



Comprehensive Annual Financial Report For the Year Ended June 30, 2012

**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, 2012

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, 2012

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, 2012. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Government. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the Government in accordance with generally accepted accounting principles (GAAP). All disclosures necessary to enable the reader to gain an understanding of the Government's financial activities have been included.

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

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

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

PROFILE OF THE GOVERNMENT

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

FACTORS AFFECTING ECONOMIC AND FINANCIAL CONDITION

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

The Nashville Metropolitan Statistical Area (MSA) economy has been slightly healthier than the National 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 2012, for fiscal year 2013 and for the future are discussed below.

FOR FISCAL YEAR 2012: Substitute budget ordinance BL-2011-913 appropriated a balanced budget of \$1,585,778,700 in the budgetary funds, an overall increase of 4.0% from the budget for fiscal year 2011.

The FY2012 budget continued to focus resources on 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 \$674,034,800 in FY12, which is a \$40 million dollar increase over the amount budgeted in FY11. MNPS' FY12 estimated fund balance is 4.1% of budgeted expenditures, which is above the 3.0% required by the State. Additional funds were provided to the Public Library to expand the Limitless Libraries initiative, which is a partnership between MNPS and the Public Library to provide additional resources to students beyond individual school libraries.
- **Public Safety** – The budget for public safety departments will allow for full staffing of police officers. The Police Department received additional funding to open the new Madison Precinct, to staff a new DNA crime lab, and to begin planning for the opening of the new Midtown Hills Precinct. The Fire Department expects to continue to meet the increasing demand for services without negatively impacting response times. The Fire Department retained all front-line positions.
- **Community Support** – The budget includes continued funding to address homelessness issues in Nashville and the process for making grants to non-profit agencies will continue to be a transparent process that targets specific community needs.

- Livability – Metro Parks received additional funding to open the McCabe Community Center and Riverfront Park. The Public Library received additional funds to open the Goodlettsville Branch. The Metropolitan Transit Authority received additional funding so that current levels of service could be maintained. Finally, Metro will continue the progress made toward meeting the goals and recommendations of the Green Ribbon Committee.

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 is a \$46.4 million dollar increase over the amount budgeted in FY12. This increase includes funding for additional teachers, increasing starting teacher pay, expansion of non-traditional schools, the opening of Cane Ridge Elementary School, and maintaining employee benefit and contractual obligations. MNPS' FY13 estimated fund balance is 5.2% of budgeted expenditures, which is above the 3.0% required by the State.

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 continue 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 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.

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 2013 budget through a 53 cent property tax increase, no use of reserve funds, and anticipated growth in local option sales tax, grants, and contributions. Departmental savings opportunities were also considered and budget reductions were made where prudent. Details of the fiscal year 2012 and 2013 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/citizens_budget.

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, is on schedule to open in 2013. In conjunction with the Music City Center, Omni Hotels is constructing an 800-room headquarters hotel that is anticipated to open in the fall of 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 \$2.2 billion at June 30, 2012.

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, 2012 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2013 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 2012, including any reported instances of significant deficiencies in the internal control structure or any violations of applicable laws and regulations, are reported separately.

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

AWARDS AND ACKNOWLEDGEMENTS

AWARDS: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Government for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the 29th 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, 2011. 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 21st year to receive this award.

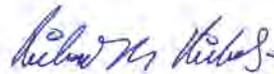
ACKNOWLEDGMENTS: Many individuals and organizations throughout the Government assisted in preparing this CAFR. To each of them we gratefully express our sincere appreciation for their dedicated contributions.

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

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

The Metropolitan Government of Nashville and Davidson County was awarded the Certificate of Achievement by the Government Finance Officers Association of the United States and Canada for its Comprehensive Annual Financial Report for the year ended June 30, 2011.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

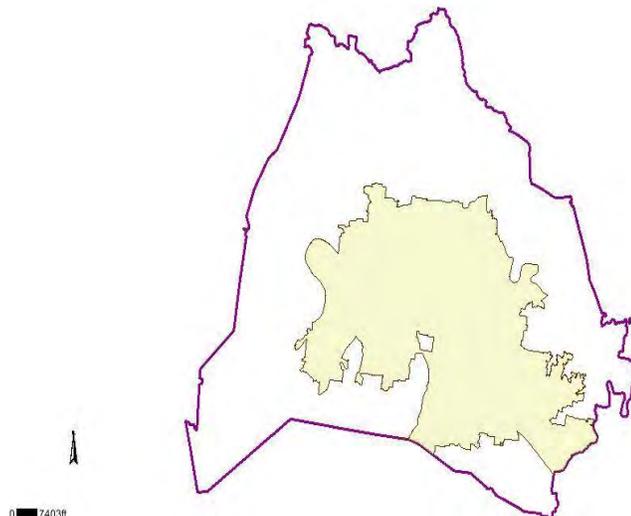
THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY FORM OF GOVERNMENT

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

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

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

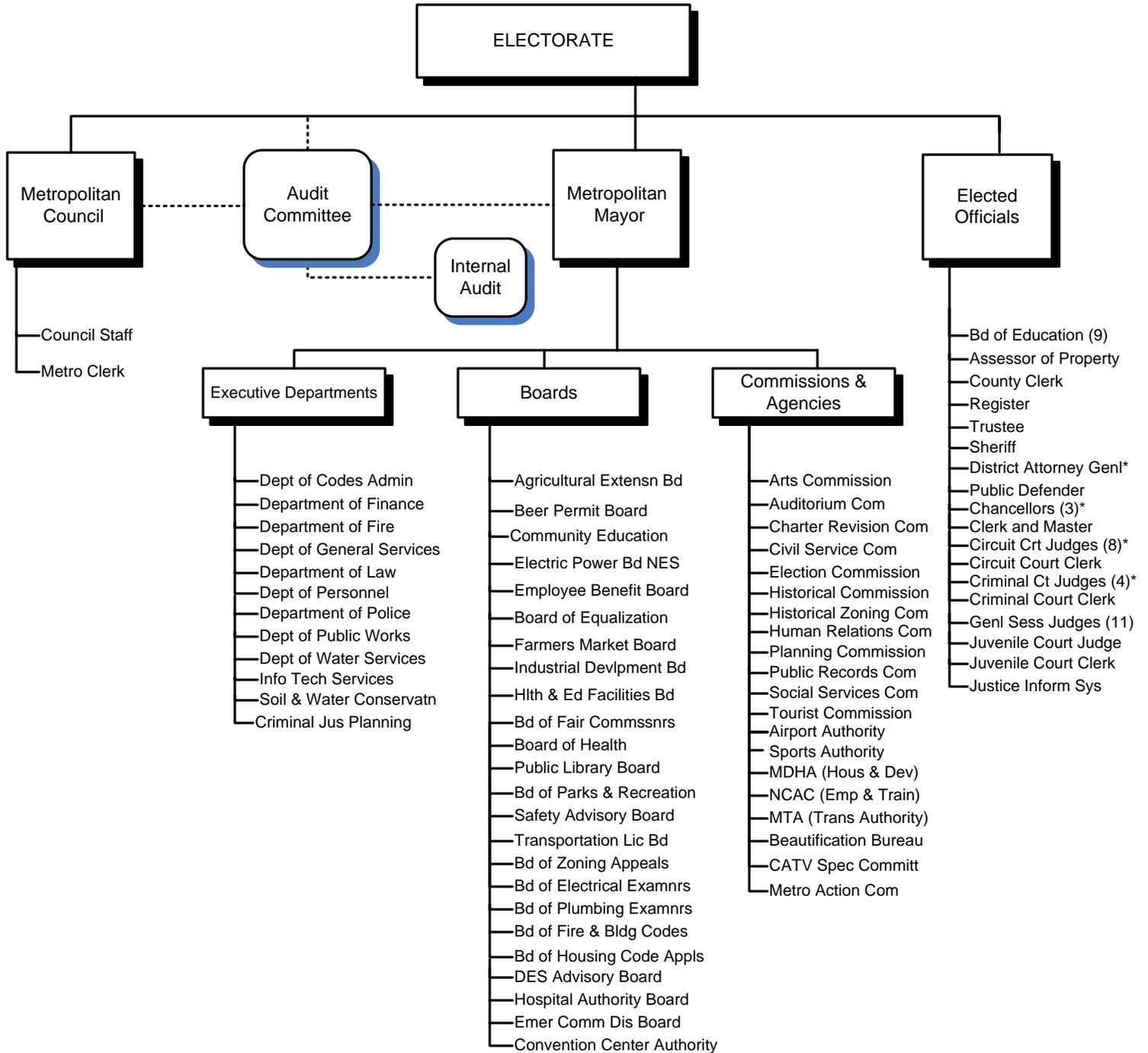
The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. USD residents are charged an additional tax to support those services, functions and debt obligations which benefit only the USD. Such services include additional police protection, storm sewers, street lighting and refuse collection. The Charter provides: "The area of the Urban Services District may be expanded and its territorial limits extended by annexation whenever particular areas of the General Services District come to need urban services, and The Metropolitan Government becomes able to provide such service within a reasonable period which shall be no greater than one year after ad valorem taxes in the annexed area become due." Since April 1, 1963 the area of the USD has been expanded from 72 square miles to 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, 2012**

Karl Dean, Mayor

Finance Officials

George Rooker
Charles E. Cardwell
John Arriola

Assessor of Property
Trustee
County Clerk

The County Council

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

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

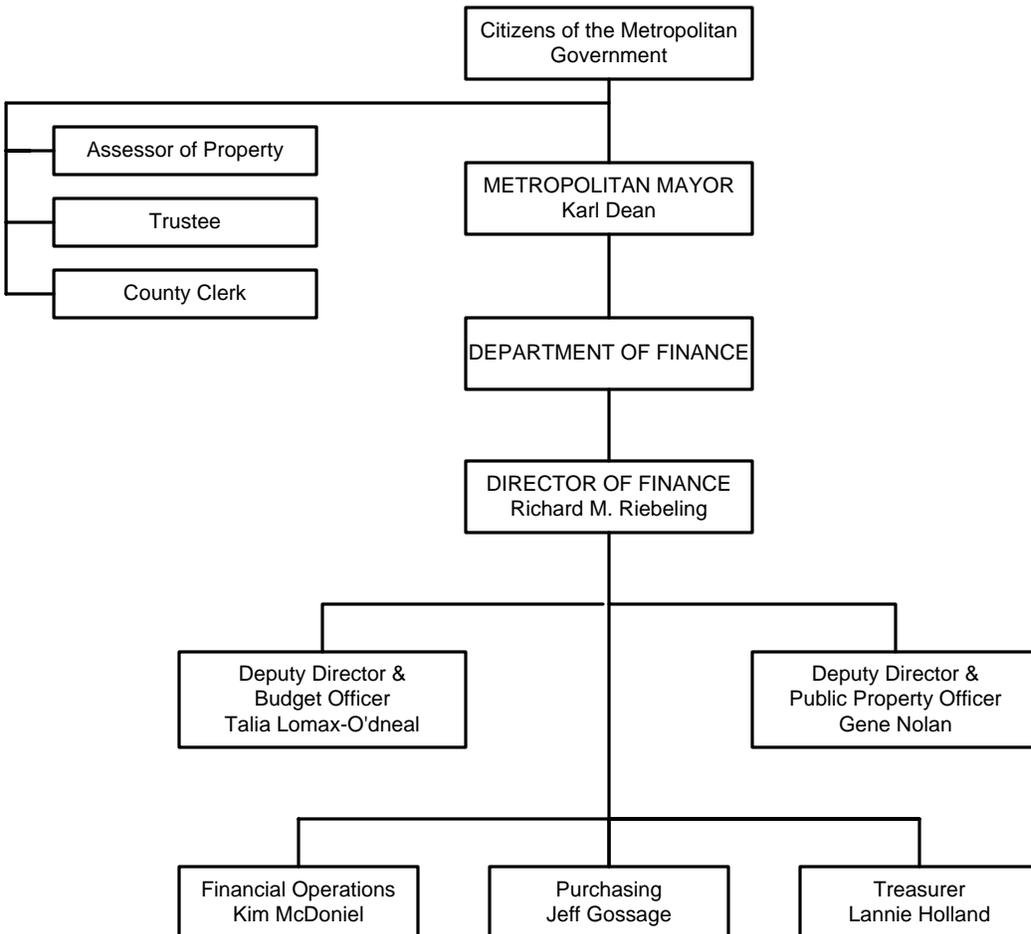
District No. 1 – Lonell Matthews, Jr.
District No. 2 – Frank Harrison
District No. 3 – Walter Hunt
District No. 4 – Brady Banks
District No. 5 – Scott Davis
District No. 6 – Peter Westerholm
District No. 7 – Anthony Davis
District No. 8 – Karen Bennett
District No. 9 – Bill Pridemore
District No. 10 – 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, 2012









Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Metropolitan Government of Nashville and Davidson County, Tennessee (the "Government"), as of and for the year ended June 30, 2012, 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, 2012, as listed in the table of contents. We also have audited the financial statements of each of the discretely presented component units of the Government as of and for the year ended June 30, 2012, as presented in the Government's basic financial statements, except as described in the last two sentences of this paragraph. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the following discretely presented component units: the Nashville District Management Corporation, the Gulch Business Improvement District, Inc., the Metropolitan Development and Housing Agency, the Electric Power Board, the Emergency Communications District, and the Convention Center Authority, which represents 67% of the total assets and 79% of the total revenues of the aggregate discretely presented component units of the Government. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Metropolitan Government of Nashville and Davidson County, Tennessee, as of June 30, 2012, 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 conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, the Sports Authority Fund, the Industrial Development Board Fund, and each of the discretely presented component units as of June 30, 2012, 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.



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 12E 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 deficit and Bordeaux Long Term Care and Knowles Home (a fund of the Hospital Authority) has experienced continued decreases in net assets and net cash used in operating activities. 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 12E. The financial statements of the Hospital Authority do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012, on our consideration of the Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-1 through A-11, the condition rating of transportation network, the schedule of funding progress - pension plans, the schedule of employer contributions - pension plans, the schedule of funding progress - other postemployment benefit plans, and the schedule of employer contributions - other postemployment benefit plans on pages B-106 through B-107, B-108 through B-111, B-112 through B-113, B-114 through B-115, and B-116, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's financial statements as a whole, 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 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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



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

analysis and are not a required part of the financial statements. Such additional 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.

Croselin & Associates, P.C.

Nashville, Tennessee
October 31, 2012



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, 2012.

FINANCIAL HIGHLIGHTS

- The assets of the Government exceeded its liabilities at the close of the most recent fiscal year by \$1.7 billion (*net assets*). This amount includes negative \$587 million of *unrestricted net assets*.
- The Government's total net assets decreased by \$134 million (a decrease of \$169 million from governmental activities and an increase of \$35 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 \$81 million, a decrease of \$128 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$70 million, or 8.6% of total general fund expenditures and other financing uses.
- At the end of the current fiscal year, committed fund balance for the general purpose school fund was \$55 million, or 8.2% of total general purpose school fund expenditures and other financing uses.
- The enterprise funds reported net assets at year-end of \$1.4 billion, an increase of \$39 million during the year.
- The Government's total general obligation and revenue bonds outstanding increased by \$137 million (5.2%) during the current fiscal year. New bond issues totaled \$446 million, which were offset by principal payments of \$48 million and refundings of \$281 million. Deferred amounts increased a net amount of \$20 million. Other debt decreased by \$216 million due to the refundings of the Tennessee Municipal Bond Fund Loan of \$53 million and the Department of Water and Sewerage Services State Construction Loans of \$154 million; both were refunded with general obligation or revenue bonds. Principal repayments on other debt totaled \$9 million.
- 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 \$280 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 Assets presents information on all of the Government's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Government is improving or deteriorating.

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

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

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

The business-type activities of the Government include the Department of Water and Sewerage Services, District Energy System, Nashville Convention Center, Board of Fair Commissioners, Farmers Market, Police Secondary Employment, Surplus Property Auction, Municipal Auditorium, Police Impound, 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 22 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, 2012, 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-105 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information surrounding infrastructure condition and maintenance data, found on pages B-106 to B-107, the Government's progress in funding its obligation to provide pension benefits to employees, found on pages B-108 to B-113, and the Government's progress in funding its obligation to provide other postemployment benefits to employees, found on pages B-114 to B-116.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator over time of a government's financial position. In the case of the Government, assets exceeded liabilities by \$1.7 billion at the close of the most recent fiscal year.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 1,465,698	\$ 1,379,949	\$ 407,073	\$ 433,542	\$ 1,872,771	\$ 1,813,491
Capital assets	3,157,754	3,073,515	1,812,893	1,735,257	4,970,647	4,808,772
Total assets	4,623,452	4,453,464	2,219,966	2,168,799	6,843,418	6,622,263
Long-term liabilities	3,017,860	2,903,652	712,543	755,562	3,730,403	3,659,214
Other liabilities	1,274,544	1,049,736	159,908	100,625	1,434,452	1,150,361
Total liabilities	4,292,404	3,953,388	872,451	856,187	5,164,855	4,809,575
Net assets:						
Invested in capital assets, net of related debt	924,393	1,010,874	1,259,241	1,220,912	2,183,634	2,231,786
Restricted	31,771	42,860	49,700	46,256	81,471	89,116
Unrestricted	(625,116)	(553,658)	38,574	45,444	(586,542)	(508,214)
Total net assets	\$ 331,048	\$ 500,076	\$ 1,347,515	\$ 1,312,612	\$ 1,678,563	\$ 1,812,688

Governmental activities – Current and other assets for governmental activities increased by 6.2%. The increase is primarily due to more available cash from current year commercial paper borrowings and higher property tax receivables resulting from increases in property tax rates. Capital assets increased by 2.7% due to construction of new schools, other government buildings and parks, the renovation of existing government buildings, and the acquisition of land from home buy outs in flood prone areas. Long-term liabilities increased by 3.9% primarily due to the increase in the obligation for other postemployment benefits (OPEB) liability. Other liabilities increased by 21.4% primarily due to an increase in commercial paper outstanding under the Government's general obligation commercial paper program and an increase in unearned revenue related to the increase in property tax receivables.

The largest portion of the Government's net assets for governmental activities (279.2%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related outstanding debt used to acquire those assets. The Government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Government's net assets for governmental activities (9.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets for governmental activities represents unrestricted net assets of negative \$625 million (-188.8%). Note that the unrestricted net assets are negative due to the unfunded OPEB liability of \$786 million at June 30, 2012.

Business-type activities – Current and other assets for business-type activities decreased by 6.1% due primarily to the use of cash received from Department of Water and Sewerage Services bonds issued in December 2010. Capital assets increased by 4.5% due to additions to utility plants and construction in progress for the Department of Water and Sewerage Services. Long-term liabilities decreased by 5.7% due to current year principal payments on Department of Water and Sewerage Services bonds and other debt. Other liabilities increased by 58.9% primarily due to an increase in Department of Water and Sewerage Services commercial paper outstanding.

The largest portion of the Government's net assets for business-type activities (93.4%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related outstanding debt used to acquire those assets. The Government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Government's net assets for business-type activities (3.7%) represents resources that are subject to external restrictions on how they may be used. The majority of the restrictions relate to debt retirement and construction. The remaining balance of net assets for business-type activities, representing unrestricted net assets of \$39 million (2.9%), may be used to meet the Government's ongoing obligations to citizens and creditors.

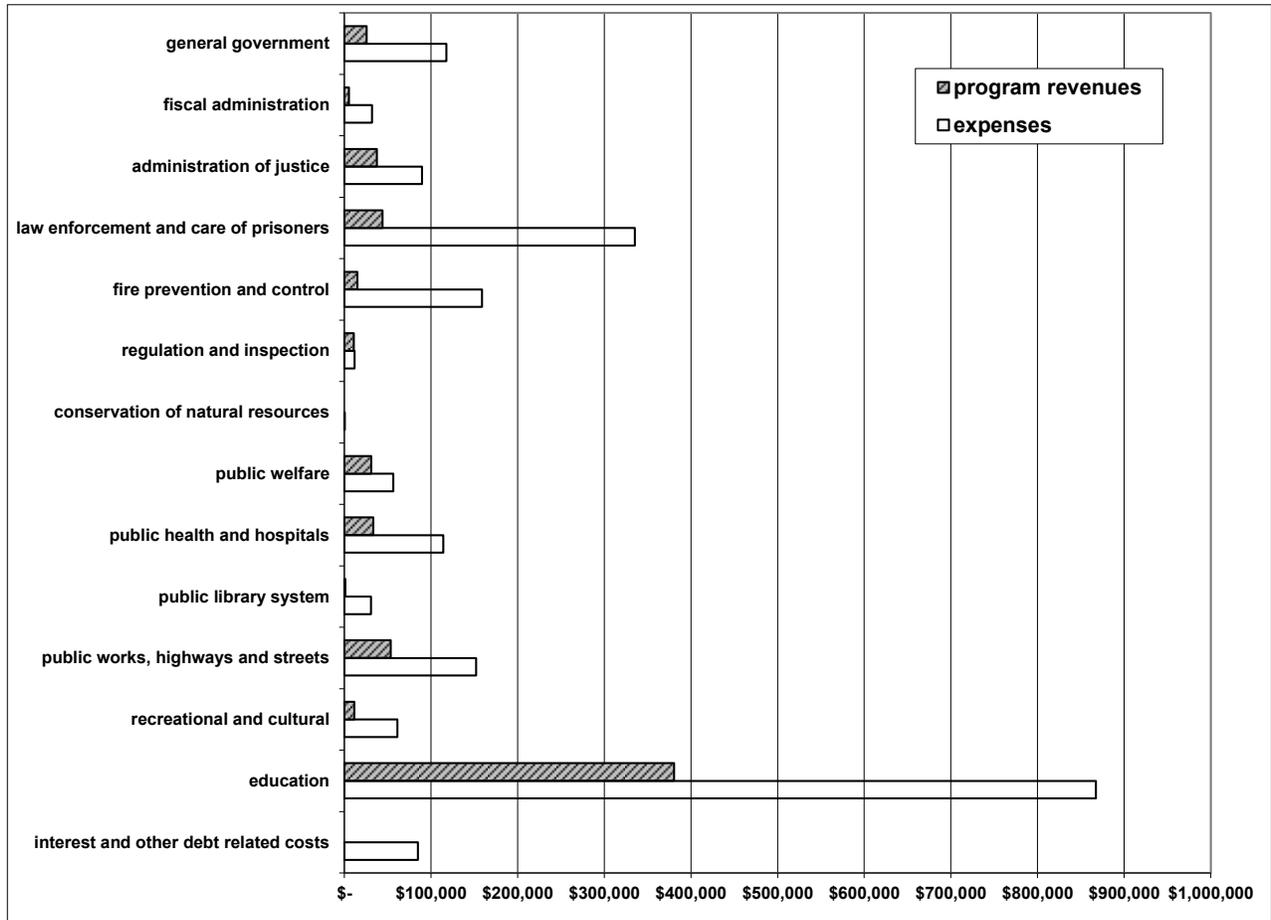
At the end of the current fiscal year, the Government is able to report positive balances in all three categories of net assets for its total business-type activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 155,176	\$ 151,664	\$ 245,474	\$ 238,575	\$ 400,650	\$ 390,239
Operating grants and contributions	436,073	432,938	-	-	436,073	432,938
Capital grants and contributions	58,447	38,595	25,307	39,467	83,754	78,062
General revenues:						
Property taxes	787,882	782,192	-	-	787,882	782,192
Local option sales taxes	281,294	258,107	-	-	281,294	258,107
Hotel occupancy taxes	47,094	38,781	-	-	47,094	38,781
Beverage taxes	34,932	29,701	-	-	34,932	29,701
Wheel taxes	27,358	26,573	-	-	27,358	26,573
Business taxes	24,958	24,330	-	-	24,958	24,330
Franchise taxes	16,202	17,401	-	-	16,202	17,401
Other taxes	312	355	-	-	312	355
Revenues from the use of money or property	1,121	1,095	119	230	1,240	1,325
Revenues from other governmental agencies	62,929	61,262	-	-	62,929	61,262
Compensation for loss, sale or damage to property	3,385	3,290	157	282	3,542	3,572
Total revenues	1,937,163	1,866,284	271,057	278,554	2,208,220	2,144,838
Expenses:						
General government	117,669	122,913	-	-	117,669	122,913
Fiscal administration	31,802	33,613	-	-	31,802	33,613
Administration of justice	89,564	87,374	-	-	89,564	87,374
Law enforcement and care of prisoners	335,162	322,782	-	-	335,162	322,782
Fire prevention and control	158,763	149,619	-	-	158,763	149,619
Regulation and inspection	11,717	10,248	-	-	11,717	10,248
Conservation of natural resources	439	445	-	-	439	445
Public welfare	56,504	59,386	-	-	56,504	59,386
Public health and hospitals	114,145	132,993	-	-	114,145	132,993
Public library system	30,676	30,033	-	-	30,676	30,033
Public works, highways and streets	152,201	144,012	-	-	152,201	144,012
Recreational and cultural	61,259	59,421	-	-	61,259	59,421
Education	867,599	869,449	-	-	867,599	869,449
Interest and other debt related costs	84,939	101,743	-	-	84,939	101,743
Department of Water and Sewerage Services	-	-	185,352	187,544	185,352	187,544
District Energy System	-	-	18,154	17,886	18,154	17,886
Nashville Convention Center	-	-	7,147	7,539	7,147	7,539
Board of Fair Commissioners	-	-	2,945	2,814	2,945	2,814
Farmers Market	-	-	1,265	1,193	1,265	1,193
Police Secondary Employment	-	-	832	855	832	855
Surplus Property Auction	-	-	713	734	713	734
Municipal Auditorium	-	-	1,808	1,801	1,808	1,801
Police Impound	-	-	967	1,320	967	1,320
Stormwater Operations	-	-	10,426	10,669	10,426	10,669
Community Education Commission	-	-	297	302	297	302
Total expenses	2,112,439	2,124,031	229,906	232,657	2,342,345	2,356,688
Change in net assets before transfers	(175,276)	(257,747)	41,151	45,897	(134,125)	(211,850)
Transfers	6,248	3,400	(6,248)	(3,400)	-	-
Extraordinary item - flood loss	-	(2,911)	-	-	-	(2,911)
Change in net assets	(169,028)	(257,258)	34,903	42,497	(134,125)	(214,761)
Net assets, beginning of year	500,076	757,334	1,312,612	1,270,115	1,812,688	2,027,449
Net assets, end of year	\$ 331,048	\$ 500,076	\$ 1,347,515	\$ 1,312,612	\$ 1,678,563	\$ 1,812,688

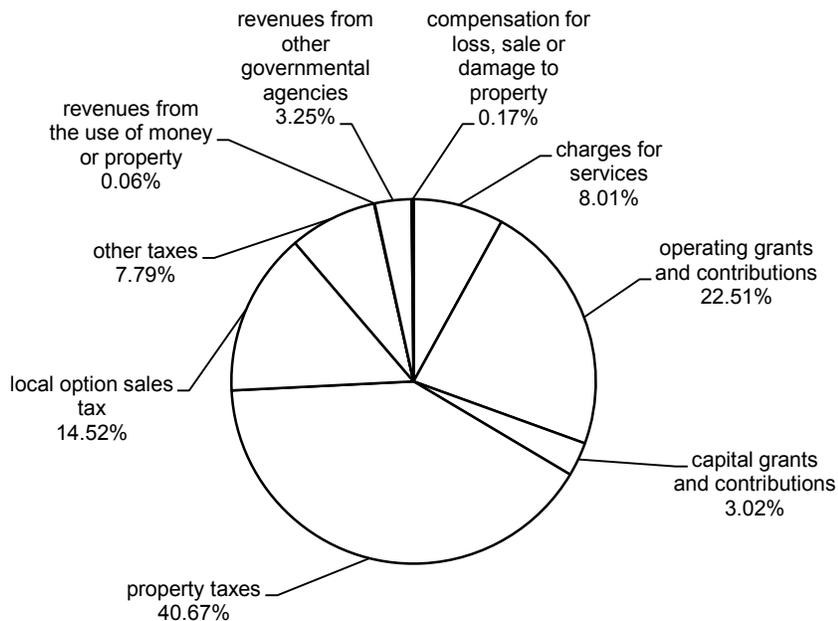
Governmental activities – Governmental activities decreased the Government’s net assets by \$169 million, compared to a \$257 million decrease in the prior year. Total revenue increased by \$71 million. Significant variances in revenues included 1) an increase of \$20 million in capital grants and contributions due primarily to collections on grants received in relation to the May 2010 flood, 2) an increase of \$23 million in local option sales tax due to economic recovery, and 3) an increase of \$8 million in hotel occupancy taxes due to economic recovery as well as the availability of more rooms compared to the prior year. Total expenses decreased by \$12 million. While operating expenses were generally higher across most functions due to increased appropriations as well as on going repair expenses resulting from the May 2010 flood, the increases were offset by 1) a decrease of \$38 million in the change in the Government’s liability for other postemployment benefits resulting from revisions in benefits for future employees, and 2) a decrease of \$17 million in interest and other debt related costs primarily due to higher expenses in the prior year resulting from bond refundings and new bond issues in June 2010.

Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2012



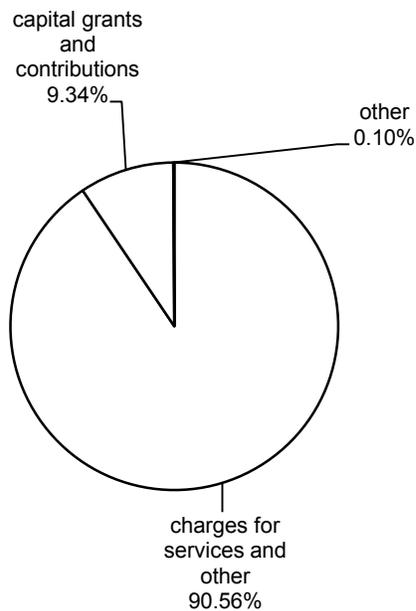
(in thousands)

Revenues by Source - Governmental Activities – For the Year Ended June 30, 2012



Business-type activities – Business-type activities increased the Government's net assets by \$35 million compared to a \$42 million increase in the prior year. The increase in the change in net assets is primarily due to the Department of Water and Sewerage Services operating results for the 2012 fiscal year. While operating expenses were in line with the prior year, total net income decreased by \$8 million primarily due to a decrease in contributions of capital assets from completed developments, which was partially offset by an increase in charges for services resulting from an increase in water consumption.

Revenues by Source – Business-type Activities – For the Year Ended June 30, 2012



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 \$81 million, a decrease of \$128 million in comparison with the prior year. Restricted fund balance of \$37 million can only be used for specific purposes pursuant to constraints imposed by external parties such as creditors and grantors. Committed fund balance of \$145 million can only be used for specific purposes pursuant to constraints imposed by formal legislative action of the Metropolitan Council. Significant commitments include \$55 million for education, \$29 million for debt service, \$51 million for equipment acquisitions, and \$10 million for other purposes. Unassigned fund balance of negative \$104 million represents the residual balance of the General Fund offset by deficit balances in other funds, primarily capital projects funds where expenditures are funded by short-term commercial paper borrowings prior to the issuance of long-term bonds. The remaining fund balance of \$3 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 \$70 million, while total fund balance was \$71 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 8.6% of total general fund expenditures and other financing uses, while total fund balance represents 8.7% of total general fund expenditures and other financing uses.

The total fund balance of the Government's General Fund increased by \$3 million during the current fiscal year as compared to a \$7 million increase in the previous year. Revenue collections exceeded budgeted projections by \$4 million. The increase was primarily due to improved local option sales tax and hotel occupancy tax collections resulting from economic recovery, partially offset by property tax and other revenue shortfalls. Ongoing operating expenditures were under budget \$16 million due to savings achieved throughout all departments during the fiscal year. Despite a budgeted deficit of \$13 million that was to be funded by accumulated fund balance, higher actual revenues and expenditure savings in the General Fund resulted in the \$3 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 sales tax and other revenue collections being above budgeted projections as well as 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 decreased by \$9 million in total in the current fiscal year as expected; the GSD School Purposes Debt Service Fund had budgeted a deficit of \$11 million that was funded by accumulated fund balance.

The fund balances of the Government's capital projects funds decreased by \$139 million in total due to spending proceeds from bonds issued in June 2010 and due to the use of short-term commercial paper borrowings to fund capital expenditures. No new bonds were issued in the year ended June 30, 2012.

The fund balance of the Government's other governmental funds decreased by \$4 million primarily due to continued repair expenditures in excess of current revenue collections 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 assets of proprietary funds at the end of the year amounted to \$113 million. The total increase in unrestricted net assets for these funds was \$5 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 assets of proprietary funds by \$3 million and the internal service funds increased unrestricted net assets by \$8 million. The increase in internal service funds is primarily due to the increase in unrestricted net assets of \$4 million in the Employee Medical Benefit Fund and \$6 million in the School Professional Employees' Insurance Fund, which are used to accumulate assets for the payment of self insured medical claims for general government and school employees.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original and Final Budgeted Amounts

For the General Fund, there were no differences in revenues and other financing sources between the original budget and final amended budget. Differences in expenditures and other financing uses between the original budget and the final amended budget are 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 reallocated to departmental budgets after the final budget was approved.

Final Budgeted and Actual Amounts

While property taxes were budgeted conservatively due to economic uncertainty, collections came in under budget despite an increase in actual collections over the prior year. Revenue from other governmental agencies came in under budget primarily due to a decrease in jail inmate reimbursements from the State as inmates were moved to an expanded private facility, and due to a decrease in Medicare payments for ambulance services because there have been more claim denials and there is a longer payment process resulting from a new prepayment audit process. However, the shortage was offset by overages in other revenues that exceeded projections, primarily local option sales taxes and hotel occupancy taxes due to economic recovery. Actual expenditures and other financing uses were under budget by \$16 million because of savings achieved by 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, 2012 amounts to \$5.0 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$142 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Utility plant in service	\$ -	\$ -	\$ 2,459,843	\$ 2,340,042	\$ 2,459,843	\$ 2,340,042
Land	299,305	270,010	18,141	18,141	317,446	288,151
Buildings and improvements	1,682,184	1,512,123	137,660	135,478	1,819,844	1,647,601
Improvements other than buildings	29	29	45,326	45,310	45,355	45,339
Furniture, machinery and equipment	332,214	314,402	39,131	36,926	371,345	351,328
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,577,228	1,564,884	-	-	1,577,228	1,564,884
Public art	1,159	581	-	-	1,159	581
Construction in progress	128,199	205,617	104,996	86,898	233,195	292,515
Less: Accumulated depreciation	(862,564)	(794,131)	(995,849)	(931,183)	(1,858,413)	(1,725,314)
Total capital assets	\$ 3,157,754	\$ 3,073,515	\$ 1,812,893	\$ 1,735,257	\$ 4,970,647	\$ 4,808,772

The total increase in the Government's investment in capital assets for the current fiscal year was 3.4% (a 2.7% increase for governmental activities and a 4.5% increase for business-type activities).

Construction of new schools, other government buildings and parks, and renovation of existing government buildings has continued in accordance with the Government's capital plan. Additionally, land and infrastructure increased from donated rights of way related to new developments. Significant additions include six new fire stations, Cumberland Park (a new riverfront development), Myatt Drive police precinct and crime lab, and home buyouts resulting from the May 2010 flood. Additions to the utility plants and construction work in progress for the Department of Water and Sewerage Services net of disposals totaled approximately \$137 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 5,814 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 52.7% of roads and 98.9% of bridges are in fair or better condition, as compared to 70.0% 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 because the area assessed was significantly impacted by the May 2010 flood which was followed by an unusually hard winter with heavy snowfall and salt usage. The FY12-13 capital budget included additional funding for road and street maintenance.

Additional information on the Government's capital assets can be found in Note 4 beginning on page B-56 of this report.

Long-term debt – At the end of the current fiscal year, the Government had total bonded debt outstanding of \$2.7 billion. Of this amount, \$1.9 billion comprises debt backed by the full faith and credit of the Government. The remaining \$717 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	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 1,917,344	\$ 1,889,335	\$ 6,336	\$ 6,195	\$ 1,923,680	\$ 1,895,530
Deferred amounts, net	72,131	74,088	512	718	72,643	74,806
Total general obligation bonds outstanding	1,989,475	1,963,423	6,848	6,913	1,996,323	1,970,336
Revenue bonds	-	1,985	717,170	626,625	717,170	628,610
Deferred amounts, net	-	(4)	31,903	9,856	31,903	9,852
Total revenue bonds outstanding	-	1,981	749,073	636,481	749,073	638,462
Total general obligation and revenue bonds outstanding	\$ 1,989,475	\$ 1,965,404	\$ 755,921	\$ 643,394	\$ 2,745,396	\$ 2,608,798

The Government's total general obligation and revenue bonds outstanding increased by \$137 million (5.2%) during the current fiscal year. New bond issues totaled \$446 million, which were offset by principal payments of \$48 million, refundings of \$281 million, and changes in deferred amounts of \$20 million.

Other debt decreased by \$216 million due to the refunding of the Tennessee Municipal Bond Fund Loan of \$53 million, the refunding of state construction loans of \$154 million, and principal payments of \$9 million.

Construction commitments at June 30, 2012 totaled \$72 million for the governmental activities of the Government and \$87 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 2.99%, and the amount of net debt per capita is \$2,971.28.

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

Commercial paper – In August 2003, the Government instituted a general obligation commercial paper program to provide interim or short-term financing for various authorized capital projects. In November 2009, the Government instituted a Water and Sewer revenue bond commercial paper program to provide interim and short-term financing for various authorized capital projects of the Department of Water and Sewerage Services. Commercial paper obligations of \$280 million outstanding at June 30, 2012 were subsequently rolled over into new commercial paper obligations and are considered short-term liabilities of the appropriate capital project funds, the Flood 2010 Recovery Fund, the Department of Water and Sewerage Services Fund, and the District Energy System.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The most recent (August 2012) unemployment rate for the Nashville combined statistical area is 7.4%. The state's and nation's unemployment rates are 8.5% and 8.1%, respectively. On June 20, 2012, the Metropolitan Council approved an increase in property tax rates effective with the 2012-2013 tax levy. The total direct tax rate increased from \$4.13 to \$4.66. The budget for the 2013 fiscal year reflects a balanced budget inclusive of the increase in the property tax rate. For more comprehensive information on the Metropolitan Government's approved budget for the 2013 fiscal year, the budget ordinance, the budget book as well as other documents are available at www.nashville.gov.

OTHER MATTERS

In May 2010 Davidson County experienced significant flooding. As a result, the Government has recognized approximately \$11.1 million of extraordinary losses representing continued flood recovery expenses in excess of anticipated and actual government and insurance recoveries in prior fiscal years. Impacts of the flood are not expected to have a material adverse financial impact on the Government as a whole.

Governmental Accounting Standard Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB), requires governments to account for and report their costs and obligations related to post employment healthcare and other nonpension benefits. At June 30, 2012, the unfunded accrued liability for these benefits for general government employees is \$1.8 billion, and the unfunded accrued liability for teachers is \$418 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 \$136 million in the government-wide statements of net assets and activities. Revisions in pension and other postemployment benefits for future employees resulted in a reduction of \$38 million in the amount of the increase in the OPEB obligation for the year ended June 20, 2012. Additional information can be found in Note 7 beginning on page B-86 of this report.

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

REQUESTS FOR INFORMATION

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





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 397,268,160	\$ 51,784,936	\$ 449,053,096	\$ 362,659,475
Investments	-	3,942,106	3,942,106	11,637,336
Sales tax receivable	51,160,273	-	51,160,273	-
Accounts receivable	143,953,197	30,379,920	174,333,117	220,385,377
Property tax receivable	871,055,157	-	871,055,157	-
Allowance for doubtful accounts	(30,936,273)	(4,147,281)	(35,083,554)	(49,777,241)
Accrued interest receivable	17,590	14,759	32,349	443,287
Internal balances	(14,095,478)	14,095,478	-	-
Due from the primary government	-	-	-	8,201
Due from component units	8,497,959	-	8,497,959	-
Inventories of supplies	3,848,562	2,287,258	6,135,820	29,172,417
Other current assets	2,305,086	3,518	2,308,604	5,008,264
Restricted assets:				
Cash and cash equivalents	-	225,402,963	225,402,963	226,897,760
Investments	-	2,595,944	2,595,944	166,810,185
Accrued interest receivable	-	7,265	7,265	583,289
Due from the primary government	-	-	-	3,845,024
Accounts receivable	-	42,881	42,881	-
Due from other governmental agencies	-	-	-	11,243,752
Other restricted assets	-	112,435	112,435	4,633,174
Notes receivable	-	-	-	66,977,264
Capital assets:				
Utility plant in service	-	2,459,843,340	2,459,843,340	1,212,008,000
Land	299,304,859	18,140,732	317,445,591	326,609,898
Buildings and improvements	1,682,184,007	137,660,167	1,819,844,174	1,085,467,807
Improvements other than buildings	29,031	45,326,833	45,355,864	475,590,011
Furniture, machinery and equipment	332,213,425	39,131,590	371,345,015	326,255,799
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,577,228,130	-	1,577,228,130	21,155,548
Public art	1,159,183	-	1,159,183	-
Construction in progress	128,198,734	104,995,518	233,194,252	590,510,378
Accumulated depreciation	(862,564,321)	(995,849,266)	(1,858,413,587)	(1,335,487,659)
Other noncurrent assets	32,624,850	80,549,770	113,174,620	29,053,662
Total assets	4,623,452,131	2,219,965,866	6,843,417,997	3,791,691,008
<u>LIABILITIES</u>				
Accounts payable	67,177,446	11,337,908	78,515,354	243,160,888
Accrued payroll	43,546,944	1,828,159	45,375,103	11,000,660
Accrued interest	41,718,983	-	41,718,983	-
Claims payable	36,781,132	-	36,781,132	-
Due to component units	3,846,786	6,439	3,853,225	-
Due to the primary government	-	-	-	8,497,959
Customer deposits	-	3,373,224	3,373,224	13,678,011
Unearned revenue	862,326,361	958,610	863,284,971	-
Commercial paper payable	212,698,000	67,302,000	280,000,000	-
Other current liabilities	6,448,453	3,675,490	10,123,943	12,270,463

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS (CONTINUED)

June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>LIABILITIES (CONTINUED)</u>				
Liabilities payable from restricted assets:				
Accounts payable	\$ -	\$ 9,058,977	\$ 9,058,977	\$ 26,217,647
Accrued payroll	-	122,666	122,666	78,363
Accrued interest	-	17,974,850	17,974,850	29,877,034
Funds held in trust	-	-	-	167,323
Current portion of long-term liabilities	-	44,269,650	44,269,650	55,877,000
Noncurrent liabilities:				
Due within one year	88,305,320	220,000	88,525,320	19,591,257
Due in more than one year	2,929,554,622	712,323,212	3,641,877,834	1,627,917,871
Total liabilities	<u>4,292,404,047</u>	<u>872,451,185</u>	<u>5,164,855,232</u>	<u>2,048,334,476</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	924,393,805	1,259,241,154	2,183,634,959	1,293,048,709
Restricted for debt retirement	29,168,318	49,700,073	78,868,391	138,464,291
Restricted for perpetual care:				
Expendable	211,163	-	211,163	-
Nonexpendable	185,112	-	185,112	-
Restricted for other purposes	2,206,104	-	2,206,104	57,569,981
Unrestricted	<u>(625,116,418)</u>	<u>38,573,454</u>	<u>(586,542,964)</u>	<u>254,273,551</u>
Total net assets	<u>\$ 331,048,084</u>	<u>\$ 1,347,514,681</u>	<u>\$ 1,678,562,765</u>	<u>\$ 1,743,356,532</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 117,668,952	\$ 9,133,645	\$ 6,544,706	\$ 10,136,286
Fiscal administration	31,802,025	5,180,628	10,423	-
Administration of justice	89,563,705	32,771,994	4,671,803	-
Law enforcement and care of prisoners	335,162,334	33,172,020	4,615,993	6,311,057
Fire prevention and control	158,763,246	12,758,568	2,228,312	-
Regulation and inspection	11,716,894	10,845,877	-	-
Conservation of natural resources	439,226	-	-	-
Public welfare	56,503,878	1,208,278	29,730,425	-
Public health and hospitals	114,145,228	8,795,836	24,573,501	-
Public library system	30,676,631	474,479	593,829	-
Public works, highways and streets	152,200,604	12,594,067	538,150	40,542,728
Recreational and cultural	61,259,580	9,755,207	840,119	1,076,492
Education	867,598,847	18,485,004	361,725,790	381,131
Interest and other debt related costs	84,938,524	-	-	-
Total governmental activities	2,112,439,674	155,175,603	436,073,051	58,447,694
Business-type activities:				
Department of Water and Sewerage Services	185,351,595	201,059,940	-	25,306,607
District Energy System	18,154,234	15,961,560	-	-
Nashville Convention Center	7,146,309	5,490,377	-	-
Board of Fair Commissioners	2,945,026	2,658,099	-	-
Farmers Market	1,264,573	961,126	-	-
Police Secondary Employment	832,732	934,660	-	-
Surplus Property Auction	713,054	1,298,143	-	-
Municipal Auditorium	1,808,050	1,607,489	-	-
Police Impound	967,927	1,584,245	-	-
Stormwater Operations	10,425,954	13,882,746	-	-
Community Education Commission	296,895	36,083	-	-
Total business-type activities	229,906,349	245,474,468	-	25,306,607
Total primary government	\$ 2,342,346,023	\$ 400,650,071	\$ 436,073,051	\$ 83,754,301
Component units	\$ 1,639,400,445	\$ 1,421,559,425	\$ 219,553,189	\$ 92,969,199

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2012

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (91,854,315)	\$ -	\$ (91,854,315)	\$ -
(26,610,974)	-	(26,610,974)	-
(52,119,908)	-	(52,119,908)	-
(291,063,264)	-	(291,063,264)	-
(143,776,366)	-	(143,776,366)	-
(871,017)	-	(871,017)	-
(439,226)	-	(439,226)	-
(25,565,175)	-	(25,565,175)	-
(80,775,891)	-	(80,775,891)	-
(29,608,323)	-	(29,608,323)	-
(98,525,659)	-	(98,525,659)	-
(49,587,762)	-	(49,587,762)	-
(487,006,922)	-	(487,006,922)	-
(84,938,524)	-	(84,938,524)	-
<u>(1,462,743,326)</u>	<u>-</u>	<u>(1,462,743,326)</u>	<u>-</u>
-	41,014,952	41,014,952	-
-	(2,192,674)	(2,192,674)	-
-	(1,655,932)	(1,655,932)	-
-	(286,927)	(286,927)	-
-	(303,447)	(303,447)	-
-	101,928	101,928	-
-	585,089	585,089	-
-	(200,561)	(200,561)	-
-	616,318	616,318	-
-	3,456,792	3,456,792	-
-	(260,812)	(260,812)	-
-	<u>40,874,726</u>	<u>40,874,726</u>	<u>-</u>
<u>(1,462,743,326)</u>	<u>40,874,726</u>	<u>(1,421,868,600)</u>	<u>-</u>
-	-	-	94,681,368
787,882,022	-	787,882,022	-
281,294,521	-	281,294,521	-
47,093,713	-	47,093,713	-
34,932,215	-	34,932,215	-
27,357,843	-	27,357,843	-
24,958,401	-	24,958,401	-
16,202,216	-	16,202,216	-
311,812	-	311,812	-
1,120,781	118,994	1,239,775	2,290,238
62,928,969	-	62,928,969	-
3,385,361	157,107	3,542,468	1,212,615
6,248,031	(6,248,031)	-	-
-	-	-	2,010,000
<u>1,293,715,885</u>	<u>(5,971,930)</u>	<u>1,287,743,955</u>	<u>5,512,853</u>
(169,027,441)	34,902,796	(134,124,645)	100,194,221
500,075,525	1,312,611,885	1,812,687,410	1,643,162,311
<u>\$ 331,048,084</u>	<u>\$ 1,347,514,681</u>	<u>\$ 1,678,562,765</u>	<u>\$ 1,743,356,532</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, 2012

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
ASSETS:				
Cash and cash equivalents	\$ 56,472,055	\$ 43,153,238	\$ 6,978,139	\$ 16,024,235
Sales tax receivable	16,507,430	34,071,095	581,748	-
Accounts receivable	48,803,193	2,700,257	7,720,988	-
Accrued interest receivable	1,521	-	3,960	712
Property tax receivable	452,002,179	271,931,446	84,155,919	48,004,106
Allowance for doubtful accounts	(18,570,109)	(3,183,301)	(8,541,973)	(448,261)
Due from other funds of the primary government	6,745,013	5,686,943	365,455	-
Due from component units	8,244,119	-	-	-
Inventories of supplies	308,758	836,398	-	-
Other assets	125,221	487,573	20,000	475,583
Total assets	\$ 570,639,380	\$ 355,683,649	\$ 91,284,236	\$ 64,056,375
LIABILITIES:				
Accounts payable	\$ 12,353,279	\$ 6,032,292	\$ 28,864	\$ 13,379
Accrued payroll	16,525,437	23,301,350	-	-
Due to other funds of the primary government	11,137,771	1,539,920	14,524	3,178,661
Due to component units	81,762	-	-	-
Deferred revenue	457,347,019	268,580,810	82,771,801	47,490,418
Commercial paper payable	-	-	-	-
Other liabilities	2,450,110	4,132	-	-
Total liabilities	499,895,378	299,458,504	82,815,189	50,682,458
FUND BALANCES (DEFICITS):				
Nonspendable	367,535	1,291,555	-	475,583
Restricted for:				
Other purposes	-	-	-	-
Committed for:				
Education (available)	-	54,933,590	-	-
Debt service	-	-	8,469,047	12,898,334
Equipment acquisitions (appropriated)	-	-	-	-
Equipment acquisitions (unappropriated)	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Specific projects	539,600	-	-	-
Unassigned	69,836,867	-	-	-
Total fund balances (deficits)	70,744,002	56,225,145	8,469,047	13,373,917
Total liabilities and fund balances (deficits)	\$ 570,639,380	\$ 355,683,649	\$ 91,284,236	\$ 64,056,375

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, 2012

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 7,323,110	\$ 17,359,553	\$ 9,408,104	\$ 7,069,350	\$ 142,688,991	\$ 306,476,775
-	-	-	-	-	51,160,273
-	5,409,128	114,330	111,386	76,869,730	141,729,012
282	287	-	-	6,805	13,567
14,961,507	-	-	-	-	871,055,157
(192,629)	-	-	-	-	(30,936,273)
-	1,844,578	3,668,312	6,459,628	19,954,875	44,724,804
-	-	-	-	253,823	8,497,942
-	-	-	-	940,884	2,086,040
-	-	-	-	508,912	1,617,289
<u>\$ 22,092,270</u>	<u>\$ 24,613,546</u>	<u>\$ 13,190,746</u>	<u>\$ 13,640,364</u>	<u>\$ 241,224,020</u>	<u>\$ 1,396,424,586</u>
\$ 3,491	\$ 11,947,286	\$ 5,003,345	\$ 1,907,398	\$ 15,761,658	\$ 53,050,992
-	5,444	-	1,831	1,306,709	41,140,771
28,397	4,709,758	19,587	53,567	70,235,182	90,917,367
-	-	-	-	3,765,024	3,846,786
14,735,028	3,498,694	-	-	32,614,713	907,038,483
-	86,612,500	38,212,000	37,228,000	50,645,500	212,698,000
-	-	-	-	3,994,211	6,448,453
<u>14,766,916</u>	<u>106,773,682</u>	<u>43,234,932</u>	<u>39,190,796</u>	<u>178,322,997</u>	<u>1,315,140,852</u>
-	-	-	-	1,124,803	3,259,476
-	-	-	-	36,939,852	36,939,852
-	-	-	-	-	54,933,590
7,325,354	-	-	-	-	28,692,735
-	-	-	-	38,732,038	38,732,038
-	-	-	-	12,574,346	12,574,346
-	-	-	-	10,455,251	10,455,251
-	-	-	-	-	539,600
-	(82,160,136)	(30,044,186)	(25,550,432)	(36,925,267)	(104,843,154)
<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>\$ 22,092,270</u>	<u>\$ 24,613,546</u>	<u>\$ 13,190,746</u>	<u>\$ 13,640,364</u>	<u>\$ 241,224,020</u>	<u>\$ 1,396,424,586</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS

June 30, 2012

Fund balances - total governmental funds	\$	81,283,734
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Amounts reported for governmental activities in the Statement of Net Assets 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		3,859,559,878
Less accumulated depreciation		(752,669,901)

Net pension assets are not financial resources and therefore are not reported in the governmental funds.		20,593,596
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Deferred outflows related to the fair value of derivative financial instruments are not financial resources and therefore not reported in the governmental funds.		202,189
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable		(1,917,344,383)
Qualified zone academy notes payable		(3,731,099)
Qualified school construction bond loan payable		(52,410,124)
Less deferred charge on refunding		115,734,759
Less deferred charge for issuance costs		12,031,254
Add net bond premium/discount		(187,777,901)
Accrued interest payable		(41,718,983)
Unamortized swaption proceeds		(2,389,396)
Net pension obligation		(80,805,421)
Net other postemployment benefits obligation		(785,685,000)
Compensated absences		(73,975,024)
Claims and judgments		(5,640,720)
Landfill closure costs		(9,896,285)
Fair value and deferred inflows of derivative financial instruments		(16,328,744)

Certain deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.		47,101,518
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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.		124,914,137
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Net assets - governmental activities	\$	<u>331,048,084</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
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
REVENUES:				
Property taxes	\$ 443,340,151	\$ 223,677,099	\$ 79,208,055	\$ 28,380,411
Local option sales taxes	91,050,593	188,282,638	1,961,289	-
Other taxes, licenses and permits	107,705,008	5,964,394	-	-
Fines, forfeits and penalties	12,573,870	765	422,692	-
Revenues from the use of money or property	20,916	-	-	198,825
Revenues from other governmental agencies	77,327,122	230,433,145	7,792,109	-
Commissions and fees	15,355,507	-	-	-
Charges for current services	27,011,407	643,802	-	-
Compensation for loss, sale or damage to property	1,509,595	809,480	-	-
Contributions and gifts	432,325	766,778	-	-
Bond interest tax credit	-	861,853	5,033,674	-
Miscellaneous	1,697,115	121,649	-	-
	778,023,609	651,561,603	94,417,819	28,579,236
EXPENDITURES:				
Current:				
General government	26,010,451	-	-	-
Fiscal administration	21,912,507	-	-	-
Administration of justice	53,575,166	-	-	-
Law enforcement and care of prisoners	219,993,520	-	-	-
Fire prevention and control	108,609,078	-	-	-
Regulation and inspection	7,760,963	-	-	-
Conservation of natural resources	333,713	-	-	-
Public welfare	7,735,922	-	-	-
Public health and hospitals	60,411,628	-	-	-
Public library system	20,363,498	-	-	-
Public works, highways and streets	29,171,348	-	-	-
Recreational and cultural	32,214,593	-	-	-
Education	-	640,833,357	-	-
Employee benefits	72,920,868	-	-	-
Miscellaneous	75,985,530	-	-	-
Debt service:				
Principal retirement	-	-	4,105,394	5,811,685
Interest	-	-	56,641,930	29,758,307
Fiscal charges	-	-	2,247,260	738,502
Debt issue costs	-	-	1,419,590	608,517
Capital outlay	-	-	-	-
	736,998,785	640,833,357	64,414,174	36,917,011
Excess (deficiency) of revenues over expenditures	41,024,824	10,728,246	30,003,645	(8,337,775)

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, 2012

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 14,603,099	\$ -	\$ -	\$ -	\$ 1,566,063	\$ 790,774,878
-	-	-	-	-	281,294,520
-	-	-	-	49,134,849	162,804,251
-	-	-	-	3,255,754	16,253,081
-	2,030	118,967	-	22,172	362,910
-	7,576,298	-	1,545,800	251,872,634	576,547,108
-	-	-	-	8,646,969	24,002,476
-	-	-	-	28,654,228	56,309,437
-	1,105,714	526,147	-	158,596	4,109,532
-	9,086,500	183,131	-	3,949,936	14,418,670
-	-	-	-	-	5,895,527
-	-	-	-	450,933	2,269,697
<u>14,603,099</u>	<u>17,770,542</u>	<u>828,245</u>	<u>1,545,800</u>	<u>347,712,134</u>	<u>1,935,042,087</u>
-	-	-	-	69,075,420	95,085,871
-	-	-	-	-	21,912,507
-	-	-	-	-	53,575,166
-	-	-	-	35,283,366	255,276,886
-	-	-	-	-	108,609,078
-	-	-	-	-	7,760,963
-	-	-	-	-	333,713
-	-	-	-	31,433,222	39,169,144
-	-	-	-	25,564,284	85,975,912
-	-	-	-	814,644	21,178,142
-	-	-	-	22,621,447	51,792,795
-	-	-	-	2,239,899	34,454,492
-	-	-	-	156,988,580	797,821,937
-	-	-	-	-	72,920,868
-	-	-	-	-	75,985,530
1,041,124	-	-	-	1,985,000	12,943,203
7,429,659	-	-	-	49,625	93,879,521
271,269	-	-	-	-	3,257,031
179,387	-	-	-	-	2,207,494
-	76,319,090	46,021,454	24,970,153	49,352,454	196,663,151
<u>8,921,439</u>	<u>76,319,090</u>	<u>46,021,454</u>	<u>24,970,153</u>	<u>395,407,941</u>	<u>2,030,803,404</u>
<u>5,681,660</u>	<u>(58,548,548)</u>	<u>(45,193,209)</u>	<u>(23,424,353)</u>	<u>(47,695,807)</u>	<u>(95,761,317)</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, 2012

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
OTHER FINANCING SOURCES (USES):				
Issuance of refunding debt	\$ -	\$ -	\$ 204,669,078	\$ 85,854,940
Debt issue premium	-	-	44,047,539	17,917,786
Payments to refunded bond escrow agent	-	-	(248,449,895)	(104,065,452)
Transfers in	40,553,865	39,705,107	8,968,591	5,336,437
Transfers out	<u>(78,320,831)</u>	<u>(29,541,101)</u>	<u>(39,396,800)</u>	<u>(6,500,000)</u>
Total other financing sources (uses)	<u>(37,766,966)</u>	<u>10,164,006</u>	<u>(30,161,487)</u>	<u>(1,456,289)</u>
Net change in fund balances	3,257,858	20,892,252	(157,842)	(9,794,064)
FUND BALANCES (DEFICITS), beginning of year	<u>67,486,144</u>	<u>35,332,893</u>	<u>8,626,889</u>	<u>23,167,981</u>
FUND BALANCES (DEFICITS), end of year	<u><u>\$ 70,744,002</u></u>	<u><u>\$ 56,225,145</u></u>	<u><u>\$ 8,469,047</u></u>	<u><u>\$ 13,373,917</u></u>

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

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

For the Year Ended June 30, 2012

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 25,561,895	\$ -	\$ -	\$ -	\$ -	\$ 316,085,913
5,479,037	-	-	-	-	67,444,362
(31,079,975)	-	-	-	-	(383,595,322)
1,419,724	1,491,028	4,293,212	4,264,278	74,260,384	180,292,626
(5,896,900)	(21,265,726)	(153)	(1,052,402)	(30,933,780)	(212,907,693)
<u>(4,516,219)</u>	<u>(19,774,698)</u>	<u>4,293,059</u>	<u>3,211,876</u>	<u>43,326,604</u>	<u>(32,680,114)</u>
1,165,441	(78,323,246)	(40,900,150)	(20,212,477)	(4,369,203)	(128,441,431)
<u>6,159,913</u>	<u>(3,836,890)</u>	<u>10,855,964</u>	<u>(5,337,955)</u>	<u>67,270,226</u>	<u>209,725,165</u>
<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>

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, 2012

Net change in fund balances - governmental funds \$ (128,441,431)

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	133,571,317
Depreciation expense	(63,216,217)

Donations of capital assets increase net assets for governmental activities, but do not appear in the governmental funds because they are not financial resources.	13,481,457
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The gain or loss on the sale of capital assets is reported for governmental activities, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the net book value of the capital assets sold.	(4,722,779)
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Changes in net pension assets increase or decrease net assets for governmental activities, but do not appear in the governmental funds because they are not current financial resources.	(8,605,823)
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Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities.

Issuance of debt	(316,085,913)
Principal repayments	12,943,203
Payments to refunded bond escrow agent	383,595,322
Issuer contribution on debt refunding	(2,136,279)
Amortization of deferred charge on refunding	(7,688,142)
Issuance costs	2,207,494
Amortization of issuance costs	(922,936)
Bond premium/discount	(67,444,362)
Amortization of premium/discount	12,838,745
Change in accrued interest	(542,324)

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, 2012

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	(5,580,534)
Net other postemployment benefits obligation	(136,359,000)
Compensated absences	1,572,736
Claims and judgments	(205,612)
Landfill closure costs	(1,140,556)

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.	(3,275,758)
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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>16,957,224</u>
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Change in net assets - governmental activities	<u>\$</u>	<u>(169,027,441)</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 446,851,100	\$ 446,851,100	\$ 443,340,151	\$ (3,510,949)
Local option sales tax	87,428,700	87,428,700	91,050,593	3,621,893
Other taxes, licenses and permits	104,212,400	104,212,400	107,705,008	3,492,608
Fines, forfeits and penalties	12,519,500	12,519,500	12,573,870	54,370
Revenues from the use of money or property	-	-	20,916	20,916
Revenues from other governmental agencies	80,435,700	80,435,700	77,327,122	(3,108,578)
Commissions and fees	13,515,400	13,515,400	15,355,507	1,840,107
Charges for current services	27,124,400	27,124,400	27,011,407	(112,993)
Compensation for loss, sale or damage to property	455,900	455,900	1,509,595	1,053,695
Contributions and gifts	413,300	413,300	432,325	19,025
Miscellaneous	1,527,000	1,527,000	1,697,115	170,115
Total revenues	774,483,400	774,483,400	778,023,609	3,540,209
EXPENDITURES:				
General government	26,889,000	27,355,000	26,010,451	1,344,549
Fiscal administration	22,808,900	23,202,900	21,912,507	1,290,393
Administration of justice	54,888,300	55,014,500	53,575,166	1,439,334
Law enforcement and care of prisoners	217,717,400	221,292,800	219,993,520	1,299,280
Fire prevention and control	107,104,600	108,636,900	108,609,078	27,822
Regulation and inspection	8,872,100	8,736,400	7,760,963	975,437
Conservation of natural resources	369,100	376,800	333,713	43,087
Public welfare	6,733,200	8,136,800	7,735,922	400,878
Public health and hospitals	61,818,700	61,911,500	60,411,628	1,499,872
Public library system	20,183,400	20,386,500	20,363,498	23,002
Public works, highways and streets	29,707,300	29,965,700	29,171,348	794,352
Recreational and cultural	32,553,800	32,537,600	32,214,593	323,007
Employee benefits	73,035,900	73,035,900	72,920,868	115,032
Miscellaneous	91,494,900	82,013,900	75,985,530	6,028,370
Total expenditures	754,176,600	752,603,200	736,998,785	15,604,415
Excess (deficiency) of revenues over expenditures	20,306,800	21,880,200	41,024,824	19,144,624
OTHER FINANCING SOURCES (USES):				
Transfers in	39,745,800	39,748,400	40,553,865	805,465
Transfers out	(73,488,100)	(78,921,800)	(78,320,831)	600,969
Total other financing sources (uses)	(33,742,300)	(39,173,400)	(37,766,966)	1,406,434
Net change in fund balances	(13,435,500)	(17,293,200)	3,257,858	20,551,058
FUND BALANCES, beginning of year	67,486,144	67,486,144	67,486,144	-
FUND BALANCES, end of year	\$ 54,050,644	\$ 50,192,944	\$ 70,744,002	\$ 20,551,058

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 224,603,300	\$ 224,603,300	\$ 223,677,099	\$ (926,201)
Local option sales tax	174,857,300	174,857,300	188,282,638	13,425,338
Other taxes, licenses and permits	4,802,300	4,802,300	5,964,394	1,162,094
Fines, forfeits and penalties	6,200	6,200	765	(5,435)
Revenues from other governmental agencies	231,071,700	231,071,700	230,433,145	(638,555)
Charges for current services	760,000	760,000	643,802	(116,198)
Compensation for loss, sale or damage to property	428,000	428,000	809,480	381,480
Contributions and gifts	300,000	300,000	766,778	466,778
Bond interest tax credit	-	-	861,853	861,853
Miscellaneous	45,000	45,000	121,649	76,649
Total revenues	636,873,800	636,873,800	651,561,603	14,687,803
EXPENDITURES:				
Education	645,301,000	645,301,000	640,833,357	4,467,643
Total expenditures	645,301,000	645,301,000	640,833,357	4,467,643
Excess (deficiency) of revenues over expenditures	(8,427,200)	(8,427,200)	10,728,246	19,155,446
OTHER FINANCING SOURCES (USES):				
Transfers in	37,161,000	37,161,000	39,705,107	2,544,107
Transfers out	(28,733,800)	(28,733,800)	(29,541,101)	(807,301)
Total other financing sources (uses)	8,427,200	8,427,200	10,164,006	1,736,806
Net change in fund balances	-	-	20,892,252	20,892,252
FUND BALANCES, beginning of year	35,332,893	35,332,893	35,332,893	-
FUND BALANCES, end of year	\$ 35,332,893	\$ 35,332,893	\$ 56,225,145	\$ 20,892,252

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2012

	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	\$ 37,511,772	\$ 3,709,578	\$ 10,563,586	\$ 51,784,936	\$ 90,791,385
Investments	-	3,942,106	-	3,942,106	-
Accounts receivable	22,744,662	2,978,546	4,656,712	30,379,920	1,661,847
Allowance for doubtful accounts	(3,166,134)	-	(981,147)	(4,147,281)	-
Accrued interest receivable	5,483	8,776	500	14,759	4,023
Due from other funds of the primary government	316,939	-	7,035,481	7,352,420	2,592,306
Due from component units	-	-	-	-	17
Inventories of supplies	2,287,258	-	-	2,287,258	1,762,522
Other current assets	1,000	-	2,518	3,518	485,608
Restricted assets:					
Debt service and reserve funds:					
Cash and cash equivalents	-	1,884,180	-	1,884,180	-
Investments	-	2,595,944	-	2,595,944	-
Accrued interest receivable	990	5,033	-	6,023	-
Other current assets	112,435	-	-	112,435	-
Construction funds:					
Cash and cash equivalents	881,486	394,664	-	1,276,150	-
Accounts receivable	42,881	-	-	42,881	-
Accrued interest receivable	1,242	-	-	1,242	-
Due from other funds of the primary government	51,209,291	-	-	51,209,291	-
Total current assets	<u>111,949,305</u>	<u>15,518,827</u>	<u>21,277,650</u>	<u>148,745,782</u>	<u>97,297,708</u>
CAPITAL AND OTHER NONCURRENT ASSETS:					
Capital assets:					
Utility plant in service	2,401,490,915	58,352,425	-	2,459,843,340	-
Land	10,010,297	1,311,213	6,819,222	18,140,732	-
Buildings and improvements	40,293,786	22,249,491	75,116,890	137,660,167	349,008
Improvements other than buildings	41,000,878	273,754	4,052,201	45,326,833	29,031
Furniture, machinery and equipment	35,729,034	886,904	2,515,652	39,131,590	148,120,187
Property under capital lease	-	-	3,645,000	3,645,000	-
Construction in progress	99,330,085	5,624,801	40,632	104,995,518	12,259,265
Less accumulated depreciation	(930,391,214)	(16,637,700)	(48,820,352)	(995,849,266)	(109,894,420)
Capital assets - net	<u>1,697,463,781</u>	<u>72,060,888</u>	<u>43,369,245</u>	<u>1,812,893,914</u>	<u>50,863,071</u>
Restricted assets:					
Debt service and reserve funds:					
Cash and cash equivalents	63,076,341	-	-	63,076,341	-
Construction funds:					
Cash and cash equivalents	159,166,292	-	-	159,166,292	-
Other noncurrent assets	<u>79,189,861</u>	<u>1,159,909</u>	<u>200,000</u>	<u>80,549,770</u>	<u>-</u>
Total capital and other noncurrent assets	<u>1,998,896,275</u>	<u>73,220,797</u>	<u>43,569,245</u>	<u>2,115,686,317</u>	<u>50,863,071</u>
Total assets	<u>2,110,845,580</u>	<u>88,739,624</u>	<u>64,846,895</u>	<u>2,264,432,099</u>	<u>148,160,779</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS (CONTINUED)

June 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable	\$ 7,585,139	\$ 2,244,979	\$ 1,507,790	\$ 11,337,908	\$ 10,706,462
Accrued payroll	628,757	2,646	1,196,756	1,828,159	2,406,173
Claims payable	-	-	-	-	36,781,132
Due to other funds of the primary government	7,189,656	-	3,050,744	10,240,400	403,992
Due to component units	-	-	6,439	6,439	-
Customer deposits	3,168,278	-	204,946	3,373,224	-
Unearned revenue	-	-	958,610	958,610	-
Current portion of capitalized lease obligations	-	-	220,000	220,000	-
Other current liabilities	3,671,952	3,489	49	3,675,490	-
Liabilities payable from restricted assets:					
Debt service and reserve funds:					
Accrued interest	17,104,192	870,658	-	17,974,850	-
Current portion of long term debt	42,410,000	1,812,589	-	44,222,589	-
Construction funds:					
Accounts payable	9,058,977	-	-	9,058,977	-
Accrued payroll	122,666	-	-	122,666	-
Current portion of state loans	47,061	-	-	47,061	-
Commercial paper payable	60,352,500	6,949,500	-	67,302,000	-
Due to other funds of the primary government	7,124,618	50,098	-	7,174,716	-
Total current liabilities	<u>158,463,796</u>	<u>11,933,959</u>	<u>7,145,334</u>	<u>177,543,089</u>	<u>50,297,759</u>
NONCURRENT LIABILITIES:					
Revenue bonds payable	647,216,859	57,896,077	-	705,112,936	-
General obligation bonds payable	-	6,585,453	-	6,585,453	-
State loans	149,823	-	-	149,823	-
Capitalized lease obligations	-	-	475,000	475,000	-
Total noncurrent liabilities	<u>647,366,682</u>	<u>64,481,530</u>	<u>475,000</u>	<u>712,323,212</u>	<u>-</u>
Total liabilities	<u>805,830,478</u>	<u>76,415,489</u>	<u>7,620,334</u>	<u>889,866,301</u>	<u>50,297,759</u>
NET ASSETS:					
Invested in capital assets, net of related debt	1,216,115,852	451,057	42,674,245	1,259,241,154	50,863,071
Restricted for debt retirement	46,085,574	3,614,499	-	49,700,073	-
Unrestricted	42,813,676	8,258,579	14,552,316	65,624,571	46,999,949
Total net assets	<u>\$ 1,305,015,102</u>	<u>\$ 12,324,135</u>	<u>\$ 57,226,561</u>	<u>1,374,565,798</u>	<u>\$ 97,863,020</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(27,051,117)	
Net assets of business-type activities				<u>\$ 1,347,514,681</u>	

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

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

For the Year Ended June 30, 2012

	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	\$ 200,412,355	\$ 15,752,135	\$ 28,452,914	\$ 244,617,404	\$ 343,301,751
Other	350,130	-	54	350,184	2,343,695
Total operating revenues	<u>200,762,485</u>	<u>15,752,135</u>	<u>28,452,968</u>	<u>244,967,588</u>	<u>345,645,446</u>
OPERATING EXPENSES:					
Personal services	41,249,138	165,889	13,131,385	54,546,412	19,259,371
Contractual services	42,565,249	12,502,667	8,747,809	63,815,725	39,088,211
Supplies and materials	13,252,364	87,436	1,080,693	14,420,493	12,777,705
Depreciation	60,102,853	2,244,512	2,384,776	64,732,141	13,925,843
Amortization	936,324	55,715	-	992,039	-
Compensation for damages to property	-	-	-	-	1,789,500
Medical and insurance benefits	-	-	-	-	278,767,094
Other	5,418,474	30,741	377,462	5,826,677	4,996,611
Total operating expenses	<u>163,524,402</u>	<u>15,086,960</u>	<u>25,722,125</u>	<u>204,333,487</u>	<u>370,604,335</u>
OPERATING INCOME (LOSS)	<u>37,238,083</u>	<u>665,175</u>	<u>2,730,843</u>	<u>40,634,101</u>	<u>(24,958,889)</u>
NONOPERATING REVENUE (EXPENSE):					
Investment income	35,758	81,877	1,359	118,994	14,680
Interest expense	(18,776,274)	(3,062,812)	(56,388)	(21,895,474)	(7,746)
Gain (loss) on sale of property	167,304	(10,434)	237	157,107	372,806
Other	297,455	209,425	-	506,880	(2,329,575)
Total nonoperating revenue (expense)	<u>(18,275,757)</u>	<u>(2,781,944)</u>	<u>(54,792)</u>	<u>(21,112,493)</u>	<u>(1,949,835)</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS AND TRANSFERS	<u>18,962,326</u>	<u>(2,116,769)</u>	<u>2,676,051</u>	<u>19,521,608</u>	<u>(26,908,724)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	25,306,607	-	-	25,306,607	-
TRANSFERS IN	200,000	2,386,138	804,100	3,390,238	42,274,255
TRANSFERS OUT	<u>(7,640,274)</u>	<u>(475,614)</u>	<u>(1,522,381)</u>	<u>(9,638,269)</u>	<u>(2,085,695)</u>
CHANGE IN NET ASSETS	36,828,659	(206,245)	1,957,770	38,580,184	13,279,836
NET ASSETS, beginning of year	<u>1,268,186,443</u>	<u>12,530,380</u>	<u>55,268,791</u>		<u>84,583,184</u>
NET ASSETS, end of year	<u>\$ 1,305,015,102</u>	<u>\$ 12,324,135</u>	<u>\$ 57,226,561</u>		<u>\$ 97,863,020</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(3,677,388)</u>	
Change in net assets of business-type activities				<u>\$ 34,902,796</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, 2012

	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	\$ 205,328,622	\$ 16,241,191	\$ 22,894,987	\$ 244,464,800	\$ 351,366,477
Payments to suppliers	(54,936,017)	(12,421,496)	(11,309,411)	(78,666,924)	(337,987,192)
Payments to employees	(42,823,231)	(165,044)	(13,570,431)	(56,558,706)	(19,063,894)
Other receipts	10,302,622	-	-	10,302,622	309,908
Net cash provided by (used in) operating activities	<u>117,871,996</u>	<u>3,654,651</u>	<u>(1,984,855)</u>	<u>119,541,792</u>	<u>(5,374,701)</u>
Cash flows from noncapital financing activities:					
Transfers in	200,000	2,386,138	804,100	3,390,238	42,274,255
Transfers out	(7,640,274)	(475,614)	(1,522,381)	(9,638,269)	(2,085,695)
Advances from other funds of the primary government	-	-	120,151	120,151	-
Payments to other funds of the primary government	-	-	(263,479)	(263,479)	(7,710,351)
Interest paid	-	-	(4,584)	(4,584)	(7,761)
Net cash provided by (used in) non-capital financing activities	<u>(7,440,274)</u>	<u>1,910,524</u>	<u>(866,193)</u>	<u>(6,395,943)</u>	<u>32,470,448</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(103,934,230)	(2,068,795)	(225,621)	(106,228,646)	(19,231,162)
Proceeds from the sale of property	167,304	7,088	237	174,629	554,220
Proceeds from borrowings	60,396,634	2,827,567	-	63,224,201	-
Principal payments on borrowings	(43,300,783)	(1,258,030)	(205,000)	(44,763,813)	-
Interest subsidy	5,336,423	-	-	5,336,423	-
Interest paid	(35,397,457)	(3,208,795)	(51,300)	(38,657,552)	-
Capital contributions received	3,383,485	-	-	3,383,485	-
Advances to other funds of the primary government	(13,713,014)	-	-	(13,713,014)	-
Net cash provided by (used in) capital and related financing activities	<u>(127,061,638)</u>	<u>(3,700,965)</u>	<u>(481,684)</u>	<u>(131,244,287)</u>	<u>(18,676,942)</u>
Cash flows from investing activities:					
Purchases of investments	-	(27,148)	-	(27,148)	-
Interest on investments	56,060	81,814	1,733	139,607	20,376
Net cash provided by (used in) investing activities	<u>56,060</u>	<u>54,666</u>	<u>1,733</u>	<u>112,459</u>	<u>20,376</u>
Net changes in cash and cash equivalents	(16,573,856)	1,918,876	(3,330,999)	(17,985,979)	8,439,181
Cash and cash equivalents at beginning of year	<u>277,209,747</u>	<u>4,069,546</u>	<u>13,894,585</u>	<u>295,173,878</u>	<u>82,352,204</u>
Cash and cash equivalents at end of year	<u>\$ 260,635,891</u>	<u>\$ 5,988,422</u>	<u>\$ 10,563,586</u>	<u>\$ 277,187,899</u>	<u>\$ 90,791,385</u>
Cash and cash equivalents are classified as:					
Current assets	\$ 37,511,772	\$ 3,709,578	\$ 10,563,586	\$ 51,784,936	\$ 90,791,385
Current restricted assets debt service and reserve funds	-	1,884,180	-	1,884,180	-
Current restricted assets construction funds	881,486	394,664	-	1,276,150	-
Noncurrent restricted assets debt service and reserve funds	63,076,341	-	-	63,076,341	-
Noncurrent restricted assets construction funds	159,166,292	-	-	159,166,292	-
Cash and cash equivalents at end of year	<u>\$ 260,635,891</u>	<u>\$ 5,988,422</u>	<u>\$ 10,563,586</u>	<u>\$ 277,187,899</u>	<u>\$ 90,791,385</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)

For the Year Ended June 30, 2012

	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)	\$ 37,238,083	\$ 665,175	\$ 2,730,843	\$ 40,634,101	\$ (24,958,889)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	61,039,177	2,300,227	2,384,776	65,724,180	13,925,843
Provision for doubtful accounts	(240,000)	-	401,702	161,702	-
Other receipts (payments)	297,455	209,425	-	506,880	(2,329,575)
Changes in assets and liabilities:					
Accounts receivable	4,931,545	(350,900)	(462,915)	4,117,730	2,209,195
Due from other funds of the primary government	1,252,098	630,531	(5,510,548)	(3,627,919)	3,509,522
Due from component units	-	-	-	-	2,314
Inventories of supplies	(217,836)	-	-	(217,836)	162,031
Other current assets	45,271	-	1,345	46,616	1,027,057
Other noncurrent assets	-	-	100,000	100,000	-
Due from other governmental agencies	366,178	-	-	366,178	-
Accounts payable	1,377,357	453,817	(521,246)	1,309,928	1,563,356
Accrued payroll	(1,574,093)	845	(439,046)	(2,012,294)	(563,732)
Claims payable	-	-	-	-	218,735
Due to other funds of the primary government	12,745,839	(254,469)	(586,189)	11,905,181	(140,558)
Due to component units	-	-	6,427	6,427	-
Customer deposits	224,722	-	48,747	273,469	-
Unearned revenue	-	-	(94,626)	(94,626)	-
Other current liabilities	386,200	-	(44,125)	342,075	-
Total adjustments	80,633,913	2,989,476	(4,715,698)	78,907,691	19,584,188
Net cash provided by (used in) operating activities	\$ 117,871,996	\$ 3,654,651	\$ (1,984,855)	\$ 119,541,792	\$ (5,374,701)
<u>Non-Cash Capital, Financing and Investing Activities:</u>					
Contributions of capital assets	\$ 22,322,289	\$ -	\$ -	\$ 22,322,289	\$ -

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended June 30, 2012

	Pension (and other Employee Benefit) Trust Funds
ADDITIONS:	
Investment income:	
Interest and dividend income	\$ 49,778,158
Net appreciation (depreciation) of investments	(24,747,084)
Miscellaneous	<u>79,279</u>
Net increase (decrease) in fair value of investments	<u>25,110,353</u>
Net income earned on securities lending transactions:	
Securities lending income	892,805
Securities lending expense	<u>(178,531)</u>
Net income earned on securities lending transactions	<u>714,274</u>
Less investment expenses	<u>(6,539,377)</u>
Net investment income (loss)	<u>19,285,250</u>
Contributions:	
Employee contributions	2,183,458
Employer contributions	115,157,839
Transfers in	18,204,877
Contributions from the State of Tennessee	18,769,087
Miscellaneous	<u>2,080,305</u>
Total contributions	<u>156,395,566</u>
Total additions	<u>175,680,816</u>
DEDUCTIONS:	
Pension and other employee benefits	180,950,071
Refunds of contributions	69,080
Administrative expenses	2,643,164
Transfers out	<u>19,530,339</u>
Total deductions	<u>203,192,654</u>
Change in net assets	(27,511,838)
NET ASSETS, beginning of year	<u>2,214,235,322</u>
NET ASSETS, end of year	<u>\$ 2,186,723,484</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS

June 30, 2012

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
ASSETS				
Cash and cash equivalents	\$ 320,673	\$ 246,510	\$ 19,301,933	\$ 578,910
Investments	-	-	1,541,109	-
Accounts receivable	-	-	2,064,198	-
Allowance for doubtful accounts	-	-	-	-
Accrued interest receivable	-	-	865	36
Due from the primary government	-	-	339	-
Inventories of supplies	-	-	-	-
Other current assets	3,029	4,400	473,728	-
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	-	-	359,792,294	-
Improvements other than buildings	135,512	-	1,601,646	-
Furniture, machinery and equipment	18,697	-	13,534,330	-
Infrastructure	-	-	-	-
Construction in progress	-	-	21,021,005	-
Less accumulated depreciation	(153,599)	-	(127,433,556)	-
Other noncurrent assets	-	-	825,463	-
	<u>324,312</u>	<u>250,910</u>	<u>354,615,741</u>	<u>578,946</u>
Total assets	<u>324,312</u>	<u>250,910</u>	<u>354,615,741</u>	<u>578,946</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2012

Total Governmental Types	Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
	General Hospital	Bordeaux Long Term Care	Total		
\$ 20,448,026	\$ 1,555,453	\$ 619,011	\$ 2,174,464	\$ 96,023,557	\$ 198,756,000
1,541,109	-	-	-	4,307,011	-
2,064,198	51,790,591	4,009,907	55,800,498	9,572,882	147,310,000
-	(43,788,931)	(1,112,000)	(44,900,931)	(2,148,826)	(2,608,000)
901	-	-	-	35,386	407,000
339	-	-	-	-	-
-	2,913,686	121,451	3,035,137	3,410,472	21,041,000
481,157	402,766	113,925	516,691	688,176	2,151,000
-	-	167,323	167,323	-	26,212,000
-	-	-	-	-	102,142,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	65,429,264	1,548,000
-	-	-	-	-	1,212,008,000
61,892,387	-	-	-	77,928,605	1,139,000
359,792,294	50,657,294	20,295,845	70,953,139	271,318,540	48,277,000
1,737,158	-	523,886	523,886	-	-
13,553,027	35,353,110	5,169,641	40,522,751	4,580,095	88,689,000
-	-	-	-	21,155,548	-
21,021,005	266,151	12,009	278,160	21,035,348	67,032,000
(127,587,155)	(52,475,677)	(16,965,017)	(69,440,694)	(132,799,608)	(552,132,000)
825,463	5,034,272	-	5,034,272	509,586	3,100,000
<u>355,769,909</u>	<u>51,708,715</u>	<u>12,955,981</u>	<u>64,664,696</u>	<u>441,046,036</u>	<u>1,365,072,000</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2012

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
ASSETS			
Cash and cash equivalents	\$ 3,129,771	\$ 41,484,104	\$ 643,553
Investments	-	-	5,789,216
Accounts receivable	1,349,159	3,748,051	540,589
Allowance for doubtful accounts	(9,484)	(110,000)	-
Accrued interest receivable	-	-	-
Due from the primary government	1,762	-	-
Inventories of supplies	1,046,802	639,006	-
Other current assets	211,867	850,751	108,622
Restricted assets:			
Cash and cash equivalents	-	69,174,974	-
Investments	-	4,290,000	-
Accrued interest receivable	-	-	-
Due from other governmental agencies	10,260,433	983,319	-
Due from the primary government	-	-	-
Other restricted assets	-	2,146,075	-
Notes receivable	-	-	-
Capital assets:			
Utility plant in service	-	-	-
Land	16,395,266	96,992,465	-
Buildings and improvements	81,681,166	253,445,668	-
Improvements other than buildings	-	473,328,967	-
Furniture, machinery and equipment	72,835,600	95,181,689	10,893,637
Infrastructure	-	-	-
Construction in progress	9,688,799	14,275,669	-
Less accumulated depreciation	(51,719,461)	(395,789,389)	(6,019,352)
Other noncurrent assets	1,266,808	11,904,779	-
Total assets	146,138,488	672,546,128	11,956,265

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2012

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ -	\$ 342,211,449	\$ 362,659,475
-	10,096,227	11,637,336
-	218,321,179	220,385,377
-	(49,777,241)	(49,777,241)
-	442,386	443,287
6,100	7,862	8,201
-	29,172,417	29,172,417
-	4,527,107	5,008,264
131,343,463	226,897,760	226,897,760
60,378,185	166,810,185	166,810,185
583,289	583,289	583,289
-	11,243,752	11,243,752
3,845,024	3,845,024	3,845,024
2,487,099	4,633,174	4,633,174
-	66,977,264	66,977,264
-	1,212,008,000	1,212,008,000
72,262,175	264,717,511	326,609,898
-	725,675,513	1,085,467,807
-	473,852,853	475,590,011
-	312,702,772	326,255,799
-	21,155,548	21,155,548
457,179,397	569,489,373	590,510,378
-	(1,207,900,504)	(1,335,487,659)
6,412,754	28,228,199	29,053,662
<u>734,497,486</u>	<u>3,435,921,099</u>	<u>3,791,691,008</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2012

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
<u>LIABILITIES</u>				
Accounts payable	\$ 320,536	\$ 11,669	\$ 5,872,836	\$ 187
Accrued payroll	-	-	21,977	-
Due to the primary government	-	-	3,274	-
Customer deposits	-	-	-	-
Current portion of long-term liabilities	-	-	-	-
Current portion of capitalized lease obligations	-	-	-	-
Other current liabilities	-	-	-	-
Liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Accrued interest	-	-	1,154,727	-
Funds held in trust	-	-	-	-
Current portion of long-term liabilities	-	-	4,000,000	-
Revenue bonds payable	-	-	78,642,146	-
Capitalized lease obligations	-	-	-	-
TVA advances	-	-	-	-
Other long-term liabilities	-	-	-	-
	<u>320,536</u>	<u>11,669</u>	<u>89,694,960</u>	<u>187</u>
<u>NET ASSETS (DEFICIT)</u>				
Invested in capital assets, net of related debt	610	-	250,638,587	-
Restricted for debt retirement	-	-	5,674,542	-
Restricted for other purposes	-	-	473,728	-
Unrestricted	<u>3,166</u>	<u>239,241</u>	<u>8,133,924</u>	<u>578,759</u>
Total net assets (deficit)	<u>\$ 3,776</u>	<u>\$ 239,241</u>	<u>\$ 264,920,781</u>	<u>\$ 578,759</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2012

Total Governmental Types	Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
	General Hospital	Bordeaux Long Term Care	Total		
\$ 6,205,228	\$ 13,804,352	\$ 2,713,277	\$ 16,517,629	\$ 12,264,833	\$ 195,701,000
21,977	2,980,023	1,726,161	4,706,184	740,597	-
3,274	-	-	-	-	-
-	-	-	-	590,011	13,088,000
-	9,000,000	-	9,000,000	7,502,719	-
-	1,637,538	-	1,637,538	-	-
-	1,358,186	2,460	1,360,646	6,716,908	-
-	-	-	-	-	2,360,000
-	-	-	-	-	-
1,154,727	-	-	-	-	3,125,000
-	-	167,323	167,323	-	-
4,000,000	-	-	-	-	21,367,000
78,642,146	-	-	-	-	548,445,000
-	30,628,984	-	30,628,984	-	-
-	-	-	-	-	1,493,000
-	1,865,402	4,919,351	6,784,753	72,484,489	3,622,000
<u>90,027,352</u>	<u>61,274,485</u>	<u>9,528,572</u>	<u>70,803,057</u>	<u>100,299,557</u>	<u>789,201,000</u>
250,639,197	(9,407,603)	9,036,364	(371,239)	241,657,382	364,249,000
5,674,542	-	-	-	-	55,435,000
473,728	-	-	-	1,673,618	-
<u>8,955,090</u>	<u>(158,167)</u>	<u>(5,608,955)</u>	<u>(5,767,122)</u>	<u>97,415,479</u>	<u>156,187,000</u>
<u>\$ 265,742,557</u>	<u>\$ (9,565,770)</u>	<u>\$ 3,427,409</u>	<u>\$ (6,138,361)</u>	<u>\$ 340,746,479</u>	<u>\$ 575,871,000</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2012

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES</u>			
Accounts payable	\$ 5,038,708	\$ 7,248,500	\$ 184,990
Accrued payroll	2,197,342	3,334,560	-
Due to the primary government	8,494,685	-	-
Customer deposits	-	-	-
Current portion of long-term liabilities	-	1,451,000	-
Current portion of capitalized lease obligations	-	-	-
Other current liabilities	4,186,809	-	-
Liabilities payable from restricted assets:			
Accounts payable	-	3,086,427	-
Accrued payroll	-	-	-
Accrued interest	-	5,087,430	-
Funds held in trust	-	-	-
Current portion of long-term liabilities	-	30,510,000	-
Revenue bonds payable	-	198,794,708	-
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	<u>30,240,082</u>	<u>32,440,786</u>	<u>-</u>
 Total liabilities	 <u>50,157,626</u>	 <u>281,953,411</u>	 <u>184,990</u>
<u>NET ASSETS (DEFICIT)</u>			
Invested in capital assets, net of related debt	107,084,427	324,915,657	4,874,285
Restricted for debt retirement	-	29,886,336	-
Restricted for other purposes	-	34,101,045	-
Unrestricted	<u>(11,103,565)</u>	<u>1,689,679</u>	<u>6,896,990</u>
 Total net assets (deficit)	 <u>\$ 95,980,862</u>	 <u>\$ 390,592,717</u>	 <u>\$ 11,771,275</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET ASSETS
COMPONENT UNITS (CONTINUED)

June 30, 2012

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ -	\$ 236,955,660	\$ 243,160,888
-	10,978,683	11,000,660
-	8,494,685	8,497,959
-	13,678,011	13,678,011
-	17,953,719	17,953,719
-	1,637,538	1,637,538
6,100	12,270,463	12,270,463
20,771,220	26,217,647	26,217,647
78,363	78,363	78,363
20,509,877	28,722,307	29,877,034
-	167,323	167,323
-	51,877,000	55,877,000
624,341,923	1,371,581,631	1,450,223,777
-	30,628,984	30,628,984
-	1,493,000	1,493,000
-	145,572,110	145,572,110
<u>665,707,483</u>	<u>1,958,307,124</u>	<u>2,048,334,476</u>
-	1,042,409,512	1,293,048,709
47,468,413	132,789,749	138,464,291
21,321,590	57,096,253	57,569,981
-	245,318,461	254,273,551
<u>\$ 68,790,003</u>	<u>\$ 1,477,613,975</u>	<u>\$ 1,743,356,532</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, 2012

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 1,654,929	\$ 1,598,765	\$ 42,120	\$ -
Gulch Business Improvement District, Inc.	199,905	135,885	-	-
Sports Authority	39,348,947	2,271,013	24,673,323	7,892,307
Industrial Development Board	10,495,262	8,500	10,464,067	-
General Hospital	103,264,538	69,125,330	32,710,258	667,121
Bordeaux Long Term Care	41,079,229	27,887,670	10,480,442	157,649
Metropolitan Development and Housing Agency	136,606,534	40,680,366	107,473,782	23,389,727
Electric Power Board	1,111,746,000	1,154,512,000	-	-
Metropolitan Transit Authority	69,512,920	12,319,856	33,709,197	22,613,036
Metropolitan Nashville Airport Authority	111,311,717	105,850,934	-	6,807,058
Emergency Communications District	14,180,464	7,169,106	-	-
Convention Center Authority	-	-	-	31,442,301
Total component units	\$ 1,639,400,445	\$ 1,421,559,425	\$ 219,553,189	\$ 92,969,199

General revenues:

Revenues from the use of
money or property
Compensation for loss, sale or
damage to property
Extraordinary item - flood

Total general revenues and extraordinary item

Changes in net assets

Net assets (deficit) - beginning

Net assets (deficit) - ending

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2012

Net (Expense) Revenue and Changes in Net Assets							
Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board	Total Governmental Types	Hospital Authority		
					General Hospital	Bordeaux Long Term Care	Total
\$ (14,044)	\$ -	\$ -	\$ -	\$ (14,044)	\$ -	\$ -	\$ -
-	(64,020)	-	-	(64,020)	-	-	-
-	-	(4,512,304)	-	(4,512,304)	-	-	-
-	-	-	(22,695)	(22,695)	-	-	-
-	-	-	-	-	(761,829)	-	(761,829)
-	-	-	-	-	-	(2,553,468)	(2,553,468)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(14,044)</u>	<u>(64,020)</u>	<u>(4,512,304)</u>	<u>(22,695)</u>	<u>(4,613,063)</u>	<u>(761,829)</u>	<u>(2,553,468)</u>	<u>(3,315,297)</u>
4,792	3,043	3,708	85	11,628	-	-	-
-	-	695,103	515,139	1,210,242	-	-	-
-	-	-	-	-	-	-	-
<u>4,792</u>	<u>3,043</u>	<u>698,811</u>	<u>515,224</u>	<u>1,221,870</u>	<u>-</u>	<u>-</u>	<u>-</u>
(9,252)	(60,977)	(3,813,493)	492,529	(3,391,193)	(761,829)	(2,553,468)	(3,315,297)
13,028	300,218	268,734,274	86,230	269,133,750	(8,803,941)	5,980,877	(2,823,064)
<u>\$ 3,776</u>	<u>\$ 239,241</u>	<u>\$ 264,920,781</u>	<u>\$ 578,759</u>	<u>\$ 265,742,557</u>	<u>\$ (9,565,770)</u>	<u>\$ 3,427,409</u>	<u>\$ (6,138,361)</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, 2012

	Net (Expense) Revenue and Changes in Net Assets			
	Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority
Nashville District Management Corporation	\$ -	\$ -	\$ -	\$ -
Gulch Business Improvement District, Inc.	-	-	-	-
Sports Authority	-	-	-	-
Industrial Development Board	-	-	-	-
General Hospital	-	-	-	-
Bordeaux Long Term Care	-	-	-	-
Metropolitan Development and Housing Agency	34,937,341	-	-	-
Electric Power Board	-	42,766,000	-	-
Metropolitan Transit Authority	-	-	(870,831)	-
Metropolitan Nashville Airport Authority	-	-	-	1,346,275
Emergency Communications District	-	-	-	-
Convention Center Authority	-	-	-	-
Total component units	34,937,341	42,766,000	(870,831)	1,346,275
General revenues:				
Revenues from the use of money or property	618,013	399,000	-	305,715
Compensation for loss, sale or damage to property	-	-	-	-
Extraordinary item - flood	-	2,010,000	-	-
Total general revenues and extraordinary item	618,013	2,409,000	-	305,715
Changes in net assets	35,555,354	45,175,000	(870,831)	1,651,990
Net assets (deficit) - beginning	305,191,125	530,696,000	96,851,693	388,940,727
Net assets (deficit) - ending	<u>\$ 340,746,479</u>	<u>\$ 575,871,000</u>	<u>\$ 95,980,862</u>	<u>\$ 390,592,717</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, 2012

Net (Expense) Revenue and Changes in Net Assets			
Emergency Communications District	Convention Center Authority	Total Proprietary Types	Total Component Units
\$ -	\$ -	\$ -	\$ (14,044)
-	-	-	(64,020)
-	-	-	(4,512,304)
-	-	-	(22,695)
-	-	(761,829)	(761,829)
-	-	(2,553,468)	(2,553,468)
-	-	34,937,341	34,937,341
-	-	42,766,000	42,766,000
-	-	(870,831)	(870,831)
-	-	1,346,275	1,346,275
(7,011,358)	-	(7,011,358)	(7,011,358)
-	31,442,301	31,442,301	31,442,301
<u>(7,011,358)</u>	<u>31,442,301</u>	<u>99,294,431</u>	<u>94,681,368</u>
13,100	942,782	2,278,610	2,290,238
2,373	-	2,373	1,212,615
-	-	2,010,000	2,010,000
<u>15,473</u>	<u>942,782</u>	<u>4,290,983</u>	<u>5,512,853</u>
(6,995,885)	32,385,083	103,585,414	100,194,221
<u>18,767,160</u>	<u>36,404,920</u>	<u>1,374,028,561</u>	<u>1,643,162,311</u>
<u>\$ 11,771,275</u>	<u>\$ 68,790,003</u>	<u>\$ 1,477,613,975</u>	<u>\$ 1,743,356,532</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

The **Electric Power Board** operates and regulates an electric power system for the purpose of supplying electricity for public property and for resale to consumers. The members of the Board of Directors are all appointed and can also be removed by the Government. The Government is required to approve debt 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 130 Nestor Street, Nashville, TN 37210.

The **Metropolitan Nashville Airport Authority** operates the Nashville International and John C. Tune Airports. The members of the Airport Authority's Board of Directors are all appointed and can also be removed by the Government. The Government believes the nature and significance of its relationship with the Airport Authority is such that exclusion would cause these financial statements to be misleading. Complete financial statements of the Airport Authority can be obtained from its administrative offices at One Terminal Drive, Nashville, TN 37214.

The **Emergency Communications District** 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 is responsible for the acquisition, development and construction of a new convention center – the Music City Center – and will be responsible for its operation once completed. The Convention Center Authority is also responsible for the management and operation of the existing Nashville Convention Center. Because the assets of the Nashville Convention Center are owned by the Government, its Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets, 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, 700 2nd Avenue South, Suite 310, Nashville, TN 37219.

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

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, 2012.

The primary government includes \$8,497,959 due from component units and \$3,853,225 due to component units in the Statement of Net Assets. The component units include \$8,497,959 due to the primary government and \$3,853,225 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. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, required for fiscal periods beginning after June 15, 2011, in fiscal 2012. Certain provisions were effective upon issuance and were adopted by the Government in fiscal 2010. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. The adoption of this Statement had no impact on the Government's financial statements.

The Government plans to adopt 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 plans to adopt 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 plans to adopt 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 plans to adopt 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. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions, required for fiscal periods beginning after June 15, 2011, in fiscal 2012. This Statement will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The adoption of this Statement had no impact on the Government's financial statements.

The Government plans to adopt GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, required for fiscal periods beginning after December 15, 2012, in fiscal 2014. 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.

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.

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

C. Government-Wide and Fund Financial Statements

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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

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

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.

The Government has elected not to apply any Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds. The Gulch Business Improvement District, Inc., Hospital Authority, Metropolitan Development and Housing Agency, Electric Power Board, Metropolitan Transit Authority, and Metropolitan Nashville Airport Authority, component units, have elected to apply, as other accounting literature, FASB pronouncements issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

property, 3) unrestricted revenues from other governmental agencies and 4) compensation for loss, sale or damage of property.

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

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

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

The Government reports the following major governmental funds:

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

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

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

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

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

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

The **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, 2012, these services include fleet management, information systems, radio maintenance, insurance, postal services, treasury management, general services and printing.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

E. Assets, Liabilities and Net Assets or Equity

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

Investments – Investments, except in the pension funds, consist primarily of U.S. Government securities and are stated at fair value. Pension fund investments, which also include common stocks, bonds and U.S. Government and other domestic and foreign securities, are stated at quoted fair value at June 30, 2012. 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, 2012.

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 \$13,835,653 for the year ended June 30, 2012.

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

approach requires that the Government 1) have an up-to-date inventory of assets, 2) perform condition assessments and summarize the results using a measurement scale, 3) estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Government and 4) document that the assets are being preserved approximately at (or above) the condition level established and disclosed. Roads and bridges are accounted for using the modified approach.

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

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

Claims payable – Losses for claim liabilities are reported in the self-insurance funds for claims payable from those funds. Claims payable include reported claims and an estimated liability for claims incurred but not reported at June 30, 2012. The claims liabilities are based on the estimated cost of settling the claim, including nonincremental claim adjustments, using past experience and adjusting for current conditions. Losses for uninsured judgments against the Government payable from governmental funds not expected to be liquidated with expendable available resources are reported in the applicable governmental activities in the Statements of Net Assets and Activities.

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

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

Arbitrage rebates – For the governmental funds, arbitrage rebates due to the federal government under the Internal Revenue Code of 1986, as amended, for excess earnings on invested proceeds of tax exempt securities are reported as a liability in the Statements of Net Assets and Activities and as a 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 Assets and Activities. The total liability for landfill purposes is \$9,896,285.

Bordeaux Sanitary Landfill – This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$6,045,723 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 \$1,285,811 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 \$1,756,003 are included in the long-term liability.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Lebanon Road Landfill – This landfill has stopped accepting waste, and closing procedures are 100% complete. Estimated postclosure costs of \$808,748 are included in the long-term liability.

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

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

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

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. Assigned fund balances are amounts intended to be used for specific purposes as designated by management of the Government. Unassigned fund balance is the residual classification for the General Fund and negative fund balances in other governmental funds. Authority to assign certain amounts is granted by the Metropolitan Council in the annual budget ordinance. 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 Assets – Proprietary Funds as a separate line item after non-operating revenues and expenses. In the Statement of Activities, capital grants and contributions are presented as program revenues.

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

Unbilled revenues and purchased power liability – Revenues from the Department of Water and Sewerage Services are recognized from meters read on a monthly cycle basis. At the end of each month, an estimate of service rendered from the latest date of each meter-reading cycle to month end is accrued and included in accounts receivable.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Taxes are levied at a rate of \$3.56 per \$100 of assessed value for the entire metropolitan area (General Services District) with an additional tax of \$.57 per \$100 of assessed value levied upon properties within the Urban Services District.

Payments are due by February 28 of the following year and are delinquent on March 1. Property taxes receivable have been included in the Balance Sheet – Governmental Funds with offsetting deferred revenue to reflect amounts not available at June 30, 2012. Amounts available at June 30, 2012 have been recorded as revenue in the governmental fund statements. Current tax collections of \$745,445,734 for the fiscal year ended June 30, 2012 were approximately 99% of the tax levy.

Of the \$871,055,157 property tax receivable, \$853,120,942 represents the 2012 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 – 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, 2012.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. The budget is legally enacted effective July 1 through passage of an ordinance by the Metropolitan Council. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and fund balance.
6. The amounts in the adopted operating budgets for each organizational unit, purpose or activity constitute the annual appropriation for such items, and no expenditure can be made which will result in the annual appropriation being exceeded unless an additional appropriation is made.
7. The Metropolitan Council may make appropriations in addition to those contained in the current operating budgets, but any such additional appropriations may be made only from an existing unappropriated surplus in the fund to which it applies.
8. The Mayor may transfer the available balance of any appropriation for any purpose to the appropriation for any other purpose within the same department or by resolution approved by the Metropolitan Council, the available balance of any appropriation may be transferred to another appropriation within the same section of the budget and within the same fund.
9. All available balances of appropriations in the current operating budget lapse into the fund balance of the fund or funds from which the appropriations were originally made at the end of the fiscal year. Encumbrances do not lapse at the end of the fiscal year. Appropriations for the subsequent year will provide authority to complete these transactions.

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

In accordance with Article 6 of the Metropolitan Charter, the Annual Operating Budget of the Government for the fiscal year 2012-2013 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number BL 2012-154. No fund balance resources at June 30, 2012 have been committed to the 2012-2013 fiscal year operating budget.

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, 2012 were as follows:

	Outstanding Encumbrances
General Fund	\$ 1,324,157
Special Revenue Funds:	
General Purpose School	3,213,655
Metropolitan Action Commission	254,515
General Fund 4% Reserve	3,206,124
Solid Waste Operations	328,605
Stormwater Grants	860,504
Flood 2010 Recovery	168,068
Education Services	8,012,465
Nashville Career Advancement Center	66,440
Other Governmental Services	2,879,073
Capital Projects Funds:	
GSD Capital Projects	51,293,952
Education Capital Projects	7,999,222
USD Capital Projects	13,041,324

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

C. Deficit Balances and Excess Expenditures

The following funds have deficit balances at June 30, 2012:

	Unassigned Fund Balance/ Unrestricted Net Assets
Special Revenue Funds:	
Flood 2010 Recovery	\$ (35,207,743)
Other Government Services	(1,717,524)
Capital Projects Funds:	
GSD Capital Projects	(82,160,136)
Education Capital Projects	(30,044,186)
USD Capital Projects	(25,550,432)
Enterprise Funds:	
Farmers Market	(182,014)
Police Impound	(2,485,857)
Internal Service Funds:	
School Self Insurance	(174,804)
School Professional Employees' Insurance	(4,558,290)
Injured on Duty	(4,899,339)

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

<u>Funds with deficits</u>	<u>Funding responsibility</u>
Special Revenue Funds	General Fund, revenue from other governmental agencies, insurance recovery or future capital funding; the deficit in the Flood 2010 Recovery Fund is under appeal with FEMA
Capital Projects Funds	Future issuance of notes and bonds or revenue from other governmental agencies
Enterprise Funds	Future user charges
Internal Service Funds	Future user charges over the next two to three fiscal years

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2012, 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:			
Employee Benefits:			
Employer's Contribution for Group Health Insurance	\$ 39,296,500	\$ 39,443,241	\$ (146,741)
Employer's Contribution for Group Life Insurance	1,786,200	1,877,628	(91,428)
Transfers Out:			
Fiduciary Funds	36,900	44,679	(7,779)
General Purpose School Fund:			
Transfers out	28,733,800	29,541,101	(807,301)
GSD General Purposes Debt Service Fund:			
Interest	48,111,100	56,641,930	(8,530,830)
Fiscal Charges	1,666,100	2,247,260	(581,160)
Debt Issue Costs	-	1,419,590	(1,419,590)
Payments to Refunded Bond Escrow Agent	-	248,449,895	(248,449,895)
GSD School Purposes Debt Service Fund:			
Principal Retirement	3,863,300	5,811,685	(1,948,385)
Fiscal Charges	656,400	738,502	(82,102)
Debt Issue Costs	-	608,517	(608,517)
Payments to Refunded Bond Escrow Agent	-	104,065,452	(104,065,452)
USD General Purposes Debt Service Fund:			
Principal Retirement	1,041,100	1,041,124	(24)
Debt Issue Costs	-	179,387	(179,387)
Payments to Refunded Bond Escrow Agent	-	31,079,975	(31,079,975)

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

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, and unbudgeted bond interest tax credits that were recorded as revenue and then transferred to the GSD School Purpose Debt Service Fund. The General Purpose School Fund total expenditures and transfers out are under budget as a whole.

Expenditures for the GSD and USD General Purposes and GSD School Purposes Debt Service Funds are not controlled on a line item basis. Also, costs related to debt issues and refundings are not budgeted. Interest in the GSD General Purposes Debt Service Fund is budgeted net of bond interest tax credits which are recorded as revenue, and capitalized interest which is recorded in transfers in. Interest in the GSD School Purposes Debt Service Fund is budgeted net of bond interest tax credits which are recorded as revenue. Expenditures excluding costs related to debt issues and refundings for the GSD and USD General Purposes and the GSD School Purposes Debt Service Funds were under budget in total after considering the impact of bond interest tax credits and capitalized interest.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 – DEPOSITS AND INVESTMENTS

Primary Government

The Government is authorized by policy to invest funds that are not immediately needed in: United States Treasury Bills, Bonds and Notes; The State of Tennessee Local Government Investment Pool (LGIP); most bonds issued by U.S. Government Agencies and other investments such as repurchase agreements and commercial paper. The Government is authorized to invest in these instruments either directly or through the Metro Investment Pool (MIP), which is primarily invested in the LGIP. Primary oversight for the LGIP rests with the State of Tennessee Funding Board. The LGIP is 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, 2012, 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, 2012, the Government had the following investments:

Investment Type	Fair Value	Average Weighted Maturity (in Years)
Metro Investment Pool:		
Tennessee Local Government Investment Pool	\$ 599,741,719	0.28
Total Metro Investment Pool (a)	<u>\$ 599,741,719</u>	
Separate Portfolios:		
U.S. Treasuries (a)	\$ 29,261,243	0.01
U.S. Government Bonds	<u>6,525,320</u>	4.34
Total Separate Portfolios	<u>\$ 35,786,563</u>	
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan:		
U.S. Government Agencies	\$ 75,339,419	18.47
Foreign Government Bonds and Agencies	37,885,141	4.65
Government Mortgage Backed Securities	94,519,104	1.94
Corporate Bonds and Notes	230,404,715	4.46
High Yield Bonds	5,212,240	3.07
Inflation Protected Bonds	51,856,166	4.61

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

Investment Type	Fair Value	Average Weighted Maturity (in Years)
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan: (Continued)		
Common Stock	\$ 1,111,044,855	(b)
Preferred Stock	341,669	(b)
Municipals	4,971,872	11.20
Mortgages and Real Estate	46,810,767	(b)
Venture Capital and Partnerships	499,444,764	(b)
Cash Collateral Received - Securities Lending Program	69,509,073	(b)
 Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	 \$ 2,227,339,785	

(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, 2012, 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.

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

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, 2012, the investments of the Government had credit ratings as follows:

Investment Type	Credit Ratings								
	Fair Value	AAA	AA	A	BBB	BB	B	CCC	Not Rated
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan									
U.S. Government Agencies	\$ 75,339,419	\$ -	\$ 27,285,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,053,428
Foreign Government Bonds and Agencies	37,885,141	1,011,539	158,400	-	3,353,615	-	-	-	33,361,587
Government Mortgage Backed Securities	94,519,104	-	-	-	-	-	-	-	94,519,104
Corporate Bonds and Notes	230,404,715	-	7,185,293	60,301,789	89,600,747	13,102,970	7,854,710	1,038,714	51,320,492
High Yield Bonds	5,212,240	-	-	-	-	-	-	-	5,212,240
Inflation Protected Bonds	51,856,166	-	12,100,000	-	-	-	-	-	39,756,166
Municipals	4,971,872	243,880	1,092,953	750,516	-	-	-	-	2,884,523
Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	\$ 500,188,657	\$ 1,255,419	\$ 47,822,637	\$ 61,052,305	\$ 92,954,362	\$ 13,102,970	\$ 7,854,710	\$ 1,038,714	\$ 275,107,540

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 exceed 5% of total investments at June 30, 2012.

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, 2012, all investments were insured or registered or the securities were held by the Government or its agent in the Government's name.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of June 30, 2012, 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, 2012, the Government's exposure to foreign currency risk is as follows:

Base Currency	Fair Value
Common Stock:	
Australian dollar	\$ 5,248,169
British pound sterling	41,736,647
Canadian dollar	4,495,421
Danish krone	2,979,809
Euro	37,213,447
Hong Kong dollar	9,197,736
Japanese Yen	26,686,398
Malaysian ringgit	179,867
New Zealand dollar	629,307
Norwegian krone	815,101
S Africa Aomm rand	1,129,011
Singapore dollar	444,589
South korean won	719,008
Swedish krona	4,437,895
Swiss franc	7,464,475
Total Common Stock	<u>143,376,880</u>
Preferred Stock:	
Brazil real	122,411
Total Preferred Stock	<u>122,411</u>
Venture Capital and Partnerships:	
Euros	50,171,262
Total Venture Capital and Partnerships	<u>50,171,262</u>
Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	
	<u>\$ 193,670,553</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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2012 was approximately 60 days. Cash collateral is invested in a short term investment pool. The relationship between the maturities of the investment pool and the Custodian's loans is affected by the maturities of the securities loans made by other entities that use the Custodian's pool, which the Custodian's system cannot determine. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term. As the loans are terminable at will, the duration of the investments generally did not match the duration of the investments made with the cash collateral.

The collateral held and the market value of the securities on loan as of June 30, 2012 was \$69,509,073 and \$67,879,523, 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, 2012 are not recorded in the Statement of Plan Net Assets, 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 \$206,785 and borrowers rebates were \$686,020 for total income of \$892,805, and the related expenses were \$178,531 in agent fees, netting \$714,274 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 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

Primary Government

Governmental activities:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 270,010,043	\$ 29,297,360	\$ (2,544)	\$ 299,304,859
Transportation infrastructure	1,456,710,826	7,474,858	-	1,464,185,684
Public art	580,860	578,323	-	1,159,183
Construction in progress	205,617,537	91,771,842	(169,190,645)	128,198,734
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, not being depreciated	1,932,919,266	129,122,383	(169,193,189)	1,892,848,460
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, being depreciated:				
Buildings and improvements	1,512,123,008	174,633,677	(4,572,678)	1,682,184,007
Improvements other than buildings	29,031	-	-	29,031
Furniture, machinery and equipment	314,402,591	26,849,033	(9,038,199)	332,213,425
Stormwater infrastructure	108,172,956	4,869,490	-	113,042,446
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, being depreciated	1,934,727,586	206,352,200	(13,610,877)	2,127,468,909
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation:				
Building and improvements	(529,916,651)	(46,832,724)	525,972	(576,223,403)
Furniture, machinery and equipment	(230,350,674)	(28,137,894)	8,183,254	(250,305,314)
Stormwater infrastructure	(33,864,162)	(2,171,442)	-	(36,035,604)
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	(794,131,487)	(77,142,060)	8,709,226	(862,564,321)
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, being depreciated, net	1,140,596,099	129,210,140	(4,901,651)	1,264,904,588
	<hr/>	<hr/>	<hr/>	<hr/>
Governmental activities capital assets, net	\$ 3,073,515,365	\$ 258,332,523	\$ (174,094,840)	\$ 3,157,753,048
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 18,140,732	\$ -	\$ -	\$ 18,140,732
Construction in progress	86,897,701	154,706,707	(136,608,890)	104,995,518
Total capital assets, not being depreciated	<u>105,038,433</u>	<u>154,706,707</u>	<u>(136,608,890)</u>	<u>123,136,250</u>
Capital assets, being depreciated:				
Utility plant in service	2,340,042,612	119,800,728	-	2,459,843,340
Buildings and improvements	135,477,838	2,182,329	-	137,660,167
Improvements other than buildings	45,309,834	16,999	-	45,326,833
Furniture, machinery and equipment	36,926,491	2,290,367	(85,268)	39,131,590
Property under capital lease	3,645,000	-	-	3,645,000
Total capital assets, being depreciated	<u>2,561,401,775</u>	<u>124,290,423</u>	<u>(85,268)</u>	<u>2,685,606,930</u>
Less accumulated depreciation:				
Utility plant in service	(790,342,580)	(58,684,262)	-	(849,026,842)
Buildings and improvements	(71,215,271)	(3,582,009)	-	(74,797,280)
Improvements other than buildings	(35,710,071)	(825,324)	-	(36,535,395)
Furniture, machinery and equipment	(32,540,953)	(1,549,421)	66,094	(34,024,280)
Property under capital lease	(1,374,344)	(91,125)	-	(1,465,469)
Total accumulated depreciation	<u>(931,183,219)</u>	<u>(64,732,141)</u>	<u>66,094</u>	<u>(995,849,266)</u>
Total capital assets, being depreciated, net	<u>1,630,218,556</u>	<u>59,558,282</u>	<u>(19,174)</u>	<u>1,689,757,664</u>
Business-type activities capital assets, net	<u>\$ 1,735,256,989</u>	<u>\$ 214,264,989</u>	<u>\$ (136,628,064)</u>	<u>\$ 1,812,893,914</u>

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

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

Governmental activities:	
General government	\$ 11,850,225
Fiscal administration	1,133,497
Administration of justice	2,536,299
Law enforcement and care of prisoners	5,444,955
Fire prevention and control	1,342,734
Education	27,622,931
Regulation and inspection	1,361
Public welfare	312,984
Public health and hospitals	594,943
Public library system	2,208,732
Public works, highways and streets, including depreciation of stormwater infrastructure	4,511,919
Recreational and cultural	5,655,637
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	13,925,843
Total depreciation expense, governmental activities	\$ 77,142,060
Business-type activities:	
Department of Water and Sewerage Services	\$ 60,102,853
District Energy System	2,244,512
Nashville Convention Center	1,436,982
Board of Fair Commissioners	393,263
Farmers Market	300,809
Police Secondary Employment	23,316
Municipal Auditorium	230,406
Total depreciation expense, business-type activities	\$ 64,732,141

Component Units

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	\$ 303,752,422	\$ 23,076,476	\$ (219,000)	\$ 326,609,898
Construction in progress	465,892,242	291,390,015	(166,771,879)	590,510,378
Total capital assets, not being depreciated	769,644,664	314,466,491	(166,990,879)	917,120,276
Capital assets, being depreciated:				
Utility plant in service	1,164,718,000	56,152,000	(8,862,000)	1,212,008,000
Buildings and improvements	990,709,152	99,700,495	(4,941,840)	1,085,467,807
Improvements other than buildings	460,224,389	15,365,622	-	475,590,011
Furniture, machinery and equipment	283,735,476	54,205,310	(11,684,987)	326,255,799
Infrastructure	21,155,548	-	-	21,155,548
Total capital assets, being depreciated	2,920,542,565	225,423,427	(25,488,827)	3,120,477,165

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Less accumulated depreciation for:				
Utility plant in service	\$ (439,430,000)	\$ (41,651,000)	\$ 16,788,000	\$ (464,293,000)
Buildings and improvements	(377,433,238)	(36,664,446)	28,877	(414,068,807)
Improvements other than buildings	(246,698,421)	(17,108,744)	-	(263,807,165)
Furniture, machinery and equipment	(169,839,699)	(26,759,527)	10,995,931	(185,603,295)
Infrastructure	(11,639,749)	(856,569)	4,780,926	(7,715,392)
Total accumulated depreciation	(1,245,041,107)	(123,040,286)	32,593,734	(1,335,487,659)
Total capital assets, being depreciated, net	1,675,501,458	102,383,141	7,104,907	1,784,989,506
Component units activities capital assets, net	\$ 2,445,146,122	\$ 416,849,632	\$ (159,885,972)	\$ 2,702,109,782

NOTE 5 – BONDS, NOTES AND OTHER OBLIGATIONS

Primary Government

A. Transaction Summary

Bonds, notes and other obligations activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Governmental activities:					
General obligation bonds payable:					
General Services District	\$ 1,110,496,736	\$ 204,669,078	\$ (227,850,633)	\$ 1,087,315,181	\$ 20,998,340
Schools	622,578,144	85,854,940	(59,480,313)	648,952,771	14,545,780
Urban Services District	156,259,685	25,561,895	(745,149)	181,076,431	5,248,291
Deferred charge/premium, net	74,088,506	3,207,889	(5,165,157)	72,131,238	-
Total general obligation bonds payable	1,963,423,071	319,293,802	(293,241,252)	1,989,475,621	40,792,411
Limited obligation revenue bonds payable:					
Correctional Facility Revenue Bonds	1,985,000	-	(1,985,000)	-	-
Deferred charge/premium, net	(4,190)	-	4,190	-	-
Total limited obligation revenue bonds payable	1,980,810	-	(1,980,810)	-	-
Qualified zone academy notes payable:					
Qualified Zone Academy Notes	4,145,666	-	(414,567)	3,731,099	414,567
Deferred charge/premium, net	(98,460)	-	10,364	(88,096)	-
Total qualified zone academy notes payable	4,047,206	-	(404,203)	3,643,003	414,567
Tennessee Municipal Bond Fund loan payable	52,650,000	-	(52,650,000)	-	-

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

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Governmental activities: (Continued)					
Qualified school construction bond loans payable	\$ 55,576,790	\$ -	\$ (3,166,666)	\$ 52,410,124	\$ 3,536,429
Other obligations payable:					
Net pension obligation	75,224,887	104,690,103	(99,109,569)	80,805,421	-
Net other postemployment benefits obligation	649,326,000	214,058,000	(77,699,000)	785,685,000	-
Compensated absences	75,547,760	64,309,294	(65,882,030)	73,975,024	41,662,283
Claims and judgments	5,435,108	205,612	-	5,640,720	1,412,500
Landfill closure costs	8,755,729	1,252,609	(112,053)	9,896,285	487,130
Fair value and deferred inflows of derivative financial instruments	11,684,162	4,644,582	-	16,328,744	-
Total other obligations payable	825,973,646	389,160,200	(242,802,652)	972,331,194	43,561,913
Total governmental activities long-term liabilities	<u>\$ 2,903,651,523</u>	<u>\$ 708,454,002</u>	<u>\$ (594,245,583)</u>	<u>\$ 3,017,859,942</u>	<u>\$ 88,305,320</u>
Business-type activities:					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 567,565,000	\$ 129,625,000	\$ (37,830,000)	\$ 659,360,000	\$ 42,410,000
Deferred charge/premium, net	8,142,912	25,338,940	(3,214,993)	30,266,859	-
State construction loans	159,438,661	-	(159,438,661)	-	-
State economic and development loan	242,574	-	(45,690)	196,884	47,061
Total Department of Water and Sewerage Services	735,389,147	154,963,940	(200,529,344)	689,823,743	42,457,061
District Energy System:					
Revenue bonds payable	59,060,000	-	(1,250,000)	57,810,000	1,550,000
Deferred charge/premium, net	1,713,069	-	(76,991)	1,636,078	-
General obligation bonds payable	6,195,435	504,087	(363,905)	6,335,617	262,589
Deferred charge/premium, net	718,365	-	(205,941)	512,424	-
Total District Energy System	67,686,869	504,087	(1,896,837)	66,294,119	1,812,589
Farmers Market:					
Capitalized lease obligations payable	900,000	-	(205,000)	695,000	220,000
Total business-type activities long-term liabilities	<u>\$ 803,976,016</u>	<u>\$ 155,468,027</u>	<u>\$ (202,631,181)</u>	<u>\$ 756,812,862</u>	<u>\$ 44,489,650</u>

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

B. Description of Amounts Payable

Amounts payable at June 30, 2012 are as follows:

	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities:		
General obligation bonds payable from ad valorem taxes:		
General Services District - General Purposes, due in varying amounts to July 1, 2034	1.50 - 5.71%	\$ 1,087,315,181
General Services District - School Purposes, due in varying amounts to July 1, 2034	1.50 - 5.71%	648,952,771
Urban Services District - General Purposes, due in varying amounts to July 1, 2034	1.50 - 5.71%	181,076,431
Deferred charge/premium, net		72,131,238
		<hr/>
Total general obligation bonds payable from ad valorem taxes		1,989,475,621
Qualified zone academy notes payable:		
Qualified Zone Academy Notes, due in varying amounts to December 28, 2020	N/A	3,731,099
Deferred charge/premium, net		(88,096)
		<hr/>
Total qualified zone academy notes payable		3,643,003
Qualified school construction bond loans payable	1.515%	52,410,124
		<hr/>
Other obligations payable:		
Net pension obligation		80,805,421
Net other postemployment benefits obligation		785,685,000
Compensated absences		73,975,024
Claims and judgments		5,640,720
Landfill closure		9,896,285
Fair value and deferred inflows of derivative financial instruments		16,328,744
		<hr/>
Total other obligations payable		972,331,194
		<hr/>
Total governmental activities long-term liabilities		\$ 3,017,859,942
		<hr/> <hr/>
Business-type activities:		
Bonds payable:		
Series 1993, due in varying amounts to January 1, 2013	5.20 - 6.50%	\$ 15,385,000
Department of Water and Sewerage Revenue Bonds Series 1998B, due in varying amounts to January 1, 2014	4.55 - 5.25%	17,685,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2007, due in varying amounts to January 1, 2016	4.25 - 5.00%	35,340,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2008A, due in varying amounts to January 1, 2022	3.25 - 5.25%	112,120,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2008B, due in varying amounts to January 1, 2016	3.45 - 4.84%	27,545,000
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,		

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

	Interest Rate	Amount
Business-type activities: (Continued)		
Federally Taxable, Series 2010C, due in varying amounts to July 1, 2041 Department of Water and Sewerage Revenue Refunding Bonds,	6.693%	\$ 75,000,000
Federally Taxable, Series 2010D, due in varying amounts to July 1, 2018 Department of Water and Sewerage Revenue Refunding Bonds,	4.255 - 4.791%	7,610,000
Series 2012, due in varying amounts to July 1, 2023 Deferred charge/premium, net	1.00 - 5.00%	129,625,000 30,266,859
Total Department of Water and Sewerage Services		689,626,859
District Energy System Revenue Bonds, Series 2002A, due in varying amounts to October 1, 2033	3.25 - 5.25%	57,810,000
District Energy System G. O. Multi-purpose Bonds, Series 2005A, due in varying amounts to January 1, 2025	4.25 - 5.25%	4,116,558
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%	1,150,215
District Energy System G. O. Refunding Bonds, Series 2011, due in varying amounts to July 1, 2023 Deferred charge/premium, net	2.00 - 5.00%	504,087 2,148,502
Total District Energy System		66,294,119
Total bonds payable		755,920,978
Department of Water and Sewerage Services - state economic and development loan	3.00%	196,884
Farmers Market - capitalized lease obligations payable	7.50%	695,000
Total business-type activities long-term liabilities		\$ 756,812,862

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 Assets as follows:

Governmental activities:	
Noncurrent liabilities:	
Due within one year	\$ 88,305,320
Due in more than one year	<u>2,929,554,622</u>
Total governmental activities	<u>\$ 3,017,859,942</u>
 Business-type activities:	
Liabilities payable from restricted assets:	
Current portion of long-term liabilities	\$ 44,269,650
Noncurrent liabilities:	
Due within one year	220,000
Due in more than one year	<u>712,323,212</u>
Total business-type activities	<u>\$ 756,812,862</u>

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, 2012, 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, 2012 are as follows:

Year Ending June 30	General Obligation Bonds		Revenue Bonds		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 41,055,000	\$ 91,692,433	\$ 43,960,000	\$ 32,237,437	\$ 85,015,000	\$ 123,929,870
2014	90,660,000	90,503,726	32,430,000	30,631,334	123,090,000	121,135,060
2015	108,325,000	86,147,932	54,975,000	28,844,844	163,300,000	114,992,776
2016	111,175,000	81,638,562	27,445,000	26,529,837	138,620,000	108,168,399
2017	119,315,000	75,501,486	30,595,000	25,028,660	149,910,000	100,530,146
2018-2022	603,760,000	291,424,683	206,470,000	96,968,240	810,230,000	388,392,923
2023-2027	558,600,000	148,276,861	83,665,000	57,668,086	642,265,000	205,944,947
2028-2032	193,215,000	51,734,499	74,035,000	41,406,724	267,250,000	93,141,223
2033-2037	97,575,000	8,491,311	78,080,000	24,176,991	175,655,000	32,668,302
2038-2042	-	-	85,515,000	8,132,851	85,515,000	8,132,851
Total	1,923,680,000	925,411,493	717,170,000	371,625,004	2,640,850,000	1,297,036,497
Deferred Charge/ Premium	72,643,662	-	31,902,937	-	104,546,599	-
Total	\$ 1,996,323,662	\$ 925,411,493	\$ 749,072,937	\$ 371,625,004	\$ 2,745,396,599	\$ 1,297,036,497

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, 2012, 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, 2012, the amount of principal outstanding could not exceed \$183.4 million.

Commercial paper obligations of \$280,000,000 with interest rates ranging from .14% to .25% were outstanding at June 30, 2012. These obligations were refunded subsequent to year-end with rollover notes. The obligations are considered short-term debt at June 30, 2012 and are recorded as a liability in the Capital Project Funds, Flood 2010 Recovery Fund, and the District Energy System of the Government.

Commercial paper activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Commercial paper payable	\$ 55,000,000	\$ 849,000,000	\$ (624,000,000)	\$ 280,000,000

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

Governmental activities:	
Commercial paper payable	\$ 212,698,000
Total governmental activities	212,698,000
Business-type activities:	
Commercial paper payable	67,302,000
Total business-type activities	67,302,000
Total commercial paper payable	\$ 280,000,000

G. Issuance of Bonds

On September 29, 2011, the Government issued \$89,480,000 General Obligation Refunding Bonds, Series 2011, maturing on July 1, 2023, with interest rates ranging from 2.00% to 5.00%. The Series 2011 Bonds refunded certain maturities of various outstanding Bond Series. By issuing the Series 2011 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 \$4,594,232. The refunding will reduce the Government's debt service payments over the next thirteen years by an estimated \$5,290,431.

On February 2, 2012, the Government issued \$227,110,000 General Obligation Refunding Bonds, Series 2012, maturing on July 1, 2025, with interest rates ranging from 2.00% to 5.00%. The Series 2012 Bonds refunded certain maturities of various outstanding Bond Series and the outstanding balance of the Tennessee Municipal Bond Fund Loan. By issuing the Series 2012 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 \$5,564,697. The refunding will reduce the Government's debt service payments over the next fifteen years by an estimated \$8,860,802.

On February 2, 2012, the Government issued \$129,625,000 Water and Sewer Revenue Refunding Bonds, Series 2012, maturing on July 1, 2023, with interest rates ranging from 1.00% to 5.00%. The Series 2012 Bonds refunded the outstanding balances of the Department of Water and Sewerage Services State Construction Loans with the Tennessee Department of Conservation and the Tennessee Local Development Authority under the State of Tennessee's Revolving Fund Loan Program. By issuing the Series 2012 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 \$8,802,543. The refunding will reduce the Government's debt service payments over the next twenty-one years by an estimated \$13,408,528.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

H. Defeased Bonds

In the current and prior years, the Government has defeased certain other obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service requirements on the retired bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Government's financial statements. As of June 30, 2012, \$509,105,000 of general obligation bonds and \$23,695,000 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 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, 2012 are summarized below:

Year Ending June 30	Principal	Investment Credit (1)
2013	\$ 414,567	\$ 97,031
2014	414,567	97,031
2015	414,567	97,031
2016	414,567	97,031
2017	414,567	97,031
2018-2021	1,658,264	388,125
Total qualified zone academy notes payable	<u>\$ 3,731,099</u>	<u>\$ 873,280</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 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2012 are summarized below:

Year Ending June 30	Principal	Interest	Subsidy
2013	\$ 3,536,429	\$ 2,043,674	\$ 1,723,706
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
2018-2022	17,682,141	10,218,372	8,618,532
2023-2027	16,836,691	9,925,068	8,618,532
2028	209,147	169,759	861,853
Total qualified school construction bond loan payable	<u>\$ 52,410,124</u>	<u>\$ 30,531,569</u>	<u>\$ 26,717,447</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 will be used to fund the installation of variable frequency drives on the raw water pumps at the K.R. Harrington water treatment plant. The energy savings resulting from the ability to gradually increase or decrease pump speeds rather than adding or dropping pumps at full capacity will be used to repay the loan. The loan is for seven years, and interest is calculated on the loan at 3%.

State economic and development loan principal maturities as of June 30, 2012 are summarized below:

Year Ending June 30	Principal	Interest
2013	\$ 47,061	\$ 5,907
2014	48,472	4,495
2015	49,927	3,041
2016	51,424	1,543
Total state economic and development loan	<u>\$ 196,884</u>	<u>\$ 14,986</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, included in non-current assets at the date of the refunding, totaled \$16,126,556 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 \$50,325,000 at June 30, 2012. The SIFMA rate at June 30, 2012 was .18%. All terms of the swap remain in effect and expire May 15, 2026. The credit rating of the Counterparty at June 30, 2012 is BBB+. The fair value of this swap contract was a liability of \$15,527,366 at June 30, 2012 and is recorded in noncurrent liabilities in the Statement of Net Assets. The liability decreased by \$599,190 for the period from February 2, 2012 through June 30, 2012. This change in fair value is reported as deferred inflows included in noncurrent liabilities in the Statement of Net Assets.

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

The net receipts/payments on the hedging derivative instrument at June 30, 2012 are summarized below. The amounts assume that the current reference rate (.18%) 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
2013	\$ 2,626,965
2014	2,498,814
2015	2,363,616
2016	2,220,588
2017	2,069,730
2018-2022	7,766,316
2023-2026	<u>2,481,849</u>
Total hedging derivative, net payments	<u>\$ 22,027,878</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, 2012. 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.

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

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.

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, 2012, authorized but unissued general obligation bonds totaled \$720,183,000. 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, 2012 was as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Governmental types:					
Revenue bonds payable:					
Sports Authority	\$ 63,073,984	\$ 33,656,910	\$ (14,088,748)	\$ 82,642,146	\$ 4,000,000
Total revenue bonds payable - governmental types	63,073,984	33,656,910	(14,088,748)	82,642,146	4,000,000
Proprietary types:					
Revenue bonds payable:					
Electric Power Board	482,141,000	255,364,000	(167,693,000)	569,812,000	21,367,000
Metropolitan Nashville Airport Authority	256,838,078	281,630	(27,815,000)	229,304,708	30,510,000
Convention Center Authority	624,422,418	-	(80,495)	624,341,923	-
Total revenue bonds payable - proprietary types	1,363,401,496	255,645,630	(195,588,495)	1,423,458,631	51,877,000
Notes payable:					
Metropolitan Development and Housing Agency:					
Notes payable	17,756,494	64,832,247	(4,505,925)	78,082,816	7,502,719
Metropolitan Nashville Airport Authority:					
Notes payable	7,377,329	-	(448,000)	6,929,329	1,451,000
Total notes payable - proprietary types	25,133,823	64,832,247	(4,953,925)	85,012,145	8,953,719
Total revenue bonds and notes payable	1,451,609,303	354,134,787	(214,631,168)	1,591,112,922	64,830,719
Other liabilities payable:					
Hospital Authority:					
Capitalized lease obligation	33,786,187	-	(1,519,665)	32,266,522	1,637,538
Other liabilities	18,820,790	1,963,963	(5,000,000)	15,784,753	9,000,000
Metropolitan Development and Housing Agency:					
Other liabilities	1,958,581	1,904,392	(1,958,581)	1,904,392	-
Electric Power Board:					
TVA Advances and Other	12,711,000	9,208,000	(16,804,000)	5,115,000	-

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

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Proprietary types: (Continued)					
Other liabilities payable: (Continued)					
Metropolitan Transit Authority:					
Deferred lease revenue	\$ 12,384,989	\$ -	\$ (260,004)	\$ 12,124,985	\$ -
Other postemployment benefits obligation	13,904,353	10,249,109	(6,038,365)	18,115,097	-
Metropolitan Nashville Airport Authority:					
Fair value of derivative financial instruments	2,764,065	-	(42,270)	2,721,795	-
Deferred interest income	1,179,828	-	(263,032)	916,796	-
Other postemployment benefits obligation	16,790,524	6,597,967	(1,961,194)	21,427,297	-
Other liabilities	1,919,966	11,507	(34,904)	1,896,569	-
Total other liabilities payable - proprietary types	116,220,283	29,934,938	(33,882,015)	112,273,206	10,637,538
Total revenue bonds, notes and other liabilities payable - component units	\$ 1,567,829,586	\$ 384,069,725	\$ (248,513,183)	\$ 1,703,386,128	\$ 75,468,257

B. Description of Amounts Payable

Amounts payable at June 30, 2012 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%	\$ 51,860,000
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%	10,545,000
Deferred charge/premium, net		(2,622,854)
Total revenue bonds payable - governmental types		82,642,146
Proprietary types:		
Revenue bonds payable:		
Electric Power Board Electric System Revenue Bonds, 1996 Series A, due in varying amounts to May 15, 2013	5.50 - 6.00%	6,244,000
Electric Power Board Electric System Revenue Bonds, 1998 Series A, due in varying amounts to May 15, 2023	5.125 - 5.40%	25,988,000
Electric Power Board Electric System Revenue Bonds, 1998 Series B, due in varying amounts to May 15, 2017	4.75 - 5.50%	28,520,000
Electric Power Board Electric System Revenue Bonds, 2001 Series A, due in varying amounts to May 15, 2017	4.50 - 5.00%	-
Electric Power Board Electric System Revenue Bonds, 2001 Series B, due in varying amounts to May 15, 2014	5.50%	18,470,000
Electric Power Board Electric System Revenue Bonds, 2004 Series A, due in varying amounts to May 15, 2029	4.50 - 5.00%	57,973,000
Electric Power Board Electric System Revenue Bonds, 2008 Series A, due in varying amounts to May 15, 2033	3.25 - 5.00%	100,665,000

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Interest Rates	Amount
Proprietary types: (Continued)		
Electric Power Board Electric System Revenue Bonds, 2008 Series B, due in varying amounts to May 15, 2023	3.25 - 5.00%	\$ 73,144,000
Electric Power Board Electric System Revenue Bonds, 2011 Series A, due in varying amounts to May 15, 2036	1.50 - 5.00%	108,432,000
Electric Power Board Electric System Revenue Bonds, 2011 Series B, due in varying amounts to May 15, 2026	2.00 - 5.00%	150,376,000
Passenger Facility Charge and Airport Revenue Bonds, Series 2003, due in varying amounts to July 1, 2012	Adjustable (.56% at June 30, 2012)	3,925,000
Airport Improvement Revenue Bonds, Series 2003 B, due in varying amounts to July 1, 2033	4.13 - 5.94%	17,260,000
Airport Improvement Revenue Bonds, Series 2008A, due in varying amounts to July 1, 2019	4.49%	12,600,000
Airport Improvement Revenue Bonds, Series 2009A, due in varying amounts to July 1, 2019	3.00 - 5.25%	34,085,000
Airport Improvement Revenue Bonds, Series 2010A, due in varying amounts to July 1, 2017	3.00 - 5.00%	21,220,000
Special Facility Revenue Bonds, Series 2010, due in varying amounts to July 1, 2029 (includes terms bonds at 6.79%)	2.25 - 6.19%	66,300,000
Airport Improvement Revenue Bonds, Series 2010B, due in varying amounts to July 1, 2015	3.00 - 4.00%	60,410,000
Airport Improvement Revenue Bonds, Series 2010C, due in varying amounts to July 1, 2016	3.00 - 4.00%	13,365,000
Metropolitan Nashville Airport Authority: Deferred charge/premium, net		139,708
Convention Center Authority Revenue Bonds, 2010A-1 due in varying amounts to July 1, 2026	3.35 - 5.00%	51,730,000
Convention Center Authority Revenue Bonds, 2010A-2 due in varying amounts to July 1, 2043	7.431%	152,395,000
Convention Center Authority Revenue Bonds, 2010B due in varying amounts to July 1, 2043	4.862 - 6.731%	419,090,000
Convention Center Authority: Deferred charge/premium, net		1,126,923
 Total revenue bonds payable - proprietary types		 <u>1,423,458,631</u>
Notes payable:		
Metropolitan Development and Housing Agency: Notes payable		78,082,816
Metropolitan Nashville Airport Authority: Notes payable		6,929,329
 Total notes payable - proprietary types		 <u>85,012,145</u>
 Total revenue bonds and notes payable		 <u>1,591,112,922</u>
Other liabilities payable:		
Hospital Authority: Capitalized lease obligation		32,266,522
Other liabilities		15,784,753
Metropolitan Development and Housing Agency: Other liabilities		1,904,392

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

	Interest Rates	Amount
Proprietary types: (Continued)		
Other liabilities payable: (Continued)		
Electric Power Board:		
TVA Advances		\$ 1,493,000
Other		3,622,000
Metropolitan Transit Authority:		
Deferred lease revenue		12,124,985
Other postemployment benefits obligation		18,115,097
Metropolitan Nashville Airport Authority:		
Fair value of derivative financial instruments		2,721,795
Deferred interest income		916,796
Other postemployment benefits obligation		21,427,297
Other liabilities		1,896,569
		112,273,206
Total other liabilities payable - proprietary types		112,273,206
		\$ 1,703,386,128

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

Liabilities payable from restricted assets:		
Current portion of long-term liabilities	\$	55,877,000
Noncurrent liabilities:		
Due within one year		19,591,257
Due in more than one year		1,627,917,871
Total component units long-term liabilities	\$	1,703,386,128

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. Issuance of Debt

On January 17, 2012, the Sports Authority issued \$22,860,000 Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project), maturing on July 1, 2033, with interest rates ranging from 1.142% to 5.231%, and \$10,545,000 Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Project), maturing on July 1, 2018, with interest rates ranging from .38% to 2.944%. The proceeds of the 2012A Bonds will be used to pay costs for certain renovations of the professional football stadium currently known as L.P. Field. The Series 2012B Bonds refunded the Taxable Public Facility Revenue Bonds, Series 1998. By issuing the Series 2012B 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 \$1,228,848. The refunding will reduce the Government's debt service payments over the next seven years by an estimated \$1,441,036.

E. Defeased Bonds

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, 2012, \$10,320,000 of Sports Authority revenue bonds are considered defeased.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

F. 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	22,287,868
Payment of bond issue costs	7,299,084
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.

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.

G. Conduit Debt Obligations

Industrial Development Board

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

The aggregate principal amount as of June 30, 2012 for the Industrial Revenue Bonds issued after April 1, 1996 was approximately \$318,477,205. 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Health and Educational Facilities Board

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

The aggregate principal amount of revenue bonds issued by the Board on or after April 1, 1996 totals approximately \$3,905,316,525. 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.

H. Other Matters

Metropolitan Transit Authority

The Authority has a \$2,000,000 revolving credit line agreement with the Metropolitan Government for the purpose of funding operational activities. Interest on the outstanding principal balance is calculated at the same rate of interest as is earned on the Metropolitan Government's idle funds in its Metro Investment Pool. The Authority is not required to make monthly interest payments; the amount of any unpaid interest accrued each month is added to the amount of principal outstanding. The total outstanding balance as of June 30, 2012 is \$753,653. The amount is reported as due to the primary government.

The Authority has a \$7,500,000 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, 2012 is \$7,487,209. The amount is reported as due to the primary government.

The Authority has 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, 2012 is \$253,823. The amount is reported as due to the primary government.

During August and September 2012, the Authority made net repayments on the amounts owed to the Metropolitan Government totaling approximately \$3,000,000.

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

I. Annual Debt Service Requirements

The annual principal maturities of all bonds and notes payable as of June 30, 2012 for the component units are as follows:

Year Ending June 30	Revenue Bonds and Notes Payable	
	Principal	Interest
2013	\$ 68,923,719	\$ 63,434,465
2014	70,157,834	61,427,541
2015	121,951,076	59,206,285
2016	68,716,043	58,444,245
2017	59,150,649	54,629,734
2018-2022	302,489,824	241,327,712
2023-2027	277,328,000	180,380,969
2028-2032	223,425,000	121,564,716
2033-2037	166,087,000	72,264,787
2038-2042	159,735,000	35,581,610
2043-2045	74,505,000	3,410,684
Total	1,592,469,145	951,672,748
Deferred Charges	(1,356,223)	-
Total	\$ 1,591,112,922	\$ 951,672,748

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

J. 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 6 – PENSION PLANS

All plans of the primary government were established or continue under the authority of the Metropolitan Charter, Article XIII, effective April 1, 1963. Approval of the Metropolitan Council is required to establish and amend benefit provisions. Article XIII also requires that all pension plans be actuarially sound. Administrative costs of the plans are financed through plan assets. The plans are managed and administered by the Metropolitan Employee Benefit Board, an independent board created by the Metropolitan Charter. No separate financial reports are issued for these plans.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 Assets and Activities. All plans with a net pension obligation are governmental in nature.

Investments are reported at fair value. Common stocks, bonds and U.S. Government and other domestic and foreign securities are stated at quoted market prices as of June 30, 2012. Accounts receivable consists of amounts due from investment brokers for pending trades.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

B. Plan Descriptions

Primary Government

The Primary Government plans are administered by the Government, and the authority under which the obligations to contribute to the plan were created and the authority under which the plans may be amended are granted by the Metropolitan Charter.

Metro Plan

Division A

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

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

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

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

Division B

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Any employee who terminates after the completion of at least 5 years of service and before eligibility for normal retirement or early retirement shall be eligible to receive a monthly deferred pension which shall commence on the first day of the month following the attainment of unreduced retirement age, computed and payable in accordance with the Metro Plan.

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

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

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

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

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 15.416% for the non-certificated employees of Metropolitan Nashville Public Schools and all other Metro employers.

City Plan

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

County Plan

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metro Education Plan

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

The TCRS plan is financed by contributions from teachers, most of whom are required by state statute to contribute 5% of their salary, and by Metropolitan Nashville Public Schools, which contributes at an actuarially determined rate (9.05% of covered payroll for the fiscal year ending June 30, 2012). 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, 2012, 2011, and 2010 were \$31,044,714, \$31,028,283, and \$21,246,078, respectively, and were equal to the required contributions for each year.

City Education Plan

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

County Education Plan

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

D. Selected Pension Information

Primary Government

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

	Beginning of Year	End of Year
Net pension obligation:		
Metro	\$ 3,909,144	\$ 13,192,664
Metro Education	71,315,743	67,612,757
Total net pension obligation	<u>75,224,887</u>	<u>80,805,421</u>
Net pension assets:		
County	(6,304,287)	(5,037,597)
County Education	(5,237,542)	(3,213,574)
City	(10,078,639)	(6,589,290)
City Education	(7,578,951)	(5,753,135)
Total net pension assets	<u>(29,199,419)</u>	<u>(20,593,596)</u>
Total net pension obligation (assets)	<u>\$ 46,025,468</u>	<u>\$ 60,211,825</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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The significant actuarial assumptions underlying the plans of the primary government are summarized on the following schedules. The assumptions used to calculate the actuarially determined contribution requirements are the same as those used to compute the net pension obligation except where indicated.

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, 2012. The categorization of pension investments by asset type is included in Note 3 – 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 2012			
Annual required contribution	\$ 2,130,850	\$ 91,064,489	\$ 5,536,621
Interest on net pension obligation	(504,343)	312,732	(419,003)
Adjustment to annual required contribution	<u>1,363,714</u>	<u>(456,706)</u>	<u>1,132,961</u>
Annual pension cost	2,990,221	90,920,515	6,250,579
Contributions made	<u>(1,723,531)</u>	<u>(81,636,995)</u>	<u>(4,226,611)</u>
Increase (decrease) in net pension obligation	1,266,690	9,283,520	2,023,968
Net pension obligation (asset) beginning of year	<u>(6,304,287)</u>	<u>3,909,144</u>	<u>(5,237,542)</u>
Net pension obligation (asset) end of year	<u><u>\$ (5,037,597)</u></u>	<u><u>\$ 13,192,664</u></u>	<u><u>\$ (3,213,574)</u></u>
THREE-YEAR TREND INFORMATION			
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)
2010			
Annual pension cost (APC)	\$ 2,858,949	\$ 99,016,007	\$ 6,151,212
Percentage of APC contributed	66.75%	72.97%	95.41%
Net pension obligation (asset)	\$ (7,374,421)	\$ 3,642,125	\$ (6,005,397)
PARTICIPANTS - Latest Actuarial Valuation Date			
Active:			
Fully vested	-	9,390	-
Non-vested and partially vested	-	<u>3,598</u>	-
Total active	-	12,988	-
Retirees and beneficiaries receiving benefits	107	7,245	243
Terminated vested	-	<u>2,670</u>	-
Total	<u><u>107</u></u>	<u><u>22,903</u></u>	<u><u>243</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
\$ 15,490,232	\$ 10,081,751	\$ 2,924,541	\$ 127,228,484
5,705,259	(806,291)	(606,316)	3,682,038
<u>(7,425,903)</u>	<u>2,180,164</u>	<u>1,639,444</u>	<u>(1,566,326)</u>
13,769,588	11,455,624	3,957,669	129,344,196
<u>(17,472,574)</u>	<u>(7,966,275)</u>	<u>(2,131,853)</u>	<u>(115,157,839)</u>
(3,702,986)	3,489,349	1,825,816	14,186,357
<u>71,315,743</u>	<u>(10,078,639)</u>	<u>(7,578,951)</u>	<u>46,025,468</u>
<u>\$ 67,612,757</u>	<u>\$ (6,589,290)</u>	<u>\$ (5,753,135)</u>	<u>\$ 60,211,825</u>
\$ 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
\$ 14,280,577	\$ 11,048,325	\$ 3,977,673	\$ 137,332,743
93.68%	79.33%	90.50%	77.02%
\$ 71,849,620	\$ (12,586,212)	\$ (8,420,035)	\$ 41,105,680
2	-	-	9,392
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,598</u>
2	-	-	12,990
1,115	517	150	9,377
<u>3</u>	<u>-</u>	<u>-</u>	<u>2,673</u>
<u>1,120</u>	<u>517</u>	<u>150</u>	<u>25,040</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, 2011	July 1, 2011	July 1, 2011	July 1, 2011
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 (19 remaining)
Asset valuation method	market	5 year smoothed market	market	5 year smoothed market
Actuarial assumptions:				
Investment rate of return*	8.00%	8.00%	8.00%	8.00%
Projected salary increases*	4.00%	4.00%	5.00%	5.00%
Postretirement benefit increase adjustments	2.75%	2.75%	3.00%	3.00%
* Includes inflation at	None	None	None	None
FUNDED STATUS				
Actuarial value of assets	\$ 1,556,601	\$ 2,188,868,356	\$ 5,929,964	\$ 53,321,056
Actuarial accrued liability (AAL)	\$ 11,786,135	\$ 2,468,971,488	\$ 32,509,526	\$ 207,805,403
Unfunded (overfunded) AAL	\$ 10,229,534	\$ 280,103,132	\$ 26,579,562	\$ 154,484,347
Funded ratio	13.21%	88.66%	18.24%	25.66%
Covered payroll	\$ -	\$ 571,381,362	\$ -	\$ 116,624
Unfunded AAL as a percentage of covered payroll	- %	49.02 %	- %	132,463.60 %

(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, 2011	July 1, 2011
entry age normal	entry age normal
level dollar closed	level dollar closed
15 years (5 remaining)	15 years (5 remaining)
market	market
8.00%	8.00%
4.00%	5.00%
2.75%	3.00%
None	None
\$ 7,274,892	\$ 3,769,032
\$ 55,674,185	\$ 17,808,829
\$ 48,399,293	\$ 14,039,797
13.07%	21.16%
\$ -	\$ -
- %	- %

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Primary Government

A. Plan Descriptions

Metropolitan Government

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

Metropolitan Nashville Public Schools

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

B. Funding Policies

Metropolitan Government

The contribution requirements of Metro Employees' Medical Benefit Plan members and the Government are established and may be amended by the Employee Benefit Board. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases. For health insurance, the Government contributes 75% of all premium payments, and the retirees contribute 25%. For the fiscal year ended June 30, 2012, the Government and retirees contributed \$38,926,715 and \$12,975,572 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, 2012, the Government and retirees each contributed \$2,337,136 for dental insurance. Finally, the Government provides life insurance at no charge to the retirees. For the fiscal year ended June 30, 2012, the Government contributed \$1,947,394 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, 2012, the Government and retirees contributed \$16,293,990 and \$5,450,094 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	\$ 171,189,000	\$ 36,905,000	\$ 208,094,000
Interest on net OPEB obligation	23,930,000	5,290,000	29,220,000
Adjustment to annual required contribution	(19,046,000)	(4,210,000)	(23,256,000)
Annual OPEB cost	176,073,000	37,985,000	214,058,000
Contributions made	(57,877,000)	(19,822,000)	(77,699,000)
Increase (decrease) in net OPEB obligation	118,196,000	18,163,000	136,359,000
Net OPEB obligation beginning of year	531,775,000	117,551,000	649,326,000
Net OPEB obligation end of year	\$ 649,971,000	\$ 135,714,000	\$ 785,685,000

The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plans, and the net OPEB obligation for the current 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, 2012	\$ 176,073,000	32.87 %	\$ 649,971,000
	June 30, 2011	200,212,000	27.78	531,775,000
	June 30, 2010	197,193,000	26.31	387,186,000
School Professional Employees' Insurance Plan	June 30, 2012	\$ 37,985,000	52.18 %	\$ 135,714,000
	June 30, 2011	52,095,000	37.47	117,551,000
	June 30, 2010	50,435,000	37.77	84,978,000

D. Funded Status and Funding Progress

Metropolitan Government

As of June 30, 2012 the most recent actuarial valuation date, the Metro Employee' Medical Benefit Plan was 0% funded. The actuarial accrued liability for benefits was \$1.810 billion, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.810 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 360%.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Metropolitan Nashville Public Schools

As of June 30, 2012 the most recent actuarial valuation date, the School Professional Employees' Insurance Plan was 0% funded. The actuarial accrued liability for benefits was \$418 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$418 million. The covered payroll (annual payroll of active employees covered by the School Plan) was \$297 million, and the ratio of the UAAL to the covered payroll was 140.45%.

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, 2012 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, 2012 was 26 years.

Component Units

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

NOTE 8 – DEFERRED COMPENSATION AND PROFIT SHARING PLANS

Primary Government

Metro Plan

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Component Units

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

NOTE 9 – 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, 2012. 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, 2012 was \$364,741.

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, 2012.

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, 2012, the leased building is carried in the enterprise funds at \$3,645,000, less accumulated depreciation of \$1,465,469. A summary of future minimum lease payments and the present value of future lease payments for the capitalized lease as of June 30, 2012 is as follows:

<u>Year Ending June 30,</u>		
2013	\$	259,615
2014		257,075
2015		<u>258,965</u>
Total future minimum lease payments		775,655
Less:		
Amount representing interest imputed at 7.5%		80,655
Current portion of capital lease		<u>220,000</u>
Long-term capitalized lease obligation	\$	<u><u>475,000</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, 2011 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, 2011. Future minimum lease payments at December 31, 2011 totaled \$387,786.

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, 2012, 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, 2012 follows:

Year Ending June 30,		
2013	\$	4,000,000
2014		4,000,000
2015		4,000,000
2016		4,000,000
2017		4,000,000
2018-2022		20,000,000
2023-2025		9,666,667
		49,666,667
Total future minimum lease payments		49,666,667
Less:		
Amount representing interest		17,400,145
Current portion of capital lease		1,637,538
		30,628,984
Long-term capitalized lease obligation	\$	30,628,984

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 10 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2012 are attributable to unsettled balances at year-end primarily for internal service billings and transfers between funds.

Balances at June 30, 2012 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

For the Year Ended June 30, 2012

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	\$ -	\$ 2,503	\$ 898	\$ 321	\$ 27,119	\$ 55,052
General Purpose School Fund	1,377,393	-	-	-	-	-
GSD General Purposes Debt Service Fund	212,900	-	-	-	-	-
GSD Capital Projects Fund	217,132	-	-	-	-	160,199
Education Capital Projects Fund	-	213,912	-	3,171,819	-	-
USD Capital Projects Fund	-	-	-	-	-	-
Nonmajor Governmental Funds	5,753,072	621,731	-	-	-	3,932,069
Department of Water and Sewerage Services	221,038	228,573	-	-	-	639
Nonmajor Enterprise Funds	23,783	13,586	-	-	-	100
Internal Service Funds	408,249	425,079	13,626	6,521	1,278	561,699
Fiduciary Funds	2,924,204	34,536	-	-	-	-
	<u>\$ 11,137,771</u>	<u>\$ 1,539,920</u>	<u>\$ 14,524</u>	<u>\$ 3,178,661</u>	<u>\$ 28,397</u>	<u>\$ 4,709,758</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, 2012

Due To								
Education Capital Projects Fund	USD Capital Projects Fund	Nonmajor Governmental Funds	Department of Water and Sewerage Services	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ -	\$ -	\$ 3,942,880	\$ 12,910	\$ -	\$ 2,672,646	\$ 30,684	\$ -	\$ 6,745,013
19,587	-	4,288,477	-	-	1,486	-	-	5,686,943
-	-	152,555	-	-	-	-	-	365,455
-	18,005	620,914	800,000	-	-	28,328	-	1,844,578
-	-	282,581	-	-	-	-	-	3,668,312
-	-	6,459,628	-	-	-	-	-	6,459,628
-	35,562	2,799,469	6,715,166	-	88,604	9,202	-	19,954,875
-	-	50,702,017	149,331	49,998	119,990	54,644	-	51,526,230
-	-	366,463	6,625,668	100	4,191	1,590	-	7,035,481
-	-	620,198	11,199	-	162,532	279,544	102,381	2,592,306
-	-	-	-	-	1,295	-	459,957	3,419,992
<u>\$ 19,587</u>	<u>\$ 53,567</u>	<u>\$ 70,235,182</u>	<u>\$ 14,314,274</u>	<u>\$ 50,098</u>	<u>\$ 3,050,744</u>	<u>\$ 403,992</u>	<u>\$ 562,338</u>	<u>\$ 109,298,813</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 - INTERFUND TRANSFERS

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

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

Interfund transfers for the year ended June 30, 2012 consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2012

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	\$ 4,411,300	\$ -	\$ 3,521,300	\$ -	\$ -	\$ -	\$ -
General Purpose School Fund	192,000	-	971,200	3,957,929	-	-	-
GSD General Purposes Debt Service Fund	12,007,600	27,389,200	-	-	-	-	-
GSD Schools Purposes Debt Service Fund	-	6,500,000	-	-	-	-	-
USD General Purposes Debt Service Fund	5,896,900	-	-	-	-	-	-
GSD Capital Projects Fund	30,000	-	3,596,895	1,378,508	388,024	-	4,293,212
Education Capital Projects Fund	-	153	-	-	-	-	-
USD Capital Projects Fund	-	-	-	-	-	-	-
Nonmajor Governmental Funds	9,995,803	5,815,754	879,196	-	583,400	533,814	-
Department of Water and Sewerage Services	4,591,000	-	-	-	-	931,000	-
District Energy System	1,100	-	-	-	448,300	26,214	-
Nonmajor Enterprise Funds	1,490,362	-	-	-	-	-	-
Internal Service Funds	1,937,800	-	-	-	-	-	-
Fiduciary Funds	-	-	-	-	-	-	-
	<u>\$ 40,553,865</u>	<u>\$ 39,705,107</u>	<u>\$ 8,968,591</u>	<u>\$ 5,336,437</u>	<u>\$ 1,419,724</u>	<u>\$ 1,491,028</u>	<u>\$ 4,293,212</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, 2012

Transferred To							
USD Capital Projects Fund	Nonmajor Governmental Funds	Department of Water and Sewerage Services	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ -	\$ 48,453,952	\$ 200,000	\$ 2,363,000	\$ 523,300	\$ 18,803,300	\$ 44,679	\$ 78,320,831
-	23,121,200	-	-	-	1,250,000	48,772	29,541,101
-	-	-	-	-	-	-	39,396,800
-	-	-	-	-	-	-	6,500,000
-	-	-	-	-	-	-	5,896,900
4,264,278	920,811	-	23,138	-	6,370,860	-	21,265,726
-	-	-	-	-	-	-	153
-	1,052,402	-	-	-	-	-	1,052,402
-	592,419	-	-	280,800	12,251,129	1,465	30,933,780
-	-	-	-	-	2,118,274	-	7,640,274
-	-	-	-	-	-	-	475,614
-	-	-	-	-	16,477	15,542	1,522,381
-	119,600	-	-	-	-	28,295	2,085,695
-	-	-	-	-	1,464,215	18,066,124	19,530,339
<u>\$ 4,264,278</u>	<u>\$ 74,260,384</u>	<u>\$ 200,000</u>	<u>\$ 2,386,138</u>	<u>\$ 804,100</u>	<u>\$ 42,274,255</u>	<u>\$ 18,204,877</u>	<u>\$ 244,161,996</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Insurance and Benefits

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

Primary Government

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

	Accidents	
Bodily injury	\$ 300,000	per person
	700,000	per accident
Property damage	100,000	per accident

The Government is also self-insured with respect to casualty losses on real and personal property. 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 \$36,781,132 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, 2011 and 2012:

	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, 2010	\$ 1,180,181	\$ 5,412,664	\$ 7,597,438	\$ 14,127,000	\$ 5,169,000	\$ 33,486,283
Add: Provision for events of the current fiscal year	781,868	2,231,327	75,432,832	167,369,853	17,745,190	263,561,070
Deduct: Payments on claims during the fiscal year	270,560	1,304,588	76,012,765	166,485,853	16,411,190	260,484,956
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

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 \$73,833,383 at June 30, 2012 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, 2012, the governmental activities of the Government had commitments of \$72,334,498 for construction contracts.

At June 30, 2012, the Department of Water and Sewerage Services had commitments of \$87,075,791 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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, 2012, the Convention Center Authority had commitments of \$84,657,536 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 \$43.2 million to the Hospital Authority for the year ended June 30, 2013. Of that amount, the Hospital Authority has allocated as revenue \$32.7 million to General Hospital (General) and \$10.5 million to Bordeaux Long Term Care (Bordeaux). The Government has also not committed to provide additional funding to the Hospital Authority should such funding become necessary. The financial statements of General Hospital and Bordeaux Long Term Care have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. General Hospital experienced an operating loss of approximately \$31.7 million for the year ended June 30, 2012 and reflected a net deficit of \$9.6 million at June 30, 2012. Current liabilities exceeded current assets by approximately \$15.9 million at June 30, 2012. General Hospital's financial activities resulted in net cash used in operating activities of approximately \$22.0 million for the year ended June 30, 2012. Bordeaux Long Term Care experienced a decrease in net assets of approximately \$2.5 million for the year ended June 30, 2012, and financial activities resulted in net cash used in operating activities of approximately \$11.5 million for the year ended June 30, 2012. The deficits were funded primarily by the Government in the form of revenue or capital contributions reflected in the financial statements. General Hospital and Bordeaux Long Term Care are and will continue to be dependent upon the Government to subsidize current and future operations.

Accordingly, these factors among others indicate that General Hospital and Bordeaux Long Term Care may be unable to continue as going concerns for a reasonable period of time. The financial statements for General Hospital and Bordeaux Long Term Care do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should the entities be unable to continue as going concerns. The ability for General Hospital and Bordeaux Long Term Care to continue as going concerns is dependent upon their ability to generate sufficient cash flow to meet their obligations on a timely basis and to generate revenues exceeding operating expenses. General Hospital has implemented several strategic initiatives to increase cash flow including contracting with a vendor to work outstanding patient accounts receivable, implementing electronic medical recordkeeping, and renegotiating managed care contracts to improve reimbursement from payors. Additionally, General Hospital has received approximately \$13.8 million from the Public Hospital Supplemental Payment Pool subsequent to June 30, 2012. Bordeaux Long Term Care has implemented several strategic strategies to increase cash flow including adding or expanding services, a review of supplier contracts, and cost saving measures.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

At June 30, 2012, General Hospital had amounts due to the Metropolitan Government of approximately \$10.9 million for capital expenditures, which accrued interest at rates determined by the Metropolitan Government.

F. Other Commitments

Primary Government

In May 1999, the Government entered into a memorandum of understanding with Dell Computer Corporation (Dell), whereby Dell agreed to locate a manufacturing and assembly plant in Davidson County, and the Government agreed to provide property, site improvements and other economic incentives. One incentive program is a 40-year grant to Dell, where the Government will pay Dell, through the Industrial Development Board, \$500 per employee, based on the average number of full-time equivalent employees. Dell is expected to employ approximately 1,500 employees, and grant payments began with the 2000 fiscal year. There is no amount payable to Dell at June 30, 2012.

Component Units

On July 31, 2002, the Hospital Authority entered into an Amended and Restated Management Services Agreement (Agreement) with Vanderbilt University whereby the Vanderbilt University Medical Center (VUMC) manages the Hospital Authority providing the services of certain management personnel at General Hospital and Bordeaux Long Term Care. As compensation for management services, General Hospital and Bordeaux Long Term Care paid VUMC a management fee of \$285,355 and \$131,000, respectively, for the year ended June 30, 2012. The Agreement provides that 1) 50% of any annual operating surpluses of General Hospital and Bordeaux Long Term Care, as defined by the Agreement, will be used for benefit of the facilities, 2) 50%, up to a maximum, will be paid to VUMC provided its costs exceed management fees paid to VUMC, and 3) any remaining surplus shall be retained by the Hospital Authority and for the benefit of General Hospital and Bordeaux Long Term Care. Additionally, the Agreement also stipulates that the Government will provide an operating supplement for the payment of costs of the operations of General Hospital and Bordeaux Long Term Care. The total supplement to the Hospital Authority was \$43.2 million for fiscal year ending June 30, 2012. The total supplement to the Hospital Authority approved for the fiscal year ending June 30, 2013 was \$43.2 million. The management agreement with VUMC has expired and VUMC provided management on a month to month basis until January 2012. Executive management services are currently provided through another affiliate of the Hospital Authority.

General Hospital has entered into a Professional Services Agreement (PSA) with Meharry Medical College (Meharry) to provide medical staffing throughout the facility and a separate lease to provide parking spaces in a parking garage adjacent to the hospital facility for use of staff and patients. Expenses related to the PSA and parking lease were \$12.2 million for the year ended June 30, 2012.

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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Nashville District Management Corporation has an agreement with the Government to provide program administration of the Nashville Central Business Improvement District in accordance with Tennessee law. The Corporation's duties and responsibilities under the agreement include but are not limited to providing services for improvement and operation of the District through security enhancement, downtown marketing, 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, 2011, the Corporation recognized expense of \$1,435,121 related to the agreement. The agreement expires on December 31, 2017.

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.

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, 2011, \$25,000 was recognized as expense related to the agreement. The agreement expires March 31, 2013.

On October 19, 2010 the Convention Center 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
	<hr/>
Total annual payments	<u>\$ 59,500,000</u>

On December 30, 2010 the Convention Center 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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 is being contested vigorously. 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, but a decision has not been rendered. Although the ultimate outcome of this litigation cannot be determined at present, the Authority has paid to the court \$19,377,832 related to this matter, which includes future interest through January 2013.

There are two additional condemnation cases related to parcels for which a total of \$6,575,000 has been deposited with the court. Neither case is currently 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 13 - 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, 2012

	General Fund	General 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	\$ 308,758	\$ 836,398	\$ -	\$ -	\$ -	\$ -
Prepaid expenditures	58,777	455,157	-	475,583	-	-
Permanent fund principal	-	-	-	-	-	-
Total nonspendable	<u>367,535</u>	<u>1,291,555</u>	<u>-</u>	<u>475,583</u>	<u>-</u>	<u>-</u>
Restricted for:						
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>-</u>
Committed for:						
Education	-	54,933,590	-	-	-	-
Debt service	-	-	8,469,047	12,898,334	7,325,354	-
Equipment acquisitions (appropriated)	-	-	-	-	-	-
Equipment acquisitions (unappropriated)	-	-	-	-	-	-
Solid waste	-	-	-	-	-	-
General government	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Total committed	<u>-</u>	<u>54,933,590</u>	<u>8,469,047</u>	<u>12,898,334</u>	<u>7,325,354</u>	<u>-</u>
Assigned for:						
Specific projects	539,600	-	-	-	-	-
Total assigned	<u>539,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	69,836,867	-	-	-	-	(82,160,136)
Total fund balances (deficits)	<u>\$ 70,744,002</u>	<u>\$ 56,225,145</u>	<u>\$ 8,469,047</u>	<u>\$ 13,373,917</u>	<u>\$ 7,325,354</u>	<u>\$ (82,160,136)</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FUND BALANCES (CONTINUED)

For the Year Ended June 30, 2012

Education Capital Projects Fund	USD Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 938,781	\$ 2,083,937
-	-	910	990,427
-	-	185,112	185,112
-	-	1,124,803	3,259,476
-	-	797,506	797,506
-	-	2,183,369	2,183,369
-	-	17,682,037	17,682,037
-	-	368,970	368,970
-	-	1,527,047	1,527,047
-	-	830,728	830,728
-	-	2,538,566	2,538,566
-	-	2,327,928	2,327,928
-	-	7,715,152	7,715,152
-	-	203,068	203,068
-	-	765,481	765,481
-	-	36,939,852	36,939,852
-	-	-	54,933,590
-	-	-	28,692,735
-	-	38,732,038	38,732,038
-	-	12,574,346	12,574,346
-	-	6,512,652	6,512,652
-	-	2,413,089	2,413,089
-	-	1,529,510	1,529,510
-	-	61,761,635	145,387,960
-	-	-	539,600
-	-	-	539,600
(30,044,186)	(25,550,432)	(36,925,267)	(104,843,154)
\$ (30,044,186)	\$ (25,550,432)	\$ 62,901,023	\$ 81,283,734

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 – 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, 2012 are as follows:

<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
159,000 gallons, diesel	July 1, 2011	June 30, 2012	Pay \$2.30 per gallon; Settlement based on NYMEX Heating Oil	A3/BBB+
114,000 gallons, gasoline	July 1, 2011	June 30, 2012	Pay \$2.10 - \$2.12 per gallon; Settlement based on NYH RBOB Gasoline	A3/BBB+
160,350 gallons, diesel	July 1, 2012	June 30, 2013	Pay \$2.645 - \$2.90 per gallon; Settlement based on Platts USG Ultra Low Sulfur 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+

The fair value of the fuel hedging instruments was a liability of \$202,189 at June 30, 2012, which has been recorded in noncurrent liabilities in the Statement of Net Assets. 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.

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.

NOTE 15 – EXTRAORDINARY ITEM

Component Units

The Metropolitan Government experienced significant damage and loss in connection with heavy rainfall and flooding in the Metropolitan Nashville and Davidson County area in early May 2010. The flooding resulted in the declaration of a Federal Disaster area by the Federal Emergency Management Agency. The extraordinary item for June 30, 2012 represents insurance recoveries received by the Electric Power Board, a component unit.

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

NOTE 16 – SUBSEQUENT EVENTS

Primary Government

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 .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 August 17, 2012, the Department of Water and Sewerage Services purchased a tract of 125 acres of land adjacent to the Omohundro Water Treatment Plant for \$12,465,447 for business purposes including future water plant expansion to meet capacity and water quality regulations, location and proximity to large water and sewer existing infrastructure, and May 2010 flood mitigation.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

CONDITION RATING OF TRANSPORTATION NETWORK

Unaudited – See Accompanying Accountants' Report

The transportation network of the Government is segregated into two subsystems: roads and streets, and bridges and underpasses. Information regarding condition and needed and actual maintenance costs is presented below.

ROADS AND STREETS

Percentage of Lane Miles in Fair or Better Condition

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
(a)		52.7 %	70.0 %	77.5 %

(a) Condition assessments are collected on an annual basis and divided into two groups that are assessed on alternate years. The condition of groups 2 and 5 are currently being assessed for 2012 and the final information is not yet available.

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 2011. The condition of groups 2 and 5 was last reported in fiscal 2010; however, the condition of these groups for 2012 is currently being assessed but the final information is not yet available. 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.

As noted in the table above, the percentage of lane miles in fair or better condition declined significantly in 2011. In response to this decrease, the FY12-13 capital spending plan has appropriated \$30 million for paving and road projects.

There are currently 5,814 lane miles of roads and streets in the transportation network.

Comparison of Needed to Actual Maintenance

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Needed/Budgeted	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 16,000,000
Actual Spent	7,987,836	10,247,615	4,244,056	6,950,344	9,391,344
Difference	<u>\$ (12,012,164)</u>	<u>\$ (9,752,385)</u>	<u>\$ (15,755,944)</u>	<u>\$ (13,049,656)</u>	<u>\$ (6,608,656)</u>

During fiscal year 2012, 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 reflected in the FY12-13 capital spending plan which appropriated \$30 million for paving and road projects.

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

<u>2012</u>	<u>2011</u>	<u>2010</u>
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 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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Needed/Budgeted	\$ 14,900,000	\$ 14,862,000	\$ 17,352,000	\$ 18,749,000	\$ 12,465,000
Actual Spent	2,827,816	2,305,765	2,538,480	2,083,245	2,990,038
Difference	<u>\$ (12,072,184)</u>	<u>\$ (12,556,235)</u>	<u>\$ (14,813,520)</u>	<u>\$ (16,665,755)</u>	<u>\$ (9,474,962)</u>

During fiscal year 2012, 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, 2006	\$ 711,665	\$ 16,971,095	\$ 16,259,430	4.19 %
July 1, 2007	1,129,978	15,393,075	14,263,097	7.34
July 1, 2008	1,455,077	14,299,429	12,844,352	10.18
July 1, 2009	1,181,871	13,572,334	12,390,463	8.71
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
Metro Plan				
July 1, 2006	1,706,677,125	1,959,952,204	253,275,079	87.08
July 1, 2007	1,921,193,702	2,144,144,792	222,951,090	89.60
July 1, 2008	2,119,228,659	2,323,837,472	204,608,813	91.20
July 1, 2009	1,925,305,076	2,275,399,550	350,094,474	84.61
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
County Education Plan (a)				
July 1, 2006	2,409,417	44,732,388	42,322,971	5.39
July 1, 2007	3,787,317	42,140,201	38,352,884	8.99
July 1, 2008	4,936,879	40,178,889	35,242,010	12.29
July 1, 2009	4,452,672	37,633,345	33,180,673	11.83
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
Metro Education Plan				
July 1, 2006	84,919,612	232,911,728	147,992,116	36.46
July 1, 2007	81,844,272	228,229,232	146,384,960	35.86
July 1, 2008	76,820,678	226,313,635	149,492,957	33.95
July 1, 2009	55,392,133	218,576,035	163,183,902	25.34
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

(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>
\$ -	- %
-	-
-	-
-	-
-	-
-	-
515,500,760	49.13
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
68,834	61,485.56
71,769	53,439.35
73,418	48,001.87
76,707	43,256.38
-	-
-	-
622,419	23,776.93
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

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, 2006	\$ 3,303,691	\$ 78,318,066	\$ 75,014,375	4.22 %
July 1, 2007	5,239,396	74,125,552	68,886,156	7.07
July 1, 2008	6,816,106	68,552,808	61,736,702	9.95
July 1, 2009	5,540,723	63,130,366	57,589,643	8.78
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
City Education Plan	(a)			
July 1, 2006	1,545,079	27,215,294	25,670,215	5.68
July 1, 2007	2,403,931	24,818,863	22,414,932	9.69
July 1, 2008	3,104,280	23,637,839	20,533,559	13.14
July 1, 2009	2,827,904	21,629,242	18,801,338	13.07
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

(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		
2007	\$ 2,193,202	112.55 %
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
Metro Plan		
2007	85,874,502	99.48
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
County Education Plan		
2007	5,708,861	131.48
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
Metro Education Plan		
2007	13,535,466	54.24
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

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		
2007	\$ 10,118,539	114.24 %
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
City Education Plan		
2007	3,462,604	133.18
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

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>
Metro Employees' Medical Benefit Plan				
July 1, 2008	\$ -	\$ 1,779,497,000	\$ 1,779,497,000	- %
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	-
School Professional Employees' Insurance Plan				
July 1, 2008	-	570,753,000	570,753,000	-
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	-

(a) The amounts reported in the July 1, 2011 valuation were affected by revisions in other postemployment benefits for future employees 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

<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
\$ 543,891,000	327.18 %
538,151,000	376.00
520,121,000	405.41
502,218,000	360.31
304,145,000	187.66
319,424,000	183.12
318,672,000	183.91
297,328,000	140.45

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		
2009	\$ 175,384,000	26.22 %
2010	197,193,000	26.31
2011	200,212,000	27.78
2012	176,073,000	32.87
School Professional Employees' Insurance Plan		
2009	46,885,000	38.75
2010	50,435,000	37.77
2011	52,095,000	37.47
2012	37,985,000	52.18

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

Special Revenue Funds

	Metropolitan Action Commission	General Fund 4% Reserve	Solid Waste Operations	Stormwater Grants
ASSETS:				
Cash and cash equivalents	\$ 553	\$ 51,277,132	\$ 7,479,729	\$ 5,658,950
Accounts receivable	1,387,964	6,811	777,928	6,623,511
Accrued interest receivable	17	2,186	333	62
Due from other funds of the primary government	584,839	2,787,652	183,705	2,875,071
Due from component units	-	-	-	-
Inventories of supplies	-	-	-	-
Other assets	2,721	-	-	-
Total assets	\$ 1,976,094	\$ 54,073,781	\$ 8,441,695	\$ 15,157,594
LIABILITIES:				
Accounts payable	\$ 680,175	\$ 1,556,397	\$ 1,353,679	\$ 547,408
Accrued payroll	219,936	-	78,298	-
Due to other funds of the primary government	309,125	1,211,000	128,096	6,459,628
Due to component units	-	-	-	-
Deferred revenue	-	-	-	6,623,511
Commercial paper payable	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	1,209,236	2,767,397	1,560,073	13,630,547
FUND BALANCES (DEFICITS):				
Nonspendable	-	-	-	-
Restricted for other purposes	766,858	-	368,970	1,527,047
Committed for:				
Equipment acquisitions (appropriated)	-	38,732,038	-	-
Equipment acquisitions (unappropriated)	-	12,574,346	-	-
Other purposes	-	-	6,512,652	-
Unassigned	-	-	-	-
Total fund balances (deficits)	766,858	51,306,384	6,881,622	1,527,047
Total liabilities and fund balances (deficits)	\$ 1,976,094	\$ 54,073,781	\$ 8,441,695	\$ 15,157,594

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, 2012

Special Revenue Funds						
Flood 2010 Recovery	Education Services	Nashville Career Advancement Center	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	Other Government Services
\$ 57,250,912	\$ 5,510,061	\$ -	\$ 2,705,637	\$ 297,968	\$ 665,710	\$ 11,446,080
22,481,036	22,416,410	441,948	3,842,693	1,306,602	272,697	17,312,130
2,921	333	-	110	25	45	757
10,589,790	366,828	158,621	1,604,595	-	-	803,774
253,823	-	-	-	-	-	-
-	749,023	-	-	-	-	191,861
-	-	-	500,000	-	-	6,191
<u>\$ 90,578,482</u>	<u>\$ 29,042,655</u>	<u>\$ 600,569</u>	<u>\$ 8,653,035</u>	<u>\$ 1,604,595</u>	<u>\$ 938,452</u>	<u>\$ 29,760,793</u>
\$ 1,149,639	\$ 2,493,003	\$ 273,127	\$ 2,509,010	\$ -	\$ -	\$ 5,199,220
-	256,462	64,996	-	-	-	687,017
51,617,754	5,762,832	227,954	1,137,928	1,604,595	-	1,776,270
-	-	3,844	3,761,180	-	-	-
22,373,332	2,216,883	-	-	-	-	1,400,987
50,645,500	-	-	-	-	-	-
-	-	-	-	-	-	3,994,211
<u>125,786,225</u>	<u>10,729,180</u>	<u>569,921</u>	<u>7,408,118</u>	<u>1,604,595</u>	<u>-</u>	<u>13,057,705</u>
-	746,920	-	-	-	-	192,771
-	17,566,555	30,648	1,244,917	-	938,452	14,285,242
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,942,599
(35,207,743)	-	-	-	-	-	(1,717,524)
<u>(35,207,743)</u>	<u>18,313,475</u>	<u>30,648</u>	<u>1,244,917</u>	<u>-</u>	<u>938,452</u>	<u>16,703,088</u>
<u>\$ 90,578,482</u>	<u>\$ 29,042,655</u>	<u>\$ 600,569</u>	<u>\$ 8,653,035</u>	<u>\$ 1,604,595</u>	<u>\$ 938,452</u>	<u>\$ 29,760,793</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, 2012

	Debt		Total Nonmajor Governmental Funds	
	Service Fund	Permanent Funds		
	Correctional Facility Revenue Bonds	General Government Education		
ASSETS:				
Cash and cash equivalents	\$ -	\$ 201,667	\$ 194,592	\$ 142,688,991
Accounts receivable	-	-	-	76,869,730
Accrued interest receivable	-	8	8	6,805
Due from other funds of the primary government	-	-	-	19,954,875
Due from component units	-	-	-	253,823
Inventories of supplies	-	-	-	940,884
Other assets	-	-	-	508,912
Total assets	\$ -	\$ 201,675	\$ 194,600	\$ 241,224,020
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 15,761,658
Accrued payroll	-	-	-	1,306,709
Due to other funds of the primary government	-	-	-	70,235,182
Due to component units	-	-	-	3,765,024
Deferred revenue	-	-	-	32,614,713
Commercial paper payable	-	-	-	50,645,500
Other liabilities	-	-	-	3,994,211
Total liabilities	-	-	-	178,322,997
FUND BALANCES (DEFICITS):				
Nonspendable	-	105,994	79,118	1,124,803
Restricted for other purposes	-	95,681	115,482	36,939,852
Committed for:				
Equipment acquisitions (appropriated)	-	-	-	38,732,038
Equipment acquisitions (unappropriated)	-	-	-	12,574,346
Other purposes	-	-	-	10,455,251
Unassigned	-	-	-	(36,925,267)
Total fund balances (deficits)	-	201,675	194,600	62,901,023
Total liabilities and fund balances (deficits)	\$ -	\$ 201,675	\$ 194,600	\$ 241,224,020

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, 2012

	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	12	7,643	997	246
Revenues from other governmental agencies	20,623,239	-	500,782	18,838,021
Commissions and fees	-	-	-	-
Charges for current services	141,995	-	5,301,783	-
Compensation for loss, sale or damage to property	1,447	-	-	-
Contributions and gifts	25,131	-	-	-
Miscellaneous	-	-	73,571	-
Total revenues	<u>20,791,824</u>	<u>7,643</u>	<u>5,877,133</u>	<u>18,838,267</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Law enforcement and care of prisoners	-	-	-	-
Public welfare	23,828,390	-	-	-
Public health and hospitals	-	-	-	-
Public library system	-	-	-	-
Public works, highways and streets	-	-	20,035,880	-
Recreational and cultural	-	-	-	-
Education	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	53,681	13,523,165	-	19,655,361
Total expenditures	<u>23,882,071</u>	<u>13,523,165</u>	<u>20,035,880</u>	<u>19,655,361</u>
Excess (deficiency) of revenues over expenditures	<u>(3,090,247)</u>	<u>(13,515,522)</u>	<u>(14,158,747)</u>	<u>(817,094)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,759,604	24,292,957	19,035,200	1,052,402
Transfers out	-	(11,649,252)	(1,973,600)	(374,436)
Total other financing sources (uses)	<u>3,759,604</u>	<u>12,643,705</u>	<u>17,061,600</u>	<u>677,966</u>
Net change in fund balances (deficits)	669,357	(871,817)	2,902,853	(139,128)
FUND BALANCES (DEFICITS), beginning of year	<u>97,501</u>	<u>52,178,201</u>	<u>3,978,769</u>	<u>1,666,175</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 766,858</u>	<u>\$ 51,306,384</u>	<u>\$ 6,881,622</u>	<u>\$ 1,527,047</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, 2012

Special Revenue Funds						
Flood 2010 Recovery	Education Services	Nashville Career Advancement Center	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	Other Government Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,566,063
-	-	-	34,017,842	12,300,867	2,614,913	201,227
-	-	-	-	-	-	3,255,754
8,854	1,075	3	354	93	131	2,705
9,494,348	126,798,354	7,738,514	-	-	-	67,467,701
-	-	-	-	-	-	8,646,969
-	16,838,921	-	-	-	-	6,371,529
23,583	63,648	-	-	-	-	69,918
10,000	2,822,767	-	-	-	-	1,092,038
1,330	-	-	-	-	-	376,032
<u>9,538,115</u>	<u>146,524,765</u>	<u>7,738,517</u>	<u>34,018,196</u>	<u>12,300,960</u>	<u>2,615,044</u>	<u>89,049,936</u>
8,030,682	-	-	28,501,281	12,300,960	2,348,226	17,890,616
-	-	-	-	-	-	35,283,366
-	-	7,604,832	-	-	-	-
-	-	-	-	-	-	25,564,284
-	-	-	-	-	-	814,644
-	-	-	-	-	-	2,585,567
-	-	-	-	-	-	2,239,899
-	156,988,466	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,732,957	762,846	-	-	-	-	8,624,444
<u>14,763,639</u>	<u>157,751,312</u>	<u>7,604,832</u>	<u>28,501,281</u>	<u>12,300,960</u>	<u>2,348,226</u>	<u>93,002,820</u>
<u>(5,225,524)</u>	<u>(11,226,547)</u>	<u>133,685</u>	<u>5,516,915</u>	<u>-</u>	<u>266,818</u>	<u>(3,952,884)</u>
-	20,497,802	91,640	-	-	-	5,530,779
(894,334)	(5,817,219)	(226,900)	(5,669,687)	-	-	(4,328,352)
<u>(894,334)</u>	<u>14,680,583</u>	<u>(135,260)</u>	<u>(5,669,687)</u>	<u>-</u>	<u>-</u>	<u>1,202,427</u>
(6,119,858)	3,454,036	(1,575)	(152,772)	-	266,818	(2,750,457)
<u>(29,087,885)</u>	<u>14,859,439</u>	<u>32,223</u>	<u>1,397,689</u>	<u>-</u>	<u>671,634</u>	<u>19,453,545</u>
<u>\$ (35,207,743)</u>	<u>\$ 18,313,475</u>	<u>\$ 30,648</u>	<u>\$ 1,244,917</u>	<u>\$ -</u>	<u>\$ 938,452</u>	<u>\$ 16,703,088</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, 2012

	Debt	Permanent Funds		Total Nonmajor Governmental Funds
	Service Fund	General Government	Education	
	Correctional Facility Revenue Bonds			
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ 1,566,063
Other taxes, licenses and permits	-	-	-	49,134,849
Fines, forfeits and penalties	-	-	-	3,255,754
Revenues from the use of money or property	-	30	29	22,172
Revenues from other governmental agencies	411,675	-	-	251,872,634
Commissions and fees	-	-	-	8,646,969
Charges for current services	-	-	-	28,654,228
Compensation for loss, sale or damage to property	-	-	-	158,596
Contributions and gifts	-	-	-	3,949,936
Miscellaneous	-	-	-	450,933
Total revenues	<u>411,675</u>	<u>30</u>	<u>29</u>	<u>347,712,134</u>
EXPENDITURES:				
Current:				
General government	-	3,655	-	69,075,420
Law enforcement and care of prisoners	-	-	-	35,283,366
Public welfare	-	-	-	31,433,222
Public health and hospitals	-	-	-	25,564,284
Public library system	-	-	-	814,644
Public works, highways and streets	-	-	-	22,621,447
Recreational and cultural	-	-	-	2,239,899
Education	-	-	114	156,988,580
Debt service:				
Principal retirement	1,985,000	-	-	1,985,000
Interest	49,625	-	-	49,625
Capital outlay	-	-	-	49,352,454
Total expenditures	<u>2,034,625</u>	<u>3,655</u>	<u>114</u>	<u>395,407,941</u>
Excess (deficiency) of revenues over expenditures	<u>(1,622,950)</u>	<u>(3,625)</u>	<u>(85)</u>	<u>(47,695,807)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	74,260,384
Transfers out	-	-	-	(30,933,780)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,326,604</u>
Net change in fund balances (deficits)	(1,622,950)	(3,625)	(85)	(4,369,203)
FUND BALANCES (DEFICITS), beginning of year	<u>1,622,950</u>	<u>205,300</u>	<u>194,685</u>	<u>67,270,226</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ -</u>	<u>\$ 201,675</u>	<u>\$ 194,600</u>	<u>\$ 62,901,023</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 80,041,600	\$ 80,041,600	\$ 79,208,055	\$ (833,545)
Local option sales tax	1,910,600	1,910,600	1,961,289	50,689
Fines, forfeits and penalties	452,000	452,000	422,692	(29,308)
Revenues from other governmental agencies	2,802,600	2,802,600	7,792,109	4,989,509
Bond interest tax credit	-	-	5,033,674	5,033,674
	<u>85,206,800</u>	<u>85,206,800</u>	<u>94,417,819</u>	<u>9,211,019</u>
EXPENDITURES:				
Principal retirement	6,438,400	6,438,400	4,105,394	2,333,006
Interest	48,111,100	48,111,100	56,641,930	(8,530,830)
Fiscal charges	1,666,100	1,666,100	2,247,260	(581,160)
Debt issue costs	-	-	1,419,590	(1,419,590)
	<u>56,215,600</u>	<u>56,215,600</u>	<u>64,414,174</u>	<u>(8,198,574)</u>
Excess (deficiency) of revenues over expenditures	<u>28,991,200</u>	<u>28,991,200</u>	<u>30,003,645</u>	<u>1,012,445</u>
OTHER FINANCING SOURCES (USES):				
Issuance of refunding debt	-	-	204,669,078	204,669,078
Debt issue premium (discount)	-	-	44,047,539	44,047,539
Payments to refunded bond escrow agent	-	-	(248,449,895)	(248,449,895)
Transfers in	10,405,600	10,405,600	8,968,591	(1,437,009)
Transfers out	(39,396,800)	(39,396,800)	(39,396,800)	-
	<u>(28,991,200)</u>	<u>(28,991,200)</u>	<u>(30,161,487)</u>	<u>(1,170,287)</u>
Net change in fund balances	-	-	(157,842)	(157,842)
FUND BALANCES, beginning of year	<u>8,626,889</u>	<u>8,626,889</u>	<u>8,626,889</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 8,626,889</u>	<u>\$ 8,626,889</u>	<u>\$ 8,469,047</u>	<u>\$ (157,842)</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 SCHOOL PURPOSES DEBT SERVICE FUND

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 28,374,600	\$ 28,374,600	\$ 28,380,411	\$ 5,811
Revenues from the use of money or property	-	-	198,825	198,825
Total revenues	<u>28,374,600</u>	<u>28,374,600</u>	<u>28,579,236</u>	<u>204,636</u>
EXPENDITURES:				
Principal retirement	3,863,300	3,863,300	5,811,685	(1,948,385)
Interest	31,612,900	31,612,900	29,758,307	1,854,593
Fiscal charges	656,400	656,400	738,502	(82,102)
Debt issue costs	-	-	608,517	(608,517)
Total expenditures	<u>36,132,600</u>	<u>36,132,600</u>	<u>36,917,011</u>	<u>(784,411)</u>
Excess (deficiency) of revenues over expenditures	<u>(7,758,000)</u>	<u>(7,758,000)</u>	<u>(8,337,775)</u>	<u>(579,775)</u>
OTHER FINANCING SOURCES (USES):				
Issuance of refunding debt	-	-	85,854,940	85,854,940
Debt issue premium (discount)	-	-	17,917,786	17,917,786
Payments to refunded bond escrow agent	-	-	(104,065,452)	(104,065,452)
Transfers in	3,096,100	3,096,100	5,336,437	2,240,337
Transfers out	<u>(6,500,000)</u>	<u>(6,500,000)</u>	<u>(6,500,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,403,900)</u>	<u>(3,403,900)</u>	<u>(1,456,289)</u>	<u>1,947,611</u>
Net change in fund balances	(11,161,900)	(11,161,900)	(9,794,064)	1,367,836
FUND BALANCE, beginning of year	<u>23,167,981</u>	<u>23,167,981</u>	<u>23,167,981</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 12,006,081</u>	<u>\$ 12,006,081</u>	<u>\$ 13,373,917</u>	<u>\$ 1,367,836</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
USD GENERAL PURPOSES DEBT SERVICE FUND

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 13,847,300	\$ 13,847,300	\$ 14,603,099	\$ 755,799
Total revenues	13,847,300	13,847,300	14,603,099	755,799
EXPENDITURES:				
Principal retirement	1,041,100	1,041,100	1,041,124	(24)
Interest	7,525,100	7,525,100	7,429,659	95,441
Fiscal charges	415,900	415,900	271,269	144,631
Debt issue costs	-	-	179,387	(179,387)
Total expenditures	8,982,100	8,982,100	8,921,439	60,661
Excess (deficiency) of revenues over expenditures	4,865,200	4,865,200	5,681,660	816,460
OTHER FINANCING SOURCES (USES):				
Issuance of refunding debt	-	-	25,561,895	25,561,895
Debt issue premium (discount)	-	-	5,479,037	5,479,037
Payments to refunded bond escrow agent	-	-	(31,079,975)	(31,079,975)
Transfers in	1,031,700	1,031,700	1,419,724	388,024
Transfers out	(5,896,900)	(5,896,900)	(5,896,900)	-
Total other financing sources (uses)	(4,865,200)	(4,865,200)	(4,516,219)	348,981
Net change in fund balances	-	-	1,165,441	1,165,441
FUND BALANCES, beginning of year	6,159,913	6,159,913	6,159,913	-
FUND BALANCES, end of year	\$ 6,159,913	\$ 6,159,913	\$ 7,325,354	\$ 1,165,441

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

METROPOLITAN ACTION COMMISSION FUND

The Metropolitan Action Commission Fund accounts for the various programs of the Commission which provide education, social skills, meals and before and after care assistance to low-income and disadvantaged children and energy assistance to low-income individuals.

GENERAL 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.

NASHVILLE CAREER ADVANCEMENT CENTER FUND

The Nashville Career Advancement Center Fund accounts for funds received under the Federal Workforce Investment Act. These funds are utilized to provide employment and training opportunities for economically disadvantaged, unemployed or underemployed individuals.

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 a new Convention Center, and one-sixth for distribution to the General Fund.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CONVENTION CENTER TAX FUND

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

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.

DEBT SERVICE FUND

CORRECTIONAL FACILITY REVENUE BONDS FUND

The Correctional Facility Revenue Bonds Fund is used to account for the accumulation of resources and the payment of principal and interest for the Correctional Facility Revenue Bonds, Series 2002.

PERMANENT FUNDS

GENERAL GOVERNMENT FUND

The General Government Fund is used to account for restricted trusts under the administrative responsibility of various departments of the general government.

EDUCATION FUND

The Education Fund is used to account for restricted trusts under the administrative responsibility of the Metropolitan Board of Education.





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS

June 30, 2012

<u>ASSETS</u>	<u>Nashville Convention Center</u>	<u>Board of Fair Commissioners</u>	<u>Farmers Market</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 3,248,759	\$ 1,183,305	\$ -
Accounts receivable	430,921	22,667	1,168
Allowance for doubtful accounts	-	-	-
Accrued interest receivable	109	43	-
Due from other funds of the primary government	1,100	1,147	23,591
Other current assets	-	2,518	-
	<u>3,680,889</u>	<u>1,209,680</u>	<u>24,759</u>
CAPITAL AND OTHER NONCURRENT ASSETS:			
Capital assets:			
Land	6,056,529	175,293	-
Buildings and improvements	52,668,319	8,952,480	3,401,046
Improvements other than buildings	50,220	3,765,391	151,939
Furniture, machinery and equipment	678,209	586,433	373,763
Property under capital lease	-	-	3,645,000
Construction in progress	-	-	-
Less accumulated depreciation	<u>(29,202,245)</u>	<u>(9,181,728)</u>	<u>(2,251,933)</u>
Capital assets - net	<u>30,251,032</u>	<u>4,297,869</u>	<u>5,319,815</u>
Other noncurrent assets	<u>200,000</u>	<u>-</u>	<u>-</u>
Total capital and other noncurrent assets	<u>30,451,032</u>	<u>4,297,869</u>	<u>5,319,815</u>
Total assets	<u>34,131,921</u>	<u>5,507,549</u>	<u>5,344,574</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2012

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>Stormwater Operations</u>
\$ 417,299	\$ 1,234,499	\$ 666,228	\$ -	\$ 3,389,041
181,828	94,834	38	8,334	3,916,922
-	-	-	-	(981,147)
18	50	29	-	233
8,754	192	44	1,599	6,999,054
-	-	-	-	-
<u>607,899</u>	<u>1,329,575</u>	<u>666,339</u>	<u>9,933</u>	<u>13,324,103</u>
-	-	587,400	-	-
-	-	10,095,045	-	-
-	-	84,651	-	-
187,368	-	689,879	-	-
-	-	-	-	-
-	-	40,632	-	-
<u>(83,316)</u>	<u>-</u>	<u>(8,101,130)</u>	<u>-</u>	<u>-</u>
<u>104,052</u>	<u>-</u>	<u>3,396,477</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>104,052</u>	<u>-</u>	<u>3,396,477</u>	<u>-</u>	<u>-</u>
<u>711,951</u>	<u>1,329,575</u>	<u>4,062,816</u>	<u>9,933</u>	<u>13,324,103</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2012

<u>ASSETS</u>	<u>Community Education Commission</u>	<u>Total Nonmajor Enterprise Funds</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 424,455	\$ 10,563,586
Accounts receivable	-	4,656,712
Allowance for doubtful accounts	-	(981,147)
Accrued interest receivable	18	500
Due from other funds of the primary government	-	7,035,481
Other current assets	-	2,518
	<u>424,473</u>	<u>21,277,650</u>
Total current assets		
CAPITAL AND OTHER NONCURRENT ASSETS:		
Capital assets:		
Land	-	6,819,222
Buildings and improvements	-	75,116,890
Improvements other than buildings	-	4,052,201
Furniture, machinery and equipment	-	2,515,652
Property under capital lease	-	3,645,000
Construction in progress	-	40,632
Less accumulated depreciation	-	(48,820,352)
	<u>-</u>	<u>43,369,245</u>
Capital assets - net		
Other noncurrent assets	-	200,000
	<u>-</u>	<u>43,569,245</u>
Total capital and other noncurrent assets		
	<u>424,473</u>	<u>64,846,895</u>
Total assets		

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2012

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 860,286	\$ 128,279	\$ 22,374
Accrued payroll	417,914	116,021	51,001
Due to other funds of the primary government	23,497	15,102	123,208
Due to component units	6,100	-	-
Customer deposits	104,969	89,787	10,190
Unearned revenue	847,427	35,418	-
Current portion of capitalized lease obligations	-	-	220,000
Other current liabilities	-	-	-
Total current liabilities	<u>2,260,193</u>	<u>384,607</u>	<u>426,773</u>
NONCURRENT LIABILITIES:			
Capitalized lease obligations	-	-	475,000
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>475,000</u>
Total liabilities	<u>2,260,193</u>	<u>384,607</u>	<u>901,773</u>
NET ASSETS (DEFICIT):			
Invested in capital assets, net of related debt	30,251,032	4,297,869	4,624,815
Unrestricted	<u>1,620,696</u>	<u>825,073</u>	<u>(182,014)</u>
Total net assets (deficit)	<u>\$ 31,871,728</u>	<u>\$ 5,122,942</u>	<u>\$ 4,442,801</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2012

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>Stormwater Operations</u>
\$ 1,013	\$ 4,686	\$ 107,800	\$ 2,798	\$ 352,320
47,496	66,331	92,106	-	402,880
49,902	290,965	3,464	2,492,992	51,458
-	339	-	-	-
-	-	-	-	-
-	-	75,765	-	-
-	-	-	-	-
-	-	-	-	-
<u>98,411</u>	<u>362,321</u>	<u>279,135</u>	<u>2,495,790</u>	<u>806,658</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>98,411</u>	<u>362,321</u>	<u>279,135</u>	<u>2,495,790</u>	<u>806,658</u>
104,052	-	3,396,477	-	-
<u>509,488</u>	<u>967,254</u>	<u>387,204</u>	<u>(2,485,857)</u>	<u>12,517,445</u>
<u>\$ 613,540</u>	<u>\$ 967,254</u>	<u>\$ 3,783,681</u>	<u>\$ (2,485,857)</u>	<u>\$ 12,517,445</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
OPERATING REVENUES:			
Charges for services	\$ 5,490,377	\$ 2,658,099	\$ 961,126
Other	-	-	-
Total operating revenues	<u>5,490,377</u>	<u>2,658,099</u>	<u>961,126</u>
OPERATING EXPENSES:			
Personal services	2,918,933	1,258,041	389,879
Contractual services	2,442,809	981,660	437,334
Supplies and materials	95,391	123,572	54,370
Depreciation	1,436,982	393,263	300,809
Other	140,902	150,790	16,219
Total operating expenses	<u>7,035,017</u>	<u>2,907,326</u>	<u>1,198,611</u>
OPERATING INCOME (LOSS)	<u>(1,544,640)</u>	<u>(249,227)</u>	<u>(237,485)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	832	153	-
Interest expense	-	-	(51,372)
Gain (loss) on sale of property	237	-	-
Total nonoperating revenue (expense)	<u>1,069</u>	<u>153</u>	<u>(51,372)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,543,571)</u>	<u>(249,074)</u>	<u>(288,857)</u>
TRANSFERS IN	-	-	420,868
TRANSFERS OUT	<u>(122,400)</u>	<u>(178,200)</u>	<u>(57,600)</u>
CHANGE IN NET ASSETS	(1,665,971)	(427,274)	74,411
NET ASSETS (DEFICIT), beginning of year	<u>33,537,699</u>	<u>5,550,216</u>	<u>4,368,390</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 31,871,728</u>	<u>\$ 5,122,942</u>	<u>\$ 4,442,801</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

Police Secondary Employment	Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
\$ 934,660	\$ 1,298,143	\$ 1,607,489	\$ 1,584,191	\$ 13,882,746
-	-	-	54	-
<u>934,660</u>	<u>1,298,143</u>	<u>1,607,489</u>	<u>1,584,245</u>	<u>13,882,746</u>
708,160	409,214	571,696	444,836	6,296,201
54,437	255,880	900,156	485,714	3,061,110
13,576	5,299	35,527	5,873	724,747
23,316	-	230,406	-	-
3,550	10,701	44,504	7,396	-
<u>803,039</u>	<u>681,094</u>	<u>1,782,289</u>	<u>943,819</u>	<u>10,082,058</u>
<u>131,621</u>	<u>617,049</u>	<u>(174,800)</u>	<u>640,426</u>	<u>3,800,688</u>
71	138	104	-	-
-	-	-	(3,398)	(1,618)
-	-	-	-	-
<u>71</u>	<u>138</u>	<u>104</u>	<u>(3,398)</u>	<u>(1,618)</u>
<u>131,692</u>	<u>617,187</u>	<u>(174,696)</u>	<u>637,028</u>	<u>3,799,070</u>
-	-	40,632	-	-
<u>(88,292)</u>	<u>(105,327)</u>	<u>(96,200)</u>	<u>(205,000)</u>	<u>(636,062)</u>
43,400	511,860	(230,264)	432,028	3,163,008
<u>570,140</u>	<u>455,394</u>	<u>4,013,945</u>	<u>(2,917,885)</u>	<u>9,354,437</u>
<u>\$ 613,540</u>	<u>\$ 967,254</u>	<u>\$ 3,783,681</u>	<u>\$ (2,485,857)</u>	<u>\$ 12,517,445</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

	Community Education Commission	Total Nonmajor Enterprise Funds
OPERATING REVENUES:		
Charges for services	\$ 36,083	\$ 28,452,914
Other	-	54
	<u>36,083</u>	<u>28,452,968</u>
Total operating revenues		
OPERATING EXPENSES:		
Personal services	134,425	13,131,385
Contractual services	128,709	8,747,809
Supplies and materials	22,338	1,080,693
Depreciation	-	2,384,776
Other	3,400	377,462
	<u>288,872</u>	<u>25,722,125</u>
Total operating expenses		
OPERATING INCOME (LOSS)	<u>(252,789)</u>	<u>2,730,843</u>
NONOPERATING REVENUE (EXPENSE):		
Investment income	61	1,359
Interest expense	-	(56,388)
Gain (loss) on sale of property	-	237
	<u>61</u>	<u>(54,792)</u>
Total nonoperating revenue (expense)		
INCOME (LOSS) BEFORE TRANSFERS	<u>(252,728)</u>	<u>2,676,051</u>
TRANSFERS IN	342,600	804,100
TRANSFERS OUT	<u>(33,300)</u>	<u>(1,522,381)</u>
CHANGE IN NET ASSETS	56,572	1,957,770
NET ASSETS (DEFICIT), beginning of year	<u>336,455</u>	<u>55,268,791</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 393,027</u>	<u>\$ 57,226,561</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, 2012

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,831,872	\$ 2,699,417	\$ 940,926
Payments to suppliers	(2,791,497)	(1,206,556)	(781,651)
Payments to employees	<u>(2,935,443)</u>	<u>(1,310,140)</u>	<u>(413,146)</u>
Net cash provided by (used in) operating activities	<u>104,932</u>	<u>182,721</u>	<u>(253,871)</u>
Cash flows from noncapital financing activities:			
Transfers in	-	-	420,868
Transfers out	(122,400)	(178,200)	(57,600)
Advances from other funds of the primary government	-	-	120,151
Payments to other funds of the primary government	-	-	-
Interest paid	<u>-</u>	<u>-</u>	<u>(71)</u>
Net cash provided by (used in) noncapital financing activities	<u>(122,400)</u>	<u>(178,200)</u>	<u>483,348</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(6,000)	(39,849)	(11,772)
Proceeds from the sale of property	237	-	-
Principal payments on borrowings	-	-	(205,000)
Interest paid	<u>-</u>	<u>-</u>	<u>(51,300)</u>
Net cash provided by (used in) capital and related financing activities	<u>(5,763)</u>	<u>(39,849)</u>	<u>(268,072)</u>
Cash flows from investing activities:			
Interest on investments	<u>1,029</u>	<u>238</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>1,029</u>	<u>238</u>	<u>-</u>
Net changes in cash and cash equivalents	(22,202)	(35,090)	(38,595)
Cash and cash equivalents at beginning of year	<u>3,270,961</u>	<u>1,218,395</u>	<u>38,595</u>
Cash and cash equivalents at end of year	<u>\$ 3,248,759</u>	<u>\$ 1,183,305</u>	<u>\$ -</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2012

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>Stormwater Operations</u>
\$ 865,476	\$ 1,271,501	\$ 1,952,643	\$ 1,608,534	\$ 7,688,535
(106,534)	(313,676)	(978,917)	(525,856)	(4,465,739)
<u>(714,006)</u>	<u>(418,069)</u>	<u>(589,964)</u>	<u>(610,801)</u>	<u>(6,442,918)</u>
<u>44,936</u>	<u>539,756</u>	<u>383,762</u>	<u>471,877</u>	<u>(3,220,122)</u>
-	-	40,632	-	-
(88,292)	(105,327)	(96,200)	(205,000)	(636,062)
-	-	-	-	-
-	-	-	(263,479)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,398)</u>	<u>(1,115)</u>
<u>(88,292)</u>	<u>(105,327)</u>	<u>(55,568)</u>	<u>(471,877)</u>	<u>(637,177)</u>
(127,368)	-	(40,632)	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(127,368)</u>	<u>-</u>	<u>(40,632)</u>	<u>-</u>	<u>-</u>
123	150	109	-	-
<u>123</u>	<u>150</u>	<u>109</u>	<u>-</u>	<u>-</u>
(170,601)	434,579	287,671	-	(3,857,299)
<u>587,900</u>	<u>799,920</u>	<u>378,557</u>	<u>-</u>	<u>7,246,340</u>
<u>\$ 417,299</u>	<u>\$ 1,234,499</u>	<u>\$ 666,228</u>	<u>\$ -</u>	<u>\$ 3,389,041</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, 2012

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 36,083	\$ 22,894,987
Payments to suppliers	(138,985)	(11,309,411)
Payments to employees	<u>(135,944)</u>	<u>(13,570,431)</u>
Net cash provided by (used in) operating activities	<u>(238,846)</u>	<u>(1,984,855)</u>
Cash flows from noncapital financing activities:		
Transfers in	342,600	804,100
Transfers out	(33,300)	(1,522,381)
Advances from other funds of the primary government	-	120,151
Payments to other funds of the primary government	-	(263,479)
Interest paid	<u>-</u>	<u>(4,584)</u>
Net cash provided by (used in) noncapital financing activities	<u>309,300</u>	<u>(866,193)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(225,621)
Proceeds from the sale of property	-	237
Principal payments on borrowings	-	(205,000)
Interest paid	<u>-</u>	<u>(51,300)</u>
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(481,684)</u>
Cash flows from investing activities:		
Interest on investments	<u>84</u>	<u>1,733</u>
Net cash provided by (used in) investing activities	<u>84</u>	<u>1,733</u>
Net changes in cash and cash equivalents	70,538	(3,330,999)
Cash and cash equivalents at beginning of year	<u>353,917</u>	<u>13,894,585</u>
Cash and cash equivalents at end of year	<u>\$ 424,455</u>	<u>\$ 10,563,586</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, 2012

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,544,640)	\$ (249,227)	\$ (237,485)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,436,982	393,263	300,809
Provision for doubtful accounts	(27,217)	-	-
Changes in assets and liabilities:			
Accounts receivable	136,508	(7,216)	(1,168)
Due from other funds of the primary government	(1,100)	(1,147)	(19,032)
Due from component units	-	-	-
Other current assets	-	(5)	-
Other noncurrent assets	100,000	-	-
Accounts payable	(138,639)	45,665	(276,114)
Accrued payroll	(16,510)	(52,099)	(23,267)
Due to other funds of the primary government	20,144	3,806	2,386
Due to component units	6,100	-	-
Customer deposits	-	48,747	-
Unearned revenue	133,304	934	-
Other current liabilities	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total adjustments	1,649,572	431,948	(16,386)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	\$ 104,932	\$ 182,721	\$ (253,871)

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, 2012

<u>Police Secondary Employment</u>	<u>Surplus Property Auction</u>	<u>Municipal Auditorium</u>	<u>Police Impound</u>	<u>Stormwater Operations</u>
<u>\$ 131,621</u>	<u>\$ 617,049</u>	<u>\$ (174,800)</u>	<u>\$ 640,426</u>	<u>\$ 3,800,688</u>
23,316	-	230,406	-	-
(744)	-	-	-	429,663
(59,686)	13,891	(38)	(8,334)	(536,872)
(8,754)	(192)	574,056	32,623	(6,087,002)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(1,065)	(41,796)	45	(32,000)	(92,846)
(5,846)	(8,855)	(18,268)	(165,965)	(146,717)
10,268	(40,668)	1,225	5,127	(587,036)
-	327	-	-	-
-	-	-	-	-
-	-	(228,864)	-	-
<u>(44,174)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(86,685)</u>	<u>(77,293)</u>	<u>558,562</u>	<u>(168,549)</u>	<u>(7,020,810)</u>
<u>\$ 44,936</u>	<u>\$ 539,756</u>	<u>\$ 383,762</u>	<u>\$ 471,877</u>	<u>\$ (3,220,122)</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, 2012

	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)	\$ (252,789)	\$ 2,730,843
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	2,384,776
Provision for doubtful accounts	-	401,702
Changes in assets and liabilities:		
Accounts receivable	-	(462,915)
Due from other funds of the primary government	-	(5,510,548)
Due from component units	-	-
Other current assets	1,350	1,345
Other noncurrent assets	-	100,000
Accounts payable	15,504	(521,246)
Accrued payroll	(1,519)	(439,046)
Due to other funds of the primary government	(1,441)	(586,189)
Due to component units	-	6,427
Customer deposits	-	48,747
Unearned revenue	-	(94,626)
Other current liabilities	49	(44,125)
	<u> </u>	<u> </u>
Total adjustments	13,943	(4,715,698)
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	\$ (238,846)	\$ (1,984,855)

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2012

<u>ASSETS</u>	<u>Office of Fleet Management</u>	<u>Information Systems</u>	<u>Radio Shop</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 280,039	\$ 4,049,258	\$ 3,971,127
Accounts receivable	11,047	19,458	13,828
Accrued interest receivable	15	186	162
Due from other funds of the primary government	818,353	31,101	228,008
Due from component units	-	-	-
Inventories of supplies	1,491,272	-	271,250
Other current assets	-	221,233	-
	<u>2,600,726</u>	<u>4,321,236</u>	<u>4,484,375</u>
Total current assets			
CAPITAL ASSETS:			
Buildings and improvements	-	-	126,643
Improvements other than buildings	-	-	-
Furniture, machinery and equipment	134,545,976	6,746,372	6,251,677
Construction in progress	-	197,092	12,062,173
Less accumulated depreciation	(100,808,863)	(5,141,612)	(3,483,427)
Capital assets - net	<u>33,737,113</u>	<u>1,801,852</u>	<u>14,957,066</u>
Total assets	<u>36,337,839</u>	<u>6,123,088</u>	<u>19,441,441</u>
 <u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	1,302,736	688,767	34,063
Accrued payroll	597,798	1,160,793	128,054
Claims payable	-	-	-
Due to other funds of the primary government	1,243	30,061	40
	<u>1,901,777</u>	<u>1,879,621</u>	<u>162,157</u>
Total current liabilities			
NET ASSETS (DEFICIT):			
Invested in capital assets, net of related debt	33,737,113	1,801,852	14,957,066
Unrestricted	698,949	2,441,615	4,322,218
	<u>34,436,062</u>	<u>4,243,467</u>	<u>19,279,284</u>
Total net assets (deficit)	<u>\$ 34,436,062</u>	<u>\$ 4,243,467</u>	<u>\$ 19,279,284</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2012

<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>
\$ 2,153,075	\$ 18,994,605	\$ 846,492	\$ 52,191,733	\$ 4,030,194
-	-	1,602,102	-	13,771
91	812	79	2,210	218
-	388	141,097	583,624	-
-	-	-	-	-
-	-	-	-	-
-	-	240,207	-	-
<u>2,153,166</u>	<u>18,995,805</u>	<u>2,829,977</u>	<u>52,777,567</u>	<u>4,044,183</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,153,166</u>	<u>18,995,805</u>	<u>2,829,977</u>	<u>52,777,567</u>	<u>4,044,183</u>
687,381	186,589	1,687,137	4,437,265	98,408
-	-	18,288	5,748	-
1,640,589	5,580,341	5,679,202	15,305,000	8,576,000
-	-	3,640	-	269,114
<u>2,327,970</u>	<u>5,766,930</u>	<u>7,388,267</u>	<u>19,748,013</u>	<u>8,943,522</u>
-	-	-	-	-
(174,804)	13,228,875	(4,558,290)	33,029,554	(4,899,339)
<u>\$ (174,804)</u>	<u>\$ 13,228,875</u>	<u>\$ (4,558,290)</u>	<u>\$ 33,029,554</u>	<u>\$ (4,899,339)</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2012

<u>ASSETS</u>	<u>Metro Postal Service</u>	<u>Treasury Management</u>	<u>Technology Revolving</u>	<u>General Services</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ 675,779	\$ 72,306	\$ 944,557	\$ 2,085,913
Accounts receivable	18	-	384	1,161
Accrued interest receivable	29	3	42	155
Due from other funds of the primary government	4,125	124,737	35,436	574,567
Due from component units	17	-	-	-
Inventories of supplies	-	-	-	-
Other current assets	24,168	-	-	-
Total current assets	704,136	197,046	980,419	2,661,796
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)	-	(136,171)
Capital assets - net	-	-	-	313,410
Total assets	704,136	197,046	980,419	2,975,206
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	52,599	937	20,684	1,478,610
Accrued payroll	37,845	73,802	-	341,212
Claims payable	-	-	-	-
Due to other funds of the primary government	-	3,745	9,202	75,576
Total current liabilities	90,444	78,484	29,886	1,895,398
NET ASSETS (DEFICIT):				
Invested in capital assets, net of related debt	-	-	-	313,410
Unrestricted	613,692	118,562	950,533	766,398
Total net assets (deficit)	\$ 613,692	\$ 118,562	\$ 950,533	\$ 1,079,808

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2012

<u>School Print Shop</u>	<u>Total Internal Service Funds</u>
\$ 496,307	\$ 90,791,385
78	1,661,847
21	4,023
50,870	2,592,306
-	17
-	1,762,522
-	485,608
<u>547,276</u>	<u>97,297,708</u>
-	349,008
-	29,031
367,351	148,120,187
-	12,259,265
<u>(313,721)</u>	<u>(109,894,420)</u>
<u>53,630</u>	<u>50,863,071</u>
<u>600,906</u>	<u>148,160,779</u>
31,286	10,706,462
42,633	2,406,173
-	36,781,132
<u>11,371</u>	<u>403,992</u>
<u>85,290</u>	<u>50,297,759</u>
53,630	50,863,071
<u>461,986</u>	<u>46,999,949</u>
<u>\$ 515,616</u>	<u>\$ 97,863,020</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

	Office of Fleet Management	Information Systems	Radio Shop
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES:			
Charges for services	\$ 17,757,790	\$ 13,186,214	\$ 2,878,545
Other	<u> </u>	<u> </u>	<u> </u>
Total operating revenues	<u>17,757,790</u>	<u>13,186,214</u>	<u>2,878,545</u>
OPERATING EXPENSES:			
Personal services	5,166,584	8,480,527	863,428
Contractual services	1,689,844	3,885,335	1,133,740
Supplies and materials	10,803,090	63,433	366,044
Depreciation	12,700,115	636,254	530,661
Compensation for damages to property	-	-	-
Medical and insurance benefits	-	-	-
Other	<u>150,906</u>	<u>1,760,430</u>	<u>39,903</u>
Total operating expenses	<u>30,510,539</u>	<u>14,825,979</u>	<u>2,933,776</u>
OPERATING INCOME (LOSS)	<u>(12,752,749)</u>	<u>(1,639,765)</u>	<u>(55,231)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	-	629	556
Interest expense	(519)	-	-
Gain (loss) on sale of property	381,451	(11,518)	2,873
Other	<u>226,250</u>	<u> </u>	<u> </u>
Total nonoperating revenue (expense)	<u>607,182</u>	<u>(10,889)</u>	<u>3,429</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(12,145,567)</u>	<u>(1,650,654)</u>	<u>(51,802)</u>
TRANSFERS IN	12,482,659	1,276,763	5,429,403
TRANSFERS OUT	<u>(28,295)</u>	<u> </u>	<u> </u>
CHANGE IN NET ASSETS	308,797	(373,891)	5,377,601
NET ASSETS (DEFICIT), beginning of year	<u>34,127,265</u>	<u>4,617,358</u>	<u>13,901,683</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 34,436,062</u>	<u>\$ 4,243,467</u>	<u>\$ 19,279,284</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

<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>
\$ -	\$ 5,919,453	\$ 90,377,012	\$ 188,322,185	\$ 4,374,918
-	683	-	2,194,394	147,645
-	5,920,136	90,377,012	190,516,579	4,522,563
147,197	612,012	112,875	369,705	-
854,975	642,178	4,414,135	7,885,540	1,491,086
-	21	843	-	-
-	-	-	-	-
447,555	1,341,945	-	-	-
-	-	80,126,873	176,799,112	21,841,109
3,479	2,635,340	-	13,600	-
1,453,206	5,231,496	84,654,726	185,067,957	23,332,195
(1,453,206)	688,640	5,722,286	5,448,622	(18,809,632)
336	2,929	2,014	6,970	488
-	-	(7,227)	-	-
-	-	-	-	-
83,623	35	-	(2,639,483)	-
83,959	2,964	(5,213)	(2,632,513)	488
(1,369,247)	691,604	5,717,073	2,816,109	(18,809,144)
1,250,000	204,289	-	1,464,215	18,603,300
-	(1,937,800)	-	(119,600)	-
(119,247)	(1,041,907)	5,717,073	4,160,724	(205,844)
(55,557)	14,270,782	(10,275,363)	28,868,830	(4,693,495)
<u>\$ (174,804)</u>	<u>\$ 13,228,875</u>	<u>\$ (4,558,290)</u>	<u>\$ 33,029,554</u>	<u>\$ (4,899,339)</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

	Metro Postal Service	Treasury Management	Technology Revolving	General Services
OPERATING REVENUES:				
Charges for services	\$ 615,688	\$ 915,005	\$ 405,350	\$ 18,043,176
Other	-	-	-	973
Total operating revenues	<u>615,688</u>	<u>915,005</u>	<u>405,350</u>	<u>18,044,149</u>
OPERATING EXPENSES:				
Personal services	231,458	668,235	-	2,310,754
Contractual services	542,331	69,093	8,170	16,462,473
Supplies and materials	4,287	4,139	1,027,725	376,231
Depreciation	-	-	-	38,247
Compensation for damages to property	-	-	-	-
Medical and insurance benefits	-	-	-	-
Other	17,162	6,680	-	279,639
Total operating expenses	<u>795,238</u>	<u>748,147</u>	<u>1,035,895</u>	<u>19,467,344</u>
OPERATING INCOME (LOSS)	<u>(179,550)</u>	<u>166,858</u>	<u>(630,545)</u>	<u>(1,423,195)</u>
NONOPERATING REVENUE (EXPENSE):				
Investment income	116	5	59	502
Interest expense	-	-	-	-
Gain (loss) on sale of property	-	-	-	-
Other	-	-	-	-
Total nonoperating revenue (expense)	<u>116</u>	<u>5</u>	<u>59</u>	<u>502</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(179,434)</u>	<u>166,863</u>	<u>(630,486)</u>	<u>(1,422,693)</u>
TRANSFERS IN	-	-	1,558,000	5,626
TRANSFERS OUT	-	-	-	-
CHANGE IN NET ASSETS	(179,434)	166,863	927,514	(1,417,067)
NET ASSETS (DEFICIT), beginning of year	<u>793,126</u>	<u>(48,301)</u>	<u>23,019</u>	<u>2,496,875</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 613,692</u>	<u>\$ 118,562</u>	<u>\$ 950,533</u>	<u>\$ 1,079,808</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

School Print Shop	Total Internal Service Funds
\$ 506,415	\$ 343,301,751
<u>-</u>	<u>2,343,695</u>
<u>506,415</u>	<u>345,645,446</u>
296,596	19,259,371
9,311	39,088,211
131,892	12,777,705
20,566	13,925,843
-	1,789,500
-	278,767,094
<u>89,472</u>	<u>4,996,611</u>
<u>547,837</u>	<u>370,604,335</u>
<u>(41,422)</u>	<u>(24,958,889)</u>
76	14,680
-	(7,746)
-	372,806
<u>-</u>	<u>(2,329,575)</u>
<u>76</u>	<u>(1,949,835)</u>
<u>(41,346)</u>	<u>(26,908,724)</u>
-	42,274,255
<u>-</u>	<u>(2,085,695)</u>
<u>(41,346)</u>	<u>13,279,836</u>
<u>556,962</u>	<u>84,583,184</u>
<u>\$ 515,616</u>	<u>\$ 97,863,020</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, 2012

	Office of Fleet Management	Information Systems	Radio Shop
Cash flows from operating activities:			
Receipts from customers and users	\$ 18,761,268	\$ 13,473,909	\$ 2,917,670
Payments to suppliers	(13,215,836)	(5,732,525)	(1,584,444)
Payments to employees	(5,308,330)	(8,782,232)	(892,134)
Other receipts	226,250	-	-
	<u>463,352</u>	<u>(1,040,848)</u>	<u>441,092</u>
Net cash provided by (used in) operating activities			
Cash flows from noncapital financing activities:			
Transfers in	12,482,659	1,276,763	5,429,403
Transfers out	(28,295)	-	-
Payments to other funds of the primary government	(685,532)	-	-
Interest paid	(534)	-	-
	<u>11,768,298</u>	<u>1,276,763</u>	<u>5,429,403</u>
Net cash provided by (used in) noncapital financing activities			
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(12,482,659)	(1,313,474)	(5,429,403)
Proceeds from the sale of property	531,048	20,299	2,873
	<u>(11,951,611)</u>	<u>(1,293,175)</u>	<u>(5,426,530)</u>
Net cash provided by (used in) capital and related financing activities			
Cash flows from investing activities:			
Interest on investments	-	1,079	800
	<u>-</u>	<u>1,079</u>	<u>800</u>
Net cash provided by (used in) investing activities			
Net changes in cash and cash equivalents	280,039	(1,056,181)	444,765
Cash and cash equivalents at beginning of year	-	5,105,439	3,526,362
Cash and cash equivalents at end of year	<u>\$ 280,039</u>	<u>\$ 4,049,258</u>	<u>\$ 3,971,127</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, 2012

<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>
\$ -	\$ 5,920,290	\$ 91,616,879	\$ 193,418,901	\$ 4,508,792
(984,603)	(5,984,443)	(83,866,558)	(185,653,647)	(21,186,302)
-	-	(94,587)	(363,957)	-
<u>83,623</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(900,980)</u>	<u>(64,118)</u>	<u>7,655,734</u>	<u>7,401,297</u>	<u>(16,677,510)</u>
1,250,000	204,289	-	1,464,215	18,603,300
-	(1,937,800)	-	(119,600)	-
-	-	(6,803,950)	-	-
<u>-</u>	<u>-</u>	<u>(7,227)</u>	<u>-</u>	<u>-</u>
<u>1,250,000</u>	<u>(1,733,511)</u>	<u>(6,811,177)</u>	<u>1,344,615</u>	<u>18,603,300</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>459</u>	<u>4,523</u>	<u>1,935</u>	<u>9,661</u>	<u>694</u>
<u>459</u>	<u>4,523</u>	<u>1,935</u>	<u>9,661</u>	<u>694</u>
349,479	(1,793,106)	846,492	8,755,573	1,926,484
<u>1,803,596</u>	<u>20,787,711</u>	<u>-</u>	<u>43,436,160</u>	<u>2,103,710</u>
<u>\$ 2,153,075</u>	<u>\$ 18,994,605</u>	<u>\$ 846,492</u>	<u>\$ 52,191,733</u>	<u>\$ 4,030,194</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, 2012

	Metro Postal Service	Treasury Management	Technology Revolving	General Services
Cash flows from operating activities:				
Receipts from customers and users	\$ 690,708	\$ 903,167	\$ 1,138,043	\$ 17,532,031
Payments to suppliers	(529,217)	(247,828)	(1,530,637)	(17,264,686)
Payments to employees	(238,371)	(679,183)	-	(2,413,466)
Other receipts	-	-	-	-
Net cash provided by (used in) operating activities	<u>(76,880)</u>	<u>(23,844)</u>	<u>(392,594)</u>	<u>(2,146,121)</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	1,558,000	5,626
Transfers out	-	-	-	-
Payments to other funds of the primary government	-	-	(220,869)	-
Interest paid	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>1,337,131</u>	<u>5,626</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	(5,626)
Proceeds from the sale of property	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,626)</u>
Cash flows from investing activities:				
Interest on investments	<u>176</u>	<u>2</u>	<u>20</u>	<u>913</u>
Net cash provided by (used in) investing activities	<u>176</u>	<u>2</u>	<u>20</u>	<u>913</u>
Net changes in cash and cash equivalents	(76,704)	(23,842)	944,557	(2,145,208)
Cash and cash equivalents at beginning of year	<u>752,483</u>	<u>96,148</u>	<u>-</u>	<u>4,231,121</u>
Cash and cash equivalents at end of year	<u>\$ 675,779</u>	<u>\$ 72,306</u>	<u>\$ 944,557</u>	<u>\$ 2,085,913</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, 2012

School Print Shop	Total Internal Service Funds
\$ 484,819	\$ 351,366,477
(206,466)	(337,987,192)
(291,634)	(19,063,894)
<u>-</u>	<u>309,908</u>
<u>(13,281)</u>	<u>(5,374,701)</u>
-	42,274,255
-	(2,085,695)
-	(7,710,351)
<u>-</u>	<u>(7,761)</u>
<u>-</u>	<u>32,470,448</u>
-	(19,231,162)
<u>-</u>	<u>554,220</u>
<u>-</u>	<u>(18,676,942)</u>
<u>114</u>	<u>20,376</u>
<u>114</u>	<u>20,376</u>
(13,167)	8,439,181
<u>509,474</u>	<u>82,352,204</u>
<u>\$ 496,307</u>	<u>\$ 90,791,385</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, 2012

	<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)	\$ (12,752,749)	\$ (1,639,765)	\$ (55,231)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	12,700,115	636,254	530,661
Other receipts (payments)	226,250	-	-
Changes in assets and liabilities:			
Accounts receivable	(7,496)	10,984	40,254
Due from other funds of the primary government	1,010,974	275,954	(1,129)
Due from component units	-	757	-
Inventories of supplies	108,628	-	53,403
Other current assets	-	(221,233)	-
Accounts payable	(678,262)	169,633	(96,408)
Accrued payroll	(141,746)	(301,705)	(28,706)
Claims payable	-	-	-
Due to other funds of the primary government	<u>(2,362)</u>	<u>28,273</u>	<u>(1,752)</u>
Total adjustments	<u>13,216,101</u>	<u>598,917</u>	<u>496,323</u>
Net cash provided by (used in) operating activities	<u>\$ 463,352</u>	<u>\$ (1,040,848)</u>	<u>\$ 441,092</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, 2012

<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>
\$ (1,453,206)	\$ 688,640	\$ 5,722,286	\$ 5,448,622	\$ (18,809,632)
-	-	-	-	-
83,623	35	-	(2,639,483)	-
-	-	1,265,712	914,054	(13,771)
-	154	(25,845)	1,988,268	-
-	-	-	-	-
-	-	-	-	-
-	-	1,246,636	-	-
519,678	7,540	766,240	1,392,777	98,408
-	-	18,288	5,748	-
(50,900)	(759,062)	(1,338,303)	294,000	2,073,000
<u>(175)</u>	<u>(1,425)</u>	<u>720</u>	<u>(2,689)</u>	<u>(25,515)</u>
<u>552,226</u>	<u>(752,758)</u>	<u>1,933,448</u>	<u>1,952,675</u>	<u>2,132,122</u>
<u>\$ (900,980)</u>	<u>\$ (64,118)</u>	<u>\$ 7,655,734</u>	<u>\$ 7,401,297</u>	<u>\$ (16,677,510)</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, 2012

	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)	\$ (179,550)	\$ 166,858	\$ (630,545)	\$ (1,423,195)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	38,247
Other receipts (payments)	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	(2)	-	384	(846)
Due from other funds of the primary government	75,010	(11,838)	730,764	(511,272)
Due from component units	12	-	1,545	-
Inventories of supplies	-	-	-	-
Other current assets	(10,118)	7,221	-	-
Accounts payable	44,681	334	(503,944)	(173,921)
Accrued payroll	(6,913)	(10,948)	-	(102,712)
Claims payable	-	-	-	-
Due to other funds of the primary government	-	(175,471)	9,202	27,578
Total adjustments	102,670	(190,702)	237,951	(722,926)
Net cash provided by (used in) operating activities	\$ (76,880)	\$ (23,844)	\$ (392,594)	\$ (2,146,121)

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, 2012

<u>School Print Shop</u>	<u>Total Internal Service Funds</u>
<u>\$ (41,422)</u>	<u>\$ (24,958,889)</u>
20,566	13,925,843
-	(2,329,575)
(78)	2,209,195
(21,518)	3,509,522
-	2,314
-	162,031
4,551	1,027,057
16,600	1,563,356
4,962	(563,732)
-	218,735
<u>3,058</u>	<u>(140,558)</u>
<u>28,141</u>	<u>19,584,188</u>
<u>\$ (13,281)</u>	<u>\$ (5,374,701)</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.

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 ASSETS
FIDUCIARY FUNDS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

June 30, 2012

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ASSETS:				
Cash and cash equivalents	\$ -	\$ 55,236,322	\$ -	\$ 2,197,029
Investments, at fair value:				
U.S. government agencies	-	73,081,933	-	2,257,486
Foreign government bonds and agencies	-	36,749,943	-	1,135,198
Government mortgage backed securities	-	91,686,914	-	2,832,190
Corporate bonds and notes	-	223,500,821	-	6,903,894
High yield bonds	-	5,056,059	-	156,181
Inflation protected bonds	-	50,302,337	-	1,553,829
Common stock	-	1,081,194,566	-	29,850,289
Preferred stock	-	331,431	-	10,238
Municipals	-	4,822,894	-	148,978
Mortgages and real estate	-	45,408,120	-	1,402,647
Venture capital and partnerships	-	484,479,299	-	14,965,465
Cash collateral received - securities lending program	-	69,509,073	-	-
Annuities	-	141,272	-	-
Accounts receivable	-	15,443,195	266,190	1,564,958
Accrued interest receivable	-	3,923,661	2	121,281
Due from other funds of the primary government	3	54,107	1	1,803,072
Total assets	3	2,240,921,947	266,193	66,902,735
LIABILITIES:				
Accounts payable	3	10,970,970	1	1,552,157
Due to brokers	-	40,764,851	-	-
Payable for collateral received - securities lending program	-	69,509,073	-	-
Due to other funds of the primary government	-	117,879	266,192	-
Total liabilities	3	121,362,773	266,193	1,552,157
NET ASSETS:				
Held in trust for pension benefits (A Schedule of Funding Progress for each pension plan is presented as Required Supplementary Information.)	-	2,119,559,174	-	65,350,578
Held in trust for other employee benefits	-	-	-	-
Total net assets	\$ -	\$ 2,119,559,174	\$ -	\$ 65,350,578

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2012

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
\$ -	\$ -	\$ 1,560,670	\$ 235,971	\$ 59,229,992
-	-	-	-	75,339,419
-	-	-	-	37,885,141
-	-	-	-	94,519,104
-	-	-	-	230,404,715
-	-	-	-	5,212,240
-	-	-	-	51,856,166
-	-	-	-	1,111,044,855
-	-	-	-	341,669
-	-	-	-	4,971,872
-	-	-	-	46,810,767
-	-	-	-	499,444,764
-	-	-	-	69,509,073
-	-	-	-	141,272
-	178,265	59,539	-	17,512,147
-	2	84	11	4,045,041
14	-	-	-	1,857,197
14	178,267	1,620,293	235,982	2,310,125,434
14	-	26,786	15,757	12,565,688
-	-	-	-	40,764,851
-	-	-	-	69,509,073
-	178,267	-	-	562,338
14	178,267	26,786	15,757	123,401,950
-	-	-	-	2,184,909,752
-	-	1,593,507	220,225	1,813,732
\$ -	\$ -	\$ 1,593,507	\$ 220,225	\$ 2,186,723,484

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 AGENCY FUNDS

June 30, 2012

	Richard R. Rooker, Circuit Court Clerk	Cristi Scott, Clerk and Master	John Arriola, County Clerk	Howard Gentry, Criminal Court Clerk	Bill Garrett, County Register
ASSETS:					
Cash and cash equivalents	\$ 36,249,871	\$ 7,843,954	\$ 1,163,410	\$ 9,830,931	\$ 3,780,641
Investments:					
Mortgages and real estate	-	-	-	1,581,000	-
Mutual funds	-	12,664	-	-	-
Accounts receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Due from other funds of the primary government	-	-	-	-	-
Other assets	-	-	-	-	25,808
Total assets	<u>\$ 36,249,871</u>	<u>\$ 7,856,618</u>	<u>\$ 1,163,410</u>	<u>\$ 11,411,931</u>	<u>\$ 3,806,449</u>
LIABILITIES:					
Funds held in custody for others	\$ 29,302,880	\$ 7,846,952	\$	\$ 9,893,532	\$ -
Other liabilities	6,946,991	9,666	1,163,410	1,518,399	3,806,449
Total liabilities	<u>\$ 36,249,871</u>	<u>\$ 7,856,618</u>	<u>\$ 1,163,410</u>	<u>\$ 11,411,931</u>	<u>\$ 3,806,449</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2012

David Smith, Juvenile Court Clerk	Sold Property Tax Receivables	Sheriff Work Release and Inmate Trust	Planning Performance Bonds	Total Agency Funds
\$ 2,298,706	\$ 1,463,966	\$ 357,183	\$ 2,606,757	\$ 65,595,419
-	-	-	-	1,581,000
-	-	-	-	12,664
-	34,721	-	-	34,721
-	65	-	-	65
-	1,562,795	-	-	1,562,795
-	-	-	-	25,808
<u>\$ 2,298,706</u>	<u>\$ 3,061,547</u>	<u>\$ 357,183</u>	<u>\$ 2,606,757</u>	<u>\$ 68,812,472</u>
\$ 1,862,196	\$ 3,061,547	\$ 357,183	\$ 2,606,757	\$ 54,931,047
436,510	-	-	-	13,881,425
<u>\$ 2,298,706</u>	<u>\$ 3,061,547</u>	<u>\$ 357,183</u>	<u>\$ 2,606,757</u>	<u>\$ 68,812,472</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ADDITIONS:				
Investment income:				
Interest and dividend income	\$ -	\$ 47,784,005	\$ -	\$ 1,993,803
Net appreciation (depreciation) of investments	-	(23,866,552)	-	(880,532)
Miscellaneous	-	79,279	-	-
Net increase (decrease) in fair value of investments	-	23,996,732	-	1,113,271
Net income earned on securities lending transactions:				
Securities lending income	-	892,805	-	-
Securities lending expense	-	(178,531)	-	-
Net income earned on securities lending transactions	-	714,274	-	-
Less investment expenses	(19)	(6,532,380)	(21)	(6,863)
Net investment income (loss)	(19)	18,178,626	(21)	1,106,408
Contributions:				
Employee contributions	-	99,806	-	2,865
Employer contributions	1,723,531	81,636,995	4,226,611	17,472,574
Transfers in	-	138,752	-	18,066,125
Contributions from the State of Tennessee	-	-	3,265,842	13,297,960
Miscellaneous	-	-	-	-
Total contributions	1,723,531	81,875,553	7,492,453	48,839,524
Total additions	1,723,512	100,054,179	7,492,432	49,945,932
DEDUCTIONS:				
Pension and other employee benefits	1,723,507	121,569,709	7,768,823	35,253,904
Refunds of contributions	-	69,080	-	-
Administrative expenses	-	2,581,164	-	62,000
Transfers out	1,556,606	-	5,653,573	-
Total deductions	3,280,113	124,219,953	13,422,396	35,315,904
Change in net assets	(1,556,601)	(24,165,774)	(5,929,964)	14,630,028
NET ASSETS, beginning of year	1,556,601	2,143,724,948	5,929,964	50,720,550
NET ASSETS, end of year	<u>\$ -</u>	<u>\$ 2,119,559,174</u>	<u>\$ -</u>	<u>\$ 65,350,578</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

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
\$ -	\$ -	\$ 320	\$ 30	\$ 49,778,158
-	-	-	-	(24,747,084)
-	-	-	-	79,279
-	-	320	30	25,110,353
-	-	-	-	892,805
-	-	-	-	(178,531)
-	-	-	-	714,274
(87)	(7)	-	-	(6,539,377)
(87)	(7)	320	30	19,285,250
-	-	1,192,406	888,381	2,183,458
7,966,275	2,131,853	-	-	115,157,839
-	-	-	-	18,204,877
-	2,205,285	-	-	18,769,087
-	-	2,080,305	-	2,080,305
7,966,275	4,337,138	3,272,711	888,381	156,395,566
7,966,188	4,337,131	3,273,031	888,411	175,680,816
7,966,165	4,525,133	1,325,640	817,190	180,950,071
-	-	-	-	69,080
-	-	-	-	2,643,164
7,274,915	3,581,030	1,464,215	-	19,530,339
15,241,080	8,106,163	2,789,855	817,190	203,192,654
(7,274,892)	(3,769,032)	483,176	71,221	(27,511,838)
7,274,892	3,769,032	1,110,331	149,004	2,214,235,322
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,593,507</u>	<u>\$ 220,225</u>	<u>\$ 2,186,723,484</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

For the Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 22,232,319	\$ 102,120,925	\$ 88,103,373	\$ 36,249,871
LIABILITIES:				
Funds held in custody for others	\$ 10,945,256	\$ 23,128,525	\$ 4,770,901	\$ 29,302,880
Other liabilities	11,287,063	78,992,400	83,332,472	6,946,991
Total liabilities	<u>\$ 22,232,319</u>	<u>\$ 102,120,925</u>	<u>\$ 88,103,373</u>	<u>\$ 36,249,871</u>
 <u>Cristi Scott, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 4,781,832	\$ 19,621,255	\$ 16,559,133	\$ 7,843,954
Mutual funds	12,408	256	-	12,664
Total assets	<u>\$ 4,794,240</u>	<u>\$ 19,621,511</u>	<u>\$ 16,559,133</u>	<u>\$ 7,856,618</u>
LIABILITIES:				
Funds held in custody for others	\$ 4,785,032	\$ 18,111,301	\$ 15,049,381	\$ 7,846,952
Other liabilities	9,208	1,510,210	1,509,752	9,666
Total liabilities	<u>\$ 4,794,240</u>	<u>\$ 19,621,511</u>	<u>\$ 16,559,133</u>	<u>\$ 7,856,618</u>
 <u>John Arriola, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 1,089,804	\$ 130,139,125	\$ 130,065,519	\$ 1,163,410
LIABILITIES:				
Other liabilities	<u>\$ 1,089,804</u>	<u>\$ 130,139,125</u>	<u>\$ 130,065,519</u>	<u>\$ 1,163,410</u>
 <u>Howard Gentry, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 9,199,017	\$ 12,809,321	\$ 12,177,407	\$ 9,830,931
Mortgages and real estate	1,454,900	126,100	-	1,581,000
Total assets	<u>\$ 10,653,917</u>	<u>\$ 12,935,421</u>	<u>\$ 12,177,407</u>	<u>\$ 11,411,931</u>
LIABILITIES:				
Funds held in custody for others	\$ 9,419,182	\$ 743,767	\$ 269,417	\$ 9,893,532
Other liabilities	1,234,735	12,191,654	11,907,990	1,518,399
Total liabilities	<u>\$ 10,653,917</u>	<u>\$ 12,935,421</u>	<u>\$ 12,177,407</u>	<u>\$ 11,411,931</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, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 2,975,069	\$ 23,380,197	\$ 22,574,625	\$ 3,780,641
Other assets	23,293	2,610,888	2,608,373	25,808
Total assets	<u>\$ 2,998,362</u>	<u>\$ 25,991,085</u>	<u>\$ 25,182,998</u>	<u>\$ 3,806,449</u>
LIABILITIES:				
Other liabilities	<u>\$ 2,998,362</u>	<u>\$ 25,991,085</u>	<u>\$ 25,182,998</u>	<u>\$ 3,806,449</u>
 <u>David Smith, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 2,444,822</u>	<u>\$ 4,661,807</u>	<u>\$ 4,807,923</u>	<u>\$ 2,298,706</u>
LIABILITIES:				
Funds held in custody for others	\$ 1,912,172	\$ 145,315	\$ 195,291	\$ 1,862,196
Other liabilities	532,650	4,516,492	4,612,632	436,510
Total liabilities	<u>\$ 2,444,822</u>	<u>\$ 4,661,807</u>	<u>\$ 4,807,923</u>	<u>\$ 2,298,706</u>
 <u>Sold Property Tax Receivables</u>				
ASSETS:				
Cash and cash equivalents	\$ 110,612	\$ 37,842,340	\$ 36,488,986	\$ 1,463,966
Accounts receivable	-	34,721	-	34,721
Accrued interest receivable	288	123	346	65
Due from other funds of the primary government	6,159,386	1,562,795	6,159,386	1,562,795
Total assets	<u>\$ 6,270,286</u>	<u>\$ 39,439,979</u>	<u>\$ 42,648,718</u>	<u>\$ 3,061,547</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 6,270,286</u>	<u>\$ 39,439,979</u>	<u>\$ 42,648,718</u>	<u>\$ 3,061,547</u>
 <u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 370,906</u>	<u>\$ 2,868,203</u>	<u>\$ 2,881,926</u>	<u>\$ 357,183</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 370,906</u>	<u>\$ 2,868,203</u>	<u>\$ 2,881,926</u>	<u>\$ 357,183</u>
 <u>Planning Performance Bonds</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 2,045,248</u>	<u>\$ 731,174</u>	<u>\$ 169,665</u>	<u>\$ 2,606,757</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 2,045,248</u>	<u>\$ 731,174</u>	<u>\$ 169,665</u>	<u>\$ 2,606,757</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, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 45,249,629	\$ 334,174,347	\$ 313,828,557	\$ 65,595,419
Investments:				
Mortgages and real estate	1,454,900	126,100	-	1,581,000
Mutual funds	12,408	256	-	12,664
Accounts receivable	-	34,721	-	34,721
Accrued interest receivable	288	123	346	65
Due from other funds of the primary government	6,159,386	1,562,795	6,159,386	1,562,795
Other assets	23,293	2,610,888	2,608,373	25,808
Total assets	<u>\$ 52,899,904</u>	<u>\$ 338,509,230</u>	<u>\$ 322,596,662</u>	<u>\$ 68,812,472</u>
LIABILITIES:				
Funds held in custody for others	\$ 35,748,082	\$ 85,168,264	\$ 65,985,299	\$ 54,931,047
Other liabilities	17,151,822	253,340,966	256,611,363	13,881,425
Total liabilities	<u>\$ 52,899,904</u>	<u>\$ 338,509,230</u>	<u>\$ 322,596,662</u>	<u>\$ 68,812,472</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 fund receives contributions from both employees and from the Government. Under the administrative responsibility of the Employee Benefit Board, this fund provides for the accumulation of assets for the payment of disability and retirement benefits for employees covered under this plan.

EMPLOYEES' PENSION AND INSURANCE FUND

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

TEACHERS' RETIREMENT PLAN FUND

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

CLOSED CITY PLAN FUND

This fund accounts for two closed plans.

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

The Police and Fireman Pension Fund 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
John Arriola, 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, 2012

ASSETS:

Cash and cash equivalents	\$ 19,301,933
Investments	1,541,109
Accounts receivable	2,064,198
Accrued interest receivable	865
Due from the primary government	339
Other current assets	<u>473,728</u>
 Total assets	 <u><u>\$ 23,382,172</u></u>

LIABILITIES:

Accounts payable	\$ 5,872,836
Accrued payroll	2,632
Due to the primary government	3,274
Deferred revenue	<u>845,711</u>
 Total liabilities	 <u>6,724,453</u>

FUND BALANCES:

Nonspendable for prepaid expenditures	473,728
Restricted for debt service	5,674,542
Unassigned	<u>10,509,449</u>
 Total fund balances	 <u>16,657,719</u>
 Total liabilities and fund balances	 <u><u>\$ 23,382,172</u></u>

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

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

June 30, 2012

Fund balances	\$	16,657,719
Amounts reported in the Statement of Net Assets are different because:		
Capital assets of governmental component units are not financial resources and therefore not reported in the Balance Sheet. However, they are reported in the Statement of Net Assets. This amount represents the net book value of capital assets at year-end.		
		330,408,106
Long-term liabilities, including revenue bonds payable, are not due and payable in the current period and therefore are not reported by governmental component units in the Balance Sheet. However, they are reported in the Statement of Net Assets. Additionally, related interest is accrued when incurred in the Statement of Net Assets.		
Revenue bonds payable		(85,265,000)
Less deferred charge on refunding		3,529,189
Less deferred charge for issuance costs		825,462
Add bond premium		(906,335)
Accrued interest payable		(1,154,726)
Compensated absences		(19,345)
Deferred revenues reported in the governmental component unit funds are recognized as revenues in the governmental component unit activities.		
		845,711
Net assets	\$	264,920,781

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, 2012

REVENUES:	
Local option sales tax	\$ 1,531,344
Other taxes, licenses and permits	4,487,913
Revenues from the use of money or property	3,708
Revenues from other governmental agencies	26,136,387
Charges for current services	2,263,627
Compensation for loss, sale or damage to property	<u>695,103</u>
 Total revenues	 <u>35,118,082</u>
EXPENDITURES:	
Personal services	169,158
Contractual services	24,885,618
Supplies and materials	460,351
Other costs	381,856
Capital outlay	21,140,257
Compensation for damages	14,004
Debt service:	
Principal retirement	3,610,000
Interest	3,059,938
Debt issue costs	<u>365,108</u>
 Total expenditures	 <u>54,086,290</u>
 Excess (deficiency) of revenues over expenditures	 <u>(18,968,208)</u>
OTHER FINANCING SOURCES (USES):	
Issuance of new debt	22,860,000
Issuance of refunding debt	10,545,000
Payments to refunded bond escrow agent	<u>(10,414,010)</u>
 Total other financing sources (uses)	 22,990,990
 Net change in fund balances	 4,022,782
FUND BALANCES, beginning of year	<u>12,634,937</u>
FUND BALANCES, end of year	<u>\$ 16,657,719</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, 2012

Net change in fund balances	\$	4,022,782
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Amounts reported in the Statement of Activities are different because:

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.

Acquisition of capital assets		21,140,257
Depreciation expense		(10,562,621)

Governmental component units report the repayment of bond principal and the payment of interest as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. However, principal repayments reduce liabilities and interest expense is accrued when incurred in the Statement of Net Assets. Also, governmental component units report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized for the Statement of Activities.

Issuance of new bonds		(22,860,000)
Issuance of refunding bonds		(10,545,000)
Principal repayments		3,610,000
Payments to refunded bond escrow agent		10,414,010
Amortization of deferred charge on refunding		(251,910)
Amortization of issuance costs		(46,267)
Issuance costs		365,108
Amortization of premium		64,738
Change in accrued interest		412,050

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.		5,988
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Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.		417,372
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Change in net assets	\$	<u>(3,813,493)</u>
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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, 2012

ASSETS:	
Cash and cash equivalents	\$ 578,910
Accrued interest receivable	<u>36</u>
Total assets	<u>\$ 578,946</u>
LIABILITIES:	
Accounts payable	<u>\$ 187</u>
Total liabilities	<u>187</u>
FUND BALANCES:	
Unassigned	<u>578,759</u>
Total fund balances	<u>578,759</u>
Total liabilities and fund balances	<u>\$ 578,946</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, 2012

REVENUES:	
Revenue from the use of money or property	\$ 85
Revenue from other governmental agencies	10,464,067
Charges for current services	8,500
Compensation for loss, sale or damage to property	<u>515,139</u>
Total revenues	<u>10,987,791</u>
EXPENDITURES:	
Contractual services	25,810
Supplies and materials	203
Other costs	<u>10,469,249</u>
Total expenditures	<u>10,495,262</u>
Net change in fund balances	492,529
FUND BALANCES, beginning of year	<u>86,230</u>
FUND BALANCES, end of year	<u><u>\$ 578,759</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, 2012

	General Services District	Urban Services District	Total General Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 46,254,266	\$ 10,217,789	\$ 56,472,055
Sales tax receivable	16,507,430	-	16,507,430
Accounts receivable	46,308,053	2,495,140	48,803,193
Accrued interest receivable	1,191	330	1,521
Property taxes receivable	371,904,690	80,097,489	452,002,179
Allowance for doubtful accounts	(17,290,726)	(1,279,383)	(18,570,109)
Due from other funds of the primary government	5,888,066	856,947	6,745,013
Due from component units	8,244,119	-	8,244,119
Inventories of supplies	308,758	-	308,758
Other assets	125,221	-	125,221
	<u>\$ 478,251,068</u>	<u>\$ 92,388,312</u>	<u>\$ 570,639,380</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 11,716,702	\$ 636,577	\$ 12,353,279
Accrued payroll	14,126,278	2,399,159	16,525,437
Due to other funds of the primary government	10,118,898	1,018,873	11,137,771
Due to component units	81,762	-	81,762
Deferred revenue	377,491,405	79,855,614	457,347,019
Other liabilities	2,450,110	-	2,450,110
	<u>415,985,155</u>	<u>83,910,223</u>	<u>499,895,378</u>
FUND BALANCES:			
Nonspendable	367,535	-	367,535
Assigned for specific projects	539,600	-	539,600
Unassigned	61,358,778	8,478,089	69,836,867
	<u>62,265,913</u>	<u>8,478,089</u>	<u>70,744,002</u>
Total liabilities and fund balances	<u>\$ 478,251,068</u>	<u>\$ 92,388,312</u>	<u>\$ 570,639,380</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL FUND

For the Year Ended June 30, 2012

	<u>General Services District</u>	<u>Urban Services District</u>	<u>Total General Fund</u>
REVENUES:			
Property taxes	\$ 359,066,086	\$ 84,274,065	\$ 443,340,151
Local option sales tax	91,050,593	-	91,050,593
Other taxes, licenses and permits	102,031,773	5,673,235	107,705,008
Fines, forfeits and penalties	12,573,870	-	12,573,870
Revenues from the use of money or property	20,916	-	20,916
Revenues from other governmental agencies	75,342,960	1,984,162	77,327,122
Commissions and fees	15,355,507	-	15,355,507
Charges for current services	25,609,465	1,401,942	27,011,407
Compensation for loss, sale or damage to property	1,509,595	-	1,509,595
Contributions and gifts	432,325	-	432,325
Miscellaneous	1,696,715	400	1,697,115
Total revenues	<u>684,689,805</u>	<u>93,333,804</u>	<u>778,023,609</u>
EXPENDITURES:			
General government	26,010,451	-	26,010,451
Fiscal administration	21,912,507	-	21,912,507
Administration of justice	53,575,166	-	53,575,166
Law enforcement and care of prisoners	219,993,520	-	219,993,520
Fire prevention and control	46,867,695	61,741,383	108,609,078
Regulation and inspection	7,760,963	-	7,760,963
Conservation of natural resources	333,713	-	333,713
Public welfare	7,735,922	-	7,735,922
Public health and hospitals	60,411,628	-	60,411,628
Public library system	20,363,498	-	20,363,498
Public works, highways and streets	21,231,322	7,940,026	29,171,348
Recreational and cultural	32,214,593	-	32,214,593
Employee benefits	52,140,392	20,780,476	72,920,868
Miscellaneous	74,383,623	1,601,907	75,985,530
Total expenditures	<u>644,934,993</u>	<u>92,063,792</u>	<u>736,998,785</u>
Excess of revenues over expenditures	<u>39,754,812</u>	<u>1,270,012</u>	<u>41,024,824</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	40,553,865	-	40,553,865
Transfers out	(63,536,731)	(14,784,100)	(78,320,831)
Total other financing sources (uses)	<u>(22,982,866)</u>	<u>(14,784,100)</u>	<u>(37,766,966)</u>
Net change in fund balances	16,771,946	(13,514,088)	3,257,858
FUND BALANCES, beginning of year	<u>45,493,967</u>	<u>21,992,177</u>	<u>67,486,144</u>
FUND BALANCES, end of year	<u>\$ 62,265,913</u>	<u>\$ 8,478,089</u>	<u>\$ 70,744,002</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

	General Services District			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES:				
Property taxes	\$ 360,698,800	\$ 360,698,800	\$ 359,066,086	\$ (1,632,714)
Local option sales tax	87,428,700	87,428,700	91,050,593	3,621,893
Other taxes, licenses and permits	100,508,900	100,508,900	102,031,773	1,522,873
Fines, forfeits and penalties	12,519,500	12,519,500	12,573,870	54,370
Revenues from the use of money or property	-	-	20,916	20,916
Revenues from other governmental agencies	76,125,300	76,125,300	75,342,960	(782,340)
Commissions and fees	13,515,400	13,515,400	15,355,507	1,840,107
Charges for current services	26,264,700	26,264,700	25,609,465	(655,235)
Compensation for loss, sale or damage to property	355,900	355,900	1,509,595	1,153,695
Contributions and gifts	413,300	413,300	432,325	19,025
Miscellaneous	1,527,000	1,527,000	1,696,715	169,715
Total revenues	<u>679,357,500</u>	<u>679,357,500</u>	<u>684,689,805</u>	<u>5,332,305</u>
EXPENDITURES:				
General government	26,889,000	27,355,000	26,010,451	1,344,549
Fiscal administration	22,808,900	23,202,900	21,912,507	1,290,393
Administration of justice	54,888,300	55,014,500	53,575,166	1,439,334
Law enforcement and care of prisoners	217,717,400	221,292,800	219,993,520	1,299,280
Fire prevention and control	46,080,200	46,895,400	46,867,695	27,705
Regulation and inspection	8,872,100	8,736,400	7,760,963	975,437
Conservation of natural resources	369,100	376,800	333,713	43,087
Public welfare	6,733,200	8,136,800	7,735,922	400,878
Public health and hospitals	61,818,700	61,911,500	60,411,628	1,499,872
Public library system	20,183,400	20,386,500	20,363,498	23,002
Public works, highways and streets	21,672,000	21,905,200	21,231,322	673,878
Recreational and cultural	32,553,800	32,537,600	32,214,593	323,007
Employee benefits	52,046,200	52,046,200	52,140,392	(94,192)
Miscellaneous	87,767,000	79,028,300	74,383,623	4,644,677
Total expenditures	<u>660,399,300</u>	<u>658,825,900</u>	<u>644,934,993</u>	<u>13,890,907</u>
Excess (deficiency) of revenues over expenditures	<u>18,958,200</u>	<u>20,531,600</u>	<u>39,754,812</u>	<u>19,223,212</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	39,745,800	39,748,400	40,553,865	805,465
Transfers out	<u>(58,704,000)</u>	<u>(64,137,700)</u>	<u>(63,536,731)</u>	<u>600,969</u>
Total other financing sources (uses)	<u>(18,958,200)</u>	<u>(24,389,300)</u>	<u>(22,982,866)</u>	<u>1,406,434</u>
Net change in fund balances	-	(3,857,700)	16,771,946	20,629,646
FUND BALANCES, beginning of year	<u>45,493,967</u>	<u>45,493,967</u>	<u>45,493,967</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 45,493,967</u>	<u>\$ 41,636,267</u>	<u>\$ 62,265,913</u>	<u>\$ 20,629,646</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

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		
\$ 86,152,300	\$ 86,152,300	\$ 84,274,065	\$ (1,878,235)	\$ 446,851,100	\$ 446,851,100	\$ 443,340,151	\$ (3,510,949)
-	-	-	-	87,428,700	87,428,700	91,050,593	3,621,893
3,703,500	3,703,500	5,673,235	1,969,735	104,212,400	104,212,400	107,705,008	3,492,608
-	-	-	-	12,519,500	12,519,500	12,573,870	54,370
-	-	-	-	-	-	20,916	20,916
4,310,400	4,310,400	1,984,162	(2,326,238)	80,435,700	80,435,700	77,327,122	(3,108,578)
-	-	-	-	13,515,400	13,515,400	15,355,507	1,840,107
859,700	859,700	1,401,942	542,242	27,124,400	27,124,400	27,011,407	(112,993)
100,000	100,000	-	(100,000)	455,900	455,900	1,509,595	1,053,695
-	-	-	-	413,300	413,300	432,325	19,025
-	-	400	400	1,527,000	1,527,000	1,697,115	170,115
<u>95,125,900</u>	<u>95,125,900</u>	<u>93,333,804</u>	<u>(1,792,096)</u>	<u>774,483,400</u>	<u>774,483,400</u>	<u>778,023,609</u>	<u>3,540,209</u>
-	-	-	-	26,889,000	27,355,000	26,010,451	1,344,549
-	-	-	-	22,808,900	23,202,900	21,912,507	1,290,393
-	-	-	-	54,888,300	55,014,500	53,575,166	1,439,334
-	-	-	-	217,717,400	221,292,800	219,993,520	1,299,280
61,024,400	61,741,500	61,741,383	117	107,104,600	108,636,900	108,609,078	27,822
-	-	-	-	8,872,100	8,736,400	7,760,963	975,437
-	-	-	-	369,100	376,800	333,713	43,087
-	-	-	-	6,733,200	8,136,800	7,735,922	400,878
-	-	-	-	61,818,700	61,911,500	60,411,628	1,499,872
-	-	-	-	20,183,400	20,386,500	20,363,498	23,002
8,035,300	8,060,500	7,940,026	120,474	29,707,300	29,965,700	29,171,348	794,352
-	-	-	-	32,553,800	32,537,600	32,214,593	323,007
20,989,700	20,989,700	20,780,476	209,224	73,035,900	73,035,900	72,920,868	115,032
3,727,900	2,985,600	1,601,907	1,383,693	91,494,900	82,013,900	75,985,530	6,028,370
<u>93,777,300</u>	<u>93,777,300</u>	<u>92,063,792</u>	<u>1,713,508</u>	<u>754,176,600</u>	<u>752,603,200</u>	<u>736,998,785</u>	<u>15,604,415</u>
1,348,600	1,348,600	1,270,012	(78,588)	20,306,800	21,880,200	41,024,824	19,144,624
-	-	-	-	39,745,800	39,748,400	40,553,865	805,465
<u>(14,784,100)</u>	<u>(14,784,100)</u>	<u>(14,784,100)</u>	-	<u>(73,488,100)</u>	<u>(78,921,800)</u>	<u>(78,320,831)</u>	<u>600,969</u>
<u>(14,784,100)</u>	<u>(14,784,100)</u>	<u>(14,784,100)</u>	-	<u>(33,742,300)</u>	<u>(39,173,400)</u>	<u>(37,766,966)</u>	<u>1,406,434</u>
(13,435,500)	(13,435,500)	(13,514,088)	(78,588)	(13,435,500)	(17,293,200)	3,257,858	20,551,058
<u>21,992,177</u>	<u>21,992,177</u>	<u>21,992,177</u>	-	<u>67,486,144</u>	<u>67,486,144</u>	<u>67,486,144</u>	-
<u>\$ 8,556,677</u>	<u>\$ 8,556,677</u>	<u>\$ 8,478,089</u>	<u>\$ (78,588)</u>	<u>\$ 54,050,644</u>	<u>\$ 50,192,944</u>	<u>\$ 70,744,002</u>	<u>\$ 20,551,058</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>GENERAL GOVERNMENT:</u>				
Legislative (Office of Clerk and Council)	\$ 2,570,500	\$ 2,661,800	\$ 2,596,659	\$ 65,141
Executive (Office of the Mayor)	2,892,500	2,973,500	2,956,107	17,393
Election Commission	3,952,300	3,983,400	3,260,492	722,908
Department of Law	5,192,900	5,241,300	5,186,839	54,461
Planning Commission	3,928,800	4,030,300	4,027,075	3,225
Human Resources	4,218,100	4,256,800	3,862,395	394,405
County Register of Deeds	270,900	270,900	259,427	11,473
General Services	1,291,900	1,300,700	1,268,966	31,734
Historical Commission	599,600	632,000	616,965	15,035
Telecommunications	1,971,500	2,004,300	1,975,526	28,774
Total General Government	26,889,000	27,355,000	26,010,451	1,344,549
<u>FISCAL ADMINISTRATION:</u>				
Department of Finance	7,614,300	7,745,900	7,483,713	262,187
Assessor of Property	7,161,000	7,297,100	6,863,652	433,448
Metropolitan Trustee	2,324,500	2,339,400	2,204,450	134,950
County Clerk	4,522,600	4,555,100	4,303,657	251,443
Internal Audit	1,186,500	1,265,400	1,057,035	208,365
Total Fiscal Administration	22,808,900	23,202,900	21,912,507	1,290,393
<u>ADMINISTRATION OF JUSTICE:</u>				
District Attorney	4,854,700	4,847,700	4,836,012	11,688
Public Defender	5,776,000	5,843,700	5,768,384	75,316
Juvenile Court Clerk	1,486,200	1,539,500	1,539,346	154
Circuit Court Clerk	3,622,900	3,670,200	3,310,070	360,130
Criminal Court Clerk	5,148,800	5,204,200	4,931,050	273,150
Clerk and Master	1,538,100	1,551,900	1,497,892	54,008
Juvenile Court	12,056,500	11,696,300	11,296,221	400,079
General Sessions Court	10,226,100	10,387,500	10,354,407	33,093
State Trial Courts	7,637,600	7,709,300	7,519,449	189,851
Justice Information System	2,142,000	2,158,300	2,134,682	23,618
Criminal Justice Planning	399,400	405,900	387,653	18,247
Total Administration of Justice	54,888,300	55,014,500	53,575,166	1,439,334
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>				
Sheriff	58,196,200	59,041,900	58,949,312	92,588
Police Department	147,375,000	149,975,200	148,960,247	1,014,953
Emergency Communication Center	12,146,200	12,275,700	12,083,961	191,739
Total Law Enforcement and Care of Prisoners	217,717,400	221,292,800	219,993,520	1,299,280
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	46,080,200	46,895,400	46,867,695	27,705
<u>REGULATION AND INSPECTION:</u>				
Department of Codes Administration	8,083,600	7,940,000	7,001,080	938,920
Taxicab and Wrecker Licensing Board	469,800	475,000	461,874	13,126
Beer Board	318,700	321,400	298,009	23,391
Total Regulation and Inspection	8,872,100	8,736,400	7,760,963	975,437

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>CONSERVATION OF NATURAL RESOURCES:</u>				
Agricultural Extension Service	\$ 292,200	\$ 295,700	\$ 257,268	\$ 38,432
Soil and Water Conservation	76,900	81,100	76,445	4,655
Total Conservation of Natural Resources	369,100	376,800	333,713	43,087
<u>PUBLIC WELFARE:</u>				
Social Services Commission	6,347,700	7,746,800	7,377,444	369,356
Human Relations Commission	385,500	390,000	358,478	31,522
Total Public Welfare	6,733,200	8,136,800	7,735,922	400,878
<u>PUBLIC HEALTH AND HOSPITALS:</u>				
Board of Health	18,628,000	18,720,800	17,220,928	1,499,872
Hospital Authority	43,190,700	43,190,700	43,190,700	-
Total Public Health and Hospitals	61,818,700	61,911,500	60,411,628	1,499,872
<u>PUBLIC LIBRARY SYSTEM:</u>				
Public Library	20,183,400	20,386,500	20,363,498	23,002
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	21,672,000	21,905,200	21,231,322	673,878
<u>RECREATIONAL AND CULTURAL:</u>				
Parks and Recreation	29,549,400	29,513,700	29,270,459	243,241
Arts Commission	2,455,400	2,467,800	2,393,334	74,466
Sports Authority	549,000	556,100	550,800	5,300
Total Recreational and Cultural	32,553,800	32,537,600	32,214,593	323,007
<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	39,296,500	39,296,500	39,443,241	(146,741)
Unemployment Compensation	561,200	561,200	417,223	143,977
Employer's Contribution for Group Life Insurance	1,786,200	1,786,200	1,877,628	(91,428)
Total Employee Benefits	52,046,200	52,046,200	52,140,392	(94,192)

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>MISCELLANEOUS:</u>				
Contributions and Community Support	\$ 16,326,800	\$ 16,326,800	\$ 15,753,684	\$ 573,116
Subsidies	33,932,500	32,578,200	32,346,152	232,048
Administration and Internal Support	37,507,700	30,123,300	26,283,787	3,839,513
Total Miscellaneous	87,767,000	79,028,300	74,383,623	4,644,677
Total Expenditures	\$ 660,399,300	\$ 658,825,900	\$ 644,934,993	\$ 13,890,907
<u>TRANSFERS IN:</u>				
USD General Fund	\$ 4,411,300	\$ 4,411,300	\$ 4,411,300	\$ -
General Purpose School Fund	192,000	192,000	192,000	-
GSD General Purpose Debt Service Fund	12,007,600	12,007,600	12,007,600	-
USD General Purpose Debt Service Fund	5,896,900	5,896,900	5,896,900	-
GSD Capital Projects Fund	30,000	30,000	30,000	-
Nonmajor Governmental Funds	8,578,400	8,643,300	9,995,803	1,352,503
District Energy System	25,200	25,200	1,100	(24,100)
Water and Sewerage Services	5,035,500	5,035,500	4,591,000	(444,500)
Nonmajor Enterprise Funds	1,631,100	1,568,800	1,490,362	(78,438)
Internal Service Funds	1,937,800	1,937,800	1,937,800	-
Total Transfers In	39,745,800	39,748,400	40,553,865	805,465
<u>TRANSFERS OUT:</u>				
GSD General Purpose Debt Service Fund	(3,200,000)	(3,523,700)	(3,521,300)	2,400
Nonmajor Governmental Funds	(37,925,600)	(39,702,300)	(39,680,552)	21,748
District Energy System	(2,363,000)	(2,363,000)	(2,363,000)	-
Water and Sewerage Services	-	(200,000)	(200,000)	-
Nonmajor Enterprise Funds	(1,011,500)	(1,107,900)	(523,300)	584,600
Internal Service Funds	(14,203,900)	(17,203,900)	(17,203,900)	-
Fiduciary Funds	-	(36,900)	(44,679)	(7,779)
Total Transfers Out	(58,704,000)	(64,137,700)	(63,536,731)	600,969
Total Other Financing Sources (Uses)	\$ (18,958,200)	\$ (24,389,300)	\$ (22,982,866)	\$ 1,406,434

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	\$ 61,024,400	\$ 61,741,500	\$ 61,741,383	\$ 117
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	8,035,300	8,060,500	7,940,026	120,474
<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	1,820,610	200,490
Employer's Contribution for Group Life Insurance	78,500	78,500	69,766	8,734
Total Employee Benefits	20,989,700	20,989,700	20,780,476	209,224
<u>MISCELLANEOUS:</u>				
Administration and Internal Support	3,727,900	2,985,600	1,601,907	1,383,693
Total Miscellaneous	3,727,900	2,985,600	1,601,907	1,383,693
Total Expenditures	\$ 93,777,300	\$ 93,777,300	\$ 92,063,792	\$ 1,713,508
<u>TRANSFERS OUT:</u>				
GSD General Fund	\$ (4,411,300)	\$ (4,411,300)	\$ (4,411,300)	\$ -
Nonmajor Governmental Funds	(8,773,400)	(8,773,400)	(8,773,400)	-
Internal Service Funds	(1,599,400)	(1,599,400)	(1,599,400)	-
Total Transfers Out	(14,784,100)	(14,784,100)	(14,784,100)	-
Total Other Financing Sources (Uses)	\$ (14,784,100)	\$ (14,784,100)	\$ (14,784,100)	\$ -

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2012

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2011 Realty	\$ 3,746,443	\$ 3,292,648	\$ 1,658,992	\$ 1,098,491	\$ 333,495	\$ 201,670
2011 Personalty	1,301,101	1,138,751	573,476	380,098	136,447	48,730
2011 Public Utility	141,659	122,916	61,837	41,070	14,743	5,266
Total 2011 Property Taxes	5,189,203	4,554,315	2,294,305	1,519,659	484,685	255,666
2010 Realty	1,159,326	1,017,907	507,273	346,463	120,961	43,210
2010 Personalty	773,115	682,656	344,163	227,608	81,705	29,180
2010 Public Utility	9,893	8,525	4,285	2,851	1,023	366
Total 2010 Property Taxes	1,942,334	1,709,088	855,721	576,922	203,689	72,756
2009 & Prior - Realty	1,681,108	1,434,781	585,449	544,479	230,058	74,795
2009 & Prior - Personalty	5,487,836	4,772,414	2,406,827	1,579,962	577,377	208,248
2009 & Prior - Public Utility	1,656,521	1,395,369	693,884	469,013	164,608	67,864
Total 2009 & Prior Property Taxes	8,825,465	7,602,564	3,686,160	2,593,454	972,043	350,907
Total Delinquent Property Taxes Receivable *	\$ 15,957,002	\$ 13,865,967	\$ 6,836,186	\$ 4,690,035	\$ 1,660,417	\$ 679,329

* Excludes 2012 Property Tax Levy

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND (CONTINUED)

June 30, 2012

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 453,795	\$ 375,796	\$ 77,999
162,350	134,446	27,904
<u>18,743</u>	<u>15,522</u>	<u>3,221</u>
<u>634,888</u>	<u>525,764</u>	<u>109,124</u>
141,419	116,466	24,953
90,459	74,911	15,548
<u>1,368</u>	<u>1,133</u>	<u>235</u>
<u>233,246</u>	<u>192,510</u>	<u>40,736</u>
246,327	215,975	30,352
715,422	618,448	96,974
<u>261,152</u>	<u>228,060</u>	<u>33,092</u>
<u>1,222,901</u>	<u>1,062,483</u>	<u>160,418</u>
<u><u>\$ 2,091,035</u></u>	<u><u>\$ 1,780,757</u></u>	<u><u>\$ 310,278</u></u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2012

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2011	\$ 3,292,648	\$ 1,138,751	\$ 122,916	\$ 4,554,315
	2010	1,017,907	682,656	8,525	1,709,088
	2009	361,341	638,398	148,481	1,148,220
	2008	213,745	771,155	25,140	1,010,040
	2007	311,416	1,053,468	325,584	1,690,468
	2006	62,607	633,260	53,418	749,285
	2005	69,909	453,853	68,859	592,621
	2004	75,490	322,067	89,811	487,368
	2003	90,632	322,873	254,500	668,005
	2002	65,068	277,632	295,145	637,845
	2001	184,573	299,708	134,431	618,712
Total General Services District		<u>5,745,336</u>	<u>6,593,821</u>	<u>1,526,810</u>	<u>13,865,967</u>
Urban Services District	2011	453,795	162,350	18,743	634,888
	2010	141,419	90,459	1,368	233,246
	2009	57,831	86,908	24,362	169,101
	2008	47,353	106,746	4,953	159,052
	2007	42,039	154,004	58,088	254,131
	2006	36,826	96,336	8,726	141,888
	2005	22,822	68,398	9,174	100,394
	2004	18,335	58,126	19,878	96,339
	2003	(2,432)	48,057	50,801	96,426
	2002	(1,311)	49,987	57,935	106,611
	2001	24,864	46,860	27,235	98,959
Total Urban Services District		<u>841,541</u>	<u>968,231</u>	<u>281,263</u>	<u>2,091,035</u>
Total Delinquent Property Taxes Receivable *		<u>\$ 6,586,877</u>	<u>\$ 7,562,052</u>	<u>\$ 1,808,073</u>	<u>\$ 15,957,002</u>

* Excludes 2012 Property Tax Levy

See accompanying accountants' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE
GENERAL SERVICES DISTRICT

June 30, 2012

<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
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
Total General Obligation Bonds Payable for School Purposes		
Total General Obligation Bonds Payable - General Services District		
Total Bonds Payable - General Services District		

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)
GENERAL SERVICES DISTRICT

June 30, 2012

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2012</u>	<u>Interest to Maturity as of June 30, 2012</u>
June 1, 2024	\$ 33,825,000	\$ 1,680,000	\$ 177,291
Nov. 15, 2016	48,367,055	25,238,671	3,852,760
Jan. 1, 2025	49,817,419	25,396,608	9,045,068
Jan. 1, 2020	107,433,445	63,457,892	12,829,135
Feb. 1, 2026	150,292,131	31,592,951	10,074,357
Feb. 1, 2026	113,783,394	42,476,747	15,043,975
May 15, 2030	125,908,003	113,569,634	56,743,899
Jan. 1, 2028	174,880,074	113,373,957	70,148,344
July 1, 2026	159,008,728	159,008,728	63,886,534
July 1, 2034	138,046,756	138,046,756	149,140,285
July 1, 2015	25,653,536	25,653,536	1,927,868
July 1, 2024	144,150,016	143,150,623	44,955,995
July 1, 2023	49,712,377	49,712,377	18,156,158
July 1, 2025	<u>154,956,701</u>	<u>154,956,701</u>	<u>72,633,262</u>
	<u>1,475,834,635</u>	<u>1,087,315,181</u>	<u>528,614,931</u>
June 1, 2024	26,170,000	1,320,000	136,903
Nov. 15, 2016	2,972,945	1,551,329	236,815
Jan. 1, 2025	79,503,345	40,530,307	14,434,964
Jan. 1, 2020	77,018,422	46,035,349	8,979,292
Feb. 1, 2026	43,740,078	9,194,614	2,931,978
Feb. 1, 2026	69,160,188	25,818,353	9,144,077
May 15, 2030	58,421,307	52,567,403	24,581,792
Jan. 1, 2028	95,095,340	61,649,876	38,144,887
July 1, 2026	114,567,598	114,567,598	44,891,784
July 1, 2034	70,516,649	70,516,649	76,183,413
July 1, 2015	20,052,863	20,052,863	1,506,976
July 1, 2024	120,126,326	119,293,490	37,463,738
July 1, 2023	32,574,740	32,574,740	11,573,255
July 1, 2025	<u>53,280,200</u>	<u>53,280,200</u>	<u>24,974,170</u>
	<u>863,200,001</u>	<u>648,952,771</u>	<u>295,184,044</u>
	<u>2,339,034,636</u>	<u>1,736,267,952</u>	<u>823,798,975</u>
	<u>\$ 2,339,034,636</u>	<u>\$ 1,736,267,952</u>	<u>\$ 823,798,975</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)
URBAN SERVICES DISTRICT

June 30, 2012

<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. (Taxable) Thermal Refunding Bonds, 2002	5.90 - 6.00	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
Total General Obligation Bonds Payable (governmental activities)		
USD G.O. Multi-purpose Bonds, Series 2005A (1)	4.25 - 5.25	May 1, 2005
USD G.O. Improvement and Refunding Bonds, Series 2010A (1)	2.75 - 5.00	June 10, 2010
USD G.O. Refunding Bonds Federally Taxable (BAB's), Series 2010C (1)	2.21 - 3.23	June 10, 2010
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
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 1993	5.20 - 6.50	Aug. 1, 1993
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 2008B	3.45 - 4.84	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
Total Revenue Bonds Payable - Department of Water and Sewerage		
District Energy System Revenue Bonds, Series 2002A	3.25 - 5.25	Oct. 1, 2002
Total Revenue Bonds Payable - Urban Services District		
Total Bonds Payable - Urban Services District		

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

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)
URBAN SERVICES DISTRICT

June 30, 2012

Date of Final Maturity	Amount of Issue	Principal Amount Outstanding June 30, 2012	Interest to Maturity as of June 30, 2012
July 1, 2014	\$ 31,065,000	\$ 7,770,000	\$ 602,305
July 1, 2012	27,000,000	435,000	13,050
June 1, 2024	5,760,000	280,000	30,207
Jan. 1, 2025	13,979,236	7,126,527	2,538,130
Jan. 1, 2020	6,008,527	3,566,759	710,148
Feb. 1, 2026	19,967,790	4,197,435	1,338,478
Feb. 1, 2026	20,371,418	7,604,900	2,693,426
May 15, 2030	2,560,691	2,307,963	1,129,771
Jan. 1, 2028	38,024,587	24,651,167	15,252,520
July 1, 2026	22,899,473	22,899,473	7,898,469
July 1, 2034	43,441,595	43,441,595	46,932,590
July 1, 2015	5,488,045	5,488,045	412,428
July 1, 2024	25,925,413	25,745,672	8,085,346
July 1, 2023	6,688,796	6,688,796	2,931,843
July 1, 2025	18,873,099	18,873,099	8,846,437
	<u>288,053,670</u>	<u>181,076,431</u>	<u>99,415,148</u>
Jan. 1, 2025	7,695,000	4,116,558	1,465,351
July 1, 2026	274,201	274,201	77,002
July 1, 2015	290,556	290,556	25,125
July 1, 2024	1,158,245	1,150,215	361,221
July 1, 2023	504,087	504,087	268,671
	<u>9,922,089</u>	<u>6,335,617</u>	<u>2,197,370</u>
	<u>297,975,759</u>	<u>187,412,048</u>	<u>101,612,518</u>
Jan. 1, 2013	157,475,000	15,385,000	800,020
Jan. 1, 2014	55,000,000	17,685,000	1,404,374
Jan. 1, 2016	36,240,000	35,340,000	3,678,700
Jan. 1, 2022	122,530,000	112,120,000	36,248,375
Jan. 1, 2016	27,950,000	27,545,000	4,179,574
July 1, 2027	104,050,000	104,050,000	44,145,975
July 1, 2037	135,000,000	135,000,000	119,213,472
July 1, 2041	75,000,000	75,000,000	76,929,961
July 1, 2018	7,610,000	7,610,000	1,857,546
July 1, 2023	129,625,000	129,625,000	45,940,367
	<u>850,480,000</u>	<u>659,360,000</u>	<u>334,398,364</u>
Oct. 1, 2033	66,700,000	57,810,000	37,226,640
	<u>917,180,000</u>	<u>717,170,000</u>	<u>371,625,004</u>
	<u>\$ 1,215,155,759</u>	<u>\$ 904,582,048</u>	<u>\$ 473,237,522</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE
GENERAL SERVICES DISTRICT

Based on Bonded Debt as of June 30, 2012

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Total General Obligation Bonds		
				Principal	Interest	Total
2013	\$ 35,544,120	\$ 82,664,337	\$ 118,208,457	\$ 35,544,120	\$ 82,664,337	\$ 118,208,457
2014	81,857,701	81,649,828	163,507,529	81,857,701	81,649,828	163,507,529
2015	97,533,294	77,727,723	175,261,017	97,533,294	77,727,723	175,261,017
2016	103,326,332	73,603,002	176,929,334	103,326,332	73,603,002	176,929,334
2017	109,835,776	67,905,331	177,741,107	109,835,776	67,905,331	177,741,107
2018	112,960,456	63,070,211	176,030,667	112,960,456	63,070,211	176,030,667
2019	118,474,428	57,758,194	176,232,622	118,474,428	57,758,194	176,232,622
2020	107,417,676	51,742,133	159,159,809	107,417,676	51,742,133	159,159,809
2021	103,869,237	46,726,614	150,595,851	103,869,237	46,726,614	150,595,851
2022	110,009,181	41,508,079	151,517,260	110,009,181	41,508,079	151,517,260
2023	115,723,991	35,945,254	151,669,245	115,723,991	35,945,254	151,669,245
2024	118,752,155	30,885,992	149,638,147	118,752,155	30,885,992	149,638,147
2025	111,781,400	25,533,887	137,315,287	111,781,400	25,533,887	137,315,287
2026	91,265,592	20,580,161	111,845,753	91,265,592	20,580,161	111,845,753
2027	72,591,651	16,319,506	88,911,157	72,591,651	16,319,506	88,911,157
2028	60,007,759	12,993,634	73,001,393	60,007,759	12,993,634	73,001,393
2029	27,236,711	9,817,821	37,054,532	27,236,711	9,817,821	37,054,532
2030	28,302,004	8,298,500	36,600,504	28,302,004	8,298,500	36,600,504
2031	24,054,663	6,720,059	30,774,722	24,054,663	6,720,059	30,774,722
2032	24,969,179	5,321,163	30,290,342	24,969,179	5,321,163	30,290,342
2033	25,921,156	3,869,014	29,790,170	25,921,156	3,869,014	29,790,170
2034	26,905,801	2,361,602	29,267,403	26,905,801	2,361,602	29,267,403
2035	27,927,689	796,930	28,724,619	27,927,689	796,930	28,724,619
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
	<u>\$ 1,736,267,952</u>	<u>\$ 823,798,975</u>	<u>\$ 2,560,066,927</u>	<u>\$ 1,736,267,952</u>	<u>\$ 823,798,975</u>	<u>\$ 2,560,066,927</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)
GENERAL SERVICES DISTRICT

Based on Bonded Debt as of June 30, 2012

General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ 20,998,340	\$ 52,212,430	\$ 73,210,770	\$ 14,545,780	\$ 30,451,907	\$ 44,997,687
50,456,428	51,695,818	102,152,246	31,401,273	29,954,010	61,355,283
59,804,571	49,261,347	109,065,918	37,728,723	28,466,376	66,195,099
63,650,305	46,693,809	110,344,114	39,676,027	26,909,193	66,585,220
65,188,324	43,222,152	108,410,476	44,647,452	24,683,179	69,330,631
66,268,620	40,403,341	106,671,961	46,691,836	22,666,870	69,358,706
69,090,934	37,073,524	106,164,458	49,383,494	20,684,670	70,068,164
67,492,723	33,293,082	100,785,805	39,924,953	18,449,051	58,374,004
64,518,672	30,148,639	94,667,311	39,350,565	16,577,975	55,928,540
68,293,916	26,906,746	95,200,662	41,715,265	14,601,333	56,316,598
75,671,829	23,360,553	99,032,382	40,052,162	12,584,701	52,636,863
74,871,325	20,107,816	94,979,141	43,880,830	10,778,176	54,659,006
71,465,295	16,680,522	88,145,817	40,316,105	8,853,365	49,169,470
60,207,279	13,555,996	73,763,275	31,058,313	7,024,165	38,082,478
46,512,394	10,745,436	57,257,830	26,079,257	5,574,070	31,653,327
39,377,641	8,587,691	47,965,332	20,630,118	4,405,943	25,036,061
18,412,472	6,533,737	24,946,209	8,824,239	3,284,084	12,108,323
19,134,576	5,510,798	24,645,374	9,167,428	2,787,702	11,955,130
15,921,624	4,447,963	20,369,587	8,133,039	2,272,096	10,405,135
16,526,937	3,522,043	20,048,980	8,442,242	1,799,120	10,241,362
17,157,118	2,560,875	19,717,993	8,764,038	1,308,139	10,072,177
17,808,774	1,563,129	19,371,903	9,097,027	798,473	9,895,500
18,485,084	527,484	19,012,568	9,442,605	269,446	9,712,051
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,087,315,181</u>	<u>\$ 528,614,931</u>	<u>\$ 1,615,930,112</u>	<u>\$ 648,952,771</u>	<u>\$ 295,184,044</u>	<u>\$ 944,136,815</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)
URBAN SERVICES DISTRICT

Based on Bonded Debt as of June 30, 2012

Year Ending June 30	Total Bonded Debt			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 49,470,880	\$ 41,265,533	\$ 90,736,413	\$ 5,510,880	\$ 9,028,096	\$ 14,538,976
2014	41,232,299	39,485,232	80,717,531	8,802,299	8,853,898	17,656,197
2015	65,766,706	37,265,053	103,031,759	10,791,706	8,420,209	19,211,915
2016	35,293,668	34,565,397	69,859,065	7,848,668	8,035,560	15,884,228
2017	40,074,224	32,624,815	72,699,039	9,479,224	7,596,155	17,075,379
2018	51,139,518	30,542,441	81,681,959	11,774,518	7,161,546	18,936,064
2019	52,190,595	28,067,624	80,258,219	11,975,595	6,609,168	18,584,763
2020	50,392,325	25,484,685	75,877,010	9,182,325	6,043,299	15,225,624
2021	51,160,763	23,032,260	74,193,023	8,780,763	5,623,624	14,404,387
2022	52,615,821	20,460,682	73,076,503	9,315,821	5,181,815	14,497,636
2023	37,806,007	17,866,132	55,672,139	9,841,007	4,708,921	14,549,928
2024	28,982,845	16,398,969	45,381,814	11,137,845	4,284,358	15,422,203
2025	21,938,602	15,186,314	37,124,916	10,173,602	3,791,453	13,965,055
2026	20,969,408	14,159,875	35,129,283	8,649,408	3,341,739	11,991,147
2027	22,453,349	13,068,857	35,522,206	8,683,349	2,885,590	11,568,939
2028	22,407,243	11,980,948	34,388,191	8,817,243	2,434,518	11,251,761
2029	18,878,289	10,895,903	29,774,192	4,718,289	1,957,117	6,675,406
2030	19,672,994	9,993,035	29,666,029	4,897,994	1,683,626	6,581,620
2031	20,430,337	9,052,156	29,482,493	5,010,337	1,399,718	6,410,055
2032	21,290,821	8,068,004	29,358,825	5,200,821	1,108,343	6,309,164
2033	22,204,063	7,035,132	29,239,195	5,399,063	805,875	6,204,938
2034	23,154,199	5,958,178	29,112,377	5,604,199	491,897	6,096,096
2035	19,787,092	4,944,266	24,731,358	5,817,092	165,993	5,983,085
2036	14,565,000	4,169,165	18,734,165	-	-	-
2037	15,190,000	3,534,015	18,724,015	-	-	-
2038	15,840,000	2,887,305	18,727,305	-	-	-
2039	16,485,000	2,261,422	18,746,422	-	-	-
2040	17,095,000	1,643,357	18,738,357	-	-	-
2041	17,720,000	1,002,561	18,722,561	-	-	-
2042	18,375,000	338,206	18,713,206	-	-	-
	<u>\$ 904,582,048</u>	<u>\$ 473,237,522</u>	<u>\$ 1,377,819,570</u>	<u>\$ 187,412,048</u>	<u>\$ 101,612,518</u>	<u>\$ 289,024,566</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)
URBAN SERVICES DISTRICT

Based on Bonded Debt as of June 30, 2012

Revenue Bonds					
Department of Water and Sewerage Services			District Energy System Bonds, Series 2002A		
Principal	Interest	Total	Principal	Interest	Total
\$ 42,410,000	\$ 29,385,693	\$ 71,795,693	\$ 1,550,000	\$ 2,851,744	\$ 4,401,744
30,885,000	27,854,156	58,739,156	1,545,000	2,777,178	4,322,178
53,350,000	26,149,914	79,499,914	1,625,000	2,694,930	4,319,930
25,735,000	23,922,449	49,657,449	1,710,000	2,607,388	4,317,388
28,795,000	22,511,535	51,306,535	1,800,000	2,517,125	4,317,125
37,475,000	20,958,757	58,433,757	1,890,000	2,422,138	4,312,138
38,225,000	19,137,251	57,362,251	1,990,000	2,321,205	4,311,205
39,120,000	17,226,361	56,346,361	2,090,000	2,215,025	4,305,025
40,180,000	15,306,223	55,486,223	2,200,000	2,102,413	4,302,413
40,985,000	13,294,748	54,279,748	2,315,000	1,984,119	4,299,119
25,525,000	11,297,361	36,822,361	2,440,000	1,859,850	4,299,850
15,695,000	10,366,861	26,061,861	2,150,000	1,747,750	3,897,750
9,100,000	9,762,111	18,862,111	2,665,000	1,632,750	4,297,750
9,525,000	9,321,886	18,846,886	2,795,000	1,496,250	4,291,250
9,980,000	8,844,536	18,824,536	3,790,000	1,338,731	5,128,731
10,480,000	8,367,261	18,847,261	3,110,000	1,179,169	4,289,169
10,905,000	7,912,911	18,817,911	3,255,000	1,025,875	4,280,875
11,355,000	7,450,409	18,805,409	3,420,000	859,000	4,279,000
11,830,000	6,968,688	18,798,688	3,590,000	683,750	4,273,750
12,320,000	6,459,911	18,779,911	3,770,000	499,750	4,269,750
12,850,000	5,922,632	18,772,632	3,955,000	306,625	4,261,625
13,395,000	5,362,406	18,757,406	4,155,000	103,875	4,258,875
13,970,000	4,778,273	18,748,273	-	-	-
14,565,000	4,169,165	18,734,165	-	-	-
15,190,000	3,534,015	18,724,015	-	-	-
15,840,000	2,887,305	18,727,305	-	-	-
16,485,000	2,261,422	18,746,422	-	-	-
17,095,000	1,643,357	18,738,357	-	-	-
17,720,000	1,002,561	18,722,561	-	-	-
18,375,000	338,206	18,713,206	-	-	-
<u>\$ 659,360,000</u>	<u>\$ 334,398,364</u>	<u>\$ 993,758,364</u>	<u>\$ 57,810,000</u>	<u>\$ 37,226,640</u>	<u>\$ 95,036,640</u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF ESTIMATED REVENUES AND FUND BALANCES
TO SUPPORT APPROPRIATIONS*

GENERAL SERVICES DISTRICT

For the Year July 1, 2012 Through June 30, 2013

(Unaudited)

<u>SOURCE OF REVENUE:</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>School Debt Service Fund</u>	<u>School Funds</u>	<u>Total</u>
Property Taxes - Current Year	\$ 361,614,000	\$ 81,363,800	\$ 46,992,100	\$ 265,399,400	\$ 755,369,300
Property Taxes - Non Current Year	26,310,600	197,600	71,500	2,447,800	29,027,500
Local Option Sales Tax	97,671,200	1,932,200	-	195,342,400	294,945,800
Other Taxes, Licenses and Permits	96,672,400	-	-	4,990,000	101,662,400
Fines, Forfeits, and Penalties	11,514,300	425,000	-	6,200	11,945,500
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	4,929,900	-	-	-	4,929,900
Other Agencies - State Direct	63,563,900	2,725,900	-	246,054,700	312,344,500
Other Agencies - Other Governments	4,704,000	-	-	5,000	4,709,000
Commissions and Fees	14,049,500	-	-	-	14,049,500
Charges for Current Services	28,490,000	-	-	760,000	29,250,000
Compensation from Property	1,412,100	-	-	678,000	2,090,100
Contributions and Gifts	401,800	-	-	300,000	701,800
Miscellaneous	1,539,000	-	-	45,000	1,584,000
Subtotal	<u>714,829,000</u>	<u>86,644,500</u>	<u>47,063,600</u>	<u>716,348,500</u>	<u>1,564,885,600</u>
Operating Transfers In	26,733,300	12,993,100	6,509,800	4,071,800	50,308,000
Non-Operating Transfers In	<u>8,221,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,221,200</u>
Subtotal	<u>34,954,500</u>	<u>12,993,100</u>	<u>6,509,800</u>	<u>4,071,800</u>	<u>58,529,200</u>
Total Available for GSD Appropriations	<u>\$ 749,783,500</u>	<u>\$ 99,637,600</u>	<u>\$ 53,573,400</u>	<u>\$ 720,420,300</u>	<u>\$ 1,623,414,800</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2012-154 for the 2012-2013 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF ESTIMATED REVENUES AND FUND BALANCES
TO SUPPORT APPROPRIATIONS* (CONTINUED)

URBAN SERVICES DISTRICT

For the Year July 1, 2012 Through June 30, 2013
(Unaudited)

	General Fund	Debt Service Fund	Total
<u>SOURCE OF REVENUE:</u>	<u> </u>	<u> </u>	<u> </u>
Property Taxes - Current Year	\$ 77,082,600	\$ 14,363,600	\$ 91,446,200
Property Taxes - Non Current Year	15,693,300	30,700	15,724,000
Other Taxes, Licenses, and Permits	8,305,500	-	8,305,500
Other Agencies - State Direct	4,182,900	-	4,182,900
Charges for Current Services	1,062,100	-	1,062,100
Compensation from Property	100,000	-	100,000
Operating Transfers In	-	1,031,700	1,031,700
	<u> </u>	<u> </u>	<u> </u>
Total Available for USD Appropriations	<u>\$ 106,426,400</u>	<u>\$ 15,426,000</u>	<u>\$ 121,852,400</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2012-154 for the 2012-2013 fiscal year.

See accompanying accountants' report.

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

For the Year July 1, 2012 Through June 30, 2013
 (Unaudited)

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 168,155,800	\$ 27,837,300	\$ -	\$ 195,993,100
Fiscal Administration	22,645,100	-	-	22,645,100
Administration of Justice	55,477,600	-	-	55,477,600
Law Enforcement and Care of Prisoners	211,893,300	481,000	481,000	211,893,300
Fire Prevention and Control	47,562,300	60,919,100	-	108,481,400
Regulation, Inspection, & Economic Development	28,990,000	1,426,800	-	30,416,800
Conservation of Natural Resources	521,500	-	-	521,500
Public Welfare	8,168,800	-	-	8,168,800
Public Health	78,063,200	-	-	78,063,200
Public Library System	20,965,400	-	-	20,965,400
Recreational, Cultural, & Community Support	44,441,300	200,000	-	44,641,300
Public Works, Highways and Streets	61,958,900	15,512,200	-	77,471,100
Transfers	-	50,000	-	50,000
Reserves	940,300	-	-	940,300
Total General Funds	749,783,500	106,426,400	481,000	855,728,900
<u>DEBT SERVICE FUNDS</u> (See detail on succeeding pages)	153,211,000	15,426,000	-	168,637,000
<u>SCHOOL FUNDS</u> (See detail on succeeding pages)	720,420,300	-	-	720,420,300
Total Appropriations By District	1,623,414,800	121,852,400	481,000	1,744,786,200
<u>LESS GSD INTERFUND TRANSFER:</u>				
GSD Debt to GSD General	(16,766,400)	-	-	(16,766,400)
GSD General to GSD Debt	(10,879,500)	-	-	(10,879,500)
Schools to GSD Debt	(895,400)	-	-	(895,400)
Schools to GSD General	(192,000)	-	-	(192,000)
USD to GSD Debt	(50,000)	-	-	(50,000)
Schools to School Debt	(6,509,800)	-	-	(6,509,800)
Net Appropriation by District	\$ 1,588,121,700	\$ 121,852,400	\$ 481,000	\$ 1,709,493,100

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2012-154 for the 2012-2013 fiscal year.

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, 2012 Through June 30, 2013
(Unaudited)

	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
<u>SCHOOL DEBT SERVICE FUND</u>			
Outstanding General Obligation Bonds	\$ 44,997,700	\$ -	\$ 44,997,700
Redemption and Cremation Fees	-	53,600	53,600
Internal Service Fees	-	87,100	87,100
Qualified Zone Academy Bonds	-	319,500	319,500
Reserve for New Debt (future debt requirements)	-	3,500,000	3,500,000
Quallified School Capital Projects	-	1,637,800	1,637,800
Quallified School Capital Projects	-	4,127,400	4,127,400
IRS Subsidy for 2010 QSCB (Reduces loan payment)	-	(1,723,700)	(1,723,700)
Tax Increment Payment - MDHA	-	574,000	574,000
Total GSD School Purposes Debt Service Fund	<u>\$ 44,997,700</u>	<u>\$ 8,575,700</u>	<u>\$ 53,573,400</u>
<u>GENERAL PURPOSES DEBT SERVICE FUND</u>			
Outstanding General Obligation Bonds:			
Public Works	\$ 9,394,900	\$ -	\$ 9,394,900
Auditorium	102,300	-	102,300
Hospital	626,700	-	626,700
Library	5,898,500	-	5,898,500
Parks	8,682,400	-	8,682,400
Social Services	33,300	-	33,300
Convention Center	118,400	-	118,400
Other Public Buildings	3,057,800	-	3,057,800
Bridgestone Arena	6,552,400	-	6,552,400
Law Enforcement and Care of Prisoners	3,948,200	-	3,948,200
Traffic and Parking	105,900	-	105,900
Public Transportation	3,880,100	-	3,880,100
Fire Protection	690,400	-	690,400
Health	225,400	-	225,400
Nashville Coliseum	2,053,900	-	2,053,900
Information Technology	1,767,400	-	1,767,400
Finance	12,076,000	-	12,076,000
MAC	572,200	-	572,200
MDHA	845,200	-	845,200
General Services	1,128,000	-	1,128,000
E-911	375,300	-	375,300
Other	9,186,300	-	9,186,300
Public Art	41,500	-	41,500
Self-Funding Projects	1,848,100	-	1,848,100
IRS BABs Subsidy	(5,033,700)	-	(5,033,700)
Subtotal Outstanding General Obligation Bonds	<u>68,176,900</u>	<u>-</u>	<u>68,176,900</u>
Redemption, Cremation and Management Fees	-	67,200	67,200
Internal Service Fees	-	154,800	154,800
Reserve for New Debt (future debt requirements)	-	6,749,400	6,749,400
Swaption Agreement (G.O. Refunding Bonds, Series 2006A)	2,717,600	-	2,717,600
Property Tax Increment Payment	-	1,619,300	1,619,300
Debt Service Fund Transfer to USD	-	3,386,000	3,386,000
GSD General Fund Transfer	-	16,766,400	16,766,400
Subtotal	<u>2,717,600</u>	<u>28,743,100</u>	<u>31,460,700</u>
Total GSD General Purposes Debt Service Fund	<u>\$ 70,894,500</u>	<u>\$ 28,743,100</u>	<u>\$ 99,637,600</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2012-154 for the 2012-2013 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF REQUIREMENTS OF THE DEBT SERVICE FUNDS BY FUNCTION *

DEBT SERVICE FUNDS - URBAN SERVICES DISTRICT

For the Year July 1, 2012 Through June 30, 2013
(Unaudited)

<u>URBAN SERVICES DISTRICT DEBT SERVICE FUND</u>	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
Outstanding General Obligation Bonds:			
Fire Protection	\$ 1,048,500	\$ -	\$ 1,048,500
Public Works	10,331,100	-	10,331,100
Finance	288,400	-	288,400
General Services	66,100	-	66,100
ITS	28,900	-	28,900
MTA	13,100	-	13,100
MDHA	788,000	-	788,000
Law Enforcement and Care of Prisoners	142,600	-	142,600
Traffic & Parking	78,900	-	78,900
DES	682,900	-	682,900
Other	<u>1,070,500</u>	<u>-</u>	<u>1,070,500</u>
Subtotal Outstanding General Obligation Bonds	14,539,000	-	14,539,000
Redemption and Cremation Fees	-	15,000	15,000
Internal Service Fees	-	22,700	22,700
Reserve for New Debt (future debt requirements)	-	568,600	568,600
Tax Increment Payment - MDHA	<u>-</u>	<u>280,700</u>	<u>280,700</u>
Subtotal	<u>-</u>	<u>887,000</u>	<u>887,000</u>
Total USD General Purposes Debt Service Fund	<u>\$ 14,539,000</u>	<u>\$ 887,000</u>	<u>\$ 15,426,000</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2012-154 for the 2012-2013 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF APPROPRIATIONS*

SCHOOL FUNDS - GENERAL SERVICES DISTRICT

For the Year July 1, 2012 Through June 30, 2013
(Unaudited)

GENERAL PURPOSE SCHOOL FUND: (1)

General Purpose School Fund: Operational	\$ 712,431,400
Property Tax Increment	<u>4,488,900</u>
Total General Purpose School Fund	716,920,300
Transfer to MNPS Debt Service	<u>3,500,000</u>
Total expenditures and reserves supported by revenues	<u><u>\$ 720,420,300</u></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 BL2012-154 for the 2012-2013 fiscal year.

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SUMMARY OF SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

June 30, 2012

NAME OF OFFICIAL	TITLE	ANNUAL SALARY	AMOUNT OF SURETY BOND
Karl Dean	Mayor	\$ 136,500	\$ 50,000
Richard M. Riebeling	Director of Finance	150,000	250,000
Lannie B. Holland	Treasurer	111,599	2,000,000
Jeff Gossage	Purchasing Agent	100,737	25,000
Kim McDoniel	Chief Accountant	113,568	25,000
Rita Roberts-Turner	Human Resources Director	111,000	25,000
Richard R. Rooker	Circuit Court Clerk	125,597	50,000
Richard R. Rooker	Probate Clerk	-	250,000
William B. Garrett, Jr.	Register of Deeds	109,921	25,000
Charles E. Cardwell	Trustee	114,906	16,000,000
John Arriola	County Clerk	114,906	500,000
Howard C. Gentry, Jr.	Criminal Court Clerk	114,906	150,000
J. Daron Hall	Sheriff	138,956	50,000
George L. Rooker, Jr.	Assessor of Property	114,906	10,000
Cristi Scott	Clerk & Master	114,906	50,000
David A. Smith	Juvenile Court Clerk	114,906	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
Emmett Edwards	Executive Director Sports Authority	74,900	50,000
Chris Henson	MNPS Assistant Superintendent of Business, Facility and Services	135,033	1,000,000

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF UTILITY RATES
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2012

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, 2012:

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 accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF NUMBER OF CUSTOMERS
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2012

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Water Customers	165,064	19,357	184,421
Sewer Customers	<u>179,201</u>	<u>16,179</u>	<u>195,380</u>
Total Customers	<u><u>344,265</u></u>	<u><u>35,536</u></u>	<u><u>379,801</u></u>

See accompanying accountants' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF UNACCOUNTED FOR WATER
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2012

(All amounts in gallons)

Water Treated and Purchased:		
Water Pumped (potable)	31,945,340,000	
Water Purchased	<u>155,354,000</u>	
	32,100,694,000	
Total Water Treated and Purchasd		32,100,694,000
Accounted for Water:		
Water Sold	22,471,428,000	
Metered for Consumption (in house usage)	53,800,000	
Fire Departments Usage	68,927,000	
Flushing	123,563,000	
Tank Cleaning/Filling	3,300,000	
Street/Sewer Cleaning	3,530,000	
Bulk Sales	-	
Water Bill Adjustments	<u>-</u>	
Total Accounted for Water		<u>22,724,548,000</u>
Unaccounted for Water		<u>9,376,146,000</u>
Percent Unaccounted for Water		29.21%

See accompanying accountants' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATISTICAL SECTION (UNAUDITED)
TABLE OF CONTENTS

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

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

Unaudited - See Accompanying Accountants' Report

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 1,009,271	\$ 1,120,156	\$ 1,018,806	\$ 1,030,056
Restricted	131,272	114,155	97,629	67,840
Unrestricted (1)	<u>224,192</u>	<u>78,630</u>	<u>162,068</u>	<u>142,056</u>
Total governmental activities net assets	<u>1,364,735</u>	<u>1,312,941</u>	<u>1,278,503</u>	<u>1,239,952</u>
Business-type activities				
Invested in capital assets, net of related debt	748,195	815,902	993,216	1,010,626
Restricted (2)	269,111	238,071	69,305	70,023
Unrestricted	<u>67,552</u>	<u>37,319</u>	<u>33,223</u>	<u>24,569</u>
Total business-type activities net assets	<u>1,084,858</u>	<u>1,091,292</u>	<u>1,095,744</u>	<u>1,105,218</u>
Primary government				
Invested in capital assets, net of related debt	1,757,466	1,936,058	2,012,022	2,040,682
Restricted	400,383	352,226	166,934	137,863
Unrestricted	<u>291,744</u>	<u>115,949</u>	<u>195,291</u>	<u>166,625</u>
Total primary government net assets	<u>\$ 2,449,593</u>	<u>\$ 2,404,233</u>	<u>\$ 2,374,247</u>	<u>\$ 2,345,170</u>

(1) Variances in governmental activities unrestricted net assets between 2003 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,042,013	\$ 1,044,125	\$ 1,083,097	\$ 1,099,333	\$ 1,010,874	\$ 924,393
63,371	47,527	22,917	31,994	42,860	31,771
<u>165,333</u>	<u>92,637</u>	<u>(91,699)</u>	<u>(373,993)</u>	<u>(553,658)</u>	<u>(625,116)</u>
<u>1,270,717</u>	<u>1,184,289</u>	<u>1,014,315</u>	<u>757,334</u>	<u>500,076</u>	<u>331,048</u>
1,061,440	1,160,088	1,196,149	1,217,101	1,220,912	1,259,241
73,134	29,090	22,587	21,481	46,256	49,700
<u>25,441</u>	<u>34,774</u>	<u>20,184</u>	<u>31,533</u>	<u>45,444</u>	<u>38,574</u>
<u>1,160,015</u>	<u>1,223,952</u>	<u>1,238,920</u>	<u>1,270,115</u>	<u>1,312,612</u>	<u>1,347,515</u>
2,103,453	2,204,213	2,279,246	2,316,434	2,231,786	2,183,634
136,505	76,617	45,504	53,475	89,116	81,471
<u>190,774</u>	<u>127,411</u>	<u>(71,515)</u>	<u>(342,460)</u>	<u>(508,214)</u>	<u>(586,542)</u>
<u>\$ 2,430,732</u>	<u>\$ 2,408,241</u>	<u>\$ 2,253,235</u>	<u>\$ 2,027,449</u>	<u>\$ 1,812,688</u>	<u>\$ 1,678,563</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2003	2004	2005	2006
Expenses				
Governmental activities				
General government	\$ 70,884	\$ 94,175	\$ 80,425	\$ 64,844
Fiscal administration	34,840	22,063	31,182	44,110
Administration of justice	57,535	65,069	66,879	73,025
Law enforcement and care of prisoners	203,351	215,912	231,516	241,487
Fire prevention and control	99,895	97,965	120,679	130,416
Regulation and inspection	7,772	8,465	8,711	8,770
Conservation of natural resources	335	426	396	457
Public welfare	54,875	53,435	51,636	47,150
Public health and hospitals	75,401	80,730	76,115	151,706
Public library system	23,926	25,448	26,165	26,757
Public works, highways and streets	94,482	105,618	93,785	128,171
Recreational and cultural	49,770	54,459	51,336	67,284
Education	575,834	620,518	640,655	654,801
Interest and other debt related costs	57,289	62,492	57,819	62,460
Total governmental activities	<u>1,406,189</u>	<u>1,506,775</u>	<u>1,537,299</u>	<u>1,701,438</u>
Business-type activities				
Department of Water and Sewerage Services	143,526	148,814	150,091	155,647
District Energy System	40	8,078	18,565	19,253
Nashville Convention Center	6,319	6,384	7,131	7,068
Board of Fair Commissioners	4,175	4,055	3,580	4,110
Farmers Market	1,112	1,159	1,216	1,136
Police Secondary Employment	1,679	1,017	1,153	1,063
Surplus Property Auction	9	3,252	2,554	788
Municipal Auditorium	-	-	-	1,885
Police Impound	-	-	-	1,919
School Community Education	-	-	-	912
Stormwater Operations	-	-	-	-
Community Education Commission	-	-	-	-
Total business-type activities	<u>156,860</u>	<u>172,759</u>	<u>184,290</u>	<u>193,781</u>
Total primary government	<u>\$ 1,563,049</u>	<u>\$ 1,679,534</u>	<u>\$ 1,721,589</u>	<u>\$ 1,895,219</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 11,604	\$ 12,769	\$ 10,132	\$ 7,367
Fiscal administration	3,703	4,082	4,640	3,994
Administration of justice	23,255	23,559	28,589	30,664
Law enforcement and care of prisoners	25,524	25,240	25,213	26,572
Fire prevention and control	7,955	8,737	11,710	11,401
Regulation and inspection	6,712	7,944	10,535	11,933
Public welfare	1,934	2,029	1,523	1,257
Public health and hospitals	4,457	9,265	9,429	9,646
Public library system	570	732	684	705
Public works, highways and streets	6,397	5,518	8,682	7,717
Recreational and cultural	9,729	9,931	11,087	8,471
Education	17,474	18,420	18,551	19,253
Operating grants and contributions (1)	267,904	272,414	291,220	299,203
Capital grants and contributions (1)	24,487	58,451	25,954	16,268
Total governmental activities	<u>411,705</u>	<u>459,091</u>	<u>457,949</u>	<u>454,451</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 ASSETS
 LAST TEN FISCAL YEARS (CONTINUED)
 (accrual basis of accounting)
 (amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

	2007	2008	2009	2010	2011	2012
\$	57,026	\$ 69,053	\$ 83,668	\$ 85,444	\$ 122,913	\$ 117,669
	33,876	24,837	34,264	35,358	33,613	31,802
	75,705	86,417	85,723	89,601	87,374	89,564
	258,824	289,629	304,917	321,175	322,782	335,162
	128,067	148,089	143,912	150,117	149,619	158,763
	9,002	7,971	9,910	10,170	10,248	11,717
	447	502	491	471	445	439
	58,709	55,272	51,362	60,159	59,386	56,504
	111,396	130,293	131,677	170,662	132,993	114,145
	27,818	28,231	29,754	28,742	30,033	30,676
	130,081	143,076	125,490	130,469	144,012	152,201
	72,024	72,547	76,290	68,667	59,421	61,259
	684,711	780,706	808,285	839,760	869,449	867,599
	75,443	77,628	85,823	76,553	101,743	84,939
	<u>1,723,129</u>	<u>1,914,251</u>	<u>1,971,566</u>	<u>2,067,348</u>	<u>2,124,031</u>	<u>2,112,439</u>
	157,872	162,688	177,984	173,896	187,544	185,352
	21,073	19,483	20,261	17,908	17,886	18,154
	7,246	7,601	7,572	7,134	7,539	7,147
	4,116	4,360	4,428	4,195	2,814	2,945
	1,156	1,161	1,215	1,080	1,193	1,265
	1,248	944	881	1,545	855	832
	983	961	806	735	734	713
	1,979	2,052	1,738	1,654	1,801	1,808
	2,177	1,882	1,882	1,687	1,320	967
	915	1,193	1,050	192	-	-
	-	-	-	10,598	10,669	10,426
	-	-	-	358	302	297
	<u>198,765</u>	<u>202,325</u>	<u>217,817</u>	<u>220,982</u>	<u>232,657</u>	<u>229,906</u>
\$	<u>1,921,894</u>	<u>\$ 2,116,576</u>	<u>\$ 2,189,383</u>	<u>\$ 2,288,330</u>	<u>\$ 2,356,688</u>	<u>\$ 2,342,345</u>
\$	7,808	\$ 9,552	\$ 7,292	\$ 6,550	\$ 6,908	\$ 9,134
	4,675	4,533	4,591	4,176	5,286	5,181
	35,213	39,554	34,567	34,344	33,745	32,772
	26,787	29,806	31,053	31,282	30,637	33,172
	14,199	13,619	14,358	10,939	16,395	12,759
	12,093	10,587	7,060	7,552	8,858	10,846
	1,291	1,166	1,313	1,367	1,352	1,208
	9,775	13,436	12,788	8,943	9,902	8,796
	665	634	579	494	484	474
	9,673	10,184	9,295	9,343	11,191	12,594
	8,872	9,246	9,111	8,618	9,068	9,755
	17,946	17,203	16,216	18,225	17,838	18,485
	314,334	338,746	351,066	390,732	432,938	436,073
	42,275	48,808	56,163	41,648	38,595	58,447
	<u>505,606</u>	<u>547,074</u>	<u>555,452</u>	<u>574,213</u>	<u>623,197</u>	<u>649,696</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2003	2004	2005	2006
Program Revenues (Continued)				
Business-type activities				
Charges for services:				
Department of Water and Sewerage Services	\$ 146,847	\$ 152,786	\$ 151,971	\$ 155,827
District Energy System	-	8,302	15,347	17,298
Nashville Convention Center	4,187	3,561	4,680	4,551
Board of Fair Commissioners	3,113	3,653	3,619	3,728
Farmers Market	940	961	994	997
Police Secondary Employment	2,016	1,380	1,643	1,424
Surplus Property Auction	-	2,386	2,518	703
Municipal Auditorium	-	-	-	1,062
Police Impound	-	-	-	1,729
School Community Education	-	-	-	176
Stormwater Operations	-	-	-	-
Community Education Commission	-	-	-	-
Capital grants and contributions	17,687	16,473	22,155	25,610
Total business-type activities	<u>174,790</u>	<u>189,502</u>	<u>202,927</u>	<u>213,105</u>
Total primary government	<u>\$ 586,495</u>	<u>\$ 648,593</u>	<u>\$ 660,876</u>	<u>\$ 667,556</u>
Net (Expense) Revenue				
Governmental activities	\$ (994,484)	\$ (1,047,684)	\$ (1,079,350)	\$ (1,246,987)
Business-type activities	17,930	16,743	18,637	19,324
Total primary government	<u>\$ (976,554)</u>	<u>\$ (1,030,941)</u>	<u>\$ (1,060,713)</u>	<u>\$ (1,227,663)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities				
Property taxes	\$ 606,681	\$ 592,385	\$ 612,734	\$ 725,199
Local option sales taxes	230,686	239,779	249,610	271,119
Other taxes	86,078	90,583	97,807	116,664
Revenue from the use of money or property	9,152	4,326	10,060	15,097
Revenue from other governmental agencies	53,749	50,870	54,542	60,220
Compensation for loss, sale or damage to property	7,581	5,589	1,297	3,476
Transfers	10,711	12,358	18,862	16,661
Special and extraordinary items (2)	737	-	-	-
Total governmental activities	<u>1,005,375</u>	<u>995,890</u>	<u>1,044,912</u>	<u>1,208,436</u>
Business-type activities				
Revenue from the use of money or property	8,911	2,049	4,544	6,530
Compensation for loss, sale or damage to property	-	-	133	281
Transfers	(10,711)	(12,358)	(18,862)	(16,661)
Special and extraordinary items (2)	-	-	-	-
Total business-type activities	<u>(1,800)</u>	<u>(10,309)</u>	<u>(14,185)</u>	<u>(9,850)</u>
Total primary government	<u>\$ 1,003,575</u>	<u>\$ 985,581</u>	<u>\$ 1,030,727</u>	<u>\$ 1,198,586</u>
Change in Net Assets				
Governmental activities	\$ 10,891	\$ (51,794)	\$ (34,438)	\$ (38,551)
Business-type activities	16,130	6,434	4,452	9,474
Total primary government	<u>\$ 27,021</u>	<u>\$ (45,360)</u>	<u>\$ (29,986)</u>	<u>\$ (29,077)</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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2007	2008	2009	2010	2011	2012
\$ 164,900	\$ 173,121	\$ 169,672	\$ 171,520	\$ 195,790	\$ 201,060
18,795	17,892	17,812	15,562	15,486	15,962
5,248	5,996	5,675	5,366	5,404	5,490
3,880	3,601	3,438	3,393	2,109	2,658
866	863	899	983	745	961
1,654	1,162	1,094	2,437	1,103	935
994	1,121	958	1,094	1,081	1,298
1,176	1,278	1,107	1,364	1,370	1,607
2,873	2,611	2,182	1,583	1,271	1,584
156	243	141	31	-	-
-	-	-	13,635	14,198	13,883
-	-	-	22	18	36
53,318	58,761	27,463	41,302	39,467	25,307
<u>253,860</u>	<u>266,649</u>	<u>230,441</u>	<u>258,292</u>	<u>278,042</u>	<u>270,781</u>
<u>\$ 759,466</u>	<u>\$ 813,723</u>	<u>\$ 785,893</u>	<u>\$ 832,505</u>	<u>\$ 901,239</u>	<u>\$ 920,477</u>
\$ (1,217,523)	\$ (1,367,177)	\$ (1,416,114)	\$ (1,493,135)	\$ (1,500,834)	\$ (1,462,743)
55,095	64,324	12,624	37,310	45,385	40,875
<u>\$ (1,162,428)</u>	<u>\$ (1,302,853)</u>	<u>\$ (1,403,490)</u>	<u>\$ (1,455,825)</u>	<u>\$ (1,455,449)</u>	<u>\$ (1,421,868)</u>
\$ 741,901	\$ 759,131	\$ 773,659	\$ 793,293	\$ 782,192	\$ 787,882
285,078	285,484	264,573	256,178	258,107	281,294
121,459	141,112	135,213	126,878	137,141	150,856
19,801	14,792	6,109	1,445	1,095	1,121
68,620	70,072	65,026	58,160	61,262	62,929
1,786	1,541	1,022	1,747	3,290	3,385
9,643	8,617	538	(323)	3,400	6,248
-	-	-	(1,224)	(2,911)	-
<u>1,248,288</u>	<u>1,280,749</u>	<u>1,246,140</u>	<u>1,236,154</u>	<u>1,243,576</u>	<u>1,293,715</u>
9,213	8,086	2,790	391	230	119
132	144	92	171	282	157
(9,643)	(8,617)	(538)	323	(3,400)	(6,248)
-	-	-	(7,000)	-	-
<u>(298)</u>	<u>(387)</u>	<u>2,344</u>	<u>(6,115)</u>	<u>(2,888)</u>	<u>(5,972)</u>
<u>\$ 1,247,990</u>	<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>
\$ 30,765	\$ (86,428)	\$ (169,974)	\$ (256,981)	\$ (257,258)	\$ (169,028)
54,797	63,937	14,968	31,195	42,497	34,903
<u>\$ 85,562</u>	<u>\$ (22,491)</u>	<u>\$ (155,006)</u>	<u>\$ (225,786)</u>	<u>\$ (214,761)</u>	<u>\$ (134,125)</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund					
Nonspendable	\$ 263,036	\$ 535,404	\$ 391,550	\$ 326,428	\$ 13,186,701
Committed	42,475,200	-	-	-	5,613,300
Assigned	4,391,097	1,265,308	783,377	2,434,347	1,799,027
Unassigned	<u>31,975,919</u>	<u>34,385,067</u>	<u>36,101,900</u>	<u>44,173,303</u>	<u>39,986,966</u>
Total general fund	<u>79,105,252</u>	<u>36,185,779</u>	<u>37,276,827</u>	<u>46,934,078</u>	<u>60,585,994</u>
All other governmental funds					
Nonspendable	1,809,095	45,153,106	65,332,348	1,785,017	1,878,413
Restricted	49,742,506	56,519,242	49,892,386	117,824,941	62,324,858
Committed	278,596,500	204,820,160	151,163,846	177,026,651	188,735,188
Assigned	-	-	-	-	-
Unassigned	<u>(48,969,021)</u>	<u>(69,663,457)</u>	<u>(107,707,565)</u>	<u>(3,528,668)</u>	<u>(140,012,364)</u>
Total all other governmental funds	<u>281,179,080</u>	<u>236,829,051</u>	<u>158,681,015</u>	<u>293,107,941</u>	<u>112,926,095</u>
Total governmental funds	<u>\$ 360,284,332</u>	<u>\$ 273,014,830</u>	<u>\$ 195,957,842</u>	<u>\$ 340,042,019</u>	<u>\$ 173,512,089</u>

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 29,247,551	\$ 32,222,128	\$ 299,659	\$ 473,335	\$ 367,535
200,000	-	-	13,435,500	-
-	-	1,370,583	442,575	539,600
<u>33,670,422</u>	<u>47,504,389</u>	<u>59,228,607</u>	<u>53,134,734</u>	<u>69,836,867</u>
<u>63,117,973</u>	<u>79,726,517</u>	<u>60,898,849</u>	<u>67,486,144</u>	<u>70,744,002</u>
2,137,679	1,854,877	2,060,858	2,119,993	2,891,941
85,667,575	64,715,883	195,074,104	47,011,877	36,939,852
181,257,599	142,173,701	106,798,899	132,439,178	145,387,960
-	-	1,500,000	-	-
<u>(66,950,708)</u>	<u>(182,094,246)</u>	<u>(28,066,901)</u>	<u>(39,332,027)</u>	<u>(174,680,021)</u>
<u>202,112,145</u>	<u>26,650,215</u>	<u>277,366,960</u>	<u>142,239,021</u>	<u>10,539,732</u>
<u>\$ 265,230,118</u>	<u>\$ 106,376,732</u>	<u>\$ 338,265,809</u>	<u>\$ 209,725,165</u>	<u>\$ 81,283,734</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

	2003	2004	2005	2006	2007
General fund					
GSD					
Nonspendable	\$ 263,036	\$ 535,404	\$ 391,550	\$ 326,428	\$ 13,186,701
Committed	35,707,900	-	-	-	5,395,200
Assigned	4,391,097	1,265,308	783,377	2,434,347	1,799,027
Unassigned	23,538,175	29,378,947	27,328,600	31,926,643	24,038,394
Total GSD	<u>63,900,208</u>	<u>31,179,659</u>	<u>28,503,527</u>	<u>34,687,418</u>	<u>44,419,322</u>
USD					
Committed	6,767,300	-	-	-	218,100
Unassigned	8,437,744	5,006,120	8,773,300	12,246,660	15,948,572
Total USD	<u>15,205,044</u>	<u>5,006,120</u>	<u>8,773,300</u>	<u>12,246,660</u>	<u>16,166,672</u>
Total general fund	<u>79,105,252</u>	<u>36,185,779</u>	<u>37,276,827</u>	<u>46,934,078</u>	<u>60,585,994</u>
General purpose school fund					
Nonspendable	815,431	828,395	872,462	674,972	795,274
Committed	63,848,082	36,614,116	17,570,266	37,756,811	67,566,890
Total general purpose school fund	<u>64,663,513</u>	<u>37,442,511</u>	<u>18,442,728</u>	<u>38,431,783</u>	<u>68,362,164</u>
GSD general purposes debt service fund					
Nonspendable	-	21,361,042	26,260,235	-	-
Committed	70,087,356	38,069,478	21,506,439	4,506,155	8,004,172
Total GSD general purposes debt service fund	<u>70,087,356</u>	<u>59,430,520</u>	<u>47,766,674</u>	<u>4,506,155</u>	<u>8,004,172</u>
GSD school purposes debt service fund					
Nonspendable	-	-	-	-	-
Committed	81,300,372	78,148,782	75,330,810	66,092,796	60,537,817
Total GSD school purposes debt service fund	<u>81,300,372</u>	<u>78,148,782</u>	<u>75,330,810</u>	<u>66,092,796</u>	<u>60,537,817</u>
USD general purposes debt service fund					
Nonspendable	-	620,070	895,071	-	-
Committed	13,304,996	13,444,726	13,197,660	12,996,611	2,427,452
Total USD general purposes debt service fund	<u>13,304,996</u>	<u>14,064,796</u>	<u>14,092,731</u>	<u>12,996,611</u>	<u>2,427,452</u>
Total budgeted governmental funds	<u>\$ 308,461,489</u>	<u>\$ 225,272,388</u>	<u>\$ 192,909,770</u>	<u>\$ 168,961,423</u>	<u>\$ 199,917,599</u>

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 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
 FUND BALANCES OF BUDGETED GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS (CONTINUED)
 (modified accrual basis of accounting)
 Unaudited - See Accompanying Accountants' Report

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 29,247,551	\$ 32,222,128	\$ 299,659	\$ 473,335	\$ 367,535
200,000	-	-	-	-
-	-	1,370,583	442,575	539,600
<u>20,156,790</u>	<u>25,320,424</u>	<u>34,962,597</u>	<u>44,578,057</u>	<u>61,358,778</u>
<u>49,604,341</u>	<u>57,542,552</u>	<u>36,632,839</u>	<u>45,493,967</u>	<u>62,265,913</u>
-	-	-	13,435,500	-
<u>13,513,632</u>	<u>22,183,965</u>	<u>24,266,010</u>	<u>8,556,677</u>	<u>8,478,089</u>
<u>13,513,632</u>	<u>22,183,965</u>	<u>24,266,010</u>	<u>21,992,177</u>	<u>8,478,089</u>
<u>63,117,973</u>	<u>79,726,517</u>	<u>60,898,849</u>	<u>67,486,144</u>	<u>70,744,002</u>
902,765	738,993	937,417	883,700	1,291,555
<u>71,821,490</u>	<u>39,788,358</u>	<u>27,102,179</u>	<u>34,449,193</u>	<u>54,933,590</u>
<u>72,724,255</u>	<u>40,527,351</u>	<u>28,039,596</u>	<u>35,332,893</u>	<u>56,225,145</u>
-	-	-	-	-
<u>3,170,054</u>	<u>1,107,591</u>	<u>8,406,361</u>	<u>8,626,889</u>	<u>8,469,047</u>
<u>3,170,054</u>	<u>1,107,591</u>	<u>8,406,361</u>	<u>8,626,889</u>	<u>8,469,047</u>
-	-	-	-	475,583
<u>51,412,069</u>	<u>38,556,134</u>	<u>14,559,256</u>	<u>23,167,981</u>	<u>12,898,334</u>
<u>51,412,069</u>	<u>38,556,134</u>	<u>14,559,256</u>	<u>23,167,981</u>	<u>13,373,917</u>
-	-	-	-	-
<u>2,221,176</u>	<u>4,298,707</u>	<u>2,984,488</u>	<u>6,159,913</u>	<u>7,325,354</u>
<u>2,221,176</u>	<u>4,298,707</u>	<u>2,984,488</u>	<u>6,159,913</u>	<u>7,325,354</u>
<u>\$ 192,645,527</u>	<u>\$ 164,216,300</u>	<u>\$ 114,888,550</u>	<u>\$ 140,773,820</u>	<u>\$ 156,137,465</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2003	2004	2005	2006
Revenues				
Property taxes (1)	\$ 601,123,598	\$ 601,825,390	\$ 609,091,452	\$ 719,820,461
Local option sales tax	230,579,654	239,779,471	249,701,966	271,311,435
Other taxes, licenses and permits	93,740,577	99,324,601	107,541,797	126,826,832
Fines, forfeits and penalties	14,191,298	14,036,202	16,280,190	19,733,750
Revenues from the use of money or property	8,350,984	2,015,987	6,512,905	9,470,818
Revenues from other governmental agencies	350,106,028	358,602,784	383,725,517	391,034,345
Commissions and fees	18,953,278	19,637,940	21,072,982	21,261,179
Charges for current services	43,764,068	46,134,585	48,990,928	47,396,269
Compensation for loss, sale or damage to property	7,501,643	2,227,502	1,315,393	3,490,427
Contributions and gifts	8,156,874	7,711,533	7,544,472	10,900,634
Bond interest tax credit	-	-	-	-
Miscellaneous	723,794	1,261,667	1,248,953	1,744,055
Total revenues	1,377,191,796	1,392,557,662	1,453,026,555	1,622,990,205
Expenditures				
Current:				
General government (2)	50,602,005	54,045,561	35,758,167	37,827,855
Fiscal administration	20,323,270	21,008,051	14,180,153	14,578,459
Administration of justice	45,794,670	50,333,461	53,751,204	58,621,082
Law enforcement and care of prisoners	175,023,851	188,644,930	206,160,524	218,067,847
Fire prevention and control	86,043,913	93,266,180	95,045,746	100,684,959
Regulation and inspection	7,006,740	7,416,328	7,412,089	7,971,413
Conservation of natural resources	311,037	398,925	352,566	421,822
Public welfare	41,846,976	41,786,523	37,500,087	34,663,341
Public health and hospitals (3)	72,221,269	74,854,036	71,221,790	142,543,147
Public library system	18,875,806	20,240,202	19,400,262	21,644,954
Public works, highways and streets	57,343,896	62,547,910	63,519,894	60,613,315
Recreational and cultural	32,846,731	34,832,275	32,993,788	34,736,137
Education	553,980,028	604,067,494	611,766,944	622,926,552
Employee benefits	51,520,203	54,892,819	55,012,329	56,369,642
Miscellaneous	47,836,086	38,462,724	43,964,605	62,900,107

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

2007	2008	2009	2010	2011	2012
\$ 762,416,897	\$ 757,993,487	\$ 775,403,870	\$ 792,882,229	\$ 782,238,201	\$ 790,774,878
285,258,498	285,483,688	264,572,950	256,178,237	258,106,909	281,294,520
130,176,283	152,575,721	143,696,309	136,182,711	147,382,286	162,804,251
19,254,517	19,869,757	17,962,587	18,915,362	18,574,592	16,253,081
14,047,969	10,496,414	3,785,674	494,777	321,354	362,910
417,169,806	447,314,552	453,448,063	488,535,713	559,516,608	576,547,108
26,156,439	29,070,315	25,049,552	22,002,060	23,460,446	24,002,476
51,607,253	53,939,317	51,137,029	50,686,861	56,593,344	56,309,437
1,708,877	1,597,492	2,144,252	1,712,551	2,016,432	4,109,532
9,917,112	11,995,898	10,645,368	5,469,908	3,783,798	14,418,670
-	-	-	-	5,327,305	5,895,527
2,141,108	3,263,508	4,603,664	2,706,377	2,718,741	2,269,697
<u>1,719,854,759</u>	<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>
40,641,319	46,904,452	60,035,388	88,954,555	121,146,642	95,085,871
15,777,516	16,472,712	24,112,437	22,499,859	23,760,394	21,912,507
63,883,484	65,699,378	56,871,162	54,590,759	55,407,798	53,575,166
237,925,605	250,849,440	239,436,458	239,014,459	249,724,844	255,276,886
112,717,674	119,648,604	107,034,837	104,214,957	109,108,267	108,609,078
8,449,218	8,697,029	8,095,128	7,492,864	7,867,410	7,760,963
444,857	456,284	407,442	352,001	340,296	333,713
38,037,156	36,967,197	37,924,764	42,946,288	41,385,895	39,169,144
100,408,354	104,398,769	101,575,884	114,094,878	86,019,317	85,975,912
21,712,959	22,644,664	20,564,850	19,016,993	20,542,242	21,178,142
65,518,756	70,954,215	63,204,089	51,039,081	58,151,723	51,792,795
38,633,072	40,513,021	37,312,292	33,235,850	33,630,118	34,454,492
636,140,631	683,222,289	720,909,041	740,550,178	777,009,413	797,821,937
59,012,395	61,100,542	62,420,127	64,637,576	69,327,218	72,920,868
51,967,639	44,480,259	40,260,803	55,652,301	71,067,149	75,985,530

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenditures (Continued)				
Debt service:				
Principal retirement (1)	\$ 77,865,000	\$ 79,775,000	\$ 86,315,000	\$ 99,000,000
Interest	58,207,564	59,120,667	57,783,125	65,621,896
Fiscal charges	303,552	330,766	1,520,826	973,475
Bond issue costs	829,906	689,127	1,024,215	1,859,351
Arbitrage rebate	825,742	400,849	-	272,023
Capital outlay - capitalized (2)	115,006,272	145,878,753	183,396,697	204,299,918
Capital outlay - noncapitalized	<u>31,589,279</u>	<u>55,790,669</u>	<u>3,676,054</u>	<u>80,000,497</u>
 Total expenditures	 <u>1,546,203,796</u>	 <u>1,688,783,250</u>	 <u>1,681,756,065</u>	 <u>1,926,597,792</u>
 Excess of revenue over (under) expenditures	 <u>(169,012,000)</u>	 <u>(296,225,588)</u>	 <u>(228,729,510)</u>	 <u>(303,607,587)</u>
 Other Financing Sources (Uses)				
Issuance of refunding debt	108,690,000	-	241,800,000	60,805,000
Issuance of new debt	-	122,100,000	209,055,000	423,533,000
Debt issue premium (discount)	5,608,303	6,157,067	34,513,827	20,310,047
Payments to refunded bond escrow agent	(112,805,846)	-	(262,859,309)	(60,463,650)
Commercial paper proceeds	-	195,000,000	150,000,000	-
Commercial paper redeemed	-	(127,000,000)	(218,000,000)	-
Swaption proceeds	-	3,800,000	-	-
Distribution of net assets	(1,027,530)	-	-	-
Insurance recovery (3)	-	-	-	-
Transfers in	114,037,906	106,933,088	100,801,076	195,467,499
Transfers out	<u>(110,110,797)</u>	<u>(98,034,069)</u>	<u>(103,638,072)</u>	<u>(191,960,632)</u>
 Total other financing sources (uses)	 <u>4,392,036</u>	 <u>208,956,086</u>	 <u>151,672,522</u>	 <u>447,691,264</u>
 Net change in fund balances	 <u>\$ (164,619,964)</u>	 <u>\$ (87,269,502)</u>	 <u>\$ (77,056,988)</u>	 <u>\$ 144,083,677</u>
 Debt service as a percentage of noncapitalized expenditures (4)	 9.51 %	 9.00 %	 9.62 %	 9.56 %

(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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 95,569,567	\$ 94,819,566	\$ 85,914,567	\$ 85,889,567	\$ 3,397,777	\$ 12,943,203
72,522,916	79,323,719	83,169,612	80,611,709	85,123,862	93,879,521
2,818,981	3,730,505	3,604,978	906,832	3,406,148	3,257,031
587,900	323,288	240,000	4,347,663	1,925,066	2,207,494
-	-	-	-	-	-
124,229,635	155,498,310	83,576,267	92,640,446	100,682,804	133,571,317
<u>98,191,337</u>	<u>93,929,184</u>	<u>66,712,095</u>	<u>79,800,124</u>	<u>112,034,900</u>	<u>63,091,834</u>
<u>1,885,190,971</u>	<u>2,000,633,427</u>	<u>1,903,382,221</u>	<u>1,982,488,940</u>	<u>2,031,059,283</u>	<u>2,030,803,404</u>
<u>(165,336,212)</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>
186,890,000	-	-	189,895,243	290,201,755	316,085,913
-	308,000,000	59,140,000	430,900,000	35,555,000	-
12,632,569	7,867,112	-	36,559,565	43,480,488	67,444,362
(198,934,669)	-	(58,900,000)	(206,868,923)	(331,757,177)	(383,595,322)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	15,000,000	37,000,000	-
137,154,461	160,349,393	98,879,725	109,679,961	214,988,824	180,292,626
<u>(138,936,079)</u>	<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>(1,193,718)</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>\$ (166,529,930)</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>
9.55 %	9.44 %	9.29 %	8.81 %	4.59 %	5.63 %

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
2002-03	\$ 11,792,547,023	\$ 1,025,692,548	\$ 645,179,869	\$ 13,463,419,440
2003-04	11,809,122,372	917,401,480	553,940,253	13,280,464,105
2004-05	11,933,712,504	907,818,023	590,493,038	13,432,023,565
2005-06	13,962,265,146	963,153,348	608,300,242	15,533,718,736
2006-07	14,249,283,812	1,026,510,506	622,162,501	15,897,956,819
2007-08	14,562,824,424	1,004,636,613	585,267,521	16,152,728,558
2008-09	14,949,650,247	1,003,474,654	601,229,146	16,554,354,047
2009-10	17,452,127,001	1,118,966,031	651,277,995	19,222,371,027
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

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	\$ 42,988,853,105	31.32 %
3.84	45,150,830,802	29.41
3.84	45,746,447,359	29.36
4.04	50,477,218,642	30.77
4.04	51,736,469,429	30.73
4.04	60,386,015,276	26.75
4.04	61,881,138,204	26.75
3.56	63,157,226,914	30.44
3.56	63,280,838,469	30.35
3.56	63,127,519,037	30.26

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>
2002-03	\$ 7,722,115,933	\$ 765,147,395	\$ 535,610,099	\$ 9,022,873,427	\$ 0.74
2003-04	7,667,951,606	680,464,904	443,772,979	8,792,189,489	0.74
2004-05	7,996,403,388	699,060,182	472,283,935	9,167,747,505	0.74
2005-06	9,293,334,373	736,566,609	484,073,719	10,513,974,701	0.65
2006-07	9,609,860,911	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

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	
2002-03 (3)	\$ 1.94	\$ 1.27	\$ 0.43	\$ 0.20	\$ 3.84	\$ 0.64	\$ 0.10	\$ 0.74	\$ 4.58
2003-04	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2004-05	1.94	1.27	0.43	0.20	3.84	0.64	0.10	0.74	4.58
2005-06 (2)	2.00	1.33	0.54	0.17	4.04	0.56	0.09	0.65	4.69
2006-07 (3)	2.07	1.33	0.47	0.17	4.04	0.56	0.09	0.65	4.69
2007-08 (3)	2.06	1.33	0.48	0.17	4.04	0.56	0.09	0.65	4.69
2008-09 (3)	2.06	1.33	0.48	0.17	4.04	0.53	0.12	0.65	4.69
2009-10 (4)	1.82	1.17	0.42	0.15	3.56	0.46	0.11	0.57	4.13
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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

Taxpayer	December 31, 2011				December 31, 2002			
	2011 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	2002 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1) \$	N/A	\$ 26,334,029	1	3.49 %	\$ N/A	\$ 17,997,391	1	3.08 %
Columbia/HCA	311,862,070	12,425,328	2	1.65	102,365,222	4,604,707	4	0.79
Gaylord	229,534,725	9,477,474	3	1.26	283,333,838	10,681,645	2	1.83
AT&T	173,454,767	7,683,455	4	1.02	-	-	(2)	-
Piedmont Natural Gas Company	88,194,185	3,551,881	5	0.47	88,305,400	3,885,040	6	0.67
Vanderbilt	44,412,493	3,329,432	6	0.44	-	-	(2)	-
Davis Street Land	55,161,520	2,176,436	7	0.29	-	-	(2)	-
Opry Mills Co.	38,778,203	1,601,540	8	0.21	68,960,000	2,648,064	8	0.45
100 Oaks Plaza	38,423,800	1,586,903	9	0.21	-	-	(2)	-
CBL & Associates	44,534,672	1,513,440	10	0.20	102,966,354	4,384,540	5	0.75
BellSouth	-	-	(2)	-	183,630,217	8,229,794	3	1.41
PREFCO XIV LTD	-	-	(2)	-	58,415,390	2,763,048	7	0.47
H. G. Hills	-	-	(2)	-	-	-	(2)	-
BEL-EQR	-	-	(2)	-	49,465,808	2,265,534	9	0.39
E. I. Dupont	-	-	(2)	-	49,228,646	1,890,380	10	0.32
	<u>\$ 1,024,356,435</u>	<u>\$ 69,679,918</u>		<u>9.24 %</u>	<u>\$ 986,670,875</u>	<u>\$ 59,350,143</u>		<u>10.16 %</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
2002-03	\$ 508,874,943	\$ 74,889,899	\$ 583,764,842	\$ 557,508,632	95.50 %
2003-04	502,057,059	72,975,223	575,032,282	555,507,839	96.60
2004-05	507,538,957	76,092,355	583,631,312	565,446,465	96.88
2005-06 (1)	619,151,100	76,752,024	695,903,124	671,768,730	96.53
2006-07 (1)	633,541,786	79,714,977	713,256,763	705,244,782	98.88
2007-08 (2)	643,729,137	80,683,950	724,413,087	717,920,126	99.10
2008-09 (3)	659,755,545	82,555,463	742,311,008	732,021,054	98.61
2009-10 (4)	675,043,791	84,818,421	759,862,212	748,828,597	98.55
2010-11 (5)	674,573,125	84,611,716	759,184,841	741,791,912	97.71
2011-12 (6)	670,841,793	84,767,649	755,609,442	745,445,734	98.65

Source: Metropolitan Trustee's Office

- (1) In June 2007, the Government sold the majority of the 2006-07 and 2005-06 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balances of \$23,025,457 for 2006-07, which is reflected in current tax amount collections, and \$2,418,959 for 2005-06, which is reflected in collections in subsequent years.
- (2) In June 2008, the Government sold the majority of the 2007-08 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$24,448,736 for 2007-08, which is reflected in current tax amount collections.
- (3) In June 2009, the Government sold the majority of the 2008-09 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$21,544,115 for 2008-09, which is reflected in current tax amount collections.
- (4) In June 2010, the Government sold the majority of the 2009-10 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$26,509,998 for 2009-10, which is reflected in current tax amount collections.
- (5) In June 2011, the Government sold the majority of the 2010-11 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$26,178,622 for 2010-11, which is reflected in current tax amount collections.
- (6) In June 2012, the Government sold the majority of the 2011-12 real property taxes outstanding to an outside party. The sale generated property tax revenue and a reduction of the property tax receivable balance of \$20,843,656 for 2011-12, which is reflected in current tax amount collections.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Adjustment to Levy	Total Levy After Adjustment	Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage Uncollected
			Amount	Percent of Levy After Adjustment		
\$ (6,798,932)	\$ 576,965,910	\$ 18,712,823	\$ 576,221,455	99.87 %	\$ 744,455	0.13 %
(2,734,961)	572,297,321	16,025,052	571,532,891	99.87	764,430	0.13
(2,814,775)	580,816,537	14,786,366	580,232,831	99.90	583,706	0.10
(8,893,640)	687,009,484	14,547,739	686,316,469	99.90	693,015	0.10
(5,403,861)	707,852,902	1,716,947	706,961,729	99.87	891,173	0.13
(3,047,269)	721,365,818	1,501,092	719,421,218	99.73	1,944,600	0.27
(4,221,120)	738,089,888	4,899,742	736,920,796	99.84	1,169,092	0.16
(11,537,336)	748,324,876	(1,821,043)	747,007,554	99.82	1,317,322	0.18
(12,927,333)	746,257,508	2,523,263	744,315,175	99.74	1,942,333	0.26
(4,974,505)	750,634,937	-	745,445,734	99.31	5,189,203	0.69

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
2002-03	\$ 1,114,990	\$ 14,925	\$ -	\$ -	\$ -	\$ 1,129,915	\$ 571,070	\$ -
2003-04	1,158,710	13,530	-	-	-	1,172,240	550,880	-
2004-05	1,279,935	12,080	-	-	-	1,292,015	529,200	7,695
2005-06	1,600,695	10,575	6,219	-	-	1,617,489	502,060	7,695
2006-07	1,503,390	9,005	5,804	-	-	1,518,199	473,565	7,435
2007-08	1,718,615	7,375	5,389	-	-	1,731,379	436,860	7,170
2008-09	1,578,135	5,665	4,975	56,930	-	1,645,705	404,385	6,890
2009-10	1,904,109	3,870	4,560	52,650	21,120	1,986,309	369,685	6,391
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

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>
\$ 51,623	\$ 2,210	\$ 624,903	\$ 1,754,818	8.37 %	\$ 3,077.89
46,803	2,075	599,758	1,771,998	8.08	3,095.33
47,404	1,930	586,229	1,878,244	8.01	3,235.81
62,638	1,780	574,173	2,191,662	9.01	3,802.45
126,836	1,620	609,456	2,127,655	8.23	3,676.62
155,648	1,455	601,133	2,332,512	8.67	3,764.39
159,000	1,270	571,545	2,217,250	7.98	3,541.12
165,331	1,095	542,502	2,528,811	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	N/A (2)	4,245.46

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)
2002-03	\$ 1,114,990	\$ 163,737	\$ 17,563	\$ 933,690	2.17 %	\$ 1,637.66
2003-04	1,158,710	151,390	12,519	994,801	2.20	1,737.72
2004-05	1,287,630	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

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)
2002-03	\$ 97,897	\$ 13,230	\$ -	\$ 84,667	N/A %	\$ N/A
2003-04	107,357	13,900	-	93,457	N/A	N/A
2004-05	114,326	13,857	-	100,469	N/A	N/A
2005-06	134,733	12,997	-	121,736	N/A	N/A
2006-07	128,353	2,427	-	125,926	N/A	N/A
2007-08	153,286	2,221	-	151,065	N/A	N/A
2008-09	144,049	4,299	-	139,750	N/A	N/A
2009-10	157,592	2,985	-	154,607	N/A	N/A
2010-11	156,260	6,160	-	150,100	N/A	N/A
2011-12	181,076	7,325	-	173,751	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>
2002-03	\$ 1,353,431	\$ 84,667	\$ 1,268,764	6.26 %
2003-04	1,318,828	93,457	1,225,371	7.09
2004-05	1,375,162	100,469	1,274,693	7.31
2005-06	1,577,096	121,736	1,455,360	7.72
2006-07	1,644,528	125,926	1,518,602	7.66
2007-08	1,665,734	151,065	1,514,669	9.07
2008-09	1,681,640	139,750	1,541,890	8.31
2009-10	1,993,317	154,607	1,838,710	7.76
2010-11	1,983,065	150,100	1,832,965	7.57
2011-12	1,986,727	173,751	1,812,976	8.75

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, 2012

Unaudited - See Accompanying Accountants' Report

Assessed valuation of taxable property - Urban Services District		<u>\$ 13,244,846,831</u>
Debt limit - 15 percent of assessed valuation		\$ 1,986,727,025
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 181,076,431	
Less:		
Amounts available in debt service funds	<u>7,325,354</u>	
Total amount of debt applicable to debt limit		<u>173,751,077</u>
Legal debt margin		<u>\$ 1,812,975,948</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>
2002-03	\$ 76,525	\$ 59,109	\$ 135,634	\$ 1,379,369	9.8 %
2003-04	78,380	60,128	138,508	1,473,754	9.4
2004-05	84,865	60,019	144,884	1,482,009	9.8
2005-06	97,495	66,069	163,564	1,637,637	10.0
2006-07	93,585	74,874	168,459	1,682,760	10.0
2007-08	92,775	82,647	175,422	1,762,582	10.0
2008-09	81,580	86,447	168,027	1,777,590	9.5
2009-10	81,600	80,876	162,476	1,844,374	8.8
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

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

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

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

(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

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

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available For Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2002-03	\$ 155,560	\$ 65,398	\$ 90,162	\$ 20,190	\$ 28,621	\$ 48,811	1.85
2003-04	154,638	71,273	83,365	21,680	27,531	49,211	1.69
2004-05	156,158	71,410	84,748	25,960	26,407	52,367	1.62
2005-06	161,727	78,293	83,434	27,280	25,034	52,314	1.59
2006-07	173,220	82,817	90,403	28,770	23,581	52,351	1.73
2007-08	180,862	88,416	92,446	31,185	19,646	50,831	1.82
2008-09	172,379	90,685	81,694	33,370	18,859	52,229	1.56
2009-10	171,966	88,603	83,363	35,525	16,526	52,051	1.60
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

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>
2002	570,136	\$ 36,768	\$ 20,962,760	4.4 %
2003	572,475	38,297	21,924,075	4.6
2004	580,455	40,393	23,446,319	4.4
2005	576,382	42,192	24,318,709	4.6
2006	578,698	42,092	25,838,472	4.2
2007 (4)	619,626	43,394	26,916,014	3.9
2008	626,144	44,228	27,784,064	5.5
2009	635,710	43,457	27,626,360	9.3
2010	626,681	45,913	28,835,836	9.0
2011 (5)	635,475	N/A	N/A	8.5

(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 2011 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, 2012			June 30, 2003		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Vanderbilt University and Medical Center	21,398	1	2.74 %	15,279	3	2.21 %
State of Tennessee	18,411	2	2.36	19,081	2	2.75
Metro Nashville-Davidson Co. Government and Public Schools	18,069	3	2.31	21,491	1	3.10
U.S. Government	12,835	4	1.64	11,128	4	1.61
HCA (including Tri-Star Health System) (1)	7,000	5	0.90	9,493	5	1.37
St. Thomas Health Services	6,500	6	0.83	6,575	6	0.95
Nissan North America Inc.	5,400	7	0.69	6,200	7	0.89
Gaylord Entertainment Co. (1)	4,000	8	0.51	3,519	9	0.51
The Kroger Company	3,500	9	0.45	-	-	(2)
Randstad	3,260	10	0.42	-	-	(2)
Shoney's Inc.	-	-	(2)	4,000	8	0.58
CBRL Group Inc.	-	-	(2)	3,475	10	0.50
	<u>100,373</u>		<u>12.85 %</u>	<u>100,241</u>		<u>14.47 %</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

	2003	2004	2005	2006
Governmental activities:				
General government	343	339	325	340
Fiscal administration	343	331	310	316
Administration of justice	785	800	798	812
Law enforcement and care of prisoners	2,504	2,544	2,695	2,716
Fire prevention and control	1,258	1,217	1,178	1,181
Regulation and inspection	109	109	108	111
Conservation of natural resources	11	11	10	10
Public welfare	729	689	678	487
Public health and hospitals	530	525	514	528
Public library system	365	363	336	330
Public works, highways and streets (2)	568	544	543	546
Recreational and cultural	682	679	592	639
Education	8,566	8,927	9,026	9,136
Total governmental activities	<u>16,793</u>	<u>17,078</u>	<u>17,113</u>	<u>17,152</u>
Internal service activities:				
Central Printing	9	9	4	-
Motor Pool	41	-	-	-
Office of Fleet Management	-	105	97	88
Information Systems	103	108	136	130
Radio Shop	24	24	23	18
Metro Postal Service	6	6	5	5
Facilities Planning and Construction	14	19	19	18
Treasury Management	11	14	14	12
General Services (1)	55	55	52	94
Total internal service activities	<u>263</u>	<u>340</u>	<u>350</u>	<u>365</u>
Business-type activities:				
Department of Water and Sewerage Services	718	658	668	668
Nashville Convention Center	53	53	47	47
Board of Fair Commissioners	19	19	17	17
Farmers Market	8	8	8	8
Police Secondary Employment	5	5	5	5
Surplus Property Auction	-	7	7	7
Police Impound	-	7	29	29
Municipal Auditorium	-	-	-	12
Community Education Commission	-	-	9	11
Stormwater Operations (2)	-	-	-	-
Total business-type activities	<u>803</u>	<u>757</u>	<u>790</u>	<u>804</u>
Total primary government	<u><u>17,859</u></u>	<u><u>18,175</u></u>	<u><u>18,253</u></u>	<u><u>18,321</u></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

2007	2008	2009	2010	2011	2012
331	337	330	288	297	306
317	318	317	306	296	282
811	808	813	773	804	765
2,714	2,715	2,733	2,787	2,740	2,802
1,180	1,182	1,150	1,141	1,138	1,170
108	108	105	95	97	99
10	11	10	9	9	8
492	487	483	468	488	492
500	508	486	473	469	450
329	336	317	297	292	295
532	527	470	363	364	368
650	682	605	543	534	544
9,131	9,275	9,563	9,671	9,019	9,154
<u>17,105</u>	<u>17,294</u>	<u>17,382</u>	<u>17,214</u>	<u>16,547</u>	<u>16,735</u>
-	-	-	-	-	-
-	-	-	-	-	-
91	94	94	89	89	89
124	129	130	114	112	110
16	16	18	16	16	15
5	5	4	4	4	4
18	18	-	-	-	-
9	8	8	8	8	7
96	107	58	48	47	47
<u>359</u>	<u>377</u>	<u>312</u>	<u>279</u>	<u>276</u>	<u>272</u>
668	668	650	692	704	700
53	53	59	57	57	52
29	24	25	28	23	22
8	8	7	7	7	7
5	5	5	5	5	5
7	7	7	7	7	7
29	29	29	29	29	29
12	12	11	8	8	8
11	15	14	8	5	2
-	-	-	90	90	93
<u>822</u>	<u>821</u>	<u>807</u>	<u>931</u>	<u>935</u>	<u>925</u>
<u>18,286</u>	<u>18,492</u>	<u>18,501</u>	<u>18,424</u>	<u>17,758</u>	<u>17,932</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2003	2004	2005	2006
Governmental activities:				
General government:				
Election Commission - registered voters	337,392	366,326	358,119	359,806
Assessor of Property - real property inspections (1)	88,197	69,768	220,903	48,942
Administration of justice:				
Public Defender - caseload	36,068	38,920	41,017	39,242
Circuit Court Clerk - circuit filings	8,967	8,965	10,707	9,970
Circuit Court Clerk - general sessions civil filings	46,739	47,965	45,835	47,232
Circuit Court Clerk - probate filings	2,067	2,061	1,909	2,002
Law enforcement and care of prisoners:				
Sheriff - inmate days jails	610,640	637,243	674,254	806,361
Sheriff - inmate days detention facility	451,182	467,371	431,421	354,799
Police - total CAD calls received	1,156,932	1,142,514	1,090,591	974,864
Police - incident numbers issued	577,377	658,387	709,915	721,903
ECC - total 911 calls received	N/A	342,942	332,182	329,325
ECC - total non 911 calls received	N/A	813,991	810,332	782,120
Fire prevention and control:				
Fire - life threatening responses	33,812	36,328	38,766	38,158
Fire - non life threatening responses	15,539	13,715	17,240	17,607
Regulation and inspection:				
Codes - construction/land use permits	9,123	10,151	10,245	10,534
Public welfare:				
Social Services - clients served (2)	3,971	2,922	2,734	19,116
Public health and hospitals:				
Health - clinic visits	168,616	174,745	187,465	191,016
Health - restaurant inspections	N/A	N/A	12,483	12,883
Public library system:				
Library - circulating materials check-outs	3,988,212	4,203,335	4,087,080	4,212,037
Library - number of visits	3,496,615	3,671,610	3,374,359	3,355,545

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

2007	2008	2009	2010	2011	2012
334,067	340,373	345,243	349,733	345,687	358,136
96,845	69,153	236,459	58,158	94,348	103,837
43,649	43,402	46,006	44,776	43,139	45,852
8,905	9,084	11,324	10,298	10,900	10,738
49,729	51,905	53,441	48,834	47,193	49,978
2,060	2,039	1,930	1,954	1,879	1,906
870,502	894,746	920,662	929,674	898,860	804,641
374,643	395,777	401,562	397,566	388,466	426,168
1,052,261	1,060,868	1,152,012	1,315,649	1,417,859	1,585,228
784,391	844,469	918,749	1,315,455	1,035,026	1,045,077
343,631	361,016	359,926	344,276	370,704	377,118
742,344	718,732	696,757	690,297	675,908	625,120
41,633	40,171	41,989	43,124	44,518	46,076
19,316	20,768	21,045	24,116	25,835	26,739
11,663	10,598	8,235	10,172	8,343	9,304
20,164	19,694	18,870	17,291	14,963	13,785
192,622	180,543	187,717	190,942	195,222	192,902
13,355	13,972	13,796	13,525	13,378	12,082
4,239,335	4,213,276	4,144,374	4,148,419	4,208,363	4,340,657
3,643,610	3,828,825	3,923,154	3,677,765	3,723,416	3,938,659

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

	2003	2004	2005	2006
Governmental activities (continued):				
Public works, highways and streets:				
Public Works - scheduled garbage collections	6,604,000	6,402,310	6,406,309	6,552,000
Public Works - tons of disposed waste (3)	547,439	425,234	862,895	839,779
Public Works - rehabilitated street lane miles (4)	90	312	419	145
Recreational and cultural:				
Parks - Sportsplex attendance	368,700	385,700	400,000	385,000
Parks - cultural enrichment class attendance (5)	4,372	4,479	4,940	4,724
Parks - senior citizen program attendance (6)	23,557	29,850	25,000	30,000
Education:				
Public Schools - students (second month enrollment)	70,028	70,759	72,458	73,109
Business-type activities:				
Department of Water and Sewerage Services:				
Customers - water	155,712	158,613	159,506	162,834
Average daily raw water treatment (millions of gallons per day)	88	95	94	97
Customers - wastewater	166,417	169,533	171,341	173,149
Average daily wastewater flow (millions of gallons per day)	150	146	143	125
District Energy System: (7)				
Steam sales (thousand pounds)	N/A	188,408	302,899	303,821
Chilled water sales (thousand ton hours)	N/A	22,998	46,817	52,304
Nashville Convention Center - events	186	190	193	193
Board of Fair Commissioners:				
Flea market booth rentals	18,955	19,619	18,611	18,513
State fair attendance (8)	182,500	226,400	204,485	227,478
Municipal Auditorium - events held	91	92	92	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) Tons of disposed waste is reported on a calendar year. The increase in 2011 reflects debris removal related to the May 2010 flood.

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

(5) 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.

(6) 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.

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

(8) 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 in 2011 and 2012.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

2007	2008	2009	2010	2011	2012
6,552,000	6,417,000	6,423,000	6,477,000	6,503,700	6,630,000
800,830	865,671	957,837	745,442	852,856	569,111
186	392	171	87	125	89
400,000	325,822	339,718	344,858	343,835	333,365
11,339	11,802	12,374	15,710	17,430	18,300
37,484	38,608	37,932	36,898	37,970	60,759
74,155	74,733	75,049	76,329	78,014	79,212
171,627	174,286	175,121	176,033	177,475	184,421
97	103	98	119	101	100
183,695	191,981	187,655	189,299	189,898	195,380
128	145	151	166	154	148
322,648	284,761	283,071	272,448	277,943	250,414
60,720	58,854	52,976	51,273	56,118	57,233
188	191	234	243	237	217
18,900	16,253	15,743	15,908	14,510	16,423
230,216	192,130	209,385	208,131	62,352	67,805
91	97	110	111	123	90

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2003	2004	2005	2006
Governmental activities:				
General government:				
General government vehicles (1)	3,625	3,676	3,620	3,425
Law enforcement and care of prisoners:				
Sheriff inmate capacity - jails	1,762	1,762	2,587	2,587
Sheriff inmate capacity - detention facility	892	892	892	1,092
Police stations	5	6	6	6
Fire prevention and control:				
Fire stations	39	39	39	40
Public library system:				
Libraries	22	22	22	24
Public works, highways and streets:				
Streets and roads (lane miles)	5,600	5,600	5,600	5,600
Recreational and cultural:				
Parks (number)	99	102	102	107
Parks (acreage)	10,200	10,303	10,241	10,355
Miles of completed greenways	19.5	23.5	28.0	29.5
Education:				
Schools	128	130	133	136
School buses	558	594	633	657
Business-type activities:				
Department of Water and Sewerage Services:				
Water mains (miles) (3)	2,718	2,746	2,749	2,771
Maximum daily water capacity (thousands of gallons)	180,000	186,300	180,000	180,000
Sewers (miles) (3)	2,726	2,753	2,867	2,901
Maximum daily treatment capacity (thousands of gallons)	459,000	459,000	465,000	465,000
District Energy System: (2)				
Steam:				
Maximum contract capacity (pounds per hour)	N/A	368,079	368,079	368,079
Percentage maximum contract capacity represented by customers	N/A	68.88%	65.15%	67.05%
Chilled water:				
Maximum contract capacity (tons)	N/A	28,599	28,599	28,599
Percentage maximum contract capacity represented by customers (4)	N/A	87.57%	85.30%	87.57%
Nashville Convention Center:				
Exhibition space (square footage)	118,675	118,675	118,675	118,675
Board of Fair Commissioners:				
Exhibition space (square footage)	126,600	126,600	126,600	126,600
Livestock barns (square footage)	50,400	50,400	50,400	50,400
Livestock show arena (square footage)	7,800	7,800	7,800	7,800

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

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

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

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

(3) Decreases in water main and sewer miles in 2009 are due to a conversion to a new system for maintaining records resulting in more accurate measurements and the elimination of abandoned lines.

(4) District Energy System diversified capacity for chilled water after planned pump modification in 2010.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2007	2008	2009	2010	2011	2012
3,559	3,614	3,277	3,408	3,510	3,507
2,587	2,918	2,918	2,918	2,918	2,918
1,092	1,092	1,092	1,092	1,092	1,092
6	6	6	6	7	7
41	41	41	41	38	38
24	24	24	24	24	24
5,643	5,687	5,740	5,777	5,796	5,814
110	110	115	115	118	127
10,424	10,490	10,713	10,876	11,131	12,554
36.5	37.2	37.2	45.7	46.5	51.0
135	137	132	138	137	136
667	660	646	673	725	697
2,888	2,944	2,873	2,878	2,912	2,886
180,000	180,000	180,000	180,000	180,000	180,000
3,027	3,069	2,890	3,045	3,051	3,063
465,000	465,000	465,000	465,000	465,000	465,000
368,079	368,079	368,079	303,833	321,430	295,998
67.05%	67.05%	67.13%	80.66%	76.00%	73.16%
28,599	28,599	28,599	29,279	31,169	30,044
87.57%	87.57%	86.30%	82.00%	77.00%	73.58%
118,675	118,675	118,675	118,675	118,675	118,675
126,600	126,600	126,600	126,600	120,919	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



**METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY, TENNESSEE**

**SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE AWARDS AND REPORTS
AS REQUIRED BY THE SINGLE AUDIT ACT
AMENDMENTS OF 1996 AND
OFFICE OF MANAGEMENT
AND BUDGET CIRCULAR A-133**

YEAR ENDED JUNE 30, 2012

METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY, TENNESSEE

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Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

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

We have audited the 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, 2012, which collectively comprise the Government's basic financial statements. We have also audited the financial statements of the Sports Authority and the Industrial Development Board, which are discretely presented component units of the Government, and the financial statements of each of the Government's nonmajor governmental, nonmajor enterprise, internal service and fiduciary funds, and have issued our report thereon dated October 31, 2012. Our report includes a reference to other auditors. We have also audited and reported on separately the financial statements of the following discretely presented component units: the General Hospital and Bordeaux Long-Term Care and Knowles Home Funds of the Hospital Authority, the Metropolitan Transit Authority, and the Metropolitan Nashville Airport Authority. 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. Other auditors audited 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. This report does not include the results of testing of internal control over financial reporting or compliance and other matters that are reported on separately by us or other auditors.

Internal Control Over Financial Reporting

Management of the Government is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Government's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Government's internal control over financial reporting.



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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in Section II of the accompanying schedule of findings and questioned costs, Item IC-12-1, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Section II of the accompanying schedule of findings and questioned costs, Item IC-12-2, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Government's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Government in a separate letter dated October 31, 2012.

The Government's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Government's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, audit committee, and others within the Government, and Federal and State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Crosslin & Associates, P.C.
Nashville, Tennessee
October 31, 2012



Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each
Major Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133 and on the
Schedules of Expenditures of Federal and State Awards

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

Compliance

We have audited Metropolitan Government of Nashville and Davidson County, Tennessee's (the "Government") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Government's major federal programs for the year ended June 30, 2012. The Government's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Government's management. Our responsibility is to express an opinion on the Government's compliance based on our audit.

The Government's basic financial statements include the operations of the following component units: the Nashville District Management Corporation, the Gulch Business Improvement District, Inc., the Metropolitan Development and Housing Agency, the Electric Power Board, the Metropolitan Transit Authority, the Metropolitan Nashville Airport Authority, the Emergency Communications District and the Convention Center Authority, which expended \$147,382,115 in federal awards which are not included in the accompanying Schedule of Expenditures of Federal Awards during the year ended June 30, 2012. Our audit, described below, did not include the operations of the Metropolitan Transit Authority and the Metropolitan Nashville Airport Authority, because we audited and reported on those component units' compliance in accordance with OMB Circular A-133 separately. Our audit, described below, also did not include the operations of the Nashville District Management Corporation, Gulch Business Improvement District Inc., the Metropolitan Development and Housing Agency, the Electric Power Board, the Emergency Communications District, and the Convention Center Authority because those component units engaged other auditors to perform audits and report separately.



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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Government's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Government's compliance with those requirements.

In our opinion, the Government complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Government is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Government's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Government's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.



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

Schedules of Expenditures of Federal and State Awards

We have audited the 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 Government as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 2012, which contained an unqualified opinion on those financial statements. Our report includes a reference to the reports of other auditors on the financial statements of 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. 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 as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Government's financial statements. The accompanying Schedules of Expenditures of Federal and State Awards are presented for purposes of additional analysis as required by OMB Circular A-133 and the State of Tennessee, and are not a required part of the 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Expenditures of Federal and State Awards are fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the management, audit committee, and others within the Government, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Crosslin & Associates, P.C.

Nashville, Tennessee
October 31, 2012, except for Compliance
and Internal Control Over Compliance, as
to which the date is February 12, 2013

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments:		Payments or Adjustments:		(Accrued) Deferred Grant Revenue June 30, 2012
							Transfers (I) Other (O)	Distributions	Transfers (I) Other (O)	Other (O)	
ENVIRONMENTAL PROTECTION AGENCY:											
Direct Program:											
Air Pollution Control Program	66.001	A-004081-10-5	10-01-09 to 09-30-12	\$ 1,073,428	\$ (40,925)	\$ 413,634	\$ -	\$ 399,949	\$ -	\$ (27,240)	
Total Program	66.001				(40,925)	413,634	-	399,949	-	(27,240)	
Direct Program:											
Section 103 Ambient Air Monitoring Network Installation	66.034	PM-96497708-5	04-01-08 to 03-31-12	515,000	(16,104)	97,746	-	81,642	-	-	
Section 103 Ambient Air Monitoring Network Installation	66.034	PM-96497708-6	04-01-12 to 03-31-13	677,007	-	19,177	-	76,978	-	(57,801)	
Total Program	66.034				(16,104)	116,923	-	158,620	-	(57,801)	
Passed Through Tennessee Environment and Conservation:											
ARRA Holt Rd Pressure Sewer System/Nolensville Sewer Improvement Loan	66.458	CWA 2009-249	02-15-10 to 09-01-11	108,000	-	62,045	-	-	62,045	O	
Slate Revolving Loan - Barker Rd/Visco Dr Equalize Basin (Federal Portion)	66.458	CWASRF 08-212	10-08-07 to 01-31-12	N/A	151,460	51,347	-	-	202,807	O	
Total Program	66.458				151,460	113,392	-	-	264,852	-	
Passed Through Tennessee Environment and Conservation:											
ARRA Green Water Meter Replacement Project Loan	66.468	DGA 2009-101	02-17-10 to 09-01-11	488,487	(24,209)	24,209	-	-	-	-	
ARRA Green Water Meter Replacement Project Principal Forgiveness	66.468	DGA 2009-101	02-17-10 to 09-01-11	1,919,936	(96,835)	88,331	8,504	O	-	-	
Slate Revolving Loan - Green Meter Replacement (Federal Portion)	66.468	DGASRF 09-101	02-17-10 to 09-01-11	1,996,823	(103,896)	103,896	-	-	-	-	
Total Program	66.468				(224,940)	216,436	8,504	-	-	-	
Total Environmental Protection Agency					(130,509)	860,385	8,504	558,569	264,852	(85,041)	
INSTITUTE OF MUSEUM AND LIBRARY SERVICES:											
Passed Through Tennessee State Library and Archive:											
Library Services and Technology Act -- Technology Grant	45.310	28694	12-01-11 to 06-30-12	7,920	-	7,920	-	7,920	-	-	
Library Services - General Library Services	45.310	GG-12-37277-00	10-01-11 to 06-30-12	7,131	-	7,131	-	7,131	-	-	
Total Program	45.310				-	15,051	-	15,051	-	-	
Direct Program:											
National Award for Library Service	45.312	AL-00-10-40001-10	10-01-10 to 08-31-11	10,000	3,332	-	-	3,332	-	-	
Total Program	45.312				3,332	-	-	3,332	-	-	
Total Institute of Museum and Library Services					3,332	15,051	-	18,383	-	-	
NATIONAL ENDOWMENT FOR THE ARTS:											
Passed Through Tennessee Arts Commission:											
Major Cultural Institutions (Federal Portion)	45.025	31625-17191	07-01-10 to 06-30-11	27,079	(16,247)	16,247	-	-	-	-	
Major Cultural Institutions (Federal Portion)	45.025	31625-18350	07-01-11 to 06-30-12	24,500	-	24,500	-	24,500	-	-	
Total Program	45.025				(16,247)	40,747	-	24,500	-	-	
Total National Endowment for the Arts					(16,247)	40,747	-	24,500	-	-	

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Receipts or Adjustments:		Payments or Adjustments:		(Accrued) Deferred Grant Revenue June 30, 2012
						Federal Receipts	Transfers (T) Other (O)	Expenditures/ Distributions	Transfers (T) Other (O)	
U.S. DEPARTMENT OF AGRICULTURE:										
Passed Through Tennessee Education:										
National School Breakfast Program - Metro Public Schools	10.553	N/A	07-01-10 to 06-30-11	N/A	(818,797)	818,797	-	-	-	-
National School Breakfast Program - Metro Public Schools	10.553	N/A	07-01-11 to 06-30-12	N/A	-	5,631,912	-	6,977,155	-	(1,345,243)
Total Program	10.553				(818,797)	6,450,709	-	6,977,155	-	(1,345,243)
Passed Through Tennessee Education:										
National School Lunch Program - Lunch, Metro Public Schools	10.555	N/A	07-01-10 to 06-30-11	N/A	(2,484,365)	2,484,365	-	-	-	-
National School Lunch Program - Lunch, Metro Public Schools	10.555	N/A	07-01-11 to 06-30-12	N/A	-	16,904,689	-	20,819,474	-	(3,914,785)
National School Lunch Program - Snacks, Metro Public Schools	10.555	N/A	07-01-10 to 06-30-11	N/A	(5,181)	5,181	-	-	-	-
National School Lunch Program - Snacks, Metro Public Schools	10.555	N/A	07-01-11 to 06-30-12	N/A	-	47,015	-	55,055	-	(8,040)
National School Lunch and Breakfast Program - Food Distribution - Metro Public Schools	10.555	N/A	07-01-10 to OPEN	N/A	445,262	1,525,043	-	1,701,333	-	268,972
Total Program	10.555				(2,044,284)	20,966,293	-	22,575,862	-	(3,653,853)
Passed Through Tennessee Health:										
Women, Infants, and Children (WIC)	10.557	34353-07011	10-01-10 to 09-30-11	4,243,700	(871,438)	2,687,997	11,889	1,828,448	-	-
Women, Infants, and Children (WIC)	10.557	34353-07012	10-01-11 to 09-30-12	4,245,100	-	1,840,041	-	2,817,171	-	(977,130)
Total Program	10.557				(871,438)	4,528,038	11,889	4,645,619	-	(977,130)
Passed Through Tennessee Human Services:										
Adult Care Food Program - Knowles Home	10.558	03-47-40038-00-5	10-01-09 to 09-30-11	50,000	(6,452)	6,452	-	-	-	-
Child Adult Care Food Program - Metro Action Commission	10.558	DP-3-3-10	10-01-10 to 09-30-11	917,991	(51,982)	225,262	-	173,280	-	-
Child Adult Care Food Program - Metro Action Commission	10.558	03.47.56030.007	10-01-11 to 09-30-12	917,992	-	632,467	-	760,256	-	(127,789)
Total Program	10.558				(58,434)	864,181	-	933,536	-	(127,789)
Passed Through Tennessee Human Services:										
Summer Food Service Program - Metro Action Commission	10.559	30-014	05-01-11 to 08-01-11	726,276	(124,294)	431,488	-	306,799	395	0
Summer Food Service Program - Metro Action Commission	10.559	30-014	05-01-12 to 08-01-12	784,389	-	217,877	-	383,464	-	(165,587)
Total Program	10.559				(124,294)	649,365	-	690,263	395	(165,587)
Direct Program:										
Commodity Supplemental Food Program - Food Distribution	10.565	N/A	10-01-84 to OPEN	N/A	216,624	891,361	-	852,515	-	255,470
Passed Through Tennessee Health:										
Commodity Supplemental Food Program - Administration	10.565	34353-02311	10-01-10 to 09-30-11	227,200	(13,271)	90,840	-	77,569	-	-
Commodity Supplemental Food Program - Administration	10.565	34353-02312	10-01-11 to 09-30-12	227,900	-	1,091,143	-	1,34,075	-	(24,932)
Total Program	10.565				203,553	1,091,344	-	1,064,159	-	230,538
Passed Through Tennessee Education:										
Fresh Fruits and Vegetables Program - Metro Public Schools	10.582	N/A	07-01-10 to 06-30-11	N/A	(37,007)	37,007	-	-	-	-
Fresh Fruits and Vegetables Program - Metro Public Schools	10.582	N/A	07-01-11 to 06-30-12	N/A	-	322,767	-	387,887	-	(65,120)
Total Program	10.582				(37,007)	359,774	-	387,887	-	(65,120)
Total U.S. Department of Agriculture					(3,750,901)	34,909,704	11,889	37,274,481	395	(6,104,184)

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments:		Payments or Adjustments:		(Accrued) Deferred Grant Revenue June 30, 2012
							Transfers (I) Other (O)	Expenditures/ Distributions	Transfers (I) Other (O)	Grant Revenue June 30, 2012	
U.S. DEPARTMENT OF DEFENSE:											
Direct Program:											
Air Force R.O.T.C.	N/A	N/A	07-01-10 to 06-30-11	N/A	(17,241)	17,241	-	-	-	-	-
Air Force R.O.T.C.	N/A	N/A	07-01-11 to 06-30-12	N/A	-	225,602	-	248,012	-	-	(22,410)
Army R.O.T.C.	N/A	N/A	07-01-10 to 06-30-11	N/A	(6,195)	6,195	-	-	-	-	-
Army R.O.T.C.	N/A	N/A	07-01-11 to 06-30-12	N/A	-	114,776	-	121,334	-	-	(6,558)
Total Other Financial Assistance					(23,436)	363,814	-	369,346	-	-	(28,968)
Total U.S. Department of Defense					(23,436)	363,814	-	369,346	-	-	(28,968)
U.S. DEPARTMENT OF ENERGY:											
Direct Program:											
ARRA Energy Efficiency and Conservation	81.128	DE-EE0000956/001	08-03-09 to 08-02-12	6,225,400	(2,211)	4,250,262	17 O	4,248,384	-	-	(316)
Passed Through Southeast Energy Efficiency Alliance:											
ARRA Energy Efficiency and Conservation - Community Retrofit Ramp-Up Consortium	81.128	DE-EE0003575-02	06-01-10 to 06-02-13	757,005	35,632	42,168	-	132,138	-	-	(54,338)
Total Program	81.128				33,421	4,292,430	17	4,380,522	-	-	(54,654)
Total U.S. Department of Energy					33,421	4,292,430	17	4,380,522	-	-	(54,654)
U.S. DEPARTMENT OF EDUCATION:											
Passed Through Tennessee Education:											
School Improvement 1003 a	84.010	09-01	07-01-08 to 09-30-09	2,055,000	(3,000)	-	3,000 O	-	-	-	-
School Improvement 1003 a	84.010	10-01	07-01-09 to 09-30-11	3,000,000	(183,887)	575,377	-	1,162,603	-	-	(771,113)
School Improvement	84.010	11-01	07-01-10 to 09-30-11	3,816,774	(899,971)	952,913	79,460 O	122,957	9,445 O	-	-
School Improvement	84.010	12-01	07-01-11 to 09-30-12	4,212,260	-	2,093,150	-	3,014,085	-	-	(920,935)
Title I Non-Enhanced Option	84.010	11-01	07-01-10 to 09-30-11	33,451,537	(381,860)	1,836,747	-	1,454,887	-	-	-
Title I Non-Enhanced Option	84.010	12-01	07-01-11 to 09-30-12	32,117,012	-	34,324,460	-	35,933,906	-	-	(1,609,446)
Total Program	84.010				(1,468,718)	39,782,647	82,460	41,688,438	9,445	-	(3,301,494)
Passed Through Tennessee Education:											
Education of the Handicapped - Excess Cost Funds											
IDEA Part B 11-01	84.027	N/A	07-01-11 to 06-30-12	N/A	-	443,598	-	443,598	-	-	-
IDEA Part B 12-01	84.027	11-01	07-01-10 to 09-30-12	17,396,082	(2,253,186)	11,487,430	-	9,234,244	-	-	-
IDEA Part B Discretion	84.027	12-01	07-01-11 to 09-30-12	17,894,980	-	6,897,269	-	12,524,640	-	-	(5,627,371)
IDEA Pre-School 11-01	84.027	N/A	07-01-10 to 06-30-12	175,692	-	175,692	-	175,692	-	-	-
IDEA Pre-School 12-01	84.027	11-01	07-01-10 to 06-30-11	267,470	(23,873)	179,023	-	155,150	-	-	-
IDEA Pre-School 12-01	84.027	12-01	07-01-11 to 06-30-12	272,112	-	171,996	-	230,921	-	-	(58,925)
Total Program	84.027				(2,277,059)	19,355,008	-	22,764,245	-	-	(5,686,296)
Direct Program:											
Impact Aid	84.041	N/A	07-01-11 to 06-30-12	N/A	-	130,157	-	130,157	-	-	-
Total Program	84.041				-	130,157	-	130,157	-	-	-

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments: Transfers (T) Other (O)	Expenditures/ Distributions	Payments or Adjustments: Transfers (T) Other (O)	(Accrued) Deferred Grant Revenue June 30, 2012
Passed Through Tennessee Education: Program Improvement - Carl Perkins Federal Grant	84.048	11-01	07-01-10 to 06-30-11	1,859,149	(226,835)	310,821	-	83,800	-	186
Program Improvement - Carl Perkins Federal Grant	84.048	12-01	07-01-11 to 06-30-12	1,394,858	(89,999)	940,706	-	1,294,017	-	(353,311)
Carl Perkins Health Science	84.048	11-01	07-01-08 to 06-30-11	90,000	(316,834)	1,251,527	89,999 O	-	-	-
Total Program	84.048						89,999	1,377,817	-	(353,125)
Direct Program: Magnet Schools Assistance	84.165A	U165A100093	10-01-10 to 09-30-13	11,503,514	(250,414)	3,141,258	-	3,839,864	-	(949,020)
Total Program	84.165A						-	3,839,864	-	(949,020)
Passed Through Tennessee Education: Safe and Supportive Schools	84.184	N/A	12-01-11 to 06-30-12	22,000	-	14,505	-	14,505	-	-
Total Program	84.184						-	14,505	-	-
Passed Through Tennessee Education: Title IV Drug Free Schools	84.186	09-01	07-01-08 to 12-31-11	393,811	(6,447)	52,763	-	46,316	-	-
Total Program	84.186						-	46,316	-	-
Passed Through Tennessee Education: Homeless Children Education Program	84.196	11-01	07-01-10 to 06-30-11	133,070	(43,540)	46,948	-	3,408	-	-
Homeless Children Education Program	84.196	12-01	07-01-11 to 09-30-12	160,000	-	79,618	-	155,941	-	(76,323)
Total Program	84.196						-	159,349	-	(76,323)
Direct Program: Smaller Learning Communities	84.215	N/A	10-01-10 to 09-30-12	N/A	(124,413)	959,181	-	838,624	-	(3,856)
LYNCS	84.215	2-100069-04	04-01-08 to 10-12-10	353,098	360	-	-	-	360 O	-
Total Program	84.215						-	838,624	360	(3,856)
Passed Through Tennessee Education: 21st Century Community Learning Centers - Goldstars	84.287	N/A	07-01-09 to 06-30-10	360,000	(19,706)	-	19,706 O	-	-	-
21st Century Community Learning Centers - Goldstars	84.287	N/A	07-01-10 to 06-30-11	360,000	(99,202)	68,386	-	1,319	-	(32,135)
21st Century Community Learning Centers - Goldstars	84.287	N/A	07-01-11 to 06-30-12	342,000	-	252,068	-	329,294	-	(77,226)
Total Program	84.287						19,706	330,613	-	(109,361)
Passed Through Tennessee Education: Title II Part D	84.318	10-01	07-01-09 to 09-30-10	265,024	(55)	55	200,370 O	200,370	-	-
Title II Part D	84.318	11-01	07-01-10 to 09-30-11	96,956	(91,084)	2,260	88,824 O	-	-	-
Total Program	84.318						289,194	200,370	-	-
Passed Through Tennessee Education: Title III Emergency Immigrant Education Program	84.365	11-01	07-01-10 to 09-30-11	1,567,146	(178,229)	162,589	15,640 T	-	-	-
Title III Emergency Immigrant Education Program	84.365	12-01	07-01-11 to 09-30-12	1,530,476	-	1,233,021	-	1,262,825	15,640 T	(45,444)
Title III A Discretionary	84.365	09-01	07-01-08 to 09-30-11	150,970	(21,715)	125,836	-	113,254	-	(9,133)
Title III A Discretionary	84.365	01-01	07-01-11 to 09-30-12	125,184	-	-	-	33,145	-	(33,145)
Total Program	84.365						15,640	1,409,224	15,640	(87,722)
Passed Through Tennessee Education: Title II Part A	84.367	11-01	07-01-10 to 06-30-11	4,526,228	(585,915)	756,628	-	170,713	-	-
Title II Part A	84.367	12-01	07-01-11 to 09-30-12	3,412,991	-	3,261,842	-	3,887,926	-	(626,084)
Total Program	84.367						-	4,058,639	-	(626,084)

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments: Transfers (T) Other (O)	Expenditures/ Distributions	Payments or Adjustments: Grantor (G) Transfers (T) Other (O)	(Accrued) Deferred Grant Revenue June 30, 2012
Passed Through Tennessee Education: Teacher Incentives	84.374	S374A100045	07-01-10 to 09-30-12	964,000	(85,943)	135,800	-	82,503	-	(32,646)
Teacher Incentives Fund - Data Management	84.374	S374A100045	03-01-11 to 09-30-14	350,000	-	6,000	-	6,000	-	-
Total Program	84.374				(85,943)	141,800	-	88,503	-	(32,646)
Passed Through Tennessee Education: School Improvement 1003 g	84.377	09-01	07-01-08 to 09-30-09	1,245,000	(1,033)	-	1,033 O	-	-	-
Total Program	84.377				(1,033)	-	1,033	-	-	-
Passed Through Tennessee Education: ARRA Title IID	84.386	S386A090042	07-01-09 to 06-30-11	683,277	(28,659)	108,249	-	79,590	-	-
Total Program	84.386				(28,659)	108,249	-	79,590	-	-
Passed Through Tennessee Education: ARRA Title X Homeless Education	84.387	S387A090044	07-01-09 to 06-30-11	184,749	(1,539)	137,658	-	136,119	-	-
Total Program	84.387				(1,539)	137,658	-	136,119	-	-
Passed Through Tennessee Education: ARRA School Improvement 1003 a	84.389	09-01	07-01-09 to 09-30-10	1,000,000	(117,073)	381,315	-	264,242	-	-
ARRA Title I School and District	84.389	S389A090042	07-01-09 to 06-30-11	24,562,837	(3,655,017)	3,663,296	-	8,279	-	-
ARRA Title I School Improvement	84.389	S388A090043	07-01-10 to 09-30-11	9,200,000	4,958	-	9,445 O	14,403 O	-	-
Total Program	84.389				(3,767,132)	4,044,611	9,445	272,521	14,403	-
Passed Through Tennessee Education: ARRA IDEA Part B	84.391	H391A090052	07-01-09 to 06-30-12	20,372,656	-	3,055,133	-	3,055,133	-	-
Total Program	84.391				-	3,055,133	-	3,055,133	-	-
Passed Through Tennessee Education: ARRA IDEA Preschool Grant	84.392	H392A090095	07-01-09 to 06-30-11	1,073,979	(188,276)	186,690	1,586 O	-	-	-
Total Program	84.392				(188,276)	186,690	1,586	-	-	-
Passed Through Tennessee Education: ARRA Race To The Top - Focus Schools	84.395	N/A	07-01-10 to 09-30-12	135,000	(33,496)	33,496	-	91,073	-	(91,073)
ARRA Race To The Top - Renewal Schools	84.395	S395A100032	07-01-10 to 09-30-12	3,600,000	(309,008)	338,425	-	1,147,154	-	(1,117,737)
ARRA Race To The Top - TPCGP-III	84.395	N/A	01-01-11 to 06-30-14	2,008,600	(118,173)	223,509	-	255,609	-	(150,273)
ARRA Battelle - STEM	84.395	N/A	07-01-10 to 09-30-14	1,000,000	-	-	-	553,022	-	(553,022)
ARRA Battelle - STEM HUB	84.395	N/A	07-01-10 to 09-30-14	850,000	-	-	-	28,105	-	(28,105)
ARRA Race To The Top - First to the Top	84.395	S395A100032	07-01-10 to 09-30-14	19,916,377	(963,869)	7,176,159	-	8,452,813	-	(2,240,523)
ARRA Race To The Top - STEM (Science, Technology, Engineering, and Math)	84.395	N/A	07-01-10 to 09-30-11	1,000,000	(617,249)	982,458	-	357,516	-	7,693
Total Program	84.395				(2,041,795)	8,754,047	-	10,885,292	-	(4,173,040)
Passed Through Tennessee Health: ARRA Project Diabetes Implementation - Step Up for Health	84.397	34351-01611	10-01-10 to 06-30-11	250,000	(115,336)	115,336	-	-	-	-
ARRA Project Diabetes Implementation - Step Up for Health	84.397	34351-01612	08-01-11 to 06-30-12	250,000	-	175,790	-	227,828	-	(52,038)
Passed Through Tennessee Education: ARRA Coordinated School Health - Metro Public Schools	84.397	S397A090043	07-01-10 to 06-30-11	230,000	-	19,872	-	19,872	-	-
ARRA Family Resource Centers	84.397	S397A090043	07-01-10 to 06-30-11	233,100	(45,148)	51,266	-	6,118	-	-
ARRA State Fiscal Stabilization Fund Extended Contract - Metro Public Schools	84.397	S397A090043	07-01-09 to 09-30-11	1,087,300	30	-	-	30	30 O	-
ARRA State Fiscal Stabilization Fund Extended Contract - Metro Public Schools	84.397	S397A090043	07-01-09 to 08-31-11	1,087,300	(65,226)	65,226	-	-	-	-
Total Program	84.397				(225,680)	427,490	-	253,818	30	(52,038)

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments: Transfers (F) Other (O)	Expenditures/ Distributions	Payments or Adjustments: Grantor (G) Other (O)	(Accrued) Deferred Grant Revenue June 30, 2012
Passed Through Tennessee Education: Education Jobs Total Program	84,410 84,410	N/A	07-01-10 to 09-30-11	11,144,329	- -	162,261 162,261	- -	162,261 162,261	- -	- -
Total U.S. Department of Education					(11,823,028)	87,694,236	509,063	91,791,398	39,878	(15,451,005)
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:										
Passed Through Greater Nashville Regional Council:										
Title III Part B Transportation	93,044	2011-04-05-09	07-01-10 to 06-30-11	70,000	(10,200)	10,200	-	-	-	-
Title III Part B Transportation	93,044	2012-39	07-01-11 to 06-30-12	70,000	-	45,900	-	70,000	-	(24,100)
Homemaker	93,044	2011-03	07-01-10 to 06-30-11	N/A	(9,612)	9,612	-	-	-	-
Homemaker	93,044	2012-03	07-01-11 to 06-30-12	N/A	-	38,785	41 O	53,185	-	(14,359)
Personal Care	93,044	2011-03	07-01-10 to 06-30-11	N/A	(3,755)	3,755	-	-	-	-
Personal Care	93,044	2012-03	07-01-11 to 06-30-12	N/A	-	108,252	13,241 O	16,934	-	(3,693)
Total Program	93,044				(23,567)	108,252	13,282	140,119	-	(42,152)
Passed Through Greater Nashville Regional Council:										
Title III Part C Nutrition Program	93,045	2011-39	10-01-10 to 06-30-11	588,350	(93,666)	93,666	-	-	-	-
Title III Part C Nutrition Program	93,045	2012-39	07-01-11 to 06-30-12	761,040	-	563,400	-	761,040	-	(197,640)
Total Program	93,045				(93,666)	657,066	-	761,040	-	(197,640)
Passed Through Greater Nashville Regional Council:										
Nutrition Services FCSP Caregiver	93,052	2011-39	10-01-10 to 06-30-11	6,000	(518)	518	-	-	-	-
Total Program	93,052				(518)	518	-	-	-	-
Passed Through Greater Nashville Regional Council:										
Nutrition Services Incentive Program	93,053	2011-39	10-01-10 to 06-30-11	124,075	(25,875)	25,875	-	-	-	-
Nutrition Services Incentive Program	93,053	2012-39	07-01-11 to 06-30-12	137,900	-	103,500	-	137,900	-	(34,400)
Total Program	93,053				(25,875)	129,375	-	137,900	-	(34,400)
Passed Through Tennessee Health:										
Bioterrorism	93,069	34360-31712	08-01-11 to 07-31-12	854,300	-	463,675	-	600,860	-	(137,185)
Total Program	93,069				-	463,675	-	600,860	-	(137,185)
Direct Program:										
Pathways to Responsible Fatherhood	93,086	90FK0035-01-00	09-30-11 to 09-29-12	1,589,107	-	-	-	311,254	-	(311,254)
Total Program	93,086				-	-	-	311,254	-	(311,254)
Passed Through Tennessee Health:										
TB Outreach and Control	93,116	34360-37211	07-01-10 to 06-30-11	844,820	(173,612)	173,612	-	-	-	-
TB Outreach and Control	93,116	34360-37212	07-01-11 to 06-30-12	1,398,900	-	945,475	-	1,312,445	-	(366,970)
Total Program	93,116				(173,612)	1,119,087	-	1,312,445	-	(366,970)
Passed Through Tennessee Health:										
Family Planning	93,217	34360-35112	07-01-11 to 06-30-12	894,700	-	678,743	-	894,700	-	(215,957)
Total Program	93,217				-	678,743	-	894,700	-	(215,957)

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments: Transfers (F) Other (O)	Expenditures/ Distributions	Payments or Adjustments: Transfers (F) Other (O)	(Accrued) Deferred Grant Revenue June 30, 2012
Passed Through Tennessee Health: Immunization Services for Children	93.268	GG-11-34487-00	01-01-11 to 12-31-11	550,000	(39,282)	314,469	-	275,187	-	-
Immunization Services for Children	93.268	34360-41212	01-01-12 to 12-31-12	539,800	(39,282)	314,469	-	241,299	-	(241,299)
Total Program	93.268							516,486		(241,299)
Passed Through Tennessee Health: Tobacco Prevention	93.283	34360-46212	03-30-11 to 03-29-12	42,500	-	42,500	-	42,500	-	-
Tobacco Prevention	93.283	34360-46213	03-30-12 to 03-29-13	42,500	-	-	-	9,993	-	(9,993)
Environmental Health Specialist Network	93.283	GG-10-31708-00	01-01-10 to 12-31-10	153,000	(20,037)	20,037	-	-	-	-
Environmental Health Specialist Network	93.283	GG-11-34488-00	01-01-11 to 06-30-11	53,400	(19,976)	19,976	-	-	-	-
Environmental Health Specialist Network	93.283	34360-42712	07-01-11 to 06-30-12	112,700	72,757	72,757	-	112,700	-	(39,943)
Bioterrorism	93.283	34360-31711	08-01-10 to 07-31-11	881,600	(421,405)	538,296	2,000	116,893	-	-
Total Program	93.283				(461,418)	693,566	2,000	282,086	-	(49,936)
Passed Through Tennessee Health: Breast and Cervical Cancer	93.399	GG-09-25038-00	07-01-08 to 06-30-11	292,600	(9,182)	9,222	-	-	40,000	-
Breast and Cervical Cancer	93.399	34360-40312	07-01-11 to 06-30-14	282,600	-	74,591	40,000	93,052	-	(18,421)
Total Program	93.399				(9,182)	83,813	40,000	93,052	40,000	(18,421)
Passed Through Tennessee Human Services: Child Support Enforcement, Title IV-D - Juvenile Court	93.563	GG-09-25615-00	07-01-10 to 06-30-11	1,196,500	(120,225)	120,225	-	-	-	-
Child Support Enforcement, Title IV-D - Juvenile Court	93.563	GG-09-25615-03	07-01-11 to 06-30-12	789,700	-	620,478	-	742,362	-	(121,884)
Total Program	93.563				(120,225)	740,703	-	742,362	-	(121,884)
Passed Through Tennessee Human Services: Low Income Energy Assistance Program	93.568	Z-11-000210-01	07-01-10 to 06-30-11	4,952,278	(114,658)	114,658	-	-	-	-
Low Income Energy Assistance Program	93.568	GG-11-34628	01-01-11 to 06-30-11	4,691,700	(673,379)	673,379	-	-	-	-
Low Income Energy Assistance Program	93.568	Z-12-260	07-01-11 to 09-30-11	1,008,741	-	791,322	-	791,322	-	-
Low Income Energy Assistance Program	93.568	GG-12-37226-01	10-01-11 to 06-30-12	5,261,123	-	4,342,147	-	5,114,433	-	(772,286)
Total Program	93.568				(788,037)	5,921,506	-	5,905,755	-	(772,286)
Passed Through Tennessee Human Services: Community Services Block Grant	93.569	Z-10-000110-00	07-01-10 to 06-30-11	1,147,582	(300,608)	300,608	-	-	-	-
Community Services Block Grant	93.569	Z-12-160	07-01-11 to 09-30-11	252,185	-	248,648	-	248,648	-	-
Community Services Block Grant	93.569	Z-12-110	10-01-11 to 06-30-12	1,012,278	-	516,331	-	701,904	-	(185,573)
Total Program	93.569				(300,608)	1,065,587	-	950,552	-	(185,573)
Passed Through Tennessee Human Services: Before and After Care - Metro Action Commission	93.575	N/A	07-01-10 to 06-30-11	N/A	(16,686)	16,686	-	-	-	-
Before and After Care - Metro Action Commission	93.575	N/A	07-01-11 to 06-30-12	N/A	-	161,525	-	170,326	-	(8,801)
Total Program	93.575				(16,686)	178,211	-	170,326	-	(8,801)
Direct Program: Head Start	93.600	04 CH 0365/45	07-01-10 to 06-30-11	11,027,755	-	62,046	-	62,046	-	-
Head Start	93.600	04 CH 0365/46	07-01-11 to 06-30-12	11,687,545	-	11,485,727	-	11,609,451	-	(123,724)
Total Program	93.600				-	11,547,773	-	11,671,497	-	(123,724)
Passed Through Tennessee Human Services: SSBG Homemaker	93.667	GG-12-36625	07-01-11 to 09-30-11	78,138	-	78,138	-	78,138	-	-
SSBG Homemaker	93.667	GG-12-37106	10-01-11 to 06-30-12	183,162	-	183,162	-	183,162	-	-
Total Program	93.667				-	261,300	-	261,300	-	-

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments:		Payments or Adjustments:		(Accrued) Deferred Grant Revenue June 30, 2012
							Transfers (I) Other (O)	Distributions	Transfers (I) Other (O)	Grant Revenue	
Passed Through Vanderbilt University Medical Center: ARRA NIH Challenge Grant in Health and Science Research/ Scientist-in-the-Classroom Partnership Program - Metro Public Schools Total Program	93.701 93.701	IRC1RR028361-01-36203	09-24-09 to 06-30-12	91,020	(17,977) (17,977)	13,707 13,707	- -	- -	- -	55,295 55,295	(59,565) (59,565)
Direct Program: ARRA Early Head Start Total Program	93.709 93.709	045A0365/02	09-30-10 to 09-29-11	986,091	(87,388) (87,388)	359,151 359,151	- -	- -	- -	271,763 271,763	- -
Passed Through Tennessee Health: ARRA Tobacco Use Prevention Services Total Program	93.723 93.723	34352-96012	07-01-11 to 12-31-11	80,000	- -	80,000 80,000	- -	- -	- -	80,000 80,000	- -
Direct Program: ARRA Communities Putting Prevention to Work Total Program	93.724 93.724	IUS8DP002447-01	03-19-10 to 03-18-12	7,527,527	(1,006,698) (1,006,698)	3,720,880 3,720,880	- -	- -	- -	3,248,054 3,248,054	(533,872) (533,872)
Passed Through Vanderbilt University Medical Center: Growing Right onto Wellness (GROW) - Parks Total Program	93.837 93.837	VUMC 37648	08-20-10 to 04-30-13	376,229	(59,146) (59,146)	125,346 125,346	- -	- -	- -	104,650 104,650	(38,450) (38,450)
Direct Program: HIV - Emergency Relief Grant HIV - Emergency Relief Grant Total Program	93.914 93.914 93.914	H89HA11433-03-00 H89HA11433-04-00	03-01-11 to 02-29-12 03-01-12 to 02-28-13	4,765,213 4,540,588	(1,384,938) (1,384,938)	4,735,132 4,735,132	- -	- -	- -	3,350,194 1,130,393 4,480,587	- (1,130,393) (1,130,393)
Direct Program: Healthy Start Initiative - Eliminating Racial Ethnic Disparities Healthy Start Initiative - Eliminating Racial Ethnic Disparities Healthy Start Initiative - Eliminating Racial Ethnic Disparities Total Program	93.926 93.926 93.926 93.926	5 H49MCI2836-02-01 5 H49MCI2836-03-01 5 H49MCI2836-04-00	06-01-10 to 05-31-11 06-01-11 to 05-31-12 06-01-12 to 05-31-13	917,590 905,186 745,672	220,000 (75,000)	9,520 724,942	- -	- -	- -	229,520 649,942 50,000	- - (50,000)
Direct Program: Ryan White IT Capacity Building Total Program	93.928 93.928	1 H97JA19493-01-00	09-01-10 to 08-31-11	99,922	(57,638) (57,638)	99,711 99,711	- -	- -	- -	42,073 42,073	- -
Passed Through Tennessee Health: AIDS Prevention and Surveillance AIDS Prevention and Surveillance Rapid HIV Testing Services Rapid HIV Testing Services Total Program	93.940 93.940 93.940 93.940 93.940	34349-47411 34349-47712 34349-61911 34349-61912	01-01-11 to 12-31-11 01-01-12 to 12-31-12 09-30-10 to 09-29-11 09-30-11 to 12-31-12	961,300 472,800 239,000 238,500	(65,671) -	316,130 154,312	- -	- -	- -	250,459 221,104	- (66,792)
Passed Through Tennessee Health: Sexually Transmitted Diseases Sexually Transmitted Diseases Total Program	93.977 93.977 93.977	GG-11-32500-00 GG-12-37398	01-01-11 to 12-31-11 01-01-12 to 12-31-12	488,500 488,500	(43,342) (43,342)	340,668 102,925	- -	- -	- -	291,660 149,178	5,666 O (46,253)
Passed Through Tennessee Health: Health Promotion Health Promotion Total Program	93.991 93.991 93.991	GG-11-32764-00 34360-50312	07-01-10 to 06-30-11 07-01-11 to 06-30-12	116,000 116,000	(26,420) (26,420)	26,420 87,789	- -	- -	- -	110,661 110,661	- (22,872) (22,872)

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments:		Expenditures/ Distributions		Payments or Adjustments:		(Accrued) Deferred Grant Revenue June 30, 2012
							Transfers (T) Other (O)	Transfers (T) Other (O)	Transfers (T) Other (O)	Transfers (T) Other (O)			
Passed Through Tennessee Health:													
CSS/Care Coordination	93.994	GG-10-29775-01	07-01-09 to 06-30-10	360,100	(306)	306	-	-	-	-	-	-	-
CSS/Care Coordination	93.994	GG-11-22684-01	07-01-10 to 06-30-11	360,100	(30,529)	30,529	-	-	-	-	-	-	-
CSS/Care Coordination	93.994	GG-12-35710	07-01-11 to 06-30-12	354,100	-	268,129	-	-	343,945	-	-	-	(75,816)
CSS/Medical Services	93.994	GG-10-29775-01	07-01-09 to 06-30-10	427,000	(60,420)	60,420	-	-	-	-	-	-	-
CSS/Medical Services	93.994	GG-11-22684-01	07-01-10 to 06-30-11	376,400	(19,029)	19,029	-	-	-	-	-	-	-
CSS/Medical Services	93.994	GG-12-35710	07-01-11 to 06-30-12	432,800	-	282,104	-	-	373,339	-	-	-	(91,235)
Healthy Start	93.994	GG-11-33072-00	07-01-10 to 06-30-11	659,700	(97,243)	97,243	-	-	-	-	-	-	-
Healthy Start	93.994	34347-13912	07-01-11 to 06-30-12	659,700	-	569,950	-	-	637,941	-	-	-	(67,991)
Help Us Grow Successfully (HUGS)	93.994	GG-10-29789-00	07-01-10 to 06-30-11	610,200	(50,950)	50,950	-	-	-	-	-	-	-
Help Us Grow Successfully (HUGS)	93.994	GG-10-29789-00	07-01-11 to 06-30-12	610,200	(58,100)	58,100	-	-	602,060	-	-	-	(93,960)
Total Program	93.994				(258,477)	1,886,760	-	-	1,957,285	-	-	-	(329,002)
Total U.S. Department of Health and Human Services					(4,944,109)	36,922,464	13,324		37,118,432	5,706			(5,132,459)
U.S. DEPARTMENT OF HOMELAND SECURITY:													
Passed Through Tennessee Emergency Management:													
Flood Recovery May 2010	97.036	1909 DR TN	05-01-10 to OPEN	48,542,664	(33,361,543)	25,796,976	-	-	8,862,088	-	-	-	(16,426,655)
Public Assistance Recovery - April 2011 Storms	97.036	1978-DR-TN (34101-06912)	04-04-11 to 04-03-16	19,524	-	18,827	-	-	9,976	8,851	0	-	-
Total Program	97.036				(33,361,543)	25,815,803	-	-	8,872,064	8,851			(16,426,655)
Passed Through Tennessee Emergency Management:													
Flood - Delray Drive, West Hamilton Home Buyout (Federal Portion HMGP-1909-0002)	97.039	GG-1134932-01	11-18-10 to 11-17-13	7,097,318	(5,164,129)	3,860,253	-	-	407,833	-	-	-	(1,711,709)
Flood - Benzang Road, Park Terrace Home Buyout (Federal Portion HMGP-1909-0017)	97.039	E-24547	11-08-11 to 11-07-14	11,424,885	-	6,319,601	-	-	8,224,675	-	-	-	(1,905,074)
Flood - Miami Avenue Home Buyout (Federal Portion HMGP-1909-0019)	97.039	E-24547	10-11-11 to 10-10-14	6,629,580	-	3,145,267	-	-	3,857,171	-	-	-	(711,904)
Flood - Pennington Bend Home Buyout (Federal Portion HMGP-1909-0026)	97.039	E-24547	11-08-11 to 11-07-14	4,381,853	-	6,728	-	-	2,527,851	-	-	-	(2,521,123)
Flood - West Hamilton, Hite Street Home Buyout (Federal Portion HMGP-1909-0008)	97.039	GG-1237542	02-23-11 to 02-22-14	3,908,243	-	1,997,762	-	-	160,957	-	-	-	1,836,805
Total Program	97.039				(5,164,129)	15,329,611	-	-	15,178,487	-	-	-	(5,013,005)
Passed Through Tennessee Emergency Management:													
Emergency Management Performance 10-11	97.042	34101-50511	10-01-10 to 12-31-11	182,000	(182,000)	182,000	-	-	-	-	-	-	-
Total Program	97.042				(182,000)	182,000	-	-	-	-	-	-	-
Direct Program:													
Assistance to Firefighters	97.044	EMW-2009-FO-08824	04-03-10 to 09-30-12	840,333	-	210,461	-	-	210,461	-	-	-	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.044	EMW-2010-FH-01150	05-18-11 to 05-17-13	3,516,513	(179,107)	1,888,945	-	-	1,792,986	-	-	-	(83,148)
Fire Prevention and Safety	97.044	EMW-2010-FP-01239	07-09-11 to 11-30-12	240,900	-	176,403	-	-	223,549	-	-	-	(47,146)
Assistance to Firefighters	97.044	EMW-2011-FO-05548	01-27-12 to 01-26-13	552,040	(179,107)	2,275,809	-	-	1,016	-	-	-	(1,016)
Total Program	97.044				(179,107)	2,275,809	-	-	2,228,012	-	-	-	(131,310)
Direct Program:													
Port Security	97.056	2008-GB-T8-K143	08-01-08 to 07-31-12	1,546,019	(19,695)	278,432	-	-	466,562	-	-	-	(207,825)
Port Security	97.056	2009-PU-T9-K036	06-01-09 to 05-31-12	1,560,071	(23,069)	-	-	-	32,414	-	-	-	(55,483)
Port Security	97.056	2010-PU-T0-K054	06-01-10 to 05-31-13	1,001,608	-	-	-	-	35,421	-	-	-	(35,421)
Port Security	97.056	EMW-2011-PU-K0375-A	09-01-11 to 08-31-14	1,000,046	-	-	-	-	-	-	-	-	-
Total Program	97.056				(42,764)	278,432	-	-	534,397	-	-	-	(298,729)

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments: Transfers (F) Other (O)	Expenditures/ Distributions	Payments or Adjustments: Transfers (F) Other (O)	(Accrued) Deferred Grant Revenue June 30, 2012
Passed Through Tennessee Emergency Management: Homeland Security Urban Areas 2008-GE-T8-0048	97.067	6803	09-01-08 to 06-30-11	1,597,384	(382,526)	910,791	3,343 O	531,608	-	-
Homeland Security Urban Areas 2009-SS-T9-0086	97.067	GG-10-32628-00	08-01-09 to 05-31-12	1,638,065	(357,872)	677,854	-	1,138,572	-	(818,590)
Homeland Security Urban Areas 2010-SS-T0-0027	97.067	GG-11-34652-00	08-01-10 to 03-31-13	1,085,286	-	-	-	445,788	-	(445,788)
Homeland Security Urban Areas EMW-2011-SS-00069	97.067	34101-15712	10-01-11 to 06-30-14	662,595	-	-	-	-	-	-
Total Program					(740,398)	1,588,645	3,343	2,115,968	-	(1,264,378)
Passed Through Tennessee Emergency Management: Buffer Zone Protection 2009-BF-T9-0011 (additional contract)	97.078	34101-40911	04-01-09 to 01-31-12	84,981	(5,000)	84,981	19 O	80,000	-	-
Buffer Zone Protection 2009-BF-T9-0011	97.078	34101-31610	04-01-09 to 01-31-12	194,000	(44,400)	44,400	-	-	-	-
Buffer Zone Protection 2010-BF-T0-0012	97.078	34101-45411	06-01-10 to 03-31-13	194,000	-	88,000	-	168,000	-	(80,000)
Buffer Zone Protection 2010-BF-T0-0012 (additional contract)	97.078	34101-45311	06-01-10 to 03-31-13	194,000	-	-	-	189,080	-	(189,080)
Total Program					(49,400)	217,381	19	437,080	-	(269,080)
Total U.S. Department of Homeland Security					(39,719,341)	45,687,681	3,362	29,366,008	8,851	(23,403,157)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:										
Passed Through Metropolitan Development and Housing Agency: Summer Enrichment Kirkpatrick Park - Parks	14.218	Memo of Agreement	06-01-11 to 08-15-11	20,000	-	18,005	-	18,005	-	-
CDBG Disaster Recovery: Flood - Delray Drive, West Hamilton Home Buyout	14.218	Memo of Agreement	05-10-12 to OPEN	613,987	-	613,987	-	613,987	-	-
CDBG Disaster Recovery: Flood - West Hamilton, Hite Street Home Buyout	14.218	Memo of Agreement	05-10-12 to OPEN	339,487	-	339,487	-	339,487	-	-
Total Program					-	971,479	-	971,479	-	-
Total U.S. Department of Housing and Urban Development					-	971,479	-	971,479	-	-
U.S. DEPARTMENT OF INTERIOR:										
Passed Through Tennessee Environment and Conservation: Joelton Property - LPRF Reuse and Rehabilitation	15.916	GG-09-27292	06-01-09 to 05-31-12	300,000	(22,046)	22,046	-	213,348	-	(213,348)
Total Program					(22,046)	22,046	-	213,348	-	(213,348)
Total U.S. Department of Interior					(22,046)	22,046	-	213,348	-	(213,348)
U.S. DEPARTMENT OF JUSTICE:										
Passed Through Tennessee Commission on Children and Youth: Juvenile Accountability Incentive Block Grant	16.523	22701	10-01-10 to 09-30-11	126,216	(35,168)	67,269	-	32,101	-	-
Juvenile Accountability Incentive Block Grant	16.523	31601-01512	10-01-11 to 09-30-12	129,636	-	63,877	-	93,495	-	(29,618)
Total Program					(35,168)	131,146	-	125,596	-	(29,618)
Passed Through Tennessee Finance and Administration: VOCA Hispanic, Child and Family - District Attorney	16.575	3973	07-01-10 to 06-30-11	144,434	(14,805)	14,805	-	-	-	-
VOCA Hispanic, Child and Family - District Attorney	16.575	3973	07-01-11 to 06-30-12	144,434	-	125,668	-	135,296	-	(9,628)
VOCA Victim Intervention Program - Police Counseling	16.575	4877	07-01-09 to 06-30-12	163,578	(12,978)	49,221	119 O	38,805	-	(2,443)
Total Program					(27,783)	189,694	119	174,101	-	(12,071)

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments:		Payments or Adjustments:		(Accrued) Deferred Grant Revenue June 30, 2012	
							Transfers (T) Other (O)	Distributions	Transfers (T) Other (O)	Grant Revenue		
Passed Through Tennessee Finance and Administration:												
Residential Substance Abuse Treatment - State Trial Courts	16.593	GG-0822052 -00	07-01-10 to 06-30-11	50,000	(3,763)	3,763	-	-	-	-	-	
Residential Substance Abuse Treatment - State Trial Courts	16.593	GG-1236192 -00	07-01-11 to 06-30-13	100,000	(3,763)	42,617	-	45,555	-	-	(2,938)	
Total Program	16.593					46,380	-	45,555	-	-	(2,938)	
Direct Program:												
Bullet Proof Vest Partnership	16.607	N/A	10-01-10 to OPEN	N/A	-	85,349	-	85,349	-	-	-	
Total Program	16.607					85,349	-	85,349	-	-	-	
Passed Through Community Foundation of Middle Tennessee:												
Project Safe Neighborhoods - Gun Prosecution Unit - District Attorney	16.609	2007-GP-CX-0563	09-01-07 to 08-31-10	143,836	(53,947)	53,947	-	-	-	-	-	
Project Safe Neighborhoods - Gun Prosecution Unit - District Attorney	16.609	2009-GP-CX-0097	08-01-09 to 07-31-12	90,652	-	36,457	-	36,457	-	-	-	
Project Safe Neighborhoods - Gun Prosecution Unit - District Attorney	16.609	2010-PG-BX-0029	07-01-10 to 06-30-13	105,293	-	55,862	-	65,120	-	-	(9,258)	
Total Program	16.609				(53,947)	146,266	-	101,577	-	-	(9,258)	
Direct Program:												
ARRA COPS Grant - Police	16.710	2009-RJ-WX-0078	07-01-09 to 06-30-12	8,670,100	(751,925)	3,045,472	10,164	3,064,797	-	-	(761,086)	
Total Program	16.710				(751,925)	3,045,472	10,164	3,064,797	-	-	(761,086)	
Direct Program:												
G.R.E.A.T. Gang Resistance Education & Training - Police	16.737	2009-JV-FX-0030	07-01-09 to 08-31-12	125,000	(16,996)	38,900	5,688	29,273	-	-	(1,681)	
G.R.E.A.T. Gang Resistance Education & Training - Police	16.737	2009-JV-FX-K003	07-01-09 to 08-31-11	310,000	(20,483)	34,104	440	12,233	1,828	0	-	
G.R.E.A.T. Gang Resistance Education & Training Regional Training Center - Police	16.737	2010-JV-FX-K005	10-01-10 to 09-30-13	310,000	(44,859)	142,868	9,579	138,396	47,590	0	(78,398)	
G.R.E.A.T. Gang Resistance Education & Training - Police	16.737	2010-JV-FX-0009	10-01-10 to 09-30-13	50,000	-	-	-	758	-	-	(758)	
Total Program	16.737				(82,338)	215,872	15,707	180,660	49,418	-	(80,837)	
Direct Program:												
Justice Assistance Grant	16.738	2008-DJ-BX-0170	10-01-07 to 09-30-11	292,365	78,522	-	13	77,863	672	G	-	
Justice Assistance Grant	16.738	2009-DJ-BX-0789	10-01-08 to 09-30-12	933,270	412,627	-	112	3,355	-	-	409,384	
Justice Assistance Grant	16.738	2010-DJ-BX-1625	10-01-09 to 09-30-13	857,577	605,816	-	149	251,778	3	0	354,184	
Justice Assistance Grant	16.738	2011-DJ-BX-2599	10-01-10 to 09-30-14	666,280	-	666,280	52	14,121	-	-	652,211	
Total Program	16.738				1,096,965	666,280	326	347,117	675	-	1,415,779	
Passed Through Community Foundation of Middle Tennessee:												
Project Safe Neighborhoods - Gang Prosecution Unit - District Attorney	16.744	2007-PG-BX-0090	09-01-07 to 08-31-10	208,386	(18,400)	18,400	-	-	-	-	-	
Total Program	16.744				(18,400)	18,400	-	-	-	-	-	
Direct Program:												
Justice and Mental Health Collaboration - State Trial Courts	16.745	2009-MO-BX-0032	10-01-09 to 06-30-12	199,882	(6,268)	53,036	6,268	78,196	-	-	(25,160)	
Total Program	16.745				(6,268)	53,036	6,268	78,196	-	-	(25,160)	
Direct Program:												
Indigent Defender - Public Defender	16.751	2009-D2-BX-0113	10-01-09 to 09-30-11	150,000	(6,266)	23,698	-	17,432	-	-	-	
Total Program	16.751				(6,266)	23,698	-	17,432	-	-	-	
Passed Through Tennessee Finance and Administration:												
ARRA State Justice Assistance Grant Juvenile Probation Services - Juvenile Court	16.803	4223	07-01-09 to 06-30-11	200,000	(6,586)	6,586	-	-	-	-	-	
ARRA State Justice Assistance Grant Victims Services - Police	16.803	5007	07-01-09 to 06-30-11	56,000	(2,009)	2,009	-	-	-	-	-	
ARRA State Justice Assistance Grant Kids' Rights - Public Defender	16.803	5006	07-01-09 to 06-30-11	110,000	(21,989)	21,989	-	-	-	-	-	
ARRA State Justice Assistance Grant Local Jail Re-Entry - Sheriff	16.803	4976	07-01-09 to 06-30-11	327,382	(78,690)	78,690	-	-	-	-	-	
Total Program	16.803				(109,274)	109,274	-	-	-	-	-	

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments: Transfers (T) Other (O)	Expenditures/ Distributions	Payments or Adjustments: Transfers (T) Other (O)	(Accrued) Deferred Grant Revenue June 30, 2012
Direct Program:										
ARRA Justice Assistance Grant	16.804	2009-SB-B9-2742	03-01-09 to 02-28-13	3,831,707	1,784,611	-	406 O	994,692	-	790,325
Total Program	16.804				1,784,611	-	406	994,692	-	790,325
Total U.S. Department of Justice					1,786,444	4,730,867	32,990	5,215,072	50,093	1,285,136
U.S. DEPARTMENT OF LABOR:										
Passed Through Tennessee Labor:										
Resource Sharing	17.207	33710-69311	07-01-10 to 06-30-11	63,259	(12,648)	12,666	-	-	18 O	-
Resource Sharing	17.207	33710-73312	07-01-11 to 06-30-12	67,476	-	48,049	-	63,222	-	(15,173)
Total Program	17.207				(12,648)	60,715	-	63,222	18	(15,173)
Passed Through Tennessee Labor:										
Workforce Investment Act Adult Programs	17.258	LW09P11ADULT11	10-01-10 to 06-30-12	1,605,598	(147,259)	675,898	-	528,639	-	-
Workforce Investment Act Adult Programs	17.258	LW09P11ADULT12	07-01-11 to 06-30-13	156,998	-	156,998	-	156,998	-	-
Workforce Investment Act Adult Programs	17.258	LW09F121ADULT12	10-01-11 to 06-30-13	1,896,460	-	1,278,700	-	1,314,594	1,942 O	(37,836)
Workforce Investment Act Skills Shortage (Concrete)	17.258	LW09F10SSSSWA10	12-01-09 to 06-30-11	113,197	(20,297)	20,297	-	-	-	-
Total Program	17.258				(167,556)	2,131,893	-	2,000,231	1,942	(37,836)
Passed Through Tennessee Labor:										
Workforce Investment Act Youth Programs	17.259	LW09P101YOUTH11	04-01-10 to 06-30-12	1,940,047	(153,075)	741,247	-	588,172	-	-
Workforce Investment Act Youth Programs	17.259	LW09P111YOUTH12	04-01-11 to 06-30-13	2,039,782	-	1,366,900	-	1,563,985	2,220 O	(199,305)
Workforce Investment Act Fast Track (Lennox Health Products)	17.259	LW09P084FTSWA09	03-02-10 to 06-30-11	35,200	(2,900)	2,900	-	-	-	-
Workforce Investment Act Apprenticeship Training (Four Companies)	17.259	LW09P102APSWA11	07-01-10 to 06-30-11	73,394	(6,672)	6,672	-	-	-	-
Total Program	17.259				(162,647)	2,117,719	-	2,152,157	2,220	(199,305)
Passed Through Tennessee Labor:										
Workforce Investment Act Fast Track (Keystone)	17.260	LW09F107FTSWA10	07-01-10 to 12-31-11	132,352	-	66,352	-	66,352	-	-
Workforce Investment Act Incumbent Worker	17.260	LW09F108IWSWA10	07-01-10 to 06-30-11	179,850	(135,435)	135,435	-	-	-	-
Workforce Investment Act Skill Shortage (Associated Builders and Contractors)	17.260	LW09F109SSSWA10	02-01-11 to 12-31-11	52,250	-	-	-	-	-	-
Total Program	17.260				(135,435)	201,787	-	66,352	-	-
Passed Through Tennessee Labor:										
Workforce Investment Act Music City Center Workforce Development Program	17.267	LW09P09INCNTV10	07-20-11 to 06-30-12	110,000	-	77,740	-	110,000	-	(32,260)
Total Program	17.267				-	77,740	-	110,000	-	(32,260)
Passed Through Tennessee Labor:										
Workforce Investment Act Incentive Funds	17.278	LW09F112NCSWA11	10-01-10 to 09-30-11	81,250	(811)	81,050	-	80,239	-	-
Workforce Investment Act Dislocated Workers	17.278	LW09P101DLSLWK11	07-01-10 to 06-30-12	619,202	(13,202)	13,202	-	-	-	-
Workforce Investment Act Dislocated Workers	17.278	LW09F111DLSLWK11	10-01-10 to 06-30-12	1,644,373	28,513	526,972	-	555,485	-	-
Workforce Investment Act Dislocated Workers	17.278	LW09P111DLSLWK12	07-01-11 to 06-30-13	582,683	-	582,683	-	-	-	-
Workforce Investment Act Dislocated Workers	17.278	LW09F121DLSLWK12	10-01-11 to 06-30-13	2,458,611	-	1,433,950	-	1,549,177	3,126 O	(118,353)
Workforce Investment Act Dislocated Workers Rapid Response	17.278	LW09F111DWRSP11	10-01-10 to 09-30-11	1,145,000	(211,551)	515,050	-	303,499	-	-
Workforce Investment Act Dislocated Workers, Adult and Youth (Administration)	17.278	LW09F111MNSWA11	10-01-10 to 09-30-11	57,250	(13,304)	57,250	-	43,946	-	-
Workforce Investment Act Administrative Funds	17.278	LW09F113MNSWA11	10-01-11 to 09-30-12	8,000	-	-	-	3,723	-	(3,723)
Workforce Investment Act Incentive Funds	17.278	LW09F114NCSWA11	01-01-12 to 12-31-12	53,500	-	-	-	4,483	-	(4,483)
Workforce Investment Act Incumbent Worker	17.278	LW09P111WRSP12	10-01-11 to 09-30-12	100,000	-	-	-	30,815	-	(30,815)
Total Program	17.278				(210,355)	3,210,157	-	3,154,050	3,126	(157,374)
Total U.S. Department of Labor					(688,641)	7,800,011	-	7,546,012	7,306	(441,948)

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Federal CFDA Number	Program Title	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Federal Receipts	Receipts or Adjustments:		Payments or Adjustments:		(Accrued) Deferred Grant Revenue June 30, 2012
							Transfers (F) Other (O)	Expenditures/ Distributions	Transfers (F) Other (O)	Grant Revenue June 30, 2012	
20.205	ARRA - TSU Connector Greenway 112922.00 - Parks	090214	06-08-09 to 09-30-15	1,074,608	(528,790)	905,838	-	482,704	-	(105,656)	
20.205	Short-Range Transportation Planning 11-16 - Planning Commission	GG-11-37163-00	12-01-10 to 11-30-15	399,082	(26,582)	82,823	-	132,748	6 O	(76,513)	
20.205	Transportation Planning and Coordination 07-09 - Planning Commission	Z-07-036300-05	10-01-07 to 09-30-11	9,093,858	(468,258)	781,510	6 O	313,258	-	-	
20.205	Transportation Planning and Coordination 11-13 - Planning Commission	GG-12-37130-00	10-01-11 to 09-30-13	3,933,451	-	396,794	-	686,640	-	(289,846)	
20.205	Transportation State Planning and Research 07-09 - Planning Commission	GG-10-30385-00	10-01-09 to 09-30-11	677,754	(8,208)	59,727	-	51,516	3 O	-	
20.205	Transportation State Planning and Research 11-12 - Planning Commission	GG-12-37206-00	10-01-11 to 09-30-12	678,877	-	264,820	-	340,000	-	(75,180)	
20.205	Sustainable Communities Initiative - Planning Commission	GG-10-30798-00	12-01-09 to 11-30-11	180,000	(34,914)	35,639	-	725	-	(112,500)	
20.205	Regional Household Travel Survey - Planning Commission	GG-12-37211-00	10-01-11 to 09-30-13	187,500	-	-	-	112,500	-	-	
20.205	ATIS Phase 1A Signalized Intersection Improvements 040696.00 - Public Works	2003184	06-10-03 to OPEN	950,000	-	-	-	-	-	-	
20.205	County Wide Signal Intersection Maintenance 040693.00 - Public Works	2001228	08-16-01 to OPEN	1,290,063	(9,583)	35,366	-	25,783	-	-	
20.205	Multi-Modal Traffic Signal Enhancement 103491.00 - Public Works	040156	07-01-04 to OPEN	1,000,000	(9,583)	35,366	-	25,783	-	-	
20.205	Signal Intersection Upgrade 040587.00 - Public Works	2000512	09-01-01 to OPEN	2,000,000	(122,753)	186,506	-	63,753	-	-	
20.205	ATIS Traveler Information System 040550.00 - Public Works	2001226	09-11-01 to OPEN	1,891,073	-	-	-	397	-	(397)	
20.205	ITS System Manager for MTOC 040847.00 - Public Works	2001212	09-11-01 to OPEN	600,000	-	2,861	-	2,861	-	-	
20.205	Wayfinding Sign Program 103497.00 - Public Works	040158	06-01-02 to OPEN	1,400,000	-	-	-	-	-	-	
20.205	ATIS Traffic Guidance Phase II 040138.00 - Public Works	103-97	09-29-97 to OPEN	2,100,000	-	1,253	-	205,843	-	(204,590)	
20.205	Increased Guidance for Mobility 103489.00 - Public Works	040151	08-24-04 to OPEN	450,000	-	43,614	-	43,614	-	-	
20.205	Central Signal System - MIST 040551.00 - Public Works	2001165	06-01-02 to OPEN	634,891	-	-	-	-	-	-	
20.205	Jefferson Street Intersection Improvements 103490.00 - Public Works	080019	06-01-08 to OPEN	920,808	-	-	-	-	-	-	
20.205	Design and Construction MTOC 040846.00 - Public Works	200459	09-11-01 to OPEN	2,200,000	-	-	-	-	-	-	
20.205	Phase 3 Arterial CCTV and ITS 103553.00 - Public Works	040157	02-24-05 to OPEN	1,060,000	-	-	-	-	-	-	
20.205	Traffic Communications Upgrade (Signal Interconnect) 103495.00 - Public Works	040152	08-27-04 to OPEN	560,000	-	-	-	-	-	-	
20.205	ATIS Phase IB Signalized Intersection Improvements 040691.00 - Public Works	2000463	06-01-02 to OPEN	900,000	-	-	-	-	-	-	
20.205	County Wide Wayfinding and Traffic Guidance Phase II 111424.00 - Public Works	080157	08-22-08 to 08-22-12	1,600,000	(107,581)	165,215	-	57,634	-	-	
20.205	Gateway to Heritage Streetscape Improvements Phase I 110419.00 - Public Works	080139	09-17-08 to 09-17-13	608,000	-	-	-	-	-	-	
20.205	Intersection Improvements 111335.00 - Public Works	080119	08-06-08 to 08-05-12	1,125,000	(42,487)	129,753	-	87,266	-	-	
20.205	21st Avenue South Gateway Streetscape Improvements 111005.00 - Public Works	080104	06-27-08 to 06-27-11	122,837	-	-	-	-	-	-	
20.205	Shelby Ave. /Korean Vets Blvd. Continuation 113441.00 - Public Works	090291	11-09-09 to 10-01-12	1,400,000	(249,550)	1,212,695	-	2,586,156	-	(1,623,011)	
20.205	ARRA Group 1 Resurfacing 112682.00 - Public Works	090111	06-08-09 to 09-30-15	2,255,931	(25,228)	25,228	-	-	-	-	
20.205	ARRA Group 2 Resurfacing 112683.00 - Public Works	090112	06-08-09 to 09-30-15	2,176,391	(367,868)	398,868	-	31,852	-	(852)	
20.205	ARRA Group 3 Resurfacing 112686.00 - Public Works	090113	06-08-09 to 09-30-15	2,828,403	(540,694)	678,695	-	138,000	1 O	-	
20.205	ARRA Multi-Modal Signal Enhancements 112917.00 - Public Works	090209	06-08-09 to 09-30-15	997,000	-	38,439	-	38,439	-	-	
20.205	ARRA Signal Timing Upgrade 112663.00 - Public Works	090215	06-08-09 to 09-30-15	997,000	(276,245)	500,113	-	313,390	-	(89,522)	
20.205	ARRA Various Intersection Improvements 112918.00 - Public Works	090210	06-08-09 to 09-30-15	990,000	(74,056)	86,602	-	5,307	-	7,239	
20.205	ARRA West End Sidewalk Maintenance 112676.00 - Public Works	090204	06-08-09 to 09-30-15	538,606	(974)	-	-	6,278	-	(7,252)	
20.205	ATIS Phase IB Traffic Detection and Monitoring System 115235.00 - Public Works	110047	02-22-11 to 12-31-14	1,640,000	-	-	-	-	-	-	
20.205	Harding Place Sidewalks and Bikeways 111998.00 - Public Works	100084	05-05-10 to 08-25-15	862,840	-	-	-	-	-	-	
20.205	Harding Place Pedestrian Network Enhancement Phase I 114944.00 - Public Works	110303	08-15-11 to 08-01-16	1,765,000	-	-	-	-	-	-	
20.205	Safe Routes to Schools Tom Joy Elementary 112312.00 - Public Works	110127	09-21-10 to 09-21-12	220,349	-	-	-	-	-	-	
20.205	Signal Intersection Upgrade 115234.00 - Public Works	110048	03-24-11 to 12-31-14	600,000	-	-	-	-	-	-	
20.205	Total Program				(2,893,354)	6,067,725	6	5,752,447	10	(2,578,080)	

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA Number	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	Receipts or Adjustments:		Expenditures/ Distributions		Payments or Adjustments:		(Accrued) Deferred Grant Revenue June 30, 2012
						Federal Receipts	Transfers (I) Other (O)	Transfers (I) Other (O)	Transfers (I) Other (O)			
Passed Through Tennessee Environment and Conservation:												
RTP - Joellon Greenway - Parks	20.219	GG-09-27893	03-15-09 to 03-14-12	48,500	-	-	-	48,500	-	-	-	(48,500)
Riverside Drive Connector Trail - Parks	20.219	N/A	06-01-11 to 05-31-14	72,547	-	5,936	-	5,936	-	-	-	-
Passed Through Tennessee Transportation:												
FHWA - Stones River Greenway - Parks	20.219	HPP-9312 (50)	06-15-99 to OPEN	8,200,000	(21,759)	22,668	-	8,306	-	-	-	(7,397)
Total Program	20.219				(21,759)	28,604	-	62,742	-	-	-	(55,897)
Passed Through Tennessee Transportation:												
Governor's Highway Safety Program - Police	20.607	Z11GHS011	10-01-10 to 09-30-11	400,000	(94,349)	204,149	-	109,800	-	-	-	-
Governor's Highway Safety Program - Police	20.607	Z12GHS200	10-01-11 to 09-30-12	399,889	-	187,274	-	281,936	-	-	-	(94,662)
Total Program	20.607				(94,349)	391,423	-	391,736	-	-	-	(94,662)
Total U.S. Department of Transportation					(3,009,462)	6,487,752	6	6,206,925	10			(2,728,639)
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$(62,304,523)	\$ 230,798,667	\$ 579,155	\$ 221,054,475	\$ 377,091	\$ (52,358,267)		

See accompanying notes to the Schedule of Expenditures of Federal Awards.
See independent auditors' report on supplementary information.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	State Receipts	Receipts or Adjustments: Transfers (T) Other (O)	Expenditures/ Distributions	Payments or Adjustments: Grantor (G) Transfers (T) Other (O)	(Accrued) Deferred Grant Revenue June 30, 2012
TENNESSEE ADMINISTRATIVE OFFICE OF THE COURTS:									
Divorce Mediation - State Trial Courts	N/A	07-01-11 to 06-30-12	8,000	\$ -	\$ 612	\$ -	\$ 612	\$ -	\$ -
Limited English Proficiency Endowment - State Trial Courts	N/A	07-01-11 to 06-30-12	40,000	-	40,000	-	40,000	-	-
Total Tennessee Administrative Office of the Courts					40,612		40,612		
TENNESSEE ARTS COMMISSION:									
Arts Builds Communities	31625-18020	07-01-10 to 06-30-11	50,585	(25,543)	25,543	-	-	-	-
Arts Builds Communities	31625-19979	08-01-11 to 06-30-12	29,630	-	14,519	-	27,650	-	(13,131)
Major Cultural Institutions (State Portion)	31625-17191	07-01-10 to 06-30-11	44,421	(26,653)	26,653	-	-	-	-
Major Cultural Institutions (State Portion)	31625-18350	07-01-11 to 06-30-12	55,100	-	55,100	-	55,100	-	-
Big Bands Dance 2012	31625-18367	07-01-11 to 06-30-12	5,700	-	5,700	-	5,700	-	-
TN ARTS Spoken Work - Metro Public Schools	11-01	07-01-10 to 06-30-11	35,850	(21,200)	58,250	-	45,400	-	(8,350)
Total Tennessee Arts Commission				(73,396)	185,765		133,850		(21,481)
TENNESSEE BOARD OF PROBATION AND PAROLE:									
Community Corrections Program - State Trial Courts	GG-11-33256-02	07-01-10 to 06-30-11	1,430,112	(199,388)	1,399,558	-	1,329,242	-	(129,072)
Total Tennessee Board of Probation and Parole				(199,388)	1,399,558		1,329,242		(129,072)
TENNESSEE BUREAU OF TENNCARE:									
TennCare Bureau Direct Appropriation Grant - Fire Department	N/A	07-01-09 to 06-30-12	269,065	35,473	-	-	31,260	-	4,213
Total Tennessee Bureau of TennCare				35,473	-		31,260		4,213
TENNESSEE COMMISSION ON CHILDREN AND YOUTH:									
State Supplemental Juvenile Court Improvement	N/A	07-01-10 to 06-30-11	9,000	2,270	-	-	-	2,270	-
State Supplemental Juvenile Court Improvement	31601-12345	07-01-09 to 06-30-14	9,000	-	9,000	-	6,751	-	2,249
Total Tennessee Commission on Children and Youth				2,270	9,000		6,751		2,249
TENNESSEE DEPARTMENT OF AGRICULTURE:									
Retail Food Store Inspection	N/A	01-01-10 to 12-31-11	296,768	(37,096)	111,288	-	74,192	-	-
Retail Food Store Inspection	N/A	01-01-12 to 12-31-16	741,480	-	-	-	43,027	-	(43,027)
Farmers Market TAEP Promotion and Retail	N/A	12-01-10 to 05-31-11	10,000	(10,000)	-	10,000	0	-	-
Farmers Market Fruit, Vegetable and Plant Auction	N/A	10-31-09 to 09-30-12	50,000	(6,094)	-	-	-	-	(6,094)
Total Tennessee Department of Agriculture				(53,190)	111,288		117,219		(49,121)

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS**

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	State Receipts	Receipts or Adjustments: Transfers (T) Other (O)	Expenditures/ Distributions	Payments or Adjustments: Grantor (G) Transfers (T) Other (O)	(Accrued) Deferred Grant Revenue June 30, 2012
TENNESSEE DEPARTMENT OF CHILDREN'S SERVICES:									
Child and Family Services Intervention - Juvenile Court	N/A	07-01-10 to 06-30-11	434,333	(15,908)	15,908	-	-	-	-
Child and Family Services Intervention - Juvenile Court	2012RFS20072	07-01-11 to 06-30-12	434,333	-	425,699	-	434,333	-	(8,634)
Total Tennessee Department of Children's Services				(15,908)	441,607	-	434,333	-	(8,634)
TENNESSEE DEPARTMENT OF CORRECTIONS:									
Drug Court - State Trial Courts	N/A	07-01-10 to 06-30-11	982,000	(74,795)	74,795	-	-	-	-
Drug Court - State Trial Courts	32901-31141	07-01-11 to 06-30-16	4,910,000	-	841,060	-	937,119	-	(96,059)
Total Tennessee Department of Corrections				(74,795)	915,855	-	937,119	-	(96,059)
TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:									
Economic and Community Development - Nashville Career Advancement Center	GG-11-34601	07-01-10 to 06-30-13	192,500	-	192,500	-	192,500	-	-
FastTrack Infrastructure Development for Vanderbilt University - Public Works	GG-08-236400-00	11-14-07 to 10-31-12	249,984	-	-	-	-	-	-
FastTrack Infrastructure Development Nashville Entrepreneur Ctr - Public Works	N/A	12-28-11 to 11-30-16	700,000	-	-	-	-	-	-
Asurion - Industrial Development Board	N/A	08-01-10 to 07-31-15	10,000,000	-	5,033,068	-	5,033,068	-	-
Loews Hotels Services Co LLC - Industrial Development Board	N/A	N/A	2,100,000	-	2,100,000	-	2,100,000	-	-
Carlex Glass America LLC - Industrial Development Board	N/A	N/A	400,000	-	400,000	-	400,000	-	-
Total Tennessee Department of Economic and Community Development				-	7,725,568	-	7,725,568	-	-
TENNESSEE DEPARTMENT OF EDUCATION:									
Coordinated School Health	S397A090043	07-01-11 to 06-30-12	230,000	-	168,715	-	221,579	-	(52,864)
Family Resource Centers	Z-08-213011-02	07-01-11 to 06-30-12	236,893	-	214,620	-	235,145	-	(20,525)
Lottery for Education (LEAPS)	11-01	07-01-10 to 06-30-11	N/A	(17,729)	19,131	-	1,402	-	-
Lottery for Education (LEAPS)	12-01	07-01-11 to 06-30-12	500,000	-	293,035	-	411,913	-	(118,878)
Pre-K Voluntary Lottery Money Expansion	11-01	07-01-10 to 06-30-11	3,722,455	(187,423)	187,423	-	-	-	-
Pre-K Voluntary Lottery Money Expansion	11-01	07-01-11 to 06-30-12	3,759,861	-	3,067,079	-	3,759,861	-	(692,782)
Child Nutrition State Match	N/A	07-01-11 to 06-30-12	N/A	-	341,234	-	341,234	-	-
Tennessee Safe Schools Act	11-01	07-01-10 to 09-30-11	N/A	(127,968)	175,404	-	52,448	-	(5,012)
Tennessee Safe Schools Act	12-01	07-01-11 to 06-30-12	249,900	-	124,313	-	191,553	-	(67,240)
Total Tennessee Department of Education				(333,120)	4,590,954	-	5,215,133	-	(957,301)
TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION:									
Recycling Rebate Grant	Memo of Agreement	07-01-11 to 06-30-12	N/A	-	52,345	-	52,345	-	-
Tire Grant	Z-08-213011-02	07-01-10 to 06-30-11	595,000	(121,275)	112,283	8,992	-	-	-
Tire Grant	Z-08-213011-02	07-01-11 to 06-30-12	595,000	-	301,615	-	362,872	-	(61,257)
Household Hazardous Waste Operations and Maintenance Grant	GG-08-23656-00	07-01-10 to 06-30-11	85,000	(85,000)	85,000	-	-	-	-
Household Hazardous Waste Operations and Maintenance Grant	GG-08-23656-00	07-01-11 to 06-30-12	85,000	-	-	-	85,000	-	(85,000)
Green Development McCabe Park Community Center - Parks	N/A	12-30-08 to 09-01-11	30,000	(20,000)	30,000	-	10,000	-	-
State Revolving Loan - Biosolids and Odor Improvements (State Portion)	SRF 03-169	07-01-03 to 01-31-12	120,000,000	-	-	-	-	-	-
State Revolving Loan - Hermitage Hills Sewer Rehab Phase IV (State Portion)	SRF 08-210	10-08-07 to 01-31-12	1,690,000	-	-	-	-	-	-
State Revolving Loan - Basswood/West Park Equalize Basin (State Portion)	SRF 08-211	10-08-07 to 01-31-12	10,245,600	-	-	-	-	-	-
State Revolving Loan - Barker Rd/Visco Dr Equalize Basin (State Portion)	SRF 08-212	10-08-07 to 01-31-12	11,366,400	-	10,697	-	-	10,697	0
State Revolving Loan - Green Meter Water Replacement (State Portion)	SRF 09-101	02-17-10 to 09-01-11	394,595	(25,650)	25,650	-	-	-	-
Total Tennessee Department of Environment and Conservation				(251,925)	617,590	8,992	510,217	10,697	(146,257)

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS**

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	State Receipts	Receipts or Adjustments: Transfers (T) Other (O)	Expenditures/ Distributions	Payments or Adjustments: Grantor (G) Transfers (T) Other (O)	(Accrued) Deferred Grant Revenue June 30, 2012
TENNESSEE DEPARTMENT OF FINANCE AND ADMINISTRATION:									
Metro Detention Facility Expansion	SBC 142/011-01-2008	11-01-08 to 06-30-11	10,275,000	(2,500,000)	4,349,141	-	1,849,141	-	-
Residential Drug Court Treatment - State Trial Courts	4879	07-01-09 to 06-30-11	1,000,000	(47,926)	47,926	-	-	-	-
Residential Drug Court Treatment - State Trial Courts	15379	07-01-11 to 06-30-13	900,000	-	384,538	-	424,282	-	(39,744)
Internet Crimes Against Children	3170-106110	07-01-10 to 06-30-11	240,000	(76,454)	76,454	-	-	-	-
Internet Crimes Against Children	31701-061110	07-01-11 to 06-30-13	480,000	-	212,802	-	219,097	-	(6,295)
Birthing Project	GG-10-29686-00	09-15-09 to 06-30-11	201,961	(10,198)	10,198	-	-	-	-
Healthy Women HBCU Wellness	GG-10-29273-00	09-15-09 to 06-30-11	170,636	(29,176)	29,176	-	-	-	-
Total Tennessee Department of Finance and Administration				(2,663,754)	5,110,235	-	2,492,520	-	(46,039)
TENNESSEE DEPARTMENT OF HEALTH:									
Renal Intervention Program	GG-10-29054-01	07-01-09 to 06-30-14	136,800	-	-	-	-	-	-
Grant-in-Aid	34360-34712	07-01-11 to 06-30-12	735,200	-	735,200	-	735,200	-	-
Oral Disease Prevention Services	GG-09-25036-00	07-01-10 to 06-30-11	696,000	(70,678)	70,678	-	-	-	-
Oral Disease Prevention Services 2011-16 (FY2012 portion)	34360-37612	07-01-11 to 06-30-12	696,000	-	597,195	-	696,000	-	(98,805)
TENnder Care Outreach	GG-11-32760-00	07-01-01 to 06-30-11	606,400	(103,751)	103,751	-	-	-	-
TENnder Care Outreach	34630-34412	07-01-11 to 06-30-12	606,400	-	484,036	-	546,493	-	(62,457)
Fetal-Infant Mortality Review	GU-11-34065-00	07-01-10 to 06-30-11	202,200	(50,550)	50,550	-	-	-	(50,550)
Fetal-Infant Mortality Review	34347-33212	07-01-11 to 06-30-12	202,200	-	151,650	-	202,200	-	-
Eden Alternative - Knowles Home	GG-11-32898	08-01-10 to 06-30-11	5,000	(2,149)	2,149	-	-	-	-
Total Tennessee Department of Health				(227,128)	2,195,209	-	2,179,893	-	(211,812)
TENNESSEE DEPARTMENT OF HUMAN SERVICES:									
Community Service Poverty Fund - Metro Action Commission	N/A	07-01-11 to 06-30-12	25,000	-	25,000	-	19,568	-	5,432
Passed Through Greater Nashville Regional Council:									
Options - Home Delivered Meals - Metro Social Services	2011-39	10-01-10 to 06-30-11	158,232	(10,389)	10,389	-	-	-	-
Options - Home Delivered Meals - Metro Social Services	2012-39	07-01-10 to 06-30-12	50,400	-	37,800	-	50,400	-	(12,600)
Choices - Home Delivered Meals - Metro Social Services	2012-99	07-01-10 to 06-30-12	114,410	-	56,624	-	73,263	-	(16,639)
Total Tennessee Department of Human Services				(10,389)	129,813	-	143,231	-	(23,807)
TENNESSEE DEPARTMENT OF TRANSPORTATION:									
Liter and Trash Grant Program - Sheriff	19-500-4078-04	07-01-10 to 06-30-11	163,077	(22,971)	22,985	-	-	14	-
Liter and Trash Grant Program - Sheriff	19-500-4079-04	07-01-11 to 06-30-12	180,987	-	111,996	-	180,353	-	(68,357)
Fessler's Lane Resurfacing - Public Works	19-960-8404-06	11-06-09 to 11-30-11	136,725	(43,129)	-	-	78,888	-	(122,017)
Tulip Grove Road Resurfacing - Public Works	19-947-8476-06-52	02-05-10 to 11-30-12	375,900	-	41,049	-	41,049	-	-
I40/McCroy Lane Phase I Interchange and Relocation 111068.00 - Public Works	80085	11-01-09 to 11-03-14	4,000,000	-	-	-	-	14	-
Total Tennessee Department of Transportation				(66,100)	176,030	-	300,290	-	(190,374)

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS**

FOR THE YEAR ENDED JUNE 30, 2012

Program Title	Contract Number	Grant Period	Program Award	(Accrued) Deferred Grant Revenue June 30, 2011	State Receipts	Receipts or Adjustments: Transfers (T) Other (O)	Expenditures/ Distributions	Payments or Adjustments: Transfers (T) Other (O)	(Accrued) Deferred Grant Revenue June 30, 2012
TENNESSEE EMERGENCY MANAGEMENT AGENCY:									
Flood Recovery May 2010	1909 DR TN	05-01-10 to OPEN	2,696,815	(2,020,294)	65,404	-	492,339	-	(2,447,229)
Public Assistance Recovery - April 2011 Storms	1978-DR-TN (34101-06912)	04-04-11 to 04-03-16	3,254	-	3,138	-	1,663	1,475	O
Flood - Delray Drive, West Hamilton Home Buyout (State Portion HMGP-1909-0002)	GG-11-34932-01	11-18-10 to 11-17-13	1,182,886	(860,688)	643,376	-	675,970	-	(893,282)
Flood - Benzling Road, Park Terrace Home Buyout (State Portion HMGP-1909-0017)	E-24547	11-08-11 to 11-07-14	1,904,148	-	1,053,267	-	1,370,779	-	(317,512)
Flood - Miami Avenue Home Buyout (State Portion HMGP-1909-0019)	E-24547	10-11-11 to 10-10-14	1,104,930	-	524,211	-	642,862	-	(118,651)
Flood - Pennington Bend Home Buyout (State Portion HMGP-1909-0026)	E-24547	11-08-11 to 11-07-14	730,309	-	1,121	-	421,308	-	(420,187)
Flood - West Hamilton, Hite Street Home Buyout (State Portion HMGP-1909-0008)	N/A	02-23-11 to 02-22-14	651,374	-	332,961	-	384,067	-	(51,106)
Total Tennessee Emergency Management Agency				(2,880,982)	2,623,478	-	3,988,988	1,475	(4,247,967)
TENNESSEE STATE LIBRARY AND ARCHIVES:									
Library Services - General Library Services	GG-12-37277-00	10-01-11 to 06-30-12	133,500	-	133,500	-	133,500	-	-
Total Tennessee State Library and Archives				-	133,500	-	133,500	-	-
TOTAL EXPENDITURES OF STATE AWARDS				\$ (6,812,332)	\$ 26,406,062	\$ 18,992	\$ 25,719,728	\$ 14,456	\$ (6,121,462)

See accompanying notes to the Schedule of Expenditures of State Awards.
See independent auditors' report on supplemental information.

METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY, TENNESSEE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2012

A. BASIS OF PRESENTATION

Reporting Entity

The basic financial statements of The Metropolitan Government of Nashville and Davidson County, Tennessee (the Government), as of and for the year ended June 30, 2012, include the operations of the following component units: the Nashville District Management Corporation, the Gulch Business Improvement District, Inc., the General Hospital and Bordeaux Long Term Care and Knowles Home Funds of the Hospital Authority, the Metropolitan Development and Housing Agency, the Electric Power Board, the Metropolitan Transit Authority, the Metropolitan Nashville Airport Authority, the Emergency Communications District and the Convention Center Authority. The expenditures of federal awards of these component units totaled \$147,382,115 and are not included in the Government's Schedule of Expenditures of Federal Awards for the year ended June 30, 2012. These component units are separately audited and reported on in accordance with OMB Circular A-133, where applicable, and their expenditures are not included in the accompanying schedules of expenditures of federal and state awards of the Government for the year ended June 30, 2012.

Noncash Federal Programs

The Government is the recipient of federal awards that do not result in cash receipts or disbursements, including distribution of U.S. Department of Agriculture (USDA) Food Commodities (CFDA No. 10.565), which are valued based on a USDA price list obtained from the Tennessee Department of Health. Distributions under such programs are included in the accompanying schedules of expenditures of federal and state awards.

Federal Financial Assistance Without CFDA Numbers

Federal awards which have no assigned CFDA number have been included in the last section of each appropriate federal agency section.

Pass-Through Awards

Funds received by the Government and redistributed to a component unit of the Government or received directly by the component unit in the Government's name are reported in the component unit's financial statements and are not included in the Government's schedules of expenditures of federal and state awards.

Funds received by an agency of the Government and redistributed to another agency of the Government are reported in the receiving department's accounts to avoid duplication of the aggregate level of federal awards expended by the Government. Accordingly, pass-through funds are included once.

METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY, TENNESSEE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2012

A. BASIS OF PRESENTATION - Continued

Program Clusters

OMB Circular A-133 defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are tested accordingly.

Schedule of Expenditures of State Awards

In compliance with Tennessee state law, the accompanying schedule of expenditures of state awards is included with this report. Such schedule presents all state funded financial awards, as defined by the State Comptroller of the Treasury's Office, and is prepared and presented in a manner consistent with the schedule of expenditures of federal awards.

B. BASIS OF ACCOUNTING

The expenditures presented in the accompanying schedules of expenditures of federal and state awards were developed from agency records and federal and state financial reports which have been reconciled to the central accounting records of the Government. Governmental funds are reported using a modified accrual basis of accounting. Proprietary funds are reported using the accrual basis of accounting. These central records serve as the primary source of information in the preparation of the Government's basic financial statements.

Federal and state revenues and expenditures are included in the general fund, special revenue funds, capital projects funds, and enterprise funds in the Government's basic financial statements.

C. MATCHING COST

The State of Tennessee's portion of joint programs with the Government are included in the accompanying schedule of expenditures of state awards, except in those cases where the state's portion is combined with the federal portion and cannot be separately identified. In such cases, the state's portion is included in the accompanying schedule of expenditures of federal awards. The Government's portion of such joint awards is not included.

METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY, TENNESSEE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2012

D. INDIRECT COSTS

Included in the Government's Cost Allocation Plan are all central service costs allowable under OMB Circular A-87, which may be "allocated" among all programs of the Government in a consistent manner.

The amount presented in the Cost Allocation Plan as "allocated" to each department is not actually charged as expenditure to that department, but is accounted for in the central service area's budget. The amount is used to calculate indirect costs associated with programs funded by external sources that allow the inclusion of indirect costs (certain grants, user fees, etc.).

Many of the Government's federal and state funded programs allow indirect costs to be charged and include them as a line item in the grant budget. However, if the grant budget does not specifically provide for indirect costs to be charged, none of the indirect costs are reported as costs to the grantor nor are the costs included or presented in the schedules of expenditures of federal and state awards.

E. CONTINGENCIES

The federal and state grants received by the Government are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, the grantor agencies could make claim for reimbursement, which would become a liability of the Government.

During May 2010, Nashville and Davidson County experienced significant flooding and was declared a federal disaster area by President Barack Obama. The federal disaster declaration enables the reimbursement of certain flood-related costs to the Government through the Federal Emergency Management Agency (FEMA) of the U.S. Department of Homeland Security. Flood-related costs incurred during fiscal year 2012, which management believes will be reimbursed by FEMA, totaled \$8,862,088. These expenditures have been included in the accompanying schedule of federal expenditures under CFDA 97.036. Such flood-related costs are subject to review, approval and adjustment by FEMA. As of the issuance of this report, the Government is working with FEMA on various appeals and adjustments to the FEMA project worksheets and the related grant agreements.

METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:
Material weakness(es) identified? x yes no
Significant deficiency(ies) identified not considered to
be material weaknesses? x yes none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes x no
Significant deficiency(ies) identified not considered to
be material weaknesses? yes x none reported

Type of auditors' report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of Circular A-133? yes x no

METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS - Continued

Federal Awards - Continued

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
--------------------	--------------------------------

Child Nutrition Cluster:

10.553	National School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program

Justice Assistance Grant (JAG) Cluster:

16.738	Edward Byrne Memorial JAG Program
16.803	ARRA - Byrne JAG Program Grants to States
16.804	ARRA - Byrne JAG Program Grants to Local Governments

Title I, Part A Cluster:

84.010	Title I Grants to Local Educational Agencies
84.389	ARRA - Title I Grants to Local Educational Agencies

Other Programs:

16.710	ARRA - Public Safety Partnership and Community Policing Grants
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)
84.165	Magnet Schools Assistance
84.367	Title II Part A - Improving Teacher Quality State Grants
84.395	ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants
93.724	ARRA - Communities Putting Prevention to Work
93.914	HIV Emergency Relief Project Grants
97.039	Hazard Mitigation Grant
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? ___yes x no

METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES:

IC-12-1

CLERK AND MASTER, COUNTY REGISTER, AND CIRCUIT COURT

Lack of Segregation of Duties with Financial Transactions

Observation

During our audit procedures over cash receipts and cash disbursements at these offices, we noted either one or several clerks are responsible for multiple duties which involve financial transactions, such as handling incoming cash receipts, processing these cash receipts, making physical deposits to the bank, maintaining check stock, processing cash disbursements, signing checks, including checks written to themselves for deputy clerk fees, and posting transactions to the Access database. There was no documentation that these functions were reviewed by another employee. These incompatible accounting functions constitute deficiencies in internal control which could lead to undetected misappropriation of funds as well as undetected material misstatements of the offices' financial information.

Recommendation

We recommend that management design and implement procedures that would more effectively segregate certain duties between employees that handle cash and those that record cash transactions. The following are suggestions for improving controls and segregation of duties:

- (1) An employee independent of posting transactions to the accounting records should be responsible for opening the mail/receiving cash and checks over the counter and making copies of checks received. This person should also prepare a daily cash receipts log indicating the dollar amount, nature of cash receipt, and court case. This person should also prepare and make the daily deposit to the bank.
- (2) The employee responsible for preparing the daily cash receipts log and making the daily deposit should submit the daily cash receipts log, bank deposit slip and copies of the checks to an independent employee for timely posting the daily cash receipts to the accounting records.

METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS - Continued

IC-12-1 - Continued

- (3) An employee independent of posting transactions to the accounting records and with no check signing authority should maintain the physical check stock for all bank accounts. In addition, this employee should maintain a check log for issuing check stock to the employee responsible for processing cash disbursements. This check log should list the sequence of checks issued, the number of checks issued and be signed and dated by both the employee maintaining the check stock and the employee requesting and receiving issued checks. Any unused or voided checks should be logged back into the check log.

- (4) An employee independent of the duties described in (1)-(3) above should be responsible for posting daily cash receipts and cash disbursement transactions as well as preparing the checks for cash disbursements.

Management's Response

Clerk and Master

This recommendation was addressed in January 2012 and noted previously in Management's Response to the June 2011 audit. The Office hired an additional bookkeeper increasing the bookkeeping staff from two to three. Management continues to consult with Metro Finance, EBS and other departments to develop processes that will improve controls and segregate duties. The following processes have been implemented:

- 1. An employee independent of posting transactions to the accounting records opens all the mail and makes copies of all checks. A daily mail check log is kept and reviewed against daily deposits by an employee independent of posting transactions to the accounting records. The daily deposit is also made by an employee independent of posting transactions to the accounting records.*

- 2. A sign has been posted at the accounting desk stating, "If you fail to receive a receipt ask to speak to the Clerk and Master."*

- 3. Employees with check writing authority no longer are signatory on checks made to themselves for special officer fees. This practice ceased prior to receipt of the June 2011 audit.*

- 4. An employee independent of posting transactions to the accounting records and who is without check signing authority maintains the physical check stock and a check log for issuing checks for cash disbursements.*

As previously stated, Management will continue to explore and implement options to address noted concerns.

METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS - Continued

IC-12-1- Continued

County Register

- 1. At this time the Register of Deeds Office does not have ample staff to accomplish this process. Furthermore, it does seem that we would be duplicating to some degree the process we are currently using.*
- 2. We agree that an independent employee should timely post the daily cash receipts to the accounting records. We do have an independent employee performing this process.*
- 3. Steve Moore, Chief Deputy of Information Technology, maintains all check stock. Checks are locked in the safe in the Information Technology department. Steve maintains a spreadsheet for each checking account that includes the date, check numbers, signature of employee requesting check and signature of employee releasing checks.*
- 4. Currently, Charles Snyder, Chief Deputy of Finance, is responsible for posting daily cash receipts and cash disbursement transactions as well as preparing checks for cash disbursement. He will continue to do so. He has no involvement in opening and dispersing mail. Also, a second employee verifies bank deposits on the bank statement against daily accounting reports from our document recording/retrieval system.*

Circuit Court

Management is in agreement with the recommendation made regarding the receipting and disbursement of Minor Trust Funds. We will start implementing the change where the Chief Clerk or Team Leaders will receipt the funds from the savings accounts for minors. The Internal Auditor will follow up on the checks that are issued for these Minor Trust Accounts to verify the information is correct as it was Court Ordered.

METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS - Continued

SIGNIFICANT DEFICIENCY:

IC-12-2

CIRCUIT COURT

Bank Reconciliations - Cancelled Checks

Observation

During our audit procedures over bank reconciliations at this office, we noted that cancelled checks returned by the bank with bank statements are not inspected as part of the bank reconciliation process. As a result, any improper changes made after printing and signing the checks may not be identified timely.

Recommendation

We recommend that the preparers and reviewers of bank reconciliations inspect cancelled checks to identify improper changes made after printing and signing the checks, including comparing all information on the checks to the information in the accounting system.

Management's Response

Since we no longer receive the canceled checks with our bank statements, the Internal Auditor will do a random sampling of checks being processed in particular Checks issued for Minor Trust Accounts, Judgments, Tender and Attorney Fees to compare to the canceled check images on Bank of America Online system to verify no changes have been made.

METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Reported

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

Prior year item IC-11-2 has been repeated in the current year as item IC-12-1.

All other prior year findings have been resolved.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



**CORRECTIVE ACTION PLAN
Year Ended June 30, 2012**

FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES:

IC-12-1

CLERK AND MASTER, COUNTY REGISTER, AND CIRCUIT COURT

Lack of Segregation of Duties with Financial Transactions

Observation

During our audit procedures over cash receipts and cash disbursements at these offices, we noted either one or several clerks are responsible for multiple duties which involve financial transactions, such as handling incoming cash receipts, processing these cash receipts, making physical deposits to the bank, maintaining check stock, processing cash disbursements, signing checks, including checks written to themselves for deputy clerk fees, and posting transactions to the Access database. There was no documentation that these functions were reviewed by another employee. These incompatible accounting functions constitute deficiencies in internal control which could lead to undetected misappropriation of funds as well as undetected material misstatements of the offices' financial information.

Recommendation

We recommend that management design and implement procedures that would more effectively segregate certain duties between employees that handle cash and those that record cash transactions. The following are suggestions for improving controls and segregation of duties:

- (1) An employee independent of posting transactions to the accounting records should be responsible for opening the mail/receiving cash and checks over the counter and making copies of checks received. This person should also prepare a daily cash receipts log indicating the dollar amount, nature of cash receipt, and court case. This person should also prepare and make the daily deposit to the bank.

FINANCIAL OPERATIONS

- (2) The employee responsible for preparing the daily cash receipts log and making the daily deposit should submit the daily cash receipts log, bank deposit slip and copies of the checks to an independent employee for timely posting the daily cash receipts to the accounting records.
- (3) An employee independent of posting transactions to the accounting records and with no check signing authority should maintain the physical check stock for all bank accounts. In addition, this employee should maintain a check log for issuing check stock to the employee responsible for processing cash disbursements. This check log should list the sequence of checks issued, the number of checks issued and be signed and dated by both the employee maintaining the check stock and the employee requesting and receiving issued checks. Any unused or voided checks should be logged back into the check log.
- (4) An employee independent of the duties described in (1)-(3) above should be responsible for posting daily cash receipts and cash disbursement transactions as well as preparing the checks for cash disbursements.

Management's Response

Finance Department

The Clerk and Master, County Register, and Circuit Court are elected offices within the Metropolitan Government of Nashville and Davidson County ("the Government"). They act in a fiduciary capacity as agents for individuals, governmental entities and others. While these offices are included in the reporting entity of the Government, none of these offices administer programs that are reported on the Schedules of Expenditures of Federal and State Awards.

Clerk and Master

This recommendation was addressed in January 2012 and noted previously in Management's Response to the June 2011 audit. The Office hired an additional bookkeeper increasing the bookkeeping staff from two to three. Management continues to consult with Metro Finance, EBS and other departments to develop processes that will improve controls and segregate duties. The following processes have been implemented:

- 1. An employee independent of posting transactions to the accounting records opens all the mail and makes copies of all checks. A daily mail check log is kept and reviewed against daily deposits by an employee independent of posting transactions to the accounting records. The daily deposit is also made by an employee independent of posting transactions to the accounting records.*
- 2. A sign has been posted at the accounting desk stating, "If you fail to receive a receipt ask to speak to the Clerk and Master."*

FINANCIAL OPERATIONS

3. *Employees with check writing authority no longer are signatory on checks made to themselves for special officer fees. This practice ceased prior to receipt of the June 2011 audit.*
4. *An employee independent of posting transactions to the accounting records and who is without check signing authority maintains the physical check stock and a check log for issuing checks for cash disbursements.*

As previously stated, Management will continue to explore and implement options to address noted concerns.

County Register

1. *At this time the Register of Deeds Office does not have ample staff to accomplish this process. Furthermore, it does seem that we would be duplicating to some degree the process we are currently using.*
2. *We agree that an independent employee should timely post the daily cash receipts to the accounting records. We do have an independent employee performing this process.*
3. *Steve Moore, Chief Deputy of Information Technology, maintains all check stock. Checks are locked in the safe in the Information Technology department. Steve maintains a spreadsheet for each checking account that includes the date, check numbers, signature of employee requesting check and signature of employee releasing checks.*
4. *Currently, Charles Snyder, Chief Deputy of Finance, is responsible for posting daily cash receipts and cash disbursement transactions as well as preparing checks for cash disbursement. He will continue to do so. He has no involvement in opening and dispersing mail. Also, a second employee verifies bank deposits on the bank statement against daily accounting reports from our document recording/retrieval system.*

Circuit Court

Management is in agreement with the recommendation made regarding the receipting and disbursement of Minor Trust Funds. We will start implementing the change where the Chief Clerk or Team Leaders will receipt the funds from the savings accounts for minors. The Internal Auditor will follow up on the checks that are issued for these Minor Trust Accounts to verify the information is correct as it was Court Ordered.

FINANCIAL OPERATIONS

SIGNIFICANT DEFICIENCY:**IC-12-2****CIRCUIT COURT*****Bank Reconciliations – Cancelled Checks*****Observation**

During our audit procedures over bank reconciliations at this office, we noted that cancelled checks returned by the bank with bank statements are not inspected as part of the bank reconciliation process. As a result, any improper changes made after printing and signing the checks may not be identified timely.

Recommendation

We recommend that the preparers and reviewers of bank reconciliations inspect cancelled checks to identify improper changes made after printing and signing the checks, including comparing all information on the checks to the information in the accounting system.

Management's Response***Finance Department***

The Circuit Court is an elected office within the Metropolitan Government of Nashville and Davidson County ("the Government"). It acts in a fiduciary capacity as an agent for individuals, governmental entities and others. While this office is included in the reporting entity of the Government, it does not administer programs that are reported on the Schedules of Expenditures of Federal and State Awards.

Circuit Court

Since we no longer receive the canceled checks with our bank statements, the Internal Auditor will do a random sampling of checks being processed in particular Checks issued for Minor Trust Accounts, Judgments, Tender and Attorney Fees to compare to the canceled check images on Bank of America Online system to verify no changes have been made.