

THE METROPOLITAN GOVERNMENT
OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the Year Ended June 30, 2008

Prepared by
DEPARTMENT OF FINANCE

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



KARL F. DEAN
MAYOR

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

October 31, 2008

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, 2008. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Government. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the Government in accordance with generally accepted accounting principles (GAAP). All disclosures necessary to enable the reader to gain an understanding of the Government's financial activities have been included.

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

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and Statement No. 39, Determining Whether Certain Organizations are Component Units, this report includes all funds of the primary government and all component units. For purposes of this report, the primary government includes all departments and agencies of the Government which are not separate legal entities, including the Department of Water and Sewerage Services and Metropolitan Nashville Public Schools. The component units include those separate legal entities whose relationships with the primary government meet the criteria for inclusion defined in GASB Statements No. 14 and No. 39.

The Government is required to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The Government's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

Metropolitan Nashville and Davidson County is located in middle Tennessee at the hub of many air, rail and highway transportation routes. The Government provides a full range of services. These services include education; police and fire protection; waste management; construction and maintenance of highways, streets and infrastructure; traffic regulation and control; parking; health and social services; public housing; recreational and cultural activities; public libraries; planning and zoning; water and sewerage services; administration of justice; and general administrative services.

FACTORS AFFECTING ECONOMIC AND FINANCIAL CONDITION

The local economy is a well-balanced blend of financial, agricultural, wholesale, retail, manufacturing and service industries. The local mix of these industries roughly reflects the national economy, with no single industry being predominant in the region. Computer technology, automotive, medical, private prison management, insurance, banking, publishing, telecommunications and entertainment companies and private educational institutions all find a home in Nashville. With a rich economic, social and cultural environment, the city consistently scores high in national rankings of preferred business locations, best places to live and favorable environments for the creation and development of businesses.

The Nashville Metropolitan Statistical Area (MSA) economy has been slightly healthier than the national economy, with lower unemployment than the state and the nation.

The Government's two most significant locally generated revenue sources are 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 2008, for fiscal year 2009 and for the future are discussed below.

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

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

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

- Valuing Our Employees – The budget provided funds for 2% overall pay increases, normal pay increments, and increased benefit costs, such as health insurance and pension costs.

FOR FISCAL YEAR 2009: Substitute budget ordinance BL-2008-174 appropriated a balanced budget of \$1,570,199,400 in the budgetary funds, an overall increase of .67% from the budget for fiscal year 2008. The property tax rate remained the same. A major initiative was the reduction of several internal service fees that will save several million dollars by eliminating some duplicative internal government functions.

The FY2009 budget continued to make improvements in the Nashville community's priority areas:

- Public Education – The budget for Metro Nashville Public Schools (MNPS) increased to \$620.7 million, an increase of approximately 5%. The MNPS FY09 budget increased by \$29.2 million from FY08 funding levels. Additional funding for MNPS came from \$6.5 million in new local dollars as well as approximately \$19.3 million from the School's accumulated undesignated fund balance, which had increased significantly in recent years. Priorities for these dollars include pay raises for teachers and staff, increased benefit costs, and opening new and expanded schools.
- Public Safety – The budget included funds for a variety of enhancements to Metro Nashville's public safety. These additions include increased operational funds for new School Resource Officers, funding to staff three new emergency medical service units, overtime for training and responsiveness for fire fighter and emergency medical responders, and additional support for the Juvenile Court's efforts to reduce truancy.
- Community Support – The budget included additional funding to address homelessness issues in Nashville and a new process for making grants to non-profit agencies that was more open and targeted to specific community needs such as after school programs and domestic violence.

These initiatives have all been addressed while ensuring the Government meets its fundamental objectives of maintaining a balanced budget, keeping taxes low, and investing in Nashville's future. Details of all improvements included in the fiscal year 2008 and 2009 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 will 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. Funding has been made available to create an attendance center to be operated by our Juvenile Court. This will be a safe place where students and their families can come to address the root causes of attendance problems. It will focus on early and effective intervention and will lead to more students staying in school, graduating and becoming productive citizens.

PUBLIC SAFETY:

This administration is committed to improving public safety by and through the combined efforts of the Mayor's Office, the Police 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.

A primary function of the Nashville Fire Department, and of fire departments across the country, is to provide emergency medical services, or EMS. Additionally, based on the results of a recently released EMS transport management audit, the demand for EMS is expected to increase over the next several years as our population ages. This administration will continue to monitor these trends in this critical area of public safety.

LIVABILITY:

This administration will continue to address issues impacting the “livability” of our community by focusing on health services, parks, the arts, libraries, adequate public transportation and affordable housing. One recent major step in addressing the livability of our community was the appointment of a Green Ribbon Committee on Environmental Sustainability. This Committee will 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 that will benefit current and future generations.

ECONOMIC DEVELOPMENT:

This administration is committed to growing the local economy and to generating economic opportunities that will benefit all citizens. To support and enhance the economic vitality of our community, in October 2007 the Mayor asked the Metropolitan Development & Housing Agency (MDHA) to develop a plan to move forward on building a new downtown convention center. Pre-development work is underway and construction is set to begin in 2009. Also in October 2007, the Mayor appointed a Minority Business Advisory Council. The work of that group resulted in legislation filed in February 2008 to add a Procurement Nondiscrimination Program to the Metropolitan Procurement Code. This program establishes a new approach to ensure fairness and equality in opportunities for minority and women owned businesses to propose on contracts with Metro.

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 more risky methods to enhance investment returns. The majority of the cash deposits are held by financial institutions participating in the bank collateral pool administered by the State of Tennessee, thus ensuring that they are collateralized. Earnings continue to be realized as a result of the banking service agreement, which in part provides for the daily investment of demand deposit balances.

The primary government earned investment income of \$21.8 million for the year ended June 30, 2008.

RISK MANAGEMENT: The Government continued to operate a risk management program, which was initiated in 1978. As part of its comprehensive plan, resources are being accumulated in various internal service funds to meet potential losses. Accepted risk control techniques, including employee accident prevention training, have been implemented to minimize potential liability losses. In addition, the Government has elected to come under the Tennessee Tort Liability laws in order to limit its potential liability.

PENSION TRUST FUNDS: The pension system of the Government covers substantially all full-time employees. It consists of one pension plan that is open to new members and five pension plans that are closed to new members but are still used by some employees of the former City of Nashville, the former Davidson County and Metropolitan Nashville Public Schools.

After recognizing contributions from other funds, employees, and the State of Tennessee, the General Fund is responsible for amounts necessary to fund the Metropolitan Employees' Benefit Trust Fund (which includes Division A, the closed plan, and Division B, the open plan) and the following four closed plans:

- The County Plan - Davidson County Employees' Retirement Fund
- The County Education Plan - Employees' Pension and Insurance Fund
- The City Plan - Closed City Plan Fund
- The City Education Plan - Teachers' Civil Service and Pension Fund

After recognizing contributions from employees and the State of Tennessee, Metropolitan Nashville Public Schools is responsible for funding the Metro Education plan – The Teachers' Retirement Plan Fund. The total net assets of all pension (and other employee benefit) trust funds were \$2.2 billion at June 30, 2008.

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, 2008 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2009 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 2008, including any reported instances of significant deficiencies in the internal control structure or any violations of applicable laws and regulations, are reported separately.

INDEPENDENT AUDIT: Section 6.15 of the Metropolitan Charter requires an annual audit of accounts and other evidences of financial transactions of the Government and of its departments, offices and agencies by independent certified public accountants. The audit is performed by a firm chosen by a three-member audit board consisting of the Vice-Mayor, the Chair of the Budget and Finance Committee of the Metropolitan Council, and the Chair of the Metropolitan Nashville Public School Board. The Government has complied with this requirement. The independent auditors' report and the non-major governmental, non-major enterprise, internal service and fiduciary funds' statements and schedules are included in the financial section of this report.

AWARDS AND ACKNOWLEDGEMENTS

AWARDS: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Government for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This was the 25th 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.

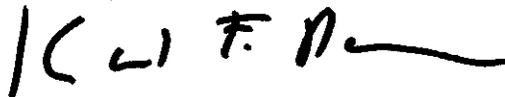
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA presented a Distinguished Budget Presentation Award to the Government for its annual budget for the fiscal year beginning July 1, 2007. 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 17th year to receive this award.

ACKNOWLEDGMENTS: Many individuals and organizations throughout the Government assisted in preparing this CAFR. To each of them we gratefully express our sincere appreciation for their dedicated contributions.

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

Sincerely,



Karl F. Dean
Mayor



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, 2007

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, 2007.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

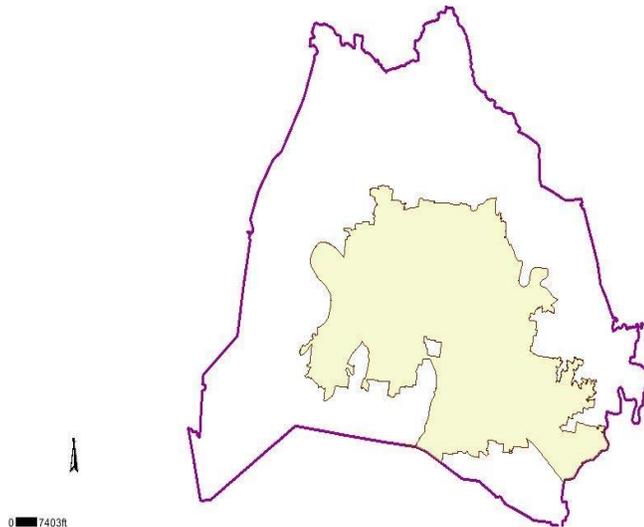
**THE METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY
FORM OF GOVERNMENT**

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.

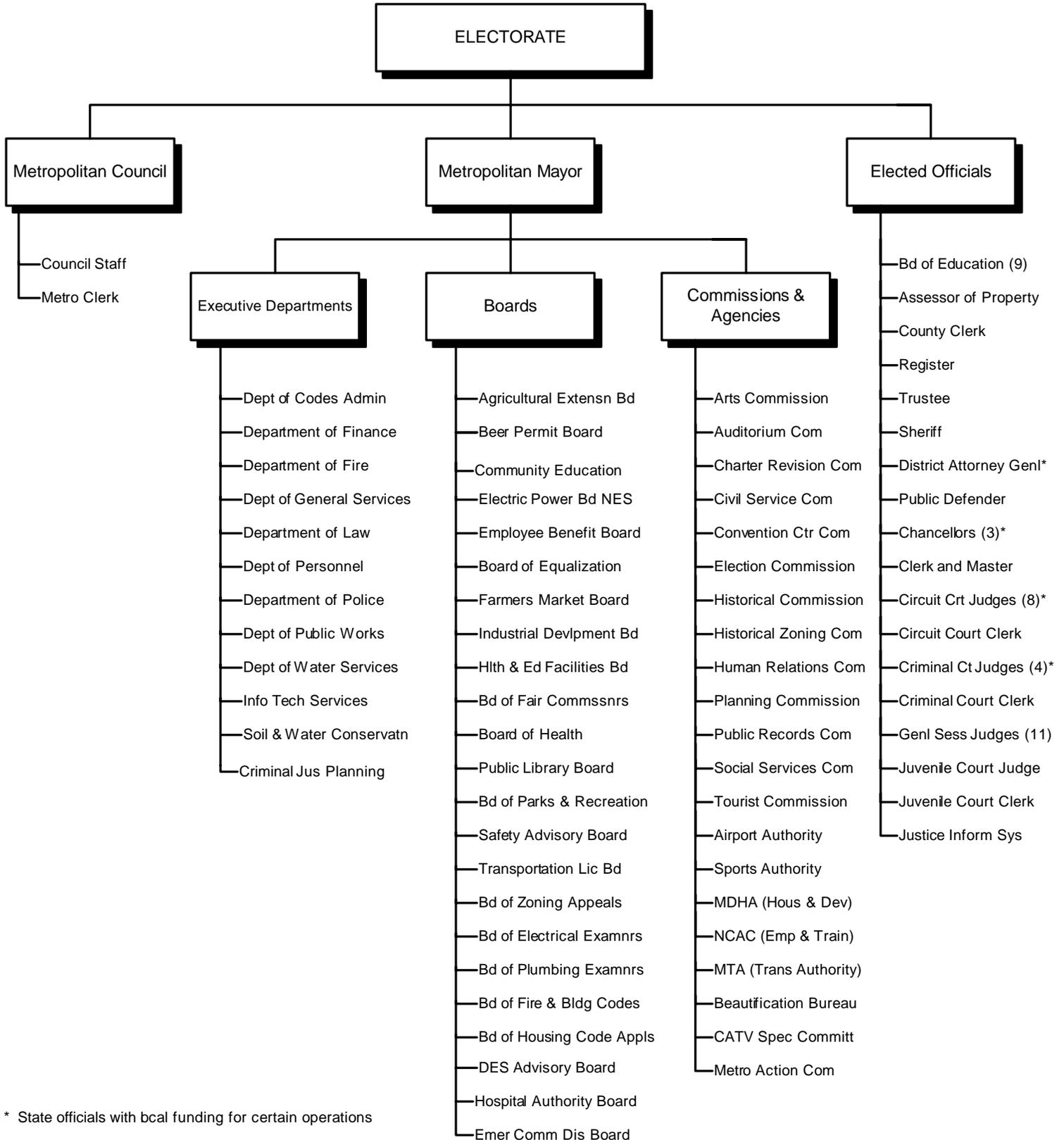
The Charter provides a framework for local government in Nashville to serve the needs of two service districts: (i) the General Services District (the GSD) and (ii) the Urban Services District (the USD). The GSD embraces the entire area of Davidson County and its residents are taxed to support those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

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

**Elected Officials
at June 30, 2008**

Karl Dean, Mayor

Finance Officials

Jo Ann North
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

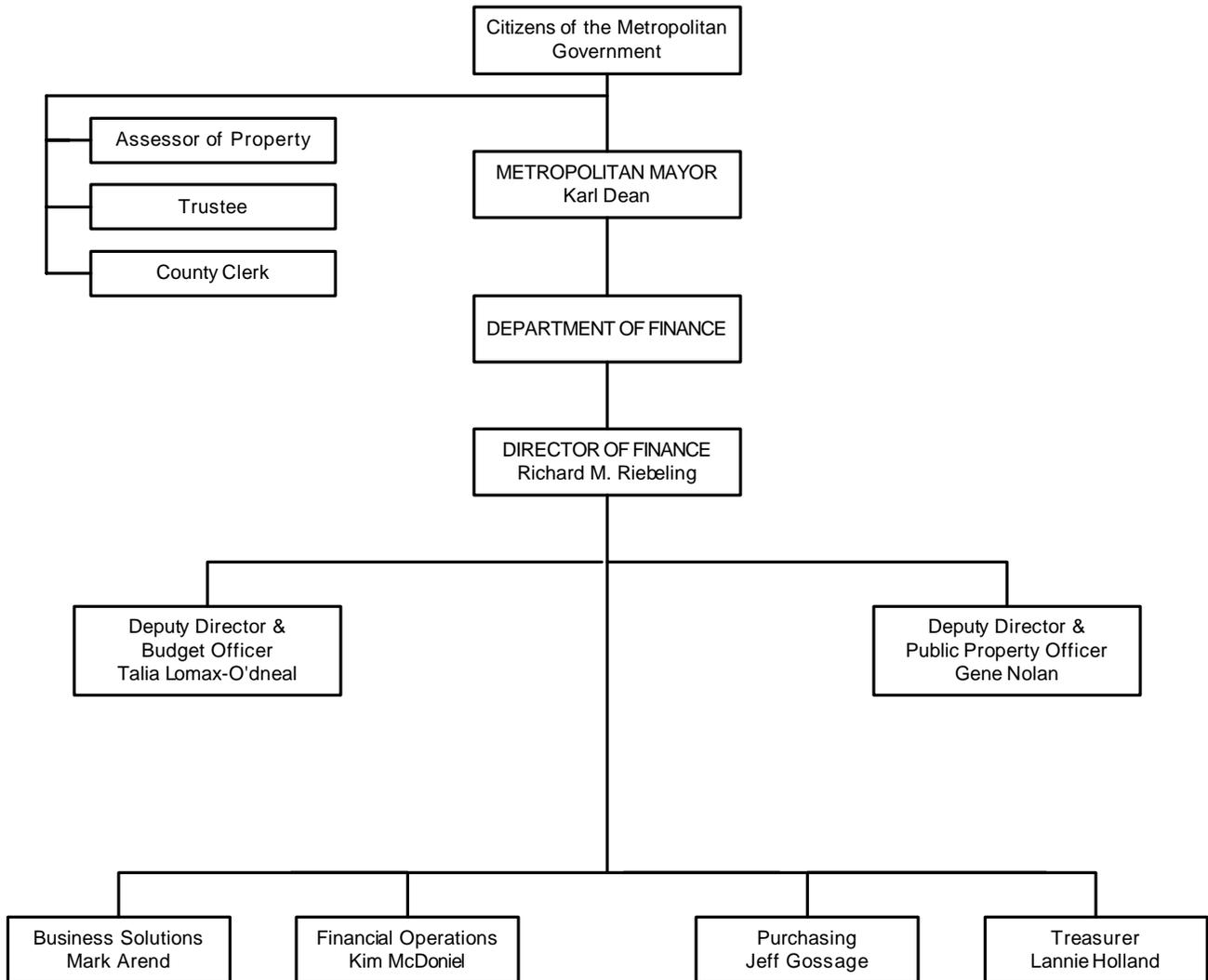
Vice Mayor
Council Member-at-large
Council Member-at-large
Council Member-at-large
Council Member-at-large
Council Member-at-large

District No. 1 – Lonell Matthews, Jr.
District No. 2 – Frank Harrison
District No. 3 – Walter Hunt
District No. 4 – Michael Craddock
District No. 5 – Pam Murray
District No. 6 – Mike Jameson
District No. 7 – Erik Cole
District No. 8 – 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 – Keith Durbin

District No. 19 – Erica Gilmore
District No. 20 – Buddy Baker
District No. 21 – Edith Taylor 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

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

At June 30, 2008









KPMG LLP
1900 Nashville City Center
511 Union Street
Nashville, TN 37219-1735

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Government) as of and for the year ended June 30, 2008, which collectively comprise the Government's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Government's nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, as well as the financial statements of the Sports Authority Fund, which are presented as supplementary information in the accompanying financial statements as of and for the year ended June 30, 2008, 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, 2008 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 Electric Power Board, the Metropolitan Transit Authority, the Metropolitan Nashville Airport Authority, and the Emergency Communications District, which represents 83% of the total assets and 89% of the total revenues of the aggregate discretely presented component units of the Government. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Government of Nashville and Davidson County, Tennessee as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the General Purpose School Fund for the year then ended in conformity with U.S. generally accepted accounting principles. In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds; the Sports Authority Fund; and each of the discretely presented component

units, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 7, the Government implemented Governmental Accounting Standards Board Statement (GASB) No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", effective July 1, 2007.

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 (funds of the Hospital Authority) have experienced recurring losses from operations that raise substantial doubt about their ability to continue as going concerns. The Hospital Authority management's plans in regard to these matters are also described in Note 12E. The financial statements of the Hospital Authority do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2008, 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 those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages A-1 through A-11, the condition rating of the transportation network, the schedule of funding progress-pension plans, the schedule of employer contributions-pension plans and the schedule of funding progress-other postemployment benefits plans, on B-106 through B-107, B-108 through B-111, B-112 through B-113 and B-114 through B-115, respectively are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements and each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds; the Sports Authority Fund; and the financial statements of each of the discretely presented component units. The schedules on pages C-13, C-14 and C-15, and on pages G-2 through G-35, which are also the responsibility of the management of the Government, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Government. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical data sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Government. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

October 31, 2008



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, 2008.

FINANCIAL HIGHLIGHTS

- The assets of the Government exceeded its liabilities at the close of the most recent fiscal year by \$2.4 billion (*net assets*). Of this amount, \$127 million (*unrestricted net assets*) may be used to meet the Government's ongoing obligations to citizens and creditors.
- The Government's total net assets decreased by \$22 million (a decrease of \$86 million from governmental activities and an increase of \$64 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 \$265 million, an increase of \$92 million in comparison with the prior year. Approximately 45.9% of this total amount, \$122 million, is available for spending at the Government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$33 million, or 4.1% of total general fund expenditures and other financing uses.
- The enterprise funds reported net assets at year-end of \$1.2 billion, an increase of \$65 million during the year.
- The Government's total general obligation and revenue bonds outstanding increased by \$190 million (9.4%) during the current fiscal year. New debt issues totaled \$495 million, which were offset by principal payments, refundings and changes in deferred amounts of \$305 million.
- The Government borrows funds under a commercial paper program to provide interim or short-term financing of authorized capital projects. Total commercial paper outstanding at the close of the fiscal year was \$75 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Government's basic financial statements. The Government's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Government's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Government's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Government is improving or deteriorating.

The Statement of Activities presents information showing how the Government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Government include general government; fiscal administration; administration of justice; law enforcement and care of prisoners; fire prevention and control; regulation and inspection; conservation of natural resources; public welfare; public health and hospitals; public library system; public works, highways and streets; recreational and cultural; and education. The business-type activities of the Government include the Department of Water and Sewerage Services, District Energy System, Nashville Convention Center, Board of Fair Commissioners, Farmers Market, Police Secondary Employment, Surplus Property Auction, Municipal Auditorium, Police Impound and School Community Education 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, Hospital Authority, Metropolitan Development and Housing Agency, Electric Power Board, Metropolitan Transit Authority, Metropolitan Nashville Airport Authority, and Emergency Communications District. 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 and School Community Education 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, 2008, the Government used internal service funds to account for its fleet, information systems, radio equipment, insurance, school supply, postal, facilities planning, treasury management, human resources, financial, general services and internal audit 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-105 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-106 to B-107, the Government's progress in funding its obligation to provide pension benefits to employees, found on pages B-108 to B-113, and the Government's progress in funding its obligation to provide other postemployment benefits to employees, found on pages B-114 to B-115.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator over time of a government's financial position. In the case of the Government, assets exceeded liabilities by \$2.4 billion at the close of the most recent fiscal year.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 1,378,658	\$ 1,331,394	\$ 213,219	\$ 216,482	\$ 1,591,877	\$ 1,547,876
Capital assets	2,856,492	2,708,102	1,646,733	1,595,549	4,503,225	4,303,651
Total assets	4,235,150	4,039,496	1,859,952	1,812,031	6,095,102	5,851,527
Long-term liabilities	2,064,542	1,714,212	566,079	573,621	2,630,621	2,287,833
Other liabilities	986,319	1,054,567	69,921	78,395	1,056,240	1,132,962
Total liabilities	3,050,861	2,768,779	636,000	652,016	3,686,861	3,420,795
Net assets:						
Invested in capital assets, net of related debt	1,044,125	1,042,013	1,160,088	1,061,440	2,204,213	2,103,453
Restricted	47,527	63,371	29,090	73,134	76,617	136,505
Unrestricted	92,637	165,333	34,774	25,441	127,411	190,774
Total net assets	\$ 1,184,289	\$ 1,270,717	\$ 1,223,952	\$ 1,160,015	\$ 2,408,241	\$ 2,430,732

Governmental activities – Current and other assets for governmental activities increased by 3.6% due primarily to an increase in cash in the General Purpose School Fund resulting from budget savings and an increase in cash in the Education Capital Projects fund attributable to the issuance of bonds and the timing of capital expenditures from that fund. Capital assets increased by 5.5% 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 20.4% due to the issuance of new general obligation debt in excess of principal payments and due to the inclusion of the Government's liability of \$137 million for other postemployment benefits (OPEB), discussed further under Other Matters below. Other liabilities decreased by 6.5% primarily due to a decrease in outstanding commercial paper borrowings of \$75 million.

The largest portion of the Government's net assets for governmental activities (88.2%) 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 (4.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets for governmental activities, representing unrestricted net assets of \$93 million (7.8%), may be used to meet the Government's ongoing obligations to citizens and creditors.

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

Business-type activities – Current and other assets for business-type activities decreased by 1.5% due primarily to the Department of Water and Sewerage Services funding various capital projects with cash and investments. Capital assets increased by 3.2% due to additions to utility plants for the Department of Water and Sewerage Services. Long-term liabilities decreased by 1.3% due to principal payments on the revenue bonds and other debt of the Department of Water and Sewerage Services and refunded revenue bonds in excess of an increase in state construction loans and new revenue bonds. Other liabilities decreased by 10.8% primarily due to a decrease in construction accounts payable at the Department of Water and Sewerage Services.

The largest portion of the Government's net assets for business-type activities (94.8%) 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 (2.4%) 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 \$35 million (2.8%), 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.

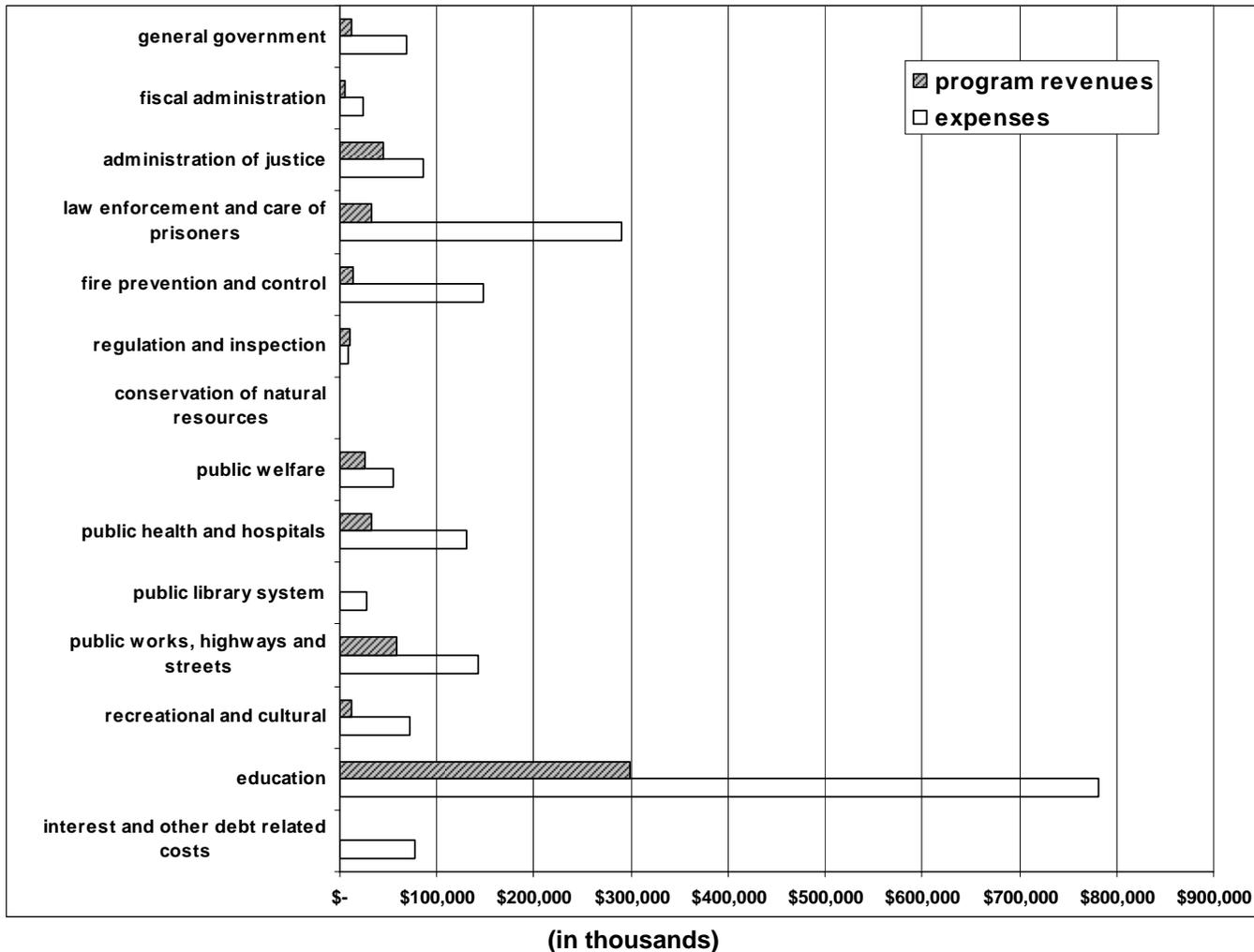
The Government's Changes in Net Assets
in thousands of dollars
(for the year ended June 30,)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007 (1)	2008	2007	2008	2007 (1)
Revenues:						
Program revenues:						
Charges for services	\$ 159,520	\$ 149,740	\$ 207,888	\$ 200,542	\$ 367,408	\$ 350,282
Operating grants and contributions	338,746	314,334	-	-	338,746	314,334
Capital grants and contributions	48,808	42,275	58,761	53,318	107,569	95,593
General revenues:						
Property taxes	759,131	741,901	-	-	759,131	741,901
Local option sales taxes	285,484	285,078	-	-	285,484	285,078
Hotel occupancy taxes	38,998	25,206	-	-	38,998	25,206
Beverage taxes	29,368	27,449	-	-	29,368	27,449
Wheel taxes	27,279	25,380	-	-	27,279	25,380
Business taxes	24,696	20,388	-	-	24,696	20,388
Franchise taxes	19,518	17,886	-	-	19,518	17,886
Other taxes	1,253	3,802	-	-	1,253	3,802
Revenues from the use of money or property	14,792	19,801	8,086	9,213	22,878	29,014
Revenues from other governmental agencies	70,072	68,620	-	-	70,072	68,620
Compensation for loss, sale or damage to property	1,541	1,786	144	132	1,685	1,918
Total revenues	1,819,206	1,743,646	274,879	263,205	2,094,085	2,006,851
Expenses:						
General government	69,053	57,026	-	-	69,053	57,026
Fiscal administration	24,837	33,876	-	-	24,837	33,876
Administration of justice	86,417	75,705	-	-	86,417	75,705
Law enforcement and care of prisoners	289,629	258,824	-	-	289,629	258,824
Fire prevention and control	148,089	128,067	-	-	148,089	128,067
Regulation and inspection	7,971	9,002	-	-	7,971	9,002
Conservation of natural resources	502	447	-	-	502	447
Public welfare	55,272	58,709	-	-	55,272	58,709
Public health and hospitals	130,293	111,396	-	-	130,293	111,396
Public library system	28,231	27,818	-	-	28,231	27,818
Public works, highways and streets	143,076	130,081	-	-	143,076	130,081
Recreational and cultural	72,547	72,024	-	-	72,547	72,024
Education	780,706	684,711	-	-	780,706	684,711
Interest and other debt related costs	77,628	74,838	-	-	77,628	74,838
Department of Water and Sewerage Services	-	-	162,688	157,872	162,688	157,872
District Energy System	-	-	19,483	21,073	19,483	21,073
Nashville Convention Center	-	-	7,601	7,246	7,601	7,246
Board of Fair Commissioners	-	-	4,360	4,116	4,360	4,116
Farmers Market	-	-	1,161	1,156	1,161	1,156
Police Secondary Employment	-	-	944	1,248	944	1,248
Surplus Property Auction	-	-	961	983	961	983
Municipal Auditorium	-	-	2,052	1,979	2,052	1,979
Police Impound	-	-	1,882	2,177	1,882	2,177
School Community Education	-	-	1,193	915	1,193	915
Total expenses	1,914,251	1,722,524	202,325	198,765	2,116,576	1,921,289
Increase in net assets before transfers	(95,045)	21,122	72,554	64,440	(22,491)	85,562
Transfers	8,617	9,643	(8,617)	(9,643)	-	-
Increase (decrease) in net assets	(86,428)	30,765	63,937	54,797	(22,491)	85,562
Net assets, beginning of year	1,270,717	1,239,952	1,160,015	1,105,218	2,430,732	2,345,170
Net assets, end of year	\$ 1,184,289	\$ 1,270,717	\$ 1,223,952	\$ 1,160,015	\$ 2,408,241	\$ 2,430,732

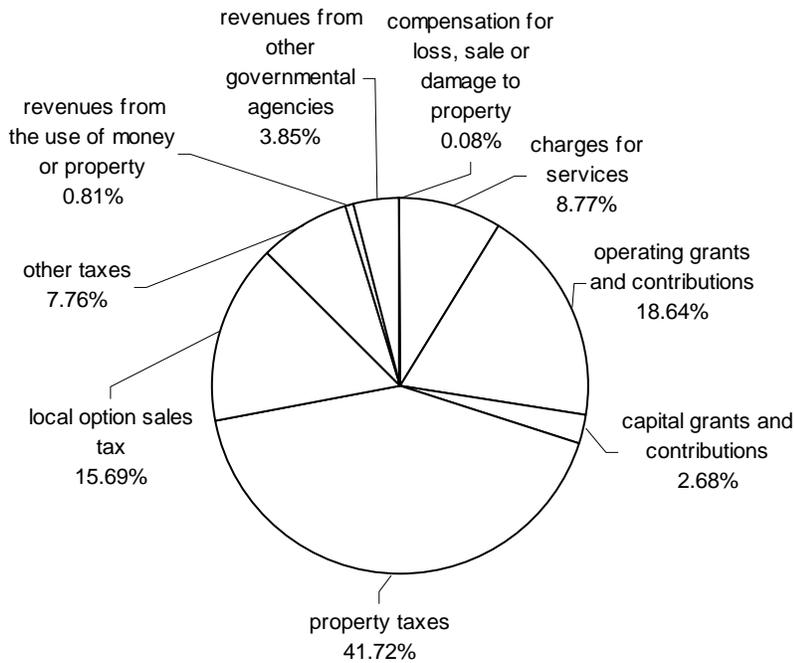
(1) Certain amounts have been reclassified for comparative purposes.

Governmental activities – Governmental activities decreased the Government’s net assets by \$86 million, compared to a \$31 million increase in the prior year. Operating grants and contributions increased \$24 million, primarily in the areas of education and health. The normal 2% growth in property taxes resulted in an increase of \$17 million in revenue, and hotel occupancy taxes increased \$14 million due to additional taxes established to support a new convention center. Total revenue increases of \$76 million were offset by increases in expenditures of \$192 million, due primarily to recognizing the first year of the unfunded OPEB required contribution. The Government’s total unfunded OPEB obligation for 2008 was \$137 million, \$25 million of which was for Schools. The other significant expenditure increase was due to a \$39 million increase in School’s expenditures, resulting primarily from a \$32 million increase in the Schools budget.

Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2008

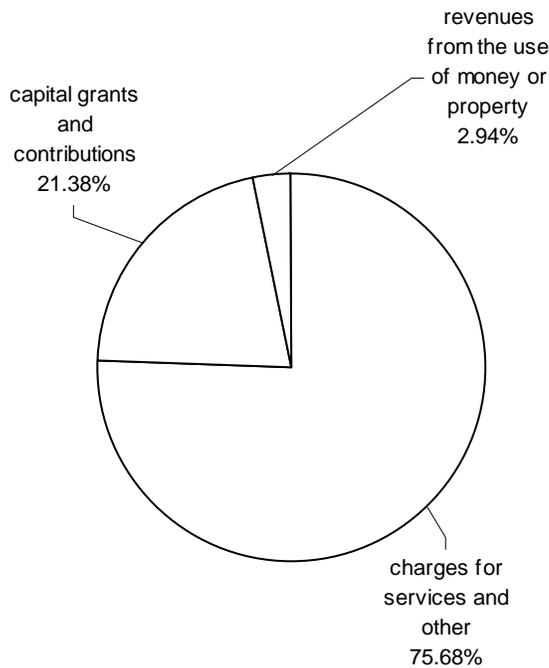


Revenues by Source - Governmental Activities – For the Year Ended June 30, 2008



Business-type activities – Business-type activities increased the Government's net assets by \$64 million. This increase is primarily due to the Department of Water and Sewerage Services operating results for the 2008 fiscal year. Revenue from operations increased \$8 million as a result of an increase in the demand for water due to dry weather conditions, which was partially offset by a \$5 million increase in expenses. Additionally, there was a \$5 million increase in contributions of capital assets. Finally, the Department of Water and Sewer's transfer to the Stormwater Operations fund was decreased by \$2 million for 2008.

Revenues by Source – Business-type Activities – For the Year Ended June 30, 2008



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 \$265 million, an increase of \$92 million in comparison with the prior year. Approximately 45.9% of ending fund balance (\$122 million) constitutes unreserved fund balance, which is available for spending at the Government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for: 1) subsequent year budget appropriations (\$32 million), 2) the purchase of equipment (\$32 million), 3) future debt payments (\$46 million), 4) a long-term receivable from General Hospital (\$29 million), and 5) 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 \$33 million, while total fund balance was \$63 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 4.1% of total general fund expenditures and other financing uses, while total fund balance represents 7.8% of total general fund expenditures and other financing uses.

The total fund balance of the Government's General Fund increased by \$3 million during the current fiscal year, as compared to a \$14 million increase in the previous year. While the total General Fund fund balance increased, the undesignated fund balance decreased by \$6 million as a result of reserving an additional \$16 million of fund balance for the long-term receivable from General Hospital, an operation under the Hospital Authority, a component unit. The impact of this additional reservation for the long-term receivable from General Hospital was partially offset by a \$7 million decrease in other reserves and by the \$3 million net increase in fund balance. The total amount receivable from General Hospital is \$30.4 million. This consists of \$13 million owed to the Government after a \$50 million appropriation in the 2005-2006 fiscal year that reduced the total \$63 million owed to the Government at that time - which had accumulated over several years of operating and cash deficits - plus an additional loan to General Hospital made during the 2007-2008 fiscal year to cover current operating and cash deficits. No timeframe has been established for the repayment of the \$29 million General Hospital owes to the Government.

The fund balance of the Government's General Purpose School Fund increased by \$4 million during the current fiscal year, primarily due to actual expenditures coming in significantly under budget, primarily in personal services.

The fund balance of the Government's GSD General Purposes, GSD School Purposes and USD General Purposes Debt Service Funds decreased by \$14 million in the current fiscal year partly due to budgeted principal and interest payments in excess of revenues and partly due to interest expense exceeding budgeted amounts related to commercial paper interest. Since interest on commercial paper is refinanced as bonds are issued, the interest is not included in the debt service operating budget.

The fund balance of the Government's other governmental funds increased by \$21 million primarily due to the collection of new hotel occupancy and other tourist-related taxes to fund the construction, financing and operation of 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 \$110 million. The total increase in unrestricted net assets for these funds was \$18 million. Factors concerning the finances of these funds have already been addressed in the discussion of the Government's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original and Final Budgeted Amounts

For the General Fund, there were minor differences in revenues and other financing sources between the original budget and final amended budget, due primarily to a contribution and other 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 authorizations in the 2008 fiscal year budget ordinance to carry forward certain prior year unused administrative budget appropriations, due to additional funding received as discussed above, and due to supplemental funding approved for additional expenditures. Other variances in the budget line items were primarily due to pay plan and fringe benefit increases being originally budgeted under miscellaneous expenditures, then reallocated to departmental budgets after the final budget is approved, and due to certain operating transfers that were originally budgeted under various departmental budgets.

Final Budgeted and Actual Amounts

While property taxes came in under budget due to the impact of the 2006-2007 property tax sale on revenues typically received in subsequent years and due to sales taxes and certain charges for current services being under budget as a result of a downturn in overall economic conditions, total revenues and transfers in were over budget by \$7 million. The overall increase is due to state income taxes derived from stocks and bonds exceeding expectations by approximately \$7 million and due to commissions and fees revenues exceeding budgetary expectations by \$7 million because commissions and fees of certain elected officials are excluded from the budget. Actual expenditures and other financing uses were under budget by \$6 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, 2008 amounts to \$4.5 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$114 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Utility plant in service	\$ -	\$ -	\$ 2,118,069	\$ 1,891,933	\$ 2,118,069	\$ 1,891,933
Land	191,604	162,387	17,867	16,415	209,471	178,802
Buildings and improvements	1,246,295	1,028,745	123,231	119,736	1,369,526	1,148,481
Improvements other than buildings	-	-	42,316	41,766	42,316	41,766
Furniture, machinery and equipment	304,885	286,935	43,544	42,045	348,429	328,980
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,504,122	1,477,570	-	-	1,504,122	1,477,570
Construction in progress	263,690	359,598	57,157	185,633	320,847	545,231
Less: Accumulated depreciation	(654,104)	(607,133)	(759,096)	(705,624)	(1,413,200)	(1,312,757)
Total capital assets	\$ 2,856,492	\$ 2,708,102	\$ 1,646,733	\$ 1,595,549	\$ 4,503,225	\$ 4,303,651

The total increase in the Government's investment in capital assets for the current fiscal year was 4.6% (a 5.5% increase for governmental activities and a 3.2% increase for business-type activities).

Construction of new schools and other government buildings and renovation of existing government buildings has continued in accordance with the Government's capital plan, including the completion of the Justice AA Birch Center, a new police precinct and two Parks community centers. Additionally, land increased from donated rights of way related to new developments and due to land acquisitions for Parks greenways. Additions to the utility plants for the Department of Water and Sewerage Services totaled approximately \$226 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 5,700 lane miles of streets and roads and 313 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 79% of roads and 98% of bridges meet the Government's policy, as compared to 77% of roads in 2007 and 95% of bridges in 2006.

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 \$2.2 billion. Of this amount, \$1.7 billion comprises debt backed by the full faith and credit of the Government. The remaining \$444 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	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 1,718,615	\$ 1,503,390	\$ 7,170	\$ 7,435	\$ 1,725,785	\$ 1,510,825
Deferred amounts, net	<u>42,632</u>	<u>36,837</u>	<u>454</u>	<u>481</u>	<u>43,086</u>	<u>37,318</u>
Total general obligation bonds outstanding	<u>1,761,247</u>	<u>1,540,227</u>	<u>7,624</u>	<u>7,916</u>	<u>1,768,871</u>	<u>1,548,143</u>
Revenue bonds	7,375	9,005	436,860	473,565	444,235	482,570
Deferred amounts, net	<u>(80)</u>	<u>(105)</u>	<u>4,648</u>	<u>(3,304)</u>	<u>4,568</u>	<u>(3,409)</u>
Total revenue bonds outstanding	<u>7,295</u>	<u>8,900</u>	<u>441,508</u>	<u>470,261</u>	<u>448,803</u>	<u>479,161</u>
Total general obligation and revenue bonds outstanding	<u><u>\$ 1,768,542</u></u>	<u><u>\$ 1,549,127</u></u>	<u><u>\$ 449,132</u></u>	<u><u>\$ 478,177</u></u>	<u><u>\$ 2,217,674</u></u>	<u><u>\$ 2,027,304</u></u>

The Government's total general obligation and revenue bonds outstanding increased by \$190 million (9.4%) during the current fiscal year. New debt of \$308 million was issued to provide funding to pay principal and interest of certain of the Government's maturing commercial paper notes and to provide funding for future capital expenditures, and new debt of \$187 was issued to refund the outstanding principal balances of various bonds. The increase from the new debt was offset by principal payments of \$125 million and the outstanding principal balances on the refunded debt of \$193 million. Deferred amounts related to the bond issues increased by \$13 million.

Construction commitments at June 30, 2008 totaled \$48 million for the governmental activities of the Government and \$23 million for the Department of Water and Sewerage Services.

The Government maintains an 'AA' rating from Standard & Poor's, 'AA' from Fitch, and 'Aa2' from Moody's for general obligation debt.

The ratio of general long-term debt (defined as gross debt less debt service monies available and less debt to be repaid from sources other than property taxes) to the actual value of property is 2.75%, and the amount of net debt per capita is \$2,681.96.

Additional information on the Government's long-term debt can be found in Note 5 beginning on page B-59 of this report.

Commercial paper – In August 2003, the Government instituted a general obligation commercial paper program to provide interim or short-term financing for various authorized capital projects. Commercial paper obligations of \$75 million outstanding at June 30, 2008 were subsequently rolled over into new commercial paper obligations and are considered short-term liabilities of the appropriate capital project funds and the District Energy System.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The most recent (August 2008) unemployment rate for the Nashville metropolitan area is 5.7%. The state's and nation's unemployment rates are 6.6% and 6.1%, respectively. The budget for the 2009 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 2009 fiscal year, the budget ordinance, the budget book as well as other documents are available at www.nashville.gov.

Subsequent to June 30, 2008 the national and global economies have undergone significant turmoil impacting the credit and equity markets. Investments are exposed to various risks such as interest rate, market and credit risks. Such risks, and the resulting investment security values, may be influenced by these changes in economic

conditions and market perceptions and expectations. Accordingly, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net assets for the pension trust funds.

OTHER MATTERS

In the current year the Government implemented Governmental Accounting Standard Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB). This statement requires governments to account for and report their costs and obligations related to post employment healthcare and other nonpension benefits. The unfunded accrued liability for these benefits for general government employees is \$1.8 billion, and the unfunded accrued liability for teachers is \$586 million. These benefits are currently funded on a pay-as-you-go basis and, as a result, the government recognized net OPEB obligations totaling \$137 million in the government-wide statements of net assets and activities. Additional information can be found in Note 7 beginning on page B-88 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, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 384,251,745	\$ 39,512,711	\$ 423,764,456	\$ 151,014,090
Investments	-	-	-	50,403,058
Sales tax receivable	47,595,748	-	47,595,748	-
Accounts receivable	114,093,384	26,244,511	140,337,895	186,697,068
Property taxes receivable	758,590,855	-	758,590,855	-
Allowance for doubtful accounts	(48,403,240)	(6,585,381)	(54,988,621)	(44,729,752)
Accrued interest receivable	690,287	213,335	903,622	1,478,653
Internal balances	15,838,106	(15,838,106)	-	-
Due from the primary government	-	-	-	1,023,705
Due from component units	40,029,911	781	40,030,692	-
Inventories of supplies	4,402,656	1,857,083	6,259,739	26,306,647
Other current assets	2,733,384	12,079	2,745,463	4,192,188
Restricted assets:				
Cash and cash equivalents	-	157,535,029	157,535,029	65,973,277
Investments	-	-	-	163,088,948
Accrued interest receivable	-	42,807	42,807	104,646
Accounts receivable	-	89,186	89,186	-
Due from other governmental agencies	-	3,637,346	3,637,346	7,650,272
Other restricted assets	-	405,714	405,714	1,763,208
Notes receivable	-	-	-	36,993,222
Capital assets:				
Utility plant in service	-	2,118,068,754	2,118,068,754	1,026,484,000
Land	191,604,008	17,866,931	209,470,939	221,191,343
Buildings and improvements	1,246,295,202	123,230,826	1,369,526,028	860,300,055
Improvement other than buildings	-	42,316,626	42,316,626	408,541,081
Furniture, machinery and equipment	304,884,825	43,544,182	348,429,007	229,752,762
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,504,121,629	-	1,504,121,629	15,030,788
Construction in progress	263,689,880	57,157,008	320,846,888	197,093,635
Accumulated depreciation	(654,103,997)	(759,096,185)	(1,413,200,182)	(1,061,115,719)
Other non-current assets	58,835,648	6,091,981	64,927,629	23,666,207
Total assets	4,235,150,031	1,859,952,218	6,095,102,249	2,572,903,382
<u>LIABILITIES</u>				
Accounts payable	66,390,492	7,029,618	73,420,110	172,332,813
Accrued payroll	43,779,487	2,903,628	46,683,115	10,789,505
Accrued interest	22,578,168	-	22,578,168	3,492,762
Claims payable	28,440,555	-	28,440,555	-
Due to component units	1,020,393	3,312	1,023,705	-
Due to the primary government	-	-	-	40,381,242
Customer deposits	-	2,632,941	2,632,941	12,036,038
Unearned revenue	744,187,726	731,641	744,919,367	-
Commercial paper payable	74,910,000	90,000	75,000,000	-
Other current liabilities	5,012,329	3,359,696	8,372,025	10,469,566

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, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>LIABILITIES (CONTINUED)</u>				
Liabilities payable from restricted assets:				
Accounts payable	\$ -	\$ 2,944,651	\$ 2,944,651	\$ 1,249,122
Accrued interest	-	10,066,330	10,066,330	4,498,011
Other restricted liabilities	-	4,050	4,050	-
Funds held in trust	-	-	-	186,037
Current portion of long-term liabilities	-	40,155,496	40,155,496	37,295,000
Noncurrent liabilities:				
Due within one year	135,189,794	175,000	135,364,794	7,486,419
Due in more than one year	1,929,352,429	565,904,343	2,495,256,772	889,122,385
Total liabilities	<u>3,050,861,373</u>	<u>636,000,706</u>	<u>3,686,862,079</u>	<u>1,189,338,900</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	1,044,124,652	1,160,087,955	2,204,212,607	1,089,754,446
Restricted for debt retirement	46,306,453	21,689,021	67,995,474	88,139,630
Restricted for construction	-	7,400,496	7,400,496	-
Restricted for perpetual care:				
Expendable	219,049	-	219,049	-
Nonexpendable	185,112	-	185,112	-
Restricted for other purposes	817,060	-	817,060	31,495,836
Unrestricted	92,636,332	34,774,040	127,410,372	174,174,570
Total net assets	<u>\$ 1,184,288,658</u>	<u>\$ 1,223,951,512</u>	<u>\$ 2,408,240,170</u>	<u>\$ 1,383,564,482</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, 2008

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 69,052,824	\$ 9,551,377	\$ 2,767,170	\$ -
Fiscal administration	24,837,067	4,533,035	213,254	335,315
Administration of justice	86,417,195	39,554,394	4,243,217	-
Law enforcement and care of prisoners	289,628,662	29,806,012	2,798,869	-
Fire prevention and control	148,088,948	13,619,263	121,421	-
Regulation and inspection	7,970,738	10,586,997	-	-
Conservation of natural resources	501,617	-	-	-
Public welfare	55,272,203	1,165,648	24,638,262	-
Public health and hospitals	130,294,033	13,436,196	18,587,934	-
Public library system	28,231,199	633,969	779,670	120,910
Public works, highways and streets	143,075,524	10,184,129	2,056,207	46,067,698
Recreational and cultural	72,546,790	9,245,399	490,663	2,147,249
Education	780,706,319	17,203,220	282,049,667	136,197
Interest and other debt related costs	77,628,480	-	-	-
Total governmental activities	1,914,251,599	159,519,639	338,746,334	48,807,369
Business-type activities:				
Department of Water and Sewerage Services	162,688,064	173,120,614	-	58,761,451
District Energy System	19,483,092	17,892,218	-	-
Nashville Convention Center	7,601,124	5,995,627	-	-
Board of Fair Commissioners	4,359,780	3,600,737	-	-
Farmers Market	1,161,418	862,619	-	-
Police Secondary Employment	944,492	1,162,612	-	-
Surplus Property Auction	961,464	1,120,925	-	-
Municipal Auditorium	2,051,548	1,278,660	-	-
Police Impound	1,882,234	2,611,393	-	-
School Community Education	1,192,972	243,096	-	-
Total business-type activities	202,326,188	207,888,501	-	58,761,451
Total primary government	\$ 2,116,577,787	\$ 367,408,140	\$ 338,746,334	\$ 107,568,820
Component units	\$ 1,414,754,388	\$ 1,252,449,590	\$ 182,602,819	\$ 65,740,138

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
Total general revenues and transfers
Changes in net assets
Net assets - beginning
Net assets - ending

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2008

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (56,734,277)	\$ -	\$ (56,734,277)	\$ -
(19,755,463)	-	(19,755,463)	-
(42,619,584)	-	(42,619,584)	-
(257,023,781)	-	(257,023,781)	-
(134,348,264)	-	(134,348,264)	-
2,616,259	-	2,616,259	-
(501,617)	-	(501,617)	-
(29,468,293)	-	(29,468,293)	-
(98,269,903)	-	(98,269,903)	-
(26,696,650)	-	(26,696,650)	-
(84,767,490)	-	(84,767,490)	-
(60,663,479)	-	(60,663,479)	-
(481,317,235)	-	(481,317,235)	-
(77,628,480)	-	(77,628,480)	-
<u>(1,367,178,257)</u>	<u>-</u>	<u>(1,367,178,257)</u>	<u>-</u>
-	69,194,001	69,194,001	-
-	(1,590,874)	(1,590,874)	-
-	(1,605,497)	(1,605,497)	-
-	(759,043)	(759,043)	-
-	(298,799)	(298,799)	-
-	218,120	218,120	-
-	159,461	159,461	-
-	(772,888)	(772,888)	-
-	729,159	729,159	-
-	(949,876)	(949,876)	-
<u>-</u>	<u>64,323,764</u>	<u>64,323,764</u>	<u>-</u>
<u>(1,367,178,257)</u>	<u>64,323,764</u>	<u>(1,302,854,493)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>86,038,159</u>
759,130,717	-	759,130,717	-
285,483,689	-	285,483,689	-
38,998,285	-	38,998,285	-
29,367,775	-	29,367,775	-
27,279,189	-	27,279,189	-
24,696,444	-	24,696,444	-
19,517,881	-	19,517,881	-
1,253,026	-	1,253,026	-
14,791,442	8,086,240	22,877,682	13,921,848
70,072,471	-	70,072,471	-
1,541,378	144,185	1,685,563	692,131
8,617,537	(8,617,537)	-	-
<u>1,280,749,834</u>	<u>(387,112)</u>	<u>1,280,362,722</u>	<u>14,613,979</u>
(86,428,423)	63,936,652	(22,491,771)	100,652,138
1,270,717,081	1,160,014,860	2,430,731,941	1,282,912,344
<u>\$ 1,184,288,658</u>	<u>\$ 1,223,951,512</u>	<u>\$ 2,408,240,170</u>	<u>\$ 1,383,564,482</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, 2008

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
ASSETS:				
Cash and cash equivalents	\$ 20,843,951	\$ 69,223,387	\$ 3,167,860	\$ 48,407,385
Sales tax receivable	15,719,100	28,477,646	450,969	2,948,033
Accounts receivable	64,467,881	4,331,588	12,064,682	-
Accrued interest receivable	146,960	80,918	15,924	78,214
Property tax receivable	409,926,753	224,833,356	81,191,857	28,935,489
Allowance for doubtful accounts	(30,486,775)	(3,657,871)	(13,390,811)	(640,405)
Due from other funds of the primary government	3,015,246	2,961,475	413,380	3,265
Due from component units	40,023,887	-	-	-
Inventories of supplies	295,558	902,765	-	-
Other assets	79,811	7,285	20,000	-
Total assets	\$ 524,032,372	\$ 327,160,549	\$ 83,933,861	\$ 79,731,981
LIABILITIES:				
Accounts payable	\$ 10,595,094	\$ 4,474,151	\$ 50,970	\$ 15,614
Accrued payroll	20,311,156	17,945,760	-	-
Due to other funds of the primary government	13,425,492	10,825,684	14,595	98,796
Due to component units	59,470	-	960,923	-
Deferred revenue	413,397,594	221,188,973	79,737,319	28,205,502
Commercial paper payable	-	-	-	-
Other liabilities	3,125,593	1,726	-	-
Total liabilities	460,914,399	254,436,294	80,763,807	28,319,912
FUND BALANCES (DEFICITS):				
Reserved for imprest cash and inventories	483,600	905,515	-	-
Reserved for subsequent year budgetary appropriations	200,000	19,264,100	1,408,800	10,722,000
Reserved for long-term receivable from General Hospital	28,951,993	-	-	-
Reserved for equipment acquisitions	-	-	-	-
Reserved for perpetual care	-	-	-	-
Reserved for debt service	-	-	1,761,254	40,690,069
Unreserved, reported in:				
General fund:				
Undesignated	33,482,380	-	-	-
Special revenue funds:				
Designated for specific projects	-	-	-	-
Undesignated	-	52,554,640	-	-
Capital projects funds:				
Designated for specific projects	-	-	-	-
Undesignated	-	-	-	-
Permanent funds:				
Undesignated	-	-	-	-
Total fund balances (deficits)	63,117,973	72,724,255	3,170,054	51,412,069
Total liabilities and fund balances (deficits)	\$ 524,032,372	\$ 327,160,549	\$ 83,933,861	\$ 79,731,981

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, 2008

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 2,245,853	\$ 15,984,729	\$ 20,545,149	\$ 35,506	\$ 116,375,584	\$ 296,829,404
-	-	-	-	-	47,595,748
-	237,089	-	-	29,318,924	110,420,164
-	7,306	35	49	205,673	535,079
13,703,400	-	-	-	-	758,590,855
(227,378)	-	-	-	-	(48,403,240)
1,980	710,596	6,726	5,745,719	11,946,512	24,804,899
-	-	-	-	-	40,023,887
-	-	-	-	1,049,802	2,248,125
-	-	-	-	939,789	1,046,885
<u>\$ 15,723,855</u>	<u>\$ 16,939,720</u>	<u>\$ 20,551,910</u>	<u>\$ 5,781,274</u>	<u>\$ 159,836,284</u>	<u>\$ 1,233,691,806</u>
\$ 13,421	\$ 11,017,716	\$ 12,243,688	\$ 405,469	\$ 10,147,078	\$ 48,963,201
-	4,107	-	-	1,827,472	40,088,495
1,928	2,760,558	3,192,221	271,826	8,231,481	38,822,581
-	-	-	-	-	1,020,393
13,487,330	-	-	-	3,627,971	759,644,689
-	32,046,825	42,863,175	-	-	74,910,000
-	-	-	-	1,885,010	5,012,329
<u>13,502,679</u>	<u>45,829,206</u>	<u>58,299,084</u>	<u>677,295</u>	<u>25,719,012</u>	<u>968,461,688</u>
-	-	-	-	3,379,683	4,768,798
-	-	-	-	-	31,594,900
-	-	-	-	-	28,951,993
-	-	-	-	31,648,946	31,648,946
-	-	-	-	185,112	185,112
2,221,176	-	-	-	1,633,954	46,306,453
-	-	-	-	-	33,482,380
-	-	-	-	13,837,982	13,837,982
-	-	-	-	83,212,546	135,767,186
-	-	-	5,103,979	-	5,103,979
-	(28,889,486)	(37,747,174)	-	-	(66,636,660)
-	-	-	-	219,049	219,049
<u>2,221,176</u>	<u>(28,889,486)</u>	<u>(37,747,174)</u>	<u>5,103,979</u>	<u>134,117,272</u>	<u>265,230,118</u>
<u>\$ 15,723,855</u>	<u>\$ 16,939,720</u>	<u>\$ 20,551,910</u>	<u>\$ 5,781,274</u>	<u>\$ 159,836,284</u>	<u>\$ 1,233,691,806</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, 2008

Fund balances - total governmental funds	\$ 265,230,118
<p>Amounts reported for governmental activities in the Statement of Net Assets are different from amounts reported for governmental funds in the Balance Sheet because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore not reported in governmental funds.</p>	
Capital assets	3,373,897,238
Less accumulated depreciation	(557,465,055)
<p>Net pension assets are not financial resources and therefore not reported in governmental funds.</p>	
	52,940,096
<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	(1,725,990,000)
Qualified zone academy notes payable	(5,389,367)
Less deferred charge on refunding	30,356,198
Less deferred charge for issuance costs	5,895,552
Add bond premium/discount	(72,779,558)
Accrued interest payable	(22,578,168)
Unamortized swaption proceeds	(3,080,304)
Net pension obligation	(70,295,028)
Net other postemployment benefits obligation	(137,356,000)
Compensated absences	(71,076,735)
Claims and judgments	(3,029,390)
Landfill closure costs	(8,982,343)
<p>Certain deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.</p>	
	18,537,267
<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>115,454,137</u>
Net assets - total governmental activities	<u>\$ 1,184,288,658</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, 2008

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
REVENUES:				
Property taxes	\$ 427,679,185	\$ 215,229,838	\$ 76,890,560	\$ 27,209,344
Local option sales tax	94,605,207	171,454,343	1,735,938	17,688,200
Other taxes, licenses and permits	107,221,918	4,826,627	-	-
Fines, forfeits and penalties	13,323,712	5,909	559,348	-
Revenues from the use of money or property	2,351,064	1,266,738	-	2,269,286
Revenues from other governmental agencies	92,509,134	192,945,930	2,170,724	-
Commissions and fees	29,070,315	-	-	-
Charges for current services	29,704,119	894,948	1,001,783	-
Compensation for loss, sale or damage to property	377,878	394,110	-	-
Contributions and gifts	690,744	1,534,216	-	-
Miscellaneous	1,520,969	85,403	653,218	143,357
Total revenues	799,054,245	588,638,062	83,011,571	47,310,187
EXPENDITURES:				
Current:				
General government	24,331,909	-	-	-
Fiscal administration	16,472,712	-	-	-
Administration of justice	65,699,378	-	-	-
Law enforcement and care of prisoners	222,550,295	-	-	-
Fire prevention and control	119,648,604	-	-	-
Regulation and inspection	8,581,612	-	-	-
Conservation of natural resources	456,284	-	-	-
Public welfare	8,368,409	-	-	-
Public health and hospitals	85,557,855	-	-	-
Public library system	21,830,610	-	-	-
Public works, highways and streets	37,832,716	-	-	-
Recreational and cultural	38,852,055	-	-	-
Education	-	579,337,022	-	-
Employee benefits	61,100,542	-	-	-
Miscellaneous	44,480,259	-	-	-
Debt service:				
Principal retirement	-	-	46,587,366	33,572,678
Interest	-	-	46,808,338	25,956,888
Fiscal charges	-	-	2,582,983	654,915
Bond issue costs	-	-	199,172	90,692
Capital outlay	-	-	-	-
Total expenditures	755,763,240	579,337,022	96,177,859	60,275,173
Excess (deficiency) of revenues over expenditures	43,291,005	9,301,040	(13,166,288)	(12,964,986)

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, 2008

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 9,848,407	\$ -	\$ -	\$ -	\$ 1,136,153	\$ 757,993,487
-	-	-	-	-	285,483,688
-	-	-	-	40,527,176	152,575,721
-	-	-	-	5,980,788	19,869,757
16,727	219,497	6,343	912	4,365,847	10,496,414
-	6,598,434	-	-	153,090,330	447,314,552
-	-	-	-	-	29,070,315
-	-	-	-	22,338,467	53,939,317
-	13,000	767,000	40,000	5,504	1,597,492
-	2,484,548	136,197	-	7,150,193	11,995,898
-	407,630	-	-	452,931	3,263,508
<u>9,865,134</u>	<u>9,723,109</u>	<u>909,540</u>	<u>40,912</u>	<u>235,047,389</u>	<u>1,773,600,149</u>
-	-	-	-	22,572,543	46,904,452
-	-	-	-	-	16,472,712
-	-	-	-	-	65,699,378
-	-	-	-	28,299,145	250,849,440
-	-	-	-	-	119,648,604
-	-	-	-	115,417	8,697,029
-	-	-	-	-	456,284
-	-	-	-	28,598,788	36,967,197
-	-	-	-	18,840,914	104,398,769
-	-	-	-	814,054	22,644,664
-	-	-	-	33,121,499	70,954,215
-	-	-	-	1,660,966	40,513,021
-	-	-	-	103,885,267	683,222,289
-	-	-	-	-	61,100,542
-	-	-	-	-	44,480,259
13,029,522	-	-	-	1,630,000	94,819,566
6,157,143	-	-	-	401,350	79,323,719
486,836	-	-	-	5,771	3,730,505
33,424	-	-	-	-	323,288
-	113,890,975	104,313,958	17,803,250	13,419,311	249,427,494
<u>19,706,925</u>	<u>113,890,975</u>	<u>104,313,958</u>	<u>17,803,250</u>	<u>253,365,025</u>	<u>2,000,633,427</u>
<u>(9,841,791)</u>	<u>(104,167,866)</u>	<u>(103,404,418)</u>	<u>(17,762,338)</u>	<u>(18,317,636)</u>	<u>(227,033,278)</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, 2008

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
OTHER FINANCING SOURCES (USES):				
Issuance of new bonds	\$ -	\$ -	\$ -	\$ -
Bond issue premium (discount)	-	-	-	-
Transfers in	16,696,087	3,842,007	16,103,170	3,980,001
Transfers out	<u>(57,455,113)</u>	<u>(8,780,956)</u>	<u>(7,771,000)</u>	<u>(140,763)</u>
Total other financing sources (uses)	<u>(40,759,026)</u>	<u>(4,938,949)</u>	<u>8,332,170</u>	<u>3,839,238</u>
Net change in fund balances	2,531,979	4,362,091	(4,834,118)	(9,125,748)
FUND BALANCES (DEFICITS), beginning of year	<u>60,585,994</u>	<u>68,362,164</u>	<u>8,004,172</u>	<u>60,537,817</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 63,117,973</u>	<u>\$ 72,724,255</u>	<u>\$ 3,170,054</u>	<u>\$ 51,412,069</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, 2008

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 173,425,881	\$ 96,611,856	\$ 37,962,263	\$ -	\$ 308,000,000
-	4,863,529	2,078,990	924,593	-	7,867,112
9,645,929	18,432,646	15,830,987	3,069,404	72,749,162	160,349,393
<u>(10,414)</u>	<u>(26,476,907)</u>	<u>(17,627,722)</u>	<u>(5,619,712)</u>	<u>(33,582,611)</u>	<u>(157,465,198)</u>
<u>9,635,515</u>	<u>170,245,149</u>	<u>96,894,111</u>	<u>36,336,548</u>	<u>39,166,551</u>	<u>318,751,307</u>
(206,276)	66,077,283	(6,510,307)	18,574,210	20,848,915	91,718,029
<u>2,427,452</u>	<u>(94,966,769)</u>	<u>(31,236,867)</u>	<u>(13,470,231)</u>	<u>113,268,357</u>	<u>173,512,089</u>
<u>\$ 2,221,176</u>	<u>\$ (28,889,486)</u>	<u>\$ (37,747,174)</u>	<u>\$ 5,103,979</u>	<u>\$ 134,117,272</u>	<u>\$ 265,230,118</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, 2008

Net change in fund balances - governmental funds \$ 91,718,029

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	155,498,310
Depreciation expense	(47,173,833)

Donations of capital assets increase net assets for governmental activities, but do not appear in the governmental funds because they are not financial resources.	44,172,461
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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.	(7,336,132)
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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.	15,003,411
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Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities.

Issuance of bonds	(308,000,000)
Principal repayments	94,819,566
Amortization of deferred charge on refunding	(2,550,806)
Issuance costs	323,288
Amortization of issuance costs	(392,746)
Bond premium/discount	(7,867,112)
Amortization of premium/discount	4,587,122
Change in accrued interest	1,441,843

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, 2008

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

Amortization of swaptions	\$ 172,727
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Some expenses reported for governmental activities do not require the use of current financial resources and therefore not reported as expenditures for governmental funds.

Net pension obligation	5,757,371
Net other postemployment benefits obligation	(137,356,000)
Compensated absences	(1,623,537)
Claims and judgments	1,418,963
Landfill closure costs	484,656

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.	(1,500,408)
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Internal service funds are used by management to charge the costs of certain activities to individuals funds. The net revenue (expense) of the internal service funds less those allocated to business-type activities are included in governmental activities.	<u>11,974,404</u>
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Change in net assets - governmental activities	<u><u>\$ (86,428,423)</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 434,202,600	\$ 434,202,600	\$ 427,679,185	\$ (6,523,415)
Local option sales tax	96,093,000	96,093,000	94,605,207	(1,487,793)
Other taxes, licenses and permits	102,311,200	102,311,200	107,221,918	4,910,718
Fines, forfeits and penalties	13,916,600	13,916,600	13,323,712	(592,888)
Revenues from the use of money or property	-	-	2,351,064	2,351,064
Revenues from other governmental agencies	90,386,400	90,390,650	92,509,134	2,118,484
Commissions and fees	21,804,200	21,804,200	29,070,315	7,266,115
Charges for current services	30,760,800	31,460,800	29,704,119	(1,756,681)
Compensation for loss, sale or damage to property	244,700	244,700	377,878	133,178
Contributions and gifts	597,300	622,300	690,744	68,444
Miscellaneous	1,059,000	1,059,000	1,520,969	461,969
Total revenues	791,375,800	792,105,050	799,054,245	6,949,195
EXPENDITURES:				
General government	24,779,300	25,664,500	24,331,909	1,332,591
Fiscal administration	16,577,900	17,730,250	16,472,712	1,257,538
Administration of justice	64,778,900	66,099,000	65,699,378	399,622
Law enforcement and care of prisoners	217,547,600	224,882,500	222,550,295	2,332,205
Fire prevention and control	111,964,500	118,447,000	119,648,604	(1,201,604)
Regulation and inspection	9,083,400	9,326,700	8,581,612	745,088
Conservation of natural resources	513,100	523,800	456,284	67,516
Public welfare	9,193,100	8,598,000	8,368,409	229,591
Public health and hospitals	87,649,700	88,417,600	85,557,855	2,859,745
Public library system	21,377,200	22,025,200	21,830,610	194,590
Public works, highways and streets	35,635,800	38,065,300	37,832,716	232,584
Recreational and cultural	38,300,900	38,982,800	38,852,055	130,745
Employee benefits	62,242,300	62,242,300	61,100,542	1,141,758
Miscellaneous	57,145,900	40,065,161	44,480,259	(4,415,098)
Total expenditures	756,789,600	761,070,111	755,763,240	5,306,871
Excess (deficiency) of revenues over expenditures	34,586,200	31,034,939	43,291,005	12,256,066
OTHER FINANCING SOURCES (USES):				
Transfers in	16,433,100	16,433,100	16,696,087	262,987
Transfers out	(56,632,600)	(58,282,300)	(57,455,113)	827,187
Total other financing sources (uses)	(40,199,500)	(41,849,200)	(40,759,026)	1,090,174
Net change in fund balances	(5,613,300)	(10,814,261)	2,531,979	13,346,240
FUND BALANCES, beginning of year	60,585,994	60,585,994	60,585,994	-
FUND BALANCES, end of year	\$ 54,972,694	\$ 49,771,733	\$ 63,117,973	\$ 13,346,240

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 217,545,200	\$ 217,545,200	\$ 215,229,838	\$ (2,315,362)
Local option sales tax	174,497,900	174,497,900	171,454,343	(3,043,557)
Other taxes, licenses and permits	2,932,700	2,932,700	4,826,627	1,893,927
Fines, forfeits and penalties	5,300	5,300	5,909	609
Revenues from the use of money or property	218,000	218,000	1,266,738	1,048,738
Revenues from other governmental agencies	191,853,200	191,853,200	192,945,930	1,092,730
Charges for current services	1,058,500	1,058,500	894,948	(163,552)
Compensation for loss, sale or damage to property	409,500	409,500	394,110	(15,390)
Contributions and gifts	665,000	665,000	1,534,216	869,216
Miscellaneous	155,200	155,200	85,403	(69,797)
Total revenues	589,340,500	589,340,500	588,638,062	(702,438)
EXPENDITURES:				
Education	583,785,200	589,645,600	579,337,022	10,308,578
Total expenditures	583,785,200	589,645,600	579,337,022	10,308,578
Excess (deficiency) of revenues over expenditures	5,555,300	(305,100)	9,301,040	9,606,140
OTHER FINANCING SOURCES (USES):				
Transfers in	2,205,700	2,205,700	3,842,007	1,636,307
Transfers out	(7,761,000)	(7,955,200)	(8,780,956)	(825,756)
Total other financing sources (uses)	(5,555,300)	(5,749,500)	(4,938,949)	810,551
Net change in fund balances	-	(6,054,600)	4,362,091	10,416,691
FUND BALANCES, beginning of year	68,362,164	68,362,164	68,362,164	-
FUND BALANCES, end of year	\$ 68,362,164	\$ 62,307,564	\$ 72,724,255	\$ 10,416,691

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, 2008

	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	\$ 26,356,880	\$ 6,119,929	\$ 7,035,902	\$ 39,512,711	\$ 87,422,341
Accounts receivable	23,225,551	2,300,785	718,175	26,244,511	1,558,494
Allowance for doubtful accounts	(6,544,327)	-	(41,054)	(6,585,381)	-
Accrued interest receivable	192,501	10,192	10,642	213,335	155,208
Due from other funds of the primary government	742,011	-	103,981	845,992	13,684,719
Due from component units	781	-	-	781	6,024
Inventories of supplies	1,857,083	-	-	1,857,083	2,154,531
Other current assets	1,000	-	11,079	12,079	1,686,499
Restricted assets:					
Debt service and reserve funds:					
Cash and cash equivalents	2,164,963	4,335,307	-	6,500,270	-
Accrued interest receivable	-	15,728	-	15,728	-
Other current assets	405,714	-	-	405,714	-
Construction funds:					
Cash and cash equivalents	6,743,559	562,143	-	7,305,702	-
Accounts receivable	89,186	-	-	89,186	-
Accrued interest receivable	27,079	-	-	27,079	-
Due from other governmental agencies	3,637,346	-	-	3,637,346	-
Total current assets	58,899,327	13,344,084	7,838,725	80,082,136	106,667,816
CAPITAL AND OTHER NONCURRENT ASSETS:					
Capital assets:					
Utility plant in service	2,071,272,310	46,796,444	-	2,118,068,754	-
Land	9,736,496	1,311,213	6,819,222	17,866,931	-
Buildings and improvements	31,942,408	22,249,491	69,038,927	123,230,826	615,247
Improvements other than buildings	37,871,689	273,754	4,171,183	42,316,626	-
Furniture, machinery and equipment	37,514,362	886,904	5,142,916	43,544,182	134,100,862
Property under capital lease	-	-	3,645,000	3,645,000	-
Construction work in progress	47,132,150	6,680,047	3,344,811	57,157,008	1,982,197
Less accumulated depreciation	(707,297,459)	(8,112,472)	(43,686,254)	(759,096,185)	(96,638,942)
Capital assets - net	1,528,171,956	70,085,381	48,475,805	1,646,733,142	40,059,364
Restricted assets:					
Debt service and reserve funds:					
Cash and cash equivalents	24,833,639	-	-	24,833,639	-
Construction funds:					
Cash and cash equivalents	118,895,418	-	-	118,895,418	-
Other noncurrent assets	4,720,512	1,371,469	-	6,091,981	-
Total capital and other noncurrent assets	1,676,621,525	71,456,850	48,475,805	1,796,554,180	40,059,364
Total assets	1,735,520,852	84,800,934	56,314,530	1,876,636,316	146,727,180

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, 2008

	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	\$ 4,128,334	\$ 1,442,238	\$ 1,459,046	\$ 7,029,618	\$ 10,919,828
Accrued payroll	1,805,946	-	1,097,682	2,903,628	3,690,992
Claims payable	-	-	-	-	28,440,555
Due to other funds of the primary government	332,178	4,872	2,799,300	3,136,350	1,621,443
Due to component units	-	-	3,312	3,312	-
Customer deposits	2,484,277	-	148,664	2,632,941	-
Unearned revenue	-	-	731,641	731,641	-
Current portion of capitalized lease obligations	-	-	175,000	175,000	-
Commercial paper payable	-	90,000	-	90,000	-
Other current liabilities	3,342,009	3,490	14,197	3,359,696	-
Liabilities payable from restricted assets:					
Debt service and reserve funds:					
Accrued interest payable	9,122,663	943,667	-	10,066,330	-
Current portion of long term debt	31,185,000	1,570,000	-	32,755,000	-
Construction funds:					
Accounts payable	2,944,651	-	-	2,944,651	-
Current portion of state construction loans	7,400,496	-	-	7,400,496	-
Other restricted liabilities	4,050	-	-	4,050	-
Due to other funds of the primary government	147,973	-	-	147,973	-
Total current liabilities	<u>62,897,577</u>	<u>4,054,267</u>	<u>6,428,842</u>	<u>73,380,686</u>	<u>44,672,818</u>
NONCURRENT LIABILITIES:					
Revenue bonds payable	345,329,261	63,704,045	-	409,033,306	-
General obligation bonds payable	-	7,343,889	-	7,343,889	-
State construction loans	148,247,148	-	-	148,247,148	-
Capitalized lease obligations	-	-	1,280,000	1,280,000	-
Total noncurrent liabilities	<u>493,576,409</u>	<u>71,047,934</u>	<u>1,280,000</u>	<u>565,904,343</u>	<u>-</u>
Total liabilities	<u>556,473,986</u>	<u>75,102,201</u>	<u>7,708,842</u>	<u>639,285,029</u>	<u>44,672,818</u>
NET ASSETS:					
Invested in capital assets, net of related debt	1,114,905,468	(1,838,318)	47,020,805	1,160,087,955	40,059,364
Restricted for debt retirement	18,281,653	3,407,368	-	21,689,021	-
Restricted for construction	7,400,496	-	-	7,400,496	-
Unrestricted	38,459,249	8,129,683	1,584,883	48,173,815	61,994,998
Total net assets	<u>\$ 1,179,046,866</u>	<u>\$ 9,698,733</u>	<u>\$ 48,605,688</u>	<u>1,237,351,287</u>	<u>\$ 102,054,362</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(13,399,775)	
Net assets of business-type activities				<u>\$ 1,223,951,512</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, 2008

	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	\$ 172,474,466	\$ 17,892,218	\$ 16,875,148	\$ 207,241,832	\$ 282,046,699
Other	851,997	-	521	852,518	1,249,421
Total operating revenues	<u>173,326,463</u>	<u>17,892,218</u>	<u>16,875,669</u>	<u>208,094,350</u>	<u>283,296,120</u>
OPERATING EXPENSES:					
Personal services	39,292,029	100,235	8,941,393	48,333,657	36,255,866
Contractual services	34,840,582	13,709,442	7,930,440	56,480,464	42,001,660
Supplies and materials	8,804,644	187,314	594,654	9,586,612	15,366,924
Depreciation	49,560,705	1,962,826	2,012,500	53,536,031	13,512,831
Amortization	83,926	55,002	-	138,928	-
Compensation for damages to property	-	-	-	-	(80,767)
Medical and insurance benefits	-	-	-	-	170,684,945
Other	5,478,744	35,350	631,156	6,145,250	5,225,519
Total operating expenses	<u>138,060,630</u>	<u>16,050,169</u>	<u>20,110,143</u>	<u>174,220,942</u>	<u>282,966,978</u>
OPERATING INCOME (LOSS)	<u>35,265,833</u>	<u>1,842,049</u>	<u>(3,234,474)</u>	<u>33,873,408</u>	<u>329,142</u>
NONOPERATING REVENUE (EXPENSE):					
Investment income	7,391,600	404,665	289,975	8,086,240	3,199,565
Interest expense	(23,824,347)	(3,466,708)	(174,936)	(27,465,991)	(50,949)
Gain (loss) on sale of property	144,185	-	-	144,185	169,376
Other	(205,849)	-	-	(205,849)	280,743
Total nonoperating revenue (expense)	<u>(16,494,411)</u>	<u>(3,062,043)</u>	<u>115,039</u>	<u>(19,441,415)</u>	<u>3,598,735</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	<u>18,771,422</u>	<u>(1,219,994)</u>	<u>(3,119,435)</u>	<u>14,431,993</u>	<u>3,927,877</u>
CAPITAL GRANTS AND CONTRIBUTIONS	58,761,451	-	-	58,761,451	-
TRANSFERS IN	-	3,860,233	5,166,978	9,027,211	30,803,371
TRANSFERS OUT	<u>(16,310,029)</u>	<u>(228,090)</u>	<u>(1,106,629)</u>	<u>(17,644,748)</u>	<u>(23,396,099)</u>
CHANGE IN NET ASSETS	61,222,844	2,412,149	940,914	<u>64,575,907</u>	11,335,149
NET ASSETS, beginning of year	<u>1,117,824,022</u>	<u>7,286,584</u>	<u>47,664,774</u>		<u>90,719,213</u>
NET ASSETS, end of year	<u>\$ 1,179,046,866</u>	<u>\$ 9,698,733</u>	<u>\$ 48,605,688</u>		<u>\$ 102,054,362</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(639,255)</u>	
Change in net assets of business-type activities				<u>\$ 63,936,652</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, 2008

	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	\$ 174,915,067	\$ 18,001,306	\$ 16,816,084	\$ 209,732,457	\$ 273,468,915
Payments to suppliers	(53,978,618)	(16,021,495)	(8,801,666)	(78,801,779)	(228,590,210)
Payments to employees	(39,217,307)	(100,235)	(8,949,877)	(48,267,419)	(36,371,281)
Other receipts (payments)	6,374,584	-	-	6,374,584	280,743
Net cash provided by (used in) operating activities	88,093,726	1,879,576	(935,459)	89,037,843	8,788,167
Cash flows from noncapital financing activities:					
Transfers in	-	3,860,233	5,166,978	9,027,211	30,796,824
Transfers out	(16,310,029)	(228,090)	(998,117)	(17,536,236)	(23,389,552)
Advances from other funds of the primary government	-	-	-	-	822,600
Payments to other funds of the primary government	-	-	(343,419)	(343,419)	-
Interest paid	-	-	(84,408)	(84,408)	(49,355)
Net cash provided by (used in) non-capital financing activities	(16,310,029)	3,632,143	3,741,034	(8,936,852)	8,180,517
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(54,454,989)	(1,118,148)	(3,820,620)	(59,393,757)	(17,120,086)
Proceeds from the sale of property	144,185	-	-	144,185	548,015
Proceeds from borrowings	33,106,494	-	-	33,106,494	-
Payments on borrowings	(32,238,600)	(1,520,000)	(165,000)	(33,923,600)	-
Interest paid	(30,146,378)	(3,482,746)	(91,105)	(33,720,229)	-
Capital contributions received	17,734,931	-	-	17,734,931	-
Net cash provided by (used in) capital and related financing activities	(65,854,357)	(6,120,894)	(4,076,725)	(76,051,976)	(16,572,071)
Cash flows from investing activities:					
Proceeds from the sale and maturities of investments	74,465,834	4,439,841	-	78,905,675	-
Interest on investments	7,518,648	429,827	310,412	8,258,887	3,366,746
Net cash provided by (used in) investing activities	81,984,482	4,869,668	310,412	87,164,562	3,366,746
Net changes in cash and cash equivalents	87,913,822	4,260,493	(960,738)	91,213,577	3,763,359
Cash and cash equivalents at beginning of year	91,080,637	6,756,886	7,996,640	105,834,163	83,658,982
Cash and cash equivalents at end of year	\$ 178,994,459	\$ 11,017,379	\$ 7,035,902	\$ 197,047,740	\$ 87,422,341
Cash and cash equivalents are classified as:					
Current assets	\$ 26,356,880	\$ 6,119,929	\$ 7,035,902	\$ 39,512,711	\$ 87,422,341
Current restricted assets debt service and reserve funds	2,164,963	4,335,307	-	6,500,270	-
Current restricted assets construction funds	6,743,559	562,143	-	7,305,702	-
Noncurrent restricted assets debt service and reserve funds	24,833,639	-	-	24,833,639	-
Noncurrent restricted assets construction funds	118,895,418	-	-	118,895,418	-
Cash and cash equivalents at end of year	\$ 178,994,459	\$ 11,017,379	\$ 7,035,902	\$ 197,047,740	\$ 87,422,341

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, 2008

	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)	\$ 35,265,833	\$ 1,842,049	\$ (3,234,474)	\$ 33,873,408	\$ 329,142
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	49,644,631	1,913,328	2,012,500	53,570,459	13,512,831
Provision for doubtful accounts	4,500,000	-	(34,505)	4,465,495	-
Other receipts (payments)	(205,849)	-	-	(205,849)	280,743
Changes in assets and liabilities:					
Accounts receivable	(1,455,668)	213,592	241,078	(1,000,998)	(1,418,970)
Due from other funds of the primary government	(439,867)	-	(59,953)	(499,820)	(5,644,637)
Due from component units	-	-	-	-	4,681
Inventories of supplies	(80,437)	-	-	(80,437)	(352,600)
Other current assets	3,957,004	182,419	(6,850)	4,132,573	(229,496)
Due from other governmental agencies	7,970,171	-	-	7,970,171	-
Accounts payable	(10,252,955)	(302,879)	195,301	(10,360,533)	(1,074,639)
Accrued payroll	74,722	-	(8,484)	66,238	(1,334,186)
Claims payable	-	-	-	-	7,932,997
Due to other funds of the primary government	(414,115)	(9,908)	169,919	(254,104)	(3,217,699)
Due to component units	-	-	2,679	2,679	-
Customer deposits	(603,731)	-	(30,881)	(634,612)	-
Unearned revenue	-	-	(175,712)	(175,712)	-
Commercial paper payable	-	(1,959,025)	-	(1,959,025)	-
Other current liabilities	133,987	-	(6,077)	127,910	-
Total adjustments	52,827,893	37,527	2,299,015	55,164,435	8,459,025
Net cash provided by (used in) operating activities	\$ 88,093,726	\$ 1,879,576	\$ (935,459)	\$ 89,037,843	\$ 8,788,167
<u>Non-Cash Capital, Financing and Investing Activities:</u>					
Contributions of capital assets	\$ 41,026,520	\$ -	\$ -	\$ 41,026,520	\$ -

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, 2008

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Total Governmental Types
<u>ASSETS</u>				
Cash and cash equivalents	\$ 82,721	\$ 16,313	\$ 6,522,270	\$ 6,621,304
Investments	-	-	314,558	314,558
Accounts receivable	-	2,875	266,203	269,078
Allowance for doubtful accounts	-	-	-	-
Accrued interest receivable	-	-	3,713	3,713
Due from the primary government	-	-	1,021,869	1,021,869
Inventories of supplies	-	-	-	-
Other current assets	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governmental agencies	-	-	-	-
Other restricted assets	-	-	-	-
Notes receivable	-	-	-	-
Capital assets:				
Utility plant in service	-	-	-	-
Land	-	-	61,892,387	61,892,387
Buildings and improvements	-	-	358,933,712	358,933,712
Improvements other than buildings	100,350	-	1,452,071	1,552,421
Furniture, machinery and equipment	64,690	-	9,278,821	9,343,511
Infrastructure	-	-	-	-
Construction work in progress	19,344	-	2,547,925	2,567,269
Less accumulated depreciation	(158,202)	-	(86,385,480)	(86,543,682)
Other noncurrent assets	-	-	607,947	607,947
	<u>108,903</u>	<u>19,188</u>	<u>356,455,996</u>	<u>356,584,087</u>
Total assets	<u>108,903</u>	<u>19,188</u>	<u>356,455,996</u>	<u>356,584,087</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, 2008

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
General Hospital	Bordeaux Long Term Care	Total		
\$ 421,139	\$ 858,711	\$ 1,279,850	\$ 20,731,094	\$ 94,776,000
-	-	-	37,506,763	-
56,254,783	3,980,104	60,234,887	4,658,156	117,816,000
(42,820,000)	(1,025,115)	(43,845,115)	-	(687,000)
-	-	-	538,251	836,000
-	2,461	2,461	-	-
1,903,530	386,548	2,290,078	4,763,717	17,496,000
364,718	134,269	498,987	614,118	1,650,000
-	186,037	186,037	-	22,791,000
-	-	-	1,230,418	127,985,000
-	-	-	-	-
-	-	-	-	-
-	-	-	36,443,222	550,000
-	-	-	-	1,026,484,000
-	-	-	44,177,752	1,139,000
49,874,921	20,116,116	69,991,037	215,646,704	42,974,000
-	523,885	523,885	-	-
29,492,291	4,554,339	34,046,630	5,427,907	78,031,000
-	-	-	15,030,788	-
3,684,216	5,934	3,690,150	42,192,424	64,940,000
(37,193,806)	(13,617,886)	(50,811,692)	(115,554,415)	(438,549,000)
-	-	-	736,052	3,300,000
<u>61,981,792</u>	<u>16,105,403</u>	<u>78,087,195</u>	<u>314,142,951</u>	<u>1,161,532,000</u>

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

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2008

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,906,203	\$ 24,844,223	\$ 855,416
Investments	-	6,689,797	5,891,940
Accounts receivable	573,277	2,506,799	638,246
Allowance for doubtful accounts	(84,896)	(112,741)	-
Accrued interest receivable	-	100,689	-
Due from the primary government	-	-	-
Inventories of supplies	1,310,517	446,335	-
Other current assets	217,065	1,212,018	-
Restricted assets:			
Cash and cash equivalents	-	42,996,240	-
Investments	-	33,873,530	-
Accrued interest receivable	-	104,646	-
Due from other governmental agencies	5,543,568	2,106,704	-
Other restricted assets	-	1,763,208	-
Notes receivable	-	-	-
Capital assets:			
Utility plant in service	-	-	-
Land	14,621,239	99,360,965	-
Buildings and improvements	16,482,295	156,272,307	-
Improvements other than buildings	-	406,464,775	-
Furniture, machinery and equipment	52,567,692	44,528,367	5,807,655
Infrastructure	-	-	-
Construction work in progress	35,255,834	48,447,958	-
Less accumulated depreciation	(33,751,797)	(334,246,562)	(1,658,571)
Other noncurrent assets	1,868,722	17,153,486	-
	<u>96,509,719</u>	<u>554,512,744</u>	<u>11,534,686</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, 2008

Total Proprietary Types	Total Component Units
\$ 144,392,786	\$ 151,014,090
50,088,500	50,403,058
186,427,365	186,696,443
(44,729,752)	(44,729,752)
1,474,940	1,478,653
2,461	1,024,330
26,306,647	26,306,647
4,192,188	4,192,188
65,973,277	65,973,277
163,088,948	163,088,948
104,646	104,646
7,650,272	7,650,272
1,763,208	1,763,208
36,993,222	36,993,222
1,026,484,000	1,026,484,000
159,298,956	221,191,343
501,366,343	860,300,055
406,988,660	408,541,081
220,409,251	229,752,762
15,030,788	15,030,788
194,526,366	197,093,635
(974,572,037)	(1,061,115,719)
23,058,260	23,666,207
2,216,319,295	2,572,903,382

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, 2008

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Total Governmental Types
<u>LIABILITIES</u>				
Accounts payable	\$ 66,394	\$ -	\$ 1,927,736	\$ 1,994,130
Accrued payroll	-	-	6,243	6,243
Due to the primary government	-	-	1,229	1,229
Customer deposits	-	-	-	-
Current portion of long-term liabilities	-	-	3,235,000	3,235,000
Current portion of capitalized lease obligations	-	-	-	-
Accrued interest	-	-	1,755,762	1,755,762
Other current liabilities	-	-	-	-
Liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Accrued interest	-	-	-	-
Funds held in trust	-	-	-	-
Current portion of long-term liabilities	-	-	-	-
Revenue bonds payable	-	-	69,360,780	69,360,780
Capitalized lease obligations	-	-	-	-
TVA advances	-	-	-	-
Other long-term liabilities	-	-	-	-
	<u>66,394</u>	<u>-</u>	<u>76,286,750</u>	<u>76,353,144</u>
Total liabilities				
<u>NET ASSETS (DEFICIT)</u>				
Invested in capital assets, net of related debt	26,183	-	275,123,656	275,149,839
Restricted for debt retirement	-	-	-	-
Restricted for other purposes	-	12,000	-	12,000
Unrestricted	16,326	7,188	5,045,590	5,069,104
	<u>42,509</u>	<u>19,188</u>	<u>280,169,246</u>	<u>280,230,943</u>
Total net assets (deficit)				

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2008

Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
General Hospital	Bordeaux Long Term Care	Total		
\$ 5,147,939	\$ 1,121,944	\$ 6,269,883	\$ 11,160,919	\$ 132,992,000
3,814,462	2,321,984	6,136,446	662,609	-
30,381,401	44,107	30,425,508	8,376,330	-
-	-	-	255,038	11,781,000
-	-	-	2,445,243	-
1,214,556	-	1,214,556	-	-
-	-	-	-	1,737,000
893,227	-	893,227	5,454,144	1,023,000
-	-	-	-	-
-	-	-	-	-
-	186,037	186,037	-	-
-	-	-	-	13,875,000
-	-	-	2,603,758	524,099,000
36,505,229	-	36,505,229	-	-
-	-	-	-	550,000
11,609,616	-	11,609,616	5,496,941	3,376,000
<u>89,566,430</u>	<u>3,674,072</u>	<u>93,240,502</u>	<u>36,454,982</u>	<u>689,433,000</u>
(3,471,779)	11,582,388	8,110,609	189,702,740	339,793,000
-	-	-	-	48,265,000
-	-	-	1,115,651	-
(24,112,859)	848,943	(23,263,916)	86,869,578	84,041,000
<u>\$ (27,584,638)</u>	<u>\$ 12,431,331</u>	<u>\$ (15,153,307)</u>	<u>\$ 277,687,969</u>	<u>\$ 472,099,000</u>

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

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2008

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
<u>LIABILITIES</u>			
Accounts payable	\$ 5,539,596	\$ 13,163,279	\$ 1,213,006
Accrued payroll	1,316,415	2,667,792	-
Due to the primary government	1,578,175	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	-	448,000	-
Current portion of capitalized lease obligations	143,620	-	-
Accrued interest	-	-	-
Other current liabilities	3,099,195	-	-
Liabilities payable from restricted assets:			
Accounts payable	-	1,249,122	-
Accrued interest	-	4,498,011	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	-	23,420,000	-
Revenue bonds payable	-	205,411,129	-
Capitalized lease obligations	77,190	-	-
TVA advances	-	-	-
Other long-term liabilities	9,033,727	20,999,015	-
	<u>20,787,918</u>	<u>271,856,348</u>	<u>1,213,006</u>
Total liabilities			
<u>NET ASSETS (DEFICIT)</u>			
Invested in capital assets, net of related debt	74,260,134	198,589,040	4,149,084
Restricted for debt retirement	-	39,874,630	-
Restricted for other purposes	-	30,368,185	-
Unrestricted	1,461,667	13,824,541	6,172,596
	<u>1,461,667</u>	<u>13,824,541</u>	<u>6,172,596</u>
Total net assets (deficit)	<u>\$ 75,721,801</u>	<u>\$ 282,656,396</u>	<u>\$ 10,321,680</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, 2008

Total Proprietary Types	Total Component Units
\$ 170,338,683	\$ 172,332,813
10,783,262	10,789,505
40,380,013	40,381,242
12,036,038	12,036,038
2,893,243	6,128,243
1,358,176	1,358,176
1,737,000	3,492,762
10,469,566	10,469,566
1,249,122	1,249,122
4,498,011	4,498,011
186,037	186,037
37,295,000	37,295,000
732,113,887	801,474,667
36,582,419	36,582,419
550,000	550,000
<u>50,515,299</u>	<u>50,515,299</u>
<u>1,112,985,756</u>	<u>1,189,338,900</u>
814,604,607	1,089,754,446
88,139,630	88,139,630
31,483,836	31,495,836
<u>169,105,466</u>	<u>174,174,570</u>
<u>\$ 1,103,333,539</u>	<u>\$ 1,383,564,482</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, 2008

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 680,591	\$ 605,990	\$ -	\$ 63,963
Gulch Business Improvement District, Inc.	27,337	34,525	12,000	-
Sports Authority	31,708,977	2,536,440	13,682,351	12,104,948
General Hospital	101,513,993	54,515,435	34,926,983	1,512,532
Bordeaux Long Term Care	44,512,627	26,887,634	14,884,348	72,658
Metropolitan Development and Housing Agency	92,074,179	26,945,360	72,074,452	18,953,137
Electric Power Board	1,003,210,000	1,030,953,000	-	-
Metropolitan Transit Authority	51,201,886	10,067,635	24,718,580	33,032,900
Metropolitan Nashville Airport Authority	87,063,875	93,411,098	22,299,530	-
Emergency Communications District	2,760,923	6,492,473	4,575	-
Total component units	\$ 1,414,754,388	\$ 1,252,449,590	\$ 182,602,819	\$ 65,740,138

General revenues:

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

Total general revenues

Changes in net assets

Net assets - beginning

Net assets - ending

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2008

Net (Expense) Revenue and Changes in Net Assets						
Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Total Governmental Types	Hospital Authority		
				General Hospital	Bordeaux Long Term Care	Total
\$ (10,638)	\$ -	\$ -	\$ (10,638)	\$ -	\$ -	\$ -
-	19,188	-	19,188	-	-	-
-	-	(3,385,238)	(3,385,238)	-	-	-
-	-	-	-	(10,559,043)	-	(10,559,043)
-	-	-	-	-	(2,667,987)	(2,667,987)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(10,638)</u>	<u>19,188</u>	<u>(3,385,238)</u>	<u>(3,376,688)</u>	<u>(10,559,043)</u>	<u>(2,667,987)</u>	<u>(13,227,030)</u>
8,646	-	240,429	249,075	-	166,556	166,556
-	-	664,595	664,595	-	-	-
<u>8,646</u>	<u>-</u>	<u>905,024</u>	<u>913,670</u>	<u>-</u>	<u>166,556</u>	<u>166,556</u>
(1,992)	19,188	(2,480,214)	(2,463,018)	(10,559,043)	(2,501,431)	(13,060,474)
44,501	-	282,649,460	282,693,961	(17,025,595)	14,932,762	(2,092,833)
<u>\$ 42,509</u>	<u>\$ 19,188</u>	<u>\$ 280,169,246</u>	<u>\$ 280,230,943</u>	<u>\$ (27,584,638)</u>	<u>\$ 12,431,331</u>	<u>\$ (15,153,307)</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, 2008

	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	-	-	-	-
General Hospital	-	-	-	-
Bordeaux Long Term Care	-	-	-	-
Metropolitan Development and Housing Agency	25,898,770	-	-	-
Electric Power Board	-	27,743,000	-	-
Metropolitan Transit Authority	-	-	16,617,229	-
Metropolitan Nashville Airport Authority	-	-	-	28,646,753
Emergency Communications District	-	-	-	-
Total component units	25,898,770	27,743,000	16,617,229	28,646,753
General revenues:				
Revenues from the use of money or property	2,732,269	5,736,000	268,922	4,603,766
Compensation for loss, sale or damage to property	-	-	-	27,536
Total general revenues	2,732,269	5,736,000	268,922	4,631,302
Changes in net assets	28,631,039	33,479,000	16,886,151	33,278,055
Net assets - beginning	249,056,930	438,620,000	58,835,650	249,378,341
Net assets - ending	<u>\$ 277,687,969</u>	<u>\$ 472,099,000</u>	<u>\$ 75,721,801</u>	<u>\$ 282,656,396</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, 2008

Net (Expense) Revenue and Changes in Net Assets		
Emergency Communications District	Total Proprietary Types	Total Component Units
\$ -	\$ -	\$ (10,638)
-	-	19,188
-	-	(3,385,238)
-	(10,559,043)	(10,559,043)
-	(2,667,987)	(2,667,987)
-	25,898,770	25,898,770
-	27,743,000	27,743,000
-	16,617,229	16,617,229
-	28,646,753	28,646,753
3,736,125	3,736,125	3,736,125
<u>3,736,125</u>	<u>89,414,847</u>	<u>86,038,159</u>
165,260	13,672,773	13,921,848
-	27,536	692,131
<u>165,260</u>	<u>13,700,309</u>	<u>14,613,979</u>
3,901,385	103,115,156	100,652,138
<u>6,420,295</u>	<u>1,000,218,383</u>	<u>1,282,912,344</u>
<u>\$ 10,321,680</u>	<u>\$ 1,103,333,539</u>	<u>\$ 1,383,564,482</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 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 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 NFL Stadium. The Sports Authority administers and manages these facilities and sports projects for the Government. The Government is responsible for the annual funding for both the Nashville Arena and NFL Stadium. The underlying credit for the Sports Authority Revenue bonds is a pledge on the non-tax revenues of the Government's General Fund, and the Government is required to approve debt issuances of the Sports Authority. The Sports Authority does not issue separate financial statements. A Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for its only fund are included in the Component Units section with reconciliations of those statements to the Statement of Net Assets – Component Units and Statement of Activities – Component Units included in the basic financial statements.

The **Hospital Authority** operates General Hospital (a full service medical facility) and Bordeaux Long Term Care (a long-term care facility) for the residents of Nashville and Davidson County. The Hospital Authority was created in March 1999 to operate both entities, which were previously accounted for as enterprise funds of the Government. Effective October 1, 2004, Bordeaux Long Term Care absorbed the operations of the J.B. Knowles Home for the Aged which was previously accounted for in the General Fund of the Government. The 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 GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 37210.

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. with a December 31 year end.

The primary government includes \$40,030,692 due from component units in the Statement of Net Assets. The component units include \$40,381,242 as due to the primary government. The difference of \$350,450 is due to advances to the Metropolitan Development and Housing Agency made subsequent to the Agency's year end.

B. Accounting Pronouncements

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The Government plans to adopt GASB Statement No. 52, Land and Other Real Estate Held as Investments by Endowments, required for fiscal periods beginning after June 15, 2008, in fiscal 2009. This Statement requires endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.

The Government plans to adopt 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.

Unless otherwise noted, management is in the process of determining the effects that the adoption of these Statements will have on the Government's financial statements.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. Statement of Net Assets and Statement of Activities) report information on all of the non-fiduciary activities of the Government and its component units. Except for interfund services provided and used, all material interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and pension (and other employee benefit) trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which the levy is assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

enough thereafter to pay liabilities of the current period. For this purpose, the Government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or up to one year for grant revenues. Property taxes, sales tax, franchise taxes, licenses, interest and grant revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as receivables in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to sick pay, compensated absences and other long-term commitments and contingencies are recorded only when payment is due.

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

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Government has elected not to apply any Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds. The Metropolitan Nashville Airport Authority, a component unit, has elected to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

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

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

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

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

The Government reports the following major governmental funds:

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

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

The **GSD General Purposes Debt Service Fund** is used to account for the accumulation of resources and the payment of principal and interest for the General Services District general obligation debt.

The **GSD School Purposes Debt Service Fund** is used to account for the accumulation of resources and the payment of principal and interest for the debt related to schools.

The **USD General Purposes Debt Service Fund** is used to account for the accumulation of resources and the payment of principal and interest for the Urban Services District general obligation debt.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2008, these services include fleet management, information systems, radio maintenance, insurance, central storeroom, postal services, facilities planning and construction, treasury management, human resources, finance, general services, printing and internal audit.

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, and funds held by the Sheriff's Department for inmates.

E. Assets, Liabilities and Net Assets or Equity

Cash and cash equivalents - Cash and cash equivalents include amounts in demand deposits and highly liquid short-term investments with maturity dates within three months of the date of acquisition. The cash and cash equivalents of various funds and component units of the Government are invested in pooled accounts. Funds or component units with negative cash and cash equivalents report the negative amount as due to other funds of the primary government or due to component units, and the funds or component units lending funds report an offsetting due from other funds of the primary government or due from component units. Investment income earned on funds invested in pooled accounts is allocated to the respective funds and component units on the basis of relative balances.

Investments - Investments, except in the pension funds, consist primarily of U.S. Government securities and are stated at fair value. Pension fund investments, which also include common stocks, bonds and U.S. Government and other domestic and foreign securities, are stated at quoted fair value at June 30, 2008. The Government and certain component units also invest in the Tennessee Local Government Investment Pool which is maintained and managed by the State of Tennessee. This Pool is not registered with the Securities and Exchange Commission (SEC) but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the Government's investments in the Pool have been determined based on the Pool's share price. Investment income consists of realized and unrealized appreciation or depreciation in the fair value of assets. Investment income of the capital projects funds is reported in those funds and is transferred to the debt service funds after arbitrage calculations, as applicable.

Annuities - Annuities are recorded at the estimated present value of future benefits, which approximates fair value at June 30, 2008.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$4.3 million for the year ended June 30, 2008.

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, 2008. The claims liabilities are based on the estimated cost of settling the claim, including nonincremental claim adjustments, using past experience and adjusting for current conditions. Losses for uninsured judgments against the Government payable from governmental funds not expected to be liquidated with expendable available resources are reported in the applicable governmental activities in the Statements of Net Assets and Activities.

Compensated absences - General policy of the Metropolitan Civil Service Commission permits the accumulation, within certain limitations, of unused vacation days and sick leave. Vacation days may accumulate to an amount equal to three times the current annual vacation accrual rate. Although sick pay may accumulate, no amounts are vested in the event of employee termination. Unused earned vacation pay that is due and payable, such as after employees' resignations or retirements, is reported in the governmental funds. Accumulated unpaid vacation pay related to governmental fund type operations that has not matured is reported in the applicable governmental activities in the Statements of Net Assets and Activities, but is not a governmental fund liability, because it is not expected to be liquidated with expendable available resources. Accumulated unpaid vacation pay related to proprietary fund type operations is reported as a liability in the appropriate individual proprietary funds.

The policy of the Metropolitan Nashville Public Schools allows employees to accumulate sick leave without limitation. In addition, the Board allows vesting of accumulated sick leave depending on length of service beyond 15 years. Vested sick leave for Metropolitan Nashville Public Schools employees is reported in the applicable governmental activity in the Statements of Net Assets and Activities, but is not a governmental fund liability, because it is not expected to be liquidated with expendable available resources. Accumulated unpaid vacation pay related to proprietary fund type operations is reported as a liability in the appropriate individual proprietary funds.

Arbitrage rebates - For the governmental funds, arbitrage rebates due to the federal government under the Internal Revenue Code of 1986, as amended, for excess earnings on invested proceeds of tax exempt securities are reported as a liability in the Statements of Net Assets and Activities and as a reservation of fund balance in the

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$8,982,343.

Bordeaux Sanitary Landfill - This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$3,450,200 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 \$2,339,958 are included in the long-term liability.

Due West Landfill - This landfill has stopped accepting waste, and closing procedures are 100% complete. Estimated postclosure costs of \$2,243,101 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 \$949,084 are included in the long-term liability.

These estimates are based on an independent evaluation of the cost to perform all closure and care. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Closure and care financial requirements are expected to be met by the operations of the Solid Waste Operations Fund. To the extent the Solid Waste Operations Fund operations create a deficit, the General Fund is required to fund its operations.

Bond premiums, discounts and issuance costs - In the governmental funds, bond premiums, discounts and issuance costs are treated as other financing sources or uses or expenditures in the year of issue. In the government-wide and proprietary fund statements, bond premiums, discounts and issuance costs are deferred and amortized over the term of the related bonds.

Swaptions - In the governmental funds, swaption proceeds are reported as other financing sources. In the government-wide statements, proceeds from swaptions are deferred and amortized over the term of the related bonds.

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

F. Revenues, Expenditures and Expenses

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

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

Passenger facility charges - On January 1, 1993, the airlines began collecting a Passenger Facility Charge (PFC) on qualifying enplaning passengers at Nashville International Airport on behalf of the Airport Authority. PFC's are fees imposed on enplaning passengers by airports to finance eligible airport related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such a system, or furnish opportunities for enhanced competition between or among air carriers. Both the fee and intended projects must be reviewed and approved by the Federal Aviation Administration (FAA). Federal guidance on the PFC program has been updated from time to time since 1993, and the current maximum fee that can be authorized through federal regulation is \$4.50 per enplaning passenger. The Authority received approval to impose a \$3 PFC. PFC's are recorded as program revenues in the Statement of Activities. PFC revenue during the year ended June 30, 2008 totaled \$12,836,344.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Airfield development	\$ 172,827,695
Terminal development	26,727,200
Land acquisition	<u>62,124,236</u>
	<u>\$ 261,679,131</u>

As of June 30, 2008, cumulative expenditures to date on approved PFC projects totaled \$168,567,627.

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 is a \$4.00 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 the right to pledge the CFC proceeds as collateral security for the payment of any debt obligations incurred by the Airport Authority in connection with the planning, design, construction, financing, maintenance and operation of the CONRAC Facility. CFC's are recorded as program revenues in the Statement of Activities. CFC revenue during the year ended June 30, 2008 totaled \$4,259,428. Restricted net assets relating to CFC's totaled \$3,249,892 at June 30, 2008 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.

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

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

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

Payments are due by February 28 of the following year and are delinquent on March 1. Property taxes receivable have been included in the Balance Sheet - Governmental Funds with offsetting deferred revenue to reflect amounts not available at June 30, 2008. Amounts available at June 30, 2008 have been recorded as revenue in the governmental fund statements. Current tax collections of \$717,920,126 for the fiscal year ended June 30, 2008 were approximately 99% of the tax levy.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Of the \$758,590,855 property tax receivable, \$741,714,427 represents the 2008 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. Change in Component Unit Presentation

The audited financial statements for the Industrial Development Board, a component unit of the Government, were not completed in time for inclusion in the Government's financial statements. Because the Industrial Development Board is not material to the reporting entity, it has been excluded from the Government's financial statements. Accordingly, beginning net assets for component units of \$1,283,165,536 as previously reported has been changed to \$1,282,912,344 to reflect the exclusion.

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, 2008.

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 March 25.
3. Copies of the Mayor's proposed budget and budget message are distributed to interested persons, and a summary of the budget is published in the area daily newspaper. The budget is a public record open for public inspection.
4. The Metropolitan Council's Budget and Finance Committee holds hearings with the officers, departments, boards, commissions and other agencies to explore the impact of the recommended operating budget and to explore other departmental budget options. In addition, advertised public hearings are held to obtain taxpayers' comments prior to final passage.
5. The budget is legally enacted effective July 1 through passage of an ordinance by the Metropolitan Council. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and fund balance.
6. The amounts in the adopted operating budgets for each organizational unit, purpose or activity constitute the annual appropriation for such items, and no expenditure can be made which will result in the annual appropriation being exceeded unless an additional appropriation is made.
7. The Metropolitan Council may make appropriations in addition to those contained in the current operating budgets, but any such additional appropriations may be made only from an existing unappropriated surplus in the fund to which it applies.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2008-2009 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number BL 2008-174. Unreserved and undesignated fund balance resources at June 30, 2008 have been appropriated to the 2008-2009 fiscal year operating budget as follows:

General Services District General Fund	\$ 200,000
General Purpose School Fund	19,264,100
General Services District General Purposes Debt Service Fund	1,408,800
General Services District School Purposes Debt Service Fund	10,722,000

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, 2008 were as follows:

	<u>Outstanding Encumbrances</u>
General Fund	\$ 928,883
Special Revenue Funds:	
General Purpose School	447,110
Metropolitan Action Commission	258,425
General Government Services	125,022
Recreational and Cultural Services	22,865
General Fund 4% Reserve	1,031,584
Law Enforcement and Justice Services	87,506
Solid Waste Operations	563,325
Stormwater Operations	2,285,578
Library Services	3,121
Health Services	40,758
Education Services	1,242,802
Infrastructure Services	238,015
Nashville Career Advancement Center	32,627
Public Works Services	120,180
Capital Projects Funds:	
GSD Capital Projects	32,498,797
Education Capital Projects	11,557,772
USD Capital Projects	4,085,197

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

C. Deficit Balances and Excess Expenditures

The following funds have deficit balances at June 30, 2008:

	Undesignated Fund Balance/ Unrestricted Net Assets	Reserved/ Invested in Capital Assets, Net of Related Debt/ Restricted for Debt Retirement/ Held in Trust	Total Fund Balances/ Total Net Assets
Special Revenue Funds:			
Metropolitan Action Commission	\$ (103,290)	\$ -	\$ (103,290)
Nashville Career Advancement Center	(99,024)	-	(99,024)
Regulation and Inspection Services	(111,734)	-	(111,734)
Capital Projects Funds:			
GSD Capital Projects	(28,889,486)	-	(28,889,486)
Education Capital Projects	(37,747,174)	-	(37,747,174)
Enterprise Funds:			
Surplus Property Auction	(254,165)	-	(254,165)
Municipal Auditorium	(48,740)	2,670,350	2,621,610
Police Impound	(1,906,898)	-	(1,906,898)
Internal Service Funds:			
Office of Fleet Management	(837,228)	33,534,171	32,696,943
Injured on Duty	(829,331)	-	(829,331)
Treasury Management	(43,482)	-	(43,482)
General Services	(229,128)	303,460	74,332

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2008, the Government exceeded the budgeted level of expenditures at the department or significant line item level as follows:

Budgeted Unit	Budget	Actual	Variance
General Fund:			
General Services District:			
General Government:			
County Register of Deeds	\$ 2,462,900	\$ 2,893,697	\$ (430,797)
Administration of Justice:			
District Attorney	5,190,600	5,192,141	(1,541)
Circuit Court Clerk	9,609,700	10,156,096	(546,396)
State Trial Courts	8,688,600	8,816,225	(127,625)
Fire Prevention and Control:			
Fire Department	50,987,500	50,998,653	(11,153)
Employee Benefits:			
Employer's Contribution for Group Life Insurance	1,369,100	1,408,955	(39,855)
Miscellaneous:			
Subsidies	22,630,133	23,419,459	(789,326)
Administration and Internal Support	12,693,528	16,553,567	(3,860,039)
Transfers Out:			
GSD General Purpose Debt Service	3,564,000	3,564,025	(25)
Nonmajor Governmental Funds	39,521,700	39,745,143	(223,443)
Nonmajor Enterprise Funds	1,236,200	1,238,933	(2,733)
Internal Service Funds	773,400	905,000	(131,600)
Fiduciary Funds	-	30,762	(30,762)
Urban Services District:			
Fire Prevention and Control:			
Fire Department	67,459,500	68,649,951	(1,190,451)
General Purpose School Fund:			
Transfers Out	7,955,200	8,780,956	(825,756)
GSD General Purposes Debt Service Fund:			
Principal Retirement	46,544,500	46,587,366	(42,866)
Interest	42,157,500	46,808,338	(4,650,838)
Fiscal Charges	1,369,000	2,582,983	(1,213,983)
Bond Issue Costs	-	199,172	(199,172)
Transfers Out	7,765,600	7,771,000	(5,400)
GSD School Purposes Debt Service Fund:			
Principal Retirement	33,142,000	33,572,678	(430,678)
Interest	25,212,400	25,956,888	(744,488)
Bond Issue Costs	-	90,692	(90,692)
Transfers Out	-	140,763	(140,763)
USD General Purposes Debt Service Fund:			
Principal Retirement	13,028,800	13,029,522	(722)
Interest	5,991,600	6,157,143	(165,543)
Fiscal Charges	211,000	486,836	(275,836)
Bond Issue Costs	-	33,424	(33,424)
Transfers Out	-	10,414	(10,414)

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

The District Attorney, State Trial Courts, and Fire Department experienced unanticipated operational needs late in the fiscal year that resulted in budget overages.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Employee benefits are controlled as a whole, and as a whole, were under budget. Employer's Contribution for Group Life Insurance was over budget due to more employees retiring than anticipated; the life insurance rate for retirees is higher than the rate for active employees.

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.

The budget for General Fund GSD Administration and Internal Support included budget savings to be realized over various expenditures. These savings were achieved throughout various General Fund departments.

Transfers Out to the GSD General Purposes Debt Service Fund were over budget due to revision in the amount of the transfer needed.

Transfers Out to Nonmajor Governmental Funds were over budget due to required transfers to the General Fund 4% Reserve Fund exceeding anticipated amounts as a result of certain revenues exceeding the budget.

Transfers Out to Nonmajor Enterprise Funds were over budget due to an unbudgeted transfer from Social Services to the School Community Education Fund for classes provided to employees of Social Services.

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

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

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

Expenditures for the GSD and USD General Purposes and GSD School Purposes Debt Service Funds are not controlled on a line item basis. The Funds are over budget due to commercial paper interest, which is not budgeted since the interest is funded through future bond proceeds, and due to the timing of these bond issues. Also, costs related to bond issues are not budgeted.

NOTE 3 - DEPOSITS AND INVESTMENTS

Primary Government

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

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. As of June 30, 2008, all deposits were insured or collateralized, as required by Government policy.

B. Investments

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

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

As of June 30, 2008, the Government had the following investments:

Investment Type	Fair Value	Average Weighted Maturity (in Years)
Metro Investment Pool:		
Tennessee Local Government Investment Pool	\$ 529,195,006	0.22
Total Metro Investment Pool (a)	<u>\$ 529,195,006</u>	
Separate Portfolios:		
U.S. Treasuries	\$ 45,254,431	-
Federal Home Loan Bank Obligations	578,416	0.19
Tennessee Local Government Investment Pool	<u>1,723,142</u>	0.22
Total Separate Portfolios (a)	<u>\$ 47,555,989</u>	
Metropolitan Employees' Benefit Trust:		
U.S. Government Bonds	\$ 52,660,046	5.74
U.S. Government Agencies	61,699,130	4.57
Foreign Government Agencies	1,656,254	2.96
Government Mortgage Backed Securities	129,857,968	4.19
Corporate Bonds and Notes	289,104,578	8.16
Common Stock (b)	1,184,218,645	(c)
Preferred Stock	10,599,378	(c)
Commercial Mortgage Backed Securities	41,138,515	4.75
Collateralized Mortgage Obligations	34,042,992	1.49
Asset Backed Securities	22,546,642	3.47
Mortgages and Real Estate	152,095,648	(c)
Warrants and Options	2,347,143	(c)
Venture Capital and Partnerships	49,223,659	(c)
Cash Collateral Received - Securities Lending Program	<u>260,825,986</u>	(c)
Total Metropolitan Employees' Benefit Trust	<u>\$ 2,292,016,584</u>	
Teachers' Retirement Plan:		
Corporate Bonds and Notes	\$ 17,382,067	4.65
U.S. Government Agencies	33,639	8.39
Common Stock	45,525,667	(c)
Preferred Stock	62,382	(c)
Convertible Equity	183,825	(c)
Cash Collateral Received - Securities Lending Program	<u>17,045,696</u>	(c)
Total Teachers' Retirement Plan	<u>\$ 80,233,276</u>	

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

(b) The Metropolitan Employees' Benefit Trust investment portfolio contains \$10,935,892 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Investment Policy places 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, 2008, the investments of the Government had average weighted maturities as noted on the preceding table.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Government's Investment Policy limits its investments in corporate obligations to prime banker acceptances which are eligible for purchase by the federal reserve system and commercial paper which is rated at least A1 or the equivalent by at least two nationally recognized rating agencies. The investment policy for the Metropolitan Employee's Benefit Trust limits fixed income managers to investment grade debt but allows the Core Plus manager to invest up to 20% in low grade securities. The Core Plus fixed income portfolio accounts for less than 7% of plan assets and less than 25% of the fixed income allocation. The investment policy for the Teachers' Retirement Plan only allows investment grade debt. As of June, 30, 2008, the investments of the Government had credit ratings as follows:

Investment Type	Fair Value	Credit Ratings						
		AAA	AA	A	BBB	BB	B	Not Rated
Metropolitan Employees' Benefit Trust:								
Corporate Bonds and Notes	\$ 289,104,578	\$ 6,485,863	\$ 14,309,469	\$ 29,602,979	\$ 25,592,738	\$ 297,928	\$ -	\$ 212,815,601
Commercial Mortgage Backed Securities	41,138,515	33,452,191	98,267	-	-	-	-	7,588,057
Collateralized Mortgage Obligations	34,042,992	30,655,885	10,378	14,854	453,163	-	-	2,908,712
Asset Backed Securities	22,546,642	21,545,165	71,773	822,031	-	-	-	107,673
Foreign Government Agencies	1,656,254	-	-	-	-	-	-	1,656,254
Total Metropolitan Employees' Benefit Trust	<u>\$ 388,488,981</u>	<u>\$ 92,139,104</u>	<u>\$ 14,489,887</u>	<u>\$ 30,439,864</u>	<u>\$ 26,045,901</u>	<u>\$ 297,928</u>	<u>\$ -</u>	<u>\$ 225,076,297</u>
Teachers' Retirement Plan:								
Corporate Bonds and Notes	\$ 17,382,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,382,067
Total Teachers' Retirement Plan	<u>\$ 17,382,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,382,067</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, 2008, 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, 2008, 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, 2008, the Government's exposure to foreign currency risk is as follows:

<u>Base Currency</u>	<u>Fair Value</u>
Common Stock:	
Australian dollar	\$ 16,054,855
Canadian dollar	6,972,618
Danish krone	5,751,724
Euro	117,877,862
Hong Kong dollar	9,950,662
Israel New Sheqel	569,533
Mexican peso	442,052
Norwegian krone	3,261,959
Pound sterling	58,305,783
Real	674,316
Rupiah	403,119
Singapore dollar	8,986,832
Swedish krona	816,195
Swiss franc	22,049,958
Yen	<u>65,432,199</u>
 Total Common Stock	 <u>317,549,667</u>
Preferred Stock:	
Real	3,935,303
Euro	<u>5,877,109</u>
 Total Preferred Stock	 <u>9,812,412</u>
 Total Metropolitan Employees' Benefit Trust	 <u>\$ 327,362,079</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, Northern Trust (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, 2008 was approximately 60 days. Cash collateral is invested in a short term investment pool. The relationship between the maturities of the investment pool and the system's loans is affected by the maturities of the securities loans made by other entities that use the Custodian's pool, which the system cannot determine. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term. As the loans are terminable at will, the duration of the investments generally did not match the duration of the investments made with the cash collateral.

The collateral held and the market value of the securities on loan as of June 30, 2008 was \$260,825,986 and \$253,193,990, respectively, for the Trust, and \$17,045,696 and \$16,566,678, 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, 2008 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 \$12,317,907 and the related expenses were \$9,309,653 in borrowers rebates and \$902,337 in agent fees, netting \$2,105,917 in securities lending income for the Trust. The gross earnings for securities lending were \$263,770 and the related expenses were \$200,090 in borrowers rebates and \$19,074 in agent fees, netting \$44,606 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 which participates in the Metro Investment Pool of the primary government. Certain component units are subject to the same investment risks as the primary government. The degrees of risk regarding investments and the policies addressing each type of risk vary with each component unit as noted in their separately issued financial statements.

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

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

Primary Government

Governmental Activities:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	\$ 162,386,985	\$ 29,217,023	\$ -	\$ 191,604,008
Transportation infrastructure	1,382,847,060	22,574,522	-	1,405,421,582
Construction in progress	<u>359,597,682</u>	<u>133,893,226</u>	<u>(229,801,028)</u>	<u>263,689,880</u>
Total capital assets, not being depreciated	<u>1,904,831,727</u>	<u>185,684,771</u>	<u>(229,801,028)</u>	<u>1,860,715,470</u>
Capital assets, being depreciated:				
Buildings and improvements	1,028,744,625	227,906,958	(10,356,381)	1,246,295,202
Furniture, machinery and equipment	286,935,254	30,194,801	(12,245,230)	304,884,825
Stormwater infrastructure	<u>94,723,295</u>	<u>3,976,752</u>	<u>-</u>	<u>98,700,047</u>
Total capital assets, being depreciated	<u>1,410,403,174</u>	<u>262,078,511</u>	<u>(22,601,611)</u>	<u>1,649,880,074</u>
Less accumulated depreciation:				
Building and improvements	(387,702,526)	(31,196,569)	3,863,057	(415,036,038)
Furniture, machinery and equipment	(193,530,539)	(27,589,110)	9,852,387	(211,267,262)
Stormwater infrastructure	<u>(25,899,712)</u>	<u>(1,900,985)</u>	<u>-</u>	<u>(27,800,697)</u>
Total accumulated depreciation	<u>(607,132,777)</u>	<u>(60,686,664)</u>	<u>13,715,444</u>	<u>(654,103,997)</u>
Total capital assets, being depreciated, net	<u>803,270,397</u>	<u>201,391,847</u>	<u>(8,886,167)</u>	<u>995,776,077</u>
Governmental activities capital assets, net	<u>\$ 2,708,102,124</u>	<u>\$ 387,076,618</u>	<u>\$ (238,687,195)</u>	<u>\$ 2,856,491,547</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, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	\$ 16,414,407	\$ 1,452,524	\$ -	\$ 17,866,931
Construction in progress	185,633,409	59,150,092	(187,626,493)	57,157,008
Total capital assets, not being depreciated	<u>202,047,816</u>	<u>60,602,616</u>	<u>(187,626,493)</u>	<u>75,023,939</u>
Capital assets, being depreciated:				
Utility plant in service	1,891,932,540	243,684,130	(17,547,916)	2,118,068,754
Buildings and improvements	119,736,350	3,544,068	(49,592)	123,230,826
Improvements other than buildings	41,766,375	550,251	-	42,316,626
Furniture, machinery and equipment	42,045,309	1,554,763	(55,890)	43,544,182
Property under capital lease	3,645,000	-	-	3,645,000
Total capital assets, being depreciated	<u>2,099,125,574</u>	<u>249,333,212</u>	<u>(17,653,398)</u>	<u>2,330,805,388</u>
Less accumulated depreciation:				
Utility plant in service	(578,197,065)	(47,272,982)	-	(625,470,047)
Buildings and improvements	(58,258,957)	(3,037,331)	49,593	(61,246,695)
Improvements other than buildings	(31,570,131)	(1,303,260)	-	(32,873,391)
Furniture, machinery and equipment	(36,588,498)	(1,831,333)	14,748	(38,405,083)
Property under capital lease	(1,009,844)	(91,125)	-	(1,100,969)
Total accumulated depreciation	<u>(705,624,495)</u>	<u>(53,536,031)</u>	<u>64,341</u>	<u>(759,096,185)</u>
Total capital assets, being depreciated, net	<u>1,393,501,079</u>	<u>195,797,181</u>	<u>(17,589,057)</u>	<u>1,571,709,203</u>
Business-type activities capital assets, net	<u>\$ 1,595,548,895</u>	<u>\$ 256,399,797</u>	<u>\$ (205,215,550)</u>	<u>\$ 1,646,733,142</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	\$ 6,865,381
Fiscal administration	1,527,749
Administration of justice	1,103,438
Law enforcement and care of prisoners	4,782,401
Fire prevention and control	859,833
Education	21,507,679
Regulation and inspection	5,494
Public welfare	223,848
Public health and hospitals	653,418
Public library system	2,251,824
Public works, highways and streets, including depreciation of stormwater infrastructure	3,797,856
Recreational and cultural	3,594,912
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>13,512,831</u>
Total depreciation expense, governmental activities	<u>\$ 60,686,664</u>
Business-type activities:	
Department of Water and Sewerage Services	\$ 49,560,705
District Energy System	1,962,826
Nashville Convention Center	1,312,438
Board of Fair Commissioners	432,527
Farmers Market	130,713
Municipal Auditorium	<u>136,822</u>
Total depreciation expense, business-type activities	<u>\$ 53,536,031</u>

Component Units

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	\$ 217,367,305	\$ 3,824,038	\$ -	\$ 221,191,343
Construction in progress	<u>165,896,241</u>	<u>140,257,185</u>	<u>(109,059,791)</u>	<u>197,093,635</u>
Total capital assets, not being depreciated	<u>383,263,546</u>	<u>144,081,223</u>	<u>(109,059,791)</u>	<u>418,284,978</u>
Capital assets, being depreciated:				
Utility plant in service	975,909,000	57,720,000	(7,145,000)	1,026,484,000
Buildings and improvements	796,605,347	65,839,725	(2,145,017)	860,300,055
Improvements other than buildings	389,558,548	18,982,533	-	408,541,081
Furniture, machinery and equipment	204,403,643	30,169,263	(4,820,144)	229,752,762
Infrastructure	<u>11,238,363</u>	<u>3,792,425</u>	<u>-</u>	<u>15,030,788</u>
Total capital assets, being depreciated	<u>2,377,714,901</u>	<u>176,503,946</u>	<u>(14,110,161)</u>	<u>2,540,108,686</u>

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

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Less accumulated depreciation for:				
Utility plant in service	\$ (352,974,000)	\$ (34,251,000)	\$ 13,337,000	\$ (373,888,000)
Buildings and improvements	(288,974,444)	(26,356,189)	2,136,226	(313,194,407)
Improvements other than buildings	(226,826,741)	(12,114,838)	-	(238,941,579)
Furniture, machinery and equipment	(109,964,112)	(20,417,853)	4,621,361	(125,760,604)
Infrastructure	(8,931,429)	(399,700)	-	(9,331,129)
Total accumulated depreciation	(987,670,726)	(93,539,580)	20,094,587	(1,061,115,719)
Total capital assets, being depreciated, net	1,390,044,175	82,964,366	5,984,426	1,478,992,967
Component units activities capital assets, net	\$ 1,773,307,721	227,045,589	(103,075,365)	\$ 1,897,277,945

NOTE 5 - BONDS, NOTES AND OTHER OBLIGATIONS

Primary Government

A. Transaction Summary

Bonds, notes and other obligations activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental activities:					
General obligation bonds and notes payable:					
General Services District	\$ 850,604,708	\$ 173,425,881	\$ (46,587,366)	\$ 977,443,223	\$ 43,699,844
Schools	524,432,336	96,611,856	(33,158,112)	587,886,080	30,550,745
Urban Services District	128,352,956	37,962,263	(13,029,522)	153,285,697	9,299,411
Deferred charge/premium, net	36,837,166	7,867,112	(2,071,804)	42,632,474	-
Total general obligation bonds and notes payable	1,540,227,166	315,867,112	(94,846,804)	1,761,247,474	83,550,000
Limited obligation revenue bonds payable:					
Correctional Facility Revenue Bonds	9,005,000	-	(1,630,000)	7,375,000	1,710,000
Deferred charge/premium, net	(104,686)	-	25,124	(79,562)	-
Total limited obligation revenue bonds payable	8,900,314	-	(1,604,876)	7,295,438	1,710,000
Qualified zone academy notes payable:					
Qualified Zone Academy Notes	5,803,933	-	(414,566)	5,389,367	414,566
Deferred charge/premium, net	(139,916)	-	10,364	(129,552)	-
Total qualified zone academy notes payable	5,664,017	-	(404,202)	5,259,815	414,566

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

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental activities: (Continued)					
Other obligations payable:					
Net pension obligation	\$ 76,052,399	\$ 93,057,463	\$ (98,814,834)	\$ 70,295,028	\$ -
Net other postemployment benefits obligation	-	202,590,000	(65,234,000)	137,356,000	-
Compensated absences	69,453,198	54,670,508	(53,046,971)	71,076,735	45,957,218
Claims and judgments	4,448,353	718,387	(2,137,350)	3,029,390	3,029,390
Landfill closure costs	9,466,999	-	(484,656)	8,982,343	528,620
Total other obligations payable	159,420,949	351,036,358	(219,717,811)	290,739,496	49,515,228
Total governmental activities long-term liabilities	\$ 1,714,212,446	\$ 666,903,470	\$ (316,573,693)	\$ 2,064,542,223	\$ 135,189,794
Business-type activities:					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 409,260,000	\$ 186,720,000	\$ (222,170,000)	\$ 373,810,000	\$ 31,185,000
Deferred charge/premium, net	(5,325,451)	11,080,350	(3,050,638)	2,704,261	-
State construction loans	126,836,070	32,280,174	(3,468,600)	155,647,644	7,400,496
Total Department of Water and Sewerage Services	530,770,619	230,080,524	(228,689,238)	532,161,905	38,585,496
District Energy System:					
Revenue bonds payable	64,305,000	-	(1,255,000)	63,050,000	1,290,000
Deferred charge/premium, net	2,021,036	-	(76,992)	1,944,044	-
General obligation bonds payable	7,435,000	-	(265,000)	7,170,000	280,000
Deferred charge/premium, net	481,398	-	(27,508)	453,890	-
Total District Energy System	74,242,434	-	(1,624,500)	72,617,934	1,570,000
Farmers Market:					
Capitalized lease obligations payable	1,620,000	-	(165,000)	1,455,000	175,000
Total business-type activities long-term liabilities	\$ 606,633,053	\$ 230,080,524	\$ (230,478,738)	\$ 606,234,839	\$ 40,330,496

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

B. Description of Amounts Payable

Amounts payable at June 30, 2008 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 May 15, 2030	3.25 - 6.00%	\$ 977,443,223
General Services District - School Purposes, due in varying amounts to May 15, 2030	3.25 - 5.50%	587,886,080
Urban Services District - General Purposes, due in varying amounts to May 15, 2030	3.25 - 6.00%	153,285,697
Deferred charge/premium, net		42,632,474
Total general obligation bonds and notes payable from ad valorem taxes		1,761,247,474
Limited obligation revenue bonds payable:		
Correctional Facility Revenue Bonds, due in varying amounts to September 1, 2011	4.00 - 5.00%	7,375,000
Deferred charge/premium, net		(79,562)
Total limited obligation revenue bonds payable		7,295,438
Qualified zone academy notes payable:		
Qualified Zone Academy Notes, due in varying amounts to December 28, 2020	N/A	5,389,367
Deferred charge/premium, net		(129,552)
Total qualified zone academy notes payable		5,259,815
Other obligations payable:		
Net pension obligation		70,295,028
Net other postemployment benefits obligation		137,356,000
Compensated absences		71,076,735
Claims and judgments		3,029,390
Landfill closure		8,982,343
Total other obligations payable		290,739,496
Total governmental activities long-term liabilities		\$ 2,064,542,223
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%	\$ 94,700,000
Department of Water and Sewerage Revenue Bonds, Series 1993, due in varying amounts to January 1, 2013	5.20 - 6.50%	36,975,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 1998A, due in varying amounts to January 1, 2022	4.625 - 5.00%	9,190,000
Department of Water and Sewerage Revenue Bonds, Series 1998B, due in varying amounts to January 1, 2014	4.45 - 5.25%	18,400,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2002, due in varying amounts to January 1, 2016	5.125%	27,825,000

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

	Interest Rate	Amount
Business-type activities: (Continued)		
Bonds payable: (Continued)		
Department of Water and Sewerage Revenue Refunding Bonds, Series 2007, due in varying amounts to January 1, 2016	4.25 - 5.00%	\$ 36,240,000
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%	27,950,000
Deferred charge/premium, net		2,704,261
Total Department of Water and Sewerage Services		376,514,261
District Energy System Revenue Bonds, Series 2002A, due in varying amounts to October 1, 2033	3.00 - 5.00%	63,050,000
District Energy System G. O. Multi-purpose Bonds, Series 2005A, due in varying amounts to January 1, 2025	4.25 - 5.25%	7,170,000
Deferred charge/premium, net		2,397,934
Total District Energy System		72,617,934
Total bonds payable		449,132,195
Department of Water and Sewerage Services - state construction loans	2.82 - 5.52%	155,647,644
Farmers Market - capitalized lease obligations payable	7.50%	1,455,000
Total business-type activities long-term liabilities		\$ 606,234,839

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

Governmental activities:

Noncurrent liabilities:

Due within one year	\$ 135,189,794
Due in more than one year	1,929,352,429

Total governmental activities \$ 2,064,542,223

Business-type activities:

Liabilities payable from restricted assets:

Current portion of long-term liabilities	\$ 40,155,496
Noncurrent liabilities:	
Due within one year	175,000
Due in more than one year	565,904,343

Total business-type activities \$ 606,234,839

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, 2008, 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, 2008 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
2009	\$ 83,830,000	\$ 80,975,583	\$ 1,710,000	\$ 326,000	\$ 32,475,000	\$ 22,697,947	\$ 118,015,000	\$ 103,999,530
2010	83,970,000	79,876,776	1,795,000	238,375	34,700,000	21,872,299	120,465,000	101,987,450
2011	85,715,000	75,750,015	1,885,000	146,375	36,895,000	19,496,834	124,495,000	95,393,224
2012	80,795,000	71,906,317	1,985,000	49,625	39,080,000	17,087,632	121,860,000	89,043,574
2013	81,685,000	67,941,683	-	-	41,745,000	14,420,854	123,430,000	82,362,537
2014-2018	437,565,000	278,302,269	-	-	145,465,000	43,634,781	583,030,000	321,937,050
2019-2023	479,815,000	167,626,144	-	-	69,845,000	18,394,361	549,660,000	186,020,505
2024-2028	382,230,000	48,314,257	-	-	14,510,000	7,394,650	396,740,000	55,708,907
2029-2033	10,180,000	692,095	-	-	17,990,000	3,375,000	28,170,000	4,067,095
2034	-	-	-	-	4,155,000	103,875	4,155,000	103,875
Total	1,725,785,000	871,385,139	7,375,000	760,375	436,860,000	168,478,233	2,170,020,000	1,040,623,747
Deferred Charge/ Premium	43,086,364	-	(79,562)	-	4,648,305	-	47,655,107	-
Total	\$ 1,768,871,364	\$ 871,385,139	\$ 7,295,438	\$ 760,375	\$ 441,508,305	\$ 168,478,233	\$ 2,217,675,107	\$ 1,040,623,747

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

F. Commercial Paper

In August 2003, the Government instituted a general obligation commercial paper (bond anticipation note) program. Commercial paper notes are issued to provide interim or short-term financing of various authorized capital projects. The notes may be refunded with new notes (rollover notes) until the Government is prepared to issue long-term bonds and thereby provide permanent financing for the capital projects financed under the commercial paper program. Through June 30, 2007, the Government provided "self-liquidity" for the program, meaning if the commercial paper dealer was ever unable to market notes in the amount needed to pay the maturing notes, the Government would purchase the rollover notes as an investment within the Metropolitan Government Investment Pool. The Government would continue to hold the notes until the commercial paper dealer was able to successfully market additional rollover notes and thereby pay the rollover notes held by the Government. Effective July 11, 2007, the Government 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.

Commercial paper is issued as federally tax-exempt notes. The commercial paper is sold at par as interest-bearing obligations in minimum denominations of \$100,000 with interest payable at maturity. The commercial paper has varying maturities of not more than two years from the initial dates of issuance. Interest rates vary depending on the market. At June 30, 2008, the amount of principal outstanding could not exceed \$400 million.

Commercial paper obligations of \$75,000,000 with interest rates ranging from 1.58% to 1.65% were outstanding at June 30, 2008. These obligations were refunded subsequent to year-end with rollover notes. The obligations are considered short-term debt at June 30, 2008 and are recorded as a liability in the Capital Project Funds and the District Energy System of the Government.

Short-term debt activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008
Commercial paper payable	\$ 150,000,000	\$ 1,117,000,000	\$ (1,192,000,000)	\$ 75,000,000
Total short-term debt	<u>\$ 150,000,000</u>	<u>\$ 1,117,000,000</u>	<u>\$ (1,192,000,000)</u>	<u>\$ 75,000,000</u>

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

Governmental activities:	
Commercial paper payable	\$ 74,910,000
Total governmental activities	<u>74,910,000</u>
Business-type activities:	
Commercial paper payable	<u>90,000</u>
Total business-type activities	<u>90,000</u>
Total commercial paper payable	<u>\$ 75,000,000</u>

G. General Obligation Bonds

On March 15, 2008, the Government issued \$308,000,000 General Obligation Bonds, Series 2008A, maturing on January 1, 2028, with interest rates ranging from 4.00% to 5.00%. These bonds 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 bonds totaled \$315,512,912 (net of original issue premium, underwriting

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

fees and other issuance costs); \$275,663,960 was deposited with the commercial paper paying agent, and \$39,848,952 was deposited with the Government.

H. Advance and Current Refunding of Bonds

On July 15, 2007, the Government issued \$36,240,000 Water and Sewer Revenue Refunding Bonds, Series 2007 (Series 2007 Bonds), maturing on January 1, 2016, with interest rates ranging from 4.25% to 5.00%. These bonds refunded certain maturities of the Water and Sewer Revenue Refunding Bonds, Series 1986, maturing January 1, 2016, and all maturities of the Water and Sewer Revenue Refunding Bonds, Series 1996, maturing January 1, 2009 through January 1, 2014. As a result, the refunded Bonds are considered to be defeased. By issuing the new bonds, the Government obtained an estimated economic gain (difference between the present values of the debt service payments on the defeased and new debt) of \$2,491,142. The refunding will reduce the Government's debt service payments over the next eight years by an estimated \$2,966,593.

On February 15, 2008, the Government issued \$122,530,000 Water and Sewer Revenue Refunding Bonds, Series 2008A (Series 2008A Bonds), maturing January 1, 2022, with interest rates ranging from 3.25% to 5.25%, and \$27,950,000 Water and Sewer Revenue Refunding Bonds, Series 2008B (Series 2008B Bonds), maturing on January 1, 2016, with interest rates ranging from 3.45% to 4.84%. These bonds refunded certain maturities of the Water and Sewer Revenue Refunding Bonds, Series 1998A, maturing January 1, 2011 through January 1, 2019, Water and Sewer Revenue Bonds, Series 1998B, maturing January 1, 2011 through January 1, 2012, and Water and Sewer Revenue Refunding Bonds, Series 1986, maturing January 1, 2016. As a result, the refunded Bonds are considered to be defeased. By issuing the new bonds, the Government obtained an estimated economic gain (difference between the present values of the debt service payments on the defeased and new debt) of \$7,254,285. The refunding will reduce the Government's debt service payments over the next 14 years by an estimated \$10,772,820.

In prior years, the Government has defeased certain other obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service requirements on the retired bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Government's financial statements. As of June 30, 2008, \$293,385,000 of general obligation bonds and \$227,930,000 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.

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.

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

QZAB note principal maturities at June 30, 2008 are summarized below:

Year Ending June 30	Principal	Investment Credit (1)
2009	\$ 414,566	\$ 97,031
2010	414,566	97,031
2011	414,566	97,031
2012	414,566	97,031
2013	414,566	97,031
2014-2018	2,072,835	485,156
2019-2020	<u>1,243,702</u>	<u>291,094</u>
Total qualified zone academy notes payable	<u>\$ 5,389,367</u>	<u>\$ 1,261,405</u>

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

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

As of June 30, 2008, the Department has entered into 23 loan agreements with the Tennessee Department of Conservation and the Tennessee Local Development Authority under the State of Tennessee's Revolving Fund Loan Program to provide financing for all or a portion of certain wastewater facility projects. Interest on the loans begins to accrue upon the first receipt of the loan proceeds and is computed at the rate established by the Authority (between 2.82% and 5.52% at June 30, 2008). 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, 2008, 16 of the project loans have been fully funded and the Department has begun repaying the loans in accordance with the specified payment schedules. Principal on eight of the loans has been fully paid, and the remaining eight loans, which total \$154,953,153 at June 30, 2008, call for monthly payments of principal and interest of approximately \$1,000,000.

State construction loan principal maturities as of June 30, 2008 are summarized below:

Year Ending June 30	Principal	Interest
2009	\$ 7,400,496	\$ 4,869,144
2010	7,662,000	4,607,652
2011	7,933,332	4,336,308
2012	8,214,852	4,054,800
2013	8,506,944	3,762,696
2014-2018	44,208,588	14,127,384
2019-2023	35,564,291	12,804,039
2023-2027	<u>36,157,141</u>	<u>2,513,250</u>
Total state construction loans	<u>\$ 155,647,644</u>	<u>\$ 51,075,273</u>

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

L. Swaption

In connection with the anticipated future issuance of variable rate bonds to synthetically advance refund its outstanding General Obligation Public Improvement Bonds, Series 1996, on May 4, 2004 the Government competitively bid the sale of a pay-fixed, receive-variable Securities Industry and Financial Market Association (SIFMA), formerly the Bond Market Association, swaption (Swaption). This transaction generated debt service savings in the form of an upfront payment of \$3,800,000. The Swaption was sold on an SIFMA floating to fixed interest rate swap and, when it was exercised by the winning bidder (Counterparty), the Government was placed into a variable to fixed interest rate swap. The fixed swap rate (5.4%) was set at a rate that, when added to estimated remarketing and liquidity costs, will approximate the coupons of the refunded bonds.

The Counterparty exercised the agreement on March 13, 2006, and the swap commenced on May 15, 2006. The Government issued General Obligation Refunding Bonds, Series 2006A, with an initial variable interest rate of 3.60%, on May 15, 2006. Under the terms of the Swaption agreement, the Government pays a net fixed rate to the Counterparty. The Counterparty remits to the Government at the SIFMA rate. The Government then services the 2006A Bonds at the SIFMA rate. The SIFMA rate at June 30, 2008 was 1.55%. The estimated fair market value of this contract was \$8,957,873 at June 30, 2008.

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

M. Unissued Bonds or Notes

At June 30, 2008, authorized but unissued general obligation bonds totaled \$614,744,211. Commercial paper borrowings are used to fund capital spending prior to the issuance of bonds.

Component Units

A. Transaction Summary

Bonds, notes and other liabilities activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental types:					
Revenue bonds payable:					
Sports Authority	\$ 75,544,712	\$ -	\$ (2,948,932)	\$ 72,595,780	\$ 3,235,000
Total revenue bonds payable - governmental types	<u>75,544,712</u>	<u>-</u>	<u>(2,948,932)</u>	<u>72,595,780</u>	<u>3,235,000</u>
Proprietary types:					
Revenue bonds payable:					
Metropolitan Development and Housing Agency	5,297,026	81,732	(1,360,000)	4,018,758	1,415,000
Electric Power Board	440,582,000	197,553,000	(100,161,000)	537,974,000	14,279,000
Metropolitan Nashville Airport Authority	240,586,012	76,024,942	(87,779,825)	228,831,129	23,420,000
Total revenue bonds payable - proprietary types	<u>686,465,038</u>	<u>273,659,674</u>	<u>(189,300,825)</u>	<u>770,823,887</u>	<u>39,114,000</u>
Notes payable:					
Metropolitan Development and Housing Agency:					
Notes payable	2,395,507	2,427,825	-	4,823,332	1,030,243
Metropolitan Nashville Airport Authority:					
Notes payable	409,553	8,960,000	(648,220)	8,721,333	448,000
Total notes payable - proprietary types	<u>2,805,060</u>	<u>11,387,825</u>	<u>(648,220)</u>	<u>13,544,665</u>	<u>1,478,243</u>
Total revenue bonds and notes payable	<u>764,814,810</u>	<u>285,047,499</u>	<u>(192,897,977)</u>	<u>856,964,332</u>	<u>43,827,243</u>

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

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Proprietary types: (Continued)					
Other liabilities payable:					
Hospital Authority:					
Capitalized lease obligation	\$ 38,846,916	\$ -	\$ (1,127,131)	\$ 37,719,785	\$ 1,214,557
Other liabilities	9,396,159	2,213,457	-	11,609,616	-
Metropolitan Development and Housing Agency:					
Other liabilities	1,608,019	1,703,852	(1,608,019)	1,703,852	-
Electric Power Board:					
TVA Advances and Other	3,767,000	4,776,000	(4,617,000)	3,926,000	-
Metropolitan Transit Authority:					
Capitalized lease obligation	370,235	-	(149,425)	220,810	143,620
Deferred lease revenue	-	6,500,000	-	6,500,000	-
Other postemployment benefits obligation	-	2,533,727	-	2,533,727	-
Metropolitan Nashville Airport Authority:					
Synthetic Advance Refunding, Series 2001	4,095,791	-	(787,172)	3,308,619	-
Fair value of derivative financial instruments	1,169,988	1,690,402	-	2,860,390	-
Deferred interest income	3,305,261	-	(1,260,568)	2,044,693	-
Other postemployment benefits obligation	-	2,529,829	-	2,529,829	-
Other liabilities	1,985,999	31,056	(34,904)	1,982,151	-
Total other liabilities payable - proprietary types	<u>64,545,368</u>	<u>21,978,323</u>	<u>(9,584,219)</u>	<u>76,939,472</u>	<u>1,358,177</u>
Total revenue bonds, notes and other liabilities payable - component units	<u>\$ 829,360,178</u>	<u>\$ 307,025,822</u>	<u>\$ (202,482,196)</u>	<u>\$ 933,903,804</u>	<u>\$ 45,185,420</u>

B. Description of Amounts Payable

Amounts payable at June 30, 2008 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%	\$ 61,380,000
Taxable Public Facility Revenue Bonds, Series 1998, due in varying amount to July 1, 2018	5.87 - 6.60%	14,475,000
Deferred charge/premium, net		<u>(3,259,220)</u>
Total revenue bonds payable - governmental types		<u>72,595,780</u>
Proprietary types:		
Revenue bonds payable:		
Metropolitan Development and Housing Agency, Revenue Bonds, 2003 Series, due June 11, 2009	1.61 - 2.80%	4,018,758
Electric Power Board Electric System Revenue Bonds, 1996 Series A, due in varying amounts to May 15, 2013	5.50 - 6.00%	50,846,000
Electric Power Board Electric System Revenue Bonds, 1998 Series A, due in varying amounts to May 15, 2023	5.125 - 5.40%	21,000,000

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Interest Rates	Amount
Proprietary types: (Continued)		
Revenue bonds payable: (Continued)		
Electric Power Board Electric System Revenue Bonds, 1998 Series B, due in varying amounts to May 15, 2017	3.80 - 5.50%	\$ 33,069,000
Electric Power Board Electric System Revenue Bonds, 2001 Series A, due in varying amounts to May 15, 2017	4.50 - 5.00%	106,767,000
Electric Power Board Electric System Revenue Bonds, 2001 Series B, due in varying amounts to May 15, 2014	5.50%	18,582,000
Electric Power Board Electric System Revenue Bonds, 2004 Series A, due in varying amounts to May 15, 2029	4.50 - 5.00%	109,372,000
Electric Power Board Electric System Revenue Bonds, 2008 Series A, due in varying amounts to May 15, 2033	3.25 - 5.00%	112,348,000
Electric Power Board Electric System Revenue Bonds, 2008 Series B, due in varying amounts to May 15, 2023	3.25 - 5.00%	85,990,000
Airport Improvement Revenue Bonds, Adjustable Rate Refunding, Series 1995, due in varying amounts to July 1, 2015	4.45 - 5.00%	46,875,000
Airport Improvement Revenue Bonds, Series 1998, due in varying amounts to July 1, 2016	4.55 - 5.375%	27,445,000
Airport Improvement Revenue Bonds, Series 2001A, due in varying amounts to July 1, 2015	6.60 - 6.625%	62,180,000
Passenger Facility Charge and Airport Revenue Bonds, Series 2003, due in varying amounts to July 1, 2012	Adjustable (3.80% at June 30, 2008)	18,675,000
Airport Improvement Revenue Bonds, Series 2003 B, due in varying amounts to July 1, 2033	2.69 - 5.94%	17,945,000
Airport Improvement Revenue Bonds, Series 2008A, due in varying amounts to July 1, 2019	4.49%	37,600,000
Airport Improvement Revenue Bonds, Series 2008B, due in varying amounts to July 1, 2018	3.32%	27,605,000
Metropolitan Nashville Airport Authority: Unamortized deferred amount on refunding		(9,493,871)
Total revenue bonds payable - proprietary types		<u>770,823,887</u>
Notes payable:		
Metropolitan Development and Housing Agency: Notes payable		4,823,332
Metropolitan Nashville Airport Authority: Notes payable		8,721,333
Total notes payable - proprietary types		<u>13,544,665</u>
Total revenue bonds and notes payable		<u>856,964,332</u>
Other liabilities payable:		
Hospital Authority: Capitalized lease obligation		37,719,785
Other liabilities		11,609,616
Metropolitan Development and Housing Agency: Other liabilities		1,703,852
Electric Power Board: TVA Advances		550,000
Other		3,376,000
Metropolitan Transit Authority: Capitalized lease obligation		220,810
Deferred lease revenue		6,500,000
Other postemployment benefits obligation		2,533,727

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

	Interest Rates	Amount
Proprietary types: (Continued)		
Other liabilities payable: (Continued)		
Metropolitan Nashville Airport Authority:		
Synthetic Advance Refunding, Series 2001	\$	3,308,619
Fair value of derivative financial instruments		2,860,390
Deferred interest income		2,044,693
Other postemployment benefits obligation		2,529,829
Other liabilities		1,982,151
Total other liabilities payable - proprietary types		76,939,472
Total bonds, notes and other liabilities payable - component units	\$	933,903,804

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	\$	37,295,000
Noncurrent liabilities:		
Due within one year		7,486,419
Due in more than one year		889,122,385
Total component units long-term liabilities	\$	933,903,804

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 Bonds, are secured by a pledge of and lien on net revenues derived by the Airport Authority from the operation of the airports. The 2003B Bonds are secured by an additional pledge of and line on PFC revenues less operating expenses.

D. Issuance of Bonds

Electric Power Board

During June 2008, the Board closed on the sale of Electric Power Board Electric System Revenue Bonds, 2008 Series A. The purpose of the 2008 Series A Bonds was to reimburse the Board for a portion of the 2008 capital expenditures and to fund approximately 50% of the Board's projected \$219 million Capital Budget for the fiscal years ending June 30, 2009 through June 30, 2011. The remainder will be funded with operating revenues. The par amount of the 2008 Series A Bonds, \$109.2 million, plus original issue premium, less underwriter discount, cost of issuance, and a deposit to the Debt Service Reserve Fund netted proceeds in the amount of \$111.8 million of which \$110 million was deposited into the Special Construction Fund, \$1.6 million in the Debt Service Reserve Fund and \$225 thousand into the General Fund. The proceeds in the Special Construction Fund will be drawn down quarterly over the next three years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Nashville Airport Authority

In August 2007, the Airport Authority issued Series 2007A Bonds in the principal amount of \$8,700,000. The Bonds were issued to provide funds for a portion of the first phase of the multiple-phase terminal renovation project that began in October 2006. Project completion is expected in 2011. The Bonds were issued bearing interest at a weekly variable rate. These Bonds were refunded with the Series 2008B Bonds in June 2008.

E. Advance and Current Refundings of Bonds

Electric Power Board

During June 2008, the Board closed on the sale of Electric Power Board Electric System Revenue Bonds, 2008 Series B. The 2008 Series B were being offered to refund \$74,430,000 aggregate principal amount of the 1998 Series A Bonds maturing May 15, 2015, 2016 and 2023 and to refund \$13,240,000 aggregate principal amount of the 1998 Series B Bonds maturing on May 15, 2009, 2010 and 2011. The Board has sufficient debt capacity and a strong financial position; therefore, the tax-exempt bond market is expected to be a future source of liquidity to supplement the cash flow from operations. The advance refunding was undertaken to reduce total debt payments over the next 15 years by \$6.8 million and resulted in an economic gain of \$5.0 million.

The 1998 Bonds have been defeased through advance refundings; therefore, the related outstanding balances at June 30, 2008, do not appear as a liability on the Board's Statement of Net Assets.

Metropolitan Nashville Airport Authority

During June 2008, the Airport Authority issued Refunding Series 2008A Bonds in the principal amount of \$37,600,000. These Bonds were issued to provide funds to refund \$37,600,000 aggregate outstanding principal amount of the Airport Authority's Series 1993 Bonds. The purpose of the refunding was to replace the liquidity facility agreement with a direct pay letter of credit. There was no significant economic gain as a result of the refunding. There were no changes to the debt service schedule or other terms of the bonds. The refunding of the Series 1993 Bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,124,070. The difference, reported on Statement of Net Assets as a deduction from long-term debt, is being charged to operations through fiscal 2020 using the effective interest method. The Series 2008A issue contains serial bonds bearing interest at a weekly variable rate. In order to limit its exposure to changes in interest rates, the Airport Authority transferred its existing 1993 interest rate swap agreement to the 2008A Bonds (2008A Swap Agreement), resulting in a fixed interest rate of 4.49%. The 2008A Bonds mature in various annual amounts ranging from \$5,800,000 on July 1, 2008 to \$3,800,000 on July 1, 2019.

During June 2008, the Airport Authority issued Refunding Series 2008B Bonds in the principal amount of \$27,605,000. These Bonds were issued to provide funds to refund \$26,985,000 aggregate outstanding principal amount of the Airport Authority's Series 2006 and Series 2007A Bonds and to pay for cost of issuances. The purpose of the refunding was to replace the liquidity facility agreement with a direct pay letter of credit. There was no significant economic gain as a result of the refunding. The refunding of the Series 2006 and 2007A Bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$547,608. The difference, reported on Statement of Net Assets as a deduction from long-term debt, is being charged to operations through fiscal 2018 using the effective interest method. The Series 2008B issue contains serial bonds bearing interest at a weekly variable rate. In order to limit its exposure to changes in interest rates, the Airport Authority entered into an interest rate swap agreement (2008B Swap Agreement) eliminating any basis risk and resulting in a fixed interest rate of 3.32% on the Series 2008B Bonds. The 2008B Bonds mature in various annual amounts ranging from \$2,555,000 on July 1, 2009 to \$3,590,000 on July 1, 2018.

In prior years, Bonds have been defeased through advance refundings; therefore, the related outstanding balances at June 30, 2008, do not appear as a liability on the Airport Authority's Statement of Net Assets.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

F. Conduit Debt Obligations

Metropolitan Development and Housing Agency

Tax increment financing is a method of funding certain public investments for redevelopment by recapturing, for a time, all or a portion of the increased tax revenue that may result if private investment can be stimulated to occur. Tax increment can only be generated by the increased taxes resulting from private development on land in a redevelopment district that has been acquired and re-sold or leased by the Agency. The tax increment, due to the difference in the tax basis, is then diverted to the redevelopment agency which may use those funds to finance public purpose expenditures or to repay bonds or notes that were floated to finance those expenditures. These loans are special limited obligations of the Agency, payable solely from and secured by a pledge of the tax increment revenues designated for the payment of the loan. Because the borrowers are external developers, the loans do not constitute a debt or pledge of the faith and credit of the Agency or the Government and, accordingly, are not reported in the Agency's financial statements. At September 30, 2007, the tax increment financing loans, including related accrued interest payable, aggregated approximately \$64.2 million.

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) Program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities and large scale physical development projects. The Government has borrowed funds under this program and guaranteed repayment of the loan by pledging present and future community development block grants. The Agency is the agent designated by the Government to administer the CDBG program; therefore, the outstanding loan does not constitute a debt of the Agency and is not reported in the Agency's financial statements. At September 30, 2007, the Section 108 loans outstanding aggregated approximately \$4.19 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 Board is not considered to be part of the Government's reporting entity. 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 March 31, 2008 for the Industrial Revenue Bonds issued after April 1, 1996 was \$481,420,269. For the year ending March 31, 2008, \$2,235,000 of \$481,420,269 is in default. The aggregate principal amount payable for the Industrial Revenue Bonds issued prior to April 1, 1996 could not be determined; however, their original issue amount totaled \$1,414,846,369.

Health and Educational Facilities Board

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

The aggregate principal amount of revenue bonds issued by the Board on or after April 1, 1996 totals approximately \$2,913,143,525. The aggregate principal amount of revenue bonds which were issued by the Board and are still outstanding as of April 1, 1996 could not be determined; however, the total aggregate principal amount of revenue bonds issued by the Board prior to April 1, 1996 was \$1,367,025,500.

G. Other Matters

Metropolitan Development and Housing Agency

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

extended through June 2009. 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 2007, the Agency drew \$1,374,085 on the line of credit. A total of \$8,376,330 was outstanding on the line of credit at September 30, 2007.

During 2007, the Metropolitan Development and Housing Agency entered into a \$2.5 million promissory note agreement with a banking institution. The note proceeds were utilized to finance the construction of certain market rate units at Sam Levy Homes. The note bears interest at 5.8% annum and principal and interest payments are due monthly through July 2014.

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, 2008.

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, 2008 is \$1,578,175. The amount is reported as due to the primary government.

The Authority also has 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. There was no outstanding balance on this credit line at June 30, 2008.

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, 2008 was \$7,378,333. 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, 2008 was \$1,343,000. 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%.

1993/2008A Interest Rate Swap Agreement: In connection with the issuance of the Series 1993 bonds, so as to manage its exposure to market risks from fluctuations on interest rates, the Airport Authority entered into an interest rate swap agreement dated November 1, 1993 (the 1993 Swap Agreement) with a bank (the 1993 Swap Provider), which, in general, provides that the Authority will pay a fixed rate of 4.49% to the 1993 Swap Provider on a notional amount equal to the principal amount of the Series 1993 bonds outstanding and the 1993 Swap Provider will pay interest at the rate borne by the Series 1993 bonds on such notional amount on a net basis. The 1993 Swap Agreement has a term equal to the term of the Series 1993 bonds. Arrangements made in the 1993 Swap Agreement do not alter the Airport Authority's obligation to pay the principal of, premium, if any, and interest on the

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Series 1993 bonds. Since the counterparty to the 1993 Swap Agreement is a major bank, the Airport Authority does not anticipate credit related losses from nonperformance by such counterparty. 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.

2008B Interest Rate Swap Agreement: In connection with the Series 2008B Bonds, so as to manage its exposure to market risks from fluctuations in interest rates, the Airport Authority entered into an interest rate swap agreement dated June 9, 2008 (the 2008B Swap Agreement) with a bank (the 2008B Swap Provider). In general, the 2008B Swap Agreement provides that the Airport Authority will pay a fixed rate of 3.32% to the 2008B Swap Provider on a notional amount equal to the principal amount of the Series 2008B Bonds. Arrangements made in the 2008 Swap Agreement do not alter the Airport Authority's obligation to pay the principal of, premium, if any, and interest on the 2008B Bonds. Since the counterparty to the 2008B Swap Agreement is a major bank, the Airport Authority does not anticipate credit related losses from nonperformance by such counterparty.

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. Since the counterparty to this agreement is a major bank, MPC does not anticipate credit related losses from nonperformance by such counterparty.

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. Since the counterparty to this agreement is a major bank, MPC does not anticipate credit related losses from nonperformance by such counterparty.

Fair Value of Swap Agreements: The Airport Authority has recorded the fair value of the Swap Agreements as of June 30, 2008 (a liability of \$2,860,390) in the Statement of Net Assets. The fair values of these financial instruments have been calculated by a third-party service provider taking into consideration current interest rates. 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, 2008.

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.

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, 2008 for the component units are as follows:

Year Ending June 30	Revenue Bonds and Notes Payable	
	Principal	Interest
2009	\$ 43,827,243	\$ 42,124,563
2010	48,995,144	42,429,113
2011	47,727,404	41,651,706
2012	49,423,586	39,435,454
2013	54,941,375	33,630,386
2014-2018	252,024,913	102,909,366
2019-2023	183,751,000	71,351,717
2024-2028	135,170,000	32,166,133
2029-2033	52,713,000	6,821,186
2034-2038	1,280,000	38,016
Total	869,853,665	412,557,640
Deferred Charges	(12,889,333)	-
Total	\$ 856,964,332	\$ 412,557,640

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>
<u>Primary Government</u>			
Fiduciary Fund Types:			
County	Defined Benefit	Closed 1963	Davidson County Employees' Retirement
Metro - Division A	Defined Benefit	Closed 1995	Metropolitan Employees Benefit Trust
Metro - Division B	Defined Benefit	Open	Metropolitan Employees Benefit Trust
County Education	Defined Benefit	Closed 1963	Employees' Pension and Insurance
Metro Education	Defined Benefit	Closed 1969	Teachers' Retirement Plan
City	Defined Benefit	Closed 1963	Closed City Plan
City Education	Defined Benefit	Closed 1963	Teachers' Civil Service and Pension

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, 2008. 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, 2008 (the latest date available), the actuarial value of assets was \$284,387,000 the actuarial accrued liability was \$343,574,000, and the unfunded actuarial accrued liability was \$59,187,000. Covered payroll was \$61,242,000.

The plan does not issue a separate financial report, however, complete financial statements of the Electric Power Board can be obtained from its administrative offices at 1214 Church Street, Nashville, TN 37246.

In 1994 the Electric Power Board established a nonqualified supplemental executive retirement plan (SERP) limited to certain employees. Benefits accrue at the rate of 5% of salary for each year of credited service not to exceed 12 years and 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 above.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Transit Authority

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

At July 1, 2007 (the latest date available), the actuarial value of assets was \$22,130,088; the actuarial accrued liability was \$36,970,581. There is an unfunded actuarial accrued liability of \$14,840,493. Covered payroll was \$18,822,880.

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.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Metropolitan Nashville Airport Authority, One Terminal Drive, Suite 501, Nashville, TN 37214, or by calling (615) 275-1600.

C. Contributions

Primary Government

Metro Plan

The funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. All other funding is provided by the Government with an actuarially recommended employer contribution rate of 16.658% for the non-certificated employees of Metropolitan Nashville Public Schools and all other Metro employers.

City Plan

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

County Plan

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metro Education Plan

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

The TCRS plan is financed by contributions from teachers, most of whom are required by state statute to contribute 5% of their salary, and by Metropolitan Nashville Public Schools, which contributes at an actuarially determined rate (6.24% of covered payroll for the fiscal year ending June 30, 2008). 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, 2008, 2007, and 2006 were \$18,614,273, \$17,585,461, and \$15,422,903, 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, 2007, amounted to \$1,719,194, which equaled the amount of the annual required contribution. Employee contributions were \$152,014. The Agency's payroll for employees covered by this plan was \$13,883,803 during the fiscal year ended September 30, 2007.

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 27.13% of annual covered payroll. The Board contributed 100% of the required contribution for the Plan years 2008, 2007, and 2006. For the year ended June 30, 2008, the required and actual amount contributed was \$15,203,000. The annual contribution for the year was determined as part of the April 1, 2008, actuarial valuation using the frozen initial liability method. The actuarial assumptions included (a) 8% investment rate of return and (b) projected salary increases of 4.5%. Both (a) and (b) included an inflation component. The assumptions include cost-of-living postretirement benefit increases equal to 2% a year. The actuarial value of the Plan assets is determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The unfunded actuarial accrual liability is being amortized over 30 years.

Metropolitan Transit Authority

Plan members are required to contribute 4.5% of their covered payroll. The Metropolitan Transit Authority is required to contribute at an actuarially determined rate of 9.40% in 2008. 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, 2008, the annual pension costs were \$1,652,578. 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%.

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

Metropolitan Nashville Airport Authority

Contribution requirements are established and may be amended by the Airport Authority. For the year ended June 30, 2008, the Airport Authority's annual pension cost of \$1,281,087 was equal to the annual required contribution of \$1,094,240 less interest of \$1,195,139 on the net pension asset plus the annual required contribution adjustment of \$1,381,986. 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, 2007 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	\$ 10,378,756	\$ -
Metro Education	<u>65,673,643</u>	<u>70,295,028</u>
Total net pension obligation	<u>76,052,399</u>	<u>70,295,028</u>
Net pension assets:		
County	(9,314,679)	(9,028,405)
Metro	-	(12,660,311)
County Education	(4,532,566)	(6,072,649)
City	(15,910,725)	(16,300,953)
City Education	<u>(8,178,715)</u>	<u>(8,877,778)</u>
Total net pension assets	<u>(37,936,685)</u>	<u>(52,940,096)</u>
Total net pension obligation (assets)	<u>\$ 38,115,714</u>	<u>\$ 17,354,932</u>

Additional information regarding annual pension cost and net pension obligation (asset), trend information and participant information for the plans of the primary government is summarized on the following schedules. The net pension benefit obligations for the plans of Metropolitan Nashville Public Schools are calculated net of expected reimbursements from the State of Tennessee. Information for the plans of the component units is omitted due to the inavailability of the information in separately issued reports in a consistent manner.

The significant actuarial assumptions underlying the plans of the primary government are summarized on the following schedules. The assumptions used to calculate the actuarially determined contribution requirements are the same as those used to compute the net pension obligation except where indicated. Information for the plans of the component units is omitted due to the inavailability of the information in separately issued reports in a consistent manner.

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

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

E. Required Supplementary Information

A Schedule of Funding Progress (Unaudited) and a Schedule of Employer Contributions (Unaudited) as required by GASB Statement No. 25 are included as Required Supplementary Information following the notes to the financial statements.

F. Other

In the Metro Plan, the investment in the Northern Trust Daily S&P 500 Equity Index Fund totaling \$343,772,714 exceeds 5% of plan assets at June 30, 2008. In the Metro Education Plan, the investment in the Northern Trust Daily Aggregate Bond Index Fund totaling \$17,382,067 exceeds 5% of plan assets at June 30, 2008. 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 2008			
Annual required contribution	\$ 2,046,891	\$ 68,265,903	\$ 5,504,007
Interest on net pension obligation	(745,174)	830,300	(362,605)
Adjustment to annual required contribution	<u>1,388,159</u>	<u>(1,212,551)</u>	<u>675,485</u>
Annual pension cost	2,689,876	67,883,652	5,816,887
Contributions made	<u>(2,403,602)</u>	<u>(90,922,719)</u>	<u>(7,356,970)</u>
Increase (decrease) in net pension obligation	286,274	(23,039,067)	(1,540,083)
Net pension obligation (asset) beginning of year	<u>(9,314,679)</u>	<u>10,378,756</u>	<u>(4,532,566)</u>
Net pension obligation (asset) end of year	<u><u>\$ (9,028,405)</u></u>	<u><u>\$ (12,660,311)</u></u>	<u><u>\$ (6,072,649)</u></u>
THREE-YEAR TREND INFORMATION			
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)
2007			
Annual pension cost (APC)	\$ 2,770,967	\$ 85,494,709	\$ 5,883,714
Percentage of APC contributed	89.08%	99.92%	127.57%
Net pension obligation (asset)	\$ (9,314,679)	\$ 10,378,756	\$ (4,532,566)
2006			
Annual pension cost (APC)	\$ 2,744,072	\$ 78,946,942	\$ 5,962,043
Percentage of APC contributed	92.36%	86.99%	127.31%
Net pension obligation (asset)	\$ (9,617,233)	\$ 10,312,015	\$ (2,910,544)
PARTICIPANTS - Latest Actuarial Valuation Date			
Active:			
Fully vested	-	8,882	1
Non-vested and partially vested	-	<u>3,858</u>	-
Total active	-	12,740	1
Retirees and beneficiaries receiving benefits	149	6,166	312
Terminated vested	-	<u>1,639</u>	-
Total	<u><u>149</u></u>	<u><u>20,545</u></u>	<u><u>313</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

<u>Metro Education</u>	<u>City</u>	<u>City Education</u>	<u>Total Primary Government</u>
\$ 13,592,019	\$ 9,885,825	\$ 3,216,757	\$ 102,511,402
5,253,891	(1,272,858)	(654,297)	3,049,257
<u>(6,332,410)</u>	<u>2,371,163</u>	<u>1,218,867</u>	<u>(1,891,287)</u>
12,513,500	10,984,130	3,781,327	103,669,372
<u>(7,892,115)</u>	<u>(11,374,358)</u>	<u>(4,480,390)</u>	<u>(124,430,154)</u>
4,621,385	(390,228)	(699,063)	(20,760,782)
<u>65,673,643</u>	<u>(15,910,725)</u>	<u>(8,178,715)</u>	<u>38,115,714</u>
<u>\$ 70,295,028</u>	<u>\$ (16,300,953)</u>	<u>\$ (8,877,778)</u>	<u>\$ 17,354,932</u>
\$ 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
\$ 12,631,003	\$ 11,043,419	\$ 3,911,926	\$ 121,735,738
58.12%	104.67%	117.88%	97.68%
\$ 65,673,643	\$ (15,910,725)	\$ (8,178,715)	\$ 38,115,714
\$ 12,388,237	\$ 10,975,819	\$ 4,021,736	\$ 115,038,849
56.52%	105.94%	117.35%	88.79%
\$ 60,384,320	\$ (15,395,166)	\$ (7,479,234)	\$ 35,294,158
6	-	-	8,889
-	-	-	3,858
<u>6</u>	<u>-</u>	<u>-</u>	<u>12,747</u>
1,209	681	210	8,727
8	-	-	1,647
<u>1,223</u>	<u>681</u>	<u>210</u>	<u>23,121</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, 2007	July 1, 2007	July 1, 2007	July 1, 2007
Actuarial cost method	entry age normal	entry age normal	entry age normal	entry age normal
Amortization method	level dollar open	level dollar closed	level dollar open	level dollar open
Amortization period	15 years (9 remaining)	40 years (11 remaining)	15 years (9 remaining)	30 years (23 remaining)
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return*	8.00%	8.00%	8.00%	8.00%
Projected salary increases*	4.00%	4.00%	5.00%	5.00%
Postretirement benefit increase adjustments	2.75%	2.75%	3.00%	3.00%
* Includes inflation at	None	None	3.00%	2.75%
FUNDED STATUS				
Actuarial value of assets	\$ 1,129,978	\$ 1,921,193,702	\$ 3,787,317	\$ 81,844,272
Actuarial accrued liability (AAL)	\$ 15,393,075	\$ 2,144,144,792	\$ 42,140,201	\$ 228,229,232
Unfunded (overfunded) AAL	\$ 14,263,097	\$ 222,951,090	\$ 38,352,884	\$ 146,384,960
Funded ratio	7.34 %	89.60 %	8.99 %	35.86 %
Covered payroll	\$ -	\$ 529,100,577	\$ 71,769	\$ 374,495
Unfunded AAL as a percentage of covered payroll	- %	42.14 %	53,439.35 %	39,088.63 %

(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, 2007	July 1, 2007
entry age normal	entry age normal
level dollar open	level dollar open
15 years (9 remaining)	15 years (9 remaining)
5 year smoothed market	5 year smoothed market
8.00%	8.00%
4.00%	5.00%
2.75%	3.00%
None	2.75%
\$ 5,239,396	\$ 2,403,931
\$ 74,125,552	\$ 24,818,863
\$ 68,886,156	\$ 22,414,932
7.07 %	9.69 %
\$ -	\$ -
- %	- %

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, 2008, the Government and retirees contributed \$27,861,688 and \$9,287,229 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, 2008, the Government and retirees each contributed \$1,922,120 for dental insurance. Finally, the Government provides life insurance at no charge to the retirees. For the fiscal year ended June 30, 2008, the Government contributed \$1,483,312 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, 2008, the Government and retirees contributed \$11,712,745 and \$3,904,248 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 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	\$ 159,616,000	\$ 42,974,000	\$ 202,590,000
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB cost (expense)	159,616,000	42,974,000	202,590,000
Contributions made	(47,137,000)	(18,097,000)	(65,234,000)
Increase (decrease) in net OPEB obligation	112,479,000	24,877,000	137,356,000
Net OPEB obligation beginning of year	-	-	-
Net OPEB obligation end of year	\$ 112,479,000	\$ 24,877,000	\$ 137,356,000

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

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Metro Employees' Medical Benefit Plan	June 30, 2008	\$ 159,616,000	29.53 %	\$ 112,479,000
School Professional Employees' Insurance Plan	June 30, 2008	\$ 42,974,000	42.11 %	\$ 24,877,000

D. Funded Status and Funding Progress

Metropolitan Government

As of June 30, 2008, the most recent actuarial valuation date, the Metro Employee' Medical Benefit Plan was 0% funded. The actuarial accrued liability for benefits was \$1.795 billion, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.795 billion. The covered payroll (annual payroll of active employees covered by the Metro Plan) was \$537 million, and the ratio of the UAAL to the covered payroll was 334.26%.

Metropolitan Nashville Public Schools

As of June 30, 2008, the most recent actuarial valuation date, the School Professional Employees' Insurance Plan was 0% funded. The actuarial accrued liability for benefits was \$586 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$586 million. The covered payroll (annual payroll of active employees covered by the School Plan) was \$295 million, and the ratio of the UAAL to the covered payroll was 198.64%.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2008 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 interest earned on idle cash throughout the 2007-2008 fiscal year. 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 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 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, 2008, was 30 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, 2008, approximately 526 retirees meet those eligibility requirements. Expenses of \$8,500,000 for the year ended June 30, 2008 were recognized for post-retirement health care. The post-retirement benefits for the Electric Power Board employees were authorized by the Government's charter.

Under its OPEB plan, which is a single-employer defined benefit health care plan, 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 23.71% of annual covered payroll. The Board contributed 100% of the ARC for the plan year. At the April 1, 2008 valuation date, the actuarial accrued liability (AAL) was \$212,858,000, and the unfunded actuarial accrued liability (UAAL) was \$203,827,000. Covered payroll was \$64,890,000. The UAAL as a percentage of covered payroll was 314.1%. 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%.

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, 2008 were \$229,500. For the year ended June 30, 2008, the Metropolitan Transit Authority's annual OPEB cost of \$4,386,952, the contribution was 42.24% of the required

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

contribution. The net OPEB obligation at June 30, 2008 was \$2,533,727. At the July 1, 2007 valuation date, the actuarial accrued liability (AAL) and the unfunded actuarial accrued liability (UAAL) were \$29,027,010. Covered payroll was \$18,707,681. The UAAL as a percentage of covered payroll was 155%. The actuarial valuation utilized the projected unit cost method. The actuarial assumptions included a healthcare trend rate of 7.5% a year through 2009 reducing to 5.5% in 2014 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, 73 retirees are receiving benefits under this PERS. During the year ended June 30, 2008, payments of \$644,171 were made by the Airport Authority for post-retirement benefits under this PERS.

For the year ended June 30, 2008, the Airport Authority's annual OPEB cost of \$3,174,000 was equal to its annual required contribution. The Airport Authority's contribution was \$644,171, or 20.3% of the required contribution. The net OPEB obligation at June 30, 2008 was \$2,529,829. At the July 1, 2007 valuation date, the actuarial accrued liability (AAL) and unfunded actuarial accrued liability (UAAL) were \$26,394,000. Covered payroll was \$13,279,000. The UAAL as a percentage of covered payroll was 198.8%. The actuarial valuation utilized the entry age normal method. The actuarial assumptions included a healthcare trend rate of 9% graded to 5% uniformly over 4 years and varying retirement rates beginning with 5% at ages 50-54 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, 2008, payments of \$36,665 were made to the Government for post-retirement benefits under this PERS.

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.

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 \$3,200,000 and \$1,600,000, respectively, during the year ended June 30, 2008.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$601,320 for the year ended June 30, 2008.

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, 2008. There is an additional credit in excess of \$1 million available for roof replacement. The roof replacement is currently in process and is expected to be 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, 2008 was \$325,104.

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, 2008.

The Government leases certain warehouse and office space and various other places for periodic use to various lessees. Such leases are accounted for as operating leases and range in duration from less than one year to five years. The lease agreements provide for fixed rental payments. Annual rental income under these operating leases is nominal.

The Government entered into a capital lease agreement with the State of Tennessee for the construction of a Farmers Market. Under the terms of the agreement, the Government will lease the building for 20 years at a cost of \$3,645,000. Lease payments began in June 1996 with an initial payment of \$645,000. The remaining lease payments will be made over the initial term of the lease in annual rental payments. At June 30, 2008, the leased building is carried in the enterprise funds at \$3,645,000, less accumulated depreciation of \$1,100,969. A summary of future minimum lease payments and the present value of future lease payments for the capitalized lease as of June 30, 2008 is as follows:

<u>Year Ending June 30,</u>		
2009	\$	257,113
2010		257,487
2011		257,220
2012		256,300
2013		259,615
2014-2015		<u>516,060</u>
Total future minimum lease payments		1,803,795
Less:		
Amount representing interest imputed at 7.5%		348,795
Current portion of capital lease		<u>175,000</u>
Long-term capitalized lease obligation	\$	<u><u>1,280,000</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2007 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 \$89,304 for the year ended December 31, 2007. Future minimum lease payments at December 31, 2008 totaled \$203,128.

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, 2008, 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.

A summary of future minimum lease payments required under the agreement as of June 30, 2008 follows:

<u>Year Ending June 30,</u>	
2009	\$ 4,000,000
2010	4,000,000
2011	4,000,000
2012	4,000,000
2013	4,000,000
2014-2018	20,000,000
2019-2023	20,000,000
2024-2025	<u>5,666,667</u>
Total future minimum lease payments	65,666,667
Less:	
Amount representing interest	27,946,882
Current portion of capital lease	<u>1,214,556</u>
Long-term capitalized lease obligation	<u>\$ 36,505,229</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, 2007 were \$50,321 and future minimum rental commitments are insignificant.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$4,625,000 at September 30, 2007. 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 \$113,022 for the year ended September 30, 2007.

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 \$998,000 for the year ended June 30, 2008. 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 \$2,100,000 for the year ended June 30, 2008.

Metropolitan Transit Authority

During fiscal 2000, the Metropolitan Transit Authority entered into a capital lease obligation for new buses with a capitalized cost of \$990,591. Also, during fiscal years 2004, 2005, 2006 and 2007, the Authority entered into a capital lease agreement with the Metropolitan Government for certain computer equipment with a total cost of \$175,522. The assets under capital lease are included in capital assets. The future minimum lease payments required under the capital leases as of June 30, 2008, are as follows:

<u>Year Ending June 30,</u>	
2009	\$ 151,299
2010	<u>78,758</u>
Total future minimum lease payments	230,057
Less:	
Amount representing interest imputed at 5.05%	9,247
Current portion of capital lease	<u>143,620</u>
Long-term capitalized lease obligation	<u>\$ 77,190</u>

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 commences 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.

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 (\$1,929,352 unamortized at June 30, 2008) 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 FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2008 are attributable to unsettled balances at year-end primarily for internal service billings and transfers between funds.

Balances at June 30, 2008 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

For the Year Ended June 30, 2008

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	\$ -	\$ -	\$ -	\$ 91,083	\$ -	\$ 35,621
General Purpose School Fund	211,353	-	-	-	-	-
GSD General Purposes Debt Service Fund	413,380	-	-	-	-	-
GSD School Purposes Debt Service Fund	3,265	-	-	-	-	-
USD General Purposes Debt Service Fund	1,980	-	-	-	-	-
GSD Capital Projects Fund	-	-	-	-	-	-
Education Capital Projects Fund	-	-	-	-	-	-
USD Capital Projects Fund	340,537	-	-	-	-	2,232,940
Nonmajor Governmental Funds	5,318,879	1,617,569	-	-	-	40,898
Department of Water and Sewerage Services	184,314	354,806	-	-	-	-
Nonmajor Enterprise Funds	9,669	-	-	-	-	-
Internal Service Funds	855,141	8,490,691	14,595	7,713	1,928	451,099
Fiduciary Funds	6,086,974	362,618	-	-	-	-
	<u>\$ 13,425,492</u>	<u>\$ 10,825,684</u>	<u>\$ 14,595</u>	<u>\$ 98,796</u>	<u>\$ 1,928</u>	<u>\$ 2,760,558</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

For the Year Ended June 30, 2008

Due To								
Education Capital Projects Fund	USD Capital Projects Fund	Nonmajor Governmental Funds	Department of Water and Sewerage Services	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ 1,222	\$ 734	\$ 2,266,595	\$ 7,591	\$ 4,870	\$ 206,541	\$ 380,560	\$ 20,429	\$ 3,015,246
259,099	-	2,270,754	-	-	107,406	112,863	-	2,961,475
-	-	-	-	-	-	-	-	413,380
-	-	-	-	-	-	-	-	3,265
-	-	-	-	-	-	-	-	1,980
-	171,112	380,240	159,244	-	-	-	-	710,596
-	-	6,726	-	-	-	-	-	6,726
2,923,879	-	-	248,363	-	-	-	-	5,745,719
7,021	-	2,327,747	-	-	1,897,394	737,004	-	11,946,512
-	-	156,199	-	-	40,729	5,963	-	742,011
1,000	-	12,364	-	-	80,948	-	-	103,981
-	99,980	755,615	64,953	2	463,652	385,053	2,094,297	13,684,719
-	-	55,241	-	-	2,630	-	-	6,507,463
<u>\$ 3,192,221</u>	<u>\$ 271,826</u>	<u>\$ 8,231,481</u>	<u>\$ 480,151</u>	<u>\$ 4,872</u>	<u>\$ 2,799,300</u>	<u>\$ 1,621,443</u>	<u>\$ 2,114,726</u>	<u>\$ 45,843,073</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 - INTERFUND TRANSFERS

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

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

Interfund transfers for the year ended June 30, 2008 consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2008

Transferred From	Transferred To					
	General Fund	General Purpose School Fund	GSD General Purposes Debt Service Fund	GSD School Purposes Debt Service Fund	USD General Purposes Debt Service Fund	GSD Capital Projects Fund
General Fund	\$ 481,000	\$ -	\$ 3,564,025	\$ -	\$ -	\$ (49,716)
General Purpose School Fund	103,000	-	-	1,571,016	-	-
GSD General Purposes Debt Service Fund	-	-	-	-	7,771,000	-
GSD Schools Purposes Debt Service Fund	-	-	-	-	-	-
USD General Purposes Debt Service Fund	-	-	-	-	-	-
GSD Capital Projects Fund	39,950	-	4,656,070	-	-	-
Education Capital Projects Fund	-	-	-	2,408,985	-	15,218,737
USD Capital Projects Fund	-	-	-	-	1,063,728	1,935,253
Nonmajor Governmental Funds	8,790,106	3,822,357	129,700	-	583,401	1,328,372
Department of Water and Sewerage						
Services	4,350,024	-	-	-	-	-
District Energy System	290	-	-	-	227,800	-
Nonmajor Enterprise Funds	1,045,917	19,650	-	-	-	-
Internal Service Funds	1,885,800	-	7,753,375	-	-	-
Fiduciary Funds	-	-	-	-	-	-
	<u>\$ 16,696,087</u>	<u>\$ 3,842,007</u>	<u>\$ 16,103,170</u>	<u>\$ 3,980,001</u>	<u>\$ 9,645,929</u>	<u>\$ 18,432,646</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SCHEDULE OF INTERFUND TRANSFERS (CONTINUED)

For the Year Ended June 30, 2008

Transferred To							
Education Capital Projects Fund	USD Capital Projects Fund	Nonmajor Governmental Funds	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ -	\$ -	\$ 50,071,059	\$ 1,214,049	\$ 1,238,933	\$ 905,000	\$ 30,763	\$ 57,455,113
-	-	6,383,585	-	215,000	500,000	8,355	8,780,956
-	-	-	-	-	-	-	7,771,000
140,763	-	-	-	-	-	-	140,763
-	10,414	-	-	-	-	-	10,414
15,690,224	3,058,990	425,613	29,872	2,319,591	256,597	-	26,476,907
-	-	-	-	-	-	-	17,627,722
-	-	-	2,616,312	-	4,419	-	5,619,712
-	-	5,392,930	-	1,391,918	12,143,827	-	33,582,611
-	-	10,332,575	-	1,536	1,625,894	-	16,310,029
-	-	-	-	-	-	-	228,090
-	-	900	-	-	6,538	33,624	1,106,629
-	-	142,500	-	-	13,603,869	10,555	23,396,099
-	-	-	-	-	1,757,227	-	1,757,227
<u>\$ 15,830,987</u>	<u>\$ 3,069,404</u>	<u>\$ 72,749,162</u>	<u>\$ 3,860,233</u>	<u>\$ 5,166,978</u>	<u>\$ 30,803,371</u>	<u>\$ 83,297</u>	<u>\$ 200,263,272</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:

	Accidents	
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. 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 \$28,440,555 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, 2007 and 2008:

	School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured on Duty	Total Internal Service Fund Types
Claims payable June 30, 2006	\$ 1,135,369	\$ 6,645,371	\$ 4,451,206	\$ 3,784,000	\$ 3,241,999	\$ 19,257,945
Add: Provision for events of the current fiscal year	214,994	3,551,712	57,951,072	48,315,303	9,379,438	119,412,519
Deduct: Payments on claims during the fiscal year	498,434	2,189,604	57,685,128	48,141,303	9,648,437	118,162,906
Claims payable June 30, 2007	851,929	8,007,479	4,717,150	3,958,000	2,973,000	20,507,558
Add: Provision for events of the current fiscal year	362,167	(442,934)	61,855,622	97,340,768	11,488,555	170,604,178
Deduct: Payments on claims during the fiscal year	302,443	1,786,222	61,584,193	88,643,768	10,354,555	162,671,181
Claims payable June 30, 2008	<u>\$ 911,653</u>	<u>\$ 5,778,323</u>	<u>\$ 4,988,579</u>	<u>\$ 12,655,000</u>	<u>\$ 4,107,000</u>	<u>\$ 28,440,555</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, 2008. 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 2008 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, 2008, the Metropolitan Transit Authority owed the Trust \$1,283,684.

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, 2008. 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 2008, the Authority's workers' compensation claims did not exceed the maximum. At June 30, 2008, a provision of \$801,000 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.

C. Federal and State Financial Assistance

The Government and its component units have received federal and state financial assistance for specific purposes that is subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the programs, the Government believes that any required reimbursements would not be material to the basic financial and individual fund and component unit financial statements. Accordingly, no provision has been made for any potential reimbursements to the grantor agencies.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The full faith and credit of the Government is pledged for possible deficiencies in the collection of required state sewer user fees established in connection with certain grants received from the State Funding Board (TCA 68-221-202 through 68-221-214). The Department of Water and Sewerage Services acts as a conduit with respect to sewer user fees imposed by the state. These user fees are set at an amount sufficient to recover the project costs, including related interest expense. As of June 30, 2008, no deficiencies existed. The amount to be repaid from user fees is \$95,946,140 at June 30, 2008 and is recorded as capital grants and contributions by the Department of Water and Sewerage Services.

D. Construction Commitments

Primary Government

At June 30, 2008, the governmental activities of the Government had commitments of \$48,141,766 for construction contracts.

At June 30, 2008, the Department of Water and Sewerage Services had commitments of \$23,050,872 for construction contracts.

The Department of Water and Sewerage Services (the Department), the State of Tennessee Department of Environment and Conservation, and the United States Environmental Protection Agency, have agreed on a consent decree to address and correct deficiencies within the Department's sewer system that have caused violations of the Clean Water Act (CWA). Once the consent decree has been entered in Federal Court in Nashville, the Department will be required to fully develop, in two years, a Corrective Action Plan/Engineering Report for its sanitary sewer system and a Long-term Control Plan for its combined sewer system to achieve the goals of the CWA 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. The future related capital expenditures are expected to exceed \$280 million. Failure to comply with the mandate and meet future established deadlines could result in penalties up to \$3,000 per occurrence, and up to \$5,000 per day, for failure to implement the improvements on a timely basis. No such penalty has been assessed through June 30, 2008. Proposed plans to fund capital expenditures for the next few years include internally generated cash and borrowings.

Component Units

At September 30, 2007, the Metropolitan Development Housing Agency had outstanding construction commitments of approximately \$17.7 million. Of this amount, \$16.8 million will be paid by grants committed to the Agency by HUD, and the remaining \$900,000 will be paid by funds committed to the Agency by the Metropolitan Government.

The Metropolitan Nashville Airport Authority estimates the cost of completion of various construction projects at June 30, 2008 to be \$160,683,231, of which \$17,526,055 is expected to be reimbursed by other governmental agencies under existing government contracts.

During fiscal 2005, the Metropolitan Transit Authority commenced phase one of the multi-phase "Music City Central" transit center project. Included in the construction in progress amount at June 30, 2008 is \$32,686,356 for project management consulting, site selection costs, and architectural and engineering costs relating to the project. The estimated cost to complete the Music City Central project total approximately \$20,300,000. The project is expected to be completed October 2008. The cost of Music City Central will be reimbursed through a series of federal, state and local grants.

During fiscal 2007, the Metropolitan Transit Authority's Board of Directors approved a \$7.3 million project to replace bus radios and have an Automatic Vehicle Locator (AVL) installed in the dispatch center. As of June 30, 2008, the costs incurred on the project totaled \$2,437,185. The estimated costs to complete the project are approximately \$4,800,000. The project is estimated to be completed during fiscal year 2009 and the costs of the project will be reimbursed through federal, state, and local grants.

E. Liquidity

Component Units

The Government has only budgeted and legally approved approximately \$47.3 million to the Hospital Authority for the year ended June 30, 2009. Of that amount, the Hospital Authority has allocated as revenue \$33.5 million to General Hospital and \$13.8 million to Bordeaux Long Term Care. The Government has also not committed to defer payment on amounts due to the Government or provide additional funding to General Hospital should such funding become necessary. The financial statements of General Hospital and Bordeaux Long Term Care have

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As reflected in General Hospital's financial statements, General Hospital had a net deficit of approximately \$10.6 million for the year ended June 30, 2008. General Hospital's financial activities resulted in net cash used in operating activities of approximately \$38.9 million for the year ended June 30, 2008, which was funded primarily by the Metropolitan Government in the form of revenue or capital contributions and advances reflected as liabilities in General Hospital's financial statements. 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 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 an increase in census, improving the level of third party reimbursements, and cost saving measures.

At June 30, 2008, General Hospital had amounts due to the Metropolitan Government of approximately \$30.4 million for operating costs and \$11.6 million for capital expenditures, which accrued interest at rates determined by the Metropolitan Government (2.25% at June 30, 2008).

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 \$1,295,900 for the year ended June 30, 2008.

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 \$688,460 and \$387,000, respectively, for the year ended June 30, 2008. The outstanding management fees payable to VUMC for General Hospital are \$88,500 at June 30, 2008. The Agreement provides that 50% of any annual operating surpluses of General Hospital, as defined by the Agreement, will be paid to VUMC to be used to benefit General Hospital. Additionally, the Agreement also stipulates that the Government will provide an operating supplement for the payment of costs of the operations of General Hospital and Bordeaux Long Term Care. The total supplement to the Hospital Authority was \$49,797,100 for fiscal year ending June 30, 2008. The total supplement to the Hospital Authority approved for the fiscal year ending June 30, 2008 was \$47,307,200.

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 GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 has an agreement with an outside firm, whereby the firm provides computer hardware services operation for the Board's mainframe information system. The agreement will expire in November 2008. The contract is for three years and may be renewed for two additional one-year periods. The Board also has an agreement with an outside firm, whereby the firm provides professional services for the management, operation, and support of the Board's information and data processing system. The agreement will expire in October 2008. The contract is for three years and may be renewed for one additional one-year period. The minimum commitments remaining under these agreements are \$6.2 million for fiscal year 2009 and \$1.8 million for fiscal year 2010.

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.

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

The Nashville District Management Corporation has an agreement with the Government to provide program administration of the Nashville Central Business Improvement District in accordance with Tennessee law. The Corporation's duties and responsibilities under the agreement include but are not limited to providing services for improvement and operation of the District through security enhancement, downtown marketing, improving downtown beautification and sanitation and maintenance. The term of the agreement extends to December 31, 2008, 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, 2007, the Corporation recognized expense of \$568,376 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, 2007, \$21,800 was paid to the Partnership. The agreement expires July 31, 2009.

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

NOTE 13 – SUBSEQUENT EVENTS

Primary Government

On August 25, 2008, the Government completed a draw of \$50 million of commercial paper notes. These notes carry an interest rate of 1.6% and mature in two installments, \$17 million on November 14, 2008 and \$33 million on December 11, 2008. On October 15, 2008, the Government completed another draw of a \$50 million commercial paper note. This note carries an interest rate of 3.0% and matures February 12, 2009. At maturity, these notes will be rolled over into new commercial paper notes, or bonds will be issued. The proceeds from the notes will be used to fund various capital projects.

Component Units

During July through October 2008, the Metropolitan Transit Authority utilized a total of \$6,238,832 and repaid \$3,119,138 of the \$10,000,000 line of credit with the Metropolitan Government to provide certain financing for the Music City Central project.

During September 2008, the Metropolitan Nashville Airport Authority entered into a \$15,000,000 line of credit agreement 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 issuance of the Airport Authority's 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

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>2008</u>	<u>2007</u>	<u>2006</u>
78.6 %	77.2 %	73.0 %

The condition of road and street pavement is measured using the Cartegraph Pavement View Plus pavement management system. The condition is determined based on data collected by the laser road surface test (surface condition) and the dynaflect test (pavement deflection data) along with other road and street information such as traffic, surface type, street length, street width, area and location. Beginning in 2006, the pavement condition measure was refined to include a measurement for raveling distress. Raveling is the loss of aggregate from the road surface. This distress is used to identify roads that would benefit from a new surface treatment process that extends the life of the road. The addition of raveling with the other existing distresses resulted in an overall road condition decrease for 2006. The system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads and streets as excellent (85-100), good (70-84), fair (60-69) and poor (less than 60). Condition assessments are determined on an annual basis. For assessment purposes, the county is divided into 5 groups with groups 1, 3 and 4 assessed in even years and groups 2 and 5 assessed in odd years. Therefore, the condition of groups 2 and 5 is reported in fiscal year 2008. It is the policy of the Government to maintain at least 70 percent of its road and street system at a good or better condition.

There are currently 5,687 lane miles of roads and streets in the transportation network.

Comparison of Needed to Actual Maintenance

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Needed	\$ 16,000,000	\$ 15,900,000	\$ 12,839,000	\$ 9,200,000	\$ 9,000,000
Actual	9,391,344	13,931,706	2,535,548	5,114,944	9,534,328
Difference	<u>\$ (6,608,656)</u>	<u>\$ (1,968,294)</u>	<u>\$ (10,303,452)</u>	<u>\$ (4,085,056)</u>	<u>\$ 534,328</u>

During fiscal year 2008, 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 by the new administration. However, maintaining the condition of the roads and streets in accordance with the policy referenced above continues to be a priority.

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

Percentage of Deck Area in Non-Deficient Condition

2008	2007	2006	2005	2004	2003
98.0 %	(a)	95.3 %	(a)	(a)	94.2 %

(a) Condition assessments are determined by the State every two years. Results are released by the State late in the calendar year. Due to this timing, condition assessments are reported every even year beginning in 2006. Thus, the assessment results provided late calendar year 2007 are reported in fiscal 2008.

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 206 Non-Federal Aid and 107 Federal Aid Urban bridges and underpasses in the transportation network from the 2007 inspection as compared to 235 Non-Federal Aid and 141 Federal Aid Urban bridges and underpasses from the 2005 inspection. The reduction in the number of bridges and underpasses is due to a change in the methodology the State uses to assign responsibility. A number of railroad underpasses that were previously assigned to the Metropolitan Government were retained by the State in the latest assessment. Total square feet of deck area is estimated to be 1,439,264 from 2007 inspection as compared to 1,390,951 from the 2005 inspection. The increase in the total square feet of deck area is due to the replacement of the Demonbreun Street Viaduct during 2006, which also improved the percentage of bridges and underpasses in fair or better condition.

Comparison of Needed to Actual Maintenance

	2008	2007	2006	2005	2004
Needed	\$ 12,464,846	\$ 4,920,006	\$ 9,613,000	\$ 1,800,000	\$ 800,000
Actual	2,990,038	5,505,805	2,517,717	1,848,895	231,054
Difference	\$ (9,474,808)	\$ 585,799	\$ (7,095,283)	\$ 48,895	\$ (568,946)

During fiscal year 2008, 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 by the new administration. 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 2008 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, 2002	\$ -	\$ 25,088,621	\$ 25,088,621	- %
July 1, 2003	-	19,331,288	19,331,288	-
July 1, 2004	-	18,159,599	18,159,599	-
July 1, 2005	348,492	17,422,321	17,073,829	2.00
July 1, 2006	711,665	16,971,095	16,259,430	4.19
July 1, 2007	1,129,978	15,393,075	14,263,097	7.34
Metro Plan				
July 1, 2002	1,569,455,257	1,668,629,134	99,173,877	94.06
July 1, 2003	1,569,047,675	1,688,192,909	119,145,234	92.94
July 1, 2004	1,592,671,213	1,708,318,774	115,647,561	93.23
July 1, 2005	1,602,285,363	1,818,206,856	215,921,493	88.12
July 1, 2006	1,706,677,125	1,959,952,204	253,275,079	87.08
July 1, 2007	1,921,193,702	2,144,144,792	222,951,090	89.60
County Education Plan (a)				
July 1, 2002	-	57,824,587	57,824,587	-
July 1, 2003	-	50,759,348	50,759,348	-
July 1, 2004	-	48,496,408	48,496,408	-
July 1, 2005	930,671	46,129,614	45,198,943	2.02
July 1, 2006	2,409,417	44,732,388	42,322,971	5.39
July 1, 2007	3,787,317	42,140,201	38,352,884	8.99
Metro Education Plan				
July 1, 2002	107,937,347	235,616,521	127,679,174	45.81
July 1, 2003	101,996,664	236,236,129	134,239,465	43.18
July 1, 2004	99,291,833	233,243,203	133,951,370	42.57
July 1, 2005	90,047,496	233,143,995	143,096,499	38.62
July 1, 2006	84,919,612	232,911,728	147,992,116	36.46
July 1, 2007	81,844,272	228,229,232	146,384,960	35.86

(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
\$ -	- %
-	-
-	-
-	-
-	-
-	-
434,699,880	22.81
466,820,160	25.52
481,881,171	24.00
474,531,741	45.50
515,500,760	49.13
529,100,577	42.14
283,145	-
241,202	-
114,132	-
69,331	65,192.98
68,834	61,485.56
71,769	53,439.35
4,752,700	2,686.46
3,216,887	4,172.96
1,175,623	11,394.08
806,833	17,735.58
622,419	23,776.93
374,495	39,088.63

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, 2002	\$ -	\$ 106,725,860	\$ 106,725,860	-
July 1, 2003	-	87,981,174	87,981,174	-
July 1, 2004	-	85,325,799	85,325,799	-
July 1, 2005	1,637,445	79,815,871	78,178,426	2.05
July 1, 2006	3,303,691	78,318,066	75,014,375	4.22
July 1, 2007	5,239,396	74,125,552	68,886,156	7.07
City Education Plan (a)				
July 1, 2002	-	33,511,657	33,511,657	-
July 1, 2003	-	31,877,857	31,877,857	-
July 1, 2004	-	29,562,402	29,562,402	-
July 1, 2005	567,317	28,677,079	28,109,762	1.98
July 1, 2006	1,545,079	27,215,294	25,670,215	5.68
July 1, 2007	2,403,931	24,818,863	22,414,932	9.69

(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>
\$ -	- %
-	-
-	-
-	-
-	-
-	-
104,405	-
127,441	-
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		
2003	\$ 2,186,158	115.17 %
2004	1,702,332	140.30
2005	2,212,493	118.24
2006	2,226,235	113.84
2007	2,193,202	112.55
2008	2,046,891	117.43
Metro Plan		
2003	40,274,352	74.80
2004	56,816,644	79.03
2005	66,773,405	88.20
2006	78,948,767	86.99
2007	85,874,502	99.48
2008	68,265,903	133.19
County Education Plan		
2003	5,038,687	127.85
2004	4,469,917	148.50
2005	5,908,608	127.30
2006	5,894,471	128.77
2007	5,708,861	131.48
2008	5,504,007	133.67
Metro Education Plan		
2003	11,125,636	87.01
2004	11,821,256	83.33
2005	11,932,549	57.45
2006	13,140,571	53.29
2007	13,535,466	54.24
2008	13,592,019	58.06

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		
2003	\$ 9,299,818	119.06 %
2004	7,747,707	138.63
2005	10,395,754	115.53
2006	10,198,923	114.01
2007	10,118,539	114.24
2008	9,885,825	115.06
City Education Plan		
2003	2,920,120	132.46
2004	2,807,195	141.07
2005	3,601,764	125.38
2006	3,664,376	128.79
2007	3,462,604	133.18
2008	3,216,757	139.28

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	\$ -	\$ 1,795,000,000	\$ 1,795,000,000	- %
School Professional Employees' Insurance Plan				
July 1, 2007	-	586,000,000	586,000,000	-

(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 BENEFITS PLANS (CONTINUED) (a)

Unaudited - See Accompanying Accountants' Report

<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
\$ 537,000,000	334.26 %
295,000,000	198.64





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2008

Special Revenue Funds

	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
ASSETS:				
Cash and cash equivalents	\$ 171,038	\$ 1,516,992	\$ 1,149,645	\$ 45,197,783
Accounts receivable	555,396	1,082,890	155,035	-
Accrued interest receivable	302	3,468	1,883	84,459
Due from other funds of the primary government	13,601	119,764	49,846	7,139,037
Inventories of supplies	-	-	255,253	-
Other assets	871	9,180	-	-
Total assets	\$ 741,208	\$ 2,732,294	\$ 1,611,662	\$ 52,421,279
LIABILITIES:				
Accounts payable	\$ 232,574	\$ 432,831	\$ 74,241	\$ 861,840
Accrued payroll	506,572	20,553	35,972	-
Due to other funds of the primary government	103,880	459,289	137,764	560,583
Deferred revenue	-	-	5,000	-
Other liabilities	1,472	-	-	-
Total liabilities	844,498	912,673	252,977	1,422,423
FUND BALANCES (DEFICITS):				
Reserved for imprest cash and inventories	-	-	255,253	-
Reserved for equipment acquisitions	-	-	-	31,648,946
Reserved for perpetual care	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved, reported in:				
Special revenue funds:				
Designated for specific projects	-	-	-	-
Undesignated	(103,290)	1,819,621	1,103,432	19,349,910
Permanent funds:				
Undesignated	-	-	-	-
Total fund balances (deficits)	(103,290)	1,819,621	1,358,685	50,998,856
Total liabilities and fund balances (deficits)	\$ 741,208	\$ 2,732,294	\$ 1,611,662	\$ 52,421,279

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, 2008

Special Revenue Funds

Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services
\$ 11,787,518	\$ 8,377,044	\$ 13,983,694	\$ 1,128,958	\$ -	\$ 28,313
5,656,592	1,199,857	785,457	-	3,769,947	-
23,879	16,181	23,957	1,922	834	48
391,451	229,021	1,830,765	-	761,220	-
-	-	-	-	-	-
4,279	-	-	-	-	-
<u>\$ 17,863,719</u>	<u>\$ 9,822,103</u>	<u>\$ 16,623,873</u>	<u>\$ 1,130,880</u>	<u>\$ 4,532,001</u>	<u>\$ 28,361</u>
\$ 2,080,070	\$ 1,554,131	\$ 516,844	\$ 47,101	\$ 761,460	\$ -
285,852	187,082	196,925	10,430	480,448	-
193,352	474,830	155,692	8,926	1,918,735	-
-	-	781,267	275,117	-	-
1,883,538	-	-	-	-	-
<u>4,442,812</u>	<u>2,216,043</u>	<u>1,650,728</u>	<u>341,574</u>	<u>3,160,643</u>	<u>-</u>
508,000	900	100	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,912,907	7,605,160	14,973,045	789,306	1,371,358	28,361
-	-	-	-	-	-
<u>13,420,907</u>	<u>7,606,060</u>	<u>14,973,145</u>	<u>789,306</u>	<u>1,371,358</u>	<u>28,361</u>
<u>\$ 17,863,719</u>	<u>\$ 9,822,103</u>	<u>\$ 16,623,873</u>	<u>\$ 1,130,880</u>	<u>\$ 4,532,001</u>	<u>\$ 28,361</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, 2008

	Special Revenue Funds		
	Education Services	Infrastructure Services	Nashville Career Advancement Center
ASSETS:			
Cash and cash equivalents	\$ 10,126,737	\$ 1,389,872	\$ -
Accounts receivable	11,351,334	-	330,966
Accrued interest receivable	16,043	2,336	-
Due from other funds of the primary government	1,086,641	-	325,166
Inventories of supplies	794,549	-	-
Other assets	392,459	-	-
Total assets	\$ 23,767,763	\$ 1,392,208	\$ 656,132
LIABILITIES:			
Accounts payable	\$ 1,617,914	\$ 38,071	\$ 323,159
Accrued payroll	-	-	103,638
Due to other funds of the primary government	2,498,917	2,000	328,359
Deferred revenue	2,566,587	-	-
Other liabilities	-	-	-
Total liabilities	6,683,418	40,071	755,156
FUND BALANCES (DEFICITS):			
Reserved for imprest cash and inventories	2,615,430	-	-
Reserved for equipment acquisitions	-	-	-
Reserved for perpetual care	-	-	-
Reserved for debt service	-	-	-
Unreserved, reported in:			
Special revenue funds:			
Designated for specific projects	1,100	-	-
Undesignated	14,467,815	1,352,137	(99,024)
Permanent funds:			
Undesignated	-	-	-
Total fund balances (deficits)	17,084,345	1,352,137	(99,024)
Total liabilities and fund balances (deficits)	\$ 23,767,763	\$ 1,392,208	\$ 656,132

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, 2008

Special Revenue Funds				Debt Service Fund
Public Works Services	Regulation and Inspection Services	Hotel Occupancy Tax	Convention Center Tax	Correctional Facility Revenue Bonds
\$ 1,296,959	\$ -	\$ 9,835,596	\$ 8,347,003	\$ 1,633,954
18,818	-	3,185,063	1,227,569	-
2,138	-	11,290	16,250	-
-	-	-	-	-
-	-	-	-	-
-	-	533,000	-	-
<u>\$ 1,317,915</u>	<u>\$ -</u>	<u>\$ 13,564,949</u>	<u>\$ 9,590,822</u>	<u>\$ 1,633,954</u>
\$ 23,146	\$ 2,790	\$ 1,433,506	\$ 146,400	\$ -
-	-	-	-	-
-	108,944	1,280,210	-	-
-	-	-	-	-
-	-	-	-	-
<u>23,146</u>	<u>111,734</u>	<u>2,713,716</u>	<u>146,400</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,633,954
-	-	4,392,460	9,444,422	-
1,294,769	(111,734)	6,458,773	-	-
-	-	-	-	-
<u>1,294,769</u>	<u>(111,734)</u>	<u>10,851,233</u>	<u>9,444,422</u>	<u>1,633,954</u>
<u>\$ 1,317,915</u>	<u>\$ -</u>	<u>\$ 13,564,949</u>	<u>\$ 9,590,822</u>	<u>\$ 1,633,954</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, 2008

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
ASSETS:			
Cash and cash equivalents	\$ 201,481	\$ 202,997	\$ 116,375,584
Accounts receivable	-	-	29,318,924
Accrued interest receivable	340	343	205,673
Due from other funds of the primary government	-	-	11,946,512
Inventories of supplies	-	-	1,049,802
Other assets	-	-	939,789
Total assets	\$ 201,821	\$ 203,340	\$ 159,836,284
LIABILITIES:			
Accounts payable	\$ -	\$ 1,000	\$ 10,147,078
Accrued payroll	-	-	1,827,472
Due to other funds of the primary government	-	-	8,231,481
Deferred revenue	-	-	3,627,971
Other liabilities	-	-	1,885,010
Total liabilities	-	1,000	25,719,012
FUND BALANCES (DEFICITS):			
Reserved for imprest cash and inventories	-	-	3,379,683
Reserved for equipment acquisitions	-	-	31,648,946
Reserved for perpetual care	105,994	79,118	185,112
Reserved for debt service	-	-	1,633,954
Unreserved, reported in:			
Special revenue funds:			
Designated for specific projects	-	-	13,837,982
Undesignated	-	-	83,212,546
Permanent funds:			
Undesignated	95,827	123,222	219,049
Total fund balances (deficits)	201,821	202,340	134,117,272
Total liabilities and fund balances (deficits)	\$ 201,821	\$ 203,340	\$ 159,836,284

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, 2008

	Special Revenue Funds			
	Metropolitan Action Commission	General Government Services	Recreational and Cultural Services	General Fund 4% Reserve
REVENUES:				
Property taxes	\$ -	\$ 1,136,153	\$ -	\$ -
Other taxes, licenses and permits	-	100,000	-	-
Fines, forfeits and penalties	-	-	-	-
Revenues from the use of money or property	2,971	73,897	38,100	1,773,543
Revenues from other governmental agencies	16,263,498	2,794,621	142,795	-
Charges for current services	179,762	136,877	1,606,620	-
Compensation for loss, sale or damage to property	5,478	-	-	-
Contributions and gifts	56,630	188,726	368,021	-
Miscellaneous	315	975	-	-
Total revenues	<u>16,508,654</u>	<u>4,431,249</u>	<u>2,155,536</u>	<u>1,773,543</u>
EXPENDITURES:				
Current:				
General government	-	3,870,891	-	-
Law enforcement and care of prisoners	-	-	-	-
Regulation and inspection	-	-	-	-
Public welfare	21,195,982	-	-	-
Public health and hospitals	-	-	-	-
Public library system	-	-	-	-
Public works, highways and streets	-	-	-	-
Recreational and cultural	-	-	1,660,966	-
Education	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Capital outlay	-	174,382	10,703	9,919,181
Total expenditures	<u>21,195,982</u>	<u>4,045,273</u>	<u>1,671,669</u>	<u>9,919,181</u>
Excess (deficiency) of revenues over expenditures	<u>(4,687,328)</u>	<u>385,976</u>	<u>483,867</u>	<u>(8,145,638)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,506,800	183,721	425,612	23,785,251
Transfers out	(1,362)	(5,527,305)	(431,571)	(13,191,885)
Total other financing sources (uses)	<u>4,505,438</u>	<u>(5,343,584)</u>	<u>(5,959)</u>	<u>10,593,366</u>
Net change in fund balances (deficits)	(181,890)	(4,957,608)	477,908	2,447,728
FUND BALANCES (DEFICITS), beginning of year	<u>78,600</u>	<u>6,777,229</u>	<u>880,777</u>	<u>48,551,128</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ (103,290)</u>	<u>\$ 1,819,621</u>	<u>\$ 1,358,685</u>	<u>\$ 50,998,856</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, 2008

Special Revenue Funds

Law Enforcement and Justice Services	Solid Waste Operations	Stormwater Operations	Library Services	Health Services	Public Welfare Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
123,350	-	-	-	-	-
5,942,141	-	38,647	-	-	-
533,536	371,872	564,888	43,404	17,923	394
22,721,716	772,436	161,073	237,733	17,778,674	-
-	4,066,885	151,102	-	3,964	-
-	-	-	-	-	-
85,344	-	-	541,937	175,735	750
285,581	166,060	-	-	-	-
<u>29,691,668</u>	<u>5,377,253</u>	<u>915,710</u>	<u>823,074</u>	<u>17,976,296</u>	<u>1,144</u>
-	-	-	-	-	-
28,299,145	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,104
-	-	-	-	18,840,914	-
-	23,308,493	8,970,869	814,054	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
602,702	-	1,484,856	38,931	104,095	-
<u>28,901,847</u>	<u>23,308,493</u>	<u>10,455,725</u>	<u>852,985</u>	<u>18,945,009</u>	<u>1,104</u>
789,821	(17,931,240)	(9,540,015)	(29,911)	(968,713)	40
658,871	20,553,300	10,331,900	-	3,033,350	-
(629,906)	(1,573,075)	(42,511)	-	(1,472,189)	-
<u>28,965</u>	<u>18,980,225</u>	<u>10,289,389</u>	<u>-</u>	<u>1,561,161</u>	<u>-</u>
818,786	1,048,985	749,374	(29,911)	592,448	40
<u>12,602,121</u>	<u>6,557,075</u>	<u>14,223,771</u>	<u>819,217</u>	<u>778,910</u>	<u>28,321</u>
<u>\$ 13,420,907</u>	<u>\$ 7,606,060</u>	<u>\$ 14,973,145</u>	<u>\$ 789,306</u>	<u>\$ 1,371,358</u>	<u>\$ 28,361</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, 2008

	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	403,185	64,913	841
Revenues from other governmental agencies	81,942,851	1,017,649	7,284,398
Charges for current services	15,821,214	-	-
Compensation for loss, sale or damage to property	-	-	26
Contributions and gifts	5,634,702	98,028	320
Miscellaneous	-	-	-
Total revenues	<u>103,801,952</u>	<u>1,180,590</u>	<u>7,285,585</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Law enforcement and care of prisoners	-	-	-
Regulation and inspection	-	-	-
Public welfare	-	-	7,401,702
Public health and hospitals	-	-	-
Public library system	-	-	-
Public works, highways and streets	-	830,690	-
Recreational and cultural	-	-	-
Education	103,881,088	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Fiscal charges	-	-	-
Capital outlay	<u>598,823</u>	<u>83,548</u>	<u>63,776</u>
Total expenditures	<u>104,479,911</u>	<u>914,238</u>	<u>7,465,478</u>
Excess (deficiency) of revenues over expenditures	<u>(677,959)</u>	<u>266,352</u>	<u>(179,893)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	3,505,423	-	309,875
Transfers out	<u>(3,854,035)</u>	<u>-</u>	<u>(72,243)</u>
Total other financing sources (uses)	<u>(348,612)</u>	<u>-</u>	<u>237,632</u>
Net change in fund balances (deficits)	(1,026,571)	266,352	57,739
FUND BALANCES (DEFICITS), beginning of year	<u>18,110,916</u>	<u>1,085,785</u>	<u>(156,763)</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 17,084,345</u>	<u>\$ 1,352,137</u>	<u>\$ (99,024)</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, 2008

Special Revenue Funds				Debt Service Fund
Public Works Services	Regulation and Inspection Services	Hotel Occupancy Tax	Convention Center Tax	Correctional Facility Revenue Bonds
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	30,720,099	9,583,727	-
-	-	-	-	-
44,809	-	262,556	102,984	50,460
-	-	-	-	1,972,886
286,626	85,417	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>331,435</u>	<u>85,417</u>	<u>30,982,655</u>	<u>9,686,711</u>	<u>2,023,346</u>
-	-	18,699,952	-	-
-	-	-	-	-
-	115,417	-	-	-
-	-	-	-	-
-	-	-	-	-
11,447	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,630,000
-	-	-	-	401,350
-	-	-	-	5,771
96,025	-	-	242,289	-
<u>107,472</u>	<u>115,417</u>	<u>18,699,952</u>	<u>242,289</u>	<u>2,037,121</u>
<u>223,963</u>	<u>(30,000)</u>	<u>12,282,703</u>	<u>9,444,422</u>	<u>(13,775)</u>
-	100,000	5,355,059	-	-
-	-	(6,786,529)	-	-
-	100,000	(1,431,470)	-	-
223,963	70,000	10,851,233	9,444,422	(13,775)
<u>1,070,806</u>	<u>(181,734)</u>	<u>-</u>	<u>-</u>	<u>1,647,729</u>
<u>\$ 1,294,769</u>	<u>\$ (111,734)</u>	<u>\$ 10,851,233</u>	<u>\$ 9,444,422</u>	<u>\$ 1,633,954</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, 2008

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
REVENUES:			
Property taxes	\$ -	\$ -	\$ 1,136,153
Other taxes, licenses and permits	-	-	40,527,176
Fines, forfeits and penalties	-	-	5,980,788
Revenues from the use of money or property	7,742	7,829	4,365,847
Revenues from other governmental agencies	-	-	153,090,330
Charges for current services	-	-	22,338,467
Compensation for loss, sale or damage to property	-	-	5,504
Contributions and gifts	-	-	7,150,193
Miscellaneous	-	-	452,931
Total revenues	<u>7,742</u>	<u>7,829</u>	<u>235,047,389</u>
EXPENDITURES:			
Current:			
General government	1,700	-	22,572,543
Law enforcement and care of prisoners	-	-	28,299,145
Regulation and inspection	-	-	115,417
Public welfare	-	-	28,598,788
Public health and hospitals	-	-	18,840,914
Public library system	-	-	814,054
Public works, highways and streets	-	-	33,121,499
Recreational and cultural	-	-	1,660,966
Education	-	4,179	103,885,267
Debt service:			
Principal retirement	-	-	1,630,000
Interest	-	-	401,350
Fiscal charges	-	-	5,771
Capital outlay	-	-	13,419,311
Total expenditures	<u>1,700</u>	<u>4,179</u>	<u>253,365,025</u>
Excess (deficiency) of revenues over expenditures	<u>6,042</u>	<u>3,650</u>	<u>(18,317,636)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	72,749,162
Transfers out	-	-	(33,582,611)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>39,166,551</u>
Net change in fund balances (deficits)	6,042	3,650	20,848,915
FUND BALANCES (DEFICITS), beginning of year	<u>195,779</u>	<u>198,690</u>	<u>113,268,357</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 201,821</u>	<u>\$ 202,340</u>	<u>\$ 134,117,272</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 78,181,200	\$ 78,181,200	\$ 76,890,560	\$ (1,290,640)
Local option sales tax	2,184,000	2,184,000	1,735,938	(448,062)
Fines, forfeits and penalties	557,500	557,500	559,348	1,848
Revenues from the use of money or property	153,000	153,000	-	(153,000)
Revenues from other governmental agencies	1,560,000	1,560,000	2,170,724	610,724
Charges for current services	1,255,800	1,255,800	1,001,783	(254,017)
Miscellaneous	-	-	653,218	653,218
Total revenues	83,891,500	83,891,500	83,011,571	(879,929)
EXPENDITURES:				
Principal retirement	46,544,500	46,544,500	46,587,366	(42,866)
Interest	42,157,500	42,157,500	46,808,338	(4,650,838)
Fiscal charges	1,319,300	1,369,000	2,582,983	(1,213,983)
Bond issue costs	-	-	199,172	(199,172)
Total expenditures	90,021,300	90,071,000	96,177,859	(6,106,859)
Excess (deficiency) of revenues over expenditures	(6,129,800)	(6,179,500)	(13,166,288)	(6,986,788)
OTHER FINANCING SOURCES (USES):				
Transfers in	13,522,600	13,522,600	16,103,170	2,580,570
Transfers out	(7,765,600)	(7,765,600)	(7,771,000)	(5,400)
Total other financing sources (uses)	5,757,000	5,757,000	8,332,170	2,575,170
Net change in fund balances	(372,800)	(422,500)	(4,834,118)	(4,411,618)
FUND BALANCES, beginning of year	8,004,172	8,004,172	8,004,172	-
FUND BALANCES, end of year	\$ 7,631,372	\$ 7,581,672	\$ 3,170,054	\$ (4,411,618)

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 31,169,000	\$ 31,169,000	\$ 27,209,344	\$ (3,959,656)
Local option sales tax	17,688,200	17,688,200	17,688,200	-
Revenues from the use of money or property	2,092,700	2,092,700	2,269,286	176,586
Miscellaneous	-	-	143,357	143,357
Total revenues	50,949,900	50,949,900	47,310,187	(3,639,713)
EXPENDITURES:				
Principal retirement	33,142,000	33,142,000	33,572,678	(430,678)
Interest	25,212,400	25,212,400	25,956,888	(744,488)
Fiscal charges	2,703,500	2,703,500	654,915	2,048,585
Bond issue costs	-	-	90,692	(90,692)
Total expenditures	61,057,900	61,057,900	60,275,173	782,727
Excess (deficiency) of revenues over expenditures	(10,108,000)	(10,108,000)	(12,964,986)	(2,856,986)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,541,600	1,541,600	3,980,001	2,438,401
Transfers out	-	-	(140,763)	(140,763)
Total other financing sources (uses)	1,541,600	1,541,600	3,839,238	2,297,638
Net change in fund balances	(8,566,400)	(8,566,400)	(9,125,748)	(559,348)
FUND BALANCE, beginning of year	60,537,817	60,537,817	60,537,817	-
FUND BALANCE, end of year	\$ 51,971,417	\$ 51,971,417	\$ 51,412,069	\$ (559,348)

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 10,012,400	\$ 10,012,400	\$ 9,848,407	\$ (163,993)
Revenues from the use of money or property	273,700	273,700	16,727	(256,973)
Total revenues	10,286,100	10,286,100	9,865,134	(420,966)
EXPENDITURES:				
Principal retirement	13,028,800	13,028,800	13,029,522	(722)
Interest	5,991,600	5,991,600	6,157,143	(165,543)
Fiscal charges	211,000	211,000	486,836	(275,836)
Bond issue costs	-	-	33,424	(33,424)
Total expenditures	19,231,400	19,231,400	19,706,925	(475,525)
Excess (deficiency) of revenues over expenditures	(8,945,300)	(8,945,300)	(9,841,791)	(896,491)
OTHER FINANCING SOURCES (USES):				
Transfers in	7,765,600	7,765,600	9,645,929	1,880,329
Transfers out	-	-	(10,414)	(10,414)
Total other financing sources (uses)	7,765,600	7,765,600	9,635,515	1,869,915
Net change in fund balances	(1,179,700)	(1,179,700)	(206,276)	973,424
FUND BALANCES, beginning of year	2,427,452	2,427,452	2,427,452	-
FUND BALANCES, end of year	\$ 1,247,752	\$ 1,247,752	\$ 2,221,176	\$ 973,424

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 OPERATIONS FUND

The Stormwater Operations Fund is under the administrative responsibility of the Department of Water and Sewerage Services and is used to account for the activities surrounding the maintenance of the Government's stormwater drainage system.

LIBRARY SERVICES FUND

The Library Services Fund accounts for federal and state programs - primarily from the U.S. Department of Education, Library Services and the State of Tennessee Libraries and Archives - aimed at providing library services to all facets of the community. It also accounts for funds received from private donations given on behalf of the Metropolitan Public Library and funds contributed by the general public for the purchase of equipment for blind and handicapped individuals.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

HEALTH SERVICES FUND

The Health Services Fund accounts for Title V Clean Air fees and expenditures, various federal and state grant programs and donations by the public designated to provide adequate shelter and humane treatment of animals.

PUBLIC WELFARE SERVICES FUND

The Public Welfare Services Fund accounts for various activities promoting human relations and social services provided to the general public.

EDUCATION SERVICES FUND

The Education Services Fund accounts for a variety of programs supporting educational activities including various state and federal grant programs, funds reserved for unemployment compensation claims of Metropolitan Nashville Public Schools employees, food service operations of the school system, and fund raising activities of individual schools.

INFRASTRUCTURE SERVICES FUND

The Infrastructure Services Fund accounts for funds supporting the infrastructure of the Government, including the development of sidewalks in multi-family and non-residential development and supporting accessibility of all programs, services, activities, facilities and rights-of-way as mandated by the Americans with Disabilities Act of 1990 and Section 504 of the Rehabilitation Act of 1973.

NASHVILLE CAREER ADVANCEMENT CENTER FUND

The Nashville Career Advancement Center Fund accounts for funds received under the Federal Workforce Investment Act and the National Council of Aging Citizens Act (Title IV). These funds are utilized to provide employment and training opportunities for senior citizens and economically disadvantaged, unemployed or underemployed individuals.

PUBLIC WORKS SERVICES FUND

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

REGULATION AND INSPECTION SERVICES FUND

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

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. In prior years, this activity was reported in the General Government Services Special Revenue Fund.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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.

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, 2008

<u>ASSETS</u>	<u>Nashville Convention Center</u>	<u>Board of Fair Commissioners</u>	<u>Farmers Market</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 2,512,008	\$ 2,922,014	\$ 253,178
Accounts receivable	358,833	18,380	-
Allowance for doubtful accounts	(7,077)	-	-
Accrued interest receivable	3,741	4,772	-
Due from other funds of the primary government	-	-	-
Other current assets	-	11,079	-
	<u>2,867,505</u>	<u>2,956,245</u>	<u>253,178</u>
CAPITAL ASSETS:			
Land	6,056,529	175,293	-
Buildings and improvements	50,317,878	8,922,528	638,030
Improvements other than buildings	50,220	3,825,403	210,909
Furniture, machinery and equipment	3,951,410	644,915	275,210
Property under capital lease	-	-	3,645,000
Construction work in progress	1,539,804	-	1,805,007
Accumulated depreciation	(26,592,111)	(7,814,863)	(1,845,707)
	<u>35,323,730</u>	<u>5,753,276</u>	<u>4,728,449</u>
Capital assets - net			
	<u>\$ 38,191,235</u>	<u>\$ 8,709,521</u>	<u>\$ 4,981,627</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, 2008

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>School Community Education</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ -	\$ 538,463	\$ 257,590	\$ -	\$ 552,649	\$ 7,035,902
303,329	-	37,633	-	-	718,175
(33,977)	-	-	-	-	(41,054)
-	580	570	-	979	10,642
8,149	1,000	-	80,948	13,884	103,981
-	-	-	-	-	11,079
<u>277,501</u>	<u>540,043</u>	<u>295,793</u>	<u>80,948</u>	<u>567,512</u>	<u>7,838,725</u>
-	-	587,400	-	-	6,819,222
-	-	9,160,491	-	-	69,038,927
-	-	84,651	-	-	4,171,183
60,000	-	211,381	-	-	5,142,916
-	-	-	-	-	3,645,000
-	-	-	-	-	3,344,811
<u>(60,000)</u>	<u>-</u>	<u>(7,373,573)</u>	<u>-</u>	<u>-</u>	<u>(43,686,254)</u>
<u>-</u>	<u>-</u>	<u>2,670,350</u>	<u>-</u>	<u>-</u>	<u>48,475,805</u>
<u>\$ 277,501</u>	<u>\$ 540,043</u>	<u>\$ 2,966,143</u>	<u>\$ 80,948</u>	<u>\$ 567,512</u>	<u>\$ 56,314,530</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, 2008

<u>LIABILITIES AND NET ASSETS</u>	<u>Nashville Convention Center</u>	<u>Board of Fair Commissioners</u>	<u>Farmers Market</u>
CURRENT LIABILITIES:			
Accounts payable	\$ 1,040,240	\$ 121,890	\$ 51,518
Accrued payroll	369,115	130,603	62,280
Due to other funds of the primary government	61,017	14,743	1,807
Due to component units	-	-	-
Customer deposits	104,969	33,505	10,190
Unearned revenue	668,844	57,680	-
Current portion of capitalized lease obligations	-	-	175,000
Other current liabilities	-	-	-
Total current liabilities	<u>2,244,185</u>	<u>358,421</u>	<u>300,795</u>
NONCURRENT LIABILITIES:			
Capitalized lease obligations	-	-	1,280,000
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,280,000</u>
Total liabilities	<u>2,244,185</u>	<u>358,421</u>	<u>1,580,795</u>
NET ASSETS (DEFICIT):			
Invested in capital assets, net of related debt	35,323,730	5,753,276	3,273,449
Unrestricted	623,320	2,597,824	127,383
Total net assets (deficit)	<u>\$ 35,947,050</u>	<u>\$ 8,351,100</u>	<u>\$ 3,400,832</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, 2008

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>School Community Education</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 275	\$ 17,074	\$ 164,274	\$ 61,336	\$ 2,439	\$ 1,459,046
24,404	69,632	171,670	161,405	108,573	1,097,682
200,845	704,190	3,472	1,765,105	48,121	2,799,300
-	3,312	-	-	-	3,312
-	-	-	-	-	148,664
-	-	5,117	-	-	731,641
-	-	-	-	-	175,000
14,108	-	-	-	89	14,197
<u>239,632</u>	<u>794,208</u>	<u>344,533</u>	<u>1,987,846</u>	<u>159,222</u>	<u>6,428,842</u>
-	-	-	-	-	1,280,000
-	-	-	-	-	1,280,000
<u>239,632</u>	<u>794,208</u>	<u>344,533</u>	<u>1,987,846</u>	<u>159,222</u>	<u>7,708,842</u>
-	-	2,670,350	-	-	47,020,805
37,869	(254,165)	(48,740)	(1,906,898)	408,290	1,584,883
<u>\$ 37,869</u>	<u>\$ (254,165)</u>	<u>\$ 2,621,610</u>	<u>\$ (1,906,898)</u>	<u>\$ 408,290</u>	<u>\$ 48,605,688</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2008

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
OPERATING REVENUES:			
Charges for services	\$ 5,995,627	\$ 3,600,737	\$ 862,619
Other	-	-	-
	<u>5,995,627</u>	<u>3,600,737</u>	<u>862,619</u>
Total operating revenues	<u>5,995,627</u>	<u>3,600,737</u>	<u>862,619</u>
OPERATING EXPENSES:			
Personal services	2,905,853	1,442,950	380,839
Contractual services	2,999,082	1,958,274	530,179
Supplies and materials	251,112	182,522	37,190
Depreciation	1,312,438	432,527	130,713
Other	167,024	356,983	6,047
	<u>7,635,509</u>	<u>4,373,256</u>	<u>1,084,968</u>
Total operating expenses	<u>7,635,509</u>	<u>4,373,256</u>	<u>1,084,968</u>
OPERATING INCOME (LOSS)	<u>(1,639,882)</u>	<u>(772,519)</u>	<u>(222,349)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	86,915	127,337	9,805
Interest expense	-	-	(91,105)
	<u>86,915</u>	<u>127,337</u>	<u>(81,300)</u>
Total nonoperating revenue (expense)	<u>86,915</u>	<u>127,337</u>	<u>(81,300)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,552,967)</u>	<u>(645,182)</u>	<u>(303,649)</u>
TRANSFERS IN	1,524,669	-	2,036,455
TRANSFERS OUT	<u>(77,021)</u>	<u>(112,866)</u>	<u>(27,221)</u>
CHANGE IN NET ASSETS	(105,319)	(758,048)	1,705,585
NET ASSETS (DEFICIT), beginning of year	<u>36,052,369</u>	<u>9,109,148</u>	<u>1,695,247</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 35,947,050</u>	<u>\$ 8,351,100</u>	<u>\$ 3,400,832</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, 2008

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	School Community Education	Total Nonmajor Enterprise Funds
\$ 1,162,612	\$ 1,120,925	\$ 1,278,660	\$ 2,610,872	\$ 243,096	\$ 16,875,148
-	-	-	521	-	521
<u>1,162,612</u>	<u>1,120,925</u>	<u>1,278,660</u>	<u>2,611,393</u>	<u>243,096</u>	<u>16,875,669</u>
928,101	416,157	811,137	1,034,658	1,021,698	8,941,393
18,910	562,609	1,018,956	729,122	113,308	7,930,440
891	8,407	52,927	5,981	55,624	594,654
-	-	136,822	-	-	2,012,500
<u>2,363</u>	<u>48,146</u>	<u>31,706</u>	<u>16,545</u>	<u>2,342</u>	<u>631,156</u>
<u>950,265</u>	<u>1,035,319</u>	<u>2,051,548</u>	<u>1,786,306</u>	<u>1,192,972</u>	<u>20,110,143</u>
<u>212,347</u>	<u>85,606</u>	<u>(772,888)</u>	<u>825,087</u>	<u>(949,876)</u>	<u>(3,234,474)</u>
3	-	41,795	-	24,120	289,975
<u>(3,052)</u>	<u>(1,915)</u>	<u>-</u>	<u>(78,864)</u>	<u>-</u>	<u>(174,936)</u>
<u>(3,049)</u>	<u>(1,915)</u>	<u>41,795</u>	<u>(78,864)</u>	<u>24,120</u>	<u>115,039</u>
<u>209,298</u>	<u>83,691</u>	<u>(731,093)</u>	<u>746,223</u>	<u>(925,756)</u>	<u>(3,119,435)</u>
-	-	644,967	-	960,887	5,166,978
<u>(345,533)</u>	<u>(28,880)</u>	<u>(48,050)</u>	<u>(409,308)</u>	<u>(57,750)</u>	<u>(1,106,629)</u>
<u>(136,235)</u>	<u>54,811</u>	<u>(134,176)</u>	<u>336,915</u>	<u>(22,619)</u>	<u>940,914</u>
<u>174,104</u>	<u>(308,976)</u>	<u>2,755,786</u>	<u>(2,243,813)</u>	<u>430,909</u>	<u>47,664,774</u>
<u>\$ 37,869</u>	<u>\$ (254,165)</u>	<u>\$ 2,621,610</u>	<u>\$ (1,906,898)</u>	<u>\$ 408,290</u>	<u>\$ 48,605,688</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, 2008

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,835,567	\$ 3,601,392	\$ 862,663
Payments to suppliers	(3,376,025)	(2,547,622)	(561,687)
Payments to employees	(2,891,708)	(1,452,920)	(383,595)
Net cash provided by (used in) operating activities	<u>(432,166)</u>	<u>(399,150)</u>	<u>(82,619)</u>
Cash flows from noncapital financing activities:			
Transfers in	1,524,669	-	2,036,455
Transfers out	(77,021)	(112,866)	(27,221)
Payments to other funds of the primary government	-	-	-
Interest paid	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>1,447,648</u>	<u>(112,866)</u>	<u>2,009,234</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(1,377,554)	(565,562)	(1,727,736)
Payments on borrowings	-	-	(165,000)
Interest paid	-	-	(91,105)
Net cash provided by (used in) capital and related financing activities	<u>(1,377,554)</u>	<u>(565,562)</u>	<u>(1,983,841)</u>
Cash flows from investing activities:			
Interest on investments	<u>94,117</u>	<u>136,928</u>	<u>10,451</u>
Net cash provided by (used in) investing activities	<u>94,117</u>	<u>136,928</u>	<u>10,451</u>
Net changes in cash and cash equivalents	(267,955)	(940,650)	(46,775)
Cash and cash equivalents at beginning of year	<u>2,779,963</u>	<u>3,862,664</u>	<u>299,953</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,512,008</u></u>	<u><u>\$ 2,922,014</u></u>	<u><u>\$ 253,178</u></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, 2008

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	School Community Education	Total Nonmajor Enterprise Funds
\$ 1,283,583	\$ 1,139,313	\$ 1,289,989	\$ 2,574,365	\$ 229,212	\$ 16,816,084
(48,232)	(91,024)	(1,231,511)	(805,204)	(140,361)	(8,801,666)
(925,557)	(418,952)	(787,269)	(1,078,555)	(1,011,321)	(8,949,877)
<u>309,794</u>	<u>629,337</u>	<u>(728,791)</u>	<u>690,606</u>	<u>(922,470)</u>	<u>(935,459)</u>
-	-	644,967	-	960,887	5,166,978
(237,021)	(28,880)	(48,050)	(409,308)	(57,750)	(998,117)
(77,017)	(63,968)	-	(202,434)	-	(343,419)
(3,049)	(2,495)	-	(78,864)	-	(84,408)
<u>(317,087)</u>	<u>(95,343)</u>	<u>596,917</u>	<u>(690,606)</u>	<u>903,137</u>	<u>3,741,034</u>
-	-	(149,768)	-	-	(3,820,620)
-	-	-	-	-	(165,000)
-	-	-	-	-	(91,105)
<u>-</u>	<u>-</u>	<u>(149,768)</u>	<u>-</u>	<u>-</u>	<u>(4,076,725)</u>
-	-	43,608	-	25,308	310,412
-	-	43,608	-	25,308	310,412
(7,293)	533,994	(238,034)	-	5,975	(960,738)
<u>7,293</u>	<u>4,469</u>	<u>495,624</u>	<u>-</u>	<u>546,674</u>	<u>7,996,640</u>
<u>\$ -</u>	<u>\$ 538,463</u>	<u>\$ 257,590</u>	<u>\$ -</u>	<u>\$ 552,649</u>	<u>\$ 7,035,902</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, 2008

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,639,882)	\$ (772,519)	\$ (222,349)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,312,438	432,527	130,713
Provision for doubtful accounts	(32,065)	-	-
Changes in assets and liabilities:			
Accounts receivable	36,360	37,196	-
Due from other funds of the primary government	-	64	44
Other current assets	-	(6,850)	-
Accounts payable	212,672	(33,945)	16,030
Accrued payroll	14,145	(9,970)	(2,756)
Due to other funds of the primary government	(171,479)	(9,048)	(4,301)
Due to component units	-	-	-
Customer deposits	-	(30,881)	-
Unearned revenue	(164,355)	(5,724)	-
Other current liabilities	-	-	-
Total adjustments	<u>1,207,716</u>	<u>373,369</u>	<u>139,730</u>
Net cash provided by (used in) operating activities	<u>\$ (432,166)</u>	<u>\$ (399,150)</u>	<u>\$ (82,619)</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOW
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2008

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	School Community Education	Total Nonmajor Enterprise Funds
<u>\$ 212,347</u>	<u>\$ 85,606</u>	<u>\$ (772,888)</u>	<u>\$ 825,087</u>	<u>\$ (949,876)</u>	<u>\$ (3,234,474)</u>
-	-	136,822	-	-	2,012,500
(2,440)	-	-	-	-	(34,505)
131,560	19,000	16,962	-	-	241,078
(8,149)	(1,000)	-	(37,028)	(13,884)	(59,953)
-	-	-	-	-	(6,850)
(236)	(3,540)	36,051	(22,247)	(9,484)	195,301
2,544	(2,795)	23,868	(43,897)	10,377	(8,484)
(19,666)	529,387	(163,973)	(31,309)	40,308	169,919
-	2,679	-	-	-	2,679
-	-	-	-	-	(30,881)
-	-	(5,633)	-	-	(175,712)
(6,166)	-	-	-	89	(6,077)
<u>97,447</u>	<u>543,731</u>	<u>44,097</u>	<u>(134,481)</u>	<u>27,406</u>	<u>2,299,015</u>
<u>\$ 309,794</u>	<u>\$ 629,337</u>	<u>\$ (728,791)</u>	<u>\$ 690,606</u>	<u>\$ (922,470)</u>	<u>\$ (935,459)</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, 2008

<u>ASSETS</u>	<u>Office of Fleet Management</u>	<u>Information Systems</u>	<u>Radio Shop</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ -	\$ 4,413,748	\$ 3,490,129
Accounts receivable	10,315	39,171	77,175
Accrued interest receivable	-	6,950	6,142
Due from other funds of the primary government	1,184,620	356,375	256,582
Due from component units	-	5,489	-
Inventories of supplies	1,474,766	-	300,794
Other current assets	-	52,733	-
Total current assets	2,669,701	4,874,466	4,130,822
CAPITAL ASSETS:			
Buildings and improvements	65,041	172,167	126,643
Furniture, machinery and equipment	121,975,834	8,222,500	3,216,737
Construction work in progress	-	30,876	1,951,321
Less accumulated depreciation	(88,506,704)	(6,611,321)	(976,434)
Capital assets - net	<u>33,534,171</u>	<u>1,814,222</u>	<u>4,318,267</u>
Total assets	36,203,872	6,688,688	8,449,089
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	2,089,218	588,090	151,636
Accrued payroll	779,549	1,455,125	158,800
Claims payable	-	-	-
Due to other funds of the primary government	638,162	1,570	6,367
Total current liabilities	3,506,929	2,044,785	316,803
NET ASSETS (DEFICIT):			
Invested in capital assets, net of related debt	33,534,171	1,814,222	4,318,267
Unrestricted	(837,228)	2,829,681	3,814,019
Total net assets (deficit)	\$ 32,696,943	\$ 4,643,903	\$ 8,132,286

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, 2008

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured on Duty	School Central Storeroom	Metro Postal Service
\$ 3,863,072	\$ 24,074,024	\$ 15,175,895	\$ 23,370,079	\$ 4,865,104	\$ -	\$ 352,018
-	-	-	1,402,921	-	280	-
6,551	40,918	28,393	40,112	10,461	-	593
-	240,582	8,971	10,375,672	-	84,947	72,008
-	-	-	-	-	-	535
-	-	-	-	-	378,971	-
-	-	1,446,987	-	-	-	179,546
<u>3,869,623</u>	<u>24,355,524</u>	<u>16,660,246</u>	<u>35,188,784</u>	<u>4,875,565</u>	<u>464,198</u>	<u>604,700</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,869,623</u>	<u>24,355,524</u>	<u>16,660,246</u>	<u>35,188,784</u>	<u>4,875,565</u>	<u>464,198</u>	<u>604,700</u>
5,105	293,275	659,803	3,777,380	1,284,498	18,717	785
-	11,402	-	-	-	89,839	38,820
911,653	5,778,323	4,988,579	12,655,000	4,107,000	-	-
-	16,068	1,797	32,515	313,398	126,784	-
<u>916,758</u>	<u>6,099,068</u>	<u>5,650,179</u>	<u>16,464,895</u>	<u>5,704,896</u>	<u>235,340</u>	<u>39,605</u>
-	-	-	-	-	-	-
2,952,865	18,256,456	11,010,067	18,723,889	(829,331)	228,858	565,095
<u>\$ 2,952,865</u>	<u>\$ 18,256,456</u>	<u>\$ 11,010,067</u>	<u>\$ 18,723,889</u>	<u>\$ (829,331)</u>	<u>\$ 228,858</u>	<u>\$ 565,095</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, 2008

<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	\$ -	\$ 93,633	\$ 123,371	\$ 2,873,844
Accounts receivable	-	-	6,804	-
Accrued interest receivable	-	80	111	5,112
Due from other funds of the primary government	443,880	105,558	1,610	362,364
Due from component units	-	-	-	-
Inventories of supplies	-	-	-	-
Other current assets	-	7,233	-	-
Total current assets	443,880	206,504	131,896	3,241,320
CAPITAL ASSETS:				
Buildings and improvements	-	-	-	-
Furniture, machinery and equipment	5,350	17,195	5,519	14,103
Construction work in progress	-	-	-	-
Less accumulated depreciation	(5,350)	(17,195)	(5,519)	(14,103)
Capital assets - net	-	-	-	-
Total assets	443,880	206,504	131,896	3,241,320
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	3,870	233	37,254	400,830
Accrued payroll	46,137	70,238	-	158,377
Claims payable	-	-	-	-
Due to other funds of the primary government	75,312	179,515	-	3,666
Total current liabilities	125,319	249,986	37,254	562,873
NET ASSETS (DEFICIT):				
Invested in capital assets, net of related debt	-	-	-	-
Unrestricted	318,561	(43,482)	94,642	2,678,447
Total net assets (deficit)	\$ 318,561	\$ (43,482)	\$ 94,642	\$ 2,678,447

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, 2008

Finance Services	General Services	School Print Shop	Internal Audit	Total Internal Service Funds
\$ 1,414,997	\$ 1,926,043	\$ 533,239	\$ 853,145	\$ 87,422,341
-	20,508	1,320	-	1,558,494
2,660	4,724	930	1,471	155,208
-	85,383	106,167	-	13,684,719
-	-	-	-	6,024
-	-	-	-	2,154,531
-	-	-	-	1,686,499
<u>1,417,657</u>	<u>2,036,658</u>	<u>641,656</u>	<u>854,616</u>	<u>106,667,816</u>
-	251,396	-	-	615,247
189,350	128,685	320,238	5,351	134,100,862
-	-	-	-	1,982,197
<u>(189,350)</u>	<u>(76,621)</u>	<u>(232,645)</u>	<u>(3,700)</u>	<u>(96,638,942)</u>
-	303,460	87,593	1,651	40,059,364
<u>1,417,657</u>	<u>2,340,118</u>	<u>729,249</u>	<u>856,267</u>	<u>146,727,180</u>
16,205	1,568,644	21,286	2,999	10,919,828
253,456	540,810	60,160	28,279	3,690,992
-	-	-	-	28,440,555
<u>10,810</u>	<u>156,332</u>	<u>10,674</u>	<u>48,473</u>	<u>1,621,443</u>
<u>280,471</u>	<u>2,265,786</u>	<u>92,120</u>	<u>79,751</u>	<u>44,672,818</u>
-	303,460	87,593	1,651	40,059,364
<u>1,137,186</u>	<u>(229,128)</u>	<u>549,536</u>	<u>774,865</u>	<u>61,994,998</u>
<u>\$ 1,137,186</u>	<u>\$ 74,332</u>	<u>\$ 637,129</u>	<u>\$ 776,516</u>	<u>\$ 102,054,362</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, 2008

	Office of Fleet Management	Information Systems	Radio Shop
OPERATING REVENUES:			
Charges for services	\$ 18,013,091	\$ 23,350,863	\$ 3,814,684
Other	-	-	-
Total operating revenues	<u>18,013,091</u>	<u>23,350,863</u>	<u>3,814,684</u>
OPERATING EXPENSES:			
Personal services	5,605,976	9,320,144	988,715
Contractual services	3,493,283	4,629,993	1,848,245
Supplies and materials	11,648,566	359,779	526,134
Depreciation	12,716,378	472,725	284,201
Compensation for damages to property	-	-	-
Medical and insurance benefits	-	-	-
Other	69,317	1,524,932	25,482
Total operating expenses	<u>33,533,520</u>	<u>16,307,573</u>	<u>3,672,777</u>
OPERATING INCOME (LOSS)	<u>(15,520,429)</u>	<u>7,043,290</u>	<u>141,907</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	32,459	124,447	177,621
Interest expense	-	-	-
Gain (loss) on sale of property	172,927	-	-
Other	242,816	-	-
Total nonoperating revenue (expense)	<u>448,202</u>	<u>124,447</u>	<u>177,621</u>
INCOME (LOSS) BEFORE TRANSFERS	(15,072,227)	7,167,737	319,528
TRANSFERS IN	13,509,884	157,819	38,252
TRANSFERS OUT	<u>(11,079)</u>	<u>(6,482,700)</u>	<u>-</u>
CHANGE IN NET ASSETS	(1,573,422)	842,856	357,780
NET ASSETS (DEFICIT), beginning of year	<u>34,270,365</u>	<u>3,801,047</u>	<u>7,774,506</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 32,696,943</u>	<u>\$ 4,643,903</u>	<u>\$ 8,132,286</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, 2008

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ -	\$ 18,605,102	\$ 59,927,914	\$ 108,476,019	\$ -	\$ 1,269,048	\$ 1,030,745
-	33,533	-	1,146,016	63,954	-	-
-	18,638,635	59,927,914	109,622,035	63,954	1,269,048	1,030,745
14,482	1,126,694	88,997	13,082	-	701,910	280,742
91,679	1,045,495	2,571,580	5,392,260	1,485,479	98,031	534,704
-	13,051	-	-	-	505,986	5,272
-	-	-	-	-	-	-
362,167	(442,934)	-	-	-	-	-
-	-	61,855,622	97,340,768	11,488,555	-	-
5,596	2,791,163	-	10,000	-	1,734	15,150
473,924	4,533,469	64,516,199	102,756,110	12,974,034	1,307,661	835,868
(473,924)	14,105,166	(4,588,285)	6,865,925	(12,910,080)	(38,613)	194,877
153,009	1,025,660	610,693	703,797	161,727	-	14,176
-	-	-	-	-	-	-
-	-	-	-	-	-	-
37,357	1,430	-	-	-	-	-
190,366	1,027,090	610,693	703,797	161,727	-	14,176
(283,558)	15,132,256	(3,977,592)	7,569,722	(12,748,353)	(38,613)	209,053
500,000	1,526,542	-	1,757,227	12,277,320	-	-
(20,004)	(15,347,320)	-	(140,100)	-	-	-
196,438	1,311,478	(3,977,592)	9,186,849	(471,033)	(38,613)	209,053
2,756,427	16,944,978	14,987,659	9,537,040	(358,298)	267,471	356,042
\$ 2,952,865	\$ 18,256,456	\$ 11,010,067	\$ 18,723,889	\$ (829,331)	\$ 228,858	\$ 565,095

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, 2008

	Real Property Services	Treasury Management	Technology Revolving	Human Resources
OPERATING REVENUES:				
Charges for services	\$ 829,839	\$ 1,206,638	\$ 1,199,594	\$ 7,197,961
Other	-	-	-	5,105
Total operating revenues	<u>829,839</u>	<u>1,206,638</u>	<u>1,199,594</u>	<u>7,203,066</u>
OPERATING EXPENSES:				
Personal services	1,241,131	677,334	-	3,748,684
Contractual services	650,699	210,413	-	1,701,413
Supplies and materials	13,991	5,399	1,529,838	50,433
Depreciation	-	-	-	-
Compensation for damages to property	-	-	-	-
Medical and insurance benefits	-	-	-	-
Other	26,400	21,613	18,533	91,291
Total operating expenses	<u>1,932,221</u>	<u>914,759</u>	<u>1,548,371</u>	<u>5,591,821</u>
OPERATING INCOME (LOSS)	<u>(1,102,382)</u>	<u>291,879</u>	<u>(348,777)</u>	<u>1,611,245</u>
NONOPERATING REVENUE (EXPENSE):				
Investment income	37,135	632	-	65,004
Interest expense	-	-	(1,720)	-
Gain (loss) on sale of property	-	-	-	-
Other	-	-	-	-
Total nonoperating revenue (expense)	<u>37,135</u>	<u>632</u>	<u>(1,720)</u>	<u>65,004</u>
INCOME (LOSS) BEFORE TRANSFERS	(1,065,247)	292,511	(350,497)	1,676,249
TRANSFERS IN	-	-	326,698	-
TRANSFERS OUT	<u>(75)</u>	<u>(329,200)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(1,065,322)	(36,689)	(23,799)	1,676,249
NET ASSETS (DEFICIT), beginning of year	<u>1,383,883</u>	<u>(6,793)</u>	<u>118,441</u>	<u>1,002,198</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 318,561</u>	<u>\$ (43,482)</u>	<u>\$ 94,642</u>	<u>\$ 2,678,447</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, 2008

Finance Services	General Services	School Print Shop	Internal Audit	Total Internal Service Funds
\$ 8,582,419	\$ 25,682,189	\$ 1,361,891	\$ 1,498,702	\$ 282,046,699
-	813	-	-	1,249,421
<u>8,582,419</u>	<u>25,683,002</u>	<u>1,361,891</u>	<u>1,498,702</u>	<u>283,296,120</u>
5,947,244	5,529,254	447,567	523,910	36,255,866
1,454,194	16,409,411	212,485	172,296	42,001,660
57,690	410,995	217,852	21,938	15,366,924
9,876	12,451	15,855	1,345	13,512,831
-	-	-	-	(80,767)
-	-	-	-	170,684,945
<u>67,969</u>	<u>462,804</u>	<u>76,567</u>	<u>16,968</u>	<u>5,225,519</u>
<u>7,536,973</u>	<u>22,824,915</u>	<u>970,326</u>	<u>736,457</u>	<u>282,966,978</u>
<u>1,045,446</u>	<u>2,858,087</u>	<u>391,565</u>	<u>762,245</u>	<u>329,142</u>
23,691	44,889	13,350	11,275	3,199,565
-	(49,229)	-	-	(50,949)
-	-	-	(3,551)	169,376
<u>(860)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,743</u>
<u>22,831</u>	<u>(4,340)</u>	<u>13,350</u>	<u>7,724</u>	<u>3,598,735</u>
1,068,277	2,853,747	404,915	769,969	3,927,877
-	703,082	-	6,547	30,803,371
<u>(6,921)</u>	<u>(1,058,700)</u>	<u>-</u>	<u>-</u>	<u>(23,396,099)</u>
1,061,356	2,498,129	404,915	776,516	11,335,149
<u>75,830</u>	<u>(2,423,797)</u>	<u>232,214</u>	<u>-</u>	<u>90,719,213</u>
<u>\$ 1,137,186</u>	<u>\$ 74,332</u>	<u>\$ 637,129</u>	<u>\$ 776,516</u>	<u>\$ 102,054,362</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2008

	Office of Fleet Management	Information Systems	Radio Shop
Cash flows from operating activities:			
Receipts from customers and users	\$ 18,186,887	\$ 23,680,010	\$ 3,699,623
Payments to suppliers	(15,688,776)	(7,678,024)	(2,349,995)
Payments to employees	(5,595,917)	(9,193,010)	(967,948)
Other receipts (payments)	242,816	-	-
Net cash provided by (used in) operating activities	<u>(2,854,990)</u>	<u>6,808,976</u>	<u>381,680</u>
Cash flows from noncapital financing activities:			
Transfers in	13,509,884	157,819	38,252
Transfers out	(11,079)	(6,482,700)	-
Advances from other funds of the primary government	635,091	-	-
Interest paid	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>14,133,896</u>	<u>(6,324,881)</u>	<u>38,252</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(13,955,362)	(381,107)	(2,537,633)
Proceeds from the sale of property	548,015	-	-
Net cash provided by (used in) capital and related financing activities	<u>(13,407,347)</u>	<u>(381,107)</u>	<u>(2,537,633)</u>
Cash flows from investing activities:			
Interest on investments	<u>35,988</u>	<u>136,383</u>	<u>193,039</u>
Net cash provided by (used in) investing activities	<u>35,988</u>	<u>136,383</u>	<u>193,039</u>
Net changes in cash and cash equivalents	(2,092,453)	239,371	(1,924,662)
Cash and cash equivalents at beginning of year	<u>2,092,453</u>	<u>4,174,377</u>	<u>5,414,791</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 4,413,748</u>	<u>\$ 3,490,129</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, 2008

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ -	\$ 18,602,894	\$ 59,934,446	\$ 99,419,987	\$ -	\$ 1,199,773	\$ 1,043,372
(438,689)	(9,766,111)	(65,544,231)	(91,744,088)	(9,614,345)	(626,995)	(784,570)
-	-	-	(13,082)	-	(735,554)	(277,437)
37,357	1,430	-	-	-	-	-
(401,332)	8,838,213	(5,609,785)	7,662,817	(9,614,345)	(162,776)	(18,635)
500,000	1,526,542	-	1,757,227	12,277,320	-	-
(20,004)	(15,347,320)	-	(140,100)	-	-	-
-	-	-	-	-	112,863	-
-	-	-	-	-	-	-
479,996	(13,820,778)	-	1,617,127	12,277,320	112,863	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
160,446	1,093,458	660,878	717,170	156,082	-	14,894
160,446	1,093,458	660,878	717,170	156,082	-	14,894
239,110	(3,889,107)	(4,948,907)	9,997,114	2,819,057	(49,913)	(3,741)
3,623,962	27,963,131	20,124,802	13,372,965	2,046,047	49,913	355,759
<u>\$ 3,863,072</u>	<u>\$ 24,074,024</u>	<u>\$ 15,175,895</u>	<u>\$ 23,370,079</u>	<u>\$ 4,865,104</u>	<u>\$ -</u>	<u>\$ 352,018</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, 2008

	Real Property Services	Treasury Management	Technology Revolving	Human Resources
Cash flows from operating activities:				
Receipts from customers and users	\$ 704,363	\$ 1,269,208	\$ 1,194,755	\$ 7,379,454
Payments to suppliers	(752,484)	(236,892)	(1,719,378)	(2,086,800)
Payments to employees	(1,321,194)	(667,402)	-	(4,178,396)
Other receipts (payments)	-	-	-	-
Net cash provided by (used in) operating activities	<u>(1,369,315)</u>	<u>364,914</u>	<u>(524,623)</u>	<u>1,114,258</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	326,698	-
Transfers out	(75)	(329,200)	-	-
Advances from other funds of the primary government	74,646	-	-	-
Interest paid	-	-	(126)	-
Net cash provided by (used in) noncapital financing activities	<u>74,571</u>	<u>(329,200)</u>	<u>326,572</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	<u>40,513</u>	<u>552</u>	<u>-</u>	<u>67,358</u>
Net cash provided by (used in) investing activities	<u>40,513</u>	<u>552</u>	<u>-</u>	<u>67,358</u>
Net changes in cash and cash equivalents	(1,254,231)	36,266	(198,051)	1,181,616
Cash and cash equivalents at beginning of year	<u>1,254,231</u>	<u>57,367</u>	<u>321,422</u>	<u>1,692,228</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 93,633</u>	<u>\$ 123,371</u>	<u>\$ 2,873,844</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, 2008

Finance Services	General Services	School Print Shop	Internal Audit	Total Internal Service Funds
\$ 8,590,135	\$ 25,619,702	\$ 1,445,604	\$ 1,498,702	\$ 273,468,915
(1,596,638)	(17,288,293)	(514,171)	(159,730)	(228,590,210)
(6,680,906)	(5,797,912)	(446,892)	(495,631)	(36,371,281)
(860)	-	-	-	280,743
<u>311,731</u>	<u>2,533,497</u>	<u>484,541</u>	<u>843,341</u>	<u>8,788,167</u>
-	703,082	-	-	30,796,824
(374)	(1,058,700)	-	-	(23,389,552)
-	-	-	-	822,600
-	(49,229)	-	-	(49,355)
<u>(374)</u>	<u>(404,847)</u>	<u>-</u>	<u>-</u>	<u>8,180,517</u>
-	(245,984)	-	-	(17,120,086)
-	-	-	-	548,015
-	(245,984)	-	-	(16,572,071)
<u>24,289</u>	<u>43,377</u>	<u>12,515</u>	<u>9,804</u>	<u>3,366,746</u>
<u>24,289</u>	<u>43,377</u>	<u>12,515</u>	<u>9,804</u>	<u>3,366,746</u>
335,646	1,926,043	497,056	853,145	3,763,359
1,079,351	-	36,183	-	83,658,982
<u>\$ 1,414,997</u>	<u>\$ 1,926,043</u>	<u>\$ 533,239</u>	<u>\$ 853,145</u>	<u>\$ 87,422,341</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, 2008

	Office of Fleet Management	Information Systems	Radio Shop
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (15,520,429)	\$ 7,043,290	\$ 141,907
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	12,716,378	472,725	284,201
Other receipts (payments)	242,816	-	-
Changes in assets and liabilities:			
Accounts receivable	(8,375)	(7,237)	1,552
Due from other funds of the primary government	182,171	334,163	(116,613)
Due from component units	-	2,221	-
Inventories of supplies	(334,904)	-	(14,529)
Other current assets	-	(52,733)	-
Accounts payable	(131,583)	(1,111,720)	63,931
Accrued payroll	10,059	127,134	20,767
Claims payable	-	-	-
Due to other funds of the primary government	(11,123)	1,133	464
Total adjustments	12,665,439	(234,314)	239,773
Net cash provided by (used in) operating activities	\$ (2,854,990)	\$ 6,808,976	\$ 381,680
<u>Non-Cash Capital, Financing and Investing Activities:</u>			
Transfer of capital assets from (to) other funds	\$ -	\$ -	\$ -

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOW
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2008

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty	School Central Storeroom	Metro Postal Service
\$ (473,924)	\$ 14,105,166	\$ (4,588,285)	\$ 6,865,925	\$ (12,910,080)	\$ (38,613)	\$ 194,877
-	-	-	-	-	-	-
37,357	1,430	-	-	-	-	-
-	-	4,717	(1,388,760)	-	(280)	-
-	(35,741)	1,815	(8,813,288)	2,704,325	(68,995)	12,642
-	-	-	-	-	-	(15)
-	-	-	-	-	(3,167)	-
-	-	-	-	-	-	(177,037)
(24,489)	(307,343)	(1,299,688)	2,269,425	(676,708)	(15,747)	(52,407)
-	11,402	-	-	-	(33,644)	3,305
59,724	(2,229,156)	271,429	8,697,000	1,134,000	-	-
-	(2,707,545)	227	32,515	134,118	(2,330)	-
72,592	(5,266,953)	(1,021,500)	796,892	3,295,735	(124,163)	(213,512)
\$ (401,332)	\$ 8,838,213	\$ (5,609,785)	\$ 7,662,817	\$ (9,614,345)	\$ (162,776)	\$ (18,635)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2008

	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)	\$ (1,102,382)	\$ 291,879	\$ (348,777)	\$ 1,611,245
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	-	3,497	(3,229)	-
Due from other funds of the primary government	(125,476)	56,598	(1,610)	176,388
Due from component units	-	2,475	-	-
Inventories of supplies	-	-	-	-
Other current assets	-	274	-	-
Accounts payable	(187)	(1,079)	(157,693)	(240,828)
Accrued payroll	(80,063)	9,932	-	(429,712)
Claims payable	-	-	-	-
Due to other funds of the primary government	(61,207)	1,338	(13,314)	(2,835)
Total adjustments	(266,933)	73,035	(175,846)	(496,987)
Net cash provided by (used in) operating activities	<u>\$ (1,369,315)</u>	<u>\$ 364,914</u>	<u>\$ (524,623)</u>	<u>\$ 1,114,258</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, 2008

Finance Services	General Services	School Print Shop	Internal Audit	Total Internal Service Funds
<u>\$ 1,045,446</u>	<u>\$ 2,858,087</u>	<u>\$ 391,565</u>	<u>\$ 762,245</u>	<u>\$ 329,142</u>
9,876	12,451	15,855	1,345	13,512,831
(860)	-	-	-	280,743
-	(19,535)	(1,320)	-	(1,418,970)
7,716	(43,765)	85,033	-	(5,644,637)
-	-	-	-	4,681
-	-	-	-	(352,600)
-	-	-	-	(229,496)
(17,138)	635,821	(10,205)	2,999	(1,074,639)
(733,662)	(268,658)	675	28,279	(1,334,186)
-	-	-	-	7,932,997
353	(640,904)	2,938	48,473	(3,217,699)
<u>(733,715)</u>	<u>(324,590)</u>	<u>92,976</u>	<u>81,096</u>	<u>8,459,025</u>
<u>\$ 311,731</u>	<u>\$ 2,533,497</u>	<u>\$ 484,541</u>	<u>\$ 843,341</u>	<u>\$ 8,788,167</u>
\$ (6,547)	\$ -	\$ -	\$ 6,547	\$ -

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DESCRIPTION OF PROPRIETARY FUNDS

NONMAJOR ENTERPRISE FUNDS

NASHVILLE CONVENTION CENTER

The Nashville Convention Center was created for the purpose of providing meeting and exhibit space for conventions, trade shows and business, on a user charge basis. The operations of the Nashville Convention Center are supported in part by allocations from hotel occupancy tax collections.

BOARD OF FAIR COMMISSIONERS

The Board of Fair Commissioners performs administrative and fiscal duties relative to the Tennessee State Fair and fairgrounds. Revenues are derived primarily from the annual State Fair, monthly flea markets and the Nashville Speedway.

FARMERS MARKET

The Farmers Market provides farmers with a setting in which to sell their agricultural products to the general public. Revenues are derived from fees collected from vendors for indoor retail space, farmers for display space, and other private vendors for flea market space.

POLICE SECONDARY EMPLOYMENT

The Police Secondary Employment Unit coordinates the scheduling of off duty police officers to provide security as requested by Metropolitan Government agencies and private entities when the presence of an officer and police vehicle during certain events and activities would help protect the safety of the public. Revenues are collected from the requesting agency or private entity to cover the cost of these services.

SURPLUS PROPERTY AUCTION

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

MUNICIPAL AUDITORIUM

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

POLICE IMPOUND

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

SCHOOL COMMUNITY EDUCATION

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

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

INTERNAL SERVICE FUNDS

OFFICE OF FLEET MANAGEMENT FUND

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

INFORMATION SYSTEMS FUND

The Information Systems Fund is under the administrative responsibility of the Information Technology Services Department. Revenues are derived from internal charges to various departments for voice and data communication services and for the use of computer equipment.

RADIO SHOP FUND

The Radio Shop Fund is under the administrative responsibility of the Department of General Services. The Radio Shop acts as the central service agency with regard to the acquisition, use, maintenance and replacement of radio equipment owned by the Government.

SCHOOL SELF INSURANCE FUND

The School Self Insurance Fund is used to pay for general liability claims, vehicular liability claims and administrative claims that relate to schools. Premiums are paid from the schools' operating budget to this fund in lieu of paying insurance premiums to private insurance carriers.

GENERAL GOVERNMENT SELF INSURANCE FUND

The General Government Self Insurance Fund is used to pay claims from a pooling of funds, including claims for bodily injury and property damage. Premiums are paid from various departments to this fund in lieu of paying insurance premiums to private insurance carriers.

SCHOOL PROFESSIONAL EMPLOYEES' INSURANCE FUND

The School Professional Employees' Insurance Fund is under the administrative responsibility of the Metropolitan Nashville Public Schools and is used for the accumulation of assets for the payment of self insured medical claims.

EMPLOYEES' MEDICAL BENEFIT FUND

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

INJURED ON DUTY FUND

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

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

SCHOOL CENTRAL STOREROOM FUND

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

METRO POSTAL SERVICE FUND

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

REAL PROPERTY SERVICES FUND

The Real Property Services Fund is under the administrative responsibility of the Department of Finance. The responsibilities of Real Property Services include planning and design for the effective and consistent use of facilities; management of all Metro facility related construction projects; and the acquisition and disposal of real property assets.

TREASURY MANAGEMENT FUND

The Treasury Management Fund is under the administrative responsibility of the Department of Finance. Treasury Management is the central service agency responsible for the management of cash, pension investments and debt. Revenue to cover the fund's activity is from the Metro Investment Pool, Pension Trust Fund and Debt Service Funds.

TECHNOLOGY REVOLVING FUND

The Technology Revolving Fund is under the administrative responsibility of the Information Technology Services Department and is used to account for the replacement of computer equipment and software. Revenues are derived from internal charges to various departments based on equipment usage.

HUMAN RESOURCES FUND

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

FINANCE SERVICES FUND

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

GENERAL SERVICES FUND

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF PROPRIETARY FUNDS (CONTINUED)

SCHOOL PRINT SHOP FUND

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

INTERNAL AUDIT FUND

The Internal Audit Fund is under the administrative responsibility of the Department of Internal Audit and used to account for the Government's internal audit program. Revenues are derived from internal charges to various departments based on departmental expenditures.





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, 2008

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ASSETS:				
Cash and cash equivalents	\$ -	\$ 85,545,626	\$ 807,212	\$ 2,289,692
Investments, at fair value:				
Commercial mortgage backed securities	-	41,138,515	-	-
Government mortgage backed securities	-	129,857,968	-	-
Government bonds	-	52,660,046	-	-
Government agencies	-	63,355,384	-	33,639
Corporate bonds and notes	-	289,104,578	-	17,382,067
Warrants and options	-	2,347,143	-	-
Common stock	1,103,010	1,173,282,753	2,925,453	45,525,667
Preferred stock	-	10,599,378	-	62,382
Mortgages and real estate	-	152,095,648	-	-
Collateralized mortgage obligations	-	34,042,992	-	-
Venture capital and partnerships	-	49,223,659	-	-
Asset backed securities	-	22,546,642	-	-
Convertible equity	-	-	-	183,825
Cash collateral received - securities lending program	-	260,825,986	-	17,045,696
Annuities	-	265,597	-	-
Accounts receivable	-	31,342,747	239,381	1,295,798
Accrued interest receivable	-	3,531,728	1,449	70,531
Due from other funds of the primary government	358,279	420,490	963,395	807,114
Total assets	1,461,289	2,402,186,880	4,936,890	84,696,411
LIABILITIES:				
Accounts payable	6,212	1,631,608	11	377,438
Due to brokers	-	71,607,344	-	-
Payable for collateral received - securities lending program	-	260,825,986	-	17,045,696
Due to other funds of the primary government	-	357,499	-	-
Due to component units	-	1,440	-	-
Other liabilities	-	211,745	-	-
Total liabilities	6,212	334,635,622	11	17,423,134
NET ASSETS:				
Held in trust for pension benefits and other employee benefit purposes (A Schedule of Funding Progress for each pension plan is presented as Required Supplementary Information.)	1,455,077	2,067,551,258	4,936,879	67,273,277
Total net assets	\$ 1,455,077	\$ 2,067,551,258	\$ 4,936,879	\$ 67,273,277

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, 2008

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
\$ 2,317	\$ 581,013	\$ 3,107,835	\$ 262,757	\$ 92,596,452
-	-	-	-	41,138,515
-	-	-	-	129,857,968
-	-	-	-	52,660,046
-	-	-	-	63,389,023
-	-	-	-	306,486,645
-	-	-	-	2,347,143
5,114,730	1,792,699	-	-	1,229,744,312
-	-	-	-	10,661,760
-	-	-	-	152,095,648
-	-	-	-	34,042,992
-	-	-	-	49,223,659
-	-	-	-	22,546,642
-	-	-	-	183,825
-	-	-	-	277,871,682
-	-	-	-	265,597
-	166,479	45,838	31,802	33,122,045
-	1,043	5,206	1,075	3,611,032
1,730,585	563,046	-	-	4,842,909
<u>6,847,632</u>	<u>3,104,280</u>	<u>3,158,879</u>	<u>295,634</u>	<u>2,506,687,895</u>
28,992	-	-	123,076	2,167,337
-	-	-	-	71,607,344
-	-	-	-	277,871,682
-	-	1,757,227	-	2,114,726
-	-	-	-	1,440
2,534	-	-	-	214,279
<u>31,526</u>	<u>-</u>	<u>1,757,227</u>	<u>123,076</u>	<u>353,976,808</u>
<u>6,816,106</u>	<u>3,104,280</u>	<u>1,401,652</u>	<u>172,558</u>	<u>2,152,711,087</u>
<u>\$ 6,816,106</u>	<u>\$ 3,104,280</u>	<u>\$ 1,401,652</u>	<u>\$ 172,558</u>	<u>\$ 2,152,711,087</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, 2008

	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	\$ 21,850,183	\$ 4,096,507	\$ -	\$ 9,973,845	\$ 3,527,715
Investments:					
Corporate bonds and notes	-	-	-	10,000	-
Mortgages and real estate	-	-	-	665,618	-
Mutual funds	-	12,440	-	-	-
Accrued interest receivable	-	-	-	-	-
Due from other funds of the primary government	-	-	-	-	-
Other assets	10,228	-	-	-	55,772
Total assets	<u>\$ 21,860,411</u>	<u>\$ 4,108,947</u>	<u>\$ -</u>	<u>\$ 10,649,463</u>	<u>\$ 3,583,487</u>
LIABILITIES:					
Funds held in trust	\$ 17,533,863	\$ 4,097,503	\$ -	\$ 8,919,938	\$ -
Other liabilities	4,326,548	11,444	-	1,729,525	3,583,487
Total liabilities	<u>\$ 21,860,411</u>	<u>\$ 4,108,947</u>	<u>\$ -</u>	<u>\$ 10,649,463</u>	<u>\$ 3,583,487</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 (CONTINUED)

June 30, 2008

Vic Lineweaver, Juvenile Court Clerk	Transit Authority Revenue	Sold Property Tax Receivables	Sheriff Work Release and Inmate Trust	Total Agency Funds
\$ 2,378,775	\$ -	\$ 463,916	\$ 708,540	\$ 42,999,481
-	-	-	-	10,000
-	-	-	-	665,618
-	-	-	-	12,440
-	-	2,535	-	2,535
-	-	1,664,554	-	1,664,554
-	-	-	-	66,000
<u>\$ 2,378,775</u>	<u>\$ -</u>	<u>\$ 2,131,005</u>	<u>\$ 708,540</u>	<u>\$ 45,420,628</u>
\$ 2,048,237	\$ -	\$ 2,131,005	\$ 708,540	\$ 35,439,086
330,538	-	-	-	9,981,542
<u>\$ 2,378,775</u>	<u>\$ -</u>	<u>\$ 2,131,005</u>	<u>\$ 708,540</u>	<u>\$ 45,420,628</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, 2008

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ADDITIONS:				
Investment income:				
Interest and dividend income	\$ 29,487	\$ 58,945,104	\$ 113,042	\$ (3,922,335)
Net appreciation (depreciation) of investments	(62,667)	(124,707,499)	(166,245)	(3,887,231)
Miscellaneous	-	199,381	-	8,189
Net increase (decrease) in fair value of investments	(33,180)	(65,563,014)	(53,203)	(7,801,377)
Net income earned on securities lending transactions:				
Securities lending income	-	12,317,907	-	263,770
Securities lending expense	-	(10,211,990)	-	(219,164)
Net income earned on securities lending transactions	-	2,105,917	-	44,606
Less investment expenses	-	(7,045,536)	(191)	(474,986)
Net investment income (loss)	(33,180)	(70,502,633)	(53,394)	(8,231,757)
Contributions:				
Employee contributions	-	87,794	-	11,536
Employer contributions	2,403,602	90,922,719	7,356,970	7,892,115
Transfers in	-	83,297	-	-
Contributions from the State of Tennessee	-	-	2,963,586	15,643,386
Miscellaneous	-	-	-	-
Total contributions	2,403,602	91,093,810	10,320,556	23,547,037
Total additions	2,370,422	20,591,177	10,267,162	15,315,280
DEDUCTIONS:				
Pension and other employee benefits	2,045,323	90,542,776	9,117,600	36,265,097
Refunds of contributions	-	24,062	-	-
Administrative expenses	-	3,897,885	-	105,915
Transfers out	-	-	-	-
Total deductions	2,045,323	94,464,723	9,117,600	36,371,012
Change in net assets	325,099	(73,873,546)	1,149,562	(21,055,732)
NET ASSETS, beginning of year	1,129,978	2,141,424,804	3,787,317	88,329,009
NET ASSETS, end of year	\$ 1,455,077	\$ 2,067,551,258	\$ 4,936,879	\$ 67,273,277

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, 2008

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
\$ 137,036	\$ 72,685	\$ 82,131	\$ 10,911	\$ 55,468,061
(290,694)	(101,861)	-	-	(129,216,197)
-	-	-	-	207,570
(153,658)	(29,176)	82,131	10,911	(73,540,566)
-	-	-	-	12,581,677
-	-	-	-	(10,431,154)
-	-	-	-	2,150,523
-	-	-	(2,787)	(7,523,500)
(153,658)	(29,176)	82,131	8,124	(78,913,543)
-	-	1,311,184	812,072	2,222,586
11,374,358	4,480,390	-	-	124,430,154
-	-	-	-	83,297
-	2,028,685	-	-	20,635,657
-	-	1,959,040	-	1,959,040
11,374,358	6,509,075	3,270,224	812,072	149,330,734
11,220,700	6,479,899	3,352,355	820,196	70,417,191
9,643,990	5,779,550	1,236,135	798,655	155,429,126
-	-	-	-	24,062
-	-	-	-	4,003,800
-	-	1,757,227	-	1,757,227
9,643,990	5,779,550	2,993,362	798,655	161,214,215
1,576,710	700,349	358,993	21,541	(90,797,024)
5,239,396	2,403,931	1,042,659	151,017	2,243,508,111
<u>\$ 6,816,106</u>	<u>\$ 3,104,280</u>	<u>\$ 1,401,652</u>	<u>\$ 172,558</u>	<u>\$ 2,152,711,087</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

For the Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 22,429,040	\$ 64,333,388	\$ 64,912,245	\$ 21,850,183
Other assets	10,228	-	-	10,228
Total assets	<u>\$ 22,439,268</u>	<u>\$ 64,333,388</u>	<u>\$ 64,912,245</u>	<u>\$ 21,860,411</u>
LIABILITIES:				
Funds held in trust	\$ 16,031,927	\$ 39,713,069	\$ 38,211,133	\$ 17,533,863
Other liabilities	6,407,341	24,620,319	26,701,112	4,326,548
Total liabilities	<u>\$ 22,439,268</u>	<u>\$ 64,333,388</u>	<u>\$ 64,912,245</u>	<u>\$ 21,860,411</u>
 <u>Cristi Scott, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 7,012,050	\$ 23,052,885	\$ 25,968,428	\$ 4,096,507
Mutual funds	13,527	-	1,087	12,440
Total assets	<u>\$ 7,025,577</u>	<u>\$ 23,052,885</u>	<u>\$ 25,969,515</u>	<u>\$ 4,108,947</u>
LIABILITIES:				
Funds held in trust	\$ 7,019,973	\$ 22,998,760	\$ 25,921,230	\$ 4,097,503
Other liabilities	5,604	54,125	48,285	11,444
Total liabilities	<u>\$ 7,025,577</u>	<u>\$ 23,052,885</u>	<u>\$ 25,969,515</u>	<u>\$ 4,108,947</u>
 <u>John Arriola, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ -	\$ 167,192,450	\$ 167,192,450	\$ -
LIABILITIES:				
Due to other funds of the primary government	\$ -	\$ 167,192,450	\$ 167,192,450	\$ -
 <u>David Torrence, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 9,740,823	\$ 14,407,257	\$ 14,174,235	\$ 9,973,845
Corporate bonds and notes	10,000	-	-	10,000
Mortgages and real estate	665,618	-	-	665,618
Total assets	<u>\$ 10,416,441</u>	<u>\$ 14,407,257</u>	<u>\$ 14,174,235</u>	<u>\$ 10,649,463</u>
LIABILITIES:				
Funds held in trust	\$ 8,602,921	\$ 317,017	\$ -	\$ 8,919,938
Other liabilities	1,813,520	14,090,240	14,174,235	1,729,525
Total liabilities	<u>\$ 10,416,441</u>	<u>\$ 14,407,257</u>	<u>\$ 14,174,235</u>	<u>\$ 10,649,463</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (CONTINUED)

For the Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 4,026,476	\$ 33,103,501	\$ 33,602,262	\$ 3,527,715
Other assets	148,690	-	92,918	55,772
Total assets	<u>\$ 4,175,166</u>	<u>\$ 33,103,501</u>	<u>\$ 33,695,180</u>	<u>\$ 3,583,487</u>
LIABILITIES:				
Due to other funds of the primary government	\$ -	\$ 5,301,232	\$ 5,301,232	\$ -
Other liabilities	4,175,166	27,802,269	28,393,948	3,583,487
Total liabilities	<u>\$ 4,175,166</u>	<u>\$ 33,103,501</u>	<u>\$ 33,695,180</u>	<u>\$ 3,583,487</u>
 <u>Vic Lineweaver, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 2,462,194</u>	<u>\$ 6,593,442</u>	<u>\$ 6,676,861</u>	<u>\$ 2,378,775</u>
LIABILITIES:				
Funds held in trust	\$ 2,084,505	\$ 251,287	\$ 287,555	\$ 2,048,237
Other liabilities	377,689	6,342,155	6,389,306	330,538
Total liabilities	<u>\$ 2,462,194</u>	<u>\$ 6,593,442</u>	<u>\$ 6,676,861</u>	<u>\$ 2,378,775</u>
 <u>Transit Authority Revenue</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 6,508</u>	<u>\$ -</u>	<u>\$ 6,508</u>	<u>\$ -</u>
LIABILITIES:				
Due to component units	<u>\$ 6,508</u>	<u>\$ -</u>	<u>\$ 6,508</u>	<u>\$ -</u>
 <u>Sold Property Tax Receivables</u>				
ASSETS:				
Cash and cash equivalents	\$ 633,046	\$ 31,617,924	\$ 31,787,054	\$ 463,916
Accounts receivable	71,144	-	71,144	-
Accrued interest receivable	-	16,679	14,144	2,535
Due from other funds of the primary government	-	1,664,554	-	1,664,554
Total assets	<u>\$ 704,190</u>	<u>\$ 33,299,157</u>	<u>\$ 31,872,342</u>	<u>\$ 2,131,005</u>
LIABILITIES:				
Funds held in trust	<u>\$ 704,190</u>	<u>\$ 33,299,157</u>	<u>\$ 31,872,342</u>	<u>\$ 2,131,005</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (CONTINUED)

For the Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	\$ 663,470	\$ 3,418,875	\$ 3,373,805	\$ 708,540
LIABILITIES:				
Funds held in trust	\$ 663,470	\$ 3,418,875	\$ 3,373,805	\$ 708,540
 <u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 46,973,607	\$ 343,719,722	\$ 347,693,848	\$ 42,999,481
Investments:				
Corporate bonds and notes	10,000	-	-	10,000
Mortgages and real estate	665,618	-	-	665,618
Mutual funds	13,527	-	1,087	12,440
Accounts receivable	71,144	-	71,144	-
Accrued interest receivable	-	16,679	14,144	2,535
Due from other funds of the primary government	-	1,664,554	-	1,664,554
Other assets	158,918	-	92,918	66,000
Total assets	<u>\$ 47,892,814</u>	<u>\$ 345,400,955</u>	<u>\$ 347,873,141</u>	<u>\$ 45,420,628</u>
LIABILITIES:				
Due to other funds of the primary government	\$ -	\$ 172,493,682	\$ 172,493,682	\$ -
Due to component units	6,508	-	6,508	-
Funds held in trust	35,106,986	99,998,165	99,666,065	35,439,086
Other liabilities	12,779,320	72,909,108	75,706,886	9,981,542
Total liabilities	<u>\$ 47,892,814</u>	<u>\$ 345,400,955</u>	<u>\$ 347,873,141</u>	<u>\$ 45,420,628</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DESCRIPTION OF FIDUCIARY FUNDS

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

DAVIDSON COUNTY EMPLOYEES' RETIREMENT FUND

The Davidson County Employees' Retirement Fund covers certain employees of the former Davidson County and was closed to new members in 1963. Benefits are funded by contributions from the Government.

METROPOLITAN EMPLOYEES' BENEFIT TRUST FUND

Established in 1963, the Metropolitan Employees' Benefit Trust Fund covers substantially all employees who are not members of any other plan and is used to account for Division A & B of the Metro Plan. Division B of the Metro Plan is the only plan open to new members. This fund receives contributions from both employees and from the Government. Under the administrative responsibility of the Employee Benefit Board, this fund provides for the accumulation of assets for the payment of disability and retirement benefits for employees covered under this plan.

EMPLOYEES' PENSION AND INSURANCE FUND

The Employees' Pension and Insurance Fund covers teachers and classified employees of the Metropolitan Nashville Public Schools of the former Davidson County. The plan is closed to new members and is funded by contributions from the Government, employees and the State of Tennessee.

TEACHERS' RETIREMENT PLAN FUND

The Teachers' Retirement Plan Fund is funded by contributions from the Metropolitan Nashville Public Schools, employees and the State of Tennessee. The plan was closed to new members on July 1, 1969.

CLOSED CITY PLAN FUND

The Civil Service Employees' Pension Fund covers certain employees of the former City of Nashville and was closed to new members in 1963. Benefits are funded by contributions from the Government.

The Police and Fireman Pension Fund cover certain employees of the former City of Nashville and were closed to new members in 1963. Benefits are funded by contributions from the Government.

TEACHERS' CIVIL SERVICE AND PENSION FUND

The Teachers' Civil Service and Pension Fund covers eligible employees who were teachers of the former City of Nashville. Benefits are funded by contributions from the Government and the State of Tennessee.

METROPOLITAN EMPLOYEES' FLEXIBLE BENEFITS PLAN FUND

The Metropolitan Employees' Flexible Benefits Plan Fund was established to account for the pre-tax deductions withheld from compensation to employees of the Government for medical and dependent care reimbursement.

EDUCATION FLEXIBLE BENEFITS PLAN FUND

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

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

AGENCY FUNDS

ELECTED OFFICIALS

The following agency funds are used to account for assets held by the Elected Officials as agents for individuals, governmental entities and others. These include:

Richard R. Rooker, Circuit Court Clerk
Cristi Scott, Clerk and Master
John Arriola, County Clerk
David Torrence, Criminal Court Clerk
Bill Garrett, County Register
Vic Lineweaver, Juvenile Court Clerk

TRANSIT AUTHORITY REVENUE FUND

The Transit Authority Revenue Fund accounted for federal funds passed through to the Metropolitan Transit Authority, which is responsible for the administration of these funds. This Fund was closed during the fiscal year ended June 30, 2008, and the federal funds are now received directly by the Metropolitan Transit Authority.

SOLD PROPERTY TAX RECEIVABLES FUND

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

SHERIFF WORK RELEASE AND INMATE TRUST FUND

The Sheriff Work Release and Inmate Trust Fund administers and accounts for the receipt and usage of individual inmates' personal funds through the Commissary and Work Release accounts.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BALANCE SHEET
SPORTS AUTHORITY FUND

June 30, 2008

ASSETS:	
Cash and cash equivalents	\$ 6,522,270
Investments	314,558
Accounts receivable	266,203
Accrued interest receivable	3,713
Due from the primary government	<u>1,021,869</u>
Total assets	<u>\$ 8,128,613</u>
LIABILITIES:	
Accounts payable	\$ 1,927,736
Accrued payroll	6,243
Due to the primary government	1,229
Deferred revenue	<u>240,859</u>
Total liabilities	<u>2,176,067</u>
FUND BALANCES:	
Undesignated	<u>5,952,546</u>
Total fund balances	<u>5,952,546</u>
Total liabilities and fund balances	<u>\$ 8,128,613</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, 2008

Fund balances	\$	5,952,546
<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>		
		347,719,436
<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		(75,855,000)
Less deferred charge on refunding		4,424,508
Less deferred charge for issuance costs		607,947
Add bond premium		(1,165,288)
Accrued interest payable		(1,755,762)
<p>Deferred revenues reported in the governmental component unit funds are recognized as revenues in the governmental component unit activities.</p>		
		240,859
Net assets	\$	280,169,246

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, 2008

REVENUES:	
Local option sales tax	\$ 960,923
Revenues from the use of money or property	240,429
Revenues from other governmental agencies	20,217,096
Charges for current services	2,295,581
Compensation for loss, sale or damage to property	664,595
Contributions and gifts	<u>4,609,280</u>
Total revenues	<u>28,987,904</u>
EXPENDITURES:	
Personal services	160,981
Contractual services	17,560,014
Supplies and materials	1,434
Other costs	453,581
Capital outlay	6,809,280
Compensation for damages	11,014
Debt service:	
Principal retirement	3,130,000
Interest	<u>3,565,366</u>
Total expenditures	<u>31,691,670</u>
Net change in fund balances	(2,703,766)
FUND BALANCES, beginning of year	<u>8,656,312</u>
FUND BALANCES, end of year	<u><u>\$ 5,952,546</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, 2008

Net change in fund balances	\$	(2,703,766)
<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		6,809,280
Depreciation expense		(9,795,586)
<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		3,130,000
Amortization of deferred charge on refunding		(245,806)
Amortization of issuance costs		(33,775)
Amortization of premium		64,738
Change in accrued interest		53,842
<p>Some revenues for governmental component unit activities do not provide current financial resources and are not reported as revenues for governmental component unit funds.</p>		240,859
Change in net assets	\$	(2,480,214)

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, 2008

	General Services District	Urban Services District	Total General Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,090,459	\$ 18,753,492	\$ 20,843,951
Sales tax receivable	15,719,100	-	15,719,100
Accounts receivable	62,412,267	2,055,614	64,467,881
Accrued interest receivable	109,070	37,890	146,960
Property taxes receivable	338,837,522	71,089,231	409,926,753
Allowance for doubtful accounts	(28,822,082)	(1,664,693)	(30,486,775)
Due from other funds of the primary government	2,033,941	981,305	3,015,246
Due from component units	40,023,887	-	40,023,887
Inventories of supplies	295,558	-	295,558
Other assets	79,811	-	79,811
	<hr/>	<hr/>	<hr/>
Total assets	\$ 432,779,533	\$ 91,252,839	\$ 524,032,372
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 9,609,805	\$ 985,289	\$ 10,595,094
Accrued payroll	17,750,503	2,560,653	20,311,156
Due to other funds of the primary government	9,695,049	3,730,443	13,425,492
Due to component units	59,470	-	59,470
Deferred revenue	342,934,772	70,462,822	413,397,594
Other liabilities	3,125,593	-	3,125,593
	<hr/>	<hr/>	<hr/>
Total liabilities	383,175,192	77,739,207	460,914,399
	<hr/>	<hr/>	<hr/>
FUND BALANCES:			
Reserved for imprest cash and inventories	480,600	3,000	483,600
Reserved for subsequent year budgetary appropriations	200,000	-	200,000
Reserved for long-term receivable from General Hospital	28,951,993	-	28,951,993
Unreserved:			
Undesignated	19,971,748	13,510,632	33,482,380
	<hr/>	<hr/>	<hr/>
Total fund balances	49,604,341	13,513,632	63,117,973
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 432,779,533	\$ 91,252,839	\$ 524,032,372
	<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, 2008

	General Services District	Urban Services District	Total General Fund
REVENUES:			
Property taxes	\$ 344,185,668	\$ 83,493,517	\$ 427,679,185
Local option sales tax	94,605,207	-	94,605,207
Other taxes, licenses and permits	89,775,299	17,446,619	107,221,918
Fines, forfeits and penalties	13,323,712	-	13,323,712
Revenues from the use of money or property	1,869,085	481,979	2,351,064
Revenues from other governmental agencies	86,685,310	5,823,824	92,509,134
Commissions and fees	29,070,315	-	29,070,315
Charges for current services	28,727,071	977,048	29,704,119
Compensation for loss, sale or damage to property	377,878	-	377,878
Contributions and gifts	690,744	-	690,744
Miscellaneous	1,520,969	-	1,520,969
Total revenues	<u>690,831,258</u>	<u>108,222,987</u>	<u>799,054,245</u>
EXPENDITURES:			
General government	24,331,909	-	24,331,909
Fiscal administration	16,472,712	-	16,472,712
Administration of justice	65,699,378	-	65,699,378
Law enforcement and care of prisoners	222,550,295	-	222,550,295
Fire prevention and control	50,998,653	68,649,951	119,648,604
Regulation and inspection	8,581,612	-	8,581,612
Conservation of natural resources	456,284	-	456,284
Public welfare	8,368,409	-	8,368,409
Public health and hospitals	85,557,855	-	85,557,855
Public library system	21,830,610	-	21,830,610
Public works, highways and streets	28,664,277	9,168,439	37,832,716
Recreational and cultural	38,852,055	-	38,852,055
Employee benefits	40,131,699	20,968,843	61,100,542
Miscellaneous	43,148,665	1,331,594	44,480,259
Total expenditures	<u>655,644,413</u>	<u>100,118,827</u>	<u>755,763,240</u>
Excess of revenues over expenditures	<u>35,186,845</u>	<u>8,104,160</u>	<u>43,291,005</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	16,696,087	-	16,696,087
Transfers out	(46,697,913)	(10,757,200)	(57,455,113)
Total other financing sources (uses)	<u>(30,001,826)</u>	<u>(10,757,200)</u>	<u>(40,759,026)</u>
Net change in fund balances	5,185,019	(2,653,040)	2,531,979
FUND BALANCES, beginning of year	<u>44,419,322</u>	<u>16,166,672</u>	<u>60,585,994</u>
FUND BALANCES, end of year	<u>\$ 49,604,341</u>	<u>\$ 13,513,632</u>	<u>\$ 63,117,973</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, 2008

	General Services District			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES:				
Property taxes	\$ 350,229,500	\$ 350,229,500	\$ 344,185,668	\$ (6,043,832)
Local option sales tax	96,093,000	96,093,000	94,605,207	(1,487,793)
Other taxes, licenses and permits	89,389,200	89,389,200	89,775,299	386,099
Fines, forfeits and penalties	13,916,600	13,916,600	13,323,712	(592,888)
Revenues from the use of money or property	-	-	1,869,085	1,869,085
Revenues from other governmental agencies	81,137,200	81,141,450	86,685,310	5,543,860
Commissions and fees	21,804,200	21,804,200	29,070,315	7,266,115
Charges for current services	29,995,800	30,695,800	28,727,071	(1,968,729)
Compensation for loss, sale or damage to property	244,700	244,700	377,878	133,178
Contributions and gifts	597,300	622,300	690,744	68,444
Miscellaneous	1,059,000	1,059,000	1,520,969	461,969
Total revenues	<u>684,466,500</u>	<u>685,195,750</u>	<u>690,831,258</u>	<u>5,635,508</u>
EXPENDITURES:				
General government	24,779,300	25,664,500	24,331,909	1,332,591
Fiscal administration	16,577,900	17,730,250	16,472,712	1,257,538
Administration of justice	64,778,900	66,099,000	65,699,378	399,622
Law enforcement and care of prisoners	217,547,600	224,882,500	222,550,295	2,332,205
Fire prevention and control	48,666,400	50,987,500	50,998,653	(11,153)
Regulation and inspection	9,083,400	9,326,700	8,581,612	745,088
Conservation of natural resources	513,100	523,800	456,284	67,516
Public welfare	9,193,100	8,598,000	8,368,409	229,591
Public health and hospitals	87,649,700	88,417,600	85,557,855	2,859,745
Public library system	21,377,200	22,025,200	21,830,610	194,590
Public works, highways and streets	27,359,800	28,896,800	28,664,277	232,523
Recreational and cultural	38,300,900	38,982,800	38,852,055	130,745
Employee benefits	41,066,600	41,066,600	40,131,699	934,901
Miscellaneous	53,525,500	38,602,161	43,148,665	(4,546,504)
Total expenditures	<u>660,419,400</u>	<u>661,803,411</u>	<u>655,644,413</u>	<u>6,158,998</u>
Excess (deficiency) of revenues over expenditures	<u>24,047,100</u>	<u>23,392,339</u>	<u>35,186,845</u>	<u>11,794,506</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	16,433,100	16,433,100	16,696,087	262,987
Transfers out	(45,875,400)	(47,525,100)	(46,697,913)	827,187
Total other financing sources (uses)	<u>(29,442,300)</u>	<u>(31,092,000)</u>	<u>(30,001,826)</u>	<u>1,090,174</u>
Net change in fund balances	(5,395,200)	(7,699,661)	5,185,019	12,884,680
FUND BALANCES, beginning of year	<u>44,419,322</u>	<u>44,419,322</u>	<u>44,419,322</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 39,024,122</u>	<u>\$ 36,719,661</u>	<u>\$ 49,604,341</u>	<u>\$ 12,884,680</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2008

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		
\$ 83,973,100	\$ 83,973,100	\$ 83,493,517	\$ (479,583)	\$ 434,202,600	\$ 434,202,600	\$ 427,679,185	\$ (6,523,415)
-	-	-	-	96,093,000	96,093,000	94,605,207	(1,487,793)
12,922,000	12,922,000	17,446,619	4,524,619	102,311,200	102,311,200	107,221,918	4,910,718
-	-	-	-	13,916,600	13,916,600	13,323,712	(592,888)
-	-	481,979	481,979	-	-	2,351,064	2,351,064
9,249,200	9,249,200	5,823,824	(3,425,376)	90,386,400	90,390,650	92,509,134	2,118,484
-	-	-	-	21,804,200	21,804,200	29,070,315	7,266,115
765,000	765,000	977,048	212,048	30,760,800	31,460,800	29,704,119	(1,756,681)
-	-	-	-	244,700	244,700	377,878	133,178
-	-	-	-	597,300	622,300	690,744	68,444
-	-	-	-	1,059,000	1,059,000	1,520,969	461,969
<u>106,909,300</u>	<u>106,909,300</u>	<u>108,222,987</u>	<u>1,313,687</u>	<u>791,375,800</u>	<u>792,105,050</u>	<u>799,054,245</u>	<u>6,949,195</u>
-	-	-	-	24,779,300	25,664,500	24,331,909	1,332,591
-	-	-	-	16,577,900	17,730,250	16,472,712	1,257,538
-	-	-	-	64,778,900	66,099,000	65,699,378	399,622
-	-	-	-	217,547,600	224,882,500	222,550,295	2,332,205
63,298,100	67,459,500	68,649,951	(1,190,451)	111,964,500	118,447,000	119,648,604	(1,201,604)
-	-	-	-	9,083,400	9,326,700	8,581,612	745,088
-	-	-	-	513,100	523,800	456,284	67,516
-	-	-	-	9,193,100	8,598,000	8,368,409	229,591
-	-	-	-	87,649,700	88,417,600	85,557,855	2,859,745
-	-	-	-	21,377,200	22,025,200	21,830,610	194,590
8,276,000	9,168,500	9,168,439	61	35,635,800	38,065,300	37,832,716	232,584
-	-	-	-	38,300,900	38,982,800	38,852,055	130,745
21,175,700	21,175,700	20,968,843	206,857	62,242,300	62,242,300	61,100,542	1,141,758
3,620,400	1,463,000	1,331,594	131,406	57,145,900	40,065,161	44,480,259	(4,415,098)
<u>96,370,200</u>	<u>99,266,700</u>	<u>100,118,827</u>	<u>(852,127)</u>	<u>756,789,600</u>	<u>761,070,111</u>	<u>755,763,240</u>	<u>5,306,871</u>
<u>10,539,100</u>	<u>7,642,600</u>	<u>8,104,160</u>	<u>461,560</u>	<u>34,586,200</u>	<u>31,034,939</u>	<u>43,291,005</u>	<u>12,256,066</u>
-	-	-	-	16,433,100	16,433,100	16,696,087	262,987
(10,757,200)	(10,757,200)	(10,757,200)	-	(56,632,600)	(58,282,300)	(57,455,113)	827,187
<u>(10,757,200)</u>	<u>(10,757,200)</u>	<u>(10,757,200)</u>	<u>-</u>	<u>(40,199,500)</u>	<u>(41,849,200)</u>	<u>(40,759,026)</u>	<u>1,090,174</u>
(218,100)	(3,114,600)	(2,653,040)	461,560	(5,613,300)	(10,814,261)	2,531,979	13,346,240
<u>16,166,672</u>	<u>16,166,672</u>	<u>16,166,672</u>	<u>-</u>	<u>60,585,994</u>	<u>60,585,994</u>	<u>60,585,994</u>	<u>-</u>
<u>\$ 15,948,572</u>	<u>\$ 13,052,072</u>	<u>\$ 13,513,632</u>	<u>\$ 461,560</u>	<u>\$ 54,972,694</u>	<u>\$ 49,771,733</u>	<u>\$ 63,117,973</u>	<u>\$ 13,346,240</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>GENERAL GOVERNMENT:</u>				
Legislative (Office of Clerk and Council)	\$ 3,362,200	\$ 3,425,100	\$ 3,190,150	\$ 234,950
Executive (Office of the Mayor)	4,108,300	4,364,500	3,510,000	854,500
Election Commission	4,566,600	4,637,800	4,095,076	542,724
Department of Law	4,854,900	5,053,100	4,998,169	54,931
Planning Commission	4,034,000	4,284,700	4,284,610	90
County Register of Deeds	2,467,000	2,462,900	2,893,697	(430,797)
Historical Commission	694,500	721,400	694,814	26,586
Telecommunications	691,800	715,000	665,393	49,607
Total General Government	24,779,300	25,664,500	24,331,909	1,332,591
<u>FISCAL ADMINISTRATION:</u>				
Department of Finance	1,409,500	1,459,300	1,343,582	115,718
Assessor of Property	7,588,800	7,811,750	7,232,376	579,374
Metropolitan Trustee	2,200,700	2,975,800	2,945,804	29,996
County Clerk	5,378,900	5,483,400	4,950,950	532,450
Total Fiscal Administration	16,577,900	17,730,250	16,472,712	1,257,538
<u>ADMINISTRATION OF JUSTICE:</u>				
District Attorney	5,044,300	5,190,600	5,192,141	(1,541)
Public Defender	5,780,700	5,988,100	5,712,401	275,699
Juvenile Court Clerk	1,800,200	1,845,900	1,816,175	29,725
Circuit Court Clerk	9,543,800	9,609,700	10,156,096	(546,396)
Criminal Court Clerk	6,120,500	6,369,700	6,202,746	166,954
Clerk and Master	1,925,500	1,999,500	1,882,220	117,280
Juvenile Court	11,623,000	11,382,300	11,204,632	177,668
General Sessions Court	11,707,800	12,052,300	11,953,995	98,305
State Trial Courts	8,381,900	8,688,600	8,816,225	(127,625)
Justice Information System	2,383,000	2,486,400	2,288,450	197,950
Criminal Justice Planning	468,200	485,900	474,297	11,603
Total Administration of Justice	64,778,900	66,099,000	65,699,378	399,622
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>				
Sheriff	57,974,100	60,215,700	60,038,852	176,848
Police Department	146,951,700	151,598,200	150,368,424	1,229,776
Emergency Communication Center	12,621,800	13,068,600	12,143,019	925,581
Total Law Enforcement and Care of Prisoners	217,547,600	224,882,500	222,550,295	2,332,205
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	48,666,400	50,987,500	50,998,653	(11,153)
<u>REGULATION AND INSPECTION:</u>				
Department of Codes Administration	8,284,300	8,497,700	7,825,584	672,116
Taxicab and Wrecker Licensing Board	391,400	408,400	397,036	11,364
Beer Board	407,700	420,600	358,992	61,608
Total Regulation and Inspection	9,083,400	9,326,700	8,581,612	745,088

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>CONSERVATION OF NATURAL RESOURCES:</u>				
Agricultural Extension Service	\$ 388,900	\$ 396,500	\$ 336,058	\$ 60,442
Soil and Water Conservation	124,200	127,300	120,226	7,074
Total Conservation of Natural Resources	513,100	523,800	456,284	67,516
<u>PUBLIC WELFARE:</u>				
Social Services Commission	8,730,900	8,099,900	7,879,506	220,394
Human Relations Commission	462,200	498,100	488,903	9,197
Total Public Welfare	9,193,100	8,598,000	8,368,409	229,591
<u>PUBLIC HEALTH AND HOSPITALS:</u>				
Board of Health	37,852,600	38,620,500	35,760,755	2,859,745
Hospital Authority	49,797,100	49,797,100	49,797,100	-
Total Public Health and Hospitals	87,649,700	88,417,600	85,557,855	2,859,745
<u>PUBLIC LIBRARY SYSTEM:</u>				
Public Library	21,377,200	22,025,200	21,830,610	194,590
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	27,359,800	28,896,800	28,664,277	232,523
<u>RECREATIONAL AND CULTURAL:</u>				
Parks and Recreation	35,431,000	36,058,400	35,928,514	129,886
Arts Commission	2,633,900	2,662,600	2,661,741	859
Sports Authority	236,000	261,800	261,800	-
Total Recreational and Cultural	38,300,900	38,982,800	38,852,055	130,745
<u>EMPLOYEE BENEFITS:</u>				
Contribution to Closed Pension Plans	10,494,000	10,494,000	10,491,700	2,300
Employer's Contribution for Group Health Insurance	28,497,200	28,497,200	27,996,172	501,028
Unemployment Compensation	706,300	706,300	234,872	471,428
Employer's Contribution for Group Life Insurance	1,369,100	1,369,100	1,408,955	(39,855)
Total Employee Benefits	41,066,600	41,066,600	40,131,699	934,901

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>MISCELLANEOUS:</u>				
Contributions and Community Support	\$ 3,278,500	\$ 3,278,500	\$ 3,175,639	\$ 102,861
Subsidies	21,456,600	22,630,133	23,419,459	(789,326)
Administration and Internal Support	28,790,400	12,693,528	16,553,567	(3,860,039)
Total Miscellaneous	53,525,500	38,602,161	43,148,665	(4,546,504)
Total Expenditures	<u>\$ 660,419,400</u>	<u>\$ 661,803,411</u>	<u>\$ 655,644,413</u>	<u>\$ 6,158,998</u>
<u>TRANSFERS IN:</u>				
USD General Fund	\$ 481,000	\$ 481,000	\$ 481,000	\$ -
General Purpose School	103,000	103,000	103,000	-
Nonmajor Governmental Funds	8,354,200	8,354,200	8,830,056	475,856
District Energy System	300	300	290	(10)
Water and Sewerage Services	3,939,300	3,939,300	4,350,024	410,724
Nonmajor Enterprise Funds	1,200,300	1,200,300	1,045,917	(154,383)
Internal Service Funds	2,355,000	2,355,000	1,885,800	(469,200)
Total Transfers In	16,433,100	16,433,100	16,696,087	262,987
<u>TRANSFERS OUT:</u>				
GSD General Purpose Debt Service	(3,200,000)	(3,564,000)	(3,564,025)	(25)
Nonmajor Governmental Funds	(38,257,000)	(39,521,700)	(39,745,143)	(223,443)
District Energy System	(2,421,300)	(2,429,800)	(1,214,050)	1,215,750
Nonmajor Enterprise Funds	(1,223,700)	(1,236,200)	(1,238,933)	(2,733)
Internal Service Funds	(773,400)	(773,400)	(905,000)	(131,600)
Fiduciary Funds	-	-	(30,762)	(30,762)
Total Transfers Out	(45,875,400)	(47,525,100)	(46,697,913)	827,187
Total Other Financing Sources (Uses)	<u>\$ (29,442,300)</u>	<u>\$ (31,092,000)</u>	<u>\$ (30,001,826)</u>	<u>\$ 1,090,174</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	\$ 63,298,100	\$ 67,459,500	\$ 68,649,951	\$ (1,190,451)
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	8,276,000	9,168,500	9,168,439	61
<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	2,182,000	2,182,000	1,989,136	192,864
Direct Pension Payments	9,900	9,900	4,050	5,850
Employer's Contribution for Group Life Insurance	93,700	93,700	85,557	8,143
Total Employee Benefits	21,175,700	21,175,700	20,968,843	206,857
<u>MISCELLANEOUS:</u>				
Administration and Internal Support	3,620,400	1,463,000	1,331,594	131,406
Total Miscellaneous	3,620,400	1,463,000	1,331,594	131,406
Total Expenditures	\$ 96,370,200	\$ 99,266,700	\$ 100,118,827	\$ (852,127)
<u>TRANSFERS OUT:</u>				
GSD General Fund	\$ (481,000)	\$ (481,000)	\$ (481,000)	\$ -
Nonmajor Governmental Funds	(10,276,200)	(10,276,200)	(10,276,200)	-
Total Transfers Out	(10,757,200)	(10,757,200)	(10,757,200)	-
Total Other Financing Sources (Uses)	\$ (10,757,200)	\$ (10,757,200)	\$ (10,757,200)	\$ -

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2008

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2007 Realty	\$ 2,584,426	\$ 2,285,639	\$ 1,148,251	\$ 763,511	\$ 276,283	\$ 97,594
2007 Personalty	2,428,793	2,112,135	1,059,971	706,759	255,067	90,338
2007 Public Utility	558,708	473,609	236,923	158,986	57,379	20,321
Total 2007 Property Taxes	5,571,927	4,871,383	2,445,145	1,629,256	588,729	208,253
2006 Realty	816,100	691,538	316,220	248,131	95,432	31,755
2006 Personalty	1,098,978	956,482	481,110	320,920	113,419	41,033
2006 Public Utility	64,007	55,130	27,773	18,469	6,527	2,361
Total 2006 Property Taxes	1,979,085	1,703,150	825,103	587,520	215,378	75,149
2005 & Prior - Realty	2,032,811	1,757,386	765,195	651,851	241,656	98,684
2005 & Prior - Personalty	5,430,361	4,653,928	2,300,505	1,454,171	629,280	269,972
2005 & Prior - Public Utility	1,631,691	1,359,563	668,846	443,440	169,196	78,081
Total 2005 & Prior Property Taxes	9,094,863	7,770,877	3,734,546	2,549,462	1,040,132	446,737
Total Delinquent Property Taxes Receivable *	\$ 16,645,875	\$ 14,345,410	\$ 7,004,794	\$ 4,766,238	\$ 1,844,239	\$ 730,139

* Excludes 2008 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, 2008

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 298,787	\$ 261,949	\$ 36,838
316,658	277,617	39,041
85,099	74,607	10,492
700,544	614,173	86,371
124,562	110,646	13,916
142,496	124,929	17,567
8,877	7,783	1,094
275,935	243,358	32,577
275,425	241,998	33,427
776,433	683,269	93,164
272,128	239,616	32,512
1,323,986	1,164,883	159,103
\$ 2,300,465	\$ 2,022,414	\$ 278,051

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2008

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2007	\$ 2,285,639	\$ 2,112,135	\$ 473,609	\$ 4,871,383
	2006	691,538	956,482	55,130	1,703,150
	2005	417,496	598,456	76,451	1,092,403
	2004	298,417	445,119	167,366	910,902
	2003	249,483	495,096	275,429	1,020,008
	2002	283,548	404,183	386,065	1,073,796
	2001	301,797	534,710	133,439	969,946
	2000	50,841	755,224	244,502	1,050,567
	1999	46,696	487,060	13,083	546,839
	1998	40,895	534,403	42,020	617,318
	1997	68,213	399,677	21,208	489,098
Total General Services District		<u>4,734,563</u>	<u>7,722,545</u>	<u>1,888,302</u>	<u>14,345,410</u>
Urban Services District	2007	298,787	316,658	85,099	700,544
	2006	124,562	142,496	8,877	275,935
	2005	86,667	92,543	9,624	188,834
	2004	55,586	78,086	37,044	170,716
	2003	23,084	69,888	55,433	148,405
	2002	39,226	76,886	78,059	194,171
	2001	46,738	92,629	27,016	166,383
	2000	1,803	130,234	49,502	181,539
	1999	6,582	80,740	2,649	89,971
	1998	5,864	88,453	8,507	102,824
	1997	9,875	66,974	4,294	81,143
Total Urban Services District		<u>698,774</u>	<u>1,235,587</u>	<u>366,104</u>	<u>2,300,465</u>
Total Delinquent Property Taxes Receivable *		<u>\$ 5,433,337</u>	<u>\$ 8,958,132</u>	<u>\$ 2,254,406</u>	<u>\$ 16,645,875</u>

* Excludes 2008 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, 2008

<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. Refunding Bonds, Series 1997	4.85 - 5.125	Sep. 15, 1997
GSD G.O. Public Improvement and Refunding Bonds of 1999	5.00 - 5.25	May 15, 1999
GSD G.O. Multi-purpose Improvement Bonds, Series 2001A	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-purpose Refunding Bonds, Series 2001B	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-purpose Refunding Bonds, Series 2002	3.25 - 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. Refunding Bonds, Series 2006A	3.60	May 15, 2006
GSD G.O. Bonds, Series 2006B	4.00 - 5.00	June 15, 2006
GSD G.O. Refunding Bonds, Series 2007A	4.00 - 5.00	April 15, 2007
GSD G.O. Bonds, Series 2008A	4.00 - 5.00	Mar. 15, 2008
Total General Obligation Bonds Payable For General Purposes		
<u>For School Purposes:</u>		
GSD G.O. Refunding Bonds, Series 1997	4.85 - 5.125	Sep. 15, 1997
GSD G.O. Public Improvement and Refunding Bonds of 1999	5.00 - 5.25	May 15, 1999
GSD G.O. Multi-purpose Improvement Bonds, Series 2001A	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-purpose Refunding Bonds, Series 2001B	5.00 - 5.50	Feb. 15, 2001
GSD G.O. Multi-purpose Refunding Bonds, Series 2002	3.25 - 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
Total General Obligation Bonds Payable for School Purposes		
Total General Obligation Bonds Payable - General Services District		
<u>LIMITED OBLIGATION REVENUE BONDS PAYABLE</u>		
Correctional Facility Revenue Bonds	4.00 - 5.00	Feb. 1, 2002
Special Limited Obligation Revenue Refunding Bonds Payable - General Services District		
Total Bonds Payable - General Services District		

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2008

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2008</u>	<u>Interest to Maturity as of June 30, 2008</u>
Dec. 1, 2010	\$ 28,671,142	\$ 9,444,298	\$ 865,901
May 15, 2025	64,596,180	261,900	12,702
Nov. 15, 2029	133,288,311	12,013,217	918,156
Oct. 15, 2020	62,065,000	31,905,000	3,539,687
Oct. 15, 2016	43,633,148	33,868,258	6,822,297
Nov. 15, 2024	41,749,303	34,089,865	16,977,068
April 1, 2024	59,543,042	34,435,970	14,921,296
June 1, 2024	33,825,000	31,370,000	15,128,687
Nov. 15, 2016	48,367,055	39,638,563	9,953,725
Jan. 1, 2025	49,817,419	44,265,540	21,810,804
Jan. 1, 2020	107,433,445	96,806,866	36,909,843
Feb. 1, 2026	150,696,497	140,867,270	74,545,064
May 15, 2026	60,805,000	58,900,000	34,847,280
Feb. 1, 2026	113,783,394	110,285,638	57,893,946
May 15, 2030	125,908,003	125,864,957	86,622,657
Jan. 1, 2028	173,425,881	173,425,881	130,426,343
	<u>1,297,607,820</u>	<u>977,443,223</u>	<u>512,195,456</u>
May 15, 2025	46,393,820	188,100	9,123
Nov. 15, 2019	53,474,949	7,281,337	557,969
Oct. 15, 2020	176,640,000	47,315,000	4,546,312
Oct. 15, 2016	30,111,852	22,621,742	4,840,560
Nov. 15, 2024	60,984,934	55,404,371	23,254,656
April 1, 2024	41,515,465	24,009,947	10,403,643
June 1, 2024	26,170,000	24,260,000	11,637,925
Nov. 15, 2016	2,972,945	2,436,437	611,819
Jan. 1, 2025	79,503,345	70,643,133	34,807,699
Jan. 1, 2020	77,018,422	70,677,676	25,821,030
Feb. 1, 2026	43,740,078	40,997,126	21,695,127
Feb. 1, 2026	69,160,188	67,034,180	35,189,284
May 15, 2030	58,421,307	58,405,175	36,911,754
Jan. 1, 2028	96,611,856	96,611,856	72,657,745
	<u>862,719,161</u>	<u>587,886,080</u>	<u>282,944,646</u>
	<u>2,160,326,981</u>	<u>1,565,329,303</u>	<u>795,140,102</u>
Sep. 1, 2011	<u>16,265,000</u>	<u>7,375,000</u>	<u>760,375</u>
	<u>16,265,000</u>	<u>7,375,000</u>	<u>760,375</u>
	<u>\$ 2,176,591,981</u>	<u>\$ 1,572,704,303</u>	<u>\$ 795,900,477</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, 2008

<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	4.00 - 5.25	Apr. 1, 2002
USD G.O. (Taxable) Thermal Refunding Bonds, 2002	5.70 - 6.00	Apr. 1, 2002
USD G.O. Multi-purpose Refundings Bonds, Series 2002	3.25 - 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
Total General Obligation Bonds Payable (governmental activities)		
USD G.O. Multi-purpose Bonds, Series 2005A (District Energy System) (1)	4.25 - 5.25	May 1, 2005
Total General Obligation Bonds Payable (business-type activities)		
Total General Obligation Bonds Payable - Urban Services District		
<u>REVENUE BONDS PAYABLE</u>		
Department of Water and Sewerage Revenue Refunding Bonds of 1986	7.30 - 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	4.625 - 5.00	Feb. 1, 1998
Department of Water and Sewerage Revenue Bonds, Series of 1998B	4.45 - 5.25	Feb. 15, 1998
Department of Water and Sewerage Revenue Refunding Bonds, Series 2002	5.125	Dec. 1, 2002
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	3.00 - 5.00	Oct. 1, 2002
Total Revenue Bonds Payable - Urban Services District		
Total Bonds Payable - Urban Services District		

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

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2008

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2008</u>	<u>Interest to Maturity as of June 30, 2008</u>
Dec. 1, 2010	\$ 5,633,858	\$ 1,855,783	\$ 170,149
Oct. 15, 2016	23,450,000	9,760,000	937,312
July 1, 2014	31,065,000	17,945,000	3,016,769
July 1, 2012	27,000,000	3,390,000	475,502
Nov. 15, 2024	5,955,763	5,955,764	1,553,726
April 1, 2024	21,041,493	12,169,083	5,272,931
June 1, 2024	5,760,000	5,350,000	2,586,600
Jan. 1, 2025	13,979,236	12,421,326	6,120,316
Jan. 1, 2020	6,008,527	5,455,816	2,043,461
Feb. 1, 2026	19,967,790	18,715,604	9,904,046
Feb. 1, 2026	20,371,418	19,745,191	10,365,149
May 15, 2030	2,560,691	2,559,867	1,716,130
Jan. 1 2028	<u>37,962,263</u>	<u>37,962,263</u>	<u>28,549,833</u>
	<u>220,756,039</u>	<u>153,285,697</u>	<u>72,711,924</u>
Jan. 1, 2025	<u>7,695,000</u>	<u>7,170,000</u>	<u>3,533,113</u>
	<u>7,695,000</u>	<u>7,170,000</u>	<u>3,533,113</u>
	<u>228,451,039</u>	<u>160,455,697</u>	<u>76,245,037</u>
Jan. 1, 2016	339,866,665	94,700,000	18,905,425
Jan. 1, 2013	157,475,000	36,975,000	7,086,040
Jan. 1, 2022	156,315,000	9,190,000	636,062
Jan. 1, 2014	55,000,000	18,400,000	5,167,015
Jan. 1, 2016	30,255,000	27,825,000	9,489,963
Jan. 1, 2016	36,240,000	36,240,000	10,770,650
Jan. 1, 2022	122,530,000	122,530,000	58,044,233
Jan. 1, 2016	<u>27,950,000</u>	<u>27,950,000</u>	<u>9,199,042</u>
	<u>925,631,665</u>	<u>373,810,000</u>	<u>119,298,430</u>
Oct. 1, 2033	<u>66,700,000</u>	<u>63,050,000</u>	<u>49,179,803</u>
	<u>992,331,665</u>	<u>436,860,000</u>	<u>168,478,233</u>
	<u>\$ 1,220,782,704</u>	<u>\$ 597,315,697</u>	<u>\$ 244,723,270</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, 2008

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Total General Obligation Bonds		
				Principal	Interest	Total
2009	\$ 75,960,589	\$ 73,996,163	\$ 149,956,752	\$ 74,250,589	\$ 73,670,163	\$ 147,920,752
2010	75,728,344	72,907,820	148,636,164	73,933,344	72,669,445	146,602,789
2011	77,546,348	69,167,444	146,713,792	75,661,348	69,021,069	144,682,417
2012	73,042,654	65,702,258	138,744,912	71,057,654	65,652,633	136,710,287
2013	72,158,320	62,145,912	134,304,232	72,158,320	62,145,912	134,304,232
2014	74,120,373	58,608,848	132,729,221	74,120,373	58,608,848	132,729,221
2015	75,180,607	54,911,796	130,092,403	75,180,607	54,911,796	130,092,403
2016	86,683,353	51,122,781	137,806,134	86,683,353	51,122,781	137,806,134
2017	82,885,649	46,880,117	129,765,766	82,885,649	46,880,117	129,765,766
2018	84,681,339	43,269,019	127,950,358	84,681,339	43,269,019	127,950,358
2019	87,040,859	39,095,855	126,136,714	87,040,859	39,095,855	126,136,714
2020	79,352,790	34,695,124	114,047,914	79,352,790	34,695,124	114,047,914
2021	86,045,276	30,625,370	116,670,646	86,045,276	30,625,370	116,670,646
2022	90,305,995	26,342,068	116,648,063	90,305,995	26,342,068	116,648,063
2023	94,866,625	21,814,116	116,680,741	94,866,625	21,814,116	116,680,741
2024	98,498,465	17,065,874	115,564,339	98,498,465	17,065,874	115,564,339
2025	91,374,973	12,154,004	103,528,977	91,374,973	12,154,004	103,528,977
2026	68,067,871	7,819,654	75,887,525	68,067,871	7,819,654	75,887,525
2027	50,614,293	4,516,365	55,130,658	50,614,293	4,516,365	55,130,658
2028	38,509,063	2,377,277	40,886,340	38,509,063	2,377,277	40,886,340
2029	4,912,101	451,823	5,363,924	4,912,101	451,823	5,363,924
2030	5,128,416	230,789	5,359,205	5,128,416	230,789	5,359,205
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
	<u>\$ 1,572,704,303</u>	<u>\$ 795,900,477</u>	<u>\$ 2,368,604,780</u>	<u>\$ 1,565,329,303</u>	<u>\$ 795,140,102</u>	<u>\$ 2,360,469,405</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, 2008

General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ 43,699,844	\$ 46,589,511	\$ 90,289,355	\$ 30,550,745	\$ 27,080,652	\$ 57,631,397
44,330,544	46,060,704	90,391,248	29,602,800	26,608,741	56,211,541
45,462,641	43,876,870	89,339,511	30,198,707	25,144,199	55,342,906
41,229,983	41,874,342	83,104,325	29,827,671	23,778,291	53,605,962
41,701,260	39,827,491	81,528,751	30,457,060	22,318,421	52,775,481
43,599,523	37,754,146	81,353,669	30,520,850	20,854,702	51,375,552
44,721,384	35,564,813	80,286,197	30,459,223	19,346,983	49,806,206
54,457,860	33,236,857	87,694,717	32,225,493	17,885,924	50,111,417
52,933,630	30,550,288	83,483,918	29,952,019	16,329,829	46,281,848
53,651,342	28,251,472	81,902,814	31,029,997	15,017,547	46,047,544
53,797,009	25,366,125	79,163,134	33,243,850	13,729,730	46,973,580
51,489,005	22,495,785	73,984,790	27,863,785	12,199,339	40,063,124
54,949,774	19,859,483	74,809,257	31,095,502	10,765,887	41,861,389
57,378,944	17,124,623	74,503,567	32,927,051	9,217,445	42,144,496
60,282,265	14,241,175	74,523,440	34,584,360	7,572,941	42,157,301
62,650,206	11,215,771	73,865,977	35,848,259	5,850,103	41,698,362
58,804,494	8,081,604	66,886,098	32,570,479	4,072,400	36,642,879
47,426,760	5,234,583	52,661,343	20,641,111	2,585,071	23,226,182
32,462,390	2,932,041	35,394,431	18,151,903	1,584,324	19,736,227
24,981,861	1,552,497	26,534,358	13,527,202	824,780	14,351,982
3,636,072	334,444	3,970,516	1,276,029	117,379	1,393,408
3,796,432	170,831	3,967,263	1,331,984	59,958	1,391,942
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 977,443,223</u>	<u>\$ 512,195,456</u>	<u>\$ 1,489,638,679</u>	<u>\$ 587,886,080</u>	<u>\$ 282,944,646</u>	<u>\$ 870,830,726</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, 2008

Year Ending June 30	Correctional Facility Revenue Bonds		
	Principal	Interest	Total
2009	\$ 1,710,000	\$ 326,000	\$ 2,036,000
2010	1,795,000	238,375	2,033,375
2011	1,885,000	146,375	2,031,375
2012	1,985,000	49,625	2,034,625
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
	<u>\$ 7,375,000</u>	<u>\$ 760,375</u>	<u>\$ 8,135,375</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, 2008

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 42,054,411	\$ 30,003,367	\$ 72,057,778	\$ 9,579,411	\$ 7,305,420	\$ 16,884,831
2010	44,736,656	29,079,630	73,816,286	10,036,656	7,207,331	17,243,987
2011	46,948,652	26,225,780	73,174,432	10,053,652	6,728,946	16,782,598
2012	48,817,346	23,341,316	72,158,662	9,737,346	6,253,684	15,991,030
2013	51,271,680	20,216,625	71,488,305	9,526,680	5,795,771	15,322,451
2014	51,539,429	17,724,873	69,264,302	8,249,429	5,350,280	13,599,709
2015	53,509,434	15,177,769	68,687,203	8,194,434	4,935,047	13,129,481
2016	31,966,711	12,733,339	44,700,050	4,276,711	4,630,274	8,906,985
2017	19,529,400	11,202,939	30,732,339	5,279,400	4,419,401	9,698,801
2018	22,933,705	10,305,569	33,239,274	8,013,705	4,174,706	12,188,411
2019	22,859,146	9,196,272	32,055,418	7,239,146	3,787,542	11,026,688
2020	24,027,212	8,011,232	32,038,444	7,662,212	3,424,257	11,086,469
2021	25,869,722	6,771,828	32,641,550	8,569,722	3,046,903	11,616,625
2022	27,259,002	5,438,753	32,697,755	9,139,002	2,624,872	11,763,874
2023	12,033,373	4,029,887	16,063,260	9,593,373	2,170,037	11,763,410
2024	11,991,549	3,440,327	15,431,876	9,841,549	1,692,577	11,534,126
2025	11,050,024	2,838,427	13,888,451	8,385,024	1,205,677	9,590,701
2026	9,727,126	2,293,256	12,020,382	6,932,126	797,006	7,729,132
2027	9,465,703	1,801,731	11,267,434	5,675,703	463,000	6,138,703
2028	7,440,933	1,401,992	8,842,925	4,330,933	222,823	4,553,756
2029	3,323,234	1,032,152	4,355,386	68,234	6,277	74,511
2030	3,491,249	862,206	4,353,455	71,249	3,206	74,455
2031	3,590,000	683,750	4,273,750	-	-	-
2032	3,770,000	499,750	4,269,750	-	-	-
2033	3,955,000	306,625	4,261,625	-	-	-
2034	4,155,000	103,875	4,258,875	-	-	-
	<u>\$ 597,315,697</u>	<u>\$ 244,723,270</u>	<u>\$ 842,038,967</u>	<u>\$ 160,455,697</u>	<u>\$ 76,245,037</u>	<u>\$ 236,700,734</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, 2008

Revenue Bonds					
Department of Water and Sewerage Services			District Energy System Bonds, Series 2002A		
Principal	Interest	Total	Principal	Interest	Total
\$ 31,185,000	\$ 19,645,803	\$ 50,830,803	\$ 1,290,000	\$ 3,052,144	\$ 4,342,144
33,370,000	18,859,455	52,229,455	1,330,000	3,012,844	4,342,844
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	5,495,677	31,475,677	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	1,622,512	16,722,512	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>\$ 373,810,000</u>	<u>\$ 119,298,430</u>	<u>\$ 493,108,430</u>	<u>\$ 63,050,000</u>	<u>\$ 49,179,803</u>	<u>\$ 112,229,803</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, 2008 Through June 30, 2009
(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	\$ 315,053,400	\$ 75,375,300	\$ 26,695,600	\$ 208,852,900	\$ 625,977,200
Property Taxes - Non Current Year	31,386,600	2,701,000	968,600	9,769,800	44,826,000
Local Option Sales Tax	98,050,900	2,777,300	17,953,500	178,060,300	296,842,000
Other Taxes, Licenses and Permits	88,316,700	-	-	4,623,500	92,940,200
Fines, Forfeits, and Penalties	12,558,900	557,500	-	6,200	13,122,600
Revenues From Use of Money or Property	1,400,000	88,000	2,556,000	500,000	4,544,000
Other Agencies - Federal Direct	3,775,500	-	-	88,000	3,863,500
Other Agencies - Federal Through State	1,138,200	-	-	70,000	1,208,200
Other Agencies - Other Pass - Through	7,622,100	-	-	-	7,622,100
Other Agencies - State Direct	62,358,600	2,100,000	-	195,035,400	259,494,000
Other Agencies - Other Governments	729,500	-	-	1,800	731,300
Commissions and Fees	16,923,000	-	-	-	16,923,000
Charges for Current Services	27,868,700	950,000	-	660,000	29,478,700
Compensation from Property	344,400	-	-	353,000	697,400
Contributions and Gifts	658,300	-	-	610,000	1,268,300
Miscellaneous	1,084,700	-	-	95,100	1,179,800
Subtotal	669,269,500	84,549,100	48,173,700	598,726,000	1,400,718,300
Transfers In	22,487,500	11,598,200	1,530,500	2,772,000	38,388,200
Subtotal	22,487,500	11,598,200	1,530,500	2,772,000	38,388,200
Appropriated Unreserved Fund Balances	-	1,408,800	10,722,000	19,264,100	31,394,900
Total Available for GSD Appropriations	<u>\$ 691,757,000</u>	<u>\$ 97,556,100</u>	<u>\$ 60,426,200</u>	<u>\$ 620,762,100</u>	<u>\$ 1,470,501,400</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2008-174 for the 2008-2009 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, 2008 Through June 30, 2009
(Unaudited)

	General Fund	Debt Service Fund	Total
<u>SOURCE OF REVENUE:</u>			
Property Taxes - Current Year	\$ 64,379,600	\$ 12,571,900	\$ 76,951,500
Property Taxes - Non Current Year	14,826,700	464,800	15,291,500
Other Taxes, Licenses, and Permits	15,076,100	-	15,076,100
Revenues From Use of Money or Property	400,000	50,000	450,000
Other Agencies - State Direct	4,784,300	-	4,784,300
Charges for Current Services	878,000	-	878,000
Compensation from Property	100,000	-	100,000
Transfers In	-	4,010,200	4,010,200
	<u> </u>	<u> </u>	<u> </u>
Total Available for USD Appropriations	<u>\$ 100,444,700</u>	<u>\$ 17,096,900</u>	<u>\$ 117,541,600</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2008-174 for the 2008-2009 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, 2008 Through June 30, 2009
 (Unaudited)

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 135,685,000	\$ 24,271,100	\$ -	\$ 159,956,100
Fiscal Administration	25,631,700	-	-	25,631,700
Administration of Justice	57,959,300	-	-	57,959,300
Law Enforcement and Care of Prisoners	199,216,900	481,000	481,000	199,216,900
Fire Prevention and Control	47,227,500	60,139,700	-	107,367,200
Regulation, Inspection, & Economic Development	19,461,300	843,400	-	20,304,700
Conservation of Natural Resources	476,800	-	-	476,800
Public Welfare	8,830,700	-	-	8,830,700
Public Health	84,095,700	-	-	84,095,700
Public Library System	19,981,100	-	-	19,981,100
Recreational, Cultural, & Community Support	42,876,300	357,700	-	43,234,000
Public Works, Highways and Streets	50,314,700	14,351,800	-	64,666,500
Total General Funds	691,757,000	100,444,700	481,000	791,720,700
<u>DEBT SERVICE FUNDS</u> (See detail on succeeding pages)	157,982,300	17,096,900	4,010,200	171,069,000
<u>SCHOOL FUNDS</u> (See detail on succeeding pages)	620,762,100	-	-	620,762,100
Total Appropriations By District	1,470,501,400	117,541,600	4,491,200	1,583,551,800
<u>LESS GSD INTERFUND TRANSFER:</u>				
GSD General to GSD Debt Service	(11,598,200)	-	-	(11,598,200)
Schools to General Services District General	(223,700)	-	-	(223,700)
Schools to Schools Debt	(1,530,500)	-	-	(1,530,500)
Net Appropriation by District	\$ 1,457,149,000	\$ 117,541,600	\$ 4,491,200	\$ 1,570,199,400

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2008-174 for the 2008-2009 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, 2008 Through June 30, 2009
(Unaudited)

	Principal	Interest	Other	Total
<u>SCHOOL DEBT SERVICE FUND</u>				
Outstanding General Obligation Bonds	\$ 30,550,700	\$ 23,210,300	\$ -	\$ 53,761,000
Redemption and Cremation Fees	-	-	46,300	46,300
Internal Service Fees	-	-	133,200	133,200
Qualified Zone Academy Bonds	-	-	271,800	271,800
Reserve for Future Debt Requirements	-	3,948,400	-	3,948,400
Interest Expense for Commercial Paper	-	1,875,000	-	1,875,000
Tax Increment Payment - MDHA	-	-	390,500	390,500
	<u>30,550,700</u>	<u>29,033,700</u>	<u>841,800</u>	<u>60,426,200</u>
Total GSD School Purposes Debt Service Fund	<u>30,550,700</u>	<u>29,033,700</u>	<u>841,800</u>	<u>60,426,200</u>
<u>GENERAL PURPOSES DEBT SERVICE FUND</u>				
Outstanding General Obligation Bonds:				
Public Works	6,662,700	4,263,000	-	10,925,700
Auditorium	159,100	74,300	-	233,400
Hospital	261,500	235,500	-	497,000
Library	3,620,900	3,796,000	-	7,416,900
Parks	3,906,300	3,305,500	-	7,211,800
Social Services	40,200	24,900	-	65,100
Other Public Buildings	7,154,400	2,587,700	-	9,742,100
Gaylord Arena	4,702,900	5,201,900	-	9,904,800
Law Enforcement and Care of Prisoners	2,796,800	2,211,100	-	5,007,900
Traffic and Parking	213,300	33,900	-	247,200
Public Transportation	1,257,900	1,295,600	-	2,553,500
Fire Protection	185,800	105,200	-	291,000
Health	278,500	155,400	-	433,900
Nashville Coliseum	2,005,800	3,196,300	-	5,202,100
Information Technology	229,000	301,300	-	530,300
Finance	3,950,300	5,348,400	-	9,298,700
MAC	75,800	105,600	-	181,400
MDHA	240,200	321,900	-	562,100
General Services	468,200	609,400	-	1,077,600
E-911	24,100	32,800	-	56,900
Other	3,841,300	4,171,700	-	8,013,000
Self-Funding Projects	1,625,000	2,264,600	-	3,889,600
	<u>43,700,000</u>	<u>39,642,000</u>	<u>-</u>	<u>83,342,000</u>
Subtotal Outstanding General Obligation Bonds	43,700,000	39,642,000	-	83,342,000
Redemption, Cremation and Management Fees	-	-	113,800	113,800
Internal Service Fees	-	-	190,500	190,500
Reserve for Future Debt Requirements	-	7,033,100	-	7,033,100
Interest Expense for Commercial Paper	-	1,675,000	-	1,675,000
Debt Service Fund Transfer to USD	-	-	4,010,200	4,010,200
Tax Increment Payment - MDHA	-	-	1,191,500	1,191,500
	<u>-</u>	<u>8,708,100</u>	<u>5,506,000</u>	<u>14,214,100</u>
Subtotal	-	8,708,100	5,506,000	14,214,100
Total General Purposes Debt Service Fund	<u>43,700,000</u>	<u>48,350,100</u>	<u>5,506,000</u>	<u>97,556,100</u>
Total General Services District	<u>\$ 74,250,700</u>	<u>\$ 77,383,800</u>	<u>\$ 6,347,800</u>	<u>\$ 157,982,300</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2008-174 for the 2008-2009 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, 2008 Through June 30, 2009
 (Unaudited)

<u>URBAN SERVICES DISTRICT DEBT SERVICE FUND</u>	<u>Principal</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
Outstanding General Obligation Bonds:				
Fire Protection	\$ 1,407,300	\$ 709,400	\$ -	\$ 2,116,700
Public Works	7,583,200	4,343,900	-	11,927,100
Finance	125,100	169,100	-	294,200
General Services	14,700	20,400	-	35,100
MDHA	53,800	74,200	-	128,000
Law Enforcement and Care of Prisoners	39,800	56,200	-	96,000
DES	280,000	351,600	-	631,600
Other	75,500	59,800	-	135,300
	9,579,400	5,784,600	-	15,364,000
Subtotal Outstanding General Obligation Bonds				
Redemption and Cremation Fees	-	-	18,200	18,200
Internal Service Fees	-	-	41,800	41,800
Reserve for Future Debt Requirements	-	1,357,300	-	1,357,300
Interest Expense for Commercial Paper	-	200,000	-	200,000
Tax Increment Payment - MDHA	-	-	115,600	115,600
	-	1,557,300	175,600	1,732,900
Subtotal				
Total Urban Services District Debt Service Fund	\$ 9,579,400	\$ 7,341,900	\$ 175,600	\$ 17,096,900

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2008-174 for the 2008-2009 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, 2008 Through June 30, 2009
(Unaudited)

GENERAL PURPOSE SCHOOL FUND:

General Purpose School Fund: Operational	\$ 606,924,900
Property Tax Increment	2,986,400
Priority Allocation	<u>10,850,800</u>
Total General Purpose School Fund	<u>\$ 620,762,100</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2008-174 for the 2008-2009 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF ASSETS AND LIABILITIES
CONSTITUTIONAL OFFICERS (CONTINUED)

June 30, 2008

Bill Garrett, County Register (1)	Vic Lineweaver, Juvenile Court Clerk (1)	Sheriff Work Release and Inmate Trust (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 3,527,715	\$ 2,378,775	\$ 708,540	\$ 1,500	\$ 42,537,065
-	-	-	-	10,000
-	-	-	-	665,618
-	-	-	-	12,440
55,772	-	-	204,882	270,882
<u>\$ 3,583,487</u>	<u>\$ 2,378,775</u>	<u>\$ 708,540</u>	<u>\$ 206,382</u>	<u>\$ 43,496,005</u>
\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500
-	-	-	-	4,326,548
-	-	-	1,500	4,328,048
-	2,048,237	708,540	-	33,308,081
2,368,591	56,749	-	-	2,425,340
-	157,247	-	204,882	373,539
1,034,316	116,542	-	-	1,150,858
456	-	-	-	490
180,124	-	-	-	1,909,649
<u>3,583,487</u>	<u>330,538</u>	<u>-</u>	<u>204,882</u>	<u>5,859,876</u>
<u>\$ 3,583,487</u>	<u>\$ 2,378,775</u>	<u>\$ 708,540</u>	<u>\$ 206,382</u>	<u>\$ 43,496,005</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
 CONSTITUTIONAL OFFICERS

For the Year Ended June 30, 2008

	Richard R. Rooker, Circuit Court Clerk (1)	Cristi Scott, Clerk and Master (1)	John Arriola, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>Additions</u>				
Transfer and mortgage taxes	\$ -	\$ -	\$ -	\$ -
Judgments	28,517,800	-	-	-
Child support	856,951	-	-	-
Agency cash receipts	10,338,318	10,105,080	-	3,619,356
Automobile, truck and trailer tags and titles	-	-	16,561,991	-
Metropolitan automobile stickers	-	-	25,866,725	-
Business, occupation, and use tax	-	-	116,339,600	-
Property tax payments	-	10,443,924	-	-
Litigation tax payments	2,787,893	117,880	-	-
Fees and commissions	12,486,270	1,265,390	6,415,914	8,415,484
Fees collected for others	1,396,116	6,833	-	2,343,337
Fines and penalties	5,979,491	-	-	-
Interest	96,466	75,352	152,218	-
Other additions	1,874,083	1,038,426	1,856,002	29,080
	<u>64,333,388</u>	<u>23,052,885</u>	<u>167,192,450</u>	<u>14,407,257</u>
Total additions	<u>64,333,388</u>	<u>23,052,885</u>	<u>167,192,450</u>	<u>14,407,257</u>
<u>Deductions</u>				
Judgments	28,196,626	-	-	-
Child support	859,711	-	-	-
Agency cash disbursements	9,154,796	12,972,333	-	3,395,694
Payments to State of Tennessee	2,367,154	66,087	51,649,813	1,680,904
Funds transferred to Metropolitan Government	17,844,105	11,480,020	115,542,637	8,415,484
Other fees and commissions	96,760	1,340,743	-	-
Payroll and personnel	5,243,297	-	-	-
Other deductions	1,149,796	109,245	-	682,153
	<u>64,912,245</u>	<u>25,968,428</u>	<u>167,192,450</u>	<u>14,174,235</u>
Total deductions	<u>64,912,245</u>	<u>25,968,428</u>	<u>167,192,450</u>	<u>14,174,235</u>
Excess of additions over (under) deductions	(578,857)	(2,915,543)	-	233,022
Cash and cash equivalents - July 1, 2007	22,429,040	7,012,050	-	9,740,823
	<u>22,429,040</u>	<u>7,012,050</u>	<u>-</u>	<u>9,740,823</u>
Cash and cash equivalents - June 30, 2008	\$ 21,850,183	\$ 4,096,507	\$ -	\$ 9,973,845
	<u>\$ 21,850,183</u>	<u>\$ 4,096,507</u>	<u>\$ -</u>	<u>\$ 9,973,845</u>

(1) The information provided is required by the State of Tennessee.

(2) These operations are included in the General Fund and Fiduciary Funds.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
 CONSTITUTIONAL OFFICERS (CONTINUED)

For the Year Ended June 30, 2008

Bill Garrett, County Register (1)	Vic Lineweaver, Juvenile Court Clerk (1)	Sheriff Work Release and Inmate Trust (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 27,802,268	\$ -	\$ -	\$ -	\$ 27,802,268
-	51,361	-	-	28,569,161
-	5,208,498	-	-	6,065,449
-	914,518	3,418,875	-	28,396,147
-	-	-	-	16,561,991
-	-	-	-	25,866,725
-	11,935	-	-	116,351,535
-	-	-	697,816,736	708,260,660
-	2,387	-	-	2,908,160
4,885,502	368,753	-	-	33,837,313
275,592	-	-	-	4,021,878
-	31,597	-	-	6,011,088
140,139	4,393	-	38,841	507,409
-	-	-	-	4,797,591
<u>33,103,501</u>	<u>6,593,442</u>	<u>3,418,875</u>	<u>697,855,577</u>	<u>1,009,957,375</u>
-	41,405	-	-	28,238,031
-	5,505,438	-	-	6,365,149
-	722,410	3,373,805	-	29,619,038
27,802,268	13,938	-	-	83,580,164
3,046,233	363,592	-	699,311,415	856,003,486
275,593	30,078	-	-	1,743,174
2,376,514	-	-	-	7,619,811
101,654	-	-	-	2,042,848
<u>33,602,262</u>	<u>6,676,861</u>	<u>3,373,805</u>	<u>699,311,415</u>	<u>1,015,211,701</u>
(498,761)	(83,419)	45,070	(1,455,838)	(5,254,326)
<u>4,026,476</u>	<u>2,462,194</u>	<u>663,470</u>	<u>1,457,338</u>	<u>47,791,391</u>
<u>\$ 3,527,715</u>	<u>\$ 2,378,775</u>	<u>\$ 708,540</u>	<u>\$ 1,500</u>	<u>\$ 42,537,065</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF CHANGES IN FEE AND COMMISSION ACCOUNTS
CONSTITUTIONAL OFFICERS

For the Year Ended June 30, 2008

	Richard R. Rooker, Circuit Court Clerk (1)	Cristi Scott, Clerk and Master (1)	John Arriola, County Clerk (1)	David Torrence, Criminal Court Clerk (1)
<u>Additions</u>				
Fees and commissions	\$ 12,486,270	\$ 1,265,390	\$ 6,415,914	\$ 8,415,484
Other	96,466	75,352	152,218	-
Total additions	<u>12,582,736</u>	<u>1,340,742</u>	<u>6,568,132</u>	<u>8,415,484</u>
<u>Deductions and other uses</u>				
Deductions:				
Payroll - staff	3,827,642	-	-	-
Payroll taxes/benefits	1,415,655	-	-	-
Office supplies/other	579,231	-	-	-
Total deductions	<u>5,822,528</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Uses:				
Fees and commissions to county (General Fund)	8,925,145	1,340,742	6,602,410	8,413,790
Total deductions and other uses	<u>14,747,673</u>	<u>1,340,742</u>	<u>6,602,410</u>	<u>8,413,790</u>
Excess (deficiency) of additions over (under) deductions and other uses	(2,164,937)	-	(34,278)	1,694
Balances, July 1, 2007	<u>6,441,539</u>	<u>2,501</u>	<u>1,001,510</u>	<u>147,884</u>
Balances, June 30, 2008	<u>\$ 4,276,602</u>	<u>\$ 2,501</u>	<u>\$ 967,232</u>	<u>\$ 149,578</u>

(1) The information provided is required by the State of Tennessee.

(2) These operations are included in the General Fund and Fiduciary Funds.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINED SCHEDULE OF CHANGES IN FEE AND COMMISSION ACCOUNTS
CONSTITUTIONAL OFFICERS (CONTINUED)

For the Year Ended June 30, 2008

Bill Garrett, County Register (1)	Vic Lineweaver, Juvenile Court Clerk (1)	Sheriff Work Release and Inmate Trust (1), (2)	Charles Cardwell, Trustee (1), (2)	Total (Memorandum Only)
\$ 4,885,502	\$ 368,753	\$ -	\$ -	\$ 33,837,313
140,139	4,393	-	-	468,568
<u>5,025,641</u>	<u>373,146</u>	<u>-</u>	<u>-</u>	<u>34,305,881</u>
1,736,035	-	-	-	5,563,677
640,479	-	-	-	2,056,134
101,654	-	-	-	680,885
<u>2,478,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,300,696</u>
<u>2,450,000</u>	<u>334,292</u>	<u>-</u>	<u>-</u>	<u>28,066,379</u>
<u>4,928,168</u>	<u>334,292</u>	<u>-</u>	<u>-</u>	<u>36,367,075</u>
97,473	38,854	-	-	(2,061,194)
449,420	122,828	-	-	8,165,682
<u>\$ 546,893</u>	<u>\$ 161,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,104,488</u>

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 SEVEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 1,018,806	\$ 1,030,056	\$ 1,042,013	\$ 1,044,125
97,629	67,840	63,371	47,527
<u>162,068</u>	<u>142,056</u>	<u>165,333</u>	<u>92,637</u>
<u>1,278,503</u>	<u>1,239,952</u>	<u>1,270,717</u>	<u>1,184,289</u>
993,216	1,010,626	1,061,440	1,160,088
69,305	70,023	73,134	29,090
<u>33,223</u>	<u>24,569</u>	<u>25,441</u>	<u>34,774</u>
<u>1,095,744</u>	<u>1,105,218</u>	<u>1,160,015</u>	<u>1,223,952</u>
2,012,022	2,040,682	2,103,453	2,204,213
166,934	137,863	136,505	76,617
<u>195,291</u>	<u>166,625</u>	<u>190,774</u>	<u>127,411</u>
<u>\$ 2,374,247</u>	<u>\$ 2,345,170</u>	<u>\$ 2,430,732</u>	<u>\$ 2,408,241</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2005	2006	2007	2008
\$ 80,425	\$ 64,844	\$ 57,026	\$ 69,053
31,182	44,110	33,876	24,837
66,879	73,025	75,705	86,417
231,516	241,487	258,824	289,629
120,679	130,416	128,067	148,089
8,711	8,770	9,002	7,971
396	457	447	502
51,636	47,150	58,709	55,272
76,115	151,706	111,396	130,293
26,165	26,757	27,818	28,231
93,785	128,171	130,081	143,076
51,336	67,284	72,024	72,547
640,655	654,801	684,711	780,706
57,819	62,460	75,443	77,628
<u>1,537,299</u>	<u>1,701,438</u>	<u>1,723,129</u>	<u>1,914,251</u>
150,091	155,647	157,872	162,688
18,565	19,253	21,073	19,483
7,131	7,068	7,246	7,601
3,580	4,110	4,116	4,360
1,216	1,136	1,156	1,161
1,153	1,063	1,248	944
2,554	788	983	961
-	1,885	1,979	2,052
-	1,919	2,177	1,882
-	912	915	1,193
<u>184,290</u>	<u>193,781</u>	<u>198,765</u>	<u>202,325</u>
<u>\$ 1,721,589</u>	<u>\$ 1,895,219</u>	<u>\$ 1,921,894</u>	<u>\$ 2,116,576</u>
\$ 10,132	\$ 7,367	\$ 7,808	\$ 9,552
4,640	3,994	4,675	4,533
28,589	30,664	35,213	39,554
25,213	26,572	26,787	29,806
11,710	11,401	14,199	13,619
10,535	11,933	12,093	10,587
1,523	1,257	1,291	1,166
9,429	9,646	9,775	13,436
684	705	665	634
8,682	7,717	9,673	10,184
11,087	8,471	8,872	9,246
18,551	19,253	17,946	17,203
291,220	299,203	314,334	338,746
25,954	16,268	42,275	48,808
<u>457,949</u>	<u>454,451</u>	<u>505,606</u>	<u>547,074</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 151,971	\$ 155,827	\$ 164,900	\$ 173,121
15,347	17,298	18,795	17,892
4,680	4,551	5,248	5,996
3,619	3,728	3,880	3,601
994	997	866	863
1,643	1,424	1,654	1,162
2,518	703	994	1,121
-	1,062	1,176	1,278
-	1,729	2,873	2,611
-	176	156	243
<u>22,155</u>	<u>25,610</u>	<u>53,318</u>	<u>58,761</u>
<u>202,927</u>	<u>213,105</u>	<u>253,860</u>	<u>266,649</u>
<u>\$ 660,876</u>	<u>\$ 667,556</u>	<u>\$ 759,466</u>	<u>\$ 813,723</u>
\$ (1,079,350)	\$ (1,246,987)	\$ (1,217,523)	\$ (1,367,177)
18,637	19,324	55,095	64,324
<u>\$ (1,060,713)</u>	<u>\$ (1,227,663)</u>	<u>\$ (1,162,428)</u>	<u>\$ (1,302,853)</u>
\$ 612,734	\$ 725,199	\$ 741,901	\$ 759,131
249,610	271,119	285,078	285,484
97,807	116,664	121,459	141,112
10,060	15,097	19,801	14,792
54,542	60,220	68,620	70,072
1,297	3,476	1,786	1,541
18,862	16,661	9,643	8,617
-	-	-	-
<u>1,044,912</u>	<u>1,208,436</u>	<u>1,248,288</u>	<u>1,280,749</u>
4,544	6,530	9,213	8,086
133	281	132	144
<u>(18,862)</u>	<u>(16,661)</u>	<u>(9,643)</u>	<u>(8,617)</u>
<u>(14,185)</u>	<u>(9,850)</u>	<u>(298)</u>	<u>(387)</u>
<u>\$ 1,030,727</u>	<u>\$ 1,198,586</u>	<u>\$ 1,247,990</u>	<u>\$ 1,280,362</u>
\$ (34,438)	\$ (38,551)	\$ 30,765	\$ (86,428)
4,452	9,474	54,797	63,937
<u>\$ (29,986)</u>	<u>\$ (29,077)</u>	<u>\$ 85,562</u>	<u>\$ (22,491)</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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General fund					
Reserved	\$ 12,094,680	\$ 9,056,517	\$ 11,109,879	\$ 45,630,102	\$ 47,945,698
Unreserved	<u>45,874,991</u>	<u>58,016,207</u>	<u>88,940,775</u>	<u>63,858,137</u>	<u>31,159,554</u>
Total general fund	<u>57,969,671</u>	<u>67,072,724</u>	<u>100,050,654</u>	<u>109,488,239</u>	<u>79,105,252</u>
All other governmental funds					
Reserved	160,842,557	175,707,218	208,924,140	227,227,510	273,822,202
Unreserved, reported in:					
Special revenue funds	66,980,449	93,202,914	93,301,520	106,757,090	99,212,279
Capital projects funds	231,679,884	74,735,551	185,969,415	81,218,512	(92,058,780)
Permanent funds	<u>935,866</u>	<u>458,929</u>	<u>458,020</u>	<u>212,945</u>	<u>203,379</u>
Total all other governmental funds	<u>460,438,756</u>	<u>344,104,612</u>	<u>488,653,095</u>	<u>415,416,057</u>	<u>281,179,080</u>
Total governmental funds	<u>\$ 518,408,427</u>	<u>\$ 411,177,336</u>	<u>\$ 588,703,749</u>	<u>\$ 524,904,296</u>	<u>\$ 360,284,332</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 2,367,797	\$ 2,007,829	\$ 3,474,380	\$ 21,241,971	\$ 29,635,593
<u>33,817,982</u>	<u>35,268,998</u>	<u>43,459,698</u>	<u>39,344,023</u>	<u>33,482,380</u>
<u>36,185,779</u>	<u>37,276,827</u>	<u>46,934,078</u>	<u>60,585,994</u>	<u>63,117,973</u>
213,106,244	188,479,608	139,629,359	128,633,184	113,820,609
87,222,751	77,328,365	97,564,077	123,759,523	149,605,168
(63,694,669)	(107,305,574)	55,722,834	(139,673,867)	(61,532,681)
<u>194,725</u>	<u>178,616</u>	<u>191,671</u>	<u>207,255</u>	<u>219,049</u>
<u>236,829,051</u>	<u>158,681,015</u>	<u>293,107,941</u>	<u>112,926,095</u>	<u>202,112,145</u>
<u>\$ 273,014,830</u>	<u>\$ 195,957,842</u>	<u>\$ 340,042,019</u>	<u>\$ 173,512,089</u>	<u>\$ 265,230,118</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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General fund					
GSD					
Reserved	\$ 10,121,063	\$ 7,853,792	\$ 8,638,209	\$ 41,691,022	\$ 41,174,648
Unreserved	37,648,618	46,859,289	72,258,476	49,948,247	22,725,560
Total GSD	<u>47,769,681</u>	<u>54,713,081</u>	<u>80,896,685</u>	<u>91,639,269</u>	<u>63,900,208</u>
USD					
Reserved	1,973,617	1,202,725	2,471,670	3,939,080	6,771,050
Unreserved	8,226,373	11,156,918	16,682,299	13,909,890	8,433,994
Total USD	<u>10,199,990</u>	<u>12,359,643</u>	<u>19,153,969</u>	<u>17,848,970</u>	<u>15,205,044</u>
Total general fund	<u>57,969,671</u>	<u>67,072,724</u>	<u>100,050,654</u>	<u>109,488,239</u>	<u>79,105,252</u>
General purpose school fund					
Reserved	10,608,102	3,830,532	5,827,218	7,292,939	25,892,422
Unreserved	17,165,379	22,665,482	37,127,728	53,181,388	38,771,091
Total general purpose school fund	<u>27,773,481</u>	<u>26,496,014</u>	<u>42,954,946</u>	<u>60,474,327</u>	<u>64,663,513</u>
GSD general purposes debt service fund					
Reserved	<u>53,183,556</u>	<u>55,432,440</u>	<u>70,508,258</u>	<u>72,002,906</u>	<u>70,087,356</u>
GSD school purposes debt services fund					
Reserved	<u>44,123,880</u>	<u>58,482,912</u>	<u>78,036,243</u>	<u>80,823,039</u>	<u>81,300,372</u>
USD general purposes debt services fund					
Reserved	<u>7,518,805</u>	<u>9,209,833</u>	<u>10,937,838</u>	<u>12,062,613</u>	<u>13,304,996</u>
Total budgeted governmental funds	<u>\$ 190,569,393</u>	<u>\$ 216,693,923</u>	<u>\$ 302,487,939</u>	<u>\$ 334,851,124</u>	<u>\$ 308,461,489</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 2,364,697	\$ 2,005,329	\$ 3,471,380	\$ 21,020,871	\$ 29,632,593
28,814,962	26,498,198	31,216,038	23,398,451	19,971,748
<u>31,179,659</u>	<u>28,503,527</u>	<u>34,687,418</u>	<u>44,419,322</u>	<u>49,604,341</u>
3,100	2,500	3,000	221,100	3,000
5,003,020	8,770,800	12,243,660	15,945,572	13,510,632
<u>5,006,120</u>	<u>8,773,300</u>	<u>12,246,660</u>	<u>16,166,672</u>	<u>13,513,632</u>
<u>36,185,779</u>	<u>37,276,827</u>	<u>46,934,078</u>	<u>60,585,994</u>	<u>63,117,973</u>
12,192,087	875,953	678,513	6,853,766	20,169,615
25,250,424	17,566,775	37,753,270	61,508,398	52,554,640
<u>37,442,511</u>	<u>18,442,728</u>	<u>38,431,783</u>	<u>68,362,164</u>	<u>72,724,255</u>
<u>59,430,520</u>	<u>47,766,674</u>	<u>4,506,155</u>	<u>8,004,172</u>	<u>3,170,054</u>
<u>78,148,782</u>	<u>75,330,810</u>	<u>66,092,796</u>	<u>60,537,817</u>	<u>51,412,069</u>
<u>14,064,796</u>	<u>14,092,731</u>	<u>12,996,611</u>	<u>2,427,452</u>	<u>2,221,176</u>
<u>\$ 225,272,388</u>	<u>\$ 192,909,770</u>	<u>\$ 168,961,423</u>	<u>\$ 199,917,599</u>	<u>\$ 192,645,527</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

	1999	2000	2001	2002
Revenues				
Property taxes (1)	\$ 446,996,907	\$ 456,036,292	\$ 470,862,466	\$ 598,399,975
Local option sales tax	224,998,258	237,192,630	237,202,797	231,707,353
Other taxes, licenses and permits	99,700,346	111,986,041	97,697,363	93,770,480
Fines, forfeits and penalties	14,752,409	15,912,954	12,746,125	11,623,733
Revenues from the use of money or property	22,623,097	24,677,391	21,167,002	16,970,802
Revenues from other governmental agencies	341,395,159	312,900,425	318,499,173	345,844,660
Commissions and fees	14,577,828	13,806,439	14,414,164	16,676,399
Charges for current services	46,838,049	49,821,310	47,195,450	48,068,592
Compensation for loss, sale or damage to property	2,904,571	2,784,053	4,415,442	2,489,468
Contributions and gifts	7,216,453	9,645,750	9,451,915	9,328,613
Miscellaneous	5,803,847	3,951,728	1,012,932	615,098
Total revenues	1,227,806,924	1,238,715,013	1,234,664,829	1,375,495,173
Expenditures				
Current:				
General government	29,233,567	38,694,714	41,798,984	49,694,322
Fiscal administration	18,309,022	15,835,754	17,128,581	19,765,287
Administration of justice	39,714,021	41,700,787	40,094,066	43,163,240
Law enforcement and care of prisoners	151,981,826	146,283,847	144,930,805	159,551,996
Fire prevention and control	68,780,838	68,744,162	67,145,761	79,073,811
Regulation and inspection	6,849,852	6,211,955	5,890,959	7,177,920
Conservation of natural resources	292,287	300,301	354,787	319,543
Public welfare	33,605,777	36,186,327	35,251,627	38,939,531
Public health and hospitals (2)	27,388,492	64,412,977	64,269,297	68,431,324
Public library system	47,465,330	10,958,566	12,732,102	16,909,903
Public works, highways and streets	53,450,357	49,487,488	50,229,255	69,196,396
Recreational and cultural (3)	35,497,461	33,404,169	28,702,228	31,488,610
Education	437,656,073	449,708,532	458,692,007	500,241,847
Employee benefits	41,326,087	43,186,268	44,796,706	46,876,942
Miscellaneous	33,631,224	34,756,303	44,813,661	37,008,384

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2003	2004	2005	2006	2007	2008
\$	601,123,598	\$ 601,825,390	\$ 609,091,452	\$ 719,820,461	\$ 762,416,897	\$ 757,993,487
	230,579,654	239,779,471	249,701,966	271,311,435	285,258,498	285,483,688
	93,740,577	99,324,601	107,541,797	126,826,832	130,176,283	152,575,721
	14,191,298	14,036,202	16,280,190	19,733,750	19,254,517	19,869,757
	8,350,984	2,015,987	6,512,905	9,470,818	14,047,969	10,496,414
	350,106,028	358,602,784	383,725,517	391,034,345	417,169,806	447,314,552
	18,953,278	19,637,940	21,072,982	21,261,179	26,156,439	29,070,315
	43,764,068	46,134,585	48,990,928	47,396,269	51,607,253	53,939,317
	7,501,643	2,227,502	1,315,393	3,490,427	1,708,877	1,597,492
	8,156,874	7,711,533	7,544,472	10,900,634	9,917,112	11,995,898
	723,794	1,261,667	1,248,953	1,744,055	2,141,108	3,263,508
	<u>1,377,191,796</u>	<u>1,392,557,662</u>	<u>1,453,026,555</u>	<u>1,622,990,205</u>	<u>1,719,854,759</u>	<u>1,773,600,149</u>
	50,602,005	54,045,561	35,758,167	37,827,855	40,641,319	46,904,452
	20,323,270	21,008,051	14,180,153	14,578,459	15,777,516	16,472,712
	45,794,670	50,333,461	53,751,204	58,621,082	63,883,484	65,699,378
	175,023,851	188,644,930	206,160,524	218,067,847	237,925,605	250,849,440
	86,043,913	93,266,180	95,045,746	100,684,959	112,717,674	119,648,604
	7,006,740	7,416,328	7,412,089	7,971,413	8,449,218	8,697,029
	311,037	398,925	352,566	421,822	444,857	456,284
	41,846,976	41,786,523	37,500,087	34,663,341	38,037,156	36,967,197
	72,221,269	74,854,036	71,221,790	142,543,147	100,408,354	104,398,769
	18,875,806	20,240,202	19,400,262	21,644,954	21,712,959	22,644,664
	57,343,896	62,547,910	63,519,894	60,613,315	65,518,756	70,954,215
	32,846,731	34,832,275	32,993,788	34,736,137	38,633,072	40,513,021
	553,980,028	604,067,494	611,766,944	622,926,552	636,140,631	683,222,289
	51,520,203	54,892,819	55,012,329	56,369,642	59,012,395	61,100,542
	47,836,086	38,462,724	43,964,605	62,900,107	51,967,639	44,480,259

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

	1999	2000	2001	2002
Expenditures (Continued)				
Debt service:				
Principal retirement	\$ 51,530,000	\$ 51,925,000	\$ 56,825,000	\$ 68,255,000
Interest	53,182,744	59,563,984	49,834,336	63,676,350
Fiscal charges	28,286	427,424	457,179	1,820,928
Bond issue costs	91,252	-	1,004,837	223,339
Arbitrage rebate	-	-	-	-
Capital outlay - capitalized (1)	224,038,862	197,136,695	165,724,865	126,606,755
Capital outlay - noncapitalized	-	-	-	-
	<u>1,354,053,358</u>	<u>1,348,925,253</u>	<u>1,330,677,043</u>	<u>1,428,421,428</u>
Total expenditures				
Excess of revenue over (under) expenditures	<u>(126,246,434)</u>	<u>(110,210,240)</u>	<u>(96,012,214)</u>	<u>(52,926,255)</u>
Other Financing Sources (Uses)				
Payments to refunded bond escrow agent	(7,377,668)	-	(77,885,410)	(87,228,769)
Issuance of refunding bonds	7,355,000	-	73,745,000	74,330,000
Issuance of new bonds	180,145,000	-	262,155,000	-
Issuance of QZAB notes	-	-	-	-
Bond issue premium (discount)	1,587,036	-	19,779,006	1,323,046
Commercial paper proceeds	-	-	-	-
Commercial paper redeemed	-	-	-	-
Swaption proceeds	-	-	-	-
Distribution of net assets	-	-	-	-
Transfers in	80,984,333	90,960,196	72,939,523	93,231,089
Transfers out	<u>(78,816,925)</u>	<u>(88,002,517)</u>	<u>(72,899,830)</u>	<u>(92,390,564)</u>
Total other financing sources (uses)	<u>183,876,776</u>	<u>2,957,679</u>	<u>277,833,289</u>	<u>(10,735,198)</u>
Net change in fund balances	<u>\$ 57,630,342</u>	<u>\$ (107,252,561)</u>	<u>\$ 181,821,075</u>	<u>\$ (63,661,453)</u>

Debt service as a percentage of noncapitalized expenditures (2)	9.27 %	9.72 %	9.19 %	10.27 %
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(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

2003	2004	2005	2006	2007	2008
\$ 77,865,000	\$ 79,775,000	\$ 86,315,000	\$ 99,000,000	\$ 95,569,567	\$ 94,819,566
58,207,564	59,120,667	57,783,125	65,621,896	72,522,916	79,323,719
303,552	330,766	1,520,826	973,475	2,818,981	3,730,505
829,906	689,127	1,024,215	1,859,351	587,900	323,288
825,742	400,849	-	272,023	-	-
115,006,272	145,878,753	183,396,697	204,299,918	124,229,635	155,498,310
31,589,279	55,790,669	3,676,054	80,000,497	98,191,337	93,929,184
<u>1,546,203,796</u>	<u>1,688,783,250</u>	<u>1,681,756,065</u>	<u>1,926,597,792</u>	<u>1,885,190,971</u>	<u>2,000,633,427</u>
<u>(169,012,000)</u>	<u>(296,225,588)</u>	<u>(228,729,510)</u>	<u>(303,607,587)</u>	<u>(165,336,212)</u>	<u>(227,033,278)</u>
(112,805,846)	-	(262,859,309)	(60,463,650)	(198,934,669)	-
108,690,000	-	241,800,000	60,805,000	186,890,000	-
-	122,100,000	209,055,000	417,315,000	-	308,000,000
-	-	-	6,218,000	-	-
5,608,303	6,157,067	34,513,827	20,310,047	12,632,569	7,867,112
-	195,000,000	150,000,000	-	-	-
-	(127,000,000)	(218,000,000)	-	-	-
-	3,800,000	-	-	-	-
(1,027,530)	-	-	-	-	-
114,037,906	106,933,088	100,801,076	195,467,499	137,154,461	160,349,393
<u>(110,110,797)</u>	<u>(98,034,069)</u>	<u>(103,638,072)</u>	<u>(191,960,632)</u>	<u>(138,936,079)</u>	<u>(157,465,198)</u>
<u>4,392,036</u>	<u>208,956,086</u>	<u>151,672,522</u>	<u>447,691,264</u>	<u>(1,193,718)</u>	<u>318,751,307</u>
<u>\$ (164,619,964)</u>	<u>\$ (87,269,502)</u>	<u>\$ (77,056,988)</u>	<u>\$ 144,083,677</u>	<u>\$ (166,529,930)</u>	<u>\$ 91,718,029</u>

9.53 %

9.02 %

9.72 %

9.61 %

9.71 %

9.64 %

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
1998-99	\$ 9,483,759,205	\$ 873,944,396	\$ 538,014,258	\$ 10,895,717,859
1999-00	9,625,554,203	954,014,066	507,768,277	11,087,336,546
2000-01	9,878,827,579	953,834,854	557,537,258	11,390,199,691
2001-02	11,649,748,674	1,059,163,097	664,461,669	13,373,373,440
2002-03	11,792,547,023	1,025,692,548	645,179,869	13,463,419,440
2003-04	11,809,121,866	917,401,480	553,940,253	13,280,463,599
2004-05	11,933,712,504	907,818,023	590,493,038	13,432,023,565
2005-06	13,962,265,146	963,153,348	608,300,242	15,533,718,736
2006-07	14,319,406,060	1,026,510,506	622,162,501	15,968,079,067
2007-08	14,647,388,808	1,004,636,613	585,267,521	16,237,292,942

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	\$ 34,408,511,843	31.67 %
3.39	38,576,009,345	28.74
3.39	39,576,025,308	28.78
3.84	42,634,022,131	31.37
3.84	42,988,853,105	31.32
3.84	45,150,830,802	29.41
3.84	45,746,447,359	29.36
4.04	50,477,218,642	30.77
4.04	51,736,469,429	30.86
4.04	60,386,015,276	26.89

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>
1998-99	\$ 6,372,341,408	\$ 681,039,272	\$ 438,156,409	\$ 7,491,537,089	\$ 0.85
1999-00	6,420,180,086	747,640,155	411,270,056	7,579,090,297	0.85
2000-01	6,544,802,327	745,794,683	462,282,505	7,752,879,515	0.85
2001-02	7,681,717,993	794,416,879	553,090,149	9,029,225,021	0.74
2002-03	7,722,115,933	765,147,395	535,610,099	9,022,873,427	0.74
2003-04	7,667,951,606	680,464,904	443,772,979	8,792,189,489	0.74
2004-05	7,996,403,388	699,060,182	472,283,935	9,167,747,505	0.74
2005-06	9,293,334,373	736,566,609	484,073,719	10,513,974,701	0.65
2006-07	9,653,540,683	812,794,594	497,183,632	10,963,518,909	0.65
2007-08	9,828,095,806	800,146,680	476,649,480	11,104,891,966	0.65

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

Fiscal Year	General Services District					Urban Services District			Total Direct Tax Rate
	GSD General Fund (1)	General Purpose School Fund	GSD Debt Service Fund	School Debt Service Fund	Total GSD Rate	USD General Fund (1)	USD Debt Service Fund	Total USD Rate	
1998-99	\$ 1.68	\$ 0.96	\$ 0.50	\$ 0.25	\$ 3.39	\$ 0.74	\$ 0.11	\$ 0.85	\$ 4.24
1999-00	1.68	0.96	0.50	0.25	3.39	0.74	0.11	0.85	4.24
2000-01	1.68	0.96	0.50	0.25	3.39	0.74	0.11	0.85	4.24
2001-02 (2)	1.97	1.24	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2002-03 (3)	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2003-04	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2004-05	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2005-06 (2)	2.00	1.33	0.54	0.17	4.04	0.56	0.09	0.65	4.69
2006-07 (3)	2.07	1.33	0.47	0.17	4.04	0.56	0.09	0.65	4.69
2007-08 (3)	2.06	1.33	0.48	0.17	4.04	0.56	0.09	0.65	4.69

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

- (1) A portion of the revenue of the GSD General Fund generated from the tax levy collected for the area of the USD is recorded in the USD General Fund. Referred to as the levy for fire protection service, this amount of the levy has ranged from \$.12 to \$.08 over the last ten years.
- (2) The State mandates a reappraisal valuation of property within Davidson County every four years resulting in a reduction of the combined GSD-USD tax rate. Also, the combined GSD-USD tax rate was increased by the Metropolitan Council and reallocated 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 fiscal years 2002-03, 2006-07, and 2007-08, the GSD property tax rate was reallocated among the funds receiving property tax revenue.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

Taxpayer	December 31, 2007				December 31, 1998			
	2007 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	1998 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1)	\$ N/A	\$ 23,645,473	1	3.26 %	\$ N/A	\$ 13,078,549	1	3.02 %
Gaylord	238,598,060	11,121,590	2	1.54	331,428,232	10,331,558	2	2.39
Columbia/HCA	232,193,575	10,309,689	3	1.42	97,207,500	4,121,598	4	0.95
BellSouth	154,221,345	7,142,617	4	0.99	186,008,212	7,569,392	3	1.75
Vanderbilt	84,759,062	3,975,201	5	0.55	-	-	-	-
Opry Mills Co.	70,154,676	3,799,377	6	0.52	-	-	-	-
CBL & Associates	82,869,360	3,589,484	7	0.50	-	-	-	-
Piedmont Natural Gas Company	78,383,980	3,551,983	8	0.49	62,441,037	2,647,500	6	0.61
Davis Street Land	43,398,280	2,035,345	9	0.28	-	-	-	-
PREFCO XIV LTD	14,056,480	1,918,716	10	0.26	57,755,005	2,448,812	7	0.57
Nashland Associates	-	-	-	-	91,547,805	3,496,620	5	0.81
E. I. Dupont	-	-	-	-	60,524,771	2,051,788	8	0.47
Ford Motor Co.	-	-	-	-	55,992,031	1,660,006	9	0.38
SunTrust Bank	-	-	-	-	38,000,525	1,637,844	10	0.38
	<u>\$ 998,634,818</u>	<u>\$ 71,089,475</u>		<u>9.81 %</u>	<u>\$ 980,905,118</u>	<u>\$ 49,043,667</u>		<u>11.33 %</u>

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

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Amount GSD Levy	Amount USD Levy	Total Tax Levy	Collections Within the Fiscal Year of the Levy	
				Current Tax Amount	Percent of Levy
1998-99	\$ 361,873,598	\$ 71,169,667	\$ 433,043,265	\$ 415,770,559	96.01 %
1999-00	368,281,927	72,001,424	440,283,351	419,550,370	95.29
2000-01	378,375,194	73,652,420	452,027,614	432,592,562	95.70
2001-02	504,508,539	75,845,541	580,354,080	554,792,713	95.60
2002-03	508,874,943	74,889,899	583,764,842	557,508,632	95.50
2003-04	502,057,059	72,975,223	575,032,282	555,507,839	96.60
2004-05	507,538,957	76,092,355	583,631,312	565,446,465	96.88
2005-06 (1)	619,151,100	76,752,024	695,903,124	671,768,730	96.53
2006-07 (1)	633,541,786	79,714,977	713,256,763	705,244,782	98.88
2007-08 (2)	643,729,137	80,683,950	724,413,087	717,920,126	99.10

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.

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		
\$ (3,708,898)	\$ 429,334,367	\$ 12,843,665	\$ 428,614,224	\$ 99.83	\$ 720,143	0.17 %
(6,605,795)	433,677,556	13,490,376	433,040,746	99.85	636,810	0.15
(4,449,202)	447,578,412	13,753,743	446,346,305	99.72	1,232,107	0.28
(6,723,167)	573,630,913	17,701,870	572,494,583	99.80	1,136,330	0.20
(6,587,769)	577,177,073	18,400,474	575,909,106	99.78	1,267,967	0.22
(2,594,319)	572,437,963	15,761,710	571,269,549	99.80	1,168,414	0.20
(2,140,999)	581,490,313	14,962,231	580,408,696	99.81	1,081,617	0.19
(8,059,863)	687,843,261	14,793,294	686,562,024	99.81	1,281,237	0.19
(4,424,207)	708,832,556	1,608,689	706,853,471	99.72	1,979,085	0.28
(921,034)	723,492,053	-	717,920,126	99.23	5,571,927	0.77

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds and Notes	Limited Obligation Revenue Bonds	Qualified Zone Academy Bond Notes	Total Governmental Activities	Revenue Bonds	General Obligation Bonds
1998-99	\$ 1,038,960	\$ 19,705	\$ -	\$ 1,058,665	\$ 552,164	\$ -
1999-00	989,705	18,725	-	1,008,430	542,440	-
2000-01	1,196,320	17,680	-	1,214,000	529,852	-
2001-02	1,187,245	16,265	-	1,203,510	525,855	-
2002-03	1,114,990	14,925	-	1,129,915	571,070	-
2003-04	1,158,710	13,530	-	1,172,240	550,880	-
2004-05	1,279,935	12,080	-	1,292,015	529,200	7,695
2005-06	1,600,695	10,575	6,219	1,617,489	502,060	7,695
2006-07	1,503,390	9,005	5,804	1,518,199	473,565	7,435
2007-08	1,718,615	7,375	5,389	1,731,379	436,860	7,170

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

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

(2) Per Capita Personal Income statistics for calendar year 2007 were not available at the reporting date.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

<u>Business-type Activities (Continued)</u>						
<u>State</u>	<u>Capitalized</u>	<u>Total</u>	<u>Total</u>	<u>Percentage of</u>	<u>Per</u>	
<u>Construction</u>	<u>Lease</u>	<u>Business-type</u>	<u>Primary</u>	<u>Personal</u>	<u>Capita (1)</u>	
<u>Loans</u>	<u>Obligations</u>	<u>Activities</u>	<u>Government</u>	<u>Income (1)</u>		
\$ 67,019	\$ 3,203	\$ 622,386	\$ 1,681,051	9.88 %	\$ 2,963.50	
65,959	2,754	611,153	1,619,583	9.02	2,841.92	
64,233	2,465	596,550	1,810,550	9.51	3,169.11	
57,659	2,340	585,854	1,789,364	8.94	3,143.79	
51,623	2,210	624,903	1,754,818	8.37	3,077.89	
46,803	2,075	599,758	1,771,998	8.08	3,095.33	
47,404	1,930	586,229	1,878,244	8.01	3,235.81	
62,638	1,780	574,173	2,191,662	9.01	3,802.45	
126,836	1,620	609,456	2,127,655	8.23	3,676.62	
155,648	1,455	601,133	2,332,512	N/A (2)	3,764.39	

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Fiscal Year	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Funds	Less: Amounts Payable from Sources Other Than Property Taxes	Total	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
1998-99	\$ 1,038,960	\$ 103,510	\$ 35,729	\$ 899,721	2.61 %	\$ 1,586.11
1999-00	989,705	120,991	31,507	837,207	2.17	1,469.07
2000-01	1,196,320	156,402	26,939	1,012,979	2.56	1,773.07
2001-02	1,187,245	162,066	22,360	1,002,819	2.35	1,761.88
2002-03	1,114,990	163,737	17,563	933,690	2.17	1,637.66
2003-04	1,158,710	151,390	12,519	994,801	2.20	1,737.72
2004-05	1,279,935	136,955	7,220	1,135,760	2.48	1,956.67
2005-06	1,600,695	83,596	1,655	1,515,444	3.00	2,629.24
2006-07	1,503,390	70,969	130	1,432,291	2.77	2,475.02
2007-08	1,718,615	56,803	-	1,661,812	2.75	2,681.96

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on pages H-16 and H-17 for property value data.

(2) See the Schedules of Demographic and Economic Statistics on page H-32 for personal income and population data. This ratio is calculated using population for the prior calendar year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Fiscal Year	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Funds	Less: Amounts Payable from Sources Other Than Property Taxes	Total	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
1998-99	\$ 43,983	\$ 7,519	\$ 250	\$ 36,214	N/A %	\$ N/A
1999-00	38,925	9,210	200	29,515	N/A	N/A
2000-01	57,124	10,915	-	46,209	N/A	N/A
2001-02	109,695	11,770	-	97,925	N/A	N/A
2002-03	97,897	13,230	-	84,667	N/A	N/A
2003-04	107,357	13,900	-	93,457	N/A	N/A
2004-05	114,326	13,857	-	100,469	N/A	N/A
2005-06	134,733	12,997	-	121,736	N/A	N/A
2006-07	128,353	2,427	-	125,926	N/A	N/A
2007-08	153,286	2,221	-	151,065	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>
1998-99	\$ 1,123,731	\$ 36,214	\$ 1,087,517	3.22 %
1999-00	1,136,864	29,515	1,107,349	2.60
2000-01	1,162,932	46,209	1,116,723	3.97
2001-02	1,354,384	97,925	1,256,459	7.23
2002-03	1,353,431	84,666	1,268,765	6.26
2003-04	1,318,828	93,457	1,225,371	7.09
2004-05	1,375,162	100,468	1,274,694	7.31
2005-06	1,577,096	121,737	1,455,359	7.72
2006-07	1,644,528	125,926	1,518,602	7.66
2007-08	1,665,734	151,065	1,514,669	9.07

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, 2008

Unaudited - See Accompanying Accountants' Report

Assessed valuation of taxable property - Urban Services District		<u>\$ 11,104,891,966</u>
Debt limit - 15 percent of assessed valuation		\$ 1,665,733,795
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 153,285,697	
Less:		
Amounts available in debt service funds	<u>2,221,176</u>	
Total amount of debt applicable to debt limit		<u>151,064,521</u>
Legal debt margin		<u>\$ 1,514,669,274</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>
1998-99	\$ 49,420	\$ 46,717	\$ 96,137	\$ 1,134,887	8.5 %
1999-00	49,255	53,069	102,324	1,103,726	9.2
2000-01	55,780	49,030	104,810	1,110,942	9.4
2001-02	67,140	65,859	132,999	1,307,461	10.0
2002-03	76,525	59,109	135,634	1,379,369	9.8
2003-04	78,380	60,128	138,508	1,473,754	9.4
2004-05	84,865	60,019	144,884	1,482,009	9.8
2005-06	97,495	66,069	163,564	1,637,637	10.0
2006-07	93,585	74,874	168,459	1,682,760	10.0
2007-08	92,775	82,647	175,422	1,762,582	10.0

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available For Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
1998-99	\$ 174,203	\$ 64,704	\$ 109,499	\$ 10,630	\$ 31,394	\$ 42,024	2.61
1999-00	167,301	65,321	101,980	13,480	30,916	44,396	2.30
2000-01	172,445	65,853	106,592	14,050	30,285	44,335	2.40
2001-02	166,435	68,006	98,429	19,680	29,615	49,295	2.00
2002-03	155,560	65,398	90,162	20,190	28,621	48,811	1.85
2003-04	154,638	71,273	83,365	21,680	27,531	49,211	1.69
2004-05	156,158	71,410	84,748	25,960	26,407	52,367	1.62
2005-06	161,727	78,293	83,434	27,280	25,034	52,314	1.59
2006-07	173,220	82,817	90,403	28,770	23,581	52,351	1.73
2007-08	180,862	88,416	92,446	31,185	19,646	50,831	1.82

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

(1) Includes interest on investments and other income.

(2) Excludes depreciation and amortization expense.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Unaudited - See Accompanying Accountants' Report

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Unemployment Rate (3)</u>
1998	567,251	\$ 30,005	\$ 17,020,366	2.6 %
1999	569,891	31,494	17,948,147	2.9
2000	571,312	33,338	19,046,399	3.2
2001	569,174	35,183	20,025,249	3.5
2002	570,136	36,768	20,962,760	4.4
2003	572,475	38,297	21,924,075	4.6
2004	580,455	40,393	23,446,319	4.4
2005	576,382	42,192	24,318,709	4.6
2006	578,698	42,092	25,838,472	4.2
2007 (4) (5)	619,626	N/A	N/A	3.9

(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) Per Capita personal income statistics for calendar year 2007 were not available at the reporting date.

(5) Population increase due to Census Bureau adjustments for Hurrincanes Katrina and Rita.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

Employer	June 30, 2008			June 30, 1999		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
State of Tennessee	20,312	1	2.68 %	24,500	1	3.74 %
Metro Nashville-Davidson Co. Government and Public Schools	19,666	2	2.59	19,500	2	2.98
Vanderbilt University and Medical Center	18,968	3	2.50	12,719	3	1.94
U.S. Government	11,135	4	1.47	11,200	4	1.71
HCA (including Tri-Star Health System) (1)	8,703	5	1.15	8,100	6	1.24
St. Thomas Health Services	8,200	6	1.08	-	-	-
Nissan North America Inc.	7,750	7	1.02	6,000	8	0.92
Wal-Mart Stores Inc.	4,500	8 (2)	0.59	-	-	-
Bridgestone Americas Holding Inc. (1)	4,500	8 (2)	0.59	-	-	-
CBRL Group Inc.	4,478	9	0.59	-	-	-
Gaylord Entertainment Co. (1)	3,462	10	0.46	6,454	7	0.99
Saturn Corporation	-	-	-	9,671	5	1.48
Kroger Company	-	-	-	5,750	9	0.88
United Parcel Service	-	-	-	4,500	10	0.69
	<u>111,674</u>		<u>14.71 %</u>	<u>108,394</u>		<u>16.57 %</u>

Sources:

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

(1) National, State or Corporate Headquarters.

(2) Tie ranking.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	1999	2000	2001	2002
Governmental activities:				
General government	271	269	268	265
Fiscal administration	187	188	189	200
Administration of justice	665	703	715	735
Law enforcement and care of prisoners	2,547	2,574	2,649	2,496
Fire prevention and control	1,211	1,211	1,210	1,258
Regulation and inspection	118	118	108	109
Conservation of natural resources	9	9	9	11
Public welfare	618	625	602	706
Public health and hospitals	475	466	453	535
Public library system	235	267	364	365
Public works, highways and streets	538	538	537	536
Recreational and cultural	479	488	456	461
Education	7,699	7,607	7,558	7,891
Total governmental activities	15,052	15,063	15,118	15,568
Internal service activities:				
Central Printing	9	9	9	9
Motor Pool	47	47	48	41
Office of Fleet Management	-	-	-	-
Information Systems	90	90	91	95
Radio Shop	20	20	26	24
School Central Storeroom	-	-	-	-
Metro Postal Service	6	6	6	6
Office Supply Storeroom	3	3	2	-
Facilities Planning and Construction	-	2	2	13
Treasury Management	7	7	7	10
Human Resources	37	38	36	61
Finance Services	84	82	98	118
General Services	41	41	45	52
Total internal service activities	344	345	370	429
Business-type activities:				
Department of Water and Sewerage Services	823	760	738	781
Nashville Convention Center	43	46	52	54
Board of Fair Commissioners	15	18	19	19
Farmers Market	8	8	7	7
Police Secondary Employment	-	-	-	-
Surplus Property Auction	-	-	-	-
Police Impound	-	-	-	-
Municipal Auditorium	-	-	-	-
School Community Education	-	-	-	-
Total business-type activities	889	832	816	861
Total primary government	16,285	16,240	16,304	16,858

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2003	2004	2005	2006	2007	2008
280	277	259	273	267	275
214	215	216	216	215	220
785	800	798	812	811	808
2,504	2,544	2,695	2,716	2,714	2,715
1,258	1,217	1,178	1,181	1,180	1,182
109	109	108	111	108	108
11	11	10	10	10	11
729	689	678	487	492	487
530	525	514	528	500	508
365	363	336	330	329	336
568	544	543	546	532	527
682	679	592	639	650	682
7,780	8,201	8,285	8,382	8,361	8,540
15,815	16,174	16,212	16,231	16,169	16,399
9	9	4	-	-	-
41	-	-	-	-	-
-	105	97	88	91	94
103	108	136	130	124	129
24	24	23	18	16	16
-	-	-	-	-	-
6	6	5	5	5	5
-	-	-	-	-	-
14	19	19	18	18	18
11	14	14	12	9	8
63	62	66	67	64	62
129	116	94	100	102	98
55	55	52	94	96	107
455	518	510	532	525	537
718	658	668	668	668	668
53	53	47	47	53	53
19	19	17	17	29	24
8	8	8	8	8	8
5	5	5	5	5	5
-	7	7	7	7	7
-	7	29	29	29	29
-	-	-	12	12	12
-	-	9	11	11	15
803	757	790	804	822	821
17,073	17,449	17,512	17,567	17,516	17,757

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	1999	2000	2001	2002
Governmental activities:				
General government:				
Election Commission - registered voters	302,583	337,313	316,414	335,357
Assessor of Property - real property inspections (1)	81,946	56,458	208,010	52,313
Administration of justice:				
Public Defender - caseload	27,837	35,229	31,157	32,485
Circuit Court Clerk - circuit filings	9,760	9,384	9,067	8,975
Circuit Court Clerk - general sessions civil filings	41,574	39,981	44,216	47,783
Circuit Court Clerk - probate filings	2,036	1,935	1,978	2,081
Law enforcement and care of prisoners:				
Sheriff - inmate days jails	608,373	612,343	530,094	583,807
Sheriff - inmate days detention facility	423,877	424,023	413,174	436,679
Police - total calls received	1,115,910	1,194,180	1,324,019	1,170,705
Police - incident numbers issued	634,860	628,951	556,427	564,448
ECC - total 911 calls received	N/A	N/A	N/A	N/A
ECC - total non 911 calls received	N/A	N/A	N/A	N/A
ECC - total calls automatic call distribution	N/A	N/A	N/A	N/A
Fire prevention and control:				
Fire - life threatening responses	N/A	N/A	N/A	33,495
Fire - non life threatening responses	N/A	N/A	N/A	16,771
Regulation and inspection:				
Codes - construction/land use permits	10,672	9,856	9,102	9,346
Public welfare:				
Social Services - clients served (2)	541	563	2,844	2,543
Public health and hospitals:				
Health - clinic visits	168,107	180,081	166,000	185,221
Health - restaurant inspections	N/A	N/A	N/A	N/A
Public library system:				
Library - circulating materials check-outs	2,554,678	2,566,170	2,957,664	3,825,465
Library - number of visits	2,244,253	2,342,586	2,508,796	3,148,035

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 and 2005 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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
337,392	366,326	358,119	359,806	334,067	340,373
88,197	69,768	220,903	48,942	96,845	69,153
36,068	38,920	41,017	39,242	43,649	43,402
8,967	8,965	10,707	9,970	8,905	9,084
46,739	47,965	45,835	47,232	49,729	51,905
2,067	2,061	1,909	2,002	2,060	2,039
610,640	637,243	674,254	806,361	870,502	999,988
451,182	467,371	431,421	354,799	374,643	395,777
1,156,932	1,142,514	1,090,591	974,864	1,052,261	1,060,868
577,377	658,387	709,915	721,903	784,391	844,469
N/A	342,942	332,182	329,325	343,631	361,016
N/A	813,991	810,332	782,120	742,344	718,732
N/A	1,156,933	1,142,514	1,111,445	1,085,975	1,079,748
33,812	36,328	38,766	38,158	41,633	40,171
15,539	13,715	17,240	17,607	19,316	20,768
9,123	10,151	10,245	10,534	11,663	10,598
3,971	2,922	2,734	19,116	20,164	19,694
168,616	174,745	187,465	191,016	192,622	180,543
N/A	N/A	12,483	12,883	13,355	13,972
3,988,212	4,203,335	4,087,080	4,212,037	4,239,335	4,213,276
3,496,615	3,671,610	3,374,359	3,355,545	3,643,610	3,828,825

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

	1999	2000	2001	2002
Governmental activities (continued):				
Public works, highways and streets:				
Public Works - scheduled garbage collections	6,603,532	6,632,964	6,625,476	6,625,476
Public Works - tons of disposed waste (7)	579,657	552,739	547,439	547,439
Public Works - rehabilitated street lane miles (3)	100	90	90	75
Recreational and cultural:				
Parks - Sportsplex attendance	356,590	423,000	450,000	424,080
Parks - cultural enrichment class attendance (4)	4,743	4,980	4,674	4,615
Parks - senior citizen program attendance	14,735	20,471	20,277	21,578
Education:				
Public Schools - students (second month enrollment)	70,308	69,850	69,764	69,700
Business-type activities:				
Department of Water and Sewerage Services:				
Customers - water	135,585	136,468	151,097	143,540
Average daily raw water treatment (millions of gallons per day)	85	90	90	84
Customers - wastewater	156,762	158,652	159,810	163,048
Average daily wastewater flow (millions of gallons per day)	128	122	119	143
District Energy System: (5)				
Steam sales (millions of pounds per hour)	N/A	N/A	N/A	N/A
Chilled water sales (millions of tons)	N/A	N/A	N/A	N/A
Nashville Convention Center - events	357	300	276	221
Board of Fair Commissioners:				
Flea market booth rentals	N/A	N/A	N/A	19,457
State fair attendance (6)	350,000	168,100	181,000	171,000
Municipal Auditorium - events held	121	97	94	80

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 2008 will be available in the spring of 2009.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
6,604,000	6,402,310	6,406,309	6,552,000	6,552,000	6,417,000
425,234	862,895	839,779	800,830	865,671	N/A
90	312	419	145	186	392
368,700	385,700	400,000	385,000	400,000	325,822
4,372	4,479	4,940	4,724	11,339	11,802
23,557	29,850	25,000	30,000	37,484	38,608
70,028	70,759	72,458	73,109	74,155	74,733
155,712	158,613	159,506	162,834	171,627	174,286
88	95	94	97	97	103
166,417	169,533	171,341	173,149	183,695	191,981
150	146	143	125	128	145
N/A	188,408	302,899	303,821	322,648	284,761
N/A	22,998	46,817	52,304	60,720	58,854
186	190	193	193	188	191
18,955	19,619	18,611	18,513	18,900	16,253
182,500	226,400	204,485	227,478	230,216	192,130
91	92	92	91	91	97

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	1999	2000	2001	2002
Governmental activities:				
General government:				
General government vehicles (1)	3,648	3,814	3,868	3,883
Law enforcement and care of prisoners:				
Sheriff inmate capacity - jails	1,762	1,762	1,762	1,762
Sheriff inmate capacity - detention facility	892	892	892	892
Police stations	4	4	5	5
Fire prevention and control:				
Fire stations	38	38	39	39
Public library system:				
Libraries	21	22	22	22
Public works, highways and streets:				
Streets and roads (lane miles)	5,500	5,500	5,500	5,500
Recreational and cultural:				
Parks (number)	90	92	93	100
Parks (acreage)	9,387	9,345	9,387	10,238
Miles of completed greenways	5.5	8.5	13.5	16.5
Education:				
Schools	131	131	129	129
School buses	517	575	512	515
Business-type activities:				
Department of Water and Sewerage Services:				
Water mains (miles)	2,566	2,571	2,619	2,634
Maximum daily water capacity (thousands of gallons)	162,000	162,000	180,000	180,000
Sewers (miles)	2,385	2,426	2,674	2,699
Maximum daily treatment capacity (thousands of gallons)	459,000	459,000	459,000	459,000
District Energy System: (2)				
Steam:				
Maximum contract capacity (millions of pounds per hour)	N/A	N/A	N/A	N/A
Percentage maximum contract capacity represented by customers	N/A	N/A	N/A	N/A
Chilled water:				
Maximum contract capacity (millions of tons)	N/A	N/A	N/A	N/A
Percentage maximum contract capacity represented by customers	N/A	N/A	N/A	N/A
Nashville Convention Center:				
Exhibition space (square footage)	118,675	118,675	118,675	118,675
Board of Fair Commissioners:				
Exhibition space (square footage)	156,000	156,000	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 older years.

(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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2003	2004	2005	2006	2007	2008
3,625	3,676	3,620	3,425	3,559	3,614
1,762	1,762	2,587	2,587	2,587	2,918
892	892	892	1,092	1,092	1,092
5	6	6	6	6	6
39	39	39	40	41	41
22	22	22	24	24	24
5,600	5,600	5,600	5,600	5,643	5,687
99	102	102	107	110	110
10,200	10,303	10,241	10,355	10,424	10,490
19.5	23.5	28.0	29.5	36.5	37.2
128	130	133	136	135	137
558	594	633	657	667	660
2,718	2,746	2,749	2,771	2,888	2,944
180,000	186,300	180,000	180,000	180,000	180,000
2,726	2,753	2,867	2,901	3,027	3,069
459,000	459,000	465,000	465,000	465,000	465,000
N/A	250,714	250,714	250,714	250,714	250,714
N/A	89.02%	89.02%	89.04%	89.04%	89.04%
N/A	26,000	26,000	29,714	29,714	29,714
N/A	85.65%	85.65%	74.64%	74.64%	74.64%
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

