

Annual Report For the Year Ending June 30, 2007

The Metropolitan Government of Nashville and Davidson County (the Government) submits the Annual Report for the year ended June 30, 2007 in compliance with the continuing disclosure requirement of Rule 15c2-12 of the Securities and Exchange Commission. The Government's Annual Report consists of the Comprehensive Annual Financial Report (CAFR), prepared in accordance with generally accepted accounting principles and other operating data as contained in final official statements issued by the Government.

The Government's Annual Report for the year ending June 30, 2007 relates to the following issues:

Water and Sewer Revenue Refunding Bonds, Series 1996	\$	74,725,000
Meharry Medical College Project, Series 1996	\$	55,050,000
G.O. Refunding Bonds of 1996	\$	34,305,000
G.O. Refunding Bonds, Series 1997	\$	110,990,000
Water and Sewer Revenue Refunding Bonds, Series 1998A	\$	156,315,000
Water and Sewer Revenue Bonds, Series 1998E	\$	55,000,000
Taxable Public Facility Revenue Bonds, Series 1998	\$	20,700,000
G.O. Public Improvement and Refunding Bonds, Series 1999	\$	187,500,000
G.O. Multi-Purpose Improvement Bonds, Series 2001A	\$	262,155,000
G.O. Multi-Purpose Refunding Bonds, Series 2001B	\$	73,745,000
SLO Correctional Facility Revenue Refunding Bonds, 2002	\$	16,265,000
G.O. (Tax Exempt) Thermal Refunding Bonds, 2002A	\$	31,065,000
G.O. (Taxable) Thermal Refunding Bonds, 2002B	\$	27,000,000
G.O. Multi-Purpose Refunding Bonds, Series 2002	\$	108,690,000
Water and Sewer Revenue Refunding Bonds, Series 2002	\$	30,225,000
DES Revenue Bonds, 2002A (Issue Dated: October 1, 2002)	\$	66,700,000
G.O. Multi-Purpose Bonds, Series 2003	\$	122,100,000
G.O Multi-Purpose Bonds, Series 2004	\$	65,755,000
G.O Public Improvement Refunding Bonds, Series 2004	\$	51,340,000
Public Improvement Revenue Refunding Bonds, Series 2004	\$	64,910,000
G.O Bonds, Series 2005A	\$	150,995,000
G.O Refunding Bonds, Series 2005B	\$	190,460,000
G. O. Bonds, Series 2005C	\$	214,000,000
General Obligation Refunding Bonds, Series 2006 A	\$	60,805,000
General Obligation Bonds, Series 2006 B	\$	203,315,000
General Obligation Refunding Bonds, Series 2007 A	\$	186,890,000

Constellation Energy Group's Annual 10-K Filing is submitted along with Meharry Medical College financials. For electronic copies of the 2007 CAFR and Bond Official Statements, please visit the Investor Relations section on our website at www.nashville.gov/finance/investor_relations.htm.

The following table references the updated information as contained in the Yearly Information Statement of each issue's final official statement:

Relevant Cusips	Attached Separately
Priority Capital Projects Planning	Attachment 1
Property Taxes:	
Ratios of Tax Levy	CAFR - H-19
Assessed Valuation and Estimated Market Value	CAFR - H-16-18
Tax Collection	CAFR - B-46
Analysis of Tax Levies and Collections	CAFR - H-22-23
Schedule of Delinquent Property Taxes Receivable - By Type	CAFR - G-12
Principal Taxpayers	CAFR - H-20
Five Year Summary Revenues, Expenditures and Changes in Fund Balances:	
General Fund	Attachment 2
Special Revenue Funds	Attachment 3
Debt Service	Attachment 4
Computation of Net General Obligation Debt	Attachment 5
Debt Ratios as of June 30, 2007	Attachment 6
Calculation of Self-Supporting Debt	Attachment 6
Historical Debt Ratios:	
Ratio of Net G.O. Debt to Assessed Value and Net Debt per Capita	CAFR - H-26-27
Total Debt Service as of June 30, 2007 Secured by Ad Valorem Taxes	Attachment 7
Sports Authority Financial Information	CAFR - F-2-5
District Energy System Financial Information	CAFR - B-18-20
Summary of the Unfunded Pension Benefit Obligation of the City and County Plans and the Board of Education Plans	CAFR - B-82-85, B-104 -109
Schedule of Historic and Projected Non-Tax Revenues	Attachment 8

In addition to the Government's Annual Report, the Government also submits an annual disclosure prepared by the Department of Water and Sewer for its Revenue Refunding Bonds, Series 1996; its Revenue Refunding Bonds, Series 1998A; its Revenue Bonds, Series 1998B; and its Revenue Refunding Bonds, Series 2002. Also included, the Continuing Disclosure Updates for Sports Authority, relating to Public Improvement Revenue Refunding Bonds, Series 1996; Taxable Public Facility Revenue Bonds, Series 1998; and Public Improvement Revenue Refunding Bonds, Series 2004, an overview of the District Energy System (DES), and the State of Tennessee's 2007 CAFR (www.state.tn.us/finance/act/cafr.html).

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
PRIORITY CAPITAL PROJECTS PLANNING (1)

	Four Year Total	2008-09	2009-10	2010-11	2011-12
<u>GENERAL SERVICE DISTRICTS</u>					
Bordeaux Hospital	\$ 1,487,000	\$ 1,054,000	\$ 433,000	\$ -	-
Convention Center	2,706,900	471,900	1,105,000	560,000	570,000
Emergency Communication	-				
Election Commission	-				
Farmer's Market	458,000	407,000	33,000	18,000	
Finance Department	72,637,866	33,896,153	26,780,400	11,461,315	500,000
Fire Department	23,710,000	8,990,000	7,250,000	5,750,000	1,720,000
General Hospital	796,000	696,000	100,000	-	
General Services	1,475,000	275,000	100,000	1,100,000	
Health	-	-	-	-	
Information Systems	1,500,000	1,500,000	-	-	
Justice Integration Services	2,400,000	1,200,000	1,200,000	-	
Metro Development and Housing Agency	237,400,000	107,400,000	65,000,000	65,000,000	
Metro Action Commission	14,326,000	5,797,000	8,329,000	100,000	100,000
Metro Transit Authority	7,497,000	4,131,000	3,366,000	-	
Municipal Auditorium	1,209,000	425,000	284,000	500,000	
Nashville Electric Service	141,000,000	71,000,000	70,000,000	-	
Parks and Recreation	83,618,456	29,229,546	18,126,303	18,436,303	17,826,303
Police Department	7,796,000	7,796,000	-	-	
Public Library	24,069,966	6,545,400	7,097,900	5,694,300	4,732,366
Public Works	560,852,600	178,087,000	134,294,000	114,715,300	133,756,300
Sport Authority	25,332,000	20,286,000	4,615,000	431,000	
Water & Sewerage Services	174,736,100	63,531,100	58,127,000	53,078,000	
Total G.S.D.	\$ 1,385,007,892	\$ 542,718,102	\$ 406,240,603	\$ 276,844,216	\$ 159,204,966
<u>URBAN SERVICE DISTRICTS</u>					
District Energy System	\$ 19,235,000	\$ 5,690,000	\$ 5,385,000	\$ 5,160,000	\$ 3,000,000
Public Works	133,520,000	45,060,000	29,860,000	34,400,000	24,200,000
Water & Sewerage Services	59,430,000	18,250,000	19,510,000	21,670,000	
Total U.S.D.	212,185,000	69,000,000	54,755,000	61,230,000	27,200,000
Schools	220,305,000	77,480,000	57,280,000	40,808,000	44,737,000
Grand Total	\$ 1,817,497,892	\$ 689,198,102	\$ 518,275,603	\$ 378,882,216	\$ 231,141,966

(1) The following information identifies capital projects in the Metro Nashville / Davidson County FY 2007-2008 Operating Budget

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
GENERAL FUND (1)

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Years Ended June 30				
	2007	2006	2005	2004	2003
REVENUES:					
Property taxes	\$ 434,593,970	\$ 444,304,982	\$ 343,535,141	\$ 338,782,911	\$ 337,920,726
Local option sales tax	94,234,544	89,795,510	82,674,673	79,253,422	76,182,263
Other taxes, licenses and permits	100,085,098	99,976,969	83,687,713	76,705,938	75,176,573
Fines, forfeits and penalties	14,100,396	13,841,149	12,029,361	9,543,823	10,534,610
Revenue from use of money of property	2,770,783	1,317,882	1,014,952	80,783	1,123,885
Revenue from other governmental agencies	87,945,024	79,624,370	75,677,714	80,786,222	94,232,379
Commissions and fees	26,156,439	21,261,179	21,072,982	19,637,940	18,953,278
Charges for current services	27,264,419	23,794,003	24,790,131	22,286,175	21,730,596
Compensation for loss, sale or damage to property	611,348	634,143	550,470	1,625,906	5,493,793
Contributions and gifts	669,329	543,390	667,940	539,404	556,455
Miscellaneous	1,414,910	1,186,236	996,206	1,034,395	613,045
Total Revenues	789,846,260	776,279,813	646,697,283	630,276,919	642,517,603
EXPENDITURES					
General Government	23,583,082	21,470,893	21,673,982	37,309,809	32,549,058
Fiscal Administration	15,777,516	14,578,459	14,180,153	21,008,051	20,323,270
Administration of Justice	63,883,484	58,621,082	53,751,204	50,333,461	45,794,670
Law enforcement and care of prisoners	210,992,633	193,586,575	180,815,275	167,481,033	169,148,228
Fire prevention and control	112,717,674	100,684,959	95,045,746	93,266,180	86,043,913
Regulation and inspection	8,351,652	7,879,011	7,216,063	7,239,736	7,006,740
Conservation of natural resources	444,857	421,822	352,566	398,925	311,037
Public welfare	9,059,595	8,134,531	10,453,774	14,185,717	12,709,251
Public health and hospitals	85,715,255	129,089,250	58,920,291	74,714,817	72,191,199
Public library system	20,988,942	20,379,979	18,527,933	19,425,446	17,795,337
Public works, highway, and street	36,583,000	31,099,675	30,517,816	29,901,517	27,117,716
Recreational and cultural	36,748,546	32,931,787	31,203,549	33,654,421	31,793,123
Employee benefits	59,012,395	56,369,642	55,012,329	54,892,819	51,520,203
Miscellaneous	51,967,639	46,968,961	34,130,499	35,774,040	34,573,313
Total Expenditures	735,826,270	722,216,626	611,801,180	639,585,972	608,877,058
Excess (Deficiency) of revenues over expenditures	54,019,990	54,063,187	34,896,103	(9,309,053)	33,640,545
OTHER FINANCING SOURCES (USES)					
Transfers in	15,850,393	16,501,209	16,570,634	23,562,003	10,379,911
Transfers out	(56,218,467)	(60,907,145)	(50,375,689)	(57,172,423)	(74,403,443)
Total Other Financing Sources (Uses)	(40,368,074)	(44,405,936)	(33,805,055)	(33,610,420)	(64,023,532)
Excess (deficiency) of revenues and other sources over expenditures and other uses	13,651,916	9,657,251	1,091,048	(42,919,473)	(30,382,987)
FUND BALANCE, beginning of year	46,934,078	37,276,827	36,185,779	79,105,252	109,488,239
FUND BALANCE, end of year	60,585,994	46,934,078	37,276,827	\$ 36,185,779	\$ 79,105,252

(1) Certain numbers have been re-classified for comparative purposes.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
SPECIAL REVENUE FUNDS (1)

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE:

	Years Ended June 30				
	2007	2006	2005	2004	2003
REVENUES:					
Property taxes	\$ 217,105,797	\$ 207,366,885	\$ 172,755,666	\$ 171,021,821	\$ 171,053,586
Local option sales tax	171,377,172	163,902,255	150,161,774	143,765,269	137,212,657
Other taxes, licenses and permits	30,091,185	26,849,863	23,854,084	22,618,663	18,564,004
Fines and costs	4,549,128	5,417,581	4,001,192	4,120,741	3,656,688
Revenue from the use of money or property	6,092,863	3,147,248	2,271,221	703,315	2,507,766
Revenue from other governmental agencies	321,504,080	305,216,003	296,683,076	267,129,790	246,032,628
Charges for current services	24,114,122	23,602,266	24,200,797	23,847,210	22,032,772
Compensation for loss, sale or damage to property	444,463	387,535	410,024	601,596	2,007,850
Grants, contributions and gifts	7,019,037	9,602,229	6,839,699	7,064,129	7,450,419
Miscellaneous	403,376	243,659	164,864	227,272	96,994
Total revenues	782,701,223	745,735,524	681,342,397	641,099,806	610,615,364
EXPENDITURES					
Personal services	568,039,061	546,774,235	537,304,627	505,501,472	458,369,374
Contractual services	112,283,440	104,534,079	100,734,913	104,221,751	86,071,527
Supplies	68,705,431	68,262,372	65,320,966	59,298,416	62,065,751
Other	17,844,543	16,605,676	15,562,060	15,159,703	11,064,983
Capital outlay	10,599,889	13,874,112	6,401,557	10,691,927	15,630,797
Total Expenditures	777,472,364	750,050,474	725,324,123	694,873,269	633,202,432
Excess (deficiency) of revenues over expenditures	5,228,859	(4,314,950)	(43,981,726)	(53,773,463)	(22,587,068)
OTHER FINANCING SOURCES (USES)					
Transfers in	65,972,623	74,255,972	60,445,883	61,674,606	67,878,539
Transfers out	(43,602,031)	(44,735,640)	(36,541,428)	(24,125,875)	(29,405,040)
Total Other Financing Sources (Uses)	22,370,592	29,520,332	23,904,455	37,548,731	38,473,499
Excess (deficiency) of revenues and other sources over expenditures and other use:	27,599,451	25,205,382	(20,077,271)	(16,224,732)	15,886,431
FUND BALANCE, beginning of year, as restated	151,988,872	126,783,490	146,860,761	163,085,493	147,199,062
FUND BALANCE, end of year	\$ 179,588,323	\$ 151,988,872	\$ 126,783,490	\$ 146,860,761	\$ 163,085,493

(1) Certain numbers have been re-classified for comparative purposes

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
DEBT SERVICE FUNDS (1) (2)

FIVE YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE:

	Years Ended June 30				
	2007	2006	2005	2004	2003
REVENUES:					
Property taxes	\$ 110,717,130	\$ 68,148,594	\$ 92,800,646	\$ 92,020,658	\$ 92,149,286
Local option sales tax	19,646,782	17,613,670	16,865,519	16,760,780	17,184,734
Commissions and fees	604,993	475,020	249,637	-	-
Revenue from the use of money of property	2,999,181	-	2,613,062	724,096	2,514,827
Revenue from other governmental agencies	6,402,439	3,802,884	6,774,340	7,774,259	6,188,089
Compensation for loss, sale, or damage to property	-	6,130,888	-	-	-
Charges for current services	228,712	-	-	-	-
Total Revenues	140,599,237	96,171,056	119,303,204	117,279,793	118,036,936
EXPENDITURES					
Principal retirement	95,569,567	99,000,000	86,315,000	79,775,000	77,865,000
Interest	72,522,916	65,621,896	57,783,124	59,120,668	58,207,564
Fiscal charges	2,818,981	1,245,498	1,524,597	731,613	1,129,294
Contractual Services	-	1,534,381	1,300,950	1,317,708	1,316,019
Refunding bond issue costs	587,900	1,600	-	-	829,906
Total Expenditures	171,499,364	167,403,375	146,923,671	140,944,989	139,347,783
Excess (deficiency) of revenue: over expenditures	(30,900,127)	(71,232,319)	(27,620,467)	(23,665,196)	(21,310,847)
OTHER FINANCING SOURCES (USES)					
Proceeds of refunding bonds, net of discount	(198,934,669)	60,805,000	241,800,000	-	108,690,000
Payments to refunded bond escrow agent	186,890,000	(60,463,650)	(262,859,310)	-	(112,805,846)
Bond issue premium (discount)	12,632,569	-	21,881,527	-	5,608,303
Transfers in	17,912,077	25,883,513	20,151,664	18,540,151	19,601,122
Transfers out	(30)	(8,807,018)	(7,797,165)	(7,923,367)	-
Total Other Financing Sources (Uses)	18,499,947	17,417,845	13,176,716	10,616,784	21,093,579
Excess (deficiency) of revenues and other sources over expenditures and other use	(12,400,180)	(53,814,474)	(14,443,751)	(13,048,412)	(217,268)
FUND BALANCE, beginning of year, restated	85,017,350	138,831,824	153,275,575	166,323,987	166,541,255
FUND BALANCE, end of year	\$ 72,617,170	\$ 85,017,350	\$ 138,831,824	\$ 153,275,575	\$ 166,323,987

(1) Includes the Correctional Facility Revenue Bonds.

(2) Certain numbers have been re-classified for comparative purposes

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
COMPUTATION OF NET GENERAL OBLIGATION DEBT

June 30, 2007

Gross General Obligation Debt		
General Obligation Bonds Payable		
General Services District:		
For School Purposes	\$ 524,432,336	
For General Purposes	850,604,708	
Urban Services District:		
For General Purposes	<u>128,352,956</u>	
Total Gross General Obligation Debt		\$ 1,503,390,000
Less:		
Amounts Available In Debt Service Funds		
General Services District:		
For School Purposes	60,537,817	
For General Purposes	8,004,172	
Urban Services District:		
For General Purposes	<u>2,427,452</u>	
Total Amounts Available In Debt Service Funds (1)		70,969,441
Debt Payable From Other Sources		
Hotel Occupancy Tax (1)		
Convention Center Project:		
G. O. Multi-Purpose Improvement Bonds, Series 1997A	<u>130,000</u>	
Total Debt Payable From Other Sources		<u>130,000</u>
Net General Obligation Debt		<u>\$ 1,432,290,559</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEBT RATIOS
AS OF JUNE 30, 2007

Total Debt (1)		
Debt to Estimated Market Value		2.91%
Debt to Assessed Value		9.41%
Debt per Capita	\$	2,597.88
Net Debt (1)		
Debt to Estimated Market Value		2.77%
Debt to Assessed Value		8.96%
Debt per Capita	\$	2,475.02

The above table is based upon:

Estimated Market Value	\$	51,736,469,429
Assessed Value	\$	15,968,079,067
Population (2)		578,698

CALCULATION OF SELF-SUPPORTING DEBT

	As of
	June 30, 2007
Hotel Occupancy Tax:	
Convention Center Project (3)	
G. O. Multi-Purpose Improvement Bonds, Series 1997A	\$ <u>130,000</u>
	\$ <u><u>130,000</u></u>

(1) Source: Comprehensive Annual Financial Report (CAFR) of the Metropolitan Government of Nashville and Davidson County.

(2) Source: US Department of Commerce, Bureau of the Census and Labor.

(3) General improvement bonds represent outstanding general obligation bonds issued for the convention center, the debt service payments which are reimbursed from the hotel-motel room occupancy tax.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Total Debt Service as of June 30, 2007
Secured by Ad Valorem Taxes

Year Ending June 30	GSD		USD	Total GSD and USD
	School Purposes	General Purposes	General Purposes	
2008	\$ 57,691,124	\$ 88,923,308	\$ 19,647,565	\$ 166,261,997
2009	53,761,059	83,341,794	15,364,037	152,466,890
2010	51,390,358	81,736,845	15,349,571	148,476,774
2011	50,208,048	80,122,038	14,764,930	145,095,016
2012	48,405,223	73,768,616	13,947,479	136,121,318
2013	47,512,018	72,080,420	13,254,247	132,846,685
2014	46,054,876	71,802,777	11,509,010	129,366,663
2015	45,061,874	71,769,708	11,265,263	128,096,845
2016	45,367,085	79,178,205	7,042,767	131,588,057
2017	41,537,516	74,967,421	7,834,583	124,339,520
2018	34,791,321	61,696,967	7,765,438	104,253,726
2019	35,716,730	58,956,200	6,603,468	101,276,398
2020	27,203,395	50,900,567	6,033,420	84,137,382
2021	30,604,539	54,602,331	7,193,405	92,400,275
2022	30,887,489	54,296,359	7,340,592	92,524,440
2023	30,900,372	54,316,372	7,340,159	92,556,903
2024	30,442,689	53,661,144	7,111,368	91,215,201
2025	25,385,883	46,678,889	5,167,419	77,232,191
2026	11,969,567	32,454,838	3,306,005	47,730,410
2027	8,479,614	15,187,927	1,715,575	25,383,116
2028	3,096,151	6,329,261	130,937	9,556,349
2029	1,393,409	3,970,181	74,511	5,438,101
2030	1,391,949	3,967,602	74,452	5,434,003
2031	-	-	-	-
2032	-	-	-	-
	<u>\$ 759,252,289</u>	<u>\$ 1,274,709,770</u>	<u>\$ 189,836,201</u>	<u>\$ 2,223,798,260</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Non-Tax Revenues (1)(2)
 Fiscal Years Ending June 30, 2003 through June 30, 2007
 and Projected Fiscal Year Ending June 30, 2008

	Projected 2008	2007	2006	2005	2004	2003
Pilot Payment	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Other Payments in Lieu of Taxes	16,424,000	18,151,386	16,001,804	14,394,760	14,150,101	13,642,436
Licenses	23,521,600	22,978,828	22,769,969	14,428,485	14,134,595	13,786,164
Permits	14,791,500	15,086,649	14,895,898	13,348,107	10,500,938	9,351,267
Franchise Fees	19,510,800	17,484,931	18,610,833	16,787,931	15,134,809	14,553,037
Fines, Forfeitures, and Penalties	13,916,600	14,100,396	13,841,149	12,029,361	9,543,823	10,533,709
Revenue from the Use of Money or Property	-	2,168,780	1,185,472	953,890	91,593	910,470
Commission and Fees (2)	14,804,200	17,593,755	13,101,204	14,000,818	13,036,609	12,789,077
Charges for Current Services	29,995,800	26,363,024	22,908,249	24,092,957	21,537,521	21,210,288
Compensation from Property	244,700	611,348	634,143	550,470	1,020,384	5,485,645
Contributions and Gifts	597,300	669,329	543,390	667,940	539,404	556,455
Miscellaneous Revenue	1,059,000	1,414,910	1,186,236	996,206	1,034,069	569,153
TOTAL	\$ 138,865,500	\$ 140,623,336	\$ 129,678,347	\$ 116,250,925	\$ 104,723,846	\$ 107,387,701

(1) Includes only collections within the General Services District General Fund of the Metropolitan Government.

(2) Adjusted to reflect the elimination of non-cash revenue reported only for financial statement presentation.