	<u>\$ 126,836,070</u>	<u>\$ 10,912,605</u>

(1) This loan is active but formalization of a final payment schedule is incomplete. This loan is expected to be paid back over 20 years at an interest rate of 2.82% beginning in the year ending June 30, 2008.

**K. Swaption**

In connection with the anticipated future issuance of variable rate bonds to synthetically advance refund its outstanding General Obligation Public Improvement Bonds, Series 1996, on May 4, 2004 the Government competitively bid the sale of a pay-fixed, receive-variable Securities Industry and Financial Market Association (SIFMA), formerly the Bond Market Association, swaption (Swaption). This transaction generated debt service savings in the form of an upfront payment of \$3,800,000. The Swaption was sold on an SIFMA floating to fixed interest rate swap and, when it was exercised by the winning bidder (Counterparty), the Government was placed into a variable to fixed interest rate swap. 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 Counterparty exercised the agreement on March 13, 2006, and the swap commenced on May 15, 2006. The Government issued General Obligation Refunding Bonds, Series 2006A, with an initial variable interest rate of 3.60%, on May 15, 2006. Under the terms of the Swaption agreement, the Government pays a net fixed rate to the Counterparty. The Counterparty remits to the Government at the SIFMA rate. The Government then services the 2006A Bonds at the SIFMA rate. The SIFMA rate at June 30, 2007 was 3.71%. The estimated fair market value of this contract was \$6,548,504 at June 30, 2007.

The future interest payments reflected in the schedule of annual debt service requirements in Section E above were calculated using the 5.4% net fixed rate.

**L. Unissued Bonds or Notes**

At June 30, 2007, authorized but unissued general obligation bonds totaled \$645,787,197. Commercial paper borrowings are used to fund capital spending prior to the issuance of bonds.

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

**Component Units**

**A. Transaction Summary**

Bonds, notes and other liabilities activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
<b>Governmental types:</b>					
Revenue bonds payable:					
Sports Authority	\$ 78,578,644	\$ -	\$ (3,033,932)	\$ 75,544,712	\$ 3,130,000
Total revenue bonds payable - governmental types	78,578,644	-	(3,033,932)	75,544,712	3,130,000
<b>Proprietary types:</b>					
Revenue bonds payable:					
Metropolitan Development and Housing Agency	6,515,294	81,732	(1,300,000)	5,297,026	1,360,000
Electric Power Board	454,043,000	1,256,000	(14,717,000)	440,582,000	12,491,000
Metropolitan Nashville Airport Authority	241,803,964	20,107,048	(21,325,000)	240,586,012	22,395,000
Total revenue bonds payable - proprietary types	702,362,258	21,444,780	(37,342,000)	686,465,038	36,246,000
Notes payable:					
Metropolitan Development and Housing Agency:					
Notes payable	3,452,827	-	(1,057,320)	2,395,507	1,456,579
Metropolitan Nashville Airport Authority:					
Subordinate Revenue Note, Series 1999	596,048	-	(186,495)	409,553	198,543
Total notes payable - proprietary types	4,048,875	-	(1,243,815)	2,805,060	1,655,122
Total revenue bonds and notes payable	784,989,777	21,444,780	(41,619,747)	764,814,810	41,031,122
<b>Other liabilities payable:</b>					
Hospital Authority:					
Capitalized lease obligation	39,892,914	-	(1,045,998)	38,846,916	1,127,131
Other liabilities	7,324,546	2,071,613	-	9,396,159	-
Metropolitan Development and Housing Agency:					
Other liabilities	1,864,204	1,608,019	(1,864,204)	1,608,019	-
Electric Power Board:					
TVA Advances and Other	3,992,000	2,681,000	(2,906,000)	3,767,000	-
Metropolitan Transit Authority:					
Capitalized lease obligation	453,786	41,629	(125,180)	370,235	149,425
Metropolitan Nashville Airport Authority:					
Synthetic Advance Refunding, Series 2001	4,932,632	-	(836,841)	4,095,791	-
Fair value of derivative financial Instruments	851,374	318,614	-	1,169,988	-

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

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
<b>Proprietary types: (Continued)</b>					
Other liabilities payable: (Continued)					
Deferred interest income	\$ 3,740,830	\$ -	\$ (435,569)	\$ 3,305,261	\$ -
Other liabilities	1,990,292	30,611	(34,904)	1,985,999	-
<b>Total other liabilities payable - proprietary Types</b>	<b>65,042,578</b>	<b>6,751,486</b>	<b>(7,248,696)</b>	<b>64,545,368</b>	<b>1,276,556</b>
<b>Total revenue bonds, notes and other liabilities payable - component units</b>	<b>\$ 850,032,355</b>	<b>\$ 28,196,266</b>	<b>\$ (48,868,443)</b>	<b>\$ 829,360,178</b>	<b>\$ 42,307,678</b>

**B. Description of Amounts Payable**

Amounts payable at June 30, 2007 are as follows:

	Interest Rates	Amount
<b>Governmental types:</b>		
Revenue bonds payable:		
Public Improvement Revenue Bonds (Stadium Project), Series 2004 due in varying amounts to July 1, 2027	5.375 - 5.875%	\$ 63,625,000
Taxable Public Facility Revenue Bonds, Series 1998, due in varying amount to July 1, 2018	5.87 - 6.60%	15,360,000
Deferred charge/premium, net		(3,440,288)
<b>Total revenue bonds payable - governmental types</b>		<b>75,544,712</b>
<b>Proprietary types:</b>		
Revenue bonds payable:		
Metropolitan Development and Housing Agency, Revenue Bonds, 2003 Series, due June 11, 2009	1.61 - 2.80%	5,297,026
Electric Power Board Electric System Revenue Bonds, 1996 Series A, due in varying amounts to May 15, 2013	5.50 - 6.00%	60,506,000
Electric Power Board Electric System Revenue Bonds, 1998 Series A, due in varying amounts to May 15, 2023	5.125 - 5.40%	93,390,000
Electric Power Board Electric System Revenue Bonds, 1998 Series B, due in varying amounts to May 15, 2017	3.80 - 5.50%	50,156,000
Electric Power Board Electric System Revenue Bonds, 2001 Series A, due in varying amounts to May 15, 2017	4.50 - 5.00%	108,568,000
Electric Power Board Electric System Revenue Bonds, 2001 Series B, due in varying amounts to May 15, 2014	5.50%	18,593,000
Electric Power Board Electric System Revenue Bonds, 2004 Series A, due in varying amounts to May 15, 2029	4.50 - 5.00%	109,369,000
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1993, due in varying amounts to July 1, 2019	Adjustable	43,200,000
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1995, due in varying amounts to July 1, 2015	4.45 - 5.00%	50,600,000
Airport Improvement Revenue Bonds, Series 1998, due in varying amounts to July 1, 2016	4.55 - 5.375%	30,955,000
Airport Improvement Revenue Bonds, Series 2001A, due in varying amounts to July 1, 2015	6.60 - 6.625%	67,945,000

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

	Interest Rates	Amount
<b>Proprietary types: (Continued)</b>		
Revenue bonds payable: (Continued)		
Passenger Facility Charge and Airport Revenue Bonds, Series 2003, due in varying amounts to July 1, 2012	Adjustable	\$ 22,145,000
Airport Improvement Revenue Bonds, Series 2003 B, due in varying amounts to July 1, 2033	2.69 - 5.94%	18,270,000
Airport Improvement Revenue Bonds, Series 2006, due in varying amounts to July 1, 2026	Adjustable	18,285,000
Metropolitan Nashville Airport Authority: Unamortized deferred amount on refunding		(10,813,988)
Total revenue bonds payable - proprietary types		686,465,038
Notes payable:		
Metropolitan Development and Housing Agency: Notes payable		2,395,507
Metropolitan Nashville Airport Authority: Subordinate Revenue Note, Series 1999		409,553
Total notes payable - proprietary types		2,805,060
Total revenue bonds and notes payable		764,814,810
Other liabilities payable:		
Hospital Authority: Capitalized lease obligation		38,846,916
Other liabilities		9,396,159
Metropolitan Development and Housing Agency: Other liabilities		1,608,019
Electric Power Board: TVA Advances and other		3,767,000
Metropolitan Transit Authority: Capitalized lease obligation		370,235
Metropolitan Nashville Airport Authority: Synthetic Advance Refunding, Series 2001		4,095,791
Fair value of derivative financial instruments		1,169,988
Deferred interest income		3,305,261
Other liabilities		1,985,999
Total other liabilities payable - proprietary types		64,545,368
Total bonds, notes and other liabilities payable - component units		\$ 829,360,178

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

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

Liabilities payable from restricted assets:	
Current portion of long-term liabilities	\$ 34,886,000
Noncurrent liabilities:	
Due within one year	7,421,678
Due in more than one year	787,052,500
Total component units long-term liabilities	\$ 829,360,178

**C. Collateral for Obligations of the Component Units**

Sports Authority

The 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. Issuance of Bonds**

Metropolitan Nashville Airport Authority

In December 2006, the Airport Authority issued Airport Improvement Revenue Bonds, Series 2006, in the principal amount of \$18,285,000. The Bonds were issued to provide funds for a portion of the first phase of the multiple-phase terminal renovation project that began in October 2006. Project completion is expected in 2010. The Bonds were issued bearing interest at a weekly variable rate. Principal maturities vary in annual amounts ranging for \$680,000 on July 1, 2009, to \$1,445,000 on July 1, 2026.

**E. 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, to provide funds sufficient to pay all principal and interest on a portion of the outstanding Public Improvement Revenue Bonds (Stadium Project), Series 1996 (Series 1996 Bonds), maturing July 1, 2007 through July 1, 2026. The portion of the Series 1996 Bonds previously considered to be defeased in the amount of \$64,845,000 was redeemed during the year ended June 30, 2007.

Metropolitan Nashville Airport Authority

In prior years, Bonds have been defeased through advance refunding; therefore, the related outstanding balances at June 30, 2007, do not appear as a liability on the Airport Authority's Statement of Net Assets.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**F. Conduit Debt Obligations**

Metropolitan Development and Housing Agency

Tax increment financing is a method of funding certain public investments for redevelopment by recapturing, for a time, all or a portion of the increased tax revenue that may result if private investment can be stimulated to occur. Tax increment can only be generated by the increased taxes resulting from private development on land in a redevelopment district that has been acquired and re-sold or leased by the Agency. The tax increment, due to the difference in the tax basis, is then diverted to the redevelopment agency which may use those funds to finance public purpose expenditures or to repay bonds or notes that were floated to finance those expenditures. These loans are special limited obligations of the Agency, payable solely from and secured by a pledge of the tax increment revenues designated for the payment of the loan. Because the borrowers are external developers, the loans do not constitute a debt or pledge of the faith and credit of the Agency or the Government and, accordingly, are not reported in the Agency's financial statements. At September 30, 2006, the tax increment financing loans, including related accrued interest payable, aggregated approximately \$54.2 million.

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) Program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities and large scale physical development projects. The Government has borrowed funds under this program and guaranteed repayment of the loan by pledging present and future community development block grants. The Agency is the agent designated by the Government to administer the CDBG program; therefore, the outstanding loan does not constitute a debt of the Agency and is not reported in the Agency's financial statements. At September 30, 2006, the Section 108 loans outstanding aggregated approximately \$4.45 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, 2007 for the Industrial Revenue Bonds issued after April 1, 1996 was \$444,378,005. For the year ending March 31, 2007, \$2,235,000 of \$444,378,005 is in default. 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 \$2,912,880,480. The aggregate principal amount of revenue bonds which were issued by the Board and are still outstanding as of April 1, 1996 could not be determined; however, the total aggregate principal amount of revenue bonds issued by the Board prior to April 1, 1996 was \$1,367,025,500.

**G. Other Matters**

Metropolitan Development and Housing Agency

During July 2004, the Metropolitan Development and Housing Agency entered into a maximum \$8 million revolving line of credit agreement with the Metropolitan Government for the purpose of funding the development of Rolling Mill Hill. The line of credit agreement was increased to \$8.5 million in June 2006 and the maturity date was

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

extended through June 2007. 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. During fiscal 2006, the Agency drew \$6,005,656 on the line of credit. A total of \$7,002,248 was outstanding on the line of credit at September 30, 2006. The line of credit can be extended upon mutual agreement between the Agency and the Metropolitan Government and was extended to June 30, 2008 on June 6, 2007.

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, 2007.

Metropolitan Transit Authority

The Authority has a \$10,000,000 revolving credit line agreement with the Metropolitan Government for the purpose of funding operational activities. 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, 2007 is \$1,514,794. The amount is reported as due to the primary government.

Metropolitan Nashville Airport Authority

**1993 Interest Rate Swap Agreement:** In connection with the issuance of the Series 1993 bonds, so as to manage its exposure to market risks from fluctuations on interest rates, the Airport Authority entered into an interest rate swap agreement dated November 1, 1993 (the 1993 Swap Agreement) with a bank (the 1993 Swap Provider), which, in general, provides that the Authority will pay a fixed rate of 4.49% to the 1993 Swap Provider on a notional amount equal to the principal amount of the Series 1993 bonds outstanding and the 1993 Swap Provider will pay interest at the rate borne by the Series 1993 bonds on such notional amount on a net basis. The 1993 Swap Agreement has a term equal to the term of the Series 1993 bonds. Arrangements made in the 1993 Swap Agreement do not alter the Airport Authority's obligation to pay the principal of, premium, if any, and interest on the Series 1993 bonds. Since the counterparty to the 1993 Swap Agreement is a major bank, the Airport Authority does not anticipate credit related losses from nonperformance by such counterparty. The Airport Authority has recorded the fair value of the 1993 Swap Agreement as of June 30, 2007 (a liability of \$1,169,988) in the Statement of Net Assets. The fair value of this financial instrument at June 30, 2007 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, 2007.

**Special Facility Revenue Bonds, Series 2005:** During April 2005, the Airport Authority issued \$9,500,000 of Special Facility Revenue Bonds, Series 2005, on behalf of Embraer Aircraft Maintenance Services, Inc. The bonds were issued to finance the development and construction of an aircraft maintenance facility at Nashville International Airport. The outstanding Special Facility Revenue Bonds, Series 2005, are special obligations of the Airport Authority and the debt service thereon shall be payable solely from revenues provided by Embraer pursuant to a special facility sublease agreement or from letter of credit drawings made by the trustee. 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.

**Special Facility Revenue Bonds, Series 2006:** During July 2006, the Airport Authority approved an amendment to the ground lease with Aero Nashville, LLC whereby the Airport Authority agreed to issue \$6,515,000 of Special Facility Revenue Bonds, Series 2006, on behalf of Aero Nashville. Aero Nashville is an affiliate of Aeroterm US, Inc., the firm selected by Federal Express Corporation to be the developer of a 69,000 square foot cargo and support facility on approximately 15 acres of land at Nashville International Airport in 2005. The outstanding Special Facility Revenue Bonds, Series 2006, are special obligations of the Airport Authority and the debt service thereon shall be payable solely from revenues provided by Aero Nashville pursuant to a special facility sublease agreement or from letter of credit drawings made by the trustee. 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.



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

**H. Annual Debt Service Requirements**

The annual principal maturities of all bonds and notes payable as of June 30, 2007 for the component units are as follows:

Year Ending June 30	Revenue Bonds and Notes Payable	
	Principal	Interest
2008	\$ 40,863,122	\$ 40,976,108
2009	41,401,938	39,869,186
2010	43,472,000	38,730,082
2011	42,092,000	37,984,615
2012	43,541,000	35,839,402
2013-2017	238,389,000	90,841,778
2018-2022	159,037,000	74,529,768
2023-2027	134,757,000	27,973,614
2028-2032	33,244,000	3,718,888
2033-2034	2,490,000	149,985
Total	779,287,060	390,613,426
Deferred Charges	(14,472,250)	-
Total	<u>\$ 764,814,810</u>	<u>\$ 390,613,426</u>

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

**NOTE 6 - 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>
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**Primary Government**

Fiduciary Fund Types:

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Name</u>	<u>Type</u>	<u>Status</u>	<u>Administering Fund</u>
<b><u>Component Units</u></b>			
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
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.

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, 2007. 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 the plans may be amended are granted by the Metropolitan Charter.

Metro Plan

***Division A***

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

**Division B**

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

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

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

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

Any employee who terminates after the completion of at least 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.

## THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### City Plan

This plan (the Closed City Plan Fund) covers certain employees of the former city of Nashville who have elected to remain under this plan and not transfer to the Metro Plan. This plan was closed to new members on April 1, 1963. Normal retirement for police officers and fire fighters occurs upon completing 25 years of service; for other participants, age 60 must be reached in addition to completing 25 years of service. The monthly lifetime benefit of all participants is 50% of the final monthly salary. All participants in the City Plan are fully vested.

#### County Plan

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

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

#### Metro Education Plan

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

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

#### 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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

Electric Power Board

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

All full-time regular employees under age 65 are eligible to participate in the Plan. The vesting provision of the Plan provides for five-year cliff vesting. Board employees who retire at or after age 65 are entitled to annual retirement benefits payable monthly for life in an amount equal to 2% of final average compensation multiplied by years in the Plan not in excess of 35 years. Final average compensation is the average compensation in the 36 consecutive months in which compensation is highest. Unused sick leave may be used to increase credited service and the 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, 2007 (the latest date available), the actuarial value of assets was \$270,549,000, the actuarial accrued liability was \$331,081,000, and the unfunded actuarial accrued liability was \$60,532,000. Covered payroll was \$58,298,000.

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 costs. 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Transit Authority

The Disability and Retirement Plan of Davidson Transit Organization (the Plan) is a single-employer defined benefit pension plan which covers substantially all employees of the Metropolitan Transit Authority and Local 1235 of the Amalgamated Transit Union (the Union) providing retirement, disability and death benefits to members and their beneficiaries. Articles XII and XIII of the plan document establish the benefits. In accordance with Article XII, monthly benefits increased 3.0% effective July 1, 2006. 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, 2006 (the latest date available), the actuarial value of assets was \$20,800,000; the actuarial accrued liability was \$32,500,000. There is an unfunded actuarial accrued liability of \$11,700,000. Covered payroll was \$16,600,000.

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

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 (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 (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 Airport Authority 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 16.637% for the non-certificated 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 (6.13% of covered payroll for the fiscal year ending June 30, 2007). 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, 2007, 2006, and 2005 were \$17,585,461, \$15,422,903, and \$15,124,737 respectively, and were equal to the required contributions for each year.

City Education Plan

The plan is financed by contributions from the Government, participating employees and the State of Tennessee. Employees contribute a specified percentage of their earnings, the State of Tennessee contributes an amount to reimburse current benefits paid equivalent to the benefits which would have been earned under the TCRS and the Government contributes an additional amount to cover current benefits (pay-as-you-go).

County Education Plan

The plan is financed by contributions from the Government, participating employees and the State of Tennessee. Employees contribute a specified percentage of their earnings, the State of Tennessee contributes an amount to reimburse current benefits paid equivalent to the benefits which would have been earned under the TCRS and the Government contributes an additional amount to cover current benefits (pay-as-you-go).

**Component Units**

Metropolitan Development and Housing Agency

The Agency's contributions for the year ended September 30, 2006, amounted to \$1,988,936, which equaled the amount of the annual required contribution. Employee contributions were \$144,001. The Agency's payroll for employees covered by this plan was \$14,178,996, and total payroll amounted to \$17,245,728 during the fiscal year ended September 30, 2006.

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 26.1% of annual covered payroll. The Board contributed 100% of the required contribution for the Plan years 2007, 2006, and 2005. For the year ended June 30, 2007, the required and actual amount contributed was \$14,938,000. The annual contribution for the year was determined as part of the April 1, 2007, actuarial valuation using the frozen initial liability method. The actuarial assumptions included (a) 8% investment rate of return and (b) projected salary increases of 4.5%. Both (a) and (b) included an inflation component. The assumptions include cost-of-living postretirement benefit increases equal to 2% a year. The actuarial value of the Plan assets is determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The unfunded actuarial accrual liability is being amortized over 30 years.

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 8.12% in 2007. 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, 2007, the annual pension costs were \$1,485,000, the annual required contribution \$1,485,000 and the actual amount contributed was \$1,485,000. The entry age normal method has been used to compute the annual contribution requirement.

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

Metropolitan Nashville Airport Authority

Contribution requirements are established and may be amended by the Airport Authority. For the year ended June 30, 2007, the Airport Authority's annual pension cost of \$1,140,231 was equal to the annual required contribution of \$956,151 less interest of \$1,286,357 on the net pension asset plus the annual required contribution adjustment of \$1,470,437. 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, 2006 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.

**D. Selected Pension Information**

**Primary Government**

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

	Beginning of Year	End of Year
Net pension obligation:		
Metro	\$ 10,312,015	\$ 10,378,756
Metro Education	60,384,320	65,673,643
Total net pension obligation	70,696,335	76,052,399
Net pension assets:		
County	(9,617,233)	(9,314,679)
County Education	(2,910,544)	(4,532,566)
City	(15,395,166)	(15,910,725)
City Education	(7,479,234)	(8,178,715)
Total net pension assets	(35,402,177)	(37,936,685)
Total net pension obligation (assets)	\$ 35,294,158	\$ 38,115,714

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.



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

**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**

In the Metro Plan, the investment in the Northern Trust Daily S&P 500 Equity Index Fund totaling \$481,643,339 exceeds 5% of plan assets at June 30, 2007. In the Metro Education Plan, the investment in the Northern Trust Daily Aggregate Bond Index Fund totaling \$21,611,526 exceeds 5% of plan assets at June 30, 2007. The categorization of pension investments by asset type is included in Note 3 – 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>
<b>ANNUAL PENSION COST AND NET PENSION OBLIGATION (ASSET) - FISCAL 2007</b>			
Annual required contribution	\$ 2,193,202	\$ 85,874,502	\$ 5,708,861
Interest on net pension obligation	(769,379)	824,961	(232,844)
Adjustment to annual required contribution	<u>1,347,144</u>	<u>(1,204,754)</u>	<u>407,697</u>
Annual pension cost	2,770,967	85,494,709	5,883,714
Contributions made	<u>(2,468,413)</u>	<u>(85,427,968)</u>	<u>(7,505,736)</u>
Increase (decrease) in net pension obligation	302,554	66,741	(1,622,022)
Net pension obligation (asset) beginning of year	<u>(9,617,233)</u>	<u>10,312,015</u>	<u>(2,910,544)</u>
Net pension obligation (asset) end of year	<u><u>\$ (9,314,679)</u></u>	<u><u>\$ 10,378,756</u></u>	<u><u>\$ (4,532,566)</u></u>
<b>THREE-YEAR TREND INFORMATION</b>			
<b>2007</b>			
Annual pension cost (APC)	\$ 2,770,967	\$ 85,494,709	\$ 5,883,714
Percentage of APC contributed	89.08%	99.92%	127.57%
Net pension obligation (asset)	\$ (9,314,679)	\$ 10,378,756	\$ (4,532,566)
<b>2006</b>			
Annual pension cost (APC)	\$ 2,744,072	\$ 78,946,942	\$ 5,962,043
Percentage of APC contributed	92.36%	86.99%	127.31%
Net pension obligation (asset)	\$ (9,617,233)	\$ 10,312,015	\$ (2,910,544)
<b>2005</b>			
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)
<b>PARTICIPANTS - Latest Actuarial Valuation Date</b>			
<b>Active:</b>			
Fully vested	-	8,586	1
Non-vested and partially vested	-	4,006	-
Total active	<u>-</u>	<u>12,592</u>	<u>1</u>
Retirees and beneficiaries receiving benefits	168	6,049	340
Terminated vested	-	1,368	-
Total	<u><u>168</u></u>	<u><u>20,009</u></u>	<u><u>341</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>
\$ 13,535,466	\$ 10,118,539	\$ 3,462,604	\$ 120,893,174
4,830,746	(1,231,613)	(598,339)	2,823,532
<u>(5,735,209)</u>	<u>2,156,493</u>	<u>1,047,661</u>	<u>(1,980,968)</u>
12,631,003	11,043,419	3,911,926	121,735,738
<u>(7,341,680)</u>	<u>(11,558,978)</u>	<u>(4,611,407)</u>	<u>(118,914,182)</u>
5,289,323	(515,559)	(699,481)	2,821,556
<u>60,384,320</u>	<u>(15,395,166)</u>	<u>(7,479,234)</u>	<u>35,294,158</u>
<u>\$ 65,673,643</u>	<u>\$ (15,910,725)</u>	<u>\$ (8,178,715)</u>	<u>\$ 38,115,714</u>
\$ 12,631,003	\$ 11,043,419	\$ 3,911,926	\$ 121,735,738
58.12%	104.67%	117.88%	97.68%
\$ 65,673,643	\$ (15,910,725)	\$ (8,178,715)	\$ 38,115,714
\$ 12,388,237	\$ 10,975,819	\$ 4,021,736	\$ 115,038,849
56.52%	105.94%	117.35%	88.79%
\$ 60,384,320	\$ (15,395,166)	\$ (7,479,234)	\$ 35,294,158
\$ 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
10	-	-	8,597
-	-	-	4,006
<u>10</u>	<u>-</u>	<u>-</u>	<u>12,603</u>
1,238	715	233	8,743
8	-	-	1,376
<u>1,256</u>	<u>715</u>	<u>233</u>	<u>22,722</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, 2006	July 1, 2006	July 1, 2006	July 1, 2006
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 (10 remaining)	40 years (12 remaining)	15 years (10 remaining)	30 years (24 remaining)
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return*	8.00%	8.00%	8.00%	8.00%
Projected salary increases*	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, 2006	July 1, 2006
entry age normal	entry age normal
level dollar open	level dollar open
15 years (10 remaining)	15 years (10 remaining)
5 year smoothed market	5 year smoothed 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, 2007 totaled \$25,614,667.

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 \$1,898,824 and \$1,457,680, respectively, for the fiscal year ended June 30, 2007.

The post-retirement benefits for the Metro plans were authorized by the Government's charter and code. During the year ended June 30, 2007, 6,757 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, 2007 totaled \$11,698,647. During the year ended June 30, 2007, 2,879 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, 527 retirees meet those eligibility requirements. Expenditures for post-retirement health care benefits are recognized as retirees report claims. Expenditures of \$6,800,000 for the year ended June 30, 2007 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, 2007, total medical benefit claims expense incurred amounted to \$1,486,586. Future claims cannot be estimated. At June 30, 2007, approximately 147 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 \$5,000 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, 2007, the Metropolitan Transit Authority recognized an expense for death benefit claims totaling \$5,000. Future such claims cannot be estimated, however, at June 30, 2007, approximately 147 retirees were covered under this plan.

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, 71 retirees are receiving benefits under this PERS. During the year ended June 30, 2007, payments of \$381,527 were made by the Authority for post-retirement benefits under this PERS.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 21 retirees are receiving benefits from the Metro Plan. During the year ended June 30, 2007, payments of \$61,332 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, 2007, \$442,859 of post-retirement benefits were recognized as expense.

**NOTE 7 - 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 \$3,000,000 and \$1,600,000, respectively, during the year ended June 30, 2007.

Metropolitan Nashville Airport Authority

The 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 \$538,891 for the year ended June 30, 2007.

**NOTE 8 - LEASES**

**Primary Government**

The Government entered a lease agreement commencing November, 2005, for additional office space. The terms of the agreement call from a base annual rent of \$600,191 before a 50% credit for tenant improvements through December, 2009. Thereafter, rent will be adjusted upward based on either the consumer price index or 3.5% annually, whichever is less. The credit for tenant improvements is capped at \$5 million; the Government has incurred in excess of that amount through June 30, 2007. There is an additional credit in excess of \$1 million

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

available for roof replacement; the Government is expected to replace the roof in fiscal 2008. The lease agreement expires December, 2014. However, the Government may exercise up to six renewal options for five additional years each. Rent expense for the year ended June 30, 2007 was \$210,096.

The Government leases certain other facilities from various lessors under operating lease agreements. Total rental expenditures under these leases are nominal for the year ended June 30, 2007.

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, 2007, the leased building is carried in the enterprise funds at \$3,645,000, less accumulated depreciation of \$1,009,844. A summary of future minimum lease payments and the present value of future lease payments for the capitalized lease as of June 30, 2007 is as follows:

<u>Year Ending June 30,</u>		
2008	\$	256,105
2009		257,113
2010		257,487
2011		257,220
2012		256,300
2013-2015		<u>775,675</u>
Total future minimum lease payments		2,059,900
Less:		
Amount representing interest imputed at 7.5%		439,900
Current portion of capital lease		<u>165,000</u>
Long-term capitalized lease obligation	\$	<u><u>1,455,000</u></u>

**Component Units**

Nashville District Management Corporation

The Corporation leases office space under a noncancelable operating lease which expired May 2007. The space is paid for and used by Nashville Downtown Partnership, Inc., a related nonprofit organization. In connection with the lease, the lessor provided reduced rent totaling \$42,109 for the year ended December 31, 2006 that has been reflected in the financial statements as contributions with an offsetting charge to expense. The lease provides for additional rent to be payable in the event property taxes and/or building operating costs increase for base year amounts. Rent expense totaled \$81,855 for the year ended December 31, 2006. Future minimum lease payments at December 31, 2006 totaled \$15,000. The lease was subsequently extended through May 2012.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2007, 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 \$15,239,315.

A summary of future minimum lease payments required under the agreement as of June 30, 2007 follows:

<u>Year Ending June 30,</u>		
2008	\$	4,000,000
2009		4,000,000
2010		4,000,000
2011		4,000,000
2012-2016		20,000,000
2017-2021		20,000,000
2022-2025		<u>13,666,667</u>
Total future minimum lease payments		69,666,667
Less:		
Amount representing interest		30,819,751
Current portion of capital lease		<u>1,127,131</u>
Long-term capitalized lease obligation	\$	<u>37,719,785</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, 2006 were \$45,259 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 \$5,125,000 at September 30, 2006. 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 \$106,053 for the year ended September 30, 2006.

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 \$874,000 for the year ended June 30, 2007. 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 \$1,900,000 for the year ended June 30, 2007.

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 2004, 2005, 2006 and 2007, the Authority entered into a capital lease agreement with the Government for certain computer equipment with a total cost of \$175,522. The assets under capital lease are included in capital assets. The future minimum lease payments required under the capital leases as of June 30, 2007, are as follows:

<u>Year Ending June 30,</u>		
2008	\$	162,920
2009		151,299
2010		<u>78,758</u>
Total future minimum lease payments		392,977
Less:		
Amount representing interest imputed at 5.05%		22,742
Current portion of capital lease		<u>149,425</u>
Long-term capitalized lease obligation	\$	<u>220,810</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 (\$1,982,009 unamortized at June 30, 2007) 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 \$1,519,498 at June 30, 2006 was forgiven March 1, 2007, and retroactive to February 1, 2006. In exchange for forgiving the receivable, the Airport Authority received title to the facility that the note proceeds were used to construct. The value of the asset received by the Airport Authority was \$1,559,471.

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 \$12,750 for the year ended March 31, 2007.

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, 2007, 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, 2007.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 expired on April 25, 2007. During the year ended March 31, 2007, rent under the long-term lease obligation was \$12,000. Future obligations over the term of the lease are \$1,000.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables at June 30, 2007 are attributable to unsettled balances at year-end primarily for internal service billings and transfers between funds.

Balances at June 30, 2007 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

For the Year Ended June 30, 2007

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	\$ -	\$ 4,730	\$ -	\$ -	\$ 5,283,225	\$ 123,599
General Purpose School	-	-	-	-	-	-
GSD General Purposes Debt Service Fund	141,514	-	-	308,924	7,420	104,975
GSD School Purposes Debt Service Fund	-	941,913	-	-	23,741	-
GSD Capital Projects Fund	300,139	241,416	-	-	-	-
Nonmajor Governmental Funds	4,323,218	299,758	-	-	2,046	585,680
Department of Water and Sewerage Services	6,883	206,236	-	-	-	-
Nonmajor Enterprise Funds	-	-	-	-	-	-
Internal Service Funds	790,594	230,087	24,516	13,036	3,240	572,125
Fiduciary Funds	4,493,084	-	-	-	-	-
	<u>\$ 10,055,432</u>	<u>\$ 1,924,140</u>	<u>\$ 24,516</u>	<u>\$ 321,960</u>	<u>\$ 5,319,672</u>	<u>\$ 1,386,379</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, 2007

Due To						
Nonmajor Governmental Funds	Department of Water and Sewerage Services	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ 2,082,917	\$ 419,136	\$ 4,760	\$ 368,432	\$ 249,285	\$ -	\$ 8,536,084
2,334,907	-	-	4,089	16	-	2,339,012
-	-	-	-	-	-	562,833
-	-	-	-	-	-	965,654
3,316,379	260,985	-	138,270	60,950	-	4,318,139
3,606,103	154,683	-	2,256,298	744,638	-	11,972,424
79,909	-	-	4,677	5,221	-	302,926
1,195	-	-	42,725	108	-	44,028
1,419,953	59,462	10,020	47,017	2,956,324	1,913,296	8,039,670
-	-	-	2,780	-	-	4,495,864
<u>\$ 12,841,363</u>	<u>\$ 894,266</u>	<u>\$ 14,780</u>	<u>\$ 2,864,288</u>	<u>\$ 4,016,542</u>	<u>\$ 1,913,296</u>	<u>\$ 41,576,634</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE 10 - 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 unused employee contributions to the flexible benefit plans, which reverted to the Government, and transfers from pension funds to the General Fund to cover administrative costs.

Interfund transfers for the year ended June 30, 2007 consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2007

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	\$ -	\$ 3,332,400	\$ -	\$ -	\$ -
General Purpose School Fund	103,000	-	-	941,913	-	-
GSD General Purposes Debt Service Fund	-	-	-	-	-	30
GSD Capital Projects Fund	30,000	-	46,581	-	-	-
Nonmajor Governmental Funds	8,552,818	4,327,188	1,337,832	3,064,135	583,516	4,127,500
Department of Water and Sewerage						
Services	3,808,093	-	-	-	-	-
District Energy System	454	-	-	-	-	-
Nonmajor Enterprise Funds	1,105,028	-	-	-	-	-
Internal Service Funds	1,770,000	-	8,605,700	-	-	-
Fiduciary Funds	-	-	-	-	-	-
	<u>\$ 15,850,393</u>	<u>\$ 4,327,188</u>	<u>\$ 13,322,513</u>	<u>\$ 4,006,048</u>	<u>\$ 583,516</u>	<u>\$ 4,127,530</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, 2007

Transferred To					
Nonmajor Governmental Funds	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ 46,581,654	\$ 2,291,300	\$ 1,596,482	\$ 1,902,800	\$ 32,831	\$ 56,218,467
4,951,141	-	215,000	500,000	12,685	6,723,739
-	-	-	-	-	30
33,669,814	-	-	2,251,869	-	35,998,264
197,514	-	1,666,836	16,138,240	-	39,995,579
9,531,450	-	-	913,257	-	14,252,800
-	-	-	-	-	454
-	-	-	28,254	25,885	1,159,167
5,700	-	-	11,197,178	2,350	21,580,928
-	-	-	1,515,494	-	1,515,494
<u>\$ 94,937,273</u>	<u>\$ 2,291,300</u>	<u>\$ 3,478,318</u>	<u>\$ 34,447,092</u>	<u>\$ 73,751</u>	<u>\$ 177,444,922</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE 11 - 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:

	Accidents	
Bodily injury	\$ 250,000	per person
	600,000	per accident
Property damage	85,000	per accident

The Government is also self-insured with respect to casualty losses on real and personal property for aggregate losses greater than \$3,000,000 in any one year, as defined by the insurance policy. Aggregate losses are calculated excluding individual losses under \$10,000 and including the amount exceeding \$10,000 for those losses over \$10,000. Once the aggregate loss of \$3,000,000 is met, the deductible is generally \$100,000 for locations with losses totaling \$100,000 for that policy year and \$25,000 for other locations. Settled claims have not exceeded the self insured retention 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 \$20,507,558 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, 2006 and 2007:

	School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured on Duty	Total Internal Service Fund Types
Claims payable June 30, 2005	\$ 1,685,122	\$ 5,706,349	\$ 3,926,206	\$ 4,419,000	\$ 789,007	\$ 16,525,684
Add: Provision for events of the current fiscal year	(28,203)	1,832,650	54,473,414	46,680,250	10,428,733	113,386,844
Deduct: Payments on claims during the fiscal year	521,550	893,628	53,948,414	47,315,250	7,975,741	110,654,583
Claims payable June 30, 2006	1,135,369	6,645,371	4,451,206	3,784,000	3,241,999	19,257,945
Add: Provision for events of the current fiscal year	214,994	3,551,712	57,951,072	48,315,303	9,379,438	119,412,519
Deduct: Payments on claims during the fiscal year	498,434	2,189,604	57,685,128	48,141,303	9,648,437	118,162,906
Claims payable June 30, 2007	\$ 851,929	\$ 8,007,479	\$ 4,717,150	\$ 3,958,000	\$ 2,973,000	\$ 20,507,558



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, 2007. Accident losses exceeding \$100,000 are covered under an insurance program subject to certain limits.

The Metropolitan Transit Authority is self insured for employee medical claims. The Authority has purchased reinsurance which provides for reimbursement of paid medical claims in excess of \$160,000 per covered participant per agreement year, (\$145,000 prior to March 1, 2007). 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 2007 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 reinsurance amounts are recorded by the Trust. The Metropolitan Transit Authority funds the Trust on a break-even basis. At June 30, 2007, the Metropolitan Transit Authority owed the Trust \$914,278.

The Metropolitan Transit Authority is self-insured, up to certain limits, for its workers' compensation claims. A provision has been made for all such known claims incurred as of June 30, 2007. The Authority has purchased reinsurance for workers compensation claims in excess of \$500,000 per employee (\$400,000 prior to October 1, 2006). The maximum available for reinsurance in a plan year is \$1,000,000. During 2007, the Authority's workers' compensation claims did not exceed the maximum. At June 30, 2007, a provision of \$981,000 is included in accrued expenses relating to workers' compensation claims.

The Metropolitan Nashville 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 and its component units have 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, 2007, no deficiencies existed. The amount to be repaid from user fees is \$83,250,090 at June 30, 2007 and is recorded as capital grants and contributions by the Department of Water and Sewerage Services.

**D. Construction Commitments**

**Primary Government**

At June 30, 2007, the governmental activities of the Government had commitments of \$61,988,872 for construction contracts.

At June 30, 2007, the Department of Water and Sewerage Services had commitments of \$41,911,821 for construction contracts.

The Department of Water and Sewerage Services (the Department), the State of Tennessee Department of Environment and Conservation, and the United States Environmental Protection Agency, have agreed on a consent decree to address and correct deficiencies within the Department's sewer system that have caused violations of the Clean Water Act (CWA). The consent decree requires that the Department fully develop, in two years, a Corrective Action Plan/Engineering Report for its sanitary sewer system and a Long-term Control Plan for its combined sewer system to achieve the goals of the CWA. Upon submittal and approval of the Plans, the Department will have an additional nine years to complete the work as developed by the Plans. The future related capital expenditures are expected to total between \$300 and \$500 million. Failure to comply with the mandate and meet future established deadlines could result in penalties up to \$3,000 per occurrence, and up to \$5,000 per day, for failure to implement the improvements on a timely basis. No such penalty has been assessed through June 30, 2007. Proposed plans to fund capital expenditures for the next few years include internally generated cash and borrowings.

**Component Units**

At September 30, 2006, the Metropolitan Development Housing Agency had outstanding construction commitments of approximately \$15.9 million. Of this amount, \$14.2 million will be paid by grants committed to the Agency by HUD, and the remaining \$1.7 million will be paid by funds committed to the Agency by the Metropolitan Government of Nashville and Davidson County.

The Metropolitan Nashville Airport Authority estimates the cost of completion of various construction projects at June 30, 2007 to be \$77,253,896, of which \$12,556,917 is expected to be reimbursed by other governmental agencies under existing government contracts.

During fiscal 2005, the Metropolitan Transit Authority commenced phase one of the multi-phase "Music City Central" transit center project. Included in the construction in progress amount at June 30, 2007 is \$3,669,563 for project management consulting, site selection costs, and architectural and engineering costs relating to the project. The estimated cost to complete the Music City Central project total approximately \$41,000,000. The project is expected to be completed in fiscal year 2008. The cost of Music City Central will be reimbursed through a series of federal, state and local grants.

During fiscal 2007, the Metropolitan Transit Authority's Board of Directors approved a \$7.3 million project to replace bus radios and have an Automatic Vehicle Locator (AVL) installed in the dispatch center. This project is to be completed in two phases; phase one is scheduled to begin October 2007 and will cost approximately \$3,200,000; phase two is projected at \$4,100,000 and will commence after the completion of phase one.

**E. Liquidity**

**Component Units**

The Government has only budgeted and legally approved approximately \$49.8 million to the Hospital Authority, \$34.9 million of which has been allocated as revenue to General Hospital by the Hospital Authority, for the year ended June 30, 2008. 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

## THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

reflected in General Hospital's financial statements, General Hospital had a net deficit of approximately \$7.0 million for the year ended June 30, 2007. General Hospital's financial activities resulted in net cash used in operating activities of approximately \$34.2 million for the year ended June 30, 2007, which was funded primarily by the Metropolitan Government in the form of revenue or capital contributions and advances reflected as liabilities 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, and renegotiating managed care contracts to improve reimbursement from payors.

At June 30, 2007, General Hospital had total amounts due to the Metropolitan Government of approximately \$29.2 million, which accrued interest at rates determined by the Metropolitan Government (5.29% at June 30, 2007). 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 \$1,216,634 for the year ended June 30, 2007.

##### **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 \$659,294 and \$398,000, respectively, for the year ended June 30, 2007. The outstanding management fees payable to VUMC for General Hospital are \$54,940 at June 30, 2007. 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 \$49,797,100 for fiscal year ending June 30, 2007. The total supplement to the Hospital Authority approved for the fiscal year ending June 30, 2008 was \$49,797,100.

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

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

THE METROPOLITAN 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.

The Electric Power Board has an agreement with an outside firm, whereby the firm provides computer hardware services operation for the Board's mainframe information system. The agreement will expire in November 2007. The contract is for three years and may be renewed for two additional one-year periods. The Board also has 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 contract is for three years and may be renewed for two additional one-year periods. The minimum commitments remaining under these agreements is \$1.5 million for fiscal year 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 is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Authority's attorney and management, the resolution of these matters will not have a material adverse effect on the financial condition of the Authority. Accordingly, no provision for loss, if any, related to these matters has been made in the financial statements.

The Metropolitan Nashville Airport Authority is a defendant to various legal proceedings incidental to its operations. In the opinion of management and the Authority's legal counsel, while the ultimate outcome of these matters, including an estimate of potential loss, cannot presently be determined, any losses sustained would be recoverable through the Authority's leases with certain airlines.

In August 1997, the Emergency Communication District's board of directors approved an Interlocal Agreement with the Government to assist in the financing of an 800 MHz radio system. The total cost of this equipment is estimated to be \$28 million, of which the District will be responsible for \$2.8 million per year, payable in semi-annual installments, over a ten-year period. To fund its portion of the acquisition, the District increased the monthly emergency telephone service subscriber fees. The final payment on this commitment was made to the Government in November 2006. In August 2006, the board approved a resolution to leave the fee in place in the current rate structure to fund operational needs.

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 the Government, in exchange for substantially all revenues received from CBID assessments. During the year ended December 31, 2006, the Corporation recognized expense of \$632,717 related to the agreement. The agreement will expire December 31, 2007.

**NOTE 12 – TERMINATION BENEFITS**

**Component Units**

The Metropolitan Development and Housing Agency implemented a strategy to reduce its employee workforce during fiscal 2006. The strategy resulted in voluntary termination of 24 employees through an early retirement bonus program and the involuntary termination of 24 employees through a severance program. Employees eligible for the early retirement bonus program were those with 25 or more years of service or those who were 55 years of age with 10 years or more of service. The early retirement was effective June 30, 2006. The cost of the early retirement bonus program totaled \$1,011,215 and included the employees' accrued compensated absences and a one-time bonus amount. All payments to employees under the early retirement bonus program were made during fiscal year 2006.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The severance program was effective September 30, 2006 and the total cost of the program was \$549,263. The cost of the severance program included the employees' accrued compensated absences as well as a one-time severance bonus. The cost is included in operating expenses and accrued liabilities in the Statements at September 30, 2006. All payments to employees under the severance program occurred in October 2006.

Continuation of healthcare coverage was provided to the terminated employees through COBRA. Under the terms of the employment separation agreements, the employees are responsible for payments of all healthcare coverage premiums.

In connection with the early retirement program and severance program, the Agency contracted with an outplacement services consulting firm to offer career counseling and job placement for up to three months. A total of 26 employees utilized the outplacement services at a total cost of \$86,700 to the Agency. These costs were paid during fiscal 2006.

**NOTE 13 – SUBSEQUENT EVENTS**

**Primary Government**

Effective July 11, 2007, the amount of commercial paper notes that can be issued under the Government's commercial paper program as described in Note 6, Section F, was increased from \$200 to \$400 million. At the same time, the Government entered into a contract with a third party to provide liquidity for the commercial paper program. Previously the Government provided liquidity for the program under the contract. If the commercial paper dealer was ever unable to market notes in the amount needed to pay the maturing notes, the liquidity provider would purchase the rollover notes and hold them until the commercial paper dealer was able to successfully market the additional rollover notes and pay the rollover notes held by the liquidity provider.

On July 25, 2007, the Government completed a draw of \$50 million of commercial paper notes. These notes carry an interest rate of 3.70% and mature in two installments, \$40 million on October 9, 2007 and \$10 million on November 9, 2007. At maturity, the notes will be rolled over into new commercial paper notes or bonds will be issued. The proceeds from the notes will be used to fund various capital projects.

On October 10, 2007, the Government completed a draw of \$50 million of commercial paper notes. These notes carry interest rates of 3.50% to 3.55% and mature in two installments, \$28 million on December 11, 2007 and \$22 million on January 10, 2008. At maturity, the notes will be rolled over into new commercial paper notes or bonds will be issued. The proceeds from the notes will be used to fund various capital projects.

On July 17, 2007, the Government issued \$36,240,000 Water and Sewer Revenue Refunding Bonds, Series 2007 (Series 2007 Bonds), maturing on January 1, 2016, with interest rates ranging from 4.25% to 5.00%. These bonds refunded certain maturities of the Water and Sewer Revenue Refunding Bonds, Series 1986, maturing January 1, 2016, and all maturities of the Water and Sewer Revenue Refunding Bonds, Series 1996, maturing January 1, 2009 through January 1, 2014. As a result, the refunded Bonds are considered to be defeased. By issuing the new bonds, the Government obtained an estimated economic gain (difference between the present values of the debt service payments on the defeased and new debt) of \$2,491,142. The refunding will reduce the Government's debt service payments over the next 2012 years by an estimated \$2,966,593.

**Component Units**

During August 2007, the Metropolitan Nashville Airport Authority issued Airport Improvement Revenue Bonds, Series 2007 in the principal amount of \$8,700,000. The Series 2007 Bonds were issued to provide a portion of the funding needed for the first phase of the multi-phase terminal renovation project. The Series 2007 Bonds were issued at a weekly variable rate and mature in progressive principal amounts ranging from \$310,000 on July 1, 2009 to \$710,000 on July 1, 2026.

On April 19, 2007, the Board of Commissioners of the Metropolitan Nashville Airport Authority approved an interlocal cooperation agreement with the Industrial Development Board of the Metropolitan Government. As a result of this action, MNAA Properties Corporation (MPC), a Tennessee nonprofit corporation, was formed for the purpose of supporting and facilitating the operations of the Airport Authority and to help the economic development of the surrounding area. No capital contribution was made as of June 30, 2007. However, \$9,000,000 was transferred from the Airport Authority to MPC in August 2007, in anticipation of the acquisition of two separate multi-tenant buildings on Airport property. It is currently expected that no other property or assets of the Airport Authority will be pledged or committed to support MPC or any subsidiaries of MPC.

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>2007</u>		<u>2006</u>		<u>2005</u>	
77.2	%	73.0	%	85.0	%

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. Beginning in 2006, the pavement condition measure was refined to include a measurement for raveling distress. Raveling is the loss of aggregate from the road surface. This distress is used to identify roads that would benefit from a new surface treatment process that extends the life of the road. The addition of raveling with the other existing distresses resulted in an overall road condition decrease for 2006. 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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Needed	\$ 15,900,000	\$ 12,839,000	\$ 9,200,000	\$ 9,000,000	\$ 9,200,000
Actual	13,931,706	2,535,548	5,114,944	9,534,328	6,126,750
Difference	<u>\$ (1,968,294)</u>	<u>\$ (10,303,452)</u>	<u>\$ (4,085,056)</u>	<u>\$ 534,328</u>	<u>\$ (3,073,250)</u>

During fiscal year 2006, the actual amount spent on roadway paving and surface treatment was significantly lower than the needed amount due to the fact that capital funds were not available until September 2006. This delayed the procurement, contracting and work related to road repairs and maintenance; however, the budgeted funds have all been encumbered. There will always be a timing difference between years for funding versus expenditures.

**BRIDGES AND UNDERPASSES**

Percentage of Deck Area in Non-Deficient Condition

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
(a) %	95.3 %	(a)	(a)	94.2 %	(a)

(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 are reported every even year beginning in 2006. Thus, the assessment results provided late calendar year 2007 will be reported in fiscal 2008.

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 235 Non-Federal Aid and 141 Federal Aid Urban bridges and underpasses in the transportation network as of the 2005 inspection. One additional Federal Aid Urban bridge, the Gateway Bridge, was completed during fiscal year 2004.

Comparison of Needed to Actual Maintenance

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Needed	\$ 4,920,006	\$ 9,613,000	\$ 1,800,000	\$ 800,000	\$ 800,000
Actual	<u>5,505,805</u>	<u>2,517,717</u>	<u>1,848,895</u>	<u>231,054</u>	<u>555,057</u>
Difference	<u>\$ 585,799</u>	<u>\$ (7,095,283)</u>	<u>\$ 48,895</u>	<u>\$ (568,946)</u>	<u>\$ (244,943)</u>

During fiscal year 2006, the actual amount spent on bridge and underpass repair was significantly lower than the needed amount due to the fact that capital funds were not available until September 2006. This delayed the procurement, contracting and work related to bridge and underpass repairs and maintenance; however, the needed funds have all been encumbered.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (b)

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, 2001	\$ -	\$ 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	-
July 1, 2005	348,492	17,422,321	17,073,829	2.00
July 1, 2006	711,665	16,971,095	16,259,430	4.19
Metro Plan				
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
July 1, 2005	1,602,285,363	1,818,206,856	215,921,493	88.12
July 1, 2006	1,706,677,125	1,959,952,204	253,275,079	87.08
County Education Plan (a)				
July 1, 2001	-	60,545,071	60,545,071	-
July 1, 2002	-	57,824,587	57,824,587	-
July 1, 2003	-	50,759,348	50,759,348	-
July 1, 2004	-	48,496,408	48,496,408	-
July 1, 2005	930,671	46,129,614	45,198,943	2.02
July 1, 2006	2,409,417	44,732,388	42,322,971	5.39
Metro Education Plan				
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
July 1, 2005	90,047,496	233,143,995	143,096,499	38.62
July 1, 2006	84,919,612	232,911,728	147,992,116	36.46

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

(b) There are no factors that significantly affect the identification of trends in the amounts reported. See assumptions used in the preparation of this Schedule disclosed in Note 6 to the financial statements.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (CONTINUED) (b)

Unaudited - See Accompanying Accountants' Report

<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
\$ -	- %
-	-
-	-
-	-
-	-
-	-
398,426,904	24.25
434,699,880	22.81
466,820,160	25.52
481,881,171	24.00
474,531,741	45.50
515,500,760	49.13
446,414	-
283,145	-
241,202	-
114,132	-
69,331	65,192.98
68,834	61,485.56
6,471,686	1,973.21
4,752,700	2,686.46
3,216,887	4,172.96
1,175,623	11,394.08
806,833	17,735.58
622,419	23,776.93

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (b)

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, 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	-
July 1, 2005	1,637,445	79,815,871	78,178,426	2.05
July 1, 2006	3,303,691	78,318,066	75,014,375	4.22
City Education Plan (a)				
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	-
July 1, 2005	567,317	28,677,079	28,109,762	1.98
July 1, 2006	1,545,079	27,215,294	25,670,215	5.68

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

(b) There are no factors that significantly affect the identification of trends in the amounts reported. See assumptions used in the preparation of this Schedule disclosed in Note 6 to the financial statements.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (CONTINUED) (b)

Unaudited - See Accompanying Accountants' Report

	<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
\$	-	- %
	-	-
	-	-
	-	-
	-	-
	-	-
	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		
2002	\$ 2,085,246	130.12 %
2003	2,186,158	115.17
2004	1,702,332	140.30
2005	2,212,493	118.24
2006	2,226,235	113.84
2007	2,193,202	112.55
Metro Plan		
2002	26,339,414	100.53
2003	40,274,352	74.80
2004	56,816,644	79.03
2005	66,773,405	88.20
2006	78,948,767	86.99
2007	85,874,502	99.48
County Education Plan		
2002	5,224,991	136.24
2003	5,038,687	127.85
2004	4,469,917	148.50
2005	5,908,608	127.30
2006	5,894,471	128.77
2007	5,708,861	131.48
Metro Education Plan		
2002	11,020,413	51.92
2003	11,125,636	87.01
2004	11,821,256	83.33
2005	11,932,549	57.45
2006	13,140,571	53.29
2007	13,535,466	54.24

(a) See assumptions used in the preparation of this Schedule disclosed in Note 6 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		
2002	\$ 8,923,918	128.44 %
2003	9,299,818	119.06
2004	7,747,707	138.63
2005	10,395,754	115.53
2006	10,198,923	114.01
2007	10,118,539	114.24
City Education Plan		
2002	3,131,890	145.42
2003	2,920	132.46
2004	2,807,195	141.07
2005	3,601,764	125.38
2006	3,664,376	128.79
2007	3,462,604	133.18

(a) See assumptions used in the preparation of this Schedule disclosed in Note 6 to the financial statements.





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2007

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 218,050	\$ 5,860,118	\$ 765,496	\$ 43,400,571
Accounts receivable	683,355	5,622,741	171,627	2,129
Accrued interest receivable	1,293	30,072	3,253	195,367
Due from other funds of the primary government	45,267	117,156	512,785	7,884,253
Inventories of supplies	-	-	194,908	-
Other assets	292	350,000	-	-
<b>Total assets</b>	<b>\$ 948,257</b>	<b>\$ 11,980,087</b>	<b>\$ 1,648,069</b>	<b>\$ 51,482,320</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 265,122	\$ 2,674,601	\$ 97,337	\$ 1,113,493
Accrued payroll	508,354	16,730	36,212	-
Due to other funds of the primary government	92,885	2,445,177	633,743	1,817,251
Due to component units	-	-	-	448
Deferred revenue	-	66,350	-	-
Commercial paper payable	-	-	-	-
Other liabilities	3,296	-	-	-
<b>Total liabilities</b>	<b>869,657</b>	<b>5,202,858</b>	<b>767,292</b>	<b>2,931,192</b>
<b>FUND BALANCES (DEFICITS):</b>				
Reserved for imprest cash and inventories	1,750	-	209,084	-
Reserved for equipment acquisitions	-	-	-	45,732,775
Reserved for trust purposes	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved, reported in:				
Special revenue funds:				
Designated for specific projects	-	5,137,557	-	-
Undesignated	76,850	1,639,672	671,693	2,818,353
Capital project funds:				
Undesignated	-	-	-	-
Permanent funds:				
Undesignated	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>78,600</b>	<b>6,777,229</b>	<b>880,777</b>	<b>48,551,128</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 948,257</b>	<b>\$ 11,980,087</b>	<b>\$ 1,648,069</b>	<b>\$ 51,482,320</b>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2007

Special Revenue Funds

Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services
\$ 11,793,694	\$ 7,885,687	\$ 13,727,115	\$ 1,116,947	\$ -	\$ 51,271
4,632,984	765,594	1,701,734	20,000	2,768,358	-
49,247	35,050	53,770	4,277	1,182	106
586,421	14,841	-	2,833	865,876	-
-	-	-	-	-	-
2,663	-	-	-	-	-
<u>\$ 17,065,009</u>	<u>\$ 8,701,172</u>	<u>\$ 15,482,619</u>	<u>\$ 1,144,057</u>	<u>\$ 3,635,416</u>	<u>\$ 51,377</u>
\$ 1,724,315	\$ 1,226,930	\$ 958,994	\$ 79,124	\$ 404,529	\$ 219
242,287	187,364	189,799	10,642	439,569	-
119,329	729,803	110,055	27,413	2,002,431	22,837
-	-	-	-	-	-
-	-	-	207,661	9,977	-
-	-	-	-	-	-
2,376,957	-	-	-	-	-
<u>4,462,888</u>	<u>2,144,097</u>	<u>1,258,848</u>	<u>324,840</u>	<u>2,856,506</u>	<u>23,056</u>
458,000	700	100	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,144,121	6,556,375	14,223,671	819,217	778,910	28,321
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,602,121</u>	<u>6,557,075</u>	<u>14,223,771</u>	<u>819,217</u>	<u>778,910</u>	<u>28,321</u>
<u>\$ 17,065,009</u>	<u>\$ 8,701,172</u>	<u>\$ 15,482,619</u>	<u>\$ 1,144,057</u>	<u>\$ 3,635,416</u>	<u>\$ 51,377</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, 2007

	Special Revenue Funds		
	Education Services	Infrastructure Services	Nashville Career Advancement Center
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 7,605,774	\$ 2,963,978	\$ -
Accounts receivable	15,904,669	-	856,218
Accrued interest receivable	41,299	11,543	-
Due from other funds of the primary government	270,237	-	200,062
Inventories of supplies	701,017	-	-
Other assets	-	-	78
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 24,522,996</u>	<u>\$ 2,975,521</u>	<u>\$ 1,056,358</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 2,079,939	\$ 359,073	\$ 552,307
Accrued payroll	-	-	112,578
Due to other funds of the primary government	2,326,320	1,530,663	509,952
Due to component units	-	-	-
Deferred revenue	2,004,730	-	38,284
Commercial paper payable	-	-	-
Other liabilities	1,091	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>6,412,080</u>	<u>1,889,736</u>	<u>1,213,121</u>
<b>FUND BALANCES (DEFICITS):</b>			
Reserved for imprest cash and inventories	2,572,225	-	400
Reserved for equipment acquisitions	-	-	-
Reserved for trust purposes	-	-	-
Reserved for debt service	-	-	-
Unreserved, reported in:			
Special revenue funds:			
Designated for specific projects	-	-	-
Undesignated	15,538,691	1,085,785	(157,163)
Capital project funds:			
Undesignated	-	-	-
Permanent funds:			
Undesignated	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances (deficits)	<u>18,110,916</u>	<u>1,085,785</u>	<u>(156,763)</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances (deficits)	<u>\$ 24,522,996</u>	<u>\$ 2,975,521</u>	<u>\$ 1,056,358</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, 2007

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
\$ 1,066,793	\$ -	\$ 1,642,347	\$ 12,979,744	\$ 2,565,080
-	-	9,153	56,382	-
4,013	-	-	486	87
-	-	-	722,455	750,238
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,070,806</u>	<u>\$ -</u>	<u>\$ 1,651,500</u>	<u>\$ 13,759,067</u>	<u>\$ 3,315,405</u>
\$ -	\$ 28,167	\$ 3,771	\$ 5,812,930	\$ 2,388,367
-	-	-	-	-
-	153,567	-	257,187	62,750
-	-	-	-	-
-	-	-	-	-
-	-	-	38,925,817	14,334,519
-	-	-	-	-
<u>-</u>	<u>181,734</u>	<u>3,771</u>	<u>44,995,934</u>	<u>16,785,636</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,647,729	-	-
-	-	-	-	-
1,070,806	(181,734)	-	-	-
-	-	-	(31,236,867)	(13,470,231)
-	-	-	-	-
<u>1,070,806</u>	<u>(181,734)</u>	<u>1,647,729</u>	<u>(31,236,867)</u>	<u>(13,470,231)</u>
<u>\$ 1,070,806</u>	<u>\$ -</u>	<u>\$ 1,651,500</u>	<u>\$ 13,759,067</u>	<u>\$ 3,315,405</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, 2007

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 195,027	\$ 197,925	\$ 114,035,617
Accounts receivable	-	-	33,194,944
Accrued interest receivable	752	765	432,562
Due from other funds of the primary government	-	-	11,972,424
Inventories of supplies	-	-	895,925
Other assets	-	-	353,033
<b>Total assets</b>	<b>\$ 195,779</b>	<b>\$ 198,690</b>	<b>\$ 160,884,505</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ -	\$ -	\$ 19,769,218
Accrued payroll	-	-	1,743,535
Due to other funds of the primary government	-	-	12,841,363
Due to component units	-	-	448
Deferred revenue	-	-	2,327,002
Commercial paper payable	-	-	53,260,336
Other liabilities	-	-	2,381,344
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>92,323,246</b>
<b>FUND BALANCES (DEFICITS):</b>			
Reserved for imprest cash and inventories	-	-	3,242,259
Reserved for equipment acquisitions	-	-	45,732,775
Reserved for trust purposes	105,994	81,220	187,214
Reserved for debt service	-	-	1,647,729
Unreserved, reported in:			
Special revenue funds:			
Designated for specific projects	-	-	5,137,557
Undesignated	-	-	57,113,568
Capital project funds:			
Undesignated	-	-	(44,707,098)
Permanent funds:			
Undesignated	89,785	117,470	207,255
<b>Total fund balances (deficits)</b>	<b>195,779</b>	<b>198,690</b>	<b>68,561,259</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 195,779</b>	<b>\$ 198,690</b>	<b>\$ 160,884,505</b>

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, 2007

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
REVENUES:				
Property taxes	\$ -	\$ 627,503	\$ -	\$ -
Other taxes, licenses and permits	-	25,306,411	-	-
Fines, forfeits and penalties	-	-	-	-
Revenues from the use of money or property	11,915	259,133	34,227	2,525,271
Revenues from other governmental agencies	17,282,543	7,002,742	544,275	5,675
Charges for current services	152,753	66,664	1,767,623	-
Compensation for loss, sale or damage to property	7,025	-	-	-
Contributions and gifts	19,597	171,772	259,327	-
Miscellaneous	147	825	-	-
Total revenues	<u>17,473,980</u>	<u>33,435,050</u>	<u>2,605,452</u>	<u>2,530,946</u>
EXPENDITURES:				
Current:				
General government	-	17,058,237	-	-
Law enforcement and care of prisoners	-	-	-	-
Regulation and inspection	-	-	-	-
Public welfare	21,195,182	-	-	-
Public health and hospitals	-	-	-	-
Public library system	-	-	-	-
Public works, highways and streets	-	-	-	-
Recreational and cultural	-	-	1,884,526	-
Education	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Capital outlay	-	3,196,768	25,207	14,351,350
Total expenditures	<u>21,195,182</u>	<u>20,255,005</u>	<u>1,909,733</u>	<u>14,351,350</u>
Excess (deficiency) of revenues over expenditures	<u>(3,721,202)</u>	<u>13,180,045</u>	<u>695,719</u>	<u>(11,820,404)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,830,201	210,204	427,057	22,298,192
Transfers out	(276,397)	(10,093,570)	(890,313)	(16,179,150)
Total other financing sources (uses)	<u>3,553,804</u>	<u>(9,883,366)</u>	<u>(463,256)</u>	<u>6,119,042</u>
Net change in fund balances (deficits)	(167,398)	3,296,679	232,463	(5,701,362)
FUND BALANCES (DEFICITS), beginning of year	<u>245,998</u>	<u>3,480,550</u>	<u>648,314</u>	<u>54,252,490</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 78,600</u>	<u>\$ 6,777,229</u>	<u>\$ 880,777</u>	<u>\$ 48,551,128</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, 2007

Special Revenue Funds					
Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
158,190	-	-	-	-	-
4,512,669	-	30,164	-	-	-
672,803	335,595	614,016	56,079	14,695	52,650
21,344,035	586,338	92,995	349,395	13,088,568	-
-	4,214,024	5,995	-	-	-
8,329	-	-	-	-	-
21,872	-	-	488,350	125,352	400
250,859	54,933	-	-	-	-
<u>26,968,757</u>	<u>5,190,890</u>	<u>743,170</u>	<u>893,824</u>	<u>13,228,615</u>	<u>53,050</u>
-	-	-	-	-	-
26,932,972	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	159,729
-	-	-	-	14,693,099	-
-	21,319,651	7,132,710	724,017	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
860,452	83,440	2,597,818	20,000	20,011	-
<u>27,793,424</u>	<u>21,403,091</u>	<u>9,730,528</u>	<u>744,017</u>	<u>14,713,110</u>	<u>159,729</u>
<u>(824,667)</u>	<u>(16,212,201)</u>	<u>(8,987,358)</u>	<u>149,807</u>	<u>(1,484,495)</u>	<u>(106,679)</u>
792,987	18,913,800	9,526,200	-	2,801,693	-
(763,468)	(1,546,671)	(3,165)	-	(1,239,478)	-
<u>29,519</u>	<u>17,367,129</u>	<u>9,523,035</u>	<u>-</u>	<u>1,562,215</u>	<u>-</u>
(795,148)	1,154,928	535,677	149,807	77,720	(106,679)
<u>13,397,269</u>	<u>5,402,147</u>	<u>13,688,094</u>	<u>669,410</u>	<u>701,190</u>	<u>135,000</u>
<u>\$ 12,602,121</u>	<u>\$ 6,557,075</u>	<u>\$ 14,223,771</u>	<u>\$ 819,217</u>	<u>\$ 778,910</u>	<u>\$ 28,321</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, 2007

	Special Revenue Funds		
	Education Services	Infrastructure Services	Nashville Career Advancement Center
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
Other taxes, licenses and permits	-	-	-
Fines, forfeits and penalties	-	-	-
Revenues from the use of money or property	484,177	88,604	2,070
Revenues from other governmental agencies	74,685,915	20,650	7,306,092
Charges for current services	16,610,684	-	1,240
Compensation for loss, sale or damage to property	-	-	155
Contributions and gifts	5,311,500	48,419	84,596
Miscellaneous	-	-	193
Total revenues	<u>97,092,276</u>	<u>157,673</u>	<u>7,394,346</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Law enforcement and care of prisoners	-	-	-
Regulation and inspection	-	-	-
Public welfare	-	-	7,622,650
Public health and hospitals	-	-	-
Public library system	-	-	-
Public works, highways and streets	-	396,334	-
Recreational and cultural	-	-	-
Education	94,021,320	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Fiscal charges	-	-	-
Capital outlay	547,621	242,672	-
Total expenditures	<u>94,568,941</u>	<u>639,006</u>	<u>7,622,650</u>
Excess (deficiency) of revenues over expenditures	<u>2,523,335</u>	<u>(481,333)</u>	<u>(228,304)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	2,468,101	-	277,000
Transfers out	(4,356,332)	(1,447,432)	(82,316)
Total other financing sources (uses)	<u>(1,888,231)</u>	<u>(1,447,432)</u>	<u>194,684</u>
Net change in fund balances (deficits)	635,104	(1,928,765)	(33,620)
FUND BALANCES (DEFICITS), beginning of year	<u>17,475,812</u>	<u>3,014,550</u>	<u>(123,143)</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 18,110,916</u>	<u>\$ 1,085,785</u>	<u>\$ (156,763)</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, 2007

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
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
41,494	-	74,907	209,331	16,592
-	-	2,188,555	-	-
408,461	40,584	-	-	-
-	-	-	653,066	-
-	-	-	108,332	-
-	-	-	-	-
<u>449,955</u>	<u>40,584</u>	<u>2,263,462</u>	<u>970,729</u>	<u>16,592</u>
-	-	-	-	-
-	-	-	-	-
-	97,566	-	-	-
-	-	-	-	-
-	-	-	-	-
87,061	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,570,000	-	-
-	-	465,350	-	-
-	-	2,171	-	-
86,248	-	-	51,235,583	22,016,194
<u>173,309</u>	<u>97,566</u>	<u>2,037,521</u>	<u>51,235,583</u>	<u>22,016,194</u>
<u>276,646</u>	<u>(56,982)</u>	<u>225,941</u>	<u>(50,264,854)</u>	<u>(21,999,602)</u>
-	100,000	-	25,275,662	8,016,176
-	-	-	(3,066,902)	(50,385)
-	100,000	-	22,208,760	7,965,791
276,646	43,018	225,941	(28,056,094)	(14,033,811)
<u>794,160</u>	<u>(224,752)</u>	<u>1,421,788</u>	<u>(3,180,773)</u>	<u>563,580</u>
<u>\$ 1,070,806</u>	<u>\$ (181,734)</u>	<u>\$ 1,647,729</u>	<u>\$ (31,236,867)</u>	<u>\$ (13,470,231)</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, 2007

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
REVENUES:			
Property taxes	\$ -	\$ -	\$ 627,503
Other taxes, licenses and permits	-	-	25,464,601
Fines, forfeits and penalties	-	-	4,542,833
Revenues from the use of money or property	9,480	9,692	5,512,731
Revenues from other governmental agencies	-	-	144,497,778
Charges for current services	-	-	23,268,028
Compensation for loss, sale or damage to property	-	-	668,575
Contributions and gifts	-	-	6,639,517
Miscellaneous	-	-	306,957
Total revenues	<u>9,480</u>	<u>9,692</u>	<u>211,528,523</u>
EXPENDITURES:			
Current:			
General government	-	-	17,058,237
Law enforcement and care of prisoners	-	-	26,932,972
Regulation and inspection	-	-	97,566
Public welfare	-	-	28,977,561
Public health and hospitals	-	-	14,693,099
Public library system	-	-	724,017
Public works, highways and streets	-	-	28,935,756
Recreational and cultural	-	-	1,884,526
Education	-	3,588	94,024,908
Debt service:			
Principal retirement	-	-	1,570,000
Interest	-	-	465,350
Fiscal charges	-	-	2,171
Capital outlay	-	-	95,283,364
Total expenditures	<u>-</u>	<u>3,588</u>	<u>310,649,527</u>
Excess (deficiency) of revenues over expenditures	<u>9,480</u>	<u>6,104</u>	<u>(99,121,004)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	94,937,273
Transfers out	-	-	(39,995,579)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>54,941,694</u>
Net change in fund balances (deficits)	9,480	6,104	(44,179,310)
FUND BALANCES (DEFICITS), beginning of year	<u>186,299</u>	<u>192,586</u>	<u>112,740,569</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 195,779</u>	<u>\$ 198,690</u>	<u>\$ 68,561,259</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 75,177,500	\$ 75,177,500	\$ 75,698,532	\$ 521,032
Local option sales tax	2,100,000	2,100,000	2,638,882	538,882
Fines, forfeits and penalties	398,000	398,000	604,993	206,993
Revenues from the use of money or property	-	-	2,514	2,514
Revenues from other governmental agencies	2,927,000	2,927,000	4,213,884	1,286,884
Charges for current services	1,400,100	1,400,100	228,712	(1,171,388)
<b>Total revenues</b>	<b>82,002,600</b>	<b>82,002,600</b>	<b>83,387,517</b>	<b>1,384,917</b>
<b>EXPENDITURES:</b>				
Principal retirement	49,865,700	49,865,700	49,893,327	(27,627)
Interest	43,468,600	43,468,600	41,080,692	2,387,908
Fiscal charges	1,666,400	1,666,400	2,237,964	(571,564)
Bond issue costs	-	-	498,256	(498,256)
<b>Total expenditures</b>	<b>95,000,700</b>	<b>95,000,700</b>	<b>93,710,239</b>	<b>1,290,461</b>
Excess (deficiency) of revenues over expenditures	(12,998,100)	(12,998,100)	(10,322,722)	2,675,378
<b>OTHER FINANCING SOURCES (USES):</b>				
Payments to refunded bond escrow agent	-	-	(133,920,099)	(133,920,099)
Issuance of refunding bonds	-	-	125,907,793	125,907,793
Bond issue premium (discount)	-	-	8,510,562	8,510,562
Transfers in	12,998,100	12,998,100	13,322,513	324,413
Transfers out	-	-	(30)	(30)
<b>Total other financing sources (uses)</b>	<b>12,998,100</b>	<b>12,998,100</b>	<b>13,820,739</b>	<b>822,639</b>
Net change in fund balances	-	-	3,498,017	3,498,017
FUND BALANCES, beginning of year	4,506,155	4,506,155	4,506,155	-
FUND BALANCES, end of year	\$ 4,506,155	\$ 4,506,155	\$ 8,004,172	\$ 3,498,017

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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 30,557,800	\$ 30,557,800	\$ 27,616,119	\$ (2,941,681)
Local option sales tax	17,007,900	17,007,900	17,007,900	-
Revenues from the use of money or property	1,728,600	1,728,600	2,771,334	1,042,734
<b>Total revenues</b>	<b>49,294,300</b>	<b>49,294,300</b>	<b>47,395,353</b>	<b>(1,898,947)</b>
<b>EXPENDITURES:</b>				
Principal retirement	31,393,900	31,393,900	31,828,536	(434,636)
Interest	24,684,200	24,684,200	24,678,114	6,086
Fiscal charges	3,359,600	3,359,600	449,730	2,909,870
Bond issue costs	-	-	85,880	(85,880)
<b>Total expenditures</b>	<b>59,437,700</b>	<b>59,437,700</b>	<b>57,042,260</b>	<b>2,395,440</b>
Excess (deficiency) of revenues over expenditures	(10,143,400)	(10,143,400)	(9,646,907)	496,493
<b>OTHER FINANCING SOURCES (USES):</b>				
Payments to refunded bond escrow agent	-	-	(62,284,875)	(62,284,875)
Issuance of refunding bonds	-	-	58,421,814	58,421,814
Bond issue premium (discount)	-	-	3,948,941	3,948,941
Transfers in	107,500	107,500	4,006,048	3,898,548
<b>Total other financing sources (uses)</b>	<b>107,500</b>	<b>107,500</b>	<b>4,091,928</b>	<b>3,984,428</b>
Net change in fund balances	(10,035,900)	(10,035,900)	(5,554,979)	4,480,921
FUND BALANCE, beginning of year	66,092,796	66,092,796	66,092,796	-
FUND BALANCE, end of year	\$ 56,056,896	\$ 56,056,896	\$ 60,537,817	\$ 4,480,921

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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 9,816,100	\$ 9,816,100	\$ 7,402,479	\$ (2,413,621)
Revenues from the use of money or property	359,000	359,000	150,426	(208,574)
Total revenues	10,175,100	10,175,100	7,552,905	(2,622,195)
<b>EXPENDITURES:</b>				
Principal retirement	12,285,500	12,285,500	12,277,704	7,796
Interest	6,216,000	6,216,000	6,298,760	(82,760)
Fiscal charges	221,500	221,500	129,116	92,384
Bond issue costs	-	-	3,764	(3,764)
Total expenditures	18,723,000	18,723,000	18,709,344	13,656
Excess (deficiency) of revenues over expenditures	(8,547,900)	(8,547,900)	(11,156,439)	(2,608,539)
<b>OTHER FINANCING SOURCES (USES):</b>				
Payments to refunded bond escrow agent	-	-	(2,729,695)	(2,729,695)
Issuance of refunding bonds	-	-	2,560,393	2,560,393
Bond issue premium (discount)	-	-	173,066	173,066
Transfers in	-	-	583,516	583,516
Total other financing sources (uses)	-	-	587,280	587,280
Net change in fund balances	(8,547,900)	(8,547,900)	(10,569,159)	(2,021,259)
FUND BALANCES, beginning of year	12,996,611	12,996,611	12,996,611	-
FUND BALANCES, end of year	\$ 4,448,711	\$ 4,448,711	\$ 2,427,452	\$ (2,021,259)

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. It also accounts for funds received from 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 for Title V Clean Air fees and expenditures, various federal and state grant programs 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, food service operations of the school system, and fund raising 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 supporting 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.

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.

**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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

**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, 2007

<u>ASSETS</u>	<u>Nashville Convention Center</u>	<u>Board of Fair Commissioners</u>	<u>Farmers Market</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 2,779,963	\$ 3,862,664	\$ 299,953
Accounts receivable	395,193	55,576	-
Allowance for doubtful accounts	(39,142)	-	-
Accrued interest receivable	10,943	14,363	646
Due from other funds of the primary government	-	64	44
Other current assets	-	4,229	-
	<u>3,146,957</u>	<u>3,936,896</u>	<u>300,643</u>
<b>CAPITAL ASSETS:</b>			
Land	6,056,529	175,293	-
Buildings and improvements	50,012,877	7,576,478	638,030
Improvements other than buildings	50,220	3,402,628	210,909
Furniture, machinery and equipment	3,621,987	551,125	275,210
Property under capital lease	-	-	3,645,000
Construction work in progress	796,674	1,297,053	77,271
Accumulated depreciation	(25,279,673)	(7,382,336)	(1,714,994)
	<u>35,258,614</u>	<u>5,620,241</u>	<u>3,131,426</u>
Capital assets - net			
	<u>\$ 38,405,571</u>	<u>\$ 9,557,137</u>	<u>\$ 3,432,069</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, 2007

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	School Community Education	Total Nonmajor Enterprise Funds
\$ 7,293	\$ 4,469	\$ 495,624	\$ -	\$ 546,674	\$ 7,996,640
434,889	19,000	54,595	-	-	959,253
(36,417)	-	-	-	-	(75,559)
-	-	2,383	-	2,167	30,502
-	-	-	43,920	-	44,028
-	-	-	-	-	4,229
<u>405,765</u>	<u>23,469</u>	<u>552,602</u>	<u>43,920</u>	<u>548,841</u>	<u>8,959,093</u>
-	-	587,400	-	-	6,819,222
-	-	9,160,491	-	-	67,387,876
-	-	-	-	-	3,663,757
60,000	-	146,265	-	-	4,654,587
-	-	-	-	-	3,645,000
-	-	-	-	-	2,170,998
(60,000)	-	(7,236,752)	-	-	(41,673,755)
<u>-</u>	<u>-</u>	<u>2,657,404</u>	<u>-</u>	<u>-</u>	<u>46,667,685</u>
<u>\$ 405,765</u>	<u>\$ 23,469</u>	<u>\$ 3,210,006</u>	<u>\$ 43,920</u>	<u>\$ 548,841</u>	<u>\$ 55,626,778</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, 2007

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 827,568	\$ 155,835	\$ 35,488
Accrued payroll	354,970	140,573	65,036
Due to other funds of the primary government	232,496	23,791	6,108
Due to component units	-	-	-
Customer deposits	104,969	64,386	10,190
Unearned revenue	833,199	63,404	-
Current portion of capital lease	-	-	165,000
Other current liabilities	-	-	-
	<u>2,353,202</u>	<u>447,989</u>	<u>281,822</u>
NONCURRENT LIABILITIES:			
Capitalized lease obligations	-	-	1,455,000
	<u>-</u>	<u>-</u>	<u>1,455,000</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,455,000</u>
Total liabilities	<u>2,353,202</u>	<u>447,989</u>	<u>1,736,822</u>
NET ASSETS (DEFICIT):			
Invested in capital assets, net of related debt	35,258,614	5,620,241	1,511,426
Unrestricted	793,755	3,488,907	183,821
	<u>36,052,369</u>	<u>9,109,148</u>	<u>1,695,247</u>
Total net assets (deficit)	<u>\$ 36,052,369</u>	<u>\$ 9,109,148</u>	<u>\$ 1,695,247</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, 2007

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	School Community Education	Total Nonmajor Enterprise Funds
\$ 511	\$ 20,614	\$ 128,223	\$ 83,583	\$ 11,923	\$ 1,263,745
21,860	72,427	147,802	205,302	98,196	1,106,166
189,016	238,771	167,445	1,998,848	7,813	2,864,288
-	633	-	-	-	633
-	-	-	-	-	179,545
-	-	10,750	-	-	907,353
-	-	-	-	-	165,000
20,274	-	-	-	-	20,274
<u>231,661</u>	<u>332,445</u>	<u>454,220</u>	<u>2,287,733</u>	<u>117,932</u>	<u>6,507,004</u>
-	-	-	-	-	1,455,000
-	-	-	-	-	1,455,000
<u>231,661</u>	<u>332,445</u>	<u>454,220</u>	<u>2,287,733</u>	<u>117,932</u>	<u>7,962,004</u>
-	-	2,657,404	-	-	45,047,685
174,104	(308,976)	98,382	(2,243,813)	430,909	2,617,089
<u>\$ 174,104</u>	<u>\$ (308,976)</u>	<u>\$ 2,755,786</u>	<u>\$ (2,243,813)</u>	<u>\$ 430,909</u>	<u>\$ 47,664,774</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, 2007

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
OPERATING REVENUES:			
Charges for services	\$ 5,247,618	\$ 3,879,930	\$ 866,283
Other	-	-	-
	<u>5,247,618</u>	<u>3,879,930</u>	<u>866,283</u>
Total operating revenues	<u>5,247,618</u>	<u>3,879,930</u>	<u>866,283</u>
OPERATING EXPENSES:			
Personal services	2,673,769	1,341,026	396,627
Contractual services	2,928,301	1,799,079	487,671
Supplies and materials	208,472	165,683	37,341
Depreciation	1,280,953	410,733	129,365
Other	139,311	365,507	5,053
	<u>7,230,806</u>	<u>4,082,028</u>	<u>1,056,057</u>
Total operating expenses	<u>7,230,806</u>	<u>4,082,028</u>	<u>1,056,057</u>
OPERATING INCOME (LOSS)	<u>(1,983,188)</u>	<u>(202,098)</u>	<u>(189,774)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	104,530	212,609	18,014
Interest expense	-	-	(99,665)
	<u>104,530</u>	<u>212,609</u>	<u>(81,651)</u>
Total nonoperating revenue (expense)	<u>104,530</u>	<u>212,609</u>	<u>(81,651)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,878,658)</u>	<u>10,511</u>	<u>(271,425)</u>
TRANSFERS IN	1,406,000	-	258,000
TRANSFERS OUT	<u>(72,978)</u>	<u>(113,291)</u>	<u>(29,249)</u>
CHANGE IN NET ASSETS	(545,636)	(102,780)	(42,674)
NET ASSETS (DEFICIT), beginning of year	<u>36,598,005</u>	<u>9,211,928</u>	<u>1,737,921</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 36,052,369</u>	<u>\$ 9,109,148</u>	<u>\$ 1,695,247</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, 2007

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	School Community Education	Total Nonmajor Enterprise Funds
\$ 1,654,166	\$ 993,996	\$ 1,176,320	\$ 2,872,597	\$ 155,939	\$ 16,846,849
-	-	-	594	-	594
<u>1,654,166</u>	<u>993,996</u>	<u>1,176,320</u>	<u>2,873,191</u>	<u>155,939</u>	<u>16,847,443</u>
1,214,271	376,753	771,467	1,124,680	785,838	8,684,431
19,819	585,529	972,952	899,145	99,267	7,791,763
1,104	9,190	74,420	6,150	27,454	529,814
-	-	128,431	-	-	1,949,482
1,800	49,701	32,248	9,692	2,204	605,516
<u>1,236,994</u>	<u>1,021,173</u>	<u>1,979,518</u>	<u>2,039,667</u>	<u>914,763</u>	<u>19,561,006</u>
<u>417,172</u>	<u>(27,177)</u>	<u>(803,198)</u>	<u>833,524</u>	<u>(758,824)</u>	<u>(2,713,563)</u>
41	124	17,440	-	23,758	376,516
(9,163)	(1,848)	-	(111,858)	-	(222,534)
<u>(9,122)</u>	<u>(1,724)</u>	<u>17,440</u>	<u>(111,858)</u>	<u>23,758</u>	<u>153,982</u>
<u>408,050</u>	<u>(28,901)</u>	<u>(785,758)</u>	<u>721,666</u>	<u>(735,066)</u>	<u>(2,559,581)</u>
-	-	848,882	-	965,436	3,478,318
(356,225)	(130,100)	(63,124)	(371,900)	(22,300)	(1,159,167)
51,825	(159,001)	-	349,766	208,070	(240,430)
<u>122,279</u>	<u>(149,975)</u>	<u>2,755,786</u>	<u>(2,593,579)</u>	<u>222,839</u>	<u>47,905,204</u>
<u>\$ 174,104</u>	<u>\$ (308,976)</u>	<u>\$ 2,755,786</u>	<u>\$ (2,243,813)</u>	<u>\$ 430,909</u>	<u>\$ 47,664,774</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, 2007

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,593,951	\$ 3,861,221	\$ 864,931
Payments to suppliers	(3,502,240)	(2,260,184)	(524,305)
Payments to employees	(2,687,322)	(1,326,455)	(391,314)
Net cash provided by (used in) operating activities	<u>(595,611)</u>	<u>274,582</u>	<u>(50,688)</u>
Cash flows from noncapital financing activities:			
Transfers in	1,406,000	-	258,000
Transfers out	(72,978)	(113,291)	(29,249)
Advances from other funds of the primary government	-	-	-
Payments to other funds of the primary government	-	-	-
Interest paid	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>1,333,022</u>	<u>(113,291)</u>	<u>228,751</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(381,376)	(1,414,368)	(99,481)
Payments on borrowings	-	-	(160,000)
Interest paid	-	-	(99,665)
Net cash provided by (used in) capital and related financing activities	<u>(381,376)</u>	<u>(1,414,368)</u>	<u>(359,146)</u>
Cash flows from investing activities:			
Decrease (increase) in pooled investments	907,313	1,892,399	180,381
Interest on investments	99,747	210,744	19,167
Net cash provided by (used in) investing activities	<u>1,007,060</u>	<u>2,103,143</u>	<u>199,548</u>
Net changes in cash and cash equivalents	1,363,095	850,066	18,465
Cash and cash equivalents at beginning of year	1,416,868	3,012,598	281,488
Cash and cash equivalents at end of year	<u>\$ 2,779,963</u>	<u>\$ 3,862,664</u>	<u>\$ 299,953</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, 2007

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	School Community Education	Total Nonmajor Enterprise Funds
\$ 1,507,622	\$ 1,145,323	\$ 1,182,288	\$ 2,896,369	\$ 162,173	\$ 17,213,878
(127,565)	(286,790)	(932,671)	(892,036)	(118,262)	(8,644,053)
(1,212,237)	(382,605)	(764,512)	(1,108,447)	(777,183)	(8,650,075)
167,820	475,928	(514,895)	895,886	(733,272)	(80,250)
-	-	848,882	-	965,436	3,478,318
(356,225)	(130,100)	(45,626)	(371,900)	(22,300)	(1,141,669)
145,562	63,968	-	1,964,186	-	2,173,716
-	(411,355)	-	(2,378,714)	-	(2,790,069)
(9,122)	(1,221)	-	(111,858)	-	(122,201)
(219,785)	(478,708)	803,256	(898,286)	943,136	1,598,095
-	-	-	-	-	(1,895,225)
-	-	-	-	-	(160,000)
-	-	-	-	-	(99,665)
-	-	-	-	-	(2,154,890)
23,158	-	74,853	-	122,872	3,200,976
-	-	15,725	-	22,399	367,782
23,158	-	90,578	-	145,271	3,568,758
(28,807)	(2,780)	378,939	(2,400)	355,135	2,931,713
36,100	7,249	116,685	2,400	191,539	5,064,927
\$ 7,293	\$ 4,469	\$ 495,624	\$ -	\$ 546,674	\$ 7,996,640

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, 2007

	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)	\$ (1,983,188)	\$ (202,098)	\$ (189,774)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,280,953	410,733	129,365
Provision for doubtful accounts	(6,650)	-	-
Changes in assets and liabilities:			
Accounts receivable	(51,925)	(12,986)	-
Due from other funds of the primary government	-	(64)	(44)
Due from component units	-	-	-
Other current assets	-	6,156	-
Accounts payable	(252,636)	58,678	3,929
Accrued payroll	(13,553)	14,571	5,313
Due to other funds of the primary government	26,480	5,251	1,831
Due to component units	-	-	-
Customer deposits	104,969	885	(1,308)
Unearned revenue	299,939	(6,544)	-
Other current liabilities	-	-	-
Total adjustments	1,387,577	476,680	139,086
Net cash provided by (used in) operating activities	\$ (595,611)	\$ 274,582	\$ (50,688)
<u>Non-Cash Capital, Financing and Investing Activities:</u>			
Transfer of capital assets to other funds	\$ -	\$ -	\$ -
Increase (decrease) in fair value of investments	3,751	8,101	791

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, 2007

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	School Community Education	Total Nonmajor Enterprise Funds
<u>\$ 417,172</u>	<u>\$ (27,177)</u>	<u>\$ (803,198)</u>	<u>\$ 833,524</u>	<u>\$ (758,824)</u>	<u>\$ (2,713,563)</u>
-	-	128,431	-	-	1,949,482
(7,416)	-	-	-	-	(14,066)
(139,128)	92,790	(49,934)	545	-	(160,638)
-	58,137	51,152	66,553	6,234	181,968
-	-	-	(43,920)	-	(43,920)
-	-	-	-	-	6,156
167	(7,975)	48,710	(2,513)	5,710	(145,930)
2,034	(5,852)	6,955	16,233	8,655	34,356
(111,079)	365,605	98,239	25,464	4,953	416,744
-	400	-	-	-	400
-	-	-	-	-	104,546
-	-	4,750	-	-	298,145
<u>6,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,070</u>
<u>(249,352)</u>	<u>503,105</u>	<u>288,303</u>	<u>62,362</u>	<u>25,552</u>	<u>2,633,313</u>
<u>\$ 167,820</u>	<u>\$ 475,928</u>	<u>\$ (514,895)</u>	<u>\$ 895,886</u>	<u>\$ (733,272)</u>	<u>\$ (80,250)</u>
\$ -	\$ -	\$ (17,497)	\$ -	\$ -	\$ (17,497)
41	70	209	-	414	13,377

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, 2007

<u>ASSETS</u>	<u>Office of Fleet Management</u>	<u>Information Systems</u>	<u>Radio Shop</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 2,092,453	\$ 4,174,377	\$ 5,414,791
Accounts receivable	1,940	31,934	78,727
Accrued interest receivable	3,529	18,886	21,560
Due from other funds of the primary government	1,366,791	690,202	139,969
Due from component units	-	8,046	-
Inventories of supplies	1,139,862	-	286,265
Other current assets	-	-	-
<b>Total current assets</b>	<b>4,604,575</b>	<b>4,923,445</b>	<b>5,941,312</b>
<b>CAPITAL ASSETS:</b>			
Buildings and improvements	65,041	172,167	126,643
Furniture, machinery and equipment	116,235,208	7,061,297	2,630,424
Construction work in progress	-	953,026	-
Less accumulated depreciation	(83,629,974)	(6,280,650)	(692,232)
<b>Capital assets - net</b>	<b>32,670,275</b>	<b>1,905,840</b>	<b>2,064,835</b>
<b>Total assets</b>	<b>37,274,850</b>	<b>6,829,285</b>	<b>8,006,147</b>
<u>LIABILITIES AND NET ASSETS</u>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	2,220,801	1,699,810	87,705
Accrued payroll	769,490	1,327,991	138,033
Claims payable	-	-	-
Due to other funds of the primary government	14,194	437	5,903
<b>Total current liabilities</b>	<b>3,004,485</b>	<b>3,028,238</b>	<b>231,641</b>
<b>NET ASSETS (DEFICIT):</b>			
Invested in capital assets, net of related debt	32,670,275	1,905,840	2,064,835
Unrestricted	1,600,090	1,895,207	5,709,671
<b>Total net assets (deficit)</b>	<b>\$ 34,270,365</b>	<b>\$ 3,801,047</b>	<b>\$ 7,774,506</b>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2007

<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>
\$ 3,623,962	\$ 27,963,131	\$ 20,124,802	\$ 13,372,965	\$ 2,046,047	\$ 49,913	\$ 355,759
-	-	4,717	14,161	-	-	-
13,988	108,716	78,578	53,485	4,816	-	1,311
-	204,841	10,786	1,562,384	2,704,325	15,952	84,574
-	-	-	-	-	-	596
-	-	-	-	-	375,804	-
-	-	1,446,987	-	-	-	2,509
<u>3,637,950</u>	<u>28,276,688</u>	<u>21,665,870</u>	<u>15,002,995</u>	<u>4,755,188</u>	<u>441,669</u>	<u>444,749</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,637,950</u>	<u>28,276,688</u>	<u>21,665,870</u>	<u>15,002,995</u>	<u>4,755,188</u>	<u>441,669</u>	<u>444,749</u>
29,594	600,618	1,959,491	1,507,955	1,961,206	34,464	53,192
-	-	-	-	-	123,483	35,515
851,929	8,007,479	4,717,150	3,958,000	2,973,000	-	-
-	2,723,613	1,570	-	179,280	16,251	-
<u>881,523</u>	<u>11,331,710</u>	<u>6,678,211</u>	<u>5,465,955</u>	<u>5,113,486</u>	<u>174,198</u>	<u>88,707</u>
-	-	-	-	-	-	-
2,756,427	16,944,978	14,987,659	9,537,040	(358,298)	267,471	356,042
<u>\$ 2,756,427</u>	<u>\$ 16,944,978</u>	<u>\$ 14,987,659</u>	<u>\$ 9,537,040</u>	<u>\$ (358,298)</u>	<u>\$ 267,471</u>	<u>\$ 356,042</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, 2007

<u>ASSETS</u>	<u>Real Property Services</u>	<u>Treasury Management</u>	<u>Technology Revolving</u>	<u>Human Resources</u>
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 1,254,231	\$ 57,367	\$ 321,422	\$ 1,692,228
Accounts receivable	-	3,497	3,575	-
Accrued interest receivable	3,378	-	1,705	7,466
Due from other funds of the primary government	318,404	162,156	-	538,752
Due from component units	-	2,475	-	-
Inventories of supplies	-	-	-	-
Other current assets	-	7,507	-	-
<b>Total current assets</b>	<b>1,576,013</b>	<b>233,002</b>	<b>326,702</b>	<b>2,238,446</b>
<b>CAPITAL ASSETS:</b>				
Buildings and improvements	-	-	-	-
Furniture, machinery and equipment	5,350	17,195	5,519	14,103
Construction work in progress	-	-	-	-
Less accumulated depreciation	(5,350)	(17,195)	(5,519)	(14,103)
Capital assets - net	-	-	-	-
<b>Total assets</b>	<b>1,576,013</b>	<b>233,002</b>	<b>326,702</b>	<b>2,238,446</b>
<u>LIABILITIES AND NET ASSETS</u>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	4,057	1,312	194,947	641,658
Accrued payroll	126,200	60,306	-	588,089
Claims payable	-	-	-	-
Due to other funds of the primary government	61,873	178,177	13,314	6,501
<b>Total current liabilities</b>	<b>192,130</b>	<b>239,795</b>	<b>208,261</b>	<b>1,236,248</b>
<b>NET ASSETS (DEFICIT):</b>				
Invested in capital assets, net of related debt	-	-	-	-
Unrestricted	1,383,883	(6,793)	118,441	1,002,198
<b>Total net assets (deficit)</b>	<b>\$ 1,383,883</b>	<b>\$ (6,793)</b>	<b>\$ 118,441</b>	<b>\$ 1,002,198</b>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2007

Finance Services	General Services	School Print Shop	Total Internal Service Funds
\$ 1,079,351	\$ -	\$ 36,183	\$ 83,658,982
-	973	-	139,524
3,258	3,212	96	323,984
7,716	41,618	191,200	8,039,670
-	-	-	11,117
-	-	-	1,801,931
-	-	-	1,457,003
<u>1,090,325</u>	<u>45,803</u>	<u>227,479</u>	<u>95,432,211</u>
-	13,685	-	377,536
206,851	120,412	320,238	126,616,597
-	-	-	953,026
<u>(190,428)</u>	<u>(64,170)</u>	<u>(216,791)</u>	<u>(91,116,412)</u>
<u>16,423</u>	<u>69,927</u>	<u>103,447</u>	<u>36,830,747</u>
<u>1,106,748</u>	<u>115,730</u>	<u>330,926</u>	<u>132,262,958</u>
33,343	932,823	31,491	11,994,467
987,118	809,468	59,485	5,025,178
-	-	-	20,507,558
<u>10,457</u>	<u>797,236</u>	<u>7,736</u>	<u>4,016,542</u>
<u>1,030,918</u>	<u>2,539,527</u>	<u>98,712</u>	<u>41,543,745</u>
16,423	69,927	103,447	36,830,747
<u>59,407</u>	<u>(2,493,724)</u>	<u>128,767</u>	<u>53,888,466</u>
<u>\$ 75,830</u>	<u>\$ (2,423,797)</u>	<u>\$ 232,214</u>	<u>\$ 90,719,213</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, 2007

	Office of Fleet Management	Information Systems	Radio Shop
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 17,306,162	\$ 22,953,051	\$ 2,404,689
Other	-	-	-
Total operating revenues	<u>17,306,162</u>	<u>22,953,051</u>	<u>2,404,689</u>
<b>OPERATING EXPENSES:</b>			
Personal services	5,540,198	8,870,759	909,149
Contractual services	3,320,451	4,585,890	1,877,943
Supplies and materials	10,050,647	698,121	446,679
Depreciation	12,216,556	336,331	264,480
Compensation for damages to property	-	-	-
Medical and insurance benefits	-	-	-
Other	57,210	1,271,734	46,503
Total operating expenses	<u>31,185,062</u>	<u>15,762,835</u>	<u>3,544,754</u>
OPERATING INCOME (LOSS)	<u>(13,878,900)</u>	<u>7,190,216</u>	<u>(1,140,065)</u>
<b>NONOPERATING REVENUE (EXPENSE):</b>			
Investment income	59,590	174,817	300,981
Interest expense	-	-	-
Gain (loss) on sale of property	214,978	(64)	-
Other	263,350	-	-
Total nonoperating revenue (expense)	<u>537,918</u>	<u>174,753</u>	<u>300,981</u>
INCOME (LOSS) BEFORE TRANSFERS	(13,340,982)	7,364,969	(839,084)
CAPITAL GRANTS AND CONTRIBUTIONS	-	10,460	-
TRANSFERS IN	14,299,394	2,261,300	-
TRANSFERS OUT	<u>(2,725)</u>	<u>(6,593,425)</u>	<u>-</u>
CHANGE IN NET ASSETS	955,687	3,043,304	(839,084)
NET ASSETS (DEFICIT), beginning of year	<u>33,314,678</u>	<u>757,743</u>	<u>8,613,590</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 34,270,365</u>	<u>\$ 3,801,047</u>	<u>\$ 7,774,506</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, 2007

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ -	\$ 17,151,684	\$ 57,314,996	\$ 48,997,752	\$ -	\$ 1,382,941	\$ 1,013,340
-	749	-	743,619	19,233	-	-
-	17,152,433	57,314,996	49,741,371	19,233	1,382,941	1,013,340
27,185	763,432	77,561	-	-	917,027	270,425
43,472	554,276	2,718,549	2,762,114	1,885,168	87,550	782,040
-	33,594	-	-	-	509,364	14,062
-	-	-	-	-	-	-
214,994	3,551,712	-	-	-	-	-
-	-	57,951,072	48,315,303	9,379,438	-	-
1,783	2,322,451	-	-	-	1,662	1,419
287,434	7,225,465	60,747,182	51,077,417	11,264,606	1,515,603	1,067,946
(287,434)	9,926,968	(3,432,186)	(1,336,046)	(11,245,373)	(132,662)	(54,606)
168,656	1,450,018	863,044	668,744	159,702	-	15,506
-	-	-	-	-	-	-
-	-	-	-	-	3,796	-
53,948	13,848	-	-	-	-	-
222,604	1,463,866	863,044	668,744	159,702	3,796	15,506
(64,830)	11,390,834	(2,569,142)	(667,302)	(11,085,671)	(128,866)	(39,100)
-	-	-	-	-	-	-
500,000	226,879	-	1,515,494	11,817,300	-	-
(20,004)	(12,587,300)	-	-	-	-	-
415,166	(969,587)	(2,569,142)	848,192	731,629	(128,866)	(39,100)
2,341,261	17,914,565	17,556,801	8,688,848	(1,089,927)	396,337	395,142
\$ 2,756,427	\$ 16,944,978	\$ 14,987,659	\$ 9,537,040	\$ (358,298)	\$ 267,471	\$ 356,042

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, 2007

	Real Property Services	Treasury Management	Technology Revolving	Human Resources
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,279,655	\$ 1,282,683	\$ 1,430,925	\$ 7,168,406
Other	-	-	-	2,223
Total operating revenues	<u>2,279,655</u>	<u>1,282,683</u>	<u>1,430,925</u>	<u>7,170,629</u>
<b>OPERATING EXPENSES:</b>				
Personal services	1,331,537	677,221	-	4,039,315
Contractual services	318,441	223,595	4,080	2,145,294
Supplies and materials	15,597	5,558	3,296,457	54,904
Depreciation	91	971	-	-
Compensation for damages to property	-	-	-	-
Medical and insurance benefits	-	-	-	-
Other	26,800	21,350	935,220	97,716
Total operating expenses	<u>1,692,466</u>	<u>928,695</u>	<u>4,235,757</u>	<u>6,337,229</u>
OPERATING INCOME (LOSS)	<u>587,189</u>	<u>353,988</u>	<u>(2,804,832)</u>	<u>833,400</u>
<b>NONOPERATING REVENUE (EXPENSE):</b>				
Investment income	28,044	-	2,872	40,008
Interest expense	-	(15,088)	-	-
Gain (loss) on sale of property	-	-	-	-
Other	-	-	-	-
Total nonoperating revenue (expense)	<u>28,044</u>	<u>(15,088)</u>	<u>2,872</u>	<u>40,008</u>
INCOME (LOSS) BEFORE TRANSFERS	615,233	338,900	(2,801,960)	873,408
CAPITAL GRANTS AND CONTRIBUTIONS	-	-	-	-
TRANSFERS IN	-	-	3,089,981	-
TRANSFERS OUT	(225)	(338,900)	(359,874)	(150)
CHANGE IN NET ASSETS	615,008	-	(71,853)	873,258
NET ASSETS (DEFICIT), beginning of year	<u>768,875</u>	<u>(6,793)</u>	<u>190,294</u>	<u>128,940</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 1,383,883</u>	<u>\$ (6,793)</u>	<u>\$ 118,441</u>	<u>\$ 1,002,198</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, 2007

Finance Services	General Services	School Print Shop	Total Internal Service Funds
\$ 9,129,952	\$ 22,201,486	\$ 1,080,976	\$ 213,098,698
-	1,046	-	766,870
<u>9,129,952</u>	<u>22,202,532</u>	<u>1,080,976</u>	<u>213,865,568</u>
7,009,499	5,585,847	440,564	36,459,719
1,716,133	14,386,861	230,873	37,642,730
70,781	488,452	205,672	15,889,888
44,948	6,596	15,855	12,885,828
-	-	-	3,766,706
-	-	-	115,645,813
54,076	389,437	80,540	5,307,901
<u>8,895,437</u>	<u>20,857,193</u>	<u>973,504</u>	<u>227,598,585</u>
<u>234,515</u>	<u>1,345,339</u>	<u>107,472</u>	<u>(13,733,017)</u>
14,268	41,540	165	3,987,955
-	(144,486)	(605)	(160,179)
(1,319)	-	-	217,391
(428)	-	-	330,718
<u>12,521</u>	<u>(102,946)</u>	<u>(440)</u>	<u>4,375,885</u>
247,036	1,242,393	107,032	(9,357,132)
-	-	119,302	129,762
-	736,744	-	34,447,092
(1,125)	(1,677,200)	-	(21,580,928)
<u>245,911</u>	<u>301,937</u>	<u>226,334</u>	<u>3,638,794</u>
<u>(170,081)</u>	<u>(2,725,734)</u>	<u>5,880</u>	<u>87,080,419</u>
<u>\$ 75,830</u>	<u>\$ (2,423,797)</u>	<u>\$ 232,214</u>	<u>\$ 90,719,213</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, 2007

	Office of Fleet Management	Information Systems	Radio Shop
Cash flows from operating activities:			
Receipts from customers and users	\$ 16,294,552	\$ 24,003,730	\$ 2,552,878
Payments to suppliers	(12,499,241)	(8,189,324)	(2,639,473)
Payments to employees	(5,475,387)	(8,899,996)	(904,726)
Net cash provided by (used in) operating activities	<u>(1,680,076)</u>	<u>6,914,410</u>	<u>(991,321)</u>
Cash flows from noncapital financing activities:			
Transfers in	14,299,394	2,261,300	-
Transfers out	(2,725)	(6,593,425)	-
Advances from other funds of the primary government	-	-	-
Payments to other funds of the primary government	-	-	-
Interest paid	-	-	-
Other receipts (payments)	263,350	-	-
Net cash provided by (used in) noncapital financing activities	<u>14,560,019</u>	<u>(4,332,125)</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(14,215,395)	(1,901,426)	(436,024)
Proceeds from the sale of capital assets	299,413	-	-
Net cash provided by (used in) capital and related financing activities	<u>(13,915,982)</u>	<u>(1,901,426)</u>	<u>(436,024)</u>
Cash flows from investing activities:			
Decrease (increase) in pooled investments	1,196,879	1,297,825	2,532,706
Interest on investments	65,854	166,520	297,514
Net cash provided by (used in) investing activities	<u>1,262,733</u>	<u>1,464,345</u>	<u>2,830,220</u>
Net changes in cash and cash equivalents	226,694	2,145,204	1,402,875
Cash and cash equivalents at beginning of year	<u>1,865,759</u>	<u>2,029,173</u>	<u>4,011,916</u>
Cash and cash equivalents at end of year	<u>\$ 2,092,453</u>	<u>\$ 4,174,377</u>	<u>\$ 5,414,791</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, 2007

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ -	\$ 17,149,485	\$ 58,648,021	\$ 50,171,863	\$ -	\$ 1,835,182	\$ 1,005,825
(549,067)	(2,646,157)	(59,997,068)	(51,678,898)	(13,139,820)	(853,600)	(731,617)
-	-	-	-	-	(935,465)	(268,279)
(549,067)	14,503,328	(1,349,047)	(1,507,035)	(13,139,820)	46,117	5,929
500,000	226,879	-	1,515,494	11,817,300	-	-
(20,004)	(12,587,300)	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
53,948	13,848	-	-	-	-	-
533,944	(12,346,573)	-	1,515,494	11,817,300	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,796	-
-	-	-	-	-	3,796	-
1,358,147	9,534,617	8,054,371	4,956,832	1,223,252	-	130,835
163,786	1,405,187	840,224	671,357	154,886	-	15,042
1,521,933	10,939,804	8,894,595	5,628,189	1,378,138	-	145,877
1,506,810	13,096,559	7,545,548	5,636,648	55,618	49,913	151,806
2,117,152	14,866,572	12,579,254	7,736,317	1,990,429	-	203,953
\$ 3,623,962	\$ 27,963,131	\$ 20,124,802	\$ 13,372,965	\$ 2,046,047	\$ 49,913	\$ 355,759

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, 2007

	Real Property Services	Treasury Management	Technology Revolving	Human Resources
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,894,209	\$ 1,542,561	\$ 1,718,379	\$ 7,369,283
Payments to suppliers	(302,923)	(445,376)	(4,359,980)	(2,172,849)
Payments to employees	(1,314,870)	(685,830)	-	(3,996,046)
Net cash provided by (used in) operating activities	1,276,416	411,355	(2,641,601)	1,200,388
Cash flows from noncapital financing activities:				
Transfers in	-	-	3,089,981	-
Transfers out	(225)	(338,900)	(359,874)	(150)
Advances from other funds of the primary government	(46,738)	-	-	-
Payments to other funds of the primary government	-	-	-	-
Interest paid	-	(15,088)	-	-
Other receipts (payments)	-	-	-	-
Net cash provided by (used in) noncapital financing activities	(46,963)	(353,988)	2,730,107	(150)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-	-
Cash flows from investing activities:				
Decrease (increase) in pooled investments	-	-	90,289	178,625
Interest on investments	24,778	-	1,880	34,874
Net cash provided by (used in) investing activities	24,778	-	92,169	213,499
Net changes in cash and cash equivalents	1,254,231	57,367	180,675	1,413,737
Cash and cash equivalents at beginning of year	-	-	140,747	278,491
Cash and cash equivalents at end of year	\$ 1,254,231	\$ 57,367	\$ 321,422	\$ 1,692,228

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, 2007

Finance Services	General Services	School Print Shop	Total Internal Service Funds
\$ 9,127,277	\$ 22,303,697	\$ 952,414	\$ 217,569,356
(1,826,975)	(13,602,414)	(491,087)	(176,125,869)
(6,913,757)	(5,420,269)	(434,849)	(35,249,474)
<u>386,545</u>	<u>3,281,014</u>	<u>26,478</u>	<u>6,194,013</u>
-	736,744	-	34,447,092
(1,125)	(1,677,200)	-	(21,580,928)
-	719,086	-	672,348
-	(2,887,450)	-	(2,887,450)
-	(144,486)	(605)	(160,179)
(428)	-	-	330,718
<u>(1,553)</u>	<u>(3,253,306)</u>	<u>(605)</u>	<u>10,821,601</u>
-	(68,151)	-	(16,620,996)
-	-	-	303,209
<u>-</u>	<u>(68,151)</u>	<u>-</u>	<u>(16,317,787)</u>
265,535	-	3,996	30,823,909
13,543	40,193	86	3,895,724
<u>279,078</u>	<u>40,193</u>	<u>4,082</u>	<u>34,719,633</u>
664,070	(250)	29,955	35,417,460
415,281	250	6,228	48,241,522
<u>\$ 1,079,351</u>	<u>\$ -</u>	<u>\$ 36,183</u>	<u>\$ 83,658,982</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, 2007

	Office of Fleet Management	Information Systems	Radio Shop
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (13,878,900)	\$ 7,190,216	\$ (1,140,065)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	12,216,556	336,331	264,480
Changes in assets and liabilities:			
Accounts receivable	10,238	(19,923)	(58,578)
Due from other funds of the primary government	(1,021,848)	1,072,643	206,767
Due from component units	-	(2,041)	-
Inventories of supplies	143,414	-	(102,889)
Other current assets	-	27,130	-
Accounts payable	779,283	981,072	(168,746)
Accrued payroll	64,811	(29,237)	4,423
Claims payable	-	-	-
Due to other funds of the primary government	6,370	(2,641,781)	3,287
Total adjustments	12,198,824	(275,806)	148,744
Net cash provided by (used in) operating activities	<u>\$ (1,680,076)</u>	<u>\$ 6,914,410</u>	<u>\$ (991,321)</u>
<u>Non-Cash Capital, Financing and Investing Activities:</u>			
Transfer of capital assets from other funds	\$ -	\$ 10,460	\$ -
Increase (decrease) in fair value of investments	2,498	5,515	11,315

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, 2007

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ (287,434)	\$ 9,926,968	\$ (3,432,186)	\$ (1,336,046)	\$ (11,245,373)	\$ (132,662)	\$ (54,606)
-	-	-	-	-	-	-
-	-	(4,717)	(5,803)	-	-	166
-	(2,948)	1,337,742	436,295	(2,704,325)	452,241	(7,860)
-	-	-	-	-	-	179
-	-	-	-	-	49,789	-
-	-	-	-	-	-	67,453
21,807	504,252	483,774	(582,044)	1,050,440	19,202	(1,485)
-	-	-	-	-	(18,438)	2,146
(283,440)	1,362,108	265,944	174,000	(268,999)	-	-
-	2,712,948	396	(193,437)	28,437	(324,015)	(64)
(261,633)	4,576,360	2,083,139	(170,989)	(1,894,447)	178,779	60,535
\$ (549,067)	\$ 14,503,328	\$ (1,349,047)	\$ (1,507,035)	\$ (13,139,820)	\$ 46,117	\$ 5,929
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,951	52,609	27,389	19,250	-	-	558

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, 2007

	Real Property Services	Treasury Management	Technology Revolving	Human Resources
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 587,189	\$ 353,988	\$ (2,804,832)	\$ 833,400
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	91	971	-	-
Changes in assets and liabilities:				
Accounts receivable	-	(3,497)	(3,575)	-
Due from other funds of the primary government	614,554	265,850	291,029	198,654
Due from component units	-	(2,475)	-	-
Inventories of supplies	-	-	-	-
Other current assets	-	89,389	-	1,797
Accounts payable	(2,683)	(11,390)	(111,081)	142,572
Accrued payroll	16,667	(8,609)	-	43,269
Claims payable	-	-	-	-
Due to other funds of the primary government	60,598	(272,872)	(13,142)	(19,304)
Total adjustments	689,227	57,367	163,231	366,988
Net cash provided by (used in) operating activities	<u>\$ 1,276,416</u>	<u>\$ 411,355</u>	<u>\$ (2,641,601)</u>	<u>\$ 1,200,388</u>
<u>Non-Cash Capital, Financing and Investing Activities:</u>				
Transfer of capital assets from other funds	\$ -	\$ -	\$ -	\$ -
Increase (decrease) in fair value of investments	978	-	581	183

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, 2007

Finance Services	General Services	School Print Shop	Total Internal Service Funds
<u>\$ 234,515</u>	<u>\$ 1,345,339</u>	<u>\$ 107,472</u>	<u>\$ (13,733,017)</u>
44,948	6,596	15,855	12,885,828
-	1,373	-	(84,316)
(2,926)	99,792	(128,562)	1,107,098
251	-	-	(4,086)
-	250	-	90,564
-	-	-	185,769
26,133	(80,698)	25,195	3,075,603
95,742	165,578	5,715	342,067
-	-	-	1,249,613
<u>(12,118)</u>	<u>1,742,784</u>	<u>803</u>	<u>1,078,890</u>
<u>152,030</u>	<u>1,935,675</u>	<u>(80,994)</u>	<u>19,927,030</u>
<u>\$ 386,545</u>	<u>\$ 3,281,014</u>	<u>\$ 26,478</u>	<u>\$ 6,194,013</u>
\$ -	\$ -	\$ 119,302	\$ 129,762
376	817	44	128,064

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, 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 vendors for indoor retail space, farmers for display space, and 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 collected from the requesting agency or private entity to cover the cost of these services.

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.

MUNICIPAL AUDITORIUM

The Municipal Auditorium provides space primarily for entertainment and sports events on a user charge basis.

POLICE IMPOUND

Police Impound provides storage for impounded vehicles. Revenues are derived from user fees paid for vehicle retrieval.

SCHOOL COMMUNITY EDUCATION

School Community Education provides classes and other educational services to the citizens of the Nashville community, on a user fee basis. The operations of School Community Education are supported in part by transfers from the General Fund and from the General Purpose School Fund.

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

**INTERNAL SERVICE FUNDS**

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.

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.

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

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.

REAL PROPERTY SERVICES FUND

The Real Property Services Fund is under the administrative responsibility of the Department of Finance. The responsibilities of Real Property Services 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, payment 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

DESCRIPTION OF PROPRIETARY FUNDS (CONTINUED)

SCHOOL PRINT SHOP FUND

The School Print Shop Fund is under the administrative responsibility of the Metropolitan Nashville Public Schools. It is used to account for the operations of printing services and derives its revenues from internal service charges to schools for printing services.







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, 2007

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 82	\$ 73,384,144	\$ 534,795	\$ 4,575,606
Investments, at fair value:				
Commercial mortgage backed securities	-	42,599,240	-	-
Government mortgage backed securities	-	119,722,129	-	-
Government bonds	-	61,589,940	-	-
Government agencies	-	72,413,093	-	34,191
Corporate bonds and notes	-	183,375,928	-	21,611,526
Warrants and options	-	2,156,371	-	-
Common stock	784,124	1,375,191,111	2,096,591	59,069,128
Preferred stock	-	5,968,501	-	47,836
Mortgages and real estate	-	135,919,883	-	-
Collateralized mortgage obligations	-	42,669,478	-	-
Venture capital and partnerships	-	42,075,332	-	-
Asset backed securities	-	32,252,510	-	-
Convertible equity	-	-	-	905,346
Cash collateral received - securities lending program	-	302,176,086	-	-
Annuities	-	328,088	-	-
Accounts receivable	-	24,870,621	253,385	1,570,952
Accrued interest receivable	-	3,354,970	2,337	105,302
Due from other funds of the primary government	345,846	51,495	900,231	1,056,680
<b>Total assets</b>	<b>1,130,052</b>	<b>2,520,098,920</b>	<b>3,787,339</b>	<b>88,976,567</b>
<b>LIABILITIES:</b>				
Accounts payable	74	1,494,413	22	387,187
Due to brokers	-	74,603,226	-	260,371
Payable for collateral received - securities lending program	-	302,176,086	-	-
Due to other funds of the primary government	-	397,802	-	-
Due to component units	-	115	-	-
Other liabilities	-	2,474	-	-
<b>Total liabilities</b>	<b>74</b>	<b>378,674,116</b>	<b>22</b>	<b>647,558</b>
<b>NET ASSETS:</b>				
Held in trust for pension benefits and other employee benefit purposes (A Schedule of Funding Progress for each pension plan is presented as Required Supplementary Information.)	1,129,978	2,141,424,804	3,787,317	88,329,009
<b>Total net assets</b>	<b>\$ 1,129,978</b>	<b>\$ 2,141,424,804</b>	<b>\$ 3,787,317</b>	<b>\$ 88,329,009</b>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2007

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
\$ 387	\$ 393,291	\$ 2,521,763	\$ 97,246	\$ 81,507,314
-	-	-	-	42,599,240
-	-	-	-	119,722,129
-	-	-	-	61,589,940
-	-	-	-	72,447,284
-	-	-	-	204,987,454
-	-	-	-	2,156,371
3,643,767	1,290,466	-	-	1,442,075,187
-	-	-	-	6,016,337
-	-	-	-	135,919,883
-	-	-	-	42,669,478
-	-	-	-	42,075,332
-	-	-	-	32,252,510
-	-	-	-	905,346
-	-	-	-	302,176,086
-	-	-	-	328,088
-	172,446	45,837	53,432	26,966,673
-	1,710	9,522	787	3,474,628
1,595,594	546,018	-	-	4,495,864
<u>5,239,748</u>	<u>2,403,931</u>	<u>2,577,122</u>	<u>151,465</u>	<u>2,624,365,144</u>
352	-	18,969	448	1,901,465
-	-	-	-	74,863,597
-	-	-	-	302,176,086
-	-	1,515,494	-	1,913,296
-	-	-	-	115
-	-	-	-	2,474
<u>352</u>	<u>-</u>	<u>1,534,463</u>	<u>448</u>	<u>380,857,033</u>
<u>5,239,396</u>	<u>2,403,931</u>	<u>1,042,659</u>	<u>151,017</u>	<u>2,243,508,111</u>
<u>\$ 5,239,396</u>	<u>\$ 2,403,931</u>	<u>\$ 1,042,659</u>	<u>\$ 151,017</u>	<u>\$ 2,243,508,111</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, 2007

	Richard R. Rooker, Circuit Court Clerk	Cristi Scott, Clerk and Master	John Arriola, County Clerk	David Torrence, Criminal Court Clerk	Bill Garrett, County Register
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 22,429,040	\$ 7,012,050	\$ -	\$ 9,740,823	\$ 4,026,476
Investments	-	13,527	-	675,618	-
Accounts receivable	-	-	-	-	-
Other assets	10,228	-	-	-	148,690
<b>Total assets</b>	<b>\$ 22,439,268</b>	<b>\$ 7,025,577</b>	<b>\$ -</b>	<b>\$ 10,416,441</b>	<b>\$ 4,175,166</b>
<b>LIABILITIES:</b>					
Due to component units	\$ -	\$ -	\$ -	\$ -	\$ -
Funds held in trust	16,031,927	7,019,973	-	8,602,921	-
Other liabilities	6,407,341	5,604	-	1,813,520	4,175,166
<b>Total liabilities</b>	<b>\$ 22,439,268</b>	<b>\$ 7,025,577</b>	<b>\$ -</b>	<b>\$ 10,416,441</b>	<b>\$ 4,175,166</b>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2007

Vic Lineweaver, Juvenile Court Clerk	Transit Authority Revenue	Sold Property Tax Receivables	Sheriff Work Release and Inmate Trust	Total Agency Funds
\$ 2,462,194	\$ 6,508	\$ 633,046	\$ 663,470	\$ 46,973,607
-	-	-	-	689,145
-	-	71,144	-	71,144
-	-	-	-	158,918
<u>\$ 2,462,194</u>	<u>\$ 6,508</u>	<u>\$ 704,190</u>	<u>\$ 663,470</u>	<u>\$ 47,892,814</u>
\$ -	\$ 6,508	\$ -	\$ -	\$ 6,508
2,084,505	-	704,190	663,470	35,106,986
<u>377,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,779,320</u>
<u>\$ 2,462,194</u>	<u>\$ 6,508</u>	<u>\$ 704,190</u>	<u>\$ 663,470</u>	<u>\$ 47,892,814</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, 2007

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
<b>ADDITIONS:</b>				
Investment income:				
Interest and dividend income	\$ 11,973	\$ 50,536,942	\$ 62,546	\$ 1,579,501
Net appreciation (depreciation) of investments	60,494	288,257,552	161,760	11,186,184
Miscellaneous	-	126,251	-	21,231
Net increase (decrease) in fair value of investments	72,467	338,920,745	224,306	12,786,916
Net income earned on securities lending transactions:				
Securities lending income	-	14,946,518	-	-
Securities lending expense	-	(13,620,889)	-	-
Net income earned on securities lending transactions	-	1,325,629	-	-
Less investment expenses	-	(6,873,708)	(130)	(544,582)
Net investment income (loss)	72,467	333,372,666	224,176	12,242,334
Contributions:				
Employee contributions	-	80,969	-	16,323
Employer contributions	2,468,413	85,427,968	7,505,736	7,341,680
Transfers in	-	73,751	-	-
Contributions from the State of Tennessee	-	-	3,087,889	15,813,143
Miscellaneous	-	-	-	-
Total contributions	2,468,413	85,582,688	10,593,625	23,171,146
Total additions	2,540,880	418,955,354	10,817,801	35,413,480
<b>DEDUCTIONS:</b>				
Pension and other employee benefits	2,122,567	83,918,165	9,439,901	36,113,666
Refunds of contributions	-	50,921	-	771
Administrative expenses	-	3,744,269	-	98,048
Transfers out	-	-	-	-
Total deductions	2,122,567	87,713,355	9,439,901	36,212,485
Change in net assets	418,313	331,241,999	1,377,900	(799,005)
NET ASSETS, beginning of year	711,665	1,810,182,805	2,409,417	89,128,014
NET ASSETS, end of year	\$ 1,129,978	\$ 2,141,424,804	\$ 3,787,317	\$ 88,329,009

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, 2007

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
\$ 55,872	\$ 41,746	\$ 100,709	\$ 6,042	\$ 52,395,331
284,239	98,641	-	-	300,048,870
-	-	-	-	147,482
<u>340,111</u>	<u>140,387</u>	<u>100,709</u>	<u>6,042</u>	<u>352,591,683</u>
-	-	-	-	14,946,518
-	-	-	-	(13,620,889)
-	-	-	-	1,325,629
-	-	-	(1,906)	(7,420,326)
<u>340,111</u>	<u>140,387</u>	<u>100,709</u>	<u>4,136</u>	<u>346,496,986</u>
-	-	1,225,346	848,167	2,170,805
11,558,978	4,611,407	-	-	118,914,182
-	-	-	-	73,751
-	2,116,185	-	-	21,017,217
-	-	1,912,474	-	1,912,474
<u>11,558,978</u>	<u>6,727,592</u>	<u>3,137,820</u>	<u>848,167</u>	<u>144,088,429</u>
<u>11,899,089</u>	<u>6,867,979</u>	<u>3,238,529</u>	<u>852,303</u>	<u>490,585,415</u>
9,963,384	6,009,127	1,283,453	700,790	149,551,053
-	-	-	-	51,692
-	-	-	-	3,842,317
-	-	1,515,494	-	1,515,494
<u>9,963,384</u>	<u>6,009,127</u>	<u>2,798,947</u>	<u>700,790</u>	<u>154,960,556</u>
1,935,705	858,852	439,582	151,513	335,624,859
<u>3,303,691</u>	<u>1,545,079</u>	<u>603,077</u>	<u>(496)</u>	<u>1,907,883,252</u>
<u>\$ 5,239,396</u>	<u>\$ 2,403,931</u>	<u>\$ 1,042,659</u>	<u>\$ 151,017</u>	<u>\$ 2,243,508,111</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

For the Year Ended June 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 19,952,524	\$ 69,392,192	\$ 66,915,676	\$ 22,429,040
Other assets	10,228	-	-	10,228
Total assets	<u>\$ 19,962,752</u>	<u>\$ 69,392,192</u>	<u>\$ 66,915,676</u>	<u>\$ 22,439,268</u>
LIABILITIES:				
Funds held in trust	\$ 15,410,772	\$ 32,537,461	\$ 31,916,306	\$ 16,031,927
Other liabilities	4,551,980	36,854,731	34,999,370	6,407,341
Total liabilities	<u>\$ 19,962,752</u>	<u>\$ 69,392,192</u>	<u>\$ 66,915,676</u>	<u>\$ 22,439,268</u>
 <u>Cristi Scott, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 9,166,619	\$ 23,528,840	\$ 25,683,409	\$ 7,012,050
Investments	14,797	-	1,270	13,527
Total assets	<u>\$ 9,181,416</u>	<u>\$ 23,528,840</u>	<u>\$ 25,684,679</u>	<u>\$ 7,025,577</u>
LIABILITIES:				
Funds held in trust	\$ 9,174,523	\$ 23,483,925	\$ 25,638,475	\$ 7,019,973
Other liabilities	6,893	44,915	46,204	5,604
Total liabilities	<u>\$ 9,181,416</u>	<u>\$ 23,528,840</u>	<u>\$ 25,684,679</u>	<u>\$ 7,025,577</u>
 <u>John Arriola, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ -	\$ 143,625,585	\$ 143,625,585	\$ -
LIABILITIES:				
Due to other funds of the primary government	\$ -	\$ 143,625,585	\$ 143,625,585	\$ -
 <u>David Torrence, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 9,026,482	\$ 12,270,823	\$ 11,556,482	\$ 9,740,823
Investments	675,618	-	-	675,618
Total assets	<u>\$ 9,702,100</u>	<u>\$ 12,270,823</u>	<u>\$ 11,556,482</u>	<u>\$ 10,416,441</u>
LIABILITIES:				
Funds held in trust	\$ 8,509,960	\$ 92,961	-	\$ 8,602,921
Other liabilities	1,192,140	12,177,862	11,556,482	1,813,520
Total liabilities	<u>\$ 9,702,100</u>	<u>\$ 12,270,823</u>	<u>\$ 11,556,482</u>	<u>\$ 10,416,441</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, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 3,894,835	\$ 37,476,737	\$ 37,345,096	\$ 4,026,476
Other assets	63,952	84,738	-	148,690
Total assets	<u>\$ 3,958,787</u>	<u>\$ 37,561,475</u>	<u>\$ 37,345,096</u>	<u>\$ 4,175,166</u>
LIABILITIES:				
Due to other funds of the primary government	\$ -	\$ 6,320,680	\$ 6,320,680	\$ -
Other liabilities	3,958,787	31,240,795	31,024,416	4,175,166
Total liabilities	<u>\$ 3,958,787</u>	<u>\$ 37,561,475</u>	<u>\$ 37,345,096</u>	<u>\$ 4,175,166</u>
 <u>Vic Lineweaver, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 2,341,655	\$ 7,394,681	\$ 7,274,142	\$ 2,462,194
Other assets	2,046	-	2,046	-
Total assets	<u>\$ 2,343,701</u>	<u>\$ 7,394,681</u>	<u>\$ 7,276,188</u>	<u>\$ 2,462,194</u>
LIABILITIES:				
Funds held in trust	\$ 1,949,537	\$ 748,520	\$ 613,552	\$ 2,084,505
Other liabilities	394,164	6,646,161	6,662,636	377,689
Total liabilities	<u>\$ 2,343,701</u>	<u>\$ 7,394,681</u>	<u>\$ 7,276,188</u>	<u>\$ 2,462,194</u>
 <u>Transit Authority Revenue</u>				
ASSETS:				
Cash and cash equivalents	\$ 3,763	\$ 6,508	\$ 3,763	\$ 6,508
Investments	2,414	-	2,414	-
Accounts receivable	372,529	-	372,529	-
Total assets	<u>\$ 378,706</u>	<u>\$ 6,508</u>	<u>\$ 378,706</u>	<u>\$ 6,508</u>
LIABILITIES:				
Due to component units	<u>\$ 378,706</u>	<u>\$ 6,508</u>	<u>\$ 378,706</u>	<u>\$ 6,508</u>
 <u>Sold Property Tax Receivables</u>				
ASSETS:				
Cash and cash equivalents	\$ -	\$ 8,873,341	\$ 8,240,295	\$ 633,046
Accounts receivable	-	71,144	-	71,144
Total assets	<u>\$ -</u>	<u>\$ 8,944,485</u>	<u>\$ 8,240,295</u>	<u>\$ 704,190</u>
LIABILITIES:				
Funds held in trust	<u>\$ -</u>	<u>\$ 8,944,485</u>	<u>\$ 8,240,295</u>	<u>\$ 704,190</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, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	\$ 645,455	\$ 2,999,727	\$ 2,981,712	\$ 663,470
LIABILITIES:				
Funds held in trust	\$ 645,455	\$ 2,999,727	\$ 2,981,712	\$ 663,470
 <u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 45,031,333	\$ 305,568,434	\$ 303,626,160	\$ 46,973,607
Investments	692,829	-	3,684	689,145
Accounts receivable	372,529	71,144	372,529	71,144
Other assets	76,226	84,738	2,046	158,918
Total assets	<u>\$ 46,172,917</u>	<u>\$ 305,724,316</u>	<u>\$ 304,004,419</u>	<u>\$ 47,892,814</u>
LIABILITIES:				
Due to other funds of the primary government	\$ -	\$ 6,320,680	\$ 6,320,680	\$ -
Due to component units	378,706	6,508	378,706	6,508
Funds held in trust	35,690,247	68,807,079	69,390,340	35,106,986
Other liabilities	10,103,964	86,964,464	84,289,108	12,779,320
Total liabilities	<u>\$ 46,172,917</u>	<u>\$ 162,098,731</u>	<u>\$ 160,378,834</u>	<u>\$ 47,892,814</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  
John Arriola, 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.

SOLD PROPERTY TAX RECEIVABLES FUND

The Sold Property Tax Receivables Fund accounts for property tax funds collected by the Government on behalf of the buyer of certain property tax receivable balances.

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, 2007

ASSETS:

Cash and cash equivalents	\$	9,963,539
Accounts receivable		258,528
Accrued interest receivable		14,588
Due from the primary government		<u>635</u>
Total assets	\$	<u><u>10,237,290</u></u>

LIABILITIES:

Accounts payable	\$	15,788
Accrued salaries and wages		5,862
Due to the primary government		<u>1,559,328</u>
Total liabilities		<u>1,580,978</u>

FUND BALANCES:

Undesignated		<u>8,656,312</u>
Total fund balances		<u>8,656,312</u>
Total liabilities and fund balances	\$	<u><u>10,237,290</u></u>

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

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

June 30, 2007

Fund balances	\$	8,656,312
<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>		350,705,742
<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		(78,985,000)
Less deferred charge on refunding		4,670,314
Less deferred charge for issuance costs		641,722
Add bond premium		(1,230,026)
Accrued interest payable		(1,809,604)
		(1,809,604)
Net assets	\$	282,649,460

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, 2007

REVENUES:	
Revenues from the use of money or property	\$ 371,421
Revenues from other governmental agencies	16,872,094
Charges for current services	3,225,057
Compensation for loss, sale or damage to property	655,892
Contributions and gifts	<u>3,191,316</u>
 Total revenues	 <u>24,315,780</u>
EXPENDITURES:	
Personal services	136,522
Contractual services	11,384,581
Supplies and materials	3,041
Other costs	455,258
Capital outlay	4,421,551
Compensation for damages	1,304
Debt service:	
Principal retirement	3,215,000
Interest	<u>3,700,876</u>
 Total expenditures	 <u>23,318,133</u>
 Net change in fund balances	 997,647
 FUND BALANCES, beginning of year	 <u>7,658,665</u>
 FUND BALANCES, end of year	 <u><u>\$ 8,656,312</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, 2007

Net change in fund balances	\$	997,647
<p>Amounts reported in the Statement of Activities are different because:</p>		
<p>Governmental component units report capital outlays as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.</p>		
Acquisition of capital assets		4,421,551
Depreciation expense		(9,298,701)
<p>Governmental component units report the repayment of bond principal and the payment of interest as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. However, principal repayments reduce liabilities and interest expense is accrued when incurred in the Statement of Net Assets. 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.</p>		
Principal repayments		3,215,000
Amortization of deferred charge on refunding		(245,806)
Amortization of issuance costs		(33,775)
Amortization of premium		64,738
Change in accrued interest		81,669
		81,669
Change in net assets	\$	(797,677)

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, 2007

	General Services District	Urban Services District	Total General Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,346,048	\$ 5,177,745	\$ 14,523,793
Sales tax receivable	21,039,322	-	21,039,322
Accounts receivable	33,032,901	18,987,174	52,020,075
Accrued interest receivable	256,234	91,121	347,355
Property taxes receivable	333,781,524	73,564,367	407,345,891
Allowance for doubtful accounts	(23,266,569)	(1,447,782)	(24,714,351)
Due from other funds of the primary government	3,252,859	5,283,225	8,536,084
Due from component units	30,973,496	-	30,973,496
Inventories of supplies	366,434	-	366,434
Other assets	8,696,769	1,104	8,697,873
	<u>417,479,018</u>	<u>101,656,954</u>	<u>519,135,972</u>
Total assets	<u>\$ 417,479,018</u>	<u>\$ 101,656,954</u>	<u>\$ 519,135,972</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 10,776,593	\$ 541,939	\$ 11,318,532
Accrued payroll	20,610,037	2,791,801	23,401,838
Due to other funds of the primary government	6,333,106	3,722,326	10,055,432
Due to component units	5,008	-	5,008
Deferred revenue	330,838,282	78,434,216	409,272,498
Other liabilities	4,496,670	-	4,496,670
	<u>373,059,696</u>	<u>85,490,282</u>	<u>458,549,978</u>
Total liabilities	<u>373,059,696</u>	<u>85,490,282</u>	<u>458,549,978</u>
FUND BALANCES:			
Reserved for imprest cash and inventories	1,006,377	3,000	1,009,377
Reserved for specific programs	1,799,027	-	1,799,027
Reserved for subsequent year budgetary appropriations	5,395,200	218,100	5,613,300
Reserved for long-term receivables	12,820,267	-	12,820,267
Unreserved:			
Undesignated	23,398,451	15,945,572	39,344,023
	<u>44,419,322</u>	<u>16,166,672</u>	<u>60,585,994</u>
Total fund balances	<u>44,419,322</u>	<u>16,166,672</u>	<u>60,585,994</u>
Total liabilities and fund balances	<u>\$ 417,479,018</u>	<u>\$ 101,656,954</u>	<u>\$ 519,135,972</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, 2007

	General Services District	Urban Services District	Total General Fund
<b>REVENUES:</b>			
Property taxes	\$ 348,260,511	\$ 86,333,459	\$ 434,593,970
Local option sales tax	94,234,544	-	94,234,544
Other taxes, licenses and permits	85,005,393	15,079,705	100,085,098
Fines, forfeits and penalties	14,100,396	-	14,100,396
Revenues from the use of money or property	2,168,780	602,003	2,770,783
Revenues from other governmental agencies	83,160,669	4,784,355	87,945,024
Commissions and fees	26,156,439	-	26,156,439
Charges for current services	26,363,024	901,395	27,264,419
Compensation for loss, sale or damage to property	611,348	-	611,348
Contributions and gifts	669,329	-	669,329
Miscellaneous	1,414,910	-	1,414,910
Total revenues	682,145,343	107,700,917	789,846,260
<b>EXPENDITURES:</b>			
General government	23,583,082	-	23,583,082
Fiscal administration	15,777,516	-	15,777,516
Administration of justice	63,883,484	-	63,883,484
Law enforcement and care of prisoners	210,992,633	-	210,992,633
Fire prevention and control	48,302,432	64,415,242	112,717,674
Regulation and inspection	8,351,652	-	8,351,652
Conservation of natural resources	444,857	-	444,857
Public welfare	9,059,595	-	9,059,595
Public health and hospitals	85,715,255	-	85,715,255
Public library system	20,988,942	-	20,988,942
Public works, highways and streets	27,595,799	8,987,201	36,583,000
Recreational and cultural	36,748,546	-	36,748,546
Employee benefits	38,017,937	20,994,458	59,012,395
Miscellaneous	51,171,935	795,704	51,967,639
Total expenditures	640,633,665	95,192,605	735,826,270
Excess of revenues over expenditures	41,511,678	12,508,312	54,019,990
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	15,850,393	-	15,850,393
Transfers out	(47,630,167)	(8,588,300)	(56,218,467)
Total other financing sources (uses)	(31,779,774)	(8,588,300)	(40,368,074)
Net change in fund balances	9,731,904	3,920,012	13,651,916
FUND BALANCES, beginning of year	34,687,418	12,246,660	46,934,078
FUND BALANCES, end of year	\$ 44,419,322	\$ 16,166,672	\$ 60,585,994

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, 2007

	General Services District		
	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Property taxes	\$ 344,886,200	\$ 348,260,511	\$ 3,374,311
Local option sales tax	92,397,100	94,234,544	1,837,444
Other taxes, licenses and permits	86,371,200	85,005,393	(1,365,807)
Fines, forfeits and penalties	13,766,800	14,100,396	333,596
Revenues from the use of money or property	-	2,168,780	2,168,780
Revenues from other governmental agencies	75,550,800	83,160,669	7,609,869
Commissions and fees	21,427,900	26,156,439	4,728,539
Charges for current services	29,229,900	26,363,024	(2,866,876)
Compensation for loss, sale or damage to property	241,700	611,348	369,648
Contributions and gifts	532,300	669,329	137,029
Miscellaneous	814,500	1,414,910	600,410
Total revenues	<u>665,218,400</u>	<u>682,145,343</u>	<u>16,926,943</u>
<b>EXPENDITURES:</b>			
General government	23,974,645	23,583,082	391,563
Fiscal administration	16,787,000	15,777,516	1,009,484
Administration of justice	63,212,000	63,883,484	(671,484)
Law enforcement and care of prisoners	213,774,380	210,992,633	2,781,747
Fire prevention and control	48,302,500	48,302,432	68
Regulation and inspection	8,872,200	8,351,652	520,548
Conservation of natural resources	503,000	444,857	58,143
Public welfare	9,454,900	9,059,595	395,305
Public health and hospitals	85,881,600	85,715,255	166,345
Public library system	21,250,150	20,988,942	261,208
Public works, highways and streets	27,597,804	27,595,799	2,005
Recreational and cultural	36,808,240	36,748,546	59,694
Employee benefits	38,179,800	38,017,937	161,863
Miscellaneous	41,692,443	51,171,935	(9,479,492)
Total expenditures	<u>636,290,662</u>	<u>640,633,665</u>	<u>(4,343,003)</u>
Excess (deficiency) of revenues over expenditures	<u>28,927,738</u>	<u>41,511,678</u>	<u>12,583,940</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	15,147,100	15,850,393	703,293
Transfers out	(46,207,700)	(47,630,167)	(1,422,467)
Total other financing sources (uses)	<u>(31,060,600)</u>	<u>(31,779,774)</u>	<u>(719,174)</u>
Net change in fund balances	(2,132,862)	9,731,904	11,864,766
FUND BALANCES, beginning of year	<u>34,687,418</u>	<u>34,687,418</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 32,554,556</u>	<u>\$ 44,419,322</u>	<u>\$ 11,864,766</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, 2007

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)
\$ 81,248,200	\$ 86,333,459	\$ 5,085,259	\$ 426,134,400	\$ 434,593,970	\$ 8,459,570
-	-	-	92,397,100	94,234,544	1,837,444
12,545,600	15,079,705	2,534,105	98,916,800	100,085,098	1,168,298
-	-	-	13,766,800	14,100,396	333,596
-	602,003	602,003	-	2,770,783	2,770,783
9,072,000	4,784,355	(4,287,645)	84,622,800	87,945,024	3,322,224
-	-	-	21,427,900	26,156,439	4,728,539
688,500	901,395	212,895	29,918,400	27,264,419	(2,653,981)
-	-	-	241,700	611,348	369,648
-	-	-	532,300	669,329	137,029
-	-	-	814,500	1,414,910	600,410
<u>103,554,300</u>	<u>107,700,917</u>	<u>4,146,617</u>	<u>768,772,700</u>	<u>789,846,260</u>	<u>21,073,560</u>
-	-	-	23,974,645	23,583,082	391,563
-	-	-	16,787,000	15,777,516	1,009,484
-	-	-	63,212,000	63,883,484	(671,484)
-	-	-	213,774,380	210,992,633	2,781,747
64,415,300	64,415,242	58	112,717,800	112,717,674	126
-	-	-	8,872,200	8,351,652	520,548
-	-	-	503,000	444,857	58,143
-	-	-	9,454,900	9,059,595	395,305
-	-	-	85,881,600	85,715,255	166,345
-	-	-	21,250,150	20,988,942	261,208
8,987,300	8,987,201	99	36,585,104	36,583,000	2,104
-	-	-	36,808,240	36,748,546	59,694
22,226,900	20,994,458	1,232,442	60,406,700	59,012,395	1,394,305
(287,500)	795,704	(1,083,204)	41,404,943	51,967,639	(10,562,696)
<u>95,342,000</u>	<u>95,192,605</u>	<u>149,395</u>	<u>731,632,662</u>	<u>735,826,270</u>	<u>(4,193,608)</u>
8,212,300	12,508,312	4,296,012	37,140,038	54,019,990	16,879,952
-	-	-	15,147,100	15,850,393	703,293
(8,588,300)	(8,588,300)	-	(54,796,000)	(56,218,467)	(1,422,467)
<u>(8,588,300)</u>	<u>(8,588,300)</u>	<u>-</u>	<u>(39,648,900)</u>	<u>(40,368,074)</u>	<u>(719,174)</u>
(376,000)	3,920,012	4,296,012	(2,508,862)	13,651,916	16,160,778
12,246,660	12,246,660	-	46,934,078	46,934,078	-
<u>\$ 11,870,660</u>	<u>\$ 16,166,672</u>	<u>\$ 4,296,012</u>	<u>\$ 44,425,216</u>	<u>\$ 60,585,994</u>	<u>\$ 16,160,778</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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>GENERAL GOVERNMENT:</u>			
Legislative (Office of Clerk and Council)	\$ 3,298,700	\$ 3,143,934	\$ 154,766
Executive (Office of the Mayor)	4,193,800	3,902,434	291,366
Election Commission	3,682,900	3,682,895	5
Department of Law	4,832,200	4,733,777	98,423
Planning Commission	4,037,900	3,935,591	102,309
County Register of Deeds	2,591,500	2,863,951	(272,451)
Historical Commission	688,445	671,304	17,141
Telecommunications	649,200	649,196	4
Total General Government	<u>23,974,645</u>	<u>23,583,082</u>	<u>391,563</u>
<u>FISCAL ADMINISTRATION:</u>			
Department of Finance	1,555,400	1,469,611	85,789
Assessor of Property	7,791,700	6,963,104	828,596
Metropolitan Trustee	2,784,500	2,695,944	88,556
County Clerk	4,655,400	4,648,857	6,543
Total Fiscal Administration	<u>16,787,000</u>	<u>15,777,516</u>	<u>1,009,484</u>
<u>ADMINISTRATION OF JUSTICE:</u>			
District Attorney	4,833,600	4,895,835	(62,235)
Public Defender	5,723,300	5,717,338	5,962
Juvenile Court Clerk	1,746,500	1,712,812	33,688
Circuit Court Clerk	9,567,800	10,452,918	(885,118)
Criminal Court Clerk	6,142,800	6,142,796	4
Clerk and Master	1,907,600	1,794,489	113,111
Juvenile Court	10,820,500	10,820,500	-
General Sessions Court	11,445,700	11,462,061	(16,361)
State Trial Courts	8,269,000	8,407,340	(138,340)
Justice Information System	2,254,900	2,015,720	239,180
Criminal Justice Planning	500,300	461,675	38,625
Total Administration of Justice	<u>63,212,000</u>	<u>63,883,484</u>	<u>(671,484)</u>
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>			
Sheriff	57,508,850	57,455,970	52,880
Police Department	143,693,530	141,398,971	2,294,559
Emergency Communication Center	12,572,000	12,137,692	434,308
Total Law Enforcement and Care of Prisoners	<u>213,774,380</u>	<u>210,992,633</u>	<u>2,781,747</u>
<u>FIRE PREVENTION AND CONTROL:</u>			
Fire Department	48,302,500	48,302,432	68
<u>REGULATION AND INSPECTION:</u>			
Department of Codes Administration	8,097,500	7,662,469	435,031
Taxicab and Wrecker Licensing Board	376,500	352,684	23,816
Beer Board	398,200	336,499	61,701
Total Regulation and Inspection	<u>8,872,200</u>	<u>8,351,652</u>	<u>520,548</u>

See accompanying accountants' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL  
GENERAL FUND - GENERAL SERVICES DISTRICT  
(CONTINUED)

For the Year Ended June 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>CONSERVATION OF NATURAL RESOURCES:</u>			
Agricultural Extension Service	\$ 386,300	\$ 330,151	\$ 56,149
Soil and Water Conservation	116,700	114,706	1,994
Total Conservation of Natural Resources	<u>503,000</u>	<u>444,857</u>	<u>58,143</u>
<u>PUBLIC WELFARE:</u>			
Social Services Commission	8,994,500	8,603,120	391,380
Human Relations Commission	460,400	456,475	3,925
Total Public Welfare	<u>9,454,900</u>	<u>9,059,595</u>	<u>395,305</u>
<u>PUBLIC HEALTH AND HOSPITALS:</u>			
Board of Health	36,084,500	35,918,155	166,345
Hospital Authority	49,797,100	49,797,100	-
Total Public Health and Hospitals	<u>85,881,600</u>	<u>85,715,255</u>	<u>166,345</u>
<u>PUBLIC LIBRARY SYSTEM:</u>			
Public Library	21,250,150	20,988,942	261,208
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>			
Public Works	27,597,804	27,595,799	2,005
<u>RECREATIONAL AND CULTURAL:</u>			
Parks and Recreation	33,932,440	33,907,653	24,787
Arts Commission	2,634,700	2,599,793	34,907
Sports Authority	241,100	241,100	-
Total Recreational and Cultural	<u>36,808,240</u>	<u>36,748,546</u>	<u>59,694</u>
<u>EMPLOYEE BENEFITS:</u>			
Contribution to Closed Pension Plans	10,502,900	10,502,900	-
Employer's Contribution for Group Health Insurance	25,737,400	25,737,381	19
Unemployment Compensation	571,800	410,025	161,775
Employer's Contribution for Group Life Insurance	1,367,700	1,367,631	69
Total Employee Benefits	<u>38,179,800</u>	<u>38,017,937</u>	<u>161,863</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL  
GENERAL FUND - GENERAL SERVICES DISTRICT  
(CONTINUED)

For the Year Ended June 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>MISCELLANEOUS:</u>			
Contributions and Community Support	\$ 3,935,161	\$ 3,816,587	\$ 118,574
Subsidies	22,351,900	21,320,652	1,031,248
Administration and Internal Support	15,405,382	26,034,696	(10,629,314)
Total Miscellaneous	<u>41,692,443</u>	<u>51,171,935</u>	<u>(9,479,492)</u>
Total Expenditures	<u>\$ 636,290,662</u>	<u>\$ 640,633,665</u>	<u>\$ (4,343,003)</u>
<u>TRANSFERS IN:</u>			
USD General Fund	\$ 481,000	\$ 481,000	\$ -
General Purpose School	103,000	103,000	-
Nonmajor Governmental Funds	7,874,000	8,582,818	708,818
District Energy System	400	454	54
Water and Sewerage Services	3,847,600	3,808,093	(39,507)
Nonmajor Enterprise Funds	1,071,100	1,105,028	33,928
Internal Service Funds	1,770,000	1,770,000	-
Total Transfers In	<u>15,147,100</u>	<u>15,850,393</u>	<u>703,293</u>
<u>TRANSFERS OUT:</u>			
GSD General Purpose Debt Service	(3,319,700)	(3,332,400)	(12,700)
Nonmajor Governmental Funds	(38,066,600)	(38,474,354)	(407,754)
District Energy System	(2,291,300)	(2,291,300)	-
Nonmajor Enterprise Funds	(1,756,700)	(1,596,482)	160,218
Internal Service Funds	(773,400)	(1,902,800)	(1,129,400)
Fiduciary Funds	-	(32,831)	(32,831)
Total Transfers Out	<u>(46,207,700)</u>	<u>(47,630,167)</u>	<u>(1,422,467)</u>
Total Other Financing Sources (Uses)	<u>\$ (31,060,600)</u>	<u>\$ (31,779,774)</u>	<u>\$ (719,174)</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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>FIRE PREVENTION AND CONTROL:</u>			
Fire Department	\$ 64,415,300	\$ 64,415,242	\$ 58
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>			
Public Works	8,987,300	8,987,201	99
<u>EMPLOYEE BENEFITS:</u>			
Contribution to Closed Pension Plans	18,890,100	18,890,100	-
Employer's Contribution for Group Health Insurance	3,212,900	2,002,709	1,210,191
Direct Pension Payments	9,900	8,100	1,800
Employer's Contribution for Group Life Insurance	114,000	93,549	20,451
Total Employee Benefits	22,226,900	20,994,458	1,232,442
<u>MISCELLANEOUS:</u>			
Administration and Internal Support	(287,500)	795,704	(1,083,204)
Total Miscellaneous	(287,500)	795,704	(1,083,204)
Total Expenditures	\$ 95,342,000	\$ 95,192,605	\$ 149,395
<u>TRANSFERS OUT:</u>			
GSD General Fund	\$ (481,000)	\$ (481,000)	\$ -
Nonmajor Governmental Funds	(8,107,300)	(8,107,300)	-
Total Transfers Out	(8,588,300)	(8,588,300)	-
Total Other Financing Sources (Uses)	\$ (8,588,300)	\$ (8,588,300)	\$ -

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2007

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2006 Realty	\$ 2,315,969	\$ 2,031,278	\$ 1,010,562	\$ 689,066	\$ 243,520	\$ 88,130
2006 Personalty	2,158,443	1,874,974	944,167	628,387	222,070	80,350
2006 Public Utility	68,014	58,584	29,514	19,627	6,936	2,507
<b>Total 2006 Property Taxes</b>	<b>4,542,426</b>	<b>3,964,836</b>	<b>1,984,243</b>	<b>1,337,080</b>	<b>472,526</b>	<b>170,987</b>
2005 Realty	1,239,544	1,055,107	407,883	421,944	171,331	53,949
2005 Personalty	1,431,629	1,241,919	593,860	422,479	171,559	54,021
2005 Public Utility	381,577	326,118	158,435	109,327	44,348	14,008
<b>Total 2005 Property Taxes</b>	<b>3,052,750</b>	<b>2,623,144</b>	<b>1,160,178</b>	<b>953,750</b>	<b>387,238</b>	<b>121,978</b>
2004 & Prior - Realty	2,261,076	1,959,673	975,301	648,531	230,473	105,368
2004 & Prior - Personalty	8,329,914	7,075,325	3,545,850	2,222,733	918,021	388,721
2004 & Prior - Public Utility	1,628,238	1,351,625	667,433	438,841	168,076	77,275
<b>Total 2004 &amp; Prior Property Taxes</b>	<b>12,219,228</b>	<b>10,386,623</b>	<b>5,188,584</b>	<b>3,310,105</b>	<b>1,316,570</b>	<b>571,364</b>
<b>Total Delinquent Property Taxes Receivable *</b>	<b>\$ 19,814,404</b>	<b>\$ 16,974,603</b>	<b>\$ 8,333,005</b>	<b>\$ 5,600,935</b>	<b>\$ 2,176,334</b>	<b>\$ 864,329</b>

\* Excludes 2007 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, 2007

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 284,691	\$ 249,593	\$ 35,098
283,469	248,522	34,947
9,430	8,267	1,163
577,590	506,382	71,208
184,437	172,346	12,091
189,710	166,321	23,389
55,459	48,603	6,856
429,606	387,270	42,336
301,403	265,225	36,178
1,254,589	1,106,219	148,370
276,613	243,739	32,874
1,832,605	1,615,183	217,422
\$ 2,839,801	\$ 2,508,835	\$ 330,966

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2007

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2006	\$ 2,031,278	\$ 1,874,974	\$ 58,584	\$ 3,964,836
	2005	1,055,107	1,241,919	326,118	2,623,144
	2004	531,975	948,803	169,216	1,649,994
	2003	461,198	1,167,413	280,695	1,909,306
	2002	361,009	1,083,152	391,605	1,835,766
	2001	357,241	639,299	133,439	1,129,979
	2000	72,987	799,836	244,502	1,117,325
	1999	53,549	526,225	13,083	592,857
	1998	45,347	582,624	42,021	669,992
	1997	69,323	465,097	21,208	555,628
	1996	7,044	862,876	55,856	925,776
Total General Services District		<u>5,046,058</u>	<u>10,192,218</u>	<u>1,736,327</u>	<u>16,974,603</u>
Urban Services District	2006	284,691	283,469	9,430	577,590
	2005	184,437	189,710	55,459	429,606
	2004	95,816	177,428	37,453	310,697
	2003	67,404	194,143	56,599	318,146
	2002	51,150	202,040	79,285	332,475
	2001	55,557	112,829	27,016	195,402
	2000	6,206	141,259	49,502	196,967
	1999	7,853	91,549	2,649	102,051
	1998	6,796	102,093	8,508	117,397
	1997	10,043	81,611	4,294	95,948
	1996	578	151,637	11,307	163,522
Total Urban Services District		<u>770,531</u>	<u>1,727,768</u>	<u>341,502</u>	<u>2,839,801</u>
Total Delinquent Property Taxes Receivable *		<u>\$ 5,816,589</u>	<u>\$ 11,919,986</u>	<u>\$ 2,077,829</u>	<u>\$ 19,814,404</u>

\* Excludes 2007 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, 2007

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<b><u>GENERAL OBLIGATION BONDS PAYABLE</u></b>		
<u>For General Purposes:</u>		
GSD G.O. Refunding Bonds of 1993	5.25	May 15, 1993
GSD G.O. Refunding Bonds of 1996	5.50 - 6.00	Dec. 1, 1996
GSD G.O. Refunding Bonds, Series 1997	4.75 - 5.125	Sep. 15, 1997
GSD G.O. Public Improvement and Refunding Bonds of 1999	5.00 - 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	5.00 - 5.25	July 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	4.125 - 5.00	May 1, 2005
GSD G.O. Multi-purpose Bonds, Series 2005C	3.625 - 5.00	Nov. 1, 2005
GSD G.O. Refunding Bonds, Series 2006A	3.60	May 15, 2006
GSD G.O. Bonds, Series 2006B	4.00 - 5.00	June 15, 2006
GSD G.O. Refunding Bonds, Series 2007A	4.00 - 5.00	April 15, 2007
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. Refunding Bonds, Series 1997	4.75 - 5.125	Sep. 15, 1997
GSD G.O. Public Improvement and Refunding Bonds of 1999	5.00 - 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	5.00 - 5.25	July 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	4.125 - 5.00	May 1, 2005
GSD G.O. Multi-purpose Bonds, Series 2005C	3.625 - 5.00	Nov. 1, 2005
GSD G.O. Bonds, Series 2006B	4.00 - 5.00	June 15, 2006
GSD G.O. Refunding Bonds, Series 2007A	4.00 - 5.00	April 15, 2007
Total General Obligation Bonds Payable for School Purposes		
Total General Obligation Bonds Payable - General Services District		
<b><u>LIMITED OBLIGATION REVENUE BONDS PAYABLE</u></b>		
Correctional Facility Revenue Bonds	4.00 - 5.00	Feb. 1, 2002
Special Limited Obligation Revenue Refunding Bonds Payable - General Services District		
Total Bonds Payable - General Services District		

See accompanying accountants' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2007

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2007</u>	<u>Interest to Maturity as of June 30, 2007</u>
May 15, 2008	\$ 193,128,625	\$ 2,088,132	\$ 109,626
Dec. 1, 2010	28,671,142	12,248,232	1,487,861
May 15, 2025	64,596,180	512,160	37,292
Nov. 15, 2029	133,288,342	15,672,580	1,596,579
Oct. 15, 2020	62,065,000	40,960,000	5,394,006
Oct. 15, 2016	43,633,148	37,442,557	8,671,460
Nov. 15, 2024	41,749,303	34,228,707	18,628,929
April 1, 2024	59,543,042	36,813,302	16,641,668
June 1, 2024	33,825,000	32,615,000	16,780,537
Nov. 15, 2016	48,367,055	44,028,733	11,951,261
Jan. 1, 2025	49,817,419	45,923,804	24,064,351
Jan. 1, 2020	107,433,445	101,919,524	42,396,953
Feb. 1, 2026	150,292,132	145,695,580	81,684,989
May 15, 2026	60,805,000	60,765,000	38,128,590
Feb. 1, 2026	113,783,394	113,783,394	63,248,328
May 15, 2030	125,908,003	125,908,003	93,282,632
	<u>1,316,906,230</u>	<u>850,604,708</u>	<u>424,105,062</u>
May 15, 2008	81,490,821	2,547,857	133,784
May 15, 2025	46,393,820	367,840	26,783
Nov. 15, 2019	53,474,949	9,497,420	969,140
Oct. 15, 2020	176,640,000	60,165,000	7,279,000
Oct. 15, 2016	30,111,852	25,682,443	6,102,378
Nov. 15, 2024	60,984,934	55,555,530	25,930,239
April 1, 2024	41,515,465	25,667,506	11,603,145
June 1, 2024	26,170,000	25,240,000	12,916,375
Nov. 15, 2016	2,972,945	2,706,284	734,600
Jan. 1, 2025	79,503,345	73,289,546	38,404,166
Jan. 1, 2020	77,018,422	73,729,090	29,095,929
Feb. 1, 2026	43,740,078	42,402,327	23,773,087
Feb. 1, 2026	69,160,188	69,160,187	38,443,801
May 15, 2030	58,421,306	58,421,306	39,407,526
	<u>847,598,125</u>	<u>524,432,336</u>	<u>234,819,953</u>
	<u>2,164,504,355</u>	<u>1,375,037,044</u>	<u>658,925,015</u>
Sep. 1, 2011	<u>16,265,000</u>	<u>9,005,000</u>	<u>1,161,725</u>
	<u>16,265,000</u>	<u>9,005,000</u>	<u>1,161,725</u>
	<u>\$ 2,180,769,355</u>	<u>\$ 1,384,042,044</u>	<u>\$ 660,086,740</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, 2007

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<b><u>GENERAL OBLIGATION BONDS PAYABLE</u></b>		
USD G.O. Refunding Bonds of 1993	5.25	May 15, 1993
USD G.O. Refunding Bonds of 1996	5.50 - 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	4.00 - 5.25	Apr. 1, 2002
USD G.O. (Taxable) Thermal Refunding Bonds, 2002	5.45 - 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	4.25 - 5.25	July 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	4.125 - 5.00	May 1, 2005
USD G.O. Multi-purpose Bonds, Series 2005C	3.625 - 5.00	Nov. 1, 2005
USD G.O. Bonds, Series 2006B	4.00 - 5.00	June 15, 2006
USD G.O. Refunding Bonds, Series 2007A	4.00 - 5.00	April 15, 2007
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		
<b><u>REVENUE BONDS PAYABLE</u></b>		
Department of Water and Sewerage Revenue Refunding Bonds of 1986	7.30 - 7.70	Oct. 1, 1986
Department of Water and Sewerage Revenue Bonds, Series 1993	5.20 - 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, 2007

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2007</u>	<u>Interest to Maturity as of June 30, 2007</u>
May 15, 2008	\$ 45,480,554	\$ 343,618	\$ 18,040
Dec. 1, 2010	5,633,858	2,406,768	292,363
Oct. 15, 2016	23,450,000	12,240,000	1,497,287
July 1, 2014	31,065,000	20,250,000	3,868,182
July 1, 2012	27,000,000	7,690,000	784,723
Nov. 15, 2024	5,955,763	5,955,764	1,839,357
April 1, 2024	21,041,493	13,009,192	5,880,881
June 1, 2024	5,760,000	5,560,000	2,868,137
Jan. 1, 2025	13,979,236	12,886,651	6,752,683
Jan. 1, 2020	6,008,527	5,721,761	2,328,884
Feb. 1, 2026	19,967,790	19,357,093	10,852,655
Feb. 1, 2026	20,371,418	20,371,418	11,323,780
May 15, 2030	2,560,691	2,560,691	1,843,323
	<u>228,274,330</u>	<u>128,352,956</u>	<u>50,150,295</u>
Jan. 1, 2025	<u>7,695,000</u>	<u>7,435,000</u>	<u>3,897,950</u>
	<u>7,695,000</u>	<u>7,435,000</u>	<u>3,897,950</u>
	<u>235,969,330</u>	<u>135,787,956</u>	<u>54,048,245</u>
Jan. 1, 2016	339,866,665	135,615,000	44,661,925
Jan. 1, 2013	157,475,000	48,075,000	9,862,645
Jan. 1, 2014	74,725,000	31,180,000	8,775,588
Jan. 1, 2022	156,315,000	141,250,000	68,846,512
Jan. 1, 2014	55,000,000	25,315,000	6,599,770
Jan. 1, 2016	30,255,000	27,825,000	10,915,994
	<u>813,636,665</u>	<u>409,260,000</u>	<u>149,662,434</u>
Oct. 1, 2033	<u>66,700,000</u>	<u>64,305,000</u>	<u>52,270,122</u>
	<u>880,336,665</u>	<u>473,565,000</u>	<u>201,932,556</u>
	<u>\$ 1,116,305,995</u>	<u>\$ 609,352,956</u>	<u>\$ 255,980,801</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, 2007

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Total General Obligation Bonds		
				Principal	Interest	Total
2008	\$ 81,375,478	\$ 67,270,304	\$ 148,645,782	\$ 79,745,478	\$ 66,868,954	\$ 146,614,432
2009	75,960,589	63,178,264	139,138,853	74,250,589	62,852,264	137,102,853
2010	75,728,343	59,432,235	135,160,578	73,933,343	59,193,860	133,127,203
2011	76,669,601	55,691,860	132,361,461	74,784,601	55,545,485	130,330,086
2012	71,946,721	52,261,743	124,208,464	69,961,721	52,212,118	122,173,839
2013	70,843,201	48,749,237	119,592,438	70,843,201	48,749,237	119,592,438
2014	72,586,266	45,271,387	117,857,653	72,586,266	45,271,387	117,857,653
2015	75,180,566	41,651,016	116,831,582	75,180,566	41,651,016	116,831,582
2016	86,683,289	37,862,001	124,545,290	86,683,289	37,862,001	124,545,290
2017	82,885,600	33,619,337	116,504,937	82,885,600	33,619,337	116,504,937
2018	66,480,050	30,008,238	96,488,288	66,480,050	30,008,238	96,488,288
2019	67,927,793	26,745,137	94,672,930	67,927,793	26,745,137	94,672,930
2020	54,803,903	23,300,059	78,103,962	54,803,903	23,300,059	78,103,962
2021	64,749,120	20,457,750	85,206,870	64,749,120	20,457,750	85,206,870
2022	67,944,594	17,239,254	85,183,848	67,944,594	17,239,254	85,183,848
2023	71,387,372	13,829,372	85,216,744	71,387,372	13,829,372	85,216,744
2024	73,848,740	10,255,093	84,103,833	73,848,740	10,255,093	84,103,833
2025	65,489,053	6,575,719	72,064,772	65,489,053	6,575,719	72,064,772
2026	40,888,751	3,535,654	44,424,405	40,888,751	3,535,654	44,424,405
2027	22,076,218	1,591,323	23,667,541	22,076,218	1,591,323	23,667,541
2028	8,546,276	879,136	9,425,412	8,546,276	879,136	9,425,412
2029	4,911,766	451,824	5,363,590	4,911,766	451,824	5,363,590
2030	5,128,754	230,797	5,359,551	5,128,754	230,797	5,359,551
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
	<u>\$ 1,384,042,044</u>	<u>\$ 660,086,740</u>	<u>\$ 2,044,128,784</u>	<u>\$ 1,375,037,044</u>	<u>\$ 658,925,015</u>	<u>\$ 2,033,962,059</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, 2007

General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ 46,587,363	\$ 42,335,945	\$ 88,923,308	\$ 33,158,115	\$ 24,533,009	\$ 57,691,124
43,699,844	39,641,950	83,341,794	30,550,745	23,210,314	53,761,059
44,330,543	37,406,302	81,736,845	29,602,800	21,787,558	51,390,358
44,899,569	35,222,469	80,122,038	29,885,032	20,323,016	50,208,048
40,526,153	33,242,463	73,768,616	29,435,568	18,969,655	48,405,223
40,856,653	31,223,767	72,080,420	29,986,548	17,525,470	47,512,018
42,614,347	29,188,430	71,802,777	29,971,919	16,082,957	46,054,876
44,721,343	27,048,365	71,769,708	30,459,223	14,602,651	45,061,874
54,457,796	24,720,409	79,178,205	32,225,493	13,141,592	45,367,085
52,933,581	22,033,840	74,967,421	29,952,019	11,585,497	41,537,516
41,961,943	19,735,024	61,696,967	24,518,107	10,273,214	34,791,321
41,522,055	17,434,145	58,956,200	26,405,738	9,310,992	35,716,730
35,723,015	15,177,552	50,900,567	19,080,888	8,122,507	27,203,395
41,272,781	13,329,550	54,602,331	23,476,339	7,128,200	30,604,539
43,017,820	11,278,539	54,296,359	24,926,774	5,960,715	30,887,489
45,203,225	9,113,147	54,316,372	26,184,147	4,716,225	30,900,372
46,819,449	6,841,695	53,661,144	27,029,291	3,413,398	30,442,689
42,179,824	4,499,065	46,678,889	23,309,229	2,076,654	25,385,883
29,971,561	2,483,277	32,454,838	10,917,190	1,052,377	11,969,567
14,134,431	1,053,496	15,187,927	7,941,787	537,827	8,479,614
5,738,912	590,349	6,329,261	2,807,364	288,787	3,096,151
3,635,737	334,444	3,970,181	1,276,029	117,380	1,393,409
3,796,763	170,839	3,967,602	1,331,991	59,958	1,391,949
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 850,604,708</u>	<u>\$ 424,105,062</u>	<u>\$ 1,274,709,770</u>	<u>\$ 524,432,336</u>	<u>\$ 234,819,953</u>	<u>\$ 759,252,289</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, 2007

Year Ending June 30	Correctional Facility Revenue Bonds		
	Principal	Interest	Total
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	-	-	-
	<u>\$ 9,005,000</u>	<u>\$ 1,161,725</u>	<u>\$ 10,166,725</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, 2007

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 43,319,522	\$ 33,024,333	\$ 76,343,855	\$ 13,294,522	\$ 6,353,043	\$ 19,647,565
2009	41,999,411	30,794,604	72,794,015	9,579,411	5,784,626	15,364,037
2010	44,676,657	28,095,532	72,772,189	10,036,657	5,312,914	15,349,571
2011	46,925,399	25,240,908	72,166,307	9,930,399	4,834,531	14,764,930
2012	48,848,279	22,282,208	71,130,487	9,583,279	4,364,200	13,947,479
2013	51,381,799	19,152,818	70,534,617	9,341,799	3,912,448	13,254,247
2014	51,763,734	16,522,073	68,285,807	8,033,734	3,475,276	11,509,010
2015	54,124,434	13,839,172	67,963,606	8,194,434	3,070,829	11,265,263
2016	32,991,711	11,076,382	44,068,093	4,276,711	2,766,056	7,042,767
2017	20,114,400	9,375,296	29,489,696	5,279,400	2,555,183	7,834,583
2018	21,054,950	8,383,864	29,438,814	5,454,950	2,310,488	7,765,438
2019	20,917,207	7,338,204	28,255,411	4,552,207	2,051,261	6,603,468
2020	21,321,097	6,284,336	27,605,433	4,211,097	1,822,323	6,033,420
2021	23,585,880	5,253,476	28,839,356	5,575,880	1,617,525	7,193,405
2022	24,785,406	4,111,864	28,897,270	5,995,406	1,345,186	7,340,592
2023	8,732,628	2,907,381	11,640,009	6,292,628	1,047,531	7,340,159
2024	8,526,260	2,482,858	11,009,118	6,376,260	735,108	7,111,368
2025	7,410,947	2,054,222	9,465,169	4,745,947	421,472	5,167,419
2026	5,906,249	1,691,006	7,597,255	3,111,249	194,756	3,306,005
2027	5,453,782	1,390,524	6,844,306	1,663,782	51,793	1,715,575
2028	3,228,724	1,191,382	4,420,106	118,724	12,213	130,937
2029	3,323,234	1,032,152	4,355,386	68,234	6,277	74,511
2030	3,491,246	862,206	4,353,452	71,246	3,206	74,452
2031	3,590,000	683,750	4,273,750	-	-	-
2032	3,770,000	499,750	4,269,750	-	-	-
2033	3,955,000	306,625	4,261,625	-	-	-
2034	4,155,000	103,875	4,258,875	-	-	-
	<u>\$ 609,352,956</u>	<u>\$ 255,980,801</u>	<u>\$ 865,333,757</u>	<u>\$ 135,787,956</u>	<u>\$ 54,048,245</u>	<u>\$ 189,836,201</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, 2007

Revenue Bonds					
Department of Water and Sewerage Services			District Energy System Bonds, Series 2002A		
Principal	Interest	Total	Principal	Interest	Total
\$ 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	782,559	17,257,559	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
<u>\$ 409,260,000</u>	<u>\$ 149,662,434</u>	<u>\$ 558,922,434</u>	<u>\$ 64,305,000</u>	<u>\$ 52,270,122</u>	<u>\$ 116,575,122</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, 2007 Through June 30, 2008  
(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	\$ 312,151,000	\$ 75,038,200	\$ 26,448,700	\$ 206,922,000	\$ 620,559,900
Property Taxes - Non Current Year	38,078,500	3,143,000	4,720,300	10,623,200	56,565,000
Local Option Sales Tax	96,093,000	2,184,000	17,688,200	174,497,900	290,463,100
Other Taxes, Licenses and Permits	89,389,200	-	-	2,932,700	92,321,900
Fines, Forfeits, and Penalties	13,916,600	557,500	-	5,300	14,479,400
Revenues From Use of Money or Property	-	153,000	2,092,700	218,000	2,463,700
Other Agencies - Federal Direct	9,009,700	-	-	88,000	9,097,700
Other Agencies - Federal Through State	1,519,800	-	-	70,000	1,589,800
Other Agencies - Other Pass - Through	8,503,400	-	-	-	8,503,400
Other Agencies - State Direct	57,070,900	1,560,000	-	191,693,400	250,324,300
Other Agencies - Other Governments	670,600	-	-	6,200	676,800
Commissions and Fees	21,804,200	-	-	-	21,804,200
Charges for Current Services	29,995,800	1,255,800	-	1,054,100	32,305,700
Compensation from Property	244,700	-	-	409,500	654,200
Contributions and Gifts	597,300	-	-	665,000	1,262,300
Miscellaneous	1,059,000	-	-	155,200	1,214,200
Subtotal	680,103,700	83,891,500	50,949,900	589,340,500	1,404,285,600
Operating Transfers In	9,494,300	13,522,600	1,541,600	2,205,700	26,764,200
Non-Operating Transfers In	11,301,600	-	-	-	11,301,600
Subtotal	20,795,900	13,522,600	1,541,600	2,205,700	38,065,800
Appropriated Unreserved Fund Balances	5,395,200	372,800	8,566,400	-	14,334,400
Total Available for GSD Appropriations	<u>\$ 706,294,800</u>	<u>\$ 97,786,900</u>	<u>\$ 61,057,900</u>	<u>\$ 591,546,200</u>	<u>\$ 1,456,685,800</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2007-1398 for the 2007-2008 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, 2007 Through June 30, 2008  
(Unaudited)

	General Fund	Debt Service Fund	Total
<u>SOURCE OF REVENUE:</u>			
Property Taxes - Current Year	\$ 67,762,600	\$ 9,368,600	\$ 77,131,200
Property Taxes - Non Current Year	16,210,500	643,800	16,854,300
Other Taxes, Licenses, and Permits	12,922,000	-	12,922,000
Revenues From Use of Money or Property	-	273,700	273,700
Other Agencies - Federal Direct	450,000	-	450,000
Other Agencies - State Direct	8,799,200	-	8,799,200
Charges for Current Services	765,000	-	765,000
Operating Transfers In	-	7,765,600	7,765,600
	<u>106,909,300</u>	<u>18,051,700</u>	<u>124,961,000</u>
Subtotal			
Appropriated Unreserved Fund Balances	<u>218,100</u>	<u>1,179,700</u>	<u>1,397,800</u>
Total Available for USD Appropriations	<u>\$ 107,127,400</u>	<u>\$ 19,231,400</u>	<u>\$ 126,358,800</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2007-1398 for the 2007-2008 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, 2007 Through June 30, 2008  
 (Unaudited)

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 129,418,100	\$ 23,569,000	\$ -	\$ 152,987,100
Fiscal Administration	16,577,900	-	-	16,577,900
Administration of Justice	64,778,900	-	-	64,778,900
Law Enforcement and Care of Prisoners	204,925,800	481,000	481,000	204,925,800
Fire Prevention and Control	48,666,400	63,298,100	-	111,964,500
Regulation, Inspection, & Economic Development	19,805,200	1,091,700	-	20,896,900
Conservation of Natural Resources	513,100	-	-	513,100
Public Welfare	9,193,100	-	-	9,193,100
Public Health	87,649,700	-	-	87,649,700
Public Library System	21,377,200	-	-	21,377,200
Recreational, Cultural, & Community Support	47,675,200	135,400	-	47,810,600
Public Works, Highways and Streets	55,714,200	18,552,200	-	74,266,400
<b>Total General Funds</b>	<b>706,294,800</b>	<b>107,127,400</b>	<b>481,000</b>	<b>812,941,200</b>
<u>DEBT SERVICE FUNDS</u> (See detail on succeeding pages)	158,844,800	19,231,400	7,765,600	170,310,600
<u>SCHOOL FUNDS</u> (See detail on succeeding pages)	591,546,200	-	-	591,546,200
<b>Total Appropriations By District</b>	<b>1,456,685,800</b>	<b>126,358,800</b>	<b>8,246,600</b>	<b>1,574,798,000</b>
<u>LESS GSD INTERFUND TRANSFER:</u>				
GSD General to GSD Debt Service	(13,392,900)	-	-	(13,392,900)
Schools to General Services District General	(135,000)	-	-	(135,000)
Schools to Schools Debt	(1,541,600)	-	-	(1,541,600)
<b>Net Appropriation by District</b>	<b>\$ 1,441,616,300</b>	<b>\$ 126,358,800</b>	<b>\$ 8,246,600</b>	<b>\$ 1,559,728,500</b>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2007-1398 for the 2007-2008 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, 2007 Through June 30, 2008  
(Unaudited)

	<u>Principal</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
<b><u>SCHOOL DEBT SERVICE FUND</u></b>				
Outstanding General Obligation Bonds	\$ 33,142,000	\$ 25,212,400	\$ -	\$ 58,354,400
Redemption and Cremation Fees	-	-	71,000	71,000
Internal Service Fees	-	-	73,800	73,800
Tax Increment Payment - MDHA	-	-	2,558,700	2,558,700
	<u>33,142,000</u>	<u>25,212,400</u>	<u>2,703,500</u>	<u>61,057,900</u>
Total GSD School Purposes Debt Service Fund	<u>33,142,000</u>	<u>25,212,400</u>	<u>2,703,500</u>	<u>61,057,900</u>
<b><u>GENERAL PURPOSES DEBT SERVICE FUND</u></b>				
Outstanding General Obligation Bonds:				
Public Works	7,266,300	4,640,700	-	11,907,000
Airport	48,100	2,500	-	50,600
Auditorium	151,700	83,400	-	235,100
Hospital	447,800	259,400	-	707,200
Library	4,243,100	4,215,900	-	8,459,000
Parks	3,908,300	3,515,200	-	7,423,500
Social Services	38,700	26,900	-	65,600
Convention Center	-	129,700	-	129,700
Other Public Buildings	7,508,400	3,016,300	-	10,524,700
Gaylord Arena	4,461,500	5,602,100	-	10,063,600
Law Enforcement and Care of Prisoners	2,950,900	2,362,300	-	5,313,200
Traffic and Parking	279,200	48,900	-	328,100
Public Transportation	1,235,000	1,358,100	-	2,593,100
Fire Protection	189,300	116,000	-	305,300
Health	302,400	174,000	-	476,400
Nashville Coliseum	1,899,300	3,298,300	-	5,197,600
Information Technology	218,700	312,100	-	530,800
Finance	3,771,300	5,535,600	-	9,306,900
MAC	72,300	109,100	-	181,400
MDHA	229,900	333,300	-	563,200
General Services	447,400	631,800	-	1,079,200
E-911	1,246,100	1,346,600	-	2,592,700
Other	4,079,800	2,698,600	-	6,778,400
Self-Funding Projects	1,549,000	2,340,700	-	3,889,700
	<u>46,544,500</u>	<u>42,157,500</u>	<u>-</u>	<u>88,702,000</u>
Subtotal Outstanding General Obligation Bonds	46,544,500	42,157,500	-	88,702,000
Redemption, Cremation and Management Fees	-	-	100,800	100,800
Internal Service Fees	-	-	416,800	416,800
Debt Service Fund Transfer to USD	-	-	7,765,600	7,765,600
Tax Increment Payment - MDHA	-	-	801,700	801,700
	<u>-</u>	<u>-</u>	<u>9,084,900</u>	<u>9,084,900</u>
Subtotal	-	-	9,084,900	9,084,900
Total General Purposes Debt Service Fund	<u>46,544,500</u>	<u>42,157,500</u>	<u>9,084,900</u>	<u>97,786,900</u>
Total General Services District	<u>\$ 79,686,500</u>	<u>\$ 67,369,900</u>	<u>\$ 11,788,400</u>	<u>\$ 158,844,800</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2007-1398 for the 2007-2008 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, 2007 Through June 30, 2008  
 (Unaudited)

<u>URBAN SERVICES DISTRICT DEBT SERVICE FUND</u>	Principal	Interest	Other	Total
Outstanding General Obligation Bonds:				
Fire Protection	\$ 1,415,800	\$ 783,200	\$ -	\$ 2,199,000
Public Works	11,227,200	4,809,100	-	16,036,300
Finance	119,200	175,100	-	294,300
General Services	14,100	21,100	-	35,200
MDHA	51,300	76,800	-	128,100
Law Enforcement and Care of Prisoners	64,400	59,400	-	123,800
Traffic and Parking	42,800	2,200	-	45,000
Other	94,000	64,700	-	158,700
Subtotal Outstanding General Obligation Bonds	13,028,800	5,991,600	-	19,020,400
Redemption and Cremation Fees	-	-	28,200	28,200
Internal Service Fees	-	-	29,300	29,300
Tax Increment Payment - MDHA	-	-	153,500	153,500
Subtotal	-	-	211,000	211,000
Total Urban Services District Debt Service Fund	\$ 13,028,800	\$ 5,991,600	\$ 211,000	\$ 19,231,400

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2007-1398 for the 2007-2008 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, 2007 Through June 30, 2008  
(Unaudited)

GENERAL PURPOSE SCHOOL FUND:

General Purpose School Fund: Operational	\$ 584,902,100
Unfunded Priorities Allocation	<u>6,644,100</u>
Total General Purpose School Fund	<u>\$ 591,546,200</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2007-11398 for the 2007-2008 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF ASSETS AND LIABILITIES  
CONSTITUTIONAL OFFICERS

June 30, 2007

	Richard R. Rooker, Circuit Court Clerk (1)	Cristi Scott, Clerk and Master (1)	John Arriola, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>ASSETS</u>				
Cash and cash equivalents	\$ 22,429,040	\$ 7,012,050	\$ -	\$ 9,740,823
Investments	-	13,527	-	675,618
Other assets	10,228	-	-	-
Total assets	<u>\$ 22,439,268</u>	<u>\$ 7,025,577</u>	<u>\$ -</u>	<u>\$ 10,416,441</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	16,031,927	7,019,973	-	8,602,921
Other liabilities:				
Due to the State of Tennessee	-	-	-	-
Due to individuals	-	5,570	-	-
Excess fees for future operations	6,407,341	-	-	-
Miscellaneous	-	34	-	-
Escrow	-	-	-	1,813,520
Total other liabilities	6,407,341	5,604	-	1,813,520
Total liabilities	<u>\$ 22,439,268</u>	<u>\$ 7,025,577</u>	<u>\$ -</u>	<u>\$ 10,416,441</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, 2007

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)
\$ 4,026,476	\$ 2,462,194	\$ 663,470	\$ 1,457,338	\$ 47,791,391
-	-	-	-	689,145
<u>148,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,918</u>
<u>\$ 4,175,166</u>	<u>\$ 2,462,194</u>	<u>\$ 663,470</u>	<u>\$ 1,457,338</u>	<u>\$ 48,639,454</u>
\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500
-	-	-	1,455,838	1,455,838
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,457,338</u>	<u>1,457,338</u>
<u>-</u>	<u>2,084,505</u>	<u>663,470</u>	<u>-</u>	<u>34,402,796</u>
3,115,105	133,474	-	-	3,248,579
-	165,775	-	-	171,345
878,477	78,440	-	-	7,364,258
-	-	-	-	34
<u>181,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,995,104</u>
<u>4,175,166</u>	<u>377,689</u>	<u>-</u>	<u>-</u>	<u>12,779,320</u>
<u>\$ 4,175,166</u>	<u>\$ 2,462,194</u>	<u>\$ 663,470</u>	<u>\$ 1,457,338</u>	<u>\$ 48,639,454</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, 2007

	Richard R. Rooker, Circuit Court Clerk (1)	Cristi Scott, Clerk and Master (1)	John Arriola, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>Revenues and other receipts</u>				
Transfer and mortgage taxes	\$ -	\$ -	\$ -	\$ -
Judgments	25,552,734	-	-	-
Child support	1,067,549	-	-	-
Agency cash receipts	5,917,178	13,935,761	-	2,013,207
Automobile, truck and trailer tags and titles	-	-	16,521,378	-
Metropolitan automobile stickers	-	-	25,493,326	-
Business, occupation, and use tax	-	-	94,861,495	-
Property tax payments	-	7,568,815	-	-
Litigation tax payments	6,224,139	124,480	-	-
Fees and commissions	13,493,133	1,023,547	5,264,924	7,486,659
Fees collected for others	1,350,586	10,015	-	2,676,466
Fines and penalties	13,746,688	-	-	-
Interest	76,264	81,223	128,117	-
Other revenues	1,963,921	784,999	1,356,345	94,491
	<u>69,392,192</u>	<u>23,528,840</u>	<u>143,625,585</u>	<u>12,270,823</u>
<u>Expenditures and other uses</u>				
Judgments	25,598,704	-	-	-
Child support	1,071,219	-	-	-
Agency cash disbursements	5,246,383	16,089,041	-	2,416,029
Payments to State of Tennessee	5,816,126	69,584	47,879,084	1,556,334
Funds transferred to Metropolitan Government	22,633,908	8,363,795	95,740,048	7,486,659
Other fees and commissions	98,943	1,104,770	-	-
Payroll and personnel expenses	5,110,952	-	-	-
Other expenditures	1,339,441	56,219	6,453	97,460
	<u>66,915,676</u>	<u>25,683,409</u>	<u>143,625,585</u>	<u>11,556,482</u>
Excess of revenues and other receipts over (under) expenditures and other uses	2,476,516	(2,154,569)	-	714,341
Cash and cash equivalents - July 1, 2006	19,952,524	9,166,619	-	9,026,482
Cash and cash equivalents - June 30, 2007	<u>\$ 22,429,040</u>	<u>\$ 7,012,050</u>	<u>\$ -</u>	<u>\$ 9,740,823</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, 2007

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)
\$ 31,156,057	\$ -	\$ -	\$ -	\$ 31,156,057
-	60,382	-	-	25,613,116
-	5,871,057	-	-	6,938,606
-	1,022,952	2,999,727	-	25,888,825
-	-	-	-	16,521,378
-	-	-	-	25,493,326
-	-	-	-	94,861,495
-	-	-	684,885,348	692,454,163
-	1,655	-	-	6,350,274
5,789,922	398,287	-	-	33,456,472
318,764	-	-	-	4,355,831
-	31,826	-	-	13,778,514
211,994	235	-	111,027	608,860
-	8,287	-	-	4,208,043
<u>37,476,737</u>	<u>7,394,681</u>	<u>2,999,727</u>	<u>684,996,375</u>	<u>981,684,960</u>
-	52,950	-	-	25,651,654
-	5,635,480	-	-	6,706,699
-	1,125,818	2,981,712	-	27,858,983
31,024,416	-	-	-	86,345,544
3,672,248	426,510	-	684,699,687	823,022,855
318,764	33,010	-	-	1,555,487
2,273,276	-	-	-	7,384,228
56,392	374	-	-	1,556,339
<u>37,345,096</u>	<u>7,274,142</u>	<u>2,981,712</u>	<u>684,699,687</u>	<u>980,081,789</u>
131,641	120,539	18,015	296,688	1,603,171
<u>3,894,835</u>	<u>2,341,655</u>	<u>645,455</u>	<u>1,160,650</u>	<u>46,188,220</u>
<u>\$ 4,026,476</u>	<u>\$ 2,462,194</u>	<u>\$ 663,470</u>	<u>\$ 1,457,338</u>	<u>\$ 47,791,391</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, 2007

	Richard R. Rooker, Circuit Court Clerk (1)	Cristi Scott, Clerk and Master (1)	John Arriola, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>Revenues</u>				
Fees and commissions	\$ 13,493,133	\$ 1,023,547	\$ 5,264,924	\$ 7,486,659
Other	76,264	81,223	128,117	-
Total revenues	<u>13,569,397</u>	<u>1,104,770</u>	<u>5,393,041</u>	<u>7,486,659</u>
<u>Expenditures and other uses</u>				
Expenditures:				
Payroll - staff	3,714,006	-	-	-
Payroll taxes/benefits	1,396,946	-	-	-
Office supplies/expenditures	940,389	-	-	-
Total expenditures	<u>6,051,341</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Uses:				
Fees and commissions to county (General Fund)	5,628,497	1,104,770	5,336,906	7,444,119
Total expenditures and other uses	<u>11,679,838</u>	<u>1,104,770</u>	<u>5,336,906</u>	<u>7,444,119</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	1,889,559	-	56,135	42,540
Balances, July 1, 2006	<u>4,551,980</u>	<u>2,501</u>	<u>945,375</u>	<u>105,344</u>
Balances, June 30, 2007	<u>\$ 6,441,539</u>	<u>\$ 2,501</u>	<u>\$ 1,001,510</u>	<u>\$ 147,884</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, 2007

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)
\$ 5,789,922	\$ 398,287	\$ -	\$ -	\$ 33,456,472
211,994	235	-	-	497,833
<u>6,001,916</u>	<u>398,522</u>	<u>-</u>	<u>-</u>	<u>33,954,305</u>
1,662,352	-	-	-	5,376,358
610,923	-	-	-	2,007,869
56,393	-	-	-	996,782
<u>2,329,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,381,009</u>
<u>3,650,000</u>	<u>391,712</u>	<u>-</u>	<u>-</u>	<u>23,556,004</u>
<u>5,979,668</u>	<u>391,712</u>	<u>-</u>	<u>-</u>	<u>31,937,013</u>
22,248	6,810	-	-	2,017,292
<u>427,172</u>	<u>116,018</u>	<u>-</u>	<u>-</u>	<u>6,148,390</u>
<u>\$ 449,420</u>	<u>\$ 122,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,165,682</u>

See accompanying accountants' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATISTICAL SECTION

TABLE OF CONTENTS

This section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Government's overall financial health.

	<u>Page Numbers</u>
FINANCIAL TRENDS	H - 2
<p>These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.</p>	
REVENUE CAPACITY	H - 16
<p>These schedules contain information to help the reader assess the Government's most significant local revenue source, the property tax.</p>	
DEBT CAPACITY	H - 24
<p>These schedules present information to help the reader assess the affordability of the Government's current levels of outstanding debt and the Government's ability to issue additional debt in the future.</p>	
DEMOGRAPHIC AND ECONOMIC INFORMATION	H - 32
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Government's financial activities take place.</p>	
OPERATING INFORMATION	H - 34
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the Government's financial report relates to the services the Government provides and the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Government implemented GASB Statement No. 34 effective for the fiscal year ended June 30, 2002; schedules presenting government-wide information include information beginning in that year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NET ASSETS BY COMPONENT  
 LAST SIX FISCAL YEARS  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

	<u>2002</u>	<u>2003 (1)</u>	<u>2004</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 857,993	\$ 1,009,271	\$ 1,120,156
Restricted	79,462	131,272	114,155
Unrestricted (2)	<u>351,753</u>	<u>224,192</u>	<u>78,630</u>
Total governmental activities net assets	<u>1,289,208</u>	<u>1,364,735</u>	<u>1,312,941</u>
Business-type activities			
Invested in capital assets, net of related debt	699,546	748,195	815,902
Restricted (3)	281,313	269,111	238,071
Unrestricted	<u>69,982</u>	<u>67,552</u>	<u>37,319</u>
Total business-type activities net assets	<u>1,050,841</u>	<u>1,084,858</u>	<u>1,091,292</u>
Primary government			
Invested in capital assets, net of related debt	1,557,539	1,757,466	1,936,058
Restricted	360,775	400,383	352,226
Unrestricted	<u>421,735</u>	<u>291,744</u>	<u>115,949</u>
Total primary government net assets	<u>\$ 2,340,049</u>	<u>\$ 2,449,593</u>	<u>\$ 2,404,233</u>

(1) In 2003, governmental activities net assets were restated to reflect the inclusion of net pension assets previously excluded from the financial statements. Also, business activities net assets were restated to reflect the acquisition of a utility district. Prior years were not restated for either item.

(2) Variances in governmental activities unrestricted net asset are primarily due to the Government's historical budget pattern of increasing property tax rates approximately every three years.

(3) The decrease in business-type activities restricted from 2004 to 2005 resulted from the expenditure of funds previously restricted for construction.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NET ASSETS BY COMPONENT  
 LAST SIX FISCAL YEARS (CONTINUED)  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 1,018,806	\$ 1,030,056	\$ 1,042,013
97,629	67,840	63,371
<u>162,068</u>	<u>142,056</u>	<u>165,333</u>
<u>1,278,503</u>	<u>1,239,952</u>	<u>1,270,717</u>
993,216	1,010,626	1,061,440
69,305	70,023	73,134
<u>33,223</u>	<u>24,569</u>	<u>25,441</u>
<u>1,095,744</u>	<u>1,105,218</u>	<u>1,160,015</u>
2,012,022	2,040,682	2,103,453
166,934	137,863	136,505
<u>195,291</u>	<u>166,625</u>	<u>190,774</u>
<u>\$ 2,374,247</u>	<u>\$ 2,345,170</u>	<u>\$ 2,430,732</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS  
(accrual basis of accounting)  
(amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

	2002	2003 (1)	2004
<b>Expenses</b>			
<b>Governmental activities</b>			
General government	\$ 66,207	\$ 70,884	\$ 94,175
Fiscal administration	25,006	34,840	22,063
Administration of justice	55,740	57,535	65,069
Law enforcement and care of prisoners	180,267	203,351	215,912
Fire prevention and control	89,799	99,895	97,965
Regulation and inspection	7,800	7,772	8,465
Conservation of natural resources	355	335	426
Public welfare	42,568	54,875	53,435
Public health and hospitals	70,580	75,401	80,730
Public library system	24,044	23,926	25,448
Public works, highways and streets	85,901	94,482	105,618
Recreational and cultural	46,790	49,770	54,459
Education	543,635	575,834	620,518
Interest and other debt related costs	58,343	57,289	62,492
Total governmental activities	<u>1,297,035</u>	<u>1,406,189</u>	<u>1,506,775</u>
<b>Business-type activities</b>			
Department of Water and Sewerage Services	149,242	143,526	148,814
District Energy System	-	40	8,078
Nashville Convention Center	6,567	6,319	6,384
Board of Fair Commissioners	3,733	4,175	4,055
Farmers Market	1,136	1,112	1,159
Police Secondary Employment	2,526	1,679	1,017
Surplus Property Auction	-	9	3,252
Municipal Auditorium	-	-	-
Police Impound	-	-	-
School Community Education	-	-	-
Total business-type activities	<u>163,204</u>	<u>156,860</u>	<u>172,759</u>
Total primary government	<u>\$ 1,460,239</u>	<u>\$ 1,563,049</u>	<u>\$ 1,679,534</u>
<b>Program Revenues</b>			
<b>Governmental activities</b>			
Charges for services:			
General government	\$ 7,209	\$ 11,604	\$ 12,769
Fiscal administration	3,755	3,703	4,082
Administration of justice	19,788	23,255	23,559
Law enforcement and care of prisoners	23,554	25,524	25,240
Fire prevention and control	7,472	7,955	8,737
Regulation and inspection	7,054	6,712	7,944
Public welfare	2,127	1,934	2,029
Public health and hospitals	3,779	4,457	9,265
Public library system	489	570	732
Public works, highways and streets	7,515	6,397	5,518
Recreational and cultural	9,822	9,729	9,931
Education	20,720	17,474	18,420
Operating grants and contributions	251,234	267,904	272,414
Capital grants and contributions (2)	6,635	24,487	58,451
Total governmental activities	<u>371,153</u>	<u>411,705</u>	<u>459,091</u>

(1) In 2003, governmental activities net assets were restated to reflect the inclusion of net pension assets previously excluded from the financial statements. Also, business activities net assets were restated to reflect the acquisition of a utility district. Prior years were not restated for either item.

(2) Capital grants and contributions primarily represent the value of roads and other infrastructure by outside developers that are donated to the Government. The amounts vary based on the timing of completed projects within the metropolitan area.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CHANGES IN NET ASSETS  
 LAST SIX FISCAL YEARS (CONTINUED)  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

2005	2006	2007
\$ 80,425	\$ 64,844	\$ 57,026
31,182	44,110	33,876
66,879	73,025	75,705
231,516	241,487	258,824
120,679	130,416	128,067
8,711	8,770	9,002
396	457	447
51,636	47,150	58,709
76,115	151,706	111,396
26,165	26,757	27,818
93,785	128,171	130,081
51,336	67,284	72,024
640,655	654,801	684,711
57,819	62,460	75,443
<u>1,537,299</u>	<u>1,701,438</u>	<u>1,723,129</u>
150,091	155,647	157,872
18,565	19,253	21,073
7,131	7,068	7,246
3,580	4,110	4,116
1,216	1,136	1,156
1,153	1,063	1,248
2,554	788	983
-	1,885	1,979
-	1,919	2,177
-	912	915
<u>184,290</u>	<u>193,781</u>	<u>198,765</u>
<u>\$ 1,721,589</u>	<u>\$ 1,895,219</u>	<u>\$ 1,921,894</u>
\$ 10,132	\$ 7,367	\$ 7,808
4,640	3,994	4,675
28,589	30,664	35,213
25,213	26,572	26,787
11,710	11,401	14,199
10,535	11,933	12,093
1,523	1,257	1,291
9,429	9,646	9,775
684	705	665
8,682	7,717	9,673
11,087	8,471	8,872
18,551	19,253	17,946
291,220	299,203	314,334
25,954	16,268	42,275
<u>457,949</u>	<u>454,451</u>	<u>505,606</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CHANGES IN NET ASSETS  
 LAST SIX FISCAL YEARS (CONTINUED)  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

	2002	2003 (1)	2004
<b>Program Revenues (Continued)</b>			
Business-type activities			
Charges for services:			
Department of Water and Sewerage Services	\$ 152,943	\$ 146,847	\$ 152,786
District Energy System	-	-	8,302
Nashville Convention Center	3,819	4,187	3,561
Board of Fair Commissioners	3,329	3,113	3,653
Farmers Market	935	940	961
Police Secondary Employment	2,922	2,016	1,380
Surplus Property Auction	-	-	2,386
Municipal Auditorium	-	-	-
Police Impound	-	-	-
School Community Education	-	-	-
Capital grants and contributions	25,576	17,687	16,473
Total business-type activities	<u>189,524</u>	<u>174,790</u>	<u>189,502</u>
Total primary government	<u>\$ 560,677</u>	<u>\$ 586,495</u>	<u>\$ 648,593</u>
<b>Net (Expense) Revenue</b>			
Governmental activities	\$ (925,882)	\$ (994,484)	\$ (1,047,684)
Business-type activities	26,320	17,930	16,743
Total primary government	<u>\$ (899,562)</u>	<u>\$ (976,554)</u>	<u>\$ (1,030,941)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities			
Property taxes	\$ 587,143	\$ 606,681	\$ 592,385
Local option sales tax	231,627	230,686	239,779
Other taxes	83,152	86,078	90,583
Revenue from the use of money or property	18,002	9,152	4,326
Revenue from other governmental agencies	55,364	53,749	50,870
Compensation for loss, sale or damage to property	1,500	7,581	5,589
Transfers	865	10,711	12,358
Special items (3)	(56,785)	737	-
Total governmental activities	<u>920,868</u>	<u>1,005,375</u>	<u>995,890</u>
Business-type activities			
Revenue from the use of money or property	13,786	8,911	2,049
Compensation for loss, sale or damage to property	-	-	-
Transfers	(865)	(10,711)	(12,358)
Total business-type activities	<u>12,921</u>	<u>(1,800)</u>	<u>(10,309)</u>
Total primary government	<u>\$ 933,789</u>	<u>\$ 1,003,575</u>	<u>\$ 985,581</u>
<b>Change in Net Assets</b>			
Governmental activities	\$ (5,014)	\$ 10,891	\$ (51,794)
Business-type activities	39,241	16,130	6,434
Total primary government	<u>\$ 34,227</u>	<u>\$ 27,021</u>	<u>\$ (45,360)</u>

(3) Special items consist of: In 2002, the Government assumed responsibility for debt related to Nashville Thermal Transfer Corporation, a component unit, which has subsequently ceased operations. In 2003, certain capital assets of the Hospital Authority, a component unit, were contributed to the Metropolitan Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CHANGES IN NET ASSETS  
 LAST SIX FISCAL YEARS (CONTINUED)  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 151,971	\$ 155,827	\$ 164,900
15,347	17,298	18,795
4,680	4,551	5,248
3,619	3,728	3,880
994	997	866
1,643	1,424	1,654
2,518	703	994
-	1,062	1,176
-	1,729	2,873
-	176	156
<u>22,155</u>	<u>25,610</u>	<u>53,318</u>
<u>202,927</u>	<u>213,105</u>	<u>253,860</u>
<u>\$ 660,876</u>	<u>\$ 667,556</u>	<u>\$ 759,466</u>
\$ (1,079,350)	\$ (1,246,987)	\$ (1,217,523)
18,637	19,324	55,095
<u>\$ (1,060,713)</u>	<u>\$ (1,227,663)</u>	<u>\$ (1,162,428)</u>
\$ 612,734	\$ 725,199	\$ 741,901
249,610	271,119	285,078
97,807	116,664	121,459
10,060	15,097	19,801
54,542	60,220	68,620
1,297	3,476	1,786
18,862	16,661	9,643
-	-	-
<u>1,044,912</u>	<u>1,208,436</u>	<u>1,248,288</u>
4,544	6,530	9,213
133	281	132
<u>(18,862)</u>	<u>(16,661)</u>	<u>(9,643)</u>
<u>(14,185)</u>	<u>(9,850)</u>	<u>(298)</u>
<u>\$ 1,030,727</u>	<u>\$ 1,198,586</u>	<u>\$ 1,247,990</u>
\$ (34,438)	\$ (38,551)	\$ 30,765
4,452	9,474	54,797
<u>\$ (29,986)</u>	<u>\$ (29,077)</u>	<u>\$ 85,562</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

Unaudited - See Accompanying Accountants' Report

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General fund					
Reserved	\$ 12,171,430	\$ 12,094,680	\$ 9,056,517	\$ 11,109,879	\$ 45,630,102
Unreserved	<u>46,224,349</u>	<u>45,874,991</u>	<u>58,016,207</u>	<u>88,940,775</u>	<u>63,858,137</u>
Total general fund	<u>58,395,779</u>	<u>57,969,671</u>	<u>67,072,724</u>	<u>100,050,654</u>	<u>109,488,239</u>
All other governmental funds					
Reserved	151,662,711	160,842,557	175,707,218	208,924,140	227,227,510
Unreserved, reported in:					
Special revenue funds	91,021,552	66,980,449	93,202,914	93,301,520	106,757,090
Capital projects funds	163,500,458	231,679,884	74,735,551	185,969,415	81,218,512
Permanent funds	<u>532,063</u>	<u>935,866</u>	<u>458,929</u>	<u>458,020</u>	<u>212,945</u>
Total all other governmental funds	<u>406,716,784</u>	<u>460,438,756</u>	<u>344,104,612</u>	<u>488,653,095</u>	<u>415,416,057</u>
Total governmental funds	<u>\$ 465,112,563</u>	<u>\$ 518,408,427</u>	<u>\$ 411,177,336</u>	<u>\$ 588,703,749</u>	<u>\$ 524,904,296</u>

Note: For the years prior to the implementation of GASB Statement No. 34, certain funds previously reported as expendable and nonexpendable trust funds were reclassified to special revenue and permanent funds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS (CONTINUED)  
 (modified accrual basis of accounting)

Unaudited - See Accompanying Accountants' Report

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 47,945,698	\$ 2,367,797	\$ 2,007,829	\$ 3,474,380	\$ 21,241,971
<u>31,159,554</u>	<u>33,817,982</u>	<u>35,268,998</u>	<u>43,459,698</u>	<u>39,344,023</u>
<u>79,105,252</u>	<u>36,185,779</u>	<u>37,276,827</u>	<u>46,934,078</u>	<u>60,585,994</u>
273,822,202	213,106,244	188,479,608	139,629,359	128,633,184
99,212,279	87,222,751	77,328,365	97,564,077	123,759,523
(92,058,780)	(63,694,669)	(107,305,574)	55,722,834	(139,673,867)
<u>203,379</u>	<u>194,725</u>	<u>178,616</u>	<u>191,671</u>	<u>207,255</u>
<u>281,179,080</u>	<u>236,829,051</u>	<u>158,681,015</u>	<u>293,107,941</u>	<u>112,926,095</u>
<u>\$ 360,284,332</u>	<u>\$ 273,014,830</u>	<u>\$ 195,957,842</u>	<u>\$ 340,042,019</u>	<u>\$ 173,512,089</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUND BALANCES OF BUDGETED GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)

Unaudited - See Accompanying Accountants' Report

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General fund					
Reserved	\$ 12,171,430	\$ 12,094,680	\$ 9,056,517	\$ 11,109,879	\$ 45,630,102
Unreserved	<u>46,224,349</u>	<u>45,874,991</u>	<u>58,016,207</u>	<u>88,940,775</u>	<u>63,858,137</u>
Total general fund	<u>58,395,779</u>	<u>57,969,671</u>	<u>67,072,724</u>	<u>100,050,654</u>	<u>109,488,239</u>
General purpose school fund					
Reserved	12,916,320	10,608,102	3,830,532	5,827,218	7,292,939
Unreserved	<u>24,587,165</u>	<u>17,165,379</u>	<u>22,665,482</u>	<u>37,127,728</u>	<u>53,181,388</u>
Total general purpose school fund	<u>37,503,485</u>	<u>27,773,481</u>	<u>26,496,014</u>	<u>42,954,946</u>	<u>60,474,327</u>
GSD general purposes debt service fund					
Reserved	<u>47,598,270</u>	<u>53,183,556</u>	<u>55,432,440</u>	<u>70,508,258</u>	<u>72,002,906</u>
GSD school purposes debt services fund					
Reserved	<u>24,691,004</u>	<u>44,123,880</u>	<u>58,482,912</u>	<u>78,036,243</u>	<u>80,823,039</u>
USD general purposes debt services fund					
Reserved	<u>7,610,077</u>	<u>7,518,805</u>	<u>9,209,833</u>	<u>10,937,838</u>	<u>12,062,613</u>
Total budgeted governmental funds	<u>\$ 175,798,615</u>	<u>\$ 190,569,393</u>	<u>\$ 216,693,923</u>	<u>\$ 302,487,939</u>	<u>\$ 334,851,124</u>

Note: The schedule above reflects fund balances for those governmental funds for which legally required budgets are prepared and approved. The general purpose school fund is reported as a special revenue fund. The three debt service funds are reported as debt service funds. All of these funds are considered major funds of the Government.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUND BALANCES OF BUDGETED GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS (CONTINUED)  
 (modified accrual basis of accounting)

Unaudited - See Accompanying Accountants' Report

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 47,945,698	\$ 2,367,797	\$ 2,007,829	\$ 3,474,380	\$ 21,241,971
<u>31,159,554</u>	<u>33,817,982</u>	<u>35,268,998</u>	<u>43,459,698</u>	<u>39,344,023</u>
<u>79,105,252</u>	<u>36,185,779</u>	<u>37,276,827</u>	<u>46,934,078</u>	<u>60,585,994</u>
25,892,422	12,192,087	875,953	678,513	6,853,766
<u>38,771,091</u>	<u>25,250,424</u>	<u>17,566,775</u>	<u>37,753,270</u>	<u>61,508,398</u>
<u>64,663,513</u>	<u>37,442,511</u>	<u>18,442,728</u>	<u>38,431,783</u>	<u>68,362,164</u>
<u>70,087,356</u>	<u>59,430,520</u>	<u>47,766,674</u>	<u>4,506,155</u>	<u>8,004,172</u>
<u>81,300,372</u>	<u>78,148,782</u>	<u>75,330,810</u>	<u>66,092,796</u>	<u>60,537,817</u>
<u>13,304,996</u>	<u>14,064,796</u>	<u>14,092,731</u>	<u>12,996,611</u>	<u>2,427,452</u>
<u>\$ 308,461,489</u>	<u>\$ 225,272,388</u>	<u>\$ 192,909,770</u>	<u>\$ 168,961,423</u>	<u>\$ 199,917,599</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

Unaudited - See Accompanying Accountants' Report

	1998	1999	2000	2001
<b>Revenues</b>				
Property taxes (1)	\$ 425,993,174	\$ 446,996,907	\$ 456,036,292	\$ 470,862,466
Local option sales tax	217,151,318	224,998,258	237,192,630	237,202,797
Other taxes, licenses and permits	105,667,871	99,700,346	111,986,041	97,697,363
Fines, forfeits and penalties	13,523,251	14,752,409	15,912,954	12,746,125
Revenues from the use of money or property	26,280,980	22,623,097	24,677,391	21,167,002
Revenues from other governmental agencies	310,329,195	341,395,159	312,900,425	318,499,173
Commissions and fees	14,416,683	14,577,828	13,806,439	14,414,164
Charges for current services	46,727,304	46,838,049	49,821,310	47,195,450
Compensation for loss, sale or damage to property	2,660,938	2,904,571	2,784,053	4,415,442
Contributions and gifts	6,714,936	7,216,453	9,645,750	9,451,915
Miscellaneous	1,556,168	5,803,847	3,951,728	1,012,932
<b>Total revenues</b>	<b>1,171,021,818</b>	<b>1,227,806,924</b>	<b>1,238,715,013</b>	<b>1,234,664,829</b>
<b>Expenditures</b>				
Current:				
General government	29,042,748	29,233,567	38,694,714	41,798,984
Fiscal administration	15,574,998	18,309,022	15,835,754	17,128,581
Administration of justice	36,535,427	39,714,021	41,700,787	40,094,066
Law enforcement and care of prisoners	141,844,366	151,981,826	146,283,847	144,930,805
Fire prevention and control	67,462,700	68,780,838	68,744,162	67,145,761
Regulation and inspection	6,186,478	6,849,852	6,211,955	5,890,959
Conservation of natural resources	277,869	292,287	300,301	354,787
Public welfare	30,313,205	33,605,777	36,186,327	35,251,627
Public health and hospitals (2)	27,713,999	27,388,492	64,412,977	64,269,297
Public library system	10,337,910	47,465,330	10,958,566	12,732,102
Public works, highways and streets	59,645,629	53,450,357	49,487,488	50,229,255
Recreational and cultural (3)	54,263,834	35,497,461	33,404,169	28,702,228
Education	429,929,908	437,656,073	449,708,532	458,692,007
Employee benefits	41,318,534	41,326,087	43,186,268	44,796,706
Miscellaneous	29,619,417	33,631,224	34,756,303	44,813,661

Note: For the years prior to the implementation of GASB Statement No. 34, certain funds previously reported as expendable and nonexpendable trust funds were reclassified to special revenue and permanent funds. Also, certain amounts have been reclassified for comparability. Unless otherwise noted, significant variances in expenditures primarily relate to salaries and associated costs. Significant variances in revenues primarily relate to increases in property tax and sales tax rates.

- (1) In fiscal year 2007, the Government began selling its property tax receivables, resulting in an increase in property tax revenue of \$27.9 million for 2007.
- (2) In 2000, the operations of the Hospital Authority were removed from the enterprise funds and reported as a component unit. Public health and hospitals include operating subsidies to the Hospital Authority for the years 2000 and subsequent. In fiscal year 2006, there was a \$16.5 million increase in the base annual operating subsidy to the Hospital Authority and a one-time appropriation of \$50 million to the Hospital Authority to fund a liability to the Government that had accumulated since the inception of the Hospital Authority.
- (3) In 2001, the operations of the Sports Authority were removed from the governmental funds and reported as a component unit. Recreation and cultural includes expenditures related to stadium development and construction prior to 2001.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS (CONTINUED)  
 (modified accrual basis of accounting)

Unaudited - See Accompanying Accountants' Report

	2002	2003	2004	2005	2006	2007
\$	598,399,975	\$ 601,123,598	\$ 601,825,390	\$ 609,091,452	\$ 719,820,461	\$ 762,416,897
	231,707,353	230,579,654	239,779,471	249,701,966	271,311,435	285,258,498
	93,770,480	93,740,577	99,324,601	107,541,797	126,826,832	130,176,283
	11,623,733	14,191,298	14,036,202	16,280,190	19,733,750	19,254,517
	16,970,802	8,350,984	2,015,987	6,512,905	9,470,818	14,047,969
	345,844,660	350,106,028	358,602,784	383,725,517	391,034,345	417,169,806
	16,676,399	18,953,278	19,637,940	21,072,982	21,261,179	26,156,439
	48,068,592	43,764,068	46,134,585	48,990,928	47,396,269	51,607,253
	2,489,468	7,501,643	2,227,502	1,315,393	3,490,427	1,708,877
	9,328,613	8,156,874	7,711,533	7,544,472	10,900,634	9,917,112
	615,098	723,794	1,261,667	1,248,953	1,744,055	2,141,108
	<u>1,375,495,173</u>	<u>1,377,191,796</u>	<u>1,392,557,662</u>	<u>1,453,026,555</u>	<u>1,622,990,205</u>	<u>1,719,854,759</u>
	49,694,322	50,602,005	54,045,561	35,758,167	37,827,855	40,641,319
	19,765,287	20,323,270	21,008,051	14,180,153	14,578,459	15,777,516
	43,163,240	45,794,670	50,333,461	53,751,204	58,621,082	63,883,484
	159,551,996	175,023,851	188,644,930	206,160,524	218,067,847	237,925,605
	79,073,811	86,043,913	93,266,180	95,045,746	100,684,959	112,717,674
	7,177,920	7,006,740	7,416,328	7,412,089	7,971,413	8,449,218
	319,543	311,037	398,925	352,566	421,822	444,857
	38,939,531	41,846,976	41,786,523	37,500,087	34,663,341	38,037,156
	68,431,324	72,221,269	74,854,036	71,221,790	142,543,147	100,408,354
	16,909,903	18,875,806	20,240,202	19,400,262	21,644,954	21,712,959
	69,196,396	57,343,896	62,547,910	63,519,894	60,613,315	65,518,756
	31,488,610	32,846,731	34,832,275	32,993,788	34,736,137	38,633,072
	500,241,847	553,980,028	604,067,494	611,766,944	622,926,552	636,140,631
	46,876,942	51,520,203	54,892,819	55,012,329	56,369,642	59,012,395
	37,008,384	47,836,086	38,462,724	43,964,605	62,900,107	51,967,639

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (CONTINUED)  
(modified accrual basis of accounting)

Unaudited - See Accompanying Accountants' Report

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>Expenditures (Continued)</b>				
Debt service:				
Principal retirement	\$ 46,990,000	\$ 51,530,000	\$ 51,925,000	\$ 56,825,000
Interest	49,423,775	53,182,744	59,563,984	49,834,336
Fiscal charges	40,309	28,286	427,424	457,179
Bond issue costs	847,014	91,252	-	1,004,837
Arbitrage rebate	-	-	-	-
Capital outlay - capitalized (1)	185,082,687	224,038,862	197,136,695	165,724,865
Capital outlay - noncapitalized	-	-	-	-
	<u>1,262,450,807</u>	<u>1,354,053,358</u>	<u>1,348,925,253</u>	<u>1,330,677,043</u>
Total expenditures				
Excess of revenue over (under) expenditures	<u>(91,428,989)</u>	<u>(126,246,434)</u>	<u>(110,210,240)</u>	<u>(96,012,214)</u>
<b>Other Financing Sources (Uses)</b>				
Payments to refunded bond escrow agent	(107,695,881)	(7,377,668)	-	(77,885,410)
Issuance of refunding bonds	110,990,000	7,355,000	-	73,745,000
Issuance of new bonds	170,700,000	180,145,000	-	262,155,000
Issuance of QZAB notes	-	-	-	-
Bond issue premium (discount)	(1,129,412)	1,587,036	-	19,779,006
Commercial paper proceeds	-	-	-	-
Commercial paper redeemed	-	-	-	-
Swaption proceeds	-	-	-	-
Distribution of net assets	-	-	-	-
Transfers in	73,415,622	80,984,333	90,960,196	72,939,523
Transfers out	<u>(110,560,446)</u>	<u>(78,816,925)</u>	<u>(88,002,517)</u>	<u>(72,899,830)</u>
Total other financing sources (uses)	<u>135,719,883</u>	<u>183,876,776</u>	<u>2,957,679</u>	<u>277,833,289</u>
Net change in fund balances	<u>\$ 44,290,894</u>	<u>\$ 57,630,342</u>	<u>\$ (107,252,561)</u>	<u>\$ 181,821,075</u>

Debt service as a percentage of noncapitalized expenditures (2) 8.95 %      9.27 %      9.72 %      9.19 %

(1) Only a portion of capital outlay expenditures qualify for capitalization under the Government's capitalization policy. For the years prior to the implementation of GASB 34, all capital outlay costs are assumed to be capitalized. In recent years, the Government has undertaken aggressive capital plans to address deferred maintenance and other capital needs, culminating in fiscal year 2006 with the completion of a new justice center and the completion of a total renovation of the historic courthouse.

(2) For purposes of calculating noncapitalized expenditures, only capital outlay - capitalized are excluded from total expenditures.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS (CONTINUED)  
 (modified accrual basis of accounting)

Unaudited - See Accompanying Accountants' Report

2002	2003	2004	2005	2006	2007
\$ 68,255,000	\$ 77,865,000	\$ 79,775,000	\$ 86,315,000	\$ 99,000,000	\$ 95,569,567
63,676,350	58,207,564	59,120,667	57,783,125	65,621,896	72,522,916
1,820,928	303,552	330,766	1,520,826	973,475	2,818,981
223,339	829,906	689,127	1,024,215	1,859,351	587,900
-	825,742	400,849	-	272,023	-
126,606,755	115,006,272	145,878,753	183,396,697	204,299,918	124,229,635
-	31,589,279	55,790,669	3,676,054	80,000,497	98,191,337
<u>1,428,421,428</u>	<u>1,546,203,796</u>	<u>1,688,783,250</u>	<u>1,681,756,065</u>	<u>1,926,597,792</u>	<u>1,885,190,971</u>
<u>(52,926,255)</u>	<u>(169,012,000)</u>	<u>(296,225,588)</u>	<u>(228,729,510)</u>	<u>(303,607,587)</u>	<u>(165,336,212)</u>
(87,228,769)	(112,805,846)	-	(262,859,309)	(60,463,650)	(198,934,669)
74,330,000	108,690,000	-	241,800,000	60,805,000	186,890,000
-	-	122,100,000	209,055,000	417,315,000	-
-	-	-	-	6,218,000	-
1,323,046	5,608,303	6,157,067	34,513,827	20,310,047	12,632,569
-	-	195,000,000	150,000,000	-	-
-	-	(127,000,000)	(218,000,000)	-	-
-	-	3,800,000	-	-	-
-	(1,027,530)	-	-	-	-
93,231,089	114,037,906	106,933,088	100,801,076	195,467,499	137,154,461
<u>(92,390,564)</u>	<u>(110,110,797)</u>	<u>(98,034,069)</u>	<u>(103,638,072)</u>	<u>(191,960,632)</u>	<u>(138,936,079)</u>
<u>(10,735,198)</u>	<u>4,392,036</u>	<u>208,956,086</u>	<u>151,672,522</u>	<u>447,691,264</u>	<u>(1,193,718)</u>
<u>\$ (63,661,453)</u>	<u>\$ (164,619,964)</u>	<u>\$ (87,269,502)</u>	<u>\$ (77,056,988)</u>	<u>\$ 144,083,677</u>	<u>\$ (166,529,930)</u>

10.27 %

9.53 %

9.02 %

9.72 %

9.61 %

9.71 %

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF GENERAL SERVICES DISTRICT TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Realty	Personalty	Public Utility	Total Taxable Assessed Value
1997-98	\$ 9,360,046,370	\$ 813,501,653	\$ 474,385,766	\$ 10,647,933,789
1998-99	9,483,759,205	873,944,396	538,014,258	10,895,717,859
1999-00	9,625,554,203	954,014,066	507,768,277	11,087,336,546
2000-01	9,878,827,579	953,834,854	557,537,258	11,390,199,691
2001-02	11,649,748,674	1,059,163,097	664,461,669	13,373,373,440
2002-03	11,792,547,023	1,025,692,548	645,179,869	13,463,419,440
2003-04	11,809,121,866	917,401,480	553,940,253	13,280,463,599
2004-05	11,933,712,504	907,818,023	590,493,038	13,432,023,565
2005-06	13,962,265,146	963,153,348	608,300,242	15,533,718,736
2006-07	14,319,406,060	1,026,510,506	622,162,501	15,968,079,067

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%

Note: The State mandates a reappraisal valuation of property within Davidson County every four years.

(1) All properties within the General Services District are taxed at the GSD tax rate. Only those properties within the Urban Services District are taxed the additional USD tax rate. See schedule on page H-18.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF GENERAL SERVICES DISTRICT TAXABLE PROPERTY  
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

<u>Total GSD Tax Rate (1)</u>	<u>Total Estimated Actual Property Value (2)</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 3.27	\$ 33,706,470,792	31.59 %
3.39	34,408,511,843	31.67
3.39	38,576,009,345	28.74
3.39	39,576,025,308	28.78
3.84	42,634,022,131	31.37
3.84	42,988,853,105	31.32
3.84	45,150,830,802	29.41
3.84	45,746,447,359	29.36
4.04	50,477,218,642	30.77
4.04	51,736,469,429	30.86

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ASSESSED VALUE OF URBAN SERVICES DISTRICT TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

<u>Fiscal Year</u>	<u>Realty</u>	<u>Personalty</u>	<u>Public Utility</u>	<u>Total USD Taxable Assessed Value</u>	<u>Total USD Tax Rate</u>
1997-98	\$ 6,280,076,965	\$ 634,766,710	\$ 388,294,985	\$ 7,303,138,660	\$ 0.85
1998-99	6,372,341,408	681,039,272	438,156,409	7,491,537,089	0.85
1999-00	6,420,180,086	747,640,155	411,270,056	7,579,090,297	0.85
2000-01	6,544,802,327	745,794,683	462,282,505	7,752,879,515	0.85
2001-02	7,681,717,993	794,416,879	553,090,149	9,029,225,021	0.74
2002-03	7,722,115,933	765,147,395	535,610,099	9,022,873,427	0.74
2003-04	7,667,951,606	680,464,904	443,772,979	8,792,189,489	0.74
2004-05	7,996,403,388	699,060,182	472,283,935	9,167,747,505	0.74
2005-06	9,293,334,373	736,566,609	484,073,719	10,513,974,701	0.65
2006-07	9,653,540,683	812,794,594	497,183,632	10,963,518,909	0.65

Note: The Urban Services District lies within the General Services District. The above schedule reflects the assessed value of the properties within the Urban Services District.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PROPERTY TAX RATES  
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

Fiscal Year	General Services District					Urban Services District			Total Direct Tax Rate
	GSD General Fund (1)	General Purpose School Fund	GSD Debt Service Fund	School Debt Service Fund	Total GSD Rate	USD General Fund (1)	USD Debt Service Fund	Total USD Rate	
1997-98 (2)	\$ 1.69	\$ 0.96	\$ 0.49	\$ 0.13	\$ 3.27	\$ 0.74	\$ 0.11	\$ 0.85	\$ 4.12
1998-99 (3)	1.68	0.96	0.50	0.25	3.39	0.74	0.11	0.85	4.24
1999-00	1.68	0.96	0.50	0.25	3.39	0.74	0.11	0.85	4.24
2000-01	1.68	0.96	0.50	0.25	3.39	0.74	0.11	0.85	4.24
2001-02 (2)	1.97	1.24	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2002-03 (3)	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2003-04	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2004-05	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2005-06 (2)	2.00	1.33	0.54	0.17	4.04	0.56	0.09	0.65	4.69
2006-07 (3)	2.07	1.33	0.47	0.17	4.04	0.56	0.09	0.65	4.69

Tax rates are per \$100 of assessed valuation. Payments may be through February 28 of the year following the year of assessment and levy without penalty.

On November 7, 2006, voters approved a ballot initiative prohibiting the Metropolitan Council from raising real property taxes from their current and future levels without the approval of the voters in a referendum. Prior to the adoption of the November 7 ballot proposal, the Metropolitan Council was authorized to set the real property tax rate without any requirement of voter approval. The Government's legal department has issued a memo stating that the approved initiative violates the Tennessee Constitution because it places the power to set property tax rates with voters, rather than with the Metropolitan Council, as prescribed by the Constitution. However, the Government cannot predict whether there will be a court challenge as to the constitutionality of the approved initiative. If there is a challenge, the Government cannot predict the timing or be certain of the outcome of any court challenge as to the constitutionality of the approved initiative.

- (1) A portion of the revenue of the GSD General Fund generated from the tax levy collected for the area of the USD is recorded in the USD General Fund. Referred to as the levy for fire protection service, this amount of the levy has ranged from \$.12 to \$.08 over the last ten years.
- (2) The State mandates a reappraisal valuation of property within Davidson County every four years resulting in a reduction of the combined GSD-USD tax rate. Also, the combined GSD-USD tax rate was increased by the Metropolitan Council and reallocated between the funds receiving property tax revenue. The rates above reflect the net change of the reappraisal valuation and the increase and reallocation by the Metropolitan Council.
- (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. In fiscal years 2002-2003 and 2006-2007, the GSD property tax rate was reallocated among the funds receiving property tax revenue.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

Taxpayer	December 31, 2006				December 31, 1997			
	2006 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	1997 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1)	\$ N/A	\$ 23,113,613	1	3.24 %	\$ N/A	\$ 12,347,963	1	3.01 %
Gaylord	238,419,877	11,169,885	2	1.56	367,228,384	9,701,260	2	2.36
Columbia/HCA	231,272,170	10,085,491	3	1.41	90,346,286	4,003,506	4	0.98
BellSouth	153,635,577	7,054,873	4	0.99	184,500,000	7,283,172	3	1.78
Piedmont Natural Gas Company	89,124,884	4,039,957	5	0.57	73,082,289	2,848,480	6	0.69
Opry Mills Co.	81,014,605	3,799,585	6	0.53	-	-	-	-
CBL & Associates	76,494,477	3,290,503	7	0.46	-	-	-	-
Vanderbilt	66,301,420	3,135,665	8	0.44	-	-	-	-
Davis Street Land	42,308,870	1,984,286	9	0.28	-	-	-	-
PREFCO XIV LTD	34,438,376	1,944,712	10	0.28	57,755,005	2,379,506	7	0.58
Nashland Associates	-	-	-	-	91,155,440	3,356,244	5	0.82
E. I. Dupont	-	-	-	-	58,450,185	1,911,320	8	0.47
SunTrust Bank	-	-	-	-	38,714,915	1,814,630	9	0.44
Ford Motor Co.	-	-	-	-	41,586,192	1,709,514	10	0.42
	<u>\$ 1,013,010,256</u>	<u>\$ 69,618,570</u>		<u>9.76 %</u>	<u>\$ 1,002,818,696</u>	<u>\$ 47,355,595</u>		<u>11.55 %</u>

Source: Tax Assessor's Office, Trustee's Office

(1) The amount of tax for the Electric Power Board represents a payment in lieu of taxes and is not based on an assessed valuation.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Amount GSD Levy	Amount USD Levy	Total Tax Levy	Collections Within the Fiscal Year of the Levy	
				Current Tax Amount	Percent of Levy
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
2005-06 (1)	619,151,100	76,752,024	695,903,124	671,768,730	96.53
2006-07 (1)	633,541,786	79,714,977	713,256,763	705,244,782	98.88

Source: Metropolitan Trustee's Office

(1) In June 2007, the Government sold the majority of the 2006-07 and 2005-06 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balances of \$23,025,457 for 2006-07, which is reflected in current tax amount collections, and \$2,418,959 for 2005-06, which is reflected in collections in subsequent years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

Adjustment to Levy	Total Levy After Adjustment	Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage Uncollected
			Amount	Percent of Levy After Adjustment		
\$ (5,350,284)	\$ 404,914,192	\$ 11,479,058	\$ 404,262,616	99.84 %	\$ 651,576	0.16 %
(3,645,834)	429,397,431	12,839,483	428,610,042	99.82	787,389	0.18
(6,558,072)	433,725,279	13,480,001	433,030,371	99.84	694,908	0.16
(4,390,155)	447,637,459	13,730,605	446,323,167	99.71	1,314,292	0.29
(6,610,896)	573,743,184	17,625,090	572,417,803	99.77	1,325,381	0.23
(4,729,092)	579,035,750	19,358,877	576,867,509	99.63	2,168,241	0.37
(855,158)	574,177,124	16,441,833	571,949,672	99.61	2,227,452	0.39
(1,590,159)	582,041,153	14,633,997	580,080,462	99.66	1,960,691	0.34
(6,627,276)	689,275,848	14,454,368	686,223,098	99.56	3,052,750	0.44
(3,469,555)	709,787,208	-	705,244,782	99.36	4,542,426	0.64

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS  
 (amounts expressed in thousands, except per capita amount)

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds and Notes	Limited Obligation Revenue Bonds	Qualified Zone Academy Bond Notes	Total Governmental Activities	Revenue Bonds	General Obligation Bonds
1997-98	\$ 908,095	\$ 20,620	\$ -	\$ 928,715	\$ 564,724	\$ -
1998-99	1,038,960	19,705	-	1,058,665	552,164	-
1999-00	989,705	18,725	-	1,008,430	542,440	-
2000-01	1,196,320	17,680	-	1,214,000	529,852	-
2001-02	1,187,245	16,265	-	1,203,510	525,855	-
2002-03	1,114,990	14,925	-	1,129,915	571,070	-
2003-04	1,158,710	13,530	-	1,172,240	550,880	-
2004-05	1,279,935	12,080	-	1,292,015	529,200	7,695
2005-06	1,600,695	10,575	6,219	1,617,489	502,060	7,695
2006-07	1,503,390	9,005	5,804	1,518,199	473,565	7,435

Note: Details regarding the Government's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedules of Demographic and Economic Statistics on page H-32 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) Per Capita Personal Income statistics for calendar year 2006 were not available at the reporting date.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS (CONTINUED)  
 (amounts expressed in thousands, except per capita amount)

Unaudited - See Accompanying Accountants' Report

<u>Business-type Activities (Continued)</u>						
<u>State</u>	<u>Capitalized</u>	<u>Total</u>	<u>Total</u>	<u>Percentage of</u>		<u>Per</u>
<u>Construction</u>	<u>Lease</u>	<u>Business-type</u>	<u>Primary</u>	<u>Personal</u>		<u>Capita (1)</u>
<u>Loans</u>	<u>Obligations</u>	<u>Activities</u>	<u>Government</u>	<u>Income (1)</u>		
\$ 65,050	\$ 3,648	\$ 633,422	\$ 1,562,137	9.97 %		\$ 2,759.23
67,019	3,203	622,386	1,681,051	9.88		2,963.50
65,959	2,754	611,153	1,619,583	9.02		2,841.92
64,233	2,465	596,550	1,810,550	9.51		3,169.11
57,659	2,340	585,854	1,789,364	8.94		3,143.79
51,623	2,210	624,903	1,754,818	8.37		3,077.89
46,803	2,075	599,758	1,771,998	8.08		3,095.33
47,404	1,930	586,229	1,878,244	8.01		3,235.81
62,638	1,780	574,173	2,191,662	9.01		3,802.45
126,836	1,620	609,456	2,127,655	N/A (2)		3,676.62

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RATIOS OF GENERAL BONDED DEBT OUSTANDING  
 GENERAL AND URBAN SERVICES DISTRICTS  
 LAST TEN FISCAL YEARS  
 (amounts expressed in thousands, except per capita amount)

Unaudited - See Accompanying Accountants' Report

Fiscal Year	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Funds	Less: Amounts Payable from Sources Other Than Property Taxes	Total	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
1997-98	\$ 908,095	\$ 79,899	\$ 39,816	\$ 788,380	2.34 %	\$ 1,392.53
1998-99	1,038,960	103,510	35,729	899,721	2.61	1,586.11
1999-00	989,705	120,991	31,507	837,207	2.17	1,469.07
2000-01	1,196,320	156,402	26,939	1,012,979	2.56	1,773.07
2001-02	1,187,245	162,066	22,360	1,002,819	2.35	1,761.88
2002-03	1,114,990	163,737	17,563	933,690	2.17	1,637.66
2003-04	1,158,710	151,390	12,519	994,801	2.20	1,737.72
2004-05	1,279,935	136,955	7,220	1,135,760	2.48	1,956.67
2005-06	1,600,695	83,596	1,655	1,515,444	3.00	2,629.24
2006-07	1,503,390	70,969	130	1,432,291	2.77	2,475.02

Note: Details regarding the Government's outstanding debt can be found in the notes to the financial statements.

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on pages H-16 and H-17 for property value data.
- (2) See the Schedules of Demographic and Economic Statistics on page H-32 for personal income and population data. This ratio is calculated using population for the prior calendar year.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RATIOS OF GENERAL BONDED DEBT OUSTANDING  
 URBAN SERVICES DISTRICT  
 LAST TEN FISCAL YEARS  
 (amounts expressed in thousands, except per capita amount)

Unaudited - See Accompanying Accountants' Report

Fiscal Year	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Funds	Less: Amounts Payable from Sources Other Than Property Taxes	Total	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
1997-98	\$ 49,244	\$ 7,610	\$ 350	\$ 41,284	N/A %	\$ N/A
1998-99	43,983	7,519	250	36,214	N/A	N/A
1999-00	38,925	9,210	200	29,515	N/A	N/A
2000-01	57,124	10,915	-	46,209	N/A	N/A
2001-02	109,695	11,770	-	97,925	N/A	N/A
2002-03	97,897	13,230	-	84,667	N/A	N/A
2003-04	107,357	13,900	-	93,457	N/A	N/A
2004-05	114,326	13,857	-	100,469	N/A	N/A
2005-06	134,733	12,997	-	121,736	N/A	N/A
2006-07	128,353	2,427	-	125,926	N/A	N/A

Note: The above computation is an excerpt from the Ratios of General Bonded Debt Outstanding on page H-26 and reflects ratios of general bonded debt for the Urban Services District only. Details regarding the Government's outstanding debt can be found in the notes to the financial statements.

(1) The actual value of taxable property is not available for the Urban Services District.

(2) Population estimates are not available for the Urban Services District.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

LEGAL DEBT MARGIN INFORMATION  
 URBAN SERVICES DISTRICT  
 LAST TEN FISCAL YEARS  
 (amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Amount of Debt Applicable to Debt Limit</u>	<u>Legal Debt Margin</u>	<u>Total Amount of Debt Applicable to Debt Limit as a Percentage of Debt Limit</u>
1997-98	\$ 1,095,471	\$ 41,284	\$ 1,054,187	3.77 %
1998-99	1,123,731	36,214	1,087,517	3.22
1999-00	1,136,864	29,515	1,107,349	2.60
2000-01	1,162,932	46,209	1,116,723	3.97
2001-02	1,354,384	97,925	1,256,459	7.23
2002-03	1,353,431	84,666	1,268,765	6.26
2003-04	1,318,828	93,457	1,225,371	7.09
2004-05	1,375,162	100,468	1,274,694	7.31
2005-06	1,577,096	121,737	1,455,359	7.72
2006-07	1,644,528	125,926	1,518,602	7.66

Note: There is no legal debt margin for the General Services District. Therefore, the calculation is presented for the Urban Services District only.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPUTATION OF LEGAL DEBT MARGIN  
URBAN SERVICES DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2007

Unaudited - See Accompanying Accountants' Report

Assessed valuation of taxable property - Urban Services District		<u>\$ 10,963,518,909</u>
Debt limit - 15 percent of assessed valuation		\$ 1,644,527,836
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 128,352,956	
Less:		
Amounts available in debt service funds	<u>2,427,452</u>	
Total amount of debt applicable to debt limit		<u>125,925,504</u>
Legal debt margin		<u>\$ 1,518,602,332</u>

Note: There is no legal debt margin for the General Services District. Therefore, the calculation is presented for the Urban Services District only.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
LAST TEN FISCAL YEARS  
(amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges (2)</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Percentage of Debt Service to Total General Expenditures</u>
1997-98	\$ 44,980	\$ 43,641	\$ 88,621	\$ 1,074,880	8.3 %
1998-99	49,420	46,717	96,137	1,134,887	8.5
1999-00	49,255	53,069	102,324	1,103,726	9.2
2000-01	55,780	49,030	104,810	1,110,942	9.4
2001-02	67,140	65,859	132,999	1,307,461	10.0
2002-03	76,525	59,109	135,634	1,379,369	9.8
2003-04	78,380	60,128	138,508	1,473,754	9.4
2004-05	84,865	60,019	144,884	1,482,009	9.8
2005-06	97,495	66,069	163,564	1,637,637	10.0
2006-07	93,585	74,874	168,459	1,682,760	10.0

Note: Details regarding the Government's outstanding debt can be found in the notes to the financial statements.

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

(2) For comparability, amounts include contractual services and exclude refunding bond issue costs.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PLEDGED REVENUE COVERAGE  
 DEPARTMENT OF WATER AND SEWERAGE SERVICES REVENUE BONDS  
 LAST TEN FISCAL YEARS  
 (amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available For Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
1997-98	\$ 172,653	\$ 68,203	\$ 104,450	\$ 17,020	\$ 23,922	\$ 40,942	2.55
1998-99	174,203	64,704	109,499	10,630	31,394	42,024	2.61
1999-00	167,301	65,321	101,980	13,480	30,916	44,396	2.30
2000-01	172,445	65,853	106,592	14,050	30,285	44,335	2.40
2001-02	166,435	68,006	98,429	19,680	29,615	49,295	2.00
2002-03	155,560	65,398	90,162	20,190	28,621	48,811	1.85
2003-04	154,638	71,273	83,365	21,680	27,531	49,211	1.69
2004-05	156,158	71,410	84,748	25,960	26,407	52,367	1.62
2005-06	161,727	78,293	83,434	27,280	25,034	52,314	1.59
2006-07	173,220	82,817	90,403	28,770	23,581	52,351	1.73

Note: Details regarding the Government's outstanding debt can be found in the notes to the financial statements.

(1) Includes interest on investments and other income.

(2) Excludes depreciation and amortization expense.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS

Unaudited - See Accompanying Accountants' Report

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Unemployment Rate (3)</u>
1997	566,150	\$ 27,672	\$ 15,666,503	3.4 %
1998	567,251	30,005	17,020,366	2.6
1999	569,891	31,494	17,948,147	2.9
2000	571,312	33,338	19,046,399	3.2
2001	569,174	35,183	20,025,249	3.5
2002	570,136	36,768	20,962,760	4.4
2003	572,475	38,297	21,924,075	4.6
2004	580,455	40,393	23,446,319	4.4
2005	576,382	42,192	24,318,709	4.6
2006 (4)	578,698	N/A	N/A	4.2

(1) Source: U.S. Department of Commerce, Bureau of the Census and Labor

(2) Source: Bureau of Economic Analysis

(3) Source: Tennessee Department of Labor & Workforce Development

(4) Per Capita personal income statistics for calendar year 2006 were not available at the reporting date.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

Employer	June 30, 2007			June 30, 1998		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
State of Tennessee	20,029	1	2.51 %	24,400	1	3.76 %
Metro Nashville-Davidson Co. Government and Public Schools	19,188	2	2.40	18,990	2	2.93
Vanderbilt University and Medical Center	18,252	3	2.29	11,700	3	1.80
U.S. Government	11,216	4	1.40	11,000	4 (2)	1.70
HCA (including Tri-Star Health System)	9,649	5	1.21	8,100	6	1.25
St. Thomas Health Services	8,200	6	1.03	-	-	-
Nissan North America Inc.	8,100	7	1.01	6,000	7	0.92
Bridgestone Americas Holding Inc. (1)	4,900	8	0.61	-	-	-
Gaylord Entertainment Co. (1)	4,519	9	0.57	11,000	4 (2)	1.70
Wal-Mart Stores Inc.	4,500	10	0.56	-	-	-
Saturn Corporation	-	-	-	8,350	5	1.29
Kroger Company	-	-	-	5,750	8	0.89
United Parcel Service	-	-	-	4,500	9	0.69
First American National Bank	-	-	-	4,200	10	0.65
	<u>108,553</u>		<u>13.60 %</u>	<u>113,990</u>		<u>17.57 %</u>

Sources:

Principal Employers and Number of Employees - Nashville Area Chamber of Commerce, Nashville Business Journal  
Total Employment - US Department of Labor Bureau of Labor Statistics

(1) National, State or Corporate Headquarters.

(2) Tie ranking.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	1998	1999	2000	2001
Governmental activities:				
General government	261	271	269	268
Fiscal administration	190	187	188	189
Administration of justice	618	665	703	715
Law enforcement and care of prisoners	2,467	2,547	2,574	2,649
Fire prevention and control	1,201	1,211	1,211	1,210
Regulation and inspection	115	118	118	108
Conservation of natural resources	9	9	9	9
Public welfare	579	618	625	602
Public health and hospitals	448	475	466	453
Public library system	227	235	267	364
Public works, highways and streets	540	538	538	537
Recreational and cultural	464	479	488	456
Education	7,562	7,699	7,607	7,558
Total governmental activities	<u>14,681</u>	<u>15,052</u>	<u>15,063</u>	<u>15,118</u>
Internal service activities:				
Central Printing	9	9	9	9
Motor Pool	47	47	47	48
Office of Fleet Management	-	-	-	-
Information Systems	88	90	90	91
Radio Shop	19	20	20	26
School Central Storeroom	-	-	-	-
Metro Postal Service	6	6	6	6
Office Supply Storeroom	3	3	3	2
Facilities Planning and Construction	-	-	2	2
Treasury Management	7	7	7	7
Human Resources	37	37	38	36
Finance Services	84	84	82	98
General Services	41	41	41	45
Total internal service activities	<u>341</u>	<u>344</u>	<u>345</u>	<u>370</u>
Business-type activities:				
Department of Water and Sewerage Services	868	823	760	738
Nashville Convention Center	44	43	46	52
Board of Fair Commissioners	15	15	18	19
Farmers Market	8	8	8	7
Police Secondary Employment	-	-	-	-
Surplus Property Auction	-	-	-	-
Police Impound	-	-	-	-
Municipal Auditorium	-	-	-	-
School Community Education	-	-	-	-
Total business-type activities	<u>935</u>	<u>889</u>	<u>832</u>	<u>816</u>
Total primary government	<u>15,957</u>	<u>16,285</u>	<u>16,240</u>	<u>16,304</u>

Source: Department of Finance, Office of Management and Budgets, "Budget Book" for each fiscal year.

Note: Although the financial balances and operations of the internal service activities are allocated to the various governmental and business-type activities in the government-wide financial statements, the full-time equivalents are reported separately in the above schedule. Also, certain functions previously included in governmental activities were reclassified to internal service activities for consistency in presentation.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

2002	2003	2004	2005	2006	2007
265	280	277	259	273	267
200	214	215	216	216	215
735	785	800	798	812	811
2,496	2,504	2,544	2,695	2,716	2,714
1,258	1,258	1,217	1,178	1,181	1,180
109	109	109	108	111	108
11	11	11	10	10	10
706	729	689	678	487	492
535	530	525	514	528	500
365	365	363	336	330	329
536	568	544	543	546	532
461	682	679	592	639	650
7,891	7,780	8,201	8,285	8,382	8,361
<u>15,568</u>	<u>15,815</u>	<u>16,174</u>	<u>16,212</u>	<u>16,231</u>	<u>16,169</u>
9	9	9	4	-	-
41	41	-	-	-	-
-	-	105	97	88	91
95	103	108	136	130	124
24	24	24	23	18	16
-	-	-	-	-	-
6	6	6	5	5	5
-	-	-	-	-	-
13	14	19	19	18	18
10	11	14	14	12	9
61	63	62	66	67	64
118	129	116	94	100	102
52	55	55	52	94	96
<u>429</u>	<u>455</u>	<u>518</u>	<u>510</u>	<u>532</u>	<u>525</u>
781	718	658	668	668	668
54	53	53	47	47	53
19	19	19	17	17	29
7	8	8	8	8	8
-	5	5	5	5	5
-	-	7	7	7	7
-	-	7	29	29	29
-	-	-	-	12	12
-	-	-	9	11	11
<u>861</u>	<u>803</u>	<u>757</u>	<u>790</u>	<u>804</u>	<u>822</u>
<u>16,858</u>	<u>17,073</u>	<u>17,449</u>	<u>17,512</u>	<u>17,567</u>	<u>17,516</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	1998	1999	2000	2001
Governmental activities:				
General government:				
Election Commission - registered voters	320,310	302,583	337,313	316,414
Administration of justice:				
Public Defender - caseload	26,550	27,837	35,229	31,157
Law enforcement and care of prisoners:				
Sheriff - inmate days jails	553,492	608,373	612,343	530,094
Sheriff - inmate days detention facility	356,476	423,877	424,023	413,174
Police - total calls received	1,119,263	1,115,910	1,194,180	1,324,019
Police - incident numbers issued	638,821	634,860	628,951	556,427
Fire prevention and control:				
Fire - life threatening responses	N/A	N/A	N/A	N/A
Fire - non life threatening responses	N/A	N/A	N/A	N/A
Regulation and inspection:				
Codes - construction/land use permits	10,297	10,672	9,856	9,102
Public welfare:				
Social Services - clients served	519	541	563	2,844
Public health and hospitals:				
Health - clinic visits	164,273	168,107	180,081	166,000
Public library system:				
Library - circulating materials check-outs	2,517,671	2,554,678	2,566,170	2,957,664
Public works, highways and streets:				
Public Works - scheduled garbage collections	6,381,700	6,603,532	6,632,964	6,625,476
Public Works - tons of disposed waste	681,085	579,657	552,739	547,439
Public Works - rehabilitated street lane miles	115	100	90	90
Recreational and cultural:				
Parks - Sportsplex attendance	416,362	356,590	423,000	450,000
Parks - cultural enrichment class attendance (1)	5,530	4,743	4,980	4,674
Parks - senior citizen program attendance	20,681	14,735	20,471	20,277
Education:				
Public Schools - students (second month enrollment)	71,313	70,308	69,850	69,764

Source: Department of Finance, Office of Management and Budgets; Various departments of the Government

Note: Certain amounts are excluded because (1) the data is not available for some older years, (2) the data available for some years was not accumulated in a manner consistent with the current years, or (3) the data has yet to be accumulated for the current year. Some amounts are estimated.

(1) Cultural enrichment class attendance increased in 2007 due to added programs and programs that were excluded from prior years. Comparable amounts are not available for prior years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
335,357	337,392	366,326	358,119	359,806	334,067
32,485	36,068	38,920	41,017	39,242	43,649
583,807	610,640	637,243	674,254	806,361	870,502
436,679	451,182	467,371	431,421	354,799	374,643
1,170,705	1,156,932	1,142,514	1,090,591	974,864	1,052,261
564,448	577,377	658,387	709,915	721,903	784,391
33,495	33,812	36,328	38,766	38,158	41,633
16,771	15,539	13,715	17,240	17,607	19,316
9,346	9,123	10,151	10,245	10,534	11,663
2,543	3,971	2,922	2,734	5,016	5,643
185,221	168,616	174,745	187,465	191,016	192,622
3,825,465	3,988,212	4,203,335	4,087,080	4,212,037	4,239,335
6,625,476	6,604,000	6,402,310	6,406,309	6,552,000	6,552,000
547,439	425,234	862,895	839,779	800,830	N/A
75	90	312	419	145	186
424,080	368,700	385,700	400,000	385,000	400,000
4,615	4,372	4,479	4,940	4,724	11,339
21,578	23,557	29,850	25,000	30,000	37,484
69,700	70,028	70,759	72,458	73,109	74,155

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

	1998	1999	2000	2001
Business-type activities:				
Department of Water and Sewerage Services:				
Customers - water	133,859	135,585	136,468	151,097
Average daily raw water treatment (millions of gallons per day)	83	85	90	90
Customers - wastewater	154,306	156,762	158,652	159,810
Average daily wastewater flow (millions of gallons per day)	140	128	122	119
Nashville Convention Center - events	313	357	300	276
Board of Fair Commissioners:				
Flea market booth rentals	N/A	N/A	N/A	N/A
State fair attendance	379,785	350,000	168,100	181,000
Municipal Auditorium - events held	127	121	97	94

Source: Department of Finance, Office of Management and Budgets; Various departments of the Government

Note: Certain amounts are excluded because (1) the data is not available for some older years, (2) the data available for some years was not accumulated in a manner consistent with the current years, or (3) the data has yet to be accumulated for the current year. Some amounts are estimated.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
143,540	155,712	158,613	159,506	162,834	171,627
84	88	95	94	97	97
163,048	166,417	169,533	171,341	173,149	183,695
143	150	146	143	125	128
221	186	190	193	193	188
19,457	18,955	19,619	18,611	18,513	18,900
171,000	182,500	226,400	204,485	227,478	230,216
80	91	92	92	91	91

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	1998	1999	2000	2001
Governmental activities:				
General government				
General government vehicles (1)	N/A	3,648	3,814	3,868
Law enforcement and care of prisoners:				
Sheriff inmate capacity - jails	1,762	1,762	1,762	1,762
Sheriff inmate capacity - detention facility	892	892	892	892
Police stations	4	4	4	5
Fire prevention and control:				
Fire stations	38	38	38	39
Public library system:				
Libraries	21	21	22	22
Public works, highways and streets:				
Streets and roads (lane miles)	5,500	5,500	5,500	5,500
Recreational and cultural:				
Parks (number)	89	90	92	93
Parks (acreage)	9,418	9,387	9,345	9,387
Miles of completed greenways	2.5	5.5	8.5	13.5
Education:				
Schools	131	131	131	129
School buses	515	517	575	512
Business-type activities:				
Department of Water and Sewerage Services:				
Water mains (miles)	2,560	2,566	2,571	2,619
Maximum daily water capacity (thousands of gallons)	162,000	162,000	162,000	180,000
Sewers (miles)	2,339	2,385	2,426	2,674
Maximum daily treatment capacity (thousands of gallons)	459,000	459,000	459,000	459,000
Nashville Convention Center:				
Exhibition space (square footage)	118,675	118,675	118,675	118,675
Board of Fair Commissioners:				
Exhibition space (square footage)	156,000	156,000	156,000	126,600
Livestock barns (square footage)	50,400	50,400	50,400	50,400
Livestock show arena (square footage)	7,800	7,800	7,800	7,800

Source: Department of Finance, Division of Accounts; Various departments of the Government

Note: Certain amounts are excluded because the data is not available for some older years.

(1) General government vehicles include vehicles that are used in various other functions of the Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
3,883	3,625	3,676	3,620	3,425	3,559
1,762	1,762	1,762	2,587	2,587	2,587
892	892	892	892	1,092	1,092
5	5	6	6	6	6
39	39	39	39	40	41
22	22	22	22	24	24
5,500	5,600	5,600	5,600	5,600	5,643
100	99	102	102	107	110
10,238	10,200	10,303	10,241	10,355	10,424
16.5	19.5	23.5	28.0	29.5	36.5
129	128	130	133	136	135
515	558	594	633	657	667
2,634	2,718	2,746	2,749	2,771	2,888
180,000	180,000	186,300	180,000	180,000	180,000
2,699	2,726	2,753	2,867	2,901	3,027
459,000	459,000	459,000	465,000	465,000	465,000
118,675	118,675	118,675	118,675	118,675	118,675
126,600	126,600	126,600	126,600	126,600	126,600
50,400	50,400	50,400	50,400	50,400	50,400
7,800	7,800	7,800	7,800	7,800	7,800

