

Comprehensive Annual Financial Report For the Year Ended June 30, 2017

The Metropolitan Government of Nashville and Davidson County
Nashville, Tennessee



Megan Barry, Mayor



THE METROPOLITAN GOVERNMENT
OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the Year Ended June 30, 2017

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



**MEGAN BARRY
MAYOR**

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October 31, 2017

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, 2017. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including the schedules of federal and state financial assistance, findings and recommendations, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, are not included herein but are reported separately.

In conformity with generally accepted accounting principles, this report includes all funds of the primary government and all component units. For purposes of this report, the primary government includes all departments and agencies of the Government that are not separate legal entities, including the Department of Water and Sewerage Services and Metropolitan Nashville Public Schools. The component units include those separate legal entities whose relationships with the primary government meet the criteria for inclusion.

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

PROFILE OF THE GOVERNMENT

Metropolitan Nashville and Davidson County is located in middle Tennessee at the hub of many air, rail and highway transportation routes. The Government provides a full range of services. These services include education; police and fire protection; waste management; construction and maintenance of highways, streets and infrastructure; traffic regulation and control; parking; health and social services; 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, 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 historically been healthier than the National and State economies, with lower unemployment than the State as a whole.

The Government's two most significant locally generated revenue sources are property and sales taxes.

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 2017, for fiscal year 2018 and for the future are discussed below.

FOR FISCAL YEAR 2017: Substitute budget ordinance BL-2016-232 appropriated a balanced budget of \$2,087,320,200 in the budgetary funds, an overall increase of 6.1% from the budget for fiscal year 2016.

The FY2017 budget continued to make improvements in the Nashville community's priority areas:

- Public Education – Metro Nashville Public Schools (MNPS) received \$843.3 million in FY17 which was an increase in MNPS's operational funding from FY16 of \$33.3 million, or 4.1%. The recommended increase funded pay increases for employees, and a host of other necessary improvements, including funding for 250 new teachers, bus monitors and special education bus drivers. Additionally, the budget included one new charter school, two new achievement school district schools, and start-up costs for new English language learner and literacy initiatives.
- Youth Employment – The administration recognizes the importance of investing in youth as investing in our future and funded a major youth employment initiative. The Mayor's goal was to connect 10,000 Nashville youth to jobs or internships by the summer of 2017. The FY17 budget included \$1 million to advance youth employment.
- Affordable Housing and Economic Development – The FY17 budget recognized that Nashville is in a period of unprecedented growth which has resulted in increasing housing prices, making it unaffordable for some to live in Metro. The Mayor's housing priorities are focused on funding, building, and preserving affordable housing options. The FY17 budget expanded funding for the Barnes Fund for Affordable Housing to \$15 million. This is the biggest commitment an administration has ever made to affordable housing in Nashville. The Mayor is committed to providing \$10 million of funding to the Barnes Fund annually. In FY17, \$4.3 million of additional funding was provided from the sale of the old Convention Center and other properties.
- Transportation and Infrastructure – Well thought out transit options are important to maintaining sustainable growth. Metro's strategies to address transit and infrastructure issues include the Metropolitan Transit Authority's long-range strategic plan called "nMotion." The FY17 budget slightly expanded its investment in the Metropolitan Transit Authority with a \$42 million subsidy, a \$2 million increase over FY16. The increase was principally targeted to cover Nolensville Road bus rapid transit, Thompson Lane feeder service, and planning for first and last mile service for citizens who do not have easy access to a bus line.

Infrastructure needs were also addressed through increases to the FY17 budgets for the Codes, Planning, Parks, and Public Works Departments. Codes received an additional \$164,000 for three positions to cover staffing needs in property standards and zoning, and Planning received an

increase of \$328,100 for four positions to enhance community plans, capital planning and land development. The FY17 budget also provided an additional \$1.6 million to Parks to address the need for additional staff and maintenance services resulting from the expanded number of parks and recreational facilities. Finally, Public Works received an increase of \$1.3 million to cover contractual increases and an expansion of cleaning crews.

- Quality of Life – The administration is committed to providing a high quality of life for all Nashville citizens. The Nashville Public Library’s budget increased by \$975,300 to fund an expansion in Friday service hours, maintain the Special Collections program, which was previously grant-funded, and maintain “Bringing Books to Life”, which provides literacy programs for young children. The budget also included an increase of \$780,100 for Metro Public Health for youth services, food and facility inspections, vital records, and vaccinations.
- Public Safety – Resources dedicated to public safety services were increased by \$19.7 million.

The Police Department’s FY17 budget increased by \$2 million to fund six additional police officers to existing domestic violence resources to reach more victims and investigate allegations more quickly, four additional staff to Metro Nashville’s Crime Lab to maintain competitive compensation and provide for instrumentation maintenance and supplies, one position to support special events to help maintain safety at Nashville’s ever growing special events, and two positions in the Youth Services program to aid in decreasing youth recidivism.

The Fire Department’s FY17 budget increased by \$1.5 million to fund an expansion of Emergency Medical Services (EMS) by staffing two additional ambulances in daily service with four paramedics to improve the quality and timeliness of EMS services. The budget increase also funded four additional positions to enhance fire inspection services as Nashville continues to grow.

Although the Criminal Justice Center is being rebuilt, the Sheriff did not request an operating budget improvement for FY17. The Davidson County Sheriff’s Office budget for FY17 continued to support full staffing for correctional services, thus maintaining this administration’s commitment to public safety.

Effective communication in an emergency is critical to a high quality response. Nashville continues to grow, and Metro has addressed this growth by adding ambulance units and police officers. These additions, along with the increasing protocols required for a high standard of care, have placed more demands on emergency call taker time. To address these needs, the FY17 budget added five positions to the Emergency Communication Center.

Following a study of Nashville’s Night Court, it was determined that improvements were needed. The FY17 budget addressed identified needs by adding \$219,600 and three positions to the General Sessions Court. The FY17 budget also added \$118,900 and two positions to the Mental Health Court to enhance case management services. Probation Services received an increase of \$113,500 and two positions in the FY17 budget to add probation officers.

The Mayor has set a high priority on reducing youth violence in Nashville. The Juvenile Court’s FY17 budget included \$112,000 for additional probation officers to serve at-risk youth with adverse childhood experiences that have been underserved by existing court supervision resources. The Court’s budget also included \$47,400 and one position to enhance restorative justice practices in the Juvenile Court and Metro Schools by expanding Youth Court into more area high schools.

FOR FISCAL YEAR 2018: Substitute budget ordinance BL-2017-722 appropriated a balanced budget of \$2,209,690,100 in the budgetary funds, an overall increase of 5.9% from the budget for fiscal year 2017.

The FY2018 budget continues to make improvements in the Nashville community’s priority areas:

- Public Education – Metro Nashville Public Schools (MNPS) received \$879.3 million in FY18 which was an increase in MNPS’s operational funding from FY17 of \$36.0 million. The recommended increase funds pay increases for teachers and administrative staff, expands English language

learner programs, enhances literacy initiatives, and strengthens the Government's commitment to education.

English language learners (ELL) represent a significant portion of the MNPS students with needs that require focused resources; the FY18 budget continues our commitment to this population with a special focus on New Americans. The investment in the continued expansion of the MNPS literacy program is focused on helping the lowest-achieving readers get back on grade level; the FY18 budget will also increase social emotional learning programs to help students manage emotions and maintain positive relationships.

- Transportation and Infrastructure – The FY18 budget includes a \$6.6 million increase in the operating subsidy for the Metropolitan Transit Authority. This is the largest single year increase in the Government's history which is evidence of the administration's commitment to public transportation and the economic impact it provides. The increase funds several initiatives to increase ridership. Transfer fees have long been an inconvenience and added burden to riders, and the funding will eliminate the transfer fees imposed on riders moving between routes. Resources are also being provided for access ride and mobility on demand pilots to include crosstown connections and after-hours service. Additionally, funding will be dedicated to the extension of the Music City Circuit to Tennessee State University (TSU) along the Jefferson Street corridor. This extension will provide unprecedented service between TSU, Jefferson Street and downtown.

Infrastructure needs are also addressed through an increase of \$1.7 million to the FY18 budget for the Public Works Department. This funding provides additional transportation planning to improve traffic and prepare for a 21st century mass transit system in Nashville. Additionally, waste collection activities will be enhanced by providing a roving trash truck to meet intermittent demand to keep our streets and alleyways cleaner. With resource conservation an ever important Government objective, the downtown area will see a new glass recycling program that will improve the environment by reusing glass bottles that would otherwise end up in landfills.

- Affordable Housing and Homelessness – The FY18 budget recognizes that Nashville is in a period of unprecedented growth where many are prospering and others need assistance. The city's growth has resulted in increasing housing prices, making it unaffordable for some to live in Metro. Housing priorities are focused on how the Government can help fund, build, preserve and retain affordable housing options. The FY18 budget includes \$10 million of funding to the Barnes Fund for Affordable Housing and \$1.75 million to continue the housing incentive pilot program started in FY17.

The FY18 budget also provides for additional funding for the continued pursuit to reduce the homeless population within the city. The Homeless Commission is receiving funding for three outreach workers to directly work with the citizens with the highest level of need and an additional support staff member. Additional funding is also provided for expanded operation of the warming shelters on the coldest days, emergency direct assistance, and indigent burial. Funding is also provided for bus passes for individuals experiencing homeless and working with housing navigators.

- Quality of Life – The FY18 budget is committed to providing a good quality of life for all Nashville citizens. The budget for the Parks Department is increasing by \$1 million to fund the operations for two new regional community centers slated to open in March of 2018 – one at Smith Springs and another in Madison. The increase is also funding two new Parks police officers to serve the expanding system, additional staffing to provide recreational opportunities for citizens with disabilities, and other operational enhancements.

The Public Health Department is receiving additional funding to continue to adjust to the changing health needs of Nashville by providing for a dedicated staff member to lead and coordinate local efforts to combat the nationwide opioid epidemic and for a dental hygienist and a part time dentist to provide expanded dental care for children to supplement services provided by the Federal Women, Infant, and Children (WIC) programs. Also, the additional funding will allow Metro Animal Care and Control to upgrade its software system to improve efficiency in coordination with veterinarians and citizens and improve rabies control.

- Public Safety – Resources dedicated to public safety services are increasing by \$26.1 million.

The Police Department's FY18 budget increase of \$4.0 million includes funding for 70 new police officers, including 48 to enhance patrol detail and 22 for a pilot program for walking detail, for enhancements for the drill and ceremony team, and support for special events, which is important to maintain safety at Nashville's ever-growing list of events and programs.

The Fire Department's FY18 budget increase of \$1.9 million includes funding for 14 positions for fire recruits and inspections staff. As Nashville continues its building boom, it is important to meet this demand with additional fire response and additional inspection capacity.

The Government is in the process of rebuilding the existing Criminal Justice Center in its existing footprint. The Davidson County Sheriff's Office budget for FY18 continues to support full staffing for correctional services, thus maintaining this administration's commitment to public safety.

The FY18 budget for the Department of Emergency Communications includes funding to provide for additional fire training for staff to ensure a high quality response. As Nashville continues to grow, the number of special events requiring emergency communications services has increased. The FY18 budget also includes funding to support increased overtime for special events.

An effective court system is an integral part of ensuring public safety, and the General Sessions Court is a key partner contributing to this objective. The roles of courts have evolved over the years, to not only hear cases, but to also address community issues through specialty courts. The FY18 budget adds funding to the Veterans' Treatment Court to enhance case management services and to the Drug Treatment and Mental Health Courts to provide direct services program participants.

These initiatives have all been addressed while ensuring the Government meets its fundamental objectives of maintaining a balanced budget, maintaining existing services, and investing in Nashville's future. This was achieved for the FY18 budget without a property tax increase. Revenue increases are anticipated from modest growth in the property tax base, increases in local option sales taxes, and growth in other revenue sources. A measured amount of fund balances has been appropriated to balance the budget, while maintaining fund balance levels in excess of legal requirements. Departmental savings opportunities were also considered. Details of the FY17 and FY18 budgets are described in the annual *Operating Budget* books published by the Department of Finance, Office of Management and Budget. They are also available on the GFOA-award-winning Citizen's Guide to the Budget at www.nashville.gov/Finance/Management-and-Budget/Citizens-Guide-to-the-Budget.aspx.

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

- Education – The administration is committed to strengthening Nashville's public schools and ensuring every child has access to a high-quality public education. This commitment includes expanding high quality pre-K, ensuring that all students have access to effective teachers and leaders, helping students continue their education after high school, and funding schools to meet the needs of curriculum, instruction, support services, and capital improvements. Metro leaders are also working with Nashville's non-profit and educational institutions to promote policies that spur innovation and support our parents and teachers.
- Public Safety – The administration will work to improve public safety by ensuring that our police officers, fire fighters, and other emergency responders have the tools and resources necessary to keep the community safe by reducing crime and quickly responding to emergencies.
- Infrastructure and Sustainability – The administration is focused on providing the infrastructure that is foundational to the city's economic development while also addressing externalities from rapid growth, preserving our region's natural resources, and improving our residents' quality of life. The administration provides leadership, accountability, and stakeholder engagement around Nashville's push to create an efficient, equitable transportation network and incorporate sustainability throughout all operations of the Government and the city at-large.

The administration works closely with the community in the development, coordination, and administration of transportation and growth policies for Nashville, including: 1) Moving the Music City – the Mayor’s three-year transportation action agenda, 2) NashvilleNext – the countywide General Plan, 3) nMotion – the strategic master plan of the Metropolitan Transit Authority and Regional Transit Authority, and 4) WalknBike, the Government’s strategic master plan for sidewalks and bikeways.

The administration is currently working with and providing leadership to the Mayor’s Livable Nashville Committee to develop a vision and implementation strategy to make Nashville the greenest city in the Southeast by working together to conserve resources and increase equity of access to clean air, water, nature and other amenities of a livable community. The Committee also works closely with citizens, the business community, and Metro departments, including Public Works, Planning, Parks, Water Services, General Services, Codes, and the Metropolitan Transit Authority, to update and implement Nashville’s policies and plans for transportation and sustainability.

- Economic and Community Development – Our high quality of life, creative culture, low tax rates, and industry leadership in healthcare, technology, education, and music make Nashville one of the best places to start, grow or relocate a business. The administration is focused on continuing efforts to grow the local economy while also ensuring that more residents and communities within Nashville are able to participate in the growth and prosperity of our city. In order to further this goal, the Mayor’s Office of Economic and Community Development (ECD) works with the Nashville Area Chamber of Commerce to recruit and retain businesses that will create new, high-quality jobs for residents. In addition to attracting new companies to Nashville, the ECD is committed to helping connect citizens from every part of the county to programs designed to promote entrepreneurship and small business ownership, including enhancing our creative economy and enhancing economic opportunities for new Americans.
- Neighborhoods and Community Engagement – Metro leaders work with neighborhood and community groups to enhance citizen engagement in the governing process and empower them to take steps to improve their local communities. The administration is committed to making sure that Nashville remains a place where people can live, work and play in their neighborhoods. That means protecting and enhancing our networks of parks, libraries and community centers, as well as preserving the vibrant arts, entertainment and music culture that has made Nashville an international destination.
- Housing – The administration is focused on building, funding, and preserving affordable housing options, while supporting efforts to prevent displacement and create mixed-income communities in Nashville. The Mayor’s Office of Housing seeks to increase housing affordability countywide using data-driven policy and innovative development tools, including the Barnes Fund for Affordable Housing, the housing incentives pilot program, general obligation bonds, tax abatements, nonprofit capacity building, the creation of a community land trust, and the donation and development of Metro-owned properties. The Office of Housing also facilitates partnerships and implements policies that provide housing options for persons experiencing homelessness to those looking to stabilize their families with affordable homeownership opportunities.
- Resilience – The Mayor’s Office of Resilience leads citywide efforts to help Nashville prepare for, withstand, and bounce back from ‘shocks’, catastrophic events like floods, tornadoes, and fires, and ‘stresses’, including slow-moving issues like access to public transportation, affordable housing, and reducing poverty and inequality. The Mayor has prioritized economic inclusion and equity as a lens for building urban resilience. The Office of Resilience will work across city departments and the community to develop and implement policies and programs that ensure Nashville is ready to respond to disasters, whether economic or environmental. We must better understand the modern challenges we face, review our ability to address those challenges, and unite people, projects, and priorities so that Nashville can collectively act on our resilience challenges.

FINANCIAL INFORMATION

CASH MANAGEMENT: Cash temporarily idle during the year was primarily invested in the State of Tennessee Local Government Investment Pool, the State of Tennessee Intermediate Term Investment Pool, and the First Tennessee Bank Advisors Short 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 losses in excess of certain amounts. Accepted risk control techniques, including employee accident prevention training, have been implemented to minimize the risk of 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 \$3.1 billion at June 30, 2017.

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, 2017 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2018 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 2017 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, 2016. This was the 34th 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.

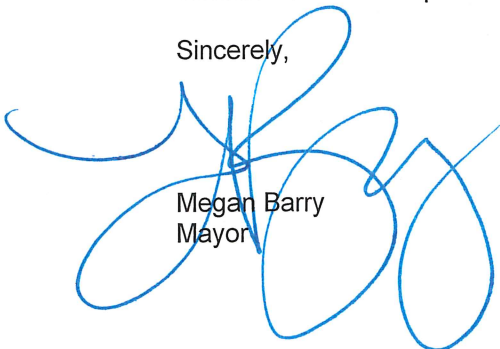
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA presented a Distinguished Budget Presentation Award to the Government for its annual budget for the fiscal year beginning July 1, 2016. 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 26th 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,



Megan Barry
Mayor



Talia Lomax-O'dneal
Director of Finance

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Metropolitan Government of Nashville & Davidson County Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FORM OF GOVERNMENT

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

The executive and administrative powers are vested in the Mayor, who is elected at large for a four-year term. The Mayor is authorized to administer, supervise and control all departments and to appoint all members of boards and commissions subject to the approval of the Council. 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.

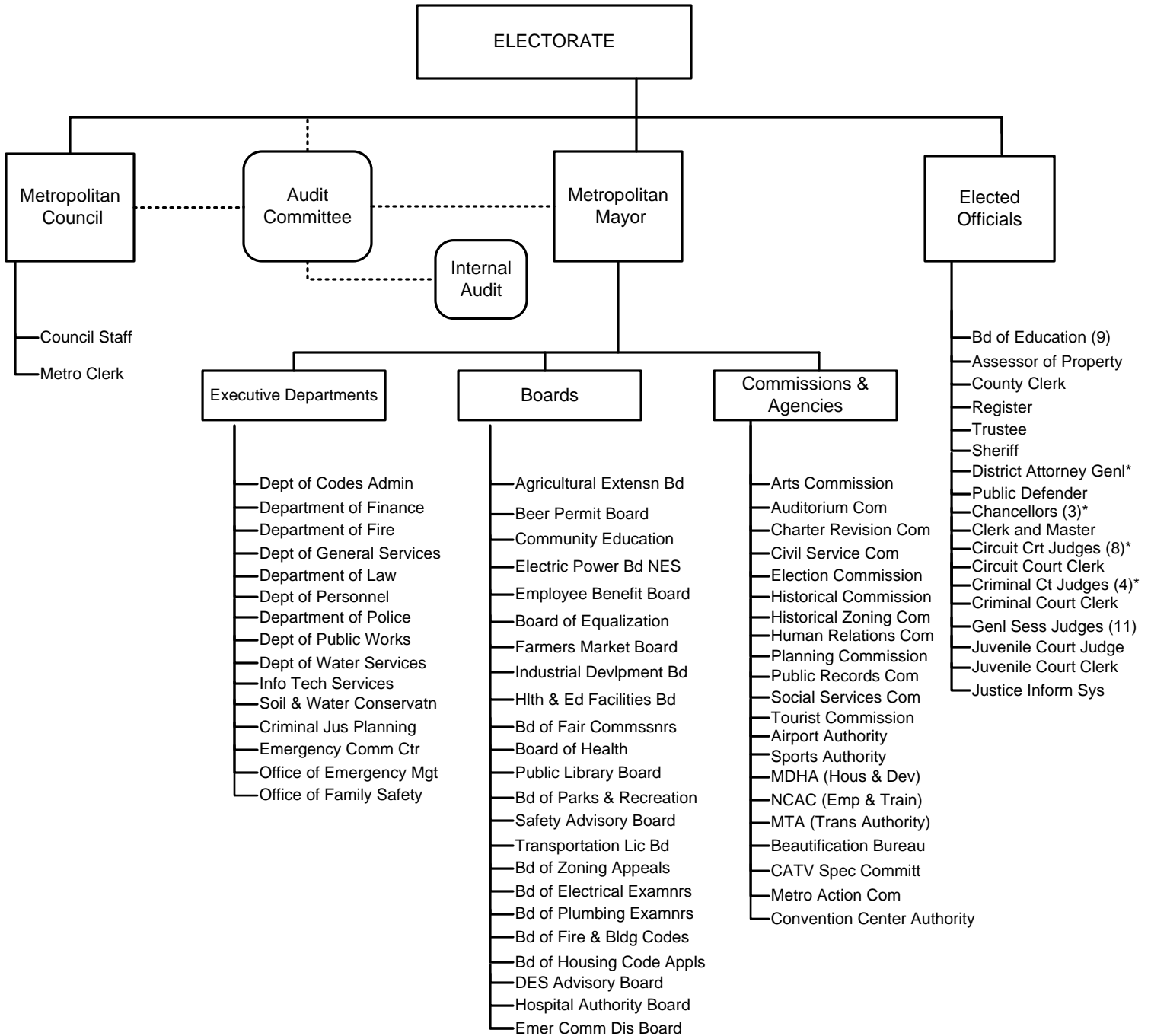
The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. USD residents are charged an additional tax to support those services, functions and debt obligations which benefit only the USD. Such services include additional police 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 198 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, 2017

Megan Barry, Mayor

Finance Officials

Vivian M. Wilhoite
Charles E. Cardwell
Brenda Wynn

Assessor of Property
Trustee
County Clerk

The Metropolitan Council

David Briley
John Cooper
Erica Gilmore
Bob Mendes
Sharon Hurt
Jim Shulman

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

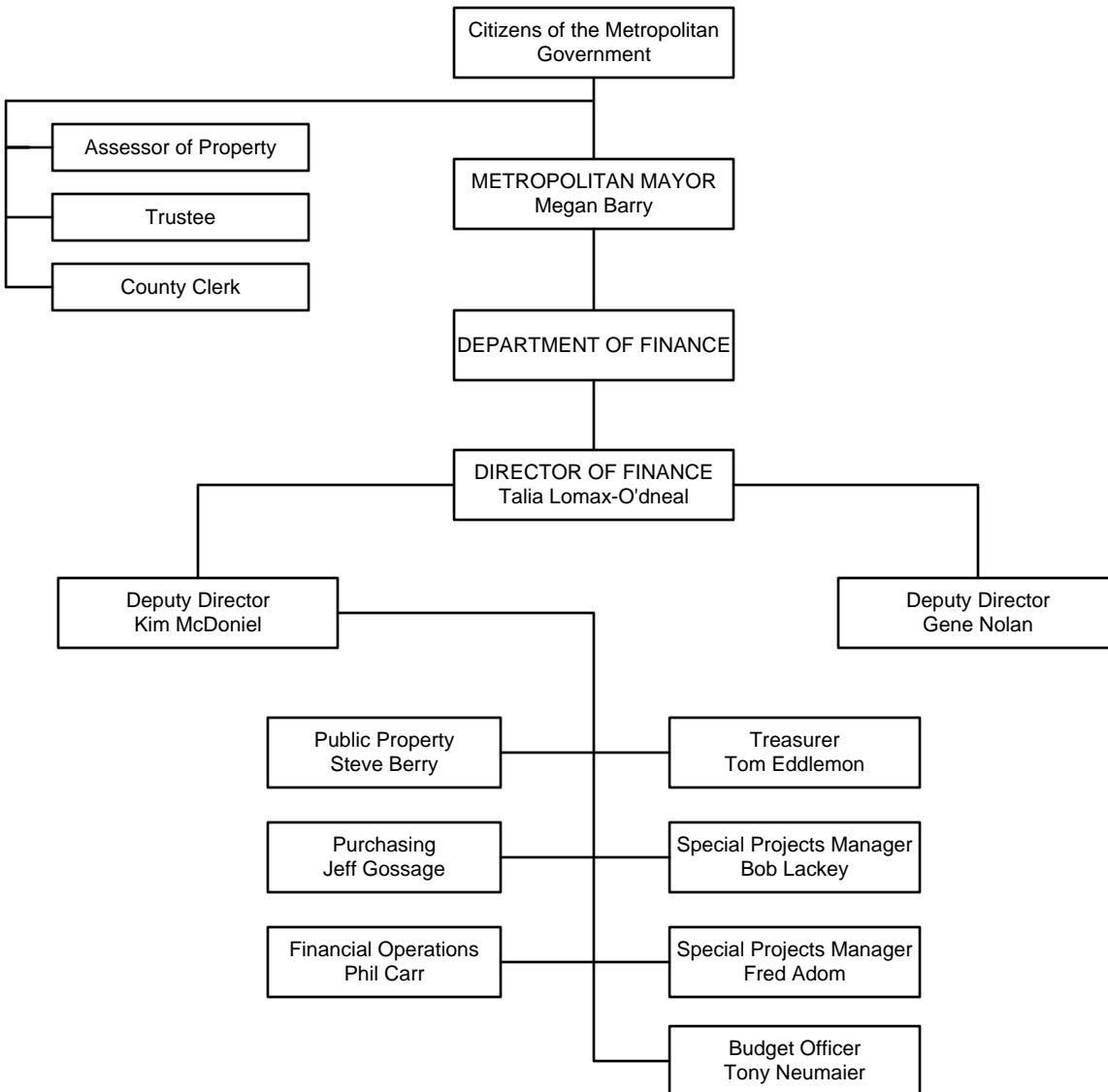
District No. 1 – Nick Leonardo
District No. 2 – DeCosta Hastings
District No. 3 – Brenda Haywood
District No. 4 – Robert Swope
District No. 5 – Scott Davis
District No. 6 – Brett Withers
District No. 7 – Anthony Davis
District No. 8 – Nancy VanReece
District No. 9 – Bill Pridemore
District No. 10 – Doug Pardue
District No. 11 – Larry Hagar
District No. 12 – Steve Glover
District No. 13 – Holly Huezo
District No. 14 – Kevin Rhoten
District No. 15 – Jeff Syracuse
District No. 16 – Mike Freeman
District No. 17 – Colby Sledge
District No. 18 – Burkley Allen

District No. 19 – Freddie O’Connell
District No. 20 – Mary Carolyn Roberts
District No. 21 – Ed Kindall
District No. 22 – Sheri Weiner
District No. 23 – Mina Johnson
District No. 24 – Kathleen Murphy
District No. 25 – Russ Pulley
District No. 26 – Jeremy Elrod
District No. 27 – Davette Blalock
District No. 28 – Tanaka Vercher
District No. 29 – Karen Johnson
District No. 30 – Jason Potts
District No. 31 – Fabian Bedne
District No. 32 – Jacobia Dowell
District No. 33 – Antoinette Lee
District No. 34 – Angie Henderson
District No. 35 – Dave Rosenberg

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

ORGANIZATION OF THE DEPARTMENT OF
FINANCE AND OTHER FINANCIAL OFFICES

At June 30, 2017







Independent Auditor's Report

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Metropolitan Government of Nashville and Davidson County, Tennessee (the "Government") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Government's nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, as well as the financial statements of the Sports Authority Fund and the Industrial Development Board Fund, which are presented as supplementary information in the accompanying financial statements as of and for the year ended June 30, 2017, as listed in the table of contents. We have also audited the financial statements of each of the discretely presented component units of the Government as of and for the year ended June 30, 2017, as presented in the Government's basic financial statements, except as described in the first paragraph of the Auditor's Responsibility section of this report.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units: The Nashville District Management Corporation, the Gulch Business Improvement District, Inc., the Metropolitan Development and Housing Agency, the Electric Power Board, the Metropolitan Nashville Airport Authority, the Emergency Communications District, and the Convention Center Authority, which represents 86% of the total assets, 84% of total net position and 86% of the total revenues of the aggregate discretely presented component units of the Government. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The Metropolitan Government of Nashville and Davidson County, Tennessee, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and the General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, the Sports Authority Fund, the Industrial Development Board Fund, and each of the discretely presented component units as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 through A11, the condition rating of transportation network, the schedule of employer contributions - pension plans, the schedule of changes in net pension liability and related ratios - pension plans, the schedule of investment returns - pension plans, the schedule of the Government's contributions - teacher pension plans of the TCRS, the schedule of the Government's proportionate share of the net pension liability (asset) - teachers pension plans of the TCRS, the schedule of employer contributions - other postemployment benefit plans, and the schedule of funding progress - other postemployment benefit plans on pages B-119 through B-120, B-121 through B-123, B-124 through B-129, B-130, B-131, B-132, B-133, B-134 through B-135, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements, and each of the nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, the Sports Authority Fund, the Industrial Development Board Fund, and the financial statements of each of the discretely presented component units. The schedules on pages C-9, C-10 and C-11, and on pages G-2 through G-28, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of the Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.

Crosslin, PLLC

Nashville, Tennessee
October 31, 2017

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, 2017.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$592 million (*net position*). This amount includes negative \$1.5 billion of *unrestricted net position*.
- The Government's total net position decreased by \$266 million (a decrease of \$241 million from governmental activities and a decrease of \$25 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 \$136 million, an increase of \$130 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$55 million, or 5.3% of total general fund expenditures and other financing uses.
- At the end of the current fiscal year, committed fund balance available for the general purpose school fund was \$43 million, or 5.1% of total general purpose school fund expenditures and other financing uses.
- The enterprise funds reported a net position at year-end of \$1.3 billion, a decrease of \$23 million during the year.
- The Government's total general obligation and revenue bonds outstanding increased by \$305 million (8.7%) during the current fiscal year. New bond issues totaled \$456 million, which were offset by principal payments of \$160 million. Deferred amounts increased a net amount of \$9 million. Other debt decreased by \$4 million due to principal repayments.
- The Government borrows funds under commercial paper programs to provide interim or short-term financing of authorized capital projects prior to the issuance of general obligation or revenue bonds. Total commercial paper outstanding at the close of the fiscal year was \$450 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The Government reports 20 individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the General Fund, General Purpose School Fund, GSD General Purposes Debt Service Fund, GSD School Purposes Debt Service Fund, USD General Purposes Debt Service Fund, GSD Capital Projects Fund, Education Capital Projects Fund and USD Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The Government adopts an annual appropriated budget for each major governmental fund except the Capital Projects Funds. Budgetary comparison statements have been provided in the Basic Financial Statements section for the General Fund and General Purpose School Fund and in the Nonmajor Governmental Funds section for each of the major Debt Service Funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages B-6 to B-17 of this report.

Proprietary funds – The Government maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Government uses enterprise funds to account for the Department of Water and Sewerage Services, District Energy System, Nashville Convention Center, Board of Fair Commissioners, Farmers Market, Surplus Property Auction, Municipal Auditorium, Police Impound, Stormwater Operations, and Community Education Commission functions. The Nashville Convention Center Fund was closed in the current year as the land on which the old convention center was located was sold to a developer and the operations were discontinued. *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, 2017, the Government used internal service funds to account for its fleet, information systems, radio equipment, insurance, treasury management and school printing 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-117 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-119 to B-120, the Government's progress in funding its obligation to provide pension benefits to employees, found on pages B-121 to B-132, and the Government's progress in funding its obligation to provide other postemployment benefits to employees, found on pages B-133 to B-135.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator over time of a government's financial position. In the case of the Government, assets and deferred inflows of resources exceeded liabilities and deferred outflows of resources by \$592 million at the close of the most recent fiscal year.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 1,743,451	\$ 1,741,362	\$ 363,771	\$ 349,702	\$ 2,107,222	\$ 2,091,064
Capital assets	3,778,990	3,634,847	2,071,249	2,025,563	5,850,239	5,660,410
Total assets	5,522,441	5,376,209	2,435,020	2,375,265	7,957,461	7,751,474
Deferred outflows of resources	288,285	422,422	3,483	18,772	291,768	441,194
Long-term liabilities	4,910,348	4,550,928	777,667	837,177	5,688,015	5,388,105
Other liabilities	490,132	646,715	347,334	220,265	837,466	866,980
Total liabilities	5,400,480	5,197,643	1,125,001	1,057,442	6,525,481	6,255,085
Deferred inflows of resources	1,123,999	1,073,468	7,593	5,674	1,131,592	1,079,142
Net position:						
Net investment in capital assets	758,016	817,836	1,191,252	1,227,147	1,949,268	2,044,983
Restricted	56,345	43,203	87,141	66,837	143,486	110,040
Unrestricted	(1,528,114)	(1,333,519)	27,516	36,937	(1,500,598)	(1,296,582)
Total net position	\$ (713,753)	\$ (472,480)	\$ 1,305,909	\$ 1,330,921	\$ 592,156	\$ 858,441

Governmental activities – Current and other assets for governmental activities increased by 0.1% primarily due to higher assessed values for real property resulting in an increase in the tax levy and related property tax receivable that was partially offset by a decrease in cash and cash equivalents due to the timing of the borrowing and spending of cash from commercial paper. Capital assets increased by 4.0% due to construction of new schools and other government buildings, construction of the Division Street connector, renovations to the stormwater system and other infrastructure, the acquisition of parks, greenway development, and the renovation of existing government buildings. Deferred outflows of resources decreased 31.8% primarily due to amortization of deferred charges from bond refundings and a decrease in the amounts related to pension plans primarily due to differences between projected and actual investment earnings. Long-term liabilities increased by 7.9% primarily due to new debt borrowings partially offset by principal payments and amortization of deferred premiums, as well as an increase in the net other postemployment benefits (OPEB) obligation. Other liabilities decreased by 24.2% primarily due to a decrease in commercial paper outstanding, as a portion of the commercial paper was repaid through proceeds of the new debt borrowings. Deferred inflows of resources increased by 4.7% primarily due to an increase in unavailable revenue from property taxes related to higher assessed values as well as an increase in the amounts related to pension plans.

The largest portion of the Government's net position for governmental activities (106.2%) 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 position for governmental activities (7.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position for governmental activities represents unrestricted net position of negative \$1.5 billion (-214.1%). Note that the unrestricted net position is negative due to the net OPEB obligation of \$1.506 billion and net pension liability of \$236 million at June 30, 2017.

Business-type activities – Current and other assets for business-type activities increased by 4.0% primarily due to more available cash from commercial paper borrowings. Capital assets increased by 2.3% due to additions to land, utility plants and construction work in progress for the Department of Water and Sewerage Services partially offset by the disposal of capital assets related to the closing of the old Nashville Convention Center. Deferred outflows of resources decreased by 81.5% due to a decrease in the amounts related to pension plans primarily due to differences between projected and actual investment earnings. Long-term liabilities decreased by 7.1% primarily due to principal payments on outstanding bonds and amortization of deferred premiums as well as a decrease in the net pension liability. Other liabilities increased by 57.7% primarily due to an increase in commercial paper outstanding to provide funding for capital projects prior to the issuance of revenue bonds. Deferred inflows of resources increased by 33.8% due to an increase in the amounts related to pension plans.

The largest portion of the Government's net position for business-type activities (91.2%) 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 position for business-type activities (6.7%) 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 position for business-type activities, representing unrestricted net position of \$28 million (2.1%), may be used to meet the Government's ongoing obligations to citizens and creditors.

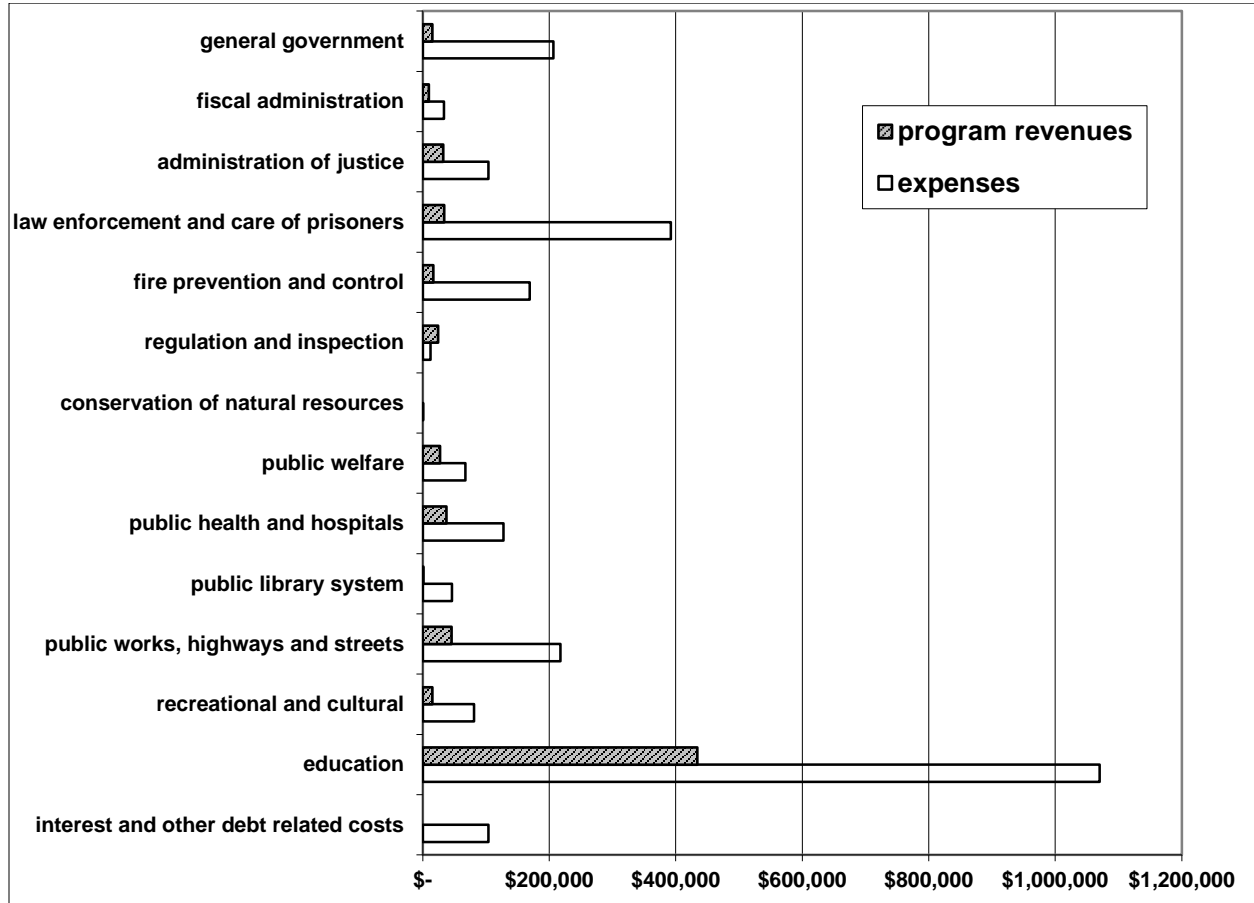
At the end of the current fiscal year, the Government is able to report positive balances in all three categories of net position for its total business-type activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 180,961	\$ 173,604	\$ 259,317	\$ 257,424	\$ 440,278	\$ 431,028
Operating grants and contributions	483,020	467,388	-	-	483,020	467,388
Capital grants and contributions	30,891	30,970	27,848	22,770	58,739	53,740
General revenues:						
Property taxes	971,643	944,353	-	-	971,643	944,353
Local option sales taxes	382,934	365,704	-	-	382,934	365,704
Hotel occupancy taxes	85,983	76,993	-	-	85,983	76,993
Beverage taxes	50,137	46,058	-	-	50,137	46,058
Wheel taxes	32,342	31,534	-	-	32,342	31,534
Business taxes	36,700	34,021	-	-	36,700	34,021
Franchise taxes	17,395	17,022	-	-	17,395	17,022
Other taxes	581	518	-	-	581	518
Revenues from the use of money or property	3,350	3,886	1,224	1,334	4,574	5,220
Revenues from other governmental agencies	91,696	83,484	-	-	91,696	83,484
Compensation for loss, sale or damage to property	6,386	9,963	48	1,053	6,434	11,016
Total revenues	2,374,019	2,285,498	288,437	282,581	2,662,456	2,568,079
Expenses:						
General government	206,436	196,012	-	-	206,436	196,012
Fiscal administration	33,551	31,729	-	-	33,551	31,729
Administration of justice	103,652	96,091	-	-	103,652	96,091
Law enforcement and care of prisoners	392,032	378,291	-	-	392,032	378,291
Fire prevention and control	169,409	162,323	-	-	169,409	162,323
Regulation and inspection	12,103	10,931	-	-	12,103	10,931
Conservation of natural resources	544	559	-	-	544	559
Public welfare	67,609	56,186	-	-	67,609	56,186
Public health and hospitals	127,806	117,686	-	-	127,806	117,686
Public library system	46,440	45,268	-	-	46,440	45,268
Public works, highways and streets	217,791	202,419	-	-	217,791	202,419
Recreational and cultural	81,081	77,342	-	-	81,081	77,342
Education	1,070,022	978,229	-	-	1,070,022	978,229
Interest and other debt related costs	103,969	95,228	-	-	103,969	95,228
Department of Water and Sewerage Services	-	-	231,793	232,501	231,793	232,501
District Energy System	-	-	18,063	17,940	18,063	17,940
Nashville Convention Center	-	-	24,774	2,126	24,774	2,126
Board of Fair Commissioners	-	-	3,737	3,654	3,737	3,654
Farmers Market	-	-	2,113	1,931	2,113	1,931
Surplus Property Auction	-	-	745	703	745	703
Municipal Auditorium	-	-	2,035	1,995	2,035	1,995
Police Impound	-	-	375	375	375	375
Stormwater Operations	-	-	12,661	10,945	12,661	10,945
Community Education Commission	-	-	-	391	-	391
Total expenses	2,632,445	2,448,294	296,296	272,561	2,928,741	2,720,855
Change in net position before transfers	(258,426)	(162,796)	(7,859)	10,020	(266,285)	(152,776)
Transfers	17,153	12,988	(17,153)	(12,988)	-	-
Change in net position	(241,273)	(149,808)	(25,012)	(2,968)	(266,285)	(152,776)
Net position, beginning of year	(472,480)	(322,672)	1,330,921	1,333,889	858,441	1,011,217
Net position, end of year	\$ (713,753)	\$ (472,480)	\$ 1,305,909	\$ 1,330,921	\$ 592,156	\$ 858,441

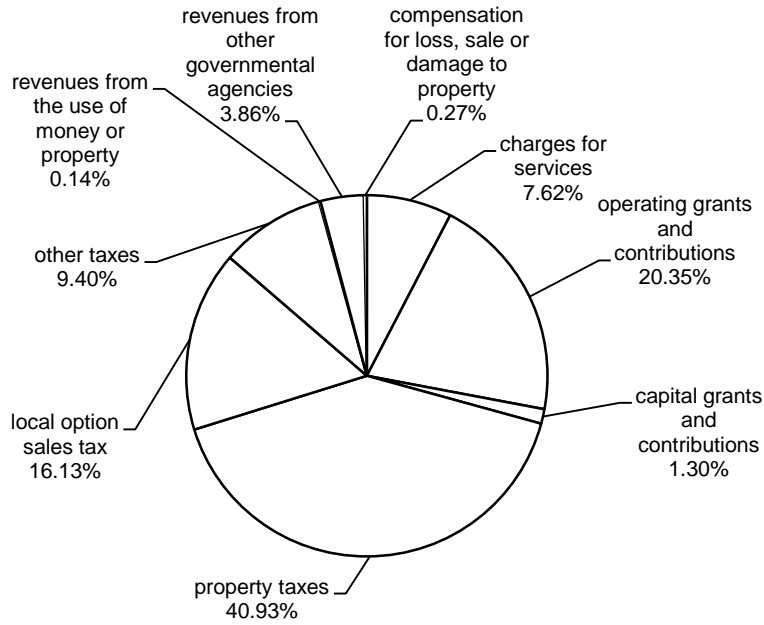
Governmental activities – Governmental activities decreased the Government’s net position by \$241 million, compared to a \$150 million decrease in the prior year. Total revenue increased by \$88 million. Significant variances in revenues included 1) an increase of \$27 million in property taxes due to more construction and continued economic recovery, 2) an increase of \$17 million in local option sales tax due to continued economic recovery, 3) an increase of \$16 million in operating grants and contributions primarily due to an increase in grants and State of Tennessee funding for education, 4) an increase of \$9 million in hotel occupancy taxes due to the opening of new hotels as well as a general increase in tourism, 5) an increase of \$8 million in revenues from other governmental agencies primarily due to increases in the amounts of sales and excise taxes remitted from the State of Tennessee, and 6) an increase of \$7 million in charges for services due to increases in various fee and permit revenues related to more construction and increases in vehicle licenses related to population growth. Total expenses increased by \$184 million. Operating expenses were generally higher across most functions due to increased appropriations, primarily in salaries and fringe benefits.

Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2017



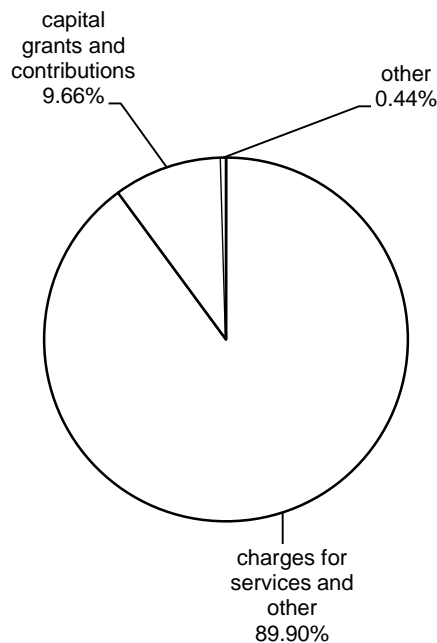
(in thousands)

Revenues by Source - Governmental Activities – For the Year Ended June 30, 2017



Business-type activities – Business-type activities decreased the Government's net position by \$25 million compared to a \$3 million decrease in the prior year. The decrease in the change in net position is primarily due to the closing of the old Nashville Convention Center which resulted in a loss from discontinued operations of \$25 million. The Department of Water and Sewerage Services operating results for the 2017 fiscal year resulted in an increase to net position of \$5 million primarily from an increase in the amount of contributed assets from completed developments.

Revenues by Source – Business-type Activities – For the Year Ended June 30, 2017



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 \$136 million, an increase of \$130 million in comparison with the prior year. Restricted fund balance of \$56 million can only be used for specific purposes pursuant to constraints imposed by external parties such as creditors and grantors. Committed fund balance of \$137 million can only be used for specific purposes pursuant to constraints imposed by formal legislative action of the Metropolitan Council. Significant commitments include \$43 million for education, \$14 million for debt service, \$55 million for equipment acquisitions, and \$25 million for other purposes. Assigned fund balance of \$76 million primarily represents the portion of fund balance that is being used to balance the subsequent year budget. Unassigned fund balance of negative \$137 million represents the \$55 million residual balance of the General Fund offset by deficit balances in the GSD, Education, and USD Capital Projects Funds where the deficits will be funded by the future issuance of general obligation bonds. The remaining fund balance of \$4 million represents nonspendable amounts.

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 \$55 million, while total fund balance was \$107 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 5.3% of total general fund expenditures and other financing uses, while total fund balance represents 10.3% of total general fund expenditures and other financing uses.

The total fund balance of the Government's General Fund decreased by \$38 million during the current fiscal year as compared to a \$6 million increase in the previous year. Revenue collections exceeded budgeted projections by \$12 million. The increase was primarily due to improvements in excise taxes, building and street closing permits, and vehicle licenses resulting from the general economic recovery, construction and population growth. Also, more aggressive billing and collection efforts for emergency ambulance services resulted in an increase in revenues from charges for current services. Ongoing operating expenditures were under budget \$25 million due to savings achieved throughout essentially all departments during the fiscal year. These positive results partially offset a budgeted deficit of \$78 million that was to be funded by assigned fund balance. Supplemental budgetary appropriations for: 1) additional funding to the Hospital Authority, a component unit, of \$16 million, 2) management contracts for Bordeaux Long Term Care and Knowles Home of \$3.5 million, and 3) funding for other initiatives totaling \$3.6 million, contributed to the actual \$38 million decrease in fund balance.

Despite a final budgeted deficit of \$16 million for the Government's General Purpose School Fund that was to be funded by assigned fund balance, expenditure savings partially offset the budgeted deficit resulting in an \$11 million actual use of fund balance. Revenue collections were under budgeted projections by \$4 million primarily due to state basic education program revenues that were below budget projections. Ongoing operating expenditures were under budget \$11 million due to expenditure savings achieved during the fiscal year.

The fund balances of the Government's GSD General Purposes, GSD School Purposes and USD General Purposes Debt Service Funds decreased by \$2 million in total. While the budget for each of the Funds was balanced, the decrease is primarily due to higher than expected commercial paper interest payments.

The fund balances of the Government's capital projects funds increased by \$138 million because bonds were issued in February 2017 to fund expenditures initially funded through commercial paper borrowings.

Proprietary funds – The Government's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of proprietary funds at the end of the year amounted to \$202 million compared to \$203 million at the end of the prior year. Factors concerning the finances of the enterprise funds have already been addressed in the discussion of the Government's business-type activities. Proprietary funds also include internal service funds, the operations of which are primarily included in governmental activities in the government-wide statements. The enterprise funds decreased the unrestricted net position of proprietary funds by \$8 million, and the internal service funds increased unrestricted net position by \$7 million. The increase in internal service funds is primarily due to the increase in unrestricted net position of \$6 million in the Injured on Duty Fund which is used to accumulate assets for the payment of self-insured injured on duty claims, \$5 million in the Employees' Medical Benefit Fund, which is used to accumulate assets for the payment of self-insured medical claims, and \$3 million in the General Government Self Insurance Fund, which is used to accumulate assets for the payment of self-insured real, personal property and liability claims. These increases were partially offset by decreases in other internal service funds, primarily the School Professional Employees' Insurance Fund, which is used to accumulate assets

for the payment of self-insurance medical claims for schools, and the Radio Shop Fund, which was closed in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original and Final Budgeted Amounts

For the General Fund, differences in revenues and other financing sources between the original budget and final amended budget were due to revisions in certain revenue projections. Differences in expenditures and other financing uses between the original budget and the final amended budget were primarily due to supplemental budget appropriations for unanticipated expenditures and unspent amounts carried forward from the prior year as authorized by the budget ordinance. Supplemental budgetary appropriations included additional funding for: 1) the Hospital Authority, a component unit, of \$16 million, 2) the management of Bordeaux Long Term Care and Knowles Home of \$3.5 million, and 3) other incentives totaling \$3.6 million. Other variances in the budget line items were primarily due to fringe benefit increases which are originally budgeted under miscellaneous expenditures then later being reallocated to departmental budgets after the final budget was approved.

Final Budgeted and Actual Amounts

Revenues and other financing uses exceeded final budgeted amounts by \$15 million. While revenues were budgeted conservatively due to economic uncertainty, collections exceeded budgeted amounts for 1) excise taxes, 2) building, street closing permits, and vehicle licenses, and 3) various fees, taxes and service charges, all due to the general economic recovery, increased construction, and population growth. More aggressive billing and collection efforts for emergency ambulance services resulted in revenues in excess of budgeted amounts in charges for current services. Additionally, the sale of the old Ben West Library resulted in proceeds from the sale of property in excess of budgeted amounts. Actual expenditures and other financing uses were under budget by \$25 million because of savings achieved by essentially all departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Government's investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$5.8 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$190 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Utility plant in service	\$ -	\$ -	\$ 2,884,726	\$ 2,793,395	\$ 2,884,726	\$ 2,793,395
Land	450,941	433,706	24,583	30,640	475,524	464,346
Buildings and improvements	2,088,069	2,007,210	94,135	141,913	2,182,204	2,149,123
Improvements other than buildings	-	-	60,731	57,540	60,731	57,540
Furniture, machinery and equipment	459,375	445,189	112,696	87,712	572,071	532,901
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,716,007	1,699,667	-	-	1,716,007	1,699,667
Public art	4,454	4,047	-	-	4,454	4,047
Construction in progress	315,643	228,365	255,990	222,820	571,633	451,185
Less: Accumulated depreciation	(1,255,499)	(1,183,337)	(1,365,257)	(1,312,102)	(2,620,756)	(2,495,439)
Total capital assets	\$ 3,778,990	\$ 3,634,847	\$ 2,071,249	\$ 2,025,563	\$ 5,850,239	\$ 5,660,410

The total increase in the Government's investment in capital assets for the current fiscal year was 3.4% (a 4.0% increase for governmental activities and a 2.3% increase for business-type activities).

Construction of new schools and other government buildings, the acquisition of park property, and the renovation of existing government buildings has continued in accordance with the Government's capital plans. Significant additions include the construction of a new headquarters for the Police Department, a family justice center, and a correctional facility for the Sheriff, construction of the Division Street connector, renovations to the stormwater system, park and greenway development, and renovations to existing schools. Additions to utility plants and construction work in progress for the Department of Water and Sewerage Services - net of disposals - totaled approximately \$124 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 5,893 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 67.2% of roads and 97.0% of bridges are in fair or better condition. The maintenance of infrastructure in accordance with the Government's policy continues to be a priority. The percentage of roads and streets in fair or better condition declined after 2010 because the area was significantly impacted by the May 2010 flood, which was followed by several winters with heavy snowfall, ice and salt usage. Additionally, population growth and construction have added to deterioration of roads and streets. Increased spending on roads and streets maintenance has resulted in overall improvement in recent years in the percentage of roads and streets in fair or better condition. The FY17-18 capital budget included additional funding for road and street maintenance.

Additional information on the Government's capital assets can be found in Note 5 beginning on page B-57 of this report.

Long-term debt – At the end of the current fiscal year, the Government had total bonded debt outstanding of \$3.8 billion. Of this amount, \$3.1 billion comprises debt backed by the full faith and credit of the Government. The remaining \$750 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	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 2,636,004	\$ 2,309,913	\$ 53,191	\$ 54,977	\$ 2,689,195	\$ 2,364,890
Deferred amounts, net	<u>382,408</u>	<u>366,985</u>	<u>8,293</u>	<u>8,796</u>	<u>390,701</u>	<u>375,781</u>
Total general obligation bonds outstanding	<u>3,018,412</u>	<u>2,676,898</u>	<u>61,484</u>	<u>63,773</u>	<u>3,079,896</u>	<u>2,740,671</u>
Revenue bonds	-	-	716,115	744,910	716,115	744,910
Deferred amounts, net	-	-	<u>33,474</u>	<u>39,103</u>	<u>33,474</u>	<u>39,103</u>
Total revenue bonds outstanding	<u>-</u>	<u>-</u>	<u>749,589</u>	<u>784,013</u>	<u>749,589</u>	<u>784,013</u>
Total general obligation and revenue bonds outstanding	<u>\$ 3,018,412</u>	<u>\$ 2,676,898</u>	<u>\$ 811,073</u>	<u>\$ 847,786</u>	<u>\$ 3,829,485</u>	<u>\$ 3,524,684</u>

The Government's total general obligation and revenue bonds outstanding net of deferred amounts increased by \$305 million (8.7%) during the current fiscal year. New bond issues totaled \$456 million, which were offset by principal payments of \$160 million. Deferred amounts increased a net amount of \$9 million.

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

Construction commitments at June 30, 2017 totaled \$231 million for the governmental activities of the Government and \$177 million for the Department of Water and Sewerage Services.

The Government maintains an “AA” rating from Standard & Poor’s and “Aa2” from Moody’s for general obligation debt.

The Government maintains ratings ranging from “A1” to “Aa3” from Moody’s and “A+” to “AA” from Standard & Poor’s for the various issues of revenue debt of the Department of Water and Sewerage Services.

The ratio of general long-term debt (defined as gross debt less debt service monies available and less debt to be repaid from sources other than property taxes) to the actual value of property is 3.83%, and the amount of net debt per capita is \$4,380.

Additional information on the Government’s long-term debt can be found in Note 6 beginning on page B-61 of this report.

Commercial paper – In July 2014, the Government instituted a new general obligation commercial paper program to provide interim or short-term financing for various authorized capital projects. In April 2015, the Government instituted a new 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 \$450 million outstanding at June 30, 2017 were subsequently rolled over into new commercial paper obligations and are considered short-term liabilities of the appropriate capital projects and proprietary funds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The most recent (September 2017) unemployment rate for the Nashville combined statistical area is 2.3%. The state’s and nation’s unemployment rates are 3.0% and 4.2%, respectively. The budget for the 2018 fiscal year reflects a balanced budget inclusive of the use of accumulated fund balance. For more comprehensive information on the Metropolitan Government’s approved budget for the 2018 fiscal year, the budget ordinance, the budget book as well as other documents are available at www.nashville.gov.

OTHER MATTERS

Governmental Accounting Standard Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB), requires governments to account for and report their costs and obligations related to post employment healthcare and other nonpension benefits. At June 30, 2017, the unfunded accrued liability for these benefits for general government employees was \$2.3 billion, and the unfunded accrued liability for teachers was \$605 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 \$167 million in the government-wide statements of net position and activities. Additional information can be found in Note 9 beginning on page B-94 of this report.

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

REQUESTS FOR INFORMATION

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





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION

June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 530,059,847	\$ 74,507,310	\$ 604,567,157	\$ 612,845,522
Investments	-	-	-	11,035,484
Sales tax receivable	67,127,174	-	67,127,174	-
Accounts receivable	155,094,311	24,156,123	179,250,434	213,956,955
Property tax receivable	982,824,127	-	982,824,127	-
Allowance for doubtful accounts	(21,657,934)	(2,565,285)	(24,223,219)	(51,838,223)
Accrued interest receivable	319,420	131,414	450,834	83,468
Internal balances	21,379,209	(21,379,209)	-	-
Due from the primary government	-	-	-	3,262
Due from component units	149	9,150	9,299	-
Inventories of supplies	5,138,722	3,017,410	8,156,132	28,624,180
Other current assets	1,840,603	32,345	1,872,948	14,368,955
Restricted assets:				
Cash and cash equivalents	-	239,128,274	239,128,274	380,768,990
Investments	-	-	-	224,495,652
Accrued interest receivable	-	207,390	207,390	152,479
Due from other governmental agencies	-	-	-	7,846,983
Accounts receivable	-	82,881	82,881	997,866
Due from the primary government	-	-	-	10,145,257
Other restricted assets	-	17,156	17,156	8,483,859
Notes receivable	-	-	-	74,756,388
Capital assets:				
Utility plant in service	-	2,884,725,527	2,884,725,527	1,411,001,000
Land	450,940,677	24,583,200	475,523,877	360,989,526
Buildings and improvements	2,088,068,581	94,135,053	2,182,203,634	1,979,722,890
Improvements other than buildings	-	60,731,063	60,731,063	563,441,668
Furniture, machinery and equipment	459,375,170	112,695,790	572,070,960	492,068,820
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,716,006,930	-	1,716,006,930	22,405,389
Public art	4,454,435	-	4,454,435	1,183,844
Construction in progress	315,643,124	255,990,147	571,633,271	188,656,789
Accumulated depreciation	(1,255,498,800)	(1,365,256,974)	(2,620,755,774)	(1,897,634,014)
Other noncurrent assets	1,325,015	46,426,314	47,751,329	34,096,081
Total assets	5,522,440,760	2,435,020,079	7,957,460,839	4,692,659,070
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	196,932,854	3,482,806	200,415,660	20,813,756
Effective portion of fuel hedging	489,971	-	489,971	223,197
Pensions	90,862,207	-	90,862,207	34,879,474
Total deferred outflows of resources	288,285,032	3,482,806	291,767,838	55,916,427

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES:				
Accounts payable	\$ 131,501,583	\$ 7,716,708	\$ 139,218,291	\$ 241,244,415
Accrued payroll	47,902,745	3,174,418	51,077,163	11,772,878
Accrued interest	58,713,280	-	58,713,280	-
Claims payable	34,729,199	-	34,729,199	-
Due to component units	10,147,213	1,306	10,148,519	-
Due to the primary government	-	-	-	9,299
Customer deposits	-	3,201,695	3,201,695	17,634,106
Unearned revenue	1,525,761	665,449	2,191,210	11,644,501
Commercial paper payable	199,574,090	250,425,910	450,000,000	-
Other current liabilities	6,038,085	3,782,649	9,820,734	22,717,898
Liabilities payable from restricted assets:				
Accounts payable	-	19,037,629	19,037,629	5,157,305
Accrued interest	-	19,549,873	19,549,873	33,796,413
Current portion of long-term liabilities	-	39,778,156	39,778,156	58,818,000
Noncurrent liabilities:				
Due within one year	192,543,653	-	192,543,653	12,153,485
Due in more than one year	4,717,804,095	777,666,571	5,495,470,666	2,185,800,636
Total liabilities	5,400,479,704	1,125,000,364	6,525,480,068	2,600,748,936
DEFERRED INFLOWS OF RESOURCES:				
Assessed and unlevied property taxes	967,626,327	-	967,626,327	-
Interest rate swap	2,917,545	-	2,917,545	-
Pensions	153,454,675	7,593,272	161,047,947	9,742,357
Tax increment financing	-	-	-	28,000,000
Total deferred inflows of resources	1,123,998,547	7,593,272	1,131,591,819	37,742,357
NET POSITION:				
Net investment in capital assets	758,015,803	1,191,252,721	1,949,268,524	1,514,367,200
Restricted for debt retirement	-	87,140,490	87,140,490	172,511,052
Restricted for perpetual care:				
Expendable	206,693	-	206,693	-
Nonexpendable	185,112	-	185,112	-
Restricted for:				
Education	26,305,282	-	26,305,282	-
Law enforcement and care of prisoners	4,631,972	-	4,631,972	-
Public works, highways and streets	6,198,122	-	6,198,122	-
Convention center and tourism promotion	6,921,522	-	6,921,522	-
Public health	3,860,941	-	3,860,941	-
Flood recovery	2,392,875	-	2,392,875	-
Public library	1,238,763	-	1,238,763	-
Other purposes	4,403,994	-	4,403,994	69,439,250
Unrestricted	(1,528,113,538)	27,516,038	(1,500,597,500)	353,766,702
Total net position	\$ (713,752,459)	\$ 1,305,909,249	\$ 592,156,790	\$ 2,110,084,204

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, 2017

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 206,436,405	\$ 9,597,043	\$ 2,931,624	\$ 2,978,100
Fiscal administration	33,550,851	9,527,534	90,700	-
Administration of justice	103,652,008	27,324,743	4,991,914	-
Law enforcement and care of prisoners	392,031,835	32,450,681	1,592,697	-
Fire prevention and control	169,408,542	11,100,012	5,817,923	-
Regulation and inspection	12,103,312	24,606,772	-	-
Conservation of natural resources	544,033	-	-	-
Public welfare	67,608,744	802,911	26,523,488	-
Public health and hospitals	127,805,657	11,873,701	19,647,654	6,005,740
Public library system	46,439,967	404,049	948,931	-
Public works, highways and streets	217,790,907	19,971,280	4,232,429	21,602,517
Recreational and cultural	81,080,703	14,312,127	724,598	304,660
Education	1,070,021,694	18,990,383	415,518,338	-
Interest and other debt related costs	103,969,278	-	-	-
Total governmental activities	<u>2,632,443,936</u>	<u>180,961,236</u>	<u>483,020,296</u>	<u>30,891,017</u>
Business-type activities:				
Department of Water and Sewerage Services	231,793,066	218,816,237	-	27,846,202
District Energy System	18,063,187	17,408,314	-	-
Nashville Convention Center	24,774,116	-	-	-
Board of Fair Commissioners	3,736,576	3,317,760	-	-
Farmers Market	2,113,104	973,672	-	-
Surplus Property Auction	744,641	1,253,461	-	-
Municipal Auditorium	2,035,379	1,787,620	-	2,301
Police Impound	375,000	490,868	-	-
Stormwater Operations	12,661,296	15,230,636	-	-
Community Education Commission	-	38,245	-	-
Total business-type activities	<u>296,296,365</u>	<u>259,316,813</u>	<u>-</u>	<u>27,848,503</u>
Total primary government	<u>\$ 2,928,740,301</u>	<u>\$ 440,278,049</u>	<u>\$ 483,020,296</u>	<u>\$ 58,739,520</u>
Component units	<u>\$ 1,835,189,949</u>	<u>\$ 1,578,928,268</u>	<u>\$ 327,296,536</u>	<u>\$ 56,356,605</u>

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)
For the Year Ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (190,929,638)	\$ -	\$ (190,929,638)	\$ -
(23,932,617)	-	(23,932,617)	-
(71,335,351)	-	(71,335,351)	-
(357,988,457)	-	(357,988,457)	-
(152,490,607)	-	(152,490,607)	-
12,503,460	-	12,503,460	-
(544,033)	-	(544,033)	-
(40,282,345)	-	(40,282,345)	-
(90,278,562)	-	(90,278,562)	-
(45,086,987)	-	(45,086,987)	-
(171,984,681)	-	(171,984,681)	-
(65,739,318)	-	(65,739,318)	-
(635,512,973)	-	(635,512,973)	-
(103,969,278)	-	(103,969,278)	-
<u>(1,937,571,387)</u>	<u>-</u>	<u>(1,937,571,387)</u>	<u>-</u>
-	14,869,373	14,869,373	-
-	(654,873)	(654,873)	-
-	(24,774,116)	(24,774,116)	-
-	(418,816)	(418,816)	-
-	(1,139,432)	(1,139,432)	-
-	508,820	508,820	-
-	(245,458)	(245,458)	-
-	115,868	115,868	-
-	2,569,340	2,569,340	-
-	38,245	38,245	-
-	<u>(9,131,049)</u>	<u>(9,131,049)</u>	<u>-</u>
<u>(1,937,571,387)</u>	<u>(9,131,049)</u>	<u>(1,946,702,436)</u>	<u>-</u>
-	-	-	127,391,460
971,642,784	-	971,642,784	-
382,934,148	-	382,934,148	-
85,982,722	-	85,982,722	-
50,136,602	-	50,136,602	-
32,342,283	-	32,342,283	-
36,700,000	-	36,700,000	-
17,395,106	-	17,395,106	-
580,597	-	580,597	-
3,350,475	1,224,577	4,575,052	5,490,641
91,695,645	-	91,695,645	-
6,385,840	47,713	6,433,553	1,856,404
17,153,123	(17,153,123)	-	-
<u>1,696,299,325</u>	<u>(15,880,833)</u>	<u>1,680,418,492</u>	<u>7,347,045</u>
<u>(241,272,062)</u>	<u>(25,011,882)</u>	<u>(266,283,944)</u>	<u>134,738,505</u>
<u>(472,480,397)</u>	<u>1,330,921,131</u>	<u>858,440,734</u>	<u>1,975,345,699</u>
<u>\$ (713,752,459)</u>	<u>\$ 1,305,909,249</u>	<u>\$ 592,156,790</u>	<u>\$ 2,110,084,204</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, 2017

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
ASSETS:				
Cash and cash equivalents	\$ 105,380,263	\$ 32,501,335	\$ 5,129,855	\$ -
Sales tax receivable	20,628,341	37,950,076	472,057	8,076,700
Accounts receivable	60,903,414	11,219,694	3,799,746	-
Accrued interest receivable	53,042	-	25,402	-
Property tax receivable	511,749,585	318,953,027	95,389,474	40,445,104
Allowance for doubtful accounts	(17,121,376)	(2,963,655)	(1,009,720)	(387,939)
Due from other funds of the primary government	4,032,550	16,147,438	314,757	-
Due from component units	48	-	-	-
Inventories of supplies	348,524	1,534,233	-	-
Other assets	637,742	31,802	20,000	138,166
Total assets	\$ 686,612,133	\$ 415,373,950	\$ 104,141,571	\$ 48,272,031
LIABILITIES:				
Accounts payable	\$ 17,424,237	\$ 17,425,986	\$ 52,081	\$ 21,187
Accrued payroll	25,534,135	17,166,406	-	-
Due to other funds of the primary government	15,214,206	1,991,350	438,495	1,513,686
Due to component units	1,956	-	-	-
Commercial paper payable	-	-	-	-
Other liabilities	4,412,312	11,116	-	-
Total liabilities	62,586,846	36,594,858	490,576	1,534,873
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	506,990,708	315,432,848	94,213,079	39,986,725
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - other revenues	10,338,053	118,514	-	-
Total deferred inflows of resources	517,328,761	315,551,362	94,213,079	39,986,725
FUND BALANCES (DEFICITS):				
Nonspendable	986,266	1,534,233	-	138,166
Restricted for:				
Other purposes	-	-	-	-
Committed for:				
Education (available)	-	42,633,597	-	-
Debt service	-	-	8,537,916	5,212,267
Equipment acquisitions (appropriated)	-	-	-	-
Equipment acquisitions (unappropriated)	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Subsequent year budgetary appropriations	49,809,300	19,059,900	900,000	1,400,000
Specific projects	724,500	-	-	-
Unassigned	55,176,460	-	-	-
Total fund balances (deficits)	106,696,526	63,227,730	9,437,916	6,750,433
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 686,612,133	\$ 415,373,950	\$ 104,141,571	\$ 48,272,031

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, 2017

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 3,943,865	\$ 23,742,091	\$ 12,606,287	\$ 80,970	\$ 165,679,161	\$ 349,063,827
-	-	-	-	-	67,127,174
-	159,617	-	-	78,503,783	154,586,254
3,404	1,793	53	-	117,609	201,303
16,286,937	-	-	-	-	982,824,127
(175,244)	-	-	-	-	(21,657,934)
516,355	1,048,325	-	30,394	8,456,743	30,546,562
-	-	-	-	-	48
-	-	-	-	1,474,979	3,357,736
-	-	-	-	500,020	1,327,730
<u>\$ 20,575,317</u>	<u>\$ 24,951,826</u>	<u>\$ 12,606,340</u>	<u>\$ 111,364</u>	<u>\$ 254,732,295</u>	<u>\$ 1,567,376,827</u>
\$ 5,493	\$ 37,854,896	\$ 22,943,688	\$ -	\$ 16,006,000	\$ 111,733,568
-	13,665	-	-	2,168,289	44,882,495
7,389	53,605	100,679	-	43,635,234	62,954,644
-	-	-	-	10,145,257	10,147,213
-	113,466,852	55,081,895	356,421	30,668,922	199,574,090
-	15,000	-	-	1,599,657	6,038,085
<u>12,882</u>	<u>151,404,018</u>	<u>78,126,262</u>	<u>356,421</u>	<u>104,223,359</u>	<u>435,330,095</u>
16,076,004	-	-	-	-	972,699,364
-	-	-	-	12,420,121	12,420,121
-	-	-	-	-	10,456,567
<u>16,076,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,420,121</u>	<u>995,576,052</u>
-	-	-	-	1,660,112	4,318,777
-	-	-	-	56,160,164	56,160,164
-	-	-	-	-	42,633,597
406,031	-	-	-	-	14,156,214
-	-	-	-	20,519,381	20,519,381
-	-	-	-	34,549,904	34,549,904
-	-	-	-	25,199,254	25,199,254
4,080,400	-	-	-	-	75,249,600
-	-	-	-	-	724,500
-	(126,452,192)	(65,519,922)	(245,057)	-	(137,040,711)
<u>4,486,431</u>	<u>(126,452,192)</u>	<u>(65,519,922)</u>	<u>(245,057)</u>	<u>138,088,815</u>	<u>136,470,680</u>
<u>\$ 20,575,317</u>	<u>\$ 24,951,826</u>	<u>\$ 12,606,340</u>	<u>\$ 111,364</u>	<u>\$ 254,732,295</u>	<u>\$ 1,567,376,827</u>

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

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

June 30, 2017

Fund balances - total governmental funds	\$	136,470,680
<p>Amounts reported for governmental activities in the Statement of Net Position are different from amounts reported for governmental funds in the Balance Sheet because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Capital assets		4,839,830,787
Less accumulated depreciation		(1,113,387,985)
<p>Net pension assets are not financial resources and therefore are not reported in the governmental funds.</p>		
		1,325,015
<p>Deferred outflows related to pensions are not financial resources and therefore not reported in the governmental funds.</p>		
		90,862,207
<p>Deferred inflows related to the fair value of derivative financial instruments are not financial obligations and therefore not reported in the governmental funds.</p>		
		(2,917,545)
<p>Deferred inflows related to pensions are not financial resources and therefore not reported in the governmental funds.</p>		
		(153,454,675)
<p>Deferred outflows related to the fair value of derivative financial instruments are not financial resources and therefore not reported in the governmental funds.</p>		
		489,971
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Bonds payable		(2,636,004,061)
Qualified zone academy notes payable		(1,658,264)
Qualified school construction bond loan payable		(34,727,979)
Less deferred charge on refunding		196,932,854
Add net bond premium/discount		(382,372,122)
Accrued interest payable		(58,713,280)
Unamortized swaption proceeds		(1,525,761)
Net pension liability		(235,535,566)
Net other postemployment benefits obligation		(1,506,150,000)
Compensated absences		(89,056,568)
Claims and judgments		(5,428,000)
Landfill closure costs		(6,230,173)
Fair value of derivative financial instruments		(7,604,641)
<p>Certain deferred inflows reported in the governmental funds are recognized as revenues in the governmental activities.</p>		
		27,949,725
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds less those allocated to business-type activities are included in governmental activities.</p>		
		227,152,922
Net position - governmental activities	\$	(713,752,459)

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, 2017

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
REVENUES:				
Property taxes	\$ 524,330,765	\$ 303,170,443	\$ 89,702,415	\$ 38,171,628
Local option sales taxes	117,578,530	216,851,995	2,352,240	46,151,383
Other taxes, licenses and permits	149,949,331	12,874,885	-	-
Fines, forfeits and penalties	9,594,026	500	323,165	-
Revenues from the use of money or property	649,586	78,912	33,341	155,270
Revenues from other governmental agencies	106,702,440	282,305,033	5,419,643	-
Commissions and fees	17,388,364	-	-	-
Charges for current services	39,153,918	2,096,445	-	-
Compensation for loss, sale or damage to property	2,655,387	2,549,949	-	-
Contributions and gifts	22,250	794,925	-	-
Bond interest tax credit	-	-	4,859,357	-
Miscellaneous	3,296,472	109,552	-	-
Total revenues	971,321,069	820,832,639	102,690,161	84,478,281
EXPENDITURES:				
Current:				
General government	49,420,430	-	-	-
Fiscal administration	22,980,238	-	-	-
Administration of justice	61,514,210	-	-	-
Law enforcement and care of prisoners	272,631,001	-	-	-
Fire prevention and control	124,384,360	-	-	-
Regulation and inspection	9,138,734	-	-	-
Conservation of natural resources	411,714	-	-	-
Public welfare	6,226,903	-	-	-
Public health and hospitals	70,885,052	-	-	-
Public library system	29,789,104	-	-	-
Public works, highways and streets	34,324,984	-	-	-
Recreational and cultural	41,293,352	-	-	-
Education	-	733,212,851	-	-
Retiree benefits	84,585,219	-	-	-
Miscellaneous	109,046,528	-	-	-
Debt service:				
Principal retirement	-	-	71,232,867	51,771,544
Interest	-	-	61,870,723	32,811,625
Fiscal charges	-	-	4,528,171	1,889,759
Capital outlay	-	-	-	-
Total expenditures	916,631,829	733,212,851	137,631,761	86,472,928
Excess (deficiency) of revenues over expenditures	54,689,240	87,619,788	(34,941,600)	(1,994,647)

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, 2017

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 14,610,804	\$ -	\$ -	\$ -	\$ 2,317,503	\$ 972,303,558
-	-	-	-	-	382,934,148
-	-	-	-	89,790,274	252,614,490
-	-	-	-	4,743,871	14,661,562
-	14,433	439	-	902,370	1,834,351
-	2,859,690	-	-	223,825,872	621,112,678
-	-	-	-	8,860,141	26,248,505
-	285,863	-	-	28,157,648	69,693,874
-	61,776	-	-	4,535,034	9,802,146
-	3,385,360	-	-	4,080,881	8,283,416
-	-	-	-	-	4,859,357
-	-	-	-	81,543	3,487,567
<u>14,610,804</u>	<u>6,607,122</u>	<u>439</u>	<u>-</u>	<u>367,295,137</u>	<u>2,367,835,652</u>
-	-	-	-	83,418,867	132,839,297
-	-	-	-	788,278	23,768,516
-	-	-	-	9,909,052	71,423,262
-	-	-	-	24,491,295	297,122,296
-	-	-	-	52,851	124,437,211
-	-	-	-	79,210	9,217,944
-	-	-	-	-	411,714
-	-	-	-	33,527,326	39,754,229
-	-	-	-	22,544,410	93,429,462
-	-	-	-	855,202	30,644,306
-	-	-	-	33,895,323	68,220,307
-	-	-	-	2,255,096	43,548,448
-	-	-	-	232,208,809	965,421,660
-	-	-	-	-	84,585,219
-	-	-	-	-	109,046,528
9,855,480	-	-	-	-	132,859,891
8,683,658	-	-	-	-	103,366,006
375,020	-	-	-	-	6,792,950
-	215,885,997	145,725,356	1,683,424	22,320,891	385,615,668
<u>18,914,158</u>	<u>215,885,997</u>	<u>145,725,356</u>	<u>1,683,424</u>	<u>466,346,610</u>	<u>2,722,504,914</u>
<u>(4,303,354)</u>	<u>(209,278,875)</u>	<u>(145,724,917)</u>	<u>(1,683,424)</u>	<u>(99,051,473)</u>	<u>(354,669,262)</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, 2017

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
OTHER FINANCING SOURCES (USES):				
Issuance of new debt	\$ -	\$ -	\$ -	\$ -
Debt issue premium	-	-	-	-
Transfers in	27,006,469	2,109,293	33,389,616	1,605,632
Transfers out	(119,501,949)	(100,598,485)	-	-
Total other financing sources (uses)	(92,495,480)	(98,489,192)	33,389,616	1,605,632
Net change in fund balances	(37,806,240)	(10,869,404)	(1,551,984)	(389,015)
FUND BALANCES (DEFICITS), beginning of year	144,502,766	74,097,134	10,989,900	7,139,448
FUND BALANCES (DEFICITS), end of year	\$ 106,696,526	\$ 63,227,730	\$ 9,437,916	\$ 6,750,433

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, 2017

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 280,675,679	\$ 171,785,733	\$ 2,538,666	\$ -	\$ 455,000,078
-	29,653,594	18,149,290	268,213	-	48,071,097
4,635,700	2,466,185	-	-	172,717,899	243,930,794
-	(10,425,895)	-	(44,726)	(31,762,756)	(262,333,811)
<u>4,635,700</u>	<u>302,369,563</u>	<u>189,935,023</u>	<u>2,762,153</u>	<u>140,955,143</u>	<u>484,668,158</u>
332,346	93,090,688	44,210,106	1,078,729	41,903,670	129,998,896
<u>4,154,085</u>	<u>(219,542,880)</u>	<u>(109,730,028)</u>	<u>(1,323,786)</u>	<u>96,185,145</u>	<u>6,471,784</u>
<u>\$ 4,486,431</u>	<u>\$ (126,452,192)</u>	<u>\$ (65,519,922)</u>	<u>\$ (245,057)</u>	<u>\$ 138,088,815</u>	<u>\$ 136,470,680</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, 2017

Net change in fund balances - governmental funds	\$	129,998,896
<p>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:</p>		
<p>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.</p>		
Acquisition of capital assets that meet criteria for capitalization		210,753,687
Depreciation expense		(89,195,837)
<p>Donations of capital assets increase net position for governmental activities, but do not appear in the governmental funds because they are not financial resources.</p>		
		18,640,227
<p>The gain or loss on the sale of capital assets is reported for governmental activities, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the capital assets sold.</p>		
		(1,148,043)
<p>Changes in net pension assets increase or decrease net position for governmental activities, but do not appear in the governmental funds because they are not current financial resources.</p>		
		756,406
<p>Changes in deferred outflows related to pensions increase or decrease net position for governmental activities, but do not appear in the governmental funds because they are not current financial resources.</p>		
		(114,065,974)
<p>Changes in deferred inflows related to pensions increase or decrease net position for governmental activities, but do not appear in the governmental funds because they are not current financial resources.</p>		
		(6,834,894)
<p>Changes in loss contingencies that are probable and reasonably estimable increase or decrease net position for governmental activities, but do not appear in the governmental funds because they are not current financial obligations.</p>		
		3,871,108
<p>Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities.</p>		
Issuance of new debt		(455,000,078)
Principal repayments		132,859,891
Amortization of deferred charge on refunding		(19,435,523)
Bond premium/discount		(48,071,097)
Amortization of premium/discount		32,637,929
Change in accrued interest		(12,367,976)

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, 2017

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 liability	141,556,959
Net other postemployment benefits obligation	(167,184,000)
Compensated absences	(1,148,076)
Claims and judgments	(349,000)
Landfill closure costs	2,881,198

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.	(14,698,741)
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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>14,098,149</u>
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Change in net position - governmental activities	<u><u>\$ (241,272,062)</u></u>
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The accompanying notes are an integral part of this financial statement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 527,388,300	\$ 527,388,300	\$ 524,330,765	\$ (3,057,535)
Local option sales tax	121,560,100	121,560,100	117,578,530	(3,981,570)
Other taxes, licenses and permits	148,462,700	148,242,700	149,949,331	1,706,631
Fines, forfeits and penalties	9,840,100	9,840,100	9,594,026	(246,074)
Revenues from the use of money or property	-	-	649,586	649,586
Revenues from other governmental agencies	99,498,200	99,498,200	106,702,440	7,204,240
Commissions and fees	13,388,300	13,388,300	17,388,364	4,000,064
Charges for current services	33,868,000	33,868,000	39,153,918	5,285,918
Compensation for loss, sale or damage to property	1,543,100	1,543,100	2,655,387	1,112,287
Contributions and gifts	300	300	22,250	21,950
Miscellaneous	4,297,900	4,297,900	3,296,472	(1,001,428)
Total revenues	959,847,000	959,627,000	971,321,069	11,694,069
EXPENDITURES:				
General government	50,817,100	52,489,500	49,420,430	3,069,070
Fiscal administration	24,549,700	24,618,900	22,980,238	1,638,662
Administration of justice	60,488,000	62,895,600	61,514,210	1,381,390
Law enforcement and care of prisoners	262,394,800	273,096,800	272,631,001	465,799
Fire prevention and control	119,215,900	124,385,900	124,384,360	1,540
Regulation and inspection	9,378,000	9,558,700	9,138,734	419,966
Conservation of natural resources	396,900	421,000	411,714	9,286
Public welfare	8,007,500	6,441,600	6,226,903	214,697
Public health and hospitals	55,122,300	71,730,300	70,885,052	845,248
Public library system	28,831,500	30,083,200	29,789,104	294,096
Public works, highways and streets	31,771,500	35,005,700	34,324,984	680,716
Recreational and cultural	40,887,300	42,062,800	41,293,352	769,448
Retiree benefits	86,050,900	86,050,900	84,585,219	1,465,681
Miscellaneous	138,184,300	122,544,600	109,046,528	13,498,072
Total expenditures	916,095,700	941,385,500	916,631,829	24,753,671
Excess (deficiency) of revenues over expenditures	43,751,300	18,241,500	54,689,240	36,447,740
OTHER FINANCING SOURCES (USES):				
Transfers in	23,830,300	23,830,300	27,006,469	3,176,169
Transfers out	(118,528,800)	(120,087,100)	(119,501,949)	585,151
Total other financing sources (uses)	(94,698,500)	(96,256,800)	(92,495,480)	3,761,320
Net change in fund balances	(50,947,200)	(78,015,300)	(37,806,240)	40,209,060
FUND BALANCES, beginning of year	144,502,766	144,502,766	144,502,766	-
FUND BALANCES, end of year	\$ 93,555,566	\$ 66,487,466	\$ 106,696,526	\$ 40,209,060

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 302,518,200	\$ 302,518,200	\$ 303,170,443	\$ 652,243
Local option sales tax	217,353,900	217,353,900	216,851,995	(501,905)
Other taxes, licenses and permits	10,839,300	10,839,300	12,874,885	2,035,585
Fines, forfeits and penalties	1,200	1,200	500	(700)
Revenues from the use of money or property	-	-	78,912	78,912
Revenues from other governmental agencies	290,479,100	290,479,100	282,305,033	(8,174,067)
Charges for current services	1,230,000	1,230,000	2,096,445	866,445
Compensation for loss, sale or damage to property	1,628,000	1,628,000	2,549,949	921,949
Contributions and gifts	600,000	600,000	794,925	194,925
Miscellaneous	150,000	150,000	109,552	(40,448)
Total revenues	824,799,700	824,799,700	820,832,639	(3,967,061)
EXPENDITURES:				
Education	744,170,900	744,170,900	733,212,851	10,958,049
Total expenditures	744,170,900	744,170,900	733,212,851	10,958,049
Excess (deficiency) of revenues over expenditures	80,628,800	80,628,800	87,619,788	6,990,988
OTHER FINANCING SOURCES (USES):				
Transfers in	2,500,000	2,500,000	2,109,293	(390,707)
Transfers out	(99,128,800)	(99,128,800)	(100,598,485)	(1,469,685)
Total other financing sources (uses)	(96,628,800)	(96,628,800)	(98,489,192)	(1,860,392)
Net change in fund balances	(16,000,000)	(16,000,000)	(10,869,404)	5,130,596
FUND BALANCES, beginning of year	74,097,134	74,097,134	74,097,134	-
FUND BALANCES, end of year	\$ 58,097,134	\$ 58,097,134	\$ 63,227,730	\$ 5,130,596

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2017

	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	\$ 47,145,280	\$ 8,278,790	\$ 19,083,240	\$ 74,507,310	\$ 180,996,020
Accounts receivable	18,779,385	2,189,176	3,187,562	24,156,123	358,422
Allowance for doubtful accounts	(2,061,134)	-	(504,151)	(2,565,285)	-
Accrued interest receivable	120,592	-	10,822	131,414	118,117
Due from other funds of the primary government	2,225,805	-	2,071,060	4,296,865	905,389
Due from component units	8,950	-	200	9,150	101
Inventories of supplies	3,017,410	-	-	3,017,410	1,780,986
Other current assets	1,000	-	31,345	32,345	512,873
Restricted assets:					
Cash and cash equivalents	57,350,217	1,702,988	-	59,053,205	-
Accounts receivable	82,881	-	-	82,881	-
Accrued interest receivable	207,390	-	-	207,390	-
Due from other funds of the primary government	19,316,275	-	-	19,316,275	-
Other current assets	17,156	-	-	17,156	-
Total current assets	146,211,207	12,170,954	23,880,078	182,262,239	184,671,908
Noncurrent assets:					
Capital assets:					
Utility plant in service	2,818,796,110	65,929,417	-	2,884,725,527	-
Land	22,509,294	1,311,213	762,693	24,583,200	-
Buildings and improvements	48,504,001	22,249,490	23,381,562	94,135,053	-
Improvements other than buildings	56,427,769	273,754	4,029,540	60,731,063	-
Furniture, machinery and equipment	109,937,442	886,904	1,871,444	112,695,790	194,658,130
Property under capital lease	-	-	3,645,000	3,645,000	-
Construction in progress	255,128,951	318,485	542,711	255,990,147	-
Less accumulated depreciation	(1,313,370,544)	(28,178,103)	(23,708,327)	(1,365,256,974)	(142,110,815)
Capital assets - net	1,997,933,023	62,791,160	10,524,623	2,071,248,806	52,547,315
Restricted assets:					
Cash and cash equivalents	180,075,069	-	-	180,075,069	-
Other noncurrent assets	46,426,314	-	-	46,426,314	-
Total noncurrent assets	2,224,434,406	62,791,160	10,524,623	2,297,750,189	52,547,315
Total assets	2,370,645,613	74,962,114	34,404,701	2,480,012,428	237,219,223
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred charge on refunding Pensions	783,698	2,699,108	-	3,482,806	-
Total deferred outflows of resources	783,698	2,699,108	-	3,482,806	-

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)

June 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Department of Water and Sewerage Services	District Energy System	Other Enterprise Funds	Total Enterprise Funds	
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 4,814,875	\$ 2,052,254	\$ 849,579	\$ 7,716,708	\$ 8,779,975
Accrued payroll	2,134,783	-	1,039,635	3,174,418	3,020,250
Claims payable	-	-	-	-	34,729,199
Due to other funds of the primary government	2,324,964	159,023	437,807	2,921,794	27,058
Due to component units	-	-	1,306	1,306	-
Customer deposits	3,163,284	-	38,411	3,201,695	-
Unearned revenue	-	-	665,449	665,449	-
Other current liabilities	3,782,649	-	-	3,782,649	-
Liabilities payable from restricted assets:					
Accounts payable	19,037,629	-	-	19,037,629	-
Accrued interest	19,031,248	518,625	-	19,549,873	-
Current portion of long term debt	37,475,000	2,303,156	-	39,778,156	-
Commercial paper payable	250,000,000	425,910	-	250,425,910	-
Total current liabilities	<u>341,764,432</u>	<u>5,458,968</u>	<u>3,032,187</u>	<u>350,255,587</u>	<u>46,556,482</u>
Noncurrent liabilities:					
Revenue bonds payable	712,114,280	46,211,976	-	758,326,256	-
General obligation bonds payable	-	12,968,825	-	12,968,825	-
Claims payable	-	-	-	-	5,580,374
Net pension liability	5,392,431	21,174	957,885	6,371,490	-
Total noncurrent liabilities	<u>717,506,711</u>	<u>59,201,975</u>	<u>957,885</u>	<u>777,666,571</u>	<u>5,580,374</u>
Total liabilities	<u>1,059,271,143</u>	<u>64,660,943</u>	<u>3,990,072</u>	<u>1,127,922,158</u>	<u>52,136,856</u>
DEFERRED INFLOWS OF RESOURCES:					
Pensions	6,426,471	25,235	1,141,566	7,593,272	-
Total deferred inflows of resources	<u>6,426,471</u>	<u>25,235</u>	<u>1,141,566</u>	<u>7,593,272</u>	<u>-</u>
NET POSITION:					
Net investment in capital assets	1,177,147,697	3,580,401	10,524,623	1,191,252,721	52,547,315
Restricted for debt retirement	85,956,127	1,184,363	-	87,140,490	-
Unrestricted	42,627,873	8,210,280	18,748,440	69,586,593	132,535,052
Total net position	<u>\$ 1,305,731,697</u>	<u>\$ 12,975,044</u>	<u>\$ 29,273,063</u>	<u>1,347,979,804</u>	<u>\$ 185,082,367</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(42,070,555)	
Net position of business-type activities				<u>\$ 1,305,909,249</u>	

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2017

	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	\$ 217,723,961	\$ 17,408,314	\$ 23,054,017	\$ 258,186,292	\$ 397,852,106
Other	676,753	-	-	676,753	11,177,951
Total operating revenues	<u>218,400,714</u>	<u>17,408,314</u>	<u>23,054,017</u>	<u>258,863,045</u>	<u>409,030,057</u>
OPERATING EXPENSES:					
Personal services	49,916,849	217,186	10,618,149	60,752,184	21,276,157
Contractual services	42,018,328	13,735,474	8,912,595	64,666,397	29,159,896
Supplies and materials	16,752,678	208,067	504,899	17,465,644	10,339,619
Depreciation	84,931,446	2,341,555	978,088	88,251,089	12,902,273
Compensation for damages	-	-	-	-	5,324,921
Medical and insurance benefits	-	-	-	-	345,911,198
Other	3,966,637	8,175	421,291	4,396,103	4,254,380
Total operating expenses	<u>197,585,938</u>	<u>16,510,457</u>	<u>21,435,022</u>	<u>235,531,417</u>	<u>429,168,444</u>
OPERATING INCOME (LOSS)	<u>20,814,776</u>	<u>897,857</u>	<u>1,618,995</u>	<u>23,331,628</u>	<u>(20,138,387)</u>
DISCONTINUED OPERATIONS:					
Loss from operation of discontinued operations	-	-	(1,006,589)	(1,006,589)	-
Loss on discontinued operations	-	-	(23,822,433)	(23,822,433)	-
Total loss from discontinued operations	<u>-</u>	<u>-</u>	<u>(24,829,022)</u>	<u>(24,829,022)</u>	<u>-</u>
NONOPERATING REVENUE (EXPENSE):					
Investment income (loss)	1,111,945	19,631	93,001	1,224,577	846,093
Interest expense	(32,809,016)	(1,544,489)	-	(34,353,505)	-
Gain (loss) on sale of property	35,979	-	11,734	47,713	(14,737,175)
Other	415,523	(4,350)	38,245	449,418	(4,425,354)
Total nonoperating revenue (expense)	<u>(31,245,569)</u>	<u>(1,529,208)</u>	<u>142,980</u>	<u>(32,631,797)</u>	<u>(18,316,436)</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS AND TRANSFERS	<u>(10,430,793)</u>	<u>(631,351)</u>	<u>(23,067,047)</u>	<u>(34,129,191)</u>	<u>(38,454,823)</u>
CAPITAL GRANTS AND CONTRIBUTIONS TRANSFERS IN	27,846,202	-	2,301	27,848,503	13,153,076
TRANSFERS IN	-	1,722,000	941,370	2,663,370	42,409,729
TRANSFERS OUT	<u>(12,580,158)</u>	<u>(1,295,999)</u>	<u>(5,940,336)</u>	<u>(19,816,493)</u>	<u>(4,587,904)</u>
CHANGE IN NET POSITION	4,835,251	(205,350)	(28,063,712)	(23,433,811)	12,520,078
NET POSITION, beginning of year	<u>1,300,896,446</u>	<u>13,180,394</u>	<u>57,336,775</u>		<u>172,562,289</u>
NET POSITION, end of year	<u>\$ 1,305,731,697</u>	<u>\$ 12,975,044</u>	<u>\$ 29,273,063</u>		<u>\$ 185,082,367</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(1,578,071)</u>	
Change in net position of business-type activities				<u>\$ (25,011,882)</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, 2017

	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	\$ 217,085,651	\$ 18,016,906	\$ 24,255,677	\$ 259,358,234	\$ 409,342,265
Payments to suppliers	(64,138,565)	(13,824,048)	(10,411,432)	(88,374,045)	(394,521,484)
Payments to employees	(47,453,688)	(204,681)	(10,137,899)	(57,796,268)	(20,646,886)
Other receipts	-	-	-	-	358,796
Other payments	(3,990,535)	-	-	(3,990,535)	(5,019,848)
Net cash provided by (used in) operating activities	101,502,863	3,988,177	3,706,346	109,197,386	(10,487,157)
Cash flows from noncapital financing activities:					
Transfers in	-	1,721,998	941,370	2,663,368	42,409,729
Transfers out	(12,580,158)	(1,295,999)	(5,940,336)	(19,816,493)	(4,587,904)
Decrease (increase) in advances from other funds	-	-	1,100,000	1,100,000	-
Net cash provided by (used in) non-capital financing activities	(12,580,158)	425,999	(3,898,966)	(16,053,125)	37,821,825
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(139,307,641)	(225,435)	(541,370)	(140,074,446)	(19,586,563)
Proceeds from the sale of property	35,979	-	23,569	59,548	6,807
Proceeds from borrowings	125,000,000	640,288	-	125,640,288	-
Principal payments on borrowings	(28,795,000)	(2,326,105)	-	(31,121,105)	-
Interest subsidy	4,968,210	-	-	4,968,210	-
Interest paid	(40,211,581)	(1,981,201)	-	(42,192,782)	-
Capital contributions received	11,338,556	-	-	11,338,556	-
Net cash provided by (used in) capital and related financing activities	(66,971,477)	(3,892,453)	(517,801)	(71,381,731)	(19,579,756)
Cash flows from investing activities:					
Decrease (increase) in investments	-	2,310,000	-	2,310,000	-
Interest on investments	1,006,809	19,743	98,695	1,125,247	884,640
Net cash provided by (used in) investing activities	1,006,809	2,329,743	98,695	3,435,247	884,640
Net changes in cash and cash equivalents	22,958,037	2,851,466	(611,726)	25,197,777	8,639,552
Cash and cash equivalents at beginning of year	261,612,529	7,130,312	19,694,966	288,437,807	172,356,468
Cash and cash equivalents at end of year	\$ 284,570,566	\$ 9,981,778	\$ 19,083,240	\$ 313,635,584	\$ 180,996,020
Cash and cash equivalents are classified as:					
Current assets	\$ 47,145,280	\$ 8,278,790	\$ 19,083,240	\$ 74,507,310	\$ 180,996,020
Current restricted assets	57,350,217	1,702,988	-	59,053,205	-
Noncurrent restricted assets	180,075,069	-	-	180,075,069	-
Cash and cash equivalents at end of year	\$ 284,570,566	\$ 9,981,778	\$ 19,083,240	\$ 313,635,584	\$ 180,996,020

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, 2017

	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)	\$ 20,814,776	\$ 897,857	\$ 1,671,995	\$ 23,331,628	\$ (20,138,387)
Loss from operation of discontinued operations	-	-	(1,006,589)	(1,006,589)	-
Total operating income (loss)	<u>20,814,776</u>	<u>897,857</u>	<u>612,406</u>	<u>22,325,039</u>	<u>(20,138,387)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	84,931,446	2,341,555	1,671,806	88,944,807	12,902,273
Provision for doubtful accounts	(145,000)	-	(227,449)	(372,449)	-
Other receipts	415,523	-	38,245	453,768	683,408
Other payments	-	(4,348)	-	(4,348)	(5,108,762)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources					
Accounts receivable	(210,723)	612,940	981,870	1,384,087	84,125
Due from other funds of the primary government	(1,744,964)	-	200,206	(1,544,758)	(8,378)
Due from component units	173	-	(100)	73	763
Inventories of supplies	191,283	-	-	191,283	(40,418)
Other current assets	18,304	-	(16,610)	1,694	3,529
Deferred outflows pensions	12,646,716	44,874	971,024	13,662,614	-
Accounts payable	(5,558,842)	18,217	(261,664)	(5,802,289)	(420,587)
Accrued payroll	279,050	(6,988)	100,943	373,005	290,656
Claims payable	-	-	-	-	1,441,447
Due to other funds of the primary government	842,627	109,451	147,658	1,099,736	(176,826)
Due to component units	-	-	(65,604)	(65,604)	-
Customer deposits	(282,587)	-	(79,283)	(361,870)	-
Unearned revenue	-	-	224,042	224,042	-
Other current liabilities	(232,314)	-	-	(232,314)	-
Net pension liability	(12,084,570)	(37,065)	(2,018,099)	(14,139,734)	-
Deferred inflows pensions	1,621,965	11,684	1,426,955	3,060,604	-
Total adjustments	<u>80,688,087</u>	<u>3,090,320</u>	<u>3,093,940</u>	<u>86,872,347</u>	<u>9,651,230</u>
Net cash provided by (used in) operating activities	<u>\$ 101,502,863</u>	<u>\$ 3,988,177</u>	<u>\$ 3,706,346</u>	<u>\$ 109,197,386</u>	<u>\$ (10,487,157)</u>
<u>Non-Cash Capital, Financing and Investing Activities:</u>					
Contributions of capital assets	\$ 17,020,850	\$ -	\$ 2,301	\$ 17,023,151	\$ 13,153,076

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2017

	Pension (and Other Employee Benefit) Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	\$ 253,354,770	\$ 60,848,451
Investments, at fair value:		
Bank debt notes	99,316	-
Equity commingled funds	64,060,989	-
Conventional mortgages	2,111,626	-
Emerging markets	19,439,332	-
Corporate bonds and notes	168,382,102	-
High yield bonds	43,928,665	-
Common stock	275,885,912	-
Preferred stock	4,984,192	-
Non agency mortgages/collateralized mortgage obligations	43,004,142	-
Venture capital and partnerships	1,748,229,630	-
Registered investment companies	112,102,854	-
International bonds	1,908,055	-
Sector funds	106,379,833	-
Non U.S. treasury securities developing markets	5,449,722	-
U.S. treasury securities	38,844,595	-
Other securities	85,657,961	-
Other fixed income	127,926,876	-
Commingled funds U.S. debt	14,597,805	-
Cash collateral received - securities lending program	86,108,828	-
Mortgages and real estate	13,980,157	1,291,100
Mutual funds	-	18,158
Accounts receivable	198,479,069	-
Accrued interest receivable	5,082,793	1,126
Due from other funds of the primary government	10,450,256	537,784
Other assets	-	130,956
Total assets	<u>3,430,449,480</u>	<u>\$ 62,827,575</u>
LIABILITIES:		
Accounts payable	784,515	\$ -
Due to brokers	281,278,792	-
Payable for collateral received - securities lending program	86,108,828	-
Due to other funds of the primary government	149,635	-
Funds held in custody for others	-	45,066,636
Other liabilities	-	17,760,939
Total liabilities	<u>368,321,770</u>	<u>\$ 62,827,575</u>
NET POSITION:		
Restricted for pensions	3,059,800,695	
Held in trust for other employee benefits	2,327,015	
Total net position	<u>\$ 3,062,127,710</u>	

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS

June 30, 2017

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
ASSETS:				
Cash and cash equivalents	\$ 33,436	\$ 166,806	\$ 7,227,687	\$ 626,488
Investments	-	-	-	-
Accounts receivable	-	-	2,709,813	-
Allowance for doubtful accounts	-	-	-	-
Accrued interest receivable	-	-	7,091	356
Due from the primary government	-	-	696	-
Inventories of supplies	-	-	-	-
Other current assets	3,226	4,400	-	-
Restricted assets:				
Cash and cash equivalents	-	-	13,041,166	-
Investments	-	-	2,416,920	-
Accounts receivable	-	-	997,866	-
Accrued interest receivable	-	-	-	-
Due from other governmental agencies	-	-	-	-
Due from the primary government	-	-	-	-
Other restricted assets	-	-	-	-
Notes receivable	-	-	29,661,455	-
Capital assets:				
Utility plant in service	-	-	-	-
Land	-	-	75,698,193	-
Buildings and improvements	-	-	472,424,732	-
Improvements other than buildings	135,509	-	1,601,646	-
Furniture, machinery and equipment	18,697	46,324	41,090,061	-
Infrastructure	-	-	-	-
Public art	-	-	-	-
Construction in progress	-	-	72,180	-
Less accumulated depreciation	(154,206)	(18,789)	(197,254,664)	-
Other noncurrent assets	-	-	-	-
Total assets	36,662	198,741	449,694,842	626,844
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	-	-	3,069,565	-
Effective portion of fuel hedging	-	-	-	-
Pensions	-	-	-	-
Total deferred outflows of resources	-	-	3,069,565	-

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITON
COMPONENT UNITS (CONTINUED)

June 30, 2017

Total Governmental Types	Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
	General Hospital	Bordeaux Long Term Care	Total		
\$ 8,054,417	\$ 898,573	\$ -	\$ 898,573	\$ 46,658,280	\$ 351,298,000
-	-	-	-	3,265,722	-
2,709,813	55,860,645	-	55,860,645	9,985,192	138,451,000
-	(46,610,889)	-	(46,610,889)	(4,764,334)	(397,000)
7,447	-	-	-	-	-
696	-	-	-	-	-
-	3,037,653	-	3,037,653	1,598,284	20,378,000
7,626	1,945,340	-	1,945,340	1,398,118	7,144,000
13,041,166	-	-	-	17,177,693	12,307,000
2,416,920	-	-	-	-	181,874,000
997,866	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
29,661,455	-	-	-	43,164,933	1,930,000
-	-	-	-	-	1,411,001,000
75,698,193	-	-	-	91,504,859	3,901,000
472,424,732	52,580,535	-	52,580,535	357,238,331	69,045,000
1,737,155	-	-	-	-	-
41,155,082	49,053,234	-	49,053,234	6,153,770	90,406,000
-	-	-	-	22,405,389	-
-	-	-	-	-	-
72,180	2,435,220	-	2,435,220	32,959,882	67,029,000
(197,427,659)	(72,705,165)	-	(72,705,165)	(188,830,018)	(668,329,000)
-	-	-	-	30,811,059	16,000
<u>450,557,089</u>	<u>46,495,146</u>	<u>-</u>	<u>46,495,146</u>	<u>470,727,160</u>	<u>1,686,054,000</u>
3,069,565	-	-	-	-	17,358,000
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,831,000</u>
<u>3,069,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,189,000</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2017

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
ASSETS:			
Cash and cash equivalents	\$ 2,354,719	\$ 122,269,341	\$ 988,338
Investments	-	-	7,769,762
Accounts receivable	1,650,529	2,904,787	-
Allowance for doubtful accounts	(6,000)	(60,000)	-
Accrued interest receivable	-	-	-
Due from the primary government	-	-	-
Inventories of supplies	3,096,647	513,596	-
Other current assets	754,835	2,474,197	169,705
Restricted assets:			
Cash and cash equivalents	13,314,028	230,248,049	-
Investments	-	1,698,000	-
Accounts receivable	-	-	-
Accrued interest receivable	-	-	-
Due from other governmental agencies	5,628,296	2,218,687	-
Due from the primary government	-	-	-
Other restricted assets	-	4,689,892	-
Notes receivable	-	-	-
Capital assets:			
Utility plant in service	-	-	-
Land	14,733,025	96,968,771	-
Buildings and improvements	93,878,816	298,911,276	-
Improvements other than buildings	-	561,704,513	-
Furniture, machinery and equipment	125,390,279	165,348,939	10,674,204
Infrastructure	-	-	-
Public art	-	-	-
Construction in progress	8,540,355	72,814,778	-
Less accumulated depreciation	(115,814,900)	(578,686,474)	(8,630,397)
Other noncurrent assets	350,000	2,919,022	-
Total assets	153,870,629	986,937,374	10,971,612
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	-	386,191	-
Effective portion of fuel hedging	223,197	-	-
Pensions	6,412,991	1,309,023	-
Total deferred outflows of resources	6,636,188	1,695,214	-

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2017

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ 80,323,854	\$ 604,791,105	\$ 612,845,522
-	11,035,484	11,035,484
2,394,989	211,247,142	213,956,955
-	(51,838,223)	(51,838,223)
76,021	76,021	83,468
2,566	2,566	3,262
-	28,624,180	28,624,180
475,134	14,361,329	14,368,955
94,681,054	367,727,824	380,768,990
38,506,732	222,078,732	224,495,652
-	-	997,866
152,479	152,479	152,479
-	7,846,983	7,846,983
10,145,257	10,145,257	10,145,257
3,793,967	8,483,859	8,483,859
-	45,094,933	74,756,388
-	1,411,001,000	1,411,001,000
78,183,678	285,291,333	360,989,526
635,644,200	1,507,298,158	1,979,722,890
-	561,704,513	563,441,668
3,887,312	450,913,738	492,068,820
-	22,405,389	22,405,389
1,183,844	1,183,844	1,183,844
4,805,374	188,584,609	188,656,789
(67,210,401)	(1,700,206,355)	(1,897,634,014)
-	34,096,081	34,096,081
<u>887,046,060</u>	<u>4,242,101,981</u>	<u>4,692,659,070</u>
-	17,744,191	20,813,756
-	223,197	223,197
-	32,553,014	32,553,014
<u>-</u>	<u>50,520,402</u>	<u>53,589,967</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2017

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
LIABILITIES:				
Accounts payable	\$ 7,922	\$ 62,705	\$ 3,492,689	\$ 42
Accrued payroll	-	-	10,357	-
Due to the primary government	-	-	249	-
Customer deposits	-	-	-	-
Unearned revenue	25,574	10,378	-	-
Current portion of long-term liabilities	-	-	-	-
Current portion of capitalized lease obligations	-	-	-	-
Other current liabilities	-	-	-	-
Liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Accrued interest	-	-	3,211,474	-
Current portion of long-term liabilities	-	-	7,470,000	-
Revenue bonds payable	-	-	132,688,989	-
Capitalized lease obligations	-	-	-	-
TVA advances	-	-	-	-
Other long-term liabilities	-	-	21,651,152	-
Total liabilities	33,496	73,083	168,524,910	42
DEFERRED INFLOWS OF RESOURCES:				
Tax increment financing	-	-	28,000,000	-
Pensions	-	-	-	-
Total deferred inflows of resources	-	-	28,000,000	-
NET POSITION:				
Net investment in capital assets	-	27,535	235,163,472	-
Restricted for debt retirement	-	-	12,590,504	-
Restricted for other purposes	-	-	-	-
Unrestricted	3,166	98,123	8,485,521	626,802
Total net position	\$ 3,166	\$ 125,658	\$ 256,239,497	\$ 626,802

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2017

Total Governmental Types	Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
	General Hospital	Bordeaux Long Term Care	Total		
\$ 3,563,358	\$ 11,335,149	\$ -	\$ 11,335,149	\$ 6,547,864	\$ 193,443,000
10,357	2,862,044	-	2,862,044	899,031	-
249	-	-	-	-	-
-	-	-	-	887,106	16,747,000
35,952	-	-	-	-	-
-	-	-	-	3,511,045	-
-	2,507,903	-	2,507,903	-	-
-	377,169	-	377,169	15,113,447	-
-	-	-	-	-	656,000
3,211,474	-	-	-	-	2,828,000
7,470,000	-	-	-	-	27,298,000
132,688,989	-	-	-	-	658,867,000
-	20,444,841	-	20,444,841	-	-
-	-	-	-	-	1,930,000
21,651,152	1,355,498	-	1,355,498	113,360,361	209,490,000
-	-	-	-	-	-
168,631,531	38,882,604	-	38,882,604	140,318,854	1,111,259,000
28,000,000	-	-	-	-	-
-	1,615,425	-	1,615,425	-	3,009,000
28,000,000	1,615,425	-	1,615,425	-	3,009,000
235,191,007	8,411,080	-	8,411,080	243,225,594	424,912,000
12,590,504	-	-	-	-	70,030,000
-	-	-	-	2,450,862	-
9,213,612	(2,413,963)	-	(2,413,963)	84,731,850	119,033,000
<u>\$ 256,995,123</u>	<u>\$ 5,997,117</u>	<u>\$ -</u>	<u>\$ 5,997,117</u>	<u>\$ 330,408,306</u>	<u>\$ 613,975,000</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2017

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
LIABILITIES:			
Accounts payable	\$ 3,277,700	\$ 20,274,154	\$ 95,752
Accrued payroll	2,050,381	4,743,125	-
Due to the primary government	-	-	-
Customer deposits	-	-	-
Unearned revenue	-	5,536,727	-
Current portion of long-term liabilities	-	6,134,537	-
Current portion of capitalized lease obligations	-	-	-
Other current liabilities	7,158,345	68,937	-
Liabilities payable from restricted assets:			
Accounts payable	-	1,547,082	-
Accrued interest	-	7,505,282	-
Current portion of long-term liabilities	-	13,735,000	-
Revenue bonds payable	-	313,856,995	-
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	74,242,347	35,140,550	-
Total liabilities	86,728,773	408,542,389	95,752
DEFERRED INFLOWS OF RESOURCES:			
Tax increment financing	-	-	-
Pensions	1,262,057	1,251,198	-
Total deferred inflows of resources	1,262,057	1,251,198	-
NET POSITION:			
Net investment in capital assets	117,007,697	441,689,611	2,043,807
Restricted for debt retirement	-	21,898,604	-
Restricted for other purposes	8,128,077	58,860,311	-
Unrestricted	(52,619,787)	56,390,475	8,832,053
Total net position	\$ 72,515,987	\$ 578,839,001	\$ 10,875,860

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION
COMPONENT UNITS (CONTINUED)

June 30, 2017

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ 2,707,438	\$ 237,681,057	\$ 241,244,415
1,207,940	11,762,521	11,772,878
9,050	9,050	9,299
-	17,634,106	17,634,106
6,071,822	11,608,549	11,644,501
-	9,645,582	9,645,582
-	2,507,903	2,507,903
-	22,717,898	22,717,898
2,954,223	5,157,305	5,157,305
20,251,657	30,584,939	33,796,413
10,315,000	51,348,000	58,818,000
602,539,452	1,575,263,447	1,707,952,436
-	20,444,841	20,444,841
-	1,930,000	1,930,000
233,451	433,822,207	455,473,359
<u>646,290,033</u>	<u>2,432,117,405</u>	<u>2,600,748,936</u>
-	-	28,000,000
278,217	7,415,897	7,415,897
<u>278,217</u>	<u>7,415,897</u>	<u>35,415,897</u>
41,886,404	1,279,176,193	1,514,367,200
67,991,944	159,920,548	172,511,052
-	69,439,250	69,439,250
130,599,462	344,553,090	353,766,702
<u>\$ 240,477,810</u>	<u>\$ 1,853,089,081</u>	<u>\$ 2,110,084,204</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, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 1,932,595	\$ 1,871,792	\$ 59,620	\$ -
Gulch Business Improvement District, Inc.	416,361	379,756	-	-
Sports Authority	49,219,806	4,984,911	25,924,618	12,217,694
Industrial Development Board	17,390,060	4,950	17,389,600	-
General Hospital	104,949,141	62,779,797	50,296,225	5,416,998
Bordeaux Long Term Care	6,738,532	-	703,775	-
Metropolitan Development and Housing Agency	124,301,210	27,297,669	88,589,762	5,104,566
Electric Power Board	1,220,802,000	1,260,957,000	-	-
Metropolitan Transit Authority	100,180,680	20,129,310	51,967,155	19,058,833
Metropolitan Nashville Airport Authority	126,604,537	168,188,254	-	14,552,791
Emergency Communications District	6,834,614	7,170,889	-	-
Convention Center Authority	75,820,411	25,163,940	92,365,781	5,723
Total component units	\$ 1,835,189,947	\$ 1,578,928,268	\$ 327,296,536	\$ 56,356,605

General revenues:

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

Total general revenues

Changes in net position

Net position - beginning of year, as restated

Net position - end of year

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF ACTIVITIES
COMPONENT UNITS (CONTINUED)

For the Year Ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position							
Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board	Total Governmental Types	Hospital Authority		
					General Hospital	Bordeaux Long Term Care	Total
\$ (1,183)	\$ -	\$ -	\$ -	\$ (1,183)	\$ -	\$ -	\$ -
-	(36,605)	-	-	(36,605)	-	-	-
-	-	(6,092,583)	-	(6,092,583)	-	-	-
-	-	-	4,490	4,490	-	-	-
-	-	-	-	-	13,543,879	-	13,543,879
-	-	-	-	-	-	(6,034,757)	(6,034,757)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(1,183)</u>	<u>(36,605)</u>	<u>(6,092,583)</u>	<u>4,490</u>	<u>(6,125,881)</u>	<u>13,543,879</u>	<u>(6,034,757)</u>	<u>7,509,122</u>
1,183	1,797	1,362,877	3,455	1,369,312	-	-	-
-	-	1,856,404	-	1,856,404	-	-	-
<u>1,183</u>	<u>1,797</u>	<u>3,219,281</u>	<u>3,455</u>	<u>3,225,716</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(34,808)	(2,873,302)	7,945	(2,900,165)	13,543,879	(6,034,757)	7,509,122
<u>3,166</u>	<u>160,466</u>	<u>259,112,799</u>	<u>618,857</u>	<u>259,895,288</u>	<u>(7,546,762)</u>	<u>6,034,757</u>	<u>(1,512,005)</u>
<u>\$ 3,166</u>	<u>\$ 125,658</u>	<u>\$ 256,239,497</u>	<u>\$ 626,802</u>	<u>\$ 256,995,123</u>	<u>\$ 5,997,117</u>	<u>\$ -</u>	<u>\$ 5,997,117</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, 2017

	Net (Expense) Revenue and Changes in Net Position			
	Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority
Nashville District Management Corporation	\$ -	\$ -	\$ -	\$ -
Gulch Business Improvement District, Inc.	-	-	-	-
Sports Authority	-	-	-	-
Industrial Development Board	-	-	-	-
General Hospital	-	-	-	-
Bordeaux Long Term Care	-	-	-	-
Metropolitan Development and Housing Agency	(3,309,213)	-	-	-
Electric Power Board	-	40,155,000	-	-
Metropolitan Transit Authority	-	-	(9,025,382)	-
Metropolitan Nashville Airport Authority	-	-	-	56,136,508
Emergency Communications District	-	-	-	-
Convention Center Authority	-	-	-	-
Total component units	(3,309,213)	40,155,000	(9,025,382)	56,136,508
General revenues:				
Revenues from the use of money or property	214,320	2,384,000	-	730,198
Compensation for loss, sale or damage to property	-	-	-	-
Total general revenues	214,320	2,384,000	-	730,198
Changes in net position	(3,094,893)	42,539,000	(9,025,382)	56,866,706
Net position - beginning of year, as restated	333,503,199	571,436,000	81,541,369	521,972,295
Net position - end of year	\$ 330,408,306	\$ 613,975,000	\$ 72,515,987	\$ 578,839,001

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, 2017

Net (Expense) Revenue and Changes in Net Position			
Emergency Communications District	Convention Center Authority	Total Proprietary Types	Total Component Units
\$ -	\$ -	\$ -	\$ (1,183)
-	-	-	(36,605)
-	-	-	(6,092,583)
-	-	-	4,490
-	-	13,543,879	13,543,879
-	-	(6,034,757)	(6,034,757)
-	-	(3,309,213)	(3,309,213)
-	-	40,155,000	40,155,000
-	-	(9,025,382)	(9,025,382)
-	-	56,136,508	56,136,508
336,275	-	336,275	336,275
-	41,715,033	41,715,033	41,715,033
<u>336,275</u>	<u>41,715,033</u>	<u>133,517,343</u>	<u>127,391,462</u>
40,712	752,097	4,121,327	5,490,639
-	-	-	1,856,404
<u>40,712</u>	<u>752,097</u>	<u>4,121,327</u>	<u>7,347,043</u>
376,987	42,467,130	137,638,670	134,738,505
<u>10,498,873</u>	<u>198,010,680</u>	<u>1,715,450,411</u>	<u>1,975,345,699</u>
<u>\$ 10,875,860</u>	<u>\$ 240,477,810</u>	<u>\$ 1,853,089,081</u>	<u>\$ 2,110,084,204</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The **Gulch Business Improvement District, Inc.** (GBID, Inc.) was established in 2006 to administer special assessment revenue collected by the Government for the benefit of the Gulch Business Improvement District (GBID). GBID, Inc.'s duties and responsibilities are defined in the legislation approved by the Metropolitan Council creating the entity and include, but are not limited to, providing services for improvement and operation of the GBID such as promotion and marketing, security, sanitation, and aesthetic enhancements. GBID, Inc. is a legally separate entity which is closely related to and financially dependent on the Government as the Government has the legal obligation to levy 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 other sports projects, including the ballpark, for the Government. The Government is responsible for annual funding for both the Nashville arena and stadium. The underlying credit for the Sports Authority Revenue bonds is a pledge on the non-tax revenues of the Government's General Fund, and the Government is required to approve debt issuances of the Sports Authority. The members of the Sports Authority's Board are all appointed and can also be removed by the Government. The Sports Authority does not issue separate financial statements. A Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for its only fund are included in the Component Units section with reconciliations of those statements to the Statement of Net Position – Component Units and Statement of Activities – Component Units included in the basic financial statements.

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

The **Hospital Authority** operates General Hospital (a full service medical facility) and Bordeaux Long Term Care (a long-term care facility) for the residents of Nashville and Davidson County. The Hospital Authority was created in March 1999 to operate both entities, which were previously accounted for as enterprise funds of the Government. The members of the Hospital Authority Board are all appointed and can also be removed by the Government. The Government approves and can modify the annual operating budget of each entity.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 is financially dependent on the Government. Complete financial statements of the Authority can be obtained from its administrative offices at 430 Myatt Drive, Nashville, TN 37115.

The **Metropolitan Nashville Airport Authority** operates the Nashville International and John C. Tune Airports. The members of the Airport Authority's Board of Directors are all appointed and can also be removed by the Government. Complete financial statements of the Airport Authority can be obtained from its administrative offices at One Terminal Drive, Nashville, TN 37214.

The **Emergency Communications District** secures funding for efficient emergency services to the public. The members of the District's Board of Directors are all appointed and can also be removed by the Government. The District also provides equipment for the Government's use in emergency services. Complete financial statements of the District can be obtained from its administrative offices at 2060 15th Avenue South, Nashville, TN 37212.

The **Convention Center Authority** is a public, nonprofit corporation and public instrumentality of the Government formed in August 2009, and was responsible for the acquisition, development and construction of the new convention center – the Music City Center – and is responsible for the operation of the completed facility. The Convention Center Authority is also responsible for the management and operation of the original Nashville Convention Center. Because the assets of the Nashville Convention Center are owned by the Government, its Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows are presented as a proprietary fund of the Government. The members of the Convention Center Authority's Board of Directors are all appointed and can be removed by the Government. The Convention Center Authority is fiscally dependent on the Government. Complete financial statements of the Convention Center Authority can be obtained from its administrative offices at 413 5th Avenue South, Nashville, TN 37202.

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, 2017.

The primary government includes \$9,299 due from component units and \$10,148,519 due to component units in the Statement of Net Position. The component units include \$9,299 due to the primary government and \$10,148,519 due from the primary government.

B. Accounting Pronouncements

The Government adopted GASB Statement No. 73, Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, required for fiscal periods beginning after June 15, 2015 and 2016, in fiscal 2016 and 2017, respectively. This Statement improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Government adopted GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, required for fiscal periods beginning after June 15, 2016, in fiscal 2017. This Statement improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

The Government plans to adopt GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, required for fiscal periods beginning after June 15, 2017, in fiscal 2018. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

The Government adopted GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, required for fiscal periods beginning after December 15, 2015, in fiscal 2017. This Statement amends the scope and applicability of Statement No. 68 regarding pensions provided to employees of state and local government employers through certain cost-sharing multiple-employer defined benefit pension plans.

The Government adopted GASB Statement No. 79, Certain External Investment Pools and Pool Participants, required for fiscal periods beginning after June 15, 2015, except for certain provisions effective for fiscal periods beginning after December 15, 2015, in fiscal 2016 and 2017, respectively. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants.

The Government adopted GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14, required for fiscal periods beginning after June 15, 2016, in fiscal 2017. This Statement improves financial reporting by clarifying the financial statement presentation requirements for certain component units.

The Government plans to adopt GASB Statement No. 81, Irrevocable Split-Interest Agreements, required for fiscal periods beginning after December 15, 2016, in fiscal 2018. This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

The Government adopted or plans to adopt GASB Statement No. 82, Pension Issues, required for fiscal periods beginning after June 15, 2016, except for certain provisions effective for fiscal periods beginning after June 15, 2017, in fiscal 2017 and 2018. This Statement improves financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues.

The Government plans to adopt GASB Statement No. 83, Certain Asset Retirement Obligations, required for fiscal periods beginning after June 15, 2018, in fiscal 2019. This Statement enhances comparability of financial statements among governments by establishing uniform criteria for recognizing and measuring certain asset retirement obligations (ARO's) and enhances the usefulness of information by requiring disclosures related to ARO's.

The Government plans to adopt GASB Statement No. 84, Fiduciary Activities, required for fiscal periods beginning after December 15, 2018, in fiscal 2020. This Statement enhances consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

The Government plans to adopt GASB Statement No. 85, Omnibus 2017, required for fiscal periods beginning after June 15, 2017, in fiscal 2018. This Statement enhances consistency in the application of accounting and financial reporting requirements.

The Government plans to adopt GASB Statement No. 86, Certain Debt Extinguishment Issues, required for fiscal periods beginning after June 15, 2017, in fiscal 2018. This Statement enhances consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, enhances consistency in financial reporting of prepaid insurance related to extinguished debt, and enhances the usefulness of information in notes to financial statements regarded defeased debt.

The Government plans to adopt GASB Statement No. 87, Leases, required for fiscal periods beginning after December 15, 2019, in fiscal 2021. This Statement increases the usefulness of financial statements by requiring reporting of certain lease liabilities that currently are not reported, enhances comparability by requiring lessees and lessors to report leases under a single model, and enhances the usefulness of information by requiring notes to the financial statements regarding leasing arrangements.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

C. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 primarily self-supporting by utilizing a rate structure designed to fund debt service requirements, pay for operating expenses and generate adequate working capital. The System is partially subsidized from the General Fund.

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, 2017, these services include fleet management, information systems, radio maintenance, insurance, treasury management, and printing.

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Cash and cash equivalents – Cash and cash equivalents include amounts in demand deposits and highly liquid short-term investments with maturity dates within three months of the date of acquisition and other available pooled funds. 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, 2017. 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.

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 \$10,000 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 acquisition 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. The Department of Water and Sewerage Services capitalized interest totaling \$1,367,002 for the year ended June 30, 2017.

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

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

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

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

The 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

unencumbered, cared for and preserved and 3) subject to policy that requires the proceeds from any sales of collection items to be used to acquire other items for the collection.

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

Claims payable – Losses for claim liabilities are reported in the self-insurance funds for claims payable from those funds. Claims payable include reported claims and an estimated liability for claims incurred but not reported at June 30, 2017. The claims liabilities are based on the estimated cost of settling the claim, including nonincremental claim adjustments, using past experience and adjusting for current conditions. Losses for uninsured judgments against the Government payable from governmental funds not expected to be liquidated with expendable available resources are reported in the applicable governmental activities in the Statements of Net Position and Activities.

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

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

Arbitrage rebates – For the governmental funds, arbitrage rebates due to the federal government under the Internal Revenue Code of 1986, as amended, for excess earnings on invested proceeds of tax exempt securities are reported as a liability in the Statements of Net Position and Activities and as a commitment of fund balance in the Balance Sheet - Governmental Funds. For proprietary funds (including component units) any such rebates are reflected as liabilities in the appropriate individual proprietary funds.

Landfills – State and federal laws and regulations require the Government to place a final cover on all its landfill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near, or after, the date the landfill stops accepting waste, the Government is required to report a portion of these closure and postclosure care costs as an expense in the government-wide financial statements. This expense is based on landfill capacity used at the reporting date. The current year expenditures of the landfills are reported in the Solid Waste Operations Fund, a nonmajor governmental fund, in the Governmental Funds section of this report. The long term liability and expense are reported in the Statements of Net Position and Activities. The total liability for landfill purposes is \$6,230,173.

Bordeaux Sanitary Landfill – This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$3,676,526 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 \$781,928 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 \$1,220,015 are included in the long-term liability.

Lebanon Road Landfill – This landfill has stopped accepting waste, and closing procedures are 100% complete. Estimated postclosure costs of \$551,704 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

requirements are expected to be met by the operations of the Solid Waste Operations Fund. To the extent the Solid Waste Operations Fund operations create a deficit, the General Fund is required to fund its operations.

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

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

Deferred inflows of resources – In addition to liabilities, the Balance Sheets and Statements of Net Position report a separate section for deferred inflows of resources. *Deferred inflows of resources* represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The *unavailable revenue* reported in the Balance Sheet, which arises under a modified accrual basis of accounting, represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. The *assessed and unlevied property taxes* reported in the Statement of Net Position, arises from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year but levied in the subsequent year. The *interest rate swap*, which relates to an interest rate swap agreement, is considered to be a hedging derivative. Changes in the fair market value of hedging derivatives are reported as deferred inflows or outflows of resources. The amounts for *pensions* relate to certain differences between projected and actual actuarial results and certain differences between projected and actual investment earnings, which are accounted for as deferred inflows of resources. Deferred inflows for *tax increment financing* represent amounts that will be received in the future by the Sports Authority, a component unit, from a note receivable from Metropolitan Development and Housing Agency (MDHA), a component unit, to be paid from future tax increment revenues related to the developments near a new ballpark facility. The Sports Authority has a note receivable from MDHA, and as the note is paid back to the Sports Authority, the deferred inflows will be recognized as revenue and used to pay principal and interest on the Series 2013 Ballpark Bonds.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

F. Revenues, Expenditures and Expenses

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

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

Revenues – Revenues from the Department of Water and Sewerage Services are recognized from meters read on a monthly cycle basis. At the end of each month, an estimate of service rendered from the latest date of each meter-reading cycle to month end is accrued and included in accounts receivable. Revenues for the Department of Water and Sewerage Services are presented net of allowances for uncollectible accounts at June 30, 2017 of \$743,972.

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

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

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

Taxes are levied at a rate of \$3.924 per \$100 of assessed value for the entire metropolitan area (General Services District) with an additional tax of \$.592 per \$100 of assessed value levied upon properties within the Urban Services District.

Payments are due by February 28 of the following year and are delinquent on March 1. Property taxes receivable have been included in the Balance Sheet – Governmental Funds with offsetting deferred inflows to reflect amounts not available at June 30, 2017. Amounts available at June 30, 2017 have been recorded as revenue in the governmental fund statements. Current tax collections of \$918,570,697 for the fiscal year ended June 30, 2017 were approximately 99% of the tax levy.

Of the \$982,824,127 property tax receivable, \$967,626,327 represents the 2018 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 – RESTATEMENT OF NET POSITION

For the year ended June 30, 2016, the custodian for pension plan investments excluded certain income from the reported asset values of the investments. The impact on the financial statements was an increase to beginning net position of the fiduciary funds.

For the year ended September 30, 2016, the Metropolitan Development and Housing Agency, a component unit of the Government, added certain discretely presented component units to its reporting entity. The impact on the financial statements was a decrease to beginning net position of the component units.

The impact on the financial statements is as follows:

	Statement of Changes in Fiduciary Net Position Fiduciary Funds	Statement of Activities Component Units
Net position – beginning of year, as previously reported	\$ 2,771,622,417	\$ 1,979,627,180
Adjustment to record revision to pension fund asset valuation	18,845,503	-
Adjustment to include discretely presented component unit	-	(4,281,481)
Net position – beginning of year, as restated	<u>\$ 2,790,467,920</u>	<u>\$ 1,975,345,699</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compliance with Finance Related Legal and Contractual Provisions

Management believes that the Government has no material violations of finance related legal and contractual provisions as of June 30, 2017.

B. Budgets and Budgetary Accounting

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

1. The Director of Finance annually obtains information from all officers, departments, boards, commissions and other agencies of the Government for which appropriations are made and/or revenues are collected, and compiles the annual operating budget for the ensuing fiscal year beginning July 1. The compiled information, including various expenditure options and the means of financing them, is submitted to the Mayor for review.
2. The Mayor, with the assistance of the Department of Finance, determines the programs to be recommended to the Metropolitan Council, the expenditures proposed to operate those programs and the revenue changes needed to fund those expenditures. That information is compiled into a balanced operating budget which is submitted to the Metropolitan Council by May 1.
3. Copies of the Mayor's proposed budget and budget message are distributed to interested persons, and a summary of the budget is published in the area daily newspaper. The budget is a public record open for public inspection.
4. The Metropolitan Council's Budget and Finance Committee holds hearings with the officers, departments, boards, commissions and other agencies to explore the impact of the recommended operating budget and to explore other departmental budget options. In addition, advertised public hearings are held to obtain taxpayers' comments prior to final passage.
5. The budget is legally enacted effective July 1 through passage of an ordinance by the Metropolitan Council. In no event shall the total appropriations for any fund included in the budget exceed the estimated revenues and fund balance.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2017-2018 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number BL 2017-722. Fund balance resources at June 30, 2017 have been assigned to the 2017-2018 fiscal year operating budget as follows:

General Services District General Fund	\$ 49,809,300
General Purpose School Fund	19,059,900
General Services District General Purposes Debt Service Fund	900,000
General Services District School Purposes Debt Service Fund	1,400,000
Urban Services District General Purposes Debt Service Fund	4,080,400

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, 2017 were as follows:

	<u>Outstanding Encumbrances</u>
General Fund	\$ 2,451,980
Special Revenue Funds:	
General Purpose School	3,347,458
Metropolitan Action Commission	479,934
General Fund 4% Reserve	2,329,328
Solid Waste Operations	1,373,217
Flood 2010 Recovery	661,729
Education Services	3,540,601
Other Governmental Services	1,490,664
Capital Projects Funds:	
GSD Capital Projects	139,006,466
Education Capital Projects	91,139,181
USD Capital Projects	277,174

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, 2017:

	Unassigned Fund Balance/ Unrestricted Net Position
Capital Project Funds:	
GSD Capital Projects	\$ (126,452,192)
Education Capital Projects	(65,519,922)
USD Capital Projects	(245,057)

The deficits in the GSD, Education, and USD Capital Project Funds will be funded by the future issuance of notes and bonds.

During the year ended June 30, 2017, 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:			
Retiree Benefits:			
Employers' Contribution for Group Life Insurance	\$ 2,914,600	\$ 2,990,433	\$ (75,833)
Transfers Out:			
Internal Service Funds	16,950,400	16,953,569	(3,169)
Fiduciary Funds	65,000	124,430	(59,430)
General Purpose School Fund:			
Transfers Out	99,128,800	100,598,485	(1,469,685)
GSD General Purposes Debt Service Fund:			
Principal Retirement	66,845,600	71,232,867	(4,387,267)
Fiscal Charges	3,408,900	4,528,171	(1,119,271)
GSD School Purposes Debt Service Fund:			
Principal Retirement	46,717,000	51,771,544	(5,054,544)
Fiscal Charges	1,572,200	1,889,759	(317,559)
USD General Purposes Debt Service Fund:			
Interest	7,065,500	8,683,658	(1,618,158)

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

Transfers Out to Internal Service Funds in the General Fund are over budget due to transfers to the Office of Fleet Management Fund from the Department of General Services, which is under budget in total.

Transfers Out to Fiduciary Funds in the General Fund are over budget due to transfers in excess of expected amounts to the Metropolitan Employees' Benefit Trust Fund related to pension fund reimbursements from departmental budgets that are under budget in total.

Transfers Out in the General Purpose School Fund are over budget due to transfers to the Education Services Fund for charter schools being higher than budgeted because enrollment in charter schools exceeded expected levels. Expenditures and transfers out for the General Purpose School Fund are monitored and are under budget in total.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Expenditures for the Debt Service Funds are not controlled on a line item basis. Both the GSD General Purposes and GSD School Purposes Debt Service Funds are over budget due to: 1) higher than expected tax increment payments to MDHA, which are offset by property tax revenues, 2) higher than expected commercial paper interest payments, which are authorized by the commercial paper program approved by Council, and 3) the cost of bond issuance, which is offset by bond proceeds transferred in to cover those costs. Additionally, interest in the GSD School Purposes Debt Service Fund is budgeted net of certain bond interest tax credits that are reported as transfers in to that fund.

NOTE 4 – DEPOSITS AND INVESTMENTS

Primary Government

The Government is authorized by State statute and 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); the State of Tennessee Intermediate Term Investment Fund (ITIF); the First Tennessee Bank Advisors Short Investment Pool (FTB Short Pool); 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). The Metro Investment Pool is invested in the LGIP, the ITIF, and the FTB Short Pool. Primary oversight for the LGIP and the ITIF rests with the State of Tennessee Funding Board. The LGIP and ITIF are similar to a SEC 2a-7 account (SEC designation). The ITIF and the FTB Short Pool are primarily invested in bonds issued by U.S. Government Agencies. The Government's amounts included in the LGIP and ITIF are reported at the fair value of its position in the LGIP or ITIF, which approximates the value of the shares at amortized cost. The Government's amounts in the FTB Short Pool are reported at fair value. 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, 2017, 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, 2017, the Government had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Total Portfolio Average Weighted Maturity (in Years)</u>
Metro Investment Pool		
Tennessee Local Government Investment Pool	\$ 519,521,992	0.12
Tennessee Intermediate Term Investment Fund	62,637,214	2.61
First Tennessee Bank Advisors Short Investment Pool	<u>208,888,255</u>	0.73
Total Metro Investment Pool (a)	<u>\$ 791,047,461</u>	
Separate Portfolios:		
U.S. Treasuries (a)	<u>\$ 20,872,909</u>	
Total Separate Portfolios	<u>\$ 20,872,909</u>	

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

Investment Type	Fair Value	Total Portfolio Average Weighted Maturity (in Years)
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan:		
Bank Debt Notes	\$ 99,316	(b)
Equity Commingled Funds	64,060,989	(b)
Conventional Mortgages	2,111,626	0.13
Emerging Markets	19,439,332	0.23
Corporate Bonds and Notes	168,382,102	1.86
High Yield Bonds	43,928,665	0.26
Common Stock	275,885,912	(b)
Preferred Stock	4,984,192	0.05
Non Agency Mortgages/Collateralized Mortgage Obligations	43,004,142	0.25
Venture Capital and Partnerships	1,748,229,630	(b)
Registered Investment Companies	112,102,854	(b)
International Bonds	1,908,055	(b)
Sector Funds	106,379,833	0.77
Non U.S. Treasury Securities	5,449,722	(b)
U.S. Treasury Securities	38,844,595	2.41
Other Securities	85,657,961	(b)
Other Fixed Income	127,926,876	(b)
Commingled Funds U.S. Debt	14,597,805	(b)
Real Estate	13,980,157	(b)
	<hr/>	
Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	<u>\$ 2,876,973,764</u>	

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

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policies place no specific limit on the weighted average maturity of the Government's investment portfolios. However, the average maturity of the portfolios are monitored and managed so that the changing interest rates will cause only minimal deviations in the net asset value. As of June 30, 2017, 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, 2017, the investments of the Government had credit ratings as follows:

Investment Type	Credit Ratings								
	Fair Value	A	AA	AAA	B	BB	BBB	CC-D	Not Rated
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan									
Conventional Mortgages	\$ 2,111,626	\$ -	\$ 2,111,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred Stock	4,984,192	261,479	-	-	-	995,312	3,727,401	-	-
Corporates	168,382,102	38,088,061	2,692,809	904,744	-	2,754,618	118,061,359	-	5,880,511
Emerging Markets	19,439,332	3,839,421	1,241,493	513,858	612,174	3,394,115	3,507,199	899,669	5,431,402
High Yield	43,928,665	43	-	-	21,471,660	19,020,209	-	1,570,740	1,866,014
International Bonds	1,908,055	791,501	125,338	200,676	423,276	-	-	-	367,264
Non Agency Mortgages	43,004,142	-	298,332	283,946	3,502,857	1,787,001	228,748	24,191,466	12,711,791
Treasury Non U.S. Developing Markets	5,449,722	516,488	4,772,591	-	-	-	160,643	-	-
Sector Funds	106,379,833	-	24,287,733	-	-	-	-	-	82,092,100
U.S. Treasuries	38,844,594	-	38,844,594	-	-	-	-	-	-
Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	\$ 434,432,264	\$ 43,496,993	\$ 74,374,517	\$ 1,903,224	\$ 26,009,967	\$ 27,951,255	\$ 125,685,350	\$ 26,661,875	\$ 108,349,082

Concentration of credit risk is the risk of loss attributed to the magnitude of the Government's investment in a single issuer. The Government's Investment Policy limits single issuer exposure to 5% except for the securities of the U.S. Government or its agencies. There is no single issuer that exceeds 5% of total investments at June 30, 2017.

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, 2017, all investments were insured or registered or the securities were held by the Government or its agent in the Government's name.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of June 30, 2017, 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, 2017, the Government's exposure to foreign currency risk is as follows:

Base Currency	Fair Value
Common Stock:	
Australian Dollar	\$ 912,515
British Pound Sterling	22,618,130
Canadian Dollar	3,873,870
Danish Krone	2,460,680
Euro	23,299,703
Japanese Yen	15,580,213
Norwegian Krone	2,160,370
Singapore Dollar	1,370,767
Swedish Krona	3,668,341
Swiss Franc	3,642,718
Total Common Stock	79,587,307
Venture Capital and Partnerships:	
Euros	76,544,259
Total Venture Capital and Partnerships	76,544,259
Total Metropolitan Employees' Benefit Trust And Teachers' Retirement Plan	\$ 156,131,566

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

C. Securities Lending Program

The Metropolitan Employees' Benefit Trust (Trust) and Teachers' Retirement Plan (Plan) are authorized by the Metropolitan Charter and the Statement of Investment Policy to lend securities to brokerage firms on a temporary basis through their custodian bank, Bank of New York Mellon (Custodian). During the fiscal year, the Custodian lent the Trust securities and received cash, U.S. Government securities, and irrevocable letters-of-credit as collateral. The Custodian did not have the ability to pledge or sell non-cash collateral delivered absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to not less than 102% of the market value of loaned domestic securities and 105% of the market value of loaned foreign securities.

The Trust imposed no restrictions on the amount of securities lent by the Custodian during the year on their behalf. There were no violations of legal or contractual provisions and there were no borrower or lending agent default losses during the year. The contract with the Custodian requires indemnification only in cases of Custodian negligence.

All securities loans can be terminated on demand by either the lender or the borrower. The average term of the Trust loans for the year ended June 30, 2017 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, 2017 was \$86,108,828 and \$84,089,328 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, 2017 are not recorded in the Statement of Plan Net Position, as the Trust cannot sell or pledge the collateral received absent a borrower default.

At year end, the Trust has no credit risk by the borrowers because the amount the Trust owes the borrowers exceeds the amount the borrowers owe the Trust. The gross earnings for securities lending were \$186,596 and borrower's rebates were \$10,930 for total income of \$197,526, and the related expenses were \$39,484 in agent fees, netting \$158,042 in securities lending income for the Trust.

D. Fair Value Measurement

GASB Statement No. 72, Fair Value Measurement and Application, categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs are inputs – other than quoted prices included in Level 1 – that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability.

For the Metropolitan Government Investment Pool, the input levels are not applicable to LGIP as investments are reported at amortized cost. The investments in ITIF are considered Level 2, and the FTB Short Pool are considered Level 1.

The Separate Portfolio which is comprised of U.S. Treasuries and U.S. Government Bonds are valued by the Government as Level 1 inputs. These investments are made on behalf of the respective Departments and component units of the Government. Similarly, these investments can be valued from quoted prices (unadjusted) to identical assets or liabilities in active markets that a government can access at the measurement date.

For the Metropolitan Employees' Benefit Trust (Trust) and Teachers' Retirement Plan (Plan) investments, the custodian uses a proprietary matrix based on asset class (i.e., "sector code" or "firm code"). The custodian established a framework of thirteen major asset classifications, with over 1,100 sub-classifications, allowing the client to aggregate or disaggregate based on the strategies and investment policies that they identify as most appropriate for their plans. The sub-classifications are assigned a fair value level based on the attributes and pricing guidelines of the sub-classification. This information is passed on from the security level to the individual asset holder's account. The fair value hierarchy level matrix is based on discussions with 1) pricing vendors, 2) brokers and dealers, 3) investment managers, 4) industry groups, and 5) independent accounting firms. Examples of Level 1 securities that have quoted prices (unadjusted) in an active market for identical assets or liabilities include U.S. equities, non-U.S. equities, EFT's, regulated investment companies and U.S. treasuries. Examples of Level 2 securities that have inputs other than quoted prices that are observable for the assets or liabilities include corporate bonds, asset backed securities and government bonds. Examples of Level 3 securities that have unobservable inputs for the assets or liabilities used to measure fair value that rely on the other assumptions include limited partnerships, private placement investments, hedge funds, and commingled funds. The Investment Committee used this matrix and did not override any of the fair value levels reported by the custodian.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Metro Investment Pool:				
Tennessee Local Government Investment Pool	\$ 519,521,922	\$ n/a	\$ n/a	\$ n/a
Tennessee Intermediate Term Investment Fund	62,637,214	-	62,637,214	-
First Tennessee Bank Advisors Short Investment Pool	208,888,255	208,888,255	-	-
Total Metro Investment Pool	\$ 791,047,461	\$ 208,888,255	\$ 62,637,214	\$ -
Separate Portfolios:				
U.S. Treasuries	\$ 20,872,909	\$ 20,872,909	\$ -	\$ -
Total Separate Portfolios	\$ 20,872,909	\$ 20,872,909	\$ -	\$ -
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan				
Common Stock	\$ 331,795,671	\$ 275,885,912	\$ -	\$ 55,909,759
Equity Commingled Funds	64,060,989	64,060,989	-	-
Fixed Income Funds	148,099,762	5,840,366	-	142,259,396
Futures	(1,577,961)	(1,577,961)	-	-
Registered Investment Companies	112,102,854	112,102,854	-	-
U.S. Government Securities	150,502,085	149,897,225	604,860	-
Asset Backed Securities	66,356,405	-	66,356,405	-
Corporate Debt Instruments	169,145,285	-	169,145,285	-
Municipals	930,696	-	930,696	-
Non U.S. Government Bonds	5,798,938	-	5,798,938	-
Non U.S. Government Private Placement	2,571,416	-	2,571,416	-
Swaps	4,569,529	-	4,569,529	-
U.S. Private Placement	74,743,813	-	74,743,813	-
Bank Debt Notes	9,490,504	-	-	9,490,504
Commingled Funds U.S. Debt	14,597,805	-	-	14,597,805
Partnership Joint Venture Interest	1,748,229,630	-	-	1,748,229,630
Less Amounts Reported as Cash and Cash Equivalents (1)	(24,443,657)	(24,443,657)	-	-
Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	\$ 2,876,973,764	\$ 581,765,728	\$ 324,720,942	\$ 1,970,487,094

(1) The amounts categorized in the fair value levels were determined from information provided by the custodian and include cash held by the custodian that is reported in the financial statements as cash and cash equivalents.

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 are primarily fixed income assets that may have not traded, but the prices are derived from substantially similar assets that have traded. Securities classified in Level 3 are primarily private equity and private debt in limited partnership securities, and the prices are derived from 1) fair value capital balances which may be adjusted by investment managers where appropriate giving consideration to various factors, or 2) the value that is most likely to be an exit price in an orderly arm's length transaction between market participants using one of the accepted valuation methods under U.S. generally accepted accounting principles. The valuation for Level 3 assets is consistent with industry standards, and valuation changes are primarily due to fundamental changes at the company level, subsequent transactions, or observable market pricing.

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.

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

B. Investments

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

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

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

Primary Government

Governmental activities:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 433,706,444	\$ 17,775,625	\$ (541,392)	\$ 450,940,677
Transportation infrastructure	1,539,838,656	8,417,985	-	1,548,256,641
Public art	4,046,776	407,659	-	4,454,435
Construction in progress	228,364,642	155,490,480	(68,211,998)	315,643,124
Total capital assets, not being depreciated	2,205,956,518	182,091,749	(68,753,390)	2,319,294,877
Capital assets, being depreciated:				
Buildings and improvements	2,007,209,724	81,569,287	(710,430)	2,088,068,581
Furniture, machinery and equipment	445,188,612	58,762,680	(44,576,122)	459,375,170
Stormwater infrastructure	159,828,456	7,921,833	-	167,750,289
Total capital assets, being depreciated	2,612,226,792	148,253,800	(45,286,552)	2,715,194,040
Less accumulated depreciation:				
Building and improvements	(803,917,350)	(67,707,969)	223,824	(871,401,495)
Furniture, machinery and equipment	(333,033,738)	(31,180,550)	29,712,096	(334,502,192)
Stormwater infrastructure	(46,385,522)	(3,209,591)	-	(49,595,113)
Total accumulated depreciation	(1,183,336,610)	(102,098,110)	29,935,920	(1,255,498,800)
Total capital assets, being depreciated, net	1,428,890,182	46,155,690	(15,350,632)	1,459,695,240
Governmental activities capital assets, net	\$ 3,634,846,700	\$ 228,247,439	\$ (84,104,022)	\$ 3,778,990,117

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, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 30,639,729	\$ -	\$ (6,056,529)	\$ 24,583,200
Construction in progress	222,820,250	131,236,580	(98,066,683)	255,990,147
Total capital assets, not being depreciated	253,459,979	131,236,580	(104,123,212)	280,573,347
Capital assets, being depreciated:				
Utility plant in service	2,793,395,374	91,330,153	-	2,884,725,527
Buildings and improvements	141,912,904	5,199,683	(52,977,534)	94,135,053
Improvements other than buildings	57,540,313	3,240,970	(50,220)	60,731,063
Furniture, machinery and equipment	87,711,938	25,523,897	(540,045)	112,695,790
Property under capital lease	3,645,000	-	-	3,645,000
Total capital assets, being depreciated	3,084,205,529	125,294,703	(53,567,799)	3,155,932,433
Less accumulated depreciation:				
Utility plant in service	(1,136,806,607)	(77,461,936)	-	(1,214,268,543)
Buildings and improvements	(89,438,234)	(2,354,845)	34,539,785	(57,253,294)
Improvements other than buildings	(40,851,689)	(1,774,210)	47,700	(42,578,199)
Furniture, machinery and equipment	(43,175,726)	(6,568,973)	508,855	(49,235,844)
Property under capital lease	(1,829,969)	(91,125)	-	(1,921,094)
Total accumulated depreciation	(1,312,102,225)	(88,251,089)	35,096,340	(1,365,256,974)
Total capital assets, being depreciated, net	1,772,103,304	37,043,614	(18,471,459)	1,790,675,459
Business-type activities, capital assets, net	\$ 2,025,563,283	\$ 168,280,194	\$ (122,594,671)	\$ 2,071,248,806

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	\$ 17,383,735
Fiscal administration	743,939
Administration of justice	2,661,306
Law enforcement and care of prisoners	7,309,226
Fire prevention and control	2,569,367
Education	37,960,340
Regulation and inspection	5,971
Public welfare	1,536,693
Public health and hospitals	1,345,900
Public library system	2,804,329
Public works, highways and streets, including depreciation of stormwater infrastructure	5,658,145
Recreational and cultural	9,216,886
Capital assets held by internal service funds are charged to the various functions based on each function's usage of the services provided by the funds	<u>12,902,273</u>
Total depreciation expense, governmental activities	<u>\$ 102,098,110</u>
Business-type activities:	
Department of Water and Sewerage Services	\$ 84,931,446
District Energy System	2,341,555
Board of Fair Commissioners	379,106
Farmers Market	291,617
Municipal Auditorium	<u>307,365</u>
Total depreciation expense, business-type activities	<u>\$ 88,251,089</u>

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

Component Units

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016 (1)	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 366,658,106	\$ -	\$ (5,668,580)	\$ 360,989,526
Public art	1,183,844	-	-	1,183,844
Construction in progress	<u>120,717,262</u>	<u>189,163,916</u>	<u>(121,224,389)</u>	<u>188,656,789</u>
Total capital assets, not being depreciated	<u>488,559,212</u>	<u>189,163,916</u>	<u>(126,892,969)</u>	<u>550,830,159</u>
Capital assets, being depreciated:				
Utility plant in service	1,367,527,000	55,644,000	(12,170,000)	1,411,001,000
Buildings and improvements	1,964,685,237	22,024,122	(6,986,469)	1,979,722,890
Improvements other than buildings	543,711,778	-	19,729,890	563,441,668
Furniture, machinery and equipment	449,169,861	17,076,957	25,822,002	492,068,820
Infrastructure	<u>25,959,113</u>	<u>-</u>	<u>(3,553,724)</u>	<u>22,405,389</u>
Total capital assets, being depreciated	<u>4,351,052,989</u>	<u>94,745,079</u>	<u>22,841,700</u>	<u>4,468,639,767</u>
Less accumulated depreciation for:				
Utility plant in service	(576,553,393)	(31,049,607)	16,212,000	(591,391,000)
Buildings and improvements	(631,069,059)	(59,209,087)	24,796,291	(665,481,855)
Improvements other than buildings	(314,002,454)	(37,993,892)	461,186	(351,535,160)
Furniture, machinery and equipment	(251,821,149)	(29,271,306)	8,829,868	(272,262,587)
Infrastructure	<u>(13,730,162)</u>	<u>(5,558,955)</u>	<u>2,325,705</u>	<u>(16,963,412)</u>
Total accumulated depreciation	<u>(1,787,176,217)</u>	<u>(163,082,847)</u>	<u>52,625,050</u>	<u>(1,897,634,014)</u>
Total capital assets, being depreciated, net	<u>2,563,876,772</u>	<u>(68,337,768)</u>	<u>75,466,750</u>	<u>2,571,005,753</u>
Component units activities capital assets, net	<u>\$ 3,052,435,984</u>	<u>\$ 120,826,148</u>	<u>\$ (51,426,219)</u>	<u>\$ 3,121,835,912</u>

(1) The balances at July 1, 2016 were restated to reflect the addition of certain discretely presented component units to the reporting entity as discussed in Note 2.

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

NOTE 6 – BONDS, NOTES AND OTHER OBLIGATIONS

Primary Government

A. Transaction Summary

Bonds, notes and other obligations activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Governmental activities:					
General obligation bonds payable:					
General Services District	\$ 1,404,282,050	\$ 280,675,679	\$ (71,232,867)	\$ 1,613,724,862	\$ 74,519,732
Schools	720,140,151	171,785,733	(47,820,548)	844,105,336	50,698,440
Urban Services District	185,490,677	2,538,666	(9,855,480)	178,173,863	11,628,672
Deferred premium (discount)	366,985,594	48,071,097	(32,648,293)	382,408,398	-
Total general obligation bonds payable	2,676,898,472	503,071,175	(161,557,188)	3,018,412,459	136,846,844
Qualified zone academy notes payable:					
Qualified Zone Academy Notes	2,072,831	-	(414,567)	1,658,264	414,567
Deferred premium (discount)	(46,640)	-	10,364	(36,276)	-
Total qualified zone academy notes payable	2,026,191	-	(404,203)	1,621,988	414,567
Qualified school construction bond loans payable	38,264,408	-	(3,536,429)	34,727,979	3,536,429
Other obligations payable:					
Net pension liability	377,092,525	312,211,357	(453,768,316)	235,535,566	-
Net other postemployment benefits obligation	1,338,966,000	270,793,000	(103,609,000)	1,506,150,000	-
Compensated absences	87,908,492	65,692,625	(64,544,549)	89,056,568	51,027,963
Claims and judgments	10,316,208	3,150,371	(2,458,205)	11,008,374	165,000
Landfill closure costs	9,111,371	-	(2,881,198)	6,230,173	552,850
Fair value of derivative financial instruments	10,343,936	489,971	(3,229,266)	7,604,641	-
Total other obligations payable	1,833,738,532	652,337,324	(630,490,534)	1,855,585,322	51,745,813
Total governmental activities long-term liabilities	\$ 4,550,927,603	\$ 1,155,408,499	\$ (795,988,354)	\$ 4,910,347,748	\$ 192,543,653
Business-type activities:					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 744,910,000	\$ -	\$ (28,795,000)	\$ 716,115,000	\$ 37,475,000
Deferred premium (discount)	39,103,162	-	(5,628,882)	33,474,280	-
Net pension liability	17,477,001	17,939,732	(30,024,302)	5,392,431	-
Total Department of Water and Sewerage Services	801,490,163	17,939,732	(64,448,184)	754,981,711	37,475,000
District Energy System:					
General obligation bonds payable	54,977,122	539,922	(2,326,105)	53,190,939	2,303,156
Deferred premium (discount)	8,796,397	57,043	(560,422)	8,293,018	-
Net pension liability	58,239	80,829	(117,894)	21,174	-
Total District Energy System	63,831,758	677,794	(3,004,421)	61,505,131	2,303,156
Other business-type activities:					
Net pension liability	2,975,984	3,367,874	(5,385,973)	957,885	-
Total other business-type activities	2,975,984	3,367,874	(5,385,973)	957,885	-
Total business-type activities long-term liabilities	\$ 868,297,905	\$ 21,985,400	\$ (72,838,578)	\$ 817,444,727	\$ 39,778,156

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

B. Description of Amounts Payable

	Interest Rate	Amount
Governmental activities:		
General obligation bonds payable from ad valorem taxes:		
General Services District – General Purposes, due in varying amounts to July 1, 2036	.30 – 5.71%	\$ 1,613,724,862
General Services District – School Purposes, due in varying amounts to July 1, 2036	.30 – 5.71%	844,105,336
Urban Services District – General Purposes, due in varying amounts to July 1, 2036	.30 – 5.71%	178,173,863
Deferred premium (discount)		382,408,398
Total general obligation bonds payable from ad valorem taxes		3,018,412,459
Qualified zone academy notes payable:		
Qualified Zone Academy Notes, due in varying amounts to December 28, 2020	n/a	1,658,264
Deferred premium (discount)		(36,276)
Total qualified zone academy notes payable		1,621,988
Qualified school construction bond loans payable	1.515%	34,727,979
Other obligations payable:		
Net pension liability		235,535,566
Net other postemployment benefits obligation		1,506,150,000
Compensated absences		89,056,568
Claims and judgments		11,008,374
Landfill closure		6,230,173
Fair value of derivative financial instruments		7,604,641
Total other obligations payable		1,855,585,322
Total governmental activities long-term liabilities		\$ 4,910,347,748
Business-type activities:		
Bonds payable:		
Department of Water and Sewerage Revenue Refunding Bonds, Series 2008A, due in varying amounts to January 1, 2022	3.25 – 5.25%	\$ 71,840,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2010A, due in varying amounts to July 1, 2027	3.00 – 5.00%	76,530,000
Department of Water and Sewerage Revenue Bonds, Federally Taxable (BABs), Series 2010B, due in varying amounts to July 1, 2037	6.393 - 6.568%	135,000,000
Department of Water and Sewerage Revenue Bonds, Federally Taxable, Series 2010C, due in varying amounts to July 1, 2041	6.693%	75,000,000
Department of Water and Sewerage Revenue Refunding Bonds, Federally Taxable, Series 2010D, due in varying amounts to July 1, 2018	4.255 – 4.791%	7,610,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2012, due in varying amounts to July 1, 2023	1.00 – 5.00%	112,205,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2013, due in varying amounts to July 1, 2033	3.00 – 5.00%	237,930,000
Deferred premium (discount)		33,474,280
Total Department of Water and Sewerage Services		749,589,280

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

Business-type activities (continued):	Interest Rate	Amount
District Energy System G.O. Multi-purpose Bonds, Series 2010A, due in varying amounts to July 1, 2026	2.75 – 5.00%	\$ 242,419
District Energy System G.O. Refunding Bonds, Series 2010D, due in varying amounts to July 1, 2024	1.50 – 5.00%	788,325
District Energy System G.O. Refunding Bonds, Series 2011, due in varying amounts to July 1, 2023	2.00 – 5.00%	504,087
District Energy System Revenue Refunding Bonds, Series 2012A, due in varying amounts to October 1, 2033	2.00 – 5.00%	41,255,000
District Energy System G.O. Refunding Bonds, Series 2012B, due in varying amounts to July 1, 2024	.32 – 2.767%	2,615,607
District Energy System G.O. Refunding Bonds, Series 2013A, due in varying amounts to July 1, 2033	3.00 – 5.00%	990,183
District Energy System G.O. Improvement Bonds, Series 2015C, due in varying amounts to July 1, 2034	4.00 – 5.00%	685,894
District Energy System G.O. Refunding Bonds, Series 2016, due in varying amounts to January 1, 2033	2.00 – 5.00%	5,569,502
District Energy System G.O. Improvement Bonds, Series 2017, due in varying amounts to July 1, 2036	4.00 – 5.00%	539,922
Deferred premium (discount)		8,293,018
Total District Energy System		61,483,957
Total bonds payable		811,073,237
 Net pension liability:		
Department of Water and Sewerage Services		5,392,431
District Energy System		21,174
Other business-type activities		957,885
Total net pension liability		6,371,490
Total business-type activities long-term liabilities		\$ 817,444,727

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

Governmental activities:		
Noncurrent liabilities:		
Due within one year	\$	192,543,653
Due in more than one year		4,717,804,095
Total governmental activities		4,910,347,748
 Business-type activities:		
Liabilities payable from restricted assets:		
Current portion of long-term liabilities		39,778,156
Noncurrent liabilities:		
Due in more than one year		777,666,571
Total business-type activities	\$	817,444,727

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Net pension liability	Fund incurring the related employees' compensation, primarily the General Fund and General Purpose School Fund
Other postemployment benefits obligation	Fund incurring the related employees' compensation, primarily the General Fund, General Purpose 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 Purpose School Fund
Claims and judgments	Fund to which the claim or judgment relates
Landfill closure costs	Solid Waste Operations Fund

For the business-type activities, the other obligations are generally liquidated from the funds reporting the liabilities.

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, 2017, the Government believes it is in compliance with all financial limitations and restrictions.

E. Annual Debt Service Requirements

The annual requirements to amortize all general obligation bonds and revenue bonds outstanding as of June 30, 2017 are as follows:

Year Ending June 30	General Obligation Bonds		Revenue Bonds		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 139,150,000	\$ 118,577,393	\$ 37,475,000	\$ 37,476,030	\$ 176,625,000	\$ 156,053,423
2019	153,825,000	113,618,639	38,225,000	35,654,524	192,050,000	149,273,163
2020	160,135,000	107,305,595	39,120,000	33,743,634	199,255,000	141,049,229
2021	167,145,000	100,297,369	40,180,000	31,823,496	207,325,000	132,120,865
2022	170,590,000	92,429,131	40,985,000	29,812,021	211,575,000	122,241,152
2023-2027	889,685,000	339,288,817	104,225,000	128,300,119	993,910,000	467,588,936
2028-2032	625,095,000	163,666,561	100,370,000	103,924,994	725,465,000	267,591,555
2033-2037	383,570,000	32,743,103	125,540,000	71,268,178	509,110,000	104,011,281
2038-2042	-	-	156,770,000	29,878,694	156,770,000	29,878,694
2043-2045	-	-	33,225,000	1,342,299	33,225,000	1,342,299
Total	2,689,195,000	1,067,926,608	716,115,000	503,223,990	3,405,310,000	1,571,150,598
Deferred Premium (Discount)	390,701,416	-	33,474,280	-	424,175,696	-
Total	\$ 3,079,896,416	\$ 1,067,926,608	\$ 749,589,280	\$ 503,223,990	\$ 3,829,485,696	\$ 1,571,150,598

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

F. Commercial Paper

In July 2014, the Government entered into agreements with two banks to provide a \$500 million traditional commercial paper program, one through a Standby Note Purchase Agreement (SNPA) and one through a Standby Letter of Credit and Reimbursement Agreement (LOC). The SNPA supports \$300 million of commercial paper notes. If the commercial paper dealer was ever unable to market notes in the amount needed to pay the maturing notes, the liquidity provider would issue bank notes. The proceeds of the bank notes would be applied to pay the principal of commercial paper notes on the respective maturity dates. The LOC supports \$200 million of commercial paper notes. If the commercial paper dealer was ever unable to market notes in the amount needed to pay the maturing notes, the liquidity provider would make advances against the LOC. The proceeds of the LOC advance would be applied to pay the principal of commercial paper notes on the respective maturity dates. Also, in July 2014, the Government began a \$200 million Extendable Commercial Paper (ECP) program. The ECP dealer issues commercial paper notes with original maturity of 1 to 90 days. If the ECP dealer was ever unable to market notes in the amount needed to pay the maturing notes, the Government could extend the original maturity date to 270 days from the original date of issue. During this period long-term financing would be arranged to pay the notes at maturity. The combined programs total \$700 million of commercial paper notes available for short term capital financing.

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, 2017, the amount of principal outstanding could not exceed \$700 million.

In April 2015, the Government established a \$200 million Water and Sewerage commercial paper program. The program allows the Government to issue short-term notes to finance water and sewer capital projects, until long-term bonds can be issued to provide permanent project financing. As notes mature (prior to the issuance of the long-term bonds) new notes are issued to repay the maturing notes. If market conditions are such that new notes cannot be issued, the bank has agreed to pay the principal amount of any maturing commercial paper notes pursuant to a revolving credit agreement. If the bank advances funds pursuant to the revolving credit agreement, the Government has 180 days within which to reimburse the bank, either from the proceeds of a new commercial paper note issue, the proceeds of long-term bonds or funds of the Government. If the Government cannot reimburse the bank within 180 days, the bank advance converts to a term loan, payable in equal semi-annual installments of principal over three years. The Government may at any time prepay the term loan from the proceeds of a new commercial paper note issue or long-term bonds. In October 2015, the revolving credit agreement was replaced by a letter of credit and reimbursement agreement (LOC). The par amount of the commercial paper program was also reduced from \$200 million to \$183 million, the payment of which is now supported by the LOC on substantially the same terms as the revolving credit agreement as described above.

In April 2015, the Government began a \$100 million Extendable Commercial Paper (ECP) program. The ECP dealer issues commercial paper notes with original maturities of 1 to 90 days. If the ECP dealer was ever unable to market notes in the amount needed to pay the maturing notes, the Government could extend the original maturity date to 270 days from the original date of issue. During this period long-term financing would be arranged to pay the notes at maturity. The combined programs total \$300 million of commercial paper notes available for short term capital financing.

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, 2017, the amount of principal outstanding could not exceed \$300 million.

Commercial paper obligations of \$450,000,000 with interest rates ranging from .42% to 1.00% were outstanding at June 30, 2017. The obligations are considered short-term debt at June 30, 2017 and are recorded as a liability in the Capital Project Funds, Flood 2010 Recovery Fund, Department of Water and Sewerage Services, and the District Energy System of the Government.

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

Commercial paper activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
Commercial paper payable	\$ 500,000,000	\$ 450,000,000	\$ (500,000,000)	\$ 450,000,000

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

Governmental activities:

Commercial paper payable	\$ 199,574,090
Total governmental activities	199,574,090

Business-type activities:

Commercial paper payable	250,425,910
Total business-type activities	250,425,910
Total commercial paper payable	\$ 450,000,000

G. Issuance of Bonds

On February 2, 2017, the Government issued \$455,540,000 General Obligation Improvement Bonds, Series 2017, maturing on July 1, 2036, with interest rates ranging from 4.00% to 5.00%. The net proceeds of the Series 2017 Bonds totaled \$503,668,140 (including original issue premium). \$500,000,000 of the net proceeds was used to fund maturing commercial paper notes, and \$3,668,140 was used to cover underwriting fees and other costs of issuance.

H. Defeased Bonds

The Government has defeased certain other 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, 2017, \$716,785,000 of general obligation bonds are considered defeased.

I. Redemption Options

Certain bonds are subject to redemption prior to maturity at the option of the Government. The stated payments of principal and interest on the Department of Water and Sewerage Services Series 1992 and Series 2010A, B, C and D are insured by municipal bond insurance policies which cannot be canceled.

J. Qualified Zone Academy Notes

Qualified Zone Academy Bonds (QZAB) are issued by the Tennessee State School Bond Authority (TSSBA) to finance improvement loans for qualifying primary and secondary schools in the State. The QZAB's are a part of a federal government program administered by the Tennessee Department of Education in which a federal tax credit is given to investors in lieu of interest on the bonds.

The Government entered into a loan agreement with the TSSBA in December 2005 whereby the Government would receive an amount not to exceed \$6,350,000 of the proceeds from the TSSBA QZAB, Series 2005. Actual proceeds totaled \$6,218,500. Under the provisions of the agreement, the proceeds of the loan must be spent on specific authorized projects within a limited time period. The TSSBA will hold and invest the proceeds from the Series 2005 Bonds, and as allowable expenditures are incurred, the Government will request reimbursement. The Government is required to make annual principal payments to TSSBA. An investment credit applied to the Government's portion of the bond proceeds will be used to reduce future payments.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

QZAB note principal maturities at June 30, 2017 are summarized below:

Year Ending June 30	Principal	Investment Credit (1)
2018	\$ 414,567	\$ 97,031
2019	414,567	97,031
2020	414,567	97,031
2021	414,563	97,031
Total qualified zone academy notes payable	<u>\$ 1,658,264</u>	<u>\$ 388,124</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 received 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 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 received \$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, 2017 are summarized below:

Year Ending June 30	Principal	Interest	Subsidy
2018	\$ 3,536,429	\$ 2,043,674	\$ 1,723,706
2019	3,536,429	2,043,674	1,723,706
2020	3,536,429	2,043,674	1,723,706
2021	3,536,429	2,043,674	1,723,706
2022	3,536,429	2,043,674	1,723,706
2023-2027	16,836,689	9,925,068	8,618,532
2028	209,145	169,760	861,854
Total qualified school construction bond loan payable	<u>\$ 34,727,979</u>	<u>\$ 20,313,198</u>	<u>\$ 18,098,916</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

L. Derivative Financial Instruments

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

The swap agreement provides that the Government will pay a fixed rate of 5.4% to the Counterparty and will receive the SIFMA rate on the outstanding notional amount which reduces annually and was \$36,590,000 at June 30, 2017. The SIFMA rate at June 30, 2017 was .91%. All terms of the swap remain in effect and expire May 15, 2026. The credit rating of the Counterparty at June 30, 2017 is Baa1. The fair value of this swap contract was a liability of \$7,114,670 at June 30, 2017 and is recorded in noncurrent liabilities in the Statement of Net Position. The liability decreased by \$3,229,266 for the year ended June 30, 2017. This change in fair value is reported as a deferred inflow of resources in the Statement of Net Position.

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

The net receipts/payments on the hedging derivative instrument at June 30, 2017 are summarized below. The amounts assume that the current reference rate (.91%) 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
2018	\$ 1,642,891
2019	1,497,864
2020	1,344,755
2021	1,182,891
2022	1,011,822
2023-2026	2,134,771
Total hedging derivative, net payments	<u>\$ 8,814,994</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, 2017. However, should interest rates change and the fair value of the swap becomes positive, the Government would be exposed to credit risk in the amount of the derivative's fair value. The Government relies primarily on the credit rating of the counterparty to assess credit risk.

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

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

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.

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

M. Unissued Bonds or Notes

At June 30, 2017, authorized but unissued general obligation bonds totaled \$1,541,853,000. 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, 2017 was as follows:

	Balance July 1, 2016 (1)	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Governmental types:					
Revenue bonds payable:					
Sports Authority	\$ 147,842,021	\$ -	\$ (7,683,032)	\$ 140,158,989	\$ 7,470,000
Total revenue bonds payable - governmental types	<u>147,842,021</u>	<u>-</u>	<u>(7,683,032)</u>	<u>140,158,989</u>	<u>7,470,000</u>
Proprietary types:					
Revenue bonds payable:					
Electric Power Board	593,741,000	208,035,000	(115,611,000)	686,165,000	27,298,000
Metropolitan Nashville Airport Authority	341,718,869	-	(14,126,874)	327,591,995	13,735,000
Convention Center Authority	620,799,946	-	(7,945,494)	612,854,452	10,315,000
Total revenue bonds payable - proprietary types	<u>1,556,259,815</u>	<u>208,035,000</u>	<u>(137,683,368)</u>	<u>1,626,611,447</u>	<u>51,348,000</u>
Notes payable:					
Metropolitan Development and Housing Agency	105,160,827	19,938,299	(9,726,843)	115,372,283	3,511,045
Metropolitan Nashville Airport Authority	12,623,574	6,129,239	(920,676)	17,832,137	6,134,537
Total notes payable - proprietary types	<u>117,784,401</u>	<u>26,067,538</u>	<u>(10,647,519)</u>	<u>133,204,420</u>	<u>9,645,582</u>
Total revenue bonds and notes payable	<u>1,821,886,237</u>	<u>234,102,538</u>	<u>(156,013,919)</u>	<u>1,899,974,856</u>	<u>68,463,582</u>
Governmental types:					
Other liabilities payable:					
Sports Authority:					
Other liabilities	17,294,933	6,621,256	(2,265,037)	21,651,152	-
Total other liabilities payable - governmental types	<u>17,294,933</u>	<u>6,621,256</u>	<u>(2,265,037)</u>	<u>21,651,152</u>	<u>-</u>
Proprietary types:					
Other liabilities payable:					
Hospital Authority:					
Capitalized lease obligation	25,127,617	-	(2,174,873)	22,952,744	2,507,903
Net pension liability	6,522,524	2,380,197	(7,547,223)	1,355,498	-
Metropolitan Development and Housing Agency:					
Other liabilities	1,719,501	1,499,123	(1,719,501)	1,499,123	-
Electric Power Board:					
TVA advances and other	7,030,000	6,565,000	(8,368,000)	5,227,000	-
Net pension liability	233,971,000	61,619,000	(89,397,000)	206,193,000	-
Metropolitan Transit Authority:					
Advance lease receipts	9,737,469	-	(590,004)	9,147,465	-
Refundable grants	3,750,231	1,536,539	(100,819)	5,185,951	-
Net pension liability	14,496,565	9,347,145	(6,870,926)	16,972,784	-
Other postemployment benefits obligation	37,174,406	8,096,422	(2,334,681)	42,936,147	-

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Proprietary types:	Balance July 1, 2016 (1)	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Other liabilities payable (continued):					
Metropolitan Nashville Airport Authority:					
Fair value of derivative financial instruments	\$ 1,134,589	\$ -	\$ (520,003)	\$ 614,586	\$ -
Unearned income	1,828,280	61,263	(34,904)	1,854,639	-
Net pension liability	6,538,938	5,223,705	(11,762,643)	-	-
Other postemployment benefits obligation	26,637,324	2,319,474	(7,983,073)	20,973,725	-
Convention Center Authority:					
Net pension liability	799,038	734,236	(1,299,823)	233,451	-
Total other liabilities payable - proprietary types	376,467,482	99,382,104	(140,703,473)	335,146,113	2,507,903
Total revenue bonds, notes and other liabilities payable - component units	\$ 2,215,648,652	\$ 340,105,898	\$ (298,982,429)	\$ 2,256,772,121	\$ 70,971,485

(1) The balances at July 1, 2016 were restated to reflect the addition of certain discretely presented component units to the reporting entity as discussed in Note 2.

B. Description of Amounts Payable

Amounts payable at June 30, 2017 are as follows:

	Interest Rates	Amount
Governmental types:		
Revenue bonds payable:		
Taxable Public Improvement Revenue Bonds, Series 2012A (Stadium Project), due in varying amounts to July 1, 2033	1.142 – 5.231%	\$ 19,760,000
Taxable Public Facility Revenue Refunding Bonds, Series 2012B, (Arena Project), due in varying amounts to July 1, 2018	.38 – 2.944%	3,165,000
Taxable Public Facility Revenue Improvement Bonds (Hockey Project), Series 2013A, due in varying amounts to July 1, 2033	.793 – 5.150%	12,595,000
Taxable Public Improvement Revenue Refunding Bonds, Series 2013B, due in varying amounts to July 1, 2025	.793 – 4.050%	21,945,000
Public Improvement Revenue Bonds (Ballpark Project), Series 2013A, due in varying amounts to August 1, 2043	3.00 – 5.250%	52,765,000
Taxable Public Improvement Revenue Bonds (Ballpark Project), Series 2013B, due in varying amounts to July 1, 2043	1.25 – 5.625%	11,020,000
Public Improvement Revenue Refunding Bonds, Series 2014, due in varying amounts to July 1, 2026	4.00 – 5.000%	15,005,000
Deferred premium (discount)		3,903,989
Total revenue bonds payable – Governmental types		140,158,989
Proprietary types:		
Revenue bonds payable:		
Electric Power Board Electric System Revenue Bonds, 1998 Series A, due in varying amounts to May 15, 2023	5.125 – 5.40%	22,006,000
Electric Power Board Electric System Revenue Bonds, 2008 Series A, due in varying amounts to May 15, 2033	3.25 – 5.00%	3,551,000
Electric Power Board Electric System Revenue Bonds, 2008 Series B, due in varying amounts to May 15, 2023	3.25 – 5.00%	7,658,000
Electric Power Board Electric System Revenue Bonds, 2011 Series A, due in varying amounts to May 15, 2036	1.50 – 5.00%	47,304,000
Electric Power Board Electric System Revenue Bonds, 2011 Series B, due in varying amounts to May 15, 2026	2.00 – 5.00%	79,154,000
Electric Power Board Electric System Revenue Bonds, 2013 Series A, due in varying amounts to May 15, 2029	3.25 – 5.00%	60,460,000
Electric Power Board Electric System Revenue Bonds, 2014 Series A, due in varying amounts to May 15, 2039	2.00 – 5.00%	114,574,000
Electric Power Board Electric System Revenue Bonds, 2015 Series A, due in varying amounts to May 2039	5.00%	130,778,000
Electric Power Board Electric System Revenue Bonds, 2017 Series A, due in varying amounts to May 15, 2042	3.00 – 5.00%	127,409,000
Electric Power Board Electric System Revenue Bonds, 2017 Series B, due in varying amounts to May 15, 2031	5.00%	93,271,000

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

Proprietary types (continued):

Revenue bonds payable (continued):	Interest Rates	Amount
Airport Improvement Revenue Bonds, Series 2003B, due in varying amounts to July 1, 2033	5.49 – 5.94%	\$ 14,785,000
Airport Improvement Revenue Bonds, Series 2008A, due in varying amounts to July 1, 2019	4.49%	10,800,000
Airport Improvement Revenue Bonds, Series 2009A, due in varying amounts to July 1, 2019	4.125 – 5.25%	16,180,000
Airport Improvement Revenue Bonds, Series 2010A, due in varying amounts to July 1, 2017	5.00%	3,835,000
Special Facility Revenue Bonds, Series 2010, due in varying amounts to July 1, 2029 (includes terms bonds at 6.79%)	2.25 – 6.19%	56,695,000
Airport Improvement Revenue Bonds, Series 2015A, due in varying amounts to July 1, 2040	4.00 – 5.00%	91,855,000
Airport Improvement Revenue Bonds, Series 2015B, due in varying amounts to July 1, 2040	4.00 – 5.00%	108,145,000
Metropolitan Nashville Airport Authority: Deferred premium (discount)		25,296,995
Convention Center Authority Revenue Bonds, 2010A-1 due in varying amounts to July 1, 2026	3.35 – 5.00%	45,090,000
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%	414,645,000
Convention Center Authority: Deferred premium (discount)		724,452
Total revenue bonds payable – Proprietary types		1,626,611,447

Notes payable:

Metropolitan Development and Housing Agency	115,372,283
Metropolitan Nashville Airport Authority	17,832,137
Total notes payable – proprietary types	133,204,420
Total revenue bonds and notes payable	1,899,974,856

Other liabilities payable:

Sports Authority:	
Other liabilities	21,651,152
Hospital Authority:	
Capitalized lease obligation	22,952,744
Net pension liability	1,355,498
Metropolitan Development and Housing Agency:	
Other liabilities	1,499,124
Electric Power Board:	
TVA advances	1,930,000
Other	3,297,000
Net pension liability	206,193,000
Metropolitan Transit Authority:	
Advance lease receipts	9,147,465
Refundable grants	5,185,951
Net pension liability	16,972,784
Other postemployment benefits obligation	42,936,147
Metropolitan Nashville Airport Authority:	
Fair value of derivative financial instruments	614,586
Unearned income	1,854,639
Other postemployment benefits obligation	20,973,725
Convention Center Authority:	
Net pension liability	233,451
Total other liabilities payable – proprietary types	356,797,265
Total bonds, notes and other liabilities payable – component units	\$ 2,256,772,121

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Liabilities payable from restricted assets:	
Current portion of long-term liabilities	\$ 58,818,000
Noncurrent liabilities:	
Due within one year	12,153,485
Due in more than one year	<u>2,185,800,636</u>
Total component units long-term liabilities	<u>\$ 2,256,772,121</u>

C. Collateral for Obligations of the Component Units

Sports Authority

The Public Improvement Revenue Refunding Bonds, Series 2004, are limited obligations of the Sports Authority payable solely from the revenues and receipts pledged to the payment of these bonds and secured by the non-tax revenues of the General Fund of the Government. Neither the faith and credit of the Sports Authority nor the faith and credit or the taxing power of the Government is pledged to the payment of the principal or interest on the bonds.

D. Description of Bonds

Sports Authority

On December 19, 2013, the Sports Authority issued \$53,760,000 Public Improvement Revenue Bonds (Ballpark), Series 2013A, maturing on August 1, 2043, with interest rates ranging from 3.00% to 5.25%, and \$11,240,000 Public Improvement Revenue Bonds (Ballpark), Series 2013B (Federally Taxable), maturing on August 1, 2043, with interest rates ranging from 1.25% to 5.625%. The proceeds of the 2013A and 2013B Ballpark Bonds were used to pay costs to acquire land and construct a minor league baseball park and related public improvements, capitalized interest, and costs related to issuance. The net proceeds of the 2013A and 2013B Ballpark Bonds totaled \$66,397,938 (net of underwriting fees) and were deposited with the Sports Authority.

In conjunction with the issuance of the Series 2013 Ballpark Bonds, the Sports Authority entered into a loan and security agreement with the Metropolitan Development and Housing Agency (the Agency) whereby a tax increment revenue note was issued by the Agency to the Sports Authority in exchange for the loan of \$28,000,000 to the Agency from the Tax Increment Financing (TIF) Loan Account of the Construction Fund. The loan dated December 19, 2013, maturing July 1, 2043, with interest at a fixed rate of 4.55% per annum, was used to pay for certain TIF eligible expenses for the redevelopment project. Collateral for this loan is ninety-five percent (95%) of all ad valorem real property tax increment revenues for specific projects in the vicinity of the Ballpark and the ballpark development.

In addition to the aforementioned TIF payments from the Agency, state and local sales tax revenues generated at the ballpark, ballpark lease payments and – to the extent the foregoing revenues are insufficient – non-tax revenues collected in the General Fund of the Urban Services District of the Government are pledged for the payment of principal and interest on the Series 2013 Ballpark Bonds.

E. Conduit Debt Obligations

Industrial Development Board

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

The aggregate principal amount as of June 30, 2017 for the Industrial Revenue Bonds issued after April 1, 1996 was approximately \$704,709,048. 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 \$5,791,701,965. 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.

F. Other Matters

Sports Authority

The Authority has a \$10,000,000 revolving credit line with First Tennessee Bank (Bank) for the purpose of financing capital improvements at the Bridgestone Arena. Interest is calculated monthly at a variable rate as set forth in the loan agreement based on the outstanding principal balance of the loan. The monthly interest is payable from capital improvement fees received by the Metropolitan Government, and any excess monthly revenues over the interest due are paid against the outstanding principal balance. The loan expires December 31, 2020 at which time the principal outstanding balance and any interest will be due to the Bank. Furthermore, the loan may be extended one or more times to a subsequent date or dates at the discretion of the Bank. As a condition of lending, the loan agreement requires the Metropolitan Government provide a line of credit loan (Metro loan) of \$2,000,000 to the Authority. Upon the occurrence of any event of default, the Bank may require that the Authority draw the full amount of the Metro loan and pay those proceeds to the Bank to be applied against the Bank loan. The total outstanding bank loan balance as of June 30, 2017 is \$8,449,139.

The Authority has a \$15,000,000 non-revolving credit line with Pinnacle Bank (Administrative Agent), First Tennessee Bank and Fifth Third Bank for the purpose of financing capital improvements at the Nissan Stadium. The loan dated October 19, 2015 matures on October 1, 2027. Interest is due quarterly at a variable rate as set forth in the loan agreement based on the outstanding principal balance of the loan. Conditions of lending include that the Authority expend at least \$1,100,000 of its own funds toward project costs; set aside a cash reserve of \$1,900,000 held by the Authority from previously issued bonds Series 2012A, Series 2013B and Series 2014; and maintain a minimum balance of \$1,000,000 in the revenue fund held by the Administrative Agent. Pledged revenues include ticket tax collections (excluding that which is allocated to prior bonds Series 2012A as specified in the agreement) and CMA Fest revenues. Collected revenues are remitted monthly by the Metropolitan Government to the revenue account held by Pinnacle Bank. Remittances are applied toward principal; quarterly the Administrative Agent transfers the amount due for accrued interest. The total outstanding balance as of June 30, 2017 is \$13,192,857.

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

G. Annual Debt Service Requirements

The annual principal maturities of all bonds and notes payable as of June 30, 2017 for the component units are as follows:

Year Ending June 30	Revenue Bonds and Notes Payable	
	Principal	Interest
2018	\$ 69,474,207	\$ 97,598,665
2019	67,499,999	96,208,811
2020	86,241,197	86,183,022
2021	70,450,080	83,254,673
2022	73,370,931	79,903,857
2023-2027	370,131,038	346,733,762
2028-2032	327,911,402	258,741,056
2033-2037	281,123,709	169,777,003
2038-2042	339,392,681	96,597,424
2043-2047	90,665,611	6,464,538
Total	1,776,260,855	1,321,462,811
Deferred charges	123,814,001	-
Total	\$ 1,899,974,856	\$ 1,321,462,811

Deferred amounts for the Electric Power Board are netted with principal.

H. Additional Information

Additional information regarding the bonds, notes and other obligations 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)

NOTE 7 – PENSION PLANS

The Government has the following single-employer pension plans:

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

The 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.

No separate financial reports are issued for these plans.

The Government also participates in cost-sharing, multiple-employer plans administered by the Tennessee Consolidated Retirement System (TCRS).

Component Units

Sports Authority, Hospital Authority, and Convention Center Authority	Included in primary government plans (1)		
Hospital Authority	Defined Contribution	Open	N/A
Convention Center Authority	Defined Contribution	Open	N/A
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
Metropolitan Nashville Airport Authority	Defined Contribution	Open	N/A

(1) Employees of the Sports Authority are eligible to participate in the plans of the Government. Employees of Hospital Authority and Convention Center Authority hired before certain dates are eligible to participate in the plans of the Government. Employees hired subsequent to those dates are only eligible to participate in the plans administered by those Authorities. The allocation of the primary government plans to the component units is not material for disclosure.

The Metropolitan Transit Authority guarantees the plan sponsored by the Davidson Transit Organization (DTO), which provides Metropolitan Transit Authority labor.

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)

Plans Administered by the Government

A. Summary of Significant Accounting Policies

Measurement Focus, Basis of Account and Financial Statement Presentation

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 liability (asset) is reported in the applicable governmental and business-type activities in the Statements of Net Position and Activities.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on national or international exchange are valued at the last reported sales price at current exchange rates. Real estate plan assets are reported at fair value utilizing an income approach to valuation. An independent appraisal is obtained once every year to determine the fair market value of the real estate assets. Accounts receivable include amounts due from investment brokers for pending trades.

B. Plan Descriptions

Plan Administration

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 (the Board), an independent board created by the Metropolitan Charter. The Board is composed of ten members, as follows: Finance Director, Human Resources Director, three members appointed by the Mayor, and five members selected by employees and retirees of the Metropolitan Government.

Plan Membership

Plan membership is summarized on the Selected Pension Information Schedules on pages B-82 to B-83.

Benefits Provided

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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; or (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime monthly benefit is calculated as 1/12 of the sum of 1.75% of average earnings based upon the previous 60 consecutive months of credited service which produce the highest earnings. Benefits fully vest on completing 5 years of service for employees employed on or between October 1, 2001 and December 31, 2012 who vest before leaving employment. Benefits fully vest on completing 10 years of service for employees and non-vested employees hired or rehired on or after January 1, 2013.

Normal retirement for police officers and fire fighters occurs any time after attaining the unreduced retirement age which is the date when the employee's age plus the completed years of credited police and fire service equals 75, but not before age 53 nor after age 60. The lifetime monthly benefit is 1/12 of the sum of 2% of average earnings for each year of credited fire and police service not in excess of 25 years; plus 1.75% of average earnings for each year that the credited police or fire service exceeds 25 years. Benefits fully vest on completing 5 years of service for employees employed on or between October 1, 2001 and December 31, 2012 who vest before leaving employment. Benefits fully vest on completing 10 years of service for employees and non-vested employees hired or rehired on or after January 1, 2013.

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

Any employee who terminates after the completion of at least 10 years of service (or 5 years of service if hired before January 1, 2013) 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

County Plan

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

Participants elected coverage under Division A or B. Normal retirement under Division A occurs at age 65; lifetime monthly benefits are the years of credited service multiplied by 0.75% of defined average base earnings per month plus 1.5% of average excess earnings as defined in the Plan per month. Average earnings are the average earnings for the 10 full consecutive calendar years in which earnings were highest. Normal retirement under Division B occurs after 30 years of service or after 24 years of service and reaching age 60; lifetime monthly benefits are 1/12 of 50% of the highest calendar year earnings. All participants in the County Plan are fully vested.

Metro Education Plan

This plan (the Teachers' Retirement Plan Fund) covers participants who elected to transfer from the City Education Plan and County Education Plan and professional employees of Metropolitan Nashville Public Schools hired between April 1, 1963 and July 1, 1969. Normal retirement occurs upon reaching age 60 with 20 years of service, completing 25 years of service, or reaching age 65. The lifetime monthly benefit is determined as 1/12 of 2% of the highest average earnings multiplied by the years of service, plus cost-of-living adjustments. Highest average earnings are the average earnings for the 36 consecutive months in which earnings were highest. All participants in the Metro Education Plan are fully vested.

After July 1, 1969 professional employees hired became members of the State Employees, Teachers, and Higher Education Employees Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS) that provides retirement, death, and disability benefits.

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.

Contributions

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 12.340% for the non-certificated employees of Metropolitan Nashville Public Schools and all other Metro employees.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

County Plan

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

Metro Education Plan

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

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).

C. Investments

Investment Policy

The investments of the Metro Plan and Metro Education Plans are administered in accordance with the Statement of Investment Policy of the Government's Employee Benefit System. The Investment Committee of the Government's Employee Benefit System has been given the authority under Section 13.04 of the Metropolitan Charter to regulate and determine all matters dealing with the investments of the Plans.

The policy emphasizes a long-term investment strategy. Short-term fluctuations in the market value of the portfolio should not influence the investment structure under normal circumstances. The policy outlines asset allocation targets as follows:

<u>Asset Class</u>	<u>Target</u>
Domestic Equity	14.50 %
International Equity	13.00
Global Equity	10.00
Equity Hedge	10.00
Fixed Income	15.00
Fixed Income Alternatives	15.00
Real Assets	12.50
Private Equity	<u>10.00</u>
Total All Asset Classes	<u>100.00 %</u>

The investment policy was revised in the current year to adjust the target asset allocation as noted on the table above.

Concentrations

There are no individual investments in the Metro Plan or the Metro Education Plan that exceed 5% of plan assets at June 30, 2017.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on investments of the Metro Plan and Metro Education Plan, net of investment expense, was 12.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2016. Actuarial assumptions are summarized on the Selected Pension Information Schedules on pages B-82 to B-83.

Mortality rates were based on the 110% RP-2000 Healthy Annuitant Mortality Table for Males and Females, as determined by the periodic actuarial experience study.

The actuarial assumptions used in the July 1, 2016 valuations were based on the results of an actuarial experience study for the period 2007 to 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class from historical returns and consensus expectations of future returns. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation are summarized in the following table:

Asset Class	Long-Term Historical Real Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equity	7.10 %	6.60 %
International Equity	10.00	10.10
Equity Hedge	6.40	5.80
Fixed Income	3.40	1.80
Fixed Income Alternatives	3.40	5.60
Real Assets	2.30	6.10
Private Equity	7.10	7.60

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. Based on the Plan assumptions and funding policy, the fiduciary net position for each Plan was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County	\$ 6,927,198	\$ 6,611,665	\$ 6,321,649
Metro	408,926,837	40,844,250	(290,443,992)
County Education	22,908,237	21,856,380	20,893,434
Metro Education	88,575,961	80,651,942	73,575,092
City	35,006,178	33,355,956	31,838,674
City Education	9,857,623	9,431,053	9,038,414
Total net pension liability	\$ 572,202,034	\$ 192,751,246	\$ (148,776,729)

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

E. Pension Expense

For the year ended June 30, 2017, the Government recognized pension expense for each of the plans as follows:

	Pension Expense
County	\$ 352,070
Metro	106,016,779
County Education	2,092,844
Metro Education	10,444,643
City	4,874,807
City Education	244,386
Total pension expense	\$ 124,025,529

Pension expense is comprised of various elements including service cost, interest, changes in benefit terms, investment experience, and the amortization of deferred outflows and inflows of resources, which are all factors used by the actuaries in the calculation of the net pension liability (asset).

F. Special Funding Situations

The County Education, Metro Education, and City Education Plans are funded by the State of Tennessee as well as the Government. The determination of proportionate shares has been made in a manner consistent with the actual provision of benefits by each contributor.

	County Education Plan		Metro Education Plan		City Education Plan
Employer's proportionate share	71.65	%	50.31	%	70.38
Collective pension expense	\$ 2,092,844		\$ 10,444,643		\$ 244,386
Support of State of Tennessee	(593,321)		(5,189,943)		(72,387)
Collective net pension liability	30,504,154		160,312,320		13,400,171
Proportionate share of net pension liability	21,856,380		80,651,942		9,431,053
Proportionate share of deferred inflows of resources	-		(1,196,205)		-

G. Additional Pension Information

Additional information regarding the changes in the net pension liability and deferred outflows of resources and deferred inflows of resources related to pensions for the plans of the primary government is summarized on the Selected Pension Information Schedules on pages B-84 to B-87.

The significant actuarial assumptions underlying the plans of the primary government and plan membership are summarized on the Selected Pension Information Schedules on pages B-82 to B-83. The assumptions used to calculate the actuarially determined contribution requirements are the same as those used to compute the net pension liability except where indicated.

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>
ACTUARIAL VALUATION INFORMATION			
Valuation date	July 1, 2016	July 1, 2016	July 1, 2016
Measurement date	June 30, 2017	June 30, 2017	June 30, 2017
Actuarial cost method	entry age normal	entry age normal	entry age normal
Amortization method	level dollar open	level dollar closed	level dollar open
Amortization period	6 years	30 years	8 years
Asset valuation method	market	5 year smoothed market	8 years
Actuarial assumptions:			
Investment rate of return*	7.50%	7.50%	7.50%
Projected salary increases*	n/a	4.00%	n/a
Inflation	2.60%	2.60%	2.60%
Postretirement benefit increase adjustments	2.50%	2.50% Division A 1.50% Division B	3.00%
* Includes inflation			
PLAN MEMBERSHIP			
Active:			
Fully vested	-	8,261	-
Non-vested and partially vested	-	3,017	-
Total active	-	11,278	-
Retirees and beneficiaries receiving benefits	76	8,656	182
Terminated vested	-	3,768	-
Total	76	23,702	182

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

SELECTED PENSION INFORMATION

<u>Metro Education</u>	<u>City</u>	<u>City Education</u>
July 1, 2016	July 1, 2016	July 1, 2016
June 30, 2017	June 30, 2017	June 30, 2017
entry age normal	entry age normal	entry age normal
level dollar closed	level dollar open	level dollar open
30 years	7 years	7 years
5 year smoothed market	market	market
7.50%	7.50%	7.50%
n/a	n/a	n/a
2.60%	2.60%	2.60%
3.00%	2.50%	3.00%
-	-	-
-	-	-
942	367	94
1	-	-
<u>943</u>	<u>367</u>	<u>94</u>

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

SELECTED PENSION INFORMATION
CHANGES IN THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<u>County Plan (Closed)</u>			
Balance at June 30, 2016	\$ 7,486,223	\$ -	\$ 7,486,223
Changes for the year:			
Interest	504,073	-	504,073
Difference between expected and actual experience	(151,873)	-	(151,873)
Contributions - employer	-	1,226,793	(1,226,793)
Net investment income (loss)	-	(35)	35
Benefit payments, including refunds of member contributions	(1,226,758)	(1,226,758)	-
Net changes	(874,558)	-	(874,558)
Balance at June 30, 2017	<u>\$ 6,611,665</u>	<u>\$ -</u>	<u>\$ 6,611,665</u>
Plan fiduciary net position as a percentage of the total pension liability		-	%
<u>Metro Plan (Open)</u>			
Balance at June 30, 2016	\$ 2,909,544,590	\$ 2,688,226,830	\$ 221,317,760
Changes for the year:			
Service cost	47,572,169	-	47,572,169
Interest	215,468,983	-	215,468,983
Difference between expected and actual experience	(4,850,344)	-	(4,850,344)
Contributions - employer	-	73,868,818	(73,868,818)
Contributions - members	-	60,916	(60,916)
Transfers in	-	281,871	(281,871)
Net investment income	-	369,032,095	(369,032,095)
Benefit payments, including refunds of member contributions	(158,693,272)	(158,693,272)	-
Administrative expenses	60,916	(4,518,466)	4,579,382
Net changes	99,558,452	280,031,962	(180,473,510)
Balance at June 30, 2017	<u>\$ 3,009,103,042</u>	<u>\$ 2,968,258,792</u>	<u>\$ 40,844,250</u>
Plan fiduciary net position as a percentage of the total pension liability		98.64	%
<u>County Education Plan (Closed)</u>			
Balance at June 30, 2016	\$ 35,296,005	\$ 974,089	\$ 34,321,916
Changes for the year:			
Interest	2,410,942	-	2,410,942
Difference between expected and actual experience	(270,339)	-	(270,339)
Contributions - employer	-	3,451,079	(3,451,079)
Contributions - State of Tennessee	-	2,502,109	(2,502,109)
Net investment income	-	5,177	(5,177)
Benefit payments, including refunds of member contributions	(5,759,535)	(5,759,535)	-
Net changes	(3,618,932)	198,830	(3,817,762)
Balance at June 30, 2017	<u>\$ 31,677,073</u>	<u>\$ 1,172,919</u>	<u>\$ 30,504,154</u>
Plan fiduciary net position as a percentage of the total pension liability		3.70	%
Proportionate share of collective net pension liability:			
Employer			\$ 21,856,380
State of Tennessee			8,647,774

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

CHANGES IN THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<u>Metro Education Plan (Closed)</u>			
Balance at June 30, 2016	\$ 266,019,699	\$ 79,333,377	\$ 186,686,322
Changes for the year:			
Interest	18,530,511	-	18,530,511
Difference between expected and actual experience	(3,102,795)	-	(3,102,795)
Contributions - employer	-	21,539,285	(21,539,285)
Contributions - State of Tennessee	-	11,315,146	(11,315,146)
Net investment income	-	8,965,201	(8,965,201)
Benefit payments, including refunds of member contributions	(31,686,860)	(31,686,860)	-
Administrative expenses	-	(17,914)	17,914
Net changes	<u>(16,259,144)</u>	<u>10,114,858</u>	<u>(26,374,002)</u>
Balance at June 30, 2017	<u>\$ 249,760,555</u>	<u>\$ 89,448,235</u>	<u>\$ 160,312,320</u>
Plan fiduciary net position as a percentage of the total pension liability		35.81 %	
Proportionate share of collective net pension liability:			
Employer			\$ 80,651,942
State of Tennessee			79,660,378
<u>City Plan (Closed)</u>			
Balance at June 30, 2016	\$ 34,240,762	\$ -	\$ 34,240,762
Changes for the year:			
Interest	2,528,113	-	2,528,113
Difference between expected and actual experience	2,347,731	-	2,347,731
Contributions - employer	-	5,760,814	(5,760,814)
Net investment income (loss)	-	(164)	164
Benefit payments, including refunds of member contributions	(5,760,650)	(5,760,650)	-
Net changes	<u>(884,806)</u>	<u>-</u>	<u>(884,806)</u>
Balance at June 30, 2017	<u>\$ 33,355,956</u>	<u>\$ -</u>	<u>\$ 33,355,956</u>
Plan fiduciary net position as a percentage of the total pension liability		-	%
<u>City Education Plan (Closed)</u>			
Balance at June 30, 2016	\$ 17,085,597	\$ 783,585	\$ 16,302,012
Changes for the year:			
Interest	1,105,404	-	1,105,404
Difference between expected and actual experience	(823,677)	-	(823,677)
Contributions - employer	-	1,512,381	(1,512,381)
Contributions - State of Tennessee	-	1,667,091	(1,667,091)
Net investment income	-	4,096	(4,096)
Benefit payments, including refunds of member contributions	(3,046,404)	(3,046,404)	-
Net changes	<u>(2,764,677)</u>	<u>137,164</u>	<u>(2,901,841)</u>
Balance at June 30, 2017	<u>\$ 14,320,920</u>	<u>\$ 920,749</u>	<u>\$ 13,400,171</u>
Plan fiduciary net position as a percentage of the total pension liability		6.43 %	
Proportionate share of collective net pension liability:			
Employer			\$ 9,431,053
State of Tennessee			3,969,118

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

SELECTED PENSION INFORMATION

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>County Plan</u>		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (379)
Balance at June 30, 2017	\$ -	\$ (379)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2018	\$ (129)
2019	(129)
2020	(129)
2021	8

Metro Plan

Difference between expected and actual experience	\$ -	\$ (65,717,368)
Net difference between projected and actual earnings on pension plan investments	-	(30,587,365)
Balance at June 30, 2017	\$ -	\$ (96,304,733)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2018	\$ (3,836,100)
2019	(3,836,101)
2020	(17,360,286)
2021	(54,576,970)
2022	(12,255,519)
Thereafter	(4,439,757)

County Education Plan

Net difference between projected and actual earnings on pension plan investments	\$ 76,751	\$ -
Balance at June 30, 2017	\$ 76,751	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2018	\$ 23,329
2019	23,329
2020	19,325
2021	10,768

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

SELECTED PENSION INFORMATION

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
 INFLOWS OF RESOURCES RELATED TO PENSIONS

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Metro Education Plan</u>		
Net difference between projected and actual earnings on pension plan investments	\$ 981,172	\$ -
Balance at June 30, 2017	\$ 981,172	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2018	\$ 499,140
2019	499,140
2020	281,945
2021	(299,053)

City Plan

Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (3,058)
Balance at June 30, 2017	\$ -	\$ (3,058)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2018	\$ (1,031)
2019	(1,031)
2020	(1,030)
2021	34

City Education Plan

Net difference between projected and actual earnings on pension plan investments	\$ 60,869	\$ -
Balance at June 30, 2017	\$ 60,869	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2018	\$ 18,593
2019	18,593
2020	15,285
2021	8,398

Plans Administered by the Tennessee Consolidated Retirement System (TCRS)**H. Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan and Teacher Retirement Plan (TCRS Plans) in the TCRS and additions to/deductions from each of the TCRS Plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the TCRS Plans. Investments are reported at fair value.

I. General Information about the Pension Plan***Plan Description***

Teachers of the Government membership in the TCRS before July 1, 2014 of Davidson County Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEA's) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly.

Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan and the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEA's make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Davidson County Schools for the year ended June 30, 2017 to the Teacher Legacy Pension Plan were \$26,023,655 which is 9.04% of covered payroll. Employer contributions for the year ended June 30, 2017 to the Teacher Retirement Plan were \$3,222,337 which is 4.00% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability of the TCRS Plans.

J. Pension Liability (Asset), Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

Pension Liability (Asset)

At June 30, 2017, the Government reported a liability of \$51,891,059 for its proportionate share of net pension liability of the Teacher Legacy Pension Plan. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Government's proportion of the net pension liability was based on its employer contributions to the pension plan relative to the contributions of all LEA's. At the June 30, 2016 measurement date, the Government's proportion was 8.30%. The proportion measured as of June 30, 2015 was 8.49%.

At June 30, 2017, the Government reported an asset of (\$1,325,015) for its proportionate share of the net pension asset of Teacher Retirement Plan. The net pension asset was measured as of June 30, 2016, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. The Government's proportion of the net pension asset was based on its employer contributions to the pension plan during the year ended June 30, 2016 relative to the contributions of all LEA's for the year ended June 30, 2016. At the June 30, 2016 measurement date, the Government's proportion was 12.73%. The proportion measured as of June 30, 2015 was 14.13%.

Pension Income and Expense

For the year ended June 30, 2017, the Government recognized a pension expense of \$4,929,157 in the Teacher Legacy Pension Plan.

For the year ended June 30, 2017, the Government recognized a pension expense of \$1,111,931 in the Teacher Retirement Plan.

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

Deferred Outflows and Inflows of Resources

For the year ended June 30, 2017, the Government reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Teacher Legacy Pension Plan</u>		
Difference between expected and actual experience	\$ 2,183,760	\$ 62,822,878
Net difference between projected and actual earnings on pension plan investments	57,937,071	-
Change in proportion of net pension liability (asset)	-	5,023,892
Contributions subsequent to the measurement date of June 30, 2016	26,023,655	-
Total	\$ 86,144,486	\$ 67,846,770
 <u>Teacher Retirement Plan</u>		
Difference between expected and actual experience	\$ 128,387	\$ 152,771
Net difference between projected and actual earnings on pension plan investments	216,945	-
Change in proportion of net pension liability (asset)	31,260	
Contributions subsequent to the measurement date of June 30, 2016	3,222,337	
Total	\$ 3,598,929	\$ 152,771

The Government's employer contributions of \$26,023,655, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ended June 30, 2017 for the Teacher Legacy Pension Plan. The Government's employer contributions of \$3,222,337 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2017 for the Teacher Retirement Plan. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Teacher Legacy Pension Plan	Teacher Retirement Plan
2018	\$ (10,895,830)	\$ 56,239
2019	(10,895,830)	56,239
2020	16,896,545	56,239
2021	1,542,258	45,891
2022	(4,373,082)	(584)
Thereafter	-	9,797

Positive amounts will increase pension expense, while negative amounts will decrease pension expense.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Graded salary ranges from 8.97% to 3.71% based on age, including inflation, averaging 4.25%
Investment rate of return	7.5%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.5%

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Historical Real Rate of Return	Target Allocation
U.S. Equity	6.46 %	33.00 %
Developing Market Internation Equity	6.26	17.00
Emerging Market Internation Equity	6.40	5.00
Private Equity and Strategic Lending	4.61	8.00
U.S. Fixed Income	0.98	29.00
Real Estate	4.73	7.00
Short-term Securities	-	1.00
		100.00 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5% based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEA's will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Government's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5%, as well as what the Government's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Teacher Legacy Pension Plan	\$ 248,942,728	\$ 51,891,059	\$ (141,158,435)
Teacher Retirement Plan	625,693	(1,325,015)	(2,762,292)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

K. Payable to the Pension Plan

At June 30, 2017, the Government reported a payable of \$180,747 for the outstanding amount of contributions to the pension plans required at the year ended June 30, 2017.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Classification in the Statement of Net Position

The total net pension liability (asset) and deferred outflows and inflows of resources related to pensions are allocated between governmental activities, business-type activities, and component units. The following reconciles the total net pension liability (asset), deferred outflows of resources, and deferred inflows of resources by plan to the classification in the Statement of Net Position:

	Net Pension Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources
Plans:			
County	\$ 6,611,665	\$ -	\$ 379
Metro	40,844,250	-	96,304,733
County Education	21,856,380	76,751	-
Metro Education	80,651,942	981,172	-
City	33,355,956	-	3,058
City Education	9,431,053	60,869	-
Teacher Legacy (TCRS)	51,891,059	86,144,486	67,846,770
Teacher Retirement (TCRS)	(1,325,015)	3,598,929	152,771
	<u>\$ 243,317,290</u>	<u>\$ 90,862,207</u>	<u>\$ 164,307,711</u>
Total by plan			
Reconciliation:			
Statement of Net Position:			
Primary government:			
Governmental activities	\$ 235,535,566	\$ 90,862,207	153,454,675
Business-type activities	6,371,490	-	7,593,272
	<u>241,907,056</u>	<u>90,862,207</u>	<u>161,047,947</u>
Total primary government			
Component units:			
Hospital Authority	1,355,498	-	1,615,425
Convention Center Authority	233,451	-	278,217
	<u>1,588,949</u>	<u>-</u>	<u>1,893,642</u>
Total component units			
Total Statement of Net Position	<u>243,496,005</u>	<u>90,862,207</u>	<u>162,941,589</u>
Add Charter Schools (1)	<u>1,146,300</u>	<u>-</u>	<u>1,366,122</u>
Less Statement of Net Position other assets	<u>(1,325,015)</u>	<u>-</u>	<u>-</u>
Total allocation	<u>\$ 243,317,290</u>	<u>\$ 90,862,207</u>	<u>\$ 164,307,711</u>

(1) State statutes allow support employees of charter schools to participate in Metro pension plans similar to Metro school support employees. Therefore, a portion of the pension related balances are allocated to the various charter schools.

Since the internal service functions primarily support governmental activities, the portion of the net pension liability (asset) applicable to internal service functions is considered an obligation of the governmental activities and is not allocated to the internal service funds, as the obligation will not be funded through the internal service rate structure.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Primary Government

A. Plan Descriptions

Metropolitan Government

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

Metropolitan Nashville Public Schools

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

B. Funding Policies

Metropolitan Government

The contribution requirements of Metro Employees' Medical Benefit Plan members and the Government are established and may be amended by the Employee Benefit Board. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases. For health insurance, the Government contributes 75% of all premium payments, and the retirees contribute 25%. For the fiscal year ended June 30, 2017, the Government and retirees contributed \$49,394,708 and \$16,464,903 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, 2017, the Government and retirees each contributed \$2,750,575 for dental insurance. Finally, the Government provides life insurance at no charge to the retirees. For the fiscal year ended June 30, 2017, the Government contributed \$3,043,696 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, 2017, the Government and retirees contributed \$21,676,865 and \$7,107,611 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	\$ 206,850,000	\$ 57,146,000	\$ 263,996,000
Interest on net OPEB obligation	50,568,000	9,686,000	60,254,000
Adjustment to annual required contribution	(44,779,000)	(8,678,000)	(53,457,000)
Annual OPEB cost	212,639,000	58,154,000	270,793,000
Contributions made	(76,599,000)	(27,010,000)	(103,609,000)
Increase (decrease) in net OPEB obligation	136,040,000	31,144,000	167,184,000
Net OPEB obligation beginning of year	1,123,729,000	215,237,000	1,338,966,000
Net OPEB obligation end of year	<u>\$ 1,259,769,000</u>	<u>\$ 246,381,000</u>	<u>\$ 1,506,150,000</u>

The Government's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plans, and the net OPEB obligation for the current and preceding two 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, 2017	\$ 212,639,000	36.02 %	\$ 1,259,769,000
	June 30, 2016	202,873,000	40.04	1,123,729,000
	June 30, 2015	194,156,000	39.63	1,002,094,000
School Professional Employees' Insurance Plan	June 30, 2017	58,154,000	46.45	246,381,000
	June 30, 2016	50,061,000	49.69	215,237,000
	June 30, 2015	43,184,000	53.63	190,053,000

D. Funded Status and Funding Progress

Metropolitan Government

As of June 30, 2017 the most recent actuarial valuation date, the Metro Employee' Medical Benefit Plan was 0% funded. The actuarial accrued liability for benefits was \$2.33 billion, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.33 billion. The covered payroll (annual payroll of active employees covered by the Metro Plan) was \$594 million, and the ratio of the UAAL to the covered payroll was 392%.

Metropolitan Nashville Public Schools

As of June 30, 2017 the most recent actuarial valuation date, the School Professional Employees' Insurance Plan was 0% funded. The actuarial accrued liability for benefits was \$605 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$605 million. The covered payroll (annual payroll of active employees covered by the School Plan) was \$337 million, and the ratio of the UAAL to the covered payroll was 180%.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

E. Actuarial Valuations

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

F. Actuarial Methods and Assumptions

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

In the June 30, 2017 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 nonprescription drug medical costs are assumed to increase 8.0% in the first year of valuation. Future annual increases are assumed to grade uniformly to 5.0% over a ten year period. Annual prescription drug costs are assumed to increase 8.0% in the first year of valuation. Future annual increases are assumed to grade uniformly to 5.0% over a ten year period. Costs for supplemental insurance for retirees are assumed to increase 8% in the first year of valuation. Future annual increases are assumed to grade uniformly to 5.0% over a ten year period. Dental costs are assumed to have no increase from fiscal 2015 through fiscal 2019 and increase 4% each year thereafter. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period for the initial amortization amount at June 30, 2017 was 21 years.

Component Units

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

NOTE 9 – DEFERRED COMPENSATION AND PROFIT SHARING PLANS

Primary Government

Metro Plan

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

Component Units

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 – LEASES

Primary Government

The Government entered a lease agreement commencing November, 2005, for additional office space. The terms of the agreement call for a base annual rent of \$600,191 before a 50% credit for tenant improvements. 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, 2017. 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 expired February, 2016; however, the Government exercised the first of six renewal options for five additional years. As part of the renewal, the base annual rent increased to \$656,609. Rent expense for the year ended June 30, 2017 was \$656,609.

The Government entered into operating lease agreements in 2008 and 2013 for downtown office space. These leases were amended during the year ended June 30, 2014 to provide for additional space through 2024. Rent expense for the year ended June 30, 2017 totaled \$1,896,406. Future minimum rental payments are as follows:

<u>Year Ending June 30</u>	
2018	\$ 1,943,158
2019	1,979,011
2020	2,018,480
2021	2,059,086
2022	2,100,268
2023-2024	<u>2,803,134</u>
Total future minimum lease payments	<u>\$ 12,903,137</u>

The Government entered into an operating lease agreement during the year ended June 30, 2014 for space to be used as a clinic for employees who are injured in the line of duty. Rent expense for the year ended June 30, 2017 was \$136,627. Future minimum rental payments are as follows:

<u>Year Ending June 30</u>	
2018	\$ 112,415
2019	<u>28,310</u>
Total future minimum lease payments	<u>\$ 140,725</u>

The Government entered into two lease agreements in 2016 for temporary office space for employees of the Police Department during the construction of a new Police headquarters building. The Donelson lease includes an initial monthly base rent of \$40,683 with a 3% escalation on June 1, 2017. The Donelson lease expires May 22, 2018. The Massman lease includes an initial monthly base rent of \$25,000 with a 3% escalation on July 1 of each year of the lease term. The Massman lease expires December 31, 2019 unless terminated at an earlier date or extended. Rent expense for the year ended June 30, 2017 for the two leases was \$754,828.

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, 2017.

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.

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, 2016 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 from base year amounts. Rent expense totaled \$81,864 for the year ended December 31, 2016. Future minimum lease payments at December 31, 2016 totaled \$70,326.

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, 2017, 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.

In fiscal 2015, General Hospital entered into a new capital lease for computer software and hardware with a three year term and monthly payments of \$10,690, which contains a requirement to purchase the assets at a bargain price of \$1 by the end of the lease term.

A summary of future minimum lease payments required under the agreements as of June 30, 2017 follows:

<u>Year Ending June 30</u>	
2018	\$ 4,135,846
2019	4,039,632
2020	4,039,632
2021	4,039,632
2022	4,008,960
2023-2025	<u>9,666,667</u>
Total future minimum lease payments	29,930,369
Less:	
Amount representing interest	6,977,625
Current portion of capital lease	<u>2,507,903</u>
Long-term capitalized lease obligation	<u>\$ 20,444,841</u>

Convention Center Authority

On December 30, 2010 the Convention Center Authority (the Authority) entered into a Development Agreement for the Country Music Hall of Fame and Museum Expansion with Omni and into a Development, Lease and Operating Agreement with the County Music Foundation, Inc. (Hall of Fame). Under the terms of the agreements, Omni constructed 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. Upon completion of construction, the connector was transferred to the Authority on June 20, 2014 and is now leased to the Hall of Fame for an initial term of 60 years. Future minimum lease payments to the Authority will be as follows:

<u>Years Ending June 30</u>	<u>Annual Rent</u>
2018-2019	\$ 250,000
2020-2024	350,000
2025-2064	500,000
2065-2069	650,000
2070-2074	750,000

The Hall of Fame is responsible for all interior and exterior operating costs, maintenance and repairs. As required by the agreements, the Authority will establish a reserve fund for the majority of the rental income received from the Hall of Fame to cover future capital costs related to the connector. The cost and carrying amount of the connector on the Authority's statement of net position at June 30, 2017 is \$34,418,226.

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



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

NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2017, are attributable to unsettled balances at year-end, primarily for internal service billings and transfers between funds.

Balances at June 30, 2017 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

For the Year Ended June 30, 2017

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	\$ -	\$ 1,140	\$ -	\$ -	\$ 4,632	\$ 25,860
General Purpose School Fund	25,651	-	-	1,505,430	-	-
GSD General Purposes Debt Service Fund	75,064	-	-	-	-	-
USD General Purposes Debt Service Fund	-	-	422,396	-	-	-
GSD Capital Projects Fund	92,330	-	-	-	-	-
Education Capital Projects Fund	-	-	-	-	-	-
USD Capital Projects Fund	-	-	-	-	-	-
Nonmajor Governmental Funds	3,411,702	1,409,736	-	-	-	27,459
Department of Water and Sewerage Services	583,718	167,660	-	-	-	-
Nonmajor Enterprise Funds	14,437	13,140	-	-	-	-
Internal Service Funds	197,349	353,434	16,099	8,256	2,757	286
Fiduciary Funds	10,813,955	46,240	-	-	-	-
	<u>\$ 15,214,206</u>	<u>\$ 1,991,350</u>	<u>\$ 438,495</u>	<u>\$ 1,513,686</u>	<u>\$ 7,389</u>	<u>\$ 53,605</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, 2017

Due To							
Education Capital Projects Fund	Nonmajor Governmental Funds	Department of Water and Sewerage Services	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ -	\$ 3,593,119	\$ 381,181	\$ 8,029	\$ 10,527	\$ 8,062	\$ -	\$ 4,032,550
100,679	14,469,815	-	-	45,863	-	-	16,147,438
-	239,693	-	-	-	-	-	314,757
-	-	-	93,959	-	-	-	516,355
-	955,995	-	-	-	-	-	1,048,325
-	-	-	-	-	-	-	-
-	30,394	-	-	-	-	-	30,394
-	3,543,801	42,000	-	22,045	-	-	8,456,743
-	19,326,826	1,048,862	56,935	357,939	140	-	21,542,080
-	1,191,797	851,283	100	303	-	-	2,071,060
-	283,794	1,638	-	1,130	18,856	21,790	905,389
-	-	-	-	-	-	127,845	10,988,040
<u>\$ 100,679</u>	<u>\$ 43,635,234</u>	<u>\$ 2,324,964</u>	<u>\$ 159,023</u>	<u>\$ 437,807</u>	<u>\$ 27,058</u>	<u>\$ 149,635</u>	<u>\$ 66,053,131</u>

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

NOTE 12 – INTERFUND TRANSFERS

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

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

Interfund transfers for the year ended June 30, 2017 consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2017

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
General Fund	\$ 481,000	\$ -	\$ 27,525,600	\$ -	\$ 2,761,101
General Purpose School Fund	192,000	-	96,800	-	-
GSD Capital Projects Fund	30,000	-	652,465	-	-
USD Capital Projects Fund	-	-	-	-	-
Nonmajor Governmental Funds	14,105,765	2,109,293	1,100,051	1,605,632	583,400
Department of Water and Sewerage Services	6,141,400	-	14,700	-	-
District Energy System	4,800	-	-	-	1,291,199
Nonmajor Enterprise Funds	1,463,600	-	4,000,000	-	-
Internal Service Funds	4,587,904	-	-	-	-
Fiduciary Funds	-	-	-	-	-
	<u>\$ 27,006,469</u>	<u>\$ 2,109,293</u>	<u>\$ 33,389,616</u>	<u>\$ 1,605,632</u>	<u>\$ 4,635,700</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, 2017

GSD Capital Project Fund	Nonmajor Governmental Funds	District Energy System	Transferred To			Total
			Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	
\$ -	\$ 68,139,351	\$ 1,722,000	\$ 400,000	\$ 18,348,469	\$ 124,428	\$ 119,501,949
-	98,926,182	-	-	1,250,000	133,503	100,598,485
-	219,146	-	485,325	9,038,959	-	10,425,895
-	44,726	-	-	-	-	44,726
2,466,185	-	-	56,045	9,712,445	23,940	31,762,756
-	5,051,274	-	-	1,372,784	-	12,580,158
-	-	-	-	-	-	1,295,999
-	337,220	-	-	139,516	-	5,940,336
-	-	-	-	-	-	4,587,904
-	-	-	-	2,547,556	-	2,547,556
<u>\$ 2,466,185</u>	<u>\$ 172,717,899</u>	<u>\$ 1,722,000</u>	<u>\$ 941,370</u>	<u>\$ 42,409,729</u>	<u>\$ 281,871</u>	<u>\$ 289,285,764</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Insurance and Benefits

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

Primary Government

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

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

The Government is also self-insured with respect to casualty losses on real and personal property. Each loss is subject to a per occurrence deductible of \$10,000 to a maximum of \$1,000,000 per occurrence and a \$3,000,000 annual aggregate. If a single loss reaches \$1,000,000, the property insurance policy will respond. After the \$3,000,000 annual aggregate has been exhausted, a \$50,000 per occurrence deductible will apply to each and every loss and the property insurance policy will respond. Losses from the perils of flood and earth movement will not erode the aggregate. Settled claims have not exceeded the self-insured retention in any of the past three fiscal years. The Government is also self-insured with respect to medical benefits and employee blanket bond coverage. Estimated losses for all self-insured risks of \$40,309,573 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, 2016 and 2017:

	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, 2015	\$ 829,268	\$ 9,064,617	\$ 6,857,014	\$ 13,188,000	\$ 7,861,000	\$ 37,799,899
Add: Provision for events of the current fiscal year	826,428	1,442,620	105,063,883	216,400,157	11,309,847	335,042,935
Deduct: Payments on claims During the fiscal year	734,947	2,296,921	103,358,836	214,242,157	13,341,847	333,974,708
Claims payable June 30, 2016	920,749	8,210,316	8,562,061	15,346,000	5,829,000	38,868,126
Add: Provision for events Of the current fiscal year	2,070,889	3,254,032	108,492,921	224,189,460	13,228,817	351,236,119
Deduct: Payments on claims During the fiscal year	316,707	4,051,973	107,835,715	223,758,460	13,831,817	349,794,672
Claims payable June 30, 2017	\$ 2,674,931	\$ 7,412,375	\$ 9,219,267	\$ 15,777,000	\$ 5,226,000	\$ 40,309,573

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 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. There have been no settlements exceeding insurance coverage since the inception of the Convention Center Authority.

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 \$46,426,314 at June 30, 2017 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, 2017, the governmental activities of the Government had commitments of \$231,084,550 for construction contracts.

At June 30, 2017, the Department of Water and Sewerage Services had commitments of \$176,800,683 for construction contracts.

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

Due to the historic floods that occurred in Nashville in May 2010, the Department petitioned EPA and TDEC for a six-month extension for developing the CAP/ER and LTCP and a two year extension for completing the work (final compliance) under the force majeure clause of the consent decree. Approval has been granted for both extensions. The due date for the CAP/ER and LTCP was September 11, 2011, and the due date for all work coming out of those two Plans (final compliance) is eleven years after approval of the Plans by EPA and TDEC. The Department submitted both Plans on September 9, 2011. On August 10, 2017, the EPA approved the CAP/ER and the timeline of eleven years to complete the work.

The Department is proceeding with the submitted Plans. The Department has hired an internal program director as well as an external program management team composed of engineering consultants to manage planning, design and oversight of the program. The Department has also contracted for a construction management team to protect the investment in construction projects. A group of project set designers has been selected to assist with the design of individual projects. A total of seventeen different design firms were selected for large projects and six additional small business design firms were selected for smaller projects.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

E. Liquidity

Component Units

The Government has budgeted and legally approved an appropriation of \$35 million to the Hospital Authority for the year ended June 30, 2018. 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 (General) have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. General experienced an operating loss of \$41.2 million for the year ended June 30, 2017 and reflected a net surplus of \$6.0 million at June 30, 2017. Current liabilities exceeded current assets by \$2.0 million at June 30, 2017. The operating loss was funded primarily by the Government in the form of revenue or capital contributions reflected in the financial statements. General will continue to be dependent upon the Government to subsidize current and future operations.

Accordingly, these factors among others indicate that General may be unable to continue as going concerns for a reasonable period of time. The financial statements for General 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 to continue as going concerns is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis and to generate revenues exceeding operating expenses. General has implemented several strategic initiatives to increase cash flow including implementing several operational efficiencies as well as renegotiating several material service agreements to enhance quality of services in a more efficient manner.

General continues the ongoing development and implementation of a formal Operational and Strategic Plan that includes the review of current service lines, staffing levels, internal cost controls, professional service agreements, and information technology platform functionality in an effort to establish a sustainable business model. Significant operational improvements are anticipated as General repurposes itself to successfully address the economic and market realities facing the safety net academic medical center under a shifting competitive landscape.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

F. Financial Pledges

The Government has pledged certain nontax revenues in conjunction with various revenue bonds and other agreements of component units as approved by the Metropolitan Council and in accordance with the Sports Authorities Act of 1993 and the Convention Center Authorities Act of 2009, as applicable, under Title 7 of the Tennessee Code Annotated, and the Amended and Restated Intergovernmental Project Agreement dated October 22, 2014, between the Government and the Metropolitan Development and Housing Agency. The issuers, the Government's pledges, the length of time of the pledges, and the amount of the pledges outstanding at June 30, 2017 (including total future interest of \$527,629,863) are as follows:

Component Unit Revenue Bonds or Agreements	Pledged Non-Tax Revenues of:	Date of Final Maturity/Payment	Outstanding at June 30, 2017
Sports Authority Refunding Taxable Revenue Bonds, Series 2012B (Refunded 1998 NHL Fee)	GSD General Fund	Jul. 1, 2018	\$ 3,256,594
Sports Authority Refunding Taxable Revenue Bonds, Series 2013B (Refunded 2004 Revenue Stadium)	GSD General Fund	Jul. 1, 2025	25,175,144
Sports Authority Refunding Bonds, Series 2014 (Refunded 2004 Revenue Stadium)	GSD General Fund	Jul. 1, 2026	20,050,450
Sports Authority Taxable Revenue Bonds, Series 2013A (Hockey Facility)	GSD General Fund	Jul. 1, 2033	18,413,817
Sports Authority Taxable Revenue Bonds, Series 2012A (Upgrade to LP Field)	GSD General Fund	Jul. 1, 2033	29,097,196
Development and Funding Agreement Between Omni Nashville, LLC, and the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County	GSD General Fund	Oct. 31, 2032	213,000,000
Sports Authority Taxable Revenue Bonds, Series 2013B (Ballpark)	USD General Fund	Jul. 1, 2043	20,847,412
Sports Authority Series 2013A Revenue Bonds (Ballpark)	USD General Fund	Jul. 1, 2043	95,029,934
Convention Center Authority Tourism Tax Taxable Revenue Bonds Series 2010B	GSD General Fund	Jul. 1, 2043	831,764,417
Public Finance Authority Taxable Parking Revenue Bonds, Series 2014	USD General Fund	Nov. 1, 2044	77,804,899
Total Guarantees Extended			\$ 1,334,439,863

No payments related to these pledges have been made and the Government has not recognized a liability related to any pledges. Should any payments be required in the future, each of the agreements provide for recovering any such payments from the issuer – generally from the issuer's revenues after the subsequent year's annual principal and interest payments and certain other obligations are met.

G. Other Commitments

Primary Government

The Government has entered into several economic and community development incentive grant agreements. These grants are available to large successful companies that are moving international, national or regional headquarters into Davidson County or expanding headquarters within Davidson County and are expected to create at least five hundred additional jobs during the first five years of operations or the expansion of operations. The amount of the annual grant is determined by multiplying the average number of incremental full time equivalent employees at the end of each grant year by an amount up to five hundred dollars. The total amount of each grant and the period of each grant can vary based on the number of jobs created, the amount of revenue that is anticipated to be received by the Government and other economic and community development opportunities that the company is expected to create. None of the grants in place have a maximum annual amount. Each grant is to be used to reimburse the company for all or part of the documented expenditures related to the acquisition, preparation or occupancy of facilities, costs of moving to or relocating within Davidson County, and costs associated with employee training. The following is a summary of economic and community development incentive grant agreements in place at June 30, 2017:

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Company</u>	<u>Grant Approval Date</u>	<u>Grant Commencement Date</u>	<u>Grant Period</u>	<u>Additional Grant Terms</u>	<u>Amount Payable for June 30, 2017</u>	<u>Amount Budgeted for 2017-2018</u>
Dell Computer Corporation	August 1999	October 1, 1999	40 years	None	\$ 562,500	\$ 562,500
UBS AG, New York Branch	October 2013	After January 1, 2014 and within 3 years of occupancy permit (Summer of 2014)	5 years	Base jobs of 240, minimum of 500 incremental jobs required for grant	-	352,000
Bridgestone Americas, Inc.	December 2014	Within 5 years of occupancy permit (under construction)	7 years	Minimum of 500 incremental jobs required for grant	-	-
Asurion, LLC	June 2015	July 1, 2015	2 years	Base jobs at project location of 640 and base total jobs in Davidson County of 1,840, for full time jobs with annual salaries over published average	-	-
WCP Properties, LLC - affiliate of HCA Holdings, Inc.	July 2015 Amended August 2015	Within 5 years of occupancy permit (under construction)	7 years	Minimum of 500 incremental jobs required for grant for headquarters. Amendment extends to new project, two locations relocating more jobs.	-	800,000

In February 2016, the Government entered into a participation agreement with LifeWay wherein the Government would fund infrastructure development for LifeWay's planned new headquarters at Capitol View development site as an economic incentive to retain LifeWay and its 1,100 employees. The approved incentive for the benefit of LifeWay was provided as a reduction of \$2.5 million in the sales price of the land to LifeWay by Capitol View in exchange for the Government agreeing to reimburse Capitol View \$2.5 million for public infrastructure improvements related to the LifeWay project. Furthermore, the Government agreed to pay \$990,000 to Capitol View for additional public infrastructure improvements needed at the development site but not related to the LifeWay project with Capitol View agreeing to convey 1.26 acres in the development site to the Government for the purpose of creating a public park to be connected to the Music City Greenway. In total the Government agreed to pay \$3,490,000 to Capitol View as a contribution in aid for the infrastructure. The first installment of \$990,000 was paid in May 2016 with the remaining \$2.5 million due after final inspection and approval by the Government at completion of the public infrastructure improvements and will be paid at the time of conveyance to the Government.

In October 2016, the Government entered into an operating lease and transfer agreement with Signature Healthcare, LLC (Signature) to lease the property and operations of the Bordeaux Long Term Care (Bordeaux) to Signature. As Bordeaux is currently operating at a loss, Signature is obligated to pay rent of \$10 annually. The Government will submit quarterly payments to Signature in the amount of \$750,000 as reimbursement for the operating loss. To the extent the annual operating loss exceeds \$3 million, the Government will reimburse for the excess not to exceed a total of \$3.5 million annually. If the annual operating loss is less than \$3 million, Signature will remit the difference back to the Government. Under the terms of the agreement, Signature will identify and purchase a site (Relocation Site) for the purpose of constructing a new nursing home facility with a capacity of at least 120 skilled nursing home beds to replace Bordeaux. Once the replacement facility is constructed, approved for occupancy, and licensed by the required regulatory agencies, Signature will transfer the appraised value of all rights related to the relocated skilled nursing home beds less fifty percent of the outstanding amount owed to Signature for providing ancillary services at Bordeaux to the Government (the Purchase Price). The term of the agreement began on May 1, 2016 and expires of June 30, 2020. Either party shall be entitled to terminate the agreement at the end of each lease year, or the agreement will terminate in the event that Signature begins operation at the Relocation Site. The total paid to Signature during the year ended June 30, 2017 was \$3 million.

In January 2017, the Government entered into a management agreement with AnthemCare to management the operations of the J.B. Knowles Home (Knowles) with a term beginning January 31, 2017 to January 30, 2018. In accordance with the agreement, the Government will pay a management fee to AnthemCare of \$35,000 per month for the first two months and \$30,000 per month for the remainder of the term. As Knowles is currently operating at a loss, the Government also agreed to reimburse AnthemCare for losses incurred in the operation of Knowles with

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

advances of \$40,000 per month to cover the operational losses for that period. At the end of the term, the net facility operating loss will be calculated, and the Government will remit the difference between the calculation and advances if additional funds are due, or AnthemCare will remit the difference if the advances exceed the calculation. The total paid to AnthemCare in management fees and advances during the year ended June 30, 2017 was \$613,660.

Component Units

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

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

The Nashville District Management Corporation has an agreement with the Government to provide program administration of the Nashville Central Business Improvement District in accordance with Tennessee law. The Corporation's duties and responsibilities under the agreement include but are not limited to providing services for improvement and operation of the District through security enhancement, downtown marketing, and improving downtown beautification, sanitation and maintenance. The term of the agreement extends to December 31, 2017, renewable annually by the mutual notification by each party to the other. The agreement may be terminated by the Government upon thirty days' notice.

The Nashville District Management Corporation has entered into an agreement with Nashville Downtown Partnership, a related nonprofit organization, to perform all the duties and responsibilities for day-to-day management and implementation of services and improvements for the Nashville Central Business Improvement District (CBID), as defined in the Memorandum of Agreement with the Government, in exchange for substantially all revenues received from CBID assessments. During the year ended December 31, 2016, the Corporation recognized expense of \$1,836,446 related to the agreement. The agreement expires 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, and may be terminated upon receipt of written petition filed by either (a) the owners of 75% of the assessed value of the taxable property in the District or (b) 50% of the owners of record within the District.

The Gulch Business Improvement District, Inc. has entered into an agreement with Nashville Downtown Partnership to provide cleaning and safety services for the Gulch Business Improvement District in exchange for a monthly fee. During the year ended December 31, 2016, \$25,000 was recognized as expense related to the agreement. The agreement expired December 31, 2016. Effective January 1, 2017, the Gulch Business Improvement District entered into a new agreement with the Nashville Downtown Partnership to provide the same services. Under the terms of the new agreement, the Gulch Business Improvement District will pay Nashville Downtown Partnership an amount equal to 10% of annual expenditures. The new agreement expires December 31, 2024.

On October 19, 2010 the Convention Center Authority (the Authority) entered into a Development and Funding Agreement with Omni Nashville, LLC (Omni) to facilitate the development of a premier headquarters hotel adjacent to the Music City Center. Under the terms of the development and funding agreement, the Authority will pay Omni annual economic development payments and incentives from excess tourism tax revenues collected. These payments are additionally secured by a pledge of the Government's nontax revenues of the General Fund of the General Services District, subject to prior pledge and application of certain requirements related to bonds issued by the Sports Authority. No payments related to this financial guarantee have been made by the Government. Should any payments be made by the Government in the future, the agreements provide for recovering any such payments from the Authority's revenues after operating expenses are covered and annual principal and interest payments and certain other obligations are met. These payments began after the hotel opened for business, including the

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

renting of rooms. The amount remitted to Omni during the year ended June 30, 2017 was \$10,000,000. The schedule of future annual payments is expected to be as follows:

<u>Year Ending June 30</u>	<u>Annual Payment</u>
2018-2026	\$ 12,000,000
2027-2033	15,000,000

In May 2015 the Metropolitan Council approved a redevelopment agreement related to the sale and development of the old Nashville Convention Center site that is under the management of the Authority. Under the redevelopment agreement, the Authority would pay for the construction of two levels of a parking garage that may be expanded, at the Authority's election, to three levels. The Authority's maximum liability, depending on the final scope of the garage, is \$44 million. The sale of the Nashville Convention Center property closed in December 2016.

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



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

NOTE 14 - FUND BALANCES

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

	FUND BALANCES				
	For the Year Ended June 30, 2017				
	General Fund	General Purpose School Fund	GSD General Purposes Debt Service Fund	GSD School Purposes Debt Service Fund	USD General Purposes Debt Service Fund
FUND BALANCES (DEFICITS):					
Nonspendable:					
Inventories of supplies	\$ 348,524	\$ 1,534,233	\$ -	\$ -	\$ -
Prepaid expenditures	637,742	-	-	138,166	-
Permanent fund principal	-	-	-	-	-
Total nonspendable	<u>986,266</u>	<u>1,534,233</u>	<u>-</u>	<u>138,166</u>	<u>-</u>
Restricted for:					
Public welfare	-	-	-	-	-
Convention center and tourism promotion	-	-	-	-	-
Education	-	-	-	-	-
Solid waste	-	-	-	-	-
Flood recovery	-	-	-	-	-
General government	-	-	-	-	-
Public health	-	-	-	-	-
Public works, highways and streets	-	-	-	-	-
Administration of justice	-	-	-	-	-
Law enforcement and care of prisoners	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Public library system	-	-	-	-	-
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Committed for:					
Education	-	42,633,597	-	-	-
Debt service	-	-	8,537,916	5,212,267	406,031
Equipment acquisitions (appropriated)	-	-	-	-	-
Equipment acquisitions (unappropriated)	-	-	-	-	-
Solid waste	-	-	-	-	-
General government	-	-	-	-	-
Law enforcement and care of prisoners	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Total committed	<u>-</u>	<u>42,633,597</u>	<u>8,537,916</u>	<u>5,212,267</u>	<u>406,031</u>
Assigned for:					
Subsequent year budgetary appropriation	49,809,300	19,059,900	900,000	1,400,000	4,080,400
Specific projects	724,500	-	-	-	-
Total assigned	<u>50,533,800</u>	<u>19,059,900</u>	<u>900,000</u>	<u>1,400,000</u>	<u>4,080,400</u>
Unassigned	<u>55,176,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>\$ 106,696,526</u>	<u>\$ 63,227,730</u>	<u>\$ 9,437,916</u>	<u>\$ 6,750,433</u>	<u>\$ 4,486,431</u>

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

FUND BALANCES (CONTINUED)
For the Year Ended June 30, 2017

GSD Capital Projects Fund	Education Capital Projects Fund	USD Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,474,979	\$ 3,357,736
-	-	-	20	775,928
-	-	-	185,113	185,113
-	-	-	1,660,112	4,318,777
-	-	-	1,484,231	1,484,231
-	-	-	6,921,522	6,921,522
-	-	-	26,413,750	26,413,750
-	-	-	668,437	668,437
-	-	-	2,392,875	2,392,875
-	-	-	1,318,888	1,318,888
-	-	-	3,860,941	3,860,941
-	-	-	6,198,122	6,198,122
-	-	-	736,575	736,575
-	-	-	4,631,972	4,631,972
-	-	-	294,088	294,088
-	-	-	1,238,763	1,238,763
-	-	-	56,160,164	56,160,164
-	-	-	-	42,633,597
-	-	-	-	14,156,214
-	-	-	20,519,381	20,519,381
-	-	-	34,549,904	34,549,904
-	-	-	4,187,419	4,187,419
-	-	-	19,971,331	19,971,331
-	-	-	6,412	6,412
-	-	-	1,034,092	1,034,092
-	-	-	80,268,539	137,058,350
-	-	-	-	75,249,600
-	-	-	-	724,500
-	-	-	-	75,974,100
(126,452,192)	(65,519,922)	(245,057)	-	(137,040,711)
\$ (126,452,192)	\$ (65,519,922)	\$ (245,057)	\$ 138,088,815	\$ 136,470,680

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 – FUEL HEDGING PROGRAM

The Metropolitan Government maintains a fuel hedging program, the objective of which is to hedge the changes in cash flows due to market price fluctuations related to a portion of expected purchases of diesel and gasoline fuel. Details of the Metropolitan Government's participation in the fuel hedging program at June 30, 2017 are as follows:

<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
43,829 gallons, diesel	July 1, 2017	June 30, 2018	Pay \$1.6145 per gallon; Settlement based on HO-NYMEX-FUTURES	A1
65,743 gallons, diesel	July 1, 2017	June 30, 2018	Pay \$1.6093 per gallon; Settlement based on HO-NYMEX-FUTURES	A1
43,829 gallons, diesel	July 1, 2017	June 30, 2018	Pay \$1.7185 per gallon; Settlement based on ULSD-New York Harbor-NYMEX	Baa1
59,750 gallons, gasoline	July 1, 2017	June 30, 2018	Pay \$1.5660 per gallon; Settlement based on XB-NYMEX-FUTURES	A1
29,875 gallons, gasoline	July 1, 2017	June 30, 2018	Pay \$1.5616 per gallon; Settlement based on XB-NYMEX-FUTURES	A1
29,875 gallons, gasoline	July 1, 2017	June 30, 2018	Pay \$1.6490 per gallon; Settlement based on XB-NYMEX-FUTURES	A1

The fair value of the fuel hedging instruments was a liability of \$489,971 at June 30, 2017, which has been recorded in noncurrent liabilities in the Statement of Net Position. The fair value was estimated based on the present value of the estimated future cash flows. The fuel hedges were determined to be effective hedges; accordingly, the change in fair value of the hedges is a deferred outflow or inflow of resources.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 – TAX ABATEMENTS

The Industrial Development Board (Board) is authorized by Tennessee Code Annotated (TCA) Section 7-53-305, a provision of the Tennessee Industrial Development Corporations Act, and by Ordinance of the Metropolitan Government to negotiate and accept payments in lieu of ad valorem taxes in furtherance of the Board's public purposes of economic welfare to maintain and increase employment opportunities and household income as set forth in TCA Section 7-53-102. As such, the Board acts as a conduit organization for property tax abatements through payment in lieu of taxes (PILOT) agreements. The Director of the Mayor's Office of Economic and Community Development serves as the Executive Director of the Board and negotiates PILOT agreements, presents to the Metropolitan Council for approval, and if approved, presents to the Board for approval. The abatements, which may be as much as 100% of the standard real and/or personal property taxes, may be granted to any qualified business located within or relocating to property within the boundaries of the Metropolitan Government, making significant capital investments and retaining or increasing a significant number of full-time employees. Consideration is given on a case-by-case basis and includes analyses of job creation, economic impact, capital investment and wage rates.

During the fiscal year ended June 30, 2017 there were ten PILOT agreements in force with tax abatements totaling \$4,923,900. Each of these tax abatement agreements is described below with the terms in effect for the fiscal year reported. None of these agreements include a provision for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

- Dell Computer Corporation – The abatement commenced September 28, 1999 with Dell committing to locate computer manufacturing, assembly and distribution facilities and technological support operations within the boundaries of the Metropolitan Government. Dell will remit the lesser of (1) 2% of the standard tax for each 15 employees (determined as set forth in the agreement) less than 1,500 employees that are employed during the immediately preceding year; or (2) 100% standard tax. The agreement is applicable to real property subleased and used by Dell and personal property acquired and used by Dell at the aforementioned real property. The abatement for the year ended June 30, 2017 was \$357,321.
- Omni Nashville, LLC – The abatement commenced September 20, 2011 with the construction of a hotel adjacent to the Music City Center. Omni will remit 37.5% of standard tax applicable to real property and to personal property included in the equipment lease. If Omni defaults on or assigns, transfers or conveys (except to an affiliate) the facility lease or equipment lease, the PILOT period will terminate as of the day of such action. The abatement for June 30, 2017 was \$1,868,215.
- HealthSpring, Inc. – The abatement commenced August 16, 2011 with the construction (in two phases) of a new consolidated campus for use by HealthSpring. HealthSpring will remit 40% and 0% of the standard tax in Phase I and Phase II, respectively, applicable to real property. The abatement for the year ended June 30, 2017 was \$345,313.
- Carlex Glass America, LLC – The abatement commenced August 22, 2011 with Carlex's acquisition of Nashville Glass Plant allowing the plant to continue operations. Carlex will remit 40% of standard tax applicable to real property. The abatement for the year ended June 30, 2017 was \$78,281.
- LifePoint Hospitals, Inc. – The abatement commenced December 1, 2013 with the relocation and consolidation of headquarters and certain central corporate operations to a location within the boundaries of the Metropolitan Government. LifePoint will remit 0% of standard real property (excluding 15% of a garage which is not subleased by LifePoint) and 0% of personal property applicable only to property of and related to their IT center. The abatement for the year ended June 30, 2017 was \$916,656.
- HCA Information & Technology Services, Inc. – The abatement commenced on December 31, 2013 with the construction of a new regional data center. HCA will remit 40% of standard tax for real property applicable to the new regional data center and 40% of standard tax for personal property, applicable to acquisitions for the new regional data center and those used in connection to the existing facilities expansion. The abatement for the year ended June 30, 2017 was \$785,626.
- Standard Candy Company, Inc. – The abatement commenced October 9, 2012 with the expansion of Standard's existing location. Standard will remit 50% of standard tax for real property applicable to the building addition and 50% of standard tax for personal property used in the building addition. The abatement for the year ended June 30, 2017 was \$16,302.
- AmSurg Corp. – The abatement commenced January 23, 2015 with the construction of new consolidated headquarters. AmSurg will remit 0% of standard tax applicable to real property. The abatement for the year ended June 30, 2017 was \$445,030.
- Oberto Sausage Company – The abatement commenced December 31, 2013 with the renovation and improvement of an existing manufacturing facility. Oberto will remit real property tax equal to \$89,846 (tax

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

year 2011 standard tax) plus 50% of the current year standard tax less \$89,846. Oberto will remit personal property tax equal to \$65,680 (tax year 2011 standard tax) plus 50% of the current year standard tax less \$65,680. In January 2016, Oberto announced plans to discontinue its operations at the Nashville facility and subsequently closed the plant the end of April. On May 10, 2016, the Board approved the equipment purchase option exercised by Oberto which ended the PILOT agreement on personal property, and the Board accepted notice of assignment of the real property PILOT agreement to JCG Foods Co., LLC. JCG retained the Oberto Nashville plant employees. For the fiscal year ended June 30, 2017 there was no abatement due either Oberto or JCG for realty; the prorated abatement on personalty for Oberto was \$28,835.

- Asurion, LLC – The abatement commenced January 1, 2016 with the rehabilitation of an existing office building and construction of a parking lot in Antioch. Asurion will remit real property tax for the building equal to \$126,448 (tax year 2013 standard tax) plus 0% of the increase in standard tax; and for the parking lot \$10,000 (tax year 2013 standard tax) plus 0% of the increase in standard tax. Personal property tax abatement will begin tax year 2017. The real property tax abatement for the fiscal year ended June 30, 2017 was \$82,321.

NOTE 17 – DISCONTINUED OPERATIONS

In May 2015, the Metropolitan Council approved a redevelopment agreement related to the sale and development of the old Nashville Convention Center site that is under the management of the Convention Center Authority. Several conditions were required to be satisfied before execution of the redevelopment agreement, and the sale closed in December 2016. Under generally accepted accounting principles, the operations of the old Nashville Convention Center are considered discontinued as of the sale closing date. The accounting for discontinued operations requires that all results for the operations that have been or will be discontinued be reclassified out of continuing operations on a retroactive basis and presented separately in the Statement of Revenues, Expenses and Changes in Net Position. Additionally, it requires that the gain or loss on disposal be determined based on various factors and recorded in a separate, discontinued section of the same Statement. This determination resulted in a loss on discontinued operations which represents the carrying value of the net assets disposed.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 18 – SUBSEQUENT EVENTS

Primary Government

On July 18, 2017, the Government issued Water and Sewer commercial paper notes in the amount of \$25,000,000 with various maturity dates ranging from August 17, 2017 through October 26, 2017, at interest rates ranging from 1.20% to 1.23%. These obligations were or will be refunded with rollover notes at their maturity dates.

On July 18, 2017, the Government issued general obligation commercial paper notes in the amount of \$50,000,000 with various maturity dates ranging from October 2, 2017 through February 5, 2018, at interest rates ranging from .91% to 1.01%. These obligations were or will be refunded with rollover notes at their maturity dates.

On August 29, 2017, the Government issued general obligation commercial paper notes in the amount of \$50,000,000 with various maturity dates ranging from November 15, 2017 through December 5, 2017, at interest rates of .87%. These obligations were or will be refunded with rollover notes at their maturity dates.

On September 12, 2017, the Government issued Water and Sewer commercial paper notes in the amount of \$25,000,000 maturing on October 17, 2017 at an interest rate of 1.20%. These obligations were or will be refunded with rollover notes at their maturity dates.

On September 29, 2017, the Government issued general obligation commercial paper notes in the amount of \$50,000,000 with various maturity dates ranging from December 5, 2017 through January 4, 2018, at interest rates ranging from .97% to .98%. These obligations were or will be refunded with rollover notes at their maturity dates.

In July 2017, the Government entered into Revolving Credit Agreements with two banks to provide a \$375 million traditional commercial paper program. The Revolving Credit Agreements (RCA) support \$375 million of traditional commercial paper notes. If the commercial paper dealer were ever unable to market notes in the amount needed to pay the maturing notes, the liquidity provider would issue bank notes. The proceeds of the bank notes would be applied to pay the principal of commercial paper notes on the respective maturity dates. Also, in July the Government increased the par amount of the Extendible Commercial Paper (ECP) program from \$200 million to \$325 million. The combined programs total \$700 million of commercial paper notes available for short term capital financing.

On October 4, 2017, the Metropolitan Council approved legislation authorizing the issuance of Department of Water and Sewerage Revenue Refunding Bonds in an aggregate principal amount not to exceed \$300 million and authorizing the use of available funds of the Department of Water and Sewerage Services to defease all or a portion of the remaining outstanding balances of the Water and Sewerage Revenue Refunding Bonds, Series 2008A.

On October 23, 2017, the Government entered into a fuel hedging contract for gasoline with a notional amount of 84,000 gallons, effective date of July 1, 2018, maturity date of June 30, 2019, and a price of \$1.657 per gallon with settlement based on NYMEX-NYH-RBOB.

On October 23, 2017, the Government entered into a fuel hedging contract for diesel with a notional amount of 84,000 gallons, effective date of July 1, 2018, maturity date of June 30, 2019, and a price of \$1.756 per gallon with settlement based on HO-NY-NYMEX.

On October 31, 2017, the Government issued general obligation commercial paper notes in the amount of \$50,000,000 with various maturity dates ranging from December 5, 2017 through March 5, 2018, at interest rates ranging from .98% to 1.01%. These obligations were or will be refunded with rollover notes at their maturity dates.

Component Units

On October 20, 2017, the Convention Center Authority purchased the lot at 424 Lafayette Street in Nashville for \$5,150,000. This lot will be used as a marshalling yard for events and additional parking to supplement the garage at the Music City Center.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

CONDITION RATING OF TRANSPORTATION NETWORK (CONTINUED)

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, budgeted and actual maintenance costs is presented below.

ROADS AND STREETS PAVING

<u>Percentage of Lane Miles in Fair or Better Condition</u>					
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
67.2 %	66.2 %	60.5 %	61.6 %	60.1 %	

The condition of road and street pavement is measured using a vehicle called the South Dakota Road Profiler and calculated using the Cartegraph Pavement View Plus pavement management system. The condition is determined based on data collected by the laser road surface test located beneath the Profiler (surface condition) and the distresses are collected from roadway images along with other road and street information such as traffic surface type, street length, street width, area and location. The system uses a measurement scale that is based on a condition index ranging from zero for a pavement in very poor condition to 100 for a pavement in 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 half of the county. For assessment purposes, the county is divided into 5 groups with groups 1, 3 and 4 assessed in one year and groups 2 and 5 assessed in the alternate year. The condition of groups 1, 3 and 4 was assessed in fiscal year 2016. The condition of groups 2 and 5 was assessed and reported in fiscal year 2017. Although the assessment for 2017 is complete, the data is still in the process of being evaluated and summarized. The reported percentage for 2017 was estimated by the Public Works Department based on the available data and is expected to approximate the final percentage. 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.

In May 2010, the Government experienced a major, historic flood which had a significant negative impact on the condition of roads and streets, and the percentage of roads and streets in fair or better condition decreased from 70.0% in the 2010 assessment to 52.7% in the 2011 assessment. Several recent winters of snow, ice and salt usage have continued to provide challenges to improving road and street condition. Also, the Government has experienced population growth, increased tourism, and significant construction which have added more vehicles and equipment on the roadways causing additional deterioration. While there have been lower than historical percentages in the years subsequent to the flood, the condition of roads and streets continues a steady recovery through the Government's efforts as evidenced by the improvement over the 2011 rate.

There were 13 lane miles of roads added in 2017, bringing the total to 5,893 lane miles of roads and streets in the transportation network. The majority of the growth is due to additions of two-lane roads from new developments.

Comparison of Needed and Budgeted to Actual Maintenance

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Needed	<u>\$ 35,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 32,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Budgeted	\$ 35,000,000	\$ 20,000,000	\$ 30,000,000	\$ 20,000,000	\$ 25,000,000	\$ -
Cumulative Spent	<u>12,527,139</u>	<u>17,189,337</u>	<u>23,623,935</u>	<u>18,394,312</u>	<u>25,000,000</u>	<u>-</u>
Difference	<u>\$ 22,472,861</u>	<u>\$ 2,810,663</u>	<u>\$ 6,376,065</u>	<u>\$ 1,605,688</u>	<u>\$ -</u>	<u>\$ -</u>

The **needed** amount represents the estimated amount that would need to be spent annually to maintain 70% of the roads and streets at a fair or better condition. The **budgeted** amount is the amount approved in each year's capital spending plan (there was no capital spending plan in 2012). The **cumulative spent** is total actual expenditures across all fiscal years for each capital spending plan.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

CONDITION RATING OF TRANSPORTATION NETWORK (CONTINUED)

Unaudited – See Accompanying Accountants' Report

Maintaining the condition of the roads and streets in accordance with the policy referenced above continues to be a priority as evidenced by the continual funding in the capital plans.

BRIDGES AND UNDERPASSES

<u>Percentage of Deck Area in Fair or Better Condition</u>				
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
97.0 %	97.0 %	97.1 %	97.1 %	98.9 %

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 2015 and reported for fiscal 2016. 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. Although the conditions reported for 2014 and subsequent years reflect a slight decrease from 2013, the condition remains high at a rate of 97.0%.

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 218 Non-Federal Aid and 109 Federal Aid Urban bridges and underpasses in the transportation network determined from the final analysis of the 2015 inspection which is the same as the totals from the final analysis of the 2013 inspection. Total square feet of deck area is estimated to be 1,319,519. Deck area is calculated based on TDOT inspection reports for bridges conveying vehicular traffic only.

Comparison of Needed and Budgeted to Actual Maintenance

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Needed	<u>\$ 15,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 4,750,000</u>	<u>\$ -</u>
Budgeted	\$ 10,000,000	\$ 10,000,000	\$ 6,000,000	\$ -	\$ 4,750,000	\$ -
Cumulative Spent	<u>1,210,845</u>	<u>4,282,213</u>	<u>3,867,129</u>	<u>-</u>	<u>4,703,009</u>	<u>-</u>
Difference	<u>\$ 8,789,155</u>	<u>\$ 5,717,787</u>	<u>\$ 2,132,871</u>	<u>\$ -</u>	<u>\$ 46,991</u>	<u>\$ -</u>

The **needed** amount represents the estimated amount that would need to be spent annually to maintain 75% of the bridges and underpasses at a fair or better condition. The **budgeted** amount is the amount approved in each year's capital spending plan (there was no capital spending plan in 2012). For 2014, the capital spending plan including \$18 million for bridges, which was all designated for the construction of a new Gulch connector bridge. The **cumulative spent** is total actual expenditures across all fiscal years for each capital spending plan.

Maintaining the condition of bridges and underpasses in accordance with the Government's policy referenced above continues to be a priority as evidenced by the continual funding in the capital plans and as reflected in the consistently high condition ratings.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

LAST FOUR FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	2017	2016	2015	2014
<u>County Plan</u>				
Actuarially determined contribution	\$ 1,226,793	\$ 1,376,864	\$ 1,473,420	\$ 1,413,489
Contributions	1,226,793	1,376,864	1,473,442	1,571,769
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22)</u>	<u>\$ (158,280)</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	- %	- %	- %	- %
<u>Metro Plan</u>				
Actuarially determined contribution	\$ 58,957,156	\$ 60,266,986	\$ 79,682,979	\$ 87,643,045
Contributions	73,868,818	85,676,490	94,045,896	87,643,045
Contribution deficiency (excess)	<u>\$ (14,911,662)</u>	<u>\$ (25,409,504)</u>	<u>\$ (14,362,917)</u>	<u>\$ -</u>
Covered payroll	<u>\$ 538,698,977</u>	<u>\$ 531,266,978</u>	<u>\$ 513,759,048</u>	<u>\$ 556,220,289</u>
Contributions as a percentage of covered payroll	13.71 %	16.13 %	18.31 %	15.76 %
<u>County Education Plan</u>				
Actuarially determined contribution	\$ 3,451,079	\$ 3,760,411	\$ 4,594,448	\$ 4,570,592
Contributions	3,451,079	3,760,411	4,594,448	3,975,666
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594,926</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	- %	- %	- %	- %
<u>Metro Education Plan</u>				
Actuarially determined contribution	\$ 10,943,447	\$ 12,289,725	\$ 13,593,369	\$ 14,708,257
Contributions	21,539,285	20,620,889	18,340,834	18,808,832
Contribution deficiency (excess)	<u>\$ (10,595,838)</u>	<u>\$ (8,331,164)</u>	<u>\$ (4,747,465)</u>	<u>\$ (4,100,575)</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	- %	- %	- %	- %
<u>City Plan</u>				
Actuarially determined contribution	\$ 5,760,814	\$ 6,134,921	\$ 6,688,724	\$ 6,650,683
Contributions	5,760,814	6,134,921	6,688,827	7,223,872
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (103)</u>	<u>\$ (573,189)</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	- %	- %	- %	- %
<u>City Education Plan</u>				
Actuarially determined contribution	\$ 1,512,381	\$ 1,600,371	\$ 2,427,465	\$ 2,190,063
Contributions	1,512,381	1,600,371	2,427,465	1,932,219
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,844</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	- %	- %	- %	- %

(1) Information regarding contributions is only available for the last four fiscal years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

LAST FOUR FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

	County Plan	Metro Plan	County Education Plan	Metro Education Plan
Notes to Schedule				
Valuation date:				
Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.				
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	entry age normal	entry age normal	entry age normal	entry age normal
Amortization method	level dollar open	level dollar closed	level dollar open	level dollar closed
Amortization period	6 years	30 years	8 years	30 years
Asset valuation method	market	5 year smoothed market	market	5 year smoothed market
Investment rate of return	7.50%	7.50%	7.50%	7.50%
Projected salary increases	N/A	4.00%	N/A	N/A
Inflation	2.60%	2.60%	2.60%	2.60%
Postretirement benefit increase adjustments	2.50%	2.50% Division A 1.50% Division B	3.00%	3.00%

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

LAST FOUR FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

<u>City Plan</u>	<u>City Education Plan</u>
entry age normal	entry age normal
level dollar open	level dollar open
7 years	7 years
market	market
7.50%	7.50%
N/A	N/A
2.60%	2.60%
2.50%	3.00%

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - PENSION PLANS

LAST FOUR FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

<u>County Plan</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Interest	\$ 504,073	\$ 570,348	\$ 638,093	\$ 695,032
Difference between expected and actual experience	(151,873)	(115,892)	68,376	-
Benefit payments, including refunds of member contributions	<u>(1,226,758)</u>	<u>(1,377,519)</u>	<u>(1,473,420)</u>	<u>(1,571,769)</u>
Net change in total pension liability	(874,558)	(923,063)	(766,951)	(876,737)
Total pension liability - beginning	<u>7,486,223</u>	<u>8,409,286</u>	<u>9,176,237</u>	<u>10,052,974</u>
Total pension liability - ending (a)	<u><u>\$ 6,611,665</u></u>	<u><u>\$ 7,486,223</u></u>	<u><u>\$ 8,409,286</u></u>	<u><u>\$ 9,176,237</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 1,226,793	\$ 1,376,864	\$ 1,473,442	\$ 1,571,769
Net investment income (loss)	(35)	655	(22)	(39)
Benefit payments, including refunds of member contributions	<u>(1,226,758)</u>	<u>(1,377,519)</u>	<u>(1,473,420)</u>	<u>(1,571,730)</u>
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 6,611,665</u></u>	<u><u>\$ 7,486,223</u></u>	<u><u>\$ 8,409,286</u></u>	<u><u>\$ 9,176,237</u></u>
Plan fiduciary net position as a percentage of the total pension liability	-	-	-	-
	%	%	%	%
Covered payroll	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

(1) Information regarding the change in the net pension liability is only available for the last four fiscal years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - PENSION PLANS

LAST FOUR FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	2017	2016	2015	2014
<u>Metro Plan</u>				
Total pension liability				
Service cost	\$ 47,633,085	\$ 47,248,901	\$ 45,995,228	\$ 49,413,232
Interest	215,468,983	208,309,697	202,724,640	200,086,120
Difference between expected and actual experience	(4,850,344)	(25,817,354)	(67,376,484)	-
Benefit payments, including refunds of member contributions	<u>(158,693,272)</u>	<u>(152,601,796)</u>	<u>(146,745,385)</u>	<u>(140,187,828)</u>
Net change in total pension liability	99,558,452	77,139,448	34,597,999	109,311,524
Total pension liability - beginning	<u>2,909,544,590</u>	<u>2,832,405,142</u>	<u>2,797,807,144</u>	<u>2,688,495,620</u>
Total pension liability - ending (a)	<u>\$ 3,009,103,042</u>	<u>\$ 2,909,544,590</u>	<u>\$ 2,832,405,143</u>	<u>\$ 2,797,807,144</u>
Plan fiduciary net position				
Contributions - employer	\$ 73,868,818	\$ 85,676,490	\$ 94,045,896	\$ 87,643,045
Contributions - members	60,916	73,171	57,996	73,973
Net investment income	369,032,095	6,343,038	124,578,432	410,309,219
Transfers in	281,871	244,632	169,363	132,383
Benefit payments, including refunds of member contributions	(158,693,272)	(152,601,796)	(146,745,385)	(140,187,828)
Administrative expense	<u>(4,518,466)</u>	<u>(15,004,614)</u>	<u>(5,974,504)</u>	<u>(2,888,963)</u>
Net change in plan fiduciary net position	280,031,962	(75,269,079)	66,131,798	355,081,829
Plan fiduciary net position - beginning	<u>2,688,226,830</u>	<u>2,763,495,909</u>	<u>2,697,364,111</u>	<u>2,342,282,282</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,968,258,792</u>	<u>\$ 2,688,226,830</u>	<u>\$ 2,763,495,909</u>	<u>\$ 2,697,364,111</u>
Net pension liability - ending (a) - (b)	<u>\$ 40,844,250</u>	<u>\$ 221,317,760</u>	<u>\$ 68,909,234</u>	<u>\$ 100,443,033</u>
Plan fiduciary net position as a percentage of the total pension liability	98.64 %	92.39 %	97.57 %	96.41 %
Covered payroll	\$ 538,698,977	\$ 531,266,978	\$ 513,759,048	\$ 556,220,289
Net pension liability as a percentage of covered payroll	7.58 %	41.66 %	13.41 %	18.06 %

(1) Information regarding the change in the net pension liability is only available for the last four fiscal years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - PENSION PLANS

LAST FOUR FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	2017	2016	2015	2014
<u>County Education Plan</u>				
Total pension liability				
Interest	\$ 2,410,942	\$ 2,679,861	\$ 2,944,102	\$ 3,138,071
Difference between expected and actual experience	(270,339)	(16,830)	1,090,757	-
Benefit payments, including refunds of member contributions	<u>(5,759,535)</u>	<u>(6,230,661)</u>	<u>(6,670,328)</u>	<u>(6,959,832)</u>
Net change in total pension liability	(3,618,932)	(3,567,630)	(2,635,469)	(3,821,761)
Total pension liability - beginning	<u>35,296,005</u>	<u>38,863,635</u>	<u>41,499,104</u>	<u>45,320,865</u>
Total pension liability - ending (a)	<u>\$ 31,677,073</u>	<u>\$ 35,296,005</u>	<u>\$ 38,863,635</u>	<u>\$ 41,499,104</u>
Plan fiduciary net position				
Contributions - employer	\$ 3,451,079	\$ 3,760,411	\$ 4,594,448	\$ 3,975,666
Contributions - State of Tennessee	2,502,109	2,683,194	2,831,644	2,983,251
Net investment income	5,177	4,979	402	915
Benefit payments, including refunds of member contributions	<u>(5,759,535)</u>	<u>(6,230,661)</u>	<u>(6,670,328)</u>	<u>(6,959,832)</u>
Net change in plan fiduciary net position	198,830	217,923	756,166	-
Plan fiduciary net position - beginning	<u>974,089</u>	<u>756,166</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,172,919</u>	<u>\$ 974,089</u>	<u>\$ 756,166</u>	<u>\$ -</u>
Net pension liability - ending (a) - (b)	<u>\$ 30,504,154</u>	<u>\$ 34,321,916</u>	<u>\$ 38,107,469</u>	<u>\$ 41,499,104</u>
Plan fiduciary net position as a percentage of the total pension liability	3.70 %	2.76 %	1.95 %	- %
Covered payroll	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Proportionate share of collective net pension liability:				
Employer	\$ 21,856,380	\$ 25,230,145	\$ 28,119,171	\$ 30,819,136
State of Tennessee	8,647,774	9,091,771	9,988,298	10,679,968
Employer's share of net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

(1) Information regarding the change in the net pension liability is only available for the last four fiscal years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - PENSION PLANS

LAST FOUR FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	2017	2016	2015	2014
<u>Metro Education Plan</u>				
Total pension liability				
Interest	\$ 18,530,511	\$ 19,702,025	\$ 20,961,496	\$ 22,092,743
Difference between expected and actual experience	(3,102,795)	(4,470,482)	(2,986,289)	-
Benefit payments, including refunds of member contributions	<u>(31,686,860)</u>	<u>(32,751,992)</u>	<u>(33,815,913)</u>	<u>(34,563,595)</u>
Net change in total pension liability	(16,259,144)	(17,520,449)	(15,840,706)	(12,470,852)
Total pension liability - beginning	<u>266,019,699</u>	<u>283,540,148</u>	<u>299,380,854</u>	<u>311,851,706</u>
Total pension liability - ending (a)	<u>\$ 249,760,555</u>	<u>\$ 266,019,699</u>	<u>\$ 283,540,148</u>	<u>\$ 299,380,854</u>
Plan fiduciary net position				
Contributions - employer	\$ 21,539,285	\$ 20,620,889	\$ 18,340,834	\$ 18,808,832
Contributions - State of Tennessee	11,315,146	11,713,047	12,196,548	12,635,252
Net investment income	8,965,201	180,416	3,663,454	12,453,816
Benefit payments, including refunds of member contributions	(31,686,860)	(32,751,992)	(33,815,913)	(34,563,595)
Administrative expense	<u>(17,914)</u>	<u>(64,951)</u>	<u>(29,951)</u>	<u>(30,318)</u>
Net change in plan fiduciary net position	10,114,858	(302,591)	354,972	9,303,987
Plan fiduciary net position - beginning	<u>79,333,377</u>	<u>79,635,968</u>	<u>79,280,996</u>	<u>69,977,009</u>
Plan fiduciary net position - ending (b)	<u>\$ 89,448,235</u>	<u>\$ 79,333,377</u>	<u>\$ 79,635,968</u>	<u>\$ 79,280,996</u>
Net pension liability - ending (a) - (b)	<u>\$ 160,312,320</u>	<u>\$ 186,686,322</u>	<u>\$ 203,904,180</u>	<u>\$ 220,099,858</u>
Plan fiduciary net position as a percentage of the total pension liability	35.81 %	29.82 %	28.09 %	26.48 %
Covered payroll	-	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Proportionate share of collective net pension liability:				
Employer	80,651,942	\$ 101,574,332	\$ 112,853,583	\$ 123,003,473
State of Tennessee	79,660,378	85,111,990	91,050,597	97,096,385
Employer's share of net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

(1) Information regarding the change in the net pension liability is only available for the last four fiscal years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - PENSION PLANS

LAST FOUR FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	2017	2016	2015	2014
<u>City Plan</u>				
Total pension liability				
Interest	\$ 2,528,113	\$ 2,603,078	\$ 2,946,519	\$ 3,276,664
Difference between expected and actual experience	2,347,731	(1,111,344)	(722,290)	-
Benefit payments, including refunds of member contributions	<u>(5,760,650)</u>	<u>(6,140,053)</u>	<u>(6,688,724)</u>	<u>(7,223,872)</u>
Net change in total pension liability	(884,806)	(4,648,319)	(4,464,495)	(3,947,208)
Total pension liability - beginning	<u>34,240,762</u>	<u>38,889,081</u>	<u>43,353,576</u>	<u>47,300,784</u>
Total pension liability - ending (a) hard coded - should be per formula	<u>\$ 33,355,956</u>	<u>\$ 34,240,762</u>	<u>\$ 38,889,081</u>	<u>\$ 43,353,576</u>
Plan fiduciary net position				
Contributions - employer	\$ 5,760,814	\$ 6,134,921	\$ 6,688,827	\$ 7,223,872
Net investment income (loss)	(164)	5,132	(103)	(186)
Benefit payments, including refunds of member contributions	<u>(5,760,650)</u>	<u>(6,140,053)</u>	<u>(6,688,724)</u>	<u>(7,223,686)</u>
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net pension liability - ending (a) - (b)	<u>\$ 33,355,956</u>	<u>\$ 34,240,762</u>	<u>\$ 38,889,081</u>	<u>\$ 43,353,576</u>
Plan fiduciary net position as a percentage of the total pension liability	-	-	-	-
	%	%	%	%
Covered payroll	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

(1) Information regarding the change in the net pension liability is only available for the last four fiscal years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - PENSION PLANS

LAST FOUR FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	2017	2016	2015	2014
<u>City Education Plan</u>				
Total pension liability				
Interest	\$ 1,105,404	\$ 1,305,770	\$ 1,463,455	\$ 1,567,660
Difference between expected and actual experience	(823,677)	(102,207)	830,248	-
Benefit payments, including refunds of member contributions	<u>(3,046,404)</u>	<u>(3,260,870)</u>	<u>(3,666,567)</u>	<u>(3,908,042)</u>
Net change in total pension liability	(2,764,677)	(2,057,307)	(1,372,864)	(2,340,382)
Total pension liability - beginning	<u>17,085,597</u>	<u>19,142,904</u>	<u>20,515,768</u>	<u>22,856,150</u>
Total pension liability - ending (a) hard coded - should be per formula	<u>\$ 14,320,920</u>	<u>\$ 17,085,597</u>	<u>\$ 19,142,904</u>	<u>\$ 20,515,768</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,512,381	\$ 1,600,371	\$ 2,427,465	\$ 1,932,219
Contributions - State of Tennessee	1,667,091	1,804,508	1,874,231	1,975,167
Net investment income	4,096	4,141	306	656
Benefit payments, including refunds of member contributions	<u>(3,046,404)</u>	<u>(3,260,870)</u>	<u>(3,666,567)</u>	<u>(3,908,042)</u>
Net change in plan fiduciary net position	137,164	148,150	635,435	-
Plan fiduciary net position - beginning	<u>783,585</u>	<u>635,435</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 920,749</u>	<u>\$ 783,585</u>	<u>\$ 635,435</u>	<u>\$ -</u>
Net pension liability - ending (a) - (b)	<u>\$ 13,400,171</u>	<u>\$ 16,302,012</u>	<u>\$ 18,507,469</u>	<u>\$ 20,515,768</u>
Plan fiduciary net position as a percentage of the total pension liability	6.43 %	4.59 %	3.32 %	- %
Covered payroll	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
Proportionate share of collective net pension liability:				
Employer	\$ 9,431,053	\$ 11,599,369	\$ 13,104,977	\$ 14,738,952
State of Tennessee	3,969,118	4,702,643	5,402,492	5,776,816
Employer's share of net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

(1) Information regarding the change in the net pension liability is only available for the last four fiscal years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF INVESTMENT RETURNS - PENSION PLANS

LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

Annual Money-Weighted
Rate of Return, Net of
Investment Expense

For the year ended June 30,

2017	12.87 %
2016	0.64
2015	4.87
2014	17.83
2013	13.72
2012	1.07
2011	20.93
2010	15.17
2009	(20.80)
2008	(3.23)

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE GOVERNMENT'S CONTRIBUTIONS
TEACHER PENSION PLANS OF THE TCRS

LAST FOUR FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	2017	2016	2015	2014
<u>Teacher Legacy Pension Plan</u>				
Contractually required contribution	\$ 26,023,655	\$ 27,095,828	\$ 28,722,365	\$ 30,470,761
Contributions	26,023,655	27,095,828	28,722,365	30,470,761
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 288,101,769	\$ 299,732,644	\$ 317,726,673	\$ 343,139,202
Contributions as a percentage of covered payroll	9.03 %	9.04 %	9.04 %	8.88 %
<u>Teacher Retirement Plan (2)</u>				
Contractually required contribution	\$ 3,222,337	\$ 1,401,866	\$ 29,367	\$ N/A
Contributions	3,222,337	2,240,133	1,174,675	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (838,267)</u>	<u>\$ (1,145,308)</u>	<u>\$ N/A</u>
Covered payroll	\$ 80,335,323	\$ 56,002,899	\$ 29,366,650	\$ N/A
Contributions as a percentage of covered payroll	4.01 %	4.00 %	4.00 %	N/A %

(1) Information regarding contributions is only available for the last four fiscal years.

(2) The Teacher Retirement Plan was established July 1, 2014. Information for 2014 is not applicable.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER PENSION PLANS OF THE TCRS

For the Year Ended June 30, (1)

Unaudited - See Accompanying Accountants' Report

	2016	2015	2014
<u>Teacher Legacy Pension Plan</u>			
The Government's proportion of the net pension liability (asset)	8.30 %	8.49 %	(8.74) %
The Government's proportionate share of the net pension liability (asset)	\$ 51,891,059	\$ 3,476,720	\$ (1,420,602)
The Government's covered payroll	\$ 299,732,644	\$ 317,726,673	\$ 343,139,202
The Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	17.31 %	1.09 %	(0.41) %
Plan fiduciary net position as a percentage of the total pension liability	97.14 %	99.81 %	(100.08) %
<u>Teacher Retirement Plan (2)</u>			
The Government's proportion of the net pension liability (asset)	(12.73) %	(14.13) %	N/A %
The Government's proportionate share of the net pension liability (asset)	\$ (1,325,015)	\$ (568,609)	\$ N/A
The Government's covered payroll	\$ 56,002,899	\$ 29,366,650	\$ N/A
The Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(2.37) %	(1.94) %	N/A %
Plan fiduciary net position as a percentage of the total pension liability	121.88 %	127.46 %	N/A %

(1) The amount presented were determined as of June 30 of the prior fiscal year.

(2) The Teacher Retirement Plan was established July 1, 2014. Information for 2014 is not applicable.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFIT PLANS

Unaudited - See Accompanying Accountants' Report

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
Metro Employees' Medical Benefit Plan		
2015	\$ 187,890,000	40.95 %
2016	196,832,000	41.27
2017	206,850,000	37.02
School Professional Employees' Insurance Plan		
2015	42,099,000	55.01
2016	49,020,000	50.75
2017	57,146,000	47.26

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS

Unaudited - See Accompanying Accountants' Report

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio
Metro Employees' Medical Benefit Plan				
July 1, 2014	\$ -	\$ 2,160,290,000	\$ 2,160,290,000	- %
July 1, 2015	-	2,236,967,000	2,236,967,000	-
July 1, 2016	-	2,326,893,000	2,326,893,000	-
	-			-
School Professional Employees' Insurance Plan				
July 1, 2014	-	472,942,000	472,942,000	-
July 1, 2015	-	549,351,000	549,351,000	-
July 1, 2016	-	605,476,000	605,476,000	-

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

Unaudited - See Accompanying Accountants' Report

<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
\$ 528,020,000	409.13 %
556,959,000	401.64
593,591,000	392.00
312,687,000	151.25
326,626,000	168.19
336,644,000	179.86





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2017

	Special Revenue Funds		
	Metropolitan Action Commission	General Fund 4% Reserve	Solid Waste Operations
ASSETS:			
Cash and cash equivalents	\$ -	\$ 55,268,730	\$ 5,843,994
Accounts receivable	3,156,786	-	905,692
Accrued interest receivable	665	32,135	3,471
Due from other funds of the primary government	37,262	1,650,971	94,955
Inventories of supplies	-	-	-
Other assets	-	-	-
Total assets	\$ 3,194,713	\$ 56,951,836	\$ 6,848,112
LIABILITIES:			
Accounts payable	\$ 874,595	\$ 1,593,876	\$ 1,604,127
Accrued payroll	598,037	-	260,004
Due to other funds of the primary government	373,266	288,675	128,125
Due to component units	-	-	-
Commercial paper payable	-	-	-
Other liabilities	-	-	-
Total liabilities	1,845,898	1,882,551	1,992,256
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - grants	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES (DEFICITS):			
Nonspendable	-	-	-
Restricted for other purposes	1,348,815	-	668,437
Committed for:			
Equipment acquisitions (appropriated)	-	20,519,381	-
Equipment acquisitions (unappropriated)	-	34,549,904	-
Other purposes	-	-	4,187,419
Total fund balances (deficits)	1,348,815	55,069,285	4,855,856
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 3,194,713	\$ 56,951,836	\$ 6,848,112

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, 2017

Special Revenue Funds

Flood 2010 Recovery	Education Services	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	CBID Events And Marketing
\$ 52,153,828	\$ 6,384,703	\$ 9,112,247	\$ 1,761,439	\$ 1,279,992	\$ 2,861,626
9,445,437	38,963,709	6,966,889	1,621,482	322,509	258,982
47,758	7,903	2,619	290	585	1,590
-	499,389	3,380,403	-	-	-
-	1,264,021	-	-	-	-
-	-	500,000	-	-	-
<u>\$ 61,647,023</u>	<u>\$ 47,119,725</u>	<u>\$ 19,962,158</u>	<u>\$ 3,383,211</u>	<u>\$ 1,603,086</u>	<u>\$ 3,122,198</u>
\$ 43,763	\$ 2,285,907	\$ 4,120,118	\$ -	\$ 1,105,000	\$ 100,000
-	162,281	-	-	-	-
19,316,275	14,503,259	2,295,545	3,383,211	-	-
-	-	10,145,257	-	-	-
30,668,922	-	-	-	-	-
-	-	-	-	-	-
<u>50,028,960</u>	<u>16,951,447</u>	<u>16,560,920</u>	<u>3,383,211</u>	<u>1,105,000</u>	<u>100,000</u>
9,225,188	2,598,975	-	-	-	-
<u>9,225,188</u>	<u>2,598,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,264,021	-	-	-	-
2,392,875	26,305,282	3,401,238	-	498,086	3,022,198
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,392,875</u>	<u>27,569,303</u>	<u>3,401,238</u>	<u>-</u>	<u>498,086</u>	<u>3,022,198</u>
<u>\$ 61,647,023</u>	<u>\$ 47,119,725</u>	<u>\$ 19,962,158</u>	<u>\$ 3,383,211</u>	<u>\$ 1,603,086</u>	<u>\$ 3,122,198</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, 2017

	Special Revenue Funds	Permanent Funds		Total Nonmajor Governmental Funds
	Other Government Services	General Government	Education	
ASSETS:				
Cash and cash equivalents	\$ 30,621,858	\$ 204,103	\$ 186,641	\$ 165,679,161
Accounts receivable	16,862,297	-	-	78,503,783
Accrued interest receivable	20,371	116	106	117,609
Due from other funds of the primary government	2,791,763	-	2,000	8,456,743
Inventories of supplies	210,958	-	-	1,474,979
Other assets	20	-	-	500,020
Total assets	\$ 50,507,267	\$ 204,219	\$ 188,747	\$ 254,732,295
LIABILITIES:				
Accounts payable	\$ 4,277,453	\$ -	\$ 1,161	\$ 16,006,000
Accrued payroll	1,147,967	-	-	2,168,289
Due to other funds of the primary government	3,346,878	-	-	43,635,234
Due to component units	-	-	-	10,145,257
Commercial paper payable	-	-	-	30,668,922
Other liabilities	1,599,657	-	-	1,599,657
Total liabilities	10,371,955	-	1,161	104,223,359
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - grants	595,958	-	-	12,420,121
Total deferred inflows of resources	595,958	-	-	12,420,121
FUND BALANCES (DEFICITS):				
Nonspendable	210,979	105,994	79,118	1,660,112
Restricted for other purposes	18,316,540	98,225	108,468	56,160,164
Committed for:				
Equipment acquisitions (appropriated)	-	-	-	20,519,381
Equipment acquisitions (unappropriated)	-	-	-	34,549,904
Other purposes	21,011,835	-	-	25,199,254
Total fund balances (deficits)	39,539,354	204,219	187,586	138,088,815
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 50,507,267	\$ 204,219	\$ 188,747	\$ 254,732,295

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, 2017

	Special Revenue Funds		
	Metropolitan Action Commission	General Fund 4% Reserve	Solid Waste Operations
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
Other taxes, licenses and permits	-	-	-
Fines, forfeits and penalties	-	-	-
Revenues from the use of money or property	5,473	258,806	27,206
Revenues from other governmental agencies	18,730,643	-	264,741
Commissions and fees	-	-	-
Charges for current services	208,445	-	6,655,510
Compensation for loss, sale or damage to property	2,038	-	-
Contributions and gifts	39,971	-	-
Miscellaneous	390	-	61,835
Total revenues	<u>18,986,960</u>	<u>258,806</u>	<u>7,009,292</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Fiscal administration	-	-	-
Administration of justice	-	-	-
Law enforcement and care of prisoners	-	-	-
Fire prevention and control	-	-	-
Regulation and inspection	-	-	-
Public welfare	23,377,081	-	-
Public health and hospitals	-	-	-
Public library system	-	-	-
Public works, highways and streets	-	-	24,195,385
Recreational and cultural	-	-	-
Education	-	-	-
Capital outlay	-	18,356,948	-
Total expenditures	<u>23,377,081</u>	<u>18,356,948</u>	<u>24,195,385</u>
Excess (deficiency) of revenues over expenditures	<u>(4,390,121)</u>	<u>(18,098,142)</u>	<u>(17,186,093)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	4,921,900	29,872,430	20,264,600
Transfers out	(23,940)	(12,234,675)	(636,800)
Total other financing sources (uses)	<u>4,897,960</u>	<u>17,637,755</u>	<u>19,627,800</u>
Net change in fund balances (deficits)	507,839	(460,387)	2,441,707
FUND BALANCES (DEFICITS), beginning of year	<u>840,976</u>	<u>55,529,672</u>	<u>2,414,149</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 1,348,815</u>	<u>\$ 55,069,285</u>	<u>\$ 4,855,856</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2017

Special Revenue Funds					
Flood 2010 Recovery	Education Services	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	CBID Events And Marketing
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	68,495,383	17,337,608	3,497,468	-
-	-	-	-	-	-
380,008	56,774	20,124	2,809	5,111	11,290
14,044,479	131,503,836	-	-	-	1,546,311
-	-	-	-	-	-
-	13,418,243	-	-	-	-
-	195,890	-	-	-	-
-	1,172,037	-	-	-	-
-	14,541	-	-	-	-
<u>14,424,487</u>	<u>146,361,321</u>	<u>68,515,507</u>	<u>17,340,417</u>	<u>3,502,579</u>	<u>1,557,601</u>
281,545	-	54,808,538	17,340,417	3,495,000	400,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	232,207,989	-	-	-	-
-	1,464,907	-	-	-	-
<u>281,545</u>	<u>233,672,896</u>	<u>54,808,538</u>	<u>17,340,417</u>	<u>3,495,000</u>	<u>400,000</u>
<u>14,142,942</u>	<u>(87,311,575)</u>	<u>13,706,969</u>	<u>-</u>	<u>7,579</u>	<u>1,157,601</u>
-	94,550,299	-	-	-	-
-	(3,714,926)	(11,418,629)	-	-	-
-	90,835,373	(11,418,629)	-	-	-
14,142,942	3,523,798	2,288,340	-	7,579	1,157,601
<u>(11,750,067)</u>	<u>24,045,505</u>	<u>1,112,898</u>	<u>-</u>	<u>490,507</u>	<u>1,864,597</u>
<u>\$ 2,392,875</u>	<u>\$ 27,569,303</u>	<u>\$ 3,401,238</u>	<u>\$ -</u>	<u>\$ 498,086</u>	<u>\$ 3,022,198</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, 2017

	Special Revenue Funds	Permanent Funds		Total Nonmajor Governmental Funds
	Other Government Services	General Government	Education	
REVENUES:				
Property taxes	\$ 2,317,503	\$ -	\$ -	\$ 2,317,503
Other taxes, licenses and permits	459,815	-	-	89,790,274
Fines, forfeits and penalties	4,743,871	-	-	4,743,871
Revenues from the use of money or property	132,926	962	881	902,370
Revenues from other governmental agencies	57,735,862	-	-	223,825,872
Commissions and fees	8,860,141	-	-	8,860,141
Charges for current services	7,875,450	-	-	28,157,648
Compensation for loss, sale or damage to property	4,337,106	-	-	4,535,034
Contributions and gifts	2,868,873	-	-	4,080,881
Miscellaneous	4,777	-	-	81,543
Total revenues	89,336,324	962	881	367,295,137
EXPENDITURES:				
Current:				
General government	7,093,367	-	-	83,418,867
Fiscal administration	788,278	-	-	788,278
Administration of justice	9,909,052	-	-	9,909,052
Law enforcement and care of prisoners	24,491,295	-	-	24,491,295
Fire prevention and control	52,851	-	-	52,851
Regulation and inspection	79,210	-	-	79,210
Public welfare	10,150,245	-	-	33,527,326
Public health and hospitals	22,544,410	-	-	22,544,410
Public library system	855,202	-	-	855,202
Public works, highways and streets	9,699,938	-	-	33,895,323
Recreational and cultural	2,255,096	-	-	2,255,096
Education	-	-	820	232,208,809
Capital outlay	2,499,036	-	-	22,320,891
Total expenditures	90,417,980	-	820	466,346,610
Excess (deficiency) of revenues over expenditure	(1,081,656)	962	61	(99,051,473)
OTHER FINANCING SOURCES (USES):				
Transfers in	23,108,670	-	-	172,717,899
Transfers out	(3,733,786)	-	-	(31,762,756)
Total other financing sources (uses)	19,374,884	-	-	140,955,143
Net change in fund balances (deficits)	18,293,228	962	61	41,903,670
FUND BALANCES (DEFICITS), beginning of year	21,246,126	203,257	187,525	96,185,145
FUND BALANCES (DEFICITS), end of year	\$ 39,539,354	\$ 204,219	\$ 187,586	\$ 138,088,815

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 89,465,400	\$ 89,465,400	\$ 89,702,415	\$ 237,015
Local option sales tax	3,000,500	3,000,500	2,352,240	(648,260)
Fines, forfeits and penalties	303,000	303,000	323,165	20,165
Revenues from the use of money or property	-	-	33,341	33,341
Revenues from other governmental agencies	4,053,100	4,053,100	5,419,643	1,366,543
Bond interest tax credit	4,843,400	4,843,400	4,859,357	15,957
Total revenues	101,665,400	101,665,400	102,690,161	1,024,761
EXPENDITURES:				
Principal retirement	66,845,600	66,845,600	71,232,867	(4,387,267)
Interest	66,548,500	66,548,500	61,870,723	4,677,777
Fiscal charges	3,408,900	3,408,900	4,528,171	(1,119,271)
Total expenditures	136,803,000	136,803,000	137,631,761	(828,761)
Excess (deficiency) of revenues over expenditures	(35,137,600)	(35,137,600)	(34,941,600)	196,000
OTHER FINANCING SOURCES (USES):				
Transfers in	30,137,600	30,137,600	33,389,616	3,252,016
Total other financing sources (uses)	30,137,600	30,137,600	33,389,616	3,252,016
Net change in fund balances	(5,000,000)	(5,000,000)	(1,551,984)	3,448,016
FUND BALANCES, beginning of year	10,989,900	10,989,900	10,989,900	-
FUND BALANCES, end of year	\$ 5,989,900	\$ 5,989,900	\$ 9,437,916	\$ 3,448,016

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GSD SCHOOL PURPOSES DEBT SERVICE FUND

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 38,048,200	\$ 38,048,200	\$ 38,171,628	\$ 123,428
Local option sales taxes	46,258,200	46,258,200	46,151,383	(106,817)
Revenues from the use of money or property	97,000	97,000	155,270	58,270
Total revenues	84,403,400	84,403,400	84,478,281	74,881
EXPENDITURES:				
Principal retirement	46,717,000	46,717,000	51,771,544	(5,054,544)
Interest	36,114,200	36,114,200	32,811,625	3,302,575
Fiscal charges	1,572,200	1,572,200	1,889,759	(317,559)
Total expenditures	84,403,400	84,403,400	86,472,928	(2,069,528)
Excess (deficiency) of revenues over expenditures	-	-	(1,994,647)	(1,994,647)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,605,632	1,605,632
Total other financing sources (uses)	-	-	1,605,632	1,605,632
Net change in fund balances	-	-	(389,015)	(389,015)
FUND BALANCE, beginning of year	7,139,448	7,139,448	7,139,448	-
FUND BALANCE, end of year	\$ 7,139,448	\$ 7,139,448	\$ 6,750,433	\$ (389,015)

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
USD GENERAL PURPOSES DEBT SERVICE FUND

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 14,610,400	\$ 14,610,400	\$ 14,610,804	\$ 404
Total revenues	14,610,400	14,610,400	14,610,804	404
EXPENDITURES:				
Principal retirement	11,567,000	11,567,000	9,855,480	1,711,520
Interest	7,065,500	7,065,500	8,683,658	(1,618,158)
Fiscal charges	613,600	613,600	375,020	238,580
Total expenditures	19,246,100	19,246,100	18,914,158	331,942
Excess (deficiency) of revenues over expenditures	(4,635,700)	(4,635,700)	(4,303,354)	332,346
OTHER FINANCING SOURCES (USES):				
Transfers in	4,635,700	4,635,700	4,635,700	-
Total other financing sources (uses)	4,635,700	4,635,700	4,635,700	-
Net change in fund balances	-	-	332,346	332,346
FUND BALANCES, beginning of year	4,154,085	4,154,085	4,154,085	-
FUND BALANCES, end of year	\$ 4,154,085	\$ 4,154,085	\$ 4,486,431	\$ 332,346

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

METROPOLITAN ACTION COMMISSION FUND

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

GENERAL FUND 4% RESERVE FUND

The General Fund 4% Reserve Fund accounts for 4% of locally generated revenues deposited in the GSD General Fund. Expenditures from this fund are for capital items and are authorized by resolutions of the Metropolitan Council.

SOLID WASTE OPERATIONS FUND

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

FLOOD 2010 RECOVERY FUND

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

EDUCATION SERVICES FUND

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

HOTEL OCCUPANCY TAX FUND

The Hotel Occupancy Tax Fund is under the administrative responsibility of the Finance Department and was established to account for hotel occupancy tax receipts first levied in 1976. Currently these tax receipts are utilized two-sixths for direct promotion of tourism, three-sixths for the construction, financing and operation of the new Music City Center, and one-sixth for distribution to the General Fund.

CONVENTION CENTER TAX FUND

The Convention Center Tax Fund is under the administrative responsibility of the Finance Department and was established to account for additional hotel occupancy and other tourist-related tax receipts levied beginning in 2007 to be utilized for the construction, financing and operation of the new Music City 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 beginning in 2008 to be utilized to support events or projects which have a positive economic impact on the Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CBID EVENTS AND MARKETING FUND

The CBID Events and Marketing Fund is under the administrative responsibility of the Finance Department and was established to account for fees beginning in 2014 on retail sales with the Central Business Improvement District to be utilized to support events or projects which have a positive economic impact on the Government.

OTHER GOVERNMENT SERVICES FUND

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

PERMANENT FUNDS

GENERAL GOVERNMENT FUND

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

EDUCATION FUND

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





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS

June 30, 2017

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ -	\$ 1,254,271	\$ 616,533
Accounts receivable	-	19,501	4,226
Allowance for doubtful accounts	-	-	-
Accrued interest receivable	-	609	354
Due from other funds of the primary government	-	-	-
Due from component units	-	-	-
Other current assets	-	29,316	-
	<hr/>	<hr/>	<hr/>
Total current assets	-	1,303,697	621,113
Noncurrent assets:			
Capital assets:			
Land	-	175,293	-
Buildings and improvements	-	8,693,917	3,451,463
Improvements other than buildings	-	3,781,300	163,589
Furniture, machinery and equipment	-	633,864	393,084
Property under capital lease	-	-	3,645,000
Construction in progress	-	485,325	-
Less accumulated depreciation	-	(10,598,431)	(3,712,169)
	<hr/>	<hr/>	<hr/>
Capital assets - net	-	3,171,268	3,940,967
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	-	3,171,268	3,940,967
	<hr/>	<hr/>	<hr/>
Total assets	-	4,474,965	4,562,080

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2017

Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
\$ 1,138,620	\$ 1,418,484	\$ 453,999	\$ 14,201,333
3,540	2,958	-	3,157,337
-	-	-	(504,151)
603	758	258	8,240
3	13,549	-	2,057,508
-	-	-	200
-	2,029	-	-
<u>1,142,766</u>	<u>1,437,778</u>	<u>454,257</u>	<u>18,920,467</u>
-	587,400	-	-
-	11,236,182	-	-
-	84,651	-	-
-	844,496	-	-
-	-	-	-
-	57,386	-	-
-	(9,397,727)	-	-
<u>-</u>	<u>3,412,388</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>3,412,388</u>	<u>-</u>	<u>-</u>
<u>1,142,766</u>	<u>4,850,166</u>	<u>454,257</u>	<u>18,920,467</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2017

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u> </u>	<u> </u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ -	\$ 19,083,240
Accounts receivable	-	3,187,562
Allowance for doubtful accounts	-	(504,151)
Accrued interest receivable	-	10,822
Due from other funds of the primary government	-	2,071,060
Due from component units	-	200
Other current assets	-	31,345
	<u> </u>	<u> </u>
Total current assets	-	23,880,078
	<u> </u>	<u> </u>
Noncurrent assets:		
Capital assets:		
Land	-	762,693
Buildings and improvements	-	23,381,562
Improvements other than buildings	-	4,029,540
Furniture, machinery and equipment	-	1,871,444
Property under capital lease	-	3,645,000
Construction in progress	-	542,711
Less accumulated depreciation	-	(23,708,327)
	<u> </u>	<u> </u>
Capital assets - net	-	10,524,623
	<u> </u>	<u> </u>
Total noncurrent assets	-	10,524,623
	<u> </u>	<u> </u>
Total assets	-	34,404,701
	<u> </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 NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2017

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ -	\$ 153,626	\$ 178,659
Accrued payroll	-	181,363	36,161
Due to other funds of the primary government	-	18,519	4,990
Due to component units	-	-	-
Customer deposits	-	28,221	10,190
Unearned revenue	-	54,712	-
	<u> </u>	<u> </u>	<u> </u>
Total current liabilities	-	436,441	230,000
	<u> </u>	<u> </u>	<u> </u>
Noncurrent liabilities:			
Net pension liability	-	119,011	42,740
	<u> </u>	<u> </u>	<u> </u>
Total noncurrent liabilities	-	119,011	42,740
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	-	555,452	272,740
	<u> </u>	<u> </u>	<u> </u>
DEFERRED INFLOWS OF RESOURCES:			
Pensions	-	141,832	50,936
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	-	141,832	50,936
	<u> </u>	<u> </u>	<u> </u>
NET POSITION:			
Net investment in capital assets	-	3,171,268	3,940,967
Unrestricted	-	606,413	297,437
	<u> </u>	<u> </u>	<u> </u>
Total net position	\$ -	\$ 3,777,681	\$ 4,238,404
	<u> </u>	<u> </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 NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2017

Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
\$ 37,771	\$ 50,129	\$ -	\$ 429,394
117,980	128,602	-	575,529
71,634	2,266	3	340,395
1,306	-	-	-
-	-	-	-
-	610,737	-	-
<u>228,691</u>	<u>791,734</u>	<u>3</u>	<u>1,345,318</u>
<u>57,279</u>	<u>74,110</u>	<u>-</u>	<u>664,745</u>
<u>57,279</u>	<u>74,110</u>	<u>-</u>	<u>664,745</u>
<u>285,970</u>	<u>865,844</u>	<u>3</u>	<u>2,010,063</u>
<u>68,262</u>	<u>88,321</u>	<u>-</u>	<u>792,215</u>
<u>68,262</u>	<u>88,321</u>	<u>-</u>	<u>792,215</u>
-	3,412,388	-	-
<u>788,534</u>	<u>483,613</u>	<u>454,254</u>	<u>16,118,189</u>
<u>\$ 788,534</u>	<u>\$ 3,896,001</u>	<u>\$ 454,254</u>	<u>\$ 16,118,189</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

June 30, 2017

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u> </u>	<u> </u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ -	\$ 849,579
Accrued payroll	-	1,039,635
Due to other funds of the primary government	-	437,807
Due to component units	-	1,306
Customer deposits	-	38,411
Unearned revenue	-	665,449
	<u> </u>	<u> </u>
Total current liabilities	-	3,032,187
	<u> </u>	<u> </u>
Noncurrent liabilities:		
Net pension liability	-	957,885
	<u> </u>	<u> </u>
Total noncurrent liabilities	-	957,885
	<u> </u>	<u> </u>
Total liabilities	-	3,990,072
	<u> </u>	<u> </u>
DEFERRED INFLOWS OF RESOURCES:		
Pensions	-	1,141,566
	<u> </u>	<u> </u>
Total deferred inflows of resources	-	1,141,566
	<u> </u>	<u> </u>
NET POSITION:		
Net investment in capital assets	-	10,524,623
Unrestricted	-	18,748,440
	<u> </u>	<u> </u>
Total net position	\$ -	\$ 29,273,063
	<u> </u>	<u> </u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
OPERATING REVENUES:			
Charges for services	\$ -	\$ 3,317,760	\$ 973,672
Total operating revenues	<u>-</u>	<u>3,317,760</u>	<u>973,672</u>
OPERATING EXPENSES:			
Personal services	-	1,602,617	457,176
Contractual services	-	1,488,876	1,332,970
Supplies and materials	-	131,211	12,249
Depreciation	-	379,106	291,617
Other	-	149,982	13,601
Total operating expenses	<u>-</u>	<u>3,751,792</u>	<u>2,107,613</u>
OPERATING INCOME (LOSS)	<u>-</u>	<u>(434,032)</u>	<u>(1,133,941)</u>
DISCONTINUED OPERATIONS:			
Loss from operation of discontinued operations	(1,006,589)	-	-
Loss on discontinued operations	(23,822,433)	-	-
Total loss from discontinued operations	<u>(24,829,022)</u>	<u>-</u>	<u>-</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	-	5,348	4,397
Gain (loss) on sale of property	-	11,226	-
Other	-	-	-
Total nonoperating revenue (expense)	<u>-</u>	<u>16,574</u>	<u>4,397</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(24,829,022)</u>	<u>(417,458)</u>	<u>(1,129,544)</u>
CAPITAL GRANTS AND CONTRIBUTION	-	-	-
TRANSFERS IN	-	485,325	-
TRANSFERS OUT	-	(165,400)	(80,200)
CHANGE IN NET POSITION	(24,829,022)	(97,533)	(1,209,744)
NET POSITION, beginning of year	<u>24,829,022</u>	<u>3,875,214</u>	<u>5,448,148</u>
NET POSITION, end of year	<u>\$ -</u>	<u>\$ 3,777,681</u>	<u>\$ 4,238,404</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
<u>\$ 1,253,461</u>	<u>\$ 1,787,620</u>	<u>\$ 490,868</u>	<u>\$ 15,230,636</u>
<u>1,253,461</u>	<u>1,787,620</u>	<u>490,868</u>	<u>15,230,636</u>
609,927	735,609	-	7,212,820
97,123	893,053	375,000	4,725,573
3,055	42,573	-	315,811
-	307,365	-	-
<u>18,855</u>	<u>62,784</u>	<u>-</u>	<u>176,069</u>
<u>728,960</u>	<u>2,041,384</u>	<u>375,000</u>	<u>12,430,273</u>
<u>524,501</u>	<u>(253,764)</u>	<u>115,868</u>	<u>2,800,363</u>
-	-	-	-
-	-	-	-
-	-	-	-
5,067	5,524	1,943	70,722
-	508	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,067</u>	<u>6,032</u>	<u>1,943</u>	<u>70,722</u>
<u>529,568</u>	<u>(247,732)</u>	<u>117,811</u>	<u>2,871,085</u>
-	2,301	-	-
-	456,045	-	-
<u>(291,000)</u>	<u>(92,400)</u>	<u>-</u>	<u>(4,974,116)</u>
238,568	118,214	117,811	(2,103,031)
<u>549,966</u>	<u>3,777,787</u>	<u>336,443</u>	<u>18,221,220</u>
<u>\$ 788,534</u>	<u>\$ 3,896,001</u>	<u>\$ 454,254</u>	<u>\$ 16,118,189</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

	Community Education Commission	Total Nonmajor Enterprise Funds
OPERATING REVENUES:		
Charges for services	\$ -	\$ 23,054,017
Total operating revenues	<u>-</u>	<u>23,054,017</u>
OPERATING EXPENSES:		
Personal services	-	10,618,149
Contractual services	-	8,912,595
Supplies and materials	-	504,899
Depreciation	-	978,088
Other	-	421,291
Total operating expenses	<u>-</u>	<u>21,435,022</u>
OPERATING INCOME (LOSS)	<u>-</u>	<u>1,618,995</u>
DISCONTINUED OPERATIONS:		
Loss from operation of discontinued operations	-	(1,006,589)
Loss on discontinued operations	-	(23,822,433)
Total loss from discontinued operations	<u>-</u>	<u>(24,829,022)</u>
NONOPERATING REVENUE (EXPENSE):		
Investment income	-	93,001
Gain (loss) on sale of property	-	11,734
Other	38,245	38,245
Total nonoperating revenue (expense)	<u>38,245</u>	<u>142,980</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>38,245</u>	<u>(23,067,047)</u>
CAPITAL GRANTS AND CONTRIBUTION	-	2,301
TRANSFERS IN	-	941,370
TRANSFERS OUT	(337,220)	(5,940,336)
CHANGE IN NET POSITION	(298,975)	(28,063,712)
NET POSITION, beginning of year	<u>298,975</u>	<u>57,336,775</u>
NET POSITION, end of year	<u>\$ -</u>	<u>\$ 29,273,063</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, 2017

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Cash flows from operating activities:			
Receipts from customers and users	\$ 258,044	\$ 3,241,611	\$ 972,349
Payments to suppliers	(641,651)	(1,809,734)	(1,423,009)
Payments to employees	(5,267)	(1,558,921)	(419,119)
Net cash provided by (used in) operating activities	<u>(388,874)</u>	<u>(127,044)</u>	<u>(869,779)</u>
Cash flows from noncapital financing activities:			
Transfers in	-	485,325	-
Transfers out	-	(165,400)	(80,200)
Decrease (increase) in advances from other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>319,925</u>	<u>(80,200)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(485,325)	-
Proceeds from the sale of property	9,723	13,338	-
Net cash provided by (used in) capital and related financing activities	<u>9,723</u>	<u>(471,987)</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	291	5,985	4,156
Net cash provided by (used in) investing activities	<u>291</u>	<u>5,985</u>	<u>4,156</u>
Net changes in cash and cash equivalents	(378,860)	(273,121)	(945,823)
Cash and cash equivalents at beginning of year	378,860	1,527,392	1,562,356
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 1,254,271</u>	<u>\$ 616,533</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, 2017

Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
\$ 1,273,478	\$ 2,011,460	\$ 491,098	\$ 15,968,632
(81,635)	(1,051,950)	(375,000)	(5,022,448)
<u>(567,460)</u>	<u>(701,735)</u>	<u>-</u>	<u>(6,839,306)</u>
624,383	257,775	116,098	4,106,878
-	456,045	-	-
(291,000)	(92,400)	-	(4,974,116)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,100,000</u>
(291,000)	363,645	-	(3,874,116)
-	(56,045)	-	-
<u>-</u>	<u>508</u>	<u>-</u>	<u>-</u>
-	(55,537)	-	-
4,931	5,155	1,984	75,883
<u>4,931</u>	<u>5,155</u>	<u>1,984</u>	<u>75,883</u>
338,314	571,038	118,082	308,645
<u>800,306</u>	<u>847,446</u>	<u>335,917</u>	<u>13,892,688</u>
<u>\$ 1,138,620</u>	<u>\$ 1,418,484</u>	<u>\$ 453,999</u>	<u>\$ 14,201,333</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, 2017

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 39,005	\$ 24,255,677
Payments to suppliers	(6,005)	(10,411,432)
Payments to employees	(46,091)	(10,137,899)
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	(13,091)	3,706,346
	<u> </u>	<u> </u>
Cash flows from noncapital financing activities:		
Transfers in	-	941,370
Transfers out	(337,220)	(5,940,336)
Decrease (increase) in advances from other funds	-	1,100,000
	<u> </u>	<u> </u>
Net cash provided by (used in) noncapital financing activities	(337,220)	(3,898,966)
	<u> </u>	<u> </u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(541,370)
Proceeds from the sale of property	-	23,569
	<u> </u>	<u> </u>
Net cash provided by (used in) capital and related financing activities	-	(517,801)
	<u> </u>	<u> </u>
Cash flows from investing activities:		
Interest on investments	310	98,695
	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	310	98,695
	<u> </u>	<u> </u>
Net changes in cash and cash equivalents	(350,001)	(611,726)
Cash and cash equivalents at beginning of year	350,001	19,694,966
	<u> </u>	<u> </u>
Cash and cash equivalents at end of year	\$ -	\$ 19,083,240
	<u> </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, 2017

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ -	\$ (434,032)	\$ (1,133,941)
Loss from operation of discontinued operations	(1,006,589)	-	-
Total operating income (loss)	<u>(1,006,589)</u>	<u>(434,032)</u>	<u>(1,133,941)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	693,718	379,106	291,617
Provision for doubtful accounts	-	-	-
Other nonoperating revenue (expense)	-	-	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
Accounts receivable	105,435	1,291	(1,600)
Due from other funds of the primary government	92,391	3,747	277
Due from component units	-	-	-
Other current assets	-	(18,118)	-
Deferred outflows pensions	-	282,270	71,404
Accounts payable	(203,572)	(21,377)	(64,209)
Accrued payroll	(4,694)	18,835	9,299
Due to other funds of the primary government	(2,864)	(170)	20
Due to component units	(62,620)	-	-
Customer deposits	-	(79,283)	-
Unearned revenue	(79)	(1,904)	-
Net pension liability	-	(281,937)	(61,397)
Deferred inflows pensions	-	24,528	18,751
Total adjustments	<u>617,715</u>	<u>306,988</u>	<u>264,162</u>
Net cash provided by (used in) operating activities	<u>\$ (388,874)</u>	<u>\$ (127,044)</u>	<u>\$ (869,779)</u>
<u>Non-Cash Capital, Financing and Investing Activities:</u>			
Contributions of capital assets	\$ -	\$ -	\$ -

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, 2017

Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
\$ 524,501	\$ (253,764)	\$ 115,868	\$ 2,800,363
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>524,501</u>	<u>(253,764)</u>	<u>115,868</u>	<u>2,800,363</u>
-	307,365	-	-
-	-	-	(227,449)
-	-	-	-
16,191	11,320	-	849,233
(3)	(13,505)	227	116,312
-	-	-	(100)
-	1,508	-	-
128,197	175,536	-	278,065
37,398	(55,011)	-	50,623
16,011	15,347	-	58,462
6,813	(37)	3	144,382
(2,984)	-	-	-
-	-	-	-
-	226,025	-	-
(120,619)	(173,751)	-	(1,327,792)
18,878	16,742	-	1,364,779
<u>99,882</u>	<u>511,539</u>	<u>230</u>	<u>1,306,515</u>
<u>\$ 624,383</u>	<u>\$ 257,775</u>	<u>\$ 116,098</u>	<u>\$ 4,106,878</u>
\$ -	\$ 2,301	\$ -	\$ -

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, 2017

	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)	\$ -	\$ 1,618,995
Loss from operation of discontinued operations	-	(1,006,589)
Total operating income (loss)	<u>-</u>	<u>612,406</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	1,671,806
Provision for doubtful accounts	-	(227,449)
Other nonoperating revenue (expense)	38,245	38,245
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable	-	981,870
Due from other funds of the primary government	760	200,206
Due from component units	-	(100)
Other current assets	-	(16,610)
Deferred outflows pensions	35,552	971,024
Accounts payable	(5,516)	(261,664)
Accrued payroll	(12,317)	100,943
Due to other funds of the primary government	(489)	147,658
Due to component units	-	(65,604)
Customer deposits	-	(79,283)
Unearned revenue	-	224,042
Net pension liability	(52,603)	(2,018,099)
Deferred inflows pensions	(16,723)	1,426,955
Total adjustments	<u>(13,091)</u>	<u>3,093,940</u>
Net cash provided by (used in) operating activities	<u>\$ (13,091)</u>	<u>\$ 3,706,346</u>
<u>Non-Cash Capital, Financing and Investing Activities:</u>		
Contributions of capital assets	\$ -	\$ 2,301

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2017

	Office of Fleet Management	Information Systems	Radio Shop
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 5,463,931	\$ 3,369,983	\$ -
Accounts receivable	6,651	26,522	-
Accrued interest receivable	1,527	2,173	-
Due from other funds of the primary government	284,818	5,632	-
Due from component units	-	101	-
Inventories of supplies	1,780,986	-	-
Other current assets	-	-	-
Total current assets	7,537,913	3,404,411	-
Noncurrent assets:			
Capital assets:			
Furniture, machinery and equipment	172,884,203	21,486,405	-
Less accumulated depreciation	(133,241,835)	(8,587,357)	-
Capital assets - net	39,642,368	12,899,048	-
Total assets	47,180,281	16,303,459	-
LIABILITIES:			
Current liabilities:			
Accounts payable	1,317,713	765,299	-
Accrued payroll	729,158	2,129,348	-
Claims payable	-	-	-
Due to other funds of the primary government	-	26,893	-
Total current liabilities	2,046,871	2,921,540	-
Noncurrent liabilities:			
Claims payable	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	2,046,871	2,921,540	-
NET POSITION:			
Net investment in capital assets	39,642,368	12,899,048	-
Unrestricted	5,491,042	482,871	-
Total net position	\$ 45,133,410	\$ 13,381,919	\$ -

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2017

School Self Insurance	General Government Self Insurance	School Professional Employees' Insurance	Employees' Medical Benefit	Injured on Duty
\$ 3,964,744	\$ 19,553,567	\$ 24,327,188	\$ 80,018,329	\$ 41,486,674
-	-	107,928	215,606	492
2,257	11,309	14,226	60,734	24,305
-	1,546	207,646	149,373	12,351
-	-	-	-	-
-	-	-	-	-
-	-	512,873	-	-
<u>3,967,001</u>	<u>19,566,422</u>	<u>25,169,861</u>	<u>80,444,042</u>	<u>41,523,822</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3,967,001</u>	<u>19,566,422</u>	<u>25,169,861</u>	<u>80,444,042</u>	<u>41,523,822</u>
8,774	169,032	3,194,538	2,770,831	282,598
-	-	14,691	-	-
1,349,707	3,157,225	9,219,267	15,777,000	5,226,000
25	-	140	-	-
<u>1,358,506</u>	<u>3,326,257</u>	<u>12,428,636</u>	<u>18,547,831</u>	<u>5,508,598</u>
<u>1,325,224</u>	<u>4,255,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,325,224</u>	<u>4,255,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,683,730</u>	<u>7,581,407</u>	<u>12,428,636</u>	<u>18,547,831</u>	<u>5,508,598</u>
-	-	-	-	-
1,283,271	11,985,015	12,741,225	61,896,211	36,015,224
<u>\$ 1,283,271</u>	<u>\$ 11,985,015</u>	<u>\$ 12,741,225</u>	<u>\$ 61,896,211</u>	<u>\$ 36,015,224</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2017

	<u>Treasury Management</u>	<u>Technology Revolving</u>	<u>School Print Shop</u>	<u>Total Internal Service Funds</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 36,373	\$ 2,124,129	\$ 651,102	\$ 180,996,020
Accounts receivable	-	-	1,223	358,422
Accrued interest receivable	20	1,192	374	118,117
Due from other funds of the primary government	164,283	28,106	51,634	905,389
Due from component units	-	-	-	101
Inventories of supplies	-	-	-	1,780,986
Other current assets	-	-	-	512,873
Total current assets	<u>200,676</u>	<u>2,153,427</u>	<u>704,333</u>	<u>184,671,908</u>
Noncurrent assets:				
Capital assets:				
Furniture, machinery and equipment	10,626	-	276,896	194,658,130
Less accumulated depreciation	(10,626)	-	(270,997)	(142,110,815)
Capital assets - net	<u>-</u>	<u>-</u>	<u>5,899</u>	<u>52,547,315</u>
Total assets	<u>200,676</u>	<u>2,153,427</u>	<u>710,232</u>	<u>237,219,223</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	894	229,416	40,880	8,779,975
Accrued payroll	112,430	-	34,623	3,020,250
Claims payable	-	-	-	34,729,199
Due to other funds of the primary government	-	-	-	27,058
Total current liabilities	<u>113,324</u>	<u>229,416</u>	<u>75,503</u>	<u>46,556,482</u>
Noncurrent liabilities:				
Claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,580,374</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,580,374</u>
Total liabilities	<u>113,324</u>	<u>229,416</u>	<u>75,503</u>	<u>52,136,856</u>
NET POSITION:				
Net investment in capital assets	-	-	5,899	52,547,315
Unrestricted	<u>87,352</u>	<u>1,924,011</u>	<u>628,830</u>	<u>132,535,052</u>
Total net position	<u>\$ 87,352</u>	<u>\$ 1,924,011</u>	<u>\$ 634,729</u>	<u>\$ 185,082,367</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

	Office of Fleet Management	Information Systems	Radio Shop
OPERATING REVENUES:			
Charges for services	\$ 21,548,959	\$ 23,722,169	\$ -
Other	-	-	-
Total operating revenues	<u>21,548,959</u>	<u>23,722,169</u>	<u>-</u>
OPERATING EXPENSES:			
Personal services	5,998,890	13,456,659	-
Contractual services	3,656,056	6,629,055	-
Supplies and materials	9,242,029	363,071	-
Depreciation	11,246,613	1,650,949	-
Compensation for damages	-	-	-
Medical and insurance benefits	-	-	-
Other	100,679	3,236,299	-
Total operating expenses	<u>30,244,267</u>	<u>25,336,033</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>(8,695,308)</u>	<u>(1,613,864)</u>	<u>-</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	17,996	16,764	11,186
Gain (loss) on sale of property	(64,111)	(2,987)	(14,670,077)
Other	238,088	(88,914)	324,612
Total nonoperating revenue (expense)	<u>191,973</u>	<u>(75,137)</u>	<u>(14,334,279)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(8,503,335)</u>	<u>(1,689,001)</u>	<u>(14,334,279)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	-	13,153,076	-
TRANSFERS IN	18,510,873	975,400	-
TRANSFERS OUT	-	-	(2,654,904)
CHANGE IN NET POSITION	10,007,538	12,439,475	(16,989,183)
NET POSITION, beginning of year	<u>35,125,872</u>	<u>942,444</u>	<u>16,989,183</u>
NET POSITION, end of year	<u>\$ 45,133,410</u>	<u>\$ 13,381,919</u>	<u>\$ -</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

<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>
\$ -	\$ 11,044,449	\$ 113,764,891	\$ 223,229,829	\$ 2,874,500
-	-	-	11,175,178	2,773
-	11,044,449	113,764,891	234,405,007	2,877,273
24,407	314,135	142,893	442,843	-
35,138	2,977,682	6,695,320	6,729,191	2,016,794
-	-	12,949	-	-
-	-	-	-	-
2,070,889	3,254,032	-	-	-
-	-	108,492,921	224,189,460	13,228,817
2,252	-	210	623,811	136,627
2,132,686	6,545,849	115,344,293	231,985,305	15,382,238
(2,132,686)	4,498,600	(1,579,402)	2,419,702	(12,504,965)
17,729	90,538	116,961	364,150	198,345
-	-	-	-	-
116,228	4,480	(5,019,848)	-	-
133,957	95,018	(4,902,887)	364,150	198,345
(1,998,729)	4,593,618	(6,482,289)	2,783,852	(12,306,620)
-	-	-	-	-
1,250,000	216,900	-	2,547,556	18,125,500
-	(1,933,000)	-	-	-
(748,729)	2,877,518	(6,482,289)	5,331,408	5,818,880
2,032,000	9,107,497	19,223,514	56,564,803	30,196,344
<u>\$ 1,283,271</u>	<u>\$ 11,985,015</u>	<u>\$ 12,741,225</u>	<u>\$ 61,896,211</u>	<u>\$ 36,015,224</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

	Treasury Management	Technology Revolving	School Print Shop	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 781,577	\$ 335,547	\$ 550,185	\$ 397,852,106
Other	-	-	-	11,177,951
Total operating revenues	<u>781,577</u>	<u>335,547</u>	<u>550,185</u>	<u>409,030,057</u>
OPERATING EXPENSES:				
Personal services	732,106	-	164,224	21,276,157
Contractual services	73,486	234,209	112,965	29,159,896
Supplies and materials	7,934	613,136	100,500	10,339,619
Depreciation	-	-	4,711	12,902,273
Compensation for damages	-	-	-	5,324,921
Medical and insurance benefits	-	-	-	345,911,198
Other	4,375	77,751	72,376	4,254,380
Total operating expenses	<u>817,901</u>	<u>925,096</u>	<u>454,776</u>	<u>429,168,444</u>
OPERATING INCOME (LOSS)	<u>(36,324)</u>	<u>(589,549)</u>	<u>95,409</u>	<u>(20,138,387)</u>
NONOPERATING REVENUE (EXPENSE):				
Investment income	225	9,376	2,823	846,093
Gain (loss) on sale of property	-	-	-	(14,737,175)
Other	-	-	-	(4,425,354)
Total nonoperating revenue (expense)	<u>225</u>	<u>9,376</u>	<u>2,823</u>	<u>(18,316,436)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(36,099)</u>	<u>(580,173)</u>	<u>98,232</u>	<u>(38,454,823)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	-	-	-	13,153,076
TRANSFERS IN	-	783,500	-	42,409,729
TRANSFERS OUT	-	-	-	(4,587,904)
CHANGE IN NET POSITION	(36,099)	203,327	98,232	12,520,078
NET POSITION, beginning of year	<u>123,451</u>	<u>1,720,684</u>	<u>536,497</u>	<u>172,562,289</u>
NET POSITION, end of year	<u>\$ 87,352</u>	<u>\$ 1,924,011</u>	<u>\$ 634,729</u>	<u>\$ 185,082,367</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2017

	Office of Fleet Management	Information Systems	Radio Shop
Cash flows from operating activities:			
Receipts from customers and users	\$ 21,319,194	\$ 23,706,916	\$ 610,140
Payments to suppliers	(13,431,954)	(10,459,390)	(518,536)
Payments to employees	(5,993,426)	(13,052,614)	(132,573)
Other receipts	238,088	-	-
Other payments	-	-	-
Net cash provided by (used in) operating activities	<u>2,131,902</u>	<u>194,912</u>	<u>(40,969)</u>
Cash flows from noncapital financing activities:			
Transfers in	18,510,873	975,400	-
Transfers out	-	-	(2,654,904)
Net cash provided by (used in) noncapital financing activities	<u>18,510,873</u>	<u>975,400</u>	<u>(2,654,904)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(18,611,163)	(975,400)	-
Proceeds from the sale of property	4,078	1,336	1,393
Net cash provided by (used in) capital and related financing activities	<u>(18,607,085)</u>	<u>(974,064)</u>	<u>1,393</u>
Cash flows from investing activities:			
Interest on investments	20,190	17,901	13,616
Net cash provided by (used in) investing activities	<u>20,190</u>	<u>17,901</u>	<u>13,616</u>
Net changes in cash and cash equivalents	2,055,880	214,149	(2,680,864)
Cash and cash equivalents at beginning of year	<u>3,408,051</u>	<u>3,155,834</u>	<u>2,680,864</u>
Cash and cash equivalents at end of year	<u>\$ 5,463,931</u>	<u>\$ 3,369,983</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
INTERNAL SERVICE FUNDS (CONTINUED)

For the Year Ended June 30, 2017

<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>
\$ -	\$ 11,044,161	\$ 113,909,385	\$ 234,219,178	\$ 2,864,430
(637,933)	(7,317,472)	(114,477,825)	(230,267,296)	(15,927,295)
-	-	(146,843)	(458,066)	-
116,228	4,480	-	-	-
-	-	(5,019,848)	-	-
<u>(521,705)</u>	<u>3,731,169</u>	<u>(5,735,131)</u>	<u>3,493,816</u>	<u>(13,062,865)</u>
1,250,000	216,900	-	2,547,556	18,125,500
-	(1,933,000)	-	-	-
<u>1,250,000</u>	<u>(1,716,100)</u>	<u>-</u>	<u>2,547,556</u>	<u>18,125,500</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
18,330	94,860	131,200	367,645	207,603
<u>18,330</u>	<u>94,860</u>	<u>131,200</u>	<u>367,645</u>	<u>207,603</u>
746,625	2,109,929	(5,603,931)	6,409,017	5,270,238
<u>3,218,119</u>	<u>17,443,638</u>	<u>29,931,119</u>	<u>73,609,312</u>	<u>36,216,436</u>
<u>\$ 3,964,744</u>	<u>\$ 19,553,567</u>	<u>\$ 24,327,188</u>	<u>\$ 80,018,329</u>	<u>\$ 41,486,674</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, 2017

	Treasury Management	Technology Revolving	School Print Shop	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 779,167	\$ 364,794	\$ 524,900	\$ 409,342,265
Payments to suppliers	(86,352)	(1,137,701)	(259,730)	(394,521,484)
Payments to employees	(703,292)	-	(160,072)	(20,646,886)
Other receipts	-	-	-	358,796
Other payments	-	-	-	(5,019,848)
Net cash provided by (used in) operating activities	<u>(10,477)</u>	<u>(772,907)</u>	<u>105,098</u>	<u>(10,487,157)</u>
Cash flows from noncapital financing activities:				
Transfers in	-	783,500	-	42,409,729
Transfers out	-	-	-	(4,587,904)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>783,500</u>	<u>-</u>	<u>37,821,825</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	(19,586,563)
Proceeds from the sale of property	-	-	-	6,807
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,579,756)</u>
Cash flows from investing activities:				
Interest on investments	245	10,121	2,929	884,640
Net cash provided by (used in) investing activities	<u>245</u>	<u>10,121</u>	<u>2,929</u>	<u>884,640</u>
Net changes in cash and cash equivalents	(10,232)	20,714	108,027	8,639,552
Cash and cash equivalents at beginning of year	46,605	2,103,415	543,075	172,356,468
Cash and cash equivalents at end of year	<u>\$ 36,373</u>	<u>\$ 2,124,129</u>	<u>\$ 651,102</u>	<u>\$ 180,996,020</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 (CONTINUED)

For the Year Ended June 30, 2017

	<u>Office of Fleet Management</u>	<u>Information Systems</u>	<u>Radio Shop</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	<u>\$ (8,695,308)</u>	<u>\$ (1,613,864)</u>	<u>\$ -</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	11,246,613	1,650,949	-
Other receipts	238,088	-	324,612
Other payments	-	(88,914)	-
Changes in assets and liabilities:			
Accounts receivable	636	14,819	169,230
Due from other funds of the primary government	(230,401)	58,842	116,298
Due from component units	-	-	-
Inventories of supplies	(230,597)	-	190,179
Other current assets	-	-	-
Accounts payable	(44,398)	(252,872)	(673,058)
Accrued payroll	5,464	404,045	(132,573)
Claims payable	-	-	-
Due to other funds of the primary government	<u>(158,195)</u>	<u>21,907</u>	<u>(35,657)</u>
Total adjustments	<u>10,827,210</u>	<u>1,808,776</u>	<u>(40,969)</u>
Net cash provided by (used in) operating activities	<u>\$ 2,131,902</u>	<u>\$ 194,912</u>	<u>\$ (40,969)</u>
Non-Cash Capital, Financing and Investing Activities:			
Contributions of capital assets	\$ -	\$ 13,153,076	\$ -

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, 2017

<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>
\$ (2,132,686)	\$ 4,498,600	\$ (1,579,402)	\$ 2,419,702	\$ (12,504,965)
-	-	-	-	-
116,228	4,480	-	-	-
-	-	(5,019,848)	-	-
-	-	102,059	(201,484)	(492)
-	(288)	42,435	15,655	(12,351)
-	-	-	-	-
-	-	-	-	-
(259,344)	26,656	66,788	846,847	57,943
-	(73)	(3,950)	(15,223)	-
1,754,182	(797,941)	657,206	431,000	(603,000)
(85)	(265)	(419)	(2,681)	-
<u>1,610,981</u>	<u>(767,431)</u>	<u>(4,155,729)</u>	<u>1,074,114</u>	<u>(557,900)</u>
<u>\$ (521,705)</u>	<u>\$ 3,731,169</u>	<u>\$ (5,735,131)</u>	<u>\$ 3,493,816</u>	<u>\$ (13,062,865)</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, 2017

	Treasury Management	Technology Revolving	School Print Shop	Total Internal Service Funds
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (36,324)	\$ (589,549)	\$ 95,409	\$ (20,138,387)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	4,711	12,902,273
Other receipts	-	-	-	683,408
Other payments	-	-	-	(5,108,762)
Changes in assets and liabilities:				
Accounts receivable	-	-	(643)	84,125
Due from other funds of the primary government	(2,410)	28,484	(24,642)	(8,378)
Due from component units	-	763	-	763
Inventories of supplies	-	-	-	(40,418)
Other current assets	-	-	3,529	3,529
Accounts payable	(93)	(212,605)	23,549	(420,587)
Accrued payroll	28,814	-	4,152	290,656
Claims payable	-	-	-	1,441,447
Due to other funds of the primary government	(464)	-	(967)	(176,826)
Total adjustments	25,847	(183,358)	9,689	9,651,230
Net cash provided by (used in) operating activities	<u>\$ (10,477)</u>	<u>\$ (772,907)</u>	<u>\$ 105,098</u>	<u>\$ (10,487,157)</u>
Non-Cash Capital, Financing and Investing Activities:				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ 13,153,076

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 businesses, on a user charge basis. A new convention center, the Music City Center, opened in May 2013. The Metropolitan Council approved a redevelopment agreement related to the sale and development of the old Nashville Convention Center in May 2015. The sale closed in December 2016, and the operations of the old Nashville Convention Center were discontinued as of the closing date.

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.

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.

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 reported in the General Fund effective July 1, 2016.

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

INTERNAL SERVICE FUNDS

OFFICE OF FLEET MANAGEMENT FUND

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

INFORMATION SYSTEMS FUND

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

RADIO SHOP FUND

The Radio Shop acts as the central service agency with regard to the acquisition, use, maintenance and replacement of radio equipment owned by the Government. Effective July 1, 2016, the operations of the Radio Shop were moved and are reported in the Office of Fleet Management Fund and the Information Systems Fund.

SCHOOL SELF INSURANCE FUND

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

GENERAL GOVERNMENT SELF INSURANCE FUND

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

SCHOOL PROFESSIONAL EMPLOYEES' INSURANCE FUND

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

EMPLOYEES' MEDICAL BENEFIT FUND

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

INJURED ON DUTY FUND

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

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

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.

SCHOOL PRINT SHOP FUND

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





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2017

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ASSETS:				
Cash and cash equivalents	\$ -	\$ 234,010,532	\$ 1,172,298	\$ 14,932,870
Investments, at fair value:				
Bank debt notes	-	97,032	-	2,284
Commingled funds U.S. debt	-	14,262,044	-	335,761
Conventional mortgages	-	2,063,057	-	48,569
Preferred stock	-	4,869,552	-	114,640
Common stock	-	269,540,324	-	6,345,588
Corporate bonds and notes	-	164,509,184	-	3,872,918
Emerging markets	-	18,992,212	-	447,120
Equity commingled funds	-	62,587,537	-	1,473,452
High yield bonds	-	42,918,272	-	1,010,393
International bonds	-	1,864,168	-	43,887
Non agency mortgages/collateralized mortgage obligations	-	42,015,014	-	989,128
Other fixed income	-	124,984,459	-	2,942,417
Other securities	-	83,687,762	-	1,970,199
Venture capital and partnerships	-	1,708,019,004	-	40,210,626
Real estate	-	13,658,603	-	321,554
Sector funds	-	103,933,015	-	2,446,818
Registered investment companies	-	109,524,402	-	2,578,452
U.S. treasury securities	-	37,951,139	-	893,456
Non U.S. treasury securities developing markets	-	5,324,374	-	125,348
Cash collateral received - securities lending program	-	86,108,828	-	-
Accounts receivable	-	193,846,476	-	4,563,583
Accrued interest receivable	-	4,958,052	621	122,361
Due from other funds of the primary government	3	195,941	1	10,254,285
Total assets	3	3,329,920,983	1,172,920	96,045,709
LIABILITIES:				
Accounts payable	3	722,410	1	-
Due to brokers	-	274,809,163	-	6,469,629
Payable for collateral received - securities lending program	-	86,108,828	-	-
Due to other funds of the primary government	-	21,790	-	127,845
Total liabilities	3	361,662,191	1	6,597,474
NET POSITION:				
Restricted for pensions	-	2,968,258,792	1,172,919	89,448,235
Held in trust for other employee benefits	-	-	-	-
Total net position	\$ -	\$ 2,968,258,792	\$ 1,172,919	\$ 89,448,235

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2017

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
\$ -	\$ 920,258	\$ 1,871,986	\$ 446,826	\$ 253,354,770
-	-	-	-	99,316
-	-	-	-	14,597,805
-	-	-	-	2,111,626
-	-	-	-	4,984,192
-	-	-	-	275,885,912
-	-	-	-	168,382,102
-	-	-	-	19,439,332
-	-	-	-	64,060,989
-	-	-	-	43,928,665
-	-	-	-	1,908,055
-	-	-	-	43,004,142
-	-	-	-	127,926,876
-	-	-	-	85,657,961
-	-	-	-	1,748,229,630
-	-	-	-	13,980,157
-	-	-	-	106,379,833
-	-	-	-	112,102,854
-	-	-	-	38,844,595
-	-	-	-	5,449,722
-	-	-	-	86,108,828
-	-	69,010	-	198,479,069
-	491	1,007	261	5,082,793
17	-	9	-	10,450,256
<u>17</u>	<u>920,749</u>	<u>1,942,012</u>	<u>447,087</u>	<u>3,430,449,480</u>
17	-	55,566	6,518	784,515
-	-	-	-	281,278,792
-	-	-	-	86,108,828
-	-	-	-	149,635
<u>17</u>	<u>-</u>	<u>55,566</u>	<u>6,518</u>	<u>368,321,770</u>
-	920,749	-	-	3,059,800,695
-	-	1,886,446	440,569	2,327,015
<u>\$ -</u>	<u>\$ 920,749</u>	<u>\$ 1,886,446</u>	<u>\$ 440,569</u>	<u>\$ 3,062,127,710</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AGENCY FUNDS

June 30, 2017

	Richard R. Rooker, Circuit Court Clerk	Maria M. Salas, Clerk and Master	Brenda Wynn, County Clerk	Howard Gentry, Criminal Court Clerk	Bill Garrett, County Register
ASSETS:					
Cash and cash equivalents	\$ 16,080,776	\$ 21,967,185	\$ 765,224	\$ 10,825,766	\$ 6,717,048
Investments:					
Mortgages and real estate	-	-	-	1,291,100	-
Mutual funds	-	18,158	-	-	-
Accrued interest receivable	-	-	-	-	-
Due from other funds of the primary government	-	-	-	-	-
Other assets	-	-	-	-	130,956
	<u>16,080,776</u>	<u>21,985,343</u>	<u>765,224</u>	<u>12,116,866</u>	<u>6,848,004</u>
Total assets	<u>\$ 16,080,776</u>	<u>\$ 21,985,343</u>	<u>\$ 765,224</u>	<u>\$ 12,116,866</u>	<u>\$ 6,848,004</u>
LIABILITIES:					
Funds held in custody for others	\$ 8,460,006	\$ 21,977,829	\$ -	\$ 9,822,745	\$ -
Other liabilities	7,620,770	7,514	765,224	2,294,121	6,848,004
	<u>16,080,776</u>	<u>21,985,343</u>	<u>765,224</u>	<u>12,116,866</u>	<u>6,848,004</u>
Total liabilities	<u>\$ 16,080,776</u>	<u>\$ 21,985,343</u>	<u>\$ 765,224</u>	<u>\$ 12,116,866</u>	<u>\$ 6,848,004</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

June 30, 2017

David Smith, Juvenile Court Clerk	Sold Property Tax Receivables	Sheriff Work Release and Inmate Trust	Planning Performance Bonds	Total Agency Funds
\$ 1,890,925	\$ 787,657	\$ 426,178	\$ 1,387,692	\$ 60,848,451
-	-	-	-	1,291,100
-	-	-	-	18,158
-	1,126	-	-	1,126
-	537,784	-	-	537,784
-	-	-	-	130,956
<u>\$ 1,890,925</u>	<u>\$ 1,326,567</u>	<u>\$ 426,178</u>	<u>\$ 1,387,692</u>	<u>\$ 62,827,575</u>
\$ 1,665,619	\$ 1,326,567	\$ 426,178	\$ 1,387,692	\$ 45,066,636
225,306	-	-	-	17,760,939
<u>\$ 1,890,925</u>	<u>\$ 1,326,567</u>	<u>\$ 426,178</u>	<u>\$ 1,387,692</u>	<u>\$ 62,827,575</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
ADDITIONS:				
Investment income:				
Interest and dividend income	\$ -	\$ 99,573,056	\$ 5,186	\$ 1,986,875
Net appreciation (depreciation) of investments	-	289,366,080	-	6,958,247
Miscellaneous	-	185,509	-	20,079
Net increase (decrease) in fair value of investments	-	389,124,645	5,186	8,965,201
Net income earned on securities lending transactions:				
Securities lending income	-	197,526	-	-
Securities lending expense	-	(39,484)	-	-
Net income earned on securities lending transactions	-	158,042	-	-
Less investment expenses	(35)	(39,096,095)	(9)	-
Net investment income (loss)	(35)	350,186,592	5,177	8,965,201
Contributions:				
Employee contributions	-	60,916	-	-
Employer contributions	1,226,793	73,868,818	3,451,079	21,539,285
Transfers in	-	281,871	-	-
Contributions from the State of Tennessee	-	-	2,502,109	11,315,146
Miscellaneous	-	-	-	-
Total contributions	1,226,793	74,211,605	5,953,188	32,854,431
Total additions	1,226,758	424,398,197	5,958,365	41,819,632
DEDUCTIONS:				
Pension and other employee benefits	1,226,758	158,691,298	5,759,535	31,686,860
Refunds of contributions	-	1,974	-	-
Administrative expenses	-	4,518,466	-	17,914
Transfers out	-	-	-	-
Total deductions	1,226,758	163,211,738	5,759,535	31,704,774
Change in net position	-	261,186,459	198,830	10,114,858
NET POSITION, beginning of year, as restated	-	2,707,072,333	974,089	79,333,377
NET POSITION, end of year	\$ -	\$ 2,968,258,792	\$ 1,172,919	\$ 89,448,235

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

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
\$ -	\$ 4,096	\$ 13,777	\$ 1,938	\$ 101,584,928
-	-	-	-	296,324,327
-	-	-	-	205,588
-	4,096	13,777	1,938	398,114,843
-	-	-	-	197,526
-	-	-	-	(39,484)
-	-	-	-	158,042
(164)	-	-	(14)	(39,096,317)
(164)	4,096	13,777	1,924	359,176,568
-	-	1,156,523	1,115,463	2,332,902
5,760,814	1,512,381	-	-	107,359,170
-	-	-	-	281,871
-	1,667,091	-	-	15,484,346
-	-	2,498,327	-	2,498,327
5,760,814	3,179,472	3,654,850	1,115,463	127,956,616
5,760,650	3,183,568	3,668,627	1,117,387	487,133,184
5,760,650	3,046,404	1,325,138	890,841	208,387,484
-	-	-	-	1,974
-	-	-	-	4,536,380
-	-	2,547,556	-	2,547,556
5,760,650	3,046,404	3,872,694	890,841	215,473,394
-	137,164	(204,067)	226,546	271,659,790
-	783,585	2,090,513	214,023	2,790,467,920
\$ -	\$ 920,749	\$ 1,886,446	\$ 440,569	\$ 3,062,127,710

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, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 15,607,067	\$ 59,311,305	\$ 58,837,596	\$ 16,080,776
LIABILITIES:				
Funds held in custody for others	\$ 9,254,769	\$ 2,974,276	\$ 3,769,039	\$ 8,460,006
Other liabilities	6,352,298	56,337,029	55,068,557	7,620,770
Total liabilities	<u>\$ 15,607,067</u>	<u>\$ 59,311,305</u>	<u>\$ 58,837,596</u>	<u>\$ 16,080,776</u>
 <u>Maria M. Salas, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 8,208,414	\$ 49,121,779	\$ 35,363,008	\$ 21,967,185
Mutual funds	16,573	1,864	279	18,158
Total assets	<u>\$ 8,224,987</u>	<u>\$ 49,123,643</u>	<u>\$ 35,363,287</u>	<u>\$ 21,985,343</u>
LIABILITIES:				
Funds held in custody for others	\$ 8,215,397	\$ 48,100,039	\$ 34,337,607	\$ 21,977,829
Other liabilities	9,590	1,023,604	1,025,680	7,514
Total liabilities	<u>\$ 8,224,987</u>	<u>\$ 49,123,643</u>	<u>\$ 35,363,287</u>	<u>\$ 21,985,343</u>
 <u>Brenda Wynn, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 261,728	\$ 106,861,013	\$ 106,357,517	\$ 765,224
LIABILITIES:				
Other liabilities	\$ 261,728	\$ 106,861,013	\$ 106,357,517	\$ 765,224
 <u>Howard Gentry, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 10,610,355	\$ 11,081,743	\$ 10,866,332	\$ 10,825,766
Mortgages and real estate	1,291,100	-	-	1,291,100
Total assets	<u>\$ 11,901,455</u>	<u>\$ 11,081,743</u>	<u>\$ 10,866,332</u>	<u>\$ 12,116,866</u>
LIABILITIES:				
Funds held in custody for others	\$ 10,000,128	\$ 510,895	\$ 688,278	\$ 9,822,745
Other liabilities	1,901,327	10,570,848	10,178,054	2,294,121
Total liabilities	<u>\$ 11,901,455</u>	<u>\$ 11,081,743</u>	<u>\$ 10,866,332</u>	<u>\$ 12,116,866</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, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 6,797,595	\$ 48,837,768	\$ 48,918,315	\$ 6,717,048
Other assets	54,891	14,643,062	14,566,997	130,956
Total assets	<u>\$ 6,852,486</u>	<u>\$ 63,480,830</u>	<u>\$ 63,485,312</u>	<u>\$ 6,848,004</u>
LIABILITIES:				
Other liabilities	<u>\$ 6,852,486</u>	<u>\$ 63,480,830</u>	<u>\$ 63,485,312</u>	<u>\$ 6,848,004</u>
 <u>David Smith, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 1,840,002</u>	<u>\$ 699,016</u>	<u>\$ 648,093</u>	<u>\$ 1,890,925</u>
LIABILITIES:				
Funds held in custody for others	\$ 1,614,206	\$ 168,259	\$ 116,846	\$ 1,665,619
Other liabilities	225,796	530,757	531,247	225,306
Total liabilities	<u>\$ 1,840,002</u>	<u>\$ 699,016</u>	<u>\$ 648,093</u>	<u>\$ 1,890,925</u>
 <u>Sold Property Tax Receivables</u>				
ASSETS:				
Cash and cash equivalents	\$ 840,438	\$ 46,027,350	\$ 46,080,131	\$ 787,657
Accrued interest receivable	1,570	4,951	5,395	1,126
Due from other funds of the primary government	1,008,881	537,784	1,008,881	537,784
Total assets	<u>\$ 1,850,889</u>	<u>\$ 46,570,085</u>	<u>\$ 47,094,407</u>	<u>\$ 1,326,567</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 1,850,889</u>	<u>\$ 46,570,085</u>	<u>\$ 47,094,407</u>	<u>\$ 1,326,567</u>
 <u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 394,800</u>	<u>\$ 2,469,997</u>	<u>\$ 2,438,619</u>	<u>\$ 426,178</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 394,800</u>	<u>\$ 2,469,997</u>	<u>\$ 2,438,619</u>	<u>\$ 426,178</u>
 <u>Planning Performance Bonds</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 1,062,575</u>	<u>\$ 692,406</u>	<u>\$ 367,289</u>	<u>\$ 1,387,692</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 1,062,575</u>	<u>\$ 692,406</u>	<u>\$ 367,289</u>	<u>\$ 1,387,692</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, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 45,622,974	\$ 325,102,377	\$ 309,876,900	\$ 60,848,451
Investments:				
Mortgages and real estate	1,291,100	-	-	1,291,100
Mutual funds	16,573	1,864	279	18,158
Accrued interest receivable	1,570	4,951	5,395	1,126
Due from other funds of the primary government	1,008,881	537,784	1,008,881	537,784
Other assets	54,891	14,643,062	14,566,997	130,956
Total assets	<u>\$ 47,995,989</u>	<u>\$ 340,290,038</u>	<u>\$ 325,458,452</u>	<u>\$ 62,827,575</u>
LIABILITIES:				
Funds held in custody for others	\$ 32,392,764	\$ 101,485,957	\$ 88,812,085	\$ 45,066,636
Other liabilities	15,603,225	238,804,081	236,646,367	17,760,939
Total liabilities	<u>\$ 47,995,989</u>	<u>\$ 340,290,038</u>	<u>\$ 325,458,452</u>	<u>\$ 62,827,575</u>

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

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

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

DAVIDSON COUNTY EMPLOYEES' RETIREMENT FUND

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

METROPOLITAN EMPLOYEES' BENEFIT TRUST FUND

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

EMPLOYEES' PENSION AND INSURANCE FUND

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

TEACHERS' RETIREMENT PLAN FUND

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

CLOSED CITY PLAN FUND

This fund accounts for two closed plans.

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

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

TEACHERS' CIVIL SERVICE AND PENSION FUND

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

METROPOLITAN EMPLOYEES' FLEXIBLE BENEFITS PLAN FUND

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

EDUCATION FLEXIBLE BENEFITS PLAN FUND

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

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

AGENCY FUNDS

ELECTED OFFICIALS

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

Richard R. Rooker, Circuit Court Clerk
Maria M. Salas, Clerk and Master
Brenda Wynn, County Clerk
Howard Gentry, Criminal Court Clerk
Bill Garrett, County Register
David Smith, Juvenile Court Clerk

SOLD PROPERTY TAX RECEIVABLES FUND

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

SHERIFF WORK RELEASE AND INMATE TRUST FUND

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

PLANNING PERFORMANCE BONDS FUND

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BALANCE SHEET
SPORTS AUTHORITY FUND

June 30, 2017

ASSETS:

Cash and cash equivalents	\$ 20,268,853
Investments	2,416,920
Accounts receivable	3,707,679
Accrued interest receivable	7,091
Notes receivable	29,661,455
Due from the primary government	<u>696</u>
Total assets	<u><u>\$ 56,062,694</u></u>

LIABILITIES:

Accounts payable	\$ 3,492,689
Accrued payroll	10,357
Due to the primary government	<u>249</u>
Total liabilities	<u><u>3,503,295</u></u>

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue - tax increment financing	<u>28,000,000</u>
Total deferred inflows of resources	<u><u>28,000,000</u></u>

FUND BALANCES:

Restricted for capital projects	6,903
Restricted for debt service	14,251,959
Unassigned	<u>10,300,537</u>
Total fund balances	<u><u>24,559,399</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 56,062,694</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 POSITION
 SPORTS AUTHORITY

June 30, 2017

Fund balances	\$	24,559,399
Amounts reported in the Statement of Net Position 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 Position. This amount represents the net book value of capital assets at year-end.		
		393,632,148
Long-term liabilities, including revenue bonds payable, are not due and payable in the current period and therefore are not reported by governmental component units in the Balance Sheet. However, they are reported in the Statement of Net Position. Additionally, related interest is accrued when incurred in the Statement of Net Position.		
Bonds payable		(136,255,000)
Line of credit		(21,641,996)
Less deferred charge on refunding		3,069,565
Add net bond premium/discount		(3,903,989)
Accrued interest payable		(3,211,474)
Compensated absences		(9,156)
		(170,942,439)
Net position	\$	256,239,497

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, 2017

REVENUES:	
Local option sales tax	\$ 3,456,472
Other taxes, licenses and permits	2,982,423
Revenues from the use of money or property	1,398,577
Revenues from other governmental agencies	31,667,717
Charges for current services	4,984,911
Compensation for loss, sale or damage to property	1,856,404
	<hr/>
Total revenues	46,346,504
EXPENDITURES:	
Personal services	221,298
Contractual services	24,398,305
Supplies and materials	188,636
Other costs	664,308
Capital outlay	8,184,064
Debt service:	
Principal retirement	9,584,429
Interest	6,962,038
	<hr/>
Total expenditures	50,203,078
Excess (deficiency) of revenues over expenditures	<hr/> (3,856,574)
OTHER FINANCING SOURCES (USES):	
Issuance of new debt	<hr/> 6,621,256
Total other financing sources (uses)	<hr/> 6,621,256
Net change in fund balances	2,764,682
FUND BALANCES, beginning of year	<hr/> 21,794,717
FUND BALANCES, end of year	<hr/> <hr/> \$ 24,559,399

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, 2017

Net change in fund balances	\$	2,764,682
<p>Amounts reported in the Statement of Activities are different because:</p> <p>Governmental component units report capital outlays as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.</p>		
Acquisition of capital assets		8,184,064
Depreciation expense		(16,676,482)
<p>The issuance of debt provides current financial resources to governmental component unit funds, but the issuance of debt increases long-term liabilities for governmental component unit activities. Repayment of principal is an expenditure in the governmental component unit funds but reduces long-term liabilities for governmental component unit activities. Also, governmental component unit funds report the effects of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental component unit activities.</p>		
Issuance of debt		(6,621,256)
Principal repayments		9,584,429
Amortization of deferred charge on refunding		(378,476)
Amortization of premium/discount		363,032
Change in accrued interest		(93,903)
<p>Compensated absences reported for governmental activities do not require the use of current financial resources and therefore are not reported as expenditures for governmental funds.</p>		
		608
Change in net position	\$	(2,873,302)

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, 2017

ASSETS:	
Cash and cash equivalents	\$ 626,488
Accrued interest receivable	<u>356</u>
Total assets	<u>\$ 626,844</u>
LIABILITIES:	
Accounts payable	<u>\$ 42</u>
Total liabilities	<u>42</u>
FUND BALANCES:	
Unassigned	<u>626,802</u>
Total fund balances	<u>626,802</u>
Total liabilities and fund balances	<u>\$ 626,844</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, 2017

REVENUES:	
Revenue from the use of money or property	\$ 3,455
Revenue from other governmental agencies	17,389,600
Charges for current services	<u>4,950</u>
Total revenues	<u>17,398,005</u>
EXPENDITURES:	
Contractual services	460
Other costs	<u>17,389,600</u>
Total expenditures	<u>17,390,060</u>
Net change in fund balances	7,945
FUND BALANCES, beginning of year	<u>618,857</u>
FUND BALANCES, end of year	<u><u>\$ 626,802</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, 2017

	General Services District	Urban Services District	Total General Fund
ASSETS:			
Cash and cash equivalents	\$ 90,904,203	\$ 14,476,060	\$ 105,380,263
Sales tax receivable	20,628,341	-	20,628,341
Accounts receivable	57,371,085	3,532,329	60,903,414
Accrued interest receivable	46,928	6,114	53,042
Property taxes receivable	417,510,028	94,239,557	511,749,585
Allowance for doubtful accounts	(16,128,772)	(992,604)	(17,121,376)
Due from other funds of the primary government	4,012,720	19,830	4,032,550
Due from component units	48	-	48
Inventories of supplies	348,524	-	348,524
Other assets	637,742	-	637,742
	<u>575,330,847</u>	<u>111,281,286</u>	<u>686,612,133</u>
Total assets	<u>\$ 575,330,847</u>	<u>\$ 111,281,286</u>	<u>\$ 686,612,133</u>
LIABILITIES:			
Accounts payable	\$ 16,809,276	\$ 614,961	\$ 17,424,237
Accrued payroll	22,593,801	2,940,334	25,534,135
Due to other funds of the primary government	7,634,769	7,579,437	15,214,206
Due to component units	1,956	-	1,956
Other liabilities	4,412,312	-	4,412,312
	<u>51,452,114</u>	<u>11,134,732</u>	<u>62,586,846</u>
Total liabilities	<u>51,452,114</u>	<u>11,134,732</u>	<u>62,586,846</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	413,946,272	93,044,436	506,990,708
Unavailable revenue - other revenues	9,498,900	839,153	10,338,053
	<u>423,445,172</u>	<u>93,883,589</u>	<u>517,328,761</u>
Total deferred inflow of resources	<u>423,445,172</u>	<u>93,883,589</u>	<u>517,328,761</u>
FUND BALANCES:			
Nonspendable	986,266	-	986,266
Assigned for subsequent year budgetary appropriations	49,809,300	-	49,809,300
Assigned for specific projects	724,500	-	724,500
Unassigned	48,913,495	6,262,965	55,176,460
	<u>100,433,561</u>	<u>6,262,965</u>	<u>106,696,526</u>
Total fund balances	<u>100,433,561</u>	<u>6,262,965</u>	<u>106,696,526</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 575,330,847</u>	<u>\$ 111,281,286</u>	<u>\$ 686,612,133</u>

See accompanying auditors' report.

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

For the Year Ended June 30, 2017

	General Services District	Urban Services District	Total General Fund
REVENUES:			
Property taxes	\$ 421,652,692	\$ 102,678,073	\$ 524,330,765
Local option sales tax	117,578,530	-	117,578,530
Other taxes, licenses and permits	138,430,192	11,519,139	149,949,331
Fines, forfeits and penalties	9,594,026	-	9,594,026
Revenues from the use of money or property	626,900	22,686	649,586
Revenues from other governmental agencies	104,608,040	2,094,400	106,702,440
Commissions and fees	17,388,364	-	17,388,364
Charges for current services	38,985,111	168,807	39,153,918
Compensation for loss, sale or damage to property	2,655,387	-	2,655,387
Contributions and gifts	20,250	2,000	22,250
Miscellaneous	3,296,472	-	3,296,472
Total revenues	854,835,964	116,485,105	971,321,069
EXPENDITURES:			
General government	49,420,430	-	49,420,430
Fiscal administration	22,980,238	-	22,980,238
Administration of justice	61,514,210	-	61,514,210
Law enforcement and care of prisoners	272,631,001	-	272,631,001
Fire prevention and control	53,424,591	70,959,769	124,384,360
Regulation and inspection	9,138,734	-	9,138,734
Conservation of natural resources	411,714	-	411,714
Public welfare	6,226,903	-	6,226,903
Public health and hospitals	70,885,052	-	70,885,052
Public library system	29,789,104	-	29,789,104
Public works, highways and streets	25,002,175	9,322,809	34,324,984
Recreational and cultural	41,293,352	-	41,293,352
Retiree benefits	64,317,182	20,268,037	84,585,219
Miscellaneous	106,047,504	2,999,024	109,046,528
Total expenditures	813,082,190	103,549,639	916,631,829
Excess of revenues over expenditures	41,753,774	12,935,466	54,689,240
OTHER FINANCING SOURCES (USES):			
Transfers in	27,006,469	-	27,006,469
Transfers out	(100,126,549)	(19,375,400)	(119,501,949)
Total other financing sources (uses)	(73,120,080)	(19,375,400)	(92,495,480)
Net change in fund balances	(31,366,306)	(6,439,934)	(37,806,240)
FUND BALANCES, beginning of year	131,799,867	12,702,899	144,502,766
FUND BALANCES, end of year	\$ 100,433,561	\$ 6,262,965	\$ 106,696,526

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

	General Services District			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES:				
Property taxes	\$ 423,404,600	\$ 423,404,600	\$ 421,652,692	\$ (1,751,908)
Local option sales tax	121,560,100	121,560,100	117,578,530	(3,981,570)
Other taxes, licenses and permits	138,385,200	138,165,200	138,430,192	264,992
Fines, forfeits and penalties	9,840,100	9,840,100	9,594,026	(246,074)
Revenues from the use of money or property	-	-	626,900	626,900
Revenues from other governmental agencies	97,413,400	97,413,400	104,608,040	7,194,640
Commissions and fees	13,388,300	13,388,300	17,388,364	4,000,064
Charges for current services	33,699,000	33,699,000	38,985,111	5,286,111
Compensation for loss, sale or damage to property	1,443,100	1,443,100	2,655,387	1,212,287
Contributions and gifts	300	300	20,250	19,950
Miscellaneous	4,297,900	4,297,900	3,296,472	(1,001,428)
Total revenues	<u>843,432,000</u>	<u>843,212,000</u>	<u>854,835,964</u>	<u>11,623,964</u>
EXPENDITURES:				
General government	50,817,100	52,489,500	49,420,430	3,069,070
Fiscal administration	24,549,700	24,618,900	22,980,238	1,638,662
Administration of justice	60,488,000	62,895,600	61,514,210	1,381,390
Law enforcement and care of prisoners	262,394,800	273,096,800	272,631,001	465,799
Fire prevention and control	51,446,900	53,425,500	53,424,591	909
Regulation and inspection	9,378,000	9,558,700	9,138,734	419,966
Conservation of natural resources	396,900	421,000	411,714	9,286
Public welfare	8,007,500	6,441,600	6,226,903	214,697
Public health and hospitals	55,122,300	71,730,300	70,885,052	845,248
Public library system	28,831,500	30,083,200	29,789,104	294,096
Public works, highways and streets	22,080,900	25,240,400	25,002,175	238,225
Recreational and cultural	40,887,300	42,062,800	41,293,352	769,448
Retiree benefits	65,599,700	65,599,700	64,317,182	1,282,518
Miscellaneous	131,480,700	118,167,800	106,047,504	12,120,296
Total expenditures	<u>811,481,300</u>	<u>835,831,800</u>	<u>813,082,190</u>	<u>22,749,610</u>
Excess (deficiency) of revenues over expenditures	<u>31,950,700</u>	<u>7,380,200</u>	<u>41,753,774</u>	<u>34,373,574</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	23,830,300	23,830,300	27,006,469	3,176,169
Transfers out	(99,153,400)	(100,711,700)	(100,126,549)	585,151
Total other financing sources (uses)	<u>(75,323,100)</u>	<u>(76,881,400)</u>	<u>(73,120,080)</u>	<u>3,761,320</u>
Net change in fund balances	(43,372,400)	(69,501,200)	(31,366,306)	38,134,894
FUND BALANCES, beginning of year	<u>131,799,867</u>	<u>131,799,867</u>	<u>131,799,867</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 88,427,467</u>	<u>\$ 62,298,667</u>	<u>\$ 100,433,561</u>	<u>\$ 38,134,894</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

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		
\$ 103,983,700	\$ 103,983,700	\$ 102,678,073	\$ (1,305,627)	\$ 527,388,300	\$ 527,388,300	\$ 524,330,765	\$ (3,057,535)
-	-	-	-	121,560,100	121,560,100	117,578,530	(3,981,570)
10,077,500	10,077,500	11,519,139	1,441,639	148,462,700	148,242,700	149,949,331	1,706,631
-	-	-	-	9,840,100	9,840,100	9,594,026	(246,074)
-	-	22,686	22,686	-	-	649,586	649,586
2,084,800	2,084,800	2,094,400	9,600	99,498,200	99,498,200	106,702,440	7,204,240
-	-	-	-	13,388,300	13,388,300	17,388,364	4,000,064
169,000	169,000	168,807	(193)	33,868,000	33,868,000	39,153,918	5,285,918
100,000	100,000	-	(100,000)	1,543,100	1,543,100	2,655,387	1,112,287
-	-	2,000	2,000	300	300	22,250	21,950
-	-	-	-	4,297,900	4,297,900	3,296,472	(1,001,428)
<u>116,415,000</u>	<u>116,415,000</u>	<u>116,485,105</u>	<u>70,105</u>	<u>959,847,000</u>	<u>959,627,000</u>	<u>971,321,069</u>	<u>11,694,069</u>
-	-	-	-	50,817,100	52,489,500	49,420,430	3,069,070
-	-	-	-	24,549,700	24,618,900	22,980,238	1,638,662
-	-	-	-	60,488,000	62,895,600	61,514,210	1,381,390
-	-	-	-	262,394,800	273,096,800	272,631,001	465,799
67,769,000	70,960,400	70,959,769	631	119,215,900	124,385,900	124,384,360	1,540
-	-	-	-	9,378,000	9,558,700	9,138,734	419,966
-	-	-	-	396,900	421,000	411,714	9,286
-	-	-	-	8,007,500	6,441,600	6,226,903	214,697
-	-	-	-	55,122,300	71,730,300	70,885,052	845,248
-	-	-	-	28,831,500	30,083,200	29,789,104	294,096
9,690,600	9,765,300	9,322,809	442,491	31,771,500	35,005,700	34,324,984	680,716
-	-	-	-	40,887,300	42,062,800	41,293,352	769,448
20,451,200	20,451,200	20,268,037	183,163	86,050,900	86,050,900	84,585,219	1,465,681
6,703,600	4,376,800	2,999,024	1,377,776	138,184,300	122,544,600	109,046,528	13,498,072
<u>104,614,400</u>	<u>105,553,700</u>	<u>103,549,639</u>	<u>2,004,061</u>	<u>916,095,700</u>	<u>941,385,500</u>	<u>916,631,829</u>	<u>24,753,671</u>
11,800,600	10,861,300	12,935,466	2,074,166	43,751,300	18,241,500	54,689,240	36,447,740
-	-	-	-	23,830,300	23,830,300	27,006,469	3,176,169
(19,375,400)	(19,375,400)	(19,375,400)	-	(118,528,800)	(120,087,100)	(119,501,949)	585,151
<u>(19,375,400)</u>	<u>(19,375,400)</u>	<u>(19,375,400)</u>	<u>-</u>	<u>(94,698,500)</u>	<u>(96,256,800)</u>	<u>(92,495,480)</u>	<u>3,761,320</u>
(7,574,800)	(8,514,100)	(6,439,934)	2,074,166	(50,947,200)	(78,015,300)	(37,806,240)	40,209,060
12,702,899	12,702,899	12,702,899	-	144,502,766	144,502,766	144,502,766	-
<u>\$ 5,128,099</u>	<u>\$ 4,188,799</u>	<u>\$ 6,262,965</u>	<u>\$ 2,074,166</u>	<u>\$ 93,555,566</u>	<u>\$ 66,487,466</u>	<u>\$ 106,696,526</u>	<u>\$ 40,209,060</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>GENERAL GOVERNMENT:</u>				
Legislative (Office of Clerk and Council)	\$ 2,818,900	\$ 2,886,000	\$ 2,740,871	\$ 145,129
Executive (Office of the Mayor)	3,859,400	4,189,300	4,109,958	79,342
Office of Emergency Management	806,300	855,300	838,670	16,630
Election Commission	2,632,300	2,764,700	2,615,304	149,396
Department of Law	5,654,500	5,999,400	5,925,638	73,762
Planning Commission	4,295,200	4,593,300	4,409,060	184,240
Human Resources	4,850,200	5,249,800	4,801,960	447,840
County Register of Deeds	253,000	259,100	258,322	778
General Services	24,370,400	24,332,100	22,408,588	1,923,512
Historical Commission	845,000	917,200	904,969	12,231
Community Education Commission	431,900	443,300	407,090	36,210
Total General Government	50,817,100	52,489,500	49,420,430	3,069,070
<u>FISCAL ADMINISTRATION:</u>				
Department of Finance	9,264,700	8,833,400	8,460,963	372,437
Assessor of Property	7,399,400	7,670,700	6,947,553	723,147
Metropolitan Trustee	2,430,400	2,451,000	2,254,685	196,315
County Clerk	4,106,600	4,280,900	4,066,595	214,305
Internal Audit	1,348,600	1,382,900	1,250,442	132,458
Total Fiscal Administration	24,549,700	24,618,900	22,980,238	1,638,662
<u>ADMINISTRATION OF JUSTICE:</u>				
District Attorney	6,155,600	6,561,100	6,483,958	77,142
Public Defender	7,387,600	8,135,400	7,968,646	166,754
Juvenile Court Clerk	1,670,300	1,765,600	1,740,828	24,772
Circuit Court Clerk	3,232,600	3,329,000	2,946,071	382,929
Criminal Court Clerk	5,605,000	5,847,800	5,772,288	75,512
Clerk and Master	1,489,400	1,552,100	1,315,623	236,477
Juvenile Court	11,772,600	11,571,400	11,533,020	38,380
General Sessions Court	11,175,800	11,566,000	11,412,340	153,660
State Trial Courts	8,203,300	8,609,500	8,499,425	110,075
Justice Information System	2,460,900	2,561,800	2,523,885	37,915
Criminal Justice Planning	488,700	512,000	505,017	6,983
Office of Family Safety	846,200	883,900	813,109	70,791
Total Administration of Justice	60,488,000	62,895,600	61,514,210	1,381,390
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>				
Sheriff	67,080,100	70,365,300	70,364,693	607
Police Department	181,026,300	187,870,700	187,826,828	43,872
Emergency Communication Center	14,288,400	14,860,800	14,439,480	421,320
Total Law Enforcement and Care of Prisoners	262,394,800	273,096,800	272,631,001	465,799

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	\$ 51,446,900	\$ 53,425,500	\$ 53,424,591	\$ 909
<u>REGULATION AND INSPECTION:</u>				
Department of Codes Administration	8,996,400	9,149,400	8,752,825	396,575
Beer Board	381,600	409,300	385,909	23,391
Total Regulation and Inspection	9,378,000	9,558,700	9,138,734	419,966
<u>CONSERVATION OF NATURAL RESOURCES:</u>				
Agricultural Extension Service	306,900	328,800	321,215	7,585
Soil and Water Conservation	90,000	92,200	90,499	1,701
Total Conservation of Natural Resources	396,900	421,000	411,714	9,286
<u>PUBLIC WELFARE:</u>				
Social Services Commission	7,572,300	5,957,500	5,747,753	209,747
Human Relations Commission	435,200	484,100	479,150	4,950
Total Public Welfare	8,007,500	6,441,600	6,226,903	214,697
<u>PUBLIC HEALTH AND HOSPITALS:</u>				
Board of Health	20,122,300	20,730,300	19,885,052	845,248
Hospital Authority	35,000,000	51,000,000	51,000,000	-
Total Public Health and Hospitals	55,122,300	71,730,300	70,885,052	845,248
<u>PUBLIC LIBRARY SYSTEM:</u>				
Public Library	28,831,500	30,083,200	29,789,104	294,096
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	22,080,900	25,240,400	25,002,175	238,225
<u>RECREATIONAL AND CULTURAL:</u>				
Parks and Recreation	36,960,200	38,099,600	37,345,594	754,006
Arts Commission	3,101,900	3,130,600	3,115,158	15,442
Sports Authority	825,200	832,600	832,600	-
Total Recreational and Cultural	40,887,300	42,062,800	41,293,352	769,448

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>RETIREE BENEFITS:</u>				
Contribution to Closed Pension Plans	\$ 10,402,300	\$ 10,402,300	\$ 10,402,300	\$ -
Employer's Contribution for Group Health Insurance	52,082,800	52,082,800	50,820,608	1,262,192
Unemployment Compensation	200,000	200,000	103,841	96,159
Employer's Contribution for Group Life Insurance	2,914,600	2,914,600	2,990,433	(75,833)
Total Employee Benefits	65,599,700	65,599,700	64,317,182	1,282,518
<u>MISCELLANEOUS:</u>				
Contributions and Community Support	23,702,100	32,740,200	28,467,745	4,272,455
Subsidies	42,013,600	42,085,300	42,064,594	20,706
Administration and Internal Support	65,765,000	43,342,300	35,515,165	7,827,135
Total Miscellaneous	131,480,700	118,167,800	106,047,504	12,120,296
Total Expenditures	\$ 811,481,300	\$ 835,831,800	\$ 813,082,190	\$ 22,749,610
<u>TRANSFERS IN:</u>				
USD General Fund	\$ 481,000	\$ 481,000	\$ 481,000	\$ -
General Purpose School Fund	192,000	192,000	192,000	-
GSD Capital Projects Fund	30,000	30,000	30,000	-
Nonmajor Governmental Funds	13,158,400	13,158,400	14,105,765	947,365
District Energy System	4,800	4,800	4,800	-
Water and Sewerage Services	6,141,400	6,141,400	6,141,400	-
Nonmajor Enterprise Funds	1,889,700	1,889,700	1,463,600	(426,100)
Internal Service Funds	1,933,000	1,933,000	4,587,904	2,654,904
Total Transfers In	23,830,300	23,830,300	27,006,469	3,176,169
<u>TRANSFERS OUT:</u>				
GSD General Purpose Debt Service Fund	(27,204,300)	(27,525,600)	(27,525,600)	-
Nonmajor Governmental Funds	(52,896,500)	(54,048,700)	(53,400,950)	647,750
District Energy System	(1,722,000)	(1,722,000)	(1,722,000)	-
Nonmajor Enterprise Funds	(400,000)	(400,000)	(400,000)	-
Internal Service Funds	(16,930,600)	(16,950,400)	(16,953,569)	(3,169)
Fiduciary Funds	-	(65,000)	(124,430)	(59,430)
Total Transfers Out	(99,153,400)	(100,711,700)	(100,126,549)	585,151
Total Other Financing Sources (Uses)	\$ (75,323,100)	\$ (76,881,400)	\$ (73,120,080)	\$ 3,761,320

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	\$ 67,769,000	\$ 70,960,400	\$ 70,959,769	\$ 631
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	9,690,600	9,765,300	9,322,809	442,491
<u>RETIREE BENEFITS:</u>				
Contribution to Closed Pension Plans	18,890,100	18,890,100	18,890,100	-
Employer's Contribution for Group Health Insurance	1,500,200	1,500,200	1,324,674	175,526
Employer's Contribution for Group Life Insurance	60,900	60,900	53,263	7,637
Total Employee Benefits	20,451,200	20,451,200	20,268,037	183,163
<u>MISCELLANEOUS:</u>				
Administration and Internal Support	6,703,600	4,376,800	2,999,024	1,377,776
Total Miscellaneous	6,703,600	4,376,800	2,999,024	1,377,776
Total Expenditures	\$ 104,614,400	\$ 105,553,700	\$ 103,549,639	\$ 2,004,061
<u>TRANSFERS OUT:</u>				
GSD General Fund	\$ (481,000)	\$ (481,000)	\$ (481,000)	\$ -
USD Debt Service Fund	(2,761,100)	(2,761,100)	(2,761,100)	-
Nonmajor Governmental Funds	(14,738,400)	(14,738,400)	(14,738,400)	-
Internal Service Funds	(1,394,900)	(1,394,900)	(1,394,900)	-
Total Transfers Out	(19,375,400)	(19,375,400)	(19,375,400)	-
Total Other Financing Sources (Uses)	\$ (19,375,400)	\$ (19,375,400)	\$ (19,375,400)	\$ -

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2017

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2016 Realty	\$ 2,277,742	\$ 2,016,115	\$ 962,746	\$ 738,767	\$ 220,691	\$ 93,911
2016 Personalty	1,784,039	1,566,524	747,182	574,635	171,660	73,047
2016 Public Utility	224,197	192,960	91,764	70,972	21,202	9,022
Total 2016 Property Taxes	4,285,978	3,775,599	1,801,692	1,384,374	413,553	175,980
2015 Realty	354,272	308,972	147,223	113,441	33,888	14,420
2015 Personalty	921,304	805,374	383,887	295,604	88,306	37,577
2015 Public Utility	49,109	42,091	20,004	15,490	4,628	1,969
Total 2015 Property Taxes	1,324,685	1,156,437	551,114	424,535	126,822	53,966
2014 & Prior - Realty	1,077,346	985,201	480,846	348,132	110,348	45,875
2014 & Prior - Personalty	5,803,411	5,095,748	2,529,249	1,744,650	594,244	227,605
2014 & Prior - Public Utility	773,727	661,500	327,957	225,642	77,106	30,795
Total 2014 & Prior Property Taxes	7,654,484	6,742,449	3,338,052	2,318,424	781,698	304,275
Total Delinquent Property Taxes Receivable *	\$ 13,265,147	\$ 11,674,485	\$ 5,690,858	\$ 4,127,333	\$ 1,322,073	\$ 534,221

* Excludes 2017 Property Tax Levy

See accompanying auditors' report.

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

June 30, 2017

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 261,627	\$ 223,862	\$ 37,765
217,515	186,118	31,397
31,237	26,728	4,509
510,379	436,708	73,671
45,300	37,750	7,550
115,930	96,608	19,322
7,018	5,848	1,170
168,248	140,206	28,042
92,145	77,419	14,726
707,663	599,514	108,149
112,227	96,519	15,708
912,035	773,452	138,583
\$ 1,590,662	\$ 1,350,366	\$ 240,296

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2017

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2016	\$ 2,016,115	\$ 1,566,524	\$ 192,960	\$ 3,775,599
	2015	308,972	805,374	42,091	1,156,437
	2014	515,254	678,230	51,543	1,245,027
	2013	76,367	479,243	7,746	563,356
	2012	85,032	264,933	109,134	459,099
	2011	66,769	315,470	50,195	432,434
	2010	33,645	486,988	8,526	529,159
	2009	43,974	584,733	28,173	656,880
	2008	44,686	679,792	26,808	751,286
	2007	109,773	979,409	325,818	1,415,000
	2006	9,701	626,950	53,557	690,208
Total General Services District		<u>3,310,288</u>	<u>7,467,646</u>	<u>896,551</u>	<u>11,674,485</u>
Urban Services District	2016	261,627	217,515	31,237	510,379
	2015	45,300	115,930	7,018	168,248
	2014	38,300	89,067	7,222	134,589
	2013	9,995	64,142	1,352	75,489
	2012	6,992	33,009	19,270	59,271
	2011	4,646	43,856	9,168	57,670
	2010	4,803	66,692	1,368	72,863
	2009	6,314	80,522	4,122	90,958
	2008	6,552	93,820	3,284	103,656
	2007	12,755	141,521	57,854	212,130
	2006	1,788	95,034	8,587	105,409
Total Urban Services District		<u>399,072</u>	<u>1,041,108</u>	<u>150,482</u>	<u>1,590,662</u>
Total Delinquent Property Taxes Receivable *		<u>\$ 3,709,360</u>	<u>\$ 8,508,754</u>	<u>\$ 1,047,033</u>	<u>\$ 13,265,147</u>

* Excludes 2017 Property Tax Levy

See accompanying auditors' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE

June 30, 2017

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
<u>For General Purposes:</u>		
GSD G.O. Refunding Bonds, 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, Series 2010D	1.50 - 5.00	Sept. 21, 2010
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 29, 2011
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Feb. 2, 2012
GSD G.O. Improvement Bonds (QECCB), Series 2012	3.367	Aug. 15, 2012
GSD G.O. Refunding Bonds, Series 2012B	.320 - 2.767	Aug. 15, 2012
GSD G.O. Refunding Bonds, Series 2013	2.00 - 5.00	Feb. 21, 2013
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.00	July 30, 2015
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	June 1, 2016
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017
Total General Obligation Bonds Payable For General Purposes		
<u>For School Purposes:</u>		
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, Series 2010D	1.50 - 5.00	Sept. 21, 2010
GSD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 29, 2011
GSD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Feb. 2, 2012
GSD G.O. Refunding Bonds, Series 2012B	.320 - 2.767	Aug. 15, 2012
GSD G.O. Refunding Bonds, Series 2013	2.00 - 5.00	Feb. 21, 2013
GSD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013
GSD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015
GSD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015
GSD G.O. Improvement Bonds, Series 2015C	4.00 - 5.00	July 30, 2015
GSD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	June 1, 2016
GSD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017
Total General Obligation Bonds Payable for School Purposes		
Total General Obligation Bonds Payable - General Services District		

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)

June 30, 2017

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2017</u>	<u>Interest to Maturity as of June 30, 2017</u>
May 15, 2030	\$ 125,908,003	\$ 4,025,147	\$ 207,249
Jan. 1, 2028	174,880,073	11,787,370	589,370
July 1, 2026	159,008,728	96,949,001	15,491,019
July 1, 2034	138,046,756	138,046,756	109,748,645
July 1, 2024	144,150,016	98,111,160	16,306,625
July 1, 2023	49,712,377	38,214,465	7,532,965
July 1, 2025	154,956,701	140,338,465	33,208,786
Aug. 1, 2027	6,440,000	6,440,000	2,276,766
July 1, 2024	67,480,283	54,618,426	6,111,221
July 1, 2027	138,755,487	134,538,871	50,083,236
Jan. 1, 2033	253,070,885	38,396,473	8,894,344
July 1, 2026	33,884,829	33,884,829	11,349,546
July 1, 2029	72,314,470	69,682,134	10,468,916
July 1, 2034	240,454,031	240,454,031	118,561,284
Jan. 1, 2033	231,949,343	227,562,055	119,383,827
July 1, 2036	280,675,679	280,675,679	139,007,480
	<u>2,271,687,661</u>	<u>1,613,724,862</u>	<u>649,221,279</u>
May 15, 2030	58,421,307	1,853,191	86,668
Jan. 1, 2028	95,095,340	6,409,673	320,483
July 1, 2026	114,567,598	70,164,908	10,703,373
July 1, 2034	70,516,649	70,516,649	56,061,486
July 1, 2024	120,126,326	81,760,199	13,589,002
July 1, 2023	32,574,740	23,082,652	4,618,081
July 1, 2025	53,280,200	48,253,880	11,418,487
July 1, 2024	62,161,564	50,313,460	5,629,541
July 1, 2027	82,814,365	80,297,734	29,891,514
Jan. 1, 2033	84,932,213	12,886,103	2,984,999
July 1, 2026	22,804,914	22,804,914	7,638,386
July 1, 2029	30,240,838	29,140,034	4,377,945
July 1, 2034	97,563,777	97,563,777	48,106,022
Jan. 1, 2033	78,790,586	77,272,429	40,458,395
July 1, 2036	171,785,733	171,785,733	85,078,629
	<u>1,175,676,150</u>	<u>844,105,336</u>	<u>320,963,011</u>
	<u>\$ 3,447,363,811</u>	<u>\$ 2,457,830,198</u>	<u>\$ 970,184,290</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)

June 30, 2017

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<u>GENERAL OBLIGATION BONDS PAYABLE</u>		
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, Series 2010D	1.50 - 5.00	Sept. 21, 2010
USD G.O. Refunding Bonds, Series 2011	2.00 - 5.00	Sept. 29, 2011
USD G.O. Refunding Bonds, Series 2012	2.00 - 5.00	Feb. 2, 2012
USD G.O. Refunding Bonds, Series 2012B	.320 - 2.767	Aug. 15, 2012
USD G.O. Refunding Bonds, Series 2013	2.00 - 5.00	Feb. 21, 2013
USD G.O. Improvement Bonds, Series 2013A	3.00 - 5.00	May 9, 2013
USD G.O. Refunding Bonds, Series 2015A	5.00	Feb. 19, 2015
USD G.O. Refunding Bonds, Series 2015B (Taxable)	.30 - 3.493	Feb. 19, 2015
USD G.O. Improvement Bonds, Series 2015C	4.00 - 5.00	July 30, 2015
USD G.O. Refunding Bonds, Series 2016	2.00 - 5.00	June 1, 2016
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017
Total General Obligation Bonds Payable (governmental activities)		
USD G.O. Improvement and Refunding Bonds, Series 2010A (1)	2.21 - 5.71	June 10, 2010
USD G.O. Refunding Bonds, Series 2010D (1)	1.50 - 5.00	Sept. 21, 2010
USD G.O. Refunding Bonds, Series 2011 (1)	2.00 - 5.00	Sept. 29, 2011
District Energy System Revenue Refunding Bonds, Series 2012A	2.00 - 5.00	Aug. 15, 2012
USD G.O. Refunding Bonds, Series 2012B (1)	.320 - 2.767	Aug. 15, 2012
USD G.O. Improvement Bonds, Series 2013A (1)	3.00 - 5.00	May 9, 2013
USD G.O. Improvement Bonds, Series 2015C (1)	4.00 - 5.00	July 30, 2015
USD G.O. Refunding Bonds, Series 2016 (1)	2.00 - 5.00	June 1, 2016
USD G.O. Improvement Bonds, Series 2017	4.00 - 5.00	Feb. 2, 2017
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 Refunding Bonds, Series 2008A	3.25 - 5.25	Feb. 15, 2008
Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2010A	3.00 - 5.00	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Bonds Federally Taxable (BAB's), Series 2010B	6.393 - 6.568	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Bonds Federally Taxable, Series 2010C	6.693	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Refunding Bonds Federally Taxable, Series 2010D	4.255 - 4.791	Dec. 9, 2010
Dept. of Water and Sewerage Revenue Refunding Bonds, Series 2012	1.00 - 5.00	Feb. 2, 2012
Dept. of Water and Sewerage Revenue Bonds, Series 2013	3.00 - 5.00	Apr. 25, 2013
Total Revenue Bonds Payable - Department of Water and Sewerage		

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

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)

June 30, 2017

Date of Final Maturity	Amount of Issue	Principal Amount Outstanding June 30, 2017	Interest to Maturity as of June 30, 2017
May 15, 2030	\$ 2,560,690	\$ 81,662	\$ 4,081
Jan. 1, 2028	38,024,587	2,562,957	128,147
July 1, 2026	22,899,473	14,318,672	1,707,337
July 1, 2034	43,441,595	43,441,595	34,536,531
July 1, 2024	25,925,413	17,645,316	2,932,750
July 1, 2023	6,688,796	6,688,796	1,317,582
July 1, 2025	18,873,099	17,092,655	4,044,696
July 1, 2024	7,471,610	6,047,507	676,652
July 1, 2027	23,915,148	23,188,395	8,632,078
Jan. 1, 2033	30,135,613	4,572,241	1,059,136
July 1, 2026	3,040,257	3,040,257	1,018,320
July 1, 2029	1,424,692	1,372,832	206,252
July 1, 2034	8,531,298	8,531,298	4,206,549
Jan. 1, 2033	27,571,610	27,051,014	14,195,006
July 1, 2036	2,538,666	2,538,666	1,257,300
	<u>263,042,547</u>	<u>178,173,863</u>	<u>75,922,417</u>
July 1, 2034	274,201	242,419	15,482
July 1, 2024	1,158,245	788,325	131,023
July 1, 2023	504,087	504,087	146,871
Oct. 1, 2033	47,450,000	41,255,000	17,445,125
July 1, 2024	3,231,543	2,615,607	292,659
Jan. 1, 2033	6,526,289	990,183	229,370
July 1, 2034	685,894	685,894	338,196
Jan. 1, 2033	5,663,461	5,569,502	2,953,773
July 1, 2036	539,922	539,922	267,402
	<u>66,033,642</u>	<u>53,190,939</u>	<u>21,819,901</u>
	<u>\$ 329,076,189</u>	<u>\$ 231,364,802</u>	<u>\$ 97,742,318</u>
Jan. 1, 2022	\$ 122,530,000	\$ 71,840,000	\$ 11,620,476
July 1, 2027	104,050,000	76,530,000	22,115,525
July 1, 2037	135,000,000	135,000,000	139,440,547
July 1, 2041	75,000,000	75,000,000	114,773,906
July 1, 2018	7,610,000	7,610,000	211,986
July 1, 2023	129,625,000	112,205,000	16,864,625
July 1, 2033	237,930,000	237,930,000	198,196,925
	<u>\$ 811,745,000</u>	<u>\$ 716,115,000</u>	<u>\$ 503,223,990</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE
GENERAL SERVICES DISTRICT - GENERAL OBLIGATION BONDS

Based on Bonded Debt as of June 30, 2017

Year Ending June 30	General Services District - General Obligation Bonds		
	Total General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 125,218,172	\$ 107,875,103	\$ 233,093,275
2019	140,082,427	103,556,169	243,638,596
2020	147,975,948	97,775,083	245,751,031
2021	154,408,261	91,308,013	245,716,274
2022	157,655,584	84,062,207	241,717,791
2023	166,034,103	76,560,016	242,594,119
2024	175,443,514	69,072,682	244,516,196
2025	175,333,060	61,376,552	236,709,612
2026	157,739,944	53,719,884	211,459,828
2027	142,092,615	46,503,492	188,596,107
2028	139,727,960	39,675,457	179,403,417
2029	101,498,203	34,002,947	135,501,150
2030	105,288,405	29,753,869	135,042,274
2031	105,716,683	24,777,316	130,493,999
2032	110,358,456	19,649,821	130,008,277
2033	115,212,390	14,291,500	129,503,890
2034	83,598,584	8,758,827	92,357,411
2035	87,069,323	4,743,371	91,812,694
2036	33,015,361	2,034,756	35,050,117
2037	34,361,205	687,225	35,048,430
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
	<u>\$ 2,457,830,198</u>	<u>\$ 970,184,290</u>	<u>\$ 3,428,014,488</u>

See accompanying auditors' report.

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

Based on Bonded Debt as of June 30, 2017

General Services District - General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ 74,519,732	\$ 71,338,435	\$ 145,858,167	\$ 50,698,440	\$ 36,536,668	\$ 87,235,108
84,467,213	68,725,676	153,192,889	55,615,214	34,830,493	90,445,707
95,882,838	65,110,887	160,993,725	52,093,110	32,664,196	84,757,306
100,243,882	60,921,727	161,165,609	54,164,379	30,386,286	84,550,665
101,860,076	56,215,826	158,075,902	55,795,508	27,846,381	83,641,889
111,169,703	51,277,489	162,447,192	54,864,400	25,282,527	80,146,927
111,902,991	46,365,781	158,268,772	63,540,523	22,706,901	86,247,424
113,582,557	41,358,945	154,941,502	61,750,503	20,017,607	81,768,110
104,064,797	36,321,333	140,386,130	53,675,147	17,398,551	71,073,698
94,500,103	31,544,707	126,044,810	47,592,512	14,958,785	62,551,297
96,252,129	26,952,017	123,204,146	43,475,831	12,723,440	56,199,271
69,918,152	23,057,147	92,975,299	31,580,051	10,945,800	42,525,851
72,506,728	20,164,388	92,671,116	32,781,677	9,589,481	42,371,158
72,748,319	16,735,716	89,484,035	32,968,364	8,041,600	41,009,964
75,959,305	13,203,096	89,162,401	34,399,151	6,446,725	40,845,876
79,318,168	9,510,276	88,828,444	35,894,222	4,781,224	40,675,446
55,363,524	5,697,556	61,061,080	28,235,060	3,061,271	31,296,331
57,668,899	3,031,750	60,700,649	29,400,424	1,711,621	31,112,045
20,480,440	1,262,221	21,742,661	12,534,921	772,535	13,307,456
21,315,306	426,306	21,741,612	13,045,899	260,919	13,306,818
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,613,724,862</u>	<u>\$ 649,221,279</u>	<u>\$ 2,262,946,141</u>	<u>\$ 844,105,336</u>	<u>\$ 320,963,011</u>	<u>\$ 1,165,068,347</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Based on Bonded Debt as of June 30, 2017

Year Ending June 30	Urban Services District - General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 13,931,828	\$ 10,702,290	\$ 24,634,118
2019	13,742,573	10,062,470	23,805,043
2020	12,159,052	9,530,512	21,689,564
2021	12,736,739	8,989,356	21,726,095
2022	12,934,416	8,366,924	21,301,340
2023	13,690,897	7,738,179	21,429,076
2024	15,381,486	7,105,822	22,487,308
2025	15,256,940	6,428,311	21,685,251
2026	13,840,056	5,739,198	19,579,254
2027	14,872,385	5,044,681	19,917,066
2028	14,487,040	4,324,640	18,811,680
2029	11,361,797	3,688,924	15,050,721
2030	11,766,595	3,190,265	14,956,860
2031	12,193,317	2,605,736	14,799,053
2032	12,696,544	1,997,586	14,694,130
2033	13,232,610	1,347,814	14,580,424
2034	9,841,416	655,623	10,497,039
2035	6,780,677	205,468	6,986,145
2036	224,639	13,844	238,483
2037	233,795	4,675	238,470
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
	<u>\$ 231,364,802</u>	<u>\$ 97,742,318</u>	<u>\$ 329,107,120</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 FUTURE PRINCIPAL AND INTEREST REQUIREMENTS OF BONDS PAYABLE (CONTINUED)
 DEPARTMENT OF WATER AND SEWERAGE SERVICES

Based on Bonded Debt as of June 30, 2017

Year Ending June 30	Revenue Bonds		
	Department of Water and Sewerage Services		
	Principal	Interest	Total
2018	\$ 37,475,000	\$ 37,476,030	\$ 74,951,030
2019	38,225,000	35,654,524	73,879,524
2020	39,120,000	33,743,634	72,863,634
2021	40,180,000	31,823,496	72,003,496
2022	40,985,000	29,812,021	70,797,021
2023	31,780,000	27,663,509	59,443,509
2024	22,235,000	26,448,384	48,683,384
2025	15,945,000	25,539,009	41,484,009
2026	16,720,000	24,747,784	41,467,784
2027	17,545,000	23,901,434	41,446,434
2028	18,430,000	22,945,607	41,375,607
2029	19,185,000	21,945,278	41,130,278
2030	19,990,000	20,883,312	40,873,312
2031	20,905,000	19,699,453	40,604,453
2032	21,860,000	18,451,344	40,311,344
2033	22,880,000	17,135,511	40,015,511
2034	23,940,000	15,759,250	39,699,250
2035	25,055,000	14,319,833	39,374,833
2036	26,220,000	12,814,244	39,034,244
2037	27,445,000	11,239,340	38,684,340
2038	28,720,000	9,588,611	38,308,611
2039	30,025,000	7,852,927	37,877,927
2040	31,330,000	6,034,798	37,364,798
2041	32,680,000	4,145,639	36,825,639
2042	34,015,000	2,256,719	36,271,719
2043	16,280,000	1,003,400	17,283,400
2044	16,945,000	338,899	17,283,899
	<u>\$ 716,115,000</u>	<u>\$ 503,223,990</u>	<u>\$ 1,219,338,990</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

GENERAL SERVICES DISTRICT

For the Year July 1, 2017 Through June 30, 2018

<u>SOURCE OF REVENUE:</u>	General Fund	Debt Service Fund	School Debt Service Fund	School Funds	Total
Property Taxes - Current Year	\$ 409,757,200	\$ 93,788,700	\$ 39,910,000	\$ 313,959,500	\$ 857,415,400
Property Taxes - Non Current Year	35,455,800	253,800	84,500	4,004,400	39,798,500
Local Option Sales Tax	136,381,000	3,240,500	52,879,800	220,693,700	413,195,000
Other Taxes, Licenses, and Permits	143,899,600	-	-	13,301,000	157,200,600
Fines, Forfeits, and Penalties	8,940,500	282,200	-	1,200	9,223,900
Revenues From Use of Money or Property	-	-	97,000	-	97,000
Other Agencies - Federal Direct	20,000	-	-	190,000	210,000
Other Agencies - Federal Through State	1,868,000	-	-	-	1,868,000
Other Agencies - Other Pass - Through	6,054,300	-	-	-	6,054,300
Other Agencies - State Direct	97,062,200	5,216,200	-	301,788,700	404,067,100
Other Agencies - Other Governments	6,560,400	-	-	10,000	6,570,400
Commissions and Fees	15,171,900	-	-	-	15,171,900
Charges for Current Services	35,180,800	-	-	1,230,000	36,410,800
Compensation from Property	6,225,600	-	-	1,811,300	8,036,900
Contributions and Gifts	-	-	-	600,000	600,000
Miscellaneous	538,400	4,843,400	-	150,000	5,531,800
Subtotal	<u>903,115,700</u>	<u>107,624,800</u>	<u>92,971,300</u>	<u>857,739,800</u>	<u>1,961,451,600</u>
Operating Transfers In	16,241,800	56,868,400	-	2,500,000	75,610,200
Non-Operating Transfers In	<u>8,587,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,587,700</u>
Subtotal	<u>24,829,500</u>	<u>56,868,400</u>	<u>-</u>	<u>2,500,000</u>	<u>84,197,900</u>
Appropriated Unreserved Fund Balances	<u>49,809,300</u>	<u>900,000</u>	<u>1,400,000</u>	<u>19,059,900</u>	<u>71,169,200</u>
Total Available for GSD Appropriations	<u>\$ 977,754,500</u>	<u>\$ 165,393,200</u>	<u>\$ 94,371,300</u>	<u>\$ 879,299,700</u>	<u>\$ 2,116,818,700</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2017-722 for the 2017-2018 fiscal year.

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

URBAN SERVICES DISTRICT

For the Year July 1, 2017 Through June 30, 2018

	General Fund	Debt Service Fund	Total
<u>SOURCE OF REVENUE:</u>			
Property Taxes - Current Year	\$ 90,207,000	\$ 15,217,500	\$ 105,424,500
Property Taxes - Non Current Year	18,494,000	135,100	18,629,100
Other Taxes, Licenses, and Permits	10,689,100	-	10,689,100
Other Agencies - State Direct	1,864,800	-	1,864,800
Charges for Current Services	2,676,000	-	2,676,000
Compensation from Property	100,000	-	100,000
Operating Transfers In	-	1,841,600	1,841,600
	<u>124,030,900</u>	<u>17,194,200</u>	<u>141,225,100</u>
Subtotal			
Appropriated Unreserved Fund Balances	-	4,080,400	4,080,400
	<u>124,030,900</u>	<u>21,274,600</u>	<u>145,305,500</u>
Total Available for USD Appropriations			

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2017-722 for the 2017-2018 fiscal year.

See accompanying auditors' report.

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

For the Year July 1, 2017 Through June 30, 2018

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 213,500,200	\$ 25,320,800	\$ -	\$ 238,821,000
Fiscal Administration	25,330,500	-	-	25,330,500
Administration of Justice	64,569,300	-	-	64,569,300
Law Enforcement and Care of Prisoners	263,140,600	481,000	481,000	263,140,600
Fire Prevention and Control	54,598,200	71,170,700	-	125,768,900
Regulation, Inspection, & Economic Development	50,675,800	2,315,200	-	52,991,000
Social Services	7,574,900	-	-	7,574,900
Health and Hospitals	78,467,300	-	-	78,467,300
Public Library System	30,408,900	-	-	30,408,900
Recreational, Cultural, Conservation & Community Support	58,403,800	350,000	-	58,753,800
Infrastructure and Transportation	82,845,200	24,393,200	-	107,238,400
Transfers	48,239,800	-	-	48,239,800
Total General Funds	977,754,500	124,030,900	481,000	1,101,304,400
<u>DEBT SERVICE FUNDS</u> (See detail on succeeding pages)	259,764,500	21,274,600	-	281,039,100
<u>SCHOOL FUNDS</u> (See detail on succeeding pages)	879,299,700	-	-	879,299,700
Total Appropriations By District	2,116,818,700	145,305,500	481,000	2,261,643,200
<u>LESS INTERFUND TRANSFER:</u>				
GSD Operating to GSD Debt	(3,521,300)	-	-	(3,521,300)
GSD General to GSD Debt	(48,239,800)	-	-	(48,239,800)
Schools to GSD General	(192,000)	-	-	(192,000)
Net Appropriation by District	\$ 2,064,865,600	\$ 145,305,500	\$ 481,000	\$ 2,209,690,100

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2017-722 for the 2017-2018 fiscal year.

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

DEBT SERVICE FUNDS - GENERAL SERVICES DISTRICT

For the Year July 1, 2017 Through June 30, 2018

	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
<u>SCHOOL DEBT SERVICE FUND</u>			
Outstanding General Obligation Bonds	\$ 87,235,000	\$ -	\$ 87,235,000
Tax Increment Payment - MDHA	-	1,055,300	1,055,300
Redemption, Cremation and Management Fees	-	660,000	660,000
Treasury Internal Service Fees	-	77,900	77,900
Qualified Zone Academy Bonds, 2005	-	414,600	414,600
Quallified School Construction Bonds, 2009	-	1,637,800	1,637,800
Quallified School Construction Bonds, 2010	-	3,942,300	3,942,300
IRS Subsidy 2010 QSCB	-	(1,599,600)	(1,599,600)
Commercial Paper (Bonds Anticipation Loans)	948,000	-	948,000
	<u>\$ 88,183,000</u>	<u>\$ 6,188,300</u>	<u>\$ 94,371,300</u>
Total GSD School Purposes Debt Service Fund			
<u>GENERAL PURPOSES DEBT SERVICE FUND</u>			
Outstanding General Obligation Bonds	\$ 145,857,500	\$ -	\$ 145,857,500
Reserve for New Debt	-	11,426,100	11,426,100
Tax Increment Payment - MDHA	-	2,483,800	2,483,800
Redemption, Cremation and Management Fees	-	1,370,000	1,370,000
Treasury Internal Service Fees	-	151,700	151,700
Commercial Paper (Bonds Anticipation Loans)	2,128,200	-	2,128,200
Swap Agreement	1,975,900	-	1,975,900
	<u>\$ 149,961,600</u>	<u>\$ 15,431,600</u>	<u>\$ 165,393,200</u>
Total GSD General Purposes Debt Service Fund			

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2017-722 for the 2017-2018 fiscal year.

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 BUDGETARY SCHEDULE OF REQUIREMENTS OF THE DEBT SERVICE FUNDS BY FUNCTION *

DEBT SERVICE FUNDS - URBAN SERVICES DISTRICT

For the Year July 1, 2017 Through June 30, 2018

<u>URBAN SERVICES DISTRICT DEBT SERVICE FUND</u>	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
Outstanding General Obligation Bonds:	\$ 24,634,900	\$ -	\$ 24,634,900
Tax Increment Payment - MDHA	-	462,000	462,000
Redemption, Cremation and Management Fees	-	130,000	130,000
Treasury Internal Service Fees	-	26,000	26,000
Debt Service Paid Directly by DES	-	(4,179,800)	(4,179,800)
Commercial Paper (Bonds Anticipation Loans)	<u>201,500</u>	<u>-</u>	<u>201,500</u>
 Total USD General Purposes Debt Service Fund	 <u>\$ 24,836,400</u>	 <u>\$ (3,561,800)</u>	 <u>\$ 21,274,600</u>

* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2017-722 for the 2017-2018 fiscal year.

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BUDGETARY SCHEDULE OF APPROPRIATIONS*

SCHOOL FUNDS - GENERAL SERVICES DISTRICT

For the Year July 1, 2017 Through June 30, 2018

GENERAL PURPOSE SCHOOL FUND: (1)

General Purpose School Fund:

Operational	\$ 870,979,700
Property Tax Increment	<u>8,320,000</u>

Total General Purpose School Fund	<u><u>\$ 879,299,700</u></u>
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(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 BL2017-722 for the 2017-2018 fiscal year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SUMMARY OF SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

June 30, 2017

NAME OF OFFICIAL	TITLE	ANNUAL SALARY	AMOUNT OF SURETY BOND
Megan Barry	Mayor	\$ 180,000	\$ 50,000
Talia Lomax-O'dneal	Director of Finance	176,069	250,000
Tom Eddlemon	Treasurer	124,044	2,000,000
Jeff Gossage	Purchasing Agent	122,866	- (1)
Phil Carr	Chief Accountant	112,000	- (1)
John P. Kennedy	Interim Human Resources Director	149,929	- (1)
Richard R. Rooker	Circuit Court Clerk	141,451	100,000
Richard R. Rooker	Probate Clerk	-	250,000
William B. Garrett, Jr.	Register of Deeds	128,773	150,000
Charles E. Cardwell	Trustee	127,838	14,000,000
Brenda P. Wynn	County Clerk	127,838	500,000
Howard C. Gentry, Jr.	Criminal Court Clerk	139,822	150,000
J. Daron Hall	Sheriff	154,604	100,000
Vivian M. Wilhoite	Assessor of Property	127,838	50,000
Maria Salas	Clerk & Master	127,838	50,000
David A. Smith	Juvenile Court Clerk	127,838	100,000
Peggy Duncan Mathes	Public Administrator	-	100,000
Michael M. Castellarin	Public Trustee	-	200,000
Richard R. Rooker	Commissioner & Receiver	-	100,000
Richard R. Rooker	Official Revenue	-	100,000
Monica C. Fawknottson	Executive Director Sports Authority	102,917	50,000
Chris Henson	MNPS Assistant Superintendent of Business, Facility and Services	185,000	1,000,000

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

See accompanying auditors' report.

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

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

	<u>Page Numbers</u>
FINANCIAL TRENDS	H - 2
These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.	
REVENUE CAPACITY	H - 16
These schedules contain information to help the reader assess the Government's most significant local revenue source, the property tax.	
DEBT CAPACITY	H - 24
These schedules present information to help the reader assess the affordability of the Government's current levels of outstanding debt and the Government's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	H - 32
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Government's financial activities take place.	
OPERATING INFORMATION	H - 34
These schedules contain service and infrastructure data to help the reader understand how the information in the Government's financial report relates to the services the Government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Net investment in capital assets	\$ 1,044,125	\$ 1,083,097	\$ 1,099,333	\$ 1,010,874
Restricted	47,527	22,917	31,994	42,860
Unrestricted	<u>86,741</u>	<u>(97,423)</u>	<u>(383,624)</u>	<u>(564,405)</u>
Total governmental activities net position	<u>1,178,393</u>	<u>1,008,591</u>	<u>747,703</u>	<u>489,329</u>
Business-type activities				
Net investment in capital assets	1,160,088	1,196,149	1,217,101	1,220,912
Restricted	29,090	22,587	21,481	46,256
Unrestricted	<u>28,682</u>	<u>14,840</u>	<u>26,925</u>	<u>38,908</u>
Total business-type activities net position	<u>1,217,860</u>	<u>1,233,576</u>	<u>1,265,507</u>	<u>1,306,076</u>
Primary government				
Net investment in capital assets	2,204,213	2,279,246	2,316,434	2,231,786
Restricted	76,617	45,504	53,475	89,116
Unrestricted	<u>115,423</u>	<u>(82,583)</u>	<u>(356,699)</u>	<u>(525,497)</u>
Total primary government net position	<u>\$ 2,396,253</u>	<u>\$ 2,242,167</u>	<u>\$ 2,013,210</u>	<u>\$ 1,795,405</u>

(1) In 2015, the Government implemented GASB Statement No. 68 which revised the reporting for its liability related to pensions. Amounts for prior years have not been restated.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>
\$ 924,393	\$ 857,598	\$ 955,256	\$ 905,271	\$ 817,836	\$ 758,016
31,771	35,802	39,551	41,647	43,203	56,345
<u>(637,147)</u>	<u>(683,464)</u>	<u>(907,694)</u>	<u>(1,269,590)</u>	<u>(1,333,519)</u>	<u>(1,528,114)</u>
<u>319,017</u>	<u>209,936</u>	<u>87,113</u>	<u>(322,672)</u>	<u>(472,480)</u>	<u>(713,753)</u>
1,259,241	1,236,765	1,232,187	1,236,872	1,227,147	1,191,252
49,700	56,720	64,253	55,270	66,837	87,141
<u>32,057</u>	<u>27,268</u>	<u>37,930</u>	<u>41,747</u>	<u>36,937</u>	<u>27,516</u>
<u>1,340,998</u>	<u>1,320,753</u>	<u>1,334,370</u>	<u>1,333,889</u>	<u>1,330,921</u>	<u>1,305,909</u>
2,183,634	2,094,363	2,187,443	2,142,143	2,044,983	1,949,268
81,471	92,522	103,804	96,917	110,040	143,486
<u>(605,090)</u>	<u>(656,196)</u>	<u>(869,764)</u>	<u>(1,227,843)</u>	<u>(1,296,582)</u>	<u>(1,500,598)</u>
<u>\$ 1,660,015</u>	<u>\$ 1,530,689</u>	<u>\$ 1,421,483</u>	<u>\$ 1,011,217</u>	<u>\$ 858,441</u>	<u>\$ 592,156</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2008	2009	2010	2011
Expenses				
Governmental activities				
General government	\$ 69,053	\$ 83,668	\$ 85,444	\$ 122,913
Fiscal administration	24,837	34,264	35,358	33,613
Administration of justice	86,417	85,723	89,601	87,374
Law enforcement and care of prisoners	289,629	304,917	321,175	322,782
Fire prevention and control	148,089	143,912	150,117	149,619
Regulation and inspection	7,971	9,910	10,170	10,248
Conservation of natural resources	502	491	471	445
Public welfare	55,272	51,362	60,159	59,386
Public health and hospitals	130,293	131,677	170,662	132,993
Public library system	28,231	29,754	28,742	30,033
Public works, highways and streets	143,076	125,490	130,469	144,012
Recreational and cultural	72,547	76,290	68,667	59,421
Education	780,706	808,285	839,760	869,449
Interest and other debt related costs	77,559	85,651	80,460	102,859
Total governmental activities	<u>1,914,182</u>	<u>1,971,394</u>	<u>2,071,255</u>	<u>2,125,147</u>
Business-type activities				
Department of Water and Sewerage Services	165,833	177,291	173,215	189,521
District Energy System	19,428	20,206	17,853	17,837
Nashville Convention Center	7,601	7,572	7,134	7,539
Board of Fair Commissioners	4,360	4,428	4,195	2,814
Farmers Market	1,161	1,215	1,080	1,193
Police Secondary Employment	944	881	1,545	855
Surplus Property Auction	961	806	735	734
Municipal Auditorium	2,052	1,738	1,654	1,801
Police Impound	1,882	1,882	1,687	1,320
School Community Education	1,193	1,050	192	-
Stormwater Operations	-	-	10,598	10,669
Community Education Commission	-	-	358	302
Total business-type activities	<u>205,415</u>	<u>217,069</u>	<u>220,246</u>	<u>234,585</u>
Total primary government	<u>\$ 2,119,597</u>	<u>\$ 2,188,463</u>	<u>\$ 2,291,501</u>	<u>\$ 2,359,732</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 9,552	\$ 7,292	\$ 6,550	\$ 6,908
Fiscal administration	4,533	4,591	4,176	5,286
Administration of justice	39,554	34,567	34,344	33,745
Law enforcement and care of prisoners	29,806	31,053	31,282	30,637
Fire prevention and control	13,619	14,358	10,939	16,395
Regulation and inspection	10,587	7,060	7,552	8,858
Public welfare	1,166	1,313	1,367	1,352
Public health and hospitals	13,436	12,788	8,943	9,902
Public library system	634	579	494	484
Public works, highways and streets	10,184	9,295	9,343	11,191
Recreational and cultural	9,246	9,111	8,618	9,068
Education	17,203	16,216	18,225	17,838
Operating grants and contributions (1)	338,746	351,066	390,732	432,938
Capital grants and contributions (1)	48,808	56,163	41,648	38,595
Total governmental activities	<u>547,074</u>	<u>555,452</u>	<u>574,213</u>	<u>623,197</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.

(2) In 2015, the Government implemented GASB Statement No. 68 which revised the reporting for its liability related to pensions. Amounts for prior years have not been restated.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2012	2013	2014	2015 (2)	2016	2017
\$	117,669	\$ 118,107	\$ 134,592	\$ 188,330	\$ 196,012	\$ 206,436
	31,802	32,675	31,357	33,277	31,729	33,551
	89,564	92,752	93,224	92,902	96,091	103,652
	335,162	371,438	359,502	353,933	378,291	392,032
	158,763	170,843	149,551	152,045	162,323	169,409
	11,717	10,751	11,231	11,216	10,931	12,103
	439	542	519	480	559	544
	56,504	57,172	56,449	54,279	56,186	67,609
	114,145	119,695	119,828	106,365	117,686	127,806
	30,676	33,034	35,739	41,390	45,268	46,440
	152,201	169,521	180,008	191,499	202,419	217,791
	61,259	68,515	76,759	70,841	77,342	81,081
	867,599	903,998	924,418	907,504	978,229	1,070,022
	86,223	77,525	96,842	93,210	95,228	103,969
	<u>2,113,723</u>	<u>2,226,568</u>	<u>2,270,019</u>	<u>2,297,271</u>	<u>2,448,294</u>	<u>2,632,445</u>
	185,385	205,278	208,945	213,926	232,501	231,793
	18,102	17,573	18,774	18,761	17,940	18,063
	7,147	7,427	3,591	3,543	2,126	24,774
	2,945	3,074	3,140	3,661	3,654	3,737
	1,265	1,788	1,605	1,849	1,931	2,113
	832	1,131	190	-	-	-
	713	735	790	650	703	745
	1,808	1,787	2,001	2,041	1,995	2,035
	967	376	375	375	375	375
	-	-	-	-	-	-
	10,426	10,717	11,073	10,506	10,945	12,661
	297	352	324	357	391	-
	<u>229,887</u>	<u>250,238</u>	<u>250,808</u>	<u>255,669</u>	<u>272,561</u>	<u>296,296</u>
\$	<u>2,343,610</u>	<u>2,476,806</u>	<u>2,520,827</u>	<u>2,552,940</u>	<u>2,720,855</u>	<u>2,928,741</u>
\$	9,134	\$ 8,329	\$ 10,805	\$ 7,764	\$ 8,989	\$ 9,597
	5,181	6,768	6,237	6,356	7,570	9,527
	32,772	33,232	32,929	31,052	29,143	27,325
	33,172	32,210	30,281	30,667	30,247	32,451
	12,759	13,431	15,502	11,449	9,286	11,100
	10,846	12,368	14,252	18,576	25,407	24,607
	1,208	1,098	1,162	1,007	915	803
	8,796	9,159	9,847	11,173	12,495	11,874
	474	450	438	409	397	404
	12,594	12,066	12,573	14,272	15,922	19,971
	9,755	10,130	10,702	11,332	13,974	14,312
	18,485	19,502	18,740	16,936	19,259	18,990
	436,073	435,077	438,515	454,881	467,388	483,020
	58,447	55,267	58,286	37,301	30,970	30,891
	<u>649,696</u>	<u>649,087</u>	<u>660,269</u>	<u>653,175</u>	<u>671,962</u>	<u>694,872</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2008	2009	2010	2011
Program Revenues (Continued)				
Business-type activities				
Charges for services:				
Department of Water and Sewerage Services	\$ 173,121	\$ 169,672	\$ 171,520	\$ 195,790
District Energy System	17,892	17,812	15,562	15,486
Nashville Convention Center	5,996	5,675	5,366	5,404
Board of Fair Commissioners	3,601	3,438	3,393	2,109
Farmers Market	863	899	983	745
Police Secondary Employment	1,162	1,094	2,437	1,103
Surplus Property Auction	1,121	958	1,094	1,081
Municipal Auditorium	1,278	1,107	1,364	1,370
Police Impound	2,611	2,182	1,583	1,271
School Community Education	243	141	31	-
Stormwater Operations	-	-	13,635	14,198
Community Education Commission	-	-	22	18
Capital grants and contributions	58,761	27,463	41,302	39,467
Total business-type activities	<u>266,649</u>	<u>230,441</u>	<u>258,292</u>	<u>278,042</u>
Total primary government	<u>\$ 813,723</u>	<u>\$ 785,893</u>	<u>\$ 832,505</u>	<u>\$ 901,239</u>
Net (Expense) Revenue				
Governmental activities	\$ (1,367,108)	\$ (1,415,942)	\$ (1,497,042)	\$ (1,501,950)
Business-type activities	61,234	13,372	38,046	43,457
Total primary government	<u>\$ (1,305,874)</u>	<u>\$ (1,402,570)</u>	<u>\$ (1,458,996)</u>	<u>\$ (1,458,493)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 759,131	\$ 773,659	\$ 793,293	\$ 782,192
Local option sales taxes	285,484	264,573	256,178	258,107
Other taxes	141,112	135,213	126,878	137,141
Revenue from the use of money or property	14,792	6,109	1,445	1,095
Revenue from other governmental agencies	70,072	65,026	58,160	61,262
Compensation for loss, sale or damage to property	1,541	1,022	1,747	3,290
Transfers	8,617	538	(323)	3,400
Special and extraordinary items (3)	-	-	(1,224)	(2,911)
Total governmental activities	<u>1,280,749</u>	<u>1,246,140</u>	<u>1,236,154</u>	<u>1,243,576</u>
Business-type activities				
Revenue from the use of money or property	8,086	2,790	391	230
Compensation for loss, sale or damage to property	144	92	171	282
Transfers	(8,617)	(538)	323	(3,400)
Special and extraordinary items (3)	-	-	(7,000)	-
Total business-type activities	<u>(387)</u>	<u>2,344</u>	<u>(6,115)</u>	<u>(2,888)</u>
Total primary government	<u>\$ 1,280,362</u>	<u>\$ 1,248,484</u>	<u>\$ 1,230,039</u>	<u>\$ 1,240,688</u>
Change in Net Position				
Governmental activities	\$ (86,359)	\$ (169,802)	\$ (260,888)	\$ (258,374)
Business-type activities	60,847	15,716	31,931	40,569
Total primary government	<u>\$ (25,512)</u>	<u>\$ (154,086)</u>	<u>\$ (228,957)</u>	<u>\$ (217,805)</u>

(3) Special and extraordinary items consist of: 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 POSITION
 LAST TEN FISCAL YEARS (CONTINUED)
 (accrual basis of accounting)
 (amounts expressed in thousands)

Unaudited - See Accompanying Accountants' Report

2012	2013	2014	2015 (2)	2016	2017
\$ 201,060	\$ 208,830	\$ 211,372	\$ 214,751	\$ 217,784	\$ 218,816
15,962	16,713	18,526	18,542	17,597	17,408
5,490	5,746	2,124	1,768	45	-
2,658	2,786	3,021	3,367	3,283	3,318
961	1,292	1,125	1,038	961	974
935	1,285	-	-	-	-
1,298	795	589	712	1,231	1,253
1,607	1,188	1,558	1,427	1,507	1,788
1,584	492	479	475	475	491
-	-	-	-	-	-
13,883	14,199	14,613	14,295	14,461	15,231
36	45	58	59	80	38
25,307	11,890	16,478	20,655	22,770	27,848
<u>270,781</u>	<u>265,261</u>	<u>269,943</u>	<u>277,089</u>	<u>280,194</u>	<u>287,165</u>
<u>\$ 920,477</u>	<u>\$ 914,348</u>	<u>\$ 930,212</u>	<u>\$ 930,264</u>	<u>\$ 952,156</u>	<u>\$ 982,037</u>
\$ (1,464,027)	\$ (1,577,481)	\$ (1,609,750)	\$ (1,644,096)	\$ (1,776,332)	\$ (1,937,573)
40,894	15,023	19,135	21,420	7,633	(9,131)
<u>\$ (1,423,133)</u>	<u>\$ (1,562,458)</u>	<u>\$ (1,590,615)</u>	<u>\$ (1,622,676)</u>	<u>\$ (1,768,699)</u>	<u>\$ (1,946,704)</u>
\$ 787,882	\$ 895,919	\$ 911,661	\$ 927,860	\$ 944,353	\$ 971,643
281,294	301,430	315,479	340,077	365,704	382,934
150,856	160,802	174,556	193,729	206,146	223,138
1,121	1,195	3,244	1,044	3,886	3,350
62,929	66,572	66,010	77,625	83,484	91,696
3,385	7,043	4,296	11,677	9,963	6,386
6,248	35,439	11,681	11,154	12,988	17,153
-	-	-	-	-	-
<u>1,293,715</u>	<u>1,468,400</u>	<u>1,486,927</u>	<u>1,563,166</u>	<u>1,626,524</u>	<u>1,696,300</u>
119	111	1,655	1,088	1,334	1,224
157	60	196	2	1,053	48
(6,248)	(35,439)	(11,681)	(11,154)	(12,988)	(17,153)
-	-	-	-	-	-
<u>(5,972)</u>	<u>(35,268)</u>	<u>(9,830)</u>	<u>(10,064)</u>	<u>(10,601)</u>	<u>(15,881)</u>
<u>\$ 1,287,743</u>	<u>\$ 1,433,132</u>	<u>\$ 1,477,097</u>	<u>\$ 1,553,102</u>	<u>\$ 1,615,923</u>	<u>\$ 1,680,419</u>
\$ (170,312)	\$ (109,081)	\$ (122,823)	\$ (80,930)	\$ (149,808)	\$ (241,273)
34,922	(20,245)	9,305	11,356	(2,968)	(25,012)
<u>\$ (135,390)</u>	<u>\$ (129,326)</u>	<u>\$ (113,518)</u>	<u>\$ (69,574)</u>	<u>\$ (152,776)</u>	<u>\$ (266,285)</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General fund					
Nonspendable	\$ 29,247,551	\$ 32,222,128	\$ 299,659	\$ 473,335	\$ 367,535
Assigned	200,000	-	1,370,583	13,878,075	539,600
Unassigned	<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>
Total general fund	<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>
All other governmental funds					
Nonspendable	2,137,679	1,854,877	2,060,858	2,119,993	2,891,941
Restricted	85,667,575	64,715,883	195,074,104	47,011,877	36,939,852
Committed	149,862,699	106,177,301	106,798,899	121,277,278	145,387,960
Assigned	31,394,900	35,996,400	1,500,000	11,161,900	-
Unassigned	<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>
Total all other governmental funds	<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>
Total governmental funds	<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 GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS (CONTINUED)
 (modified accrual basis of accounting)

Unaudited - See Accompanying Accountants' Report

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 453,627	\$ 525,930	\$ 546,062	\$ 467,008	\$ 986,266
16,030,900	34,840,900	54,311,800	59,542,600	50,533,800
<u>84,053,738</u>	<u>81,650,073</u>	<u>83,195,736</u>	<u>84,493,158</u>	<u>55,176,460</u>
100,538,265	117,016,903	138,053,598	144,502,766	106,696,526
2,723,873	3,122,352	4,079,964	3,276,149	3,332,511
160,884,699	39,365,865	41,461,337	43,018,673	56,160,164
145,231,736	125,883,422	126,421,581	137,020,957	137,058,350
29,966,900	40,441,000	25,800,000	21,000,000	25,440,300
<u>(15,710,564)</u>	<u>(189,169,860)</u>	<u>(501,399,310)</u>	<u>(342,346,761)</u>	<u>(192,217,171)</u>
323,096,644	19,642,779	(303,636,428)	(138,030,982)	29,774,154
<u>\$ 423,634,909</u>	<u>\$ 136,659,682</u>	<u>\$ (165,582,830)</u>	<u>\$ 6,471,784</u>	<u>\$ 136,470,680</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

	2008	2009	2010	2011	2012
General fund					
GSD					
Nonspendable	\$ 29,247,551	\$ 32,222,128	\$ 299,659	\$ 473,335	\$ 367,535
Assigned	200,000	-	1,370,583	442,575	539,600
Unassigned	20,156,790	25,320,424	34,962,597	44,578,057	61,358,778
Total GSD	<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>
USD					
Assigned	-	-	-	13,435,500	-
Unassigned	13,513,632	22,183,965	24,266,010	8,556,677	8,478,089
Total USD	<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>
Total general fund	<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>
General purpose school fund					
Nonspendable	902,765	738,993	937,417	883,700	1,291,555
Committed	52,557,390	27,356,958	27,102,179	34,449,193	54,933,590
Assigned	19,264,100	12,431,400	-	-	-
Total general purpose school fund	<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>
GSD general purposes					
debt service fund					
Nonspendable	-	-	-	-	-
Committed	1,761,254	1,107,591	8,406,361	8,626,889	8,469,047
Assigned	1,408,800	-	-	-	-
Total GSD general purposes					
debt service fund	<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>
GSD school purposes					
debt service fund					
Nonspendable	-	-	-	-	475,583
Committed	40,690,069	14,991,134	14,559,256	12,006,081	12,898,334
Assigned	10,722,000	23,565,000	-	11,161,900	-
Total GSD school purposes					
debt service fund	<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>
USD general purposes					
debt service fund					
Nonspendable	-	-	-	-	-
Committed	2,221,176	4,298,707	2,984,488	6,159,913	7,325,354
Assigned	-	-	-	-	-
Total USD general purposes					
debt service fund	<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>
Total budgeted					
governmental funds	<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>

Note: The schedule above reflects fund balances for those governmental funds for which legally required budgets are prepared and approved. The general purpose school fund is reported as a special revenue fund. The three debt service funds are reported as debt service funds. All of these funds are considered major funds of the Government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
 FUND BALANCES OF BUDGETED GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS (CONTINUED)
 (modified accrual basis of accounting)
 Unaudited - See Accompanying Accountants' Report

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 453,627	\$ 525,930	\$ 546,062	\$ 467,008	\$ 986,266
10,768,700	29,036,600	45,541,100	51,067,800	50,533,800
74,758,944	70,094,923	74,818,956	80,265,059	48,913,495
<u>85,981,271</u>	<u>99,657,453</u>	<u>120,906,118</u>	<u>131,799,867</u>	<u>100,433,561</u>
5,262,200	5,804,300	8,770,700	8,474,800	-
9,294,794	11,555,150	8,376,780	4,228,099	6,262,965
<u>14,556,994</u>	<u>17,359,450</u>	<u>17,147,480</u>	<u>12,702,899</u>	<u>6,262,965</u>
100,538,265	117,016,903	138,053,598	144,502,766	106,696,526
1,504,241	1,569,880	2,790,092	1,863,688	1,534,233
64,049,858	43,152,443	53,325,440	56,233,446	42,633,597
12,000,000	38,005,000	16,000,000	16,000,000	19,059,900
<u>77,554,099</u>	<u>82,727,323</u>	<u>72,115,532</u>	<u>74,097,134</u>	<u>63,227,730</u>
-	-	-	43,369	-
13,255,408	9,450,642	11,504,096	5,946,531	8,537,916
5,966,900	-	5,000,000	5,000,000	900,000
<u>19,222,308</u>	<u>9,450,642</u>	<u>16,504,096</u>	<u>10,989,900</u>	<u>9,437,916</u>
-	-	-	5,454	138,166
1,479,123	6,392,039	5,143,998	7,133,994	5,212,267
8,000,000	-	3,300,000	-	1,400,000
<u>9,479,123</u>	<u>6,392,039</u>	<u>8,443,998</u>	<u>7,139,448</u>	<u>6,750,433</u>
-	-	-	1,177	-
4,628,697	3,275,429	1,642,363	4,152,908	406,031
4,000,000	2,436,000	1,500,000	-	4,080,400
<u>8,628,697</u>	<u>5,711,429</u>	<u>3,142,363</u>	<u>4,154,085</u>	<u>4,486,431</u>
<u>\$ 215,422,492</u>	<u>\$ 221,298,336</u>	<u>\$ 238,259,587</u>	<u>\$ 240,883,333</u>	<u>\$ 190,599,036</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

	2008	2009	2010	2011
Revenues				
Property taxes	\$ 757,993,487	\$ 775,403,870	\$ 792,882,229	\$ 782,238,201
Local option sales tax	285,483,688	264,572,950	256,178,237	258,106,909
Other taxes, licenses and permits	152,575,721	143,696,309	136,182,711	147,382,286
Fines, forfeits and penalties	19,869,757	17,962,587	18,915,362	18,574,592
Revenues from the use of money or property	10,496,414	3,785,674	494,777	321,354
Revenues from other governmental agencies	447,314,552	453,448,063	488,535,713	559,516,608
Commissions and fees	29,070,315	25,049,552	22,002,060	23,460,446
Charges for current services	53,939,317	51,137,029	50,686,861	56,593,344
Compensation for loss, sale or damage to property	1,597,492	2,144,252	1,712,551	2,016,432
Contributions and gifts	11,995,898	10,645,368	5,469,908	3,783,798
Bond interest tax credit	-	-	-	5,327,305
Miscellaneous	3,263,508	4,603,664	2,706,377	2,718,741
Total revenues	1,773,600,149	1,752,449,318	1,775,766,786	1,860,040,016
Expenditures				
Current:				
General government (1)	46,904,452	60,035,388	88,954,555	121,146,642
Fiscal administration	16,472,712	24,112,437	22,499,859	23,760,394
Administration of justice	65,699,378	56,871,162	54,590,759	55,407,798
Law enforcement and care of prisoners	250,849,440	239,436,458	239,014,459	249,724,844
Fire prevention and control	119,648,604	107,034,837	104,214,957	109,108,267
Regulation and inspection	8,697,029	8,095,128	7,492,864	7,867,410
Conservation of natural resources	456,284	407,442	352,001	340,296
Public welfare	36,967,197	37,924,764	42,946,288	41,385,895
Public health and hospitals (2)	104,398,769	101,575,884	114,094,878	86,019,317
Public library system	22,644,664	20,564,850	19,016,993	20,542,242
Public works, highways and streets	70,954,215	63,204,089	51,039,081	58,151,723
Recreational and cultural	40,513,021	37,312,292	33,235,850	33,630,118
Education	683,222,289	720,909,041	740,550,178	777,009,413
Employee benefits	61,100,542	62,420,127	64,637,576	69,327,218
Miscellaneous	44,480,259	40,260,803	55,652,301	71,067,149

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

(2) 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

2012	2013	2014	2015	2016	2017
\$ 790,774,878	\$ 892,398,894	\$ 914,121,619	\$ 928,796,242	\$ 944,010,324	\$ 972,303,558
281,294,520	301,430,612	315,478,742	340,076,515	365,703,934	382,934,148
162,804,251	174,702,273	190,370,587	212,923,908	233,889,194	252,614,490
16,253,081	18,652,738	18,225,785	17,727,633	17,055,354	14,661,562
362,910	489,242	1,895,305	1,720,061	2,334,936	1,834,351
576,547,108	559,780,403	556,743,508	575,416,455	585,321,632	621,112,678
24,002,476	24,211,549	24,120,359	23,102,323	24,025,983	26,248,505
56,309,437	58,600,398	59,783,530	58,921,658	65,642,511	69,693,874
4,109,532	5,231,290	5,265,788	12,107,134	13,157,818	9,802,146
14,418,670	8,948,728	10,160,516	7,583,631	12,631,751	8,283,416
5,895,527	4,900,351	4,837,386	4,839,480	4,864,020	4,859,357
2,269,697	2,081,927	2,200,931	2,390,797	2,741,647	3,487,567
<u>1,935,042,087</u>	<u>2,051,428,405</u>	<u>2,103,204,056</u>	<u>2,185,605,837</u>	<u>2,271,379,104</u>	<u>2,367,835,652</u>
95,085,871	81,829,427	88,894,101	121,382,425	128,220,069	132,839,297
21,912,507	22,316,247	21,746,114	20,710,891	21,734,682	23,768,516
53,575,166	68,479,472	70,290,863	69,233,942	71,353,866	71,423,262
255,276,886	259,384,359	263,774,603	272,907,074	283,870,494	297,122,296
108,609,078	113,452,154	111,520,124	114,494,845	116,955,164	124,437,211
7,760,963	8,057,406	7,782,724	7,629,325	8,189,234	9,217,944
333,713	398,931	357,658	348,293	373,209	411,714
39,169,144	40,056,346	38,361,990	38,429,963	38,949,970	39,754,229
85,975,912	89,757,405	86,084,524	74,416,321	85,562,915	93,429,462
21,178,142	22,328,538	22,349,552	25,044,101	28,384,505	30,644,306
51,792,795	58,251,129	61,817,477	62,968,348	63,853,645	68,220,307
34,454,492	36,110,497	36,336,635	38,335,515	40,044,257	43,548,448
797,821,937	832,361,152	856,362,684	871,208,119	918,531,408	965,421,660
72,920,868	76,165,493	79,043,492	80,114,975	81,576,678	84,585,219
75,985,530	80,080,144	87,709,934	87,245,357	89,278,073	109,046,528

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenditures (Continued)				
Debt service:				
Principal retirement (1)	\$ 94,819,566	\$ 85,914,567	\$ 85,889,567	\$ 3,397,777
Interest	79,323,719	83,169,612	80,611,709	85,123,862
Fiscal charges	3,730,505	3,604,978	906,832	3,406,148
Debt issue costs	323,288	240,000	4,347,663	1,925,066
Capital outlay - capitalized (2)	155,498,310	83,576,267	92,640,446	100,682,804
Capital outlay - noncapitalized	<u>93,929,184</u>	<u>66,712,095</u>	<u>79,800,124</u>	<u>112,034,900</u>
Total expenditures	<u>2,000,633,427</u>	<u>1,903,382,221</u>	<u>1,982,488,940</u>	<u>2,031,059,283</u>
Excess of revenue over (under) expenditures	<u>(227,033,278)</u>	<u>(150,932,903)</u>	<u>(206,722,154)</u>	<u>(171,019,267)</u>
Other Financing Sources (Uses)				
Issuance of new debt	308,000,000	59,140,000	430,900,000	35,555,000
Issuance of refunding debt	-	-	189,895,243	290,201,755
Debt issue premium (discount)	7,867,112	-	36,559,565	43,480,488
Payments to refunded bond escrow agent	-	(58,900,000)	(206,868,923)	(331,757,177)
Insurance recovery (3)	-	-	15,000,000	37,000,000
Transfers in	160,349,393	98,879,725	109,679,961	214,988,824
Transfers out	<u>(157,465,198)</u>	<u>(107,040,208)</u>	<u>(136,553,615)</u>	<u>(246,991,267)</u>
Total other financing sources (uses)	<u>318,751,307</u>	<u>(7,920,483)</u>	<u>438,612,231</u>	<u>42,477,623</u>
Net change in fund balances	<u>\$ 91,718,029</u>	<u>\$ (158,853,386)</u>	<u>\$ 231,890,077</u>	<u>\$ (128,541,644)</u>
Debt service as a percentage of noncapitalized expenditures (4)	9.44 %	9.29 %	8.81 %	4.59 %

(1) As the result of a bond refunding in June 2010, principal payments for the years ended June 30, 2011 through 2013 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.

(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

2012	2013	2014	2015	2016	2017
\$ 12,943,203	\$ 44,743,407	\$ 97,320,344	\$ 113,588,002	\$ 115,957,762	\$ 132,859,891
93,879,521	93,272,037	101,497,666	103,301,816	104,982,211	103,366,006
3,257,031	3,716,622	3,226,035	6,911,332	7,898,402	6,792,950
2,207,494	2,704,649	-	-	-	-
133,571,317	110,878,249	202,968,322	214,809,446	139,450,169	210,753,687
63,091,834	110,821,632	131,042,781	141,684,515	134,787,666	174,861,981
<u>2,030,803,404</u>	<u>2,155,165,296</u>	<u>2,368,487,623</u>	<u>2,464,764,605</u>	<u>2,479,954,379</u>	<u>2,722,504,914</u>
<u>(95,761,317)</u>	<u>(103,736,891)</u>	<u>(265,283,567)</u>	<u>(279,158,768)</u>	<u>(208,575,275)</u>	<u>(354,669,262)</u>
-	374,874,554	-	-	346,549,106	455,000,078
316,085,913	382,598,457	-	163,710,000	338,311,539	-
67,444,362	131,109,907	-	13,815,134	127,100,018	48,071,097
(383,595,322)	(433,836,850)	-	(176,341,921)	(409,215,077)	-
-	-	-	-	-	-
180,292,626	199,600,840	183,807,020	190,050,738	195,258,693	243,930,794
(212,907,693)	(208,258,842)	(205,498,680)	(214,317,695)	(217,374,390)	(262,333,811)
<u>(32,680,114)</u>	<u>446,088,066</u>	<u>(21,691,660)</u>	<u>(23,083,744)</u>	<u>380,629,889</u>	<u>484,668,158</u>
<u>\$ (128,441,431)</u>	<u>\$ 342,351,175</u>	<u>\$ (286,975,227)</u>	<u>\$ (302,242,512)</u>	<u>\$ 172,054,614</u>	<u>\$ 129,998,896</u>
5.63 %	6.75 %	9.18 %	9.64 %	9.44 %	9.40 %

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
2007-08	\$ 14,562,824,424	\$ 1,004,636,613	\$ 585,267,521	\$ 16,152,728,558
2008-09	14,949,650,247	1,003,474,654	601,229,146	16,554,354,047
2009-10	17,452,127,001	1,118,966,031	651,277,995	19,222,371,027
2010-11	17,447,570,422	1,128,934,816	632,009,935	19,208,515,173
2011-12	17,366,226,070	1,098,349,735	639,688,011	19,104,263,816
2012-13	17,404,334,210	1,115,387,381	640,800,994	19,160,522,585
2013-14	18,313,859,433	1,231,932,155	663,744,930	20,209,536,518
2014-15	18,498,390,332	1,177,300,927	700,367,364	20,376,058,623
2015-16	18,866,789,974	1,209,436,393	666,469,036	20,742,695,403
2016-17	19,435,521,082	1,187,902,496	691,397,076	21,314,820,654

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>
\$ 4.040	\$ 60,386,015,276	26.75 %
4.040	61,881,138,204	26.75
3.560	63,157,226,914	30.44
3.560	63,280,838,469	30.35
3.560	63,127,519,037	30.26
4.040	63,259,449,113	30.29
3.924	65,810,054,890	30.71
3.924	66,270,673,259	30.75
3.924	67,533,296,332	30.71
3.924	78,262,509,134	27.24

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>
2007-08	\$ 9,775,778,452	\$ 800,146,680	\$ 476,649,480	\$ 11,052,574,612	\$ 0.650
2008-09	10,034,679,742	804,965,057	469,223,447	11,308,868,246	0.650
2009-10	11,845,833,807	899,198,794	507,695,082	13,252,727,683	0.570
2010-11	11,819,864,666	919,181,529	481,388,729	13,220,434,924	0.570
2011-12	11,847,282,828	915,167,902	482,396,101	13,244,846,831	0.570
2012-13	11,877,136,516	928,784,082	477,220,794	13,283,141,392	0.620
2013-14	12,743,560,657	1,042,522,606	500,973,282	14,287,056,545	0.592
2014-15	12,895,435,922	983,507,268	526,411,427	14,405,354,617	0.592
2015-16	13,184,753,548	1,023,107,282	495,162,952	14,703,023,782	0.592
2016-17	13,644,574,094	971,185,978	510,672,763	15,126,432,835	0.592

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	
2007-08 (2)	\$ 2.060	\$ 1.330	\$ 0.480	\$ 0.170	\$ 4.040	\$ 0.560	\$ 0.090	\$ 0.650	\$ 4.690
2008-09 (2)	2.060	1.330	0.480	0.170	4.040	0.530	0.120	0.650	4.690
2009-10 (3)	1.820	1.170	0.420	0.150	3.560	0.460	0.110	0.570	4.130
2010-11	1.820	1.170	0.420	0.150	3.560	0.460	0.110	0.570	4.130
2011-12	1.820	1.170	0.420	0.150	3.560	0.460	0.110	0.570	4.130
2012-13 (4)	1.960	1.400	0.430	0.250	4.040	0.510	0.110	0.620	4.660
2013-14 (3)	1.905	1.416	0.423	0.180	3.924	0.480	0.112	0.592	4.516
2014-15	1.905	1.416	0.423	0.180	3.924	0.480	0.112	0.592	4.516
2015-16 (2)	1.905	1.416	0.423	0.180	3.924	0.495	0.097	0.592	4.516
2016-17	1.905	1.416	0.423	0.180	3.924	0.495	0.097	0.592	4.516

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 \$.07 to \$.08 over the last ten years.
- (2) In these fiscal years, the property tax rate was reallocated among the funds receiving property tax revenue.
- (3) 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.
- (4) In this year, the combined GSD-USD tax rate was increased by the Metropolitan Council and reallocated among the funds receiving property tax revenue. The rates above reflect the net change of the increase and reallocation by the Metropolitan Council.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See Accompanying Accountants' Report

Taxpayer	December 31, 2016				December 31, 2007			
	2016 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	2007 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1) \$	N/A	\$ 30,371,839	1	3.28 %	\$ N/A	\$ 23,645,473	1	3.26 %
RHP Hotels Inc./ Gaylord (3)	259,990,271	10,337,067	2	1.12	238,598,060	11,121,590	2	1.54
Columbia/HCA	198,378,920	8,609,468	3	0.93	232,193,575	10,309,689	3	1.42
AT&T Telephone/ BellSouth (3)	161,649,479	7,179,577	4	0.78	154,221,345	7,142,617	4	0.99
Piedmont Natural Gas	119,410,206	5,198,120	5	0.56	78,383,980	3,551,983	8	0.49
The Mall at Green Hills	92,329,992	4,169,622	6	0.45	-	-	(2)	-
Opry Mills Co	90,083,998	4,068,193	7	0.44	70,154,676	3,799,377	6	0.52
Vanderbilt	89,559,996	4,038,418	8	0.44	84,759,062	3,975,201	5	0.55
Highwoods Realty	75,267,760	3,499,908	9	0.38	-	-	(2)	-
Verizon	69,973,828	2,837,933	10	0.31	-	-	(2)	-
CBL & Associates	-	-	(2)	-	82,869,360	3,589,484	7	0.50
Davis Street Land	-	-	(2)	-	43,398,280	2,035,345	9	0.28
PREFCO XIV LTD	-	-	(2)	-	14,056,480	1,918,716	10	0.26
	<u>\$ 1,156,644,450</u>	<u>\$ 80,310,145</u>		<u>8.69 %</u>	<u>\$ 998,634,818</u>	<u>\$ 71,089,475</u>		<u>9.81 %</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.

(3) Certain properties have changed ownership between December 31, 2007 and December 31, 2016. For comparability purposes, the current and prior owners are shown jointly.



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 (1)	Percent of Levy
2007-08	\$ 643,729,137	\$ 80,683,950	\$ 724,413,087	\$ 717,920,126	99.10 %
2008-09	659,755,545	82,555,463	742,311,008	732,021,054	98.61
2009-10	675,043,791	84,818,421	759,862,212	748,828,597	98.55
2010-11	674,573,125	84,611,716	759,184,841	741,791,912	97.71
2011-12	670,841,793	84,767,649	755,609,442	745,445,734	98.65
2012-13	763,462,757	92,982,763	856,445,520	845,378,327	98.71
2013-14	781,593,235	96,009,026	877,602,261	863,883,378	98.44
2014-15	788,032,918	96,803,988	884,836,906	876,959,909	99.11
2015-16	802,143,672	98,797,912	900,941,584	889,764,582	98.76
2016-17	824,429,176	101,837,165	926,266,341	918,570,697	99.17

Source: Metropolitan Trustee's Office

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

	<u>Current Year</u>
2007-08	\$ 24,448,736
2008-09	21,544,115
2009-10	26,509,998
2010-11	26,178,622
2011-12	20,843,656
2012-13	21,437,137
2013-14	22,238,850
2014-15	21,679,890
2015-16	22,224,919
2016-17	16,158,670

Adjustment to Levy	Total Levy After Adjustment	Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage Uncollected
			Amount	Percent of Levy After Adjustment		
\$ (3,084,888)	\$ 721,328,199	\$ 1,780,943	\$ 719,701,069	99.77 %	\$ 1,627,130	0.23 %
(4,530,482)	737,780,526	4,904,530	736,925,584	99.88	854,942	0.12
(12,267,110)	747,595,102	(1,981,332)	746,847,265	99.90	747,837	0.10
(14,691,745)	744,493,096	2,099,162	743,891,074	99.92	602,022	0.08
(9,688,863)	745,920,579	(15,259)	745,430,475	99.93	490,104	0.07
(8,323,972)	848,121,548	2,224,851	847,603,178	99.94	518,370	0.06
(12,910,415)	864,691,846	169,623	864,053,001	99.93	638,845	0.07
(5,579,519)	879,257,387	917,862	877,877,771	99.84	1,379,616	0.16
(7,496,948)	893,444,636	2,355,369	892,119,951	99.85	1,324,685	0.15
(3,409,666)	922,856,675	-	918,570,697	99.54	4,285,978	0.46

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
2007-08	\$ 1,791,289	\$ 7,609	\$ 5,261	\$ -	\$ -	\$ 1,804,159	\$ 446,188	\$ 7,624
2008-09	1,646,023	5,825	4,857	56,930	-	1,713,635	412,643	7,316
2009-10	2,003,576	3,956	4,452	52,650	21,120	2,085,754	376,913	6,997
2010-11	1,022,593	1,997	4,048	52,650	55,577	1,136,865	640,249	6,913
2011-12	2,105,210	-	3,643	-	52,410	2,161,263	752,158	7,074
2012-13	2,564,208	-	3,238	-	48,874	2,616,320	884,874	69,097
2013-14	2,446,867	-	2,835	-	45,337	2,495,039	847,596	66,913
2014-15	2,335,207	-	2,430	-	41,801	2,379,438	809,990	64,285
2015-16	2,676,899	-	2,026	-	38,264	2,717,189	784,013	63,773
2016-17	3,018,412	-	1,622	-	34,728	3,054,762	749,589	61,484

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Business-type Activities (Continued)					
State Loans	Capitalized Lease Obligations	Total Business-type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 155,648	\$ 1,455	\$ 610,915	\$ 2,415,074	8.97 %	\$ 3,897.63
159,000	1,270	580,229	2,293,864	8.26	3,663.48
165,331	1,095	550,336	2,636,090	9.54	4,146.69
159,681	900	807,743	1,944,608	6.74	3,103.03
197	695	760,124	2,921,387	9.72	4,597.17
150	475	954,596	3,570,916	10.69	5,508.17
101	245	914,855	3,409,894	10.10	5,177.47
51	-	874,326	3,253,764	8.96	4,868.38
-	-	847,786	3,564,975	9.48	5,251.19
-	-	811,073	3,865,835	N/A (2)	5,648.42

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	Total	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
2007-08	\$ 1,791,289	\$ 56,803	\$ 1,734,486	2.87 %	\$ 2,799.25
2008-09	1,646,023	43,962	1,602,061	2.59	2,558.61
2009-10	2,003,576	25,950	1,977,626	3.13	3,110.89
2010-11	1,022,593	37,955	984,638	1.56	1,571.19
2011-12	2,105,210	29,168	2,076,042	3.29	3,266.91
2012-13	2,564,208	37,330	2,526,878	3.99	3,897.73
2013-14	2,446,867	21,554	2,425,313	3.69	3,682.52
2014-15	2,335,207	28,090	2,307,117	3.48	3,451.97
2015-16	2,676,899	22,283	2,654,616	3.93	3,910.24
2016-17	3,018,412	20,675	2,997,737	3.83	4,380.03

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	Total	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
2007-08	\$ 153,286	\$ 2,221	\$ 151,065	N/A %	\$ N/A
2008-09	144,049	4,299	139,750	N/A	N/A
2009-10	157,592	2,985	154,607	N/A	N/A
2010-11	156,260	6,160	150,100	N/A	N/A
2011-12	181,076	7,325	173,751	N/A	N/A
2012-13	196,077	8,629	187,448	N/A	N/A
2013-14	193,855	5,711	188,144	N/A	N/A
2014-15	183,558	3,142	180,416	N/A	N/A
2015-16	185,491	4,154	181,337	N/A	N/A
2016-17	178,174	4,486	173,688	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>
2007-08	\$ 1,665,734	\$ 151,065	\$ 1,514,669	9.07 %
2008-09	1,681,640	139,750	1,541,890	8.31
2009-10	1,993,317	154,607	1,838,710	7.76
2010-11	1,983,065	150,100	1,832,965	7.57
2011-12	1,986,727	173,751	1,812,976	8.75
2012-13	1,992,471	187,448	1,805,023	9.41
2013-14	2,143,058	188,143	1,954,915	8.78
2014-15	2,160,803	180,415	1,980,388	8.35
2015-16	2,205,454	181,337	2,024,117	8.22
2016-17	2,268,965	173,687	2,095,278	7.65

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, 2017

Unaudited - See Accompanying Accountants' Report

Assessed valuation of taxable property - Urban Services District		\$ 15,126,432,835
		<u>15,126,432,835</u>
Debt limit - 15 percent of assessed valuation		\$ 2,268,964,925
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 178,173,863	
Less:		
Amounts available in debt service funds	<u>4,486,431</u>	
Total amount of debt applicable to debt limit		<u>173,687,432</u>
Legal debt margin		<u>\$ 2,095,277,493</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</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Percentage of Debt Service to Total General Expenditures</u>
2007-08	\$ 92,775	\$ 78,916	\$ 171,691	\$ 1,762,582	9.7 %
2008-09	81,580	82,842	164,422	1,777,590	9.2
2009-10	81,600	79,968	161,568	1,844,374	8.8
2010-11 (2)	-	79,276	79,276	1,863,923	4.3
2011-12 (2)	7,377	86,808	94,185	1,881,454	5.0
2012-13 (2)	40,792	84,680	125,472	1,964,390	6.4
2013-14	93,369	93,059	186,428	2,059,327	9.1
2014-15	109,637	92,396	202,033	2,134,006	9.5
2015-16	112,007	94,221	206,228	2,231,093	9.2
2016-17	128,909	92,977	221,886	2,359,209	9.4

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

(1) Includes General, Special Revenue and Debt Service Funds.

(2) As the result of a bond refunding in June 2010, principal payments for the years ended June 30, 2011 through 2013 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	
2007-08	\$ 180,862	\$ 88,416	\$ 92,446	\$ 31,185	\$ 19,646	\$ 50,831	1.82
2008-09	172,379	90,685	81,694	33,370	18,859	52,229	1.56
2009-10	171,966	88,603	83,363	35,525	16,526	52,051	1.60
2010-11	196,268	94,478	101,790	37,830	26,998	64,828	1.57
2011-12	201,263	102,485	98,778	42,410	29,386	71,796	1.38
2012-13	209,110	103,423	105,687	30,765	34,189	64,954	1.63
2013-14	213,055	101,703	111,352	31,500	41,367	72,867	1.53
2014-15	215,709	100,825	114,884	20,275	40,175	60,450	1.90
2015-16	219,023	112,208	106,815	28,795	39,029	67,824	1.57
2016-17	219,964	112,654	107,310	37,475	37,476	74,951	1.43

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>
2007	619,626	\$ 43,394	\$ 26,916,014	3.9 %
2008	626,144	44,228	27,784,064	5.5
2009	635,710	43,457	27,626,360	9.3
2010	626,681	45,913	28,835,836	9.0
2011	635,475	47,318	30,069,470	8.5
2012	648,295	51,526	33,403,945	7.2
2013	658,602	51,245	33,749,886	7.1
2014	668,347	54,307	36,295,950	6.3
2015	678,889	55,411	37,617,693	4.3
2016 (4)	684,410	N/A	N/A	3.9

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

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

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

(4) Personal income statistics for calendar year 2016 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, 2017			June 30, 2008		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Vanderbilt University (2)	26,400	1	2.71 %	18,968	3	2.50 %
State of Tennessee	24,548	2	2.52	20,312	1	2.68
Metro Nashville-Davidson Co. Government and Public Schools	18,820	3	1.93	19,666	2	2.59
U.S. Government	12,891	4	1.32	11,135	4	1.47
HCA Holdings Inc.	10,180	5	1.04	8,703	5	1.15
Nissan North America Inc.	10,100	6	1.04	7,750	7	1.02
Saint Thomas Health	7,100	7	0.73	8,200	6	1.03
Community Health Systems Inc.	5,000	8	0.51	-	-	- (1)
Randstad	4,361	9	0.45	-	-	- (1)
Asurion	4,000	10	0.41	-	-	- (1)
Wal-Mart Stores Inc.	-	-	- (1)	4,500	8	0.59
Bridgestone Americas Inc.	-	-	- (1)	4,500	9	0.59
Gaylord Entertainment Company	-	-	- (1)	3,462	10	0.46
	<u>123,400</u>		<u>12.66 %</u>	<u>107,196</u>		<u>14.08 %</u>

Sources:

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

Note: The schedule reflects employers and number of employees within the Metropolitan Statistical Area.

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

(2) The variance in employees for Vanderbilt University is due to the consolidation of the university, medical center and other entities.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2008	2009	2010	2011
Governmental activities:				
General government (1)	337	330	288	297
Fiscal administration	318	317	306	296
Administration of justice	808	813	773	804
Law enforcement and care of prisoners (5)	2,715	2,733	2,787	2,740
Fire prevention and control	1,182	1,150	1,141	1,138
Regulation and inspection	108	105	95	97
Conservation of natural resources	11	10	9	9
Public welfare	487	483	468	488
Public health and hospitals	508	486	473	469
Public library system	336	317	297	292
Public works, highways and streets (2)	527	470	363	364
Recreational and cultural	682	605	543	534
Education	9,275	9,563	9,671	9,019
Total governmental activities	<u>17,294</u>	<u>17,382</u>	<u>17,214</u>	<u>16,547</u>
Internal service activities:				
Office of Fleet Management	94	94	89	89
Information Systems	129	130	114	112
Radio Shop (6)	16	18	16	16
Metro Postal Service	5	4	4	4
Facilities Planning and Construction	18	-	-	-
Treasury Management	8	8	8	8
General Services (1)	107	58	48	47
Total internal service activities	<u>377</u>	<u>312</u>	<u>279</u>	<u>276</u>
Business-type activities:				
Department of Water and Sewerage Services	668	650	692	704
Nashville Convention Center (4)	53	59	57	57
Board of Fair Commissioners	24	25	28	23
Farmers Market	8	7	7	7
Police Secondary Employment (5)	5	5	5	5
Surplus Property Auction	7	7	7	7
Police Impound (3)	29	29	29	29
Municipal Auditorium	12	11	8	8
Community Education Commission	15	14	8	5
Stormwater Operations (2)	-	-	90	90
Total business-type activities	<u>821</u>	<u>807</u>	<u>931</u>	<u>935</u>
Total primary government	<u>18,492</u>	<u>18,501</u>	<u>18,424</u>	<u>17,758</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 2009, various programs in General Services previously reported as internal activities ceased operations. Effective July 1, 2014, various programs were moved to the general fund and included in governmental activities - general government.

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

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

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

2012	2013	2014	2015	2016	2017
306	308	302	364	371	375
282	281	282	280	279	281
765	772	777	775	789	798
2,802	2,826	2,831	2,893	2,898	2,912
1,170	1,170	1,205	1,206	1,206	1,237
99	93	94	111	117	106
8	8	8	8	8	8
492	491	492	494	500	470
450	437	464	483	487	493
295	297	309	330	359	368
368	381	389	388	395	407
544	528	546	577	585	640
9,154	9,291	9,304	9,294	9,658	9,910
<u>16,735</u>	<u>16,883</u>	<u>17,003</u>	<u>17,203</u>	<u>17,652</u>	<u>18,005</u>
89	88	89	95	95	103
110	111	112	115	115	147
15	15	15	15	15	-
4	4	4	-	-	-
-	-	-	-	-	-
7	7	7	7	7	7
47	47	47	-	-	-
<u>272</u>	<u>272</u>	<u>274</u>	<u>232</u>	<u>232</u>	<u>257</u>
700	707	715	713	728	724
52	-	-	-	-	-
22	24	24	25	28	29
7	7	7	7	7	7
5	5	5	-	-	-
7	7	7	8	8	8
29	-	-	-	-	-
8	9	9	10	9	9
2	3	3	3	3	3
93	93	93	93	89	93
<u>925</u>	<u>855</u>	<u>863</u>	<u>859</u>	<u>872</u>	<u>873</u>
<u>17,932</u>	<u>18,010</u>	<u>18,140</u>	<u>18,294</u>	<u>18,756</u>	<u>19,135</u>

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

(5) Effective July 1, 2014, the operations of Police Secondary Employment were moved to the general fund and are included in governmental activities - law enforcement and care of prisoners.

(6) Effective July 1, 2016, the operations of Radio Shop were moved to Information Systems and the Office of Fleet Management.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2008	2009	2010	2011
Governmental activities:				
General government:				
Election Commission - registered voters	340,373	345,243	349,733	345,687
Assessor of Property - real property inspections (1)	69,153	236,459	58,158	94,348
Administration of justice:				
Public Defender - warrants and charges	43,402	46,006	44,776	43,139
Circuit Court Clerk - circuit filings	9,084	11,324	10,298	10,900
Circuit Court Clerk - general sessions civil filings	51,905	53,441	48,834	47,193
Circuit Court Clerk - probate filings	2,039	1,930	1,954	1,879
Law enforcement and care of prisoners:				
Sheriff - inmate days jails	894,746	920,662	929,674	898,860
Sheriff - inmate days detention facility	395,777	401,562	397,566	388,466
Police - total CAD calls received	1,060,868	1,152,012	1,315,649	1,417,859
Police - incident numbers issued	844,469	918,749	1,315,455	1,035,026
ECC - total 911 calls received	361,016	359,926	344,276	370,704
ECC - total non 911 calls received	718,732	696,757	690,297	675,908
Fire prevention and control:				
Fire - life threatening responses	40,171	41,989	43,124	44,518
Fire - non life threatening responses	20,768	21,045	24,116	25,835
Regulation and inspection:				
Codes - construction/land use permits	10,598	8,235	10,172	8,343
Public welfare:				
Social Services - clients served	19,694	18,870	17,291	14,963
Public health and hospitals:				
Health - clinic visits	180,543	187,717	190,942	195,222
Health - restaurant inspections	13,972	13,796	13,525	13,378
Public library system:				
Library - circulating materials check-outs	4,213,276	4,144,374	4,148,419	4,208,363
Library - number of visits	3,828,825	3,923,154	3,677,765	3,723,416

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 2009, 2013 and 2017 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. Beginning in 2017, the Assessor determined to do no inspections in reappraisal years.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

2012	2013	2014	2015	2016	2017
358,136	362,816	373,231	373,823	392,428	390,804
103,837	238,107	48,559	108,401	92,449	-
45,852	41,809	42,857	43,956	41,842	35,839
10,738	10,729	10,915	10,062	8,168	6,856
49,978	46,445	46,116	43,859	46,047	49,890
1,906	2,048	2,027	2,126	2,146	2,189
804,641	771,630	721,508	655,734	632,169	535,262
426,168	435,098	379,811	350,472	322,674	380,920
1,585,228	1,384,481	1,333,945	1,357,306	1,492,259	1,496,617
1,045,077	1,119,012	1,201,162	1,199,375	1,318,113	1,308,704
377,118	365,278	351,814	408,433	450,517	401,269
625,120	605,693	634,280	634,124	644,590	665,239
46,076	44,232	47,161	47,053	47,453	45,773
26,739	25,403	28,332	34,812	35,374	33,810
9,304	9,900	10,131	11,695	12,852	12,225
13,785	13,271	13,122	13,990	13,737	12,396
192,902	181,395	181,959	164,330	154,398	150,948
12,082	13,050	13,440	13,689	12,067	10,890
4,340,657	4,368,494	4,663,347	5,133,351	5,371,115	5,430,309
3,938,659	3,697,063	3,501,710	3,444,250	3,338,972	3,615,302

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

	2008	2009	2010	2011
Governmental activities (continued):				
Public works, highways and streets:				
Public Works - scheduled garbage collections	6,417,000	6,423,000	6,477,000	6,503,700
Public Works - tons of disposed waste	865,671	957,837	745,442	852,856
Public Works - rehabilitated street lane miles (2)	392	171	87	125
Recreational and cultural:				
Parks - Sportsplex attendance	325,822	339,718	344,858	343,835
Parks - cultural enrichment class attendance	11,802	12,374	15,710	17,430
Parks - senior citizen program attendance (3)	38,608	37,932	36,898	37,970
Education:				
Public Schools - students (second month enrollment)	74,733	75,049	76,329	78,014
Business-type activities:				
Department of Water and Sewerage Services:				
Customers - water	174,286	175,121	176,033	177,475
Average daily actual water pumped (millions of gallons per day)	103	98	119	101
Customers - wastewater	191,981	187,655	189,299	189,898
Average daily wastewater flow (millions of gallons per day)	145	151	166	154
District Energy System:				
Steam sales (thousand pounds)	284,761	283,071	272,448	277,943
Chilled water sales (thousand ton hours)	58,854	52,976	51,273	56,118
Nashville Convention Center - events (5)	191	234	243	237
Board of Fair Commissioners:				
Flea market booth rentals	16,253	15,743	15,908	14,510
State fair attendance (4)	230,216	192,130	209,385	208,131
Municipal Auditorium - events held	97	110	111	123
Component units:				
Music City Center - events (5)	-	-	-	-

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.

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

(3) 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.

(4) The decrease in state fair attendance in 2009 was due to rain on the first weekend of the annual event. The operation of the state fair was outsourced beginning in 2011.

(5) The Music City Center opened in May 2013. 2014 was the first full year of operations. Nashville Convention Center events decreased in 2014 as events move to the Music City Center.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

2012	2013	2014	2015	2016	2017
6,630,000	6,630,000	6,625,840	6,672,700	6,731,500	6,803,000
569,111	645,224	649,108	725,871	757,332	885,047
89	167	173	169	164	287
333,365	355,999	343,332	355,699	400,830	454,878
18,300	18,202	19,430	39,376	55,558	55,257
60,759	61,214	54,152	65,504	104,104	136,021
79,212	81,001	82,307	84,353	85,797	87,783
184,421	187,272	190,699	194,270	197,957	204,181
100	95	101	87	87	88
195,380	198,485	198,119	200,425	203,255	206,562
148	164	169	168	166	146
250,414	374,366	410,084	381,755	325,248	321,508
57,233	62,538	61,768	59,626	61,337	64,119
217	254	56	15	4	2
16,423	16,515	18,612	22,314	20,271	22,481
62,352	67,805	67,635	66,752	70,265	56,492
90	110	155	135	175	148
-	-	342	305	293	287

OPERATING INDICATORS BY FUNCTION
 SCHEDULE OF UNACCOUNTED FOR WATER
 DEPARTMENT OF WATER AND SEWERAGE SERVICES
 June 30, 2017



**AWWA Free Water Audit Software:
 Reporting Worksheet**

WAS v5.0
 American Water Works Association.
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Click to access definition
 Click to add a comment

Water Audit Report for: **Nashville Metro Water Services**
 Reporting Year: **2017** **7/2016 - 6/2017**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

Volume from own sources: 32,184.342 MG/Yr
 Water imported: MG/Yr
 Water exported: 179.394 MG/Yr

Master Meter and Supply Error Adjustments

Enter grading in column 'E' and 'J' -----> Pcnt: Value:
 3.588 MG/Yr
 MG/Yr
 MG/Yr

WATER SUPPLIED: MG/Yr

Enter negative % or value for under-registration
 Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Billed metered: 22,974.805 MG/Yr
 Billed unmetered: 0.000 MG/Yr
 Unbilled metered: 0.000 MG/Yr
 Unbilled unmetered: 111.677 MG/Yr

Click here: for help using option buttons below
 Pcnt: Value:
 1.25% 111.677 MG/Yr

AUTHORIZED CONSUMPTION: MG/Yr

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

8,914.878 MG/Yr

Apparent Losses

Unauthorized consumption: 75.484 MG/Yr
 Customer metering inaccuracies: 525.084 MG/Yr
 Systematic data handling errors: 4.595 MG/Yr

Pcnt: Value:
 0.25% 75.484 MG/Yr
 525.084 MG/Yr
 0.25% 4.595 MG/Yr

Apparent Losses: MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: MG/Yr

WATER LOSSES: MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: 3,085.9 miles
 Number of active AND inactive service connections: 195,416
 Service connection density: 63 conn./mile main

Are customer meters typically located at the curbstop or property line? (length of service line, beyond the property boundary, that is the responsibility of the utility)
 Average length of customer service line: 12.0 ft

Average operating pressure: 91.6 psi

COST DATA

Total annual cost of operating water system: \$47,665,000 \$/Year
 Customer retail unit cost (applied to Apparent Losses): \$2.51 \$/1000 gallons (US)
 Variable production cost (applied to Real Losses): \$314.00 \$/Million gallons Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 81 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Volume from own sources
- 2: Variable production cost (applied to Real Losses)
- 3: Unauthorized consumption

OPERATING INDICATORS BY FUNCTION
 SCHEDULE OF UNACCOUNTED FOR WATER (CONTINUED)
 DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2017



**AWWA Free Water Audit Software:
 System Attributes and Performance Indicators**

WAS v5.0
 American Water Works Association.
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Water Audit Report for:
 Reporting Year:

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 81 out of 100 ***

System Attributes:

Apparent Losses:	605.163	MG/Yr
+ Real Losses:	8,309.715	MG/Yr
= Water Losses:	8,914.878	MG/Yr

? Unavoidable Annual Real Losses (UARL): 1,648.66 MG/Yr

Annual cost of Apparent Losses: \$1,519,564

Annual cost of Real Losses: \$2,609,250 Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied:
 Non-revenue water as percent by cost of operating system: Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: gallons/connection/day
 Real Losses per service connection per day: gallons/connection/day
 Real Losses per length of main per day*:
 Real Losses per service connection per day per psi pressure: gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]:

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
 SCHEDULE OF UTILITY RATES
 DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2017

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, 2017:

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	603.59	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	51.59	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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THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION
SCHEDULE OF NUMBER OF CUSTOMERS
DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2017

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Water Customers	177,246	26,931	204,177
Sewer Customers	<u>187,064</u>	<u>19,479</u>	<u>206,543</u>
Total Customers	<u><u>364,310</u></u>	<u><u>46,410</u></u>	<u><u>410,720</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2008	2009	2010	2011
Governmental activities:				
General government:				
General government vehicles (1)	3,614	3,277	3,408	3,510
Law enforcement and care of prisoners:				
Sheriff inmate capacity - jails (6)	2,918	2,918	2,918	2,918
Sheriff inmate capacity - detention facility	1,092	1,092	1,092	1,092
Police stations	6	6	6	7
Fire prevention and control:				
Fire stations	41	41	41	38
Public library system:				
Libraries	24	24	24	24
Public works, highways and streets:				
Streets and roads (lane miles)	5,687	5,740	5,777	5,796
Recreational and cultural:				
Parks (number)	110	115	115	118
Parks (acreage)	10,490	10,713	10,876	11,131
Miles of completed greenways	37	37	46	47
Education:				
Schools (4)	137	132	138	137
School buses	660	646	673	725
Business-type activities:				
Department of Water and Sewerage Services:				
Water mains (miles) (2)	2,944	2,873	2,878	2,912
Maximum daily water capacity (thousands of gallons)	180,000	180,000	180,000	180,000
Sewers (miles) (2)	3,069	2,890	3,045	3,051
Maximum daily treatment capacity (thousands of gallons)	465,000	465,000	465,000	465,000
District Energy System:				
Steam:				
Maximum contract capacity (pounds per hour)	368,079	368,079	303,833	321,430
Percentage maximum contract capacity represented by customers	67.05%	67.13%	80.66%	76.00%
Chilled water:				
Maximum contract capacity (tons)	28,599	28,599	29,279	31,169
Percentage maximum contract capacity represented by customers (3)	87.57%	86.30%	82.00%	77.00%
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	120,919
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
Component units:				
Music City Center:				
Exhibition space (square footage) (5)	-	-	-	-

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

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

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2012	2013	2014	2015	2016	2017
3,507	3,524	3,542	3,452	3,393	3,422
2,918	2,918	2,918	2,918	2,918	2,111
1,092	1,348	1,348	1,348	1,348	1,348
7	7	7	8	8	8
38	38	38	38	38	38
24	24	23	23	22	22
5,814	5,832	5,852	5,866	5,880	5,893
127	126	126	132	185	185
12,554	13,022	13,802	15,078	15,873	15,873
51	55	79	82	85	85
136	135	131	131	131	131
697	751	721	831	820	828
2,886	2,910	3,042	3,054	3,053	3,086
180,000	180,000	180,000	180,000	180,000	180,000
3,063	3,096	3,082	3,091	3,120	3,137
465,000	483,000	510,000	510,000	510,000	510,000
295,998	299,053	297,389	321,289	321,289	321,289
73.16%	85.14%	99.70%	93.20%	93.20%	93.20%
30,044	30,415	30,533	34,230	34,230	34,230
73.58%	84.47%	82.33%	88.70%	88.70%	88.70%
118,675	118,675	118,675	118,675	118,675	118,675
115,459	115,459	120,919	120,919	70,265	70,265
50,400	50,400	50,400	50,400	50,400	50,400
7,800	7,800	7,800	7,800	7,800	7,800
-	-	350,000	350,000	350,000	350,000

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

(4) Beginning in 2014, charter schools, academic academies and pre-k sites are included in total schools.

(5) The Music City Center opened in May 2013.

(6) Due to the closing of the Criminal Justice Center in 2017 for construction, jail capacity has decreased until the new facility is open.



For an ADA accommodation, please contact Kimberly Northern at
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