



Comprehensive Annual Financial Report For the Year Ended June 30, 2010

**The Metropolitan Government of Nashville and Davidson County
Nashville, Tennessee**



Karl F. Dean, Mayor

THE METROPOLITAN GOVERNMENT
OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the Year Ended June 30, 2010

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
PHONE: (615) 862-6000
FAX: (615) 862-6040

October 31, 2010

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, 2010. 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 comparable to the Nation and slightly healthier than the State economy, with lower unemployment than the State.

The Government's two most significant locally generated revenue sources are property and sales taxes. 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 2010, for fiscal year 2011 and for the future are discussed below.

FOR FISCAL YEAR 2010: Substitute budget ordinance BL-2009-456 appropriated a balanced budget of \$1,542,162,700 in the budgetary funds, an overall decrease of 1.79% from the budget for fiscal year 2009. After the quadrennial property tax reappraisal in 2009, the property tax rate decreased from \$4.69 to \$4.13. The tax rate was reduced because State law requires that the impact of property tax reappraisals be revenue neutral to the Government.

The FY2010 budget continued to make improvements in the Nashville community's priority areas:

- **Public Education** – The budget for Metro Nashville Public Schools (MNPS) was fully funded at the FY09 funding level of \$620.8 million. \$12.4 million of the funding for MNPS came from the School's accumulated undesignated fund balance and \$15.3 million of the funding came from redirecting sales tax revenues from Schools debt service to MNPS operations. MNPS's undesignated fund balance is 4.4% of budgeted expenditures, which is above the 3.0% required by the State.
- **Public Safety** – The budget for public safety departments, while slightly reduced, will allow for full staffing of police officers and continued funding for the Juvenile Court's efforts to reduce truancy. The Fire Department expects to meet the increasing demand for services without adding additional ambulances while achieving a decrease in response times through operational improvements.
- **Community Support** – The budget includes additional funding to address homelessness issues in Nashville, and the process for making grants to non-profit agencies will continue to be a transparent process that targets specific community needs.

FOR FISCAL YEAR 2011: Substitute budget ordinance BL-2010-683 appropriated a balanced budget of \$1,524,062,500 in the budgetary funds, an overall decrease of 1.2% from the budget for fiscal year 2010.

The FY2011 budget continued to make improvements in the Nashville community's priority areas:

- **Public Education** – This budget fully funds the Metro Nashville Public Schools (MNPS) request of \$633,342,600. MNPS received an additional \$25 million in revenues and transfers compared to FY10. MNPS received continued funding for the Attendance Center, which is a place where truant students get the help needed to address the root cause of their absence from school. MNPS's undesignated fund balance is 4.3% of budgeted expenditures, which is above the 3.0% required by the State.
- **Public Safety** – The budget for public safety departments, while slightly reduced, will allow for full staffing of police officers and continued funding for the Juvenile Court's efforts to reduce truancy. The Fire Department expects to meet the increasing demand for services without adding additional ambulances while achieving a decrease in response times through operational improvements. The Fire Department retained all front-line positions.
- **Community Support** – The budget includes continued funding to address homelessness issues in Nashville, and the process for making grants to non-profit agencies will continue to be a transparent process that targets specific community needs.
- **Livability** – Metro Parks and the Metro Public Library will maintain current levels of service, established MTA bus routes will continue, and Metro will continue the progress made toward meeting the goals and recommendations of the Green Ribbon Committee to make Nashville one of the greenest, most sustainable cities in our county.

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. This was achieved for the Fiscal Year 2011 budget in part by restructuring portions of the Government's long-term debt to reduce debt service payments by nearly \$40 million. Details of the fiscal year 2010 and 2011 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.

FOR THE FUTURE: The Metropolitan Government of Nashville and Davidson County continues to focus on four major priorities:

EDUCATION:

This administration will continue to work toward improving our schools by encouraging our community to devote its attention, time, and financial resources to education. The Education First Fund was established through the Community Foundation of Middle Tennessee to provide long term support for the Teach for America and New Teacher Project initiatives in 2008. In December 2009, the Mayor launched the Center for Charter School Excellence in Tennessee, an initiative supported by the Education First Fund, to recruit and support high quality charter school operators in Nashville. Over \$1,000,000 in private funds have been raised to support the first year of operations of the Teach for America program, which provides additional teachers in Nashville Public Schools. Additionally in February 2010, the Mayor signed an Executive Order formalizing a new program to allow Metro employees to volunteer in Nashville Public Schools during the work week. Most notably, Metro Nashville Public Schools has moved into the "improving" status under No Child Left Behind guidelines.

PUBLIC SAFETY:

This administration continues to be committed to improving public safety by and through the combined efforts of the Mayor's Office, the Police Department, the Fire Department, and other departments. To support this priority, the Metropolitan Nashville Police Department had the highest number of sworn officers in more than five years. In Fiscal Year 2010, the Government was awarded \$8.7 million under the Federal Community

Oriented Policing Program to hire an additional 50 police officers. Additionally, \$500,000 was funded for start-up costs for the new DNA Crime Lab.

In addition to traditional firefighting responsibilities, a primary function of the Nashville Fire Department is to provide emergency medical services, or EMS. The administration will continue to monitor trends in the demand for these services and trends in response times.

LIVABILITY:

In early May 2010 unprecedented flooding impacted areas of Davidson County. While the response from the Public Safety, Public Works, other Metro departments, and from significant numbers of volunteers, secured the residents and cleared the debris, there remains work to be done. Under the leadership of the Mayor, a rebuilding assistance program – We Are Home - has been initiated to help homeowners recover from flood damage. Additionally, the Mayor's office of Flood Recovery has announced a long term flood recovery planning effort that will include significant community input. These efforts, along with a home buyout program and other initiatives, will ensure that Nashville recovers from the flood while working to enhance the overall quality of life in our community for future generations.

This administration will continue to address issues impacting the quality of life for members of our community by focusing on health services, parks, the arts, libraries, adequate public transportation and affordable housing. The Green Ribbon Committee on Environmental Sustainability, established by the Mayor in 2008 to help ensure that Nashville continues to be a livable city with clean air, clean water, open spaces, public transportation infrastructure and a sustainable energy use profile, released a report of its findings and recommendations. The Mayor also established the Bicycle and Pedestrian Advisory Committee to further Nashville's goal of becoming a bicycle and pedestrian friendly city.

ECONOMIC DEVELOPMENT:

This administration is committed to growing the local economy and to generating economic opportunities that will benefit all citizens. In Fiscal Year 2010 the Convention Center Authority was formed and issued \$623,215,000 of revenue bonds to complete construction of the new downtown convention center, the Music City Center. This is the largest construction project in the history of the Government. Construction is scheduled to be complete and the Music City Center is on schedule to open in 2013. Additionally, an agreement recently was announced with Omni Hotels to construct and operate an 800 room headquarters hotel for the Music City Center.

FINANCIAL INFORMATION

CASH MANAGEMENT: Cash temporarily idle during the year was primarily invested in 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, U. S. Treasury Obligations, 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 high risk 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 \$1.8 million for the year ended June 30, 2010.

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 \$1.9 billion at June 30, 2010.

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, 2010 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2011 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 2010, 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 is 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, 2009. This was the 27th 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, 2009. 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 19th 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 continue to work together to strengthen the financial condition of the Metropolitan Government.

Sincerely,



Karl F. Dean
Mayor



Richard M. Riebeling
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Metropolitan Government
of Nashville & Davidson County
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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, 2009.



President

Executive Director

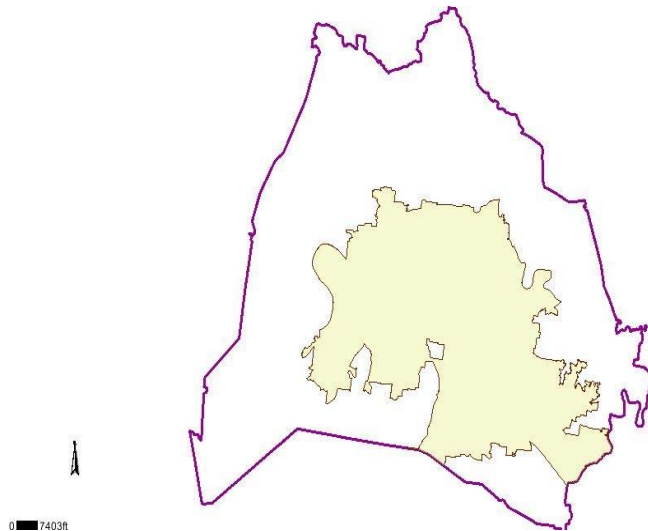
**THE METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY
FORM OF GOVERNMENT**

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.

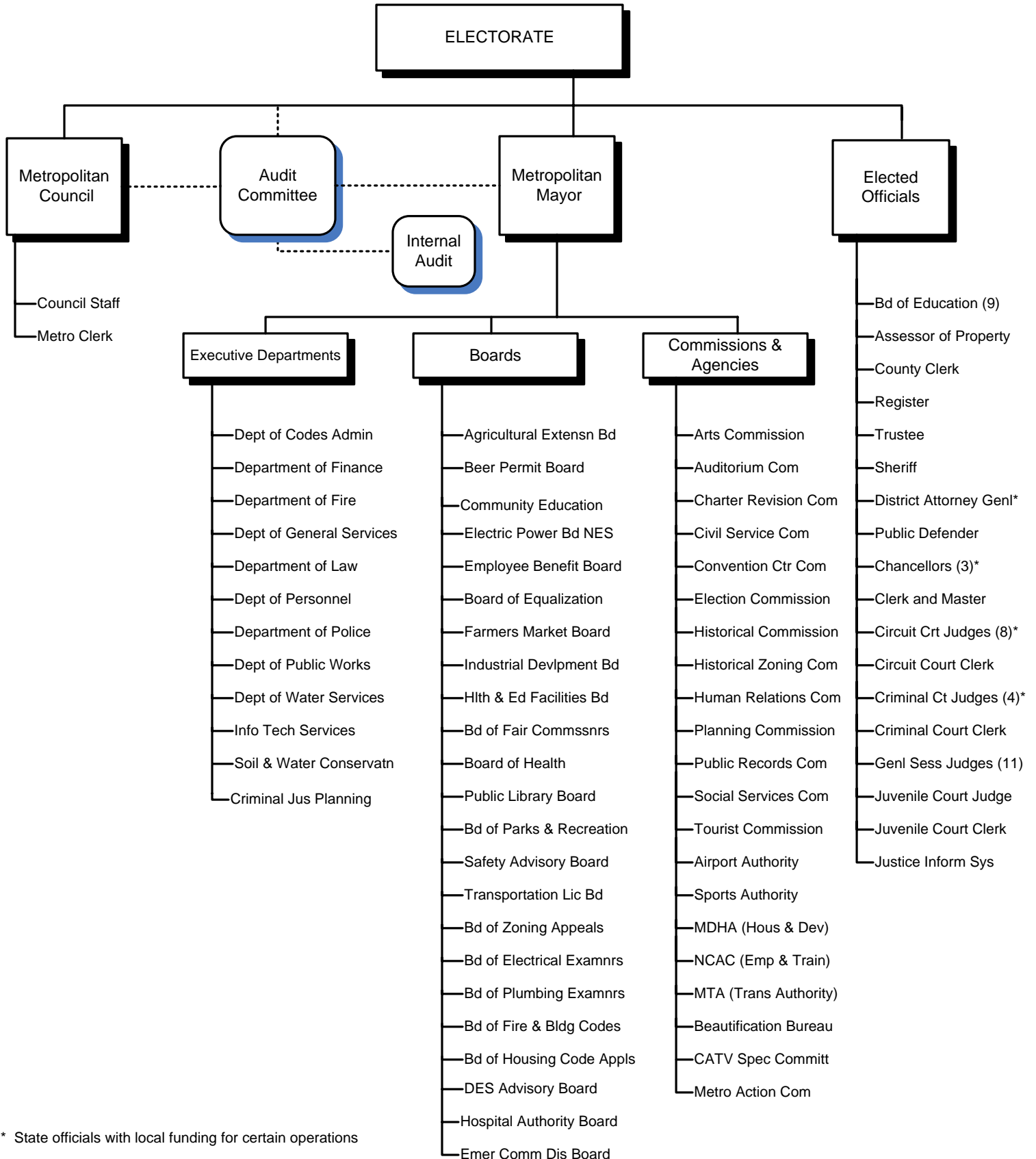
The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. USD residents are charged an additional tax to support those services, functions and debt obligations which benefit only the USD. Such services include additional police 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 is a subset of the GSD.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

ORGANIZATION CHART



* State officials with local funding for certain operations

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

**Elected Officials
at June 30, 2010**

Karl Dean, Mayor

Finance Officials

George Rooker
Charles E. Cardwell
John Arriola

Assessor of Property
Trustee
County Clerk

The County Council

Diane Neighbors
Tim Garrett
Megan Barry
Charlie Tygard
Ronnie Steine
Jerry Maynard

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

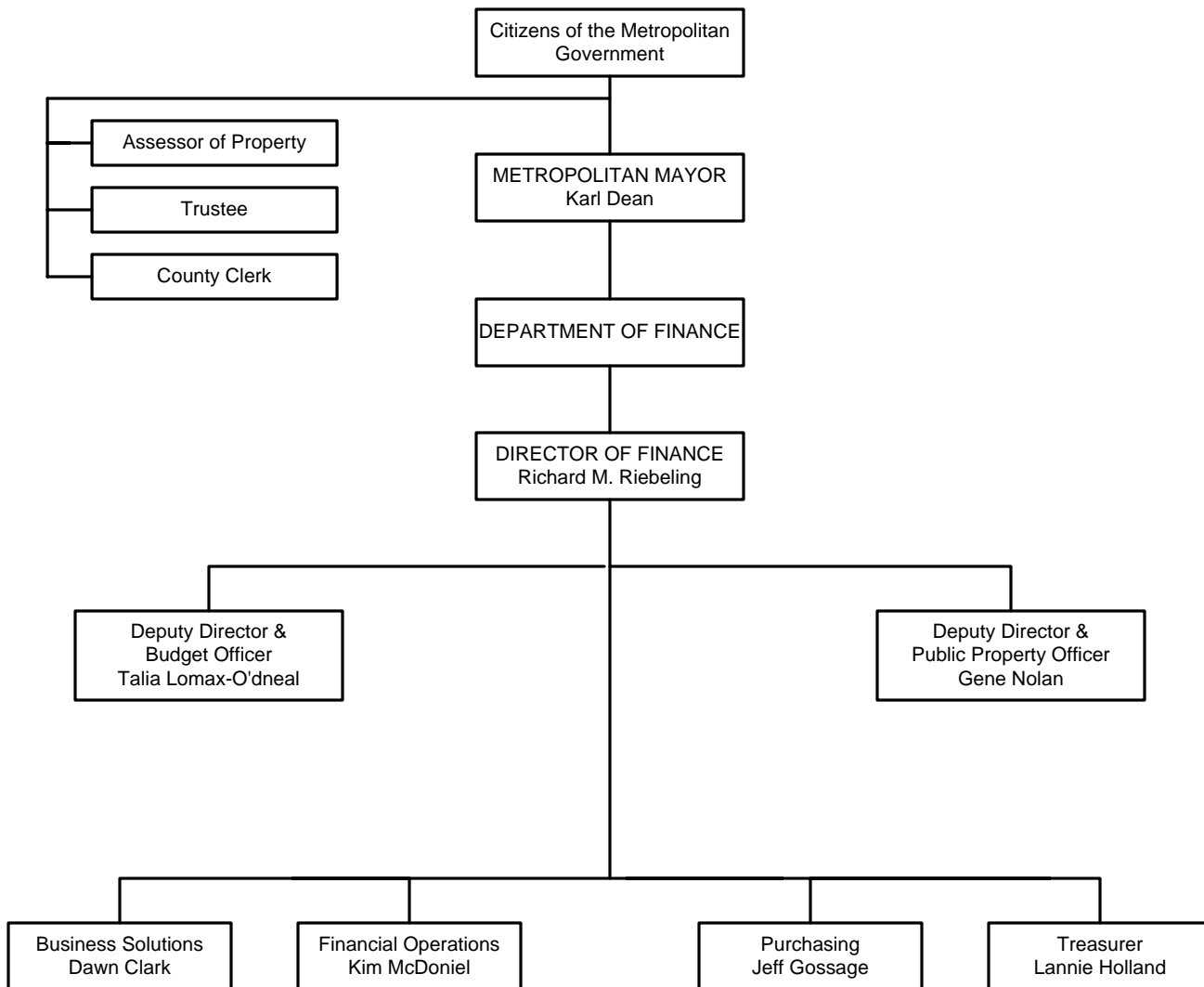
District No. 1 – Lonnell Matthews, Jr.
District No. 2 – Frank Harrison
District No. 3 – Walter Hunt
District No. 4 – Michael Craddock
District No. 5 – Jamie Hollin
District No. 6 – Mike Jameson
District No. 7 – Erik Cole
District No. 8 – Karen Bennett
District No. 9 – Jim Forkum
District No. 10 – Rip Ryman
District No. 11 – Darren Jernigan
District No. 12 – Jim Gotto
District No. 13 – Carl Burch
District No. 14 – Bruce Stanley
District No. 15 – Phil Claiborne
District No. 16 – Anna Page
District No. 17 – Sandra Moore
District No. 18 – Kristine LaLonda

District No. 19 – Erica Gilmore
District No. 20 – Buddy Baker
District No. 21 – Edith Langster
District No. 22 – Eric Crafton
District No. 23 – Emily Evans
District No. 24 – Jason Holleman
District No. 25 – Sean McGuire
District No. 26 – Greg Adkins
District No. 27 – Randy Foster
District No. 28 – Duane A. Dominy
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 – Carter Todd
District No. 35 – Bo Mitchell

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

ORGANIZATION OF THE DEPARTMENT OF
FINANCE AND OTHER FINANCIAL OFFICES

At June 30, 2010









Independent Auditors' Report

To 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, 2010, 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 and the Industrial Development Board Fund, which are presented as supplementary information in the accompanying financial statements as of and for the year ended June 30, 2010, 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, 2010, 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 audits. We did not audit the financial statements of the following discretely presented component units: the Nashville District Management Corporation, the Gulch Business Improvement District, Inc., the Metropolitan Development and Housing Agency, the Emergency Communications District, and the Convention Center Authority, which represents 29% of the total assets and 9% of the total revenues of the aggregate discretely presented component units of the Government. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Government of Nashville and Davidson County, Tennessee, as of June 30, 2010, and the respective changes in financial position, 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 accounting principles generally accepted in the United States of America. In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental, nonmajor enterprise, internal service,



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

and fiduciary funds, the Sports Authority Fund, the Industrial Development Board Fund, and each of the discretely presented component units as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements of the Hospital Authority 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 12E in the accompanying financial statements, Metropolitan Nashville General Hospital and Bordeaux Long Term Care and Knowles Home (funds of the Hospital Authority) have experienced recurring losses from operations and Metropolitan Nashville General Hospital has a deficiency in net assets that raise substantial doubt about their ability to continue as going concerns. The Hospital Authority management's plans regarding these matters are also described in Note 12E. The financial statements of the Hospital Authority do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2010, 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 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 transportation network, the schedule of funding progress - pension plans, the schedule of employer contributions - pension plans, the schedule of funding progress - other postemployment benefit plans, and the schedule of employer contributions - other postemployment benefit plans on pages B-112 through B-113, B-114 through B-117, B-118 through B-119, B-120 through B-121, and B-122, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements and each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, the Sports Authority Fund, the Industrial Development Board 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-23, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections listed in the table of contents and schedules on pages G-24 through G-29 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.

Crosslin & Associates, P.C.

Nashville, Tennessee
October 31, 2010



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, 2010.

FINANCIAL HIGHLIGHTS

- The assets of the Government exceeded its liabilities at the close of the most recent fiscal year by \$2.0 billion (*net assets*). This amount includes negative \$342 million of *unrestricted net assets*.
- The Government's total net assets decreased by \$226 million (a decrease of \$257 million from governmental activities and an increase of \$31 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 \$338 million, an increase of \$232 million in comparison with the prior year. This amount includes \$267 million of *unreserved fund balance*.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$59 million, or 7.5% of total general fund expenditures and other financing uses.
- The enterprise funds reported net assets at year-end of \$1.3 billion, an increase of \$35 million during the year.
- The Government's total general obligation and revenue bonds outstanding increased by \$311 million (15.2%) during the current fiscal year. New bond issues totaled \$600 million, which were offset by principal payments of \$118 million, refundings of \$193 million, and changes in deferred amounts of \$22 million. Other debt increased by \$21 million due to a borrowing of Qualified School Construction Bond proceeds from the Tennessee State School Bond Authority.
- The Government borrows funds under commercial paper programs to provide interim or short-term financing of authorized capital projects. Total commercial paper outstanding at the close of the fiscal year was \$55 million.
- The Nashville area experienced significant flooding in May 2010. As a result, the Government recognized an extraordinary loss of \$8 million, \$1 million in governmental activities and \$7 million in business-type activities.

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 on an accrual basis 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, School Community Education, Stormwater Operations, and Community Education Commission functions.

The government-wide financial statements include not only the Government itself (known as the *primary government*), but also the Nashville District Management Corporation, Gulch Business Improvement District, Inc., Sports Authority, Industrial Development Board, Hospital Authority, Metropolitan Development and Housing Agency, Electric Power Board, Metropolitan Transit Authority, Metropolitan Nashville Airport Authority, Emergency Communications District, and Convention Center Authority. These *component units* are legally separate organizations for which the Government is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

Fund Financial Statements

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

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

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

The Government reports 28 individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the General Fund, General Purpose School Fund, GSD General Purposes Debt Service Fund, GSD School Purposes Debt Service Fund, USD General Purposes Debt Service Fund, GSD Capital Projects Fund, Education Capital Projects Fund and USD 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 Capital Projects Funds. 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 major 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, School Community Education, Stormwater Operations, and Community Education Commission functions. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Government's various functions. For the fiscal year ended June 30, 2010, the Government used internal service funds to account for its fleet, information systems, radio equipment, insurance, school supply, postal, treasury management, and general services functions. 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 the 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-110 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information surrounding infrastructure condition and maintenance data, found on pages B-112 to B-113, the Government's progress in funding its obligation to provide pension benefits to employees, found on pages B-114 to B-119, and the Government's progress in funding its obligation to provide other postemployment benefits to employees, found on pages B-120 to B-122.

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 \$2.0 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 1,455,654	\$ 1,347,368	\$ 188,870	\$ 190,840	\$ 1,644,524	\$ 1,538,208
Capital assets	3,003,964	2,932,085	1,691,652	1,662,369	4,695,616	4,594,454
Total assets	4,459,618	4,279,453	1,880,522	1,853,209	6,340,140	6,132,662
Long-term liabilities	2,698,941	2,144,605	501,552	533,471	3,200,493	2,678,076
Other liabilities	1,003,343	1,120,533	108,855	80,818	1,112,198	1,201,351
Total liabilities	3,702,284	3,265,138	610,407	614,289	4,312,691	3,879,427
Net assets:						
Invested in capital assets, net of related debt	1,099,333	1,083,097	1,217,101	1,196,149	2,316,434	2,279,246
Restricted	31,994	22,917	21,481	22,587	53,475	45,504
Unrestricted	(373,993)	(91,699)	31,533	20,184	(342,460)	(71,515)
Total net assets	\$ 757,334	\$ 1,014,315	\$ 1,270,115	\$ 1,238,920	\$ 2,027,449	\$ 2,253,235

Governmental activities – Current and other assets for governmental activities increased by 8.0%. The increase is primarily due to additional cash on hand as a result of bond issues in June 2010 and an increase in accounts receivable due to expected insurance, federal and state recoveries expected for flood-related expenditures. Capital assets increased by 2.5% due to construction of new schools, other government buildings and infrastructure and due to the renovation of existing government buildings. Long-term liabilities increased by 25.9% primarily due to the issuance of bonds and the current year increase in the obligation for other postemployment benefits (OPEB) liability, offset by refunded bonds and the current year principal payments on bonds. Other liabilities decreased by 10.5% primarily due to a decrease in commercial paper outstanding at year-end.

The largest portion of the Government's net assets for governmental activities (145.2%) 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 (4.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets for governmental activities represents unrestricted net assets of negative \$374 million (-49.4%). Note that the unrestricted net assets are negative primarily due to the unfunded OPEB liability of \$472 million at June 30, 2010.

Business-type activities – Current and other assets for business-type activities decreased by 1.05% due primarily to the increase in internal balances owed to governmental activities. Capital assets increased by 1.8% due to additions to utility plants for the Department of Water and Sewerage Services offset by impairment losses related to the May 2010 flood. Long-term liabilities decreased by 6.0% due to principal payments on the revenue bonds and other debt of the Department of Water and Sewerage Services in excess of an increase in state loans. Other liabilities increased by 34.7% primarily due to an increase in the current portion of long term debt from state loan borrowings and the commercial paper payable balance used to fund capital expenditures prior to the issuance of bonds at the Department of Water and Sewerage Services.

The largest portion of the Government's net assets for business-type activities (95.8%) 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 (1.7%) 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 \$32 million (2.5%), may be used to meet the Government's ongoing obligations to citizens and creditors.

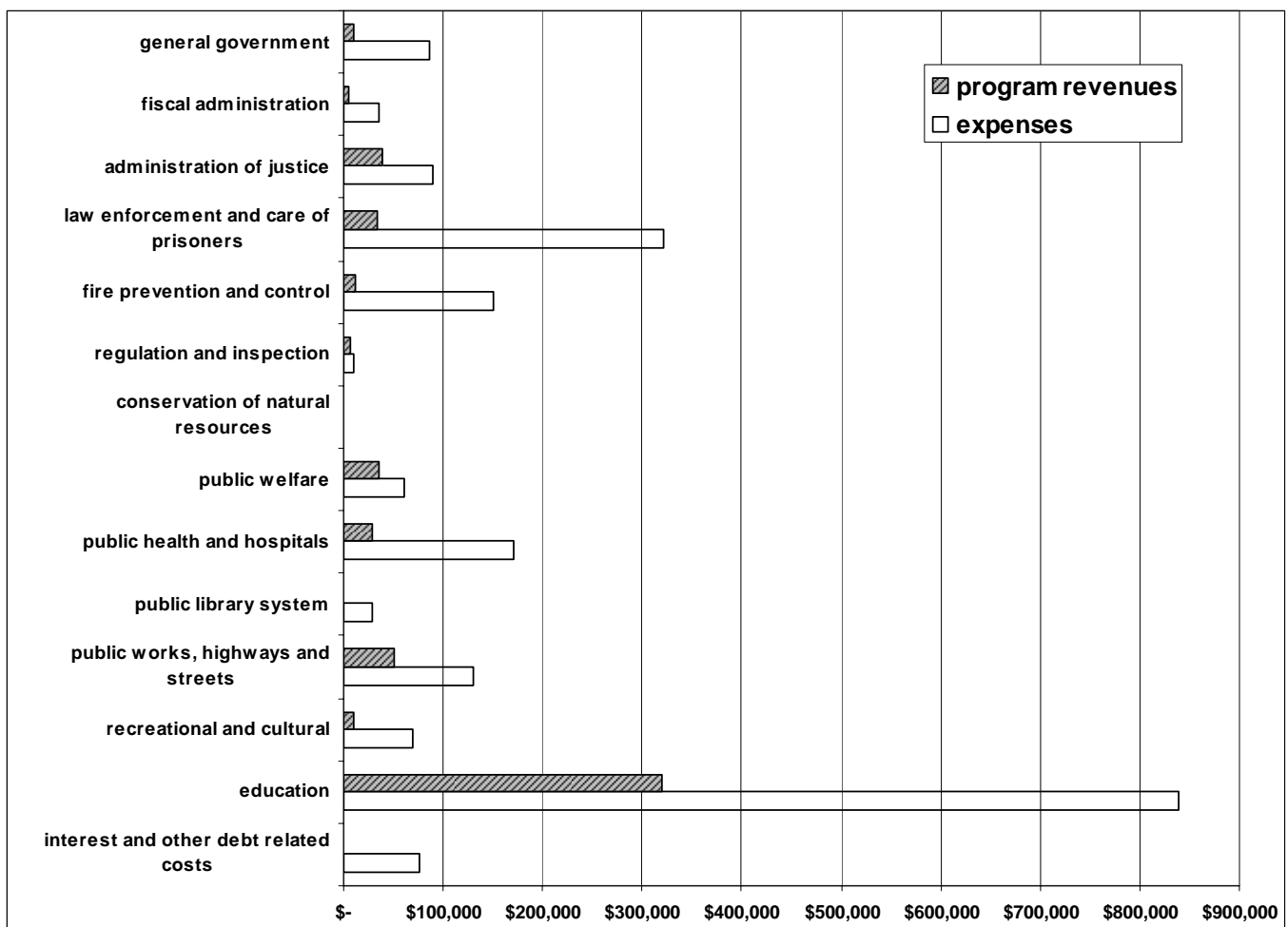
At the end of the current fiscal year, the Government is able to report positive balances in all three categories of net assets for its total business-type activities.

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	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 141,833	\$ 148,223	\$ 216,990	\$ 202,978	\$ 358,823	\$ 351,201
Operating grants and contributions	390,732	351,066	-	-	390,732	351,066
Capital grants and contributions	41,648	56,163	41,302	27,463	82,950	83,626
General revenues:						
Property taxes	793,293	773,659	-	-	793,293	773,659
Local option sales taxes	256,178	264,573	-	-	256,178	264,573
Hotel occupancy taxes	37,713	38,790	-	-	37,713	38,790
Beverage taxes	27,010	28,455	-	-	27,010	28,455
Wheel taxes	27,036	26,043	-	-	27,036	26,043
Business taxes	17,935	22,640	-	-	17,935	22,640
Franchise taxes	16,850	18,853	-	-	16,850	18,853
Other taxes	334	432	-	-	334	432
Revenues from the use of money or property	1,445	6,109	391	2,790	1,836	8,899
Revenues from other governmental agencies	58,160	65,026	-	-	58,160	65,026
Compensation for loss, sale or damage to property	1,747	1,022	171	92	1,918	1,114
Total revenues	1,811,914	1,801,054	258,854	233,323	2,070,768	2,034,377
Expenses:						
General government	85,444	83,668	-	-	85,444	83,668
Fiscal administration	35,358	34,264	-	-	35,358	34,264
Administration of justice	89,601	85,723	-	-	89,601	85,723
Law enforcement and care of prisoners	321,175	304,917	-	-	321,175	304,917
Fire prevention and control	150,117	143,912	-	-	150,117	143,912
Regulation and inspection	10,170	9,910	-	-	10,170	9,910
Conservation of natural resources	471	491	-	-	471	491
Public welfare	60,159	51,362	-	-	60,159	51,362
Public health and hospitals	170,662	131,677	-	-	170,662	131,677
Public library system	28,742	29,754	-	-	28,742	29,754
Public works, highways and streets	130,469	125,490	-	-	130,469	125,490
Recreational and cultural	68,667	76,290	-	-	68,667	76,290
Education	839,760	808,285	-	-	839,760	808,285
Interest and other debt related costs	76,553	85,823	-	-	76,553	85,823
Department of Water and Sewerage Services	-	-	173,896	177,984	173,896	177,984
District Energy System	-	-	17,908	20,261	17,908	20,261
Nashville Convention Center	-	-	7,134	7,572	7,134	7,572
Board of Fair Commissioners	-	-	4,195	4,428	4,195	4,428
Farmers Market	-	-	1,080	1,215	1,080	1,215
Police Secondary Employment	-	-	1,545	881	1,545	881
Surplus Property Auction	-	-	735	806	735	806
Municipal Auditorium	-	-	1,654	1,738	1,654	1,738
Police Impound	-	-	1,687	1,882	1,687	1,882
School Community Education	-	-	192	1,050	192	1,050
Stormwater Operations	-	-	10,598	-	10,598	-
Community Education Commission	-	-	358	-	358	-
Total expenses	2,067,348	1,971,566	220,982	217,817	2,288,330	2,189,383
Change in net assets before transfers	(255,434)	(170,512)	37,872	15,506	(217,562)	(155,006)
Transfers	(323)	538	323	(538)	-	-
Extraordinary item - flood loss	(1,224)	-	(7,000)	-	(8,224)	-
Change in net assets	(256,981)	(169,974)	31,195	14,968	(225,786)	(155,006)
Net assets, beginning of year	1,014,315	1,184,289	1,238,920	1,223,952	2,253,235	2,408,241
Net assets, end of year	\$ 757,334	\$ 1,014,315	\$ 1,270,115	\$ 1,238,920	\$ 2,027,449	\$ 2,253,235

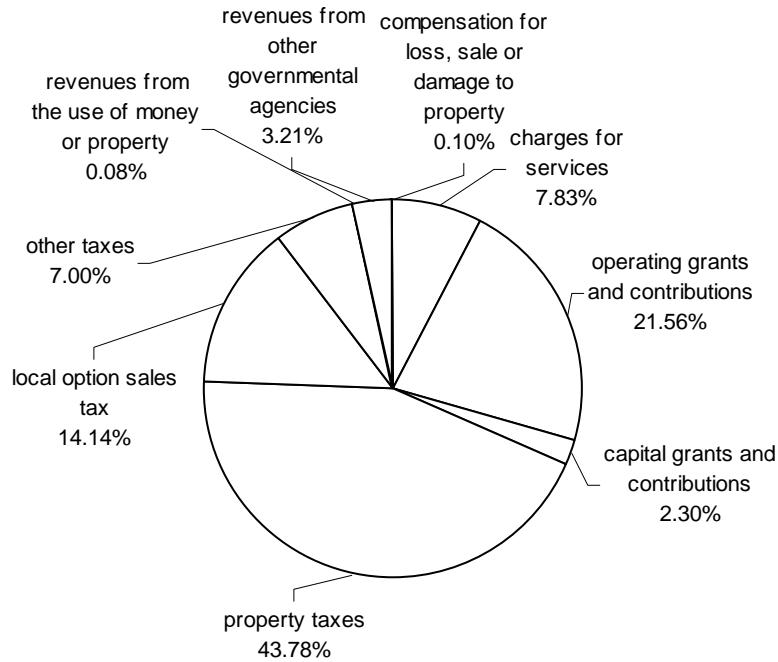
Governmental activities – Governmental activities decreased the Government’s net assets by \$248 million, compared to a \$170 million decrease in the prior year. Total revenue increased by \$11 million. Significant variances in revenues included 1) an increase of \$40 million in operating grants and contributions due to new grants received under the American Recovery and Reinvestment Act of 2009, 2) a decrease of \$15 million in capital grants and contributions as the value of donated roads has decreased as a result of the economic downturn and decreased private construction, 3) an increase of \$20 million in property taxes resulting from normal growth, 4) a decrease of \$8 million in local option sales taxes as a result of the continued economic downturn, and 5) a decrease of \$7 million in revenues from other governmental as the result of lower income and excise tax collections. Total expenditures increased by \$86 million. Significant variances in expenditures included 1) an increase of \$16 million in law enforcement and care of prisoners due to increases in pension and OPEB obligations, 2) an increase of \$39 million in public health and hospitals due to a one time appropriation of \$32 million to General Hospital, a component unit, to forgive debt owed to the Government, 3) an increase of \$31 million in education resulting from an increase in spending of \$29 million on federally funded programs that received additional funding through the American Recovery and Reinvestment Act of 2009, and 4) a decrease of \$9 million in interest and other debt related costs primarily due to a decrease in interest as a result of current year bond refundings.

Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2010



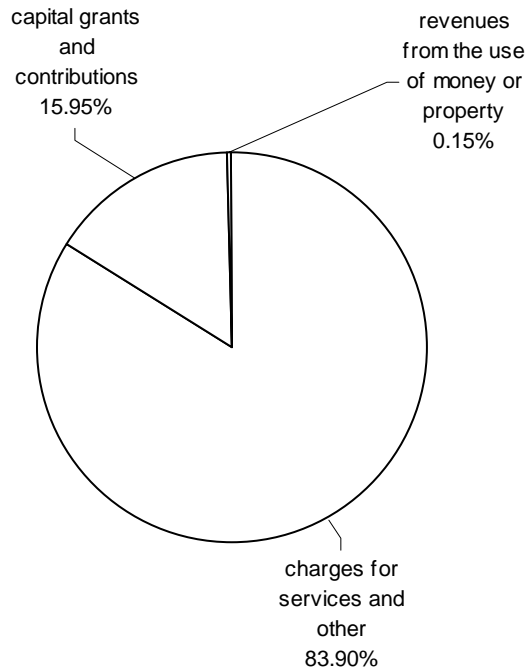
(in thousands)

Revenues by Source - Governmental Activities – For the Year Ended June 30, 2010



Business-type activities – Business-type activities increased the Government's net assets by \$31 million compared to a \$15 million increase in the prior year. The increase in the change in net assets is primarily due to the Department of Water and Sewerage Services operating results for the 2010 fiscal year. Despite a \$7 million decrease to reflect the impairment of one of the utility plants as a result of the May 2010 flooding, contributions of capital assets from completed developments increased \$13 million. Additionally, the Government began assessing a stormwater fee effective July 1, 2009 which resulted in a \$7 million increase in net assets.

Revenues by Source – Business-type Activities – For the Year Ended June 30, 2010



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 \$338 million, an increase of \$232 million in comparison with the prior year. Approximately 79.1% of ending fund balance (\$267 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 spending because it has already been committed for: 1) the purchase of equipment (\$39 million), 2) future debt payments (\$28 million), and 3) other purposes (\$4 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 \$59 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 7.5% of total general fund expenditures and other financing uses, while total fund balance represents 7.7% of total general fund expenditures and other financing uses.

The total fund balance of the Government's General Fund decreased by \$19 million during the current fiscal year as compared to a \$17 million increase in the previous year. While sales taxes and certain other revenues primarily related to development and building permits were under budget due to the economic downturn, property taxes and other revenues increased, mostly offsetting those revenue shortfalls. Ongoing operating expenditures were under budget \$18 million due to savings achieved during the fiscal year. However, a one time appropriation of \$32 million to General Hospital, a component unit, to forgive debt owed to the General Fund, resulted in an overall decrease in fund balance. Additionally, transfers from the General Fund to cover accumulated deficits in certain other funds decreased fund balance by another \$3 million.

The fund balance of the Government's General Purpose School Fund decreased by \$12 million during the current fiscal year due to a budgeted use of \$12 million of fund balance.

The fund balance of the Government's GSD General Purposes, GSD School Purposes and USD General Purposes Debt Service Funds decreased by \$18 million in the current fiscal year primarily due to a budgeted use of \$24 million of fund balance. Additionally, revenues exceeded budgeted amounts by \$3 million.

The fund balance of the Government's capital projects funds increased by \$320 million primarily due the proceeds of new debt of \$449 million in excess of current year expenditures of \$136 million.

The fund balance of the Government's other governmental funds decreased by \$39 million primarily due to \$15 million of expenditures in excess of recoveries from the May 2010 flood, and the use of hotel occupancy and other tourist-related taxes of \$15 million that had accumulated in fund balance in prior fiscal years to fund costs associated with a new convention center.

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 \$87 million. The total decrease in unrestricted net assets for these funds was \$1 million. Factors concerning the finances of the enterprise funds have already been addressed in the discussion of the Government's business-type activities. Proprietary funds also include internal service funds, the operations of which are primarily included in governmental activities in the government-wide statements. While the enterprise funds increased the unrestricted net assets of proprietary funds by \$14 million, the internal service funds decreased unrestricted net assets by \$15 million. The decrease is primarily due to the decrease in unrestricted net assets of \$13 million in the School Professional Employees' Insurance Fund, which is used to accumulate assets for the payment of self insured medical claims for school employees. The decrease will be funded by future rate increases and/or plan savings.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original and Final Budgeted Amounts

For the General Fund, there were minor differences in revenues and other financing sources between the original budget and final amended budget, due primarily to additional revenue for specified purposes. Differences in expenditures and other financing uses between the original budget and the final amended budget are primarily due to the one time appropriation from fund balance reserves of \$32 million to General Hospital, a component unit, and budget supplements to fund accumulated deficits in other funds, both discussed above. Other variances in the budget line items were primarily due to fringe benefit increases being originally budgeted under miscellaneous expenditures then reallocated to departmental budgets after the final budget was approved.

Final Budgeted and Actual Amounts

Sales taxes and permit revenue came in under budget due to the economic downturn as discussed above. However, the shortage was mostly offset by overages in other revenues which exceeded projections, primarily property taxes. Actual expenditures and other financing uses were under budget by \$18 million because of aggressive mid-year savings targets required of all departments.

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, 2010 amounts to \$4.7 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$133 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Utility plant in service	\$ -	\$ -	\$ 2,287,390	\$ 2,183,577	\$ 2,287,390	\$ 2,183,577
Land	249,419	224,342	18,141	18,138	267,560	242,480
Buildings and improvements	1,462,913	1,369,533	132,278	127,029	1,595,191	1,496,562
Improvements other than buildings	-	-	43,018	42,581	43,018	42,581
Furniture, machinery and equipment	298,542	282,842	35,075	39,600	333,617	322,442
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,552,528	1,529,429	-	-	1,552,528	1,529,429
Public art	581	-	-	-	581	-
Construction in progress	172,421	202,972	39,261	62,017	211,682	264,989
Less: Accumulated depreciation	(732,440)	(677,033)	(867,156)	(814,218)	(1,599,596)	(1,491,251)
Total capital assets	\$ 3,003,964	\$ 2,932,085	\$ 1,691,652	\$ 1,662,369	\$ 4,695,616	\$ 4,594,454

The total increase in the Government's investment in capital assets for the current fiscal year was 2.2% (a 2.5% increase for governmental activities and a 1.8% 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. Additionally, land and infrastructure increased from donated rights of way related to new developments. Additions to the utility plants for the Department of Water and Sewerage Services net of disposals totaled approximately \$104 million.

As allowed by GASB Statement No. 34, the Government has adopted the alternative to recording depreciation expense on selected infrastructure assets. Under this method, referred to as the modified approach, the Government expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under this approach include approximately 5,777 lane miles of streets and roads and 325 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 70.0% of roads and 98.3% of bridges meet the Government's policy, as compared to 77.5% of roads in 2009 and 98.0% of bridges in 2008. The maintenance of infrastructure in accordance with the Government's policy continues to be a priority.

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 \$2.3 billion. Of this amount, \$1.9 billion comprises debt backed by the full faith and credit of the Government. The remaining \$377 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	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 1,904,109	\$ 1,578,135	\$ 6,391	\$ 6,890	\$ 1,910,500	\$ 1,585,025
Deferred amounts, net	<u>61,860</u>	<u>40,298</u>	<u>605</u>	<u>426</u>	<u>62,465</u>	<u>40,724</u>
Total general obligation bonds outstanding	<u>1,965,969</u>	<u>1,618,433</u>	<u>6,996</u>	<u>7,316</u>	<u>1,972,965</u>	<u>1,625,749</u>
Revenue bonds	3,870	5,665	369,685	404,385	373,555	410,050
Deferred amounts, net	<u>(29)</u>	<u>(54)</u>	<u>3,852</u>	<u>4,245</u>	<u>3,823</u>	<u>4,191</u>
Total revenue bonds outstanding	<u>3,841</u>	<u>5,611</u>	<u>373,537</u>	<u>408,630</u>	<u>377,378</u>	<u>414,241</u>
Total general obligation and revenue bonds outstanding	<u>\$ 1,969,810</u>	<u>\$ 1,624,044</u>	<u>\$ 380,533</u>	<u>\$ 415,946</u>	<u>\$ 2,350,343</u>	<u>\$ 2,039,990</u>

The Government's total general obligation and revenue bonds outstanding increased by \$311 million (15.2%) during the current fiscal year. New bond issues totaled \$600 million, which were offset by principal payments of \$118 million, refundings of \$193 million, and changes in deferred amounts of \$22 million.

Other debt increased by \$21 million due to a borrowing of Qualified School Construction Bond loan proceeds from the Tennessee State School Bond Authority.

Construction commitments at June 30, 2010 totaled \$101 million for the governmental activities of the Government and \$30 million for the Department of Water and Sewerage Services.

The Government maintains an 'AA' rating from Standard & Poor's and 'Aa1' 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 2.97%, and the amount of net debt per capita is \$2,954.43.

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. In November 2009, the Government instituted a Water and Sewer revenue bond commercial paper program to provide interim and short-term financing for various authorized capital projects of the Department of Water and Sewerage Services. Commercial paper obligations of \$55 million outstanding at June 30, 2010 were subsequently rolled over into new commercial paper obligations and are considered short-term liabilities of the appropriate capital project funds, the Department of Water and Sewerage Services, and the District Energy System.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The most recent (August 2010) unemployment rate for the Nashville combined statistical area is 9.1%. The state's and nation's unemployment rates are both 9.6%. The budget for the 2011 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 2011 fiscal year, the budget ordinance, the budget book as well as other documents are available at www.nashville.gov.

OTHER MATTERS

In May 2010 Davidson County experienced significant flooding. As a result, through June 30, 2010 the Government has recognized approximately \$8 million of extraordinary losses primarily representing asset impairments. Additionally, at June 30, 2010 the Government had \$45.6 million of contractual commitments related to flood recovery. The commitments are expected to be primarily funded through insurance and federal and state financial assistance, with any remaining amounts funded through future capital and operating budgets. Subsequent to June 30, 2010, the Assessor of Property completed reappraisals of properties impacted by the flood, and the reductions in appraised values are expected to reduce property tax collections in fiscal year 2010-2011 by approximately \$5.5 million across all funds that receive property tax revenues. None of these impacts is expected to have a material adverse financial impact on the Government as a whole.

Governmental Accounting Standard Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB), requires governments to account for and report their costs and obligations related to post employment healthcare and other nonpension benefits. At June 30, 2010, the unfunded accrued liability for these benefits for general government employees is \$2.0 billion, and the unfunded accrued liability for teachers is \$585 million. These benefits are currently funded on a pay-as-you-go basis and, as a result, the government recognized an increase in net OPEB obligations totaling \$177 million in the government-wide statements of net assets and activities. Additional information can be found in Note 7 beginning on page B-92 of this report.

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.





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS

June 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 446,253,705	\$ 44,469,644	\$ 490,723,349	\$ 162,016,622
Investments	-	-	-	47,959,083
Sales tax receivable	44,283,373	-	44,283,373	-
Accounts receivable	144,707,289	28,545,241	173,252,530	208,317,548
Property tax receivable	783,235,341	-	783,235,341	-
Allowance for doubtful accounts	(56,073,876)	(4,183,706)	(60,257,582)	(43,113,188)
Accrued interest receivable	44,144	23,371	67,515	655,500
Internal balances	22,704,191	(22,704,191)	-	-
Due from the primary government	-	-	-	7,701,035
Due from component units	6,395,386	-	6,395,386	-
Inventories of supplies	3,975,204	2,078,704	6,053,908	29,141,169
Other current assets	3,296,674	2,513	3,299,187	4,172,008
Restricted assets:				
Cash and cash equivalents	-	133,851,457	133,851,457	238,076,592
Investments	-	-	-	548,066,390
Accrued interest receivable	-	5,029	5,029	2,382,092
Due from the primary government	-	-	-	1,809,368
Accounts receivable	-	61,765	61,765	-
Due from other governmental agencies	-	1,645,073	1,645,073	16,157,201
Other restricted assets	-	217,211	217,211	8,470,304
Notes receivable	-	-	-	35,432,394
Capital assets:				
Utility plant in service	-	2,287,390,434	2,287,390,434	1,124,772,000
Land	249,419,169	18,140,732	267,559,901	266,206,417
Buildings and improvements	1,462,912,556	132,277,852	1,595,190,408	939,671,966
Improvements other than buildings	-	43,017,849	43,017,849	446,709,854
Furniture, machinery and equipment	298,542,524	35,074,883	333,617,407	240,349,341
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,552,527,741	-	1,552,527,741	21,155,548
Public art	580,860	-	580,860	-
Construction in progress	172,421,072	39,261,165	211,682,237	230,236,668
Accumulated depreciation	(732,439,823)	(867,155,887)	(1,599,595,710)	(1,178,942,585)
Other noncurrent assets	56,832,419	4,857,738	61,690,157	28,885,715
Total assets	4,459,617,949	1,880,521,877	6,340,139,826	3,386,289,042
<u>LIABILITIES</u>				
Accounts payable	76,309,383	8,817,266	85,126,649	203,045,330
Accrued payroll	54,156,815	3,829,048	57,985,863	11,833,083
Accrued interest	23,635,555	-	23,635,555	2,778,000
Claims payable	33,486,283	-	33,486,283	-
Due to component units	9,510,333	70	9,510,403	-
Due to the primary government	-	-	-	13,986,408
Customer deposits	-	3,255,436	3,255,436	12,913,819
Unearned revenue	771,553,248	848,130	772,401,378	-
Commercial paper payable	24,810,314	30,189,686	55,000,000	-
Other current liabilities	9,880,891	3,531,398	13,412,289	12,344,454

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, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>LIABILITIES (CONTINUED)</u>				
Liabilities payable from restricted assets:				
Accounts payable	\$ -	\$ 3,762,057	\$ 3,762,057	\$ 10,388,398
Accrued payroll	-	60,241	60,241	88,457
Due to the primary government	-	-	-	613,529
Accrued interest	-	9,153,476	9,153,476	16,092,723
Funds held in trust	-	-	-	214,704
Current portion of long-term liabilities	-	45,408,825	45,408,825	46,110,000
Noncurrent liabilities:				
Due within one year	49,999,672	195,000	50,194,672	4,374,281
Due in more than one year	2,648,941,872	501,356,609	3,150,298,481	1,536,929,022
Total liabilities	<u>3,702,284,366</u>	<u>610,407,242</u>	<u>4,312,691,608</u>	<u>1,871,712,208</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	1,099,333,183	1,217,100,594	2,316,433,777	1,198,126,432
Restricted for debt retirement	27,923,023	21,480,633	49,403,656	104,228,863
Restricted for perpetual care:				
Expendable	217,129	-	217,129	-
Nonexpendable	185,112	-	185,112	-
Restricted for other purposes	3,668,167	-	3,668,167	27,146,277
Unrestricted	(373,993,031)	31,533,408	(342,459,623)	185,075,262
Total net assets	<u>\$ 757,333,583</u>	<u>\$ 1,270,114,635</u>	<u>\$ 2,027,448,218</u>	<u>\$ 1,514,576,834</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, 2010

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 85,443,966	\$ 6,550,388	\$ 3,419,971	\$ -
Fiscal administration	35,358,567	4,175,679	113,835	-
Administration of justice	89,600,404	34,343,705	4,620,572	-
Law enforcement and care of prisoners	321,174,577	31,282,383	8,036,623	-
Fire prevention and control	150,117,349	10,939,415	272,737	-
Regulation and inspection	10,170,533	7,551,600	-	-
Conservation of natural resources	471,025	-	-	-
Public welfare	60,159,047	1,366,815	34,480,453	-
Public health and hospitals	170,662,162	8,943,461	19,049,736	-
Public library system	28,742,243	494,200	629,184	-
Public works, highways and streets	130,469,298	9,342,671	1,316,594	39,745,732
Recreational and cultural	68,667,303	8,617,865	239,675	1,511,112
Education	839,760,045	18,225,007	318,552,528	391,371
Interest and other debt related costs	76,553,060	-	-	-
Total governmental activities	<u>2,067,349,579</u>	<u>141,833,189</u>	<u>390,731,908</u>	<u>41,648,215</u>
Business-type activities:				
Department of Water and Sewerage Services	173,896,062	171,520,427	-	40,958,104
District Energy System	17,908,532	15,561,717	-	-
Nashville Convention Center	7,134,103	5,366,012	-	-
Board of Fair Commissioners	4,195,001	3,392,723	-	-
Farmers Market	1,079,810	983,267	-	-
Police Secondary Employment	1,544,749	2,437,029	-	-
Surplus Property Auction	735,112	1,094,285	-	-
Municipal Auditorium	1,653,633	1,363,719	-	344,670
Police Impound	1,686,995	1,582,671	-	-
School Community Education	192,743	31,012	-	-
Stormwater Operations	10,597,852	13,634,799	-	-
Community Education Commission	357,775	21,843	-	-
Total business-type activities	<u>220,982,367</u>	<u>216,989,504</u>	<u>-</u>	<u>41,302,774</u>
Total primary government	<u>\$ 2,288,331,946</u>	<u>\$ 358,822,693</u>	<u>\$ 390,731,908</u>	<u>\$ 82,950,989</u>
Component units	<u>\$ 1,521,609,929</u>	<u>\$ 1,313,867,189</u>	<u>\$ 248,286,848</u>	<u>\$ 38,014,870</u>

General revenues:
Property taxes
Local option sales taxes
Hotel occupancy taxes
Beverage taxes
Wheel taxes
Business taxes
Franchise taxes
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
Extraordinary item - flood loss
Total general revenues, transfers and extraordinary item
Changes in net assets
Net assets - beginning, as restated
Net assets - ending

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2010

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (75,473,607)	\$ -	\$ (75,473,607)	\$ -
(31,069,053)	-	(31,069,053)	-
(50,636,127)	-	(50,636,127)	-
(281,855,571)	-	(281,855,571)	-
(138,905,197)	-	(138,905,197)	-
(2,618,933)	-	(2,618,933)	-
(471,025)	-	(471,025)	-
(24,311,779)	-	(24,311,779)	-
(142,668,965)	-	(142,668,965)	-
(27,618,859)	-	(27,618,859)	-
(80,064,301)	-	(80,064,301)	-
(58,298,651)	-	(58,298,651)	-
(502,591,139)	-	(502,591,139)	-
(76,553,060)	-	(76,553,060)	-
<u>(1,493,136,267)</u>	<u>-</u>	<u>(1,493,136,267)</u>	<u>-</u>
-	38,582,469	38,582,469	-
-	(2,346,815)	(2,346,815)	-
-	(1,768,091)	(1,768,091)	-
-	(802,278)	(802,278)	-
-	(96,543)	(96,543)	-
-	892,280	892,280	-
-	359,173	359,173	-
-	54,756	54,756	-
-	(104,324)	(104,324)	-
-	(161,731)	(161,731)	-
-	3,036,947	3,036,947	-
-	(335,932)	(335,932)	-
<u>-</u>	<u>37,309,911</u>	<u>37,309,911</u>	<u>-</u>
<u>(1,493,136,267)</u>	<u>37,309,911</u>	<u>(1,455,826,356)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>78,558,978</u>
793,292,535	-	793,292,535	-
256,178,237	-	256,178,237	-
37,713,074	-	37,713,074	-
27,010,186	-	27,010,186	-
27,036,264	-	27,036,264	-
17,934,773	-	17,934,773	-
16,850,323	-	16,850,323	-
333,524	-	333,524	-
1,444,782	390,546	1,835,328	5,208,696
58,160,175	-	58,160,175	-
1,747,316	171,073	1,918,389	2,277,058
(322,644)	322,644	-	-
(1,223,823)	(7,000,000)	(8,223,823)	(9,908,335)
<u>1,236,154,722</u>	<u>(6,115,737)</u>	<u>1,230,038,985</u>	<u>(2,422,581)</u>
(256,981,545)	31,194,174	(225,787,371)	76,136,397
1,014,315,128	1,238,920,461	2,253,235,589	1,438,440,437
<u>\$ 757,333,583</u>	<u>\$ 1,270,114,635</u>	<u>\$ 2,027,448,218</u>	<u>\$ 1,514,576,834</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, 2010

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
ASSETS:				
Cash and cash equivalents	\$ 65,599,030	\$ 4,663,392	\$ 18,194,277	\$ 7,563,564
Sales tax receivable	14,133,099	29,189,804	507,395	426,036
Accounts receivable	68,932,376	2,314,523	12,593,090	-
Accrued interest receivable	9,206	-	4,038	592
Property tax receivable	423,509,473	231,714,787	83,268,251	29,770,115
Allowance for doubtful accounts	(38,667,282)	(3,162,816)	(13,560,031)	(499,683)
Due from other funds of the primary government	8,941,100	19,991,810	397,938	6,445,200
Due from component units	5,777,909	-	-	-
Inventories of supplies	299,659	937,417	-	-
Other assets	128,833	815,234	20,000	-
Total assets	\$ 548,663,403	\$ 286,464,151	\$ 101,424,958	\$ 43,705,824
LIABILITIES:				
Accounts payable	\$ 12,073,326	\$ 5,446,992	\$ 679,873	\$ 5,530
Accrued payroll	23,790,927	24,154,576	-	-
Due to other funds of the primary government	17,916,411	966,703	10,697,827	12,471
Due to component units	480,628	-	-	-
Deferred revenue	425,903,196	227,684,555	81,640,897	29,128,567
Commercial paper payable	-	-	-	-
Other liabilities	7,600,066	171,729	-	-
Total liabilities	487,764,554	258,424,555	93,018,597	29,146,568
FUND BALANCES (DEFICITS):				
Reserved for imprest cash and inventories	466,847	939,806	-	-
Reserved for subsequent year budgetary appropriations	1,370,583	-	-	-
Reserved for equipment acquisitions	-	-	-	-
Reserved for perpetual care	-	-	-	-
Reserved for debt service	-	-	8,406,361	14,559,256
Reserved for tourism	-	-	-	-
Unreserved, reported in:				
General fund:				
Undesignated	59,061,419	-	-	-
Special revenue funds:				
Designated for flood recovery	-	-	-	-
Designated for convention center and tourism promotion	-	-	-	-
Designated for scholarships	-	-	-	-
Undesignated	-	27,099,790	-	-
Capital projects funds:				
Designated for capital projects	-	-	-	-
Undesignated	-	-	-	-
Permanent funds:				
Undesignated	-	-	-	-
Total fund balances (deficits)	60,898,849	28,039,596	8,406,361	14,559,256
Total liabilities and fund balances (deficits)	\$ 548,663,403	\$ 286,464,151	\$ 101,424,958	\$ 43,705,824

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, 2010

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 2,717,675	\$ 136,398,082	\$ 24,735,016	\$ 7,077,448	\$ 104,310,389	\$ 371,258,873
-	-	-	-	-	44,256,334
-	4,937	199,183	-	59,128,250	143,172,359
241	9,445	5	4	11,958	35,489
14,972,715	-	-	-	-	783,235,341
(184,064)	-	-	-	-	(56,073,876)
224,150	16,803,540	5,908	186,801	8,616,352	61,612,799
-	-	-	-	609,572	6,387,481
-	-	-	-	938,529	2,175,605
-	-	-	-	563,892	1,527,959
<u>\$ 17,730,717</u>	<u>\$ 153,216,004</u>	<u>\$ 24,940,112</u>	<u>\$ 7,264,253</u>	<u>\$ 174,178,942</u>	<u>\$ 1,357,588,364</u>
\$ 1,428	\$ 6,857,840	\$ 7,029,050	\$ 1,673,491	\$ 31,951,081	\$ 65,718,611
-	-	-	266	3,267,771	51,213,540
1,475	120,232	6,534,368	-	24,595,778	60,845,265
-	1,539	-	-	9,028,166	9,510,333
14,743,326	-	-	-	18,242,060	797,342,601
-	600,188	24,210,126	-	-	24,810,314
-	-	-	-	2,109,096	9,880,891
<u>14,746,229</u>	<u>7,579,799</u>	<u>37,773,544</u>	<u>1,673,757</u>	<u>89,193,952</u>	<u>1,019,321,555</u>
-	-	-	-	1,460,229	2,866,882
-	-	-	-	-	1,370,583
-	-	-	-	38,634,788	38,634,788
-	-	-	-	185,112	185,112
2,984,488	-	-	-	1,622,937	27,573,042
-	-	-	-	250,000	250,000
-	-	-	-	-	59,061,419
-	-	-	-	1,500,000	1,500,000
-	-	-	-	2,430,682	2,430,682
-	-	-	-	1,100	1,100
-	-	-	-	38,683,013	65,782,803
-	145,636,205	-	5,590,496	-	151,226,701
-	-	(12,833,432)	-	-	(12,833,432)
-	-	-	-	217,129	217,129
<u>2,984,488</u>	<u>145,636,205</u>	<u>(12,833,432)</u>	<u>5,590,496</u>	<u>84,984,990</u>	<u>338,266,809</u>
<u>\$ 17,730,717</u>	<u>\$ 153,216,004</u>	<u>\$ 24,940,112</u>	<u>\$ 7,264,253</u>	<u>\$ 174,178,942</u>	<u>\$ 1,357,588,364</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, 2010

Fund balances - total governmental funds	\$ 338,266,809
<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 are not reported in the governmental funds.</p>	
Capital assets	3,601,173,785
Less accumulated depreciation	(635,282,857)
<p>Net pension assets are not financial resources and therefore are not reported in the governmental funds.</p>	
	34,386,065
<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	(1,907,978,792)
Qualified zone academy notes payable	(4,560,233)
Tennessee Municipal Bond Fund loan payable	(52,650,000)
Qualified school construction bond loan payable	(21,120,000)
Less deferred charge on refunding	37,722,777
Less deferred charge for issuance costs	9,631,199
Add net bond premium/discount	(99,444,900)
Accrued interest payable	(23,635,555)
Unamortized swaption proceeds	(2,734,850)
Net pension obligation	(75,491,745)
Net other postemployment benefits obligation	(472,164,000)
Compensated absences	(77,653,888)
Claims and judgments	(3,400,000)
Landfill closure costs	(9,385,608)
<p>Certain deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.</p>	
	28,524,203
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds less those allocated to business-type activities are included in governmental activities.</p>	
	<u>93,131,173</u>
Net assets - governmental activities	<u>\$ 757,333,583</u>

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



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

For the Year Ended June 30, 2010

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
REVENUES:				
Property taxes	\$ 444,069,326	\$ 224,270,258	\$ 79,785,233	\$ 28,536,209
Local option sales taxes	79,665,435	171,369,784	2,648,469	2,494,549
Other taxes, licenses and permits	92,273,405	4,640,167	-	-
Fines, forfeits and penalties	14,945,708	8,602	554,813	-
Revenues from the use of money or property	82,193	-	17,819	151,919
Revenues from other governmental agencies	76,934,508	202,894,030	2,067,440	-
Commissions and fees	13,991,938	-	-	-
Charges for current services	26,036,703	928,569	972,094	-
Compensation for loss, sale or damage to property	770,528	396,791	-	-
Contributions and gifts	598,824	730,420	-	-
Miscellaneous	2,148,142	46,231	-	-
	-	-	-	-
Total revenues	<u>751,516,710</u>	<u>605,284,852</u>	<u>86,045,868</u>	<u>31,182,677</u>
EXPENDITURES:				
Current:				
General government	23,676,884	-	-	-
Fiscal administration	22,499,859	-	-	-
Administration of justice	54,590,759	-	-	-
Law enforcement and care of prisoners	206,419,773	-	-	-
Fire prevention and control	104,214,957	-	-	-
Regulation and inspection	7,492,864	-	-	-
Conservation of natural resources	352,001	-	-	-
Public welfare	6,391,205	-	-	-
Public health and hospitals	93,805,990	-	-	-
Public library system	18,445,049	-	-	-
Public works, highways and streets	30,946,270	-	-	-
Recreational and cultural	31,368,718	-	-	-
Education	-	601,845,360	-	-
Employee benefits	64,637,576	-	-	-
Miscellaneous	55,652,301	-	-	-
Debt service:				
Principal retirement	-	-	44,330,552	30,017,356
Interest	-	-	46,502,034	26,946,078
Fiscal charges	-	-	844,752	35,339
Debt issue costs	-	-	1,928,251	2,022,556
Capital outlay	-	-	-	-
	-	-	-	-
Total expenditures	<u>720,494,206</u>	<u>601,845,360</u>	<u>93,605,589</u>	<u>59,021,329</u>
Excess (deficiency) of revenues over expenditures	<u>31,022,504</u>	<u>3,439,492</u>	<u>(7,559,721)</u>	<u>(27,838,652)</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, 2010

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 14,377,133	\$ -	\$ -	\$ -	\$ 1,844,070	\$ 792,882,229
-	-	-	-	-	256,178,237
-	-	-	-	39,269,139	136,182,711
-	-	-	-	3,406,239	18,915,362
-	16,761	68	74	225,943	494,777
-	3,935,728	-	-	202,704,007	488,535,713
-	-	-	-	8,010,122	22,002,060
-	-	-	-	22,749,495	50,686,861
-	486,430	53,026	-	5,776	1,712,551
-	384,815	391,371	-	3,364,478	5,469,908
-	-	-	-	512,004	2,706,377
<u>14,377,133</u>	<u>4,823,734</u>	<u>444,465</u>	<u>74</u>	<u>282,091,273</u>	<u>1,775,766,786</u>
-	-	-	-	65,277,671	88,954,555
-	-	-	-	-	22,499,859
-	-	-	-	-	54,590,759
-	-	-	-	32,594,686	239,014,459
-	-	-	-	-	104,214,957
-	-	-	-	-	7,492,864
-	-	-	-	-	352,001
-	-	-	-	36,555,083	42,946,288
-	-	-	-	20,288,888	114,094,878
-	-	-	-	571,944	19,016,993
-	-	-	-	20,092,811	51,039,081
-	-	-	-	1,867,132	33,235,850
-	-	-	-	138,704,818	740,550,178
-	-	-	-	-	64,637,576
-	-	-	-	-	55,652,301
9,746,659	-	-	-	1,795,000	85,889,567
6,925,222	-	-	-	238,375	80,611,709
24,678	-	-	-	2,063	906,832
396,856	-	-	-	-	4,347,663
-	65,776,042	54,079,460	16,219,253	36,365,815	172,440,570
<u>17,093,415</u>	<u>65,776,042</u>	<u>54,079,460</u>	<u>16,219,253</u>	<u>354,354,286</u>	<u>1,982,488,940</u>
<u>(2,716,282)</u>	<u>(60,952,308)</u>	<u>(53,634,995)</u>	<u>(16,219,179)</u>	<u>(72,263,013)</u>	<u>(206,722,154)</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, 2010

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
OTHER FINANCING SOURCES (USES):				
Issuance of new debt	\$ -	\$ -	\$ -	\$ -
Issuance of refunding debt	-	-	95,156,507	74,381,966
Issuance of qualified school construction bonds	-	-	-	-
Debt issue premium (discount)	-	-	9,142,553	7,146,553
Payments to refunded bond escrow agent	-	-	(103,661,294)	(81,031,125)
Insurance recovery	-	-	-	-
Transfers in	17,158,395	3,092,767	14,220,725	3,344,380
Transfers out	(67,008,567)	(19,020,014)	-	-
Total other financing sources (uses)	(49,850,172)	(15,927,247)	14,858,491	3,841,774
Net change in fund balances	(18,827,668)	(12,487,755)	7,298,770	(23,996,878)
FUND BALANCES (DEFICITS), beginning of year	79,726,517	40,527,351	1,107,591	38,556,134
FUND BALANCES (DEFICITS), end of year	\$ 60,898,849	\$ 28,039,596	\$ 8,406,361	\$ 14,559,256

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, 2010

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 286,948,149	\$ 98,277,511	\$ 24,554,340	\$ -	\$ 409,780,000
20,356,770	-	-	-	-	189,895,243
-	-	21,120,000	-	-	21,120,000
1,955,860	12,251,957	5,694,185	368,457	-	36,559,565
(22,176,504)	-	-	-	-	(206,868,923)
-	-	-	-	15,000,000	15,000,000
1,265,937	5,581,131	222,216	38,623	64,755,787	109,679,961
-	(1,031,700)	(75,663)	(2,772,695)	(46,644,976)	(136,553,615)
<u>1,402,063</u>	<u>303,749,537</u>	<u>125,238,249</u>	<u>22,188,725</u>	<u>33,110,811</u>	<u>438,612,231</u>
(1,314,219)	242,797,229	71,603,254	5,969,546	(39,152,202)	231,890,077
<u>4,298,707</u>	<u>(97,161,024)</u>	<u>(84,436,686)</u>	<u>(379,050)</u>	<u>124,137,192</u>	<u>106,376,732</u>
<u>\$ 2,984,488</u>	<u>\$ 145,636,205</u>	<u>\$ (12,833,432)</u>	<u>\$ 5,590,496</u>	<u>\$ 84,984,990</u>	<u>\$ 338,266,809</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, 2010

Net change in fund balances - governmental funds \$ 231,890,077

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	92,640,446
Depreciation expense	(55,588,471)

Donations of capital assets increase net assets for governmental activities, but do not appear in the governmental funds because they are not financial resources.	36,576,301
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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.	(2,730,411)
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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.	(27,015,219)
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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 debt	(620,795,243)
Principal repayments	85,889,567
Payments to refunded bond escrow agent	206,868,923
Amortization of deferred charge on refunding	(2,650,087)
Issuance costs	4,347,663
Amortization of issuance costs	(440,494)
Bond premium/discount	(36,559,565)
Amortization of premium/discount	5,044,864
Change in accrued interest	3,883,610

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, 2010

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 are not reported as expenditures for governmental funds.

Net pension obligation	(4,544,578)
Net other postemployment benefits obligation	(176,689,000)
Compensated absences	(838,631)
Claims and judgments	(395,000)
Landfill closure costs	3,146,642

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.	12,845,620
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds less those allocated to business-type activities are included in governmental activities.	<u>(12,041,286)</u>
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Change in net assets - governmental activities	<u><u>\$ (256,981,545)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 427,603,300	\$ 427,603,300	\$ 444,069,326	\$ 16,466,026
Local option sales tax	88,034,900	88,034,900	79,665,435	(8,369,465)
Other taxes, licenses and permits	99,287,200	99,287,200	92,273,405	(7,013,795)
Fines, forfeits and penalties	13,751,700	13,751,700	14,945,708	1,194,008
Revenues from the use of money or property	689,100	689,100	82,193	(606,907)
Revenues from other governmental agencies	78,271,000	78,271,000	76,934,508	(1,336,492)
Commissions and fees	13,855,000	13,855,000	13,991,938	136,938
Charges for current services	29,149,100	29,149,100	26,036,703	(3,112,397)
Compensation for loss, sale or damage to property	433,000	433,000	770,528	337,528
Contributions and gifts	613,900	614,172	598,824	(15,348)
Miscellaneous	1,203,600	1,203,600	2,148,142	944,542
Total revenues	752,891,800	752,892,072	751,516,710	(1,375,362)
EXPENDITURES:				
General government	24,920,100	25,128,500	23,676,884	1,451,616
Fiscal administration	23,192,100	23,693,700	22,499,859	1,193,841
Administration of justice	55,806,400	55,576,000	54,590,759	985,241
Law enforcement and care of prisoners	207,667,700	209,043,400	206,419,773	2,623,627
Fire prevention and control	104,296,500	104,946,972	104,214,957	732,015
Regulation and inspection	8,256,300	8,234,200	7,492,864	741,336
Conservation of natural resources	407,900	407,000	352,001	54,999
Public welfare	6,730,300	6,726,600	6,391,205	335,395
Public health and hospitals	61,292,500	95,691,100	93,805,990	1,885,110
Public library system	18,917,200	18,994,800	18,445,049	549,751
Public works, highways and streets	31,391,700	31,550,700	30,946,270	604,430
Recreational and cultural	31,311,700	31,724,955	31,368,718	356,237
Employee benefits	63,780,200	63,780,200	64,637,576	(857,376)
Miscellaneous	67,110,100	62,701,323	55,652,301	7,049,022
Total expenditures	705,080,700	738,199,450	720,494,206	17,705,244
Excess (deficiency) of revenues over expenditures	47,811,100	14,692,622	31,022,504	16,329,882
OTHER FINANCING SOURCES (USES):				
Transfers in	17,816,900	17,816,900	17,158,395	(658,505)
Transfers out	(65,628,000)	(67,110,300)	(67,008,567)	101,733
Total other financing sources (uses)	(47,811,100)	(49,293,400)	(49,850,172)	(556,772)
Net change in fund balances	-	(34,600,778)	(18,827,668)	15,773,110
FUND BALANCES, beginning of year	79,726,517	79,726,517	79,726,517	-
FUND BALANCES, end of year	\$ 79,726,517	\$ 45,125,739	\$ 60,898,849	\$ 15,773,110

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 217,108,500	\$ 217,108,500	\$ 224,270,258	\$ 7,161,758
Local option sales tax	179,421,700	179,421,700	171,369,784	(8,051,916)
Other taxes, licenses and permits	4,848,000	4,848,000	4,640,167	(207,833)
Fines, forfeits and penalties	6,200	6,200	8,602	2,402
Revenues from the use of money or property	350,000	350,000	-	(350,000)
Revenues from other governmental agencies	201,066,200	201,066,200	202,894,030	1,827,830
Charges for current services	660,000	660,000	928,569	268,569
Compensation for loss, sale or damage to property	353,000	353,000	396,791	43,791
Contributions and gifts	840,000	840,000	730,420	(109,580)
Miscellaneous	5,100	5,100	46,231	41,131
Total revenues	604,658,700	604,658,700	605,284,852	626,152
EXPENDITURES:				
Education	601,861,200	601,861,200	601,845,360	15,840
Total expenditures	601,861,200	601,861,200	601,845,360	15,840
Excess (deficiency) of revenues over expenditures	2,797,500	2,797,500	3,439,492	641,992
OTHER FINANCING SOURCES (USES):				
Transfers in	3,672,000	3,672,000	3,092,767	(579,233)
Transfers out	(18,900,900)	(18,900,900)	(19,020,014)	(119,114)
Total other financing sources (uses)	(15,228,900)	(15,228,900)	(15,927,247)	(698,347)
Net change in fund balances	(12,431,400)	(12,431,400)	(12,487,755)	(56,355)
FUND BALANCES, beginning of year	40,527,351	40,527,351	40,527,351	-
FUND BALANCES, end of year	\$ 28,095,951	\$ 28,095,951	\$ 28,039,596	\$ (56,355)

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, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 29,061,311	\$ 4,741,499	\$ 10,666,834	\$ 44,469,644	\$ 74,994,832
Accounts receivable	22,205,568	2,290,423	4,049,250	28,545,241	131,731
Allowance for doubtful accounts	(3,729,635)	-	(454,071)	(4,183,706)	-
Accrued interest receivable	11,256	11,040	1,075	23,371	8,655
Due from other funds of the primary government	713,413	-	2,744,874	3,458,287	4,588,963
Due from component units	-	-	-	-	7,905
Inventories of supplies	2,078,704	-	-	2,078,704	1,799,599
Other current assets	-	-	2,513	2,513	1,768,715
Restricted assets:					
Debt service and reserve funds:					
Cash and cash equivalents	-	4,380,506	-	4,380,506	-
Accrued interest receivable	-	5,029	-	5,029	-
Other current assets	217,211	-	-	217,211	-
Construction funds:					
Cash and cash equivalents	1,028,465	1,374,698	-	2,403,163	-
Accounts receivable	61,765	-	-	61,765	-
Due from other funds of the primary government	195	-	-	195	-
Due from other governmental agencies	1,645,073	-	-	1,645,073	-
Total current assets	53,293,326	12,803,195	17,010,475	83,106,996	83,300,400
CAPITAL AND OTHER NONCURRENT ASSETS:					
Capital assets:					
Utility plant in service	2,233,084,570	54,305,864	-	2,287,390,434	-
Land	10,010,297	1,311,213	6,819,222	18,140,732	-
Buildings and improvements	38,227,990	22,249,491	71,800,371	132,277,852	349,008
Improvements other than buildings	38,691,894	273,754	4,052,201	43,017,849	29,031
Furniture, machinery and equipment	32,566,557	886,904	1,621,422	35,074,883	135,365,090
Property under capital lease	-	-	3,645,000	3,645,000	-
Construction work in progress	33,628,975	2,770,339	2,861,851	39,261,165	-
Less accumulated depreciation	(810,687,904)	(12,241,510)	(44,226,473)	(867,155,887)	(97,669,958)
Capital assets - net	1,575,522,379	69,556,055	46,573,594	1,691,652,028	38,073,171
Restricted assets:					
Debt service and reserve funds:					
Cash and cash equivalents	26,031,363	-	-	26,031,363	-
Construction funds:					
Cash and cash equivalents	101,036,425	-	-	101,036,425	-
Other noncurrent assets	3,596,273	1,261,465	-	4,857,738	-
Total capital and other noncurrent assets	1,706,186,440	70,817,520	46,573,594	1,823,577,554	38,073,171
Total assets	1,759,479,766	83,620,715	63,584,069	1,906,684,550	121,373,571

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, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable	\$ 5,849,133	\$ 1,394,677	\$ 1,573,456	\$ 8,817,266	\$ 10,590,772
Accrued payroll	2,153,099	1,056	1,674,893	3,829,048	2,943,275
Claims payable	-	-	-	-	33,486,283
Due to other funds of the primary government	2,716,905	232,875	3,526,549	6,476,329	539,802
Due to component units	-	-	70	70	-
Customer deposits	3,097,179	-	158,257	3,255,436	-
Unearned revenue	-	-	848,130	848,130	-
Current portion of capitalized lease obligations	-	-	195,000	195,000	-
Other current liabilities	3,479,561	3,490	48,347	3,531,398	-
Liabilities payable from restricted assets:					
Debt service and reserve funds:					
Accrued interest payable	8,263,101	890,375	-	9,153,476	-
Current portion of long term debt	35,525,000	1,370,000	-	36,895,000	-
Construction funds:					
Accounts payable	3,762,057	-	-	3,762,057	-
Accrued payroll	60,241	-	-	60,241	-
Current portion of state loans	8,513,825	-	-	8,513,825	-
Commercial paper payable	30,000,000	189,686	-	30,189,686	-
Due to other funds of the primary government	368,610	-	-	368,610	-
Total current liabilities	<u>103,788,711</u>	<u>4,082,159</u>	<u>8,024,702</u>	<u>115,895,572</u>	<u>47,560,132</u>
NONCURRENT LIABILITIES:					
Revenue bonds payable	275,792,028	60,850,061	-	336,642,089	-
General obligation bonds payable	-	6,996,958	-	6,996,958	-
State loans	156,817,562	-	-	156,817,562	-
Capitalized lease obligations	-	-	900,000	900,000	-
Total noncurrent liabilities	<u>432,609,590</u>	<u>67,847,019</u>	<u>900,000</u>	<u>501,356,609</u>	<u>-</u>
Total liabilities	<u>536,398,301</u>	<u>71,929,178</u>	<u>8,924,702</u>	<u>617,252,181</u>	<u>47,560,132</u>
NET ASSETS:					
Invested in capital assets, net of related debt	1,169,910,389	1,711,611	45,478,594	1,217,100,594	38,073,171
Restricted for debt retirement	17,985,473	3,495,160	-	21,480,633	-
Unrestricted	35,185,603	6,484,766	9,180,773	50,851,142	35,740,268
Total net assets	<u>\$ 1,223,081,465</u>	<u>\$ 11,691,537</u>	<u>\$ 54,659,367</u>	<u>1,289,432,369</u>	<u>\$ 73,813,439</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(19,317,734)	
Net assets of business-type activities				<u>\$ 1,270,114,635</u>	

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

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

For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES:					
Charges for services	\$ 170,997,272	\$ 15,455,301	\$ 29,889,483	\$ 216,342,056	\$ 293,936,433
Other	310,169	-	17,877	328,046	2,116,496
Total operating revenues	<u>171,307,441</u>	<u>15,455,301</u>	<u>29,907,360</u>	<u>216,670,102</u>	<u>296,052,929</u>
OPERATING EXPENSES:					
Personal services	41,777,597	89,789	15,157,918	57,025,304	19,371,842
Contractual services	34,438,037	12,110,370	9,448,999	55,997,406	35,858,587
Supplies and materials	9,247,743	148,121	745,196	10,141,060	11,555,697
Depreciation	60,048,639	2,151,679	2,137,238	64,337,556	13,446,805
Amortization	805,144	55,002	-	860,146	-
Compensation for damages to property	-	-	-	-	3,616,543
Medical and insurance benefits	-	-	-	-	252,539,090
Other	3,140,077	33,235	840,283	4,013,595	4,424,023
Total operating expenses	<u>149,457,237</u>	<u>14,588,196</u>	<u>28,329,634</u>	<u>192,375,067</u>	<u>340,812,587</u>
OPERATING INCOME (LOSS)	<u>21,850,204</u>	<u>867,105</u>	<u>1,577,726</u>	<u>24,295,035</u>	<u>(44,759,658)</u>
NONOPERATING REVENUE (EXPENSE):					
Investment income	274,593	101,650	14,303	390,546	168,383
Interest expense	(21,760,337)	(3,210,540)	(93,702)	(25,064,579)	(439)
Gain (loss) on sale of property	171,011	62	-	171,073	504,629
Other	212,986	-	-	212,986	48,081
Total nonoperating revenue (expense)	<u>(21,101,747)</u>	<u>(3,108,828)</u>	<u>(79,399)</u>	<u>(24,289,974)</u>	<u>720,654</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS AND TRANSFERS	<u>748,457</u>	<u>(2,241,723)</u>	<u>1,498,327</u>	<u>5,061</u>	<u>(44,039,004)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	40,958,104	-	344,670	41,302,774	-
TRANSFERS IN	-	5,422,336	5,738,343	11,160,679	30,654,713
TRANSFERS OUT	<u>(7,225,939)</u>	<u>(775,350)</u>	<u>(2,836,746)</u>	<u>(10,838,035)</u>	<u>(2,093,300)</u>
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	34,480,622	2,405,263	4,744,594	41,630,479	(15,477,591)
EXTRAORDINARY ITEM: Flood loss	<u>(7,000,000)</u>	<u>-</u>	<u>-</u>	<u>(7,000,000)</u>	<u>-</u>
CHANGE IN NET ASSETS	27,480,622	2,405,263	4,744,594	34,630,479	(15,477,591)
NET ASSETS, beginning of year	<u>1,195,600,843</u>	<u>9,286,274</u>	<u>49,914,773</u>		<u>89,291,030</u>
NET ASSETS, end of year	<u>\$ 1,223,081,465</u>	<u>\$ 11,691,537</u>	<u>\$ 54,659,367</u>		<u>\$ 73,813,439</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(3,436,305)</u>	
Change in net assets of business-type activities				<u>\$ 31,194,174</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, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:					
Receipts from customers and users	\$ 170,079,685	\$ 15,547,073	\$ 25,982,530	\$ 211,609,288	\$ 296,440,751
Payments to suppliers	(45,404,850)	(12,122,796)	(10,189,187)	(67,716,833)	(304,334,874)
Payments to employees	(41,531,557)	(89,172)	(14,664,102)	(56,284,831)	(19,386,338)
Other receipts (payments)	(90,819)	-	-	(90,819)	266,474
Net cash provided by (used in) operating activities	<u>83,052,459</u>	<u>3,335,105</u>	<u>1,129,241</u>	<u>87,516,805</u>	<u>(27,013,987)</u>
Cash flows from noncapital financing activities:					
Transfers in	-	5,422,336	5,738,343	11,160,679	30,654,713
Transfers out	(7,225,939)	(775,350)	(2,836,746)	(10,838,035)	(2,150,985)
Advances from other funds of the primary government	-	-	515,785	515,785	-
Payments to other funds of the primary government	-	-	(3,008)	(3,008)	(241,998)
Interest paid	-	-	(11,855)	(11,855)	(454)
Net cash provided by (used in) non-capital financing activities	<u>(7,225,939)</u>	<u>4,646,986</u>	<u>3,402,519</u>	<u>823,566</u>	<u>28,261,276</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(60,906,175)	(1,660,430)	(156,122)	(62,722,727)	(15,165,239)
Proceeds from the sale of property	171,011	62	-	171,073	1,023,083
Proceeds from borrowings	37,660,122	-	-	37,660,122	-
Principal payments on borrowings	(34,698,399)	(3,110,314)	(175,000)	(37,983,713)	-
Interest paid	(24,386,524)	(3,353,571)	(82,113)	(27,822,208)	-
Capital contributions received	4,174,984	-	-	4,174,984	-
Net cash provided by (used in) capital and related financing activities	<u>(77,984,981)</u>	<u>(8,124,253)</u>	<u>(413,235)</u>	<u>(86,522,469)</u>	<u>(14,142,156)</u>
Cash flows from investing activities:					
Interest on investments	324,404	86,106	16,425	426,935	208,587
Net cash provided by (used in) investing activities	<u>324,404</u>	<u>86,106</u>	<u>16,425</u>	<u>426,935</u>	<u>208,587</u>
Net changes in cash and cash equivalents	(1,834,057)	(56,056)	4,134,950	2,244,837	(12,686,280)
Cash and cash equivalents at beginning of year	158,991,621	10,552,759	6,531,884	176,076,264	87,681,112
Cash and cash equivalents at end of year	<u>\$ 157,157,564</u>	<u>\$ 10,496,703</u>	<u>\$ 10,666,834</u>	<u>\$ 178,321,101</u>	<u>\$ 74,994,832</u>
Cash and cash equivalents are classified as:					
Current assets	\$ 29,061,311	\$ 4,741,499	\$ 10,666,834	\$ 44,469,644	\$ 74,994,832
Current restricted assets debt service and reserve funds	-	4,380,506	-	4,380,506	-
Current restricted assets construction funds	1,028,465	1,374,698	-	2,403,163	-
Noncurrent restricted assets debt service and reserve funds	26,031,363	-	-	26,031,363	-
Noncurrent restricted assets construction funds	101,036,425	-	-	101,036,425	-
Cash and cash equivalents at end of year	<u>\$ 157,157,564</u>	<u>\$ 10,496,703</u>	<u>\$ 10,666,834</u>	<u>\$ 178,321,101</u>	<u>\$ 74,994,832</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, 2010

	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)	\$ 21,850,204	\$ 867,105	\$ 1,577,726	\$ 24,295,035	\$ (44,759,658)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	60,853,783	2,206,681	2,137,238	65,197,702	13,446,805
Provision for doubtful accounts	(2,814,692)	-	415,594	(2,399,098)	-
Other receipts (payments)	212,986	-	-	212,986	266,474
Changes in assets and liabilities:					
Accounts receivable	2,768,201	91,772	(3,295,756)	(435,783)	531,928
Due from other funds of the primary government	(130,659)	-	(1,000,217)	(1,130,876)	(137,075)
Due from component units	-	-	-	-	(7,031)
Inventories of supplies	190,787	-	-	190,787	361,816
Other current assets	78,889	-	31,970	110,859	(296,811)
Due from other governmental agencies	(185,745)	-	-	(185,745)	-
Accounts payable	(1,909,857)	(59,193)	286,765	(1,682,285)	3,281,614
Accrued payroll	246,040	617	493,816	740,473	(304,746)
Claims payable	-	-	-	-	998,785
Due to other funds of the primary government	2,664,229	228,123	701,268	3,593,620	(395,100)
Due to component units	-	-	36	36	-
Customer deposits	(871,096)	-	(33,442)	(904,538)	-
Unearned revenue	-	-	(191,082)	(191,082)	-
Other current liabilities	99,389	-	5,325	104,714	(988)
Total adjustments	61,202,255	2,468,000	(448,485)	63,221,770	17,745,671
Net cash provided by (used in) operating activities	\$ 83,052,459	\$ 3,335,105	\$ 1,129,241	\$ 87,516,805	\$ (27,013,987)
<u>Non-Cash Capital, Financing and Investing Activities:</u>					
Contributions of capital assets	\$ 36,783,120	\$ -	\$ -	\$ 36,783,120	\$ (218,393)

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, 2010

	Pension (and other Employee Benefit) Trust Funds
ADDITIONS:	
Investment income:	
Interest and dividend income	\$ 45,500,767
Net appreciation (depreciation) of investments	205,616,253
Miscellaneous	90,834
	<u>251,207,854</u>
Net increase (decrease) in fair value of investments	<u>251,207,854</u>
Net income earned on securities lending transactions:	
Securities lending income	679,530
Securities lending expense	(135,872)
	<u>543,658</u>
Net income earned on securities lending transactions	<u>543,658</u>
Less investment expenses	<u>(6,599,745)</u>
Net investment income (loss)	<u>245,151,767</u>
Contributions:	
Employee contributions	2,105,999
Employer contributions	105,772,946
Transfers in	96,923
Contributions from the State of Tennessee	19,643,816
Miscellaneous	1,998,415
	<u>129,618,099</u>
Total contributions	<u>129,618,099</u>
Total additions	<u>374,769,866</u>
DEDUCTIONS:	
Pension and other employee benefits	167,265,892
Refunds of contributions	38,599
Administrative expenses	2,592,017
Transfers out	2,107,326
	<u>172,003,834</u>
Total deductions	<u>172,003,834</u>
Change in net assets	202,766,032
NET ASSETS, beginning of year	<u>1,667,160,133</u>
NET ASSETS, end of year	<u><u>\$ 1,869,926,165</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, 2010

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
<u>ASSETS</u>				
Cash and cash equivalents	\$ 195,693	\$ 140,423	\$ 7,057,727	\$ 237,185
Investments	-	-	1,164,448	-
Accounts receivable	-	-	1,529,620	200,000
Allowance for doubtful accounts	-	-	-	-
Accrued interest receivable	-	-	438	26
Due from the primary government	-	-	7,467,375	-
Inventories of supplies	-	-	-	-
Other current assets	3,029	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governmental agencies	-	-	-	-
Due from the primary government	-	-	-	-
Other restricted assets	-	-	-	-
Notes receivable	-	-	-	-
Capital assets:				
Utility plant in service	-	-	-	-
Land	-	-	61,892,387	-
Buildings and improvements	-	-	359,768,613	-
Improvements other than buildings	134,290	-	1,452,071	-
Furniture, machinery and equipment	45,599	-	12,661,810	-
Infrastructure	-	-	-	-
Construction work in progress	-	-	41,738	-
Less accumulated depreciation	(161,764)	-	(106,454,450)	-
Other noncurrent assets	-	-	540,397	-
	<u>216,847</u>	<u>140,423</u>	<u>347,122,174</u>	<u>437,211</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, 2010

Total Governmental Types	Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
	General Hospital	Bordeaux Long Term Care	Total		
\$ 7,631,028	\$ 11,094	\$ 226,762	\$ 237,856	\$ 12,702,230	\$ 106,097,000
1,164,448	-	-	-	33,286,289	-
1,729,620	50,013,277	5,265,268	55,278,545	6,372,767	138,112,000
-	(41,080,388)	(1,037,000)	(42,117,388)	-	(822,000)
464	-	-	-	150,606	460,000
7,467,375	177,339	56,321	233,660	-	-
-	2,355,921	465,957	2,821,878	5,516,182	20,015,000
3,029	46,005	93,011	139,016	616,789	2,094,000
-	-	214,704	214,704	4,024,887	16,912,000
-	-	-	-	2,416,742	74,425,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	35,205,394	227,000
-	-	-	-	-	1,124,772,000
61,892,387	-	-	-	49,816,237	1,139,000
359,768,613	50,503,937	20,169,145	70,673,082	240,908,922	44,984,000
1,586,361	-	523,885	523,885	-	-
12,707,409	33,755,634	4,944,708	38,700,342	4,382,471	81,909,000
-	-	-	-	21,155,548	-
41,738	1,877,057	-	1,877,057	24,420,875	69,326,000
(106,616,214)	(47,105,199)	(15,208,764)	(62,313,963)	(119,042,710)	(502,795,000)
540,397	-	-	-	1,661,170	2,831,000
<u>347,916,655</u>	<u>50,554,677</u>	<u>15,713,997</u>	<u>66,268,674</u>	<u>323,594,399</u>	<u>1,179,686,000</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, 2010

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,078,167	\$ 33,373,144	\$ 897,197
Investments	-	3,354,990	10,153,356
Accounts receivable	1,067,746	5,163,613	593,257
Allowance for doubtful accounts	(87,455)	(86,345)	-
Accrued interest receivable	-	44,430	-
Due from the primary government	-	-	-
Inventories of supplies	267,455	520,654	-
Other current assets	542,819	776,355	-
Restricted assets:			
Cash and cash equivalents	-	113,834,775	-
Investments	-	25,985,500	-
Accrued interest receivable	-	88,875	-
Due from other governmental agencies	10,094,047	4,204,568	-
Due from the primary government	-	-	-
Other restricted assets	-	3,340,519	-
Notes receivable	-	-	-
Capital assets:			
Utility plant in service	-	-	-
Land	12,992,774	97,695,465	-
Buildings and improvements	61,644,728	161,692,621	-
Improvements other than buildings	-	444,599,608	-
Furniture, machinery and equipment	44,408,311	51,082,588	7,159,220
Infrastructure	-	-	-
Construction work in progress	4,948,883	90,428,596	960,018
Less accumulated depreciation	(34,299,293)	(350,930,203)	(2,945,202)
Other noncurrent assets	1,669,376	14,952,868	-
	<u>104,327,558</u>	<u>700,122,621</u>	<u>16,817,846</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, 2010

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ -	\$ 154,385,594	\$ 162,016,622
-	46,794,635	47,959,083
-	206,587,928	208,317,548
-	(43,113,188)	(43,113,188)
-	655,036	655,500
-	233,660	7,701,035
-	29,141,169	29,141,169
-	4,168,979	4,172,008
103,090,226	238,076,592	238,076,592
445,239,148	548,066,390	548,066,390
2,293,217	2,382,092	2,382,092
1,858,586	16,157,201	16,157,201
1,809,368	1,809,368	1,809,368
5,129,785	8,470,304	8,470,304
-	35,432,394	35,432,394
-	1,124,772,000	1,124,772,000
42,670,554	204,314,030	266,206,417
-	579,903,353	939,671,966
-	445,123,493	446,709,854
-	227,641,932	240,349,341
-	21,155,548	21,155,548
38,233,501	230,194,930	230,236,668
-	(1,072,326,371)	(1,178,942,585)
7,230,904	28,345,318	28,885,715
<u>647,555,289</u>	<u>3,038,372,387</u>	<u>3,386,289,042</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, 2010

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
<u>LIABILITIES</u>				
Accounts payable	\$ 155,336	\$ 13,554	\$ 7,697,500	\$ 208,188
Accrued payroll	-	-	25,500	-
Due to the primary government	-	-	1,959	-
Customer deposits	-	-	-	-
Current portion of long-term liabilities	-	-	-	-
Current portion of capitalized lease obligations	-	-	-	-
Accrued interest	-	-	-	-
Other current liabilities	38,998	3,646	-	-
Liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Due to the primary government	-	-	-	-
Accrued interest	-	-	1,635,749	-
Funds held in trust	-	-	-	-
Current portion of long-term liabilities	-	-	3,475,000	-
Revenue bonds payable	-	-	62,892,916	-
Capitalized lease obligations	-	-	-	-
TVA advances	-	-	-	-
Other long-term liabilities	-	-	-	-
	<u>194,334</u>	<u>17,200</u>	<u>75,728,624</u>	<u>208,188</u>
<u>NET ASSETS (DEFICIT)</u>				
Invested in capital assets, net of related debt	18,125	-	262,994,253	-
Restricted for debt retirement	-	-	-	-
Restricted for other purposes	-	2,771	-	-
Unrestricted	4,388	120,452	8,399,297	229,023
	<u>22,513</u>	<u>123,223</u>	<u>271,393,550</u>	<u>229,023</u>
Total net assets (deficit)	<u>\$ 22,513</u>	<u>\$ 123,223</u>	<u>\$ 271,393,550</u>	<u>\$ 229,023</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, 2010

Total Governmental Types	Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
	General Hospital	Bordeaux Long Term Care	Total		
\$ 8,074,578	\$ 11,295,401	\$ 1,911,317	\$ 13,206,718	\$ 11,318,455	\$ 155,954,000
25,500	4,092,197	2,478,721	6,570,918	574,550	-
1,959	-	28,133	28,133	8,204,551	-
-	-	-	-	313,819	12,600,000
-	-	-	-	2,516,004	-
-	1,410,277	-	1,410,277	-	-
-	-	-	-	-	2,778,000
42,644	1,170,697	1,285,650	2,456,347	5,392,700	742,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,635,749	-	-	-	-	-
-	-	214,704	214,704	-	-
3,475,000	-	-	-	-	14,830,000
62,892,916	-	-	-	-	487,142,000
-	33,786,188	-	33,786,188	-	-
-	-	-	-	-	227,000
-	14,015,767	-	14,015,767	7,981,706	3,604,000
-	-	-	-	-	-
76,148,346	65,770,527	5,918,525	71,689,052	36,301,785	677,877,000
263,012,378	(3,834,964)	10,428,974	6,594,010	205,045,816	355,501,000
-	-	-	-	-	52,177,000
2,771	-	-	-	2,651,926	-
8,753,160	(11,380,886)	(633,502)	(12,014,388)	79,594,872	94,131,000
<u>\$ 271,768,309</u>	<u>\$ (15,215,850)</u>	<u>\$ 9,795,472</u>	<u>\$ (5,420,378)</u>	<u>\$ 287,292,614</u>	<u>\$ 501,809,000</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, 2010

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>LIABILITIES</u>			
Accounts payable	\$ 2,495,148	\$ 11,877,042	\$ 119,389
Accrued payroll	1,667,203	2,994,912	-
Due to the primary government	5,751,765	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	-	448,000	-
Current portion of capitalized lease obligations	-	-	-
Accrued interest	-	-	-
Other current liabilities	3,710,763	-	-
Liabilities payable from restricted assets:			
Accounts payable	-	2,792,966	-
Accrued payroll	-	-	-
Due to the primary government	-	-	-
Accrued interest	-	6,480,911	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	-	27,805,000	-
Revenue bonds payable	-	258,404,926	-
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	15,651,895	28,719,711	-
	<u>29,276,774</u>	<u>339,523,468</u>	<u>119,389</u>
<u>NET ASSETS (DEFICIT)</u>			
Invested in capital assets, net of related debt	78,101,399	284,697,793	5,174,036
Restricted for debt retirement	-	45,272,968	-
Restricted for other purposes	3,540,000	20,951,580	-
Unrestricted	(6,590,615)	9,676,812	11,524,421
	<u>\$ 75,050,784</u>	<u>\$ 360,599,153</u>	<u>\$ 16,698,457</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, 2010

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ -	\$ 194,970,752	\$ 203,045,330
-	11,807,583	11,833,083
-	13,984,449	13,986,408
-	12,913,819	12,913,819
-	2,964,004	2,964,004
-	1,410,277	1,410,277
-	2,778,000	2,778,000
-	12,301,810	12,344,454
7,595,432	10,388,398	10,388,398
88,457	88,457	88,457
613,529	613,529	613,529
7,976,063	14,456,974	16,092,723
-	214,704	214,704
-	42,635,000	46,110,000
624,502,913	1,370,049,839	1,432,942,755
-	33,786,188	33,786,188
-	227,000	227,000
-	69,973,079	69,973,079
<u>640,776,394</u>	<u>1,795,563,862</u>	<u>1,871,712,208</u>
-	935,114,054	1,198,126,432
6,778,895	104,228,863	104,228,863
-	27,143,506	27,146,277
-	176,322,102	185,075,262
<u>\$ 6,778,895</u>	<u>\$ 1,242,808,525</u>	<u>\$ 1,514,576,834</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, 2010

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 1,302,288	\$ 1,234,875	\$ -	\$ 57,120
Gulch Business Improvement District, Inc.	134,930	271,322	737	-
Sports Authority	36,234,625	5,029,079	19,208,890	7,497,115
Industrial Development Board	2,115,813	1,942,508	-	-
General Hospital	97,903,734	55,587,068	63,159,731	936,732
Bordeaux Long Term Care	42,518,727	28,569,285	11,861,262	137,060
Metropolitan Development and Housing Agency	123,315,305	37,082,129	79,055,875	7,248,296
Electric Power Board	1,048,668,000	1,063,155,000	-	-
Metropolitan Transit Authority	59,700,011	9,479,814	28,567,567	17,156,848
Metropolitan Nashville Airport Authority	105,972,471	105,148,029	46,422,786	-
Emergency Communications District	3,744,025	6,368,080	10,000	-
Convention Center Authority	-	-	-	4,981,699
Total component units	\$ 1,521,609,929	\$ 1,313,867,189	\$ 248,286,848	\$ 38,014,870

General revenues:

Revenues from the use of
money or property

Compensation for loss, sale or
damage to property

Extraordinary item - flood loss

Total general revenues and extraordinary item

Changes in net assets

Net assets (deficit) - beginning, as restated

Net assets (deficit) - 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, 2010

Net (Expense) Revenue and Changes in Net Assets							
Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board	Total Governmental Types	Hospital Authority		
					General Hospital	Bordeaux Long Term Care	Total
\$ (10,293)	\$ -	\$ -	\$ -	\$ (10,293)	\$ -	\$ -	\$ -
-	137,129	-	-	137,129	-	-	-
-	-	(4,499,541)	-	(4,499,541)	-	-	-
-	-	-	(173,305)	(173,305)	-	-	-
-	-	-	-	-	21,779,797	-	21,779,797
-	-	-	-	-	-	(1,951,120)	(1,951,120)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(10,293)</u>	<u>137,129</u>	<u>(4,499,541)</u>	<u>(173,305)</u>	<u>(4,546,010)</u>	<u>21,779,797</u>	<u>(1,951,120)</u>	<u>19,828,677</u>
936	-	9,076	1,004	11,016	-	1,354	1,354
-	-	697,151	-	697,151	-	-	-
-	-	-	-	-	-	-	-
<u>936</u>	<u>-</u>	<u>706,227</u>	<u>1,004</u>	<u>708,167</u>	<u>-</u>	<u>1,354</u>	<u>1,354</u>
(9,357)	137,129	(3,793,314)	(172,301)	(3,837,843)	21,779,797	(1,949,766)	19,830,031
31,870	(13,906)	275,186,864	401,324	275,606,152	(36,995,647)	11,745,238	(25,250,409)
<u>\$ 22,513</u>	<u>\$ 123,223</u>	<u>\$ 271,393,550</u>	<u>\$ 229,023</u>	<u>\$ 271,768,309</u>	<u>\$ (15,215,850)</u>	<u>\$ 9,795,472</u>	<u>\$ (5,420,378)</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, 2010

	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	\$ -	\$ -	\$ -	\$ -
Gulch Business Improvement District, Inc.	-	-	-	-
Sports Authority	-	-	-	-
Industrial Development Board	-	-	-	-
General Hospital	-	-	-	-
Bordeaux Long Term Care	-	-	-	-
Metropolitan Development and Housing Agency	70,995	-	-	-
Electric Power Board	-	14,487,000	-	-
Metropolitan Transit Authority	-	-	(4,495,782)	-
Metropolitan Nashville Airport Authority	-	-	-	45,598,344
Emergency Communications District	-	-	-	-
Convention Center Authority	-	-	-	-
Total component units	70,995	14,487,000	(4,495,782)	45,598,344
General revenues:				
Revenues from the use of money or property	1,150,700	1,328,000	104,897	781,719
Compensation for loss, sale or damage to property	-	-	1,579,907	-
Extraordinary item - flood loss	-	(2,110,000)	(7,798,335)	-
Total general revenues and extraordinary item	1,150,700	(782,000)	(6,113,531)	781,719
Changes in net assets	1,221,695	13,705,000	(10,609,313)	46,380,063
Net assets (deficit) - beginning, as restated	286,070,919	488,104,000	85,660,097	314,219,090
Net assets (deficit) - ending	\$ 287,292,614	\$ 501,809,000	\$ 75,050,784	\$ 360,599,153

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, 2010

Net (Expense) Revenue and Changes in Net Assets			
Emergency Communications District	Convention Center Authority	Total Proprietary Types	Total Component Units
\$ -	\$ -	\$ -	\$ (10,293)
-	-	-	137,129
-	-	-	(4,499,541)
-	-	-	(173,305)
-	-	21,779,797	21,779,797
-	-	(1,951,120)	(1,951,120)
-	-	70,995	70,995
-	-	14,487,000	14,487,000
-	-	(4,495,782)	(4,495,782)
-	-	45,598,344	45,598,344
2,634,055	-	2,634,055	2,634,055
-	4,981,699	4,981,699	4,981,699
<u>2,634,055</u>	<u>4,981,699</u>	<u>83,104,988</u>	<u>78,558,978</u>
33,814	1,797,196	5,197,680	5,208,696
-	-	1,579,907	2,277,058
-	-	(9,908,335)	(9,908,335)
<u>33,814</u>	<u>1,797,196</u>	<u>(3,130,748)</u>	<u>(2,422,581)</u>
2,667,869	6,778,895	79,974,240	76,136,397
14,030,588	-	1,162,834,285	1,438,440,437
<u>\$ 16,698,457</u>	<u>\$ 6,778,895</u>	<u>\$ 1,242,808,525</u>	<u>\$ 1,514,576,834</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 (CBID). 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 CBID 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 Corporation is a legally separate entity and is fiscally dependent on the Government as the Government levies the CBID taxes and approves the CBID tax rate; these taxes represent substantially all of the Corporation's revenue. Complete financial statements of the Corporation can be obtained from its offices at Accounting Office, 211 Commerce Street, Suite 100, Nashville, TN 37201.

The **Gulch Business Improvement District, Inc.** (GBID, Inc.) was established in 2006 to administer special assessment revenue collected by the Government for the benefit of the Gulch Business Improvement District (GBID). GBID, Inc.'s duties and responsibilities are defined in the legislation approved by the Metropolitan Council creating the entity and include, but are not limited to, providing services for improvement and operation of the GBID such as promotion and marketing, security, sanitation, and aesthetic enhancements. GBID, Inc. is a legally separate entity and is fiscally dependent on the Government as the Government levies the GBID taxes and approves the GBID tax rate; these taxes represent substantially all of GBID, Inc.'s revenue. Complete financial statements of GBID, Inc. can be obtained from its offices at 138 Second Avenue North, Suite 300, Nashville, TN 37201.

The **Sports Authority** was established in 1995 to act as the financing and building authority for both the Nashville arena and 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 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 members of the Sports Authority's Board are all appointed and can also be removed by the Government. 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 **Industrial Development Board** (the IDB) assists private businesses within Davidson County in obtaining 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. The IDB 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. There are no reconciling items between those statements and 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. The

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

members of the Hospital Authority are all appointed and can also 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 members of the Agency's Board of Commissioners are all appointed and 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 members of the Board of Directors are all appointed and can also be removed by the Government. 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 Transit Authority** operates and regulates the public mass transit system in Nashville and Davidson County. The members of the Authority's Board of Directors are all appointed and can also 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 members of the Airport Authority's Board of Directors are all appointed and can also 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 members of the District's Board of Directors are all appointed and can also be removed 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 37219.

The **Convention Center Authority** is a public, nonprofit corporation and public instrumentality of the Government formed in August 2009, and is responsible for the acquisition, development and construction of a new convention center – the Music City Center – and will be responsible for its operation once completed. The members of the Convention Center Authority's Board of Directors are all appointed and can be removed by the Government. Complete financial statements of the Convention Center Authority can be obtained from the Department of Finance, Financial Operations, 700 2nd Avenue South, Suite 310, Nashville, TN 37219.

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, and the Nashville District Management Corporation and Gulch Business Improvement District, Inc., both with a December 31 year end.

During the year ended June 30, 2010, The Industrial Development Board approved a change in year end from March 31 to June 30.

The primary government includes \$6,395,386 due from component units and \$9,510,403 due to component units in the Statement of Net Assets. The component units include \$14,599,937 due to the primary government and \$9,510,403 due from the primary government. The difference of \$8,204,551 is due to transactions between the primary government and the Metropolitan Development and Housing Agency subsequent to the Agency's year end.

B. Accounting Pronouncements

The Government adopted 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 adoption had no significant impact on the Government's financial statements.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Government adopted GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, required for fiscal periods beginning after June 15, 2009, in fiscal 2010. This Statement requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. As a result of the adoption, the fair value of the Government's derivative instruments is reflected in the Statements of Net Assets.

The Government plans to adopt GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, required for fiscal periods beginning after June 15, 2010, in fiscal 2011. This Statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

The Government plans to adopt GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, required for fiscal periods beginning after June 15, 2011, in fiscal 2012. Certain provisions were effective upon issuance and were adopted by the Government in fiscal 2010. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. The adoption of this Statement has no impact on the Government's financial statements.

The Government adopted GASB Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies, required for fiscal periods beginning after June 15, 2009, in fiscal 2010. This Statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The adoption of this Statement has no impact on the Government's financial statements.

The Government plans to adopt GASB Statement No. 59, Financial Instruments Omnibus, required for fiscal periods beginning after June 15, 2010, in fiscal 2011. This Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

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.

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and 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 taxes, 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.

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 Gulch Business Improvement District, Inc., Hospital Authority, Metropolitan Development and Housing Agency, Electric Power Board, Metropolitan Transit Authority, and Metropolitan Nashville Airport Authority, component units, have elected to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

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

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

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

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

The Government reports the following major governmental funds:

The **General Fund** is the Government's primary operating fund which is used to account for all financial resources of the general operations of the Government, except those required to be accounted for in another fund.

The **General Purpose School Fund** is used to account for the receipt and disbursement of federal, state and local funds for education purposes, except those required to be accounted for in another fund.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

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. For the year ended June 30, 2010, these services include fleet management, information systems, radio maintenance, insurance, central storeroom, postal services, treasury management, 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, collections by the Government due to the purchaser of certain outstanding property tax receivables, funds held by the Sheriff's Department for inmates, and funds held by the Planning Commission for performance bonds for contractors.

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, 2010. 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Annuities – Annuities are recorded at the estimated present value of future benefits, which approximates fair value at June 30, 2010.

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 \$770,000 for the year ended June 30, 2010.

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

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

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

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

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

Claims payable – Losses for claim liabilities are reported in the self-insurance funds for claims payable from those funds. Claims payable include reported claims and an estimated liability for claims incurred but not reported at June 30, 2010. 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 been used 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 \$9,385,608.

Bordeaux Sanitary Landfill – This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$5,831,754 are included in the long-term liability.

Metro Thermal Ash Landfill – This landfill has stopped accepting solid waste, and closing procedures are 100% complete. Estimated postclosure costs of \$1,240,304 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 \$1,575,499 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 \$738,051 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.

Derivative financial instruments – Derivative financial instruments consist of interest rate swap agreements and are accounted for at fair value in accordance with GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. The Authority received approval to impose a \$4.50 PFC effective December 1, 2009, until \$19,250,558 is collected. The PFC is expected to revert back to \$3.00 per enplaning passenger in September 2010. PFC's are recorded as program revenues in the Statement of Activities. PFC revenue during the year ended June 30, 2010 totaled \$15,494,672.

The following cumulative project summary has been approved by the FAA:

Airfield development	\$ 170,993,522
Terminal development	131,440,818
Land acquisition	<u>23,895,200</u>
	<u>\$ 326,329,540</u>

As of June 30, 2010, cumulative expenses to date on approved PFC projects totaled \$210,822,621.

Customer facility charges – On January 1, 2008, the Airport Authority began requiring the car rental companies at Nashville International Airport to charge a Customer Facility Charge (CFC) to be used to pay, or to reimburse the Airport Authority for cost, fees and expenses associated with the planning, design, construction, financing, maintenance and operation of the Consolidated Rental Car Facility (CONRAC Facility), and other costs, fees and expenses that may be paid from CFC proceeds. The CFC increased from \$4.00 to \$4.50 effective January 1, 2010, in anticipation of the issuance of debt to help pay for the CONRAC Facility. The CFC is a \$4.50 per transaction day fee and is collected by the on-Airport car rental companies from each of their customers and subsequently remitted to the Airport Authority. The Airport Authority has pledged the CFC proceeds as collateral security for the payment of the CONRAC Series 2010 Bonds issued in February 2010. CFC's are recorded as program revenues in the Statement of Activities. CFC revenue during the year ended June 30, 2010 totaled \$7,911,785. Restricted net assets relating to CFC's totaled \$15,623,458 at June 30, 2010 and are included in restricted assets in the Statement of Net Assets.

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Taxes are levied at a rate of \$3.56 per \$100 of assessed value for the entire metropolitan area (General Services District) with an additional tax of \$.57 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, 2010. Amounts available at June 30, 2010 have been recorded as revenue in the governmental fund statements. Current tax collections of \$748,828,597 for the fiscal year ended June 30, 2010 were approximately 99% of the tax levy.

Of the \$783,235,341 property tax receivable, \$760,020,731 represents the 2010 property taxes which have been assessed but not yet levied and 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. Restatement of Net Assets

The Emergency Communications District, a component unit, restated net assets at June 30, 2009 to record a property and equipment addition placed in service in 2007 that was not timely billed by the vendor. As a result, net assets, beginning of the year, as previously reported of \$1,438,564,151, have been restated to \$1,438,440,437, a change of \$123,714.

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, 2010.

B. Budgets and Budgetary Accounting

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

1. The Director of Finance annually obtains information from all officers, departments, boards, commissions and other agencies of the Government for which appropriations are made and/or revenues are collected and compiles the annual operating budget for the ensuing fiscal year beginning July 1. The compiled information, including various expenditure options and the means of financing them, is submitted to the Mayor for review.
2. The Mayor, with the assistance of the Department of Finance, determines the programs to be recommended to the Metropolitan Council, the expenditures proposed to operate those programs and the revenue changes needed to fund those expenditures. That information is compiled into a balanced operating budget which is submitted to the Metropolitan Council by May 1.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2010-2011 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number BL 2010-683. There were no appropriations of unreserved and undesignated fund balance resources at June 30, 2010.

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, 2010 were as follows:

	Outstanding Encumbrances
General Fund	\$ 1,492,998
Special Revenue Funds:	
General Purpose School	10,206,074
Metropolitan Action Commission	357,386
General Government Services	256,710
Recreational and Cultural Services	9,000
General Fund 4% Reserve	1,019,028
Law Enforcement and Justice Services	726,560
Solid Waste Operations	2,027,086
Stormwater Grants	130,785
Library Services	14,316

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>Outstanding Encumbrances</u>
Health Services	\$ 87,672
Flood 2010 Recovery	45,611,167
Education Services	9,874,758
Infrastructure Services	7,149,150
Nashville Career Advancement Center	135,324
Public Works Services	41,542
Capital Projects Funds:	
GSD Capital Projects	29,527,965
Education Capital Projects	18,940,732
USD Capital Projects	6,619,655

C. Deficit Balances and Excess Expenditures

The following funds have deficit balances at June 30, 2010:

	<u>Undesignated Fund Balance/ Unrestricted Net Assets</u>
Special Revenue Funds:	
Flood 2010 Recovery	\$ (15,233,469)
Capital Projects Funds:	
Education Capital Projects	(12,833,432)
Enterprise Funds:	
Police Impound	(2,475,729)
Internal Service Funds:	
School Self Insurance	(102,303)
School Professional Employees' Insurance	(8,188,410)
Injured on Duty	(1,654,471)
Treasury Management	(46,300)

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, revenue from other governmental agencies, insurance recovery, or future capital funding
Capital Projects Funds	Future issuance of notes and bonds
Enterprise Funds	Future user charges
Internal Service Funds	Future user charges over the next two to three fiscal years

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2010, 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:			
Administration of Justice:			
District Attorney	\$ 4,892,400	\$ 4,909,898	\$ (17,498)
State Trial Courts	7,935,400	7,986,111	(50,711)
Criminal Justice Planning	421,300	421,328	(28)
Recreation and Cultural:			
Arts Commission	2,454,800	2,493,164	(38,364)
Employee Benefits:			
Employer's Contribution for Group Health Insurance	30,132,800	30,994,822	(862,022)
Unemployment Compensation	501,500	673,651	(172,151)
Employer's Contribution for Group Life Insurance	1,624,200	1,702,346	(78,146)
Miscellaneous:			
Subsidies	25,468,000	26,110,495	(642,495)
Transfers Out:			
Internal Service Funds	10,313,000	10,321,284	(8,284)
Fiduciary Funds	36,900	44,556	(7,656)
General Purpose School Fund:			
Transfers Out	18,900,900	19,020,014	(119,114)
GSD General Purposes Debt Service Fund:			
Debt Issue Costs	-	1,928,251	(1,928,251)
Payments to Refunded Bond Escrow Agent	-	103,661,294	(103,661,294)
GSD School Purposes Debt Service Fund:			
Principal Retirement	29,922,300	30,017,356	(95,056)
Debt Issue Costs	-	2,022,556	(2,022,556)
Payments to Refunded Bond Escrow Agent	-	81,031,125	(81,031,125)
USD General Purposes Debt Service Fund:			
Debt Issue Costs	-	396,856	(396,856)
Payments to Refunded Bond Escrow Agent	-	22,176,504	(22,176,504)

The District Attorney, State Trial Courts, Criminal Justice Planning, and Arts Commission experienced unanticipated operational needs late in the fiscal year that resulted in budget overages.

Employee Benefits are over budget due to health insurance rate increases, and increases in the number of retirees and in the number of unemployment claims in excess of budgeted projections.

Subsidies for the General Fund GSD are over budget due to increases in tax increment payments to the Metropolitan Development and Housing Agency, a component unit, in excess of budget.

Transfers Out to Internal Service Funds were over budget due to a transfer from the General Fund to the Office of Fleet Management Fund for a Fleet acquisition that was funded by the Sheriff Department's operating budget.

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 over budget in total due primarily to unbudgeted, one time costs associated with the outsourcing of janitorial services.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Expenditures for the GSD and USD General Purposes and GSD School Purposes Debt Service Funds are not controlled on a line item basis. Also, costs related to debt issues and refundings are not budgeted. Expenditures excluding costs related to debt issues and refundings for the GSD and USD General Purposes and the GSD School Purposes Debt Service Funds were under budget in total.

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 (LGIP); most bonds issued by U.S. Government Agencies 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) which is primarily invested in the LGIP. Primary oversight for the LGIP rests with the State of Tennessee Funding Board. The LGIP is considered a SEC 2a-7 like account (SEC designation), and the Government's amounts included in the LGIP are reported at the fair value of its position in the LGIP which approximates the value of the LGIP shares at amortized cost. The Metropolitan Employees' Benefit Trust is authorized to invest funds in accordance with the Statement of Investment Objectives of the Investment Committee of the Government, which states that the Investment Committee 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, 2010, 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.

As of June 30, 2010, the Government had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Weighted Maturity (in Years)</u>
Metro Investment Pool:		
Tennessee Local Government Investment Pool	\$ 561,200,616	0.22
Total Metro Investment Pool (a)	<u>\$ 561,200,616</u>	
Separate Portfolios:		
U.S. Treasuries	\$ 25,230,121	0.01
U.S. Government Bonds	10,870,583	1.82
Total Separate Portfolios (a)	<u>\$ 36,100,703</u>	
Metropolitan Employees' Benefit Trust:		
U.S. Fixed Income Funds	\$ 137,035,168	7.02
U.S. Government Agencies	53,235,560	10.53
U.S. Private Placements	56,696,726	5.97
Foreign Government Bonds and Agencies	71,818,021	5.09

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

Investment Type	Fair Value	Average Weighted Maturity (in Years)
Metropolitan Employees' Benefit Trust: (Continued)		
Government Mortgage Backed Securities	\$ 44,295,177	2.70
Corporate Bonds and Notes	181,056,599	6.31
Common Stock (b)	869,096,001	(c)
Preferred Stock	1,670,075	(c)
Municipals	6,703,296	12.70
Commercial Mortgage Backed Securities	30,025,717	2.40
Collateralized Mortgage Obligations - Government	1,696,224	5.42
Collateralized Mortgage Obligations - Corporate	16,434,310	1.07
Asset Backed Securities	17,474,117	2.14
Mortgages and Real Estate	91,922,743	(c)
Venture Capital and Partnerships	166,819,384	(c)
Cash Collateral Received - Securities Lending Program	134,942,971	(c)
	<u>\$ 1,880,922,089</u>	
Teachers' Retirement Plan:		
U.S. Fixed Income Funds	\$ 8,821,988	4.03
Corporate Bonds and Notes	28,578	6.90
Common Stock	35,558,647	(c)
Preferred Stock	242,079	(c)
Cash Collateral Received - Securities Lending Program	3,270,032	(c)
	<u>\$ 47,921,324</u>	

(a) These amounts are included in cash and cash equivalents in the financial statements.

(b) The Metropolitan Employees' Benefit Trust investment portfolio contains \$15,324,966 of common stock reported in the Government's closed pension plans funds.

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policies place no specific limit on the weighted average maturity of the Government's investment portfolios. However, 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, 2010, the investments of the Government had average weighted maturities as noted on the preceding table.

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

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 the majority of fixed income investments, other than short-term paper, at purchase to investment grade as established by one or more of the nationally recognized bond rating agencies. Also, the use of futures, options and swaps is permitted as long as the particular investment manager's strategy or mandate allows it. The investment policy for the Teachers' Retirement Plan only allows investment grade debt. As of June, 30, 2010, the investments of the Government had credit ratings as follows:

Investment Type	Credit Ratings									
	Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	Not Rated
Metropolitan Employees' Benefit Trust:										
U.S. Fixed Income Funds	\$ 137,035,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,035,168
U.S. Private Placements	56,696,726	11,730,171	11,170,671	5,841,445	17,293,982	958,549	1,242,406	815,753	-	6,643,749
Foreign Government Bonds and Agencies	71,818,021	-	-	-	-	-	-	-	-	71,818,021
Corporate Bonds and Notes	181,056,599	7,375,316	13,020,978	69,690,275	75,197,108	6,804,750	2,471,456	-	-	6,496,716
Commercial Mortgage Backed Securities	30,025,717	4,699,735	383,638	1,430,319	-	504,983	-	-	-	23,007,042
Collateralized Mortgage Obligations	16,434,310	6,217,142	-	-	894,467	307,138	385,464	2,431,505	4,342,617	1,855,977
Asset Backed Securities	17,474,117	12,839,571	734,944	107,938	13,966	18,075	1,771,164	1,984,805	-	3,654
Total Metropolitan Employees' Benefit Trust	<u>\$ 510,540,658</u>	<u>\$ 42,861,935</u>	<u>\$ 25,310,231</u>	<u>\$ 77,069,977</u>	<u>\$ 93,399,523</u>	<u>\$ 9,593,495</u>	<u>\$ 5,870,490</u>	<u>\$ 5,232,063</u>	<u>\$ 4,342,617</u>	<u>\$ 246,860,327</u>
Teachers' Retirement Plan:										
U.S. Fixed Income Funds	\$ 8,821,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,821,988
Corporate Bonds and Notes	28,578	-	-	-	-	-	-	-	-	28,578
Total Teachers' Retirement Plan	<u>\$ 8,850,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,850,566</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, 2010, 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, 2010, 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 place no specific limits on investments in international markets; however, investments in international markets are targeted not to exceed 15% of the portfolios. As of June 30, 2010, the Government's exposure to foreign currency risk is as follows:

<u>Base Currency</u>	<u>Fair Value</u>
Common Stock:	
Australian dollar	\$ 3,333,242
Brazil real	413,763
British pound sterling	32,455,119
Canadian dollar	3,494,716
Danish krone	2,307,454
Euro	75,702,548
Hong Kong dollar	7,367,136
Korean WON	1,158,634
Malaysian ringgit	1,434,725
New Turkish lira	296,209
Norwegian krone	541,074
Singapore dollar	2,479,056
Swedish krona	881,166
Swiss franc	11,699,188
Yen	<u>27,396,448</u>
 Total Common Stock	 <u>170,960,478</u>
Preferred Stock:	
Brazil real	<u>1,463,929</u>
 Total Preferred Stock	 <u>1,463,929</u>
 Total Metropolitan Employees' Benefit Trust	 <u>\$ 172,424,407</u>

C. Securities Lending Program

The Metropolitan Employees' Benefit Trust (Trust) and Teachers' Retirement Plan (Plan) are authorized by the Metropolitan Charter, the Statement of Investment Objectives of the Investment Board of the Government, and the investment policy of the Plan, to lend securities to brokerage firms on a temporary basis through their custodian bank, Bank of New York Mellon (Custodian). During the fiscal year, the Custodian lent the Trust and Plan 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)

Neither the Trust nor Plan imposed any restrictions on the amount of securities lent by the Custodian during the year on their 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 Trust and Plan loans for the year ended June 30, 2010 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 Custodian's loans is affected by the maturities of the securities loans made by other entities that use the Custodian's pool, which the Custodian's 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, 2010 was \$134,942,971 and \$131,474,362, respectively, for the Trust, and \$3,270,032 and \$3,192,466, respectively, for the Plan. The cash collateral is recorded as both an asset and a liability on the Trust and Plan financial statements. Securities and letters-of-credit received as collateral at June 30, 2010 are not recorded in the Statement of Plan Net Assets, as the Trust and Plan cannot sell or pledge the collateral received absent a borrower default.

At year end, neither the Trust nor Plan have credit risk by borrowers because the amounts the Trust and Plan owe the borrowers exceed the amounts the borrowers owe the Trust and Plan. The gross earnings for securities lending were \$494,016 and borrowers rebates were \$170,571 for total income of \$664,587, and the related expenses were \$132,889 in agent fees, netting \$531,698 in securities lending income for the Trust. The gross earnings for securities lending were \$13,712 and borrowers rebates were \$1,231 for total income of \$14,943, and the related expenses were \$2,983 in agent fees, netting \$11,960 in securities lending income for the Plan.

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, Industrial Development Board, and Convention Center Authority which participate 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, 2010 was as follows:

Primary Government

Governmental activities:

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Capital assets, not being depreciated:				
Land	\$ 224,341,606	\$ 25,080,057	\$ (2,494)	\$ 249,419,169
Transportation infrastructure	1,430,227,041	17,816,020	-	1,448,043,061
Public art	-	580,860	-	580,860
Construction in progress	<u>202,971,864</u>	<u>76,471,798</u>	<u>(107,022,590)</u>	<u>172,421,072</u>
Total capital assets, not being depreciated	<u>1,857,540,511</u>	<u>119,948,735</u>	<u>(107,025,084)</u>	<u>1,870,464,162</u>
Capital assets, being depreciated:				
Buildings and improvements	1,369,533,056	94,072,695	(693,195)	1,462,912,556
Furniture, machinery and equipment	282,841,960	31,663,697	(15,963,133)	298,542,524
Stormwater infrastructure	<u>99,201,644</u>	<u>5,283,036</u>	<u>-</u>	<u>104,484,680</u>
Total capital assets, being depreciated	<u>1,751,576,660</u>	<u>131,019,428</u>	<u>(16,656,328)</u>	<u>1,865,939,760</u>
Less accumulated depreciation:				
Building and improvements	(446,664,803)	(40,965,149)	488,891	(487,141,061)
Furniture, machinery and equipment	(200,592,198)	(26,077,244)	13,139,086	(213,530,356)
Stormwater infrastructure	<u>(29,775,523)</u>	<u>(1,992,883)</u>	<u>-</u>	<u>(31,768,406)</u>
Total accumulated depreciation	<u>(677,032,524)</u>	<u>(69,035,276)</u>	<u>13,627,977</u>	<u>(732,439,823)</u>
Total capital assets, being depreciated, net	<u>1,074,544,136</u>	<u>61,984,152</u>	<u>(3,028,351)</u>	<u>1,133,499,937</u>
Governmental activities capital assets, net	<u>\$ 2,932,084,647</u>	<u>\$ 181,932,887</u>	<u>\$ (110,053,435)</u>	<u>\$ 3,003,964,099</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, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 18,138,238	\$ 2,494	\$ -	\$ 18,140,732
Construction in progress	62,017,019	61,719,909	(84,475,763)	39,261,165
Total capital assets, not being depreciated	<u>80,155,257</u>	<u>61,722,403</u>	<u>(84,475,763)</u>	<u>57,401,897</u>
Capital assets, being depreciated:				
Utility plant in service	2,183,576,955	117,455,528	(13,642,049)	2,287,390,434
Buildings and improvements	127,028,808	5,399,266	(150,222)	132,277,852
Improvements other than buildings	42,581,081	436,768	-	43,017,849
Furniture, machinery and equipment	39,599,701	86,695	(4,611,513)	35,074,883
Property under capital lease	3,645,000	-	-	3,645,000
Total capital assets, being depreciated	<u>2,396,431,545</u>	<u>123,378,257</u>	<u>(18,403,784)</u>	<u>2,501,406,018</u>
Less accumulated depreciation:				
Utility plant in service	(680,704,079)	(57,914,079)	6,641,542	(731,976,616)
Buildings and improvements	(64,499,220)	(3,521,221)	150,221	(67,870,220)
Improvements other than buildings	(33,922,462)	(1,012,952)	-	(34,935,414)
Furniture, machinery and equipment	(33,899,879)	(1,798,179)	4,607,640	(31,090,418)
Property under capital lease	(1,192,094)	(91,125)	-	(1,283,219)
Total accumulated depreciation	<u>(814,217,734)</u>	<u>(64,337,556)</u>	<u>11,399,403</u>	<u>(867,155,887)</u>
Total capital assets, being depreciated, net	<u>1,582,213,811</u>	<u>59,040,701</u>	<u>(7,004,381)</u>	<u>1,634,250,131</u>
Business-type activities capital assets, net	<u>\$ 1,662,369,068</u>	<u>\$ 120,763,104</u>	<u>\$ (91,480,144)</u>	<u>\$ 1,691,652,028</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	\$ 9,852,555
Fiscal administration	1,241,170
Administration of justice	2,138,166
Law enforcement and care of prisoners	4,825,949
Fire prevention and control	1,230,863
Education	23,722,730
Regulation and inspection	4,564
Public welfare	302,585
Public health and hospitals	654,769
Public library system	2,257,423
Public works, highways and streets, including depreciation of stormwater infrastructure	4,123,710
Recreational and cultural	5,233,987
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>13,446,805</u>
Total depreciation expense, governmental activities	<u>\$ 69,035,276</u>
Business-type activities:	
Department of Water and Sewerage Services	\$ 60,048,639
District Energy System	2,151,679
Nashville Convention Center	1,440,066
Board of Fair Commissioners	407,601
Farmers Market	116,486
Municipal Auditorium	<u>173,085</u>
Total depreciation expense, business-type activities	<u>\$ 64,337,556</u>

Component Units

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 225,845,584	\$ 43,676,198	\$ (3,315,365)	\$ 266,206,417
Construction in progress	<u>121,918,962</u>	<u>155,163,634</u>	<u>(46,845,928)</u>	<u>230,236,668</u>
Total capital assets, not being depreciated	<u>347,764,546</u>	<u>198,839,832</u>	<u>(50,161,293)</u>	<u>496,443,085</u>
Capital assets, being depreciated:				
Utility plant in service	1,084,476,000	47,133,000	(6,837,000)	1,124,772,000
Buildings and improvements	948,207,484	20,076,535	(28,612,053)	939,671,966
Improvements other than buildings	448,460,013	23,519,483	(25,269,642)	446,709,854
Furniture, machinery and equipment	248,635,397	10,818,797	(19,104,853)	240,349,341
Infrastructure	<u>20,657,288</u>	<u>498,260</u>	<u>-</u>	<u>21,155,548</u>
Total capital assets, being depreciated	<u>2,750,436,182</u>	<u>102,046,075</u>	<u>(79,823,548)</u>	<u>2,772,658,709</u>

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

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Less accumulated depreciation for:				
Utility plant in service	\$ (396,661,000)	\$ (38,899,000)	\$ 12,781,000	\$ (422,779,000)
Buildings and improvements	(340,152,027)	(32,195,417)	26,020,753	(346,326,691)
Improvements other than buildings	(252,560,198)	(15,188,882)	21,068,575	(246,680,505)
Furniture, machinery and equipment	(141,995,890)	(23,121,514)	12,709,989	(152,407,415)
Infrastructure	(9,849,180)	(899,794)	-	(10,748,974)
Total accumulated depreciation	<u>(1,141,218,295)</u>	<u>(110,304,607)</u>	<u>72,580,317</u>	<u>(1,178,942,585)</u>
Total capital assets, being depreciated, net	<u>1,609,217,887</u>	<u>(8,258,532)</u>	<u>(7,243,231)</u>	<u>1,593,716,124</u>
Component units activities capital assets, net	<u>\$ 1,956,982,433</u>	<u>190,581,300</u>	<u>(57,404,524)</u>	<u>\$ 2,090,159,209</u>

The balances at July 1, 2009 were restated by \$167,237 as discussed in Note 1, Section H.

NOTE 5 – BONDS, NOTES AND OTHER OBLIGATIONS

Primary Government

A. Transaction Summary

Bonds, notes and other obligations activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Governmental activities:					
General obligation bonds and notes payable:					
General Services District	\$ 878,267,165	\$ 382,104,656	\$ (142,604,992)	\$ 1,117,766,829	\$ -
Schools	555,819,224	172,659,477	(99,728,478)	628,750,223	-
Urban Services District	144,048,611	44,911,110	(31,367,981)	157,591,740	-
Deferred charge/premium, net	40,298,433	23,992,093	(2,430,265)	61,860,261	-
Total general obligation bonds and notes payable	<u>1,618,433,433</u>	<u>623,667,336</u>	<u>(276,131,716)</u>	<u>1,965,969,053</u>	<u>-</u>
Limited obligation revenue bonds payable:					
Correctional Facility Revenue Bonds	5,665,000	-	(1,795,000)	3,870,000	1,885,000
Deferred charge/premium, net	(54,438)	-	25,124	(29,314)	-
Total limited obligation revenue bonds payable	<u>5,610,562</u>	<u>-</u>	<u>(1,769,876)</u>	<u>3,840,686</u>	<u>1,885,000</u>
Qualified zone academy notes payable:					
Qualified Zone Academy Notes	4,974,800	-	(414,567)	4,560,233	414,567
Deferred charge/premium, net	(119,188)	-	10,364	(108,824)	-
Total qualified zone academy notes payable	<u>4,855,612</u>	<u>-</u>	<u>(404,203)</u>	<u>4,451,409</u>	<u>414,567</u>

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

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Governmental activities:					
Tennessee Municipal Bond Fund loan payable	\$ 56,930,000	\$ -	\$ (4,280,000)	\$ 52,650,000	\$ -
Qualified school construction bond loan payable	-	21,120,000	-	21,120,000	1,098,210
Other obligations payable:					
Net pension obligation	70,947,167	90,176,074	(85,631,496)	75,491,745	-
Net other postemployment benefits obligation	295,475,000	247,628,000	(70,939,000)	472,164,000	-
Compensated absences	76,815,257	64,915,940	(64,077,309)	77,653,888	43,001,520
Claims and judgments	3,005,000	800,000	(405,000)	3,400,000	3,400,000
Landfill closure costs	12,532,250	-	(3,146,642)	9,385,608	200,375
Fair value of derivative financial instrument	-	12,815,155	-	12,815,155	-
Total other obligations payable	458,774,674	416,335,169	(224,199,447)	650,910,396	46,601,895
Total governmental activities long-term liabilities	<u>\$ 2,144,604,281</u>	<u>\$ 1,061,122,505</u>	<u>\$ (506,785,242)</u>	<u>\$ 2,698,941,544</u>	<u>\$ 49,999,672</u>
Business-type activities:					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 342,625,000	\$ -	\$ (33,370,000)	\$ 309,255,000	\$ 35,525,000
Deferred charge/premium, net	2,378,090	-	(316,062)	2,062,028	-
State construction loans	158,669,664	7,660,122	(1,285,332)	165,044,454	8,469,466
State economic and development loan	330,000	-	(43,067)	286,933	44,359
Total Department of Water and Sewerage Services	504,002,754	7,660,122	(35,014,461)	476,648,415	44,038,825
District Energy System:					
Revenue bonds payable	61,760,000	-	(1,330,000)	60,430,000	1,370,000
Deferred charge/premium, net	1,867,052	-	(76,992)	1,790,060	-
General obligation bonds payable	6,890,000	564,757	(1,063,549)	6,391,208	-
Deferred charge/premium, net	426,382	208,792	(29,423)	605,751	-
Total District Energy System	70,943,434	773,549	(2,499,964)	69,217,019	1,370,000
Farmers Market:					
Capitalized lease obligations payable	1,270,000	-	(175,000)	1,095,000	195,000
Total business-type activities long-term liabilities	<u>\$ 576,216,188</u>	<u>\$ 8,433,671</u>	<u>\$ (37,689,425)</u>	<u>\$ 546,960,434</u>	<u>\$ 45,603,825</u>

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

B. Description of Amounts Payable

Amounts payable at June 30, 2010 are as follows:

	Interest Rate	Amount
Governmental activities:		
General obligation bonds and notes payable from ad valorem taxes:		
General Services District - General Purposes, due in varying amounts to July 1, 2034	2.21 - 6.00%	\$ 1,117,766,829
General Services District - School Purposes, due in varying amounts to July 1, 2034	2.21 - 5.71%	628,750,223
Urban Services District - General Purposes, due in varying amounts to July 1, 2034	2.21 - 6.00%	157,591,740
Deferred charge/premium, net		61,860,261
Total general obligation bonds and notes payable from ad valorem taxes		1,965,969,053
Limited obligation revenue bonds payable:		
Correctional Facility Revenue Bonds, due in varying amounts to September 1, 2011	5.00%	3,870,000
Deferred charge/premium, net		(29,314)
Total limited obligation revenue bonds payable		3,840,686
Qualified zone academy notes payable:		
Qualified Zone Academy Notes, due in varying amounts to December 28, 2020	N/A	4,560,233
Deferred charge/premium, net		(108,824)
Total qualified zone academy notes payable		4,451,409
Tennessee Municipal Bond Fund loan payable	variable	52,650,000
Qualified school construction bond loan payable	1.515%	21,120,000
Other obligations payable:		
Net pension obligation		75,491,745
Net other postemployment benefits obligation		472,164,000
Compensated absences		77,653,888
Claims and judgments		3,400,000
Landfill closure		9,385,608
Fair value of derivative financial instrument		12,815,155
Total other obligations payable		650,910,396
Total governmental activities long-term liabilities		\$ 2,698,941,544
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%	\$ 50,860,000
Department of Water and Sewerage Revenue Bonds, Series 1993, due in varying amounts to January 1, 2013	5.20 - 6.50%	26,790,000

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

	Interest Rate	Amount
Business-type activities: (Continued)		
Department of Water and Sewerage Revenue Bonds Series 1998B, due in varying amounts to January 1, 2014	4.55 - 5.25%	\$ 17,685,000
Department of Water and Sewerage Revenue Refunding Bonds Series 2002, due in varying amounts to January 1, 2016	5.125%	27,825,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2007, due in varying amounts to January 1, 2016	4.25 - 5.00%	35,810,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2008A, due in varying amounts to January 1, 2022	3.25 - 5.25%	122,530,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2008B, due in varying amounts to January 1, 2016	3.45 - 4.84%	27,755,000
Deferred charge/premium, net		2,062,028
Total Department of Water and Sewerage Services		311,317,028
District Energy System Revenue Bonds, Series 2002A, due in varying amounts to October 1, 2033	3.25 - 5.25%	60,430,000
District Energy System G. O. Multi-purpose Bonds, Series 2005A, due in varying amounts to January 1, 2025	4.25 - 5.25%	5,826,451
District Energy System G. O. Public Improvement and Refunding Bonds, Series 2010A, due in varying amounts to July 1, 2026	2.75 - 5.00%	274,201
District Energy System G. O. Refunding Bonds, Series 2010C, due in varying amounts to July 1, 2015	2.21 - 3.23%	290,556
Deferred charge/premium, net		2,395,811
Total District Energy System		69,217,019
Total bonds payable		380,534,047
Department of Water and Sewerage Services - state construction loans	2.82 - 4.90%	165,044,454
Department of Water and Sewerage Services - state economic and development loan	3.00%	286,933
Farmers Market - capitalized lease obligations payable	7.50%	1,095,000
Total business-type activities long-term liabilities		\$ 546,960,434

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

Governmental activities:

Noncurrent liabilities:	
Due within one year	\$ 49,999,672
Due in more than one year	2,648,941,872
Total governmental activities	\$ 2,698,941,544

Business-type activities:

Liabilities payable from restricted assets:	
Current portion of long-term liabilities	\$ 45,408,825
Noncurrent liabilities:	
Due within one year	195,000
Due in more than one year	501,356,609
Total business-type activities	\$ 546,960,434

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Net pension obligation	Fund incurring the related employees' compensation
Other postemployment benefits 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, 2010, 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, 2010 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
2011	\$ -	\$ 81,086,980	\$ 1,885,000	\$ 146,375	\$ 36,895,000	\$ 19,496,834	\$ 38,780,000	\$ 100,730,189
2012	5,695,000	94,125,065	1,985,000	49,625	39,080,000	17,087,632	46,760,000	111,262,322
2013	44,020,000	93,183,405	-	-	41,745,000	14,420,854	85,765,000	107,604,259
2014	88,880,000	90,795,127	-	-	43,290,000	12,374,593	132,170,000	103,169,720
2015	110,370,000	86,294,054	-	-	45,315,000	10,242,722	155,685,000	96,536,776
2016-2020	606,045,000	350,488,162	-	-	88,845,000	31,013,170	694,890,000	381,501,332
2021-2025	589,335,000	206,861,388	-	-	42,675,000	11,779,157	632,010,000	218,640,545
2026-2030	309,345,000	80,195,711	-	-	16,370,000	5,899,025	325,715,000	86,094,736
2031-2035	156,810,000	23,040,585	-	-	15,470,000	1,594,000	172,280,000	24,634,585
Total	1,910,500,000	1,106,070,477	3,870,000	196,000	369,685,000	123,907,987	2,284,055,000	1,230,174,464
Deferred Charge/ Premium	62,466,012	-	(29,314)	-	3,852,088	-	66,288,786	-
Total	\$ 1,972,966,012	\$ 1,106,070,477	\$ 3,840,686	\$ 196,000	\$ 373,537,088	\$ 123,907,987	\$ 2,350,343,786	\$ 1,230,174,464

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. The Government has entered into a contract with a third party to provide liquidity for the commercial paper program. 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.

General obligation 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 not to exceed 270 days, and all rollover commercial paper will not have a final maturity more than two years from the initial dates of issuance. The State has waived the two year final maturity limitation and approved a final maturity not to exceed six years. Interest rates vary depending on the market. At June 30, 2010, the amount of principal outstanding could not exceed \$400 million.

In November 2009, the Government instituted a Water and Sewerage revenue commercial paper (bond anticipation note) program. Commercial paper notes are issued to provide interim or short-term financing of various water and sewer capital projects. The notes may be refunded with new notes (rollover notes) until the Government is prepared to issue long-term bonds and thereby provide permanent financing for the capital projects financed under the commercial paper program. The Government entered into Standby Note Purchase Agreements with two banks to provide liquidity for the commercial paper program. If the commercial paper dealer was ever unable to market notes in the amount needed to pay the maturing notes, the liquidity providers would issue bank notes, the proceeds of which are applied to pay the principal of and interest on commercial paper notes on the respective maturity dates.

Revenue 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 not to exceed 270 days, and all rollover commercial paper will not have a final maturity more than two years from the initial dates of issuance. The State has waived the two year final maturity limitation and approved a final maturity not to exceed six years. Interest rates vary depending on the market. At June 30, 2010, the amount of principal outstanding could not exceed \$183.4 million.

Commercial paper obligations of \$55,000,000 with interest rates ranging from .300% to .380% were outstanding at June 30, 2010. These obligations were refunded subsequent to year-end with rollover notes. The obligations are considered short-term debt at June 30, 2010 and are recorded as a liability in the Capital Project Funds, Department of Water and Sewerage Services, and the District Energy System of the Government.

Commercial paper activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
Commercial paper payable	\$ 175,000,000	\$ 1,245,575,000	\$ (1,365,575,000)	\$ 55,000,000

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

The commercial paper is classified in the Statement of Net Assets as follows:

Governmental activities:	
Commercial paper payable	\$ 24,810,314
Total governmental activities	24,810,314
 Business-type activities:	
Commercial paper payable	30,189,686
Total business-type activities	30,189,686
Total commercial paper payable	\$ 55,000,000

G. Issuance of Bonds

On June 9, 2010, the Government issued \$296,750,000 General Obligation Improvement and Refunding Bonds, Series 2010A, maturing on July 1, 2026, with interest rates ranging from 2.75% to 5.00%, \$252,005,000 General Obligation Improvement Bonds Federally Taxable, Series 2010B (Build America Bonds – Direct Payment), maturing on July 1, 2034, with an interest rate of 5.707%, and \$51,485,000 General Obligation Refunding Bonds Federally Taxable, Series 2010C (Build American Bonds – Direct Payment), maturing on July 1, 2015, with interest rates ranging from 2.208% to 3.23%. The Build America Bonds (BAB's) are issued under an irrevocable election under Section 54 of the Internal Revenue Service Code. BAB's qualify for a 35% tax credit from the Federal Government on interest payable on the Bonds. The Metropolitan Government is required to file requests for these interest credits no earlier than 90 days prior to each scheduled interest payment. Future interest payments included in the annual debt service requirements in Section E. are not reduced for the anticipated credits. All the Bonds are subject to Federal arbitrage regulations.

The 2010 Improvement Bonds totaled \$409,780,000 and provided funding to pay principal and interest on certain of the Government's maturing commercial paper notes and funding for other general capital improvements. The net proceeds of the 2010 Improvement Bonds totaled \$425,738,889 (net of original issue premium, underwriting fees and other issuance costs); \$275,002,527 was deposited with the commercial paper paying agent, and \$150,736,362 was deposited with the Government.

The 2010 Refunding Bonds totaled \$190,460,000 and refunded certain maturities of various outstanding Bond Series and the Tennessee Municipal Bond Fund loan. By issuing the 2010 Refunding Bonds, the Government incurred an estimated economic loss (difference between the present values of the debt service payments on the defeased and new debt) of \$4,200,275. The refunding will increase the Government's debt service payments over the next eleven years by an estimated \$31,327,995.

H. Defeased Bonds

In the current and 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, 2010, \$360,420,000 of general obligation bonds and \$27,650,000 of revenue bonds are considered defeased.

I. Redemption Options

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

J. 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, 2010 are summarized below:

Year Ending June 30	Principal	Investment Credit (1)
2011	\$ 414,567	\$ 97,031
2012	414,567	97,031
2013	414,567	97,031
2014	414,567	97,031
2015	414,567	97,031
2016-2020	2,072,831	485,158
2021	414,567	97,031
Total qualified zone academy notes payable	<u>\$ 4,560,233</u>	<u>\$ 1,067,344</u>

(1) The investment credit is estimated and subject to adjustment based on investment earnings and other factors.

K. Tennessee Municipal Bond Fund Loan

The Government entered a loan agreement with the Public Building Authority of the City of Clarksville, Tennessee, through the Tennessee Municipal Bond Fund (the TMBF Loan) in December 2008 for \$59,140,000 with an initial variable interest rate of .45%. The interest rate is calculated daily by the Bank of America based on the prevailing conditions in the variable rate municipal market. Proceeds of the TMBF Loan were used primarily to refund the General Obligation Refunding Bonds, Series 2006.

Because this is variable rate debt, a letter of credit agreement was entered into with the Bank of America. In conjunction with the letter of credit agreement, the Government agreed to deposit \$25 million with the Bank of America. The deposit was made in December 2008. In December 2009, Bank of America agreed to remove the deposit requirement and returned the \$25 million to the Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Aggregate debt service requirements of the TMBF Loan and net receipts/payments on the associated hedging derivative instrument (interest rate swap) at June 30, 2010 are summarized below. The amounts assume that current interest rates on the variable rate TMBF Loan and the current reference rates of the interest rate swap will remain the same for their term. As these rates vary, interest payments on the variable rate TMBF Loan and net receipts/payments will vary. See Section O. for information on the derivative instrument.

Year Ending June 30	Principal	Interest (1)	Hedging Derivative, net
2011	\$ -	\$ 105,300	\$ 2,824,775
2012	2,325,000	105,300	2,711,475
2013	2,455,000	100,650	2,591,738
2014	2,590,000	95,740	2,465,305
2015	2,740,000	90,560	2,331,920
2016-2020	16,195,000	364,180	9,377,635
2021-2025	21,330,000	182,820	4,707,615
2026	5,015,000	10,030	258,273
Total Tennessee Municipal League loan payable	<u>\$ 52,650,000</u>	<u>\$ 1,054,580</u>	<u>\$ 27,268,736</u>

(1) Interest is calculated using the June 30, 2010 Bank of America rate of .20%.

L. Qualified School Construction Bond Loan

Qualified School Construction Bonds (QSCB) are issued by the Tennessee State School Bond Authority (TSSBA) to finance improvement loans for qualifying primary and secondary schools in the State. The QSCB's are a part of a federal government's American Recovery and Reinvestment Act of 2009 (ARRA).

The Government entered a loan agreement with the TSSBA in December 2009 whereby the Government would receive an amount not to exceed \$21,760,000 of the proceeds from the TSSBA QSCB, Series 2009. Actual proceeds totaled \$21,120,000. Interest on the loan is 1.515%, and the loan matures in 2026. 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 2009 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.

QSCB note principal maturities at June 30, 2010 are summarized below:

Year Ending June 30	Principal	Interest
2011	\$ 1,098,210	\$ 319,968
2012	1,317,852	319,968
2013	1,317,852	319,968
2014	1,317,852	319,968
2015	1,317,852	319,968
2016-2020	6,589,260	1,599,840
2021-2025	6,589,260	1,599,840
2026-2027	1,571,862	346,632
Total qualified school construction bond loan payable	<u>\$ 21,120,000</u>	<u>\$ 5,146,152</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

M. The Department of Water and Sewerage Services – State Construction Loans

As of June 30, 2010, the Department has entered into 25 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 1.62% and 5.52% at June 30, 2010). The loans mature in monthly installments, as stipulated in the agreed-upon payment schedule, and are secured by the Government's unobligated state-shared taxes in an amount equal to the maximum annual debt service requirements under the agreements. In addition, the Government has pledged user fees and charges to be paid from the Department's Extension and Replacement Fund and/or from ad valorem taxes.

As of June 30, 2010, twelve 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. Four loans are active but not finalized and require only monthly interest payments, and one loan project has yet to begin. The fully funded loans, which total \$154,056,792 at June 30, 2010, call for monthly payments of principal and interest of approximately \$1,126,000.

State construction loan principal maturities as of June 30, 2010 are summarized below:

Year Ending June 30	Principal	Interest
2011	\$ 8,469,466	\$ 4,754,378
2012	8,769,528	4,458,384
2013	9,078,612	4,149,300
2014	9,399,192	3,828,720
2015	9,731,781	3,496,128
2016-2020	45,194,084	12,647,414
2021-2025	37,928,164	6,417,397
2026-2030	25,481,755	1,188,282
2031	<u>4,210</u>	<u>22</u>
Total fully funded loans	<u>154,056,792</u>	<u>40,940,025</u>
Active but incomplete loans (1)	<u>10,987,662</u>	<u>-</u>
Total state construction loans	<u>\$ 165,044,454</u>	<u>\$ 40,940,025</u>

(1) These loans are active but formalization of a final payment schedule is incomplete. These loans are expected to be repaid over 20 years at an interest rate between 2.94% and 3.31% beginning in the year ending June 30, 2011.

N. The Department of Water and Sewerage Services – State Economic and Development Loan

In January 2009, the Department entered a loan agreement with the Tennessee Department of Economic Development for \$330,000. The proceeds of the loan will be used to fund the installation of variable frequency drives on the raw water pumps at the K.R. Harrington water treatment plant. The energy savings resulting from the ability to gradually increase or decrease pump speeds rather than adding or dropping pumps at full capacity will be used to repay the loan. The loan is for seven years, and interest is calculated on the loan at 3%.

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

State economic and development loan principal maturities as of June 30, 2010 are summarized below:

Year Ending June 30	Principal	Interest
2011	\$ 44,359	\$ 8,608
2012	45,690	7,277
2013	47,061	5,907
2014	48,472	4,495
2015	49,927	3,041
2016	51,424	1,543
Total state economic and development loan	<u>\$ 286,933</u>	<u>\$ 30,871</u>

O. Derivative Financial Instruments

In connection with the outstanding variable rate debt, 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 an upfront payment of \$3,800,000, which is deferred and being amortized over the term of the related debt on the government-wide statements. The Swaption was sold on a SIFMA floating to fixed interest rate swap and, when it was exercised by the winning bidder, SunTrust Bank (Counterparty), the Government was placed into a variable to fixed interest rate swap commencing on May 15, 2006. The interest rate swap is a hedging derivative instrument (cash flow hedge) maintained by the Government in order to manage its exposure to market risk from fluctuations in interest rates on the TMBF Loan.

The swap agreement provides that the Government will pay a fixed rate of 5.4% to the Counterparty and will receive the SIFMA rate on the outstanding notional amount which reduces annually and was \$54,850,000 at June 30, 2010. The SIFMA rate at June 30, 2010 (the latest reset date prior to June 30, 2010) was .25%. All terms of the swap remain in effect and expire May 15, 2026. The credit rating of the Counterparty at June 30, 2010 is A2/BBB+. The fair value of this swap contract was a liability of \$12,815,155 at June 30, 2010 and is recorded in noncurrent liabilities in the Statement of Net Assets. The liability increased by \$2,194,678 for the year ended June 30, 2010. This change in fair value is also reported as a deferred outflow included in noncurrent assets in the Statement of Net Assets.

The fair value of the interest rate swap was determined by the Counterparty using valuation models and assumptions and available market data. Arrangements made in the Government's interest rate swap agreement do not alter the Government's obligation to pay the principal, premium, if any, and interest on the related debt.

Credit risk – The Government is exposed to credit risk on hedging derivative instruments that are in asset positions. There were no such instruments in asset positions at June 30, 2010. The Government relies primarily on credit rating of the counterparty to access credit risk.

Interest rate risk – The Government is exposed to interest rate risk on its interest rate swap. On its pay-fixed, receive-variable interest rate swap, as the variable swap index decreases, the Government's net payments on the swaps increase.

Basis risk – The Government is exposed to basis risk on its pay-fixed interest rate swaps because the variable rate payments received by the Government on this hedging derivative instrument is, in certain circumstances, based on a rate or index other than interest rates that the Government pays on its hedged variable rate debt.

Termination risk – The Government or the Counterparty may terminate the derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, the hedging derivative instrument is in a liability position, the Government would be liable to the Counterparty for a payment equal to the liability.

P. Unissued Bonds or Notes

At June 30, 2010, authorized but unissued general obligation bonds totaled \$171,523,000. 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, 2010 was as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Governmental types:					
Revenue bonds payable:					
Sports Authority	\$ 69,541,848	\$ -	\$ (3,173,932)	\$ 66,367,916	\$ 3,475,000
Total revenue bonds payable - governmental types	<u>69,541,848</u>	<u>-</u>	<u>(3,173,932)</u>	<u>66,367,916</u>	<u>3,475,000</u>
Proprietary types:					
Revenue bonds payable:					
Metropolitan Development and Housing Agency	2,685,490	54,510	(2,740,000)	-	-
Electric Power Board	520,908,000	-	(18,936,000)	501,972,000	14,830,000
Metropolitan Nashville Airport Authority	242,430,391	95,498,373	(51,718,838)	286,209,926	27,805,000
Convention Center Authority	-	624,516,329	(13,416)	624,502,913	-
Total revenue bonds payable - proprietary types	<u>766,023,881</u>	<u>720,069,212</u>	<u>(73,408,254)</u>	<u>1,412,684,839</u>	<u>42,635,000</u>
Notes payable:					
Metropolitan Development and Housing Agency:					
Notes payable	5,979,532	2,481,141	-	8,460,673	2,516,004
Metropolitan Nashville Airport Authority:					
Notes payable	<u>8,273,333</u>	<u>-</u>	<u>(448,004)</u>	<u>7,825,329</u>	<u>448,000</u>
Total notes payable - proprietary types	<u>14,252,865</u>	<u>2,481,141</u>	<u>(448,004)</u>	<u>16,286,002</u>	<u>2,964,004</u>
Total revenue bonds and notes payable	<u>849,818,594</u>	<u>722,550,353</u>	<u>(77,030,190)</u>	<u>1,495,338,757</u>	<u>49,074,004</u>
Other liabilities payable:					
Hospital Authority:					
Capitalized lease obligation	36,505,229	-	(1,308,764)	35,196,465	1,410,277
Other liabilities	12,149,330	1,866,437	-	14,015,767	-
Metropolitan Development and Housing Agency:					
Other liabilities	1,910,604	2,037,037	(1,910,604)	2,037,037	-
Electric Power Board:					
TVA Advances and Other	3,342,000	7,277,000	(6,788,000)	3,831,000	-
Metropolitan Transit Authority:					
Capitalized lease obligation	77,190	-	(77,190)	-	-
Deferred lease revenue	6,304,997	-	(260,004)	6,044,993	-
Other postemployment benefits obligation	5,678,175	5,591,089	(1,662,362)	9,606,902	-
Metropolitan Nashville Airport Authority:					
Synthetic Advance Refunding, Series 2001	2,577,768	-	(664,723)	1,913,045	-
Fair value of derivative financial instruments	4,334,856	239,916	(1,098,645)	3,476,127	-
Deferred interest income	1,686,297	-	(351,853)	1,334,444	-

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

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Proprietary types: (Continued)					
Other liabilities payable: (Continued)					
Other postemployment benefits obligation	\$ 7,572,913	\$ 6,268,830	\$ (1,175,967)	\$ 12,665,776	\$ -
Other liabilities	<u>1,978,847</u>	<u>9,047</u>	<u>(34,904)</u>	<u>1,952,990</u>	<u>-</u>
Total other liabilities payable - proprietary types	<u>84,118,206</u>	<u>23,289,356</u>	<u>(15,333,016)</u>	<u>92,074,546</u>	<u>1,410,277</u>
Total revenue bonds, notes and other liabilities payable - component units	<u>\$ 933,936,800</u>	<u>\$ 745,839,709</u>	<u>\$ (92,363,206)</u>	<u>\$ 1,587,413,303</u>	<u>\$ 50,484,281</u>

B. Description of Amounts Payable

Amounts payable at June 30, 2010 are as follows:

	Interest Rates	Amount
Governmental types:		
Revenue bonds payable:		
Public Improvement Revenue Bonds (Stadium Project), Series 2004 due in varying amounts to July 1, 2027	5.375 - 5.875%	\$ 56,740,000
Taxable Public Facility Revenue Bonds, Series 1998, due in varying amount to July 1, 2018	5.87 - 6.60%	12,525,000
Deferred charge/premium, net		<u>(2,897,084)</u>
Total revenue bonds payable - governmental types		<u>66,367,916</u>
Proprietary types:		
Revenue bonds payable:		
Electric Power Board Electric System Revenue Bonds, 1996 Series A, due in varying amounts to May 15, 2013	5.50 - 6.00%	29,828,000
Electric Power Board Electric System Revenue Bonds, 1998 Series A, due in varying amounts to May 15, 2023	5.125 - 5.40%	23,361,000
Electric Power Board Electric System Revenue Bonds, 1998 Series B, due in varying amounts to May 15, 2017	3.80 - 5.50%	33,281,000
Electric Power Board Electric System Revenue Bonds, 2001 Series A, due in varying amounts to May 15, 2017	4.50 - 5.00%	102,937,000
Electric Power Board Electric System Revenue Bonds, 2001 Series B, due in varying amounts to May 15, 2014	5.50%	18,540,000
Electric Power Board Electric System Revenue Bonds, 2004 Series A, due in varying amounts to May 15, 2029	4.50 - 5.00%	109,379,000
Electric Power Board Electric System Revenue Bonds, 2008 Series A, due in varying amounts to May 15, 2033	3.25 - 5.00%	106,690,000
Electric Power Board Electric System Revenue Bonds, 2008 Series B, due in varying amounts to May 15, 2023	3.25 - 5.00%	77,956,000
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1995, due in varying amounts to July 1, 2015	4.45 - 5.00%	38,265,000
Airport Improvement Revenue Bonds, Series 1998A, due in varying amounts to July 1, 2014	4.80 - 5.15%	4,330,000
Airport Improvement Revenue Bonds, Series 1998C, due in varying amounts to July 1, 2016	5.00 - 5.38%	16,190,000
Airport Improvement Revenue Bonds, Series 2001A, due in varying amounts to July 1, 2015	6.60 - 6.625%	49,475,000

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

	Interest Rates		Amount
Proprietary types: (Continued)			
Revenue bonds payable: (Continued)			
Passenger Facility Charge and Airport Revenue Bonds, Series 2003, due in varying amounts to July 1, 2012	Adjustable (.52% at June 30, 2010)	\$	11,485,000
Airport Improvement Revenue Bonds, Series 2003 B, due in varying amounts to July 1, 2033	2.69 - 5.94%		17,260,000
Airport Improvement Revenue Bonds, Series 2008A, due in varying amounts to July 1, 2019	4.49%		25,700,000
Airport Improvement Revenue Bonds, Series 2009A, due in varying amounts to July 1, 2019	3.00 - 5.25%		36,000,000
Airport Improvement Revenue Bonds, Series 2010A, due in varying amounts to July 1, 2017	3.00 - 5.00%		25,770,000
Special Facility Revenue Bonds, Series 2010, due in varying amounts to July 1, 2029	2.25 - 6.19%		66,300,000
Metropolitan Nashville Airport Authority: Unamortized deferred amount on refunding			(4,565,074)
Convention Center Authority Revenue Bonds, 2010A-1 due in varying amounts to July 1, 2026	3.35 - 5.00%		51,730,000
Convention Center Authority Revenue Bonds, 2010A-2 due in varying amounts to July 1, 2043	7.431%		152,395,000
Convention Center Authority Revenue Bonds, 2010B due in varying amounts to July 1, 2043	4.862 - 6.731%		419,090,000
Convention Center Authority: Deferred charge/premium, net			1,287,913
Total revenue bonds payable - proprietary types			1,412,684,839
Notes payable:			
Metropolitan Development and Housing Agency: Notes payable			8,460,673
Metropolitan Nashville Airport Authority: Notes payable			7,825,329
Total notes payable - proprietary types			16,286,002
Total revenue bonds and notes payable			1,495,338,757
Other liabilities payable:			
Hospital Authority: Capitalized lease obligation			35,196,465
Other liabilities			14,015,767
Metropolitan Development and Housing Agency: Other liabilities			2,037,037
Electric Power Board: TVA Advances			277,000
Other			3,554,000
Metropolitan Transit Authority: Deferred lease revenue			6,044,993
Other postemployment benefits obligation			9,606,902
Metropolitan Nashville Airport Authority: Synthetic Advance Refunding, Series 2001			1,913,045
Fair value of derivative financial instruments			3,476,127

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

	Interest Rates	Amount
Proprietary types: (Continued)		
Other liabilities payable: (Continued)		
Deferred interest income		\$ 1,334,444
Other postemployment benefits obligation		12,665,776
Other liabilities		1,952,990
Total other liabilities payable - proprietary types		92,074,546
Total bonds, notes and other liabilities payable - component units		\$ 1,587,413,303

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	\$	46,110,000
Noncurrent liabilities:		
Due within one year		4,374,281
Due in more than one year		1,536,929,022
Total component units long-term liabilities	\$	1,587,413,303

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 of the Airport Authority's bonds, except for the Series 2003B PFC Bonds and CONRAC Series 2010 Bonds, are secured by a pledge of and lien on net revenues derived by the Airport Authority from the operation of the airports. The Series 2003B PFC Bonds are secured by an additional pledge of and lien on PFC revenues less operating expenses. The CONRAC Series 2010 Bonds are secured by a pledge of certain rental payments derived from customer facility charges under leases with rental car agencies.

D. Issuance of Bonds

Metropolitan Nashville Airport Authority

During February 2010, the Airport Authority issued Series 2010A Bonds in the principal amount of \$25,770,000. The Bonds were issued to provide funds to refund \$25,050,000 aggregate outstanding principal amount of the Airport Authority's Series 2008B Bonds and to pay issuance costs. The purpose of the refunding was to replace variable rate bonds with fixed rate bonds thereby terminating an interest rate swap with a financial institution. There were no significant changes to the terms of the bonds, and there was no significant economic gain as a result of the refunding. The Series 2010A Bonds contain serial bonds at interest rates ranging from 3.00% to 5.00%, maturing in amounts ranging from \$1,255,000 on July 1, 2010, to \$3,835,000 on July 1, 2017.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During February 2010, the Airport Authority issued CONRAC Series 2010 Bonds in the principal amount of \$66,300,000. The Bonds, together with customer facility charge (CFC) collections on hand and collected during the construction period, will be used for the development and construction of a new consolidated rental car facility and related improvements, including quick turnaround facilities at the Airport, to fund certain deposits to the debt service reserve fund and coverage fund, and to pay bond issues costs of \$2,268,828. Issuance costs are being charged to operations through fiscal year 2018 using the effective interest method. The CONRAC Series Bonds contain serial bonds at interest rates ranging from 2.25% to 6.19%, maturing in progressive annual amounts ranging from \$1,580,000 on July 1, 2012, to \$2,800,000 on July 1, 2024. The CONRAC Series 2010 Bonds also contain term bonds at 6.79%, maturing in progressive amounts ranging from \$4,055,000 on July 1, 2025, to \$13,755,000 on July 1, 2029.

Convention Center Authority

In April 2010, the Convention Center Authority issued Tourism Tax Revenue Bonds, Series 2010A-1 in the amount of \$51,730,000, Series 2010A-2 in the amount of \$152,395,000, and Series 2010B in the amount of \$419,090,000, for a combined principal amount of \$632,215,000 plus original issue premium of \$1,302,329. The purpose of the bonds is to pay the costs associated with planning, designing, engineering, acquiring, constructing, equipping, furnishing, improving, repairing, refurbishing and opening the Music City Center.

The land for the Music City Center was purchased prior to the creation of the Convention Center Authority by the Metropolitan Development and Housing Agency (the Agency), a component unit of the Metropolitan Government, through a bank loan. In conjunction with the issuance of the Tourism Tax Revenue Bonds, the Agency loan was retired, and the land was transferred to the Convention Center Authority.

The bond proceeds were as follows:

Establishment of debt service reserve funds	\$40,040,199
Establishment of capitalized interest funds	22,287,868
Payment of bond issue costs	7,299,084
Retirement of the Agency loan	46,616,567

The remaining \$508,575,611 was deposited in construction funds to be drawn down as the Music City Center is constructed. The capitalized interest funds will be applied to interest payable during construction. All of the bonds are subject to Federal arbitrage regulations.

The Series 2010A-1 Bonds are tax exempt, and the Series 2010A-2 and Series 2010B Bonds are federally taxable and were issued as Build America Bonds (BAB's) under an irrevocable election under Section 54 of the Internal Revenue Service Code. BAB's qualify for a 35% credit from the Federal Government on interest payable on the bonds. The Metropolitan Government is required to file requests for these interest credits no earlier than 90 days prior to each scheduled interest payment.

The Series 2010A Bonds are payable from tourism tax revenues received by the Metropolitan Government. The tourism tax revenues consist of 3% of the 6% of the Hotel/Motel Tax authorized by Tennessee Code Annotated (TCA) Section 7-4-102, \$2.00 of the \$2.50 Hotel Room Occupancy Tax authorized by TCA Section 7-4-2-2, the \$2.00 Contracted Vehicle Tax authorized by TCA Section 7-2-203, the 1% Rental Vehicle Surcharge Tax authorized by TCA Section 67-4-1908, an allocation of state and local sales and uses taxes derived from incremental sales tax growth within a Tourism Development Zone (TDZ) authorized by TCA Section 7-88-1-101, and an allocation of Campus Sales Tax, consisting of state and local sales and uses taxes collected on the premises of the Music City Center and on any convention center hotel.

The Series 2010B Bonds are payable from the remaining tourism tax revenues available after the payment of the 2010A Bonds, and are additionally secured by the Metropolitan Government's non-tax revenues of the GSD General Fund, subject to the prior pledge and application of certain requirements related to bonds issued by the Sports Authority.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

E. Advance and Current Refundings of Bonds

Electric Power Board

Certain bond issues have been defeased through advanced refundings. Therefore, the related outstanding balances at June 30, 2010 of \$79,055,000 do not appear as a liability on the Board's Statement of Net Assets.

Metropolitan Nashville Airport Authority

In prior years, Bonds have been defeased through advance refundings; therefore, the related outstanding balances at June 30, 2010, do not appear as a liability on the Airport Authority's Statement of Net Assets.

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, 2010, the tax increment financing loans, including related accrued interest payable, aggregated approximately \$60.5 million.

Industrial Development Board

The Government, through the Industrial Development Board (The Board), 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 of the Government.

The aggregate principal amount as of June 30, 2010 for the Industrial Revenue Bonds issued after April 1, 1996 was approximately \$381,512,567. 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 \$3,517,768,525. The aggregate principal amount of revenue bonds which were issued by the Board and were 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 extended through June 2010. The line of credit can be further extended upon mutual agreement of both parties. 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 2009, the Agency drew \$95,925 on the line of credit. A total of \$8,204,551 was outstanding on the line of credit at September 30, 2009. The total was repaid to the Metropolitan Government in January and April of 2010.

During July 2009, the Metropolitan Development and Housing Agency entered into a \$12.1 million Tax-Exempt Municipal Lease Purchase Financing Contract with a banking institution, with a fixed rate of 3.98% for the acquisition and installation of equipment necessary to implement the energy savings program. The interest will accrue for 13 months with no payment due. At the end of the 13 month period, the accrued interest will be capitalized and added to the original lease amount with 28 quarterly payments to follow. The contract is collateralized by equipment. A total of \$2,092,350 was outstanding on the contract at September 30, 2009.

During July 2009, the Metropolitan Development and Housing Agency entered into a \$62.0 million line of credit with a banking institution for land acquisition and related pre-development activities for the Music City Center, the Metropolitan Government's new convention center. The line of credit is interest only for 12 months. Interest is based on the 30 day LIBOR rate, plus 155 basis points, but with a 3% minimum. Interest was paid by the Metropolitan Government. The loan was secured by an assignment of the convention center tax revenues and a lien on the properties acquired. A total of \$205,500 was outstanding on the line of credit at September 30, 2009. The line of credit was repaid with a portion of the bond proceeds from the Tourism Tax Revenue Bonds, Series 2010A-1, Series 2010A-2, and Series 2010B, issued in April 2010 by the Convention Center Authority, a component unit of the Metropolitan Government.

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 Metropolitan Development and Housing Agency has borrowed funds under this program and guaranteed repayment of the loan by pledging present and future community development block grants. The outstanding loan does not constitute a debt of the Agency and is not reported in the Agency's financial statements. At September 30, 2009, the Section 108 loans outstanding aggregated approximately \$3.63 million.

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 purchased power in case of natural disaster. Borrowings under this line of credit bear a negotiated interest rate. There were no borrowings under this line of credit at June 30, 2010.

Metropolitan Transit Authority

The Authority has a \$2,000,000 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, 2010 is \$755,236. The amount is reported as due to the primary government.

The Authority also had a \$10,000,000 revolving credit line agreement with the Metropolitan Government for the purpose of providing short-term construction financing for the Music City Central project. 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 total outstanding balance was repaid during the fiscal year ended June 30, 2010.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In May 2009, the Authority entered into a \$5,000,000 revolving credit line agreement with the Metropolitan Government for the purpose of funding capital activities until the Authority receives expected Federal and State grant monies from capital grants. 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 total outstanding balance as of June 30, 2010 is \$4,996,529.

Metropolitan Nashville Airport Authority

Notes Payable: In October 2007, MPC Holdings, LLC, a blended component unit of the Airport Authority, entered into a term note in the amount of \$7,600,000 with a financial institution. Proceeds were used to replenish MPC Holdings, LLC's cash balance shortly after its purchase of International Plaza for \$7,500,000 plus associated costs in September 2007. The variable rate loan was entered into bearing interest at a monthly rate. Principal payments are due in level monthly installments of \$31,667. The obligation matures in November 2012, at which time the remaining balance will be \$5,700,000. The principal balance at June 30, 2010 was \$6,618,329. In order to reduce its exposure to fluctuations in interest rates, MPC Holdings, LLC entered into an interest rate swap agreement (2007 MPC Swap Agreement) that fixes the interest rate at 5.67%.

Notes Payable: In March 2008, MPC Holdings, LLC, a blended component unit of the Airport Authority, entered into a term note in the amount of \$1,360,000 with a financial institution. Proceeds were used to purchase a multi-purpose building on airport property from a major tenant. The variable rate loan was entered into bearing interest at a monthly rate. Principal payments are due in level monthly installments of \$5,666. The obligation matures in February 2013, at which time the remaining balance will be \$1,020,000. The principal balance at June 30, 2010 was \$1,207,000. In order to reduce its exposure to fluctuations in interest rates, MPC Holdings, LLC entered into an interest rate swap agreement (2008 MPC Swap Agreement) that fixes the interest rate at 4.33%.

2008A Interest Rate Swap Agreement: During 2008, in connection with the refunding of the Series 1993 Bonds with the Series 2008A Bonds, the 1993 Swap Agreement was transferred from the 1993 Bonds to the 2008A Bonds. All terms of the 1993 Swap Agreement remained intact and apply to the Series 2008A Bonds. In general, the 2008A Swap Agreement provides that the Airport Authority will pay a fixed rate of 4.49% to the counterparty on a notional amount equal to the principal amount of the Series 2008A Bonds outstanding.

2008B Interest Rate Swap Agreement: In connection with the Series 2008B Bonds, the Airport Authority entered into an interest rate swap agreement dated June 9, 2008 (the 2008B Swap Agreement) with a bank. In general, the 2008B Swap Agreement provides that the Airport Authority will pay a fixed rate of 3.32% to the counterparty on a notional amount equal to the principal amount of the Series 2008B Bonds outstanding. The Series 2008B Bonds were refunded with the Series 2010A Bonds in February 2010, at which time a termination payment was made in the amount of \$1,348,500. The resulting loss on the termination of the interest rate swap was \$249,855.

MPC 2007 Interest Rate Swap Agreement: In October 2007, MPC Holdings, LLC, a blended component unit of the Airport Authority, entered into an interest rate swap agreement (2007 MPC Swap Agreement) in order to manage its exposure to market risks from fluctuations in interest rates in connection with a term loan used to purchase a multi-tenant structure. In general, this agreement provides that MPC will pay a fixed rate of 5.67% on the outstanding principal amount. This agreement terminates November 1, 2012, to correspond with termination of the loan.

MPC 2008 Interest Rate Swap Agreement: In March 2008, MPC Holdings, LLC, a blended component unit of the Airport Authority, entered into an interest rate swap agreement (2008 MPC Swap Agreement) in order to manage its exposure to market risks from fluctuations in interest rates in connection with a term loan used to purchase a multi-purpose structure. In general, this agreement provides that MPC will pay a fixed rate of 4.33% on the outstanding principal amount. This agreement terminates March 1, 2013, to correspond with termination of the loan.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Derivative Financial Instruments: The Airport Authority has recorded the fair value of the Swap Agreements as of June 30, 2010 (a liability of \$3,476,127) in the Statement of Net Assets. The change in the fair values has been recorded as a loss (reported in expenses) in the Statement of Activities for the year ended June 30, 2010.

Credit risk – The Airport Authority is exposed to credit risk on hedging derivative instruments that are in asset positions. There were no such instruments in asset positions at June 30, 2010. The Airport Authority relies primarily on credit rating of the counterparty to access credit risk.

Interest rate risk – The Airport Authority is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as the variable swap index decreases, the Airport Authority's net payments on the swaps increase.

Basis risk – The Airport Authority is exposed to basis risk on its pay-fixed interest rate swaps because the variable-rate payments received by the Airport Authority on these hedging derivative instruments are, in certain circumstances, based on a rate or index other than interest rates the Airport Authority pays on its hedged variable-rate debt.

Termination risk – The Airport Authority or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, the Airport Authority would be liable to the counterparty for a payment equal to the liability.

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 in 2005 to be the developer of a 69,000 square foot cargo and support facility on approximately 15 acres of land at Nashville International Airport. 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.

During September 2008, the Airport Authority entered into a \$15,000,000 line of credit with a financial institution. Proceeds from the line of credit shall be used solely to pay accrued debt services on certain bond issues designated for refunding by the Airport Authority. There were no draws on the line of credit as of the date of the financial statements. The line of credit bears interest at LIBOR plus 40 basis points and expires in September 2010.

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, 2010 for the component units are as follows:

Year Ending June 30	Revenue Bonds and Notes Payable	
	Principal	Interest
2011	\$ 54,070,004	\$ 48,296,217
2012	56,858,341	57,010,240
2013	65,970,503	64,158,755
2014	54,182,579	61,620,239
2015	59,255,575	58,962,362
2016-2020	288,557,000	253,970,582
2021-2025	260,574,000	190,449,873
2026-2030	230,754,000	128,736,317
2031-2035	142,441,000	81,662,308
2036-2040	146,170,000	49,417,869
2041-2043	142,680,000	13,277,235
Total	1,501,513,002	1,007,561,997
Deferred Charges	(6,174,245)	-
Total	\$ 1,495,338,757	\$ 1,007,561,997

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>
<u>Component Units</u>			
Sports Authority and Hospital Authority	Included in primary government plans		
Metropolitan Development and Housing Agency	Defined Contribution	Open	N/A
Electric Power Board	Defined Benefit	Open	N/A
Metropolitan Transit Authority	Defined Benefit	Open	N/A
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, 2010. 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 are 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 to 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 are 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 are the average earnings for the 36 consecutive months in which earnings were highest. All participants in the Metro Education Plan are fully vested.

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

City Education Plan

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

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

County Education Plan

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

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 twenty two 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, 2010 (the latest date available), the actuarial value of assets was \$254,919,000 the actuarial accrued liability was \$419,353,000, and the unfunded actuarial accrued liability was \$164,435,000. Covered payroll was \$66,879,000.

A change was made in the Plan funding method effective April 1, 2009, whereby the amortization period was reset to a 30-year period beginning April 1, 2009. The result of this funding method change was a decrease in the normal cost of the Plan of \$11,044,000 and an increase in the Plan's actuarial accrued liability of \$120,452,000.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 benefits vest 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 in the actuarial values above.

Metropolitan Transit Authority

The Disability and Retirement Plan of Davidson Transit Organization (the Plan) is a single-employer defined benefit pension plan which covers substantially all employees of the Metropolitan Transit Authority and Local 1235 of the Amalgamated Transit Union (the Union) providing retirement, disability and death benefits to members and their beneficiaries. Articles XII and XIII of the Plan document establish the benefits.

At July 1, 2009 (the latest date available), the actuarial value of assets was \$23,302,460; the actuarial accrued liability was \$38,101,407. There is an unfunded actuarial accrued liability of \$14,798,947. Covered payroll was \$19,478,543.

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). While certain Airport Authority employees participate in the pension system of the Government, 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. 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.

At July 1, 2009 (the latest date available), the actuarial value of assets was \$22,922,104; the actuarial accrued liability was \$37,848,348. There is an unfunded actuarial accrued liability of \$14,926,244. Covered payroll was \$8,312,934.

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 13.012% for the non-certificated employees of Metropolitan Nashville Public Schools and all other Metro employers.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

City Plan

Funding is on a pay-as-you-go basis whereby contributions are made in amounts sufficient to cover benefits paid during the year.

County Plan

Funding is on a pay-as-you-go basis whereby contributions are made in amounts sufficient to cover benefits paid during the year.

Metro Education Plan

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

The TCRS plan is financed by contributions from teachers, most of whom are required by state statute to contribute 5% of their salary, and by Metropolitan Nashville Public Schools, which contributes at an actuarially determined rate (6.42% of covered payroll for the fiscal year ending June 30, 2010). 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, 2010, 2009, and 2008 were \$21,246,078, \$20,658,908, and \$18,614,273, 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 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 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, 2009 amounted to \$1,822,971 which equaled the amount of the annual required contribution. Employee contributions were \$156,312. The Agency's payroll for employees covered by this plan was \$14,459,512 during the fiscal year ended September 30, 2009.

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 34.21% of annual covered payroll. The Board contributed 100% of the required contribution for the Plan years 2010 and 2009. For the year ended June 30, 2010, the required and actual amount contributed was \$23,765,000. The annual contribution for the year was determined as part of the April 1, 2009, 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Transit Authority

Plan members are required to contribute 4.5% of their covered payroll. The Metropolitan Transit Authority is required to contribute at an actuarially determined rate of 9.54% in 2010. 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, 2010, the annual pension costs were \$1,917,663. The entry age normal method has been used to compute the annual contribution requirement. The actuarial assumptions included (a) 7.75% investment rate of return and (b) projected salary increases of 4.0%.

Metropolitan Nashville Airport Authority

Contribution requirements are established and may be amended by the Airport Authority. For the year ended June 30, 2010, the Airport Authority's annual pension cost of \$2,809,352 was equal to the annual required contribution of \$2,629,722 less interest of \$959,433 on the net pension asset plus the annual required contribution adjustment of \$1,139,063. 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, 2008 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%. 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:

	<u>Beginning of Year</u>	<u>End of Year</u>
Net pension obligation:		
Metro (1)	-	3,642,125
Metro Education	<u>\$ 70,947,167</u>	<u>\$ 71,849,620</u>
Total net pension obligation	<u>70,947,167</u>	<u>75,491,745</u>
Net pension assets:		
County	(8,325,046)	(7,374,421)
Metro (1)	(23,120,510)	-
County Education	(6,287,582)	(6,005,397)
City	(14,870,275)	(12,586,212)
City Education	<u>(8,797,871)</u>	<u>(8,420,035)</u>
Total net pension assets	<u>(61,401,284)</u>	<u>(34,386,065)</u>
Total net pension obligation (assets)	<u>\$ 9,545,883</u>	<u>\$ 41,105,680</u>

(1) The Metro plan reported a net pension asset at the beginning of the year and a net pension obligation at the end of the year.

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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 funded status of each plan at the most recent actuarial valuation date is also summarized on the following schedules.

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 NTGI S&P 500 totaling \$223,113,420 exceeds 5% of plan assets at June 30, 2010. In the Metro Education Plan, the investments in the US Debt Index Non-Lending Fund totaling \$5,002,478, the NTGI Aggregate Daily totaling \$3,819,510, the Dreyfus Cash Management Fund totaling \$3,229,704, and the Emerging Markets Index NL Fund totaling \$2,373,008, exceed 5% of plan assets at June 30, 2010. 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>
ANNUAL PENSION COST AND NET PENSION OBLIGATION (ASSET) - FISCAL 2010			
Annual required contribution	\$ 2,076,270	\$ 98,164,477	\$ 5,560,085
Interest on net pension obligation	(666,004)	(1,849,641)	(503,007)
Adjustment to annual required contribution	<u>1,448,683</u>	<u>2,701,171</u>	<u>1,094,134</u>
Annual pension cost	2,858,949	99,016,007	6,151,212
Contributions made	<u>(1,908,324)</u>	<u>(72,253,372)</u>	<u>(5,869,027)</u>
Increase (decrease) in net pension obligation	950,625	26,762,635	282,185
Net pension obligation (asset) beginning of year	<u>(8,325,046)</u>	<u>(23,120,510)</u>	<u>(6,287,582)</u>
Net pension obligation (asset) end of year	<u><u>\$ (7,374,421)</u></u>	<u><u>\$ 3,642,125</u></u>	<u><u>\$ (6,005,397)</u></u>
THREE-YEAR TREND INFORMATION			
2010			
Annual pension cost (APC)	\$ 2,858,949	\$ 99,016,007	\$ 6,151,212
Percentage of APC contributed	66.75%	72.97%	95.41%
Net pension obligation (asset)	\$ (7,374,421)	\$ 3,642,125	\$ (6,005,397)
2009			
Annual pension cost (APC)	\$ 2,702,961	\$ 62,101,591	\$ 5,918,883
Percentage of APC contributed	73.98%	116.84%	103.63%
Net pension obligation (asset)	\$ (8,325,046)	\$ (23,120,510)	\$ (6,287,582)
2008			
Annual pension cost (APC)	\$ 2,689,876	\$ 67,883,652	\$ 5,816,887
Percentage of APC contributed	89.36%	133.94%	126.48%
Net pension obligation (asset)	\$ (9,028,405)	\$ (12,660,311)	\$ (6,072,649)
PARTICIPANTS - Latest Actuarial Valuation Date			
Active:			
Fully vested	-	9,425	1
Non-vested and partially vested	-	3,889	-
Total active	<u>-</u>	<u>13,314</u>	<u>1</u>
Retirees and beneficiaries receiving benefits	125	6,568	281
Terminated vested	-	2,016	-
Total	<u><u>125</u></u>	<u><u>21,898</u></u>	<u><u>282</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>
\$ 15,687,599	\$ 9,650,296	\$ 3,150,541	\$ 134,289,268
5,675,773	(1,189,622)	(703,830)	763,669
<u>(7,082,795)</u>	<u>2,587,651</u>	<u>1,530,962</u>	<u>2,279,806</u>
14,280,577	11,048,325	3,977,673	137,332,743
<u>(13,378,124)</u>	<u>(8,764,262)</u>	<u>(3,599,837)</u>	<u>(105,772,946)</u>
902,453	2,284,063	377,836	31,559,797
<u>70,947,167</u>	<u>(14,870,275)</u>	<u>(8,797,871)</u>	<u>9,545,883</u>
<u>\$ 71,849,620</u>	<u>\$ (12,586,212)</u>	<u>\$ (8,420,035)</u>	<u>\$ 41,105,680</u>
\$ 14,280,577	\$ 11,048,325	\$ 3,977,673	\$ 137,332,743
93.68%	79.33%	90.50%	77.02%
\$ 71,849,620	\$ (12,586,212)	\$ (8,420,035)	\$ 41,105,680
\$ 12,844,723	\$ 10,822,144	\$ 3,876,197	\$ 98,266,499
94.92%	86.78%	97.94%	107.95%
\$ 70,947,167	\$ (14,870,275)	\$ (8,797,871)	\$ 9,545,883
\$ 12,513,500	\$ 10,984,130	\$ 3,781,327	\$ 103,669,372
63.07%	103.55%	118.49%	120.03%
\$ 70,295,028	\$ (16,300,953)	\$ (8,877,778)	\$ 17,354,932
5	-	-	9,431
-	-	-	3,889
<u>5</u>	<u>-</u>	<u>-</u>	<u>13,320</u>
1,177	569	190	8,910
6	-	-	2,022
<u>1,188</u>	<u>569</u>	<u>190</u>	<u>24,252</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, 2009	July 1, 2009	July 1, 2009	July 1, 2009
Actuarial cost method	entry age normal	entry age normal	entry age normal	entry age normal
Amortization method	level dollar closed	level dollar open	level dollar closed	level dollar closed
Amortization period	15 years (7 remaining)	40 years (9 remaining)	15 years (7 remaining)	30 years (21 remaining)
Asset valuation method	market	5 year smoothed market	market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return*	8.00%	8.00%	8.00%	8.00%
Projected salary increases*	4.00%	4.00%	5.00%	5.00%
Postretirement benefit increase adjustments	2.75%	2.75%	3.00%	3.00%
* Includes inflation at	None	None	None	None
FUNDED STATUS				
Actuarial value of assets	\$ 1,181,871	\$ 1,925,305,076	\$ 4,452,672	\$ 55,392,133
Actuarial accrued liability (AAL)	\$ 13,572,334	\$ 2,275,399,550	\$ 37,633,345	\$ 218,576,035
Unfunded (overfunded) AAL	\$ 12,390,463	\$ 350,094,474	\$ 33,180,673	\$ 163,183,902
Funded ratio	8.71 %	84.62 %	11.84 %	25.35 %
Covered payroll	\$ -	\$ 562,015,408	\$ 76,707	\$ 318,242
Unfunded AAL as a percentage of covered payroll	- %	62.30 %	43,256.39 %	51,276.67 %

(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, 2009	July 1, 2009
entry age normal	entry age normal
level dollar closed	level dollar closed
15 years (7 remaining)	15 years (7 remaining)
market	market
8.00%	8.00%
4.00%	5.00%
2.75%	3.00%
None	None
\$ 5,540,723	\$ 2,827,904
\$ 63,130,366	\$ 21,629,242
\$ 57,589,643	\$ 18,801,338
8.78 %	13.08 %
\$ -	\$ -
- %	- %

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Primary Government

A. Plan Descriptions

Metropolitan Government

Retirees in the Metro, City or County Plans may elect to participate in the Metro Employees' Medical Benefit Plan, a single-employer defined benefit healthcare plan. The Metro Plan is administered by the Employee Benefit Board and provides medical, dental and life insurance. The other postemployment benefits for Government employees were authorized by the Government's charter and code. The Metro Plan does not issue a stand-alone financial report.

Metropolitan Nashville Public Schools

Retirees in the Metro, City or County Education Plans may elect to participate in the School Professional Employees' Insurance Plan, a single-employer defined benefit healthcare plan. The School Plan is administered by the Metro Nashville Board of Education and provides medical and dental insurance. The other postemployment benefits for teachers of Metropolitan Nashville Public Schools were authorized by the Government's charter and code. The School Plan does not issue a stand-alone financial report.

B. Funding Policies

Metropolitan Government

The contribution requirements of Metro Employees' Medical Benefit Plan members and the Government are established and may be amended by the Employee Benefit Board. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases. For health insurance, the Government contributes 75% of all premium payments, and the retirees contribute 25%. For the fiscal year ended June 30, 2010, the Government and retirees contributed \$30,912,221 and \$10,304,074 to the Metro Plan, respectively, for health insurance. The Government also provides a 50% matching contribution on dental insurance for any retiree who elects to participate. For the fiscal year ended June 30, 2010, the Government and retirees each contributed \$1,973,105 for dental insurance. Finally, the Government provides life insurance at no charge to the retirees. For the fiscal year ended June 30, 2010, the Government contributed \$1,786,200 for life insurance.

Metropolitan Nashville Public Schools

The contribution requirements of the School Professional Employees' Insurance Plan members and the Government are established and may be amended by the Metro Nashville Board of Education. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid. The Government contributes 75% of all premium payments, and the retirees contribute 25%. For the fiscal year ended June 30, 2010, the Government and retirees contributed \$12,438,273 and \$3,857,914 to the School Plan, respectively.

C. Annual OPEB Cost and Net OPEB Obligation

The Government's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The Plans contain both active employees and retirees. Although the Government's contribution is 75% of premium payments for the combined participants, the share of claims related to retirees represents a higher percentage of the total claims. Accordingly, contributions reflected in the OPEB calculations, including contributions made, have been adjusted to reflect that a portion of contributions for active employees are subsidizing the retiree claims.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following table shows the components of the Government's annual OPEB cost for the year, the amounts contributed to the Plans, and changes in the Government's net OPEB obligation.

	Metro Employees' Medical Benefit Plan	School Professional Employees' Insurance Plan	Total
Annual required contribution	\$ 194,683,000	\$ 49,879,000	\$ 244,562,000
Interest on net OPEB obligation	10,885,000	2,412,000	13,297,000
Adjustment to annual required contribution	<u>(8,375,000)</u>	<u>(1,856,000)</u>	<u>(10,231,000)</u>
Annual OPEB cost	197,193,000	50,435,000	247,628,000
Contributions made	<u>(51,888,000)</u>	<u>(19,051,000)</u>	<u>(70,939,000)</u>
Increase (decrease) in net OPEB obligation	145,305,000	31,384,000	176,689,000
Net OPEB obligation beginning of year	<u>241,881,000</u>	<u>53,594,000</u>	<u>295,475,000</u>
Net OPEB obligation end of year	<u>\$ 387,186,000</u>	<u>\$ 84,978,000</u>	<u>\$ 472,164,000</u>

The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plans, and the net OPEB obligation for the current and preceding year were as follows:

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Metro Employees' Medical Benefit Plan				
	June 30, 2010	\$ 197,193,000	26.31 %	\$ 387,186,000
	June 30, 2009	175,384,000	26.22	241,881,000
	June 30, 2008	159,616,000	29.53	112,479,000
School Professional Employees' Insurance Plan				
	June 30, 2010	\$ 50,435,000	37.77 %	\$ 84,978,000
	June 30, 2009	46,885,000	38.75	53,594,000
	June 30, 2008	42,974,000	42.11	24,877,000

D. Funded Status and Funding Progress

Metropolitan Government

As of June 30, 2010, the most recent actuarial valuation date, the Metro Employee' Medical Benefit Plan was 0% funded. The actuarial accrued liability for benefits was \$2.023 billion, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.023 billion. The covered payroll (annual payroll of active employees covered by the Metro Plan) was \$538 million, and the ratio of the UAAL to the covered payroll was 376.00%.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Nashville Public Schools

As of June 30, 2010, the most recent actuarial valuation date, the School Professional Employees' Insurance Plan was 0% funded. The actuarial accrued liability for benefits was \$585 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$585 million. The covered payroll (annual payroll of active employees covered by the School Plan) was \$319 million, and the ratio of the UAAL to the covered payroll was 183.12%.

E. Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plans and the annual required contributions of the Government and Plan members are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plans (the Plans as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Government and Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010 valuations for both Plans, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% rate of return (net of administrative expenses). Because the Government has not begun funding the Plans, the rate of return was based on the Government's historic interest earned on idle cash. Annual non prescription drug medical costs are assumed to increase 8% in the first year of valuation. Future annual increases are assumed to grade uniformly from 8% to 5% over a six year period. Annual prescription drug costs are assumed to increase 11% in the first year of valuation. Future annual increases are assumed to grade uniformly from 11% to 5% over a twelve year period. Dental and vision costs are assumed to increase 4% each year in the future. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was 28 years.

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. At June 30, 2010, approximately 522 retirees meet those eligibility requirements. Expenses of \$9,700,000 for the year ended June 30, 2010 were recognized for post-retirement health care. The post-retirement benefits for the Board employees were authorized by the Government's charter.

Under its OPEB plan, which is a single-employer defined benefit health care plan funded through an irrevocable trust, the Board provides medical, dental and life insurance benefits to eligible retirees and medical and dental insurance to their spouses. The annual required contribution (ARC) is currently 26.18% of annual covered payroll. The Board contributed \$17,776,342 which was 100% of the ARC for the plan year. At the April 1, 2010 valuation date, the actuarial accrued liability (AAL) was \$248,269,000, and the unfunded actuarial accrued liability (UAAL) was \$225,737,000. Covered payroll was \$69,216,000. The UAAL as a percentage of covered payroll was 326.1%. The actuarial valuation utilized the entry age normal method. The actuarial assumptions included a healthcare trend rate of 5% a year, 8% investment rate of return, and projected salary increases of 4.5%.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Transit Authority

Medical, dental, vision, prescription card, and life insurance benefits are available to all eligible employees retiring from the Metropolitan Transit Authority through its Davidson Transit Organization (DTO) Employee Benefit Trust (Health Plan). The Health Plan is a single-employer defined benefit plan. Benefit provisions are established and amended primarily through negotiations between DTO and the Amalgamated Transit Union (the Union). The Health Plan issues a publicly available report that includes financial statements and certain required supplementary information. That report may be obtained by writing to Metropolitan Transit Authority, 130 Nestor Street, Nashville TN, 37210, or by calling (615) 862-5969.

The Health Plan is funded by monthly contributions from Metropolitan Transit Authority based on actuarially determined rates and covered retirees. Employer contributions are generally made on a pay-as-you-go basis. Retiree contributions are generally \$90 for retiree only and \$165 for retiree and family coverage. Retiree contributions for the year ended June 30, 2010 were \$249,480. For the year ended June 30, 2010, the Metropolitan Transit Authority's annual OPEB cost of \$5,591,089, and the contribution was 29.73% of the annual OPEB cost. The net OPEB obligation at June 30, 2010 was \$9,606,902. At the July 1, 2009 valuation date, the actuarial accrued liability (AAL) and the unfunded actuarial accrued liability (UAAL) were \$35,492,476. Covered payroll was \$21,127,137. The UAAL as a percentage of covered payroll was 168.0%. The actuarial valuation utilized the projected unit cost method. The actuarial assumptions included a discount rate of 6.25% and a healthcare trend rate of 7.5% a year through 2011 reducing to 5.5% in 2016 and thereafter.

Metropolitan Nashville Airport Authority

Under the Airport Authority's PERS, the Airport Authority pays approximately 75% of the medical, dental, vision, and prescription coverage cost, with the retirees paying the remaining 25%. The Airport Authority also pays 100% of the premium cost of a \$10,000 life insurance policy on each retiree. In addition, the retirees have the option to pay 100% of the cost of supplemental life insurance coverage. Currently, 99 retirees are receiving benefits under this PERS.

For the year ended June 30, 2010, the Airport Authority's annual OPEB cost of \$6,268,830 was equal to its annual required contribution plus interest less amortization on the obligation. The Airport Authority's contribution was \$1,175,967, or 18.8% of the required contribution. The net OPEB obligation at June 30, 2010 was \$12,665,776. At the July 1, 2009 valuation date, the actuarial accrued liability (AAL) and unfunded actuarial accrued liability (UAAL) were \$49,037,187. Covered payroll was \$13,283,897. The UAAL as a percentage of covered payroll was 369.1%. The actuarial valuation utilized the entry age normal method. The actuarial assumptions included a discount rate of 4%, a healthcare trend rate of 8% graded to 5% uniformly for 2012 and beyond, and varying retirement rates beginning with 5% at age 50 to 100% at age 65.

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, 17 retirees are receiving benefits from the Metro Plan. During the year ended June 30, 2010, payments of \$53,121 were made to the Government for post-retirement benefits under this PERS.

During April 2009, the Airport Authority approved a resolution establishing an investment trust for the purpose of fund OPEB. There is no obligation to fund the trust, and management is currently developing a plan whereby cash contributions would be made to help offset the anticipated increased outflows in future years to cover retiree benefits.

NOTE 8 – DEFERRED COMPENSATION AND PROFIT SHARING PLANS

Primary Government

Metro Plan

The Government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits deferral of a portion of salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Because the assets are not held in a trustee capacity by the Government, they are not included in the Government's financial statements. No contributions are made to this plan by the Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$3,300,000 and \$1,800,000, respectively, during the year ended June 30, 2010.

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 \$690,595 for the year ended June 30, 2010.

NOTE 9 – 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, 2010. There is an additional credit in excess of \$1 million available for roof replacement. The roof replacement was completed in fiscal 2009. 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, 2010 was \$300,096.

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, 2010.

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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2010, the leased building is carried in the enterprise funds at \$3,645,000, less accumulated depreciation of \$1,283,219. A summary of future minimum lease payments and the present value of future lease payments for the capitalized lease as of June 30, 2010 is as follows:

<u>Year Ending June 30,</u>	
2011	\$ 257,220
2012	256,300
2013	259,615
2014	257,075
2015	<u>258,985</u>
Total future minimum lease payments	1,289,195
Less:	
Amount representing interest imputed at 7.5%	194,195
Current portion of capital lease	<u>195,000</u>
Long-term capitalized lease obligation	<u><u>\$ 900,000</u></u>

Component Units

Nashville District Management Corporation

The Corporation leases office space under a noncancelable operating lease which expires May, 2012. 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 \$42,120 for the year ended December 31, 2009 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 \$81,864 for the year ended December 31, 2009. Future minimum lease payments at December 31, 2009 totaled \$114,761.

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, 2010, 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

A summary of future minimum lease payments required under the agreement as of June 30, 2010 follows:

<u>Year Ending June 30,</u>	
2011	\$ 4,000,000
2012	4,000,000
2013	4,000,000
2014	4,000,000
2015	4,000,000
2016-2020	20,000,000
2021-2025	17,666,667
Total future minimum lease payments	57,666,667
Less:	
Amount representing interest	22,470,202
Current portion of capital lease	<u>1,410,277</u>
Long-term capitalized lease obligation	<u>\$ 33,786,188</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, 2009 were \$111,193 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 \$3,125,000 at September 30, 2009. 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 \$108,841 for the year ended September 30, 2009.

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 \$1,200,000 for the year ended June 30, 2010. These arrangements, which are all accounted for as operating leases, are all cancelable; 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; future minimum rentals under these leases are not significant. Rental income from this source totaled \$2,500,000 for the year ended June 30, 2010.

Metropolitan Transit Authority

During fiscal 2008, the Metropolitan Transit Authority entered into an agreement to lease certain parking facilities to the State of Tennessee. The term of the lease is 25 years and commenced in October 2008. Under the provisions of the lease agreement, the Authority received, in advance, the entire lease rental payments of \$6,500,000. The advance rental payments have been recorded as deferred lease revenue and reported in other long-term liabilities in the Statement of Net Assets, and will be recognized as revenue on the straight-line basis over the term of the lease. The Authority utilized the upfront cash payments to finance a portion of the construction costs for Music City Central. The deferred balance as of June 30, 2010 is \$6,044,993.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Nashville Airport Authority

The Airport Authority leases or has entered into options to lease several tracts of land to developers. The leases expire in 2058. The Airport Authority has received advance payments in the amount of \$2,533,613 (\$1,666,864 unamortized at June 30, 2010) 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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2010 are attributable to unsettled balances at year-end primarily for internal service billings and transfers between funds.

Balances at June 30, 2010 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

For the Year Ended June 30, 2010

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,715
General Purpose School Fund	9,643,933	-	-	-	-	-
GSD General Purposes Debt Service Fund	119,338	-	-	-	-	-
GSD School Purposes Debt Service Fund	-	-	-	-	-	-
USD General Purposes Debt Service Fund	-	-	-	-	-	-
GSD Capital Projects Fund	615,928	-	10,685,653	-	-	-
Education Capital Projects Fund	-	-	-	5,908	-	-
USD Capital Projects Fund	89,042	-	-	-	-	-
Nonmajor Governmental Funds	5,888,872	282,287	-	-	-	20,734
Department of Water and Sewerage Services	441,895	200,836	-	-	-	-
Nonmajor Enterprise Funds	1,043	3,000	-	-	-	-
Internal Service Funds	723,236	473,054	12,174	6,563	1,475	93,783
Fiduciary Funds	393,124	7,526	-	-	-	-
	<u>\$ 17,916,411</u>	<u>\$ 966,703</u>	<u>\$ 10,697,827</u>	<u>\$ 12,471</u>	<u>\$ 1,475</u>	<u>\$ 120,232</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

For the Year Ended June 30, 2010

Due To							Total
Education Capital Projects Fund	Nonmajor Governmental Funds	Department of Water and Sewerage Services	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	
\$ -	\$ 5,999,331	\$ 229,890	\$ -	\$ 2,346,871	\$ 283,138	\$ 76,155	\$ 8,941,100
52,689	10,287,615	-	-	7,573	-	-	19,991,810
-	-	-	-	278,600	-	-	397,938
6,445,200	-	-	-	-	-	-	6,445,200
-	-	-	224,150	-	-	-	224,150
-	5,501,959	-	-	-	-	-	16,803,540
-	-	-	-	-	-	-	5,908
-	97,759	-	-	-	-	-	186,801
36,479	1,705,165	-	8,725	652,269	21,821	-	8,616,352
-	895	-	-	67,608	2,374	-	713,608
-	6,336	2,691,290	-	43,205	-	-	2,744,874
-	996,718	164,335	-	130,423	232,469	1,754,733	4,588,963
-	-	-	-	-	-	-	400,650
<u>\$ 6,534,368</u>	<u>\$ 24,595,778</u>	<u>\$ 3,085,515</u>	<u>\$ 232,875</u>	<u>\$ 3,526,549</u>	<u>\$ 539,802</u>	<u>\$ 1,830,888</u>	<u>\$ 70,060,894</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 - INTERFUND TRANSFERS

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

Transfers from fiduciary funds represent unused employee contributions to the flexible benefit plans, which reverted to the Government.

Interfund transfers for the year ended June 30, 2010 consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2010

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	Education Capital Projects Fund
General Fund	\$ 481,000	\$ -	\$ 10,887,000	\$ -	\$ -	\$ -	\$ -
General Purpose School Fund	192,000	-	2,384,600	3,268,717	-	-	-
GSD Capital Projects Fund	30,000	-	112,425	-	-	-	222,216
Education Capital Projects Fund	-	-	-	75,663	-	-	-
USD Capital Projects Fund	-	-	-	-	10,087	-	-
Nonmajor Governmental Funds	7,773,995	3,092,767	1,500	-	583,400	5,581,131	-
Department of Water and Sewerage							
Services	4,972,400	-	463,800	-	-	-	-
District Energy System	93,900	-	9,000	-	672,450	-	-
Nonmajor Enterprise Funds	1,677,300	-	334,900	-	-	-	-
Internal Service Funds	1,937,800	-	27,500	-	-	-	-
Fiduciary Funds	-	-	-	-	-	-	-
	<u>\$ 17,158,395</u>	<u>\$ 3,092,767</u>	<u>\$ 14,220,725</u>	<u>\$ 3,344,380</u>	<u>\$ 1,265,937</u>	<u>\$ 5,581,131</u>	<u>\$ 222,216</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF INTERFUND TRANSFERS (CONTINUED)

For the Year Ended June 30, 2010

Transferred To						
USD Capital Projects Fund	Nonmajor Governmental Funds	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ -	\$ 41,225,327	\$ 2,444,100	\$ 318,000	\$ 11,608,584	\$ 44,556	\$ 67,008,567
-	12,448,251	-	215,000	500,000	11,446	19,020,014
38,623	289,401	229,828	81,408	27,799	-	1,031,700
-	-	-	-	-	-	75,663
-	-	2,748,408	-	14,200	-	2,772,695
-	10,173,589	-	4,842,880	14,595,714	-	46,644,976
-	-	-	-	1,789,739	-	7,225,939
-	-	-	-	-	-	775,350
-	491,219	-	281,055	11,351	40,921	2,836,746
-	128,000	-	-	-	-	2,093,300
-	-	-	-	2,107,326	-	2,107,326
<u>\$ 38,623</u>	<u>\$ 64,755,787</u>	<u>\$ 5,422,336</u>	<u>\$ 5,738,343</u>	<u>\$ 30,654,713</u>	<u>\$ 96,923</u>	<u>\$ 151,592,276</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Insurance and Benefits

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

Primary Government

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

	<u>Accidents</u>	
Bodily injury	\$ 300,000	per person
	700,000	per accident
Property damage	100,000	per accident

The Government is also self-insured with respect to casualty losses on real and personal property for aggregate losses less 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. Aggregate losses also exclude any losses resulting from boiler and machinery, earth movement, flood or terrorism from the calculation. 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 \$33,486,283 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, 2009 and 2010:

	<u>School Self Insurance</u>	<u>General Government Self Insurance</u>	<u>School Professional Employees' Insurance</u>	<u>Employees' Medical Benefit</u>	<u>Injured on Duty</u>	<u>Total Internal Service Fund Types</u>
Claims payable June 30, 2008	\$ 911,653	\$ 5,778,323	\$ 4,988,579	\$ 12,655,000	\$ 4,107,000	\$ 28,440,555
Add: Provision for events of the current fiscal year	505,343	3,471,823	67,013,655	148,527,445	12,522,986	232,041,252
Deduct: Payments on claims during the fiscal year	<u>461,116</u>	<u>1,973,137</u>	<u>67,221,625</u>	<u>145,940,445</u>	<u>12,397,986</u>	<u>227,994,309</u>
Claims payable June 30, 2009	955,880	7,277,009	4,780,609	15,242,000	4,232,000	32,487,498
Add: Provision for events of the current fiscal year	2,844,616	771,927	75,949,594	161,642,066	14,947,430	256,155,633
Deduct: Payments on claims during the fiscal year	<u>2,620,315</u>	<u>2,636,272</u>	<u>73,132,765</u>	<u>162,757,066</u>	<u>14,010,430</u>	<u>255,156,848</u>
Claims payable June 30, 2010	<u>\$ 1,180,181</u>	<u>\$ 5,412,664</u>	<u>\$ 7,597,438</u>	<u>\$ 14,127,000</u>	<u>\$ 5,169,000</u>	<u>\$ 33,486,283</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Component Units

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

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

The Electric Power Board is covered under the same Tort Liability Act as the primary government and is self-insured under the Act. The Board is a participant with the primary government in the General Government Self-Insurance Fund for coverage of all property losses. The Board is self-insured for employee dental claims and self-insured up to \$100,000 for employee medical claims. The Board continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three 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, 2010. 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. 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 2010 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, 2010, the Metropolitan Transit Authority owed the Trust \$1,141,730.

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, 2010. The Authority has purchased reinsurance for workers compensation claims in excess of \$500,000 per employee. The maximum available for reinsurance in a plan year is \$1,000,000. During 2010, the Authority's workers' compensation claims did not exceed the maximum. At June 30, 2010, a provision of \$1,007,000 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 Convention Center Authority is exposed to various risks of loss incidental to its operations and has obtained several insurance policies after performing risk assessment analyses. The Convention Center Authority retains risk up to \$4,000,000, and has obtained excess insurance for any claims above that amount. These policies provide insurance for property, builder's risk, workers' compensation, automobile, general liability and other exposures.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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, 2010, no deficiencies existed. The amount to be repaid from user fees is \$84,033,823 at June 30, 2010 and has been recorded as capital grants and contributions by the Department of Water and Sewerage Services.

D. Construction Commitments

Primary Government

At June 30, 2010, the governmental activities of the Government had commitments of \$100,699,519 for construction contracts.

Commitments for governmental activities include \$45,611,167 related to the May 2010 flood in the Nashville metropolitan area. Although contractual agreements are not yet in place, those commitments are expected to be funded through insurance recovery, then by the Federal government (90%), the State government (5%), and future capital funding (5%). Should the recoveries be less than anticipated, the Government will be responsible for funding these commitments through additional capital and operating funding in future years.

At June 30, 2010, the Department of Water and Sewerage Services had commitments of \$29,927,806 for construction contracts.

The Department of Water and Sewerage Services (the Department), the Metropolitan Council, the State of Tennessee Department of Environment and Conservation (TDEC), and the United States Environmental Protection Agency (EPA), 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 was approved by the Federal Court in March 2009. Per the decree, the Department is required to fully develop, in two years, a Corrective Action Plan/Engineering Report (CAP/ER) for its sanitary sewer system and a Long-term Control Plan (LTCP) for its combined sewer system to achieve the goals of the CWA and meet water quality requirements in the Cumberland River. Upon submittal and approval of the Plans, the Department will have an additional nine years to complete the work as developed by the Plans.

Due to the historic floods that occurred in Nashville in May 2010, the Department petitioned EPA and TDEC for a six-month extension for developing the CAP/ER and LTCP and a two year extension for completing the work (final compliance) under the force majeure clause of the consent decree. Approval has been granted for both extensions. The current due date for the CAP/ER and LTCP is September 12, 2011, and the due date for all work coming out of those two plans (final compliance) is eleven years after approval of the plans by EPA and TDEC.

The future related capital expenditures are expected to be between \$1 billion and \$1.5 billion. 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, 2010. Proposed plans to fund capital expenditures for the next few years include internally generated cash and borrowings.

Component Units

At September 30, 2009, the Metropolitan Development Housing Agency had outstanding construction commitments of approximately \$16.5 million which will be paid by grants committed to the Agency by HUD, and by the Metropolitan Government.

The Metropolitan Nashville Airport Authority estimates the cost of completion of various construction projects at June 30, 2010 to be \$85,681,462, of which \$6,837,234 is expected to be reimbursed by other governmental agencies under existing government contracts, \$22,157,589 by passenger facility charges, \$53,379,857 by customer facility charges, and \$3,306,782 by the Authority.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. As of June 30, 2010, the costs incurred on the project totaled \$3,856,491. The estimated costs to complete the project are approximately \$3,000,000. The project costs of the project will be reimbursed through federal, state, and local grants.

At June 30, 2010, the Convention Center Authority had commitments of \$421,686,000 related to construction of the Music City Center.

E. Liquidity

Component Units

The Government has only budgeted and legally approved approximately \$43.2 million to the Hospital Authority for the year ended June 30, 2010. Of that amount, the Hospital Authority has allocated as revenue \$32.8 million to General Hospital (General) and \$10.4 million to Bordeaux Long Term Care (Bordeaux). The Government has also not committed to provide additional funding to the Hospital Authority should such funding become necessary. The financial statements of General Hospital and Bordeaux Long Term Care 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. General Hospital experienced an operating loss of \$39.6 million for the year ended June 30, 2010 and reflected a net deficit of \$15.2 million at June 30, 2010. General Hospital's financial activities resulted in net cash used in operating activities of approximately \$28.1 million for the year ended June 30, 2010. Bordeaux Long Term Care had a net deficit of approximately \$1.9 million for the year ended June 30, 2010, and financial activities resulted in net cash used in operating activities of approximately \$13.0 million for the year ended June 30, 2010. The deficits were funded primarily by the Government in the form of revenue or capital contributions reflected in the financial statements. General Hospital and Bordeaux Long Term Care are and will be dependent upon the Government to subsidize current and future operations.

Accordingly, these factors among others indicate that General Hospital and Bordeaux Long Term Care may be unable to continue as going concerns for a reasonable period of time. The financial statements for General Hospital and Bordeaux Long Term Care do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should the entities be unable to continue as going concerns. The ability for General Hospital and Bordeaux Long Term Care to continue as going concerns is dependent upon their ability to generate sufficient cash flow to meet their obligations on a timely basis and to generate revenues exceeding operating expenses. General Hospital has implemented several strategic initiatives to increase cash flow including contracting with a vendor to work outstanding patient accounts receivable, implementing electronic medical recordkeeping, and renegotiating managed care contracts to improve reimbursement from payors. Bordeaux Long Term Care has implemented several strategic strategies to increase cash flow including adding or expanding services, a review of supplier contracts, and cost saving measures.

At June 30, 2010, General Hospital had amounts due to the Metropolitan Government of approximately \$14.1 million for capital expenditures, which accrued interest at rates determined by the Metropolitan Government.

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 \$1,200,000 for the year ended June 30, 2010.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$635,264 and \$202,000, respectively, for the year ended June 30, 2010. No outstanding management fees were payable to VUMC for General Hospital at June 30, 2010. 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 \$75,020,993 (which included a one time amount of \$31,941,700 to eliminate debt owed by the Hospital Authority to the Government) for fiscal year ending June 30, 2010. The total supplement to the Hospital Authority approved for the fiscal year ending June 30, 2011 was \$43,190,700.

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 Electric Power Board is party to various lawsuits 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.

The Metropolitan Nashville Airport Authority entered into a \$7,500,000 line of credit loan agreement in February 2009 with a financial institution to provide bridge financing on the in-line EDS project. Over half the funding for this project is expected to be received from the Department of Homeland Security (DHS), and it is unclear how long it will take to be reimbursed from ongoing costs associated with the project. The interest rate on any outstanding balance is 3.34% payable monthly. As costs are incurred, draws are made on the line of credit; when grant revenue is received, the credit line is paid down. However, DHS retains 5% of every invoice amount until the project is finalized. Therefore, there will continue to be an increasing balance on the line of credit as the project progresses. This line of credit is available through June 30, 2011. Project completion is expected several months earlier. The balance outstanding on the line of credit is reported in accounts payable on the Statement of Net Assets.

During a routine compliance inspection in February 2010, State regulatory personnel identified contamination in an area stream from the Metropolitan Nashville Airport Authority's stormwater treatment plant. Various corrective actions were taken in the following months. It is possible that a small fine will ultimately be assessed to the Airport Authority, but it is not expected to have a material impact on the financial condition or operations of the Airport Authority.

The Emergency Communication District has contracted with the Government for master street address update services at a cost of \$4,900 in 2010.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 term of the agreement extends to December 31, 2017, 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, 2009, the Corporation recognized expense of \$1,200,441 related to the agreement. The agreement expires on December 31, 2017.

The Gulch Business Improvement District, Inc. (GBID Inc.) has an agreement with the Government to provide services for improvement and operation of the Gulch Business Improvement District (GBID) through security enhancement, marketing, and improving beautification, sanitation, and maintenance. The term of the agreement extends to January 1, 2017. GBID Inc. also has an agreement with Nashville Downtown Partnership to provide clean and safe services for the GBID for a monthly fee of \$4,600. During the year ended December 31, 2009, \$155,239 was paid to the Partnership. The agreement expires March 31, 2011.

NOTE 13 – EXTRAORDINARY ITEM

The Metropolitan Government experienced significant damage and loss in connection with heavy rainfall and flooding in the Metropolitan Nashville and Davidson County area in early May 2010. The flooding resulted in the declaration of a Federal Disaster area by the Federal Emergency Management Agency. Extraordinary items were recorded to reflect the unusual and infrequent nature of the event. The extraordinary items for June 30, 2010 are as follows:

	<u>Net Impairment</u>	<u>Grant Recovery</u>	<u>Flood Loss</u>
Primary government - governmental activities	\$ 15,221,823	\$ 13,998,000	\$ 1,223,823
Primary government - business-type activities	7,000,000	-	7,000,000
Electric Power Board, a component unit	2,110,000	-	2,110,000
Metropolitan Transit Authority, a component unit	<u>7,798,335</u>	<u>-</u>	<u>7,798,335</u>
Total extraordinary item	<u>\$ 32,130,158</u>	<u>\$ 13,998,000</u>	<u>\$ 18,132,158</u>

The net impairment amounts represent expenditures in excess of expected insurance recoveries as well as impairment losses on capital assets.

NOTE 14 – SUBSEQUENT EVENTS

Primary Government

On September 27, 2010, the Metropolitan Council passed Resolution No. RS2010-1363 approving the 2011 Capital Plan. The Plan totals \$250,000,000 and provided funding for various projects including \$5,000,000 for projects as a result of the May 2010 flooding noted in Note 13 above.

In September 2010, the Convention Center Authority entered into a memorandum of understanding with the Metropolitan Nashville Airport Authority to partially fund an automatic vehicle identification system that will track and collect data on commercial vehicles doing business at the Nashville International Airport for the purpose of ensuring that certain tourism taxes owed to the Government are collected. Under the agreement, the Nashville Convention Center will contribute \$400,000 toward the installation cost along with \$14,500 for annual maintenance the first year, followed by up to \$34,200 annually through 2016.

On October 7, 2010, the Government entered a loan agreement with the Tennessee State School Bond Authority (TSSBA) whereby the Government will receive \$35,555,000 from the TSSBA's Qualified School Construction Bonds issued on October 7, 2010. The proceeds will be used to fund various school construction projects.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

On October 13, 2010, the Government issued \$291,360,000 General Obligation Refunding Bonds, Series 2010D, maturing on July 1, 2024, with interest rates ranging from 1.50% to 5.00%. The Series 2010D Bonds refunded certain maturities of various outstanding Bond Series. By issuing the Series 2010D 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 \$21,159,798. The refunding will reduce the Government's debt service payments over the next fifteen years by an estimated \$29,625,656.

In October 2010, the Assessor of Property completed revising the assessed values of real and personal property for each parcel damaged by the May 2010 flooding. The estimated maximum property tax revenue loss is approximately \$5.5 million across all funds receiving property tax revenues. This is not expected to have a material adverse impact on the Government for fiscal year 2010-2011 revenues and expenditures as a whole.

Component Units

In accordance with Ordinance Number BL2010-690 passed by the Metropolitan Council on June 15, 2010, effective July 1, 2010, the Convention Center Authority began to manage, operate and maintain the existing Nashville Convention Center of the Metropolitan Government, reported as an enterprise fund of the Metropolitan Government at June 30, 2010.

On October 7, 2010, the Convention Center Authority authorized agreements to facilitate the development of a premier headquarters hotel adjacent to the Music City Center. Under the terms of the development and funding agreement, the Convention Center Authority will pay the hotel owner annual economic development payments and incentives from excess tourism tax revenues collected from the hotel over a period of twenty years. These payments will not begin until after both the Music City Center and the hotel are constructed and operating. The schedule of payments is expected to be as follows:

<u>Year Ending June 30</u>	<u>Annual Payment</u>
2014	\$ 5,500,000
2015	8,000,000
2016	9,000,000
2017	10,000,000
2018-2026	12,000,000
2027-2033	15,000,000

These annual payments are secured by certain nontax revenues of the Government, subject to the prior pledge and application of certain requirements related to bonds issued by the Sports Authority and bonds issued by the Convention Center Authority.

During August 2010, the Metropolitan Nashville Airport Authority issues Series 2010B Bonds in the principal amount of \$70,400,000 and Series 2010C Bonds in the principal amount of \$16,170,000. These Bonds, together with funds of the Airport Authority, were issued to provide funds to refund \$92,925,000 aggregate outstanding principal amounts of the Airport Authority's Series 1995, 1998A, 1998C, and 2001A Bonds, to pay premiums of municipal bond insurance policies and debt service reserve fund surety policies for the Series 2010B and Series 2010C Bonds, and to pay certain costs of issuance.

During September 2010, the Metropolitan Transit Authority partnered with the Metropolitan Government to purchase a new facility. A portion of the facility will be the Authority's main administration and maintenance facility and a portion will be used by the Metropolitan Government. The Authority's Board appropriated approximately \$9.4 million towards the \$16 million purchase price. The Metropolitan Government will contribute the remaining \$6.6 million. The Authority's portion will be funded primarily through capital grants.

During September 2010, the Metropolitan Transit Authority entered into a \$2,000,000 credit line agreement with the Metropolitan Government to finance expenditures related to the May 2010 flood. It is anticipated that the draws on the credit line will be repaid with federal and state grant funds.

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



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>2010</u>		<u>2009</u>		<u>2008</u>	
70.0	%	77.5	%	78.6	%

The condition of road and street pavement is measured using a vehicle called South Dakota Road Profiler and calculated using the Cartegraph Pavement View Plus pavement management system. The condition is determined based on data collected by the laser road surface test located beneath the Profiler (surface condition) and the distresses are collected from roadway images along with other road and street information such as traffic surface type, street length, street width, area and location. The system uses a measurement scale that is based on a condition index ranging from zero for a pavement in very poor condition to 100 for a pavement in very good condition. The condition index is used to classify roads and streets as very good (100-85), good (84-84), fair (79-70) and poor (less than 69). Condition assessments are collected on an annual basis. For assessment purposes, the county is divided into 5 groups with groups 1, 3 and 4 assessed together and groups 2 and 5 assessed together. Therefore, the condition of groups 1, 3 and 4 was last assessed in fiscal year 2009. The condition of groups 2 and 5 were assessed in fiscal 2010. 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.

As noted in the table above, the percentage of lane miles in good condition decreased in 2010. As noted in the actual maintenance expenditures in the table below, the Government's maintenance spending which includes resurfacing has decreased over the past four years. The Government is making an effort in fiscal 2011 to increase the resurfacing budget in order to maintain an acceptable percentage of roads and streets in good condition.

There are currently 5,777 lane miles of roads and streets in the transportation network.

Comparison of Needed to Actual Maintenance

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Needed	\$ 20,000,000	\$ 20,000,000	\$ 16,000,000	\$ 15,900,000	\$ 12,839,000
Actual	4,244,056	6,950,344	9,391,344	13,931,706	2,535,548
Difference	<u>\$ (15,755,944)</u>	<u>\$ (13,049,656)</u>	<u>\$ (6,608,656)</u>	<u>\$ (1,968,294)</u>	<u>\$ (10,303,452)</u>

During fiscal year 2010, the actual amount spent on roadway paving and surface treatment was significantly lower than the needed amount due in part to the analysis and prioritization of the entire Government's capital needs. However, maintaining the condition of the roads and streets in accordance with the policy referenced above continues to be a priority. The needed amount for 2010 reflects the funding necessary to keep pace with the growing cost of paving and surface treatment.

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

Unaudited – See Accompanying Accountants' Report

BRIDGES AND UNDERPASSES

<u>Percentage of Deck Area in Non-Deficient Condition</u>				
<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
98.3 %	(a)	98.0 %	(a)	95.3 %

(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 in calendar year 2009 were reported in fiscal 2010.

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 are currently 218 Non-Federal Aid and 107 Federal Aid Urban bridges and underpasses in the transportation network determined from the final analysis of the 2009 inspection as compared to 219 Non-Federal Aid and 108 Federal Aid Urban bridges and underpasses from the final analysis of the 2007 inspection. The 2009 inspection decreased the number of bridges and underpasses by a net total of 1 with 4 additional bridges and the removal of 5 bridges from the network. Total square feet of deck area is estimated to be 1,350,579.

<u>Comparison of Needed to Actual Maintenance</u>					
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Needed	\$ 17,352,000	\$ 18,749,000	\$ 12,465,000	\$ 4,920,000	\$ 9,613,000
Actual	2,538,480	2,083,245	2,990,038	5,505,805	2,517,717
Difference	<u>\$ (14,813,520)</u>	<u>\$ (16,665,755)</u>	<u>\$ (9,474,962)</u>	<u>\$ 585,805</u>	<u>\$ (7,095,283)</u>

During fiscal year 2010, the actual amount spent on bridge and underpass repair and maintenance was significantly lower than the needed amount due in part to the analysis and prioritization of the entire Government's capital needs. However, maintaining the condition of bridges and underpasses in accordance with the Government's policy referenced above continues to be a priority. The needed amount for 2010 reflects an increase to keep pace with the growing cost of maintenance and replacements.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - PENSION PLANS (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, 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
July 1, 2007	1,129,978	15,393,075	14,263,097	7.34
July 1, 2008	1,455,077	14,299,429	12,844,352	10.18
July 1, 2009	1,181,871	13,572,334	12,390,463	8.71
Metro Plan				
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
July 1, 2007	1,921,193,702	2,144,144,792	222,951,090	89.60
July 1, 2008	2,119,228,659	2,323,837,472	204,608,813	91.20
July 1, 2009	1,925,305,076	2,275,399,550	350,094,474	84.61
County Education Plan (a)				
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
July 1, 2007	3,787,317	42,140,201	38,352,884	8.99
July 1, 2008	4,936,879	40,178,889	35,242,010	12.29
July 1, 2009	4,452,672	37,633,345	33,180,673	11.83
Metro Education Plan				
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
July 1, 2007	81,844,272	228,229,232	146,384,960	35.86
July 1, 2008	76,820,678	226,313,635	149,492,957	33.95
July 1, 2009	55,392,133	218,576,035	163,183,902	25.34

(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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - PENSION PLANS (CONTINUED) (b)

Unaudited - See Accompanying Accountants' Report

Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
\$ -	- %
-	-
-	-
-	-
-	-
-	-
481,881,171	24.00
474,531,741	45.50
515,500,760	49.13
529,100,577	42.14
555,972,878	36.81
562,015,408	62.29
114,132	-
69,331	65,192.98
68,834	61,485.56
71,769	53,439.35
73,418	48,001.87
76,707	43,256.38
1,175,623	11,394.08
806,833	17,735.58
622,419	23,776.93
374,495	39,088.63
384,557	38,874.07
318,242	51,276.67

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - PENSION PLANS (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, 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
July 1, 2007	5,239,396	74,125,552	68,886,156	7.07
July 1, 2008	6,816,106	68,552,808	61,736,702	9.95
July 1, 2009	5,540,723	63,130,366	57,589,643	8.78
City Education Plan (a)				
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
July 1, 2007	2,403,931	24,818,863	22,414,932	9.69
July 1, 2008	3,104,280	23,637,839	20,533,559	13.14
July 1, 2009	2,827,904	21,629,242	18,801,338	13.07

(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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - PENSION PLANS (CONTINUED) (b)

Unaudited - See Accompanying Accountants' Report

<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
\$ -	- %
-	-
-	-
-	-
-	-
-	-
132,349	-
-	-
-	-
-	-
-	-
-	-

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

Unaudited - See Accompanying Accountants' Report

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
County Plan		
2005	\$ 2,212,493	118.24 %
2006	2,226,235	113.84
2007	2,193,202	112.55
2008	2,046,891	117.43
2009	1,979,968	100.99
2010	2,076,270	91.91
Metro Plan		
2005	66,773,405	88.20
2006	78,948,767	86.99
2007	85,874,502	99.48
2008	68,265,903	133.19
2009	61,635,311	117.73
2010	98,164,477	73.60
County Education Plan		
2005	5,908,608	127.30
2006	5,894,471	128.77
2007	5,708,861	131.48
2008	5,504,007	133.67
2009	5,432,587	112.91
2010	5,560,085	105.56
Metro Education Plan		
2005	11,932,549	57.45
2006	13,140,571	53.29
2007	13,535,466	54.24
2008	13,592,019	58.06
2009	14,112,255	86.39
2010	15,687,599	85.28

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
City Plan		
2005	\$ 10,395,754	115.53 %
2006	10,198,923	114.01
2007	10,118,539	114.24
2008	9,885,825	115.06
2009	9,516,767	98.68
2010	9,650,296	90.82
City Education Plan		
2005	3,601,764	125.38
2006	3,664,376	128.79
2007	3,462,604	133.18
2008	3,216,757	139.28
2009	3,165,266	119.94
2010	3,150,541	114.26

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS (a)

Unaudited - See Accompanying Accountants' Report

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio
Metro Employees' Medical Benefit Plan				
July 1, 2007	\$ -	\$ 1,664,761,000	\$ 1,664,761,000	- %
July 1, 2008	-	1,779,497,000	1,779,497,000	-
July 1, 2009	-	2,023,428,000	2,023,428,000	-
School Professional Employees' Insurance Plan				
July 1, 2007	-	555,403,000	555,403,000	-
July 1, 2008	-	570,753,000	570,753,000	-
July 1, 2009	-	584,937,000	584,937,000	-

(a) There are no factors that significantly affect the identification of trends in the amounts reported.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED) (a)

Unaudited - See Accompanying Accountants' Report

<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
\$ 537,281,000	309.85 %
543,891,000	327.18
538,151,000	376.00
294,779,000	188.41
304,145,000	187.66
319,424,000	183.12

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFIT PLANS

Unaudited - See Accompanying Accountants' Report

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
Metro Employees' Medical Benefit Plan		
2008	\$ 159,616,000	29.53 %
2009	175,384,000	26.22
2010	197,193,000	26.31
School Professional Employees' Insurance Plan		
2008	42,974,000	42.11
2009	46,885,000	38.75
2010	50,435,000	37.77



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2010

Special Revenue Funds

	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
ASSETS:				
Cash and cash equivalents	\$ -	\$ 1,718,267	\$ 1,519,804	\$ 51,259,901
Accounts receivable	2,542,434	1,433,088	87,664	-
Accrued interest receivable	24	241	155	5,839
Due from other funds of the primary government	909,102	429,064	28,898	2,343,922
Due from component units	-	-	-	-
Inventories of supplies	-	-	155,117	-
Other assets	572	3,000	-	-
Total assets	\$ 3,452,132	\$ 3,583,660	\$ 1,791,638	\$ 53,609,662
LIABILITIES:				
Accounts payable	\$ 687,714	\$ 1,029,191	\$ 50,765	\$ 1,085,390
Accrued payroll	653,508	48,445	44,828	-
Due to other funds of the primary government	2,015,676	260,509	225,423	400,594
Due to component units	-	-	-	-
Deferred revenue	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	3,356,898	1,338,145	321,016	1,485,984
FUND BALANCES (DEFICITS):				
Reserved for imprest cash and inventories	-	-	155,117	-
Reserved for equipment acquisitions	-	-	-	38,634,788
Reserved for perpetual care	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for tourism	-	-	-	-
Unreserved, reported in:				
Special revenue funds:				
Designated for flood recovery	-	-	-	-
Designated for convention center and tourism promotion	-	-	-	-
Designated for scholarships	-	-	-	-
Undesignated	95,234	2,245,515	1,315,505	13,488,890
Permanent funds:				
Undesignated	-	-	-	-
Total fund balances (deficits)	95,234	2,245,515	1,470,622	52,123,678
Total liabilities and fund balances (deficits)	\$ 3,452,132	\$ 3,583,660	\$ 1,791,638	\$ 53,609,662

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, 2010

Special Revenue Funds

Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Grants	Library Services	Health Services	Flood 2010 Recovery
\$ 14,865,751	\$ 2,142,273	\$ 5,334,628	\$ 1,062,303	\$ 42	\$ 8,080,781
4,839,828	864,111	1,019,711	-	3,956,090	13,998,000
1,489	259	530	112	66	1,281
255,647	347,987	2,709	-	374,347	84
-	-	-	-	-	-
-	-	-	-	-	-
320	-	-	-	-	-
<u>\$ 19,963,035</u>	<u>\$ 3,354,630</u>	<u>\$ 6,357,578</u>	<u>\$ 1,062,415</u>	<u>\$ 4,330,545</u>	<u>\$ 22,080,146</u>
\$ 3,921,467	\$ 1,772,349	\$ 10,349	\$ 45,590	\$ 711,838	\$ 14,254,259
426,845	208,117	46,514	12,045	647,461	622,035
419,397	134,651	354	24,427	675,736	2,662,529
-	-	-	-	-	5,776,792
-	-	1,019,711	114,194	-	13,998,000
2,109,096	-	-	-	-	-
<u>6,876,805</u>	<u>2,115,117</u>	<u>1,076,928</u>	<u>196,256</u>	<u>2,035,035</u>	<u>37,313,615</u>
520,000	900	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,500,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,566,230	1,238,613	3,780,650	866,159	2,295,510	(15,233,469)
-	-	-	-	-	-
<u>13,086,230</u>	<u>1,239,513</u>	<u>5,280,650</u>	<u>866,159</u>	<u>2,295,510</u>	<u>(15,233,469)</u>
<u>\$ 19,963,035</u>	<u>\$ 3,354,630</u>	<u>\$ 6,357,578</u>	<u>\$ 1,062,415</u>	<u>\$ 4,330,545</u>	<u>\$ 22,080,146</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, 2010

	Special Revenue Funds		
	Education Services	Infrastructure Services	Nashville Career Advancement Center
ASSETS:			
Cash and cash equivalents	\$ 5,277,651	\$ 1,075,223	\$ -
Accounts receivable	23,810,734	42,547	1,275,082
Accrued interest receivable	659	112	-
Due from other funds of the primary government	1,995,224	1,183	170,771
Due from component units	-	-	-
Inventories of supplies	783,412	-	-
Other assets	-	-	-
	<u>31,867,680</u>	<u>1,119,065</u>	<u>1,445,853</u>
Total assets	\$ 31,867,680	\$ 1,119,065	\$ 1,445,853
LIABILITIES:			
Accounts payable	\$ 4,189,228	\$ 62,592	\$ 884,813
Accrued payroll	378,497	-	179,476
Due to other funds of the primary government	9,942,229	60,325	349,474
Due to component units	-	-	-
Deferred revenue	3,066,881	42,547	727
Other liabilities	-	-	-
	<u>17,576,835</u>	<u>165,464</u>	<u>1,414,490</u>
Total liabilities	17,576,835	165,464	1,414,490
FUND BALANCES (DEFICITS):			
Reserved for imprest cash and inventories	784,212	-	-
Reserved for equipment acquisitions	-	-	-
Reserved for perpetual care	-	-	-
Reserved for debt service	-	-	-
Reserved for tourism	-	-	-
Unreserved, reported in:			
Special revenue funds:			
Designated for flood recovery	-	-	-
Designated for convention center and tourism promotion	-	-	-
Designated for scholarships	1,100	-	-
Undesignated	13,505,533	953,601	31,363
Permanent funds:			
Undesignated	-	-	-
	<u>14,290,845</u>	<u>953,601</u>	<u>31,363</u>
Total fund balances (deficits)	14,290,845	953,601	31,363
Total liabilities and fund balances (deficits)	\$ 31,867,680	\$ 1,119,065	\$ 1,445,853

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, 2010

Special Revenue Funds				Debt Service Fund
Public Works Services	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	Correctional Facility Revenue Bonds
\$ 1,396,349	\$ 4,905,760	\$ 2,386,579	\$ 1,259,942	\$ 1,622,937
76,694	3,397,298	1,479,698	305,271	-
148	548	330	122	-
-	608,725	1,148,689	-	-
-	-	609,572	-	-
-	-	-	-	-
-	500,000	60,000	-	-
<u>\$ 1,473,191</u>	<u>\$ 9,412,331</u>	<u>\$ 5,684,868</u>	<u>\$ 1,565,335</u>	<u>\$ 1,622,937</u>
\$ 41,191	\$ 2,134,660	\$ 19,685	\$ 1,050,000	\$ -
-	-	-	-	-
-	1,997,617	5,426,837	-	-
-	3,013,028	238,346	-	-
-	-	-	-	-
-	-	-	-	-
<u>41,191</u>	<u>7,145,305</u>	<u>5,684,868</u>	<u>1,050,000</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,622,937
-	250,000	-	-	-
-	-	-	-	-
-	1,915,347	-	515,335	-
-	-	-	-	-
1,432,000	101,679	-	-	-
-	-	-	-	-
<u>1,432,000</u>	<u>2,267,026</u>	<u>-</u>	<u>515,335</u>	<u>1,622,937</u>
<u>\$ 1,473,191</u>	<u>\$ 9,412,331</u>	<u>\$ 5,684,868</u>	<u>\$ 1,565,335</u>	<u>\$ 1,622,937</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, 2010

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
ASSETS:			
Cash and cash equivalents	\$ 205,100	\$ 197,098	\$ 104,310,389
Accounts receivable	-	-	59,128,250
Accrued interest receivable	22	21	11,958
Due from other funds of the primary government	-	-	8,616,352
Due from component units	-	-	609,572
Inventories of supplies	-	-	938,529
Other assets	-	-	563,892
Total assets	\$ 205,122	\$ 197,119	\$ 174,178,942
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ 31,951,081
Accrued payroll	-	-	3,267,771
Due to other funds of the primary government	-	-	24,595,778
Due to component units	-	-	9,028,166
Deferred revenue	-	-	18,242,060
Other liabilities	-	-	2,109,096
Total liabilities	-	-	89,193,952
FUND BALANCES (DEFICITS):			
Reserved for imprest cash and inventories	-	-	1,460,229
Reserved for equipment acquisitions	-	-	38,634,788
Reserved for perpetual care	105,994	79,118	185,112
Reserved for debt service	-	-	1,622,937
Reserved for tourism	-	-	250,000
Unreserved, reported in:			
Special revenue funds:			
Designated for flood recovery	-	-	1,500,000
Designated for convention center and tourism promotion	-	-	2,430,682
Designated for scholarships	-	-	1,100
Undesignated	-	-	38,683,013
Permanent funds:			
Undesignated	99,128	118,001	217,129
Total fund balances (deficits)	205,122	197,119	84,984,990
Total liabilities and fund balances (deficits)	\$ 205,122	\$ 197,119	\$ 174,178,942

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, 2010

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
REVENUES:				
Property taxes	\$ -	\$ 1,844,070	\$ -	\$ -
Other taxes, licenses and permits	-	100,000	5,800	-
Fines, forfeits and penalties	-	-	-	-
Revenues from the use of money or property	171	3,700	2,827	110,373
Revenues from other governmental agencies	22,152,635	3,756,971	352,024	-
Commissions and fees	-	8,010,122	-	-
Charges for current services	153,705	111,127	1,477,978	-
Compensation for loss, sale or damage to property	5,776	-	-	-
Contributions and gifts	107,930	159,408	238,716	-
Miscellaneous	3	702	-	-
Total revenues	<u>22,420,220</u>	<u>13,986,100</u>	<u>2,077,345</u>	<u>110,373</u>
EXPENDITURES:				
Current:				
General government	-	13,372,176	-	-
Law enforcement and care of prisoners	-	-	-	-
Public welfare	25,489,400	-	-	-
Public health and hospitals	-	-	-	-
Public library system	-	-	-	-
Public works, highways and streets	-	-	-	-
Recreational and cultural	-	-	1,867,132	-
Education	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Capital outlay	-	532,297	52,015	13,533,191
Total expenditures	<u>25,489,400</u>	<u>13,904,473</u>	<u>1,919,147</u>	<u>13,533,191</u>
Excess (deficiency) of revenues over expenditures	<u>(3,069,180)</u>	<u>81,627</u>	<u>158,198</u>	<u>(13,422,818)</u>
OTHER FINANCING SOURCES (USES):				
Insurance recovery	-	-	-	-
Transfers in	3,281,900	334,077	289,402	23,131,413
Transfers out	-	(38,099)	(225,812)	(14,382,828)
Total other financing sources (uses)	<u>3,281,900</u>	<u>295,978</u>	<u>63,590</u>	<u>8,748,585</u>
Net change in fund balances (deficits)	212,720	377,605	221,788	(4,674,233)
FUND BALANCES (DEFICITS), beginning of year	<u>(117,486)</u>	<u>1,867,910</u>	<u>1,248,834</u>	<u>56,797,911</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 95,234</u>	<u>\$ 2,245,515</u>	<u>\$ 1,470,622</u>	<u>\$ 52,123,678</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, 2010

Special Revenue Funds					
Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Grants	Library Services	Health Services	Flood 2010 Recovery
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46,160	-	-	-	-	-
3,404,989	-	1,250	-	-	-
26,672	8,261	17,573	1,954	1,226	1,282
30,998,718	673,762	509,225	184,046	18,029,818	-
-	-	-	-	-	-
-	3,608,888	-	-	-	-
-	-	-	-	-	-
59,869	-	-	445,138	353,872	-
360,791	149,563	-	-	-	945
<u>34,897,199</u>	<u>4,440,474</u>	<u>528,048</u>	<u>631,138</u>	<u>18,384,916</u>	<u>2,227</u>
-	-	-	-	-	27,716,064
32,594,686	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	20,288,888	-
-	-	-	571,944	-	-
-	19,521,513	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
973,044	-	349,500	-	1,052	2,505,762
<u>33,567,730</u>	<u>19,521,513</u>	<u>349,500</u>	<u>571,944</u>	<u>20,289,940</u>	<u>30,221,826</u>
1,329,469	(15,081,039)	178,548	59,194	(1,905,024)	(30,219,599)
-	-	-	-	-	15,000,000
1,470,814	13,647,000	491,219	-	3,489,242	-
(722,456)	(1,892,300)	(4,000,000)	-	(1,202,500)	(13,870)
<u>748,358</u>	<u>11,754,700</u>	<u>(3,508,781)</u>	<u>-</u>	<u>2,286,742</u>	<u>14,986,130</u>
2,077,827	(3,326,339)	(3,330,233)	59,194	381,718	(15,233,469)
11,008,403	4,565,852	8,610,883	806,965	1,913,792	-
<u>\$ 13,086,230</u>	<u>\$ 1,239,513</u>	<u>\$ 5,280,650</u>	<u>\$ 866,159</u>	<u>\$ 2,295,510</u>	<u>\$ (15,233,469)</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, 2010

	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	14,482	2,119	93
Revenues from other governmental agencies	112,857,509	86,553	11,069,371
Commissions and fees	-	-	-
Charges for current services	16,859,168	-	-
Compensation for loss, sale or damage to property	-	-	-
Contributions and gifts	1,944,097	55,448	-
Miscellaneous	-	-	-
Total revenues	<u>131,675,256</u>	<u>144,120</u>	<u>11,069,464</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Law enforcement and care of prisoners	-	-	-
Public welfare	-	-	11,065,683
Public health and hospitals	-	-	-
Public library system	-	-	-
Public works, highways and streets	-	197,444	-
Recreational and cultural	-	-	-
Education	138,700,281	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Fiscal charges	-	-	-
Capital outlay	<u>382,846</u>	<u>59,142</u>	<u>-</u>
Total expenditures	<u>139,083,127</u>	<u>256,586</u>	<u>11,065,683</u>
Excess (deficiency) of revenues over expenditures	<u>(7,407,871)</u>	<u>(112,466)</u>	<u>3,781</u>
OTHER FINANCING SOURCES (USES):			
Insurance recovery	-	-	-
Transfers in	9,285,713	-	95,380
Transfers out	<u>(3,205,462)</u>	<u>(3,479)</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>6,080,251</u>	<u>(3,479)</u>	<u>(4,620)</u>
Net change in fund balances (deficits)	(1,327,620)	(115,945)	(839)
FUND BALANCES (DEFICITS), beginning of year	<u>15,618,465</u>	<u>1,069,546</u>	<u>32,202</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 14,290,845</u>	<u>\$ 953,601</u>	<u>\$ 31,363</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, 2010

Special Revenue Funds				Debt Service Fund
Public Works Services	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	Correctional Facility Revenue Bonds
\$ -	\$ -	\$ -	\$ -	\$ -
-	26,359,240	10,490,944	2,266,995	-
-	-	-	-	-
2,709	21,883	8,650	1,131	-
-	-	-	-	2,033,375
-	-	-	-	-
529,257	-	9,372	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>531,966</u>	<u>26,381,123</u>	<u>10,508,966</u>	<u>2,268,126</u>	<u>2,033,375</u>
-	22,289,431	-	1,900,000	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
373,854	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,795,000
-	-	-	-	238,375
-	-	-	-	2,063
18,956	-	17,958,010	-	-
<u>392,810</u>	<u>22,289,431</u>	<u>17,958,010</u>	<u>1,900,000</u>	<u>2,035,438</u>
<u>139,156</u>	<u>4,091,692</u>	<u>(7,449,044)</u>	<u>368,126</u>	<u>(2,063)</u>
-	-	-	-	-
-	-	9,239,627	-	-
-	(15,431,333)	(5,426,837)	-	-
-	(15,431,333)	3,812,790	-	-
139,156	(11,339,641)	(3,636,254)	368,126	(2,063)
<u>1,292,844</u>	<u>13,606,667</u>	<u>3,636,254</u>	<u>147,209</u>	<u>1,625,000</u>
<u>\$ 1,432,000</u>	<u>\$ 2,267,026</u>	<u>\$ -</u>	<u>\$ 515,335</u>	<u>\$ 1,622,937</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, 2010

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
REVENUES:			
Property taxes	\$ -	\$ -	\$ 1,844,070
Other taxes, licenses and permits	-	-	39,269,139
Fines, forfeits and penalties	-	-	3,406,239
Revenues from the use of money or property	424	413	225,943
Revenues from other governmental agencies	-	-	202,704,007
Commissions and fees	-	-	8,010,122
Charges for current services	-	-	22,749,495
Compensation for loss, sale or damage to property	-	-	5,776
Contributions and gifts	-	-	3,364,478
Miscellaneous	-	-	512,004
Total revenues	424	413	282,091,273
EXPENDITURES:			
Current:			
General government	-	-	65,277,671
Law enforcement and care of prisoners	-	-	32,594,686
Public welfare	-	-	36,555,083
Public health and hospitals	-	-	20,288,888
Public library system	-	-	571,944
Public works, highways and streets	-	-	20,092,811
Recreational and cultural	-	-	1,867,132
Education	-	4,537	138,704,818
Debt service:			
Principal retirement	-	-	1,795,000
Interest	-	-	238,375
Fiscal charges	-	-	2,063
Capital outlay	-	-	36,365,815
Total expenditures	-	4,537	354,354,286
Excess (deficiency) of revenues over expenditures	424	(4,124)	(72,263,013)
OTHER FINANCING SOURCES (USES):			
Insurance recovery	-	-	15,000,000
Transfers in	-	-	64,755,787
Transfers out	-	-	(46,644,976)
Total other financing sources (uses)	-	-	33,110,811
Net change in fund balances (deficits)	424	(4,124)	(39,152,202)
FUND BALANCES (DEFICITS), beginning of year	204,698	201,243	124,137,192
FUND BALANCES (DEFICITS), end of year	<u>\$ 205,122</u>	<u>\$ 197,119</u>	<u>\$ 84,984,990</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 77,741,800	\$ 77,741,800	\$ 79,785,233	\$ 2,043,433
Local option sales tax	2,710,000	2,710,000	2,648,469	(61,531)
Fines, forfeits and penalties	533,000	533,000	554,813	21,813
Revenues from the use of money or property	-	-	17,819	17,819
Revenues from other governmental agencies	2,185,000	2,185,000	2,067,440	(117,560)
Charges for current services	892,900	892,900	972,094	79,194
Total revenues	84,062,700	84,062,700	86,045,868	1,983,168
EXPENDITURES:				
Principal retirement	45,330,400	45,330,400	44,330,552	999,848
Interest	47,436,500	47,436,500	46,502,034	934,466
Fiscal charges	1,443,000	1,443,000	844,752	598,248
Debt issue costs	-	-	1,928,251	(1,928,251)
Total expenditures	94,209,900	94,209,900	93,605,589	604,311
Excess (deficiency) of revenues over expenditures	(10,147,200)	(10,147,200)	(7,559,721)	2,587,479
OTHER FINANCING SOURCES (USES):				
Issuance of refunding debt	-	-	95,156,507	95,156,507
Debt issue premium (discount)	-	-	9,142,553	9,142,553
Payments to refunded bond escrow agent	-	-	(103,661,294)	(103,661,294)
Transfers in	14,155,700	14,155,700	14,220,725	65,025
Transfers out	(4,008,500)	(4,008,500)	-	4,008,500
Total other financing sources (uses)	10,147,200	10,147,200	14,858,491	4,711,291
Net change in fund balances	-	-	7,298,770	7,298,770
FUND BALANCES, beginning of year	1,107,591	1,107,591	1,107,591	-
FUND BALANCES, end of year	\$ 1,107,591	\$ 1,107,591	\$ 8,406,361	\$ 7,298,770

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 27,453,900	\$ 27,453,900	\$ 28,536,209	\$ 1,082,309
Local option sales tax	2,651,600	2,651,600	2,494,549	(157,051)
Revenues from the use of money or property	1,230,000	1,230,000	151,919	(1,078,081)
Total revenues	31,335,500	31,335,500	31,182,677	(152,823)
EXPENDITURES:				
Principal retirement	29,922,300	29,922,300	30,017,356	(95,056)
Interest	27,688,100	27,688,100	26,946,078	742,022
Fiscal charges	558,800	558,800	35,339	523,461
Debt issue costs	-	-	2,022,556	(2,022,556)
Total expenditures	58,169,200	58,169,200	59,021,329	(852,129)
Excess (deficiency) of revenues over expenditures	(26,833,700)	(26,833,700)	(27,838,652)	(1,004,952)
OTHER FINANCING SOURCES (USES):				
Issuance of refunding debt	-	-	74,381,966	74,381,966
Debt issue premium (discount)	-	-	7,146,553	7,146,553
Payments to refunded bond escrow agent	-	-	(81,031,125)	(81,031,125)
Transfers in	3,268,700	3,268,700	3,344,380	75,680
Total other financing sources (uses)	3,268,700	3,268,700	3,841,774	573,074
Net change in fund balances	(23,565,000)	(23,565,000)	(23,996,878)	(431,878)
FUND BALANCE, beginning of year	38,556,134	38,556,134	38,556,134	-
FUND BALANCE, end of year	\$ 14,991,134	\$ 14,991,134	\$ 14,559,256	\$ (431,878)

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 12,920,100	\$ 12,920,100	\$ 14,377,133	\$ 1,457,033
Revenues from the use of money or property	80,000	80,000	-	(80,000)
Total revenues	13,000,100	13,000,100	14,377,133	1,377,033
EXPENDITURES:				
Principal retirement	10,036,700	10,036,700	9,746,659	290,041
Interest	7,452,900	7,452,900	6,925,222	527,678
Fiscal charges	338,900	338,900	24,678	314,222
Debt issue costs	-	-	396,856	(396,856)
Total expenditures	17,828,500	17,828,500	17,093,415	735,085
Excess (deficiency) of revenues over expenditures	(4,828,400)	(4,828,400)	(2,716,282)	2,112,118
OTHER FINANCING SOURCES (USES):				
Issuance of refunding debt	-	-	20,356,770	20,356,770
Debt issue premium (discount)	-	-	1,955,860	1,955,860
Payments to refunded bond escrow agent	-	-	(22,176,504)	(22,176,504)
Transfers in	4,828,400	4,828,400	1,265,937	(3,562,463)
Total other financing sources (uses)	4,828,400	4,828,400	1,402,063	(3,426,337)
Net change in fund balances	-	-	(1,314,219)	(1,314,219)
FUND BALANCES, beginning of year	4,298,707	4,298,707	4,298,707	-
FUND BALANCES, end of year	\$ 4,298,707	\$ 4,298,707	\$ 2,984,488	\$ (1,314,219)

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 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 GRANTS FUND

The Stormwater Grants Fund is under the administrative responsibility of the Department of Water and Sewerage Services and accounts for grant activities related to 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.

FLOOD 2010 RECOVERY FUND

The Flood 2010 Recovery Fund accounts for expenditures and revenues from insurance, Federal, and State reimbursements, and other sources, related to May 2010 flooding.

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.

HOTEL OCCUPANCY TAX FUND

The Hotel Occupancy Tax Fund is under the administrative responsibility of the Finance Department and was established to account for hotel occupancy tax receipts first levied in 1976. Currently these tax receipts are utilized one-third for direct promotion of tourism, one-sixth for tourist-related activities, one-sixth for the operation of the existing Convention Center, one-sixth for the construction, financing and operation of a new Convention Center, and one-sixth for distribution to the General Fund.

CONVENTION CENTER TAX FUND

The Convention Center Tax Fund is under the administrative responsibility of the Finance Department and was established to account for additional hotel occupancy and other tourist-related tax receipts levied in 2007 to be utilized for the construction, financing and operation of a new Convention Center.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

EVENTS AND MARKETING FUND

The Events and Marketing Fund is under the administrative responsibility of the Finance Department and was established to account for additional hotel occupancy and other tourist-related tax receipts levied in 2008 to be utilized to support events or projects which have a positive economic impact on the Government.

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.

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, 2010

<u>ASSETS</u>	<u>Nashville Convention Center</u>	<u>Board of Fair Commissioners</u>	<u>Farmers Market</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 4,585,917	\$ 1,612,086	\$ 122,411
Accounts receivable	455,141	34,565	-
Allowance for doubtful accounts	(28,032)	-	-
Accrued interest receivable	437	161	5
Due from other funds of the primary government	-	9,206	130
Other current assets	-	2,513	-
	<u>5,013,463</u>	<u>1,658,531</u>	<u>122,546</u>
CAPITAL ASSETS:			
Land	6,056,529	175,293	-
Buildings and improvements	52,668,319	8,952,480	376,745
Improvements other than buildings	50,220	3,765,391	151,939
Furniture, machinery and equipment	643,229	546,584	142,303
Property under capital lease	-	-	3,645,000
Construction work in progress	-	-	2,841,629
Accumulated depreciation	(26,324,012)	(8,393,451)	(1,746,501)
	<u>33,094,285</u>	<u>5,046,297</u>	<u>5,411,115</u>
Capital assets - net			
	<u>\$ 38,107,748</u>	<u>\$ 6,704,828</u>	<u>\$ 5,533,661</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, 2010

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>School Community Education</u>	<u>Stormwater Operations</u>
\$ 505,162	\$ 519,979	\$ 1,121,276	\$ -	\$ -	\$ 1,797,612
270,896	-	1,907	4,850	-	3,281,891
(2,046)	-	-	-	-	(423,993)
49	46	118	-	-	217
-	1,043	-	43,205	-	2,691,290
-	-	-	-	-	-
<u>774,061</u>	<u>521,068</u>	<u>1,123,301</u>	<u>48,055</u>	<u>-</u>	<u>7,347,017</u>
-	-	587,400	-	-	-
-	-	9,802,827	-	-	-
-	-	84,651	-	-	-
60,000	-	229,306	-	-	-
-	-	-	-	-	-
-	-	20,222	-	-	-
<u>(60,000)</u>	<u>-</u>	<u>(7,702,509)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	3,021,897	-	-	-
<u>\$ 774,061</u>	<u>\$ 521,068</u>	<u>\$ 4,145,198</u>	<u>\$ 48,055</u>	<u>\$ -</u>	<u>\$ 7,347,017</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, 2010

<u>ASSETS</u>	<u>Community Education Commission</u>	<u>Total Nonmajor Enterprise Funds</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 402,391	\$ 10,666,834
Accounts receivable	-	4,049,250
Allowance for doubtful accounts	-	(454,071)
Accrued interest receivable	42	1,075
Due from other funds of the primary government	-	2,744,874
Other current assets	-	2,513
	<u>402,433</u>	<u>17,010,475</u>
CAPITAL ASSETS:		
Land	-	6,819,222
Buildings and improvements	-	71,800,371
Improvements other than buildings	-	4,052,201
Furniture, machinery and equipment	-	1,621,422
Property under capital lease	-	3,645,000
Construction work in progress	-	2,861,851
Accumulated depreciation	-	(44,226,473)
	<u>-</u>	<u>46,573,594</u>
Capital assets - net	<u>-</u>	<u>46,573,594</u>
	<u>\$ 402,433</u>	<u>\$ 63,584,069</u>
Total assets	<u>\$ 402,433</u>	<u>\$ 63,584,069</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, 2010

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 1,050,277	\$ 129,905	\$ 31,391
Accrued payroll	412,982	152,396	78,107
Due to other funds of the primary government	288,561	14,971	2,425
Due to component units	-	-	-
Customer deposits	104,969	43,098	10,190
Unearned revenue	648,739	37,542	-
Current portion of capitalized lease obligations	-	-	195,000
Other current liabilities	-	2,284	-
Total current liabilities	<u>2,505,528</u>	<u>380,196</u>	<u>317,113</u>
NONCURRENT LIABILITIES:			
Capitalized lease obligations	-	-	900,000
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>900,000</u>
Total liabilities	<u>2,505,528</u>	<u>380,196</u>	<u>1,217,113</u>
NET ASSETS (DEFICIT):			
Invested in capital assets, net of related debt	33,094,285	5,046,297	4,316,115
Unrestricted	<u>2,507,935</u>	<u>1,278,335</u>	<u>433</u>
Total net assets (deficit)	<u>\$ 35,602,220</u>	<u>\$ 6,324,632</u>	<u>\$ 4,316,548</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, 2010

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>School Community Education</u>	<u>Stormwater Operations</u>
\$ 989	\$ 17,611	\$ 75,930	\$ 50,682	\$ -	\$ 202,167
31,853	68,830	111,735	213,339	-	507,906
31,532	250,514	603,096	2,259,763	-	74,755
-	70	-	-	-	-
-	-	-	-	-	-
-	-	161,849	-	-	-
-	-	-	-	-	-
46,004	-	-	-	-	-
<u>110,378</u>	<u>337,025</u>	<u>952,610</u>	<u>2,523,784</u>	<u>-</u>	<u>784,828</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>110,378</u>	<u>337,025</u>	<u>952,610</u>	<u>2,523,784</u>	<u>-</u>	<u>784,828</u>
-	-	3,021,897	-	-	-
663,683	184,043	170,691	(2,475,729)	-	6,562,189
<u>\$ 663,683</u>	<u>\$ 184,043</u>	<u>\$ 3,192,588</u>	<u>\$ (2,475,729)</u>	<u>\$ -</u>	<u>\$ 6,562,189</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, 2010

<u>LIABILITIES AND NET ASSETS</u>	<u>Community Education Commission</u>	<u>Total Nonmajor Enterprise Funds</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 14,504	\$ 1,573,456
Accrued payroll	97,745	1,674,893
Due to other funds of the primary government	932	3,526,549
Due to component units	-	70
Customer deposits	-	158,257
Unearned revenue	-	848,130
Current portion of capitalized lease obligations	-	195,000
Other current liabilities	59	48,347
	<u>113,240</u>	<u>8,024,702</u>
TOTAL current liabilities	113,240	8,024,702
NONCURRENT LIABILITIES:		
Capitalized lease obligations	-	900,000
	<u>-</u>	<u>900,000</u>
TOTAL noncurrent liabilities	-	900,000
	<u>113,240</u>	<u>8,924,702</u>
TOTAL liabilities	113,240	8,924,702
NET ASSETS (DEFICIT):		
Invested in capital assets, net of related debt	-	45,478,594
Unrestricted	289,193	9,180,773
	<u>289,193</u>	<u>9,180,773</u>
TOTAL net assets (deficit)	\$ 289,193	\$ 54,659,367

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, 2010

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
OPERATING REVENUES:			
Charges for services	\$ 5,366,012	\$ 3,392,723	\$ 965,401
Other	-	-	17,866
	<u>5,366,012</u>	<u>3,392,723</u>	<u>983,267</u>
Total operating revenues	<u>5,366,012</u>	<u>3,392,723</u>	<u>983,267</u>
OPERATING EXPENSES:			
Personal services	2,865,985	1,536,422	381,514
Contractual services	2,449,761	1,687,633	454,301
Supplies and materials	146,574	158,146	23,646
Depreciation	1,440,066	407,601	116,486
Other	135,624	372,078	6,243
	<u>7,038,010</u>	<u>4,161,880</u>	<u>982,190</u>
Total operating expenses	<u>7,038,010</u>	<u>4,161,880</u>	<u>982,190</u>
OPERATING INCOME (LOSS)	<u>(1,671,998)</u>	<u>(769,157)</u>	<u>1,077</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	7,431	3,903	498
Interest expense	-	-	(82,113)
	<u>7,431</u>	<u>3,903</u>	<u>(81,615)</u>
Total nonoperating revenue (expense)	<u>7,431</u>	<u>3,903</u>	<u>(81,615)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,664,567)</u>	<u>(765,254)</u>	<u>(80,538)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	-	-	-
TRANSFERS IN	633,700	-	201,108
TRANSFERS OUT	(424,600)	(178,300)	(59,400)
	<u>(1,455,467)</u>	<u>(943,554)</u>	<u>61,170</u>
CHANGE IN NET ASSETS	<u>(1,455,467)</u>	<u>(943,554)</u>	<u>61,170</u>
NET ASSETS (DEFICIT), beginning of year	<u>37,057,687</u>	<u>7,268,186</u>	<u>4,255,378</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 35,602,220</u>	<u>\$ 6,324,632</u>	<u>\$ 4,316,548</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, 2010

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	School Community Education	Stormwater Operations
\$ 2,437,029	\$ 1,094,285	\$ 1,363,719	\$ 1,582,660	\$ 31,012	\$ 13,634,799
-	-	-	11	-	-
<u>2,437,029</u>	<u>1,094,285</u>	<u>1,363,719</u>	<u>1,582,671</u>	<u>31,012</u>	<u>13,634,799</u>
1,532,675	377,863	543,750	1,118,160	181,572	6,310,982
7,478	313,915	838,844	517,945	8,150	3,137,242
1,037	5,876	62,957	3,925	2,121	339,467
-	-	173,085	-	-	-
3,251	31,651	34,997	12,587	900	241,152
<u>1,544,441</u>	<u>729,305</u>	<u>1,653,633</u>	<u>1,652,617</u>	<u>192,743</u>	<u>10,028,843</u>
<u>892,588</u>	<u>364,980</u>	<u>(289,914)</u>	<u>(69,946)</u>	<u>(161,731)</u>	<u>3,605,956</u>
-	359	1,321	-	457	-
(308)	-	-	(7,033)	-	(4,248)
<u>(308)</u>	<u>359</u>	<u>1,321</u>	<u>(7,033)</u>	<u>457</u>	<u>(4,248)</u>
<u>892,280</u>	<u>365,339</u>	<u>(288,593)</u>	<u>(76,979)</u>	<u>(161,274)</u>	<u>3,601,708</u>
-	-	344,670	-	-	-
-	-	89,480	-	177,667	4,000,000
(310,272)	(24,700)	(74,800)	(409,000)	(292,755)	(1,039,519)
582,008	340,639	70,757	(485,979)	(276,362)	6,562,189
81,675	(156,596)	3,121,831	(1,989,750)	276,362	-
<u>\$ 663,683</u>	<u>\$ 184,043</u>	<u>\$ 3,192,588</u>	<u>\$ (2,475,729)</u>	<u>\$ -</u>	<u>\$ 6,562,189</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, 2010

	Community Education Commission	Total Nonmajor Enterprise Funds
OPERATING REVENUES:		
Charges for services	\$ 21,843	\$ 29,889,483
Other	-	17,877
	<u>21,843</u>	<u>29,907,360</u>
Total operating revenues	<u>21,843</u>	<u>29,907,360</u>
OPERATING EXPENSES:		
Personal services	308,995	15,157,918
Contractual services	33,730	9,448,999
Supplies and materials	1,447	745,196
Depreciation	-	2,137,238
Other	1,800	840,283
	<u>345,972</u>	<u>28,329,634</u>
Total operating expenses	<u>345,972</u>	<u>28,329,634</u>
OPERATING INCOME (LOSS)	<u>(324,129)</u>	<u>1,577,726</u>
NONOPERATING REVENUE (EXPENSE):		
Investment income	334	14,303
Interest expense	-	(93,702)
	<u>334</u>	<u>(79,399)</u>
Total nonoperating revenue (expense)	<u>334</u>	<u>(79,399)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(323,795)</u>	<u>1,498,327</u>
CAPITAL GRANTS AND CONTRIBUTIONS	-	344,670
TRANSFERS IN	636,388	5,738,343
TRANSFERS OUT	(23,400)	(2,836,746)
	<u>289,193</u>	<u>4,744,594</u>
CHANGE IN NET ASSETS	<u>289,193</u>	<u>4,744,594</u>
NET ASSETS (DEFICIT), beginning of year	<u>-</u>	<u>49,914,773</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 289,193</u>	<u>\$ 54,659,367</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, 2010

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Cash flows from operating activities:			
Receipts from customers and users	\$ 6,948,035	\$ 3,317,612	\$ 983,158
Payments to suppliers	(2,658,492)	(2,167,483)	(498,791)
Payments to employees	(2,853,259)	(1,526,349)	(367,977)
Net cash provided by (used in) operating activities	<u>1,436,284</u>	<u>(376,220)</u>	<u>116,390</u>
Cash flows from noncapital financing activities:			
Transfers in	633,700	-	201,108
Transfers out	(424,600)	(178,300)	(59,400)
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>209,100</u>	<u>(178,300)</u>	<u>141,708</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(5,815)	(48,678)	(81,407)
Principal payments on borrowings	-	-	(175,000)
Interest paid	-	-	(82,113)
Net cash provided by (used in) capital and related financing activities	<u>(5,815)</u>	<u>(48,678)</u>	<u>(338,520)</u>
Cash flows from investing activities:			
Interest on investments	<u>8,228</u>	<u>4,743</u>	<u>563</u>
Net cash provided by (used in) investing activities	<u>8,228</u>	<u>4,743</u>	<u>563</u>
Net changes in cash and cash equivalents	1,647,797	(598,455)	(79,859)
Cash and cash equivalents at beginning of year	<u>2,938,120</u>	<u>2,210,541</u>	<u>202,270</u>
Cash and cash equivalents at end of year	<u>\$ 4,585,917</u>	<u>\$ 1,612,086</u>	<u>\$ 122,411</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, 2010

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	School Community Education	Stormwater Operations
\$ 2,417,250	\$ 1,276,176	\$ 1,341,109	\$ 1,556,753	\$ 34,983	\$ 8,085,611
(65,264)	(355,726)	(418,910)	(535,630)	(26,470)	(3,440,939)
(1,536,195)	(379,152)	(590,406)	(1,120,875)	(275,563)	(5,803,076)
<u>815,791</u>	<u>541,298</u>	<u>331,793</u>	<u>(99,752)</u>	<u>(267,050)</u>	<u>(1,158,404)</u>
-	-	89,480	-	177,667	4,000,000
(310,272)	(24,700)	(74,800)	(409,000)	(292,755)	(1,039,519)
-	-	-	515,785	-	-
-	(3,008)	-	-	-	-
(357)	-	-	(7,033)	-	(4,465)
<u>(310,629)</u>	<u>(27,708)</u>	<u>14,680</u>	<u>99,752</u>	<u>(115,088)</u>	<u>2,956,016</u>
-	-	(20,222)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(20,222)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	375	1,581	-	643	-
<u>-</u>	<u>375</u>	<u>1,581</u>	<u>-</u>	<u>643</u>	<u>-</u>
505,162	513,965	327,832	-	(381,495)	1,797,612
-	6,014	793,444	-	381,495	-
<u>\$ 505,162</u>	<u>\$ 519,979</u>	<u>\$ 1,121,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797,612</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, 2010

	Community Education Commission	Total Nonmajor Enterprise Funds
Cash flows from operating activities:		
Receipts from customers and users	\$ 21,843	\$ 25,982,530
Payments to suppliers	(21,482)	(10,189,187)
Payments to employees	(211,250)	(14,664,102)
	<u>(210,889)</u>	<u>1,129,241</u>
Net cash provided by (used in) operating activities		
Cash flows from noncapital financing activities:		
Transfers in	636,388	5,738,343
Transfers out	(23,400)	(2,836,746)
Advances from other funds of the primary government	-	515,785
Payments to other funds of the primary government	-	(3,008)
Interest paid	-	(11,855)
	<u>612,988</u>	<u>3,402,519</u>
Net cash provided by (used in) noncapital financing activities		
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(156,122)
Principal payments on borrowings	-	(175,000)
Interest paid	-	(82,113)
	<u>-</u>	<u>(413,235)</u>
Net cash provided by (used in) capital and related financing activities		
Cash flows from investing activities:		
Interest on investments	292	16,425
	<u>292</u>	<u>16,425</u>
Net cash provided by (used in) investing activities		
Net changes in cash and cash equivalents	402,391	4,134,950
Cash and cash equivalents at beginning of year	-	6,531,884
	<u>-</u>	<u>6,531,884</u>
Cash and cash equivalents at end of year	<u>\$ 402,391</u>	<u>\$ 10,666,834</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, 2010

	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)	\$ (1,671,998)	\$ (769,157)	\$ 1,077
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,440,066	407,601	116,486
Provision for doubtful accounts	(5,445)	-	-
Changes in assets and liabilities:			
Accounts receivable	21,454	(16,508)	21
Due from other funds of the primary government	1,718,921	(9,206)	(130)
Other current assets	-	31,970	-
Accounts payable	105,985	9,374	(16,279)
Accrued payroll	12,726	10,073	13,537
Due to other funds of the primary government	(32,518)	8,453	1,678
Due to component units	-	-	-
Customer deposits	-	(33,442)	-
Unearned revenue	(152,907)	(15,955)	-
Other current liabilities	-	577	-
Total adjustments	<u>3,108,282</u>	<u>392,937</u>	<u>115,313</u>
Net cash provided by (used in) operating activities	<u>\$ 1,436,284</u>	<u>\$ (376,220)</u>	<u>\$ 116,390</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, 2010

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>School Community Education</u>	<u>Stormwater Operations</u>
<u>\$ 892,588</u>	<u>\$ 364,980</u>	<u>\$ (289,914)</u>	<u>\$ (69,946)</u>	<u>\$ (161,731)</u>	<u>\$ 3,605,956</u>
-	-	173,085	-	-	-
(2,954)	-	-	-	-	423,993
(16,825)	2,861	(390)	(4,850)	372	(3,281,891)
-	(1,043)	-	(21,068)	3,599	(2,691,290)
-	-	-	-	-	-
152	(4,284)	(21,193)	(176)	(3,485)	202,167
(3,520)	(1,289)	(46,656)	(2,715)	(93,991)	507,906
(58,339)	180,037	539,081	(997)	(11,814)	74,755
-	36	-	-	-	-
-	-	-	-	-	-
-	-	(22,220)	-	-	-
<u>4,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(76,797)</u>	<u>176,318</u>	<u>621,707</u>	<u>(29,806)</u>	<u>(105,319)</u>	<u>(4,764,360)</u>
<u>\$ 815,791</u>	<u>\$ 541,298</u>	<u>\$ 331,793</u>	<u>\$ (99,752)</u>	<u>\$ (267,050)</u>	<u>\$ (1,158,404)</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, 2010

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u> </u>	<u> </u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (324,129)	\$ 1,577,726
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	2,137,238
Provision for doubtful accounts	-	415,594
Changes in assets and liabilities:		
Accounts receivable	-	(3,295,756)
Due from other funds of the primary government	-	(1,000,217)
Other current assets	-	31,970
Accounts payable	14,504	286,765
Accrued payroll	97,745	493,816
Due to other funds of the primary government	932	701,268
Due to component units	-	36
Customer deposits	-	(33,442)
Unearned revenue	-	(191,082)
Other current liabilities	59	5,325
	<u> </u>	<u> </u>
Total adjustments	113,240	(448,485)
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	<u>\$ (210,889)</u>	<u>\$ 1,129,241</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2010

<u>ASSETS</u>	<u>Office of Fleet Management</u>	<u>Information Systems</u>	<u>Radio Shop</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 887,658	\$ 4,739,467	\$ 3,145,433
Accounts receivable	5,035	36,434	60,049
Accrued interest receivable	63	548	337
Due from other funds of the primary government	1,254,750	264,889	227,674
Due from component units	1,375	2,220	-
Inventories of supplies	1,481,970	-	317,629
Other current assets	-	-	-
Total current assets	3,630,851	5,043,558	3,751,122
CAPITAL ASSETS:			
Buildings and improvements	-	-	126,643
Improvements other than buildings	-	-	-
Furniture, machinery and equipment	123,052,512	5,618,221	6,174,191
Less accumulated depreciation	(90,789,500)	(4,271,792)	(2,257,725)
Capital assets - net	<u>32,263,012</u>	<u>1,346,429</u>	<u>4,043,109</u>
Total assets	35,893,863	6,389,987	7,794,231
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	2,534,679	509,769	222,639
Accrued payroll	717,168	1,445,060	173,137
Claims payable	-	-	-
Due to other funds of the primary government	2,024	671	1,417
Total current liabilities	3,253,871	1,955,500	397,193
NET ASSETS (DEFICIT):			
Invested in capital assets, net of related debt	32,263,012	1,346,429	4,043,109
Unrestricted	<u>376,980</u>	<u>3,088,058</u>	<u>3,353,929</u>
Total net assets (deficit)	\$ 32,639,992	\$ 4,434,487	\$ 7,397,038

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, 2010

<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>
\$ 2,199,531	\$ 21,479,178	\$ 39,364	\$ 34,097,723	\$ 3,837,331	\$ -	\$ 625,669
-	-	27,039	-	-	-	16
238	2,309	217	3,854	538	-	67
-	64	93,351	2,386,111	-	27,507	71,851
-	-	-	-	-	-	849
-	-	-	-	-	-	-
-	-	1,747,709	-	-	-	13,785
<u>2,199,769</u>	<u>21,481,551</u>	<u>1,907,680</u>	<u>36,487,688</u>	<u>3,837,869</u>	<u>27,507</u>	<u>712,237</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,199,769</u>	<u>21,481,551</u>	<u>1,907,680</u>	<u>36,487,688</u>	<u>3,837,869</u>	<u>27,507</u>	<u>712,237</u>
1,121,827	141,874	2,496,089	2,127,546	-	19,810	32,556
-	-	-	-	-	-	43,345
1,180,181	5,412,664	7,597,438	14,127,000	5,169,000	-	-
64	407	2,563	-	323,340	7,697	-
<u>2,302,072</u>	<u>5,554,945</u>	<u>10,096,090</u>	<u>16,254,546</u>	<u>5,492,340</u>	<u>27,507</u>	<u>75,901</u>
-	-	-	-	-	-	-
(102,303)	15,926,606	(8,188,410)	20,233,142	(1,654,471)	-	636,336
<u>\$ (102,303)</u>	<u>\$ 15,926,606</u>	<u>\$ (8,188,410)</u>	<u>\$ 20,233,142</u>	<u>\$ (1,654,471)</u>	<u>\$ -</u>	<u>\$ 636,336</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, 2010

<u>ASSETS</u>	<u>Real Property Services</u>	<u>Treasury Management</u>	<u>Technology Revolving</u>	<u>Human Resources</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ -	\$ 88,567	\$ 245,345	\$ -
Accounts receivable	-	-	2,153	-
Accrued interest receivable	-	6	43	-
Due from other funds of the primary government	-	112,026	31,643	-
Due from component units	-	-	2,382	-
Inventories of supplies	-	-	-	-
Other current assets	-	7,221	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	-	207,820	281,566	-
CAPITAL ASSETS:				
Buildings and improvements	-	-	-	-
Improvements other than buildings	-	-	-	-
Furniture, machinery and equipment	-	10,626	-	-
Less accumulated depreciation	-	(10,626)	-	-
Capital assets - net	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	-	207,820	281,566	-
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	-	708	72,210	-
Accrued payroll	-	75,719	-	-
Claims payable	-	-	-	-
Due to other funds of the primary government	-	177,693	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	-	254,120	72,210	-
NET ASSETS (DEFICIT):				
Invested in capital assets, net of related debt	-	-	-	-
Unrestricted	-	(46,300)	209,356	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets (deficit)	\$ -	\$ (46,300)	\$ 209,356	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2010

Finance Services	General Services	School Print Shop	Internal Audit	Total Internal Service Funds
\$ -	\$ 3,046,729	\$ 562,837	\$ -	\$ 74,994,832
-	1,005	-	-	131,731
-	373	62	-	8,655
-	100,063	19,034	-	4,588,963
-	1,079	-	-	7,905
-	-	-	-	1,799,599
-	-	-	-	1,768,715
-	<u>3,149,249</u>	<u>581,933</u>	-	<u>83,300,400</u>
-	222,365	-	-	349,008
-	29,031	-	-	29,031
-	142,189	367,351	-	135,365,090
-	(67,726)	(272,589)	-	(97,669,958)
-	<u>325,859</u>	<u>94,762</u>	-	<u>38,073,171</u>
-	<u>3,475,108</u>	<u>676,695</u>	-	<u>121,373,571</u>
-	1,296,210	14,855	-	10,590,772
-	423,129	65,717	-	2,943,275
-	-	-	-	33,486,283
-	<u>12,032</u>	<u>11,894</u>	-	<u>539,802</u>
-	<u>1,731,371</u>	<u>92,466</u>	-	<u>47,560,132</u>
-	325,859	94,762	-	38,073,171
-	<u>1,417,878</u>	<u>489,467</u>	-	<u>35,740,268</u>
<u>\$ -</u>	<u>\$ 1,743,737</u>	<u>\$ 584,229</u>	<u>\$ -</u>	<u>\$ 73,813,439</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, 2010

	Office of Fleet Management	Information Systems	Radio Shop
OPERATING REVENUES:			
Charges for services	\$ 14,668,979	\$ 13,565,703	\$ 3,127,161
Other	-	-	-
Total operating revenues	<u>14,668,979</u>	<u>13,565,703</u>	<u>3,127,161</u>
OPERATING EXPENSES:			
Personal services	4,909,388	8,700,144	1,006,206
Contractual services	1,916,077	2,722,361	1,503,887
Supplies and materials	8,748,362	9,903	288,284
Depreciation	11,989,257	732,511	675,101
Compensation for damages to property	-	-	-
Medical and insurance benefits	-	-	-
Other	66,379	1,833,519	44,812
Total operating expenses	<u>27,629,463</u>	<u>13,998,438</u>	<u>3,518,290</u>
OPERATING INCOME (LOSS)	<u>(12,960,484)</u>	<u>(432,735)</u>	<u>(391,129)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	-	7,784	5,974
Interest expense	(356)	-	-
Gain (loss) on sale of property	500,899	(185)	3,915
Other	(78,586)	-	-
Total nonoperating revenue (expense)	<u>421,957</u>	<u>7,599</u>	<u>9,889</u>
INCOME (LOSS) BEFORE TRANSFERS	(12,538,527)	(425,136)	(381,240)
TRANSFERS IN	15,064,722	17,113	-
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	2,526,195	(408,023)	(381,240)
NET ASSETS (DEFICIT), beginning of year	<u>30,113,797</u>	<u>4,842,510</u>	<u>7,778,278</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 32,639,992</u>	<u>\$ 4,434,487</u>	<u>\$ 7,397,038</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, 2010

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ -	\$ 4,927,215	\$ 67,241,948	\$ 164,438,842	\$ 3,350,462	\$ 1,273,069	\$ 876,530
-	255	-	1,885,897	229,778	-	-
-	4,927,470	67,241,948	166,324,739	3,580,240	1,273,069	876,530
101,147	189,103	90,676	255,973	-	496,716	221,397
330,837	235,485	4,385,815	8,679,548	1,282,930	88,457	524,812
349	32,985	2,008	-	-	770,823	3,835
-	-	-	-	-	-	-
2,844,616	771,927	-	-	-	-	-
-	-	75,949,594	161,642,066	14,947,430	-	-
6,629	2,178,244	-	5,100	4,450	1,638	17,641
3,283,578	3,407,744	80,428,093	170,582,687	16,234,810	1,357,634	767,685
(3,283,578)	1,519,726	(13,186,145)	(4,257,948)	(12,654,570)	(84,565)	108,845
7,462	46,096	9,612	73,713	13,670	-	1,176
-	-	-	-	-	-	-
-	-	-	-	-	-	-
52,268	115,855	(41,456)	-	-	-	-
59,730	161,951	(31,844)	73,713	13,670	-	1,176
(3,223,848)	1,681,677	(13,217,989)	(4,184,235)	(12,640,900)	(84,565)	110,021
500,000	211,351	-	2,107,326	11,400,300	-	-
-	(1,937,800)	-	(128,000)	-	-	-
(2,723,848)	(44,772)	(13,217,989)	(2,204,909)	(1,240,600)	(84,565)	110,021
2,621,545	15,971,378	5,029,579	22,438,051	(413,871)	84,565	526,315
\$ (102,303)	\$ 15,926,606	\$ (8,188,410)	\$ 20,233,142	\$ (1,654,471)	\$ -	\$ 636,336

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, 2010

	Real Property Services	Treasury Management	Technology Revolving	Human Resources
OPERATING REVENUES:				
Charges for services	\$ -	\$ 730,251	\$ 310,731	\$ -
Other	-	-	-	-
Total operating revenues	<u>-</u>	<u>730,251</u>	<u>310,731</u>	<u>-</u>
OPERATING EXPENSES:				
Personal services	-	608,457	-	-
Contractual services	-	82,856	18,180	-
Supplies and materials	-	2,767	1,426,956	-
Depreciation	-	-	-	-
Compensation for damages to property	-	-	-	-
Medical and insurance benefits	-	-	-	-
Other	-	5,325	-	-
Total operating expenses	<u>-</u>	<u>699,405</u>	<u>1,445,136</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>-</u>	<u>30,846</u>	<u>(1,134,405)</u>	<u>-</u>
NONOPERATING REVENUE (EXPENSE):				
Investment income	-	98	-	-
Interest expense	-	-	(83)	-
Gain (loss) on sale of property	-	-	-	-
Other	-	-	-	-
Total nonoperating revenue (expense)	<u>-</u>	<u>98</u>	<u>(83)</u>	<u>-</u>
INCOME (LOSS) BEFORE TRANSFERS	-	30,944	(1,134,488)	-
TRANSFERS IN	-	-	1,353,901	-
TRANSFERS OUT	<u>-</u>	<u>(27,500)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	-	3,444	219,413	-
NET ASSETS (DEFICIT), beginning of year	<u>-</u>	<u>(49,744)</u>	<u>(10,057)</u>	<u>-</u>
NET ASSETS (DEFICIT), end of year	<u>\$ -</u>	<u>\$ (46,300)</u>	<u>\$ 209,356</u>	<u>\$ -</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2010

Finance Services	General Services	School Print Shop	Internal Audit	Total Internal Service Funds
\$ -	\$ 18,843,012	\$ 582,530	\$ -	\$ 293,936,433
-	566	-	-	2,116,496
-	18,843,578	582,530	-	296,052,929
-	2,368,767	423,868	-	19,371,842
-	14,015,496	71,846	-	35,858,587
-	143,501	125,924	-	11,555,697
-	29,370	20,566	-	13,446,805
-	-	-	-	3,616,543
-	-	-	-	252,539,090
-	213,023	47,263	-	4,424,023
-	16,770,157	689,467	-	340,812,587
-	2,073,421	(106,937)	-	(44,759,658)
-	1,502	1,296	-	168,383
-	-	-	-	(439)
-	-	-	-	504,629
-	-	-	-	48,081
-	1,502	1,296	-	720,654
-	2,074,923	(105,641)	-	(44,039,004)
-	-	-	-	30,654,713
-	-	-	-	(2,093,300)
-	2,074,923	(105,641)	-	(15,477,591)
-	(331,186)	689,870	-	89,291,030
\$ -	\$ 1,743,737	\$ 584,229	\$ -	\$ 73,813,439

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, 2010

	Office of Fleet Management	Information Systems	Radio Shop
Cash flows from operating activities:			
Receipts from customers and users	\$ 13,781,640	\$ 13,643,172	\$ 3,127,513
Payments to suppliers	(9,385,287)	(4,606,404)	(1,676,961)
Payments to employees	(4,993,047)	(8,741,973)	(1,015,704)
Other receipts (payments)	139,807	-	-
Net cash provided by (used in) operating activities	<u>(456,887)</u>	<u>294,795</u>	<u>434,848</u>
Cash flows from noncapital financing activities:			
Transfers in	15,064,722	17,113	-
Transfers out	-	-	-
Payments to other funds of the primary government	-	-	-
Interest paid	(356)	-	-
Net cash provided by (used in) noncapital financing activities	<u>15,064,366</u>	<u>17,113</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(15,109,696)	(34,411)	(21,132)
Proceeds from the sale of property	1,019,168	-	3,915
Net cash provided by (used in) capital and related financing activities	<u>(14,090,528)</u>	<u>(34,411)</u>	<u>(17,217)</u>
Cash flows from investing activities:			
Interest on investments	150	9,640	7,027
Net cash provided by (used in) investing activities	<u>150</u>	<u>9,640</u>	<u>7,027</u>
Net changes in cash and cash equivalents	517,101	287,137	424,658
Cash and cash equivalents at beginning of year	<u>370,557</u>	<u>4,452,330</u>	<u>2,720,775</u>
Cash and cash equivalents at end of year	<u>\$ 887,658</u>	<u>\$ 4,739,467</u>	<u>\$ 3,145,433</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, 2010

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ -	\$ 5,132,072	\$ 67,381,196	\$ 166,984,852	\$ 3,580,323	\$ 1,317,505	\$ 884,262
(2,279,590)	(5,365,371)	(76,281,295)	(171,982,167)	(15,397,417)	(487,032)	(566,030)
-	-	(90,676)	(255,973)	-	(588,475)	(214,525)
52,268	115,855	(41,456)	-	-	-	-
<u>(2,227,322)</u>	<u>(117,444)</u>	<u>(9,032,231)</u>	<u>(5,253,288)</u>	<u>(11,817,094)</u>	<u>241,998</u>	<u>103,707</u>
500,000	211,351	-	2,107,326	11,400,300	-	-
-	(1,937,800)	-	(128,000)	-	-	-
-	-	-	-	-	(241,998)	-
-	-	-	-	-	-	-
<u>500,000</u>	<u>(1,726,449)</u>	<u>-</u>	<u>1,979,326</u>	<u>11,400,300</u>	<u>(241,998)</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
9,132	55,129	14,964	88,982	15,795	-	1,369
<u>9,132</u>	<u>55,129</u>	<u>14,964</u>	<u>88,982</u>	<u>15,795</u>	<u>-</u>	<u>1,369</u>
(1,718,190)	(1,788,764)	(9,017,267)	(3,184,980)	(400,999)	-	105,076
<u>3,917,721</u>	<u>23,267,942</u>	<u>9,056,631</u>	<u>37,282,703</u>	<u>4,238,330</u>	<u>-</u>	<u>520,593</u>
<u>\$ 2,199,531</u>	<u>\$ 21,479,178</u>	<u>\$ 39,364</u>	<u>\$ 34,097,723</u>	<u>\$ 3,837,331</u>	<u>\$ -</u>	<u>\$ 625,669</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, 2010

	Real Property Services	Treasury Management	Technology Revolving	Human Resources
Cash flows from operating activities:				
Receipts from customers and users	\$ -	\$ 731,548	\$ 317,377	\$ -
Payments to suppliers	-	(92,729)	(1,458,599)	(2,671)
Payments to employees	-	(611,141)	-	-
Other receipts (payments)	-	-	-	-
Net cash provided by (used in) operating activities	-	27,678	(1,141,222)	(2,671)
Cash flows from noncapital financing activities:				
Transfers in	-	-	1,353,901	-
Transfers out	(57,685)	(27,500)	-	-
Payments to other funds of the primary government	-	-	-	-
Interest paid	-	-	(98)	-
Net cash provided by (used in) noncapital financing activities	(57,685)	(27,500)	1,353,803	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the sale of property	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-	-
Cash flows from investing activities:				
Interest on investments	-	92	-	1,274
Net cash provided by (used in) investing activities	-	92	-	1,274
Net changes in cash and cash equivalents	(57,685)	270	212,581	(1,397)
Cash and cash equivalents at beginning of year	57,685	88,297	32,764	1,397
Cash and cash equivalents at end of year	\$ -	\$ 88,567	\$ 245,345	\$ -

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, 2010

Finance Services	General Services	School Print Shop	Internal Audit	Total Internal Service Funds
\$ 3,690	\$ 18,977,903	\$ 577,698	\$ -	\$ 296,440,751
(4,818)	(14,515,819)	(231,912)	(772)	(304,334,874)
-	(2,454,310)	(420,514)	-	(19,386,338)
-	-	-	-	266,474
(1,128)	2,007,774	(74,728)	(772)	(27,013,987)
-	-	-	-	30,654,713
-	-	-	-	(2,150,985)
-	-	-	-	(241,998)
-	-	-	-	(454)
-	-	-	-	28,261,276
-	-	-	-	(15,165,239)
-	-	-	-	1,023,083
-	-	-	-	(14,142,156)
538	2,577	1,550	368	208,587
538	2,577	1,550	368	208,587
(590)	2,010,351	(73,178)	(404)	(12,686,280)
590	1,036,378	636,015	404	87,681,112
\$ -	\$ 3,046,729	\$ 562,837	\$ -	\$ 74,994,832

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, 2010

	Office of Fleet Management	Information Systems	Radio Shop
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (12,960,484)	\$ (432,735)	\$ (391,129)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	11,989,257	732,511	675,101
Other receipts (payments)	139,807	-	-
Changes in assets and liabilities:			
Accounts receivable	(1,188)	32,928	7,496
Due from other funds of the primary government	(884,776)	46,545	(7,144)
Due from component units	(1,375)	(2,004)	-
Inventories of supplies	(77,184)	-	25,063
Other current assets	-	-	-
Accounts payable	1,448,254	(29,298)	136,074
Accrued payroll	(83,659)	(41,829)	(9,498)
Claims payable	-	-	-
Due to other funds of the primary government	(25,539)	(11,323)	(1,115)
Other current liabilities	-	-	-
Total adjustments	12,503,597	727,530	825,977
Net cash provided by (used in) operating activities	\$ (456,887)	\$ 294,795	\$ 434,848
<u>Non-Cash Capital, Financing and Investing Activities:</u>			
Transfer of capital assets from (to) other funds	\$ (218,393)	\$ -	\$ -

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, 2010

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ (3,283,578)	\$ 1,519,726	\$ (13,186,145)	\$ (4,257,948)	\$ (12,654,570)	\$ (84,565)	\$ 108,845
-	-	-	-	-	-	-
52,268	115,855	(41,456)	-	-	-	-
-	-	51,199	439,126	83	-	(16)
-	204,602	88,049	220,987	-	44,436	7,939
-	-	-	-	-	-	(191)
-	-	-	-	-	413,937	-
-	-	(300,722)	-	-	-	(264)
973,984	(55,235)	1,540,424	(536,130)	-	(30,972)	(18,099)
-	-	-	-	-	(91,759)	6,872
224,301	(1,864,345)	2,816,829	(1,115,000)	937,000	-	-
(194,297)	(38,047)	(409)	(4,323)	(99,607)	(9,079)	(1,379)
-	-	-	-	-	-	-
1,056,256	(1,637,170)	4,153,914	(995,340)	837,476	326,563	(5,138)
\$ (2,227,322)	\$ (117,444)	\$ (9,032,231)	\$ (5,253,288)	\$ (11,817,094)	\$ 241,998	\$ 103,707
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2010

	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)	\$ -	\$ 30,846	\$ (1,134,405)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	-
Other receipts (payments)	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	-	-	2,433	-
Due from other funds of the primary government	-	1,297	6,595	-
Due from component units	-	-	(2,382)	-
Inventories of supplies	-	-	-	-
Other current assets	-	12	-	11
Accounts payable	-	(131)	(13,463)	-
Accrued payroll	-	(2,684)	-	-
Claims payable	-	-	-	-
Due to other funds of the primary government	-	(674)	-	(2,682)
Other current liabilities	-	(988)	-	-
Total adjustments	-	(3,168)	(6,817)	(2,671)
Net cash provided by (used in) operating activities	<u>\$ -</u>	<u>\$ 27,678</u>	<u>\$ (1,141,222)</u>	<u>\$ (2,671)</u>

Non-Cash Capital, Financing and Investing Activities:

Transfer of capital assets from (to) other funds	\$ -	\$ -	\$ -	\$ -
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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, 2010

Finance Services	General Services	School Print Shop	Internal Audit	Total Internal Service Funds
\$ -	\$ 2,073,421	\$ (106,937)	\$ -	\$ (44,759,658)
-	29,370	20,566	-	13,446,805
-	-	-	-	266,474
-	(229)	96	-	531,928
3,690	135,633	(4,928)	-	(137,075)
-	(1,079)	-	-	(7,031)
-	-	-	-	361,816
-	-	4,152	-	(296,811)
(4,760)	(135,080)	6,046	-	3,281,614
-	(85,543)	3,354	-	(304,746)
-	-	-	-	998,785
(58)	(8,719)	2,923	(772)	(395,100)
-	-	-	-	(988)
<u>(1,128)</u>	<u>(65,647)</u>	<u>32,209</u>	<u>(772)</u>	<u>17,745,671</u>
<u>\$ (1,128)</u>	<u>\$ 2,007,774</u>	<u>\$ (74,728)</u>	<u>\$ (772)</u>	<u>\$ (27,013,987)</u>
\$ -	\$ -	\$ -	\$ -	\$ (218,393)

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 provided classes and other educational services to the citizens of the Nashville community, on a user fee basis. The operations of School Community Education were supported in part by transfers from the General Fund and from the General Purpose School Fund. School Community Education ceased operations in fiscal 2010 and its activities were assumed by the Community Education Commission.

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

STORMWATER OPERATIONS

Stormwater Operations is under the administrative responsibility of the Department of Water and Sewerage Services and accounts for the activities surrounding the maintenance of the Government's stormwater drainage system. Revenues are derived from a stormwater fee assessed on users of the system.

COMMUNITY EDUCATION COMMISSION

Community Education Commission provides classes and other educational services to the citizens of the Nashville community, on a user fee basis. The operations of Community Education Commission are supported in part by transfers from the General Fund and from the General Purpose School Fund. Community Education Commission began operations in fiscal 2010 and assumed the activities previously performed by School Community Education.

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.

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

EMPLOYEES' MEDICAL BENEFIT FUND

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

INJURED ON DUTY FUND

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

SCHOOL CENTRAL STOREROOM FUND

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

METRO POSTAL SERVICE FUND

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

REAL PROPERTY SERVICES FUND

The Real Property Services Fund was under the administrative responsibility of the Department of Finance. The responsibilities of Real Property Services included planning and design for the effective and consistent use of facilities and management of all Metro facility related construction projects. For the year ended June 30, 2009, the majority of these operations were transferred to the Department of General Services and the Real Property Services Fund was effectively closed.

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 was under the administrative responsibility of the Department of Human Resources and was used to account for its various programs such as the management of compensation and benefits, recruitment and employee training. Revenues were derived from internal charges to various departments using bases such as numbers of employees and services provided. For the year ended June 30, 2009, these operations were transferred to the General Fund and the Human Resources Fund was effectively closed.

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

FINANCE SERVICES FUND

The Finance Services Fund was under the administrative responsibility of the Department of Finance and was used to account for various Finance programs including accounting, payroll, budgets and purchasing. Revenues were derived from internal charges to various departments using bases such as numbers of transactions and departmental expenditures. For the year ended June 30, 2009, these operations were transferred to the General Fund and the Finance Services Fund was effectively closed.

GENERAL SERVICES FUND

The General Services Fund is under the administrative responsibility of the Department of General Services and is used to account for facilities maintenance and security. Revenues are derived from internal charges to various departments based on square footage.

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.

INTERNAL AUDIT FUND

The Internal Audit Fund was under the administrative responsibility of the Department of Internal Audit and was used to account for the Government's internal audit program. Revenues were derived from internal charges to various departments based on departmental expenditures. For the year ended June 30, 2009, these operations were transferred to the General Fund and the Internal Audit Fund was effectively closed.





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, 2010

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ASSETS:				
Cash and cash equivalents	\$ -	\$ 96,675,605	\$ -	\$ -
Investments, at fair value:				
U.S. fixed income funds	-	137,035,168	-	8,821,988
U.S. government agencies	-	53,235,560	-	-
U.S. private placements	-	56,696,726	-	-
Foreign government bonds and agencies	-	71,818,021	-	-
Government mortgage backed securities	-	44,295,177	-	-
Corporate bonds and notes	-	181,056,599	-	28,578
Common stock	1,320,424	853,771,035	4,795,761	35,558,647
Preferred stock	-	1,670,075	-	242,079
Municipals	-	6,703,296	-	-
Commercial mortgage backed securities	-	30,025,717	-	-
Collateralized mortgage obligations - government	-	1,696,224	-	-
Collateralized mortgage obligations - corporate	-	16,434,310	-	-
Asset backed securities	-	17,474,117	-	-
Mortgages and real estate	-	91,922,743	-	-
Venture capital and partnerships	-	166,819,384	-	-
Cash collateral received - securities lending program	-	134,942,971	-	3,270,032
Annuities	-	190,155	-	-
Accounts receivable	-	51,132,279	218,713	1,761,282
Accrued interest receivable	-	4,892,791	5	67,177
Due from other funds of the primary government	-	7,526	-	393,124
Total assets	1,320,424	2,018,495,479	5,014,479	50,142,907
LIABILITIES:				
Accounts payable	3	1,704,515	-	1,043,986
Due to brokers	-	74,194,176	-	-
Payable for collateral received - securities lending program	-	134,942,971	-	3,270,032
Due to other funds of the primary government	-	185,050	-	-
Total liabilities	3	211,026,712	-	4,314,018
NET ASSETS:				
Held in trust for pension benefits (A Schedule of Funding Progress for each pension plan is presented as Required Supplementary Information.)	1,320,421	1,807,468,767	5,014,479	45,828,889
Held in trust for other employee benefits	-	-	-	-
Total net assets	\$ 1,320,421	\$ 1,807,468,767	\$ 5,014,479	\$ 45,828,889

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, 2010

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
\$ -	\$ -	\$ 2,503,457	\$ 43,320	\$ 99,222,382
-	-	-	-	145,857,156
-	-	-	-	53,235,560
-	-	-	-	56,696,726
-	-	-	-	71,818,021
-	-	-	-	44,295,177
-	-	-	-	181,085,177
6,171,098	3,037,683	-	-	904,654,648
-	-	-	-	1,912,154
-	-	-	-	6,703,296
-	-	-	-	30,025,717
-	-	-	-	1,696,224
-	-	-	-	16,434,310
-	-	-	-	17,474,117
-	-	-	-	91,922,743
-	-	-	-	166,819,384
-	-	-	-	138,213,003
-	-	-	-	190,155
-	148,792	59,538	-	53,320,604
-	4	266	6	4,960,249
-	-	-	-	400,650
<u>6,171,098</u>	<u>3,186,479</u>	<u>2,563,261</u>	<u>43,326</u>	<u>2,086,937,453</u>
15	-	-	24,702	2,773,221
-	-	-	-	74,194,176
-	-	-	-	138,213,003
-	-	1,645,838	-	1,830,888
<u>15</u>	<u>-</u>	<u>1,645,838</u>	<u>24,702</u>	<u>217,011,288</u>
6,171,083	3,186,479	-	-	1,868,990,118
-	-	917,423	18,624	936,047
<u>\$ 6,171,083</u>	<u>\$ 3,186,479</u>	<u>\$ 917,423</u>	<u>\$ 18,624</u>	<u>\$ 1,869,926,165</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, 2010

	Richard R. Rooker, Circuit Court Clerk	Cristi Scott, Clerk and Master	John Arriola, County Clerk	David Torrence, Criminal Court Clerk	Bill Garrett, County Register
ASSETS:					
Cash and cash equivalents	\$ 23,910,603	\$ 6,091,273	\$ 1,102,915	\$ 8,494,656	\$ 3,190,973
Investments:					
Mortgages and real estate	-	-	-	1,969,218	-
Mutual funds	-	11,462	-	-	-
Accounts receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Other assets	-	-	-	-	20,834
Total assets	\$ 23,910,603	\$ 6,102,735	\$ 1,102,915	\$ 10,463,874	\$ 3,211,807
LIABILITIES:					
Funds held in trust	\$ 10,513,232	\$ 6,088,535	\$ -	\$ 9,509,588	\$ -
Other liabilities	13,397,371	14,200	1,102,915	954,286	3,211,807
Total liabilities	\$ 23,910,603	\$ 6,102,735	\$ 1,102,915	\$ 10,463,874	\$ 3,211,807

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, 2010

Vic Lineweaver, Juvenile Court Clerk	Sold Property Tax Receivables	Sheriff Work Release and Inmate Trust	Planning Performance Bonds	Total Agency Funds
\$ 2,227,865	\$ 1,350,964	\$ 360,626	\$ 2,354,801	\$ 49,084,676
-	-	-	-	1,969,218
-	-	-	-	11,462
-	1,398,574	-	-	1,398,574
-	203	-	-	203
-	-	-	-	20,834
<u>\$ 2,227,865</u>	<u>\$ 2,749,741</u>	<u>\$ 360,626</u>	<u>\$ 2,354,801</u>	<u>\$ 52,484,967</u>
\$ 1,932,087	\$ 2,749,741	\$ 360,626	\$ 2,354,801	\$ 33,508,610
295,778	-	-	-	18,976,357
<u>\$ 2,227,865</u>	<u>\$ 2,749,741</u>	<u>\$ 360,626</u>	<u>\$ 2,354,801</u>	<u>\$ 52,484,967</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, 2010

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ADDITIONS:				
Investment income:				
Interest and dividend income	\$ (2,934)	\$ 45,004,572	\$ (10,628)	\$ 525,745
Net appreciation (depreciation) of investments	135,690	198,909,667	355,425	5,382,707
Miscellaneous	-	87,792	-	3,042
Net increase (decrease) in fair value of investments	132,756	244,002,031	344,797	5,911,494
Net income earned on securities lending transactions:				
Securities lending income	-	664,587	-	14,943
Securities lending expense	-	(132,889)	-	(2,983)
Net income earned on securities lending transactions	-	531,698	-	11,960
Less investment expenses	-	(6,322,452)	(24)	(277,088)
Net investment income (loss)	132,756	238,211,277	344,773	5,646,366
Contributions:				
Employee contributions	-	62,182	-	7,111
Employer contributions	1,908,324	72,253,372	5,869,027	13,378,124
Transfers in	-	96,923	-	-
Contributions from the State of Tennessee	-	-	2,703,688	15,107,063
Miscellaneous	-	-	-	-
Total contributions	1,908,324	72,412,477	8,572,715	28,492,298
Total additions	2,041,080	310,623,754	8,917,488	34,138,664
DEDUCTIONS:				
Pension and other employee benefits	1,902,530	105,015,719	8,355,681	35,608,148
Refunds of contributions	-	38,599	-	-
Administrative expenses	-	2,521,562	-	70,455
Transfers out	-	-	-	-
Total deductions	1,902,530	107,575,880	8,355,681	35,678,603
Change in net assets	138,550	203,047,874	561,807	(1,539,939)
NET ASSETS, beginning of year	1,181,871	1,604,420,893	4,452,672	47,368,828
NET ASSETS, end of year	\$ 1,320,421	\$ 1,807,468,767	\$ 5,014,479	\$ 45,828,889

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, 2010

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
\$ (13,671)	\$ (6,741)	\$ 3,800	\$ 624	\$ 45,500,767
617,126	215,638	-	-	205,616,253
-	-	-	-	90,834
603,455	208,897	3,800	624	251,207,854
-	-	-	-	679,530
-	-	-	-	(135,872)
-	-	-	-	543,658
-	-	-	(181)	(6,599,745)
603,455	208,897	3,800	443	245,151,767
-	-	1,212,109	824,597	2,105,999
8,764,262	3,599,837	-	-	105,772,946
-	-	-	-	96,923
-	1,833,065	-	-	19,643,816
-	-	1,998,415	-	1,998,415
8,764,262	5,432,902	3,210,524	824,597	129,618,099
9,367,717	5,641,799	3,214,324	825,040	374,769,866
8,737,357	5,283,224	1,263,318	1,099,915	167,265,892
-	-	-	-	38,599
-	-	-	-	2,592,017
-	-	2,107,326	-	2,107,326
8,737,357	5,283,224	3,370,644	1,099,915	172,003,834
630,360	358,575	(156,320)	(274,875)	202,766,032
5,540,723	2,827,904	1,073,743	293,499	1,667,160,133
\$ 6,171,083	\$ 3,186,479	\$ 917,423	\$ 18,624	\$ 1,869,926,165

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
FIDUCIARY FUNDS
AGENCY FUNDS

For the Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 19,105,391	\$ 146,304,852	\$ 141,499,640	\$ 23,910,603
LIABILITIES:				
Funds held in trust	\$ 15,019,013	\$ 31,920,924	\$ 36,426,705	\$ 10,513,232
Other liabilities	4,086,378	114,383,928	105,072,935	13,397,371
Total liabilities	<u>\$ 19,105,391</u>	<u>\$ 146,304,852</u>	<u>\$ 141,499,640</u>	<u>\$ 23,910,603</u>
 <u>Cristi Scott, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 4,200,418	\$ 23,831,664	\$ 21,940,809	\$ 6,091,273
Mutual funds	8,895	2,567	-	11,462
Total assets	<u>\$ 4,209,313</u>	<u>\$ 23,834,231</u>	<u>\$ 21,940,809</u>	<u>\$ 6,102,735</u>
LIABILITIES:				
Funds held in trust	\$ 4,198,466	\$ 22,298,718	\$ 20,408,649	\$ 6,088,535
Other liabilities	10,847	1,535,513	1,532,160	14,200
Total liabilities	<u>\$ 4,209,313</u>	<u>\$ 23,834,231</u>	<u>\$ 21,940,809</u>	<u>\$ 6,102,735</u>
 <u>John Arriola, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 958,959	\$ 33,155,191	\$ 33,011,235	\$ 1,102,915
LIABILITIES:				
Other liabilities	\$ 958,959	\$ 33,155,191	\$ 33,011,235	\$ 1,102,915
 <u>David Torrence, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 8,964,877	\$ 11,013,753	\$ 11,483,974	\$ 8,494,656
Mortgages and real estate	1,619,018	350,200	-	1,969,218
Total assets	<u>\$ 10,583,895</u>	<u>\$ 11,363,953</u>	<u>\$ 11,483,974</u>	<u>\$ 10,463,874</u>
LIABILITIES:				
Funds held in trust	\$ 8,573,963	\$ 1,261,445	\$ 325,820	\$ 9,509,588
Other liabilities	2,009,932	10,102,508	11,158,154	954,286
Total liabilities	<u>\$ 10,583,895</u>	<u>\$ 11,363,953</u>	<u>\$ 11,483,974</u>	<u>\$ 10,463,874</u>

Note: Certain balances were reclassified to conform to the current year presentation.

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
FIDUCIARY FUNDS
AGENCY FUNDS (CONTINUED)

For the Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 3,218,481	\$ 20,023,571	\$ 20,051,079	\$ 3,190,973
Other assets	38,906	1,125,830	1,143,902	20,834
Total assets	<u>\$ 3,257,387</u>	<u>\$ 21,149,401</u>	<u>\$ 21,194,981</u>	<u>\$ 3,211,807</u>
LIABILITIES:				
Other liabilities	<u>\$ 3,257,387</u>	<u>\$ 21,149,401</u>	<u>\$ 21,194,981</u>	<u>\$ 3,211,807</u>
 <u>Vic Lineweaver, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 2,395,783</u>	<u>\$ 6,923,542</u>	<u>\$ 7,091,460</u>	<u>\$ 2,227,865</u>
LIABILITIES:				
Funds held in trust	\$ 1,990,335	\$ 74,282	\$ 132,530	\$ 1,932,087
Other liabilities	405,448	6,849,260	6,958,930	295,778
Total liabilities	<u>\$ 2,395,783</u>	<u>\$ 6,923,542</u>	<u>\$ 7,091,460</u>	<u>\$ 2,227,865</u>
 <u>Sold Property Tax Receivables</u>				
ASSETS:				
Cash and cash equivalents	\$ 2,036,974	\$ 29,113,151	\$ 29,799,161	\$ 1,350,964
Accounts receivable	-	1,398,574	-	1,398,574
Accrued interest receivable	837	1,163	1,797	203
Total assets	<u>\$ 2,037,811</u>	<u>\$ 30,512,888</u>	<u>\$ 29,800,958</u>	<u>\$ 2,749,741</u>
LIABILITIES:				
Funds held in trust	<u>\$ 2,037,811</u>	<u>\$ 30,512,888</u>	<u>\$ 29,800,958</u>	<u>\$ 2,749,741</u>
 <u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 303,574</u>	<u>\$ 5,369,459</u>	<u>\$ 5,312,407</u>	<u>\$ 360,626</u>
LIABILITIES:				
Funds held in trust	<u>\$ 303,574</u>	<u>\$ 5,369,459</u>	<u>\$ 5,312,407</u>	<u>\$ 360,626</u>
 <u>Planning Performance Bonds</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 268,810</u>	<u>\$ 2,245,283</u>	<u>\$ 159,292</u>	<u>\$ 2,354,801</u>
LIABILITIES:				
Funds held in trust	<u>\$ 268,810</u>	<u>\$ 2,245,283</u>	<u>\$ 159,292</u>	<u>\$ 2,354,801</u>

Note: Certain balances were reclassified to conform to the current year presentation.

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
 FIDUCIARY FUNDS
 AGENCY FUNDS (CONTINUED)

For the Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 41,453,267	\$ 277,980,466	\$ 270,349,057	\$ 49,084,676
Investments:				
Mortgages and real estate	1,619,018	350,200	-	1,969,218
Mutual funds	8,895	2,567	-	11,462
Accounts receivable	-	1,398,574	-	1,398,574
Accrued interest receivable	837	1,163	1,797	203
Other assets	38,906	1,125,830	1,143,902	20,834
Total assets	<u>\$ 43,120,923</u>	<u>\$ 280,858,800</u>	<u>\$ 271,494,756</u>	<u>\$ 52,484,967</u>
LIABILITIES:				
Funds held in trust	\$ 32,391,972	\$ 93,682,999	\$ 92,566,361	\$ 33,508,610
Other liabilities	10,728,951	187,175,801	178,928,395	18,976,357
Total liabilities	<u>\$ 43,120,923</u>	<u>\$ 280,858,800</u>	<u>\$ 271,494,756</u>	<u>\$ 52,484,967</u>

Note: Certain balances were reclassified to conform to the current year presentation.

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

This fund accounts for two closed plans.

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

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.

PLANNING PERFORMANCE BONDS FUND

The Planning Performance Bonds Fund accounts for performance bond funds received from contractors held until the completion of infrastructure development projects.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BALANCE SHEET
SPORTS AUTHORITY FUND

June 30, 2010

ASSETS:

Cash and cash equivalents	\$	7,057,727
Investments		1,164,448
Accounts receivable		1,529,620
Accrued interest receivable		438
Due from the primary government		<u>7,467,375</u>
Total assets	\$	<u><u>17,219,608</u></u>

LIABILITIES:

Accounts payable	\$	7,697,499
Accrued payroll		7,468
Due to the primary government		1,960
Deferred revenue		<u>365,158</u>
Total liabilities		<u>8,072,085</u>

FUND BALANCES:

Undesignated		<u>9,147,523</u>
Total fund balances		<u>9,147,523</u>
Total liabilities and fund balances	\$	<u><u>17,219,608</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, 2010

Fund balances	\$	9,147,523
<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>		
		329,362,169
<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		(69,265,000)
Less deferred charge on refunding		3,932,896
Less deferred charge for issuance costs		540,397
Add bond premium		(1,035,812)
Accrued interest payable		(1,635,749)
Compensated absences		(18,032)
<p>Deferred revenues reported in the governmental component unit funds are recognized as revenues in the governmental component unit activities.</p>		
		365,158
Net assets	\$	271,393,550

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, 2010

REVENUES:	
Local option sales tax	\$ 256,833
Other taxes, licenses and permits	1,737,500
Revenues from the use of money or property	9,076
Revenues from other governmental agencies	26,676,149
Charges for current services	2,965,285
Compensation for loss, sale or damage to property	697,151
Contributions and gifts	<u>29,856</u>
Total revenues	<u>32,371,850</u>
EXPENDITURES:	
Personal services	161,494
Contractual services	22,056,445
Supplies and materials	1,963
Other costs	346,085
Capital outlay	825,014
Debt service:	
Principal retirement	3,355,000
Interest	<u>3,334,652</u>
Total expenditures	<u>30,080,653</u>
Net change in fund balances	2,291,197
FUND BALANCES, beginning of year	<u>6,856,326</u>
FUND BALANCES, end of year	<u><u>\$ 9,147,523</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, 2010

Net change in fund balances	\$	2,291,197
<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		825,014
Depreciation expense		(10,164,265)
<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		3,355,000
Amortization of deferred charge on refunding		(245,806)
Amortization of issuance costs		(33,775)
Amortization of premium		64,738
Change in accrued interest		63,154
<p>Compensated absences reported for governmental activities do not require the use of current financial resources and therefore are not reported as expenditures for governmental funds.</p>		
		(18,032)
<p>Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.</p>		
		69,461
Change in net assets	\$	(3,793,314)

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BALANCE SHEET
INDUSTRIAL DEVELOPMENT BOARD FUND

June 30, 2010

ASSETS:	
Cash and cash equivalents	\$ 237,185
Accounts receivable	200,000
Accrued interest receivable	<u>26</u>
Total assets	<u><u>\$ 437,211</u></u>
LIABILITIES:	
Accounts payable	<u>\$ 208,188</u>
Total liabilities	<u>208,188</u>
FUND BALANCES:	
Undesignated	<u>229,023</u>
Total fund balances	<u>229,023</u>
Total liabilities and fund balances	<u><u>\$ 437,211</u></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
INDUSTRIAL DEVELOPMENT BOARD FUND

For the Year Ended June 30, 2010

REVENUES:	
Revenue from the use of money or property	\$ 1,004
Revenue from other governmental agencies	1,941,258
Charges for current services	<u>1,250</u>
Total revenues	<u>1,943,512</u>
EXPENDITURES:	
Contractual services	1,444,789
Supplies and materials	429
Other costs	<u>670,595</u>
Total expenditures	<u>2,115,813</u>
Net change in fund balances	(172,301)
FUND BALANCES, beginning of year	<u>401,324</u>
FUND BALANCES, end of year	<u><u>\$ 229,023</u></u>

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





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF COMBINING BALANCE SHEETS
GENERAL FUND

June 30, 2010

	General Services District	Urban Services District	Total General Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 41,989,515	\$ 23,609,515	\$ 65,599,030
Sales tax receivable	14,133,099	-	14,133,099
Accounts receivable	64,873,330	4,059,046	68,932,376
Accrued interest receivable	6,733	2,473	9,206
Property taxes receivable	350,954,832	72,554,641	423,509,473
Allowance for doubtful accounts	(37,326,482)	(1,340,800)	(38,667,282)
Due from other funds of the primary government	8,119,542	821,558	8,941,100
Due from component units	5,777,909	-	5,777,909
Inventories of supplies	299,659	-	299,659
Other assets	128,833	-	128,833
	<hr/>	<hr/>	<hr/>
Total assets	\$ 448,956,970	\$ 99,706,433	\$ 548,663,403
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 11,511,510	\$ 561,816	\$ 12,073,326
Accrued payroll	21,386,928	2,403,999	23,790,927
Due to other funds of the primary government	17,510,941	405,470	17,916,411
Due to component units	480,628	-	480,628
Deferred revenue	353,834,058	72,069,138	425,903,196
Other liabilities	7,600,066	-	7,600,066
	<hr/>	<hr/>	<hr/>
Total liabilities	412,324,131	75,440,423	487,764,554
	<hr/>	<hr/>	<hr/>
FUND BALANCES:			
Reserved for imprest cash and inventories	463,847	3,000	466,847
Reserved for subsequent year budgetary appropriations	1,370,583	-	1,370,583
Unreserved:			
Undesignated	34,798,409	24,263,010	59,061,419
	<hr/>	<hr/>	<hr/>
Total fund balances	36,632,839	24,266,010	60,898,849
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 448,956,970	\$ 99,706,433	\$ 548,663,403
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2010

	General Services District	Urban Services District	Total General Fund
REVENUES:			
Property taxes	\$ 360,724,627	\$ 83,344,699	\$ 444,069,326
Local option sales tax	79,665,435	-	79,665,435
Other taxes, licenses and permits	78,594,520	13,678,885	92,273,405
Fines, forfeits and penalties	14,945,708	-	14,945,708
Revenues from the use of money or property	49,950	32,243	82,193
Revenues from other governmental agencies	72,693,471	4,241,037	76,934,508
Commissions and fees	13,991,938	-	13,991,938
Charges for current services	25,220,063	816,640	26,036,703
Compensation for loss, sale or damage to property	770,528	-	770,528
Contributions and gifts	598,824	-	598,824
Miscellaneous	2,148,142	-	2,148,142
Total revenues	<u>649,403,206</u>	<u>102,113,504</u>	<u>751,516,710</u>
EXPENDITURES:			
General government	23,676,884	-	23,676,884
Fiscal administration	22,499,859	-	22,499,859
Administration of justice	54,590,759	-	54,590,759
Law enforcement and care of prisoners	206,419,773	-	206,419,773
Fire prevention and control	45,066,573	59,148,384	104,214,957
Regulation and inspection	7,492,864	-	7,492,864
Conservation of natural resources	352,001	-	352,001
Public welfare	6,391,205	-	6,391,205
Public health and hospitals	93,805,990	-	93,805,990
Public library system	18,445,049	-	18,445,049
Public works, highways and streets	23,927,102	7,019,168	30,946,270
Recreational and cultural	31,368,718	-	31,368,718
Employee benefits	43,773,119	20,864,457	64,637,576
Miscellaneous	54,255,051	1,397,250	55,652,301
Total expenditures	<u>632,064,947</u>	<u>88,429,259</u>	<u>720,494,206</u>
Excess of revenues over expenditures	<u>17,338,259</u>	<u>13,684,245</u>	<u>31,022,504</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	17,158,395	-	17,158,395
Transfers out	(55,406,367)	(11,602,200)	(67,008,567)
Total other financing sources (uses)	<u>(38,247,972)</u>	<u>(11,602,200)</u>	<u>(49,850,172)</u>
Net change in fund balances	(20,909,713)	2,082,045	(18,827,668)
FUND BALANCES, beginning of year	<u>57,542,552</u>	<u>22,183,965</u>	<u>79,726,517</u>
FUND BALANCES, end of year	<u>\$ 36,632,839</u>	<u>\$ 24,266,010</u>	<u>\$ 60,898,849</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2010

	General Services District			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES:				
Property taxes	\$ 346,779,600	\$ 346,779,600	\$ 360,724,627	\$ 13,945,027
Local option sales tax	88,034,900	88,034,900	79,665,435	(8,369,465)
Other taxes, licenses and permits	83,113,800	83,113,800	78,594,520	(4,519,280)
Fines, forfeits and penalties	13,751,700	13,751,700	14,945,708	1,194,008
Revenues from the use of money or property	581,300	581,300	49,950	(531,350)
Revenues from other governmental agencies	73,387,600	73,387,600	72,693,471	(694,129)
Commissions and fees	13,855,000	13,855,000	13,991,938	136,938
Charges for current services	28,273,400	28,273,400	25,220,063	(3,053,337)
Compensation for loss, sale or damage to property	333,000	333,000	770,528	437,528
Contributions and gifts	613,900	614,172	598,824	(15,348)
Miscellaneous	1,203,600	1,203,600	2,148,142	944,542
Total revenues	649,927,800	649,928,072	649,403,206	(524,866)
EXPENDITURES:				
General government	24,920,100	25,128,500	23,676,884	1,451,616
Fiscal administration	23,192,100	23,693,700	22,499,859	1,193,841
Administration of justice	55,806,400	55,576,000	54,590,759	985,241
Law enforcement and care of prisoners	207,667,700	209,043,400	206,419,773	2,623,627
Fire prevention and control	45,677,300	45,686,972	45,066,573	620,399
Regulation and inspection	8,256,300	8,234,200	7,492,864	741,336
Conservation of natural resources	407,900	407,000	352,001	54,999
Public welfare	6,730,300	6,726,600	6,391,205	335,395
Public health and hospitals	61,292,500	95,691,100	93,805,990	1,885,110
Public library system	18,917,200	18,994,800	18,445,049	549,751
Public works, highways and streets	24,026,600	24,059,900	23,927,102	132,798
Recreational and cultural	31,311,700	31,724,955	31,368,718	356,237
Employee benefits	42,660,800	42,660,800	43,773,119	(1,112,319)
Miscellaneous	62,852,000	59,209,723	54,255,051	4,954,672
Total expenditures	613,718,900	646,837,650	632,064,947	14,772,703
Excess (deficiency) of revenues over expenditures	36,208,900	3,090,422	17,338,259	14,247,837
OTHER FINANCING SOURCES (USES):				
Transfers in	17,816,900	17,816,900	17,158,395	(658,505)
Transfers out	(54,025,800)	(55,508,100)	(55,406,367)	101,733
Total other financing sources (uses)	(36,208,900)	(37,691,200)	(38,247,972)	(556,772)
Net change in fund balances	-	(34,600,778)	(20,909,713)	13,691,065
FUND BALANCES, beginning of year	57,542,552	57,542,552	57,542,552	-
FUND BALANCES, end of year	\$ 57,542,552	\$ 22,941,774	\$ 36,632,839	\$ 13,691,065

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, 2010

Urban Services District				Total General Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final			Original	Final		
\$ 80,823,700	\$ 80,823,700	\$ 83,344,699	\$ 2,520,999	\$ 427,603,300	\$ 427,603,300	\$ 444,069,326	\$ 16,466,026
-	-	-	-	88,034,900	88,034,900	79,665,435	(8,369,465)
16,173,400	16,173,400	13,678,885	(2,494,515)	99,287,200	99,287,200	92,273,405	(7,013,795)
-	-	-	-	13,751,700	13,751,700	14,945,708	1,194,008
107,800	107,800	32,243	(75,557)	689,100	689,100	82,193	(606,907)
4,883,400	4,883,400	4,241,037	(642,363)	78,271,000	78,271,000	76,934,508	(1,336,492)
-	-	-	-	13,855,000	13,855,000	13,991,938	136,938
875,700	875,700	816,640	(59,060)	29,149,100	29,149,100	26,036,703	(3,112,397)
100,000	100,000	-	(100,000)	433,000	433,000	770,528	337,528
-	-	-	-	613,900	614,172	598,824	(15,348)
-	-	-	-	1,203,600	1,203,600	2,148,142	944,542
<u>102,964,000</u>	<u>102,964,000</u>	<u>102,113,504</u>	<u>(850,496)</u>	<u>752,891,800</u>	<u>752,892,072</u>	<u>751,516,710</u>	<u>(1,375,362)</u>
-	-	-	-	24,920,100	25,128,500	23,676,884	1,451,616
-	-	-	-	23,192,100	23,693,700	22,499,859	1,193,841
-	-	-	-	55,806,400	55,576,000	54,590,759	985,241
-	-	-	-	207,667,700	209,043,400	206,419,773	2,623,627
58,619,200	59,260,000	59,148,384	111,616	104,296,500	104,946,972	104,214,957	732,015
-	-	-	-	8,256,300	8,234,200	7,492,864	741,336
-	-	-	-	407,900	407,000	352,001	54,999
-	-	-	-	6,730,300	6,726,600	6,391,205	335,395
-	-	-	-	61,292,500	95,691,100	93,805,990	1,885,110
-	-	-	-	18,917,200	18,994,800	18,445,049	549,751
7,365,100	7,490,800	7,019,168	471,632	31,391,700	31,550,700	30,946,270	604,430
-	-	-	-	31,311,700	31,724,955	31,368,718	356,237
21,119,400	21,119,400	20,864,457	254,943	63,780,200	63,780,200	64,637,576	(857,376)
4,258,100	3,491,600	1,397,250	2,094,350	67,110,100	62,701,323	55,652,301	7,049,022
<u>91,361,800</u>	<u>91,361,800</u>	<u>88,429,259</u>	<u>2,932,541</u>	<u>705,080,700</u>	<u>738,199,450</u>	<u>720,494,206</u>	<u>17,705,244</u>
11,602,200	11,602,200	13,684,245	2,082,045	47,811,100	14,692,622	31,022,504	16,329,882
-	-	-	-	17,816,900	17,816,900	17,158,395	(658,505)
(11,602,200)	(11,602,200)	(11,602,200)	-	(65,628,000)	(67,110,300)	(67,008,567)	101,733
<u>(11,602,200)</u>	<u>(11,602,200)</u>	<u>(11,602,200)</u>	<u>-</u>	<u>(47,811,100)</u>	<u>(49,293,400)</u>	<u>(49,850,172)</u>	<u>(556,772)</u>
-	-	2,082,045	2,082,045	-	(34,600,778)	(18,827,668)	15,773,110
22,183,965	22,183,965	22,183,965	-	79,726,517	79,726,517	79,726,517	-
<u>\$ 22,183,965</u>	<u>\$ 22,183,965</u>	<u>\$ 24,266,010</u>	<u>\$ 2,082,045</u>	<u>\$ 79,726,517</u>	<u>\$ 45,125,739</u>	<u>\$ 60,898,849</u>	<u>\$ 15,773,110</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>GENERAL GOVERNMENT:</u>				
Legislative (Office of Clerk and Council)	\$ 2,912,700	\$ 2,933,700	\$ 2,831,737	\$ 101,963
Executive (Office of the Mayor)	3,171,100	3,163,100	2,998,770	164,330
Election Commission	2,476,200	2,561,600	2,340,882	220,718
Department of Law	5,343,000	5,341,000	5,214,462	126,538
Planning Commission	3,689,700	3,727,600	3,592,882	134,718
Human Resources	4,528,000	4,586,500	4,011,196	575,304
County Register of Deeds	336,200	333,300	316,429	16,871
General Services	1,184,200	1,182,400	1,118,552	63,848
Historical Commission	638,200	650,700	623,368	27,332
Telecommunications	640,800	648,600	628,606	19,994
Total General Government	24,920,100	25,128,500	23,676,884	1,451,616
<u>FISCAL ADMINISTRATION:</u>				
Department of Finance	8,461,400	8,860,000	8,645,533	214,467
Assessor of Property	7,205,500	7,203,100	6,805,560	397,540
Metropolitan Trustee	2,064,300	2,069,800	2,042,274	27,526
County Clerk	4,198,200	4,298,800	4,002,752	296,048
Internal Audit	1,262,700	1,262,000	1,003,740	258,260
Total Fiscal Administration	23,192,100	23,693,700	22,499,859	1,193,841
<u>ADMINISTRATION OF JUSTICE:</u>				
District Attorney	4,887,700	4,892,400	4,909,898	(17,498)
Public Defender	5,641,100	5,646,000	5,530,601	115,399
Juvenile Court Clerk	1,519,200	1,536,000	1,523,830	12,170
Circuit Court Clerk	4,127,600	4,124,700	3,729,075	395,625
Criminal Court Clerk	5,418,200	5,417,400	5,246,800	170,600
Clerk and Master	1,706,900	1,754,700	1,718,473	36,227
Juvenile Court	11,647,800	11,250,400	10,996,524	253,876
General Sessions Court	10,388,600	10,495,100	10,494,257	843
State Trial Courts	7,944,700	7,935,400	7,986,111	(50,711)
Justice Information System	2,104,000	2,102,600	2,033,862	68,738
Criminal Justice Planning	420,600	421,300	421,328	(28)
Total Administration of Justice	55,806,400	55,576,000	54,590,759	985,241
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>				
Sheriff	56,973,600	56,920,200	56,645,182	275,018
Police Department	139,118,900	140,322,300	138,530,157	1,792,143
Emergency Communication Center	11,575,200	11,800,900	11,244,434	556,466
Total Law Enforcement and Care of Prisoners	207,667,700	209,043,400	206,419,773	2,623,627
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	45,677,300	45,686,972	45,066,573	620,399
<u>REGULATION AND INSPECTION:</u>				
Department of Codes Administration	7,486,700	7,459,000	6,758,482	700,518
Taxicab and Wrecker Licensing Board	357,900	363,600	347,429	16,171
Beer Board	411,700	411,600	386,953	24,647
Total Regulation and Inspection	8,256,300	8,234,200	7,492,864	741,336

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>CONSERVATION OF NATURAL RESOURCES:</u>				
Agricultural Extension Service	\$ 325,500	\$ 324,800	\$ 271,707	\$ 53,093
Soil and Water Conservation	82,400	82,200	80,294	1,906
Total Conservation of Natural Resources	407,900	407,000	352,001	54,999
<u>PUBLIC WELFARE:</u>				
Social Services Commission	6,342,400	6,339,400	6,004,963	334,437
Human Relations Commission	387,900	387,200	386,242	958
Total Public Welfare	6,730,300	6,726,600	6,391,205	335,395
<u>PUBLIC HEALTH AND HOSPITALS:</u>				
Board of Health	19,601,800	19,812,500	18,777,849	1,034,651
Hospital Authority	41,690,700	75,878,600	75,028,141	850,459
Total Public Health and Hospitals	61,292,500	95,691,100	93,805,990	1,885,110
<u>PUBLIC LIBRARY SYSTEM:</u>				
Public Library	18,917,200	18,994,800	18,445,049	549,751
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	24,026,600	24,059,900	23,927,102	132,798
<u>RECREATIONAL AND CULTURAL:</u>				
Parks and Recreation	28,379,400	28,793,255	28,398,654	394,601
Arts Commission	2,455,400	2,454,800	2,493,164	(38,364)
Sports Authority	476,900	476,900	476,900	-
Total Recreational and Cultural	31,311,700	31,724,955	31,368,718	356,237
<u>EMPLOYEE BENEFITS:</u>				
Contribution to Closed Pension Plans	10,402,300	10,402,300	10,402,300	-
Employer's Contribution for Group Health Insurance	30,132,800	30,132,800	30,994,822	(862,022)
Unemployment Compensation	501,500	501,500	673,651	(172,151)
Employer's Contribution for Group Life Insurance	1,624,200	1,624,200	1,702,346	(78,146)
Total Employee Benefits	42,660,800	42,660,800	43,773,119	(1,112,319)

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>MISCELLANEOUS:</u>				
Contributions and Community Support	\$ 12,581,600	\$ 12,581,600	\$ 11,950,397	\$ 631,203
Subsidies	25,468,000	25,468,000	26,110,495	(642,495)
Administration and Internal Support	24,802,400	21,160,123	16,194,159	4,965,964
Total Miscellaneous	62,852,000	59,209,723	54,255,051	4,954,672
Total Expenditures	\$ 613,718,900	\$ 646,837,650	\$ 632,064,947	\$ 14,772,703
<u>TRANSFERS IN:</u>				
USD General Fund	\$ 481,000	\$ 481,000	\$ 481,000	\$ -
General Purpose School Fund	192,000	192,000	192,000	-
GSD Capital Projects Fund	30,000	30,000	30,000	-
Nonmajor Governmental Funds	8,472,100	8,472,100	7,773,995	(698,105)
District Energy System	93,900	93,900	93,900	-
Water and Sewerage Services	4,932,400	4,932,400	4,972,000	39,600
Nonmajor Enterprise Funds	1,677,700	1,677,700	1,677,700	-
Internal Service Funds	1,937,800	1,937,800	1,937,800	-
Total Transfers In	17,816,900	17,816,900	17,158,395	(658,505)
<u>TRANSFERS OUT:</u>				
GSD General Purpose Debt Service Fund	(10,565,600)	(10,940,300)	(10,887,000)	53,300
Nonmajor Governmental Funds	(30,384,600)	(31,455,800)	(31,391,427)	64,373
District Energy System	(2,444,600)	(2,444,100)	(2,444,100)	-
Nonmajor Enterprise Funds	(318,000)	(318,000)	(318,000)	-
Internal Service Funds	(10,313,000)	(10,313,000)	(10,321,284)	(8,284)
Fiduciary Funds	-	(36,900)	(44,556)	(7,656)
Total Transfers Out	(54,025,800)	(55,508,100)	(55,406,367)	101,733
Total Other Financing Sources (Uses)	\$ (36,208,900)	\$ (37,691,200)	\$ (38,247,972)	\$ (556,772)

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	\$ 58,619,200	\$ 59,260,000	\$ 59,148,384	\$ 111,616
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	7,365,100	7,490,800	7,019,168	471,632
<u>EMPLOYEE BENEFITS:</u>				
Contribution to Closed Pension Plans	18,890,100	18,890,100	18,890,100	-
Employer's Contribution for Group Health Insurance	2,125,600	2,125,600	1,890,503	235,097
Employer's Contribution for Group Life Insurance	103,700	103,700	83,854	19,846
Total Employee Benefits	21,119,400	21,119,400	20,864,457	254,943
<u>MISCELLANEOUS:</u>				
Administration and Internal Support	4,258,100	3,491,600	1,397,250	2,094,350
Total Miscellaneous	4,258,100	3,491,600	1,397,250	2,094,350
Total Expenditures	\$ 91,361,800	\$ 91,361,800	\$ 88,429,259	\$ 2,932,541
<u>TRANSFERS OUT:</u>				
GSD General Fund	\$ (481,000)	\$ (481,000)	\$ (481,000)	\$ -
Nonmajor Governmental Funds	(9,833,900)	(9,833,900)	(9,833,900)	-
Internal Service Funds	(1,287,300)	(1,287,300)	(1,287,300)	-
Total Transfers Out	(11,602,200)	(11,602,200)	(11,602,200)	-
Total Other Financing Sources (Uses)	\$ (11,602,200)	\$ (11,602,200)	\$ (11,602,200)	\$ -

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2010

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2009 Realty	\$ 5,971,407	\$ 5,228,819	\$ 2,618,301	\$ 1,755,349	\$ 630,124	\$ 225,045
2009 Personalty	2,115,417	1,914,797	968,187	636,513	228,492	81,605
2009 Public Utility	361,420	321,039	161,966	106,963	38,397	13,713
Total 2009 Property Taxes	8,448,244	7,464,655	3,748,454	2,498,825	897,013	320,363
2008 Realty	660,418	570,082	249,608	196,385	98,653	25,436
2008 Personalty	1,210,905	1,056,807	530,585	353,471	127,570	45,181
2008 Public Utility	51,092	42,871	20,679	14,899	5,389	1,904
Total 2008 Property Taxes	1,922,415	1,669,760	800,872	564,755	231,612	72,521
2007 & Prior - Realty	1,779,969	1,517,072	617,178	593,619	221,866	84,409
2007 & Prior - Personalty	5,552,267	4,831,383	2,413,875	1,562,118	610,610	244,780
2007 & Prior - Public Utility	1,516,857	1,272,292	631,824	425,255	151,094	64,119
Total 2007 & Prior Property Taxes	8,849,093	7,620,747	3,662,877	2,580,992	983,570	393,308
Total Delinquent Property Taxes Receivable *	\$ 19,219,752	\$ 16,755,162	\$ 8,212,203	\$ 5,644,572	\$ 2,112,195	\$ 786,192

* Excludes 2010 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, 2010

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 742,588	\$ 614,957	\$ 127,631
200,620	166,139	34,481
40,381	33,441	6,940
983,589	814,537	169,052
90,336	78,667	11,669
154,098	128,768	25,330
8,221	7,156	1,065
252,655	214,591	38,064
262,897	232,452	30,445
720,884	632,537	88,347
244,565	214,711	29,854
1,228,346	1,079,700	148,646
\$ 2,464,590	\$ 2,108,828	\$ 355,762

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2010

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2009	\$ 5,228,819	\$ 1,914,797	\$ 321,039	\$ 7,464,655
	2008	570,082	1,056,807	42,871	1,669,760
	2007	437,864	1,266,996	325,584	2,030,444
	2006	219,321	679,756	53,418	952,495
	2005	147,780	483,475	68,859	700,114
	2004	178,303	376,565	90,052	644,920
	2003	105,427	377,563	254,500	737,490
	2002	169,393	313,193	297,874	780,460
	2001	208,279	417,050	134,432	759,761
	2000	24,154	457,076	34,266	515,496
	1999	26,551	459,709	13,307	499,567
Total General Services District		<u>7,315,973</u>	<u>7,802,987</u>	<u>1,636,202</u>	<u>16,755,162</u>
Urban Services District	2009	742,588	200,620	40,381	983,589
	2008	90,336	154,098	8,221	252,655
	2007	59,387	181,790	58,088	299,265
	2006	57,494	102,932	8,726	169,152
	2005	55,235	72,693	9,174	137,102
	2004	39,517	65,323	19,932	124,772
	2003	321	52,577	50,801	103,699
	2002	21,063	57,322	58,539	136,924
	2001	29,253	68,796	27,236	125,285
	2000	1,678	44,860	9,356	55,894
	1999	(1,051)	74,591	2,713	76,253
Total Urban Services District		<u>1,095,821</u>	<u>1,075,602</u>	<u>293,167</u>	<u>2,464,590</u>
Total Delinquent Property Taxes Receivable *		<u>\$ 8,411,794</u>	<u>\$ 8,878,589</u>	<u>\$ 1,929,369</u>	<u>\$ 19,219,752</u>

* Excludes 2010 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, 2010

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
<u>For General Purposes:</u>		
GSD G.O. Refunding Bonds of 1996	6.00	Dec. 1, 1996
GSD G.O. Public Improvement and Refunding Bonds of 1999	5.00 - 5.125	May 15, 1999
GSD G.O. Multi-purpose Improvement Bonds, Series 2001A	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-purpose Refunding Bonds, Series 2001B	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-purpose Refunding Bonds, Series 2002	3.50 - 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	3.25 - 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
GSD G.O. Bonds, Series 2008A	4.00 - 5.00	Mar. 15, 2008
GSD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
GSD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C	2.21 - 3.23	June 10, 2010
Total General Obligation Bonds Payable For General Purposes		
<u>For School Purposes:</u>		
GSD G.O. Public Improvement and Refunding Bonds of 1999	5.00 - 5.125	May 15, 1999
GSD G.O. Multi-purpose Improvement Bonds, Series 2001A	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-purpose Refunding Bonds, Series 2001B	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-purpose Refunding Bonds, Series 2002	3.50 - 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	3.25 - 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
GSD G.O. Bonds, Series 2008A	4.00 - 5.00	Mar. 15, 2008
GSD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
GSD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C	2.21 - 3.23	June 10, 2010
Total General Obligation Bonds Payable for School Purposes		
Total General Obligation Bonds Payable - General Services District		
<u>LIMITED OBLIGATION REVENUE BONDS PAYABLE</u>		
Correctional Facility Revenue Bonds	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, 2010

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2010</u>	<u>Interest to Maturity as of June 30, 2010</u>
Dec. 1, 2010	\$ 28,671,142	\$ -	\$ -
Nov. 15, 2029	133,288,342	-	-
Oct. 15, 2020	62,065,000	-	-
Oct. 15, 2016	43,633,148	14,958,351	3,068,269
Nov. 15, 2024	41,749,303	33,728,029	13,685,165
April 1, 2024	59,543,042	22,100,660	11,107,859
June 1, 2024	33,825,000	24,120,000	11,528,775
Nov. 15, 2016	48,367,055	25,318,749	6,377,987
Jan. 1, 2025	49,817,419	35,958,077	17,125,377
Jan. 1, 2020	107,433,445	79,457,523	25,900,575
Feb. 1, 2026	150,292,131	113,087,806	59,234,237
Feb. 1, 2026	113,783,394	90,082,602	46,720,512
May 15, 2030	125,908,003	124,099,524	73,352,465
Jan. 1, 2028	174,880,074	172,750,852	115,592,748
July 1, 2026	159,008,728	159,008,728	75,379,418
July 1, 2034	197,442,392	197,442,392	230,868,350
July 1, 2015	25,653,536	25,653,536	3,065,957
	<u>1,555,361,154</u>	<u>1,117,766,829</u>	<u>693,007,694</u>
Nov. 15, 2019	53,474,949	-	-
Oct. 15, 2020	176,640,000	-	-
Oct. 15, 2016	30,111,852	10,391,649	2,566,912
Nov. 15, 2024	60,984,934	54,879,005	17,914,058
April 1, 2024	41,515,465	15,409,344	7,744,783
June 1, 2024	26,170,000	18,600,000	8,854,588
Nov. 15, 2016	2,972,945	1,556,251	392,031
Jan. 1, 2025	79,503,345	57,385,298	27,330,188
Jan. 1, 2020	77,018,422	58,634,126	18,190,864
Feb. 1, 2026	43,740,078	32,912,365	17,239,161
Feb. 1, 2026	69,160,188	54,754,295	28,397,811
May 15, 2030	58,421,307	57,630,890	31,661,346
Jan. 1, 2028	95,095,340	93,937,523	62,856,398
July 1, 2026	114,567,598	114,567,598	53,157,414
July 1, 2034	38,039,016	38,039,016	44,478,821
July 1, 2015	20,052,863	20,052,863	2,396,597
	<u>987,468,302</u>	<u>628,750,223</u>	<u>323,180,972</u>
	<u>2,542,829,456</u>	<u>1,746,517,052</u>	<u>1,016,188,666</u>
Sep. 1, 2011	<u>16,265,000</u>	<u>3,870,000</u>	<u>196,000</u>
	<u>16,265,000</u>	<u>3,870,000</u>	<u>196,000</u>
	<u>\$ 2,559,094,456</u>	<u>\$ 1,750,387,052</u>	<u>\$ 1,016,384,666</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, 2010

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
USD G.O. Refunding Bonds of 1996	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	4.25 - 5.25	Apr. 1, 2002
USD G.O. (Taxable) Thermal Refunding Bonds, 2002	5.90 - 6.00	Apr. 1, 2002
USD G.O. Multi-purpose Refundings Bonds, Series 2002	3.50 - 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	5.00 - 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
USD G.O. Bonds, Series 2008A	4.00 - 5.00	Mar 15, 2008
USD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
USD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
USD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C	2.21 - 3.23	June 10, 2010
Total General Obligation Bonds Payable (governmental activities)		
USD G.O. Multi-purpose Bonds, Series 2005A (1)	4.25 - 5.25	May 1, 2005
USD G.O. Improvement and Refunding Bonds, Series 2010A (1)	2.75 - 5.00	June 10, 2010
USD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C (1)	2.21 - 3.23	June 10, 2010
Total General Obligation Bonds Payable (business-type activities)		
Total General Obligation Bonds Payable - Urban Services District		
<u>REVENUE BONDS PAYABLE</u>		
Department of Water and Sewerage Revenue Refunding Bonds of 1986	7.30 - 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, Series 1998A	4.50 - 5.00	Feb. 1, 1998
Department of Water and Sewerage Revenue Bonds, Series of 1998B	4.55 - 5.25	Feb. 15, 1998
Department of Water and Sewerage Revenue Refunding Bonds, Series 2002	5.125	Dec. 1, 2002
Department of Water and Sewerage Revenue Refunding Bonds, Series 2007	4.25 - 5.00	Jul 15, 2007
Department of Water and Sewerage Revenue Refunding Bonds, Series 2008A	3.25 - 5.25	Feb. 15, 2008
Department of Water and Sewerage Revenue Refunding Bonds, Series 2008B	3.45 - 4.84	Feb. 15, 2008
Total Revenue Bonds Payable - Department of Water and Sewerage		
District Energy System Revenue Bonds, Series 2002A	3.25 - 5.25	Oct. 1, 2002
Total Revenue Bonds Payable - Urban Services District		
Total Bonds Payable - Urban Services District		

(1) Portions of these USD G.O. Bonds are 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, 2010

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2010</u>	<u>Interest to Maturity as of June 30, 2010</u>
Dec. 1, 2010	\$ 5,633,858	\$ -	\$ -
Oct. 15, 2016	23,450,000	-	-
July 1, 2014	31,065,000	7,770,000	1,372,481
July 1, 2012	27,000,000	1,235,000	136,650
Nov. 15, 2024	5,955,763	5,912,966	981,714
April 1, 2024	21,041,493	7,809,996	3,925,327
June 1, 2024	5,760,000	4,125,000	1,975,013
Jan. 1, 2025	13,979,236	10,090,174	4,805,530
Jan. 1, 2020	6,008,527	4,498,351	1,436,281
Feb. 1, 2026	19,967,790	15,024,829	7,869,852
Feb. 1, 2026	20,371,418	16,128,103	8,364,692
May 15, 2030	2,560,691	2,524,586	1,458,846
Jan. 1, 2028	38,024,587	37,561,625	25,133,604
July 1, 2026	22,899,473	22,899,473	9,536,317
July 1, 2034	16,523,592	16,523,592	19,320,949
July 1, 2015	5,488,045	5,488,045	655,899
	<u>265,729,473</u>	<u>157,591,740</u>	<u>86,973,155</u>
Jan. 1, 2025	7,695,000	5,826,451	2,774,527
July 1, 2026	274,201	274,201	95,840
July 1, 2015	290,556	290,556	38,289
	<u>8,259,757</u>	<u>6,391,208</u>	<u>2,908,656</u>
	<u>273,989,230</u>	<u>163,982,948</u>	<u>89,881,811</u>
Jan. 1, 2016	339,866,665	50,860,000	5,946,710
Jan. 1, 2013	157,475,000	26,790,000	3,296,280
Jan. 1, 2022	156,315,000	-	-
Jan. 1, 2014	55,000,000	17,685,000	3,261,300
Jan. 1, 2016	30,255,000	27,825,000	6,637,900
Jan. 1, 2016	36,240,000	35,810,000	7,205,975
Jan. 1, 2022	122,530,000	122,530,000	47,632,538
Jan. 1, 2016	27,950,000	27,755,000	6,812,469
	<u>925,631,665</u>	<u>309,255,000</u>	<u>80,793,172</u>
Oct. 1, 2033	66,700,000	60,430,000	43,114,815
	<u>992,331,665</u>	<u>369,685,000</u>	<u>123,907,987</u>
	<u>\$ 1,266,320,895</u>	<u>\$ 533,667,948</u>	<u>\$ 213,789,798</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, 2010

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Total General Obligation Bonds		
				Principal	Interest	Total
2011	\$ 1,885,000	\$ 74,207,082	\$ 76,092,082	\$ -	\$ 74,060,707	\$ 74,060,707
2012	6,774,482	86,213,074	92,987,556	4,789,482	86,163,449	90,952,931
2013	38,001,950	85,368,414	123,370,364	38,001,950	85,368,414	123,370,364
2014	79,639,174	83,281,337	162,920,511	79,639,174	83,281,337	162,920,511
2015	98,850,244	79,254,340	178,104,584	98,850,244	79,254,340	178,104,584
2016	106,312,174	74,825,637	181,137,811	106,312,174	74,825,637	181,137,811
2017	111,708,873	69,613,450	181,322,323	111,708,873	69,613,450	181,322,323
2018	114,158,306	64,703,187	178,861,493	114,158,306	64,703,187	178,861,493
2019	120,524,394	59,109,723	179,634,117	120,524,394	59,109,723	179,634,117
2020	103,325,786	53,406,527	156,732,313	103,325,786	53,406,527	156,732,313
2021	99,558,263	48,489,054	148,047,317	99,558,263	48,489,054	148,047,317
2022	105,205,637	43,533,886	148,739,523	105,205,637	43,533,886	148,739,523
2023	110,480,362	38,277,170	148,757,532	110,480,362	38,277,170	148,757,532
2024	114,797,542	32,839,814	147,637,356	114,797,542	32,839,814	147,637,356
2025	108,405,592	27,179,994	135,585,586	108,405,592	27,179,994	135,585,586
2026	85,924,656	22,009,553	107,934,209	85,924,656	22,009,553	107,934,209
2027	74,112,168	17,812,328	91,924,496	74,112,168	17,812,328	91,924,496
2028	62,783,354	14,363,866	77,147,220	62,783,354	14,363,866	77,147,220
2029	30,118,056	11,026,633	41,144,689	30,118,056	11,026,633	41,144,689
2030	31,292,835	9,339,751	40,632,586	31,292,835	9,339,751	40,632,586
2031	27,159,251	7,587,376	34,746,627	27,159,251	7,587,376	34,746,627
2032	28,191,798	6,007,933	34,199,731	28,191,798	6,007,933	34,199,731
2033	29,266,394	4,368,363	33,634,757	29,266,394	4,368,363	33,634,757
2034	30,378,368	2,666,399	33,044,767	30,378,368	2,666,399	33,044,767
2035	31,532,393	899,775	32,432,168	31,532,393	899,775	32,432,168
	<u>\$ 1,750,387,052</u>	<u>\$ 1,016,384,666</u>	<u>\$ 2,766,771,718</u>	<u>\$ 1,746,517,052</u>	<u>\$ 1,016,188,666</u>	<u>\$ 2,762,705,718</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, 2010

General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ -	\$ 47,473,113	\$ 47,473,113	\$ -	\$ 26,587,594	\$ 26,587,594
3,177,972	56,026,568	59,204,540	1,611,510	30,136,881	31,748,391
19,274,176	55,597,527	74,871,703	18,727,774	29,770,887	48,498,661
45,569,281	54,495,150	100,064,431	34,069,893	28,786,187	62,856,080
56,804,248	52,181,568	108,985,816	42,045,996	27,072,772	69,118,768
64,206,924	49,559,490	113,766,414	42,105,250	25,266,147	67,371,397
67,768,640	46,397,227	114,165,867	43,940,233	23,216,223	67,156,456
68,879,068	43,441,728	112,320,796	45,279,238	21,261,459	66,540,697
71,199,567	39,830,717	111,030,284	49,324,827	19,279,006	68,603,833
63,832,771	36,297,534	100,130,305	39,493,015	17,108,993	56,602,008
61,328,159	33,249,084	94,577,243	38,230,104	15,239,970	53,470,074
64,789,165	30,196,606	94,985,771	40,416,472	13,337,280	53,753,752
68,032,968	26,958,818	94,991,786	42,447,394	11,318,352	53,765,746
70,722,476	23,607,461	94,329,937	44,075,066	9,232,353	53,307,419
67,216,268	20,116,954	87,333,222	41,189,324	7,063,040	48,252,364
56,232,893	16,866,217	73,099,110	29,691,763	5,143,336	34,835,099
49,867,474	14,039,407	63,906,881	24,244,694	3,772,921	28,017,615
45,502,103	11,611,164	57,113,267	17,281,251	2,752,702	20,033,953
24,770,272	9,201,028	33,971,300	5,347,784	1,825,605	7,173,389
25,733,961	7,808,357	33,542,318	5,558,874	1,531,394	7,090,268
22,772,021	6,361,732	29,133,753	4,387,230	1,225,644	5,612,874
23,637,773	5,037,428	28,675,201	4,554,025	970,505	5,524,530
24,538,782	3,662,710	28,201,492	4,727,612	705,653	5,433,265
25,471,130	2,235,677	27,706,807	4,907,238	430,722	5,337,960
26,438,737	754,429	27,193,166	5,093,656	145,346	5,239,002
<u>\$ 1,117,766,829</u>	<u>\$ 693,007,694</u>	<u>\$ 1,810,774,523</u>	<u>\$ 628,750,223</u>	<u>\$ 323,180,972</u>	<u>\$ 951,931,195</u>

See accompanying accountants' report.

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

Based on Bonded Debt as of June 30, 2010

Year Ending June 30	Correctional Facility Revenue Bonds		
	Principal	Interest	Total
2011	\$ 1,885,000	\$ 146,375	\$ 2,031,375
2012	1,985,000	49,625	2,034,625
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
	<u>\$ 3,870,000</u>	<u>\$ 196,000</u>	<u>\$ 4,066,000</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, 2010

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 36,895,000	\$ 26,523,107	\$ 63,418,107	\$ -	\$ 7,026,273	\$ 7,026,273
2012	39,985,518	25,049,248	65,034,766	905,518	7,961,616	8,867,134
2013	47,763,050	22,235,845	69,998,895	6,018,050	7,814,991	13,833,041
2014	52,530,826	19,888,383	72,419,209	9,240,826	7,513,790	16,754,616
2015	56,834,756	17,282,436	74,117,192	11,519,756	7,039,714	18,559,470
2016	34,797,826	14,739,123	49,536,949	7,107,826	6,636,059	13,743,885
2017	23,381,127	13,070,958	36,452,085	9,131,127	6,287,420	15,418,547
2018	26,931,694	11,995,718	38,927,412	12,011,694	5,864,855	17,876,549
2019	27,430,606	10,690,054	38,120,660	11,810,606	5,281,324	17,091,930
2020	26,319,214	9,346,955	35,666,169	9,954,214	4,759,980	14,714,194
2021	26,841,737	8,031,842	34,873,579	9,541,737	4,306,916	13,848,653
2022	28,279,363	6,650,496	34,929,859	10,159,363	3,836,615	13,995,978
2023	13,104,638	5,190,618	18,295,256	10,664,638	3,330,768	13,995,406
2024	13,112,458	4,551,493	17,663,951	10,962,458	2,803,743	13,766,201
2025	12,224,408	3,896,178	16,120,586	9,559,408	2,263,428	11,822,836
2026	10,960,344	3,292,097	14,252,441	8,165,344	1,795,847	9,961,191
2027	10,952,832	2,731,498	13,684,330	7,162,832	1,392,767	8,555,599
2028	9,151,646	2,243,454	11,395,100	6,041,646	1,064,285	7,105,931
2029	5,091,944	1,774,180	6,866,124	1,836,944	748,305	2,585,249
2030	5,327,165	1,501,376	6,828,541	1,907,165	642,376	2,549,541
2031	5,495,749	1,216,152	6,711,901	1,905,749	532,402	2,438,151
2032	5,748,202	921,323	6,669,525	1,978,202	421,573	2,399,775
2033	6,008,606	613,151	6,621,757	2,053,606	306,526	2,360,132
2034	6,286,632	290,975	6,577,607	2,131,632	187,100	2,318,732
2035	2,212,607	63,138	2,275,745	2,212,607	63,138	2,275,745
	<u>\$ 533,667,948</u>	<u>\$ 213,789,798</u>	<u>\$ 747,457,746</u>	<u>\$ 163,982,948</u>	<u>\$ 89,881,811</u>	<u>\$ 253,864,759</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, 2010

Revenue Bonds					
Department of Water and Sewerage Services			District Energy System Bonds, Series 2002A		
Principal	Interest	Total	Principal	Interest	Total
\$ 35,525,000	\$ 16,526,203	\$ 52,051,203	\$ 1,370,000	\$ 2,970,631	\$ 4,340,631
37,830,000	14,170,088	52,000,088	1,250,000	2,917,544	4,167,544
40,195,000	11,569,110	51,764,110	1,550,000	2,851,744	4,401,744
41,745,000	9,597,415	51,342,415	1,545,000	2,777,178	4,322,178
43,690,000	7,547,792	51,237,792	1,625,000	2,694,930	4,319,930
25,980,000	5,495,676	31,475,676	1,710,000	2,607,388	4,317,388
12,450,000	4,266,413	16,716,413	1,800,000	2,517,125	4,317,125
13,030,000	3,708,725	16,738,725	1,890,000	2,422,138	4,312,138
13,630,000	3,087,525	16,717,525	1,990,000	2,321,205	4,311,205
14,275,000	2,371,950	16,646,950	2,090,000	2,215,025	4,305,025
15,100,000	1,622,513	16,722,513	2,200,000	2,102,413	4,302,413
15,805,000	829,762	16,634,762	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>\$ 309,255,000</u>	<u>\$ 80,793,172</u>	<u>\$ 390,048,172</u>	<u>\$ 60,430,000</u>	<u>\$ 43,114,815</u>	<u>\$ 103,544,815</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, 2010 Through June 30, 2011
(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	\$ 328,244,600	\$ 77,805,300	\$ 27,818,500	\$ 217,026,200	\$ 650,894,600
Property Taxes - Non Current Year	35,697,100	2,632,000	961,100	9,712,700	49,002,900
Local Option Sales Tax	83,853,400	1,600,000	-	167,706,700	253,160,100
Other Taxes, Licenses and Permits	85,105,200	-	-	4,700,600	89,805,800
Fines, Forfeits, and Penalties	13,718,300	522,500	-	6,200	14,247,000
Other Agencies - Federal Direct	1,063,000	-	-	100,000	1,163,000
Other Agencies - Federal Through State	822,100	-	-	100,000	922,100
Other Agencies - Other Pass-Through	6,692,500	-	-	-	6,692,500
Other Agencies - State Direct	58,329,800	1,350,800	-	207,165,600	266,846,200
Other Agencies - Other Governments	5,483,600	-	-	1,800	5,485,400
Commissions and Fees	13,171,500	-	-	-	13,171,500
Charges for Current Services	24,828,200	975,300	-	660,000	26,463,500
Compensation from Property	361,100	-	-	353,000	714,100
Contributions and Gifts	601,000	-	-	300,000	901,000
Miscellaneous	1,403,600	-	-	5,100	1,408,700
Subtotal	<u>659,375,000</u>	<u>84,885,900</u>	<u>28,779,600</u>	<u>607,837,900</u>	<u>1,380,878,400</u>
Operating Transfers In	31,972,100	5,143,900	3,637,700	25,504,700	66,258,400
Non-Operating Transfers In	<u>9,335,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,335,000</u>
Subtotal	<u>41,307,100</u>	<u>5,143,900</u>	<u>3,637,700</u>	<u>25,504,700</u>	<u>75,593,400</u>
Total Available for GSD Appropriations	<u>\$ 700,682,100</u>	<u>\$ 90,029,800</u>	<u>\$ 32,417,300</u>	<u>\$ 633,342,600</u>	<u>\$ 1,456,471,800</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2010-683 for the 2010-2011 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, 2010 Through June 30, 2011
(Unaudited)

	General Fund	Debt Service Fund	Total
<u>SOURCE OF REVENUE:</u>			
Property Taxes - Current Year	\$ 67,595,500	\$ 13,876,100	\$ 81,471,600
Property Taxes - Non Current Year	17,174,500	519,200	17,693,700
Other Taxes, Licenses, and Permits	15,762,700	-	15,762,700
Other Agencies - State Direct	4,260,400	-	4,260,400
Charges for Current Services	825,900	-	825,900
Compensation from Property	100,000	-	100,000
Operating Transfers In	-	1,031,700	1,031,700
	<u> </u>	<u> </u>	<u> </u>
Total Available for USD Appropriations	<u>\$ 105,719,000</u>	<u>\$ 15,427,000</u>	<u>\$ 121,146,000</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2010-683 for the 2010-2011 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, 2010 Through June 30, 2011
 (Unaudited)

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 151,630,400	\$ 26,252,500	\$ -	\$ 177,882,900
Fiscal Administration	23,545,300	-	-	23,545,300
Administration of Justice	54,915,400	-	-	54,915,400
Law Enforcement and Care of Prisoners	196,165,400	481,000	481,000	196,165,400
Fire Prevention and Control	44,953,400	59,394,700	-	104,348,100
Regulation, Inspection, & Economic Development	28,037,300	1,459,100	-	29,496,400
Conservation of Natural Resources	534,400	-	-	534,400
Public Welfare	7,998,400	-	-	7,998,400
Public Health	77,764,000	-	-	77,764,000
Public Library System	19,334,400	-	-	19,334,400
Recreational, Cultural, & Community Support	40,975,900	228,200	-	41,204,100
Public Works, Highways and Streets	54,827,800	17,124,000	-	71,951,800
Transfers	-	779,500	779,500	-
Total General Funds	700,682,100	105,719,000	1,260,500	805,140,600
<u>DEBT SERVICE FUNDS</u> (See detail on succeeding pages)	122,447,100	15,427,000	5,902,400	131,971,700
<u>SCHOOL FUNDS</u> (See detail on succeeding pages)	633,342,600	-	-	633,342,600
Total Appropriations By District	1,456,471,800	121,146,000	7,162,900	1,570,454,900
<u>LESS GSD INTERFUND TRANSFER:</u>				
GSD Debt to GSD General	(22,652,000)	-	-	(22,652,000)
GSD Debt to Schools Debt	(455,300)	-	-	(455,300)
GSD General to GSD Debt	(3,548,300)	-	-	(3,548,300)
Schools to GSD Debt	(1,179,400)	-	-	(1,179,400)
Schools to GSD General	(224,200)	-	-	(224,200)
GSD Debt to GSD Schools	(15,150,800)	-	-	(15,150,800)
Schools to School Debt	(3,182,400)	-	-	(3,182,400)
Net Appropriation by District	\$ 1,410,079,400	\$ 121,146,000	\$ 7,162,900	\$ 1,524,062,500

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2010-683 for the 2010-2011 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, 2010 Through June 30, 2011
(Unaudited)

	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
<u>SCHOOL DEBT SERVICE FUND</u>			
Outstanding General Obligation Bonds	\$ 30,052,500	\$ -	\$ 30,052,500
Redemption and Cremation Fees	-	62,700	62,700
Internal Service Fees	-	88,600	88,600
Qualified Zone Academy Bonds	-	319,500	319,500
Quallified School Capital Projects	-	1,418,200	1,418,200
Tax Increment Payment - MDHA	-	475,800	475,800
	<u>30,052,500</u>	<u>2,364,800</u>	<u>32,417,300</u>
Total GSD School Purposes Debt Service Fund			
<u>GENERAL PURPOSES DEBT SERVICE FUND</u>			
Outstanding General Obligation Bonds:			
Public Works	6,280,600	-	6,280,600
Auditorium	116,500	-	116,500
Hospital	449,700	-	449,700
Library	4,053,500	-	4,053,500
Parks	5,526,700	-	5,526,700
Social Services	31,400	-	31,400
Convention Center	416,200	-	416,200
Other Public Buildings	4,393,000	-	4,393,000
Bridgestone Arena	5,437,500	-	5,437,500
Law Enforcement and Care of Prisoners	2,992,500	-	2,992,500
Traffic and Parking	174,200	-	174,200
Public Transportation	1,407,200	-	1,407,200
Fire Protection	305,100	-	305,100
Health	221,400	-	221,400
Nashville Coliseum	31,500	-	31,500
Information Technology	576,900	-	576,900
Finance	6,639,500	-	6,639,500
MAC	255,300	-	255,300
MDHA	369,400	-	369,400
General Services	499,700	-	499,700
E-911	158,000	-	158,000
Other	4,172,000	-	4,172,000
Self-Funding Projects	1,311,300	-	1,311,300
	<u>45,819,100</u>	<u>-</u>	<u>45,819,100</u>
Subtotal Outstanding General Obligation Bonds			
Redemption, Cremation and Management Fees	-	86,400	86,400
Internal Service Fees	-	140,000	140,000
Property Tax Increment Payment	-	1,332,200	1,332,200
GSD School Debt	-	455,300	455,300
GSD General Fund	-	22,652,000	22,652,000
GSD School Operating	-	15,150,800	15,150,800
	<u>-</u>	<u>39,816,700</u>	<u>39,816,700</u>
Subtotal			
TMBF Loan	-	4,394,000	4,394,000
	<u>-</u>	<u>44,210,700</u>	<u>90,029,800</u>
Total General Purposes Debt Service Fund			
Total General Services District	<u>\$ 75,871,600</u>	<u>\$ 46,575,500</u>	<u>\$ 122,447,100</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2010-683 for the 2010-2011 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, 2010 Through June 30, 2011
(Unaudited)

<u>URBAN SERVICES DISTRICT DEBT SERVICE FUND</u>	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
Outstanding General Obligation Bonds:			
Fire Protection	\$ 1,167,500	\$ -	\$ 1,167,500
Public Works	7,109,300	-	7,109,300
Finance	158,000	-	158,000
General Services	16,700	-	16,700
MDHA	75,300	-	75,300
Law Enforcement and Care of Prisoners	99,500	-	99,500
Traffic & Parking	1,400	-	1,400
DES	448,300	-	448,300
Other	52,500	-	52,500
Subtotal Outstanding General Obligation Bonds	9,128,500	-	9,128,500
Redemption and Cremation Fees	-	24,300	24,300
Internal Service Fees	-	22,900	22,900
Tax Increment Payment - MDHA	-	348,900	348,900
Transfer GSD School Operating	-	5,902,400	5,902,400
Subtotal	-	6,298,500	6,298,500
Total Urban Services District Debt Service Fund	<u>\$ 9,128,500</u>	<u>\$ 6,298,500</u>	<u>\$ 15,427,000</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2010-683 for the 2010-2011 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, 2010 Through June 30, 2011
(Unaudited)

GENERAL PURPOSE SCHOOL FUND:

General Purpose School Fund: Operational	\$ 629,631,500
Property Tax Increment	<u>3,711,100</u>
Total General Purpose School Fund	<u>\$ 633,342,600</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2010-683 for the 2010-2011 fiscal year.

See accompanying accountants' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATISTICAL SECTION (UNAUDITED)
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
These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.	
REVENUE CAPACITY	H - 16
These schedules contain information to help the reader assess the Government's most significant local revenue source, the property tax.	
DEBT CAPACITY	H - 24
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.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	H - 32
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Government's financial activities take place.	
OPERATING INFORMATION	H - 34
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.	

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 NINE 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>	<u>2005</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 857,993	\$ 1,009,271	\$ 1,120,156	\$ 1,018,806
Restricted	79,462	131,272	114,155	97,629
Unrestricted (2)	<u>351,753</u>	<u>224,192</u>	<u>78,630</u>	<u>162,068</u>
Total governmental activities net assets	<u>1,289,208</u>	<u>1,364,735</u>	<u>1,312,941</u>	<u>1,278,503</u>
Business-type activities				
Invested in capital assets, net of related debt	699,546	748,195	815,902	993,216
Restricted (3)	281,313	269,111	238,071	69,305
Unrestricted	<u>69,982</u>	<u>67,552</u>	<u>37,319</u>	<u>33,223</u>
Total business-type activities net assets	<u>1,050,841</u>	<u>1,084,858</u>	<u>1,091,292</u>	<u>1,095,744</u>
Primary government				
Invested in capital assets, net of related debt	1,557,539	1,757,466	1,936,058	2,012,022
Restricted	360,775	400,383	352,226	166,934
Unrestricted	<u>421,735</u>	<u>291,744</u>	<u>115,949</u>	<u>195,291</u>
Total primary government net assets	<u>\$ 2,340,049</u>	<u>\$ 2,449,593</u>	<u>\$ 2,404,233</u>	<u>\$ 2,374,247</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 assets between 2002 and 2005 were primarily due to the Government's historical budget pattern of increasing property tax rates approximately every three years. Beginning in 2008, the Government began recording its liability for other postemployment benefits.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 1,030,056	\$ 1,042,013	\$ 1,044,125	\$ 1,083,097	\$ 1,099,333
67,840	63,371	47,527	22,917	31,994
<u>142,056</u>	<u>165,333</u>	<u>92,637</u>	<u>(91,699)</u>	<u>(373,993)</u>
<u>1,239,952</u>	<u>1,270,717</u>	<u>1,184,289</u>	<u>1,014,315</u>	<u>757,334</u>
1,010,626	1,061,440	1,160,088	1,196,149	1,217,101
70,023	73,134	29,090	22,587	21,481
<u>24,569</u>	<u>25,441</u>	<u>34,774</u>	<u>20,184</u>	<u>31,533</u>
<u>1,105,218</u>	<u>1,160,015</u>	<u>1,223,952</u>	<u>1,238,920</u>	<u>1,270,115</u>
2,040,682	2,103,453	2,204,213	2,279,246	2,316,434
137,863	136,505	76,617	45,504	53,475
<u>166,625</u>	<u>190,774</u>	<u>127,411</u>	<u>(71,515)</u>	<u>(342,460)</u>
<u>\$ 2,345,170</u>	<u>\$ 2,430,732</u>	<u>\$ 2,408,241</u>	<u>\$ 2,253,235</u>	<u>\$ 2,027,449</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2002	2003 (1)	2004	2005
Expenses				
Governmental activities				
General government	\$ 66,207	\$ 70,884	\$ 94,175	\$ 80,425
Fiscal administration	25,006	34,840	22,063	31,182
Administration of justice	55,740	57,535	65,069	66,879
Law enforcement and care of prisoners	180,267	203,351	215,912	231,516
Fire prevention and control	89,799	99,895	97,965	120,679
Regulation and inspection	7,800	7,772	8,465	8,711
Conservation of natural resources	355	335	426	396
Public welfare	42,568	54,875	53,435	51,636
Public health and hospitals	70,580	75,401	80,730	76,115
Public library system	24,044	23,926	25,448	26,165
Public works, highways and streets	85,901	94,482	105,618	93,785
Recreational and cultural	46,790	49,770	54,459	51,336
Education	543,635	575,834	620,518	640,655
Interest and other debt related costs	58,343	57,289	62,492	57,819
Total governmental activities	<u>1,297,035</u>	<u>1,406,189</u>	<u>1,506,775</u>	<u>1,537,299</u>
Business-type activities				
Department of Water and Sewerage Services	149,242	143,526	148,814	150,091
District Energy System	-	40	8,078	18,565
Nashville Convention Center	6,567	6,319	6,384	7,131
Board of Fair Commissioners	3,733	4,175	4,055	3,580
Farmers Market	1,136	1,112	1,159	1,216
Police Secondary Employment	2,526	1,679	1,017	1,153
Surplus Property Auction	-	9	3,252	2,554
Municipal Auditorium	-	-	-	-
Police Impound	-	-	-	-
School Community Education	-	-	-	-
Stormwater Operations	-	-	-	-
Community Education Commission	-	-	-	-
Total business-type activities	<u>163,204</u>	<u>156,860</u>	<u>172,759</u>	<u>184,290</u>
Total primary government	<u>\$ 1,460,239</u>	<u>\$ 1,563,049</u>	<u>\$ 1,679,534</u>	<u>\$ 1,721,589</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 7,209	\$ 11,604	\$ 12,769	\$ 10,132
Fiscal administration	3,755	3,703	4,082	4,640
Administration of justice	19,788	23,255	23,559	28,589
Law enforcement and care of prisoners	23,554	25,524	25,240	25,213
Fire prevention and control	7,472	7,955	8,737	11,710
Regulation and inspection	7,054	6,712	7,944	10,535
Public welfare	2,127	1,934	2,029	1,523
Public health and hospitals	3,779	4,457	9,265	9,429
Public library system	489	570	732	684
Public works, highways and streets	7,515	6,397	5,518	8,682
Recreational and cultural	9,822	9,729	9,931	11,087
Education	20,720	17,474	18,420	18,551
Operating grants and contributions	251,234	267,904	272,414	291,220
Capital grants and contributions (2)	6,635	24,487	58,451	25,954
Total governmental activities	<u>371,153</u>	<u>411,705</u>	<u>459,091</u>	<u>457,949</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 NINE FISCAL YEARS (CONTINUED)
 (accrual basis of accounting)
 (amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

2006	2007	2008	2009	2010
\$ 64,844	\$ 57,026	\$ 69,053	\$ 83,668	\$ 85,444
44,110	33,876	24,837	34,264	35,358
73,025	75,705	86,417	85,723	89,601
241,487	258,824	289,629	304,917	321,175
130,416	128,067	148,089	143,912	150,117
8,770	9,002	7,971	9,910	10,170
457	447	502	491	471
47,150	58,709	55,272	51,362	60,159
151,706	111,396	130,293	131,677	170,662
26,757	27,818	28,231	29,754	28,742
128,171	130,081	143,076	125,490	130,469
67,284	72,024	72,547	76,290	68,667
654,801	684,711	780,706	808,285	839,760
62,460	75,443	77,628	85,823	76,553
<u>1,701,438</u>	<u>1,723,129</u>	<u>1,914,251</u>	<u>1,971,566</u>	<u>2,067,348</u>
155,647	157,872	162,688	177,984	173,896
19,253	21,073	19,483	20,261	17,908
7,068	7,246	7,601	7,572	7,134
4,110	4,116	4,360	4,428	4,195
1,136	1,156	1,161	1,215	1,080
1,063	1,248	944	881	1,545
788	983	961	806	735
1,885	1,979	2,052	1,738	1,654
1,919	2,177	1,882	1,882	1,687
912	915	1,193	1,050	192
-	-	-	-	10,598
-	-	-	-	358
<u>193,781</u>	<u>198,765</u>	<u>202,325</u>	<u>217,817</u>	<u>220,982</u>
<u>\$ 1,895,219</u>	<u>\$ 1,921,894</u>	<u>\$ 2,116,576</u>	<u>\$ 2,189,383</u>	<u>\$ 2,288,330</u>
\$ 7,367	\$ 7,808	\$ 9,552	\$ 7,292	\$ 6,550
3,994	4,675	4,533	4,591	4,176
30,664	35,213	39,554	34,567	34,344
26,572	26,787	29,806	31,053	31,282
11,401	14,199	13,619	14,358	10,939
11,933	12,093	10,587	7,060	7,552
1,257	1,291	1,166	1,313	1,367
9,646	9,775	13,436	12,788	8,943
705	665	634	579	494
7,717	9,673	10,184	9,295	9,343
8,471	8,872	9,246	9,111	8,618
19,253	17,946	17,203	16,216	18,225
299,203	314,334	338,746	351,066	390,732
16,268	42,275	48,808	56,163	41,648
<u>454,451</u>	<u>505,606</u>	<u>547,074</u>	<u>555,452</u>	<u>574,213</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2002	2003 (1)	2004	2005
Program Revenues (Continued)				
Business-type activities				
Charges for services:				
Department of Water and Sewerage Services	\$ 152,943	\$ 146,847	\$ 152,786	\$ 151,971
District Energy System	-	-	8,302	15,347
Nashville Convention Center	3,819	4,187	3,561	4,680
Board of Fair Commissioners	3,329	3,113	3,653	3,619
Farmers Market	935	940	961	994
Police Secondary Employment	2,922	2,016	1,380	1,643
Surplus Property Auction	-	-	2,386	2,518
Municipal Auditorium	-	-	-	-
Police Impound	-	-	-	-
School Community Education	-	-	-	-
Stormwater Operations	-	-	-	-
Community Education Commission	-	-	-	-
Capital grants and contributions	25,576	17,687	16,473	22,155
Total business-type activities	<u>189,524</u>	<u>174,790</u>	<u>189,502</u>	<u>202,927</u>
Total primary government	<u>\$ 560,677</u>	<u>\$ 586,495</u>	<u>\$ 648,593</u>	<u>\$ 660,876</u>
Net (Expense) Revenue				
Governmental activities	\$ (925,882)	\$ (994,484)	\$ (1,047,684)	\$ (1,079,350)
Business-type activities	26,320	17,930	16,743	18,637
Total primary government	<u>\$ (899,562)</u>	<u>\$ (976,554)</u>	<u>\$ (1,030,941)</u>	<u>\$ (1,060,713)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities				
Property taxes	\$ 587,143	\$ 606,681	\$ 592,385	\$ 612,734
Local option sales taxes	231,627	230,686	239,779	249,610
Other taxes	83,152	86,078	90,583	97,807
Revenue from the use of money or property	18,002	9,152	4,326	10,060
Revenue from other governmental agencies	55,364	53,749	50,870	54,542
Compensation for loss, sale or damage to property	1,500	7,581	5,589	1,297
Transfers	865	10,711	12,358	18,862
Special and extraordinary items (3)	(56,785)	737	-	-
Total governmental activities	<u>920,868</u>	<u>1,005,375</u>	<u>995,890</u>	<u>1,044,912</u>
Business-type activities				
Revenue from the use of money or property	13,786	8,911	2,049	4,544
Compensation for loss, sale or damage to property	-	-	-	133
Transfers	(865)	(10,711)	(12,358)	(18,862)
Special and extraordinary items (3)	-	-	-	-
Total business-type activities	<u>12,921</u>	<u>(1,800)</u>	<u>(10,309)</u>	<u>(14,185)</u>
Total primary government	<u>\$ 933,789</u>	<u>\$ 1,003,575</u>	<u>\$ 985,581</u>	<u>\$ 1,030,727</u>
Change in Net Assets				
Governmental activities	\$ (5,014)	\$ 10,891	\$ (51,794)	\$ (34,438)
Business-type activities	39,241	16,130	6,434	4,452
Total primary government	<u>\$ 34,227</u>	<u>\$ 27,021</u>	<u>\$ (45,360)</u>	<u>\$ (29,986)</u>

(3) Special and extraordinary items consist of: In 2002, the Government assumed responsibility for debt related to Nashville Thermal Transfer Corporation, 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. In 2010, the Government experienced significant losses related to flooding in May 2010.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2006	2007	2008	2009	2010
\$ 155,827	\$ 164,900	\$ 173,121	\$ 169,672	\$ 171,520
17,298	18,795	17,892	17,812	15,562
4,551	5,248	5,996	5,675	5,366
3,728	3,880	3,601	3,438	3,393
997	866	863	899	983
1,424	1,654	1,162	1,094	2,437
703	994	1,121	958	1,094
1,062	1,176	1,278	1,107	1,364
1,729	2,873	2,611	2,182	1,583
176	156	243	141	31
-	-	-	-	13,635
-	-	-	-	22
25,610	53,318	58,761	27,463	41,302
213,105	253,860	266,649	230,441	258,292
<u>\$ 667,556</u>	<u>\$ 759,466</u>	<u>\$ 813,723</u>	<u>\$ 785,893</u>	<u>\$ 832,505</u>
\$ (1,246,987)	\$ (1,217,523)	\$ (1,367,177)	\$ (1,416,114)	\$ (1,493,135)
19,324	55,095	64,324	12,624	37,310
<u>\$ (1,227,663)</u>	<u>\$ (1,162,428)</u>	<u>\$ (1,302,853)</u>	<u>\$ (1,403,490)</u>	<u>\$ (1,455,825)</u>
\$ 725,199	\$ 741,901	\$ 759,131	\$ 773,659	\$ 793,293
271,119	285,078	285,484	264,573	256,178
116,664	121,459	141,112	135,213	126,878
15,097	19,801	14,792	6,109	1,445
60,220	68,620	70,072	65,026	58,160
3,476	1,786	1,541	1,022	1,747
16,661	9,643	8,617	538	(323)
-	-	-	-	(1,224)
<u>1,208,436</u>	<u>1,248,288</u>	<u>1,280,749</u>	<u>1,246,140</u>	<u>1,236,154</u>
6,530	9,213	8,086	2,790	391
281	132	144	92	171
(16,661)	(9,643)	(8,617)	(538)	323
-	-	-	-	(7,000)
<u>(9,850)</u>	<u>(298)</u>	<u>(387)</u>	<u>2,344</u>	<u>(6,115)</u>
<u>\$ 1,198,586</u>	<u>\$ 1,247,990</u>	<u>\$ 1,280,362</u>	<u>\$ 1,248,484</u>	<u>\$ 1,230,039</u>
\$ (38,551)	\$ 30,765	\$ (86,428)	\$ (169,974)	\$ (256,981)
9,474	54,797	63,937	14,968	31,195
<u>(29,077)</u>	<u>\$ 85,562</u>	<u>\$ (22,491)</u>	<u>\$ (155,006)</u>	<u>\$ (225,786)</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General fund					
Reserved	\$ 11,109,879	\$ 45,630,102	\$ 47,945,698	\$ 2,367,797	\$ 2,007,829
Unreserved	<u>88,940,775</u>	<u>63,858,137</u>	<u>31,159,554</u>	<u>33,817,982</u>	<u>35,268,998</u>
Total general fund	<u>100,050,654</u>	<u>109,488,239</u>	<u>79,105,252</u>	<u>36,185,779</u>	<u>37,276,827</u>
All other governmental funds					
Reserved	208,924,140	227,227,510	273,822,202	213,106,244	188,479,608
Unreserved, reported in:					
Special revenue funds	93,301,520	106,757,090	99,212,279	87,222,751	77,328,365
Capital projects funds	185,969,415	81,218,512	(92,058,780)	(63,694,669)	(107,305,574)
Permanent funds	<u>458,020</u>	<u>212,945</u>	<u>203,379</u>	<u>194,725</u>	<u>178,616</u>
Total all other governmental funds	<u>488,653,095</u>	<u>415,416,057</u>	<u>281,179,080</u>	<u>236,829,051</u>	<u>158,681,015</u>
Total governmental funds	<u>\$ 588,703,749</u>	<u>\$ 524,904,296</u>	<u>\$ 360,284,332</u>	<u>\$ 273,014,830</u>	<u>\$ 195,957,842</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 3,474,380	\$ 21,241,971	\$ 29,635,593	\$ 32,388,691	\$ 1,837,430
<u>43,459,698</u>	<u>39,344,023</u>	<u>33,482,380</u>	<u>47,337,826</u>	<u>59,061,419</u>
<u>46,934,078</u>	<u>60,585,994</u>	<u>63,117,973</u>	<u>79,726,517</u>	<u>60,898,849</u>
139,629,359	128,633,184	113,820,609	113,606,327	69,042,977
97,564,077	123,759,523	149,605,168	94,799,819	69,714,585
55,722,834	(139,673,867)	(61,532,681)	(181,976,760)	138,393,269
<u>191,671</u>	<u>207,255</u>	<u>219,049</u>	<u>220,829</u>	<u>217,129</u>
<u>293,107,941</u>	<u>112,926,095</u>	<u>202,112,145</u>	<u>26,650,215</u>	<u>277,367,960</u>
<u>\$ 340,042,019</u>	<u>\$ 173,512,089</u>	<u>\$ 265,230,118</u>	<u>\$ 106,376,732</u>	<u>\$ 338,266,809</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General fund					
GSD					
Reserved	\$ 8,638,209	\$ 41,691,022	\$ 41,174,648	\$ 2,364,697	\$ 2,005,329
Unreserved	72,258,476	49,948,247	22,725,560	28,814,962	26,498,198
Total GSD	<u>80,896,685</u>	<u>91,639,269</u>	<u>63,900,208</u>	<u>31,179,659</u>	<u>28,503,527</u>
USD					
Reserved	2,471,670	3,939,080	6,771,050	3,100	2,500
Unreserved	16,682,299	13,909,890	8,433,994	5,003,020	8,770,800
Total USD	<u>19,153,969</u>	<u>17,848,970</u>	<u>15,205,044</u>	<u>5,006,120</u>	<u>8,773,300</u>
Total general fund	<u>100,050,654</u>	<u>109,488,239</u>	<u>79,105,252</u>	<u>36,185,779</u>	<u>37,276,827</u>
General purpose school fund					
Reserved	5,827,218	7,292,939	25,892,422	12,192,087	875,953
Unreserved	37,127,728	53,181,388	38,771,091	25,250,424	17,566,775
Total general purpose school fund	<u>42,954,946</u>	<u>60,474,327</u>	<u>64,663,513</u>	<u>37,442,511</u>	<u>18,442,728</u>
GSD general purposes debt service fund					
Reserved	<u>70,508,258</u>	<u>72,002,906</u>	<u>70,087,356</u>	<u>59,430,520</u>	<u>47,766,674</u>
GSD school purposes debt services fund					
Reserved	<u>78,036,243</u>	<u>80,823,039</u>	<u>81,300,372</u>	<u>78,148,782</u>	<u>75,330,810</u>
USD general purposes debt services fund					
Reserved	<u>10,937,838</u>	<u>12,062,613</u>	<u>13,304,996</u>	<u>14,064,796</u>	<u>14,092,731</u>
Total budgeted governmental funds	<u>\$ 302,487,939</u>	<u>\$ 334,851,124</u>	<u>\$ 308,461,489</u>	<u>\$ 225,272,388</u>	<u>\$ 192,909,770</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 3,471,380	\$ 21,020,871	\$ 29,632,593	\$ 32,385,691	\$ 1,834,430
31,216,038	23,398,451	19,971,748	25,156,861	34,798,409
<u>34,687,418</u>	<u>44,419,322</u>	<u>49,604,341</u>	<u>57,542,552</u>	<u>36,632,839</u>
3,000	221,100	3,000	3,000	3,000
12,243,660	15,945,572	13,510,632	22,180,965	24,263,010
<u>12,246,660</u>	<u>16,166,672</u>	<u>13,513,632</u>	<u>22,183,965</u>	<u>24,266,010</u>
46,934,078	60,585,994	63,117,973	79,726,517	60,898,849
678,513	6,853,766	20,169,615	13,173,143	939,806
37,753,270	61,508,398	52,554,640	27,354,208	27,099,790
<u>38,431,783</u>	<u>68,362,164</u>	<u>72,724,255</u>	<u>40,527,351</u>	<u>28,039,596</u>
4,506,155	8,004,172	3,170,054	1,107,591	8,406,361
66,092,796	60,537,817	51,412,069	38,556,134	14,559,256
12,996,611	2,427,452	2,221,176	4,298,707	2,984,488
<u>\$ 168,961,423</u>	<u>\$ 199,917,599</u>	<u>\$ 192,645,527</u>	<u>\$ 164,216,300</u>	<u>\$ 114,888,550</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

	2001	2002	2003	2004
Revenues				
Property taxes (1)	\$ 470,862,466	\$ 598,399,975	\$ 601,123,598	\$ 601,825,390
Local option sales tax	237,202,797	231,707,353	230,579,654	239,779,471
Other taxes, licenses and permits	97,697,363	93,770,480	93,740,577	99,324,601
Fines, forfeits and penalties	12,746,125	11,623,733	14,191,298	14,036,202
Revenues from the use of money or property	21,167,002	16,970,802	8,350,984	2,015,987
Revenues from other governmental agencies	318,499,173	345,844,660	350,106,028	358,602,784
Commissions and fees	14,414,164	16,676,399	18,953,278	19,637,940
Charges for current services	47,195,450	48,068,592	43,764,068	46,134,585
Compensation for loss, sale or damage to property	4,415,442	2,489,468	7,501,643	2,227,502
Contributions and gifts	9,451,915	9,328,613	8,156,874	7,711,533
Miscellaneous	1,012,932	615,098	723,794	1,261,667
Total revenues	1,234,664,829	1,375,495,173	1,377,191,796	1,392,557,662
Expenditures				
Current:				
General government	41,798,984	49,694,322	50,602,005	54,045,561
Fiscal administration	17,128,581	19,765,287	20,323,270	21,008,051
Administration of justice	40,094,066	43,163,240	45,794,670	50,333,461
Law enforcement and care of prisoners	144,930,805	159,551,996	175,023,851	188,644,930
Fire prevention and control	67,145,761	79,073,811	86,043,913	93,266,180
Regulation and inspection	5,890,959	7,177,920	7,006,740	7,416,328
Conservation of natural resources	354,787	319,543	311,037	398,925
Public welfare	35,251,627	38,939,531	41,846,976	41,786,523
Public health and hospitals (2)	64,269,297	68,431,324	72,221,269	74,854,036
Public library system	12,732,102	16,909,903	18,875,806	20,240,202
Public works, highways and streets	50,229,255	69,196,396	57,343,896	62,547,910
Recreational and cultural (3)	28,702,228	31,488,610	32,846,731	34,832,275
Education	458,692,007	500,241,847	553,980,028	604,067,494
Employee benefits	44,796,706	46,876,942	51,520,203	54,892,819
Miscellaneous	44,813,661	37,008,384	47,836,086	38,462,724

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 for 2007 and continued increases in subsequent years.
- (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

2005	2006	2007	2008	2009	2010
\$ 609,091,452	\$ 719,820,461	\$ 762,416,897	\$ 757,993,487	\$ 775,403,870	\$ 792,882,229
249,701,966	271,311,435	285,258,498	285,483,688	264,572,950	256,178,237
107,541,797	126,826,832	130,176,283	152,575,721	143,696,309	136,182,711
16,280,190	19,733,750	19,254,517	19,869,757	17,962,587	18,915,362
6,512,905	9,470,818	14,047,969	10,496,414	3,785,674	494,777
383,725,517	391,034,345	417,169,806	447,314,552	453,448,063	488,535,713
21,072,982	21,261,179	26,156,439	29,070,315	25,049,552	22,002,060
48,990,928	47,396,269	51,607,253	53,939,317	51,137,029	50,686,861
1,315,393	3,490,427	1,708,877	1,597,492	2,144,252	1,712,551
7,544,472	10,900,634	9,917,112	11,995,898	10,645,368	5,469,908
1,248,953	1,744,055	2,141,108	3,263,508	4,603,664	2,706,377
<u>1,453,026,555</u>	<u>1,622,990,205</u>	<u>1,719,854,759</u>	<u>1,773,600,149</u>	<u>1,752,449,318</u>	<u>1,775,766,786</u>
35,758,167	37,827,855	40,641,319	46,904,452	60,035,388	88,954,555
14,180,153	14,578,459	15,777,516	16,472,712	24,112,437	22,499,859
53,751,204	58,621,082	63,883,484	65,699,378	56,871,162	54,590,759
206,160,524	218,067,847	237,925,605	250,849,440	239,436,458	239,014,459
95,045,746	100,684,959	112,717,674	119,648,604	107,034,837	104,214,957
7,412,089	7,971,413	8,449,218	8,697,029	8,095,128	7,492,864
352,566	421,822	444,857	456,284	407,442	352,001
37,500,087	34,663,341	38,037,156	36,967,197	37,924,764	42,946,288
71,221,790	142,543,147	100,408,354	104,398,769	101,575,884	114,094,878
19,400,262	21,644,954	21,712,959	22,644,664	20,564,850	19,016,993
63,519,894	60,613,315	65,518,756	70,954,215	63,204,089	51,039,081
32,993,788	34,736,137	38,633,072	40,513,021	37,312,292	33,235,850
611,766,944	622,926,552	636,140,631	683,222,289	720,909,041	740,550,178
55,012,329	56,369,642	59,012,395	61,100,542	62,420,127	64,637,576
43,964,605	62,900,107	51,967,639	44,480,259	40,260,803	55,652,301

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

	2001	2002	2003	2004
Expenditures (Continued)				
Debt service:				
Principal retirement	\$ 56,825,000	\$ 68,255,000	\$ 77,865,000	\$ 79,775,000
Interest	49,834,336	63,676,350	58,207,564	59,120,667
Fiscal charges	457,179	1,820,928	303,552	330,766
Bond issue costs	1,004,837	223,339	829,906	689,127
Arbitrage rebate	-	-	825,742	400,849
Capital outlay - capitalized (1)	165,724,865	126,606,755	115,006,272	145,878,753
Capital outlay - noncapitalized	-	-	31,589,279	55,790,669
	<u>1,330,677,043</u>	<u>1,428,421,428</u>	<u>1,546,203,796</u>	<u>1,688,783,250</u>
Total expenditures				
Excess of revenue over (under) expenditures	<u>(96,012,214)</u>	<u>(52,926,255)</u>	<u>(169,012,000)</u>	<u>(296,225,588)</u>
Other Financing Sources (Uses)				
Payments to refunded bond escrow agent	(77,885,410)	(87,228,769)	(112,805,846)	-
Issuance of refunding debt	73,745,000	74,330,000	108,690,000	-
Issuance of new debt	262,155,000	-	-	122,100,000
Issuance of QZAB notes	-	-	-	-
Debt issue premium (discount)	19,779,006	1,323,046	5,608,303	6,157,067
Commercial paper proceeds	-	-	-	195,000,000
Commercial paper redeemed	-	-	-	(127,000,000)
Swaption proceeds	-	-	-	3,800,000
Distribution of net assets	-	-	(1,027,530)	-
Insurance recovery	-	-	-	-
Transfers in	72,939,523	93,231,089	114,037,906	106,933,088
Transfers out	(72,899,830)	(92,390,564)	(110,110,797)	(98,034,069)
	<u>277,833,289</u>	<u>(10,735,198)</u>	<u>4,392,036</u>	<u>208,956,086</u>
Total other financing sources (uses)				
Net change in fund balances	<u>\$ 181,821,075</u>	<u>\$ (63,661,453)</u>	<u>\$ (164,619,964)</u>	<u>\$ (87,269,502)</u>
Debt service as a percentage of noncapitalized expenditures (2)	9.19 %	10.27 %	9.53 %	9.02 %

(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 debt service as a percentage of noncapital expenditures, debt service includes principal retirement, interest, and fiscal charges. Noncapitalized expenditures equals total expenditures less capital outlay - capitalized.

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

2005	2006	2007	2008	2009	2010
\$ 86,315,000	\$ 99,000,000	\$ 95,569,567	\$ 94,819,566	\$ 85,914,567	\$ 85,889,567
57,783,125	65,621,896	72,522,916	79,323,719	83,169,612	80,611,709
1,520,826	973,475	2,818,981	3,730,505	3,604,978	906,832
1,024,215	1,859,351	587,900	323,288	240,000	4,347,663
-	272,023	-	-	-	-
183,396,697	204,299,918	124,229,635	155,498,310	83,576,267	92,640,446
3,676,054	80,000,497	98,191,337	93,929,184	66,712,095	79,800,124
<u>1,681,756,065</u>	<u>1,926,597,792</u>	<u>1,885,190,971</u>	<u>2,000,633,427</u>	<u>1,903,382,221</u>	<u>1,982,488,940</u>
<u>(228,729,510)</u>	<u>(303,607,587)</u>	<u>(165,336,212)</u>	<u>(227,033,278)</u>	<u>(150,932,903)</u>	<u>(206,722,154)</u>
(262,859,309)	(60,463,650)	(198,934,669)	-	(58,900,000)	(206,868,923)
241,800,000	60,805,000	186,890,000	-	-	189,895,243
209,055,000	417,315,000	-	308,000,000	59,140,000	430,900,000
-	6,218,000	-	-	-	-
34,513,827	20,310,047	12,632,569	7,867,112	-	36,559,565
150,000,000	-	-	-	-	-
(218,000,000)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	15,000,000
100,801,076	195,467,499	137,154,461	160,349,393	98,879,725	109,679,961
<u>(103,638,072)</u>	<u>(191,960,632)</u>	<u>(138,936,079)</u>	<u>(157,465,198)</u>	<u>(107,040,208)</u>	<u>(136,553,615)</u>
<u>151,672,522</u>	<u>447,691,264</u>	<u>(1,193,718)</u>	<u>318,751,307</u>	<u>(7,920,483)</u>	<u>438,612,231</u>
<u>\$ (77,056,988)</u>	<u>\$ 144,083,677</u>	<u>\$ (166,529,930)</u>	<u>\$ 91,718,029</u>	<u>\$ (158,853,386)</u>	<u>\$ 231,890,077</u>
9.72 %	9.61 %	9.71 %	9.64 %	9.49 %	8.86 %

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
2000-01	\$ 9,878,422,974	\$ 953,834,854	\$ 557,537,258	\$ 11,389,795,086
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	11,809,122,372	917,401,480	553,940,253	13,280,464,105
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	14,249,283,812	1,026,510,506	622,162,501	15,897,956,819
2007-08	14,562,824,424	1,004,636,613	585,267,521	16,152,728,558
2008-09	14,949,650,247	1,003,474,654	601,229,146	16,554,354,047
2009-10	17,452,127,001	1,118,966,031	651,277,995	19,222,371,027

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>
\$ 3.39	\$ 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	30.73
4.04	60,386,015,276	26.75
4.04	61,881,138,204	26.75
3.56	63,157,226,914	30.44

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>
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
2007-08	9,828,095,806	800,146,680	476,649,480	11,104,891,966	0.65
2008-09	9,936,748,153	804,965,057	469,223,447	11,210,936,657	0.65
2009-10	11,881,888,627	899,198,794	507,695,082	13,288,782,503	0.57

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	
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
2007-08 (3)	2.06	1.33	0.48	0.17	4.04	0.56	0.09	0.65	4.69
2008-09 (3)	2.06	1.33	0.48	0.17	4.04	0.53	0.12	0.65	4.69
2009-10 (4)	1.82	1.17	0.42	0.15	3.56	0.46	0.11	0.57	4.13

Tax rates are per \$100 of assessed valuation. Payments may be made 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 tax rates from their current and future levels without the approval of the voters in a referendum. Prior to the adoption of the 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 \$.07 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 among 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 these fiscal years, the property tax rate was reallocated among the funds receiving property tax revenue.
- (4) 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 reallocated among the funds receiving property tax revenue. The rates above reflect the net change of the reappraisal valuation and the reallocation by the Metropolitan Council.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

Taxpayer	December 31, 2009				December 31, 2000			
	2009 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	2000 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1) \$	N/A	\$ 24,669,748	1	3.25 %	\$ N/A	\$ 14,099,152	1	3.12 %
Gaylord	234,728,806	11,008,781	2	1.45	353,920,000	9,984,967	2	2.21
Columbia/HCA	261,865,701	10,373,861	3	1.37	113,433,133	3,773,372	4	0.83
AT&T	173,454,767	7,080,844	4	0.93	-	-	-	(2)
Piedmont Natural Gas Company	85,261,281	3,966,592	5	0.52	81,058,944	2,335,713	7	0.52
Opry Mills Co.	85,636,166	3,536,774	6	0.47	-	-	-	(2)
Vanderbilt	44,412,493	3,227,248	7	0.42	-	-	-	(2)
Davis Street Land	51,671,840	2,134,047	8	0.28	-	-	-	(2)
CBL & Associates	44,534,672	1,876,766	9	0.25	82,841,880	3,162,271	5	0.70
100 Oaks Plaza	37,605,586	1,763,702	10	0.23	-	-	-	(2)
BellSouth	-	-	-	(2)	167,542,384	6,899,987	3	1.53
PREFCO XIV LTD	-	-	-	(2)	58,415,390	2,535,445	6	0.56
E. I. Dupont	-	-	-	(2)	52,363,360	1,644,878	9	0.36
SunTrust Bank	-	-	-	(2)	35,951,379	1,557,635	10	0.34
Ford Motor Co.	-	-	-	(2)	40,909,450	1,734,561	8	0.38
	<u>\$ 1,019,171,312</u>	<u>\$ 69,638,363</u>		<u>9.17 %</u>	<u>\$ 986,435,920</u>	<u>\$ 47,727,981</u>		<u>10.55 %</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.

(2) Values for taxpayers that are outside the top ten ranking are excluded.



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
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
2007-08 (2)	643,729,137	80,683,950	724,413,087	717,920,126	99.10
2008-09 (3)	659,755,545	82,555,463	742,311,008	732,021,054	98.61
2009-10 (4)	675,043,791	84,818,421	759,862,212	748,828,597	98.55

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.
- (2) In June 2008, the Government sold the majority of the 2007-08 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$24,448,736 for 2007-08, which is reflected in current tax amount collections.
- (3) In June 2009, the Government sold the majority of the 2008-09 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$21,544,115 for 2008-09, which is reflected in current tax amount collections.
- (4) In June 2010, the Government sold the majority of the 2009-10 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$26,509,998 for 2009-10, which is reflected in current tax amount collections.

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		
\$ (4,836,646)	\$ 447,190,968	\$ 14,027,016	\$ 446,619,578	99.87 %	\$ 571,390	0.13 %
(6,789,156)	573,564,924	17,887,165	572,679,878	99.85	885,046	0.15
(6,671,257)	577,093,585	18,667,568	576,176,200	99.84	917,385	0.16
(2,704,831)	572,327,451	15,978,425	571,486,264	99.85	841,187	0.15
(2,678,372)	580,952,940	14,736,784	580,183,249	99.87	769,691	0.13
(8,834,430)	687,068,694	14,462,748	686,231,478	99.88	837,216	0.12
(5,314,103)	707,942,660	1,576,230	706,821,012	99.84	1,121,648	0.16
(2,845,965)	721,567,122	1,317,287	719,237,413	99.68	2,329,709	0.32
(3,747,939)	738,563,069	4,619,599	736,640,653	99.74	1,922,416	0.26
(2,585,371)	757,276,841	-	748,828,597	98.88	8,448,244	1.12

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	Tennessee Municipal Bond Fund Loan	Qualified School Construction Bond Loan	Total Governmental Activities	Revenue Bonds	General Obligation Bonds
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
2007-08	1,718,615	7,375	5,389	-	-	1,731,379	436,860	7,170
2008-09	1,578,135	5,665	4,975	56,930	-	1,645,705	404,385	6,890
2009-10	1,904,109	3,870	4,560	52,650	21,120	1,986,309	369,685	6,391

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 the most recent calendar year 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

Business-type Activities (Continued)					
State Loans	Capitalized Lease Obligations	Total Business-type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 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	8.23	3,676.62
155,648	1,455	601,133	2,332,512	8.67	3,764.39
159,000	1,270	571,545	2,217,250	7.98	3,541.12
165,331	1,095	542,502	2,528,811	N/A (2)	3,977.93

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 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)
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
2007-08	1,718,615	56,803	-	1,661,812	2.75	2,681.96
2008-09	1,578,135	43,962	-	1,534,173	2.48	2,450.19
2009-10	1,904,109	25,950	-	1,878,159	2.97	2,954.43

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 OUTSTANDING
 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)
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
2007-08	153,286	2,221	-	151,065	N/A	N/A
2008-09	144,049	4,299	-	139,750	N/A	N/A
2009-10	157,592	2,985	-	154,607	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>
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	84,667	1,268,764	6.26
2003-04	1,318,828	93,457	1,225,371	7.09
2004-05	1,375,162	100,469	1,274,693	7.31
2005-06	1,577,096	121,736	1,455,360	7.72
2006-07	1,644,528	125,926	1,518,602	7.66
2007-08	1,665,734	151,065	1,514,669	9.07
2008-09	1,681,640	139,750	1,541,890	8.31
2009-10	1,993,317	154,607	1,838,710	7.76

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, 2010

Unaudited - See Accompanying Accountants' Report

Assessed valuation of taxable property - Urban Services District		<u>\$ 13,288,782,503</u>
Debt limit - 15 percent of assessed valuation		\$ 1,993,317,375
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 157,591,740	
Less:		
Amounts available in debt service funds	<u>2,984,488</u>	
Total amount of debt applicable to debt limit		<u>154,607,252</u>
Legal debt margin		<u>\$ 1,838,710,123</u>

Note: The legal debt limit for the Urban Services District is established in the Charter for the Metropolitan Government as presented above. There is no legal debt limit for the General Services District.

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>
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
2007-08	92,775	82,647	175,422	1,762,582	10.0
2008-09	81,580	86,447	168,027	1,777,590	9.5
2009-10	81,600	80,876	162,476	1,844,374	8.8

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 debt 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	
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
2007-08	180,862	88,416	92,446	31,185	19,646	50,831	1.82
2008-09	172,379	90,685	81,694	33,370	18,859	52,229	1.56
2009-10	171,966	88,603	83,363	35,525	16,526	52,051	1.60

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) (2)</u>	<u>Unemployment Rate (3)</u>
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	578,698	42,092	25,838,472	4.2
2007 (4)	619,626	43,394	26,916,014	3.9
2008	626,144	44,228	27,784,064	5.5
2009 (5)	635,710	N/A	N/A	9.3

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

(2) Source: U.S. Department of Commerce, Bureau of Economic Analysis

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

(4) Population increase due to Census Bureau adjustments for Hurricanes Katrina and Rita.

(5) Per Capita personal income statistics for calendar year 2009 were not available at the reporting date.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

Employer	June 30, 2010			June 30, 2001		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Vanderbilt University and Medical Center	20,968	1	2.86 %	13,688	3	1.99 %
State of Tennessee	20,000	2	2.73	18,870	1	2.75
Metro Nashville-Davidson Co. Government and Public Schools	20,162	3	2.75	18,231	2	2.65
U.S. Government	11,496	4	1.57	11,400	4	1.66
St. Thomas Health Services	6,500	5	0.89	-		- (2)
Nissan North America Inc.	5,850	6	0.80	5,794	7	0.84
HCA (including Tri-Star Health System) (1)	5,447	7	0.74	8,500	5	1.24
Wal-Mart Stores Inc.	4,500	8	0.61	-		- (2)
Gaylord Entertainment Co. (1)	4,500	8	0.61	3,271	9	0.48
CBRL Group Inc.	4,189	9	0.57	-		- (2)
Dell Inc.	3,200	10	0.44	-		- (2)
Saturn Corporation	-		- (2)	7,921	6	1.15
Shoney's Inc.	-		- (2)	4,177	8	0.61
BellSouth Telecommunications	-		- (2)	2,989	10	0.44
	<u>106,812</u>		<u>14.57 %</u>	<u>94,841</u>		<u>13.81 %</u>

Sources:

Principal Employers and Number of Employees - Nashville Area Chamber of Commerce, Nashville Business Journal
Total Employment - TN Department of Labor & Workforce Development

(1) National, State or Corporate Headquarters.

(2) Values for employers that are outside the top ten ranking are excluded.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2001	2002	2003	2004
Governmental activities:				
General government	304	326	343	339
Fiscal administration	287	318	343	331
Administration of justice	715	735	785	800
Law enforcement and care of prisoners	2,649	2,496	2,504	2,544
Fire prevention and control	1,210	1,258	1,258	1,217
Regulation and inspection	108	109	109	109
Conservation of natural resources	9	11	11	11
Public welfare	602	706	729	689
Public health and hospitals	453	535	530	525
Public library system	364	365	365	363
Public works, highways and streets (2)	537	536	568	544
Recreational and cultural	456	461	682	679
Education	7,558	7,891	7,780	8,201
Total governmental activities	<u>15,252</u>	<u>15,747</u>	<u>16,007</u>	<u>16,352</u>
Internal service activities:				
Central Printing	9	9	9	9
Motor Pool	48	41	41	-
Office of Fleet Management	-	-	-	105
Information Systems	91	95	103	108
Radio Shop	26	24	24	24
Metro Postal Service	6	6	6	6
Office Supply Storeroom	2	-	-	-
Facilities Planning and Construction	2	13	14	19
Treasury Management	7	10	11	14
General Services (1)	45	52	55	55
Total internal service activities	<u>236</u>	<u>250</u>	<u>263</u>	<u>340</u>
Business-type activities:				
Department of Water and Sewerage Services	738	781	718	658
Nashville Convention Center	52	54	53	53
Board of Fair Commissioners	19	19	19	19
Farmers Market	7	7	8	8
Police Secondary Employment	-	-	5	5
Surplus Property Auction	-	-	-	7
Police Impound	-	-	-	7
Municipal Auditorium	-	-	-	-
Community Education Commission	-	-	-	-
Stormwater Operations (2)	-	-	-	-
Total business-type activities	<u>816</u>	<u>861</u>	<u>803</u>	<u>757</u>
Total primary government	<u>16,304</u>	<u>16,858</u>	<u>17,073</u>	<u>17,449</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 internal service activities were reclassified to governmental activities for consistency in presentation.

(1) During 2006 through 2008, the programs in General Services included shared business office, payment services, and a customer call center. These programs ceased operations effective with the 2009 fiscal year.

(2) Prior to 2010, the employees of Stormwater Operations were included in Governmental activities - Public works, highways and streets.

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

2005	2006	2007	2008	2009	2010
325	340	331	337	330	288
310	316	317	318	317	306
798	812	811	808	813	773
2,695	2,716	2,714	2,715	2,733	2,787
1,178	1,181	1,180	1,182	1,150	1,141
108	111	108	108	105	95
10	10	10	11	10	9
678	487	492	487	483	468
514	528	500	508	486	473
336	330	329	336	317	297
543	546	532	527	470	263
592	639	650	682	605	543
8,285	8,382	8,361	8,540	9,085	8,875
16,372	16,398	16,335	16,559	16,904	16,318
4	-	-	-	-	-
-	-	-	-	-	-
97	88	91	94	94	89
136	130	124	129	130	114
23	18	16	16	18	16
5	5	5	5	4	4
-	-	-	-	-	-
19	18	18	18	-	-
14	12	9	8	8	8
52	94	96	107	58	48
350	365	359	377	312	279
668	668	668	668	650	692
47	47	53	53	59	57
17	17	29	24	25	28
8	8	8	8	7	7
5	5	5	5	5	5
7	7	7	7	7	7
29	29	29	29	29	29
-	12	12	12	11	8
9	11	11	15	14	8
-	-	-	-	-	90
790	804	822	821	807	931
17,512	17,567	17,516	17,757	18,023	17,528

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2001	2002	2003	2004
Governmental activities:				
General government:				
Election Commission - registered voters	316,414	335,357	337,392	366,326
Assessor of Property - real property inspections (1)	208,010	52,313	88,197	69,768
Administration of justice:				
Public Defender - caseload	31,157	32,485	36,068	38,920
Circuit Court Clerk - circuit filings	9,067	8,975	8,967	8,965
Circuit Court Clerk - general sessions civil filings	44,216	47,783	46,739	47,965
Circuit Court Clerk - probate filings	1,978	2,081	2,067	2,061
Law enforcement and care of prisoners:				
Sheriff - inmate days jails	530,094	583,807	610,640	637,243
Sheriff - inmate days detention facility	413,174	436,679	451,182	467,371
Police - total CAD calls received	1,324,019	1,170,705	1,156,932	1,142,514
Police - incident numbers issued	556,427	564,448	577,377	658,387
ECC - total 911 calls received	N/A	N/A	N/A	342,942
ECC - total non 911 calls received	N/A	N/A	N/A	813,991
ECC - total calls automatic call distribution	N/A	N/A	N/A	1,156,933
Fire prevention and control:				
Fire - life threatening responses	N/A	33,495	33,812	36,328
Fire - non life threatening responses	N/A	16,771	15,539	13,715
Regulation and inspection:				
Codes - construction/land use permits	9,102	9,346	9,123	10,151
Public welfare:				
Social Services - clients served (2)	2,844	2,543	3,971	2,922
Public health and hospitals:				
Health - clinic visits	166,000	185,221	168,616	174,745
Health - restaurant inspections	N/A	N/A	N/A	N/A
Public library system:				
Library - circulating materials check-outs	2,957,664	3,825,465	3,988,212	4,203,335
Library - number of visits	2,508,796	3,148,035	3,496,615	3,671,610

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) Years 2001, 2005 and 2009 were reappraisal years where all values are updated with new base rates, depreciation schedules and land tables to produce values at 100% of market value.

(2) Social Services restructured its business model in 2005 by combining five programs which caused an increase in the number of clients served for 2006 and forward.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
358,119	359,806	334,067	340,373	345,243	349,733
220,903	48,942	96,845	69,153	236,459	58,158
41,017	39,242	43,649	43,402	46,006	44,776
10,707	9,970	8,905	9,084	11,324	10,298
45,835	47,232	49,729	51,905	53,441	48,834
1,909	2,002	2,060	2,039	1,930	1,954
674,254	806,361	870,502	894,746	920,662	929,674
431,421	354,799	374,643	395,777	401,562	397,566
1,090,591	974,864	1,052,261	1,060,868	1,152,012	1,315,649
709,915	721,903	784,391	844,469	918,749	1,315,455
332,182	329,325	343,631	361,016	359,926	344,276
810,332	782,120	742,344	718,732	696,757	690,297
1,142,514	1,111,445	1,085,975	1,079,748	1,056,203	1,034,573
38,766	38,158	41,633	40,171	41,989	43,124
17,240	17,607	19,316	20,768	21,045	24,116
10,245	10,534	11,663	10,598	8,235	10,172
2,734	19,116	20,164	19,694	18,870	17,291
187,465	191,016	192,622	180,543	187,717	190,942
12,483	12,883	13,355	13,972	13,796	13,525
4,087,080	4,212,037	4,239,335	4,213,276	4,144,374	4,148,419
3,374,359	3,355,545	3,643,610	3,828,825	3,923,154	3,677,765

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

	2001	2002	2003	2004
Governmental activities (continued):				
Public works, highways and streets:				
Public Works - scheduled garbage collections	6,625,476	6,625,476	6,604,000	6,402,310
Public Works - tons of disposed waste (7)	547,439	547,439	425,234	862,895
Public Works - rehabilitated street lane miles (3)	90	75	90	312
Recreational and cultural:				
Parks - Sportsplex attendance	450,000	424,080	368,700	385,700
Parks - cultural enrichment class attendance (4)	4,674	4,615	4,372	4,479
Parks - senior citizen program attendance	20,277	21,578	23,557	29,850
Education:				
Public Schools - students (second month enrollment)	69,764	69,700	70,028	70,759
Business-type activities:				
Department of Water and Sewerage Services:				
Customers - water	151,097	143,540	155,712	158,613
Average daily raw water treatment (millions of gallons per day)	90	84	88	95
Customers - wastewater	159,810	163,048	166,417	169,533
Average daily wastewater flow (millions of gallons per day)	119	143	150	146
District Energy System: (5)				
Steam sales (thousand pounds)	N/A	N/A	N/A	188,408
Chilled water sales (thousand ton hours)	N/A	N/A	N/A	22,998
Nashville Convention Center - events	276	221	186	190
Board of Fair Commissioners:				
Flea market booth rentals	N/A	19,457	18,955	19,619
State fair attendance (6)	181,000	171,000	182,500	226,400
Municipal Auditorium - events held	94	80	91	92

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.

(3) Rehabilitated street line miles were higher in 2008 due to an increase in pavement renewal (rejuvenation, sealing and repair) compared to prior years.

(4) 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.

(5) District Energy System began operations in December, 2003.

(6) The decrease in state fair attendance in 2008 was due to rain on the first weekend of the annual event.

(7) Tons of disposed waste is now calculated for a calendar year. The amount for 2010 will be available in the spring of 2011.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
6,406,309	6,552,000	6,552,000	6,417,000	6,423,000	6,477,000
839,779	800,830	865,671	957,837	745,442	N/A
419	145	186	392	171	87
400,000	385,000	400,000	325,822	339,718	344,858
4,940	4,724	11,339	11,802	12,374	15,710
25,000	30,000	37,484	38,608	37,932	36,898
72,458	73,109	74,155	74,733	75,049	76,329
159,506	162,834	171,627	174,286	175,121	176,033
94	97	97	103	98	119
171,341	173,149	183,695	191,981	187,655	189,299
143	125	128	145	151	166
302,899	303,821	322,648	284,761	283,071	272,448
46,817	52,304	60,720	58,854	52,976	51,273
193	193	188	191	234	243
18,611	18,513	18,900	16,253	15,743	15,908
204,485	227,478	230,216	192,130	209,385	208,131
92	91	91	97	110	111

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2001	2002	2003	2004
Governmental activities:				
General government:				
General government vehicles (1)	3,868	3,883	3,625	3,676
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	5	5	5	6
Fire prevention and control:				
Fire stations	39	39	39	39
Public library system:				
Libraries	22	22	22	22
Public works, highways and streets:				
Streets and roads (lane miles)	5,500	5,500	5,600	5,600
Recreational and cultural:				
Parks (number)	93	100	99	102
Parks (acreage)	9,387	10,238	10,200	10,303
Miles of completed greenways	13.5	16.5	19.5	23.5
Education:				
Schools	129	129	128	130
School buses	512	515	558	594
Business-type activities:				
Department of Water and Sewerage Services:				
Water mains (miles) (3)	2,619	2,634	2,718	2,746
Maximum daily water capacity (thousands of gallons)	180,000	180,000	180,000	186,300
Sewers (miles) (3)	2,674	2,699	2,726	2,753
Maximum daily treatment capacity (thousands of gallons)	459,000	459,000	459,000	459,000
District Energy System: (2)				
Steam:				
Maximum contract capacity (pounds per hour)	N/A	N/A	N/A	368,079
Percentage maximum contract capacity represented by customers	N/A	N/A	N/A	68.88%
Chilled water:				
Maximum contract capacity (tons)	N/A	N/A	N/A	28,599
Percentage maximum contract capacity represented by customers (4)	N/A	N/A	N/A	87.57%
Nashville Convention Center:				
Exhibition space (square footage)	118,675	118,675	118,675	118,675
Board of Fair Commissioners:				
Exhibition space (square footage)	126,600	126,600	126,600	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 prior years. Certain prior year amounts have been restated for consistency with the current year presentation.

- (1) General government vehicles include vehicles that are used in various other functions of the Government.
- (2) District Energy System began operations in December, 2003.
- (3) Decreases in water main and sewer miles in 2009 are due to a conversion to a new system for maintaining records resulting in more accurate measurements and the elimination of abandoned lines.
- (4) District Energy System diversified capacity for chilled water after planned pump modification in 2010.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2005	2006	2007	2008	2009	2010
3,620	3,425	3,559	3,614	3,277	3,408
2,587	2,587	2,587	2,918	2,918	2,918
892	1,092	1,092	1,092	1,092	1,092
6	6	6	6	6	6
39	40	41	41	41	41
22	24	24	24	24	24
5,600	5,600	5,643	5,687	5,740	5,777
102	107	110	110	115	115
10,241	10,355	10,424	10,490	10,713	10,876
28.0	29.5	36.5	37.2	37.2	45.7
133	136	135	137	132	138
633	657	667	660	646	673
2,749	2,771	2,888	2,944	2,873	2,878
180,000	180,000	180,000	180,000	180,000	180,000
2,867	2,901	3,027	3,069	2,890	3,045
465,000	465,000	465,000	465,000	465,000	465,000
368,079	368,079	368,079	368,079	368,079	303,833
65.15%	67.05%	67.05%	67.05%	67.13%	80.66%
28,599	28,599	28,599	28,599	28,599	29,279
85.30%	87.57%	87.57%	87.57%	86.30%	82.00%
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



Request for ADA accommodations, Please contact Kimberly Northern at
615-880-1710 or by email at [✉ kimberly.northern@nashville.gov](mailto:kimberly.northern@nashville.gov)