



Comprehensive Annual Financial Report For the Year Ended June 30, 2013

The Metropolitan Government of Nashville and Davidson County
Nashville, Tennessee



Karl F. Dean, Mayor



THE METROPOLITAN GOVERNMENT
OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the Year Ended June 30, 2013

Prepared by
DEPARTMENT OF FINANCE

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

KARL F. DEAN
MAYOR



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

October 31, 2013

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, 2013. 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, 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.

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 and State economies, with lower unemployment than both.

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 2013, for fiscal year 2014 and for the future are discussed below.

FOR FISCAL YEAR 2013: Substitute budget ordinance BL-2012-154 appropriated a balanced budget of \$1,709,493,100 in the budgetary funds, an overall increase of 7.80% from the budget for fiscal year 2012.

The FY2013 budget continued to make improvements in the Nashville community's priority areas:

- **Public Education** – In keeping with the commitment to provide our children with the best education possible, Metro Nashville Public Schools (MNPS) received \$720,420,300 in FY13, which was a \$46.4 million dollar increase over the amount budgeted in FY12. This increase included funding for additional teachers, increasing starting teacher pay, expanding non-traditional schools, opening Cane Ridge Elementary School, and maintaining employee benefit and contractual obligations.

Additional funding was provided to the Public Library to expand the Limitless Libraries initiative to elementary schools. Elementary, middle, and high school students can now participate in the Limitless Libraries program, which significantly increases the number of reading materials available to public schools students.

- **Public Safety** – Efforts continued to ensure that every neighborhood feels safe. The Metro Police Department received an increase of \$6.2 million to fund various initiatives including retaining officers hired under the federal COPS grant and funding the new DNA crime lab. The Nashville Fire Department received an additional \$1.5 million to retain firefighters hired through the federal SAFER grant and to fund other operating needs.
- **Livability** – Metro Parks received additional funding for landscaping and special events. MTA received a \$3 million increase to implement new routes including the Murfreesboro Road Bus Rapid Transit and the University Connector.

- Economic Development – In late April 2012, Asurion, a Nashville based technology company, announced that it was adding 500 new jobs by expanding its operation into downtown south of Broadway, while still keeping its corporate headquarters at Grassmere Park. When the company first moved to Middle Tennessee from California in 2003, it planned to create 600 jobs. That number has grown to 2,400 jobs.

FOR FISCAL YEAR 2014: Substitute budget ordinance BL-2013-431 appropriated a balanced budget of \$1,812,431,500 in the budgetary funds, an overall increase of 6.0% from the budget for fiscal year 2013.

The FY2014 budget continued to make improvements in the Nashville community's priority areas:

- Public Education – Metro Nashville Public Schools (MNPS) received \$746,420,300 in FY14, which is a \$26 million dollar increase over the amount budgeted in FY13. This increase includes funding for additional teachers, employee benefits, contractual obligations, and adds five (5) new charter schools. MNPS' FY14 estimated fund balance is 6.4% of budgeted expenditures, which is above the 3.0% required by the State.
- Public Safety – Resources dedicated to public safety services increased by \$19.1 million. The Police Department's annual budget for FY14 provides additional funding to increase patrol and investigative resources, to fund the DNA crime lab for full staffing, and to increase forensic investigative capacity. The Fire Department's operational budget for FY14 continues to support full staffing of front line positions for fire response and emergency management services and adds funding for special events to support increasing tourist activity in the urban core. The Emergency Communications Center's budget funds an increase of 5 positions to support increased call volume and minimize response times to emergency calls. The Davidson County Sheriff's Office received a budget increase for additional staff to improve inmate staffing ratios and to fund contractual increases and courthouse security requirements.
- Livability – Metro Parks received additional funding to add 45 full and part-time positions to enhance facility staffing and provide additional landscape maintenance. MTA received a \$4 million improvement to continue momentum on improving transit services to residents and visitors. Additional funding was provided to the Public Library to open the Main Library on Mondays.
- Economic Development – Several significant investments in business incentives and job growth have been funded for FY14. These include job development incentives for Dell and Asurion, a subsidy for the Nashville Career Advancement Center, funding for a Small Business Incentive Program, and funding for a new Office of Innovation. Additionally, HCA is relocating certain operations to Davidson County and the Government has entered into a grant agreement with HCA that is related to incremental jobs that will be created after the relocation is completed. These investments are critical to local economic growth as recovery from the recession on the national, state and local levels continues.

These initiatives have all been addressed while ensuring the Government meets its fundamental objectives of maintaining a balanced budget, maintaining services, and investing in Nashville's future. This was achieved for the Fiscal Year 2014 budget without a property tax increase. Revenue increases are anticipated from modest growth in the property tax base, an increase in local option sales tax, and limited growth in grant funding and other revenue sources. A measured amount of fund balances have been appropriated to balance the budget, while maintaining fund balance levels in excess of legal requirements. Departmental savings opportunities were also considered and budget reductions were made where prudent. Details of the fiscal year 2013 and 2014 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 www.nashville.gov/Finance/Management-and-Budget/Citizens-Guide-to-the-Budget.aspx.

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

EDUCATION:

The administration will work with the Board of Education toward improved accountability through higher graduation rates and test scores. The administration will also continue to work toward improving our schools by encouraging our community to devote its attention, time, and financial resources to education.

PUBLIC SAFETY:

The administration continues to be committed to improving public safety by and through the combined efforts of the Mayor's Office, the Police Department, the Fire Department, and other departments. To support this priority, the Metropolitan Nashville Police Department will maintain an appropriate number of sworn officers.

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

LIVABILITY:

The administration will continue to address issues impacting the quality of life for members of our community by focusing on health services, parks, the arts, libraries, adequate public transportation, healthy lifestyles and affordable housing. The administration will strive for Nashville to be a livable city with clean air, clean water, open spaces, public transportation infrastructure and a sustainable energy use profile. The Mayor established the Bicycle and Pedestrian Advisory Committee to further Nashville's goal of becoming a bicycle and pedestrian friendly city and the Mayor will continue to lead public health initiatives.

ECONOMIC DEVELOPMENT:

The administration is committed to growing the local economy and to generating economic opportunities that will benefit all citizens. The Music City Center, the new downtown convention center and the largest construction project in the history of the Government, opened in the spring of 2013. In conjunction with the Music City Center, Omni Hotels opened an 800-room headquarters hotel on September 30, 2013.

FINANCIAL INFORMATION

CASH MANAGEMENT: Cash temporarily idle during the year was primarily invested in the State of Tennessee Local Government Investment Pool. Investments are made either directly or through the Metro Investment Pool. Investments in the pension trust funds also include common stocks, U. S. Treasury Obligations, corporate bonds and other holdings.

The Government's investment policy is to preserve principal, minimize credit and market risks and maintain adequate liquidity while maximizing the rate of return on its portfolio. The investment policy encourages conservative, low risk investments and does not permit high risk methods to enhance investment returns. The majority of the cash deposits are held by financial institutions participating in the bank collateral pool administered by the State of Tennessee, thus ensuring that they are collateralized. The banking service agreement provides for the daily investment of demand deposit balances.

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. Additionally, the Government has a property insurance policy for single losses over \$1 million and for all aggregate losses over \$3 million annually. Accepted risk control techniques, including employee accident prevention training, have been implemented to minimize potential liability losses. 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 \$2.4 billion at June 30, 2013.

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, 2013 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2014 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 2013 are reported separately.

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

AWARDS AND ACKNOWLEDGEMENTS

AWARDS: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Government for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the 30th 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, 2012. 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 22nd 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 together to strengthen the financial condition of the Metropolitan Government.

Sincerely,



Karl F. Dean
Mayor



Richard M. Riebeling
Director of Finance

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY



Government Finance Officers Association

**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, 2012

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

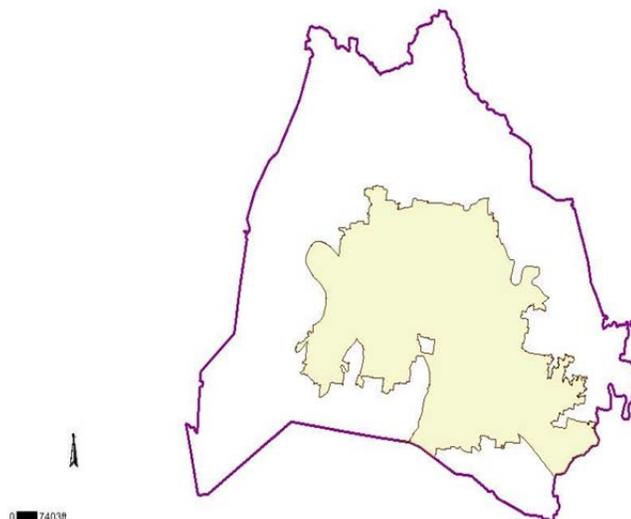
**THE METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY
FORM OF GOVERNMENT**

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.

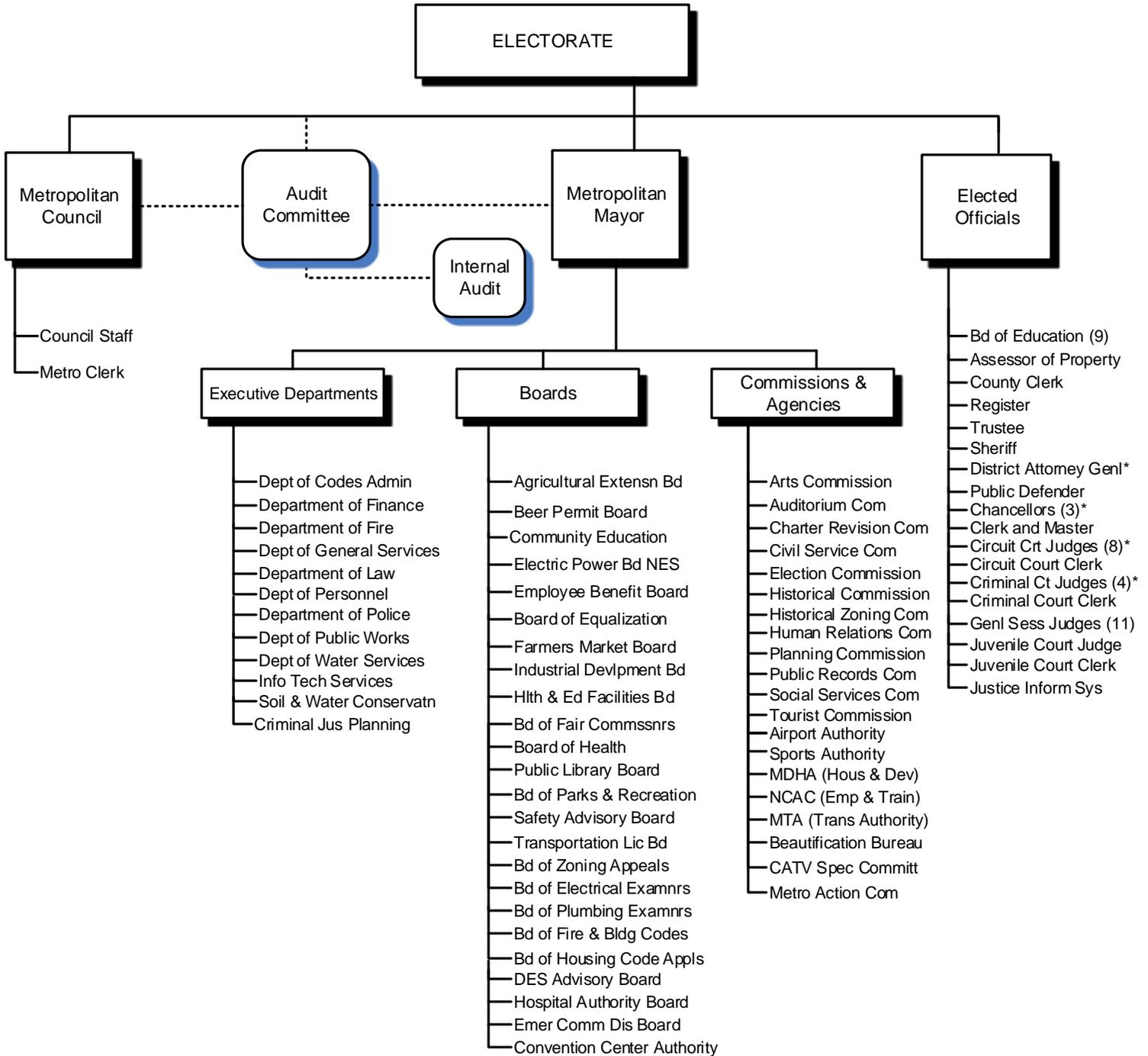
The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. USD residents are charged an additional tax to support those services, functions and debt obligations which benefit only the USD. Such services include additional police 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 187 square miles.



The USD is a subset of the GSD.

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

ORGANIZATION CHART



* State officials with local funding for certain operations

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

**Elected Officials
at June 30, 2013**

Karl Dean, Mayor

Finance Officials

George Rooker
Charles E. Cardwell
Brenda Wynn

Assessor of Property
Trustee
County Clerk

The Metropolitan Council

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

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

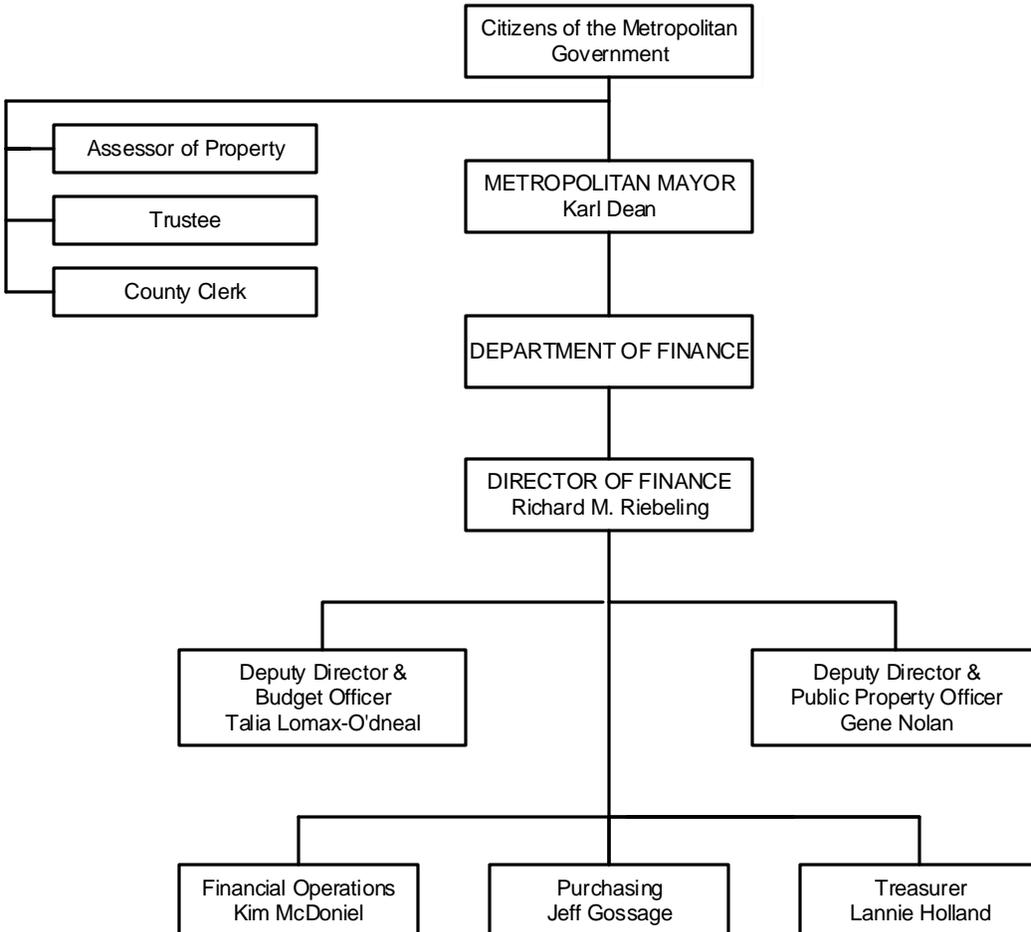
District No. 1 – Lonell Matthews, Jr.
District No. 2 – Frank Harrison
District No. 3 – Walter Hunt
District No. 4 – Brady Banks
District No. 5 – Scott Davis
District No. 6 – Peter Westerholm
District No. 7 – Anthony Davis
District No. 8 – Karen Bennett
District No. 9 – Bill Pridemore
District No. 10 – Doug Pardue
District No. 11 – Darren Jernigan
District No. 12 – Steve Glover
District No. 13 – Josh Stites
District No. 14 – Bruce Stanley
District No. 15 – Phil Claiborne
District No. 16 – Tony Tenpenny
District No. 17 – Sandra Moore
District No. 18 – Burkley Allen

District No. 19 – Erica Gilmore
District No. 20 – Buddy Baker
District No. 21 – Edith Langster
District No. 22 – Sheri Weiner
District No. 23 – Emily Evans
District No. 24 – Jason Holleman
District No. 25 – Sean McGuire
District No. 26 – Chris Harmon
District No. 27 – Davette Blalock
District No. 28 – Duane A. Dominy
District No. 29 – Karen Y. Johnson
District No. 30 – Jason Potts
District No. 31 – Fabian Bedne
District No. 32 – Jacobia Dowell
District No. 33 – Robert Duvall
District No. 34 – Carter Todd
District No. 35 – Bo Mitchell

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

ORGANIZATION OF THE DEPARTMENT OF
FINANCE AND OTHER FINANCIAL OFFICES

At June 30, 2013







Independent Auditor's Report

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

Report on Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Government's nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, as well as the financial statements of the Sports Authority Fund and the Industrial Development Board Fund, which are presented as supplementary information in the accompanying financial statements as of and for the year ended June 30, 2013, as listed in the table of contents. We have also audited the financial statements of each of the discretely presented component units of the Government as of and for the year ended June 30, 2013, as presented in the Government's basic financial statements, except as described in the first paragraph of the Auditor's Responsibility section of this report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units: The Nashville District Management Corporation, the Gulch Business Improvement District, Inc., the Metropolitan Development and Housing Agency, the Electric Power Board, the Emergency Communications District, and the Convention Center Authority, which represents 68% of the total assets, 58% of total net position and 77% 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 solely 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 from material misstatement.



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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Metropolitan Government of Nashville and Davidson County, Tennessee, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and the General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, the Sports Authority Fund, the Industrial Development Board Fund, and each of the discretely presented component units as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

The accompanying financial statements of the Hospital Authority of Nashville and Davidson County, Tennessee (the "Hospital Authority", a component unit of the Government), have been prepared assuming that the Hospital Authority will continue as a going concern. As discussed in Note 13E to the accompanying financial statements, Metropolitan Nashville General Hospital (a fund of the Hospital Authority) has experienced recurring losses from operations, reflects current liabilities in excess of current assets, and has a net position deficit and Bordeaux Long Term Care and Knowles Home (a fund of the Hospital Authority) has experienced recurring losses from operations. These conditions raise substantial doubt about the Hospital Authority's ability to continue as a going concern. The Hospital Authority management's plans regarding these matters are also described in Note 13E. The financial statements of the Hospital Authority do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

As discussed in Notes 1B and 2, in fiscal year 2013, the Government adopted Government Accounting Standards Board ("GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 through A11, the condition rating of transportation network, the schedule of funding progress - pension plans, the schedule of employer contributions - pension plans, the schedule of funding progress - other postemployment benefit plans, and the schedule of employer contributions - other postemployment benefit plans on pages B-102 through B-103, B-104 through B-107, B-108 through B-109, B-110 through B-111, and B-112, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements, and each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, the Sports Authority Fund, the Industrial Development Board Fund, and the financial statements of each of the discretely presented component units. The schedules on pages C-9, C-10 and C-11, and on pages G-2 through G-21, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections listed in the table of contents and schedules on pages G-22 through G-31 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013, on our consideration of the Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.

Crosslin & Associates, P.C.

Nashville, Tennessee
October 31, 2013

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, 2013.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1.5 billion (*net position*). This amount includes negative \$656 million of *unrestricted net position*.
- The Government's total net position decreased by \$129 million (a decrease of \$109 million from governmental activities and a decrease of \$20 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 \$424 million, an increase of \$342 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$84 million, or 9.9% of total general fund expenditures and other financing uses.
- At the end of the current fiscal year, committed fund balance available for the general purpose school fund was \$64 million, or 9.0% of total general purpose school fund expenditures and other financing uses.
- The enterprise funds reported a net position at year-end of \$1.4 billion, a decrease of \$16 million during the year.
- The Government's total general obligation and revenue bonds outstanding increased by \$654 million (22.8%) during the current fiscal year. New bond issues totaled \$1.052 billion, which were offset by principal payments of \$83 million and refundings of \$459 million. Deferred amounts increased a net amount of \$144 million. Other debt decreased by \$4 million due to principal repayments.
- The Government borrows funds under commercial paper programs to provide interim or short-term financing of authorized capital projects. Total commercial paper outstanding at the close of the fiscal year was \$50 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the Government's basic financial statements. The Government's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

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 Position presents information on all of the Government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported on an accrual basis as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the Government include general government; fiscal administration; administration of justice; law enforcement and care of prisoners; fire prevention and control; regulation and inspection; conservation of natural resources; public welfare; public health and hospitals; public library system; public works, highways and streets; recreational and cultural; and education.

The business-type activities of the Government include the Department of Water and Sewerage Services, District Energy System, Nashville Convention Center, Board of Fair Commissioners, Farmers Market, Police Secondary Employment, Surplus Property Auction, Municipal Auditorium, Police Impound, Stormwater Operations, and Community Education Commission functions.

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

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

Fund Financial Statements

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

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

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

The Government reports 20 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, Stormwater Operations, and Community Education Commission functions. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Government's various functions. For the fiscal year ended June 30, 2013, the Government used internal service funds to account for its fleet, information systems, radio equipment, insurance, postal, treasury management, and general services functions. Because these services predominantly benefit governmental rather than business-type functions, they have been primarily included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Department of Water and Sewerage Services and the District Energy System, which are considered to be major funds of the Government. Data from the other enterprise funds are combined into a single, aggregated presentation. Also, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages B-18 to B-23 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages B-24 to B-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages B-39 to B-101 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-102 to B-103, the Government's progress in funding its obligation to provide pension benefits to employees, found on pages B-104 to B-109, and the Government's progress in funding its obligation to provide other postemployment benefits to employees, found on pages B-110 to B-112.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator over time of a government's financial position. In the case of the Government, assets and deferred inflows of resources exceeded liabilities and deferred outflows of resources by \$1.5 billion at the close of the most recent fiscal year.

The Government adopted GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and No. 65, Items Previously Reported as Assets and Liabilities, for the year ended June 30, 2013, as discussed in Notes 1 and 2. Accordingly, amounts as of and for the year ended June 30, 2012 have been restated for consistency.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 1,692,001	\$ 1,453,465	\$ 463,163	\$ 400,556	\$ 2,155,164	\$ 1,854,021
Capital assets	3,248,509	3,157,754	1,855,320	1,812,893	5,103,829	4,970,647
Total assets	4,940,510	4,611,219	2,318,483	2,213,449	7,258,993	6,824,668
Deferred outflows of resources	165,760	115,937	6,793	3,310	172,553	119,247
Long-term liabilities	3,742,219	3,132,996	921,782	715,853	4,664,001	3,848,849
Other liabilities	273,849	421,423	82,741	159,908	356,590	581,331
Total liabilities	4,016,068	3,554,419	1,004,523	875,761	5,020,591	4,430,180
Deferred inflows of resources	880,266	853,720	-	-	880,266	853,720
Net position:						
Net investment in capital assets	857,598	924,393	1,236,765	1,259,241	2,094,363	2,183,634
Restricted	35,802	31,771	56,720	49,700	92,522	81,471
Unrestricted	(683,464)	(637,147)	27,268	32,057	(656,196)	(605,090)
Total net position	\$ 209,936	\$ 319,017	\$ 1,320,753	\$ 1,340,998	\$ 1,530,689	\$ 1,660,015

Governmental activities – Current and other assets for governmental activities increased by 16.4%. The increase is primarily due cash received from the issuance of general obligation bonds in May 2013. Capital assets increased by 2.9% due to construction of new schools and other government buildings, the acquisition of park property, and the renovation of existing government buildings. Deferred outflows of resources increased 43.0% due to deferred charges from current year bond refundings. Long-term liabilities increased by 19.5% primarily due to the issuance of bonds and the increase in the net other postemployment benefits (OPEB) obligation. Other liabilities decreased by 35.0% primarily due to a decrease in commercial paper outstanding as the result of issuing general obligation bonds to provide permanent funding for capital projects. Deferred inflows of resources increased by 3.1% due to an increase in unavailable revenue from property taxes.

The largest portion of the Government's net position for governmental activities (408.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related outstanding debt used to acquire those assets. The Government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Government's net position for governmental activities (17.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position for governmental activities represents unrestricted net position of negative \$683 million (-325.6%). Note that the unrestricted net position is negative due to the net OPEB obligation of \$919 million at June 30, 2013.

Business-type activities – Current and other assets for business-type activities increased by 15.6% due primarily to cash received from Department of Water and Sewerage Services bonds issued in April 2013. Capital assets increased by 2.3% due to additions to land, utility plants and construction work in progress for the Department of Water and Sewerage Services. Deferred outflows of resources increased 105.2% due to deferred charges from current year Department of Water and Sewerage Services bond refundings. Long-term liabilities increased by 28.8% due to the issuance of Department of Water and Sewerage Services bonds. Other liabilities decreased by 48.3% primarily due to a decrease in Department of Water and Sewerage Services commercial paper outstanding as the result of issuing revenue bonds to provide permanent funding for capital projects.

The largest portion of the Government's net position for business-type activities (93.6%) 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 position for business-type activities (4.3%) represents resources that are subject to external restrictions on how they may be used. The majority of the restrictions relate to debt retirement and construction. The remaining balance of net position for business-type activities, representing unrestricted net position of \$27 million (2.1%), may be used to meet the Government's ongoing obligations to citizens and creditors.

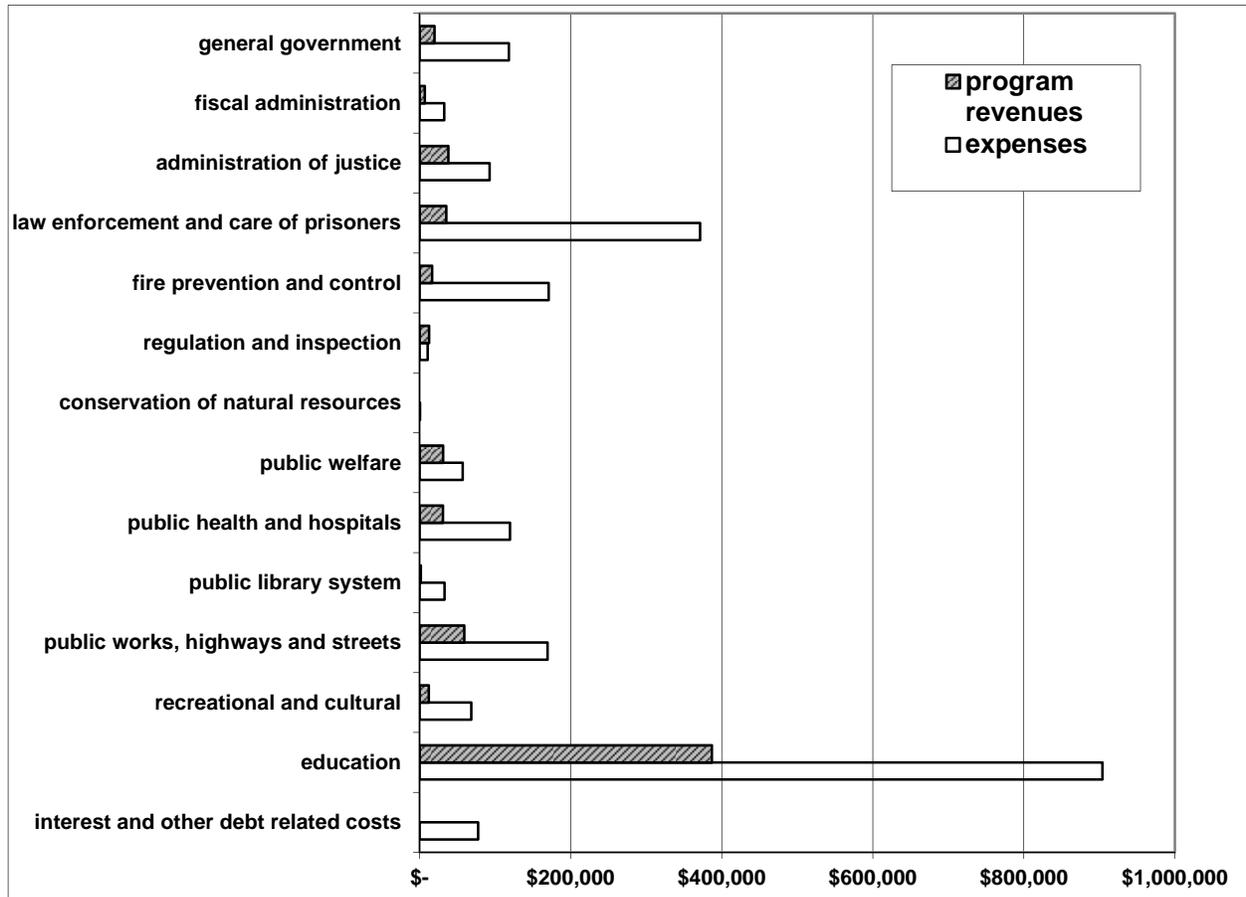
At the end of the current fiscal year, the Government is able to report positive balances in all three categories of net position for its total business-type activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 158,743	\$ 155,176	\$ 253,371	\$ 245,474	\$ 412,114	\$ 400,650
Operating grants and contributions	435,077	436,073	-	-	435,077	436,073
Capital grants and contributions	55,267	58,447	11,890	25,307	67,157	83,754
General revenues:						
Property taxes	895,919	787,882	-	-	895,919	787,882
Local option sales taxes	301,430	281,294	-	-	301,430	281,294
Hotel occupancy taxes	50,458	47,094	-	-	50,458	47,094
Beverage taxes	35,725	34,932	-	-	35,725	34,932
Wheel taxes	27,569	27,358	-	-	27,569	27,358
Business taxes	28,746	24,958	-	-	28,746	24,958
Franchise taxes	17,960	16,202	-	-	17,960	16,202
Other taxes	344	312	-	-	344	312
Revenues from the use of money or property	1,195	1,121	111	119	1,306	1,240
Revenues from other governmental agencies	66,572	62,929	-	-	66,572	62,929
Compensation for loss, sale or damage to property	7,043	3,385	60	157	7,103	3,542
Total revenues	2,082,048	1,937,163	265,432	271,057	2,347,480	2,208,220
Expenses:						
General government	118,107	117,669	-	-	118,107	117,669
Fiscal administration	32,675	31,802	-	-	32,675	31,802
Administration of justice	92,752	89,564	-	-	92,752	89,564
Law enforcement and care of prisoners	371,438	335,162	-	-	371,438	335,162
Fire prevention and control	170,843	158,763	-	-	170,843	158,763
Regulation and inspection	10,751	11,717	-	-	10,751	11,717
Conservation of natural resources	542	439	-	-	542	439
Public welfare	57,172	56,504	-	-	57,172	56,504
Public health and hospitals	119,695	114,145	-	-	119,695	114,145
Public library system	33,034	30,676	-	-	33,034	30,676
Public works, highways and streets	169,521	152,201	-	-	169,521	152,201
Recreational and cultural	68,515	61,259	-	-	68,515	61,259
Education	903,998	867,599	-	-	903,998	867,599
Interest and other debt related costs	77,525	86,223	-	-	77,525	86,223
Department of Water and Sewerage Services	-	-	205,278	185,385	205,278	185,385
District Energy System	-	-	17,573	18,102	17,573	18,102
Nashville Convention Center	-	-	7,427	7,147	7,427	7,147
Board of Fair Commissioners	-	-	3,074	2,945	3,074	2,945
Farmers Market	-	-	1,788	1,265	1,788	1,265
Police Secondary Employment	-	-	1,131	832	1,131	832
Surplus Property Auction	-	-	735	713	735	713
Municipal Auditorium	-	-	1,787	1,808	1,787	1,808
Police Impound	-	-	376	967	376	967
Stormwater Operations	-	-	10,717	10,426	10,717	10,426
Community Education Commission	-	-	352	297	352	297
Total expenses	2,226,568	2,113,723	250,238	229,887	2,476,806	2,343,610
Change in net position before transfers	(144,520)	(176,560)	15,194	41,170	(129,326)	(135,390)
Transfers	35,439	6,248	(35,439)	(6,248)	-	-
Change in net position	(109,081)	(170,312)	(20,245)	34,922	(129,326)	(135,390)
Net position, beginning of year, as restated	319,017	489,329	1,340,998	1,306,076	1,660,015	1,795,405
Net position, end of year	\$ 209,936	\$ 319,017	\$ 1,320,753	\$ 1,340,998	\$ 1,530,689	\$ 1,660,015

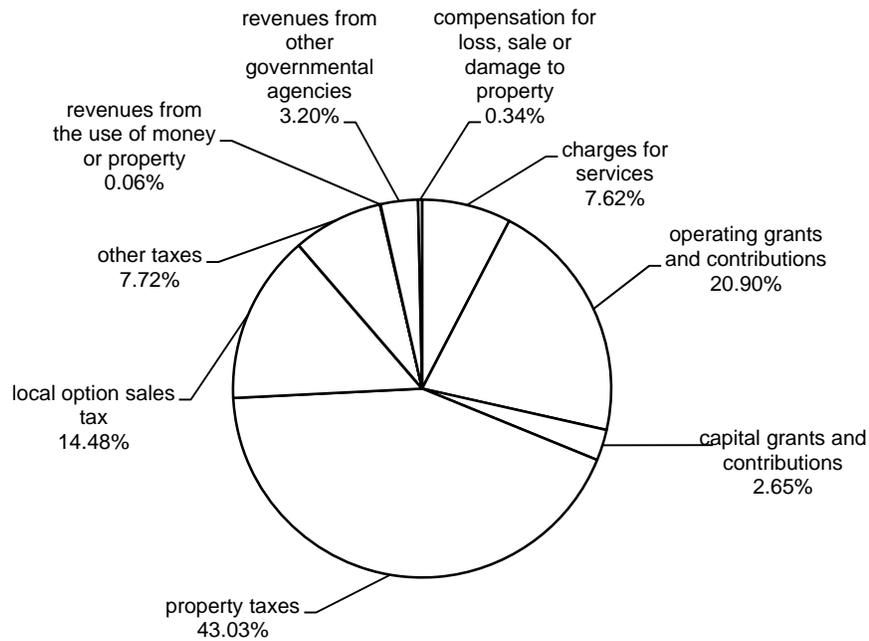
Governmental activities – Governmental activities decreased the Government’s net position by \$109 million, compared to a \$170 million decrease in the prior year. Total revenue increased by \$145 million. Significant variances in revenues included 1) an increase of \$108 million in property taxes due to an increase in property tax rates, and 2) an increase of \$20 million in local option sales tax due to economic recovery. Total expenses increased by \$113 million. Operating expenses were generally higher across most functions due to increased appropriations, primarily in salaries and fringe benefits.

Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2013



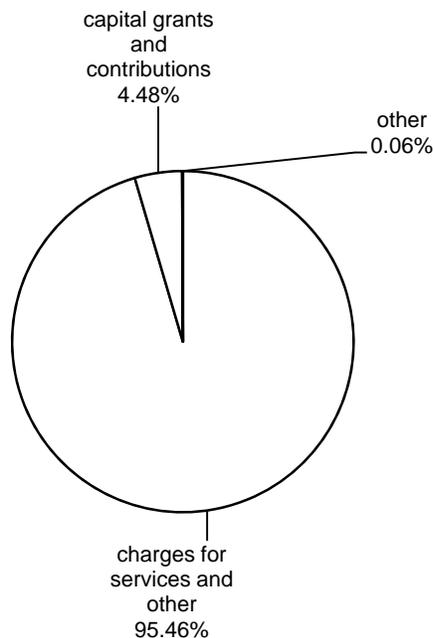
(in thousands)

Revenues by Source - Governmental Activities – For the Year Ended June 30, 2013



Business-type activities – Business-type activities decreased the Government's net position by \$20 million compared to a \$35 million increase in the prior year. The decrease in the change in net position is primarily due to the Department of Water and Sewerage Services operating results for the 2013 fiscal year. While operating income was in line with the prior year, total change in net position decreased by \$54 million primarily due to 1) an increase of \$10 million in interest expense resulting from recent bond issues, 2) a decrease of \$13 million in contributions of capital assets from completed developments, and 3) an increase of \$29 million in transfers out to fund expenditures related to the May 2010 flood, which are reported in the Government's governmental activities.

Revenues by Source – Business-type Activities – For the Year Ended June 30, 2013



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, unassigned 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 \$424 million, an increase of \$343 million in comparison with the prior year. Restricted fund balance of \$161 million can only be used for specific purposes pursuant to constraints imposed by external parties such as creditors and grantors. Committed fund balance of \$146 million can only be used for specific purposes pursuant to constraints imposed by formal legislative action of the Metropolitan Council. Significant commitments include \$64 million for education, \$19 million for debt service, \$52 million for equipment acquisitions, and \$10 million for other purposes. Assigned fund balance of \$45 million represents the portion of fund balance that is being used to balance the subsequent year budget. Unassigned fund balance of \$68 million represents the residual balance of the General Fund offset by deficit balances in other funds, primarily the Flood 2010 Recovery Fund where the deficit is expected to be funded by future grant payments. The remaining fund balance of \$4 million represents nonspendable amounts and amounts assigned for specific purposes by the management of the Government.

The general fund is the chief operating fund of the Government. At the end of the current fiscal year, unassigned fund balance of the general fund was \$84 million, while total fund balance was \$101 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 9.9% of total general fund expenditures and other financing uses, while total fund balance represents 11.9% of total general fund expenditures and other financing uses.

The total fund balance of the Government's General Fund increased by \$30 million during the current fiscal year as compared to a \$3 million increase in the previous year. Revenue collections exceeded budgeted projections by \$18 million. The increase was primarily due to improved business taxes, beer and liquor taxes, building permits and income taxes resulting from the general economic recovery. Ongoing operating expenditures were under budget \$18 million due to savings achieved throughout essentially all departments during the fiscal year. Despite a final budgeted deficit of \$8 million that was to be funded by unassigned fund balance, higher actual revenues along with expenditure savings in the General Fund resulted in the \$30 million improvement in fund balance.

The fund balance of the Government's General Purpose School Fund increased by \$21 million during the current fiscal year primarily due to property and sales tax collections exceeding budgeted projections and due to expenditure savings achieved during the fiscal year.

The fund balances of the Government's GSD General Purposes, GSD School Purposes and USD General Purposes Debt Service Funds increased by \$8 million in total primarily due to certain budgeted amounts for debt service costs and certain operating transfers not being incurred.

The fund balances of the Government's capital projects funds increased by \$263 million in total due to the issuance of general obligation bonds.

The fund balance of the Government's other governmental funds increased by \$20 million primarily due to a transfer from the Department of Water and Sewerage Services to fund expenditures related to the May 2010 flood.

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 position of proprietary funds at the end of the year amounted to \$126 million. The total increase in unrestricted net position for these funds was \$20 million. Factors concerning the finances of the enterprise funds have already been addressed in the discussion of the Government's business-type activities. Proprietary funds also include internal service funds, the operations of which are primarily included in governmental activities in the government-wide statements. The enterprise funds decreased the unrestricted net position of proprietary funds by a minor amount; the internal service funds increased unrestricted net position by \$21 million. The increase in internal service funds is primarily due to the increase in unrestricted net position of \$10 million in the Employee Medical Benefit Fund, \$5 million in the School Professional Employees' Insurance Fund, and \$8 million in the Injured on Duty Fund, all of which are used to accumulate assets for the payment of self-insured medical claims. These increases were partially offset by a \$2 million decrease in the General Government Self Insurance Fund which is used to accumulate assets for the payment of general liability and property claims.

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. Differences in expenditures and other financing uses between the original budget and the final amended budget were primarily due to mid-year supplements for unanticipated expenditures and unspent amounts carried forward from the prior year as authorized by the budget ordinance. Other variances in the budget line items were primarily due to fringe benefit increases and utility contingency costs being originally budgeted under miscellaneous expenditures then later being reallocated to departmental budgets after the final budget was approved.

Final Budgeted and Actual Amounts

Revenues and other financing uses exceeded budgeted amounts by \$20 million. While revenues were budgeted conservatively due to economic uncertainty, collections exceeded budgeted amounts for business taxes, beer and liquor taxes, building permits, and income taxes, due to the general economic recovery. These overages were partially offset by a shortage in charges for current services, as collections of golf course green fees were below budgeted amounts due to weather and other factors. Actual expenditures and other financing uses were under budget by \$18 million because of savings achieved by essentially 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, 2013 amounts to \$5.1 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$156 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Utility plant in service	\$ -	\$ -	\$ 2,515,695	\$ 2,459,843	\$ 2,515,695	\$ 2,459,843
Land	338,459	299,305	30,606	18,141	369,065	317,446
Buildings and improvements	1,712,468	1,682,184	137,675	137,660	1,850,143	1,819,844
Improvements other than buildings	29	29	46,837	45,326	46,866	45,355
Furniture, machinery and equipment	377,197	332,214	39,966	39,131	417,163	371,345
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,598,596	1,577,228	-	-	1,598,596	1,577,228
Public art	1,472	1,159	-	-	1,472	1,159
Construction in progress	154,938	128,199	151,235	104,996	306,173	233,195
Less: Accumulated depreciation	(934,650)	(862,564)	(1,070,339)	(995,849)	(2,004,989)	(1,858,413)
Total capital assets	\$ 3,248,509	\$ 3,157,754	\$ 1,855,320	\$ 1,812,893	\$ 5,103,829	\$ 4,970,647

The total increase in the Government's investment in capital assets for the current fiscal year was 2.7% (a 2.9% increase for governmental activities and a 2.3% increase for business-type activities).

Construction of new schools and other government buildings, the acquisition of park property, and the renovation of existing government buildings has continued in accordance with the Government's capital plan. Additionally, land and infrastructure increased from donated rights of way related to new developments. Significant additions include the Police West Precinct, an upgrade to the Government's radio system, and renovations to existing schools. Additions to land, utility plants and construction work in progress for the Department of Water and Sewerage Services net of disposals totaled approximately \$114 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 5,832 lane miles of streets and roads and 327 bridges and underpasses that the Government is responsible for maintaining. The Government's policy is to have at least 70% of roads in fair or better condition and 75% of bridges in fair or better condition. The most recent condition assessments indicate that 58.3% of roads and 98.9% of bridges are in fair or better condition, as compared to 57.5% of roads and 98.8% of bridges in the prior assessments. The maintenance of infrastructure in accordance with the Government's policy continues to be a priority. Despite this effort, however, the percentage of roads and streets in fair or better condition declined after 2010 because the area was significantly impacted by the May 2010 flood, which was followed by an unusually hard winter with heavy snowfall and salt usage. The FY13-14 capital budget included additional funding for road and street maintenance.

Additional information on the Government's capital assets can be found in Note 5 beginning on page B-55 of this report.

Long-term debt – At the end of the current fiscal year, the Government had total bonded debt outstanding of \$3.1 billion. Of this amount, \$2.3 billion comprises debt backed by the full faith and credit of the Government. The remaining \$827 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 2,262,920	\$ 1,917,344	\$ 60,180	\$ 6,336	\$ 2,323,100	\$ 1,923,680
Deferred amounts, net	301,288	187,866	8,917	738	310,205	188,604
Total general obligation bonds outstanding	<u>2,564,208</u>	<u>2,105,210</u>	<u>69,097</u>	<u>7,074</u>	<u>2,633,305</u>	<u>2,112,284</u>
Revenue bonds	-	-	827,450	717,170	827,450	717,170
Deferred amounts, net	-	-	57,424	34,989	57,424	34,989
Total revenue bonds outstanding	<u>-</u>	<u>-</u>	<u>884,874</u>	<u>752,159</u>	<u>884,874</u>	<u>752,159</u>
Total general obligation and revenue bonds outstanding	<u>\$ 2,564,208</u>	<u>\$ 2,105,210</u>	<u>\$ 953,971</u>	<u>\$ 759,233</u>	<u>\$ 3,518,179</u>	<u>\$ 2,864,443</u>

The Government's total general obligation and revenue bonds outstanding increased by \$654 million (22.8%) during the current fiscal year. New bond issues totaled \$1.052 billion, which were offset by principal payments of \$83 million and refundings of \$459 million. Deferred amounts increased \$144 million.

Other debt decreased by \$4 million due to principal payments.

Construction commitments at June 30, 2013 totaled \$132 million for the governmental activities of the Government and \$76 million for the Department of Water and Sewerage Services.

The Government maintains an "AA" rating from Standard & Poor's and "Aa1" from Moody's for general obligation debt.

The Government maintains an "AA-" rating from Standard & Poor's and "Aa3" from Moody's for the revenue debt of the Department of Water and Sewerage Services.

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 3.52%, and the amount of net debt per capita is \$3,433.28.

Additional information on the Government's long-term debt can be found in Note 6 beginning on page B-58 of this report.

Commercial paper – In August 2003, the Government instituted a general obligation commercial paper program to provide interim or short-term financing for various authorized capital projects. In November 2009, the Government instituted a Water and Sewer revenue bond commercial paper program to provide interim and short-term financing for various authorized capital projects of the Department of Water and Sewerage Services. Commercial paper obligations of \$50 million outstanding at June 30, 2013 were subsequently rolled over into new commercial paper obligations and are considered short-term liabilities of the appropriate capital project funds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The most recent (August 2013) unemployment rate for the Nashville combined statistical area is 6.9%. The state's and nation's unemployment rates are 8.5% and 7.3%, respectively. The budget for the 2014 fiscal year reflects a balanced budget inclusive of the use of accumulated fund balance. For more comprehensive information on the Metropolitan Government's approved budget for the 2014 fiscal year, the budget ordinance, the budget book as well as other documents are available at www.nashville.gov.

OTHER MATTERS

Governmental Accounting Standard Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB), requires governments to account for and report their costs and obligations related to post employment healthcare and other nonpension benefits. At June 30, 2013, the unfunded accrued liability for these benefits for general government employees was \$1.9 billion, and the unfunded accrued liability for teachers was \$428 million. These benefits are currently funded on a pay-as-you-go basis and, as a result, the government recognized an increase in net OPEB obligations totaling \$134 million in the government-wide statements of net position and activities. Additional information can be found in Note 8 beginning on page B-82 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 POSITION

June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 590,898,767	\$ 45,982,059	\$ 636,880,826	\$ 383,760,541
Investments	-	3,960,980	3,960,980	14,315,267
Sales tax receivable	53,792,129	-	53,792,129	-
Accounts receivable	137,793,238	30,579,051	168,372,289	211,588,544
Property tax receivable	892,672,143	-	892,672,143	-
Allowance for doubtful accounts	(23,285,325)	(3,868,131)	(27,153,456)	(47,099,379)
Accrued interest receivable	18,275	4,850	23,125	55,216
Internal balances	18,079,080	(18,079,080)	-	-
Due from the primary government	-	-	-	1,633,468
Due from component units	10,118,396	40,823	10,159,219	-
Inventories of supplies	3,998,295	2,256,129	6,254,424	26,528,460
Other current assets	1,612,166	46,203	1,658,369	7,370,995
Restricted assets:				
Cash and cash equivalents	-	333,617,948	333,617,948	180,160,523
Investments	-	-	-	61,324,763
Accrued interest receivable	-	7,309	7,309	32,054
Due from other governmental agencies	-	-	-	6,229,223
Accounts receivable	-	89,216	89,216	-
Due from the primary government	-	-	-	3,185,049
Other restricted assets	-	73,369	73,369	4,995,352
Notes receivable	-	-	-	73,906,348
Capital assets:				
Utility plant in service	-	2,515,695,283	2,515,695,283	1,252,508,000
Land	338,459,304	30,606,179	369,065,483	335,876,318
Buildings and improvements	1,712,468,104	137,674,386	1,850,142,490	1,699,929,441
Improvements other than buildings	29,031	46,836,769	46,865,800	476,710,887
Furniture, machinery and equipment	377,196,946	39,965,707	417,162,653	357,645,781
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,598,596,174	-	1,598,596,174	21,155,548
Public art	1,471,700	-	1,471,700	1,177,844
Construction in progress	154,937,668	151,235,431	306,173,099	146,116,392
Accumulated depreciation	(934,649,894)	(1,070,338,816)	(2,004,988,710)	(1,422,185,616)
Other noncurrent assets	6,303,430	68,451,969	74,755,399	15,309,738
Total assets	4,940,509,627	2,318,482,634	7,258,992,261	3,812,230,757
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	165,314,788	6,793,275	172,108,063	17,854,749
Effective portion of fuel hedging	445,619	-	445,619	218,915
Total deferred outflows of resources	165,760,407	6,793,275	172,553,682	18,073,664

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES:				
Accounts payable	\$ 93,251,326	\$ 8,804,371	\$ 102,055,697	\$ 230,739,145
Accrued payroll	45,929,287	1,624,637	47,553,924	12,075,688
Accrued interest	39,285,814	-	39,285,814	-
Claims payable	34,097,902	-	34,097,902	-
Due to component units	4,529,892	288,625	4,818,517	-
Due to the primary government	-	-	-	10,155,589
Customer deposits	-	3,633,871	3,633,871	13,810,259
Unearned revenue	2,216,669	791,079	3,007,748	-
Commercial paper payable	50,000,000	-	50,000,000	-
Other current liabilities	4,538,035	3,329,308	7,867,343	13,534,479
Liabilities payable from restricted assets:				
Accounts payable	-	12,690,936	12,690,936	15,619,737
Accrued payroll	-	133,523	133,523	102,847
Accrued interest	-	18,631,160	18,631,160	29,722,689
Funds held in trust	-	-	-	149,238
Due to the primary government	-	-	-	3,630
Current portion of long-term liabilities	-	32,814,124	32,814,124	57,750,000
Other restricted liabilities	-	-	-	984,625
Noncurrent liabilities:				
Due within one year	144,845,132	230,000	145,075,132	8,541,092
Due in more than one year	3,597,373,880	921,551,615	4,518,925,495	1,595,405,585
Total liabilities	4,016,067,937	1,004,523,249	5,020,591,186	1,988,594,603
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	877,438,278	-	877,438,278	-
Interest rate swap	2,827,435	-	2,827,435	-
Total deferred inflows of resources	880,265,713	-	880,265,713	-
NET POSITION:				
Net investment in capital assets	857,598,402	1,236,764,855	2,094,363,257	1,362,882,669
Restricted for debt retirement	-	56,720,321	56,720,321	133,185,691
Restricted for perpetual care:				
Expendable	185,112	-	185,112	-
Nonexpendable	209,174	-	209,174	-
Restricted for other purposes	35,407,581	-	35,407,581	50,074,787
Unrestricted	(683,463,885)	27,267,484	(656,196,401)	295,566,671
Total net position	\$ 209,936,384	\$ 1,320,752,660	\$ 1,530,689,044	\$ 1,841,709,818

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, 2013

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 118,107,090	\$ 8,328,770	\$ 4,062,864	\$ 7,231,710
Fiscal administration	32,674,886	6,767,585	11,440	-
Administration of justice	92,751,710	33,231,437	4,475,281	220,608
Law enforcement and care of prisoners	371,438,063	32,210,487	2,888,374	-
Fire prevention and control	170,843,260	13,431,011	2,930,661	-
Regulation and inspection	10,750,834	12,367,520	-	-
Conservation of natural resources	542,395	-	-	-
Public welfare	57,172,433	1,097,967	29,789,518	-
Public health and hospitals	119,694,443	9,159,214	21,549,902	-
Public library system	33,033,733	450,407	996,295	52,964
Public works, highways and streets	169,520,783	12,065,794	673,273	46,216,707
Recreational and cultural	68,515,187	10,130,839	681,517	1,219,408
Education	903,998,363	19,501,523	367,017,961	326,019
Interest and other debt related costs	77,525,535	-	-	-
Total governmental activities	<u>2,226,568,715</u>	<u>158,742,554</u>	<u>435,077,086</u>	<u>55,267,416</u>
Business-type activities:				
Department of Water and Sewerage Services	205,278,113	208,830,504	-	11,890,269
District Energy System	17,572,991	16,713,174	-	-
Nashville Convention Center	7,426,568	5,746,129	-	-
Board of Fair Commissioners	3,074,288	2,786,069	-	-
Farmers Market	1,788,195	1,291,887	-	-
Police Secondary Employment	1,130,784	1,285,027	-	-
Surplus Property Auction	735,254	795,313	-	-
Municipal Auditorium	1,786,978	1,187,423	-	-
Police Impound	376,132	492,041	-	-
Stormwater Operations	10,716,859	14,198,479	-	-
Community Education Commission	352,597	45,038	-	-
Total business-type activities	<u>250,238,759</u>	<u>253,371,084</u>	<u>-</u>	<u>11,890,269</u>
Total primary government	<u>\$ 2,476,807,474</u>	<u>\$ 412,113,638</u>	<u>\$ 435,077,086</u>	<u>\$ 67,157,685</u>
Component units	<u>\$ 1,663,683,517</u>	<u>\$ 1,440,514,501</u>	<u>\$ 233,899,589</u>	<u>\$ 100,993,130</u>

General revenues:
 Property taxes
 Local option sales taxes
 Hotel occupancy taxes
 Beverage taxes
 Wheel taxes
 Business taxes
 Franchise taxes
 Other taxes
 Revenues from the use of money or property
 Revenues from other governmental agencies
 not restricted for specific programs/functions
 Compensation for loss, sale or damage to property
 Transfers
 Total general revenues and transfers
 Changes in net position
 Net position - beginning of year, as restated
 Net position - end of year

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, 2013

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (98,483,746)	\$ -	\$ (98,483,746)	\$ -
(25,895,861)	-	(25,895,861)	-
(54,824,384)	-	(54,824,384)	-
(336,339,202)	-	(336,339,202)	-
(154,481,588)	-	(154,481,588)	-
1,616,686	-	1,616,686	-
(542,395)	-	(542,395)	-
(26,284,948)	-	(26,284,948)	-
(88,985,327)	-	(88,985,327)	-
(31,534,067)	-	(31,534,067)	-
(110,565,009)	-	(110,565,009)	-
(56,483,423)	-	(56,483,423)	-
(517,152,860)	-	(517,152,860)	-
(77,525,535)	-	(77,525,535)	-
<u>(1,577,481,659)</u>	<u>-</u>	<u>(1,577,481,659)</u>	<u>-</u>
-	15,442,660	15,442,660	-
-	(859,817)	(859,817)	-
-	(1,680,439)	(1,680,439)	-
-	(288,219)	(288,219)	-
-	(496,308)	(496,308)	-
-	154,243	154,243	-
-	60,059	60,059	-
-	(599,555)	(599,555)	-
-	115,909	115,909	-
-	3,481,620	3,481,620	-
-	(307,559)	(307,559)	-
<u>-</u>	<u>15,022,594</u>	<u>15,022,594</u>	<u>-</u>
<u>(1,577,481,659)</u>	<u>15,022,594</u>	<u>(1,562,459,065)</u>	<u>-</u>
-	-	-	111,723,703
895,919,192	-	895,919,192	-
301,430,612	-	301,430,612	-
50,458,460	-	50,458,460	-
35,724,631	-	35,724,631	-
27,568,957	-	27,568,957	-
28,745,988	-	28,745,988	-
17,959,976	-	17,959,976	-
343,783	-	343,783	-
1,195,516	111,014	1,306,530	1,622,395
66,572,133	-	66,572,133	-
7,042,632	60,092	7,102,724	746,195
35,439,333	(35,439,333)	-	-
<u>1,468,401,213</u>	<u>(35,268,227)</u>	<u>1,433,132,986</u>	<u>2,368,590</u>
<u>(109,080,446)</u>	<u>(20,245,633)</u>	<u>(129,326,079)</u>	<u>114,092,293</u>
319,016,830	1,340,998,293	1,660,015,123	1,727,617,525
<u>\$ 209,936,384</u>	<u>\$ 1,320,752,660</u>	<u>\$ 1,530,689,044</u>	<u>\$ 1,841,709,818</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, 2013

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
ASSETS:				
Cash and cash equivalents	\$ 85,654,048	\$ 64,157,540	\$ 17,987,452	\$ 9,558,886
Sales tax receivable	17,413,009	35,879,635	499,485	-
Accounts receivable	59,218,039	2,825,733	395,747	-
Accrued interest receivable	1,913	-	511	276
Property tax receivable	461,707,132	290,285,049	86,975,770	37,475,136
Allowance for doubtful accounts	(18,294,369)	(3,174,806)	(1,187,432)	(426,515)
Due from other funds of the primary government	5,787,067	14,558,117	378,711	-
Due from component units	6,349,730	-	-	-
Inventories of supplies	318,980	1,012,733	-	-
Other assets	237,340	523,558	20,000	-
Total assets	\$ 618,392,889	\$ 406,067,559	\$ 105,070,244	\$ 46,607,783
LIABILITIES:				
Accounts payable	\$ 14,543,603	\$ 10,975,853	\$ 14,970	\$ 6,991
Accrued payroll	17,843,250	24,526,814	-	-
Due to other funds of the primary government	10,780,068	5,499,055	14,804	78,640
Due to component units	1,344,843	-	-	-
Commercial paper payable	-	-	-	-
Other liabilities	2,393,277	-	-	-
Total liabilities	46,905,041	41,001,722	29,774	85,631
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	459,992,231	287,165,253	85,818,162	37,043,029
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - other revenues	10,957,352	346,485	-	-
Total deferred inflows of resources	470,949,583	287,511,738	85,818,162	37,043,029
FUND BALANCES (DEFICITS):				
Nonspendable	453,627	1,504,241	-	-
Restricted for:				
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Committed for:				
Education (available)	-	64,049,858	-	-
Debt service	-	-	13,255,408	1,479,123
Equipment acquisitions (appropriated)	-	-	-	-
Equipment acquisitions (unappropriated)	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Subsequent year budgetary appropriations	15,075,300	12,000,000	5,966,900	8,000,000
Specific projects	955,600	-	-	-
Unassigned	84,053,738	-	-	-
Total fund balances (deficits)	100,538,265	77,554,099	19,222,308	9,479,123
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 618,392,889	\$ 406,067,559	\$ 105,070,244	\$ 46,607,783

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, 2013

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 8,650,497	\$ 160,217,594	\$ 12,189,928	\$ 2,925,095	\$ 113,095,634	\$ 474,436,674
-	-	-	-	-	53,792,129
-	502,211	-	-	71,060,763	134,002,493
285	6,042	-	-	5,139	14,166
16,229,056	-	-	-	-	892,672,143
(202,203)	-	-	-	-	(23,285,325)
-	21,867	1,586,260	8,727	8,157,243	30,497,992
-	3,498,694	-	-	254,364	10,102,788
-	-	-	-	992,830	2,324,543
-	-	-	-	547,981	1,328,879
<u>\$ 24,677,635</u>	<u>\$ 164,246,408</u>	<u>\$ 13,776,188</u>	<u>\$ 2,933,822</u>	<u>\$ 194,113,954</u>	<u>\$ 1,575,886,482</u>
\$ 1,870	\$ 12,527,345	\$ 13,314,215	\$ 2,920,953	\$ 18,969,689	\$ 73,275,489
-	8,011	-	2,331	1,274,017	43,654,423
2,104	231,060	1,959	10,538	34,675,490	51,293,718
-	-	-	-	3,185,049	4,529,892
-	22,889,295	-	-	27,110,705	50,000,000
-	-	-	-	2,144,758	4,538,035
<u>3,974</u>	<u>35,655,711</u>	<u>13,316,174</u>	<u>2,933,822</u>	<u>87,359,708</u>	<u>227,291,557</u>
16,044,964	-	-	-	-	886,063,639
-	3,482,767	-	-	24,109,773	27,592,540
-	-	-	-	-	11,303,837
<u>16,044,964</u>	<u>3,482,767</u>	<u>-</u>	<u>-</u>	<u>24,109,773</u>	<u>924,960,016</u>
-	-	-	-	1,219,632	3,177,500
-	125,107,930	460,014	-	-	125,567,944
-	-	-	-	35,316,755	35,316,755
-	-	-	-	-	64,049,858
4,628,697	-	-	-	-	19,363,228
-	-	-	-	32,618,296	32,618,296
-	-	-	-	19,163,606	19,163,606
-	-	-	-	10,036,748	10,036,748
4,000,000	-	-	-	-	45,042,200
-	-	-	-	-	955,600
-	-	-	-	(15,710,564)	68,343,174
<u>8,628,697</u>	<u>125,107,930</u>	<u>460,014</u>	<u>-</u>	<u>82,644,473</u>	<u>423,634,909</u>
<u>\$ 24,677,635</u>	<u>\$ 164,246,408</u>	<u>\$ 13,776,188</u>	<u>\$ 2,933,822</u>	<u>\$ 194,113,954</u>	<u>\$ 1,575,886,482</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 POSITION
GOVERNMENTAL FUNDS

June 30, 2013

Fund balances - total governmental funds \$ 423,634,909

Amounts reported for governmental activities in the Statement of Net Position are different from amounts reported for governmental funds in the Balance Sheet because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Capital assets	4,007,737,644
Less accumulated depreciation	(816,812,785)

Net pension assets are not financial resources and therefore are not reported in the governmental funds. 6,303,430

Deferred outflows related to the fair value of derivative financial instruments are not financial resources and therefore not reported in the governmental funds. 445,619

Deferred inflows related to the fair value of derivative financial instruments are not financial obligations and therefore not reported in the governmental funds. (2,827,435)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable	(2,262,920,090)
Qualified zone academy notes payable	(3,316,532)
Qualified school construction bond loan payable	(48,873,695)
Less deferred charge on refunding	165,314,788
Add net bond premium/discount	(301,209,935)
Accrued interest payable	(39,285,814)
Unamortized swaption proceeds	(2,216,669)
Net pension obligation	(89,045,246)
Net other postemployment benefits obligation	(919,408,000)
Compensated absences	(85,197,720)
Claims and judgments	(4,579,000)
Landfill closure costs	(9,512,557)
Fair value of derivative financial instruments	(12,150,831)

Certain deferred inflows reported in the governmental funds are recognized as revenues in the governmental activities. 47,521,738

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. 156,334,565

Net position - governmental activities \$ 209,936,384

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, 2013

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
REVENUES:				
Property taxes	\$ 480,982,166	\$ 275,856,542	\$ 81,224,608	\$ 38,335,506
Local option sales taxes	97,752,470	201,896,100	1,782,042	-
Other taxes, licenses and permits	115,430,380	6,557,149	-	-
Fines, forfeits and penalties	12,866,976	30	306,638	-
Revenues from the use of money or property	86,552	664	6,875	316,614
Revenues from other governmental agencies	83,258,475	244,232,678	9,144,848	250,198
Commissions and fees	15,590,951	-	-	-
Charges for current services	28,890,730	1,117,047	-	-
Compensation for loss, sale or damage to property	2,103,455	1,185,396	-	-
Contributions and gifts	391,814	1,164,936	-	-
Bond interest tax credit	-	-	4,900,351	-
Miscellaneous	1,568,111	43,618	-	-
Total revenues	838,922,080	732,054,160	97,365,362	38,902,318
EXPENDITURES:				
Current:				
General government	26,138,400	-	-	-
Fiscal administration	22,164,457	-	-	-
Administration of justice	55,703,453	-	-	-
Law enforcement and care of prisoners	231,121,038	-	-	-
Fire prevention and control	110,753,856	-	-	-
Regulation and inspection	7,685,912	-	-	-
Conservation of natural resources	398,931	-	-	-
Public welfare	7,814,574	-	-	-
Public health and hospitals	65,669,538	-	-	-
Public library system	21,430,534	-	-	-
Public works, highways and streets	30,497,505	-	-	-
Recreational and cultural	33,609,697	-	-	-
Education	-	673,046,382	-	-
Employee benefits	76,165,493	-	-	-
Miscellaneous	80,080,144	-	-	-
Debt service:				
Principal retirement	-	-	20,998,341	18,496,776
Interest	-	-	53,068,288	31,588,515
Fiscal charges	-	-	2,679,756	854,615
Debt issue costs	-	-	1,565,304	877,543
Capital outlay	-	-	-	-
Total expenditures	769,233,532	673,046,382	78,311,689	51,817,449
Excess (deficiency) of revenues over expenditures	69,688,548	59,007,778	19,053,673	(12,915,131)

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, 2013

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 14,389,235	\$ -	\$ -	\$ -	\$ 1,610,837	\$ 892,398,894
-	-	-	-	-	301,430,612
-	-	-	-	52,714,744	174,702,273
-	-	-	-	5,479,094	18,652,738
865	12,714	1,312	-	63,646	489,242
-	6,256,777	-	8,712	216,628,715	559,780,403
-	-	-	-	8,620,598	24,211,549
-	-	-	-	28,592,621	58,600,398
-	499,269	929,620	-	513,550	5,231,290
-	2,341,964	50,362	-	4,999,652	8,948,728
-	-	-	-	-	4,900,351
-	-	-	-	470,198	2,081,927
<u>14,390,100</u>	<u>9,110,724</u>	<u>981,294</u>	<u>8,712</u>	<u>319,693,655</u>	<u>2,051,428,405</u>
-	-	-	-	55,691,027	81,829,427
-	-	-	-	151,790	22,316,247
-	-	-	-	12,776,019	68,479,472
-	-	-	-	28,263,321	259,384,359
-	-	-	-	2,698,298	113,452,154
-	-	-	-	371,494	8,057,406
-	-	-	-	-	398,931
-	-	-	-	32,241,772	40,056,346
-	-	-	-	24,087,867	89,757,405
-	-	-	-	898,004	22,328,538
-	-	-	-	27,753,624	58,251,129
-	-	-	-	2,500,800	36,110,497
-	-	-	-	159,314,770	832,361,152
-	-	-	-	-	76,165,493
-	-	-	-	-	80,080,144
5,248,290	-	-	-	-	44,743,407
8,615,234	-	-	-	-	93,272,037
182,251	-	-	-	-	3,716,622
261,802	-	-	-	-	2,704,649
-	136,048,078	39,706,099	15,017,915	30,927,789	221,699,881
<u>14,307,577</u>	<u>136,048,078</u>	<u>39,706,099</u>	<u>15,017,915</u>	<u>377,676,575</u>	<u>2,155,165,296</u>
<u>82,523</u>	<u>(126,937,354)</u>	<u>(38,724,805)</u>	<u>(15,009,203)</u>	<u>(57,982,920)</u>	<u>(103,736,891)</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, 2013

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
OTHER FINANCING SOURCES (USES):				
Issuance of new debt	\$ -	\$ -	\$ -	\$ -
Issuance of refunding debt	-	-	206,235,770	144,975,929
Debt issue premium	-	-	30,381,569	18,132,835
Payments to refunded bond escrow agent	-	-	(235,033,631)	(162,340,389)
Transfers in	36,857,090	3,716,052	6,882,280	8,441,577
Transfers out	(76,751,375)	(41,394,876)	(16,766,400)	(189,615)
Total other financing sources (uses)	(39,894,285)	(37,678,824)	(8,300,412)	9,020,337
Net change in fund balances	29,794,263	21,328,954	10,753,261	(3,894,794)
FUND BALANCES (DEFICITS), beginning of year	70,744,002	56,225,145	8,469,047	13,373,917
FUND BALANCES (DEFICITS), end of year	\$ 100,538,265	\$ 77,554,099	\$ 19,222,308	\$ 9,479,123

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, 2013

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 297,722,448	\$ 53,331,333	\$ 23,820,773	\$ -	\$ 374,874,554
31,386,758	-	-	-	-	382,598,457
5,236,403	77,359,100	-	-	-	131,109,907
(36,462,830)	-	-	-	-	(433,836,850)
1,083,280	953,828	15,897,672	16,738,862	109,030,199	199,600,840
(22,791)	(41,829,956)	-	-	(31,303,829)	(208,258,842)
<u>1,220,820</u>	<u>334,205,420</u>	<u>69,229,005</u>	<u>40,559,635</u>	<u>77,726,370</u>	<u>446,088,066</u>
1,303,343	207,268,066	30,504,200	25,550,432	19,743,450	342,351,175
<u>7,325,354</u>	<u>(82,160,136)</u>	<u>(30,044,186)</u>	<u>(25,550,432)</u>	<u>62,901,023</u>	<u>81,283,734</u>
<u>\$ 8,628,697</u>	<u>\$ 125,107,930</u>	<u>\$ 460,014</u>	<u>\$ -</u>	<u>\$ 82,644,473</u>	<u>\$ 423,634,909</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, 2013

Net change in fund balances - governmental funds \$ 342,351,175

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	110,878,249
Depreciation expense	(66,815,331)

Donations of capital assets increase net position for governmental activities, but do not appear in the governmental funds because they are not financial resources.	40,130,502
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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 position differs from the change in fund balances by the net book value of the capital assets sold.	(158,538)
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Changes in net pension assets increase or decrease net position for governmental activities, but do not appear in the governmental funds because they are not current financial resources.	(14,290,166)
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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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities.

Issuance of debt	(757,473,011)
Principal repayments	44,743,407
Payments to refunded bond escrow agent	433,836,859
Amortization of deferred charge on refunding	(11,558,029)
Bond premium/discount	(131,109,907)
Amortization of premium/discount	17,677,873
Change in accrued interest	2,433,169

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, 2013

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

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

Net pension obligation	(8,239,825)
Net other postemployment benefits obligation	(133,723,000)
Compensated absences	(11,222,696)
Claims and judgments	1,061,720
Landfill closure costs	383,728

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.	420,220
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds less those allocated to business-type activities are included in governmental activities.	<u>31,420,428</u>
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Change in net position - governmental activities	<u><u>\$ (109,080,446)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 480,700,500	\$ 480,700,500	\$ 480,982,166	\$ 281,666
Local option sales tax	97,671,200	97,671,200	97,752,470	81,270
Other taxes, licenses and permits	104,977,900	104,977,900	115,430,380	10,452,480
Fines, forfeits and penalties	11,514,300	11,514,300	12,866,976	1,352,676
Revenues from the use of money or property	-	-	86,552	86,552
Revenues from other governmental agencies	79,339,100	79,382,000	83,258,475	3,876,475
Commissions and fees	14,049,500	14,049,500	15,590,951	1,541,451
Charges for current services	29,552,100	29,552,100	28,890,730	(661,370)
Compensation for loss, sale or damage to property	1,512,100	1,512,100	2,103,455	591,355
Contributions and gifts	401,800	403,600	391,814	(11,786)
Miscellaneous	1,539,000	1,539,000	1,568,111	29,111
Total revenues	821,257,500	821,302,200	838,922,080	17,619,880
EXPENDITURES:				
General government	26,227,100	27,016,500	26,138,400	878,100
Fiscal administration	22,645,100	23,387,900	22,164,457	1,223,443
Administration of justice	55,477,600	56,917,700	55,703,453	1,214,247
Law enforcement and care of prisoners	224,288,300	231,879,600	231,121,038	758,562
Fire prevention and control	108,481,400	111,768,100	110,753,856	1,014,244
Regulation and inspection	8,389,800	8,414,900	7,685,912	728,988
Conservation of natural resources	371,500	397,300	398,931	(1,631)
Public welfare	8,168,800	8,325,100	7,814,574	510,526
Public health and hospitals	61,635,800	66,244,200	65,669,538	574,662
Public library system	20,965,400	21,493,400	21,430,534	62,866
Public works, highways and streets	30,754,600	31,342,300	30,497,505	844,795
Recreational and cultural	32,898,500	34,052,400	33,609,697	442,703
Employee benefits	77,420,800	77,420,800	76,165,493	1,255,307
Miscellaneous	103,902,600	88,533,800	80,080,144	8,453,656
Total expenditures	781,627,300	787,194,000	769,233,532	17,960,468
Excess (deficiency) of revenues over expenditures	39,630,200	34,108,200	69,688,548	35,580,348
OTHER FINANCING SOURCES (USES):				
Transfers in	34,952,400	34,952,400	36,857,090	1,904,690
Transfers out	(74,582,600)	(76,619,200)	(76,751,375)	(132,175)
Total other financing sources (uses)	(39,630,200)	(41,666,800)	(39,894,285)	1,772,515
Net change in fund balances	-	(7,558,600)	29,794,263	37,352,863
FUND BALANCES, beginning of year	70,744,002	70,744,002	70,744,002	-
FUND BALANCES, end of year	\$ 70,744,002	\$ 63,185,402	\$ 100,538,265	\$ 37,352,863

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 267,847,200	\$ 267,847,200	\$ 275,856,542	\$ 8,009,342
Local option sales tax	195,342,400	195,342,400	201,896,100	6,553,700
Other taxes, licenses and permits	4,990,000	4,990,000	6,557,149	1,567,149
Fines, forfeits and penalties	6,200	6,200	30	(6,170)
Revenues from the use of money or property	-	-	664	664
Revenues from other governmental agencies	246,379,700	246,379,700	244,232,678	(2,147,022)
Charges for current services	760,000	760,000	1,117,047	357,047
Compensation for loss, sale or damage to property	678,000	678,000	1,185,396	507,396
Contributions and gifts	300,000	300,000	1,164,936	864,936
Miscellaneous	45,000	45,000	43,618	(1,382)
Total revenues	716,348,500	716,348,500	732,054,160	15,705,660
EXPENDITURES:				
Education	679,062,853	681,878,553	673,046,382	8,832,171
Total expenditures	679,062,853	681,878,553	673,046,382	8,832,171
Excess (deficiency) of revenues over expenditures	37,285,647	34,469,947	59,007,778	24,537,831
OTHER FINANCING SOURCES (USES):				
Transfers in	4,071,800	4,071,800	3,716,052	(355,748)
Transfers out	(41,357,447)	(41,357,447)	(41,394,876)	(37,429)
Total other financing sources (uses)	(37,285,647)	(37,285,647)	(37,678,824)	(393,177)
Net change in fund balances	-	(2,815,700)	21,328,954	24,144,654
FUND BALANCES, beginning of year	56,225,145	56,225,145	56,225,145	-
FUND BALANCES, end of year	\$ 56,225,145	\$ 53,409,445	\$ 77,554,099	\$ 24,144,654

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2013

	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	\$ 23,420,504	\$ 3,129,203	\$ 19,432,352	\$ 45,982,059	\$ 116,462,093
Investments	-	3,960,980	-	3,960,980	-
Accounts receivable	23,250,628	2,901,605	4,426,818	30,579,051	3,254,960
Allowance for doubtful accounts	(2,926,134)	-	(941,997)	(3,868,131)	-
Accrued interest receivable	4,628	-	222	4,850	4,109
Due from other funds of the primary government	705,871	-	173,493	879,364	1,855,668
Due from component units	6,123	-	34,700	40,823	15,608
Inventories of supplies	2,256,129	-	-	2,256,129	1,673,752
Other current assets	923	-	45,280	46,203	283,287
Restricted assets:					
Cash and cash equivalents	949,643	1,612,687	-	2,562,330	-
Accounts receivable	89,216	-	-	89,216	-
Accrued interest receivable	7,309	-	-	7,309	-
Due from other funds of the primary government	15,339,676	-	-	15,339,676	-
Other current assets	73,369	-	-	73,369	-
Total current assets	63,177,885	11,604,475	23,170,868	97,953,228	123,549,477
Noncurrent assets:					
Capital assets:					
Utility plant in service	2,457,337,569	58,357,714	-	2,515,695,283	-
Land	22,475,744	1,311,213	6,819,222	30,606,179	-
Buildings and improvements	40,445,936	22,249,491	74,978,959	137,674,386	349,008
Improvements other than buildings	42,494,905	273,754	4,068,110	46,836,769	29,031
Furniture, machinery and equipment	36,460,555	886,904	2,618,248	39,965,707	173,693,202
Property under capital lease	-	-	3,645,000	3,645,000	-
Construction in progress	145,160,683	6,034,116	40,632	151,235,431	1,350,042
Less accumulated depreciation	(1,000,353,246)	(18,890,553)	(51,095,017)	(1,070,338,816)	(117,837,109)
Capital assets - net	1,744,022,146	70,222,639	41,075,154	1,855,319,939	57,584,174
Restricted assets:					
Cash and cash equivalents	331,055,618	-	-	331,055,618	-
Other noncurrent assets	68,351,969	-	100,000	68,451,969	-
Total noncurrent assets	2,143,429,733	70,222,639	41,175,154	2,254,827,526	57,584,174
Total assets	2,206,607,618	81,827,114	64,346,022	2,352,780,754	181,133,651
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred charge on refunding	4,831,280	1,961,995	-	6,793,275	-
Total deferred outflows of resources	4,831,280	1,961,995	-	6,793,275	-

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)

June 30, 2013

	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:					
Current liabilities:					
Accounts payable	\$ 5,067,666	\$ 1,905,493	\$ 1,831,212	\$ 8,804,371	\$ 13,120,875
Accrued payroll	753,438	4,755	866,444	1,624,637	2,274,864
Claims payable	-	-	-	-	34,097,902
Due to other funds of the primary government	492,523	54,961	2,764,806	3,312,290	229,702
Due to component units	-	-	288,625	288,625	-
Customer deposits	3,353,297	-	280,574	3,633,871	-
Unearned revenue	-	-	791,079	791,079	-
Current portion of capitalized lease obligations	-	-	230,000	230,000	-
Other current liabilities	3,325,818	3,490	-	3,329,308	-
Liabilities payable from restricted assets:					
Accounts payable	12,690,936	-	-	12,690,936	-
Accrued payroll	133,523	-	-	133,523	-
Accrued interest	18,029,283	601,877	-	18,631,160	-
Current portion of long term debt	30,765,000	2,000,652	-	32,765,652	-
Current portion of state loans	48,472	-	-	48,472	-
Due to other funds of the primary government	56,167	-	-	56,167	-
Total current liabilities	74,716,123	4,571,228	7,052,740	86,340,091	49,723,343
Noncurrent liabilities:					
Revenue bonds payable	854,108,660	-	-	854,108,660	-
General obligation bonds payable	-	67,096,604	-	67,096,604	-
State loans	101,351	-	-	101,351	-
Capitalized lease obligations	-	-	245,000	245,000	-
Claims payable	-	-	-	-	6,005,406
Total noncurrent liabilities	854,210,011	67,096,604	245,000	921,551,615	6,005,406
Total liabilities	928,926,134	71,667,832	7,297,740	1,007,891,706	55,728,749
NET POSITION:					
Net investment in capital assets	1,193,077,323	3,087,378	40,600,154	1,236,764,855	57,584,174
Restricted for debt retirement	55,709,511	1,010,810	-	56,720,321	-
Unrestricted	33,725,930	8,023,089	16,448,128	58,197,147	67,820,728
Total net position	\$ 1,282,512,764	\$ 12,121,277	\$ 57,048,282	1,351,682,323	\$ 125,404,902
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(30,929,663)	
Net position of business-type activities				<u>\$ 1,320,752,660</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 NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2013

	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	\$ 207,876,068	\$ 16,713,174	\$ 27,822,406	\$ 252,411,648	\$ 361,533,322
Other	619,606	-	-	619,606	2,915,729
Total operating revenues	<u>208,495,674</u>	<u>16,713,174</u>	<u>27,822,406</u>	<u>253,031,254</u>	<u>364,449,051</u>
OPERATING EXPENSES:					
Personal services	42,233,525	181,151	12,946,664	55,361,340	19,230,310
Contractual services	42,352,850	13,708,480	9,622,451	65,683,781	38,673,578
Supplies and materials	12,235,967	104,281	968,373	13,308,621	14,904,254
Depreciation	69,992,615	2,252,853	2,366,840	74,612,308	14,072,723
Compensation for damages to property	-	-	-	-	5,925,345
Medical and insurance benefits	-	-	-	-	287,712,697
Other	6,600,583	27,172	913,136	7,540,891	5,583,966
Total operating expenses	<u>173,415,540</u>	<u>16,273,937</u>	<u>26,817,464</u>	<u>216,506,941</u>	<u>386,102,873</u>
OPERATING INCOME (LOSS)	<u>35,080,134</u>	<u>439,237</u>	<u>1,004,942</u>	<u>36,524,313</u>	<u>(21,653,822)</u>
NONOPERATING REVENUE (EXPENSE):					
Investment income (loss)	167,230	(62,439)	6,223	111,014	43,164
Interest expense	(28,512,930)	(908,133)	(43,019)	(29,464,082)	-
Gain (loss) on sale of property	111,821	-	(51,729)	60,092	579,394
Other	334,830	(389,190)	5,000	(49,360)	2,588,400
Total nonoperating revenue (expense)	<u>(27,899,049)</u>	<u>(1,359,762)</u>	<u>(83,525)</u>	<u>(29,342,336)</u>	<u>3,210,958</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS AND TRANSFERS	<u>7,181,085</u>	<u>(920,525)</u>	<u>921,417</u>	<u>7,181,977</u>	<u>(18,442,864)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	11,890,269	-	-	11,890,269	-
TRANSFERS IN	-	2,372,635	1,199,103	3,571,738	48,437,905
TRANSFERS OUT	<u>(36,217,215)</u>	<u>(495,057)</u>	<u>(2,298,799)</u>	<u>(39,011,071)</u>	<u>(2,453,159)</u>
CHANGE IN NET POSITION	(17,145,861)	957,053	(178,279)	(16,367,087)	27,541,882
NET POSITION, beginning of year, as restated	<u>1,299,658,625</u>	<u>11,164,224</u>	<u>57,226,561</u>		<u>97,863,020</u>
NET POSITION, end of year	<u>\$ 1,282,512,764</u>	<u>\$ 12,121,277</u>	<u>\$ 57,048,282</u>		<u>\$ 125,404,902</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(3,878,546)</u>	
Change in net position of business-type activities				<u>\$ (20,245,633)</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, 2013

	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	\$ 207,268,787	\$ 16,790,115	\$ 34,820,860	\$ 258,879,762	\$ 363,576,985
Payments to suppliers	(53,443,203)	(14,174,555)	(10,680,440)	(78,298,198)	(347,612,171)
Payments to employees	(42,097,987)	(179,042)	(13,584,501)	(55,861,530)	(18,677,229)
Other receipts	(19,606,663)	-	-	(19,606,663)	2,569,731
Net cash provided by (used in) operating activities	92,120,934	2,436,518	10,555,919	105,113,371	(142,684)
Cash flows from noncapital financing activities:					
Transfers in	-	2,372,635	1,199,103	3,571,738	48,437,905
Transfers out	(36,217,215)	(495,057)	(2,298,799)	(39,011,071)	(2,453,159)
Payments to other funds of the primary government	-	-	(206,461)	(206,461)	-
Interest paid	-	-	(3,418)	(3,418)	-
Net cash provided by (used in) non-capital financing activities	(36,217,215)	1,877,578	(1,309,575)	(35,649,212)	45,984,746
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(106,105,832)	(414,604)	(125,184)	(106,645,620)	(20,897,757)
Proceeds from the sale of property	111,821	-	706	112,527	683,325
Proceeds from borrowings	177,438,266	1,034,194	-	178,472,460	-
Principal payments on borrowings	(42,457,061)	(7,212,089)	(220,000)	(49,889,150)	-
Interest subsidy	5,104,289	-	-	5,104,289	-
Interest paid	(34,890,274)	(1,496,569)	(39,421)	(36,426,264)	-
Capital contributions received	4,159,437	-	-	4,159,437	-
Payments from other funds of the primary government	35,362,501	-	-	35,362,501	-
Net cash provided by (used in) capital and related financing activities	38,723,147	(8,089,068)	(383,899)	30,250,180	(20,214,432)
Cash flows from investing activities:					
Sale of investments	-	2,503,055	-	2,503,055	-
Interest on investments	163,008	25,385	6,321	194,714	43,078
Net cash provided by (used in) investing activities	163,008	2,528,440	6,321	2,697,769	43,078
Net changes in cash and cash equivalents	94,789,874	(1,246,532)	8,868,766	102,412,108	25,670,708
Cash and cash equivalents at beginning of year	260,635,891	5,988,422	10,563,586	277,187,899	90,791,385
Cash and cash equivalents at end of year	\$ 355,425,765	\$ 4,741,890	\$ 19,432,352	\$ 379,600,007	\$ 116,462,093
Cash and cash equivalents are classified as:					
Current assets	\$ 23,420,504	\$ 3,129,203	\$ 19,432,352	\$ 45,982,059	\$ 116,462,093
Current restricted assets	949,643	1,612,687	-	2,562,330	-
Noncurrent restricted assets	331,055,618	-	-	331,055,618	-
Cash and cash equivalents at end of year	\$ 355,425,765	\$ 4,741,890	\$ 19,432,352	\$ 379,600,007	\$ 116,462,093

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, 2013

	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)	\$ 35,080,134	\$ 439,237	\$ 1,004,942	\$ 36,524,313	\$ (21,653,822)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	69,992,615	2,252,853	2,366,840	74,612,308	14,072,723
Provision for doubtful accounts	(240,000)	-	(39,150)	(279,150)	-
Other receipts (payments)	334,830	-	5,000	339,830	2,588,400
Changes in assets and liabilities:					
Accounts receivable	(552,301)	76,941	229,894	(245,466)	(1,593,113)
Due from other funds of the primary government	118,183	-	6,861,988	6,980,171	736,638
Due from component units	(6,123)	-	(34,700)	(40,823)	(15,591)
Inventories of supplies	31,128	-	-	31,128	88,770
Other current assets	39,143	-	(42,762)	(3,619)	202,321
Other noncurrent assets	-	-	100,000	100,000	-
Accounts payable	1,114,486	(339,486)	323,422	1,098,422	2,414,413
Accrued payroll	135,538	2,109	(330,312)	(192,665)	(131,309)
Claims payable	-	-	-	-	3,322,176
Due to other funds of the primary government	(13,765,585)	4,864	(79,477)	(13,840,198)	(174,290)
Due to component units	-	-	282,186	282,186	-
Customer deposits	185,020	-	75,628	260,648	-
Unearned revenue	-	-	(167,531)	(167,531)	-
Other current liabilities	(346,134)	-	(49)	(346,183)	-
Total adjustments	57,040,800	1,997,281	9,550,977	68,589,058	21,511,138
Net cash provided by (used in) operating activities	\$ 92,120,934	\$ 2,436,518	\$ 10,555,919	\$ 105,113,371	\$ (142,684)
<u>Non-Cash Capital, Financing and Investing Activities:</u>					
Contributions of capital assets	\$ 8,107,958	\$ -	\$ -	\$ 8,107,958	\$ -
Decrease in fair value of investments	-	(74,015)	-	(74,015)	-

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2013

	Pension (and Other Employee Benefit) Trust Funds	Agency Funds
	<u>Trust Funds</u>	<u>Funds</u>
ASSETS:		
Cash and cash equivalents	\$ 30,515,343	\$ 62,703,378
Investments, at fair value:		
U.S. government agencies	84,013,338	-
Foreign government bonds and agencies	32,233,331	-
Government mortgage backed securities	69,056,216	-
Corporate bonds and notes	175,566,230	-
High yield bonds	27,047,904	-
Inflation protected bonds	28,671,969	-
Common stock	1,104,991,835	-
Preferred stock	226,000	-
Municipals	7,702,711	-
Mortgages and real estate	39,913	1,423,200
Credit default swaps	48,276,130	-
Commingled funds U.S. debt	15,000,000	-
Venture capital and partnerships	835,055,396	-
Mutual funds	-	13,965
Cash collateral received - securities lending program	59,089,914	-
Annuities	100,021	-
Accounts receivable	64,874,150	34,721
Accrued interest receivable	3,834,411	53
Due from other funds of the primary government	3,687,359	3,167,603
Other assets	-	25,737
	<u>2,589,982,171</u>	<u>\$ 67,368,657</u>
LIABILITIES:		
Accounts payable	40,642,549	\$ -
Due to brokers	75,684,324	-
Payable for collateral received - securities lending program	59,089,914	-
Due to other funds of the primary government	535,785	-
Funds held in custody for others	-	52,392,832
Other liabilities	-	14,975,825
	<u>175,952,572</u>	<u>\$ 67,368,657</u>
NET POSITION:		
Held in trust for pension benefits	2,412,259,291	
Held in trust for other employee benefits	1,770,308	
	<u>2,414,029,599</u>	
Total net position	<u>\$ 2,414,029,599</u>	

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended June 30, 2013

	Pension (and other Employee Benefit) Trust Funds
	<u> </u>
ADDITIONS:	
Investment income:	
Interest and dividend income	\$ 38,714,120
Net appreciation (depreciation) of investments	264,093,332
Miscellaneous	<u>320,873</u>
Net increase (decrease) in fair value of investments	<u>303,128,325</u>
Net income earned on securities lending transactions:	
Securities lending income	476,290
Securities lending expense	<u>(95,237)</u>
Net income earned on securities lending transactions	<u>381,053</u>
Less investment expenses	<u>(7,358,370)</u>
Net investment income (loss)	<u>296,151,008</u>
Contributions:	
Employee contributions	2,269,058
Employer contributions	116,174,180
Transfers in	128,166
Contributions from the State of Tennessee	18,130,962
Miscellaneous	<u>2,149,511</u>
Total contributions	<u>138,851,877</u>
Total additions	<u>435,002,885</u>
DEDUCTIONS:	
Pension and other employee benefits	202,946,265
Refunds of contributions	67,342
Administrative expenses	2,667,586
Transfers out	<u>2,015,577</u>
Total deductions	<u>207,696,770</u>
Change in net position	227,306,115
NET POSITION, beginning of year	<u>2,186,723,484</u>
NET POSITION, end of year	<u><u>\$ 2,414,029,599</u></u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS

June 30, 2013

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
ASSETS:				
Cash and cash equivalents	\$ 304,582	\$ 286,955	\$ 13,864,846	\$ 2,161,517
Investments	-	-	1,548,474	-
Accounts receivable	-	-	1,846,081	-
Allowance for doubtful accounts	-	-	-	-
Accrued interest receivable	-	-	284	35
Due from the primary government	-	-	429,549	899,000
Inventories of supplies	-	-	-	-
Other current assets	2,776	4,400	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governmental agencies	-	-	-	-
Due from the primary government	-	-	-	-
Other restricted assets	-	-	-	-
Notes receivable	-	-	-	-
Capital assets:				
Utility plant in service	-	-	-	-
Land	-	-	61,892,387	-
Buildings and improvements	-	-	359,805,198	-
Improvements other than buildings	135,512	-	1,601,646	-
Furniture, machinery and equipment	18,697	-	13,965,197	-
Infrastructure	-	-	-	-
Public art	-	-	-	-
Construction in progress	-	-	31,860,154	-
Less accumulated depreciation	(154,006)	-	(137,976,558)	-
Other noncurrent assets	-	-	-	-
Total assets	307,561	291,355	348,837,258	3,060,552
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	-	-	3,268,732	-
Effective portion of fuel hedging	-	-	-	-
Total deferred outflows of resources	-	-	3,268,732	-

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITON
COMPONENT UNITS (CONTINUED)

June 30, 2013

Total Governmental Types	Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
	General Hospital	Bordeaux Long Term Care	Total		
\$ 16,617,900	\$ 1,970,702	\$ 336,877	\$ 2,307,579	\$ 77,643,909	\$ 221,722,000
1,548,474	-	-	-	4,867,605	-
1,846,081	48,202,526	3,213,596	51,416,122	8,799,765	141,515,000
-	(40,692,214)	(1,109,000)	(41,801,214)	(2,878,374)	(2,298,000)
319	-	-	-	31,799	23,000
1,328,549	-	-	-	-	-
-	2,472,618	106,438	2,579,056	2,884,806	19,319,000
7,176	383,646	45,004	428,650	2,695,580	2,791,000
-	-	149,238	149,238	-	56,105,000
-	-	-	-	-	25,205,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	71,909,348	1,997,000
-	-	-	-	-	1,252,508,000
61,892,387	-	-	-	82,353,826	1,139,000
359,805,198	50,747,458	20,352,670	71,100,128	284,480,557	49,401,000
1,737,158	-	523,885	523,885	-	-
13,983,894	36,084,839	5,252,983	41,337,822	4,091,985	87,605,000
-	-	-	-	21,155,548	-
-	-	-	-	-	-
31,860,154	237,358	-	237,358	18,636,029	65,063,000
(138,130,564)	(56,135,892)	(17,806,729)	(73,942,621)	(139,959,715)	(565,396,000)
-	5,263,017	-	5,263,017	-	268,000
<u>352,496,726</u>	<u>48,534,058</u>	<u>11,064,962</u>	<u>59,599,020</u>	<u>436,712,668</u>	<u>1,356,967,000</u>
3,268,732	-	-	-	-	11,195,000
-	-	-	-	-	-
<u>3,268,732</u>	-	-	-	-	<u>11,195,000</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2013

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
ASSETS:			
Cash and cash equivalents	\$ 4,204,260	\$ 53,125,105	\$ 901,596
Investments	-	-	7,899,188
Accounts receivable	1,681,053	5,141,168	561,316
Allowance for doubtful accounts	(11,791)	(110,000)	-
Accrued interest receivable	-	-	-
Due from the primary government	-	-	-
Inventories of supplies	1,154,232	591,366	-
Other current assets	221,850	887,142	90,929
Restricted assets:			
Cash and cash equivalents	-	55,172,746	-
Investments	-	10,872,000	-
Accrued interest receivable	-	-	-
Due from other governmental agencies	5,591,527	637,696	-
Due from the primary government	-	-	-
Other restricted assets	-	3,137,765	-
Notes receivable	-	-	-
Capital assets:			
Utility plant in service	-	-	-
Land	16,395,266	96,992,465	-
Buildings and improvements	93,017,074	254,508,281	-
Improvements other than buildings	-	474,449,844	-
Furniture, machinery and equipment	93,809,119	103,981,903	10,846,319
Infrastructure	-	-	-
Public art	-	-	-
Construction in progress	9,601,735	20,469,818	248,298
Less accumulated depreciation	(63,590,253)	(431,262,318)	(7,390,538)
Other noncurrent assets	1,351,393	8,427,328	-
Total assets	163,425,465	657,022,309	13,157,108
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	-	3,391,017	-
Effective portion of fuel hedging	218,915	-	-
Total deferred outflows of resources	218,915	3,391,017	-

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2013

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ 7,238,192	\$ 367,142,641	\$ 383,760,541
-	12,766,793	14,315,267
628,039	209,742,463	211,588,544
-	(47,099,379)	(47,099,379)
98	54,897	55,216
304,919	304,919	1,633,468
-	26,528,460	26,528,460
248,668	7,363,819	7,370,995
68,733,539	180,160,523	180,160,523
25,247,763	61,324,763	61,324,763
32,054	32,054	32,054
-	6,229,223	6,229,223
3,185,049	3,185,049	3,185,049
1,857,587	4,995,352	4,995,352
-	73,906,348	73,906,348
-	1,252,508,000	1,252,508,000
77,103,374	273,983,931	335,876,318
587,617,203	1,340,124,243	1,699,929,441
-	474,973,729	476,710,887
1,989,739	343,661,887	357,645,781
-	21,155,548	21,155,548
1,177,844	1,177,844	1,177,844
-	114,256,238	146,116,392
(2,513,607)	(1,284,055,052)	(1,422,185,616)
-	15,309,738	15,309,738
<u>772,850,461</u>	<u>3,459,734,031</u>	<u>3,812,230,757</u>
-	14,586,017	17,854,749
-	218,915	218,915
<u>-</u>	<u>14,804,932</u>	<u>18,073,664</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2013

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
LIABILITIES:				
Accounts payable	\$ 278,946	\$ 23,383	\$ 4,552,410	\$ 2,474,070
Accrued payroll	-	-	3,586	-
Due to the primary government	-	-	45,275	-
Customer deposits	-	-	-	-
Current portion of long-term liabilities	-	-	-	-
Current portion of capitalized lease obligations	-	-	-	-
Other current liabilities	25,246	17,152	-	-
Liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Accrued interest	-	-	1,688,572	-
Funds held in trust	-	-	-	-
Due to the primary government	-	-	-	-
Current portion of long-term liabilities	-	-	4,835,000	-
Other restricted liabilities	-	-	-	-
Revenue bonds payable	-	-	77,271,597	-
Capitalized lease obligations	-	-	-	-
TVA advances	-	-	-	-
Other long-term liabilities	-	-	3,563,854	-
	<u>304,192</u>	<u>40,535</u>	<u>91,960,294</u>	<u>2,474,070</u>
NET POSITION:				
Net investment in capital assets	203	-	247,754,952	-
Restricted for debt retirement	-	-	6,523,571	-
Restricted for other purposes	-	-	-	-
Unrestricted	<u>3,166</u>	<u>250,820</u>	<u>5,867,173</u>	<u>586,482</u>
Total net position	<u>\$ 3,369</u>	<u>\$ 250,820</u>	<u>\$ 260,145,696</u>	<u>\$ 586,482</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2013

Total Governmental Types	Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
	General Hospital	Bordeaux Long Term Care	Total		
\$ 7,328,809	\$ 14,118,168	\$ 1,589,488	\$ 15,707,656	\$ 11,182,319	\$ 181,328,000
3,586	3,027,300	1,723,897	4,751,197	737,244	-
45,275	5,851,804	-	5,851,804	-	-
-	-	-	-	571,259	13,239,000
-	-	-	-	6,504,275	-
-	1,764,553	-	1,764,553	-	-
42,398	940,600	682	941,282	7,627,763	-
-	-	-	-	-	1,468,000
-	-	-	-	-	-
1,688,572	-	-	-	-	2,931,000
-	-	149,238	149,238	-	-
-	-	-	-	-	-
4,835,000	-	-	-	-	26,270,000
-	-	-	-	-	-
77,271,597	-	-	-	-	529,115,000
-	28,864,431	-	28,864,431	-	-
-	-	-	-	-	1,337,000
3,563,854	-	5,163,017	5,163,017	67,372,256	12,220,000
-	-	-	-	-	-
94,779,091	54,566,856	8,626,322	63,193,178	93,995,116	767,908,000
247,755,155	(5,381,364)	8,322,809	2,941,445	252,328,209	344,661,000
6,523,571	-	-	-	-	54,735,000
-	-	-	-	3,445,586	-
6,707,641	(651,434)	(5,884,169)	(6,535,603)	86,943,757	200,858,000
<u>\$ 260,986,367</u>	<u>\$ (6,032,798)</u>	<u>\$ 2,438,640</u>	<u>\$ (3,594,158)</u>	<u>\$ 342,717,552</u>	<u>\$ 600,254,000</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2013

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
LIABILITIES:			
Accounts payable	\$ 5,752,673	\$ 7,317,747	\$ 129,676
Accrued payroll	2,300,890	3,724,875	-
Due to the primary government	4,250,895	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	-	272,264	-
Current portion of capitalized lease obligations	-	-	-
Other current liabilities	3,982,308	-	-
Liabilities payable from restricted assets:			
Accounts payable	-	4,987,102	-
Accrued payroll	-	-	-
Accrued interest	-	4,593,240	-
Funds held in trust	-	-	-
Due to the primary government	-	-	-
Current portion of long-term liabilities	-	26,645,000	-
Other restricted liabilities	-	-	-
Revenue bonds payable	-	175,637,071	-
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	34,141,259	36,458,672	-
Total liabilities	50,428,025	259,635,971	129,676
NET POSITION:			
Net investment in capital assets	130,450,014	334,185,679	3,704,079
Restricted for debt retirement	-	28,381,430	-
Restricted for other purposes	-	27,629,201	-
Unrestricted	(17,233,659)	10,581,045	9,323,353
Total net position	\$ 113,216,355	\$ 400,777,355	\$ 13,027,432

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2013

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ 1,992,265	\$ 223,410,336	\$ 230,739,145
557,896	12,072,102	12,075,688
7,615	10,110,314	10,155,589
-	13,810,259	13,810,259
-	6,776,539	6,776,539
-	1,764,553	1,764,553
940,728	13,492,081	13,534,479
9,164,635	15,619,737	15,619,737
102,847	102,847	102,847
20,509,877	28,034,117	29,722,689
-	149,238	149,238
3,630	3,630	3,630
-	52,915,000	57,750,000
984,625	984,625	984,625
624,261,428	1,329,013,499	1,406,285,096
-	28,864,431	28,864,431
-	1,337,000	1,337,000
-	155,355,204	158,919,058
<u>658,525,546</u>	<u>1,893,815,512</u>	<u>1,988,594,603</u>
46,857,088	1,115,127,514	1,362,882,669
43,545,690	126,662,120	133,185,691
19,000,000	50,074,787	50,074,787
4,922,137	288,859,030	295,566,671
<u>\$ 114,324,915</u>	<u>\$ 1,580,723,451</u>	<u>\$ 1,841,709,818</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, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 1,457,461	\$ 1,410,363	\$ 42,120	\$ -
Gulch Business Improvement District, Inc.	184,115	193,588	-	-
Sports Authority	46,161,361	3,148,448	22,492,085	15,860,462
Industrial Development Board	6,845,879	5,000	6,848,297	-
General Hospital	98,416,894	65,331,952	36,091,032	526,882
Bordeaux Long Term Care	35,652,863	23,223,900	11,392,068	46,822
Metropolitan Development and Housing Agency	116,197,866	27,530,914	82,336,430	7,655,032
Electric Power Board	1,147,157,000	1,174,424,000	-	-
Metropolitan Transit Authority	77,119,943	13,654,006	39,181,435	41,519,316
Metropolitan Nashville Airport Authority	115,974,704	123,876,183	-	6,023,925
Emergency Communications District	7,067,013	6,600,369	1,710,179	-
Convention Center Authority	11,448,418	1,115,778	33,805,943	29,360,691
Total component units	\$ 1,663,683,517	\$ 1,440,514,501	\$ 233,899,589	\$ 100,993,130

General revenues:

Revenues from the use of
money or property

Compensation for loss, sale or
damage to property

Total general revenues and extraordinary item

Changes in net position

Net position - beginning of year, as restated

Net position - end of year

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, 2013

Net (Expense) Revenue and Changes in Net Position							
Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board	Total Governmental Types	Hospital Authority		
					General Hospital	Bordeaux Long Term Care	Total
\$ (4,978)	\$ -	\$ -	\$ -	\$ (4,978)	\$ -	\$ -	\$ -
-	9,473	-	-	9,473	-	-	-
-	-	(4,660,366)	-	(4,660,366)	-	-	-
-	-	-	7,418	7,418	-	-	-
-	-	-	-	-	3,532,972	-	3,532,972
-	-	-	-	-	-	(990,073)	(990,073)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(4,978)</u>	<u>9,473</u>	<u>(4,660,366)</u>	<u>7,418</u>	<u>(4,648,453)</u>	<u>3,532,972</u>	<u>(990,073)</u>	<u>2,542,899</u>
4,571	2,106	5,390	260	12,327	-	1,304	1,304
-	-	705,354	45	705,399	-	-	-
<u>4,571</u>	<u>2,106</u>	<u>710,744</u>	<u>305</u>	<u>717,726</u>	<u>-</u>	<u>1,304</u>	<u>1,304</u>
(407)	11,579	(3,949,622)	7,723	(3,930,727)	3,532,972	(988,769)	2,544,203
3,776	239,241	264,095,318	578,759	264,917,094	(9,565,770)	3,427,409	(6,138,361)
<u>\$ 3,369</u>	<u>\$ 250,820</u>	<u>\$ 260,145,696</u>	<u>\$ 586,482</u>	<u>\$ 260,986,367</u>	<u>\$ (6,032,798)</u>	<u>\$ 2,438,640</u>	<u>\$ (3,594,158)</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, 2013

	Net (Expense) Revenue and Changes in Net Position			
	Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority
Nashville District Management Corporation	\$ -	\$ -	\$ -	\$ -
Gulch Business Improvement District, Inc.	-	-	-	-
Sports Authority	-	-	-	-
Industrial Development Board	-	-	-	-
General Hospital	-	-	-	-
Bordeaux Long Term Care	-	-	-	-
Metropolitan Development and Housing Agency	1,324,510	-	-	-
Electric Power Board	-	27,267,000	-	-
Metropolitan Transit Authority	-	-	17,234,814	-
Metropolitan Nashville Airport Authority	-	-	-	13,925,404
Emergency Communications District	-	-	-	-
Convention Center Authority	-	-	-	-
Total component units	1,324,510	27,267,000	17,234,814	13,925,404
General revenues:				
Revenues from the use of money or property	646,563	525,000	-	426,259
Compensation for loss, sale or damage to property	-	-	679	38,437
Total general revenues and extraordinary item	646,563	525,000	679	464,696
Changes in net position	1,971,073	27,792,000	17,235,493	14,390,100
Net position - beginning of year, as restated	340,746,479	572,462,000	95,980,862	386,387,255
Net position - end of year	\$ 342,717,552	\$ 600,254,000	\$ 113,216,355	\$ 400,777,355

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, 2013

Net (Expense) Revenue and Changes in Net Position			
Emergency Communications District	Convention Center Authority	Total Proprietary Types	Total Component Units
\$ -	\$ -	\$ -	\$ (4,978)
-	-	-	9,473
-	-	-	(4,660,366)
-	-	-	7,418
-	-	3,532,972	3,532,972
-	-	(990,073)	(990,073)
-	-	1,324,510	1,324,510
-	-	27,267,000	27,267,000
-	-	17,234,814	17,234,814
-	-	13,925,404	13,925,404
1,243,535	-	1,243,535	1,243,535
-	52,833,994	52,833,994	52,833,994
<u>1,243,535</u>	<u>52,833,994</u>	<u>116,372,156</u>	<u>111,723,703</u>
10,942	-	1,610,068	1,622,395
1,680	-	40,796	746,195
<u>12,622</u>	<u>-</u>	<u>1,650,864</u>	<u>2,368,590</u>
1,256,157	52,833,994	118,023,020	114,092,293
<u>11,771,275</u>	<u>61,490,921</u>	<u>1,462,700,431</u>	<u>1,727,617,525</u>
<u>\$ 13,027,432</u>	<u>\$ 114,324,915</u>	<u>\$ 1,580,723,451</u>	<u>\$ 1,841,709,818</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the Government conform to accounting principles generally accepted in the United States of America as applied to governmental units. The following is a summary of the most significant policies:

A. Reporting Entity

The financial statements of the Government present the primary government and its component units. The component units discussed below are included in the Government's reporting entity because of the significance of their operational or financial relationships with the Government. Each discretely presented component unit is reported separately in the basic financial statements to emphasize that it is legally separate from the Government.

The financial statements of the following component units have been discretely presented:

The **Nashville District Management Corporation** was established in 1998 to administer special assessment revenue collected by the Government for the benefit of the Central Business Improvement District (CBID). The Corporation's duties and responsibilities are defined in a memorandum of agreement with the Government and include, but are not limited to, providing services for improvement and operation of the CBID through security enhancement, downtown marketing, and improving downtown beautification, sanitation and maintenance. The original agreement was one year, renewable annually by mutual notification by each party to the other. The agreement may be terminated by the Government upon thirty days notice. The Corporation is a legally separate entity which is closely related to and fiscally dependent on the Government as the Government levies the CBID taxes and approves the CBID tax rate. These taxes represent substantially all of the Corporation's revenue. Complete financial statements of the Corporation can be obtained from its offices at Accounting Office, 211 Commerce Street, Suite 100, Nashville, TN 37201.

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

The **Sports Authority** was established in 1995 to act as the financing and building authority for both the Nashville arena and stadium. The Sports Authority administers and manages these facilities and sports projects for the Government. The Government is responsible for the annual funding for both the Nashville arena and stadium. The underlying credit for the Sports Authority Revenue bonds is a pledge on the non-tax revenues of the Government's General Fund, and the Government is required to approve debt issuances of the Sports Authority. The members of the Sports Authority's Board are all appointed and can also be removed by the Government. The Sports Authority does not issue separate financial statements. A Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for its only fund are included in the Component Units section with reconciliations of those statements to the Statement of Net Position – Component Units and Statement of Activities – Component Units included in the basic financial statements.

The **Industrial Development Board** (the IDB) assists private businesses within Davidson County in obtaining public financing through the issuance of nontaxable bonds. The members of the IDB are appointed and can be removed by the Government. All debt of the IDB is considered conduit debt and is issued in the name of the Government. The IDB does not issue separate financial statements. A Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for its only fund are included in the Component Units section. There are no reconciling items between those statements and the Statement of Net Position – 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 Board are all appointed and can also be removed by the Government. The Government approves and can modify the annual operating budget of each entity. Hospital Authority land and buildings and improvements are titled in the Government's name. Both entities are financially dependent on contributions from the Government's General Fund. Complete financial statements for each entity can be obtained by writing to the Hospital Authority at 1818 Albion Street, Nashville, TN 37208.

The **Metropolitan Development and Housing Agency** operates public housing facilities for the inhabitants of Nashville and Davidson County. The members of the Agency's Board of Commissioners are all appointed and can also be removed by the Government. The Agency receives incremental taxes that result from tax increment financing arrangements on numerous development projects. These property taxes paid to the Agency are considered financial support by the Government. Complete financial statements of the Agency can be obtained by writing P. O. Box 846, Nashville, TN 37202.

The **Electric Power Board** operates and regulates an electric power system for the purpose of supplying electricity for public property and for resale to consumers. The members of the Board of Directors are all appointed and can also be removed by the Government. The Government is required to approve debt issuances 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 430 Myatt Drive, Nashville, TN 37115.

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. 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** secures 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 2060 15th Avenue South, Nashville, TN 37212.

The **Convention Center Authority** is a public, nonprofit corporation and public instrumentality of the Government formed in August 2009, and was responsible for the acquisition, development and construction of a new convention center – the Music City Center – and is responsible for the operation of the completed facility. The Convention Center Authority is also responsible for the management and operation of the original Nashville Convention Center. Because the assets of the Nashville Convention Center are owned by the Government, its Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows are presented as a proprietary fund of the Government. The members of the Convention Center Authority's Board of Directors are all appointed and can be removed by the Government. Complete financial statements of the Convention Center Authority can be obtained from the Department of Finance, Financial Operations, PO Box 196300, Nashville, TN 37219.

All discretely presented component units have a June 30 fiscal year end with the exception of the Metropolitan Development and Housing Agency with a September 30 year end, and the Nashville District Management Corporation and Gulch Business Improvement District, Inc., both with a December 31 year end.

The separately issued financial statements for the component units contain additional note disclosures that are not considered essential to the fair presentation of the Government's basic financial statements and have therefore been excluded from these notes to the financial statements in the Government's Comprehensive Annual Financial Report for the year ended June 30, 2013.

The primary government includes \$10,159,219 due from component units and \$4,818,517 due to component units in the Statement of Net Position. The component units include \$10,159,219 due to the primary government and \$4,818,517 due from the primary government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

B. Accounting Pronouncements

The Government adopted GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, required for fiscal periods beginning after December 15, 2011, in fiscal 2013. This Statement addresses how to account for and report service concession arrangements.

The Government adopted GASB Statement No. 61, The Financial Reporting Entity: Omnibus, required for fiscal periods beginning after June 15, 2012, in fiscal 2013. This Statement is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statements No. 14 and 34, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued.

The Government adopted GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, required for fiscal periods beginning after December 15, 2011, in fiscal 2013. This Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements.

The Government adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, required for fiscal periods beginning after December 15, 2011, in fiscal 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government reports with information about how past transactions will continue to impact a government's financial statements in the future.

The Government adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, required for fiscal periods beginning after December 15, 2012, in fiscal 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 2 – Restatement of Net Position.

The Government plans to adopt GASB Statement No. 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62, required for fiscal periods beginning after December 15, 2012, in fiscal 2014. This Statement improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of Statements No. 54 and No. 62.

The Government plans to adopt GASB Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25, required for fiscal periods beginning after June 15, 2013, in fiscal 2014. This Statement improves financial reporting by state and local government pension plans.

The Government plans to adopt GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, required for fiscal periods beginning after June 15, 2014, in fiscal 2015. This Statement improves accounting and financial reporting by state and local governments for pensions.

The Government plans to adopt GASB Statement No. 69, Government Operations and Disposals of Government Operations, required for fiscal periods beginning after December 15, 2013, in fiscal 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

The Government plans to adopt GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, required for fiscal periods beginning after June 15, 2013, in fiscal 2014. This Statement improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

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 Position 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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The **Statement of Net Position** presents the Government's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position consists of net position which does not meet the definition of the two preceding categories.

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

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

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

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 **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, 2013, these services include fleet management, information systems, radio maintenance, insurance, postal services, treasury management, general services and printing.

Pension (and other employee benefit) trust funds are used to account for assets and liabilities held by the Government in a fiduciary capacity to provide retirement and disability benefits for employees and retirees.

Agency funds are used to account for assets held by elected officials as agents for individuals, collections by the Government due to the purchasers of certain outstanding property tax receivables, funds held by the Sheriff's Department for inmates, and funds held by the Planning Commission for performance bonds for contractors.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position 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, 2013. 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, 2013.

Inventories – Inventories, principally materials, supplies and replacement parts, are valued at cost in governmental fund statements and at the lower of cost or market in the government-wide and proprietary fund statements, with cost determined using the first-in, first-out, moving weighted average or average cost method. Inventory items are recorded as expenditures when used under the consumption method.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. Capitalized interest totaled \$2,337,190 for the year ended June 30, 2013.

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 remaining lease term.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

Deferred outflows of resources – In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. *Deferred outflows of resources* represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource (expense) until then. The Government has two items that qualify for reporting in this category. The *deferred charge on refunding* results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The *effective portion of fuel hedging* relates to the Government's fuel hedging program. The Government's fuel hedges are considered to be derivatives, the effective portion of which is accounted for as a deferred outflow of resources.

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, 2013. 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 Position 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 been used is reported in the applicable governmental activities in the Statements of Net Position 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 Position 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 Position and Activities and as a commitment of fund balance in the Balance Sheet - Governmental Funds. For proprietary funds (including component units) any such rebates are reflected as liabilities in the appropriate individual proprietary funds.

Landfills – State and federal laws and regulations require the Government to place a final cover on all its landfill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near, or after, the date the landfill stops accepting waste, the Government is required to report a portion of these closure and postclosure care costs as an expense in the government-wide financial statements. This expense is based on landfill capacity used at the reporting date. The current year expenditures of the landfills are reported in the Solid Waste Operations Fund, a nonmajor governmental fund, in the Governmental Funds section of this report. The long term liability and expense are reported in the Statements of Net Position and Activities. The total liability for landfill purposes is \$9,512,557.

Bordeaux Sanitary Landfill – This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$5,841,941 are included in the long-term liability.

Metro Thermal Ash Landfill – This landfill has stopped accepting solid waste, and closing procedures are 100% complete. Estimated postclosure costs of \$1,242,471 are included in the long-term liability.

Due West Landfill – This landfill has stopped accepting waste, and closing procedures are 100% complete. Estimated postclosure costs of \$1,659,499 are included in the long-term liability.

Lebanon Road Landfill – This landfill has stopped accepting waste, and closing procedures are 100% complete. Estimated postclosure costs of \$768,646 are included in the long-term liability.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 and discounts – In the governmental funds, bond premiums and discounts 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 and discounts are deferred and amortized over the term of the related bonds.

Derivative financial instruments – Derivative financial instruments consist of interest rate swap agreements and fuel hedging agreements and are accounted for at fair value in accordance with GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. The Government analyzes its derivative financial instruments into hedging derivative instruments and investment derivative instruments. If a derivative is classified as a hedging derivative instrument, changes in its fair value are deferred on the Statement of Net Position as either deferred inflows or deferred outflows. If a derivative is classified as an investment derivative instrument, changes in its fair value are reported on the Statement of Activities in the period in which they occur.

Deferred inflows of resources – In addition to liabilities, the Balance Sheets and Statements of Net Position will sometimes report a separate section for deferred inflows of resources. *Deferred inflows of resources* represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The Government has two items that qualify for reporting in this category. The *unavailable revenue* reported in the Balance Sheet, which arises under a modified accrual basis of accounting, represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. The *unavailable revenue* reported in the Statement of Net Position, arises from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year but levied in the subsequent year. The *interest rate swap* relates to an interest rate swap agreement which is considered to be a hedging derivative financial instrument. Changes in the fair market value of hedging derivatives are reported as deferred inflows or outflows of resources.

Fund balances – Restricted fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by external parties such as creditors or grantors or by law through constitutional provisions or enabling legislation. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal legislative action of the Metropolitan Council, the Government's highest level of decision-making authority. Committed fund balances are established and can only be modified or rescinded by resolution approved by the Metropolitan Council. Assigned fund balances are amounts intended to be used for specific purposes as designated by management of the Finance Department of the Government. The Metropolitan Council has by ordinance authorized the Finance Director to assign fund balance. The Metropolitan Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily; no additional action is required for the removal of an assignment. Unassigned fund balance is the residual classification for the General Fund and negative fund balances in other governmental funds. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the Government considers restricted amounts to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance amounts are available, the Government considers committed fund balance to have been spent first, followed by assigned, then unassigned. Per the Tennessee Code Annotated 49-3-352, the General Purpose School Fund is required to maintain a fund balance in excess of three percent of budgeted operating expenditures.

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 Position – 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.

Unbilled revenues – 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.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$.62 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 inflows to reflect amounts not available at June 30, 2013. Amounts available at June 30, 2013 have been recorded as revenue in the governmental fund statements. Current tax collections of \$845,378,327 for the fiscal year ended June 30, 2013 were approximately 99% of the tax levy.

Of the \$892,672,143 property tax receivable, \$877,438,278 represents the 2014 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.

NOTE 2 – RESTATEMENT OF NET POSITION

The Government adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, for the year ended June 30, 2013. The Statement established accounting and financial reporting standards that, among other things, recognized as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. As a result, costs related to the issuance of debt previously deferred were reclassified as if they had been reported as an outflow of resources when incurred. The impact on the financial statements was a decrease in beginning net position as follows:

	Statement of Activities			Statement of Revenues, Expenses and Changes in Net Position	Statement of Activities
	Governmental Activities	Business-type Activities	Component Units	Proprietary Funds	Component Units
Net position - beginning of year, as previously reported	\$ 331,048,084	\$ 1,347,514,681	\$ 1,743,356,532	\$ 1,374,565,798	\$ 1,743,356,532
Reclassification of deferred charge for debt issuance costs	<u>(12,031,254)</u>	<u>(6,516,388)</u>	<u>(15,739,007)</u>	<u>(6,516,388)</u>	<u>(15,739,007)</u>
Net position - beginning of year, as restated	<u>\$ 319,016,830</u>	<u>\$ 1,340,998,293</u>	<u>\$ 1,727,617,525</u>	<u>\$ 1,368,049,410</u>	<u>\$ 1,727,617,525</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 – 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, 2013.

B. Budgets and Budgetary Accounting

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

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

The Government is legally required to prepare, and the Metropolitan Council is required to approve, the annual budgets of the General Fund, the General Purpose School Fund, and the GSD General Purposes, GSD School Purposes and USD General Purposes Debt Service Funds. In preparing the budgets, the Government utilizes generally accepted accounting principles (GAAP) for all legally required budgeted funds.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In accordance with Article 6 of the Metropolitan Charter, the Annual Operating Budget of the Government for the fiscal year 2013-2014 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number BL 2013-431. Fund balance resources at June 30, 2013 have been assigned to the 2013-2014 fiscal year operating budget as follows:

General Services District General Fund	\$ 9,813,100
Urban Services District General Fund	5,262,200
General Purpose School Fund	12,000,000
General Services District General Purposes Debt Service Fund	5,966,900
General Services District School Purposes Debt Service Fund	8,000,000
Urban Services District General Purposes Debt Service Fund	4,000,000

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, 2013 were as follows:

	<u>Outstanding Encumbrances</u>
General Fund	\$ 688,882
Special Revenue Funds:	
General Purpose School	1,755,524
Metropolitan Action Commission	1,790,510
General Fund 4% Reserve	2,156,357
Stormwater Grants	186,123
Flood 2010 Recovery	3,799,045
Education Services	7,551,017
Other Governmental Services	1,525,953
Capital Projects Funds:	
GSD Capital Projects	78,679,659
Education Capital Projects	32,343,248
USD Capital Projects	17,327,975

C. Deficit Balances and Excess Expenditures

The following funds have deficit balances at June 30, 2013:

	<u>Unassigned Fund Balance/ Unrestricted Net Position</u>
Special Revenue Funds:	
Flood 2010 Recovery	\$ (15,710,564)
Enterprise Funds:	
Municipal Auditorium	(38,290)
Police Impound	(2,369,948)

The deficit in the Flood 2010 Recovery Fund is expected to be funded by future revenues from the Federal and Tennessee Emergency Management Agencies (FEMA and TEMA). Certain flood-related expenditures continue to be on appeal with FEMA.

The deficit in the Municipal Auditorium Fund was the result of depreciation expense that was not funded with a cash subsidy from the General Fund.

The deficit in the Police Impound Fund was funded by an appropriation from the General Fund in fiscal 2014.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2013, 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:			
Conservation of Natural Resources:			
Soil and Water Conservation	\$ 84,800	\$ 86,488	\$ (1,688)
Employee Benefits:			
Employer's Contribution for Group Life Insurance	1,866,900	1,986,129	(119,229)
Transfers Out:			
General Purpose School Fund	-	49,190	(49,190)
Nonmajor Governmental Funds	39,602,400	39,667,781	(65,381)
Fiduciary Funds	22,000	46,004	(24,004)
General Purpose School Fund:			
Transfers out	41,357,447	41,394,876	(37,429)
GSD General Purposes Debt Service Fund:			
Principal Retirement	20,998,300	20,998,341	(41)
Interest	49,896,200	53,068,288	(3,172,088)
Fiscal Charges	1,841,300	2,679,756	(838,456)
Payments to Refunded Bond Escrow Agent	-	235,033,631	(235,033,631)
GSD School Purposes Debt Service Fund:			
Principal Retirement	16,503,100	18,496,776	(1,993,676)
Fiscal Charges	714,700	854,615	(139,915)
Payments to Refunded Bond Escrow Agent	-	162,340,389	(162,340,389)
Transfer out	-	189,615	(189,615)
USD General Purposes Debt Service Fund:			
Payments to Refunded Bond Escrow Agent	-	36,462,830	(36,462,830)
Transfer out	-	22,791	(22,791)

Soil and Water Conservation is over budget primarily due to required training in excess of amounts budgeted.

Employee Contribution for Group Life Insurance is over budget due to an increase in the number of retirees in excess of budget projections. Employee benefits are under budget in total.

Transfers Out to the General Purpose School Fund are for funding of school libraries that was budgeted in the departmental budget for Public Library.

Transfers Out to the Nonmajor Governmental Funds is over budget due to higher transfers to the General Fund 4% Reserve Fund which are based on a percentage of certain revenues in the General Fund.

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

Transfers Out in General Purpose School Fund 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 as a whole.

Expenditures and Transfers Out for the GSD and USD General Purposes and GSD School Purposes Debt Service Funds are not controlled on a line item basis. Also, costs related to debt issues and refundings are not budgeted. All three of these funds are under budget as a whole after considering the impact of the debt issues and refundings.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 – DEPOSITS AND INVESTMENTS

Primary Government

The Government is authorized by policy to invest funds that are not immediately needed in: United States Treasury Bills, Bonds and Notes; The State of Tennessee Local Government Investment Pool (LGIP); most bonds issued by U.S. Government Agencies and other investments such as repurchase agreements and commercial paper. The Government is authorized to invest in these instruments either directly or through the Metro Investment Pool (MIP), which is primarily invested in the LGIP. Primary oversight for the LGIP rests with the State of Tennessee Funding Board. The LGIP is similar to a SEC 2a-7 account (SEC designation), and the Government's amounts included in the LGIP are reported at the fair value of its position in the LGIP, which approximates the value of the LGIP shares at amortized cost. The Metropolitan Employees' Benefit Trust is authorized to invest funds in accordance with the Statement of Investment Policy of the Investment Committee of the Government, which states that the Investment Committee may make investments it deems suitable for the Trust. Investments of the Teachers Retirement Plan are administered by the Administrative Retirement Committee of the Metropolitan Nashville Public Schools which adopted the Metropolitan Employees' Benefit Trust Statement of Investment Policy effective July 1, 2011.

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, 2013, 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 the Statement of Investment Policy adopted by their respective Committees.

As of June 30, 2013, the Government had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Total Portfolio Average Weighted Maturity (in Years)</u>
Metro Investment Pool:		
Tennessee Local Government Investment Pool	\$ <u>854,037,780</u>	0.31
Total Metro Investment Pool (a)	\$ <u><u>854,037,780</u></u>	
Separate Portfolios:		
U.S. Treasuries (a)	\$ 21,133,097	0.01
U.S. Government Bonds	<u>3,857,286</u>	3.72
Total Separate Portfolios	\$ <u><u>24,990,383</u></u>	
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan:		
U.S. Government Agencies	\$ 84,013,338	12.62
Foreign Government Bonds and Agencies	32,233,331	4.01
Government Mortgage Backed Securities	69,056,216	4.55
Corporate Bonds and Notes	175,566,230	4.14
High Yield Bonds	27,047,904	3.37
Inflation Protected Bonds	28,671,969	6.68
Common Stock (b)	1,104,991,835	(b)

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

Investment Type	Fair Value	Total Portfolio Average Weighted Maturity (in Years)
Preferred Stock	\$ 226,000	(b)
Municipals	7,702,711	8.17
Mortgages and Real Estate	39,913	(b)
Credit Default Swaps	48,276,130	0.01
Commingled Funds U.S. Debt	15,000,000	(b)
Venture Capital and Partnerships	835,055,396	(b)
Cash Collateral Received - Securities Lending Program	<u>59,089,914</u>	(b)
 Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	 \$ <u><u>2,486,970,887</u></u>	

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

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policies place no specific limit on the weighted average maturity of the Government's investment portfolios. However, the average maturity of the portfolios are monitored and managed so that the changing interest rates will cause only minimal deviations in the net asset value. As of June 30, 2013, 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 the majority of fixed income investments, other than short-term paper, at purchase to investment grade as established by one or more of the nationally recognized bond rating agencies.

Also, the use of futures, options and swaps is permitted as long as the particular investment manager's strategy or mandate allows it. As of June, 30, 2013, the investments of the Government had credit ratings as follows:

Investment Type	Credit Ratings							
	Fair Value	AAA	AA	A	BBB	BB	B	Not Rated
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan								
U.S. Government Agencies	\$ 84,013,338	\$ -	\$ 26,355,159	\$ 22,785,760	\$ -	\$ -	\$ -	\$ 34,872,419
Foreign Government Bonds and Agencies	32,233,331	846,693	-	99,671	4,799,051	-	-	26,487,916
Government Mortgage Backed Securities	69,056,216	-	-	-	-	-	-	69,056,216
Corporate Bonds and Notes	175,566,230	-	3,619,808	42,934,888	76,348,786	11,814,786	411,500	40,436,462
High Yield Bonds	27,047,904	-	-	-	-	12,621,232	9,838,313	4,588,359
Inflation Protected Bonds	28,671,969	-	-	-	-	-	-	28,671,969
Municipals	7,702,711	228,014	1,118,757	1,901,966	226,229	520,000	512,550	3,195,195
Credit Default Swaps	<u>48,276,130</u>	<u>-</u>	<u>4,425,700</u>	<u>7,333,969</u>	<u>9,301,947</u>	<u>-</u>	<u>-</u>	<u>27,214,514</u>
 Total Metropolitan Employees' Benefit Trust Trust and Teachers' Retirement Plan	 <u>\$ 472,567,829</u>	 <u>\$ 1,074,707</u>	 <u>\$ 35,519,424</u>	 <u>\$ 75,056,254</u>	 <u>\$ 90,676,013</u>	 <u>\$ 24,956,018</u>	 <u>\$ 10,762,363</u>	 <u>\$ 234,523,050</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 5% except for the securities of the U.S. Government or its agencies. There is no single issuer that exceeds 5% of total investments at June 30, 2013.

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, 2013, all investments were insured or registered or the securities were held by the Government or its agent in the Government's name.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of June 30, 2013, no Metro Investment Pool or Separate Portfolio investments were held in foreign currency. The Investment Policy for the Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan places no specific limits on investments in international markets; however, investments in international markets are targeted at 16% with a maximum exposure not to exceed 30% of the portfolios. As of June 30, 2013, the Government's exposure to foreign currency risk is as follows:

<u>Base Currency</u>	<u>Fair Value</u>
Common Stock:	
Australian dollar	\$ 2,111,551
British pound sterling	21,823,446
Canadian dollar	2,784,736
Danish krone	875,868
Euro	25,430,043
Japanese yen	17,507,901
New Zealand dollar	569,262
Norwegian krone	755,313
Swedish krona	4,994,237
Swiss franc	<u>5,536,496</u>
 Total Common Stock	 <u>82,388,852</u>
 Venture Capital and Partnerships:	
Euro	<u>50,352,691</u>
 Total Venture Capital and Partnerships	 <u>50,352,691</u>
 Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	 <u>\$ 132,741,543</u>

C. Securities Lending Program

The Metropolitan Employees' Benefit Trust (Trust) and Teachers' Retirement Plan (Plan) are authorized by the Metropolitan Charter and the Statement of Investment Policy to lend securities to brokerage firms on a temporary basis through their custodian bank, Bank of New York Mellon (Custodian). During the fiscal year, the Custodian lent the Trust 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 Trust imposed no 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 loans for the year ended June 30, 2013 was approximately 60 days. Cash collateral is invested in a short term investment pool. The relationship between the maturities of the investment pool and the Custodian's loans is

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

affected by the maturities of the securities loans made by other entities that use the Custodian's pool, which the Custodian's system cannot determine. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term. As the loans are terminable at will, the duration of the investments generally did not match the duration of the investments made with the cash collateral.

The collateral held and the market value of the securities on loan as of June 30, 2013 was \$59,089,914 and \$57,469,628 respectively, for the Trust. The cash collateral is recorded as both an asset and a liability on the Trust financial statements. Securities and letters-of-credit received as collateral at June 30, 2013 are not recorded in the Statement of Plan Net Position, as the Trust cannot sell or pledge the collateral received absent a borrower default.

At year end, the Trust has no credit risk by the borrowers because the amount the Trust owes the borrowers exceeds the amount the borrowers owe the Trust. The gross earnings for securities lending were \$84,974 and borrowers rebates were \$391,316 for total income of \$476,290, and the related expenses were \$95,237 in agent fees, netting \$381,053 in securities lending income for the Trust.

Component Units

A. Deposits

All component units are subject to State of Tennessee statute which requires that deposits in financial institutions be secured and collateralized by such institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool. The degrees of risk regarding deposits vary with each component unit as noted in their separately issued financial statements.

B. Investments

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government

Governmental activities:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 299,304,859	\$ 39,154,445	\$ -	\$ 338,459,304
Transportation infrastructure	1,464,185,684	11,898,401	-	1,476,084,085
Public art	1,159,183	312,517	-	1,471,700
Construction in progress	128,198,734	64,632,638	(37,893,704)	154,937,668
	<u>1,892,848,460</u>	<u>115,998,001</u>	<u>(37,893,704)</u>	<u>1,970,952,757</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated:				
Buildings and improvements	1,682,184,007	30,630,018	(345,921)	1,712,468,104
Improvements other than buildings	29,031	-	-	29,031
Furniture, machinery and equipment	332,213,425	53,702,550	(8,719,029)	377,196,946
Stormwater infrastructure	113,042,446	9,469,643	-	122,512,089
	<u>2,127,468,909</u>	<u>93,802,211</u>	<u>(9,064,950)</u>	<u>2,212,206,170</u>
Total capital assets, being depreciated				
Less accumulated depreciation:				
Building and improvements	(576,223,403)	(51,541,946)	331,496	(627,433,853)
Furniture, machinery and equipment	(250,305,314)	(27,062,263)	8,470,985	(268,896,592)
Stormwater infrastructure	(36,035,604)	(2,283,845)	-	(38,319,449)
	<u>(862,564,321)</u>	<u>(80,888,054)</u>	<u>8,802,481</u>	<u>(934,649,894)</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>1,264,904,588</u>	<u>12,914,157</u>	<u>(262,469)</u>	<u>1,277,556,276</u>
Governmental activities capital assets, net	<u>\$ 3,157,753,048</u>	<u>\$ 128,912,158</u>	<u>\$ (38,156,173)</u>	<u>\$ 3,248,509,033</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, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 18,140,732	\$ 12,465,447	\$ -	\$ 30,606,179
Construction in progress	104,995,518	94,056,853	(47,816,940)	151,235,431
Total capital assets, not being depreciated	123,136,250	106,522,300	(47,816,940)	181,841,610
Capital assets, being depreciated:				
Utility plant in service	2,459,843,340	55,851,943	-	2,515,695,283
Buildings and improvements	137,660,167	152,150	(137,931)	137,674,386
Improvements other than buildings	45,326,833	1,509,936	-	46,836,769
Furniture, machinery and equipment	39,131,590	873,241	(39,124)	39,965,707
Property under capital lease	3,645,000	-	-	3,645,000
Total capital assets, being depreciated	2,685,606,930	58,387,270	(177,055)	2,743,817,145
Less accumulated depreciation:				
Utility plant in service	(849,026,842)	(68,397,019)	-	(917,423,861)
Buildings and improvements	(74,797,280)	(3,748,596)	85,497	(78,460,379)
Improvements other than buildings	(36,535,395)	(886,238)	-	(37,421,633)
Furniture, machinery and equipment	(34,024,280)	(1,489,330)	37,261	(35,476,349)
Property under capital lease	(1,465,469)	(91,125)	-	(1,556,594)
Total accumulated depreciation	(995,849,266)	(74,612,308)	122,758	(1,070,338,816)
Total capital assets, being depreciated, net	1,689,757,664	(16,225,038)	(54,297)	1,673,478,329
Business-type activities capital assets, net	\$ 1,812,893,914	\$ 90,297,262	\$ (47,871,237)	\$ 1,855,319,939

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

Governmental activities:	
General government	\$ 11,292,762
Fiscal administration	971,306
Administration of justice	2,521,316
Law enforcement and care of prisoners	6,701,150
Fire prevention and control	1,434,807
Education	30,381,756
Regulation and inspection	2,273
Public welfare	234,215
Public health and hospitals	522,994
Public library system	2,215,268
Public works, highways and streets, including depreciation of stormwater infrastructure	4,793,426
Recreational and cultural	5,744,058
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>14,072,723</u>
Total depreciation expense, governmental activities	\$ <u>80,888,054</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Business-type activities:	
Department of Water and Sewerage Services	\$ 69,992,615
District Energy System	2,252,853
Nashville Convention Center	1,428,357
Board of Fair Commissioners	382,110
Farmers Market	292,317
Police Secondary Employment	25,474
Municipal Auditorium	<u>238,582</u>
Total depreciation expense, business-type activities	<u>\$ 74,612,308</u>

Component Units

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 326,609,898	\$ 10,873,969	\$ (1,607,549)	\$ 335,876,318
Public art	-	1,177,844	-	1,177,844
Construction in progress	<u>590,510,378</u>	<u>162,587,549</u>	<u>(606,981,535)</u>	<u>146,116,392</u>
Total capital assets, not being depreciated	<u>917,120,276</u>	<u>174,639,362</u>	<u>(608,589,084)</u>	<u>483,170,554</u>
Capital assets, being depreciated:				
Utility plant in service	1,212,008,000	52,630,000	(12,130,000)	1,252,508,000
Buildings and improvements	1,085,467,807	618,786,054	(4,324,420)	1,699,929,441
Improvements other than buildings	475,590,011	1,128,634	(7,758)	476,710,887
Furniture, machinery and equipment	326,255,799	39,068,091	(7,678,109)	357,645,781
Infrastructure	<u>21,155,548</u>	<u>-</u>	<u>-</u>	<u>21,155,548</u>
Total capital assets, being depreciated	<u>3,120,477,165</u>	<u>711,612,779</u>	<u>(24,140,287)</u>	<u>3,807,949,657</u>
Less accumulated depreciation for:				
Utility plant in service	(464,293,000)	(44,241,000)	21,656,000	(486,878,000)
Buildings and improvements	(414,068,807)	(41,970,764)	3,192,969	(452,846,602)
Improvements other than buildings	(263,807,165)	(17,436,669)	-	(281,243,834)
Furniture, machinery and equipment	(185,603,295)	(14,483,008)	7,415,476	(192,670,827)
Infrastructure	<u>(7,715,392)</u>	<u>(830,961)</u>	<u>-</u>	<u>(8,546,353)</u>
Total accumulated depreciation	<u>(1,335,487,659)</u>	<u>(118,962,402)</u>	<u>32,264,445</u>	<u>(1,422,185,616)</u>
Total capital assets, being depreciated, net	<u>1,784,989,506</u>	<u>592,650,377</u>	<u>8,124,158</u>	<u>2,385,764,041</u>
Component units activities capital assets, net	<u>\$ 2,702,109,782</u>	<u>\$ 767,289,739</u>	<u>\$ (600,464,926)</u>	<u>\$ 2,868,934,595</u>

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

NOTE 6 – BONDS, NOTES AND OTHER OBLIGATIONS

Primary Government

A. Transaction Summary

Bonds, notes and other obligations activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Governmental activities:					
General obligation bonds payable:					
General Services District	\$ 1,087,315,181	\$ 503,958,218	\$ (227,050,474)	\$ 1,364,222,925	\$ 52,004,659
Schools	648,952,771	198,307,262	(144,639,937)	702,620,096	32,827,475
Urban Services District	181,076,431	55,207,531	(40,206,893)	196,077,069	8,537,214
Deferred premium (discount) (1)	187,865,997	131,109,907	(17,688,237)	301,287,667	-
Total general obligation bonds payable	<u>2,105,210,380</u>	<u>888,582,918</u>	<u>(429,585,541)</u>	<u>2,564,207,757</u>	<u>93,369,348</u>
Qualified zone academy notes payable:					
Qualified Zone Academy Notes	3,731,099	-	(414,567)	3,316,532	414,567
Deferred premium (discount)	(88,096)	-	10,364	(77,732)	-
Total qualified zone academy notes payable	<u>3,643,003</u>	<u>-</u>	<u>(404,203)</u>	<u>3,238,800</u>	<u>414,567</u>
Qualified school construction bond loans payable	<u>52,410,124</u>	<u>-</u>	<u>(3,536,429)</u>	<u>48,873,695</u>	<u>3,536,429</u>
Other obligations payable:					
Net pension obligation	80,805,421	108,808,623	(100,568,798)	89,045,246	-
Net other postemployment benefits obligation	785,685,000	218,439,000	(84,716,000)	919,408,000	-
Compensated absences	73,975,024	72,375,087	(61,152,391)	85,197,720	46,680,826
Claims and judgments	5,640,720	6,106,186	(1,162,500)	10,584,406	350,000
Landfill closure costs	9,896,285	-	(383,728)	9,512,557	493,962
Fair value of derivative financial instruments	16,328,744	243,430	(4,421,343)	12,150,831	-
Total other obligations payable	<u>972,331,194</u>	<u>405,972,326</u>	<u>(252,404,760)</u>	<u>1,125,898,760</u>	<u>47,524,788</u>
Total governmental activities long-term liabilities	<u>\$ 3,133,594,701</u>	<u>\$ 1,294,555,244</u>	<u>\$ (685,930,933)</u>	<u>\$ 3,742,219,012</u>	<u>\$ 144,845,132</u>
Business-type activities:					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 659,360,000	\$ 237,930,000	\$ (69,840,000)	\$ 827,450,000	\$ 30,765,000
Deferred premium (discount) (1)	33,352,490	30,039,289	(5,968,119)	57,423,660	-
State economic and development loan	196,884	-	(47,061)	149,823	48,472
Total Department of Water and Sewerage Services	<u>692,909,374</u>	<u>267,969,289</u>	<u>(75,855,180)</u>	<u>885,023,483</u>	<u>30,813,472</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Business-type activities: (Continued)					
District Energy System:					
Revenue bonds payable	\$ 57,810,000	\$ -	\$ (57,810,000)	\$ -	\$ -
Deferred premium (discount) (1)	1,636,078	-	(1,636,078)	-	-
General obligation bonds payable	6,335,617	56,911,989	(3,067,696)	60,179,910	2,000,652
Deferred premium (discount) (1)	<u>737,783</u>	<u>8,608,569</u>	<u>(429,006)</u>	<u>8,917,346</u>	<u>-</u>
Total District Energy System	<u>66,519,478</u>	<u>65,520,558</u>	<u>(62,942,780)</u>	<u>69,097,256</u>	<u>2,000,652</u>
Farmers Market:					
Capitalized lease obligations payable	<u>695,000</u>	<u>-</u>	<u>(220,000)</u>	<u>475,000</u>	<u>230,000</u>
Total business-type activities long-term liabilities	<u>\$ 760,123,852</u>	<u>\$ 333,489,847</u>	<u>\$ (139,017,960)</u>	<u>\$ 954,595,739</u>	<u>\$ 33,044,124</u>

(1) The July 1, 2012 balance of the deferred premium (discount) was restated to reflect the reclassification of deferred charges on refundings from noncurrent liabilities to deferred inflows on the Statement of Net Position.

B. Description of Amounts Payable

Amounts payable at June 30, 2013 are as follows:

	Interest Rate	Amount
Governmental activities:		
General obligation bonds payable from ad valorem taxes:		
General Services District - General Purposes, due in varying amounts to July 1, 2034	.32 - 5.71%	\$ 1,364,222,925
General Services District - School Purposes, due in varying amounts to July 1, 2034	.32 - 5.71%	702,620,096
Urban Services District - General Purposes, due in varying amounts to July 1, 2034	.32 - 5.71%	196,077,069
Deferred premium (discount)		<u>301,287,667</u>
Total general obligation bonds payable from ad valorem taxes		<u>2,564,207,757</u>
Qualified zone academy notes payable:		
Qualified Zone Academy Notes, due in varying amounts to December 28, 2020	N/A	3,316,532
Deferred premium (discount)		<u>(77,732)</u>
Total qualified zone academy notes payable		<u>3,238,800</u>
Qualified school construction bond loans payable	1.515%	<u>48,873,695</u>
Other obligations payable:		
Net pension obligation		89,045,246
Net other postemployment benefits obligation		919,408,000
Compensated absences		85,197,720
Claims and judgments		10,584,406
Landfill closure		9,512,557
Fair value of derivative financial instruments		<u>12,150,831</u>
Total other obligations payable		<u>1,125,898,760</u>
Total governmental activities long-term liabilities		<u>\$ 3,742,219,012</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>Interest Rate</u>	<u>Amount</u>
Business-type activities:		
Bonds payable:		
Series 1998B, due in varying amounts to January 1, 2014	4.55 - 5.25%	\$ 9,065,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2007, due in varying amounts to January 1, 2016	4.25 - 5.00%	24,380,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2008A, due in varying amounts to January 1, 2022	3.25 - 5.25%	107,005,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2010A, due in varying amounts to July 1, 2027	3.00 - 5.00%	104,050,000
Department of Water and Sewerage Revenue Bonds, Federally Taxable (BAB's), Series 2010B, due in varying amounts to July 1, 2037	6.393 - 6.568%	135,000,000
Department of Water and Sewerage Revenue Bonds, Federally Taxable, Series 2010C, due in varying amounts to July 1, 2041	6.693%	75,000,000
Department of Water and Sewerage Revenue Refunding Bonds, Federally Taxable, Series 2010D, due in varying amounts to July 1, 2018	4.255 - 4.791%	7,610,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2012, due in varying amounts to July 1, 2023	1.00 - 5.00%	127,410,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2013, due in varying amounts to July 1, 2033	3.00 - 5.00%	237,930,000
Deferred premium (discount)		<u>57,423,660</u>
Total Department of Water and Sewerage Services		<u>884,873,660</u>
District Energy System G. O. Multi-purpose Bonds, Series 2005A, due in varying amounts to January 1, 2025	4.25 - 5.25%	1,120,000
District Energy System G. O. Public Improvement and Refunding Bonds, Series 2010A, due in varying amounts to July 1, 2026	2.75 - 5.00%	274,201
District Energy System G. O. Refunding Bonds, Series 2010C, due in varying amounts to July 1, 2015	2.21 - 3.23%	290,556
District Energy System G. O. Refunding Bonds, Series 2010D, due in varying amounts to July 1, 2024	1.50 - 5.00%	1,079,077
District Energy System G. O. Refunding Bonds, Series 2011, due in varying amounts to July 1, 2023	2.00 - 5.00%	504,087
District Energy System Revenue Refunding Bonds, Series 2012A, due in varying amounts to October 1, 2033	2.00 - 5.00%	47,450,000
District Energy System G. O. Refunding Bonds, Series 2012B, due in varying amounts to July 1, 2024	.32 - 2.767%	3,231,543
District Energy System G. O. Refunding Bonds, Series 2013A, due in varying amounts to July 1, 2033	3.00 - 5.00%	6,230,446
Deferred premium (discount)		<u>8,917,346</u>
Total District Energy System		<u>69,097,256</u>
Total bonds payable		<u>953,970,916</u>
Department of Water and Sewerage Services - state economic and development loan	3.00%	149,823
Farmers Market - capitalized lease obligations payable	7.50%	<u>475,000</u>
Total business-type activities long-term liabilities		<u>\$ 954,595,739</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Governmental activities:

Noncurrent liabilities:

Due within one year	\$ 144,845,132
Due in more than one year	<u>3,597,373,880</u>

Total governmental activities	<u>\$ 3,742,219,012</u>
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Business-type activities:

Liabilities payable from restricted assets:

Current portion of long-term liabilities	\$ 32,814,124
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Noncurrent liabilities:

Due within one year	230,000
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Due in more than one year	<u>921,551,615</u>
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Total business-type activities	<u>\$ 954,595,739</u>
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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.

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

Net pension obligation	Fund incurring the related employees' compensation, primarily the General Fund, General Purposes School Fund and Department of Water and Sewerage Services Fund
Other postemployment benefits obligation	Fund incurring the related employees' compensation, primarily the General Fund, General Purposes School Fund and Department of Water and Sewerage Services Fund
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, 2013, the Government believes it is in compliance with all financial limitations and restrictions.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

E. Annual Debt Service Requirements

The annual requirements to amortize all general obligation bonds and revenue bonds outstanding as of June 30, 2013 are as follows:

Year Ending June 30	General Obligation Bonds		Revenue Bonds		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 95,370,000	\$ 99,075,972	\$ 30,765,000	\$ 34,189,170	\$ 126,135,000	\$ 133,265,142
2015	111,785,000	102,930,065	31,500,000	36,030,810	143,285,000	138,960,875
2016	112,120,000	98,254,284	20,275,000	34,839,035	132,395,000	133,093,319
2017	122,980,000	92,353,213	28,795,000	33,692,385	151,775,000	126,045,598
2018	124,785,000	87,719,803	37,475,000	32,139,607	162,260,000	119,859,410
2019-2023	674,235,000	351,134,154	190,290,000	132,015,069	864,525,000	483,149,223
2024-2028	662,725,000	189,919,372	90,875,000	96,990,780	753,600,000	286,910,152
2029-2033	349,530,000	71,346,538	104,820,000	75,561,101	454,350,000	146,907,639
2034-2038	69,570,000	3,899,300	131,380,000	48,724,414	200,950,000	52,623,714
2039-2043	-	-	144,330,000	17,001,671	144,330,000	17,001,671
2044	-	-	16,945,000	338,900	16,945,000	338,900
Total	2,323,100,000	1,096,632,701	827,450,000	541,522,942	3,150,550,000	1,638,155,643
Deferred Premium (Discount)	310,205,013	-	57,423,660	-	367,628,673	-
Total	<u>\$ 2,633,305,013</u>	<u>\$ 1,096,632,701</u>	<u>\$ 884,873,660</u>	<u>\$ 541,522,942</u>	<u>\$ 3,518,178,673</u>	<u>\$ 1,638,155,643</u>

F. Commercial Paper

In August 2003, the Government instituted a general obligation commercial paper (bond anticipation note) program. Commercial paper notes are issued to provide interim or short-term financing of various authorized capital projects. The notes may be refunded with new notes (rollover notes) until the Government is prepared to issue long-term bonds and thereby provide permanent financing for the capital projects financed under the commercial paper program. In July 2007, the Government entered into a Standby Note Purchase Agreement with three banks to provide liquidity for the commercial paper program. If the commercial paper dealer was ever unable to market notes in the amount needed to pay the maturing notes, the liquidity providers would issue bank notes, the proceeds of which would be applied to pay the principal of and interest on commercial paper notes on the respective maturity dates.

General obligation commercial paper is issued as federally tax-exempt notes. The commercial paper is sold at par as interest-bearing obligations in minimum denominations of \$100,000 with interest payable at maturity. The commercial paper has varying maturities not to exceed 270 days, and all rollover commercial paper will not have a final maturity more than two years from the initial dates of issuance. The State has waived the two year final maturity limitation and approved a final maturity not to exceed six years. Interest rates vary depending on the market. At June 30, 2013, the amount of principal outstanding could not exceed \$400 million.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Revenue commercial paper is issued as federally tax-exempt notes. The commercial paper is sold at par as interest-bearing obligations in minimum denominations of \$100,000 with interest payable at maturity. The commercial paper has varying maturities not to exceed 270 days, and all rollover commercial paper will not have a final maturity more than two years from the initial dates of issuance. The State has waived the two year final maturity limitation and approved a final maturity not to exceed six years. Interest rates vary depending on the market. At June 30, 2013, the amount of principal outstanding could not exceed \$183.4 million.

Commercial paper obligations of \$50,000,000 with an interest rate of 0.18% were outstanding at June 30, 2013. These obligations were refunded subsequent to year-end with rollover notes. The obligations are considered short-term debt at June 30, 2013 and are recorded as a liability in the Capital Project Funds and Flood 2010 Recovery Fund of the Government.

Commercial paper activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013
Commercial paper payable	\$ 280,000,000	\$ 1,545,000,000	\$ (1,775,000,000)	\$ 50,000,000

G. Issuance of Bonds

On August 15, 2012, the Government issued \$6,440,000 General Obligation Improvement Bonds Federally Taxable, Series 2012 (Qualified Energy Conservation Bonds – Direct Payment), maturing on August 1, 2027, with an interest rate of 3.37%. The proceeds of the Series 2012 Bonds will be used to fund the costs of certain public projects for qualified energy conservation improvements at the Government’s Arena and other public buildings. The net proceeds of the 2012 Bonds totaled \$4,406,631 (net of underwriting fees) and were deposited with the Government.

On August 15, 2012, the Government issued \$47,450,000 District Energy System Revenue and Tax Refunding Bonds, Series 2012A, maturing on October 1, 2033, with interest rates ranging from 2.00% to 5.00%. The Series 2012A Bonds refunded all outstanding maturities of the District Energy System Revenue Bonds, Series 2002A. By issuing the Series 2012A Bonds, the Government obtained an estimated economic gain (difference between the present values of the debt service payments on the defeased and new debt) of \$11,119,050. The refunding will reduce the Government’s debt service payments over the next twenty-two years by an estimated \$18,647,112.

On August 15, 2012, the Government issued \$140,345,000 General Obligation Refunding Bonds, Series 2012B (Taxable), maturing on July 1, 2024, with interest rates ranging from 0.32% to 2.77%. The Series 2012B Bonds refunded certain maturities of various outstanding Bond Series. By issuing the Series 2012B 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 \$7,680,561. The refunding will reduce the Government’s debt service payments over the next thirteen years by an estimated \$9,994,350.

On February 21, 2013, the Government issued \$245,485,000 General Obligation Refunding Bonds, Series 2013, maturing on July 1, 2027, with interest rates ranging from 2.00% to 5.00%. The Series 2013 Bonds refunded certain maturities of various outstanding Bond Series. By issuing the Series 2013 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 \$13,286,032. The refunding will reduce the Government’s debt service payments over the next eighteen years by an estimated \$17,760,378.

On April 25, 2013, the Government issued \$237,930,000 Water and Sewer Revenue Bonds, Series 2013, maturing on July 1, 2033, with interest rates ranging from 3.00% to 5.00%. The net proceeds of the Series 2013 Bonds totaled \$266,852,355 (net of original issue premium and underwriting fees). \$141,852,355 was deposited with the Government of which \$125,000,000 was made available to fund capital improvements, \$16,377,091 was deposited in debt service reserves, and \$475,264 was used to cover other costs of issuance. Additionally, \$125,000,000 of the net proceeds was used to fund maturing commercial paper notes.

On May 9, 2013, the Government issued \$374,665,000 General Obligation Improvement Bonds, Series 2013A, maturing on January 1, 2033, with interest rates ranging from 3.00% to 5.00%. The net proceeds of the Series 2013A Bonds totaled \$450,496,396 (net of original issue premium and underwriting fees). \$195,496,396 was deposited with the Government of which \$195,001,396 was made available to fund capital improvements and \$495,000 was used to cover other costs of issuance. Additionally, \$255,000,000 of the net proceeds was used to fund maturing commercial paper notes.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

H. Defeased Bonds

On April 9, 2013, the Government defeased \$27,430,000 of Water and Sewer Revenue Refunding Bonds, Series 2008B, maturing on January 1, 2016, with interest rates ranging from 3.45% to 4.84%, through the use of available cash. The defeasement will reduce the Government's debt service payments over the next three years by an estimated \$30,299,452.

In the current and prior years, the Government has defeased certain other obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service requirements on the retired bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Government's financial statements. As of June 30, 2013, \$843,975,000 of general obligation bonds and \$49,965,000 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 and Series 2010A, B, C and D 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 into a loan agreement with the TSSBA in December, 2005 where by the Government would receive an amount not to exceed \$6,350,000 of the proceeds from the TSSBA QZAB, Series 2005. Actual proceeds totaled \$6,218,500. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The TSSBA will hold and invest the proceeds from the Series 2005 Bonds, and as allowable expenditures are incurred, the Government will request reimbursement. The Government is required to make annual principal payments to TSSBA. An investment credit applied to the Government's portion of the bond proceeds will be used to reduce future payments.

QZAB note principal maturities at June 30, 2013 are summarized below:

Year Ending June 30	Principal	Investment Credit (1)
2014	\$ 414,567	\$ 97,031
2015	414,567	97,031
2016	414,567	97,031
2017	414,567	97,031
2018	414,567	97,031
2019-2021	<u>1,243,697</u>	<u>291,094</u>
Total qualified zone academy notes payable	<u>\$ 3,316,532</u>	<u>\$ 776,249</u>

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

K. Qualified School Construction Bond Loan

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

The Government entered a loan agreement with the TSSBA in December 2009 whereby the Government would receive an amount not to exceed \$21,760,000 of the proceeds from the TSSBA QSCB, Series 2009. Actual

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

proceeds totaled \$21,120,000. Interest on the loan is 1.515%, and the loan matures in 2027. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The TSSBA will hold and invest the proceeds from the Series 2009 Bonds, and as allowable expenditures are incurred, the Government will request reimbursement. The Government is required to make annual principal payments to TSSBA. An investment credit applied to the Government's portion of the bond proceeds will be used to reduce future payments.

On October 7, 2010, the Government entered a loan agreement with the TSSBA whereby the Government would receive \$35,555,000 from the TSSBA's QSCB's issued on October 7, 2010. Interest on the loan is 4.848%, and the loan matures in 2028. The Government also receives a share of the TSSBA's interest subsidy payments received from the Federal government. The Government's share of the subsidy is estimated to offset its interest payments. 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 2010 Bonds, and as allowable expenditures are incurred, the Government will request reimbursement. The Government is required to make annual principal payments to TSSBA. Interest earned by the TSSBA on the Government's portion of the bond proceeds will be used to reduce future payments.

QSCB note principal maturities at June 30, 2013 are summarized below:

Year Ending June 30	Principal	Interest	Subsidy
2014	\$ 3,536,429	\$ 2,043,674	\$ 1,723,706
2015	3,536,429	2,043,674	1,723,706
2016	3,536,429	2,043,674	1,723,706
2017	3,536,429	2,043,674	1,723,706
2018	3,536,429	2,043,674	1,723,706
2019-2023	17,682,141	10,218,372	8,618,532
2024-2027	<u>13,509,409</u>	<u>8,051,152</u>	<u>7,756,679</u>
Total qualified school construction bond loan payable	<u>\$ 48,873,695</u>	<u>\$ 28,487,894</u>	<u>\$ 24,993,741</u>

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

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

State economic and development loan principal maturities as of June 30, 2013 are summarized below:

Year Ending June 30	Principal	Interest
2014	\$ 48,472	\$ 4,495
2015	49,927	3,041
2016	<u>51,424</u>	<u>1,543</u>
Total state economic and development loan	<u>\$ 149,823</u>	<u>\$ 9,079</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

M. Derivative Financial Instruments

In connection with outstanding variable rate debt, the Government competitively bid the sale of a pay-fixed receive-variable Securities Industry and Financial Market Association (SIFMA), formerly the Bond Market Association, swaption (Swaption). This transaction generated an upfront payment of \$3,800,000, which is deferred and being amortized over the term of the related interest rate swap in the government-wide statements. The Swaption was sold on a SIFMA floating to fixed interest rate swap and, when it was exercised by the winning bidder, SunTrust Bank (Counterparty), the Government was placed into a variable to fixed interest rate swap commencing on May 15, 2006. The interest rate swap is a hedging derivative instrument (cash flow hedge) maintained by the Government in order to manage its exposure to market risk from fluctuations in interest rates on its variable rate debt. On February 2, 2012, the Government refunded the Tennessee Municipal Bond Fund (TMBF) Loan, which was the debt previously associated with the hedging derivative instrument. Upon the refunding of the TMBF Loan, the Government terminated hedge accounting for the derivative instrument. The related deferral account totaled \$16,126,556 at the date of the refunding and has been included in the net carrying amount of the TMBF Loan for purposes of determining the deferred charge related to its refunding. The Government has subsequently employed the interest rate swap as a hedging derivative instrument maintained in order to manage its exposure to market risk from fluctuations in interest rates on its commercial paper program.

The swap agreement provides that the Government will pay a fixed rate of 5.4% to the Counterparty and will receive the SIFMA rate on the outstanding notional amount which reduces annually and was \$47,870,000 at June 30, 2013. The SIFMA rate at June 30, 2013 was .06%. All terms of the swap remain in effect and expire May 15, 2026. The credit rating of the Counterparty at June 30, 2013 is BBB+. The fair value of this swap contract was a liability of \$11,705,212 at June 30, 2013 and is recorded in noncurrent liabilities in the Statement of Net Position. The liability decreased by \$3,822,154 for the year ended June 30, 2013. This change in fair value is reported as a deferred inflow of resources in the Statement of Net Position.

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

The net receipts/payments on the hedging derivative instrument at June 30, 2013 are summarized below. The amounts assume that the current reference rate (.06%) of the interest rate swap will remain the same for the term of the swap agreement. As this rate varies, the net receipts/payments will vary.

Year Ending June 30	Hedging Derivative, Net Payments
2014	\$ 2,556,258
2015	2,417,952
2016	2,271,636
2017	2,117,310
2018	1,953,906
2018-2023	6,979,380
2024-2026	<u>1,550,469</u>
Total hedging derivative, net payments	<u>\$ 19,846,911</u>

Credit risk – The Government is exposed to credit risk on hedging derivative instruments that are in asset positions. There were no such instruments in asset positions at June 30, 2013. However, should interest rates change and the fair value of the swap becomes positive, the Government would be exposed to credit risk in the amount of the derivative's fair value. The Government relies primarily on the credit rating of the counterparty to assess credit risk.

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

N. Unissued Bonds or Notes

At June 30, 2013, authorized but unissued general obligation bonds totaled \$765,628,000. 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, 2013 was as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Governmental types:					
Revenue bonds payable:					
Sports Authority (1)	\$ 86,171,335	\$ -	\$ (4,064,738)	\$ 82,106,597	\$ 4,835,000
Total revenue bonds payable - governmental types	86,171,335	-	(4,064,738)	82,106,597	4,835,000
Proprietary types:					
Revenue bonds payable:					
Electric Power Board (1)	579,425,000	59,132,000	(83,172,000)	555,385,000	26,270,000
Metropolitan Nashville Airport Authority (1)	234,211,652	-	(31,929,581)	202,282,071	26,645,000
Convention Center Authority	624,341,923	-	(80,495)	624,261,428	-
Total revenue bonds payable - proprietary types	1,437,978,575	59,132,000	(115,182,076)	1,381,928,499	52,915,000
Notes payable:					
Metropolitan Development and Housing Agency	78,082,816	1,414,500	(7,516,556)	71,980,760	6,504,275
Metropolitan Nashville Airport Authority	6,929,329	-	(317,725)	6,611,604	272,264
Total notes payable - proprietary types	85,012,145	1,414,500	(7,834,281)	78,592,364	6,776,539
Total revenue bonds and notes payable	1,609,162,055	60,546,500	(127,081,095)	1,542,627,460	64,526,539
Other liabilities payable:					
Sports Authority:					
Other liabilities	-	4,500,000	(936,146)	3,563,854	-
Hospital Authority:					
Capitalized lease obligation	32,266,522	-	(1,637,538)	30,628,984	1,764,553
Other liabilities	15,784,753	2,437,260	(13,058,996)	5,163,017	-
Metropolitan Development and Housing Agency:					
Other liabilities	1,904,392	1,895,771	(1,904,392)	1,895,771	-
Electric Power Board:					
TVA advances and other	5,115,000	13,360,000	(4,918,000)	13,557,000	-
Metropolitan Transit Authority:					
Deferred lease revenue	12,124,985	-	(617,504)	11,507,481	-
Other postemployment benefits obligation	18,115,097	6,527,865	(2,009,184)	22,633,778	-

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

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Proprietary types: (Continued)					
Metropolitan Nashville Airport Authority:					
Fair value of derivative financial instruments	\$ 2,721,795	\$ -	\$ (512,752)	\$ 2,209,043	\$ -
Deferred interest income	916,796	-	(270,600)	646,196	-
Other postemployment benefits obligation	21,427,297	6,365,995	(2,354,540)	25,438,752	-
Other liabilities	1,896,569	-	(71,228)	1,825,341	-
Total other liabilities payable - proprietary types	112,273,206	35,086,891	(28,290,880)	119,069,217	1,764,553
Total revenue bonds, notes and other liabilities payable - component units	\$ 1,721,435,261	\$ 95,633,391	\$ (155,371,975)	\$ 1,661,696,677	\$ 66,291,092

(1) The July 1, 2012 balances were restated to reflect the reclassification of deferred charges on refundings from noncurrent liabilities to deferred inflows on the Statement of Net Position.

B. Description of Amounts Payable

Amounts payable at June 30, 2013 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%	\$ 49,310,000
Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project), due in varying amount to July 1, 2033	1.142 - 5.231%	22,860,000
Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Project), due in varying amount to July 1, 2018	.38 - 2.944%	9,095,000
Deferred premium (discount)		841,597
Total revenue bonds payable - governmental types		82,106,597
Proprietary types:		
Revenue bonds payable:		
Electric Power Board Electric System Revenue Bonds, 1998 Series A, due in varying amounts to May 15, 2023	5.125 - 5.40%	27,410,000
Electric Power Board Electric System Revenue Bonds, 1998 Series B, due in varying amounts to May 15, 2017	4.75 - 5.50%	23,728,000
Electric Power Board Electric System Revenue Bonds, 2001 Series B, due in varying amounts to May 15, 2014	5.50%	12,126,000
Electric Power Board Electric System Revenue Bonds, 2008 Series A, due in varying amounts to May 15, 2033	3.25 - 5.00%	97,518,000
Electric Power Board Electric System Revenue Bonds, 2008 Series B, due in varying amounts to May 15, 2023	3.25 - 5.00%	74,828,000
Electric Power Board Electric System Revenue Bonds, 2011 Series A, due in varying amounts to May 15, 2036	1.50 - 5.00%	105,132,000
Electric Power Board Electric System Revenue Bonds, 2011 Series B, due in varying amounts to May 15, 2026	2.00 - 5.00%	152,944,000
Electric Power Board Electric System Revenue Bonds, 2013 Series A, due in varying amounts to May 15, 2029	3.25 - 5.00%	61,699,000

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

	Interest Rates	Amount
Proprietary types: (Continued)		
Airport Improvement Revenue Bonds, Series 2003 B, due in varying amounts to July 1, 2033	4.13 - 5.94%	\$ 16,115,000
Airport Improvement Revenue Bonds, Series 2008A, due in varying amounts to July 1, 2019	4.49%	12,500,000
Airport Improvement Revenue Bonds, Series 2009A, due in varying amounts to July 1, 2019	3.00 - 5.25%	30,765,000
Airport Improvement Revenue Bonds, Series 2010A, due in varying amounts to July 1, 2017	3.00 - 5.00%	17,855,000
Special Facility Revenue Bonds, Series 2010, due in varying amounts to July 1, 2029 (includes terms bonds at 6.79%)	2.25 - 6.19%	64,720,000
Airport Improvement Revenue Bonds, Series 2010B, due in varying amounts to July 1, 2015	3.00 - 4.00%	46,545,000
Airport Improvement Revenue Bonds, Series 2010C, due in varying amounts to July 1, 2016	3.00 - 4.00%	10,155,000
Metropolitan Nashville Airport Authority: Deferred premium (discount)		3,627,071
Convention Center Authority Revenue Bonds, 2010A-1 due in varying amounts to July 1, 2026	3.35 - 5.00%	51,730,000
Convention Center Authority Revenue Bonds, 2010A-2 due in varying amounts to July 1, 2043	7.431%	152,395,000
Convention Center Authority Revenue Bonds, 2010B due in varying amounts to July 1, 2043	4.862 - 6.731%	419,090,000
Convention Center Authority: Deferred premium (discount)		1,046,428
Total revenue bonds payable - proprietary types		1,381,928,499
Notes payable:		
Metropolitan Development and Housing Agency		71,980,760
Metropolitan Nashville Airport Authority		6,611,604
Total notes payable - proprietary types		78,592,364
Total revenue bonds and notes payable		1,542,627,460
Other liabilities payable:		
Sports Authority: Other liabilities		3,563,854
Hospital Authority: Capitalized lease obligation		30,628,984
Other liabilities		5,163,017
Metropolitan Development and Housing Agency: Other liabilities		1,895,771
Electric Power Board: TVA Advances		1,337,000
Other		12,220,000
Metropolitan Transit Authority: Deferred lease revenue		11,507,481
Other postemployment benefits obligation		22,633,778
Metropolitan Nashville Airport Authority: Fair value of derivative financial instruments		2,209,043
Deferred interest income		646,196
Other postemployment benefits obligation		25,438,752
Other liabilities		1,825,341
Total other liabilities payable - proprietary types		119,069,217
Total bonds, notes and other liabilities payable - component units		\$ 1,661,696,677

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Liabilities payable from restricted assets:	
Current portion of long-term liabilities	\$ 57,750,000
Noncurrent liabilities:	
Due within one year	8,541,092
Due in more than one year	<u>1,595,405,585</u>
 Total component units long-term liabilities	 <u>\$ 1,661,696,677</u>

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.

D. Defeased Bonds

Sports Authority

In the current year, the Sports Authority has defeased certain revenue 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, 2013, \$10,320,000 of Sports Authority revenue bonds are considered defeased.

E. Description of Bonds

Convention Center Authority

In April 2010, the Convention Center Authority issued Tourism Tax Revenue Bonds, Series 2010A-1 in the amount of \$51,730,000, Series 2010A-2 in the amount of \$152,395,000, and Series 2010B in the amount of \$419,090,000, for a combined principal amount of \$623,215,000 plus original issue premium of \$1,301,329. The purpose of the bonds is to pay the costs associated with planning, designing, engineering, acquiring, constructing, equipping, furnishing, improving, repairing, refurbishing and opening the Music City Center.

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

The bond proceeds were as follows:

Establishment of debt service reserve funds	\$40,040,199
Establishment of capitalized interest funds	22,287,870
Payment of bond issue costs	7,299,082
Retirement of the Agency loan	46,313,567

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

The Series 2010A-1 Bonds are tax exempt, and the Series 2010A-2 and Series 2010B Bonds are federally taxable and were issued as Build America Bonds (BAB's) under an irrevocable election under Section 54 of the Internal Revenue Service Code. BAB's qualify for a 35% credit from the Federal Government on interest payable on the bonds. The Metropolitan Government is required to file requests for these interest credits no earlier than 90 days prior to each scheduled interest payment. Subsequent to the issuance of the bonds, the Federal Government has reduced the credit by approximately 8.7%. The Convention Center Authority is not anticipating restoration of the

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

credit to the original amount; however, the reduction is not expected to have a material impact on the ability to meet future debt payments.

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

The Series 2001B Bonds are payable from the remaining tourism tax revenues available after the payment of the 2001A Bonds, and are additionally secured by the Metropolitan Government's non-tax revenues of the GSD General Fund, subject to the prior pledge and application of certain requirements related to bonds issued by the Sports Authority.

F. Conduit Debt Obligations

Industrial Development Board

The Government, through the Industrial Development Board, has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entities served by the bond issuances. Neither the Government nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities of the Government.

The aggregate principal amount as of June 30, 2013 for the Industrial Revenue Bonds issued after April 1, 1996 was approximately \$945,425,524. 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 \$4,237,181,525. The aggregate principal amount of revenue bonds which were issued by the Board and were still outstanding as of April 1, 1996 could not be determined; however, the total aggregate principal amount of revenue bonds issued by the Board prior to April 1, 1996 was \$1,367,025,500.

G. Other Matters

Sports Authority

The Authority has a \$10,000,000 revolving credit line with First Tennessee Bank for the purpose of financing capital improvements at the Bridgestone Arena. Interest is calculated monthly at a variable rate as set forth in the loan agreement based on the outstanding principal balance of the loan. The monthly interest is payable from capital improvement fees received by the Metropolitan Government, and any excess monthly revenues over the interest due are paid against the outstanding principal balance. The loan expires September 30, 2017 at which time the principal outstanding balance and any interest will be due to First Tennessee Bank. The total outstanding balance as of June 30, 2013 is \$3,563,854.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Transit Authority

The Authority had 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 was calculated at the same rate of interest as is earned on the Metropolitan Government's idle funds in its Metro Investment Pool. The amount was paid in full during fiscal year 2013.

The Authority had a \$9,000,000 revolving credit line agreement with the Metropolitan Government for the purpose of funding capital activities until the Authority receives expected Federal and State grant monies from capital grants. Interest on the outstanding principal balance is calculated at the same rate of interest as is earned on the Metropolitan Government's idle funds in its Metro Investment Pool. The total outstanding balance as of June 30, 2013 is \$3,996,213. The amount is reported as due to the primary government. The outstanding balance was paid in full on July 5, 2013.

The Authority had a \$2,000,000 revolving credit line agreement with the Metropolitan Government for the purpose of financing certain expenditures related to the May 2010 flood. It is anticipated that the draws on the credit line will be repaid with federal and state grant funds. Interest on the outstanding principal balance is calculated at the same rate of interest as is earned on the Metropolitan Government's idle funds in its Metro Investment Pool. The total outstanding balance as of June 30, 2013 is \$254,296. The amount is reported as due to the primary government. The outstanding balance was paid in full on July 5, 2013.

H. Annual Debt Service Requirements

The annual principal maturities of all bonds and notes payable as of June 30, 2013 for the component units are as follows:

Year Ending June 30	Revenue Bonds and Notes Payable	
	Principal	Interest
2014	\$ 64,526,539	\$ 64,233,955
2015	119,666,892	62,050,699
2016	68,320,224	59,442,660
2017	51,433,804	65,880,858
2018	59,072,825	62,579,278
2019-2023	287,768,080	248,955,587
2024-2028	262,205,000	175,269,577
2029-2033	211,175,000	115,503,212
2034-2038	155,795,000	67,264,635
2039-2042	166,985,000	29,508,398
2043-2045	38,080,000	902,441
Total	1,485,028,364	951,591,301
Deferred Charges	57,599,096	-
Total	\$ 1,542,627,460	\$ 951,591,301

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

I. Additional Information

Additional information regarding the bonds, notes and other obligations of the component units can be found in their separately issued financial statements.

NOTE 7 – PENSION PLANS

All plans of the primary government were established or continue under the authority of the Metropolitan Charter, Article XIII, effective April 1, 1963. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also requires that all pension plans be actuarially sound. Administrative costs of the plans are financed through plan assets. The plans are managed and administered by the Metropolitan Employee Benefit

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Board, an independent board created by the Metropolitan Charter. No separate financial reports are issued for these plans.

The Government has the following single-employer pension plans:

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

Component Units

Sports Authority and Hospital Authority	Included in primary government plans		
Metropolitan Development and Housing Agency	Defined Contribution	Open	N/A
Electric Power Board	Defined Benefit	Open	N/A
Metropolitan Transit Authority	Defined Benefit	Open	N/A
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 Position 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, 2013. 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. The Metropolitan Charter granted the authority to contribute to the plans and granted the authority under which the plans may be amended.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 for employees employed on or between October 1, 2001 and December 31, 2012 who vest before leaving employment. Benefits fully vest on completing 10 years of service for employees and non-vested employees rehired on or after January 1, 2013.

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 for employees employed on or between October 1, 2001 and December 31, 2012 who vest before leaving employment. Benefits fully vest on completing 10 years of service for employees and non-vested employees rehired on or after January 1, 2013.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

first day of the month following the attainment of unreduced retirement age, computed and payable in accordance with the Metro Plan.

Any employee with unused sick leave time at service retirement shall receive 100% credit for the time, subject to an affirmative election at the time of retirement.

Any employee who terminates and is rehired is eligible to reconnect prior service after being regularly employed continuously for one year.

Dependent children of vested employees are eligible for a survivor benefit if the employee should die leaving no surviving spouse.

All assets of the Metropolitan Employees' Benefit Trust Fund may legally be used to pay benefits to any plan members or beneficiaries, regardless of whether the members participate in Division A or Division B of the Metro Plan.

City Plan

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

County Plan

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

Participants elected coverage under Division A or B. Normal retirement under Division A occurs at age 65; lifetime monthly benefits are the years of credited service multiplied by 0.75% of defined average base earnings per month plus 1.5% of average excess earnings as defined in the Plan per month. Average earnings 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 highest 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.

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 City Education Plan are fully vested.

County Education Plan

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

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

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 15.938% 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.

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 (9.05% of covered payroll for the fiscal year ending June 30, 2013). 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, 2013, 2012, and 2011 were \$31,637,282, \$31,044,714, and \$31,028,283, 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).

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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).

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	\$ 13,192,664	\$ 26,466,686
Metro Education	67,612,757	62,095,910
County Education	<u>-</u>	<u>482,650</u>
Total net pension obligation	<u>80,805,421</u>	<u>89,045,246</u>
Net pension assets:		
County	(5,037,597)	(3,157,659)
County Education	(3,213,574)	-
City	(6,589,290)	(206,638)
City Education	<u>(5,753,135)</u>	<u>(2,939,133)</u>
Total net pension assets	<u>(20,593,596)</u>	<u>(6,303,430)</u>
Total net pension obligation (assets)	<u>\$ 60,211,825</u>	<u>\$ 82,741,816</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.

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.

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

E. Required Supplementary Information

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

F. Other

There are no individual investments in the Metro Plan or the Metro Education Plan that exceed 5% of plan assets at June 30, 2013. The categorization of pension investments by asset type is included in Note 4 – Deposits and Investments.

G. Additional Information

Additional information regarding the pension plans of the component units can be found in their separately issued financial statements.

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 2013			
Annual required contribution	\$ 2,666,348	\$ 96,432,254	\$ 7,375,774
Interest on net pension obligation	(377,820)	989,450	(257,086)
Adjustment to annual required contribution	<u>1,245,118</u>	<u>(1,494,554)</u>	<u>804,860</u>
Annual pension cost	3,533,646	95,927,150	7,923,548
Contributions made	<u>(1,653,708)</u>	<u>(82,653,128)</u>	<u>(4,227,324)</u>
Increase (decrease) in net pension obligation	1,879,938	13,274,022	3,696,224
Net pension obligation (asset) beginning of year	<u>(5,037,597)</u>	<u>13,192,664</u>	<u>(3,213,574)</u>
Net pension obligation (asset) end of year	<u><u>\$ (3,157,659)</u></u>	<u><u>\$ 26,466,686</u></u>	<u><u>\$ 482,650</u></u>
THREE-YEAR TREND INFORMATION			
2013			
Annual pension cost (APC)	\$ 3,533,646	\$ 95,927,150	\$ 7,923,548
Percentage of APC contributed	46.80%	86.16%	53.35%
Net pension obligation (asset)	\$ (3,157,659)	\$ 26,466,686	\$ 482,650
2012			
Annual pension cost (APC)	\$ 2,990,221	\$ 90,920,515	\$ 6,250,579
Percentage of APC contributed	57.64%	89.79%	67.62%
Net pension obligation (asset)	\$ (5,037,597)	\$ 13,192,664	\$ (3,213,574)
2011			
Annual pension cost (APC)	\$ 2,920,875	\$ 81,769,664	\$ 6,253,949
Percentage of APC contributed	63.36%	99.67%	87.72%
Net pension obligation (asset)	\$ (6,304,287)	\$ 3,909,144	\$ (5,237,542)
PARTICIPANTS - Latest Actuarial Valuation Date			
Active:			
Fully vested	-	9,539	-
Non-vested and partially vested	-	<u>3,372</u>	-
Total active	-	12,911	-
Retirees and beneficiaries receiving benefits	104	7,488	228
Terminated vested	-	<u>2,865</u>	-
Total	<u><u>104</u></u>	<u><u>23,264</u></u>	<u><u>228</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

Metro Education	City	City Education	Total Primary Government
\$ 14,204,208	\$ 12,928,617	\$ 3,877,284	\$ 137,484,485
5,409,021	(494,197)	(460,251)	4,809,117
<u>(7,214,406)</u>	<u>1,628,642</u>	<u>1,440,909</u>	<u>(3,589,431)</u>
12,398,823	14,063,062	4,857,942	138,704,171
<u>(17,915,670)</u>	<u>(7,680,410)</u>	<u>(2,043,940)</u>	<u>(116,174,180)</u>
(5,516,847)	6,382,652	2,814,002	22,529,991
<u>67,612,757</u>	<u>(6,589,290)</u>	<u>(5,753,135)</u>	<u>60,211,825</u>
<u>\$ 62,095,910</u>	<u>\$ (206,638)</u>	<u>\$ (2,939,133)</u>	<u>\$ 82,741,816</u>
\$ 12,398,823	\$ 14,063,062	\$ 4,857,942	\$ 138,704,171
144.49%	54.61%	42.07%	83.76%
\$ 62,095,910	\$ (206,638)	\$ (2,939,133)	\$ 82,741,816
\$ 13,769,588	\$ 11,455,624	\$ 3,957,669	\$ 129,344,196
126.89%	69.54%	53.87%	89.03%
\$ 67,612,757	\$ (6,589,290)	\$ (5,753,135)	\$ 60,211,825
\$ 14,053,942	\$ 10,828,649	\$ 4,124,907	\$ 119,951,986
103.80%	76.84%	79.61%	95.90%
\$ 71,315,743	\$ (10,078,639)	\$ (7,578,951)	\$ 46,025,468
1	-	-	9,540
-	-	-	3,372
<u>1</u>	<u>-</u>	<u>-</u>	<u>12,912</u>
1,074	498	136	9,528
3	-	-	2,868
<u>1,078</u>	<u>498</u>	<u>136</u>	<u>25,308</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, 2012	July 1, 2012	July 1, 2012	July 1, 2012
Actuarial cost method	entry age normal	entry age normal	entry age normal	entry age normal
Amortization method	level dollar closed	level dollar open	level dollar closed	level dollar closed
Amortization period	15 years (5 remaining)	40 years (7 remaining)	15 years (5 remaining)	30 years (18 remaining)
Asset valuation method	market	5 year smoothed market	market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return*	7.50%	7.50%	8.00%	8.00%
Projected salary increases*	N/A	4.00%	N/A	5.00%
Postretirement benefit increase adjustments	2.50%	2.50% Division A 1.50% Division B	3.00%	3.00%
* Includes inflation				
FUNDED STATUS				
Actuarial value of assets	\$ -	\$ 2,185,046,912	\$ -	\$ 65,876,231
Actuarial accrued liability (AAL)	\$ 11,177,639	\$ 2,580,685,072	\$ 30,582,010	\$ 204,116,802
Unfunded (overfunded) AAL	\$ 11,177,639	\$ 395,638,160	\$ 30,582,010	\$ 138,240,571
Funded ratio	0.00%	84.67%	0.00%	32.27%
Covered payroll	\$ -	\$ 563,356,943	\$ -	\$ 57,957
Unfunded AAL as a percentage of covered payroll	- %	70.23 %	- %	238,522.65 %

(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, 2012	July 1, 2012
entry age normal	entry age normal
level dollar closed	level dollar closed
15 years (5 remaining)	15 years (5 remaining)
market	market
7.50%	8.00%
N/A	N/A
2.50%	3.00%
\$ -	\$ -
\$ 54,198,258	\$ 16,076,298
\$ 54,198,258	\$ 16,076,298
0.00%	0.00%
\$ -	\$ -
- %	- %

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 – 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, 2013, the Government and retirees contributed \$42,154,253 and \$14,051,418 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, 2013, the Government and retirees each contributed \$2,504,579 for dental insurance. Finally, the Government provides life insurance at no charge to the retirees. For the fiscal year ended June 30, 2013, the Government contributed \$2,050,368 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, 2013, the Government and retirees contributed \$18,171,949 and \$5,616,455 to the School Plan, respectively.

C. Annual OPEB Cost and Net OPEB Obligation

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Metro Employees' Medical Benefit Plan	School Professional Employees' Insurance Plan	Total
Annual required contribution	\$ 175,948,000	\$ 35,832,000	\$ 211,780,000
Interest on net OPEB obligation	29,250,000	6,107,000	35,357,000
Adjustment to annual required contribution	<u>(23,714,000)</u>	<u>(4,984,000)</u>	<u>(28,698,000)</u>
Annual OPEB cost	181,484,000	36,955,000	218,439,000
Contributions made	<u>(62,581,000)</u>	<u>(22,135,000)</u>	<u>(84,716,000)</u>
Increase (decrease) in net OPEB obligation	118,903,000	14,820,000	133,723,000
Net OPEB obligation beginning of year	<u>649,971,000</u>	<u>135,714,000</u>	<u>785,685,000</u>
Net OPEB obligation end of year	<u>\$ 768,874,000</u>	<u>\$ 150,534,000</u>	<u>\$ 919,408,000</u>

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

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Metro Employees' Medical Benefit Plan	June 30, 2013	\$ 181,484,000	34.48 %	\$ 768,874,000
	June 30, 2012	176,073,000	32.87	649,971,000
	June 30, 2011	200,212,000	27.78	531,775,000
School Professional Employees' Insurance Plan	June 30, 2013	36,955,000	59.90	150,534,000
	June 30, 2012	37,985,000	52.18	135,714,000
	June 30, 2011	52,095,000	37.47	117,551,000

D. Funded Status and Funding Progress

Metropolitan Government

As of June 30, 2013 the most recent actuarial valuation date, the Metro Employee' Medical Benefit Plan was 0% funded. The actuarial accrued liability for benefits was \$1.888 billion, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.888 billion. The covered payroll (annual payroll of active employees covered by the Metro Plan) was \$502 million, and the ratio of the UAAL to the covered payroll was 376%.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Nashville Public Schools

As of June 30, 2013 the most recent actuarial valuation date, the School Professional Employees' Insurance Plan was 0% funded. The actuarial accrued liability for benefits was \$428 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$428 million. The covered payroll (annual payroll of active employees covered by the School Plan) was \$279 million, and the ratio of the UAAL to the covered payroll was 153%.

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, 2013 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), 2.75% rate of inflation, and 4.5% projected increase in salaries. Because the Government has not begun funding the Plans, the rate of return was based on the Government's historic interest earned on idle cash. Annual non prescription drug medical costs are assumed to increase 8% in the first year of valuation. Future annual increases are assumed to grade uniformly from 8% to 5% over a six year period. Annual prescription drug costs are assumed to increase 10.5% in the first year of valuation. Future annual increases are assumed to grade uniformly from 11% to 5% over an eleven 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, 2013 was 25 years.

Component Units

Information regarding the other postemployment benefits provided by component units can be found in their separately issued financial statements.

NOTE 9 – 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

Information regarding deferred compensation and profit sharing plans provided by component units can be found in their separately issued financial statements.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 – LEASES

Primary Government

The Government entered a lease agreement commencing November, 2005, for additional office space. The terms of the agreement call for 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, 2013. There is an additional credit in excess of \$1 million available for roof replacement. The roof replacement was completed in fiscal 2009. The lease agreement expires December, 2014. However, the Government may exercise up to six renewal options for five additional years each. Rent expense for the year ended June 30, 2013 was \$328,305.

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, 2013.

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, 2013, the leased building is carried in the enterprise funds at \$3,645,000, less accumulated depreciation of \$1,556,594. A summary of future minimum lease payments and the present value of future lease payments for the capitalized lease as of June 30, 2013 is as follows:

<u>Year Ending June 30,</u>		
2014	\$	257,075
2015		<u>258,965</u>
Total future minimum lease payments		516,040
Less:		
Amount representing interest imputed at 7.5%		41,040
Current portion of capital lease		<u>230,000</u>
Long-term capitalized lease obligation	\$	<u><u>245,000</u></u>

Component Units

Nashville District Management Corporation

The Corporation leases office space under a noncancelable operating lease which expires December, 2017. The space is paid for and used by Nashville Downtown Partnership, Inc., a related nonprofit organization. In connection with the lease, the lessor provided rent reductions totaling \$42,120 for the year ended December 31, 2012 that has been reflected in the financial statements as contributions with an offsetting charge to expense. Under the terms of the lease, the lessor will continue to provide rent reductions of similar amounts each year of the lease. The lease provides for additional rent to be payable in the event property taxes and/or building operating costs increase for base year amounts. Rent expense totaled \$81,864 for the year ended December 31, 2012. Future minimum lease payments at December 31, 2012 totaled \$331,760.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

General Hospital

The Government, on behalf of General Hospital, entered into a capital lease agreement with Meharry Medical College for the use of the Hubbard Hospital site on the Meharry campus. Under the terms of the agreement, the Government will lease the building for 30 years at \$4 million per year, including imputed interest at 7.5% per annum. 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 to the property. This lease has been subleased to the Hospital Authority. At June 30, 2013, 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, 2013 follows:

<u>Year Ending June 30,</u>		
2014	\$	4,000,000
2015		4,000,000
2016		4,000,000
2017		4,000,000
2018		4,000,000
2019-2023		20,000,000
2024-2025		<u>5,666,667</u>
Total future minimum lease payments		45,666,667
Less:		
Amount representing interest		15,037,683
Current portion of capital lease		<u>1,764,553</u>
Long-term capitalized lease obligation	\$	<u>28,864,431</u>

Information regarding the lease transactions of the other component units can be found in their separately issued financial reports.



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

NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2013 are attributable to unsettled balances at year-end primarily for internal service billings and transfers between funds.

Balances at June 30, 2013 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

For the Year Ended June 30, 2013

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	\$ -	\$ -	\$ -	\$ -	\$ 861	\$ 7,598
General Purpose School Fund	1,188,202	-	-	-	-	-
GSD General Purposes Debt Service Fund	861	-	-	-	-	-
GSD Capital Projects Fund	-	-	-	-	-	-
Education Capital Projects Fund	-	1,514,061	-	72,199	-	-
USD Capital Projects Fund	-	-	-	-	-	-
Nonmajor Governmental Funds	2,550,234	3,524,703	-	-	-	159,914
Department of Water and Sewerage Services	271,651	219,905	-	-	-	5,500
Nonmajor Enterprise Funds	137,600	13,886	-	-	-	6,063
Internal Service Funds	246,859	187,759	14,804	6,441	1,243	51,985
Fiduciary Funds	6,384,661	38,741	-	-	-	-
	<u>\$ 10,780,068</u>	<u>\$ 5,499,055</u>	<u>\$ 14,804</u>	<u>\$ 78,640</u>	<u>\$ 2,104</u>	<u>\$ 231,060</u>

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

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

For the Year Ended June 30, 2013

Education Capital Projects Fund	Due To							Total
	USD Capital Projects Fund	Nonmajor Governmental Funds	Department of Water and Sewerage Services	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	
\$ 1,059	\$ -	\$ 3,293,553	\$ -	\$ -	\$ 2,462,166	\$ 21,830	\$ -	\$ 5,787,067
-	-	13,345,536	-	-	24,379	-	-	14,558,117
-	-	95,750	282,100	-	-	-	-	378,711
-	-	21,867	-	-	-	-	-	21,867
-	-	-	-	-	-	-	-	1,586,260
-	-	8,727	-	-	-	-	-	8,727
-	10,070	1,649,994	195,041	-	67,287	-	-	8,157,243
-	-	15,339,161	53,929	54,861	58,914	41,626	-	16,045,547
900	-	2,610	10,125	100	400	1,809	-	173,493
-	468	914,036	7,495	-	149,900	164,437	110,241	1,855,668
-	-	4,256	-	-	1,760	-	425,544	6,854,962
<u>\$ 1,959</u>	<u>\$ 10,538</u>	<u>\$ 34,675,490</u>	<u>\$ 548,690</u>	<u>\$ 54,961</u>	<u>\$ 2,764,806</u>	<u>\$ 229,702</u>	<u>\$ 535,785</u>	<u>\$ 55,427,662</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - 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, 2013 consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2013

Transferred From	Transferred To						
	General Fund	General Purpose School Fund	GSD General Purposes Debt Service Fund	GSD School Purposes Debt Service Fund	USD General Purposes Debt Service Fund	GSD Capital Projects Fund	Education Capital Projects Fund
General Fund	\$ 481,000	\$ 49,190	\$ 3,571,300	\$ -	\$ -	\$ -	\$ -
General Purpose School Fund	192,337	-	895,400	6,509,758	-	-	-
GSD General Purposes Debt Service Fund	16,766,400	-	-	-	-	-	-
GSD Schools Purposes Debt Service Fund	-	-	189,615	-	-	-	-
USD General Purposes Debt Service Fund	-	-	22,791	-	-	-	-
GSD Capital Projects Fund	30,000	-	1,021,012	208,112	58,580	-	15,897,672
Nonmajor Governmental Funds	10,018,430	3,666,862	890,205	1,723,707	583,400	1,235	-
Department of Water and Sewerage Services	5,252,100	-	282,100	-	-	952,593	-
District Energy System	43,900	-	9,857	-	441,300	-	-
Nonmajor Enterprise Funds	2,135,123	-	-	-	-	-	-
Internal Service Funds	1,937,800	-	-	-	-	-	-
Fiduciary Funds	-	-	-	-	-	-	-
	<u>\$ 36,857,090</u>	<u>\$ 3,716,052</u>	<u>\$ 6,882,280</u>	<u>\$ 8,441,577</u>	<u>\$ 1,083,280</u>	<u>\$ 953,828</u>	<u>\$ 15,897,672</u>

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

SCHEDULE OF INTERFUND TRANSFERS (CONTINUED)

For the Year Ended June 30, 2013

Transferred To						
USD Capital Projects Fund	Nonmajor Governmental Funds	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ -	\$ 47,128,281	\$ 2,358,300	\$ 1,083,900	\$ 22,033,400	\$ 46,004	\$ 76,751,375
-	32,499,078	-	-	1,250,000	48,303	41,394,876
-	-	-	-	-	-	16,766,400
-	-	-	-	-	-	189,615
-	-	-	-	-	-	22,791
13,250,576	542,760	14,335	-	10,806,909	-	41,829,956
3,478,686	124,959	-	115,203	10,701,142	-	31,303,829
9,600	28,733,987	-	-	986,835	-	36,217,215
-	-	-	-	-	-	495,057
-	-	-	-	144,042	19,634	2,298,799
-	1,134	-	-	500,000	14,225	2,453,159
-	-	-	-	2,015,577	-	2,015,577
<u>\$ 16,738,862</u>	<u>\$ 109,030,199</u>	<u>\$ 2,372,635</u>	<u>\$ 1,199,103</u>	<u>\$ 48,437,905</u>	<u>\$ 128,166</u>	<u>\$ 251,738,649</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 – 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 Position 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. Each loss is subject to a per occurrence deductible of \$10,000 to a maximum of \$1,000,000 per occurrence and a \$3,000,000 annual aggregate. If a single loss reaches \$1,000,000, the property insurance policy will respond. After the \$3,000,000 annual aggregate has been exhausted, a \$50,000 per occurrence deductible will apply to each and every loss and the property insurance policy will respond. Losses from the perils of flood and earth movement will not erode the aggregate. 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 \$40,103,308 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, 2012 and 2013:

	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, 2011	\$ 1,691,489	\$ 6,339,403	\$ 7,017,505	\$ 15,011,000	\$ 6,503,000	\$ 36,562,397
Add: Provision for events of the current fiscal year	447,555	1,341,945	80,126,873	176,799,112	21,841,109	280,556,594
Deduct: Payments on claims during the fiscal year	498,455	2,101,007	81,465,176	176,505,112	19,768,109	280,337,859
Claims payable June 30, 2012	1,640,589	5,580,341	5,679,202	15,305,000	8,576,000	36,781,132
Add: Provision for events of the current fiscal year	271,681	5,653,664	87,342,745	183,429,697	16,940,255	293,638,042
Deduct: Payments on claims during the fiscal year	705,367	3,004,496	86,880,551	182,103,697	17,621,755	290,315,866
Claims payable June 30, 2013	\$ 1,206,903	\$ 8,229,509	\$ 6,141,396	\$ 16,631,000	\$ 7,894,500	\$ 40,103,308

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Component Units

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

The Convention Center Authority is exposed to various risks of loss incidental to its operations and has obtained several insurance policies after performing risk assessment analyses. The Convention Center Authority retains risk up to \$4,000,000, and has obtained excess insurance for any claims above that amount. These policies provide insurance for property, builder's risk, workers' compensation, automobile, general liability and other exposures.

Information regarding the insurance and benefits of the other component units can be found in their separately issued financial reports.

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.

Prior to the issuance of the Water and Sewer Revenue Refunding Bonds, Series 2010A, on December 16, 2010, the full faith and credit of the Government was 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 acted as a conduit with respect to sewer user fees imposed by the state. These user fees were set at an amount sufficient to recover the project costs, including related interest expense. A portion of the proceeds from the Series 2010A Bonds was used to fully prepay the Tennessee Local Development Authority (TLDA) loans. Subsequent to the issuance of the Bonds, the user fees are considered a general sewer charge and reflected as revenue. The amount of prepayment is \$68,351,969 at June 30, 2013 and is reported as other noncurrent assets. The amounts received were recorded as capital grants and contributions by the Department of Water and Sewerage Services.

D. Construction Commitments

Primary Government

At June 30, 2013, the governmental activities of the Government had commitments of \$132,149,927 for construction contracts.

At June 30, 2013, the Department of Water and Sewerage Services had commitments of \$75,558,979 for construction contracts.

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

Due to the historic floods that occurred in Nashville in May 2010, the Department petitioned EPA and TDEC for a six-month extension for developing the CAP/ER and LTCP and a two year extension for completing the work (final compliance) under the force majeure clause of the consent decree. Approval has been granted for both extensions. The due date for the CAP/ER and LTCP was September 11, 2011, and the due date for all work coming out of those two plans (final compliance) is eleven years after approval of the plans by EPA and TDEC. The Department submitted both plans on Friday, September 9, 2011, and is waiting for feedback from EPA and TDEC. The Department has hired an internal program director as well as an external program management team composed of engineering consultants to manage planning, design and oversight of the program. The Department has also contracted for a construction management team to protect the investment in construction projects. A group of project set designers has been selected to assist with the design of individual projects. A total of seventeen different design firms were selected for large projects and six additional small business design firms were selected for smaller projects.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The future related capital expenditures are expected to be between \$1 billion and \$1.5 billion. Continuing to have sewer overflows along with failure to comply with the mandate and meet future established deadlines could result in stipulated penalties of up to \$3,000 per occurrence for sanitary sewer overflows, and up to \$5,000 per day for failure to implement the improvements on a timely basis. EPA sent a demand letter for \$147,000 in stipulated penalties for sanitary overflow on September 9, 2011. This was for a negotiated 147 violations for 2010 and the first quarter of 2011. No penalties have been demanded for any delays in submitting reports and deliverables nor from the failure to timely implement work. Proposed plans to fund capital expenditures for the next few years include internally generated cash and borrowings.

Component Units

At June 30, 2013, the Convention Center Authority had commitments of \$10,561,585 related to construction of the Music City Center.

Information regarding the construction commitments of the other component units can be found in their separately issued financial reports.

E. Liquidity

Component Units

The Government has only budgeted and legally approved approximately \$38.7 million to the Hospital Authority for the year ended June 30, 2014. Of that amount, the Hospital Authority has allocated as revenue \$33.5 million to General Hospital (General) and \$5.2 million to Bordeaux Long Term Care (Bordeaux). The Government has also not committed to provide additional funding to the Hospital Authority should such funding become necessary. The financial statements of General and Bordeaux have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. General experienced an operating loss of approximately \$30.1 million for the year ended June 30, 2013 and reflected a net deficit of \$6.0 million at June 30, 2013. Current liabilities exceeded current assets by approximately \$13.4 million at June 30, 2013. General's financial activities resulted in net cash used in operating activities of approximately \$26.0 million for the year ended June 30, 2013. Bordeaux experienced a decrease in net position of approximately \$1.0 million for the year ended June 30, 2013, and financial activities resulted in net cash used in operating activities of approximately \$11.9 million for the year ended June 30, 2013. The deficits were funded primarily by the Government in the form of revenue or capital contributions reflected in the financial statements. General and Bordeaux are and will continue to be dependent upon the Government to subsidize current and future operations.

Accordingly, these factors among others indicate that General and Bordeaux may be unable to continue as going concerns for a reasonable period of time. The financial statements for General and Bordeaux 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 and Bordeaux 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 has implemented several strategic initiatives to increase cash flow including implementing several strategic operational initiatives including the discontinuance of outsourced information technology management and an associated material reduction in related system support and services, enhancing compliance with staffing productivity metrics, as well as the renegotiation of material service agreements. Bordeaux has implemented several strategies to increase cash flow including staff reductions and other cost saving measures.

General has employed the services of an outside consultant to assist with the development and implementation of a formal Operational and Strategic Plan that includes the review of current service lines, staffing levels, internal cost controls, professional service agreements, and information technology platform functionality in an effort to establish a sustainable business model in anticipation of the adoption of healthcare reform that is being proposed under the Affordable Healthcare Act. Significant operational improvements are anticipated as General repurposes itself to successfully address the economic and market realities facing the safety net academic medical center under a shifting competitive landscape.

The Hospital Authority is pursuing the sale of Bordeaux to a third-party. However, the Hospital Authority has committed to additional advances from General as necessary to fund the operations of Bordeaux through at least the consummation of a sale or through the fiscal year ending June 30, 2014.

At June 30, 2013, General had amounts due to the Metropolitan Government of approximately \$5.7 million for capital expenditures, which accrued interest at rates determined by the Metropolitan Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 \$800,000 for the year ended June 30, 2013.

In April 2013, the Government entered into an economic and community development incentive grant agreement with HCA Health Services of Tennessee, Inc. (HCA), whereby HCA agreed to relocate the headquarters of three of its entities to an office facility to be located in Davidson County and to be developed by West End Summit Development, LLC. The Government agreed to provide economic incentives for the new development. Among the HCA entities that will occupy a portion of the office space as headquarters are Parallon Business Solutions, LLC, and HealthTrust Purchasing Group, LP, both currently headquartered in Williamson County, Tennessee, and Sarah Cannon Research Institute, LLC, currently headquartered in Nashville. Two high-rise office buildings, common areas, multi-deck parking facilities and other improvements are planned for development and construction at 1600 West End Avenue, Nashville (Project). The grant provides that the Government will pay HCA through the Industrial Development Board an amount calculated by multiplying the number of incremental company entity positions as of the last day of each grant year by \$500 for a period of seven years. HCA anticipates the creation of more than 500 incremental company entity positions during the first five years of the completion of the Project. The grant period cannot commence unless and until a certificate of occupancy has been issued and the HCA sublease has been executed. Accordingly, there is no amount payable to HCA for the year ended June 30, 2013.

Component Units

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse and patient records privacy. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

In March 2010, Congress adopted comprehensive healthcare insurance legislation, Patient Care Protection and Affordable Care Act and Healthcare and Education Reconciliation Act. The legislation, among other matters, is designated to expand access to coverage to substantively all citizens by 2019 through a combination of public program expansion and private industry health insurance. Changes to existing TennCare and Medicaid coverage and payments are also expected to occur as a result of this legislation. Implementing regulations are generally required for these legislative acts, which are to be adopted over a period of years and, accordingly, the specific impact of any future regulations is not determinable.

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, and improving downtown beautification, sanitation and maintenance. The term of the agreement extends to December 31, 2017, renewable annually by the mutual notification by each party to the other. The agreement may be terminated by the Government upon thirty days notice.

The Nashville District Management Corporation has entered into an agreement with Nashville Downtown Partnership, a related nonprofit organization, to perform all the duties and responsibilities for day-to-day management and implementation of services and improvements for the Nashville Central Business Improvement District (CBID), as defined in the Memorandum of Agreement with the Government, in exchange for substantially all revenues received from CBID assessments. During the year ended December 31, 2012, the Corporation recognized expense of \$1,363,090 related to the agreement. The agreement expires on December 31, 2017.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Gulch Business Improvement District, Inc. has an agreement with the Government in accordance with Tennessee law to provide services for improvement and operation of the Gulch Business Improvement District through security enhancement, marketing, and improving beautification, sanitation, and maintenance. The term of the agreement extends to January 1, 2017, and may be terminated upon receipt of written petition filed by either (a) the owners of 75% of the assessed value of the taxable property in the District or (b) 50% of the owners of record within the District.

The Gulch Business Improvement District, Inc. has entered into an agreement with Nashville Downtown Partnership to provide cleaning and safety services for the Gulch Business Improvement District in exchange for a monthly fee. During the year ended December 31, 2012, \$25,000 was recognized as expense related to the agreement. The agreement expires March 31, 2015.

On October 19, 2010 the Convention Center Authority (the Authority) entered into a Development and Funding Agreement with Omni Nashville, LLC (Omni) to facilitate the development of a premier headquarters hotel adjacent to the Music City Center. Under the terms of the development and funding agreement, the Authority will pay Omni annual economic development payments and incentives from excess tourism tax revenues collected from the hotel over a period of twenty years. These payments will begin after the hotel opens for business, including the renting of rooms. The schedule of annual payments is expected to be as follows.

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

On December 30, 2010 the Convention Center Authority (the Authority) entered into a Development Agreement for the Country Music Hall of Fame and Museum Expansion with Omni and into a Development, Lease and Operating Agreement with the County Music Foundation, Inc. (Hall of Fame). Under the terms of the agreements, Omni will construct a connector (expansion project) between its headquarters hotel and the Hall of Fame with funding from tax increment financing provided by the Metropolitan Development and Housing Agency. Once constructed, the connector will be owned by the Authority, which will then lease the connector to the Hall of Fame for an initial term of 60 years. Under the terms of the agreements, the Authority would be responsible for the first \$2,000,000 of any potential additional construction costs and for half of any potential additional construction costs up to \$1,500,000. Upon completion of the connector, the Hall of Fame will be responsible for all interior and exterior operating costs, maintenance and repairs. The Authority is required to establish a reserve fund using the majority of the rental income received from the Hall of Fame to cover future capital costs related to the connector.

On August 18, 2011 an order of judgment was entered against the Metropolitan Development and Housing Agency (MDHA) following the trial of an eminent domain case on the issue of compensation for one of the parcels of land condemned for the Music City Center. The Convention Center Authority (the Authority) is contractually responsible for all costs associated with this judgment. The Authority had originally deposited \$14,800,000 for the parcel, followed by another \$1,300,000 after an earlier court action. The latest judgment was for an additional \$14,300,000, plus \$3,777,832 interest calculated at 10% interest per annum on the balance of the unpaid judgment through January 2013. The verdict was contested. MDHA filed a motion for a new trial, remittitur and/or a judgment notwithstanding the verdict asking the trial court to set aside the verdict. While these motions were ultimately denied by the trial court, MDHA appealed the jury verdict to the Tennessee Court of Appeals. Oral arguments were heard by the Court of Appeals on July 25, 2012, and the trial court's judgment was affirmed by the Court of Appeals on April 30, 2013. Thereafter on June 28, 2013, MDHA filed a Rule 11 Application for Permission to Appeal to the Tennessee Supreme Court, which was denied on October 16, 2013. The Authority has paid to the court \$19,377,832, plus interest of \$178,000. Additional post-judgment interest payable through June 30, 2013 has been accrued.

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

There is one additional condemnation case related to a parcel of land for which a total of \$1,775,000 has been paid. This case is currently not set for trial.

Information regarding the other commitments of the other component units can be found in their separately issued financial reports.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - FUND BALANCES

Certain categories of fund balance are presented on the Balance Sheets for Governmental Funds in the aggregate. The detail components of the nonspendable, restricted, committed, and assigned fund balances are as follows:

FUND BALANCES

For the Year Ended June 30, 2013

	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
FUND BALANCES (DEFICITS):						
Nonspendable:						
Inventories of supplies	\$ 318,980	\$ 1,012,733	\$ -	\$ -	\$ -	\$ -
Prepaid expenditures	134,647	491,508	-	-	-	-
Permanent fund principal	-	-	-	-	-	-
Total nonspendable	<u>453,627</u>	<u>1,504,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted for:						
Capital projects	-	-	-	-	-	125,107,930
Public welfare	-	-	-	-	-	-
Convention center and tourism promotion	-	-	-	-	-	-
Education	-	-	-	-	-	-
Solid waste	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public health	-	-	-	-	-	-
Public works, highways and streets	-	-	-	-	-	-
Law enforcement and care of prisoners	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Public library system	-	-	-	-	-	-
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,107,930</u>
Committed for:						
Education	-	64,049,858	-	-	-	-
Debt service	-	-	13,255,408	1,479,123	4,628,697	-
Equipment acquisitions (appropriated)	-	-	-	-	-	-
Equipment acquisitions (unappropriated)	-	-	-	-	-	-
Solid waste	-	-	-	-	-	-
General government	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Total committed	<u>-</u>	<u>64,049,858</u>	<u>13,255,408</u>	<u>1,479,123</u>	<u>4,628,697</u>	<u>-</u>
Assigned for:						
Subsequent year budgetary appropriation	15,075,300	12,000,000	5,966,900	8,000,000	4,000,000	-
Specific projects	955,600	-	-	-	-	-
Total assigned	<u>16,030,900</u>	<u>12,000,000</u>	<u>5,966,900</u>	<u>8,000,000</u>	<u>4,000,000</u>	<u>-</u>
Unassigned	84,053,738	-	-	-	-	-
Total fund balances (deficits)	<u>\$ 100,538,265</u>	<u>\$ 77,554,099</u>	<u>\$ 19,222,308</u>	<u>\$ 9,479,123</u>	<u>\$ 8,628,697</u>	<u>\$ 125,107,930</u>

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

FUND BALANCES (CONTINUED)

For the Year Ended June 30, 2013

Education Capital Projects Fund	USD Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 992,830	\$ 2,324,543
-	-	41,690	667,845
-	-	185,112	185,112
-	-	1,219,632	3,177,500
460,014	-	-	125,567,944
-	-	1,057,123	1,057,123
-	-	2,147,035	2,147,035
-	-	19,218,428	19,218,428
-	-	510,430	510,430
-	-	1,033,521	1,033,521
-	-	742,347	742,347
-	-	2,007,877	2,007,877
-	-	2,670,451	2,670,451
-	-	5,037,175	5,037,175
-	-	83,981	83,981
-	-	808,387	808,387
460,014	-	35,316,755	160,884,699
-	-	-	64,049,858
-	-	-	19,363,228
-	-	32,618,296	32,618,296
-	-	19,163,606	19,163,606
-	-	6,931,654	6,931,654
-	-	2,447,055	2,447,055
-	-	658,039	658,039
-	-	61,818,650	145,231,736
-	-	-	45,042,200
-	-	-	955,600
-	-	-	45,997,800
-	-	(15,710,564)	68,343,174
\$ 460,014	\$ -	\$ 82,644,473	\$ 423,634,909

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

NOTE 15 – FUEL HEDGING PROGRAM

The Metropolitan Government maintains a fuel hedging program, the objective of which is to hedge the changes in cash flows due to market price fluctuations related to a portion of expected purchases of diesel and gasoline fuel. Details of the Metropolitan Government's participation in the fuel hedging program at June 30, 2013 are as follows:

<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
160,350 gallons, diesel	July 1, 2012	June 30, 2013	Pay \$2.645 - \$2.90 per gallon; Settlement based on Platts USG Ultra Low Sufur Diesel	A3/BBB+
128,000 gallons, gasoline	July 1, 2012	June 30, 2013	Pay \$2.50 - \$2.55 per gallon; Settlement based on NYMEX NYH RBOB Gasoline	A3/BBB+
137,443 gallons, diesel	July 1, 2013	June 30, 2014	Pay \$2.94 - \$3.00 per gallon; Settlement based on Platts USG Ultra Low Sufur Diesel	A3/BBB+
128,000 gallons, gasoline	July 1, 2013	June 30, 2014	Pay \$2.75 per gallon; Settlement based on NYMEX NYH RBOB Gasoline	A3/BBB+

The fair value of the fuel hedging instruments was a liability of \$445,619 at June 30, 2013, which has been recorded in noncurrent liabilities in the Statement of Net Position. The fair value was estimated based on the present value of the estimated future cash flows. The fuel hedges were determined to be effective hedges; accordingly, the change in fair value of the hedges is a deferred outflow of resources.

The Metropolitan Government is exposed to credit risk on hedging derivative instruments that are in asset positions. This represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The Metropolitan Government is exposed to basis risk on its fuel hedging contracts because the expected commodity purchase being hedged will price based on a pricing point different than the pricing point at which the forward contract is expected to settle (NYMEX or Platts). The Metropolitan Government or its counterparty may terminate the contracts if the other party fails to perform under the terms of the contract. If at the time of termination a hedging derivative instrument is in a liability position, the Metropolitan Government would be liable to the counterparty for a payment equal to the liability.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 – SUBSEQUENT EVENTS

Primary Government

Effective July 1, 2013, the Board of the Old Hickory Utility District (OHUD) resolved to consolidate its operations into the Government's Department of Water and Sewerage Services. At the time of merger, OHUD reported a net position of approximately \$5.1 million which was comprised of \$1.3 million of cash and cash equivalents, \$3.7 million in net capital assets, and \$110,000 of accounts receivable.

Component Units

On August 20, 2013, the Sports Authority issued \$14,160,000 Public Facility Revenue Improvement Bonds, Series 2013A (Taxable), maturing on July 1, 2033, with interest rates ranging from 0.793% to 5.150%, and \$25,925,000 Public Improvement Revenue Refunding Bonds, Series 2013B (Taxable), maturing on July 1, 2024, with interest rates ranging from 0.793% to 4.050%. The proceeds of the 2013A Bonds will be used to pay costs for certain recreational facilities including an ice skating and hockey rink. The Series 2013B Bonds refunded a portion of the Public Improvement Revenue Refunding Bonds, Series 2004. By issuing the Series 2013B Bonds, the Sports Authority obtained an estimated economic gain (difference between the present values of the debt service payments on the defeased and new debt) of \$982,131. The refunding will reduce the Sports Authority's debt service payments over the next twelve years by an estimated \$1,144,035.

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

<u>Percentage of Lane Miles in Fair or Better Condition</u>			
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
58.3 %	57.5 %	52.7 %	70.0 %

The condition of road and street pavement is measured using a vehicle called South Dakota Road Profiler and calculated using the Cartograph Pavement View Plus pavement management system. The condition is determined based on data collected by the laser road surface test located beneath the Profiler (surface condition) and the distresses are collected from roadway images along with other road and street information such as traffic surface type, street length, street width, area and location. The system uses a measurement scale that is based on a condition index ranging from zero for a pavement in very poor condition to 100 for a pavement in excellent condition. The condition index is used to classify roads and streets as excellent (100-85), good (84-80), fair (79-70) and below standard (less than 69). Condition assessments are collected on an annual basis. For assessment purposes, the county is divided into 5 groups with groups 1, 3 and 4 assessed together and groups 2 and 5 assessed together. The condition of groups 1, 3 and 4 was assessed in fiscal year 2013. The condition of groups 2 and 5 was assessed in fiscal year 2012; however, the final information was not available for reporting in 2012; and therefore, has been updated in the above table. It is the policy of the Government to maintain at least 70 percent of its road and street system at a fair or better condition; however, the 2010 flood, followed by an usually harsh winter, negatively impacted road conditions.

As indicated in the table above, the percentage of lane miles in fair or better condition increased 5.6% since last reported in 2011. Road surface conditions are expected to be back to 70% over the next two to three years.

There were 18 lane miles of roads added in 2013, bringing the total to 5,832 lane miles of roads and streets in the transportation network. Road surface conditions are expected to be back to 70% over the next two to three years.

Comparison of Needed to Actual Maintenance

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Needed/Budgeted	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
Actual Spent	9,894,464	7,987,836	10,247,615	4,244,056	6,950,344
Difference	<u>\$ (10,105,536)</u>	<u>\$ (12,012,164)</u>	<u>\$ (9,752,385)</u>	<u>\$ (15,755,944)</u>	<u>\$ (13,049,656)</u>

During fiscal year 2013, the actual amount spent on roadway paving and surface treatment was lower than the needed amount. Maintaining the condition of the roads and streets in accordance with the policy referenced above continues to be a priority as shown by an increase of nearly \$2 million in spending in fiscal year 2013 as compared to 2012.

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 Fair or Better Condition

2013	2012	2011	2010
98.9 %	98.9 %	98.8 %	98.3 %

Condition assessments are determined by the State every two years. Results are released by the State late in the calendar year. Thus, the most recent assessment results were provided late in calendar year 2011 and reported for fiscal 2012. Due to this timing, condition assessments reported above for each even year are the results provided by the State. The condition for each odd year is reported at the previous year's value unless the Public Works Department of the Government has a basis for recalculation internally. This was the case in fiscal 2011 when two (2) bridge replacement projects were completed. Due to these completions, the condition for 2012 reflects a slight increase also. The condition reported for 2013 remains the same.

The condition of bridges and underpasses is measured using the Federal Aid Bridge Inspection System supervised by the Tennessee Department of Transportation (TDOT), 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 219 Non-Federal Aid and 108 Federal Aid Urban bridges and underpasses in the transportation network determined from the final analysis of the 2011 inspection as compared to 218 Non-Federal Aid and 107 Federal Aid Urban bridges and underpasses from the final analysis of the 2009 inspection. During review of the 2011 TDOT inspection reports, 2 additional bridges and underpasses were determined to be in the network. Total square feet of deck area is estimated to be 1,356,586. Deck area is calculated based on TDOT inspection reports for bridges conveying vehicular traffic only.

Comparison of Needed to Actual Maintenance

	2013	2012	2011	2010	2009
Needed/Budgeted	\$ 17,595,720	\$ 14,900,000	\$ 14,862,000	\$ 17,352,000	\$ 18,749,000
Actual Spent	1,985,619	2,827,816	2,305,765	2,538,480	2,083,245
Difference	\$ (15,610,101)	\$ (12,072,184)	\$ (12,556,235)	\$ (14,813,520)	\$ (16,665,755)

During fiscal year 2013, the actual amount spent on bridge and underpass repair and maintenance was significantly lower than the needed amount. Maintaining the condition of bridges and underpasses in accordance with the Government's policy referenced above continues to be a priority as reflected in the condition rating.

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, 2007	\$ 1,129,978	\$ 15,393,075	\$ 14,263,097	7.34 %
July 1, 2008	1,455,077	14,299,429	12,844,352	10.18
July 1, 2009	1,181,871	13,572,334	12,390,463	8.71
July 1, 2010	1,320,421	12,644,049	11,323,628	10.45
July 1, 2011	1,556,601	11,786,135	10,229,534	13.21
July 1, 2012	-	11,177,639	11,177,639	-
Metro Plan				
July 1, 2007	1,921,193,702	2,144,144,792	222,951,090	89.60
July 1, 2008	2,119,228,659	2,323,837,472	204,608,813	91.20
July 1, 2009	1,925,305,076	2,275,399,550	350,094,474	84.61
July 1, 2010	2,143,522,150	2,360,892,310	217,370,160	90.80
July 1, 2011	2,188,868,356	2,468,971,488	280,103,132	88.66
July 1, 2012	2,185,046,912	2,580,685,072	395,638,160	84.67
County Education Plan (a)				
July 1, 2007	3,787,317	42,140,201	38,352,884	8.99
July 1, 2008	4,936,879	40,178,889	35,242,010	12.29
July 1, 2009	4,452,672	37,633,345	33,180,673	11.83
July 1, 2010	5,014,479	35,188,279	30,173,800	14.25
July 1, 2011	5,929,964	32,509,526	26,579,562	18.24
July 1, 2012	-	30,582,010	30,582,010	-
Metro Education Plan				
July 1, 2007	81,844,272	228,229,232	146,384,960	35.86
July 1, 2008	76,820,678	226,313,635	149,492,957	33.95
July 1, 2009	55,392,133	218,576,035	163,183,902	25.34
July 1, 2010	55,039,822	214,338,291	159,298,469	25.68
July 1, 2011	53,321,056	207,805,403	154,484,347	25.66
July 1, 2012	65,876,231	204,116,802	138,240,571	32.27

(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
\$ -	- %
-	-
-	-
-	-
-	-
-	-
529,100,577	42.14
555,972,878	36.81
562,015,408	62.29
554,606,279	39.20
571,381,362	49.03
563,356,943	70.23
71,769	53,439.35
73,418	48,001.87
76,707	43,256.38
-	-
-	-
-	-
374,495	39,088.63
384,557	38,874.07
318,242	51,276.67
114,820	138,737.57
116,624	132,463.60
57,957	238,522.65

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - PENSION PLANS (CONTINUED) (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, 2007	\$ 5,239,396	\$ 74,125,552	\$ 68,886,156	7.07 %
July 1, 2008	6,816,106	68,552,808	61,736,702	9.95
July 1, 2009	5,540,723	63,130,366	57,589,643	8.78
July 1, 2010	6,171,083	57,090,961	50,919,878	10.81
July 1, 2011	7,274,892	55,674,185	48,399,293	13.07
July 1, 2012	-	54,198,258	54,198,258	-
City Education Plan	(a)			
July 1, 2007	2,403,931	24,818,863	22,414,932	9.69
July 1, 2008	3,104,280	23,637,839	20,533,559	13.14
July 1, 2009	2,827,904	21,629,242	18,801,338	13.07
July 1, 2010	3,186,479	20,386,265	17,199,786	15.63
July 1, 2011	3,769,032	17,808,829	14,039,797	21.17
July 1, 2012	-	16,076,298	16,076,298	-

(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>	
\$	-	-	%
	-	-	
	-	-	
	-	-	
	-	-	
	-	-	
	-	-	
	-	-	
	-	-	
	-	-	

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		
2008	\$ 2,046,891	117.43 %
2009	1,979,968	100.99
2010	2,076,270	91.91
2011	2,094,405	88.37
2012	2,130,850	80.89
2013	2,666,348	62.03
Metro Plan		
2008	68,265,903	133.19
2009	61,635,311	117.73
2010	98,164,477	73.60
2011	81,903,804	99.51
2012	91,064,489	89.65
2013	96,432,254	85.72
County Education Plan		
2008	5,504,007	133.67
2009	5,432,587	112.91
2010	5,560,085	105.56
2011	5,580,909	98.30
2012	5,536,621	76.34
2013	7,375,774	57.32
Metro Education Plan		
2008	13,592,019	58.06
2009	14,112,255	86.39
2010	15,687,599	85.28
2011	15,624,045	93.37
2012	15,490,232	112.80
2013	14,204,208	126.13

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		
2008	\$ 9,885,825	115.06 %
2009	9,516,767	98.68
2010	9,650,296	90.82
2011	9,418,080	88.35
2012	10,081,751	79.02
2013	12,928,617	59.41
City Education Plan		
2008	3,216,757	139.28
2009	3,165,266	119.94
2010	3,150,541	114.26
2011	3,181,252	103.22
2012	2,924,541	72.90
2013	3,877,284	52.72

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, 2009	\$ -	\$ 2,023,428,000	\$ 2,023,428,000	- %
July 1, 2010	-	2,108,602,000	2,108,602,000	-
July 1, 2011	-	1,809,522,000	1,809,522,000	-
July 1, 2012	-	1,888,322,000	1,888,322,000	-
School Professional Employees' Insurance Plan				
July 1, 2009	-	584,937,000	584,937,000	-
July 1, 2010	-	586,069,000	586,069,000	-
July 1, 2011	-	417,610,000	417,610,000	-
July 1, 2012	-	427,916,000	427,916,000	-

(a) The amounts reported in the July 1, 2011 valuation were affected by revisions in other postemployment benefits for employees and retirees of the Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

Unaudited - See Accompanying Accountants' Report

Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll	
\$ 538,151,000	376.00	%
520,121,000	405.41	
502,218,000	360.31	
502,407,000	375.85	
319,424,000	183.12	
318,672,000	183.91	
297,328,000	140.45	
278,787,000	153.49	

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFIT PLANS (a)

Unaudited - See Accompanying Accountants' Report

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
Metro Employees' Medical Benefit Plan		
2010	\$ 194,683,000	26.65 %
2011	196,414,000	28.32
2012	171,189,000	33.81
2013	175,948,000	35.57
School Professional Employees' Insurance Plan		
2010	49,879,000	38.19
2011	51,262,000	38.08
2012	36,905,000	53.71
2013	35,832,000	61.77

- (a) The amounts reported for the year ended June 30, 2011 were affected by revisions in other postemployment benefits for employees and retirees of the Government.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013

Special Revenue Funds

	Metropolitan Action Commission	General Fund 4% Reserve	Solid Waste Operations	Stormwater Grants
ASSETS:				
Cash and cash equivalents	\$ 868,786	\$ 52,658,352	\$ 8,569,675	\$ 1,220,945
Accounts receivable	1,106,288	-	907,358	1,449,056
Accrued interest receivable	59	1,765	285	42
Due from other funds of the primary government	437	2,705,913	123,145	10,070
Due from component units	-	-	-	-
Inventories of supplies	-	-	-	-
Other assets	1,011	-	-	-
Total assets	\$ 1,976,581	\$ 55,366,030	\$ 9,600,463	\$ 2,680,113
LIABILITIES:				
Accounts payable	\$ 691,186	\$ 2,711,350	\$ 1,754,781	\$ 188,808
Accrued payroll	289,262	-	98,062	-
Due to other funds of the primary government	39,892	872,778	305,536	8,728
Due to component units	-	-	-	-
Commercial paper payable	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	1,020,340	3,584,128	2,158,379	197,536
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - grants	-	-	-	1,449,056
Total deferred inflows of resources	-	-	-	1,449,056
FUND BALANCES (DEFICITS):				
Nonspendable	-	-	-	-
Restricted for other purposes	956,241	-	510,430	1,033,521
Committed for:				
Equipment acquisitions (appropriated)	-	32,618,296	-	-
Equipment acquisitions (unappropriated)	-	19,163,606	-	-
Other purposes	-	-	6,931,654	-
Unassigned	-	-	-	-
Total fund balances (deficits)	956,241	51,781,902	7,442,084	1,033,521
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 1,976,581	\$ 55,366,030	\$ 9,600,463	\$ 2,680,113

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, 2013

Special Revenue Funds

Flood 2010 Recovery	Education Services	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	Other Government Services
\$ 27,430,816	\$ 5,716,489	\$ 2,239,396	\$ 36,034	\$ 1,471,945	\$ 12,488,924
20,391,234	29,325,345	3,998,946	1,232,646	261,285	12,388,605
2,014	315	80	9	52	504
-	2,889,747	1,268,758	-	-	1,159,173
254,295	-	-	69	-	-
-	793,436	-	-	-	199,394
-	13,020	500,000	-	-	33,950
<u>\$ 48,078,359</u>	<u>\$ 38,738,352</u>	<u>\$ 8,007,180</u>	<u>\$ 1,268,758</u>	<u>\$ 1,733,282</u>	<u>\$ 26,270,550</u>
\$ 948,112	\$ 2,069,536	\$ 2,364,543	\$ -	\$ 795,452	\$ 7,445,921
-	193,322	-	-	-	693,371
15,338,872	14,366,275	1,248,383	1,268,758	-	1,226,268
-	-	3,185,049	-	-	-
27,110,705	-	-	-	-	-
-	-	-	-	-	2,144,758
<u>43,397,689</u>	<u>16,629,133</u>	<u>6,797,975</u>	<u>1,268,758</u>	<u>795,452</u>	<u>11,510,318</u>
20,391,234	2,197,746	-	-	-	71,737
<u>20,391,234</u>	<u>2,197,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,737</u>
-	806,455	-	-	-	228,065
-	19,105,018	1,209,205	-	937,830	11,355,336
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,105,094
<u>(15,710,564)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(15,710,564)	19,911,473	1,209,205	-	937,830	14,688,495
<u>\$ 48,078,359</u>	<u>\$ 38,738,352</u>	<u>\$ 8,007,180</u>	<u>\$ 1,268,758</u>	<u>\$ 1,733,282</u>	<u>\$ 26,270,550</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, 2013

	<u>Permanent Funds</u>		Total Nonmajor Governmental Funds
	<u>General Government</u>	<u>Education</u>	
ASSETS:			
Cash and cash equivalents	\$ 201,751	\$ 192,521	\$ 113,095,634
Accounts receivable	-	-	71,060,763
Accrued interest receivable	7	7	5,139
Due from other funds of the primary government	-	-	8,157,243
Due from component units	-	-	254,364
Inventories of supplies	-	-	992,830
Other assets	-	-	547,981
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 201,758</u>	<u>\$ 192,528</u>	<u>\$ 194,113,954</u>
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ 18,969,689
Accrued payroll	-	-	1,274,017
Due to other funds of the primary government	-	-	34,675,490
Due to component units	-	-	3,185,049
Commercial paper payable	-	-	27,110,705
Other liabilities	-	-	2,144,758
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>87,359,708</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - grants	-	-	24,109,773
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>24,109,773</u>
FUND BALANCES (DEFICITS):			
Nonspendable	105,994	79,118	1,219,632
Restricted for other purposes	95,764	113,410	35,316,755
Committed for:			
Equipment acquisitions (appropriated)	-	-	32,618,296
Equipment acquisitions (unappropriated)	-	-	19,163,606
Other purposes	-	-	10,036,748
Unassigned	-	-	(15,710,564)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficits)	<u>201,758</u>	<u>192,528</u>	<u>82,644,473</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 201,758</u>	<u>\$ 192,528</u>	<u>\$ 194,113,954</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

For the Year Ended June 30, 2013

	Special Revenue Funds			
	Metropolitan Action Commission	General Fund 4% Reserve	Solid Waste Operations	Stormwater Grants
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes, licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Revenues from the use of money or property	518	20,099	3,656	564
Revenues from other governmental agencies	21,431,776	-	553,061	5,024,459
Commissions and fees	-	-	-	-
Charges for current services	151,742	-	5,460,789	-
Compensation for loss, sale or damage to property	2,363	-	-	446,762
Contributions and gifts	48,494	-	-	-
Miscellaneous	377	-	118,622	-
Total revenues	<u>21,635,270</u>	<u>20,099</u>	<u>6,136,128</u>	<u>5,471,785</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Fiscal administration	-	-	-	-
Administration of justice	-	-	-	-
Law enforcement and care of prisoners	-	-	-	-
Fire prevention and control	-	-	-	-
Regulation and inspection	-	-	-	-
Public welfare	25,395,887	-	-	-
Public health and hospitals	-	-	-	-
Public library system	-	-	-	-
Public works, highways and streets	-	-	21,106,066	-
Recreational and cultural	-	-	-	-
Education	-	-	-	-
Capital outlay	-	15,059,057	-	2,188,714
Total expenditures	<u>25,395,887</u>	<u>15,059,057</u>	<u>21,106,066</u>	<u>2,188,714</u>
Excess (deficiency) of revenues over expenditures	<u>(3,760,617)</u>	<u>(15,038,958)</u>	<u>(14,969,938)</u>	<u>3,283,071</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,000,000	25,920,095	16,167,200	-
Transfers out	(50,000)	(10,405,619)	(636,800)	(3,776,597)
Total other financing sources (uses)	<u>3,950,000</u>	<u>15,514,476</u>	<u>15,530,400</u>	<u>(3,776,597)</u>
Net change in fund balances (deficits)	189,383	475,518	560,462	(493,526)
FUND BALANCES (DEFICITS), beginning of year	<u>766,858</u>	<u>51,306,384</u>	<u>6,881,622</u>	<u>1,527,047</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 956,241</u>	<u>\$ 51,781,902</u>	<u>\$ 7,442,084</u>	<u>\$ 1,033,521</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, 2013

Special Revenue Funds

Flood 2010 Recovery	Education Services	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	Other Government Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,610,837
-	-	36,937,635	12,727,171	2,704,278	345,660
-	-	-	-	-	5,479,094
26,527	3,409	1,037	142	552	6,980
4,020,737	118,048,285	-	-	-	67,550,397
-	-	-	-	-	8,620,598
-	16,884,781	-	-	-	6,095,309
-	20,352	-	-	-	44,073
-	3,113,665	-	-	-	1,836,789
-	-	-	-	-	351,199
<u>4,047,264</u>	<u>138,070,492</u>	<u>36,938,672</u>	<u>12,727,313</u>	<u>2,704,830</u>	<u>91,940,936</u>
1,002,457	-	30,817,954	12,727,313	2,705,452	8,437,851
-	-	-	-	-	151,790
-	-	-	-	-	12,776,019
-	-	-	-	-	28,263,321
-	-	-	-	-	2,698,298
-	-	-	-	-	371,494
-	-	-	-	-	6,845,885
-	-	-	-	-	24,087,867
-	-	-	-	-	898,004
-	-	-	-	-	6,647,558
-	-	-	-	-	2,500,800
-	159,311,915	-	-	-	-
8,086,573	439,097	-	-	-	5,154,348
<u>9,089,030</u>	<u>159,751,012</u>	<u>30,817,954</u>	<u>12,727,313</u>	<u>2,705,452</u>	<u>98,833,235</u>
<u>(5,041,766)</u>	<u>(21,680,520)</u>	<u>6,120,718</u>	<u>-</u>	<u>(622)</u>	<u>(6,892,299)</u>
24,538,945	28,736,722	-	-	-	9,667,237
-	(5,458,204)	(6,156,430)	-	-	(4,820,179)
<u>24,538,945</u>	<u>23,278,518</u>	<u>(6,156,430)</u>	<u>-</u>	<u>-</u>	<u>4,847,058</u>
19,497,179	1,597,998	(35,712)	-	(622)	(2,045,241)
<u>(35,207,743)</u>	<u>18,313,475</u>	<u>1,244,917</u>	<u>-</u>	<u>938,452</u>	<u>16,733,736</u>
<u>\$ (15,710,564)</u>	<u>\$ 19,911,473</u>	<u>\$ 1,209,205</u>	<u>\$ -</u>	<u>\$ 937,830</u>	<u>\$ 14,688,495</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, 2013

	Permanent Funds		Total Nonmajor Governmental Funds
	General Government	Education	
REVENUES:			
Property taxes	\$ -	\$ -	\$ 1,610,837
Other taxes, licenses and permits	-	-	52,714,744
Fines, forfeits and penalties	-	-	5,479,094
Revenues from the use of money or property	83	79	63,646
Revenues from other governmental agencies	-	-	216,628,715
Commissions and fees	-	-	8,620,598
Charges for current services	-	-	28,592,621
Compensation for loss, sale or damage to property	-	-	513,550
Contributions and gifts	-	704	4,999,652
Miscellaneous	-	-	470,198
	<u>83</u>	<u>783</u>	<u>319,693,655</u>
Total revenues			
EXPENDITURES:			
Current:			
General government	-	-	55,691,027
Fiscal administration	-	-	151,790
Administration of justice	-	-	12,776,019
Law enforcement and care of prisoners	-	-	28,263,321
Fire prevention and control	-	-	2,698,298
Regulation and inspection	-	-	371,494
Public welfare	-	-	32,241,772
Public health and hospitals	-	-	24,087,867
Public library system	-	-	898,004
Public works, highways and streets	-	-	27,753,624
Recreational and cultural	-	-	2,500,800
Education	-	2,855	159,314,770
Capital outlay	-	-	30,927,789
	<u>-</u>	<u>2,855</u>	<u>377,676,575</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>83</u>	<u>(2,072)</u>	<u>(57,982,920)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	109,030,199
Transfers out	-	-	(31,303,829)
	<u>-</u>	<u>-</u>	<u>77,726,370</u>
Total other financing sources (uses)			
Net change in fund balances (deficits)	83	(2,072)	19,743,450
FUND BALANCES (DEFICITS), beginning of year	<u>201,675</u>	<u>194,600</u>	<u>62,901,023</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 201,758</u>	<u>\$ 192,528</u>	<u>\$ 82,644,473</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 81,561,400	\$ 81,561,400	\$ 81,224,608	\$ (336,792)
Local option sales tax	1,932,200	1,932,200	1,782,042	(150,158)
Fines, forfeits and penalties	425,000	425,000	306,638	(118,362)
Revenues from the use of money or property	-	-	6,875	6,875
Revenues from other governmental agencies	2,725,900	2,725,900	9,144,848	6,418,948
Bond interest tax credit	-	-	4,900,351	4,900,351
Total revenues	86,644,500	86,644,500	97,365,362	10,720,862
EXPENDITURES:				
Principal retirement	20,998,300	20,998,300	20,998,341	(41)
Interest	49,896,200	49,896,200	53,068,288	(3,172,088)
Fiscal charges	1,841,300	1,841,300	2,679,756	(838,456)
Debt issue costs	6,749,400	6,749,400	1,565,304	5,184,096
Total expenditures	79,485,200	79,485,200	78,311,689	1,173,511
Excess (deficiency) of revenues over expenditures	7,159,300	7,159,300	19,053,673	11,894,373
OTHER FINANCING SOURCES (USES):				
Issuance of refunding debt	-	-	206,235,770	206,235,770
Debt issue premium	-	-	30,381,569	30,381,569
Payments to refunded bond escrow agent	-	-	(235,033,631)	(235,033,631)
Transfers in	12,993,100	12,993,100	6,882,280	(6,110,820)
Transfers out	(20,152,400)	(20,152,400)	(16,766,400)	3,386,000
Total other financing sources (uses)	(7,159,300)	(7,159,300)	(8,300,412)	(1,141,112)
Net change in fund balances	-	-	10,753,261	10,753,261
FUND BALANCES, beginning of year	8,469,047	8,469,047	8,469,047	-
FUND BALANCES, end of year	<u>\$ 8,469,047</u>	<u>\$ 8,469,047</u>	<u>\$ 19,222,308</u>	<u>\$ 10,753,261</u>

See accompanying auditors' report.

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 47,063,600	\$ 47,063,600	\$ 38,335,506	\$ (8,728,094)
Revenues from the use of money or property	-	-	316,614	316,614
Revenues from other governmental agencies	-	-	250,198	250,198
Total revenues	47,063,600	47,063,600	38,902,318	(8,161,282)
EXPENDITURES:				
Principal retirement	16,503,100	16,503,100	18,496,776	(1,993,676)
Interest	32,855,600	32,855,600	31,588,515	1,267,085
Fiscal charges	714,700	714,700	854,615	(139,915)
Debt issue costs	3,500,000	3,500,000	877,543	2,622,457
Total expenditures	53,573,400	53,573,400	51,817,449	1,755,951
Excess (deficiency) of revenues over expenditures	(6,509,800)	(6,509,800)	(12,915,131)	(6,405,331)
OTHER FINANCING SOURCES (USES):				
Issuance of refunding debt	-	-	144,975,929	144,975,929
Debt issue premium	-	-	18,132,835	18,132,835
Payments to refunded bond escrow agent	-	-	(162,340,389)	(162,340,389)
Transfers in	6,509,800	6,509,800	8,441,577	1,931,777
Transfers out	-	-	(189,615)	(189,615)
Total other financing sources (uses)	6,509,800	6,509,800	9,020,337	2,510,537
Net change in fund balances	-	-	(3,894,794)	(3,894,794)
FUND BALANCE, beginning of year	13,373,917	13,373,917	13,373,917	-
FUND BALANCE, end of year	\$ 13,373,917	\$ 13,373,917	\$ 9,479,123	\$ (3,894,794)

See accompanying auditors' report.

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 14,394,300	\$ 14,394,300	\$ 14,389,235	\$ (5,065)
Revenue from the use of money or property	-	-	865	865
Total revenues	14,394,300	14,394,300	14,390,100	(4,200)
EXPENDITURES:				
Principal retirement	5,510,800	5,510,800	5,248,290	262,510
Interest	9,028,200	9,028,200	8,615,234	412,966
Fiscal charges	318,400	318,400	182,251	136,149
Debt issue costs	568,600	568,600	261,802	306,798
Total expenditures	15,426,000	15,426,000	14,307,577	1,118,423
Excess (deficiency) of revenues over expenditures	(1,031,700)	(1,031,700)	82,523	1,114,223
OTHER FINANCING SOURCES (USES):				
Issuance of refunding debt	-	-	31,386,758	31,386,758
Debt issue premium (discount)	-	-	5,236,403	5,236,403
Payments to refunded bond escrow agent	-	-	(36,462,830)	(36,462,830)
Transfers in	1,031,700	1,031,700	1,083,280	51,580
Transfers out	-	-	(22,791)	(22,791)
Total other financing sources (uses)	1,031,700	1,031,700	1,220,820	189,120
Net change in fund balances	-	-	1,303,343	1,303,343
FUND BALANCES, beginning of year	7,325,354	7,325,354	7,325,354	-
FUND BALANCES, end of year	\$ 7,325,354	\$ 7,325,354	\$ 8,628,697	\$ 1,303,343

See accompanying auditors' report.

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 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.

SOLID WASTE OPERATIONS FUND

The Solid Waste Operations Fund accounts for activities of the Department of Public Works involving refuse collection, recycling, chipper service and other miscellaneous activities as well as federal and state funds for enhancing solid waste management in local communities and solid waste special projects approved by the Metropolitan Council.

STORMWATER GRANTS FUND

The Stormwater Grants Fund is under the administrative responsibility of the Department of Water and Sewerage Services and accounts for grant activities related to the Government's stormwater drainage system.

FLOOD 2010 RECOVERY FUND

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

EDUCATION SERVICES FUND

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

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 two-sixths for direct promotion of tourism, three-sixths for the construction, financing and operation of the new Music City Center, and one-sixth for distribution to the General Fund.

CONVENTION CENTER TAX FUND

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

EVENTS AND MARKETING FUND

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

OTHER GOVERNMENT SERVICES FUND

The Other Government Services Fund accounts for funds which support various government activities through federal, state and private grants and contributions, proceeds from the sale of seized property used to support various law enforcement programs, and special revenues supporting other governmental operations.

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 POSITION
NONMAJOR ENTERPRISE FUNDS

June 30, 2013

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 2,676,751	\$ 1,132,957	\$ 339,311
Accounts receivable	421,990	15,452	2,335
Allowance for doubtful accounts	-	-	-
Accrued interest receivable	77	36	14
Due from other funds of the primary government	133,925	842	-
Due from component units	-	-	-
Other current assets	-	44,051	-
	<u> </u>	<u> </u>	<u> </u>
Total current assets	3,232,743	1,193,338	341,660
Noncurrent assets:			
Capital assets:			
Land	6,056,529	175,293	-
Buildings and improvements	52,668,319	8,814,549	3,401,046
Improvements other than buildings	50,220	3,781,300	151,939
Furniture, machinery and equipment	671,531	596,413	383,708
Property under capital lease	-	-	3,645,000
Construction in progress	-	-	-
Less accumulated depreciation	(30,623,924)	(9,478,341)	(2,544,250)
	<u> </u>	<u> </u>	<u> </u>
Capital assets - net	28,822,675	3,889,214	5,037,443
Other noncurrent assets	100,000	-	-
	<u> </u>	<u> </u>	<u> </u>
Total noncurrent assets	28,922,675	3,889,214	5,037,443
	<u> </u>	<u> </u>	<u> </u>
Total assets	32,155,418	5,082,552	5,379,103

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2013

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>Stormwater Operations</u>
\$ 506,645	\$ 659,036	\$ 399,261	\$ 30,247	\$ 13,245,188
81,443	351	10,661	-	3,894,586
-	-	-	-	(941,997)
17	36	13	-	13
-	8,896	-	-	29,830
-	-	-	-	34,700
-	-	1,152	-	77
<u>588,105</u>	<u>668,319</u>	<u>411,087</u>	<u>30,247</u>	<u>16,262,397</u>
-	-	587,400	-	-
-	-	10,095,045	-	-
-	-	84,651	-	-
187,368	-	779,228	-	-
-	-	-	-	-
-	-	40,632	-	-
<u>(108,790)</u>	<u>-</u>	<u>(8,339,712)</u>	<u>-</u>	<u>-</u>
<u>78,578</u>	<u>-</u>	<u>3,247,244</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>78,578</u>	<u>-</u>	<u>3,247,244</u>	<u>-</u>	<u>-</u>
<u>666,683</u>	<u>668,319</u>	<u>3,658,331</u>	<u>30,247</u>	<u>16,262,397</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2013

	Community Education Commission	Total Nonmajor Enterprise Funds
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 442,956	\$ 19,432,352
Accounts receivable	-	4,426,818
Allowance for doubtful accounts	-	(941,997)
Accrued interest receivable	16	222
Due from other funds of the primary government	-	173,493
Due from component units	-	34,700
Other current assets	-	45,280
	<u>442,972</u>	<u>23,170,868</u>
Total current assets		
Noncurrent assets:		
Capital assets:		
Land	-	6,819,222
Buildings and improvements	-	74,978,959
Improvements other than buildings	-	4,068,110
Furniture, machinery and equipment	-	2,618,248
Property under capital lease	-	3,645,000
Construction in progress	-	40,632
Less accumulated depreciation	-	(51,095,017)
	<u>-</u>	<u>41,075,154</u>
Capital assets - net		
	<u>-</u>	<u>41,075,154</u>
Other noncurrent assets	-	100,000
	<u>-</u>	<u>100,000</u>
Total noncurrent assets	<u>-</u>	<u>41,175,154</u>
Total assets	<u>442,972</u>	<u>64,346,022</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2013

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 907,036	\$ 65,891	\$ 180,773
Accrued payroll	99,985	99,357	47,340
Due to other funds of the primary government	5,888	10,242	3,088
Due to component units	288,625	-	-
Customer deposits	104,969	165,415	10,190
Unearned revenue	542,332	36,579	-
Current portion of capitalized lease obligations	-	-	230,000
Total current liabilities	1,948,835	377,484	471,391
Noncurrent liabilities:			
Capitalized lease obligations	-	-	245,000
Total noncurrent liabilities	-	-	245,000
Total liabilities	1,948,835	377,484	716,391
NET POSITION:			
Net investment in capital assets	28,822,675	3,889,214	4,562,443
Unrestricted	1,383,908	815,854	100,269
Total net position	\$ 30,206,583	\$ 4,705,068	\$ 4,662,712

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2013

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>Stormwater Operations</u>
\$ 1,213	\$ 4,490	\$ 151,597	\$ 195	\$ 467,106
40,363	74,435	84,607	-	415,925
63,052	258,629	1,005	2,400,000	22,827
-	-	-	-	-
-	-	-	-	-
-	-	212,168	-	-
-	-	-	-	-
<u>104,628</u>	<u>337,554</u>	<u>449,377</u>	<u>2,400,195</u>	<u>905,858</u>
-	-	-	-	-
-	-	-	-	-
<u>104,628</u>	<u>337,554</u>	<u>449,377</u>	<u>2,400,195</u>	<u>905,858</u>
78,578	-	3,247,244	-	-
<u>483,477</u>	<u>330,765</u>	<u>(38,290)</u>	<u>(2,369,948)</u>	<u>15,356,539</u>
<u>\$ 562,055</u>	<u>\$ 330,765</u>	<u>\$ 3,208,954</u>	<u>\$ (2,369,948)</u>	<u>\$ 15,356,539</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2013

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u> </u>	<u> </u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 52,911	\$ 1,831,212
Accrued payroll	4,432	866,444
Due to other funds of the primary government	75	2,764,806
Due to component units	-	288,625
Customer deposits	-	280,574
Unearned revenue	-	791,079
Current portion of capitalized lease obligations	-	230,000
	<u>57,418</u>	<u>7,052,740</u>
Total current liabilities		
Noncurrent liabilities:		
Capitalized lease obligations	-	245,000
	<u>-</u>	<u>245,000</u>
Total noncurrent liabilities		
	<u>-</u>	<u>245,000</u>
Total liabilities	<u>57,418</u>	<u>7,297,740</u>
NET POSITION:		
Net investment in capital assets	-	40,600,154
Unrestricted	385,554	16,448,128
	<u>385,554</u>	<u>16,448,128</u>
Total net position	<u>\$ 385,554</u>	<u>\$ 57,048,282</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 NET POSITION
NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2013

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
OPERATING REVENUES:			
Charges for services	\$ 5,746,129	\$ 2,781,069	\$ 1,291,887
Total operating revenues	<u>5,746,129</u>	<u>2,781,069</u>	<u>1,291,887</u>
OPERATING EXPENSES:			
Personal services	2,831,048	1,265,737	319,698
Contractual services	2,463,128	1,103,668	1,087,666
Supplies and materials	105,957	126,550	27,482
Depreciation	1,428,357	382,110	292,317
Other	462,454	150,647	8,252
Total operating expenses	<u>7,290,944</u>	<u>3,028,712</u>	<u>1,735,415</u>
OPERATING INCOME (LOSS)	<u>(1,544,815)</u>	<u>(247,643)</u>	<u>(443,528)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	3,050	395	-
Interest expense	-	-	(39,792)
Gain (loss) on sale of property	620	(52,435)	86
Other	-	5,000	-
Total nonoperating revenue (expense)	<u>3,670</u>	<u>(47,040)</u>	<u>(39,706)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,541,145)</u>	<u>(294,683)</u>	<u>(483,234)</u>
TRANSFERS IN	-	15,909	751,345
TRANSFERS OUT	<u>(124,000)</u>	<u>(139,100)</u>	<u>(48,200)</u>
CHANGE IN NET POSITION	(1,665,145)	(417,874)	219,911
NET POSITION, beginning of year	<u>31,871,728</u>	<u>5,122,942</u>	<u>4,442,801</u>
NET POSITION, end of year	<u>\$ 30,206,583</u>	<u>\$ 4,705,068</u>	<u>\$ 4,662,712</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 NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2013

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
\$ 1,285,027	\$ 795,313	\$ 1,187,423	\$ 492,041	\$ 14,198,479
<u>1,285,027</u>	<u>795,313</u>	<u>1,187,423</u>	<u>492,041</u>	<u>14,198,479</u>
993,229	451,161	589,445	-	6,319,945
20,326	244,180	863,817	372,275	3,360,814
74,217	4,987	16,493	-	560,736
25,474	-	238,582	-	-
2,259	16,149	40,960	630	225,911
<u>1,115,505</u>	<u>716,477</u>	<u>1,749,297</u>	<u>372,905</u>	<u>10,467,406</u>
<u>169,522</u>	<u>78,836</u>	<u>(561,874)</u>	<u>119,136</u>	<u>3,731,073</u>
208	475	198	-	1,705
-	-	-	(3,227)	-
-	-	-	-	-
-	-	-	-	-
<u>208</u>	<u>475</u>	<u>198</u>	<u>(3,227)</u>	<u>1,705</u>
<u>169,730</u>	<u>79,311</u>	<u>(561,676)</u>	<u>115,909</u>	<u>3,732,778</u>
-	-	89,349	-	-
(221,215)	(715,800)	(102,400)	-	(893,684)
(51,485)	(636,489)	(574,727)	115,909	2,839,094
<u>613,540</u>	<u>967,254</u>	<u>3,783,681</u>	<u>(2,485,857)</u>	<u>12,517,445</u>
<u>\$ 562,055</u>	<u>\$ 330,765</u>	<u>\$ 3,208,954</u>	<u>\$ (2,369,948)</u>	<u>\$ 15,356,539</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 NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2013

	Community Education Commission	Total Nonmajor Enterprise Funds
OPERATING REVENUES:		
Charges for services	\$ 45,038	\$ 27,822,406
Total operating revenues	<u>45,038</u>	<u>27,822,406</u>
OPERATING EXPENSES:		
Personal services	176,401	12,946,664
Contractual services	106,577	9,622,451
Supplies and materials	51,951	968,373
Depreciation	-	2,366,840
Other	5,874	913,136
Total operating expenses	<u>340,803</u>	<u>26,817,464</u>
OPERATING INCOME (LOSS)	<u>(295,765)</u>	<u>1,004,942</u>
NONOPERATING REVENUE (EXPENSE):		
Investment income	192	6,223
Interest expense	-	(43,019)
Gain (loss) on sale of property	-	(51,729)
Other	-	5,000
Total nonoperating revenue (expense)	<u>192</u>	<u>(83,525)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(295,573)</u>	<u>921,417</u>
TRANSFERS IN	342,500	1,199,103
TRANSFERS OUT	<u>(54,400)</u>	<u>(2,298,799)</u>
CHANGE IN NET POSITION	(7,473)	(178,279)
NET POSITION, beginning of year	<u>393,027</u>	<u>57,226,561</u>
NET POSITION, end of year	<u>\$ 385,554</u>	<u>\$ 57,048,282</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, 2013

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,417,140	\$ 2,870,378	\$ 1,314,311
Payments to suppliers	(2,412,348)	(1,489,646)	(964,970)
Payments to employees	(3,456,502)	(1,282,401)	(323,359)
Net cash provided by (used in) operating activities	<u>(451,710)</u>	<u>98,331</u>	<u>25,982</u>
Cash flows from noncapital financing activities:			
Transfers in	-	15,909	751,345
Transfers out	(124,000)	(139,100)	(48,200)
Payments to other funds of the primary government	-	-	(120,151)
Interest paid	-	-	(191)
Net cash provided by (used in) noncapital financing activities	<u>(124,000)</u>	<u>(123,191)</u>	<u>582,803</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(25,890)	(9,945)
Proceeds from the sale of property	620	-	86
Principal payments on borrowings	-	-	(220,000)
Interest paid	-	-	(39,615)
Net cash provided by (used in) capital and related financing activities	<u>620</u>	<u>(25,890)</u>	<u>(269,474)</u>
Cash flows from investing activities:			
Interest on investments	<u>3,082</u>	<u>402</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>3,082</u>	<u>402</u>	<u>-</u>
Net changes in cash and cash equivalents	(572,008)	(50,348)	339,311
Cash and cash equivalents at beginning of year	<u>3,248,759</u>	<u>1,183,305</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 2,676,751</u>	<u>\$ 1,132,957</u>	<u>\$ 339,311</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, 2013

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>Stormwater Operations</u>
\$ 1,394,166	\$ 848,417	\$ 1,313,247	\$ 501,974	\$ 21,116,189
(83,452)	(265,512)	(881,084)	(382,190)	(4,061,383)
<u>(1,000,362)</u>	<u>(443,057)</u>	<u>(596,944)</u>	<u>-</u>	<u>(6,306,900)</u>
310,352	139,848	(164,781)	119,784	10,747,906
-	-	89,349	-	-
(221,215)	(715,800)	(102,400)	-	(893,684)
-	-	-	(86,310)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,227)</u>	<u>-</u>
(221,215)	(715,800)	(13,051)	(89,537)	(893,684)
-	-	(89,349)	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(89,349)</u>	<u>-</u>	<u>-</u>
209	489	214	-	1,925
<u>209</u>	<u>489</u>	<u>214</u>	<u>-</u>	<u>1,925</u>
89,346	(575,463)	(266,967)	30,247	9,856,147
<u>417,299</u>	<u>1,234,499</u>	<u>666,228</u>	<u>-</u>	<u>3,389,041</u>
<u>\$ 506,645</u>	<u>\$ 659,036</u>	<u>\$ 399,261</u>	<u>\$ 30,247</u>	<u>\$ 13,245,188</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, 2013

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 45,038	\$ 34,820,860
Payments to suppliers	(139,855)	(10,680,440)
Payments to employees	(174,976)	(13,584,501)
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	(269,793)	10,555,919
	<u> </u>	<u> </u>
Cash flows from noncapital financing activities:		
Transfers in	342,500	1,199,103
Transfers out	(54,400)	(2,298,799)
Payments to other funds of the primary government	-	(206,461)
Interest paid	-	(3,418)
	<u> </u>	<u> </u>
Net cash provided by (used in) noncapital financing activities	288,100	(1,309,575)
	<u> </u>	<u> </u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(125,184)
Proceeds from the sale of property	-	706
Principal payments on borrowings	-	(220,000)
Interest paid	194	(39,421)
	<u> </u>	<u> </u>
Net cash provided by (used in) capital and related financing activities	194	(383,899)
	<u> </u>	<u> </u>
Cash flows from investing activities:		
Interest on investments	-	6,321
	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	-	6,321
	<u> </u>	<u> </u>
Net changes in cash and cash equivalents	18,501	8,868,766
Cash and cash equivalents at beginning of year	424,455	10,563,586
	<u> </u>	<u> </u>
Cash and cash equivalents at end of year	<u>\$ 442,956</u>	<u>\$ 19,432,352</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, 2013

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,544,815)	\$ (247,643)	\$ (443,528)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,428,357	382,110	292,317
Provision for doubtful accounts	-	-	-
Other receipts (payments)	-	5,000	-
Changes in assets and liabilities:			
Accounts receivable	8,931	7,215	(1,167)
Due from other funds of the primary government	(132,825)	305	23,591
Due from component units	-	-	-
Other current assets	-	(41,533)	-
Other noncurrent assets	100,000	-	-
Accounts payable	46,750	(62,388)	158,399
Accrued payroll	(317,929)	(16,664)	(3,661)
Due to other funds of the primary government	(17,609)	(4,860)	31
Due to component units	282,525	-	-
Customer deposits	-	75,628	-
Unearned revenue	(305,095)	1,161	-
Other current liabilities	-	-	-
Total adjustments	1,093,105	345,974	469,510
Net cash provided by (used in) operating activities	\$ (451,710)	\$ 98,331	\$ 25,982

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, 2013

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>Stormwater Operations</u>
<u>\$ 169,522</u>	<u>\$ 78,836</u>	<u>\$ (561,874)</u>	<u>\$ 119,136</u>	<u>\$ 3,731,073</u>
25,474	-	238,582	-	-
-	-	-	-	(39,150)
-	-	-	-	-
100,385	94,483	(10,623)	8,334	22,336
8,754	(8,704)	44	1,599	6,969,224
-	-	-	-	(34,700)
-	-	(1,152)	-	(77)
-	-	-	-	-
200	(196)	43,797	(2,603)	114,786
(7,133)	8,104	(7,499)	-	13,045
13,150	(32,336)	(2,459)	(6,682)	(28,631)
-	(339)	-	-	-
-	-	-	-	-
-	-	136,403	-	-
-	-	-	-	-
<u>140,830</u>	<u>61,012</u>	<u>397,093</u>	<u>648</u>	<u>7,016,833</u>
<u>\$ 310,352</u>	<u>\$ 139,848</u>	<u>\$ (164,781)</u>	<u>\$ 119,784</u>	<u>\$ 10,747,906</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, 2013

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u> </u>	<u> </u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (295,765)	\$ 1,004,942
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	2,366,840
Provision for doubtful accounts	-	(39,150)
Other receipts (payments)	-	5,000
Changes in assets and liabilities:		
Accounts receivable	-	229,894
Due from other funds of the primary government	-	6,861,988
Due from component units	-	(34,700)
Other current assets	-	(42,762)
Other noncurrent assets	-	100,000
Accounts payable	24,677	323,422
Accrued payroll	1,425	(330,312)
Due to other funds of the primary government	(81)	(79,477)
Due to component units	-	282,186
Customer deposits	-	75,628
Unearned revenue	-	(167,531)
Other current liabilities	(49)	(49)
	<u>25,972</u>	<u>9,550,977</u>
Total adjustments		
Net cash provided by (used in) operating activities	<u>\$ (269,793)</u>	<u>\$ 10,555,919</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2013

	Office of Fleet Management	Information Systems	Radio Shop
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 1,872,256	\$ 3,250,234	\$ 3,748,085
Accounts receivable	11,396	12,378	33,935
Accrued interest receivable	85	132	130
Due from other funds of the primary government	1,074,439	6,873	119
Due from component units	-	1,492	-
Inventories of supplies	1,429,907	-	243,845
Other current assets	-	245,945	-
Total current assets	4,388,083	3,517,054	4,026,114
Noncurrent assets:			
Capital assets:			
Buildings and improvements	-	-	126,643
Improvements other than buildings	-	-	-
Furniture, machinery and equipment	138,507,609	7,897,882	26,711,549
Construction in progress	-	346,615	1,003,427
Less accumulated depreciation	(107,295,687)	(5,787,932)	(4,235,179)
Capital assets - net	<u>31,211,922</u>	<u>2,456,565</u>	<u>23,606,440</u>
Total assets	35,600,005	5,973,619	27,632,554
LIABILITIES:			
Current liabilities:			
Accounts payable	1,909,280	493,439	531,260
Accrued payroll	553,360	1,102,459	94,003
Claims payable	-	-	-
Due to other funds of the primary government	20	17	29
Total current liabilities	2,462,660	1,595,915	625,292
Noncurrent liabilities:			
Claims payable	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	2,462,660	1,595,915	625,292
NET POSITION:			
Net investment in capital assets	31,211,922	2,456,565	23,606,440
Unrestricted	1,925,423	1,921,139	3,400,822
Total net position	\$ 33,137,345	\$ 4,377,704	\$ 27,007,262

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2013

<u>School Self Insurance</u>	<u>General Government Self Insurance</u>	<u>School Professional Employees' Insurance</u>	<u>Employees' Medical Benefit</u>	<u>Injured on Duty</u>
\$ 1,959,957	\$ 19,321,080	\$ 7,302,963	\$ 63,061,586	\$ 10,919,735
-	-	3,120,699	-	13
69	689	284	2,095	430
-	542	60,532	440,794	-
-	10,552	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,960,026</u>	<u>19,332,863</u>	<u>10,484,478</u>	<u>63,504,475</u>	<u>10,920,178</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,960,026</u>	<u>19,332,863</u>	<u>10,484,478</u>	<u>63,504,475</u>	<u>10,920,178</u>
195,117	215,644	3,620,740	4,035,418	271,861
-	-	18,625	7,225	-
383,749	3,047,257	6,141,396	16,631,000	7,894,500
15	60	3,940	2,966	160,232
<u>578,881</u>	<u>3,262,961</u>	<u>9,784,701</u>	<u>20,676,609</u>	<u>8,326,593</u>
<u>823,154</u>	<u>5,182,252</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>823,154</u>	<u>5,182,252</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,402,035</u>	<u>8,445,213</u>	<u>9,784,701</u>	<u>20,676,609</u>	<u>8,326,593</u>
-	-	-	-	-
557,991	10,887,650	699,777	42,827,866	2,593,585
<u>\$ 557,991</u>	<u>\$ 10,887,650</u>	<u>\$ 699,777</u>	<u>\$ 42,827,866</u>	<u>\$ 2,593,585</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2013

	Metro Postal Service	Treasury Management	Technology Revolving	General Services
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 261,101	\$ 76,486	\$ 991,237	\$ 3,261,405
Accounts receivable	18	-	384	75,672
Accrued interest receivable	10	3	38	129
Due from other funds of the primary government	428	118,282	28,660	86,930
Due from component units	3	-	3,561	-
Inventories of supplies	-	-	-	-
Other current assets	33,607	-	-	-
Total current assets	295,167	194,771	1,023,880	3,424,136
Noncurrent assets:				
Capital assets:				
Buildings and improvements	-	-	-	222,365
Improvements other than buildings	-	-	-	29,031
Furniture, machinery and equipment	-	10,626	-	198,185
Construction in progress	-	-	-	-
Less accumulated depreciation	-	(10,626)	-	(174,069)
Capital assets - net	-	-	-	275,512
Total assets	295,167	194,771	1,023,880	3,699,648
LIABILITIES:				
Current liabilities:				
Accounts payable	56,537	616	104,938	1,671,390
Accrued payroll	41,524	69,330	-	342,895
Claims payable	-	-	-	-
Due to other funds of the primary government	-	122	-	50,203
Total current liabilities	98,061	70,068	104,938	2,064,488
Noncurrent liabilities:				
Claims payable	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	98,061	70,068	104,938	2,064,488
NET POSITION:				
Net investment in capital assets	-	-	-	275,512
Unrestricted	197,106	124,703	918,942	1,359,648
Total net position	\$ 197,106	\$ 124,703	\$ 918,942	\$ 1,635,160

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2013

School Print Shop	Total Internal Service Funds
\$ 435,968	\$ 116,462,093
465	3,254,960
15	4,109
38,069	1,855,668
-	15,608
-	1,673,752
3,735	283,287
<u>478,252</u>	<u>123,549,477</u>
-	349,008
-	29,031
367,351	173,693,202
-	1,350,042
(333,616)	(117,837,109)
<u>33,735</u>	<u>57,584,174</u>
<u>511,987</u>	<u>181,133,651</u>
14,635	13,120,875
45,443	2,274,864
-	34,097,902
12,098	229,702
<u>72,176</u>	<u>49,723,343</u>
<u>-</u>	<u>6,005,406</u>
<u>-</u>	<u>6,005,406</u>
<u>72,176</u>	<u>55,728,749</u>
33,735	57,584,174
406,076	67,820,728
<u>\$ 439,811</u>	<u>\$ 125,404,902</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 NET POSITION
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2013

	Office of Fleet Management	Information Systems	Radio Shop
OPERATING REVENUES:			
Charges for services	\$ 19,489,110	\$ 14,114,203	\$ 1,615,578
Other	-	-	-
Total operating revenues	<u>19,489,110</u>	<u>14,114,203</u>	<u>1,615,578</u>
OPERATING EXPENSES:			
Personal services	5,060,986	8,557,758	964,339
Contractual services	2,351,464	3,872,898	817,960
Supplies and materials	11,571,009	22,571	690,195
Depreciation	12,440,036	823,142	751,752
Compensation for damages to property	-	-	-
Medical and insurance benefits	-	-	-
Other	241,459	2,183,077	58,385
Total operating expenses	<u>31,664,954</u>	<u>15,459,446</u>	<u>3,282,631</u>
OPERATING INCOME (LOSS)	<u>(12,175,844)</u>	<u>(1,345,243)</u>	<u>(1,667,053)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	366	1,625	1,613
Gain (loss) on sale of property	572,915	-	6,479
Other	299,295	-	-
Total nonoperating revenue (expense)	<u>872,576</u>	<u>1,625</u>	<u>8,092</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(11,303,268)</u>	<u>(1,343,618)</u>	<u>(1,658,961)</u>
TRANSFERS IN	10,018,776	1,477,855	9,386,939
TRANSFERS OUT	<u>(14,225)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(1,298,717)	134,237	7,727,978
NET POSITION, beginning of year	<u>34,436,062</u>	<u>4,243,467</u>	<u>19,279,284</u>
NET POSITION, end of year	<u>\$ 33,137,345</u>	<u>\$ 4,377,704</u>	<u>\$ 27,007,262</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 NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2013

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured On Duty
\$ -	\$ 6,762,259	\$ 98,081,121	\$ 196,765,891	\$ 3,818,700
-	-	-	2,741,176	174,027
-	6,762,259	98,081,121	199,507,067	3,992,727
24,739	659,651	101,179	384,158	-
285,442	558,644	5,378,685	7,948,486	1,397,488
-	2,095	1,842	-	-
-	-	-	-	-
271,681	5,653,664	-	-	-
-	-	87,342,745	183,429,697	16,940,255
5,549	2,706,221	-	3,250	-
587,411	9,580,275	92,824,451	191,765,591	18,337,743
(587,411)	(2,818,016)	5,256,670	7,741,476	(14,345,016)
956	8,047	1,586	22,590	4,540
-	-	-	-	-
69,250	2,201,186	-	18,669	-
70,206	2,209,233	1,586	41,259	4,540
(517,205)	(608,783)	5,258,256	7,782,735	(14,340,476)
1,250,000	705,358	-	2,015,577	21,833,400
-	(2,437,800)	(189)	-	-
732,795	(2,341,225)	5,258,067	9,798,312	7,492,924
(174,804)	13,228,875	(4,558,290)	33,029,554	(4,899,339)
<u>\$ 557,991</u>	<u>\$ 10,887,650</u>	<u>\$ 699,777</u>	<u>\$ 42,827,866</u>	<u>\$ 2,593,585</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 NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2013

	Metro Postal Service	Treasury Management	Technology Revolving	General Services
OPERATING REVENUES:				
Charges for services	\$ 419,704	\$ 709,769	\$ 349,409	\$ 18,931,537
Other	-	-	-	526
Total operating revenues	<u>419,704</u>	<u>709,769</u>	<u>349,409</u>	<u>18,932,063</u>
OPERATING EXPENSES:				
Personal services	242,240	641,443	-	2,278,997
Contractual services	567,693	54,427	6,175	15,432,317
Supplies and materials	4,238	3,578	2,125,172	270,885
Depreciation	-	-	-	37,898
Compensation for damages to property	-	-	-	-
Medical and insurance benefits	-	-	-	-
Other	22,340	4,215	-	357,654
Total operating expenses	<u>836,511</u>	<u>703,663</u>	<u>2,131,347</u>	<u>18,377,751</u>
OPERATING INCOME (LOSS)	<u>(416,807)</u>	<u>6,106</u>	<u>(1,781,938)</u>	<u>554,312</u>
NONOPERATING REVENUE (EXPENSE):				
Investment income	221	35	347	1,040
Gain (loss) on sale of property	-	-	-	-
Other	-	-	-	-
Total nonoperating revenue (expense)	<u>221</u>	<u>35</u>	<u>347</u>	<u>1,040</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(416,586)</u>	<u>6,141</u>	<u>(1,781,591)</u>	<u>555,352</u>
TRANSFERS IN	-	-	1,750,000	-
TRANSFERS OUT	-	-	-	-
CHANGE IN NET POSITION	(416,586)	6,141	(31,591)	555,352
NET POSITION, beginning of year	<u>613,692</u>	<u>118,562</u>	<u>950,533</u>	<u>1,079,808</u>
NET POSITION, end of year	<u>\$ 197,106</u>	<u>\$ 124,703</u>	<u>\$ 918,942</u>	<u>\$ 1,635,160</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 NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2013

School Print Shop	Total Internal Service Funds
\$ 476,041	\$ 361,533,322
-	2,915,729
<u>476,041</u>	<u>364,449,051</u>
314,820	19,230,310
1,899	38,673,578
212,669	14,904,254
19,895	14,072,723
-	5,925,345
-	287,712,697
1,816	5,583,966
<u>551,099</u>	<u>386,102,873</u>
<u>(75,058)</u>	<u>(21,653,822)</u>
198	43,164
-	579,394
-	2,588,400
<u>198</u>	<u>3,210,958</u>
<u>(74,860)</u>	<u>(18,442,864)</u>
-	48,437,905
<u>(945)</u>	<u>(2,453,159)</u>
(75,805)	27,541,882
<u>515,616</u>	<u>97,863,020</u>
<u>\$ 439,811</u>	<u>\$ 125,404,902</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
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2013

	Office of Fleet Management	Information Systems	Radio Shop
Cash flows from operating activities:			
Receipts from customers and users	\$ 19,232,675	\$ 14,144,019	\$ 1,823,360
Payments to suppliers	(13,497,246)	(6,328,630)	(1,041,949)
Payments to employees	(5,105,424)	(8,616,092)	(998,390)
Other receipts	299,295	-	-
Net cash provided by (used in) operating activities	<u>929,300</u>	<u>(800,703)</u>	<u>(216,979)</u>
Cash flows from noncapital financing activities:			
Transfers in	10,018,776	1,477,855	9,386,939
Transfers out	<u>(14,225)</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>10,004,551</u>	<u>1,477,855</u>	<u>9,386,939</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(10,018,776)	(1,477,855)	(9,401,126)
Proceeds from the sale of property	<u>676,846</u>	<u>-</u>	<u>6,479</u>
Net cash provided by (used in) capital and related financing activities	<u>(9,341,930)</u>	<u>(1,477,855)</u>	<u>(9,394,647)</u>
Cash flows from investing activities:			
Interest on investments	<u>296</u>	<u>1,679</u>	<u>1,645</u>
Net cash provided by (used in) investing activities	<u>296</u>	<u>1,679</u>	<u>1,645</u>
Net changes in cash and cash equivalents	1,592,217	(799,024)	(223,042)
Cash and cash equivalents at beginning of year	<u>280,039</u>	<u>4,049,258</u>	<u>3,971,127</u>
Cash and cash equivalents at end of year	<u>\$ 1,872,256</u>	<u>\$ 3,250,234</u>	<u>\$ 3,748,085</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, 2013

<u>School Self Insurance</u>	<u>General Government Self Insurance</u>	<u>School Professional Employees' Insurance</u>	<u>Employees' Medical Benefit</u>	<u>Injured On Duty</u>
\$ -	\$ 6,751,553	\$ 96,643,089	\$ 199,649,897	\$ 4,006,485
(1,513,346)	(6,901,992)	(90,086,968)	(190,435,645)	(18,954,672)
-	-	(100,842)	(382,681)	-
<u>69,250</u>	<u>2,201,186</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,444,096)</u>	<u>2,050,747</u>	<u>6,455,279</u>	<u>8,831,571</u>	<u>(14,948,187)</u>
1,250,000	705,358	-	2,015,577	21,833,400
-	(2,437,800)	(189)	-	-
<u>1,250,000</u>	<u>(1,732,442)</u>	<u>(189)</u>	<u>2,015,577</u>	<u>21,833,400</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
978	8,170	1,381	22,705	4,328
<u>978</u>	<u>8,170</u>	<u>1,381</u>	<u>22,705</u>	<u>4,328</u>
(193,118)	326,475	6,456,471	10,869,853	6,889,541
<u>2,153,075</u>	<u>18,994,605</u>	<u>846,492</u>	<u>52,191,733</u>	<u>4,030,194</u>
<u>\$ 1,959,957</u>	<u>\$ 19,321,080</u>	<u>\$ 7,302,963</u>	<u>\$ 63,061,586</u>	<u>\$ 10,919,735</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, 2013

	Metro Postal Service	Treasury Management	Technology Revolving	General Services
Cash flows from operating activities:				
Receipts from customers and users	\$ 423,415	\$ 716,224	\$ 352,624	\$ 19,345,189
Payments to suppliers	(599,772)	(66,164)	(2,056,295)	(15,893,449)
Payments to employees	(238,561)	(645,915)	-	(2,277,314)
Other receipts	-	-	-	-
Net cash provided by (used in) operating activities	<u>(414,918)</u>	<u>4,145</u>	<u>(1,703,671)</u>	<u>1,174,426</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	1,750,000	-
Transfers out	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>1,750,000</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>240</u>	<u>35</u>	<u>351</u>	<u>1,066</u>
Net cash provided by (used in) investing activities	<u>240</u>	<u>35</u>	<u>351</u>	<u>1,066</u>
Net changes in cash and cash equivalents	(414,678)	4,180	46,680	1,175,492
Cash and cash equivalents at beginning of year	<u>675,779</u>	<u>72,306</u>	<u>944,557</u>	<u>2,085,913</u>
Cash and cash equivalents at end of year	<u>\$ 261,101</u>	<u>\$ 76,486</u>	<u>\$ 991,237</u>	<u>\$ 3,261,405</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, 2013

School Print Shop	Total Internal Service Funds
\$ 488,455	\$ 363,576,985
(236,043)	(347,612,171)
(312,010)	(18,677,229)
-	2,569,731
<u>(59,598)</u>	<u>(142,684)</u>
-	48,437,905
<u>(945)</u>	<u>(2,453,159)</u>
<u>(945)</u>	<u>45,984,746</u>
-	(20,897,757)
<u>-</u>	<u>683,325</u>
<u>-</u>	<u>(20,214,432)</u>
<u>204</u>	<u>43,078</u>
<u>204</u>	<u>43,078</u>
(60,339)	25,670,708
<u>496,307</u>	<u>90,791,385</u>
<u>\$ 435,968</u>	<u>\$ 116,462,093</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, 2013

	<u>Office of Fleet Management</u>	<u>Information Systems</u>	<u>Radio Shop</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	<u>\$ (12,175,844)</u>	<u>\$ (1,345,243)</u>	<u>\$ (1,667,053)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	12,440,036	823,142	751,752
Other receipts (payments)	299,295	-	-
Changes in assets and liabilities:			
Accounts receivable	(349)	7,080	(20,107)
Due from other funds of the primary government	(256,086)	24,228	227,889
Due from component units	-	(1,492)	-
Inventories of supplies	61,365	-	27,405
Other current assets	-	(24,712)	-
Accounts payable	606,544	(195,328)	497,197
Accrued payroll	(44,438)	(58,334)	(34,051)
Claims payable	-	-	-
Due to other funds of the primary government	<u>(1,223)</u>	<u>(30,044)</u>	<u>(11)</u>
Total adjustments	<u>13,105,144</u>	<u>544,540</u>	<u>1,450,074</u>
Net cash provided by (used in) operating activities	<u>\$ 929,300</u>	<u>\$ (800,703)</u>	<u>\$ (216,979)</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, 2013

<u>School Self Insurance</u>	<u>General Government Self Insurance</u>	<u>School Professional Employees' Insurance</u>	<u>Employees' Medical Benefit</u>	<u>Injured On Duty</u>
\$ (587,411)	\$ (2,818,016)	\$ 5,256,670	\$ 7,741,476	\$ (14,345,016)
-	-	-	-	-
69,250	2,201,186	-	18,669	-
-	-	(1,518,597)	-	13,758
-	(154)	80,565	142,830	-
-	(10,552)	-	-	-
-	-	-	-	-
-	-	240,207	-	-
(492,264)	29,055	1,933,603	(401,847)	173,453
-	-	337	1,477	-
(433,686)	2,649,168	462,194	1,326,000	(681,500)
15	60	300	2,966	(108,882)
<u>(856,685)</u>	<u>4,868,763</u>	<u>1,198,609</u>	<u>1,090,095</u>	<u>(603,171)</u>
<u>\$ (1,444,096)</u>	<u>\$ 2,050,747</u>	<u>\$ 6,455,279</u>	<u>\$ 8,831,571</u>	<u>\$ (14,948,187)</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, 2013

	Metro Postal Service	Treasury Management	Technology Revolving	General Services
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (416,807)	\$ 6,106	\$ (1,781,938)	\$ 554,312
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	37,898
Other receipts (payments)	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	-	-	-	(74,511)
Due from other funds of the primary government	3,697	6,455	6,776	487,637
Due from component units	14	-	(3,561)	-
Inventories of supplies	-	-	-	-
Other current assets	(9,439)	-	-	-
Accounts payable	3,938	(321)	84,254	192,780
Accrued payroll	3,679	(4,472)	-	1,683
Claims payable	-	-	-	-
Due to other funds of the primary government	-	(3,623)	(9,202)	(25,373)
Total adjustments	1,889	(1,961)	78,267	620,114
Net cash provided by (used in) operating activities	\$ (414,918)	\$ 4,145	\$ (1,703,671)	\$ 1,174,426

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, 2013

<u>School Print Shop</u>	<u>Total Internal Service Funds</u>
<u>\$ (75,058)</u>	<u>\$ (21,653,822)</u>
19,895	14,072,723
-	2,588,400
(387)	(1,593,113)
12,801	736,638
-	(15,591)
-	88,770
(3,735)	202,321
(16,651)	2,414,413
2,810	(131,309)
-	3,322,176
<u>727</u>	<u>(174,290)</u>
<u>15,460</u>	<u>21,511,138</u>
<u>\$ (59,598)</u>	<u>\$ (142,684)</u>

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 assets of the Nashville Convention Center are under the Finance Department and its management is under the Convention Center Authority, a component unit, which also manages the Music City Center.

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.

STORMWATER OPERATIONS

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

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

COMMUNITY EDUCATION COMMISSION

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

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.

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

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.

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.

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.

GENERAL SERVICES FUND

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

SCHOOL PRINT SHOP FUND

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2013

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ASSETS:				
Cash and cash equivalents	\$ -	\$ 28,792,259	\$ -	\$ -
Investments, at fair value:				
U.S. government agencies	-	81,549,672	-	2,463,666
Foreign government bonds and agencies	-	31,288,098	-	945,233
Government mortgage backed securities	-	67,031,163	-	2,025,053
Corporate bonds and notes	-	170,417,803	-	5,148,427
High yield bonds	-	26,254,732	-	793,172
Inflation protected bonds	-	27,831,172	-	840,797
Common stock	-	1,077,126,387	-	27,865,448
Preferred stock	-	219,373	-	6,627
Municipals	-	7,476,831	-	225,880
Mortgages and real estate	-	38,743	-	1,170
Credit default swaps	-	46,860,447	-	1,415,683
Commingled funds U.S. debt	-	14,560,129	-	439,871
Venture capital and partnerships	-	810,567,646	-	24,487,750
Cash collateral received - securities lending program	-	59,089,914	-	-
Annuities	-	100,021	-	-
Accounts receivable	-	61,441,729	253,653	2,917,873
Accrued interest receivable	-	3,721,895	11	112,441
Due from other funds of the primary government	1	56,684	-	3,630,671
Total assets	1	2,514,424,698	253,664	73,319,762
LIABILITIES:				
Accounts payable	1	39,477,356	-	1,123,333
Due to brokers	-	73,464,904	-	2,219,420
Payable for collateral received - securities lending program	-	59,089,914	-	-
Due to other funds of the primary government	-	110,242	253,664	-
Total liabilities	1	172,142,416	253,664	3,342,753
NET POSITION:				
Held in trust for pension benefits	-	2,342,282,282	-	69,977,009
Held in trust for other employee benefits	-	-	-	-
Total net position	\$ -	\$ 2,342,282,282	\$ -	\$ 69,977,009

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2013

Closed City Plan	Teachers' Civil Service and Pension	Metropolitan Employees' Flexible Benefits Plan	Education Flexible Benefits Plan	Total Pension (and Other Employee Benefit) Trust Funds
\$ -	\$ -	\$ 1,555,570	\$ 167,514	\$ 30,515,343
-	-	-	-	84,013,338
-	-	-	-	32,233,331
-	-	-	-	69,056,216
-	-	-	-	175,566,230
-	-	-	-	27,047,904
-	-	-	-	28,671,969
-	-	-	-	1,104,991,835
-	-	-	-	226,000
-	-	-	-	7,702,711
-	-	-	-	39,913
-	-	-	-	48,276,130
-	-	-	-	15,000,000
-	-	-	-	835,055,396
-	-	-	-	59,089,914
-	-	-	-	100,021
-	171,872	89,023	-	64,874,150
-	7	50	7	3,834,411
3	-	-	-	3,687,359
<u>3</u>	<u>171,879</u>	<u>1,644,643</u>	<u>167,521</u>	<u>2,589,982,171</u>
3	-	27,905	13,951	40,642,549
-	-	-	-	75,684,324
-	-	-	-	59,089,914
-	171,879	-	-	535,785
<u>3</u>	<u>171,879</u>	<u>27,905</u>	<u>13,951</u>	<u>175,952,572</u>
-	-	-	-	2,412,259,291
-	-	1,616,738	153,570	1,770,308
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,616,738</u>	<u>\$ 153,570</u>	<u>\$ 2,414,029,599</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 POSITION
 FIDUCIARY FUNDS
 AGENCY FUNDS

June 30, 2013

	Richard R. Rooker, Circuit Court Clerk	Cristi Scott, Clerk and Master	Brenda Wynn, County Clerk	Howard Gentry, Criminal Court Clerk	Bill Garrett, County Register
ASSETS:					
Cash and cash equivalents	\$ 37,896,096	\$ 5,056,684	\$ 1,073,288	\$ 9,603,503	\$ 4,138,460
Investments:					
Mortgages and real estate	-	-	-	1,423,200	-
Mutual funds	-	13,965	-	-	-
Accounts receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Due from other funds of the primary government	-	-	-	-	-
Other assets	-	-	-	-	25,737
Total assets	\$ 37,896,096	\$ 5,070,649	\$ 1,073,288	\$ 11,026,703	\$ 4,164,197
LIABILITIES:					
Funds held in custody for others	\$ 29,717,047	\$ 5,062,998	\$ -	\$ 9,764,228	\$ -
Other liabilities	8,179,049	7,651	1,073,288	1,262,475	4,164,197
Total liabilities	\$ 37,896,096	\$ 5,070,649	\$ 1,073,288	\$ 11,026,703	\$ 4,164,197

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2013

David Smith, Juvenile Court Clerk	Sold Property Tax Receivables	Sheriff Work Release and Inmate Trust	Planning Performance Bonds	Total Agency Funds
\$ 2,083,022	\$ 179,334	\$ 367,330	\$ 2,305,661	\$ 62,703,378
-	-	-	-	1,423,200
-	-	-	-	13,965
-	34,721	-	-	34,721
-	53	-	-	53
-	3,167,603	-	-	3,167,603
-	-	-	-	25,737
<u>\$ 2,083,022</u>	<u>\$ 3,381,711</u>	<u>\$ 367,330</u>	<u>\$ 2,305,661</u>	<u>\$ 67,368,657</u>
\$ 1,793,857	\$ 3,381,711	\$ 367,330	\$ 2,305,661	\$ 52,392,832
289,165	-	-	-	14,975,825
<u>\$ 2,083,022</u>	<u>\$ 3,381,711</u>	<u>\$ 367,330</u>	<u>\$ 2,305,661</u>	<u>\$ 67,368,657</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 POSITION
FIDUCIARY FUNDS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

For the Year Ended June 30, 2013

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ADDITIONS:				
Investment income:				
Interest and dividend income	\$ -	\$ 37,560,063	\$ 12	\$ 1,152,878
Net appreciation (depreciation) of investments	-	256,337,502	-	7,755,830
Miscellaneous	-	320,873	-	-
Net increase (decrease) in fair value of investments	-	294,218,438	12	8,908,708
Net income earned on securities lending transactions:				
Securities lending income	-	476,290	-	-
Securities lending expense	-	(95,237)	-	-
Net income earned on securities lending transactions	-	381,053	-	-
Less investment expenses	(16)	(7,357,419)	(6)	(858)
Net investment income (loss)	(16)	287,242,072	6	8,907,850
Contributions:				
Employee contributions	-	137,428	-	1,783
Employer contributions	1,653,708	82,653,128	4,227,324	17,915,670
Transfers in	-	128,166	-	-
Contributions from the State of Tennessee	-	-	3,130,345	12,902,907
Miscellaneous	-	-	-	-
Total contributions	1,653,708	82,918,722	7,357,669	30,820,360
Total additions	1,653,692	370,160,794	7,357,675	39,728,210
DEDUCTIONS:				
Pension and other employee benefits	1,653,692	144,712,758	7,357,675	35,091,779
Refunds of contributions	-	67,342	-	-
Administrative expenses	-	2,657,586	-	10,000
Transfers out	-	-	-	-
Total deductions	1,653,692	147,437,686	7,357,675	35,101,779
Change in net position	-	222,723,108	-	4,626,431
NET POSITION, beginning of year	-	2,119,559,174	-	65,350,578
NET POSITION, end of year	\$ -	\$ 2,342,282,282	\$ -	\$ 69,977,009

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (CONTINUED)

For the Year Ended June 30, 2013

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
\$ -	\$ 15	\$ 1,025	\$ 127	\$ 38,714,120
-	-	-	-	264,093,332
-	-	-	-	320,873
-	15	1,025	127	303,128,325
-	-	-	-	476,290
-	-	-	-	(95,237)
-	-	-	-	381,053
(71)	-	-	-	(7,358,370)
(71)	15	1,025	127	296,151,008
-	-	1,104,037	1,025,810	2,269,058
7,680,410	2,043,940	-	-	116,174,180
-	-	-	-	128,166
-	2,097,710	-	-	18,130,962
-	-	2,149,511	-	2,149,511
7,680,410	4,141,650	3,253,548	1,025,810	138,851,877
7,680,339	4,141,665	3,254,573	1,025,937	435,002,885
7,680,339	4,141,665	1,215,765	1,092,592	202,946,265
-	-	-	-	67,342
-	-	-	-	2,667,586
-	-	2,015,577	-	2,015,577
7,680,339	4,141,665	3,231,342	1,092,592	207,696,770
-	-	23,231	(66,655)	227,306,115
-	-	1,593,507	220,225	2,186,723,484
\$ -	\$ -	\$ 1,616,738	\$ 153,570	\$ 2,414,029,599

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 AGENCY FUNDS

For the Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 36,249,871	\$ 69,263,313	\$ 67,617,088	\$ 37,896,096
LIABILITIES:				
Funds held in custody for others	\$ 29,302,880	\$ 4,583,360	\$ 4,169,193	\$ 29,717,047
Other liabilities	6,946,991	64,679,953	63,447,895	8,179,049
Total liabilities	<u>\$ 36,249,871</u>	<u>\$ 69,263,313</u>	<u>\$ 67,617,088</u>	<u>\$ 37,896,096</u>
 <u>Cristi Scott, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 7,843,954	\$ 62,583,121	\$ 65,370,391	\$ 5,056,684
Mutual funds	12,664	1,449	148	13,965
Total assets	<u>\$ 7,856,618</u>	<u>\$ 62,584,570</u>	<u>\$ 65,370,539</u>	<u>\$ 5,070,649</u>
LIABILITIES:				
Funds held in custody for others	\$ 7,846,952	\$ 61,169,593	\$ 63,953,547	\$ 5,062,998
Other liabilities	9,666	1,414,977	1,416,992	7,651
Total liabilities	<u>\$ 7,856,618</u>	<u>\$ 62,584,570</u>	<u>\$ 65,370,539</u>	<u>\$ 5,070,649</u>
 <u>Brenda Wynn, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 1,163,410	\$ 60,653,948	\$ 60,744,070	\$ 1,073,288
LIABILITIES:				
Other liabilities	\$ 1,163,410	\$ 60,653,948	\$ 60,744,070	\$ 1,073,288
 <u>Howard Gentry, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 9,830,931	\$ 13,252,319	\$ 13,479,747	\$ 9,603,503
Mortgages and real estate	1,581,000	-	157,800	1,423,200
Total assets	<u>\$ 11,411,931</u>	<u>\$ 13,252,319</u>	<u>\$ 13,637,547</u>	<u>\$ 11,026,703</u>
LIABILITIES:				
Funds held in custody for others	\$ 9,893,532	\$ 469,688	\$ 598,992	\$ 9,764,228
Other liabilities	1,518,399	12,782,631	13,038,555	1,262,475
Total liabilities	<u>\$ 11,411,931</u>	<u>\$ 13,252,319</u>	<u>\$ 13,637,547</u>	<u>\$ 11,026,703</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
 FIDUCIARY FUNDS
 AGENCY FUNDS (CONTINUED)

For the Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 3,780,641	\$ 28,850,422	\$ 28,492,603	\$ 4,138,460
Other assets	25,808	4,556,754	4,556,825	25,737
Total assets	<u>\$ 3,806,449</u>	<u>\$ 33,407,176</u>	<u>\$ 33,049,428</u>	<u>\$ 4,164,197</u>
LIABILITIES:				
Other liabilities	<u>\$ 3,806,449</u>	<u>\$ 33,407,176</u>	<u>\$ 33,049,428</u>	<u>\$ 4,164,197</u>
 <u>David Smith, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 2,298,706</u>	<u>\$ 1,001,995</u>	<u>\$ 1,217,679</u>	<u>\$ 2,083,022</u>
LIABILITIES:				
Funds held in custody for others	\$ 1,862,196	\$ 72,643	\$ 140,982	\$ 1,793,857
Other liabilities	436,510	929,352	1,076,697	289,165
Total liabilities	<u>\$ 2,298,706</u>	<u>\$ 1,001,995</u>	<u>\$ 1,217,679</u>	<u>\$ 2,083,022</u>
 <u>Sold Property Tax Receivables</u>				
ASSETS:				
Cash and cash equivalents	\$ 1,463,966	\$ 30,031,390	\$ 31,316,022	\$ 179,334
Accounts receivable	34,721	-	-	34,721
Accrued interest receivable	65	323	335	53
Due from other funds of the primary government	1,562,795	3,167,603	1,562,795	3,167,603
Total assets	<u>\$ 3,061,547</u>	<u>\$ 33,199,316</u>	<u>\$ 32,879,152</u>	<u>\$ 3,381,711</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 3,061,547</u>	<u>\$ 33,199,316</u>	<u>\$ 32,879,152</u>	<u>\$ 3,381,711</u>
 <u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 357,183</u>	<u>\$ 2,790,836</u>	<u>\$ 2,780,689</u>	<u>\$ 367,330</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 357,183</u>	<u>\$ 2,790,836</u>	<u>\$ 2,780,689</u>	<u>\$ 367,330</u>
 <u>Planning Performance Bonds</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 2,606,757</u>	<u>\$ 1,328,047</u>	<u>\$ 1,629,143</u>	<u>\$ 2,305,661</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 2,606,757</u>	<u>\$ 1,328,047</u>	<u>\$ 1,629,143</u>	<u>\$ 2,305,661</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
 FIDUCIARY FUNDS
 AGENCY FUNDS (CONTINUED)

For the Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 65,595,419	\$ 269,755,391	\$ 272,647,432	\$ 62,703,378
Investments:				
Mortgages and real estate	1,581,000	-	157,800	1,423,200
Mutual funds	12,664	1,449	148	13,965
Accounts receivable	34,721	-	-	34,721
Accrued interest receivable	65	323	335	53
Due from other funds of the primary government	1,562,795	3,167,603	1,562,795	3,167,603
Other assets	25,808	4,556,754	4,556,825	25,737
Total assets	<u>\$ 68,812,472</u>	<u>\$ 277,481,520</u>	<u>\$ 278,925,335</u>	<u>\$ 67,368,657</u>
LIABILITIES:				
Funds held in custody for others	\$ 54,931,047	\$ 103,613,483	\$ 106,151,698	\$ 52,392,832
Other liabilities	13,881,425	173,868,037	172,773,637	14,975,825
Total liabilities	<u>\$ 68,812,472</u>	<u>\$ 277,481,520</u>	<u>\$ 278,925,335</u>	<u>\$ 67,368,657</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 Divisions A & B of the Metro Plan. Division B of the Metro Plan is the only plan open to new members. This Plan is funded by the Government. Under the administrative responsibility of the Employee Benefit Board, this fund provides for the accumulation of assets for the payment of disability and retirement benefits for employees covered under this plan.

EMPLOYEES' PENSION AND INSURANCE FUND

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

TEACHERS' RETIREMENT PLAN FUND

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

CLOSED CITY PLAN FUND

This fund accounts for two closed plans.

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

The Police and Fireman Pension Fund 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.

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
Brenda Wynn, County Clerk
Howard Gentry, Criminal Court Clerk
Bill Garrett, County Register
David Smith, Juvenile Court Clerk

SOLD PROPERTY TAX RECEIVABLES FUND

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

SHERIFF WORK RELEASE AND INMATE TRUST FUND

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

PLANNING PERFORMANCE BONDS FUND

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BALANCE SHEET
SPORTS AUTHORITY FUND

June 30, 2013

ASSETS:

Cash and cash equivalents	\$	13,864,846
Investments		1,548,474
Accounts receivable		1,846,081
Accrued interest receivable		284
Due from the primary government		429,549
		<hr/>
Total assets	\$	<u>17,689,234</u>

LIABILITIES:

Accounts payable	\$	4,552,410
Accrued payroll		3,586
Due to the primary government		45,275
		<hr/>
Total liabilities		<u>4,601,271</u>

FUND BALANCES:

Restricted for debt service		6,523,571
Unassigned		6,564,392
		<hr/>
Total fund balances		<u>13,087,963</u>
		<hr/>
Total liabilities and fund balances	\$	<u>17,689,234</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 POSITION
SPORTS AUTHORITY

June 30, 2013

Fund balances	\$	13,087,963
<p>Amounts reported in the Statement of Net Position 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 Position. This amount represents the net book value of capital assets at year-end.</p>		
		331,148,024
<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 Position. Additionally, related interest is accrued when incurred in the Statement of Net Position.</p>		
Revenue bonds payable		(81,265,000)
Line of credit		(3,563,854)
Less deferred charge on refunding		3,268,732
Add bond premium		(841,597)
Accrued interest payable		(1,688,572)
		(5,020,291)
Net position	\$	260,145,696

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, 2013

REVENUES:	
Local option sales tax	\$ 1,174,873
Other taxes, licenses and permits	3,197,937
Revenues from the use of money or property	5,390
Revenues from other governmental agencies	34,389,724
Charges for current services	3,584,173
Compensation for loss, sale or damage to property	<u>705,354</u>
Total revenues	<u>43,057,451</u>
EXPENDITURES:	
Personal services	151,098
Contractual services	27,689,954
Supplies and materials	612,719
Other costs	510,740
Capital outlay	13,786,631
Compensation for damages	10,552
Debt service:	
Principal retirement	4,936,146
Interest	<u>3,429,367</u>
Total expenditures	<u>51,127,207</u>
Excess (deficiency) of revenues over expenditures	<u>(8,069,756)</u>
OTHER FINANCING SOURCES (USES):	
Issuance of new debt	<u>4,500,000</u>
Total other financing sources (uses)	<u>4,500,000</u>
Net change in fund balances	(3,569,756)
FUND BALANCES, beginning of year	<u>16,657,719</u>
FUND BALANCES, end of year	<u><u>\$ 13,087,963</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, 2013

Net change in fund balances	\$	(3,569,756)
<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		11,282,921
Depreciation expense		(10,543,002)
<p>The issuance of debt provides current financial resources to governmental component unit funds, but the issuance of debt increases long-term liabilities for governmental component unit activities. Repayment of principal is an expenditure in the governmental component unit funds but reduces long-term liabilities for governmental component unit activities. Also, governmental component unit funds report the effects of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental component unit activities.</p>		
Issuance of new debt		(4,500,000)
Principal repayments		4,936,146
Amortization of deferred charge on refunding		(260,457)
Amortization of premium		64,738
Change in accrued interest		(533,845)
<p>Compensated absences reported for governmental activities do not require the use of current financial resources and therefore are not reported as expenditures for governmental funds.</p>		
		19,344
<p>Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.</p>		
		<u>(845,711)</u>
Change in net position	\$	<u><u>(3,949,622)</u></u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BALANCE SHEET
INDUSTRIAL DEVELOPMENT BOARD FUND

June 30, 2013

ASSETS:	
Cash and cash equivalents	\$ 2,161,517
Accrued interest receivable	35
Due from the primary government	<u>899,000</u>
Total assets	<u>\$ 3,060,552</u>
LIABILITIES:	
Accounts payable	<u>\$ 2,474,070</u>
Total liabilities	<u>2,474,070</u>
FUND BALANCES:	
Unassigned	<u>586,482</u>
Total fund balances	<u>586,482</u>
Total liabilities and fund balances	<u>\$ 3,060,552</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
INDUSTRIAL DEVELOPMENT BOARD FUND

For the Year Ended June 30, 2013

REVENUES:	
Fines, forfeits and penalties	\$ 3,300
Revenue from the use of money or property	260
Revenue from other governmental agencies	6,844,997
Charges for current services	5,000
Compensation for loss, sale or damage to property	<u>45</u>
Total revenues	<u>6,853,602</u>
EXPENDITURES:	
Contractual services	448
Supplies and materials	322
Other costs	<u>6,845,109</u>
Total expenditures	<u>6,845,879</u>
Net change in fund balances	7,723
FUND BALANCES, beginning of year	<u>578,759</u>
FUND BALANCES, end of year	<u><u>\$ 586,482</u></u>

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





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF COMBINING BALANCE SHEETS
GENERAL FUND

June 30, 2013

	General Services District	Urban Services District	Total General Fund
ASSETS:			
Cash and cash equivalents	\$ 68,043,982	\$ 17,610,066	\$ 85,654,048
Sales tax receivable	17,413,009	-	17,413,009
Accounts receivable	56,059,519	3,158,520	59,218,039
Accrued interest receivable	1,521	392	1,913
Property taxes receivable	380,118,621	81,588,511	461,707,132
Allowance for doubtful accounts	(16,998,897)	(1,295,472)	(18,294,369)
Due from other funds of the primary government	5,787,067	-	5,787,067
Due from component units	6,349,730	-	6,349,730
Inventories of supplies	318,980	-	318,980
Other assets	237,340	-	237,340
	<u>517,330,872</u>	<u>101,062,017</u>	<u>618,392,889</u>
Total assets	<u>\$ 517,330,872</u>	<u>\$ 101,062,017</u>	<u>\$ 618,392,889</u>
LIABILITIES:			
Accounts payable	\$ 14,005,375	\$ 538,228	\$ 14,543,603
Accrued payroll	15,506,264	2,336,986	17,843,250
Due to other funds of the primary government	8,722,776	2,057,292	10,780,068
Due to component units	1,344,843	-	1,344,843
Other liabilities	2,393,277	-	2,393,277
	<u>41,972,535</u>	<u>4,932,506</u>	<u>46,905,041</u>
Total liabilities	<u>41,972,535</u>	<u>4,932,506</u>	<u>46,905,041</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	379,645,704	80,346,527	459,992,231
Unavailable revenue - other revenues	9,731,362	1,225,990	10,957,352
	<u>389,377,066</u>	<u>81,572,517</u>	<u>470,949,583</u>
Total deferred inflow of resources	<u>389,377,066</u>	<u>81,572,517</u>	<u>470,949,583</u>
FUND BALANCES:			
Nonspendable	453,627	-	453,627
Assigned for subsequent year budgetary appropriations	9,813,100	5,262,200	15,075,300
Assigned for specific projects	955,600	-	955,600
Unassigned	74,758,944	9,294,794	84,053,738
	<u>85,981,271</u>	<u>14,556,994</u>	<u>100,538,265</u>
Total fund balances	<u>85,981,271</u>	<u>14,556,994</u>	<u>100,538,265</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 517,330,872</u>	<u>\$ 101,062,017</u>	<u>\$ 618,392,889</u>

See accompanying auditors' 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, 2013

	General Services District	Urban Services District	Total General Fund
REVENUES:			
Property taxes	\$ 386,811,406	\$ 94,170,760	\$ 480,982,166
Local option sales tax	97,752,470	-	97,752,470
Other taxes, licenses and permits	106,046,265	9,384,115	115,430,380
Fines, forfeits and penalties	12,866,976	-	12,866,976
Revenues from the use of money or property	86,552	-	86,552
Revenues from other governmental agencies	79,059,084	4,199,391	83,258,475
Commissions and fees	15,590,951	-	15,590,951
Charges for current services	27,332,023	1,558,707	28,890,730
Compensation for loss, sale or damage to property	2,103,455	-	2,103,455
Contributions and gifts	391,814	-	391,814
Miscellaneous	1,568,111	-	1,568,111
Total revenues	<u>729,609,107</u>	<u>109,312,973</u>	<u>838,922,080</u>
EXPENDITURES:			
General government	26,138,400	-	26,138,400
Fiscal administration	22,164,457	-	22,164,457
Administration of justice	55,703,453	-	55,703,453
Law enforcement and care of prisoners	231,121,038	-	231,121,038
Fire prevention and control	48,139,692	62,614,164	110,753,856
Regulation and inspection	7,685,912	-	7,685,912
Conservation of natural resources	398,931	-	398,931
Public welfare	7,814,574	-	7,814,574
Public health and hospitals	65,669,538	-	65,669,538
Public library system	21,430,534	-	21,430,534
Public works, highways and streets	22,446,460	8,051,045	30,497,505
Recreational and cultural	33,609,697	-	33,609,697
Employee benefits	55,445,316	20,720,177	76,165,493
Miscellaneous	78,403,162	1,676,982	80,080,144
Total expenditures	<u>676,171,164</u>	<u>93,062,368</u>	<u>769,233,532</u>
Excess of revenues over expenditures	<u>53,437,943</u>	<u>16,250,605</u>	<u>69,688,548</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	36,857,090	-	36,857,090
Transfers out	(66,579,675)	(10,171,700)	(76,751,375)
Total other financing sources (uses)	<u>(29,722,585)</u>	<u>(10,171,700)</u>	<u>(39,894,285)</u>
Net change in fund balances	23,715,358	6,078,905	29,794,263
FUND BALANCES, beginning of year	<u>62,265,913</u>	<u>8,478,089</u>	<u>70,744,002</u>
FUND BALANCES, end of year	<u>\$ 85,981,271</u>	<u>\$ 14,556,994</u>	<u>\$ 100,538,265</u>

See accompanying auditors' 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, 2013

	General Services District			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES:				
Property taxes	\$ 387,924,600	\$ 387,924,600	\$ 386,811,406	\$ (1,113,194)
Local option sales tax	97,671,200	97,671,200	97,752,470	81,270
Other taxes, licenses and permits	96,672,400	96,672,400	106,046,265	9,373,865
Fines, forfeits and penalties	11,514,300	11,514,300	12,866,976	1,352,676
Revenues from the use of money or property	-	-	86,552	86,552
Revenues from other governmental agencies	75,156,200	75,199,100	79,059,084	3,859,984
Commissions and fees	14,049,500	14,049,500	15,590,951	1,541,451
Charges for current services	28,490,000	28,490,000	27,332,023	(1,157,977)
Compensation for loss, sale or damage to property	1,412,100	1,412,100	2,103,455	691,355
Contributions and gifts	401,800	403,600	391,814	(11,786)
Miscellaneous	1,539,000	1,539,000	1,568,111	29,111
Total revenues	<u>714,831,100</u>	<u>714,875,800</u>	<u>729,609,107</u>	<u>14,733,307</u>
EXPENDITURES:				
General government	26,227,100	27,016,500	26,138,400	878,100
Fiscal administration	22,645,100	23,387,900	22,164,457	1,223,443
Administration of justice	55,477,600	56,917,700	55,703,453	1,214,247
Law enforcement and care of prisoners	224,288,300	231,879,600	231,121,038	758,562
Fire prevention and control	47,562,300	48,924,700	48,139,692	785,008
Regulation and inspection	8,389,800	8,414,900	7,685,912	728,988
Conservation of natural resources	371,500	397,300	398,931	(1,631)
Public welfare	8,168,800	8,325,100	7,814,574	510,526
Public health and hospitals	61,635,800	66,244,200	65,669,538	574,662
Public library system	20,965,400	21,493,400	21,430,534	62,866
Public works, highways and streets	22,702,900	23,238,600	22,446,460	792,140
Recreational and cultural	32,898,500	34,052,400	33,609,697	442,703
Employee benefits	56,431,100	56,431,100	55,445,316	985,784
Miscellaneous	97,608,400	84,441,900	78,403,162	6,038,738
Total expenditures	<u>685,372,600</u>	<u>691,165,300</u>	<u>676,171,164</u>	<u>14,994,136</u>
Excess (deficiency) of revenues over expenditures	<u>29,458,500</u>	<u>23,710,500</u>	<u>53,437,943</u>	<u>29,727,443</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	34,952,400	34,952,400	36,857,090	1,904,690
Transfers out	(64,410,900)	(66,447,500)	(66,579,675)	(132,175)
Total other financing sources (uses)	<u>(29,458,500)</u>	<u>(31,495,100)</u>	<u>(29,722,585)</u>	<u>1,772,515</u>
Net change in fund balances	-	(7,784,600)	23,715,358	31,499,958
FUND BALANCES, beginning of year	<u>62,265,913</u>	<u>62,265,913</u>	<u>62,265,913</u>	-
FUND BALANCES, end of year	<u>\$ 62,265,913</u>	<u>\$ 54,481,313</u>	<u>\$ 85,981,271</u>	<u>\$ 31,499,958</u>

See accompanying auditors' 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, 2013

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		
\$ 92,775,900	\$ 92,775,900	\$ 94,170,760	\$ 1,394,860	\$ 480,700,500	\$ 480,700,500	\$ 480,982,166	\$ 281,666
-	-	-	-	97,671,200	97,671,200	97,752,470	81,270
8,305,500	8,305,500	9,384,115	1,078,615	104,977,900	104,977,900	115,430,380	10,452,480
-	-	-	-	11,514,300	11,514,300	12,866,976	1,352,676
-	-	-	-	-	-	86,552	86,552
4,182,900	4,182,900	4,199,391	16,491	79,339,100	79,382,000	83,258,475	3,876,475
-	-	-	-	14,049,500	14,049,500	15,590,951	1,541,451
1,062,100	1,062,100	1,558,707	496,607	29,552,100	29,552,100	28,890,730	(661,370)
100,000	100,000	-	(100,000)	1,512,100	1,512,100	2,103,455	591,355
-	-	-	-	401,800	403,600	391,814	(11,786)
-	-	-	-	1,539,000	1,539,000	1,568,111	29,111
<u>106,426,400</u>	<u>106,426,400</u>	<u>109,312,973</u>	<u>2,886,573</u>	<u>821,257,500</u>	<u>821,302,200</u>	<u>838,922,080</u>	<u>17,619,880</u>
-	-	-	-	26,227,100	27,016,500	26,138,400	878,100
-	-	-	-	22,645,100	23,387,900	22,164,457	1,223,443
-	-	-	-	55,477,600	56,917,700	55,703,453	1,214,247
-	-	-	-	224,288,300	231,879,600	231,121,038	758,562
60,919,100	62,843,400	62,614,164	229,236	108,481,400	111,768,100	110,753,856	1,014,244
-	-	-	-	8,389,800	8,414,900	7,685,912	728,988
-	-	-	-	371,500	397,300	398,931	(1,631)
-	-	-	-	8,168,800	8,325,100	7,814,574	510,526
-	-	-	-	61,635,800	66,244,200	65,669,538	574,662
-	-	-	-	20,965,400	21,493,400	21,430,534	62,866
8,051,700	8,103,700	8,051,045	52,655	30,754,600	31,342,300	30,497,505	844,795
-	-	-	-	32,898,500	34,052,400	33,609,697	442,703
20,989,700	20,989,700	20,720,177	269,523	77,420,800	77,420,800	76,165,493	1,255,307
6,294,200	4,091,900	1,676,982	2,414,918	103,902,600	88,533,800	80,080,144	8,453,656
<u>96,254,700</u>	<u>96,028,700</u>	<u>93,062,368</u>	<u>2,966,332</u>	<u>781,627,300</u>	<u>787,194,000</u>	<u>769,233,532</u>	<u>17,960,468</u>
10,171,700	10,397,700	16,250,605	5,852,905	39,630,200	34,108,200	69,688,548	35,580,348
-	-	-	-	34,952,400	34,952,400	36,857,090	1,904,690
(10,171,700)	(10,171,700)	(10,171,700)	-	(74,582,600)	(76,619,200)	(76,751,375)	(132,175)
<u>(10,171,700)</u>	<u>(10,171,700)</u>	<u>(10,171,700)</u>	<u>-</u>	<u>(39,630,200)</u>	<u>(41,666,800)</u>	<u>(39,894,285)</u>	<u>1,772,515</u>
-	226,000	6,078,905	5,852,905	-	(7,558,600)	29,794,263	37,352,863
8,478,089	8,478,089	8,478,089	-	70,744,002	70,744,002	70,744,002	-
<u>\$ 8,478,089</u>	<u>\$ 8,704,089</u>	<u>\$ 14,556,994</u>	<u>\$ 5,852,905</u>	<u>\$ 70,744,002</u>	<u>\$ 63,185,402</u>	<u>\$ 100,538,265</u>	<u>\$ 37,352,863</u>

See accompanying auditors' 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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>GENERAL GOVERNMENT:</u>				
Legislative (Office of Clerk and Council)	\$ 2,698,300	\$ 2,811,000	\$ 2,758,207	\$ 52,793
Executive (Office of the Mayor)	2,999,600	3,065,400	2,926,354	139,046
Election Commission	3,508,300	3,560,800	3,353,441	207,359
Department of Law	5,177,300	5,328,200	5,296,431	31,769
Planning Commission	3,840,400	4,013,000	3,993,282	19,718
Human Resources	4,175,100	4,293,200	3,947,976	345,224
County Register of Deeds	262,400	268,900	255,257	13,643
General Services	1,223,600	1,250,700	1,204,932	45,768
Historical Commission	604,700	637,400	632,589	4,811
Telecommunications	1,737,400	1,787,900	1,769,931	17,969
Total General Government	26,227,100	27,016,500	26,138,400	878,100
<u>FISCAL ADMINISTRATION:</u>				
Department of Finance	7,737,900	8,015,200	7,605,153	410,047
Assessor of Property	7,331,800	7,505,600	7,076,913	428,687
Metropolitan Trustee	2,277,200	2,336,100	2,247,169	88,931
County Clerk	4,118,100	4,253,100	4,139,298	113,802
Internal Audit	1,180,100	1,277,900	1,095,924	181,976
Total Fiscal Administration	22,645,100	23,387,900	22,164,457	1,223,443
<u>ADMINISTRATION OF JUSTICE:</u>				
District Attorney	5,051,900	5,206,600	5,069,890	136,710
Public Defender	5,883,000	6,106,600	6,049,856	56,744
Juvenile Court Clerk	1,514,100	1,585,000	1,585,000	-
Circuit Court Clerk	3,698,400	3,795,300	3,415,376	379,924
Criminal Court Clerk	5,290,200	5,464,500	5,310,266	154,234
Clerk and Master	1,527,100	1,576,000	1,514,834	61,166
Juvenile Court	12,064,700	11,912,900	11,581,951	330,949
General Sessions Court	10,242,500	10,771,300	10,771,268	32
State Trial Courts	7,692,300	7,932,400	7,874,706	57,694
Justice Information System	2,109,100	2,153,000	2,139,558	13,442
Criminal Justice Planning	404,300	414,100	390,748	23,352
Total Administration of Justice	55,477,600	56,917,700	55,703,453	1,214,247
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>				
Sheriff	58,308,900	60,811,700	60,788,785	22,915
Police Department	153,584,400	158,348,500	157,849,022	499,478
Emergency Communication Center	12,395,000	12,719,400	12,483,231	236,169
Total Law Enforcement and Care of Prisoners	224,288,300	231,879,600	231,121,038	758,562
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	47,562,300	48,924,700	48,139,692	785,008
<u>REGULATION AND INSPECTION:</u>				
Department of Codes Administration	8,067,500	8,083,500	7,369,986	713,514
Beer Board	322,300	331,400	315,926	15,474
Total Regulation and Inspection	8,389,800	8,414,900	7,685,912	728,988

See accompanying auditors' 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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>CONSERVATION OF NATURAL RESOURCES:</u>				
Agricultural Extension Service	\$ 289,100	\$ 312,500	\$ 312,443	\$ 57
Soil and Water Conservation	82,400	84,800	86,488	(1,688)
Total Conservation of Natural Resources	371,500	397,300	398,931	(1,631)
<u>PUBLIC WELFARE:</u>				
Social Services Commission	7,751,000	7,903,600	7,520,122	383,478
Human Relations Commission	417,800	421,500	294,452	127,048
Total Public Welfare	8,168,800	8,325,100	7,814,574	510,526
<u>PUBLIC HEALTH AND HOSPITALS:</u>				
Board of Health	18,445,100	18,761,100	18,186,438	574,662
Hospital Authority	43,190,700	47,483,100	47,483,100	-
Total Public Health and Hospitals	61,635,800	66,244,200	65,669,538	574,662
<u>PUBLIC LIBRARY SYSTEM:</u>				
Public Library	20,965,400	21,493,400	21,430,534	62,866
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	22,702,900	23,238,600	22,446,460	792,140
<u>RECREATIONAL AND CULTURAL:</u>				
Parks and Recreation	29,825,300	30,952,400	30,512,789	439,611
Arts Commission	2,463,000	2,486,800	2,486,708	92
Sports Authority	610,200	613,200	610,200	3,000
Total Recreational and Cultural	32,898,500	34,052,400	33,609,697	442,703
<u>EMPLOYEE BENEFITS:</u>				
Contribution to Closed Pension Plans	10,402,300	10,402,300	10,402,300	-
Employer's Contribution for Group Health Insurance	43,600,700	43,600,700	42,892,994	707,706
Unemployment Compensation	561,200	561,200	163,893	397,307
Employer's Contribution for Group Life Insurance	1,866,900	1,866,900	1,986,129	(119,229)
Total Employee Benefits	56,431,100	56,431,100	55,445,316	985,784

See accompanying auditors' 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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>MISCELLANEOUS:</u>				
Contributions and Community Support	\$ 17,507,000	\$ 17,582,000	\$ 16,484,983	\$ 1,097,017
Subsidies	36,140,900	36,140,900	35,636,303	504,597
Administration and Internal Support	43,960,500	30,719,000	26,281,876	4,437,124
Total Miscellaneous	97,608,400	84,441,900	78,403,162	6,038,738
Total Expenditures	<u>\$ 685,372,600</u>	<u>\$ 691,165,300</u>	<u>\$ 676,171,164</u>	<u>\$ 14,994,136</u>
<u>TRANSFERS IN:</u>				
USD General Fund	\$ 481,000	\$ 481,000	\$ 481,000	\$ -
General Purpose School Fund	192,000	192,000	192,337	337
GSD General Purpose Debt Service Fund	16,766,400	16,766,400	16,766,400	-
GSD Capital Projects Fund	30,000	30,000	30,000	-
Nonmajor Governmental Funds	8,402,500	8,690,500	10,276,953	1,586,453
District Energy System	43,900	43,900	43,900	-
Water and Sewerage Services	5,534,200	5,534,200	5,252,100	(282,100)
Nonmajor Enterprise Funds	1,564,600	1,276,600	1,876,600	600,000
Internal Service Funds	1,937,800	1,937,800	1,937,800	-
Total Transfers In	34,952,400	34,952,400	36,857,090	1,904,690
<u>TRANSFERS OUT:</u>				
GSD General Purpose Debt Service Fund	(3,200,000)	(3,523,700)	(3,521,300)	2,400
General Purpose School Fund	-	-	(49,190)	(49,190)
Nonmajor Governmental Funds	(38,441,500)	(39,602,400)	(39,667,781)	(65,381)
District Energy System	(2,315,700)	(2,358,300)	(2,358,300)	-
Water and Sewerage Services	-	-	-	-
Nonmajor Enterprise Funds	(600,500)	(1,087,900)	(1,083,900)	4,000
Internal Service Funds	(19,853,200)	(19,853,200)	(19,853,200)	-
Fiduciary Funds	-	(22,000)	(46,004)	(24,004)
Total Transfers Out	(64,410,900)	(66,447,500)	(66,579,675)	(132,175)
Total Other Financing Sources (Uses)	<u>\$ (29,458,500)</u>	<u>\$ (31,495,100)</u>	<u>\$ (29,722,585)</u>	<u>\$ 1,772,515</u>

See accompanying auditors' 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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	\$ 60,919,100	\$ 62,843,400	\$ 62,614,164	\$ 229,236
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	8,051,700	8,103,700	8,051,045	52,655
<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	2,021,100	2,021,100	1,765,838	255,262
Employer's Contribution for Group Life Insurance	78,500	78,500	64,239	14,261
Total Employee Benefits	20,989,700	20,989,700	20,720,177	269,523
<u>MISCELLANEOUS:</u>				
Administration and Internal Support	6,294,200	4,091,900	1,676,982	2,414,918
Total Miscellaneous	6,294,200	4,091,900	1,676,982	2,414,918
Total Expenditures	\$ 96,254,700	\$ 96,028,700	\$ 93,062,368	\$ 2,966,332
<u>TRANSFERS OUT:</u>				
GSD General Fund	\$ (531,000)	\$ (531,000)	\$ (531,000)	\$ -
Nonmajor Governmental Funds	(7,460,500)	(7,460,500)	(7,460,500)	-
Internal Service Funds	(2,180,200)	(2,180,200)	(2,180,200)	-
Total Transfers Out	(10,171,700)	(10,171,700)	(10,171,700)	-
Total Other Financing Sources (Uses)	\$ (10,171,700)	\$ (10,171,700)	\$ (10,171,700)	\$ -

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2013

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2012 Realty	\$ 3,681,390	\$ 3,293,438	\$ 1,575,078	\$ 1,156,583	\$ 355,304	\$ 206,473
2012 Personalty	1,538,358	1,340,754	638,835	472,443	145,108	84,368
2012 Public Utility	145,947	124,091	58,917	43,867	13,474	7,833
Total 2012 Property Taxes	5,365,695	4,758,283	2,272,830	1,672,893	513,886	298,674
2011 Realty	799,808	722,032	364,904	240,137	86,204	30,787
2011 Personalty	417,915	364,473	183,158	121,919	43,766	15,630
2011 Public Utility	59,363	50,195	25,172	16,826	6,040	2,157
Total 2011 Property Taxes	1,277,086	1,136,700	573,234	378,882	136,010	48,574
2010 & Prior - Realty	1,495,944	1,298,340	572,888	487,415	173,539	64,498
2010 & Prior - Personalty	5,675,782	4,944,905	2,493,006	1,639,491	599,699	212,709
2010 & Prior - Public Utility	1,484,029	1,254,172	623,962	421,751	148,286	60,173
Total 2010 & Prior Property Taxes	8,655,755	7,497,417	3,689,856	2,548,657	921,524	337,380
Total Delinquent Property Taxes Receivable *	\$ 15,298,536	\$ 13,392,400	\$ 6,535,920	\$ 4,600,432	\$ 1,571,420	\$ 684,628

* Excludes 2013 Property Tax Levy

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND (CONTINUED)

June 30, 2013

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 387,952	\$ 326,977	\$ 60,975
197,604	166,551	31,053
21,856	18,421	3,435
607,412	511,949	95,463
77,776	64,409	13,367
53,442	44,257	9,185
9,168	7,592	1,576
140,386	116,258	24,128
197,604	167,426	30,178
730,877	628,445	102,432
229,857	200,252	29,605
1,158,338	996,123	162,215
\$ 1,906,136	\$ 1,624,330	\$ 281,806

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2013

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2012	\$ 3,293,438	\$ 1,340,754	\$ 124,091	\$ 4,758,283
	2011	722,032	364,473	50,195	1,136,700
	2010	412,986	569,040	8,526	990,552
	2009	226,106	608,952	148,486	983,544
	2008	166,986	738,510	26,808	932,304
	2007	197,311	1,042,964	325,584	1,565,859
	2006	67,373	628,624	53,418	749,415
	2005	48,024	449,701	68,859	566,584
	2004	55,037	318,158	89,811	463,006
	2003	65,058	315,748	254,499	635,305
	2002	59,459	273,208	278,181	610,848
Total General Services District		<u>5,313,810</u>	<u>6,650,132</u>	<u>1,428,458</u>	<u>13,392,400</u>
Urban Services District	2012	387,952	197,604	21,856	607,412
	2011	77,776	53,442	9,168	140,386
	2010	62,401	75,340	1,368	139,109
	2009	39,462	82,806	24,357	146,625
	2008	23,448	103,799	3,284	130,531
	2007	26,941	152,073	58,088	237,102
	2006	14,956	95,749	8,726	119,431
	2005	21,026	67,766	9,174	97,966
	2004	15,632	57,232	19,878	92,742
	2003	(4,025)	47,025	50,801	93,801
	2002	(2,237)	49,087	54,181	101,031
Total Urban Services District		<u>663,332</u>	<u>981,923</u>	<u>260,881</u>	<u>1,906,136</u>
Total Delinquent Property Taxes Receivable *		<u>\$ 5,977,142</u>	<u>\$ 7,632,055</u>	<u>\$ 1,689,339</u>	<u>\$ 15,298,536</u>

* Excludes 2013 Property Tax Levy

See accompanying auditors' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE
GENERAL SERVICES DISTRICT

June 30, 2013

<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. 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	March 15, 2008
GSD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
GSD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C	2.21 - 3.23	June 10, 2010
GSD G.O. Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 29, 2011
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Feb. 2, 2012
GSD G.O. Improvement Bonds (QECCB), Series 2012	3.367	Aug. 15, 2012
GSD G.O. Refunding Bonds, Series 2012B	.320 - 2.767	Aug. 15, 2012
GSD G.O. Refunding Bonds, Series 2013	2.00 - 5.00	Feb. 21, 2013
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013
Total General Obligation Bonds Payable For General Purposes		
<u>For School Purposes:</u>		
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	March 15, 2008
GSD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
GSD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C	2.21 - 3.23	June 10, 2010
GSD G.O. Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 29, 2011
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Feb. 2, 2012
GSD G.O. Refunding Bonds, Series 2012B	.320 - 2.767	Aug. 15, 2012
GSD G.O. Refunding Bonds, Series 2013	2.00 - 5.00	Feb. 21, 2013
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013
Total General Obligation Bonds Payable for School Purposes		
Total General Obligation Bonds Payable - General Services District		
Total Bonds Payable - General Services District		

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)
GENERAL SERVICES DISTRICT

June 30, 2013

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2013</u>	<u>Interest to Maturity as of June 30, 2013</u>
June 1, 2024	\$ 33,825,000	\$ 1,680,000	\$ 88,645
Nov. 14, 2016	48,367,055	25,153,883	2,593,582
Jan. 1, 2025	49,817,419	6,904,215	701,642
Jan. 1, 2020	107,433,445	38,943,488	4,249,857
Feb. 1, 2026	150,292,131	13,087,354	989,539
Feb. 1, 2026	113,783,394	19,981,979	1,846,318
May 15, 2030	125,908,003	83,845,000	34,833,392
Jan. 1, 2028	174,880,074	12,781,008	2,996,525
July 1, 2026	159,008,728	159,008,728	56,511,632
July 1, 2034	138,046,756	138,046,756	141,261,957
July 1, 2015	25,653,536	25,653,536	1,197,654
July 1, 2024	144,150,016	134,297,092	38,586,574
July 1, 2023	49,712,377	45,924,967	15,860,617
July 1, 2025	154,956,701	154,956,701	65,861,046
Aug. 1, 2027	6,440,000	6,440,000	3,144,105
July 1, 2024	67,480,283	67,480,283	11,203,810
July 1, 2027	138,755,487	138,755,487	74,994,652
Jan. 1, 2033	291,282,448	291,282,448	186,799,365
	<u>1,979,792,853</u>	<u>1,364,222,925</u>	<u>643,720,912</u>
June 1, 2024	26,170,000	1,320,000	68,451
Nov. 14, 2016	2,972,945	1,546,117	159,418
Jan. 1, 2025	79,503,345	11,018,398	1,119,746
Jan. 1, 2020	77,018,422	27,095,291	2,952,040
Feb. 1, 2026	43,740,078	3,808,862	287,997
Feb. 1, 2026	69,160,188	12,145,511	1,122,337
May 15, 2030	58,421,307	38,618,740	15,908,551
Jan. 1, 2028	95,095,340	6,949,987	1,629,434
July 1, 2026	114,567,598	114,567,598	39,587,802
July 1, 2034	70,516,649	70,516,649	72,159,028
July 1, 2015	20,052,863	20,052,863	936,182
July 1, 2024	120,126,326	111,915,468	32,155,829
July 1, 2023	32,574,740	31,477,150	10,056,472
July 1, 2025	53,280,200	53,280,200	22,645,616
July 1, 2024	62,161,564	62,161,564	10,320,738
July 1, 2027	82,814,365	82,814,365	44,759,560
Jan. 1, 2033	53,331,333	53,331,333	54,258,909
	<u>1,061,507,263</u>	<u>702,620,096</u>	<u>310,128,110</u>
	<u>3,041,300,116</u>	<u>2,066,843,021</u>	<u>953,849,022</u>
	<u>\$ 3,041,300,116</u>	<u>\$ 2,066,843,021</u>	<u>\$ 953,849,022</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)
URBAN SERVICES DISTRICT

June 30, 2013

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
USD G.O. (Tax Exempt) Thermal Refunding Bonds, 2002	4.25 - 5.25	April 1, 2002
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	March 15, 2008
USD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
USD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
USD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C	2.21 - 3.23	June 10, 2010
USD G.O. Refunding Bonds, Series 2010D	1.50 - 5.00	Sept. 21, 2010
USD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 29, 2011
USD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Feb. 2, 2012
USD G.O. Refunding Bonds, Series 2012B	.320 - 2.767	Aug. 15, 2012
USD G.O. Refunding Bonds, Series 2013	2.00 - 5.00	Feb. 21, 2013
USD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013
Total General Obligation Bonds Payable (governmental activities)		
USD G.O. Multi-purpose Bonds, Series 2005A (1)	4.25 - 5.25	May 1, 2005
USD G.O. Improvement and Refunding Bonds, Series 2010A (1)	2.21 - 5.71	June 10, 2010
USD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C (1)	2.21 - 3.23	June 10, 2010
USD G.O. Refunding Bonds, Series 2010D (1)	1.50 - 5.00	Sept. 21, 2010
USD G.O. Refunding Bonds, Series 2011 (1)	2.00 - 5.00	Sept. 29, 2011
District Energy System Revenue Refunding Bonds, Series 2012A	2.00 - 5.00	Aug. 15, 2012
USD G.O. Refunding Bonds, Series 2012B (1)	.320 - 2.767	Aug. 15, 2012
USD G.O. Improvement Bonds, Series 2013A (1)	3.00 - 5.00	May 9, 2013
Total General Obligation Bonds Payable (business-type activities)		
Total General Obligation Bonds Payable - Urban Services District		
<u>REVENUE BONDS PAYABLE</u>		
Dept. of Water and Sewerage Revenue Bonds, Series of 1998B	4.55 - 5.25	Feb. 15, 1998
Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2007	4.25 - 5.00	July 15, 2007
Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2008A	3.25 - 5.25	Feb. 15, 2008
Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2010A	3.00 - 5.00	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Bonds Federally Taxable (BAB's), Series 2010B	6.393 - 6.568	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Bonds Federally Taxable, Series 2010C	6.693	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Refunding Bonds Federally Taxable, Series 2010D	4.255 - 4.791	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2012	1.00 - 5.00	Feb. 2, 2012
Dept. of Water and Sewerage Revenue Bonds, Series 2013	3.00 - 5.00	Apr. 25, 2013
Total Revenue Bonds Payable - Department of Water and Sewerage		
Total Revenue Bonds Payable - Urban Services District		
Total Bonds Payable - Urban Services District		

(1) Portions of these USD G.O. Bonds are directly related to the District Energy System, a proprietary fund, and intended to be repaid from resources of the District Energy System. Therefore, the liability is reported in business-type activities.

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)
URBAN SERVICES DISTRICT

June 30, 2013

Date of Final Maturity	Amount of Issue	Principal Amount Outstanding June 30, 2013	Interest to Maturity as of June 30, 2013
July 1, 2014	\$ 31,065,000	\$ 5,160,000	\$ 274,311
June 1, 2024	5,760,000	280,000	15,104
Jan. 1, 2025	13,979,236	1,937,387	196,887
Jan. 1, 2020	6,008,527	2,151,221	234,603
Feb. 1, 2026	19,967,790	1,738,784	131,464
Feb. 1, 2026	20,371,418	3,577,510	330,570
May 15, 2030	2,560,690	1,701,260	704,907
Jan. 1, 2028	38,024,587	2,779,005	651,541
July 1, 2026	22,899,473	22,899,473	6,847,488
July 1, 2034	43,441,595	43,441,595	44,453,378
July 1, 2015	5,488,045	5,488,045	256,214
July 1, 2024	25,925,413	24,153,363	6,939,804
July 1, 2023	6,688,796	6,688,796	2,627,727
July 1, 2025	18,873,099	18,873,099	8,021,608
July 1, 2024	7,471,610	7,471,610	1,240,518
July 1, 2027	23,915,148	23,915,148	12,925,675
Jan. 1, 2033	23,820,773	23,820,773	24,235,081
	<u>316,261,200</u>	<u>196,077,069</u>	<u>110,086,880</u>
Jan. 1, 2025	7,695,000	1,120,000	113,725
July 1, 2034	274,201	274,201	64,492
July 1, 2015	290,556	290,556	16,458
July 1, 2024	1,158,245	1,079,077	310,042
July 1, 2023	504,087	504,087	244,311
Oct. 1, 2033	47,450,000	47,450,000	25,072,425
July 1, 2024	3,231,543	3,231,543	536,536
Jan. 1, 2033	6,230,446	6,230,446	6,338,810
	<u>66,834,078</u>	<u>60,179,910</u>	<u>32,696,799</u>
	<u>383,095,278</u>	<u>256,256,979</u>	<u>142,783,679</u>
Jan. 1, 2014	55,000,000	9,065,000	475,912
Jan. 1, 2016	36,240,000	24,380,000	1,930,150
Jan. 1, 2022	122,530,000	107,005,000	30,892,450
July 1, 2027	104,050,000	104,050,000	39,267,425
July 1, 2037	135,000,000	135,000,000	113,498,049
July 1, 2041	75,000,000	75,000,000	74,169,099
July 1, 2018	7,610,000	7,610,000	1,528,434
July 1, 2023	129,625,000	127,410,000	40,381,700
July 1, 2033	237,930,000	237,930,000	239,379,723
	<u>902,985,000</u>	<u>827,450,000</u>	<u>541,522,942</u>
	<u>902,985,000</u>	<u>827,450,000</u>	<u>541,522,942</u>
	<u>\$ 1,286,080,278</u>	<u>\$ 1,083,706,979</u>	<u>\$ 684,306,621</u>

See accompanying auditors' 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, 2013

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Total General Obligation Bonds		
				Principal	Interest	Total
2014	\$ 84,832,134	\$ 87,506,958	\$ 172,339,092	\$ 84,832,134	\$ 87,506,958	\$ 172,339,092
2015	99,320,725	90,889,646	190,210,371	99,320,725	90,889,646	190,210,371
2016	102,766,654	86,653,130	189,419,784	102,766,654	86,653,130	189,419,784
2017	111,436,743	81,211,352	192,648,095	111,436,743	81,211,352	192,648,095
2018	111,232,661	77,029,235	188,261,896	111,232,661	77,029,235	188,261,896
2019	117,097,046	71,934,496	189,031,542	117,097,046	71,934,496	189,031,542
2020	116,592,681	67,053,622	183,646,303	116,592,681	67,053,622	183,646,303
2021	121,644,359	61,777,288	183,421,647	121,644,359	61,777,288	183,421,647
2022	124,083,810	55,839,520	179,923,330	124,083,810	55,839,520	179,923,330
2023	131,045,705	49,733,255	180,778,960	131,045,705	49,733,255	180,778,960
2024	139,194,115	43,430,391	182,624,506	139,194,115	43,430,391	182,624,506
2025	137,145,032	37,554,125	174,699,157	137,145,032	37,554,125	174,699,157
2026	117,627,399	31,854,835	149,482,234	117,627,399	31,854,835	149,482,234
2027	100,085,521	26,529,027	126,614,548	100,085,521	26,529,027	126,614,548
2028	95,358,768	21,636,760	116,995,528	95,358,768	21,636,760	116,995,528
2029	55,366,976	17,723,253	73,090,229	55,366,976	17,723,253	73,090,229
2030	58,544,209	14,869,604	73,413,813	58,544,209	14,869,604	73,413,813
2031	60,119,663	12,404,559	72,524,222	60,119,663	12,404,559	72,524,222
2032	62,834,179	9,202,414	72,036,593	62,834,179	9,202,414	72,036,593
2033	65,680,937	5,857,014	71,537,951	65,680,937	5,857,014	71,537,951
2034	26,905,801	2,361,602	29,267,403	26,905,801	2,361,602	29,267,403
2035	27,927,903	796,936	28,724,839	27,927,903	796,936	28,724,839
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
	<u>\$ 2,066,843,021</u>	<u>\$ 953,849,022</u>	<u>\$ 3,020,692,043</u>	<u>\$ 2,066,843,021</u>	<u>\$ 953,849,022</u>	<u>\$ 3,020,692,043</u>

See accompanying auditors' 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, 2013

General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ 52,004,659	\$ 56,554,105	\$ 108,558,764	\$ 32,827,475	\$ 30,952,853	\$ 63,780,328
60,734,952	59,505,527	120,240,479	38,585,773	31,384,119	69,969,892
61,761,556	56,877,217	118,638,773	41,005,098	29,775,913	70,781,011
65,638,948	53,652,128	119,291,076	45,797,795	27,559,224	73,357,019
64,572,980	51,196,964	115,769,944	46,659,681	25,832,271	72,491,952
68,622,521	48,174,274	116,796,795	48,474,525	23,760,222	72,234,747
74,702,164	45,159,923	119,862,087	41,890,517	21,893,699	63,784,216
78,297,933	41,751,719	120,049,652	43,346,426	20,025,569	63,371,995
79,301,393	37,900,656	117,202,049	44,782,417	17,938,864	62,721,281
87,681,776	33,878,209	121,559,985	43,363,929	15,855,046	59,218,975
88,233,243	29,719,065	117,952,308	50,960,872	13,711,326	64,672,198
88,726,393	25,898,622	114,625,015	48,418,639	11,655,503	60,074,142
77,435,240	22,150,476	99,585,716	40,192,159	9,704,359	49,896,518
66,790,112	18,622,692	85,412,804	33,295,409	7,906,335	41,201,744
67,073,388	15,291,512	82,364,900	28,285,380	6,345,248	34,630,628
39,657,783	12,545,814	52,203,597	15,709,193	5,177,439	20,886,632
43,398,352	10,666,759	54,065,111	15,145,857	4,202,845	19,348,702
51,986,624	10,132,463	62,119,087	8,133,039	2,272,096	10,405,135
54,391,937	7,403,294	61,795,231	8,442,242	1,799,120	10,241,362
56,916,899	4,548,874	61,465,773	8,764,038	1,308,140	10,072,178
17,808,774	1,563,129	19,371,903	9,097,027	798,473	9,895,500
18,485,298	527,490	19,012,788	9,442,605	269,446	9,712,051
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,364,222,925</u>	<u>\$ 643,720,912</u>	<u>\$ 2,007,943,837</u>	<u>\$ 702,620,096</u>	<u>\$ 310,128,110</u>	<u>\$ 1,012,748,206</u>

See accompanying auditors' 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, 2013

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 41,302,866	\$ 45,758,184	\$ 87,061,050	\$ 10,537,866	\$ 11,569,014	\$ 22,106,880
2015	43,964,275	48,071,229	92,035,504	12,464,275	12,040,419	24,504,694
2016	29,628,346	46,440,189	76,068,535	9,353,346	11,601,154	20,954,500
2017	40,338,257	44,834,246	85,172,503	11,543,257	11,141,861	22,685,118
2018	51,027,339	42,830,175	93,857,514	13,552,339	10,690,568	24,242,907
2019	51,512,954	40,377,472	91,890,426	13,287,954	10,059,371	23,347,325
2020	50,927,319	37,952,562	88,879,881	11,807,319	9,545,351	21,352,670
2021	52,740,641	35,503,377	88,244,018	12,560,641	9,016,304	21,576,945
2022	53,661,190	32,872,907	86,534,097	12,676,190	8,397,309	21,073,499
2023	45,219,295	30,104,724	75,324,019	13,439,295	7,777,638	21,216,933
2024	37,465,885	28,252,442	65,718,327	15,230,885	7,140,481	22,371,366
2025	31,159,968	26,677,891	57,837,859	15,214,968	6,475,305	21,690,273
2026	30,452,600	25,210,186	55,662,786	13,732,600	5,798,825	19,531,425
2027	32,309,479	23,673,774	55,983,253	14,764,479	5,108,763	19,873,242
2028	32,801,233	22,090,721	54,891,954	14,371,233	4,390,860	18,762,093
2029	30,438,023	20,660,121	51,098,144	11,253,023	3,747,910	15,000,933
2030	31,020,792	19,195,807	50,216,599	11,030,792	3,096,523	14,127,315
2031	28,825,337	17,077,231	45,902,568	7,920,337	1,902,418	9,822,755
2032	30,085,821	15,693,004	45,778,825	8,225,821	1,492,343	9,718,164
2033	31,434,063	14,224,632	45,658,695	8,554,063	1,050,500	9,604,563
2034	32,859,199	12,674,303	45,533,502	8,919,199	574,772	9,493,971
2035	30,872,097	11,140,638	42,012,735	5,817,097	165,990	5,983,087
2036	26,220,000	9,797,040	36,017,040	-	-	-
2037	27,445,000	8,564,140	36,009,140	-	-	-
2038	28,720,000	7,289,055	36,009,055	-	-	-
2039	30,025,000	6,002,672	36,027,672	-	-	-
2040	31,330,000	4,690,232	36,020,232	-	-	-
2041	32,680,000	3,325,361	36,005,361	-	-	-
2042	34,015,000	1,980,006	35,995,006	-	-	-
2043	16,280,000	1,003,400	17,283,400	-	-	-
2044	16,945,000	338,900	17,283,900	-	-	-
	<u>\$ 1,083,706,979</u>	<u>\$ 684,306,621</u>	<u>\$ 1,768,013,600</u>	<u>\$ 256,256,979</u>	<u>\$ 142,783,679</u>	<u>\$ 399,040,658</u>

See accompanying auditors' 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, 2013

Revenue Bonds		
Department of Water and Sewerage Services		
Principal	Interest	Total
\$ 30,765,000	\$ 34,189,170	\$ 64,954,170
31,500,000	36,030,810	67,530,810
20,275,000	34,839,035	55,114,035
28,795,000	33,692,385	62,487,385
37,475,000	32,139,607	69,614,607
38,225,000	30,318,101	68,543,101
39,120,000	28,407,211	67,527,211
40,180,000	26,487,073	66,667,073
40,985,000	24,475,598	65,460,598
31,780,000	22,327,086	54,107,086
22,235,000	21,111,961	43,346,961
15,945,000	20,202,586	36,147,586
16,720,000	19,411,361	36,131,361
17,545,000	18,565,011	36,110,011
18,430,000	17,699,861	36,129,861
19,185,000	16,912,211	36,097,211
19,990,000	16,099,284	36,089,284
20,905,000	15,174,813	36,079,813
21,860,000	14,200,661	36,060,661
22,880,000	13,174,132	36,054,132
23,940,000	12,099,531	36,039,531
25,055,000	10,974,648	36,029,648
26,220,000	9,797,040	36,017,040
27,445,000	8,564,140	36,009,140
28,720,000	7,289,055	36,009,055
30,025,000	6,002,672	36,027,672
31,330,000	4,690,232	36,020,232
32,680,000	3,325,361	36,005,361
34,015,000	1,980,006	35,995,006
16,280,000	1,003,400	17,283,400
16,945,000	338,900	17,283,900
<u>\$ 827,450,000</u>	<u>\$ 541,522,942</u>	<u>\$ 1,368,972,942</u>

See accompanying auditors' 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, 2013 Through June 30, 2014
(Unaudited)

<u>SOURCE OF REVENUE:</u>	General Fund	Debt Service Fund	School Debt Service Fund	School Funds	Total
Property Taxes - Current Year	\$ 370,644,100	\$ 82,553,000	\$ 32,775,000	\$ 282,297,300	\$ 768,269,400
Property Taxes - Non Current Year	27,297,000	243,000	82,500	2,905,700	30,528,200
Local Option Sales Tax	105,588,000	7,370,000	24,438,500	181,737,500	319,134,000
Other Taxes, Licenses and Permits	101,196,600	-	-	5,127,100	106,323,700
Fines, Forfeits, and Penalties	11,102,000	425,000	-	6,200	11,533,200
Other Agencies - Federal Direct	1,258,000	-	-	170,000	1,428,000
Other Agencies - Federal Through State	698,300	-	-	150,000	848,300
Other Agencies - Other Pass-Through	4,884,200	-	-	-	4,884,200
Other Agencies - State Direct	64,338,200	2,292,200	-	255,866,700	322,497,100
Other Agencies - Other Governments	5,114,200	-	-	5,000	5,119,200
Commissions and Fees	12,949,500	-	-	-	12,949,500
Charges for Current Services	31,593,200	-	-	760,000	32,353,200
Compensation from Property	412,100	-	-	1,103,000	1,515,100
Contributions and Gifts	355,300	-	-	300,000	655,300
Miscellaneous	1,539,000	-	-	45,000	1,584,000
Subtotal	738,969,700	92,883,200	57,296,000	730,473,500	1,619,622,400
Operating Transfers In	10,363,200	9,782,900	4,328,400	3,946,800	28,421,300
Non-Operating Transfers In	8,335,200	-	-	-	8,335,200
Subtotal	18,698,400	9,782,900	4,328,400	3,946,800	36,756,500
Appropriated Unreserved Fund Balances	9,813,100	5,966,900	8,000,000	12,000,000	35,780,000
Total Available for GSD Appropriations	<u>\$ 767,481,200</u>	<u>\$ 108,633,000</u>	<u>\$ 69,624,400</u>	<u>\$ 746,420,300</u>	<u>\$ 1,692,158,900</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2013-431 for the 2013-2014 fiscal year.

See accompanying auditors' 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, 2013 Through June 30, 2014
(Unaudited)

<u>SOURCE OF REVENUE:</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Property Taxes - Current Year	\$ 77,853,300	\$ 14,521,700	\$ 92,375,000
Property Taxes - Non Current Year	16,703,900	72,500	16,776,400
Other Taxes, Licenses, and Permits	4,572,500	-	4,572,500
Other Agencies - State Direct	1,914,000	-	1,914,000
Charges for Current Services	1,315,800	-	1,315,800
Compensation from Property	100,000	-	100,000
Operating Transfers In	-	6,102,100	6,102,100
Subtotal	<u>102,459,500</u>	<u>20,696,300</u>	<u>123,155,800</u>
Appropriated Unreserved Fund Balances	<u>5,262,200</u>	<u>4,000,000</u>	<u>9,262,200</u>
Total Available for USD Appropriations	<u><u>\$ 107,721,700</u></u>	<u><u>\$ 24,696,300</u></u>	<u><u>\$ 132,418,000</u></u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2013-431 for the 2013-2014 fiscal year.

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 BUDGETARY SCHEDULE OF APPROPRIATIONS BY FUNCTION AND/OR FUNDS *

For the Year July 1, 2013 Through June 30, 2014
 (Unaudited)

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 165,052,000	\$ 25,152,100	\$ -	\$ 190,204,100
Fiscal Administration	23,296,600	-	-	23,296,600
Administration of Justice	57,926,800	-	-	57,926,800
Law Enforcement and Care of Prisoners	225,177,500	481,000	481,000	225,177,500
Fire Prevention and Control	48,434,900	63,333,700	-	111,768,600
Regulation, Inspection, & Economic Development	29,264,500	2,111,300	-	31,375,800
Conservation of Natural Resources	566,100	-	-	566,100
Public Welfare	8,260,000	-	-	8,260,000
Public Health	74,171,200	-	-	74,171,200
Public Library System	21,988,500	-	-	21,988,500
Recreational, Cultural, & Community Support	47,465,300	200,000	-	47,665,300
Public Works, Highways and Streets	65,677,800	16,443,600	-	82,121,400
Reserves	200,000	-	-	200,000
Total General Funds	767,481,200	107,721,700	481,000	874,721,900
<u>DEBT SERVICE FUNDS</u>				
(See detail on succeeding pages)	178,257,400	24,696,300	-	202,953,700
<u>SCHOOL FUNDS</u>				
(See detail on succeeding pages)	746,420,300	-	-	746,420,300
Total Appropriations By District	1,692,158,900	132,418,000	481,000	1,824,095,900
<u>LESS GSD INTERFUND TRANSFER:</u>				
USD Debt to GSD Debt	(2,844,500)	-	-	(2,844,500)
GSD General to GSD Debt	(3,521,300)	-	-	(3,521,300)
Schools to GSD Debt	(778,200)	-	-	(778,200)
Schools to GSD General	(192,000)	-	-	(192,000)
Schools to School Debt	(4,328,400)	-	-	(4,328,400)
Net Appropriation by District	\$ 1,680,494,500	\$ 132,418,000	\$ 481,000	\$ 1,812,431,500

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2013-431 for the 2013-2014 fiscal year.

See accompanying auditors' 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, 2013 Through June 30, 2014
(Unaudited)

	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
<u>SCHOOL DEBT SERVICE FUND</u>			
Outstanding General Obligation Bonds	\$ 64,152,700	\$ -	\$ 64,152,700
Redemption and Cremation Fees	-	140,700	140,700
Internal Service Fees	-	87,100	87,100
Qualified Zone Academy Bonds	-	314,500	314,500
Quallified School Capital Projects	-	1,637,800	1,637,800
Quallified School Capital Projects	-	3,970,700	3,970,700
IRS Subsidy for 2010 QSCB (Reduces loan payment)	-	(1,573,700)	(1,573,700)
Tax Increment Payment - MDHA	-	894,600	894,600
	<u>\$ 64,152,700</u>	<u>\$ 5,471,700</u>	<u>\$ 69,624,400</u>
Total GSD School Purposes Debt Service Fund			
<u>GENERAL PURPOSES DEBT SERVICE FUND</u>			
Outstanding General Obligation Bonds	\$ 108,884,500	\$ -	\$ 108,884,500
IRS BABs Subsidy	(4,765,100)	-	(4,765,100)
	<u>104,119,400</u>	<u>-</u>	<u>104,119,400</u>
Subtotal Outstanding General Obligation Bonds			
Redemption, Cremation and Management Fees	-	235,000	235,000
Internal Service Fees	-	154,800	154,800
Swaption Agreement (G.O. Refunding Bonds, Series 2006A)	2,585,000	-	2,585,000
Property Tax Increment Payment	-	1,538,800	1,538,800
	<u>2,585,000</u>	<u>1,928,600</u>	<u>4,513,600</u>
Subtotal			
Total GSD General Purposes Debt Service Fund	<u>\$ 106,704,400</u>	<u>\$ 1,928,600</u>	<u>\$ 108,633,000</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2013-431 for the 2013-2014 fiscal year.

See accompanying auditors' 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, 2013 Through June 30, 2014
 (Unaudited)

<u>URBAN SERVICES DISTRICT DEBT SERVICE FUND</u>	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
Outstanding General Obligation Bonds:	\$ 21,408,900	\$ -	\$ 21,408,900
Subtotal Outstanding General Obligation Bonds	<u>21,408,900</u>	<u>-</u>	<u>21,408,900</u>
Redemption and Cremation Fees	-	26,600	26,600
Internal Service Fees	-	22,700	22,700
Tax Increment Payment - MDHA	-	393,600	393,600
Transfer to GSD Debt	-	2,844,500	2,844,500
Subtotal	<u>-</u>	<u>3,287,400</u>	<u>3,287,400</u>
Total USD General Purposes Debt Service Fund	<u>\$ 21,408,900</u>	<u>\$ 3,287,400</u>	<u>\$ 24,696,300</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2013-431 for the 2013-2014 fiscal year.

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF APPROPRIATIONS*

SCHOOL FUNDS - GENERAL SERVICES DISTRICT

For the Year July 1, 2013 Through June 30, 2014
(Unaudited)

GENERAL PURPOSE SCHOOL FUND: (1)

General Purpose School Fund: Operational	\$ 741,410,300
Property Tax Increment	<u>5,010,000</u>
Total General Purpose School Fund	<u>\$ 746,420,300</u>

(1) From the funds appropriated to the Metropolitan Board of Public Education, there is appropriated the sum of \$4,285,000 for the purpose of funding the actuarial contribution to the Metro Teachers Pension Plan.

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2013-431 for the 2013-2014 fiscal year.

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SUMMARY OF SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

June 30, 2013

NAME OF OFFICIAL	TITLE	ANNUAL SALARY	AMOUNT OF SURETY BOND
Karl Dean	Mayor	\$ 136,500	\$ 50,000
Richard M. Riebeling	Director of Finance	153,000	250,000
Lannie B. Holland	Treasurer	113,830	2,000,000
Jeff Gossage	Purchasing Agent	102,752	- (1)
Kim McDoniel	Chief Accountant	115,839	- (1)
Rita Roberts-Turner	Human Resources Director	118,000	- (1)
Richard R. Rooker	Circuit Court Clerk	127,479	50,000
Richard R. Rooker	Probate Clerk	-	250,000
William B. Garrett, Jr.	Register of Deeds	115,841	25,000
Charles E. Cardwell	Trustee	116,617	16,000,000
Brenda P. Wynn	County Clerk	114,906	500,000
Howard C. Gentry, Jr.	Criminal Court Clerk	127,479	150,000
J. Daron Hall	Sheriff	141,027	50,000
George L. Rooker, Jr.	Assessor of Property	116,617	10,000
Cristi Scott	Clerk & Master	116,617	50,000
David A. Smith	Juvenile Court Clerk	116,617	50,000
Jeanan M. Stuart	Public Guardian	-	200,000
Peggy Duncan Mathes	Public Administrator	-	100,000
Michael M. Castellarin	Public Trustee	-	200,000
Richard R. Rooker	Commissioner & Receiver	-	5,000
Richard R. Rooker	Official Revenue	-	25,000
Thomas W. Compton, Jr.	Executive Director Sports Authority	95,000	50,000
Chris Henson	MNPS Assistant Superintendent of Business, Facility and Services	137,640	1,000,000

(1) A \$250,000 blanket surety bond is in place for these officials rather than separate bonds.

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF UTILITY RATES
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2013

The rate structure is composed of a meter charge and a volume charge.

The Department had the following rate structure in effect at June 30, 2013:

METER:	Water				Sewer			
	Residential	Small Commercial	Intermediate Commercial	Large Commercial	Residential	Small Commercial	Intermediate Commercial	Large Commercial
5/8"	\$ 3.13	\$ 3.98	\$ 13.85	\$ 597.23	\$ 7.62	\$ 8.51	\$ 27.89	\$ 1,076.37
3/4"	10.62	11.32	19.64	603.69	21.63	24.22	39.55	1,088.01
1"	12.77	13.63	21.51	605.80	26.05	29.17	43.33	1,091.79
1 1/2"	18.77	20.03	26.71	611.60	38.29	42.89	53.81	1,102.25
2"	25.29	26.97	32.63	618.22	51.57	57.75	65.73	1,114.18
3"	33.38	35.61	40.84	624.04	68.04	76.21	82.26	1,124.65
4"	54.41	58.03	64.65	650.65	110.88	124.18	130.22	1,172.65
6"	85.42	91.12	99.81	689.96	174.12	195.01	201.05	1,243.48
8"	133.59	142.50	155.38	755.41	272.29	304.96	312.96	1,361.43
10"	133.59	142.50	155.38	755.41	272.29	304.96	312.96	1,361.43

VOLUME:

Water usage charges per 100 cubic feet
(For usage over 200 cubic feet)

Sewer usage charges per 100 cubic feet
(For usage over 200 cubic feet)

\$ 2.33	\$ 2.48	\$ 2.14	\$ 1.81	\$ 4.74	\$ 5.30	\$ 4.32	\$ 3.26
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See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF NUMBER OF CUSTOMERS
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2013

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Water Customers	171,456	15,816	187,272
Sewer Customers	<u>184,117</u>	<u>14,368</u>	<u>198,485</u>
Total Customers	<u><u>355,573</u></u>	<u><u>30,184</u></u>	<u><u>385,757</u></u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF UNACCOUNTED FOR WATER
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2013

AWWA WLCC Free Water Audit Software: Reporting Worksheet				WAS		Back to Instructions	
Water Audit Report for: Metropolitan Government of Nashville & Davidson County Metro Water Services		Reporting Year: 2013		7/2012 - 6/2013			
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades							
All volumes to be entered as: MILLION GALLONS (US) PER YEAR							
<< Enter grading in column 'B'							
WATER SUPPLIED							
Volume from own sources:	[?] [A]	30,849.120	Million gallons (US)/yr (MG/Yr)				
Master meter error adjustment (enter positive value):	[?] [N/A]		MG/Yr				
Water imported:	[?] [7]	94.206	MG/Yr				
Water exported:	[?] [N/A]		MG/Yr				
WATER SUPPLIED:	[?] [A]	30,943.326	MG/Yr				
AUTHORIZED CONSUMPTION							
Billed metered:	[?] [7]	21,938.695	MG/Yr				
Billed unmetered:	[?] [N/A]		MG/Yr				
Unbilled metered:	[?] [9]	42.730	MG/Yr				
Unbilled unmetered:	[?] [A]	217.472	MG/Yr				
AUTHORIZED CONSUMPTION:	[?] [A]	22,198.897	MG/Yr				
<div style="float: right; text-align: right;"> Click here: [?] for help using option buttons below Use buttons to select percentage of water supplied Choose this option to enter a percentage of billed metered consumption. This is NOT a default value </div>							
WATER LOSSES (Water Supplied - Authorized Consumption)	[?] [A]	8,744.429	MG/Yr				
Apparent Losses							
Unauthorized consumption:	[?] [7]	51.738	MG/Yr				
Customer metering inaccuracies:	[?] [7]	560.253	MG/Yr				
Systematic data handling errors:	[?] [A]	4.331	MG/Yr				
Apparent Losses:	[?] [7]	616.322					
Real Losses (Current Annual Real Losses or CARL)							
Real Losses = Water Losses - Apparent Losses:	[?] [A]	8,128.107	MG/Yr				
WATER LOSSES:	[?] [A]	8,744.429	MG/Yr				
NON-REVENUE WATER							
NON-REVENUE WATER:	[?] [A]	9,004.631	MG/Yr				
- Total Water Loss + Unbilled Metered + Unbilled Unmetered							
SYSTEM DATA							
Length of mains:	[?] [9]	2,867.8	miles				
Number of active AND inactive service connections:	[?] [9]	182,539					
Connection density:	[?] [9]	64	conn./mile main				
Average length of customer service line:	[?] [9]	12.0	ft	(pipe length between curbstop and customer meter or property boundary)			
Average operating pressure:	[?] [A]	82.9	psi				
COST DATA							
Total annual cost of operating water system:	[?] [A]	\$70,071,470	\$/year				
Customer retail unit cost (applied to Apparent Losses):	[?] [7]	\$5.77	\$/100 cubic feet (ccf)				
Variable production cost (applied to Real Losses):	[?] [10]	\$182.00	\$/Million gallons				
PERFORMANCE INDICATORS							
Financial Indicators							
Non-revenue water as percent by volume of Water Supplied:			29.11				
Non-revenue water as percent by cost of operating system:			9.01				
Annual cost of Apparent Losses:			\$4,753,918				
Annual cost of Real Losses:			\$1,479,315				
Operational Efficiency Indicators							
Apparent Losses per service connection per day:			9.25	gallons/connection/day			
Real Losses per service connection per day*:			121.99	gallons/connection/day			
Real Losses per length of main per day*:			N/A				
Real Losses per service connection per day per psi pressure:			1.47	gallons/connection/day/psi			
Unavoidable Annual Real Losses (UARL):			1,392.11	million gallons/year			
From Above, Real Losses - Current Annual Real Losses (CARL):			8,128.11	million gallons/year			
Infrastructure Leakage Index (ILI) (CARL/UARL):			5.84				
* only the most applicable of these two indicators will be calculated							
WATER AUDIT DATA VALIDITY SCORE:							
*** YOUR SCORE IS: 79 out of 100 ***							
A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score							
PRIORITY AREAS FOR ATTENTION:							
Based on the information provided, audit accuracy can be improved by addressing the following components:							
1: Volume from own sources							
2: Water imported							
3: Billed metered							
For more information, click here to see the Grading Matrix worksheet							

See accompanying auditors' 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.

	Page
<u>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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Net investment in capital assets	\$ 1,120,156	\$ 1,018,806	\$ 1,030,056	\$ 1,042,013
Restricted	114,155	97,629	67,840	63,371
Unrestricted (1)	<u>76,846</u>	<u>157,809</u>	<u>136,229</u>	<u>159,368</u>
Total governmental activities net position	<u>1,311,157</u>	<u>1,274,244</u>	<u>1,234,125</u>	<u>1,264,752</u>
Business-type activities				
Net investment in capital assets	815,902	993,216	1,010,626	1,061,440
Restricted (2)	238,071	69,305	70,023	73,134
Unrestricted	<u>33,192</u>	<u>29,484</u>	<u>21,221</u>	<u>22,439</u>
Total business-type activities net position	<u>1,087,165</u>	<u>1,092,005</u>	<u>1,101,870</u>	<u>1,157,013</u>
Primary government				
Net investment in capital assets	1,936,058	2,012,022	2,040,682	2,103,453
Restricted	352,226	166,934	137,863	136,505
Unrestricted	<u>110,038</u>	<u>187,293</u>	<u>157,450</u>	<u>181,807</u>
Total primary government net position	<u>\$ 2,398,322</u>	<u>\$ 2,366,249</u>	<u>\$ 2,335,995</u>	<u>\$ 2,421,765</u>

(1) Variances in governmental activities unrestricted net assets between 2004 and 2005 were primarily due to the Government's historical budget pattern of increasing property tax rates approximately every three years. Beginning in 2008, the Government began recording its liability for other postemployment benefits.

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

Note: The Government adopted Governmental Accounting and Standards Board Statement No. 65 in fiscal 2013. Prior years were restated for consistency.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	1,044,125	\$ 1,083,097	\$ 1,099,333	\$ 1,010,874	\$ 924,393	\$ 857,598
	47,527	22,917	31,994	42,860	31,771	35,802
	<u>86,741</u>	<u>(97,423)</u>	<u>(383,624)</u>	<u>(564,405)</u>	<u>(637,147)</u>	<u>(683,464)</u>
	<u>1,178,393</u>	<u>1,008,591</u>	<u>747,703</u>	<u>489,329</u>	<u>319,017</u>	<u>209,936</u>
	1,160,088	1,196,149	1,217,101	1,220,912	1,259,241	1,236,765
	29,090	22,587	21,481	46,256	49,700	56,720
	<u>28,682</u>	<u>14,840</u>	<u>26,925</u>	<u>38,908</u>	<u>32,057</u>	<u>27,268</u>
	<u>1,217,860</u>	<u>1,233,576</u>	<u>1,265,507</u>	<u>1,306,076</u>	<u>1,340,998</u>	<u>1,320,753</u>
	2,204,213	2,279,246	2,316,434	2,231,786	2,183,634	2,094,363
	76,617	45,504	53,475	89,116	81,471	92,522
	<u>115,423</u>	<u>(82,583)</u>	<u>(356,699)</u>	<u>(525,497)</u>	<u>(605,090)</u>	<u>(656,196)</u>
\$	<u><u>2,396,253</u></u>	<u><u>2,242,167</u></u>	<u><u>2,013,210</u></u>	<u><u>1,795,405</u></u>	<u><u>1,660,015</u></u>	<u><u>1,530,689</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2004	2005	2006	2007
Expenses				
Governmental activities				
General government	\$ 94,175	\$ 80,425	\$ 64,844	\$ 57,026
Fiscal administration	22,063	31,182	44,110	33,876
Administration of justice	65,069	66,879	73,025	75,705
Law enforcement and care of prisoners	215,912	231,516	241,487	258,824
Fire prevention and control	97,965	120,679	130,416	128,067
Regulation and inspection	8,465	8,711	8,770	9,002
Conservation of natural resources	426	396	457	447
Public welfare	53,435	51,636	47,150	58,709
Public health and hospitals	80,730	76,115	151,706	111,396
Public library system	25,448	26,165	26,757	27,818
Public works, highways and streets	105,618	93,785	128,171	130,081
Recreational and cultural	54,459	51,336	67,284	72,024
Education	620,518	640,655	654,801	684,711
Interest and other debt related costs	63,212	60,294	64,028	75,581
Total governmental activities	<u>1,507,495</u>	<u>1,539,774</u>	<u>1,703,006</u>	<u>1,723,267</u>
Business-type activities				
Department of Water and Sewerage Services	148,379	149,710	155,311	157,581
District Energy System	8,017	18,558	19,198	21,018
Nashville Convention Center	6,384	7,131	7,068	7,246
Board of Fair Commissioners	4,055	3,580	4,110	4,116
Farmers Market	1,159	1,216	1,136	1,156
Police Secondary Employment	1,017	1,153	1,063	1,248
Surplus Property Auction	3,252	2,554	788	983
Municipal Auditorium	-	-	1,885	1,979
Police Impound	-	-	1,919	2,177
School Community Education	-	-	912	915
Stormwater Operations	-	-	-	-
Community Education Commission	-	-	-	-
Total business-type activities	<u>172,263</u>	<u>183,902</u>	<u>193,390</u>	<u>198,419</u>
Total primary government	<u>\$ 1,679,758</u>	<u>\$ 1,723,676</u>	<u>\$ 1,896,396</u>	<u>\$ 1,921,686</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 12,769	\$ 10,132	\$ 7,367	\$ 7,808
Fiscal administration	4,082	4,640	3,994	4,675
Administration of justice	23,559	28,589	30,664	35,213
Law enforcement and care of prisoners	25,240	25,213	26,572	26,787
Fire prevention and control	8,737	11,710	11,401	14,199
Regulation and inspection	7,944	10,535	11,933	12,093
Public welfare	2,029	1,523	1,257	1,291
Public health and hospitals	9,265	9,429	9,646	9,775
Public library system	732	684	705	665
Public works, highways and streets	5,518	8,682	7,717	9,673
Recreational and cultural	9,931	11,087	8,471	8,872
Education	18,420	18,551	19,253	17,946
Operating grants and contributions (1)	272,414	291,220	299,203	314,334
Capital grants and contributions (1)	58,451	25,954	16,268	42,275
Total governmental activities	<u>459,091</u>	<u>457,949</u>	<u>454,451</u>	<u>505,606</u>

(1) Operating and capital grants and contributions primarily represent amounts received from other governments to fund specific programs and projects and the value of roads and other infrastructure donated to the Government. The amounts vary based on the availability and timing of Federal and State funding and the timing and amount of road and infrastructure development within the metropolitan area.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2008	2009	2010	2011	2012	2013
\$ 69,053	\$ 83,668	\$ 85,444	\$ 122,913	\$ 117,669	\$ 118,107
24,837	34,264	35,358	33,613	31,802	32,675
86,417	85,723	89,601	87,374	89,564	92,752
289,629	304,917	321,175	322,782	335,162	371,438
148,089	143,912	150,117	149,619	158,763	170,843
7,971	9,910	10,170	10,248	11,717	10,751
502	491	471	445	439	542
55,272	51,362	60,159	59,386	56,504	57,172
130,293	131,677	170,662	132,993	114,145	119,695
28,231	29,754	28,742	30,033	30,676	33,034
143,076	125,490	130,469	144,012	152,201	169,521
72,547	76,290	68,667	59,421	61,259	68,515
780,706	808,285	839,760	869,449	867,599	903,998
77,559	85,651	80,460	102,859	86,223	77,525
<u>1,914,182</u>	<u>1,971,394</u>	<u>2,071,255</u>	<u>2,125,147</u>	<u>2,113,723</u>	<u>2,226,568</u>
165,833	177,291	173,215	189,521	185,385	205,278
19,428	20,206	17,853	17,837	18,102	17,573
7,601	7,572	7,134	7,539	7,147	7,427
4,360	4,428	4,195	2,814	2,945	3,074
1,161	1,215	1,080	1,193	1,265	1,788
944	881	1,545	855	832	1,131
961	806	735	734	713	735
2,052	1,738	1,654	1,801	1,808	1,787
1,882	1,882	1,687	1,320	967	376
1,193	1,050	192	-	-	-
-	-	10,598	10,669	10,426	10,717
-	-	358	302	297	352
<u>205,415</u>	<u>217,069</u>	<u>220,246</u>	<u>234,585</u>	<u>229,887</u>	<u>250,238</u>
<u>\$ 2,119,597</u>	<u>\$ 2,188,463</u>	<u>\$ 2,291,501</u>	<u>\$ 2,359,732</u>	<u>\$ 2,343,610</u>	<u>\$ 2,476,806</u>
\$ 9,552	\$ 7,292	\$ 6,550	\$ 6,908	\$ 9,134	\$ 8,329
4,533	4,591	4,176	5,286	5,181	6,768
39,554	34,567	34,344	33,745	32,772	33,232
29,806	31,053	31,282	30,637	33,172	32,210
13,619	14,358	10,939	16,395	12,759	13,431
10,587	7,060	7,552	8,858	10,846	12,368
1,166	1,313	1,367	1,352	1,208	1,098
13,436	12,788	8,943	9,902	8,796	9,159
634	579	494	484	474	450
10,184	9,295	9,343	11,191	12,594	12,066
9,246	9,111	8,618	9,068	9,755	10,130
17,203	16,216	18,225	17,838	18,485	19,502
338,746	351,066	390,732	432,938	436,073	435,077
48,808	56,163	41,648	38,595	58,447	55,267
<u>547,074</u>	<u>555,452</u>	<u>574,213</u>	<u>623,197</u>	<u>649,696</u>	<u>649,087</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2004	2005	2006	2007
Program Revenues (Continued)				
Business-type activities				
Charges for services:				
Department of Water and Sewerage Services	\$ 152,786	\$ 151,971	\$ 155,827	\$ 164,900
District Energy System	8,302	15,347	17,298	18,795
Nashville Convention Center	3,561	4,680	4,551	5,248
Board of Fair Commissioners	3,653	3,619	3,728	3,880
Farmers Market	961	994	997	866
Police Secondary Employment	1,380	1,643	1,424	1,654
Surplus Property Auction	2,386	2,518	703	994
Municipal Auditorium	-	-	1,062	1,176
Police Impound	-	-	1,729	2,873
School Community Education	-	-	176	156
Stormwater Operations	-	-	-	-
Community Education Commission	-	-	-	-
Capital grants and contributions	16,473	22,155	25,610	53,318
Total business-type activities	189,502	202,927	213,105	253,860
Total primary government	<u>\$ 648,593</u>	<u>\$ 660,876</u>	<u>\$ 667,556</u>	<u>\$ 759,466</u>
Net (Expense) Revenue				
Governmental activities	\$ (1,048,404)	\$ (1,081,825)	\$ (1,248,555)	\$ (1,217,661)
Business-type activities	17,239	19,025	19,715	55,441
Total primary government	<u>\$ (1,031,165)</u>	<u>\$ (1,062,800)</u>	<u>\$ (1,228,840)</u>	<u>\$ (1,162,220)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 592,385	\$ 612,734	\$ 725,199	\$ 741,901
Local option sales taxes	239,779	249,610	271,119	285,078
Other taxes	90,583	97,807	116,664	121,459
Revenue from the use of money or property	4,326	10,060	15,097	19,801
Revenue from other governmental agencies	50,870	54,542	60,220	68,620
Compensation for loss, sale or damage to property	5,589	1,297	3,476	1,786
Transfers	12,358	18,862	16,661	9,643
Special and extraordinary items (2)	-	-	-	-
Total governmental activities	<u>995,890</u>	<u>1,044,912</u>	<u>1,208,436</u>	<u>1,248,288</u>
Business-type activities				
Revenue from the use of money or property	2,049	4,544	6,530	9,213
Compensation for loss, sale or damage to property	-	133	281	132
Transfers	(12,358)	(18,862)	(16,661)	(9,643)
Special and extraordinary items (2)	-	-	-	-
Total business-type activities	<u>(10,309)</u>	<u>(14,185)</u>	<u>(9,850)</u>	<u>(298)</u>
Total primary government	<u>\$ 985,581</u>	<u>\$ 1,030,727</u>	<u>\$ 1,198,586</u>	<u>\$ 1,247,990</u>
Change in Net Position				
Governmental activities	\$ (52,514)	\$ (36,913)	\$ (40,119)	\$ 30,627
Business-type activities	6,930	4,840	9,865	55,143
Total primary government	<u>\$ (45,584)</u>	<u>\$ (32,073)</u>	<u>\$ (30,254)</u>	<u>\$ 85,770</u>

(2) Special and extraordinary items consist of: In 2003, certain capital assets of the Hospital Authority, a component unit, were contributed to the Government. In 2010, the Government experienced significant losses related to flooding in May 2010. In 2011, the Government incurred additional flood related expenses in excess of recoveries.

Note: The Government adopted Governmental Accounting and Standards Board Statement No. 65 in fiscal 2013. Prior years were restated for consistency.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2008	2009	2010	2011	2012	2013
\$ 173,121	\$ 169,672	\$ 171,520	\$ 195,790	\$ 201,060	\$ 208,830
17,892	17,812	15,562	15,486	15,962	16,713
5,996	5,675	5,366	5,404	5,490	5,746
3,601	3,438	3,393	2,109	2,658	2,786
863	899	983	745	961	1,292
1,162	1,094	2,437	1,103	935	1,285
1,121	958	1,094	1,081	1,298	795
1,278	1,107	1,364	1,370	1,607	1,188
2,611	2,182	1,583	1,271	1,584	492
243	141	31	-	-	-
-	-	13,635	14,198	13,883	14,199
-	-	22	18	36	45
58,761	27,463	41,302	39,467	25,307	11,890
266,649	230,441	258,292	278,042	270,781	265,261
<u>\$ 813,723</u>	<u>\$ 785,893</u>	<u>\$ 832,505</u>	<u>\$ 901,239</u>	<u>\$ 920,477</u>	<u>\$ 914,348</u>
\$ (1,367,108)	\$ (1,415,942)	\$ (1,497,042)	\$ (1,501,950)	\$ (1,464,027)	\$ (1,577,481)
61,234	13,372	38,046	43,457	40,894	15,023
<u>\$ (1,305,874)</u>	<u>\$ (1,402,570)</u>	<u>\$ (1,458,996)</u>	<u>\$ (1,458,493)</u>	<u>\$ (1,423,133)</u>	<u>\$ (1,562,458)</u>
\$ 759,131	\$ 773,659	\$ 793,293	\$ 782,192	\$ 787,882	\$ 895,919
285,484	264,573	256,178	258,107	281,294	301,430
141,112	135,213	126,878	137,141	150,856	160,802
14,792	6,109	1,445	1,095	1,121	1,195
70,072	65,026	58,160	61,262	62,929	66,572
1,541	1,022	1,747	3,290	3,385	7,043
8,617	538	(323)	3,400	6,248	35,439
-	-	(1,224)	(2,911)	-	-
1,280,749	1,246,140	1,236,154	1,243,576	1,293,715	1,468,400
8,086	2,790	391	230	119	111
144	92	171	282	157	60
(8,617)	(538)	323	(3,400)	(6,248)	(35,439)
-	-	(7,000)	-	-	-
(387)	2,344	(6,115)	(2,888)	(5,972)	(35,268)
<u>\$ 1,280,362</u>	<u>\$ 1,248,484</u>	<u>\$ 1,230,039</u>	<u>\$ 1,240,688</u>	<u>\$ 1,287,743</u>	<u>\$ 1,433,132</u>
\$ (86,359)	\$ (169,802)	\$ (260,888)	\$ (258,374)	\$ (170,312)	\$ (109,081)
60,847	15,716	31,931	40,569	34,922	(20,245)
<u>\$ (25,512)</u>	<u>\$ (154,086)</u>	<u>\$ (228,957)</u>	<u>\$ (217,805)</u>	<u>\$ (135,390)</u>	<u>\$ (129,326)</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund					
Nonspendable	\$ 535,404	\$ 391,550	\$ 326,428	\$ 13,186,701	\$ 29,247,551
Assigned	1,265,308	783,377	2,434,347	7,412,327	200,000
Unassigned	<u>34,385,067</u>	<u>36,101,900</u>	<u>44,173,303</u>	<u>39,986,966</u>	<u>33,670,422</u>
Total general fund	<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>
All other governmental funds					
Nonspendable	45,153,106	65,332,348	1,785,017	1,878,413	2,137,679
Restricted	56,519,242	49,892,386	117,824,941	62,324,858	85,667,575
Committed	151,860,060	136,328,646	158,442,851	178,616,288	149,862,699
Assigned	52,960,100	14,835,200	18,583,800	10,118,900	31,394,900
Unassigned	<u>(69,663,457)</u>	<u>(107,707,565)</u>	<u>(3,528,668)</u>	<u>(140,012,364)</u>	<u>(66,950,708)</u>
Total all other governmental funds	<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>
Total governmental funds	<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>

Note: The Government implemented GASB 54 in the fiscal year ended June 30, 2011. The categories of fund balances for prior years were restated for consistency with GASB 54 presentation.

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 32,222,128	\$ 299,659	\$ 473,335	\$ 367,535	\$ 453,627
-	1,370,583	13,878,075	539,600	16,030,900
<u>47,504,389</u>	<u>59,228,607</u>	<u>53,134,734</u>	<u>69,836,867</u>	<u>84,053,738</u>
<u>79,726,517</u>	<u>60,898,849</u>	<u>67,486,144</u>	<u>70,744,002</u>	<u>100,538,265</u>
1,854,877	2,060,858	2,119,993	2,891,941	2,723,873
64,715,883	195,074,104	47,011,877	36,939,852	160,884,699
106,177,301	106,798,899	121,277,278	145,387,960	145,231,736
35,996,400	1,500,000	11,161,900	-	29,966,900
<u>(182,094,246)</u>	<u>(28,066,901)</u>	<u>(39,332,027)</u>	<u>(174,680,021)</u>	<u>(15,710,564)</u>
<u>26,650,215</u>	<u>277,366,960</u>	<u>142,239,021</u>	<u>10,539,732</u>	<u>323,096,644</u>
<u>\$ 106,376,732</u>	<u>\$ 338,265,809</u>	<u>\$ 209,725,165</u>	<u>\$ 81,283,734</u>	<u>\$ 423,634,909</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

	2004	2005	2006	2007	2008
General fund					
GSD					
Nonspendable	\$ 535,404	\$ 391,550	\$ 326,428	\$ 13,186,701	\$ 29,247,551
Assigned	1,265,308	783,377	2,434,347	7,194,227	200,000
Unassigned	29,378,947	27,328,600	31,926,643	24,038,394	20,156,790
Total GSD	<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>
USD					
Assigned	-	-	-	218,100	-
Unassigned	5,006,120	8,773,300	12,246,660	15,948,572	13,513,632
Total USD	<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>
Total general fund	<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>
General purpose school fund					
Nonspendable	828,395	872,462	674,972	795,274	902,765
Committed	25,351,716	17,570,266	37,756,811	67,566,890	52,557,390
Assigned	11,262,400	-	-	-	19,264,100
Total general purpose school fund	<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>
GSD general purposes					
debt service fund					
Nonspendable	21,361,042	26,260,235	-	-	-
Committed	14,857,678	20,893,839	4,506,155	7,631,372	1,761,254
Assigned	23,211,800	612,600	-	372,800	1,408,800
Total GSD general purposes					
debt service fund	<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>
GSD school purposes					
debt service fund					
Nonspendable	-	-	-	-	-
Committed	65,094,282	65,059,510	56,056,896	51,971,417	40,690,069
Assigned	13,054,500	10,271,300	10,035,900	8,566,400	10,722,000
Total GSD school purposes					
debt service fund	<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>
USD general purposes					
debt service fund					
Nonspendable	620,070	895,071	-	-	-
Committed	8,013,326	9,246,360	4,538,711	1,247,752	2,221,176
Assigned	5,431,400	3,951,300	8,457,900	1,179,700	-
Total USD general purposes					
debt service fund	<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>
Total budgeted					
governmental funds	<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>

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 32,222,128	\$ 299,659	\$ 473,335	\$ 367,535	\$ 453,627
-	1,370,583	442,575	539,600	10,768,700
25,320,424	34,962,597	44,578,057	61,358,778	74,758,944
<u>57,542,552</u>	<u>36,632,839</u>	<u>45,493,967</u>	<u>62,265,913</u>	<u>85,981,271</u>
-	-	13,435,500	-	5,262,200
22,183,965	24,266,010	8,556,677	8,478,089	9,294,794
<u>22,183,965</u>	<u>24,266,010</u>	<u>21,992,177</u>	<u>8,478,089</u>	<u>14,556,994</u>
79,726,517	60,898,849	67,486,144	70,744,002	100,538,265
738,993	937,417	883,700	1,291,555	1,504,241
27,356,958	27,102,179	34,449,193	54,933,590	64,049,858
12,431,400	-	-	-	12,000,000
<u>40,527,351</u>	<u>28,039,596</u>	<u>35,332,893</u>	<u>56,225,145</u>	<u>77,554,099</u>
-	-	-	-	-
1,107,591	8,406,361	8,626,889	8,469,047	13,255,408
-	-	-	-	5,966,900
<u>1,107,591</u>	<u>8,406,361</u>	<u>8,626,889</u>	<u>8,469,047</u>	<u>19,222,308</u>
-	-	-	475,583	-
14,991,134	14,559,256	12,006,081	12,898,334	1,479,123
23,565,000	-	11,161,900	-	8,000,000
<u>38,556,134</u>	<u>14,559,256</u>	<u>23,167,981</u>	<u>13,373,917</u>	<u>9,479,123</u>
-	-	-	-	-
4,298,707	2,984,488	6,159,913	7,325,354	4,628,697
-	-	-	-	4,000,000
<u>4,298,707</u>	<u>2,984,488</u>	<u>6,159,913</u>	<u>7,325,354</u>	<u>8,628,697</u>
<u>\$ 164,216,300</u>	<u>\$ 114,888,550</u>	<u>\$ 140,773,820</u>	<u>\$ 156,137,465</u>	<u>\$ 215,422,492</u>

Note: The Government implemented GASB 54 in the fiscal year ended June 30, 2011. The categories of fund balance for prior years were restated for consistency with GASB 54 presentation.

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

	2004	2005	2006	2007
Revenues				
Property taxes (1)	\$ 601,825,390	\$ 609,091,452	\$ 719,820,461	\$ 762,416,897
Local option sales tax	239,779,471	249,701,966	271,311,435	285,258,498
Other taxes, licenses and permits	99,324,601	107,541,797	126,826,832	130,176,283
Fines, forfeits and penalties	14,036,202	16,280,190	19,733,750	19,254,517
Revenues from the use of money or property	2,015,987	6,512,905	9,470,818	14,047,969
Revenues from other governmental agencies	358,602,784	383,725,517	391,034,345	417,169,806
Commissions and fees	19,637,940	21,072,982	21,261,179	26,156,439
Charges for current services	46,134,585	48,990,928	47,396,269	51,607,253
Compensation for loss, sale or damage to property	2,227,502	1,315,393	3,490,427	1,708,877
Contributions and gifts	7,711,533	7,544,472	10,900,634	9,917,112
Bond interest tax credit	-	-	-	-
Miscellaneous	1,261,667	1,248,953	1,744,055	2,141,108
Total revenues	1,392,557,662	1,453,026,555	1,622,990,205	1,719,854,759
Expenditures				
Current:				
General government (2)	54,045,561	35,758,167	37,827,855	40,641,319
Fiscal administration	21,008,051	14,180,153	14,578,459	15,777,516
Administration of justice	50,333,461	53,751,204	58,621,082	63,883,484
Law enforcement and care of prisoners	188,644,930	206,160,524	218,067,847	237,925,605
Fire prevention and control	93,266,180	95,045,746	100,684,959	112,717,674
Regulation and inspection	7,416,328	7,412,089	7,971,413	8,449,218
Conservation of natural resources	398,925	352,566	421,822	444,857
Public welfare	41,786,523	37,500,087	34,663,341	38,037,156
Public health and hospitals (3)	74,854,036	71,221,790	142,543,147	100,408,354
Public library system	20,240,202	19,400,262	21,644,954	21,712,959
Public works, highways and streets	62,547,910	63,519,894	60,613,315	65,518,756
Recreational and cultural	34,832,275	32,993,788	34,736,137	38,633,072
Education	604,067,494	611,766,944	622,926,552	636,140,631
Employee benefits	54,892,819	55,012,329	56,369,642	59,012,395
Miscellaneous	38,462,724	43,964,605	62,900,107	51,967,639

Note: Certain amounts have been reclassified for comparability. Unless otherwise noted, significant variances in expenditures primarily relate to salaries and associated costs. Significant variances in revenues primarily relate to increases in property tax and sales tax rates.

(1) In fiscal year 2007, the Government began selling its property tax receivables, resulting in an increase in property tax revenue for 2007 and continued increases in subsequent years.

(2) Increases in general government expenditures in fiscal years 2010 and 2011 are due primarily to costs related to flooding in May 2010.

(3) 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. In fiscal year 2010, there was a one time appropriation to the Hospital Authority of \$32 million to forgive debt owed to the Government.

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

	2008	2009	2010	2011	2012	2013
\$	757,993,487	\$ 775,403,870	\$ 792,882,229	\$ 782,238,201	\$ 790,774,878	\$ 892,398,894
	285,483,688	264,572,950	256,178,237	258,106,909	281,294,520	301,430,612
	152,575,721	143,696,309	136,182,711	147,382,286	162,804,251	174,702,273
	19,869,757	17,962,587	18,915,362	18,574,592	16,253,081	18,652,738
	10,496,414	3,785,674	494,777	321,354	362,910	489,242
	447,314,552	453,448,063	488,535,713	559,516,608	576,547,108	559,780,403
	29,070,315	25,049,552	22,002,060	23,460,446	24,002,476	24,211,549
	53,939,317	51,137,029	50,686,861	56,593,344	56,309,437	58,600,398
	1,597,492	2,144,252	1,712,551	2,016,432	4,109,532	5,231,290
	11,995,898	10,645,368	5,469,908	3,783,798	14,418,670	8,948,728
	-	-	-	5,327,305	5,895,527	4,900,351
	3,263,508	4,603,664	2,706,377	2,718,741	2,269,697	2,081,927
	<u>1,773,600,149</u>	<u>1,752,449,318</u>	<u>1,775,766,786</u>	<u>1,860,040,016</u>	<u>1,935,042,087</u>	<u>2,051,428,405</u>
	46,904,452	60,035,388	88,954,555	121,146,642	95,085,871	81,829,427
	16,472,712	24,112,437	22,499,859	23,760,394	21,912,507	22,316,247
	65,699,378	56,871,162	54,590,759	55,407,798	53,575,166	68,479,472
	250,849,440	239,436,458	239,014,459	249,724,844	255,276,886	259,384,359
	119,648,604	107,034,837	104,214,957	109,108,267	108,609,078	113,452,154
	8,697,029	8,095,128	7,492,864	7,867,410	7,760,963	8,057,406
	456,284	407,442	352,001	340,296	333,713	398,931
	36,967,197	37,924,764	42,946,288	41,385,895	39,169,144	40,056,346
	104,398,769	101,575,884	114,094,878	86,019,317	85,975,912	89,757,405
	22,644,664	20,564,850	19,016,993	20,542,242	21,178,142	22,328,538
	70,954,215	63,204,089	51,039,081	58,151,723	51,792,795	58,251,129
	40,513,021	37,312,292	33,235,850	33,630,118	34,454,492	36,110,497
	683,222,289	720,909,041	740,550,178	777,009,413	797,821,937	832,361,152
	61,100,542	62,420,127	64,637,576	69,327,218	72,920,868	76,165,493
	44,480,259	40,260,803	55,652,301	71,067,149	75,985,530	80,080,144

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenditures (Continued)				
Debt service:				
Principal retirement (1)	\$ 79,775,000	\$ 86,315,000	\$ 99,000,000	\$ 95,569,567
Interest	59,120,667	57,783,125	65,621,896	72,522,916
Fiscal charges	330,766	1,520,826	973,475	2,818,981
Debt issue costs	689,127	1,024,215	1,859,351	587,900
Arbitrage rebate	400,849	-	272,023	-
Capital outlay - capitalized (2)	145,878,753	183,396,697	204,299,918	124,229,635
Capital outlay - noncapitalized	55,790,669	3,676,054	80,000,497	98,191,337
	<u>1,688,783,250</u>	<u>1,681,756,065</u>	<u>1,926,597,792</u>	<u>1,885,190,971</u>
Total expenditures				
Excess of revenue over (under) expenditures	<u>(296,225,588)</u>	<u>(228,729,510)</u>	<u>(303,607,587)</u>	<u>(165,336,212)</u>
Other Financing Sources (Uses)				
Issuance of new debt	122,100,000	209,055,000	423,533,000	-
Issuance of refunding debt	-	241,800,000	60,805,000	186,890,000
Debt issue premium (discount)	6,157,067	34,513,827	20,310,047	12,632,569
Payments to refunded bond escrow agent	-	(262,859,309)	(60,463,650)	(198,934,669)
Commercial paper proceeds	195,000,000	150,000,000	-	-
Commercial paper redeemed	(127,000,000)	(218,000,000)	-	-
Swaption proceeds	3,800,000	-	-	-
Insurance recovery (3)	-	-	-	-
Transfers in	106,933,088	100,801,076	195,467,499	137,154,461
Transfers out	(98,034,069)	(103,638,072)	(191,960,632)	(138,936,079)
	<u>208,956,086</u>	<u>151,672,522</u>	<u>447,691,264</u>	<u>(1,193,718)</u>
Total other financing sources (uses)				
Net change in fund balances	<u>\$ (87,269,502)</u>	<u>\$ (77,056,988)</u>	<u>\$ 144,083,677</u>	<u>\$ (166,529,930)</u>
Debt service as a percentage of noncapitalized expenditures (4)				
	9.00 %	9.62 %	9.56 %	9.55 %

(1) As the result of a bond refunding in June 2010, principal payments for the years ended June 30, 2011 and 2012 were significantly reduced.

(2) 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.

(3) Insurance recoveries in fiscal years 2010 and 2011 are related to flooding in May 2010.

(4) For purposes of calculating debt service as a percentage of noncapital expenditures, debt service includes principal retirement and interest. 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

2008	2009	2010	2011	2012	2013
\$ 94,819,566	\$ 85,914,567	\$ 85,889,567	\$ 3,397,777	\$ 12,943,203	\$ 44,743,407
79,323,719	83,169,612	80,611,709	85,123,862	93,879,521	93,272,037
3,730,505	3,604,978	906,832	3,406,148	3,257,031	3,716,622
323,288	240,000	4,347,663	1,925,066	2,207,494	2,704,649
-	-	-	-	-	-
155,498,310	83,576,267	92,640,446	100,682,804	133,571,317	110,878,249
93,929,184	66,712,095	79,800,124	112,034,900	63,091,834	110,821,632
<u>2,000,633,427</u>	<u>1,903,382,221</u>	<u>1,982,488,940</u>	<u>2,031,059,283</u>	<u>2,030,803,404</u>	<u>2,155,165,296</u>
<u>(227,033,278)</u>	<u>(150,932,903)</u>	<u>(206,722,154)</u>	<u>(171,019,267)</u>	<u>(95,761,317)</u>	<u>(103,736,891)</u>
308,000,000	59,140,000	430,900,000	35,555,000	-	374,874,554
-	-	189,895,243	290,201,755	316,085,913	382,598,457
7,867,112	-	36,559,565	43,480,488	67,444,362	131,109,907
-	(58,900,000)	(206,868,923)	(331,757,177)	(383,595,322)	(433,836,850)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	15,000,000	37,000,000	-	-
160,349,393	98,879,725	109,679,961	214,988,824	180,292,626	199,600,840
<u>(157,465,198)</u>	<u>(107,040,208)</u>	<u>(136,553,615)</u>	<u>(246,991,267)</u>	<u>(212,907,693)</u>	<u>(208,258,842)</u>
<u>318,751,307</u>	<u>(7,920,483)</u>	<u>438,612,231</u>	<u>42,477,623</u>	<u>(32,680,114)</u>	<u>446,088,066</u>
<u>\$ 91,718,029</u>	<u>\$ (158,853,386)</u>	<u>\$ 231,890,077</u>	<u>\$ (128,541,644)</u>	<u>\$ (128,441,431)</u>	<u>\$ 342,351,175</u>
9.44 %	9.29 %	8.81 %	4.59 %	5.63 %	6.75 %

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 GSD Taxable Assessed Value
2003-04	\$ 11,809,122,372	\$ 917,401,480	\$ 553,940,253	\$ 13,280,464,105
2004-05	11,933,712,504	907,818,023	590,493,038	13,432,023,565
2005-06	13,962,265,146	963,153,348	608,300,242	15,533,718,736
2006-07	14,249,283,812	1,026,510,506	622,162,501	15,897,956,819
2007-08	14,562,824,424	1,004,636,613	585,267,521	16,152,728,558
2008-09	14,949,650,247	1,003,474,654	601,229,146	16,554,354,047
2009-10	17,452,127,001	1,118,966,031	651,277,995	19,222,371,027
2010-11	17,447,570,422	1,128,934,816	632,009,935	19,208,515,173
2011-12	17,366,226,070	1,098,349,735	639,688,011	19,104,263,816
2012-13	17,404,334,210	1,115,387,381	640,800,994	19,160,522,585

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>
\$ 3.84	\$ 45,150,830,802	29.41 %
3.84	45,746,447,359	29.36
4.04	50,477,218,642	30.77
4.04	51,736,469,429	30.73
4.04	60,386,015,276	26.75
4.04	61,881,138,204	26.75
3.56	63,157,226,914	30.44
3.56	63,280,838,469	30.35
3.56	63,127,519,037	30.26
4.04	63,259,449,113	30.29

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>
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	9,609,860,911	812,794,594	497,183,632	10,919,839,137	0.65
2007-08	9,775,778,452	800,146,680	476,649,480	11,052,574,612	0.65
2008-09	10,034,679,742	804,965,057	469,223,447	11,308,868,246	0.65
2009-10	11,845,833,807	899,198,794	507,695,082	13,252,727,683	0.57
2010-11	11,819,864,666	919,181,529	481,388,729	13,220,434,924	0.57
2011-12	11,847,282,828	915,167,902	482,396,101	13,244,846,831	0.57
2012-13	11,877,136,516	928,784,082	477,220,794	13,283,141,392	0.62

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	
2003-04	\$ 1.94	\$ 1.27	\$ 0.43	\$ 0.20	\$ 3.84	\$ 0.64	\$ 0.10	\$ 0.74	\$ 4.58
2004-05	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2005-06 (2)	2.00	1.33	0.54	0.17	4.04	0.56	0.09	0.65	4.69
2006-07 (3)	2.07	1.33	0.47	0.17	4.04	0.56	0.09	0.65	4.69
2007-08 (3)	2.06	1.33	0.48	0.17	4.04	0.56	0.09	0.65	4.69
2008-09 (3)	2.06	1.33	0.48	0.17	4.04	0.53	0.12	0.65	4.69
2009-10 (4)	1.82	1.17	0.42	0.15	3.56	0.46	0.11	0.57	4.13
2010-11	1.82	1.17	0.42	0.15	3.56	0.46	0.11	0.57	4.13
2011-12	1.82	1.17	0.42	0.15	3.56	0.46	0.11	0.57	4.13
2012-13 (5)	1.96	1.40	0.43	0.25	4.04	0.51	0.11	0.62	4.66

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

Taxpayer	December 31, 2012				December 31, 2003			
	2012 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	2003 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1) \$	N/A	\$ 28,079,617	1	3.28 %	\$ N/A	\$ 18,796,439	1	3.27 %
RHP Hotels Inc.	282,303,960	13,068,919	2	1.53	-	-	(2)	-
Columbia/HCA	311,862,070	12,425,328	3	1.45	102,365,222	4,702,260	4	0.82
AT&T	169,256,472	7,813,554	4	0.91	-	-	(2)	-
Piedmont Natural Gas	18,685,996	4,608,217	5	0.54	74,342,409	3,277,746	6	0.57
Opry Mills Co.	86,495,741	3,560,336	6	0.42	68,960,000	2,648,064	8	0.46
Vanderbilt	71,438,500	3,329,433	7	0.39	-	-	(2)	-
Green Hills Mall	53,698,840	2,502,366	8	0.29	-	-	(2)	-
Walmart Stores	48,358,800	2,255,555	9	0.26	-	-	(2)	-
Verizon	51,777,423	2,091,807	10	0.24	-	-	(2)	-
Gaylord	-	-	(2)	-	283,333,838	10,118,923	2	1.76
BellSouth	-	-	(2)	-	176,197,090	7,892,432	3	1.37
CBL & Associates	-	-	(2)	-	102,966,354	4,384,540	5	0.76
PREFCO XIV LTD	-	-	(2)	-	58,415,390	2,763,048	7	0.48
BEL-EQR	-	-	(2)	-	49,465,808	2,265,534	9	0.39
E. I. Dupont	-	-	(2)	-	37,503,300	1,438,185	10	0.25
	<u>\$ 1,093,877,802</u>	<u>\$ 79,735,132</u>		<u>9.31 %</u>	<u>\$ 953,549,411</u>	<u>\$ 58,287,171</u>		<u>10.13 %</u>

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

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

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Amount GSD Levy	Amount USD Levy	Total Tax Levy	Collections Within the Fiscal Year of the Levy	
				Current Tax Amount	Percent of Levy
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 (1)	643,729,137	80,683,950	724,413,087	717,920,126	99.10
2008-09 (1)	659,755,545	82,555,463	742,311,008	732,021,054	98.61
2009-10 (1)	675,043,791	84,818,421	759,862,212	748,828,597	98.55
2010-11 (1)	674,573,125	84,611,716	759,184,841	741,791,912	97.71
2011-12 (1)	670,841,793	84,767,649	755,609,442	745,445,734	98.65
2012-13 (1)	763,462,757	92,982,763	856,445,520	845,378,327	98.71

Source: Metropolitan Trustee's Office

(1) In June of each year, the Government sold to an outside party the majority of the real property taxes outstanding that had become delinquent the prior March 1. In June 2007, the Government also sold the majority of the real property taxes outstanding from the 2005-2006 year. The sales generated property tax revenues and reductions of the property tax receivable balances which are reflected in collections as follows:

	Current Year	Subsequent Year
2005-06	\$ -	\$ 2,418,959
2006-07	23,025,457	-
2007-08	24,448,736	-
2008-09	21,544,115	-
2009-10	26,509,998	-
2010-11	26,178,622	-
2011-12	20,843,656	-
2012-13	21,437,137	-

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		
\$ (2,737,555)	\$ 572,294,727	\$ 16,057,782	\$ 571,565,621	99.87 %	\$ 729,106	0.13 %
(2,808,523)	580,822,789	14,820,576	580,267,041	99.90	555,748	0.10
(8,884,855)	687,018,269	14,584,989	686,353,719	99.90	664,550	0.10
(5,393,451)	707,863,312	1,749,684	706,994,466	99.88	868,846	0.12
(3,052,355)	721,360,732	1,637,645	719,557,771	99.75	1,802,961	0.25
(4,422,826)	737,888,182	4,804,293	736,825,347	99.86	1,062,835	0.14
(11,884,345)	747,977,867	(1,980,899)	746,847,698	99.85	1,130,169	0.15
(14,286,583)	744,898,258	1,976,685	743,768,597	99.85	1,129,661	0.15
(8,507,166)	747,102,276	379,456	745,825,190	99.83	1,277,086	0.17
(5,701,498)	850,744,022	-	845,378,327	99.37	5,365,695	0.63

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Governmental Activities						Business-type Activities	
	General Obligation Bonds and Notes	Limited Obligation Revenue Bonds	Qualified Zone Academy Bond Notes	Tennessee Municipal Bond Fund Loan	Qualified School Construction Bond Loan	Total Governmental Activities	Revenue Bonds	General Obligation Bonds
2003-04	\$ 1,158,710	\$ 13,530	\$ -	\$ -	\$ -	\$ 1,172,240	\$ 550,880	\$ -
2004-05	1,279,935	12,080	-	-	-	1,292,015	529,200	7,695
2005-06	1,600,695	10,575	6,219	-	-	1,617,489	502,060	7,695
2006-07	1,503,390	9,005	5,804	-	-	1,518,199	473,565	7,435
2007-08	1,718,615	7,375	5,389	-	-	1,731,379	436,860	7,170
2008-09	1,578,135	5,665	4,975	56,930	-	1,645,705	404,385	6,890
2009-10	1,904,109	3,870	4,560	52,650	21,120	1,986,309	369,685	6,391
2010-11	1,889,335	1,985	4,146	52,650	55,577	2,003,693	626,625	6,195
2011-12	1,917,344	-	3,731	-	52,410	1,973,485	717,170	6,336
2012-13	2,262,920	-	3,316	-	48,874	2,315,110	827,450	60,180

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Business-type Activities (Continued)

<u>State Loans</u>	<u>Capitalized Lease Obligations</u>	<u>Total Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$ 46,803	\$ 2,075	\$ 599,758	\$ 1,771,998	8.08 %	3,095.33
47,404	1,930	586,229	1,878,244	8.01	3,235.81
62,638	1,780	574,173	2,191,662	9.01	3,802.45
126,836	1,620	609,456	2,127,655	8.23	3,676.62
155,648	1,455	601,133	2,332,512	8.67	3,764.39
159,000	1,270	571,545	2,217,250	7.98	3,541.12
165,331	1,095	542,502	2,528,811	9.15	3,977.93
159,681	900	793,401	2,797,094	9.70	4,463.35
197	695	724,398	2,697,883	8.97	4,245.46
150	475	888,255	3,203,365	N/A (2)	4,941.22

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Fiscal Year	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Funds	Less: Amounts Payable from Sources Other Than Property Taxes	Total	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
2003-04	\$ 1,158,710	\$ 151,390	\$ 12,519	\$ 994,801	2.20 %	\$ 1,737.72
2004-05	1,287,630	136,955	14,915	1,135,760	2.48	1,956.67
2005-06	1,608,390	83,596	9,350	1,515,444	3.00	2,629.24
2006-07	1,510,825	70,969	7,565	1,432,291	2.77	2,475.02
2007-08	1,725,785	56,803	7,170	1,661,812	2.75	2,681.96
2008-09	1,585,025	43,962	6,890	1,534,173	2.48	2,450.19
2009-10	1,910,500	25,950	6,391	1,878,159	2.97	2,954.43
2010-11	1,895,530	37,955	6,195	1,851,380	2.93	2,954.26
2011-12	1,923,680	29,168	6,336	1,888,176	2.99	2,971.28
2012-13	2,323,100	37,330	60,180	2,225,590	3.52	3,432.99

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Fiscal Year	General Obligation Bonds and Notes	Less: Amounts Available in Debt Service Funds	Less: Amounts Payable from Sources Other Than Property Taxes	Total	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
2003-04	\$ 107,357	\$ 13,900	\$ -	\$ 93,457	N/A %	N/A
2004-05	114,326	13,857	-	100,469	N/A	N/A
2005-06	134,733	12,997	-	121,736	N/A	N/A
2006-07	128,353	2,427	-	125,926	N/A	N/A
2007-08	153,286	2,221	-	151,065	N/A	N/A
2008-09	144,049	4,299	-	139,750	N/A	N/A
2009-10	157,592	2,985	-	154,607	N/A	N/A
2010-11	156,260	6,160	-	150,100	N/A	N/A
2011-12	181,076	7,325	-	173,751	N/A	N/A
2012-13	196,077	8,629	-	187,448	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>
2003-04	\$ 1,318,828	\$ 93,457	\$ 1,225,371	7.09 %
2004-05	1,375,162	100,469	1,274,693	7.31
2005-06	1,577,096	121,736	1,455,360	7.72
2006-07	1,644,528	125,926	1,518,602	7.66
2007-08	1,665,734	151,065	1,514,669	9.07
2008-09	1,681,640	139,750	1,541,890	8.31
2009-10	1,993,317	154,607	1,838,710	7.76
2010-11	1,983,065	150,100	1,832,965	7.57
2011-12	1,986,727	173,751	1,812,976	8.75
2012-13	1,992,471	187,448	1,805,023	9.41

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, 2013

Unaudited - See Accompanying Accountants' Report

Assessed valuation of taxable property - Urban Services District		<u>\$ 13,283,141,392</u>
Debt limit - 15 percent of assessed valuation		\$ 1,992,471,209
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 196,077,069	
Less:		
Amounts available in debt service funds	<u>8,628,697</u>	
Total amount of debt applicable to debt limit		<u>187,448,372</u>
Legal debt margin		<u>\$ 1,805,022,837</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>
2003-04	\$ 78,380	\$ 60,128	\$ 138,508	\$ 1,473,754	9.4 %
2004-05	84,865	60,019	144,884	1,482,009	9.8
2005-06	97,495	66,069	163,564	1,637,637	10.0
2006-07	93,585	74,874	168,459	1,682,760	10.0
2007-08	92,775	82,647	175,422	1,762,582	10.0
2008-09	81,580	86,447	168,027	1,777,590	9.5
2009-10	81,600	80,876	162,476	1,844,374	8.8
2010-11 (3)	-	82,682	82,682	1,863,923	4.4
2011-12 (3)	7,377	90,065	97,442	1,881,454	5.2
2012-13 (3)	40,792	88,396	129,188	1,964,390	6.6

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.

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

(3) As the result of a bond refunding in June 2010, principal payments for 2010-2011 and 2011-2012 were significantly reduced.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PLEGGED 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	
2003-04	\$ 154,638	\$ 71,273	\$ 83,365	\$ 21,680	\$ 27,531	\$ 49,211	1.69
2004-05	156,158	71,410	84,748	25,960	26,407	52,367	1.62
2005-06	161,727	78,293	83,434	27,280	25,034	52,314	1.59
2006-07	173,220	82,817	90,403	28,770	23,581	52,351	1.73
2007-08	180,862	88,416	92,446	31,185	19,646	50,831	1.82
2008-09	172,379	90,685	81,694	33,370	18,859	52,229	1.56
2009-10	171,966	88,603	83,363	35,525	16,526	52,051	1.60
2010-11	196,268	94,478	101,790	37,830	26,998	64,828	1.57
2011-12	201,263	102,485	98,778	42,410	29,386	71,796	1.38
2012-13	209,110	103,423	105,687	30,765	34,189	64,954	1.63

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

(1) Includes interest on investments and other income.

(2) Excludes depreciation and amortization expense.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Unaudited - See Accompanying Accountants' Report

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (amounts expressed in thousands) (2)</u>	<u>Unemployment Rate (3)</u>
2003	572,475	\$ 38,297	\$ 21,924,075	4.6 %
2004	580,455	40,393	23,446,319	4.4
2005	576,382	42,192	24,318,709	4.6
2006	578,698	42,092	25,838,472	4.2
2007 (4)	619,626	43,394	26,916,014	3.9
2008	626,144	44,228	27,784,064	5.5
2009	635,710	43,457	27,626,360	9.3
2010	626,681	45,913	28,835,836	9.0
2011	635,475	47,318	30,069,470	8.5
2012 (5)	648,295	N/A	N/A	7.2

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

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

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

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

(5) Personal income statistics for calendar year 2012 were not available at the reporting date.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

Employer	June 30, 2013			June 30, 2004		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Vanderbilt University and Medical Center	22,933	1	2.87 %	16,327	3	2.22 %
State of Tennessee	18,210	2	2.28	19,234	2	2.61
Metro Nashville-Davidson Co. Government and Public Schools	18,088	3	2.26	21,608	1	2.93
U.S. Government	12,407	4	1.55	11,116	4	1.51
Nissan North America Inc.	8,150	5	1.02	6,600	7	0.90
HCA (including Tri-Star Health System) (1)	7,000	6	0.88	9,657	5	1.31
St. Thomas Health Services	6,350	7	0.79	8,500	6	1.15
Randstad	3,495	8	0.44	-		- (2)
Shoney's Inc.	3,000	9	0.38	4,000	8	0.54
The Kroger Company	2,753	10	0.34	-		- (2)
CBRL Group Inc.	-		- (2)	3,675	9	0.50
Gaylord Entertainment Co. (1)	-		- (2)	3,451	10	0.47
	<u>102,386</u>		<u>12.80 %</u>	<u>104,168</u>		<u>14.15 %</u>

Sources:

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

(1) National, State or Corporate Headquarters.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2004	2005	2006	2007
Governmental activities:				
General government	339	325	340	331
Fiscal administration	331	310	316	317
Administration of justice	800	798	812	811
Law enforcement and care of prisoners	2,544	2,695	2,716	2,714
Fire prevention and control	1,217	1,178	1,181	1,180
Regulation and inspection	109	108	111	108
Conservation of natural resources	11	10	10	10
Public welfare	689	678	487	492
Public health and hospitals	525	514	528	500
Public library system	363	336	330	329
Public works, highways and streets (2)	544	543	546	532
Recreational and cultural	679	592	639	650
Education	8,927	9,026	9,136	9,131
Total governmental activities	<u>17,078</u>	<u>17,113</u>	<u>17,152</u>	<u>17,105</u>
Internal service activities:				
Central Printing	9	4	-	-
Office of Fleet Management	105	97	88	91
Information Systems	108	136	130	124
Radio Shop	24	23	18	16
Metro Postal Service	6	5	5	5
Facilities Planning and Construction	19	19	18	18
Treasury Management	14	14	12	9
General Services (1)	55	52	94	96
Total internal service activities	<u>340</u>	<u>350</u>	<u>365</u>	<u>359</u>
Business-type activities:				
Department of Water and Sewerage Services	658	668	668	668
Nashville Convention Center (4)	53	47	47	53
Board of Fair Commissioners	19	17	17	29
Farmers Market	8	8	8	8
Police Secondary Employment	5	5	5	5
Surplus Property Auction	7	7	7	7
Police Impound (3)	7	29	29	29
Municipal Auditorium	-	-	12	12
Community Education Commission	-	9	11	11
Stormwater Operations (2)	-	-	-	-
Total business-type activities	<u>757</u>	<u>790</u>	<u>804</u>	<u>822</u>
Total primary government	<u>18,175</u>	<u>18,253</u>	<u>18,321</u>	<u>18,286</u>

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2008	2009	2010	2011	2012	2013
337	330	288	297	306	308
318	317	306	296	282	281
808	813	773	804	765	772
2,715	2,733	2,787	2,740	2,802	2,826
1,182	1,150	1,141	1,138	1,170	1,170
108	105	95	97	99	93
11	10	9	9	8	8
487	483	468	488	492	491
508	486	473	469	450	437
336	317	297	292	295	297
527	470	363	364	368	381
682	605	543	534	544	528
9,275	9,563	9,671	9,019	9,154	9,291
<u>17,294</u>	<u>17,382</u>	<u>17,214</u>	<u>16,547</u>	<u>16,735</u>	<u>16,883</u>
-	-	-	-	-	-
94	94	89	89	89	88
129	130	114	112	110	111
16	18	16	16	15	15
5	4	4	4	4	4
18	-	-	-	-	-
8	8	8	8	7	7
107	58	48	47	47	47
<u>377</u>	<u>312</u>	<u>279</u>	<u>276</u>	<u>272</u>	<u>272</u>
668	650	692	704	700	707
53	59	57	57	52	-
24	25	28	23	22	24
8	7	7	7	7	7
5	5	5	5	5	5
7	7	7	7	7	7
29	29	29	29	29	-
12	11	8	8	8	9
15	14	8	5	2	3
-	-	90	90	93	93
<u>821</u>	<u>807</u>	<u>931</u>	<u>935</u>	<u>925</u>	<u>855</u>
<u>18,492</u>	<u>18,501</u>	<u>18,424</u>	<u>17,758</u>	<u>17,932</u>	<u>18,010</u>

(3) In the spring of 2012, the operations of Police Impound were outsourced.

(4) With the opening of the Music City Center in the spring of 2013, the Nashville Convention Center employees were transitioned to the Convention Center Authority, a component unit of the Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2004	2005	2006	2007
Governmental activities:				
General government:				
Election Commission - registered voters	366,326	358,119	359,806	334,067
Assessor of Property - real property inspections (1)	69,768	220,903	48,942	96,845
Administration of justice:				
Public Defender - caseload	38,920	41,017	39,242	43,649
Circuit Court Clerk - circuit filings	8,965	10,707	9,970	8,905
Circuit Court Clerk - general sessions civil filings	47,965	45,835	47,232	49,729
Circuit Court Clerk - probate filings	2,061	1,909	2,002	2,060
Law enforcement and care of prisoners:				
Sheriff - inmate days jails	637,243	674,254	806,361	870,502
Sheriff - inmate days detention facility	467,371	431,421	354,799	374,643
Police - total CAD calls received	1,142,514	1,090,591	974,864	1,052,261
Police - incident numbers issued	658,387	709,915	721,903	784,391
ECC - total 911 calls received	342,942	332,182	329,325	343,631
ECC - total non 911 calls received	813,991	810,332	782,120	742,344
Fire prevention and control:				
Fire - life threatening responses	36,328	38,766	38,158	41,633
Fire - non life threatening responses	13,715	17,240	17,607	19,316
Regulation and inspection:				
Codes - construction/land use permits	10,151	10,245	10,534	11,663
Public welfare:				
Social Services - clients served (2)	2,922	2,734	19,116	20,164
Public health and hospitals:				
Health - clinic visits	174,745	187,465	191,016	192,622
Health - restaurant inspections	N/A	12,483	12,883	13,355
Public library system:				
Library - circulating materials check-outs	4,203,335	4,087,080	4,212,037	4,239,335
Library - number of visits	3,671,610	3,374,359	3,355,545	3,643,610

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

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

(1) Years 2005, 2009 and 2013 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
340,373	345,243	349,733	345,687	358,136	362,816
69,153	236,459	58,158	94,348	103,837	238,107
43,402	46,006	44,776	43,139	45,852	41,809
9,084	11,324	10,298	10,900	10,738	10,729
51,905	53,441	48,834	47,193	49,978	46,445
2,039	1,930	1,954	1,879	1,906	2,048
894,746	920,662	929,674	898,860	804,641	771,630
395,777	401,562	397,566	388,466	426,168	435,098
1,060,868	1,152,012	1,315,649	1,417,859	1,585,228	1,384,481
844,469	918,749	1,315,455	1,035,026	1,045,077	1,119,012
361,016	359,926	344,276	370,704	377,118	365,278
718,732	696,757	690,297	675,908	625,120	605,693
40,171	41,989	43,124	44,518	46,076	44,232
20,768	21,045	24,116	25,835	26,739	25,403
10,598	8,235	10,172	8,343	9,304	9,900
19,694	18,870	17,291	14,963	13,785	13,271
180,543	187,717	190,942	195,222	192,902	181,395
13,972	13,796	13,525	13,378	12,082	13,050
4,213,276	4,144,374	4,148,419	4,208,363	4,340,657	4,368,494
3,828,825	3,923,154	3,677,765	3,723,416	3,938,659	3,697,063

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

	2004	2005	2006	2007
Governmental activities (continued):				
Public works, highways and streets:				
Public Works - scheduled garbage collections	6,402,310	6,406,309	6,552,000	6,552,000
Public Works - tons of disposed waste	425,234	862,895	839,779	800,830
Public Works - rehabilitated street lane miles (3)	312	419	145	186
Recreational and cultural:				
Parks - Sportsplex attendance	385,700	400,000	385,000	400,000
Parks - cultural enrichment class attendance (4)	4,479	4,940	4,724	11,339
Parks - senior citizen program attendance (5)	29,850	25,000	30,000	37,484
Education:				
Public Schools - students (second month enrollment)	70,759	72,458	73,109	74,155
Business-type activities:				
Department of Water and Sewerage Services:				
Customers - water	158,613	159,506	162,834	171,627
Average daily raw water treatment (millions of gallons per day)	95	94	97	97
Customers - wastewater	169,533	171,341	173,149	183,695
Average daily wastewater flow (millions of gallons per day)	146	143	125	128
District Energy System:				
Steam sales (thousand pounds)	188,408	302,899	303,821	322,648
Chilled water sales (thousand ton hours)	22,998	46,817	52,304	60,720
Nashville Convention Center - events	190	193	193	188
Board of Fair Commissioners:				
Flea market booth rentals	19,619	18,611	18,513	18,900
State fair attendance (6)	226,400	204,485	227,478	230,216
Municipal Auditorium - events held	92	92	91	91

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) Tracking of senior citizen program attendance was changed from a manual to an automated system in 2012. While there was some increase in participation, the increase is also due to the availability of more accurate information.

(6) The decrease in state fair attendance in 2008 was due to rain on the first weekend of the annual event. The operation of the state fair was outsourced beginning in 2011.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
6,417,000	6,423,000	6,477,000	6,503,700	6,630,000	6,630,000
865,671	957,837	745,442	852,856	569,111	N/A
392	171	87	125	89	167
325,822	339,718	344,858	343,835	333,365	355,999
11,802	12,374	15,710	17,430	18,300	18,202
38,608	37,932	36,898	37,970	60,759	61,214
74,733	75,049	76,329	78,014	79,212	81,001
174,286	175,121	176,033	177,475	184,421	187,272
103	98	119	101	100	95
191,981	187,655	189,299	189,898	195,380	198,485
145	151	166	154	148	164
284,761	283,071	272,448	277,943	250,414	374,366
58,854	52,976	51,273	56,118	57,233	62,538
191	234	243	237	217	254
16,253	15,743	15,908	14,510	16,423	16,515
192,130	209,385	208,131	62,352	67,805	67,635
97	110	111	123	90	110

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2004	2005	2006	2007
Governmental activities:				
General government:				
General government vehicles (1)	3,676	3,620	3,425	3,559
Law enforcement and care of prisoners:				
Sheriff inmate capacity - jails	1,762	2,587	2,587	2,587
Sheriff inmate capacity - detention facility	892	892	1,092	1,092
Police stations	6	6	6	6
Fire prevention and control:				
Fire stations	39	39	40	41
Public library system:				
Libraries	22	22	24	24
Public works, highways and streets:				
Streets and roads (lane miles)	5,600	5,600	5,600	5,643
Recreational and cultural:				
Parks (number)	102	102	107	110
Parks (acreage)	10,303	10,241	10,355	10,424
Miles of completed greenways	23.5	28.0	29.5	36.5
Education:				
Schools	130	133	136	135
School buses	594	633	657	667
Business-type activities:				
Department of Water and Sewerage Services:				
Water mains (miles) (2)	2,746	2,749	2,771	2,888
Maximum daily water capacity (thousands of gallons)	186,300	180,000	180,000	180,000
Sewers (miles) (2)	2,753	2,867	2,901	3,027
Maximum daily treatment capacity (thousands of gallons)	459,000	465,000	465,000	465,000
District Energy System:				
Steam:				
Maximum contract capacity (pounds per hour)	368,079	368,079	368,079	368,079
Percentage maximum contract capacity represented by customers	68.88%	65.15%	67.05%	67.05%
Chilled water:				
Maximum contract capacity (tons)	28,599	28,599	28,599	28,599
Percentage maximum contract capacity represented by customers (3)	87.57%	85.30%	87.57%	87.57%
Nashville Convention Center:				
Exhibition space (square footage)	118,675	118,675	118,675	118,675
Board of Fair Commissioners:				
Exhibition space (square footage)	126,600	126,600	126,600	126,600
Livestock barns (square footage)	50,400	50,400	50,400	50,400
Livestock show arena (square footage)	7,800	7,800	7,800	7,800

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

Note: Certain amounts are excluded because the data is not available for some prior years. Certain prior year amounts have been restated for consistency with the current year presentation.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2008	2009	2010	2011	2012	2013
3,614	3,277	3,408	3,510	3,507	3,524
2,918	2,918	2,918	2,918	2,918	2,918
1,092	1,092	1,092	1,092	1,092	1,348
6	6	6	7	7	7
41	41	41	38	38	38
24	24	24	24	24	24
5,687	5,740	5,777	5,796	5,814	5,832
110	115	115	118	127	126
10,490	10,713	10,876	11,131	12,554	13,022
37.2	37.2	45.7	46.5	51.0	54.5
137	132	138	137	136	135
660	646	673	725	697	751
2,944	2,873	2,878	2,912	2,886	2,910
180,000	180,000	180,000	180,000	180,000	180,000
3,069	2,890	3,045	3,051	3,063	3,096
465,000	465,000	465,000	465,000	465,000	483,000
368,079	368,079	303,833	321,430	295,998	299,053
67.05%	67.13%	80.66%	76.00%	73.16%	85.14%
28,599	28,599	29,279	31,169	30,044	30,415
87.57%	86.30%	82.00%	77.00%	73.58%	84.47%
118,675	118,675	118,675	118,675	118,675	118,675
126,600	126,600	126,600	120,919	115,459	115,459
50,400	50,400	50,400	50,400	50,400	50,400
7,800	7,800	7,800	7,800	7,800	7,800



For an ADA accommodation, please contact Kimberly Northern at 615-880-1710 or by email at kimberly.northern@nashville.gov