



# Comprehensive Annual Financial Report For the Year Ended June 30, 2016

The Metropolitan Government of Nashville and Davidson County  
Nashville, Tennessee



Megan Barry, Mayor

**Cover: Historic Courthouse Fountain,  
(Oil Painting) by Jeff Gossage**

THE METROPOLITAN GOVERNMENT  
OF  
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
For the Year Ended June 30, 2016

Prepared by  
DEPARTMENT OF FINANCE

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

Page  
Numbers

**INTRODUCTORY SECTION**

Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	viii
Form of Government	ix
Organization Chart of The Metropolitan Government	x
Elected Officials	xi
Organization Chart of the Department of Finance and other Financial Offices	xii

**FINANCIAL SECTION**

Independent Auditors' Report	
Management's Discussion and Analysis	A - 1

***Basic Financial Statements***

Statement of Net Position	B - 2
Statement of Activities	B - 4
Balance Sheet - Governmental Funds	B - 6
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	B - 8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	B - 10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	B - 14
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	B - 16
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Purpose School Fund	B - 17
Statement of Net Position - Proprietary Funds	B - 18
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	B - 20
Statement of Cash Flows - Proprietary Funds	B - 22
Statement of Fiduciary Net Position - Fiduciary Funds	B - 24
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	B - 25
Statement of Net Position - Component Units	B - 26
Statement of Activities - Component Units	B - 34
Notes to the Financial Statements	B - 39

***Required Supplementary Information (Unaudited)***

Condition Rating of Transportation Network	B - 121
Schedule of Employer Contributions – Pension Plans	B - 123
Schedule of Changes in the Net Pension Liability and Related Ratios – Pension Plans	B - 126
Schedule of Investment Returns – Pension Plans	B - 132
Schedule of the Government's Contributions – Teacher Pension Plans of the TCRS	B - 133
Schedule of the Government's Proportionate Share of the Net Pension Liability (Asset) – Teacher Pension Plans of the TCRS	B - 134
Schedule of Employer Contributions – Other Postemployment Benefit Plans	B - 135
Schedule of Funding Progress – Other Postemployment Benefit Plans	B - 136

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS (CONTINUED)

	<u>Page Numbers</u>
<b>Governmental Funds</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	C - 2
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	C - 6
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GSD General Purposes Debt Service Fund	C - 9
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GSD School Purposes Debt Service Fund	C - 10
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - USD General Purposes Debt Service Fund	C - 11
Description of Nonmajor Governmental Funds	C - 12
 <b>Proprietary Funds</b>	
Combining Statement of Net Position - Nonmajor Enterprise Funds	D - 2
Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds	D - 10
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	D - 14
Combining Statement of Net Position - Internal Service Funds	D - 22
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	D - 26
Combining Statement of Cash Flows - Internal Service Funds	D - 30
Description of Proprietary Funds	D - 37
 <b>Fiduciary Funds</b>	
Combining Statement of Fiduciary Net Position - Fiduciary Funds - Pension (and Other Employee Benefit) Trust Funds	E - 2
Combining Statement of Fiduciary Net Position - Fiduciary Funds - Agency Funds	E - 4
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Pension (and Other Employee Benefit) Trust Funds	E - 6
Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds - Agency Funds	E - 8
Description of Fiduciary Funds	E - 11
 <b>Component Units</b>	
Balance Sheet - Sports Authority Fund	F - 2
Reconciliation of the Balance Sheet to the Statement of Net Position - Sports Authority	F - 3
Statement of Revenues, Expenditures and Changes in Fund Balances - Sports Authority Fund	F - 4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Sports Authority	F - 5
Balance Sheet - Industrial Development Board Fund	F - 6
Statement of Revenues, Expenditures and Changes in Fund Balances - Industrial Development Board Fund	F - 7
 <b>Schedules</b>	
Schedule of Combining Balance Sheets - General Fund	G - 2
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund	G - 3
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	G - 4
Detailed Schedule of Expenditures and Other Financing Sources (Uses) - Budget and Actual - General Fund - General Services District	G - 6
Detailed Schedule of Expenditures and Other Financing Sources (Uses) - Budget and Actual - General Fund - Urban Services District	G - 9
Schedule of Delinquent Property Taxes Receivable - By Fund	G - 10

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS (CONTINUED)

Page  
Numbers

**Schedules (Continued)**

Schedule of Delinquent Property Taxes Receivable - By Type	G - 12
Schedule of Bonds Payable	G - 14
Future Principal and Interest Requirements of Bonds Payable	G - 18
Budgetary Schedule of Estimated Revenues and Fund Balances to Support Appropriations - 2016-2017 Fiscal Year	G - 22
Budgetary Schedule of Appropriations by Function and/or Funds - 2016-2017 Fiscal Year	G - 24
Budgetary Schedule of Requirements of the Debt Service Funds by Function - Debt Service Funds - General Services District - 2016-2017 Fiscal Year	G - 25
Budgetary Schedule of Requirements of the Debt Service Funds by Function - Debt Service Funds - Urban Services District - 2016-2017 Fiscal Year	G - 26
Budgetary Schedule of Appropriations - School Funds - General Services District - 2016-2017 Fiscal Year	G - 27
Summary of Salaries and Surety Bonds of Principal Officers	G - 28

**STATISTICAL SECTION**

Table of Contents	H - 1
Net Position by Component Last Ten Fiscal Years	H - 2
Changes in Net Position Last Ten Fiscal Years	H - 4
Fund Balances of Governmental Funds Last Ten Fiscal Years	H - 8
Fund Balances of Budgeted Governmental Funds Last Ten Fiscal Years	H - 10
Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years	H - 12
Assessed Value and Estimated Actual Value of General Services District Taxable Property Last Ten Fiscal Years	H - 16
Assessed Value of Urban Services District Taxable Property Last Ten Fiscal Years	H - 18
Property Tax Rates Last Ten Fiscal Years	H - 19
Principal Property Taxpayers Current Year and Nine Years Ago	H - 20
Property Tax Levies and Collections Last Ten Fiscal Years	H - 22
Ratios of Outstanding Debt by Type Last Ten Fiscal Years	H - 24
Ratios of General Bonded Debt Outstanding General and Urban Services Districts Last Ten Fiscal Years	H - 26
Ratios of General Bonded Debt Outstanding Urban Services District Last Ten Fiscal Years	H - 27
Legal Debt Margin Information Urban Services District Last Ten Fiscal Years	H - 28
Computation of Legal Debt Margin Urban Services District for the Year Ended June 30, 2016	H - 29
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures Last Ten Fiscal Years	H - 30
Pledged Revenue Coverage Department of Water and Sewerage Services Revenue Bonds Last Ten Fiscal Years	H - 31
Demographic and Economic Statistics Last Ten Calendar Years	H - 32
Principal Employers Current Year and Nine Years Ago	H - 33
Full-Time Equivalent Government Employees by Function Last Ten Fiscal Years	H - 34
Operating Indicators by Function Last Ten Fiscal Years	H - 36
Operating Indicators by Function – Schedule of Unaccounted for Water – Department of Water and Sewerage Services	H - 40
Operating Indicators by Function – Schedule of Utility Rates – Department of Water and Sewerage Services	H - 42
Operating Indicators by Function – Schedule of Number of Customers – Department of Water and Sewerage Services	H - 43
Capital Asset Statistics by Function Last Ten Fiscal Years	H - 44

# METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



MEGAN BARRY  
MAYOR

OFFICE OF THE MAYOR  
METROPOLITAN COURTHOUSE  
NASHVILLE, TENNESSEE 37201  
PHONE: (615) 862-6000  
EMAIL: MAYOR@NASHVILLE.GOV

October 31, 2016

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, 2016. 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 which are not separate legal entities, including the Department of Water and Sewerage Services and Metropolitan Nashville Public Schools. The component units include those separate legal entities whose relationships with the primary government meet the criteria for inclusion.

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

## PROFILE OF THE GOVERNMENT

Metropolitan Nashville and Davidson County is located in middle Tennessee at the hub of many air, rail and highway transportation routes. The Government provides a full range of services. These services include education; police and fire protection; waste management; construction and maintenance of highways, streets and infrastructure; traffic regulation and control; parking; health and social services; 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 2016, for fiscal year 2017 and for the future are discussed below.

FOR FISCAL YEAR 2016: Substitute budget ordinance BL-2015-1122 appropriated a balanced budget of \$1,968,285,900 in the budgetary funds, an overall increase of 4.05% from the budget for fiscal year 2015.

The FY2016 budget continued to make improvements in the Nashville community's priority areas:

- Public Education – Metro Nashville Public Schools (MNPS) received \$810.0 million in FY16. The FY15 MNPS total budget of \$790.1 million included \$16.1 million to pay debt service, which is being redirected for use by school operations in FY16. This makes the increase in MNPS's operational funding \$36.1 million, or 4.7%. The recommended increase funded pay increases and employee benefits, added approximately 100 new employees, and funded seven new charter schools and two new district schools. The increase also funded the expansion of Reading Recovery (the district's literacy program), funded increases in leadership stipends for teachers, and expanded English Language Learner services. MNPS's fund balance at June 30, 2015 was 6.6% of FY16 budgeted expenditures, which is above the 3.0% required by the State.
- Public Safety – Resources dedicated to public safety services increased by \$8.5 million. The Police Department's annual budget for FY16 provided \$750,000 in additional funding to support special events to help ensure the safety and well-being of Nashville's citizens and visitors. The newly accredited Crime Lab received \$250,000 of additional funding for operational supplies for its first year of full operations in FY16. The Fire Department's operational budget for FY16 continued to support full staffing for front line positions in the fire response and emergency management services areas. Metro continued its investment to end domestic violence in our city by establishing an Office of Family Safety. This office provides support to the Jean Crowe Advocacy Center, the Criminal Court Clerk, the District Attorney's Office, General Sessions Courts, the Public Defender's Office and the Sheriff's Office.
- Economic Development – For FY16, the city of Nashville invested \$1 million in affordable housing through the Barnes Fund, along with \$4 million of capital funding for the Metropolitan Development and Housing Agency to advance affordable housing initiatives.
- Citizen Services – There were several other budget increases to enhance direct services to citizens. Metro Public Health received \$319,800 to expand dental services at the Lentz Public Health Center and increase staff at the Division of Metro Animal Control. Public Works received an additional \$1.26 million to fund a convenience center for residential waste and recycling in southern Davidson County and to provide operating costs for a new recycling program concentrated in the downtown area. The Metro Transit Authority received \$3.64 million to fund the bus rapid transit lines on Charlotte Pike and Nolensville Pike to complement the routes already established on Gallatin Pike and Murfreesboro Pike.



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 continues to make improvements in the Nashville community's priority areas:

- Public Education – Metro Nashville Public Schools (MNPS) received \$843.3 million in FY17 which is an increase in MNPS's operational funding from FY16 of \$33.3 million, or 4.1%. The recommended increase will fund 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 includes 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 has funded a major youth employment initiative. The Mayor's goal is to connect 10,000 Nashville youth to jobs or internships by the summer of 2017. The FY17 budget includes \$1 million to advance youth employment.
- Affordable Housing and Economic Development – The FY17 budget recognizes 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 is expanding 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, \$5 million of additional funding is expected to be provided from the sale of the old Convention Center.
- Transportation and Infrastructure – Well thought out transit options are important to maintaining sustainable growth. Metro's strategies to address transit and infrastructure issues are under development and include the Metropolitan Transit Agency's long-range strategic plan called "nMotion." The FY17 budget slightly expands its investment in the Metropolitan Transit Agency with a \$42 million subsidy, a \$2 million increase over FY16. The increase is principally targeted to cover Nolensville Road bus rapid transit, Thompson Lane feeder service, and planning for first and last mile service for citizens that do not have easy access to a bus line.

Infrastructure needs are also addressed through increases to the FY17 budgets for the Codes, Planning, Parks, and Public Works Departments. Codes is receiving an additional \$164,000 for three positions to cover staffing needs in property standards and zoning, and Planning is receiving an increase of \$328,100 for four positions to enhance community plans, capital planning and land development. The FY17 budget also provides 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 is receiving an increase of \$1.3 million to cover contractual increases and an expansion of cleaning crews.

- Quality of Life – The FY17 budget is committed to providing a high quality of life for all Nashville citizens. The Nashville Public Library's budget is increasing 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 includes 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 are increasing by \$19.7 million.

The Police Department's FY17 budget increase of \$2 million includes funding to add 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 increase of \$1.5 million includes funding to expand Emergency Medical Services (EMS) to staff two additional ambulances in daily service with four paramedics to improve the quality and timeliness of EMS services. The budget increase will also fund 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 continues 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 is adding 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 addresses identified needs by adding \$219,600 and three positions to the General Sessions Court. The FY17 budget also adds \$118,900 and two positions to the Mental Health Court to enhance case management services. Probation Services is receiving 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 budget includes \$112,000 for additional probation officers to serve at-risk youth with Adverse Childhood Experiences that are currently underserved by existing court supervision resources. The Court's budget also includes \$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.

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 Fiscal Year 2017 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 have 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 fiscal year 2016 and 2017 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](http://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 six 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 provides leadership, accountability, and stakeholder engagement to create an efficient, equitable transportation network, including expansion of mass transit services and bicycle and pedestrian networks. Metro leaders work closely with city departments and community stakeholders in the development, coordination, and

implementation of transportation and growth policies for Nashville, including: 1) NashvilleNext – the city’s 25-year comprehensive General Plan, 2) nMotion – the strategic master plan of the Metropolitan Transit Authority and Regional Transportation Authority, 3) WalknBike – Metro’s strategic master plan for sidewalks and bikeways, and 4) the 2016 Parks and Greenways Master Plan. Metro leaders also work to incorporate sustainability throughout all operations of the Metropolitan Government.

- Economic and Community Development – 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, 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.
- Economic Opportunity and Empowerment – The administration seeks to ensure that Nashville’s growth results in an increased quality of life for all Nashvillians through innovation and collaboration across all of Nashville’s economic opportunity efforts. Metro leaders routinely engage community partners to efficiently leverage resources and facilitate long-term planning and coordination to reduce poverty in Nashville. With an emphasis on social and economic equity, Metro currently focuses on the economic opportunity priority areas of affordable housing, financial empowerment, workforce development, and reducing homelessness.

## 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 potential liability losses. The Government has elected to come under the Tennessee Tort Liability laws in order to limit its potential liability.

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

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

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

After recognizing contributions from employees and the State of Tennessee, Metropolitan Nashville Public Schools is responsible for funding the Metro Education plan – The Teachers' Retirement Plan Fund.

The total net assets of all pension (and other employee benefit) trust funds were \$2.8 billion at June 30, 2016.

**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, 2016 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2017 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 2016 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, 2015. This was the 33<sup>rd</sup> 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.

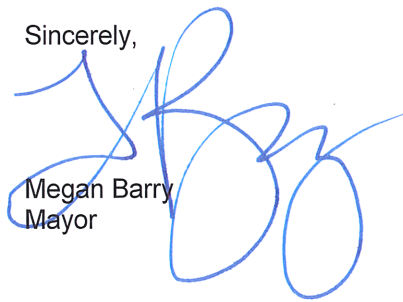
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA presented a Distinguished Budget Presentation Award to the Government for its annual budget for the fiscal year beginning July 1, 2015. 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 25<sup>th</sup> 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, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Egan".

Executive Director/CEO

# THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

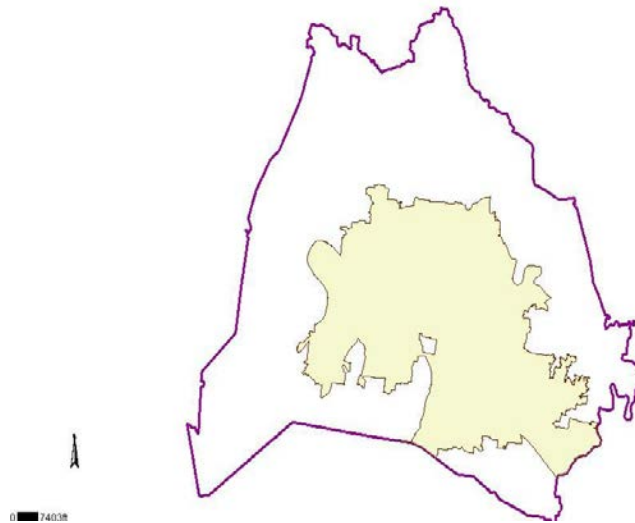
## FORM OF GOVERNMENT

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.

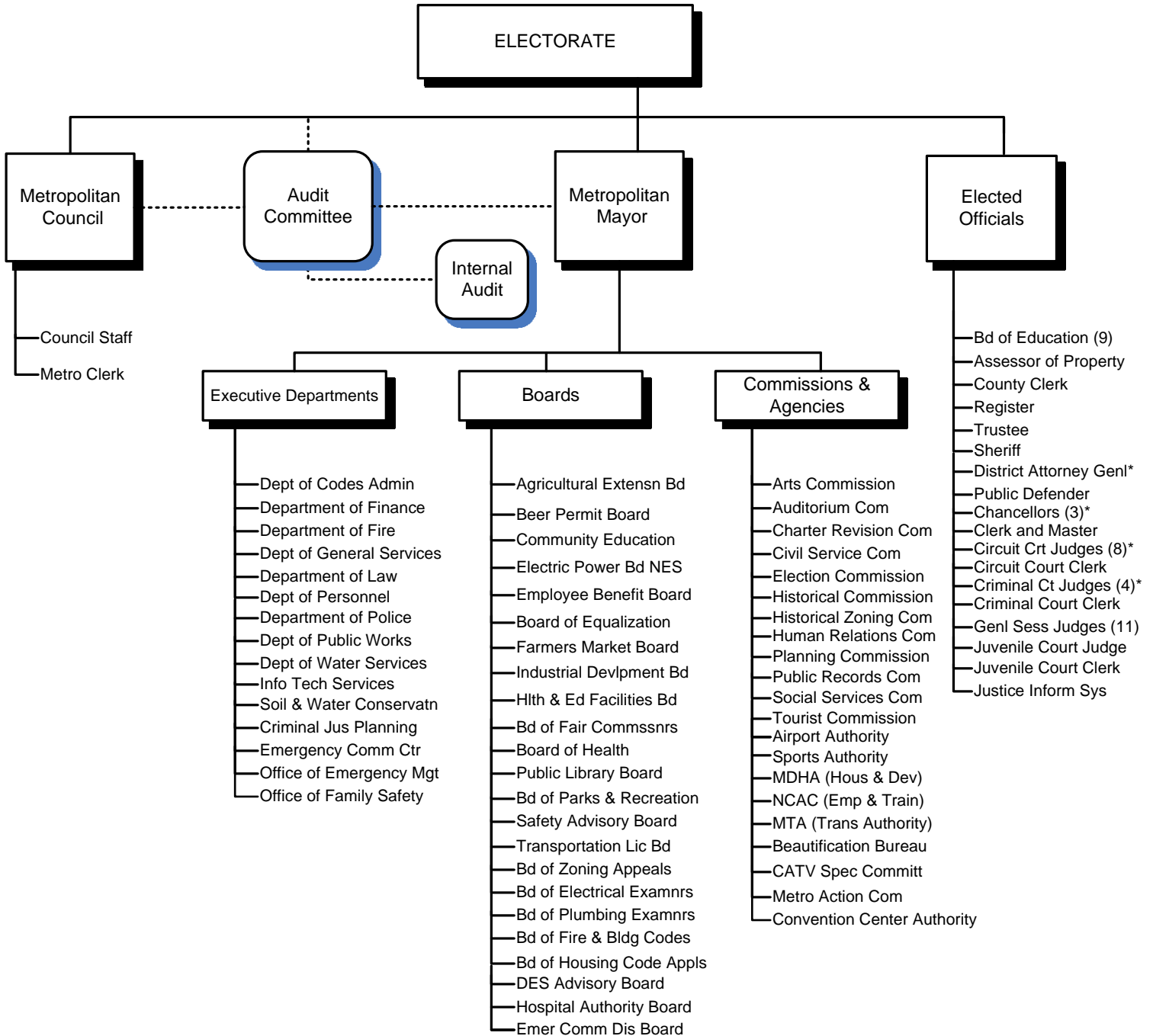
The original USD conformed to the corporate limits of the City of Nashville as they existed on April 1, 1963, the date of consolidation. USD residents are charged an additional tax to support those services, functions and debt obligations which benefit only the USD. Such services include additional police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



The USD is a subset of the GSD.

# THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

## ORGANIZATION CHART



\* State officials with local funding for certain operations



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

**ELECTED OFFICIALS**

**At June 30, 2016**

Megan Barry, Mayor

**Finance Officials**

George Rooker  
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

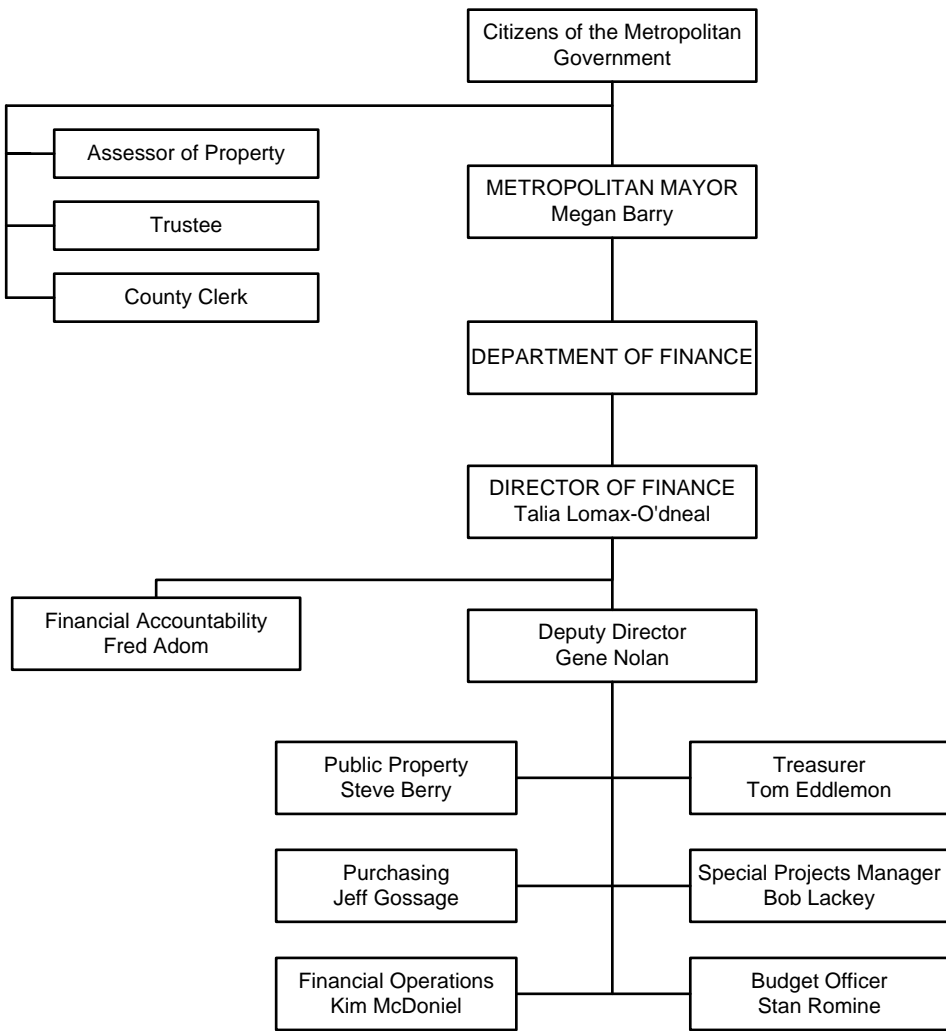
District No. 1 – Vacant  
District No. 2 – DeCosta Hastings  
District No. 3 – Brenda Haywood  
District No. 4 – Robert Swope  
District No. 5 – Scott Davis  
District No. 6 – Brett Withers  
District No. 7 – Anthony Davis  
District No. 8 – Nancy VanReece  
District No. 9 – Bill Pridemore  
District No. 10 – Doug Pardue  
District No. 11 – Larry Hagar  
District No. 12 – Steve Glover  
District No. 13 – Holly Huevo  
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 – Sam Coleman  
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, 2016**





## 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, 2016, 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, 2016, 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, 2016, 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 85% of the total assets, 83% of total net position and 87% 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, 2016, 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, 2016, 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 12E to the accompanying financial statements, Metropolitan Nashville General Hospital (a fund of the Hospital Authority) has experienced recurring losses from operations, reflects current liabilities in excess of current assets, and has a net position deficit and Bordeaux Long Term Care (a fund of the Hospital Authority) has experienced recurring losses from operations and net cash used in operating activities. These conditions raise substantial doubt about the Hospital Authority's ability to continue as a going concern. The Hospital Authority management's plans regarding these matters are also described in Note 12E. The financial statements of the Hospital Authority do not include any adjustments that might result from the outcome of this uncertainty. 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-121 through B-122, B-123 through B-125, B-126 through B-131, B-132, B-133, B-134, B-135, B-136 through B-137, 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, 2016, 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, 2016

## 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, 2016.

### 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 \$858 million (*net position*). This amount includes negative \$1.3 billion of *unrestricted net position*.
- The Government's total net position decreased by \$153 million (a decrease of \$150 million from governmental activities and a decrease of \$3 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 \$6 million, an increase of \$172 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$87 million, or 9.1% 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 \$56 million, or 7.1% of total general purpose school fund expenditures and other financing uses.
- The enterprise funds reported a net position at year-end of \$1.4 billion, an increase of \$300 thousand during the year.
- The Government's total general obligation and revenue bonds outstanding increased by \$315 million (9.8%) during the current fiscal year. New bond issues totaled \$691 million, which were offset by principal payments of \$135 million and refundings of \$336 million. Deferred amounts increased a net amount of \$95 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 \$500 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. *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, 2016, 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-120 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-121 to B-122, the Government's progress in funding its obligation to provide pension benefits to employees, found on pages B-123 to B-134, and the Government's progress in funding its obligation to provide other postemployment benefits to employees, found on pages B-135 to B-137.

### 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 \$858 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 1,741,362	\$ 1,698,569	\$ 349,702	\$ 371,814	\$ 2,091,064	\$ 2,070,383
Capital assets	3,634,847	3,558,578	2,025,563	1,954,877	5,660,410	5,513,455
<b>Total assets</b>	<b>5,376,209</b>	<b>5,257,147</b>	<b>2,375,265</b>	<b>2,326,691</b>	<b>7,751,474</b>	<b>7,583,838</b>
Deferred outflows of resources	422,422	240,495	18,772	7,399	441,194	247,894
Long-term liabilities	4,550,928	3,944,214	837,177	860,828	5,388,105	4,805,042
Other liabilities	646,715	799,585	220,265	134,811	866,980	934,396
<b>Total liabilities</b>	<b>5,197,643</b>	<b>4,743,799</b>	<b>1,057,442</b>	<b>995,639</b>	<b>6,255,085</b>	<b>5,739,438</b>
Deferred inflows of resources	1,073,468	1,076,515	5,674	4,562	1,079,142	1,081,077
Net position:						
Net investment in capital assets	817,836	905,271	1,227,147	1,236,872	2,044,983	2,142,143
Restricted	43,203	41,647	66,837	55,270	110,040	96,917
Unrestricted	(1,333,519)	(1,269,590)	36,937	41,747	(1,296,582)	(1,227,843)
<b>Total net position</b>	<b>\$ (472,480)</b>	<b>\$ (322,672)</b>	<b>\$ 1,330,921</b>	<b>\$ 1,333,889</b>	<b>\$ 858,441</b>	<b>\$ 1,011,217</b>

**Governmental activities** – Current and other assets for governmental activities increased by 2.5% primarily due to higher assessed values for real property resulting in an increase in the tax levy and related property tax receivable. Capital assets increased by 2.1% due to construction of new schools and other government buildings, renovations to the stormwater system and other infrastructure, the acquisition, redesign and development of park property, and the renovation of existing government buildings. Deferred outflows of resources increased 75.7% primarily due to current year bond refundings resulting in an increase to the related deferral, and an increase in the amounts related

to pension plans primarily due to differences between projected and actual investment earnings. Long-term liabilities increased by 15.4% primarily due to new debt borrowings partially offset by principal payments and amortization of deferred premiums, as well as increases in the net pension liability and the net other postemployment benefits (OPEB) obligation. Other liabilities decreased by 19.1% 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 decreased by .3% primarily due to a decrease in the amounts related to pension plans partially offset by an increase in unavailable revenue from property taxes.

The largest portion of the Government's net position for governmental activities (173.1%) 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 (9.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position for governmental activities represents unrestricted net position of negative \$1.3 billion (-282.2%). Note that the unrestricted net position is negative due to the net OPEB obligation of \$1.339 billion and net pension liability of \$377 million at June 30, 2016.

**Business-type activities** – Current and other assets for business-type activities decreased by 6.0% primarily due to the current year spending of cash received in prior year commercial paper borrowings. Capital assets increased by 3.6% due to additions to land, utility plants and construction work in progress for the Department of Water and Sewerage Services. Deferred outflows of resources increased by 153.7% due to an increase in the amounts related to pension plans primarily due to differences between projected and actual investment earnings. Long-term liabilities decreased by 2.8% primarily due to principal payments on outstanding bonds and amortization of deferred premiums, partially offset by increases in the net pension liability. Other liabilities increased by 63.4% 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 24.4% due to a decrease in the amounts related to pension plans.

The largest portion of the Government's net position for business-type activities (92.2%) 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 (5.0%) 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 \$37 million (2.8%), may be used to meet the Government's ongoing obligations to citizens and creditors.

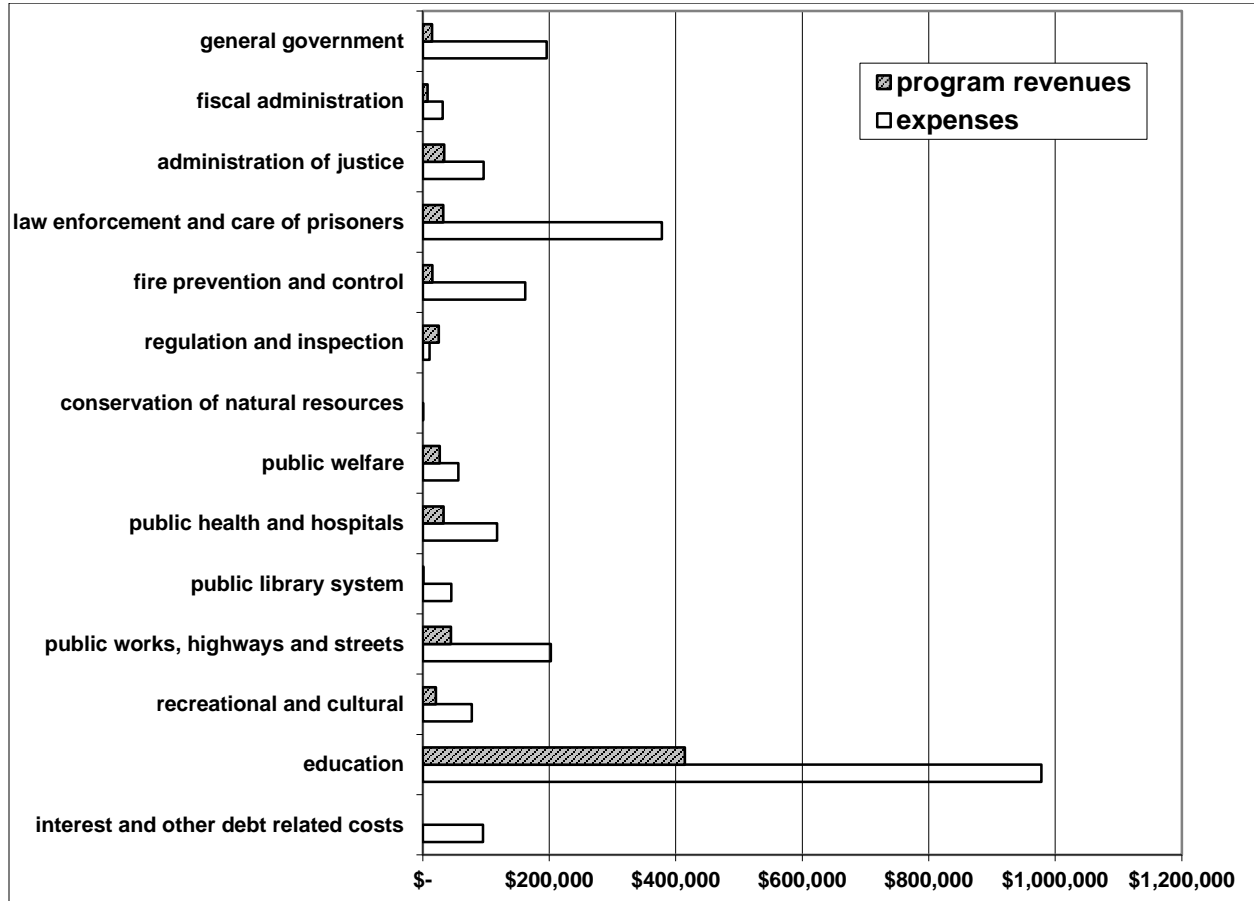
At the end of the current fiscal year, the Government is able to report positive balances in all three categories of net position for its total business-type activities.

**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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 173,604	\$ 160,993	\$ 257,424	\$ 256,434	\$ 431,028	\$ 417,427
Operating grants and contributions	467,388	454,881	-	-	467,388	454,881
Capital grants and contributions	30,970	37,301	22,770	20,655	53,740	57,956
General revenues:						
Property taxes	944,353	927,860	-	-	944,353	927,860
Local option sales taxes	365,704	340,077	-	-	365,704	340,077
Hotel occupancy taxes	76,993	69,012	-	-	76,993	69,012
Beverage taxes	46,058	41,759	-	-	46,058	41,759
Wheel taxes	31,534	29,943	-	-	31,534	29,943
Business taxes	34,021	31,998	-	-	34,021	31,998
Franchise taxes	17,022	20,578	-	-	17,022	20,578
Other taxes	518	439	-	-	518	439
Revenues from the use of money or property	3,886	1,044	1,334	1,088	5,220	2,132
Revenues from other governmental agencies	83,484	77,625	-	-	83,484	77,625
Compensation for loss, sale or damage to property	9,963	11,677	1,053	2	11,016	11,679
<b>Total revenues</b>	<b>2,285,498</b>	<b>2,205,187</b>	<b>282,581</b>	<b>278,179</b>	<b>2,568,079</b>	<b>2,483,366</b>
Expenses:						
General government	196,012	188,330	-	-	196,012	188,330
Fiscal administration	31,729	33,277	-	-	31,729	33,277
Administration of justice	96,091	92,902	-	-	96,091	92,902
Law enforcement and care of prisoners	378,291	353,933	-	-	378,291	353,933
Fire prevention and control	162,323	152,045	-	-	162,323	152,045
Regulation and inspection	10,931	11,216	-	-	10,931	11,216
Conservation of natural resources	559	480	-	-	559	480
Public welfare	56,186	54,279	-	-	56,186	54,279
Public health and hospitals	117,686	106,365	-	-	117,686	106,365
Public library system	45,268	41,390	-	-	45,268	41,390
Public works, highways and streets	202,419	191,499	-	-	202,419	191,499
Recreational and cultural	77,342	70,841	-	-	77,342	70,841
Education	978,229	907,504	-	-	978,229	907,504
Interest and other debt related costs	95,228	93,210	-	-	95,228	93,210
Department of Water and Sewerage Services	-	-	232,501	213,926	232,501	213,926
District Energy System	-	-	17,940	18,761	17,940	18,761
Nashville Convention Center	-	-	2,126	3,543	2,126	3,543
Board of Fair Commissioners	-	-	3,654	3,661	3,654	3,661
Farmers Market	-	-	1,931	1,849	1,931	1,849
Surplus Property Auction	-	-	703	650	703	650
Municipal Auditorium	-	-	1,995	2,041	1,995	2,041
Police Impound	-	-	375	375	375	375
Stormwater Operations	-	-	10,945	10,506	10,945	10,506
Community Education Commission	-	-	391	357	391	357
<b>Total expenses</b>	<b>2,448,294</b>	<b>2,297,271</b>	<b>272,561</b>	<b>255,669</b>	<b>2,720,855</b>	<b>2,552,940</b>
Change in net position before transfers	(162,796)	(92,084)	10,020	22,510	(152,776)	(69,574)
Transfers	12,988	11,154	(12,988)	(11,154)	-	-
Change in net position	(149,808)	(80,930)	(2,968)	11,356	(152,776)	(69,574)
Net position, beginning of year	(322,672)	(241,742)	1,333,889	1,322,533	1,011,217	1,080,791
Net position, end of year	\$ (472,480)	\$ (322,672)	\$ 1,330,921	\$ 1,333,889	\$ 858,441	\$ 1,011,217

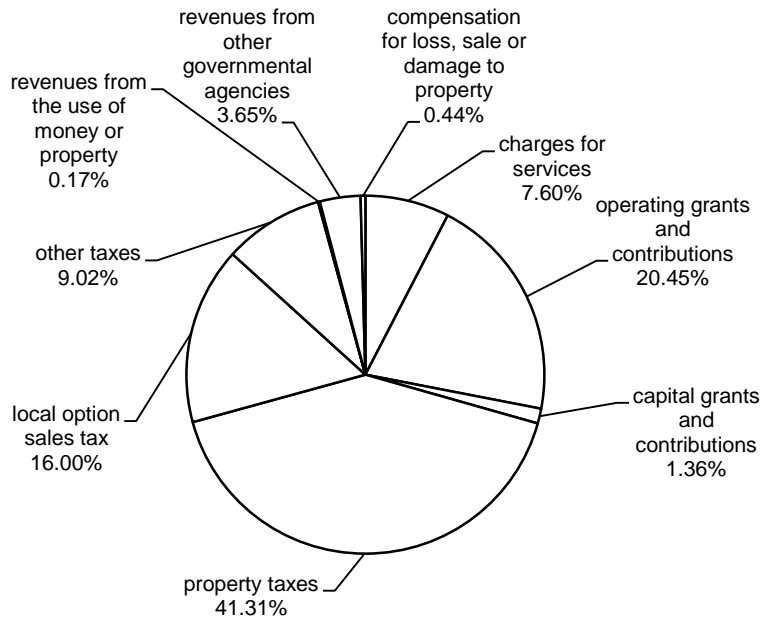
**Governmental activities** – Governmental activities decreased the Government’s net position by \$150 million, compared to a \$81 million decrease in the prior year. Total revenue increased by \$80 million. Significant variances in revenues included 1) an increase of \$16 million in property taxes due to more construction and continued economic recovery, 2) an increase of \$26 million in local option sales tax due to continued economic recovery, 3) an increase of \$13 million in charges for services primarily due to licenses and permits from increased construction, 4) an increase of \$13 million in operating grants and contributions primarily due to an increase in grants and State of Tennessee funding for education, and 5) an increase of \$8 million in hotel occupancy taxes due to the opening of new hotels as well as a general increase in tourism. Total expenses increased by \$151 million. Operating expenses were generally higher across most functions due to increased appropriations, primarily in salaries and fringe benefits. Additionally, the change in the net pension liability and related deferred amounts is allocated across all functions. The changes in the net pension liability and related deferred amounts decreased expenses by \$26 million in the current year compared to a \$77 million decrease in the prior year.

**Expenses and Program Revenues - Governmental Activities – For the Year Ended June 30, 2016**



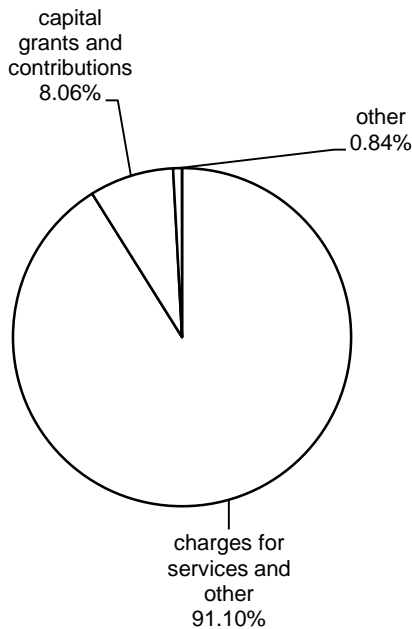
(in thousands)

**Revenues by Source - Governmental Activities – For the Year Ended June 30, 2016**



**Business-type activities** – Business-type activities decreased the Government's net position by \$3 million compared to an \$11 million increase in the prior year. The decrease in the change in net position is primarily due to the Department of Water and Sewerage Services operating results for the 2016 fiscal year. Operating revenues increased \$3 million primarily due to growth in the customer base, while operating expenses increased \$19 million due to increases in salaries, depreciation, and various other operating costs.

**Revenues by Source – Business-type Activities – For the Year Ended June 30, 2016**



## 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 \$6 million, an increase of \$172 million in comparison with the prior year. Restricted fund balance of \$43 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 \$56 million for education, \$17 million for debt service, \$56 million for equipment acquisitions, and \$8 million for other purposes. Assigned fund balance of \$80 million primarily represents the portion of fund balance that is being used to balance the subsequent year budget. Unassigned fund balance of negative \$258 million represents the \$84 million residual balance of the General Fund offset by deficit balances in other funds, primarily the GSD, Education, and USD Capital Projects Funds where the deficits will be funded by the future issuance of general obligation bonds, and the Flood 2010 Recovery Fund where the deficit is expected to be funded by future grant payments. The remaining fund balance of \$4 million represents nonspendable amounts.

The general fund is the chief operating fund of the Government. At the end of the current fiscal year, unassigned fund balance of the general fund was \$84 million, while total fund balance was \$145 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 8.9% of total general fund expenditures and other financing uses, while total fund balance represents 15.1% of total general fund expenditures and other financing uses.

The total fund balance of the Government's General Fund increased by \$6 million during the current fiscal year as compared to a \$21 million increase in the previous year. Revenue collections exceeded budgeted projections by \$48 million. The increase was primarily due to improvements in business taxes, building, excavation and street closing permits, and vehicle licenses resulting from the general economic recovery, construction and population growth. Ongoing operating expenditures were under budget \$27 million due to savings achieved throughout essentially all departments during the fiscal year. Despite a final budgeted deficit of \$68 million that was to be partially funded by assigned fund balance, higher actual revenues along with expenditure savings in the General Fund resulted in the \$6 million improvement 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, higher actual revenues along with expenditure savings resulted in a \$2 million increase in fund balance. Revenue collections exceed budgeted projections by \$3 million. The increase was primarily due to improvements in local option sales tax and beverage tax collections that were partially offset by state basic education program revenues that were below budget projections. Ongoing operating expenditures were under budget \$15 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 \$6 million in total. While the budget for each of the Funds was balanced, the decrease is primarily due to the issuance of bonds in July 2015 which resulted in interest expense in excess of the amounts originally budgeted.

The fund balances of the Government's capital projects funds increased by \$152 million as bonds were issued in July 2015 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 \$203 million which was consistent with the prior year ending balance. 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 \$2 million, and the internal service funds increased unrestricted net position by \$2 million. The increase in internal service funds is primarily due to the increase in unrestricted net position of \$10 million in the Injured on Duty Fund which is used to accumulate assets for the payment of self-insured injured on duty claims. This increase was partially offset by decreases in other internal service funds, primarily the Employees' Medical Benefit Fund, which is used to accumulate assets for the payment of self-insurance medical claims.

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

### Final Budgeted and Actual Amounts

Revenues and other financing uses exceeded budgeted amounts by \$49 million. While revenues were budgeted conservatively due to economic uncertainty, collections exceeded budgeted amounts for 1) business, income, sales and excise taxes, 2) building, excavation and street closing permits, and vehicle licenses, and 3) various fees and service charges, all due to the general economic recovery, increased construction, and population growth. Additionally, the sale of a former fire station resulted in proceeds in excess of budgeted amounts for the sale of property. Actual expenditures and other financing uses were under budget by \$26 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, 2016 amounts to \$5.7 billion (net of accumulated depreciation). Depreciation charges for the fiscal year totaled \$189 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Utility plant in service	\$ -	\$ -	\$ 2,793,395	\$ 2,734,125	\$ 2,793,395	\$ 2,734,125
Land	433,706	393,670	30,640	30,640	464,346	424,310
Buildings and improvements	2,007,210	1,992,724	141,913	139,954	2,149,123	2,132,678
Improvements other than buildings	-	-	57,540	51,935	57,540	51,935
Furniture, machinery and equipment	445,189	425,389	87,712	63,813	532,901	489,202
Property under capital lease	-	-	3,645	3,645	3,645	3,645
Infrastructure	1,699,667	1,677,996	-	-	1,699,667	1,677,996
Public art	4,047	3,509	-	-	4,047	3,509
Construction in progress	228,365	154,573	222,820	155,365	451,185	309,938
Less: Accumulated depreciation	(1,183,337)	(1,089,283)	(1,312,102)	(1,224,600)	(2,495,439)	(2,313,883)
<b>Total capital assets</b>	<b>\$ 3,634,847</b>	<b>\$ 3,558,578</b>	<b>\$ 2,025,563</b>	<b>\$ 1,954,877</b>	<b>\$ 5,660,410</b>	<b>\$ 5,513,455</b>

The total increase in the Government's investment in capital assets for the current fiscal year was 2.7% (a 2.1% increase for governmental activities and a 3.6% increase for business-type activities).

Construction of new schools and other government buildings, the acquisition of park property, and the renovation of existing government buildings has continued in accordance with the Government's capital plan. Additionally, land and infrastructure increased from donated rights of way related to new developments. Significant additions include the renovation of Fort Nashborough on the west bank of the riverfront, renovations to the stormwater system, land acquisitions for parks, redesign and development of Centennial Park, 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 \$74 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 5,880 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 66.2% 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 FY16-17 capital budget included additional funding for road and street maintenance.

Additional information on the Government's capital assets can be found in Note 4 beginning on page B-58 of this report.

**Long-term debt** – At the end of the current fiscal year, the Government had total bonded debt outstanding of \$3.5 billion. Of this amount, \$2.7 billion comprises debt backed by the full faith and credit of the Government. The remaining \$745 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	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 2,309,913	\$ 2,067,763	\$ 54,977	\$ 56,327	\$ 2,364,890	\$ 2,124,090
Deferred amounts, net	366,985	267,444	8,796	7,957	375,781	275,401
<b>Total general obligation bonds outstanding</b>	<u>2,676,898</u>	<u>2,335,207</u>	<u>63,773</u>	<u>64,284</u>	<u>2,740,671</u>	<u>2,399,491</u>
Revenue bonds	-	-	744,910	765,185	744,910	765,185
Deferred amounts, net	-	-	39,103	44,805	39,103	44,805
<b>Total revenue bonds outstanding</b>	<u>-</u>	<u>-</u>	<u>784,013</u>	<u>809,990</u>	<u>784,013</u>	<u>809,990</u>
<b>Total general obligation and revenue bonds outstanding</b>	<u>\$ 2,676,898</u>	<u>\$ 2,335,207</u>	<u>\$ 847,786</u>	<u>\$ 874,274</u>	<u>\$ 3,524,684</u>	<u>\$ 3,209,481</u>

The Government's total general obligation and revenue bonds outstanding net of deferred amounts increased by \$315 million (9.8%) during the current fiscal year. New bond issues totaled \$691 million, which were offset by principal payments of \$135 million and refundings of \$336 million. Deferred amounts increased a net amount of \$95 million.

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

Construction commitments at June 30, 2016 totaled \$222 million for the governmental activities of the Government and \$96 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 "Aa2" 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 4.01%, and the amount of net debt per capita is \$3,910.

Additional information on the Government's long-term debt can be found in Note 5 beginning on page B-62 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 \$500 million outstanding at June 30, 2016 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 (August 2016) unemployment rate for the Nashville combined statistical area is 4.0%. The state's and nation's unemployment rates are 4.9% and 4.4%, respectively. The budget for the 2017 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 2017 fiscal year, the budget ordinance, the budget book as well as other documents are available at [www.nashville.gov](http://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, 2016, the unfunded accrued liability for these benefits for general government employees was \$2.2 billion, and the unfunded accrued liability for teachers was \$549 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 \$147 million in the government-wide statements of net position and activities. Additional information can be found in Note 7 beginning on page B-98 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](mailto:cafr@nashville.gov).





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION

June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 576,367,065	\$ 80,157,893	\$ 656,524,958	\$ 559,697,911
Investments	-	2,310,112	2,310,112	10,170,341
Sales tax receivable	64,390,099	-	64,390,099	-
Accounts receivable	154,083,713	25,546,958	179,630,671	227,837,230
Property tax receivable	941,697,508	-	941,697,508	-
Allowance for doubtful accounts	(22,594,900)	(2,937,734)	(25,532,634)	(55,736,711)
Accrued interest receivable	493,952	203,192	697,144	90,808
Internal balances	19,145,694	(19,145,694)	-	-
Due from the primary government	-	-	-	5,809,425
Due from component units	4,879	7,451	12,330	-
Inventories of supplies	4,675,848	3,208,693	7,884,541	26,291,714
Other current assets	1,690,967	25,735	1,716,702	12,940,240
Restricted assets:				
Cash and cash equivalents	-	208,279,914	208,279,914	407,784,631
Investments	-	-	-	108,484,614
Accrued interest receivable	-	36,170	36,170	113,298
Due from other governmental agencies	-	-	-	6,364,414
Accounts receivable	-	76,133	76,133	3,643,699
Due from the primary government	-	-	-	2,933,384
Other restricted assets	-	25,460	25,460	3,800,686
Notes receivable	-	-	-	68,156,951
Capital assets:				
Utility plant in service	-	2,793,395,374	2,793,395,374	1,367,527,000
Land	433,706,444	30,639,729	464,346,173	365,788,025
Buildings and improvements	2,007,209,724	141,912,904	2,149,122,628	1,925,706,640
Improvements other than buildings	-	57,540,313	57,540,313	543,711,778
Furniture, machinery and equipment	445,188,612	87,711,938	532,900,550	447,673,794
Property under capital lease	-	3,645,000	3,645,000	-
Infrastructure	1,699,667,112	-	1,699,667,112	21,604,679
Public art	4,046,776	-	4,046,776	1,183,844
Construction in progress	228,364,642	222,820,250	451,184,892	120,717,262
Accumulated depreciation	(1,183,336,610)	(1,312,102,225)	(2,495,438,835)	(1,770,931,390)
Other noncurrent assets	1,407,899	51,907,728	53,315,627	31,440,382
<b>Total assets</b>	<b>5,376,209,424</b>	<b>2,375,265,294</b>	<b>7,751,474,718</b>	<b>4,442,804,649</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred charge on refunding	217,493,485	3,968,416	221,461,901	21,591,264
Pensions	204,928,181	14,803,525	219,731,706	70,372,789
<b>Total deferred outflows of resources</b>	<b>422,421,666</b>	<b>18,771,941</b>	<b>441,193,607</b>	<b>91,964,053</b>

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, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES:</b>				
Accounts payable	\$ 110,481,799	\$ 11,918,848	\$ 122,400,647	\$ 243,003,755
Accrued payroll	58,926,868	2,519,233	61,446,101	13,180,386
Accrued interest	46,345,304	-	46,345,304	-
Claims payable	33,630,918	-	33,630,918	-
Due to component units	8,677,205	65,604	8,742,809	-
Due to the primary government	-	-	-	12,330
Customer deposits	-	3,563,565	3,563,565	16,497,534
Unearned revenue	1,698,488	441,407	2,139,895	8,748,289
Commercial paper payable	374,617,413	125,382,587	500,000,000	-
Other current liabilities	12,338,043	4,014,963	16,353,006	18,300,350
Liabilities payable from restricted assets:				
Accounts payable	-	20,637,779	20,637,779	6,672,694
Accrued payroll	-	282,180	282,180	-
Accrued interest	-	20,318,454	20,318,454	34,738,262
Current portion of long-term liabilities	-	31,121,105	31,121,105	53,317,000
Noncurrent liabilities:				
Due within one year	184,352,310	-	184,352,310	7,586,269
Due in more than one year	4,366,575,293	837,176,800	5,203,752,093	2,119,071,629
<b>Total liabilities</b>	<b>5,197,643,641</b>	<b>1,057,442,525</b>	<b>6,255,086,166</b>	<b>2,521,128,498</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Assessed and unlevied property taxes	925,195,388	-	925,195,388	-
Interest rate swap	813,387	-	813,387	-
Pensions	146,619,781	5,673,579	152,293,360	5,489,050
Effective portion of fuel hedging	839,290	-	839,290	523,974
Tax increment financing	-	-	-	28,000,000
<b>Total deferred inflows of resources</b>	<b>1,073,467,846</b>	<b>5,673,579</b>	<b>1,079,141,425</b>	<b>34,013,024</b>
<b>NET POSITION:</b>				
Net investment in capital assets	817,836,234	1,227,147,047	2,044,983,281	1,522,936,083
Restricted for debt retirement	-	66,836,853	66,836,853	154,410,779
Restricted for perpetual care:				
Expendable	205,670	-	205,670	-
Nonexpendable	185,112	-	185,112	-
Restricted for:				
Education	23,129,053	-	23,129,053	-
Law enforcement and care of prisoners	4,216,501	-	4,216,501	-
Public works, highways and streets	3,575,657	-	3,575,657	-
Convention center and tourism promotion	3,468,002	-	3,468,002	-
Public health	3,726,005	-	3,726,005	-
Public library	1,136,819	-	1,136,819	-
Other purposes	3,559,966	-	3,559,966	49,919,127
Unrestricted	(1,333,519,416)	36,937,231	(1,296,582,185)	252,361,191
<b>Total net position</b>	<b>\$ (472,480,397)</b>	<b>\$ 1,330,921,131</b>	<b>\$ 858,440,734</b>	<b>\$ 1,979,627,180</b>

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, 2016

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 196,011,939	\$ 8,989,003	\$ 4,086,955	\$ 1,922,000
Fiscal administration	31,728,276	7,570,382	92,482	-
Administration of justice	96,090,510	29,142,800	4,743,220	-
Law enforcement and care of prisoners	378,290,625	30,246,018	2,544,516	-
Fire prevention and control	162,323,197	9,286,234	6,272,814	-
Regulation and inspection	10,930,448	25,407,117	789	-
Conservation of natural resources	558,733	-	-	-
Public welfare	56,185,715	914,980	26,326,899	-
Public health and hospitals	117,686,082	12,495,048	20,416,315	-
Public library system	45,268,287	397,334	963,134	-
Public works, highways and streets	202,418,899	15,922,349	4,932,441	23,839,821
Recreational and cultural	77,342,042	13,973,663	1,716,107	5,130,450
Education	978,229,631	19,258,591	395,291,884	77,300
Interest and other debt related costs	95,228,251	-	-	-
Total governmental activities	<u>2,448,292,635</u>	<u>173,603,519</u>	<u>467,387,556</u>	<u>30,969,571</u>
Business-type activities:				
Department of Water and Sewerage Services	232,501,316	217,783,907	-	22,769,848
District Energy System	17,940,387	17,596,805	-	-
Nashville Convention Center	2,126,052	44,972	-	-
Board of Fair Commissioners	3,653,730	3,283,173	-	-
Farmers Market	1,931,148	961,503	-	-
Surplus Property Auction	702,340	1,230,835	-	-
Municipal Auditorium	1,995,360	1,506,968	-	-
Police Impound	375,000	475,077	-	-
Stormwater Operations	10,944,916	14,460,823	-	-
Community Education Commission	390,354	79,780	-	-
Total business-type activities	<u>272,560,603</u>	<u>257,423,843</u>	<u>-</u>	<u>22,769,848</u>
Total primary government	<u>\$ 2,720,853,238</u>	<u>\$ 431,027,362</u>	<u>\$ 467,387,556</u>	<u>\$ 53,739,419</u>
Component units	<u>\$ 1,743,076,738</u>	<u>\$ 1,486,741,722</u>	<u>\$ 286,885,065</u>	<u>\$ 67,842,538</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  
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, 2016

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (181,013,981)	\$ -	\$ (181,013,981)	\$ -
(24,065,412)	-	(24,065,412)	-
(62,204,490)	-	(62,204,490)	-
(345,500,091)	-	(345,500,091)	-
(146,764,149)	-	(146,764,149)	-
14,477,458	-	14,477,458	-
(558,733)	-	(558,733)	-
(28,943,836)	-	(28,943,836)	-
(84,774,719)	-	(84,774,719)	-
(43,907,819)	-	(43,907,819)	-
(157,724,288)	-	(157,724,288)	-
(56,521,822)	-	(56,521,822)	-
(563,601,856)	-	(563,601,856)	-
(95,228,251)	-	(95,228,251)	-
<u>(1,776,331,989)</u>	<u>-</u>	<u>(1,776,331,989)</u>	<u>-</u>
-	8,052,439	8,052,439	-
-	(343,582)	(343,582)	-
-	(2,081,080)	(2,081,080)	-
-	(370,557)	(370,557)	-
-	(969,645)	(969,645)	-
-	528,495	528,495	-
-	(488,392)	(488,392)	-
-	100,077	100,077	-
-	3,515,907	3,515,907	-
-	(310,574)	(310,574)	-
-	<u>7,633,088</u>	<u>7,633,088</u>	-
<u>(1,776,331,989)</u>	<u>7,633,088</u>	<u>(1,768,698,901)</u>	-
-	-	-	<u>98,392,587</u>
944,352,690	-	944,352,690	-
365,703,933	-	365,703,933	-
76,992,513	-	76,992,513	-
46,058,609	-	46,058,609	-
31,533,651	-	31,533,651	-
34,020,956	-	34,020,956	-
17,021,876	-	17,021,876	-
518,499	-	518,499	-
3,885,544	1,334,069	5,219,613	4,928,192
83,483,634	-	83,483,634	-
9,962,941	1,052,995	11,015,936	1,875,358
12,988,429	(12,988,429)	-	-
<u>1,626,523,275</u>	<u>(10,601,365)</u>	<u>1,615,921,910</u>	<u>6,803,550</u>
<u>(149,808,714)</u>	<u>(2,968,277)</u>	<u>(152,776,991)</u>	<u>105,196,137</u>
<u>(322,671,683)</u>	<u>1,333,889,408</u>	<u>1,011,217,725</u>	<u>1,874,431,043</u>
<u>\$ (472,480,397)</u>	<u>\$ 1,330,921,131</u>	<u>\$ 858,440,734</u>	<u>\$ 1,979,627,180</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, 2016

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 142,749,608	\$ 59,201,783	\$ 7,253,763	\$ 792,302
Sales tax receivable	19,722,852	37,957,294	466,417	6,243,536
Accounts receivable	60,787,787	3,625,778	2,948,768	-
Accrued interest receivable	129,800	28,248	23,066	-
Property tax receivable	487,193,550	306,570,528	91,608,325	39,064,032
Allowance for doubtful accounts	(18,145,706)	(2,877,698)	(1,008,552)	(384,701)
Due from other funds of the primary government	3,499,658	13,424,263	301,486	-
Due from component units	4,116	-	-	-
Inventories of supplies	275,371	1,483,136	-	-
Other assets	191,637	412,354	63,368	5,454
<b>Total assets</b>	<b>\$ 696,408,673</b>	<b>\$ 419,825,686</b>	<b>\$ 101,656,641</b>	<b>\$ 45,720,623</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 15,162,504	\$ 11,400,158	\$ 370,338	\$ 29,805
Accrued payroll	23,803,839	30,322,047	-	-
Due to other funds of the primary government	15,132,017	1,344,491	15,083	8,177
Due to component units	-	-	-	-
Commercial paper payable	-	-	-	-
Other liabilities	5,254,671	17,636	-	-
<b>Total liabilities</b>	<b>59,353,031</b>	<b>43,084,332</b>	<b>385,421</b>	<b>37,982</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	482,217,970	302,629,157	90,281,320	38,543,193
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - other revenues	10,334,906	15,063	-	-
<b>Total deferred inflows of resources</b>	<b>492,552,876</b>	<b>302,644,220</b>	<b>90,281,320</b>	<b>38,543,193</b>
<b>FUND BALANCES (DEFICITS):</b>				
Nonspendable	467,008	1,863,688	43,369	5,454
Restricted for:				
Other purposes	-	-	-	-
Committed for:				
Education (available)	-	56,233,446	-	-
Debt service	-	-	5,946,531	7,133,994
Equipment acquisitions (appropriated)	-	-	-	-
Equipment acquisitions (unappropriated)	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Subsequent year budgetary appropriations	50,947,200	16,000,000	5,000,000	-
Specific projects	8,595,400	-	-	-
Unassigned	84,493,158	-	-	-
<b>Total fund balances (deficits)</b>	<b>144,502,766</b>	<b>74,097,134</b>	<b>10,989,900</b>	<b>7,139,448</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 696,408,673</b>	<b>\$ 419,825,686</b>	<b>\$ 101,656,641</b>	<b>\$ 45,720,623</b>

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, 2016

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 4,096,158	\$ 37,108,207	\$ 20,105,415	\$ 88,911	\$ 132,614,450	\$ 404,010,597
-	-	-	-	-	64,390,099
-	75,000	6,750	-	85,905,231	153,349,314
3,386	310	82	-	152,396	337,288
17,261,073	-	-	-	-	941,697,508
(178,243)	-	-	-	-	(22,594,900)
-	617,124	9	969,660	9,887,214	28,699,414
-	-	-	-	-	4,116
-	-	-	-	1,176,773	2,935,280
1,177	-	-	-	500,575	1,174,565
<u>\$ 21,183,551</u>	<u>\$ 37,800,641</u>	<u>\$ 20,112,256</u>	<u>\$ 1,058,571</u>	<u>\$ 230,236,639</u>	<u>\$ 1,574,003,281</u>
\$ 9,519	\$ 28,181,614	\$ 13,298,126	\$ 16,206	\$ 22,075,074	\$ 90,543,344
-	22,462	-	-	2,048,926	56,197,274
2,961	2,134,460	8,761	1,848,419	40,691,103	61,185,472
-	-	-	-	8,677,205	8,677,205
-	226,989,985	116,535,397	517,732	30,574,299	374,617,413
-	15,000	-	-	3,179,628	8,466,935
<u>12,480</u>	<u>257,343,521</u>	<u>129,842,284</u>	<u>2,382,357</u>	<u>107,246,235</u>	<u>599,687,643</u>
17,016,986	-	-	-	-	930,688,626
-	-	-	-	26,805,259	26,805,259
-	-	-	-	-	10,349,969
<u>17,016,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,805,259</u>	<u>967,843,854</u>
1,177	-	-	-	1,362,461	3,743,157
-	-	-	-	43,018,673	43,018,673
-	-	-	-	-	56,233,446
4,152,908	-	-	-	-	17,233,433
-	-	-	-	30,318,995	30,318,995
-	-	-	-	25,210,677	25,210,677
-	-	-	-	8,024,406	8,024,406
-	-	-	-	-	71,947,200
-	-	-	-	-	8,595,400
-	(219,542,880)	(109,730,028)	(1,323,786)	(11,750,067)	(257,853,603)
<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>\$ 21,183,551</u>	<u>\$ 37,800,641</u>	<u>\$ 20,112,256</u>	<u>\$ 1,058,571</u>	<u>\$ 230,236,639</u>	<u>\$ 1,574,003,281</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, 2016

Fund balances - total governmental funds	\$	6,471,784
<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		4,620,976,825
Less accumulated depreciation		(1,033,584,057)
<p>Net pension assets are not financial resources and therefore are not reported in the governmental funds.</p>		
		568,609
<p>Deferred outflows related to pensions are not financial resources and therefore not reported in the governmental funds.</p>		
		204,928,181
<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>		
		(813,387)
<p>Deferred inflows related to pensions are not financial resources and therefore not reported in the governmental funds.</p>		
		(146,619,781)
<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>		
		(839,290)
<p>Loss contingencies that are probable and reasonably estimable are not financial obligations and therefore not reported in governmental funds.</p>		
		(3,871,108)
<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		(2,309,912,878)
Qualified zone academy notes payable		(2,072,831)
Qualified school construction bond loan payable		(38,264,408)
Less deferred charge on refunding		217,493,485
Add net bond premium/discount		(366,938,954)
Accrued interest payable		(46,345,304)
Unamortized swaption proceeds		(1,698,488)
Net pension liability		(377,092,525)
Net other postemployment benefits obligation		(1,338,966,000)
Compensated absences		(87,908,492)
Claims and judgments		(5,079,000)
Landfill closure costs		(9,111,371)
Fair value of derivative financial instruments		(9,504,646)
<p>Certain deferred inflows reported in the governmental funds are recognized as revenues in the governmental activities.</p>		
		42,648,466
<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>		
		213,054,773
Net position - governmental activities	\$	(472,480,397)

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, 2016

	<u>General</u>	<u>General Purpose School</u>	<u>GSD General Purposes Debt Service</u>	<u>GSD School Purposes Debt Service</u>
<b>REVENUES:</b>				
Property taxes	\$ 508,417,976	\$ 293,315,950	\$ 86,850,607	\$ 36,951,878
Local option sales taxes	112,386,239	214,139,486	2,148,321	37,029,888
Other taxes, licenses and permits	143,264,669	10,554,471	-	-
Fines, forfeits and penalties	10,536,938	483	324,053	-
Revenues from the use of money or property	695,634	118,226	116,549	626,708
Revenues from other governmental agencies	103,945,191	270,064,976	4,024,838	-
Commissions and fees	14,528,053	-	-	-
Charges for current services	35,359,332	3,651,642	-	-
Compensation for loss, sale or damage to property	6,879,924	2,373,287	-	-
Contributions and gifts	266,525	546,737	-	-
Bond interest tax credit	-	-	4,864,020	-
Miscellaneous	1,893,902	151,256	-	-
Total revenues	<u>938,174,383</u>	<u>794,916,514</u>	<u>98,328,388</u>	<u>74,608,474</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	50,211,810	-	-	-
Fiscal administration	21,463,006	-	-	-
Administration of justice	57,481,614	-	-	-
Law enforcement and care of prisoners	262,052,423	-	-	-
Fire prevention and control	116,948,664	-	-	-
Regulation and inspection	8,101,479	-	-	-
Conservation of natural resources	373,209	-	-	-
Public welfare	6,293,042	-	-	-
Public health and hospitals	62,958,373	-	-	-
Public library system	27,432,634	-	-	-
Public works, highways and streets	32,302,132	-	-	-
Recreational and cultural	37,931,086	-	-	-
Education	-	712,892,805	-	-
Retiree benefits	81,576,678	-	-	-
Miscellaneous	89,278,073	-	-	-
<b>Debt service:</b>				
Principal retirement	-	-	63,187,260	45,552,302
Interest	-	-	62,383,007	33,250,077
Fiscal charges	-	-	5,222,852	1,957,117
Capital outlay	-	-	-	-
Total expenditures	<u>854,404,223</u>	<u>712,892,805</u>	<u>130,793,119</u>	<u>80,759,496</u>
Excess (deficiency) of revenues over expenditures	<u>83,770,160</u>	<u>82,023,709</u>	<u>(32,464,731)</u>	<u>(6,151,022)</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, 2016

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 16,256,673	\$ -	\$ -	\$ -	\$ 2,217,240	\$ 944,010,324
-	-	-	-	-	365,703,934
-	-	-	-	80,070,054	233,889,194
-	-	-	-	6,193,880	17,055,354
-	706	178	-	776,935	2,334,936
-	1,518,610	-	-	205,768,017	585,321,632
-	-	-	-	9,497,930	24,025,983
-	303,291	-	-	26,328,246	65,642,511
-	3,089,830	-	-	814,777	13,157,818
-	6,724,755	77,300	-	5,016,434	12,631,751
-	-	-	-	-	4,864,020
-	-	-	-	696,489	2,741,647
<u>16,256,673</u>	<u>11,637,192</u>	<u>77,478</u>	<u>-</u>	<u>337,380,002</u>	<u>2,271,379,104</u>
-	-	-	-	78,008,259	128,220,069
-	-	-	-	271,676	21,734,682
-	-	-	-	13,872,252	71,353,866
-	-	-	-	21,818,071	283,870,494
-	-	-	-	6,500	116,955,164
-	-	-	-	87,755	8,189,234
-	-	-	-	-	373,209
-	-	-	-	32,656,928	38,949,970
-	-	-	-	22,604,542	85,562,915
-	-	-	-	951,871	28,384,505
-	-	-	-	31,551,513	63,853,645
-	-	-	-	2,113,171	40,044,257
-	-	-	-	205,638,603	918,531,408
-	-	-	-	-	81,576,678
-	-	-	-	-	89,278,073
7,218,200	-	-	-	-	115,957,762
9,349,127	-	-	-	-	104,982,211
718,433	-	-	-	-	7,898,402
-	171,748,439	75,762,934	1,347,958	25,378,504	274,237,835
<u>17,285,760</u>	<u>171,748,439</u>	<u>75,762,934</u>	<u>1,347,958</u>	<u>434,959,645</u>	<u>2,479,954,379</u>
<u>(1,029,087)</u>	<u>(160,111,247)</u>	<u>(75,685,456)</u>	<u>(1,347,958)</u>	<u>(97,579,643)</u>	<u>(208,575,275)</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, 2016

	General	General Purpose School	GSD General Purposes Debt Service	GSD School Purposes Debt Service
OTHER FINANCING SOURCES (USES):				
Issuance of new debt	\$ -	\$ -	\$ -	\$ -
Issuance of refunding debt	-	-	231,949,343	78,790,586
Debt issue premium	-	-	50,113,451	17,022,977
Payments to refunded bond escrow agent	-	-	(280,386,841)	(95,432,894)
Transfers in	22,890,396	2,407,975	25,274,582	4,465,803
Transfers out	(100,211,388)	(82,450,082)	-	-
Total other financing sources (uses)	(77,320,992)	(80,042,107)	26,950,535	4,846,472
Net change in fund balances	6,449,168	1,981,602	(5,514,196)	(1,304,550)
FUND BALANCES (DEFICITS), beginning of year	138,053,598	72,115,532	16,504,096	8,443,998
FUND BALANCES (DEFICITS), end of year	\$ 144,502,766	\$ 74,097,134	\$ 10,989,900	\$ 7,139,448

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, 2016

USD General Purposes Debt Service	GSD Capital Projects	Education Capital Projects	USD Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 240,454,031	\$ 97,563,777	\$ 8,531,298	\$ -	\$ 346,549,106
27,571,610	-	-	-	-	338,311,539
5,956,941	37,472,659	15,204,462	1,329,528	-	127,100,018
(33,395,342)	-	-	-	-	(409,215,077)
1,907,600	-	-	-	138,312,337	195,258,693
-	(9,784,017)	-	(1,965,477)	(22,963,426)	(217,374,390)
<u>2,040,809</u>	<u>268,142,673</u>	<u>112,768,239</u>	<u>7,895,349</u>	<u>115,348,911</u>	<u>380,629,889</u>
1,011,722	108,031,426	37,082,783	6,547,391	17,769,268	172,054,614
<u>3,142,363</u>	<u>(327,574,306)</u>	<u>(146,812,811)</u>	<u>(7,871,177)</u>	<u>78,415,877</u>	<u>(165,582,830)</u>
<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>

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, 2016

Net change in fund balances - governmental funds \$ 172,054,614

Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures and Changes in Fund Balances, because:

Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities.

Acquisition of capital assets that meet criteria for capitalization	139,450,169
Depreciation expense	(86,154,152)

Donations of capital assets increase net position for governmental activities, but do not appear in the governmental funds because they are not financial resources.	23,272,312
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The gain or loss on the sale of capital assets is reported for governmental activities, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the capital assets sold.	(911,979)
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Changes in net pension assets increase or decrease net position for governmental activities, but do not appear in the governmental funds because they are not current financial resources.	(851,993)
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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.	120,777,352
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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.	25,249,883
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Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities.

Issuance of new debt	(346,549,106)
Issuance of refunding debt	(338,311,539)
Principal repayments	115,957,762
Payments to refunded bond escrow agent	409,215,076
Amortization of deferred charge on refunding	(15,254,917)
Bond premium/discount	(127,100,018)
Amortization of premium/discount	27,548,199
Change in accrued interest	(1,720)

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, 2016

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	(119,230,179)
Net other postemployment benefits obligation	(146,819,000)
Compensated absences	(2,504,191)
Claims and judgments	101,500
Landfill closure costs	169,134

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.	(5,468,523)
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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.

5,379,875
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Change in net position - governmental activities	<u>\$ (149,808,714)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 507,497,300	\$ 507,497,300	\$ 508,417,976	\$ 920,676
Local option sales tax	113,311,200	113,311,200	112,386,239	(924,961)
Other taxes, licenses and permits	121,589,400	121,809,400	143,264,669	21,455,269
Fines, forfeits and penalties	11,254,300	11,261,400	10,536,938	(724,462)
Revenues from the use of money or property	-	-	695,634	695,634
Revenues from other governmental agencies	88,739,800	87,265,800	103,945,191	16,679,391
Commissions and fees	13,134,800	13,134,800	14,528,053	1,393,253
Charges for current services	31,881,600	31,851,600	35,359,332	3,507,732
Compensation for loss, sale or damage to property	1,315,700	1,315,700	6,879,924	5,564,224
Contributions and gifts	242,900	2,100	266,525	264,425
Miscellaneous	2,734,000	2,734,000	1,893,902	(840,098)
<b>Total revenues</b>	<b>891,701,000</b>	<b>890,183,300</b>	<b>938,174,383</b>	<b>47,991,083</b>
<b>EXPENDITURES:</b>				
General government	50,687,100	53,115,900	50,211,810	2,904,090
Fiscal administration	22,132,100	23,297,500	21,463,006	1,834,494
Administration of justice	57,874,500	59,283,300	57,481,614	1,801,686
Law enforcement and care of prisoners	250,339,900	264,543,200	262,052,423	2,490,777
Fire prevention and control	113,446,400	119,119,200	116,948,664	2,170,536
Regulation and inspection	8,753,400	9,066,100	8,101,479	964,621
Conservation of natural resources	374,400	399,700	373,209	26,491
Public welfare	8,095,700	6,617,500	6,293,042	324,458
Public health and hospitals	53,665,700	64,266,000	62,958,373	1,307,627
Public library system	26,737,600	27,494,800	27,432,634	62,166
Public works, highways and streets	32,618,600	33,607,600	32,302,132	1,305,468
Recreational and cultural	37,805,300	38,765,600	37,931,086	834,514
Retiree benefits	83,301,200	83,337,600	81,576,678	1,760,922
Miscellaneous	121,575,300	98,596,700	89,278,073	9,318,627
<b>Total expenditures</b>	<b>867,407,200</b>	<b>881,510,700</b>	<b>854,404,223</b>	<b>27,106,477</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>24,293,800</b>	<b>8,672,600</b>	<b>83,770,160</b>	<b>75,097,560</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	22,309,700	22,309,700	22,890,396	580,696
Transfers out	(94,674,200)	(99,412,400)	(100,211,388)	(798,988)
<b>Total other financing sources (uses)</b>	<b>(72,364,500)</b>	<b>(77,102,700)</b>	<b>(77,320,992)</b>	<b>(218,292)</b>
<b>Net change in fund balances</b>	<b>(48,070,700)</b>	<b>(68,430,100)</b>	<b>6,449,168</b>	<b>74,879,268</b>
<b>FUND BALANCES, beginning of year</b>	<b>138,053,598</b>	<b>138,053,598</b>	<b>138,053,598</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 89,982,898</b>	<b>\$ 69,623,498</b>	<b>\$ 144,502,766</b>	<b>\$ 74,879,268</b>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 293,426,500	\$ 293,426,500	\$ 293,315,950	\$ (110,550)
Local option sales tax	210,866,400	210,866,400	214,139,486	3,273,086
Other taxes, licenses and permits	8,657,900	8,657,900	10,554,471	1,896,571
Fines, forfeits and penalties	1,200	1,200	483	(717)
Revenues from the use of money or property	-	-	118,226	118,226
Revenues from other governmental agencies	274,940,000	274,940,000	270,064,976	(4,875,024)
Charges for current services	1,230,000	1,230,000	3,651,642	2,421,642
Compensation for loss, sale or damage to property	1,628,000	1,628,000	2,373,287	745,287
Contributions and gifts	600,000	600,000	546,737	(53,263)
Miscellaneous	150,000	150,000	151,256	1,256
<b>Total revenues</b>	<b>791,500,000</b>	<b>791,500,000</b>	<b>794,916,514</b>	<b>3,416,514</b>
<b>EXPENDITURES:</b>				
Education	727,835,479	727,835,479	712,892,805	14,942,674
<b>Total expenditures</b>	<b>727,835,479</b>	<b>727,835,479</b>	<b>712,892,805</b>	<b>14,942,674</b>
Excess (deficiency) of revenues over expenditures	63,664,521	63,664,521	82,023,709	18,359,188
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,500,000	2,500,000	2,407,975	(92,025)
Transfers out	(82,164,521)	(82,164,521)	(82,450,082)	(285,561)
<b>Total other financing sources (uses)</b>	<b>(79,664,521)</b>	<b>(79,664,521)</b>	<b>(80,042,107)</b>	<b>(377,586)</b>
Net change in fund balances	(16,000,000)	(16,000,000)	1,981,602	17,981,602
FUND BALANCES, beginning of year	72,115,532	72,115,532	72,115,532	-
FUND BALANCES, end of year	\$ 56,115,532	\$ 56,115,532	\$ 74,097,134	\$ 17,981,602

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, 2016

	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	
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 55,010,190	\$ 5,452,737	\$ 19,694,966	\$ 80,157,893	\$ 172,356,468
Investments	-	2,310,112	-	2,310,112	-
Accounts receivable	18,575,410	2,802,116	4,169,432	25,546,958	442,547
Allowance for doubtful accounts	(2,206,134)	-	(731,600)	(2,937,734)	-
Accrued interest receivable	186,676	-	16,516	203,192	156,664
Due from other funds of the primary government	476,138	-	3,371,266	3,847,404	897,112
Due from component units	7,351	-	100	7,451	763
Inventories of supplies	3,208,693	-	-	3,208,693	1,740,568
Other current assets	11,000	-	14,735	25,735	516,402
Restricted assets:					
Cash and cash equivalents	49,135,106	1,677,575	-	50,812,681	-
Accounts receivable	76,133	-	-	76,133	-
Accrued interest receivable	36,170	-	-	36,170	-
Due from other funds of the primary government	19,322,750	-	-	19,322,750	-
Other current assets	25,460	-	-	25,460	-
<b>Total current assets</b>	<b>143,864,943</b>	<b>12,242,540</b>	<b>26,535,415</b>	<b>182,642,898</b>	<b>176,110,524</b>
Noncurrent assets:					
Capital assets:					
Utility plant in service	2,727,868,400	65,526,974	-	2,793,395,374	-
Land	22,509,294	1,311,213	6,819,222	30,639,729	-
Buildings and improvements	43,445,872	22,249,490	76,217,542	141,912,904	126,643
Improvements other than buildings	53,186,799	273,754	4,079,760	57,540,313	-
Furniture, machinery and equipment	84,429,234	886,904	2,395,800	87,711,938	196,951,292
Property under capital lease	-	-	3,645,000	3,645,000	-
Construction in progress	222,181,863	495,492	142,895	222,820,250	128,550
Less accumulated depreciation	(1,228,452,486)	(25,836,547)	(57,813,192)	(1,312,102,225)	(149,752,553)
Capital assets - net	1,925,168,976	64,907,280	35,487,027	2,025,563,283	47,453,932
Restricted assets:					
Cash and cash equivalents	157,467,233	-	-	157,467,233	-
Other noncurrent assets	51,907,728	-	-	51,907,728	-
<b>Total noncurrent assets</b>	<b>2,134,543,937</b>	<b>64,907,280</b>	<b>35,487,027</b>	<b>2,234,938,244</b>	<b>47,453,932</b>
<b>Total assets</b>	<b>2,278,408,880</b>	<b>77,149,820</b>	<b>62,022,442</b>	<b>2,417,581,142</b>	<b>223,564,456</b>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred charge on refunding	1,064,486	2,903,930	-	3,968,416	-
Pensions	12,646,716	44,874	2,111,935	14,803,525	-
<b>Total deferred outflows of resources</b>	<b>13,711,202</b>	<b>2,948,804</b>	<b>2,111,935</b>	<b>18,771,941</b>	<b>-</b>

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, 2016

	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	
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	\$ 8,773,567	\$ 2,034,037	\$ 1,111,244	\$ 11,918,848	\$ 9,200,563
Accrued payroll	1,573,553	6,988	938,692	2,519,233	2,729,594
Claims payable	-	-	-	-	33,630,918
Due to other funds of the primary government	1,482,337	49,572	291,455	1,823,364	203,884
Due to component units	-	-	65,604	65,604	-
Customer deposits	3,445,871	-	117,694	3,563,565	-
Unearned revenue	-	-	441,407	441,407	-
Other current liabilities	4,014,963	-	-	4,014,963	-
Liabilities payable from restricted assets:					
Accounts payable	20,637,779	-	-	20,637,779	-
Accrued payroll	282,180	-	-	282,180	-
Accrued interest	19,718,717	599,737	-	20,318,454	-
Current portion of long term debt	28,795,000	2,326,105	-	31,121,105	-
Commercial paper payable	125,000,000	382,587	-	125,382,587	-
Total current liabilities	<u>213,723,967</u>	<u>5,399,026</u>	<u>2,966,096</u>	<u>222,089,089</u>	<u>45,764,959</u>
Noncurrent liabilities:					
Revenue bonds payable	755,218,162	48,284,482	-	803,502,644	-
General obligation bonds payable	-	13,162,932	-	13,162,932	-
Claims payable	-	-	-	-	5,237,208
Net pension liability	17,477,001	58,239	2,975,984	20,511,224	-
Total noncurrent liabilities	<u>772,695,163</u>	<u>61,505,653</u>	<u>2,975,984</u>	<u>837,176,800</u>	<u>5,237,208</u>
Total liabilities	<u>986,419,130</u>	<u>66,904,679</u>	<u>5,942,080</u>	<u>1,059,265,889</u>	<u>51,002,167</u>
DEFERRED INFLOWS OF RESOURCES:					
Pensions	4,804,506	13,551	855,522	5,673,579	-
Total deferred inflows of resources	<u>4,804,506</u>	<u>13,551</u>	<u>855,522</u>	<u>5,673,579</u>	<u>-</u>
NET POSITION:					
Net investment in capital assets	1,188,793,189	2,866,831	35,487,027	1,227,147,047	47,453,932
Restricted for debt retirement	65,759,015	1,077,838	-	66,836,853	-
Unrestricted	46,344,242	9,235,725	21,849,748	77,429,715	125,108,357
Total net position	<u>\$ 1,300,896,446</u>	<u>\$ 13,180,394</u>	<u>\$ 57,336,775</u>	<u>1,371,413,615</u>	<u>\$ 172,562,289</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(40,492,484)	
Net position of business-type activities				<u>\$ 1,330,921,131</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, 2016

	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	
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 216,300,764	\$ 17,596,805	\$ 22,043,131	\$ 255,940,700	\$ 369,523,003
Other	1,057,743	-	-	1,057,743	9,835,719
Total operating revenues	<u>217,358,507</u>	<u>17,596,805</u>	<u>22,043,131</u>	<u>256,998,443</u>	<u>379,358,722</u>
<b>OPERATING EXPENSES:</b>					
Personal services	48,852,045	201,712	9,896,961	58,950,718	17,627,623
Contractual services	42,525,312	13,587,774	8,263,006	64,376,092	27,721,042
Supplies and materials	15,314,179	171,790	579,587	16,065,556	12,522,510
Depreciation	82,842,872	2,329,064	2,334,116	87,506,052	15,279,173
Compensation for damages	-	-	-	-	2,269,048
Medical and insurance benefits	-	-	-	-	332,773,887
Other	5,516,240	45,921	627,419	6,189,580	4,118,815
Total operating expenses	<u>195,050,648</u>	<u>16,336,261</u>	<u>21,701,089</u>	<u>233,087,998</u>	<u>412,312,098</u>
<b>OPERATING INCOME (LOSS)</b>	<u>22,307,859</u>	<u>1,260,544</u>	<u>342,042</u>	<u>23,910,445</u>	<u>(32,953,376)</u>
<b>NONOPERATING REVENUE (EXPENSE):</b>					
Investment income (loss)	1,187,544	53,493	93,032	1,334,069	803,646
Interest expense	(34,644,137)	(1,567,970)	-	(36,212,107)	-
Gain (loss) on sale of property	51,376	-	1,001,619	1,052,995	28,914
Other	425,400	(30,025)	-	395,375	(2,548,236)
Total nonoperating revenue (expense)	<u>(32,979,817)</u>	<u>(1,544,502)</u>	<u>1,094,651</u>	<u>(33,429,668)</u>	<u>(1,715,676)</u>
<b>INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS AND TRANSFERS</b>	<u>(10,671,958)</u>	<u>(283,958)</u>	<u>1,436,693</u>	<u>(9,519,223)</u>	<u>(34,669,052)</u>
<b>CAPITAL GRANTS AND CONTRIBUTIONS TRANSFERS IN</b>	22,769,848	-	-	22,769,848	-
<b>TRANSFERS IN</b>	-	1,794,000	3,065,451	4,859,451	38,901,092
<b>TRANSFERS OUT</b>	<u>(12,548,837)</u>	<u>(1,330,100)</u>	<u>(3,968,943)</u>	<u>(17,847,880)</u>	<u>(2,082,638)</u>
<b>CHANGE IN NET POSITION</b>	(450,947)	179,942	533,201	262,196	2,149,402
<b>NET POSITION, beginning of year</b>	<u>1,301,347,393</u>	<u>13,000,452</u>	<u>56,803,574</u>		<u>170,412,887</u>
<b>NET POSITION, end of year</b>	<u>\$ 1,300,896,446</u>	<u>\$ 13,180,394</u>	<u>\$ 57,336,775</u>		<u>\$ 172,562,289</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(3,230,473)</u>	
Change in net position of business-type activities				<u>\$ (2,968,277)</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, 2016

	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	\$ 216,887,323	\$ 17,444,023	\$ 21,618,823	\$ 255,950,169	\$ 379,470,697
Payments to suppliers	(54,743,973)	(14,207,323)	(10,406,430)	(79,357,726)	(380,457,946)
Payments to employees	(46,659,918)	(190,815)	(9,547,983)	(56,398,716)	(16,922,233)
Other receipts	-	-	-	-	256,386
Other payments	(3,791,664)	-	-	(3,791,664)	(2,804,622)
Net cash provided by (used in) operating activities	111,691,768	3,045,885	1,664,410	116,402,063	(20,457,718)
Cash flows from noncapital financing activities:					
Transfers in	-	1,794,000	3,065,451	4,859,451	38,901,092
Transfers out	(12,548,837)	(1,330,100)	(3,968,943)	(17,847,880)	(2,082,638)
Decrease (increase) in advances from other funds	-	-	(2,291,057)	(2,291,057)	-
Net cash provided by (used in) non-capital financing activities	(12,548,837)	463,900	(3,194,549)	(15,279,486)	36,818,454
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(144,868,657)	(360,656)	(1,175,051)	(146,404,364)	(15,971,885)
Proceeds from the sale of property	51,376	-	1,001,619	1,052,995	109,652
Proceeds from borrowings	75,000,000	1,204,982	-	76,204,982	-
Principal payments on borrowings	(20,326,424)	(2,953,355)	-	(23,279,779)	-
Interest subsidy	4,973,546	-	-	4,973,546	-
Interest paid	(40,385,150)	(2,052,716)	-	(42,437,866)	-
Capital contributions received	11,551,772	-	-	11,551,772	-
Net cash provided by (used in) capital and related financing activities	(114,003,537)	(4,161,745)	(173,432)	(118,338,714)	(15,862,233)
Cash flows from investing activities:					
Increase (decrease) in investments	-	629,930	77,320	707,250	-
Interest on investments	973,715	37,883	-	1,011,598	653,420
Net cash provided by (used in) investing activities	973,715	667,813	77,320	1,718,848	653,420
Net changes in cash and cash equivalents	(13,886,891)	15,853	(1,626,251)	(15,497,289)	1,151,923
Cash and cash equivalents at beginning of year	275,499,420	7,114,859	21,321,217	303,935,496	171,204,545
Cash and cash equivalents at end of year	\$ 261,612,529	\$ 7,130,712	\$ 19,694,966	\$ 288,438,207	\$ 172,356,468
Cash and cash equivalents are classified as:					
Current assets	\$ 55,010,190	\$ 5,452,737	\$ 19,694,966	\$ 80,157,893	\$ 172,356,468
Current restricted assets	49,135,106	1,677,575	-	50,812,681	-
Noncurrent restricted assets	157,467,233	-	-	157,467,233	-
Cash and cash equivalents at end of year	\$ 261,612,529	\$ 7,130,312	\$ 19,694,966	\$ 288,437,807	\$ 172,356,468

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, 2016

	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)	\$ 22,307,859	\$ 1,260,544	\$ 342,042	\$ 23,910,445	\$ (32,953,376)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	82,842,872	2,329,064	2,334,116	87,506,052	15,279,173
Provision for doubtful accounts	(240,000)	-	(210,397)	(450,397)	-
Other receipts	425,400	-	-	425,400	256,386
Other payments	-	(30,025)	-	(30,025)	(2,804,622)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources					
Accounts receivable	872,244	(122,757)	(243,079)	506,408	40,500
Due from other funds of the primary government	159,407	-	109,531	268,938	72,178
Due from component units	(1,242)	-	-	(1,242)	(703)
Inventories of supplies	(303,121)	-	-	(303,121)	(91,201)
Other current assets	(6,680)	-	(962)	(7,642)	(3,529)
Deferred outflows pensions	(9,113,840)	(35,888)	(1,467,964)	(10,617,692)	-
Accounts payable	3,398,639	(405,720)	(102,075)	2,890,844	(1,661,600)
Accrued payroll	463,700	4,091	70,579	538,370	408,897
Claims payable	-	-	-	-	1,068,227
Due to other funds of the primary government	(175,482)	3,882	(32,054)	(203,654)	(68,048)
Due to component units	(175,776)	-	(975,025)	(1,150,801)	-
Customer deposits	(45,685)	-	(80,744)	(126,429)	-
Unearned revenue	-	-	190,065	190,065	-
Other current liabilities	441,206	-	(15,986)	425,220	-
Net pension liability	9,887,875	38,936	1,592,639	11,519,450	-
Deferred inflows pensions	954,392	3,758	153,724	1,111,874	-
Total adjustments	89,383,909	1,785,341	1,322,368	92,491,618	12,495,658
Net cash provided by (used in) operating activities	\$ 111,691,768	\$ 3,045,885	\$ 1,664,410	\$ 116,402,063	\$ (20,457,718)
<u>Non-Cash Capital, Financing and Investing Activities:</u>					
Contributions of capital assets	\$ 11,725,945	\$ -	\$ -	\$ 11,725,945	\$ -
Increase in fair value of investments	-	15,619	-	15,619	-

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, 2016

	Pension (and Other Employee Benefit) Trust Funds	<u>Agency Funds</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 192,000,714	\$ 45,622,974
Investments, at fair value:		
Equity commingled funds	59,753,502	-
Commercial mortgage backed securities	2,098,728	-
Conventional mortgages	940,179	-
Emerging markets	18,621,193	-
Corporate bonds and notes	157,926,121	-
High yield bonds	51,947,627	-
Futures	3,944,140	-
Common stock	311,642,995	-
Preferred stock	3,498,839	-
Non agency mortgages/collateralized mortgage obligations	22,963,193	-
Venture capital and partnerships	1,693,650,720	-
Registered investment companies	92,633,127	-
International bonds	2,804,770	-
Sector funds	26,039,394	-
Non U.S. treasury securities developing markets	5,883,223	-
U.S. treasury securities	23,356,041	-
Other securities	57,356,723	-
Other fixed income	147,774,158	-
Commingled funds U.S. debt	10,282,846	-
Cash collateral received - securities lending program	34,754,646	-
Mortgages and real estate	-	1,291,100
Mutual funds	-	16,573
Accounts receivable	160,862,094	-
Accrued interest receivable	5,461,036	1,570
Due from other funds of the primary government	9,729,011	1,008,881
Other assets	-	54,891
Total assets	<u>3,095,925,020</u>	<u>\$ 47,995,989</u>
<b>LIABILITIES:</b>		
Accounts payable	2,319,347	\$ -
Due to brokers	286,936,758	-
Payable for collateral received - securities lending program	34,754,646	-
Due to other funds of the primary government	291,852	-
Funds held in custody for others	-	32,392,764
Other liabilities	-	15,603,225
Total liabilities	<u>324,302,603</u>	<u>\$ 47,995,989</u>
<b>NET POSITION:</b>		
Restricted for pensions	2,769,317,881	
Held in trust for other employee benefits	2,304,536	
Total net position	<u>\$ 2,771,622,417</u>	

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended June 30, 2016

	Pension (and other Employee Benefit) Trust Funds
	<u>                    </u>
ADDITIONS:	
Investment income:	
Interest and dividend income	\$ 34,274,398
Net appreciation (depreciation) of investments	(17,289,402)
Miscellaneous	445,861
	<u>                    </u>
Net increase (decrease) in fair value of investments	17,430,857
	<u>                    </u>
Net income earned on securities lending transactions:	
Securities lending income	282,797
Securities lending expense	(56,541)
	<u>                    </u>
Net income earned on securities lending transactions	226,256
	<u>                    </u>
Less investment expenses	(11,105,060)
	<u>                    </u>
Net investment income (loss)	6,552,053
	<u>                    </u>
Contributions:	
Employee contributions	2,155,621
Employer contributions	119,169,946
Transfers in	244,632
Contributions from the State of Tennessee	16,200,749
Miscellaneous	2,321,813
	<u>                    </u>
Total contributions	140,092,761
	<u>                    </u>
Total additions	146,644,814
	<u>                    </u>
DEDUCTIONS:	
Pension and other employee benefits	204,442,912
Refunds of contributions	14,685
Administrative expenses	15,069,565
Transfers out	1,958,960
	<u>                    </u>
Total deductions	221,486,122
	<u>                    </u>
Change in net position	(74,841,308)
	<u>                    </u>
NET POSITION, beginning of year	2,846,463,725
	<u>                    </u>
NET POSITION, end of year	\$ 2,771,622,417
	<u>                    </u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

STATEMENT OF NET POSITION  
COMPONENT UNITS

June 30, 2016

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 59,341	\$ 175,626	\$ 3,690,138	\$ 618,392
Investments	-	-	-	-
Accounts receivable	-	-	7,314,179	-
Allowance for doubtful accounts	-	-	-	-
Accrued interest receivable	-	-	8,360	551
Due from the primary government	-	-	2,984	-
Inventories of supplies	-	-	-	-
Other current assets	3,051	4,400	-	-
Restricted assets:				
Cash and cash equivalents	-	-	11,729,229	-
Investments	-	-	2,397,346	-
Accounts receivable	-	-	905,289	-
Accrued interest receivable	-	-	-	-
Due from other governmental agencies	-	-	-	-
Due from the primary government	-	-	-	-
Other restricted assets	-	-	-	-
Notes receivable	-	-	30,068,887	-
Capital assets:				
Utility plant in service	-	-	-	-
Land	-	-	75,698,193	-
Buildings and improvements	-	-	453,612,884	-
Improvements other than buildings	135,509	-	1,601,646	-
Furniture, machinery and equipment	18,697	37,571	40,932,491	-
Infrastructure	-	-	-	-
Public art	-	-	-	-
Construction in progress	-	-	10,857,534	-
Less accumulated depreciation	(154,206)	(9,770)	(180,578,182)	-
Other noncurrent assets	-	-	-	-
<b>Total assets</b>	<b>62,392</b>	<b>207,827</b>	<b>458,240,978</b>	<b>618,943</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred charge on refunding	-	-	3,448,041	-
Pensions	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>3,448,041</b>	<b>-</b>

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, 2016

Total Governmental Types	Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
	General Hospital	Bordeaux Long Term Care	Total		
\$ 4,543,497	\$ 1,037,549	\$ 39	\$ 1,037,588	\$ 37,797,951	\$ 322,078,000
-	-	-	-	3,241,119	-
7,314,179	60,262,449	-	60,262,449	9,579,470	142,016,000
-	(50,908,098)	-	(50,908,098)	(4,331,507)	(427,000)
8,911	-	-	-	-	-
2,984	-	-	-	-	-
-	2,529,390	-	2,529,390	1,754,799	18,971,000
7,451	1,889,373	-	1,889,373	780,605	6,991,000
11,729,229	-	-	-	12,167,606	44,774,000
2,397,346	-	-	-	-	71,492,000
905,289	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,068,887	-	-	-	35,334,064	2,754,000
-	-	-	-	-	1,367,527,000
75,698,193	-	-	-	94,075,095	3,901,000
453,612,884	50,793,273	20,248,666	71,041,939	334,351,280	68,443,000
1,737,155	-	510,539	510,539	-	-
40,988,759	43,801,711	4,746,270	48,547,981	4,574,336	85,809,000
-	-	-	-	21,604,679	-
-	-	-	-	-	-
10,857,534	4,001,676	113,414	4,115,090	13,745,862	44,976,000
(180,742,158)	(67,805,985)	(19,584,171)	(87,390,156)	(168,242,691)	(631,497,000)
-	-	-	-	29,230,713	24,000
<u>459,130,140</u>	<u>45,601,338</u>	<u>6,034,757</u>	<u>51,636,095</u>	<u>425,663,381</u>	<u>1,547,832,000</u>
3,448,041	-	-	-	-	17,434,000
-	4,614,817	-	4,614,817	-	51,793,000
<u>3,448,041</u>	<u>4,614,817</u>	<u>-</u>	<u>4,614,817</u>	<u>-</u>	<u>69,227,000</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, 2016

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 5,094,422	\$ 93,189,798	\$ 748,048
Investments	-	-	6,929,222
Accounts receivable	1,210,145	6,214,074	-
Allowance for doubtful accounts	(6,000)	(60,000)	-
Accrued interest receivable	-	-	-
Due from the primary government	-	-	-
Inventories of supplies	2,557,325	479,200	-
Other current assets	1,258,244	1,406,582	132,944
Restricted assets:			
Cash and cash equivalents	4,487,978	292,943,216	-
Investments	-	1,723,000	-
Accounts receivable	-	-	-
Accrued interest receivable	-	-	-
Due from other governmental agencies	4,543,177	1,821,237	-
Due from the primary government	-	-	-
Other restricted assets	-	3,798,414	-
Notes receivable	-	-	-
Capital assets:			
Utility plant in service	-	-	-
Land	15,155,266	96,968,771	-
Buildings and improvements	98,162,186	264,629,088	-
Improvements other than buildings	-	541,464,084	-
Furniture, machinery and equipment	123,791,422	129,795,510	10,824,488
Infrastructure	-	-	-
Public art	-	-	-
Construction in progress	4,005,886	42,890,290	126,600
Less accumulated depreciation	(104,211,653)	(539,922,435)	(8,154,682)
Other noncurrent assets	350,000	1,835,669	-
<b>Total assets</b>	<b>156,398,398</b>	<b>939,176,498</b>	<b>10,606,620</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred charge on refunding	-	709,223	-
Pensions	6,255,597	7,141,092	-
<b>Total deferred outflows of resources</b>	<b>6,255,597</b>	<b>7,850,315</b>	<b>-</b>

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, 2016

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ 95,208,607	\$ 555,154,414	\$ 559,697,911
-	10,170,341	10,170,341
1,240,913	220,523,051	227,837,230
(4,106)	(55,736,711)	(55,736,711)
81,897	81,897	90,808
5,806,441	5,806,441	5,809,425
-	26,291,714	26,291,714
474,041	12,932,789	12,940,240
41,682,602	396,055,402	407,784,631
32,872,268	106,087,268	108,484,614
2,738,410	2,738,410	3,643,699
113,298	113,298	113,298
-	6,364,414	6,364,414
2,933,384	2,933,384	2,933,384
2,272	3,800,686	3,800,686
-	38,088,064	68,156,951
-	1,367,527,000	1,367,527,000
79,989,700	290,089,832	365,788,025
635,466,263	1,472,093,756	1,925,706,640
-	541,974,623	543,711,778
3,342,298	406,685,035	447,673,794
-	21,604,679	21,604,679
1,183,844	1,183,844	1,183,844
-	109,859,728	120,717,262
(50,770,615)	(1,590,189,232)	(1,770,931,390)
-	31,440,382	31,440,382
<u>852,361,517</u>	<u>3,983,674,509</u>	<u>4,442,804,649</u>
-	18,143,223	21,591,264
<u>568,283</u>	<u>70,372,789</u>	<u>70,372,789</u>
<u>568,283</u>	<u>88,516,012</u>	<u>91,964,053</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, 2016

	Nashville District Management Corporation	Gulch Business Improvement District, Inc.	Sports Authority	Industrial Development Board
<b>LIABILITIES:</b>				
Accounts payable	\$ 56,264	\$ 47,029	\$ 6,314,580	\$ 86
Accrued payroll	-	-	4,822	-
Due to the primary government	-	-	2,293	-
Customer deposits	-	-	-	-
Unearned revenue	2,962	332	-	-
Current portion of long-term liabilities	-	-	-	-
Current portion of capitalized lease obligations	-	-	-	-
Other current liabilities	-	-	-	-
Liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Accrued interest	-	-	3,117,571	-
Current portion of long-term liabilities	-	-	7,320,000	-
Revenue bonds payable	-	-	140,522,021	-
Capitalized lease obligations	-	-	-	-
TVA advances	-	-	-	-
Other long-term liabilities	-	-	17,294,933	-
<b>Total liabilities</b>	<b>59,226</b>	<b>47,361</b>	<b>174,576,220</b>	<b>86</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Tax increment financing	-	-	28,000,000	-
Effective portion of fuel hedging	-	-	-	-
Pensions	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>28,000,000</b>	<b>-</b>
<b>NET POSITION:</b>				
Net investment in capital assets	-	27,801	246,089,182	-
Restricted for debt retirement	-	-	11,765,231	-
Restricted for other purposes	-	-	-	-
Unrestricted	3,166	132,665	1,258,386	618,857
<b>Total net position</b>	<b>\$ 3,166</b>	<b>\$ 160,466</b>	<b>\$ 259,112,799</b>	<b>\$ 618,857</b>

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, 2016

Total Governmental Types	Hospital Authority			Metropolitan Development and Housing Agency	Electric Power Board
	General Hospital	Bordeaux Long Term Care	Total		
\$ 6,417,959	\$ 18,775,574	\$ -	\$ 18,775,574	\$ 6,510,576	\$ 190,524,000
4,822	4,364,568	-	4,364,568	635,980	-
2,293	-	-	-	-	-
-	-	-	-	613,534	15,884,000
3,294	-	-	-	-	-
-	-	-	-	4,069,647	-
-	2,327,298	-	2,327,298	-	-
-	1,084,999	-	1,084,999	8,912,037	-
-	-	-	-	-	1,425,000
3,117,571	-	-	-	-	3,048,000
7,320,000	-	-	-	-	25,357,000
140,522,021	-	-	-	-	568,384,000
-	22,800,319	-	22,800,319	-	-
-	-	-	-	-	2,754,000
17,294,933	6,522,524	-	6,522,524	67,136,927	238,247,000
-	-	-	-	-	-
174,682,893	55,875,282	-	55,875,282	87,878,701	1,045,623,000
28,000,000	-	-	-	-	-
-	-	-	-	-	-
-	1,887,635	-	1,887,635	-	-
28,000,000	1,887,635	-	1,887,635	-	-
246,116,983	5,663,057	6,034,718	11,697,775	258,719,344	410,690,000
11,765,231	-	-	-	-	63,954,000
-	-	-	-	1,096,070	-
2,013,074	(13,209,819)	39	(13,209,780)	77,969,266	96,792,000
<u>\$ 259,895,288</u>	<u>\$ (7,546,762)</u>	<u>\$ 6,034,757</u>	<u>\$ (1,512,005)</u>	<u>\$ 337,784,680</u>	<u>\$ 571,436,000</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, 2016

	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority	Emergency Communications District
<b>LIABILITIES:</b>			
Accounts payable	\$ 2,883,384	\$ 14,809,924	\$ 107,747
Accrued payroll	1,817,816	5,243,936	-
Due to the primary government	-	-	-
Customer deposits	-	-	-
Unearned revenue	-	3,620,476	-
Current portion of long-term liabilities	-	1,189,324	-
Current portion of capitalized lease obligations	-	-	-
Other current liabilities	8,243,544	59,770	-
Liabilities payable from restricted assets:			
Accounts payable	-	1,807,935	-
Accrued interest	-	8,143,314	-
Current portion of long-term liabilities	-	12,775,000	-
Revenue bonds payable	-	328,943,869	-
Capitalized lease obligations	-	-	-
TVA advances	-	-	-
Other long-term liabilities	65,158,671	47,573,381	-
<b>Total liabilities</b>	<b>78,103,415</b>	<b>424,166,929</b>	<b>107,747</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Tax increment financing	-	-	-
Effective portion of fuel hedging	523,974	-	-
Pensions	2,485,237	887,589	-
<b>Total deferred inflows of resources</b>	<b>3,009,211</b>	<b>887,589</b>	<b>-</b>
<b>NET POSITION:</b>			
Net investment in capital assets	124,676,314	419,177,366	2,796,406
Restricted for debt retirement	-	22,868,801	-
Restricted for other purposes	737,747	48,085,310	-
Unrestricted	(43,872,692)	31,840,818	7,702,467
<b>Total net position</b>	<b>\$ 81,541,369</b>	<b>\$ 521,972,295</b>	<b>\$ 10,498,873</b>

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, 2016

Convention Center Authority	Total Proprietary Types	Total Component Units
\$ 2,974,591	\$ 236,585,796	\$ 243,003,755
1,113,264	13,175,564	13,180,386
10,037	10,037	12,330
-	16,497,534	16,497,534
5,124,519	8,744,995	8,748,289
-	5,258,971	5,258,971
-	2,327,298	2,327,298
-	18,300,350	18,300,350
3,439,759	6,672,694	6,672,694
20,429,377	31,620,691	34,738,262
7,865,000	45,997,000	53,317,000
612,934,946	1,510,262,815	1,650,784,836
-	22,800,319	22,800,319
-	2,754,000	2,754,000
799,038	425,437,541	442,732,474
<u>654,690,531</u>	<u>2,346,445,605</u>	<u>2,521,128,498</u>
-	-	28,000,000
-	523,974	523,974
228,589	5,489,050	5,489,050
<u>228,589</u>	<u>6,013,024</u>	<u>34,013,024</u>
49,061,895	1,276,819,100	1,522,936,083
55,822,747	142,645,548	154,410,779
-	49,919,127	49,919,127
93,126,038	250,348,117	252,361,191
<u>\$ 198,010,680</u>	<u>\$ 1,719,731,892</u>	<u>\$ 1,979,627,180</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, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Nashville District Management Corporation	\$ 1,879,027	\$ 1,794,731	\$ 83,120	\$ -
Gulch Business Improvement District, Inc.	364,020	288,564	-	-
Sports Authority	48,427,162	4,677,370	24,228,183	12,105,366
Industrial Development Board	749,874	11,850	749,000	-
General Hospital	99,178,206	60,220,459	41,761,795	4,544,227
Bordeaux Long Term Care	6,243,533	236,998	5,464,040	-
Metropolitan Development and Housing Agency	112,858,225	22,369,907	88,008,056	3,930,115
Electric Power Board	1,174,180,000	1,201,448,000	-	-
Metropolitan Transit Authority	93,591,406	14,052,060	49,647,244	18,442,390
Metropolitan Nashville Airport Authority	123,710,362	153,401,981	-	28,763,278
Emergency Communications District	7,651,342	6,474,549	-	-
Convention Center Authority	74,243,581	21,765,253	76,943,627	57,162
<b>Total component units</b>	<b>\$ 1,743,076,738</b>	<b>\$ 1,486,741,722</b>	<b>\$ 286,885,065</b>	<b>\$ 67,842,538</b>

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

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, 2016

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
\$ (1,176)	\$ -	\$ -	\$ -	\$ (1,176)	\$ -	\$ -	\$ -
-	(75,456)	-	-	(75,456)	-	-	-
-	-	(7,416,243)	-	(7,416,243)	-	-	-
-	-	-	10,976	10,976	-	-	-
-	-	-	-	-	7,348,275	-	7,348,275
-	-	-	-	-	-	(542,495)	(542,495)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(1,176)</u>	<u>(75,456)</u>	<u>(7,416,243)</u>	<u>10,976</u>	<u>(7,481,899)</u>	<u>7,348,275</u>	<u>(542,495)</u>	<u>6,805,780</u>
1,176	1,900	1,363,203	3,057	1,369,336	-	-	-
-	-	1,875,358	-	1,875,358	-	-	-
<u>1,176</u>	<u>1,900</u>	<u>3,238,561</u>	<u>3,057</u>	<u>3,244,694</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(73,556)	(4,177,682)	14,033	(4,237,205)	7,348,275	(542,495)	6,805,780
<u>3,166</u>	<u>234,022</u>	<u>263,290,481</u>	<u>604,824</u>	<u>264,132,493</u>	<u>(14,895,037)</u>	<u>6,577,252</u>	<u>(8,317,785)</u>
<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>

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, 2016

	Net (Expense) Revenue and Changes in Net Position			
	Metropolitan Development and Housing Agency	Electric Power Board	Metropolitan Transit Authority	Metropolitan Nashville Airport Authority
Nashville District Management Corporation	\$ -	\$ -	\$ -	\$ -
Gulch Business Improvement District, Inc.	-	-	-	-
Sports Authority	-	-	-	-
Industrial Development Board	-	-	-	-
General Hospital	-	-	-	-
Bordeaux Long Term Care	-	-	-	-
Metropolitan Development and Housing Agency	1,449,853	-	-	-
Electric Power Board	-	27,268,000	-	-
Metropolitan Transit Authority	-	-	(11,449,712)	-
Metropolitan Nashville Airport Authority	-	-	-	58,454,897
Emergency Communications District	-	-	-	-
Convention Center Authority	-	-	-	-
<b>Total component units</b>	<b>1,449,853</b>	<b>27,268,000</b>	<b>(11,449,712)</b>	<b>58,454,897</b>
General revenues:				
Revenues from the use of money or property	172,702	1,303,000	-	333,542
Compensation for loss, sale or damage to property	-	-	-	-
<b>Total general revenues</b>	<b>172,702</b>	<b>1,303,000</b>	<b>-</b>	<b>333,542</b>
<b>Changes in net position</b>	<b>1,622,555</b>	<b>28,571,000</b>	<b>(11,449,712)</b>	<b>58,788,439</b>
Net position - beginning of year	336,162,125	542,865,000	92,991,081	463,183,856
<b>Net position - end of year</b>	<b>\$ 337,784,680</b>	<b>\$ 571,436,000</b>	<b>\$ 81,541,369</b>	<b>\$ 521,972,295</b>

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, 2016

Net (Expense) Revenue and Changes in Net Position			
Emergency Communications District	Convention Center Authority	Total Proprietary Types	Total Component Units
\$ -	\$ -	\$ -	\$ (1,176)
-	-	-	(75,456)
-	-	-	(7,416,243)
-	-	-	10,976
-	-	7,348,275	7,348,275
-	-	(542,495)	(542,495)
-	-	1,449,853	1,449,853
-	-	27,268,000	27,268,000
-	-	(11,449,712)	(11,449,712)
-	-	58,454,897	58,454,897
(1,176,793)	-	(1,176,793)	(1,176,793)
-	24,522,461	24,522,461	24,522,461
<u>(1,176,793)</u>	<u>24,522,461</u>	<u>105,874,486</u>	<u>98,392,587</u>
16,826	1,732,786	3,558,856	4,928,192
-	-	-	1,875,358
<u>16,826</u>	<u>1,732,786</u>	<u>3,558,856</u>	<u>6,803,550</u>
(1,159,967)	26,255,247	109,433,342	105,196,137
<u>11,658,840</u>	<u>171,755,433</u>	<u>1,610,298,550</u>	<u>1,874,431,043</u>
<u>\$ 10,498,873</u>	<u>\$ 198,010,680</u>	<u>\$ 1,719,731,892</u>	<u>\$ 1,979,627,180</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 approve 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 approve 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. Hospital

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 15<sup>th</sup> 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 5<sup>th</sup> 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, 2016.

The primary government includes \$12,330 due from component units and \$8,742,809 due to component units in the Statement of Net Position. The component units include \$12,330 due to the primary government and \$8,742,809 due from the primary government.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**B. Accounting Pronouncements**

The Government adopted GASB Statement No. 72, Fair Value Measurement and Application, required for fiscal periods beginning after June 15, 2015, in fiscal 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements.

The Government adopted or plans to adopt 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 Government plans to adopt 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. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, required for fiscal periods beginning after June 15, 2015, in fiscal 2016. This Statement identifies – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles.

The Government adopted GASB Statement No. 77, Tax Abatement Disclosures, required for fiscal periods beginning after December 15, 2015, in fiscal 2016. This Statement improves financial reporting by giving users of financial statements essential information regarding tax abatements that is not currently reported consistently or comprehensively.

The Government plans to adopt 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 or plans to adopt 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 plans to adopt 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 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.

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

The Government reports the following major governmental funds:

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

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

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

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

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

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

The **Education Capital Projects Fund** is used to account for the use of bond proceeds for the construction and equipping of various school facilities.

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

The Government reports the following major enterprise funds:

The **Department of Water and Sewerage Services** provides services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.

The **District Energy System** provides heating and cooling services to the Government and downtown businesses. The System is managed by a third party and is self-supporting by utilizing a rate structure designed to fund debt service requirements, pay for operating expenses and generate adequate working capital.

Additionally, the Government reports the following fund types:

**Internal service funds** are used to account for the operations of self-sustaining agencies rendering services to other agencies of the Government on a cost reimbursement basis. For the year ended June 30, 2016, 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

**E. Assets, Liabilities, 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, 2016. 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 fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. As the majority of construction for the year ended June 30, 2016 was funded with accumulated resources, no interest was capitalized.

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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 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 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, 2016. The claims liabilities are based on the estimated cost of settling the claim, including nonincremental claim adjustments, using past experience and adjusting for current conditions. Losses for uninsured judgments against the Government payable from governmental funds not expected to be liquidated with expendable available resources are reported in the applicable governmental activities in the Statements of Net Position and Activities.

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

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

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

Landfills – State and federal laws and regulations require the Government to place a final cover on all its landfill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near, or after, the date the landfill stops accepting waste, the Government is required to report a portion of these closure and postclosure care costs as an expense in the government-wide financial statements. This expense is based on landfill capacity used at the reporting date. The current year expenditures of the landfills are reported in the Solid Waste Operations Fund, a nonmajor governmental fund, in the Governmental Funds section of this report. The long term liability and expense are reported in the Statements of Net Position and Activities. The total liability for landfill purposes is \$9,111,371.

Bordeaux Sanitary Landfill – This landfill has stopped accepting solid waste, and closure procedures are 100% complete. Estimated postclosure costs of \$5,633,995 are included in the long-term liability.

Metro Thermal Ash Landfill – This landfill has stopped accepting solid waste, and closing procedures are 100% complete. Estimated postclosure costs of \$1,198,245 are included in the long-term liability.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Due West Landfill – This landfill has stopped accepting waste, and closing procedures are 100% complete. Estimated postclosure costs of \$1,553,935 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 \$725,196 are included in the long-term liability.

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

Bond premiums 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 *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 inflow 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.

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

Property taxes – The Government's property taxes are levied for the current fiscal year each September 1 on the assessed value listed as of the prior January 1 for all real and personal property located in Nashville and Davidson County. Property taxes are secured by a statutory lien effective as of the original assessment date of January 1 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, 2016. Amounts available at June 30, 2016 have been recorded as revenue in the governmental fund statements. Current tax collections of \$889,764,582 for the fiscal year ended June 30, 2016 were approximately 99% of the tax levy.

Of the \$941,697,508 property tax receivable, \$925,195,388 represents the 2017 property taxes which have been assessed but not yet levied and recorded as required by GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

**G. Estimates**

Estimates used in the preparation of financial statements require management to make assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Compliance With Finance Related Legal and Contractual Provisions**

Management believes that the Government has no material violations of finance related legal and contractual provisions as of June 30, 2016.

**B. Budgets and Budgetary Accounting**

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

In accordance with Article 6 of the Metropolitan Charter, the Annual Operating Budget of the Government for the fiscal year 2016-2017 was submitted to the Metropolitan Council and subsequently approved by Substitute Bill Number BL 2016-232. Fund balance resources at June 30, 2016 have been assigned to the 2016-2017 fiscal year operating budget as follows:

General Services District General Fund	\$ 43,372,400
Urban Services District General Fund	7,574,800
General Purpose School Fund	16,000,000
General Services District General Purposes Debt Service Fund	5,000,000

Encumbrances – Information regarding encumbrances is available to assist in the management of commitments against appropriations. Encumbrance accounting is utilized for budgetary control purposes. Encumbrances, however, are not treated as expenditures in the basic financial statements. Outstanding encumbrances for the governmental funds at June 30, 2016 were as follows:

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

	Outstanding Encumbrances
General Fund	\$ 4,095,167
Special Revenue Funds:	
General Purpose School	3,837,352
Metropolitan Action Commission	181,552
General Fund 4% Reserve	1,950,019
Solid Waste Operations	952,209
Flood 2010 Recovery	662,255
Education Services	4,738,616
Other Governmental Services	2,308,952
Capital Projects Funds:	
GSD Capital Projects	128,713,469
Education Capital Projects	92,389,489
USD Capital Projects	597,386

**C. Deficit Balances and Excess Expenditures**

The following funds have deficit balances at June 30, 2016:

	Unassigned Fund Balance/ Unrestricted Net Position
Capital Project Funds:	
GSD Capital Projects	\$ (219,542,880)
Education Capital Projects	(109,730,028)
USD Capital Projects	(1,323,786)
Special Revenue Funds:	
Flood 2010 Recovery	(11,750,067)

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

During the year ended June 30, 2016, 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:			
Transfers Out:			
Nonmajor Governmental Funds	39,876,200	40,626,125	(749,925)
Internal Service Funds	18,583,400	18,625,646	(42,246)
Fiduciary Funds	100,400	109,817	(9,417)
GSD General Purposes Debt Service Fund:			
Interest	59,951,200	62,383,007	(2,431,807)
Fiscal Charges	3,139,900	5,222,852	(2,082,952)
Payments to Refunded Bond Escrow Agent	-	280,386,841	(280,386,841)
GSD School Purposes Debt Service Fund:			
Interest	30,989,700	33,250,077	(2,260,377)
Fiscal Charges	1,495,000	1,957,117	(462,117)
Payments to Refunded Bond Escrow Agent	-	95,432,894	(95,432,894)
USD General Purposes Debt Service Fund:			
Payments to Refunded Bond Escrow Agent	-	33,395,342	(33,395,342)

Transfers Out to Nonmajor Governmental Funds are over budget due to transfers to the General Fund 4% Reserve Fund. These transfers are calculated as a percentage of certain General Fund revenues, and as those actual revenues exceeded budget, the related transfers out exceeded budget.

Transfers Out to Internal Service Funds are over budget due to transfers to the Office of Fleet Management Fund to fund certain fleet acquisitions from General Fund operational funds.

Transfers Out to Fiduciary Funds are over budget due to transfers in excess of expected amounts to the Metropolitan Employees' Benefit Trust Fund related to police officers that work secondary employment law enforcement.

Expenditures for the Debt Service Funds are not controlled on a line item basis, and refundings – including the related fiscal charges – are not budgeted as the net impact on the budget is zero. Interest is over budget due to a difference in the budgeted and actual interest expense for the General Obligation Improvement Bonds, Series 2015C, issued in July 2015. The Council's approval of the bond issue authorizes the funding for the actual debt service required by the Bonds. Also, interest in the GSD School Purposes Debt Service Fund is budgeted net of bond interest tax credits, which are reported as transfers in.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**Primary Government**

The Government is authorized by policy to invest funds that are not immediately needed in: United States Treasury Bills, Bonds and Notes; The State of Tennessee Local Government Investment Pool (LGIP); 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, 2016, 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, 2016, 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	\$ 365,364,201	0.10
Tennessee Intermediate Term Investment Fund	62,430,040	2.10
First Tennessee Bank Advisors Short Investment Pool	<u>325,126,198</u>	2.37
 Total Metro Investment Pool (a)	 <u>\$ 752,920,439</u>	
Separate Portfolios:		
U.S. Treasuries (a)	\$ 19,527,302	(b)
U.S. Government Bonds	<u>2,310,112</u>	1.98
 Total Separate Portfolios	 <u>\$ 21,837,414</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:		
Equity Commingled Funds	\$ 59,753,502	(b)
Commercial Mortgage Backed Securities	2,098,728	(b)
Conventional Mortgages	940,179	(b)
Emerging Markets	18,621,193	(b)
Corporate Bonds and Notes	157,926,121	2.04
High Yield Bonds	51,947,627	(b)
Futures	3,944,140	0.24
Common Stock	311,642,995	(b)
Preferred Stock	3,497,839	0.08
Non Agency Mortgages/Collateralized Mortgage Obligations	22,963,193	0.10
Venture Capital and Partnerships	1,693,650,720	(b)
Registered Investment Companies	92,633,127	(b)
International Bonds	2,804,770	(b)
Sector Funds	26,039,394	4.59
Non U.S. Treasury Securities Developing Markets	5,883,223	(b)
U.S. Treasury Securities	23,356,041	(b)
Other Securities	57,356,723	(b)
Other Fixed Income	147,774,158	(b)
Commingled Funds U.S. Debt	<u>10,283,846</u>	(b)
 Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	 <u>\$ 2,693,117,519</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, 2016, 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, 2016, 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									
Commercial Mortgage Backed Securities	\$ 2,098,728	\$ -	\$ 591,413	\$ 1,255,103	\$ -	\$ -	\$ -	\$ -	252,212
Conventional Mortgages	940,179	-	940,179	-	-	-	-	-	-
Preferred Stock	3,497,839	251,479	-	-	-	1,449,345	1,694,607	-	102,408
Corporates	157,926,121	30,955,522	4,360,349	-	-	1,257,463	114,168,160	-	7,184,627
Emerging Markets	18,621,193	4,828,010	470,284	466,860	2,735,357	3,313,810	4,766,956	34,219	2,005,697
High Yield	51,947,627	-	-	-	17,395,673	30,260,674	-	2,643,250	1,648,030
International Bonds	2,804,770	738,938	(3,280)	111,404	420,448	773,533	11,673	-	752,054
Non Agency Mortgages	22,963,193	-	367,856	418,071	1,021,616	475,839	423,042	12,995,433	7,261,336
Sector Funds	26,039,394	-	2,722,045	-	-	-	-	-	23,317,349
Treasury Inflation Protected Securities	4,861,393	-	4,861,393	-	-	-	-	-	-
Treasury Non U.S. Developing Markets	1,021,830	1,060,379	-	-	(8,939)	-	(29,610)	-	-
U.S. Treasuries	23,356,041	-	23,356,041	-	-	-	-	-	-
Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	<u>\$ 316,078,308</u>	<u>\$ 37,834,328</u>	<u>\$ 37,666,280</u>	<u>\$ 2,251,438</u>	<u>\$ 21,564,155</u>	<u>\$ 37,530,664</u>	<u>\$ 121,034,828</u>	<u>\$ 15,672,902</u>	<u>\$ 42,523,713</u>

**Concentration of credit risk** is the risk of loss attributed to the magnitude of the Government's investment in a single issuer. The Government's Investment Policy limits single issuer exposure to 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, 2016.

**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, 2016, all investments were insured or registered or the securities were held by the Government or its agent in the Government's name.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**Foreign currency risk** is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of June 30, 2016, 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, 2016, the Government's exposure to foreign currency risk is as follows:

Base Currency	Fair Value
Common Stock:	
Australian Dollar	\$ 4,766,934
British Pound Sterling	28,146,061
Canadian Dollar	6,726,725
Danish Krone	1,273,965
Euro	28,125,964
Japanese Yen	17,283,514
Norwegian Krone	3,327,935
Singapore Dollar	1,021,495
Swedish Krona	3,545,978
Swiss Franc	5,290,021
Total Common Stock	<u>99,508,590</u>
Venture Capital and Partnerships:	
Euro	<u>72,153,551</u>
Total Venture Capital and Partnerships	<u>72,153,551</u>
Total Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan	
	<u>\$ 171,662,141</u>

**C. Securities Lending Program**

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

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

All securities loans can be terminated on demand by either the lender or the borrower. The average term of the Trust loans for the year ended June 30, 2016 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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The collateral held and the market value of the securities on loan as of June 30, 2016 was \$34,754,646 and \$33,806,834 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, 2016 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 \$121,141 and borrowers rebates were \$161,656 for total income of \$282,797, and the related expenses were \$56,541 in agent fees, netting \$226,256 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 and the FTIB Short Pool are considered Level 2.

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	\$ 365,364,201	\$ n/a	\$ n/a	\$ n/a
Tennessee Intermediate Term Investment Fund	62,430,040	-	62,430,040	-
First Tennessee Bank Advisors Short Investment Pool	325,126,198	325,126,198	-	-
<b>Total Metro Investment Pool</b>	<b>\$ 387,556,238</b>	<b>\$ 325,126,198</b>	<b>\$ 62,430,040</b>	<b>\$ -</b>
Separate Portfolios:				
U.S. Treasuries	\$ 19,527,302	\$ 19,527,302	\$ -	\$ -
U.S. Government Bonds	2,310,112	2,310,112	-	-
<b>Total Separate Portfolios</b>	<b>\$ 21,837,414</b>	<b>\$ 21,837,414</b>	<b>\$ -</b>	<b>\$ -</b>
Metropolitan Employees' Benefit Trust and Teachers' Retirement Plan:				
Common Stock	\$ 349,612,987	\$ 311,642,745	\$ -	\$ 37,970,242
Equity Commingled Funds	59,753,502	59,753,502	-	-
Fixed Income Funds	106,025,083	22,598,594	-	83,426,489
Futures	3,559,436	3,559,436	-	-
Registered Investment Companies	92,633,127	92,633,127	-	-
U.S. Government Securities	108,353,330	108,353,330	-	-
Asset Backed Securities	49,029,387	-	49,029,387	-
Corporate Debt Instruments	155,865,055	-	155,865,055	-
Municipals	1,014,042	-	1,014,042	-
Non U.S. Government Bonds	10,537,439	-	10,537,439	-
Non U.S. Government Private Placement	1,100,178	-	1,100,178	-
Swaps	(10,125,811)	-	(10,125,811)	-
U.S. Private Placement	75,956,780	-	75,956,780	-
Bank Debt Notes	7,428,373	-	-	7,428,373
Commingled Funds US Debt	10,283,846	-	-	10,283,846
Partnership Joint Venture Interest	1,693,650,720	-	-	1,693,650,720
Less Amounts Reported as Cash and Cash Equivalents (1)	(21,559,955)	(21,559,955)	-	-
	<b>\$ 2,693,117,519</b>	<b>\$ 576,980,779</b>	<b>\$ 283,377,070</b>	<b>\$ 1,832,759,670</b>

(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 generally 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

**B. Investments**

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

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

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

**Primary Government**

Governmental activities:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 393,669,561	\$ 40,296,867	\$ (259,984)	\$ 433,706,444
Transportation infrastructure	1,532,464,100	7,374,556	-	1,539,838,656
Public art	3,509,396	537,380	-	4,046,776
Construction in progress	154,573,537	82,538,575	(8,747,470)	228,364,642
Total capital assets, not being depreciated	<u>2,084,216,594</u>	<u>130,747,378</u>	<u>(9,007,454)</u>	<u>2,205,956,518</u>
Capital assets, being depreciated:				
Buildings and improvements	1,992,724,067	15,606,817	(1,121,160)	2,007,209,724
Furniture, machinery and equipment	425,388,839	26,791,531	(6,991,758)	445,188,612
Stormwater infrastructure	145,532,347	14,296,109	-	159,828,456
Total capital assets, being depreciated	<u>2,563,645,253</u>	<u>56,694,457</u>	<u>(8,112,918)</u>	<u>2,612,226,792</u>
Less accumulated depreciation:				
Building and improvements	(739,364,793)	(65,049,516)	496,959	(803,917,350)
Furniture, machinery and equipment	(306,467,239)	(33,449,726)	6,883,227	(333,033,738)
Stormwater infrastructure	(43,451,439)	(2,934,083)	-	(46,385,522)
Total accumulated depreciation	<u>(1,089,283,471)</u>	<u>(101,433,325)</u>	<u>7,380,186</u>	<u>(1,183,336,610)</u>
Total capital assets, being depreciated, net	<u>1,474,361,782</u>	<u>(44,738,868)</u>	<u>(732,732)</u>	<u>1,428,890,182</u>
Governmental activities capital assets, net	<u>\$ 3,558,578,376</u>	<u>\$ 86,008,510</u>	<u>\$ (9,740,186)</u>	<u>\$ 3,634,846,700</u>

Governmental activities include the capital assets of the internal service funds.

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

Business-type activities:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 30,639,729	\$ -	\$ -	\$ 30,639,729
Construction in progress	155,364,687	145,238,605	(77,783,042)	222,820,250
<b>Total capital assets, not being depreciated</b>	<b>186,004,416</b>	<b>145,238,605</b>	<b>(77,783,042)</b>	<b>253,459,979</b>
Capital assets, being depreciated:				
Utility plant in service	2,734,125,390	59,338,860	(68,876)	2,793,395,374
Buildings and improvements	139,953,730	1,959,174	-	141,912,904
Improvements other than buildings	51,934,753	5,605,560	-	57,540,313
Furniture, machinery and equipment	63,813,276	23,902,138	(3,476)	87,711,938
Property under capital lease	3,645,000	-	-	3,645,000
<b>Total capital assets, being depreciated</b>	<b>2,993,472,149</b>	<b>90,805,732</b>	<b>(72,352)</b>	<b>3,084,205,529</b>
Less accumulated depreciation:				
Utility plant in service	(1,058,851,828)	(77,954,779)	-	(1,136,806,607)
Buildings and improvements	(85,707,416)	(3,730,818)	-	(89,438,234)
Improvements other than buildings	(39,555,099)	(1,296,590)	-	(40,851,689)
Furniture, machinery and equipment	(38,746,462)	(4,432,740)	3,476	(43,175,726)
Property under capital lease	(1,738,844)	(91,125)	-	(1,829,969)
<b>Total accumulated depreciation</b>	<b>(1,224,599,649)</b>	<b>(87,506,052)</b>	<b>3,476</b>	<b>(1,312,102,225)</b>
<b>Total capital assets, being depreciated, net</b>	<b>1,768,872,500</b>	<b>3,299,680</b>	<b>(68,876)</b>	<b>1,772,103,304</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 1,954,876,916</b>	<b>\$ 148,538,285</b>	<b>\$ (77,851,918)</b>	<b>\$ 2,025,563,283</b>

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	\$ 17,269,727
Fiscal administration	748,151
Administration of justice	2,381,581
Law enforcement and care of prisoners	7,675,179
Fire prevention and control	1,925,617
Education	36,832,278
Regulation and inspection	5,971
Public welfare	1,577,659
Public health and hospitals	1,311,289
Public library system	2,699,303
Public works, highways and streets, including depreciation of stormwater infrastructure	5,394,214
Recreational and cultural	8,333,183
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>15,279,173</u>
Total depreciation expense, governmental activities	<u>\$ 101,433,325</u>
Business-type activities:	
Department of Water and Sewerage Services	\$ 82,842,872
District Energy System	2,329,064
Nashville Convention Center	1,390,282
Board of Fair Commissioners	389,176
Farmers Market	291,521
Municipal Auditorium	<u>263,137</u>
Total depreciation expense, business-type activities	<u>\$ 87,506,052</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, 2016 was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 354,416,367	\$ 11,371,658	\$ -	\$ 365,788,025
Public art	1,183,844	-	-	1,183,844
Construction in progress	140,991,815	91,613,117	(111,887,670)	120,717,262
Total capital assets, not being depreciated	<u>496,592,026</u>	<u>102,984,775</u>	<u>(111,887,670)</u>	<u>487,689,131</u>
Capital assets, being depreciated:				
Utility plant in service	1,333,243,000	47,475,000	(13,191,000)	1,367,527,000
Buildings and improvements	1,871,285,968	57,567,888	(3,147,216)	1,925,706,640
Improvements other than buildings	489,648,782	54,062,996	-	543,711,778
Furniture, machinery and equipment	412,566,300	44,360,115	(9,252,621)	447,673,794
Infrastructure	21,185,548	419,131	-	21,604,679
Total capital assets, being depreciated	<u>4,127,929,598</u>	<u>203,885,130</u>	<u>(25,590,837)</u>	<u>4,306,223,891</u>
Less accumulated depreciation for:				
Utility plant in service	(528,977,000)	(66,591,393)	19,015,000	(576,553,393)
Buildings and improvements	(561,646,128)	(60,337,253)	2,963,020	(619,020,361)
Improvements other than buildings	(313,910,767)	(91,687)	-	(314,002,454)
Furniture, machinery and equipment	(227,011,114)	(32,349,049)	8,784,052	(250,576,111)
Infrastructure	(10,053,855)	(725,216)	-	(10,779,071)
Total accumulated depreciation	<u>(1,641,598,864)</u>	<u>(160,094,598)</u>	<u>30,762,072</u>	<u>(1,770,931,390)</u>
Total capital assets, being depreciated, net	<u>2,486,330,734</u>	<u>43,790,532</u>	<u>5,171,235</u>	<u>2,535,292,501</u>
Component units activities capital assets, net	<u>\$ 2,982,922,760</u>	<u>\$ 146,775,307</u>	<u>\$ (106,716,435)</u>	<u>\$ 3,022,981,632</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE 5 – BONDS, NOTES AND OTHER OBLIGATIONS**

**Primary Government**

**A. Transaction Summary**

Bonds, notes and other obligations activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable:					
General Services District	\$ 1,221,799,412	\$ 472,403,374	\$ (289,920,736)	\$ 1,404,282,050	\$ 71,232,868
Schools	662,405,905	176,354,363	(118,620,117)	720,140,151	47,820,548
Urban Services District	183,557,576	36,102,908	(34,169,807)	185,490,677	9,855,479
Deferred premium (discount)	267,444,139	127,100,018	(27,558,563)	366,985,594	-
Total general obligation bonds payable	<u>2,335,207,032</u>	<u>811,960,663</u>	<u>(470,269,223)</u>	<u>2,676,898,472</u>	<u>128,908,895</u>
Qualified zone academy notes payable:					
Qualified Zone Academy Notes	2,487,398	-	(414,567)	2,072,831	414,567
Deferred premium (discount)	(57,004)	-	10,364	(46,640)	-
Total qualified zone academy notes payable	<u>2,430,394</u>	<u>-</u>	<u>(404,203)</u>	<u>2,026,191</u>	<u>414,567</u>
Qualified school construction bond loans payable	<u>41,800,837</u>	<u>-</u>	<u>(3,536,429)</u>	<u>38,264,408</u>	<u>3,536,429</u>
Other obligations payable:					
Net pension liability	257,862,346	330,094,698	(210,864,519)	377,092,525	-
Net other postemployment benefits obligation	1,192,147,000	252,933,000	(106,114,000)	1,338,966,000	-
Compensated absences	85,404,301	70,822,805	(68,318,614)	87,908,492	50,670,664
Claims and judgments	9,005,520	2,932,647	(1,621,959)	10,316,208	276,000
Landfill closure costs	9,280,505	-	(169,134)	9,111,371	545,755
Fair value of derivative financial instruments	11,076,923	249,048	(982,035)	10,343,936	-
Total other obligations payable	<u>1,564,776,595</u>	<u>657,032,198</u>	<u>(388,070,261)</u>	<u>1,833,738,532</u>	<u>51,492,419</u>
Total governmental activities long-term liabilities	<u>\$ 3,944,214,858</u>	<u>\$ 1,468,992,861</u>	<u>\$ (862,280,116)</u>	<u>\$ 4,550,927,603</u>	<u>\$ 184,352,310</u>
<b>Business-type activities:</b>					
Department of Water and Sewerage Services:					
Revenue bonds payable	\$ 765,185,000	\$ -	\$ (20,275,000)	\$ 744,910,000	\$ 28,795,000
Deferred premium (discount)	44,805,208	-	(5,702,046)	39,103,162	-
State economic and development loan	51,424	-	(51,424)	-	-
Net pension liability	7,589,126	18,602,049	(8,714,174)	17,477,001	-
Total Department of Water and Sewerage Services	<u>817,630,758</u>	<u>18,602,049</u>	<u>(34,742,644)</u>	<u>801,490,163</u>	<u>28,795,000</u>
District Energy System:					
General obligation bonds payable	56,327,107	6,349,355	(7,699,340)	54,977,122	2,326,105
Deferred premium (discount)	7,957,458	1,330,501	(491,562)	8,796,397	-
Net pension liability	19,303	47,314	(8,378)	58,239	-
Total District Energy System	<u>64,303,868</u>	<u>7,727,170</u>	<u>(8,199,280)</u>	<u>63,831,758</u>	<u>2,326,105</u>
Other business-type activities:					
Net pension liability	<u>1,383,345</u>	<u>3,390,779</u>	<u>(1,798,140)</u>	<u>2,975,984</u>	<u>-</u>
Total other business-type activities	<u>1,383,345</u>	<u>3,390,779</u>	<u>(1,798,140)</u>	<u>2,975,984</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 883,317,971</u>	<u>\$ 29,719,998</u>	<u>\$ (44,740,064)</u>	<u>\$ 868,297,905</u>	<u>\$ 31,121,105</u>



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**B. Description of Amounts Payable**

	<u>Interest Rate</u>	<u>Amount</u>
<b>Governmental activities:</b>		
General obligation bonds payable from ad valorem taxes:		
General Services District - General Purposes, due in varying amounts to July 1, 2034	.30 - 5.71%	\$ 1,404,282,050
General Services District - School Purposes, due in varying amounts to July 1, 2034	.30 - 5.71%	720,140,151
Urban Services District - General Purposes, due in varying amounts to July 1, 2034	.30 - 5.71%	185,490,677
Deferred premium (discount)		<u>366,985,594</u>
Total general obligation bonds payable from ad valorem taxes		<u>2,676,898,472</u>
Qualified zone academy notes payable:		
Qualified Zone Academy Notes, due in varying amounts to December 28, 2020	N/A	2,072,831
Deferred premium (discount)		<u>(46,640)</u>
Total qualified zone academy notes payable		<u>2,026,191</u>
Qualified school construction bond loans payable	1.515%	<u>38,264,408</u>
Other obligations payable:		
Net pension liability		377,092,525
Net other postemployment benefits obligation		1,338,966,000
Compensated absences		87,908,492
Claims and judgments		10,316,208
Landfill closure		9,111,371
Fair value of derivative financial instruments		<u>10,343,936</u>
Total other obligations payable		<u>1,833,738,532</u>
Total governmental activities long-term liabilities		<u>\$ 4,550,927,603</u>
<b>Business-type activities:</b>		
Bonds payable:		
Series 2008A, due in varying amounts to January 1, 2022	3.25 - 5.25%	\$ 84,290,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2010A, due in varying amounts to July 1, 2027	3.00 - 5.00%	82,575,000
Department of Water and Sewerage Revenue Bonds, Federally Taxable (BAB's), Series 2010B, due in varying amounts to July 1, 2037	6.393 - 6.568%	135,000,000
Department of Water and Sewerage Revenue Bonds, Federally Taxable, Series 2010C, due in varying amounts to July 1, 2041	6.693%	75,000,000
Department of Water and Sewerage Revenue Refunding Bonds, Federally Taxable, Series 2010D, due in varying amounts to July 1, 2018	4.255 - 4.791%	7,610,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2012, due in varying amounts to July 1, 2023	1.00 - 5.00%	122,505,000
Department of Water and Sewerage Revenue Refunding Bonds, Series 2013, due in varying amounts to July 1, 2033	3.00 - 5.00%	237,930,000
Deferred premium (discount)		<u>39,103,162</u>
Total Department of Water and Sewerage Services		<u>784,013,162</u>

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

	Interest Rate	Amount
<b>Business-type activities: (Continued)</b>		
District Energy System G. O. Multi-purpose Bonds, Series 2010A, due in varying amounts to July 1, 2026	2.75 - 5.00%	265,867
District Energy System G. O. Refunding Bonds, Series 2010D, due in varying amounts to July 1, 2024	1.50 - 5.00%	929,568
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%	42,870,000
District Energy System G. O. Refunding Bonds, Series 2012B, due in varying amounts to July 1, 2024	.32 - 2.767%	3,068,062
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%	5,663,461
Deferred premium (discount)		8,796,397
 Total District Energy System		 63,773,519
 Total bonds payable		 847,786,681
Net pension liability:		
Department of Water and Sewerage Services		17,477,001
District Energy System		58,239
Other business-type activities		2,975,984
 Total net pension liability		 20,511,224
 Total business-type activities long-term liabilities		 \$ 868,297,905

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

**Governmental activities:**

Noncurrent liabilities:

Due within one year	\$ 184,352,310
Due in more than one year	4,366,575,293

Total governmental activities \$ 4,550,927,603

**Business-type activities:**

Liabilities payable from restricted assets:

Current portion of long-term liabilities	\$ 31,121,105
Noncurrent liabilities:	
Due in more than one year	837,176,800

Total business-type activities \$ 868,297,905

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, 2016, 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, 2016 are as follows:

Year Ending June 30	General Obligation Bonds		Revenue Bonds		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 131,235,000	\$ 99,248,866	\$ 28,795,000	\$ 39,028,808	\$ 160,030,000	\$ 138,277,674
2018	139,150,000	100,510,825	37,475,000	37,476,030	176,625,000	137,986,855
2019	145,505,000	94,036,951	38,225,000	35,654,524	183,730,000	129,691,475
2020	143,835,000	88,318,608	39,120,000	33,743,634	182,955,000	122,062,242
2021	150,005,000	82,146,381	40,180,000	31,823,496	190,185,000	113,969,877
2022-2026	803,510,000	303,533,836	127,665,000	134,210,707	931,175,000	437,744,543
2027-2031	533,285,000	142,847,481	96,055,000	109,375,084	629,340,000	252,222,565
2032-2036	318,365,000	30,921,715	119,955,000	78,480,182	438,320,000	109,401,897
2037-2041	-	-	150,200,000	38,861,315	150,200,000	38,861,315
2042-2044	-	-	67,240,000	3,599,017	67,240,000	3,599,017
Total	2,364,890,000	941,564,663	744,910,000	542,252,797	3,109,800,000	1,483,817,460
Deferred Premium (Discount)	375,781,991	-	39,103,162	-	414,885,153	-
Total	\$ 2,740,671,991	\$ 941,564,663	\$ 784,013,162	\$ 542,252,797	\$ 3,524,685,153	\$ 1,483,817,460

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, 2016, 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, 2016, the amount of principal outstanding could not exceed \$300 million.

Commercial paper obligations of \$500,000,000 with interest rates ranging from .42% to .68% were outstanding at June 30, 2016. These obligations were refunded subsequent to year-end with rollover notes. The obligations are considered short-term debt at June 30, 2016 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, 2016 was as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Commercial paper payable	\$ 575,000,000	\$ 325,000,000	\$ (400,000,000)	\$ 500,000,000

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

<b>Governmental activities:</b>	
Commercial paper payable	\$ 374,617,413
Total governmental activities	<u>374,617,413</u>
<b>Business-type activities:</b>	
Commercial paper payable	<u>125,382,587</u>
Total business-type activities	<u>125,382,587</u>
Total commercial paper payable	<u>\$ 500,000,000</u>

#### G. Issuance of Bonds

On July 30, 2015, the Government issued \$347,235,000 General Obligation Improvement Bonds, Series 2015C, maturing on July 1, 2034, with interest rates ranging from 4.50% to 5.00%. The net proceeds of the Series 2015C Bonds totaled \$401,348,540 (including original issue premium). \$400,000,000 of the net proceeds was used to fund maturing commercial paper notes, and \$1,348,540 was used to cover underwriting fees and other costs of issuance.

On June 1, 2016, the Government issued \$343,975,000 General Obligation Refunding Bonds, Series 2016, maturing on January 1, 2033, with interest rates ranging from 2.00% to 5.00%. The Series 2016 Bonds refunded certain maturities of General Obligation Refunding Bonds, Series 2010A, General Obligation Refunding Bonds, Series 2012, and General Obligation Bonds, Series 2013A. By issuing the Series 2016 Bonds, the Government obtained an estimated economic gain (difference between the present values of the debt service payments on the defeased and new debt) of \$16,270,215. The refunding will reduce the Government's debt service payments over the next seventeen years by an estimated \$19,466,142.

#### 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, 2016, \$972,155,000 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 METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

QZAB note principal maturities at June 30, 2016 are summarized below:

Year Ending June 30	Principal	Investment Credit (1)
2017	\$ 414,567	\$ 97,031
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>\$ 2,072,831</u>	<u>\$ 485,155</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.

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

QSCB note principal maturities at June 30, 2016 are summarized below:

Year Ending June 30	Principal	Interest	Subsidy
2017	\$ 3,536,429	\$ 2,043,674	\$ 1,723,706
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
2022-2026	17,811,866	10,218,372	8,618,532
2027-2028	<u>2,770,397</u>	<u>1,920,130</u>	<u>2,585,560</u>
Total qualified school construction bond loan payable	<u>\$ 38,264,408</u>	<u>\$ 22,356,872</u>	<u>\$ 19,822,622</u>

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

In January 2009, the Department entered a loan agreement with the Tennessee Department of Economic Development for \$330,000. The proceeds of the loan were used to fund the installation of variable frequency drives on the raw water pumps at the K.R. Harrington water treatment plant. The energy savings resulting from the ability to gradually increase or decrease pump speeds rather than adding or dropping pumps at full capacity were used to repay the loan. The last payment on the loan was made during the year ended June 30, 2016.

**M. Derivative Financial Instruments**

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

The swap agreement provides that the Government will pay a fixed rate of 5.4% to the Counterparty and will receive the SIFMA rate on the outstanding notional amount which reduces annually and was \$39,650,000 at June 30, 2016. The SIFMA rate at June 30, 2016 was .41%. All terms of the swap remain in effect and expire May 15, 2026. The credit rating of the Counterparty at June 30, 2016 is BBB+. The fair value of this swap contract was a liability of \$10,343,936 at June 30, 2016 and is recorded in noncurrent liabilities in the Statement of Net Position. The liability increased by \$249,048 for the year ended June 30, 2016. 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, 2016 are summarized below. The amounts assume that the current reference rate (.41%) 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year Ending June 30	Hedging Derivative, Net Payments
2017	\$ 1,978,535
2018	1,825,841
2019	1,664,664
2020	1,494,505
2021	1,314,616
2022-2026	<u>3,496,992</u>
Total hedging derivative, net payments	<u>\$ 11,775,153</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, 2016. 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.

**N. Unissued Bonds or Notes**

At June 30, 2016, authorized but unissued general obligation bonds totaled \$1,709,373,000. 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, 2016 was as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<b>Governmental types:</b>					
Revenue bonds payable:					
Sports Authority	\$ 153,759,725	\$ -	\$ (5,917,704)	\$ 147,842,021	\$ 7,320,000
Total revenue bonds payable - governmental types	<u>153,759,725</u>	<u>-</u>	<u>(5,917,704)</u>	<u>147,842,021</u>	<u>7,320,000</u>
<b>Proprietary types:</b>					
Revenue bonds payable:					
Electric Power Board	630,572,000	-	(36,831,000)	593,741,000	25,357,000
Metropolitan Nashville Airport Authority	144,962,902	226,903,756	(30,147,789)	341,718,869	12,775,000
Convention Center Authority	624,100,438	-	(3,300,492)	620,799,946	7,865,000
Total revenue bonds payable - proprietary types	<u>1,399,635,340</u>	<u>226,903,756</u>	<u>(70,279,281)</u>	<u>1,556,259,815</u>	<u>45,997,000</u>



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

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<b>Proprietary types: (Continued)</b>					
Notes payable:					
Metropolitan Development and Housing Agency	14,239,737	58,496,481	(3,249,145)	69,487,073	4,069,647
Metropolitan Nashville Airport Authority	9,209,342	4,300,000	(885,768)	12,623,574	1,189,324
Total notes payable - proprietary types	23,449,079	62,796,481	(4,134,913)	82,110,647	5,258,971
Total revenue bonds and notes payable	1,576,844,144	289,700,237	(80,331,898)	1,786,212,483	58,575,971
Other liabilities payable:					
Sports Authority:					
Other liabilities	7,524,159	11,532,436	(1,761,662)	17,294,933	-
Hospital Authority:					
Capitalized lease obligation	27,290,090	-	(2,162,473)	25,127,617	2,327,298
Net pension liability	3,062,503	7,506,639	(4,046,618)	6,522,524	-
Metropolitan Development and Housing Agency:					
Other liabilities	1,450,613	1,719,501	(1,450,613)	1,719,501	-
Electric Power Board:					
TVA advances and other	8,912,000	6,421,000	(8,303,000)	7,030,000	-
Net pension liability	165,435,000	93,136,000	(24,600,000)	233,971,000	-
Metropolitan Transit Authority:					
Advance lease receipts	10,327,470	-	(590,001)	9,737,469	-
Refundable grants	3,771,767	76,929	(98,465)	3,750,231	-
Net pension liability	11,794,276	8,259,860	(5,557,571)	14,496,565	-
Other postemployment benefits obligation	32,306,716	7,211,331	(2,343,641)	37,174,406	-
Metropolitan Nashville Airport Authority:					
Fair value of derivative financial instruments	1,542,095	-	(407,506)	1,134,589	-
Unearned income	1,890,423	40,015	(102,158)	1,828,280	-
Net pension liability	10,621,488	8,075,235	(12,157,785)	6,538,938	-
Other postemployment benefits obligation	26,686,104	1,915,044	(1,963,824)	26,637,324	-
Convention Center Authority:					
Net pension liability	368,709	677,918	(247,589)	799,038	-
Total other liabilities payable - proprietary types	312,983,413	146,571,908	(65,792,906)	393,762,415	2,327,298
Total revenue bonds, notes and other liabilities payable - component units	\$ 1,889,827,557	\$ 436,272,145	\$ (146,124,804)	\$ 2,179,974,898	\$ 60,903,269

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**B. Description of Amounts Payable**

Amounts payable at June 30, 2016 are as follows:

	<u>Interest Rates</u>	<u>Amount</u>
<b>Governmental types:</b>		
Revenue bonds payable:		
Series 2012A (Stadium Project), due in varying amount to July 1, 2033	1.142 - 5.231%	\$ 20,560,000
Taxable Public Facility Revenue Refunding Bonds, Series 2012B (Arena Project), due in varying amount to July 1, 2018	.38 - 2.944%	4,690,000
Taxable Public Facility Revenue Improvement Bonds (Hockey Project), Series 2013A, due in varying amount to July 1, 2033	.793 - 5.150%	13,125,000
Taxable Public Improvement Revenue Refunding Bonds, Series 2013B, due in varying amount to July 1, 2025	.793 - 4.050%	25,195,000
Public Improvement Revenue Bonds (Ballpark Project), Series 2013A due in varying amounts to August 1, 2043	3.00 - 5.250%	53,760,000
Taxable Public Improvement Revenue Bonds (Ballpark Project), Series 2013B due in varying amounts to August 1, 2043	1.25 - 5.625%	11,240,000
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)		<u>4,267,021</u>
Total revenue bonds payable - governmental types		<u>147,842,021</u>
<b>Proprietary types:</b>		
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%	32,161,000
Electric Power Board Electric System Revenue Bonds, 1998 Series B, due in varying amounts to May 15, 2017	4.75 - 5.50%	6,372,000
Electric Power Board Electric System Revenue Bonds, 2008 Series A, due in varying amounts to May 15, 2033	3.25 - 5.00%	6,975,000
Electric Power Board Electric System Revenue Bonds, 2008 Series B, due in varying amounts to May 15, 2023	3.25 - 5.00%	7,688,000
Electric Power Board Electric System Revenue Bonds, 2011 Series A, due in varying amounts to May 15, 2036	1.50 - 5.00%	94,988,000
Electric Power Board Electric System Revenue Bonds, 2011 Series B, due in varying amounts to May 15, 2026	2.00 - 5.00%	133,008,000
Electric Power Board Electric System Revenue Bonds, 2013 Series A, due in varying amounts to May 15, 2029	3.25 - 5.00%	60,786,000
Electric Power Board Electric System Revenue Bonds, 2014 Series A, due in varying amounts to May 15, 2039	2.00 - 5.00%	118,363,000
Electric Power Board Electric System Revenue Bonds, 2015 Series A, due in varying amounts to May 15, 2039	5.00%	133,400,000
Airport Improvement Revenue Bonds, Series 2003 B, due in varying amounts to July 1, 2033	4.13 - 5.94%	14,785,000
Airport Improvement Revenue Bonds, Series 2008A, due in varying amounts to July 1, 2019	4.49%	12,000,000
Airport Improvement Revenue Bonds, Series 2009A, due in varying amounts to July 1, 2019	3.00 - 5.25%	20,040,000
Airport Improvement Revenue Bonds, Series 2010A, due in varying amounts to July 1, 2017	3.00 - 5.00%	7,525,000
Special Facility Revenue Bonds, Series 2010, due in varying amounts to July 1, 2029 (includes terms bonds at 6.79%)	2.25 - 6.19%	58,980,000
Airport Improvement Revenue Bonds, Series 2010C, due in varying amounts to July 1, 2016	3.00 - 4.00%	1,740,000
Airport Improvement Revenue Bonds, Series 2015A, due in varying amounts to July 1, 2040	4.00 - 5.00%	91,855,000

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

	Interest Rates	Amount
<b>Proprietary types: (Continued)</b>		
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)		26,648,869
Convention Center Authority Revenue Bonds, 2010A-1 due in varying amounts to July 1, 2026	3.35 - 5.00%	48,510,000
Convention Center Authority Revenue Bonds, 2010A-2 due in varying amounts to July 1, 2043	7.431%	152,395,000
Convention Center Authority Revenue Bonds, 2010B due in varying amounts to July 1, 2043	4.862 - 6.731%	419,090,000
Convention Center Authority: Deferred premium (discount)		804,946
Total revenue bonds payable - proprietary types		1,556,259,815
Notes payable:		
Metropolitan Development and Housing Agency		69,487,073
Metropolitan Nashville Airport Authority		12,623,574
Total notes payable - proprietary types		82,110,647
Total revenue bonds and notes payable		1,786,212,483
Other liabilities payable:		
Sports Authority: Other liabilities		17,294,933
Hospital Authority: Capitalized lease obligation		25,127,617
Net pension liability		6,522,524
Metropolitan Development and Housing Agency: Other liabilities		1,719,501
Electric Power Board: TVA advances		2,754,000
Other		4,276,000
Net pension liability		233,971,000
Metropolitan Transit Authority: Advance lease receipts		9,737,469
Refundable grants		3,750,231
Net pension liability		14,496,565
Other postemployment benefits obligation		37,174,406
Metropolitan Nashville Airport Authority: Fair value of derivative financial instruments		1,134,589
Unearned income		1,828,280
Net pension liability		6,538,938
Other postemployment benefits obligation		26,637,324
Convention Center Authority: Net pension liability		799,038
Total other liabilities payable - proprietary types		393,762,415
Total bonds, notes and other liabilities payable - component units		\$ 2,179,974,898

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	\$ 53,317,000
Noncurrent liabilities:	
Due within one year	7,586,269
Due in more than one year	<u>2,119,071,629</u>
 Total component units long-term liabilities	 <u>\$ 2,179,974,898</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, 2016 for the Industrial Revenue Bonds issued after April 1, 1996 was approximately \$744,455,073. 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 \$5,566,856,525. The aggregate principal amount of revenue bonds which were issued by the Board and were still outstanding as of April 1, 1996 could not be determined; however, the total aggregate principal amount of revenue bonds issued by the Board prior to April 1, 1996 was \$1,367,025,500.

#### **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. As amended during this fiscal year, the loan expires December 31, 2020 at which time the principal outstanding balance and any interest will be due to 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, 2016 is \$8,011,619.

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 CMAfest 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, 2016 is \$9,273,550.

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, 2016 for the component units are as follows:

Year Ending June 30	Revenue Bonds and Notes Payable	
	Principal	Interest
2017	\$ 59,065,971	\$ 83,994,514
2018	68,702,974	82,388,257
2019	64,458,036	80,449,234
2020	77,924,129	69,801,155
2021	68,575,445	66,769,378
2022-2026	347,678,027	285,463,732
2027-2031	305,321,509	209,056,089
2032-2036	261,915,557	135,962,009
2037-2041	241,324,000	53,806,288
2042-2046	182,634,999	9,093,169
Total	1,677,600,647	1,076,783,825
Deferred charges	108,611,836	-
Total	<u>\$ 1,786,212,483</u>	<u>\$ 1,076,783,825</u>

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 6 – PENSION PLANS**

The Government has the following single-employer pension plans:

<u>Name</u>	<u>Type</u>	<u>Status</u>	<u>Administering Fund</u>
<b><u>Primary Government</u></b>			
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-86 to B-87.

***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 15.510% 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	20.00 %
International Equity	13.00
Equity Hedge	7.00
Fixed Income	21.00
Fixed income Alternatives	15.00
Real Assets	12.00
Private Equity	<u>12.00</u>
 Total All Asset Classes	 <u><u>100.00 %</u></u>

There were no changes in the investment policy in the current year.

***Concentrations***

There are no individual investments in the Metro Plan or the Metro Education Plan that exceed 5% of plan assets at June 30, 2016.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**Rate of Return**

For the year ended June 30, 2016, the annual money-weighted rate of return on investments of the Metro Plan and Metro Education Plan, net of investment expense, was .64%. 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, 2015. Actuarial assumptions are summarized on the Selected Pension Information Schedules on pages B-86 to B-87.

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, 2015 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).

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**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	\$ 7,861,059	\$ 7,486,223	\$ 7,146,159
Metro	577,309,325	221,317,760	(99,060,063)
County Education	26,377,929	25,230,145	23,988,484
Metro Education	110,785,923	101,574,332	92,915,316
City	35,999,560	34,240,762	32,647,225
City Education	12,079,046	11,599,369	11,057,052
Total net pension liability	<u>\$ 770,412,842</u>	<u>\$ 401,448,591</u>	<u>\$ 68,694,173</u>

**E. Pension Expense**

For the year ended June 30, 2016, the Government recognized pension expense for each of the plans as follows:

	Pension Expense
County	\$ 454,345
Metro	116,910,599
County Education	2,615,865
Metro Education	10,928,454
City	1,490,861
City Education	1,164,990
Total pension expense	<u>\$ 133,565,114</u>

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	73.51 %	54.41 %	71.15 %
Collective pension expense	\$ 2,615,865	\$ 10,928,454	\$ 1,164,990
Support of State of Tennessee	(692,943)	(4,982,282)	(336,100)
Collective net pension liability	34,321,916	186,686,322	16,302,012
Proportionate share of net pension liability	25,230,145	101,574,332	11,599,369
Proportionate share of deferred outflows of resources	47,442	3,218,061	37,881

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**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-88 to B-91.

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-86 to B-87. 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>
<b>ACTUARIAL VALUATION INFORMATION</b>			
Valuation date	July 1, 2015	July 1, 2015	July 1, 2015
Measurement date	June 30, 2016	June 30, 2016	June 30, 2016
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	7 years	30 years	8 years
Asset valuation method	market	5 year smoothed market	market
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			
<b>PLAN MEMBERSHIP</b>			
Active:			
Fully vested	-	8,489	-
Non-vested and partially vested	-	3,082	-
Total active	-	<u>11,571</u>	-
Retirees and beneficiaries receiving benefits	82	8,498	200
Terminated vested	-	3,519	-
Total	<u>82</u>	<u>23,588</u>	<u>200</u>



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

SELECTED PENSION INFORMATION

<u>Metro Education</u>	<u>City</u>	<u>City Education</u>
July 1, 2015	July 1, 2015	July 1, 2015
June 30, 2016	June 30, 2016	June 30, 2016
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%
-	-	-
-	-	-
-	-	-
980	362	108
1	-	-
<u>981</u>	<u>362</u>	<u>108</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, 2016

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<u>County Plan (Closed)</u>			
Balance at June 30, 2015	\$ 8,409,286	\$ -	\$ 8,409,286
Changes for the year:			
Interest	570,348	-	570,348
Difference between expected and actual experience	(115,892)	-	(115,892)
Contributions - employer	-	1,376,864	(1,376,864)
Net investment income	-	655	(655)
Benefit payments, including refunds of member contributions	(1,377,519)	(1,377,519)	-
Net changes	(923,063)	-	(923,063)
Balance at June 30, 2016	<u>\$ 7,486,223</u>	<u>\$ -</u>	<u>\$ 7,486,223</u>

Plan fiduciary net position as a percentage of the total pension liability - %

Metro Plan (Open)

Balance at June 30, 2015	\$ 2,832,405,142	\$ 2,763,495,909	\$ 68,909,233
Changes for the year:			
Service cost	47,175,730	-	47,175,730
Interest	208,309,697	-	208,309,697
Difference between expected and actual experience	(25,817,354)	-	(25,817,354)
Contributions - employer	-	85,676,490	(85,676,490)
Contributions - members	-	73,171	(73,171)
Transfers in	-	244,632	(244,632)
Net investment income	-	6,343,038	(6,343,038)
Benefit payments, including refunds of member contributions	(152,601,796)	(152,601,796)	-
Administrative expenses	73,171	(15,004,614)	15,077,785
Net changes	77,139,448	(75,269,079)	152,408,527
Balance at June 30, 2016	<u>\$ 2,909,544,590</u>	<u>\$ 2,688,226,830</u>	<u>\$ 221,317,760</u>

Plan fiduciary net position as a percentage of the total pension liability 92.39 %

County Education Plan (Closed)

Balance at June 30, 2015	\$ 38,863,635	\$ 756,166	\$ 38,107,469
Changes for the year:			
Interest	2,679,861	-	2,679,861
Difference between expected and actual experience	(16,830)	-	(16,830)
Contributions - employer	-	3,760,411	(3,760,411)
Contributions - State of Tennessee	-	2,683,194	(2,683,194)
Net investment income	-	4,979	(4,979)
Benefit payments, including refunds of member contributions	(6,230,661)	(6,230,661)	-
Net changes	(3,567,630)	217,923	(3,785,553)
Balance at June 30, 2016	<u>\$ 35,296,005</u>	<u>\$ 974,089</u>	<u>\$ 34,321,916</u>

Plan fiduciary net position as a percentage of the total pension liability 2.76 %

Proportionate share of collective net pension liability:

Employer	\$ 25,230,145
State of Tennessee	9,091,771

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, 2016

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<u>Metro Education Plan (Closed)</u>			
Balance at June 30, 2015	\$ 283,540,148	\$ 79,635,968	\$ 203,904,180
Changes for the year:			
Interest	19,702,025	-	19,702,025
Difference between expected and actual experience	(4,470,482)	-	(4,470,482)
Contributions - employer	-	20,620,889	(20,620,889)
Contributions - State of Tennessee	-	11,713,047	(11,713,047)
Net investment income	-	180,416	(180,416)
Benefit payments, including refunds of member contributions	(32,751,992)	(32,751,992)	-
Administrative expenses	-	(64,951)	64,951
Net changes	(17,520,449)	(302,591)	(17,217,858)
Balance at June 30, 2016	<u>\$ 266,019,699</u>	<u>\$ 79,333,377</u>	<u>\$ 186,686,322</u>

Plan fiduciary net position as a percentage of the total pension liability 29.82 %

Proportionate share of collective net pension liability:

Employer	\$ 101,574,332
State of Tennessee	85,111,990

City Plan (Closed)

Balance at June 30, 2015	\$ 38,889,081	\$ -	\$ 38,889,081
Changes for the year:			
Interest	2,603,078	-	2,603,078
Difference between expected and actual experience	(1,111,344)	-	(1,111,344)
Contributions - employer	-	6,134,921	(6,134,921)
Net investment income	-	5,132	(5,132)
Benefit payments, including refunds of member contributions	(6,140,053)	(6,140,053)	-
Net changes	(4,648,319)	-	(4,648,319)
Balance at June 30, 2016	<u>\$ 34,240,762</u>	<u>\$ -</u>	<u>\$ 34,240,762</u>

Plan fiduciary net position as a percentage of the total pension liability - %

City Education Plan (Closed)

Balance at June 30, 2015	\$ 19,142,904	\$ 635,435	\$ 18,507,469
Changes for the year:			
Interest	1,305,770	-	1,305,770
Difference between expected and actual experience	(102,207)	-	(102,207)
Contributions - employer	-	1,600,371	(1,600,371)
Contributions - State of Tennessee	-	1,804,508	(1,804,508)
Net investment income	-	4,141	(4,141)
Benefit payments, including refunds of member contributions	(3,260,870)	(3,260,870)	-
Net changes	(2,057,307)	148,150	(2,205,457)
Balance at June 30, 2016	<u>\$ 17,085,597</u>	<u>\$ 783,585</u>	<u>\$ 16,302,012</u>

Plan fiduciary net position as a percentage of the total pension liability 4.59 %

Proportionate share of collective net pension liability:

Employer	\$ 11,599,369
State of Tennessee	4,702,643

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>County Plan</u>		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (544)
Balance at June 30, 2016	<u>\$ -</u>	<u>\$ (544)</u>

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,	
2017	\$ (136)
2018	(136)
2019	(136)
2020	(136)

Metro Plan

Difference between expected and actual experience	\$ -	\$ (73,122,547)
Net difference between projected and actual earnings on pension plan investments	189,439,285	-
Balance at June 30, 2016	<u>\$ 189,439,285</u>	<u>\$ (73,122,547)</u>

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,	
2017	\$ 39,091,638
2018	39,091,638
2019	39,091,637
2020	25,567,452
2021	(11,649,230)
Thereafter	(14,876,397)

County Education Plan

Net difference between projected and actual earnings on pension plan investments	\$ 47,442	\$ -
Balance at June 30, 2016	<u>\$ 47,442</u>	<u>\$ -</u>

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,	
2017	\$ 12,888
2018	12,888
2019	12,887
2020	8,779

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Metro Education Plan</u>		
Net difference between projected and actual earnings on pension plan investments	\$ 3,218,061	\$ -
Balance at June 30, 2016	<u>\$ 3,218,061</u>	<u>\$ -</u>

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,	
2017	\$ 863,239
2018	863,239
2019	863,239
2020	628,344

City Plan

Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (4,259)
Balance at June 30, 2016	<u>\$ -</u>	<u>\$ (4,259)</u>

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,	
2017	\$ (1,065)
2018	(1,065)
2019	(1,065)
2020	(1,064)

City Education Plan

Net difference between projected and actual earnings on pension plan investments	\$ 37,881	\$ -
Balance at June 30, 2016	<u>\$ 37,881</u>	<u>\$ -</u>

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,	
2017	\$ 10,306
2018	10,306
2019	10,306
2020	6,963

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**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](http://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, 2016 to the Teacher Legacy Pension Plan were \$27,095,828 which is 9.04% of covered payroll. Employer contributions for the year ended June 30, 2016 to the Teacher Retirement Plan were \$2,240,133 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, 2016, the Government reported a liability of \$3,476,720 for its proportionate share of net pension liability of the Teacher Legacy Pension Plan. The net pension liability was measured as of June 30, 2015, 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 during the year ended June 30, 2015 relative to the contributions of all LEA's for the year ended June 30, 2015. At the June 30, 2015 measurement date, the Government's proportion was 8.49%. The proportion measured as of June 30, 2014 was 8.74%.

At June 30, 2016, the Government reported an asset of \$568,609 for its proportionate share of the net pension asset of Teacher Retirement Plan. The net pension asset was measured as of June 30, 2015, 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, 2015 relative to the contributions of all LEA's for the year ended June 30, 2015. At the June 30, 2015 measurement date, the Government's proportion was 14.13%.

***Pension Income and Expense***

For the year ended June 30, 2016, the Government recognized a negative pension expense of \$3,842,164 in the Teacher Legacy Pension Plan.

For the year ended June 30, 2016, the Government recognized a pension expense of \$745,176 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, 2016, the Government reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Teacher Legacy Pension Plan</u>		
Difference between expected and actual experience	\$ 2,790,214	\$ 54,115,677
Net difference between projected and actual earnings on pension plan investments	62,778,693	85,225,494
Change in proportion of net pension liability (asset)	-	4,534,684
Contributions subsequent to the measurement date of June 30, 2015	<u>27,095,828</u>	<u>-</u>
Total	<u>\$ 92,664,735</u>	<u>\$ 143,875,855</u>
<u>Teacher Retirement Plan</u>		
Difference between expected and actual experience	\$ -	\$ 185,072
Net difference between projected and actual earnings on pension plan investments	45,962	-
Contributions subsequent to the measurement date of June 30, 2015	<u>2,240,133</u>	<u>-</u>
	<u>\$ 2,286,095</u>	<u>\$ 185,072</u>

The Government's employer contributions of \$27,095,828, 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, 2016 for the Teacher Legacy Pension Plan. The Government's employer contributions of \$2,240,133, 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, 2016 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:

<u>Year Ending June 30,</u>	<u>Teacher Legacy Pension Plan</u>	<u>Teacher Retirement Plan</u>
2017	\$ (23,885,854)	\$ (3,932)
2018	(23,885,854)	(3,932)
2019	(23,885,854)	(3,932)
2020	4,522,644	(3,932)
2021	(11,172,029)	(15,423)
Thereafter	-	(107,959)

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, 2015 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, 2015 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.

**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)

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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:

<u>Plan</u>	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Teacher Legacy Pension Plan	\$ 237,031,122	\$ 3,476,720	\$ (189,878,781)
Teacher Retirement Plan	100,829	(568,609)	(1,059,582)

***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, 2016, the Government reported a payable of \$6,270 for the outstanding amount of contributions to the pension plans required at the year ended June 30, 2016.

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	\$ 7,486,223	\$ -	\$ 544
Metro	221,317,760	189,439,285	73,122,547
County Education	25,230,145	47,442	-
Metro Education	101,574,332	3,218,061	-
City	34,240,762	-	4,259
City Education	11,599,369	37,881	-
Teacher Legacy (TCRS)	3,476,720	92,664,735	143,875,855
Teacher Retirement (TCRS)	(568,609)	2,286,095	185,072
	<u>\$ 404,356,702</u>	<u>\$ 287,693,499</u>	<u>\$ 217,188,277</u>
Total by plan			
Reconciliation:			
Statement of Net Position:			
Primary government:			
Governmental activities	\$ 377,092,525	\$ 204,928,181	146,619,781
Business-type activities	20,511,224	14,803,525	5,673,579
	<u>397,603,749</u>	<u>219,731,706</u>	<u>152,293,360</u>
Total primary government			
Component units:			
Hospital Authority	6,522,524	4,614,817	1,887,635
Convention Center Authority	799,038	568,283	228,589
	<u>7,321,562</u>	<u>5,183,100</u>	<u>2,116,224</u>
Total component units			
	<u>404,925,311</u>	<u>224,914,806</u>	<u>154,409,584</u>
Total Statement of Net Position			
Less Statement of Net Position other assets	(568,609)	-	-
Netting of deferred outflows and inflows of resources (1)	-	62,778,693	62,778,693
	<u>\$ 404,925,311</u>	<u>\$ 287,693,499</u>	<u>\$ 217,188,277</u>
Total allocation			

(1) In the Statement of Net Position, differences between projected and actual pension plan investment earnings in different measurement periods are aggregated and reported as a net deferred inflow of resources.

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 7 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS**

**Primary Government**

**A. Plan Descriptions**

Metropolitan Government

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

Metropolitan Nashville Public Schools

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

**B. Funding Policies**

Metropolitan Government

The contribution requirements of Metro Employees' Medical Benefit Plan members and the Government are established and may be amended by the Employee Benefit Board. The required contribution is based on projected pay-as-you-go financing requirements under which contributions are made in amounts sufficient to cover benefits paid, administrative costs and anticipated inflationary increases. For health insurance, the Government contributes 75% of all premium payments, and the retirees contribute 25%. For the fiscal year ended June 30, 2016, the Government and retirees contributed \$46,488,493 and \$15,496,164 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, 2016, the Government and retirees each contributed \$2,708,814 for dental insurance. Finally, the Government provides life insurance at no charge to the retirees. For the fiscal year ended June 30, 2016, the Government contributed \$2,981,770 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, 2016, the Government and retirees contributed \$21,340,985 and \$6,882,827 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	\$ 196,832,000	\$ 49,020,000	\$ 245,852,000
Interest on net OPEB obligation	45,094,000	8,553,000	53,647,000
Adjustment to annual required contribution	(39,054,000)	(7,512,000)	(46,566,000)
Annual OPEB cost	202,872,000	50,061,000	252,933,000
Contributions made	(81,237,000)	(24,877,000)	(106,114,000)
Increase (decrease) in net OPEB obligation	121,635,000	25,184,000	146,819,000
Net OPEB obligation beginning of year	1,002,094,000	190,053,000	1,192,147,000
Net OPEB obligation end of year	<u>\$ 1,123,729,000</u>	<u>\$ 215,237,000</u>	<u>\$ 1,338,966,000</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, 2016	\$ 202,873,000	40.04 %	\$ 1,123,729,000
	June 30, 2015	194,156,000	39.63	1,002,094,000
	June 30, 2014	181,188,000	35.98	884,876,000
School Professional Employees' Insurance Plan				
	June 30, 2016	50,061,000	49.69	215,237,000
	June 30, 2015	43,184,000	53.63	190,053,000
	June 30, 2014	39,413,000	50.54	170,029,000

**D. Funded Status and Funding Progress**

Metropolitan Government

As of June 30, 2016 the most recent actuarial valuation date, the Metro Employee' Medical Benefit Plan was 0% funded. The actuarial accrued liability for benefits was \$2.24 billion, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.24 billion. The covered payroll (annual payroll of active employees covered by the Metro Plan) was \$557 million, and the ratio of the UAAL to the covered payroll was 402%.

Metropolitan Nashville Public Schools

As of June 30, 2016 the most recent actuarial valuation date, the School Professional Employees' Insurance Plan was 0% funded. The actuarial accrued liability for benefits was \$549 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$549 million. The covered payroll (annual payroll of active employees covered by the School Plan) was \$327 million, and the ratio of the UAAL to the covered payroll was 168%.

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, 2016 valuations for both Plans, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% rate of return (net of administrative expenses), 2.75% rate of inflation, and 4.5% projected increase in salaries. Because the Government has not begun funding the Plans, the rate of return was based on the Government's historic interest earned on idle cash. Annual non prescription drug medical costs are assumed to increase 7.0% in the first year of valuation. Future annual increases are assumed to grade uniformly from 7.0% to 5.0% over a four year period. Annual prescription drug costs are assumed to increase 7.0% in the first year of valuation. Future annual increases are assumed to grade uniformly from 7.0% to 5.0% over a four year period. Costs for supplemental insurance for retirees are assumed to remain level in the first year of valuation and 7.0% in the second year of valuation. Future annual increases are assumed to grade uniformly to 5.0% over a four year period. Dental costs are assumed to have no increase from fiscal 2015 through fiscal 2018 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, 2016 was 22 years.

**Component Units**

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

**NOTE 8 – DEFERRED COMPENSATION AND PROFIT SHARING PLANS**

**Primary Government**

Metro Plan

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

**Component Units**

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

**NOTE 9 – LEASES**

**Primary Government**

The Government entered a lease agreement commencing November, 2005, for additional office space. The terms of the agreement call for a base annual rent of \$600,191 before a 50% credit for tenant improvements. 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, 2016. There is an additional credit in excess of \$1 million available for roof replacement. The

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2016 was \$355,663.

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, 2016 totaled \$1,921,671. Future minimum rental payments are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 1,921,706
2018	1,943,158
2019	1,979,011
2020	2,018,480
2021	2,059,086
2022-2024	<u>4,903,402</u>
Total future minimum lease payments	<u>\$ 14,824,843</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, 2016 totaled \$105,963. Future minimum rental payments are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 109,141
2018	112,415
2019	<u>28,310</u>
Total future minimum lease payments	<u>\$ 249,866</u>

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, 2016.

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, 2015 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, 2015. Future minimum lease payments at December 31, 2015 totaled \$138,612.

**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, 2016, 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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2016 follows:

<u>Year Ending June 30,</u>		
2017	\$	4,128,286
2018		4,096,214
2019		4,000,000
2020		4,000,000
2021-2025		17,666,666
		<hr/>
Total future minimum lease payments		33,891,166
Less:		
Amount representing interest		8,763,550
Current portion of capital lease		2,327,298
		<hr/>
Long-term capitalized lease obligation	\$	<u>22,800,318</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>
2017-2019	\$	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, 2016 is \$35,350,519.

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





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables at June 30, 2016 are attributable to unsettled balances at year-end, primarily for internal service billings and transfers between funds.

Balances at June 30, 2016 are as follows:

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES

For the Year Ended June 30, 2016

Due From	Due To					GSD Capital Projects Fund
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,800
General Purpose School Fund	19,004	-	-	-	-	19,998
GSD General Purposes Debt Service Fund	96,413	-	-	-	-	-
GSD Capital Projects Fund	461,557	-	-	-	-	-
Education Capital Projects Fund	-	9	-	-	-	-
USD Capital Projects Fund	-	-	-	-	-	969,660
Nonmajor Governmental Funds	3,530,738	664,751	-	-	-	1,137,002
Department of Water and Sewerage Services	186,600	188,040	-	-	-	-
Nonmajor Enterprise Funds	105,426	16,955	-	-	-	-
Internal Service Funds	343,086	391,282	15,083	8,177	2,961	-
Fiduciary Funds	10,389,193	83,454	-	-	-	-
	<u>\$ 15,132,017</u>	<u>\$ 1,344,491</u>	<u>\$ 15,083</u>	<u>\$ 8,177</u>	<u>\$ 2,961</u>	<u>\$ 2,134,460</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, 2016

Due To								
Education Capital Projects Fund	USD Capital Projects Fund	Nonmajor Governmental Funds	Department of Water and Sewerage Services	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ -	\$ -	\$ 3,300,599	\$ 18,470	\$ -	\$ 7,346	\$ 163,142	\$ 2,301	\$ 3,499,658
8,761	-	13,343,657	-	-	12,377	20,466	-	13,424,263
-	-	205,073	-	-	-	-	-	301,486
-	14,664	140,903	-	-	-	-	-	617,124
-	-	-	-	-	-	-	-	9
-	-	-	-	-	-	-	-	969,660
-	1,833,755	1,896,761	607,375	-	216,408	424	-	9,887,214
-	-	19,321,629	-	49,472	46,672	6,475	-	19,798,888
-	-	2,391,838	854,954	100	1,993	-	-	3,371,266
-	-	90,643	1,538	-	6,659	13,377	24,306	897,112
-	-	-	-	-	-	-	265,245	10,737,892
<u>\$ 8,761</u>	<u>\$ 1,848,419</u>	<u>\$ 40,691,103</u>	<u>\$ 1,482,337</u>	<u>\$ 49,572</u>	<u>\$ 291,455</u>	<u>\$ 203,884</u>	<u>\$ 291,852</u>	<u>\$ 63,504,572</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE 11 - INTERFUND TRANSFERS**

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

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

Interfund transfers for the year ended June 30, 2016 consist of the following:

SCHEDULE OF INTERFUND TRANSFERS

For the Year Ended June 30, 2016

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	\$ -	\$ 22,054,600	\$ -	\$ -
General Purpose School Fund	192,000	-	101,000	2,863,521	-
GSD Capital Projects Fund	30,000	-	510,210	-	-
USD Capital Projects Fund	-	-	-	-	-
Nonmajor Governmental Funds	12,971,896	2,015,090	1,023,572	1,602,282	583,400
Department of Water and Sewerage Services	5,658,000	-	85,200	-	-
District Energy System	5,900	-	-	-	1,324,200
Nonmajor Enterprise Funds	1,475,300	-	1,500,000	-	-
Internal Service Funds	2,076,300	-	-	-	-
Fiduciary Funds	-	392,885	-	-	-
	<u>\$ 22,890,396</u>	<u>\$ 2,407,975</u>	<u>\$ 25,274,582</u>	<u>\$ 4,465,803</u>	<u>\$ 1,907,600</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, 2016

Transferred To

Nonmajor Governmental Funds	District Energy System	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
\$ 53,591,425	\$ 1,794,000	\$ 1,890,400	\$ 20,290,146	\$ 109,817	\$ 100,211,388
77,932,753	-	-	1,249,999	110,809	82,450,082
213,281	-	194	9,030,332	-	9,784,017
1,965,477	-	-	-	-	1,965,477
2,026	-	1,174,857	3,566,297	24,006	22,963,426
4,607,375	-	-	2,198,262	-	12,548,837
-	-	-	-	-	1,330,100
-	-	-	993,643	-	3,968,943
-	-	-	6,338	-	2,082,638
-	-	-	1,566,075	-	1,958,960
<u>\$ 138,312,337</u>	<u>\$ 1,794,000</u>	<u>\$ 3,065,451</u>	<u>\$ 38,901,092</u>	<u>\$ 244,632</u>	<u>\$ 239,263,868</u>

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

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The Metropolitan Department of Law estimated a potential liability for claims, suits and judgments filed for damages to persons and property and for other alleged claims arising out of matters incidental to the operation of the Government. The estimated liability is not expected to be liquidated with expendable available resources and is recorded in the applicable governmental activities in the Statements of Net 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 \$38,868,126 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, 2015 and 2016:

	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, 2014	\$ 729,053	\$ 7,035,820	\$ 5,556,551	\$ 16,841,000	\$ 6,400,000	\$ 36,562,424
Add: Provision for events of the current fiscal year	619,612	5,764,060	93,726,987	201,122,583	16,627,601	317,860,843
Deduct: Payments on claims during the fiscal year	519,397	3,735,263	92,426,524	204,775,583	15,166,601	316,623,368
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

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 \$51,907,728 at June 30, 2016 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, 2016, the governmental activities of the Government had commitments of \$222,362,599 for construction contracts.

At June 30, 2016, the Department of Water and Sewerage Services had commitments of \$96,197,287 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, and is waiting for feedback from EPA and TDEC.

The Department is proceeding with the submitted Plans pending approval. 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, 2017. 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) and Bordeaux Long Term Care (Bordeaux) have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. General experienced an operating loss of \$36.4 million for the year ended June 30, 2016 and reflected a net deficit of \$7.5 million at June 30, 2016. Current liabilities exceeded current assets by \$11.7 million at June 30, 2016. Bordeaux experienced an operating loss of \$5.6 million and a decrease in net position of approximately \$.5 million for the year ended June 30, 2016. The deficits were funded primarily by the Government in the form of revenue or capital contributions reflected in the financial statements. General and Bordeaux are and will continue to be dependent upon the Government to subsidize current and future operations.

Accordingly, these factors among others indicate that General and Bordeaux may be unable to continue as going concerns for a reasonable period of time. The financial statements for General and Bordeaux do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should the entities be unable to continue as going concerns. The ability for General and Bordeaux to continue as going concerns is dependent upon their ability to generate sufficient cash flow to meet their obligations on a timely basis and to generate revenues exceeding operating expenses. General has implemented several strategic initiatives to increase cash flow including implementing several operational efficiencies as well as renegotiating several material service agreements to enhance quality of services in a more efficient manner. Bordeaux has implemented several strategies to increase cash flow including outsourcing operations.

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.

In October 2016, the Government entered into an operating lease and transfer agreement with a third party to lease the property and operations of Bordeaux as discussed below in Section G. Other Commitments. Under the terms of the agreement, the Government will cover the losses incurred by Bordeaux up to a maximum amount, the third party will pursue the replacement of Bordeaux, and the existing facility will cease operations.

### **F. Financial Pledges**

The Government has pledged certain non tax 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, 2016 (including total future interest of \$553,443,235) are as follows:



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

Component Unit Revenue Bonds or Agreements	Pledged Non-Tax Revenues of:	Date of Final Maturity/Payment	Outstanding at June 30, 2016
Sports Authority Refunding Taxable Revenue Bonds Series 2012B (Refunded 1998 NHL Fee)	GSD General Fund	Jul. 1, 2018	\$ 4,888,625
Sports Authority Refunding Series 2013B Taxable Revenue Bonds (Refunded 2004 Revenue Stadium)	GSD General Fund	Jul. 1, 2025	29,177,451
Sports Authority Refunding Series 2014 Bonds (Refunded 2004 Revenue Stadium)	GSD General Fund	Jul. 1, 2026	20,758,550
Sports Authority Taxable Revenue Bonds Series 2013A (Hockey Facility)	GSD General Fund	Jul. 1, 2033	19,499,245
Sports Authority Series 2012A Taxable Revenue Bonds (Upgrade to LP Field)	GSD General Fund	Jul. 1, 2033	30,802,525
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	223,000,000
Sports Authority Series 2013B Taxable Revenue Bonds (Ballpark)	USD General Fund	Jul. 1, 2043	21,513,145
Sports Authority Series 2013A Revenue Bonds (Ballpark)	USD General Fund	Jul. 1, 2043	98,583,778
Convention Center Authority Tourism Tax Taxable Revenue Bonds Series 2010B	GSD General Fund	Jul. 1, 2043	853,890,570
Public Finance Authority Taxable Parking Revenue Bonds Series 2014	USD General Fund	Nov. 1, 2044	<u>79,819,346</u>
Total Guarantees Extended			<u>\$ 1,381,933,235</u>

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, 2016:

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Company	Grant Approval Date	Grant Commencement Date	Grant Period	Additional Grant Terms	Amount Payable for June 30, 2016	Amount Budgeted for 2016-2017
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	-	328,000
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.	-	-

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. Bordeaux is an operation of the Hospital Authority, a component unit of the Government. 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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

on 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.

**Component Units**

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

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

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

The Nashville District Management Corporation has entered into an agreement with Nashville Downtown Partnership, a related nonprofit organization, to perform all the duties and responsibilities for day-to-day management and implementation of services and improvements for the Nashville Central Business Improvement District (CBID), as defined in the Memorandum of Agreement with the Government, in exchange for substantially all revenues received from CBID assessments. During the year ended December 31, 2015, the Corporation recognized expense of \$1,764,886 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, 2015, \$25,000 was recognized as expense related to the agreement. The agreement expires December 31, 2016.

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 renting of rooms. The amount remitted to Omni during the year ended June 30, 2016 was \$9,000,000. The schedule of future annual payments is expected to be as follows.

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

Year Ending June 30	Annual Payment
2017	\$ 10,000,000
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. Several conditions were required to be satisfied before execution of the redevelopment agreement, and those conditions were not met for the closing of the sale to take place no later than December 31, 2015. The agreement allowed the developer to extend the closing for up to four periods of three months each upon paying a nonrefundable fee of \$250,000 for each extension, which would be applied to the sales price if all conditions are met and the Nashville Convention Center site sale is closed. At June 30, 2016, the developer had exercised the right to extend the closing through September 30, 2016. Subsequently, the developer has exercised the right to extend the closing through December 31, 2016. The total amount paid by the developer through June 30, 2016 was \$750,000. An additional \$250,000 has been paid subsequent to June 30, 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 13 - FUND BALANCES**

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

FUND BALANCES

For the Year Ended June 30, 2016

	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
<b>FUND BALANCES (DEFICITS):</b>						
<b>Nonspendable:</b>						
Inventories of supplies	\$ 275,371	\$ 1,483,136	\$ -	\$ -	\$ -	\$ -
Prepaid expenditures	191,637	380,552	43,369	5,454	1,177	-
Permanent fund principal	-	-	-	-	-	-
Total nonspendable	<u>467,008</u>	<u>1,863,688</u>	<u>43,369</u>	<u>5,454</u>	<u>1,177</u>	<u>-</u>
<b>Restricted for:</b>						
Public welfare	-	-	-	-	-	-
Convention center and tourism promotion	-	-	-	-	-	-
Education	-	-	-	-	-	-
Solid waste	-	-	-	-	-	-
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>	<u>-</u>
<b>Committed for:</b>						
Education	-	56,233,446	-	-	-	-
Debt service	-	-	5,946,531	7,133,994	4,152,908	-
Equipment acquisitions (appropriated)	-	-	-	-	-	-
Equipment acquisitions (unappropriated)	-	-	-	-	-	-
Solid waste	-	-	-	-	-	-
General government	-	-	-	-	-	-
Law enforcement and care of prisoners	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Total committed	<u>-</u>	<u>56,233,446</u>	<u>5,946,531</u>	<u>7,133,994</u>	<u>4,152,908</u>	<u>-</u>
<b>Assigned for:</b>						
Subsequent year budgetary appropriation	50,947,200	16,000,000	5,000,000	-	-	-
Specific projects	8,595,400	-	-	-	-	-
Total assigned	<u>59,542,600</u>	<u>16,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	84,493,158	-	-	-	-	(219,542,880)
Total fund balances (deficits)	<u>\$ 144,502,766</u>	<u>\$ 74,097,134</u>	<u>\$ 10,989,900</u>	<u>\$ 7,139,448</u>	<u>\$ 4,154,085</u>	<u>\$ (219,542,880)</u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FUND BALANCES (CONTINUED)

For the Year Ended June 30, 2016

Education Capital Projects Fund	USD Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,176,773	\$ 2,935,280
-	-	576	622,765
-	-	185,112	185,112
-	-	1,362,461	3,743,157
-	-	952,489	952,489
-	-	3,468,002	3,468,002
-	-	23,237,460	23,237,460
-	-	663,437	663,437
-	-	1,053,599	1,053,599
-	-	3,726,005	3,726,005
-	-	3,575,657	3,575,657
-	-	679,744	679,744
-	-	4,216,501	4,216,501
-	-	308,960	308,960
-	-	1,136,819	1,136,819
-	-	43,018,673	43,018,673
-	-	-	56,233,446
-	-	-	17,233,433
-	-	30,318,995	30,318,995
-	-	25,210,677	25,210,677
-	-	1,750,712	1,750,712
-	-	5,494,708	5,494,708
-	-	114,147	114,147
-	-	664,839	664,839
-	-	63,554,078	137,020,957
-	-	-	71,947,200
-	-	-	8,595,400
-	-	-	80,542,600
(109,730,028)	(1,323,786)	(11,750,067)	(257,853,603)
\$ (109,730,028)	\$ (1,323,786)	\$ 96,185,145	\$ 6,471,784

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE 14 – FUEL HEDGING PROGRAM**

The Metropolitan Government maintains a fuel hedging program, the objective of which is to hedge the changes in cash flows due to market price fluctuations related to a portion of expected purchases of diesel and gasoline fuel. Details of the Metropolitan Government's participation in the fuel hedging program at June 30, 2016 are as follows:

<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
64,000 gallons, gasoline	July 1, 2014	June 30, 2016	Pay \$2.69 per gallon; Settlement based on NYMEX NYH RBOB Gasoline	Baa1/BBB+
64,000 gallons, gasoline	Sept. 1, 2014	June 30, 2016	Pay \$2.6865 per gallon; Settlement based on NYMEX NYH RBOB Gasoline	Baa1/BBB+
160,349 gallons, diesel	July 1, 2015	June 30, 2016	Pay \$1.7275 per gallon; Settlement based on Platts USG Ultra Low Sufur Diesel	Baa1/BBB+
65,743 gallons, diesel	July 1, 2016	June 30, 2017	Pay \$1.2025 per gallon; Settlement based on ULSD-New York Harbor-NYMEX	Baa1/BBB+
43,829 gallons, diesel	July 1, 2016	June 30, 2017	Pay \$1.1950 per gallon; Settlement based on ULSD-New York Harbor-NYMEX	Baa1/BBB+
43,829 gallons, diesel	July 1, 2016	June 30, 2017	Pay \$1.3695 per gallon; Settlement based on ULSD-New York Harbor-NYMEX	Baa1/BBB+
29,875 gallons, gasoline	July 1, 2016	June 30, 2017	Pay \$1.50 per gallon; Settlement based on NYMEX NYH RBOB Gasoline	Baa1/BBB+
89,625 gallons, gasoline	July 1, 2016	June 30, 2017	Pay \$1.2365 per gallon; Settlement based on NYMEX NYH RBOB Gasoline	Baa1/BBB+

The fair value of the fuel hedging instruments was an asset of \$839,290 at June 30, 2016, which has been recorded in noncurrent assets 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 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 or Platts). The Metropolitan Government or its counterparty may terminate the contracts if the other party fails to perform under the terms of the contract. If at the time of termination a hedging derivative instrument is in a liability position, the Metropolitan Government would be liable to the counterparty for a payment equal to the liability.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**NOTE 15 – 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 them to the Metropolitan Council for approval, and if approved, presents them 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 and that makes significant capital investments and retains or increases 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, 2016, there were nine PILOT agreements in force with tax abatements totaling \$5,248,328. 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) by which the total employed during the calendar year preceding the tax year falls below the contractual minimum of 1,500 employees; or (2) 100% of the 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 period is 40 years for real and personal property taxes. The average number of employees for the calendar year 2014 was 1,125, and the abatement for the year ended June 30, 2016 was \$446,538.
- 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 the 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 period is 20 years for real and personal property taxes. The abatement for June 30, 2016 was \$1,820,482.
- 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 period is 10 years for real property taxes. The abatement for the year ended June 30, 2016 was \$388,219.
- 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 the standard tax applicable to real property. The abatement period is 5 years for real property taxes. The abatement for the year ended June 30, 2016 was \$124,438.
- 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 the standard real property tax (excluding 15% of a garage which is not subleased by LifePoint) and 0% of the personal property tax applicable only to property of and related to their IT center. The abatement period is 15 years for real and personal property taxes. The abatement for the year ended June 30, 2016 was \$936,636.
- 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 the 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 period is 7 years real and personal property taxes. The abatement for the year ended June 30, 2016 was \$1,023,356.
- Standard Candy Company, Inc. – The abatement commenced October 9, 2012 with the expansion of Standard's existing location. Standard will remit 50% of the standard tax for real property applicable to the building addition and 50% of the standard tax for personal property used in the building addition. The abatement period is 6 years for real and personal property taxes. The abatement for the year ended June 30, 2016 was \$17,682.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- AmSurg Corp. – The abatement commenced January 23, 2015 with the construction of new consolidated headquarters. AmSurg will remit 0% of the standard tax applicable to real property. The abatement period is 8 years for real property taxes. The abatement for the year ended June 30, 2016 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 the real property tax equal to \$89,846 (tax year 2011 standard tax) plus 50% of the current year standard tax less \$89,846. Oberto will remit the personal property tax equal to \$65,680 (tax year 2011 standard tax) plus 50% of the current year standard tax less \$65,680. The abatement period is 5 years for real and personal property taxes. The abatement for the year ended June 30, 2016 was \$45,947. In January 2016, Oberto announced plans to discontinue its operations at the Nashville facility and subsequently closed the plant at the end of April. In 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.

**NOTE 16 – SUBSEQUENT EVENTS**

**Primary Government**

On July 20, 2016, the Government issued Water and Sewer commercial paper notes in the amount of \$25,000,000 maturing on September 20, 2016 at an interest rate of .51%. These obligations were refunded with rollover notes at their maturity dates.

On August 30, 2016, the Government issued general obligation commercial paper notes in the amount of \$30,000,000 maturing on November 3, 2016 at an interest rate of .70%. These obligations will be refunded with rollover notes at their maturity dates.

On August 30, 2016, the Government issued general obligation commercial paper notes in the amount of \$20,000,000 maturing on October 4, 2016 at an interest rate of .65%. These obligations were refunded with rollover notes at their maturity dates.

On October 3, 2016, the Government issued Water and Sewer commercial paper notes in the amount of \$25,000,000 maturing on December 2, 2016 at an interest rate of .95%. These obligations will be refunded with rollover notes at their maturity dates.

On October 17, 2016, the Government issued general obligation commercial paper notes in the amount of \$50,000,000 with various maturity dates ranging from November 15, 2016 through December 7, 2016, at interest rates ranging from .83% to .85%. These obligations will be refunded with rollover notes at their maturity dates.

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 discussed in Note 12 – Commitments and Contingencies, G. Other Commitments. The Government has included \$3 million in assigned fund balance of the General Fund at June 30, 2016 as the Government will remit that amount to Signature during the year ending June 30, 2017 under the terms of the agreement.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

CONDITION RATING OF TRANSPORTATION NETWORK

Unaudited – See Accompanying Accountants' Report

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

**ROADS AND STREETS PAVING**

Percentage of Lane Miles in Fair or Better Condition

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
66.2 %	60.5 %	61.6 %	60.1 %	57.5 %

The condition of road and street pavement is measured using a vehicle called the South Dakota Road Profiler and calculated using the Cartograph Pavement View Plus pavement management system. The condition is determined based on data collected by the laser road surface test located beneath the Profiler (surface condition) and the distresses are collected from roadway images along with other road and street information such as traffic surface type, street length, street width, area and location. The system uses a measurement scale that is based on a condition index ranging from zero for a pavement in very poor condition to 100 for a pavement in excellent condition. The condition index is used to classify roads and streets as excellent (100-85), good (84-80), fair (79-70) and below standard (less than 69). Condition assessments are collected on an annual basis for 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 and reported in fiscal year 2016. The condition of groups 2 and 5 was assessed in fiscal year 2015. 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 14 lane miles of roads added in 2016, bringing the total to 5,888 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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Needed	<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>	<u>\$ 20,000,000</u>
Budgeted	\$ 20,000,000	\$ 30,000,000	\$ 20,000,000	\$ 25,000,000	\$ -	\$ 12,000,000
Cumulative Spent	<u>5,109,647</u>	<u>20,079,091</u>	<u>18,206,750</u>	<u>25,000,000</u>	<u>-</u>	<u>11,893,344</u>
Difference	<u>\$ 14,890,353</u>	<u>\$ 9,920,909</u>	<u>\$ 1,793,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,656</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
97.0 %	97.1 %	97.1 %	98.9 %	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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Needed	<u>\$ 10,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 4,750,000</u>	<u>\$ -</u>	<u>\$ 4,000,000</u>
Budgeted	\$ 10,000,000	\$ 6,000,000	\$ -	\$ 4,750,000	\$ -	\$ 4,000,000
Cumulative Spent	<u>718,888</u>	<u>2,788,886</u>	<u>-</u>	<u>4,429,834</u>	<u>-</u>	<u>4,000,000</u>
Difference	<u>\$ 9,281,112</u>	<u>\$ 3,211,114</u>	<u>\$ -</u>	<u>\$ 320,166</u>	<u>\$ -</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 THREE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

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

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

LAST THREE FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

	County Plan	Metro Plan	County Education Plan	Metro Education Plan
<b>Notes to Schedule</b>				
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	7 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 THREE 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 THREE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

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

(1) Information regarding the change in the net pension liability is only available for the last three 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 THREE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

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

(1) Information regarding the change in the net pension liability is only available for the last three 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 THREE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

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

(1) Information regarding the change in the net pension liability is only available for the last three 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 THREE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

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

(1) Information regarding the change in the net pension liability is only available for the last three 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 THREE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

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

(1) Information regarding the change in the net pension liability is only available for the last three 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 THREE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

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

(1) Information regarding the change in the net pension liability is only available for the last three 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,

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)
2007	18.95

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

REQUIRED SUPPLEMENTAL INFORMATION

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

LAST THREE FISCAL YEARS (1)

Unaudited - See Accompanying Accountants' Report

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Teacher Legacy Pension Plan</u>			
Actuarially determined contribution	\$ 27,095,828	\$ 28,722,365	\$ 30,470,761
Contributions	<u>27,095,828</u>	<u>28,722,365</u>	<u>30,470,761</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 299,732,644	\$ 317,726,673	\$ 343,139,202
Contributions as a percentage of covered- employee payroll	9.04 %	9.04 %	8.88 %
<u>Teacher Retirement Plan (2)</u>			
Actuarially determined contribution	\$ 2,240,133	\$ 29,367	\$ N/A
Contributions	<u>2,240,133</u>	<u>1,174,675</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (1,145,308)</u>	<u>\$ N/A</u>
Covered-employee payroll	\$ 56,003,368	\$ 29,366,650	\$ N/A
Contributions as a percentage of covered- employee payroll	4.00 %	4.00 %	N/A %

(1) Information regarding contributions is only available for the last three 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

	2015	2014
<u>Teacher Legacy Pension Plan</u>		
The Government's proportion of the net pension liability (asset)	8.49 %	(8.74) %
The Government's proportionate share of the net pension liability (asset)	\$ 3,476,720	\$ (1,420,602)
The Government's covered-employee payroll	\$ 317,726,673	\$ 343,139,202
The Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.09 %	(0.41) %
Plan fiduciary net position as a percentage of the total pension liability	99.81 %	(100.08) %
<u>Teacher Retirement Plan (2)</u>		
The Government's proportion of the net pension liability (asset)	(14.13) %	N/A %
The Government's proportionate share of the net pension liability (asset)	\$ (568,609)	\$ N/A
The Government's covered-employee payroll	\$ 29,366,650	\$ N/A
The Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(1.94) %	N/A %
Plan fiduciary net position as a percentage of the total pension liability	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		
2014	\$ 175,166,000	37.21 %
2015	187,890,000	40.95
2016	196,832,000	41.27
School Professional Employees' Insurance Plan		
2014	38,309,000	51.99
2015	42,099,000	55.01
2016	49,020,000	50.75

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, 2013	\$ -	\$ 2,032,364,000	\$ 2,032,364,000	- %
July 1, 2014	-	2,160,290,000	2,160,290,000	-
July 1, 2015	-	2,236,967,000	2,236,967,000	-
School Professional Employees' Insurance Plan				
July 1, 2013	-	424,865,000	424,865,000	-
July 1, 2014	-	472,942,000	472,942,000	-
July 1, 2015	-	549,351,000	549,351,000	-

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>
\$ 517,831,000	392.48 %
528,020,000	409.13
556,959,000	401.64
306,110,000	138.79
312,687,000	151.25
326,626,000	168.19





THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

	Special Revenue Funds		
	Metropolitan Action Commission	General Fund 4% Reserve	Solid Waste Operations
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,052,998	\$ 55,309,348	\$ 4,031,136
Accounts receivable	1,504,928	-	620,025
Accrued interest receivable	1,454	48,342	3,263
Due from other funds of the primary government	104	2,363,997	46,246
Inventories of supplies	-	-	-
Other assets	-	-	-
<b>Total assets</b>	<b>\$ 2,559,484</b>	<b>\$ 57,721,687</b>	<b>\$ 4,700,670</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 1,191,533	\$ 2,131,725	\$ 1,825,061
Accrued payroll	494,903	-	195,780
Due to other funds of the primary government	32,047	60,290	265,680
Due to component units	-	-	-
Commercial paper payable	-	-	-
Other liabilities	25	-	-
<b>Total liabilities</b>	<b>1,718,508</b>	<b>2,192,015</b>	<b>2,286,521</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - grants	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS):</b>			
Nonspendable	-	-	-
Restricted for other purposes	840,976	-	663,437
Committed for:			
Equipment acquisitions (appropriated)	-	30,318,995	-
Equipment acquisitions (unappropriated)	-	25,210,677	-
Other purposes	-	-	1,750,712
Unassigned	-	-	-
<b>Total fund balances (deficits)</b>	<b>840,976</b>	<b>55,529,672</b>	<b>2,414,149</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 2,559,484</b>	<b>\$ 57,721,687</b>	<b>\$ 4,700,670</b>

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, 2016

Special Revenue Funds

Flood 2010 Recovery	Education Services	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	CBID Events And Marketing
\$ 37,459,028	\$ 6,252,585	\$ 6,598,639	\$ 1,479,219	\$ 736,259	\$ 1,678,059
23,251,238	36,120,583	6,018,627	1,568,274	302,552	185,117
61,845	8,712	4,711	833	446	1,421
-	207,515	1,585,706	-	-	-
-	915,876	-	-	-	-
-	575	500,000	-	-	-
<u>\$ 60,772,111</u>	<u>\$ 43,505,846</u>	<u>\$ 14,707,683</u>	<u>\$ 3,048,326</u>	<u>\$ 1,039,257</u>	<u>\$ 1,864,597</u>
\$ 33,002	\$ 3,887,562	\$ 4,420,329	\$ -	\$ 548,750	\$ -
-	210,517	-	-	-	-
19,316,275	13,396,027	1,959,871	1,585,706	-	-
-	-	7,214,585	1,462,620	-	-
30,574,299	-	-	-	-	-
-	-	-	-	-	-
<u>49,923,576</u>	<u>17,494,106</u>	<u>13,594,785</u>	<u>3,048,326</u>	<u>548,750</u>	<u>-</u>
<u>22,598,602</u>	<u>1,966,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>22,598,602</u>	<u>1,966,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	916,452	-	-	-	-
-	23,129,053	1,112,898	-	490,507	1,864,597
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(11,750,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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>\$ 60,772,111</u>	<u>\$ 43,505,846</u>	<u>\$ 14,707,683</u>	<u>\$ 3,048,326</u>	<u>\$ 1,039,257</u>	<u>\$ 1,864,597</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, 2016

	<u>Special Revenue Funds</u>	<u>Permanent Funds</u>		Total Nonmajor Governmental Funds
	Other Government Services	General Government	Education	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 17,626,420	\$ 203,076	\$ 187,683	\$ 132,614,450
Accounts receivable	16,333,887	-	-	85,905,231
Accrued interest receivable	21,020	181	168	152,396
Due from other funds of the primary government	5,683,646	-	-	9,887,214
Inventories of supplies	260,897	-	-	1,176,773
Other assets	-	-	-	500,575
<b>Total assets</b>	<b>\$ 39,925,870</b>	<b>\$ 203,257</b>	<b>\$ 187,851</b>	<b>\$ 230,236,639</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 8,036,786	\$ -	\$ 326	\$ 22,075,074
Accrued payroll	1,147,726	-	-	2,048,926
Due to other funds of the primary government	4,075,207	-	-	40,691,103
Due to component units	-	-	-	8,677,205
Commercial paper payable	-	-	-	30,574,299
Other liabilities	3,179,603	-	-	3,179,628
<b>Total liabilities</b>	<b>16,439,322</b>	<b>-</b>	<b>326</b>	<b>107,246,235</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - grants	2,240,422	-	-	26,805,259
<b>Total deferred inflows of resources</b>	<b>2,240,422</b>	<b>-</b>	<b>-</b>	<b>26,805,259</b>
<b>FUND BALANCES (DEFICITS):</b>				
Nonspendable	260,897	105,994	79,118	1,362,461
Restricted for other purposes	14,711,535	97,263	108,407	43,018,673
Committed for:	-	-	-	-
Equipment acquisitions (appropriated)	-	-	-	30,318,995
Equipment acquisitions (unappropriated)	-	-	-	25,210,677
Other purposes	6,273,694	-	-	8,024,406
Unassigned	-	-	-	(11,750,067)
<b>Total fund balances (deficits)</b>	<b>21,246,126</b>	<b>203,257</b>	<b>187,525</b>	<b>96,185,145</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 39,925,870</b>	<b>\$ 203,257</b>	<b>\$ 187,851</b>	<b>\$ 230,236,639</b>

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, 2016

	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	6,872	237,961	18,563
Revenues from other governmental agencies	18,545,153	-	104,125
Commissions and fees	-	-	-
Charges for current services	192,672	-	5,724,974
Compensation for loss, sale or damage to property	867	-	-
Contributions and gifts	39,981	-	-
Miscellaneous	300	-	152,080
Total revenues	<u>18,785,845</u>	<u>237,961</u>	<u>5,999,742</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	23,081,094	-	-
Public health and hospitals	-	-	-
Public library system	-	-	-
Public works, highways and streets	-	-	23,320,621
Recreational and cultural	-	-	-
Education	-	-	-
Capital outlay	150,983	18,682,096	-
Total expenditures	<u>23,232,077</u>	<u>18,682,096</u>	<u>23,320,621</u>
Excess (deficiency) of revenues over expenditures	<u>(4,446,232)</u>	<u>(18,444,135)</u>	<u>(17,320,879)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	4,304,000	28,950,919	17,426,100
Transfers out	(25,983)	(4,741,204)	(636,800)
Total other financing sources (uses)	<u>4,278,017</u>	<u>24,209,715</u>	<u>16,789,300</u>
Net change in fund balances (deficits)	(168,215)	5,765,580	(531,579)
FUND BALANCES (DEFICITS), beginning of year	<u>1,009,191</u>	<u>49,764,092</u>	<u>2,945,728</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 840,976</u>	<u>\$ 55,529,672</u>	<u>\$ 2,414,149</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, 2016

Special Revenue Funds					
Flood 2010 Recovery	Education Services	Hotel Occupancy Tax	Convention Center Tax	Events And Marketing	CBID Events And Marketing
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	60,340,086	16,074,197	3,330,485	-
-	-	-	-	-	-
326,772	44,574	21,407	3,192	3,019	6,854
7,335,668	122,376,649	-	-	-	1,340,358
-	-	-	-	-	-
-	13,176,965	-	-	-	-
7,725	36,442	-	-	-	-
-	2,748,264	-	-	-	-
-	102,850	-	-	-	-
<u>7,670,165</u>	<u>138,485,744</u>	<u>60,361,493</u>	<u>16,077,389</u>	<u>3,333,504</u>	<u>1,347,212</u>
279,216	-	50,009,000	16,077,389	3,164,950	520,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	205,636,833	-	-	-	-
-	1,084,958	-	-	-	-
<u>279,216</u>	<u>206,721,791</u>	<u>50,009,000</u>	<u>16,077,389</u>	<u>3,164,950</u>	<u>520,000</u>
7,390,949	(68,236,047)	10,352,493	-	168,554	827,212
-	73,706,296	-	-	-	-
-	(3,617,372)	(10,059,829)	-	-	-
-	70,088,924	(10,059,829)	-	-	-
7,390,949	1,852,877	292,664	-	168,554	827,212
(19,141,016)	22,192,628	820,234	-	321,953	1,037,385
<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>

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, 2016

	Special Revenue Funds	Permanent Funds		Total Nonmajor Governmental Funds
	Other Government Services	General Government	Education	
<b>REVENUES:</b>				
Property taxes	\$ 2,217,240	\$ -	\$ -	\$ 2,217,240
Other taxes, licenses and permits	325,286	-	-	80,070,054
Fines, forfeits and penalties	6,193,880	-	-	6,193,880
Revenues from the use of money or property	105,825	984	912	776,935
Revenues from other governmental agencies	56,066,064	-	-	205,768,017
Commissions and fees	9,497,930	-	-	9,497,930
Charges for current services	7,233,635	-	-	26,328,246
Compensation for loss, sale or damage to property	769,743	-	-	814,777
Contributions and gifts	2,228,189	-	-	5,016,434
Miscellaneous	441,259	-	-	696,489
<b>Total revenues</b>	<b>85,079,051</b>	<b>984</b>	<b>912</b>	<b>337,380,002</b>
<b>EXPENDITURES:</b>				
Current:				
General government	7,957,704	-	-	78,008,259
Fiscal administration	271,676	-	-	271,676
Administration of justice	13,872,252	-	-	13,872,252
Law enforcement and care of prisoners	21,818,071	-	-	21,818,071
Fire prevention and control	6,500	-	-	6,500
Regulation and inspection	87,755	-	-	87,755
Public welfare	9,575,834	-	-	32,656,928
Public health and hospitals	22,604,542	-	-	22,604,542
Public library system	951,871	-	-	951,871
Public works, highways and streets	8,230,892	-	-	31,551,513
Recreational and cultural	2,113,171	-	-	2,113,171
Education	-	-	1,770	205,638,603
Capital outlay	5,460,467	-	-	25,378,504
<b>Total expenditures</b>	<b>92,950,735</b>	<b>-</b>	<b>1,770</b>	<b>434,959,645</b>
<b>Excess (deficiency) of revenues over expenditure</b>	<b>(7,871,684)</b>	<b>984</b>	<b>(858)</b>	<b>(97,579,643)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	13,925,022	-	-	138,312,337
Transfers out	(3,882,237)	-	(1)	(22,963,426)
<b>Total other financing sources (uses)</b>	<b>10,042,785</b>	<b>-</b>	<b>(1)</b>	<b>115,348,911</b>
<b>Net change in fund balances (deficits)</b>	<b>2,171,101</b>	<b>984</b>	<b>(859)</b>	<b>17,769,268</b>
<b>FUND BALANCES (DEFICITS), beginning of year</b>	<b>19,075,025</b>	<b>202,273</b>	<b>188,384</b>	<b>78,415,877</b>
<b>FUND BALANCES (DEFICITS), end of year</b>	<b>\$ 21,246,126</b>	<b>\$ 203,257</b>	<b>\$ 187,525</b>	<b>\$ 96,185,145</b>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 86,814,100	\$ 86,814,100	\$ 86,850,607	\$ 36,507
Local option sales tax	1,840,900	1,840,900	2,148,321	307,421
Fines, forfeits and penalties	348,900	348,900	324,053	(24,847)
Revenues from the use of money or property	-	-	116,549	116,549
Revenues from other governmental agencies	2,781,300	2,781,300	4,024,838	1,243,538
Bond interest tax credit	4,843,400	4,843,400	4,864,020	20,620
<b>Total revenues</b>	<b>96,628,600</b>	<b>96,628,600</b>	<b>98,328,388</b>	<b>1,699,788</b>
<b>EXPENDITURES:</b>				
Principal retirement	63,187,300	63,187,300	63,187,260	40
Interest	59,951,200	59,951,200	62,383,007	(2,431,807)
Fiscal charges	3,139,900	3,139,900	5,222,852	(2,082,952)
<b>Total expenditures</b>	<b>126,278,400</b>	<b>126,278,400</b>	<b>130,793,119</b>	<b>(4,514,719)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(29,649,800)</b>	<b>(29,649,800)</b>	<b>(32,464,731)</b>	<b>(2,814,931)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of refunding debt	-	-	231,949,343	231,949,343
Debt issue premium	-	-	50,113,451	50,113,451
Payments to refunded bond escrow agent	-	-	(280,386,841)	(280,386,841)
Transfers in	24,649,800	24,649,800	25,274,582	624,782
<b>Total other financing sources (uses)</b>	<b>24,649,800</b>	<b>24,649,800</b>	<b>26,950,535</b>	<b>2,300,735</b>
<b>Net change in fund balances</b>	<b>(5,000,000)</b>	<b>(5,000,000)</b>	<b>(5,514,196)</b>	<b>(514,196)</b>
<b>FUND BALANCES, beginning of year</b>	<b>16,504,096</b>	<b>16,504,096</b>	<b>16,504,096</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 11,504,096</b>	<b>\$ 11,504,096</b>	<b>\$ 10,989,900</b>	<b>\$ (514,196)</b>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 36,919,200	\$ 36,919,200	\$ 36,951,878	\$ 32,678
Local option sales taxes	34,857,400	34,857,400	37,029,888	2,172,488
Revenues from the use of money or property	97,000	97,000	626,708	529,708
<b>Total revenues</b>	<b>71,873,600</b>	<b>71,873,600</b>	<b>74,608,474</b>	<b>2,734,874</b>
<b>EXPENDITURES:</b>				
Principal retirement	45,552,400	45,552,400	45,552,302	98
Interest	30,989,700	30,989,700	33,250,077	(2,260,377)
Fiscal charges	1,495,000	1,495,000	1,957,117	(462,117)
<b>Total expenditures</b>	<b>78,037,100</b>	<b>78,037,100</b>	<b>80,759,496</b>	<b>(2,722,396)</b>
Excess (deficiency) of revenues over expenditures	(6,163,500)	(6,163,500)	(6,151,022)	12,478
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of refunding debt	-	-	78,790,586	78,790,586
Debt issue premium	-	-	17,022,977	17,022,977
Payments to refunded bond escrow agent	-	-	(95,432,894)	(95,432,894)
Transfers in	2,863,500	2,863,500	4,465,803	1,602,303
<b>Total other financing sources (uses)</b>	<b>2,863,500</b>	<b>2,863,500</b>	<b>4,846,472</b>	<b>1,982,972</b>
Net change in fund balances	(3,300,000)	(3,300,000)	(1,304,550)	1,995,450
FUND BALANCE, beginning of year	8,443,998	8,443,998	8,443,998	-
FUND BALANCE, end of year	\$ 5,143,998	\$ 5,143,998	\$ 7,139,448	\$ 1,995,450

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 14,173,500	\$ 14,173,500	\$ 16,256,673	\$ 2,083,173
Total revenues	14,173,500	14,173,500	16,256,673	2,083,173
<b>EXPENDITURES:</b>				
Principal retirement	7,218,200	7,218,200	7,218,200	-
Interest	9,636,400	9,636,400	9,349,127	287,273
Fiscal charges	726,500	726,500	718,433	8,067
Total expenditures	17,581,100	17,581,100	17,285,760	295,340
Excess (deficiency) of revenues over expenditures	(3,407,600)	(3,407,600)	(1,029,087)	2,378,513
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of refunding debt	-	-	27,571,610	27,571,610
Debt issue premium	-	-	5,956,941	5,956,941
Payments to refunded bond escrow agent	-	-	(33,395,342)	(33,395,342)
Transfers in	1,907,600	1,907,600	1,907,600	-
Total other financing sources (uses)	1,907,600	1,907,600	2,040,809	133,209
Net change in fund balances	(1,500,000)	(1,500,000)	1,011,722	2,511,722
FUND BALANCES, beginning of year	3,142,363	3,142,363	3,142,363	-
FUND BALANCES, end of year	\$ 1,642,363	\$ 1,642,363	\$ 4,154,085	\$ 2,511,722

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, 2016

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 378,860	\$ 1,527,392	\$ 1,562,356
Accounts receivable	105,435	20,792	2,626
Allowance for doubtful accounts	-	-	-
Accrued interest receivable	291	1,246	113
Due from other funds of the primary government	92,391	3,747	277
Due from component units	-	-	-
Other current assets	-	11,198	-
<b>Total current assets</b>	<b>576,977</b>	<b>1,564,375</b>	<b>1,565,372</b>
Noncurrent assets:			
Capital assets:			
Land	6,056,529	175,293	-
Buildings and improvements	52,668,319	9,003,132	3,401,046
Improvements other than buildings	50,220	3,781,300	163,589
Furniture, machinery and equipment	432,558	727,963	393,084
Property under capital lease	-	-	3,645,000
Construction in progress	-	-	50,417
Less accumulated depreciation	(34,681,752)	(10,620,527)	(3,420,552)
<b>Capital assets - net</b>	<b>24,525,874</b>	<b>3,067,161</b>	<b>4,232,584</b>
<b>Total noncurrent assets</b>	<b>24,525,874</b>	<b>3,067,161</b>	<b>4,232,584</b>
<b>Total assets</b>	<b>25,102,851</b>	<b>4,631,536</b>	<b>5,797,956</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pensions	-	282,270	71,404
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>282,270</b>	<b>71,404</b>

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, 2016

Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
\$ 800,306	\$ 847,446	\$ 335,917	\$ 13,892,688
19,731	14,278	-	4,006,570
-	-	-	(731,600)
467	389	299	13,401
-	44	227	3,273,820
-	-	-	100
-	3,537	-	-
<u>820,504</u>	<u>865,694</u>	<u>336,443</u>	<u>20,454,979</u>
-	587,400	-	-
-	11,145,045	-	-
-	84,651	-	-
-	842,195	-	-
-	-	-	-
-	92,478	-	-
-	(9,090,361)	-	-
<u>-</u>	<u>3,661,408</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>3,661,408</u>	<u>-</u>	<u>-</u>
<u>820,504</u>	<u>4,527,102</u>	<u>336,443</u>	<u>20,454,979</u>
<u>128,197</u>	<u>175,536</u>	<u>-</u>	<u>1,418,976</u>
<u>128,197</u>	<u>175,536</u>	<u>-</u>	<u>1,418,976</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, 2016

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 350,001	\$ 19,694,966
Accounts receivable	-	4,169,432
Allowance for doubtful accounts	-	(731,600)
Accrued interest receivable	310	16,516
Due from other funds of the primary government	760	3,371,266
Due from component units	-	100
Other current assets	-	14,735
	<u>351,071</u>	<u>26,535,415</u>
Total current assets		
Noncurrent assets:		
Capital assets:		
Land	-	6,819,222
Buildings and improvements	-	76,217,542
Improvements other than buildings	-	4,079,760
Furniture, machinery and equipment	-	2,395,800
Property under capital lease	-	3,645,000
Construction in progress	-	142,895
Less accumulated depreciation	-	(57,813,192)
	<u>-</u>	<u>35,487,027</u>
Capital assets - net	-	35,487,027
	<u>-</u>	<u>35,487,027</u>
Total noncurrent assets	-	35,487,027
	<u>-</u>	<u>35,487,027</u>
Total assets	<u>351,071</u>	<u>62,022,442</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Pensions	<u>35,552</u>	<u>2,111,935</u>
Total deferred outflows of resources	<u>35,552</u>	<u>2,111,935</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, 2016

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
	<u>                    </u>	<u>                    </u>	<u>                    </u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 203,572	\$ 175,003	\$ 242,868
Accrued payroll	4,694	162,528	26,862
Due to other funds of the primary government	2,864	18,689	4,970
Due to component units	62,620	-	-
Customer deposits	-	107,504	10,190
Unearned revenue	79	56,616	-
	<u>273,829</u>	<u>520,340</u>	<u>284,890</u>
Total current liabilities			
Noncurrent liabilities:			
Net pension liability	-	400,948	104,137
	<u>-</u>	<u>400,948</u>	<u>104,137</u>
Total noncurrent liabilities			
	<u>-</u>	<u>400,948</u>	<u>104,137</u>
Total liabilities			
	<u>273,829</u>	<u>921,288</u>	<u>389,027</u>
DEFERRED INFLOWS OF RESOURCES:			
Pensions	-	117,304	32,185
	<u>-</u>	<u>117,304</u>	<u>32,185</u>
Total deferred inflows of resources			
	<u>-</u>	<u>117,304</u>	<u>32,185</u>
NET POSITION:			
Net investment in capital assets	24,525,874	3,067,161	4,232,584
Unrestricted	303,148	808,053	1,215,564
	<u>24,829,022</u>	<u>3,875,214</u>	<u>5,448,148</u>
Total net position			
	<u>\$ 24,829,022</u>	<u>\$ 3,875,214</u>	<u>\$ 5,448,148</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, 2016

Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
\$ 373	\$ 105,141	\$ -	\$ 378,771
101,969	113,255	-	517,067
66,127	2,303	-	196,013
2,984	-	-	-
-	-	-	-
-	384,712	-	-
<u>171,453</u>	<u>605,411</u>	<u>-</u>	<u>1,091,851</u>
<u>177,898</u>	<u>247,861</u>	<u>-</u>	<u>1,992,537</u>
<u>177,898</u>	<u>247,861</u>	<u>-</u>	<u>1,992,537</u>
<u>349,351</u>	<u>853,272</u>	<u>-</u>	<u>3,084,388</u>
<u>49,384</u>	<u>71,579</u>	<u>-</u>	<u>568,347</u>
<u>49,384</u>	<u>71,579</u>	<u>-</u>	<u>568,347</u>
-	3,661,408	-	-
<u>549,966</u>	<u>116,379</u>	<u>336,443</u>	<u>18,221,220</u>
<u>\$ 549,966</u>	<u>\$ 3,777,787</u>	<u>\$ 336,443</u>	<u>\$ 18,221,220</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, 2016

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u>                    </u>	<u>                    </u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 5,516	\$ 1,111,244
Accrued payroll	12,317	938,692
Due to other funds of the primary government	489	291,455
Due to component units	-	65,604
Customer deposits	-	117,694
Unearned revenue	-	441,407
	<u>                    </u>	<u>                    </u>
Total current liabilities	<u>18,322</u>	<u>2,966,096</u>
Noncurrent liabilities:		
Net pension liability	<u>52,603</u>	<u>2,975,984</u>
	<u>                    </u>	<u>                    </u>
Total noncurrent liabilities	<u>52,603</u>	<u>2,975,984</u>
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>70,925</u>	<u>5,942,080</u>
DEFERRED INFLOWS OF RESOURCES:		
Pensions	<u>16,723</u>	<u>855,522</u>
	<u>                    </u>	<u>                    </u>
Total deferred inflows of resources	<u>16,723</u>	<u>855,522</u>
NET POSITION:		
Net investment in capital assets	-	35,487,027
Unrestricted	<u>298,975</u>	<u>21,849,748</u>
	<u>                    </u>	<u>                    </u>
Total net position	<u>\$ 298,975</u>	<u>\$ 57,336,775</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, 2016

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
OPERATING REVENUES:			
Charges for services	\$ 44,972	\$ 3,283,173	\$ 961,503
Total operating revenues	<u>44,972</u>	<u>3,283,173</u>	<u>961,503</u>
OPERATING EXPENSES:			
Personal services	133,257	1,485,257	363,025
Contractual services	509,020	1,453,029	1,223,777
Supplies and materials	1,250	166,566	13,304
Depreciation	1,390,282	389,176	291,521
Other	134,526	148,420	24,109
Total operating expenses	<u>2,168,335</u>	<u>3,642,448</u>	<u>1,915,736</u>
OPERATING INCOME (LOSS)	<u>(2,123,363)</u>	<u>(359,275)</u>	<u>(954,233)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment income	3,586	7,001	178
Gain (loss) on sale of property	1,113	-	1,000,277
Total nonoperating revenue (expense)	<u>4,699</u>	<u>7,001</u>	<u>1,000,455</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(2,118,664)</u>	<u>(352,274)</u>	<u>46,222</u>
TRANSFERS IN	-	72,952	862,194
TRANSFERS OUT	-	(115,100)	(83,400)
CHANGE IN NET POSITION	(2,118,664)	(394,422)	825,016
NET POSITION, beginning of year	<u>26,947,686</u>	<u>4,269,636</u>	<u>4,623,132</u>
NET POSITION, end of year	<u>\$ 24,829,022</u>	<u>\$ 3,875,214</u>	<u>\$ 5,448,148</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, 2016

Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
\$ 1,230,835	\$ 1,506,968	\$ 475,077	\$ 14,460,823
<u>1,230,835</u>	<u>1,506,968</u>	<u>475,077</u>	<u>14,460,823</u>
560,851	731,376	-	6,423,115
104,273	891,984	375,000	3,563,477
2,767	43,616	-	325,214
-	263,137	-	-
10,501	54,200	-	250,236
<u>678,392</u>	<u>1,984,313</u>	<u>375,000</u>	<u>10,562,042</u>
<u>552,443</u>	<u>(477,345)</u>	<u>100,077</u>	<u>3,898,781</u>
1,488	1,770	1,424	76,257
-	229	-	-
<u>1,488</u>	<u>1,999</u>	<u>1,424</u>	<u>76,257</u>
<u>553,931</u>	<u>(475,346)</u>	<u>101,501</u>	<u>3,975,038</u>
250,000	1,522,305	-	-
(280,400)	(126,600)	-	(3,262,443)
523,531	920,359	101,501	712,595
<u>26,435</u>	<u>2,857,428</u>	<u>234,942</u>	<u>17,508,625</u>
<u>\$ 549,966</u>	<u>\$ 3,777,787</u>	<u>\$ 336,443</u>	<u>\$ 18,221,220</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, 2016

	Community Education Commission	Total Nonmajor Enterprise Funds
OPERATING REVENUES:		
Charges for services	\$ 79,780	\$ 22,043,131
Total operating revenues	<u>79,780</u>	<u>22,043,131</u>
OPERATING EXPENSES:		
Personal services	200,080	9,896,961
Contractual services	142,446	8,263,006
Supplies and materials	26,870	579,587
Depreciation	-	2,334,116
Other	5,427	627,419
Total operating expenses	<u>374,823</u>	<u>21,701,089</u>
OPERATING INCOME (LOSS)	<u>(295,043)</u>	<u>342,042</u>
NONOPERATING REVENUE (EXPENSE):		
Investment income	1,328	93,032
Gain (loss) on sale of property	-	1,001,619
Total nonoperating revenue (expense)	<u>1,328</u>	<u>1,094,651</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(293,715)</u>	<u>1,436,693</u>
TRANSFERS IN	358,000	3,065,451
TRANSFERS OUT	<u>(101,000)</u>	<u>(3,968,943)</u>
CHANGE IN NET POSITION	(36,715)	533,201
NET POSITION, beginning of year	<u>335,690</u>	<u>56,803,574</u>
NET POSITION, end of year	<u>\$ 298,975</u>	<u>\$ 57,336,775</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, 2016

	Nashville Convention Center	Board of Fair Commissioners	Farmers Market
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 3,934	\$ 3,248,070	\$ 986,636
Payments to suppliers	(1,576,611)	(1,755,534)	(1,191,457)
Payments to employees	(132,447)	(1,453,872)	(360,756)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net cash provided by (used in) operating activities	(1,705,124)	38,664	(565,577)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash flows from noncapital financing activities:			
Transfers in	-	72,952	862,194
Transfers out	-	(115,100)	(83,400)
Decrease (increase) in advances from other funds	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net cash provided by (used in) noncapital financing activities	-	(42,148)	778,794
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(72,952)	(24,294)
Proceeds from the sale of property	1,113	-	1,000,277
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net cash provided by (used in) capital and related financing activities	1,113	(72,952)	975,983
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash flows from investing activities:			
Interest on investments	3,351	5,815	75
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net cash provided by (used in) investing activities	3,351	5,815	75
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net changes in cash and cash equivalents	(1,700,660)	(70,621)	1,189,275
Cash and cash equivalents at beginning of year	2,079,520	1,598,013	373,081
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash and cash equivalents at end of year	<u>\$ 378,860</u>	<u>\$ 1,527,392</u>	<u>\$ 1,562,356</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, 2016

Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
\$ 1,289,884	\$ 1,748,655	\$ 474,100	\$ 13,788,524
(154,891)	(1,025,148)	(375,000)	(4,145,411)
<u>(537,411)</u>	<u>(697,702)</u>	<u>-</u>	<u>(6,176,553)</u>
597,582	25,805	99,100	3,466,560
250,000	1,522,305	-	-
(280,400)	(126,600)	-	(3,262,443)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,291,057)</u>
(30,400)	1,395,705	-	(5,553,500)
-	(1,077,805)	-	-
<u>-</u>	<u>229</u>	<u>-</u>	<u>-</u>
-	(1,077,576)	-	-
<u>1,032</u>	<u>1,400</u>	<u>1,134</u>	<u>63,480</u>
<u>1,032</u>	<u>1,400</u>	<u>1,134</u>	<u>63,480</u>
568,214	345,334	100,234	(2,023,460)
<u>232,092</u>	<u>502,112</u>	<u>235,683</u>	<u>15,916,148</u>
<u>\$ 800,306</u>	<u>\$ 847,446</u>	<u>\$ 335,917</u>	<u>\$ 13,892,688</u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS (CONTINUED)

For the Year Ended June 30, 2016

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u>                    </u>	<u>                    </u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 79,020	\$ 21,618,823
Payments to suppliers	(182,378)	(10,406,430)
Payments to employees	(189,242)	(9,547,983)
	<u>                    </u>	<u>                    </u>
Net cash provided by (used in) operating activities	(292,600)	1,664,410
	<u>                    </u>	<u>                    </u>
Cash flows from noncapital financing activities:		
Transfers in	358,000	3,065,451
Transfers out	(101,000)	(3,968,943)
Decrease (increase) in advances from other funds	-	(2,291,057)
	<u>                    </u>	<u>                    </u>
Net cash provided by (used in) noncapital financing activities	257,000	(3,194,549)
	<u>                    </u>	<u>                    </u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(1,175,051)
Proceeds from the sale of property	-	1,001,619
	<u>                    </u>	<u>                    </u>
Net cash provided by (used in) capital and related financing activities	-	(173,432)
	<u>                    </u>	<u>                    </u>
Cash flows from investing activities:		
Interest on investments	1,033	77,320
	<u>                    </u>	<u>                    </u>
Net cash provided by (used in) investing activities	1,033	77,320
	<u>                    </u>	<u>                    </u>
Net changes in cash and cash equivalents	(34,567)	(1,626,251)
Cash and cash equivalents at beginning of year	384,568	21,321,217
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents at end of year	<u>\$ 350,001</u>	<u>\$ 19,694,966</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, 2016

	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)	\$ (2,123,363)	\$ (359,275)	\$ (954,233)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,390,282	389,176	291,521
Provision for doubtful accounts	-	-	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
Accounts receivable	51,353	52,652	25,410
Due from other funds of the primary government	(92,391)	3,450	(277)
Other current assets	-	1,133	-
Deferred outflows pensions	-	(193,196)	(46,322)
Accounts payable	52,000	14,182	83,156
Accrued payroll	810	(5,254)	(6,517)
Due to other funds of the primary government	(5,806)	(2,834)	2,563
Due to component units	(978,009)	-	-
Customer deposits	-	(80,744)	-
Unearned revenue	-	(10,461)	-
Other current liabilities	-	-	(15,986)
Net pension liability	-	209,604	50,257
Deferred inflows pensions	-	20,231	4,851
Total adjustments	418,239	397,939	388,656
Net cash provided by (used in) operating activities	\$ (1,705,124)	\$ 38,664	\$ (565,577)

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, 2016

Surplus Property Auction	Municipal Auditorium	Police Impound	Stormwater Operations
<u>\$ 552,443</u>	<u>\$ (477,345)</u>	<u>\$ 100,077</u>	<u>\$ 3,898,781</u>
-	263,137	-	-
-	-	-	(210,397)
(15,368)	41,205	-	(398,331)
263,351	(44)	(227)	(63,571)
-	(2,172)	-	77
(91,693)	(121,534)	-	(992,864)
(37,350)	(30,781)	-	(175,328)
6,050	10,625	-	58,266
(191,918)	(2,395)	(750)	168,767
2,984	-	-	-
-	-	-	-
-	200,526	-	-
-	-	-	-
99,481	131,856	-	1,077,188
9,602	12,727	-	103,972
<u>45,139</u>	<u>503,150</u>	<u>(977)</u>	<u>(432,221)</u>
<u>\$ 597,582</u>	<u>\$ 25,805</u>	<u>\$ 99,100</u>	<u>\$ 3,466,560</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, 2016

	Community Education Commission	Total Nonmajor Enterprise Funds
	<u>                    </u>	<u>                    </u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (295,043)	\$ 342,042
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	2,334,116
Provision for doubtful accounts	-	(210,397)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable	-	(243,079)
Due from other funds of the primary government	(760)	109,531
Other current assets	-	(962)
Deferred outflows pensions	(22,355)	(1,467,964)
Accounts payable	(7,954)	(102,075)
Accrued payroll	6,599	70,579
Due to other funds of the primary government	319	(32,054)
Due to component units	-	(975,025)
Customer deposits	-	(80,744)
Unearned revenue	-	190,065
Other current liabilities	-	(15,986)
Net pension liability	24,253	1,592,639
Deferred inflows pensions	2,341	153,724
	<u>2,443</u>	<u>1,322,368</u>
Total adjustments	2,443	1,322,368
Net cash provided by (used in) operating activities	<u>\$ (292,600)</u>	<u>\$ 1,664,410</u>

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS

June 30, 2016

	Office of Fleet Management	Information Systems	Radio Shop
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 3,408,051	\$ 3,155,834	\$ 2,680,864
Accounts receivable	7,287	41,341	169,230
Accrued interest receivable	3,721	3,310	2,430
Due from other funds of the primary government	54,417	64,575	116,298
Due from component units	-	-	-
Inventories of supplies	1,550,389	-	190,179
Other current assets	-	-	-
<b>Total current assets</b>	<b>5,023,865</b>	<b>3,265,060</b>	<b>3,159,001</b>
Noncurrent assets:			
Capital assets:			
Buildings and improvements	-	-	126,643
Furniture, machinery and equipment	160,258,980	7,473,017	28,931,773
Construction in progress	128,550	-	-
Less accumulated depreciation	(128,041,522)	(7,047,173)	(14,386,946)
<b>Capital assets - net</b>	<b>32,346,008</b>	<b>425,844</b>	<b>14,671,470</b>
<b>Total assets</b>	<b>37,369,873</b>	<b>3,690,904</b>	<b>17,830,471</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	1,362,112	1,018,171	673,058
Accrued payroll	723,694	1,725,303	132,573
Claims payable	-	-	-
Due to other funds of the primary government	158,195	4,986	35,657
<b>Total current liabilities</b>	<b>2,244,001</b>	<b>2,748,460</b>	<b>841,288</b>
Noncurrent liabilities:			
Claims payable	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,244,001</b>	<b>2,748,460</b>	<b>841,288</b>
<b>NET POSITION:</b>			
Net investment in capital assets	32,346,008	425,844	14,671,470
Unrestricted	2,779,864	516,600	2,317,713
<b>Total net position</b>	<b>\$ 35,125,872</b>	<b>\$ 942,444</b>	<b>\$ 16,989,183</b>

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, 2016

<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>
\$ 3,218,119	\$ 17,443,638	\$ 29,931,119	\$ 73,609,312	\$ 36,216,436
-	-	209,987	14,122	-
2,858	15,631	28,465	64,229	33,563
-	1,258	250,081	165,028	-
-	-	-	-	-
-	-	-	-	-
-	-	512,873	-	-
<u>3,220,977</u>	<u>17,460,527</u>	<u>30,932,525</u>	<u>73,852,691</u>	<u>36,249,999</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3,220,977</u>	<u>17,460,527</u>	<u>30,932,525</u>	<u>73,852,691</u>	<u>36,249,999</u>
268,118	142,376	3,127,750	1,923,984	224,655
-	73	18,641	15,223	-
489,235	3,404,622	8,562,061	15,346,000	5,829,000
110	265	559	2,681	-
<u>757,463</u>	<u>3,547,336</u>	<u>11,709,011</u>	<u>17,287,888</u>	<u>6,053,655</u>
<u>431,514</u>	<u>4,805,694</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>431,514</u>	<u>4,805,694</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,188,977</u>	<u>8,353,030</u>	<u>11,709,011</u>	<u>17,287,888</u>	<u>6,053,655</u>
-	-	-	-	-
<u>2,032,000</u>	<u>9,107,497</u>	<u>19,223,514</u>	<u>56,564,803</u>	<u>30,196,344</u>
<u>\$ 2,032,000</u>	<u>\$ 9,107,497</u>	<u>\$ 19,223,514</u>	<u>\$ 56,564,803</u>	<u>\$ 30,196,344</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, 2016

	Treasury Management	Technology Revolving	School Print Shop	Total Internal Service Funds
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 46,605	\$ 2,103,415	\$ 543,075	\$ 172,356,468
Accounts receivable	-	-	580	442,547
Accrued interest receivable	40	1,937	480	156,664
Due from other funds of the primary government	161,873	56,590	26,992	897,112
Due from component units	-	763	-	763
Inventories of supplies	-	-	-	1,740,568
Other current assets	-	-	3,529	516,402
<b>Total current assets</b>	<b>208,518</b>	<b>2,162,705</b>	<b>574,656</b>	<b>176,110,524</b>
Noncurrent assets:				
Capital assets:				
Buildings and improvements	-	-	-	126,643
Furniture, machinery and equipment	10,626	-	276,896	196,951,292
Construction in progress	-	-	-	128,550
Less accumulated depreciation	(10,626)	-	(266,286)	(149,752,553)
<b>Capital assets - net</b>	<b>-</b>	<b>-</b>	<b>10,610</b>	<b>47,453,932</b>
<b>Total assets</b>	<b>208,518</b>	<b>2,162,705</b>	<b>585,266</b>	<b>223,564,456</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	987	442,021	17,331	9,200,563
Accrued payroll	83,616	-	30,471	2,729,594
Claims payable	-	-	-	33,630,918
Due to other funds of the primary government	464	-	967	203,884
<b>Total current liabilities</b>	<b>85,067</b>	<b>442,021</b>	<b>48,769</b>	<b>45,764,959</b>
Noncurrent liabilities:				
Claims payable	-	-	-	5,237,208
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,237,208</b>
<b>Total liabilities</b>	<b>85,067</b>	<b>442,021</b>	<b>48,769</b>	<b>51,002,167</b>
<b>NET POSITION:</b>				
Net investment in capital assets	-	-	10,610	47,453,932
Unrestricted	123,451	1,720,684	525,887	125,108,357
<b>Total net position</b>	<b>\$ 123,451</b>	<b>\$ 1,720,684</b>	<b>\$ 536,497</b>	<b>\$ 172,562,289</b>

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, 2016

	Office of Fleet Management	Information Systems	Radio Shop
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 20,406,999	\$ 17,265,659	\$ 3,167,892
Other	-	-	-
Total operating revenues	<u>20,406,999</u>	<u>17,265,659</u>	<u>3,167,892</u>
<b>OPERATING EXPENSES:</b>			
Personal services	5,454,873	9,595,518	898,166
Contractual services	2,829,741	4,666,079	1,852,642
Supplies and materials	11,146,021	255,882	189,737
Depreciation	11,551,305	334,026	3,389,131
Compensation for damages	-	-	-
Medical and insurance benefits	-	-	-
Other	162,300	2,743,275	48,674
Total operating expenses	<u>31,144,240</u>	<u>17,594,780</u>	<u>6,378,350</u>
OPERATING INCOME (LOSS)	<u>(10,737,241)</u>	<u>(329,121)</u>	<u>(3,210,458)</u>
<b>NONOPERATING REVENUE (EXPENSE):</b>			
Investment income	10,782	12,583	11,209
Gain (loss) on sale of property	23,384	-	5,530
Other	180,769	-	-
Total nonoperating revenue (expense)	<u>214,935</u>	<u>12,583</u>	<u>16,739</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(10,522,306)</u>	<u>(316,538)</u>	<u>(3,193,719)</u>
TRANSFERS IN	15,701,193	9,714	132,428
TRANSFERS OUT	-	-	(6,338)
CHANGE IN NET POSITION	5,178,887	(306,824)	(3,067,629)
NET POSITION, beginning of year	<u>29,946,985</u>	<u>1,249,268</u>	<u>20,056,812</u>
NET POSITION, end of year	<u>\$ 35,125,872</u>	<u>\$ 942,444</u>	<u>\$ 16,989,183</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, 2016

<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>
\$ -	\$ 7,557,677	\$ 108,299,093	\$ 208,152,880	\$ 2,972,020
-	-	-	9,725,795	109,924
-	7,557,677	108,299,093	217,878,675	3,081,944
18,403	276,072	105,175	428,242	-
31,192	3,342,564	5,090,537	7,085,555	2,074,499
50	-	202	-	-
-	-	-	-	-
826,428	1,442,620	-	-	-
-	-	105,063,883	216,400,157	11,309,847
2,497	-	-	994,189	105,963
878,570	5,061,256	110,259,797	224,908,143	13,490,309
(878,570)	2,496,421	(1,960,704)	(7,029,468)	(10,408,365)
14,248	82,988	143,104	344,053	170,079
-	-	-	-	-
75,617	-	(1,551,004)	(1,253,618)	-
89,865	82,988	(1,407,900)	(909,565)	170,079
(788,705)	2,579,409	(3,368,604)	(7,939,033)	(10,238,286)
1,250,000	213,582	-	1,566,075	20,028,100
-	(1,937,800)	-	(80,200)	-
461,295	855,191	(3,368,604)	(6,453,158)	9,789,814
1,570,705	8,252,306	22,592,118	63,017,961	20,406,530
<u>\$ 2,032,000</u>	<u>\$ 9,107,497</u>	<u>\$ 19,223,514</u>	<u>\$ 56,564,803</u>	<u>\$ 30,196,344</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, 2016

	Treasury Management	Technology Revolving	School Print Shop	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 779,093	\$ 343,585	\$ 578,105	\$ 369,523,003
Other	-	-	-	9,835,719
<b>Total operating revenues</b>	<b>779,093</b>	<b>343,585</b>	<b>578,105</b>	<b>379,358,722</b>
<b>OPERATING EXPENSES:</b>				
Personal services	684,923	-	166,251	17,627,623
Contractual services	28,342	501,019	218,872	27,721,042
Supplies and materials	3,329	869,104	58,185	12,522,510
Depreciation	-	-	4,711	15,279,173
Compensation for damages	-	-	-	2,269,048
Medical and insurance benefits	-	-	-	332,773,887
Other	3,875	-	58,042	4,118,815
<b>Total operating expenses</b>	<b>720,469</b>	<b>1,370,123</b>	<b>506,061</b>	<b>412,312,098</b>
<b>OPERATING INCOME (LOSS)</b>	<b>58,624</b>	<b>(1,026,538)</b>	<b>72,044</b>	<b>(32,953,376)</b>
<b>NONOPERATING REVENUE (EXPENSE):</b>				
Investment income	317	11,803	2,480	803,646
Gain (loss) on sale of property	-	-	-	28,914
Other	-	-	-	(2,548,236)
<b>Total nonoperating revenue (expense)</b>	<b>317</b>	<b>11,803</b>	<b>2,480</b>	<b>(1,715,676)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>58,941</b>	<b>(1,014,735)</b>	<b>74,524</b>	<b>(34,669,052)</b>
TRANSFERS IN	-	-	-	38,901,092
TRANSFERS OUT	(58,300)	-	-	(2,082,638)
<b>CHANGE IN NET POSITION</b>	<b>641</b>	<b>(1,014,735)</b>	<b>74,524</b>	<b>2,149,402</b>
NET POSITION, beginning of year	122,810	2,735,419	461,973	170,412,887
NET POSITION, end of year	\$ 123,451	\$ 1,720,684	\$ 536,497	\$ 172,562,289

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, 2016

	Office of Fleet Management	Information Systems	Radio Shop
Cash flows from operating activities:			
Receipts from customers and users	\$ 20,518,759	\$ 17,366,853	\$ 3,022,333
Payments to suppliers	(14,573,558)	(7,516,395)	(1,592,675)
Payments to employees	(5,438,513)	(9,225,696)	(886,151)
Other receipts	180,769	-	-
Other payments	-	-	-
Net cash provided by (used in) operating activities	<u>687,457</u>	<u>624,762</u>	<u>543,507</u>
Cash flows from noncapital financing activities:			
Transfers in	15,701,193	9,714	132,428
Transfers out	-	-	(6,338)
Net cash provided by (used in) noncapital financing activities	<u>15,701,193</u>	<u>9,714</u>	<u>126,090</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(15,829,743)	(9,714)	(132,428)
Proceeds from the sale of property	104,122	-	5,530
Net cash provided by (used in) capital and related financing activities	<u>(15,725,621)</u>	<u>(9,714)</u>	<u>(126,898)</u>
Cash flows from investing activities:			
Interest on investments	7,160	9,406	8,862
Net cash provided by (used in) investing activities	<u>7,160</u>	<u>9,406</u>	<u>8,862</u>
Net changes in cash and cash equivalents	670,189	634,168	551,561
Cash and cash equivalents at beginning of year	<u>2,737,862</u>	<u>2,521,666</u>	<u>2,129,303</u>
Cash and cash equivalents at end of year	<u>\$ 3,408,051</u>	<u>\$ 3,155,834</u>	<u>\$ 2,680,864</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, 2016

<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>
\$ -	\$ 7,557,030	\$ 108,128,422	\$ 218,152,249	\$ 3,084,962
(558,752)	(5,930,883)	(108,240,796)	(225,093,921)	(15,498,208)
-	-	(105,159)	(424,789)	-
75,617	-	-	-	-
-	-	(1,551,004)	(1,253,618)	-
<u>(483,135)</u>	<u>1,626,147</u>	<u>(1,768,537)</u>	<u>(8,620,079)</u>	<u>(12,413,246)</u>
1,250,000	213,582	-	1,566,075	20,028,100
-	(1,937,800)	-	(80,200)	-
<u>1,250,000</u>	<u>(1,724,218)</u>	<u>-</u>	<u>1,485,875</u>	<u>20,028,100</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
11,486	68,044	115,868	282,627	137,691
<u>11,486</u>	<u>68,044</u>	<u>115,868</u>	<u>282,627</u>	<u>137,691</u>
778,351	(30,027)	(1,652,669)	(6,851,577)	7,752,545
<u>2,439,768</u>	<u>17,473,665</u>	<u>31,583,788</u>	<u>80,460,889</u>	<u>28,463,891</u>
<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>

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, 2016

	Treasury Management	Technology Revolving	School Print Shop	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 734,985	\$ 307,127	\$ 597,977	\$ 379,470,697
Payments to suppliers	(35,005)	(1,065,855)	(351,898)	(380,457,946)
Payments to employees	(676,953)	-	(164,972)	(16,922,233)
Other receipts	-	-	-	256,386
Other payments	-	-	-	(2,804,622)
Net cash provided by (used in) operating activities	<u>23,027</u>	<u>(758,728)</u>	<u>81,107</u>	<u>(20,457,718)</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	-	38,901,092
Transfers out	(58,300)	-	-	(2,082,638)
Net cash provided by (used in) noncapital financing activities	<u>(58,300)</u>	<u>-</u>	<u>-</u>	<u>36,818,454</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	-	-	(15,971,885)
Proceeds from the sale of property	-	-	-	109,652
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,862,233)</u>
Cash flows from investing activities:				
Interest on investments	280	9,978	2,018	653,420
Net cash provided by (used in) investing activities	<u>280</u>	<u>9,978</u>	<u>2,018</u>	<u>653,420</u>
Net changes in cash and cash equivalents	(34,993)	(748,750)	83,125	1,151,923
Cash and cash equivalents at beginning of year	81,598	2,852,165	459,950	171,204,545
Cash and cash equivalents at end of year	<u>\$ 46,605</u>	<u>\$ 2,103,415</u>	<u>\$ 543,075</u>	<u>\$ 172,356,468</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, 2016

	<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>\$ (10,737,241)</u>	<u>\$ (329,121)</u>	<u>\$ (3,210,458)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	11,551,305	334,026	3,389,131
Other receipts	180,769	-	-
Other payments	-	-	-
Changes in assets and liabilities:			
Accounts receivable	429	(28,167)	(31,610)
Due from other funds of the primary government	111,331	129,301	(113,949)
Due from component units	-	60	-
Inventories of supplies	(122,236)	-	31,035
Other current assets	-	-	-
Accounts payable	(313,683)	243,372	432,423
Accrued payroll	16,360	369,822	12,015
Claims payable	-	-	-
Due to other funds of the primary government	<u>423</u>	<u>(94,531)</u>	<u>34,920</u>
Total adjustments	<u>11,424,698</u>	<u>953,883</u>	<u>3,753,965</u>
Net cash provided by (used in) operating activities	<u>\$ 687,457</u>	<u>\$ 624,762</u>	<u>\$ 543,507</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, 2016

<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>
\$ (878,570)	\$ 2,496,421	\$ (1,960,704)	\$ (7,029,468)	\$ (10,408,365)
-	-	-	-	-
75,617	-	-	-	-
-	-	(1,551,004)	(1,253,618)	-
-	-	(109,687)	206,455	3,018
-	(647)	(60,984)	67,119	-
-	-	-	-	-
-	-	-	-	-
228,227	(13,573)	213,393	(2,773,188)	25,064
-	(2,018)	16	3,453	-
91,481	(854,301)	1,705,047	2,158,000	(2,032,000)
<u>110</u>	<u>265</u>	<u>(4,614)</u>	<u>1,168</u>	<u>(963)</u>
<u>395,435</u>	<u>(870,274)</u>	<u>192,167</u>	<u>(1,590,611)</u>	<u>(2,004,881)</u>
<u>\$ (483,135)</u>	<u>\$ 1,626,147</u>	<u>\$ (1,768,537)</u>	<u>\$ (8,620,079)</u>	<u>\$ (12,413,246)</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, 2016

	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)	\$ 58,624	\$ (1,026,538)	\$ 72,044	\$ (32,953,376)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	4,711	15,279,173
Other receipts	-	-	-	256,386
Other payments	-	-	-	(2,804,622)
Changes in assets and liabilities:				
Accounts receivable	-	-	62	40,500
Due from other funds of the primary government	(44,108)	(35,695)	19,810	72,178
Due from component units	-	(763)	-	(703)
Inventories of supplies	-	-	-	(91,201)
Other current assets	-	-	(3,529)	(3,529)
Accounts payable	362	304,268	(8,265)	(1,661,600)
Accrued payroll	7,970	-	1,279	408,897
Claims payable	-	-	-	1,068,227
Due to other funds of the primary government	179	-	(5,005)	(68,048)
Total adjustments	(35,597)	267,810	9,063	12,495,658
Net cash provided by (used in) operating activities	\$ 23,027	\$ (758,728)	\$ 81,107	\$ (20,457,718)

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

BOARD OF FAIR COMMISSIONERS

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

FARMERS MARKET

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

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 supported in part by transfers from the General Fund.

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

**INTERNAL SERVICE FUNDS**

OFFICE OF FLEET MANAGEMENT FUND

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

INFORMATION SYSTEMS FUND

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

RADIO SHOP FUND

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

SCHOOL SELF INSURANCE FUND

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

GENERAL GOVERNMENT SELF INSURANCE FUND

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

SCHOOL PROFESSIONAL EMPLOYEES' INSURANCE FUND

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

EMPLOYEES' MEDICAL BENEFIT FUND

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

INJURED ON DUTY FUND

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



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DESCRIPTION OF PROPRIETARY FUNDS (CONTINUED)

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, 2016

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,350	\$ 178,241,536	\$ 973,279	\$ 9,713,643
Investments, at fair value:				
Equity commingled funds	-	58,346,571	-	1,406,931
Commercial mortgage backed securities	-	2,049,312	-	49,416
Conventional mortgages	-	918,042	-	22,137
Emerging markets	-	18,182,746	-	438,447
Corporate bonds and notes	-	154,207,657	-	3,718,464
High yield bonds	-	50,724,489	-	1,223,138
Futures	-	3,851,273	-	92,867
Common stock	-	304,305,177	-	7,337,818
Preferred stock	-	3,415,480	-	82,359
Non agency mortgages/collateralized mortgage obligations	-	22,422,511	-	540,682
Venture capital and partnerships	-	1,653,772,717	-	39,878,003
Registered investment companies	-	90,452,025	-	2,181,102
International bonds	-	2,738,730	-	66,040
Sector funds	-	25,426,281	-	613,113
Non U.S. treasury securities developing markets	-	5,744,699	-	138,524
U.S. treasury securities	-	22,806,109	-	549,932
Other securities	-	56,006,225	-	1,350,498
Other fixed income	-	144,294,728	-	3,479,430
Commingled funds U.S. debt	-	10,041,707	-	242,139
Cash collateral received - securities lending program	-	34,754,646	-	-
Accounts receivable	-	157,009,999	-	3,783,264
Accrued interest receivable	-	5,327,949	810	129,192
Due from other funds of the primary government	-	393,111	1	9,335,889
	<u>1,350</u>	<u>3,005,433,720</u>	<u>974,090</u>	<u>86,373,028</u>
<b>Total assets</b>				
<b>LIABILITIES:</b>				
Accounts payable	4	2,247,276	1	18,313
Due to brokers	-	280,180,663	-	6,756,095
Payable for collateral received - securities lending program	-	34,754,646	-	-
Due to other funds of the primary government	1,346	24,305	-	265,243
	<u>1,350</u>	<u>317,206,890</u>	<u>1</u>	<u>7,039,651</u>
<b>Total liabilities</b>				
<b>NET POSITION:</b>				
Restricted for pensions	-	2,688,226,830	974,089	79,333,377
Held in trust for other employee benefits	-	-	-	-
	<u>-</u>	<u>2,688,226,830</u>	<u>974,089</u>	<u>79,333,377</u>
<b>Total net position</b>				

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, 2016

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
\$ 975	\$ 782,925	\$ 2,065,316	\$ 221,690	\$ 192,000,714
-	-	-	-	59,753,502
-	-	-	-	2,098,728
-	-	-	-	940,179
-	-	-	-	18,621,193
-	-	-	-	157,926,121
-	-	-	-	51,947,627
-	-	-	-	3,944,140
-	-	-	-	311,642,995
-	-	-	-	3,497,839
-	-	-	-	22,963,193
-	-	-	-	1,693,650,720
-	-	-	-	92,633,127
-	-	-	-	2,804,770
-	-	-	-	26,039,394
-	-	-	-	5,883,223
-	-	-	-	23,356,041
-	-	-	-	57,356,723
-	-	-	-	147,774,158
-	-	-	-	10,283,846
-	-	-	-	34,754,646
-	-	68,831	-	160,862,094
-	660	2,200	225	5,461,036
-	-	10	-	9,729,011
<u>975</u>	<u>783,585</u>	<u>2,136,357</u>	<u>221,915</u>	<u>3,095,925,020</u>
17	-	45,844	7,892	2,319,347
-	-	-	-	286,936,758
-	-	-	-	34,754,646
<u>958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>291,852</u>
<u>975</u>	<u>-</u>	<u>45,844</u>	<u>7,892</u>	<u>324,302,603</u>
-	783,585	-	-	2,769,317,881
-	-	2,090,513	214,023	2,304,536
<u>\$ -</u>	<u>\$ 783,585</u>	<u>\$ 2,090,513</u>	<u>\$ 214,023</u>	<u>\$ 2,771,622,417</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, 2016

	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
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 15,607,067	\$ 8,208,414	\$ 261,728	\$ 10,610,355	\$ 6,797,595
Investments:					
Mortgages and real estate	-	-	-	1,291,100	-
Mutual funds	-	16,573	-	-	-
Accrued interest receivable	-	-	-	-	-
Due from other funds of the primary government	-	-	-	-	-
Other assets	-	-	-	-	54,891
	<u>\$ 15,607,067</u>	<u>\$ 8,224,987</u>	<u>\$ 261,728</u>	<u>\$ 11,901,455</u>	<u>\$ 6,852,486</u>
Total assets	<u>\$ 15,607,067</u>	<u>\$ 8,224,987</u>	<u>\$ 261,728</u>	<u>\$ 11,901,455</u>	<u>\$ 6,852,486</u>
<b>LIABILITIES:</b>					
Funds held in custody for others	\$ 9,254,769	\$ 8,215,397	\$ -	\$ 10,000,128	\$ -
Other liabilities	6,352,298	9,590	261,728	1,901,327	6,852,486
	<u>\$ 15,607,067</u>	<u>\$ 8,224,987</u>	<u>\$ 261,728</u>	<u>\$ 11,901,455</u>	<u>\$ 6,852,486</u>
Total liabilities	<u>\$ 15,607,067</u>	<u>\$ 8,224,987</u>	<u>\$ 261,728</u>	<u>\$ 11,901,455</u>	<u>\$ 6,852,486</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, 2016

David Smith, Juvenile Court Clerk	Sold Property Tax Receivables	Sheriff Work Release and Inmate Trust	Planning Performance Bonds	Total Agency Funds
\$ 1,840,002	\$ 840,438	\$ 394,800	\$ 1,062,575	\$ 45,622,974
-	-	-	-	1,291,100
-	-	-	-	16,573
-	1,570	-	-	1,570
-	1,008,881	-	-	1,008,881
-	-	-	-	54,891
<u>\$ 1,840,002</u>	<u>\$ 1,850,889</u>	<u>\$ 394,800</u>	<u>\$ 1,062,575</u>	<u>\$ 47,995,989</u>
\$ 1,614,206	\$ 1,850,889	\$ 394,800	\$ 1,062,575	\$ 32,392,764
225,796	-	-	-	15,603,225
<u>\$ 1,840,002</u>	<u>\$ 1,850,889</u>	<u>\$ 394,800</u>	<u>\$ 1,062,575</u>	<u>\$ 47,995,989</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, 2016

	Davidson County Employees' Retirement	Metropolitan Employees' Benefit Trust	Employees' Pension and Insurance	Teachers' Retirement Plan
<b>ADDITIONS:</b>				
Investment income:				
Interest and dividend income	\$ 655	\$ 33,626,120	\$ 4,993	\$ 619,665
Net appreciation (depreciation) of investments	-	(16,850,153)	-	(439,249)
Miscellaneous	-	445,861	-	-
Net increase (decrease) in fair value of investments	655	17,221,828	4,993	180,416
Net income earned on securities lending transactions:				
Securities lending income	-	282,797	-	-
Securities lending expense	-	(56,541)	-	-
Net income earned on securities lending transactions	-	226,256	-	-
Less investment expenses	-	(11,105,046)	(14)	-
Net investment income (loss)	655	6,343,038	4,979	180,416
Contributions:				
Employee contributions	-	73,171	-	-
Employer contributions	1,376,864	85,676,490	3,760,411	20,620,889
Transfers in	-	244,632	-	-
Contributions from the State of Tennessee	-	-	2,683,194	11,713,047
Miscellaneous	-	-	-	-
Total contributions	1,376,864	85,994,293	6,443,605	32,333,936
Total additions	1,377,519	92,337,331	6,448,584	32,514,352
<b>DEDUCTIONS:</b>				
Pension and other employee benefits	1,377,519	152,587,111	6,230,661	32,751,992
Refunds of contributions	-	14,685	-	-
Administrative expenses	-	15,004,614	-	64,951
Transfers out	-	-	-	-
Total deductions	1,377,519	167,606,410	6,230,661	32,816,943
Change in net position	-	(75,269,079)	217,923	(302,591)
NET POSITION, beginning of year	-	2,763,495,909	756,166	79,635,968
NET POSITION, end of year	\$ -	\$ 2,688,226,830	\$ 974,089	\$ 79,333,377

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, 2016

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
\$ 5,132	\$ 4,141	\$ 11,717	\$ 1,975	\$ 34,274,398
-	-	-	-	(17,289,402)
-	-	-	-	445,861
5,132	4,141	11,717	1,975	17,430,857
-	-	-	-	282,797
-	-	-	-	(56,541)
-	-	-	-	226,256
-	-	-	-	(11,105,060)
5,132	4,141	11,717	1,975	6,552,053
-	-	1,071,888	1,010,562	2,155,621
6,134,921	1,600,371	-	-	119,169,946
-	-	-	-	244,632
-	1,804,508	-	-	16,200,749
-	-	2,321,813	-	2,321,813
6,134,921	3,404,879	3,393,701	1,010,562	140,092,761
6,140,053	3,409,020	3,405,418	1,012,537	146,644,814
6,140,053	3,260,870	1,280,955	813,751	204,442,912
-	-	-	-	14,685
-	-	-	-	15,069,565
-	-	1,566,075	392,885	1,958,960
6,140,053	3,260,870	2,847,030	1,206,636	221,486,122
-	148,150	558,388	(194,099)	(74,841,308)
-	635,435	1,532,125	408,122	2,846,463,725
\$ -	\$ 783,585	\$ 2,090,513	\$ 214,023	\$ 2,771,622,417

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, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>Richard R. Rooker, Circuit Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 16,035,740	\$ 63,171,345	\$ 63,600,018	\$ 15,607,067
LIABILITIES:				
Funds held in custody for others	\$ 9,606,361	\$ 5,110,755	\$ 5,462,347	\$ 9,254,769
Other liabilities	6,429,379	58,060,590	58,137,671	6,352,298
Total liabilities	<u>\$ 16,035,740</u>	<u>\$ 63,171,345</u>	<u>\$ 63,600,018</u>	<u>\$ 15,607,067</u>
 <u>Maria M. Salas, Clerk and Master</u>				
ASSETS:				
Cash and cash equivalents	\$ 6,701,752	\$ 18,515,342	\$ 17,008,680	\$ 8,208,414
Mutual funds	16,925	277	629	16,573
Total assets	<u>\$ 6,718,677</u>	<u>\$ 18,515,619</u>	<u>\$ 17,009,309</u>	<u>\$ 8,224,987</u>
LIABILITIES:				
Funds held in custody for others	\$ 6,712,828	\$ 17,537,595	\$ 16,035,026	\$ 8,215,397
Other liabilities	5,849	978,024	974,283	9,590
Total liabilities	<u>\$ 6,718,677</u>	<u>\$ 18,515,619</u>	<u>\$ 17,009,309</u>	<u>\$ 8,224,987</u>
 <u>Brenda Wynn, County Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 2,904	\$ 113,218,206	\$ 112,959,382	\$ 261,728
LIABILITIES:				
Other liabilities	\$ 2,904	\$ 113,218,206	\$ 112,959,382	\$ 261,728
 <u>Howard Gentry, Criminal Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	\$ 10,709,918	\$ 13,930,078	\$ 14,029,641	\$ 10,610,355
Mortgages and real estate	1,291,100	-	-	1,291,100
Total assets	<u>\$ 12,001,018</u>	<u>\$ 13,930,078</u>	<u>\$ 14,029,641</u>	<u>\$ 11,901,455</u>
LIABILITIES:				
Funds held in custody for others	\$ 9,975,128	\$ 805,000	\$ 780,000	\$ 10,000,128
Other liabilities	2,025,890	13,125,078	13,249,641	1,901,327
Total liabilities	<u>\$ 12,001,018</u>	<u>\$ 13,930,078</u>	<u>\$ 14,029,641</u>	<u>\$ 11,901,455</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, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>Bill Garrett, County Register</u>				
ASSETS:				
Cash and cash equivalents	\$ 6,172,236	\$ 53,190,614	\$ 52,565,255	\$ 6,797,595
Other assets	123,193	11,794,157	11,862,459	54,891
Total assets	<u>\$ 6,295,429</u>	<u>\$ 64,984,771</u>	<u>\$ 64,427,714</u>	<u>\$ 6,852,486</u>
LIABILITIES:				
Other liabilities	<u>\$ 6,295,429</u>	<u>\$ 64,984,771</u>	<u>\$ 64,427,714</u>	<u>\$ 6,852,486</u>
 <u>David Smith, Juvenile Court Clerk</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 1,965,474</u>	<u>\$ 778,189</u>	<u>\$ 903,661</u>	<u>\$ 1,840,002</u>
LIABILITIES:				
Funds held in custody for others	\$ 1,722,564	\$ 168,942	\$ 277,300	\$ 1,614,206
Other liabilities	242,910	609,247	626,361	225,796
Total liabilities	<u>\$ 1,965,474</u>	<u>\$ 778,189</u>	<u>\$ 903,661</u>	<u>\$ 1,840,002</u>
 <u>Sold Property Tax Receivables</u>				
ASSETS:				
Cash and cash equivalents	\$ 5,986	\$ 26,506,270	\$ 25,671,818	\$ 840,438
Accrued interest receivable	75	3,939	2,444	1,570
Due from other funds of the primary government	2,107,028	1,008,881	2,107,028	1,008,881
Total assets	<u>\$ 2,113,089</u>	<u>\$ 27,519,090</u>	<u>\$ 27,781,290</u>	<u>\$ 1,850,889</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 2,113,089</u>	<u>\$ 27,519,090</u>	<u>\$ 27,781,290</u>	<u>\$ 1,850,889</u>
 <u>Sheriff Work Release and Inmate Trust</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 388,611</u>	<u>\$ 2,676,777</u>	<u>\$ 2,670,588</u>	<u>\$ 394,800</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 388,611</u>	<u>\$ 2,676,777</u>	<u>\$ 2,670,588</u>	<u>\$ 394,800</u>
 <u>Planning Performance Bonds</u>				
ASSETS:				
Cash and cash equivalents	<u>\$ 872,002</u>	<u>\$ 671,822</u>	<u>\$ 481,249</u>	<u>\$ 1,062,575</u>
LIABILITIES:				
Funds held in custody for others	<u>\$ 872,002</u>	<u>\$ 671,822</u>	<u>\$ 481,249</u>	<u>\$ 1,062,575</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 ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 AGENCY FUNDS (CONTINUED)

For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>Totals - All Agency Funds</u>				
ASSETS:				
Cash and cash equivalents	\$ 42,854,623	\$ 292,658,643	\$ 289,890,292	\$ 45,622,974
Investments:				
Mortgages and real estate	1,291,100	-	-	1,291,100
Mutual funds	16,925	277	629	16,573
Accrued interest receivable	75	3,939	2,444	1,570
Due from other funds of the primary government	2,107,028	1,008,881	2,107,028	1,008,881
Other assets	123,193	11,794,157	11,862,459	54,891
Total assets	<u>\$ 46,392,944</u>	<u>\$ 305,465,897</u>	<u>\$ 303,862,852</u>	<u>\$ 47,995,989</u>
LIABILITIES:				
Funds held in custody for others	\$ 31,390,583	\$ 54,489,981	\$ 53,487,800	\$ 32,392,764
Other liabilities	15,002,361	250,975,916	250,375,052	15,603,225
Total liabilities	<u>\$ 46,392,944</u>	<u>\$ 305,465,897</u>	<u>\$ 303,862,852</u>	<u>\$ 47,995,989</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, 2016

ASSETS:

Cash and cash equivalents	\$ 15,419,367
Investments	2,397,346
Accounts receivable	8,219,468
Accrued interest receivable	8,360
Notes receivable	30,068,887
Due from the primary government	<u>2,984</u>
Total assets	<u><u>\$ 56,116,412</u></u>

LIABILITIES:

Accounts payable	\$ 6,314,580
Accrued payroll	4,822
Due to the primary government	<u>2,293</u>
Total liabilities	<u>6,321,695</u>

DEFERRED INFLOWS OF RESOURCES:

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

FUND BALANCES:

Restricted for capital projects	40,883
Restricted for debt service	13,834,118
Unassigned	<u>7,919,716</u>
Total fund balances	<u>21,794,717</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 56,116,412</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, 2016

Fund balances	\$	21,794,717
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.		
		402,124,566
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		(143,575,000)
Line of credit		(17,285,169)
Less deferred charge on refunding		3,448,041
Add net bond premium/discount		(4,267,021)
Accrued interest payable		(3,117,571)
Compensated absences		(9,764)
		(174,244,125)
Net position	\$	259,112,799

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, 2016

REVENUES:	
Local option sales tax	\$ 2,645,546
Other taxes, licenses and permits	3,005,640
Revenues from the use of money or property	1,363,203
Revenues from other governmental agencies	30,682,363
Charges for current services	4,677,370
Compensation for loss, sale or damage to property	<u>1,875,358</u>
Total revenues	<u>44,249,480</u>
EXPENDITURES:	
Personal services	168,054
Contractual services	24,330,298
Supplies and materials	234,486
Other costs	713,898
Capital outlay	13,095,645
Debt service:	
Principal retirement	7,298,113
Interest	6,594,304
Debt issue costs	<u>35,145</u>
Total expenditures	<u>52,469,943</u>
Excess (deficiency) of revenues over expenditures	<u>(8,220,463)</u>
OTHER FINANCING SOURCES (USES):	
Issuance of new debt	<u>11,522,672</u>
Total other financing sources (uses)	<u>11,522,672</u>
Net change in fund balances	3,302,209
FUND BALANCES, beginning of year	<u>18,492,508</u>
FUND BALANCES, end of year	<u><u>\$ 21,794,717</u></u>

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

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 SPORTS AUTHORITY

For the Year Ended June 30, 2016

Net change in fund balances	\$	3,302,209
<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		13,095,645
Depreciation expense		(16,411,424)
<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		(11,522,672)
Principal repayments		7,298,113
Amortization of deferred charge on refunding		(379,062)
Amortization of premium/discount		377,704
Change in accrued interest		68,020
<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>		
		(6,215)
Change in net position	\$	(4,177,682)

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, 2016

ASSETS:	
Cash and cash equivalents	\$ 618,392
Accrued interest receivable	<u>551</u>
Total assets	<u>\$ 618,943</u>
LIABILITIES:	
Accounts payable	<u>\$ 86</u>
Total liabilities	<u>86</u>
FUND BALANCES:	
Unassigned	<u>618,857</u>
Total fund balances	<u>618,857</u>
Total liabilities and fund balances	<u>\$ 618,943</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, 2016

REVENUES:	
Revenue from the use of money or property	\$ 3,057
Revenue from other governmental agencies	749,000
Charges for current services	<u>11,850</u>
Total revenues	<u>763,907</u>
EXPENDITURES:	
Contractual services	432
Supplies and materials	442
Other costs	<u>749,000</u>
Total expenditures	<u>749,874</u>
Net change in fund balances	14,033
FUND BALANCES, beginning of year	<u>604,824</u>
FUND BALANCES, end of year	<u><u>\$ 618,857</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, 2016

	General Services District	Urban Services District	Total General Fund
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 121,582,329	\$ 21,167,279	\$ 142,749,608
Sales tax receivable	19,722,852	-	19,722,852
Accounts receivable	57,623,472	3,164,315	60,787,787
Accrued interest receivable	113,053	16,747	129,800
Property taxes receivable	400,747,910	86,445,640	487,193,550
Allowance for doubtful accounts	(17,099,546)	(1,046,160)	(18,145,706)
Due from other funds of the primary government	3,494,051	5,607	3,499,658
Due from component units	4,116	-	4,116
Inventories of supplies	275,371	-	275,371
Other assets	191,637	-	191,637
	<u>586,655,245</u>	<u>109,753,428</u>	<u>696,408,673</u>
Total assets	<u>\$ 586,655,245</u>	<u>\$ 109,753,428</u>	<u>\$ 696,408,673</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 14,532,890	\$ 629,614	\$ 15,162,504
Accrued payroll	20,816,870	2,986,969	23,803,839
Due to other funds of the primary government	7,989,655	7,142,362	15,132,017
Other liabilities	5,254,671	-	5,254,671
	<u>48,594,086</u>	<u>10,758,945</u>	<u>59,353,031</u>
Total liabilities	<u>48,594,086</u>	<u>10,758,945</u>	<u>59,353,031</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - property taxes	397,187,932	85,030,038	482,217,970
Unavailable revenue - other revenues	9,073,360	1,261,546	10,334,906
	<u>406,261,292</u>	<u>86,291,584</u>	<u>492,552,876</u>
Total deferred inflow of resources	<u>406,261,292</u>	<u>86,291,584</u>	<u>492,552,876</u>
<b>FUND BALANCES:</b>			
Nonspendable	467,008	-	467,008
Assigned for subsequent year budgetary appropriations	43,372,400	7,574,800	50,947,200
Assigned for specific projects	7,695,400	900,000	8,595,400
Unassigned	80,265,059	4,228,099	84,493,158
	<u>131,799,867</u>	<u>12,702,899</u>	<u>144,502,766</u>
Total fund balances	<u>131,799,867</u>	<u>12,702,899</u>	<u>144,502,766</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 586,655,245</u>	<u>\$ 109,753,428</u>	<u>\$ 696,408,673</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, 2016

	General Services District	Urban Services District	Total General Fund
<b>REVENUES:</b>			
Property taxes	\$ 410,527,709	\$ 97,890,267	\$ 508,417,976
Local option sales tax	112,386,239	-	112,386,239
Other taxes, licenses and permits	133,243,365	10,021,304	143,264,669
Fines, forfeits and penalties	10,536,938	-	10,536,938
Revenues from the use of money or property	623,983	71,651	695,634
Revenues from other governmental agencies	102,735,391	1,209,800	103,945,191
Commissions and fees	14,528,053	-	14,528,053
Charges for current services	35,145,956	213,376	35,359,332
Compensation for loss, sale or damage to property	6,879,924	-	6,879,924
Contributions and gifts	266,525	-	266,525
Miscellaneous	1,893,902	-	1,893,902
Total revenues	<u>828,767,985</u>	<u>109,406,398</u>	<u>938,174,383</u>
<b>EXPENDITURES:</b>			
General government	50,211,810	-	50,211,810
Fiscal administration	21,463,006	-	21,463,006
Administration of justice	57,481,614	-	57,481,614
Law enforcement and care of prisoners	262,052,423	-	262,052,423
Fire prevention and control	49,372,689	67,575,975	116,948,664
Regulation and inspection	8,101,479	-	8,101,479
Conservation of natural resources	373,209	-	373,209
Public welfare	6,293,042	-	6,293,042
Public health and hospitals	62,958,373	-	62,958,373
Public library system	27,432,634	-	27,432,634
Public works, highways and streets	23,434,983	8,867,149	32,302,132
Recreational and cultural	37,931,086	-	37,931,086
Retiree benefits	61,271,415	20,305,263	81,576,678
Miscellaneous	87,286,281	1,991,792	89,278,073
Total expenditures	<u>755,664,044</u>	<u>98,740,179</u>	<u>854,404,223</u>
Excess of revenues over expenditures	<u>73,103,941</u>	<u>10,666,219</u>	<u>83,770,160</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	22,890,396	-	22,890,396
Transfers out	(85,100,588)	(15,110,800)	(100,211,388)
Total other financing sources (uses)	<u>(62,210,192)</u>	<u>(15,110,800)</u>	<u>(77,320,992)</u>
Net change in fund balances	10,893,749	(4,444,581)	6,449,168
FUND BALANCES, beginning of year	<u>120,906,118</u>	<u>17,147,480</u>	<u>138,053,598</u>
FUND BALANCES, end of year	<u>\$ 131,799,867</u>	<u>\$ 12,702,899</u>	<u>\$ 144,502,766</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

For the Year Ended June 30, 2016

	General Services District			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 407,581,500	\$ 407,581,500	\$ 410,527,709	\$ 2,946,209
Local option sales tax	113,311,200	113,311,200	112,386,239	(924,961)
Other taxes, licenses and permits	113,455,000	113,675,000	133,243,365	19,568,365
Fines, forfeits and penalties	11,254,300	11,261,400	10,536,938	(724,462)
Revenues from the use of money or property	-	-	623,983	623,983
Revenues from other governmental agencies	87,496,000	86,022,000	102,735,391	16,713,391
Commissions and fees	13,134,800	13,134,800	14,528,053	1,393,253
Charges for current services	31,738,600	31,708,600	35,145,956	3,437,356
Compensation for loss, sale or damage to property	1,215,700	1,215,700	6,879,924	5,664,224
Contributions and gifts	242,900	2,100	266,525	264,425
Miscellaneous	2,734,000	2,734,000	1,893,902	(840,098)
Total revenues	<u>782,164,000</u>	<u>780,646,300</u>	<u>828,767,985</u>	<u>48,121,685</u>
<b>EXPENDITURES:</b>				
General government	50,687,100	53,115,900	50,211,810	2,904,090
Fiscal administration	22,132,100	23,297,500	21,463,006	1,834,494
Administration of justice	57,874,500	59,283,300	57,481,614	1,801,686
Law enforcement and care of prisoners	250,339,900	264,543,200	262,052,423	2,490,777
Fire prevention and control	48,173,500	50,649,900	49,372,689	1,277,211
Regulation and inspection	8,753,400	9,066,100	8,101,479	964,621
Conservation of natural resources	374,400	399,700	373,209	26,491
Public welfare	8,095,700	6,617,500	6,293,042	324,458
Public health and hospitals	53,665,700	64,266,000	62,958,373	1,307,627
Public library system	26,737,600	27,494,800	27,432,634	62,166
Public works, highways and streets	22,778,500	23,713,100	23,434,983	278,117
Recreational and cultural	37,805,300	38,765,600	37,931,086	834,514
Retiree benefits	62,364,200	62,400,600	61,271,415	1,129,185
Miscellaneous	115,128,400	94,674,000	87,286,281	7,387,719
Total expenditures	<u>764,910,300</u>	<u>778,287,200</u>	<u>755,664,044</u>	<u>22,623,156</u>
Excess (deficiency) of revenues over expenditures	<u>17,253,700</u>	<u>2,359,100</u>	<u>73,103,941</u>	<u>70,744,841</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	22,309,700	22,309,700	22,890,396	580,696
Transfers out	(79,563,400)	(84,301,600)	(85,100,588)	(798,988)
Total other financing sources (uses)	<u>(57,253,700)</u>	<u>(61,991,900)</u>	<u>(62,210,192)</u>	<u>(218,292)</u>
Net change in fund balances	(40,000,000)	(59,632,800)	10,893,749	70,526,549
FUND BALANCES, beginning of year	<u>120,906,118</u>	<u>120,906,118</u>	<u>120,906,118</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 80,906,118</u>	<u>\$ 61,273,318</u>	<u>\$ 131,799,867</u>	<u>\$ 70,526,549</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, 2016

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		
\$ 99,915,800	\$ 99,915,800	\$ 97,890,267	\$ (2,025,533)	\$ 507,497,300	\$ 507,497,300	\$ 508,417,976	\$ 920,676
-	-	-	-	113,311,200	113,311,200	112,386,239	(924,961)
8,134,400	8,134,400	10,021,304	1,886,904	121,589,400	121,809,400	143,264,669	21,455,269
-	-	-	-	11,254,300	11,261,400	10,536,938	(724,462)
-	-	71,651	71,651	-	-	695,634	695,634
1,243,800	1,243,800	1,209,800	(34,000)	88,739,800	87,265,800	103,945,191	16,679,391
-	-	-	-	13,134,800	13,134,800	14,528,053	1,393,253
143,000	143,000	213,376	70,376	31,881,600	31,851,600	35,359,332	3,507,732
100,000	100,000	-	(100,000)	1,315,700	1,315,700	6,879,924	5,564,224
-	-	-	-	242,900	2,100	266,525	264,425
-	-	-	-	2,734,000	2,734,000	1,893,902	(840,098)
<u>109,537,000</u>	<u>109,537,000</u>	<u>109,406,398</u>	<u>(130,602)</u>	<u>891,701,000</u>	<u>890,183,300</u>	<u>938,174,383</u>	<u>47,991,083</u>
-	-	-	-	50,687,100	53,115,900	50,211,810	2,904,090
-	-	-	-	22,132,100	23,297,500	21,463,006	1,834,494
-	-	-	-	57,874,500	59,283,300	57,481,614	1,801,686
-	-	-	-	250,339,900	264,543,200	262,052,423	2,490,777
65,272,900	68,469,300	67,575,975	893,325	113,446,400	119,119,200	116,948,664	2,170,536
-	-	-	-	8,753,400	9,066,100	8,101,479	964,621
-	-	-	-	374,400	399,700	373,209	26,491
-	-	-	-	8,095,700	6,617,500	6,293,042	324,458
-	-	-	-	53,665,700	64,266,000	62,958,373	1,307,627
-	-	-	-	26,737,600	27,494,800	27,432,634	62,166
9,840,100	9,894,500	8,867,149	1,027,351	32,618,600	33,607,600	32,302,132	1,305,468
-	-	-	-	37,805,300	38,765,600	37,931,086	834,514
20,937,000	20,937,000	20,305,263	631,737	83,301,200	83,337,600	81,576,678	1,760,922
6,446,900	3,922,700	1,991,792	1,930,908	121,575,300	98,596,700	89,278,073	9,318,627
<u>102,496,900</u>	<u>103,223,500</u>	<u>98,740,179</u>	<u>4,483,321</u>	<u>867,407,200</u>	<u>881,510,700</u>	<u>854,404,223</u>	<u>27,106,477</u>
7,040,100	6,313,500	10,666,219	4,352,719	24,293,800	8,672,600	83,770,160	75,097,560
-	-	-	-	22,309,700	22,309,700	22,890,396	580,696
(15,110,800)	(15,110,800)	(15,110,800)	-	(94,674,200)	(99,412,400)	(100,211,388)	(798,988)
<u>(15,110,800)</u>	<u>(15,110,800)</u>	<u>(15,110,800)</u>	<u>-</u>	<u>(72,364,500)</u>	<u>(77,102,700)</u>	<u>(77,320,992)</u>	<u>(218,292)</u>
(8,070,700)	(8,797,300)	(4,444,581)	4,352,719	(48,070,700)	(68,430,100)	6,449,168	74,879,268
17,147,480	17,147,480	17,147,480	-	138,053,598	138,053,598	138,053,598	-
<u>\$ 9,076,780</u>	<u>\$ 8,350,180</u>	<u>\$ 12,702,899</u>	<u>\$ 4,352,719</u>	<u>\$ 89,982,898</u>	<u>\$ 69,623,498</u>	<u>\$ 144,502,766</u>	<u>\$ 74,879,268</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>GENERAL GOVERNMENT:</u>				
Legislative (Office of Clerk and Council)	\$ 2,457,500	\$ 2,514,000	\$ 2,281,633	\$ 232,367
Executive (Office of the Mayor)	2,966,000	3,747,700	3,063,715	683,985
Office of Emergency Management	764,000	826,000	804,083	21,917
Election Commission	5,323,400	5,582,900	5,136,850	446,050
Department of Law	5,196,600	5,612,500	5,531,401	81,099
Planning Commission	3,788,800	3,963,300	3,773,566	189,734
Human Resources	4,556,200	4,857,400	4,449,582	407,818
County Register of Deeds	262,800	265,000	262,353	2,647
General Services	22,964,900	23,096,500	22,278,473	818,027
Historical Commission	794,700	843,800	834,238	9,562
Telecommunications	1,612,200	1,806,800	1,795,916	10,884
<b>Total General Government</b>	<b>50,687,100</b>	<b>53,115,900</b>	<b>50,211,810</b>	<b>2,904,090</b>
<u>FISCAL ADMINISTRATION:</u>				
Department of Finance	7,570,300	8,181,300	7,661,552	519,748
Assessor of Property	6,868,300	7,166,500	6,597,447	569,053
Metropolitan Trustee	2,340,800	2,406,900	2,227,170	179,730
County Clerk	4,109,900	4,251,900	3,955,358	296,542
Internal Audit	1,242,800	1,290,900	1,021,479	269,421
<b>Total Fiscal Administration</b>	<b>22,132,100</b>	<b>23,297,500</b>	<b>21,463,006</b>	<b>1,834,494</b>
<u>ADMINISTRATION OF JUSTICE:</u>				
District Attorney	5,806,000	6,175,100	6,147,971	27,129
Public Defender	7,022,700	7,400,100	7,173,474	226,626
Juvenile Court Clerk	1,579,500	1,649,900	1,638,576	11,324
Circuit Court Clerk	3,178,100	3,275,400	2,861,082	414,318
Criminal Court Clerk	5,308,700	5,526,600	5,098,814	427,786
Clerk and Master	1,445,000	1,489,300	1,246,904	242,396
Juvenile Court	11,896,400	11,061,200	10,881,554	179,646
General Sessions Court	10,319,700	10,812,700	10,812,668	32
State Trial Courts	7,744,700	8,174,000	8,099,582	74,418
Justice Information System	2,380,000	2,471,000	2,359,004	111,996
Criminal Justice Planning	452,200	490,000	482,794	7,206
Office of Family Safety	741,500	758,000	679,191	78,809
<b>Total Administration of Justice</b>	<b>57,874,500</b>	<b>59,283,300</b>	<b>57,481,614</b>	<b>1,801,686</b>
<u>LAW ENFORCEMENT AND CARE OF PRISONERS:</u>				
Sheriff	63,892,700	68,211,800	68,211,707	93
Police Department	172,832,800	182,151,200	180,204,265	1,946,935
Emergency Communication Center	13,614,400	14,180,200	13,636,451	543,749
<b>Total Law Enforcement and Care of Prisoners</b>	<b>250,339,900</b>	<b>264,543,200</b>	<b>262,052,423</b>	<b>2,490,777</b>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	\$ 48,173,500	\$ 50,649,900	\$ 49,372,689	\$ 1,277,211
<u>REGULATION AND INSPECTION:</u>				
Department of Codes Administration	8,384,800	8,686,500	7,744,708	941,792
Beer Board	368,600	379,600	356,771	22,829
Total Regulation and Inspection	8,753,400	9,066,100	8,101,479	964,621
<u>CONSERVATION OF NATURAL RESOURCES:</u>				
Agricultural Extension Service	285,200	308,200	289,794	18,406
Soil and Water Conservation	89,200	91,500	83,415	8,085
Total Conservation of Natural Resources	374,400	399,700	373,209	26,491
<u>PUBLIC WELFARE:</u>				
Social Services Commission	7,672,000	6,180,300	5,855,868	324,432
Human Relations Commission	423,700	437,200	437,174	26
Total Public Welfare	8,095,700	6,617,500	6,293,042	324,458
<u>PUBLIC HEALTH AND HOSPITALS:</u>				
Board of Health	18,665,700	19,266,000	17,958,373	1,307,627
Hospital Authority	35,000,000	45,000,000	45,000,000	-
Total Public Health and Hospitals	53,665,700	64,266,000	62,958,373	1,307,627
<u>PUBLIC LIBRARY SYSTEM:</u>				
Public Library	26,737,600	27,494,800	27,432,634	62,166
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	22,778,500	23,713,100	23,434,983	278,117
<u>RECREATIONAL AND CULTURAL:</u>				
Parks and Recreation	34,439,400	35,364,700	34,586,888	777,812
Arts Commission	2,643,100	2,670,300	2,613,598	56,702
Sports Authority	722,800	730,600	730,600	-
Total Recreational and Cultural	37,805,300	38,765,600	37,931,086	834,514

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, 2016

	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	48,514,200	48,514,200	47,841,082	673,118
Unemployment Compensation	561,200	561,200	105,200	456,000
Employer's Contribution for Group Life Insurance	2,886,500	2,922,900	2,922,833	67
Total Employee Benefits	62,364,200	62,400,600	61,271,415	1,129,185
<u>MISCELLANEOUS:</u>				
Contributions and Community Support	19,679,400	20,926,300	18,957,657	1,968,643
Subsidies	40,013,600	40,158,600	40,158,600	-
Administration and Internal Support	55,435,400	33,589,100	28,170,024	5,419,076
Total Miscellaneous	115,128,400	94,674,000	87,286,281	7,387,719
Total Expenditures	\$ 764,910,300	\$ 778,287,200	\$ 755,664,044	\$ 22,623,156
<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	12,764,000	12,764,000	12,971,896	207,896
District Energy System	5,900	5,900	5,900	-
Water and Sewerage Services	5,658,000	5,658,000	5,658,000	-
Nonmajor Enterprise Funds	1,102,500	1,102,500	1,475,300	372,800
Internal Service Funds	2,076,300	2,076,300	2,076,300	-
Total Transfers In	22,309,700	22,309,700	22,890,396	580,696
<u>TRANSFERS OUT:</u>				
GSD General Purpose Debt Service Fund	(22,054,600)	(22,054,600)	(22,054,600)	-
Nonmajor Governmental Funds	(36,801,700)	(39,876,200)	(40,626,125)	(749,925)
District Energy System	(1,794,000)	(1,794,000)	(1,794,000)	-
Nonmajor Enterprise Funds	(349,500)	(1,893,000)	(1,890,400)	2,600
Internal Service Funds	(18,563,600)	(18,583,400)	(18,625,646)	(42,246)
Fiduciary Funds	-	(100,400)	(109,817)	(9,417)
Total Transfers Out	(79,563,400)	(84,301,600)	(85,100,588)	(798,988)
Total Other Financing Sources (Uses)	\$ (57,253,700)	\$ (61,991,900)	\$ (62,210,192)	\$ (218,292)

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>FIRE PREVENTION AND CONTROL:</u>				
Fire Department	\$ 65,272,900	\$ 68,469,300	\$ 67,575,975	\$ 893,325
<u>PUBLIC WORKS, HIGHWAYS AND STREETS:</u>				
Public Works	9,840,100	9,894,500	8,867,149	1,027,351
<u>EMPLOYEE BENEFITS:</u>				
Contribution to Closed Pension Plans	18,890,100	18,890,100	18,890,100	-
Employer's Contribution for Group Health Insurance	1,968,400	1,968,400	1,356,225	612,175
Employer's Contribution for Group Life Insurance	78,500	78,500	58,938	19,562
Total Employee Benefits	20,937,000	20,937,000	20,305,263	631,737
<u>MISCELLANEOUS:</u>				
Administration and Internal Support	6,446,900	3,922,700	1,991,792	1,930,908
Total Miscellaneous	6,446,900	3,922,700	1,991,792	1,930,908
Total Expenditures	\$ 102,496,900	\$ 103,223,500	\$ 98,740,179	\$ 4,483,321
<u>TRANSFERS OUT:</u>				
GSD General Fund	\$ (481,000)	\$ (481,000)	\$ (481,000)	\$ -
Nonmajor Governmental Funds	(12,965,300)	(12,965,300)	(12,965,300)	-
Internal Service Funds	(1,664,500)	(1,664,500)	(1,664,500)	-
Total Transfers Out	(15,110,800)	(15,110,800)	(15,110,800)	-
Total Other Financing Sources (Uses)	\$ (15,110,800)	\$ (15,110,800)	\$ (15,110,800)	\$ -

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY FUND

June 30, 2016

	Total Delinquent Property Taxes Receivable	General Services District				
		Total	General Fund	School Fund	Debt Service Fund	School Debt Service Fund
2015 Realty	\$ 2,032,806	\$ 1,778,747	\$ 847,974	\$ 652,786	\$ 113,034	\$ 164,953
2015 Personalty	1,863,782	1,634,616	779,526	599,706	179,150	76,234
2015 Public Utility	204,389	181,780	86,864	66,568	19,886	8,462
<b>Total 2015 Property Taxes</b>	<b>4,100,977</b>	<b>3,595,143</b>	<b>1,714,364</b>	<b>1,319,060</b>	<b>312,070</b>	<b>249,649</b>
2014 Realty	811,914	752,226	361,530	274,009	81,855	34,832
2014 Personalty	772,070	683,474	326,382	250,442	74,814	31,836
2014 Public Utility	72,499	65,277	31,248	23,866	7,129	3,034
<b>Total 2014 Property Taxes</b>	<b>1,656,483</b>	<b>1,500,977</b>	<b>719,160</b>	<b>548,317</b>	<b>163,798</b>	<b>69,702</b>
2013 & Prior - Realty	715,603	641,110	316,625	220,733	73,727	30,025
2013 & Prior - Personalty	5,588,428	4,900,348	2,440,211	1,658,851	584,308	216,978
2013 & Prior - Public Utility	815,278	699,870	347,138	237,688	82,598	32,446
<b>Total 2013 &amp; Prior Property Taxes</b>	<b>7,119,309</b>	<b>6,241,328</b>	<b>3,103,974</b>	<b>2,117,272</b>	<b>740,633</b>	<b>279,449</b>
<b>Total Delinquent Property Taxes Receivable *</b>	<b>\$ 12,876,769</b>	<b>\$ 11,337,448</b>	<b>\$ 5,537,498</b>	<b>\$ 3,984,649</b>	<b>\$ 1,216,501</b>	<b>\$ 598,800</b>

\* Excludes 2016 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, 2016

Urban Services District		
Total	General Fund	Debt Service Fund
\$ 254,059	\$ 211,716	\$ 42,343
229,166	190,972	38,194
22,609	18,841	3,768
505,834	421,529	84,305
59,688	49,740	9,948
88,596	73,830	14,766
7,222	6,018	1,204
155,506	129,588	25,918
74,493	62,741	11,752
688,080	586,034	102,046
115,408	99,551	15,857
877,981	748,326	129,655
\$ 1,539,321	\$ 1,299,443	\$ 239,878

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE - BY TYPE

June 30, 2016

	Year of Levy	Realty	Personalty	Public Utility	Total
General Services District	2015	\$ 1,778,747	\$ 1,634,616	\$ 181,780	\$ 3,595,143
	2014	752,226	683,474	65,277	1,500,977
	2013	162,653	514,869	12,490	690,012
	2012	102,844	274,346	114,865	492,055
	2011	89,065	316,071	50,195	455,331
	2010	41,144	487,275	8,526	536,945
	2009	69,499	586,587	38,141	694,227
	2008	48,870	681,119	26,808	756,797
	2007	111,745	979,292	325,818	1,416,855
	2006	12,693	626,950	53,557	693,200
	2005	2,597	433,839	69,470	505,906
Total General Services District		<u>3,172,083</u>	<u>7,218,438</u>	<u>946,927</u>	<u>11,337,448</u>
Urban Services District	2015	254,059	229,166	22,609	505,834
	2014	59,688	88,596	7,222	155,506
	2013	20,002	66,595	2,181	88,778
	2012	9,414	34,344	20,282	64,040
	2011	6,931	43,966	9,168	60,065
	2010	5,385	66,741	1,368	73,494
	2009	10,322	80,648	4,122	95,092
	2008	6,887	94,065	3,284	104,236
	2007	12,829	141,703	57,854	212,386
	2006	2,340	95,033	8,587	105,960
	2005	383	64,985	8,562	73,930
Total Urban Services District		<u>388,240</u>	<u>1,005,842</u>	<u>145,239</u>	<u>1,539,321</u>
Total Delinquent Property Taxes Receivable *		<u>\$ 3,560,323</u>	<u>\$ 8,224,280</u>	<u>\$ 1,092,166</u>	<u>\$ 12,876,769</u>

\* Excludes 2016 Property Tax Levy

See accompanying auditors' report.



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE

June 30, 2016

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<b><u>GENERAL OBLIGATION BONDS PAYABLE</u></b>		
<u>For General Purposes:</u>		
GSD G.O. Public Improvement and Refunding Bonds, Series 2004	3.25 - 5.00	Sep. 1, 2004
GSD G.O. Bonds, Series 2006B	4.00 - 5.00	June 15, 2006
GSD G.O. Refunding Bonds, Series 2007A	4.00 - 5.00	April 15, 2007
GSD G.O. Bonds, Series 2008A	4.00 - 5.00	March 15, 2008
GSD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
GSD G.O. Refunding Bonds, 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 (QEGB), 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
Total General Obligation Bonds Payable For General Purposes		
<u>For School Purposes:</u>		
GSD G.O. Public Improvement and Refunding Bonds, Series 2004	3.25 - 5.00	Sep. 1, 2004
GSD G.O. Bonds, Series 2006B	4.00 - 5.00	June 15, 2006
GSD G.O. Refunding Bonds, Series 2007A	4.00 - 5.00	April 15, 2007
GSD G.O. Bonds, Series 2008A	4.00 - 5.00	March 15, 2008
GSD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
GSD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
GSD G.O. Refunding Bonds, 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
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, 2016

<u>Date of Final Maturity</u>	<u>Amount of Issue</u>	<u>Principal Amount Outstanding June 30, 2016</u>	<u>Interest to Maturity as of June 30, 2016</u>
Nov. 14, 2016	\$ 48,367,055	\$ 6,764,226	\$ 169,105
Feb. 1, 2026	113,783,394	5,350,167	106,996
May 15, 2030	125,908,003	8,701,651	646,261
Jan. 1, 2028	174,880,073	11,787,370	1,178,738
July 1, 2026	159,008,728	114,844,062	20,410,019
July 1, 2034	138,046,756	138,046,756	117,626,973
July 1, 2024	144,150,016	115,689,585	21,307,818
July 1, 2023	49,712,377	40,285,121	9,485,643
July 1, 2025	154,956,701	142,194,316	40,006,138
Aug. 1, 2027	6,440,000	6,440,000	2,493,600
July 1, 2024	67,480,283	64,066,483	7,342,240
July 1, 2027	138,755,487	134,538,871	56,457,758
Jan. 1, 2033	253,070,885	38,396,473	10,806,806
July 1, 2026	33,884,829	33,884,829	13,043,788
July 1, 2029	72,314,470	70,888,766	12,137,071
July 1, 2034	240,454,031	240,454,031	130,193,530
Jan. 1, 2033	231,949,343	231,949,343	125,544,582
	<u>2,153,162,431</u>	<u>1,404,282,050</u>	<u>568,957,066</u>
Nov. 14, 2016	2,972,945	415,774	10,395
Feb. 1, 2026	69,160,188	3,251,956	65,048
May 15, 2030	58,421,307	3,750,366	270,256
Jan. 1, 2028	95,095,340	6,409,673	640,967
July 1, 2026	114,567,598	84,153,120	14,283,046
July 1, 2034	70,516,649	70,516,649	60,085,872
July 1, 2024	120,126,326	96,409,047	17,756,708
July 1, 2023	32,574,740	25,336,996	5,824,975
July 1, 2025	53,280,200	48,891,994	13,755,684
July 1, 2024	62,161,564	59,016,832	6,763,533
July 1, 2027	82,814,365	80,297,734	33,696,062
Jan. 1, 2033	84,932,213	12,886,103	3,626,833
July 1, 2026	22,804,914	22,804,914	8,778,632
July 1, 2029	30,240,838	29,644,630	5,075,543
July 1, 2034	97,563,777	97,563,777	52,825,784
Jan. 1, 2033	78,790,586	78,790,586	42,448,646
	<u>1,076,023,550</u>	<u>720,140,151</u>	<u>265,907,984</u>
	<u>\$ 3,229,185,981</u>	<u>\$ 2,124,422,201</u>	<u>\$ 834,865,050</u>

See accompanying auditors' report.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SCHEDULE OF BONDS PAYABLE (CONTINUED)

June 30, 2016

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
<b><u>GENERAL OBLIGATION BONDS PAYABLE</u></b>		
USD G.O. Bonds, Series 2006B	4.00 - 5.00	June 15, 2006
USD G.O. Refunding Bonds, Series 2007A	4.00 - 5.00	April 15, 2007
USD G.O. Bonds, Series 2008A	4.00 - 5.00	March 15, 2008
USD G.O. Improvement and Refunding Bonds, Series 2010A	2.75 - 5.00	June 10, 2010
USD G.O. Improvement Bonds Federally Taxable (BAB's), Series 2010B	5.71	June 10, 2010
USD G.O. Refunding Bonds, 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
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
Total General Obligation Bonds Payable (business-type activities)		
Total General Obligation Bonds Payable - Urban Services District		
<b><u>REVENUE BONDS PAYABLE</u></b>		
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, 2016

Date of Final Maturity	Amount of Issue	Principal Amount Outstanding June 30, 2016	Interest to Maturity as of June 30, 2016
Feb. 1, 2026	\$ 20,371,418	\$ 957,877	\$ 19,156
May 15, 2030	2,560,690	172,983	12,731
Jan. 1, 2028	38,024,587	2,562,957	256,295
July 1, 2026	22,899,473	18,146,951	2,456,294
July 1, 2034	43,441,595	43,441,595	37,015,743
July 1, 2024	25,925,413	20,806,800	3,832,216
July 1, 2023	6,688,796	6,688,796	1,649,775
July 1, 2025	18,873,099	17,318,690	4,872,585
July 1, 2024	7,471,610	7,093,623	812,954
July 1, 2027	23,915,148	23,188,395	9,730,756
Jan. 1, 2033	30,135,613	4,572,241	1,286,872
July 1, 2026	3,040,257	3,040,257	1,170,332
July 1, 2029	1,424,692	1,396,604	239,117
July 1, 2034	8,531,298	8,531,298	4,619,261
Jan. 1, 2033	27,571,610	27,571,610	14,933,118
	<u>280,875,299</u>	<u>185,490,677</u>	<u>82,907,205</u>
July 1, 2034	274,201	265,867	27,130
July 1, 2024	1,158,245	929,568	171,207
July 1, 2023	504,087	504,087	171,231
Oct. 1, 2033	47,450,000	42,870,000	19,286,200
July 1, 2024	3,231,543	3,068,062	351,611
Jan. 1, 2033	6,526,289	990,183	278,690
July 1, 2034	685,894	685,894	371,376
Jan. 1, 2033	5,663,461	5,663,461	3,134,963
	<u>65,493,720</u>	<u>54,977,122</u>	<u>23,792,408</u>
	<u>\$ 346,369,019</u>	<u>\$ 240,467,799</u>	<u>\$ 106,699,613</u>
Jan. 1, 2022	\$ 122,530,000	\$ 84,290,000	\$ 15,886,888
July 1, 2027	104,050,000	82,575,000	25,887,500
July 1, 2037	135,000,000	135,000,000	148,233,505
July 1, 2041	75,000,000	75,000,000	119,793,656
July 1, 2018	7,610,000	7,610,000	541,098
July 1, 2023	129,625,000	122,505,000	22,532,375
July 1, 2033	237,930,000	237,930,000	209,377,775
	<u>\$ 811,745,000</u>	<u>\$ 744,910,000</u>	<u>\$ 542,252,797</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, 2016

Year Ending June 30	General Services District - General Obligation Bonds		
	Total General Obligation Bonds		
	Principal	Interest	Total
2017	\$ 119,053,416	\$ 88,808,393	\$ 207,861,809
2018	125,218,172	89,928,274	215,146,446
2019	131,818,654	84,104,460	215,923,114
2020	131,786,105	78,914,057	210,700,162
2021	137,384,095	73,277,338	210,661,433
2022	139,762,332	66,904,467	206,666,799
2023	147,222,102	60,319,910	207,542,012
2024	155,668,068	53,793,926	209,461,994
2025	154,544,507	47,110,919	201,655,426
2026	135,883,656	40,517,244	176,400,900
2027	119,143,761	34,396,835	153,540,596
2028	115,756,067	28,598,525	144,354,592
2029	76,547,966	23,904,458	100,452,424
2030	79,320,095	20,673,750	99,993,845
2031	78,685,605	16,757,185	95,442,790
2032	82,224,879	12,732,984	94,957,863
2033	85,931,619	8,522,950	94,454,569
2034	53,120,956	4,185,447	57,306,403
2035	55,350,146	1,413,928	56,764,074
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
	<u>\$ 2,124,422,201</u>	<u>\$ 834,865,050</u>	<u>\$ 2,959,287,251</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, 2016

General Services District - General Obligation Bonds					
For General Purposes			For School Purposes		
Principal	Interest	Total	Principal	Interest	Total
\$ 71,232,868	\$ 58,701,494	\$ 129,934,362	\$ 47,820,548	\$ 30,106,899	\$ 77,927,447
74,519,733	60,211,463	134,731,196	50,698,439	29,716,811	80,415,250
79,340,942	56,665,178	136,006,120	52,477,712	27,439,282	79,916,994
85,839,783	53,416,805	139,256,588	45,946,322	25,497,252	71,443,574
89,683,270	49,742,736	139,426,006	47,700,825	23,534,602	71,235,427
90,760,344	45,578,339	136,338,683	49,001,988	21,326,128	70,328,116
99,500,042	41,209,234	140,709,276	47,722,060	19,110,676	66,832,736
99,635,675	36,892,142	136,527,817	56,032,393	16,901,784	72,934,177
100,686,780	32,512,792	133,199,572	53,857,727	14,598,127	68,455,854
90,506,672	28,140,078	118,646,750	45,376,984	12,377,166	57,754,150
80,264,226	24,049,930	104,314,156	38,879,535	10,346,905	49,226,440
81,381,629	20,080,657	101,462,286	34,374,438	8,517,868	42,892,306
54,440,756	16,792,746	71,233,502	22,107,210	7,111,712	29,218,922
56,397,790	14,531,712	70,929,502	22,922,305	6,142,038	29,064,343
55,980,113	11,760,582	67,740,695	22,705,492	4,996,603	27,702,095
58,507,185	8,912,370	67,419,555	23,717,694	3,820,614	27,538,308
61,154,408	5,931,866	67,086,274	24,777,211	2,591,084	27,368,295
36,457,317	2,860,550	39,317,867	16,663,639	1,324,897	17,988,536
37,992,517	966,392	38,958,909	17,357,629	447,536	17,805,165
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 1,404,282,050	\$ 568,957,066	\$ 1,973,239,116	\$ 720,140,151	\$ 265,907,984	\$ 986,048,135

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, 2016

Year Ending June 30	Urban Services District - General Obligation Bonds		
	Principal	Interest	Total
2017	\$ 12,181,584	\$ 10,440,473	\$ 22,622,057
2018	13,931,828	10,582,551	24,514,379
2019	13,686,346	9,932,491	23,618,837
2020	12,048,895	9,404,551	21,453,446
2021	12,620,905	8,869,043	21,489,948
2022	12,812,668	8,252,550	21,065,218
2023	13,562,898	7,630,047	21,192,945
2024	15,246,932	7,007,590	22,254,522
2025	15,115,493	6,337,957	21,453,450
2026	13,691,344	5,659,226	19,350,570
2027	14,716,239	4,967,593	19,683,832
2028	14,323,933	4,249,272	18,573,205
2029	11,192,034	3,620,213	14,812,247
2030	11,589,905	3,128,483	14,718,388
2031	12,009,395	2,551,167	14,560,562
2032	12,505,121	1,950,523	14,455,644
2033	13,033,381	1,308,564	14,341,945
2034	9,634,044	624,503	10,258,547
2035	6,564,854	182,816	6,747,670
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
	<u>\$ 240,467,799</u>	<u>\$ 106,699,613</u>	<u>\$ 347,167,412</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, 2016

Year Ending June 30	Revenue Bonds		
	Department of Water and Sewerage Services		
	Principal	Interest	Total
2017	\$ 28,795,000	\$ 39,028,808	\$ 67,823,808
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	338,898	17,283,898
	<u>\$ 744,910,000</u>	<u>\$ 542,252,797</u>	<u>\$ 1,287,162,797</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, 2016 Through June 30, 2017

<u>SOURCE OF REVENUE:</u>	General Fund	Debt Service Fund	School Debt Service Fund	School Funds	Total
Property Taxes - Current Year	\$ 389,831,200	\$ 89,225,400	\$ 37,968,200	\$ 298,683,500	\$ 815,708,300
Property Taxes - Non Current Year	33,573,400	240,000	80,000	3,834,700	37,728,100
Local Option Sales Tax	121,560,100	3,000,500	46,258,200	217,353,900	388,172,700
Other Taxes, Licenses, and Permits	138,385,200	-	-	10,839,300	149,224,500
Fines, Forfeits, and Penalties	9,840,100	303,000	-	1,200	10,144,300
Revenues From Use of Money or Property	0	-	97,000	-	97,000
Other Agencies - Federal Direct	330,000	-	-	180,000	510,000
Other Agencies - Federal Through State	1,868,000	-	-	-	1,868,000
Other Agencies - Other Pass - Through	6,054,200	-	-	-	6,054,200
Other Agencies - State Direct	82,601,500	4,053,100	-	290,294,100	376,948,700
Other Agencies - Other Governments	6,559,700	-	-	5,000	6,564,700
Commissions and Fees	13,388,300	-	-	-	13,388,300
Charges for Current Services	33,699,000	-	-	1,230,000	34,929,000
Compensation from Property	1,443,100	-	-	1,628,000	3,071,100
Contributions and Gifts	300	-	-	600,000	600,300
Miscellaneous	4,297,900	4,843,400	-	150,000	9,291,300
Subtotal	<u>843,432,000</u>	<u>101,665,400</u>	<u>84,403,400</u>	<u>824,799,700</u>	<u>1,854,300,500</u>
Operating Transfers In	14,966,800	30,137,600	-	2,500,000	47,604,400
Non-Operating Transfers In	<u>8,863,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,863,500</u>
Subtotal	<u>23,830,300</u>	<u>30,137,600</u>	<u>-</u>	<u>2,500,000</u>	<u>56,467,900</u>
Appropriated Unreserved Fund Balances	<u>43,372,400</u>	<u>5,000,000</u>	<u>-</u>	<u>16,000,000</u>	<u>64,372,400</u>
Total Available for GSD Appropriations	<u>\$ 910,634,700</u>	<u>\$ 136,803,000</u>	<u>\$ 84,403,400</u>	<u>\$ 843,299,700</u>	<u>\$ 1,975,140,800</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2016-232 for the 2016-2017 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, 2016 Through June 30, 2017

	General Fund	Debt Service Fund	Total
<u>SOURCE OF REVENUE:</u>			
Property Taxes - Current Year	\$ 86,210,900	\$ 14,543,400	\$ 100,754,300
Property Taxes - Non Current Year	17,772,800	67,000	17,839,800
Other Taxes, Licenses, and Permits	10,077,500	-	10,077,500
Other Agencies - State Direct	2,084,800	-	2,084,800
Charges for Current Services	169,000	-	169,000
Compensation from Property	100,000	-	100,000
Operating Transfers In	-	4,635,700	4,635,700
	<u>116,415,000</u>	<u>19,246,100</u>	<u>135,661,100</u>
Subtotal			
Appropriated Unreserved Fund Balances	<u>7,574,800</u>	-	<u>7,574,800</u>
Total Available for USD Appropriations	<u>\$ 123,989,800</u>	<u>\$ 19,246,100</u>	<u>\$ 143,235,900</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2016-232 for the 2016-2017 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, 2016 Through June 30, 2017

<u>GENERAL FUND</u>	General Services District	Urban Services District	Duplicated By Interdistrict Interfund Transfers	Appropriation By Function And/Or Fund
General Government	\$ 221,135,500	\$ 26,375,400	\$ -	\$ 247,510,900
Fiscal Administration	24,549,700	-	-	24,549,700
Administration of Justice	60,488,000	-	-	60,488,000
Law Enforcement and Care of Prisoners	248,106,400	481,000	481,000	248,106,400
Fire Prevention and Control	51,446,900	67,769,000	-	119,215,900
Regulation, Inspection, & Economic Development	43,882,100	1,874,300	-	45,756,400
Social Services	8,007,500	-	-	8,007,500
Health and Hospitals	72,498,000	-	-	72,498,000
Public Library System	28,831,500	-	-	28,831,500
Recreational, Cultural, Conservation & Community Support	54,002,600	300,000	-	54,302,600
Infrastructure and Transportation	73,682,200	24,429,000	-	98,111,200
Transfers	24,004,300	2,761,100	-	26,765,400
Total General Funds	910,634,700	123,989,800	481,000	1,034,143,500
<u>DEBT SERVICE FUNDS</u>				
(See detail on succeeding pages)	221,206,400	19,246,100	-	240,452,500
<u>SCHOOL FUNDS</u>				
(See detail on succeeding pages)	843,299,700	-	-	843,299,700
Total Appropriations By District	1,975,140,800	143,235,900	481,000	2,117,895,700
<u>LESS INTERFUND TRANSFER:</u>				
GSD Operating to GSD Debt	(3,521,300)	-	-	(3,521,300)
GSD General to GSD Debt	(24,004,300)	-	-	(24,004,300)
Schools to GSD Debt	(96,800)	-	-	(96,800)
Schools to GSD General	(192,000)	-	-	(192,000)
USD General to USD Debt	-	(2,761,100)	-	(2,761,100)
Net Appropriation by District	<u>\$ 1,947,326,400</u>	<u>\$ 140,474,800</u>	<u>\$ 481,000</u>	<u>\$ 2,087,320,200</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2016-232 for the 2016-2017 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, 2016 Through June 30, 2017

	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
<b><u>SCHOOL DEBT SERVICE FUND</u></b>			
Outstanding General Obligation Bonds	\$ 78,161,800	\$ -	\$ 78,161,800
Tax Increment Payment - MDHA	-	854,300	854,300
Redemption, Cremation and Management Fees	-	640,000	640,000
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)	274,300	-	274,300
	<u>78,436,100</u>	<u>5,967,300</u>	<u>84,403,400</u>
Total GSD School Purposes Debt Service Fund	<u>\$ 78,436,100</u>	<u>\$ 5,967,300</u>	<u>\$ 84,403,400</u>
<b><u>GENERAL PURPOSES DEBT SERVICE FUND</u></b>			
Outstanding General Obligation Bonds	\$ 130,718,800	\$ -	\$ 130,718,800
IRS BABs Subsidy	-	-	-
	<u>130,718,800</u>	<u>-</u>	<u>130,718,800</u>
Subtotal Outstanding General Obligation Bonds	<u>130,718,800</u>	<u>-</u>	<u>130,718,800</u>
Tax Increment Payment - MDHA	-	2,010,800	2,010,800
Redemption, Cremation and Management Fees	-	1,246,400	1,246,400
Treasury Internal Service Fees	-	151,700	151,700
Commercial Paper (Bonds Anticipation Loans)	534,200	-	534,200
Swap Agreement	2,141,100	-	2,141,100
	<u>2,675,300</u>	<u>3,408,900</u>	<u>6,084,200</u>
Subtotal	<u>2,675,300</u>	<u>3,408,900</u>	<u>6,084,200</u>
Total GSD General Purposes Debt Service Fund	<u>\$ 133,394,100</u>	<u>\$ 3,408,900</u>	<u>\$ 136,803,000</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2016-232 for the 2016-2017 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, 2016 Through June 30, 2017

<u>URBAN SERVICES DISTRICT DEBT SERVICE FUND</u>	<u>Principal/Interest</u>	<u>Other</u>	<u>Total</u>
Outstanding General Obligation Bonds:	\$ 22,749,400	\$ -	\$ 22,749,400
Subtotal Outstanding General Obligation Bonds	<u>22,749,400</u>	<u>-</u>	<u>22,749,400</u>
Tax Increment Payment - MDHA	-	374,000	374,000
Redemption, Cremation and Management Fees	-	213,600	213,600
Treasury Internal Service Fees	-	26,000	26,000
Debt Service Paid Directly by DES	-	(4,208,400)	(4,208,400)
Commercial Paper (Bonds Anticipation Loans)	<u>91,500</u>	<u>-</u>	<u>91,500</u>
Subtotal	<u>91,500</u>	<u>(3,594,800)</u>	<u>(3,503,300)</u>
Total USD General Purposes Debt Service Fund	<u>\$ 22,840,900</u>	<u>\$ (3,594,800)</u>	<u>\$ 19,246,100</u>

\* Excerpts from the Metropolitan Council Budget Substitute Bill Number BL2016-232 for the 2016-2017 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, 2016 Through June 30, 2017

GENERAL PURPOSE SCHOOL FUND: (1)

General Purpose School Fund:

Operational	\$ 836,564,200
Property Tax Increment	<u>6,735,500</u>

Total General Purpose School Fund	<u><u>\$ 843,299,700</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 BL2016-232 for the 2016-2017 fiscal year.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

SUMMARY OF SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

June 30, 2016

NAME OF OFFICIAL	TITLE	ANNUAL SALARY	AMOUNT OF SURETY BOND
Megan Barry	Mayor	\$ 180,000	\$ 50,000
Talia Lomax-O'dneal	Director of Finance	165,000	250,000
Tom Eddlemon	Treasurer	116,246	2,000,000
Jeff Gossage	Purchasing Agent	114,545	- (1)
Kim McDoniel	Chief Accountant	129,134	- (1)
Veronica Frazier	Human Resources Director	137,086	- (1)
Richard R. Rooker	Circuit Court Clerk	137,198	100,000
Richard R. Rooker	Probate Clerk	-	250,000
William B. Garrett, Jr.	Register of Deeds	126,388	150,000
Charles E. Cardwell	Trustee	125,453	14,000,000
Brenda P. Wynn	County Clerk	121,624	500,000
Howard C. Gentry, Jr.	Criminal Court Clerk	137,198	150,000
J. Daron Hall	Sheriff	151,718	100,000
George L. Rooker, Jr.	Assessor of Property	125,453	10,000
Maria Salas	Clerk & Master	125,453	50,000
David A. Smith	Juvenile Court Clerk	125,453	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	99,823	50,000
Chris Henson	MNPS Assistant Superintendent of Business, Facility and Services	159,120	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>2007</u>	<u>2008 (1)</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Net investment in capital assets	\$ 1,042,013	\$ 1,044,125	\$ 1,083,097	\$ 1,099,333
Restricted	63,371	47,527	22,917	31,994
Unrestricted	<u>159,368</u>	<u>86,741</u>	<u>(97,423)</u>	<u>(383,624)</u>
Total governmental activities net position	<u>1,264,752</u>	<u>1,178,393</u>	<u>1,008,591</u>	<u>747,703</u>
Business-type activities				
Net investment in capital assets	1,061,440	1,160,088	1,196,149	1,217,101
Restricted	73,134	29,090	22,587	21,481
Unrestricted	<u>22,439</u>	<u>28,682</u>	<u>14,840</u>	<u>26,925</u>
Total business-type activities net position	<u>1,157,013</u>	<u>1,217,860</u>	<u>1,233,576</u>	<u>1,265,507</u>
Primary government				
Net investment in capital assets	2,103,453	2,204,213	2,279,246	2,316,434
Restricted	136,505	76,617	45,504	53,475
Unrestricted	<u>181,807</u>	<u>115,423</u>	<u>(82,583)</u>	<u>(356,699)</u>
Total primary government net position	<u>\$ 2,421,765</u>	<u>\$ 2,396,253</u>	<u>\$ 2,242,167</u>	<u>\$ 2,013,210</u>

(1) Beginning in 2008, the Government began recording its liability for other post employment benefits.

(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

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

Unaudited - See Accompanying Accountants' Report

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (2)</u>	<u>2016</u>
\$	1,010,874	\$ 924,393	\$ 857,598	\$ 955,256	\$ 905,271	\$ 817,836
	42,860	31,771	35,802	39,551	41,647	43,203
	<u>(564,405)</u>	<u>(637,147)</u>	<u>(683,464)</u>	<u>(907,694)</u>	<u>(1,269,590)</u>	<u>(1,333,519)</u>
	<u>489,329</u>	<u>319,017</u>	<u>209,936</u>	<u>87,113</u>	<u>(322,672)</u>	<u>(472,480)</u>
	1,220,912	1,259,241	1,236,765	1,232,187	1,236,872	1,227,147
	46,256	49,700	56,720	64,253	55,270	66,837
	<u>38,908</u>	<u>32,057</u>	<u>27,268</u>	<u>37,930</u>	<u>41,747</u>	<u>36,937</u>
	<u>1,306,076</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>
	2,231,786	2,183,634	2,094,363	2,187,443	2,142,143	2,044,983
	89,116	81,471	92,522	103,804	96,917	110,040
	<u>(525,497)</u>	<u>(605,090)</u>	<u>(656,196)</u>	<u>(869,764)</u>	<u>(1,227,843)</u>	<u>(1,296,582)</u>
\$	<u>1,795,405</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>

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

	2007	2008	2009	2010
<b>Expenses</b>				
Governmental activities				
General government	\$ 57,026	\$ 69,053	\$ 83,668	\$ 85,444
Fiscal administration	33,876	24,837	34,264	35,358
Administration of justice	75,705	86,417	85,723	89,601
Law enforcement and care of prisoners	258,824	289,629	304,917	321,175
Fire prevention and control	128,067	148,089	143,912	150,117
Regulation and inspection	9,002	7,971	9,910	10,170
Conservation of natural resources	447	502	491	471
Public welfare	58,709	55,272	51,362	60,159
Public health and hospitals	111,396	130,293	131,677	170,662
Public library system	27,818	28,231	29,754	28,742
Public works, highways and streets	130,081	143,076	125,490	130,469
Recreational and cultural	72,024	72,547	76,290	68,667
Education	684,711	780,706	808,285	839,760
Interest and other debt related costs	75,581	77,559	85,651	80,460
Total governmental activities	<u>1,723,267</u>	<u>1,914,182</u>	<u>1,971,394</u>	<u>2,071,255</u>
Business-type activities				
Department of Water and Sewerage Services	157,581	165,833	177,291	173,215
District Energy System	21,018	19,428	20,206	17,853
Nashville Convention Center	7,246	7,601	7,572	7,134
Board of Fair Commissioners	4,116	4,360	4,428	4,195
Farmers Market	1,156	1,161	1,215	1,080
Police Secondary Employment	1,248	944	881	1,545
Surplus Property Auction	983	961	806	735
Municipal Auditorium	1,979	2,052	1,738	1,654
Police Impound	2,177	1,882	1,882	1,687
School Community Education	915	1,193	1,050	192
Stormwater Operations	-	-	-	10,598
Community Education Commission	-	-	-	358
Total business-type activities	<u>198,419</u>	<u>205,415</u>	<u>217,069</u>	<u>220,246</u>
Total primary government	<u>\$ 1,921,686</u>	<u>\$ 2,119,597</u>	<u>\$ 2,188,463</u>	<u>\$ 2,291,501</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services:				
General government	\$ 7,808	\$ 9,552	\$ 7,292	\$ 6,550
Fiscal administration	4,675	4,533	4,591	4,176
Administration of justice	35,213	39,554	34,567	34,344
Law enforcement and care of prisoners	26,787	29,806	31,053	31,282
Fire prevention and control	14,199	13,619	14,358	10,939
Regulation and inspection	12,093	10,587	7,060	7,552
Public welfare	1,291	1,166	1,313	1,367
Public health and hospitals	9,775	13,436	12,788	8,943
Public library system	665	634	579	494
Public works, highways and streets	9,673	10,184	9,295	9,343
Recreational and cultural	8,872	9,246	9,111	8,618
Education	17,946	17,203	16,216	18,225
Operating grants and contributions (1)	314,334	338,746	351,066	390,732
Capital grants and contributions (1)	42,275	48,808	56,163	41,648
Total governmental activities	<u>505,606</u>	<u>547,074</u>	<u>555,452</u>	<u>574,213</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

	2011	2012	2013	2014	2015 (2)	2016
\$	122,913	\$ 117,669	\$ 118,107	\$ 134,592	\$ 188,330	\$ 196,012
	33,613	31,802	32,675	31,357	33,277	31,729
	87,374	89,564	92,752	93,224	92,902	96,091
	322,782	335,162	371,438	359,502	353,933	378,291
	149,619	158,763	170,843	149,551	152,045	162,323
	10,248	11,717	10,751	11,231	11,216	10,931
	445	439	542	519	480	559
	59,386	56,504	57,172	56,449	54,279	56,186
	132,993	114,145	119,695	119,828	106,365	117,686
	30,033	30,676	33,034	35,739	41,390	45,268
	144,012	152,201	169,521	180,008	191,499	202,419
	59,421	61,259	68,515	76,759	70,841	77,342
	869,449	867,599	903,998	924,418	907,504	978,229
	102,859	86,223	77,525	96,842	93,210	95,228
	<u>2,125,147</u>	<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>
	189,521	185,385	205,278	208,945	213,926	232,501
	17,837	18,102	17,573	18,774	18,761	17,940
	7,539	7,147	7,427	3,591	3,543	2,126
	2,814	2,945	3,074	3,140	3,661	3,654
	1,193	1,265	1,788	1,605	1,849	1,931
	855	832	1,131	190	-	-
	734	713	735	790	650	703
	1,801	1,808	1,787	2,001	2,041	1,995
	1,320	967	376	375	375	375
	-	-	-	-	-	-
	10,669	10,426	10,717	11,073	10,506	10,945
	302	297	352	324	357	391
	<u>234,585</u>	<u>229,887</u>	<u>250,238</u>	<u>250,808</u>	<u>255,669</u>	<u>272,561</u>
\$	<u>2,359,732</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>
\$	6,908	\$ 9,134	\$ 8,329	\$ 10,805	\$ 7,764	\$ 8,989
	5,286	5,181	6,768	6,237	6,356	7,570
	33,745	32,772	33,232	32,929	31,052	29,143
	30,637	33,172	32,210	30,281	30,667	30,247
	16,395	12,759	13,431	15,502	11,449	9,286
	8,858	10,846	12,368	14,252	18,576	25,407
	1,352	1,208	1,098	1,162	1,007	915
	9,902	8,796	9,159	9,847	11,173	12,495
	484	474	450	438	409	397
	11,191	12,594	12,066	12,573	14,272	15,922
	9,068	9,755	10,130	10,702	11,332	13,974
	17,838	18,485	19,502	18,740	16,936	19,259
	432,938	436,073	435,077	438,515	454,881	467,388
	38,595	58,447	55,267	58,286	37,301	30,970
	<u>623,197</u>	<u>649,696</u>	<u>649,087</u>	<u>660,269</u>	<u>653,175</u>	<u>671,962</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

	2007	2008	2009	2010
<b>Program Revenues (Continued)</b>				
Business-type activities				
Charges for services:				
Department of Water and Sewerage Services	\$ 164,900	\$ 173,121	\$ 169,672	\$ 171,520
District Energy System	18,795	17,892	17,812	15,562
Nashville Convention Center	5,248	5,996	5,675	5,366
Board of Fair Commissioners	3,880	3,601	3,438	3,393
Farmers Market	866	863	899	983
Police Secondary Employment	1,654	1,162	1,094	2,437
Surplus Property Auction	994	1,121	958	1,094
Municipal Auditorium	1,176	1,278	1,107	1,364
Police Impound	2,873	2,611	2,182	1,583
School Community Education	156	243	141	31
Stormwater Operations	-	-	-	13,635
Community Education Commission	-	-	-	22
Capital grants and contributions	53,318	58,761	27,463	41,302
Total business-type activities	<u>253,860</u>	<u>266,649</u>	<u>230,441</u>	<u>258,292</u>
Total primary government	<u>\$ 759,466</u>	<u>\$ 813,723</u>	<u>\$ 785,893</u>	<u>\$ 832,505</u>
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (1,217,661)	\$ (1,367,108)	\$ (1,415,942)	\$ (1,497,042)
Business-type activities	55,441	61,234	13,372	38,046
Total primary government	<u>\$ (1,162,220)</u>	<u>\$ (1,305,874)</u>	<u>\$ (1,402,570)</u>	<u>\$ (1,458,996)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Property taxes	\$ 741,901	\$ 759,131	\$ 773,659	\$ 793,293
Local option sales taxes	285,078	285,484	264,573	256,178
Other taxes	121,459	141,112	135,213	126,878
Revenue from the use of money or property	19,801	14,792	6,109	1,445
Revenue from other governmental agencies	68,620	70,072	65,026	58,160
Compensation for loss, sale or damage to property	1,786	1,541	1,022	1,747
Transfers	9,643	8,617	538	(323)
Special and extraordinary items (3)	-	-	-	(1,224)
Total governmental activities	<u>1,248,288</u>	<u>1,280,749</u>	<u>1,246,140</u>	<u>1,236,154</u>
Business-type activities				
Revenue from the use of money or property	9,213	8,086	2,790	391
Compensation for loss, sale or damage to property	132	144	92	171
Transfers	(9,643)	(8,617)	(538)	323
Special and extraordinary items (3)	-	-	-	(7,000)
Total business-type activities	<u>(298)</u>	<u>(387)</u>	<u>2,344</u>	<u>(6,115)</u>
Total primary government	<u>\$ 1,247,990</u>	<u>\$ 1,280,362</u>	<u>\$ 1,248,484</u>	<u>\$ 1,230,039</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 30,627	\$ (86,359)	\$ (169,802)	\$ (260,888)
Business-type activities	55,143	60,847	15,716	31,931
Total primary government	<u>\$ 85,770</u>	<u>\$ (25,512)</u>	<u>\$ (154,086)</u>	<u>\$ (228,957)</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

2011	2012	2013	2014	2015 (2)	2016
\$ 195,790	\$ 201,060	\$ 208,830	\$ 211,372	\$ 214,751	\$ 217,784
15,486	15,962	16,713	18,526	18,542	17,597
5,404	5,490	5,746	2,124	1,768	45
2,109	2,658	2,786	3,021	3,367	3,283
745	961	1,292	1,125	1,038	961
1,103	935	1,285	-	-	-
1,081	1,298	795	589	712	1,231
1,370	1,607	1,188	1,558	1,427	1,507
1,271	1,584	492	479	475	475
-	-	-	-	-	-
14,198	13,883	14,199	14,613	14,295	14,461
18	36	45	58	59	80
39,467	25,307	11,890	16,478	20,655	22,770
<u>278,042</u>	<u>270,781</u>	<u>265,261</u>	<u>269,943</u>	<u>277,089</u>	<u>280,194</u>
<u>\$ 901,239</u>	<u>\$ 920,477</u>	<u>\$ 914,348</u>	<u>\$ 930,212</u>	<u>\$ 930,264</u>	<u>\$ 952,156</u>
\$ (1,501,950)	\$ (1,464,027)	\$ (1,577,481)	\$ (1,609,750)	\$ (1,644,096)	\$ (1,776,332)
43,457	40,894	15,023	19,135	21,420	7,633
<u>\$ (1,458,493)</u>	<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>
\$ 782,192	\$ 787,882	\$ 895,919	\$ 911,661	\$ 927,860	\$ 944,353
258,107	281,294	301,430	315,479	340,077	365,704
137,141	150,856	160,802	174,556	193,729	206,146
1,095	1,121	1,195	3,244	1,044	3,886
61,262	62,929	66,572	66,010	77,625	83,484
3,290	3,385	7,043	4,296	11,677	9,963
3,400	6,248	35,439	11,681	11,154	12,988
(2,911)	-	-	-	-	-
<u>1,243,576</u>	<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>
230	119	111	1,655	1,088	1,334
282	157	60	196	2	1,053
(3,400)	(6,248)	(35,439)	(11,681)	(11,154)	(12,988)
-	-	-	-	-	-
<u>(2,888)</u>	<u>(5,972)</u>	<u>(35,268)</u>	<u>(9,830)</u>	<u>(10,064)</u>	<u>(10,601)</u>
<u>\$ 1,240,688</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>
\$ (258,374)	\$ (170,312)	\$ (109,081)	\$ (122,823)	\$ (80,930)	\$ (149,808)
40,569	34,922	(20,245)	9,305	11,356	(2,968)
<u>\$ (217,805)</u>	<u>\$ (135,390)</u>	<u>\$ (129,326)</u>	<u>\$ (113,518)</u>	<u>\$ (69,574)</u>	<u>\$ (152,776)</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund					
Nonspendable	\$ 13,186,701	\$ 29,247,551	\$ 32,222,128	\$ 299,659	\$ 473,335
Assigned	7,412,327	200,000	-	1,370,583	13,878,075
Unassigned	<u>39,986,966</u>	<u>33,670,422</u>	<u>47,504,389</u>	<u>59,228,607</u>	<u>53,134,734</u>
Total general fund	<u>60,585,994</u>	<u>63,117,973</u>	<u>79,726,517</u>	<u>60,898,849</u>	<u>67,486,144</u>
All other governmental funds					
Nonspendable	1,878,413	2,137,679	1,854,877	2,060,858	2,119,993
Restricted	62,324,858	85,667,575	64,715,883	195,074,104	47,011,877
Committed	178,616,288	149,862,699	106,177,301	106,798,899	121,277,278
Assigned	10,118,900	31,394,900	35,996,400	1,500,000	11,161,900
Unassigned	<u>(140,012,364)</u>	<u>(66,950,708)</u>	<u>(182,094,246)</u>	<u>(28,066,901)</u>	<u>(39,332,027)</u>
Total all other governmental funds	<u>112,926,095</u>	<u>202,112,145</u>	<u>26,650,215</u>	<u>277,366,960</u>	<u>142,239,021</u>
Total governmental funds	<u>\$ 173,512,089</u>	<u>\$ 265,230,118</u>	<u>\$ 106,376,732</u>	<u>\$ 338,265,809</u>	<u>\$ 209,725,165</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 367,535	\$ 453,627	\$ 525,930	\$ 546,062	\$ 467,008
539,600	16,030,900	34,840,900	54,311,800	59,542,600
<u>69,836,867</u>	<u>84,053,738</u>	<u>81,650,073</u>	<u>83,195,736</u>	<u>84,493,158</u>
<u>70,744,002</u>	<u>100,538,265</u>	<u>117,016,903</u>	<u>138,053,598</u>	<u>144,502,766</u>
2,891,941	2,723,873	3,122,352	4,079,964	3,276,149
36,939,852	160,884,699	39,365,865	41,461,337	43,018,673
145,387,960	145,231,736	125,883,422	126,421,581	137,020,957
-	29,966,900	40,441,000	25,800,000	21,000,000
<u>(174,680,021)</u>	<u>(15,710,564)</u>	<u>(189,169,860)</u>	<u>(501,399,310)</u>	<u>(342,346,761)</u>
<u>10,539,732</u>	<u>323,096,644</u>	<u>19,642,779</u>	<u>(303,636,428)</u>	<u>(138,030,982)</u>
<u>\$ 81,283,734</u>	<u>\$ 423,634,909</u>	<u>\$ 136,659,682</u>	<u>\$ (165,582,830)</u>	<u>\$ 6,471,784</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

	2007	2008	2009	2010	2011
General fund					
GSD					
Nonspendable	\$ 13,186,701	\$ 29,247,551	\$ 32,222,128	\$ 299,659	\$ 473,335
Assigned	7,194,227	200,000	-	1,370,583	442,575
Unassigned	24,038,394	20,156,790	25,320,424	34,962,597	44,578,057
Total GSD	<u>44,419,322</u>	<u>49,604,341</u>	<u>57,542,552</u>	<u>36,632,839</u>	<u>45,493,967</u>
USD					
Assigned	218,100	-	-	-	13,435,500
Unassigned	15,948,572	13,513,632	22,183,965	24,266,010	8,556,677
Total USD	<u>16,166,672</u>	<u>13,513,632</u>	<u>22,183,965</u>	<u>24,266,010</u>	<u>21,992,177</u>
Total general fund	<u>60,585,994</u>	<u>63,117,973</u>	<u>79,726,517</u>	<u>60,898,849</u>	<u>67,486,144</u>
General purpose school fund					
Nonspendable	795,274	902,765	738,993	937,417	883,700
Committed	67,566,890	52,557,390	27,356,958	27,102,179	34,449,193
Assigned	-	19,264,100	12,431,400	-	-
Total general purpose school fund	<u>68,362,164</u>	<u>72,724,255</u>	<u>40,527,351</u>	<u>28,039,596</u>	<u>35,332,893</u>
GSD general purposes debt service fund					
Nonspendable	-	-	-	-	-
Committed	7,631,372	1,761,254	1,107,591	8,406,361	8,626,889
Assigned	372,800	1,408,800	-	-	-
Total GSD general purposes debt service fund	<u>8,004,172</u>	<u>3,170,054</u>	<u>1,107,591</u>	<u>8,406,361</u>	<u>8,626,889</u>
GSD school purposes debt service fund					
Nonspendable	-	-	-	-	-
Committed	51,971,417	40,690,069	14,991,134	14,559,256	12,006,081
Assigned	8,566,400	10,722,000	23,565,000	-	11,161,900
Total GSD school purposes debt service fund	<u>60,537,817</u>	<u>51,412,069</u>	<u>38,556,134</u>	<u>14,559,256</u>	<u>23,167,981</u>
USD general purposes debt service fund					
Nonspendable	-	-	-	-	-
Committed	1,247,752	2,221,176	4,298,707	2,984,488	6,159,913
Assigned	1,179,700	-	-	-	-
Total USD general purposes debt service fund	<u>2,427,452</u>	<u>2,221,176</u>	<u>4,298,707</u>	<u>2,984,488</u>	<u>6,159,913</u>
Total budgeted governmental funds	<u>\$ 199,917,599</u>	<u>\$ 192,645,527</u>	<u>\$ 164,216,300</u>	<u>\$ 114,888,550</u>	<u>\$ 140,773,820</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 367,535	\$ 453,627	\$ 525,930	\$ 546,062	\$ 467,008
539,600	10,768,700	29,036,600	45,541,100	51,067,800
61,358,778	74,758,944	70,094,923	74,818,956	80,265,059
<u>62,265,913</u>	<u>85,981,271</u>	<u>99,657,453</u>	<u>120,906,118</u>	<u>131,799,867</u>
-	5,262,200	5,804,300	8,770,700	8,474,800
8,478,089	9,294,794	11,555,150	8,376,780	4,228,099
<u>8,478,089</u>	<u>14,556,994</u>	<u>17,359,450</u>	<u>17,147,480</u>	<u>12,702,899</u>
70,744,002	100,538,265	117,016,903	138,053,598	144,502,766
1,291,555	1,504,241	1,569,880	2,790,092	1,863,688
54,933,590	64,049,858	43,152,443	53,325,440	56,233,446
-	12,000,000	38,005,000	16,000,000	16,000,000
<u>56,225,145</u>	<u>77,554,099</u>	<u>82,727,323</u>	<u>72,115,532</u>	<u>74,097,134</u>
-	-	-	-	43,369
8,469,047	13,255,408	9,450,642	11,504,096	5,946,531
-	5,966,900	-	5,000,000	5,000,000
<u>8,469,047</u>	<u>19,222,308</u>	<u>9,450,642</u>	<u>16,504,096</u>	<u>10,989,900</u>
475,583	-	-	-	5,454
12,898,334	1,479,123	6,392,039	5,143,998	7,133,994
-	8,000,000	-	3,300,000	-
<u>13,373,917</u>	<u>9,479,123</u>	<u>6,392,039</u>	<u>8,443,998</u>	<u>7,139,448</u>
-	-	-	-	1,177
7,325,354	4,628,697	3,275,429	1,642,363	4,152,908
-	4,000,000	2,436,000	1,500,000	-
<u>7,325,354</u>	<u>8,628,697</u>	<u>5,711,429</u>	<u>3,142,363</u>	<u>4,154,085</u>
<u>\$ 156,137,465</u>	<u>\$ 215,422,492</u>	<u>\$ 221,298,336</u>	<u>\$ 238,259,587</u>	<u>\$ 240,883,333</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

	2007	2008	2009	2010
<b>Revenues</b>				
Property taxes	\$ 762,416,897	\$ 757,993,487	\$ 775,403,870	\$ 792,882,229
Local option sales tax	285,258,498	285,483,688	264,572,950	256,178,237
Other taxes, licenses and permits	130,176,283	152,575,721	143,696,309	136,182,711
Fines, forfeits and penalties	19,254,517	19,869,757	17,962,587	18,915,362
Revenues from the use of money or property	14,047,969	10,496,414	3,785,674	494,777
Revenues from other governmental agencies	417,169,806	447,314,552	453,448,063	488,535,713
Commissions and fees	26,156,439	29,070,315	25,049,552	22,002,060
Charges for current services	51,607,253	53,939,317	51,137,029	50,686,861
Compensation for loss, sale or damage to property	1,708,877	1,597,492	2,144,252	1,712,551
Contributions and gifts	9,917,112	11,995,898	10,645,368	5,469,908
Bond interest tax credit	-	-	-	-
Miscellaneous	2,141,108	3,263,508	4,603,664	2,706,377
<b>Total revenues</b>	<b>1,719,854,759</b>	<b>1,773,600,149</b>	<b>1,752,449,318</b>	<b>1,775,766,786</b>
<b>Expenditures</b>				
Current:				
General government (1)	40,641,319	46,904,452	60,035,388	88,954,555
Fiscal administration	15,777,516	16,472,712	24,112,437	22,499,859
Administration of justice	63,883,484	65,699,378	56,871,162	54,590,759
Law enforcement and care of prisoners	237,925,605	250,849,440	239,436,458	239,014,459
Fire prevention and control	112,717,674	119,648,604	107,034,837	104,214,957
Regulation and inspection	8,449,218	8,697,029	8,095,128	7,492,864
Conservation of natural resources	444,857	456,284	407,442	352,001
Public welfare	38,037,156	36,967,197	37,924,764	42,946,288
Public health and hospitals (2)	100,408,354	104,398,769	101,575,884	114,094,878
Public library system	21,712,959	22,644,664	20,564,850	19,016,993
Public works, highways and streets	65,518,756	70,954,215	63,204,089	51,039,081
Recreational and cultural	38,633,072	40,513,021	37,312,292	33,235,850
Education	636,140,631	683,222,289	720,909,041	740,550,178
Employee benefits	59,012,395	61,100,542	62,420,127	64,637,576
Miscellaneous	51,967,639	44,480,259	40,260,803	55,652,301

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

2011	2012	2013	2014	2015	2016
\$ 782,238,201	\$ 790,774,878	\$ 892,398,894	\$ 914,121,619	\$ 928,796,242	\$ 944,010,324
258,106,909	281,294,520	301,430,612	315,478,742	340,076,515	365,703,934
147,382,286	162,804,251	174,702,273	190,370,587	212,923,908	233,889,194
18,574,592	16,253,081	18,652,738	18,225,785	17,727,633	17,055,354
321,354	362,910	489,242	1,895,305	1,720,061	2,334,936
559,516,608	576,547,108	559,780,403	556,743,508	575,416,455	585,321,632
23,460,446	24,002,476	24,211,549	24,120,359	23,102,323	24,025,983
56,593,344	56,309,437	58,600,398	59,783,530	58,921,658	65,642,511
2,016,432	4,109,532	5,231,290	5,265,788	12,107,134	13,157,818
3,783,798	14,418,670	8,948,728	10,160,516	7,583,631	12,631,751
5,327,305	5,895,527	4,900,351	4,837,386	4,839,480	4,864,020
2,718,741	2,269,697	2,081,927	2,200,931	2,390,797	2,741,647
<u>1,860,040,016</u>	<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>
121,146,642	95,085,871	81,829,427	88,894,101	121,382,425	128,220,069
23,760,394	21,912,507	22,316,247	21,746,114	20,710,891	21,734,682
55,407,798	53,575,166	68,479,472	70,290,863	69,233,942	71,353,866
249,724,844	255,276,886	259,384,359	263,774,603	272,907,074	283,870,494
109,108,267	108,609,078	113,452,154	111,520,124	114,494,845	116,955,164
7,867,410	7,760,963	8,057,406	7,782,724	7,629,325	8,189,234
340,296	333,713	398,931	357,658	348,293	373,209
41,385,895	39,169,144	40,056,346	38,361,990	38,429,963	38,949,970
86,019,317	85,975,912	89,757,405	86,084,524	74,416,321	85,562,915
20,542,242	21,178,142	22,328,538	22,349,552	25,044,101	28,384,505
58,151,723	51,792,795	58,251,129	61,817,477	62,968,348	63,853,645
33,630,118	34,454,492	36,110,497	36,336,635	38,335,515	40,044,257
777,009,413	797,821,937	832,361,152	856,362,684	871,208,119	918,531,408
69,327,218	72,920,868	76,165,493	79,043,492	80,114,975	81,576,678
71,067,149	75,985,530	80,080,144	87,709,934	87,245,357	89,278,073

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2007	2008	2009	2010
<b>Expenditures (Continued)</b>				
Debt service:				
Principal retirement (1)	\$ 95,569,567	\$ 94,819,566	\$ 85,914,567	\$ 85,889,567
Interest	72,522,916	79,323,719	83,169,612	80,611,709
Fiscal charges	2,818,981	3,730,505	3,604,978	906,832
Debt issue costs	587,900	323,288	240,000	4,347,663
Capital outlay - capitalized (2)	124,229,635	155,498,310	83,576,267	92,640,446
Capital outlay - noncapitalized	98,191,337	93,929,184	66,712,095	79,800,124
	<u>1,885,190,971</u>	<u>2,000,633,427</u>	<u>1,903,382,221</u>	<u>1,982,488,940</u>
Total expenditures				
Excess of revenue over (under) expenditures	<u>(165,336,212)</u>	<u>(227,033,278)</u>	<u>(150,932,903)</u>	<u>(206,722,154)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of new debt	-	308,000,000	59,140,000	430,900,000
Issuance of refunding debt	186,890,000	-	-	189,895,243
Debt issue premium (discount)	12,632,569	7,867,112	-	36,559,565
Payments to refunded bond escrow agent	(198,934,669)	-	(58,900,000)	(206,868,923)
Insurance recovery (3)	-	-	-	15,000,000
Transfers in	137,154,461	160,349,393	98,879,725	109,679,961
Transfers out	(138,936,079)	(157,465,198)	(107,040,208)	(136,553,615)
	<u>(1,193,718)</u>	<u>318,751,307</u>	<u>(7,920,483)</u>	<u>438,612,231</u>
Total other financing sources (uses)				
Net change in fund balances	<u>\$ (166,529,930)</u>	<u>\$ 91,718,029</u>	<u>\$ (158,853,386)</u>	<u>\$ 231,890,077</u>
Debt service as a percentage of noncapitalized expenditures (4)				
	9.55 %	9.44 %	9.29 %	8.81 %

(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

2011	2012	2013	2014	2015	2016
\$ 3,397,777	\$ 12,943,203	\$ 44,743,407	\$ 97,320,344	\$ 113,588,002	\$ 115,957,762
85,123,862	93,879,521	93,272,037	101,497,666	103,301,816	104,982,211
3,406,148	3,257,031	3,716,622	3,226,035	6,911,332	7,898,402
1,925,066	2,207,494	2,704,649	-	-	-
100,682,804	133,571,317	110,878,249	202,968,322	214,809,446	139,450,169
112,034,900	63,091,834	110,821,632	131,042,781	141,684,515	134,787,666
<u>2,031,059,283</u>	<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>(171,019,267)</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>
35,555,000	-	374,874,554	-	-	346,549,106
290,201,755	316,085,913	382,598,457	-	163,710,000	338,311,539
43,480,488	67,444,362	131,109,907	-	13,815,134	127,100,018
(331,757,177)	(383,595,322)	(433,836,850)	-	(176,341,921)	(409,215,077)
37,000,000	-	-	-	-	-
214,988,824	180,292,626	199,600,840	183,807,020	190,050,738	195,258,693
(246,991,267)	(212,907,693)	(208,258,842)	(205,498,680)	(214,317,695)	(217,374,390)
<u>42,477,623</u>	<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>\$ (128,541,644)</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>
4.59 %	5.63 %	6.75 %	9.18 %	9.64 %	9.44 %

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
2006-07	\$ 14,249,283,812	\$ 1,026,510,506	\$ 622,162,501	\$ 15,897,956,819
2007-08	14,562,824,424	1,004,636,613	585,267,521	16,152,728,558
2008-09	14,949,650,247	1,003,474,654	601,229,146	16,554,354,047
2009-10	17,452,127,001	1,118,966,031	651,277,995	19,222,371,027
2010-11	17,447,570,422	1,128,934,816	632,009,935	19,208,515,173
2011-12	17,366,226,070	1,098,349,735	639,688,011	19,104,263,816
2012-13	17,404,334,210	1,115,387,381	640,800,994	19,160,522,585
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

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	\$ 51,736,469,429	30.73 %
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

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>
2006-07	\$ 9,609,860,911	\$ 812,794,594	\$ 497,183,632	\$ 10,919,839,137	\$ 0.650
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

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	
2006-07 (2)	\$ 2.070	\$ 1.330	\$ 0.470	\$ 0.170	\$ 4.040	\$ 0.560	\$ 0.090	\$ 0.650	\$ 4.690
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

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

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

- (1) A portion of the revenue of the GSD General Fund generated from the tax levy collected for the area of the USD is recorded in the USD General Fund. Referred to as the levy for fire protection service, this amount of the levy has ranged from \$.12 to \$.07 over the last ten years.
- (2) 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, 2015				December 31, 2006			
	2014 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy	2005 Assessed Valuation	Amount of Tax	Rank	% of Total Tax Levy
Electric Power Board (1) \$	N/A	\$ 30,599,681	1	3.39 %	\$ N/A	\$ 23,113,613	1	3.24 %
RHP Hotels Inc./ Gaylord (3)	233,724,537	10,550,598	2	1.17	238,419,877	11,169,885	2	1.56
Columbia/HCA	215,832,468	9,393,410	3	1.04	231,272,170	10,085,491	3	1.41
AT&T Telephone/ BellSouth (3)	178,897,269	7,940,454	4	0.88	153,635,577	7,054,873	4	0.99
Piedmont Natural Gas	116,084,151	5,072,360	5	0.56	89,124,884	4,039,957	5	0.57
The Mall at Green Hills	88,553,621	4,231,589	6	0.47	-	-	(2)	-
Opry Mills Co	90,924,588	4,107,497	7	0.45	81,014,605	3,799,585	6	0.53
Vanderbilt	87,724,558	3,955,529	8	0.44	66,301,420	3,135,665	8	0.44
Highwoods Realty	67,414,815	3,145,268	9	0.35	-	-	(2)	-
Verizon	67,231,222	2,717,161	10	0.30	-	-	(2)	-
CBL & Associates	-	-	(2)	-	76,494,477	3,290,503	7	0.46
Davis Street Land	-	-	(2)	-	42,308,870	1,984,286	9	0.28
PREFCO XIV LTD	-	-	(2)	-	34,438,376	1,944,712	10	0.28
	<u>\$ 1,146,387,229</u>	<u>\$ 81,713,547</u>		<u>9.05 %</u>	<u>\$ 1,013,010,256</u>	<u>\$ 69,618,570</u>		<u>9.76 %</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, 2006 and December 31, 2015. 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
2006-07	\$ 633,541,786	\$ 79,714,977	\$ 713,256,763	\$ 705,244,782	98.88 %
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

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 collection as follows.

	Current Year
2006-07	\$ 23,025,457
2007-08	24,448,736
2008-09	21,544,115
2009-10	26,509,998
2010-11	26,178,622
2011-12	20,843,656
2012-13	21,437,137
2013-14	22,238,850
2014-15	21,679,890
2015-16	22,224,919



THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

Adjustment to Levy	Total Levy After Adjustment	Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage Uncollected
			Amount	Percent of Levy After Adjustment		
\$ (5,390,814)	\$ 707,865,949	\$ 1,822,006	\$ 707,066,788	99.89 %	\$ 799,161	0.11 %
(3,090,646)	721,322,441	1,773,073	719,693,199	99.77	1,629,242	0.23
(4,537,506)	737,773,502	4,891,415	736,912,469	99.88	861,033	0.12
(12,185,244)	747,676,968	(1,940,947)	746,887,650	99.89	789,318	0.11
(14,696,639)	744,488,202	2,085,853	743,877,765	99.92	610,437	0.08
(9,677,770)	745,931,672	(29,458)	745,416,276	99.93	515,396	0.07
(8,310,393)	848,135,127	2,200,704	847,579,031	99.93	556,096	0.07
(12,848,043)	864,754,218	92,050	863,975,428	99.91	778,790	0.09
(5,462,241)	879,374,665	758,273	877,718,182	99.81	1,656,483	0.19
(7,076,025)	893,865,559	-	889,764,582	99.54	4,100,977	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
2006-07	\$ 1,572,720	\$ 9,313	\$ 5,666	\$ -	\$ -	\$ 1,587,699	\$ 478,937	\$ 7,916
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

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)
\$ 126,836	\$ 1,620	\$ 615,309	\$ 2,203,008	8.53 %	\$ 3,806.84
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	N/A (2)	5,251.19

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)
2006-07	\$ 1,572,720	\$ 70,969	\$ 1,501,751	2.90 %	\$ 2,595.05
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	4.01	3,910.24

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)
2006-07	\$ 128,353	\$ 2,427	\$ 125,926	N/A %	\$ N/A
2007-08	153,286	2,221	151,065	N/A	N/A
2008-09	144,049	4,299	139,750	N/A	N/A
2009-10	157,592	2,985	154,607	N/A	N/A
2010-11	156,260	6,160	150,100	N/A	N/A
2011-12	181,076	7,325	173,751	N/A	N/A
2012-13	196,077	8,629	187,448	N/A	N/A
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

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>
2006-07	\$ 1,644,528	\$ 125,926	\$ 1,518,602	7.66 %
2007-08	1,665,734	151,065	1,514,669	9.07
2008-09	1,681,640	139,750	1,541,890	8.31
2009-10	1,993,317	154,607	1,838,710	7.76
2010-11	1,983,065	150,100	1,832,965	7.57
2011-12	1,986,727	173,751	1,812,976	8.75
2012-13	1,992,471	187,448	1,805,023	9.41
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

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, 2016

Unaudited - See Accompanying Accountants' Report

Assessed valuation of taxable property - Urban Services District		<u>\$ 14,703,023,782</u>
Debt limit - 15 percent of assessed valuation		\$ 2,205,453,567
Amount of debt applicable to debt limit:		
Total bonded debt	\$ 185,490,677	
Less:		
Amounts available in debt service funds	<u>4,154,085</u>	
Total amount of debt applicable to debt limit		<u>181,336,592</u>
Legal debt margin		<u>\$ 2,024,116,975</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>
2006-07	\$ 93,585	\$ 72,055	\$ 165,640	\$ 1,682,760	9.8 %
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

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

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

Unaudited - See Accompanying Accountants' Report

Fiscal Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available For Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2006-07	\$ 173,220	\$ 82,817	\$ 90,403	\$ 28,770	\$ 23,581	\$ 52,351	1.73
2007-08	180,862	88,416	92,446	31,185	19,646	50,831	1.82
2008-09	172,379	90,685	81,694	33,370	18,859	52,229	1.56
2009-10	171,966	88,603	83,363	35,525	16,526	52,051	1.60
2010-11	196,268	94,478	101,790	37,830	26,998	64,828	1.57
2011-12	201,263	102,485	98,778	42,410	29,386	71,796	1.38
2012-13	209,110	103,423	105,687	30,765	34,189	64,954	1.63
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

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>
2006	578,698	\$ 42,092	\$ 25,838,472	4.2 %
2007 (4)	619,626	43,394	26,916,014	3.9
2008	626,144	44,228	27,784,064	5.5
2009	635,710	43,457	27,626,360	9.3
2010	626,681	45,913	28,835,836	9.0
2011	635,475	47,318	30,069,470	8.5
2012	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 (5)	678,889	N/A	N/A	4.3

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

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

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

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

(5) Personal income statistics for calendar year 2015 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, 2016			June 30, 2007		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Vanderbilt University	24,719	1	2.75 %	18,252	3	2.29 %
Metro Nashville-Davidson Co. Government and Public Schools	18,820	2	2.09	19,188	2	2.40
State of Tennessee	17,219	3	1.91	20,029	1	2.51
U.S. Government	12,225	4	1.36	11,216	4	1.40
Nissan North America	10,900	5	1.21	8,100	7	1.01
Saint Thomas Health	7,100	6	0.79	8,200	6	1.03
HCA Holdings Inc.	7,000	7	0.78	9,649	5	1.21
Community Health Systems Inc.	4,300	8	0.48	-	-	- (1)
Asurion	4,175	9	0.46	-	-	- (1)
Randstad	4,100	10	0.46	-	-	- (1)
Wal-Mart Stores Inc.	-	-	- (1)	4,500	10	0.56
Bridgestone America Holdings Inc.	-	-	- (1)	4,900	8	0.61
Gaylord Entertainment Company	-	-	- (1)	4,519	9	0.57
	<u>110,558</u>		<u>12.29 %</u>	<u>108,553</u>		<u>13.59 %</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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

	2007	2008	2009	2010
<b>Governmental activities:</b>				
General government (1)	331	337	330	288
Fiscal administration	317	318	317	306
Administration of justice	811	808	813	773
Law enforcement and care of prisoners (5)	2,714	2,715	2,733	2,787
Fire prevention and control	1,180	1,182	1,150	1,141
Regulation and inspection	108	108	105	95
Conservation of natural resources	10	11	10	9
Public welfare	492	487	483	468
Public health and hospitals	500	508	486	473
Public library system	329	336	317	297
Public works, highways and streets (2)	532	527	470	363
Recreational and cultural	650	682	605	543
Education	9,131	9,275	9,563	9,671
Total governmental activities	<u>17,105</u>	<u>17,294</u>	<u>17,382</u>	<u>17,214</u>
<b>Internal service activities:</b>				
Office of Fleet Management	91	94	94	89
Information Systems	124	129	130	114
Radio Shop	16	16	18	16
Metro Postal Service	5	5	4	4
Facilities Planning and Construction	18	18	-	-
Treasury Management	9	8	8	8
General Services (1)	96	107	58	48
Total internal service activities	<u>359</u>	<u>377</u>	<u>312</u>	<u>279</u>
<b>Business-type activities:</b>				
Department of Water and Sewerage Services	668	668	650	692
Nashville Convention Center (4)	53	53	59	57
Board of Fair Commissioners	29	24	25	28
Farmers Market	8	8	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	12	11	8
Community Education Commission	11	15	14	8
Stormwater Operations (2)	-	-	-	90
Total business-type activities	<u>822</u>	<u>821</u>	<u>807</u>	<u>931</u>
Total primary government	<u><u>18,286</u></u>	<u><u>18,492</u></u>	<u><u>18,501</u></u>	<u><u>18,424</u></u>

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

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

(1) During 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

2011	2012	2013	2014	2015	2016
297	306	308	302	364	371
296	282	281	282	280	279
804	765	772	777	775	789
2,740	2,802	2,826	2,831	2,893	2,898
1,138	1,170	1,170	1,205	1,206	1,206
97	99	93	94	111	117
9	8	8	8	8	8
488	492	491	492	494	500
469	450	437	464	483	487
292	295	297	309	330	359
364	368	381	389	388	395
534	544	528	546	577	585
9,019	9,154	9,291	9,304	9,294	9,658
<u>16,547</u>	<u>16,735</u>	<u>16,883</u>	<u>17,003</u>	<u>17,203</u>	<u>17,652</u>
89	89	88	89	95	95
112	110	111	112	115	115
16	15	15	15	15	15
4	4	4	4	-	-
-	-	-	-	-	-
8	7	7	7	7	7
47	47	47	47	-	-
<u>276</u>	<u>272</u>	<u>272</u>	<u>274</u>	<u>232</u>	<u>232</u>
704	700	707	715	713	728
57	52	-	-	-	-
23	22	24	24	25	28
7	7	7	7	7	7
5	5	5	5	-	-
7	7	7	7	8	8
29	29	-	-	-	-
8	8	9	9	10	9
5	2	3	3	3	3
90	93	93	93	93	89
<u>935</u>	<u>925</u>	<u>855</u>	<u>863</u>	<u>859</u>	<u>872</u>
<u>17,758</u>	<u>17,932</u>	<u>18,010</u>	<u>18,140</u>	<u>18,294</u>	<u>18,756</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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2007	2008	2009	2010
Governmental activities:				
General government:				
Election Commission - registered voters	334,067	340,373	345,243	349,733
Assessor of Property - real property inspections (1)	96,845	69,153	236,459	58,158
Administration of justice:				
Public Defender - warrants and charges	43,649	43,402	46,006	44,776
Circuit Court Clerk - circuit filings	8,905	9,084	11,324	10,298
Circuit Court Clerk - general sessions civil filings	49,729	51,905	53,441	48,834
Circuit Court Clerk - probate filings	2,060	2,039	1,930	1,954
Law enforcement and care of prisoners:				
Sheriff - inmate days jails	870,502	894,746	920,662	929,674
Sheriff - inmate days detention facility	374,643	395,777	401,562	397,566
Police - total CAD calls received	1,052,261	1,060,868	1,152,012	1,315,649
Police - incident numbers issued	784,391	844,469	918,749	1,315,455
ECC - total 911 calls received	343,631	361,016	359,926	344,276
ECC - total non 911 calls received	742,344	718,732	696,757	690,297
Fire prevention and control:				
Fire - life threatening responses	41,633	40,171	41,989	43,124
Fire - non life threatening responses	19,316	20,768	21,045	24,116
Regulation and inspection:				
Codes - construction/land use permits	11,663	10,598	8,235	10,172
Public welfare:				
Social Services - clients served	20,164	19,694	18,870	17,291
Public health and hospitals:				
Health - clinic visits	192,622	180,543	187,717	190,942
Health - restaurant inspections	13,355	13,972	13,796	13,525
Public library system:				
Library - circulating materials check-outs	4,239,335	4,213,276	4,144,374	4,148,419
Library - number of visits	3,643,610	3,828,825	3,923,154	3,677,765

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 and 2013 were reappraisal years where all values are updated with new base rates, depreciation schedules and land tables to produce values at 100% of market value.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

2011	2012	2013	2014	2015	2016
345,687	358,136	362,816	373,231	373,823	392,428
94,348	103,837	238,107	48,559	108,401	92,449
43,139	45,852	41,809	42,857	43,956	41,842
10,900	10,738	10,729	10,915	10,062	8,168
47,193	49,978	46,445	46,116	43,859	46,047
1,879	1,906	2,048	2,027	2,126	2,146
898,860	804,641	771,630	721,508	655,734	632,169
388,466	426,168	435,098	379,811	350,472	322,674
1,417,859	1,585,228	1,384,481	1,333,945	1,357,306	1,492,259
1,035,026	1,045,077	1,119,012	1,201,162	1,199,375	1,318,113
370,704	377,118	365,278	351,814	408,433	450,517
675,908	625,120	605,693	634,280	634,124	644,590
44,518	46,076	44,232	47,161	47,053	47,453
25,835	26,739	25,403	28,332	34,812	35,374
8,343	9,304	9,900	10,131	11,695	12,852
14,963	13,785	13,271	13,122	13,990	13,737
195,222	192,902	181,395	181,959	164,330	154,398
13,378	12,082	13,050	13,440	13,689	12,067
4,208,363	4,340,657	4,368,494	4,663,347	5,133,351	5,371,115
3,723,416	3,938,659	3,697,063	3,501,710	3,444,250	3,338,972

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS (CONTINUED)

Unaudited - See Accompanying Accountants' Report

	2007	2008	2009	2010
Governmental activities (continued):				
Public works, highways and streets:				
Public Works - scheduled garbage collections	6,552,000	6,417,000	6,423,000	6,477,000
Public Works - tons of disposed waste	800,830	865,671	957,837	745,442
Public Works - rehabilitated street lane miles (2)	186	392	171	87
Recreational and cultural:				
Parks - Sportsplex attendance	400,000	325,822	339,718	344,858
Parks - cultural enrichment class attendance	11,339	11,802	12,374	15,710
Parks - senior citizen program attendance (3)	37,484	38,608	37,932	36,898
Education:				
Public Schools - students (second month enrollment)	74,155	74,733	75,049	76,329
Business-type activities:				
Department of Water and Sewerage Services:				
Customers - water	171,627	174,286	175,121	176,033
Average daily actual water pumped (millions of gallons per day)	97	103	98	119
Customers - wastewater	183,695	191,981	187,655	189,299
Average daily wastewater flow (millions of gallons per day)	128	145	151	166
District Energy System:				
Steam sales (thousand pounds)	322,648	284,761	283,071	272,448
Chilled water sales (thousand ton hours)	60,720	58,854	52,976	51,273
Nashville Convention Center - events (5)	188	191	234	243
Board of Fair Commissioners:				
Flea market booth rentals	18,900	16,253	15,743	15,908
State fair attendance (4)	227,478	230,216	192,130	209,385
Municipal Auditorium - events held	91	97	110	111
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 2008 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 is 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

2011	2012	2013	2014	2015	2016
6,503,700	6,630,000	6,630,000	6,625,840	6,672,700	6,731,500
852,856	569,111	645,224	649,108	725,871	757,332
125	89	167	173	169	164
343,835	333,365	355,999	343,332	355,699	400,830
17,430	18,300	18,202	19,430	39,376	55,558
37,970	60,759	61,214	54,152	65,504	104,104
78,014	79,212	81,001	82,307	84,353	85,797
177,475	184,421	187,272	190,699	194,270	197,957
101	100	95	101	87	87
189,898	195,380	198,485	198,119	200,425	203,255
154	148	164	169	168	166
277,943	250,414	374,366	410,084	381,755	325,248
56,118	57,233	62,538	61,768	59,626	61,337
237	217	254	56	15	4
14,510	16,423	16,515	18,612	22,314	20,271
208,131	62,352	67,805	67,635	66,752	70,265
123	90	110	155	135	175
-	-	-	342	305	293

OPERATING INDICATORS BY FUNCTION  
 SCHEDULE OF UNACCOUNTED FOR WATER  
 DEPARTMENT OF WATER AND SEWERAGE SERVICES  
 June 30, 2016



**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: **2016** / 7/2015 - 6/2016

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:   31,842.313 MG/Yr  
 Water imported:   0.000 MG/Yr  
 Water exported:   422.211 MG/Yr

**WATER SUPPLIED:** 31,420.102 MG/Yr

Master Meter and Supply Error Adjustments

Enter grading in column 'E' and 'J' -----> Pcnt: Value:  
  0.00%   MG/Yr  
  0.00%   MG/Yr  
  0.00%   MG/Yr

Enter negative % or value for under-registration  
 Enter positive % or value for over-registration

**AUTHORIZED CONSUMPTION**

Billed metered:   22,387.288 MG/Yr  
 Billed unmetered:   0.000 MG/Yr  
 Unbilled metered:   42.557 MG/Yr  
 Unbilled unmetered:   94.916 MG/Yr

**AUTHORIZED CONSUMPTION:** 22,524.761 MG/Yr

Click here:  for help using option buttons below

Pcnt: Value:  
 1.25%   94.916 MG/Yr

Use buttons to select percentage of water supplied OR value

Pcnt: Value:  
 0.25%   87.309 MG/Yr

774.844 MG/Yr  
  4.477 MG/Yr

**WATER LOSSES (Water Supplied - Authorized Consumption)**

8,895.341 MG/Yr

**Apparent Losses**

Unauthorized consumption:   87.309 MG/Yr  
**Unauthorized consumption volume entered is greater than the recommended default value**

Customer metering inaccuracies:   774.844 MG/Yr  
 Systematic data handling errors:   4.477 MG/Yr

**Apparent Losses:** 866.630 MG/Yr

**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses: 8,028.711 MG/Yr

**WATER LOSSES:** 8,895.341 MG/Yr

**NON-REVENUE WATER**

**NON-REVENUE WATER:** 9,032.814 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

**SYSTEM DATA**

Length of mains:   3,053.0 miles  
 Number of active AND inactive service connections:   191,940  
 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:   84.9 psi

**COST DATA**

Total annual cost of operating water system:   \$44,352,500 \$/Year  
 Customer retail unit cost (applied to Apparent Losses):   \$2.79 \$/1000 gallons (US)  
 Variable production cost (applied to Real Losses):   \$282.02 \$/Million gallons  Use Customer Retail Unit Cost to value real losses

**WATER AUDIT DATA VALIDITY SCORE:**

\*\*\* YOUR SCORE IS: 82 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: Customer retail unit cost (applied to Apparent Losses)
- 3: Billed metered

OPERATING INDICATORS BY FUNCTION  
 SCHEDULE OF UNACCOUNTED FOR WATER (CONTINUED)  
 DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2016



**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: 82 out of 100 \*\*\*

**System Attributes:**

	Apparent Losses:	<input type="text" value="866.630"/>	MG/Yr
	+ Real Losses:	<input type="text" value="8,028.711"/>	MG/Yr
	= <b>Water Losses:</b>	<input type="text" value="8,895.341"/>	MG/Yr
	<input type="checkbox"/> Unavoidable Annual Real Losses (UARL):	<input type="text" value="1,505.40"/>	MG/Yr
	Annual cost of Apparent Losses:	<input type="text" value="\$2,417,898"/>	
	Annual cost of Real Losses:	<input type="text" value="\$2,264,257"/>	Valued at <b>Variable Production Cost</b>

Return to Reporting Worksheet to change this assumption

**Performance Indicators:**

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="28.7%"/>	
		Non-revenue water as percent by cost of operating system:	<input type="text" value="10.6%"/>	Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day:	<input type="text" value="12.37"/>	gallons/connection/day
		Real Losses per service connection per day:	<input type="text" value="114.60"/>	gallons/connection/day
		Real Losses per length of main per day*:	<input type="text" value="N/A"/>	
		Real Losses per service connection per day per psi pressure:	<input type="text" value="1.35"/>	gallons/connection/day/psi
		From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="8,028.71"/>	million gallons/year
	<input type="checkbox"/>	Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="5.33"/>	

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

AWWA Free Water Audit Software v5.0

Performance Indicators 1

H-41

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OPERATING INDICATORS BY FUNCTION  
 SCHEDULE OF UTILITY RATES  
 DEPARTMENT OF WATER AND SEWERAGE SERVICES

June 30, 2016

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, 2016:

METER:  Meter Size	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, 2016

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Water Customers	175,769	22,188	197,957
Sewer Customers	<u>185,365</u>	<u>17,890</u>	<u>203,255</u>
Total Customers	<u><u>361,134</u></u>	<u><u>40,078</u></u>	<u><u>401,212</u></u>

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

Unaudited - See Accompanying Accountants' Report

	2007	2008	2009	2010
Governmental activities:				
General government:				
General government vehicles (1)	3,559	3,614	3,277	3,408
Law enforcement and care of prisoners:				
Sheriff inmate capacity - jails	2,587	2,918	2,918	2,918
Sheriff inmate capacity - detention facility	1,092	1,092	1,092	1,092
Police stations	6	6	6	6
Fire prevention and control:				
Fire stations	41	41	41	41
Public library system:				
Libraries	24	24	24	24
Public works, highways and streets:				
Streets and roads (lane miles)	5,643	5,687	5,740	5,777
Recreational and cultural:				
Parks (number)	110	110	115	115
Parks (acreage)	10,424	10,490	10,713	10,876
Miles of completed greenways	36.5	37.2	37.2	45.7
Education:				
Schools (4)	135	137	132	138
School buses	667	660	646	673
Business-type activities:				
Department of Water and Sewerage Services:				
Water mains (miles) (2)	2,888	2,944	2,873	2,878
Maximum daily water capacity (thousands of gallons)	180,000	180,000	180,000	180,000
Sewers (miles) (2)	3,027	3,069	2,890	3,045
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	368,079	303,833
Percentage maximum contract capacity represented by customers	67.05%	67.05%	67.13%	80.66%
Chilled water:				
Maximum contract capacity (tons)	28,599	28,599	28,599	29,279
Percentage maximum contract capacity represented by customers (3)	87.57%	87.57%	86.30%	82.00%
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	126,600
Livestock barns (square footage)	50,400	50,400	50,400	50,400
Livestock show arena (square footage)	7,800	7,800	7,800	7,800
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.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

Unaudited - See Accompanying Accountants' Report

2011	2012	2013	2014	2015	2016
3,510	3,507	3,524	3,542	3,452	3,393
2,918	2,918	2,918	2,918	2,918	2,918
1,092	1,092	1,348	1,348	1,348	1,348
7	7	7	7	8	8
38	38	38	38	38	38
24	24	24	23	23	22
5,796	5,814	5,832	5,852	5,866	5,880
118	127	126	126	132	185
11,131	12,554	13,022	13,802	15,078	15,873
46.5	51.0	54.5	79.0	82.0	85.0
137	136	135	131	131	131
725	697	751	721	831	820
2,912	2,886	2,910	3,042	3,054	3,053
180,000	180,000	180,000	180,000	180,000	180,000
3,051	3,063	3,096	3,082	3,091	3,120
465,000	465,000	483,000	510,000	510,000	510,000
321,430	295,998	299,053	297,389	321,289	321,289
76.00%	73.16%	85.14%	99.70%	93.20%	93.20%
31,169	30,044	30,415	30,533	34,230	34,230
77.00%	73.58%	84.47%	82.33%	88.70%	88.70%
118,675	118,675	118,675	118,675	118,675	118,675
120,919	115,459	115,459	120,919	120,919	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

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



For an ADA accommodation, please contact Kimberly Northern at 615-880-1710 or by email at [kimberly.northern@nashville.gov](mailto:kimberly.northern@nashville.gov)